Before the Hearings Panel appointed by Selwyn District Council

Under the Resource Management Act 1991

In the matter of a hearing on submissions to the Plan Change 19 to the Central

Otago District Plan

Hearing Stage 1: Provisions

Foodstuffs (South Island) Properties Limited - NW

Cromwell and NW Alexandra

Submitter ID: 61 and 62

Legal submissions on behalf of Foodstuffs (South Island) Properties Limited

18 April 2023

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May it please the Commissioners

- These submissions are provided on behalf of Foodstuffs (South Island) Properties Limited (Submitter ID: 61 and 62, referred to collectively as **Foodstuffs**), on Plan Change 19 (**PC19**) to the Central Otago District Plan (**CODP**). Foodstuffs has made two submissions on PC19, one relating to New World Cromwell (**NW Cromwell**)¹ and one relating to New World Alexandra (**NW Alexandra**).² Foodstuffs' submissions sought re-zonings to reflect the current use of these sites and to include policy recognition of the nature of the existing commercial uses. The rezoning aspect of Foodstuffs' submissions will be dealt with as part of the Stage 2 hearings, so these legal submissions only address the policy recognition issue.
- Foodstuffs has submitted that a policy should be added to the Medium Density Residential Zone (MDRZ) provisions that reflects Policy 6(b) of the National Policy Statement for Urban Development (NPS-UD). This policy should acknowledge the existing amenity values that come from living next to a commercial activity. Foodstuffs' intent is to ensure that people living next or near to commercial sites acknowledge and are aware of the fact that amenity values will be different to those experienced living next or near to other residential sites.
- Foodstuffs has proposed that the following wording be included as a new policy in the MDRZ chapter of PC19:

Where residential activity in the MDRZ locates in close proximity to commercial activities it is recognised that this may detract from amenity values appreciated by some people (due to hours of operation, noise, lighting, traffic from commercial activities) but this is not to be considered an adverse effect.

This is the appropriate outcome as it reflects the NPS-UD, contributes to a well-functioning urban environment³ and represents a good and complete planning outcome. The amendment will assist in managing the effects of greater residential development and will provide notice to residents of the environment surrounding commercial activities. The benefits of the urban development need to be considered against a well-functioning urban environment⁴.

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¹ Legally described as Lots 1 and 2 DP 25860, Lot 23 DP 359519 and part of Lot 201 DP 359519.

 $^{^2}$ Legally described as Part Lot 3 DP 5440, Lots 1, 2, 9 and 10 DP 5158, Lots 1 and 2 DP 23152 and Lots 1 and 2 DP 11799.

³ Objective 1, NPS-UD.

⁴ Policy 6(c) NPS-UD.

- 5 Company evidence has been provided by Ms Rebecca Parish to provide examples from a supermarket operator's perspective of the relationship between commercial and residential environments.⁵
- For completeness the statutory tests for changing a district plan, which will be well known by the Hearings Panel, are summarised in **Appendix 1**. Of particular relevance is the requirement for the District Plan to give effect to the NPS-UD.

Structure of submissions

- 7 These submissions will:
 - (a) provide a response to the section 42A report;
 - (b) discuss the relevance of the NPS-UD; and
 - (c) explain why the Panel can and should grant the relief sought.

Section 42A Officer Report

- The section 42A report recommends rejecting Foodstuffs' submissions for the following reasons:⁶
 - (a) It was not clear what changes were explicitly sought by Foodstuffs;
 - (b) The objectives as notified align with the National Planning Standards (the NP Standards); and
 - (c) The relief sought is not necessary because existing use rights are protected in the Resource Management Act 1991 (RMA) and the notified objectives and policies provide appropriate direction for consideration of expansions to existing activities.

Changes sought by Foodstuffs

To clarify the relief sought by Foodstuffs to the PC19 provisions, Foodstuffs seeks for Policy 6(b) of the NPS-UD to be reflected in the MDRZ chapter. Policy 6(b) is:

Policy 6: When making planning decisions that affect urban environments, decision-makers have particular regard to the following matters:

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⁵ Statement of Evidence of Rebecca Parish – dated 17 April 2023.

⁶ Section 42A report of Liz White for Plan Change 19 – Residential Chapter Provisions dated 24 March 2023 at [40]-[41].

...

- (b) that the planned urban built form in those RMA planning documents may involve significant changes to an area, and those changes:
 - (i) may detract from amenity values appreciated by some people but improve amenity values appreciated by other people, communities, and future generations, including by providing increased and varied housing densities and types; and
 - (ii) are not, of themselves, an adverse effect
- 10 Foodstuffs suggested, in the NW Cromwell submission (ID: 62), that the policy could have the following wording:

Where residential activity in the MDRZ locates in close proximity to commercial activities it is recognised that this may detract from amenity values appreciated by some people (due to hours of operation, noise, lighting, traffic from commercial activities) but this is not to be considered an adverse effect.

It is submitted that the proposed wording presents an appropriate para-phrasing of Policy 6(b) that gives effect to that policy's intent. The intent of Policy 6(b) is to recognise that residential intensification will lead to a new built form environment where amenity effects will be different to those experienced in the past. This includes where there is an increase in permitted housing at the interface with commercial activities.

The objectives align with the National Planning Standards

- Section 8 of the NP Standards sets out the Zone Framework Standard, which instructs how district plans should be written and what language should be used. This includes mandatory direction 1 to only include the zone names in Table 13, in accordance with the zone descriptions. The description for the MDRZ states that it is an area used predominantly for residential activities with a moderate concentration and bulk of buildings.
- 13 I also note that mandatory direction 4 of Section 8 states:

Provisions developed for each zone must manage the use, development, and protection of natural and physical resources in it, in accordance with Part 2 of the RMA.

In my submission, the NP Standards need to be read as a whole and alongside the RMA and other relevant planning documents. Foodstuffs' proposal is not to change the MDRZ policies to the point that other activities are enabled, but to manage the effects of the interfaces between activities. Rather than hindering the NP

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Standards, Foodstuffs' proposal will help the MDRZ chapter of PC19 better reflect those mandatory directions.

Existing use rights and expansion policies

- The reporting officer considers that s10 of the RMA provides sufficient protection for the existing use rights of commercial activities and that the MDRZ policies regulate expansion of activities. This represents a narrow interpretation of the relief Foodstuffs' is seeking.
- Section 10 allows land use activities lawfully established prior to plan notification or the becoming operative to continue at the same or similar character, intensity and scale as before. Policy 6 of the MDRZ chapter states that non-residential activities and buildings, including expansions, should only be allowed where the anticipated amenity of the surrounding area is not compromised. These do not apply to the situation Foodstuffs is concerned about.
- Foodstuffs is not proposing the amendment to protect its own interests in operating supermarkets within residential zones. Foodstuffs is seeking recognition of a well-known fact that an increase in buildings of a larger built form around existing commercial areas will have different amenity values to other residential areas. This is not an adverse effect, it is just a different environment and this needs to be acknowledged. Including the amendment will give notice to Central Otago residents that there is a different amenity in areas surrounding commercial activities. This is an opportunity for Council to ensure this is clear.

⁷ Statement of Evidence of Rebecca Parish, at [18].

Relevance of the NPS-UD

- PC19 incorporates many of the policies and the intent of the NPS-UD, regardless of whether or not Central Otago District Council (**CODC**) is a Tier 3 authority. Foodstuffs seeks for the NPS-UD to be incorporated consistently into the MDRZ provisions.
- The s32 evaluation report prepared for PC19 considers there is no "urban environment" within the District (because the population is less than 10,000 people). The s32 report concludes that CODC is not a Tier 3 authority, so is not required to give effect to the NPS-UD. However, the s32 report notes that Cromwell is expected to reach the population threshold. The approach to PC19 ultimately decided upon with PC19 is to align the Residential Zones chapter as much as possible within the NPS-UD so that the provisions are future proofed, while noting that the provisions are not strictly required to give effect to the NPS-UD.9
- Submissions were subsequently made on PC19 on the premise the NPS-UD must be applied by virtue of Cromwell "being intended" to have over 10,000 population in the future, thereby making it an "urban environment". The reporting officer disagreed, but noted that, regardless, PC19 is considered to align with the NPS-UD. It is submitted to align with the NPS-UD would be good planning practice for this urban environment.
- 21 Elements of PC19 that incorporate the NPS-UD include:
 - (a) Reference to walkable areas near to commercial areas in the MDRZ chapter description;
 - (b) Enabling increased housing density;
 - (c) Reference to well-connected movement networks and accessibility in MRZ-P2;
 - (d) Enabling a range housing typologies in MRZ-P3; and
 - (e) Rules that reflect the above policies. 12

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⁸ By now or within the next year.

⁹ Section 32 Report to PC19, at [24].

¹⁰ Submissions of Cairine Heather MacLeod (135) and Topp Property Investments 2015 Ltd (161) as referred to in the s42A Report at [26].

¹¹ Section 42A Report - Stage 1, at [27]-[28].

¹² See, for example, MRZ-R1 increasing permitted residential density and MRZ-R2(d) using well-connected movement networks as a matter of discretion.

Regardless of whether or not CODC is required to give effect to the NPS-UD, PC19 has clearly adopted the intent of the NPS-UD. However, the increase in residential densities in the MDRZ provisions has not been accompanied by implementing other parts of the NPS-UD, such ensuring well-functioning urban environments. Adopting the NPS-UD piecemeal will lead to poor environmental outcomes when the document was designed to be applied as a whole. The NPS-UD is designed to increase densities in a managed way, that ensures all users of the urban environment are still provided for. It is not just a residential intensification document.

Reasons to grant relief sought

- The statutory test for assessing a change to a plan, as formulated in *Colonial Vineyard Ltd v Marlborough District Council* and attached in **Appendix 1**, is satisfied by this proposed amendment.
- 24 The amendment will assist CODC in carrying out its functions by:
 - (a) Integrating the management of residential-commercial interface effects within the provisions of both chapters. The evidence of Ms Parish demonstrates these effects from a supermarket operator's perspective;
 - (b) Ensure the development capacity of housing next or near to commercial areas is maintained by recognising and regulating the expected amenity values of these areas; and
 - (c) Controlling the effects of housing intensification on amenity values of urban areas of the District.

These effects may reduce compliance costs on CODC, incurred on following up complaints from neighbours to commercial areas.

It is anticipated there will be minimal actual or potential effects on the environment from the amendment because the policy addition will merely recognise the plan anticipated environment. The amendment is intended to manage expectations between the residential-commercial interface. Foodstuffs, like other commercial operators who go through the resource consent process, already manage amenity values as required by their resource consent conditions. There will be an inevitable change to the received amenity value due to the change in anticipated built form and this is not to be considered an adverse effect.

¹³ Statement of Evidence of Rebecca Parish, at [21].

- The amendment accords with Part 2 of the RMA because it assists to regulate the use and development of two different environments under s5.¹⁴ The amendment will also assist with maintaining amenity expectations of both commercial and residential areas under s7(c), even during changes in the built form of the environment brought on by residential intensification. Ms Parish's evidence shows how supermarkets already invest significantly in managing their role in the amenity of the surrounding environment.¹⁵
- With regard to other planning documents, it has already been discussed above how the amendment will assist PC19 in reflecting the NPS-UD. The amendment is also consistent with the objectives of PC19, MRZ-O2(3) and MRZ-O2(5) in particular.¹⁶
- Overall, the proposed amendment contributes to a good planning outcome by adding recognition of an important effect of housing intensification. It will allow the benefits of having a residential-commercial interface to continue while managing negative outcomes for both areas.

Conclusion

- 29 The proposed amendment will:
 - (a) assist the Council in carrying out its statutory duties under the Resource Management Act 1991 (RMA) including the integrated management of the effects of the use, development, or protection of land;
 - (b) properly give effect to the NPS-UD;
 - (c) meet the requirements of section 32 of the RMA;
 - (d) promote the sustainable management of natural and physical resources in accordance with Part 2 of the RMA, and in particular the efficient use of natural and physical resources.

¹⁴ With the benefits for the commercial environment set out in the Statement of Evidence of Rebecca Parish, at [14].

¹⁵ Statement of Evidence of Rebecca Parish, at [21].

¹⁶ See Submission of Foodstuffs – NW Cromwell (62), at [22], for further discussion of these objectives.

For these reasons it is submitted that the proposed amendment is an appropriate and beneficial addition to the MDRZ provisions and will promote the purpose of the Act.

Dated this 18th April 2023

Alex Booker

Counsel for Foodstuffs (South Island) Properties Limited

Appendix 1 - Statutory tests

The statutory tests when preparing and changing a district plan are as set out in *Colonial Vineyard Ltd v Marlborough District Council*, ¹⁷ applied and summarised in subsequent decisions. ¹⁸ In summary, these require that the rezoning of the Site through the PSDP:

- (a) Accord with and assist Council in carrying out its functions, including:
 - (i) Achieving integrated management of effects of the use, development and protection of land and associated natural and physical resources;
 - (ii) Ensuring that there is sufficient development capacity in respect of housing and business land to meet the expected demands of the district; and
 - (iii) Controlling any actual or potential effects of the use, development, or protection of land, including for the purposes of the avoidance of natural hazards:
- (b) Have regard to the actual and potential effects on the environment, including in particular any adverse effect;
- (c) Accord with Part 2 of the Act;
- (d) In respect of the existing statutory documents:
 - Give effect to any national policy statement or operative regional policy statement;
 - (ii) Have regard to any proposed regional policy statement, and management plans and strategies prepared under any other Acts;
 - (iii) Have regard to the extent to which the plan is consistent with the plans of adjacent territorial authorities; and
 - (iv) Establish the most appropriate method for achieving the objectives and policies of the District Plan, undertaking the assessment detailed in section 32.

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¹⁷ Colonial Vineyard Ltd v Marlborough District Council [2014] NZEnvC 55 at [17] onwards.

¹⁸ See also Adams and Others v Auckland Council [2018] NZEnvC8 at [53]; and more recently in Trojan Holdings Limited and Skyline Enterprises Limited v Queenstown Lakes District Council [2020] NZEnvC 79 at [23]; Edens v Thames-Coromandel District Council [2020] NZEnvC 13 at [10].

Before the Independent Commissioner Appointed by Central Otago District Council

Under the Resource Management Act 1991

In the matter of Plan Change 19 to the Central Otago District Plan

Statement of Evidence of Rebecca Jayne Parish for Foodstuffs (South Island) Properties Limited

18 April 2023

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Introduction

- 1 My name is Rebecca Jayne Parish.
- I am the Head of Property Strategy for Foodstuffs (South Island) Properties Limited (Foodstuffs). I confirm that I am authorised to give evidence on behalf of Foodstuffs.
- I have approximately 24 years' experience as a resource management, project management, project consenting and property development strategy specialist. I have been employed by Foodstuffs for 20 years. I have a Post-Graduate Diploma in Resource Studies, Bachelor of Resource Studies, Diploma in Business Management and a Diploma in Human Resource Management. I am a Chartered Secretary and a Fellow of Governance New Zealand. I am also a Justice of the Peace for New Zealand.
- I have extensive experience in the property investment, development and supermarket industry, particularly in the South Island. My role at Foodstuffs includes being responsible for all aspects of planning, consenting and land development matters for Foodstuffs South Island.
- Foodstuffs is making submissions on the housing intensification plan reviews and plan changes throughout the South Island to ensure the changes appropriately recognise the interface between residential and commercial activities.
- 6 Foodstuffs has submitted on the provisions of Plan Change 19 (**PC19**). My evidence addresses:
 - (a) The new resource management environment;
 - (b) Commercial operations in urban areas;
 - (c) Effects of supermarket operations; and
 - (d) Effects mitigation measures undertaken by Foodstuffs.

The new resource management environment

- Foodstuffs is an experienced participant in the resource management system, particularly in urban areas where supermarkets are most commonly located. It has become clear that there is essentially a new regime in place for activities in the urban environment driven by the introduction of the National Policy Statement for Urban Development (NPS-UD).
- The over-arching intention of the NPS-UD is to enable urban intensification (housing and business activities) as part of a well-functioning urban environment.

Foodstuffs supports housing intensification – Foodstuffs' neighbours are also our customers.

- However, people who move next to commercial areas (where activities such as supermarkets exist) need to have realistic amenity expectations, especially if that housing outcome is for medium density housing along the interface of commercial areas. This is important as supermarket operations can have environmental effects which can impact amenity such as hours of operation, noise, lighting, and traffic, as can other commercial activities. These sometimes occur at night. The Council has an opportunity and an obligation through PC19 to protect the commercial zoning and community as a safe place for commercial activity, and from reserve sensitivity effects of adjacent medium density. If not, the result is that people will move next door to commercial activities (such as supermarkets) and begin to complain to Councils about the adverse amenity effects. This is not how Council should be supporting community interactions
- Ordinarily, Foodstuffs maintains a range of mitigation measures to manage amenity effects of operations, which I detail further below. The nature and extent of these measures are usually determined through a resource consenting process or planning provisions. However, there is no ability for a similar process for houses built at a density of two per site¹, up to 11m high² and as close as 1m to the boundary³ as a permitted activity under the proposed residential provisions. Therefore, there needs to be some express acknowledgement of the anticipated amenity outcomes at the interface with a commercial zone. If not, a well-functioning urban environment will not result, and it is not a good outcome for nearby residents or the supermarkets (and other commercial activities).
- 11 Foodstuffs is concerned that Policy 6(b) has not been brought into the PC19 provisions. Adopting the policy would provide planning recognition for the numerous commercial activities that occur adjacent to residential areas and assist in achieving the overall goal of the NPS-UD, which is to enable urban intensification and a well-functioning urban environment of which supermarkets and other commercial activities form an integral, critical and essential part.

Supermarkets and commercial operations

Supermarkets located in commercial centres are designed to fit functionally within these (often) scarce high value land resource. Efficient and effective use of that

¹ MRZ-R1(1).

² MRZ-S2(1)(a).

³ MRZ-S6(1).

commercial space is necessary. Commercial centres are often located within a mixed-use area between a township centre and true suburban housing. New World Alexandra is an example of this. Other supermarkets are situated within suburban neighbourhoods and surrounded by residential dwellings. New World Cromwell is an example of this.

- Foodstuffs' experience is the inter-relationship between residential activity and supermarkets can be very successful when planning provisions provide appropriate amenity expectations (for both areas).
- 14 It can be beneficial for residents of both environments. On the one hand, goods and services are readily accessible and requires fewer traffic volumes and less greenhouse gas emissions as a consequence. On the other hand, commercial operators can more easily reach their customers and tailor their enterprise to the local market.
- To maintain these benefits for both groups, the amenity expectations at the commercial-residential interface must be recognised in the PC19 provisions. The NPS-UD is more than just a policy document directing intensified residential housing, it is an intentionally designed regime for urban growth. That includes housing and business land and how those areas interact, as recognised in Policy 6(b).

Effects of supermarket operations

- Supermarket operations are complex in design and they need to be both practical and functional. Designs must also ensure customer convenience, delivery safety, site placement, convenient and safe car parking, and security. Internal treatments include back of house screening and protection of perishable goods from the sun/inclement weather.
- 17 Further, Foodstuffs recognises the critical role that food distribution stores have in a post-disaster recovery phase for communities, and the business strategy seeks to ensure new stores are designed and constructed with resilience for natural disaster events. This is very real and occurs more and more often. CODC needs to recognise this essential service through its District Plan provisions.
- 18 Amenity effects from supermarkets can include:
 - (a) Delivery vehicles usually frequenting the internal and external delivery sides of supermarkets, which can be directly adjacent to residential sites. Ambient and chilled and frozen goods are usually delivered through an internal delivery dock which remains secure and separate from customers. Butcher products are delivered externally to the rear of the building within the separately contained rear loading area. Separation of the public areas from

the service delivery vehicles is essential to meet health and safety legislation requirements, for good operational ethical practice on site and to ensure customers are clear where their areas of public access are demarcated on site:

- (b) Noise from delivery vehicles including heavy vehicle noises, truck doors banging and reversing alarms (necessary for staff safety). These are more noticeable at night, particularly during early morning deliveries. For example, bread deliveries occur early in the morning to ensure fresh bread is available for the first customer.
- (c) Lighting to meet CPTED principles for safety of staff, customers and nearby residents. Foodstuffs supermarkets feel safe as a result of the level of activity on site, both day and night, the improved lighting to site, large view shafts through the site and ability for greater public engagement and movement through the site. A side-effect is that light spill can occur, often to a greater degree than what would come from a residential dwelling;
- (d) Shading effects from the bulk form of supermarkets. Supermarkets are designed with a number of factors in mind, one of those being bulk storage and goods handling efficiencies. Greater bulk storage allows lower costs which can be passed on to customers. However, it also requires building heights and footprints larger than residential housing. The result is supermarkets can shadow neighbouring properties more so than a residential dwelling would normally shadow its neighbours;
- (e) Acoustic issues form plant and mechanical services; and
- (f) Carparking amenity and staff carparking adjacent to the residential activity.

Mitigation measures undertaken by Foodstuffs

- 19 These effects are canvassed during resource consent applications and Foodstuffs is required to undertake mitigations in response.
- I raise these mitigation works to demonstrate the effort Foodstuffs puts into integrating supermarkets into the residential environment. Foodstuffs invests in these measures to the extent that it is practicable and economic to do so. Contrast this with the lack of policies and standards managing the residential-commercial interface in PC19.

21 Measures taken include:

(a) Separating the goods service delivery access from its customer access points. This separation provides a safer environment by preventing any conflict between delivery vehicles and customer vehicles, and promotes a

more attractive supermarket frontage that is not "cluttered" with service vehicles or fork-lift moving stock (the back-of-house operations). This separation of service vehicles and customer vehicles is a key operational and customer safety requirement when designing our stores;

- (b) Improved landscaping and convenient high amenity car park and pedestrian movement areas, high levels of maintenance, sophisticated architectural design and hard stand areas. Architectural and sustainability merit is important to Foodstuffs, and Foodstuffs are proud of the awards we have received for the architectural and sustainability merit of our supermarket designs in recent years;
- (c) Increased setbacks from internal boundaries, often landscaped or fenced to reduce visual and noise amenity effects;
- (d) Restrictions on hours of operations and vehicle movements, particularly for early morning activities;
- (e) Integration of supermarkets with the wider pedestrian network. Foodstuffs have, in the past, agreed to provide paths and cycleways through or nearby sites to improve accessibility in residential environments; and
- (f) Sustainable designs including solar to roof etc.

Conclusion

- Residential intensification is only one component of the NPS-UD. An equally important component is accessibility and competitive use of business land. That goal is under threat from residential intensification, if Policy 6(b) of the NPS-UD is not brought into PC19.
- Yet supermarkets frequently co-exist alongside residential areas. The key to success is recognition of the residential-commercial interface, something that Foodstuffs already does. I am confident supermarkets integrate well into residential environments and are assets to communities. All that is left is to fill the policy gap in the PC19 residential provisions to recognise this from the residential side of the interface. This is Council's opportunity to do this now, to ensure future well-functioning urban environments.
- Thank you for your time, if you wish to ask me any questions I am more than happy to answer them for you.

Rebecca Parish 18 April 2023