



Hastings District Council

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OPEN DOCUMENT 3

COMMISSIONER HEARING

**May Holdings 2019 Ltd
s357 Objection hearing**

Meeting Date: **Thursday, 21 May 2020**
Time: **9.30am**
Venue: **Virtual Meeting via Remote
Access during the Period of
the Covid-19 Pandemic Alert
Level 2, 3 and 4 Lockdown**

| ITEM | SUBJECT | PAGE |
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| 2. | S357 OBJECTION - APPEAL OF DECISION MADE UNDER DELEGATED AUTHORITY TO DECLINE CONSENT FOR THE ESTABLISHMENT OF A STANDALONE OFFICE ACTIVITY AT 502 KARAMU ROAD, NORTH, HASTINGS (LOT 3 DP 15279 CONTAINED IN RT HBH1/962) (MAY HOLDINGS 2019 LTD) - RMA20190570) | |
| | <u>Document 3</u> Containing these attachments | |
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4.02.2020

AUTHOR: MATTHEW WILLIAMSON

APPROVED BY: ADAM THOMPSON

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Item 2

The cover image features a photograph of a modern city skyline at night, with several skyscrapers illuminated. The image is partially covered by a large orange rectangular overlay on the left and bottom, and a dark grey vertical bar on the right. The title text is centered over the orange area.

Economic Impact Assessment for: Proposed Office Relocation to Large Format Retail Zone

PREPARED FOR
Development Nous

Attachment G



ABOUT US

OUR AREAS OF EXPERTISE

Economic Analysis

Our work aims to bridge the gap between land-use planning and urban economics. Our focus is on the interaction between land markets, land-use regulations, and urban development. We have developed a range of methodologies using a quantitative approach to analyse urban spatial structure and audit land-use regulations.

Property Research

We provide property and retail market research to assist with planning and marketing of new projects. This includes identification of new sites and market areas, assessments of market potential and positioning, and the evaluation of market-feasibility of specific projects.

Development Advisory

We provide development planning and costing advisory services to support small and large-scale developments.

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1. Key Points

The key points from this report are as follows:

- The proposal is to move an office business from the central commercial zone to the large format retail zone.
- The proposal would redevelop the site, maintaining the existing building and extending it by an additional 250m² of floorspace.
- The existing floorspace has been sitting vacant for over a year. This has resulted in vandalism and other minor crimes. Due to the long time that the proposed site has been vacant, it is considered that the site is surplus to the requirements of permitted activities within the zone. It is therefore considered likely that absent the proposal, the proposed site will continue to remain vacant and produce negative economic effects for the surrounding properties.
- Hastings District grew approximately 2.5 times as fast as projected between the 2013 and 2018 census. This recent high growth in Hastings is likely to reflect its affordability relative to other major centres, and this rapid population growth is increasing demand for office and retail floorspace.
- Job growth in the Hastings district has averaged 750 per annum over the last twenty years. Around one third of these jobs are office jobs. This underpins strong demand growth for office space.
- Current supply of retail floorspace in the Hastings district is around 5,000m² per annum. The proposed site is a retail premises with a 195m² floor area. This represents 1/20 of demand for new retail premises per annum in the district.
- Current supply of new office floorspace is around 2,500m² per annum. The proposed site represents 1/10 of demand for new office premises per annum.
- The proposal will have an indiscernible effect on the economic vitality of the central commercial zone as it represents approximately 3% of retail and office floorspace demanded per annum in the district.
- The applicants existing tenancy is a generic retail design and is likely to appeal to a wide range of potential tenants. By contrast, the applicants proposed site is an unusual design, that requires substantial renovation of redevelopments, and is less likely to appeal to a wide range of potential tenants. Therefore, the existing tenancy likely to be taken up by the market quickly whereas the proposed tenancy is an unusual building and is therefore likely to be a longer term vacancy.
- The proposal is considered to have many positive economic effects and one minor negative economic effect and is therefore recommended for approval.

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2. Introduction

This report provides an economic impact assessment for the relocation of an existing office based firm from 212 Queen Street East to 502 Karamu Road North.

3. Proposal

The proposal is to move an office-based consultancy from 212 Queen Street East to 502 Karamu Road North. 502 Karamu Road North is in the Large Format Retail Zone. As a standalone office, the applicant firm is a non-complying activity in this zone. Both 212 Queen Street East and 502 Karamu Road North have existing buildings of 225m² and 195m² respectively most suitable for a retail use.

The proposal would result in renovation of the existing building and would not result in the construction of a new office building outside of zone.

Figure 1: Proposed and Existing Site Locations





4. Population Growth

Figure 2 displays population projections from the 2013 Census compared to the census night usually resident population. The key points to note are:

- Projections made at the 2013 census predicted population increase of 3,300 people by 2018.
- Actual growth over this period was 8,300 people. This is a growth rate approximately 2.5 times as high as Statistics NZ's projections.
- Three key factors are believed to be driving this higher population growth:
 - The economic growth of the Hastings District.
 - Record high national immigration.
 - A national trend of people relocating from the major centres to the regions, as a result of affordable housing.
- A higher growth rate creates demand for goods and services and therefore jobs. It is expected that demand for office and retail floorspace will increase as growth continues to be higher than forecast.

Figure 2: Population: Projections and Actual

| | 2013 | 2018 | 2023 | 2028 | 2033 | 2038 | 2043 |
|--------------------------|--------|--------|--------|--------|--------|--------|--------|
| Projections (2013 Base) | 76,670 | 79,970 | 82,140 | 83,930 | 85,220 | 86,000 | 86,310 |
| Census, Usually Resident | 73,245 | 81,537 | - | - | - | - | - |
| Projected Growth | - | 3,300 | 2,170 | 1,790 | 1,290 | 780 | 310 |
| Actual Growth | - | 8,292 | - | - | - | - | - |
| Difference | - | 4,992 | - | - | - | - | - |

Source: Statistics NZ

5. Office and Retail Market Supply and Demand

The following figures display information on building consents and job growth in the Hastings market. The key points to note are:

- Around 4,900m² of new retail floorspace is supplied to the market each year.
- Around 2,400m² of new office floorspace is supplied to the market each year.
- Job growth in Hastings has averaged around 750 new jobs per year. Around one third or 250 of these jobs are likely to be office jobs.
- Job growth over the past five years has been very strong, at a higher rate of 930 new jobs per year.
- The current site of the applicant's firm is a retail premises of 225m². This represents around 1/20th of current annual demand for retail premises in the district.

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- The premises are currently being used for office floorspace however, it is more consistent with a retail premises.
- The layout of the current premises is generic. A ground floor retail premises of a moderate size suits the needs of many different businesses without requiring significant alterations. Premises like this typically find new tenants quickly.

Figure 3: Retail and Office New Building Consents

| Year | Retail | | Office | |
|--------|--------|------------------------------|--------|------------------------------|
| | Units | Floor Area (m ²) | Units | Floor Area (m ²) |
| 2019 | 3 | 240 | 3 | 1,220 |
| 2018 | 4 | 2,080 | 5 | 4,800 |
| 2017 | 1 | 0 | 3 | 1,540 |
| 2016 | 12 | 6,370 | 8 | 950 |
| 2015 | 6 | 1,280 | 10 | 3,660 |
| 2014 | 3 | 2,710 | 1 | 540 |
| 2013 | 5 | 2,350 | 5 | 3,940 |
| 2012 | 4 | 1,350 | 6 | 3,750 |
| 2011 | 11 | 24,760 | 7 | 1,810 |
| 2010 | 3 | 7,600 | 3 | 1,470 |
| Annual | 5 | 4,870 | 5 | 2,370 |

Source: Statistics New Zealand



Figure 4: Job Growth Hastings District

| Year | Number of Jobs | Year on Year Job Growth |
|-------------------|----------------|-------------------------|
| 2018 | 38,420 | 740 |
| 2017 | 37,680 | 1,550 |
| 2016 | 36,130 | 1,060 |
| 2015 | 35,080 | 660 |
| 2014 | 34,420 | 650 |
| 2013 | 33,770 | 100 |
| 2012 | 33,670 | 130 |
| 2011 | 33,540 | 120 |
| 2010 | 33,420 | -860 |
| 2009 | 34,280 | -320 |
| 2008 | 34,600 | 710 |
| 2007 | 33,890 | 1,330 |
| 2006 | 32,560 | 150 |
| 2005 | 32,410 | 990 |
| 2004 | 31,430 | 1,690 |
| 2003 | 29,740 | 1,010 |
| 2002 | 28,730 | 2,140 |
| 2001 | 26,600 | 1,270 |
| 2000 | 25,330 | 1,490 |
| 1999 | 23,840 | - |
| Annual Job Growth | - | 770 |

Source: Statistics NZ, LEED dataset

6. Proposed Site Counterfactual

Figure 5 displays the activities permitted in the large format retail zone under the Proposed District Plan. The key points to note are:

- The site has been vacant for approximately 18 months¹. This is an extended vacancy and indicates the site/building is not generally attractive to the market.
- The large format retail zone has a minimum floor area for merchandising activities of 1,000m². The site is too small for a large format retail development. The adjacent properties are currently tenanted and owned by different parties. A large format retail development on the site is therefore unlikely in the foreseeable future.
- Local evidence suggests the site is being broken into regularly and is boarded up at the rear in an attempt to stop this activity. This has negative effects on the surrounding area.

¹ Last listed for rent on the 14th August 2018 according to Corelogic



- As the site has been vacant for a long time it is reasonable to assume that the site is not attractive to Commercial Service Activities, Supermarkets, Industrial or Recreational activities which are permitted under the Proposed District Plan.
- The site is unique in its historic use as a pub/restaurant. Other uses for the site other than as a food and beverage operator would require extensive renovation before the premises was fit for purpose.
- The counterfactual for the proposed site therefore is it will likely be untenanted for an extended period of time In its current use the site is producing negative effects on the surrounding area through vandalism and other minor crimes.

Figure 5: Permitted Activities, Large Format Zone

| Activity | Status |
|--|--------|
| Large Format Retailing Activities | P |
| Commercial Service Activities | P |
| Supermarkets | P |
| Industrial Activities | P |
| Activities ancillary to any permitted activity | P |
| Existing residential activity | P |
| Temporary events | P |
| Recreation activity | P |
| Temporary military training activities | P |



7. Economic Assessment

Economic Benefits

- The proposal would result in the redevelopment of unutilised commercial floorspace (physical resource).
- The proposal will have a positive effect on the surrounding area of the proposed site.

Economic Costs

- The proposal would have an indiscernible effect on the economic vitality of the central commercial zone as it represents approximately 3% of retail and office floorspace demanded per annum. Any effect will be offset within a short period of time given current growth in market demand.

8. District Plan Policy

The following policy from the Proposed Hastings District Plan is considered relevant to this economic impact assessment:

Policy LFRP2 *To ensure that small scale retail activity and standalone office activity does not establish within the Large Format Retail Zone resulting in distributional effects which undermine the vitality and vibrancy of the Hastings Central Business District.*

The goal is to prevent distributional effects which undermine the vitality and vibrancy of the Hastings Central Business District. The explanation section to this policy states:

*“one of the most significant potential adverse effects of allowing any new commercial developments are that of distributional effects, due to the relocation of **existing retail activities** from the Central Commercial Zone to the Large Format Retail Zone”.*

As the proposal is of a small scale the impact on the vitality or vibrancy of the CBD would be indiscernible and fully offset with market demand growth within a short period of time.

9. Conclusion

The proposal is considered to have many positive economic effects and indiscernible negative economic effects, and is therefore recommended for approval.

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Attachment H

502 Karamu Rd

Economics peer review of application
for proposed office activity

25 February 2020 – draft final

m.e
consulting



502 Karamu Rd

Economics peer review of application
for proposed office activity

Prepared for
Hastings District Council

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1 Introduction

1.1 Background

May Holdings 2019 Ltd (“the Applicant”) has applied for a resource consent for a proposed office activity at 502 Karamu Rd, Hastings. Market Economics has been commissioned by Hastings District Council to review and respond to economics and distributional matters contained in the application. To that end we have reviewed the following documents:

- “Assessment of Environmental Effects H20190019 – 502 Karamu Road”, Development Nous Ltd, 19 December 2019 (“the AEE”)
- “Economic Impact Assessment for” Proposed Office Relocation to Large Format Retail Zone”, Urban Economics, 4 February 2020 (“the UEL report”)
- Memo responding to Request for Further Information from Market Economics Ltd, Urban Economics, 19 February 2020 (“the UEL RFI response”).

1.2 The application

The application site is 502 Karamu Rd (“the Site”), a 1,005m² parcel zoned “Large Format Retail Zone” in the operative Hastings District Plan (“HDP”). The application is for renovation and expansion of an existing building to accommodate some 446m² gross floor area¹ (“GFA”) of a standalone office activity, which is a non-complying activity in the zone.

1.3 Structure

This review is structured around the key headings in the UEL report, with additional matters raised in the last sections of this document. The population projections section of the UEL report provides a reasonable summary of recent and projected growth in Hastings District, and is not reviewed further.

¹ UEL RFI response, p1



2 Office and retail supply and demand

The UEL report summarises recent Hastings District employment trends, noting that there has been strong growth in employment, particularly in the last five years. All data presented appears to relate to Hastings District (from our cross checks against historic employment numbers). As with the population data, we agree that there has been strong growth in employment, including in office sectors, and particularly over the last five years.

We also agree that the building consent information indicates that there have been new building consents issued since 2010, however note that:

- These consents do not necessarily reflect a net addition in total built space in the District, as some of the consents could be replacing existing buildings that have been demolished, and not all contents are necessarily given effect to.
- The data relates to Hastings District as a whole, and no geographic breakdown is provided. That means it is not possible to tell from the data the extent to which the focus of the recent development may have been out of centre, especially non-CBD, and to what extent the current application could be the perpetuation of any trend for out of centre office development.
- The retail space consented is heavily influenced by a large amount of space consented in 2011, which more than doubles the average since 2010 if that one year is excluded. Office space has been more consistent, and the 2,370m² average is more representative of sustained patterns since 2010.

The UEL report does not provide much assessment of the implications of those growth trends. The only other place that employment is mentioned is in section 7, where it is noted that “The proposal would have an indiscernible effect on the economic vitality of the central commercial zone as it represents approximately 3% of retail and office floorspace demand per annum”.

That statement is not accurate because:

- The proposal is for 446m² GFA. UEL’s assessment of annual office space demanded is 2,370m² per year, and retail is 4,870m², a total of 7,240m². The proposal equates to 6% of that average annual consented total of 7,240m², not 3%.
- 7,240m² will overstate how much space is actually built, because not all consents are given effect to, given that development plans change and may not be given effect to.
- Consented space is not the same as demand. Consented space relates to supply, although it does not take into account the net change in supply (given existing buildings can be demolished to make way for newly consented space, or for other reasons). There may be demand for much more space that developers have been prepared to have consented, or all space may be consented with no demand, as a speculative exercise (although that is unlikely).



- The consented space identified relates to not only the Hastings CBD, but to the entire District.

A more accurate statement to that quoted from section 7 would be “the proposal would have an indiscernible effect on the economic vitality of the central commercial zone Hastings District as it represents approximately ~~3%~~ 6% of retail and office floorspace demand ~~and recently consented~~ per annum”. We consider that that more accurate statement would do little to inform Council’s understanding of the potential effects of the proposal.

It is likely, however that the proposal will, by itself, not result in any discernible effects on the vitality of the central commercial zone as UEL state. That is typically the case with applications for relatively small, standalone developments such as the current application, because the potential effects of a small amount of new activity inserted into a much large existing environment will always be limited by the much larger amount of existing space.



3 Proposed site counterfactual

The UEL report summarises a range of possible future uses for the Site. It is accepted from the evidence provided that the existing building is of poor quality, of specific design that has a limited appeal and hence has been vacant for some time. That alone is not justification to replace the existing activity with a non-complying activity, although the replacement of the existing vacant building with a tenanted office would have a positive effect on the area's amenity and vitality.

UEL state that "the counterfactual of the proposed site is that it will likely be untenanted for an extended period of time". We suggest that just because no redevelopment of the Site has occurred in the 18 months it has been vacant does not mean that there is no potential for redevelopment for uses other than the proposed offices, and it is not a case of 'office or nothing' on the Site.

One possibility that is not considered by UEL, is the potential for the Site to accommodate LFR activity in the future. Being in the LFR zone it is reasonable to expect that the Site might be expected to accommodate LFR activities in the future, or some of the other permitted activities identified in Figure 5 of the UEL report. If the application is approved, and an office activity establishes in a newly expanded/redeveloped premises on the Site, the potential to be used for a permitted activity is much reduced for the next few decades, if not removed completely. Further, the potential for adjacent and other proximate parcels to be occupied by permitted activities, particularly LFR, would also be reduced.

Although it is accepted that the Site has been untenanted for some time, that does not indicate there is no redevelopment potential. It is difficult and time consuming for smaller parcels to be aggregated so as to accommodate larger format activities such as LFR. Although UEL note that the development Site, at 1,000m², is too small to accommodate an LFR store by itself, it would be possible to develop LFR on the Site if an adjacent parcel (or two) was incorporated into a redevelopment. That potential is shown in Figure 3.1.

Figure 3.1: Development site and LFR potential





However, if the application site (red outline in Figure 3.1) were to be developed for office activity as proposed, the potential for the adjacent sites either side to accommodate LFR in the future would be much reduced. That possibility is not considered by UEL, and despite a request that further information be supplied UEL have not presented any assessment of future LFR demand in Hastings, or potential need for the Karamu Road frontage of the LFR zone to contribute to supplying that demand. That leaves the potential that the strong population growth UEL have identified will continue and create an increase in retail demand, particularly for LFR space, that will not be able to be provided for within Hasting's only LFR zone. LFR activities that could not develop within the zone would then need to be accommodated elsewhere in Hastings, with potential adverse effects on other parts of the District. That possibility would be an economic cost that has not been identified by UEL, or considered in the AEE.

That potential has not been assessed by UEL apart from to state that there has been no redevelopment interest in the Site to date, which UEL takes to imply that future redevelopment is unlikely (UEL RFI response p2). However, no assessment has been undertaken to understand potential future LFR demand, or the ability to supply that demand.

The possibility of the Karamu Rd frontage of the LFR zone being unable to accommodate future LFR development would be increased should the proposal create a precedent effect that encouraged other non-complying activity in the area. Because of the small parcel size of neighbouring parcels, any consenting of parcels for non-complying activities would also reduce the likelihood that LFR redevelopment will occur, given the need to accumulate parcels to form development sites large enough² to accommodate LFR. Discussion of precedent is provided below in section 5.

² For a development of 3 x 500m² LFR stores, a site of around 0.5ha would be required, assuming a 35% building site coverage.



4 District Plan policy

We agree with UEL's assessment that the application by itself would not result in distributional effects which undermine the vitality and vibrancy of the Hastings CBD. We note, however, that the District Plan is concerned not only with the effects of individual applications, but with ensuring that "retail and office activity.... does not establish in the Large Format Retail Zone resulting in distributional effects..." (emphasis added, from policy LFRP2). That policy relates to those activities generally, and in combination, and is not limited to considering effects of each new activity in isolation.

The potential for cumulative effects is recognised in the email from Development Nous in which the further information requested was provided.³ In that email Development Nous states that it is not relevant to consider future applications for resource consent, and the effect those might have in conjunction with the current application, on the environment. We agree. It is, however, relevant to consider the effect that historic effects have had and which the current application would contribute to. There is no assessment of those cumulative effects in the UEL report, and the only reference to cumulative effects in the AEE is to cumulative effects of office activity locating in the LFR zone, rather than the broader consideration of effects of non-CBD office locations. That out of centre office location would be a matter for Council to consider when assessing the application.

³ From Matthew Holder of Development Nous to Liam Wang of HDC, Wednesday 15 February 2:24pm



5 Precedent

A core concern raised by the application is that of the precedent that the development would create, and the risk that additional non-complying activities might seek to establish nearby. The Development Nous email suggests that there will be no precedent effect because any actual or potential effects on the CBD will not be sufficient to generate flow on consequential effects for the CBD. That is accepted, notwithstanding the potential for cumulative effects to arise, in conjunction with other out of centre and non-CBD office activity that has been establishing recently. However, the support of the CBD Business Association is acknowledged, and tends to indicate that any cumulative effects that have arisen to date have not been sufficient to cause concern to the Association, which would presumably otherwise not support the application.

UEL states that the application is unique in its composition, implying that the proposal is sufficiently distinguishable from any potential future proposals that there is no risk of a precedent effect. We disagree that the application is unique, and a medium sized office building of 400-500m² with at-grade carparking and ability to receive couriers is in fact reasonably typical of what might be expected to locate on a site in the vicinity of 502 Karamu Road given either a suitably enabling zoning or precedent. The secure storage space required may be slightly atypical of other potential office activities, although we suggest that the risk of a precedent effect is real, and could contribute to an erosion of the capacity for the LFR zone to accommodate LFR activity the future, and could stimulate the departure of more office activities from the CBD.

In our opinion the precedent potential is especially of concern given:

- the perception of the area as a “gateway route” (p10 of AEE) that would benefit from “increased vitality”
- UEL’s assessment that there is and will remain strong growth in the retail and office markets
- UEL’s assessment that there will be few development sites available in the CBD

Given those factors, it is reasonable to expect that pressure to establish office activities outside the CBD might increase, and the current application could provide a precedent for future applications to rely on.

Ultimately the matter of precedent is a planning concern, and having identified the issues from an economics perspective we leave consideration of the issue to the processing planner.



6 Conclusion

We agree with the UEL assessment that the proposal in and of itself will not generate significant adverse effects on the Hastings Central Commercial zone. We take some comfort from the support of the Hastings Business Association that they are not concerned that the removal of one office to a non-CBD location will have adverse effects for the CBD. There are, consequently, two main economics concerns arising from the application in our opinion.

The first matter is the risk that the application would reduce the potential for the LFR zone to accommodate LFR activity, by removing one parcel (the Site) from the pool of parcels available for LFR redevelopment, and also potentially reducing the likelihood that adjacent parcels might be redeveloped for LFR (given removed ability to combine sites and also the precedent risk).

The second matter is the potential precedent effect, which, while largely a planning matter, might arise given the economic circumstances identified by both the AEE and the UEL report. Those circumstances include a District with high population and employment growth and ongoing growth in demand for retail and office space, as well as an environment around the Site that is a gateway route in need of increased vitality.



502 KARAMU ROAD, HASTINGS
OFFICE DEVELOPMENT
ECONOMIC IMPACT OVERVIEW

Client: Development Nous Limited
Project No: 51872
Date: February 2020



SCHEDULE

| | Code | Date | Information / Comments | Project Leader |
|--|---------|---------------|------------------------|----------------|
| | 51872.3 | February 2020 | Report | Tim Heath |

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Attachment I

1. INTRODUCTION

Property Economics has been engaged by Development Nous Ltd (DNL) to undertake a high-level economic impact overview of the proposed redevelopment of 502 Karamu Road North, Hastings to establish a standalone office premise within the Large Format Retail (LFR) zone.

This overview specifically focuses on whether the proposed office development is likely to generate any significant adverse economic effects on the existing Hastings City Centre and its commercial environment in terms of vitality and viability.

In particular the economic overview will consider the current activity on the site, potential for adverse economic effects on the Central City's retail and office space, the economic benefits and the development's potential effects on the amenity of the surrounding area.

The economic position in this overview also considers the Proposed Hastings District Plan (PDP), as amended by decisions¹, and its relevant provisions regarding the central commercial and LFR Zones in the context of the proposed office development.

¹ As no appeals are outstanding, the provisions relating to this zone are operative pursuant to section 86F of the RMA.

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Attachment I

2. PROFESSIONAL EXPERIENCE

Property Economics is a market leader in the preparation of retail, commercial and industrial market analytics, economic cost benefit assessments and forward land use planning for major private sector developers and land owners throughout New Zealand, evidenced by the many long-standing relationships with large private-sector clients we have developed and sustained over our 18 years in operation.

Successful economic analysis reflects a thorough grasp of the role and economic drivers of private sector interests and the current and future requirements of the market and consumer. The research and analysis is optimally based on a holistic understanding of private investment requirements whilst being cognisant of maximising desired community benefits. Property Economics' in-depth knowledge of property sector trends and economic drivers, and the commercial realities of development enable Property Economics to lead the way in understanding and advising on the future of New Zealand's large-scale masterplan developments.

Tim Heath, author of this overview, is a recognised expert in strategic property market research, having led over 1500 projects for major commercial and government clients over the past 25 years of working in this area of expertise.

Areas of specialisation include profiling economic and social demographics, residential market analysis, market demand / supply assessments, residential price point and buyer profiling, retail impact assessments, industrial market assessments, business land assessments, cost benefit analysis and development feasibilities.

Tim's comprehensive knowledge of property market drivers allows Property Economics to deliver research that builds a bridge between planning ideology and commercial realities to ensure recommendations have 'real world' practicality and can be successfully implemented.

Tim also has extensive experience presenting expert witness evidence in the High Court, Board of Inquiry, Environment Court, and at Regional and Local Council hearings focusing on retail and economic matters, particularly in relation to impact assessment of proposed developments

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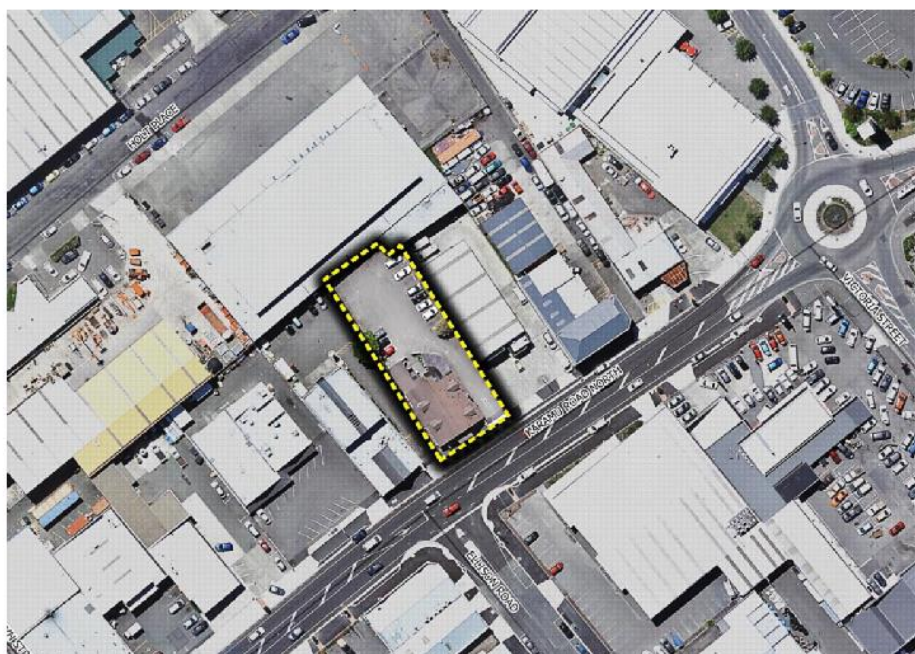
Item 2

3. PROPOSED OFFICE DEVELOPMENT

The site subject to development is located on the fringes of the Hastings CBD in the LFR Zone, at the intersection of Karamu Road North and St Aubyn Street East. The site is 500m east of Heretaunga Street and 120m from the "The Park MegaCentre". The site currently contains a single existing (approx. 206sqm) building previously occupied by "The Cat Bistro" but is currently vacant.

Figure 1 shows an aerial photograph of the site with the yellow boundaries indicating the extent of the subject site

FIGURE 1 GEOSPATIAL EXTENT OF 502 KARAMU ROAD NORTH



Source: Property Economics, Google Maps

The proposed development concerns establishment of a standalone office of around 445sqm, comprised of a 205sqm existing building and a 250sqm consented extension, given resource consent in September 2019. The total site area is approximately 1005sqm. An image of the proposed development is shown in Appendix 1.

Under the PDP (as amended by decisions) the subject site is located in the LFR Zone, approximately 120m east of the Central Commercial Zone boundary. Given its close proximity to the City Centre, the development would in effect form and function as part of the wider Hasting's central area, i.e. the subject site is not part of a separate business environment.

Attachment I

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Item 2

The PDP permits LFR activities in the LFR Zone. However, Council discretion is triggered (and rightly so in Property Economics' opinion to ensure the Hastings City Centre is not unduly compromised) on any application that may have the potential to adversely effect the commercial focus of the Central Commercial Zone.

4. PDP POLICY SETTINGS

This section sets out the key objectives pertaining to the central commercial zone and LFR zone from an economic perspective under the PDP policy framework for consideration. These include:

Objective CCO1:

"To encourage and promote the use, development and operation of the Hastings Central Commercial Zone as the principal commercial heart of the District through District Plan provisions which promote its vibrancy and contain it within a defined boundary".

Policy CCPI

"To maintain and enhance the character and amenity of Hastings City by defining it as a community focal point for retail, commercial, administrative, community, educational and entertainment activities by encouraging groups of compatible activities including medium / high density residential mixed use development to locate there, whilst managing the commercial sustainability of the area".

Explanation

The Hastings central commercial environment plays an important role in providing a community focal point for retail, commercial, administrative, community, educational and entertainment facilities to meet the needs of residents. It is important that this focal point character be maintained and enhanced. Significant and uncoordinated expansion of business activity outside the identified Commercial Zones could threaten this role as a community focal point, thereby eroding sense of community and place. The Plan therefore encourages and promotes the intensification of land use activity, and actively discourages expansion beyond the current Commercial Zone boundaries.

Policy LFRP2

"To ensure that small scale retail activity and stand-alone office activity does not establish within the Large Format Retail Zone, resulting in distributional effects which undermine the vitality and vibrancy of the Hastings Central Business District".

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This is the policy of specific focus in the Council RFI dated 27 January 2020. This is not an 'avoid' policy which suggests a stand-alone office development is not an affront to the policy and could potentially establish if distributional effects on the Hastings Central Business District would not undermine its vitality and vibrancy.

Policy LFRP3

"To continue to provide for commercial service and limited industrial activities

within the Large Format Retail Zone, thereby maximising the efficient use of the land resource within this Zone".

These PDP objectives and policies indicate a clear desire to maintain the integrity of the Central City for appropriate commercial activity, with any non-Central City office activity requiring to contain some unique circumstances to justify any enablement of office activity outside the Central City zone.

The PDP also seeks to maintain the LFR zone for larger scale activities, particularly retail activities, and efficient use of the scarce land resource. This application is considered to contain unique features from other office activity, is not small scale at around 455sqm GFA (included consented extension) and represents an efficient development and use of the land resource.

Attachment I

5. TRADE COMPETITION AND DISTRIBUTION EFFECTS

In terms of assessing potential commercial economic effects under the RMA there is first a need to differentiate between trade competition effects and flow-on commercial distribution effects. By themselves, trade competition effects are not justification for declining a commercial office consent application under the RMA, unless they are of a level that generates significant adverse flow-on commercial distribution effects on the existing centre network of the area. It is within this broader context that the relative merits of the application need to be considered.

Commercial distribution effects are generated by, and are the result of, consequential trade competition and commercial activity disbenefit effects. These effects can range across the spectrum (positive and negative) depending on the level of effects generated, which are heavily dependent on the scale, type and location of the proposed activity, among other attributes.

As such, it is accepted case law, that Councils should have regard to significant effects on the amenity of the public caused by any reductions in the viability or vitality of the commercial centres that arise as a consequence of trade competition, i.e. often termed "distributional" or "consequential" effects.

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Where the patterns of support and commercial activity within an existing centre would not change dramatically within a locality as a consequence of a proposed activity, then the commercial distribution effects are not considered to be significant.

Justice Randerson J (High Court, CIV-2003-404-5292) stated *"The key point of distinction between the adverse effects of trade competition on trade competitors and adverse effects which may properly be considered under the RMA, is that trade competition effects focus specially on the impacts on individual trade competitors. In contrast, where a proposal is likely to have a more general effects on the wider community, then the RMA permits consideration of those effects. (para 60)....."*.

The Supreme Court in the Discount Brands Decision² stated *"An important matter which the Council's Regulatory and Hearings Committee needed to inform itself upon was the effect which the activity proposed might have on the amenity values of the existing centres – on the natural or physical qualities and characteristics of those areas that contributed to people's appreciation of their pleasantness, aesthetic, coherence and cultural and recreational attributes. Such effects on amenity values would be those which had a greater impact on the people and their communities than would be caused simply by trade competition"*.

Collectively, those decisions emphasise and establish that where trade competition produces social and economic effects that are not significant and are not beyond the effects ordinarily associated with trade competition, those effects are to be disregarded when assessing an application.

Put another way, commercial distribution effects would occur where a new business (or cluster of businesses) affects an existing centre to such a degree that it would erode a centre's viability, causing a decline in its function and amenity, and disabling the people and communities who rely upon those existing (declining) centres for their social and economic wellbeing.

Commercial distributional effects are differentiated from the effects of trade competition on trade competitors, which are to be disregarded pursuant to s104 (3)A of the RMA when considering resource consent applications. Although commercial distributional effects are a relevant consideration for a consent authority, it should be noted that Environment Court case law has made it clear that those effects must be significant³ (but not necessarily ruinous) before they could properly be regarded as going beyond the effects ordinarily associated with trade competition.

² *Discount Brands Limited v Westfield (New Zealand) Limited (2005) 2 NZLR 597(SC) also reported as Westfield (NZ) Ltd v North Shore CC [2005] NZSC 17; [2005] NZRMA 337 (SC).*

³ *Northcote Mainstreet vs North Shore City Council (High Court, CIV-2003-404-5292), Randerson J stated: "In regard to shopping centres, I would not, with respect, subscribe to the view that the adverse effects of some competing retail development must be such, as to be ruinous before they could be considered. But they must, at the least, seriously threaten the viability of the centre as a whole with on-going consequential effects for the community served by that centre."*

51872.3



Item 2

6. ECONOMIC OVERVIEW

The proposed stand-alone commercial office redevelopment of around 455sqm GFA is assessed as a Non-Complying Activity under Rule LLFRR14 of the Hasting District Plan, acknowledging any application for commercial office activity in the LFR zone requires resource consent.

Context

The proposal involves the establishment of new offices for a multi-disciplinary land development consultancy. Their existing office premises is no longer '*fit for purpose*' being too small and no ability to securely park the growing company vehicle fleet and equipment overnight. The nature of the services includes:

- Town Planning
- Surveying
- Environmental Engineering
- Valuation
- Project Management
- Soil Contamination Testing
- Landscape Architecture.

This combination of specialist professional services is fairly unique within a single business and requires significant off premise travel to undertake site and catchment visits.

The proposed activity meets the general definition of a Commercial Service Activity, being "means the use of land or buildings to carry out a business providing personal, property, financial, household, private, and business, services to the general public or trades people ... (and does not include standalone retail activity)..." as it would be the use of buildings to carry out a business that provides property and business services to the general public. However, whilst the valuing component of the activity is specified in the list in the definition, the planning, engineering and surveying components are not, despite the nature of the activities carried out and the vehicle movements generated by the activity.

The proposal would therefore best meet the definition of an "office" – "means a room, set of rooms, space or building used as a place of business for non-manual work such as administration, clerical, consulting, advising or information processing" as the activities carried out within the building would be within the ambit of administration, clerical, consulting, advising and information processing, albeit in support of activities that do have a manual component, being surveying and civil / geotechnical engineering.

Rule LLFRR14 states that Standalone Office Activities are a Non-Complying Activity in the Large Format Retail Zone. However, whilst "Standalone Retail Activity" is defined, the District Plan does not have a separate definition for a "Standalone Office Activity".

Attachment I

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Item 2

Attachment I

The proposed office activity shares the characteristics of a Commercial Service Activity, is replacing a previous retail activity and the application does not involve the establishment of any retail activity.

The proposal would not encourage zone creep given the nature of the adjoining activities which include various light industrial, commercial service and commercial activities and as such would complement the surrounding business environment.

The site has previously operated as a retail food and beverage activity. However, the development will occupy a building that has been empty for an extended period of time. The site has not been able to attract a LFR tenant despite the zone, likely due to its relatively small size for such an activity and the likely requirement to purchase at least one adjoining site in order to have a sufficient land area for a LFR store and its associated parking requirement.

In terms of LFR activity, the LFR zone is not the only zone these store types can establish in Hastings. They have equal planning opportunity to locate in the Central Commercial zone of the CBD as shown by a number of LFR stores already operating from within this zone. This diminishes the proposition that LFR land is a scarce land resource in Hastings.

The proposed activity is vehicle orientated (given the number of staff that frequently operate out of the office, particularly in the surveying and engineering departments) and requires storage space and parking not currently available on their existing site or on any available site within the Central Commercial zone. The activity has a multi-disciplinary service emphasis and requires a site that can store company vehicles and equipment overnight in a safe and secure environment.

The proposed office business, being such a diverse multi-disciplinary range of services, has unique operational and functional requirements compared to more 'standard' single discipline office activities with a significant level of off-site work commitments and business-related travel. This means the business functions more like a commercial service / light industrial activity with material vehicle movements to off-site locations required to deliver the requisite business services to clients. These unique attributes cannot be easily replicated by other 'office' applicants as they would not have the breadth of services and off-site requirements of this application, indicating the application would not set a precedent in the Hastings market.

Ultimately, the proposed activity is defined as an 'office activity' by an artificial construct of the definitions in the District Plan rather than commercial practicalities and function. The list of commercial activities permitted to establish on the site such as valuer, travel agent, real estate agency have no meaningful difference to the proposed activity in terms of form and function, and no difference to the vitality and vibrancy they offer to the CBD.

It is clear this specific activity does not undermine the vitality and vibrancy of the Hastings CBD, nor the CBD's ability to grow, redevelop and prosper in the future. As such, the proposed development has no potential to generate any consequential distribution effects on the CBD, and nor is it considered to be inconsistent with policy LFRP2 from an economic perspective in the context of the RMA.

51872.3

APPENDIX 1: PROPOSED CONCEPT PLAN



Item 2

Attachment I



| Drawing Register | | |
|------------------|---------------------|----------|
| Sheet Number | Sheet Name | Revision |
| A000 | Cover Sheet | |
| A100 | Proposed Site Plan | |
| A200 | Proposed Floor Plan | |
| A300 | Elevations | |
| A301 | Elevations | |
| A400 | 3D Views | |

Notes

| | | | |
|------------------------|---------|-----------|----------|
| NO. | DATE | ISSUE | REVISION |
| PROJECT TITLE | | | |
| Proposed Redevelopment | | | |
| 502 Karamu Road North, | | | |
| Hastings | | | |
| ARCHITECTURAL | | | |
| SHEET NAME | | | |
| Cover Sheet | | | |
| DRAWN: | AF | SHEET NO. | REV |
| CHECKED: | AF | A000 | |
| PROJECT # | 1318 | | |
| DATE | 05/2019 | | |

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SIMPLY ARCHITECTURE
Ph. 027 7117 402 E. andrew@simplyarch.co.nz
www.simplyarch.co.nz

PROPOSED REDEVELOPMENT
502 Karamu Road North, Hastings, Hawkes Bay - May Holdings Ltd.

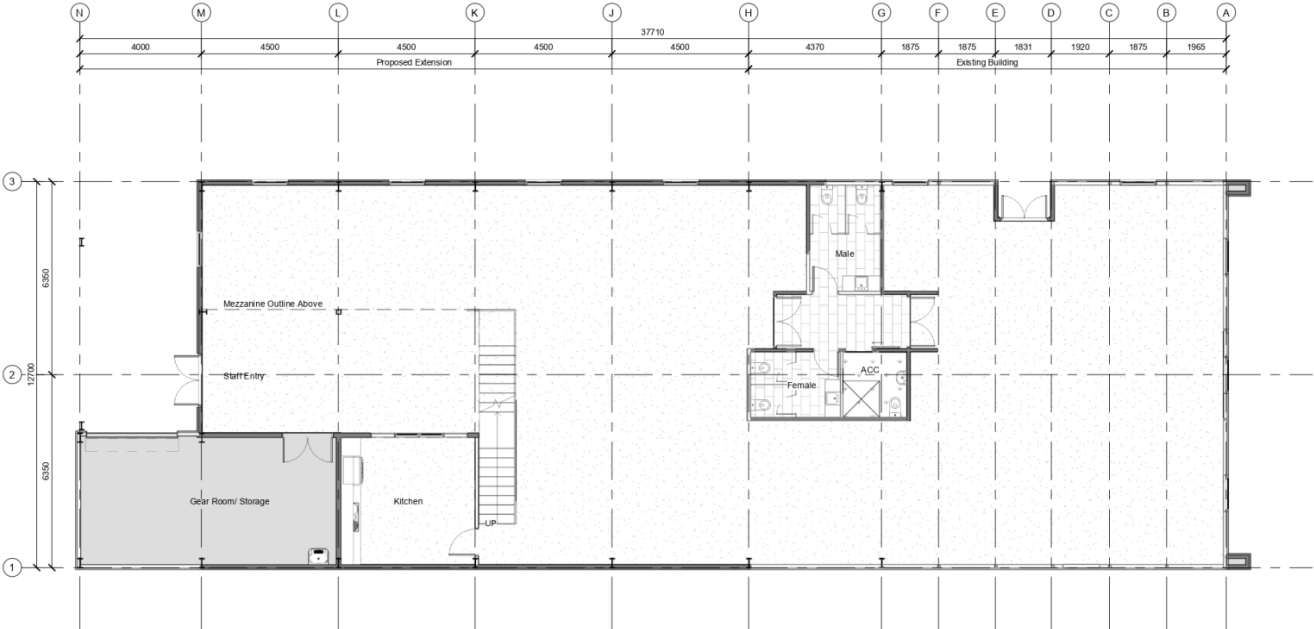


Proposed Site Plan
1:150 @ A3

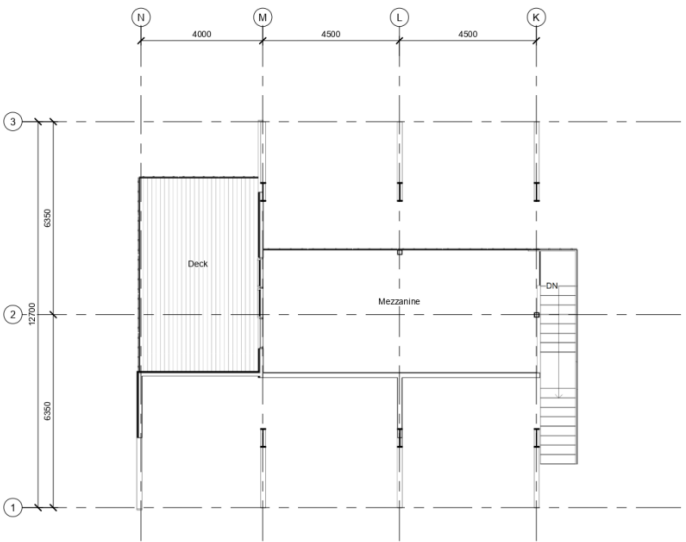
Notes

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| NO. | DATE | ISSUE REVISION |
| PROJECT TITLE | | |
| Proposed Redevelopment | | |
| 502 Karamu Road North, | | |
| Hastings | | |
| ARCHITECTURAL | | |
| SHEET NAME | | |
| Proposed Site Plan | | |
| DRAWN: | AF | SHEET NO. |
| CHECKED: | AF | REV |
| PROJECT # | 1318 | A100 |
| DATE | 05/2019 | |
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Proposed Floor Plan
1:100 @ A3



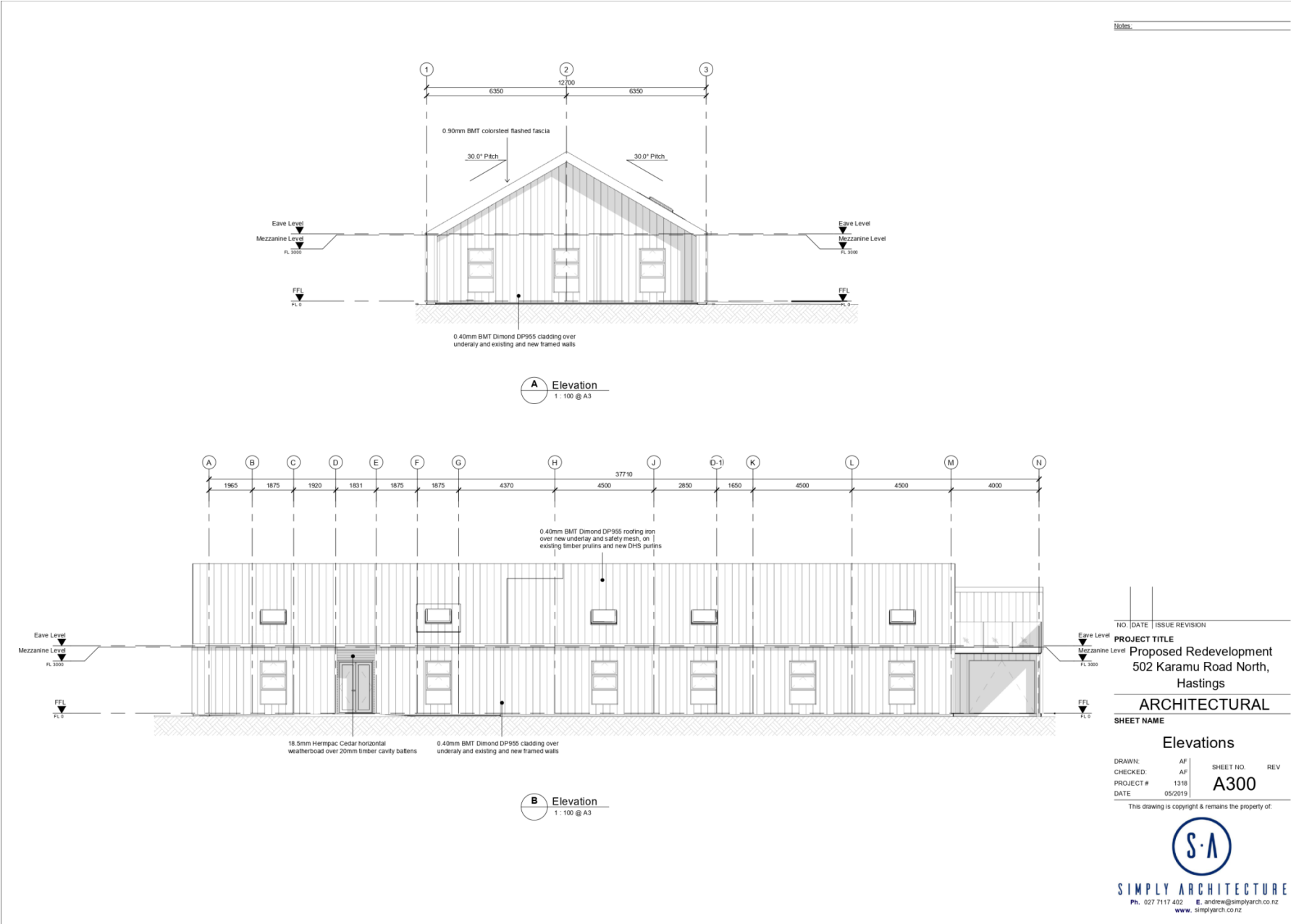
Proposed Mezzanine Floor Plan
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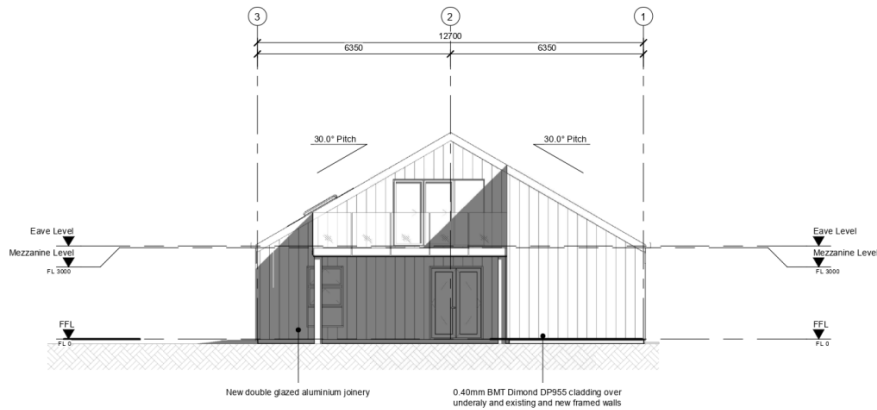
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| NO. | DATE | ISSUE REVISION |
| PROJECT TITLE | | |
| Proposed Redevelopment | | |
| 502 Karamu Road North, | | |
| Hastings | | |
| ARCHITECTURAL | | |
| SHEET NAME | | |
| Proposed Floor Plan | | |
| DRAWN: | AF | SHEET NO. |
| CHECKED: | AF | REV |
| PROJECT # | 1318 | A200 |
| DATE | 05/2019 | |
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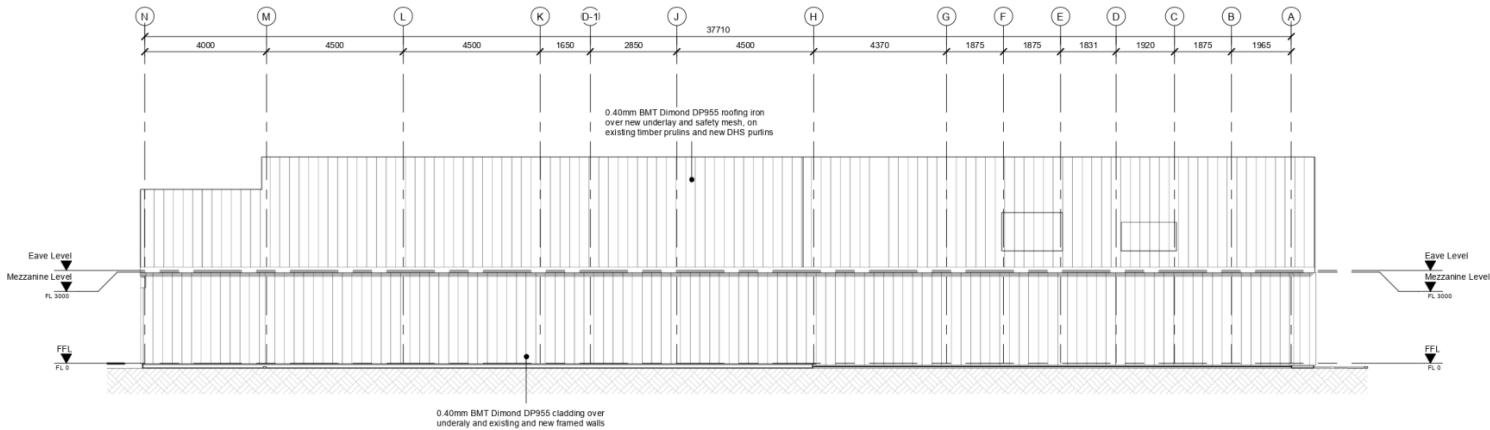
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www.simplyarch.co.nz



Notes



C Elevation
1:100 @ A3



D Elevation
1:100 @ A3

| | | |
|--|---------|----------------|
| NO. | DATE | ISSUE REVISION |
| PROJECT TITLE | | |
| Proposed Redevelopment | | |
| 502 Karamu Road North, | | |
| Hastings | | |
| ARCHITECTURAL | | |
| SHEET NAME | | |
| Elevations | | |
| DRAWN: | AF | SHEET NO. |
| CHECKED: | AF | REV |
| PROJECT # | 1318 | A301 |
| DATE | 05/2019 | |
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| NO. | DATE | ISSUE REVISION |
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PROJECT TITLE
Proposed Redevelopment
502 Karamu Road North,
Hastings

ARCHITECTURAL

SHEET NAME

3D Views

| | | | |
|-----------|---------|-------------|-----|
| DRAWN: | AF | SHEET NO. | REV |
| CHECKED: | AF | A400 | |
| PROJECT # | 1318 | | |
| DATE | 05/2019 | | |

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Item 2

Attachment J

Decision:

Pursuant to Rules LFR-R9 and LFR-R10 of the Proposed Hastings District Plan (As Amended by Decisions 12 September 2015) and Sections 104 and 104C of the Resource Management Act 1991, consent as a Restricted Discretionary Activity is GRANTED to May Holdings 2019 to add 251m² ground floor area to an existing 195m² building, that is to be used for commercial service activities, and to construct a mezzanine floor, and to reclad the existing exterior, on LOT 3 DP 15279 RT HBH1/962, at 502 Karamu Road North HASTINGS 4122.

Subject to the Following Conditions:

1. That the development proceeds in accordance with the plans and information submitted in the application (HDC Ref: PID 11531), Resource Consent: RMA20190261, application received 08/07/2019, unless otherwise altered by the consent conditions. The attached Figures 1-5 are descriptive of the proposal.
2. Future Activities/Use of building
Future use of the building shall comply with the Proposed Hastings District Plan rules and standards for the Large Format Retail Zone, unless otherwise approved by a separate resource consent.
3. Signage
Signage shall comply with the provisions of Section 28.1 of the Proposed Hastings District Plan.
4. Parking/loading
The parking spaces and loading bay shall be marked out to ensure compliance with Rule 26.1.6 of the Proposed Hastings District Plan.
5. That a monitoring deposit of \$185 (including GST) shall be payable to cover the reasonable costs of monitoring compliance with the above conditions in accordance with Council's schedule of charges.

In the event of non-compliance being detected by monitoring or justified complaint and/or the costs of monitoring consent exceeding the deposit, the costs to Council of any additional monitoring shall be paid by the consent holder in accordance with the Council's advertised schedule of fees.

With the Reasons for this Decision Being:

1. There are no affected persons in terms of Section 95E of the Resource Management Act 1991.
2. The adverse effects of this proposal are minor, in that:

- due to the high-walled nature of neighbouring buildings the proposal will not be seen from other public places and thus it only has an on-site effect, while the road façade aspect (including landscaping) of the proposal creates a positive change to the streetscape.
- the building's use will be serviced by the proposed loading space, 13 on-site carparks and a cycle stand with associated manoeuvring and no generated effects on pedestrians or the roading network will result.
- in respect of the lack of a single tree planting within the parking area (based on one tree per 10 car parks) there will be a minor loss of amenity and this is limited to on-site users.
- in relation to stormwater runoff the existing situation is unchanged and the public network accommodates all of the site's rainwater, although the proposed landscaping enables a small reduction in runoff into the sewer which is a positive effect.

3. The proposal is consistent with 7.3.7.2L assessment criteria for activities and buildings in the large format retail zone:

(a)-Consistency with 7.3.3 *OBJECTIVES AND POLICIES* is achieved because-

- the proposal excludes retailing by virtue of the Applicant's description and acceptance of a Condition that limits activities to the definition of a "Commercial Service Activity",
- the proposal's floor plan provides for a "single purpose" type activity that can cater for "space extensive activities" and includes "on-site parking conveniently located and easily accessed from arterial roads",
- the proposal's recladding and dark-coloured pallet presents an attractive streetscape façade for a Commercial business (versus the existing entertainment) destination and its front yard landscaping will better define the street edge and enhance the streetscape amenity which will add to the sense of arrival to Hastings's commercial centre
- Large Format Retail activities are not proposed as the proposed building is significantly less than the minimum floor area required in the Zone and would otherwise likely to be contrary to the Zone's objectives and policies.

(b)-building design, site development layout and external appearance is compatible with the surrounding environment and streetscape as the design features which include cladding of a low-pitch longrun diamond roofing and vertical wall with a cedar highlight panel above the door, dark colours and a modern style streetscape façade and landscaping and which avoid blank walls and service or ancillary related features.

(c)-Landscaping will soften and reduce the scale of hard surfaces and built form.

(d)-Traffic and Linkages to the District's transportation networks are not affected.

4. The application meets the requirements of the Resource Management Act 1991.

Advice Notes:

1. To avoid doubt, except as otherwise allowed by this resource consent, all landuses must comply with all remaining standards and terms of the relevant Hastings District Plan. The proposal must also comply with the Building Act 2004, Engineering Code of Practice and

Hawke's Bay Regional Plans. All necessary consents and permits shall be obtained prior to development.

2. Under Section 125 of the Resource Management Act 1991 a resource consent will lapse if not given effect to within 5 years of the date the consent was granted, unless an extension is authorised under Section 125(1A)(b).

Item 2

Recommended by:

Brian Rickard
SENIOR ENVIRONMENTAL PLANNER (CONSENTS)

Decision issued under Delegated Authority by:

Caleb Sutton
TEAM LEADER
ENVIRONMENTAL CONSENTS
PLANNING AND REGULATORY SERVICES

Attachment K

Date:

11 September 2019

RMA20190261

Approved Plans: HDC ref 11531#0119 and #0126



Figure 1: Site Plan (HDC ref 11531#0126, dated 14 August 2019)

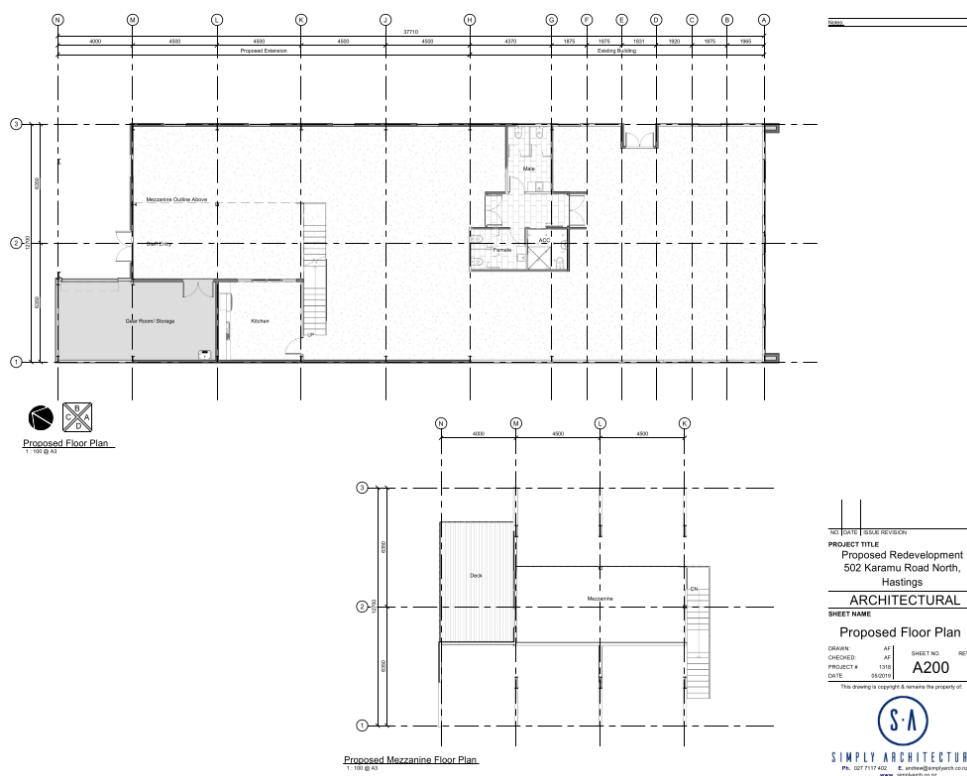


Figure 2: Proposed (2) Floor plans (HDC ref 11531#0119)

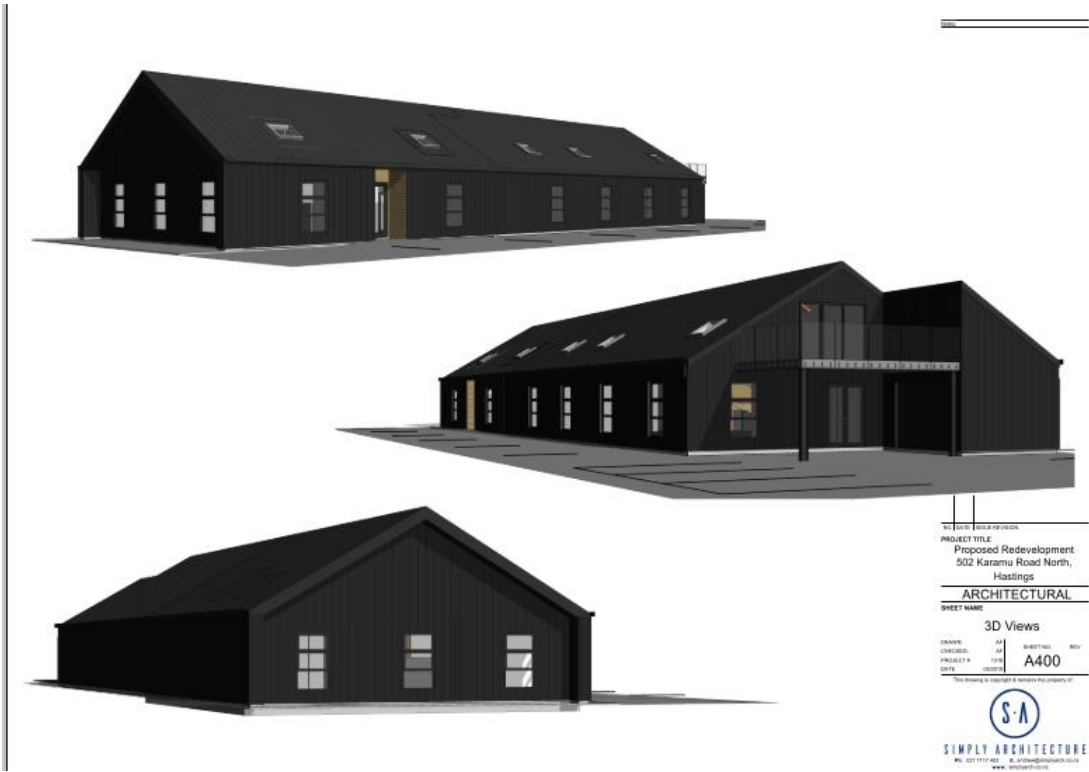


Figure 3: Proposed (3) elevations- (from top to bottom) road/east side, rear, road frontage. (HDC ref 11531#0119)

Item 2

Attachment K

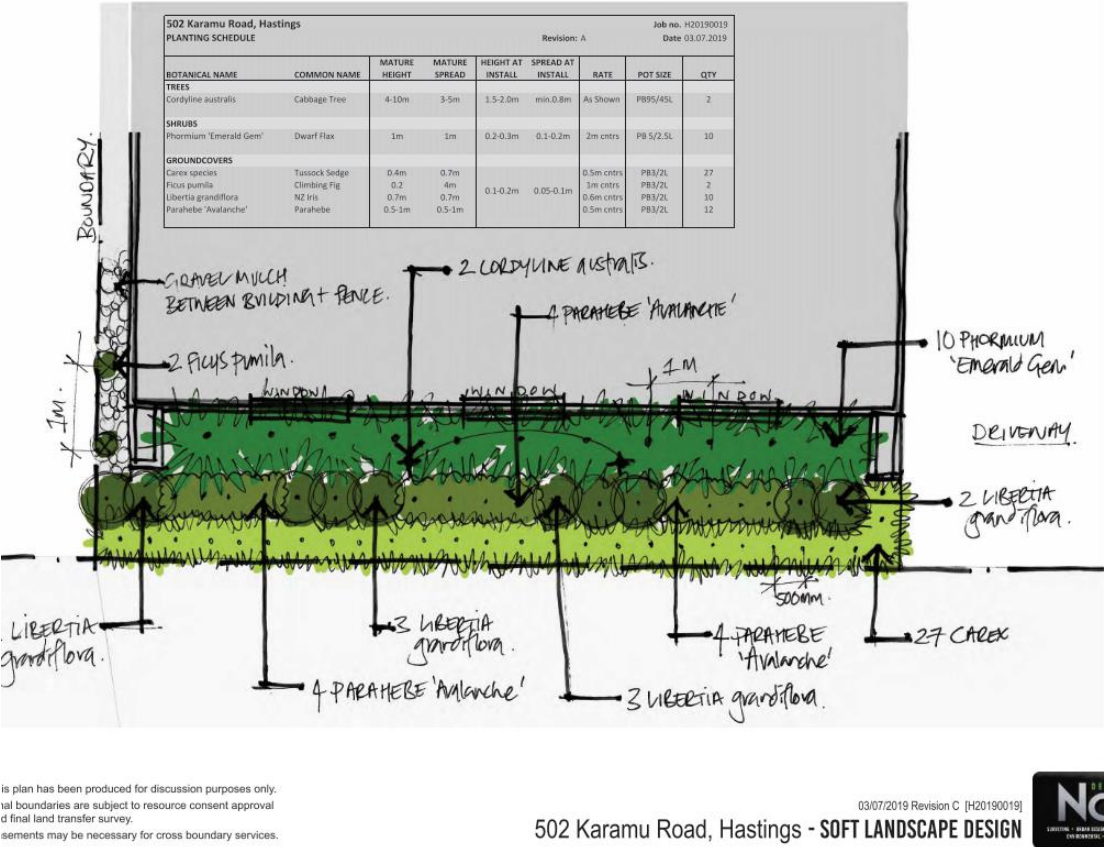


Figure 4: Landscape Plan for the road frontage. (HDC ref 11531#0119)



Figure 5: elevation of road frontage landscaping. (HDC ref 11531#0119)

“REMINDER - APPLY/REMOVE THE DRAFT CAVEAT”

Contact: Matthew Holder

6 April 2020

Hastings District Council
Private Bag 9002
Hastings 4156

Attention: M. Arnold / L. Wang

Development Nous Ltd

212 Queen Street East
Hastings 4122
New Zealand

PO Box 385
Hastings 4156
New Zealand

06 876 2159

Dear Sirs

RE: RMA20190570 Decision – 502 Karamu Road.

We refer to the Hastings District Council's delegated decision on resource consent application RMA20170287 that "refused" consent to May Holdings 2019 Ltd; pursuant to Sections 104, 104B, and 104D of the Resource Management Act 1991.

May Holdings 2019 Ltd objects to the declining of their consent application. May Holdings 2019 seeks a reconsideration of this decision by an Independent Commissioner¹. The decision is dated 27 March 2020.

Specifically, May Holdings 2019 Ltd do not agree with the reasons for declining consent and the weighting of matters within the assessment and decision. The decision reads as follows:

Pursuant to Rule LFRR14 of the Proposed Hastings District Plan (As Amended by Decisions 12 September 2015) and Sections 104 104B and 104D of the Resource Management Act 1991, consent as a Non-Complying Activity is REFUSED to May Holdings 2019 Limited to establish a standalone office activity 502 Karamu Road North, Hastings (Lot 3 DP 15279 contained in RT HBH1/962).

With the Reasons for this Decision Being:

1. *As identified by the Section 95 and 104 report for this application, there are no affected persons in terms of Section 95E of the Resource Management Act 1991.*
2. *The reasons for the decision are set out in detail in the s95 and 104 report for this application. In summary:*
 - a) *When assessed on its own, the proposal will likely to have less than minor effects on the environment, and will have positive effects for the landowner and intended tenant.*
 - b) *The newly operative District Plan seeks to retain the large format retail function for this zone, and to limit the creep of commercial office activities into the zone. To this end the Plan provides strong direction by making standalone offices non-complying activities. This type of office activity is the type of development the District Plan seeks to avoid.*

¹ We would like to be provided with several options for this Independent Commissioner and be involved in their selection prior to their engagement.



- c) *The proposal is directly contrary to LFRP2 which requires Council to “ensure” standalone office development does not occur in the LFR Zone.*
 - d) *The proposal has no particular differentiating features and will set an adverse precedent. This will undermine the integrity of the newly operative HDP, particularly in relation to the integrity of the LFR zone and Central Commercial zone.*
 - e) *While this activity will not of itself have distributional effects, the grant of consent to the proposal would create a risk of adverse distributional effects on the Hastings CBD through other office activities seeking to establish in the LFR zone where there is potentially larger space, at lower cost. This would cut across the policy direction of the HDP, which itself seeks to implement the requirements of the RPS.*
3. *The requirements of Part 2 are reflected in the objectives and policies of the HDP.*
 4. *While acknowledging there would be positive effects associated with the grant of consent, it is concluded that the proposal is inconsistent with and/or contrary to the objectives and policies of the Hastings District Plan.*
 5. *Approving such consent would undermine the integrity of the newly operative Hastings District Plan.*

Whilst reasons within the decision record that the proposal will likely have less than minor effects on the environment and it will have positive effects for the landowner and intended tenant, this has not been appropriately considered in terms of Section 104D, in so far as the Council can approve an application on this basis alone. Furthermore, the reasons for refusal include statements that cannot be rationalised.

We believe that these positive effects extend to the wider region of business growth and prosperity. The application was supported by 2 independent market economic experts and the Hastings Business Association who did not consider there to be any adverse distributional effects, including in the case of the economic experts that there would not be any adverse precedent.

The application for resource consent and supplementary commentary and information provided by the Applicant through the assessment clearly set out the specific needs of the intended “personalised consent” occupier (the applicant offered a personalised occupancy condition as a means of differentiation). This occupier is a multi-disciplinary land development consultancy employing a range of office and field based staff, with a need to load and unload various survey and engineering equipment (costing in the realm of \$500,000) from vehicles for secure storage, and bulk supplies, with capacity to accommodate client meetings, commonly of up to twelve persons, and appropriate staff facilities. These were all matters highlighted within the application.

May Holdings believes that in the absence of any alternative available suitable sites for this personalised occupiers specific needs, the Council should have considered the proposal at this location on the basis of there being no significant distribution effects (as assessed by experts) and the specificity of the occupancy as obviating the potential for the establishment of precedent. The reasonableness of such a position is reinforced by the Council’s economic market peer reviewer concluding that the proposal does not raise any significant distributional effects. The application also had the written support of the Hastings Business Association which believed there would be no adverse impacts on the CBD.

It is noted that in understanding and assessing the specific needs of the personalised consent occupier, Council refused the opportunity to visit the existing premises of that intended occupier to witness the operational needs and current constraints of this local business, which is located less than 500m from the Council’s front entrance. Given the significance of the specifics of the proposed personalised consent occupier’s operations and activity to the consent assessment, particularly surrounding those matters of distributional effect and precedent, it is difficult to accept that Council has

appropriately understood the operational needs or that resulting conclusions are adequately informed. Furthermore, how the council was able to determine that there was no uniqueness or point of difference that would set this application apart from the generalities of other standard office activities, for example those of a lawyer or an accountant.

The decision identifies only one District Plan Policy (Policy LFRP2) that the proposal is seen to be contrary to. The appellant does not accept that the proposal is contrary to this Policy when the entirety of the policy and wider context is considered. For example, under Policy LFRP3 of the District Plan we see further justification for approval in so far as:

It is recognised that there are other activities which have these characteristics and are appropriate in the Zone. It is also recognised that there were a large number of activities which existed in the Zone prior to it being rezoned that don't create distributional effects on the Hastings CBD. These activities contribute to the wider commercial needs of the District and intensifying land use patterns within the Zone. Those additional activities which have the above characteristics and are considered appropriate are light industrial and commercial service activities.

The proposed activity is a commercial service activity in nature and utilises an existing building that is to be returned to a modern standard of attractive external appearance and unconstrained flexible internal floorspace once an occupier can be secured. It should be separately noted that renovation of this building is contingent on securing a suitable occupier and the refusal of this proposal will result in this building remaining in the existing aged condition (and loss of positive economic activity that would be generated by the renovation work and the resulting positive aspects of visible local regeneration).

The proposal will see a commercial service use provided for in the Large Format Retail Zone, which will maximise the efficient use of the land within the zone, especially given the property's small size, without undermining the central retail core. To this end its use for a commercial service activity, does not effectively remove the site from a future ability to be utilised for an LFR activity. Similarly, the LFR zone is not the only zone where LFR activities can establish in the District.

We see no irreconcilable clash with the District Plan provisions. The proposed tenant is a commercial service activity in nature, albeit, not a listed use under the District Plan's definition. Its 'non listing' does not change the characteristics of the use. It is a similar use to those listed as permitted commercial service uses and is a use materially indistinguishable in a number of instances with these comparable uses.

Accordingly, it is not agreed that allowing this activity will open the way for more activities to do the same. Any future activity (where not listed) will be subject to interrogation of effects through a resource consent process. Certainly, another hypothetical independent application for resource consent, cannot be relevant in this instance, and should not form part of the existing or reasonably foreseeable future environment.

The proposed tenant is not a stand-alone office activity in the true sense. There is no definition of *stand-alone office activity* nor is there a definition of *standalone office building*. The plan does list the definition of *Office*² which appears to reference "a place of business for non-manual work", whereas the proposed use undertakes a substantial amount of offsite manual work, hence its categorisation as a *commercial service activity* (unlisted).

It is supported by **POLICY CCP1-**

- *To maintain and enhance the character and amenity of Hastings City by defining it as a community focal point for retail, commercial, administrative, community, educational and entertainment activities by encouraging groups of compatible activities including medium/high density residential mixed use development to locate there, whilst managing the commercial sustainability of the area.*

² **Office:** means a room, set of rooms, space or building used as a place of business for **non-manual work** such as administration, clerical, consulting, advising or information processing. (Section 33.1 definitions – Hastings District Plan) emphasis added

The explanation to this policy includes-

- *Significant and uncoordinated expansion of business activity outside the identified Commercial Zones could threaten this role as a community focal point, thereby eroding sense of community and place. This Plan therefore encourages and promotes the intensification of land use activity, and actively discourages expansion beyond the current Commercial Zone boundaries.*

And

- *Within this Zone, the Council encourages the establishment of a wide range of compatible activities in defined precincts, and controls the effects of activities which might detract from urban amenity and character. Council investment in parking, roading and infrastructure is matched to the needs of the activities in a particular precinct.*

The LFR zone is one of the commercial zones- the proposed business (tenant) activity is currently accommodated within the commercial zone (as defined) within sub-standard premises, that constrains operational ability. The market economic reports submitted as part of the application and the peer reviewer clearly say there will be no distributional effects.

The decision did not consider the *National Policy Statement on Urban Development Capacity* (NPS-UDC) under Section 104 of the Resource Management Act. The NPS-UDC's read as a whole is to allow for greater development options (with some expressed limits). Policy PA3 requires particular regard to providing for choices (PA3(b)), promoting the efficient use of land, responsive planning approaches and limiting the competitive operation of land. The approach of Council (and indeed the District Plan) in this instance is limiting choice in the market.

Outcomes for planning decisions

- *OA1: Effective and efficient urban environments that enable people and communities and future generations to provide for their social, economic, cultural and environmental wellbeing.*

Objective

- *OA3: Urban environments that, over time, develop and change in response to the changing needs of people and communities and future generations.*

Policies

- *PA3: When making planning decisions that affect the way and the rate at which development capacity is provided, decision-makers shall provide for the social, economic, cultural and environmental wellbeing of people and communities and future generations, whilst having particular regard to:*
 - a) Providing for choices that will meet the needs of people and communities and future generations for a range of dwelling types and locations, working environments and places to locate businesses;*
 - b) Promoting the efficient use of urban land and development infrastructure and other infrastructure; and*
 - c) Limiting as much as possible adverse impacts on the competitive operation of land and development markets.*

- *PA4: When considering the effects of urban development, decision-makers shall take into account:*

a) The benefits that urban development will provide with respect to the ability for people and communities and future generations to provide for their social, economic, cultural and environmental wellbeing;

The application clearly demonstrates that the applicant's proposed tenant has specific requirements that cannot be currently met in the market.

Accordingly, this objection is pursuant to Section 357A of the Resource Management Act 1991.

We look forward to this application being properly heard before the hearings committee. Enclosed is the appropriate fee deposit of \$700.



Matthew Holder
On behalf of May Holdings Limited

Item 2**Attachment L**