



Phase 1 - Eastern Corridor Report

SmartGrowth
Partnership



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Introduction

The western Bay of Plenty sub-region continues to experience considerable growth pressure. Since 2003, the SmartGrowth partnership – a partnership between Western Bay District and Tauranga City councils, Tangata Whenua, supported by the New Zealand Transport Agency and District Health Board, have worked and planned collaboratively to manage growth and ensure the wellbeing of its communities.

Despite this proactive and collaborative approach, the availability of land and services to provide for additional growth is under significant pressure. This is in part due to the amount and speed of population growth. But it is also because it takes considerable time to plan for growth and to provide the supporting infrastructure services needed for new housing and businesses.

This growth challenge has been identified for some time and is currently playing out in the sub-region, with increasing scrutiny by Government as it advances its Urban Growth Agenda, through such mechanisms as the National Policy Statement on Urban Development and most recently the Urban Form and Transport Initiative.

Amidst all of this work, real concern exists about the ability of the sub-region to plan and provide adequate residential and business land capacity to keep up with population growth.

Purpose

The purpose of phase 1 of the Eastern Corridor project is to identify whether there is a need for an additional urban growth area in the Eastern Corridor of the western Bay of Plenty. This report therefore, reviews housing and business demand and supply in the sub-region and identifies whether current capacity, plus that planned for the future, are adequate to cater for the anticipated growth.

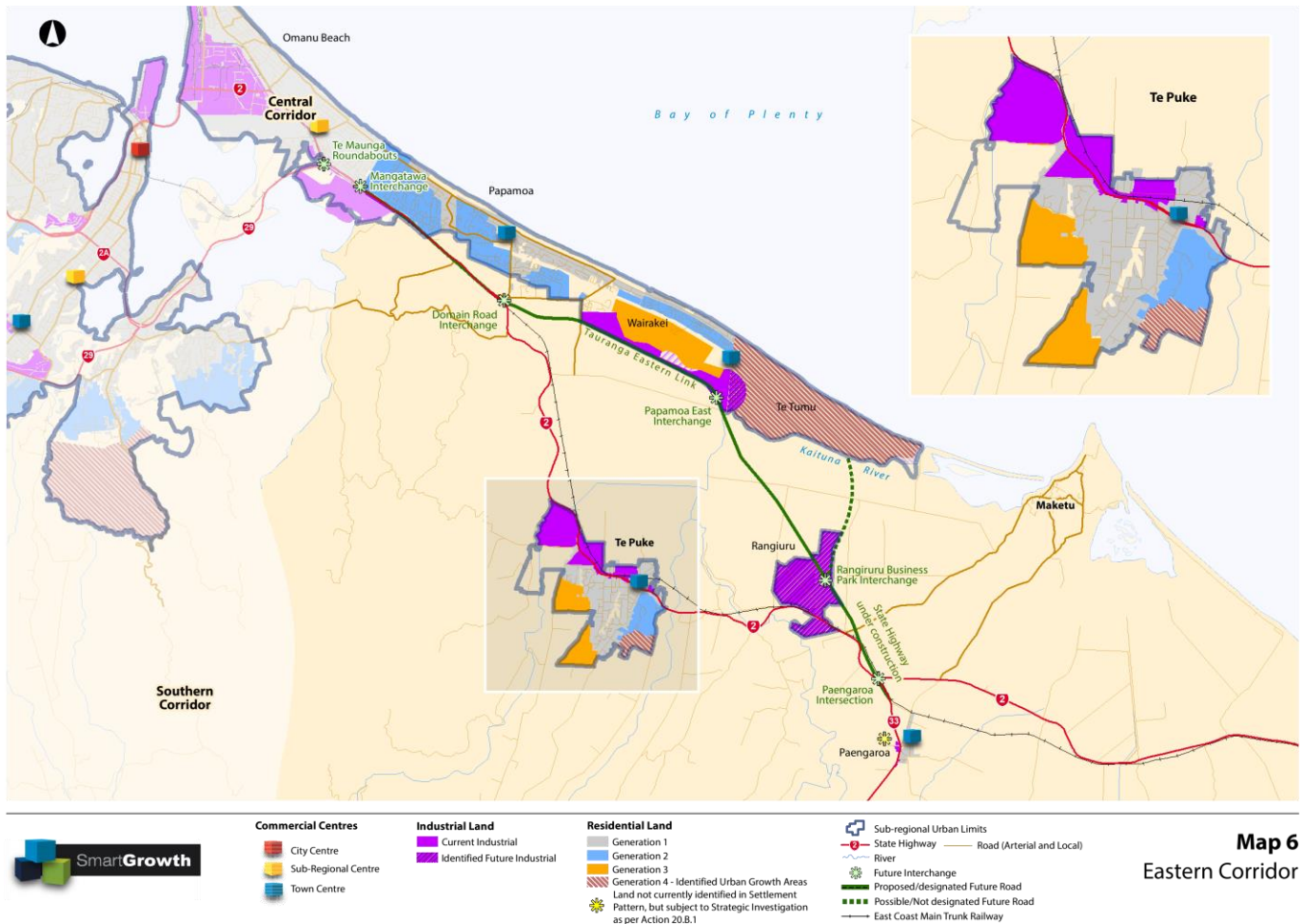
This report also provides a preliminary assessment of the Eastern Corridor as a potential future urban growth area against the objectives of the SmartGrowth Strategy.

Defining the Eastern Corridor

The Eastern Corridor is a defined SmartGrowth corridor in the SmartGrowth Strategy. It is located to the south and east of Tauranga City and links the western Bay of Plenty to the eastern Bay of Plenty. Starting at Papamoa and continuing south east through Wairakei, Te Tumu, and onwards through Te Puke, Rangiuru, Maketu and Paengaroa.

It is predominantly an agricultural area, with extensive areas in kiwifruit, avocados and grazing. There are suburban areas to the north around Wairakei and rural settlements led by Te Puke, but also Paengaroa and Maketu. as shown in Map 1 below.

Map 1: The Eastern Corridor



Source: SmartGrowth Strategy 2013

The Context for Growth

Growth is not new to the western Bay of Plenty. As a consequence, there are a number of agencies working to ensure growth is managed and delivered in a way that best meets the needs of the community.

SmartGrowth

The SmartGrowth partnership is responsible for advancing a long-term strategy for the western Bay of Plenty sub-region to address growth and development. It works as a collaborative partnership addressing key growth-related issues across the spectrum of social, environmental, economic and cultural objectives.

SmartGrowth is based around the five core pillars of partnership, collaborative leadership, integration, evidence base and “live, learn, work and play”.

Core to SmartGrowth has been the development of the SmartGrowth Strategy – a vision for the sub-region and a strategy to achieve that vision. The initial strategy was developed in 2004 and was comprehensively reviewed in 2013. Most recently, the settlement pattern component of the strategy was partially updated in 2016. This update was driven by the rapid pace of growth in the sub-region and a concern that development capacity was running out. Accordingly, this update to the agreed settlement pattern identified several additional greenfield areas. The SmartGrowth Partnership agreed to advance these areas for development, subject to comparable work being advanced on urban intensification in Tauranga City.

The Eastern Corridor is identified in the SmartGrowth Strategy as having potential for additional urban growth. It includes key areas such as Te Tumu, the Rangiuru Business Park, and the existing townships of Te Puke, and Paengaroa, as well as vital transport links such as the Tauranga Eastern Link, State Highway 2, and a rail corridor. Furthermore, the 2013 SmartGrowth Strategy specifically identified Paengaroa, a rural settlement within the Eastern Corridor, as a future area requiring strategic investigation.

The Government's Urban Growth Agenda

Recognising failures of previous urban growth policy approaches and concomitant urban problems, such as increasing housing costs, social isolation, crumbling infrastructure, homelessness, traffic congestion, etc, the Labour Coalition Government has signaled a new approach to urban growth in New Zealand. Its recently announced Urban Growth Agenda (UGA) seeks to improve outcomes for New Zealanders by addressing the fundamentals of land supply, development capacity, and infrastructure provision. The main objective of the UGA is to improve housing affordability, underpinned by affordable urban land. The UGA signals two big areas of reform:

- Intervening in a failed housing market to make sure decent housing is available to all
- Investing in modern urban transport to support growth and give people the transport choices they want.

This will be supported by wider objectives of improving housing type and location, improving access to employment, education and services, reducing emissions, enabling quality built environments, while avoiding unnecessary urban sprawl. Importantly the UGA is about accommodating and enabling growth. The five core pillars of the UGA are:

1. Infrastructure funding and financing – to enable a more responsive supply of infrastructure and appropriate allocation of cost.
2. Urban Planning – to allow cities to make room for growth, support quality built environment and enable strategic integrated planning.
3. Spatial planning (initially focused on Auckland and the Auckland-Hamilton corridor) – to build a stronger partnership with local government as a means of developing integrated spatial planning.
4. Transport pricing – to ensure the price of transport infrastructure promotes efficient use of the network.
5. Legislative reform – to ensure that regulatory, institutional and funding settings are collectively supporting the UGA objectives.

The UGA sits alongside and is closely related to a range of existing programmes on urban growth, for example the National Policy Statement on Urban Development Capacity (NPS-UDC) and National Policy Statement on Urban Development (NPS-UD). It is the Government's objective to integrate UGA work with that of the wider programmes. Importantly though the Government will also be looking to ensure NPS-UDC related work, such as SmartGrowth's Future Development Strategy, aligns with its wider UGA outcomes.

The Urban Form and Transport Initiative

As Government rolls out its Urban Growth Agenda, a need for better alignment between transport and urban form in the western Bay of Plenty was identified. Accordingly, the Urban Form and Transport Initiative (UFTI) was set up.

UFTI is a collaborative project led by SmartGrowth and the NZ Transport Agency and involves Western Bay of Plenty District Council, Tauranga City Council, Bay of Plenty Regional Council, the Ministry of Housing and Urban Development, iwi, and community leaders. Currently underway, it seeks to provide an integrated, strategic approach to the sub-region's urban form integrated with transport. It signals a revised approach to land use and transport integration, with particular emphasis on land availability and urban development, integration of emerging technology, plus multimodal transport and transport network capacity.

This Eastern Corridor report (phases 1 +2) will help inform UFTI: it will provide some additional analysis about the potential for a significant new growth area to the east. Should a new urban growth area be planned for this area, it will be critical that the transport network can be planned and integrated to accommodate the additional growth and to provide a range of transport options for future residents and businesses.

Council Growth Initiatives

Although the SmartGrowth partnership is responsible for setting the strategic direction for growth in the western Bay of Plenty sub-region, it is the responsibility of the councils to implement much of the SmartGrowth Strategy.

The Bay of Plenty Regional Council's primary responsibility for growth lies with the Regional Policy Statement and the policy direction this sets for local councils. The Regional Council also has a strong role in transport planning and in public transport provision through the Baybus network.

Tauranga City Council has responded to strong growth demand with a mix of outwards and upwards growth planning. Approximately 85% of housing growth in the city currently occurs in stand-alone housing. Tauranga City has planned and released most capacity in new greenfield urban land on the periphery of the city in locations such as Bethlehem, Pyes Pa, Welcome Bay, Wairakei and is currently planning for development in Te Tumu and Tauriko West. More recently, Tauranga City Council has sought to achieve a more efficient use of existing urban zoned land; the proposed Tauranga Urban Strategy seeks more growth in and around existing town centres in Tauranga City. Plan changes to the Tauranga City Plan are now underway to give effect to this strategy along the Te Papa peninsula.

Western Bay District Council is also pursuing an 'out and up' approach to growth. Growth planning is underway in Omokoroa, Katikati and Te Puke. A key part to Western Bay's structure planning is an attempt to introduce a wider variety of housing types including greater compact forms of housing.

Growth Demand in the Western Bay of Plenty Sub-region

The western Bay of Plenty has been one of New Zealand's fastest growing areas for over a decade. Both the extent and pace of that growth has necessitated a collaborative response by the SmartGrowth partnership. Despite the SmartGrowth partners pooling their skills and resources, managing future growth continues to be a major challenge.

In 2018, as part of the sub-region's response to the Government's National Policy Statement – Urban Development Capacity (NPS-UDC), SmartGrowth developed a proposed Future Development Strategy (FDS). This strategy sought to ensure sufficient development capacity to meet the needs of the community.

Growth Projections

A key part of the FDS is the identification of the likely projected growth in the sub-region through to 2048. Population is projected to continue to grow rapidly in the future, as shown in Table 1.

Table 1: Population projections for the western Bay of Plenty by ten-year increments

Date	Population	Total Houses
2018	183,885	79,423
2028	210,800	96,400
2038	234,000	112,100
2048	248,400	121,600

Source: Proposed SmartGrowth Future Development Strategy 2018

Based on these projections, the sub-region will have to plan for almost 65,000 more people and around 43,000 additional houses. In addition, as the NPS-UDC requires the provision of 20%

additional capacity, the revised target is 52,000 additional houses¹. Accordingly, the FDS identifies the following housing targets to meet the growth needs of the community and the requirements of the NPS-UDC:

Table 3: Housing Targets for the western Bay of Plenty

Term	Western Bay of Plenty
2018-2028 Medium term	21,500 houses
2028-2048 Long Term	30,500 houses
2018-2048 Total	52,000 houses

Source: Proposed SmartGrowth Future Development Strategy 2018

The Demographic Challenge

The FDS also reviewed the type of growth anticipated. The demographics of western Bay of Plenty continues to change. Ageing is a major factor. In 2018 approximately 15% of the total population was over the age of 70 years. By 2048 this is expected to increase to 30%. Indeed, by 2048 over three quarters of the population growth will be residents aged 65 years and over.

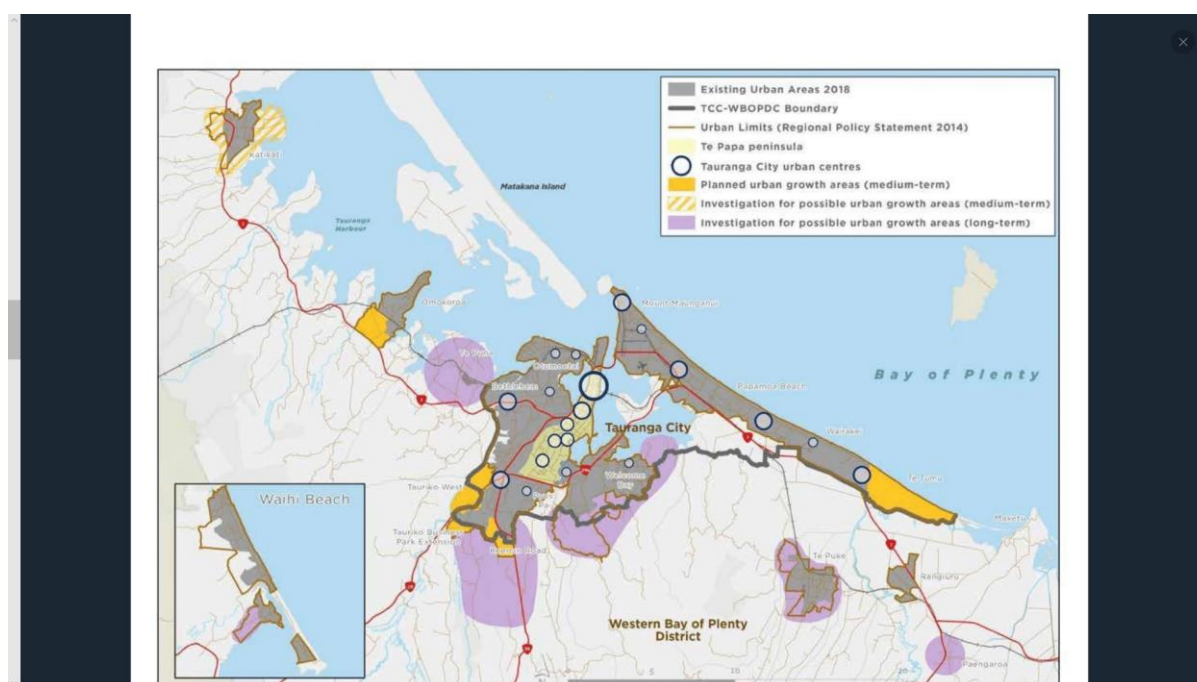
While ageing does not change the growth numbers, it does impact on the type and location of housing that is best suited to the population.

Growth Supply in the Western Bay of Plenty

Given the strong rate of growth projected in the western Bay of Plenty, an adequate supply of residential and business land capacity must be planned for in advance. This ensures the various planning mechanisms, such as growth strategies, structure planning, zoning and plan provisions, as well as infrastructure planning and investment can be completed in sufficient time to ensure development capacity is made available to the market.

The SmartGrowth Strategy signals the overarching strategic and spatial response to growth, which in turn is being advanced by Tauranga City Council and the Western Bay of Plenty District Council. Map 2 below identifies the urban growth areas either planned or under consideration:

Map 2: Possible Future Urban Growth Areas



¹ Draft Proposed SmartGrowth Future Development Strategy, page 25.

The arrival of the NPS-UDC heralded significantly greater scrutiny on the available and planned development capacity in the sub-region, as well when and how this development capacity could be realised. The alignment between demand and supply ensures that the proposed Future Development Strategy 2018 succinctly outlines how sufficient development capacity will be provided to address the needs of communities, while meeting the requirements of the NPS-UDC.

The FDS was underpinned by the Housing and Business Development Capacity Assessment 2017, which provided the evidence base for the sub-region's future dwelling and business demand, as well as the development capacity supply that is available to meet demand.

Table 4 below lists the key growth areas (housing capacity and business land) identified in the FDS and the proposed timing for when development capacity is likely to become available.

Table 4: Summary of Housing and Business Development Capacity in greenfield developments

Location	Yield	Timing
Te Tumu	7700 houses 60ha business land	Proposed 2021
Tauriko West	3000 houses	Proposed 2021
Omokoroa	2,400 houses 20ha business land	Proposed 2021
Katikati	1000 houses	Proposed 2021
Rangiuru	145ha business land	
Te Puna Business park	30ha business land	
Keenan Road	2000 houses	2026
Tauriko Business Estate	50-100 ha business land	2026

Source: SmartGrowth Draft Proposed SmartGrowth Future Development Strategy 2018 and SmartGrowth Housing and Business Development Capacity Assessment 2017

Other areas of housing and business supply also exist across the sub-region in addition to those listed in Table 4. These include remaining undeveloped capacity in existing urban zones, existing greenfield areas that are not yet fully developed, and infill and intensification capacity currently available, or which will become available through re-zoning and plan changes as the proposed Tauranga Urban Strategy is implemented.

The 2017 Housing and Business Development Capacity Assessment takes into account all sources of capacity and provides the most robust analysis (albeit slightly out of date) of housing capacity in the sub-region. Table 5 below replicates Table 1.13 in the Housing and Business Development Capacity Assessment:

Table 5: Summary of Housing Capacity for Sub-Region

	Short Term Housing Capacity (June 2017 – June 2020)	Medium Term Housing Capacity (June 2020 – June 2027)	Long Term Housing Capacity (June 2027 – June 2047)
Tauranga City	Projected Short Term Demand (+20%): 4,245 dwellings (5,094 dwellings)	Projected Medium Term Demand (+20%): 9,191 dwellings (11,029 dwellings)	Projected Long Term Demand (+15%): 22,013 dwellings (25,315 dwellings)
	Remaining capacity of zoned and serviced greenfield areas (June 2017): 9,782 dwellings	Remaining capacity of zoned and serviced greenfield areas (June 2020): 6,204 dwellings	Remaining capacity of zoned and serviced greenfield areas (June 2027): 9,753 dwellings
	Projected infill/intensification uptake (16% of total growth): 669 dwellings	Additional Areas Te Tumu: 7,627 dwellings Tauriko West: 2,934 dwellings	Western Corridor: Up to 8,000 dwellings Southern Corridor: Up to 4,000 dwellings
		Projected infill/intensification uptake (18.6% of total growth): 1,746 dwellings	Projected infill/intensification uptake (20% - 45% of total growth): 4,400 – 9,900 dwellings
	Total Short Term Capacity 10,451 dwellings	Total Medium Term Capacity 18,511 dwellings	Total Long Term Capacity 14,153 – 31,653 dwellings
Western Bay of Plenty	Projected Short Term Demand (+20%): 1,267 dwellings (1,520 dwellings)	Projected Medium Term Demand (+20%): 2,657 dwellings (3,188 dwellings)	Projected Long Term Demand (+15%): 4,128 dwellings (4,747 dwellings)
	Remaining capacity of zoned and serviced greenfield areas (June 2017): 2,170 dwellings	Remaining capacity of zoned and serviced greenfield areas (June 2020): 1,537 dwellings	Remaining capacity of zoned and serviced greenfield areas (June 2027): 3,110 dwellings
	Projected uptake of rural/lifestyle and small settlements (40% of total growth): 510 dwellings	Additional Areas Omokoroa Gen 4: 2,336 dwellings Katikati Gen 4: 1,070 dwellings	Eastern Corridor: Up to 1,000 dwellings Northern Corridor: Up to 500 dwellings
		Projected uptake of rural/lifestyle and small settlements (31% of total growth): 824 dwellings	Projected uptake of rural/lifestyle and small settlements (12% of total growth): 479 dwellings
	Total Short Term Capacity 2,680 dwellings	Total Medium Term Capacity 5,767 dwellings	Total Long Term Capacity 3,589- 5,089
Total Capacity	Projected Short Term Demand (+20%) 5,512 dwellings (6,614 dwellings)	Projected Medium Term Demand (+20%): 11,848 dwellings (14,218 dwellings)	Projected Long Term Demand (+15%): 26,141 dwellings (30,062 dwellings)
	Total Short Term Capacity 13,131 dwellings	Total Medium Term Capacity 24,278 dwellings	Total Long Term Capacity 17,742 – 36,742 dwellings

Source SmartGrowth Housing and Business Development Capacity Assessment report 2017, Table 1.13 page 43

The 2017 Housing and Business Development Capacity Assessment identifies that there is sufficient housing capacity in the sub-region for the short term and medium term. However, shortfalls occur in the longer term. Critically, this assessment relies heavily on infill/intensification capacity being delivered through implementation of the proposed Tauranga Urban Strategy and timely delivery of greenfield developments.

Matching Supply with Demand

The following sections identify whether, based on work done for the FDS and more recent analysis, there is enough business land and housing capacity to meet growth demands in the sub-region.

Supply of Residential Capacity in Greenfield Areas

Analysis undertaken for the development of the FDS and a recent update by Veros Property² has indicated that the sub-region's residential growth demand can be met in the short and medium term (to 2028) but that meeting this demand is highly dependent on the successful delivery of the key greenfield projects of Te Tumu and Tauriko West in Tauranga City and of Omokoroa, Katikati and Te Puke in the Western Bay.

Both Te Tumu and Tauriko West are currently facing considerable delays. Tauranga City officers indicate that these greenfield projects are no longer likely to be providing their capacity by 2021, as previously anticipated. Instead an indicative date of 2023 for both projects is more realistic. This has implications for the supply of housing to meet the sub-region's growing demands. In effect, it means that supply is adequate to 2021, but beyond that date the supply of residential capacity becomes constrained. Potentially, housing supply could once again become available from approximately 2023 onwards, as a consequence of development in the Te Tumu and Tauriko West greenfield areas.

The other major greenfield projects in Omokoroa and Te Puke are progressing to timetable and provide some, albeit insufficient, capacity for the sub-region.

The recent Veros report raises some concerns at the rate of uptake of existing capacity and signals that even short term housing capacity is likely to be exhausted within three years. It also suggests that this shortfall will worsen within five years if no new capacity is planned and implemented immediately.

Supply of Residential Capacity in Existing Urban Areas

An additional source of potential development capacity lies with the implementation of the proposed Tauranga Urban Strategy. The TUS signals an intent for greater intensification and consolidation within the existing urban area of Tauranga City. A spatial plan to advance the TUS in the Te Papa Peninsula is currently underway, as are two plan changes that seek to provide additional housing infill capacity. However, planning processes take time, so these are unlikely to deliver much additional housing capacity until 2023 at earliest. In the longer term, implementation of the TUS provides the potential for considerably more residential housing capacity.

Supply of Business Land

Projects to deliver additional business land include Rangiuru Business Park, Omokoroa, Te Tumu, Te Puna Business Park and the Tauriko Business Estate Extension. With the exception of Te Tumu, these projects are progressing as expected.

The Tauriko Business Estate extension and Rangiuru Business Park are the two primary greenfield areas anticipated to cater for industrial growth.

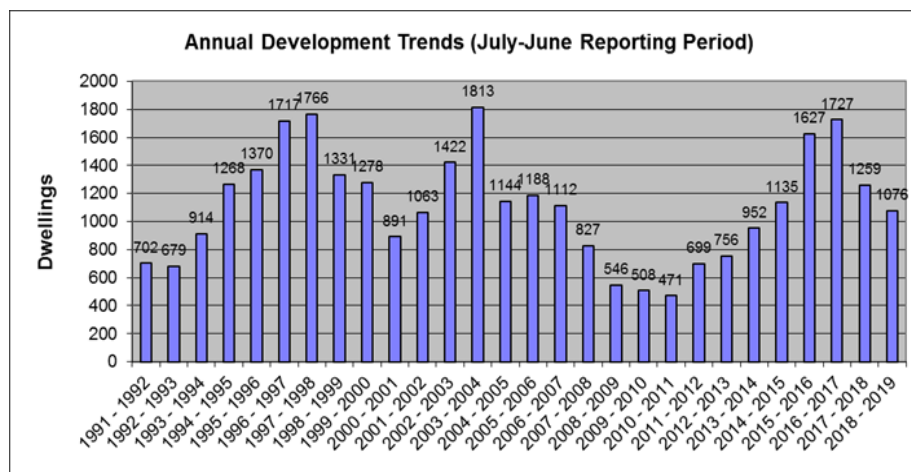
² Western Bay Sub-Region Residential Development Capacity Review May 2019, Veros Property Services

Along with existing capacity in business zoned areas and in particular opportunities for commercial growth in the Tauranga CBD and other centres, future business growth is well catered for throughout the sub-region.

SmartGrowth: Development Trends Technical Report 2018

While SmartGrowth and FDS projections continue to signal strong growth, the recent Development Trends report for the western Bay of Plenty sub-region is possibly showing the beginnings of a decrease in housing demand.

Table 6: Dwellings Development Trends 1991-2019



Source: SmartGrowth Development Trends Technical Report 2018

In 2017/2018, building consents issued for new dwellings declined by 18% in the Western Bay of Plenty sub-region (the sub-region) compared to the previous year. Similarly, subdivision development in the sub-region declined by 8% from 2017/2018 results³.

While this does little to negate the concerns associated with an emerging shortfall in capacity, it perhaps alleviates what could be a more severe problem for the sub-region.

Capacity Conclusion

In short, while there is some existing capacity for residential housing growth, this is likely to be taken up over the next two-three years. Beyond the three-years mark, sufficient housing capacity is largely reliant on the timely development of Te Tumu and Tauriko West, and on the successful delivery of an ambitious Te Papa Spatial Plan and associated plan changes. Combined, these greenfield projects are anticipated to deliver over 10,000 dwellings. Whereas TUS related intensification could deliver another 1700 dwellings.

Any delay to these projects will cause a looming shortage of housing capacity in the medium and long term of around 11,500 dwellings (some intensification is likely irrespective of plan changes).

The quick resolution of the problems associated with Te Tumu and Tauriko West could bring on significant additional capacity in the medium term, possibly as early as 2023. However, this will not aid long term capacity. The provision of sufficient capacity in the long term will be highly dependent on:

1. Full implementation of the proposed Tauranga Urban Strategy
2. The identification, planning and delivery of a new, substantial greenfield development somewhere in the sub-region.

The looming shortfall of residential housing capacity presents a serious challenge to the sub-region. Every effort is required to address the blockages affecting Te Tumu and Tauriko West and thus

³ Development Trends Technical Report 2018 page 5. SmartGrowth

ensure adequate housing capacity to 2028. In the longer term, it is clear that much is reliant on the full implementation of the Tauranga Urban Strategy, as well as the identification of a significant, additional greenfield source of housing capacity.

This raises the question of whether the SmartGrowth partners need to consider elevating strategic consideration of the Eastern Corridor as a new urban growth area, as a matter of priority.

Considering the Eastern Corridor as an Urban Growth Area

The significant capacity shortfalls for residential housing in the sub-region raises potential for the Eastern Corridor to fill the capacity gap. However, even if work got underway immediately, planning for additional growth areas takes considerable time; it is likely to be at least ten years before additional housing capacity is made available in the Eastern Corridor.

Capacity Shortfall Scenarios

The amount of capacity shortfall in the sub-region depends on a variety of factors, for instance:

- Whether the delayed Te Tumu and Tauriko West greenfield developments are able to be progressed in or around 2023.
- The amount of additional capacity that is provided through infill/intensification.
- Whether, due to changing economic conditions and/or reduced internal migration future housing demand is significantly less than projections.

The worst case scenario involves no progress on Te Tumu and Tauriko West and no significant additional housing capacity provided by infill/intensification. Should this occur the sub-region is likely to face a shortfall of approximately 11,500 houses (7,700 Te Tumu, 3,000 Tauriko West, 800 + infill/intensification) in the medium term to 2028. This would then snowball into the long term with the housing shortfall exacerbating the need for opening additional capacity in identified urban growth areas in the northern, western and eastern corridors.

It is important therefore that SmartGrowth proactively considers whether planning for an additional urban growth area should be brought forward and prioritised.

The FDS indicates several areas for potential urbanisation in the long term (see Map 2 earlier) in the north, east and south. Work is already underway in the western growth corridor – areas of Tauriko West, Tauriko Business Park, and Keenan Rd. But further planning and development in this area is handicapped somewhat by the delays associated with Tauriko West. Other potential urban growth areas in this corridor include Merrick Road, Upper Joyce Road, Upper Belk Road.

Other areas are not currently under investigation include Te Puna and Waihi Beach in the Northern corridor, Pukemapu, Neewood, Waikite and Welcome Bay in the southern corridor, and Te Puke and Paengaroa in the Eastern Corridor.

The Eastern Corridor as an Urban Growth Area – an Initial Assessment

It is not the purpose of this phase 1 report to analyse in detail whether a new urban growth area is feasible in the Eastern Corridor. However, using urban growth principles, the below section provides an initial indication of the potential feasibility of urban development in the Eastern Corridor and highlights some issues that will require greater scrutiny.

Opportunity and Context in the Sub-region

The opportunity exists for the sub-region to plan to overcome a future shortfall of housing capacity as well as to develop a robust and sustainable urban area within the Eastern Corridor.

Given the extent of the housing capacity shortfall in the medium to long term, a new urban growth area may be needed to deliver up to 11,500 additional homes, as well as business opportunities. The Eastern Corridor represents an obvious location for a new urban growth area due to such

matters as - the scale of growth required, the potential to leverage off existing urban settlements, making use of past infrastructure investment such as the excellent accessibility provided by road and rail. The Eastern Corridor also has large areas of developable flat land.

Urban expansion into the Eastern Corridor, if well planned, could make use of existing urban areas such as Te Puke, and Paengaroa and emerging areas such as Te Tumu and the Rangiuru Business Park. This could provide both a residential and an employment future for the area, thus meeting the 'live, learn, work, play' principle in the SmartGrowth Strategy 2013. This then could provide a measure of self-sufficiency enabling people living in the area to meet their daily needs within their local community, but also enable travel elsewhere for work - the Tauranga CBD, or even Rotorua for example.

Compared to the other SmartGrowth growth corridors, the Eastern Corridor has large amounts of flat land. While issues such as flooding and other natural hazards will need careful investigation, it also means relative ease of development, less costly cut and fill subdivision, good access and ease of infrastructure servicing.

Efficient Use of Land

The need for future urban development in the Eastern Corridor is driven predominantly by a shortfall in capacity elsewhere in the sub-region. It is therefore in response to an identified future demand and helps to provide a planned and targeted response.

A future urban area within the Eastern Corridor can also make good use of existing investments and infrastructure – particularly the Tauranga Eastern Link and the Rangiuru Business Park. In addition, good planning, the delivery of a range of services and facilities, plus a mix of housing typologies, will avoid ad hoc development and deliver an efficient urban form that meets the needs of its community.

Live Work Learn and Play

The SmartGrowth philosophy of creating truly liveable communities that live, work, learn and play locally can be realised through a new urban growth area in the Eastern Corridor. The scale of the residential capacity shortfall means a substantial urban area is necessary. This in turn creates the potential to plan for a wide mix of residential, business, leisure and educational activities, plus extensive facilities and services.

An integrated, well planned new urban growth area can be delivered that is well balanced, meets the needs of the whole community and expressly seeks to achieve the concept of live, work, learn and play.

Land-use and Transport Integration

One of the Eastern Corridor's most important attributes is its high levels of accessibility. Both State Highways 2 and 33 traverse the area, providing direct access between Tauranga and Whakatane and Rotorua. Similarly, the Tauranga Eastern Link enhances access to and from Tauranga City and the Port of Tauranga. In addition to these roads, the railway line runs throughout the extent of the Eastern Corridor providing critical freight access to the Port of Tauranga, and onwards to the Waikato and Auckland.

The multitude of road options and rail presents strong opportunities for enhanced accessibility and the potential for mode neutrality, within and to-and-from a new urban growth area. Greater population signals opportunities to invest in a wide range of transport modes, including buses, to cycleways, walkways and future passenger rail, in line with the New Zealand Transport Agency's commitment to greater mode share.

Ready access for freight to Tauranga and in particular the Port of Tauranga will remain critical for the Bay of Plenty economy. While opportunities will develop to improve mode share within the Eastern Corridor this must not be at the expense of freight access by either road or rail.

Should the recommendation from phase 1 + 2 Eastern Corridor reports be to advance urban growth in the Eastern Corridor, the Urban Form and Transport Initiative will consider a transport network that integrates the new spatial form with transport options. This is likely to be based around the good access provided by the Tauranga Eastern Link and State Highway 2 + 33, but also opportunities of passenger rail into Tauranga City, good bus services, and an extensive network of active transport modes.

Water Infrastructure

Some areas within the Eastern Corridor are already adequately serviced with wastewater, water supply and stormwater services. However, recent growth in Te Puke has already signalled the need for upgrades to wastewater facilities to service the additional demand. Should the Eastern Corridor become an urban growth area, significant additional investment would be required across all water related infrastructure.

Infrastructure upgrades are underway nearby, such as Maunga treatment plant, outfall pipe and the new Waiari water scheme. There may be potential to tap into these facilities to help service growth in the Eastern Corridor.

Managing stormwater in a low-lying area, which is likely to be further affected by sea-level rise, is likely to be an important planning consideration.

Maori History, Culture and Kaitiakitanga

Māori have for centuries lived in the area. Their history is still visible including Pa sites on the Papamoa Hills, Te Tumu and Maketu plus a number of battle sites. There are sites of cultural importance and significance spread throughout the area, including mahinga kai and kai moana. Local iwi, as kaitiaki, retain a role in the protection and guardianship of these resources and work actively with the Bay of Plenty Regional Council to protect and enhance environmental quality.

As one of the Bay of Plenty's most important areas for flax, the Kaituna River flood plain was an early location of commerce and interaction between Māori and Pakeha settlers. Urban expansion offers the opportunity to recognise this unique history, to protect and embrace it to provide a unique sense of place and identity.

Early and comprehensive consultation and collaboration with mana whenua is critical.

Natural Hazards, Constraints and Risks

While the Eastern Corridor presents a strong case for additional growth, a number of constraining factors need to be considered.

Much of the Eastern Corridor is low lying land, including the floodplain surrounding the Kaituna River. This means an ongoing flooding risk and further risks from coastal inundation or tsunamis. Similarly, the local geology and soils mean many areas are susceptible to liquefaction. Therefore, an in-depth analysis would need to determine the extent of these constraints, and whether suitable mitigation can be put in place, before any significant additional urban growth is considered.

While these factors need to be analysed and considered, they are unlikely to undermine the potential for urban development in appropriate areas within the Eastern Corridor.

Rural Production and Business Growth Opportunities

There is a strong local economy, with business activity based in Te Puke and to an extent Paengaroa. The strong agricultural service sector is booming as kiwifruit, avocados and other agricultural sectors face ongoing growth and expansion. Accordingly, there is strong local support for additional growth and investment to be encouraged in the Eastern Corridor.

The horticultural sector is highly reliant on seasonal labour force and regularly experiences high demand to accommodate seasonal workers. Currently demand regularly exceeds the available

supply, causing problems for the sector. An increased supply of housing in the Eastern Corridor could potentially address this shortfall.

Associated with agricultural servicing is the future development of the Rangiora Business Park, which is already zoned for industrial activities and awaits infrastructure servicing. The growth of agriculture in the vicinity plus the growth in forestry, marine servicing, and manufacturing in the wider Eastern Bay of Plenty suggests Rangiora could become a vital centre for logistics and storage. Should an additional urban growth area be provided in or near Te Puke, there could be strong integration with Rangiora as an employment hub for residents living in Te Puke.

A new urban growth area would also mean opportunities for commercial office development, retail and other service sectors that seek to locate in commercial urban centres.

Much of the northern end of the Eastern Corridor is already growing at pace. Additional employment opportunities provided in the southern part of the corridor can help service increasing residential growth in Wairakei and Papamoa and onto Te Tumu.

Versatile Soils

The recently introduced draft National Policy Statement on Highly Productive Land, seeks to recognise the values and benefits of primary production on this land, to maintain its productive potential and to protect it from inappropriate development. This is likely to have implications for the Eastern Corridor where highly productive land supports extensive kiwifruit, avocados and other horticulture.

Careful analysis of existing soils and their productive capacity will need to be undertaken to determine the location and extent of any future urban growth area. In the right location, urban development can support rural production, by ensuring a nearby labour supply and agricultural service sector.

Housing Options

An urban growth area needs to deliver a wide range of housing typologies, sizes and price points to make the most efficient use of available land and to meet the housing needs of all of the local community. This would help to address the Bay of Plenty's housing crisis and further attract people to locate here.

Housing for Maori is a particularly pressing issue. Irrespective of which urban form is chosen, considerable effort will be needed to consider a variety of housing options for Maori, including opportunities for Papakainga, and new leasehold and freehold housing options.

Housing for horticultural workers is another pressing issue in the Western Bay that needs urgent attention. Whichever urban form is chosen would need to respond to the shortfall of seasonal workers' housing.

The Bay of Plenty Regional Policy Statement

The Bay of Plenty Regional Policy Statement (RPS) seeks to sustainably manage growth in the region to enable development of a sustainable regional urban and rural form. It advances compact, well-designed and strongly connected urban areas to effectively and efficiently accommodate growth. This urban form will ensure both urban and rural communities are physically connected and developed in an integrated, planned manner.

Many of the issues contained in the RPS have been addressed in the above sections. These include:

- Provision of adequate land supply to meet growth.
- Avoiding inefficient patterns of land use.
- Prevention of fragmented rural land,
- Avoiding uncoordinated growth,
- The impact of growth on communities,

- Recognition of natural features and landscapes,
- Conflict between incompatible or sensitive activities and rural production activities in rural areas,
- Integration of land use and infrastructure,
- The operation and growth of rural production activities

These issues and their associated objectives and policies seek to ensure growth is well planned, integrated and serves the needs of the community, whilst protecting the natural environment.

The prospect of a new urban growth area in the Eastern Corridor is consistent with these objectives. Indeed, all of the above issues can be addressed through the careful consideration of potential development in the Eastern Corridor.

Much depends on the spatial form, location and scale of a new urban growth area, to be determined and assessed in the finer grained analysis to be undertaken in phase 2.

A Unique Community

The area within the Eastern Corridor is a unique part of New Zealand. As well as its cultural heritage, discussed above, the area has a unique mix of coastline, beaches and small beach and rural settlements. It also has extensive river system with the Kaituna river and other local rivers and associated wetlands. Surrounding these are a varied mix of horticulture and agricultural farming.

The local communities highly value their sense of place – unique in the Bay of Plenty. With a new urban area, there is the opportunity to embrace growth and develop a modern urban area that reflects and enhances the uniqueness of this area. And, in doing so, addresses existing challenges such as housing, employment and cultural diversity.

Similarly, careful public investment in infrastructure and additional public facilities can significantly improve people's wellbeing, and make the urban area an attractive and safe place to live, learn, work and play.

A Potential Spatial Form

As we have seen in earlier sections of this report, there is considerable potential for a new urban growth area in the Eastern Corridor. This section of this report looks more closely at the potential spatial form a new urban growth area could take.

A key determinant is the scale of capacity required to address future growth demand. A shortfall of 11,500 new houses presents a significant challenge for the sub-region. While it is unlikely that the Eastern Corridor will need to pick up all of this capacity shortfall, it is likely that it will need to provide a substantial proportion. Therefore, for the purposes of determining an optimum future spatial form, two scales of potential development capacity have been chosen:

- A medium sized urban area containing approximately 5,000 dwellings (and associated business activity).
- A large urban area containing approximately 10,000 dwellings (and associated business activity).

Other determining factors are identified in the SmartGrowth Strategy 2013 that contains the following SmartGrowth strategy principles for the settlement pattern⁴:

- A compact urban form and live, work, learn and play opportunities
- New settlements start when population thresholds are reached
- Defined urban limits are maintained
- Provision of business land for a range of activities
- Improvements to the transport system
- Innovative infrastructure solutions and funding

⁴ Settlement Pattern Principles, page 130, SmartGrowth Strategy 2013

- Avoidance and mitigation of hazards
- The transport system is optimised in association with other infrastructure networks.

The following section assesses three potential urban forms that could provide additional capacity, whilst delivering outcomes in accordance with SmartGrowth Strategy principles.

1. An Enhanced Te Puke

There is potential to expand the existing urban footprint of Te Puke and to link this with the Rangiuru Business Park to deliver an enhanced urban area of significant scale.

The town of Te Puke presents a good opportunity for growth, given its current population, business activities, community facilities, school, and its excellent access to Papamoa and places further west and east via the Te Puke Highway, the Tauranga Eastern Link, and railway line. Enlarging Te Puke and linking it to business opportunities in Rangiuru will reinforce its potential to be a predominantly self-sufficient urban growth area.

Adding either 5,000 dwellings or 10,000 dwellings would replace the existing Te Puke rural township with a significantly-sized urban town to the south-east of Tauranga. This town, while largely self-contained, would offer excellent linkages to Tauranga City to the north, Whakatane and Kwarau to the east and Rotorua to the south.

Other existing rural settlements such as nearby Maketu and Paengaroa could remain largely unaffected, albeit with growth in the wider area they are likely to grow to some extent. There is an opportunity to build on these existing settlements and develop a unique eastern coastal urban area, that has its own identity and purpose.

Assessment against SmartGrowth Strategy Settlement Pattern Principles

1. A compact urban form and live, work, learn and play opportunities

The enhanced Te Puke option is largely consistent with the live, work, learn and play objective because existing live, work, learn and play opportunities can be reinforced and enhanced. The scale of the existing urban area would grow, meaning existing facilities can be expanded and new facilities built to provide a more comprehensive urban area. There would be increased local employment opportunities, enabling residents to live and work locally and discouraging commuting to work to other locations.

2. New settlements start when population thresholds are reached

Expanding the existing Te Puke can be planned and delivered as the shortfall of capacity in the sub-region becomes evident.

3. Defined urban limits are maintained

While this option is not contiguous with the existing urban boundary around Tauranga, it builds on the existing rural settlement urban area of Te Puke, thereby enhancing and adding to the sub-regional urban area.

4. Provision of business land for a range of activities

Te Puke contains existing business activities which would be enlarged and complemented by new businesses, to provide a comprehensive range of business activities consistent with this scale of urban development. Commercial and retail growth could occur in the town centre and this would be supported by fluid access to the nearby Rangiuru business park, providing additional employment opportunities for industrial sectors, logistics, transport and storage and wholesale trade.

5. Improvements to the transport system

An enhanced Te Puke option would seek to make the best use of existing transport infrastructure (road and rail). Within the enlarged urban footprint, opportunities will exist to enhance mode share shift through provision of walkways, cycleways and frequent public transport services. This option provides a strong opportunity to deliver highly integrated transport system within an enlarged urban area and outwards to access Tauranga, Rotorua and Whakatane.

The addition of 5,000 additional dwellings will create substantially more car movements, however this level of growth is unlikely to put too much strain on the existing transport network. However, the addition of 10,000 additional dwellings and subsequent car movements may do so, thereby incentivising alternative mode share options.

6. Innovative infrastructure solutions and funding

The scale of new development to deliver either 5,000 or 10,000 additional dwellings means there will be a need for significant investment in infrastructure. It also means that given the scale of this investment, there is strong incentive to consider innovative, alternative funding mechanisms as well as new technologies in order to deliver the infrastructure required.

7. Avoidance and mitigation of hazards

The historic location of Te Puke sought to avoid existing and known hazard areas. While some risk of flooding exists, this could be adequately mitigated in planning and development of a significantly enlarged Te Puke.

8. The transport system is optimised in association with other infrastructure networks.

This option and its significant enlargement means the scale of planning and investment would warrant the planning and optimisation of networks. In particular, a well-designed urban form combined with a strong drive for a shift in mode share within the transport network could mean a reduction in the proportion of single car trips and a more efficient and resilient transport network.

2. A New Satellite Town

An alternative urban form could be the development of a new urban area located broadly within the Eastern Corridor, but separated from the existing Te Puke. Its location would depend on finding sufficient vacant, developable land for either 5,000 or 10,000 dwellings. At an ambitious average density of 30 dwellings per hectare, this equates to between 167 hectares to 334 hectares of vacant land, which would be required (plus additional space for facilities, roads, infrastructure etc).

This is a substantial area of land, that would need to be well located to avoid a host of constraints, including low land areas that are prone to flooding and/or liquefaction, avoid versatile, highly productive soils, any coastal areas that are subject to storm events and the risk of longer term sea level rise, etc.

Subject to locating a suitable area, there is the potential to develop a new satellite town that has easy access through road and rail to the north and south. It could be well planned to ensure a high quality urban environment, with a strong commercial/retail area at the core, complemented by nearby medium density housing and suburban housing, supported by a variety of transport options including cycling and walking facilities.

The new town could also make use of the Rangiora Business Park for nearby employment, plus ready access for further employment to Tauranga in the north and Rotorua in the south.

Consideration would need to be given to the impact a significantly sized new town such as this would have on growth and investment in Te Puke, such as the effects of dissipating urban development over a broad area and whether sustainable transport and modal shift could be advanced to service the town.

Assessment against SmartGrowth Strategy Settlement Pattern Principles

1. *A compact urban form and live, work, learn and play opportunities*

A new satellite town, initially appears at odds with compact urban form, as it represents the creation of a new urban area and therefore expansion beyond the existing urban area. However, a satellite town does not represent linear sprawl, but rather a self-contained new urban area. This presents, therefore, a good opportunity to develop a model compact town, which could lend itself to realizing live, work, learn and play opportunities, at both scales of 5,000 and 10,000 dwellings.

2. *New settlements start when population thresholds are reached*

A significant shortfall of residential capacity is already evident and is the initial driver for consideration of the Eastern Corridor as a new urban growth area. Planning for a new urban area will take considerable time and should begin as soon as a decision is made to advance a new urban area in the Eastern corridor.

3. *Defined urban limits are maintained*

A satellite town would not be contiguous with the existing urban boundary around Tauranga, nor with existing rural settlements. New urban limits would be required to encompass the new satellite town.

4. *Provision of business land for a range of activities*

Significant opportunities for the provision of new business activities are available with both a satellite town of 5,000 dwellings or 10,000 dwellings. There will be opportunities to market the unique nature of a new town to attract new investment and growth. Access to nearby markets, the Port of Tauranga, and a large populous hinterland offer further advantages.

Care will be needed to ensure new business activities in the satellite town do not replicate or unnecessarily compete with activities in the Rangiuru Business Park and Te Puke.

5. *Improvements to the transport system*

Care would need to be taken in determining the location of the satellite town to maximize the use of existing transport infrastructure. However, based on existing road and rail facilities providing the basis of access for the new town, other mode share opportunities could be designed 'from the ground up' to deliver transport mode neutrality within the satellite town.

6. *Innovative infrastructure solutions and funding*

Building a new satellite town provides a blank canvas to identify opportunities for creative and innovative infrastructure. Its new location will necessitate innovative thinking and funding.

7. *Avoidance and mitigation of hazards*

A minimum of 167 hectares (5,000 dwellings) or 334 hectares (10,000 dwellings) of vacant land will be required to provide for housing (this excludes additional land for other facilities, roads, infrastructure, reserves, business land etc). This is a significant amount of land. A key challenge for this option will be to find sufficient developable land, whilst avoiding natural hazards, especially areas of flooding, tsunamis, liquefaction, etc. Given the low lying nature of much of the land in the Eastern Corridor and the prevalence of flooding and other natural hazards, it is unlikely that a single, contiguous area of land of this size is available without some risk of natural hazard. Adequate mitigation would, therefore, be required for this option.

8. *The transport system is optimised in association with other infrastructure networks.*

The planning for a new satellite town provides strong opportunities to optimise transport with other infrastructure.

3. Urban Hamlets

Another potential urban form is the development of a series of urban hamlets spread throughout the Eastern Corridor. These could possibly have Te Puke as the central point, with a number of additional hamlets with easy reach, like spokes on a wheel from a central hub. Each hamlet could be around 1,000 – 2,000 dwellings in size, necessitating around five new hamlets around a significantly enlarged Te Puke. Existing rural villages such as Pongakawa, Maketu, etc should be considered.

A hamlet type urban form provides a more dispersed format, but has the advantage of providing smaller, more individual urban areas that can reflect the unique character of each community. Commuting between the hamlets would need to be prioritised, including access to areas of employment such as the Rangiuru Business Park.

Assessment against SmartGrowth Strategy Settlement Pattern Principles

1. A compact urban form and live, work, learn and play opportunities

The urban hamlets option is contrary to the concept of a compact urban form. It represents dispersal of urban activities in a series of small urban hamlets. Work, live, learn and play opportunities would also be dispersed, requiring considerable travel between the hamlets and further afield for these purposes.

2. New settlements start when population thresholds are reached

A significant shortfall of residential capacity is already evident and is the initial driver for consideration of the Eastern Corridor as a new urban growth area. Planning for new hamlet will take considerable time and should begin as soon as a decision is made to advance a new urban area in the Eastern corridor. This option is more complicated however, as capacity targets would need to be reached across a number of hamlets.

3. Defined urban limits are maintained

Existing urban limits could remain, but new urban limits would need to be identified and defined around each hamlet. These would need to be carefully analysed to avoid productive land, hazards areas, etc whilst seeking to make the best use of existing roads, rail and infrastructure.

4. Provision of business land for a range of activities

The small scale of hamlets is likely to discourage large scale business activity, whilst encouraging smaller, niche businesses serving local needs. This option would rely significantly on the Rangiuru Business Park as the predominant business facility and location for employment in the area.

5. Improvements to the transport system

This option would necessarily rely on the existing roading network for access to and between the various hamlets. Passenger rail is less likely to play a significant role. However active transport modes such as walking and cycling could be well planned thus providing a high degree of internal accessibility and mode share shift within each hamlet.

6. Innovative infrastructure solutions and funding

The planning and development of a series of inter-linked urban hamlets would likely require a range of innovative infrastructure solutions. These would need to address the higher cost of providing

infrastructure to service dispersed urban areas. Infrastructure effectiveness and resilience is likely to be more difficult to achieve with this option.

7. Avoidance and mitigation of hazards

An advantage of this option is its adaptability in identifying and defining hamlets in locations where there are no natural hazards. The smaller scale and extent of urban development mean hamlets can be located in smaller, less hazards prone areas, including making use of existing rural settlements within the Eastern Corridor.

8. The transport system is optimised in association with other infrastructure networks.

Optimising transport and other infrastructure is likely to be challenging given the dispersed nature of this option. This in turn has infrastructure resilience implications.

Conclusion of Assessment against SmartGrowth Strategy Principles

Each of the three spatial form options would be able to accommodate either 5,000 or 10,000 additional dwellings and associated business activities. Each have their advantages and disadvantages when assessed against the SmartGrowth Strategy principles for the settlement pattern. Matrix 1 below summarises the options:

Matrix 1: Scoring of Proposed Spatial Forms in Eastern Corridor against SmartGrowth Principles

Spatial Form Comparison Matrix	Very Poor	Poor	Average	Good	Very Good
Topic	Enhanced Te Puke	Satellite Town		Hamlets	
Compact Urban Form	Very Good	Very Good		Very Poor	
Population Thresholds	Very Good	Very Good		Good	
Urban Limits Maintained	Average	Poor		Poor	
Range of Business Activities	Very Good	Good		Poor	
Transport System Improvements	Very Good	Good		Average	
Innovative Infrastructure Solutions and Funding	Average	Average		Very Poor	
Hazards avoidance and mitigation	Good	Poor		Very Good	
Transport and Infrastructure	Good	Good		Poor	

The Hamlets option scores least well overall. It scores particularly poorly in respect to 'compact urban form', and 'innovative infrastructure'. It also scores poor for 'urban limits', 'range of business activities' and 'transport and infrastructure'. It is the least favoured option.

The Satellite Town option scores better than the Hamlets option overall. While it scores 'poorly' against two of the SmartGrowth principles, it also provides some good opportunities that could be realised if urban development occurs.

The 'Enhanced Te Puke' option scored consistently well against the SmartGrowth principles reflecting perhaps the range of opportunities that can be realized by substantially growing and investing in an existing rural settlement.

Based on this analysis, it is recommended that both the 'Enhanced Te Puke' and the 'Satellite Town' spatial form options are investigated in more detail in phase 2 of the Eastern Corridor study.

Phase 2 Evaluation Framework

The above sections briefly review the appropriateness for a potential new urban growth area in the Eastern Corridor and analyse some potential land use options.

Should phase 2 of this project go ahead, a more in-depth evaluation of the 'Enhanced Te Puke' and 'Satellite Town' options will be required, this will need to consider:

- Constraints and Opportunities - to determine whether a new urban area is appropriate in the Eastern Corridor and if so, an optimum location.
- Scenario modelling - to identify fine grained spatial form, linkages to critical infrastructure, land uses.
- Identification of existing and new town centres, business areas, and settlements.
- Market Feasibility – to identify whether urban development, including infrastructure costs, are feasible and able to be delivered through the private and public sectors

Importantly, this phase of work will also need to engage fully with key stakeholders, manawhenua and adjoining Local Authorities.

Of particular importance will be to identify an optimum urban form that will deliver growth, whilst adhering to established SmartGrowth and other planning principles.

Conclusions

This report seeks to assess whether the Eastern Corridor should be considered as an additional urban growth area for the western Bay of Plenty sub-region. An analysis of future demand and supply of both business and residential housing indicates a looming shortfall of housing within three years. This shortfall is likely to continue into the long term, unless the two greenfield projects of Te Tumu and Tauriko West get underway without any further delay, and unless rapid progress is made to intensify existing urban areas.

The residential capacity shortfall raises serious concerns about whether the sub-region can provide sufficient housing capacity to meet growth demands. To mitigate against this shortfall, it is recommended that the SmartGrowth partners:

- fully implement the proposed Tauranga Urban Strategy, and
- identify an additional growth area capable of delivering substantial amounts of residential housing.

Based on the preliminary assessment in this phase 1 report, the Eastern Corridor presents a potentially viable urban growth area that could resolve residential capacity shortfalls in the longer term (beyond 2026), as well as reinforcing existing industrial, business and agricultural activities and growth in the area.

The Eastern Corridor has the potential to be a future growth area that positively adds to the Bay of Plenty sub-region. There is an opportunity to provide for significant amounts of residential and business growth, which if well planned can meet with SmartGrowth objectives of delivering a vibrant, connected, healthy and safe urban area that builds the local community, recognises cultural identity and enables live, learn, work, play outcomes.

It is recommended that SmartGrowth undertake phase 2 of this project; an in-depth assessment of the costs and benefits of developing the 'Enhanced Te Puke' and 'Satellite Town' options in the Eastern Corridor, including a constraints analysis, feasibility of development, estimated infrastructure costs, development timing, and engagement with key stakeholders, manawhenua and adjoining Local Authorities.

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