HERETAUNGA PLAINS URBAN DEVELOPMENT STRATEGY

REPORT TO:	Governance Group
FROM:	Consultant Project Manager and Technical Advisor
MEETING DATE:	9 October 2009
SUBJECT:	Assumptions from Existing Urban Development Strategies for Current Growth Locations

1.0 Introduction

Both Napier City Council and the Hastings District Council have undertaken studies to plan for the future growth of their districts. The first of these studies followed the enactment of the Resource Management legislation in 1991. The Napier Urban Growth Strategy was released in 1992 and the Hastings Urban Development Study (HUDS) was released in 1993. One of the recommendations of the HUDS report was the need to review the appropriateness of the growth and demand projections on a five yearly basis. This was undertaken in 1999 and again in 2005. Similarly the Napier Growth Strategy was reviewed in 1999 and again in 2008.

It is important in establishing the foundation of this Heretaunga Plains Study, that a good understanding and knowledge of the assumptions upon which the current growth locations are based, is achieved. This part of the current study therefore sets out the growth options identified in each of the original Hastings and Napier Growth Studies and outlines the growth assumptions that were adopted for the 25 year timeframe of these studies. It also shows how those assumptions altered in the course of the two reviews of the studies and what that has meant for the growth locations.

2.0 Hastings Urban Development Strategy 1993

The 1993 HUDS report divided growth within the Hastings District into three broad areas, Greenfields growth, Infill growth and Rural growth.

2.1. Greenfield Growth

The location of the growth areas identified in the 1993 Strategy to meet the residential greenfield needs of the District through to 2016 was:

Hastings	• *Lyndhurst*	- This area was identified as the most practical long term development area for Hastings.
	• *Irongate/York*	- This area would meet supplementary demand from Lyndhurst and would be a longer term option for development in Hastings.
Havelock North	• *Brookvale/Arataki*	- This area would provide for Havelock North's growth needs.
	• *Goddards Lane*	- Would provide supplementary development for Arataki.
	• *Middle Road/Iona*	- Would provide supplementary development for Arataki.

2.2. **Infill Growth**

A target of 15% of the total dwelling numbers over the period through to 2016 would be met through infill development.

2.3. **Rural Growth**

A certain amount of residential growth would be met by means of both rural settlements and also in rural residential areas.

The Rural Settlements singled out for growth over the 25 year period of the Study were:

- Clive
- Te Awanga and
- Maraekakaho

Rural Residential Development

The 1993 HUDS report considered that lifestyle development on the periphery of the urban areas of the district would not contribute significantly to the residential housing stock meeting a small niche demand. The study envisaged that growth in the rural residential segment of the market would be in the order of 5% over the period of the study through to 2016.

2.4. **Assessment Criteria Used**

The potential development sites identified in the preliminary investigation phase were assessed against the following factors and those with the lowest combined effect became the preferred growth areas.

(a) That the level of impact on the productive land resource would be low

(b) That consideration would be given to the infrastructural issues including flood hazards.

(c) That the social infrastructure issues of the area are considered.

(d) The compatibility of land use

(e) Ability to satisfy market demand.

(f) The impact on protected or historic sites.

(g) The cultural effects

2.5. **Assumptions**

The general assumptions from the 1993 Strategy were:

(i) That the Hastings District will continue to experience slow but steady population increase over the 25 year period between 1993 and 2018.

(ii) There will be a more rapid rate of household formation due to changing lifestyle patterns and decreasing housing size.

(iii) The bulk of the demand will come from the urban areas.

(iv) The middle income housing market will generate the majority of the demand.

(v) The district is likely to retain a relatively ‘narrow’ housing type with detached or semi-detached low and medium density housing.

(vi) Consolidation or infill housing at high densities over the 25 period of the study is unlikely.

(vii) There is a large infill land resource.

(viii) The Greenfield market is constrained with inflated land prices and limited opportunities within the district.

3.0 Hastings Urban Development Strategy - Demand Review 1999

The 1999 Demand Review provided a summary of the key trends in residential development within the district based on three review reports, a demographic review, residential preferences review, and a consents and sales review.

The Demand Review has the following implications for the growth areas identified in the 1993 Study.

3.1. Greenfield Growth

Hastings	• *Lyndhurst*	- This area has not progressed and needs to be to meet unsatisfied demand. Otherwise an alternative needs to be investigated.
	• *Irongate/York*	- This area would meet lower cost housing and the demand has been low. The area has not progressed but demand may change over the 25 yr planning period.
Havelock North	• *Brookvale/Arataki*	- This area would provide for Havelock North’s growth needs.
	• *Goddards Lane*	- Would provide supplementary development for Arataki.
	• *Middle Road/Iona*	- Would provide supplementary development for Arataki.

These areas have been progressed at various times and will be adequate to meet demand over the planning period provided that development is split evenly between Hastings and Havelock North.

3.2. Infill Growth

A target of 15% of the total dwelling numbers over the period through to 2016 would be met through infill development. This target should remain however the constrained demand for greenfield sites over the period since the 1993 Study has meant greater levels of infill (20-25% or approximately 250 dwellings) over the period resulting a decline in infill capacity so that it is now considered limited over the planning period.

The Demand Review recommended a review to assess the potential for further infill development.

3.3. Rural Growth

Rural Settlements

The Rural Settlements singled out for growth over the 25 year period of the 1993 Study were:

- Te Awanga – there has been little uptake of this area.
- Clive – there has been little expansion in this area and demand was also considered to be weak.
- Maraekakaho – development in this area has been relatively rapid and further investigations into the remaining capacity were recommended.

The actual growth in rural settlements appeared to take place in other areas, such as Puketapu, and Sherenden.

Rural Residential Development

The 1993 HUDS report envisaged that growth in the rural residential segment of the market would be in the order of 5% over the period of the study through to 2016. The Demand Review showed that in reality development in these areas represented 25-30% of all dwelling growth.

It is envisaged that this type of development will continue but at a slower rate, with over 1020 dwellings over the period compared to an additional 150 envisaged under the 1993 Report.

3.4. Assumptions

The general assumptions to be carried forward from the 1999 Demand Review were:

(i) That the Hastings District will continue to experience slow population growth until 2011 when there will be a gradual levelling off and a slight population decline between 2016 and 2021.

(ii) The occupancy rates for households will continue to decline, and there will be marked differences between different areas of the district, higher in Flaxmere and lower in the Hastings urban centre and Havelock North.

(iii) The fastest growing areas have been in the Rural census area units and it is expected that the significant shift to 'rural' and suburban periphery areas will continue.

(iv) The middle and upper middle housing market will generate the majority of the demand and the supply is constrained, particularly in Hastings.

(v) Little change in the projected demand for greenfields land with an average of 8-10 hectares required annually.

(vi) Limited capacity for projected infill growth, based on conventional developments.

(vii) Assuming that urban development will be split evenly between Havelock North and Hastings there is the potential for the greenfield areas recommended in the 1993 Study to meet demand over the next 25 years.

(viii) It was assumed that large growth in the rural residential and infill markets over the period was partly fuelled by constrained demand in the greenfield sector.

4.0 Hastings Urban Development Strategy Trends 2005

4.1. Greenfields

Hastings	• *Lyndhurst*	- This area has been rezoned and will even the development between Hastings and Havelock North. It should meet needs through to 2017/18.
	• *Irongate/York*	- This area would meet lower cost housing and the demand has been low. The area has not progressed but demand may change over the 25 yr planning period.
Havelock North	• *Goddards Lane*	- Rezoning has occurred for approx 90 households.
	• *Brookvale/Arataki*	- Arataki development has begun and is estimated to provide for 7-8 years of development through to 2012/13.
	• *Middle Road/Iona*	- No development has occurred.

4.2. Infill Growth

At 8% of all residential development since the 1999 review, infill fell well short of the 15% target set. It was considered appropriate that 15% remain as the target for infill development over the planning period. This is because there is still capacity in some areas (the western parts of Hastings and Flaxmere).

The Trends Report recommended a review to assess the potential for further infill development especially in light of the High Density Strategy proposed.

4.3. Rural Growth

Rural Settlements

The Rural Settlements singled out for growth over the 25 year period of the 1993 Study were:
Clive – there has been significant expansion in this area with 40 households in the Plains Zone and 90 in the residential zone being created. The potential in Clive is almost exhausted.
Te Awanga/Haumoana/Waimarama – Demand in the coastal settlements has been greater than anticipated with more than half of the total number of dwellings thought to be needed in these areas between 2000 and 2025 being met between 1999 and 2005.

Other Rural Settlements – The most notable growth occurred in the Sherenden- Puketapu, Poukawa and Maraekakaho census area units. Further investigation into the exact nature of growth within these areas was identified as being needed.

Rural Residential Development

Growth in the rural residential areas has slowed considerably from the previous review period (1993 – 1999). There has been a corresponding shift into the rural areas of the district with 28% of all residential development taking place in the rural ‘outer’ areas (including rural and coastal towns).

These revised parameters suggest that around 20% of all residential growth will be accommodated in the rural residential area over the projection period.

4.4. Maori Land & Housing

The previous review of HUDS concluded that it was too early to review the characteristics and trends of this sector of the housing market. Key housing issues for Maori have been identified and these include:

- Increasing elderly population and a significant youth population.
- High dwelling occupancy rates in some areas.
- Decreasing home affordability.
- Poor distribution of social housing across the district.
- Poor infrastructure in small communities such as Bridge Pa.
- District Plan provisions not supportive of housing development for Maori.

The Trends study recommends that the Council investigates opportunities to partner with the Taiwhenua o Heretaunga in implementing their housing strategy.

4.5. Assumptions

The general assumptions from the Trends Report are:

(i) That sustained growth under the high population projection (0.6-0.7% per annum) is unlikely over the period, however growth at 0.4% dropping to 0.2% around 2011 is considered feasible for the purposes of this study.

(ii) There is nothing to suggest that the community profile and associated demographic trends outlined would have changed since 2001.

(iii) Further significant population growth is not anticipated post 2006 unless a new external stimulus emerges.

(iv) A decline in household numbers and a continuing ‘lifestyle’ related move to the suburban periphery/outer areas indicated that the number of dwellings will grow throughout the projection period 2001-2026 albeit at a slowing rate.

(v) The emergence of a growing coastal market (rural town /coastal town and rural/coastal) that was not provided for previously within HUDS.

(vi) The demand for greenfields related development will be met in the period through to around 2017.

(vii) Work such as revitalization and the provision of incentives will be required if infill is to meet its target of providing for 15% of household development.

(viii) There will be continued significant growth in the suburban periphery, lifestyle orientated living, with holiday homes making up a significant proportion of this.

(ix) Significant district projects such as the Northern Arterial will have an impact on the residential demand patterns.

5.0 Napier Urban Growth Strategy 1992

In a similar manner to the Hastings Urban Development Study the Napier Strategy recognizes that its residential growth is provided by three main components, residential greenfield development, infill development and rural 'lifestyle' development. However the initial 1992 Strategy did not formally address the rural residential component of the residential environment. This was included in the growth scenarios for the 1999 Review.

5.1. Greenfield Growth

The location of the growth areas identified in the 1992 Napier Urban Growth Strategy to meet the residential greenfield needs of the District through to 2011 were:

- Church Road/Knightsbridge
- Guppy Rd/King Street
- Church Rd/Pukekura
- The Loop
- Park Island
- Citrus Grove – contingency area for post 2006

5.2. Infill Growth

A target of 50% infill development for the start of the 20 year planning period increasing to 70% at the end of the period (2011) was adopted.

5.3. Rural Growth

The strategy identified that there was an excess supply of 50 lifestyle lots available within the rural residential zone. The Strategy recommended avoiding the creation of additional rural residential areas for reasons of sustainability and protecting options for future generations. The rural settlements of Bay View and Jervoistown were part of the growth considerations and evaluated against the assessment criteria. While they were identified as possible contingency options it was judged that they did not meet sustainability principles due to servicing constraints.

5.4. Assessment Criteria Used

The preferred growth areas were identified after assessing them against the following factors and in terms of the sustainability principles of the Resource Management Act.

- productive land
- natural hazards
- servicing constraints
- economic situation

5.5. Assumptions

The general assumptions from the 1992 Strategy were:

(i) That the outcome of the strategy would result in balanced growth i.e. a combination of infill and greenfield development.

(ii) The strategy was based on high population and household growth projections to the year 2011.

(iii) That there would be no impediments to development of the areas identified for greenfields development.

6.0 Napier Urban Growth Strategy Review 1999

The 1999 Review of the Urban Growth Study took place in the context of higher than anticipated growth levels and increased knowledge on the City's infrastructure capabilities.

6.1. Greenfield Growth

The location of the growth areas identified in the 1999 Napier Urban Growth Strategy to meet the residential greenfield needs of the District through to 2019 was:

- Church Road/Knightsbridge – 1999 a small number of sites remaining.
- Guppy Rd/King Street- 1999
- Park Island- 1999
- Citrus Grove - 2001
- Lagoon Farm- 2004-2015
- Serpentine – 2016 on

6.2. Infill Growth

Since the 1992 Strategy the actual level of infill development had seen a split of 65% infill to 35% greenfields. A target of 65% infill development for the start of the 20 year planning period reducing to 60% in 2004 and down to 50% by the end of the period (2019).

6.3. Rural Growth

Since the 1992 Strategy there had been a considerable amount of rural residential development and a lot of this capacity remained. The 1999 Study also identified that there was demand for further subdivision of the 1.5 ha minimum lots. This type of development has been provided for in the Kent Terrace development with site sizes of 3000m^2. It is recommended that consideration be given to this type of development within the existing rural residential zone rather than any extension of the zone thereby cutting off options for future residential development. This should be on a site specific basis taking into account a number of criteria.

The rural settlements of Bay View and Jervoistown remained constrained due to servicing limitations.

6.4. Assessment Criteria Used

The preferred growth areas were identified after assessing them against the following factors and in terms of the sustainability principles of the Resource Management Act.

- public cost
- visual considerations
- traffic
- compact city
- risk of natural hazards
- productive land loss
- market attitude
- access to community facilities
- environmental quality
- land use compatibility

6.5. Assumptions

The general assumptions from the 1999 Strategy were:

(i) There would be a 5 year supply of housing sites available at all times

(ii) Current Density levels of 12 dwellings per ha net would reduce the supply of greenfield expansion land and require the faster release of land.

(iii) The strategy was based on high population and household growth projections to the year 2016.

(iv) That there would be no impediments to development of the areas identified for greenfields development.

(v) That the Cross Country Drain provides a good physical boundary for the urban area of Napier City.

(vi) Private sector development initiatives may influence the staging e.g. Mission Heights, Kent Tce, Bay View.

(vii) With an ageing population and decline in persons per household a wider range of housing types will need to be available.

(viii) The existing infrastructure and systems are robust enough to provide for a range of growth scenarios and there are no physical constraints except for Bay View and Jervoistown.

7.0 Napier Urban Growth Strategy Review 1999 - Situation Analysis 2008

In early 2008 the Napier City Council undertook an analysis of the 1999 Strategy Review to ascertain how the projections in the Strategy were playing out against the market and whether the recommendations in the document remained robust moving forward

7.1. Greenfield Growth

The situation applying to the growth areas identified in the 1999 Napier Urban Growth Strategy to meet the residential greenfield needs through to 2019 were:

- Church Road/Knightsbridge – no sites remaining.

- Guppy Rd/King Street- no sites remaining
- Park Island- no development due to Treaty Settlement issues
- Citrus Grove – 74 available
- Lagoon Farm- 464
- Serpentine – 1527 available

This showed that there was still sufficient greenfield sites identified in the Strategy available to ensure that a 5 year supply remained in place at all times. This has been achieved partly by the development in Kent Terrace and also the commencement of development on the eastern side of the city (Serpentine area)

7.2. Infill Growth

A target of 65% infill development for the start of the 20 year planning period reducing to 60% in 2004 and down to 50% by the end of the period (2019) was put forward in the 1999 Strategy. By the end of 2007 the 50/50 split that had been predicted was evident. This had been preceded by very high levels of infill brought about by the apartment development.

7.3. Rural Growth

Rural growth/lifestyle projections were not provided for in the 1999 Strategy Review, with only policy recommendations made.

7.4. Assumptions

The general assumptions from the 2008 Situation Analysis are:

(i) Household growth will continue to track on the high projection with demand being highest at the beginning of the period and dropping off by the end (2016).

(ii) The timing of the release of the greenfield areas identified in the Urban Growth Strategy remains relevant and on target

(iii) Current Density levels of 12 dwellings per ha net would reduce the supply of greenfield expansion land and require the faster release of land. Increasing density levels is a needed goal.

(iv) The timing for the plan changes is advanced at an early stage to ensure that the plan change process is completed by the time that the land is needed.

The following assumptions from the 1999 Strategy also remain relevant;

(i) That there would be no impediments to development of the areas identified for greenfields development.

(ii) That the Cross Country Drain provides a good physical boundary for the urban area of Napier City.

(iii) Private sector development initiatives or the provision of services may influence the staging e.g. Mission Heights, Bay View.

(iv) With an ageing population and decline in persons per household a wider range of housing types will need to be available.

(v) The existing infrastructure and systems are robust enough to provide for a range of growth scenarios and there are no physical constraints except for Bay View and Jervoistown.

8.0 Summary and Base Assumptions for HPUDS

The following table summarises any shift in the growth assumptions for the identified growth locations since the first Strategies were released in the early 1990's.

HASTINGS DISTRICT

	1993 Strategy	1999 Demand Review	2005 Trends Study
Lyndhurst	Long term Greenfield development area for Hastings	Not progressed and needed to meet unsatisfied demand	Rezoned and should meet needs through to 2017/18.
Irongate/York	To supplement Lyndhurst	Not progressed but demand low.	Not progressed but demand low.
Brookvale/Arataki	Long term Greenfield development area for Havelock North	Area has progressed and will meet demand for the period.	Should meet needs through to 2012/13
Goddards Lane	To supplement Brookvale/Arataki	Rezoning in progress.	Rezoning has occurred, development commencing
Middle Road/Iona	To supplement Brookvale/Arataki	Not progressed but needed to meet supplementary development	Not progressed as a result of landowner restraints.
Infill	Would provide 15% of total dwelling numbers	Between 1993& 98 infill and consolidation contributed between 20-25% of total new dwellings largely as a result of constrained demand elsewhere.	Between 1999 and 2005 infill and consolidation contributed only 8% of total new dwellings.
Rural Settlement	Clive, Te Awanga, and Maraekakaho to provide growth.	Clive has shown little expansion and demand weak. Te Awanga little uptake. For Maraekakaho the rate of development has been relatively rapid.	Clive has had significant expansion, and growth potential almost exhausted. Rapid uptake in Te Awanga/Haumoana with half of development expected to 2025 taking place between 1999 & 2005. Notable growth in other rural settlements.
Rural Residential	Meet a small niche demand in the market of around 5%.	These areas represented 25-30% of all dwelling growth.	Growth in Rural Residential zones has slowed with growth occurring in outer rural areas. Growth in Rural Res expected to be 20% over the period.

The locational trends that have emerged over the period will be important base assumptions for the Growth Strategy (from 2015) moving forward. These are:

- That there are limited identified growth options remaining in the Havelock North area.
- That the Hastings Greenfield options that will remain are in the lower cost demand segment.
- That greater levels of infill development should be achievable and investigations currently being undertaken by Hastings District Council as part of the Urbanism Plus project should assist in identifying how this may be facilitated.
- That there is a high level of market acceptance for peripheral and outer rural living.

NAPIER CITY

The growth options that are identified in this table are those that were put forward in the Growth Strategy and Reviews and where full uptake has not been achieved.

	1992 Strategy	1999 Strategy Review	2008 Situation Analysis
Citrus Grove	Identified as a Contingency Area	Needed to meet demand from 2001.	Rezoned and largely developed.
Park Island	Not needed until 2000	To be rezoned immediately	Not progressed due to Waitangi Claim
Lagoon Farm/Parklands	Not identified in the Study	Needed from 2004 on and rezoned as part of the District Plan Review 2000.	Anticipated to meet needs up to 2012
Riverbend/The Loop	Identified as long term option at the end of the period.	Was not judged to be needed within the life of the strategy (2019).	Will be needed beyond 2016
The Serpentine	Not identified in the Study.	Identified as a long term option 2016 on.	Needed between 2012 and 2016.
Infill	Would provide 50% of total dwelling numbers at the beginning of the period through to 70% by the end (2011).	Between 1992& 99 infill and consolidation contributed 65% of total new dwellings. Targeted to drop to 50% by 2019.	By the end of 2007 the 50% split between infill and greenfields had been achieved and was expected to be retained.
Rural Settlement	Bay View and Jervoistown were identified as contingency growth options but did not meet sustainability principles due to servicing constraints.	Bay View and Jervoistown remain constrained due to servicing.	Bay View and Jervoistown remain constrained due to servicing limitations.
Rural Residential	Excess supply of sites identified and recommended avoiding rezoning of further areas.	Substantial capacity remaining and demand for sites smaller than 1.5 ha average is evident.	Sufficient capacity remaining. No study into demand implications for smaller sites undertaken.

The locational trends that have emerged from the Napier experience over the period and considered against the trends with the Hastings District will be important base assumptions for the Growth Strategy (from 2015) moving forward. These are:

- Greenfield growth options exist into the study period (ie beyond 2015)
- That infill is likely to play an important role, particularly in the Ahuriri area.
- That there are rural settlement options if the servicing constraints can be overcome.

- That the amount of undeveloped zoned rural residential land is adequate and that there appears to be a demand for smaller sites within the zone.

8.1. Assumptions and Conclusions from Consideration of All Studies

The locational trends identified above combined with the assumptions that have remained relevant since the release of the first growth studies in the early 1990's, result in the following factors being relevant as a baseline for the consideration of growth scenarios for the Heretaunga Plains Urban Development Strategy. These are considered under the residential growth types :

Greenfields

(a) The Cross Country Drain provides a physical boundary for Greenfield development in Napier.

(b) There will be a greenfield area at Riverbend/Loop available for Napier at 2015.

(c) The 2008 Situation Analysis for Napier identified there are currently areas rezoned within Napier City as a result of private plan changes e.g. Mission Heights, that have not been developed or included within the current strategy projections.

(d) Hastings has limited options in Havelock North and in Hastings the Irongate/Yorke option will be for the lower end of the market where demand is not currently evident.

(e) District projects such as planned major road links will influence residential demand patterns.

Infill

(a) An ageing population and lower household occupancy rates will require a wider range of housing types.

(b) A disparity exists between the level of infill development achieved in Napier against that of Hastings. This is partly as a result of the apartment market that has developed in Napier, but also is due to differing residential subdivision rules.

(c) Incentives and revitalization will be required to meet infill targets in Hastings.

Rural Settlement

(a) There is an emergent coastal market not currently recognised in the Growth Studies.

(b) Demand for sites in the urban periphery for lifestyle orientated living will continue. Rural settlements will be under increasing pressure from development.

(c) Servicing of the rural settlement areas is the biggest obstacle to development.

Rural Residential

(a) 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.

(b) There is demand for smaller lots within the rural residential zones.

(c) The supply of rural residential zoned land does not appear to be constrained.

Maori Housing

(a) There is a need to partner with the Taiwhenua to identify and meet Maori housing needs which may not coincide with the accepted growth principles.

9.0 Recommendations

9.1. **That the information be received.**

9.2. *That the assumptions and conclusions outlined in section 8.1 of this report be used as part of the baseline input into the scenario and strategy development process in Phase 3 of the Heretaunga Plains Urban Development Strategy*.

9.3 *That the outcome from the Phase 2 Research Consultants be considered against the base assumptions contained in this report.*