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NAPIER CITY COUNCIL

## **NAPIER CITY RETAIL STRATEGY 2020**

Background Document to District Plan  
Review

March 2020

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## REPORT INFORMATION

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## 1. INTRODUCTION

The Napier City Retail Strategy 2020 has been prepared to inform the district plan review being undertaken by Napier City Council (“NCC”) and is intended to be fit for purpose for the next 10–15 years.

NCC adopted a Retail Strategy in 2003. This was reviewed in 2017 without substantial amendment but has remained in a final draft format since awaiting opportunities for stakeholder engagement.<sup>1</sup> The current (2019/2020) district plan review process provides the opportunity for a further update of the work undertaken in 2017, with consideration given to the relevant district plan rules. The district plan review process will provide the opportunity for consultation to be undertaken on the strategy recommendations.

The purpose of the retail strategy is outlined in the Request for Proposal (“RFP”) as follows:

*The purpose of the Retail Strategy is to provide the Council, local retail sector, potential retail investors and other retail interests with an integrated framework for managing retail development to ensure it contributes to quality outcomes for the City and its communities. The Retail Strategy will provide a strategic approach to optimising Napier’s retail sector, including recommendations for both District Plan and non-statutory actions. It is anticipated that the revised Retail Strategy will incorporate and build upon the substantial work already undertaken as part of the 2017 review, the recently completed first three yearly report for housing and business capacity assessment on the National Policy Statement for Urban Development Capacity, information accompanying recent resource consent applications and other relevant Council commissioned reports and analysis.*

### 1.1 DEFINITION OF RETAIL ACTIVITY

To provide context to the scope of this report relevant definitions from the operative Napier District Plan (“NDP”) and the National Planning Standards 2019 are provided below. Retailing or retail activities are a form of commercial activity. The NDP defines both commercial activity and retailing as set out below. Retailing is effectively a subset of commercial activity so that its effects can be controlled by specific district plan rules and standards.

The National Planning Standards (“NPSs”) do not include a definition of retailing or retail activity, but retailing would fit within the definition of commercial activity which is set out below. Standard 14 of the NPSs requires that where terms are defined, local authorities must use the NPSs definition. A district plan may however include a defined term that is a subcategory of, or has a narrower application than, a defined term in the NPSs definitions list. Accordingly, the forthcoming Proposed Napier District Plan must adopt the NPSs

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<sup>1</sup> Retail Strategy Request for Proposal, Napier City Council, July 2019.

definition of commercial activity as set out below but can have a separate definition of retailing or retail activity as per the existing NDP.

### **1.1.1 Operative Napier District Plan Relevant Definitions**

**Commercial Activity** means the USE of land and BUILDINGS for the display, offering, provision, sale or hire of goods, equipment or service and includes retailing, TRAVELLERS' ACCOMMODATION, DAY CARE CENTRE and off-licence premises and wholesale liquor outlets, but does not include EDUCATION FACILITIES or any BUSINESS OF PROSTITUTION.

**Retailing** means land and/or buildings from which goods, merchandise, equipment or services are sold, exposed, displayed or offered for sale or direct hire to the public and includes: Markets, Showrooms and Liquor outlets not part of a hospitality activity.

### **1.1.2 National Planning Standards Definition of Commercial Activity**

Means any activity trading in goods, equipment or services. It includes any ancillary activity to the commercial activity (for example administrative or head offices).

## 2. BACKGROUND

### 2.1 WHY THE EFFECTS OF RETAIL ACTIVITIES NEED TO BE MANAGED

#### 2.1.1 Sustainable Management

Chapter 2 of the NDP 'Sustainability' includes a section on the sustainable management of commercial environments which identify the importance of commercial centres as a physical resource and why commercial activities need to be managed to protect them.

These sections of the NPD are quoted as follows:

**Commercial Areas as a Physical Resource:** *Commercial centres include physical resources that should be managed in an efficient manner for the social and economic wellbeing of the community. This includes such facilities as carparking, reserves and street amenity improvements. In the central business area, the art deco architecture is also a physical resource that should be managed on sustainability principles. It is Napier's primary tourist attraction particularly for overseas visitors and as such is an increasingly important employment and revenue base for Napier. The value of this resource should be recognised by continuing to promote the inner city commercial centre as the focus for business and specialty retailing. Large Format Retail developments which incorporate smaller specialty shops can have a profound effect on established retail environments and this is recognised in the Council's Retail Strategy. As a result small specialty retailing outside of the inner city will be controlled to ensure the sustainability of the inner city art deco resource, a resource which has significant cultural and economic importance for the City.*

**Management of Commercial Activities:** *A market approach to the location of commercial activities is not advocated as this would have a significant adverse effect on the sustainable management of the art deco building resource – a resource that was purpose built for retail activity. The negative effects of a dispersed retail function for Napier would be significant. Napier's future relies on the vibrancy of this inner city area. This resource may be in private ownership but is also a community resource as it is recognised by the people of Napier as a unique asset that has major economic benefits to the City. Retention of the art deco buildings and all associated infrastructure, is consistent with sustainability principles because it avoids the needless duplication of resources. A market approach to the retail environment would also have significant adverse effects on the road network as the arterial routes would be the preferred location for this type of activity.*

*There is more to the sustainable management of commercial environments than the buildings. Commercial areas should also have an integrated traffic, parking and pedestrian system to provide for the health and safety of the community. The sustainable management of vehicle parking requires that it is strategically placed and is efficiently managed in terms of turnover and circulation.*

These general approaches to sustainable management are expanded upon for the commercial land resource in Chapter 14 'Commercial Environments'.

## 2.1.2 Effects of Dispersed Retail Activity

A resource management issue of particular relevance to the retail strategy is included in this Chapter as 14.1.9:

***Retail Development outside the Inner Commercial Zone:*** Traditionally the Council has maintained a tight control over the scale of retail activity outside the inner city area. In the Fringe Commercial area, retailing has been limited to that which required a site area of 200m<sup>2</sup> or greater. These controls are aimed at maintaining the Inner City as the focus of retail activity in Napier.

A dispersed retail function for Napier could have a significant effect on the inner city commercial area. Napier's heritage and culture are identified in the art deco building resource, a resource that was purpose built for retail activity. Napier's past and future rely on the vibrancy of this area. However, the dynamic face of retailing means that the Council needs to provide for large format retailing in a form that has the least effect on the historic commercial centre.

The Council's Retail Strategy clearly identifies that if small retail units are permitted as part of a large format retail development this will have an adverse effect on the Inner City Art Deco resource. This has resulted in a strategy for retailing that clearly establishes that specialty retailing should locate in the Inner City Commercial Zone, the Fringe Commercial Zone will cater for retail activity with a 200m<sup>2</sup> minimum floor area and that the Large Format Retail zone will provide for 1000m<sup>2</sup> and above. The strategy does not support specialty retailing outside of the inner city commercial and suburban commercial zones, and this would include specialty retailing associated with large format retail development. The primary reason is due to the impact on the sustainable management of the inner city heritage resource.

The effects of intensive retailing within the Fringe Commercial area would have significant adverse effects on the road network, as much of the network in this area comprise the main arterial roads to the City Centre.

Ideally large format retailing would be accommodated within the Fringe Commercial Zone. However the Retail Strategy and supporting studies recognise that the land holdings within this zone are of such a size that this may not be a realistic or achievable outcome in all instances. The Council has therefore provided a zone as part of the Commercial Environments specifically for large format retail development. While the new zone is adjacent to an established industrial area it fits with Council policy developed from the Retail Strategy and complements rather than competes with the Central Commercial Area, while also reducing pressure on supply short industrially zoned land. However this land is unserviced and will require services to be in place prior to development proceeding.

The Large Format Retail Zone referred to above and located off Prebensen Drive was introduced by Plan Change 1 in 2008 and become operative in 2011.

### 2.1.3 Summary

In summary then, the need for a retail strategy relates to the need to manage the effects of retail activities and the resources that provide for such activities as listed in the following bullet points:

- Commercial centres include physical resources that should be managed in an efficient manner for the social and economic wellbeing of the community.
- These physical resources include:
  - Managed carparking, reserves, street amenity improvements and the art deco and other architecture of the heritage building resource purpose built for specialty retailing.
- Promoting the inner-city commercial centre as the focus for business and specialty retailing enables the efficient and effective use of its physical resources.
- Large Format Retail developments with onsite carparking and incorporating smaller specialty shops can have a significant effect on established retail environments by removing the need for people to visit commercial centres.
- Maintaining inner city vibrancy is important for maintaining and improving Napier's desirability as a tourist destination.
- A free market approach to retail development (by not managing the location of retail activities through district plan rules) could have significant adverse effects on: the road network as the arterial routes would be the preferred location to maximise profile; and on the physical resources, vibrancy and amenity, of the CBD as dispersed retail development would dilute the concentration of people visiting the CBD and result in redundant use of already established and maintained purpose built infrastructure.

## 2.2 PREVIOUS RETAIL STRATEGY RECOMMENDATIONS

### 2.2.1 Retail Strategy for Napier 2003

This strategy was developed when there was a trend emerging in other parts of New Zealand for shopping centres anchored by Large Format Retail stores in locations outside of existing commercial centres. At the time, there was also discussion of such a shopping centre being developed between Napier and Hastings on a greenfields site adjacent to the Expressway.

The 2003 Retail Strategy therefore included a significant amount of discussion on Large Format Retail or Big Box Retail development. The recommendations in that strategy included several pages of implementation methods. These were broken down to those to be applied within the Central City and those to be applied outside of the Central City. The

intent of the 2003 strategy is best summarised by its strategic direction section which is set out as follows:

*We recommend the following strategic intent:*

- *Enable the establishment of activities which contribute to a vibrant and economically viable City.*
- *Provide a suite of non-regulatory methods to achieve a robust and vibrant Central City.*
- *Provide positive incentives for retailing activity which sustains the Art Deco resource of the Central City.*
- *Provide planning measures to manage the future pattern of retail development so that it enables the sustainable use and development of the physical and cultural resources of Napier.*
- *Ensure that appropriate land resources are available for the full range of land uses requirements of the city, including residential and industrial activities.*
- *Ensure that the roading network of the City is not compromised by poorly located large-scale retail developments.*
- *Ensure that Big Box Retail meets the full infrastructure costs of locating on the periphery of the City.*

*The key principles of the strategic directions are:*

- *It is concluded that it is neither feasible nor desirable to attempt to prevent the expansion of Big Box Retail in Napier.*
- *Enabling large format retail to locate as close as possible to the Central City.*
- *Ensuring maximum connectivity and possible integration between new retail development and the Central City.*
- *The enhancement of the Central City shopping and retail experience.*
- *Encouraging more people to live in the Central City.*
- *Minimising the potential adverse traffic and parking effects associated with future development in the Central City.*

The Updated Napier Retail Sector Strategy – Draft May 2017 states that the 2003 Retail Strategy “has served the City well in terms of helping to ‘manage’ the growth and development of the retail sector over the past thirteen years and should continue to provide a valuable Council policy reference point for this purpose in the future.”<sup>2</sup> This has not changed in the intervening two years and the strategic intent and key principles of the 2003 strategy stated above remain equally relevant today and will remain so for the next 10 - 15-year period.

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<sup>2</sup> Updated Napier Retail Sector Strategy 2017 – 2030, Napier City Council, Draft May 2017 (page 1).

### 2.2.2 Updated Napier Retail Sector Strategy – Draft May 2017

The 2017 updated retail strategy accepted that the principles of the 2003 strategy still apply as outlined above but included an updated economic assessment of the retail sector and took a wider approach to also considering the retail sector beyond the CBD. The 2017 strategy concluded by recommending the following ‘retail sector development guidelines’ for future growth and development of the City’s retail sector:<sup>3</sup>

- *The retail sector is an important part of the Napier economy and more so when its linkages to the rest of the Inner City economy and the key tourism sector are also taken into account.*
- *Further development of the City’s retail sector is required to take into account the key resource management principles of promoting the sustainable use of resources and providing for the efficient use of infrastructure.*
- *Retail sector development in the City should be consistent as far as possible with the objectives of the new City Vision Framework which focuses amongst other things on the further development of Napier’s Inner City area and waterfront.*
- *The need to preserve the hierarchy of retail areas which operate in the City.*
- *The need to maintain and increase the overall economic strength and amenity values of the Napier Inner City area which is the commercial, retailing, tourism and community/social hub of Napier.*
- *This includes the very important Art Deco infrastructure and heritage in the area.*
- *It also includes the availability of sufficient car-parking capacity in the Inner City and relative ease of traffic movement between the area and the rest of the City.*
- *All these factors contribute to Napier’s important role as a leading commercial and tourism centre in the Hawkes Bay region.*
- *There is a need for the Council to provide for an appropriate degree of flexibility and choice in meeting the future growth and development needs of the retail sector in the City.*
- *There is also a need for the Council to facilitate and encourage a modern and competitive retail sector in the City and which reflects current retailing trends as far as possible.*

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<sup>3</sup> Ibid (page 11).

### 3. RELEVANT STRATEGIC DOCUMENTS

The relevant strategic and statutory documents that have informed this Retail Strategy are set out in **Appendix 1** attached. The following sections provide a brief summary of those documents. **Appendix 1** should be referred to for further details.

#### 3.1 CITY VISION FRAMEWORK 2015

The City Vision Framework 2015 (“the Framework”) sets out a range of principles to influence decisions and future initiatives relating to growth and development with a specific focus on the City Centre, Ahuriri and the Waterfront areas. The Framework identifies an overall strategic approach to enable these areas to be used to their potential to enhance the development of Napier. Retailing is therefore only one of many components considered in the Framework. City Centre conclusions and recommendations that are relevant to consider in the retail strategy include:

- Creating a quality experience in retail focused streets
- The transition from Inner City Commercial and Art Deco Quarter to Fringe Commercial is identified as having weak physical definition that requires improvement.
- The need to have an available supply of car parking to attract development including retail customers, with an associated need to design such carparking to not reduce urban landscape amenity, safety and walkability.
- The Framework identifies a number of ‘built form’ related issues, including the need to promote the night time economy with residential living and intensification along the waterfront.<sup>4</sup>
- The Framework includes the following recommendations: relating to retail activities:<sup>5</sup>
  - *An active frontage program should be created for the central city which works with heritage architects to create sensitive adaptation to prominent buildings with inactive frontages.*
  - *Retain the existing approach to retail to avoid leakage of retail from the central city.*
  - *Progress the Renew Napier programme to fill vacant store-fronts with activity.*

The second to last of the above points reinforces the previous retail strategy to concentrate retail strategy within the city centre and to restrict retail development in other zones. The remaining recommendations require non-regulatory responses to implement.

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<sup>4</sup> Ibid (Page 125).

<sup>5</sup> City Vision Framework 2015, Wilkenson Urban Design and Placemaking, 2015 (page 125).

### 3.2 AHURIRI ESTUARY AND COASTAL EDGE MASTERPLAN 2018

This Masterplan document is primarily focused on public realm improvements in the coastal areas of Pandora and Ahuriri. It recommends a number of proposed ‘initiatives’ as part of the proposed masterplan. Of these, initiative 11 encourages intensification of commercial activity on Pandora Road and on-going development of large format retailing along Prebensen Drive. Initiative 4 questions the use of part of Lagoon Farm for the already zoned purpose of Business Park and suggests this should be reviewed as part of a wider consideration around stormwater treatment and use of the land for a passive recreation park. Such a review could also consider commercial activities, including retailing, for the area. These initiatives could have land use planning implications related to retail development.

The Masterplan does not provide any particular strategic direction to inform this Retail Strategy, as that is not its intent. It is important however that in the development of initiatives 4 and 11 of the Ahuriri and Coastal Edge Masterplan that consideration is given to the Retail Strategy to ensure that there are no unintended consequences or adverse effects on the existing Central City through the dispersal of retail development.

### 3.3 NAPIER – YOUR HOME, YOUR FUTURE 2019

This document is part of a high level consultation process to inform the City of Napier District Plan Review and public comment has already been sought on it. Napier - Your Home, Your Future identifies six key outcomes of which the following two have some relevance to the Retail Strategy:

➤ **City Living Supporting a Vibrant CBD – “Open Plan Living”.**

*Homes that have open plan living allow us to live, eat, be entertained and have fun in one social space.*

*We could extend this type of living to the CBD - with restaurants, bars, cinemas, and live music venues in an attractive area, and all within walking distance.*

*Increasing the number of people living in and around our city centre will support businesses after 5pm, and improve the vibrancy of our CBD for everybody. It will also add some greater variety to housing choices, and further encourage walking and cycling to work and for leisure.*

➤ **Leveraging our Heritage – “Keeping the character of the villa even though it’s a bit impractical”**

*Many people enjoy living in character villas – even though they may not be the most practical homes! Just as people value their heritage, we should value our city’s diverse and unique heritage.*

*Our heritage is part of our day-to-day lives.*

*Art Deco buildings in the CBD provide a great setting for shopping and entertainment; Otatara Pa Historic Reserve educates us about our mana*

*whenua while we walk and enjoy amazing views, and Ahuriri's port history is an awesome place for hospitality and boutique industries to build upon.*

*We want to add to the great work already done for heritage in our city to ensure our people and our stories are celebrated into the future.*

Both of the above outcomes are consistent with the previous Retail Strategy and more recently the City Vision Framework's strategies for the City Centre. Being long established Council policies they should be reinforced in this Retail Strategy.

### **3.4 BUSINESS LOCATION DECISION MAKING RESEARCH REPORT 2019**

A Council commissioned report titled '*Business Location Decision Making*' was completed by FOLKL in July 2019. Of relevance to the Retail Strategy the report identified several key themes influencing business location, including:

- *Area and building aesthetic has powerful, long-term pull – Businesses in the CBD find the Art Deco, foreshore and Hastings Street development highly appealing*
- *Connectivity attracts – An important factor driving businesses to set up in the CBD is the condensed layout and the benefits this offers in terms of connectivity.*
- *Bring the vibrancy – Strong demand exists for casual hospitality sector offerings that are open on all week nights.*

These themes all consist with the existing Retail Strategy of a strong and vibrant City Centre.

### **3.5 HPUDS 2010**

The Heretaunga Plains Urban Development Strategy (HPUDS) is the result of a collaborative approach by the Hastings District Council, Napier City Council and Hawke's Bay Regional Council towards managing urban growth on the Plains from 2015 to 2045. The joint Strategy was first adopted in 2010. HPUDS includes the following 'guiding principle':

- *Ensure a cohesive commercial and retail strategy is maintained which recognises existing infrastructural and building investment, the social and cultural fabric of the existing CBD's, commercial and industrial centres, towns and communities within the Heretaunga Plains, so these places are vibrant and valued.<sup>6</sup>*

Again, this guiding principle is supportive of protecting the existing CBD's of both Napier and Hastings. HPUDS includes an 'evaluative matrix' which breaks the guiding principles

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<sup>6</sup> Heretaunga Plains Urban Development Strategy 2010, page 18.

down further into the ‘outcome criteria’, with those of relevance to retail activities listed as follows:<sup>7</sup>

- *Commercial/retail activities occur as an extension of existing centres, except where as appropriate, new centres are located at the centre of their supporting residential catchment.*
- *Local urban populations are able to meet their day to day needs within walkable areas.*
- *Strip developments are avoided.*

The ‘Proposed Settlement Pattern’ section of HPUDS sets out recommendations for where new development should be located and concludes that there is no requirement for additional commercial land:<sup>8</sup>

The ‘Action Plan’ section of HPUDS includes a ‘Business’ section (5.19.3), the ‘key approaches’ of which include:<sup>9</sup>

- *Focus on Napier and Hastings as the commercial and business hearts of the Heretaunga Plains.*
- *Ensure commercial and industrial developments are not located in areas that undermine the areas of influence of Napier and Hastings including the extensive development of retail/mall shopping.*
- *Commercial activities should aim to maximise the use of existing areas and facilities.*

The key actions set out in the HPUDS Action Plan for Urban Centres (5.20) include:<sup>10</sup>

- *The prominent role of Napier and Hastings in the provision of economic, cultural, and social activities in the heart of the Heretaunga Plains is recognised and promoted.*
- *Napier and Hastings are recognised as the economic, arts, and social centre of the Heretaunga Plains.*
- *Discourage the development of large format retail outside of CBD’s.*

### **3.6 HPUDS REVIEW 2017**

The partner councils agreed to a five yearly review programme of the original 2010 strategy. The first review, HPUDS 2017, reaffirmed the guiding principles of the 2010

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<sup>7</sup> Heretaunga Plains Urban Development Strategy 2010, page 43.

<sup>8</sup> Ibid (Pages 61 & 62).

<sup>9</sup> Ibid (Pages 104 & 105).

<sup>10</sup> Heretaunga Plains Urban Development Strategy 2010, page 106.

strategy relating to 'Urban Centres' to accommodate commercial expansion within existing zone boundaries:

*Similarly, the HPUDS approach of accommodating commercial expansion through redevelopment within existing commercial boundaries is reaffirmed, consistent with current council strategies and experience.<sup>11</sup>*

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<sup>11</sup> Heretaunga Plains Urban Development Strategy Review 2017, page 37.

## 4. RELEVANT REGULATORY DOCUMENTS

### 4.1 RESOURCE MANAGEMENT ACT 1991

The Resource Management Act 1991 (“the RMA”) is concerned with the sustainable management of natural and physical resources. This includes enabling people and communities to provide for their social, economic, and cultural well-being and for their health and safety, while ...<sup>12</sup>

Retail development is a physical resource requiring sustainable management to enable both employment and goods and services to provide for the well-being of people and communities.

Section 7 of the RMA sets out matters to which particular regard is to be given. Of relevance to the Retail Strategy these matters include:

(b) *the efficient use and development of natural and physical resources:*

(c) *the maintenance and enhancement of amenity values:*

City centres, including public spaces, streets, public artworks, on-street and off-street public car parking, customer car parking, pedestrian paths and buildings, are all physical resources which contribute to a suitable environment for retail shops. The previous retail strategy has sought to protect this physical resource in the City Centre by not providing for the dilution of retail activities into other zones, aside from specific provision for suburban centre shops and large format retail activities within a specific zone along Prebensen Drive.

This approach also helps to maintain and enhance the amenity of the City Centre with low vacancy rates and a high level of active shop frontages contributing to vibrancy and amenity. Low shop vacancy rates contribute to well-maintained buildings helping to enhance amenity, with building owners competing for retail tenants.

In the context of Napier City Centre it is also important to note that the matters of national importance to be recognised and provided for in section 6 of the RMA include “*the protection of historic heritage from inappropriate subdivision use and development.*”<sup>13</sup> This is relevant to retail activities which need to be accommodated while protecting and maintaining art deco and other historic heritage buildings, meaning that in many cases redevelopment to provide new premises is not an option. The positive effects of this are the amenity and tourism value that the historic heritage provides in bringing people into the City Centre and retail areas.

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<sup>12</sup> Section 5 Purpose.

<sup>13</sup> Resource Management Act 1991, section 6(f).

## 4.2 NATIONAL POLICY STATEMENT FOR URBAN DEVELOPMENT CAPACITY 2016

The National Policy Statement on Urban Development Capacity 2016 (NPS–UDC) identifies that there is a national significance of providing sufficient development capacity to meet the needs of people and communities and future generations in urban environments. Development capacity is required for both residential and business activities.

The policies of the NPS-UDC require councils to ensure that there is sufficient housing and business land capacity in their urban areas at all times and that infrastructure to support such development is available.

As both Napier City and Hastings District are identified as medium growth areas, evidence and monitoring of development capacity is required to be undertaken on a three-yearly basis. As is consistent with HPUDS, both Councils have partnered (along with the Hawke’s Bay Regional Council) in providing a response to this policy in the form of a document titled ‘*Napier Hastings Urban Area – Housing and Business Capacity Assessment 2018*’, published October 2019 (the “Capacity Assessment”).

### 4.2.1 NPS-UDC Reporting – Housing and Business Capacity Assessment 2018

In the Capacity Assessment, ‘business land’ was broken down into its industrial and commercial components, however the commercial component was generally not broken down further into retail, office and other activities.

The Capacity Assessment makes the following recommendations for commercial land capacity:

- a. *Although the current supply of vacant or underused land and building capacity is insufficient to meet the theoretical land requirement of 57 ha for the projected commercial growth over the next ten years, there appears to be considerable remaining scope for growth to be absorbed through further intensification of existing land and buildings.*
- b. *The partner Councils should nevertheless consider commissioning a joint review of commercial demand and redevelopment capacity from around 2022/2023 to inform the subsequent Review of HPUDS, even if the policy responses between the cities remain separate pieces of work.<sup>14</sup>*

Given these findings, there is no need for this Retail Strategy to recommend any requirements for additional land. Any such recommendations should come out of the commercial demand and redevelopment study recommended for 2022/2023 above.

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<sup>14</sup> Ibid, page 66.

Further to this, some additional commercial and retail floor space has been provided for through recently approved resource consent applications as is set out in section 5 of this report below.

### **4.3 REGIONAL POLICY STATEMENT – MANAGING THE BUILT ENVIRONMENT**

Chapter 3 of the Hawke’s Bay Regional Resource Management Plan (incorporating the Regional Policy Statement) (HBRRMP) was added to with a section titled ‘Managing the Built Environment’ becoming operative in 2014. That section includes specific objectives and policies implementing the compact urban form direction of HPUDS.

It includes objectives and policies relating to the provision of business land within the Heretaunga Plains Sub region (being the HPUDS study area which incorporates the urban areas of Napier and Hastings). The specific policy relating to the provision of business land is Policy UD2 which provides for business activities as follows:

*In the Heretaunga Plains sub-region, district plans shall provide for business activities to 2045, in a manner which:*

- a) Reinforces the role of Napier and Hastings cities as the commercial and business core of the Heretaunga Plains, whilst supporting adequate capacity in defined rural towns and settlements for a range of day-to-day services and activities;*
- b) Promotes the utilisation, redevelopment and intensification of existing commercial land; ...*

The RPS therefore reinforces the 2003 Napier Retail Strategy and its direction to reinforce the Napier CBD as the commercial core, with no additional future commercial areas identified for rezoning. The conclusions reached in the 2018 Housing and Business Capacity Assessment are also consistent with this direction. This compares to greenfields residential land and industrial land, where the RPS identifies appropriate areas for urban growth, in response to quantifiable projected demand.

### **4.4 DISTRICT PLAN**

#### **4.4.1 Operative District Plan**

Chapter 14 of the District Plan sets out the objectives and policies that apply to the commercial zones as well as providing a description of the five different commercial zonings. This information is set out in **Appendix 1** to this report. Table 1 below provides an abbreviated summary of the commercial zone descriptions of the NDP.

**Table 1 – Existing Commercial Zone Descriptions**

<b>Zone Name</b>	<b>Zone Description</b>
Inner City Commercial Zone	This zone extends as far as Station Street to the south and Browning Street to the north (if the Art Deco Quarter is included). This zone provides for both retailing and offices.
Art Deco Quarter	This zone identifies the concentration of art deco buildings that makes Napier unique. The provisions are largely the same as for the inner city with the exception of signs rules.
Fringe Commercial Zone	The Fringe Commercial Zone surrounds the inner city retailing core. It is characterised by larger scale commercial activities such as supermarkets and furniture showrooms. Retail shops are restricted in this area.
Suburban Commercial Zone	The Suburban Commercial Zone covers all of the shopping centres outside of the Inner City area such as Taradale, Marewa, Tamatea, Westshore etc. These existing areas serve the local residential areas.
Large Format Retail Zone	The Large Format Retail Zone is a specific zone fronting onto Prebensen Drive and provides for the large format retail development outside of the Fringe Commercial Zone.
Foreshore Commercial Zone	This is a unique zone that recognises existing commercial uses on the foreshore at Nelson Quay and Harding Road, Ahuriri.

The NDP includes objectives and policies that specifically seek to implement the Napier Retail Strategy 2003 (see specific reference in policy 14.10.2) by promoting retail activities in the central city zones and discouraging general retail shops in the Fringe Commercial and Large Format Retail Zones (objectives 14.4 and 14.10 and associated policies).

Other aspects of the 2003 Strategy are also implemented in the objectives and policies including sustaining the art deco resource (under objective 14.10). There are also objectives and policies of general relevance, that seek to provide connectivity to new retail development and minimise adverse traffic and parking effects.

It is noted that the 2003 strategy also seeks to encourage more people to live in the Central City. This part of the strategy is not articulated in the objectives and policies for the Commercial Environments; however, the Inner City Commercial / Art Deco Quarter rules provide for residential activities above the ground floor as a permitted activity subject to conditions.

The Inner-City Commercial Zone / Art Deco Quarter and Suburban Commercial Zone all permit retail activities of any size. The Fringe Commercial Zone only permits retailing where the floor area is greater than 200m<sup>2</sup>, while in the Large Format Retail Zone a minimum floor area of 1,000m<sup>2</sup> is required. Retail shops are therefore only permitted in the Napier CBD area and in specifically zoned areas.

There can be pressure for retail activities to establish in business areas such as the Main Industrial Zone, particularly in the centrally located Onekawa area and the Mixed-Use Zone at Ahuriri.

The Main Industrial Zone permits commercial activities, including retail, albeit with conditions limiting retail activities to goods or services that are related to the industrial activity on the site and to a maximum of 35% of building gross floor area. The Mixed Use Zone rules are similar for retail activities with retailing limited to a maximum of 20% of the gross floor area of buildings on the site.

#### **4.5 ZONE STRUCTURE FOR DISTRICT PLAN REVIEW**

District plans must now comply with the requirements of the National Planning Standards 2019 which prescribes the names and types of zones that councils are able to use in district plans. In compliance with the National Planning Standards, Council is proposing to use the following zonings in the forthcoming Proposed Napier District Plan:

- City Centre Zone – to be applied to the Napier CBD including the existing Inner City Commercial and the north eastern portion of the Fringe Commercial Zone.
- Town Centre Zone – proposed for the Taradale town centre.
- Local Centre Zone – proposed for the existing retail areas of: Ahuriri, Marewa, Maraenui, Maadi Road Onekawa, Pirimai and Greenmeadows.
- Neighbourhood Centre Zone – proposed for all other areas zoned Suburban Commercial under the current district plan.
- Mixed Use Zone – Ahuriri (existing Mixed Use Zone) and existing Carlyle, Thackeray, Munroe Street and south western portions of the Fringe Commercial Zone.
- Large Format Retail Zone – proposed for Prebensen Drive for the extent of the existing Large Format Retail Zone.

To provide context to the above descriptions in the Napier CBD area, a map defining the extent of these proposed new zonings is provided in Figure 1 below.

The discussions regarding potential regulatory provisions as part of the Retail Strategy in the following report will reference these zonings, rather than those of the existing Napier District Plan.

As will be expanded upon in section 8.1 below, this proposed commercial zoning structure provides a sound basis from which to support the Retail Strategy with a 'Centres Hierarchy' approach with the City Centre core at the top of the hierarchy in providing for retail activity.



-  Potential 30km/hr zone
-  Potential Gateway
-  Napier City Core Heritage Precinct
-  Medium Density Residential Zone
-  Open Space Zone
-  Mixed Use Zone
-  City Centre Zone

## Napier City Centre

Potential revised zones  
17th December 2019

Figure 1 –Proposed Zonings for District Plan Review in Central City

## 5. ASSESSMENT OF RECENT RESOURCE CONSENT APPLICATIONS

### 5.1 CASE STUDIES

This Retail Strategy provides a review of recent resource consents for retail and hospitality activities outside of the key commercial zones in order to identify any key themes and to understand if there are any weaknesses in the existing district plan provisions. Several examples of such resource consent applications were nominated by the Council for review. These applications are summarised and compared in Table 2 below.

Table 2 – Summary of Recent ‘Out of Zone’ Applications for Retail Activity

Example, including location & zone	Application Summary	Outcome / Status
Te Awa Land Development Company Ltd, 33 Kenny Rd, Te Awa; Main Residential Zone and Structure Plan 29 – Te Awa (Stage 4)	To establish a suburban commercial centre including a supermarket, 4 retail tenancies, café, medical centre and childcare centre. The proposed gross floor area of the retail component is approximately 1,100m <sup>2</sup> including the supermarket and café.	Application was limited notified, hearing commissioner approved with conditions in December 2019.
Wallace Development Company Ltd, Ford Road, Onekawa; Large Format Retail Zone	In 2017 resource consent was granted for 5,073m <sup>2</sup> of Large Format Retail activity (anchored by a K-Mart store) and associated car parking; in 2018 a variation was granted to increase the building footprint and carparking provision; in 2019 consent was sought to establish 3 hospitality units ranging between 110-150m <sup>2</sup> floor area and one additional LFR tenancy. The LFR Zone permits any type of retail activity provided the GFA of each tenancy is a minimum of 1,000m <sup>2</sup> . The LFR Zone only permits one hospitality tenancy for developments of less than 10,000m <sup>2</sup> retail gross floor area (6,279m <sup>2</sup> of GFA is proposed). Consent was also required for the earthworks under the NES for Contaminated Soils.	The 2019 application was processed on a non-notified basis and consent was granted subject to conditions.  A 2020 application to remove one hospitality unit, adjust the floor sizes of the other two hospitality units and increase the floor size of the secondary LFR to 1,200m <sup>2</sup> was granted in February subject to conditions.
Goldroy Holdings No2 Ltd, 170-180 Taradale Road, Onekawa; Main Industrial Zone	Application lodged in 2019 for a retail development involving approximately 8,000m <sup>2</sup> of retail including 16 tenancies of between 225 and 865m <sup>2</sup> and also including some non-retail commercial activities.	Application is currently (March 2020) on hold pending a peer review of further information assessing the potential effects on the CBD.

The three examples in the above table are all quite different in regard to their consistency with the Napier Retail Strategy. This matter is commented on below.

#### **Te Awa Land Development Company Te Awa Shopping Centre Proposal**

Appendix 29 of the District Plan includes the Te Awa structure plan which identifies an indicative suburban commercial node albeit that the entire area is zoned Main Residential. Design Outcome 2 of the Structure Plan refers to suburban commercial activities being provided for in the medium term (beyond 2015) as an appropriate response to service the Te Awa Development Area.

The proposed development is not located in the same area as the indicative suburban commercial zone on the structure plan map. It was however considered to be generally consistent with the District Plan provisions including the objectives and policies and structure plan in providing for a relatively small-scale shopping centre to provide local services to the developing Te Awa residential area. For this reason, the Te Awa retail development does not challenge the Napier Retail Strategy and the physical resources of the CBD's Inner City Commercial and Art Deco Quarter zonings and was also considered to be consistent with HPUDS and the Regional Policy Statement section on Managing the Built Environment.

#### **Wallace Developments K-Mart Proposal**

The 2003 Retail Strategy is referenced several times in the officer's report on this application, both in regard to the consideration of 'other relevant documents' and policy 14.10.2 which specifically refers to the strategy. As noted in the officer's report:

*The LFR Zone could have significant impacts on the established and significant art deco retail core. However, the objectives and policies of the plan aim to manage the effects on the LFR zone by discouraging speciality retail shops that cluster around the LFR activities. One of the components of the retail strategy and District Plan rules require a minimum of 1000m<sup>2</sup> for retail establishing within this zone...*

*In this instance, the proposal will include an additional LFR activity. This activity meets the 1000m<sup>2</sup> requirement of the zone and is considered consistent with the outcomes sought for the zone. However, the development will include three hospitality activities. The Zone allows for one hospitality activity per 10,000m<sup>2</sup> of LFR activity as a permitted activity.*

In granting consent the Council ultimately decided that the proposed additional two hospitality activities did not pose a threat to the Retail Strategy and the art deco retail core of the CBD. This was based on advice from an independent economic assessment commissioned from Market Economics which concluded that the proposed hospitality activities are intended as convenience stores to serve the local market and shoppers visiting the LFR area and are not a destination in their own right. The economic assessment further concluded that the proposal would not compromise the Art Deco

Quarter and that this would continue to be the tourist focal point and successfully play its role and function in the Market.

Consideration of the Retail Strategy therefore played an important role in the assessment of this resource consent. It is possible however that the hospitality units could become a destination in their own right if they provide an offering that is not otherwise provided in the CBD. Such an outcome is possible in the future once the physical resource of the hospitality units is established and a new tenant seeks to attract a wider market than shoppers at the K-Mart development. It is therefore important that cumulative and on-going effects on the retail resource of the CBD are considered under this updated retail strategy.

It is also noted that K-Mart as a large department store, made up of a number of specific retail categories, could be seen as competing with specialty retail activities in the CBD. As the store meets the 1,000m<sup>2</sup> minimum floor area for a retail activity, it is permitted in the LFR Zone and not subject to any assessment of potential impacts on the CBD. This raises a broader question on whether even stores over 1,000m<sup>2</sup> in the LFR Zone should be subject to resource consent assessment to allow consideration of potential impacts on the CBD. This matter is discussed further in section 8.3 below.

#### **Goldroy Holdings Taradale Road Proposal**

This application is still under consideration in the resource consent process. As for the K-Mart proposal, consistency with the Retail Strategy (and in turn those parts of the District Plan that have been informed by the Retail Strategy) will be an important component of the assessment of this application.

## **5.2 FEEDBACK FROM NAPIER CITY COUNCIL PRINCIPAL RESOURCE CONSENTS PLANNER**

A meeting was held with the Napier City Council Principal Resource Consents Planner, Paul O'Shaughnessy on 26 November 2019 to discuss how the Napier Retail Strategy contributes to resource consent processing and its effectiveness. The following key points came out of the discussion:

- The direction of the Retail Strategy and its implementation through the District Plan provides a clear message that specialty retailing must remain within the CBD.
- There haven't been many examples of resource consent applications for speciality retailing outside of the CBD due to the strength of the policy direction.
- There have been applications for office activities of less than 200m<sup>2</sup> in the Fringe Commercial Zone, but few if any application for retail activities of less than 200m<sup>2</sup> in that zone.

- An example was given of an application for a large retail centre in the Pandora industrial area in the early 2000s which was turned down by the Environment Court due to its potential effects on the viability of the CBD as well as reverse sensitivity issues.
- The question of why the Retail Strategy's direction for more residential accommodation in the CBD has not occurred (according to population statistics) was asked. The comment was made that the District Plan is enabling in this regard but the building consent process and particularly earthquake strengthening and fire safety requirements create challenges in converting the upper floors of existing buildings to residential accommodation.

### **5.3 CONCLUSIONS FROM RESOURCE CONSENT CASE STUDIES**

Given the above, the current retail strategy appears to have worked well in restricting out of centre retail activity. The challenge in this updated retail strategy is to also cover less direct and cumulative effects on out of zone development. This includes for example, the co-location of hospitality activities with large format retail development.

## 6. UPDATED ECONOMIC PROFILE OF RETAIL SECTOR

An economic profile of the retail sector to support this Retail Strategy<sup>15</sup> has been provided by Sean Bevin of Economic Solutions Ltd (“Economic Profile”) and forms **Appendix 2** of this report.

The Economic Profile confirms the significance of the retail sector to the Napier economy both in regard to GDP (\$150 million in 2018) and employment (3,100 jobs in February 2018). Key points from the Economic Profile include:

- GDP growth in the retail sector at 3.5% since 2000 has been higher than for the City economy as a whole (1.8%).
- Total visitor spending in Napier City has been increasing on an annual basis since 2010.
- The periods of strongest building activity for the retail and hospitality sectors since 2000 have been 2004 – 2008, 2011 – 2013 and 2016 – 2017.
- Supermarket / grocery stores account for approximately 35% of total retail employment in the city. The next most significant retail employers are clothing stores, car outlets, hardware and building supply stores, department stores, pharmacies and fuel retailing.
- The Napier CBD accounts for 46% of retail businesses and 54% of total retail employment across the City. The next most significant areas are Taradale / Greenmeadows, Onekawa West and Ahuriri / Westshore.
- Napier’s population is projected to increase by 10% from 2015 to 2045.
- Annual economic growth of 1.5 – 2% is forecast over the next 10 years.
- Total visitor spend in Napier is forecast to reach over \$450 million by 2030, with retail spending accounting for half of the total visitor spend.
- Total Napier retail sector GDP is forecast to increase in the range of \$57 - \$79 million during the 2019 – 2030 period.

The Economic Profile concludes that there is a positive overall economic growth environment within the Napier retail sector over the next decade.

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<sup>15</sup> ‘Updated Napier City Retail Sector Economic Profile 2019’, Economic Solutions Limited, September 2019.

## **7. SUMMARY OF ISSUES AND OPPORTUNITIES**

Key objectives were identified for consideration at the time of preparation of this Retail Strategy. These objectives are set out under subheadings below with a discussion of relevant issues and opportunities under each subheading.

### **7.1 PROTECT FUNCTION OF THE HERITAGE BUILDING RESOURCES IN THE CITY CENTRE AS THE PRIMARY LOCATION FOR SPECIALTY RETAILING**

This objective seeks the protection of the Napier CBD as the centre for specialty retailing in Napier. This includes maintaining the presence of the heritage buildings, which has co-benefits for the retail and tourism sectors and for the vibrancy of the CBD.

The existing retail strategy and NDP have been generally effective in achieving this objective to date both in terms of protecting the heritage building resource and preventing significant leakage of retail activities from the City Centre.

This objective is further supported by the strategic direction of the City Vision Framework 2015; Napier – Your Home, Your Future 2019; HPUDS 2010 and the HPUDS Review 2017. The objective is also consistent with the purpose and principles of the RMA and the relevant objectives and policies of the RPS.

Given the proposed commercial zone structure for the District Plan Review as set out under section 4.5 above, there is a planning framework available for this objective to be articulated through the City Centre Zone and the Napier City Core Heritage Precinct.

There is potential scope for the objective to be further strengthened through regulatory provisions introducing building design control assessment criteria applying in the Heritage Precinct of the reviewed district plan. Such criteria would focus on building development that is not subject to the heritage control provisions of the district plan, to ensure that any new building development respects the character of adjacent and nearby heritage buildings and the streetscape. This will in turn ensure that any new development is still consistent with this objective in complementing heritage buildings and providing the best possible built environment for central city vibrancy and associated retail and hospitality development (as well as commercial office and above ground floor residential development).

### **7.2 PROTECT FUNCTION OF INDUSTRIAL AREAS**

A secondary objective is to ensure that the dispersal of retail activities do not compromise the potential for industrial zones to provide for Napier's industrial requirements.

Where land prices are cheaper in industrial zones than commercial zones there may be market incentive for the establishment of retail activities in industrial zoned areas. District plan regulation is therefore important in preventing the establishment of retail

development in industrial zones. The approach in the existing NDP to achieve this is set out in section 4.4 of this report above.

There are however some retail activities that may be more desirable in industrial zones than they are in the City Centre Zone. Such retail activities would include those that generate trade and heavy vehicle traffic, including the sale of industrial, building and agricultural machinery and supplies (including plumbing and electrical trade goods and accessories). These activities are generally accommodated in the industrial zones of the existing NDP by a condition providing for retail activities associated with goods manufactured, processed, repaired serviced or warehoused on the site.

A Draft Sub-Regional Industrial Land Strategy<sup>16</sup> (“RILS”) has recently been prepared for the Napier City and Hastings District areas which generally recommends no change from the current zoning provisions in regard to commercial activity in the industrial zones. Specific comment was made in regard to the threat of retail activities in Onekawa<sup>17</sup>:

*Strong planning controls need to stay in place to prevent the establishment of retail and office activities to keep the land available for industrial activity. Pressure for non-industrial activities seeking a high profile close to the Taradale Road frontage is likely to be ongoing and should be resisted. Some purification of the Onekawa area to return industrial activities as the prominent use would be a prudent measure, provided services are available to support business operating within the zone such as food and refreshment providers.*

The above comment illustrates that in addition to preventing the dispersal of retail activity from the City Centre, it is also important for the provision of industrial land supply that inappropriate commercial activity (including retailing) is prevented from establishing in the industrial zones.

The RILS identified that Napier has limited land available for industrial activity and that newly zoned land for industrial expansion will be primarily provided in Hastings due to a range of factors including land availability and access to reticulation services with capacity. It is therefore essential that industrial zoned land continues to be available for industrial uses in Napier and not displaced by retail activities.

### **7.3 UNDERSTANDING THE PRESSURES AND CHALLENGES FOR THE RETAIL SECTOR OVER THE NEXT 10-15 YEARS**

This requires consideration of a number of matters which are commented on below.

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<sup>16</sup> ‘Sub-Regional Industrial Land Strategy for Napier City and Hastings District Councils’, Mitchell Daysh, Logan Stone and Economic Solutions Ltd, December 2019.

<sup>17</sup> Ibid (page 114).

### 7.3.1 Spatial Requirements and Demand for Growth for Different Sub-sectors

#### Spatial Changes

In regard to spatial requirements, the City Centre will remain relatively central to the residential areas of Napier with new growth areas currently identified in HPUDS occurring to the west and south as shown in the map extracted from HPUDS 2017 in Figure 2 below. The residential growth areas are identified with light blue shading.

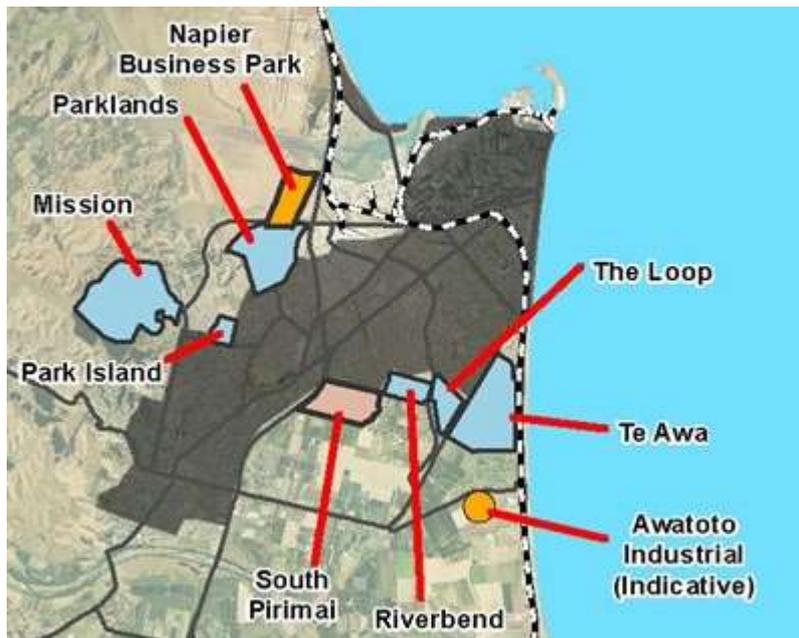


Figure 2 – Residential Growth Areas for Napier as Identified in HPUDS 2017

Of the residential growth areas shown in this map significant development has already occurred at Parklands and Te Awa. As discussed in section 5 above a new suburban shopping centre is proposed for Te Awa. Economic Solutions Ltd advises that Tamatea (along with Bay View and Onekawa West) is an area in which retailing employment has increased since 2014<sup>18</sup>. It is likely that the development of Parklands has helped support the businesses in the Tamatea Suburban Commercial Zone, including the Pak’n’save Tamatea supermarket.

Development of the Mission area has yet to commence but is likely within the next few years. Future residential development in the Mission area (which is estimated at 550 homes and proposed to be supported by its own small neighbourhood centre) and ongoing rural residential and residential development in the western hills, may result in a greater demand for retail services in the Taradale Town Centre.

<sup>18</sup> Updated Napier City Retail Sector Economic Profile 2019, Economic Solutions Ltd, 2019 (page 4).

It is noted that the ongoing Napier District Plan Review has resulted in a discussion document titled 'Growth in the Hills'. It identifies the potential for an additional<sup>19</sup> 1,500 homes (approximately) in the Taradale Hills area through to Poraiti. Residential development in this area if approved, will further strengthen the potential of the Taradale Town Centre by providing a greater population catchment to support retail and other businesses. Other nearby local and neighbourhood centres, such as Tamatea and Greenmeadows would also likely benefit from a population increase in this area. As has been planned for with the Mission development, further growth in the hills may also create the need for additional small neighbourhood centres.

Another factor to consider in regard to spatial patterns is infill growth. The HPUDS map in Figure 2 above does not account for infill development which can be significant in increasing the residential population in specific areas. This is most notably the case in Ahuriri with the ongoing development of residential apartments and tourist accommodation in that area.

#### Sub-sector Growth

The coexistence of large format retail activities with hospitality businesses such as cafes is common around New Zealand. The recent example involving the K-mart proposal in the LFR Zone at Onekawa is discussed above. The challenge for the Retail Strategy in supporting the vibrancy and prominence of the City Centre is for the hospitality businesses not to become destinations in their own right but rather to provide a convenience service intended for customers and workers in the LFR Zone.

District plan provisions limiting the number and size of such hospitality businesses, as currently exist in the NDP, can assist in preventing leakage from the hospitality businesses in the City Centre and other established areas such as Ahuriri.

Non-regulatory locational advantages will also play an important role in ensuring that the LFR Zone does not detract from the function and vibrancy of the City Centre. For example, the amenity value of the Napier CBD with its heritage buildings, public spaces, clustering of hospitality premises and proximity to the coast and associated walkways and amenities will be important for ensuring that visitors to Napier would seek to go there to eat out rather than to an LFR Zone. The same could be said of the Ahuriri waterfront. In a non-regulatory sense, it is therefore important to maintain the attractiveness of the City Centre area to ensure its on-going prominence and attraction for both visitors and locals. This locational advantage of the City Centre is also relevant to any concerns regarding the potential for department stores in the LFR Zone to undermine specialty retailing in the CBD.

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<sup>19</sup> This potential residential growth is not identified on the HPUDS map in Figure 2.

Hospitality businesses in LFR zones may provide a convenience option for some local customers due to the ease of car parking in comparison to the CBD, particularly when established on strategic transport corridors. Ease of carparking access may be the most important factor for some customers in making LFR hospitality premises more desirable than travel to the City Centre. Large carparking spaces can reduce amenity which is important to retain in the Central City, so there is a balance between providing appropriate levels of public carparking and maintaining amenity.

While it is more of a non-regulatory matter to ensure that the CBD remains accessible for vehicle traffic, regulation in limiting the scale and number of hospitality premises in LFR Zones is important. An additional effect of such activities can be traffic generation and conflict on arterial roads (where the zone is located) during peak times, which can impact on the primary function of those roads.

### **7.3.2 Diversification of the Range and Type of Retail Activities**

There has been an ongoing diversification in the range and type of retail activities in recent times. This includes the re-emergence of weekly, or event associated markets. Figure 3 below shows an example of market stalls associated with Art Deco week. This may be partially driven by an increasing awareness of environmental issues and a desire to consume local produce and local food and beverage products by locals and for visitors to the region to experience and purchase local food and produce.

There is a growing desire by consumers to buy fresh food without plastic packaging. Local markets and stalls provide an opportunity to do this as do some specialist retailers. With the growing ethnic diversity of the population there is also an increasing demand for retailers supplying food products desired by different ethnicities.

In the case of event markets, the ability to purchase goods and souvenirs from the event will drive the success of such markets, which also help to add vibrancy and colour to the City Centre.



Figure 3 – Market stalls during Art Deco Week 2020

In regard to the retail strategy it is ideal for weekly, or event associated markets to be in the CBD so that the retail and hospitality sector is supported by any flow on shopping. It is therefore important that both district plan regulation and public space management continues to make provision for such activities.

The outer City Centre Zone or the Mixed Use Zone (using the District Plan Review zonings) may be the preference for ethnic food stores if larger premises and convenient carparking is required, similar to a small scale supermarket.

### 7.3.3 Potential Changes to the Number and Location of Supermarkets Serving Napier's Communities

Total employment in the supermarket and grocery store sector for Napier peaked from 2005 – 2009 with 1150 jobs.<sup>20</sup> The total employment in 2019 in the sector was at 830 jobs. This reduction in employment is likely to be a result of increased efficiencies in supermarkets by the establishment of automated check-out systems reducing the number of check out staff. Despite the reduction in employment from the 2000s, supermarkets and grocery stores remain the lead retail category for employment in Napier, generating twice the level of employment as the next category.<sup>21</sup> It is important that opportunity is provided for new supermarkets and grocery stores if there is a demand given their role in

<sup>20</sup> Based on Statistics New Zealand information provided by Economic Solutions Ltd. Note these figures include full and part time employment (all persons engaged in employment).

<sup>21</sup> *Updated Napier City Retail Sector Economic Profile 2019*, Economic Solutions Ltd, 2019 (page 2).

servicing the needs of the community both in terms of providing essential goods and as an employment provider.

Economic Solutions Ltd has prepared Table 3 below, which shows the ratio of population to the number of supermarkets, grocery stores and dairies for New Zealand provincial centres. As illustrated in Table 3, Napier has the second highest population to stores ratio.

**Table 3 – Ratio of Population to Supermarket and Grocery Stores**

District	2019 Population	Total Stores	Ratio
		Supermarkets/Groceries	Population:Stores
<i>Napier</i>	65000	42	1548
<i>Hastings</i>	85000	57	1491
<i>Gisborne</i>	49300	42	1174
<i>Whangarei</i>	96000	60	1600
<i>Rotorua</i>	75100	51	1473
<i>New Plymouth</i>	84400	60	1407
<i>Palmerston North</i>	88300	72	1226
<i>Tauranga</i>	144700	102	1419
<i>Hamilton</i>	169500	150	1130
<i>Nelson</i>	52900	39	1356

The population to store ratio for Napier may indicate a higher proportion of supermarket spending compared to other areas and less spending in and therefore less demand for smaller stores and dairies. As per the discussion under 7.3.1 above, new and continuing residential growth may create economic viability for grocery stores in the Ahuriri and Taradale areas.

In regard to the potential for new supermarkets or larger grocery stores, consultation would be required with the two main operators, Foodstuffs and Progressive to understand whether new stores would be viable under their population to store thresholds in any particular areas (such as Taradale). From a regulatory sense it is important that the location of any new supermarket is well considered, with City Centre, Town Centre or Local Centre zones being the preferred location due to the market preference for other retail stores to establish around a supermarket. Care therefore needs to be taken to ensure that any establishment of a new supermarket does not undermine the Napier City commercial centres hierarchy and Retail Strategy.

In regard to smaller convenience stores and dairies, the market will dictate whether new stores are able to establish and whether existing stores remain viable. In regard to district plan regulation it is important that each residential area has access to a commercial zone, including Local Centre and Neighbourhood Centre zones to provide the opportunity of access to grocery and food items at a local service level.

### 7.3.4 Relationship of the Retail Sector to the Tourism Sector

Retail spending accounts for about 50% of total visitor spending in Napier City, while retail spending by visitors' accounts for 15% of the total Napier City retail spend of \$1,354 million. In dollar terms then, the retail spend by visitors is significant and has been increasing at an annual average rate of 2.7% since 2009, with total visitor spending forecast to reach \$436 - \$486 million by 2030.<sup>22</sup>

Economic Solutions Ltd has provided Table 4 below which indicates annual visitor spending in the HB region for the 2018/19 period, in different spending categories. Retail spending accounts for 49% of the total and includes alcohol, food, beverages, fuel and other vehicle related goods but does not include food and beverages consumed at hospitality premises.

Table 4 – Visitor Spending Categories in the Hawke's Bay Region

Product Spend Category	Total Annual Spend 2018/19 \$M	% of Total
<i>Retail</i>	329	49.3%
<i>Food &amp; Beverage Services</i>	112	16.8%
<i>Accommodation</i>	84	12.6%
<i>Transport</i>	61	9.1%
<i>Cultural/recreational services</i>	16	2.4%
<i>Other Tourism Products</i>	66	9.9%
<b>Total</b>	<b>668</b>	

This information is important in regard to the non-regulatory components of the Retail Strategy in highlighting the importance of the tourism sector to the Napier economy as a whole and the retail component of it. The continued support for and development of Napier and Hawke's Bay events that generate visitors, plus the continued promotion of the area as a domestic and international tourist destination, are examples of successful such non-regulatory approaches.

### 7.3.5 Challenges from On-Line Retail Sector

On-line retailing has been in existence for over a decade and is increasing in its growth. The New Zealand Herald reported in June 2019 that<sup>23</sup>:

*New Zealanders spent \$4.2 billion online last year - an increase of 16 per cent, up from \$3.6b recorded a year earlier.*

*Uptake in online shopping grew 16 per cent in 2018 compared to 2 per cent growth in bricks and mortar retail. Online now accounts for 8.9 per cent of all retail spending in this country, according to NZ Post's latest e-commerce report.*

<sup>22</sup> Updated Napier City Retail Sector Economic Profile 2019, Economic Solutions Ltd, 2019 (page 5).

<sup>23</sup> [https://www.nzherald.co.nz/business/news/article.cfm?c\\_id=3&objectid=12243090](https://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=12243090)

Although on-line spending is increasing it is significant that at a national level there was still a 2% growth in traditional retailing.

Many retail franchises with outlets in Napier have developed a hybrid model with local stores being supplemented by on-line retailing. This enables the benefits of online marketing with the opportunity for people to try on clothing and footwear products and to purchase without incurring postage and packaging costs.

Given the above, coupled with the growing tourism spend in Napier, it is unlikely that online retailing will result in a declining retail floor space need, at least in the 10 – 15-year period of this strategy. It is however likely to contribute to demand for such floor space increasing at a lesser rate than would otherwise be expected with population and economic growth.

### **7.3.6 Focus on Experiences and Integration with Entertainment and Other Offerings**

It is notable that the developers of Large Format Retail complexes consider it important for there to be a hospitality presence alongside the retail shops. This enables shoppers the option to rest and refresh.

City centre areas including the Napier CBD, by nature provide this opportunity with hospitality establishments alongside retail shops. The CBD also provides street side entertainment options with buskers and the opportunity to relax in landscaped public spaces. As per the recommendations of the City Vision Framework 2015 '*creating a quality experience in retail focused streets*' has and should continue to be, a key component of the Council's management of its City Centre public space.

A focus on experiences also has a relationship to visitor presence and spending with many visitors to Napier coming to attend events such as the Mission Concert, Art Deco weekend, sports events at McLean Park as well as mass participation events such as Iron Māori and the Hawke's Bay marathon. As discussed above, approximately 50% of the spending of visitors to such events will be on the retail sector.

Figure 4 below is a photograph from Art Deco week 2020 and illustrates the vibrancy brought to the CBD by that event and by tourism associated with Napier's art deco heritage on an ongoing basis throughout the year.



Figure 4 – Herschell Street during Art Deco week 2020

## 8. ASSESSMENT OF REGULATORY STRATEGIC OPTIONS

The Retail Strategy 2020 has identified that specific regulatory strategies are required to address the following current issues:

- Centres hierarchy
- Hospitality Activities (as to whether dispersed hospitality activity could affect the vibrancy of the CBD)
- Large Format Retail and Trade Supply Retail
- Ahuriri (south of Bridge Street)
- Attractiveness of Retail Areas

Each of these matters is discussed under the corresponding subheading below.

### 8.1 CENTRES HIERARCHY

Identified current issue to be addressed: *What types and / or scale of retail activity are appropriate within each zone in the centres hierarchy to achieve key objectives?*

The following relevant information points have been provided by Economic Solutions Ltd in assisting with the assessment of this issue.

- Consented new retail outlets in Napier over the past five years included a number of stores at the smaller end of the scale with a GFA in the order of 40m<sup>2</sup>.
- Average employment size of 'Central Napier' retail premises as a group has increased gradually over time from 6 in year 2000 to 9 persons in 2018 (Napier-wide also 9 in 2018). Fuel retailing has increased from 4 to 6 persons, supermarkets/groceries retailing has fallen from 90 to 58 persons, specialised food retailing has risen from 6 to 13 persons and 'other store' based retailing has risen from 5 to 6 persons.
- Average employment size of Central Napier food and beverage outlets has increased from 8 to 10 persons since year 2000.
- Other economic considerations include:
  - Specialist 'High Street' stores need to meet both the domestic/resident and visitor markets for Napier.
  - Allowing larger stores into the core retail area should bring in a larger clientele market into the area, which should help to strengthen the area economically.

The key objective is the protection of the Napier CBD as the centre for specialty retailing in Napier as is set out in section 7.1 of this report above. The commercial zones available under the National Planning Standards set out a hierarchy based on a City Centre Zone as the top of that hierarchy. The NDP Review is seeking to adopt a hierarchy of commercial

zones as set out under 4.5 above. This hierarchy would establish the Napier CBD as the City Centre Zone (Core) at the top of the hierarchy as the centre for specialty retailing in Napier. Table 5 below sets out the proposed new NDP Review zonings compared to the existing zonings and potential limits for controlling retail development in each zone.

**Table 5 – Comparison of Existing and Potential District Plan Retail Limits**

<b>NDP Review Commercial Zones</b>	<b>Equivalent existing NDP Zones &amp; Retail Limits</b>	<b>Potential Limits for Reviewed Plan</b>
City Centre Zone (Core)	Inner City Commercial / Art Deco Quarter  No Limits	No limits as per existing.
City Centre Zone (outside core)	Fringe Commercial Zone  200m <sup>2</sup> minimum GFA for retail activities	Same as existing Fringe Commercial; or increase permitted minimum GFA to say 500m <sup>2</sup> with the option of a restricted discretionary resource consent category for less than 500m <sup>2</sup> and greater than 200m <sup>2</sup>
Town Centre Zone	Suburban Commercial Zone – No Limits	Potential for a maximum floor area limit (eg. 1,000m <sup>2</sup> ) to enable the effects of larger developments to be controlled through a resource consent process
Local Centre Zone	Suburban Commercial Zone – No Limits	Potential for a maximum floor area limit (eg. 500m <sup>2</sup> ) to enable the effects of larger developments to be controlled through a resource consent process
Neighbourhood Centre Zone	Suburban Commercial Zone – No Limits	Potential for a maximum floor area limit (eg. 200m <sup>2</sup> ) to enable the effects of larger developments to be controlled through a resource consent process
Mixed Use Zone	Fringe Commercial Zone (outer extents) - 200m <sup>2</sup> minimum GFA for retail activities; & Mixed Use Zone (Ahuriri) – limited to 20% of GFA and goods must be manufactured, processed, repaired, serviced or warehoused on the site.	Same as existing Fringe Commercial; or increase permitted minimum GFA to say 500m <sup>2</sup> with the option of a restricted discretionary resource consent category for less than 500m <sup>2</sup> and greater than 200m <sup>2</sup> . For the Ahuriri Mixed Use Zone the same or similar to existing.
Large Format Retail Zone	1,000m <sup>2</sup> minimum GFA for retail activities  On sites over 3ha in area, 25% of tenancies can be between 500m <sup>2</sup> - 1000m <sup>2</sup> GFA	Same or similar limits to existing.

	<p>One hospitality activity per 10,000m<sup>2</sup> of gross floor area of Large Format Retail on the same site.</p> <p>The gross floor area of each hospitality activity must not exceed 150m<sup>2</sup>.</p>	
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### City Centre Zone (Core)

The District Plan provisions protecting heritage buildings from significant redevelopment will help ensure that an ongoing supply of small specialty retail shops, located on the ground floor of many of these buildings, will remain. These same heritage protection provisions also limit the amount of available space within the CBD core to create larger department or large format stores, which are typically associated with plentiful provision of off street carparking. Given this existing physical and regulatory environment, there is no need to apply a maximum floor area limit to the City Centre Zone to ensure the continuation of specialty retailing.

It is therefore appropriate that there be no limits on the floor area of retail activities in the City Centre Zone core so that it can provide for a mix of smaller specialty retail stores, department stores and the range of floor sizes in between, with the primary controlling factor for this being the protection and maintenance of the heritage building resources.

### City Centre Zone (Outside Core)

To consolidate specialty retailing within the core City Centre Zone it is important that there is provision for larger retailers outside the core, including large format retail and department stores. Locating such activities adjacent to the core area will support and enhance the inner-city shopping experience with the variety of traditional specialty retail stores, department stores and large format retail stores within the wider City Centre area.

In protecting the concentration of specialty retail stores in the Core City Centre Zone however, a minimum floor area for retail activities outside the core is appropriate. Whether that limit remains at 200m<sup>2</sup> or increases to 500m<sup>2</sup> or some limit in between is a matter that will need to be resolved through the District Plan Review and its associated section 32 reporting and submission processes. A hybrid option also exists were retail activities with a floor area of between 200m<sup>2</sup> and 500m<sup>2</sup> could have the chance to establish via a restricted discretionary activity resource consent process subject to specific assessment criteria.

Information provided by Economic Solutions Ltd establishes that consented new retail outlets in Napier over the past five years includes smaller stores in the order of 40m<sup>2</sup> GFA. That information is based on city wide building consent data and therefore includes retail outlets within both the city and suburban centres. Nevertheless, it provides an indication

that a 200m<sup>2</sup> floor area could still be considered as an appropriate differentiation between the City Centre core and fringe areas in providing for retail activities. Raising the limit to 500m<sup>2</sup> would provide further definition between the City Centre Zone core and surrounding areas in terms of new retail development. Existing stores outside of the core area complying with the current 200m<sup>2</sup> minimum would be able to remain under existing use rights.

It is recommended that the hybrid option be considered further through the District Plan Review process of raising the minimum retail activity floor area to 500m<sup>2</sup> outside of the City Centre core but providing a restricted discretionary activity category for case by case assessment of stores between 200m<sup>2</sup> and 500m<sup>2</sup>. It is also recommended that such provisions be supported by directive district plan objectives and policies and assessment criteria to support the proposed minimum floor area in protecting the retail function of the City Centre Zone (Core) while providing guidance to developers as to when a retail floor area under 500m<sup>2</sup> would be appropriate.

#### Town, Local and Neighbourhood Centre Zones

As can be seen in Table 5, the splitting of the existing Suburban Commercial Zone into a hierarchy of three zonings based on the size of the centre is consistent with a centre's hierarchy approach. These zones are important in providing for small retail stores to serve the surrounding local community and on that basis should not be subject to a minimum floor area.

The proposed maximum floor areas would however provide the opportunity to control traffic, noise and amenity effects that larger retail developments can give rise to where located near to a residential zone. Where a development of significant scale was proposed such as a full service supermarket or a Large Format Retail store, the resource consent requirement for a store exceeding the maximum floor area would provide the opportunity to assess the potential effects of the 'oversized' retail development on the vibrancy and function of the City Centre Zone. It would also assess the effect on the town, local or neighbourhood zone in which it seeks to locate including the potential to remove the core function of that zone, in providing a range of services to the local community. (i.e. no longer providing a full range of services to the immediate community). The resource consent process would also enable potential amenity effects on the surrounding residential environment to be assessed.

#### Mixed Use Zone

In regard to the proposed Mixed Use Zone over the current Fringe Commercial Zone land the same comments apply as per the City Centre Zone (Outside Core). As the proposed Mixed Use Zone is even further from the City Centre Core, any increase in the minimum floor size from 200m<sup>2</sup> to 500m<sup>2</sup> would also need to be carried across to the Mixed Use Zone. In following a centres hierarchy approach, there may be justification for making the retail rules more restrictive in the Mixed Use Zone than in the City Centre Zone (Outside

the Core). One option for this would be just to set a flat 500m<sup>2</sup> minimum retail floor size. Existing use rights would apply in retaining the existing supply of retail stores established under the 200m<sup>2</sup> minimum floor area. Due to this and the significant increase from a 200m<sup>2</sup> minimum to a 500m<sup>2</sup> minimum it is also recommended that the hybrid option be applied here of a restricted discretionary activity category for stores between 200m<sup>2</sup> and 500m<sup>2</sup>.

In regard to hospitality activities it is noted that there is a concentration of 'fast food' premises in the Carlyle and Thackeray Street portion of the proposed Mixed Use Zone. Ease of vehicular access from arterial roads and space for onsite carparking and customers with a greater preference for convenience than amenity, make this area more attractive for such activities than the City Centre Zone. The concentration of hospitality activities in this area does not include more traditional restaurants or licenced cafes and bars which are important to retain in the City Centre for the vibrancy and night time activity that they bring. That being the case, there is no obvious need to regulate hospitality activities in the Mixed Use Zone. If there is concern that hospitality businesses from the City Centre Zone could be lost to the Mixed Use Zone then an option would be to require resource consent for licenced premises in the Mixed Used Zone. The fast food hospitality businesses currently located in the Carlyle and Thackeray Street areas are typically not licenced to sell alcohol which is in contrast to the hospitality activities in the City Centre Zone.

No change is recommended to the Mixed Use Zone Ahuriri retail limits under the Centre's Hierarchy section. The context of the Ahuriri Mixed Used Zone is quite different to the proposed Mixed Use Zone over the former Fringe Commercial land which has a history of vehicle accessed retail activity. Retail in Ahuriri is only currently permitted where associated with goods and services manufactured, processed, repaired, serviced or warehoused on the site. Such activities are also limited to 20% of the gross floor area of buildings on the site. The reasons for this are articulated in the NDP as including:

- *The effects of retailing on heritage values and traffic safety in this area have led Council to impose rules on the scale of retailing.<sup>24</sup>*
- *The mixed use zone is representative of some of the earlier industrial activities that located in Ahuriri. It is important in heritage terms that the range of activities provided for in this zone continues and that the character of these activities is little altered. As an example the Council would not like to see widespread retailing in this area.<sup>25</sup>*

As there is no history of general retailing or vehicle access based retailing in Ahuriri applying the same rules as for the former Fringe Commercial zone could encourage new

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<sup>24</sup> Napier District Plan – Provision 50A.1.1

<sup>25</sup> Napier District Plan – Provision 50A.1.3

retail development in that area potentially affecting heritage values, traffic safety, existing character and amenity (as per the above bullet points); as well as leading to potential dispersed retail effects on the City Centre. For these reasons it is appropriate to retain the rules requiring retail activities to be associated with an onsite industrial use in Ahuriri.

## 8.2 HOSPITALITY ACTIVITIES

Identified current issue to be addressed: *Is management of the risk of dispersed hospitality activity on the CBD & Ahuriri Waterfront vibrancy required? Prebensen Drive / Taradale Rd – are potentially at risk of becoming default dining retail strips with associated impact on the CBD.*

The following relevant information points have been provided by Economic Solutions Ltd in assisting with the assessment of this issue.

- The presence of some retailing and hospitality in the Onekawa West area has not noticeably weakened the strength and dominance of the Napier CBD retail and hospitality area to date
- Note that since the 2008 peak year, the total number of retailing enterprises across Napier City has fallen overall by 8.5% and associated employment by 450 or 12.7% (due to the GFC). The number of retailing enterprises in 'Napier Central' has fallen by 11.8%; but overall growth in 'Central Napier' area total business activity of 6.7% (total businesses) and 3.2% (employment) since 2012 (post GFC).
- Each LFR case needs to be assessed on its own merits as regards its potential trade diversion impacts. Applicants should be required to prove robustly the extent of their potential trade diversion impact from both CBD retailing and hospitality services points of view. Also need to assess their business models.
- Even though new hospitality stores associated with new LFR stores may be relatively small in floor-space terms, nevertheless, their cumulative annual market impacts should be taken into consideration.

The points made under 7.3.1 (Sub-Sector Growth) above are also relevant to this discussion, that is:

- The amenity value of the Napier CBD with its heritage buildings, public spaces, clustering of hospitality premises and proximity to the coast and associated walkways and amenities will be important for ensuring that visitors to Napier would seek to go there to eat out rather than to an LFR Zone or the arterial road frontage of an industrial zone.
- The same could be said of the Ahuriri waterfront.
- Hospitality businesses in LFR or Industrial zones may provide a convenience option for some local customers due to the ease of car parking in comparison to the CBD.

Ease of carparking access may be the most important factor for some customers in making such locations preferential to travel to the City Centre.

- Regulation in limiting the scale and number of hospitality premises in LFR and Industrial Zones is therefore important, to ensuring that such activities serve workers and customers in those areas but do not become destination hospitality centres in their own right attracting customers who would otherwise go the CBD or Ahuriri for their hospitality needs.

The existing district plan limits applying to hospitality activities in the Main Industrial Zone (including Taradale Road, Onekawa) and the Large Format Retail Zone are set out in Table 6 below.

**Table 6 – Existing District Plan Hospitality Provisions in Main Industrial & LFR Zones**

<b>NDP Zoning</b>	<b>Limit on Hospitality Activities</b>	<b>Comment</b>
Main Industrial	Hospitality activity is permitted where: <ol style="list-style-type: none"> <li>a. Located in the Onekawa and Pandora areas;</li> <li>b. No more than 1 hospitality activity per site;</li> <li>c. Comply with other district plan conditions</li> <li>d. Is not classified as requiring resource consent by another district plan rule.</li> </ol>	There is no current limit on the scale of hospitality activities locating in the Main Industrial Zone in Onekawa or Pandora. The Main Industrial Zone is therefore relatively enabling for hospitality activities in the Onekawa and Pandora areas.
Large Format Retail	Hospitality activity is permitted where: <ol style="list-style-type: none"> <li>a. There is no more than 1 hospitality activity per 10,000m<sup>2</sup> GFA of LFR activity on the same site;</li> <li>b. The gross floor area of each hospitality activity must not exceed 150m<sup>2</sup>;</li> <li>c. Comply with other district plan conditions.</li> </ol>	By contrast, the LRF hospitality rule does control the scale of hospitality activities by limiting gross floor area, as well as by limiting the number of premises in proportion to the gross floor area of LFR activity on the same site.  In the K-Mart example consent was granted to exceed these limits. Concerns regarding the cumulative effects of hospitality activities exceeding the District Plan limits are best addressed through more directive objectives, policies and assessment criteria, rather than amending the permitted activity limits.

The LFR Zone provisions would trigger case by case resource consent assessment where there was a proposal for hospitality activities on a site either exceeding the number or floor area of such activities permitted per site. The Wallace Development Company Ltd / K-Mart resource consent discussed as a case study under section 5 above is an example of such a resource consent assessment. Any concern about the weight given to cumulative effects on the CBD would be best addressed through more directive policies and objectives. A threshold for when such applications become non-complying rather than discretionary could also be considered.

It is important that the Main Industrial Zone hospitality provisions enable the provision of premises to serve workers and customers in the area for their breakfast, lunch and refreshment needs in order to prevent unnecessary vehicular travel for essential needs. A scale limit to the GFA size of such premises would however assist in enabling this service while preventing large establishments, that may seek to attract customers from beyond the industrial zone, from establishing as a permitted activity. Some analysis of options is suggested in the district plan review to perhaps also consider only applying such a GFA limit to the arterial road frontages of the Onekawa and Pandora industrial Zones (including Taradale Road, Onekawa) as this is where the risk of larger establishments seeking to attract customers beyond the industrial zones is greatest. It is reasonable to expect that such hospitality premises may still provide a convenience function to passing traffic. Provided scale is controlled this should not be a threat to the higher amenity destination hospitality activities in the CBD or Ahuriri.

A land use survey of the Onekawa Taradale Road frontage carried out on 18 February 2020 confirms that out of a total of 52 separate businesses (or vacant premises) there are a total of 5 hospitality activities including takeaway food / coffee. These being:

- Café Botanix
- Onekawa Food Store Indian Takeaways
- Streetwise Coffee
- Sideline Bar
- Thai Chef Restaurant

Of these, the Indian Takeaways and Streetwise coffee would seem to be serving a local service function while Café Botanix is established adjacent to a garden centre. The Sideline bar and Thai Chef Restaurant are both part of the former Onekawa Hotel complex. Given the above, there is less than 10% occupancy of the Main Industrial Zone Taradale Road frontage by hospitality related activities, most of which are appropriate in scale and nature for serving the industrial zone. Nevertheless, the introduction of a floor area limit for individual hospitality premises over which resource consent assessment would be required is considered appropriate to ensure that this remains the case into the future with associated directive objectives and policies. A floor area limit can be a blunt

threshold for requiring resource consent, but the resulting assessment process allows factors such as the nature of the activity and its potential to be a destination for customers beyond the zone to be considered. Such an assessment will also enable the potential effects on the City Centre Zone to be considered.

### **8.3 LARGE FORMAT RETAIL AND TRADE SUPPLY**

Identified current issue to be addressed: *Are the current District Plan provisions for LFR and trade supply activities sufficient to ensure that these activities:*

- *Do not detract from the vibrancy of the city centre;*
- *Do not compromise the potential of industrial zoned land to achieve its core function?*

This issue is concerned with the Taradale Road frontage in the Onekawa area as per the hospitality issue discussed above and whether district plan provisions limiting retailing within the Main Industrial zone require strengthening; and whether the LFR zone provisions sufficient to avoid significant effects on the vibrancy of the city centre.

#### Main Industrial Zone

The Main Industrial Zone permits commercial activities, including retail activities, with conditions limiting retail activities to goods or services that are manufactured, processed, repaired, serviced or warehoused on the site; and to a maximum of 35% of building gross floor area.

As discussed under section 7.2 above, there are some retail activities that may be more desirable in industrial zones than they are in the City Centre Zone. Such retail activities would include those that generate trade and heavy vehicle traffic, including the sale of industrial, building and agricultural machinery and supplies (including plumbing and electrical trade goods and accessories). These activities may currently be provided for by the Main Industrial Zone permitting the retailing of goods warehoused or repaired on the site. If the retailing is not associated with either of these functions, then it would not be permitted.

Typical views of the activities fronting Taradale Road at Onekawa are provided in Figures 5 & 6 below, looking both south west and north east.



Figure 5 – Taradale Road looking north east near the Carnegie Road intersection



Figure 6 – Taradale Road looking south west between Niven St & Carnegie Rd

The buildings and signs visible in Figures 5 and 6 illustrate a range of non-industrial and industrial related activities fronting Taradale Road. To establish the current level of retailing on Taradale Road a land use survey was undertaken on 18 February 2020. The findings of that survey are documented in Table 7 below with each business activity or vacant premises identified in a south west to north east order. As discussed above there are 5 hospitality or food retail activities identified, which are generally considered appropriate for the Main Industrial Zone location and the historical context in regard to the Onekawa Hotel site.

**Table 7 – Land Use Survey of Taradale Rd Main Industrial Zone February 2020**

<b>Address</b>	<b>Business</b>	<b>General Category</b>
220 Taradale Rd – 150 Taradale Rd, that is the block from the HB Expressway intersection to Niven Street	Expressway Landscape Supplies	Landscape Supply Retail
	Vet Services HB	Veterinary Services
	Café Botanix	Hospitality
	Demolition 1	Building Trade Depot
	Vacant Building to lease	Vacant
	Vacant Building to lease	Vacant
	Mobile Service Station	Service Station
	Danks Furnishings	Retail
	Carpet Court	Retail and Warehousing
	VTNZ Testing Station	Vehicle servicing & repair
	Cooper Tyres	Vehicle servicing & repair
	APM Workcare Office	Office
	Snap Fitness	Gymnasium
144 Taradale Rd – 116 Taradale Rd, that is the block from Niven Street to Carnegie Road	Equiptech (work platform lifts)	Industrial manufacture and supply
	Big Value Tyres	Vehicle servicing & repair
	Onekawa Food Store & Indian Takeaways	Hospitality & food retail
	NZ Post Courier Post Depot	Service Depot
	Ramset Trade Centre	Building Trade supplies retail
	Dulux Trade Centre	Trade Retail
	Streetwise Coffee	Hospitality
	HTL Hardware	Building Trade Retail
	Wattyl Professional Paint Centre	Trade Retail
	Care Vets'n'Pets	Veterinary Services & Pet Retail
	Carpet Discounters	Retail and Warehousing
	AW Holder	Plumbing trade supplies & retail
	Resene Colour Shop	Trade Retail
	Liquorland	Retail
	Side Line Bar	Hospitality
Thai Chef Restaurant	Hospitality	
108 Taradale Rd – 76 Taradale Rd, that is the block from Carnegie Road to Austin Street.	SkeinZ Natural Yarn Store	Retail and Warehousing
	Mico Plumbing	Plumbing trade supplies & retail
	Vacant Building to lease	Vacant
	Easy Print	Printer

Address	Business	General Category
	Age Concern Family Shop (Opportunity Shop)	Retail
	Age Concern Office	Office
	New Era – ITC Solutions for Schools	Office
	Napier Ceramic Tiles	Building supplies & Retail
	Vacant Upper Floor to lease	Vacant
	Craig Hern Motors	Vehicle Retail
	Multi Unit Industrial Development (some vacant units) (88 Taradale Rd)	Storage Units / Trade Depots
	Tile Depot	Building supplies & Retail
	St John Ambulance Depot	Medical Service Depot
	European Designer Kitchens	Showroom and Design office workshop
	Liquor King Napier	Retail
	Dance Express	Gymnasium
72 Taradale Rd – 60 Taradale Rd, that is the block from Austin Street to drainage reserve.	Used Car Yard	Vehicle retail
	The Tyre Shop	Vehicle servicing & repair
	Vacant Building to lease	Vacant
	Taylor's Pools and Spas	Building supplies & Retail
	Brebner Print	Printer
	Pegasus Rentals	Vehicle rental
	Hawke's Bay Marine	Vehicle servicing and retail

The findings of the land use survey show that in regard to non-industrial activity there are three office activities identified, three veterinary / medical service activities, and two gymnasium / dance studios.

The retail activities identified include a landscape supply retailer; an opportunity shop; a furniture shop; two liquor stores; two carpet stores; and 10 stores associated with building / paint / plumbing supplies and retail; two used vehicle retailers and a boat retailer and service centre. There are also three tyre service centres which retail tyres, listed under the vehicle servicing and repair category. In total those activities account for 23 business premises and some 43% of the business activities in the area. Of the above listed activities, the following six are considered to have no need to be within an industrial zone: the furniture and opportunity shops, the liquor stores and the used vehicle retailers. Nevertheless, the locational advantage of the Taradale Road frontage is an attractor for these businesses, particularly the liquor stores and vehicle retailers for which vehicle-based access is important.

The remaining 17 retail activities all have an association with trade supplies, although many also retail to the general public, or have associated storage or warehousing requirements which would generate heavy vehicle movements (eg. carpet retailers and landscape supplies). These activities would not be appropriate for the proposed Central City Zone (Core), although would generally be appropriate for the proposed Mixed Use Zone.

If there is concern that more genuine industrial activity is being displaced by trade supply activities, a strategy could be to encourage the location of such activities in the proposed Mixed Use Zone (currently zoned Fringe Commercial) and / or to be more directive in the nature of trade supply retail activities considered appropriate in the industrial zone. Such an approach would assume that there is sufficient space within the proposed Mixed Use Zone to accommodate the displacement of these activities over time.

It is a recommendation of this report that there be an acceptance that the market will dictate that the Taradale Road frontage of the Main Industrial Zone will be a desirable location for warehousing and service activities with a retail component due to the high profile for passing vehicles. On that basis, district plan rules should be targeted to ensure that the nature of the retail activities are appropriate for an industrial zone and have a locational need to be in that zone and outside of the City Centre Zone; are appropriate in gross floor area scale (perhaps less than 200m<sup>2</sup> retail and display floor space) before resource consent is required; and also targeted to discourage the location of other non-industrial related activities. More research would be required to determine whether the existing trade supply retailers on Taradale Road comply with the current permitted activity rules due to having a warehousing and / or servicing component and the retail floor area not exceeding 35%. This in turn will inform the decision as to whether a gross floor area limit maybe more appropriate for the retail component of the trade supply activities.

In considering the land use survey results in Table 7 above, it must also be remembered that there is a current resource consent application for a significant retail development as set out in section 5 above. The high traffic profile provided by Taradale Road is likely to place continued pressure on Council for general retail development in this area. Strong objectives and policies supporting the City Centre Zone focus of the retail strategy and protecting the industrial function of industrial zones will be important in ensuring that such applications are able to be resisted.

#### LFR Zone

In terms of whether the LFR zone provisions are sufficient to avoid significant effects on the vibrancy of the city centre, the LFR hospitality provisions have already been discussed above. The broader issue of whether the existing LFR Zone permitted activity rules for retail development are sufficient to avoid significant effects on the vibrancy of the CBD are discussed here. The existing permitted activity rules are set out in Table 5 above for retailing, being the 1,000m<sup>2</sup> minimum gross floor area per retail activity and limited

provision for tenancies of between 500m<sup>2</sup> and 1000m<sup>2</sup> in comprehensive development of sites over 3ha in area.

There is no control on the nature of the retailing permitted and a concern has been raised that a Large Format Retail department store that has multiple categories of retail within it could potentially affect the sustainability of specialty retail in the City Centre.

It is acknowledged that multiple items could be purchased in an LFR department store which could be equivalently be purchased from multiple stores in the City Centre. However, as for the hospitality issue discussed above, the amenity levels in an LFR Zone are quite different to, and lower than the City Centre. The instore experience is also different as an LFR department store will typically have a much lower staff to floor area ratio than specialty retail shops in the City Centre.

Further to this it would be very difficult to differentiate LFR general retail stores from LFR apartment stores to apply a regulatory response to this issue, if indeed such a response was justified. For example, LFR stores will typically have different categories of goods located in different areas of the store. What is commonly referred to as a Department Store may have a greater differentiation between those categories such as clothing, furniture, kitchenware and toys; as opposed to say bags and accessories, clothing and shoes in a general LFR store.

The concept of the LFR Zone is that it would provide large retail stores with ample car parking due to their being no space near to the existing city centre to provide for the needs of such stores. Applying a large minimum floor area requirement prevents specialty retail stores locating alongside and creating a shopping mall situation that would compete with the City Centre retail offerings. Provided that this floor limit is retained at 1,000m<sup>2</sup> this should be enough in differentiating the LFR Zone from the City Centre and in protecting the vibrancy and function of the City Centre. If there is concern that this will not happen, then it would be necessary to revisit the whole concept of having an LFR Zone and perhaps considering the rezoning of vacant land with an LFR zoning. This report does not however recommend such an approach.

#### **8.4 AHURIRI (SOUTH OF BRIDGE STREET)**

Identified current issue to be addressed: *What retail activities may be appropriate in this area having regard to the existing character and the potential for change? To what extent would allowing a local catchment supermarket / boutique grocers / food market / artisan retail in this area detract from the Ahuriri Village Centre and the CBD?*

The following relevant information points have been provided by Economic Solutions Ltd in assisting with the assessment of this issue.

- Retailing employment in Ahuriri accounts for 5% of employment in that area and comprises mainly specialised food, household furniture and pharmacy related.

- Employment in visitor accommodation and food/beverage servicing accounts for about 22% of total Ahuriri employment.
- A small supermarket is located there now.
- Allowing retailing closely connected with local convenience, general marine activity and also tourism activity would seem appropriate.
- Impact of increasing population and residential development in the area (apartment living).
- Note that Ahuriri/Port of Napier areas are important industrial locations.

Figure 7 below is a photograph of the recently established small supermarket alluded to above on the corner of Bridge Street, Ossian Street and Mahia Street, Ahuriri.



**Figure 7 – Recently Established 4 Square, Bridge St, Ossian St, Mahia St corner**

A distinctive feature of Ahuriri is the industrial warehouse buildings. As illustrated in Figure 7, the recently established 4 Square supermarket has been adapted to occupy an existing building without substantial alteration. Such buildings do not typically lend themselves to speciality retail shops due to the absence of appropriate window frontages. They have however proved to be popular for reuse by hospitality activities, and offer potential for artisan retail as well as for office activities and industrial activities. Located directly across the road on Ossian Street from the 4 Square is The Urban Winery, while across the road on Mahia Street is Café Ahuriri and a block further down Ossian Street is FG Smith Café. These businesses are supported by the office and industrial activity in the immediate area as well as the nearby residential and tourist accommodation.

The current NDP provisions permit hospitality activities under the category of commercial activities in the existing Mixed Use Zone but limit retailing to being associated with an industrial activity on the site and to a maximum of 20% of the total floor area. Restricted

Discretionary Activity resource consent is required for any retail activity not meeting those conditions.

Given the above, a local catchment supermarket or artisan retail associated with permitted industrial activities are unlikely to detract from the CBD or Ahuriri suburban commercial shopping centre. Further to this such activities are important for servicing residents, visitors and workers in the area. Any development of a full-service supermarket or retail shops should however be carefully tested on a case by case basis through the resource consent process for the following three reasons:

- Dilution of the existing Ahuriri suburban shopping centre and the CBD (City Centre Zone) with associated adverse effects on purpose built infrastructure;
- Occupation of a land resource that is currently available for industrial activities (for which there is a scarcity of supply) and residential activities (which enable a sustainable infill response to the current housing shortage); and
- Such development would be out of character to the distinctive industrial warehousing architectural form and character of the Ahuriri area.

It is recommended that the new district plan rules distinguish between local catchment supermarkets and full-service supermarkets through resource consent activity status. A maximum gross floor area threshold could be set for a local catchment supermarket at say 1,000m<sup>2</sup> (with this figure recommended to be tested and refined through the RMA section 32 reporting process). For example, the establishment of a full-service supermarket in the Ahuriri Mixed Use Zone should be subject to a Discretionary or Non-Complying Activity resource consent rather than a Restricted Discretionary Resource Consent. If a supermarket company identifies that there is a sufficient local catchment to support a full-service supermarket and can find an appropriate site then the resource consent process would enable the proposal to be given due consideration. The same can be said for specialty retail shops with no association to an industrial activity on the same site, they should be tested for their appropriateness to the area on a case by case basis through a discretionary or non-complying activity resource consent process.

## **8.5 ATTRACTIVENESS OF RETAIL AREAS**

Identified current issue to be addressed: *Whether managing the design of new developments is appropriate having regard to the benefits of attractive retail areas, including the Art Deco character of the City Centre core retail area.*

As set out under section 7.1 above it is considered that the design of new developments in the City Centre Zone (Core) should be managed through a resource consent process with consideration against building design control assessment criteria. Such criteria would focus on new building development or additions that are not subject to the heritage control provisions of the district plan. This will help to ensure that any new building

development is in keeping with the character of adjacent and nearby heritage buildings and to the streetscape.

Such design controls can be equally appropriate in the City Centre Zone outside of the retail core area to ensure new development contributes positively to the attractiveness of the City Centre. The same applies to the Ahuriri Mixed Use Zone where the distinctive architectural style of warehousing buildings has created a distinctive character that would be lost by unsympathetic development.

Similarly, controls can also be appropriate in a Large Format Retail Zone to ensure the street fronting facades of big box buildings have an appropriate level of architectural detail and windows to address street frontages and public spaces and that building expanses and car parks are softened by landscaping.

Where it is anticipated that street frontages will be dominated by car parking, and there are lower amenity expectations, such as the proposed Mix Use Zone (on the current Fringe Commercial Land) building design controls are more difficult to justify.

## 9. CONFIRMATION OF EXISTING NON-REGULATORY DIRECTION

This section relates to high level actions outside of the District Plan review. At a general level the ongoing upgrading of the central city and Marine Parade public spaces by the Council is critical for maintaining an attractive environment for both retail and hospitality customers. This attractive environment provides an incentive for people to be in and contribute to the vibrancy and economic viability of the CBD.

As discussed in section 7 above, other important non-regulatory approaches recommended include:

- The continued promotion of tourism and events to draw people into the City Centre resulting in their support of retail and hospitality activities.
- Provision for retail markets in the City Centre, which will also draw people in resulting in support of other retail and hospitality activities.

### 9.1 IMPROVED ACCESSIBILITY

The RFP seeks recommendations on strategies and taking action outside of the District Plan Review process, including consideration (at a high level) of:

*Council projects such as improved accessibility (cycling, public transport) city activation and events*

City activation such as events and markets based in the City Centre has already been stated in this report as important for supporting retail and hospitality businesses within the CBD as well as adding vibrancy. For the same reasons increasing residential or tourist accommodation in the City Centre (above ground floor level so as to retain active frontages, including retail at street level) is also important. This is a recommendation from previous Napier retail strategies and the City Vision Framework 2015 and remains supported by this iteration of the strategy.

The Marine Parade Cycle pathways are important in providing off road access to the City Centre from both the north and south as well as a recreational tourism resource. The advent of electric bicycles has made these pathways and cycling in general a more palatable transport choice for a wider range of the population including the less physically able. Improving cycle access, including dedicated lanes or paths, end of journey bike storage options and general promotion of cycling should continue in supporting a sustainable transportation option and improving accessibility to the city centre.

Public transport is currently provided in the form of a bus service. Rail transport currently has no passenger service but should not be discounted as an option into the future with the railway line on the fringe of the City Centre. The Hawke's Bay Regional Council currently manages local bus services and provides a service that has route options to link most areas of Napier and Hastings to the Napier City Centre. Any additional promotion of

this service that increases the number of people using bus transport to access the City Centre for both employment and generally, will have a corresponding benefit in reducing traffic congestion and pressure on Central City car parking resources. It is therefore recommended that the use of local bus services as a transportation option for accessing the City Centre be promoted. Such promotion could include employer subsidies for bus fares and engagement with Hawke's Bay Regional Council in continuing to improve service options and maintaining an attractive fare structure.

The importance of accessible car parking to the City Centre is a matter that is emphasised in the previous Napier Retail Strategies and In the City Vision Framework 2015. The following are recommendations from those strategies relating to car parking:

- *Ensuring maximum connectivity and possible integration between new retail development and the Central City.*
- *Minimising the potential adverse traffic and parking effects associated with future development in the Central City.*
- *The availability of sufficient car-parking capacity in the Inner City and relative ease of traffic movement between the area and the rest of the City.*
- *The need to have an available supply of car parking to attract development including retail customers, with an associated need to design such carparking to not reduce urban landscape amenity, safety and walkability.*

While cycling and public transport should be promoted as the most environmentally sustainable options for accessing the City Centre, carparking remains an essential need to enable people access to the City Centre and its associated retail, hospitality and other services as suggested by the above bullet points. The last of these bullet points is from the City Vision Framework and highlights the double edge sword that carparking can be. Removing buildings from street frontages to provide for car parking will result in a loss of street scape and visual amenity. As is currently the case, public car parking, and district plan requirements for onsite car parking, are therefore better focused on the edge of, rather than within, the City Centre and care should be taken in the design of larger carparks, with landscape plantings, to reduce visual and amenity effects.

## **9.2 BUSINESS SECTOR APPROACHES**

The RFP also seeks recommendations on strategies and taking action outside of the District Plan Review process, including consideration (at a high level) of:

*Business sector approaches such as additional mentoring and support for new retail businesses*

Council commissioned a report titled '*Business Location Decision Making*' from FOLKL in July 2019. That report made a number of recommendations around supporting new

businesses in general (not specific to, but inclusive of retail and hospitality businesses), these being:

- A 'new business liaison officer' as a Council contact point for new businesses setting up in Napier, to assist the business in navigating regulatory requirements.
- The provision of 'useful data' including the property price index, regional growth statistics and macro level economic information as easily accessible to prospective new businesses in Napier.
- A 'welcome pack' providing relevant details, discounts, vouchers and business network / community information.
- Promotion of a regular 'social business night' for social interaction between business people as well as encouraging hospitality businesses to be open mid-week in the City Centre to provide opportunity for social business interaction.

These approaches would support the business sector as will the clear articulation of this retail strategy in the reviewed district plan, in providing regulatory certainty.

## 10. RECOMMENDATIONS

The key recommendations set out in sections 8 and 9 above are consolidated into the following summary table, which sets out the recommendations of the Napier Retail Strategy 2020.

Table 8 – Napier Retail Strategy 2020 Key Recommendations

Reference & Theme	Recommendation
8.1 Centres Hierarchy	<p>To retain the key Retail Strategy objective of protecting the Napier CBD as the centre for specialty retailing in Napier.</p> <p>The following Centres Hierarchy of district plan zones and key retail control provisions is recommended to achieve this Objective:</p> <p><u>City Centre Zone (Core)</u></p> <p>No limits on the floor area of retail activities in the City Centre Zone core so that it can provide for a mix of smaller specialty retail stores, department stores and the range of floor sizes in between, while retaining the heritage building resources.</p> <p><u>City Centre Zone (Outside Core)</u></p> <p>A minimum retail activity floor area of 500m<sup>2</sup> but with a restricted discretionary activity category for stores between 200m<sup>2</sup> and 500m<sup>2</sup>, supported by directive district plan objectives and policies in protecting the retail function and primacy of the City Centre Zone (Core).</p> <p><u>Town, Local and Neighbourhood Centre Zones</u></p> <p>No minimum floor areas so that retail stores can be provided to serve the local catchment, but a hierarchy of maximum floor areas (1,000m<sup>2</sup> – Town Centre; 500m<sup>2</sup> Local Centre; and 200m<sup>2</sup> Neighbourhood Centre). Maximum floor areas would enable potential effects of the ‘oversized’ retail development on the vibrancy and function of the City Centre Zone and amenity effects on the surrounding residential environments to be assessed through a resource consent process. It would also enable effects on the town, local or neighbourhood zone in which it seeks to locate to be considered, including the potential to remove the core function of that zone, in providing a range of services to the local community.</p> <p><u>Mixed Use Zone</u></p> <p>For the existing Fringe Commercial Zone land a flat 500m<sup>2</sup> but with a restricted discretionary activity category for stores between 200m<sup>2</sup> and 500m<sup>2</sup>, supported by directive district plan objectives and policies in protecting the retail function and primacy of the City Centre Zone (Core).</p> <p>No change is recommended to the existing Mixed Use Zone Ahuriri retail limit approach (20% of GFA and goods must be manufactured, processed, repaired, serviced or warehoused on the site).</p> <p><u>Large Format Retail Zone</u></p> <p>To retain the same retail limits as under the current district plan: 1,000m<sup>2</sup> minimum GFA for retail activities.</p>

Reference & Theme	Recommendation
8.2 Hospitality Activities	<p>Regulation in limiting the scale and number of hospitality premises in LFR and Industrial Zones is important. It ensures that such activities serve workers and customers in those areas but do not become hospitality centres in their own right and impact on the hospitality function of the CBD or Ahuriri. The following is recommended to achieve this:</p> <p>The existing LFR Zone hospitality limits are considered appropriate, but more directive policies and objectives are recommended as is a threshold for when hospitality resource consent application would become non-complying.</p> <p>Introduction of a maximum GFA scale limit to hospitality activities in the Main Industrial Zone, to enable hospitality services to be provided, while preventing large establishments that may seek to attract customers from beyond the industrial zone from establishing as a permitted activity.</p>
8.3 Large Format Retail and Trade Supply Activities	<p>Section 8.3 of this report has assessed this issue specifically in regard to the Taradale Road frontage of the Main Industrial Zone at Onekawa.</p> <p>It is recommended that there be an acceptance that the market will dictate that the Taradale Road frontage of the Main Industrial Zone will be a desirable location for warehousing and service activities with a strong retail component. District plan rules should therefore be targeted to ensure that the nature of the permitted retail activities are: appropriate for an industrial zone and have a locational need to be in that zone and outside of the City Centre Zone; and are appropriate in gross floor area scale. The zone rules should also be targeted to discourage the location of other non-industrial related activities. Strong objectives and policies supporting the City Centre Zone, focus of the retail strategy and protecting the industrial function of industrial zones should be applied to help inform resource consent decision making.</p>
8.4 Ahuriri (south of Bridge Street)	<p>Any development of a full-service supermarket or retail shops in the Ahuriri Mixed Use Zone should be avoided for the following three reasons:</p> <ul style="list-style-type: none"> <li>➤ Dilution of the existing Ahuriri suburban shopping centre and the CBD (Town Centre Zone);</li> <li>➤ Occupation of a land resource that is currently available for industrial activities (for which there is a scarcity of supply) and residential activities (which enable a sustainable infill response to the current housing shortage); and</li> <li>➤ Such development (assuming new buildings and associated car parking areas) would be out of keeping with the distinctive industrial warehousing architectural form and character of the Ahuriri area.</li> </ul> <p>It is recommended that district plan rules distinguish between local catchment supermarkets and larger GFA full-service supermarkets through resource consent activity status with a full-service supermarket being subject to a full Discretionary or Non-Complying Activity resource consent rather than a Restricted Discretionary Resource Consent. The same approach is recommended for specialty retail shops with no association to an industrial activity on the same site.</p>

Reference & Theme	Recommendation
8.5 Attractiveness of Retail Areas	<p>It is recommended that the design of new developments in the City Centre Zone (Core) should be managed through a resource consent process with consideration against building design control assessment criteria.</p> <p>It is also recommended that building design controls be applied to the City Centre Zone outside of the retail core area to ensure new development contributes positively to the attractiveness of the City Centre. The same applies to the Ahuriri Mixed Use Zone where the distinctive architectural style of warehousing buildings has created a distinctive character that would be lost by unsympathetic development.</p> <p>Building design controls are also recommended in the Large Format Retail Zone to ensure the street fronting facades of big box buildings have an appropriate level of architectural detail and widows to address street frontages and public spaces and that building expanses and car parks are softened by landscaping.</p> <p>Where amenity expectations are lower and a mixture of activities and building styles already exists such as the Mixed Use Zone (on the current Fringe Commercial Land) building design controls are not necessary.</p>
9.0 Confirmation of Existing Non-Regulatory Direction	<p>It is recommended the ongoing upgrading of the central city and Marine Parade public spaces continue to maintain an attractive environment for both retail and hospitality customers. This attractive environment provides an incentive for people to be in and contribute to the vibrancy and economic viability of the CBD. The following approaches are recommended to provide additional City Centre vibrancy:</p> <ul style="list-style-type: none"> <li>➤ The continued promotion of tourism and events to draw people into the City Centre resulting in their support of retail and hospitality activities.</li> <li>➤ Provision for retail markets in the City Centre, which will also draw people in resulting in support of other retail and hospitality activities.</li> </ul>
9.1 Improved Accessibility	<p>The following initiatives relating to improved accessibility are recommended:</p> <ul style="list-style-type: none"> <li>➤ Increasing residential or tourist accommodation in the City Centre (above ground floor level to retain active frontages, including retail at street level)</li> <li>➤ Improving cycle access, including dedicated lanes or paths, end of journey bike storage options and general promotion of cycling as a sustainable transportation option for accessibility to the city centre.</li> <li>➤ Promote the use of local bus services as a transportation option for accessing the City Centre by encouraging employer subsidies for bus fares; and engagement with Hawke’s Bay Regional Council in continuing to improve service options and maintaining an attractive fare structure.</li> <li>➤ The continued provision of public carparking as an essential need to enable people access to the City Centre and its associated retail, hospitality and other services.</li> <li>➤ To reduce adverse visual and amenity effects by focusing public car parking, and district plan requirements for onsite car parking, on the edge of, rather than within the City Centre.</li> </ul>

Reference & Theme	Recommendation
9.2 Business Sector Approaches	<p>Support the following recommendation from the report titled '<i>Business Location Decision Making</i>', FOLKL (July 2019):</p> <ul style="list-style-type: none"> <li>➤ A 'new business liaison officer' as a Council contact point.</li> <li>➤ The provision of 'useful data' including the property prices, population statistics and economic information to prospective new businesses.</li> <li>➤ A 'welcome pack' providing relevant details, discounts, vouchers and business network / community information.</li> <li>➤ Encouraging hospitality businesses to be open mid-week in the City Centre to provide opportunity for social business interaction.</li> </ul>

## 11. CONCLUSIONS

The core principles of existing Napier Retail Strategy remain valid. This Napier Retail Strategy 2020 seeks to reinforce the key Napier Retail Strategy objective of protecting the Napier CBD as the centre for specialty retailing in Napier.

In giving consideration to HPUDS and the other non-regulatory documents referred to in this report as well as to the RMA and RPS and new National Planning Standards approach to commercial zones, there is strong direction for centres hierarchy approach to retail development in Napier based on the existing City Centre as the top of the hierarchy.

The recommendations in this report seek to support this direction by providing a high level regulatory approach framework for the reviewed district plan that will result in the protection of the Napier CBD and its associated physical resources (including heritage buildings) as the preeminent location for retailing in Napier.

The existing Napier Retail Strategy recommends a number of non-regulatory initiatives which remain appropriate in ensuring the continued vibrancy of the Napier City Centre. The most significant non-regulatory initiative recommended in this strategy relate to the promotion of accessibility to the CBD, including cycle and public transport access.



## **APPENDIX 1**

Strategic documents that have informed the Retail Strategy



# 2

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## **APPENDIX 2**

*'Updated Napier City Retail Sector  
Economic Profile 2019';*

Economic Solutions Ltd, September  
2019