BEFORE A PANEL OF INDEPENDENT HEARINGS COMMISSIONERS IN HAMILTON

I MUA NGĀ KAIKŌMIHANA WHAKAWĀ MOTUHEKE KIRKIRIROA

UNDER	the Resource Management Act 1991 ("the Act")
IN THE MATTER	of proposed Plan Change 12 to the Operative Hamilton City Council District Plan

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STATEMENT OF EVIDENCE OF SAMUEL JOHN GODDARD ON BEHALF OF FOODSTUFFS NORTH ISLAND LIMITED

CORPORATE

24 JULY 2024

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1. INTRODUCTION

1.1 My full name is Samuel John Goddard.

1.2 I hold a Bachelor of Laws from the University of Otago

1.3 I am a Senior Development Manager – Property Investment at Foodstuffs North Island Limited ("**Foodstuffs**"). In this role, I lead a team of Development Managers who manage the property acquisition, consenting, construction and network planning processes for Foodstuffs including for our supermarkets, wholesale, convenience retail, and supply chain businesses. As part of my role I am responsible for planning new stores and refurbishment of existing stores, including rezoning and masterplanning, through to detailed site planning (e.g. parking demand and site servicing). I have been employed by Foodstuffs for 5 years. Prior to this, I worked in property related roles at Lion New Zealand.

1.4 I am authorised to give this evidence on behalf of Foodstuffs.

Scope of Evidence

1.5 This evidence is in respect of submissions[1] by Foodstuffs North Island Limited ("**Foodstuffs**") on proposed Plan Change 12 ("**PC12**") to the operative Hamilton City District Plan ("**ODP**" or "**District Plan**").

1.6 My evidence will:

(a) provide a brief overview of Foodstuffs and the sites of relevance to the submission;

(b) address the rationale for Foodstuffs' submissions seeking additional development opportunities at its sites at a general level, before addressing the characteristics of each of the sites which make them well suited to intensification.

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[1] Sub No. 237 (Height) and Sub No. 240 (Financial Contributions)

(c) confirm Foodstuffs' support for Council's updated position on financial contribution for non-residential activities.

2. BACKGROUND

2.1 Foodstuffs currently has over 330 stores and 24,000 team members across the North Island. On a weekly basis we serve some 2.7 million customer visits in store. Foodstuffs' activities are key to ensuring that areas have convenient and sustainable access to goods and services, particularly as they grow.

2.2 Existing and projected population growth in Hamilton is generating increased demand for supermarkets. These need to be located conveniently to service those growing communities. As I return to below, District Plan provisions influence Foodstuffs' ability to expand and upgrade its supermarket network in response to growth.

2.3 Planning for new stores includes, amongst other things, consideration of catchment demand (e.g. population growth, demographic data, consumer preferences and potential sales forecasts), site characteristics (e.g. accessibility, parking availability, traffic patterns, visibility), regulatory framework (e.g. zoning constraints) and the financial viability of the project (e.g. land acquisition and construction costs vs. likely return) of the project. As population grows and suitable land becomes scarcer, land prices in suitable locations for supermarkets tend to increase markedly, and acquiring appropriately located sites with the right characteristics at a cost which enables a project to be financially viable becomes increasingly challenging.

2.4 In urban areas with high value underlying land costs, the zoning framework applying to a site, including in particular the height and intensity that it provides for, is often a critical factor in determining whether a project is able to be of a scale that is financially viable. Therefore, appropriately enabling District Plan provisions are important in ensuring that Foodstuffs is able to continue to deliver supermarkets, which in turn provide functional benefits and amenity to the occupants of the surrounding areas.

2.5 For this reason, Foodstuffs made submissions on PC12 in relation to four of its properties in Hamilton, being:

(a) Pak'n Save Mill Street at 17 Mill Street, Whitiroa ("**Pak'n Save Mill Street**");

(b) Pak'n Save Clarence Street at 85 Clarence Street, Hamilton Lake ("**Pak'n Save Clarence Street**");

(c) the New World at Ohaupo Road, Glenview ("**New World Glenview**");

(d) the Four Square at 1030 Heaphy Terrace, Fairfield ("**Four Square Heaphy Terrace**").

2.6 Foodstuffs' submissions:

(a) Sought to include Glenview New World (and surrounding sites) and Heaphy Terrace Four Square (and surrounding sites) within the Height Overlay;

(b) Supported the inclusion of Pak'n Sav Mill St and Pak'n Save Clarence St within the Height Overlay; and

(c) Opposed the introduction of financial contributions for non-residential activities.

2.7 I address each submission point in turn.

3. NEW WORLD GLENVIEW AND FOUR SQUARE HEAPHY TERRACE

Rationale for the Foodstuffs Submission

3.1 Foodstuffs' submissions sought to apply the Additional Height Overlay to New World Glenview (and surrounding land), as well as Four Square Heaphy Terrace (and surrounding land).

3.2 Under the Council's position addressed in its evidence, application of the Height Overlay would enable a maximum height of 26 m. If the Height Overlay did not apply, the following height standards would apply:

(a) New World Glenview – 16 m; and

(b) Four Square Heaphy Terrace – 18m.

3.3 The heights limits that would apply in the absence of the Height Overlay constrain Foodstuffs' ability to economically develop sites because they leave little opportunity to incorporate other activities above the supermarket activity and hence to generate additional returns. In contrast, application of the Height Overlay and the additional height that this provides to Foodstuffs' sites will enable a significant quantity of mixed-use development on those sites (e.g.: typically, a supermarket at ground level with commercial and/or residential levels above). That will generate additional financial returns from the development that will reduce the portion of the elevated, commercial land cost that the supermarket will need to absorb.

3.4 Supermarkets are space hungry. Operational requirements mean that they require significant floor areas for retail and storage, with higher floor-to-ceiling requirements than typical commercial or retail developments. They also require that a relatively large proportion of land be allocated for car parking and loading, access and servicing (e.g. delivery trucks).

3.5 Traditionally, therefore, supermarkets have been developed as single storeys on large sites. However, due to the difficulty in acquiring sites large enough to accommodate a supermarket in appropriate locations and increasingly high underlying land values in urban locations, Foodstuffs is considering how it can continue to deliver new or refurbished supermarkets in urban centres in a financially viable manner.

3.6 This has led to increased focus on multi-level mixed use developments which accommodate a supermarket, retail, commercial and residential units. Foodstuffs obtained consent for such a proposal in 2021 (**Figure 1** below). There are a number of other developments that I am aware of that adopt such an approach, such as the Alexandra Park development in Auckland which includes a small-scale supermarket and other commercial tenancies underneath 8-9 stories of apartments (**Figure 2** below).

Figure 1 *Render of Foodstuffs mixed use development on Dominion Road, Auckland*

Figure 2 *Example of mixed-use development at Alexandra Park, Epsom (source: RTA studio)*

3.7 The relationship between the residential and commercial components tends to enhance the overall economic viability of such developments. Supermarkets are good anchor tenants as they add to the convenience and attractiveness of such developments and other businesses, such as cafes, pharmacies, and specialty retail stores, often cluster around supermarkets

because of the high foot traffic. To that end, they can enhance the overall functionality and appeal of the development and reduce the need for people to drive long distances. Residential or office development at higher levels in the development both increase the catchment for the supermarket (and those cafes and other commercial activities that congregate around it) and ensure that the significant cost involved in acquiring the land and constructing the supermarket (and any basement or first floor carparking) can be shared between a much larger floor area and more activities.

3.8 However, the current PC12 proposal constrains Foodstuffs' ability to deliver such projects. A 16 m – 18 m height limit is unlikely to provide sufficient height for a financially viable mixed use development with the supermarket anchor tenant because:

(a) While a 16m – 18m height limit theoretically enables 5-6 storeys, where a supermarket is involved that height limit is likely to enable a total of 4-5 storeys (i.e.: 3-4 additional floors) at most. This is because of the floor-to-ceiling heights required for supermarkets[2] and the extent of servicing and infrastructure that will need to be placed between the supermarket ceiling and the floor of any office or residential above. Accordingly, additional height is required in these zones to enable the same number as storeys overall in a development that contains a supermarket as would otherwise be required for a typical residential development. In addition, and as I return to at (d) below, one of those levels will need to accommodate parking, or, alternatively, (expensive) underground parking needs to be constructed. Either way, this requirement further impacts on the feasibility of development.

(b) When a building is of four or more storeys the building code requires that it include elevators.[3] Advanced fire protection systems and mechanical ventilation are also required for multi-storey buildings.

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[2] This varies but is typically 6m – 8 m and higher in stores where there is a need to accommodate a mezzanine floor.

[3] Building Code Clause D1.3.4(c). **NB**: The requirement for a lift can kick in earlier, depending on the design occupancy of the upper floors or the type of services proposed at upper floors.

This adds considerable expense. Another considerable expense is the need to provide car parking, particularly if it is underground.

(c) As a consequence of those requirements and market conditions, in the residential sector, except for in areas with high underlying land values and demand, a 16 m height limit is likely to incentivise three level walk up development with no or minimal parking which is considerably less expensive to build and has a shorter construction time than development four storeys or over.

(d) In the case of a proposal incorporating a supermarket, however, a three-storey response is unlikely to be feasible because of the need to provide carparking, the cost of which is not directly recoverable. This would either need to be underground car parking which is very expensive with the additional cost only able to be spread across a limited number of units, or allocation of an entire (above ground) floor to parking with the associated infrastructure which reduces the overall saleable floor area.

(e) If, however, height limits are relaxed a proportional reduction in the additional cost per unit can be achieved by spreading the cost across a larger number of units and floors. That is, taller buildings can offset the increased costs associated with height.

3.9 While it is always possible to seek consent for additional height, going through a consent process for additional height introduces development risk into a project (e.g.: through additional time, cost and the risk of decline).

3.10 The Dominion Road Mixed Use development referred to above, illustrates both the impact of consenting risk and the impact of only enabling 4-5 storeys of height on a project's feasibility. In that case, consent was sought for a development that was up to 5 storeys and 23.5m in height with an underground carpark. Through the consenting process, the height and mass of the building was reduced by an entire level in part of the site. The cost of constructing an underground carpark is significant, and with less units to spread that cost across, the feasibility of the project is now stressed and construction has yet to commence.

3.11 Overall, in my experience, increasing height limits can increase the range of economically viable housing typologies and price points that can be delivered to market. Whereas limiting heights reduces the ability to achieve those outcomes.

Why the Height Overlay should be applied to New World Glenview and Four Square Heaphy Terrace

3.12 Foodstuffs considers that the New World Glenview and Four Square Heaphy Terrace sites are well-placed for additional height.

New World Glenview

3.13 New World Glenview is located within the Glenview Shopping Centre. It has three road boundaries (including Ohaupo Road/SH3) and one residential boundary (to the south-east), see **Figure 3** below. It is located approximately 900m north-west of the edge of the Peacocke development.

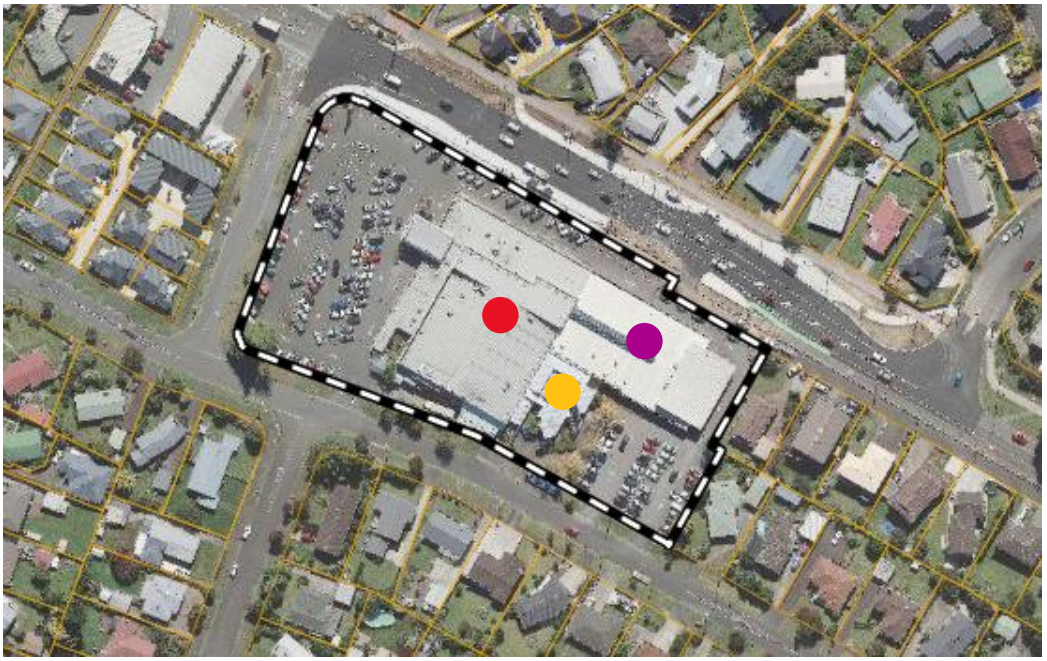

Figure 3: *Aerial Map of the Glenview Shopping Centre (source: HCC GIS Viewer)*

3.14 The site has a Business 5 (Suburban Centre) zoning, with the adjoining residential land proposed to be zoned General Residential under Council's PC12 evidence, see **Figure 4** below. The Council's evidence proposes that a 16m height standard apply to the Suburban Centre zoned land (including the site).

Figure 4 *PC12 Zoning Map, HCC Evidence 26 June 2024. Site identified by yellow star.*

3.15 New World Glenview has a GFA of 2,141m^2 GFA, and 137 carparks (shared). A New World supermarket of this size is considered to be at the smaller end of the range.

3.16 New World Glenview forms part of the Glenview Shopping Centre, which contains a range of other retail, commercial, community and service activities and which is held in three titles. With reference to **Figure 3** above, the building identified by the purple dot is in private ownership, the building identified by the yellow dot is owned by Council and the large building with the red dot is unit titled. Foodstuffs has an interest in the unit titled site.

3.17 Glenview is considered a re-development site for us because:

(a) It is an aging store that is in need of redevelopment for various reasons.

(b) It is located in a catchment which is already experiencing population growth, and considerable future growth is predicted to occur – particularly as the Peacocke land is brought online. This means that there is increasing demand for grocery floorspace within the Glenview area. As such, any future redevelopment is likely to need to increase overall supermarket GFA whilst retaining the same number of carparks.

(c) The centre has a wide range of services, including a library, and a kindergarten and Te Wananga o Aotearoa are in close proximity to the

site. It is located on a frequent bus route, and I understand that the upgrade to Ohaupo Road for a public transport hub will further increase frequency of bus services.

(d) The site has three road frontages, one being an arterial – meaning it is extremely well located from an accessibility and circulation perspective. This is true for customer access but also delivery and servicing truck access, which is critical to the operation of a supermarket. Its location on an arterial also means it has good visibility for passing customers.

(e) There is only one residential boundary and the sensitivities of this interface can be managed through design – particularly as three road boundaries creates flexibility for design (e.g. in how the site is arranged).

(f) There are no other suitably sized and zoned sites within the wider area.

3.18 Foodstuffs have been considering redevelopment of New World Glenview however it is currently constrained by the need to increase GFA without reducing the number of carparks and accessibility for servicing and truck access. An initial feasibility study undertaken for a standalone supermarket at Glenview doesn't meet internal targets to obtain board approval and we are therefore considering other options.

3.19 In any event, Foodstuffs considers redeveloping the site as a single level now to be less preferable in the long term because it effectively precludes higher density redevelopment for the next 50+ years, even if heights are increased at a later date. This is a particular consideration in a centre like Glenview, where the shopping centre site takes up most of the zoned centre.

3.20 Mr Wallace's evidence considers the possible built form outcomes of 16m and 26m height limits at the site, utilising typical floor to ceiling requirements for supermarkets. This confirms that at the site, a 16m height limit would accommodate a maximum of 4 storeys. For a mixed-use supermarket development, at least one of those storeys will need to be allocated to

carparking, unless underground parking is provided (at great expense). In the current economic and regulatory context, this is insufficient to deliver a supermarket for the reasons outlined above. Increasing the height to 26m and deleting site intensity controls would allow for seven storeys, which is more likely to be sufficient for a feasible mixed-use development that could regenerate the suburban centre.

Heaphy Terrace

3.21 Four Square Heaphy Terrace is located at 1030 Heaphy Terrace, within the Heaphy Terrace shops, see **Figure 5** below.

Figure 5 *Aerial Map of the Heaphy Terrace Local Centre – site outlined in black and white (source: Hamilton CC GIS Viewer)*

3.22 The site has a Business 6 (Local Centre) zoning, with the adjoining residential land proposed to be zoned Medium Density Residential under Council's PC12 evidence, see **Figure 6** below.[4] The Council's evidence proposes that an 18 m

[4] HCC's maps show a Historic Heritage Area (**HHA**) adjoining the site, which results in the underlying zoning being General Residential Zone (see purple outline on Figure 6). HCC's evidence confirms that this HHA is no longer supported and this error will be corrected in an updated version of the zoning maps to be provided at the PC12 hearing (EIC, Laura Gault (Historic Heritage Areas) at para 38). Foodstuffs has therefore proceeded on the assumption

height standard apply to the Suburban Centre zoned land (including the site).[5]

Figure 6 *PC12 Zoning Map, HCC Evidence 26 June 2024. Site identified by yellow star.*

3.23 Four Square Heaphy Terrace is a small store of approximately 1,086m^2 and includes 55 car parks. The site is owned by Foodstuffs and the Four Square store first opened in 2012 into an existing building which is currently being refurbished.

3.24 While Glenview New World would be a priority redevelopment site for us, Four Square Heaphy Terrace is also attractive from a redevelopment perspective in the medium-long term. This is because:

(a) It is located in relatively close proximity to the city centre, and in an area which has been zoned for higher density development. The wider Heaphy Terrace shopping area features various other retail, medical, commercial, and service businesses.

(b) It is located on a corner site, so its well located from an accessibility and visibility perspective.

(c) There are limited (if any) other suitably sized and zoned sites within the wider area.

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that the underlying zoning will be updated to reflect the adjoining sites once the HHA is removed.

[5] On the basis that Four Square Heaphy Terrace adjoins the Medium Density Residential Zone.

3.25 Mr Wallace's evidence considers the possible built form outcomes of 18m and 26m height limits at the site, utilising typical floor to ceiling requirements for supermarkets. This confirms that at the site, an 18m height limit would accommodate a maximum of 5 storeys including the supermarket and carparking, although this would likely require a reduction in floor-to-floor heights (and lower floor-to-ceiling heights in dwellings) to achieve this. Again, this is insufficient to deliver economically anything other than a single storey supermarket within the existing footprint for the reasons outlined above. Increasing the height to 26m and deleting site intensity controls would allow for seven storeys including the supermarket and carparking, which is more likely to be sufficient for a feasible mixed use development that could regenerate the local centre.

4. PAK'N SAVE MILL STREET AND PAK'N SAVE CLARENCE STREET

4.1 Foodstuffs continues to support the inclusion of the Pak'n Save sites within the height overlay, but requests that constraints on GFA be removed for Pak'n Save Clarence Street so that it is able to utilise the additional height enabled through PC 12.

5. FINANCIAL CONTRIBUTIONS

5.1 Foodstuffs supports the Council's revised position to delete financial contributions for non-residential activities. This reflects Foodstuffs' submission on the issue.

24 July 2024

Samuel John Goddard