

PROPERTY ECONOMICS



CHRISTCHURCH CENTRAL CITY AND SUBURBAN CENTRES (PC14) ECONOMIC COST BENEFIT ANALYSIS

Client: Christchurch City Council

Project No: 52156

Date: July 2022



SCHEDULE

Code	Date	Information / Comments	Project Leader
52156.15	July 2022	Report	Tim Heath / Phil Osborne

DISCLAIMER

This document has been completed, and services rendered at the request of, and for the purposes of Christchurch City Council only.

Property Economics has taken every care to ensure the correctness and reliability of all the information, forecasts and opinions contained in this report. All data utilised in this report has been obtained by what Property Economics consider to be credible sources, and Property Economics has no reason to doubt its accuracy.

Property Economics shall not be liable for any adverse consequences of the client's decisions made in reliance of any report by Property Economics. It is the responsibility of all parties acting on information contained in this report to make their own enquiries to verify correctness.

Front cover image: Denizen

COPYRIGHT

© 2022 Property Economics Limited. All rights reserved.

CONTACT DETAILS

Tim Heath

Mob: 021 557713

Email: tim@propertyeconomics.co.nz

TABLE OF CONTENTS

1. INTRODUCTION.....	5
1.1. OBJECTIVES	10
1.2. DATA SOURCES	11
1.3. GLOSSARY OF ACRONYMS AND TERMS	11
2. CENTRAL CITY HEIGHTS.....	13
3. CHRISTCHURCH CENTRAL CITY RECOVERY	17
3.1. CENTRAL CITY TOTAL EMPLOYMENT TRENDS.....	19
3.2. TOTAL CENTRAL CITY EMPLOYMENT TRENDS BY SECTOR.....	20
3.3. CENTRAL CITY RECOVERY DIRECTION	21
3.4. OFFICE TENANCY THRESHOLDS	22
3.5. CCMUZ (INCLUDING SOUTH FRAME) RETAIL RESTRICTIONS	24
3.6. TOTAL CENTRAL CITY RESIDENTIAL TRENDS.....	25
3.7. RESOURCE CONSENT TRENDS	26
3.8. MINIMUM HEIGHT CONTROLS.....	26
4. HIGH LEVEL ECONOMIC COSTS AND BENEFITS OF CENTRAL CITY HEIGHT ENABLEMENT OPTIONS	28
4.1. ZONE SPECIFIC ECONOMIC COSTS AND BENEFITS	32
4.2. ECONOMIC DIRECTION	34
5. SUBURBAN CENTRE HEIGHT ENABLEMENT	38
5.1. HORNBY.....	40
5.2. PAPANUI	41
5.3. RICCARTON.....	42
5.1. SUBURBAN CENTRE SURROUNDING HIGH DENSITY RESIDENTIAL	43
6. HORNBY, PAPANUI & RICCARTON EMPLOYMENT	44
7. ECONOMIC COSTS AND BENEFITS FOR SUBURBAN CENTRE HEIGHT ENABLEMENT CHANGES	46

7.1. ECONOMIC DIRECTION	50
8. ECONOMIC OPTION SUMMARY	51
APPENDIX 1: CHRISTCHURCH'S CENTRAL CITY	59
APPENDIX 2: CENTRAL SYDNEY	60

LIST OF FIGURES

FIGURE 1: CHRISTCHURCH CENTRAL CITY ASSESSED CENTRE HEIGHTS EXTENT.....	13
FIGURE 2: CHRISTCHURCH CENTRAL HRZ AND INDICATIVE HIGH-DENSITY RESIDENTIAL AREA.....	16
FIGURE 3: CHRISTCHURCH CENTRAL CITY (MESHBLOCK BOUNDARIES)	18
FIGURE 4: CHRISTCHURCH CENTRAL CITY EMPLOYMENT BY SECTOR AND ZONE	19
FIGURE 5: CHRISTCHURCH CENTRAL CITY POPULATION	25
FIGURE 6: RELATIONSHIP BETWEEN REDEVELOPMENT COST AND BUILDING HEIGHT	27
FIGURE 7: HORNBY CENTRE EXTENT AND ZONING	40
FIGURE 8: PAPANUI CENTRE EXTENT AND ZONING.....	41
FIGURE 9: RICCARTON CENTRE EXTENT AND ZONING	42
FIGURE 10: CHRISTCHURCH CITY HIGH DENISTY RESIDENTIAL ZONES.....	43
FIGURE 11: HORNBY, PAPANUI & RICCARTON EMPLOYMENT COUNT BY BROAD SECTOR ...	45



1. INTRODUCTION

Property Economics has been engaged by Christchurch City Council (**Council**) to identify the high-level economic costs and benefits of allowing greater height limits for development envelopes in suburban centres and the Central City of Christchurch in the context of the RMA. This is part of the Housing and Business Choice Plan Change (proposed Plan Change 14 (**PC14**)) which enables additional development capacity for residential and commercial activity in the Central City and suburban centres through increased heights.

Specifically, Hornby, Papanui and Riccarton centres and the main suburban centre zoning focus, along with City Centre, Central City Mixed Use Zones (**CCMUZ**) which includes both the Central City and South Frame Mixed Use Zones, and High-Density Residential Zone (**HRZ**) which in effect is the higher density residential zone in Christchurch's central area.

This assessment also considers other potential locations appropriate for intensified residential development from an economic perspective. This is predominantly focused on the main arterial road frontage heights along Main North Road between the two main centres of Merivale and Papanui / Northlands.

This assessment has been prompted by Councils having to give effect to the National Policy Statement of Urban Development (**NPS UD**) and the Resource Management Act (Enabling Housing Supply and Other Matters) Amendment Act 2021 (**Enabling Housing Supply Act**).

This includes the introduction of the Medium Density Residential Standards (**MDRS**) under the Enabling Housing Supply Act where the government introduced a significant increase in residential capacity to residential zones in Tier 1 authorities across New Zealand.

This assessment is part of a broader body of work undertaken by Council in response to the MDRS and Qualifying Matter (**QFM**) considerations to ensure there is sufficient feasible capacity

provided in the District Plan over the long term (30-year timeframe based on current metrics) and the Council's policy setting appropriately align with the government directives, NPS UD sought outcomes and the RMA.

This assessment follows a centres-based approach that recognises the primacy of the City Centre in the hierarchy of centres in Christchurch City when managing commercial activity in the City's centre network.

Additional centre height enablement not only contributes to additional residential capacity but may also provide retail, employment and community opportunities and increased residential environments. This is not only for the Central City but the suburban centres spread throughout Christchurch.

The key policy considerations under the NPS UD are policies 3 and 4 (below) – increasing height enablement within the City Centre as much as possible to encourage intensification and development capacity, subject to QFMs. This provides unique challenges to Council as to the spatial distribution capacity and timing of infrastructure delivery and funding.

“Policy 3: In relation to Tier 1 urban environments, regional policy statements and district plans enable:

- (a) in city centre zones, building heights and density of urban form to realise as much development capacity as possible, to maximise benefits of intensification; and*
- (b) in metropolitan centre zones, building heights and density of urban form to reflect demand for housing and business use in those locations, and*
- (c) in all cases building heights of at least 6 storeys; and building heights of at least 6 storeys within at least a walkable catchment of the following:*
 - (i) existing and planned rapid transit stops*
 - (ii) the edge of city centre zones*
 - (iii) the edge of metropolitan centre zones; and*
- (d) within and adjacent to neighbourhood centre zones, local centre zones, and town centre zones (or equivalent), building heights and densities of urban form commensurate with the level of commercial activity and community services.*

Policy 4: Regional policy statements and district plans applying to tier 1 urban environments modify the relevant building height or density requirements under Policy 3 only to the extent necessary (as specified in subpart 6) to accommodate a qualifying matter in that area.”

A key focus of the proposed policy settings in PC14 is to implement the NPD UD and Enabling Housing Supply Act to produce a significant increase in the enablement of intensified development within economically efficient locations around the city. This is delivered primarily

through implementing a suite of increased permitted heights in and around centre locations staggered highest to lowest to reflect the centre hierarchy in the District Plan.

When considered in the round, the height options considered in this report across the suite of residential and commercial zones would substantially increase the development opportunity and capacity of both residential and commercial activity relative to the status quo provisions of the District Plan. These material increases would enable, and accommodate, a level of residential and commercial growth that is substantially more than the demand requirement for those land uses in Christchurch and go well beyond the 30-year timeframe.

Additionally, in many instances any breach of the height enablement threshold in a zone to develop a taller structure (than Permitted) will have a Restricted Discretionary (**RD**) activity status. While this may provide slightly less market certainty on outcome of an application and some relatively minor additional transactional costs justifying a height breach, the RD status is also considered an enabling status albeit with a few more checks and balances by Council on identified matters to ensure any such development is appropriately considered.

An RD status is considered more enabling, provides more market certainty and lower transactional / consenting costs than applications with a Discretionary (D) or Non-Complying (NC) activity status and therefore sends a positive signal to the market on a relative basis.

PC14, while seeking to enable significantly more residential and commercial development capacity to contribute to long term sufficiency, is unlikely to result in a surge of such development in the short – medium term.

PC14 takes a longer term 30-year+ perspective that would facilitate the transition of urban development from what has traditionally been a '*sprawl and infill*' approach to a more nuanced method to deliver more efficient urban development that results in a more productive use of the scarce land resource.

PC14 aims to better align more intensified urban growth with infrastructure capacity (current and future), funding capacity, LTP investments, timing of the aforementioned and land use efficiency.

A purpose of PC14 is to implement the NPS-UD while considering economic efficiency and other factors (social, cultural and environment, etc.) relevant to intensified development.

The following table encapsulates the options assessed in this report as part of Council's implementation of NPS-UD.

Policy	Zone	Options
Central Christchurch Building Height Options	City Centre	P on height up to 28m and D on height beyond 28m (Status Quo).
		P on height up to 28m, RD on height up to 90m and D on height beyond 90m.
		P on height up to 32m, RD on height up to 90m and D on height on height beyond 90m.
		P on height up to 50m, RD on height up to 90m and D on height beyond 90m.
		P on height up to 90m and D on height beyond 90m.
		No height limit.
	Mixed Use Zone and Mixed Use Zone (South Frame)	P on height up to 17m (current baseline) and D on height beyond 17m
		P on height up to 17m, RD on height up to 32m and D on height beyond 32m.
		P on height up to 22m, RD on height up to 32m and D on height beyond 32m.
		P up to 32m and D beyond 32m.
		P on height up to 50m and D on height beyond 50m.
		P on height up to 90m and D on height beyond 90m.
		No height limit.
	HRZ	P on height up to 14m (current baseline) and D on height beyond 14m.
		P on height up to 20m and D on height beyond 20m with select areas closest to Christchurch's City Centre enabling heights up to 32m as P on height.
		P on height up to 32m and D on height beyond 32m.

		No height limit.
Minimum number of storeys	City Centre	Two or more storey building development as P on minimum number of storeys and below two storeys as D.
	City Centre	Three or more storey building development as P. Below three storeys as D.
	City Centre Mixed Use Zone and Mixed Use Zone (South Frame)	Two or more storey building development as P. Below two storeys as D.
		No minimum number of storeys.
Office Tenancy Cap	City Centre Mixed Use Zone and Mixed Use Zone (South Frame)	Tenancy cap of 500sqm of office GFA
	Centre Zones other than City Centre	Tenancy cap of 500sqm of office GFA
Retail Restrictions	City Centre Mixed Use Zone and Mixed Use Zone (South Frame)	<p>Retail in the CCMUZ (including South Frame) is restricted to:</p> <ul style="list-style-type: none"> (a) the display and sale of goods produced, processed or stored on the site and ancillary products up to 20% of the net floor area on the site used to produce, process or store these goods, or 350m² retail floor space, whichever is the lesser; (b) second hand goods outlet; (c) food and beverage outlet; (d) small scale general convenience store where grocery items are offered for sale with a maximum GLFA of 250m²; and <p>one supermarket with a maximum GLFA of 2500m² located within the Commercial Central City Mixed Use Zone block bounded by Manchester, Salisbury and Madras Streets.</p>
Suburban Centre Building Heights	Town Centre Heights (Hornby, Papanui, Riccarton)	P on height up to 20m and D on height beyond 20m.
		P on height up to 22m and D on height beyond 22m.
		P on height up to 32m and D on height beyond 32m.
		P on height up to 50m and D on height beyond 50m.

Other Town Centre Heights	P on height up to 20m and D on height beyond 20m.
Local Centre – Large	P on height up to 20m and D on height beyond 20m.
Local Centre – Medium	P on height up to 14m and D on height beyond 14m.
Local Centre – Small	P on height up to 12m and D on height beyond 12m.
Neighbourhood Centre	P on height up to 12m and D on height beyond 12m.

1.1. OBJECTIVES

Key objectives in this assessment are:

- Identify the extent of the suburban centres and Central City areas by their proposed height enablement alternatives.
- Assess the strategic objectives, and policies to meet those objectives, of increases in centre height enablement in identified suburban centres and Central City.
- Assess the current plan enabled, or status quo, height limit for each centre location as a baseline.
- Assess the proposed height enablement change options for each identified suburban centre and Central City area.
- Assess the trended employment changes in the City Centre and CCMUZ (including the South Frame MUZ) to assess the extent of the Central City's post-earthquake recovery.
- Determine the appropriateness of the office and retail tenancy thresholds and whether they should remain in place, and if so which zone(s).
- Assess the likely activity of each centre by proposed height enablement change.
- Identify distinctive features of each centre location that may impact the desirability of increased centre height enablement.
- Identify the high-level economic costs and benefits of proposed height enablement changes for each centre.
- Provide an economic direction based on the high-level costs and benefits of height enablement changes in each suburban centre location and Central City.

1.2. DATA SOURCES

Information has been obtained from a variety of reputable data sources and publications available to Property Economics, including :

- Business Demography Data – Stats NZ
- Geographic Boundaries – Stats NZ
- Primary Land Parcels – LINZ
- Maps – Bing
- Christchurch District Plan – CCC
- National Road Centre Lines – Waka Kotahi
- Proposed Centre Heights Options– CCC
- Draft Housing and Business Choice Plan Change - CCC
- National Policy Statement on Urban Development – MfE
- National Planning Standards – MfE
- Sydney Floorspace Data – NSW Government
- Central City Commercial Area Resource Consent Data - CCC

1.3. GLOSSARY OF ACRONYMS AND TERMS

The following list is a glossary of acronyms and terms utilised within this report.

- **CCBZ** - City Centre Business Zone.
- **CCMUZ** – Central City Mixed Use Zone
- **CCMUZ (South Frame)** – Central City Mixed Use Zone (South Frame)
- **HRZ** - High-Density Residential Zone
- **NPS UD** – National Policy Statement on Urban Development 2020
- **NPS** – National Planning Standards
- **RMA Land Use Activity Status**
 - **P** – Permitted
 - **RD** -Restricted Discretionary
 - **D** – Discretionary
- **ODP** – Operative District Plan

- **Enabling Housing Supply Act** - Resource Management Act (Enabling Housing Supply and Other Matters) Amendment Act 2021
- **MDRS** - Medium Density Residential Standards
- **QFM** – Qualifying Matters
- **Transaction Costs** - Costs that arise as part of engaging in an economic trade. This can include compliance costs, planning costs, variation costs, etc.
- **RMA** – Resource Management Act
- **GFA** – Gross Floor Area (sqm)
- **Stats NZ** – Statistics New Zealand
- **KAC** – Key Activity Centre
- **PC14** – Plan Change 14
- **ANZSIC** – Australia New Zealand Standard Industrial Classification 2006
- **CBD** – Central Business District
- **CCC** – Christchurch City Council (or 'Council')
- **MfE** – Ministry for the Environment

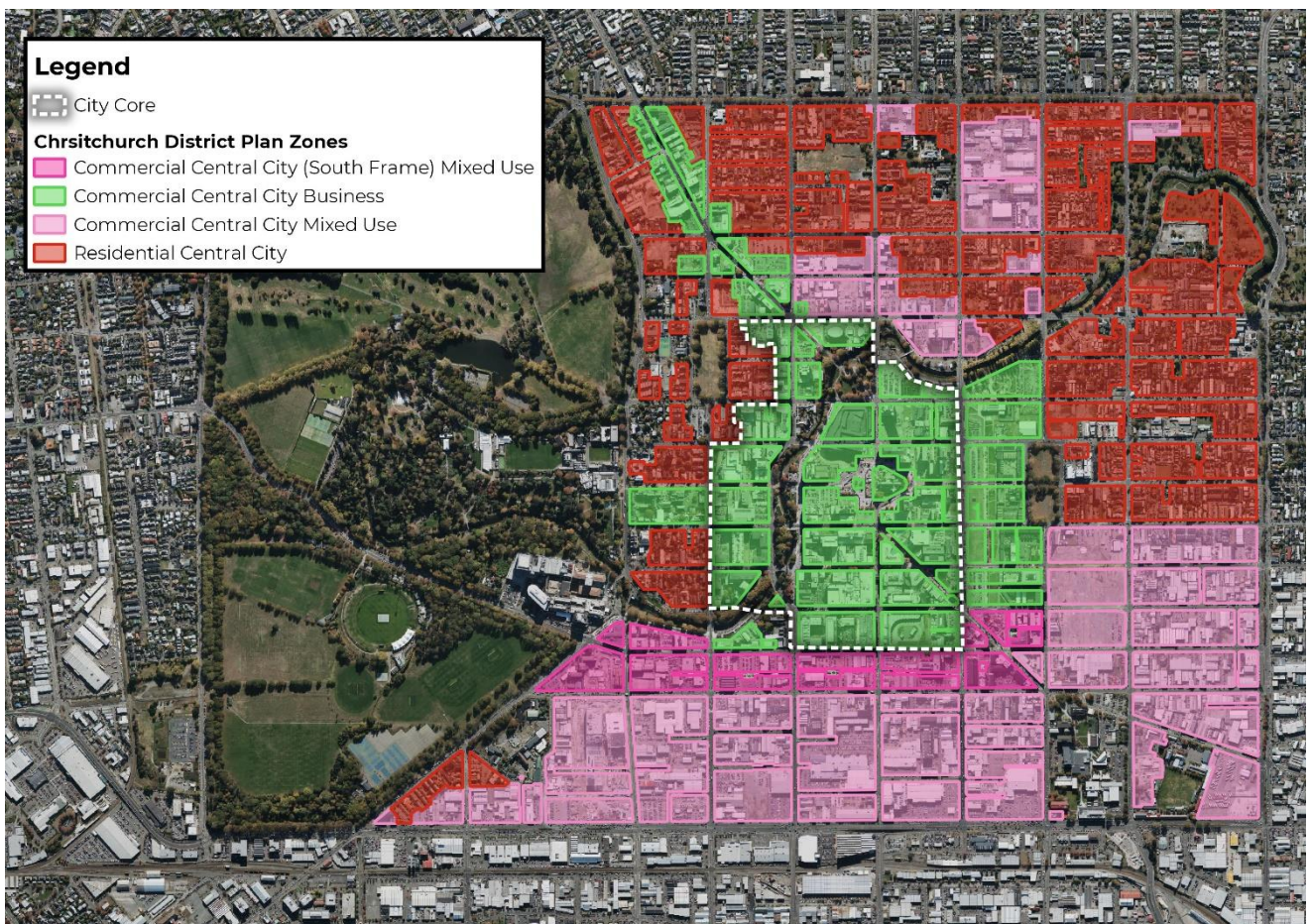
2. CENTRAL CITY HEIGHTS

The Christchurch City Centre is the preeminent commercial hub in the city accommodating the largest and most diverse employment base. In essence the City Centre is a key economic engine for the Christchurch economy and the more productive and efficiently utilised the land resource, the better for the city from an economic perspective.

Diversification of land uses are also important for the economic and social 'health' of a City Centre including residential, community, cultural, tourist and recreational activities. Ultimately, maximising the development potential of the City Centre represents a positive and proactive economic position for the community, and provides increased market certainty for both public and private sector investment.

Figure 1 illustrates the extent of the different zones across the Central City – including the City Centre (named Central City Business in the ODP), the CCMUZ, CCMUZ (South Frame) and High-Density Residential Zone (HRZ) (named Residential Central City in the ODP).

FIGURE 1: CHRISTCHURCH CENTRAL CITY ASSESSED CENTRE HEIGHTS EXTENT



Source: Christchurch City Council, LINZ, Bing.

The zones that are included as part of this assessment on height enablement, and identified in Policy 3 of the NPS UD, are:

- City Centre: the identified hub of activity for the city is anticipated to occur in the City Centre area which enables a diverse range of commercial, community, recreational and residential activities.
- Central City Mixed Use Zone and South Frame Mixed Use Zone (**CCMUZ**): the primary support zones of the City Centre that enable a similar mix / type of diverse activity but limit the scale to a support function.
- High Density Residential Zone (**HRZ**): a higher density residential zone with a greater focus on enabling intensified residential development relative to other residential zones. Note, this zone is referred to as the Residential Central City Zone in the ODP.

There is a net 56ha of City Centre, 112ha of CCMUZ (15ha of South Frame and 98 of Mixed Use), and 89ha of HRZ. The total area of Christchurch's Central City being assessed for centre heights is approximately 256ha net, or around 420ha gross (excluding Hagley Park). See Appendix 1.

For context, the 420ha gross land area of Christchurch's Central City is only 20ha smaller than the Sydney CBD's approximately 440ha gross land area¹ (refer Appendix 2). For additional context in terms of capacity, the Sydney CBD contained 12.1m sqm GFA in 2017².

The City Core area identified in Figure 1 provides a more consolidated City Centre extent

The equivalent zones of the City Centre identified in the NPS-UD is the City Centre Zone targeted in Policy 3(a). The identified suburban centres assessed in this report are equivalent to Town Centre Zones identified in Policy 3(d).

City Centre

The status quo has a building height limit in the City Centre of 28m. Heights above 28m are a Discretionary activity in the ODP. The following height enablement options proposed for the identified City Centre are:

- 28m (baseline)
- 32m
- 50m
- 90m
- No Height Limit

¹ Measured by Property Economics from Bing Maps

² <https://www.cityofsydney.nsw.gov.au/surveys-case-studies-reports/floor-space-employment-survey-2017>

CCMUZ

The status quo height limit for the CCMUZ is 17m and a Restricted Discretionary activity beyond 17m. Both CCMUZ's were assessed (Mixed Use Zone and South Frame) as part of this assessment. We note that the CCMUZ also has office tenancy floor area controls and retail tenancy controls in place that further limit the activity enabled on a site. Whether these should remain in place is discussed in more detail later in the report.

The following height enablement options proposed for the identified CCMUZ areas are:

- 17m (baseline)
- 22m
- 32m
- 50m
- 90m
- No Height Limit

HRZ (in the central city)

The status quo height limit for the higher density residential zone, HRZ, is 11+1m, with some areas enabled up to 14m. This is the minimum height under the NPS-UD directive.

A 20m height enablement baseline is proposed to distinguish the HRZ from the NPS UD and promote a greater level of residential density in the HRZ and detract from sporadic, intensified residential density from occurring within the medium density zone in anticipation of, and post-, MDRS implementation.

The following height limit options proposed for the identified HRZ are:

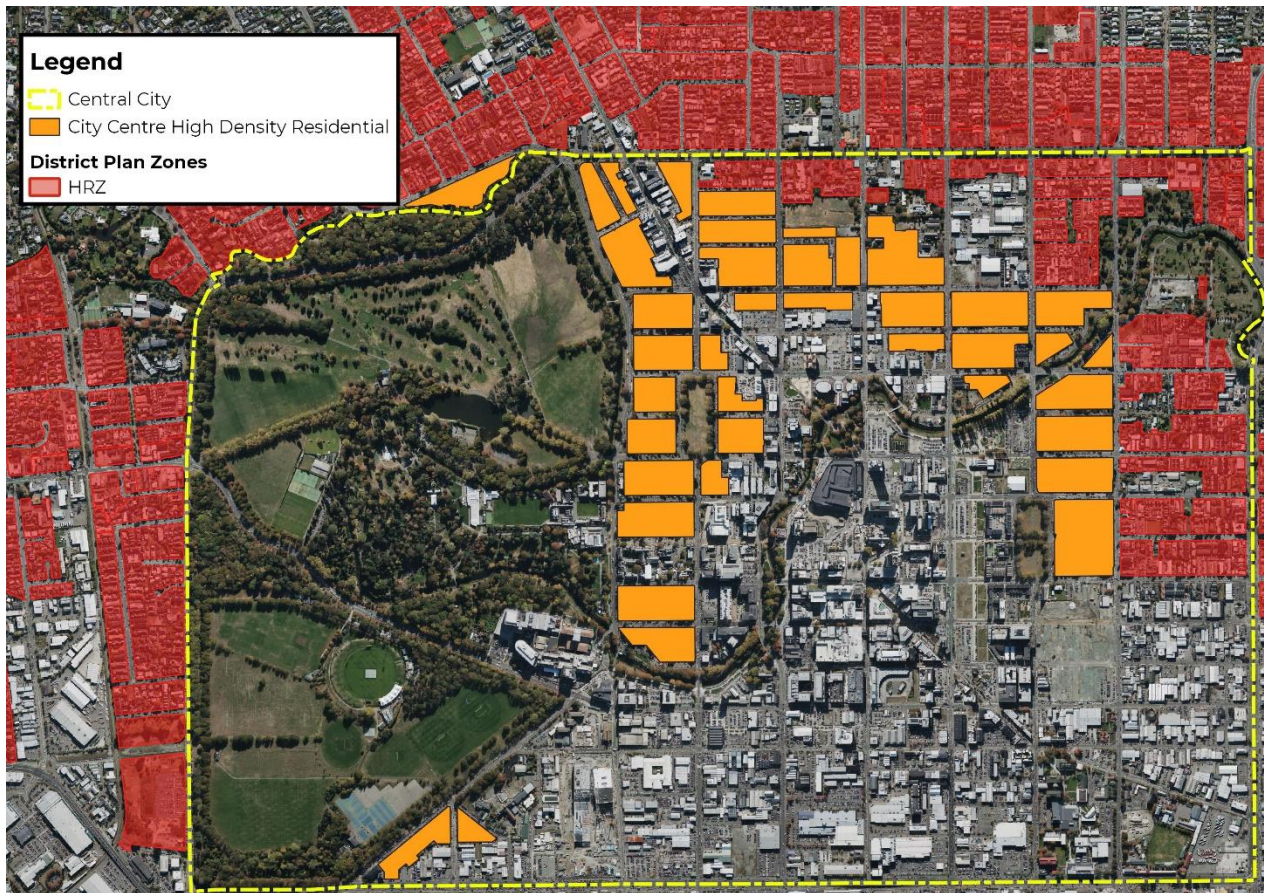
- 14m (current baseline)
- 20m with an identified higher density area enabling 10-storeys (32m)
- 32m
- No Height Limit.

The following figure shows an indicative planning map (provided by Council and adapted using parcel boundaries by Property Economics) of where the HRZ and the geospatial extent of the proposed HRZ higher density area with an enablement (up to 32m). The areas of greater height enablement within the HRZ are generally closer to the City Centre and other commercial areas (CCMUZ and South Frame) as these are the most efficient locations for greater height enablement.

The map also indicates that the extent of the higher density residential enablement area, formerly RCCZ, has increased in size with the introduction of the HRZ. The extent to which this increase has been implemented covers areas surrounding larger centres in Christchurch (Town and Local centres) as well as key corridors and is demonstrated later in this report. These other areas of proposed HRZ also have additional proposed height enablement precincts adjusting their height limits beyond that of the proposed HRZ.

This map is merely indicative and is only intended to show the broad areas of where the potential HRZ high density residential area could be. This indicative area does not consider any QFM review that may limit some development capacity in the identified areas.

FIGURE 2: CHRISTCHURCH CENTRAL HRZ AND INDICATIVE HIGH-DENSITY RESIDENTIAL AREA



Source: Christchurch City Council, Property Economics, Bing, LINZ.

3. CHRISTCHURCH CENTRAL CITY RECOVERY

This section sets out some high-level background (economic) context on the post-earthquake recovery of the City Centre to assist determining the appropriate suite of policy settings for the commercial and residential zones across Christchurch. This is not intended to represent an exhaustive economic position on the recovery of Christchurch's City Centre but some salient metrics for the purposes of assisting the implementation of the NPS UD and Enabling Housing Supply Act directives.

The City Centre is the primary commercial centre of Christchurch City and is identified as the principal employment and business centre for the city. It was for these reasons that, in the post-earthquake period, further provisions granting the City Centre a competitive advantage in the Christchurch Central Recovery Plan (followed by the District Plan) were enacted to help revitalise the City Centre and concentrate employment and business activity there.

Without the advantages granted to the City Centre to attract additional development and employment the City Centre would be competing on a more even playing field with other Key Activity Centres (**KACs**) around the city. This would detract office employment from concentrating which would lead to a less efficient distribution of office employment activity and a slower recovery period post-earthquake.

A key policy implemented to promote the City Centre as a hub of employment and business activity was the restriction of office tenancies greater than 500sqm GFA outside of the City Centre. These medium-large employers tend to be the largest value generators and also benefit the most from agglomeration and centralisation of their businesses. As a result of restricting these businesses to the City Centre there are positive impacts on productive and allocative efficiencies of Christchurch City, and the broader region as a whole. This policy was reviewed during the IHP process for the proposed replacement district plan

This policy directed larger businesses to the City Centre but also lowered the value (rents) of office space and increased the available capacity in KACs making them relatively more affordable for smaller SME office enterprises where they could service a more localised market.

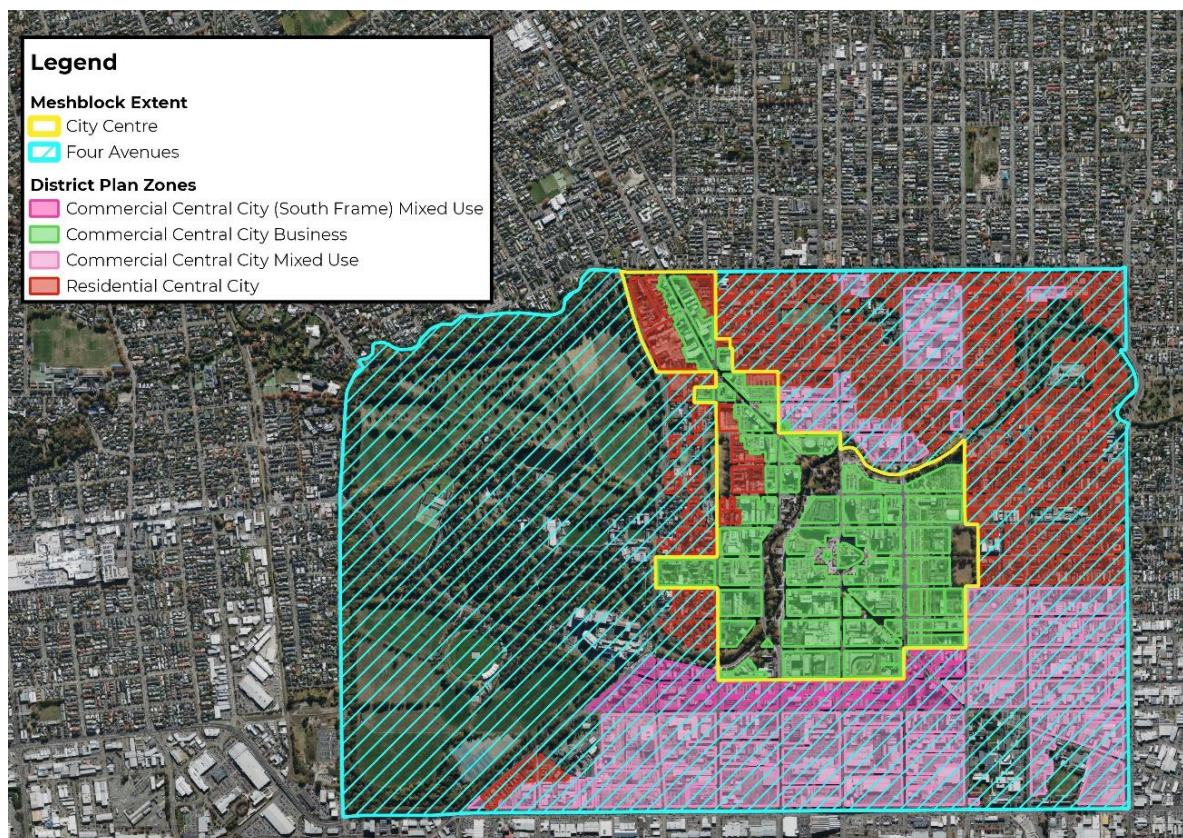
The success of a City Centre is generally determined by its ability to attract businesses, especially high value commercial businesses. There are two reasons for this, the first is that these businesses are both more productive than others and are the drivers of productivity growth. The second is that a high profile and successful City Centre provides a national and international profile for business and therefore contributes to a city's competitive advantage.

The general level of employment is also critical to a successful city centre as it creates additional footfall for shops, bars and restaurants and together these developments contribute to the overall social amenity provided. This amenity, in turn, influences people's decision to live in the City Centre.

The following figure shows the extent of the City Centre (named Central City Business), and Central City, defined by Stats NZ meshblock³ boundaries. These geographic areas are used to show employment trends within Christchurch's City Centre. The meshblock boundaries do not perfectly align with the City Centre but do provide a close approximation of the City Centre area for the purposes of determining the level of employment activity within Christchurch's foremost employment hub. As discussed above, the employment metric is an important economic indicator of the current position of the City Centre's recovery.

The extent defined as the 'City Centre' shows the location of the City Centre land while the extent of the 'Four Avenues' area includes the remainder of the area circumscribed by Moorhouse Avenue, Deans Avenue, Bealey Avenue and Fitzgerald Avenue. Together these areas form Christchurch Central and represent the main area of interest for consolidated activity in the post-recovery period of the 2011 earthquakes in this assessment.

FIGURE 3: CHRISTCHURCH CENTRAL CITY (MESHBLOCK BOUNDARIES)



Source: Bing, Stats NZ, Christchurch City Council, Property Economics.

³ Meshblocks are the smallest geographic unit that Stats NZ uses to publish data.

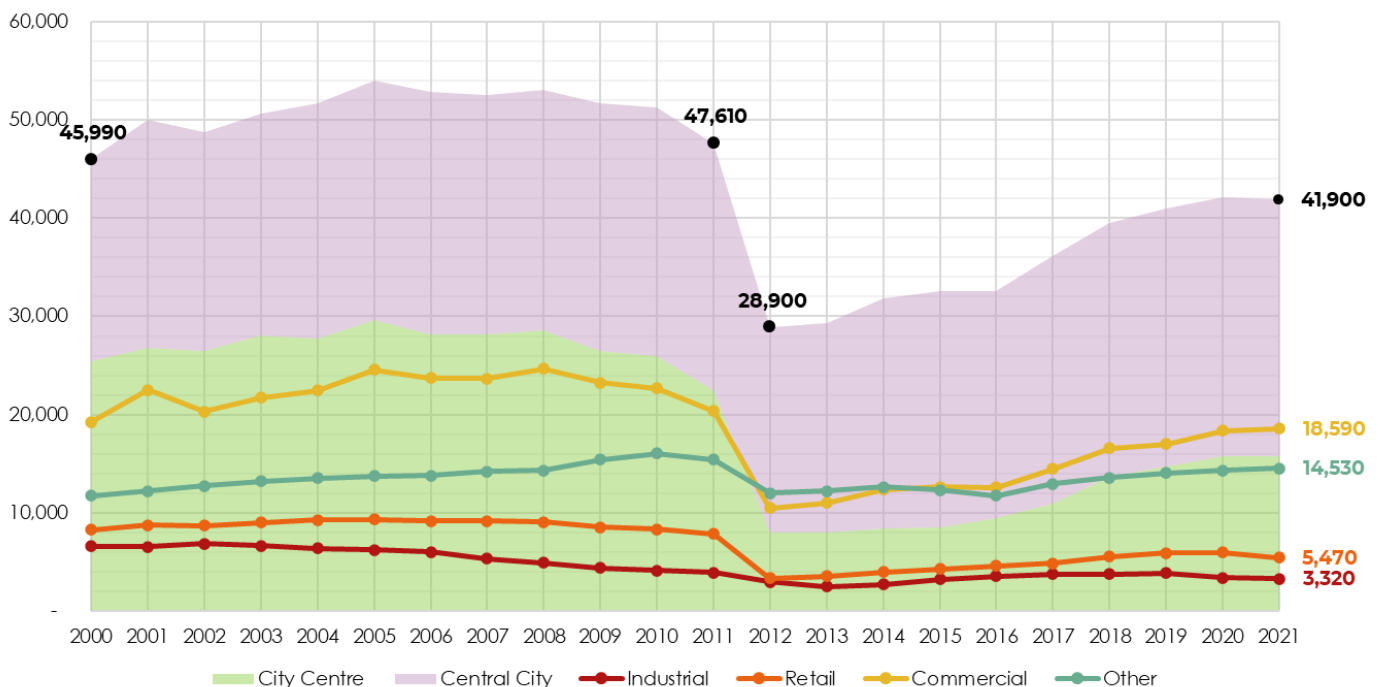
The following figure shows the employment by zone and by sector for central Christchurch. The coloured area shows the total employment by City Centre and the remainder of the four avenues stacked. The lines show the total employment across both zoned areas that comprise the Christchurch Central City area (City Centre and remainder of four avenues), by broad ANZSIC⁴ sector.

3.1. CENTRAL CITY TOTAL EMPLOYMENT TRENDS

The graph shows that commercial and retail activity in the central city were both, understandably, significantly impacted negatively by the February 2011 earthquake. Both sectors have made robust gains towards pre-earthquake levels despite subsequent challenges posed by COVID-19 and the post-COVID recovery period.

The employment base of the Central City pre-earthquake totalled around 47,600 employees, with about 47% in the City Centre and the balance 53% in the remainder of the four avenues (broadly the CCMUZ and HRZ). This ‘bottomed out’ at around 28,900 employees in 2012, with a progressive shift towards the rest of the four avenues area with 72% of employees in the Central City outside of the City Centre and just 28% in the City Centre as the city began its recovery.

FIGURE 4: CHRISTCHURCH CENTRAL CITY EMPLOYMENT BY SECTOR AND ZONE



Source: Stats NZ, Christchurch City Council, Property Economics.

⁴ Australia New Zealand Standard Industrial Classification

In 2021 total employment in the Central City area grew to just under 42,000 as employment builds back into the Central City – 38% of Central City employees located in the City Centre and 62% outside the City Centre. This shows that current total employment within the Central City is still below the pre-earthquake total by just over 5,700 employees.

Of interest is that this difference is made up entirely out of businesses leaving the City Centre post-earthquake. The City Centre area has almost 6,800 fewer employees in 2021 than in 2011 (pre-February earthquake), whereas the remainder of the Central City has experienced a net increase in the total number of employees of just over 1,000 employees since the earthquake. This contrast suggests the areas outside the City Centre in the Central City have recovered their commercial and employment base, which has potentially been at the expense of City Centre.

The City Centre has, however, experienced significant redevelopment and investment that has resulted in solid growth in employment since the earthquake occurred. The total employment in the immediate aftermath of the earthquake was just over 8,000 employees and has grown by just over 7,700 employees to a 2021 total of 15,750 employees. This shows there has been significant progress in its recovery, however there is still significant development and business consolidation to occur before it could be considered in a '*recovered state*' from an economic perspective.

3.2. TOTAL CENTRAL CITY EMPLOYMENT TRENDS BY SECTOR

Commercial employment represented 43% of employment in the Central City pre-earthquake and 36% post-earthquake. Commercial employment now represents 44% of total employment in the Central City, a return to its pre-earthquake proportion. Note this is off a lower employment base, but indicates commercial employment is recovering ahead of the other sectors on a proportional basis.

Retail employment represented 17% of the Central City total employment base pre-earthquake dropping to 12% immediately post-earthquake. However, the recovery of retail sector employment has stalled at around 13% of total employment in the Central City. COVID-19 has had a bearing on this proportion with many retailers culling staff during COVID and now trying to rebuild as the retail sector starts its post-COVID recovery.

Based on the key employment metric, the Central City appears still to be in post-earthquake "recovery" mode. This is not unexpected given the extent of buildings that had to be demolished and it is only just over a decade since one of the country's biggest natural disasters. The recovery and redevelopment of the Central City requires a significant amount of resources and investment over a sustained period. Over the last two years the recovery has been further hampered by the COVID-19 pandemic and the enduring adverse effects this has had (and continuing to have) on the economy.

3.3. CENTRAL CITY RECOVERY DIRECTION

The proposed policy settings in PC14 seeks to further facilitate development enablement in the Central City to increase its competitiveness within a planning framework designed to support more intensified and efficient development. Increased enablement and development capacity through heights represent a positive economic effect to achieve a higher level of development, flexibility and market certainty, all vital to the City Centre's recovery.

Property Economics consider it important that Council continue to advance policy direction that encourages and facilitates growth of commercial and retail activity in the Central City and improves the City Centre's competitiveness in order to facilitate the ongoing recovery of the City Centre.

To maximise enablement and efficiency from an economic perspective, identification of a precinct within the City Centre with no height limit to encourage the highest possible land use and intensified activity would represent the most efficient economic outcome. The extent of the City Centre is large and may encourage dispersed rather than consolidated development.

An identified area could take the form of a precinct over the most efficiently located areas within the City Centre such as those on main arterials or within a specified 'heart' of the City Centre that enables greater heights than the surrounding zone.

As mentioned earlier, this would maximise these business and employment value generators and provide the most benefit from agglomeration and centralisation of business activity. CBDs are designed to be the areas of tallest buildings in a city and focal point for a city's commercial activity.

However, context is important. This is Christchurch City, not Sydney or New York who individually have population bases and commercial markets more than 10 times the size of Christchurch City. As such the question from an economic perspective is what is the economic cost of a 90m height enablement (D for greater heights) vs no height limit?

The probability of a large number of 90m+ high buildings being developed in Christchurch's City Centre given the size of the city's commercial and residential apartment market is considered low. Additionally, the economic transactional costs associated with seeking a taller building with a D activity status with the few, if any, who may seek to develop taller buildings is not considered material in the overall context of the likely building cost and associated risk. As mentioned earlier a D activity status is considered to compromise the level of enablement that would facilitate the development of tall buildings and generate economically efficient outcomes.

The option of 50m height enablement would reduce the development potential and City Centre capacity significantly. This would result in a significantly reduced level of development enablement (relative to 90m and no height limit) and would reduce the economic efficiency and productivity of the City Centre long term. This would generate long term economic costs

to the community relative to the 90m and no height limit options. As such this is considered an economically inferior height enablement to the alternatives.

A zone wide cap on height enablement 50m and below introduces significant economic costs that could compromise the long-term development of the City Centre. By enabling areas of higher built form and more efficient land use Council would signal to the market that these areas are intended for this purpose and are the most efficient locations for highest density developments.

3.4. OFFICE TENANCY THRESHOLDS

Large tenancies (>500sqm GFA) as key contributors to the recovery, growth and primacy of the City Centre. While these potential businesses made up less than 20% of Christchurch's commercial office companies, they contributed around 70% of employment to these sectors. The ongoing recovery of the City Centre is dependent on it accommodating medium to large commercial office businesses.

The current situation facing Christchurch is one of dislocation with businesses operating in locations that are driven by individual decisions. This reflects a city that does not currently possess the economic benefits within centres to drive the market appropriately. The key centre in providing this centralised activity is the City Centre.

Some of the costs of business dislocation in the case of Christchurch's economy include:

- i. A decline in centre amenity and a social value potentially not achieved elsewhere, i.e., a net loss of value. There is a social value placed by the community on a vibrant Central City, if this activity is simply dispersed throughout the city this value is likely to be lost altogether.
- ii. Loss of agglomeration benefits. The proportional decline of commercial activity within the City Centre and the dispersal of this commercial activity throughout Christchurch impacts upon productivity, which decreases both the value and competitiveness of businesses in Christchurch; and
- iii. With the \$billions spent on projects upgrading public City Centre assets, the loss of activity within the City Centre increases the marginal cost of this infrastructure while reducing the social value attributable to these public goods and services.

For Christchurch to meet economic wellbeing and efficiency, it is fundamental that business locations, particularly the City Centre, are competitive. As a highly influential competitive asset it is critical to the ongoing recovery of the City Centre (and wider Christchurch economy) as a whole that emphasis should be placed on generating appropriate activity within this principal centre.

High value-added employment requires high amenity, accessible locations exhibiting convenience to other services, agglomeration benefits and often high profiles. In terms of

competitiveness, it is important to recognise that these larger businesses servicing larger national markets often have locational options in most major centres.

The Christchurch community must therefore consider carefully the business environment its planning direction is producing and, where appropriate, intervene to facilitate greater community wellbeing through this development.

The need for exogenous intervention into a market is necessitated by the fundamental intent of seeking to maximise community wellbeing either through improvements in equity or an improvement in economic efficiency.

There are clear priorities that endure through the Commercial and Industrial Chapters of the ODP that relate to the Christchurch City Centre. Not only is this prioritised by the community through the ODP but is fundamental in terms of Christchurch's economic wellbeing. A vibrant and vital City Centre offers a unique environment for economic activity that is unlikely to be replicated elsewhere in Greater Christchurch. The timely recovery of the City Centre is fundamental in driving recovery for the rest of the Christchurch, and Canterbury economies. Given the City Centre has not yet recovered in respect of employment or business activity this should remain a priority.

The commitment from central and local government to invest into the City Centre provides a clear indication to the market of the objectives sought for the City Centre's role, however the City Centre continues to face significant hurdles. An insufficient supply of B and C grade office space, high rebuild costs, and uncertainty coupled with the current dispersal of its previous tenants combine to place pressure on the timely recovery of the City Centre.

The situation experienced by Christchurch is unique in that commercial office activity has been unavoidably removed and relocated from the City centre. For both the ongoing recovery and primacy of the City Centre it is considered necessary for PC14 to facilitate this relative competitiveness and continue with the existing office tenancy threshold provisions.

In order to achieve the economic benefits of a centralised city and facilitate the recovery of the City Centre it is considered necessary to continue with the existing limits on the basis of a hierarchy, with the City Centre possessing the greatest development opportunity followed by the identified KAC's. This hierarchy is based on the primacy of the City Centre in terms of its role and function. The City Centre fulfils a regional role providing a level of profile and potential agglomeration benefits that typically attract and sustain medium to large businesses.

In seeking to facilitate the recovery of the City Centre, businesses over 500sqm GFA are crucial. Given that over 70% of medium to large commercial office businesses were once located in the City Centre there is a clear need for provisions that actively seek to redirect this activity into the City Centre.

As with any intervention, maintenance of the office tenancy threshold is likely to have some economic costs associated with it. By its nature this may result in short-term costs for individual businesses. They are also likely to result in some transactional costs through the

need for some businesses to obtain resource consents. Generally, transactional costs accompany appropriate regulation. In the case of PC14 these costs will inevitably be outweighed through the City Centre's timely recovery.

Additional economic risks associated include:

- i. Decreased choice;
- ii. Insufficient capacity;
- iii. Increased operational costs; and
- iv. Impact upon KAC efficiencies.

There is also a potential increase in business costs relating to rents. This occurs in a free market where the agglomeration benefits are recognised and realised by the market and considered in their locational decisions. These increases are generally a market reaction to the increases in productivity achieved. Without intervention into the market through the maintenance of the office provisions there would be no corresponding increase in production to outweigh the potentially higher rent levels.

Overall, the potential to increase business costs is more than met through the increased density while additional economic benefits would accrue to the community as a whole. In Property Economics view the continuation of the 500sqm office tenancy cap remains the most appropriate means by which to achieve the timeliest recovery of the City Centre.

3.5. CCMUZ (INCLUDING SOUTH FRAME) RETAIL RESTRICTIONS

The CCMUZ restrict retail activities to:

- (a) the display and sale of goods produced, processed or stored on the site and ancillary products up to 20% of the net floor area on the site used to produce, process or store these goods, or 350m² retail floor space, whichever is the lesser;
- (b) second hand goods outlet;
- (c) food and beverage outlet;
- (d) small scale general convenience store where grocery items are offered for sale with a maximum GLFA of 250m²; and
- (e) one supermarket with a maximum GLFA of 2500m² located within the Commercial Central City Mixed Use Zone block bounded by Manchester, Salisbury and Madras Streets.

These provisions are designed to support and not compete with the City Centre in the post-earthquake period. As per Figure 4, retail activity within the City Centre has not recovered to its pre-earthquake levels and represents a sector where opportunity for retail growth should be preserved. Maintaining the established retail restrictions would further support the City Centre in its recovery and further acknowledge the City Centre's primacy in the hierarchy of centres.

Additionally, the CCMUZ's role and function is not to act as a centre location but to support the City Centre in its recovery. The restrictions support the CCMUZ's role and function as a support zone for the City Centre.

3.6. TOTAL CENTRAL CITY RESIDENTIAL TRENDS

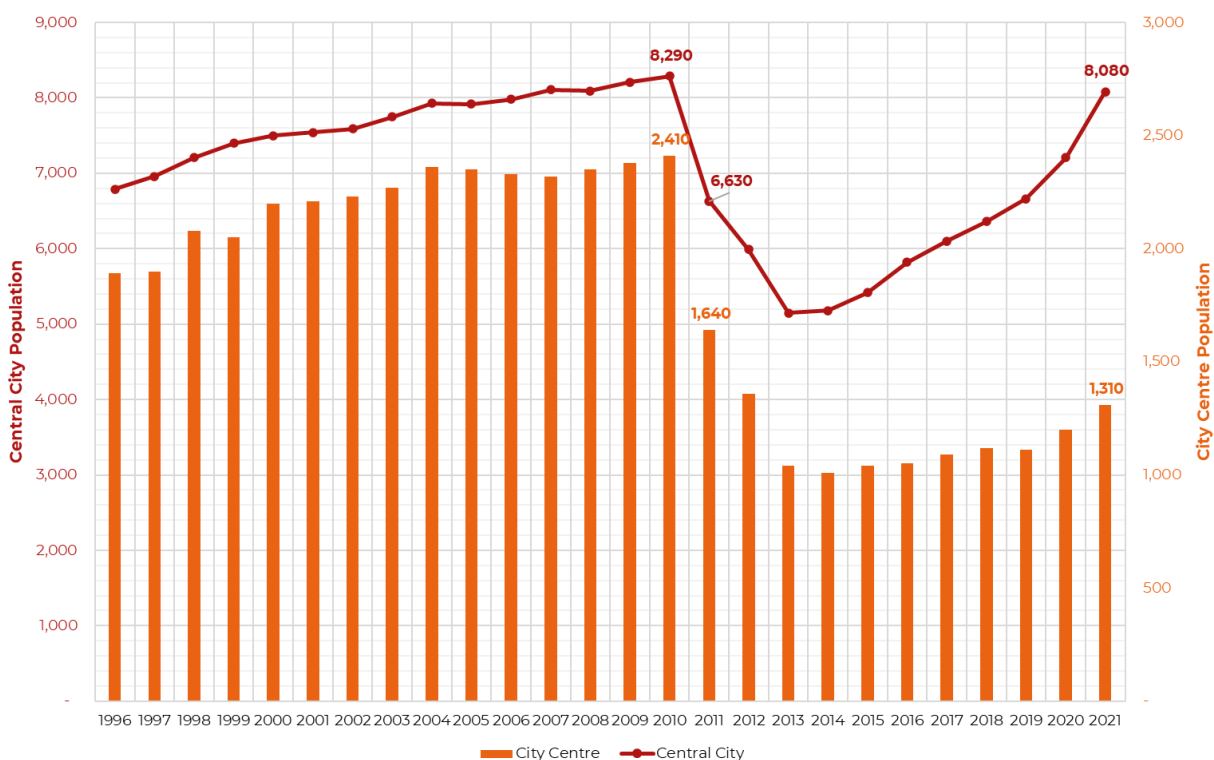
The following figure shows the trends of the residential population base in the Central City over the last 25 years. Growth pre-earthquake was steady albeit low and slow. The February 2011 earthquake had a marked negative effect on the Central City's population base across both the City Centre and balance of areas that make up the Four Avenues.

In respect of the Central City outside the City Centre, the population base has rebounded to almost its pre-earthquake level being only a net 3% below 2010. This indicates the majority of the residential redevelopment in the Central City has predominantly been on its fringes.

While the City Centre decreased by 1,100 people, a net decline of 67%, during the initial post-earthquake period, the subsequent recovery has been very slow and still nowhere near its pre-earthquake resident population base.

Christchurch as a whole has a population base around +4% higher than pre-earthquake. This further underlines the City Centre as a proportion of the city's residential base has declined and not yet recovered to its pre-earthquake levels. This has led to a more 'spread' city that reduces economic efficiencies and has a detrimental effect on the City Centre's vibrancy and amenity.

FIGURE 5: CHRISTCHURCH CENTRAL CITY POPULATION



Source: Stats NZ, Property Economics.

PC14 policy seek to increase residential enablement within the HRZ to facilitate additional densification (enabling 32m heights in some areas over the status quo (20m)). However, the HRZ represents an expansive area for the level of likely demand for higher density residential typologies. As such, Property Economics consider a more consolidated area within the HRZ surrounding the City Centre would represent the most efficient location to have a higher level of enabled height to facilitate and encourage a more efficient development outcome. This would concentrate higher residential development in closer proximity to the City Centre, represent a more efficient / productive use of the land and deliver increased vibrancy and amenity in a more consolidated area.

A higher height enablement within part of the HRZ would also assist development feasibilities and result in the higher residential buildings being clustered into a more consolidate area resulting in infrastructure efficiencies, rather than spread around the wider HRZ extent.

3.7. RESOURCE CONSENT TRENDS

It is Property Economics understanding that there have been a limited number of resource consents applied for buildings in the commercial areas of the Central City (City Centre and CCMUZ) that do not comply with the current height thresholds in the respective zonings.

While this could be partly due to the existing regulatory environment being perceived as too onerous and less certain for development investment, within these zones, it is more likely that the demand is simply not there, or is too risky, to sustain a large volume of tall building resource consents. This would suggest that further enablement, even at the margin, is unlikely to result in a material increase of new tower structures being sought.

3.8. MINIMUM HEIGHT CONTROLS

There is currently a Minimum Height Control in place in the City Centre of two storeys. This control was put in place to encourage a higher amenity level, contiguous built form street level and promote the City Centre as a place of high amenity and area of consolidated diverse activity and land use.

An option considered by Council could be to raise this minimum limit to 3 storeys, this approach has the unfortunate effect of discouraging development at lower levels that would otherwise occur and generating an additional cost on some subsequent development. By forcing a landowner to construct a three-storey development now (over a two-storey development), Council is potentially delaying the opportunity for redevelopment within the City Centre as a landowner would be more reluctant to demolish a structure with a larger number of storeys, i.e., the lost improvement value is higher at this point.

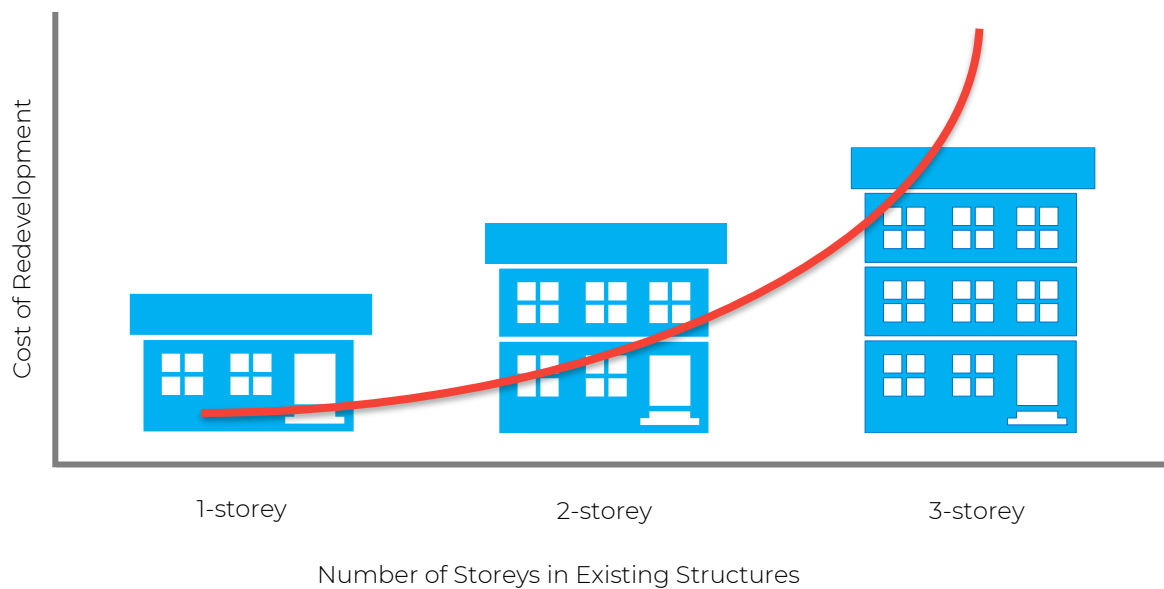
By discouraging redevelopment the approach could have the inverse, of the intended, effect on the amenity and consolidation of activity within the City Centre. The City Centre risks having non-contiguous areas as a result of foregone development opportunity or slower long-term

intensification and development as a result of compelling three-storey development over double storey development.

Council are considering the introduction of a similar two storey minimum into the CCMUZ for similar reasons but also to promote the City Centre by levelling out the advantages of competing commercial zones. By introducing a two-storey minimum in the CCMUZ, Council would be removing a competitive advantage the zone enjoys over the City Centre.

The following figure demonstrates the non-linear relationship between the number of existing storeys and the cost of redevelopment i.e., the addition of a storey increases the cost of redevelopment in a non-linear, increasing fashion, hence why very few tall structures are demolished.

FIGURE 6: RELATIONSHIP BETWEEN REDEVELOPMENT COST AND BUILDING HEIGHT



4. HIGH LEVEL ECONOMIC COSTS AND BENEFITS OF CENTRAL CITY HEIGHT ENABLEMENT OPTIONS

The following outlines the high-level economic costs and benefits associated with the increase in heights for the identified Central City areas, i.e., Central City densification. There may be other relevant costs and benefits associated with increasing building heights in the non-economic fields, but they are not discussed in this section.

These benefits and costs refer are general to increasing height limits. More specific costs and benefits associated within each zoning height limit change follow.

BENEFITS

- + **Catalyses development:** Liberalising of land use rights has historically been proven to increase development of associated land. The increase in height limits brings the (re)development timeframe of affected properties forward in time as the return on development is higher (more rent is now achievable).

There is a second order effect also because development encourages further development. As one parcel is (re)developed, neighbouring properties benefit off the improvement in amenity (assuming development and urban design standards are appropriately set to deliver such outcomes) and are encouraged to (re)develop themselves to maximise returns.

- + **Increases the impetus for intensified (re)development:** The ability to build up to a higher level generates an impetus for developers to maximise their build envelope.
- + **Increases the impetus for consolidation of activity:** Increases the impetus for consolidating activity (retail, employment, residential, commercial, etc.) into centre locations rather than sporadic development in unplanned areas.
- + **Enhanced housing affordability:** Restrictions on building vertical can contribute to housing shortages. More permissive building height restrictions, therefore, can have positive consequences for delivering more affordable / serviceable housing where the construction of apartments and other higher density dwellings become more feasible within the height change area.
- + **Increases employment opportunities:** Greater height limits mean more employment GFA opportunities as the level of commercial floorspace increases more people will be employed in the identified area.
- + **A stronger sense of connectedness and vitality:** The increased residential and commercial activity density mean that a greater mix of people are in closer contact with each other. This allows for more 'free flow' of ideas between people and creative thinking.

- **Potential for less land / green space take-up:** A higher density and agglomeration of business activity means that a greater quantity of activity can take place within the identified area. This would suggest that more efficient use of land for commercial space leaves more land / space available for other uses, such as parks, green space, environmental amenity which the local community can enjoy.
- **More efficient land use:** Taller buildings mean land is being used more efficiently as the vertical space is being used more effectively. While premium retail / food and beverage space will predominantly remain at ground level, a broader range of commercial and residential options are unlocked through the increased building height limits.
- **More flexibility for land users and building tenants:** Flexibility is often an attractive part of taller buildings. With the increase of height limits, tenants would be able to expand to other floors within the same building (or potentially on the same floor, particularly in larger floorplate buildings), or sub-let floorspace as needed, with relative ease.
- **More efficient infrastructure use:** The existing and future infrastructure that is put in place to service local residents in and around the Central City is used by a larger number of people. This includes road / footpath network, community facilities – libraries, halls, parks – power and telecommunications, three waters, etc. The larger number of people in the form of increased employees using these resources on the way to work, increased residents living in apartments and tourists in visitor accommodation in the Central City, the lower the marginal cost of infrastructure.
- **Increased internalisation of retail spend and centre spend:** The (re)development of properties will encourage increased foot traffic to the area through employment, local residents and tourists attracted by the amenity. This improves the Central City long term as it establishes it as a hub of activity, employment, culture, public transport, community and living.
- **Reduces transport costs and associated emissions:** The increased density enabled by increased building heights will reduce transport costs as a greater number of locals will be able to access the benefits of the Central City. This has flow-on benefits of lower fuel emissions, and possibly a greater reliance on public transport as more employment options will be collocated on public transit routes.
- **Adds profile as a commercial hub:** Development and height create a general feel of commercial professionalism that attracts high tier commercial tenants and main brands to the Central City. This profile adds prestige to the Central City location and creates significant economic value for the Central City.
- **Adds profile as a hub of residential activity:** The development and height create a feel of community and sense of place that can attract a diverse demographic of home buyer and / or renter.

- ⊕ **Generation of new views and enhanced building profile:** A wider range of views from buildings at differing heights are attractive to commercial tenants that want a good view for their office. This can attract high tier commercial tenants for regional / head offices. Meanwhile, for practical floorspace reasons, and sometimes for image reasons, taller buildings are more attractive to large corporations by providing a high-profile space. This is reflected in a prestige factor.
- ⊕ **Provide greater market certainty and simpler planning process that lower transaction costs:** Greater heights are allowable within the area but require a resource consent, PC14 will remove some cost and wait time for the resource consent process up to the chosen height limit in the respective areas or make the consent process timeframe shorter / less costly as there is a lower threshold for heights to pass. This also increases market certainty – a critical element to investment in a market.
- ⊕ **Higher level of specialisation and productivity:** As levels of economic activity increase in the same footprint, so does the ability of businesses to specialise and increase efficiency, due to increased competition. This would also increase the prevalence of knowledge spill overs, increasing innovation density allows businesses to have access to larger markets of suppliers (especially labour supply) and consumers, allowing competition to enhance the quality of inputs and outputs.
- ⊕ **Potential to safeguard productive land:** A large proportion of urban centres are currently surrounded by the most productive, or versatile, soils, across the country. As urban centres expand into these productive areas there has been a concern that productive land is not being adequately protected. As such, more floorspace being built higher within the same footprint will ensure the district has somewhere for its growing population to live and work– mitigating effects on the future rate of consumption of its productive land resource.

COSTS

- ⊖ **Increased congestion of road / footpath networks:** Increased density can generate increased congestion. The greater level of foot traffic generated through increased development, increased employment and increased high density residential activity may impact the road network and parking space availability in some Central City locations. The increase in disbenefits, including congestion, is unlikely to be immediately appreciable, so traffic flow mitigation will likely be somewhat mitigated with sufficient planning.
- ⊖ **Increased levels of crime:** There is a direct correlation between greater numbers of people and levels of crime. This tends to be at all levels of crime from petty theft / public nuisance to serious assaults. Crime can be somewhat mitigated with design outcomes such as more open / visible spaces, more lights, etc., and greater levels of investment in the form of security cameras, guards and police presence.

- **Increased pollution / waste:** Waste and pollution are also more common in areas with a greater number of people present. Increased road network and foot traffic increase pollutant runoff in stormwater systems and the cubic meterage of waste produced in an area. This can be somewhat mitigated with design (such as increasing the number of rubbish bins and stormwater capture / filtration) and increasing the number of collection days / road cleaning.
- **Increased noise:** Increasing the amount of people / traffic in an area will increase the level of ambient noise in that area. This can be mitigated with urban design and architecture such as increased greenspaces and trees or greater levels of noise acoustic absorption materials in buildings, thicker walls / glass, etc.
- **Increased levels of vagrancy and transient population:** Higher density areas attract homelessness and transient populations. This can negatively impact the general amenity of an area and discourage community participation including demand for residential, retail, and employment.

It is worth noting that the costs identified above are all associated with public safety and amenity and can all be mitigated, to some degree, by urban design and good planning policy. Poor quality policy and design can, however, further exacerbate the economic costs associated with increased density enabled by greater height enablement.

4.1. ZONE SPECIFIC ECONOMIC COSTS AND BENEFITS

City Centre Zone Specific - Costs and Benefits

- ➕ Increasing City Centre Zoned area will generate an impetus for Central City activity (commercial, community, high density residential, and other strategically important collocated activity) to occur within the City Centre relative to lower order suburban centres.
- ➕ Christchurch City Centre is in the post-recovery period following the 2011 earthquakes and has limitations on height that are no longer necessary from an economic perspective. Increasing height enablement would be a further step signalling the regeneration of the City Centre post-recovery and removing historical development height restrictions that limit the potential economic benefits associated with taller buildings.
- ➕ Enabling greater heights in the central city area would distinguish this area from the suburban areas of the city as the hub of intensified and diverse activity.
- ➕ Provide certainty to developers and the public about the role and function of the City location as the most prominent centre in the city.
- ➖ The extent of City Centre is vast and the liberalising of height enablement may not provide the impetus for intensified development as efficiently as consolidating height to identified, efficient locations within the City Centre. This cost can be mitigated by identifying specific areas within the City Centre for enabling more intensified development / taller buildings and having lower height enablement elsewhere in the City Centre to encourage further consolidation. Care must be taken to ensure the remainder of the City Centre enables heights greater than competing residential, suburban centres, and MUZ zones to ensure it has a competitive advantage over those other zones.

Central City Mixed Use Zone and Central City Mixed Use (South Frame) Specific - Costs and Benefits

- ➕ Enabling heights will enable a greater level of high density residential and commercial development to occur in a relatively efficient location within Central Christchurch compared to sporadic development occurring in suburban or fringe locations.
- ➖ May detract some above grade activity away from City Centre area through the enablement of greater heights. This can be limited by height thresholds or district plan policies within the zone, designation or precincts.

Central City High Density Residential Zone - Costs and Benefits

- ➕ Enabling greater heights limits will allow a greater level of intensification in a relatively efficient location – close to the City Centre.
- ➖ Enabling greater heights may disturb the zones role and function as being almost exclusively to enable higher density residential forms as additional convenience retail / services may be required with significant densities.
- ➖ Facilitating greater height enablement may detract additional residential intensification from the City Centre and CCMUZ where a critical mass of activity is anticipated.
- ➖ Enabling greater heights may increase the level of residential capacity further, beyond the already sufficient levels, which could lead to an inefficient allocation of infrastructure and land resources as well as give rise to uncertainty as to the infrastructure need of areas.

It is worth noting that the costs and benefits are limited by, and subject to, the extent of the zone. Enabling some greater height beyond the status quo within a sub-precinct, or other such geospatial discrimination, of the HRZ may limit the costs but also provide an opportunity for dedicated higher residential development to occur in a more consolidated and efficient manner that otherwise may occur in a more dispersed manner.

Enabling a higher density residential environment within the HRZ, to a limited extent, in the areas closest to the City Centre and / or main arterials in the central city would produce a greater level of directed growth to efficient locations but also enable the HRZ to better compete for residential activity with the CCMUZ.

4.2. ECONOMIC DIRECTION

City Centre Zone:

The City Centre is anticipated to be the hub of activity for the city with a range of activity in retail, employment, residential, visitor accommodation and community. The diverse range of activity and interconnectedness will generate a level of agglomeration opportunities for collaboration and productive efficiency that cannot be found to the same extent outside the Central City elsewhere in Christchurch. The City Centre should therefore be given every opportunity to succeed in its role as the premier location of business, employment and high density living from an economic perspective.

Applying a greater height enablement to the City Centre will solidify the Central City as the centre location of primacy within the city and will generate an impetus for more activity to occur within the Central City. This is due to the Central City becoming increasingly competitive as a development location on a relative basis and would represent the most efficient location for urban intensification. This will encourage a greater level of integration and connectedness within the City Centre that will benefit the city. This maximisation of economic benefits comes in the form of unique competitive advantage (the location with the highest height enablement) and its associated productive and allocative efficiencies.

While applying no height limit would represent the most efficient economic outcome, the additional costs associated with giving buildings greater than 90m in the City Centre a status of RD would be relatively small, primarily when there are likely to be few structures that would achieve these heights in the foreseeable future. This is because the current market for tower structure or high-rise development (residential or office) is limited within Christchurch City.

The enablement of greater heights up to 50m would generate more economic benefits than are currently enabled but they would not maximise the economic benefits of increased height enablement such as a no height limit policy. A 50m height threshold may have a detracting impact on development relative to higher height options due to more constrained development feasibilities. Compared to a 90m height enablement the economic costs associated with a 50m height threshold are likely more substantial as a larger number of developments would be detracted from locating in the City Centre, and potentially Christchurch altogether.

While not all new construction in the City Centre is likely to reach heights over 50m (around 18+ storeys) allowing development beyond this height is likely to provide additional market opportunity to developers to generate a unique offering for the Christchurch 'medium-high-rise' market that currently is not available. It will afford a more economically efficient outcome to be developed in the City Centre.

This increase will improve the ability of the District Plan to meet the objectives of a more efficient, consolidated and intensified urban form around higher amenity and service areas, while providing greater certainty within the residential market and reducing the pressure for less efficient development.

There is no valid economic reason to restrict the level of development within the City Centre to lower heights in the context of the RMA as this could impede the role and function of the Central City and direct intensification to less economically efficient locations.

As discussed earlier, Property Economics could, however, support the identification of a no height limit precinct within a specified area(s) of the City Centre, while maintaining a lower height enablement within the remainder of the City Centre. This is due the extent of the City Centre being vast in terms of development capacity and may encourage sporadic development rather than consolidate development to the most efficient locations. The lower height enablement outside of such a precinct may help consolidate development and encourage intensification and the potential costs of greater density could be more easily and efficiently managed.

While no height limit, from an economic perspective, is encouraged within the City Centre as it enables the greatest level of land use and associated efficiencies and provides the City Centre with the greatest strategic advantage, there may be non-economic (urban planning, design, engineering, etc.) reasons that would necessitate the restriction of heights.

Care must be taken, if Council pursue such a policy setting, that when defining the extent of a no height limit precinct it is as competitive location as possible and all strategic and locational advantage should be given to it to encourage its primacy in the hierarchy of development enablement across the City. This would facilitate the precinct to attract the greatest density development and generate the highest impetus of intensification in an efficient location relative to the balance of the City.

Central City Mixed Use Zones:

A lower height enablement in the CCMUZs, such as the status quo of 17m, would direct greater levels of intensified development into the City Centre, where the District Plan seeks the bulk of the 'tall building' activity to occur. This would help entrench the City Centre as the lead location for commercial activity densification and primacy in the hierarchy of the city's network of centres.

Allowing some level of spill over from the City Centre, up to 32m (around 10 storeys), would enable a general level of increase in intensification across the central area while still directing the most intensified development to occur in the City Centre. Enabling heights up to 32m would also generate some minor detracting effect on the City Centre intensification potential and generate some economic inefficiencies due to the significant increase in capacity that the extent of the CCMUZ represents.

However, the extent of the CCMUZ increase in capacity is somewhat limited by the existence of the commercial tenancy size limitations which in effect lower the potential for commercial buildings beyond the status quo, i.e., it is considered unlikely a building of 32m would be developed for solely for commercial office tenancies under 500sqm in the CCMUZ (unless containing other land uses) given the level of risk involved and market size.

The cap on office GFA would encourage large tenants (medium-large office enterprises requiring over 500sqm GFA) to locate within the City Centre, where they would be preferred, and would help the City Centre continue its post-earthquake recovery.

This is important as zones where residential and commercial activity can be developed need to be considered as a suite of zones from an economic perspective that work together, rather than an assessment of each zone in an isolated manner. A staggered height regime where the City Centre has the highest height potential, flowing down to Central City fringe locations, and then suburban centres and main arterial roads (if appropriate).

The level of development that would be enabled in the CCMUZ may draw some higher density development out of the City Centre to more fringe locations where access to infrastructure and amenity is inferior and the negative externalities associated with intensification (noise, pollution, congestion, crime, etc., ...) are more difficult to manage as the extent is significant.

Very little development is likely to occur up to and beyond 50m, and all of this development would be more efficiently located within the City Centre area. Height limits beyond the proposed 32m are likely to have a significant weighting of detrimental economic impacts on the development of the City Centre that will likely result in a less efficient economic outcome. For these reasons, heights above 32m should be restricted.

High-Density Residential Zone:

In the HRZ allowing building heights up to 32m would enable a high level of intensification to occur in an efficient location while still maintaining the primacy of the centre zoning in the nearby City Centre. Given the extent of the HRZ, the 32m height enablement should be restricted to those areas of the HRZ closest to the City Centre such as in the indicative sub-precinct map provided in Figure 2.

The baseline would maintain a lower height limit of 20m for the remainder of the HRZ outside the sub-precinct so the HRZ furthest away from the centre of activity does not compete as well against the City Centre, CCMUZ or the HRZ with the higher density sub-precinct. A sub-precinct encourages and enables the tallest residential buildings in the HRZ to be consolidated rather than dispersed over the wider HRZ area. This would represent a more economically efficient outcome.

The 32m limit allows development up to around 10 storeys which are significant apartment (or office) block developments, particularly for Christchurch, which has relatively limited apartment product demand.

The 32m limit will continue to distinguish the HRZ from the regular residential (post MDRS) or lower order centres by roughly tripling the level of height enablement. It also helps the zone act as a height gradient between the City Centre and the lower density suburban residential areas.

In order to achieve the range of housing densities identified in the HRZ, it is important that there is a differentiation between the HRZ and other competing zones enabling opportunities for greater densities.

The focus on residential activity and the restriction of height creates a clear delineation between the HRZ, the City Centre and CCMUZ. The HRZ has a focus on high density residential by not enabling most commercial activities and restricting height to 10 storeys, where the City Centre allow greater height enablement and a greater diversity of activities.

The HRZ is still distinguished from the CCMUZ by its strong residential focus that restricts retail and commercial activity.

Enabling greater heights (i.e., no height limit) would enable too much density to occur outside of the City Centre, undermine the City Centre's development potential for this land use and may lead to inefficient outcomes with greater levels of development occurring outside of the City Centre. By restricting height enablement Council may direct intensification to a greater extent to occur within the more efficient City Centre and benefit from a more efficient land use resource and infrastructure spend. HRZ sub-precinct would also compete with the CCMUZ on a similar basis which would be limited to 32m meaning the HRZ would have a strict competitive advantage.

5. SUBURBAN CENTRE HEIGHT ENABLEMENT

An appropriate building height within the suburban centres assessed in this report need to be considered in the context of the wider suite of heights across the residential and business zones. This is important to not undermine the efficient location of higher density residential and commercial activity with more competitive areas for such development that ultimately undercuts the aspirations of densification in and around the Central City area.

The identified suburban centres considered in this report for proposed height limit changes are:

- Hornby
- Papanui
- Riccarton

These centres currently have a zoning of Commercial Core Zone, which is anticipated to become Town Centre Zones (as a default) with the adoption of National Planning Standards. The current height limit enabled by the zoning allows for 6-7 storeys, or roughly 20m. This is the baseline height limit for the suburban centres that are part of this assessment and there are currently only a small handful of buildings in these centres that approach or exceed this height limit. The 20m height limit would continue to be the baseline height for other, smaller suburban (Town) Centres.

Council is considering changing the height enablement in these centres to either:

- 20m (maintain status quo); or
- 22m; or
- 32m; or
- 50m.

Height limit changes for these suburban centres are sought in order to enable additional densities / activity to occur as per the NPS-UD Policy 3(d).

Other centre heights also being considered as part of PC14 are:

- Neighbourhood Centre: 8m → 12m
- Local Centre – Small: remaining 12m
- Local Centre – Medium: 12m → 14m
- Local Centre – Large 12m → 20m

While these centres are not specifically assessed as part of this report, it is important to contextualise changes in the whole centre network of Christchurch City when assessing potentially significant changes in suburban centre capacity. These increases in Permitted

heights of lower order centres (Local and Neighbourhood) have a limited potential to impact demand on higher order centres, such as the City Centre or Town Centres. These costs are likely to be minor as these identified centre locations are still efficient locales, even if they may not be as efficient as Town Centres or the three higher order Town Centres specifically assessed (Hornby, Papanui and Riccarton).

Broadly speaking, the costs and benefits of increasing height limits in these other, lower order centre locations are similar to increasing height limits in the specifically identified centres. Since the change in height limits do not approach those of the proposed heights for City Centre, CCMUZ or HRZ it is unlikely that the impact will be drastic.

All three centres service a wide catchment for retail, recreation, community and residential needs that generates a critical mass of agglomerated activity for additional benefit and amenity to their respective catchments. These are the primary activities that the National Planning Standards indicate that a Town Centre should contain.

Increased height in all three centres is likely to result in a long-term increase in the level of intensification within the centre primarily in residential and commercial uses. The eased restrictions may spur some (re)development in centres which could result in increased retail / commercial office GFA, new community infrastructure and / or increased high density residential (apartments). These all promote the centre as a hub of employment and locations of higher levels of amenity.

While any increase in height limit is likely to notionally facilitate additional development within the respective centre location, the greatest benefit of height increases occurs at the margin i.e., enabling an extra 1m above the existing limit (20m) has a greater benefit than enabling an extra 1m above 32m.

Inversely, an increase in height limit of a competing suburban centre has an increasing disbenefit on other centres (with the City Centre being, generally, the most economically efficient). As the height limit of a suburban centres approaches the height enablement in the City Centre the marginal costs on the City Centre increase exponentially.

The increased impetus to develop the centre may help focus intensification into the centre, which could help with infrastructure management / development, and keep sporadic pockets of higher density development from occurring within residential areas. This would result in a more efficient outcome from an infrastructure use and investment perspective.

The impetus to develop higher density within these suburban centres may also detract from (re)development of the City Centre (and even the CCMUZ and HRZ) as the development land would be, comparatively cheaper and may result in a less efficient resource use and unplanned intensification that could result in infrastructure capacity shortfalls.

5.1. HORNBY

Hornby's Commercial Core Zoning is around 13.0ha and forms part of the Hornby Key Activity Centre (KAC). The Commercial Core Zoning consists of The Hub shopping mall containing circa 20,000sqm of GFA with key anchor tenants of Farmers and Pak'N Save. The surrounding area also has major national brands of The Baby Factory, Briscoes, Rebel Sport and The Warehouse as well as a Dress Smart Outlet shopping mall across Main South Road.

The centre is built out at 1 and 2 storeys or is used as a carpark for the adjacent activity.

Hornby is around 9km from Christchurch Central, or around 15-minute drive.

FIGURE 7: HORNBY CENTRE EXTENT AND ZONING



Source: Bing, Christchurch City Council, LINZ, NZTA.

5.2. PAPANUI

Papanui's Commercial Core Zoning is approximately 18.3ha accentuated by Northlands Shopping Centre at its northern end which is the significant attractor to the centre and has large national banner anchor tenants such as Countdown, Farmers, Hoyts and The Warehouse. The Commercial Core Zoning makes up part of the Papanui KAC. The tail of the zoning, with a large number of smaller, specialty retail, stretches along Papanui Road to the south until Blighs Road.

Papanui is around 5km from Christchurch Central, or around 13 minutes' drive.

FIGURE 8: PAPANUI CENTRE EXTENT AND ZONING



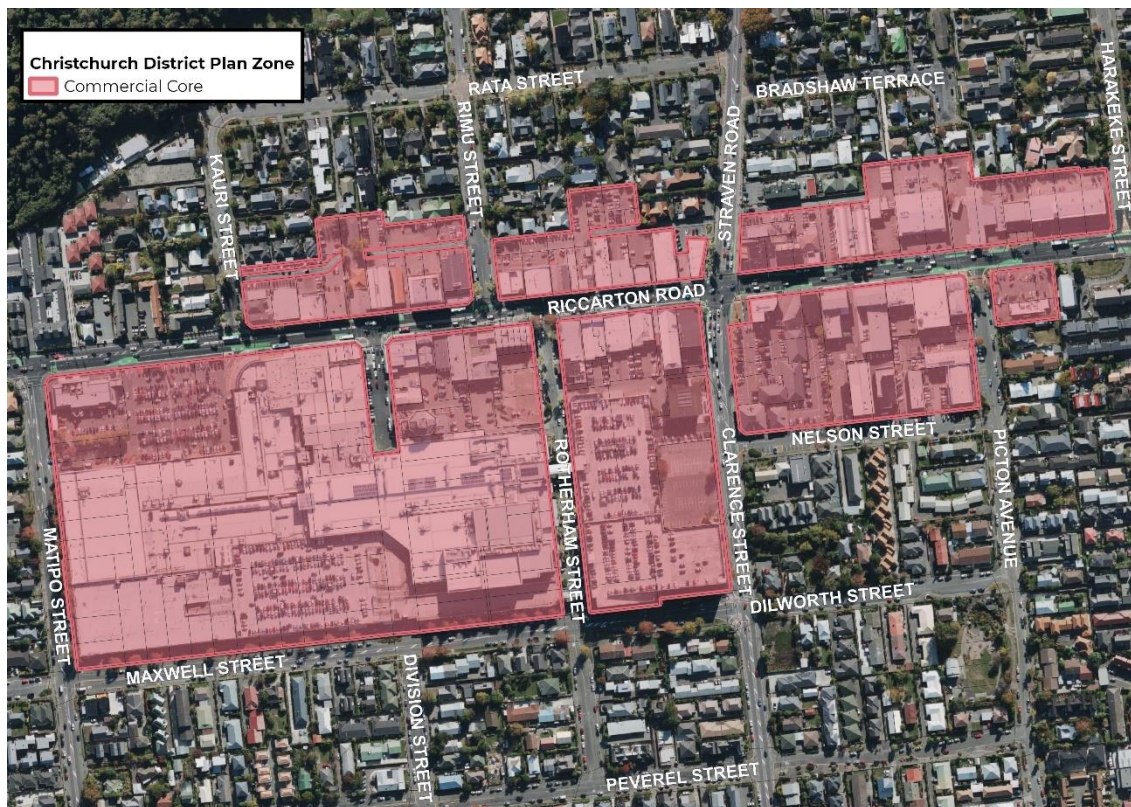
Source: Bing, Christchurch City Council, LINZ, NZTA.

5.3. RICcarton

Riccarton KAC is comprised of 15.5ha of Commercial Core Zoning with the bulk of activity inside Westfield Riccarton. The shopping mall has around 40,000sqm of retail GFA with many main brands and anchor tenancies: Farmers, Kmart, Noel Leeming, PAK’N Save and Rebel Sport. The zoning extends down both sides of Riccarton Road around 800m.

Riccarton is around 3km from Christchurch Central, or around 10 minutes’ drive.

FIGURE 9: RICcarton CENTRE EXTENT AND ZONING



Source: Bing, Christchurch City Council, LINZ, NZTA.

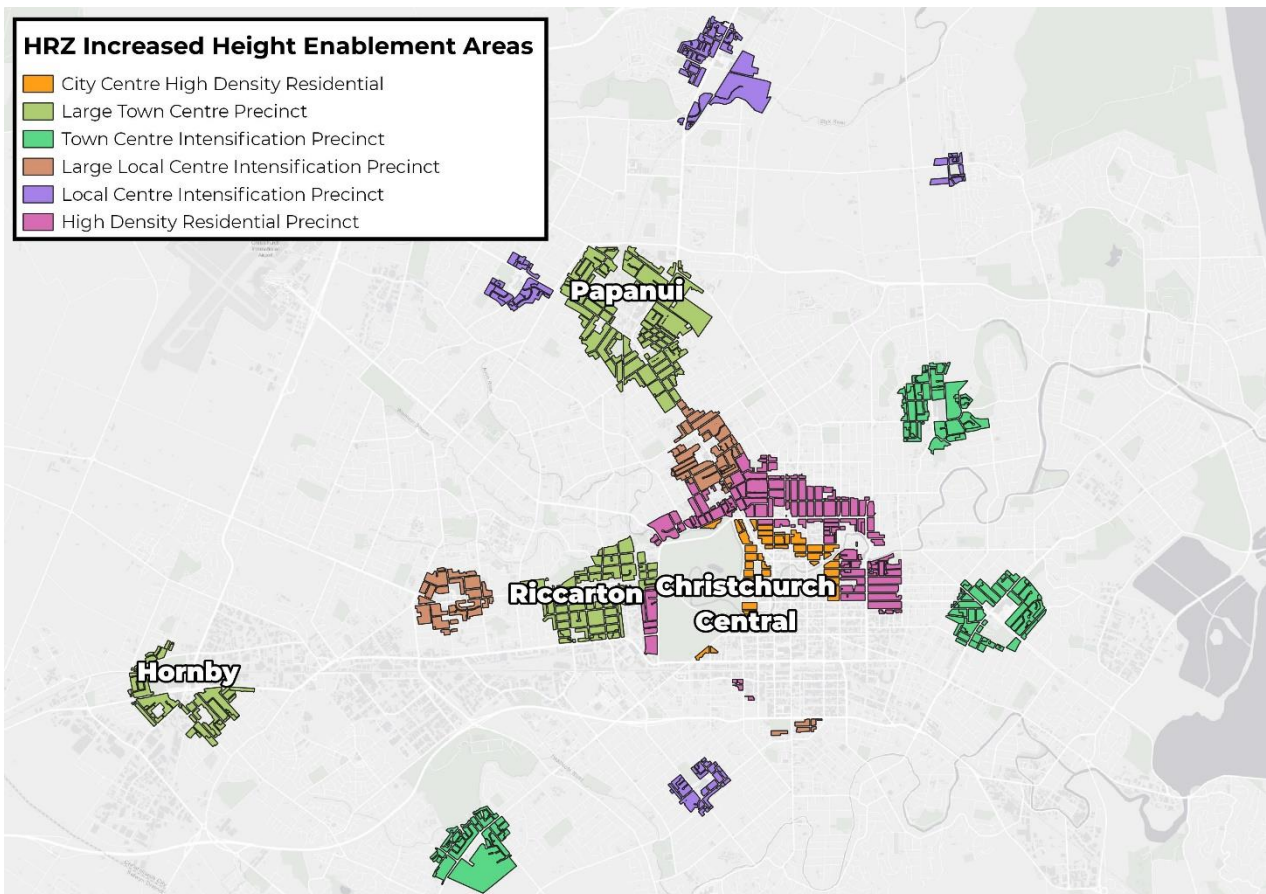
5.1. SUBURBAN CENTRE SURROUNDING HIGH DENSITY RESIDENTIAL

The residential areas in the walkable catchments of Town Centres are proposed to be upzoned as part of the NPS-UD policy of further enablement and development capacity in walkable catchments of higher order suburban centres (Metropolitan and Town Centres).

While this policy is not specifically assessed as part of this report it is worth contextualising the areas of increased residential density surrounding the suburban centre locations that have been identified as higher order centres in the centre hierarchy.

The following figure shows the HRZ areas across Christchurch City that have height enablement up to 20m. The orange area surrounding the City Centre is also specifically identified as an area with height enablement up to 32m. Other HRZ areas have various proposed height enablement as part of PC14 based on the status of the centre or corridor they encourage (larger centres are proposed to have greater levels of height enablement).

FIGURE 10: CHRISTCHURCH CITY HIGH DENSITY RESIDENTIAL ZONES



Source: ESRI, Christchurch City Council.

6. HORNBY, PAPANUI & RICCARTON EMPLOYMENT

The following figure shows the employment counts by broad sector of the centres and respective blocks subject to the increase in heights. This employment count data is measured at the meshblock⁵ level which does not perfectly align with proposed height change areas but represents a 'best fit'.

The employment count provides a high-level understanding of the activity mix and land uses within the area. While it does not identify all activity, such as residential, religious, cultural or community, it provides some understanding of the productive use of the land.

The proposed height-increase options considered, 32m or 50m, may encourage additional employment as the area is (re)developed to greater scale. The increase in heights enables more intense commercial office employment (i.e., more floors → more offices → more employees) and any investment in the built form or increase in foot traffic of the area will encourage further retail activity and employment.

Hornby centre transitioned from a highly industrialised area in 2000 to a retail centre with a mix of other activity including commercial office workers. Between 2016 and 2021, the centre grew by roughly 100 net additional employees which is an increase of nearly 20 net additional employees per annum on average.

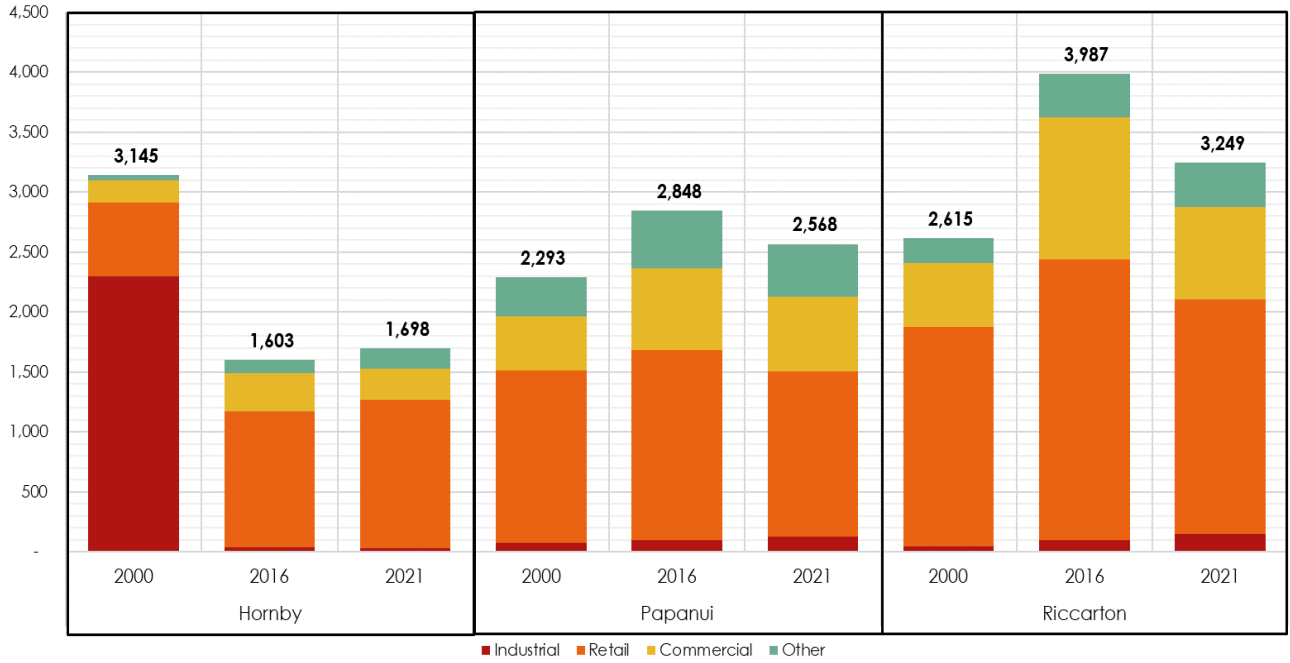
Papanui is a large employment centre with around 2,570 employees as of 2021 with the impact of COVID being a contributing factor to the recent decline in employment within the centre heavily impacting retail trade and food and beverage services.

Riccarton is a large employment centre with around 3,250 employees as of 2021 with the impact of COVID being a contributing factor to the decline in employment within the centre heavily impacting retail trade and food and beverage services. The centre also shrunk substantially between 2018-2019, by almost 200 net employees lost.

Despite the loss of employment in all three centres over the most recent past due to the COVID pandemic, all three centres appear to be maintaining a healthy level and mix of employment. All three centres appear to be robust in terms of breadth and mix of activity, and will likely improve to pre-COVID levels in the not too distant future.

⁵ Meshblocks are the smallest geographical area that Stats NZ publish geostatistical data at. They are roughly the size of a city block but increase in size in more rural areas.

FIGURE 11: HORNBY, PAPANUI & RICCARTON EMPLOYMENT COUNT BY BROAD SECTOR



Source: Stats NZ.

7. ECONOMIC COSTS AND BENEFITS FOR SUBURBAN CENTRE HEIGHT ENABLEMENT CHANGES

The following outlines the high-level economic costs and benefits associated with the proposed heights for the identified suburban centres. There may be other relevant costs and benefits associated with the proposed building heights in the non-economic fields, but they are not identified here.

BENEFITS

- + **Catalyses development:** Liberalising of land use rights has historically been proven to increase development of associated land. The increase in height limits brings the (re)development timeframe of affected properties forward in time as the return on development is higher (more rents are now achievable).

There is a second order effect also because development encourages more development. As one parcel is (re)developed, neighbouring properties benefit off the improvement in amenity and are encouraged to (re)develop themselves to maximise returns. Such development catalyses other development.

- + **Increases the Impetus for intensified (re)development:** The ability to build up to a higher level generates an impetus for developers to maximise their build envelope.
- + **Increases the impetus for consolidation of activity:** Increases the impetus for consolidating activity (retail, employment, residential, community, etc.) into centre locations rather than sporadic development in unplanned areas.
- + **Enhanced housing affordability:** Restrictions on building vertical can contribute to housing shortages. More permissive building height regimes, therefore, may have positive consequences for affordable housing where the construction of apartments and other higher density dwellings become more feasible within the height change area.
- + **Increases employment opportunities:** Greater height limits mean more employment GFA opportunities as the level of commercial floorspace increases more people will be employed in the identified area.
- + **A stronger sense of connectedness and vitality:** The increased residential and commercial activity density mean that people are in closer contact with each other.
- + **Potential for less land / green space take-up:** A higher density of agglomeration of business activity means that a greater quantity of activity can take place within the identified area. This would suggest that more efficient use of land for commercial space leaves more green space for other uses, such as parks, which the local community can enjoy.

- **More efficient land use:** Taller buildings mean land is being used more efficiently as the vertical space is being used more effectively. While premium retail / food and beverage space will likely remain at-grade, a broader range of commercial and residential options are unlocked through the increased building height limits.
- **More flexibility for land users and building tenants:** Flexibility is often an attractive part of taller buildings. With the increase of height limits, tenants would be able to expand to other floors within the same building, or sub-let floorspace as needed, with relative ease.
- **More efficient infrastructure use:** The existing and future infrastructure that is put in place to service local residents in and around town centres is used by a larger number of people. This includes road / footpath network, community facilities – libraries, halls, parks – power and telecommunications, three waters, etc. The larger number of people come in the form of both increased employees using these resources on the way to work and increased residents / tourists living in apartments in the town centre.
- **Increased internalisation of retail spend and centre spend:** The (re)development of properties will encourage increased foot traffic to the area through employment, local residents and tourists attracted by the amenity. This improves the centre long term as it establishes it as a hub of activity, employment, community and living.
- **Reduces transport costs and associated emissions:** The increased density enabled by increased building heights will reduce transport costs as a greater number of locals will be able to access the benefits of town centres. This has secondary benefits of lower fuel emissions, and possibly a greater reliance on public transport as more employment options will be collocated on a public transit route.
- **Adds profile as a commercial hub:** Development and height create a general feel of commercial professionalism that attracts high tier commercial tenants and main brands to the town centre.
- **Generation of new views and enhanced building profile:** A broader range of views from buildings at differing heights are attractive to commercial tenants that want a good view for their office. This can attract high tier commercial tenants for regional / head offices. Meanwhile, for practical floorspace reasons, and sometimes for image reasons, taller buildings are more attractive to large corporations by providing a high-profile space. This is reflected in a prestige factor.
- **Market certainty and Simpler planning process and lower Transaction Costs:** As greater heights are allowable within the area already but require a resource consent, this will remove the increased cost and wait time for the resource consent process up to the chosen height limit in the respective areas, and increase market certainty – a critical element to investment in a market.

- ⊕ **Higher level of specialisation and productivity:** As levels of economic activity increase in the same footprint, so does the ability of businesses to specialise and increase efficiency, due to increased competition. This would also increase the prevalence of knowledge spill overs, increasing innovation density allows businesses to have access to larger markets of suppliers (especially labour supply) and consumers, allowing competition to enhance the quality of inputs and outputs.
- ⊕ **Potential to safeguard productive land:** A large proportion of urban centres are currently surrounded by the most productive, or versatile, soils, across the country. As urban centres expand into these productive areas there has been a concern that productive land is not being adequately protected. As such, more floorspace being built within the same footprint will ensure the district has somewhere for its growing population to live and work– mitigating effects on its productive land.

COSTS

- ⊖ **Increased congestion of road / footpath networks:** Increased density can generate increased congestion. The greater level of foot traffic generated through increased development, increased employment and increased high density residential activity may impact the road network and parking space availability in some suburban centre locations. The increase in disbenefits, including congestion, is unlikely to be immediately appreciable, so traffic flow mitigation will likely be somewhat mitigated with sufficient planning.
- ⊖ **Increased levels of crime:** There is a direct correlation between greater numbers of people and levels of crime. This tends to be at all levels of crime from petty theft / public nuisance to serious assaults. Crime can be somewhat mitigated with design outcomes such as more open / visible spaces, more lights, etc., and greater levels of investment in the form of security cameras, guards and police presence.
- ⊖ **Increased pollution / waste:** Waste and pollution are also more common in areas with a greater number of people present. Increased road network and foot traffic increase pollutant runoff in stormwater systems and the cubic meterage of waste produced in an area. This can be somewhat mitigated with the design (such as increasing the number of rubbish bins and stormwater capture / filtration) and increasing the number of collection days / road cleaning.
- ⊖ **Increased noise:** Increasing the amount of people / traffic in an area will increase the level of ambient noise in that area. This can be mitigated with urban design and architecture such as increased greenspaces and trees or greater levels of noise acoustic absorption materials in building, thicker walls / glass, etc.

- **Increased levels of vagrancy and transient population:** Higher density areas attract homelessness and transient populations. This can negatively impact the general amenity of an area and discourage community participation including demand for residential, retail, and employment.
- **Reduced Impetus for Central City Intensification:** The increase in heights in non-Central City locations may reduce the impetus to develop higher densities in the Central City. This would represent an inferior outcome economically as it would result in less efficient uses of infrastructure and does not promote the Central City as the primary hub of activity for the city, as per the District Plan. This cost can be managed through restricting the most intensified development to a Central City location.

7.1. ECONOMIC DIRECTION

Enable heights up to 22m in identified Suburban centres:

Enabling a height of 22m will be consistent with the staggered height enablement approach across the city's zone framework. It is the lower than the City Centre, CCMUZ and HRZ High Density Residential areas, and consistent with the proposed height within the balance of the HRZ.

A 20m height will distinguish the suburban centre locations from the surrounding residential areas and lower order centres in the hierarchy (which enable 12m and 14m buildings) and enable a greater diversity of development. The 20m limit enables a range of residential, commercial and community activity to occur up to around 6-7 storeys which can increase the centres profile and attractiveness.

By allowing a 20m height, Council will promote the suburban centre locations as hubs of activity for retail, employment, residential and community within their respective catchments while still maintaining the primacy of the City Centre, and providing a competitive edge (related to height enablement) in the CCMUZ and HRZ High Density Residential areas, which has a greater level of enablement, and a greater level of impetus for development to occur.

A 20m suburban centres height provides capacity for a larger employment base which may be encouraged to occupy commercial offices or improved retail options in an efficient location through (re)development of the suburban centre.

By enabling height to only 20m, over 32m and 50m, Council is signalling the primacy and promotion of the City Centre as the hub of activity in the city. The 50m limit would enable 12-13 storey development that could significantly detract from development within the City Centre. This is due to this level of intensification experiencing minimal occurrence within Christchurch, even within the City Centre.

8. ECONOMIC OPTION SUMMARY

The following table shows the summary of the economic extent of potential impacts relating to each policy option assessed in this report. These are considered the most pertinent economic trade-offs to weigh-up for each option.

Note that the indicated activity status, P, RD, D, etc. relate only to the policy being assessed (height) and may not meet the same threshold on other policies such as urban design outcomes, traffic, other infrastructure, etc.

Policy	Zone	Options	Economic Extent
Central Christchurch Building Height Options	City Centre	P on height up to 28m and D on height beyond 28m (status quo)	May be less competitive (in terms of heights) than the CCMUZ if heights up to 32m are enabled in these zones. Has significant costs arising from forgone development, increased uncertainty and transaction costs, though these are limited due to the moderate propensity for buildings above 28m to occur in this environment.
		P on height up to 28m, RD on height up to 90m and D on height beyond 90m.	<p>May be less competitive (in terms of heights) than the CCMUZ if heights up to 32m are enabled there.</p> <p>Has some costs arising from forgone development, increased uncertainty and transaction costs, though these are limited due to the moderate propensity for buildings above 28m to occur in this environment.</p> <p>At this level the development potential within the City Centre is considered to enable capacity that is more than sufficient to meet demand in the long-term.</p> <p>Economic costs associated with heights being D beyond 90m represents a high risk but has a very low propensity to occur. This results in a very low economic cost.</p>
		P on height up to 32m, RD on height up to 90m and	Has some minor costs arising from forgone development, increased uncertainty and transaction costs, though these are limited to

		<p>D on height on height beyond 90m.</p>	<p>the few buildings beyond 32m that occur in the City Centre. Only a limited number of developments would have the potential be impacted beyond 32m based on Christchurch's historical development patterns.</p> <p>At this level the development potential within the CBD is considered to enable capacity that is more than sufficient to meet demand in the long-term.</p> <p>Economic costs associated with heights being D beyond 90m represents a high risk but has a very low propensity to occur. This results in a very low economic cost.</p>
		<p>P on height up to 50m, RD on height up to 90m and D on height beyond 90m.</p>	<p>Enables a significant level of activity in the most efficient location.</p> <p>The realisation rate of development over 50m in Christchurch is extremely limited so the transaction costs of this policy are considered immaterial, but this option may marginally impact some future development.</p> <p>At this level the development potential within the City Centre is considered to enable capacity that is more than sufficient to meet demand in the long-term.</p> <p>Economic costs associated with heights being D beyond 90m represents a high risk but has a very low propensity to occur. This results in a very low economic cost.</p>
		<p>P on height up to 90m and D on height beyond 90m.</p>	<p>Enables a significant level of activity in the most efficient location.</p> <p>The realisation rate of development over 90m in Christchurch historically has been zero and therefore the transaction costs tend towards zero.</p> <p>At this level the development potential within the CBD is considered to enable capacity that</p>

			is more than sufficient to meet demand in the long-term.
		No height limit.	<p>Enables the greatest level of activity potential and certainty in the most efficient location in the city.</p> <p>At this level the development potential within the City Centre is considered to enable capacity that is more than sufficient to meet demand in the long-term.</p>
Mixed Use Zone and Mixed Use Zone (South Frame)		P on height up to 17m (status quo) and RD on height beyond 17m	<p>Enables a significant level of activity within this zone providing significant levels of capacity to meet its needs over its long-term.</p> <p>There is the potential of diverting intensified development from the City Centre and other centre zones if their respective height limits are kept uncompetitive in relation to RD beyond 17m on building height. This represents a significant economic cost.</p>
		P on height up to 17m, RD on height up to 32m and D on height beyond 32m.	<p>Enables a considerable level of activity to occur within this zone providing more than sufficient capacity to meet its needs over its long-term.</p> <p>There is the potential for unequal competitive environment resulting from a 17m P status compared to a 20m (or 22m) P status in suburban centres, given the extent of the CCMUZ and its underlying capacity, it is unlikely to be a material economic cost.</p>
		P on height up to 22m, RD on height up to 32m and D on height beyond 32m.	<p>Enables a considerable level of activity to occur within this zone providing more than sufficient capacity to meet its needs over its long-term. This height is more likely to be competitive with the centre network, outside the City Centre. It is considered, relative to a 17m height limit, that there is an immaterial net economic outcome.</p>

		P up to 32m and D beyond 32m.	Enables a considerable level of activity to occur within this zone providing more than sufficient capacity to meet its needs over its long-term but is likely to reduce the competitive position of the City Centre even with mitigating factors, such as tenancy caps, this level of competition is considered inappropriate and economically detrimental.
		P on height up to 50m and D on height beyond 50m.	Enables an extensive level of activity to occur within this zone providing more than sufficient capacity to meet its needs over its long-term and will substantially reduce the competitive position of the City Centre. Even with mitigating factors, such as tenancy caps, this level of competition is considered inappropriate and economically detrimental.
		P on height up to 90m and D on height beyond 90m.	Enables an extensive level of activity to occur within this zone providing more than sufficient capacity to meet its needs over its long-term and will substantially reduce the competitive position of the City Centre. Even with mitigating factors, such as tenancy caps, this level of competition is considered inappropriate and economically detrimental.
		No height limit.	Enables an extensive level of activity to occur within this zone providing more than sufficient capacity to meet its needs over its long-term and will substantially reduce the competitive position of the City Centre. Even with mitigating factors, such as tenancy caps, this level of competition is considered inappropriate and economically detrimental.
	HRZ within the Central City	P on height up to 11-14m (current baseline) and D on height beyond.	Enables some additional level of residential activity to occur but does not direct growth towards the most efficient locations within the HRZ. Establishes a competitive high

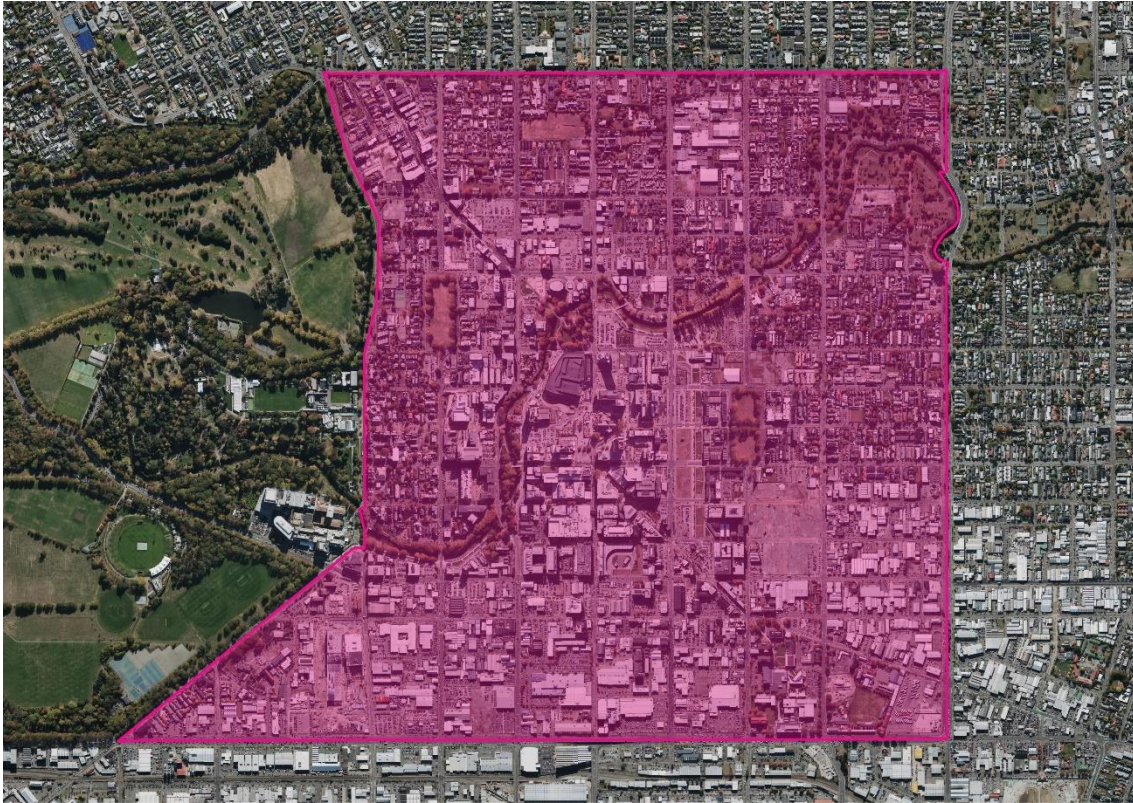
			density residential market within the City Centre and CCMUZ.
		P on height up to 14 and RD on height beyond this, with select areas closest to Christchurch's City Centre enabling heights up to 32m on height. Any height beyond this is also RD but applies greater levels of discretion (more restrictive).	Enables a substantial level of residential activity to occur and directs growth towards the most efficient locations within the HRZ. May detract a small amount of high-density residential development away from the City Centre.
		P on height up to 32m and RD on height beyond 32m.	Enables a substantial level of residential activity to occur but does not direct growth towards the most efficient locations within the HRZ, closest to high order centres. May result in sporadic high-density development which may result in an inefficient distribution of increased density – away from centres.
		No height limit.	Enables sporadic high-density development which will result in an inefficient distribution of increased density – away from centres.
Minimum number of storeys	City Centre	Two or more storey building development as P on a minimum number of storeys and below two storeys as D on a minimum number of storeys.	<p>Detracts low density activity away from the City Centre.</p> <p>May delay long-term intensification due to increasing the costs of redevelopment though there is a low propensity for one-storey development to occur in the City Centre.</p>
	City Centre	Three or more storey building development as P on minimum number of storeys. Below three storeys as D on a minimum number of storeys.	Detracts low density activity away from the City Centre. It is likely to materially impact upon the propensity for redevelopment of sites as the cost increase exponentially by storey.

	City Centre Mixed Use Zone and Mixed Use Zone (South Frame)	Two or more storey building development as P on a minimum number of storeys. Below two storeys as D on a minimum number of storeys.	Detracts low density activity away from the CCMUZ. May delay long-term intensification due to increasing the costs of redevelopment.
		No minimum number of storeys.	Encourages development to occur in the CCMUZ at the expense of the City Centre.
Office Tenancy Cap	City Centre Mixed Use Zone and Mixed Use Zone (South Frame)	Tenancy cap of 500sqm of office GFA	Encourages larger commercial tenancies to establish in the City Centre, the most efficient location for them, and frees up space in the CCMUZ for SME enterprises. In terms of a recovery position current employment data would suggest that only 50% of pre-earthquake employment numbers have re-established in the City Centre.
	Centre Zones other than City Centre	Tenancy cap of 500sqm of office GFA	Encourages larger commercial tenancies to establish in the City Centre, the most efficient location for them, and frees up space in the CCMUZ for SME enterprises. In terms of a recovery position current employment data would suggest that only 50% of pre-earthquake employment numbers have re-established in the City Centre.
Retail Restrictions	City Centre Mixed Use Zone and Mixed Use Zone (South Frame)	Retail in the CCMUZ is restricted to: (e) the display and sale of goods produced, processed or stored on the site and ancillary products up to 20% of the net floor area on the site used to produce, process or store these goods, or 350m ² retail floor space, whichever is the lesser;	Restricting retail in the CCMUZ supports the City Centre in its post-earthquake recovery period. The restrictions further support the role and function of the CCMUZ as a support zone for the City Centre and acknowledge the City Centre's primacy of centres.

		<p>(f) second hand goods outlet;</p> <p>(g) food and beverage outlet;</p> <p>(h) small scale general convenience store where grocery items are offered for sale with a maximum GLFA of 250m²; and</p> <p>one supermarket with a maximum GLFA of 2500m² located within the Commercial Central City Mixed Use Zone block bounded by Manchester, Salisbury and Madras Streets.</p>	
Suburban Centre Building Heights Options	Town Centre Heights (Hornby, Papanui, Riccarton)	P on height up to 20m and D on height beyond 20m	This represents a modest increase in development capacity that is unlikely to detract from the City Centre.
		P on height up to 22m and D on height beyond 22m	This represents a modest increase in development capacity that is unlikely to detract from the City Centre. Represents a marginal (positive) impact on feasibility relative to 20m and a marginal increase in locational competitiveness. The Discretionary status represents a height threshold that limits the impact on more efficient locations.
		P on height up to 32m and D on height beyond 32m	This represents a potentially substantial increase in development capacity that is likely to represent a competitive advantage over the City Centre and detract from its future development. This represents a potentially substantial economic cost.
		P on height up to 50m and D on height beyond 50m	This represents a potentially significant increase in development capacity that is likely to represent a severe competitive advantage

			over the City Centre and detract from its future development. This represents a potentially significant economic cost.
	Other Town Centre Heights	P on height up to 20m and D on height beyond 20m	This represents a mandated position to provide for increased capacity across the city.

APPENDIX 1: CHRISTCHURCH'S CENTRAL CITY



APPENDIX 2: CENTRAL SYDNEY



Source: Bing.

Christchurch Central, excluding Hagley Park, overlaid on top of Central Sydney.

