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Local benevolent property development entrepreneurs in small town regeneration

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ABSTRACT

Derived from a wider study of place-based economic, social, cultural and environmental regeneration initiatives in small regional New Zealand towns, and reflecting on international research that emphasises the importance of long-term collaborative effort, effective governance and locally-based leadership in regional regeneration, this paper examines the ways locally-based benevolent property development entrepreneurs are attempting to contribute to their regional town-centres. The experience of towns in mid and South Canterbury in the South Island of New Zealand, where national and global commercial property developers are reluctant to invest, are used as case studies. We discuss how property-led town-centre regeneration in small regional towns in New Zealand such as these may best be characterised. This work is then used to outline a policy agenda that would help local government and allied stakeholders to engage more effectively and cooperatively with local property developers. This work has relevance for an international audience interested in the town-centre regeneration challenges faced by the residents and local governments of small regional towns in neo-liberal polities.

1. Introduction

This paper contributes to international debates about the regeneration of small towns, with a focus on property-led regeneration and allied policy development. We report research on the role of benevolent local property development entrepreneurs in attempts at town centre regeneration. The work arises from a wider study of place-based economic, social, cultural and environmental initiatives being pursued by local residents and public and private agencies to regenerate regional towns, with populations of between 10,000 and 65,000 residents, in the South Island of New Zealand (Perkins et al., 2019). In writing this paper, we have attempted to make strong links to an international audience, recognising that much of our literature review draws on the work of non-New Zealanders, but which is applied in the New Zealand context. In this sense, the paper's contribution to international debates is that it shows how small-town regeneration is worked out differently in a country like New Zealand when compared to Europe and North America and thus broadens the international understanding of the concept and its associated practices. We also show how regeneration success factors reported in the international literature are likely to be relevant for New Zealand policy development.

A key feature of regional settlement regeneration initiatives in New Zealand is that they are pursued in a context of very limited extra-local resourcing. There is no obvious national community of practitioners with clear sources of funding engaging in such work. This is because, since 1984, New Zealand's central government, consistent with its neo-liberal market-centred policy stance, has pursued only limited regional development objectives. This has had very significant but uneven impacts on regions, their economies, settlements and people (McNeill, 2019; Nel and Connelly, 2019; Spoonley, 2016).

The situation in New Zealand contrasts with the practices and organisational arrangements prevailing in a number of overseas jurisdictions, particularly in Europe and North America. There, a range of local and extra-local resources has been available to those advancing

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regeneration in a number of spheres, including town-centre regeneration. This regeneration activity has been accompanied by a significant scholarly interest in the development of small and medium sized towns and cities (Brabazon, 2015; Gkartzios and Norris, 2011; Knox and Mayer, 2013; Powe et al., 2007). The level of regeneration activity in some national settings is such that support and advice for private initiatives are common and a cadre of expert professionals is advancing regeneration practice and training (Burayidi, 2013; Daniels et al., 2007; Friedman, 2014; Leinberger, 2005; Main Street America, 2019; Mattson, 2017; Rural Information Centre, 2005; Shields and Farrigan, 2002). Even in conditions of post-Global Financial Crisis austerity as reported by Powe et al. (2015), centrally allocated, charitable and EU funds for local regeneration in the UK – despite a number of consequent operational problems – remain available to a degree not experienced in New Zealand for many decades.

In the two settlements we studied, one in each of the mid and South Canterbury regions of the South Island of New Zealand, our observations of landscape change and reading of construction statistics (Campbell, 2019; Infometrics, 2019a, 2019b) show that town-centre property development, as opposed to out-of-centre investment, has been limited in scale. The rise of e-retailing and changes in transport and vehicle parking preferences, and opportunities in edge- and out-of-centre sites, has meant that aging town-centres are often seen as unattractive and are struggling to gain patronage and investment, a situation not uncommon beyond New Zealand (Findlay and Sparks, 2009; Hospers, 2017; Powe, 2020). In these circumstances, responsibility for town centre regeneration is left to local government that has limited expertise and finance, and town-centre property owners, often holding under-utilised space and earning low rental returns. As a result, very little regeneration has been attempted over a number of years.

The exception to this gloomy town-centre regeneration story is attempts by a small group of *locally based* developers to take the lead in this field, although here too, progress is often hampered by mis-aligned planning instruments, misunderstandings and a lack of cooperation between developers and local authorities. As a result, proposed developments are either slow to reach fruition or they fail altogether. We have studied the situation in two towns, Ashburton and Timaru, but note, as reported in the news media, that this story is working itself out elsewhere in New Zealand's South Island, in for example, Waimate, Geraldine and Invercargill (Harding, 2018; Littlewood, 2018; Williams, 2018a, 2018b). These entrepreneurial local developers, part of a group that has been categorised as benevolent entrepreneurs (Nel et al., 2019), a sub-category of social entrepreneurs (Terjesen et al., 2016, p. 236), are strongly place-attached, keen to invest locally, and are passionate about their town-centre development projects because of the social, economic and aesthetic benefits they will bring to their home communities. They are also very often wealthy business people, who, while business-savvy, and having made their fortunes in businesses other than property, are property development neophytes. They have little or no experience of this field of endeavour. These are therefore quite different from mainstream commercial property developers, whose prime motivation is to build for-profit developments and who, typically, have few benevolent aspirations.

Our qualitative research study of these benevolent property development entrepreneurs and their interactions with a range of regeneration stakeholders has given us an opportunity to think about how better to integrate them into settlement regeneration practice. Very recent regional development policy changes in New Zealand (Connelly et al., 2019) encourage us to think that there is scope to help these developers and local government to engage more effectively and cooperatively.

Our study has been guided by two questions. The first is: how might property-led town-centre regeneration in small New Zealand towns be characterised; and, the second is: reflecting on New Zealand and international regeneration experience, what kinds of policy development would help local government and other stakeholders to engage more effectively and cooperatively with local benevolent property development entrepreneurs?

In the remainder of the paper, drawing on an international literature, we first outline the key concepts underlying town-centre regeneration in small regional settlements. We then discuss our methods, the range of data gathering techniques used and our analytical approach. The key features of our case study towns are then outlined, followed by a brief discussion of several key factors that are important for understanding regional town-centre property-related regeneration in New Zealand. We then outline our town-centre regeneration case studies in Ashburton and Timaru in the South Island of New Zealand and draw a number of conclusions about what might be done locally and nationally to recognise the significance of local property developers passionate about place and to improve property-related town-centre regeneration governance and practice.

2. Literature review

2.1. Regeneration and small regional towns

Regeneration is designed to improve the economic, physical, social and environmental condition of settlements and regions (Roberts et al., 2017; Ruming, 2018). There is a good deal of debate about the appropriate focus for, and approach to, regeneration research in small towns (Leick and Lang, 2018; Mayer and Knox, 2010). New Localists argue that research should concentrate on local level experience, interpret local problems and contribute to new planning approaches designed to harness local resources and assets and social capital (Leick and Lang, 2018). Central governments have an important policy role in supporting such local regeneration efforts, because, as Parkinson et al. (2015) and Spoonley (2016) argue, flourishing regions and their settlements are important to national economies.

Regeneration in small towns and their rural hinterlands is complex and challenging (Powe et al., 2015), often compounded by limited local capability and funding to support such activity. Researchers and practitioners thus ask how external private and public resources may be obtained and applied in support of local capability building and activity without undermining local initiative. Powe et al. (2015) see also Edwards et al. (2000) argue that success can be achieved in small towns when regeneration is operationalised as the long-term incremental and collaborative effort of many adequately resourced actors. A multi-actor approach ensures that there is not an over-reliance on one, or a very few, stakeholders, who alone, lack the resources or jurisdiction required to manage regeneration's many dimensions (Markey et al., 2012, 226, cited in Powe et al., 2015, 177).

Several authors argue that successful small-town regeneration requires *effective governance* (Knox and Mayer, 2013; Powe et al., 2009; Rich, 2012; Sánchez-Moral et al., 2015). This demands that sets of decision-making and partnership arrangements are developed in ways that harness local social and intellectual capital and skills (Edwards et al., 2000; Hospers, 2017). It also demands the creation of collaborative partnerships within towns among individual residents and public, private and third sector groups; among towns within administrative regions; and between central and local governments and allied community agencies (Newman, 2013; Sousa and Pinho, 2015). As suggested by McKenzie (2014), the strength and effectiveness of such governance arrangements varies considerably from place to place, with Parkinson et al. (2015) arguing that central governments have an important role to play in resourcing the development of local capability.

Nel et al. (2019) point out that locally-based *leadership* is also a key factor in regional development (see also, Beer and Clower, 2014; Beer et al., 2019; Collinge et al., 2010). Local leaders *define* the need for change, *imaginatively create and support* new agendas to guide and facilitate development, and *mobilise* people and resources from the public and private sectors to aid in regeneration efforts. Sometimes these leaders are public servants, but they also often come from the private sector. In the business studies literature private sector leadership is discussed in terms of social entrepreneurship (Nieva, 2015; Terjesen et al., 2016); combining local social value creation and business advancement in a specific place. Social entrepreneurs, in Peredo and McLean's (2006, 56) terms, pursue their goals "through some combination of: recognizing and exploiting opportunities to create value, employing innovation, tolerating risk and declining to accept limitations in available resources".

Sharing some of these characteristics, another, and smaller category of local social entrepreneur, and a key leader, has also been identified in regeneration studies (Nel and Stevenson, 2014). Known as benevolent entrepreneurs these leaders engage in various forms of what Shephard (2018), cited in Nel et al. (2019) calls charitable paternalism. Strongly place-attached, these risk-orientated local business people imagine positive futures for their home towns, are committed to neo-liberal values, progressive place-based development and advancing their own and others' business and community interests (Wilson, 2011). Such sentiments towards 'place', and property owners' desires to re-invest locally, were identified by Chukwudumogu et al. (2018) in the Christchurch, New Zealand's, post-earthquakes central city rebuild.

While accepting that the approach of these benevolent entrepreneurs is, overall, altruistic, Nel et al. (2019, 6) raise concerns about the potential they might have to "narrowly define social welfare [and preferred built environments] along business and community development lines", and ask whether this is the kind of leadership local residents need and want. Unspoken in this criticism is a view that there are other community leaders who are largely free from self-interest and therefore capable of doing a better job of identifying and meeting residents' needs and desires. These are presumably publicly elected officials and members of the bureaucracy. But as Perrow (1986) shows, while usually altruistic, some of these public sector leaders may also have their own, unannounced, goals, quite distinct from those of the public they are supposed to serve. He also notes that both private and public sector leaders have a number of tools at hand to achieve their goals but that "they are imperfect, not completely controlled, tools, and it is a struggle to maintain control over them" (Perrow, 1986 cited in Le Coze, 2015, p. 279). In this context it is possible that neither group on their own can implement their plans and that positive interactions between them may create the conditions necessary for successful development.

2.2. The challenges of property-led regeneration in small towns

The text book description of property-led regeneration practitioners is that they are people who create new spaces and buildings across a range of urban scales including in small-town centres. They do this by making plans and assembling land, finance, labour and building materials (Attia and Ibrahim, 2018; Coca-Stefaniak et al., 2009; Powe and Hart, 2017). The dominant motive behind such work is to overcome the detrimental influences of slow growth, stasis or decline on built landscapes, which can affect all property market sectors, regardless of the overall state of the local economy. While edge- and out-of-centre sites may be flourishing, town-centres can manifest as declining or derelict sites or precincts with vacant commercial buildings such as offices and shops. Key issues in such town-centres include the difficulty of attracting new businesses due to insufficient market area, a lack of attractions for weekend or nightlife activities, a shortage of suitable town-centre housing, a negative image and the presence of a 'white elephant' – the strategically located but now vacant hotels, department stores and theatres that symbolise decline and that are more noticeable in a small town (Robertson, 1999).

Local authorities do not always have the resources to meliorate this situation: they may lack political motivation, leadership, sufficient financing and a skill-set in local personnel to match the challenge (Powe et al., 2015). Additionally, many small-town private property owners often prefer to place their investment funds in lower-risk opportunities with higher returns, typically found in larger cities with well-established global connections, rather than engage in building remediation (Parkinson et al., 2015, see also Amin and Thrift, 1995; Adair et al., 2000 for a large city perspective). Without regeneration, in time, physical decay and social and cultural decline can stigmatise entire towns, and certainly those parts of town-centres displaying obvious signs of abandonment and disrepair (O'Hara, 2011; Rich, 2012; Sousa and Pinho, 2015).

Where town-centre regeneration has been attempted, a range of approaches is evident, including single public amenities located in iconic architecture through to multiple projects in which whole town precincts are valorised (Powe et al., 2009; Thomas and Bromley, 2003). Such work has been shown to create positive economic and social effects at the settlement or regional level. These are associated with employment in the construction phase, particularly if local firms are employed, and attracting existing residents and visitors to places with an enhanced physical appearance. The process is, however, often controversial, as it demands displacement of people and their activities, and sometimes the destruction of heritage landscapes and buildings (Turok, 1992).

Powe et al. (2015, 180) point out that in the face of no or limited market activity, some ways need to be found to balance the potential for financial returns from property development with the costs and risks of private investment and therefore realise the value of local assets and creative ideas in small towns. In this regard, occupier-led development is more likely to occur in small and mid-sized towns rather than speculative developer-led construction because of the risks involved (Powe and Pringle, 2017). In these situations, if combinations of effective local leadership, facilitative planning, active economic development agencies and local and extra-local financial resources can be brought to bear, then existing buildings and associated landscapes may be adaptively re-purposed, or demolished and rebuilt (Powe and Pringle, 2017). Local benevolent property entrepreneurs have the potential to make a notable contribution to such developments, but as we shall show, their enthusiasm, financial contribution and efforts can be undermined without effective local support.

3. Methods

A qualitative case study approach underlies our research which was supported by one of New Zealand's government-funded National Science Challenges: Building Better Homes, Towns and Cities: Ko ngā wā kaingā hei whakamahorahora (Perkins et al., 2019). Our case study towns are Ashburton and Timaru, both in the Canterbury region of the South Island of New Zealand (Fig. 1). These were chosen partly because we were charged by the funder to conduct research in the South Island, but also because they are representative of small regional settlements found across New Zealand. Our research, conducted between 2016 and 2019 focused first on the ways a range of local people from the public, third and private sectors defined the challenges facing Ashburton and Timaru, and the kinds of regeneration initiatives that were underway to improve the performance of these settlements. It was in the pursuit of this work that questions associated with property-led town-centre regeneration arose.

In order to provide a regional context for our interpretations, we created descriptive statistical profiles of each town and their surrounding local government districts. For this we used Census and other central government data (Campbell, 2019), supplementing this with research reports conducted for local government (e.g., Jackson, 2014).

Media stories about recent change and development challenges faced in Ashburton and Timaru were regularly reported in print and online versions of local and national newspapers. These included stories about property-led town-centre regeneration which provided important accounts informing our study. Significantly, these media stories directed us to potential research participants. Focusing on the challenges associated with the provision of town-centre commercial, retail and hotel premises we carried out 26 interviews with 21 stakeholders in Ashburton and Timaru. Interviewees included elected council members, council employees, real estate agents, property owner-occupiers, tenants,

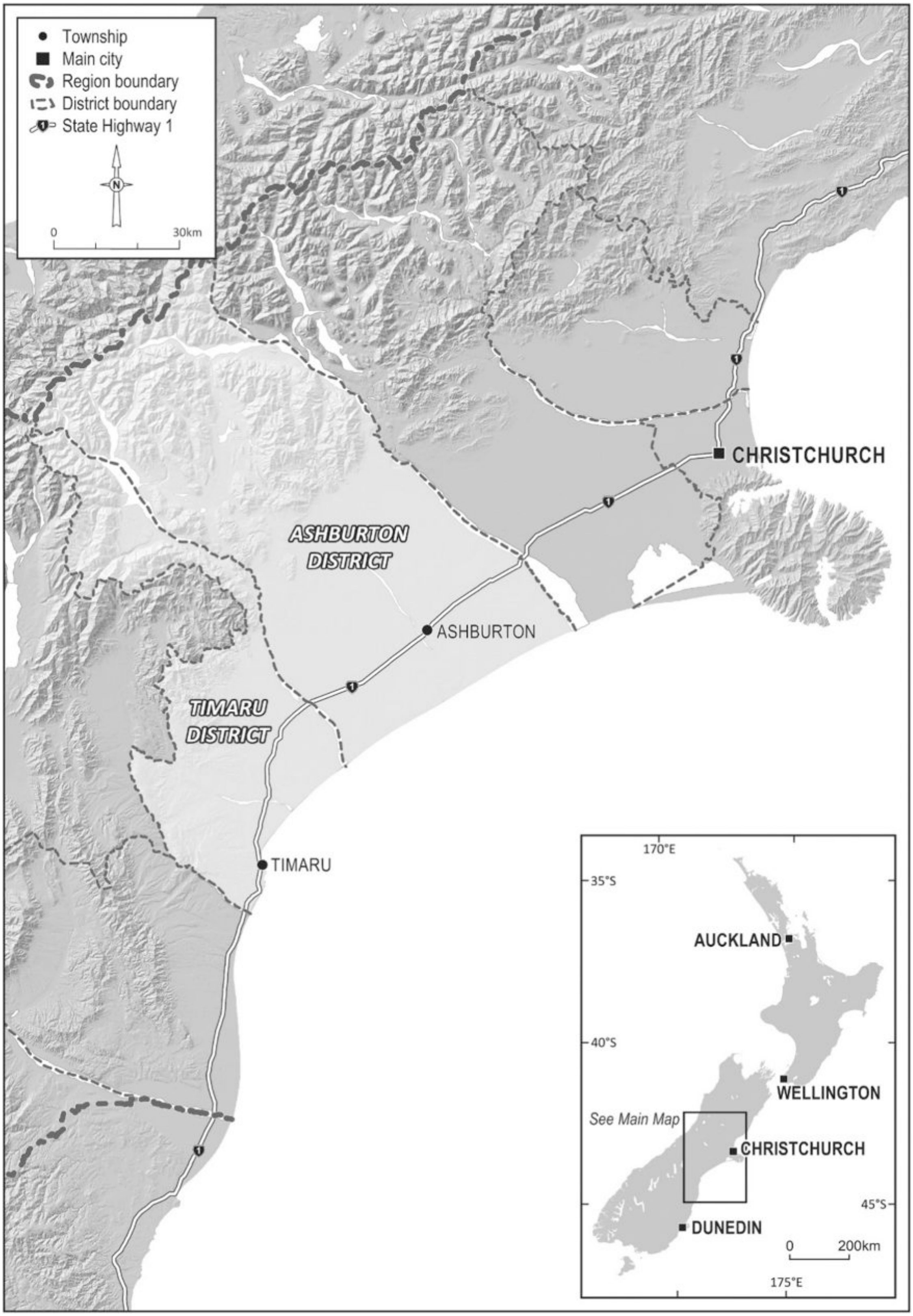

Fig. 1. Ashburton and Timaru in the South Island of New Zealand.

members of town-centre groups, CEOs of key businesses and local property entrepreneurs.

We supplemented our interview data with observational fieldtrips, photography, local advertising material from real estate agencies and publicly available online local council planning reports including town-centre studies and Long-Term Plans. Our observational fieldtrips included, for example, walks around the Ashburton and Timaru town-centres to identify and examine particular areas and buildings. Others took place at the conclusion of our interviews. These included visits to proposed sites for development with property investors, and tours of the town-centre with council officials during which our informants interpreted these settings for us (Perkins et al., 2019).

Consistent with qualitative social research approaches (Lofland et al., 2006), all of these data were subjected to thematic analysis to establish the key themes arising from our fieldwork. The analytical method used to establish these themes was within-case (reviewing themes emerging from each data source individually) and cross-case interrogation (assessing common themes occurring across all the data sources) (Yin, 2014). This analysis pointed to a property development in each town that stood out as representing the significant but challenging role played by benevolent local property entrepreneurs in town-centre regeneration. In Ashburton this involved a town centre precinct known as Eastfield and in Timaru an iconic site and building on Bay Hill. This finding triggered a second round of media searching and interviewing with a specific focus on these properties, which again was subjected to thematic analysis.

4. Case study settlements

We now briefly describe Ashburton and Timaru's histories and their demographic and socio-economic profiles (Table 1). This is followed by an examination of the broader context in which their town-centres developed from the nineteenth century, focusing on factors that bear directly on current town-centre regeneration issues.

4.1. Ashburton

Named in honour of Lord Ashburton (1774–1848), a British politician and financier, the township of Ashburton is situated on the banks of the Ashburton River on the Canterbury Plains, approximately 16 kilometres from the shore of the Canterbury Bight and 85 kilometres south of Christchurch, New Zealand's second largest city. The town site was surveyed in 1864. The surrounding district comprises flat agricultural land, rising in the west to rolling country which in turn becomes the foothills of the Southern Alps. During the nineteenth and early twentieth century Ashburton township became, and today remains, the central transport, servicing, and secondary processing hub for the surrounding mid-Canterbury agricultural district. The South Island's Main Trunk railway and Main Highway pass through Ashburton (ASHBURTON, 1966).

In 2018, mid-Canterbury's Ashburton District had a population of 33,423 and the township of Ashburton was home to 19,284 residents (Ashburton District Council, 2019a). While Ashburton is a stand-alone rural settlement, it is also strongly connected to its much larger urban neighbour, Christchurch. Residents of both centres commute between them daily for work, and Ashburton residents commonly shop and use other services in Christchurch. While residents utilise Ashburton's town-centre for daily shopping and other service requirements, the combined effects of e-retailing and services offered in Christchurch have negatively influenced shopping provision in the town. This loss of revenue from the Ashburton economy was a matter of concern for our informants. Our statistical overview shows that export agriculture, incorporating dairy, sheep and beef production, horticulture, and multi-sited secondary processing or manufacturing, is the main and growing source of Ashburton's wealth. The other significant contributors to Ashburton's economy are health care and social services with rural services, retailing and hospitality playing a lesser role (Campbell, 2019).

4.2. Timaru

Timaru, an anglicisation of the original Māori, Te Tihi-o-Maru, is situated in South Canterbury at the southern end of the Canterbury Plains on the east coast of the South Island. Land was set aside for Timaru township in 1853. During the nineteenth and early twentieth century Timaru grew at the centre of an agricultural district and because of its sea port. It became progressively the central transport, servicing, and secondary processing hub for the surrounding region. It was for a time in the early twentieth century, a significant seaside resort linked by railway to the South Island's main centres, Christchurch in the North and Dunedin in the South, both of which are equidistant from Timaru. The South Island's Main Trunk railway and Main Highway pass through Timaru (TIMARU, 1966). Located 73 kilometres south of Ashburton, in 2018, Timaru District was home to 42,296 residents, and the settlement of Timaru had a population of 27,501 (Jackson, 2014; Littlewood, 2019). Timaru is a short

Table 1
Ashburton and Timaru: Socio-economic and demographic characteristics for Ashburton and Timaru districts and settlements.

Territorial authorities (district)		New Zealand	Ashburton district	Timaru district
Census usually resident population	2006	4,027,947	27,372	42,870
	2013	4,242,048	31,041	43,932
	2018	4,699,755	33,423	46,296
Population change (%)	2006–2013	5	13	2
	2013–2018	11	8	5
Median Age	2006	36	39.8	42.2
	2013	38	39.8	44.7
	2018	37	39.1	44.8
Urban Areas (Settlement)		New Zealand	Ashburton	Timaru
Census usually resident population	2006	4,027,947	16,191	26,127
	2013	4,242,048	17,889	26,262
	2018	4,699,755	19,284	27,501
Population change (%)	2006–2013	5	10	1
	2013–2018	11	8	5
Socio-economic and demographic summary table		Ashburton district	Timaru district	
Birthplace, 2018	NZ born	80.4	85.7	
	Overseas born	18.6	13.4	
Dwellings, 2018	Total owned %	65.9	72.4	
	Median Rent ($)	250	250	
Median personal income 2018 ($)		35,900	30,300	
Industry, % of employed persons, 2018	Agriculture Forestry and Fishing	24.5	9.6	
	Manufacturing	12.7	18.5	
	Health Care & Social Assistance	6.0	9.9	
Work and labour force status, 2018	Employed Full time	53.4	48.6	
	Employed Part time	16.1	15.1	
	Unemployed	2.4	2.5	
	Not in the Labour Force	28.1	33.8	

Source: ⟨https://www.stats.govt.nz/tools/2018-census-place-summaries/ashburton-district⟩ and ⟨https://www.stats.govt.nz/tools/2018-census-place-summaries/timaru-district⟩.

drive from the scenic Southern Alps region with its mountains, lakes and rivers. This central location means that Timaru has an important role in servicing international and domestic tourists (Campbell et al., 2019; Dance et al., 2018). The city and district's relative isolation from larger urban areas has demanded the provision of regional support services and facilities such as a significant public hospital, regional airport and a busy freight and fishing sea port. The Timaru economy is diverse, focusing on a broad range of food processing and allied manufacturing, agriculture, and service activities. Export orientated dairy farming dominates agriculture, but horticulture, intensive cropping, meat and wool production are also significant (Aoraki Development, 2016). Timaru has a large health care and social assistance sector when compared to New Zealand's average. Retailing and hospitality are also important (Campbell, 2019).

4.3. Characteristics held in common

Our interviews indicated that in Ashburton and Timaru, past population decline or stasis was very much front of mind among our informants. Additionally, Census data (Table 1) show that for the settlement of Timaru, more recent population increases have been small, and while population growth has been more significant for Ashburton, the rate that of that growth has almost halved. Population aging, particularly in Timaru, is a source of concern, and so keeping and attracting young people is a high priority. The median age for Timaru (44.8, compared to 37 years for NZ), demonstrates the issue of ageing, whereas Ashburton has largely held stable its median age over time (Table 1). While in each town the local agri-economy, including processing and associated transport businesses is thriving, and there is a range of employment opportunities available, the skilled labour pool is limited, and this is reflected in low unemployment rates of under three per cent, 2.4 per cent and 2.5 per cent, for Ashburton and Timaru respectively. Our interviews indicated that finding and keeping skilled workers is thus a major concern for employers. Further complicating the picture in our case study towns is the fact that median incomes are not high and housing costs are increasing: but importantly, these costs are considerably lower than in the country's major centres, thus creating a comparative advantage (Campbell, 2019).

There is a strong link between these labour market, population growth and aging concerns, and the broad range of locally created and funded regeneration initiatives we encountered at the beginning of our research (Perkins, et al., 2019). These diverse regeneration activities can be placed into four *interrelated* categories: economic development; community development and planning; historical, cultural and environmental heritage conservation; and, commercial town centre property development and allied public amenities (Perkins et al., 2019). These regeneration initiatives are being designed in part to create more vibrant and liveable communities, and improved biophysical environments, for existing residents. But our interviews also showed that they are part of attempts to retain young people and attract new capital, employees and their families. Success in this sphere depends on enhancing opportunities for investment and employment, *plus* increasing social, recreational and environmental amenity to attract and then retain new migrants. The town centre regeneration initiatives that are the focus of this paper are part of this suite of ongoing activities.

4.4. Broader context as it relates to Ashburton and Timaru: town-centres in New Zealand

Ashburton and Timaru were established before the advent of the statutory planning and building codes which are common today. Their town-centres were established along a main street lined with one- or two-storey buildings. While town planning emerged in the early twentieth century and began to influence urban morphology, it was the locational demands of business profitability and the spatial and temporal limitations of private transport – motor car ownership was not widespread in New Zealand until after the second world war – that meant that their town-centres remained tightly configured with only some noxious processing industries being placed on the urban periphery beyond residential areas.

From the 1950s, those businesses that could operate more profitably away from town-centres progressively moved to edge-of-centre locations and then also to out-of-centre sites. This process accelerated from 1960 to the present, with district plans created under the terms of the Resource Management Act 1991, being particularly permissive. The Act was originally devised and enacted as part of radical neo-liberal reforms in New Zealand after 1984. Its underpinning theme is that planning is to be market-led, with only the effects of development being regulated by local planning authorities. This effects-, or performance-based approach, although investigated by many countries internationally, such as Canada, various US states and Australia, was ultimately only adopted in New Zealand (Baker et al., 2006). The experience has been that it is difficult to plan comprehensively under this regime (Miller, 2010) and much technical and legal effort has gone into attempts to define and measure effects. The has narrowed the focus of planning and excluded publicly elected politicians from decision-making (Johnston, 2016). Additionally, the administrative burden of the Resource Management Act, with its strong regulatory emphasis, is extremely onerous on small councils with limited resources. It does not allow planners to do integrative strategic planning designed to enable regeneration.

In an attempt to overcome these challenges, councils have turned to planning under the auspices of the Local Government Act 2002. These plans however are not binding on property owners and so have to be shoehorned into Resource Management Act-based district plans to give them legal standing, a process in which much aspirational detail is lost (Swaffield, 2012). Central government has recognised some of these limitations and has initiated a review of the Resource Management Act. It is to be hoped that a stronger focus on urban, including small town planning, will emerge and that a stronger strategic rather that effects-based approach will emerge. It is yet too early to say.

in Ashburton and Timaru, as in other of New Zealand's small towns, one result of this inability to plan strategically has been the creation of a diffuse urban morphology. Their dense, linear, town-centres comprising buildings of varying age and levels of renovation, remain, and are in part heritage landscapes. Some buildings have become protected heritage sites. Their well-established town-centres are also now complemented by an increasing number of recent small commercial buildings in edge-of-centre and out-of-centre sites, often with off-street parking, because planning consent has been easy to obtain. This has meant that in both town-centres, aging, seismically compromised and relatively "tired" buildings are struggling to gain patronage, investment and insurance (Aigwi et al., 2018; Yakubu et al., 2017).

Ultimately, general responsibility for the direction of town-centre regeneration in Ashburton and Timaru lies with local government who have a legislative mandate to lead and facilitate holistic development aimed at increasing community wellbeing. But, while having this mandate, and in addition to the issues discussed above with regard to district plans created under the auspices of the Resource Management Act, the situation is made difficult because, as is the case for all of New Zealand's rural and regional local governments, they have limited regeneration expertise, capability and finance, and are reluctant to increase property-based taxes which are annually the subject of intense citizen resistance (Perkins et al., 2019; Cheyne, 2016, p.128). Additionally, there is no specific statutory requirement for them to focus on property related regeneration in town centres to advance their wellbeing mandate. The 2016 National Policy Statement on Urban Development Capacity while directing local authorities to provide development capacity within their district plans has not assisted small town regeneration efforts. The focus of the statement is on high growth areas struggling to cope with demand.

In this context, while clearly centrally important players, town-centre commercial property owners in Ashburton and Timaru, even if they are well resourced financially, are often reluctant to re-invest when they hold under-utilised space that earns low rental returns. When they do decide to re-invest, raising redevelopment bank finance is difficult because of the perceived high risks and low returns involved in regional town property development. It is for this reason that there is typically little or no presence of national or globally based institutional commercial property investors in these settlements (Aigwi et al., 2018). One possible new way of overcoming such financing difficulties in small towns is for central government to have a role. As Connelly et al. (2019) point out, this would require a shift from current priorities and top-down thinking to supporting locally prioritised and initiated town-centre regeneration initiatives.

An additional complicating factor in any plans designed to regenerate these town-centres is that many of their buildings are below the level of earthquake strengthening required by statute, and to bring them to this level would be expensive and potentially unprofitable for property investors in slowly growing regional economies (Aigwi et al., 2018; Yakubu et al., 2017). It is likely therefore that some of these buildings will be demolished if some kind of public response in not initiated.

5. Findings

5.1. Case study one: Eastfield Precinct, Ashburton

Ashburton's Eastfield Precinct is a proposed $40 m mixed-use regeneration project on a one-hectare site in the heart of the Ashburton town-centre. This is major property development when considered in the context of a town the size of Ashburton. The opportunity for the project arose after the Canterbury earthquakes in 2010 and 2011 when a group of small, old, end-of-life, seismically compromised buildings was demolished, leaving a large empty site. Described as "a comprehensive lifestyle precinct" (Your Place: Eastfield Precinct, 2020) the project plan provides for a fully integrated medical facility, a 4-star hotel, small eateries, boutique retail businesses, apartments and multi-level car parking. The design comprises a central square, connected by laneways to the peripheral streets including a grassed area, to provide a social hub for the community. This multi-use approach was designed to address the perceived shortages of medical facilities and accommodation in the area and indicates an altruistic objective to provide for community needs.

The Eastfield Precinct was conceptualised in 2012 when the Ashburton District Council (ADC) planning department initiated conversations with individual town-centre landlords to gauge their intentions for their properties. Public meetings were held to assist landlords through the formal building assessment process leading to either earthquake strengthening or demolition (Ashburton Courier, 2019). As many buildings in the town-centre required demolition, the landowners and Council were concerned that if the area was not carefully redeveloped it could become desolate with commercial activity being driven to the edge-of-town. Based on feedback from their initial engagement, the council encouraged landlords to work together to bring activity and investment back into the town-centre. It was clear from our interviews with the ADC that in their view it was "*not business as usual*" and that if there were plans for big developments, they wanted an "*open, honest … no surprises approach*" because any substantial development would leave a legacy for the town.

In the Eastfield Precinct, lot consolidation resulted in five of the original owners becoming cooperating key investors, and this included the ADC (with a 32 per cent stake). The group currently operates as a joint venture company under a trust structure as Eastfield Developments Ltd (EDL) with the directors responsible for decision-making. The company is steered by a prominent local businessman and property owner with a background in the arable industry (Your Place: Eastfield Precinct, 2020). He established his Ashburton agri-business in 1990. Starting with a small team, the business has grown to employ over 120 people. The company is recognised as a global brand and one of New Zealand's leading producers of high value seeds, and a producer and supplier of complementary food ingredients, honeys and nutritional oils. In our interview with him, when discussing the proposed project, he displayed his altruistic desire to contribute to Ashburton. No longer a young man, and not needing to engage with the Eastfield Precinct project to increase his personal wealth, he told us that his interest with respect to the Eastfield project was "*in giving back to his community*". He was passionate about the importance of the Eastfield Precinct project to the life of the Ashburton town-centre. But, like all but one of the other company directors, at the outset he had no experience of commercial property development. He has thus had to learn 'on the job'.

> *I can go to most meetings, and at least now, half of the words that the consultants use I understand. Whereas when I started, I didn't know anything.*

As reported in the *Ashburton Guardian*, initially, EDL engaged a project team for architectural and engineering advice, and guidance on retailing and urban design, thus demonstrating to the ADC that the company had strong advisory support. Affinity with Ashburton and the mid-Canterbury region was an essential ingredient in the selection of the team to ensure that the design of the Precinct would reflect the core characteristics of the district and the town (Tasker, 2017). Our interviews and newspaper reports revealed that EDL has a strong vision for the Eastfield Precinct project but that it was keen to hear from community members about their views on its development plans. As reported in the *Ashburton Guardian* (Newman, 2014):

> *We're not just putting this up, we want to embrace the public and take them with us …. And we want to hear from people on our plans – and their plans.* [The company indicated that it was] *happy to have their investment watered down by others.*

While generally welcomed by the people of Ashburton, the trajectory of the Eastfield Precinct project has not been straightforward for the developers or the ADC. For the chairman and Board of EDL, this has tempered their initial sense of altruism, forcing them to engage with the administrative and financial realities and difficulties of getting the project completed. Our interviews have indicated that although the relationship between the developers and the ADC is "*amicable*" there is a sense on the part of the developers that the Council's planning rules lack clarity and "*at the end of the day* [the ADC planners] *are …regulators*". This relates to our earlier discussion of planning in New Zealand and the ways district councils, such as the ADC, are statutorily required to regulate property development through District Plans and buildings codes, but do not always have the capacity, desire, or instruments to plan for, or facilitate, property regeneration. District councils in New Zealand have statutory obligations to produce Long Term Plans (LTPs) under the terms of the Local Government Act 2002 and growth management strategies. The ADC LTP prioritises improvements to local infrastructure and a multi-faceted Economic Development Strategy for the period 2018–2028 (Ashburton District Council, 2019a). In this it has committed to town-centre regeneration and business growth. Unlike LTPs, master plans for town-centres that provide a blueprint for the physical infrastructure associated with growth are not a statutory requirement and for cost reasons are often not deemed essential by some councils. The ADC has such a master plan, the Ashburton Town Centre Concept Plan (ATCCP) (Boffa Miskell, 2009) completed before the Canterbury earthquakes in 2009 and is therefore outdated. This means that the ADC has no master plan it might use to operationalise its LTP town-centre regeneration goal and guide its decision-making about the kinds of resourcing and relationships that might be needed to make progress.

The lack of a guiding document creates uncertainty for all stakeholders and the default position for councils is to rely on the regulatory District Plan which does not integrate urban design and development imperatives. In situations such as this, where council staff may engage with and support local property development entrepreneurs such as EDL, the planning process does not permit a significant facilitative contribution. This has resulted in neophyte developers often perceiving council planners as inflexible regulators creating barriers to beneficial property-led regeneration, rather than enablers. As one interviewee remarked:

> *You'll have the district plan which is a fairly blunt regulatory tool that sets the… height limits and types of activities than can go there. But it's a fairly blunt, it's not a particularly visionary document, it's very much a regulatory document.*

In addition to struggling with the planning system, EDL also faced challenges in finding appropriate anchor tenants. As plans for the development progressed, EDL became acutely aware of the large financial risks associated with building speculative commercial space and the critical role anchor tenants play in making such developments a success. At the end of 2017, new designs for a 75 room 4-star hotel were unveiled (Tasker, 2017) and a prominent New Zealand hotel operator showed strong interest (Hospitality Business, 2017). But this did not, initially, come to fruition. As one of our interviewees indicated:

> *…we've got plans for Africa, we've got ideas for Africa, but when we start the reality check, and we've just done this on the hotel …the reality check is that financially it's not something that people are gonna run over hot bricks to invest in.*

Our interviews also indicated that EDL hoped that the ADC would use part of the space in the development for its new civic administration building and library. This would have had the effect of giving a local government funded boost to this town-centre regeneration project and also ensure that it would be visited and used by a significant part of the Ashburton community. After a drawn-out public consultation (Ashburton District Council, 2019b), which was reported in November 2016 as being "*frustrating for the developer*" (Newman, 2016), the Council decided in mid-2019 that its new facilities would be built on an edge-of-centre site, wholly council-owned. This situation required the EDL project construction timeframe to be pushed out. However, progress is being made: the Eastfield Health premises and the government's Ministry of Social Development are now tenants. As of January 2020, EDL's website again indicated that a hotel is a likely addition to the precinct.

In summary, the Eastfield Precinct project represents a situation where there was genuine intent on the part of benevolent land holders and the local authority to create positive town-centre regeneration. But the land holders, despite being well-financed, initially enthusiastic and having altruistic motives lacked experience and failed to anticipate the complexities of commercial property development. The ADC was equally inexperienced and unprepared for its large-scale regeneration role. Governance processes, leadership, planning instruments and financial resources proved inadequate for quick success, and many lessons have been learned. A not dissimilar situation arose in our second case study site, Timaru.

5.2. Case study two: Bay Hill, Timaru

In Timaru, the proposed $42 million development for Bay Hill is strategically positioned at one end of the town-centre with panoramic views over Caroline Bay; commonly referred to as "The Jewel of South Canterbury". Similar to the Ashburton development proposal, this is a major property investment for a town the size of Timaru. The planned development is to be located on the site of the former Hydro Grand Hotel, opened in 1912, which was a registered Category Two heritage building (McPhee, 2017a). The Hydro Grand closed its doors in 2003 and was sold to a syndicate who in 2009 announced plans to demolish the old building and replace it with a $60 million hotel and apartment complex with an intended completion date of 2012. However, the owners, frustrated by what they saw as "red tape" impeding their demolition plans, put the hotel, its two adjoining sites and the redevelopment plans up for tender in 2011 (Markby, 2013).

The properties were sold in March 2013 to a successful Timaru businessperson who, in partnership with a South Canterbury agribusiness entrepreneur, established Bayhill Developments (Hartley, 2016; Hudson, 2016a). The businessperson, a director of several companies in New Zealand and Australia, has lived for 30 years in Timaru and successfully built a manufacturing business, exporting wooden eating products to Australia and Europe. His appreciation of heritage buildings is reflected in him living in one of the oldest houses in the town. As in the case of the leader of the Eastfield Precinct development in Ashburton, he is an example of a successful local businessperson, highly committed to his home town, not needing to increase his personal wealth by engaging in a commercial property development, but wanting to contribute in a tangible way to his local community. He was particularly excited by the potential benefit of his proposal to the regeneration of the Timaru town-centre, but as a businessperson, equally motivated by the business opportunity the Bay Hill development offered (Hudson, 2016a). As in our Ashburton example, this businessperson had never before undertaken a property development project.

The original plan for Bay Hill was to retain the existing structure of the former hotel but only if economically feasible to meet the required seismic strength and safety standards. After the completion of heritage, architectural and engineering assessments it became clear that refurbishing the building would not provide a commercial return (Hartley, 2016; Hudson, 2016a). A resource consent application was thus made to demolish the hotel and new plans were drawn up for a *staged* mixed-use development. The three linked buildings proposed included six floors of commercial space, with hospitality on the ground and first floors and commercial offices on the upper floors; a seven-floor apartment building; a 68 bed 4- to 4.5-star hotel complex; and three floors of underground parking (Planz Consultants, 2017).

The developer predicted that the development would trigger *"the urbanisation of Timaru"* (Hudson, 2016a) and a new era for the town. The hospitality sector and local business community supported the proposal and anticipated that the new hotel would attract more visitors to Timaru by providing much needed accommodation (Comer, 2018). But in contrast, the prospect of demolishing the iconic hotel caused a public outcry. Many community members objected to the resource consent application (Hudson, 2016b, 2016c). This opposition reflected wider concerns about Timaru District Council's (TDC) role in the management of the town-centre. The Timaru Urban Renaissance Network (TURN), a local lobby group established in 2016 believed that the TDC had failed to make the most of the town-centre's heritage value or tourism potential (Cavanagh, 2017) and that its approach was "ad-hoc" (McCammon, 2016). TURN maintained that a collaborative, co-ordinated approach was needed, including public consultation with all stakeholders. In 2017, after the completion of two workshops, a town-centre management group was formed to devise a cohesive strategy for the town-centre. A submission by the group to the Council included a recommendation for a master plan for the entire town-centre enabling an overall vision and blueprint that stakeholders could work towards. They suggested that the master plan should be included in the new LTP and that the Council finance this through the 'Refresh Budget', originally set aside for cosmetic and minor repairs in the town-centre. In response, the Mayor and Council intimated that they believed that producing the master plan was not the role of the Council but of the town-centre group.

It was within this messy political environment, and without a town-centre master plan, that the Bay Hill proposal had to be negotiated. The new owner of the Hydro Grand Hotel, initially perceived as its potential *"saviour"* (Markby, 2013) soon became viewed by many as a villain. The application for demolition went through a lengthy appeal process and was not approved until April 2017. By this time the property had deteriorated significantly resulting in a Council ruling that it posed a safety hazard and it was finally demolished on 18 November 2017, more than four years after the original purchase (Allison, 2017; McPhee, 2017b). Once demolished, the owner, reflecting on the event, said "it had been a long, drawn out process to get the consent to demolish the building…." (McPhee, 2017c; McPhee and Hudson, 2017).

The consent to redevelop the site was subject to certain conditions being met by the development company, including having finance and building consent contracts in place and approved by the council for the *entire* development rather than for each stage which, according to interviewees, came as an unwelcome surprise and placed considerable financial pressure on the developer. It was at this stage that the administrative and financial realities of the project were hitting home, and the developer's initial enthusiasm was being sorely tested. Given the developer's inexperience is this field, he interpreted the resource and building consent process as being full of red tape, frustrating, and as reported to Williams (2018c) "*astronomically costly*", fuelled mainly by the need to "*have consultants on top of consultants*". He went on to say that because of this "*there's a hell of a lot of money you can flush down the toilet* [in the building consent process]". He also indicated in our interviews that he had been given conflicting advice from Council officers ranging from "*no worries, it's all good*" to "*no, you can't do that*" resulting in confusion, feelings of isolation, distrust of the Council and the perception that it was anti-development. In our wider interviews with other real estate stakeholders, we were told that Timaru's regulatory planning processes were unclear and that small town politics played a role, as one interviewee explained *"you've got personalities and agendas and all sorts of things sitting in there"*.

In February 2018 it was publicly announced that the *hotel part* of the Bay Hill development had been put on the "*backburner*" because it was not economically viable (Comer, 2018). The original concept plan was revised to focus on the commercial space and luxury apartments with the proposed hotel to be incorporated at a later stage. The marketing campaign was officially launched in early 2019: sales have not gone as well as expected with the developer acknowledging that the *"high-spec offering hasn't struck a chord"* (Mohanlall, 2019). The site is currently being used as a car park and an outdoor pop-up bar (Littlewood, 2019).

In summary, the Timaru Bay Hill case illustrates again the difficult tensions that can arise between benevolent, but inexperienced, local town-centre property developers and councils who are administratively and culturally unprepared to take advantage of the ideas and investments on offer. In response to a perceived need to advance proposals such as the Bay Hill development more effectively the TDC has recently engaged a case manager as a one-point-of-contact for developers involved in large projects. Responding to public demands to regenerate the Timaru town-centre and the centres of the other smaller towns in the District, the Council has also established a City Hub Strategy (Littlewood, 2019). Led by the Mayor, the strategy will attempt to create a vision for Timaru with specific focus on inner city living, heritage and streetscape, earthquake prone buildings, green-open spaces, traffic and pedestrianisation, promotion and events. So, the Bay Hill proposal has had the effect of helping create new regeneration governance and leadership arrangements in Timaru.

6. Discussion and conclusion

In answer to our first research question, in New Zealand's small towns, commercial real estate development is typically in the hands of local investors. National and international institutional property developers are largely absent. Recent commercial real estate development has been built by a combination of owner-occupiers and small-scale developers who, taking advantage of permissive district plans, have often established themselves in edge- or out-of-centre sites, well supplied with ample motor vehicle parking. The corollary of this trend has been that significant parts of aging town-centres have attracted decreasing levels of property investment on the back of diminishing consumer use, the rise of e-retailing, lower rental returns, and the high costs of seismic retrofitting and other structural and aesthetic upgrading. Except in exceptional circumstances, building owners have not had the resources or incentives to take the lead in town-centre regeneration.

In New Zealand's now well-established neo-liberal polity, local councils, while concerned about this trend, have been unable and unwilling to facilitate an alternative path. Dependent for their day-to-day operation on local property taxes, they are incentivised to support urban growth wherever it occurs. They have been unable, because of the permissiveness of district planning under the Resource Management Act, to prevent the building of edge- and out-of-centre developments and, rather, focus new development in established town-centres. Also, because of the limitations placed on it by a conservative constituency unwilling to pay higher taxes, central government has found it difficult to support local government by providing it with the statutory instruments and financial resources to plan for and incentivise the regeneration of town-centres.

Early pronouncements from the review of the Resource Management Act 1991 suggest that a new strategic approach to planning may help change this situation, but there has yet been no public discussion about revenue sharing between central and local government, essential for a greater level of local activity. It will also take a good deal of time to overcome the path dependent nature of local government's general unwillingness to engage in town centre regeneration in small towns, despite new statutory arrangements. Making settlement master plans and allied integrative strategic planning mandatory will be important, linking Long Term Plans and District Plans so that all parties in the development process are given adequate and clear guidance about planning objectives.

It is in this context that a growing number of South Island small towns are seeing local property entrepreneurs beginning to make notable contributions. Demonstrating a form of benevolent 'social entrepreneurship' (Nieva, 2015; Peredo and McLean, 2006) these developers are turning to commercial property development, encouraged by their success in other business ventures. They are strongly place-attached, have a sincere desire for their town-centre to thrive, and have personal wealth and sustainable financial resources behind them. They are willing to invest in their town's future at the risk of, at least initially, less-than-optimal financial returns, but believe that their investments have the potential to bring long-term benefits to the town and a future financial return for them. Some of their proposed developments are large scale and risky, placing them in a situation of financial pressure.

As we have shown in our case studies, these developers often confront difficulties in putting their plans into operation in a timely manner. Their neophyte developer status means that they underestimate the complexity and costs of planning and building consent processes. They also have expectations of consenting authorities, local councils, that under current circumstances are overly optimistic, leading to disappointment and frustration. Councils as presently empowered and financed are unable and unwilling to take an active role in the kinds of advisory, facilitative and collaborative partnerships demanded. They, and many members of the general public, also often misinterpret the position of these property entrepreneurs, believing that they have endless funds and the likelihood of profiting significantly from their proposed developments. This, in small towns, is invariably not the case.

It is also evident from our data that when the Ashburton and Timaru developers were faced with time delays, complex planning processes, and escalating costs, their views about their proposed developments changed. As their development proposals progressed, they became more aware of the risks involved and the limited gains that were to be made from their town-centre commercial property developments. A key lesson from this experience for regeneration practitioners and researchers in New Zealand and internationally is that the scale and form of the property development proposal, relative to local conditions, is a key factor to consider. Smaller investments, tailored to obvious demand, are likely to be less risky and more likely successful. Additionally, despite the good intentions of the entrepreneurs we have studied, our research also raises a question about the effective transfer of skills from one business to another. It cannot be assumed that success in manufacturing and secondary processing, for example, will lead to success in property development without sufficient support and guidance for neophyte developers. This takes us to our second research question.

In answer to that question, the results of our study, in combination with the knowledge developed internationally on small-town regeneration success factors reported by Powe et al (2015), Parkinson et al. (2015), Knox and Mayer (2013), and Nel et al. (2019), indicates that if local government and allied stakeholders are to engage more effectively and cooperatively with benevolent property development entrepreneurs, then effort must be directed toward creating stronger local governance, and well organised and effective locally-based leadership. New approaches need to be found to help local actors to engage more capably, cooperatively and collaboratively with all property developers, including those with a benevolent entrepreneurial orientation. Without adopting such approaches, potential new town-centre investment might either be lost or used unwisely, with public-private partnerships either not eventuating, or not reaching their potential. We note also, that central and state governments have an important role in this process, establishing appropriate and effective local authority instruments and governance mechanisms, and resourcing local governments' property-led regeneration efforts. This will require applying funding and expertise to local capability building, ensuring that the necessary skills and capacity exist in regional communities to deal flexibly and creatively with regeneration opportunities as they arise, thus "realising the value of local assets and creative ideas in small towns" (Powe et al., 2015, 180; see also Powe, 2020).

As a final statement, the appearance of local benevolent entrepreneurial property developers in New Zealand's small-town regeneration is throwing into interesting relief the challenges and opportunities presently faced. These financially well-resourced, strongly place-attached locals, offer a particular type of opportunity and source of investment as they attempt to build new retail, hospitality and service spaces. It would seem a great pity if ways cannot be found to take advantage of their offerings, while remaining true to locally established town-centre planning and related regeneration objectives. Their experiences should be used as exemplars to be learned from, both in terms of practice and research.

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