

HPUDS Implementation Working Group


Review of Rural Residential Lifestyle Sites

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All GIS analysis and data has been undertaken and generated by Hastings District Council and Napier City Council staff

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EXECUTIVE SUMMARY

The original HPUDS document and underlying report on which it was premised concluded in 2010 that there was a surplus of existing rural residential sites to meet projected market demand and that as a result, no more land was required to be zoned for additional rural residential use.

Concern has been expressed however that these conclusions may not be valid and that the situation may not be accurately represented in the ensuing Policy frameworks of the Regional Policy Statement and City of Napier and Hastings District Plans.

Previous reports on the matter have concluded that lifestyle supply is difficult to quantify and the same challenge has certainly been experienced here. This is primarily due to the highly un-predictive and uncertain nature of the location, rate and characteristics (lot size and cost) of initial subdivision processes, the creation of titles and the eventual development of those titles via dwelling construction.

Using computer mapping spatial queries with assistance of Hastings District Council and Napier City Council GIS staff, the following report identifies existing vacant stock within 'rural' zones. It then considers Controlled and Restricted Discretionary (Non-notified) Activity subdivision scenarios prior to identifying the current number of lots already approved under resource consents (but which have not yet obtained titles) to identify potential supply moving forward.

It is not necessarily true that the full extent of these zones/areas will be attractive to the market however. The 'Heretaunga Plains Urban Development Study Market Demand Report' (Feb 2016) prepared by Telfer Young is therefore referenced in moderating the district wide results to more accurately identify the potential supply of rural lifestyle lots to meet projected demand.

Drive times from the Central Business Districts of each centre (Hastings, Napier and Havelock North) were selected to best represent preference as a means of moderating the results. Following further analysis of potential uptake of development opportunities, it is concluded that sufficient supply should be available to meet the demand of 850 rural lifestyle living lots over the period of the Strategy (2015 to 2045) – essentially concurring with the original findings.

This conclusion relies on ongoing subdivision to create new lots however, particularly in areas of market preference. In this regard, while a sufficient rate of further subdivision is anticipated, this nature of reliance presents a risk that the initial conclusions in HPUDS that *“there will be a predicted surplus in supply of rural residential sites over the period”* may not hold true. Consequently, regional and district planning documents might require a review over the longer term to revisit Policies based on the 2010 HPUDS initial conclusions.

Further review of actual and potential supply during programmed reviews of the Strategy is therefore recommended, together with further projects relating to:

- Quantifying and making the best use of vacant lots within the Plains Production Zone of the Hastings District Plan;
- Identifying and addressing any limitations to development within Rural Residential Zones in order to enable uptake as ideally envisaged;

- Developing internal procedures to improve data collection for better analysis and forecasting of supply;
- Projects and case studies to better understand preference parameters and non-regulatory constraints and limitations affecting development yield and therefore supply.

In response to the identified risk around supply in the later period of the Strategy, matters associated with the following are also suggested for consideration:

- Reviewing the subdivision framework within the Hastings District Plan's Rural Zone where it applies to geographical areas of market preference;
- Reviewing the subdivision framework within the Napier District Plan's Rural Zone to enable the creation of smaller lots where amalgamation or other outcomes maybe involved - so as to also improve the utility of the rural land resource;
- Softening of Policy UD3 of the Regional Policy Statement depending on the outcome of future programmed reviews of the Strategy.

1. BACKGROUND

The Heretaunga Plains Urban Development Strategy (**HPUDS**) was jointly prepared by the Hastings District Council, Napier City Council and Hawke's Bay Regional Council and was adopted in December 2010. Covering a thirty year timeframe between 2015 and 2045, it takes a long term approach to how the region should address key issues facing the Heretaunga Plains and provides strategic direction for the growth needs of the commercial, industrial and residential sectors.

HPUDS is based on a number of assumptions on probable future development and infrastructure trends that are likely to occur over the next 30 years. As such, the Strategy is to be reviewed every five years after the results of the national census are available to ensure that it is kept up to date and is relevant.

The first programmed review of the Strategy is currently underway and is being managed by the HPUDS Implementation Working Group (**IWG**), a joint committee comprising representatives from each Council. This review commenced upon receiving a report on the outcomes of the 2013 census and Statistics New Zealand subnational population projections at its September 2015 meeting.

The report indicated there has been little evidence of a change in the drivers of population and household growth that would suggest that the projections in HPUDS are out-of-date or inaccurate. It was considered necessary however to explore these matters further and this essentially formed Stage 1 of the review; with any further stages being determined upon the subsequent results.

Stage 1 of the review essentially sought to test the assumptions upon which the Strategy was based, with a specific emphasis on identifying any changes in growth drivers and trends over the past five years since the Strategy was adopted in 2010. The findings of Stage 1 were reported to the IWG on 29 March 2016 and are summarised in a 'Stage 1 Synthesis Report'. The general conclusions were that the core principles and long term projections of HPUDS 2010 remain sound, but that some refinement is required to deal with the following issues:

1. A short term pinch point in greenfields residential land supply caused by the Arataki extension becoming unavailable in Havelock North and difficulties with the cost of servicing the later stages of Te Awa in Napier.
2. A need for the identification of reserve areas should additional areas identified in HPUDS prove unviable upon the detailed investigation required in the structure planning process.
3. Review of the list of areas deemed inappropriate for residential development based on current information.
4. Acknowledgement that there may not be an oversupply of rural residential lifestyle sites, at least in locations favoured by the market.
5. Implementation actions in HPUDS 2010 that have now been completed or that are now considered redundant and unnecessary to include in an urban growth strategy. A need has been identified to produce a review document that is not cluttered with periphery information.

Further to the findings of Stage 1, there was an intention in the review to explore the housing issues potentially arising from a change in demographics with an aging population and specifically,

6. Whether HPUDS can accommodate the medium to long term needs of the growing demographic of the retirement sector.

These six matters are the subjects of Stage 2 of the review, with this report considering item (4) - rural residential lifestyle sites.

In relation to the stock of rural residential lifestyle sites available to accommodate projected growth and demand, the original HPUDS document and underlying report on which it was premised concluded in 2010 that there was a surplus of existing rural residential sites to meet projected market demand for the entire life of HPUDS (30 years) and as a result, no more additional land was required to be zoned (or indeed even identified) for additional rural residential use. This was subsequently reflected in Policy UD3 of the Regional Policy Statement, which states:

Policy UD3 – Rural Residential and Lifestyle Development (Heretaunga Plains Sub-region)

In the Heretaunga Plains sub-region, District Plans shall include Policies and methods discouraging or avoiding ad-hoc residential development and further rezoning for rural residential purposes or lifestyle development outside existing rural residential zones.

In the *principal reasons and explanation* for the Policy it is stated that:

“there is currently an excess supply of rural residential zoned areas within the Heretaunga Plains sub-region, considered sufficient to cater for projected demand for rural residential lots in the sub-region through to 2045 and further rezoning for this purpose is considered unnecessary for the foreseeable future.”

Concern has been expressed more recently however that the conclusions reached when adopting the 2010 HPUDS may not be valid, in that:

- The assumptions may have been overstated;
- It is unclear as to how these conclusions were arrived upon, and
- Much of the hypothetical supply may not actually be available to the market; either in the present time or over the medium term horizon.

Consequently, the approach embodied within the Regional Policy Statement may also be inappropriate or at the very least overly restrictive. To investigate these concerns Telfer Young was commissioned as part of the Stage 1 review to further investigate market demand for a range of housing types, including rural residential, in order to test whether its original conclusions remained valid over the subsequent years since completing the original report.

The Telfer Young report¹ indicates that lifestyle supply is difficult to quantify, but supply appears now to fall short of the projected demand over the 2015 to 2045 study period by around 300 sites (based on total demand of 850 lots), although supply and demand may be in balance if demand is at the low end of the projections for the life of the strategy. Of particular relevance however, the study concluded that some of the available supply is of a type and nature that the market does not favour (or which for a range of reasons may never come to market) and that demand in preferred situations may be higher than what can be supplied.

¹ Heretaunga Plains Urban Development Study Market Demand Report¹ (Feb 2016)

2. REPORT SCOPE AND STRUCTURE

The purpose of this report is to review the assumptions in HPUDS around rural residential land supply and then provide suggestions as to the regulatory responses necessary to deal with any identified issues, particularly around the issue that the supply of lifestyle sites referred to in HPUDS 2010 may not necessarily be desired by the market or available.

The general scope of the work involves:

- Making an assessment as to how many lifestyle sites are actually available (or are likely to be available over the life of the strategy) and the probability of them being developed - giving consideration to the capacity available for further subdivision within existing Rural Residential Zones given the current subdivision rules of the respective District Plans;
- Taking into account the Stage 1 review Telfer Young report, making an assessment as to the likely time horizon over which the current supply will be able to meet preferred market demand;
- Describing the range of planning approaches that can be taken to ensure the supply of lifestyle sites can meet the likely projected demand over the life of HPUDS if it is determined there is insufficient supply and the pro's and con's of each approach suitable to form a basis for any future Section 32 RMA analysis;
- Providing a recommended approach based on HPUDS principles and RMA considerations, including the Regional Policy Statement.

The structure of this report represents the methodology developed to deliver the scope of work as follows. A 'cascading' approach has been adopted whereby all data is considered/included prior to aspects of it being removed/moderated through the Sections of the report. This is to take greater advantage of the opportunity to identify and reflect on different development approaches, opportunities and constraints.

Section 3 Existing Vacant Stock

Determines the number of vacant properties available for 'rural lifestyle living' within 'rural' zones.

Section 4 Potential Stock Following Further Subdivision

Considers the number of properties that could be created for 'rural lifestyle living' through subdivision of existing properties within 'rural' zones' as a Controlled Activity or Restricted Discretionary (Non-notified) Activity status under the Hastings District Plan and City of Napier District Plan and identifies the yield from existing subdivision consents yet to be completed.

Section 5 Moderation

Considers factors informing preference, primarily drive time from CBD's and identifies the available stock likely to be taken up by the market.

Section 6 Uptake Analysis

Considers the available stock likely to be taken up against projections contained in the Strategy to determine the likely time horizon over which the current supply will be able to meet preferred market demand.

Section 7 Situation Analysis and Conclusions

Identifies any issues in relation to meeting demand and key conclusions and reviews the assumptions pertaining to rural lifestyle living in the original HPUDS Strategy.

Section 8 Recommendations and Matters for Consideration

Makes recommendations to be implemented over the next five years and raises additional matters to be considered over the longer term.

Although relevant at a higher planning level, it should also be noted that the 'Heretaunga Plans Sub-region', to which Policy UD3 of the Regional Policy Statement applies, is set aside for the purpose of this exercise. This is because this exercise seeks to quantify available and potential stock within areas of perceived 'market' or 'community' preference, which in practice takes little account of the boundary of the Heretaunga Plans Sub-region.

The boundary is revisited towards the end of the report in light of the moderation and drive time exercise however.

3. EXISTING VACANT STOCK

Identifying the existing stock of vacant properties is the first step in quantifying the available stock to accommodate demand/growth. This exercise involved the following methodology;

Methodology

- (a) Identify the various zones where 'rural lifestyle living' occurs, including, at this stage in the exercise, the Plains Settlement Zone of the Hastings District Plan and the Rural Settlement and Jervoisstown Zones of the City of Napier District Plan;
- (b) Define 'rural lifestyle living' as a residential activity involving secondary or hobby type rural land uses on a property of less than 6ha i.e. rural land uses on properties greater than 6ha represent a scenario where the land is used predominately for rural purposes;
- (c) Exclude properties that have a valuation classification that cannot be practically developed, these include Utility sites, educational sites and community facility sites. Properties are excluded if they have been vested for specific purposes that are unable to be developed e.g. purpose of drainage, railway, conservation, recreational reserve etc;
- (d) Identify vacant lots with a valuation classification of 'vacant' and from any existing local knowledge of significant sites that are vacant;

Note: Valuation data was considered the most reliable data source to identify vacant lots consistently. The data source has its own caveats however i.e. the data is set on the first day of the rating year, 1 July 2015 and while the most current data has been used, there may have been minor changes in the interim.

- (e) Acknowledge that some lots of less than 1.5ha may not be large enough to build on, but that in those cases there is high enough potential through boundary adjustments for example for them to be included in this analysis.

Table 1: Existing Vacant Stock

Zone	Vacant Stock					No. Lots occupied*
	<1.5ha	1.5ha – 4ha	4ha – 6ha	Total	>6ha	
Hastings District Council						
Plains Production	138	54	7	199	8	4,349
Plains Settlement	8	0	0	8	0	130
Rural	208	181	22	411	92	5,598
Rural Residential	120	26	4	150	12	582
Te Mata Special Character	19	7	1	27	5	141
Tukituki Special Character	1	6	1	8	3	60
Nature Preservation Zone	0	0	0	0	1	6
Te Awanga Lifestyle Area	0	0	0	0	1	1
Napier City Council						
Rural Residential	52	41	2	95	3	497
Main Rural	17	12	10	39	10	382
Rural Settlement	29	0	0	29	0	533
Jervoisstown	19	2	0	21	0	163
Total	611	329	47	987	135	12,442

* Number of lots within the Zone that are already occupied by one of more residential dwellings

The location of these vacant lots is shown on the map provided in Appendix 1.

Observations

1. Vacant lots do not include any lots approved in a Resource Consent that is yet to obtain Section 224 Certification.
2. Further analysis of the apparent stock of 188 vacant lots within the Plains Production Zone should be undertaken.
3. Lots of less than 1.5ha account for 62% of the vacant stock available.
4. Although the total number of vacant lots of less than 6ha i.e. 987 (supply) exceeds the anticipated demand of 850 over the period of the Strategy, the number of vacant lots identified is sourced from the full extent of each Zone – no account of preference or any other parameter has been taken.
5. Total vacant stock represents approximately 7% of the total number of lots.

4. POTENTIAL STOCK FOLLOWING FURTHER SUBDIVISION

The next step in quantifying potential stock involves considering how properties, whether they are vacant or not, could be further subdivided. This is guided by what is able to be created under the regulatory frameworks of the Hastings District Plan and City of Napier District Plan. Rather than considering all possible scenarios however, some of which maybe highly uncertain, the following methodology was established.

Methodology

- (a) Identify the scenarios for each Zone (and areas within those zones) whereby further lots could be created under a Controlled or Restricted Discretionary (Non-notified) Activity status on the basis that:
 - A resource consent for a Controlled Activity must be granted under Section 104A of the RMA;
 - Given a resource consent application for a Restricted Discretionary (Non-notified) Activity must be processed on a non-notified basis and Restricted Discretionary Activities are generally provided for by a Plan and Part 2 of the RMA, these are highly likely to be granted – at least to the extent that potential development under these scenarios should be considered in forecasting potential stock to accommodate growth.
- (b) Include subdivision around existing dwellings in the Hastings District Council Rural Zone on the basis that while an existing dwelling is involved, the outcome may present an additional 'rural lifestyle living' option to the market;
- (c) Exclude any Controlled or Restricted Discretionary (Non-notified) Activity scenarios that only allow lots of greater than 6ha to be created. This is to ensure consistency with the definition (for the purposes of this report) of 'rural lifestyle living' as a residential activity involving secondary or hobby type rural land uses on a property of less than 6ha;
- (d) Exclude any Controlled or Restricted Discretionary (Non-notified) Activity scenarios that involve amalgamation. This is because the nature of these scenarios is not easily defined and because generally no new development rights for dwellings will be provided where amalgamation is involved;
- (e) Where Controlled or Restricted Discretionary (Non-notified) Activity scenarios allow a specific rate of development over time i.e. one lot per 3 years, assume a potential for only one lot to be created over the period of the Strategy. Again, this is to avoid trying to consider scenarios that are not easily defined;
- (f) Apply the potential development scenarios to lots with existing dwellings and vacant lots. Where there are existing dwellings, subtract one from the number of new lots able to be created under the Controlled or Restricted Discretionary (Non-notified) Activity scenarios to acknowledge the existing housing stock;
- (g) Identify lots where existing subdivision consents already apply (despite the Activity status they were assessed under) but are yet to be completed and identify the number of these consented lots that are less than 6ha;

Note: Ideally, the number of new lots (<6ha) able to be created from the parent lots under these resource consents would 'supersede' the number of lots able to be created from a Controlled or Restricted Discretionary (Non-notified) Activity status as identified above, however the GIS analysis has not been able to achieve this. All development scenarios are therefore reported on.

- (h) For all existing properties within Zones where there are no Controlled or Restricted Discretionary (Non-notified) Activity development scenarios, identify lots where existing subdivision consents already apply (despite the Activity status they were assessed under) but are yet to be completed, identify the number of these consented lots that are less than 6ha and use the number of new lots able to be created from the parent lots under these resource consents to identify potential stock in lieu of there being no Controlled or Restricted Discretionary (Non-notified) Activity development scenarios;

- (i) For vacant properties within Zones where there are no Controlled or Restricted Discretionary (Non-notified) Activity development scenarios and where no existing subdivision consents already apply, count these as one.

The following table contains the results of the analysis of the methodology above. The location of the lots able to be created under existing resource consents is shown on the Map provided in Appendix 2.

The table includes the percentage of the vacant and approved lots to potential lots and also to the total number of lots within the Zones. These figures are used as part of the moderating exercise later in this report.

Table 2: Potential Stock

X	=	Potential yield from development scenarios
Y	=	Lots (<6ha) able to be created under existing resource consents
Z	=	Vacant lots
%	=	Percentage of vacant and approved lots to potential lots
%T	=	Percentage of vacant and approved lots to total lots in zone

Note: highlighted X values represent the maximum yield of the various development scenarios for each Zone. These are the figures adopted for analysis.

Zone	Total No. of existing Lots	District Plan Development Criteria	X Potential Yield	Y Approved Yield	Z Vacant Lots	% of y + z of x	%T
Hastings District Council							
Plains Production	4,556	Controlled Activity Subdivision No Controlled Activity subdivision below a minimum lot size of 12ha (unless on Scheduled Sites S24, S25 and S26 – however these are industrial in nature so are not included in this analysis)	199	6	199	103%	5%
Plains Settlement	138	Controlled Activity Subdivision Rule SLD1 <ul style="list-style-type: none"> Allows 500m² minimum lot size if fully serviced, or 1000m² if un-serviced (800m² if within Omahu) – assume worst case scenario – divide lot area by 1,000m² and round down to give potential yield. 	100	0	8	8%	6%
Rural	6,101	Controlled Activity Subdivision No Controlled Activity subdivision below a minimum lot size of 20ha, however a lot of 4,000m ² can be created around existing dwellings (once every three years) provided a balance lot of at least 20ha remains throughout – identify lots of at least 20.4ha	1,848				

Zone	Total No. of existing Lots	District Plan Development Criteria	X Potential Yield	Y Approved Yield	Z Vacant Lots	% of y + z of x	%T
		Restricted Discretionary Non-notified subdivision Rule SLD8 <ul style="list-style-type: none"> 3 year rural lifestyle involving the creation of a vacant lot – a lot of 4,000m² can be created (once every three years) provided a balance lot of at least 20ha remains throughout – identify lots of at least 20.4ha located greater than 1km radius of the Maraekakaho Hall Rural – involves amalgamation Rural within 1km radius of the Maraekakaho Hall – 1ha minimum average lot size – although lot size maybe as low as 8,000m², potential yield is limited by the 1ha minimum average – identify lots of at least 2ha where at least 50% of their area is within 1 km radius of Maraekakaho Hall – divide lot area by 1ha and round down to give potential yield 	1,846 - 253 1,846 + 252 = 2,098	15	411	20%	7%
Rural Residential	744	Controlled Activity Subdivision <ul style="list-style-type: none"> Rule SLD1 - 1ha minimum average lot size – although lot size maybe as low as 8,000m², potential yield is limited by the 1ha minimum average - divide lot area by 1ha and round down to give potential yield, or Rule SLD3 - for a Farm Park – Identify lots of at least 20ha, multiply lot area by 0.25 then divide by 2,500m² to give potential yield 	1,189 517	20	150	14%	23%
Te Mata Special Character	173	Controlled Activity Subdivision Rule SLD1 Outside the Lifestyle Area - no Controlled Activity subdivision below a minimum lot size of 6ha Rule SLD3 Inside the Lifestyle Area – for a Farm Park - identify lots within the Lifestyle Area that are at least 20ha - multiply lot area by 0.08 then divide by 2,500m ² to give potential yield	- 19	0	27	42%	16%

Zone	Total No. of existing Lots	District Plan Development Criteria	X Potential Yield	Y Approved Yield	Z Vacant Lots	% of y + z of x	%T
		Restricted Discretionary Non-notified subdivision Rule SLD9 <ul style="list-style-type: none">3ha minimum lot size – identify lots within the Lifestyle Area greater than 6ha - divide lot area by 3ha and round down to give potential yield	65				
Tukituki Special Character	71	Controlled Activity Subdivision Rule SLD1 3ha minimum lot size – divide lot area by 3ha and round down to give potential yield	79	5	8	16%	18%
		Restricted Discretionary Non-notified subdivision Rule SLD9 – n/a (error in plan being resolved)					
Nature Preservation Zone	7	Controlled Activity Subdivision No Controlled Activity subdivision	-	0	0	0%	0%
		Restricted Discretionary Non-notified subdivision Rule SLD10 3ha minimum average lot size – although lot size maybe as low as 1.5ha, potential yield is limited by the 3ha minimum average – identify lots within the Cape Kidnappers Building and Infrastructure Development Node Areas as shown in Appendix 23 then divide lot area by 3ha and round down to give potential yield	52				
Te Awanga Lifestyle Overlay Area	1	Controlled Activity Subdivision No Controlled Activity subdivision	-	0	0	0%	0%
		Restricted Discretionary Non-notified Subdivision Rule SLD16 4,000m ² minimum lot size – divide lot area by 4,000m ² and round down to give potential yield	8				
Napier City Council							
Rural Residential	595	Controlled Activity Subdivision 1.5ha minimum average lot size – although lot size maybe as low as 5,000m ² , potential yield is limited by the 1.5ha minimum average - divide lot area by 1.5ha and round down to give potential yield	764	86	95	24%	30%

Zone	Total No. of existing Lots	District Plan Development Criteria	X Potential Yield	Y Approved Yield	Z Vacant Lots	% of y + z of x	%T
Main Rural	431	Controlled Activity Subdivision 4ha minimum lot size – divide lot area by 4ha and round down to give potential yield	287	27	39	23%	15%
Rural Settlement	562	Controlled Activity Subdivision Allows 800m ² minimum lot size if fully serviced, or 1,500m ² if un-serviced - assume worst case scenario - divide lot area by 1,500m ² and round down to give potential yield	84	0	29	35%	5%
Jervoistown	184	Controlled Activity Subdivision 2,500m ² minimum lot size – divide lot area by 2,500m ² and round down to give potential yield	85	3	21	28%	13%
Total			5,010	162	987		
Average						26%	12%

Observations

- The number of potential vacant lots identified (i.e. those able to be created through subdivision, those that are approved but do not yet have titles and those that are created but are vacant) is sourced from the full extent of each Zone – no account of preference or any other parameter has been taken. Additionally, the analysis does not take into account other restrictions that may affect yield realisation – such as topography, access, stability and servicing limitations.
- When considering the 'potential yield from development scenarios' (x) and 'lots able to be created under existing resource consents' (y), it is important to remember that the total (y) number of lots have not taken the parent lot into account or superseded the (x) lot which could be a lower development yield, meaning they cannot be simply added together to determine supply. In this instance however, the margin of error may only be in the order of 3% ($162 / 5,010 \times 100$). For the purposes of this report and rather than referring to what would be a relatively small range, the midway point is referred to when discussing the combined 'potential' (x) and 'approved' (y) yield hereon i.e. 5,091 over the entire districts.
- Although not a direct relationship, the percentage of the combined number of vacant and consented lots compared to potential lots is 'a factor' that 'may' indicate the 'demand', 'ease' or 'likelihood' of subdivision i.e.
 - A high percentage may indicate a high level of demand, ease or likelihood (within the Performance Standards) of subdivision;
 - A low percentage may indicate a low level of demand, ease or likelihood of subdivision.

These are broad statements and further analysis of other factors would be required to inform these suppositions.

4. Likewise, the percentage of the approved and vacant lots compared the total number of lots – although not directly, is 'a factor' that 'may' give an indication of the performance of the regulatory framework i.e.
- a) A high percentage may indicate that the regulatory framework is permissive 'enough' to enable further 'rural lifestyle living' lots to be developed.
 - b) A low percentage may represent a situation where either:
 - (i) The regulatory framework is not permissive 'enough' to enable further 'rural lifestyle living' lots to be developed or and more likely;
 - (ii) Despite a somewhat permissive regulatory framework, there are additional constraints and limitations that may prevent the development of further 'rural lifestyle living' lots.
5. The Table below provides a comparison between Napier and Hastings:

X	=	Potential yield from development scenarios
Y	=	Lots (<6ha) able to be created under existing resource consents
Z	=	Vacant lots
%	=	Percentage of current and approved lots to potential lots

District	No. of Lots	X Potential Yield	Y Approved Yield	Z Vacant Lots	% of y + z of x
Hastings	11,791	3,790	46	803	22%
Napier	1,772	1,220	116	184	25%
Total	13,564	5,010	162	987	
Average					24%

Observations

- a) Hastings has approximately 80% more vacant lots than Napier, but of the potential yield following subdivision, approved resource consents account for only approximately 1%;
- b) Of the potential yield in Napier following subdivision, approved resource consents account for approximately 10%;
- c) Hastings has considerable more development potential than Napier, however the lower number of vacant lots and the higher number of approved lots in Napier compared Hastings may indicate a greater preference to establish 'rural lifestyle living' in Napier compared to Hastings. Nevertheless there may be other factors too, and this may just represent the difference in scale of supply versus relatively equal demand;
- d) The regulatory framework of each District appears to enable sufficient subdivision opportunities – although no account of preference or any other parameter has been taken at this stage.

5. MODERATION

The analysis above covers the full extent of the various Zones within each District, however it is not necessarily true that the full extent of these zones/areas will be attractive to the market. Likewise, although the potential of all 'rural' zones has been considered, it is necessary to determine whether or not they all provide for the type and nature of 'rural lifestyle living' that this analysis seeks to consider.

The next step in quantifying potential stock therefore involves removing those zones that in fact represent peripheral urban living (as opposed to rural lifestyle living) and considering some of the more generic market forces that influence locational preference. Here the 'Heretaunga Plains Urban Development Study Market Demand Report' (Feb 2016) prepared by Telfer Young concluded (relevant to preference) that:

- The strong preference now is for small sites with some separation from neighbours, well located close to main urban areas;
- Some of the current supply is either more outlying, or challenging to build on with issues with services and or access;
- Though there are quite significant areas of land available longer term, the number of building platforms able to be created is difficult to predict due to contour issues, access, high tension powerlines and shaded aspects, all impacting on desirability of building platforms;
- The situation will need to be monitored but we (Telfer Young) believe in order for sufficient supply in the desired areas surrounding Napier and Hastings to be available longer term, some additional areas in the Havelock North Hills, Bay View, Seafield Road, Poraiti, and Springfield Road, will need to be identified and possibly rezoned to facilitate development;
- Greatest demand is anticipated in the Havelock North Hills area, followed by Poraiti and Bay View and areas toward the coast, and within the Tuki Tuki River valley;
- Demand is often supply lead – sales will occur where land is available but market evidence suggests the highest prices and therefore highest demand is in Havelock North followed by Poraiti, then Bay View and with a spread throughout other areas including the Tuki Tuki Valley, Waimarama and Maraekakaho;
- Schooling and ability to access certain schools is an influencer on location preference;
- Distance from urban facilities is a major factor, however there is also a trend for some more isolated and private situations, however these are likely to be only a small part of the market;
- Affordability is an issue. Lifestyle "blocks" within close proximity to cities are generally in the upper medium to high price bracket and affordable to a more limited sector of the market.

Although not all market forces can be represented and while different property types can be substituted or chosen by people seeking lifestyle living (i.e. smaller orchard properties being purchased by non-operating owners, where the residence and surrounds are used for rural lifestyle purposes and the productive land leased out and coastal locations being selected over inland rural areas), the following methodology has been established to consider preference in determining potential supply:

Methodology

- (a) Despite being close to main urban centres, exclude:
- The Rural Settlement and Jervoistown Zones of the City of Napier District Plan on the basis that these Zones compromise properties of 800m² to 2,500m², that while not necessarily connected to municipal services, are better described as larger residential properties on the urban periphery than rural properties affording a limited degree of secondary or hobby type rural land uses;
 - The Plains Settlement Zone of the Hastings District Plan on the basis that this Zone compromises properties of 500m² to 1,000m², that while located within a wider rural environment and not necessarily connected to municipal services, are better described as properties located in a residential node of a wider rural environment without the potential to undertake secondary or hobby type rural land uses associated with 'rural lifestyle living'.
- (b) Identify areas within 10 to 15, 15 to 20 and 20 to 25 minutes' drive time of the Napier, Hastings and Havelock North Information Centres – representing an activity consistent across each Central Business District.

Table 3: Theoretical Drive Time Supply

X	=	Potential yield from development scenarios
Y	=	Lots (<6ha) able to be created under existing resource consents
Z	=	Vacant lots

Zone	0-15 minutes			15-20 minutes			20-25 minutes		
	X	Y	Z	X	Y	Z	X	Y	Z
Hastings District Council									
Plains Production	188	5	188	9	0	9	2	1	2
Rural	190	2	84	290	6	129	296	0	74
Rural Residential	804	16	109	383	4	34	2	0	7
Te Mata Special Character	65	0	27	0	0	0	0	0	0
Tukituki Special Character	79	5	8	0	0	0	0	0	0
Nature Preservation Zone*	0	0	0	0	0	0	52	0	1
Te Awanga Lifestyle Overlay Area	8	0	1	0	0	0	0	0	0
Napier City Council									
Rural Residential	729	85	79	35	1	16	0	0	0
Main Rural	287	27	39	0	0	0	0	0	0
Total**	2,350	140	535	717	11	188	352	1	84
	2,955			1,109			435		
	(2,350 + (140/2) + 535)			(916 + (11/2) + 188)			352 + (1/2) + 83)		

*There are no roads in the Nature Preservation Zone, and as a result a correct drive time estimate cannot be produced for this area. As such, the data pertaining to this Zone has been manually included in the 20 to 25 minute drive time category as this is where zone parcels are most likely to fall.

**When considering the 'potential yield from development scenarios' (x) and 'lots able to be created under existing resource consents' (y), it is important to remember that the total (y) lots have not taken the parent lot into account or superseded the (x) lot which could be a lower development yield, meaning they cannot be simply added together to determine supply. In this instance however, the margin of error may only be in the order of 1 to 5%. For the purposes of this report and rather than referring to what would be a relatively small range, the midway point is referred to when discussing the combined 'potential' and 'approved' yield.

The results of this analysis are illustrated on the Map provided in Appendix 3. Although the Table above and Map still refer to the relevant Zones of each District Plan, the illustrations are intended to provide a more geographic representation of the preferred potential, approved and vacant stock.

Focusing on the 0 to 15 minute drive time category, the data indicates 535 vacant lots, 140 consented lots of less than 6ha (yet to be completed) and a potential 2,350 lots able to be created through subdivision as a Controlled or Restricted Discretionary (Non-notified) Activity.

As outlined above and although not a direct relationship, the percentage of the combined number of vacant and consented lots compared the total number of lots within the Zone is a factor that could indicate the likelihood of subdivision from a demand, regulatory ease and physical limitation perspective. Therefore, if one was to carry this forward to further refine the likelihood of the 'potential lots' being developed, this category of supply maybe refined as follows.

Although this exercise of refining the potential yield goes some way to considering other limitations such as District Plan overlays, topography, access, stability and servicing limitations, more detailed investigations would need to be undertaken to accurately quantify the impact of these factors on realising potential supply.

Table 4: Moderated 15 Minute Drive Time Supply

X	=	Potential yield from development scenarios
%T	=	Percentage of vacant and approved lots to total lots in zone (used as an indicator of the likelihood of further subdivision)
Refined X	=	$X / 100 * \%T$
Y	=	Lots (<6ha) able to be created under existing resource consents
Z	=	Vacant lots
Total	=	Refined X + Y + Z

Zone	Potential supply within 0-15 minutes' drive time based current trends					
	X	%T	Refined X	Y	Z	Total
Hastings District Council						
Plains Production	188	5%	10	5	188	203
Rural	190	7%	13	2	84	99
Rural Residential	804	23%	185	16	109	310
Te Mata Special Character	65	16%	10	0	27	37
Tukituki Special Character	79	18%	14	5	8	27
Nature Preservation Zone	0	0%	0	0	0	0
Te Awanga Lifestyle Overlay Area	8	0%	0	0	1	1
Napier City Council						
Rural Residential	729	30%	219	85	79	383
Main Rural	287	15%	43	27	39	109
Total	2,350		494	140	535	1,169

This refined stock is shown on the Map provided in Appendix 4, which also illustrates the Heretaunga Plains Sub-region as referred to in Policy UD3 of the Regional Policy Statement.

Observations

1. As outlined above, further analysis of the apparent stock of 188 vacant lots within the Plains Production Zone should be undertaken;
2. Rightfully, the Rural Residential Zones of both Districts have the highest likelihood of enabling and accommodating further development, however for zones where rural lifestyle living is specifically targeted, it is considered that actual uptake and the likelihood of uptake should be higher. Obtaining approval for earthworks, the costs of earthworks and access may be limiting factors;
3. Given the geographic area that the Hastings District Council Rural Zone covers, it has a relatively low potential yield. It is also noted that the Tukituki Valley and Havelock North Hill areas are located within this Zone, which according to Telfer Young are areas of demand;
4. Although the Napier City Council Rural Zone has a relatively high potential for further development, this is for 4ha lots as opposed to the Hastings District Council Rural Zone which has the potential to deliver a similar amount of 4,000m² lots, which is a size more consistent with the preferences indicated in the Telfer Young Report;
5. Although the Heretaunga Plains Sub-region Boundary, which underpinned the HPUDS2010 study area provides a sub-regional focus to the range of matters considered in the Strategy, it does not reflect preference as inferred in the Telfer Young Report or the drive time analysis.

6. UPTAKE ANALYSIS

The 'Heretaunga Plains Urban Development Study Market Demand Report' (Feb 2016) prepared by Telfer Young identified the following key finding in relation to the availability of lifestyle lots and associated demand:

- Lifestyle supply is difficult to quantify but appears to fall short. The best estimate of the shortfall is over 300 sites over the study period based on a total demand of 850 lots; however supply and demand is almost in balance if demand is at the low end of the projections.

Supply

In terms of supply, Telfer Young had identified a total of 213 existing, consented and proposed lots across Hastings and Napier. If those referred to as 'proposed' and 'not consented' were excluded, this would reduce to 159 (consented). This aligns closely with the 162 'approved' yield (Y) identified in this report.

Telfer Young go onto estimate possible development in key areas and identified a potential future supply of 320 lots; taking its combined estimation of available and potential lots to 479 (after those referred to as 'proposed' and 'not consented' are excluded i.e. 533 - 54).

The analysis undertaken in this report, although based on regulatory development scenarios, covers the entire districts, so will always produce a higher potential compared Telfer Young's estimate. Indeed, the number of available, consented and potential lots identified in this report is 6,078 (5,091 + 987) vs 479 in the Telfer Young Report.

As outlined above however, this reduces to 1,169 vs 479 once preference in terms of a maximum 15 minute drive time is factored in together with an analysis around the likelihood of further subdivision, with 535 being vacant and available now, 140 being available once existing resource consents/issue of title processes are complete and 494 able to be/likely to be developed in the future.

Demand

Telfer Young's estimation of demand compared to the demand originally assessed during preparation of HPUDS2010 is shown in the Table below. As is evident, Telfer Young now expect a greater demand.

Telfer Young Estimation of Demand	2015-2025	2026-2035	2036-2045
Projected <u>Annual</u> Demand for Lifestyle Lots	40-50	20-25	15-20
Total Demand (as originally assessed during HPUDS2010)	450 (416)	225 (136)	175 (56)
	850 (608)		

7. SITUATION ANALYSIS AND CONCLUSIONS

The following considers how anticipated demand is likely to be accommodated by the available supply identified in this report before outlining a number of key conclusions. The assumptions contained in HPUDS 2010 pertaining to rural lifestyle living are then reviewed.

7.1 Situation Analysis of Demand vs Supply

As shown in the table above, demand is now expected to be 30% greater over the period of the Strategy than that initially assessed during preparation of HPUDS 2010. This can be further broken down as follows:

- 8% greater in the period 2015 to 2025 (increase from 416 to 450),
- 40% greater in the period 2026 to 2035 (increase from 136 to 225), and,
- 70% greater in the period 2036 to 2045 (increase from 56 to 175).

With a total of 535 vacant lots (of less than 6ha) available within 15 minutes' drive time of Hastings, Havelock North and Napier, and with a further 140 already consented (total 675), one can consider that the anticipated demand of 450 lots over the next 10 years can be adequately met, particularly given the potential for a further 494 lots to be created through further subdivision. This perception may however be influenced by the indicative stock of 188 vacant lots within the Plains Production Zone, which may also influence the view expressed below in regard to the remaining period of the Strategy.

The above figures indicate a foreseeable surplus of 85 vacant lots after meeting demand over the next 10 years and assuming that the consented and potentially 'consent-able' lots are in fact created, the remaining supply of 719 (85 vacant + 140 consented + 494 potentially consent-able lots) would be sufficient to meet the remaining demand of 400 lots over the period 2026 to 2045.

Depending on the outcome of further investigations on the availability of the 188 vacant lots within the Plains Production Zone, this analysis indicates a potential surplus or buffer of 131-319 lots at the end of the period in 2045.

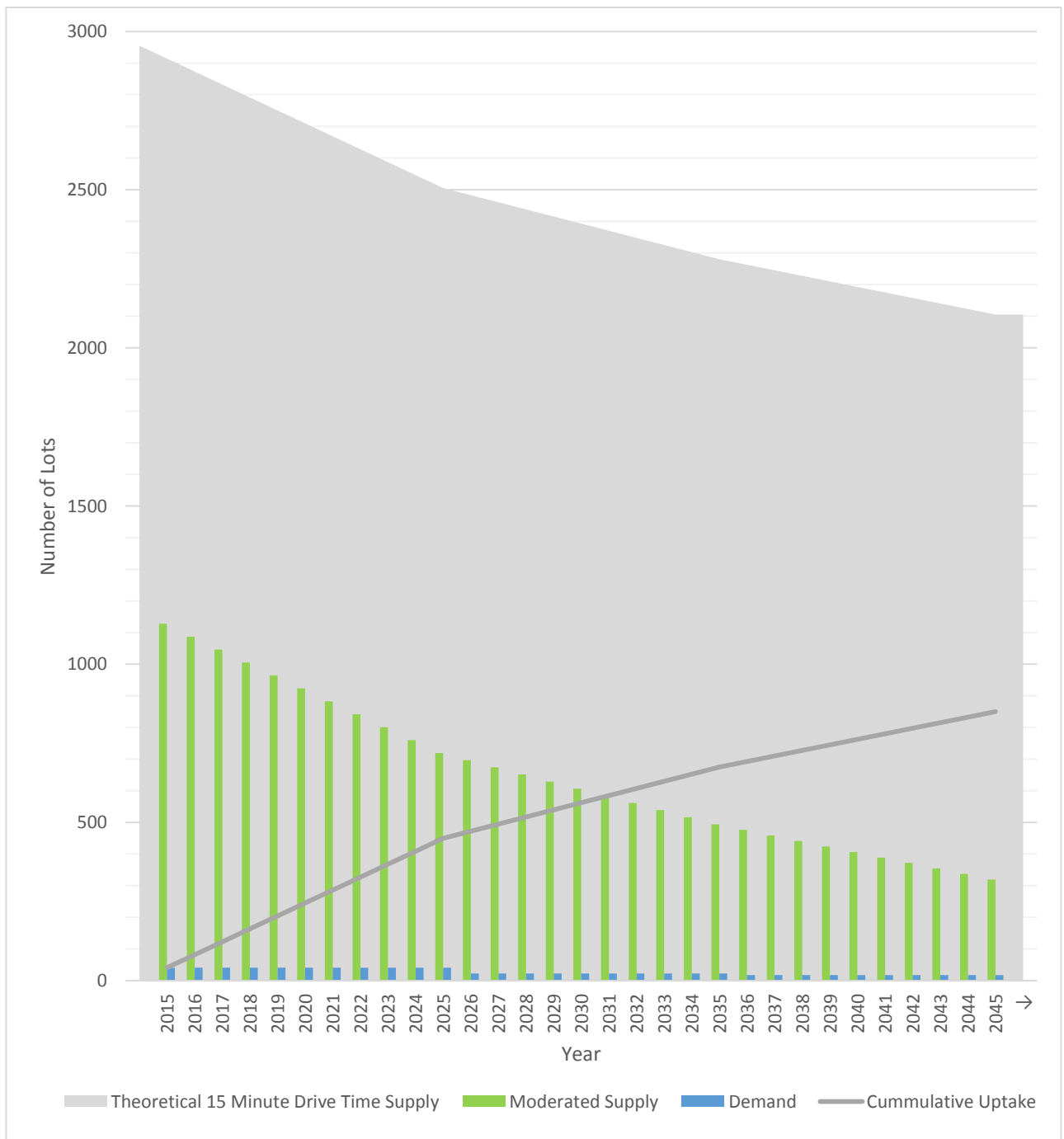
These conclusions are shown in the figure below, where supply reduces each year as it is taken up by the previous year's demand. The assumptions used to develop this figure include:

- That the rate of demand and associated uptake will occur as anticipated by Telfer Young, and;
- That existing subdivision consents and potential subdivision consents will be completed at a consistent rate over the period to 2045.

The cumulative number of lots anticipated to be taken up over the period are also shown.

The following should also be noted:

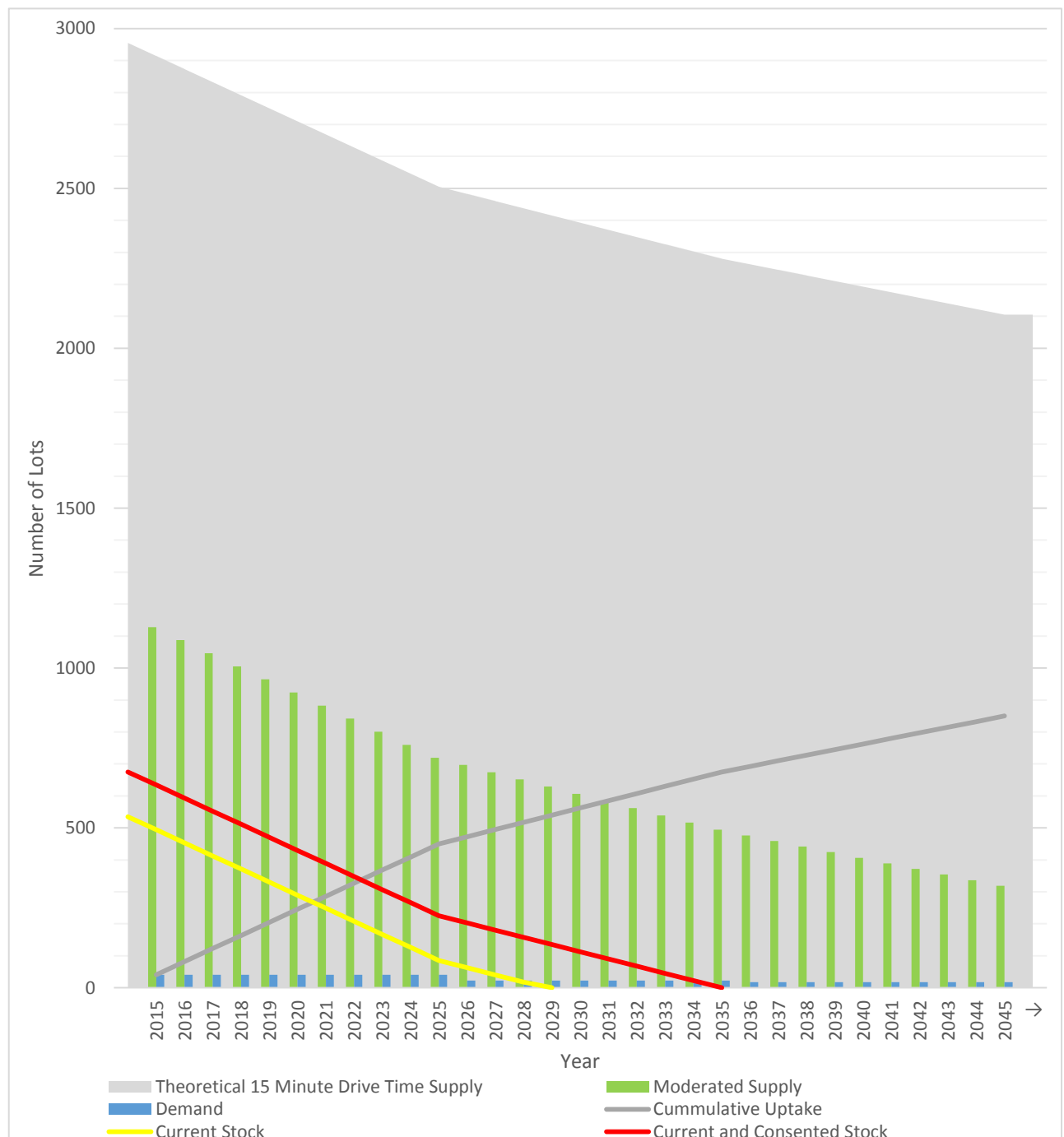
- No account has been made for market influences;
- The results/trends are set against the theoretical supply identified for land within the 15 minute drive time extent prior to moderation (which involved refining the 'potential yield from development scenarios' 'X' figure);
- No account has been made for supply outside the 15 minute drive time extent, which would essentially double the theoretical supply (across the entire Hastings and Napier districts);
- No account has been made for Restricted Discretionary, Discretionary or Non-Complying subdivision activity scenarios.

Figure 1: 15 Minute Drive Time Supply and Demand Analysis

The second figure includes a 'current stock' and a 'current and consented stock' line. The 'current stock' line illustrates the stock available to meet demand if no further lots were created and that supply under this scenario would 'run out' in 2029. The 'current and consented stock' line illustrates the stock available to meet demand under a scenario where existing resource consents are completed and that supply would 'run out' in 2035 if there was no further subdivision.

The key point here is that despite the theoretical supply, further subdivision is critical to accommodating demand over the longer term and enabling this further subdivision within areas of preference is a contributing factor.

Figure 2: 15 Minute Drive Time Supply and Demand Analysis as affected by Vacant and Consented Stock



7.2 Key Conclusions

Key conclusions include:

1. The anticipated demand of 450 lots over the period 2015-2025 can be adequately met;
2. Assuming existing subdivision consents (yet to be completed) are completed and the rate of further subdivision as considered during the moderating exercise applies, there will be sufficient supply to meet the remaining demand of 400 lots over the period 2026 to 2045;
3. Depending on the outcome of further investigations on the availability of the 188 vacant lots within the Plains Production Zone, this analysis indicates a potential surplus (or buffer) of 131-319 lots at the end of the period in 2045 – within the 15 minute drive time extent. Supply within the 15 to 20 and 20 to 25 minute drive time extents will provide further buffer;
4. Although the analysis indicates that the buffer or surplus during preceding years is likely to be greater, this will be influenced by market forces and the rate of further subdivision.

The second conclusion relies heavily on the creation of further lots through additional subdivision, particularly from 2030 onwards. Depending on the rate of further subdivision within preferred areas, the initial conclusions in HPUDS that “there will be a predicted surplus in supply of rural residential sites over the period” may not hold true and there is a risk that Policy UD3 of the Regional Policy Statement (as follows), which was developed on the basis of this conclusion, may be overly restrictive over the longer term.

Policy UD3 – Rural Residential and Lifestyle Development (Heretaunga Plains Sub-region)

In the Heretaunga Plains sub-region, District Plans shall include Policies and methods discouraging or avoiding ad-hoc residential development and further rezoning for rural residential purposes or lifestyle development outside existing rural residential zones.

Although there may be many responses to this matter, if it arises, reducing the lot size as foreshadowed in HPUDS as the first response would provide additional potential stock. In line with Telfer Young report on preferences, this may encourage greater supply and uptake in the areas seen as most attractive to the market without necessarily zoning additional land.

7.3 Review of HPUDS Assumptions Pertaining to Rural Lifestyle living

The following table identifies the key assumptions and conclusions made in the HPUDS 2010 document pertaining to rural lifestyle living and provides commentary in light of the analysis undertaken above.

Table 5: Analysis of HPUDS Assumptions Pertaining to Rural Lifestyle living

Assumption/Conclusion*	Commentary
Page 10 - There will be a predicted surplus in the supply of rural residential sites over the period.	This is subject to ongoing subdivision to provide supply, particularly over the later period of the Strategy.
Page 29 - the amount of undeveloped zoned rural residential land is adequate and that there appears to be a demand for smaller sites within the zone	The analysis has confirmed sufficient potential to maintain supply within Rural Residential Zones, but that uptake maybe lower than expected. The Telfer Young report has alluded to the demand for smaller lots.

Page 30 - Demand for sites in the urban periphery for lifestyle orientated living will continue. Rural settlements will be under increasing pressure from development.	Agree. Although Rural Settlement Zones have been excluded from the moderation analysis, they may still present as options to the market for rural lifestyle living.
Page 30 - Servicing of the rural settlement and coastal areas will be the biggest obstacle to development.	Although not specifically investigated, this may still be the case, and the result maybe a greater attraction to/and uptake of lots within rural zones, counterbalancing the situation above.
Page 30 - There is currently a high level of market acceptance for lifestyle living and also in the outer rural areas to take advantage of lower prices.	Not specifically investigated.
Page 30 - There is demand for smaller lots within the rural residential zones	The Telfer Young report has alluded to the demand for smaller lots.
Page 30 - The supply of rural residential zoned land does not appear to be constrained.	Agree, however uptake maybe lower than expected.
Page 46 - The rural environment would provide for 5% of housing needs. Given the amount of land currently zoned for rural lifestyle purposes there is no need to provide for any additional land areas. As part of the sustainability principles the minimum size of the rural residential blocks has been reduced in size thereby providing further scope for additional sites within the current zone.	Agree, however this should be regularly reviewed during programmed reviews of the Strategy.
Page 50 - Development of rural residential/lifestyle properties has been very active across the Heretaunga Plains in recent years and as supply considerably exceeds demand it is not envisaged that there will be significant movement in this area. Hastings District Council has recently undertaken a plan change to place additional controls over the formation of lifestyle blocks. This change is expected to limit the number of new blocks.	Accept this comment as it applied to informing the Strategy some 5 years ago, however the number of lots to be created from approved subdivisions is only 25% of the number of vacant lots within the 15 minute drive time extent. Ensuring ongoing supply is critical to accommodating demand, particularly in the later period of the Strategy.

*There are number of other similar statements in the document, however those listed here are considered to be representative of the themes expressed.

8. RECOMMENDATIONS & MATTERS FOR CONSIDERATION

As outlined above, there is sufficient supply to accommodate demand over the period 2015 to 2030, however supply, and the surplus of supply over the following 15 year period will be influenced by the rate of further subdivision.

On this basis there is no need to undertake any urgent amendments to the Regional Policy Statement of District Plans. However, a number of recommendations are made to increase the level of understanding and knowledge on the matters raised in this report. These are followed by a short list of matters that could be considered in managing circumstances that may arise circa 2030.

Recommendations

1. Review the stock of vacant lots within the Plains Production Zone

If there is a large stock of vacant lots, there may be opportunity to refine the Policy/rule framework whereby these vacant lots could still be used to supply rural lifestyle living, but in a way, through incentivising amalgamation or boundary adjustments perhaps, where the size of

more productive Plains zoned land holdings could be increased, which may in turn improve the utility of the Plains soil resource.

This framework could also provide for the transfer of development rights to either smaller land holdings or to land holdings where the realisation of smaller lifestyle living lots would have less effects on the broader functioning of the Zone i.e. rather than retiring a 2ha property, it could be amalgamated with an adjoining property and a small area of a site somewhere else in the Zone that is not as usable could be developed for lifestyle purposes. 'Using' vacant lots in this manner may give rise to multiple benefits in terms of providing for rural lifestyle living and avoiding fragmentation of the Plains soil resource. Sites such as these may be highly attractive to the market as well.

It is therefore recommended that the legal and ownership structure of the identified vacant lots within the Plains Production Zone be reviewed.

2. Undertake a Situation Analysis on Rural Residential Zones in terms of their ability to accommodate further development as anticipated

Rightfully, the Rural Residential Zones of both districts have the highest likelihood of enabling and accommodating further development, however for zones where rural lifestyle living is specifically targeted, it is considered that actual uptake and the likelihood of uptake should be higher.

Obtaining approval for earthworks, the costs of earthworks, access and topographical factors limiting platform density may be limiting factors, however servicing such as roading in particular may also be contributing to relatively low uptake levels.

It is recommended that a situation analysis on potential limitations be undertaken on Rural Residential Zones (by general area) to determine if there are any limitations that could be addressed to enable uptake as ideally envisaged. This analysis could then be expanded to determine/refine supply opportunity.

3. Internal system improvements should be made to better;

- a) Identify the approval of subdivision consents within 'rural' zones, including lot size;**
- b) Monitor the creation of new lots;**
- c) Identify uptake through the issue and completion of building consents or the sale of properties;**

It is recommended that internal systems incorporate processes to spatially record:

- (a) Lots approved through subdivision consents at the time of approval;
- (b) Lots created at the time Section 224 certification – which would record the time that the approved lots above would be realised and spatial changes that may have occurred since the initial Scheme Plan;
- (c) The issue of a Certificate of Compliance under the Building Act to confirm uptake of development.

Such processes could be incorporated into current issue procedures, and would enable the full cycle of lot creation, realisation and development to be tracked and monitored. Systems should also be consistent and coordinated between the Councils.

Ideally, the time at which a lot is first sold would also be recorded. Depending on the scenario, this may occur between (b) and (c) or following (c). These records would give an indication of the period of time it takes for lots approved through subdivision to come to the market and be taken up by demand.

4. Undertake further Investigations in relation to preference

It is recommended that further Investigations in relation to market preference be undertaken i.e. what purchasers are seeking. This will provide further information to be weighed alongside other matters such as transport networks, natural values, rural productivity, amenity and urban form as part of future reviews if it proves necessary (in the future) to develop approaches to better enable, provide for and locate rural lifestyle living.

Councils could partner with the real estate sector and undertake targeted qualitative research by interviewing parties interested in specific property listings to better understand preference and the factors leading to uptake. The knowledge and understanding obtained from these case studies could be then be considered alongside other factors to better quantify the likelihood of available supply accommodating demand.

Other types of case studies could also be undertaken on existing subdivisions to better understand the impacts of different non-regulatory constraints and limitations (such as topography and earthwork requirements) on yield to refine potential yield scenarios. These results could be compared to theoretical yields and the conclusions applied to the theoretical yields of other properties and zones where the parameters concerned are similar.

5. Vacant, consented and potential stock should be reviewed against demand during programmed reviews of the Strategy; adopting the same or similar approach and analysis undertaken in this report

The data obtained from the system improvements and additional investigations suggested above should be used to inform a more accurate review of the supply and rate of development of rural lifestyle living lots during programmed reviews of the Strategy and should be reported on using a consistent analytical framework.

Matters for Consideration

- 1. The subdivision framework within the Hastings District Plan's Rural Zone could be reviewed where it applies to the:**
 - a) Tukituki Valley and Havelock North Hills areas in response to these areas representing areas of preference;**
 - b) The Puketapu and Esk Valley areas in response to these areas being within, or on the periphery of the 15 minute drive time;**

The analysis undertaken in this exercise indicates a low likelihood of further development within the Rural Zone of the Hastings District. However, as it is this Zone where preferred areas such as Tukituki Valley and Havelock North Hills / Middle Road areas are located, there is potential for conflict between preference and supply.

It is a similar situation where the Zone is in, and on the periphery of the 15 minute drive time from Napier; in particular on routes leading to areas such as Puketapu and the Esk Valley, where there is an existing rural residential character and a perceived demand or at least desirability.

In response, the rule framework could be reviewed to accommodate or facilitate the meeting of demand in these areas. This could be achieved via a specific overlay containing less restrictive rules; still incorporating appropriate environmental criteria and controls.

2. The subdivision framework within the Napier District Plan's Main Rural Zone could be reviewed to enable, where appropriate, the subdivision of smaller lots in a manner similar to the Hastings District Plan

The Napier City Council Main Rural Zone has a relatively high potential for further development - in terms of 4ha lots. In contrast, the Hastings District Council Rural Zone has the potential to deliver a similar quantity of 4,000m² lots, which are a size more consistent with the preferences indicated in the Telfer Young Report.

Unlike the Hastings District Council rule framework, the City of Napier District Plan does not provide for the creation of lots of less than 4ha in its Main Rural Zone, even when amalgamation may be involved to create larger rural lots as a result, which may be a beneficial outcome for the Zone (regardless of whether the Napier Main Rural Zone is likened to Hastings Rural Zone of Plains Production Zone).

An approach similar to Hastings may have the potential to provide a supply of lots for rural lifestyle living through further subdivision as is required later in the period of Strategy; without compromising the availability of rural land and without being subject to a Non-Complying Activity assessment process. Indeed, depending on the approach, it may be a mechanism to increase the size of rural land holdings, which may in turn improve the utility of the rural land resource. Such lots would also be located within the 15 minute drive time of Napier, thereby accommodating preference factors.

Although the approach need not be the same as Hastings, guidance is available.

3. Policy UD3 of the Regional Policy Statement may need to be softened as an outcome of future programmed reviews of the Strategy

As outlined above, sufficient supply to meet demand over the period 2026-2045 is heavily reliant on the creation of further lots through subdivision, particularly from 2030 onwards and depending on the rate of further subdivision within preferred areas, the initial conclusions in HPUDS that “*there will be a predicted surplus in supply of rural residential sites over the period*” may not hold true. As such, there is a risk that Policy UD3 of the Regional Policy Statement, which was developed on the basis of this conclusion, may be overly restrictive over the longer term.

In particular, RPS Policy UD3 not only refers to discouraging or avoiding further rezoning for rural residential purposes or lifestyle development outside existing rural residential zones, it also refers to ad-hoc residential development, which may include individual subdivision applications; perhaps involving only one additional lot.

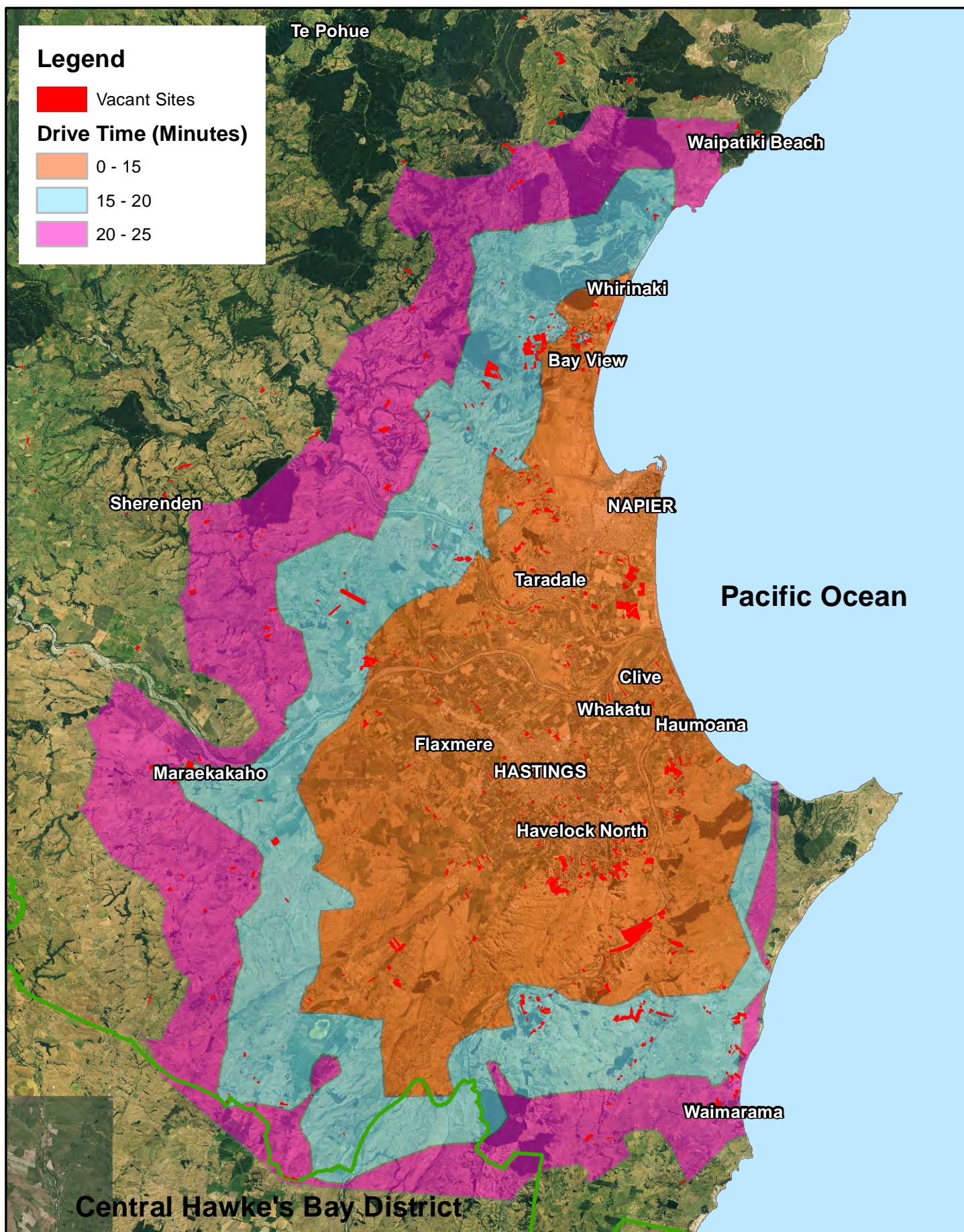
Depending on supply versus demand at this time, it may be appropriate to consider such an application favourably, however in the face of a Discretionary or Non-Complying Activity status, the message to 'discourage' and 'avoid' may be overly restrictive in a context that is seeking further subdivision to accommodate demand – where appropriate of course, particularly when land within the Heretaunga Plains Sub-region boundary to which the Policy applies is generally within the 15 minute drive time extent of all three centres.

As implied above, this observation is made in response to the risk of a sufficient rate of further subdivision not being maintained and to offer a measure, as an example, of the type of responses that may need to be considered in monitoring implementation later in the period of Strategy. If, as another type of response, development is allowed outside of the existing zones, this would only be an effective means of providing for supply if the new areas are sufficiently attractive to the market compared with the existing areas (including section price and development cost) and/or the existing areas are not being developed for other than commercial reasons.

To be clear, no action in regard to Policy UD3 is required at this stage.

Appendix 1

Vacant Lots



HPUDS - Vacant Sites with Drive Times



Map Produced using ArcMap



Scale 1:300,000

2,900 1,450 0 2,900 5,800 8,700 11,600 Meters

Projection: NZTM
Datum: D_NZGD_2000

Original Size: A4
Date: Thursday, 26 May 2016

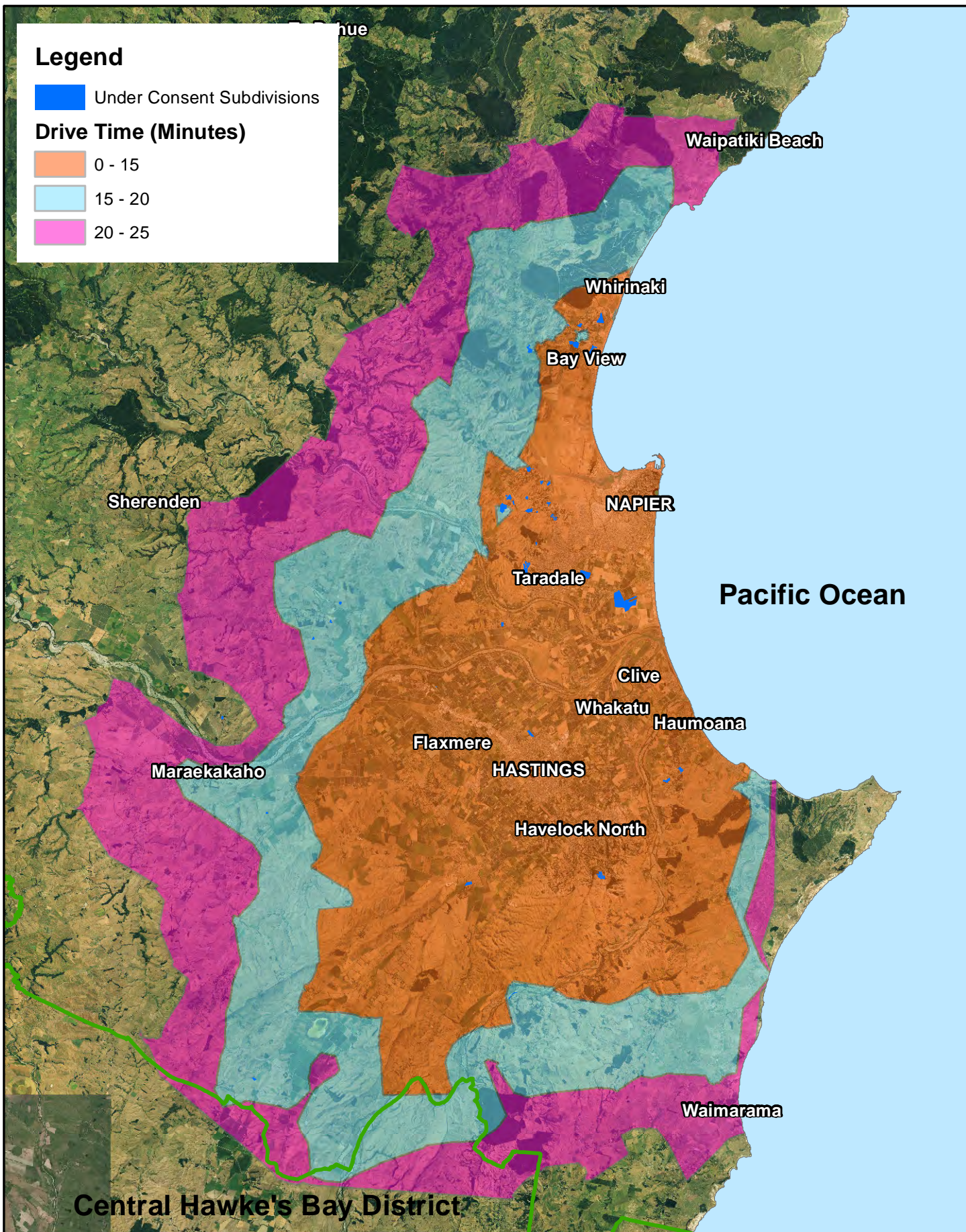
DATA SOURCE: Cadastral information derived from the Land Information New Zealand's Core Record System (CRS).
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Appendix 2

Consented Lots



HPUDS - Under Consent Subdivisions with Drive Times



Map Produced using ArcMap



Scale 1:300,000

2,900 1,450 0 2,900 5,800 8,700 11,600 Meters

Projection: NZTM
Datum: D_NZGD_2000

Original Size: A4
Date: Thursday, 26 May 2016

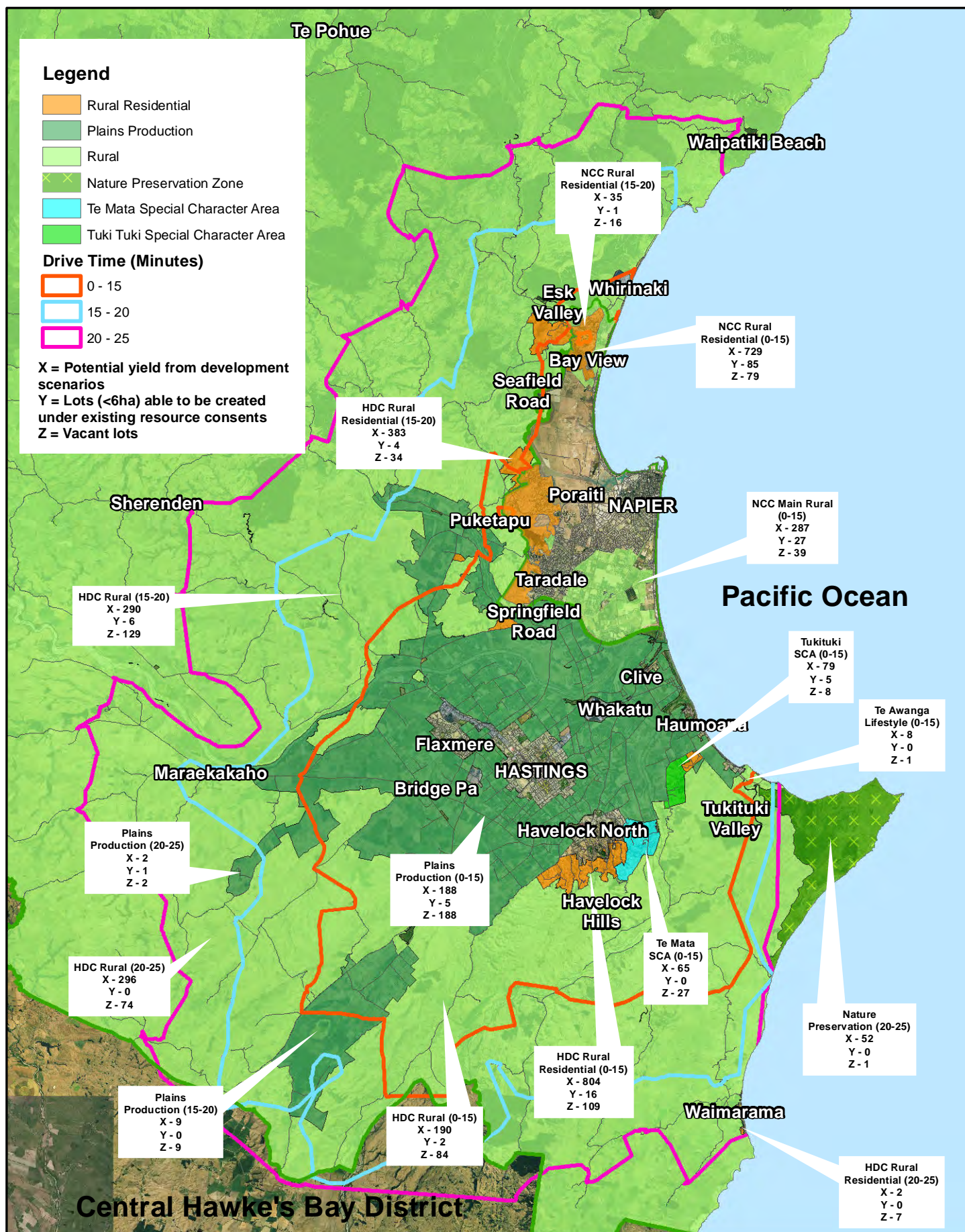
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Appendix 3

Available Stock by
Drive Time



HPUDS - Zones with Drive Times



Map Produced using ArcMap



Scale 1:300,000

2,900 1,450 0 2,900 5,800 8,700 11,600 Meters

Projection: NZTM
Datum: D_NZGD_2000

Original Size: A4
Date: Friday, 3 June 2016

DATA SOURCE: Cadastral information derived from the Land Information New Zealand's Core Record System (CRS).
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HPUDSDriveTimes

Appendix 4

Refined Available Stock
within 0 to 15 Minutes'
Drive Time

