Plan Change 14

Section 32: Appendix 1

Background to Central City Height and Density Controls

Christchurch City Council

Technical Report

Date: *18 July 2022*
Version:
Author:
Peer reviewed:

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Christchurch City Council

Introduction

The purpose of this report is to provide a summary of the context to the existing district plan height and density controls relating to commercial zones.

1. Pre-earthquake plan provisions

1.1.1 Prior to the CCRP[1], building heights in the Central City provided for heights of 60-80m in the 'frame' (the area around the inner edge of the Central City), 45m in the 'core' (to provide openness and sunlight for Cathedral Square), whilst the east and west fringes enabled 30-40m. A lower height limit of 20m applied to City South.

1.1.2 The pre-earthquake landscape included a number of tall buildings[2]. Approximately 50 buildings exceeded 30m in height and approximately 29 buildings had heights between 21m and 29m in the Central City. The tallest building was the 'Pacific Tower' on Gloucester Street at 86.5 metres (23 storeys), which still stands today. Approximately, 10-15 of the pre-quake buildings exceeded the current district plan permitted height limit of 28 metres.

1.1.3 The February 2011 earthquake damaged many of the City's tall buildings, leaving approximately 20 buildings above 35m in height.

[1] https://ccc.govt.nz/assets/Documents/The-Council/Plans-Strategies-Policies-Bylaws/Historic-Plans/City/04-Pre-CCRP-Volume-3.pdf
[2] http://cccbeforeafter.digitalnewzealand.info/

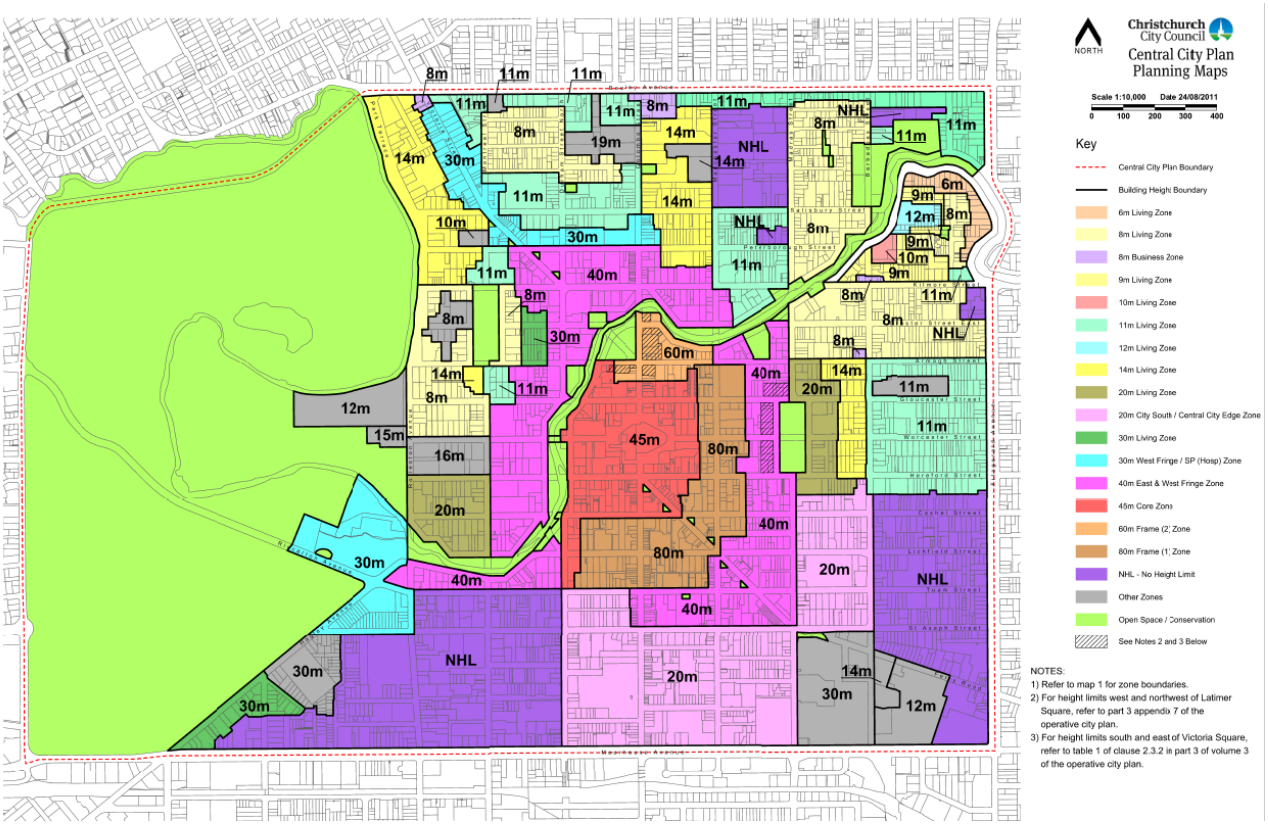


Figure 1: Christchurch City Plan Height Limits (pre-earthquakes)

2. Christchurch Central Recovery Plan

2.1.1 The CCRP recognised the changing landscape following the earthquakes and reconsidered the future urban form, scale and design of the city centre, including building heights. The key reasons cited in the CCRP for the current height limits are:

- Compact CBD – A key focus of the CCRP is to "consolidate a central area so it functions more effectively"[3]. This focuses retail, hospitality and office space in the inner core, to create vibrancy and greater amenity in the most walkable area of the Central City.

- Urban Design considerations – lower buildings are intended to encourage greater interaction with the surrounding street and public spaces. Acknowledging that public spaces are well-used when not shadowed by tall buildings and lower buildings reduce the adverse effects of tall buildings (shadowing and wind tunnels). Key streets and public places were considered to benefit from lower height limits (e.g. New Regent Street, Cashel Mall) as the streets have greater vibrancy and street level interaction.

- Safety - lower building heights were deemed to assist perceptions of safety in the Central City following the earthquakes. Lower buildings were also deemed less dominating and to have a better interaction with the surrounding street, to create a safe, accessible and welcoming place day and night.

[3] https://ceraarchive.dpmc.govt.nz/sites/default/files/Documents/christchurch-central-recovery-plan-march-2014.pdf

- Identity – it was thought that lower rise buildings would contribute to the creation of a unique identity for Christchurch, different from that of other large centres in New Zealand. A low-rise compact Central City which prioritises green spaces and walkways has its own distinct identity. A low-rise city is also at a scale that complements heritage buildings and mature trees.

Background – Christchurch Central Recovery Plan

2.1.2 The key focus of the CCRP was the inclusion of blueprint that sought to consolidate a central area of the Central City so that it would function more effectively. The spatial 'blueprint' was produced based on design principles aimed to address challenges identified in the wake of the Christchurch earthquakes.

2.1.3 Key points from the CCRP are set out below.

- The overall design concept was the development of a greener, more accessible city with a compact core and stronger built identity.

- It involved the definition of a new central city "core", and the provision of new green spaces along with the provision of a range of commercial and residential development opportunities.

- The purpose of the "Frame" was to reshape central Christchurch with its three components – East, South and North – each having its own distinct character.

- A key challenge facing the central city was deemed to be 'too much space' whereby the demand for commercial and retail space was assessed as being insufficient to fill the extent of vacant commercial land in the central city.

- It was considered that compressing the available land area through the 'frames' mechanism, would address the issue of too much space and potentially unconstrained development, whilst also adding high quality urban open space to the centre.

2.1.4 Five separate design principles were developed to address the identified challenges[4] including:

- 'Compress' – compress the size and scale of expected development to generate a critical mass in the core.
- 'Contain' – contain the core to the south, east and north with a frame.

2.1.5 The CCRP states at page 35 that,

"*The Frame in tandem with zoning provisions, reduces the extent of the central city commercial area so that the oversupply of land is addressed. It will help to increase the value of properties generally across the central city in a way that regulations to contain the central core, or new zoning decisions, could not. The Frame helps to deliver a more compact core while diversifying opportunities for investment and development. The Frame allows the core to expand in the future if there is demand for housing or commercial development*."

2.1.6 A key statement with specific regard to building heights in the CCRP is that "*lower buildings will become a defining central city feature in the medium term … and that a lower rise city fits in with the community's wishes and takes into account of the economic realities and market demand for property in the core. It recognises the character and sensitivity of certain areas, such as New Regent Street, and reduces wind tunnels and building shade*.' (page 40)

2.1.7 The CCRP set out statutory directions aimed at enabling the opportunity to create a distinctive, vibrant and prosperous central city that encourages economic and emotional reinvestment to be realised. This comprised a number of amendments (contained in Appendix 1 of the CCRP) to the Christchurch District Plan. Of particular relevance, is the following statement on page 103 of the CCRP:

'In developing these amendments consideration has been given to enabling recovery in the immediate to medium term (up to 10 years)'.

2.1.8 Under the 'Statutory Direction to Amend District Plan' heading of the CCRP there is also a sub-section titled 'A consolidated central city business area' (page 103) which states that:

'Christchurch has traditionally had a geographically expansive CBD which, at times, has struggled to attract and retain workers, residents, shoppers and tourists. The operative District Plan effectively enables traditional CBD activities such as offices, retail activities, travellers' accommodation and the like to establish throughout a significant portion of the CBD. This has enabled activities to spread across an extended area resulting in pockets of low or no activity, significant ratios of lower grade, semi-occupied buildings and diminished amenity values which have in turn dis-incentivised residential occupation and development…'

The Recovery Plan seeks to address this by creating a consolidated Central City Business Zone that effectively encompasses an area of approximately 40 hectares – compared to 90 hectares of Central City zoned land in the operative District Plan.'

[4] CCRP, page 31.

2.1.9 Under the same heading above there is a section on page 105 relating to a 'lower rise quality built environment'. Under the subheading 'height of buildings', the following text is provided:

An important component in developing the framework for an active and vibrant city centre is determining how best to utilise the available land. Consolidating development opportunities in a central business area and reducing the height of buildings assists with an appropriate distribution of development activities across the available area. Lower buildings are less dominant, making streets more inviting and people friendly. Lower building heights also reduce the adverse effects of tall buildings (shadowing, wind tunnels and the like).

Despite these benefits, it is recognised that height limits have potential to affect the viability of development. This is particularly the case where development is required to optimise a small or unusually shaped lot due to the underlying (largely fragmented) ownership structure. It is self-evident that providing for uneconomic development defeats the goal of recovery.

Capacity and viability analyses together with urban design considerations have combined to inform new height limits for the Central City Business and Central City Mixed Use Zones as follows:

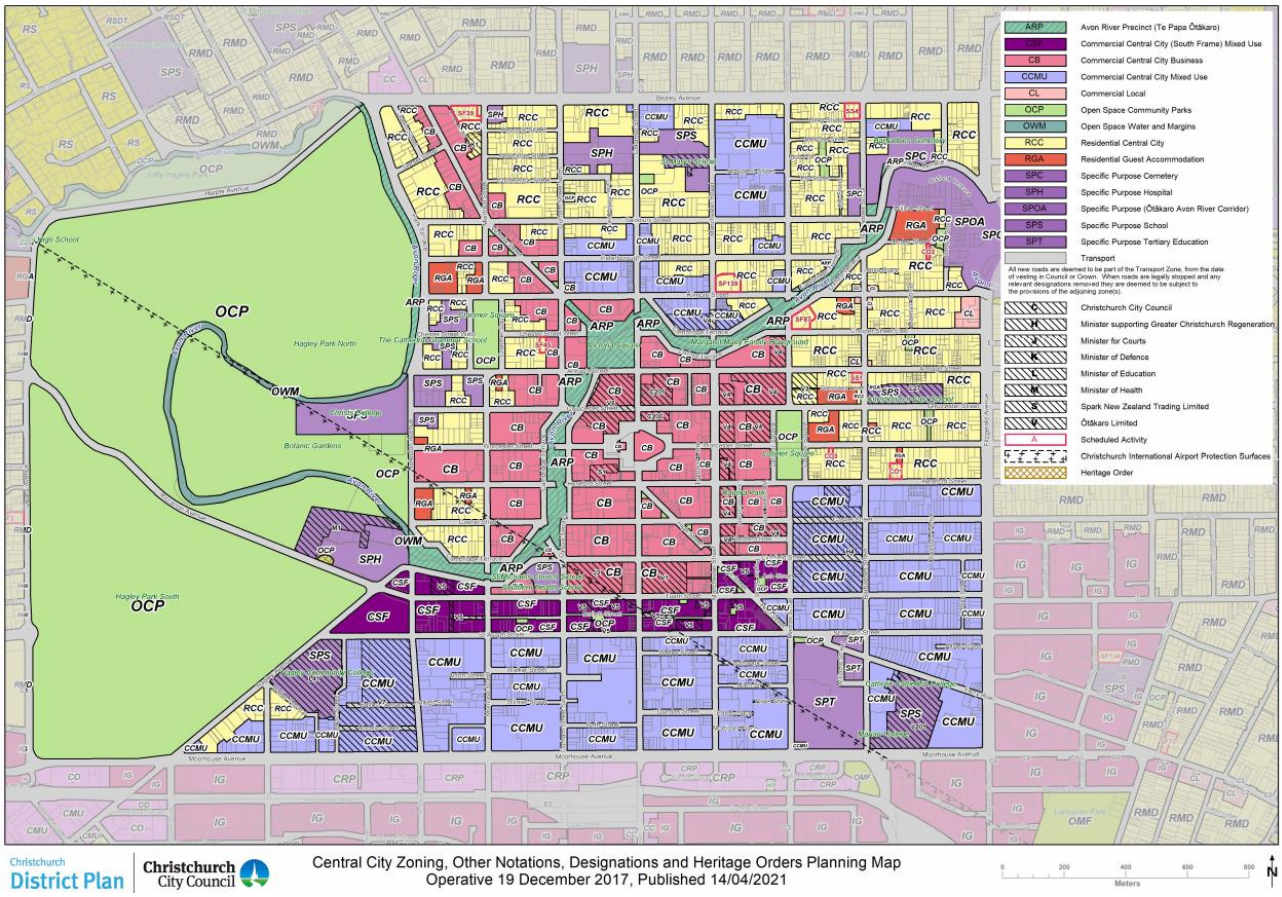
- *Central City Business Zone (Core) 28m*
- *Central City Business Zone (Gateway) 17m*
- *Central City Mixed Use Zone 17m*

These heights provide for 7 storey buildings in the Core and 4 storey buildings in the balance areas. Some exceptions to these height limits exist for particularly sensitive sites including the Mixed Use zones in the north adjacent to Living Zones and in New Regent Street where lower heights are required to ensure sunlight protection and/or reflect existing character. Developments which do not comply with the height limits are discretionary activities in the Central City Business Zone and restricted discretionary in the Central City Mixed Use Zone.

2.1.10 During the Christchurch District Plan review process, the CCRP provisions were largely rolled over into the new District Plan due to the CERA Act (and its successive legislation – the Greater Christchurch Regeneration Act) requirement that those with powers under the Resource Management Act 2991 must not make decisions inconsistent with the Recovery Plan. These functions and powers included decisions on resource consents, and preparing or changing planning documents. Most of the GCR Act has since been repealed (including, relevantly, s60) such that the directive to not be inconsistent with the recovery plan has fallen away.

Christchurch District Plan

2.1.11 Currently the Commercial Central City Business Zone permits buildings up to 28m high (with a 21 road wall height) with no site size (density) limitation. The Christchurch District Plan planning map (below) shows the range of land use zones across the Central City.



Christchurch District Plan | Christchurch City Council

Central City Zoning, Other Notations, Designations and Heritage Orders Planning Map
Operative 19 December 2017, Published 14/04/2021

2.1.12 The maximum building heights for the Central City are depicted in the map below and the relevant built form standards for residential and commercial zones with the Central City typically refer to this map albeit there are some exceptions and additional detail/restrictions provided – see below:

- Residential Central City Zone - the Central City Maximum Building Height planning map does not apply to the 3 specific sites where a maximum building height of 20 metres shall apply to buildings for a retirement village (refer 14.6.2.1).

- Commercial Central City Business Zone - 15.10.2.11 and 15.10.2.12 specify the maximum and minimum height of any building; and the maximum road wall height respectively as detailed by the below District Plan excerpt:

15.10.2.11 Building height

a. The maximum and minimum height of any building shall be as follows:

	Applicable to	Standard
i.	All buildings, except as provided for in ii. and iii. below.	The maximum height shall be in accordance with the Central City Maximum Building Height planning map
ii.	All buildings in New Regent Street	The minimum and maximum height shall be 8 metres.
iii.	All buildings at the Arts Centre, being land bordered by Montreal Street, Worcester Street, Rolleston Avenue and Hereford Street.	The maximum height shall be 16 metres.

15.10.2.12 Maximum road wall height

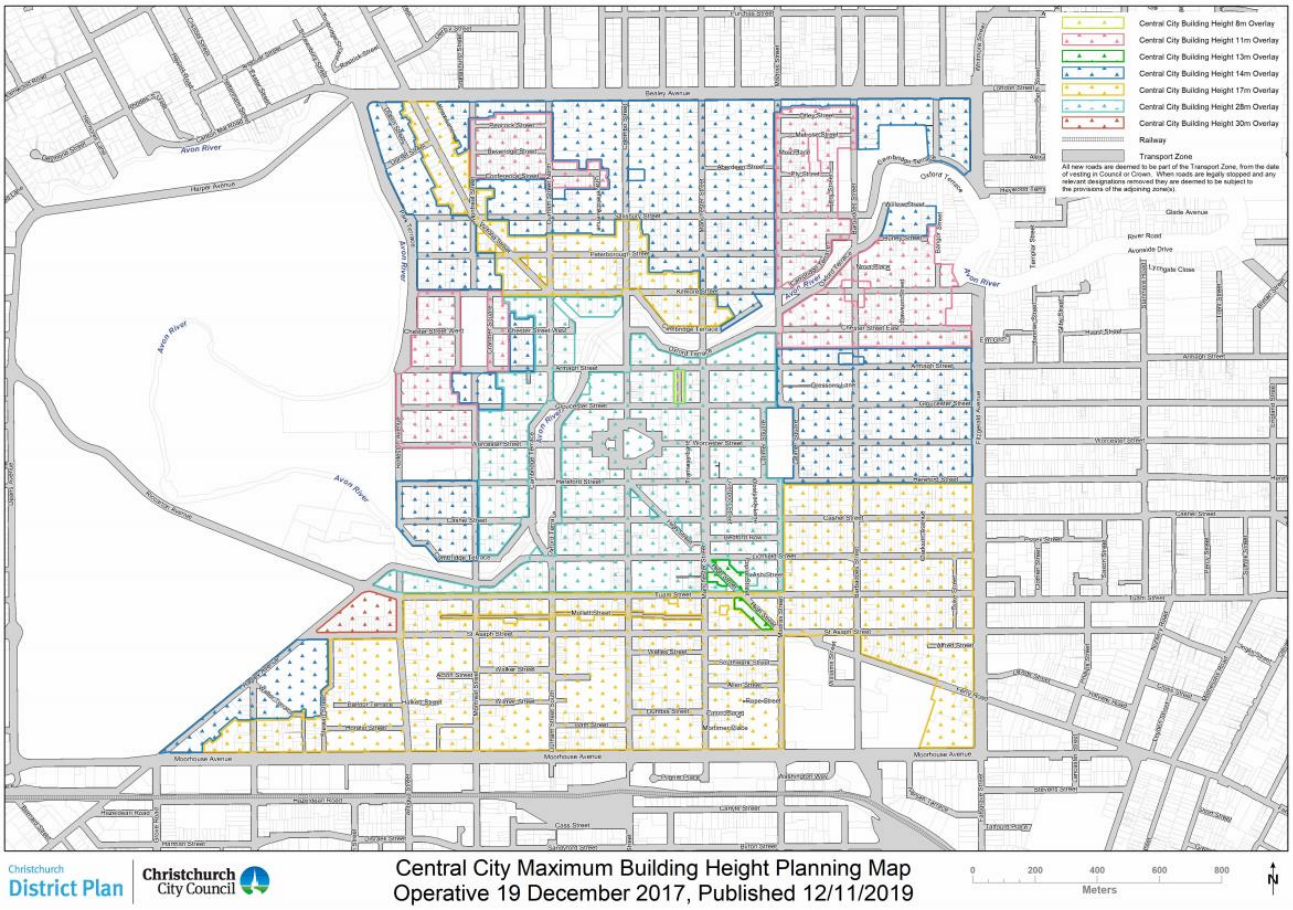
a. The maximum height of the road wall of any building shall be:
   i. 21 metres in the area subject to a 28 metre height limit on the 'Central City Maximum Building Height planning map' unless specified below.
   ii. 17 metres where the wall fronts the northern side of Cashel Street, between Oxford Terrace and High Street.

- Commercial Central City (South Frame) Mixed Use Zone: 15.12.2.1 specifies the maximum height of any building

15.12.2.1 Building height

a. The maximum height of any building shall be as follows:

	Applicable to	Standard
i.	All buildings	The maximum height of all buildings shall be in accordance with Central City Maximum Building Height planning map;
ii.	All sites where the maximum permitted height is more than 21 metres	The maximum road wall height shall be 21 metres, except that for Part Lot 1 Deposited Plan 11323, the 21 metres road wall height shall only apply to the Tuam Street road boundary;
iii.	All buildings	No building shall project beyond a recession plane of 45 degrees applying from the maximum road wall height and angling into the site.



Christchurch Replacement District Plan – evidence of key relevance

2.1.13 The following evidence was adduced for the Christchurch District Plan Review and provides additional useful context to the issue of building height in the Central City.

Evidence of Ken Gimblett (planning expert)

2.1.14 Ken Gimblett (Director, Boffa Miskell) was involved in developing the planning provisions to give effect to the CCRP and then provided continued assistance to CERA including developing subsequent planning provisions for the Central City.

2.1.15 In his evidence (on behalf of the Crown) dated 14 January 2016[5] before the Christchurch Replacement District Plan Hearings Panel[6], Ken Gimblett addressed a number of matters including the development of the Christchurch Central Recovery Plan (CCRP), and the background and intent of the CCRP provisions in the Replacement Plan to support earthquake recovery of central Christchurch. Dialogue of particular relevance is set out below:

- Acknowledgment that Christchurch has traditionally had a geographically expansive CBD, which at times has struggled to successfully attract visitors, workers and residents;

- With specific reference to building height, Mr Gimblett stated the following:

[5] Refer: http://chchplan.ihp.govt.nz/wp-content/uploads/2015/08/3721-Crown-Evidence-of-Ken-Gimblett-14-1-2016.pdf

[6] In the Matter of the Resource Management Act 1991 and the Canterbury Earthquake (Christchurch Replacement District Plan) Order 2014, and Stage 3 of the Christchurch Replacement District Plan

6.12 An important consideration in the development of this framework for an active and vibrant CBD was how to promote effective utilisation of available land. Along with essentially reducing the spatial extent of the developable opportunity, this had a direct bearing on standards put in place to limit building height.

6.13 Pre-earthquake, the Operative Plan provided for a variety of maximum building heights, with up to 80 metres permissible in some parts of the CBD. Through the CCRP process it was determined that consolidating the area of development opportunity and generally reducing the heights of buildings would assist with achieving an appropriate distribution of development opportunities.

6.14 In seeking to achieve a lower rise quality built environment, the maximum height was set at 28 metres, or around 7 storeys[7]. Other influences in determining this height were factors such as reducing building dominance for pedestrians, minimising wind tunnelling and overshadowing impacts, and perhaps less so, a response to community perceptions of the apparent safety and desirability of taller buildings in the aftermath of the earthquake events.

6.15 An associated (lower) maximum road wall height standard was also imposed to limit development to 21 metres at the interface with the road and stepping back to the higher overall limit by way of recession plane control[8]. This was directed to controlling the effects of building dominance and shadowing of the street.

6.16 Given the significance of building heights to achieving the outcomes sought, the height standards (maximum building and maximum road wall height) were set as community standards whereby non-compliance triggered full discretionary activity status. Informed by viability and capacity analysis, the CCRP states that this approach was intended to achieve a distribution of activity without compromising economic viability.[9]

Evidence of Ian Mitchell (residential market expert)

2.1.16 In his evidence (on behalf of the Crown) dated 14 January 2016[10] before the Christchurch Replacement District Plan Hearings Panel, Ian Mitchell[11]addresses the trends in the central city residential market post-earthquakes together with discussion of the key market drivers and market outlook. Ian had been providing the Crown with his expertise in relation to the housing market in Christchurch since 2013. As part of his evidence, he interviewed most developers undertaking larger central city residential developments and asked about their perspectives on the central city market.

2.1.17 With respect to the existing planning environment established through the CCRP (and in the context of the central city residential market), most developers considered that it was permissive in light of current demand at the time and did not have a significant impact on the level of units that could be developed within a site. There were exceptions however, whereby two developers felt the height limits imposed altered the design and feasibility of their developments.

2.1.18 The conclusions that Mr Mitchell came to in his evidence are provided below (page 21 and 22):

Christchurch's central city will offer a significantly different living environment once the rebuild has been completed. The anchor projects and the proposed public amenities within the central city will provide a modern urban space in which people can live and work. However, there is a degree of uncertainty associated with the speed

[7] A lower 17 metres applying generally outside the Core in the balance areas of the CCBZ (Map 3 – Central City Heights)
[8] CCRP Appendix 1, Rule 2.3.2
[9] CCRP – Statutory Direction to Amend District Plan page 103.
[10] Refer: http://chchplan.ihp.govt.nz/wp-content/uploads/2015/08/3721-Crown-Evidence-of-Ian-Mitchell-14-1-2016.pdf
[11] Director at Livingston Associates Ltd., a niche consultancy company which provides property related advice.

at which the key public projects will be completed, the rate at which businesses will relocate with the central city business area and the strength of the underlying demand for residential units.

Christchurch's central city residential market will grow in size and diversity over the next decade. The rate at which it expands and replaces the stock lost in the 2010/2011 earthquakes will be influenced by a number of factors including the rate at which amenity is provided and anchor projects are developed…

Evidence of Marius Ogg (local valuation/property expert)

2.1.19 In his evidence (on behalf of the Crown) dated 14 January 2012[13] before the Christchurch Replacement District Plan Hearings Panel. Marius' evidence was provided to identify the market dynamics in the central city at that time and into the immediate future. In conclusion, Marius stated he felt positive about the progress and redevelopment of the city, in particular the CBD core, noting the significant amount of investment that had been made by the Crown, the Council and the private sector. Notwithstanding that, he opined that there remained some risks and challenges, particularly from a supply and demand perspective and the potential for isolated undeveloped pockets of land.

Anecdotal Feedback

2.1.20 Anecdotal discussions with planning and urban design practitioners involved in the development of the CCRP, provides some additional context, including reference to relevant commercial feasibility assessments undertaken to inform and assess the approach to central city building heights. This includes:

- A key consideration for the Blueprint consortia developing the masterplan for the central city for CERA was the anticipated demand-side for development and use of central city land. Ernst & Young's Commercial Market Property Study (May 2012) provided key analysis at the time – discussed further below. There was also associated work available on pre-earthquake commercial occupancy within the central city. See the section further below re. Colliers' advisory report titled 'Financial Feasibility of Building Development in the Christchurch CBD' (2011).

- Notably the idea of reduced (relative to the then operative city plan) central city building heights for central city commercial areas was introduced in the CCC draft recovery plan, which discussed creating more of a human scale to development, proposing max building heights of 31m in the Core, 21m in the Fringe and 17m in the Mixed Use areas of the CBD, along with more contextual limits in places such as the City Mall (sunlight) and New Regent Street (historic heritage).

- An important finding of the demand and supply side analysis undertaken for CERA was the apparent oversupply in comparing pre-earthquake developable opportunity vs. anticipated post-earthquake take-up of retail and commercial floorspace. The Blueprint and the CCRP both identified and responded to this. Guided by the Blueprint principles, the CCRP:
    - Sought to both compress and contain the commercial area of the CBD – i.e. better to reduce the available opportunity than face an 'incomplete' outcome.

    - Reduced the spatial extent of this area from some 90ha to 40ha – mainly through designating both the South and East Frames, essentially taking this land out of the supply side, and equally designating several large site for the anchor projects, having a similar effect.

[12] Refer: http://chchplan.ihp.govt.nz/wp-content/uploads/2015/08/3721-Crown-Evidence-of-Marius-Ogg-14-1-2016.pdf
[13] http://chchplan.ihp.govt.nz/wp-content/uploads/2015/08/3721-Crown-Evidence-of-Marius-Ogg-14-1-2016.pdf

- Enabled future outward expansion to be possible through the original park-like approach to the Frames – these areas essentially offered a future insurance or 'land bank' should there prove to be insufficient commercial or residential space – the underlying zonings and designated purposes allowed for both activities, and the designation tool meant there was no prescribed height limit (as was/is the case for the designated anchor project sites).

- Compressed the available opportunity by reducing the max permissible building heights (similar to the CCC draft recovery plan) landing on the even more simplified 28m and 17m areas. Remembering that in some areas the operative plan enabled up to 80m heights.

- As well as responding to the demand/supply analysis, at the time there were also other factors in the decisions taken on setting commercial building heights:

  - There was sensitivity to the community feedback received through the 'Share an Idea' process about people's anxiety about tall buildings, particularly those buildings that would not be new (post-earthquake) constructions.

  - Given what was emerging about buildings either lost or expected to have to be demolished, most of the remaining/surviving buildings were expected to be around 5-7 storeys or lower.

  - International experience suggested successful cities (economically and socially) were of this scale (e.g. the likes of Paris, Copenhagen, Amsterdam)

  - The designers in the Blueprint masterplan process (like the CCC) wanted a human scale and greater uniformity from an urban form perspective, while still maintaining overall central city primacy in the context of the city as a whole.

  - Contextual variations were still maintained in key areas, e.g. sunlight angle into the mall, etc.

CERA Christchurch Central City Commercial Property Market Study

2.1.21 In May 2012, the 'CERA Christchurch Central City Commercial Property Market Study'[14] prepared by Ernst & Young was released. The purpose of this study was to identify the projected supply and demand for commercial property (office, retail, hotel and hospitality), the attractiveness of commercial property to investors and developers and to analyse the financial viability of development.

2.1.22 The key elements of the study were - demand side analysis (involved collecting data from tenants and consumers through online surveys and interviews), supply side analysis (involved quantifying likely construction costs for various new commercial buildings in the Central City; and quantifying the likely yields and margins required by property owners and developers intending to develop in the Central City Area). Viability testing (using a Monte Carlo simulation technique to predict the level of rent that would be required for each of the identified building profiles) was also undertaken.

[14] The Canterbury Earthquake Recovery Agency (CERA) commissioned Ernst & Young (EY) to undertake this study. EY engaged Ocean Partners Limited, Colliers International Valuation Limited and Apollo Projects to assist with the study.

Financial Feasibility of Building Development in the Christchurch CBD

2.1.23 On 14 November 2011, Colliers International issued an advisory report titled 'Financial Feasibility of Building Development in the Christchurch CBD'. In the introduction it is stated that Beca and Colliers were engaged separately by CCC to provide building and property professional consultancy respectively for input into the Christchurch City Central Plan. The principal aim of the exercise was to determine the trends and viability of Council selected building heights and to provide informed input into the Central City Plan.

2.1.24 This report includes development feasibility of different building options that were undertaken as part of the development of the building height rules. It was considered then that the 'sweet spot' for maximising development profit was in the 4-6 storey range. The tallest building assessed was 12 levels. The Development Feasibility results section contains a summary of the valuation outputs measured in terms of development profit or margin and residual land value under each building option:

1) Option 1 – conventional podium / tower structure with basement parking and land size of 1,500sqm

2) Option 2 – conventional podium / tower structure without basement parking and land size of 1,500sqm

3) Option 3 - conventional podium / tower structure without basement parking and land size of 2,400sqm.

Development Feasibility Results – Option 1

Building	Profit Margin $	Profit Margin %	Land Value $	Land Value $ psm
4 Levels	$3,260,000	14.54%	$2,090,000	$1,393
5 Levels	$3,370,000	13.04%	$1,660,000	$1,107
6 Levels	$4,190,000	13.67%	$1,580,000	$1,053
7 Levels	$3,940,000	11.11%	$ 700,000	$ 467
8 Levels	$4,380,000	10.32%	$ 50,000	$ 33
12 Levels	$6,690,000	10.91%	($1,160,000)	($ 483)

Development Feasibility Results – Option 2

Building	Profit Margin $	Profit Margin %	Land Value $	Land Value $ psm
4 Levels	$3,250,000	16.85%	$2,550,000	$1,700
5 Levels	$3,650,000	16.36%	$2,400,000	$1,600
6 Levels	$4,990,000	18.75%	$2,760,000	$1,840
7 Levels	$4,630,000	13.84%	$1,500,000	$1,000
8 Levels	$5,130,000	13.30%	$1,150,000	$ 767
12 Levels	$6,720,000	11.55%	($ 610,000)	($ 254)

Development Feasibility Results – Option 3

Building	Profit Margin $	Profit Margin %	Land Value $	Land Value $ psm
4 Levels	$3,300,000	12.03%	$3,180,000	$2,120
5 Levels	$1,260,000	4.38%	$1,460,000	$ 973
6 Levels	$2,200,000	6.58%	$1,520,000	$1,013
7 Levels	$1,830,000	4.64%	$ 370,000	$ 247
8 Levels	$1,920,000	4.27%	($ 330,000)	($ 220)
12 Levels	$3,930,000	5.90%	($2,260,000)	($ 942)

2.1.25 The report concluded as follows:

It should be noted this analysis did not investigate the financial feasibility of building heights below 4 levels and above 12 levels. Historically buildings higher than 12 levels have been developed in Christchurch in isolated cases

although it is debateable whether any of these buildings have even been an economic success from a development perspective.

The financial analysis indicated a positive development profit margin (after holding costs) of between 4.26% and 18.75% of total cost under the 18 different "model" buildings. A development profit margin at or greater than 20.00% is generally an aspirational target for developers although in reality many will only achieve between 10.0% and 20.00%.

The Option 2 analysis produced the most attractive feasibility results where the development margin ranged from 11.55% for the 12 level building and 18.75% for the 6 level building. There was a tight development margin for the Option 2 Level 4 to Level 6 buildings and then the development profit margin reduced gradually for the Level 7 building and above.

The Option 2 building configuration (without basement and a land area of 1,500 square metres) is the most efficient in terms of the build cost and land utilisation. The Option 3 building configuration (without basement and a land area of 2,400 square metres) is the least efficient.

The financial analysis indicated a similar pattern in terms of indicated residual land value which declined sharply as building height increased above 6 levels.

In summary the Option 2 building financial analysis indicated that buildings of 4 to 12 levels are feasible, although only marginally and only after achieving new post-earthquake rent levels. In the current market environment, the analysis indicated the optimum building height.

3. Background to current tenancy limits – office and retail

3.1.1 The District Plan contains limits on tenancy sizes for commercial activities in a number of locations in order to support the centres-based commercial framework and in particular to give primacy to the Central City, recognising its role as the principal employment and business centre for the City and surrounding area.

3.1.2 In summary, office tenancy sizes are limited in both centres outside the City Centre and the Central City Mixed Use zone to encourage larger offices to locate in the Commercial Central City Business Zone. Retail tenancy sizes are also limited in neighbourhood and local centres and the Central City Mixed Use zone to encourage large floorplate retail activities to locate in higher order centres i.e the District Centres and CBD.

3.1.3 Further detail about the office tenancy limits is set out below.

Office Limits - Background

3.1.4 The District Plan contains a maximum tenancy size of 500sqm GLFA (Gross Leasable Floor Area) for office activity in the following locations:

- All District Centres plus New Brighton and Barrington (all KAC's).
- The Commercial Retail Park zone at Langdon's Road.
- The Industrial Park (Tait Campus) and (Awatea) zones

3.1.5 The limit on office tenancy size supports Objective 15.2.2 (Centres-based framework), Policy 15.2.2.1 (Role of Centres) and Objective 15.2.5 (Diversity and Distribution of activities in the Central City). The limit on office space in the suburban centres, retail park zone and industrial zones ensures that primacy is provided to the Central City and further supports the recovery of the city centre post-earthquake, both important directions in the Canterbury Regional Policy Statement (CRPS).

3.1.6 The threshold of 500sqm was determined as office requirements greater than this typically accommodate businesses that serve a much wider city, national or international function, and these activity types would both encourage and stimulate the recovery of the central business zone, aside from the economic advantages that these businesses contribute to the economy from location in the Central Business District[15].

3.1.7 Evidence[16] provided during hearings for the District Plan summarised the issue of dispersed business activity in a post-earthquake environment and the potential effect of this on the City Centre and wider economy.

A change perpetuated in the Christchurch economy post-earthquake is the decentralisation of business activity (specifically commercial) from identified centres. This dilution of activity will have long-term impacts upon the competitiveness and economic prosperity of the Christchurch community. This change is not simply an effect of the loss of substantial capacity from the CBD as a result of the earthquakes. This trend had been of concern for at least 10 years prior. In 2000, the CBD accounted for 53% of commercial activity within the City. By 2010, this figure had fallen by over 20% to under 41%. The competitive deterioration of the CBD has diverted commercial activity throughout the City with commercial activity now becoming increasingly dispersed throughout Christchurch.

The key issue that is of concern within the Christchurch economy is the undermining of the wider competitive influence of the CBD and the fact that loss of activity from this, and other centres, is likely to reduce Christchurch's economic competitiveness as a City resulting in a fall in community well-being. Economic benefits to the Christchurch economy with regard to the Central City are dependent on critical mass (and effective density) that produce improve overall productivity.

3.1.8 The decision[17] in respect of the maximum office tenancy, concurred that,

The weight of the evidence satisfies us that imposing a maximum tenancy cap on offices in KACs and those two Industrial Park zones would support the recovery of the CBD. The evidence directly pertains to our task in giving effect to the CRPS. In particular, we refer to CRPS Objective 6.2.5. The evidence suggests that, without a cap on maximum tenancy size of offices, there is some greater risk of development and distribution of offices in KACs and Industrial Parks that could otherwise go to the CBD. That would pose an associated risk of adverse impacts on the CBD of the kind noted in CRPS Policy 6.3.1.

In addition, the evidence demonstrates that imposing a cap would not impose a significant cost on the KACs. Mr Ogg explained that very few of the centres around Christchurch actually have reasonable office offering and, particularly pre-earthquake, there were considerable vacancies. When asked about the capacity of Northlands and Merivale Malls to develop, Mr Osborne explained that any capacity they had would more likely be taken up by retail than by office

[15] http://resources.ccc.govt.nz/files/TheCouncil/policiesreportsstrategies/districtplanning/districtplanreview/Appendix8.3-PropertyEconomicsReport.pdf contained within http://resources.ccc.govt.nz/files/policiesreportsstrategies/dpr_section32_for_tenancy_maximum_for_offices2016v2%20.pdf
[16] http://www.chchplan.ihp.govt.nz/wp-content/uploads/2015/08/3723-CCC-Central-City-Phil-Osborne-Evidence-Economics-17-12-20151.pdf
[17] Decision 55, Chapter 15 Commercial (Part) and Chapter 16 Industrial (Part): Proposal for a 500sqm Gross Leasable Floor Area Maximum Tenancy for Offices

uses. These factors indicate to us that imposing an office cap in centres would not likely restrict developers much beyond the existing market conditions.

In addition, Mr Bartlett indicated that AMP [AMP Capital Property, owners of the Belfast/Northwood SupaCentre] was not interested in extending significant offices at Styx. In regard to Commercial Retail Park zone north of Langdon's Road, we received only minimal evidence. The Joint Statement expresses the joint views of Messrs Stevenson and Chrystal that "the office allocation reflects development which is currently permitted, consented or occurring on the site". As for the two Industrial Park zones, we accept that we do not have any evidence as to the implications or otherwise of the imposition of a maximum tenancy cap for any current or prospective development in those areas. We also accept the evidence that a 500m² cap would continue to allow for suburban suppliers, such as small accountancy or legal firms (the typical "mum and dad" firm), to be able to establish within suburban centres. In terms of the s 32 requirement that we assess benefits and costs, and the risks of acting or not acting, we find on the evidence that the balance favours the imposition of a cap.