

HPUDS IMPLEMENTATION WORKING GROUP

Tuesday 29 March 2016

Subject: HPUDS REVIEW STAGE 1 - SYNTHESIS REPORT

Reason for Report

1. HPUDS is based on a number of assumptions about future development and infrastructure trends that will likely change over the next thirty years. As such, HPUDS specifically provides that the Strategy be reviewed every five years after the results of the national census are available to ensure that it is kept up to date and relevant.
2. The HPUDS Implementation Working Group received a report on the outcomes of the 2013 census and Statistics New Zealand subnational population projections at its September meeting. The census information indicated there has been little evidence of a change in growth drivers of population and household growth that would suggest that the HPUDS projections are out-of-date or inaccurate at this point. The reports produced as part of Stage 1 of the review have gone into these and related matters in more detail and their findings are summarised in this report.
3. The Stage 1 reports seek to review the assumptions upon which the strategy is based, with a particular focus on the monitoring of growth drivers and trends of the five years to 2015. This has resulted in the completion of 11 separate reports. A full list of the report titles and authors is attached as Appendix 1. The findings of nine of these reports are summarised in Table 1 below. While the two most significant reports to the HPUDS base assumptions, relating to 'Demographic and Economic Growth' and 'Market Demand' are summarised in more detail as follows.

Recommendations

That the Heretaunga Plains Urban Development Strategy Implementation Working Group:

Receives the "HPUDS Review Stage 1 – Synthesis" report

Gavin Ide
MANAGER, STRATEGY AND POLICY

Attachment/s

- 1 HPUDS Review Stage 1 - Synthesis Report

REASON FOR REPORT

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3. The Stage 1 reports seek to review the assumptions upon which the strategy is based, with a particular focus on the monitoring of growth drivers and trends of the five years to 2015. This has resulted in the completion of 11 separate reports. A full list of the report titles and authors is attached as Appendix 1. The findings of nine of these reports are summarised in Table 1 below. While the two most significant reports to the HPUDS base assumptions, relating to 'Demographic and Economic Growth' and 'Market Demand' are summarised in more detail as follows.

ASSESSMENT

Key Points from Demographic and Economic Growth Report

4. The full title of this report is 'Heretaunga Plains Urban Development Strategy 2015-2045, Review of Base Demographic and Economic Growth Trends and Projections Since 2009', Sean Bevin, Economic Solutions Ltd (March 2016). Sean Bevin was also the author of the equivalent report produced in 2009 in the preparation of the original HPUDS document. The following seeks to summarise the key findings of this 2016 Stage 1 report.

Report Purpose

5. This report seeks to update the information used for the original HPUDS to account for any changes in the base assumptions and emerging trends since 2009 and adjust the findings and projections accordingly.
6. This report also seeks to identify the economic drivers and how these will influence employment prospects and consequently urban development on the Heretaunga Plains over the study period.

Demographic Trends since 2009

7. The population growth within the study area from 2009 – 2015, was 5,500 people, or an increase of 4.4% to a population of 131,400. This was higher than that projected in 2009 (by 1,080) and was driven by both natural population increase (4,594) and net migration gain (1,106). This gain was from internal migration from other parts of New Zealand of 3,172, which more than compensated for a net overseas migration loss of 2,066.

8. As a proportion of the total population the traditional working age groups (15 – 64) fell from 63% in 2009 to 61% in 2015, while the 65+ category increased from 15% in 2009 to 18% in 2015.
9. The total number of ‘households’ in the study area has increased by 3,063 to 51,455 between 2009 and 2015. This is an increase of 6.3% and exceeded the projections made six years ago by 545 households. In addition to population increase, this has resulted from demographic and social changes in the community which has reduced the average number of people per household from 2.6 in 2009 to 2.55 in 2016.

Economic Changes

10. Real GDP growth of approximately 10% has occurred in the region since 2009, therefore exceeding the population and household growth rates for the study area. Over the period since 2001 however there have been large fluctuations in annual GDP growth, peaking in 2003 at 6%, falling to -7% in 2008 and recovering to over 3% in 2015 and increasing steadily since 2013.
11. The primary production and manufacturing sectors continue to provide the key economic underpinning for the overall performance of the Hawke’s Bay economy (30 - 40% of total GDP).
12. With regards to employment, there has been an annual average increase in total employment in Hawke’s Bay over the past 15 years of approximately 1 - 1.5%.

Demographic Growth Outlook 2015 – 2045

13. Based on the Statistics New Zealand ‘middle of the road projections’ the Study Area’s population continues to grow up until 2033, stabilises but then starts to fall from 2038, with significant falls in the age groups under 65 years old. Despite this, there is still projected household growth in the medium and high projection scenarios beyond 2033.
14. It is projected that there will be a continuing gradual fall in average household occupancy, including a significant increase in the number of single person households over the study period.

Economic Growth Outlook 2015 – 2045

15. There is a forecast annual average GDP growth for the wider Hawke’s Bay region of 1.5% throughout the study period to 2045. There are a wide range of positive economic developments, including primary industry growth and infrastructural upgrading, which underpin this growth outlook. Employment is similarly forecast to grow at average annual rates of 1 - 1.5% during the study period.

Updated Household Growth and Population Projections 2015 – 2045

16. Projected household growth across the HPUDS Study Area for the 2015 – 2045 study period is 10,610 households based on a Statistics New Zealand ‘Halfway Medium to High’ growth projection scenario. Total population growth in the area over this timeframe is projected to be 16,455 (if such a ‘Halfway Medium to High’ scenario is also applied to the population projection), while average household occupancy falls from 2.55 to 2.38. This household growth is an increase on that projected in 2009 of

8,014 (it should be noted though that this projection was based on a 'middle of the road' growth projection scenario within the Hastings District).

Forecast Commercial and Industrial Growth

17. Forecast GDP growth results in employment gains throughout the study period in both the industrial and commercial sectors.
18. Industrial floor space demand for the period 2015 - 2045 is estimated at a total of 900,000m², which equates to 225ha of land. This also matches what was predicted in 2009. This is projected to result in average annual industrial land requirements of 7.5ha (with an estimated 5ha annually for Hastings and 2.5ha for Napier).
19. Commercial land projections also remain unchanged from 2009, with an estimated demand for 700,000m² of building floor area over the study period, which is estimated to require approximately 110ha of land. Commercial land requirements are estimated to on average be 2.5ha annually for Hastings and 1.5ha for Napier. *(With regard to this point it is noted that HPUDS 2010 took the position that this land requirement would be absorbed through redevelopment and intensification of existing zoned land, rather than displacing existing housing stock).*

Key points from Market Demand Report

20. The full title of this report is 'Heretaunga Plains Urban Development Study Market Demand Report', Telfer Young Hawke's Bay Ltd (March 2016). Telfer Young also produced the equivalent 2009 report in the preparation of the original HPUDS document. The following seeks to summarise the key findings of this 2016 Stage 1 report.

Report Purpose

21. The purpose of the equivalent 2009 report was to obtain a better understanding of the residential market by undertaking a market analysis of the various components of the residential sector on the Heretaunga Plains. This involved identifying the level of demand for the various components that comprise the residential sector.
22. The purpose of this 2016 Stage 1 report is to update the information used for the original HPUDS document to account for any changes in the base assumptions and emerging trends since 2009 and adjust the findings and projections accordingly; and to identify conditions that would satisfy market demand for new housing development.

General

23. The projected growth rate is 480 houses per annum up to 2025 but then reducing to give an average over the whole study period (2016 – 2045) of 322 houses per annum or a total of 9,660 new houses from 2016 to 2045. This is an increase on the 2009 prediction of 243 houses per annum average over the whole study period. Note this is a projected growth rate of new dwellings constructed and is different to 'household growth', which is a census term as referred to in paragraph 2.13 above.
24. Dwelling growth projections for the later parts of the study period should be treated as indicative only. Population growth is a significant factor driving demand for new houses. New Zealand is currently experiencing record immigration inflows, but

whether this will continue over the longer term trend is doubtful. The Statistics New Zealand projections are based on a zero growth forecast from migration with inflows expected to balance outflows. Nevertheless, Hawke's Bay is well placed for medium and long term growth if global conditions and government policy dictate.

25. In the current market the most popular form of development from those developers surveyed is standard housing in greenfield developments. In general, the majority of those surveyed indicated that they were open to more intensive forms of residential development providing that there was sufficient demand and a more flexible approach taken by the Councils to accommodate developers and their requirements (including development levies).
26. Demand for sites suitable for family living is in the 600m² and above size, which is seen as sufficient to accommodate a new 180m² – 250m² dwelling. Market preference is for single storey residential development, with most modern subdivisions covenanting to require a single storey dwelling.

Greenfields

27. There would appear to be sufficient greenfields supply to cater for anticipated demand beyond 2045. (This is assuming that all identified growth areas are able to be developed to their capacity).
28. The majority of demand exists for new sites within the medium to upper medium price brackets and this appears likely to continue. Better quality higher valued new housing is expected to be located in Havelock North and potentially on the Mission Heights and Poraiti subdivisions.
29. There is general resistance to lower priced localities and development options.

Lifestyle

30. Lifestyle supply is difficult to quantify but appears to fall short of the likely total demand of 850 lots projected to the end of the 2045 study period. This demand averages out to be 28 sites per annum over the study period, but is projected to be higher than this up until 2026 and to fall thereafter. Lessening demand is anticipated mainly from demographics with an aging population expected to lessen demand for lifestyle blocks, as access to amenities and services is needed.
31. Some of the available supply is of a type and nature that the market does not favour. Lifestyle demand is now for smaller sites with some separation / privacy but close to urban facilities. Given this, some consented farm parks may never develop due to a lack of demand in that particular location. Other developments appear undercapitalised and require major expenditure on roading and services to get underway. Given the above, the data on consented lifestyle sites tends to overstate potential supply.
32. The situation will need to be monitored but to ensure sufficient supply in the longer term, some additional areas in the Havelock North Hills, Bay View and Seafield Rd, Poraiti and Springfield Rd may be required. Alternatively some intensification in these areas could be considered.

Medium Density / Infill

33. In Havelock North and Hastings, intensive or compact forms of development are likely to be limited to smaller scale townhouse or gated community developments, mainly within Havelock North but with potentially some in Hastings.
34. In Napier the existing oversupply will most likely prevent any new apartment developments for some period of time, due to lack of profitability. However there is still likely demand in Ahuriri for townhouse developments particularly if well priced and if avoiding body corporate issues. The Napier Hospital redevelopment represents a major supply bubble and timing of this proposal will be critical.

Key Points from Other Stage 1 Reports

35. The other nine Stage 1 reports are summarised in Table 1 below, with regards to their purpose and findings. Section 5 of this report then draws on the findings from the various Stage 1 reports to ascertain whether any of the 'Key Settlement Pattern Assumptions' from the original HPUDS document require amendment.

Table 1 - Summary of HPUDS Review Stage 1 Reports

Report Title & Author	Purpose	Key Conclusions
<p>HPUDS Phase 2 - Infrastructure Reviewed, MWH</p>	<p>This report assesses the infrastructure constraints and opportunities within the Heretaunga Plains. Infrastructure was noted as including electricity, telecommunications (voice and data), water, wastewater, stormwater, and transport. The intent of this review is to update changes in 'infrastructure constraints and opportunities' since 2010.</p>	<ul style="list-style-type: none"> i. The required Level of Service, including risk assessment needs to be taken into account across all infrastructure areas, as this ultimately affects the scale of the opportunities and constraints. ii. With regard to waste water, intensification of existing settlements outside of the main urban areas is limited by the need for disposal field space on lots. iii. Stormwater is not a constraint to intensification in Hastings as long as developments are planned with onsite solutions. Some 75% of Napier's stormwater is pumped, with the likelihood that any intensification of development will increase the level of pumping. iv. In terms of water, the Heretaunga Plains aquifer has capacity to cope with additional demands from growth; but the quality of this supply varies by location. Growth above that previously planned for, will require additional reticulation capacity. v. New Hastings urban and Heretaunga Plains transport models are being prepared, which need to be taken into account for future urban developments. Land use change may require rural road upgrades. Public transport is not currently playing a significant role as a mode of travel to work and school. vi. Napier Port operates an inland depot facility at Pandora, with additional options for inland facilities possible at both Pandora and Whakatu. An increase of rail usage to the port could have a negative effect on the general road network in Napier, due to the number of rail crossings. This could be potentially managed by flyovers, timing of movements or potential double height loads to reduce rail movements. vii. The existing Hawke's Bay airport noise contours in the City of Napier District Plan could restrict the forecast growth of the airport over the next 20 - 30 years. viii. Climate change effects from sea level rise, inundation, storm surges, coastal erosion and tsunami will be a considerable constraint on future development in low lying areas, including the Hawke's Bay Airport and coastal communities.

<p>Industrial Land Demand Projection 2016 – 2025, Logan Stone</p>	<p>This report seeks to identify the trends occurring in business (industrial) land uptake since 2000. As part of this process the level and distribution of new industrial development is assessed as a basis for evaluating whether the conclusions of HPUDS are valid for industrial land growth or whether adjustments are needed.</p>	<ul style="list-style-type: none"> i. Within the study area, some 64ha of industrial land is likely to be consumed over the 10 year period to 2026. ii. Strong growth and regional economic performance however, could escalate consumption to 80ha. If the opposite occurs with weak demand, an uptake of just 45ha over the 10 year period is likely. iii. The 10 year period is the limit of meaningful industrial growth projections. iv. Industrial land demand will be based upon Hawke’s Bay’s primary production and associated processing, distribution and marketing. The resurgence of the pipfruit sector will be a key driver of industrial land demand over the next three years. v. Napier Port is a critical regional facility capable of generating further industrial demand. There will also be an increasing demand for land to be used for open storage / consolidation purposes by the freight, logistics and forestry sectors. vi. Organic growth of existing non-primary based industry and small scale industry will be within existing industrial precincts through adaptive reuse and property redevelopment. vii. Industrial land uptake in Napier and Hastings over the 10 year period is projected to average 1.6ha and 5.2ha per annum, respectively.
<p>Residential Uptake and Distribution of Actual Growth, Mark Clews, HDC</p>	<p>This report examines residential and rural development over the last 15 years to help inform planning for the next 30 years. The data contained in the report has helped inform the Market Preferences and Demand prepared by Telfer Young.</p>	<ul style="list-style-type: none"> i. The 15 year period before 2000 was characterised by unbalanced supply of greenfields land resulting in most of the new development occurring first in Taradale and Greenmeadows and then in Havelock North. ii. The 15 years from 2000 covered a period of high subdivision and building activity until 2009 then fell back to pre 2000 levels. iii. A lack of greenfields options in Hastings and Napier until the mid 2000’s after Knightsbridge reached capacity, is reflected in high growth in the Havelock North market. Northwood, Clive and Lyndhurst in Hastings and Citrus Grove, Parklands and Te Awa in Napier becoming available, has subsequently reduced building rates in Arataki. iv. Market demand for locations is much more varied than it would appear during periods of constrained supply. Once the supply side diversifies, it appears that people can and

		<p>do make different choices.</p> <ul style="list-style-type: none"> v. Infill consents rose during the property market boom even with an ample supply of greenfields residential sections and rising land prices. The proportion of greenfields development however, has been trending upwards. vi. Overall there are signals that the new housing market is on the rise recently and accordingly it is important that the pinch points in residential land supply are addressed as soon as possible.
<p>Relative Housing Affordability & Greenfields Land Availability, Mark Clews, HDC</p>	<p>This report seeks to examine the issue of housing affordability in the HPUDS Study Area and how it is affected by land supply. This report also examines the forward greenfields land supply provided for in HPUDS 2010 and whether it is adequate for the 30 year timeframe.</p>	<ul style="list-style-type: none"> i. Housing affordability is affected by many factors other than land supply. ii. The land supply scarcity component is a small part of the overall cost of a new build in Hawke’s Bay. iii. Land supply issues do not appear to have impacted significantly on section and house prices in the HPUDS area to date. iv. Despite lower overall medium incomes Hawke’s Bay fares comparatively well with the rest of New Zealand. v. In terms of land supply, there is total of thirty years supply potentially available which is equivalent to the HPUDS timeframe. vi. There are short to medium term issues in supply in Havelock North and Frimley (Lyndhurst) and potentially at Te Awa, which need to be addressed. vii. With reducing projected household growth and a move towards greater intensification, not all the identified greenfields growth areas will potentially be needed, so some of the areas less desirable to the market may not be needed in the longer term.
<p>Review of Rural Lifestyle Subdivision 2000 - 2015, Mark Clews, HDC</p>	<p>This report examines rural subdivision over the last 15 years in Napier City and Hastings District to help inform planning for the next 30 years in relation to rural residential</p>	<ul style="list-style-type: none"> i. Some 2,135 rural lifestyle / rural residential lots were consented in the period 2000 – 2015. This averages out to 133 lots per annum. This data cannot, however be used to assume that there was the equivalent number of new titles created. ii. A specific study of Rural Zone lifestyle sites was undertaken for the Proposed Hastings District Plan submissions hearings, finding that only 40 – 50% of such sites have actually

	<p>(lifestyle) development. The data contained in the report has helped inform the Market Preferences and Demand Report.</p>	<p>been developed with a dwelling.</p> <ul style="list-style-type: none"> iii. More information on completed subdivisions and the development of dwellings on the new lots created for all forms of rural residential development would be of assistance. iv. Conclusions are made in the Telfer Young, Market Preferences and Demand Report on trends in rural residential and rural lifestyle development.
<p>UPUDS Update Residential Intensification Capacity, Dean Moriarity, NCC</p>	<p>To provide an evaluation of whether the conclusions of HPUDS in relation to intensification are valid or whether adjustments are needed, (including possibly identifying areas that may or may not be suitable for intensification), or for which future investment in infrastructure needs to be planned for.</p>	<ul style="list-style-type: none"> i. NCC considers past and likely future market demand will meet the HPUDS intensification targets without significant Council interventions as infill has been and continues to be a significant proportion of new housing development. This has been augmented by periods of significant apartment development around coastal views, particularly at Ahuriri. ii. Without natural water assets or a strong CBD tourism economy, Hastings has determined that a more active approach is necessary to provide the conditions conducive to higher rates of intensification. It seeks to concentrate intensification in selected areas with appropriate levels of amenity. These areas are, or will be, supported by density ready infrastructure and amenity improvements and a design lead regulatory framework. iii. Some urban feasibility modelling has been done as part of the Hastings medium density housing strategy, which suggests that this approach is financially viable as the housing stock ages in the selected areas, supplemented by some traditional infill capacity across the wider suburban environment. iv. On the information available it is concluded that sufficient physical and economic conditions exist in both cities to meet the HPUDS targets over time, however this should be monitored on a regular basis.
<p>Literature Review - Natural Hazards, Belinda Riley, HBRC</p>	<p>The purpose of this report is to carry out a review of key documents, released post 2010, which contain natural hazard information that is</p>	<ul style="list-style-type: none"> i. A total of nine relevant reports dating between 2011 and 2016 were identified to review. The topics covered in these reports are as follows: Tsunami modelling, fault mapping (x2), HB hazard strategy, HB barrier beaches & climate change, climate change & rising sea levels (x2), hazard research update, and HB hazard information portal.

	<p>relevant to the Heretaunga Plains, and to provide a summary of the key outcomes of these documents.</p>	<ul style="list-style-type: none"> ii. The literature review highlights the need for any future decision making around HPUDS to be mindful of the likelihood of an event occurring relative to the consequences, particularly when considering future urban development. iii. Each event has a different risk profile, which means that no standard approach can be adopted to treat all natural hazard risks. iv. There are two key reports due to be finalised in May 2016 which will provide updated information around liquefaction and coastal hazards.
<p>Literature Review - Urban Growth & Land Use, Belinda Riley, HBRC</p>	<p>The purpose of this report is to carry out a review of all the relevant documents, released post 2010, which relate to urban growth, and provide a summary of the key outcomes of these documents. The documents to be reviewed relate to relevant legislation, national research and regional and local policy documents.</p>	<ul style="list-style-type: none"> i. Relevant legislative changes since 2010 come in the form of amendments to the Local Government Act and the National Environmental Standard for Assessing and Managing Contaminants in Soil to Protect Human Health (NESCS). In addition, the Government is progressing phase 2 of the RMA reforms which has passed its first reading in parliament and will further influence urban growth if passed into legislation. ii. 'National Research', discusses the inquiries the Government has commissioned since 2010 which include: housing affordability, using land for housing, how to improve New Zealand's urban planning system and a review of New Zealand's 'loopy rules' with a view to reducing the red tape and bureaucracy around urban development. None of these reports have as yet resulted in any changes to government policy or legislation. iii. The review established that most regional and local policy documents and strategies already align closely with the HPUDS document.
<p>HPUDS Actions Implemented, Belinda Riley, HBRC</p>	<p>HPUDS contains 144 implementation actions with specified lead agencies, timing and priority all grouped under themes derived from the Strategy vision.</p> <p>The purpose of this report is to document what actions have been implemented or</p>	<ul style="list-style-type: none"> i. This report provides a spreadsheet table updating each individual action, indicating if it has been completed, is ongoing or not progressed. ii. After the discussion amongst TAG members the report goes onto recommend whether some of the uncompleted actions are necessary to be part of HPUDS and recommends the deletion of some of these. Recommendations for deletion do not question the worthiness of the action, but rather the necessity for the action to be part of an urban development strategy. iii. Examples of the themes where all of the actions are recommended for deletion include:

progressed since HPUDS was adopted in 2010, and which actions are still outstanding.

Central Government Engagement, Biodiversity Actions, Air Quality, CBD Redevelopments, Land Management Practices, Freshwater Management, Cultural Heritage, Community Development, and Waste Minimisation.

- iv. Although many of the abovementioned actions are essential components of sustainable development they are being adequately addressed under other planning documents. The thoughts of the TAG members are that the existing HPUDS document includes many pages dedicated to these actions, making the core recommendations regarding the recommended residential growth locations and components difficult to find.
- v. The core purpose of this Stage 1 report has been achieved in checking off the status of each action.

HPUDS Key Settlement Pattern Assumptions

36. Table 2 below, compares the quantitative key settlement pattern assumptions from section 4.4.3 of the HPUDS document against the findings of the Stage 1 reports.

Table 2 – Comparison of HPUDS 2010 Assumptions with Stage 1 Findings

HPUDS 2010 Assumptions	HPUDS Review Stage 1 Findings	Comment
There will be slow but steady population increase out to 2045.	Under a 'medium projection' the Study Area's population continues to grow up until 2033, stabilises but then starts to fall from 2038... (See paragraph 13 above) Under the High scenario, the area's population continues to increase steadily during the whole projection period. ¹	The 2010 statement holds true under a 'high projection' scenario, and generally holds true under a medium scenario in the sense that there is a projected increase in population from the start of the study period to the projected 2045 population.
The population of the Heretaunga Plains is projected to reach 138,575 by 2045.	The population of the Heretaunga Plains is projected to reach 139,660 by 2043. ²	These figures are similar using the 2015 Statistics NZ medium scenario which only projects out to 2043. A population difference of 1,085 (or 0.8%) is not significant in the context of a 30 year timeframe.
An additional 8,000 households will be needed between 2015 and 2045.	The projected growth rate is 480 houses per annum up to 2025 but then reducing to give an average over the whole study period (2016 – 2045) of 322 houses per annum or a total of 9,660 new houses from 2016 to 2045. (See paragraph 23 above)	This is an increase of 1,660 over the total period on the original 2010 projections. Averaged out over the 30 year period this is an increase of 55 dwellings per annum on the 2010 projections. This is more significant than the change in population projections, but as explained below such an increase does not create any shortfall in the existing identified supply.
The average number of persons per household is 2.57, although this is expected to fall to 2.35 by	It is projected that there will be a continuing gradual fall in average household occupancy, including a	The trend is for occupancy levels to continue to decline so there is likely to be a further fall from the 2.43

¹ 'Heretaunga Plains Urban Development Strategy 2015-2045, Review of Base Demographic and Economic Growth Trends and Projections Since 2009', Economic Solutions Ltd (March 2016), paragraph 4.2

² 'Heretaunga Plains Urban Development Strategy 2015-2045, Review of Base Demographic and Economic Growth Trends and Projections Since 2009', Economic Solutions Ltd (March 2016), paragraphs 3.5 and 4.3.

2045.	significant increase in the number of single person households over the study period. (See paragraph 14 above) Under the Medium projection, average household occupancy for the combined Napier-Hastings TLAs is projected to fall from 2.56 persons per household in 2013 to 2.43, by 2038. ³	projected in 2038 to the end of the study period in 2045. Although the projected figures differ slightly between the original HPUDS and now, there is no change in the projected long term trend of decreasing average occupancies per household.
An additional 210 hectares of industrial land is required by 2045.	Industrial floor space demand for the period 2015 - 2045 is estimated at a total of 900,000m ² , which equates to 225ha of land. This also matches what was predicted in 2009. (See paragraph 18 above). It is noted that HPUDS 2010 only identifies 184ha of land for industrial growth. This area was based on the areas previously identified in the respective Napier and Hastings Industrial Growth Strategies.	This assumption holds true. Note also points i and iii in the Logan Stone Report summary in Table 1 above: that some 64ha of industrial land is likely to be consumed over the 10 year period to 2026; and that 10 years is the limit of meaningful industrial growth projections. Point vii of this report projects average annual land uptake over this period to be 1.6ha in Napier and 5.2ha in Hastings.
Limiting the locations of rural residential subdivision and reducing the minimum size of lots in order to consume less land.	Some of the available supply is of a type and nature that the market does not favour. Lifestyle demand is now for smaller sites with some separation / privacy but close to urban facilities. ... Some consented farm parks may never develop ... Other developments ... require major expenditure on ... services to get underway. Given the above, the data on consented lifestyle sites tends to overstate potential supply. (See paragraphs 31 & 32 above)	This assumption generally holds true, but in turn it was based on an assumption that there was enough existing supply to satisfy the market for the full 30 year period. The Telfer Young Stage 1 Review report now differs from that assumption in concluding that <i>'some additional areas in the Havelock North Hills, Bay View and Seafield Rd, Poraiti and Springfield Rd may be required.'</i>

37. Unfortunately, the comparisons in the above table are not easy to make as Statistics NZ population projections only go out to 2043 and for some data only to 2038. Extrapolation was required to arrive at the projections out to 2045 that were used in

³ 'Heretaunga Plains Urban Development Strategy 2015-2045, Review of Base Demographic and Economic Growth Trends and Projections Since 2009', Economic Solutions Ltd (March 2016), paragraph 4.7.

the HPUDS 2010 document and would be required again to make a direct comparison. The comparisons above are however valid enough to conclude that the review information does not necessitate any dramatic changes to HPUDS 2010, however some refinements will be necessary.

38. For the purposes of this review, possibly the most significant finding is that of Telfer Young's projected dwelling growth over the study period being some 1,660 higher than what was stated in HPUDS 2010. In regard to this paragraph 27 above, states Telfer Young's conclusion that despite this increase in projections: *"There would appear to be sufficient greenfields supply to cater for anticipated demand beyond 2045."*
39. The Telfer Young Stage 1 Review report on page 14 makes the following statements:
*"On the basis of a residual greenfields stock of 2,285 sites at the end of year 2025, there is sufficient greenfield supply to cater for anticipated demand beyond 2045...
Overall there is a buffer in available supply should growth rates increase or intensification targets not be met."*
40. This is also consistent with the conclusion in the 'Relative Housing Affordability & Greenfields Land Availability' report, as summarised in Table 1 above at point v, that: 'there is a total of thirty years land supply potentially available which is equivalent to the HPUDS timeframe'.
41. In addition to these points, with the 5 yearly reviews programmed and such a large surplus predicted beyond 2025 there would be ample opportunity to incorporate new greenfields areas into HPUDS if required later on in the study timeframes. Despite this long term level of comfort however, some more immediate supply issues have emerged, as there is a difference between identified long term supply and having immediately available greenfields land.
42. Point vi under the 'Relative Housing Affordability & Greenfields Land Availability' report summary in Table 1 states: *"There are short to medium term issues in supply in Havelock North and Frimley (Lyndhurst) and potentially at Te Awa, which need to be addressed."* These issues are commented on in more detail under the 'Land Issues' report on this agenda.

Emerging Trends and Information 2009 - 2015

43. The key information that the Stage 1 reports identify are trends and relevant information that has emerged since the HPUDS 2010 document was compiled. This is the basis of the key conclusions of each of the reports documented in Table 1 above which do not need to be repeated here.
44. A noteworthy point from the Economic Solutions Ltd, Stage 1 report is in regard to population growth over the 2009 – 2015 period. This report identifies that during the 2009 – 2015 period the population for the study area has increased from 125,900 – 131,400. This compares to the projection for 2015 that was made in 2009, of

130,3204. The difference between the projection and the actual population is 1,080. This same report identifies that there was a net migration gain of 1,106 for the combined Napier Hastings TLAs. Assuming that most of the net migration gain would have been to the HPUDS study area, rather than rural areas falling outside of the study area boundary, the difference between the projection made in 2009 and the actual 2015 population figure can be attributed almost solely to the net migration gain. This shows the accuracy of Statistics NZ projections based on 'natural increase', but also the sensitivity of such projections to changes in migration trends. This point is also made in the Telfer Young report as noted in paragraph 24 above.

45. Other points to note from the trends over the last 5 years include the changes in population structure, with the traditional working age group, being 15 – 64 year olds decreasing from 63% to 61% of the population and the 65+ age group increasing from 15% to 18% of the population (see paragraph 8 above). This is not surprising as it is consistent with the predictions of an aging population, but these figures demonstrate the relative speed at which these changes are occurring.
46. In terms of economic trends there have been large fluctuations in GDP growth from a low of -7% in 2008, slowly increasing and then steady growth from 2013 to reach 3% in 2015 (see paragraph 2.7 above). The conclusions in the respective Economic Solutions and Logan Stone Stage 1 Reports are in agreement that economic growth and industrial demand will be based on primary production and associated processing, distribution and marketing. The Logan Stone report goes onto note that the 'resurgence of the pipfruit sector will be the key driver of industrial growth over the next 3 year's.⁵
47. With regard to current housing trends, Telfer Young have concluded from their developer interviews that greenfields sites of over 600m² and accommodating 180m² – 250m² single storey dwellings, are the most popular form of development. They also conclude that there is a general resistance to lower priced localities and development options (see paragraphs 26 – 29 above). This is also consistent with the conclusions in the 'Residential Uptake and Distribution of Actual Growth' report. See points, v and vi in Table 1 above, that: 'the proportion of greenfields development has been trending upwards; and that there are signals that the new housing market is on the rise and it is important that the pinch points in residential land supply are addressed as soon as possible'.
48. In terms of the legislative environment the 'Literature Review - Urban Growth & Land Use' report identified the National Environmental Standard for Assessing and Managing Contaminants in Soil to Protect Human Health as the most significant change in the last 5 years. The effects of this NES are greatest where new residential development occurs where 'hazardous activities' have previously taken place. The implication for the Heretaunga Plains study area is that 'orchards and market gardens' are deemed to be hazardous activities due to the use of pesticide sprays. The testing

⁴ 'Heretaunga Plains Urban Development Strategy 2015-2045, Review of Base Demographic and Economic Growth Trends and Projections Since 2009', Economic Solutions Ltd (March 2016), paragraph 3.4.

⁵ 'Industrial Land Demand Projection 2016 – 2025' Logan Stone (February 2016), section 9, Page 5

and remediation requirements of the NES increase the development costs of greenfields land previously used for orcharding and market gardening.

49. The Natural Hazards report summarised in Table 1, identifies that there are two key studies due to be finalised in May 2016 which will provide updated information around liquefaction and coastal hazards. This will need to be factored into the Stage 2 reporting process.

CONCLUSIONS

50. The reports completed as part of the HPUDS Review Stage 1 generally confirm that the HPUDS 2010 assumptions and directions around urban growth remain sound. The updated projections do result in a slight population increase over the 30 year period and a more significant increase in dwelling growth (based on the medium – high growth projections), but this increase would still be able to be accommodated within the HPUDS identified greenfield growth areas and the infill growth projections.
51. Migration is highlighted as a factor which can have a significant impact on growth (as has occurred over the last 5 year period) as the projections are based on inward and outward migration flows balancing each other out. Net migration increases, as have occurred over the last 5 year period would increase both population and household projections. Historically however net migration gains have tended to be followed by losses, hence the long term projections assume a migration balance.
52. The various reports do identify some need for refinements around rural residential / rural lifestyle growth and some action around immediate greenfields supply availability issues.
53. While there is technically a 40ha shortfall in identified industrial growth areas over the 30 year period (see Table 2 above), the Logan Stone report notes that ten years is the limit on meaningful projections. While acknowledging the difficulties in delivering market ready industrial land, there would appear to be sufficient short to medium term supply either available or in the planning process, particularly with the redevelopment of existing stock. Further to this, Hastings is currently working on a Proposed Plan Variation, which would add a further 24ha (to that included in HPUDS 2010) to the proposed Omahu Road corridor. It is important however that the uptake monitoring and re-projecting of industrial land needs is considered in future reviews. It would also appear sensible that a major study of existing and proposed industrial land capacity be undertaken, given the age of the Hastings and Napier Industrial Strategies. The timing of such a study could be after, or coincide with the second HPUDS review.
54. Similarly the HPUDS approach of accommodating commercial expansion through redevelopment within existing commercial boundaries is consistent with current council strategies and experience, but this too will need careful monitoring and review. Both Hastings and Napier Commercial Strategies are now in excess of 10 years old and a major review may be warranted within the next 5-10 years.

RECOMMENDATION(S)

That the Heretaunga Plains Urban Development Strategy Implementation Working Group:

1. Receives the agenda item for information purposes.
2. Agrees with the conclusions of this report that the HPUDS 2010 assumptions and directions around urban growth remain sound, but that some refinements are required to HPUDS to address issues that have emerged since 2010.

Full List of Reports Prepared for HPUDS Review Stage 1

Report Title	Report Author
<i>Heretaunga Plains Urban Development Strategy 2015-2045, Review of Base Demographic and Economic Growth Trends and Projections Since 2009</i>	Sean Bevin, Economic Solutions Ltd
<i>Heretaunga Plains Urban Development Study – Market Demand Report</i>	Mike Penrose & Trevor Kitchen, Telfer Young Hawke's Bay Ltd
<i>Heretaunga Plains Urban Development Strategy – Phase 2 Infrastructure Reviewed</i>	Grant Russell & Des Parkinson, MWH Ltd
<i>2016 – 2025 Land Demand Projection, Hastings District and Napier City</i>	Frank Spencer, Logan Stone Ltd
<i>Residential Uptake and Distribution of Actual Growth</i>	Mark Clews, Hastings District Council
<i>Relative Housing Affordability & Greenfields Land Availability</i>	Mark Clews, Hastings District Council
<i>Review of Rural Lifestyle Subdivision 2000 – 2015</i>	Mark Clews, Hastings District Council
<i>HPUDS Update Residential Intensification Capacity</i>	Dean Moriarity, Napier City Council
<i>Literature Review - Natural Hazards</i>	Belinda Riley, Hawke's Bay Regional Council
<i>Literature Review - Urban Growth & Land Use</i>	Belinda Riley, Hawke's Bay Regional Council
<i>HPUDS Actions Implemented</i>	Belinda Riley, Hawke's Bay Regional Council