



Agenda for Meeting No. SG16/4

SmartGrowth Implementation Committee

**The SmartGrowth Implementation Committee will meet in the
Western Bay of Plenty District Council Chambers
1484 Cameron Road, Greerton, Tauranga
on
Wednesday, 15 June 2016
at 9.00am**

**G Poole
Chief Executive
Tauranga City Council – Administering Authority**



SmartGrowth Implementation Committee

Independent Chairperson:

Bill Wasley

Committee Members

Bay of Plenty Regional Council:

Chair. Doug Leeder
Cr Jane Nees
Cr Paula Thompson
Cr David Love

Tauranga City Council:

Mayor Stuart Crosby
Cr John Robson
Cr Steve Morris
Cr Matt Cowley

Western Bay of Plenty District Council:

Mayor Ross Paterson
Cr Gwenda Merriman
Cr Garry Webber
Cr John Scrimgeour

Tangata Whenua Representatives

Maru Tapsell
Irene Walker
Buddy Mikaere

Quorum:

9

Meeting Frequency:

At least bi-monthly

Role

Pursuant to Clause 30 Schedule 7 of Government Act 2002, a joint Committee of Tauranga City Council, Western Bay of Plenty District Council and Bay of Plenty Regional Council shall be retained to implement the SmartGrowth Strategy and Implementation Plan.

Membership

- That representation be comprised of four elected member representatives as appointed by the contributing authorities, including the Mayors and Regional Council Chairperson, and four representatives at be nominated by tangata whenua.
- That an Independent Chairperson, to be appointed by the Committee, chairs the Committee; and the appointment of a Deputy Chair from the committee membership.

- That the standing membership is limited to seventeen members, but with the power to co-opt up to a maximum of three additional non-voting members, where required, to ensure the effective implementation of any part, or parts, of the Strategy.
- That NZTA be represented through its Regional Director as an observer with speaking rights but in a non-voting capacity.

Purpose

That the joint SmartGrowth Implementation Committee be the delegated authority to implement the SmartGrowth Strategy and Implementation Plan in accordance with the following functions:

Implementation

- Overseeing the implementation of the 2013 SmartGrowth Strategy updates, in particular the strategic actions.
- Ensuring organisation systems and resources support the strategy implementation.
- Taking responsibility for progress of those actions specifically allocated to the “SmartGrowth Implementation Committee” in the strategy, and making sure the implementation does occur.
- Monitoring and reporting progress against milestones and budget.
- Overseeing the management of the risks identified in implementation.
- Approving an annual implementation plan with a 3 year horizon.

Ongoing Tasks

- Champion integration and implementation through partner strategies, programmes, plans and policy instruments (including the Regional Policy Statement, Regional and District Plans, Long Term Plans (LTP's), Annual Plans, transport plans and triennial agreements), and through partnerships with other sectors such as health, education and business.
- Approving submissions to Local Authorities, Central Government, and other agencies on SmartGrowth related matters.
- Reviewing and recommending adjustments to the strategy if circumstances change.
- Identifying and resolving any consultation inconsistencies between the SmartGrowth strategies and subsequent public consultation processes of the partner councils.

Consultation / Partner Forums

- Facilitating consultation with the community.
- Establishing and maintaining the SmartGrowth Partner Forums.
- Agreeing any memorandum of agreements between SGIC and any forums.

Committee Operations

- Selecting and appointing an Independent Chairperson and a Deputy Chairperson.
- Implementing a Memorandum of Agreement, as adopted by the Committee for each triennial period, to provide and maintain partnerships and provide for the resolution of any conflict.
- Establish protocols to ensure that implementation, where necessary, is consistent, collaborative, and / or coordinated to achieve optimal outcomes



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SmartGrowth Implementation Committee

Wednesday, 15 June 2016

9.00am

Western Bay of Plenty District Council Chambers

1484 Cameron Road, Greerton, Tauranga

Conflicts of Interest

Apologies

Public Forum (if required):

Confirmation of Minutes:

1. **Confirmation of the Minutes of the SmartGrowth Implementation Committee (SG16/3) dated 18 May 2016.**

Pgs 8-21

A copy of the minutes is attached.

Recommendation:

That the minutes of the SmartGrowth Implementation Committee Meeting (SG16/3) held on 18 May 2016 be confirmed as a true and correct record.

Business

2. **Welcome to Bernie Walsh the recently appointed Implementation Advisor**
3. **Suspension of standing orders so that the Committee Meeting can proceed as a workshop**

Recommendation:

That the SmartGrowth Implementation Committee:

Suspend Standing Orders, in accordance with Standing Orders 3.2.1, to allow for general discussion and that the balance of the meeting proceed as a workshop.

4. **Governments draft NPS on urban land supply** Pgs 22-62

The content summary table and the list of authorities affected as well as the full draft NPS is attached as **Appendix 1**. A presentation will be given which outlines the potential compliance gaps between NPS expectations and where we currently are. The NPS document is in two parts – the formal policy statement and a second consultation part where the Government is seeking input into the most effective means of implementing the policy statement. The Committee needs to decide whether it wishes to make a formal submission. Noting that these close on 15 July.

5. **Compact City Report** Pgs 63-116

Attached as **Appendix 2** (Pgs 63-75). Note this report also has 3 attachments: Recent work by the Grattan Institute (Melbourne), the Auckland Council (on the SmartGrowth website) and the September 2015 Residential Intensification Review from Essentia Consulting Group Limited (Martin Udale) attached as **Appendix 3** (Pgs 76-114). Also for completeness attached as **Appendix 4** (Pgs 115-116) is the May 2016 letter from the Property Developers Forum supporting the Udale review.

Committee members are asked to note that while this work currently concentrates on potential within Tauranga City future greenfields development areas will also be focussing on how to achieve a higher greenfields densities.

6. **Te Tumu Strategic Planning Study** Pgs 117-150

As per the Settlement Pattern Review Timetable a significant piece of work relating to Te Tumu has been completed by Tauranga City Council. The overview of the work is attached as **Appendix 5**. The emphasis of the work is on fatal flaws testing as per the Settlement Pattern Review option 3b project plan. This is the initial plan to determine whether it is viable for the development to proceed. Then the more detailed work will proceed through a structure plan which is the next stage. This is where the emphasis on creating communities will occur. A presentation of the planning study will be given at the Committee along with the density analysis work completed for TCC in 2015 by RPS Consultants.

The following Appendices and Attachments are on the SmartGrowth website.

- 1 - Te Tumu Strategic Planning Study - Outcomes Report (full report)
- Appendix A - Te Tumu Strategic Planning Study - Outcomes Report Attachment A - Site identification - Ownership Blocks
- Appendix B - Te Tumu Strategic Planning Study - Outcomes Report Attachment B - Project Plan - Te Tumu Strategic Planning Study - Update of October 2015 version F
- Appendix C - Te Tumu Strategic Planning Study - Outcomes Report Attachment C - Te Tumu Archaeological Report May 2016 - Produced by Ken Phillips - BOP Archaeology
- Appendix D - Te Tumu Strategic Planning Study - Outcomes Report Attachment D - Tonkin and Taylor (2016) Te Tumu Liquefaction Assessment Report (Final)
- Appendix E - Te Tumu Strategic Planning Study - Outcomes Report Attachment E - Tonkin & Taylor - Additional Tsunami Modelling - Te Tumu Urban Growth Area
- Appendix F - Te Tumu Strategic Planning Study - Outcomes Report Feasibility Report Attachment F - Review of Titles and Identification of Encumbrances
- Appendix G - Te Tumu Strategic Planning Study - Outcomes Report Attachment G - Commercial-Retail (Sub Regional Assessment of Commercial Opportunities) – Te Tumu-Wairakei (and the wider Tauranga Eastern Corridor)
- Appendix H - Te Tumu Strategic Planning Study - Outcomes Report Attachment H - Te Tumu and Wairakei Density Study
- Appendix I - Te Tumu Strategic Planning Study - Outcomes Report Attachment I - Roading Infrastructure Assessment
- Appendix J - Te Tumu Strategic Planning Study - Outcomes Report Attachment J - Water and Wastewater Assessment
- Appendix K - Te Tumu Strategic Planning Study - Outcomes Report Attachment K - Te Tumu Alternative Water and Wastewater Services Option Assessment
- Appendix L - Te Tumu Strategic Planning Study - Outcomes Report Attachment L - Te Tumu Development Feasibility Report

A Te Tumu related letter to the BoPRC from the Ford land Co is attached as **Appendix 6** (Pgs 151-153)

7. Forum Consultation Timetable

Pg 154

At the last meeting of the Committee there was considerable emphasis on using input from the Forums to inform the Committees strategy deliberations which will be taking place at the July and August meetings attached as **Appendix 7** is a timetable prepared by Karen Summerhays which is based on the Forums preparing a series of position papers which will be available to the Committee at its July meeting.

Recommendation:

That the SmartGrowth Implementation Committee:

Reinstate Standing Orders, in accordance with Standing Orders 3.2.1, to allow the meeting to move back into Committee mode.

Compact City Report

Recommendation:

That the Workshop agree to the following resolution lying on the table until the formal SGIC meeting in August:

That the SmartGrowth Strategic Implementation Committee agree to Tauranga City Council advancing a comprehensive project to deliver intensification

within the current urban footprint of Tauranga and that progress is regularly reported back to the Committee.

Te Tumu Strategic Planning Study

Recommendation:

That the Workshop agree to the following resolution lying on the table until the formal SGIC meeting in August:

That the SmartGrowth Strategic Implementation Committee note the 43 Recommendations contained in the report and that these be taken into consideration when the Committee is deliberating formally on the Settlement Pattern Strategy at its August 2016 Meeting.

**Minutes of Meeting No. SG16/3 of the SmartGrowth Implementation Committee
held on 18 May in the Council Chamber, 91 Willow Street, Tauranga
commencing at 9:00am**

Present

Acting Chairperson

Mayor R Paterson

Bay of Plenty Regional Council

Chairman: D Leeder

Councillors: J Nees, P Thompson,

Tauranga City Council

Mayor: S Crosby

Councillors: J Robson, S Morris, M Cowley

Western Bay of Plenty District Council

Councillors: G Merriman, G Webber, J Scrimgeour

Tauranga Whenua Representatives

M Tapsell, I Walker, B Mikaere

In Attendance

SmartGrowth

K Tremaine – Implementation Advisor

K Summerhays – Well-beings Implementation Officer

M Rumble – SmartGrowth Coordinator

Bay of Plenty Regional Council

M McLeod – Chief Executive

Tauranga City Council

G Poole – Chief Executive

C Jones – General Manager: Growth and Infrastructure

Michael Tucker – Manager: City Planning and Growth

Andrew Mead – Team Leader: Infrastructure Planning

Western Bay of Plenty District Council

M Taris – Chief Executive Officer

Rachael Davie – Group Manager Policy Planning and Community

Philip Martelli – Resource Management Manager

Others

Robert Brodnax – New Zealand Transport Agency (NZTA)

Apologies

W Wasley, Cr. D Love

THESE MINUTES ARE YET TO BE CONFIRMED

To be confirmed by the SmartGrowth Implementation Committee on 15 June 2016

SG16/3.1

APOLOGIES**Moved Cr Merriman / Seconded Cr Cowley****That it be Resolved*****That apologies for absence be received from Chairperson Wasley, and Councillor D Love and for early departure from Maru Tapsell.*****CARRIED**

SG16/3.2

ACCEPTANCE OF LATE ITEMS

One late item to approve a new Tangata Whenua Representative.

Reference letter from Tauranga Moana Tangata Whenua Collective to Chairman W Wasley dated 13 May 2016.

Moved Mayor R Patterson / Seconded Cr Thompson**That it be Resolved****That the SmartGrowth Implementation Committee*****Accept the nomination of Buddy Mikaere as the new Tangata Whenua Collective Representative on the SmartGrowth Implementation Committee***

Buddy Mikaere responded advising he is looking forward to making a positive impact moving forward.

Mayor R Paterson wished to acknowledge and show thanks to Karora Smith in appreciation for the work he has done and the time he has spent on the SmartGrowth Implementation Committee.

Mayor R Patterson introduced Megan Rumble as new SmartGrowth Coordinator replacing Glenda Dufaur.

SG16/3.3

CHANGE TO ORDER OF BUSINESS

Chair R Paterson suggested that the third item of business be taken first to allow sufficient time for the detail of the Settlement Pattern Review to be adequately discussed.

THESE MINUTES ARE YET TO BE CONFIRMED*To be confirmed by the SmartGrowth Implementation Committee on 15 June 2016*

Moved Mayor R Paterson / Seconded Cr Thompson

That it be Resolved

That the SmartGrowth Implementation Committee:

Amend the Order of Business and that Item 3 being the Update on the Settlement Pattern Review including the Western Corridor and Keenan Road be the first item of business in order to allow sufficient time for detail of the Settlement Pattern Review to be adequately discussed.

CARRIED

SG16/3.4

UPDATE ON SETTLEMENT PATTERN REVIEW INCLUDING THE WESTERN CORRIDOR AND KEENAN ROAD REPORTS

Moved Mayor R Paterson / Seconded Cr Cowley

That it be Resolved

That the SmartGrowth Implementation Committee:

Suspend Standing Orders, in accordance with Standing Orders 3.2.1, to allow for general discussion and that the balance of the meeting proceed as a workshop.

CARRIED

Ken Tremaine spoke to the monthly report and provided a presentation on the Settlement Pattern Review making links to the pages within the report. Ken advised this is a high level overview.

Ken invited Robert Brodnax to come forward and present in terms of the NZTA. Ken advised in terms of relationships, NZTA and SmartGrowth are working together with relation to the Western Corridor.

Mr Brodnax provided context to the committee stating that the agency was delighted when the Minister of Transport was able to announce the investment in the Tauranga Northern Link. The NZTA Board were asking further questions to seek absolute reassurance which gave them the confidence to make this decision. Robert stated the next investment decision he will be asking the NZTA Board to make is around the Western Corridor which is an important one given the function of state highway 29.

He circulated the tabled letter addressed to Chair W Wasley on 12 May 2016 (Attached to these minutes for completeness).

THESE MINUTES ARE YET TO BE CONFIRMED

To be confirmed by the SmartGrowth Implementation Committee on 15 June 2016

Mr Brodnax advised that in terms of timing NZTA were hoping to co-ordinate with SmartGrowth to have a decision by August. However, they are now having to wait for that decision from the NZTA Board until November.

He wished to signal strongly the expectations of the committee are:

- Confidence that SmartGrowth is doing the evidence based work.
- That SmartGrowth is working collectively.
- That SmartGrowth is thinking how growth in the Western Corridor fits with growth in the rest of Tauranga.
- Confidence that we are going into this together as co investors.

Mr Brodnax then welcomed any questions.

Cr Webber raised a question for the previous speaker Ken Tremaine and raised concerns around having to make this decision within this triennium. If delayed by 6 months what effect would this have?

Ken replied noting in particular page 63 of the report around land supply. Not only will delay cause issue around land shortage but due to the timing of the election and not being able to start special consultative procedure it could delay implementation for another year risking losing large amount of time moving forward. Additional to this we could be looking at 3-5 years before RPS and plan changes get resolved by the Environment Court. Ken advised this is not to say the process can't be delayed but the Committee needs to do that knowing there are significant consequences.

Cr Nees queried how definite the decision needs to be in order to be taken into account by the NZTA Board. The Strategic Partners Forum have made a submission requesting public consultation be considered. Cr Nees expressed concern that if this public consultation went ahead it would mean there will not be a final decision in time for the NZTA Board.

Mr Brodnax replied and noted that his advice to the Board would be that a principle decision would be sufficient, and that he would. put a condition in place for this.

Chair Leeder spoke about Parliamentary Select Committee held on Monday where multiple references to SmartGrowth were made. There were questions around any issues putting SmartGrowth in place given the current population movement and growth. Chair Leeder advised he and Cr Cowley were present and were able to address the questions.

Cr Cowley advised that the Select Committee Chairperson repeated the success of SmartGrowth. David Parker MP had stated if only there were more SmartGrowth type models around. Cr Cowley advised he was not present for the SmartGrowth submission.

Michael Tucker, who was present for the SmartGrowth submission spoke. He advised aside from reinforcing the role of SmartGrowth the importance of planning for future capacity was noted and more in terms of housing price and housing choice.

Mayor Crosby commended the excellent work that has been done here and advised that the reality is historically there have been barriers in the way. That is

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going to change particularly in the CBD and he is confident that in the next 5-10 years there is going to be more inner city living.

Mayor Crosby stated it is clear we need more developable land right now and doesn't believe it is a case of delaying although the robust work needs to be done. He noted now is the time for addressing Tauriko West and Keenan Road as indications are that demand is not going to stop.

Cr Thompson queried Mayor Paterson as to whether Western Bay was in the same space as TCC.

Mayor Paterson replied that Western Bay need to see a level of detail and take the opportunity to discuss this with his full council.

Ken Tremaine continued with his presentation.

Cr Nees expressed concern around future forecast areas and strategic capacity. Cr Nees stated with the future forecast of 2000 properties on Joyce Road she is interested in knowing if this has been forecasted by looking at the size of titles or done by walking around – without walking around it is hard to see how developable this land is given the gullies either side.

Cr Nees queried around the recommendation to undertake investigational changes with regard to land fragmentation. Would this mean a potential Western Bay plan change?

Ken replied and advised he is comfortable with the work put in place. Michael Tucker advised this is a collaborative team that has done this work. He advised the team haven't drilled down and done the walk around as suggested as this has been kept at a high level at this stage.

Cr Robson noted the need to communicate to our communities what we see coming. Where does the communication responsibility sit?

10:20am Maru Tapsell **withdrew** from the meeting

Christine Jones advised in terms of communication with Keenan Road residents, Western Bay has been engaging directly with residents. TCC has been engaging directly with residents in TCC area.

Christine advised that with regard to community engagement and funding implications, until a mandate in terms of recommendation from SGIC is proposed staff can't say where money should be spent. A decision needs to be made first on which areas are going to be developed

Christine advised she is comfortable that work has been kept reasonably high level and is comfortable that financial viability particularly around the first stage, Tauriko West, is viable from a development point of view. The capital cost that the council would need to cover would be recoverable.

Mayor Paterson expressed the need to get a feel for figures in order to make a decision.

Andy Mead spoke and advised in a lot of ways more work has been done on the Tauriko catchment than the Keenan Road catchment but believes that the Keenan Road work provides a very good guide.

Andy Mead advised we are at the point where The Lakes development is coming to a conclusion and we need to make the decision with the water and wastewater in The Lakes development to connect onto Keenan Road in order to have this area developable in the future. These decisions are having to be made now and investments made in land and infrastructure by TCC.

Cr Webber noted that reasonably good work has been done but all of it hasn't been done yet. We need hard evidence and figures need to be provided around the sufficient cost of roading outside of what NZTA are going to do.

Buddy Mikaere stated it appears affordability is missing in the proposed developments. He suggested looking at Maori land and creating a work stream that looks at utilizing that resource.

10:40am
11.02am

The workshop adjourned
The workshop reconvened

Mayor Paterson stated he is aware of the discussion around financial implications.

Cr Morris queried if he is correct in thinking in terms of costs for Western Corridor the majority if not all of the costs will sit on TCC rate payers?

Christine Jones advised given the Western Corridor area is close to existing TCC areas the logical way is through the TCC network and therefore it is logical to be planned by TCC. Rather than doing it across multiple organisations which hasn't been successful in the past it will sit within TCC's financial and infrastructure jurisdiction.

Cr Morris stated it is essential to acknowledge where these costs lie.

Cr Scrimgeour stated we need to be thinking about what is best for the community and how development should occur. We must be careful we aren't frightened and constrained by what the costs may be. If it is for the good of the community in the long run, he believed we should proceed.

Irene Walker showed support for Cr Scrimgeour's comments stating she too believes we should look at the positive of the city's development although the space can be quite frightening. However, we must acknowledge in the conclusion that there are no fatal flaws in the future urbanisation of the Western Corridor area with regards to transportation and State Highway 29. Was mindful that as Tangata Whenua there may be a more effective way we can look at the bigger picture. Irene advised her main concern is that we make good decisions for the city and how our community is informed.

Ken Tremaine replied and noted the Combined Tangata Whenua Forum (CTWF) 4 May minutes around CTWF positioning paper to the Settlement Pattern Review. Ken advised this would be the first part of the process in feeding Tangata Whenua view point into Settlement Pattern Review (SPR).

THESE MINUTES ARE YET TO BE CONFIRMED

To be confirmed by the SmartGrowth Implementation Committee on 15 June 2016

Cr Nees queried around the proposed timetable that has been discussed. How much and when is the appropriate time to engage with our forums. Why can't we still do the public consultation?

Ken Tremaine replied and stated he believes we can still do the public consultation, and be able to use the forums feedback. It is about being realistic in the timeframes we are working within. Until we have decisions we cannot do any further work.

Cr Thompson stated it seems we need to move on in an appropriate way and confirmed she is happy to agree to moving forward.

Christine Jones advised TCC are having their annual plan deliberations next week and included was decisions around investing staff resource based on assumption that this decision will be supported, so an in principle decision would be helpful for TCC putting recommendations to elected members.

Cr Webber advised he is mostly comfortable with the recommendation wording as long as we are looking at the whole package by August.

Mayor Paterson suggested a joint workshop for the councils to get a complete understanding and discuss all concerns.

Ken Tremaine urged councillors to do that, he believes this would be very helpful in getting this decision across the wire.

Karen Summerhays advised that all forums have been offered a resource to help them provide a positioning paper which will be an outline of the forum key issues. The forums are working on these now.

Ken Tremaine advised the forums also have concerns around good placemaking.

Mayor Paterson stated with regard to the Western Corridor and Keenan Road it is very clear that more information is needed before a decision can be made.

Moved Cr Nees / Seconded Cr Cowley

That it be Resolved

That the SmartGrowth Implementation Committee:

Reinstate Standing Orders, in accordance with Standing Orders 3.2.1, to allow the meeting to move back into Committee mode.

CARRIED

Moved Mayor Paterson / Cr Webber

That it be Resolved

That the SmartGrowth Implementation Committee:

THESE MINUTES ARE YET TO BE CONFIRMED

To be confirmed by the SmartGrowth Implementation Committee on 15 June 2016

Agree that the reports relating to the Update on the Settlement Pattern Review including the Western Corridor and Keenan Road Reports be received and the recommendations therein lie on the table until the 17th August 2016 meeting of the SmartGrowth Implementation Committee.

CARRIED

SG16/3.5

CONFIRMATION OF THE MINUTES

1. Confirmation of the Minutes of the SmartGrowth Implementation Committee Meeting (SG16/2) dated 20 April 2016.

Cr Nees queried as a matter arising have Chief Executive Advisory Group considered the social inventory and what was the recommendation.

Ken Tremaine advised CEAG are working their way through the issues raised.

Moved Cr Leeder / Seconded Mayor Paterson

That it be Resolved

That the minutes of the SmartGrowth Implementation Committee (SG16/2) dated 20 April 2016 be confirmed as a true and correct record subject to the following amendment

- ***Item SG16/2.4 paragraph 29 “Cr Cowley provided feedback that we will seek feedback from the social sector and while understanding the full cost implications that this is the best way forward.” amended to “Cr Cowley sought assurance that we will seek feedback from the social sector and while understanding the full cost implications that this is the best way forward.”***

CARRIED

2. Receipt of Partner Forum Minutes

Cr Thompson stated how fortunate we are that so many people dedicate their time to these forums. She noted in particular the Social Sector Forum and that she was delighted to see a thinkpiece of work going to be done around the operating environment of the Social Sector. Cr Thompson advised she hopes this is going to be resourced well. The operating environment of the social sector both nationally and internationally is moving rapidly. Next year Christchurch will be hosting a Social Enterprise International Conference which is about communities taking back power and accountability. The delivery of social services are going to be very different in the future.

THESE MINUTES ARE YET TO BE CONFIRMED

To be confirmed by the SmartGrowth Implementation Committee on 15 June 2016

Cr Cowley stated he found this incredibly valuable going through each of the forum minutes. With Combined Tangata Whenua Forum and equally Tauranga Moana reviewing their Terms of Reference and understanding what their role is Cr Cowley noted perhaps we do need to have a wider look at the forums.

Karen Summerhays advised at election time the forums will be going through their own refresh process re-electing their Chairs and identifying people who are not present on the forums who should be. Their Terms of Reference could also be discussed at this time.

Cr Nees queried what is the process for the new Social Infrastructure Providers forum for which that is going to be formalised?

Karen advised the same process will apply that the Environment & Sustainability Forum went through with Terms of Reference being suggested. The draft Terms of Reference will be taken to the next group meeting. Members at that group meeting will then ask to become a forum if they are happy. The Terms of Reference will then be brought back to SGIC for discussion and fine tuning then the forum is officially established.

Cr Webber raised the point that we have talked for quite some time about a one day Hui prior to August and asked if this is going to happen as this will be a critical place for input from the forums.

Ken advised yes this will happen in June or July so that the input can be included.

Moved Mayor Crosby / Seconded Mayor Paterson

That it be Resolved

That the minutes of the partner forums be received, noting that the issues raised have been identified in the Monthly Report for discussion and resolution.

CARRIED

SG16/3.6

MONTHLY REPORT FOR SGIC DATED 18 May 2016

Ken spoke to the monthly report advising that the interviews have taken place for the new Implementation Advisor which is under offer as of today. Ken advised they have secured a very competent candidate.

Mayor Crosby noted that this week TCC had a very good forum with the DHB Board and Governance group. Moving forward we will have a greater understanding and collaboration in our decision making with the DHB.

Ken also noted in the Social Sector Forum minutes that Bill Wasley will be picking this up also to strengthen the relationship moving forward.

Moved Cr Thompson / Seconded Cr Nees

That it be Resolved

THESE MINUTES ARE YET TO BE CONFIRMED

To be confirmed by the SmartGrowth Implementation Committee on 15 June 2016

That the SmartGrowth Implementation Committee***a) Note the strategy action update******b) Note the improvements to SmartGrowth resourcing******c) In relation to the Forums:***

- ***Refer the Population Aging Technical Advisory Group gym request to the implementer for action***
- ***Note the Social Sector Forum recommendations***
- ***Refer the Property Development Forum Compact City paper to the Settlement Pattern Review team with a request that the issues raised be reported on in June when the Compact City update paper is being discussed***
- ***Note the Combined Tangata Whenua Forum appointment process***

CARRIED**SG16/3.7****JOINT AGENCY GROUP REPORT**

Rachael Davie addressed the monthly report and asked the committee to cast their minds back to November 2014 which was the last time the kaupapa of the Joint Agency Group (JAG) was presented to SGIC. At that time SGIC were being asked to consider a more sustainable funding stream to continue to progress the work of the JAG. All three councils agreed to a three-year funding stream however the investment by TCC was contingent upon the strategic plan of the JAG being brought back to SGIC for endorsement.

Rachel presented on the portfolio of case studies in the report brochure that had been circulated. The photographs at the back highlight the 12 whare awaiting code of compliance certificates at Ngāti Kahu.

Rachel advised she is delighted to report the two trusts that were selected to progress out of the 2015 Papakāinga workshop series are progressing well and funding applications are being made. Rachel spoke about the budget announcement in relation to the Māori housing network where \$17.6 million of funding has been allowed in the space of affordable housing for Māori. Interestingly the investment strategy of Māori housing network refers to the need for more Papakāinga workshop approaches to be taken in other regions across Aotearoa and that model has come from the Western Bay of Plenty.

Rachel advised that they are currently at workshop five of eight. Normally Te Puni Kōkiri has a limit of 10 Trusts that can be involved however they decided to involve 12 Trusts this time around. At completion all Trusts come together and determine who the two Trusts are at the point of readiness to progress to funding and the build phase.

Rachel advised she is asking SGIC members to endorse the strategic plan in the report. This has been developed over a period of change in terms of social housing policy. They have been partnering closing with Te Puni Kōkiri.

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Irene Walker queried in relation to the Māori land trust does JAG look further at what other Māori trusts or whanau Trusts are doing?

Rachel replied stating the invitation to attend the Papakāinga workshop series is well publicised and there are growing levels of interest well beyond Wairakei. Te Puni Kōkiri has the capacity for 10 Trusts only in any one annual workshop series. Quite often it takes a Land Trust more than one workshop series to be at a point of readiness. That does not preclude council staff working with other Land Trusts to give them support and assistance using the kaupapa set out in the tool kit.

Irene replied stating that her reason for asking is they are involved with Māori Land Trusts that have 44 sections for development. Irene queried for family of whanau trusts who is best for them to work with. Would JAG approach whanau Trusts? Or is that up to whanau Trusts to make that contact themselves.

Rachel replied stating JAG work with Trusts that come through the Papakāinga workshop series. However, all three councils have been working in this space for some time now and JAG see themselves as a navigator and connector so if there is whanau wondering how to begin this process they are happy to be the first point of contact whether it is through the Papakāinga workshop series or not.

Buddy Mikaere stated he is happy to support this endorsement being sought by Rachel. He also wished to advise that the Māori Housing Conference is being held in Tauranga later this year.

Mayor Paterson wished to note that this work has been around for a number of years however the past two or three years it has grown a lot of awareness, support and involvement. The work is ground breaking and it is leading the way. It is time for the rest of the country to pick up on this.

Moved Buddy Mikaere / Seconded Cr Cowley

That it be Resolved

That the SmartGrowth Implementation Committee:

- a) That the paper be received***
- b) Endorses the JAG Strategic Plan (2015-2020) as the guiding document for JAG to continue to facilitate the development of Papakāinga in the western Bay of Plenty sub region.***

CARRIED

The meeting concluded at 11:45am

Confirmed as a true and correct record

Mayor R Paterson

Acting Chairperson

Date

DRAFT

12 May 2016

Bill Wasley
Independent Chairman
SmartGrowth Implementation Committee
PO Box 13 231
Tauranga 3141
New Zealand

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Dear Bill

SmartGrowth Implementation Committee – Settlement Pattern Review & the Western Corridor Strategic Study

Further to our recent conversations this letter is to re-affirm the Transport Agency's commitment to the work being undertaken by the SmartGrowth partners in regard to the Settlement Pattern Review.

The SmartGrowth Implementation Group will meet on 18 May 2016 to consider work associated with the Settlement Pattern Review and specifically the early findings of the Western Corridor Strategic Study. As you know the Transport Agency has been actively involved in this project as it has developed. We would like to acknowledge the collaborative approach adopted by the SmartGrowth partners and the considerable analysis that has been undertaken to reach this point. This analysis is a key input into the Tauriko Network Plan and needs to be considered within the wider Piarere to Tauriko Programme Business Case (PBC) that the Transport Agency is currently developing.

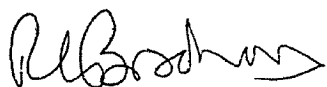
We understand that the SmartGrowth partners are likely to make decisions on the Western Corridor Strategic Study in August. When making these decisions we understand the need for confidence in terms of the wider transport connections and network.

The Tauriko Network Plan and Piarere to Tauriko PBC are programmed to be considered by the Transport Agency Board in November 2016. The Settlement Pattern Review and Western corridor analysis are important inputs to this work. We anticipate the November Board decision confirming the alignment of State Highway 29 through the Tauriko area (i.e. off line or online solution). In reaching this decision consideration will need to be given to the connections to enable the local land use pattern. This matter is being considered through the Tauriko Network Plan, which is a work in progress that will be further developed with the SmartGrowth partners as the Western Corridor analysis also progresses.

When making its decisions we expect the Agency's Board will require an understanding of the wider Settlement Pattern Review, how the Western corridor fits within this and the outcomes sought for national, regional and local journeys on the transport network. We also expect our Board to require a commitment from the SmartGrowth partners to agree to co-invest in the transport network, to support the delivery of the settlement pattern and to set clear thresholds and triggers for this investment.

Finally, we look forward to continuing to work together on the Settlement Pattern Review and the Western Corridor and Tauriko Network Plan, and ongoing collaboration as they lead onto any Resource Management Act policy statement, district plan or designation processes.

Yours sincerely

A handwritten signature in black ink, appearing to read 'R. Brodnax', with a stylized flourish at the end.

Robert Brodnax

Regional Manager, Planning and Investment

Summary of the proposed National Policy Statement on Urban Development Capacity

	Outcomes of decision-making	Evidence to support decisions	Coordinated evidence base and decision-making	Responsive planning
Objectives	<p>OA1. Effective and efficient urban areas that provide for social, economic, cultural and environmental well-being.</p> <p>OA2. Sufficient residential and business development capacity to enable urban development that meets demand.</p> <p>OA3. Ongoing development and change is enabled.</p>	<p>OB1. Plans and regional policy statements are based on robust, accurate and frequently updated evidence.</p>	<p>OC1. Coordination within and between local authorities and infrastructure providers in urban areas, consistent planning decisions, integrated land-use and infrastructure planning and responsive planning processes.</p>	<p>OD1. Planning decisions enable urban development in the short, medium and long term.</p> <p>OD2. Local authorities adapt and respond to market activity in the short and medium term.</p>
Policies	<p>PA1. In implementing objectives A1–A3, decision-makers must:</p> <ul style="list-style-type: none"> pursue an urban form that seeks to maximise the potential for social and economic exchange provide for efficient use of resources including urban land and infrastructure seek to enable land and development markets to operate competitively. <p>PA2. Local authorities must at all times provide sufficient development capacity for the short, medium and long-term.</p> <p>PA3. When considering effects of urban development decision-makers must:</p> <ul style="list-style-type: none"> recognise and provide for the contribution urban development will make in enabling people, communities and future generations to provide for their social, economic, cultural and environmental well-being. provide sufficient development capacity while maximising the positive effects of development and minimising adverse effects of development have particular regard to the positive effects of urban development at a national, regional and district scale, as well as local effects. 	<p>PB1–PB3. Local authorities, on at least a three-yearly basis, must carry out:</p> <ul style="list-style-type: none"> a housing assessment that estimates the demand for dwellings, including for different types of dwellings, locations and price points a business land assessment that estimates demand for different types and locations of floor area for local business sectors. <p>Both assessments must also estimate the supply of development capacity to meet demand in the short, medium and long term, and identify any insufficiency in development capacity.</p> <p>Calculations of sufficient development capacity should have particular regard to:</p> <ul style="list-style-type: none"> cumulative impact of zoning, objectives, policies and rules and overlays in plans likely availability of infrastructure current physical and commercial feasibility of development (considering likely costs and revenue of developing) likelihood of development opportunities being taken up monitoring of price signals. <p>PB4. Local authorities must consult with infrastructure providers, community and social housing providers, and the property development sector.</p> <p>PB5. Local authorities must monitor on a quarterly basis or as often as possible a range of indicators including housing affordability indicators, resource and building consents, price signals, and business land vacancy rates.</p>	<p>PC1. Local authorities must consult other local authorities and infrastructure providers that share jurisdiction over a medium or high growth urban area, when developing plans and policy statements.</p> <p>PC2. The relevant local authorities must work together and with infrastructure providers to agree data and projections used in the development of housing and business land assessments.</p> <p>PC3. The relevant local authorities and infrastructure providers must work together and, as far as possible, ensure coordinated land use planning and infrastructure provision, including expected levels of service for infrastructure.</p>	<p>PD1. When the evidence base or monitoring indicates development capacity is not sufficient in the short, medium or long term, local authorities must respond by further enabling development in accordance with PD2 and PD3.</p> <p>PD2. Local authorities must consider all options for increasing development capacity and enabling development including:</p> <ul style="list-style-type: none"> changing plan objectives, policies and rules and their application, activity status, rules about notification of resource consents, overlays, and making plans and regional policy statements simpler to interpret customer-focused consenting processes in granting consents, the conditions of consent imposed. <p>PD3. In implementing PD1, local authorities must in the:</p> <ul style="list-style-type: none"> short term, further enable development through customer-focused consenting processes and, where appropriate, amend plans medium term, amend relevant plans and policy statements to provide more development capacity long term, provide a broad indication of the location, timing and sequencing of development capacity to demonstrate that it will be sufficient. <p>PD4. In giving effect to PD1, with respect to residential development capacity, local authorities should have particular regard to enabling development in locations that the Housing Assessment indicates are of highest demand, and that is commercially feasible.</p> <p>PD5–6 Regional councils must set minimum targets for sufficient residential development capacity in accordance with their housing assessment, and incorporate them into regional policy statements.</p> <ul style="list-style-type: none"> These targets must be set for the medium and long term and be reviewed if necessary. <p>PD7–9. Local authorities must provide a future land release and intensification strategy alongside their plan to provide certainty that there will be sufficient development capacity in the medium and long term, and that minimum targets will be met. This strategy will:</p> <ul style="list-style-type: none"> identify broad location, timing and sequencing of development over the long term include processes for flexible implementation. <p>The strategy must be informed by housing and business land assessments and the views of infrastructure providers, land owners, property development sector and any other stakeholders.</p>

<p>Key (and see over)</p> <div> <div></div> Objectives and policies apply to all local authorities </div> <div> <div></div> Apply to local authorities with medium and high-growth urban areas within their jurisdiction </div> <div> <div></div> Apply only to local authorities with high-growth urban areas within their jurisdiction </div>	<p>Definitions</p> <p>Development Capacity: In relation to residential and business land, means the capacity of land for urban development to meet demand, taking into account the following factors:</p> <ul style="list-style-type: none"> the zoning, objectives, policies, rules and overlays that apply to the land; the provision of adequate infrastructure, existing or likely to exist, to support the development of the land, having regard to- <ul style="list-style-type: none"> the relevant proposed and operative RPS, regional plans and district plans; any relevant management plans and strategies prepared under other Acts. <p>Sufficient: The provision of enough development capacity to meet demand, plus to take account of the likelihood that not all capacity will be developed, an additional margin of at least:</p> <ul style="list-style-type: none"> 20% over and above projected short and medium term demand 15% over and above projected long term demand <p>Total capacity should reflect demands for different types property in different locations.</p> <p>Long, medium and short term: Within 30 years, 10 years and 3 years.</p>
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Areas that the NPS-UD applies to: Medium and High Growth Urban Areas and other areas

Urban Area	Projected population growth 2013 - 2023	Relevant Local Authorities	Relevant parts of the NPS-UDC		
<i>High Growth Urban Area</i>			<i>Objectives and Policies PA1-PA3</i>	<i>Policies PB1-PD4</i>	<i>Policies PD5 – PD10</i>
Auckland	18.1%	Auckland Council			
Tauranga	15.1%	Tauranga City, Western Bay of Plenty District, Bay of Plenty Regional Council			
Hamilton	14.8%	Hamilton City, Waipa District, Waikato District, Waikato Regional Council			
Queenstown	14.0%	Queenstown-Lakes District, Otago Regional Council			
Christchurch	11.1%	Christchurch City, Waimakariri District, Selwyn District, Environment Canterbury			
<i>Medium Growth Urban Area</i>					
New Plymouth	9.3%	New Plymouth District, Taranaki Regional Council			
Nelson	8.5%	Nelson City, Tasman District			
Kapiti	6.9%	Kapiti District, Greater Wellington Regional Council			
Palmerston North	6.7%	Palmerston North City, Manawatu District, Horizons Regional Council			
Wellington	6.4%	Wellington City, Porirua City, Lower Hutt City, Upper Hutt City, Greater Wellington Regional Council			
<i>Other Main Urban Areas</i>					
Napier/Hastings	4.9%	Napier City, Hastings District, Hawke’s Bay Region Council			
Blenheim	4.7%	Marlborough District			
Whangarei	4.5%	Whangarei District, Northland Region			
Gisborne	4.3%	Gisborne District			
Invercargill	3.7%	Invercargill City, Southland Regional Council			
Dunedin	3.6%	Dunedin City, Otago Regional Council			
Rotorua	0.7%	Rotorua District, Bay of Plenty Regional Council			
Whanganui	-1.5%	Whanganui District, Horizons Regional Council			
<i>Rest of New Zealand</i>		Rest of New Zealand’s local authorities			

“High Growth Urban Area” is defined as either:

- A Main Urban Area with population growth over the next ten years of over 10%, according to Statistics NZ medium projections
- A Secondary Urban Area with a combined usually resident population and visitor population of over 30,000 people at any time during the year, with population growth over the next ten years of over 10%, according to Statistics NZ medium projections.

Medium Growth Urban Area” is defined as either:

- A Main Urban Area with population growth over the next ten years of between 5% and 10% under Statistics NZ medium projections, according to Statistics NZ medium projections
- A Secondary Urban Area with a combined usually resident population and visitor population of over 30,000 people at any time during the year, with population growth over the next ten years of between 5% and 10%, according to Statistics NZ medium projections.

Main and Secondary Urban Areas are Statistics New Zealand definitions that identify concentrated urban settlements without the distortions of administrative boundaries. A Main Urban area has a contiguous population of more than 30,000 people. A Secondary Urban Area has a contiguous population of between 10,000 and 30,000 people.



Proposed National Policy Statement on Urban Development Capacity

CONSULTATION DOCUMENT

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Message from the Minister

This new national direction on urban development is required to make the Resource Management Act work better for housing and business growth. It complements an amendment Bill currently before Parliament that puts specific new legal requirements on councils to provide enough development capacity to meet demand.

Three critical issues are addressed in this policy.

Firstly, it connects planning decisions with economics. This is crucial, given the greatest increase in house prices over the past two decades has been in the cost of sections rather than the built house. Price signals, commercial feasibility and ensuring sufficient competition in supply will become required legal considerations in land use planning decisions.

Secondly, this policy requires more responsive planning. Auckland is currently stuck in rules developed more than 20 years ago. This new policy will require short, medium and long-term policies to manage growth and regular reviews for ensuring plans are up-to-date and relevant.

Thirdly, this policy rebalances the national and local interests. A major problem in the current framework is that housing affordability is a national issue but the key regulatory levers to address supply rest with councils whose consideration is very locally focused. This policy requires councils and the Environment Court to put greater weight on the national importance of sufficient land supply for housing and business growth.

This policy is carefully nuanced to the different growth pressures across New Zealand's towns and cities. There are requirements for all urban areas in this policy but these become greater in medium-growth areas and are most demanding in high-growth areas.

This new approach to issues of urban development is heavily influenced by the comprehensive work by the Productivity Commission with its 2015 report on land supply and its influence on housing affordability.

This new urban policy statement is part of the Government's broader reforms to strengthen national direction under the Resource Management Act. We are progressing more national policies, standards and regulations than any previous government on key issues like water, coastal management, telecommunications, forestry, pest control and now urban development.

This proposed national policy statement is a powerful tool to make our urban environments work better in supporting growth of housing and employment. We welcome your feedback so we can get it right.



Hon Dr Nick Smith

Minister for the Environment
Minister for Building and Housing



Proposed National Policy Statement on Urban Development Capacity 2016

Preamble

New Zealand is one of the most urbanised countries in the world, with 73 percent of us living in cities of at least 30,000 people¹.

Cities are characterised by their intensity, the access they provide to things that people value, their scale, and often by high rates of population and economic growth. These have both positive and negative impacts: successful cities maximise the positives and minimise the negatives. Successful cities provide people with access to a choice of homes and opportunities to earn income, and attractive built and natural environments. They have good quality physical and social infrastructure and open space. They use resources efficiently, and they minimise their environmental footprint. They make the most of their ability to connect to other parts of the world. Such cities attract people and investment, and are therefore constantly changing, dynamic places that make a significant contribution to national economic performance.

Local authorities play an important role in shaping the success of our cities by planning for growth and change, and providing critical infrastructure. Ideally, urban planning should enable people and communities to provide for their social, economic and cultural wellbeing through development, while managing its effects. This is a challenging role, because cities are complex places; they develop as a result of numerous individual decisions, and this often involves conflict between diverse preferences.

This National Policy Statement provides direction to decision-makers under the RMA on urban planning. It has a particular focus on ensuring that planning enables development through providing sufficient development capacity for housing and businesses.

The National Policy Statement aims to help reduce regulatory barriers to the supply of housing, and reduce the cost of housing relative to income. High house prices drive wealth inequality, increase the fiscal burden of housing-related welfare, and pose a risk to the national economy.

It is also important that planning provides good accessibility between housing and businesses, and the social infrastructure necessary in a successful city.

An overarching theme running through this National Policy Statement is that planning decisions must actively enable growth and development in urban areas, and accommodate that in such a way as to maximise wellbeing now and in the future.

¹ According to Statistics New Zealand's most recent estimates.

The National Policy Statement requires plans to provide sufficient development capacity to meet long term demand. This includes both the total number of dwellings and the amount of business space needed, and the range of demands for different sizes, types and locations.

Another key theme running through the National Policy Statement is for planning to better understand the property market and enable it to provide for the community's needs. While taking account of all factors that affect well-being, planning should respond to demand, enable what is commercially feasible, and promote competitive land and development markets. The National Policy Statement requires planning to place a greater emphasis on monitoring what is happening on the ground, and responding to that.

This National Policy Statement requires development capacity provided in plans to be serviced or likely to be serviced with infrastructure. This will necessitate better integration and coordination between land use and infrastructure planning and will require local authorities, infrastructure providers and central government to work co-operatively.

This National Policy Statement also places a strong emphasis on planning coherently across urban housing and labour markets, which will require coordinated planning between local authorities that share jurisdiction over Main Urban Areas.

The National Policy Statement targets different policies to different local authorities, as per the table below.

	All local authorities	Local authorities that have a Medium Growth Urban Area within their jurisdiction	Local authorities that have a High Growth Urban Area within their jurisdiction
Objectives that apply	All	All	All
Policies that apply	PA1 – PA3	PA1 – PA3	PA1 – PA3
		PB1 – PB5 PC1 – PC3 PD1 – PD4	PB1 – PB5 PC1 – PC3 PD1 – PD4
			PD5 – PD9

1 Title

This national policy statement is the National Policy Statement on Urban Development Capacity 2016.

2 Commencement

This national policy statement comes into force on the 28th day after the date on which it is notified in the *New Zealand Gazette*.

3 Interpretation

In this national policy statement, unless the context otherwise requires, –

Act means the Resource Management Act 1991.

Business land means land that is zoned for productive economic activities in urban areas, including but not limited to the following:

- industrial
- commercial
- retail
- business and business parks
- mixed use and centres, to the extent that it is available for productive economic activities.

but does not include residential dwellings that are also used for a productive economic activity such as home occupations.

Decision-maker means all persons exercising functions and powers under the Act.

Demand means:

In relation to residential development, the demand for residential dwellings within an urban area in the short, medium and long-terms, having particular regard to:

- a) the total number of dwellings required to meet projected household growth;
- b) demand for different types of dwellings;
- c) the demand for different locations within the urban area; and
- d) the demand for different price points.

recognising that people will trade off (b), (c) and (d) to meet their own needs and preferences.

In relation to business land, the demand for floor area in the short, medium and long-terms, having particular regard to:

- a) the quantum of floor area to meet forecast growth in different sectors;
- b) the demands of both land extensive and intensive activities; and
- c) the demand for different locations within the urban area.

Development capacity means in relation to residential and business land, the capacity of land for urban development to meet demand, taking into account the following factors:

- the zoning, objectives, policies, rules and overlays that apply to the land; and
- the provision of adequate infrastructure, existing or likely to exist, to support the development of the land, having regard to—
 - the relevant proposed and operative regional policy statements, regional plans and district plans; and
 - any relevant management plans and strategies prepared under other Acts.

Feasible means the commercial viability of development, taking into account the current likely costs, revenue and yield of developing.

High-Growth Urban Area means:

- Any Main Urban Area that, according to the most recent Statistics New Zealand growth projections set out in Appendix A2, is projected to experience population growth of more than 10% over the medium-term; or
- Any Secondary Urban Area that at any point in the year has a combined resident and visitor population of over 30,000, and according to the most recent Statistics New Zealand growth projections set out in Appendix A2, is projected to experience population growth of more than 10% over the medium-term.

Infrastructure means network infrastructure for water supply, wastewater, stormwater, transport, and passenger transport services.

Local authority has the same meaning as in section 2 of the Resource Management Act 1991.

Long-term means within the next thirty years.

Main Urban Area means as defined by Statistics New Zealand set out in Appendix A1.

Medium-Growth Urban Area means:

- Any Main Urban Area that, according to the most recent Statistics New Zealand growth projections set out in Appendix A2, is projected to experience population growth of between 5% and 10% over the medium-term; or
- Any Secondary Urban Area that at any point in the year has a combined resident and visitor population of over 30,000, and according to the most recent Statistics New Zealand growth projections set out in Appendix A2, is projected to experience population growth of between 5% and 10% over the medium-term.

Medium-term means within the next ten years.

Plan means an operative or proposed regional plan or a district plan.

Planning decisions means any decision on a regional policy statement, regional or district plan, or plan change.

Secondary Urban Area means as defined by Statistics New Zealand set out in Appendix A1.

Short-term means within the next three years.

Sufficient means the provision of enough development capacity to meet residential and business demand, plus, to take account of the likelihood that not all capacity will be developed, an additional margin of at least:

- 20% over and above projected short and medium-term residential and business demand; and
- 15% over and above projected long-term residential and business demand.

The total capacity should reflect the demands for different types and locations.

Urban area means an area with urban characteristics and a moderate to high concentration of population, irrespective of local authority boundaries.

Urban form means the overall pattern of development within an urban area, and the relationship of its constituent parts to each other.

4 National significance

This National Policy Statement is about the national significance of the contribution that urban areas make to the social, economic and cultural wellbeing of people and communities, and the need to enable urban development and change in order to provide for this.

5 Objectives

The following objectives apply to all local authorities.

Objective Group A – Outcomes for decision-making

- OA1: To support effective and efficient urban areas that enable people and communities to provide for their social, economic and cultural wellbeing.
- OA2: To provide sufficient residential and business development capacity to enable urban areas to meet residential and business demand.
- OA3: To enable ongoing development and change in urban areas.

Objective Group B – Evidence and monitoring to support decision-making

- OB1: To ensure plans and regional policy statements are based on a robust, accurate and frequently-updated evidence base.

Objective Group C – Coordinated evidence and decision-making

- OC1: To promote coordination within and between local authorities and infrastructure providers in urban areas, consistent planning decisions, integrated land use and infrastructure planning, and responsive planning processes.

Objective Group D – Responsive planning

- OD1: To ensure that planning decisions enable urban development in the short, medium and long-terms.
- OD2: To ensure that in the short and medium terms local authorities adapt and respond to market activity.

6 Policies

Outcomes for decision-making

Policies PA1 to PA3 apply to all local authorities.

PA1: By decision-makers:

- Providing for an urban form that maximises the potential for social and economic exchange within the urban area.
- Providing for the efficient use of resources, having particular regard to scarce urban land and infrastructure.
- Enabling the competitive operation of land and development markets.

PA2: By local authorities providing at all times sufficient residential and business development capacity for the short, medium and long terms.

PA3: When considering the effects of urban development, decision-makers must:

- Recognise and provide for the contribution that urban development will make to the ability for people and communities and future generations to provide for their social, economic and cultural wellbeing.
- Provide sufficient development capacity, whilst maximising the positive effects of development, and minimising the adverse effects of development.
- Have particular regard to the positive effects of urban development at a national, regional and district scale, as well as its local effects.

Evidence and monitoring to support decision-making

Policies PB1 to PB5 and PC1 to PC3 apply to all local authorities that have part, or all, of either a Medium Growth Urban Area or High Growth Urban Area within their jurisdiction.

PB1: Local authorities must, by the end of 2018, or within 12 months of becoming a Medium or High Growth Urban Area, and thereafter on at least a three-yearly basis, carry out:

- A Housing Assessment that estimates the demand for dwellings, including the demand of different groups in the population for different types of dwellings, locations and price points, and the supply of development capacity to meet that demand, in the short, medium and long-terms; and
- A Business Land Assessment that estimates the demand for the different types and locations of floor area for the local business sectors, and the supply of development capacity to meet that demand, in the short, medium and long-terms.

Local authorities must have regard to the benefits of publishing the assessments under policy PB1.

- PB2: In carrying out the assessments required under policy PB1, local authorities must have particular regard to:
- Demographic change, including population growth and household size projections, using the most recent Statistics New Zealand growth projections set out in Appendix A2.
 - Future changes in the sectoral composition of the local economy and the impacts that this might have on residential and business demand.
 - Information on the market's response to planning obtained through monitoring under PB5.
- PB3: In carrying out the assessments required under policy PB1, local authorities must estimate the sufficiency of development capacity provided by its plans and proposed and operative regional policy statements, having particular regard to:
- The cumulative effect of all zoning, objectives, policies, rules and overlays in plans, and the effect this will have on opportunities for development being taken up.
 - The actual and likely availability of infrastructure.
 - The current physical and commercial feasibility of development capacity.
 - The likelihood of opportunities for development being taken up.
- and must estimate the additional development capacity needed if any of these factors indicate that the supply of development capacity is not likely to meet demand in the short, medium or long-term.
- PB4: In carrying out the assessments required under policy PB1, local authorities must consult with infrastructure providers, community and social housing providers, the property development sector and any other stakeholders as they see fit.
- PB5: To ensure that local authorities are well-informed about the market's response to planning, local authorities must monitor a range of indicators on a quarterly basis, or as frequently as possible, including:
- The relative affordability of housing, including the ratio of house price to income and the relative cost to rent;
 - The increase in house prices and rents;
 - The number of resource and building consents granted relative to the growth in population;
 - Vacancy rates for business land;
 - The ratio of the value of land between rural and urban zoned land; and
 - The ratio of the value of improvements to the value of land within the urban area.

Local authorities must have regard to the benefits of publishing the results of its monitoring under policy PB5.

Co-ordinated evidence and decision-making

- PC1: When developing plans and regional policy statements to implement this National Policy Statement, local authorities must consult with other local authorities, local infrastructure providers and central government infrastructure providers that share jurisdiction over a Medium Growth Urban Area or a High Growth Urban Area.
- PC2: The relevant local authorities and infrastructure providers will work together to agree on data and projections used in the development of the assessments required under policy PB1.
- PC3: The relevant local authorities and infrastructure providers will work together to, as far as possible, ensure coordinated land use planning and infrastructure provision, including expected levels of service for infrastructure.

Responsive planning

Policies PD1 to PD4 apply to all local authorities that have part, or all, of either a Medium Growth Urban Area or High Growth Urban Area within their jurisdiction.

- PD1: When the evidence base or monitoring obtained in accordance with policies PB1 to PB5 indicates that development capacity is not sufficient in any of the short, medium or long terms, local authorities must respond by providing further development capacity in accordance with policies PD2 and PD3 as soon as possible.
- PD2: A local authority must consider all options available to it under the Act to enable sufficient development capacity to meet residential and business demand, including but not limited to:
- Changes to plans and regional policy statements, including changes to:
 - Objectives, policies and rules, zoning and the application of those in both existing urban and undeveloped areas;
 - Activity status;
 - Provisions about the notification of applications for resource consent;
 - Existing overlays, or the introduction of overlays which enable development; and
 - Make them simpler to interpret.
 - Consenting processes that are customer-focused and coordinated within the local authority; and
 - In granting consent, the conditions of consent imposed.

PD3: Local authorities must consider the following responses:

- In the short term, further enable development through customer-focused consenting processes and, where appropriate, amending the relevant plans.
- In the medium term, amending the relevant plans and policy statements to provide more development capacity.
- In the long term, providing a broad indication of the location, timing and sequencing of development capacity in order to demonstrate that it will be sufficient.

PD4: In giving effect to policy PD1 with respect to residential development capacity local authorities should have particular regard to enabling capacity:

- In the locations that the Housing Assessment, required under policy PB1, indicates are of highest demand; and
- That is feasible.

such that it maximises the contribution to meeting demand for residential development.

Local authorities that have a Medium Growth or High Growth Urban Area within their jurisdiction should not restrict their responses to meeting demand to only the area that lies within the Medium Growth Urban Area or High Growth Urban Area.

Policies PD5 to PD9 apply to all local authorities that have part, or all, of a High Growth Urban Area within their jurisdiction.

Regional councils must have amended their proposed and operative regional policy statement to give effect to policies PD5 to PD6 by:

- The end of 2018; or
- Earlier if the Housing Assessment required under policy PB1 shows development capacity is insufficient to meet demand; or
- Within 12 months of becoming a High Growth Urban Area.

Regional councils must amend their proposed and operative regional policy statements to give effect to policies PD5 to PD6 in accordance with section 55(2A) of the Act without using the process in Schedule 1 of the Act.

PD5: Regional councils must set minimum targets for the supply of sufficient residential development capacity that must be achieved, in accordance with its Housing Assessment, and incorporate these into the relevant regional policy statement.

These minimum targets must specify:

- The total number of dwellings; and
- Different types of dwellings.

To take account of the likelihood that not all capacity will be developed, it must require an additional margin of at least:

- 20% over and above projected short and medium-term demand; and
- 15% over and above projected long-term demand.

PD6: A regional council's minimum targets set under policy PD5 must be set for the medium and long terms, and must be reviewed every three years. When a regional council's Housing Assessment required under policy PB1 shows that the minimum targets set in the regional policy statement are insufficient to meet demand, regional councils must revise those minimum targets in accordance with policy PD5 and incorporate those targets into its regional policy statement in accordance with section 55(2A) of the Act without using the process in Schedule 1 of the Act.

Local authorities shall give effect to policies PD7 to PD9 within the following timeframes:

- By the end of 2018; or
- Within 12 months of becoming a High Growth Urban Area.

PD7: Local authorities must provide a future land release and intensification strategy alongside the relevant plans and regional policy statements to demonstrate that there will be sufficient development capacity in the medium and long terms, and that minimum targets will be met.

PD8: The future land release and intensification strategy must:

- Identify the location, timing and sequencing of future development capacity over the long term; and
- Provide a process for flexible implementation.

PD9: In developing this strategy, local authorities must:

- Be informed by the Housing Assessment and Business Land Assessment required under policy PB1;
- Take into account the views of infrastructure providers, land owners, the property development sector and any other stakeholders as they see fit; and
- Have particular regard to policy PA1.

Appendix – Statistical Information

A1: Statistics New Zealand: Classification of Urban Areas

Main Urban Areas	Secondary Urban Areas
Whangarei	Pukekohe
Northern Auckland Zone	Tokoroa
Western Auckland Zone	Taupo
Central Auckland Zone	Whakatane
Southern Auckland Zone	Hawera
Hamilton Zone	Feilding
Cambridge Zone	Levin
Te Awamutu Zone	Masterton
Tauranga	Greymouth
Rotorua	Ashburton
Gisborne	Timaru
Napier Zone	Oamaru
Hastings Zone	Rangiora
New Plymouth	Queenstown
Whanganui	
Palmerston North	
Upper Hutt Zone	
Lower Hutt Zone	
Porirua Zone	
Wellington Zone	
Nelson	
Christchurch	
Dunedin	
Invercargill	
Kapiti	
Blenheim	

Source: Statistics New Zealand (sourced May 2016)

Classification of Urban Areas

A2: Statistics New Zealand: Projected Total Population by Urban Area

	Year at 30 June						
Urban Area	2013	2018	2023	2028	2033	2038	2043
Whangarei	53,600	55,000	56,000	56,800	57,400	57,600	57,600
Northern Auckland Zone	288,000	315,900	335,400	355,000	375,000	393,900	411,900
Western Auckland Zone	217,100	242,700	266,300	290,100	312,400	334,000	355,000
Central Auckland Zone	450,900	500,600	539,000	578,400	616,700	652,500	686,100
Southern Auckland Zone	425,800	463,200	491,700	520,300	547,100	571,600	594,200
Hamilton Zone	180,600	196,600	208,700	220,600	232,200	243,200	253,800
Cambridge Zone	18,400	19,850	20,600	21,200	21,800	22,300	22,700
Te Awamutu Zone	15,850	16,600	17,250	17,800	18,300	18,700	18,950
Tauranga	125,700	135,500	144,700	153,900	162,900	171,500	179,800
Rotorua	55,800	56,100	56,200	56,000	55,400	54,400	53,000
Gisborne	35,200	36,100	36,700	37,100	37,400	37,400	37,200
Napier Zone	60,600	62,500	63,400	64,100	64,300	64,200	63,700
Hastings Zone	67,000	69,300	70,500	71,400	71,900	71,800	71,400
New Plymouth	54,800	57,900	59,900	61,600	63,100	64,300	65,400
Whanganui	39,300	39,000	38,700	38,300	37,600	36,600	35,500
Palmerston North	81,500	84,500	87,000	89,400	91,600	93,400	95,000
Upper Hutt Zone	39,000	40,500	41,400	42,200	42,600	42,800	42,800
Lower Hutt Zone	100,500	101,300	101,800	102,000	101,500	100,300	98,500
Porirua Zone	53,500	55,600	56,700	57,500	57,900	57,800	57,400
Wellington Zone	196,500	207,100	214,400	221,600	228,300	234,400	239,800
Nelson	63,300	66,600	68,700	70,400	71,600	72,400	72,800
Christchurch	369,200	395,400	410,100	424,300	437,000	448,200	457,800
Dunedin	115,100	118,000	119,300	120,400	121,100	121,300	121,100
Invercargill	49,300	50,600	51,100	51,400	51,400	51,100	50,500
Kapiti	40,700	42,100	43,500	44,800	46,100	47,100	47,900
Blenheim	30,100	30,900	31,500	31,900	32,100	32,100	32,100

Source: Statistics New Zealand (sourced May 2016)

Projected Total Population at 30 June 2018-2043 (2013-base)

Clerk of the Executive Council

Explanatory note

This note is not part of this national policy statement, but is intended to indicate its general effect.

This national policy statement comes into force 28 days after the date of its notification in the *New Zealand Gazette*. It provides that ensuring sufficient development capacity is a matter of national significance under the Resource Management Act 1991 and prescribes objectives and policies to guide the making of resource management decisions.

Introduction to consultation

The Minister for the Environment has released a proposed National Policy Statement (NPS) on Urban Development Capacity (the proposed NPS) for public consultation.

The proposed NPS is a priority for the Government.² The particular scope relates to the provision of development capacity³ in local authority plans to address both housing and business needs. This document explains:

- why we have developed the proposed NPS
- our objectives, policies and key themes
- how to give your feedback on the proposal.

Submissions close at 5.00pm on Friday 15 July 2016.

Understanding urban environments

New Zealand urbanisation is among the highest in the world. Over 72 per cent of our population live in areas with a population of 30,000 or more people.⁴ Our outstanding natural environment and rural economy are internationally recognised. However, day to day most New Zealanders rely on the choices and opportunities our cities provide – including access to goods, services, housing, employment and recreation. The challenges of rapid growth are not unique to New Zealand cities. But New Zealand's future success and prosperity will depend on the quality of both our rural and urban environments. Each comes with different opportunities and challenges, particularly when it comes to managing natural and physical resources sustainably.

Urban areas are in a state of constant change. The density and constant growth and development of cities can have positive and negative impacts. People are drawn to urban areas for their employment opportunities, the prospect of higher income, a choice of housing, their community, shopping and cultural facilities, and the social interactions on offer. Some businesses need to be close to large populations and the markets they create for goods and services. Smart businesses use close proximity to labour markets, other businesses, and to education and research facilities to improve productivity and innovation. Urban areas also offer greater efficiency when it comes to providing services, allowing them to cater to greater numbers located in a relatively small area.

If done well, urban growth and development support the success of the city, bringing in new people and skills, offering increased choices and opportunities, and supporting investment into

² As noted in *A Way Forward for National Direction*, which sets out the Government's priorities for national direction under the Resource Management Act 1991.

³ Development capacity means the capacity of land to support development of different types. It explicitly refers to the capacity for intensification as well as expansion, ie, the capacity to develop 'up' as well as 'out'. It varies with the physical characteristics of the land, the infrastructure and the constraints that regulations impose on land use.

⁴ Statistics New Zealand defines these areas as 'Main Urban Areas' (contiguous settlements of 30,000 people or more).

the infrastructure and services needed for a resilient future. However, without good planning, cities can become victims of their own success, burdened by rising traffic congestion and house prices and poor quality environments. Managing competition for resources such as land needed for housing or businesses can mean making hard decisions about how, when and where opportunities for growth will be provided.

Local government planning in urban areas

Local authorities play a vital role in the success of urban areas, shaping urban development by determining how land will be used through land-use planning⁵ under the Resource Management Act 1991 (RMA). Local authorities also plan for and provide necessary infrastructure such as public transport, local roads, water, parks and public spaces.

The main purpose of the RMA is to promote the sustainable management of natural and physical resources, to enable people and communities to provide for their current and future social, economic and cultural well-being. When resources are under pressure in growing urban areas, this is extremely challenging.

Urban areas are complex, bringing together people with diverse lifestyles and backgrounds. Local authorities must balance often competing or conflicting interests on behalf of their community. Their plans and planning decisions will inevitably involve choices that advantage some people and disadvantage others.

When making decisions, local authorities must consider the needs of the whole community and the impact planning decisions will have for future generations. This can be difficult when planning processes often favour those who are most vocal and able to make their views known to decision-makers, and when the future and wider costs and benefits of individual planning decisions are hard to quantify. This can lead to decisions that protect current, local interests at the expense of broader outcomes and future generations. For instance, plans that do not supply enough development opportunities to build sufficient housing to meet demand contribute to increasing house prices. While this may benefit current home owners it effectively locks out future generations from home ownership as well as those currently saving to buy their first homes.

Decision-makers for urban areas need to better understand that constraints on development to protect and manage precious natural and physical resources, such as heritage, landscapes and amenity values, come at a cost. While these attributes play an inherent role in making our urban spaces distinctive and special, planning decisions that do not adequately balance their use and protection against the need to provide opportunities for the city to adapt and change can deny significant parts of the current and future community access to housing and employment.

⁵ Land-use planning uses policies and rules to control what type of development can take place, such as zoning for industrial use or residential housing. It puts in place height and density limits and controls the levels of noise allowed at different times in order to manage the effects from different activities.

Government reform

The Government is working on a range of options to improve urban planning, including its response to the Productivity Commission's recent inquiry, *Using Land for Housing*⁶ and the Better Local Services reforms.

Of particular relevance is the Resource Legislation Amendment Bill (the Bill), which proposes an amendment to sections 30 and 31 of the RMA that will create a new function for regional and territorial authorities to provide enough development capacity to meet demand. The proposed NPS will support this new function if it becomes law; however, it could stand alone if required. The definition of development capacity in the Bill will be aligned with the proposed definition in the NPS, once consultation on the proposal has been completed.

The proposed NPS will complement these initiatives and focuses on helping local authorities to allow development in areas experiencing growth.

Providing for housing needs

In many of our growing urban areas, the supply of housing has not kept up with demand. This has contributed to high and rapidly increasing house prices as well as housing affordability challenges and overcrowding. Families have had to make compromises about the size, quality and location of their homes.

The Government is concerned about the national impact of this because:

- shortages of housing affect people on lower incomes the most. Overcrowding contributes to social and health problems and a lack of housing choices close to employment makes it difficult for people to move to new jobs, increasing congestion and travel costs. It can also polarise communities, increasing the difference in income levels between areas
- greater demand is placed on the welfare system to meet housing needs. Government spending on housing assistance is estimated to be over \$2 billion for 2015/16
- high house prices reduce how much New Zealanders have to invest elsewhere, such as in the production of exports
- unstable house prices are a risk to the national economy, with New Zealand's housing stock worth eight times the share market.

Many things, including global financial trends, are contributing to the current state of the housing market. Government is running a comprehensive work programme aimed to make housing more affordable for all New Zealanders. The proposed NPS focuses on reducing the barriers to increasing housing supply, enabling a quicker and more fit-for-purpose response to housing demand.

Barriers to increasing the supply of houses

Local authorities can influence housing supply through resource management plans. These set development capacity through the use of zones and development controls. For example, they set how many and what type of homes can be built – and where. Planning both enables and limits the amount of homes that may eventually be built on a site. Taken across a whole plan,

⁶ This looked at other issues in the planning and development system, including the supply of infrastructure.

these limitations can mean there is not enough development capacity to provide for housing demand, so housing capacity for new developments becomes scarce and prices rise.

Zoning and development controls need to provide certainty to communities about what can and cannot be developed, and confidence that what does get developed will not lead to poor environmental outcomes. These controls also need to allow the development of enough housing and employment to meet the needs of the community in the long term as well as current demand. The challenge is greatest in redeveloping already established (brownfield) areas. But it is important to do so, to make efficient use of resources and to provide for people's needs.

This means that decision-makers need to understand the demand for housing and jobs, and the impact that zoning and development controls will have on people's ability to meet that demand.

Providing for business needs

Under the proposed NPS, councils are required to provide sufficient development capacity for businesses in urban areas. This means business land zoned for productive uses including retail, consumer and business services, manufacturing, transport and storage and utilities. Local authorities use different zones for these types of activities, depending on their effects (such as noise, traffic movements, odour and discharges to air or water).

People need access to homes and jobs; however, this need is constantly changing. Local authority planning should provide enough development capacity for both employment and housing close to each other, in ways that make efficient use of land and services, with as few conflicts as possible. When the planning system struggles to facilitate spatial change associated with ongoing economic development, it may constrain productivity growth.

There is less information about the demand for and supply of development capacity for business than there is about housing. Research for the proposed NPS suggests that:

- different types of businesses have different land and space requirements. For example, manufacturers and wholesalers often need large plots of land buffered from other activities, while business services are often found in high-rise office buildings in city centres and retail and consumer services often choose locations near residential areas
- in cities, employment and production growth tends to be in services rather than traditional manufacturing.

In general, the property market for business land does not appear to have the same extent of problems as the housing market. In most areas and for most types of business, the land available appears to be broadly sufficient and prices do not seem to increase as rapidly as they do with housing. In some urban areas there is even a possibility of oversupply of some kinds of business land. This can lead to underfunded infrastructure and struggling town centres.

Despite plans providing *in total* enough development capacity for businesses, for some sectors the development capacity provided is not aligned with business needs for type or location. This appears to be an issue for the users of land zoned for industrial use. This includes manufacturers, transport and logistics operators, and utility providers. The effects of these activities often make them incompatible with other uses (for example, noise, odour and traffic movements). These operations are also often capital intensive and difficult or costly to move.

Older industrial businesses in areas developing with newer businesses and housing often experience reverse sensitivity. This is where they face the costs of addressing complaints about their effects from new, more sensitive land users. Some industrial businesses that would be expensive to move should arguably be protected from this, while others should be encouraged to move to make way for higher value users. However, zoned and serviced land is not always available in suitable locations to move to.

The topic of reverse sensitivity is very complex. The focus of the proposed NPS is to further enable development capacity, and addressing reverse sensitivity would require significantly more analysis than has been possible.

Constraints on providing sufficient development capacity for business and housing needs

In developing the proposed NPS, the following have been identified as contributing to an insufficient supply of development capacity for housing and business needs.

- The planning system is slow to identify and respond to changes in demand (especially unexpected demands like the recent high net migration). This is because it takes a large amount of time and money to make plan changes or to get resource consent decisions on developments that the public must be consulted on. Once consents are gained, developers spend considerable time and money dealing with different parts of councils and other groups to make their projects happen.
- Planning decisions respond to groups in the community that are most vocal and well-resourced in consultation processes. As a result, decisions tend to be biased towards protecting current, local interests at the expense of wider outcomes and future generations.
- Local authorities do not often have all the information they need, especially about the impact their planning will have on housing markets and on business land needs. For example, the impact that zoning decisions and development controls have on the type of development that will occur (or not) in particular locations is not assessed against what the market can reasonably provide.
- Often land-use planning and infrastructure planning are not well integrated. This creates uncertainty about whether zoned areas will have the necessary services. There is also often some misalignment in the planning decisions between neighbouring local authorities that impact on a single urban market.

Structure of the proposed National Policy Statement

The proposed NPS contains several requirements to ensure that councils provide, in their urban planning decisions, sufficient development capacity for residential and business development to meet demand.

The proposed NPS is made up of requirements across four key elements. These provide objectives and policies to address the problems identified above. The four elements are:

- the outcomes of decision-making
- the evidence to support decisions
- coordinated evidence base and decision-making
- enabling responsive planning.

The proposed NPS is made up of a tiered set of requirements targeted to different urban areas. The tiered structure of the proposed NPS is designed to target policies to those places facing the greatest growth challenges while minimising the costs of meeting national direction in places where this is not necessary.

The tiered approach is applied in the proposed NPS as follows.

- 1 The objectives and high-level policies apply to **all local authorities** when they are making decisions on urban planning.
- 2 Additional policies apply to **medium and high growth urban areas**. Medium growth urban areas are defined as local authorities with jurisdiction over all or part of a Main Urban Area⁷ or a Secondary Urban Area with a combined resident and visitor population of 30,000 or more, which is projected to experience population growth of 5–10 per cent over 10 years. Currently, this definition includes the urban areas of New Plymouth, Palmerston North, Wellington, Nelson and Kapiti.
- 3 Further policies which apply only to **high growth urban areas**. High growth urban areas are defined as local authorities with jurisdiction over all or part of a Main Urban Area or a Secondary Urban Area with a combined resident and visitor population of 30,000 or more, which is projected to experience population growth of over 10 per cent in the next 10 years. Currently, this definition picks up the five urban areas of Auckland, Tauranga, Hamilton, Christchurch and Queenstown.

Table 1 illustrates the Main Urban Areas and relevant local authorities captured by medium and high growth urban areas.

⁷ Defined by Statistics New Zealand as a contiguous population over 30,000 people.

Table 1: High and medium growth urban areas

Main Urban Area	Projected population growth 2013–23 (%)	Relevant council
<i>High growth</i>		
Auckland*	18.1	Auckland Council
Tauranga	15.1	Tauranga City, Western Bay of Plenty District, Bay of Plenty Regional Council
Hamilton*	14.8	Hamilton City, Waipa District, Waikato District, Waikato Regional Council
Queenstown**	14.0	Queenstown Lakes District, Otago Regional Council
Christchurch	11.1	Christchurch City, Waimakariri District, Selwyn District, Environment Canterbury
<i>Medium growth</i>		
New Plymouth	9.3	New Plymouth District, Taranaki Regional Council
Nelson	8.5	Nelson City, Tasman District
Kapiti	6.9	Kapiti District, Greater Wellington Regional Council
Palmerston North	6.7	Palmerston North City, Manawatu District, Horizons Regional Council
Wellington*	6.4	Wellington City, Porirua City, Lower Hutt City, Upper Hutt City, Greater Wellington Regional Council
<i>Other Main Urban Areas</i>		
Napier/Hastings*	4.9	Napier City, Hastings District, Hawke's Bay Regional Council
Blenheim	4.7	Marlborough
Whangarei	4.5	Whangarei District, Northland Regional Council
Gisborne	4.3	Gisborne District
Invercargill	3.7	Invercargill City, Southland Regional Council
Dunedin	3.6	Dunedin City, Otago Regional Council
Rotorua	0.7	Rotorua District, Bay of Plenty Regional Council
Whanganui	-1.5	Whanganui District, Horizons Regional Council

* The Main Urban Areas for Auckland, Hamilton, Wellington and Napier/Hastings are made up of many smaller areas joined together.

** Queenstown is a Secondary Urban Area, but its combined resident and annual visitor population exceeds 30,000 people.

Implementation

Councils would apply the objectives and policies that relate to frequent monitoring as soon as the proposed NPS became operative (scheduled for October this year).

A number of policies on developing a more comprehensive evidence base and setting minimum targets for development capacity must be implemented within three years of the proposed NPS becoming operative. Both may trigger additional plan changes to enable further development capacity.

To support the proposed NPS, the Government intends to put in place an implementation programme that will include the development of guidance and likely training and monitoring.

Key question:

- What do you think of the proposal to target policies to different areas?

Key themes throughout the proposed NPS

1 Enabling growth and development while managing the effects

A key component of successful urban areas is urban planning that enables growth and development. Urban development has both positive and negative effects; however, current planning decisions appear to focus more on the negative effects of development rather than the positive contribution development can make. For example, if a development is turned down because of specific local effects (ie, traffic effects), the wider community may miss out on additional homes, additional local services or opportunities for employment. Furthermore, there is still a need for the development. This growth must then be accommodated elsewhere, in an area that may or may not be better able to manage the effects.

Objective OA3 and Policy PA3 in the proposed NPS address these issues, directing local authorities to:

- enable ongoing development and change
- recognise the contribution that urban development will make to the ability of people, communities and future generations to provide for their social, economic and cultural well-being
- have particular regard to the positive effects of urban development at district, regional and national scale, as well as its local effects.

Local effects remain important, but should be considered in the context of other impacts.

Key questions:

- Would these policies result in better decision-making under the Resource Management Act 1991 for urban development?
- What impact would the policy to recognise the positive impacts of development have?

2 Meeting a range of demands

Under the proposed NPS, demand includes not only the total quantity of demand for homes and floor area but also different types, locations and price points. Successful urban areas need to provide choice for a diverse range of residents and businesses.

All urban areas are experiencing changing demographics, which impact on demand both now and in the future. For housing needs, these include an ageing population, changes to family structure and cultural diversification. For business needs, sectoral changes in the economy also impact on demand for business space.

Policies PB1–PB4 require local authorities to carry out housing and business assessments every three years to estimate the demand for housing and business floor areas. These

assessments will improve the information used to make decisions and are directly linked to policies PD1–PD4, which require councils to plan for further development if the assessment identifies a shortage.

The Housing Assessment must estimate the demand for housing in the short, medium and long term. It includes demand for different types of dwellings (such as terraced houses, apartments or stand-alone houses) at different locations and at different price points, recognising that people trade off type, location and price. By providing a range of housing choices in various places, people and families are able to stay within their communities throughout different life stages. Currently, these choices are not often available.

The Business Land Assessment must estimate the demand for different types and locations of floor area for local business sectors. When estimating demand, local authorities must also consider if the types of local businesses are changing and the impact this may have on demand.

Both assessments must estimate the sufficiency of development capacity provided by operative plans and policy statements by considering the:

- cumulative effect that all zoning, objectives, policies, rules and overlays in plans will have on the opportunities for development to be taken up
- the actual and likely availability of infrastructure
- current physical and commercial feasibility of development capacity (discussed in the next section)
- likelihood of development happening (recognising that not all land owners will be motivated to develop)
- information gathered in monitoring price signals.

If the assessments show there is not enough development capacity to meet the estimated demand, the council must estimate the extra capacity needed.

For high growth urban areas, policies PD5 and PD6 direct regional councils to set minimum targets for housing in their regional policy statement. The minimum targets should reflect the overall quantity of demand for homes and the break down by type as identified in the Housing Assessment. This must then be given effect to in local authority plans so that the market is enabled to provide for the full range of housing needs identified.

Key questions:

- What could the Government do to help local authorities carry out the assessments?
- Is three years an appropriate timeframe to update the assessments?
- Is there anything else that would contribute to better understanding the supply and demand of development capacity?

3 Understanding and enabling the market

A key theme in the proposed NPS is the need for local authorities to better understand the market and the impact planning has on how competitively the market operates.

Enabling a competitive market

The proposed NPS requires local authorities in PA1 to “seek to enable land and development markets to operate competitively”. Planning has a tangible effect on the competitiveness of land and development markets. The way that local authorities plan can promote or restrict competition. For example, the time it takes for land to be re-zoned to allow for growth, the cumulative effect of development controls, what effects are weighted in decision-making and how local authorities work with infrastructure providers to facilitate more supply can all promote or restrict competition. Greater competition between developers and land owners keeps prices down; increased opportunities for development mean a greater number of suppliers will compete to meet demand. This will help to reduce speculation.

Policies PB1 and PB3 in the proposed NPS require local authorities to estimate whether they provide sufficient development capacity to meet demand in their plans, especially regarding:

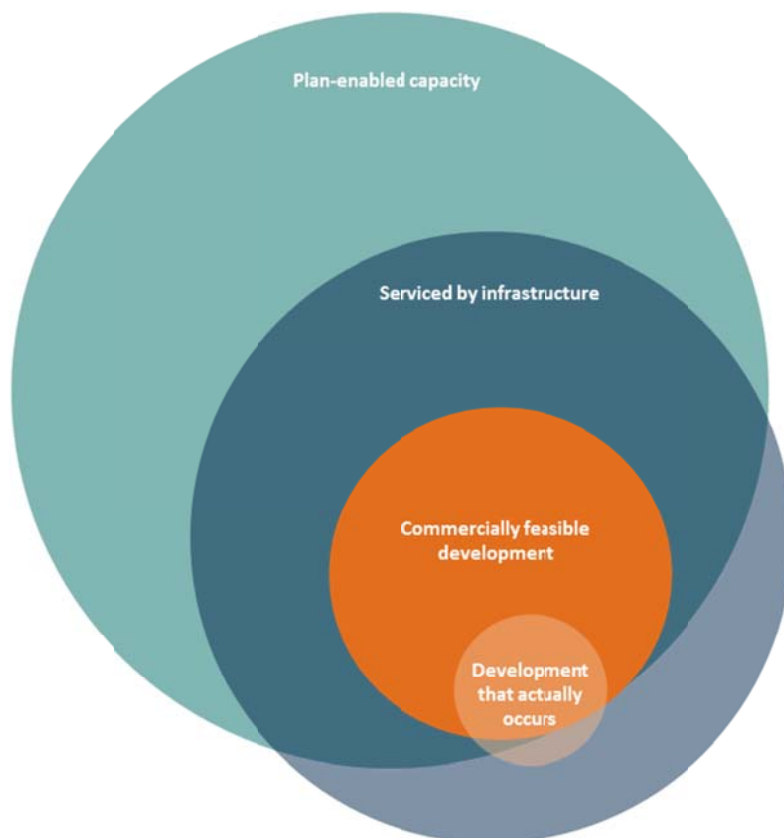
- the *commercial feasibility* of development capacity
- the likelihood of opportunities for development being taken up.

If either of these factors indicates that capacity is not sufficient to meet demand, local authorities must then estimate any additional capacity needed. Policy PD4 requires local authorities, when responding to any shortfalls in the supply of residential development capacity, to have particular regard to enabling capacity in the locations that the Housing Assessment indicates are of highest demand, and that is commercially feasible.

Commercial feasibility

Not all plan-enabled capacity is suitable for development. Figure 1 illustrates the relationship between plan-enabled capacity, feasible capacity and what is actually developed.

Figure 1: Plan-enabled and feasible development capacity



If the plan-enabled development capacity is such that, in the current market conditions it is unlikely to be developed, the development market will not operate efficiently. This will ultimately impact how many homes will be built.

The interaction between plan-enabled capacity, feasible capacity and what is actually developed is complex. A variety of things can affect the 'feasibility' of a development. For example, the return on investment for a four-storey apartment development on the outskirts of an urban area may not be enough that a developer would take the risk to build due to a lack of demand or uncertain returns. However, it is more likely to be commercially feasible for the same four-storey apartment to be developed in an area where there is higher amenity and more demand for homes. For example, in an attractive area like a city centre or surrounding suburbs where there is better access to public transport, recreational activities and employment centres.

Additionally, while it may be *commercially feasible* for a developer to build a four-storey apartment block in an attractive area, this is not necessarily the *optimal* development in terms of providing for housing needs. Apartments in the four-storey apartment block may sell for \$1,000,000 each, but if the development controls allowed the developer to build an eight-storey apartment block in the same location, these apartments may sell for significantly less.

There are many ways councils could assess the commercial feasibility of development capacity that is fit for purpose. The Government intends to provide guidance for local authorities on options for assessing the feasibility of plan-enabled capacity.

Likelihood of opportunities for development being taken up

Land owners may not have an incentive to develop their land, even if development is commercially feasible. Reasons for this vary. For example, if a small number of land owners own a significant proportion of land planned for development, one land owner may not choose to sell their land for development, which could severely restrict development capacity. This could mean a less than ideal outcome for consumers of housing or business land.

The proposed NPS addresses this with the definition of 'sufficient'. This requires local authorities to provide a margin of development capacity over and above projected demand to address the likelihood of development opportunities being taken up and to promote the competitiveness of the market. The margins set in the definition are the minimum, so local authorities will need to identify if greater margins are needed. The minimums have been set at 20 per cent above the short and medium term projected demand, and 15 per cent above the long term projected demand.

For a variety of reasons, the likelihood of development opportunities being taken up in brownfield areas is less than greenfield areas. While the additional margins have been set in the proposed NPS across both types of development, it may be appropriate to specify different additional margins for brownfield and greenfield development.

Monitoring: price signals, market activity and how to respond

One focus of the proposed NPS is to get a better understanding of how planning is enabling the market to meet the needs of people and communities. To help achieve this, policy PB5 requires councils to monitor a range of indicators, including:

- price signals and affordability indicators
- the number of resource and building consents granted relative to the growth in population

- vacancy rates for business land.

Price signals and affordability indicators

The Government sees price signals as a key indicator of the competitiveness of the market, where the greatest demand is and whether development is commercially feasible, among other things. Affordability indicators will provide information on how much income is used up on housing costs. The proposed NPS requires local authorities in a high growth urban area or medium growth urban area to monitor the following indicators listed below.

The Government is seeking feedback on the feasibility and utility of these indicators, as well as any others that may reveal more information about how well planning is enabling the market to meet the needs of the community. Specific indicators to monitor included in the proposed NPS are:

- the relative affordability of housing, including the ratio of house price to income and the relative cost to rent. Such ratios could include the Demographia Housing Affordability Median Multiple and the Massey University Home Affordability Index. These ratios illustrate trends in affordability
- the increase in house prices and rents. This provides information about long term trends in house prices
- differences in land prices at the rural–urban boundary.⁸ This ratio is likely to be increased by limits to development within the urban area. Big or increasing differences show more development capacity is needed
- the ratio of improvement value to land value at suburb level. Higher land prices should, all else being equal and over the long term, encourage more intense (and therefore higher value) development of land. However, improvement values tend to change incrementally, and therefore short-run changes in this measure are likely to be due to high land price inflation within the urbanised area. It may provide some useful signals on suburbs where redevelopment is not keeping pace with increasing land prices.

Price signals and affordability indicators will provide useful information. The challenge will be in interpreting them and using the information to inform a meaningful and pragmatic planning response. The Government intends to do further work on other price signals, including how to interpret them.

Market activity

Monitoring the number of resource and building consents granted should provide an indication of the level of development activity. Monitoring this in an ongoing way will be particularly important as it provides an indication of developing trends, including whether the supply of dwellings is starting to diverge from the number of households being formed. Building consents give a more accurate picture than resource consents of whether development will actually occur, because applying for a building consent requires a level of investment by the developer and not all resource consents are acted on.

⁸ As highlighted by the Productivity Commission in its report *Using Land for Housing*.

Many local authorities will already be collecting data on resource and building consents. One aim of the proposed NPS is to bring this data together with other information in a systematic way to inform practical planning responses to growth pressures.

Key questions:

- What else would help local authorities and the Government better understand how planning interacts with the market?
- Should there be more direction in the proposed NPS on how to assess the commercial feasibility of plan-enabled development capacity?
- Are the margins of development capacity over and above projected demand set at an appropriate level?
- Should there be a different margin for brownfield and greenfield development capacity?
- Would the proposed monitoring give a complete picture of how responsive the planning system is? What other things could you see value in monitoring?
- What challenges do you see in interpreting price signals?

4 Implications for infrastructure

The timely and adequate provision of infrastructure is critical for development. Decisions about infrastructure investment are made through long-term plans prepared under the Local Government Act 2002 and Land Transport Management Act 2003. As a tool under the RMA, the proposed NPS cannot directly affect these decisions or direct infrastructure providers. However, the definition of development capacity in the proposed NPS includes the provision of infrastructure that already exists or is likely to exist which supports the development of the land.

This means that, under the objectives and policies of the proposed NPS, development capacity must have an indication that land will be or will likely be supported by infrastructure. This is to encourage better coordination between infrastructure providers and local authorities planning for growth. To support this, the timeframes in the proposed NPS are three, 10 and 30 years to align with Local Government Act planning processes.

In policies PC1–PC3, the proposed NPS also requires local authorities and infrastructure providers to work together to agree on data and population projections used in the development of the housing and business land assessments, and then to work together to as (as far as possible) ensure coordinated land use planning and infrastructure provision, including expected levels of service for infrastructure.

Key questions:

- Would the proposed policies contribute to better coordination between land-use planning and infrastructure provision?
- What else would assist with better coordination?

5 Roles and relationships between councils

All of the B, C and D policies in the proposed NPS apply to medium and high growth urban areas. These definitions are used because they represent single urban housing and labour markets of a significant size. Because urban areas are based on markets, they do not necessarily align well with local authority boundaries. Many of the urban areas cross several territorial authority boundaries as well as the relevant regional council.

For example, the jurisdictions of Christchurch City Council, Waimakariri District, Selwyn District and Environment Canterbury are included in the Christchurch Main Urban Area. Figure 2 illustrates the boundaries of the three territorial authorities against this main urban area.

Figure 2: Councils and the Christchurch Main Urban Area



Coordination between the different local authorities is necessary to efficiently plan for growth across an urban area. Policies PC1–PC3 encourage local authorities within a medium or high growth urban area to use a common evidence base and, as much as possible, agree on how growth will be accommodated while still recognising their individual decision-making authority. Many areas already have formal or informal agreements for working with each other (including triennial agreements or non-statutory urban growth strategies). The proposed NPS aims to support and encourage this type of planning.

Regional and territorial local authorities

The minimum housing targets that are required under policies PD5 and PD6 must be set in the relevant regional policy statement, because it has effect over all of the planning documents within a single urban market and plays a coordinating role across those councils. However, the Government expects that the regional council and relevant territorial local authorities will work together closely to determine these targets.

Key questions:

- What are your views on setting minimum targets in the regional policy statement?
- Are policies in the proposed NPS clear enough on how local authorities within medium and high growth urban areas should work together?

Implementation programme

The Government proposes a package of non-statutory guidance to help councils implement the proposed NPS. This could include information on:

- best practice methodologies for assessing demand and development capacity
- best practice methodologies for specified monitoring indicators and other indicators that may provide useful information
- understanding the market, including assessing development feasibility, monitoring and interpreting price signals
- how local authorities can work with other actors, including local authorities and infrastructure providers
- assessing market failures and making the case for planning regulations (including cost–benefit analysis)
- how to balance the proposed NPS with other national direction (for example, the National Policy Statement for Freshwater Management and the New Zealand Coastal Policy Statement), or specific matters listed in sections 6 and 7 of the RMA.

Key question:

- Which of the suggested guidance information would be most useful for local authorities?

The Government is also asking for your feedback on other ways it could support the successful implementation of the proposed NPS. This could include:

- facilitating sharing of best practice between local authorities
- providing training or other ways to increase local government capability
- monitoring and reporting on the implementation of the proposed NPS
- providing local authorities with access to technical models.

Key questions:

- Would it be good to involve practitioners in the development of the guidance material? For example, one model could be a technical expert group made up of New Zealand practitioners (including local authorities, infrastructure providers and developers) with some international input.
- Apart from supplying guidance, how could the Government help local authorities to apply the NPS?

Consultation process

How to make a submission

The Government welcomes your feedback on this consultation document. The questions asked throughout this document are a guide only and all comments are welcome. You do not have to answer all the questions.

To make sure your point of view is clearly understood, you should explain your rationale and provide supporting evidence where appropriate.

There are two ways you can make a submission:

- use our online submission tool, available at www.mfe.govt.nz/more/consultations
- type your own submission preferably using a Microsoft Word document (2003 or later version).

If you are emailing your submission, send it to npsurbandevelopment@mfe.govt.nz.

If you are posting your submission, send it to NPS Urban Development Capacity, Ministry for the Environment, PO Box 106483, Auckland City 1143, and include: the title of the consultation – NPS Urban Development Capacity, your name or organisation name, postal address, telephone number and email address.

Submissions close at 5.00 pm on Friday 15 July 2016.

Contact for queries

Please direct any queries to:

Email: npsurbandevelopment@mfe.govt.nz

Postal: NPS Urban Development, Ministry for the Environment, PO Box 106483, Auckland City 1143

Publishing and releasing submissions

All or part of any written submission (including names of submitters) may be published on the Ministry for the Environment's website, www.mfe.govt.nz. Unless you clearly specify otherwise in your submission, the Ministry will consider that you have agreed to have your submission and your name posted on its website.

Contents of submissions may be released to the public under the Official Information Act 1982 if requested. Please let us know if you do not want some or all of your submission released, stating which part(s) you consider should be withheld and the reason(s) for withholding the information.

Under the Privacy Act 1993, people have access to information held by agencies about them. Any personal information you send to the Ministry with your submission will only be used in relation to matters covered by this document. In your submission, please indicate if you prefer we do not include your name in the published summary of submissions.

What happens next?

Once submissions have been considered, the Ministry will prepare a summary of submissions report including recommendations for the Minister to consider. The Minister will then decide whether to approve the proposed NPS. If so, it is likely to take effect by the end of 2016.



Option 3b - Compact City Project



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1. The Gratten Institute report
2. The Housing We Choose – Auckland Council
3. Residential Intensification Review – Essentia Consulting

Introduction and Background

From a development perspective the Tauranga district is one of the most complex urban areas in New Zealand. This is due to its small size, range of constraints and strong population growth. Virtually the entire district is already developed or zoned for future development.

To respond to growth, the Compact City project is part of the SmartGrowth Option 3b projects that inform the Settlement Pattern Review (SPR). The SPR has a broad focus of work that seeks to determine the spatial and temporal blueprint of growth in the Western Bay of Plenty sub-region. The other Option 3b Projects are:

- The Western Corridor projects – the purpose of this is to consider the appropriateness of urbanising a broad area in the west of the sub-region.
- Keenan Road project – which involves consideration of the feasibility of urban growth in and around Keenan Road.
- Te Tumu project – a fatal flaws assessment of growth in the eastern side of the sub-region extending from Wairakei to the Kaituna River.

All of the above projects assess the potential for growth in new 'greenfield areas', that is; areas currently zoned rural that may have the potential to be rezoned for urban purposes. A key aspect of these projects is to deliver the efficient use of greenfield land and therefore as much residential density as is realistically feasible. This is an important component of achieving a compact city. The Option 3b Compact City project recognises the intensification aspect of the other Option 3b projects and complements these projects by assessing the potential for additional urban growth within the existing urban footprint, or brownfield areas.

Given the anticipated growth rates in the sub-region and particularly Tauranga City, it is critical that advanced planning is undertaken to ensure there is adequate capacity zoned, serviced and available to meet future growth. Projections indicate that in Tauranga alone, the population is projected to rise from 117,000 in 2013 to 162,000 in 2033. This is an increase of 38%. Of that growth, approximately 72% will be people aged over 65 years of age. This growth and the growing proportion of older (65+ years) people will have strong implications for housing demand.

The adopted SmartGrowth Strategy 2013 recognises the growth pressure to the sub-region and advocates that part of the response is to achieve a more compact urban form, through residential intensification and higher density greenfield development. As well as adopting a range of high ranging principles for future development, the SmartGrowth strategy also contains a number of actions in the 'Integrated Planning and the Settlement Pattern' section highlight the importance of urban intensification. For example, Action 21B2 of the SmartGrowth Strategy specifies a residential intensification work programme. The Compact City project responds to this action and in doing so is the primary work programme to advance residential intensification in the sub-region's existing urban area.

Existing Zoned Intensification Capacity

Efforts to deliver more growth within the existing urban area is not new. The operative Tauranga City Plan contains provisions across the various city zones that 'enable' growth and intensification. Based on an initial assessment of zoned capacity, the following **Table 1** provides a preliminary estimate of City Plan enabled infill and intensification capacity currently provided by the operative Tauranga City Plan.

Table 1: Preliminary Infill and intensification capacity assessment as at June 2016 – Tauranga City

Zoning	Land area (approx)	Key assumptions*	Plan enabled dwelling capacity (estimate)	Current level of City Plan constraints	Other current constraints	Conclusion
<i>City Centre</i>	42ha	100 dwellings / ha Residential apartment towers	4,200	Low	<ul style="list-style-type: none"> • Commercial feasibility challenging • Need for improved amenity/vitality • Low demand for student accommodation • Low commute times to CBD • Utilisation of land for other purposes (e.g. office towers) 	<ul style="list-style-type: none"> • Significant long-term opportunity for intensification. • Projects like waterfront upgrade, civic heart redevelopment, university campus and new office/retail developments to assist. • As commuting times increase as city continues to grow CBD will become more desirable place to live.
<i>City Living (CBD fringe)</i>	52ha	50 dwellings / ha Mid-rise apartments	2,600	Significant	<ul style="list-style-type: none"> • Commercial feasibility challenging • Need for improved amenity/vitality • Low demand for student accommodation • Low commute times to CBD 	<ul style="list-style-type: none"> • Significant long-term opportunity for intensification. • Projects like waterfront upgrade, civic heart redevelopment, university campus and new office/retail developments to assist. • As commuting times increase as city continues to grow CBD fringe will become more desirable place to live.
<i>High density (Mount north)</i>	50ha	50 dwellings / ha Mid-rise apartments (25% of development capacity remains)	625	Low	<ul style="list-style-type: none"> • Lack of remaining development sites 	<ul style="list-style-type: none"> • High amenity area (beach, harbour, Mauao, town centre, etc.) • Largely mature intensification area. • Densities will continue to increase as remaining development opportunities taken up. • Demonstrates potential for further intensification in suburban residential areas at the Mount.

Table 1: Preliminary Infill and intensification capacity assessment as at June 2016 – Tauranga City

Zoning	Land area (approx)	Key assumptions*	Plan enabled dwelling capacity (estimate)	Current level of City Plan constraints	Other current constraints	Conclusion
<i>Commercial</i>	284ha	50 dwellings / ha Mixed use with apartments above ground floor	14,200	Low	<ul style="list-style-type: none"> Some areas have development feasibility challenges. Some areas have low amenity – for example where adjacent to high volume roads like Cameron Road. Other land uses, e.g. shopping centres. 	<ul style="list-style-type: none"> Some short term potential for intensification, e.g. commercial zones at the Mount. Long-term opportunity in other areas.
<i>Intensification SHAs</i>	3ha	Based on specific development proposals	Approx 100 dwellings	Low	<ul style="list-style-type: none"> None identified 	<ul style="list-style-type: none"> Projects under construction or in consenting phase.
<i>Suburban Residential (infill)</i>	3,924ha	Detached house constructed on at least 325m ²	Approx 6,800 dwellings	Low	<ul style="list-style-type: none"> The unconstrained theoretical yield started at 28,900 potential dwellings. Once sites were assessed and constraints such as access, topography, site development, land-use and on-site location of existing dwelling considered this potential yield fell to 6,800 dwellings. 	<ul style="list-style-type: none"> Not all parts of infill area of Tauranga have been assessed. Results from assessments completed were prorated to other areas to estimate potential yield.
Total	4,355 ha		28,525 dwellings	Generally low	<ul style="list-style-type: none"> More significant than City Plan provisions. Often outside TCC's direct control. 	<ul style="list-style-type: none"> An intensification focus based solely on amending the City Plan is unlikely to deliver significantly more intensification.

*Yield estimates are from the SmartGrowth Strategy 2013 – Residential Development Types in the Western Bay of Plenty, pg106.

This initial assessment highlights the amount of capacity for intensification and infill already provided in the operative Tauranga City Plan. This is theoretical yield, market take-up of this capacity is likely to be significantly lower. Even so, given the relatively low levels of observed market take up of this available capacity, it signals that additional methods and approaches will be required to achieve greater levels of intensification.

It is noted however, that international and national experiences of intensification signal that it takes time for such growth and development to occur. A number of parameters, both in the private and public sector, need to come together for intensification to occur. This Compact City project seeks to identify these parameters and in particular to identify what obstacles and hindrances to intensification exist and how these might be overcome to deliver greater intensification.

Purpose of the Compact City Project

The purpose of the Compact City project is to identify ways and approaches to achieve greater residential intensification in the existing urban areas of Tauranga City. This is not a new concept. Efforts to achieve intensification and growth has been occurring for a considerable time. However, it has proved to be very challenging. Accordingly, the Compact City project revisits past research and seeks to identify ways forward that will lead to more growth in the existing urban area.

Historically, approximately only 12% of Tauranga's growth has been taken up by infill development and another 5% by intensification/redevelopment within the existing urban area. There are a number of reasons for this:

- Most of the easy infill intensification has already occurred and much of the remaining capacity is more difficult to develop.
- There are few significant under-utilised or empty brownfield sites that could be the focus of urban redevelopment.
- Tauranga and Western Bay of Plenty residents are used to stand-alone housing typologies and demand has been relatively low for denser, attached housing typologies.
- Access throughout the sub-region is good, congestion is minimal, so there is little consumer demand to live in housing close to work.
- The commercial viability of delivering intensification is challenging given the price of suburban stand-alone housing.
- There is muted interest from the development sector to deliver compact forms of housing.

In full knowledge of these and other challenges to intensification, the Compact City project sought to advance a comprehensive package of work to identify ways to achieve greater residential intensification in Tauranga City. This included:

- Revisiting previous research.
- Recasting the concept of intensification to include both greenfield and brownfield development.

- Engaging directly with stakeholders and developers responsible for delivering intensification.
- Consideration of changing demographics and housing preferences.
- Assessing infrastructure capacity and whether intensification can be adequately serviced by existing or planned infrastructure.
- A review of the residential intensification provisions in the operative Tauranga City Plan.
- Consideration of a wider suite of programmes and initiatives that might help deliver intensification.

The following sections summarise the findings and recommendations from the various strands of work in the Compact City work programme.

Housing Preferences

An important component of the Compact City project is gaining a good understanding of the types of housing likely to be demanded by future Tauranga residents. Historically Tauranga residents have sought stand-alone dwellings in suburban settings. As Tauranga has grown, so too have the suburbs as increasing numbers of new stand-alone dwellings are built to cater for ongoing demand. In other fast growing cities such as Sydney, Melbourne, Auckland and also smaller cities such as Hamilton, the proliferation of stand-alone dwellings has led to a range of urban problems ranging from transport congestion, to costly infrastructure provision and the decay of the inner city/CBD. Many of these cities have sought to alleviate these problems by developing urban planning strategies and policies that attempt to encourage people to live in apartments and other more compact forms of housing near to centres, growth nodes or transport routes. Often there has been strong take-up of such housing types as people forego detached houses for more compact housing close to where they work, study, or seek entertainment.

As part of this Compact City project, it was considered important to gain a better understanding of people's future housing preferences. Recent work undertaken elsewhere by the Gratten Institute (Melbourne) and the Auckland Council (attached in Appendix 1 + 2 respectively) to better understand housing preferences show that people are willing to make housing trade-offs (reduce housing size for better proximity to amenities for example) to achieve a range of other benefits and that there is a greater demand for medium and high density housing than anticipated. It also found that there tend to be strong barriers to this type of more compact housing being delivered, including costs, community resistance, the planning system, difficulties in land assembly, etc.

These are particularly relevant findings for the Tauranga context, given that the vast majority of houses being developed in Tauranga are stand-alone houses, at some distance from the city centre.

The findings of these reports were presented to Tauranga City Council elected members and SmartGrowth Implementation Committee in September 2015. It was decided that while it would not be appropriate to undertake a full housing preference study similar to that done for Melbourne and Auckland, the lessons learned in these jurisdictions could be applied to the Tauranga context. The resolution of the SmartGrowth Implementation Committee is to have a workshop with thought-leaders to discuss housing preferences, what the trends are, and to test assumptions.

Residential Intensification Review

The tasks associated with this review were to review the reasons why residential intensification has not occurred to any significant degree within Tauranga. The report (see Appendix 3), undertaken by Martin Udale of Essentia Consulting, focused predominantly on the City Living Zone and Suburban Residential Zone, it also included:

- Trends in intensification that are relevant to Tauranga.
- Identification of areas potentially suitable for intensification.
- Consideration of elements in the planning framework that could better enable intensification.
- Identification of other attributes that support intensification.
- Acknowledgement of other non-plan matters, that could encourage intensification.

This report identified that achieving intensification is difficult and reinforced many of the reasons (outlined earlier) why Tauranga has experienced relatively low levels of intensification to date. A key finding is that intensification will not happen “without the overt leadership, focus, resources, practise and processes needed to provide an enabling and outcomes focused regime” (page 5 - Residential Intensification Review. Essentia Consulting Group Ltd 2015).

The report concluded that Tauranga can expect changing demographic profiles and lifestyle choices over the next few decades and this will likely lead to more demand for compact forms of housing. Therefore, a rebalancing of the housing stock will be required, as currently most of the existing housing stock and that being built is stand-alone housing. The report clearly recognises that that intensification is difficult to achieve – both for city planners and developers, and it therefore needs to be recognised, planned and organised accordingly. In doing so, the conclusion in the report is that intensification needs to be market friendly and achieve two fundamentals:

1. The planning provisions need to be development friendly.
2. Consenting must reward good development.

In assessing the City Living Zone, where intensification might be expected given the intent of the objectives and policies for this zone, the report identified that the rules and controls in this zone are a hindrance to intensification and are unlikely to encourage or enable greater levels of intensification. The report goes on to identify that there are limited areas suitable for intensification and that the way forward should involve identifying these areas for intensification and focusing both regulatory and non-regulatory settings and responses to achieve intensification. It noted that non-regulatory investments, such as improving local amenity, are of critical importance to support intensification.

The report also made a number of recommendations about how to advance intensification. These included:

- Introduce explicit objectives and policies encouraging residential development in the city centre.
- Consider a ‘no density applies’ approach in which density controls are replaced by urban design, performance based controls.

- Increase height controls in town centres and the City Living Zone.
- Enable opportunities for medium density developments to occur in appropriate suburban areas.
- Set up regulatory processes to advance intensification through specialist resource consenting teams.
- Advance Council investment policies in infrastructure, land, reserves, etc., to drive private sector investment.
- Produce a design guide or good solutions guide to enable 'pre-approval' of developments.
- Develop and undertake community education and engagement programmes about intensification.

In conclusion, the Residential Intensification Review report clearly signals that there are opportunities for greater intensification in Tauranga. It recognises that intensification is not easy and that it requires a comprehensive, suite of tools and approaches in order to harness latent demand for more compact forms of housing.

Other Intensification Related Work

There is a range of other work that is being undertaken that seeks to advance greater density and supply of housing.

Other Option 3b Projects

The other Option 3b projects (Te Tumu, Keenan Road and the Western Corridor) are all seeking to deliver additional housing supply in their respective areas. While these are greenfield focused projects, significant effort is being made to make the most efficient use of the future land supply. Accordingly, early discussions with landowners have included a need to raise average density of development above past densities of around 13 dwellings per hectare to at least achieve 15 dwellings per hectare. Ongoing discussions to raise this further, depending on local conditions, challenges, market conditions, et., will occur at structure planning stages.

Greenfield Opportunities

Other greenfield development projects are also underway. The development of Smiths Farm for example provides a unique opportunity for urbanisation of an existing greenfield site. Rezoning this from its underlying rural-residential zoning to a residential zone is likely to produce a tenfold increase in average density.

Special Housing Areas

Tauranga City Council has been at the forefront of delivering Special Housing Areas (SHAs) under the Housing Accords and Special Housing Areas Act 2013 (HASHA). Since 2013, twelve SHAs have been advanced in Tauranga which collectively have the potential to deliver approximately 2700 additional dwellings. These SHAs have been a practical and timely means of delivering additional housing within the city. They are an important contribution to achieving a more compact urban form.

The Civic Heart Project

Other, non-housing related work is also underway. Tauranga City Council is currently considering opportunities to redevelop its civic building and associated facilities. In the heart of the Tauranga CBD, this redevelopment has the potential to be a catalyst for other development in and around the CBD. Strong opportunities will exist to leverage off this public sector investment, including opportunities for increased residential development, new apartments and mixed use developments.

The Way Forward - Advancing Intensification in the existing Urban Area of Tauranga City

For a number of reasons, but primarily due to a need to redirect resources to deliver Special Housing Areas, a number of strands of work identified in the Option 3b Compact City project plan have not been completed. However, a key lesson learned from the Residential Intensification Review report is that a comprehensive package of work is required in order to deliver intensification.

It is acknowledged that the remaining Option 3b projects will contribute to the principle of a more compact city by advancing greater density within future greenfield areas. A more tailored project is required therefore to advance denser infill and intensification in the existing urban area.

It is critically important that the way forward acknowledges that delivering a more compact city is about place-making not just delivering more houses per hectare. The provision of more compact forms of housing will enable more housing choice, but it must also contribute to a sense of place that benefits and reinforces local communities. Local communities need to play a part in identifying the future form of their suburbs and the scale and form of future housing. So too do the various SmartGrowth for a, most specifically the Social Sector Forum, Housing Affordability Forum, and Property Developers Forum.

On this basis, the proposed way forward is to develop a revised approach that seeks to advance intensification within the current urban foot print of Tauranga City. It acknowledges and responds to the lessons learned from the Compact City Option 3b Project which went some way to identifying how Tauranga could become more a more compact city. It also signals an intention to work with local communities to develop the future form and scale of their suburbs. Accordingly, this package of work has implications for governance, strategic direction, RMA regulatory change, infrastructure, LTP and public investment, plus stakeholder, community and the private sector.

Intensification and Consolidation in Tauranga City Project

The purpose of the Compact City Intensification and Consolidation project is to deliver greater density of residential development within Tauranga City. This project contains a number of strands of work that when taken together will provide a comprehensive way forward to deliver intensification. It is noted however, that intensification and growth across the whole of the existing urban area presents a significant challenge. Therefore, given the extent of this challenge, and in an effort to achieve some early in-roads, this project will focus on opportunities for intensification in the inner city areas covered by 'the City Living Zone and the City Centre'. A broader scope of work that will investigate opportunities for intensification elsewhere in the Tauranga urban area, for example in suburban areas, will follow.

Based on lessons learned from the Option 3b Compact City project and other observations, it is considered that in order to effectively deliver growth and intensification a number of disparate factors needs to align, in particular:

- There needs to be strong political support for advancing growth and intensification.
- There must be sufficient infrastructure capacity (or a willingness to invest in such infrastructure) to support additional growth in identified intensification areas.
- Intensification needs to be market feasible.
- There needs to be community and public support for intensification.
- Place making needs to go hand in hand with intensification
- Other costs to advance intensification need to be reasonable (such as investments in local amenity, public facilities, etc.).

It is critical that in advancing this project, all of the above are addressed. Hence, in order to achieve the above outcomes, this project has been divided into a number of strands of work. These are identified below.

Background Research and Analysis

This work will provide the general background analysis that will help inform conversations at all levels about the value and relevance of intensification in Tauranga. Research to focus on:

1. The benefits of intensification in a growing city – includes:

- Transport efficiencies
- Greater housing choice
- City centre vibrancy and investment
- Community outcomes
- TCC cost efficiencies

Other research will look at examples and learnings of successful intensification from other relevant jurisdictions, e.g. Hamilton, Auckland, etc, a review of Tauranga's population projections and demographic changes, housing trends and housing typologies being delivered. An additional workstream will investigate the capacity of infrastructure to cater for additional growth, while others will assess the financial viability of attached housing types - terraces, apartments, etc.

Political engagement

This component of the project will focus on engaging with Tauranga City and SmartGrowth elected members to gain support for advancing intensification.

1. Identify the reasons and benefits of intensification.
2. Seek political buy-in for intensification – including future TCC investments.
3. Seek political support for the concept of intensification and secure willingness to engage with local communities.

Applied Analytical Work

This component of the project focuses on potential and specific changes that could be made to advance intensification. It focuses on two critical areas; the City Centre and the City Living Zone.

1. Assess the residential provisions in City Plan for the City Centre and City Living Zones.
2. Include liaison with a working party of apartment developers/consultants/market experts, etc.
3. Identify potential plan changes (objectives, policies and methods) that could 'enhance' residential intensification in above zones.
4. Assess the theoretical capacity and market feasible capacity for additional housing enabled by plan changes.
5. Identify other investments that could support intensification in the City Centre and City Living Zones. Examples include:
 - Investment in public space, urban design and amenity outcomes
 - Strategic land acquisition
 - Role of civic facilities and other public facilities
 - Review the location, frequency and enhanced use of public transport.
6. Identify other mechanisms to drive intensification:
 - Tauranga City Council work with private sector to identify and deliver intensification outcomes.
 - Tauranga City Council partner with private sector developer to deliver an exemplar development.

Centres Strategy Work

Alongside the above strands of work, a separate but closely related workstream on the roles of centres should be advanced. It will reinforce opportunities and locations for intensification. Accordingly, the development of the urban centres strategy will reinforce opportunities for intensification through providing:

1. Clarity about role and function of centres.
2. Identification of a hierarchy of centres based around a pre-eminent City Centre.
3. Clarity about the scale of growth in each type of centre.
4. Direction about the extent of residential growth in and around each centre.

The anticipated outputs from this Intensification and Consolidation project are:

Output: Background work and analysis that make the case for intensification to Tauranga's urban form. Key position papers on:

- Growth supply and demand projections
- Demographic change
- Housing typologies
- Benefits of a consolidated urban form compared to an expansive urban form

- Centres based urban form

Output: Broad engagement with TCC and SmartGrowth elected members – support for concept of intensification and its application in city living and CBD zones. Also support for advancing investments as needed in infrastructure, public facilities, amenity, land acquisition and partnerships with developers to deliver intensification.

Output: Analysis of City Plan provisions and Plan Change. Recommended changes to City Plan provisions to better enable/encourage residential intensification in City Living Zone and CBD.

Output: Identification and activation of other non-regulatory mechanisms that will enhance and encourage intensification in the Tauranga CBD.

Recommendation

It is the recommendation of this report that SmartGrowth agree to Tauranga City Council advancing a comprehensive project to deliver intensification within the current urban footprint of Tauranga, and that progress is regularly reported to SmartGrowth.

Conclusion

The amount and extent of population growth in the Bay of Plenty sub-region means there is considerable pressure on local authorities to plan, zone and service for future housing. The Option 3b projects seek to respond to this pressure by identifying new land and capacity that can, in time, deliver additional housing. The Compact City project investigated opportunities for additional housing capacity in Tauranga's existing urban area. It concluded that while delivering intensification is not easy, opportunities exist for the delivery of more compact forms of housing that if advanced would be welcomed by the market. Over time, as Tauranga's population continues to age, there is likely to be increasing demand for more compact housing typologies.

Delivering intensification is complex and challenging. It is necessary therefore to address this challenge in a multi-faceted way that engages a number of players, tools and approaches to ensure the delivery of intensification. This comprehensive approach involves:

- Strong, evidenced based justification for intensification.
- Political engagement.
- In-depth analysis as to the approaches, investments, incentives and regulation, to will deliver intensification.
- A two-phased approach with an initial focus on intensification in the Tauranga City Centre and City Living Zone.
- A mix of RMA regulatory change and Council-led activation and investments.
- Ongoing liaison and engagement with SmartGrowth partners.

Intensification has an important role to play in responding to the Bay of Plenty sub-region's growth pressure. It complements greenfield capacity being delivered via the other Option 3b Projects and can contribute to delivering greater housing choice and a more vibrant and successful city centre.

Residential Intensification Review - City Living Zone

Tauranga City Council

September 2015

Essentia Consulting Group Limited

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ECG's Task

ECG has been tasked by TCC to review the broad reasons why residential intensification of the city centre, other commercial centres and established suburbs has not occurred to any great degree despite a more enabling and permissive planning regime having been in place for some time (particularly within and directly surrounding the city centre).

TCC remains committed to enhancing the level of intensification in such areas and so is seeking to better understand those factors which may be inhibiting this occurring and what might be done to alleviate these, both through regulatory and non-regulatory means.

In response to this task this report considers the following matters: -

- Residential intensification opportunities provided by the City Living Zone (CLZ) and Suburban Residential Zones (SRZ) not being taken up to the level envisaged
- Emerging trends in relation to residential intensification as relevant to Tauranga, including lessons learned from Auckland's recent experience with this issue;
- Those areas, in closer proximity to the city centre and within other suburban locations/centres suitable for residential intensification and the likely form(s) that such intensification might take;
- A high-level review of the key elements of a future planning framework to enable intensification in such areas;
- Other key attributes (i.e. amenity, services, and so forth) within identified locations either existing or required to support/encourage intensification;
- Other matters outside the statutory planning framework which could be implemented by the TCC to support intensification;
- A brief assessment of the suitability of the future work programme (Attachment A to the brief) to progress residential intensification and a brief review of TCC's recent research on this topic; and
- Recommendations to assist the delivery of intensification in these areas.

Conclusions

Changing demographic profiles and lifestyle choices over the next 15 – 20 years are likely to lead to a greater demand for good quality but more compact forms of housing in close proximity to high levels of amenity – especially in a real world of “constrained choice” decision making.

Tauranga’s population will be grow and grow older over the next 15 -20 years.

A rebalancing of the dwelling stock is likely to be required to better match the wants and needs the changing demographic profile over the next 15 to 20 years and beyond.

Infill and intensification is inherently hard, both for city planners and developers. If intensification is to occur this needs to be recognised and planned for and organised for accordingly. It won’t happen without the overt leadership, focus, resources, practices and processes needed to provide an enabling and outcomes focused regime.

To be market friendly the Council needs to achieve two fundamentals. The planning provisions must be enabling of quality development which gives a development friendly, commercially viable opportunity for residential development; and the operation of the consenting programme must focus on enabling efficient processing of quality consents. It must reward good development by way of a smooth, quick and certain consenting process.

There are limited areas of the existing suburban areas that are suitable and viable for infill and intensification redevelopment to occur. The current CLZ controls are unlikely to either encourage or enable greater levels of intensification to occur. Identifying those areas most suitable for infill/intensification and then focusing on both regulatory and non-regulatory settings and responses to both encourage and enable infill/intensification is critical.

This review broadly endorses previous conclusions and recommendations reached by the report “Prospects for Residential Infill and Intensification in Tauranga City - November 2012” and supports the forward work program for intensification with a particular focus on work streams 3, 4 and 5 in the shorter term.

General trends in Intensification

The drivers for intensification are well aired and debated. It is not the intention of this report to repeat the many arguments for and against intensification. Rather it is intended to provide some overall observations regarding intensification and the possible impacts for SmartGrowth in the context of Tauranga and WBoP. The drivers for intensification are summarised below and reflect a wide range of commentators on the subject.

An increasing focus on promoting and enabling a more compact urban form together with an increasing awareness that further greenfield development will still be needed.

In a constrained choice position there is a demonstrated and increasing preference for more intensive and smaller forms of housing.

The recognition that increasing intensification needs to be supported by higher levels of amenity, accessibility and services—environmental, social, cultural, commercial, and infrastructure.

Changing demographic profiles and the make-up of the population is leading to an increase, in a discrete choice preference, for smaller, quality dwellings connected to good levels of amenity and accessibility. These changes include: -

- An ageing population
- More single women (and increasingly more single men)
- Smaller families
- Lifestyle choices.

Recent studies (where realistic constraints on peoples choices are introduced) around housing preferences in Australia and New Zealand showing mismatching housing being produced - when trading across choices of size, quality, affordability, access and amenity the studies show a greater acceptance and choice for smaller and/or attached/apartment, dwelling typologies in proximity to good amenity and with access to services, cultural and commercial opportunities

Such studies consistently find that a proportion of the population has a preference for medium density development but rate highly the factors of convenience, accessibility, personal safety and amenity as significant factors in choosing where to live

These same studies generally find a mismatch in the housing choices available – in a discrete choice model there is typically greater demand for other forms of housing choice than is generally being provided by conventional greenfield development alone.

Recent experience from Auckland through the development of the Auckland Plan and the currently in process Proposed Auckland unitary Plan (PAUP) has reinforced these findings. There is also a demonstrated rise in the level of development activity focused on medium rise apartments and town-house projects both around the CBD fringe and in inner ring suburbs but now also in other suburban centres with high levels of amenity. Locations such as Hobsonville Point, Browns Bay, Grey Lynn, Manakau, and New Lynn have and are experiencing high levels of such activity that is being readily taken up by the market – be that home owners or renters. This is a significant change in pre GFC and pre Auckland Plan development patterns

The recent study by Auckland Council “The Housing We’d Choose” (based on similar studies undertaken in Australia by the Grattan Institute in Melbourne and the West Australian Government) concluded among other things: -

“The results suggest that there is a mismatch between the current supply of dwelling typologies and the housing that Aucklanders would choose, if it were available. However, this mismatch appears to be decreasing with recent consents more aligned with the preferences expressed in this research. Housing is developed to meet the needs of households at the time it is built. These needs and preferences change over time but housing is long lived. This leads to the mismatch between current needs and preferences and the existing stock of dwellings.

While a key finding is that the majority of households will still prefer stand-alone detached housing, it appears that this demand is more than satisfied by the existing stock of housing. The gap exists in terms of a shortfall in the numbers of attached dwellings and apartments. Our research suggests that, outside of the Auckland central area, there is a significant under-supply of units and apartments, while the supply of apartments in the Auckland central area exceeds demand.”

“It has been recognised that the old paradigms of maintaining homogenous housing typologies within certain areas (i.e. high density in the city centre and low density elsewhere) does not match household preferences and this is reinforced by the findings of this study. There is a great demand for all mixed approach which would allow different

typologies to be developed across the Auckland landscape, recent developments along the unity plan approach providing an indication that the market maybe shifting towards these preferences”

“A key finding from this research is that Aucklanders desire greater volume and choice of accommodation options period a significant proportion of respondents chose more intensive forms of housing, And they were prepared to trade of location and dwelling type ahead of dwelling size is the price increase this is manifest as a great appetite for walk of apartments and high-rise apartments i.e. across the city rather than in the central areas”

“Perceptions of safety appear to drive a lot of decisions around housing especially where to live period a safe neighbourhood with the highest rated single item across all of the features presented to survey respondents”

These high-level trends are supported by recent market evidence in Auckland. Market reports suggest a significantly greater proportion of apartments are now being targeted at the owner-occupier market than pre-GFC and that townhouse and apartment development in city fringe and suburban locations are an increasing proportion of new supply.

In the Auckland CBD contrary to the pre-GFC Development cycle, which was dominated by investor product, close to 50% of the apartment projects now being developed are seen to be targeted at the owner-occupier market (CBRE September 2015)

6601 new apartments are estimated to be built in the Auckland region in the four-year period to the end of 2018. 44% in the CBD and 56% split evenly between the city fringe and suburban locations. (Colliers August 2015)

Notwithstanding the above there have been significant differences of opinion between the development community and Council as to the extent in both form and geographic footprint as to what should be enabled and is required to realise Council’s ambition of a more compact urban form with up to 70% of all new housing development through to 2041 occurring within the limits of the 2010 existing urban area. In particular this debate is focused on the need for a more permissive approach too low/mid rise apartments and townhouses in traditionally suburban housing areas across Auckland.

Much of the debate has focused on the different interpretations taken by the development community and the Council as to what might be required within the zoning and planning controls to achieve such a level of intensification occurring.

The development community argues that in order to achieve the level of development sought the PAUP will need to provide for extensive areas of significant change and growth across the existing suburban areas as well as within town centres – the

conversion of development opportunity to built form outcomes is both low and slow in existing urban areas so that a theoretical zoning capacity of say 100 additional dwellings might only lead to a developed outcome of 25-30 additional dwellings over the life of the Auckland Plan (30 years) because of the inherent difficulties involved in such development activity.

Recent decisions by Council arising from the PAUP hearings have seen the Council move closer to the developers position by considerably easing some of the constraints within suburban zones. At the time of writing there are still significant differences being argued at the hearings as to the likely level of development outcome that might be achieved under the recently revised position taken by Council.

Specific learnings from the recent Auckland experience are encapsulated within the recommendations made later in this report as to managing urban growth and the current City Living zone and Suburban Residential zone controls.

Under estimating the level of opportunity (theoretical capacity) required to achieve relatively modest development outcomes in terms of dwelling numbers, and the difficulties inherent in doing even that, would continue to inhibit the successful infill and intensification outcomes that Council seeks to achieve in Tauranga.

Tauranga Demographic Trends

The populations of the Tauranga City and Western Bay of Plenty regions are projected both to grow, and to grow older over the next 15 to 20 years, and then to continue to do so albeit at a slower rate through to 2063.

Tauranga City population - 117,000 in 2013
- 162,000 in 2033 [+37.8%]

Tauranga City population @ 65+ years -19.5% in 2013
- 42.7% in 2033

Between 2013 – 2033 growth at 65+ years accounts for 71.8% of all growth

Combined with growth in 40-64 years range this accounts for 95.6% of all growth for Tauranga City between 2013 – 2033

Natural increase in population shifts to a natural decline around 2039 whilst net migration remains relatively high

The implications of the growing population at 65+ years is a likely demand for more dwellings in close proximity to services and amenities

This changing population profile may well lead to a reduction in demand for traditional family houses over this period and suggests that the existing housing stock is likely to be adequate to cater for demand in that sector so long as adequate infill/intensification opportunities are provided for more widely across the region. Any reduction in demand for traditional family homes will occur over this 25-30 year period as the population profile changes and thus there is likely to remain an ongoing need to provide for greenfield development over this period.

A rebalancing of the dwelling stock is likely to be required to better match the wants and needs of a changing demographic profile over the next 15 to 20 years and beyond. Well executed infill and intensification housing projects will be part of this rebalancing.

Stakeholder Feedback

Face-to-face and or telephone consultation undertaken with a number of external parties (9) including developers, agents and advisors to identify constraints and opportunities for intensification in Tauranga city

Key issues identified include: -

A lack of clear leadership and poor communication to sell the benefits of infill and intensification: -

“Councillors are a problem; they don’t understand the proposition”

“There is no leadership, there just isn’t any leadership”

“An unbelievably adversary culture”

“Councillors are prehistoric”

“It’s too uncertain”

“Systemic bias against change despite rhetoric of intensification”

“Arataki and Greerton proposals were very poorly explained and now we are wearing the backlash”

“If you want intensification to occur you need to recognise this is the hardest part of the housing market to operate in for developers and you need to plan and organise accordingly”

Many comments centred around the highly prescriptive approach and high bar requirements to be met for infill and intensification to occur in both the City Living Zone and Suburban Residential zone. An overall view was expressed that current controls make it too hard, and certainly too hard to do at any sort of scale and thus continue to effectively favour greenfield development.

Some specific matters identified included: -

Suburban Residential zone

Existing regulatory environment not conducive to enabling or encouraging of infill and intensification projects

A move towards performance criteria and outcomes is needed, rather than the “two pages of controls” as in the current Controlled Activity status - “more carrot, less stick”

Comprehensive Development controls are a plus but only apply to sites over 3000 m² and only in the urban growth areas rather than all suburbs - how many consents have been lodged for comprehensive development in the existing suburban zone? Not many.

The Comprehensive Development controls set a very high bar in response to the Smart Living Places debacle in Greerton

Need to review the 325 m² minimum site area control together with incentives for site amalgamation; there is often a need to acquire two sites in the suburban area to make infill projects work but that is still way short of the 3000 m² site area for the density provision to drop away, and in itself is hard enough to do

A number of those interviewed pointed out that it was possible to come up with good housing solutions on sites down to 200m² which would make infill housing more viable

A strong preference for an outcomes and criteria based approach versus simple box ticking and the recognition that such an approach needs a more sophisticated counterparty on each side

The new City Plan reduced intensification opportunities in the suburban zone with no plan to replace the intensification opportunity in another way

The wrong places, Arataki and Greerton, were chosen to pilot intensification projects.

There is no clear or obvious plan to enable and encourage infill and intensification in the suburban areas

There is a focus on protecting the existing suburban character of areas in the most recent City Plan. There is a bias against change; and there is little or no character to protect.

Allowing comprehensive development to occur on a small scale and across a widespread area is important, this needs to be coupled with design criteria that provide flexibility to achieve good outcomes rather than prescriptive rules

City Living zone

Feedback on effectively developing within the CLZ included the following summarised and common themes: -

The need to achieve a minimum site area of 1050 m² for the density bonus to apply coupled with the high cost of land make development in the CLZ prohibitive and as often as not, not viable

In most, if not all, cases it is necessary to secure the adjoining site in order to achieve the minimum 1050 m² site area and this is very hard to do

The CLZ provides for highly prescriptive rules that must be complied with to achieve RDA status. These controls are too specific and there is no fall back or wiggle room; if a problem is encountered with any one of these controls the default position is a full Discretionary status

The prescriptive rules and difficulty of getting a scheme to work as an RDA status make the front-end investigations more detailed, expensive and risky - many projects are abandoned at this point

High upfront costs and risks for a complying development with the controls as they are, it makes it too difficult

Infrastructure capacity is a significant problem within the CLZ, especially stormwater. Infrastructure solutions usually need to be dealt with on a site by site basis and the cost and responsibility for solving these is left with the developer

And last but not least a common theme that the CBD lacks a competitive edge over The Mount. A view often expressed was that most people that could or would live in the CLZ are more likely to live in The Mount because of the quality of the amenity already in place there. Without significant improvement in the amenity and vitality of the city centre the view was expressed that there are other and better development opportunities to pursue, particularly when taken in the round with the difficulty of putting together a development scheme that is both viable and RDA compliant.

Other themes from feedback

A number of other commonly voiced themes came through in the feedback from those consulted with. These are briefly summarised below: -

A common view expressed by many that a move towards no minimum site area for intensification and infill projects in both the CLZ and Suburban Residential zones tied to criteria requiring good outcomes is both desirable and needed to assist in encouraging and enabling greater levels of development activity

Council could adopt a case management approach for intensification projects. This would build up the skills of a focused internal council team that really understands infill and intensification projects, the challenges in delivering these, and the ability to work collaboratively with developers for pragmatic and desirable outcomes

Infrastructure is often a constraint, if there is a response from the engineers that it is not possible to plan for ad hoc infill development this will just mean that less will be done. A catchment analysis approach to infrastructure might assist in encouraging infill development to occur in the areas where infrastructure capacity exists. Clearly this would need to be matched against the market attractiveness of the location for new development to occur

Creating good street and local centre and energy is critical to intensification. There is a need to invest in the public domain to

provide improved levels of amenity in areas that might otherwise be attractive for infill and intensification

There was a general feeling that the working relationship between council staff and the development community has improved in recent times. A more open and pragmatic approach was evident – “we don’t agree on everything but ideas solutions and grievances are shared”

In concert with the above comment it was felt that the developer community itself was seen as working better together for the purposes of achieving a common good.

Current Planning Controls – Fit for purpose?

This section examines the residential growth strategy of the Tauranga District Plan to determine whether or not this is a market friendly enabling plan and to identify any key constraints to quality development.

To be market friendly the Council needs to achieve two fundamentals.

The planning provisions must be enabling of quality development which gives a development friendly, commercially viable opportunity for residential development; and

The operation of the consenting programme must focus on enabling efficient processing of quality consents. It must reward good development by way of a smooth, quick and certain consenting process.

This section looks at both residential in the City Living and Suburban Residential zones. It also looks at residential opportunity in the business zones.

MANAGING GROWTH IN RESIDENTIAL AREAS

The vast majority of residential growth in Tauranga is provided through the Suburban Residential zone. Specialist and more intensive housing opportunities are provided in the City Living Zone, the High Density zone, the Wairakei residential zone and in some Business zones. The following sections provide a high level overview of the current zones and make some suggestions as to how these might be modified to better encourage and enable greater levels of infill and intensification to occur

The purpose of the Suburban Residential zone is set out as providing for low-density residential opportunity across a wide geographic area. In certain circumstances it provides for greater density through a consent process. Similarly the City Living zone states its purpose as providing for medium density development

Fundamentally if the Council's policy is to promote growth through urban consolidation, then it needs

- A significant sized high density zone, and
- Opportunities for medium density to occur, in low to medium rise typologies in appropriate parts of the Suburban Residential zones where good outcomes can be achieved

The standard Suburban Residential zone currently has a density of 1:325 net site area. Urban consolidation policies typically seek yields over 30 dwellings per net hectare, i.e. 1:250-325 net site area, and often provide for comprehensive development controls with minimum land area/dwelling of 100-125m² or with no density/minimum lot size provisions at all.

The current density controls reflect the purpose of the zone, which is low density. Effectively to undertake infill development on an existing suburban lot would require a lot size in the order of 700-750m² – allowing for 2 sites with a minimum net area of 325m² plus allowance for a driveway of say between 50-100m²

If a successful infill and intensification strategy is to be pursued across the suburban area the plan must provide for comprehensive development at a density of at least 1:200 with flexibility for sites down to 1:150

The City Living zone provides density of 1:200. On sites over 1,050m² and with a particular shape factor, no density applies.

A number of councils pursuing urban consolidation policies are moving to ‘no density’ controls and instead driving quality through an urban design programme assessed as a restricted discretionary activity. This is an approach that Tauranga should seriously consider. Auckland Council has adopted aspects of this approach within the PAUP and the final determinations of the current Unitary Plan hearings in late 2016 will determine whether or not such approaches are further expanded or restricted in response to submissions currently being made – for example the developer and Generation Zero communities broadly support a more enabling outcomes based intensification approach whilst other groups such as those represented by Auckland 2040 represent a preference for status quo in suburban areas.

The fundamental difference is that performance based design controls, which reward good design through a flexibility of control regime, are better suited to deliver an urban consolidation strategy.

The current suburban zone is not set up to deliver intensification at any level. The Council could consider splitting the existing suburban residential zone into 2 areas; one a growth zone and the other the current suburban zone or similar, based among other things on factors such as infrastructure capacity, amenity and accessibility as well as market attractiveness.

Equally it is recognised, a large growth zone throughout Tauranga may create issues with a geographically too wide demand for additional infrastructure, and with community acceptance.

Setting aside say a third of the current suburban residential zone for urban consolidation retains lifestyle choice for residents, provides realistic growth opportunities which the market can respond too, and enables Council to target infrastructure upgrades.

There is also an argument that providing for such urban consolidation across all suburban areas would mean that no one single community might feel it is being unfairly imposed upon or alternatively is missing out on the opportunity. Ultimately this is as much a political decision as it is a planning decision.

This could see:

A significantly expanded CLZ of high-density medium rise development. This zone expanded around the City Centre and possibly applied to other centres;

An urban growth zone of higher density with urban design controls allowing low and medium rise development

The suburban zone continuing to provide lower density low rise typologies

High rise residential in the CBD and possibly other centres such as The Mount

Fundamentally the current plan zones have been set up to provide a low to medium density lifestyle with some pockets of higher intensification, these are not well aligned to the Council's longer term aims for greater intensification and urban containment.

If the Council wishes to pursue an urban consolidation strategy, then significant areas of the city need to be identified as suitable for growth. In these growth areas the Council needs to liberalise density, height and coverage. Urban design controls can be introduced to ensure quality development and to protect neighbourhood amenity and the impact on immediately adjoining residents.

RESIDENTIAL DEVELOPMENT CONTROLS

The development controls which set a standard height in the Suburban Residential zone of 9m is effectively setting a two storey zone across the great majority of the zone

In an urban consolidation area and with proper height in relation to boundary setbacks, a three-storey typology should be enabled if intensification is to be encouraged.

The CLZ has a variety of different height controls, some as low as 9m and 12m but as much as 19m in certain discrete and relatively confined areas.

The reality is that the height in this zone should be set at five and six storeys. It is recognised that the location of this zone is in a sensitive area on the western side of an east-facing waterfront and in parts of Tauranga that exhibit a heritage character. For this

reason, it is recognised that special controls will inevitably apply to protect the sunlight admission to the waterfront, views and character.

Nevertheless, if the objective is to promote urban intensification and high quality development, then a different height regime is necessary.

Building coverage is set at 50% plus a further 25% impervious area for driveways/parking – a minimum of 25% must be outdoor landscaping. In a terrace house and apartment typology, building coverage of 65% is readily achievable and together with driveways and parking areas a total impervious area of 90%+ is common and is a necessary outcome of designing and developing such typologies. In an area promoting urban consolidation, this level of intensification is desirable and perfectly manageable with good quality urban design assessment criteria.

Minimum unit sizes are set at 45m² for studio/one bedroom, 55m² for two bedroom and 70m² for three or more bedroom units.

A default 30m² of private open space associated with a ground floor dwelling is high for an urban consolidation strategy. A more realistic provision should be considered. Above ground floor units are required to have a deck/balcony area of at least 6m² in addition to the minimum apartment sizes noted above. Both the minimum unit size and outdoor space provisions should be reviewed and “tweaked” to ensure that they remain appropriate – for example a studio unit can easily be delivered in 35m² and a 1 bed in 40-42m² with a “Juliet” balcony in lieu of an outdoor deck – reducing both total area and thus cost of developing such typologies.

Carparking, manoeuvring and orientation requirements should be reviewed as these are commonly cited as significant constraints on both good design outcomes and commercial viability, particularly in the CLZ and to a lesser degree in other zones

RESIDENTIAL DEVELOPMENT IN BUSINESS ZONES

Some provision, but only limited provision, is made for residential development within business zones

The City Centre zone provides for the commercial heart of Tauranga and the region. Overall it provides for a broad mix of intensive uses that respond to a divergent and growing market

Successful international waterfronts rely heavily on a residential component to bring a consistent population catchment. This is what drives retail, food and beverage and entertainment in the non-peak periods.

The “Commercial zone” applies extensively through the commercial portions of Tauranga and is intended to cover all development from town centres to neighbourhood shops. These provisions are fairly broad and enabling. While it is unusual to group the extent of commercial hierarchy, this can work from a planning perspective

The 12m maximum heights in the suburban commercial areas are too constrained and do not provide the flexibility needed for quality design or for some of the mixed use activity which could locate within the commercial sector

By contrast, the Wairakei town centre zone provisions have recently been introduced to enable a broader, more enabling town centre development that will provide for a broader range of activities including residential. This approach is far more enabling of quality development

The development controls and assessment criteria are generally reasonable and appropriate. However in the area of height, there is a constraint if the Council wants to encourage dynamic mixed-use flexible zones. Typically heights in the suburban commercial areas of 12m are provided which, with a 4m ground floor retail height, only enables three-storey development to occur or for a 4 level development to be “shoe-horned” in with often poor design outcomes – a 14-15m height would be more appropriate if 4 level development is intended to be encouraged.

The Council should be encouraging five and six level development in its town centres and retaining the existing 12m height limit in the smaller neighbourhood centres. Five and six levels will enable residential development with commercial activities at ground level where appropriate – eg on main streets.

HIGH DENSITY ZONE CONTROLS

This zone which applies generally adjacent to and surrounding the Mt Maunganui town centre has arguably been the most successful of the current zones in terms of delivering on infill/intensification outcomes, at least in terms of numbers, but has not consistently delivered in terms of the building/urban design outcomes delivered.

This zone generally provides for a 9m height limit, but with higher buildings provided for within the High Rise Plan Area, and with density provisions set at 1:100 generally and at 1:60 in the High Rise Plan Area.

Whilst the density controls are reasonable and generally appropriate the height control at 9m is not – it will not provide for a good quality 3 level design outcome and is overly constraining for both the level of development and the design outcomes sought. Much of this area could easily sustain a minimum of 4 levels, and maybe more, and height controls should be reviewed accordingly and to ensure generous floor heights and able to be delivered – say 15m for 4 levels.

Consideration of Changes to Current Planning Controls

Stakeholder feedback and recent experience from Auckland leads to the recommendation that Council consider the following in terms of creating more enabling planning provisions to encourage greater levels of development activity for intensification:

Consider splitting the Suburban Residential Zone into a growth zone and suburban zone

Set an objective and policy framework for the new growth zone, and the CLZ, which enables the Council's urban consolidation strategy

Drive development control from a performance based flexible design control regime

In the CLZ, and in the new growth zone on sites greater than 1,000m², remove the density control and manage development by way of urban design performance standards. Development would be subject to a restricted discretionary consent and require comprehensive development

For these comprehensive developments, allow a three-storey height (preferably with no specific height maximum or if necessary ensure a generous height is provided for of say 10.5 – 12m) and 65% building site coverage

In the CLZ, review the height limits to ensure as far as possible five and six level development is provided consistent with the controls on view corridors, sunlight protection to the waterfront and character areas

For comprehensive development in the City Living zone, rely on performance standards and enable a liberalised coverage and reduced private open space control

Delete the standard for minimum dwelling size and control this as part of the performance standards on restricted discretionary activity development

Introduce explicit objectives and policies that encourage residential within the city centre and commercial zones

Set a more enabling objective and policy framework for residential in the commercial zones

Increase the height in the Town Centre zones from 12m to 18m providing for commercial activities at ground floor level and residential above

Increase the minimum height in all parts of the CLZ to 5-6 storeys while retaining the sunlight control to the waterfront, and view corridors

Reinforce to the Council the importance of complementing the policy provisions for growth with an enabling regulatory culture in terms of consenting and processing.

Non-Regulatory Opportunities for Council to enable

In addition to the statutory and legislative tools available to it Council also has the option to pursue some other avenues that are increasingly being used by local governments in different jurisdictions to address the issues of urban growth and consolidation

Historically the role of local government could be seen as that of asset planner, manager and regulator; much of that founded from the beginnings of local government in Great Britain arising from the realisation that the growing cities of the industrial revolution of required as a basic necessity better health and sanitation infrastructure.

Today, arguably the role of local government needs to move to that of an active manager and champion for a competitive city providing a wide range of economic, social and environmental outcomes to meet the needs of its population over time – in effect a more proactive and leadership driven role that is outcomes focused, co-ordinated internally, and can operate collaboratively externally, to achieve desired outcomes for all stakeholders. Local Government now has a legitimate interest in a range of issues - health, education, and transport for example - for which it is not directly responsible but which affect the attractiveness and success of the towns and cities for which it is held accountable

In the context of enabling and encouraging greater infill and intensification development in Tauranga the following are some of the initiatives that Council might adopt/investigate in greater detail for adoption in due course

Establish a small specialist team focused on the issues of achieving greater levels off infill and intensification development within and around the city centre and in suburban areas and centres more widely. This team could among other things undertake the following

Determine, through an appropriate set of criteria those areas most suited for this type of development and the interventions and investments that council might make in such areas to better enable and encourage the private sector development community to then bring forward new development in such areas

Understand the infrastructure capacity across Tauranga, how growth of infill/intensification development might consume that capacity, how investment in infrastructure over a 15 year period impacts on the capacity of the infrastructure to

support the desired growth of infill/intensification. Are we doing it at the right time? Are we doing it in the right place? Are there better and smarter ways to do it? Are we sweating the asset hard enough?

Recognise that Council investment influences the long-term strategy and the delivery of development outcomes on the ground. Understand at a granular level these influences and impacts and bring these in to the decision-making processes for investment in infrastructure of all types – pipes, drains, roads, parks, community facilities and so forth.

Develop an holistic understanding of the quality of amenity that is required to make infill/and intensification housing choices more appealing to developers and end buyers. Considering access to work opportunities, accessibility of the ocean/harbour/recreation areas, infrastructure services, transport and facilities, and the quality of the environment are intrinsic factors in making these types of housing more attractive, and thus more viable, and the role that Council might play in delivering these is important

Develop a sound understanding of the market demand and drivers coupled with a sound understanding of development viability to build understanding and confidence that with focus on the right areas together with a good understanding of infrastructure capacity and investment needs the Development sector will then turn up and perform

Undertake a review of the current planning controls to create a more outcomes focused and enabling regime together with a consenting process that is informed and focused on delivering good development proposals quickly

In concert with a review of the planning controls develop a “pattern book”, or design guide, with model solutions for a range of suburban infill solutions providing a range of housing typologies that could either be undertaken as a redevelopment of a single suburban lot or as an infill solution on the rear of an existing dwelling. These model designs could be “pre-approved” by Council so that projects generally in accordance with such solutions could then have an expedited consent path with a lower level of activity status. Such model solutions might deliver between 4 – 6 new dwellings on a standard lot.

The Freemantle City proposed infill-housing amendment is an example of this approach combining revised controls with an acceptable solutions approach – see <http://architectureau.com/articles/fremantles-tiny-house-planning-amendment/>; as is the Christchurch City Council “Exploring New Housing choices for changing Lifestyles” publication.

Develop and undertake a community education and engagement program so that existing communities are more informed as to the type of infill and intensification, together with its benefits, that could occur within existing neighbourhoods. Council effectively needs to obtain a “social licence to operate” an infill and intensification program within existing neighbourhoods and communities. Unless this is achieved communities will resist, political leaders will respond accordingly, and developers will just keep away as being all too hard.

Develop an appropriate measurement and monitoring framework that can be constantly updated so that things that are working can be expanded upon, those that are not working can be stopped and new ideas and innovations can be tested for effectiveness

‘Development agency’ type structures, whether internal or external to the core Council, are increasingly being used by local government to effect urban growth strategies especially those related to the urban consolidation and renewal. For those areas and centres identified as being most suitable for infill/intensification within any given period of time the Council could set up a separate entity or an internal team that was responsible for marshalling all Council resources and to creating partnerships with the private sector to deliver development and other outcomes in such areas. Obvious examples in New Zealand include Development Auckland recently set up Auckland Council (as an amalgamation of 2 existing entities but with expanded scope and mandate), the currently being established Christchurch regeneration agency, and the Tamaki Redevelopment Company

A number of parties through the consultation and feedback process suggested the need for exemplar projects to be led by Council – “you can’t sell a secret”; “people don’t know what they can’t see”. An entity or team such as suggested above could be responsible for bringing together early opportunities in this regard

Commercial Viability of Intensification and Infill Housing

Infill & Intensification Opportunities under current/amended controls

Understanding of the commercial viability of infill and intensification opportunities is critical to informing the wide policy, regulatory and investment decisions that are necessary if there is to be any chance of achieving the levels of infill and intensification development desired by Council over the next 15 to 20 years.

Working with the Council GIS team a range of constraints have been modelled and mapped based on current rules and possible changes to those rules – in particular those rules relating to minimum lot size and density have been modelled as these are key determinants of commercial viability. It should be recognised that this is a point in time analysis and thus should be reviewed on an ongoing basis.

The maps resulting from this constraints analysis are attached in Appendix 1; separate map series are provided for both the City Living zone and the Suburban Residential zone.

The constraints utilised and the outcomes demonstrated are briefly summarised below.

City Living zone

The constraints mapped through the GIS Analysis are set out below together with an explanation as to why each constraint has been selected

Map 1 – All parcels belonging to City Living (Excluding Schools, Hospitals, Roads, etc) being the total area potentially available for development in this zone;

Map 2 - Same as above but excluding dwellings less than 30 years old. In general terms buildings should have a minimum functional/economic life of 50 years and thus within the next 15-20 years it is unlikely that such properties will be redeveloped;

Map 3 - Same as above but excluding Unit Titles and Cross Leases. On the basis that it is extremely difficult to acquire for redevelopment purposes properties that are subject to Unit Title or cross-lease forms of tenure

Map 4 - Same as above but excluding parcels with Improvement Value (IV) equal to or greater than 35%. This is on the basis that where the IV is too great a percentage of the existing property Capital Value (CV) it is likely to be difficult for a developer to viably develop the site for a new purpose as the current improvements will be too valuable to demolish. The Map symbolises IV based on 0 – 25% IV and 26 - 35% to show those parcels where the IV is at/below these levels.

Map 5 - Same as above but only includes parcels 1,050m² or over. The current City Plan rules require a minimum parcel size of 1,050 m² for the density bonus to apply, so this tests those individual lots where this condition could be met.

Map 6 – Same as Map Series 5 but includes parcels less than 1,050m² that are contiguous to an adjacent lot that gives a total area of more than or equal to 1,050m². This demonstrates the additional parcels of land might be available for development where they are able to be amalgamated by a developer, notwithstanding the difficulty of doing so.

Constraint Changes

One of the main determinants of development viability for infill and intensification projects is the number of dwellings that can be developed on any particular landholding. On that basis the constraints were then modified to provide for a smaller minimum lot size, 800m², to apply than that set out in the current City Plan to test how much more land might become available for development purposes but with other constraints still applying.

If the reduction in lot size were also aligned with an increase in development potential (height, coverage, etc) then arguably a development might be viable with a greater level of IV than modelled above. This constraint has been modified to include those lots with and IV equal to or less than 45% in conjunction with the smaller lot size.

Map 7 – Minimum size for density bonus to apply reduced to 800m². Same as Map 3 but excludes parcels with an IV over 45% or area smaller than 800 m². IV is symbolised based on 0-25%, 26-35%, 36-45%.

Map 8 – Same as Map 7 but includes all lots less than 800m².

The outcomes of this constraints and mapping analysis are summarised below.

	CITY LIVING ZONE – DEVELOPMENT POTENTIAL		
	Total Lots/Area (incl. Schools, Hospitals, Retirement Village, TCC land etc)	789 Lots	633,819m²
Map	Development Potential - Criteria	Total Lots available for development	Total Area (m²) Available for development
1	Total Lots/Area (excl. Schools, Hospitals, Retirement Village, TCC land etc)	361	303,162m ²
2	As above & excluding buildings less than 30 yrs old	256	215,513m ²
3	As above & excluding unit titles/cross-leases	197	153,615m ²
4	As above & excluding parcels with IV over 35%	113	83,737m ²
5	As above & excluding parcels under 1,050m ²	12	19,052m ²
6	As above but inc' contiguous parcels over 1,050m ² combined	86	71,330m ²
7	As above Map 3 & exc' parcels with IV more than 45% and less than 800m ²	69	71,506m ²
8	As Map 7 but including lots less than 800m ²	139	104,547m ²

These outcomes suggest that there is little land currently within the CLZ that would be available and/or commercially viable for development. This aligns with feedback from developers, planners and advisors discussed elsewhere in this report. Allowing greater building envelopes, as discussed elsewhere in this report, might enable development to occur on sites with a higher IV as there would then be more development potential across which to spread the initial acquisition cost – the effective land cost/dwelling could be the same but for more dwellings or possibly less per dwelling making development more viable.

In particular these results suggest the significant constraint imposed by the minimum land parcels size of 1,050 m² required in order to trigger the current density bonus provisions. This control alone, assuming a single lot, reduces the preceding development potential significantly and suggests that only 12 lots within the CLZ zone would meet these criteria and potentially be viable for development on their own account.

Possible changes in the current City Plan rules are discussed elsewhere in this report as a means to provide a more enabling and viable development opportunity within this zone. Recent debate in Auckland regarding the PAUP has highlighted the need for more permissive planning controls within the existing urban area if Auckland Council's desired targets for intensification to occur over the next 30 years are to be met.

However rule changes alone are unlikely to stimulate, at least in the short term, a high level of development activity. Other measures to render the Tauranga City Centre a more attractive living option, and hence a more viable development opportunity are also canvassed within this report. It is suggested that a TCC entity, or team, with the necessary focus, mandate, resources and tools will be required to affect the level of change sought and that such change is only likely to occur over an extended period of time – discussed elsewhere in this report.

Suburban Residential zone

A similar approach, utilising GIS analysis, was taken to analysing the current City Plan and possible amended planning rules for the Suburban Residential zone. The resulting maps are described below with the outcomes then summarised following that

Map 1 – All parcels belonging to Suburban Zone (Excluding Schools, Hospitals, Parks, Roads, Rail) being the total potential available for development within this zone.

Map 2 - Same as above but excluding dwellings less than 30 years old. On the same basis as for CLZ

Map 3 – Same as above but excluding Unit Titles and Cross Leases. On the same basis as for CLZ

Map 4 – Same as above but excluding parcels with Improvement Value equal to or more than 35%. On the same basis as for CLZ. The Map symbolises IV based on 0 – 25% IV and 26 - 35% to show those parcels where the IV is at/below these levels.

Map 9 – Same as above but specifies parcels that are 700m² or greater, being those lots potentially capable of allowing for infill development with 2 new lots of minimum 325m² net area plus an allowance for driveways. Note of this total number of Lots 380 are between 700-749m² which may be marginal for infill subdivision under current rules.

NB: No consideration of land covenants that might otherwise restrict development of smaller lots/dwellings in certain areas.

Constraint Changes

Map 8 – Same as Map Series 4 but specifies parcels that are 500m² or over. To test the additional potential capacity that might be available and commercially viable if the minimum lot size were to be reduced to say 200 m2 net plus an allowance for driveways. Below 500 m2 it is also likely to be difficult to further subdivide sites within the existing suburban areas.

The following table summarises the outcomes from this analysis

	RES SUBURBAN ZONE - DEVELOPMENT POTENTIAL		
	Total Lots/Area (incl. Schools, Hospitals, Retirement Village etc)	40,036 Lots	40,178,348m²
Map	Development Potential - Criteria	Total Lots available for development	Total Area (m ²) Available for development
1	Total Lots/Area (excl. Schools, Hospitals, Retirement Village etc)	36,444	32,950,967m ²
2	As above & excluding buildings less than 30 yrs old	17,742	18,557,337m ²
3	As above & excluding unit titles/cross-leases	15,282	16,139,805m ²
4	As above & excluding parcels with IV over 35%	5,821	7,341,128m ²
9	As above & showing parcels over 700 – 749m ²	2,493	5,686,307m ²
8	Same as Map 4 but specifies parcels that are 500m ² or over	4,243	6,752,452m ²

This analysis suggests that over the next 15-20 years the opportunities for infill and intensification within the existing suburban area will be limited in number and scope, and especially so without some changes to current planning controls and practice. Changing the current controls to allow lots down to say 500m² to be redeveloped does materially improve the potential lot/land supply for infill/intensification, however such a change would need to be accompanied by other measures to encourage more infill development to occur

The criteria related to building age and unit titles alone account for a greater than 50% reduction in redevelopment potential, a not surprising outcome given that much of suburban Tauranga has a relatively “young” suburban dwelling stock.

Arguably a more liberal and enabling City Plan, particularly one that enabled greater dwelling numbers on the same land area might bring more capacity within the scope for redevelopment as a developer would then be able to pay more for the existing land and improvements such that the 35% IV criteria could be exceeded, nonetheless it is considered quite an onerous hurdle for a developer to effectively discard a third or more of the acquisition cost through the demolition of the existing improvements, and/or it is likely that infill development might be limited to simple “backyard sub-divisions” in many cases because of such constraints on development viability.

Amending the planning controls to reduce the minimum lot size and/or provide for comprehensive development proposals with limited or no density controls may assist in bringing more existing lots/land into the “net” for infill and intensification redevelopment as may a more fine grained analysis to identify specific sites that have good attributes for a greater level of intensification development and where site specific comprehensive development could occur within an appropriate control framework.

Notwithstanding the above analysis and comments the propensity of incumbent owners to sell is a severe constraint on the pace at which redevelopment can and will occur, of the above capacity that might be development viable only a small proportion of that will be available at any point in time further reducing the rate at which infill/intensification can and will occur.

Potential Areas of focus for Infill & Intensification

Developers typically take a 3 – 5 year view. This is a 15 – 20 year journey for the City.

It is well established that density works best in areas of high amenity. As such the intensification and infill opportunities available to Tauranga should be focused on those areas where existing levels of amenity are already high, or where with focused investment the current levels of amenity could be lifted to a level that would better support future intensification.

So what is amenity?

Developers consider that the location of a site in relation to aspect, views, access to services and work opportunities, accessibility of the ocean/harbour/open space, infrastructure services, transport and facilities, and the quality of the environment are intrinsic factors in making a site attractive to future residents.

As discussed above, we know from other studies in to the preferences of buyers that these factors are key considerations both in terms of the general location in which they will choose to live and the type of dwelling that will prefer, or accept, as a part of the wider trade-offs to be made in any home buying (or renting) decision.

In the context of the CLZ these factors would tend therefore to give a preference to areas that are: -

For the CLZ

- those areas with extensive views, such as along the ridge line or west facing cliff line
- those areas close to the waterfront and with the prospect of views over it on the eastern side of the city
- those areas overlooking major open space such as the domain
- those areas with access to the business, leisure and cultural activities within the city centre

The wider challenge for the city centre is that it needs to significantly improve its overall value proposition in order to attract and retain new residents in to more intensive forms of living choice when there is a better existing choice within close proximity to the city being The Mount. Whilst the city centre has some attributes of amenity it currently lacks the overall quality offer that is needed to obtain the

trade-offs in its favour that purchasers will make in their living choice decisions. The need for a more considered and focused suite of measures to improve the overall amenity and attractiveness of the city centre as a living choice is discussed elsewhere in this report

For the Suburban Residential zone

The qualities of amenity will be similar and in particular within the context of Tauranga are likely to be focused towards the beaches and water/ocean front locations as well as to limited suburban centres. In particular Mt Maunganui and surrounding areas has many positive amenity attributes as do some inner harbour areas. There may be other smaller local centres that could provide relatively good levels of amenity, particularly where cost of housing is a major driver that could, with focused initiatives and investment become attractive areas for more infill and intensification development to occur over time

Based on the GIS analysis and viability criteria selected the suburban area of Mt Maunganui to Omanu Beach are some of those best suited to commercially viable infill/intensification redevelopment. The existing amenities of the immediate area, the adjoining high density zone to the west of The Mount, and easy proximity to the City Centre exhibit many of the critical success factors necessary for successful intensification and redevelopment to occur. Other areas within the inner harbour area also appear as viable for more infill and intensification to occur and display good amenity attributes and include areas such as

Matua

Otumoetai

Cherrywood

South Tauranga – The Avenues; and

The coastal frontage from Omanu through to Papamoa

2012 Smartgrowth Report – Conclusions Review

This report has included the review of the conclusions contained within a report entitled “Prospects for Residential Infill and Intensification in Tauranga City - November 2012” prepared by TCC planning staff.

The conclusions reached and recommendations made within that report are strongly endorsed by this review. The conclusions and recommendations made recognise the complexity and difficulty in delivering infill and intensification to the levels desired by the SmartGrowth plan and within the timeframe is envisaged.

The report recognises that without significant change to the current approach a significant reduction in intensification forecasts will be necessary

Independently this review has reached similar conclusions and made similar recommendations as those contained within the November 2012 report prepared by TCC staff

In particular we would comment that infill and intensification is an inherently difficult part of the development spectrum for both city planners and commercial developers to operate within, for a number of reasons which are discussed elsewhere in this review, and that desired outcomes tend to be both “slow and low” in occurring

We would note that whilst the 2012 report concludes that there is sufficient infill development capacity allocated within the SmartGrowth plan converting such capacity to a development outcome is uncertain at best – both as to time and quantum. Therefore we would recommend that the capacity analysis be reviewed on the basis that say over a twenty-five year period only 25 to 30% of that capacity might be delivered as new housing through infill and intensification activity.

In large part this is because acquiring and/or amalgamating parcels of land for that purpose is difficult and that the current owners also have many other drivers as to what, how, when they might choose to deal with that land for purposes other than the current use. Combined with often challenging issues of commercial viability in this spectrum of development will mean that whilst theoretical capacity might be available only a small portion of that is likely to be both available for development and viable for redevelopment and any period of time.

This is a key learning from the recent Auckland experience and has been and remains a matter of contention between the council and development sector throughout the PAUP process. Nonetheless recent decisions made by Auckland Council through that process have recognised and underlined the need for widespread and relatively low levels of infill and intensification development to occur throughout much of the existing urban area. Without that Auckland aspirations for a more compact and denser city are likely to remain unrealised.

Intensification Work Program – Review

This section provides a brief review of the SmartGrowth residential intensification work program.

In summary having reviewed the proposed work program it is concluded that this is broadly in accordance with many of the recommendations made throughout this report and is therefore supported. In particular, focus and resource should be applied to resolving work streams 3 – 5 as resolution of these work streams will largely inform decisions to be made, and potential housing outcomes, in the future direction of infill and intensification within the wider SmartGrowth program.

Specific comments are noted below: -

Work Stream 3 – Understand and Align with Market Drivers

It is recommended that in considering the role that TCC might play in delivering intensification the broadest consideration should be made based on a first principles approach, rather than a tweaking of current policies practices and processes

The review of city plan provisions should not be limited just to those of the City Living zone but should also consider those of the Suburban Residential zone and include consideration of a new “growth zone” within the suburban areas

Recognising the short remaining life of the HAASHA (Special Housing Areas) legislation consider, within any review of the City Plan provisions whether opportunities exist to replace this “fast-track” pathway with appropriate provisions within the City Plan (absent any legislative changes to embed the HAASHA provisions long term)

Work Stream 4 – Understand and Align with Consumer Preference

Recommend that this be completed as early as possible as it will both inform, and be informed by Work stream 3

Work Stream 5 – Infrastructure Servicing

This approach is supported by this report and is discussed elsewhere within this report. A sound understanding of the infrastructure capacity that exists, and/or the upgrades required, to support further infill/intensification will be key to both understanding those areas which are capable of further infill and should then be matched against both buyer preference and development viability to determine best fit and/or gaps

Work Stream 7 – Draft Package of Planning Provisions and Suite of Tools to Promote Intensification

In considering a draft package of planning provisions and tools to support intensification it is recommended that a first principles approach be adopted and that this is also informed by the widest consideration of successful (and unsuccessful) measures and practices across multiple jurisdictions both within NZ and elsewhere

Work Stream 8 – Community Engagement

Engaging with the community is fundamental to the ongoing success of infill and intensification outcomes, especially so within the broader existing suburban areas. Such engagement must provide a meaningful opportunity for the community to be heard, to participate and to contribute to the decisions finally made.

Such engagement is likely to require a long term commitment by TCC to a different approach so that it can secure and maintain a “licence to operate” for infill/intensification within existing neighbourhoods and communities over an extended period of time. Failure to do this is likely to lead to ongoing community opposition – Auckland is a clear and recent example of where this aspect was poorly handled through the PAUP pre-consultation periods with resulting negative feedback from existing communities, negative media pick-up on the issues, a poorly informed debate and a resultant lack of political will to prosecute that which had already been “agreed” through the Auckland Plan process

Work Stream 11 – SmartGrowth Strategy Implications

In addition to an evidence based intensification target develop a monitoring and outcomes measurement framework that can be updated on a regular basis so that the efficacy of a range of measures aimed at encouraging and enabling infill/intensification can be understood and future actions determined accordingly - “stop doing, start doing, keep doing”

Appendices

Property Developers Forum

23 March 2016

Andrew Mead

Tauranga City Council

Private Bag 12022

TAURANGA 3143

Dear Andrew

RE: Residential Intensification Review

The following comments are provided on behalf of the SmartGrowth Property Developers Forum (PDF) on the Residential Intensification Review - City Living Zone September 2015 prepared by Essential Consulting Group Limited.

The PDF accepts the analysis carried by Essential and strongly supports the recommendations made in the Intensification Work Program Review.

The analysis of infill and intensification opportunities under current controls makes sobering reading. The City Living Zone, intended to be the flagship zoning for promoting intensification, provides little real capacity for development. Similar conclusions are drawn for the Suburban Residential Zone. Clearly, if the Council is to make any significant inroads into providing for residential intensification, significant shifts in policy and practice are required.

The changes made to the Suburban Residential Zone through the last City Plan Review were a significant step backward in providing for residential intensification in the City and this is confirmed in the report. The decisions made on restricting development opportunities in the Suburban Residential Zone largely reflected a response to uninformed community feedback, as opposed to giving the required effect to strategic outcomes for the City that had been established in SmartGrowth and under the Regional Policy Statement.

The report identifies the need for careful community engagement in moving forward with plans for increasing opportunities for residential intensification. There will be an inevitable pushback from some members of the community and it will be incumbent on the Council to show leadership if progress is to be made toward enabling greater intensification.

A sustained programme of developing community understanding of the issues and implications for long term city growth will be needed.

The report appropriately identifies non-regulatory opportunities for Council to enable intensification by becoming an active manager and champion. These non-regulatory initiatives can of course be

implemented in the short term as they are not contingent on plan change processes being completed under the Resource Management Act.

There is strong support from the PDF for the recommendation to determine areas most suited for intensification and the interventions and investments that council might make in such areas to better enable and encourage the development community to then bring forward new development in such areas. Similarly, understanding infrastructure capacity across Tauranga, how intensification might consume that capacity, and how investment in infrastructure impacts on the capacity of the infrastructure to support desired intensification will be critical.

The report identifies potential areas of focus for infill and intensification including Matua, Otumoetai, Cherrywood and Tauranga South and the coastal frontage from Omanu through to Papamoa. Further refinement of these findings is needed and the PDF would welcome the opportunity to assist with this work.

The final recommendation, that monitoring of outcomes achieved through policy and updated on a regular basis, is also strongly supported. A suite of initiatives will be required to make real progress in this challenging area of urban planning. The efficacy of measures aimed at encouraging intensification need to be carefully monitored to ensure that they are effective, and if not, additional or alternative measures are put in place in a timely manner.

Thank you for the opportunity to comment on the report. We look forward to future involvement in this issue which is of critical importance to the future development of the city and sub-region.

Yours sincerely

Jeff Fletcher

Chairperson

SmartGrowth Property Developers Forum

Te Tumu Strategic Planning Study



PART ONE – EXECUTIVE SUMMARY

Overview

Report Structure

This Report is set out in four parts, as below:

- Part One – Overview;
- Part Two – Summary Technical Information;
- Part Three – Appendices (including all directly relevant technical reports referenced within Part One and Two of this report); and
- Part Four – Reference Documents.

Where specific properties or titles are referenced, this is based upon the site identification as outlined in *Attachment A – Part 3*.

Purpose

The potential rezoning of the Te Tumu Urban Growth Area for urbanisation was prioritised by SmartGrowth as part of the suite of Option 3B Settlement Pattern projects in response to concerns about maintaining sufficient greenfield development capacity in the short-term (within the next 10 years).

The purpose of the Te Tumu Strategic Planning Study is to:

- Consider resource management issues and responses for the possible urban development of the Te Tumu Urban Growth Area within the wider Eastern Corridor;
- Document (collate, analyse) key opportunities and constraints to urban development within Te Tumu;
- Assess and identify potential fatal flaws having regard to development impacts on the wider environment, and the commercial feasibility of urban development consistent with the SmartGrowth Strategy and the operative Regional Policy Statement and
- Determine (at a high level) the most appropriate location and density of housing, commercial, industrial and social infrastructure in order to deliver a compact, live, work, learn and play community as part of the continued development within the Eastern Corridor.

The Project Plan (*Attachment B – Part 3*) provides a full background, key steps and required outputs for this project.

Four key workstreams of this Study, as identified below, are discussed in this report:

- Constraints mapping and investigation;
- Financial viability (for both the public sector and developers/landowners);
- Infrastructure capacity assessment; and
- Tangata Whenua/cultural and heritage.

Constraints Mapping

The constraints mapping component of this project addresses the following constraints determined either through prior research or research and modelling undertaken through the Te Tumu Strategic Planning Study:

Constraints Considered	
Outstanding Natural Features and Landscapes	Important Amenity Landscapes
Natural Character Areas	Special Ecological Areas
Significant Archaeological Sites	Significant Maori Areas
Tsunami	Sea Level Rise
Flooding (from the Kaituna River)	Stormwater Management
Geotechnical and Liquefaction	Coastal Erosion

The consideration of these constraints enabled the identification of constrained land that is considered potentially inappropriate for urban development, and unconstrained land that able to be developed, as outlined in the table below. The output shows that 46% of the land area is free of planning constraints and has urban development potential.

Total Ha - All Development Blocks	
Constrained:	402.7
Unconstrained:	343.7
Total Assessed Area	746.4

The above planning constraints assessment excludes the following future land uses which will need to be provided for through a future structure plan/development process:

- provision for a 20ha active reserve (to meet Councils levels of service demand assessment);
- potential school sites (of which it is anticipated that there would be two primary schools and one secondary school); and
- land required for roading purposes, such as collector roads).

It is recognised that opportunities exist to increase the developable area for additional urban development through flood plain and tsunami risk analysis and mitigation. This would require more in-depth analysis, including modelling and risk analysis to determine whether such developable land areas can appropriately be mitigated to acceptable risk levels.

High level analysis to date suggests that approximately 70ha could be found to further accommodate urban development if flood mitigation to acceptable levels was able to be undertaken along specified parts of the Kaituna River, outside of natural character, landscape, ecological and archaeological and cultural areas and through managing identified tsunami susceptibility along the open coast of Te Tumu.

Review of Titles and Identification of Encumbrances

As part of undertaking an assessment of constraints an assessment of encumbrances on titles was undertaken. Part of this has been to identify what, if any, the identified encumbrances will have on future urban development.

The assessment covered the following:

- Review all titles within the study area;
- Identifying any encumbrances/risk to potential urban development on any title; and
- Describing the implications of any encumbrances/risk to potential urban development on any title and determining a pathway to remove any encumbrances and determine the likelihood of removal.

The assessment identified a range of minor encumbrances on a number of titles, however these would not significantly affect land from future development. However so, 6 blocks are held as Maori freehold land titles, two of which have significant development potential and would be required for infrastructure connections to enable future development.

Maori freehold land cannot be alienated, other than in accordance with the provisions of Te Ture Whenua Act (s146 TTWM). Alienation includes every form of disposition of Maori land, making or granting of leases or licences for more than 3 years, easements, encumbrances or an agreement to taking land under the Public Works Act. This means that the trustees of those particular blocks have the capacity to alienate whole or part of Maori freehold land in accordance with s150A (which sets out further restrictions, including on the sale of Maori freehold land). In order to undertake future development a decision by any trust which manages land on behalf of shareholders must obtain a 75% vote from the beneficiaries in favour of any proposal. The proposal will then need to be taken to the Maori Land Court (the Court) for approval.

With regard to the development of transport and water infrastructure across any of these land areas, the usual process is to obtain the 75% majority for a roadway order or a water related easement being granted by the Court. Once the order is granted, the order entitles a certain class of persons, or the entire public to access the land. Who is granted access is dependent on the order being sought, and the Tauranga City Council would need to be involved in the proceedings to ensure the correct order was sought. Once the order is granted by the Court, the land remains Maori freehold land, subject to the order, on the affected portion. This is a preferred model over the acquisition of the land using the Public Works Act 1981 (PWA).

The PWA can be utilised to compulsorily acquire that portion of land where the infrastructure is to be located. The Maori Land Court prefers that local authorities use the less draconian method of seeking orders over the land to grant the right of way or easement. Depending on the ultimate form of the proposed development, this issue will need to be examined more closely.

There are two risks with the development of multiple owned Maori land within Te Tumu. The first is that development will not proceed at all and preclude the ability of non- multiple owned Maori land to be developed (and therefore the entire growth area). The risk is that if, at a minimum, Site 1 is not enabled to have development proceed on it then, without an alternate financially viable infrastructure route, Te Tumu will not be able to proceed and SmartGrowth will need to consider alternate options for housing future urban growth outside of the current Papamoa East corridor settlement pattern.

The second potential risk is that development may not proceed on the multiple owned Maori land blocks (but infrastructure is provided through the blocks to non- multiple owned Maori) land. The risk is that infrastructure capacity would be provided for development potential to proceed on the multiple owned Maori land blocks, but it is not taken up. The result is potential cost to the Tauranga City Council (TCC) through under-collection of development contributions for infrastructure provided to the boundary of Te Tumu. This second potential risk is further examined in the conclusions section of Part 1, and within the Financial Viability section within Part 2 and 3 of this report.

Tangata Whenua /Cultural and Heritage Engagement

The Tangata Whenua /Cultural and Heritage component of this project aimed to address:

- The identification and mapping of Significant Maori Areas and Significant Archaeological Sites, cultural landscapes and other taonga. Discussions with iwi and hapu associated with these as to desired/potential mechanisms including the extent of land area affected in the overall Te Tumu Growth Area;
- Potential environmental concerns of iwi/hapu in relation to development in Te Tumu and desired potential mechanisms to address these concerns;
- Potential concerns and impacts on the Kaituna River of development in Te Tumu with a particular focus on the issues of concern to Te Maru o Kaituna River Authority;
- Statutory Acknowledgements and potential impacts on development within Te Tumu; and
- The aspirations of Maori landowners in relation to utilisation of their land holdings in Te Tumu.

Under section 6(e) and (f) of the Resource Management Act TCC is required to recognise and provide for the protection and cultural relationships of these areas. The operative Regional Policy Statement assessment process recognises that it is only appropriate for Maori to identify their relationship and that of their culture and traditions with their ancestral lands, water, areas, waahi tapu and other taonga; and the extent of the values associated with these areas.

The Te Tumu Urban Growth Area and the adjoining Wairakei Urban Growth Area is an area where historically multiple iwi and hapu have been associated, including both Tauranga Moana iwi and hapu and Te Arawa iwi and hapu. Given this, a large number of iwi and hapu have been involved in this component of the Study.

The following Iwi and Hapu were engaged through this Study - Ngai Te Rangi; Ngati Pukenga; Nga Potiki; Tapuika; Ngati Whakaue ki Maketu; Waitaha; Ngati Pikiao; Te Ure O Uenukukoopako; Ngati Whakaue; Ngati Rangiwewehi; Ngati Rangiteaorere.

Of these iwi and hapu Ngai Te Rangi; Ngati Pukenga; Nga Potiki; Tapuika; Ngati Whakaue ki Maketu; Waitaha have relationships with the TCC and are based in the Western Bay of Plenty. Cultural Impact Assessments for the previous Papamoa East Urban Development Strategy involved Nga Potiki; Tapuika; Ngati Whakaue ki Maketu; Waitaha.

These have been the key iwi/hapu in relation to the cultural heritage workstream TCC has worked with to understand key issues with potential urbanisation of Te Tumu. Other iwi hapu identified as having links to the area were also advised of the Study and invited to participate. At this stage of the Study many of the Rotorua based Te Arawa iwi and hapu have opted to be kept informed of progress of the Study through newsletter updates.

In addition contact was made with the SmartGrowth Combined Tangata Whenua Forum; the Tauranga Moana Tangata Whenua Collective (TCC) and the Partnership Forums of the Western Bay of Plenty District Council. These groups received presentations and the opportunity for feedback on the Study so that all tangata whenua in the wider context of the Western Bay of Plenty were aware of the Study and the contacts for the study.

The outputs of all engagement did not identify any fatal flaws to progressing urban development, however further additional engagement is required through formal structure planning and Schedule 1 Resource Management Act processes. It is noted that high level issues, as further outlined in Part 2 of this report, are:

- The need to take into account the development of the Kaituna River Document in terms of the Strategic Study and the need to ensure TMOKRA was kept up to date on study and its outcomes;
- Potential impacts on the Kaituna River;
- The cultural effects of development on Maori Stakeholders;
- The likely housing densities and stormwater and infrastructure provisions; and
- Water takes, water usage and quality and the roading network.

Open Space and Community/Recreation Facility Assessment

An initial assessment has been prepared for the purpose of identifying the open space network and community/recreation facilities for the Te Tumu (and Wairakei) Urban Growth Areas. The information in this assessment is largely driven by existing TCC strategy and levels of service. The assessment is intended to provide a starting point to assess open space and community/recreation facility requirements mainly in terms of land area, locational considerations, and to meet the requirements of the approved project plan for this Study.

The assessment covered four key areas:

- active reserve requirements;
- local reserve requirements;
- community and recreation facilities provision; and
- sub-regional/regional park provision.

The assessment recognises that 20 hectares of land is required to enable development of approximately five sportsfields which would yield around 70 additional field hours per week. Such a facility would be made up of:

- 5 x playing fields;
- Hard surfaces such as internal roads, pathways and carparks;
- Hard courts or specialised surfaces if required;
- Public toilets, changing facilities, club rooms and storage;
- Playground;
- Vegetation; and
- Balance areas.

The assessment also provides for a range of considerations on wider community and recreation provision and pathways for future considerations through the structure plan process which is discussed further in Part 2 of this report.

Other Community Requirements / Social Infrastructure

In addition to TCC-supplied community requirements there is a need to consider and provide sufficient land for the delivery of community facilities by other parties.

Education

TCC has worked closely with the Ministry of Education to understand the requirement for primary and secondary education, both within the local area and any residual demand from the Wairakei area, to ensure that adequate land in appropriate locations is provided. To date, and based upon the dwelling statistics generated through the development scenarios, it is anticipated that two primary schools and one secondary school would need to be provided for within Te Tumu along with another primary school within Wairakei.

A discussion was also held with the Bay of Plenty Polytech on potential growth within the Eastern Corridor. The Polytech's position was that they did not see investment in a "significant" campus within Pamamoa East, however recognised that it is quite possible that the Institution (or the Bay of Plenty Tertiary Partnership) might invest in the establishment of a mini campus or "connection hub", if alternatives were not available or not suitable into the future in locations elsewhere within the City. Further engagement with the Ministry of Education and tertiary education providers will be required through future structure planning processes.

Health

Initial conversations with staff at the Bay of Plenty District Health Board identified that the likely required facilities for Papamoa East would be day surgery facilities and likely located within the planned Wairakei Town Centre. Although it appears easy to assume private or public primary or secondary health facilities can be contained within the Wairakei Town Centre area, there is a need to work with the Ministry of Health, Bay of Plenty District Health Board, Public Health Organisations and private operators to determine in advance the potential depth and scale of any provision, and understand the land requirements of this. Within the context of an ageing population, and a journey of some 25km to 30km to other main primary health centres within Tauranga, there appears to be significant opportunity to provide health facilities within Wairakei/Te Tumu that can cater for the medical needs of Papamoa East.

Emergency Services

Each of the emergency services is currently considering their needs for the wider Papamoa East area and the Wairakei Town Centre/Employment areas located off the Papamoa East interchange significantly provides for opportunities to provide for such services, and for these services to access the wider Papamoa East area. There is a need to work closely with these providers to determine whether additional facilities are required within Te Tumu to achieve service response levels, and whether these could be co-located with each other and potentially with other facilities, such as health.

Infrastructure

The infrastructure component of this project investigates the implications for infrastructure servicing of undertaking varying landuse scenarios (location and density) within Te Tumu. This has been a composite of existing modelling work undertaken and ensuring that analysis sits within identified urban development scenarios being developed and assessed.

The infrastructure investigation is focused on assessing and detailing the available infrastructure at main entry / exit points to the Te Tumu Urban Growth Area, specifically, water supply, wastewater and transportation.

To consider this, a roading and water main layout for investigation purposes was developed to reflect a likely roading hierarchy. It is further coupled with a wider wastewater network (including pump stations) which would provide the necessary services for a maximum population of approximately 16,500 persons. This is the base design in which all infrastructure modelling has been undertaken. As part of this network, timing of development and uptake of housing has also been considered for purposes of financial viability assessment and considered through the infrastructure assessment.

Transportation Assessment

The transportation assessment component of this analysis assessed three possible land-use permutations for Wairakei and Te Tumu, in terms of confirming the need for four-lane arterial and collector roads and their timing relative to two road networks, with or without the provision of the Papamoa East Interchange (PEI) on the Tauranga Eastern Link - State Highway 2 (TEL).

The sensitivity testing is Stage 1 of a two-stage modelling scope and process. Stage 2, which is now underway, will model a single feasible land-use scenario across a variety of refined road network permutations that have been informed by these Stage 1 findings. Outputs will be reported on separately to relevant parties once completed and will inform the structure plan process and TCC investment strategies.

The Stage 1 results from a sensitivity analysis of land use densities in Wairakei and Te Tumu have confirmed that the earlier provision of the PEI has the potential to avoid the need for widening a number of local arterial and collector roads. This may be desirable from both an economic (cost avoidance) and urban planning (e.g. liveability and safety) perspective.

The findings of Stage 1 indicate sensitivity to land use density assumptions on some of the roads in question. However, there appears to be greater sensitivity to the provision of regional access in terms of the PEI and the Kaituna Link. The next Stage 2 modelling will therefore be focussed on modelling a single, refined land use to investigate these network effects in more detail as to their need and timing.

Water Assessment

Water supply to the Te Tumu Urban Growth Area has been planned for from the existing (and planned) TCC reticulated network. The supply would be taken from the coastal strip area (Wairakei) supplied by the new Waiari Water Treatment Plant which is due to be constructed in 2018 and operational by 2021.

The modelling undertaken by MWH estimated peak demand for Te Tumu in 2051 of 100 L/s, or approximately 6,800 m³ per day based on a 15,100 population. This aligns with TCC design standards of the base population scenarios considered.

The long term potable water servicing of Te Tumu has been re-modelled as part of this current analysis. The purpose of the analysis was to check the capacity available 'at the gate' of Te Tumu in 2023 and the infrastructure predicted to 2051. Two scenarios were run:

- Development at 15 dwellings per hectare; and
- Development at mixed housing densities as per RPS (Australia) Te Tumu Density Analysis Report.

The results of this modelling indicated:

- There is no difference between the two scenarios;
- The proposed network at 2023 can support around 2750 dwellings (or dwelling unit equivalents);

It is noted that within the assessment report planning controls are recommended to address issues around development staging and infrastructure provision (i.e the requirement for a sequencing schedule to align growth with infrastructure provision and capacity).

Wastewater

The provision of wastewater services for Te Tumu into the City network was modelled by URS in 2010 and has been included in TCC's long term planning.

The URS waste water model (Wairakei - Report 2, Pipe line upgrades) provides for approximately 20,000 residential population in Te Tumu at 2051. The modelling by URS is considered sufficient to assess the feasibility of servicing the area at medium density 16,500.

The proposed form of the Te Tumu system would follow Wairakei as trunk mains with a series of pumps stations and service mains. This has the ability to be extended as development occurs/and or as density increases.

The upgraded Wairakei trunk wastewater system will need to be completed to enable development in Te Tumu, which is currently being planned. The new Wairakei trunk pump station is due to be constructed from 2018-19. This first stage (Stage 1) does not include for significant flow from Te Tumu, however extra capacity (Stage 2) is provided for in current design work through pump upgrades. Therefore, capacity to service Te Tumu can be catered for as development is initiated and the flow increases.

The TCC plant (Te Maunga) is the primary wastewater treatment facility for this area. Significant upgrades are planned to for both the existing reticulation system and treatment system to cater for Citywide growth. Funding is provided within the TCC Long Term Plan and 30 Year Infrastructure Strategy.

Summary Conclusions (Water/Wastewater)

The provision of water and wastewater to the Te Tumu Urban Growth Area, commencing around 2021, can be accommodated from the TCC systems as existing and planned, and capacity will be available within the existing water and wastewater networks to enable growth to proceed within Te Tumu once provided to its boundary. Additional network upgrades would progressively be required as development and density is delivered. The analysis has assumed a maximum population of 16,500 which could be provided for under the designed networks. Planning controls (development of a sequencing schedule) are recommended to address issues around development staging and infrastructure provision.

Alternative Infrastructure

SmartGrowth engaged GHD in February 2016, to undertake a desktop assessment of alternative water and wastewater servicing options to service the Te Tumu Urban Growth Area, as part of the Te Tumu Strategic Planning Study.

The assessment included:

- Identifying ways in which development in Te Tumu could commence at an appropriate time without the need for significant lead infrastructure (water/wastewater) investment by TCC that would need to be debt funded;
- Allowing development costs to be reduced which would make it possible to deliver housing that is more affordable; and
- The provision of private infrastructure.

A preliminary feasibility assessment was used to better define and shortlist options for further consideration. The assessment showed alternative servicing options to generally consist of low levels of feasibility. The assessment showed a viable and consentable raw water source to be critical to developing an effective alternative potable water option. Similarly, the assessment showed alternative wastewater servicing options to be reliant on identifying a socially, culturally and environmentally acceptable effluent disposal option. Based on the findings of the preliminary feasibility assessment, the following alternative servicing options were shortlisted, costed and assessed.

Potable Water Options Selected for Further Consideration:

- Groundwater from Te Tumu (noting no source has been identified and further investigation would be required);
- River water via Kaituna River (noting that an intake location has previously been identified, further investigation would be required);
- Sea water via desalination (noting no in-take location has been identified and further investigation would be required); and
- Groundwater from Rangiuru (via deep water bores in Rangiuru Business Park).

Wastewater Options Selected for Further Consideration:

- Wastewater treatment via a dedicated Wastewater Treatment Plant in Te Tumu (disposal to be confirmed); and
- Wastewater treatment via Western Bay of Plenty District Council's Te Puke Wastewater Treatment Plant (disposal to existing source).

A number of alternative options identified for consideration were also deemed infeasible, or unsuitable for further consideration as part of this study, as follows:

Potable Water Options Not Selected for Further Consideration

- The use of rainwater harvesting tanks, as the primary source of potable water supplies for Te Tumu, was deemed unviable. A public water supply system, designed to meet public health requirements, and seasonal and peak time variations, including firefighting requirements, is considered necessary at a development of the proposed scale and density, to meet principles established under TCC's City Plan, Infrastructure Development Code, and SmartGrowth;

- Communal rainwater harvesting, where stormwater runoff is collected and treated centrally, prior to supply as potable water, was deemed infeasible due to risks associated with the reliability of service, similarly to the option of rainwater harvesting tanks; and
- The reuse of recycled wastewater, for supplying potable water purposes, was deemed unviable under the current social and regulatory context in New Zealand. The reuse of wastewater is not currently practiced in New Zealand, and is a rarity globally. This option is therefore expected to face significant regulatory challenges, with respect to meeting (or confirming) public health requirements, and principles established under TCC's City Plan, Infrastructure Development Code, and SmartGrowth. This option is also expected to generate considerable resistance from the public, and Mana Whenua.

Wastewater Options Not Selected for Further Consideration

- The use of septic tanks to manage wastewater discharges from Te Tumu was deemed unviable with respect to principles and requirements for wastewater reticulation, treatment and disposal, established under TCC's City Plan, Infrastructure Development Code, and SmartGrowth. The option is also considered unviable under the BOPDC's Water and Land Plan.
- The collection of wastewater within a communal storage facility, for trucking to the Te Maunga Wastewater Treatment Plant, was also deemed unlikely to be viable, except on a very short-term basis, due to the high volume of truck journeys (and associated risks relating to traffic) that would be generated.
- The reuse of recycled wastewater, for supplying non-potable water purposes, has been deemed unviable, as non-potable residential demand is only expected to account for up to 30% of the recycled wastewater source. The feasibility of this option therefore relies on an alternative use, such as irrigation, to sufficiently compensate the costs associated with the higher level of treatment and reticulation networks required. This option also requires considerable further consideration with respect to social, cultural and environmental effects.

A multi criteria analysis was undertaken to allow the water and wastewater servicing options to be assessed in a quantitative manner, to reflect the wide set of drivers that would influence the likelihood of each option being deemed viable, should further investigations be undertaken. Results of the MCA are summarised below, with a wider discussion on the methodology within the relevant section of Part 2 of this report, and contained within the appendices.

Option MCA Score	
Water Options	
Baseline Option	36
Groundwater Bores in Te Tumu	29
Kaituna River Take	24
Desalination	19
Groundwater from Rangiora	29

Wastewater Option	
Baseline	35
Dedicated WWTP in Te Tumu	26
Discharging to Te Puke WWTP	26

The multi criteria analysis shows the baseline options to score considerably better than the alternative options considered. This reflects the high risk associated with alternative servicing options when considered against key criteria such as feasibility, costs, and deliverability (statutory requirements and established timeframes).

The conclusions, in summary, are that TCC's proposed strategy for servicing Te Tumu aligns with its Infrastructure Strategy for servicing the wider region. The baseline options for both water and wastewater services are therefore considered the most developed, and as such viable, for meeting regulatory requirements and established timeframes for development (i.e. 2021).

Pursuing alternative servicing options poses a high risk of significant expenditure, with no guarantee of a viable alternative servicing option(s) being identified. Key reasons for this include:

- A lack of viable alternative raw water sources, or wastewater disposal options, having been identified to date;
- Timeframes and costs generally associated with confirming the viability of water and wastewater schemes of the scale that will be required for Te Tumu; and
- Delivering additional water and wastewater schemes specific for Te Tumu, when baseline options based on consented citywide schemes are available, generates a risk of duplicating social, cultural, environmental and economic effects (additional social, cultural, environmental and/or economic benefits are therefore expected to be required to meet consenting requirements for a separate stand-alone option for Te Tumu).

Density and Commercial/Retail Assessment

An assessment of density provision and opportunities to increase density within Te Tumu was undertaken as part of the Te Tumu Strategic Planning Study by RPS (Australia). This assessment sought to consider potential opportunity for additional greenfield density to be delivered in line with the compact city approach within the SmartGrowth Strategy.

This assessment considered whether higher density residential development may be a commercially feasible option in Te Tumu (similar to that being delivered in Hobsonville, Auckland) and whether Te Tumu landowners and developers are supportive of this type of development concept.

Further investigation was undertaken on the linkages between the proposed Rangiuru Business Park and the quantum of industrial land required in Te Tumu itself, and the appropriate size and scale of the Wairakei Town Centre including how far it extends into Te Tumu and what institutional land uses (e.g. hospital or tertiary education) may be desired to ensure Papamoa East is developed as far as possible as an integrated community of its own, and within the context of the larger City.

The purpose of this work was to recognise that within Tauranga there has historically, and recently, been a low level of medium and high density residential development. In terms of the successful delivery of higher densities, the high rise / high density zoned areas in the Mount North area are where the densest residential development has occurred (31.3 dwellings per hectare).

In respect of greenfield development in Tauranga there is little in the way of substantial residential developments that have delivered yields in excess of 15 dwellings per hectare. The notable exception to this is the large retirement/lifestyle villages that have been developed within the city's new suburbs.

The assessment concluded that:

- The median average residential density of the reviewed New Zealand and Australian developments applicable to development within Te Tumu was 17.1 dw/ha Net;
- Allowing for an anticipated increase in density of 5-7 dwellings per hectare, over a 30-50 year development horizon, the projected density for Te Tumu is expected to be approximately 24.0 dw/ha;
- This would achieve, if delivered, approximately 7,846 dwellings and 15,817 people (Note: when a subsequent and full assessment of constraints is made approximately 7,705 dwellings and 14,878 people could be delivered); and
- Areas for residential density should generally be co-located with neighbourhood reserves, along passive open space corridors, and in areas adjacent to community uses or retail/employment opportunities.

The outputs are shown on *Figure 1*, below.

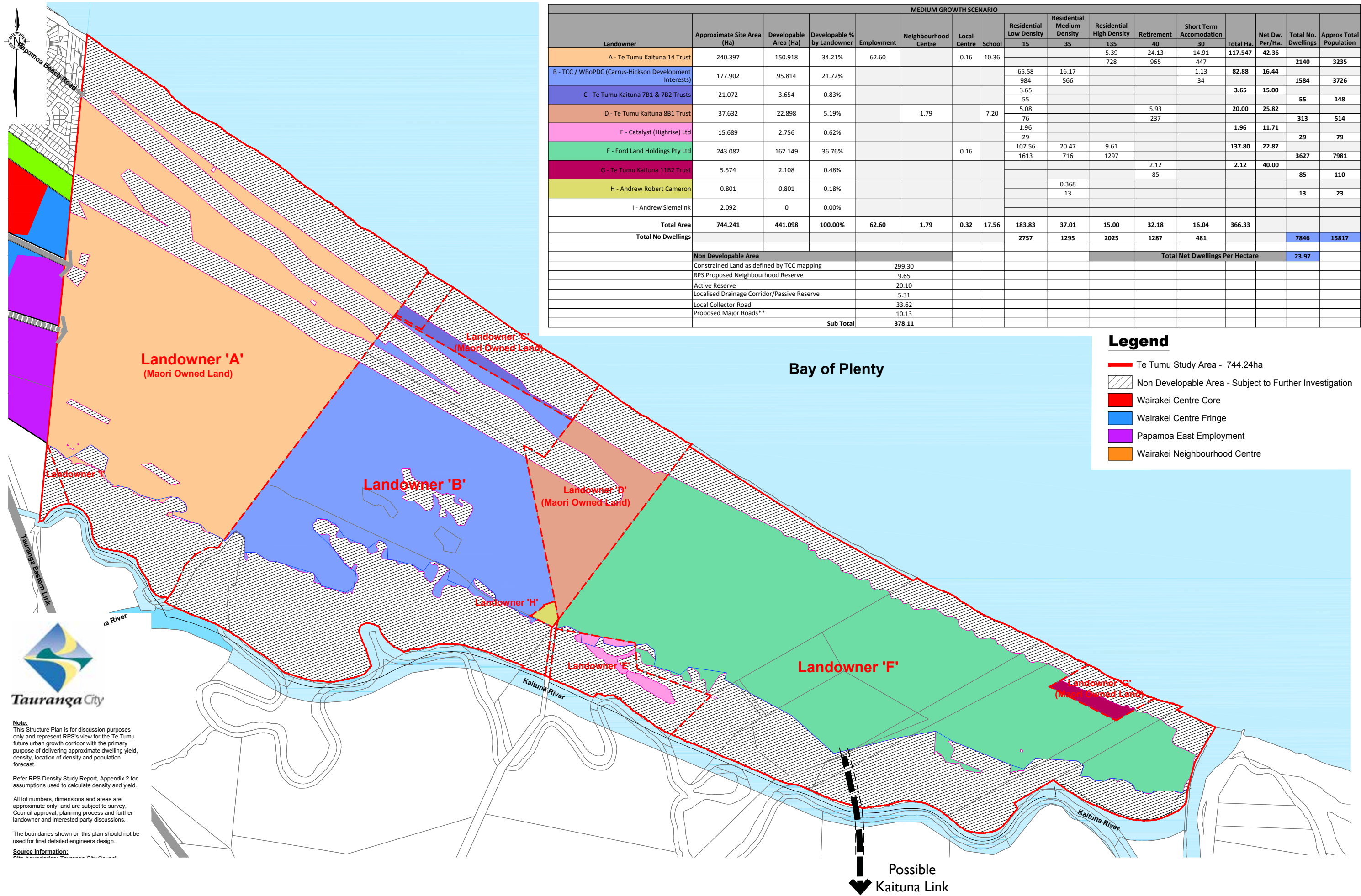


Figure 1: Te Tumu Possible Density Development.

The assessment also considered what, if anything, TCC (and SmartGrowth) could do to encourage the delivery of higher residential densities. Recommendations include:

- Reduced infrastructure charges if dwelling targets are reached, in particular if certain dwelling types are delivered (i.e. terrace or townhouse product);
- Height concessions (above 17.5m) if good design prevails (i.e. increased sustainability measures or demonstrated affordability with 'x' no. dwellings below the median price);
- Reduced parking requirements if medium density is delivered in the nominated zones and less than 100m to public transport route;
- Design and locate neighbourhood reserves to deliver on core urban design principles;
- Investigate alternate form of house delivery model with builders (i.e. 20-30 houses designed, tendered and built at a fixed price, similar to apartment sales model); and
- TCC build a demonstrator small lot house (below median price) in conjunction with a builder in order to illustrate the attractiveness and feasibility of compact housing types.

It is recognised that within the assessment there are a range of key factors/assumptions that, if altered, could result in demand for materially higher or lower residential densities, being:

1. An ageing population;
2. The large amount of multiple owned Maori land, estimated to be approximately 179.46ha of developable land when no tsunami or stormwater constraints are considered;
3. Price of land increases as a result of demand due to increasing unaffordability of housing in Auckland. This is likely to change current market demand and drive down average lot sizes.

RPS also undertook assessment of the provision of industrial land within Wairakei and Te Tumu to consider the future economic future of the area, the nature of work and the tension between planning objectives and the (usually) shorter term market demands. RPS identified that the preferred outcome for Te Tumu is best delivered by a 75% employment self-containment option which would provide the opportunity for the majority of employment to be hosted locally within the remainder supporting other precincts throughout the City.

The outputs of the assessment identified that the provision of 110Ha (+/- 10%) of industrial land at Wairakei / Te Tumu (in total) will provide the best balance between the employment needs of the community, the desire to establish local employment opportunities while generating a regional supply of industrial land that is the best match for the long term needs of the community.

Currently TCC are proposing to rezone employment zoned areas within Wairakei as a result of the Special Housing Areas created along parts of the length of Te Okuroa Drive. The result of this will likely result in approximately 66ha of employment land being required to be provided for within Te Tumu that would support local employment and create a core around the Wairakei Town Centre, and surrounding existing employment zoned land area.

As part of the assessment consideration of activity centres (commercial centres) was considered. The activity centres network for Wairakei and Te Tumu is recommended to include:

- A town centre (being the existing zoned Wairakei Town Centre) that will serve as the retail core and central focus for employment, services and retail. This area will be proximate to the industrial area to allow for a scaling of land uses and the creation of strong economic and social linkages. The retail footprint of the town centre will range from 30,000 Sq M to 40,000 Sq M and the zoned area should be 26Ha (+/- 10%);
- 2 secondary centres (including Papamoa Junction) – these are intended to contain a supermarket and related retail. At the low or medium density population scenarios, one of these areas may not host a supermarket (due to lack of demand). Papamoa Junction is the likely location for the third supermarket (ahead of the other centre) as it is capable of being developed in the short term. These centres are expected to host 6,000 to 7,000 Sq M of retail space; and
- A series of local centres.

All of this analysis provides a baseline for landuse provision within Te Tumu through the structure plan process and supports how the existing zoned areas of the Wairakei Town Centre are currently provided for.

Financial Viability

The financial viability aspect of the project aims to address whether development is financially viable in Te Tumu, based predominantly on infrastructure and land development costs. The term financial viability refers to whether development would be sufficiently profitable for the developer/landowner to be willing to undertake, and for project finance to be secured. This is assessed:

- To ensure that the SmartGrowth settlement pattern is realistic and could be delivered. It is important that growth is not allocated to areas that would be financially unviable to develop;
- TCC has, and would need to continue to invest millions of dollars to service new growth areas. To enable new urban growth areas to occur this investment is often in the form of lead infrastructure and is required prior to development commencing. Given this, any Council like TCC can face significant financial challenges if infrastructure investment occurs in areas that prove to be financially unviable to development;
- In a general sense it is much more difficult to put together a financially viable development now than it was say 10 or 20 years ago in the Western Bay of Plenty; and
- There can be a significant difference between the financial viability of development in different parts of the sub region due to varying development costs and market prices for sections in different locations.

To assess the feasibility of development in Te Tumu a financial model was built which assessed development scenarios. This is a model that includes all of the costs and revenues associated with land development and the timing thereof, including all infrastructure required to deliver development. The model allows the financial performance of a development proposal to be calculated from the perspective of the developer (at either an Urban Growth Area level, or specific landowner development land area).

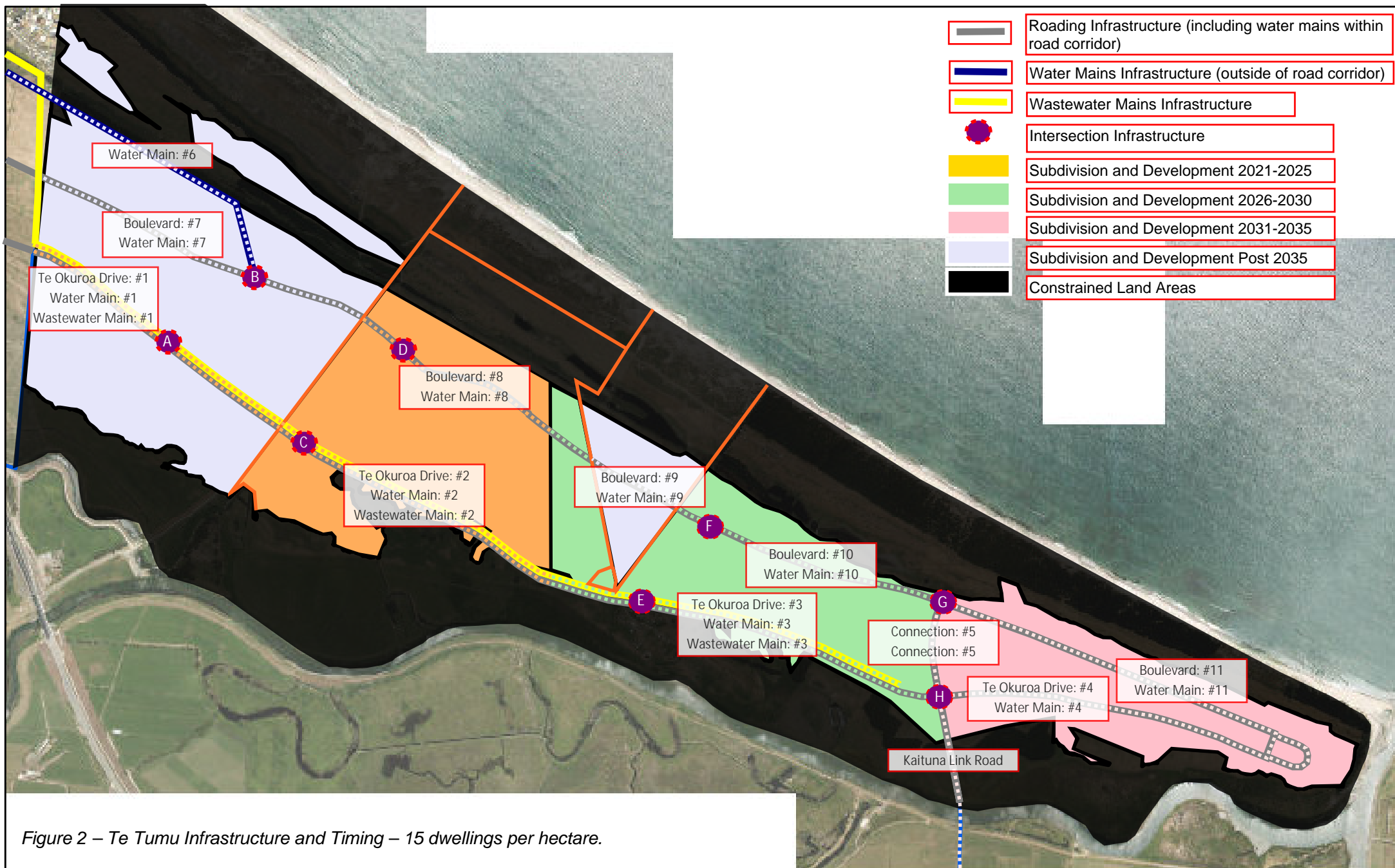
One key scenario was modelled, as summarised below:

- 15 dwelling p/ha residential scenario over land identified;
- Full planning constrained land considered;
- No active reserve (however a 20ha reserve will be required to provide for recreational use and demand);
- 66ha of employment land;
- No education land (however 2 primary schools and 1 secondary school are expected to be required to provide for education requirements);
- Infrastructure network providing for a population of 16,500 persons; and
- No provision for Stage 1 and 2 of the Papamoa East Interchange, nor the Kaituna Link (which has been estimated to cost \$67.8M).

Timing of infrastructure and development was considered to occur in a sequential manner as shown in *Figure 2*.

The above scenario is considered to be the low (and 'worst case') scenario at 15 dwellings per hectare. For the purposes of the assessment 2.2 persons per dwelling was utilised. As a result the following population and dwellings would be delivered within Te Tumu under this scenario.

Scenario	15 dwellings per hectare scenario
Population	8,646
Dwellings	3,930



Te Tumu Infrastructure Provision and Timing

No specific modelling was undertaken to determine financial modelling above the assessed scenario. This is because the outputs of the tested scenario performed well against the considered 'worst case' scenario. Given a low population was tested with a high infrastructure provision it is considered that any density above the baseline assessed will also be viable (up to a population of 16,500). From there, viability would need to be remodelled and new infrastructure assessments undertaken.

The base model outputs show that the overall growth area as having a high level of viability. The Gross Margin is over 37% and the Return on Equity 11.7%. As well as looking at Te Tumu from an overall basis, TCC also modelled the development viability of the four land blocks with unconstrained land areas in Te Tumu on an individual basis. The principle difference from the overall model related to the key infrastructure to be completed by developers. In the overall model this was averaged into a general cost per ha. In the individual models, these projects were specifically allocated to each land owner.

Site 4

1. *This development is expected to be the first development area within Te Tumu. The model assumes that the developer of Site 4 will first construct Te Okura Drive (with water and wastewater) through the Tumu Kaituna 14 block – Site 1. This scenario includes the reimbursement for the Kaituna Overflow Stormwater swale which is indicatively considered to be located over this Site. This block is expected to take 6-7 years to fully develop. This block looks highly viable, with a Gross Margin of 37% and an internal Rate of Return of about 20%.*

Site 11

2. *This development is expected to be the second development area within Te Tumu. The model assumes that the developer of Site 11 will initially connect to the infrastructure on Te Okura Drive at the shared boundary with the Site 4 block. By 2030 it is expected that traffic volumes along Te Okura Drive will require the construction of the Boulevard (from Wairakei) through Sites 1 and 9 to the boundary of Site 11. The model assumes that the developer of Site 11 will construct the Boulevard with water and wastewater infrastructure as part of the road construction. This block is expected to take 9-10 years to fully develop. The major difference with this development is the desire of the current landowner to achieve a much higher density and to construct the Kaituna Link Road. Therefore this scenario uses an average density of 23 lots per ha and the costs of developing this road (\$67.8M for road and an assumed project cost of \$12M for link to TEL). This block looks highly viable, with a Gross Margin of 30% and an internal Rate of Return of about 20%. This return is highly reliant on achieving the targeted densities, with a reduction in density to 20 lots per ha only giving a 16% Gross Margin. (The Report writers note that the development of Site 11 without the Kaituna Link project and on ramp at 15 lots per ha is viable).*

Site 1

3. *This development is modelled to commence after 2035. The model assumes that this developer will refund the other developers who have already constructed infrastructure through this land at this time (i.e. developers of Site 4 and 11). Due to the distance into the future this is a very approximate model and assumes a very slow development rate (around 2.5 ha per year). It does not take into account the impact of any industrial development that may also be happening (which would be likely to improve viability). This block looks viable, with a Gross Margin of 31%, but only has an internal Rate of Return of about 4% due to the very slow growth assumptions. It is noted that Site 1 is multiple owned Maori land.*

Site 9

4. *This development is modelled to commence after 2035. The model assumes that this developer will refund the other developers who have already constructed infrastructure through this land at this time (Site 11 developer). Due to the distance into the future this is a very approximate model and assumes a very slow development rate (around 2.5 ha per year). However there is a relatively small amount of key infrastructure required in this area (e.g. Te Okuroa Drive does not go through it). This block looks very viable, with a Gross Margin of 37%, and an internal Rate of Return of about 18%. Because of its relatively small size (15.8ha) it is not significantly impacted by the slow growth assumptions. It is noted that Site 9 is multiple owned Maori land.*

Both the model itself, the outputs and conclusions have been independently reviewed and found to be reasonable. Further, the proposed methodology to deliver Te Tumu (i.e. all internal infrastructure being developer funded) will enable TCC to see considerable development occur (up to around 800 sections) before it undertakes significant levels of debt. This considerably reduces TCC's balance sheet risk.

Based upon the information assessed, and modelling undertaken, there is no reason why Te Tumu should now not be progressed towards the development of a structure plan and Resource Management Act planning process. It is logical that development of Te Tumu is staged to commence once infrastructure is available to its boundary and all required structure planning and Resource Management Act planning is undertaken.

Conclusions

1. Developable Land:

As Te Tumu is a post 2021 growth area within the operative Regional Policy Statement, and currently lacks any infrastructure to support development, progressing opening of the growth area prior to 2021 is unlikely. Opportunities exist to bring development forward if land capacity analysis shows the need for such an outcome, however a change to the Regional Policy Statement will also be required to enable this to occur.

If development were to proceed ahead of the current 2021 date, then this would also be dependent on the delivery of infrastructure to the boundary of Te Tumu occurring before 2021 (i.e. Te Okuroa Drive, Water and Wastewater networks) and identified infrastructure corridors being provided over Site 1 of the Te Tumu Urban Growth Area. Any decisions to bring forward infrastructure delivery will be TCC dependent and subject to funding capacity, demand for residential land and the ability to provide for infrastructure ahead of current project timing, unless viable consentable alternatives can be implemented prior to 2021.

2. Constrained Land

Based upon current assessment the Te Tumu Urban Growth Area is significantly constrained from development. Approximately 46% of the land area is free from identified and assessed constraints. The potential exists to increase the developable land by an additional 70 hectares if flood mitigation measures along the Kaituna River are put in place.

Any remaining constrained land would likely be vested as reserve or remain in current landownership (i.e. multiple owned Maori land or where a landowner sought to retain ownership). If this occurred a management regime would need to be developed to ensure the values prescribed to these areas were not eroded by inappropriate access over private land, which will likely occur as a result of urban population near river and coastal margins. Opportunities exist to develop a network of reserves through these constrained land areas (providing appropriate public access to the coast and river margins) and a potential regional park. The constrained areas could also result in provision of greater amenity which would aid in the delivery of greater density within the growth area in proximity to these areas.

3. Financial Viability

The outcomes of the financial viability modelling show that Te Tumu will be viable under a 'worst case' scenario (i.e. fully constrained land/density of 15 dwellings per hectare). The break-even sale price giving a 20% gross margin (TCC's minimum requirement) is met in this scenario tested. Viability would only increase in Te Tumu if density is increased upwards of the base scenario to 16,500 population. At this time, additional viability assessment would need to be undertaken and assessed against the need for additional infrastructure capacity.

It is noted that this work excludes Stage 2 and 3 of PEI and the Kaituna Link (Kaituna Link is estimated to cost \$67.8M, including bridging and roading upgrades through to Rangiuru). Future transport modelling and political decision-making will determine the likelihood of these projects being required. It will be heavily reliant upon significant density being achieved within Te Tumu and Rangiuru being a significant employment hub. At the time of writing this report there appears to be limited justification for these projects to proceed given the opportunity Stage 1 PEI provides.

4. Development on Multiple Owned Maori Land and Collections of Development Contributions Overall

The model does include significant commercial/employment and residential development occurring on the multiple owned Maori land blocks (two development blocks within Te Tumu that have unconstrained land areas).

There are two risks with the development of multiple owned Maori land. The first is that development will not proceed at all and preclude the ability of non-multiple owned Maori land to be developed (and therefore the entire growth area). The risk is that if, at a minimum, Site 1 is not enabled to have development proceed on it then, without an alternate financially viable infrastructure route, Te Tumu will not be able to proceed. The wider sub-regional risk is that if Te Tumu is not enabled to proceed, then new viable growth areas would be required to be found within the sub-region to cater for market demand.

The second potential risk is that development may not proceed on the multiple owned Maori blocks (but infrastructure is provided through the blocks to non-multiple owned Maori land while infrastructure capacity would be provided for growth potential that is not taken up. The risk is a potential cost to TCC through under-collection of development contributions for infrastructure to the boundary of Te Tumu.

To consider this TCC has undertaken analysis to determine the total expenditure for Te Tumu, development contributions payable and when significant investment from TCC would be required for development to proceed.

Analysis shows that the total expenditure for Te Tumu would be TCC \$171.75M. The development split (working on the basis that all internal infrastructure, other than two main pump stations, is delivered by developers as opposed to TCC) is:

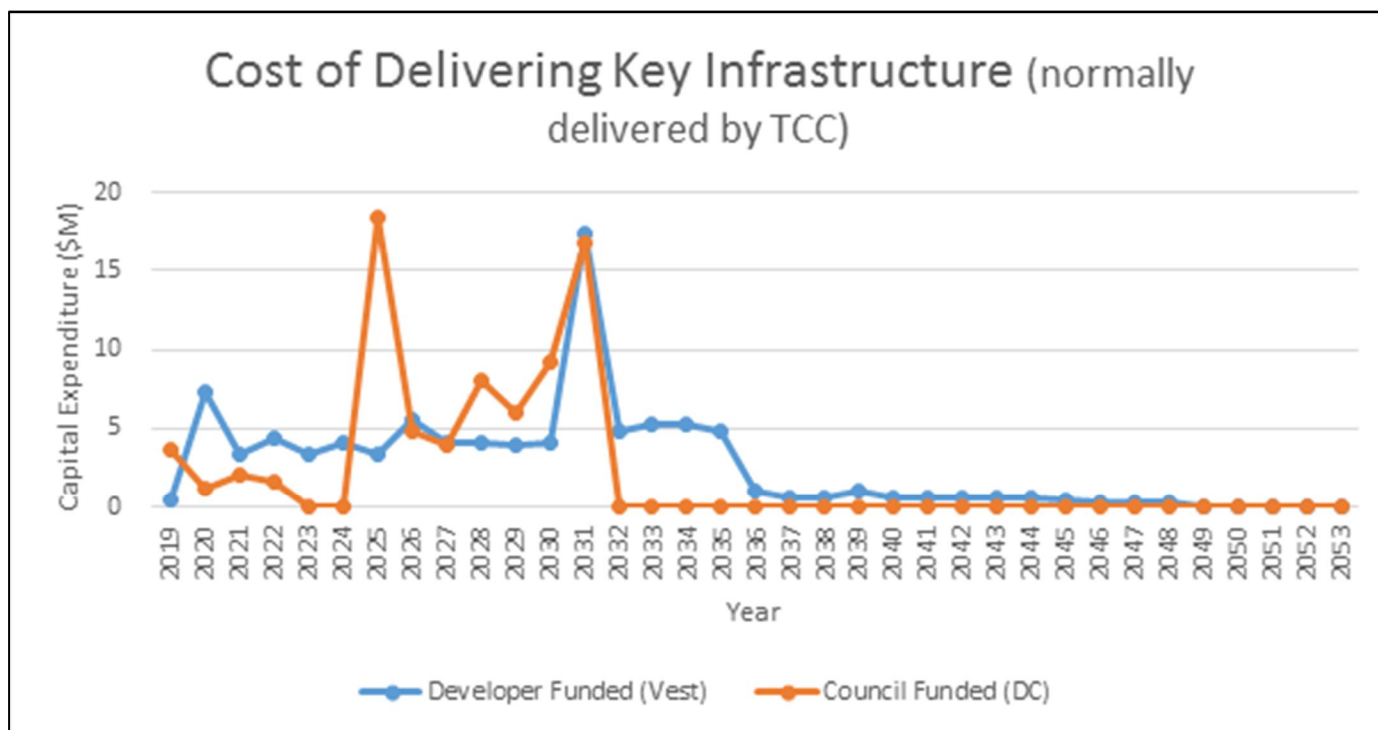
- TCC: \$75.88M; and
- Developers: \$95.87M.

Based on this proposition the development contribution charge would be \$341,942.53 (\$22,796.17 per lot at 15 lots per ha). As a comparison the Wairakei development contribution is currently \$295,285.85, with developers also providing much of the infrastructure within this growth area.

If TCC were to build all of the major infrastructure (developers still delivering smaller infrastructure normally vested with Council) then the development contributions would increase to \$741,167.64 per Ha (\$49,411.18 at 15 lots per ha).

Under the current modelled proposal, which is that all internal infrastructure (other than two pump stations) would be delivered by developer, then for the capital expenditure methodology the capex would fall as shown in *Graph 1*.

Of particular note TCC would not be required to make a significant investment until the development had been going for 4 years. This would mean that developers would have had to begin development and all issues with initiating development, including providing for infrastructure through Maori freehold Sites 1 and 9.



Graph 1 – Cost of Delivering Key Infrastructure

Approximately 800 sections would be delivered to the market before significant investment by TCC is required.

This information is summarised in *Table 1*.

	First 4 year spend (\$M)	Total 10 year spend (\$M)	Total Te Tumu Spend (\$M)
Council Spend	7.93	58.82	75.88
Developer Spend	24.94	49.78	95.87
Total	32.87	108.60	171.75
Sections delivered (Ha)	53.32	150.00	262.00
Sections delivered (15/Ha)	800	2,250	3,930

Table 1: Key Splits of Major Capital spend for Te Tumu

Concluding Statement

Based upon the analysis, including tangata whenua engagement, there are no fatal flaws in continuing to progress towards structure planning within Te Tumu and opening up the growth area for development post 2021, in accordance with the requirements of the Regional Policy Statement.

It is noted that there are potential risks which require careful management and support by both TCC, landowners and SmartGrowth. Regular reviews of these risks should be undertaken while structure planning is initiated.

As a result, it is recommended that TCC initiate structure planning for this growth area once this report has been received and recommendations reviewed by SmartGrowth.

Strategic Recommendations – for SmartGrowth

General

1. The Te Tumu Urban Growth Area is retained as a future urban growth area.
2. The Te Tumu Urban Growth Area is structure planned in conjunction with a Schedule 1 Resource Management Planning (RMA) process by the Tauranga City Council beginning in the 2016/17 financial year.

Structure Plan Recommendations – For TCC (and landowners)

Natural Hazards

General

3. Undertake natural hazard assessment to determine acceptable risk for all natural hazards over the Te Tumu Urban Growth Area in accordance with the requirements of Method 18 and Change 2 to the operative Regional Policy Statement.

Flood/Tsunami

4. Undertake modelling and risk assessment to determine acceptable risk and potential to un-constrain the currently identified constrained land areas to enable future development within these identified susceptible areas (tsunami/flooding from the Kaituna River).

Geotechnical and Liquefaction

5. Undertake a detailed liquefaction assessment for the 100 year level of earthquake shaking to inform subdivision consenting and plan change processes, including undertaking a risk based assessment in line with in accordance with the requirements of Method 18 and Change 2 to the operative Regional Policy Statement.
6. Undertake detailed geotechnical investigations to inform foundation design and building consent applications.
7. Reassess the liquefaction vulnerability using design profiles prior to or following any earthworks design or liquefaction mitigations works (i.e. changes to the soil properties and/or site topography are likely to impact the liquefaction vulnerability of the site).
8. Undertake a detailed lateral spreading assessment using available empirical methods to get a better understanding of the likely extent of lateral displacements at different levels of earthquake shaking.
9. Continue to monitor groundwater levels in existing monitoring wells particularly if earthworks are expected to take place. This would allow for more accurate future liquefaction assessments.

10. Consider installing additional monitoring wells in the western part of the Te Tumu Urban Growth Area to gain a better understanding of groundwater levels in that area. This would also allow for more accurate future liquefaction assessments.

Archaeological Assessments

11. Undertake subsurface testing in order to more accurately determine the extent of known archaeological sites within the study area.
12. Investigate the possible linkages between sites by subsurface testing especially within the Kaituna River site complex.
13. Amend all revised site extents through polygon definition on TCC maps.
14. Investigate sites identified from archival sources that have no visible archaeological features in order to better understand their location and extent.
15. Recognise that following further field survey and subsurface testing the significance of archaeological sites should be reassessed in order to determine if they should be protected or preserved.
16. Recognise that following further field survey and subsurface testing, links between archaeological sites that may indicate a relationship indicative of an archaeological landscape should be established and appropriate polygons established to encompass that landscape.
17. Recognise that appropriate management strategies should be established for sites and groups of sites within the study area that are to be preserved.

Constrained Land

18. TCC in partnership with WBOPDC, BOPRC, Department of Conservation and landowners investigate opportunities for the establishment of a Regional Park within these constrained areas irrespective of whether the land is retained in current ownership or vested in TCC as reserve.

Multiple Owned Maori Land

19. Undertake further work with each multiple owned Maori Land Trust to consider and provide for future development opportunity and the delivery of infrastructure to be enabled. This includes:
 - Supporting landowners to develop multiple owned Maori land and deliver on agreed aspirations;
 - Providing for the delivery of infrastructure through multiple owned Maori land blocks; and
 - Supporting constrained landholdings to ensure identified values are not degraded through being located within adjoining an urban population. This could be through reserve/lease agreements for public access, fencing and planting.

Cultural and Heritage

1. Recognise that the mapping work undertaken to date provides a base to progress a structure plan process subject to additional sites being identified for addition that meet the criteria of significance within the operative Regional Policy Statement.
2. Recognise that more detailed comment by iwi/hapu by way of Cultural Impact Assessments will be required as part of any structure planning exercise and Schedule 1 Resource Management Act process.
3. Recognise that appropriate management strategies will need to be developed through the structure plan and Schedule 1 Resource Management Act process to ensure identified cultural values are either protected, or maintained and enhanced.
4. Recognise that the ongoing relationship/information provision with iwi and hapu is an essential part of any structure planning and Schedule 1 Resource Management Act process.
5. Recognise that the ongoing relationship/information provision with Te Maru o Kaituna River Authority is an essential part of any structure planning and Schedule 1 Resource Management Act process.
6. Recognise that the ongoing relationship/information provision with Maori Land Trusts in the Te Tumu Growth Area is an essential part of any structure planning and Schedule 1 Resource Management Act process.

Reserves Assessment – Active Reserve

20. Provide for an active reserve within the Te Tumu Urban Growth Area at the time of structure planning that meets TCC's levels of service requirements (assessed as being 20ha).
21. Undertake additional assessment through the structure plan process to determine the final location of the Active Reserve. Further work and decision making may be able to be made through the development of the Wairakei Town Centre Framework Plan (project delivered between TCC, Bluehaven and Tumu Kaituna 14) or through discussions with landowners and consideration of opportunities to site the reserve on land that is currently multiple owned Maori land.
22. Recognise that the 2013 demand analysis identifies that an active reserve is not required until 2028, where demand starts to exceed supply of field hours per week. Timeframes for development of the Te Tumu active reserve is for this to be completed by 2028 but this could occur earlier as it is preferable to be in a position of oversupply.
23. Recognise that the way that people participate in sport and recreation activities could change over the next 10-15 years and will influence what is eventually provided on a new active reserve. The key is providing the opportunity through the provision of suitable land first and foremost.

24. Recognise that the demand information is reviewed every three years for this active reserve given that there are a number of key influences that determine future sporting needs and expectations. The next review will occur in 2016/2017.

Community Facilities Assessment

25. Recognise that additional facility provision within Wairakei/Te Tumu will need to occur as part of, or following the completion of the structure plan process for the Te Tumu Urban Growth Area in line with adopted levels of service and demand analysis.

Wider Community Needs / Non-council supplied Social Infrastructure

26. *Education* – Work with the Ministry of Education, University of Waikato and Bay of Plenty Polytechnic to understand their aspirations for education provision with Wairakei and Te Tumu through the structure plan process.
27. *Education* – Recognise that while further engagement is required with the Ministry of Education in regard to schooling provision, high level analysis has identified that 2 primary schools and 1 secondary school are likely to be required to meet community needs within Te Tumu.
28. *Education* – Recognise that further discussions are required with the Ministry of Education regarding potential community share agreements with schools for the provision of community and recreation facilities.
29. *Health* – Work with Ministry of Health, Bay of Plenty District Health Board, Public Health Organisations and private providers to understand their aspirations in the context of an ageing population for Te Tumu through the Structure Plan Process.
30. *Emergency Services* – understand the needs of emergency services in the context of the service response targets and their current planning within Te Tumu for Te Tumu through the Structure Plan Process.

Density

31. Through a future structure plan process assess and provide for opportunities to provide for increases in density to deliver (in part) on the Compact City approach within the SmartGrowth Strategy. This requires a range of measures to be considered/implemented as outlined in the *Attachments G and H – Part 3* and includes appropriate structure plan and design considerations, siting and layout of development and the delivery of an activity centre within the Wairakei Town Centre.

Commercial/Employment Land Supply

32. Revisit the commercial/employment land supply analysis to confirm required employment areas to assessed likely densities as part of the structure planning process.
33. Recognise that, based upon assessment, that there is a need to provide 110Ha (+/- 10%) of industrial land at Wairakei / Te Tumu (in total) to provide the best balance between the employment needs of the community and the desire to establish local employment opportunities while generating a regional supply of industrial land that is the best match for the long term needs of the community.

Infrastructure

34. Undertake assessment of all Te Tumu infrastructure projects through the development of the structure plan for the Te Tumu Urban Growth Area, and provide for those projects within TCC's financial planning systems (i.e. (2018/28 Long Term Plan)).
35. Undertake assessment through the structure plan process to determine the final location of the Kaituna Overflow.
36. Continue to undertake Stage 2 Transport Modelling which involves a single feasible land-use scenario across a variety of refined road network permutations to aid in decision-making on investment and to inform the future structure planning process.
37. Recognise that there is existing capacity within the existing water/wastewater network to enable Te Tumu to proceed without the need for significant additional lead infrastructure once infrastructure is provided to the boundary. It is noted that this will only apply to the stormwater middle and riverside catchments, as the Kaituna overflow will be required prior to development proceeding in the northern catchment.
38. Recognise the need to develop a sequencing schedule to ensure that landuse and development is appropriately linked to infrastructure capacity and delivery.
39. Recognise that however there are opportunities to optimise planned network performance, the current TCC baseline option to reticulate Te Tumu is assessed as being considerably better than the alternative options considered. This reflects the high risk associated with alternative servicing options when considered against key criteria such as feasibility, costs, and deliverability (statutory requirements and established timeframes for initiating development (i.e. post 2021)).

Financial Viability

40. Recognise that the assessment undertaken for this report is a low population scenario (15dw/p.ha) with high infrastructure capacity considered (provision for 16,500 pop.). Any increase in density providing for a greater/lesser population will result in the need for additional transport modelling, and commercial/retail and employment modelling to be undertaken and financial viability to be re-assessed.

41. Further investigation is required in regard to how TCC and developers appropriately manage financial risk, specifically in relation to the delivery of infrastructure and how lead infrastructure is funded. In undertaking this investigation, recognise that the funding regime where all internal infrastructure is fully developer funded as opposed to a mix of developer and development contribution funding is the least risk funding regime for TCC. (Note: This Study has been undertaken on the basis that all internal infrastructure is funded by developed, and not be TCC).
42. At key stages of the development of a structure plan for the Te Tumu Urban Growth Area, financial viability should be tested and reported on to ensure viability is maintained and potential risk minimised.



12th May, 2016

Ms Fiona McTavish
Group Manager Strategic Development
Bay of Plenty Regional Council
PO Box 364
Whakatane 3158
New Zealand

Via Email: Fiona.McTavish@envbop.govt.nz

Dear Fiona

Thank you for your time last Wednesday to discuss the future urbanisation of Te Tumu as proposed by Smart Growth. Our discussions also included the overlays on Ford Island and the areas on the main farm, The Sandhills, plus the erosion of our boundaries since the 1981 Kaituna River diversion. These areas continue to be eroded due to the lack of protection from the river, which is our boundary title.

Urbanisation

We believe it is the intention of SmartGrowth to commence Structure Planning in the second half of this year. To provide a substantial amount of residential growth at Te Tumu as per the objectives of SmartGrowth consideration needs to be given to the following three main landowners in Te Tumu and each will have different objectives which I will highlight below, working from west to east.

Te Tumu Kaituna 14 Trust

A progressive Maori Trust which has been a member of Te Tumu Landowners Group for 12 years.

Residential - They can provide residential land of which initially 1,000 lots can be released on rezoning. These lots can be serviced from Papamoa Beach Road and Te Okuroa Drive by using the existing services at Wairakei.

Commercial uses - will be provided adjacent to the Town Centre in Wairakei.

Industrial - This will be developed and will provide the employment lands in Te Tumu.

TCC/Western Bay Land

This is the Carrus/Hickson joint venture land which they have an option on for development.

We understand it will be Carrus's intention to subdivide the land as quickly as possible, selling the land to builders to construct houses with a likely maximum density of 15 dwellings per hectare, in a conventional subdivision.

Ford Land Holdings

This has been owned by the Ford Family since 1911 and is now in its fourth generation of a land owning family who are not interested in just doing a conventional subdivision of 15 dwellings per hectare to be sold to Builders, we wish to build a community.

The Ford Family believe that this is a special parcel of land with beach, river, wetlands, reserves and farming land and it should be master planned to preserve these features so future generations can live in an area that will allow the area to grow the population and have the features that provide the amenity for the community.

To achieve this the following needs to be done with support from the SmartGrowth Partnership, being:

1. Bay of Plenty Regional Council;
2. Tauranga City Council;
3. Western Bay District Council; and
4. New Zealand Transport Agency.

The desire of SmartGrowth is for Te Tumu to provide and cater for a large percentage of the Growth of the western Bay of Plenty. To do this, it makes good sense to use the land at Te Tumu which is not high quality farming land but it is highly desirable for the building of a new community because it can offer amenity.

This includes:

- The Beach
- The Kaituna River
- The wetlands (and access to the wetlands across the river)
- The nature reserves
- The running trails
- The Board Walks
- The feeling of wide open spaces
- The opportunity for the community to have gardens to grow their own fruit and vegetables

Density: This will come with:

- Public Transport;
- Amenity – public and private;
- Walkability; and
- Different housing to cover all ages so they all live and age together.

To achieve the desired SmartGrowth outcomes for Te Tumu the infrastructure must include:

Kaituna Link

The land for the Kaituna Link must be designated as part of the Plan Change. The costing of the Kaituna Link Bridge has been budgeted by Beca and the location determined. The land now needs to be designated in the structure planning process.

The Costs for the Kaituna Link need to be broken down into the following:

- Bridge over the River;
- Upgrade of Te Tumu Road;
- Connection to the Rangiora Interchange (to the TEL) and
- Saving on the need not to build the full Papamoa East Interchange (Stages 2 and 3).

The Kaituna Link is required to:

- Provide a safe exit from Te Tumu in an emergency rather than going westward to the Papamoa Interchange;
- Provide a direct access to Rangiuru Industrial area for employment (including Te Puke, Rotorua & Whakatane); and
- Direct access from the TEL to the Eastern end of Papamoa East where there is likely to be a higher residential density.

Road Widths

All collector roads in Te Tumu must be a minimum of 36 meters wide to allow for future public transport corridors.

Public Transport

Must be considered - Initially buses, trams and then in the long term to have light rail.

I believe a Tram should run from the Kaituna River Mouth to Mount Maunganui along Papamoa Beach Road and/or the Boulevard.

Marina

We believe that there is an opportunity to build a Marina, boating facilities and an integrated mixed use development on our land at the River mouth but we don't want to do this without the support of the community and Smart Growth. To provide a safe boat crossing at the Kaituna cut, will support a long term vision for the area but it needs to be supported by the wider community as it will be a major undertaking but if this opportunity is lost, it will be difficult to get again.

I hope this is helpful in providing an overview of how we see Te Tumu being urbanised over the long term and we appreciate your time and interest.

Kind regards

Geoffrey P Ford
Chairman

Draft SmartGrowth Timeline

Week Beginning	23-May	30-May	6-Jun	13-Jun	20-Jun	27-Jun	4-Jul	11-Jul	18-Jul	25-Jul	1--10 Aug
		Position papers working groups confirmed HAF and SSF	IMG 7/6 HAF 10/6	SGIC 15/6 SPR 2 reports Compact City and Te Tumu	PATAG 22/6 SSF 23/6	28/6 New SPF date – Peer review Fora draft Papers	E&S 5/7 IMG 5/7 CTWF 6/7 PDF 7/7 HAF 8/7	12th July HUI - SPR reports (Partner Officers) - Lay person planning guide - Positioning Papers (All forums) Mini report post Hui to inform SGIC report SGIC report due 17/7	SGIC 20/7 - SPR first Draft Forum chairs to present positioning papers to SGIC	Evaluation of Position Papers against existing policies and strategies for support of fora positions and to identify any gaps. Updated SPR report to include responses to position papers.	AUGUST SGIC 17/8 – consideration of all partner forum input as part of the final SPR report pre adoption.

Forums complete Position Papers

HUI