

REPORT TO: PLANNING AND REGULATORY COMMITTEE

MEETING DATE: THURSDAY 18 FEBRUARY 2016

FROM: PRINCIPAL ADVISOR: DISTRICT DEVELOPMENT
MARK CLEWS

SUBJECT: ASSESSMENT OF POSSIBLE RESIDENTIAL
GREENFIELDS ALTERNATIVE SITES

1.0 SUMMARY

- 1.1 The purpose of this report is to enable Council to consider possible alternative greenfields sites that Council may wish to have considered in the current Heretaunga Plains Urban Development Strategy (HPUDS) review process.
- 1.2 This issue arises a potential shortfall in the residential land supply as result of difficulties in delivering the proposed Arataki Extension and other emerging issues. The matter was the subject of a report to Council on 29th October 2015 at which time Council requested further information, in particular, around potential servicing cost implications of the alternative sites covered in that report.
- 1.3 The Council is required to give effect to the purpose of local government as prescribed by Section 10 of the Local Government Act 2002. That purpose is to meet the current and future needs of communities for good quality local infrastructure, local public services, and in a way that is most cost-effective for households and businesses. Good quality means infrastructure, services and performance that are efficient and effective and appropriate to present and anticipated future circumstances.
- 1.4 The objective of this decision relevant to the purpose of Local Government is to meet the current and future needs of communities for good quality local infrastructure and the performance of regulatory functions that are appropriate to present and anticipated future circumstances.
- 1.5 This report provides an up-date on land availability, sales and building rates, as well as the requested more detailed information on potential alternative greenfields sites. These sites are then scored and ranked against a set of common criteria. The report concludes by recommending that the Joint HPUDS Implementation Working Group be requested to consider including the Brookvale Road area in the HPUDS review process.

2.0 BACKGROUND

- 2.1 A workshop on Councils residential development programme was held in September last year in the lead up to the October 2015 report referred to above. As part of the workshop Councillors were circulated with a reference report entitled "Background to Hastings District Council's Residential Development Programme 2015-2025" and a summary report.
- 2.2 As a brief recap it noted that Council's Strategic Direction "*Great Living for Sustainable Future - The First Step*", took a sustainable development

approach, emphasising protection of versatile and productive land from urban encroachment, moving to a more compact urban form through intensification and more sustainable transport choices and this direction was a significant influence on the 2009-2010 HPUDS outcomes.

- 2.3 HPUDS however, recognised that this would necessarily involve a transition gradually over time. Although the growth projections for the sub-region showed modest population and household growth consistent with an aging population and limited migration, HPUDS concluded that some new areas of greenfields expansion would still be required as the community adjusted to this change in direction.
- 2.4 Several areas for future greenfields were identified as this transition takes place. These took the form of rounding or squaring off the existing urban footprint, and the development of some further areas along the Havelock Hills. In November 2011 Council adopted in principle a sequencing priority and indicative timing for the development of greenfields sites over the 2015-2045 planning period.
- 2.5 Developer issues at Lyndhurst since 2011 and issues with the Arataki Extension have led to a point where, apart from Northwood, there is a developing an unintended pinch point in the supply of greenfields of sites available for people to purchase.

3.0 CURRENT SITUATION

HPUDS Review

- 3.1 HPUDS acknowledges that over 30 years many things cannot be foreseen and anticipates a regular review of the information used, particularly in the forecasting of growth, funding of infrastructure and assumptions. In that respect the first review of HPUDS has now commenced.
- 3.2 The 2013 census of Population and Dwellings shows that the household growth expected in HPUDS from 2006 to 2015 is very close to the actual growth to the 2013 year mark. The HPUDS projections also match very closely the revised Statistics New Zealand subnational population projections to 2043.
- 3.3 Accordingly, the HPUDS Working Group will not be asking the wider public for areas not identified in HPUDs to be investigated, but will accept for consideration those put forward by Councils to address emerging issues. This needs to occur by the end of February/early March which is when the stocktake of information is expected to be completed and the Group moves into the review stage.

Residential Land Availability and Market Update

- 3.4 An update of land availability, vacant land sales and building development is given in Appendix 1 attached. A brief summary follows.
- 3.5 Currently land is zoned and serviced in three main greenfields growth areas; Arataki, Northwood and Lyndhurst. Of the 76 vacant (unbuilt on) sites in Arataki, we understand that only 16 were available as at 31 December for sale and 5 of those were under negotiation. There are currently 28 sites

remaining to be subdivided, but of these 14 (Evans) are effectively landlocked by another developer.

- 3.6 In Lyndhurst there are 15 vacant sites, largely contained in Sixty Mile Close, but a further 17 are currently under construction. Of 66 sites remaining to be created, 54 are within the Frimley Retirement Village Development. Northwood has ample forward supply for its current uptake rates.
- 3.7 Settled vacant section sales have been flat since 2010 and building rates overall for 2015 were similar to 2014. Having said that, the level of unconditional sales over the past six months shows considerable recent market movement following large section releases in the third quarter of last year, particularly in Arataki.
- 3.8 Using the most optimistic historical building uptake rate for each greenfields area, the remaining land supply in Arataki and Lyndhurst Stage 1 is expected to last 2-3 years if all the available land is actually released.
- 3.9 While a hiatus in building appears to be a little time off, there is an imminent pinch point in terms of section availability for sale in Havelock North and potentially one at Lyndhurst, which could ultimately affect new building rates if new land is not released in the near term.
- 3.10 Regrettably however, Council is not now in a position to deliver infrastructure and zoning to the Arataki Extension this year as planned and this has created the pinch point in Havelock North in particular. The current response to this situation is discussed below.

Structure Plan and Delivery Update

Iona Road Triangle

- 3.11 Council has resolved to advance the Iona Road Triangle area in ahead of the Arataki Extension, given this was the next priority established in the 2011 Priorities and Sequencing Policy, and officers are working on a Structure Plan for this area
- 3.12 As an initial stage there is potentially an option of servicing the already residentially zoned undeveloped land adjoining Reynolds Road (between Middle and Iona Roads) which has an approximate yield of 90 sites to ensure a continuity of supply for approximately 3 years of growth through to 2021, once a structure plan for the wider area has been agreed. In the meantime, it is within the developers ability to deliver a further 28 sections in Arataki to the market. Despite the difficulty referred to in Section 3.5 above concerning the Evans land, officers understand that there is real prospect that this will occur in the near term.
- 3.13 Following the Council decision to progress the structure planning for Iona area, Council staff have been working toward the development of a structure plan for the Iona area, with site feasibility work under way. Considerable progress has been made working with the landowners concerned to develop an initial concept framework and densities of development upon which to develop a structure plan and design infrastructure solutions. The landowners have confirmed that they are keen to progress development and to produce a quality development.

- 3.14 A project plan, and consultation plan have been prepared to meet the requirements of the RMA, LGA on consultation. A geotechnical assessment is in progress with an investigation having occurred in the first week of February. An issues and options paper being prepared and will be shared with affected parties in March and provide the opportunity for feedback.
- 3.15 Other technical work will continue to progress to develop a structure plan that is sufficient to:
- Support a RMA Section 32 assessment
 - Give effect to the Regional Policy Statement – in particular the Structure Planning Provisions
 - Meet the budgetary requirements of necessary for the Annual Plan and Development Contributions Policy processes
 - Meet all LGA, RMA and other statutory consultation requirements
 - Feed into detailed design, tendering and land purchase processes
 - Enable a detailed understanding of the development requirements, constraints and costs anticipated to be met by those developing the land and the reasons for these
 - Provide a clear and concise record the consideration issues and options and the decisions made over the life of the project.

- 3.16 It is anticipated that the structure plan will be completed by the end of 2016.

Lyndhurst Stage 2

- 3.17 While the 17 sections currently being developed at Lyndhurst should help increase supply and reduce pressure on Arataki, these are not likely to last long. While there are other pockets of undeveloped land within Stage 1 these are not in commercial hands and may not be developed for some time. Accordingly it is important that Lyndhurst Stage 2 now be opened up and funding for infrastructure is available in this financial year.
- 3.18 Having consulted with NZTA and undertaken stormwater modelling, Asset Management are advancing detailed designs for the necessary widening to Mahora Drain and the stormwater pipe within Lyndhurst Road. Once this engineering work is completed, infrastructure servicing corridors through the Lyndhurst Stage 2 area will be able to be identified. The need for any alterations to the existing Lyndhurst structure plan and designations will be determined once we know where the infrastructure servicing corridors will be located. In addition there are some outstanding matters around the noise mitigation in relation to the expressway and potentially contaminated soils that will need to be resolved in consultation with the affected landowners. It is envisaged that these structure plan matters will be addressed in the latter half of 2016.

Howard Street

- 3.19 Following a decision by Council 17 November 2015 to progress development of the Howard Street HPUDS greenfield area, initial planning work has commenced on Howard Street. Council has engaged the planning consultant, Sage Planning, as indicated at the meeting on the 17th November and will be

working with council staff on this. Structure Planning and Plan variation work will be done in parallel.

- 3.20 A project plan has been prepared, as has a consultation plan. Initial letters have been sent to landowners regarding the project and site feasibility work is under way. A geotechnical assessments occurred in the week of the 8th February to be followed by soil contamination assessments. Meetings with individual landowners have commenced and will continue over the coming weeks. Engineering work has been progressing on the three waters and roading.
- 3.21 Following an in house staff workshop an initial concept has been developed - this is a work in progress. During March the initial concept will be shared with affected persons for feedback. The feedback, technical reports and concept will then feed into the plan variation, including the RMA section 32 evaluation of the proposal. The aim is to have the variation and structure plan be adopted by Council at a Council Meeting on 30th June. Public notification is proposed for July 2016. Like Iona the Structure Plan needs to be sufficient to meet the requirements listed for Iona.

Kaiapo Road.

- 3.22 At its September meeting Council received a report on a stormwater servicing proposal as part of developing a structure plan for Kaiapo Road. Council instructed officers to progress with an economic analysis of the current stormwater options for the Kaiapo Road development. Since then officers have met with the land owners and commissioned an economic assessment to identify the most viable form of development, including obtaining up to date information on other development costs. A survey of market interest and an investigation into suburb naming has been undertaken. A separate report on this is expected to be available in March 2016.

Alternative Sites Assessment

- 3.23 One of the purposes of the October report was to seek Council guidance on whether it wished to identify alternative or additional greenfields growth areas to be considered through the HPUDS review process. If confirmed through that process they could then be incorporated into a change to the Regional Policy Statement and, following a review of the Council's own prioritisation and sequencing policy, included in the District Plan as appropriate. Both Resource Management Act planning change processes will require consultation and submission/further submission processes, including a Section 32 benefit cost analysis.
- 3.24 In terms of alternative areas not identified in HPUDS the following were canvassed in the October Report
- Brookvale/Thompson Road (approx. 350 sites)
 - Te Aute Road/Karamu Stream (approx. 80 sites)
 - Middle Road/Te Aute Road (approx. 750 sites)
 - Extension of Howard Street to the Awahou Stream (approx. 90 sites)
 - Wall Road to Southland Drain (approx. 500 sites)

- Murdoch Road West (approx.150 Sites)
 - The orchard land between Flaxmere and the Omaha Road industrial area, York Road and the Southland Drain (approx. 5,500 sites)
 - Howard Street/Ada Street (approx. 200 sites)
 - Romanes Drive/Napier Road (approx. 350 sites)
- 3.25 This would give a new total of 4250 sites, which is more than Hastings' share of the total projected household growth (i.e. greenfields, infill and rural/rural residential) for the whole of the HPUDS 30 year period. Clearly therefore Council needs to provide some direction to the community, landowners and developers as to which areas it would support for rezoning and investment in the longer term (which is what HPUDS set out to do) and to give effect to that in the ten year LTP and District Plan, which is what the 2011 Priorities and Sequencing policy sought to achieve.
- 3.26 The October report presented a coarse assessment of the advantages and disadvantages of the sites referred to above, noting that some of these have been examined in more detail by the hearings committee through the District Plan Review process and earlier resource consent and private plan change processes.
- 3.27 Councillors sought further information on the sites, particularly around infrastructure costs. Subsequent to that, Mr and Mrs Batt who lodged a submission on the District Plan in relation to South Clive, have asked that Council consider there site, having an estimated yield of 80 sites, also be considered so this is included in the analysis.
- 3.28 These further assessments have been completed by the asset managers and environmental policy staff (attached) and evaluated using multi-criteria analysis using the following criteria:
- General Resource Management Considerations e.g. soils, landuse etc.
 - Connectivity e.g. to employment shopping and services.
 - Social Accessibility Considerations e.g. schools, parks etc.
 - Services, cost, difficulty etc.
 - Market Considerations, appeal, pricing, development costs etc.
 - Community Values e.g. heritage, landscape, cultural values etc.
- 3.29 Each of these six criteria were scored out of five (most advantageous for conversion to residential being five and least one) against four key success factors to arrive at a score out of 20 and the cumulative total divided by 1.2 to get an overall score out of 100 and ranked.
- 3.30 The criteria were then weighted and re-ranked by applying a factor from 1 to 6 to each of the criteria as a sensitivity test, with one being least important criteria and six being most important, under three scenario's shown in table 7 below:

Table 7 Criteria Weighting Scenarios

| Scenario | Weighting | | | | | |
|-----------------------|--------------|--------------|---------------|--------------|---------------|--------------|
| | 6 | 5 | 4 | 3 | 2 | 1 |
| Strategic Policy | Resource Use | Services | Connectivity | Community | Social Access | Market |
| Market Considerations | Market | Connectivity | Social Access | Services | Community | Resource Use |
| Council Services | Services | Market | Resource Use | Connectivity | Social Access | Community |

- 3.31 The results of this scoring and ranking exercise are shown in Table 8 below, with the top three ranking sites under each scenario highlighted in green.

Table 8 Scoring and Ranking of Alternatives

| | Indexed Scores | | | | | | | Rank | Weighted Ranking | | | |
|-----------|----------------|--------------|---------------|----------|--------|-----------|-------|------------------|------------------|-----------------|----------|----------|
| | | | | | | | | Un-Weighted Rank | Policy Weighted | Market Weighted | | |
| Area | Resource Use | Connectivity | Social Access | Services | Market | Community | Total | | | | Services | Combined |
| Brookvale | 10 | 10 | 12 | 13 | 12 | 13 | 68 | 1 | 2 | 1 | 1 | 1 |
| Romanes | 7 | 10 | 10 | 10 | 12 | 12 | 60 | 8 | 9 | 5 | 8 | 8 |
| Te Aute | 8 | 8 | 8 | 17 | 9 | 12 | 61 | 7 | 5 | 8 | 2 | 5 |
| Middle | 11 | 8 | 8 | 10 | 12 | 13 | 63 | 5 | 6 | 6 | 5 | 5 |
| Howard | 8 | 12 | 13 | 13 | 9 | 13 | 67 | 3 | 3 | 2 | 2 | 3 |
| Ada | 6 | 12 | 13 | 13 | 10 | 12 | 64 | 4 | 7 | 2 | 6 | 4 |
| Wall | 10 | 9 | 9 | 8 | 10 | 13 | 60 | 9 | 8 | 9 | 9 | 9 |
| Murdoch | 12 | 13 | 10 | 11 | 9 | 13 | 68 | 2 | 1 | 4 | 2 | 2 |
| Clive | 10 | 11 | 9 | 11 | 8 | 13 | 63 | 5 | 4 | 7 | 7 | 7 |

- 3.32 Of the Havelock North sites the Brookvale block is the strongest over the combined scenarios. Howard Street Extension and Murdoch Road also score strongly on all weighting scenarios. In terms of Howard Street Extension this accords with HPUDS identification of Howards Street Stage 1, however the extension was not favoured then due to the weak boundary edge to the North towards Ada Street. It could be considered again as a stage 2 in the future if there were limited Hastings options, but with Lyndhurst stage 2, Howard Street Stage 1, Northwood and Kaiapo Road ahead of it, there is no compelling necessity to take that step now. Murdoch Road West may not be as popular with the market at the current time (except as possible retirement village option), but similarly this area can be looked at again in the future should one of the HPUDs identified Hastings areas not proceed.
- 3.33 Brookvale Road is larger than the Arataki Extension, but generally comparable in terms of expected yield. Cost estimates for developer and Council Infrastructure are shown in Table 9 below. As can be seen the Brookvale Road block is the most cost effective of all the options, and is only marginally more expensive per site than the Arataki Extension.

Table 9 Infrastructure Cost Summary

| Combined | | Total Infr Cost | Total Cost Dev | \$ per prop/Dev | Total cost HDC | \$ per prop/HDC | Total \$ per property |
|-------------------|-----|-----------------|----------------|-----------------|----------------|-----------------|-----------------------|
| Arataki | 216 | \$6,150,893 | \$5,900,893 | \$27,319 | \$250,000 | \$1,157 | \$28,476 |
| Brookvale Rd | 300 | \$8,895,684 | \$8,195,684 | \$27,319 | \$700,000 | \$2,333 | \$29,652 |
| Romanes Drive | 300 | \$9,050,736 | \$8,550,736 | \$28,502 | \$750,000 | \$2,500 | \$31,002 |
| Te Aute Rd | 135 | \$4,097,831 | \$3,847,831 | \$28,502 | \$350,000 | \$2,593 | \$31,095 |
| Middle/Te Aute Rd | 400 | \$13,500,982 | \$11,400,982 | \$28,502 | \$2,900,000 | \$7,250 | \$35,752 |
| Howard (V2) | 60 | \$2,681,183 | \$1,841,183 | \$30,686 | \$1,390,000 | \$23,167 | \$53,853 |
| Ada St | 200 | \$6,992,286 | \$6,392,286 | \$31,961 | \$950,000 | \$4,750 | \$36,711 |
| Wall Rd | 650 | \$21,355,918 | \$20,655,918 | \$31,778 | \$3,200,000 | \$4,923 | \$36,701 |
| Murdoch (V2) | 180 | \$6,320,100 | \$5,720,100 | \$31,778 | \$1,150,000 | \$6,389 | \$38,167 |
| Clive South | 90 | \$4,176,542 | \$3,176,542 | \$35,295 | \$1,100,000 | \$12,222 | \$47,517 |

4.0 OPTIONS

- 4.1 As this is essentially an update and further detail as requested in relation to the October 2015 Report, no further options are presented.

5.0 PREFERRED OPTION/S AND REASONS

- 5.1 From the officers' perspective, in the absence of any evidence that the growth drivers have changed, none of the options referred to in the October report are preferable to the current approach. The current approach is firmly rooted in Council's strategic direction and the jointly developed HPUDS and Proposed District Plan. The RPS and the Regional Land Transport Strategy/Land Transport Plan have been prepared and adopted on that basis and NZTA funding applications are based on the HPUDS landuse.
- 5.2 The exception to that, or more accurately variation on that, is a need to bring forward the Iona Road Middle Road Triangle in light of difficulties with the Arataki Extension and to progress with Lyndhurst Stage 2. As discussed above both of which are in train. However, if Arataki Extension is unlikely to proceed within the next 5-10 years a substitute area for Havelock North will need to be considered as well. On the basis of the assessments undertaken for this report, the Brookvale Road block would be the preferred area to consider.
- 5.3 In September last year Council decided to advance planning for the Iona Road Triangle, but did not go so far as to abandon the Arataki Extension, preferring instead to wait for the outcome of legal proceedings in relation to the Te Mata Mushrooms odour issue which has compromised the Arataki Extension proposal. In this respect, it is considered that there is no realistic prospect of a solution to the odour issue that would allow the Arataki Extension to proceed in the near term, even though a solution may help to resolve issues for existing residents located further away from the source.
- 5.4 In these circumstances it is considered prudent to identify the Brookvale Road area as a possible substitute through the HPUDS review process as a backstop to the Iona Road area not proceeding in time, for whatever reason, to ensure reasonable continuity of supply of residential land in Havelock

North. Structure Planning and a Variation or Plan Change process can then be progressed, even if only on a deferred zoning basis at this time.

- 5.5 Officers consider a case can be made out under policy UP 4.2 of the RPS, so a change to the RPS may not be required to allow Brookvale Road to proceed as a substitute or reserve area for the Arataki Extension if the HPUDS partner Councils endorse it. It may nevertheless be a desirable belts and braces approach to initiate a change to the RPS at the same time as any District Plan Change or Variation if that would not compromise the timely delivery of the sections to the market. These are however, matters for further analysis and discussion with the HPUDS Implementation Working Group.

RECOMMENDATIONS AND REASONS

- A) That the report of the Principal Advisor: District Development titled "Assessment of Possible Residential Greenfields Alternative Sites" dated 18/02/2016 be received.
- B) That the HPUDS Implementation Working Group be asked to consider including the Brookvale Road block for future urban development as part the current review as a potential substitute for Arataki should the latter area not proceed.

With the reasons for this decision being that the objective of the decision will contribute to meeting the current and future needs of communities for good quality local infrastructure in a way that is most cost-effective for households and business by providing for orderly and efficient urban expansion that is consistent with sound planning principles.

Attachments:

| | | |
|----|-----------------------|---------------|
| 1 | Market Update | STR-4-4-16-68 |
| 2 | Area 1 Brookvale Road | STR-4-4-16-71 |
| 3 | Area 2 Romanes Drive | STR-4-4-16-73 |
| 4 | Area 3 Te Aute Road | STR-4-4-16-74 |
| 5 | Area 4 Middle Road | STR-4-4-16-78 |
| 6 | Area 5 Howard Street | STR-4-4-16-76 |
| 7 | Area 6 Ada Street | STR-4-4-16-77 |
| 8 | Area 7 Wall Road | STR-4-4-16-69 |
| 9 | Area 8 Murdoch Road | STR-4-4-16-79 |
| 10 | Area 9 Clive South | STR-4-4-16-70 |