

HPUDS IMPLEMENTATION WORKING GROUP

Thursday 30 June 2016

Subject: HPUDS REVIEW STAGE 2- SYNTHESIS REPORT

REASON FOR REPORT

1. The purpose of this report is to recap on the key findings from Stage 1 and to summarise the findings of Stage 2 of the Review and the implications of this for the revised HPUDS document.

BACKGROUND

2. The first five year review of HPUDS 2010 commenced in 2015 and the Stage 1 information gathering stage was completed in March 2016, additional information has now been gathered in Stage 2 and has provided a basis upon which to recommend a revised HPUDS strategy document.
3. The HPUDS Implementation Working Group (IWG) received 11 separate reports in the culmination of Stage 1 of this review to its 29th March 2016 meeting. A further three reports and a revised strategy document has been produced in Stage 2. A full list of the report titles and authors for both Stage 1 and Stage 2 is attached as Appendix 1.
4. 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 both population and dwelling growth increases over the 30 year period (based on the medium – high growth projections), but this increase in dwelling numbers would still be able to be accommodated within the HPUDS identified greenfield growth areas and the infill growth projections.
5. The various Stage 1 reports do identify some need for refinements around rural residential growth and some action around immediate greenfields supply availability issues. In addition to this, a matter that was not covered off in the Stage 1 reporting was the implications of a growth in demand for retirement housing, given the projected aging of the population. Accordingly three technical reports were commissioned for Stage 2 of the HPUDS Review, relating to:
 - a) A review of Rural Residential Land Supply
 - b) Consideration of alternative Greenfields Residential Sites and a review of the HPUDS Settlement Pattern
 - c) Retirement Sector Housing Demand Forecasts
6. The other component of Stage 2 of the Review has been to prepare a draft HPUDS Review Strategy document, based on the finding of the Stage 1 reports and the abovementioned Stage 2 reports. This would form the main HPUDS strategy document going forward and is appended to the report titled 'HPUDS Review Stage 2 – Revision of HPUDS Strategy & Implementation Plan' on this Agenda.

ASSESSMENT

Recap on Key Findings from HPUDS Review Stage 1

Projected Dwelling Growth

7. One of the more significant findings is that of the projected dwelling growth over the study period being some 2,596 higher than what was stated in HPUDS 2010. Telfer Young's conclusion in their Stage 1 Market Demand Report is that despite this

increase in projections: “There would appear to be sufficient greenfields supply to cater for anticipated demand beyond 2045.”

8. This is also consistent with the conclusion in the ‘Relative Housing Affordability & Greenfields Land Availability’ report, that: ‘there is a total of thirty years land supply potentially available which is equivalent to the HPUDS timeframe’.
9. In addition to these points, with the 5 yearly reviews programmed and a large surplus predicted beyond 2025, there would be ample opportunity to incorporate new residential greenfields areas into HPUDS if required later on in the study timeframes. Despite this long term level of comfort however, some immediate supply issues have emerged (at Havelock North and Frimley (Lyndhurst) and potentially at Te Awa¹), as there is a difference between identified long term supply and having immediately available greenfields land. This is a key finding of Stage 1 that has resulted in the commissioning of the Stage 2 report titled ‘Alternative Greenfield Sites and Review of the HPUDS Settlement Pattern’.

Lifestyle Residential Supply

10. The Telfer Young Market Demand report identified that the lifestyle residential housing supply 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 30 year study period, but is projected to be higher than this up until 2026 and to fall thereafter. Lessening demand beyond the 2020s is anticipated mainly from demographics with an aging population expected to lessen demand for lifestyle sites, as better access to amenities and services is needed.
11. The Telfer Young report identified that some of the available supply is of a type and nature that the market does not currently favour. Lifestyle demand is now for smaller sites with some separation / privacy but close to urban facilities. Given this, the data on consented lifestyle sites tends to overstate potential ‘marketable’ supply.
12. Telfer Young recommend that the situation be monitored but suggested that to ensure sufficient supply in the longer term, some additional areas in the right locations may be required, or alternatively some intensification within existing Rural Residential Zones could be considered.

Emerging Trends and Information 2009 – 2015 – Demographic Change

13. In regard to population growth over the 2009 – 2015 period the population for the study area has increased by 5,500 people from 125,900 – 131,400. This compares to the projection that was made in 2009, of a population of 130,320² by 2015. The difference between the projection and the actual population is 1,080. There was a net migration gain of 1,106 for the combined Napier Hastings TLAs. The difference between the projection made in 2009 and the actual 2015 population figure can therefore be attributed largely 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.
14. 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 population³. This is consistent with the predictions of an aging population.

¹ ‘Relative Housing Affordability & Greenfields Land Availability’, Mark Clews, Hastings District Council (March 2016)

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)

³ As above.

15. The total number of ‘households’ in the study area has increased by 3,063 to 51,455 between 2009 and 2015⁴. 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 2016⁵.

Economic Growth Trends

16. Real GDP growth of approximately 10% has occurred in the region since 2009, in terms of economic trends however 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 2015⁶. 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 on to note that the ‘resurgence of the pipfruit sector will be the key driver of industrial growth over the next 3 years’.⁷ With the recent Omahu_North Proposed Hastings District Plan Variation to better meet market expectations for industrial land and a similar Variation proposed for Irongate, there will be an ample industrial land supply to accommodate such growth.

Housing Preferences

17. With regard to current housing trends, Telfer Young have concluded from their developer interviews that residential 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. This is also consistent with the conclusions in the ‘Residential Uptake and Distribution of Actual Growth’ report 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’.

Stage 2 Reporting

18. The following table identifies the reports that have been commissioned for Stage 2 of the HPUDS Review with a brief explanation of the purpose and scope of the report. The respective consultant authors of the reports (as identified in the table below) will be in attendance at the HPUDS IWG Meeting to answer any questions that arise.

Stage 2 Report & Consultant Commissioned	Summary of Report Purpose & Scope
1. Rural Residential Land supply and regulatory responses Cameron Drury, Cheal Consultants Ltd	Further investigating the conclusions of the Telfer Young Report that the ample supply of lifestyle sites referred to in HPUDS 2010 isn’t necessarily desired by the market or available and examining the adjustments required to be made in HPUDS. Eg. Is there still available zoned but not yet developed land supplies in the areas identified as being desired by the market. Requires a planning assessment of the minimum subdivision site sizes applying to Rural Residential Zones and remaining capacity in these zones for further subdivision; and given the findings whether any regulatory responses are recommended.

⁴ As above.

⁵ As above.

⁶ As above.

⁷ ‘Industrial Land Demand Projection 2016 – 2025’ Logan Stone (February 2016), section 9, Page 5

<p>2. Evaluation of retirement sector housing needs</p> <p>Murray Tonks, EMS Ltd</p>	<p>Given the increasing proportion of the population in the 65+ age group, a specific study on this form of housing and its likely demand and whether this is likely to be by greenfields or brownfields retirement villages or infill housing (or combinations) and the pros and cons of these approaches. Based on these findings recommendations should be made as to whether amendments should be made in the Reviewed HPUDS.</p>
<p>3. Alternative greenfield sites and review of the HPUDS settlement pattern</p> <p>Nick Aiken, Opus International Consultants Ltd</p>	<p>An independent evaluation of the comparative suitability of the sites put forward by the HDC and NCC as replacement or reserve areas, in the report titled '<i>Current and Emerging Issues with HPUDS Greenfield Growth Areas</i>'. This report will need to bear in mind that its finding will be subject to challenge from owners of alternative areas in the Stage 3 consultation. It should also include recommended wording for amendments to the HPUDS document to include these areas. This report is also required to give consideration to whether any change is required to the settlement patterns outlined in HPUDS, including the list of 'inappropriate areas for development'.</p>
<p>4. Preparation of Draft HPUDS Review 2016 document</p> <p>Rowena Macdonald, Sage Planning HB Ltd</p>	<p>This item is to act on the Stage 1 Report titled 'HPUDS Actions Implemented', in redrafting the HPUDS document by removing the implementation actions either completed or deemed unnecessary. In addition the redrafting will involve the correction of errors and omissions and incorporate amendments to the HPUDS document arising from items 1 – 3 above.</p>

Findings of HPUDS Review Stage 2

Rural Residential Land Supply

19. The report prepared by Cameron Drury, Cheal Consultants undertakes a comprehensive analysis of the various 'non-urban' zones that provide opportunity for rural lifestyle site subdivisions. The data gathering and resulting database provides a framework for the respective city and district councils to provide ongoing monitoring of such subdivision.
20. In terms of projecting forward, a theoretical subdivision potential is calculated and then moderated by reference to the Telfer Young Stage 1 report. 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, the Cheal report concludes that sufficient supply should be available under the current zoning framework to meet the demand of 850 rural lifestyle sites over the period of the Strategy (2015 to 2045). This essentially concurs with the original HPUDS 2010 findings.
21. This conclusion does however rely on ongoing subdivision to create new lots in areas of market preference, whereas the HPUDS 2010 assumption was that there was already a surplus of available lots. The creation of new lots in areas of market preference may or may not happen. Consequently the Cheal Report puts forward some suggestions regarding a potential review of regional and district planning documents over the longer term should future reviews identify the supply of lifestyle residential sites becoming scarce in areas of market preference. No action is however required at this point in time. The Cheal report however recommends ongoing monitoring of supply and demand trends to inform 5 yearly HPUDS reviews.

Evaluation of Retirement Sector Housing Needs

22. This report prepared by Murray Tonks, EMS Ltd, highlights the significance of increasing numbers of older people with regards to likely housing demand within the

HPUDS timeframes. In terms of the aging of the population the report identifies that over the next 30 years the 65+, 75+ and 90+ age groups will increase by 94%, 173% and 286% respectively. The report identifies 75 as an important age in considering the housing needs of older people as this is the usual starting age for entry into a retirement village (despite 65 generally being the age of eligibility).

23. The EMS Report suggests retirement units will represent 30-40% of all future new-build housing in the Heretaunga Plains sub-region between now and 2045, with half of these likely in 'traditional' retirement villages. The average size of existing villages of this kind, in the Strategy area, is about 6.25ha. Sites of this size are likely to be found on greenfield land. With the likely future trend toward increasing numbers of retirement villages, and toward compact retirement housing in general, the report suggests a need to reflect on future housing density rules and ways in which greater densities can be achieved without compromising (and ideally enhancing) the urban living environment.
24. As retirement housing (with associated higher housing densities) becomes an increasingly significant factor in the overall housing market it is possible that the amount of land required for future housing development in the HPUDS study area would be reduced. It is also noted in this report that typical retirement villages are focused on the medium to upper end of the housing market and that there will also be a high demand for smaller residential units by people not able to afford such housing, which will either need to be supplied by social housing providers or by private infill developments. The EMS report also points out that as these trends develop with the aging population, there will be an increase in supply and potentially a reduction in demand for larger homes as these are sold by older people to help fund their entry into retirement housing.
25. No immediate change to the HPUDS settlement pattern is required as a result of this report; rather what is required is an awareness that the type of homes built within the Heretaunga Plains sub-region is going to change over the study period to meet the demands of the aging population. In addition there will be a need for developers to be able to aggregate larger blocks within residential greenfield growth areas in suitable locations to accommodate retirement villages of 6ha and more in size.

Alternative Residential Greenfields Sites

26. This Stage 2 report prepared by Nick Aiken of Opus International Consultants has provided an independent evaluation of the comparative suitability of the areas put forward in the Stage 1 Report titled '*Relative Housing Affordability & Greenfields Land Availability*', for inclusion in HPUDS as Residential Greenfield Development Areas or 'Reserve' areas. The Opus report assesses the areas against the Regional Policy Statement Criteria in Policy 4.2 'New Residential Greenfield Growth Area Criteria'.
27. The outcome of this review confirms it is appropriate to adopt the Hastings District Council's preference for Arataki Extension to be removed from the list of Greenfield Growth Areas in HPUDS (due to reverse sensitivity issues to odour from the neighbouring Te Mata Mushrooms) and be replaced with an area fronting Brookvale Road, Havelock North. Further to this in responding to immediate greenfields supply availability issues the report recommends the inclusion in HPUDS of additional 'reserve' growth areas, as follows:
 - South Piriwai, Napier
 - Romanes Drive, Havelock North (pt) – provided Brookvale proceeds
 - Middle Road, Havelock North (pt)
 - Murdoch Road, Hastings
 - Wall Road, Hastings (pt)

28. As is explained in the draft HPUDS Review document, 'reserve areas' are recommended to act as stand-by replacements for the Greenfield Growth Areas. This ensures that there are identified areas available within HPUDS to 'bring on' if as has happened with Arataki Extension, a Greenfields Growth Area proves to be inappropriate upon closer investigation. Having reserve areas 'pre-screened and on standby' should a need arise, saves the delay that would be associated with a screening assessment which would otherwise be built into and HPUDS review process to introduce a new replacement area.
29. Other circumstances where a reserve area could be advanced would be if there is a rapid and significant change in growth demand, or if for example retirement village needs cannot reasonably be met within the preferred greenfields areas. It is not however deemed necessary to have 'reserve growth areas' for every identified greenfield growth location in HPUDS, but is it prudent to have them available for the main urban areas of Napier City and Hastings District.
30. Another component of the Opus report was to review that part of the HPUDS settlement pattern that lists 'Areas Inappropriate for Greenfields Growth'. The *'Relative Housing Affordability & Greenfields Land Availability'* Stage 1 report had specifically identified Whirinaki and South Clive for consideration. The Opus report recommends, two areas identified in the 'Inappropriate Areas for development' list in HPUDS 2010 be removed. These are:
- Clive South (an area off the end of Read Crescent between SH2 and Muddy Creek); and
 - Whirinaki.
31. The report concluded that both areas were identified as inappropriate because of servicing issues and concluded that both areas warrant removal from the 'inappropriate' list, however neither warrant inclusion as appropriate greenfield growth areas (or reserve areas) in HPUDS.

Natural Hazards

32. The Stage 1 Natural Hazards report identified that there were two key studies due to be finalised in May 2016 which would provide updated information around liquefaction and coastal hazards and that this will need to be factored into the Stage 2 reporting process.
33. The information in regards to coastal hazards has now become available but is of little consequence to the 2016 HPUDS review as none of the greenfield growth areas identified in HPUDS are located in coastal erosion or inundation hazard areas. The updated information regarding liquefaction is still not publicly available and is unlikely to be before the completion of this HPUDS review.

Draft HPUDS Review 2016 Document

34. This document is the subject of a separate item on the agenda to this meeting, so no additional explanation is required here, other than to say that it takes on board the findings of the HPUDS Review Stage 1 and 2 reports and where appropriate incorporates them into the reviewed strategy document.

CONCLUSIONS

35. The 2015 – 16 HPUDS Review has provided updated projections which result in both population and dwelling growth increases over the 30 year period (based on the medium – high growth projections) compared to the HPUDS 2010 projections.

Nevertheless, these increases would still be able to be accommodated within the HPUDS identified greenfield growth areas and the infill growth projections.

36. 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. Historically net migration gains have tended to be followed by losses, hence the long term Statistics New Zealand projections assume a migration balance.
37. The recently completed HPUDS Review Stage 2 reports have identified:
 - a. That there is no short to medium term supply issue with rural residential land;
 - b. That the aging population is going to have a significant effect on the type of housing that the market demands in the future being a move towards smaller dwellings and retirement units;
 - c. That changes should be made to the HPUDS Settlement Pattern to replace a Greenfield Growth Area (Arataki Extension replaced with Brookvale) and introduce reserve areas in addressing the current short term supply issue and in avoiding such issues in the future; and
 - d. That two areas (Whirinaki and Clive South (off Read Crescent)) can be removed from the list of inappropriate areas for residential greenfields growth.

*This report was prepared by Philip McKay, HPUDS Review consultant Project Manager.

Recommendations

The Heretaunga Plains Urban Development Strategy Implementation Working Group:

1. Receives the "HPUDS Review Stage 2 – Synthesis" report 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

Gavin Ide

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Attachment/s

- 1 Att 1 Stage 2 HPUDS Review Report - Retirement sector housing demand forecasts 2016-45
- 2 Att 2 Stage 2 HPUDS Review Report - Review of rural residential lifestyle sites
- 3 Att 3 Stage 2 HPUDS Review Report - Alternative greenfield sites & review of settlement pattern