

**REPORT TO:** DEVELOPMENT AND ENVIRONMENT COMMITTEE

**MEETING DATE:** 25 SEPTEMBER 2003

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STRATEGIC PLANNERS

**SUBJECT:** INDUSTRIAL ZONE EXPANSION PLANS

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## **1. SUMMARY**

- 1.1** The purpose of this report is to obtain a decision from the Council on short listing sites for additional industrial zoning.
- 1.2** This arises from Council's endorsement of the need for an additional 80-120ha of industrial zoned land over the next 10-15 years, and an investigation of 22 potential sites totalling 838ha.
- 1.3** This proposal relates to the Economic Growth community outcome in the Strategic Plan "*Hastings Towards 2011*"

*Opportunities abound and are being realised by people living and moving here.*

- 1.4** This report concludes by recommending six sites totalling 174ha be selected for detailed investigation, consultation and structure planning leading to the initiation of a Plan Change (refer to Map 1 attached).

## **2. BACKGROUND**

- 2.1** On the 14<sup>th</sup> of November 2002, it was reported to the Development and Environment Committee that statistical and anecdotal evidence suggested a current and projected future shortage of suitable industrial land for new and existing businesses in the Hastings District.
- 2.2** Council endorsed the concept of increasing the size of the District's industrial land inventory by around 80-120 hectares over the next 10-15 years. Council authorised officers to investigate and undertake consultation on the Irongate, Whakatu East, Tomoana/Whakatu and Omahu Road areas for potential industrial zone expansion.

## **3. CURRENT SITUATION**

- 3.1** Council needs to be able to provide for a variety of industrial land requirements now and in the future. There is demand for high profile dry service industrial sites along Omahu Road, but Council also needs to be able to cater for larger wet and dry industries in order to promote and facilitate inwards investment.

- 3.2** When determining the suitability of land for industrial zoning, there are a number of environmental, social/cultural and economic constraints that need to be considered. These include the potential adverse effects on the Heretaunga soil resource and unconfined aquifer, potential impacts on residential properties, costs for servicing sites, transportation impacts and the attractiveness of sites for industry.
- 3.3** Investigation and research, including stakeholder consultation has been undertaken on approximately 838 hectares of land with the aim being to determine the most suitable sites to zone for industrial activities. Council now needs to narrow this down so that detailed structure planning and consultation can take place.

#### **4. OPTIONS**

A full consideration and assessment of the 22 potential sites comprising 838ha is provided in "Industrial Site Selection Report". Options to address the shortage of industrial land are as follows:

##### **1 Status Quo**

This option would contradict Council's Economic Growth outcome, as opportunities to attract new industries and therefore economic growth and employment would be limited. It would put pressure on Council to approve non-complying resource consent applications leading to ad hoc industrial development through the resource consent process. Accordingly, this option is not considered further.

##### **2 Increase Industrial Zoned Land in the Tomoana / Whakatu Corridor (this includes the Whakatu East area)**

A total of eleven sites were investigated and considered for industrial zoning in this area. Four of these are considered to be appropriate for zoning in the immediate to medium-term to cater for large-scale industrial demand.

##### **3 Increase Industrial Zoned Land in the Omahu Road Area**

Seven sites were investigated and considered for industrial zoning in the Omahu Road area. Three of these were considered to be appropriate for industrial zoning. One site caters for immediate short term demand relating to small scale dry industries wanting arterial road exposure. The other two sites in Henderson Road could cater for both wet and dry industry.

#### **4 Increase Industrial Zoned Land in the Irongate Area**

Four sites were investigated and considered for industrial zoning in the Irongate area. Three of these are considered appropriate for industrial zoning.

#### **5 A combination of Options 2, 3 & 4**

### **5. SIGNIFICANCE AND CONSULTATION**

- 5.1** With regard to Council's significance policy as required under section 90 of the Local Government Act (LGA) 2002, the rezoning of 80-120 hectares of Plains land to Industrial zoned land (through a plan change) is considered to be significant. Therefore robust public consultation is required.
- 5.2** It is considered that legal consultation requirements will be satisfied through the plan change procedure (under the Resource Management Act 1991), which prescribes a thorough public consultation process. This consultation process will occur once Council approves the proposed plan change for public notification (likely to be around March 2004).
- 5.3** Initial consultation has however been undertaken with tangata whenua and key stakeholders as follows:
- Hui with tangata whenua and Maori organisations of the District
  - Focus group interviews with land user groups such as New Zealand Fruitgrowers Federation and Hawkes Bay Grape Growers Association and with Industry leaders.
  - Land owners whose land was identified in the scoping stage of this project have been notified by letter that their land has been identified as being potentially suitable for industrial use.
  - Consultation has been ongoing with Hawkes Bay Regional Council staff and Council's servicing and roading engineers.

For a summary of the points raised in consultation refer to "Industrial Site Selection Report" pages 14-19.

- 5.4** If Council approves the sites, in depth consultation will be undertaken with directly affected landowners and key stakeholder groups prior to initiating any Plan Change.
- 5.5** The cost of servicing new industrial areas will be included in the Long Term Council Community Plan and be subject to public consultation as part of that process.

## **6. ASSESSMENT OF OPTIONS**

### **Community Wellbeing**

- 6.1** The Resource Management Act requires an assessment of environmental effects to be prepared for the sites that are selected to be zoned industrial. Accordingly a preliminary assessment of environmental effects was undertaken for all sites to assist the Council in making decisions on which sites are most suitable for rezoning (refer to “Industrial Site Selection Report” pages 31-57).
- 6.2** A site selection summary table has been drawn up taking into account all the investigations and consultation that have been carried out. This table illustrates both the positive and negative impacts of industrial zoning relating to social, cultural, environmental and economic/strategic issues (refer to “Industrial Site Selection Report” pages 61-62).

### **Financial Capacity**

- 6.3** An assessment of the cost to service sites for water, trade and domestic sewer and stormwater has also been undertaken by Montgomery Watson Harza on behalf of Eastwater (refer to and “Industrial Zone Project – Summary of Cost Estimates” and “Industrial Site Selection Report” pages 58-60 for a summary).
- 6.4** Infrastructure costs such as roading and servicing will be considered further once structure plans have been drawn up. It is intended that development levies will be set to recoup costs incurred by Council.

### **Relationship with Maori**

- 6.5** The relationship of Maori and their culture, tradition with ancestral land, water, sites, waahi tapu, flora, fauna and other taonga has been explored in relation to all sites through consultation with local hapu and whanau. Areas with known Maori issues and in particular landholdings are not amongst the sites recommended for further investigation at this time. Further consultation will however be carried out as the next phase of the project.

### **Current Policy**

- 6.6** In respect of Objective IZO1 and Policy IZP2<sup>1</sup> in the District Plan substantial research on the need for additional industrial land within the District has confirmed the necessity to rezone greenfield land to meet

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*1. IZO1 To facilitate efficient and optimum use and development of existing industrial resources within the Hastings District*

*IZP2 The optimal use and rationalisation of existing industrial areas and resources in the District will be preferred over further greenfield industrial development.*

current demands (Logan Stone, 2002), even though the Whakatu area has not yet reached capacity.

### Summary of Assessment

- 6.7** From the investigations and consultation undertaken on a total of 838ha of land it is initially concluded that sites I,II, VIIIa, and VIIIb in the Tomoana / Whakatu corridor, sites I, II and III in the Irongate area and sites V, VI and VII in the Omahu Road area are the most suitable for industrial zoning. However each of these sites have different characteristics in terms of their attractiveness for different types of industry.
- 6.8** These sites in combination more than meet the current and projected future needs of the District's industrial sector in land area. They appear feasible in cost terms and overall have the most manageable effects on the community and environment.
- 6.9** This gives a total of 336 hectares identified as suitable for industrial zoning. Immediate requirements are to provide between 80 and 120 hectares of industrial zoned land to cater for the Districts industrial needs over the next 10-15 years. The preferred option will therefore need to indicate which of these sites should be zoned now and which should be left for consideration in the future.

### Summary of sites suitable for Industrial Zoning.

Site	Area (ha)
Tomoana / Whakatu I	38
Tomoana / Whakatu II	60
Tomoana / Whakatu VIIIa	47
Tomoana / Whakatu VIIIb	36
Irongate I	11
Irongate II	22
Irongate III	4
Omahu V	40
Omahu VI	39
Omahu VII	39
<b>Total</b>	<b>336</b>

- 6.10** In addition sites III and IV in the Tomoana / Whakatu area may be suitable for industrial zoning in the future providing flood protection and Maori land aspirations can be built in. This would enable an industrial corridor between Tomoana and Whakatu to be formed.

## **7.0 PREFERRED OPTIONS AND REASONS**

**7.1** After carrying out consultation with key stakeholders and investigating all of the sites, Council officers recommend the following approach to the rezoning of industrial land:

- Rezone site I in the Tomoana / Whakatu Corridor immediately with site II being given a deferred industrial zone status and sites VIIIa & VIIIb and III and IV identified for possible future industrial rezoning when demand requires;
- Rezone site VII in the Omahu Road area immediately with sites V & VI being identified for possible future industrial zoning when demand requires;
- Rezone site I and give sites II & III in the Irongate area deferred industrial status.

**7.2** Site I is a natural extension of the existing industrial zoning in the Tomoana Area and is considered to have manageable impacts on the community while providing industrial land for medium to large-scale industries. It is envisaged that site II will provide the next stage in the zoning of this corridor when this is cost effective to service (ie. when site I is near fully developed or a single larger site industry (10ha plus) wants to develop there).

**7.3** Tomoana / Whakatu sites VIIIa and VIIIb have been identified for possible future industrial zoning, however demand for these sites will be related to the development of the existing Whakatu industrial area and uptake in Tomoana / Whakatu site I and II.

**7.4** Site VII in the Omahu area is considered to have low environmental impacts while also providing high profile industrial land. Although this area extends the existing industrial zone across Omahu Road it is still in close proximity to this cluster of industry and will provide increased flexibility for industrial activities already located on this side of Omahu Road. Sites V and VI may also provide for the longer term industrial needs of this area as these abut the current industrial zone while maintaining the existing buffer to the Flaxmere residential area.

**7.5** Site I in the Irongate area will cater for existing demand within this area with low environmental effects. The site is a logical extension of the existing industrial zone that covers this industry cluster. Sites II & III have been identified to provide for on-going demand in the Irongate area when the need arises. Site III is again a logical extension of the existing industrial zone, with site II being recommended because of its minor environmental impacts, dual road frontage and location closer to the urban area of Hastings.

## 7.6 Summary of Proposed Strategy

*Refer to Map 1 attached.*

To be zoned to cater for industrial needs over the next 10 years.

Site	Area	Predicted Utility
Tomoana / Whakatu I	38	Wet and Dry Industry for immediate use.
Omahu VII	39	High profile dry for immediate use.
Irongate I	11	Dry for immediate use – attract timber/ agricultural based industry.
<b>Total</b>	<b>88</b>	

Deferred zoning to indicate strategic industrial direction beyond 10 years and if necessary provide for large scale industrial development within the 10 year period.

Site	Area	Predicted Utility
Tomoana / Whakatu II	60	Large wet and dry industries
Irongate II and III	26	Timber / Agriculture industries when required
<b>Total</b>	<b>86</b>	

The following sites will not be further investigated for suitability at this stage. They are however listed to give an indication of the likely direction of future industrial development beyond the 20 year period.

Site	Area	Predicted Utility
Tomoana / Whakatu VIIa and VIIb	83	Cargo and distribution hub and associated industries and smaller high profile dry industries facing State Highway 2.
Omahu V and VI	79	Dry industry when required.
Tomoana / Whakatu III and IV	131	Form an industrial corridor between Tomoana and Whakatu.
<b>Total</b>	<b>293</b>	

## 8. RECOMMENDATIONS AND REASONS

- A) **That the Council approve the selection of Tomoana / Whakatu sites I and II, Omahu site VII and Irongate site I, II and III as preferred sites for industrial zoning.**

**And resolve that Officers:**

- 1) Carry out further consultation with affected land owners and key stakeholder groups and make adjustments as required.
- 2) Further investigate the feasibility of servicing sites relating to the sequencing and likely timeframes of site development.
- 3) Complete a detailed assessment of environmental effects and prepare structure plans for sites illustrating road and service provision.
- 4) Set out guidelines and development levies for development within the new industrial zones.
- 5) Research and assess suitable mechanisms to initiate changes from deferred to full industrial zoning.
- 6) Report to Council with final site recommendations, including structure plans, development levies and guidelines for rules with the view to initiating a plan change.

**B) With the reasons for this decision being that:**

1. The sites recommended are attractive to industry, while having manageable effects on the community and environment.
2. The objective of the decision will contribute to the following outcome and key strategy;

Outcome

*Opportunities abound and are being realised by people living and moving here by providing the appropriate zone to facilitate inwards investment and growth.*

Key Strategy

S1. Provide policies, services and infrastructure that attract and enable new and existing businesses and people to succeed.