



Central Hawke's Bay District Council
District Plan Review
Household Growth Response

November 2020

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Contents

EXECUTIVE SUMMARY	1
1 Purpose of Report	4
2 Context	4
2.1 Operative District Plan.....	4
2.2 Draft Urban Growth Strategy 2016	5
2.3 National Policy Statement on Urban Development 2020 (NPS-UD).....	7
2.4 Proposed National Policy Statement for Highly Productive Land (PNPS-HPL).....	11
2.5 Hawke’s Bay Regional Policy Statement (RPS).....	13
2.6 Household Growth Projections 2018-2028	16
3 Central Hawke’s Bay Integrated Spatial Plan 2020-2050 (ISP)	17
3.1 Area-Based Infrastructure Assessment	23
3.2 High Level Residential Development Capacity Analysis.....	26
4 District Plan Review.....	28
4.1 Identification of Highly Productive Land	30
4.2 Land on the Urban Periphery	34
4.3 Rural Lifestyle Development	36
4.4 Household Growth Demand Versus Supply to 2031	43
5 Summary and Recommendations for the Draft District Plan.....	45

EXECUTIVE SUMMARY

Over the next 11 years, the number of households across the three urban areas of the District (i.e. Ōtāne, Waipawa and Waipukurau) are expected to increase by a total of 716 households, which represents 54% of all household growth projected in the District over the same period.

The Draft District Plan (released for public feedback in May 2019) introduced some changes to the approach in the Operative District Plan to accommodate expected household growth over the life of the plan. These changes were made on the basis of the Draft Urban Development Strategy prepared by the Council in 2016, and on household growth projections prepared by Economic Solutions Limited for the Council in 2014 and 2018.

The Draft Plan did not provide for the expansion of any existing Residential Zone areas or the creation of any new Residential Zone areas in the District. Instead, it identified (in the Housing and Business Growth chapter) indicative growth nodes that may be required for future residential and rural residential development in the medium-term.

The purpose of this report is to review the Draft District Plan's response to accommodating household growth in light of public feedback the Council received on the Draft District Plan and more recent and relevant higher-level statutory planning documents, and with regard to recommended actions and planned direction of growth for Ōtāne, Waipawa and Waipukurau in the *Central Hawke's Bay Integrated Spatial Plan 2020-2050* (ISP) (released 24 September 2020). This includes the consideration of updated household growth projections (by Squillions Ltd), an infrastructure assessment (by VCV Consulting Ltd) and a high-level residential development capacity assessment for Ōtāne, Waipawa and Waipukurau (by Veros Ltd) prepared as part of the ISP.

By way of higher level statutory planning documents, the National Policy Statement for Urban Development (2020) (NPS-UD) requires Tier 1, 2 and 3 local authorities, at all times, to provide at least sufficient development capacity in its region or district to meet expected demand for housing in existing and new development areas, for both standalone and attached dwellings, in the short term (3 years), medium term (3-10 years) and long term (10-30 years). To be sufficient, the development capacity must be plan-enabled, infrastructure-ready, feasible and reasonably expected to be realised.

While Central Hawke's Bay District Council is not a Tier 1, 2 or 3 local authority (as there is no 'urban environment' located within the District, as defined in the NPS-UD), and the NPS-UD therefore does not apply, the Council can nevertheless take helpful guidance from it in planning for urban development over the longer term. If in the future the population of any of the urban areas increased to 10,000 people or more, the Council would become a Tier 3 local authority and would have to apply the NPS-UD. This is not projected to occur in the latest 30-year projections by Squillions.

The other relevant higher-level statutory planning document is the Proposed National Policy Statement for Highly Productive Land (NPS-HPL). If gazetted, the NPS-HDC will require district plans to identify highly productive land, maintain the availability and productive capacity of highly productive land for primary production, consider giving greater protection to areas of highly productive land that make a greater contribution to the economy and community, and manage rural subdivision to avoid fragmentation and maintain the productive capacity of highly productive land.

The District Plan must also give effect to the objectives and policies of the Hawke's Bay Regional Policy Statement (RPS), such that the urban zones support compact and strongly connected urban form, be integrated with significant infrastructure (including transport infrastructure), be supported by structure plans for any rezoning for urban development of land, and be appropriately and efficiently serviced.

If highly productive land is to be protected, it is important that new households are directed into the existing urban residential areas, existing smaller lots already subdivided but not yet developed within the rural areas, or to zones provided specifically for that purpose (e.g. rural living zones), rather than continuing to enable ad-hoc and unplanned development to occur on the urban periphery on highly productive land, unfettered. As well as being consistent with the NPS-UD and PNPS-HPL, this approach is consistent with the RPS, which recognises the adverse effects that unplanned urban form and ad-hoc management of urban growth can have on the economic wellbeing of the Region's people and communities, as well as the natural environment (land and water) and versatile land.

The high-level residential development capacity analysis undertaken by Veros for the ISP found that, theoretically, all three towns have capacity within the existing Residential /Rural Township Zone boundaries to accommodate projected household growth over the next 30 years (i.e. to 2051), such that:

- Waipawa essentially has double the capacity required;
- Waipukurau has nearly double the capacity required; and
- Ōtāne has well over double the capacity required; and

provided infrastructure issues are resolved.

Veros identified that the single largest issue for yielding projected household growth within the existing towns relates to infrastructure servicing, therefore, the Council needs to complete detailed infrastructure capacity assessments and structure plans. There is also an immediate need for the Council to plan for investment to yield growth and achieve the Project Thrive outcomes of 'smart growth', 'durable infrastructure' and 'environmentally responsible'.

As there is anticipated to be more than sufficient capacity within the existing towns to accommodate projected household growth, even for the next 30 years (which satisfies Policy 2 of the NPS-UD), it is considered that there is currently no need to rezone any land within the potential urban growth areas identified in the ISP. If household growth over the short to medium term was to exceed the projections, new residential development could be directed to the medium-term potential urban and rural residential growth areas identified in the ISP in the first instance, by way of a change to the District Plan or as part of the next District Plan review.

In addition, this report has found that the three Rural Living Zones provided in the Draft District Plan could potentially yield 278 new rural residential lots, which is approximately 40% of all projected new household growth in the urban area to 2031. It is also anticipated that some new household growth will occur within existing, undeveloped 4000m² minimum lots in the rural zones, as well as within new Lifestyle Sites that may be subdivided in the Plains Production and Rural Production Zones.

On that basis, it is considered that the current Residential Zones, Rural Living Zones and lifestyle site subdivision rules in the Draft District Plan will provide more than enough capacity to accommodate the projected new household growth over the life of the District Plan. They will also provide the benefit of giving the District's community choices about where that growth can occur.

Therefore, in relation to the Draft District Plan (May 2019), it is recommended that the:

1. Plains Production Zone be retained.
2. Rural Production Zone be retained.
3. Current Residential Zone boundaries for Waipawa and Waipukurau be retained.
4. Current Rural Township Zone boundaries for Ōtāne be retained.
5. Current Rural Living Zone areas and locations be retained.
6. 4,000 m² minimum lot size for the Rural Living Zone be retained.
7. Lifestyle site subdivision rules for the Plains Production and Rural Production Zones be retained.
8. Housing and Business Growth Chapter be amended by:

- a) referring to the NPS-UD (which has replaced the NPS-UDC), the PNPS-HL and the ISP.
- b) replacing the map in Figure 5A Waipukurau Indicative Urban Growth Nodes with a new map that indicates the general direction of potential urban growth in the medium-term around the periphery of Waipukurau identified in the ISP, and adding the Mount Herbert Road 'Rural Living Zone' area identified in the ISP as a potential future Rural Living Zone.
- c) replacing the map in Figure 5B Waipawa/Otane Growth Nodes with a new map that indicates the general direction of potential urban growth in the medium-term around the periphery of Waipawa and Ōtāne identified in the ISP.

1 Purpose of Report

Over the next 11 years, the number of households across the three urban areas of the District (i.e. Ōtāne, Waipawa and Waipukurau) are expected to increase by a total of 716 households, which represents 54% of all household growth projected in the District over the same period.

The Draft District Plan (released for public feedback in May 2019) introduced some changes to the Operative District Plan to accommodate expected household growth over the life of the plan. These were made on the basis of the Draft Urban Development Strategy prepared by the Council in 2016, and on household growth projections prepared by Economic Solutions Limited for the Council in 2014 and 2018.

The key changes included:

- splitting the Rural Zone into two new rural zones (i.e. a Rural Production Zone and a Plains Production Zone);
- amending the subdivision provisions to increase the minimum lot size in the Rural Zone from 4,000 m² to 12 ha (Plains Production Zone) and 20 ha (Rural Production Zone);
- amending the subdivision provisions to allow (on a limited basis) the creation of lifestyle sites in the Plains Production Zone and Rural Production Zone associated with the protection of Significant Natural Areas, Heritage Items, Wāhi Tapu, Wāhi Taonga and sites of significance, and to create larger balance lots from the amalgamation of existing, non-complying smaller sites; and
- creating new Rural Living Zones close to Waipawa and Waipukurau.

The Draft Plan did not provide for the expansion of any existing Residential Zone areas or the creation of any new Residential Zone areas in the District. Instead, it identified (in the Housing and Business Growth chapter) indicative growth nodes that may be required for future residential and rural residential development in the medium-term.

Some of the public feedback the Council received on the Draft District Plan questioned:

- why some existing rural residential development areas had not been included within the new Rural Living Zone;
- whether additional areas of land near Ōtāne, Waipawa and Waipukurau could be rezoned as Rural Living;
- whether some properties could be rezoned as Residential; and
- why some significant areas of Waipukurau and Waipawa remained within the Residential Zone when they were subject to flooding and fault hazards.

The purpose of this report is to review the Draft District Plan's response to accommodating household growth in light of more recent and relevant higher-level statutory planning documents, and with regard to recommended actions and planned direction of growth for Ōtāne, Waipawa and Waipukurau in the Central Hawke's Bay Integrated Spatial Plan 2020-2050 (ISP) (released 24 September 2020). This includes updated household growth projections (by Squillions Ltd), an infrastructure assessment (by VCV Consulting Ltd) and a high-level residential development capacity assessment for Ōtāne, Waipawa and Waipukurau (by Veros Ltd) prepared as part of the ISP.

2 Context

2.1 Operative District Plan

The current District Plan was made operative on 1 May 2003 and has not been changed since.

Household growth is currently accommodated in the operative District Plan by way of provisions in the following zones:

- Residential Zone - for Waipawa and Waipukurau.
- Township Zone - for Ōtāne, as well as Takapau, Tikokino, Ongaonga, Elsthorpe, Porangahau, Blackhead Beach, Kairakau Beach, Mangakuri Beach, Pourerere Beach, and Te Paerahi Beach.
- Rural Zone - applies to all land outside the above zones and the Business Zones, and it provides for subdivision with a minimum lot size of 4,000 m².¹

There is no zone specifically for rural residential development. However, the small minimum lot size in the Rural Zone currently accommodates this type of household growth, unfettered.

2.2 Draft Urban Growth Strategy 2016

The Draft Strategy was prepared by the Council in 2016 as a desktop exercise to set out the recommended direction for the growth and development of the two town centres of Waipawa and Waipukurau, to provide the context for future Council decisions related to managing residential and commercial growth to 2046. Any issues identified and recommendations made in the document for future growth were also intended to be taken into consideration when preparing the Council's Asset Management Plans and the Infrastructure Strategy Plan required under the Local Government Act 2002, and to provide guidance and direction for the District Plan review. The Draft Strategy was based on an assumption that the Ruataniwha Water Storage Scheme would proceed.

In 2013, the Council commissioned an economic assessment of the District. This report (*Review of Central Hawkes Bay District, District Economic Assessment*, by Economic Solutions Ltd) provided important information to Council on the supply and projected demands for residential and commercial/industrial land in Waipawa and Waipukurau. The economic assessment also included information about the availability of land zoned for business and residential purposes within the appropriately zoned boundaries of each of the two urban centres, and about the capacity of the existing urban centres to respond to demands for growth.

In 2014, the Council commissioned a further study from Economic Solutions Ltd in response to new legislative requirements of the Local Government Act relating to Long Term Plans (LTP's). Both the 2013 and 2014 economic assessment reports were used as key references for the Draft Strategy.

The Draft Strategy attempted to identify likely growth scenarios to 2046 and to identify possible areas for residential and rural-residential expansion in and adjacent to the towns of Waipukurau and Waipawa.

The main findings of the Draft Strategy are outlined below.

- The relatively permissive standards in the Rural Zone relating to subdivision had potentially enabled a de facto rural-residential zone to develop around the established urban areas of Waipukurau and Waipawa.
- Other than the above, it was not entirely clear why some land zoned for residential and industrial development within the existing urban boundaries remained vacant and undeveloped when rural land surrounding the urban boundaries had been subject to subdivision and development for both rural and industrial activity.

¹ The coastal settlements of Whangaehu and Shoal Bay are located within the Rural Zone.

- Approximately 150 ha of land was available within the Waipawa and Waipukurau urban areas for residential development.

Waipawa:

- A statistical analysis of building consents and subdivisions on the periphery of Waipawa suggested there was a demand for rural lifestyle living within proximity to the established urban centre. It was considered that the relatively permissive standards in the Rural Zone relating to subdivision had enabled a de facto rural-residential zone to establish in this area.
- Area 1 (Rural-Residential Zone): Based on an average lot size of 1 ha, it was predicted that approximately 40 rural-residential lots could be provided in a new Rural-Residential zone (comprising an area of 46.8 ha) near Waipawa.
- Area 2 (Large Scale [Large-Lot] Residential Infill Zone): There were 23 hectares of residentially zoned land available within the Waipawa urban area for residential infill development – land in the area between Bibby Street and Tamumu Street remained mostly vacant, possibly due to some issues relating to wastewater services. The Draft Strategy suggested that a large-scale [large-lot] residential zone be created within this area. The potential yield was unknown because it did not identify a minimum lot size.
- Area 4 (Residential Zone Infill): Included 4.2 ha of land in the Residential Zone (comprised of two separate areas), on the hill in Waipawa, to the west of Great North Road. The potential yield was not determined.
- Area 5 (Rural Residential Zone): Included an area of 345 ha of Rural Zone land near Ireland and Homewood Roads. No yield was determined, as no minimum lot size was established.
- Area 6 (Rural Residential Zone): An area of approximately 44 ha within the Rural Zone in the vicinity of White Road and White Road Extension located between Ōtanē and Waipawa. No yield was determined, as no minimum lot size was established.

Waipukurau:

- Area 1 (Rural Residential Zone): An area of 92 hectares within the Rural Zone on the western boundary of Waipukurau, including land in the Mangatarata Road area. No yield was determined, as no minimum lot size was established.
- Area 2 (Residential Zone): An area of approximately 43 ha within the Rural Zone located to the south of Svenson Road to the east of Tavistock Road. Potential yield of approximately 92 lots based on the existing subdivision standards in the Operative District Plan.
- Area 3 (Residential Zone): An area of approximately 27.4 ha within the Rural Zone near Racecourse Road on the western boundary. Potential yield of approximately 49 lots based on the existing standards in the Operative District Plan.
- Area 4 (Large Scale [Large-Lot] Residential Zone): An area of approximately 56.8 ha comprising land currently zoned Residential and a small portion zoned Rural, located between Racecourse Road and Tavistock Roads, and including the old Waipukurau Hospital and Hospital Farm. Potential yield of approximately 39 lots based on existing subdivision standards (350m² lots).
- Area 5 (Rural Residential Zone): Comprised approximately 153.5 ha of Rural Zone land on the western boundary of Lake Hatuma and extending to the east to include land between and adjacent to the Racecourse and Porangahau Roads. No yield was determined, as no minimum lot size was established.
- Area 6 (Rural Residential Zone): Comprised approximately 155.7 ha of Rural Zone land in an area defined by Kyle and Takapau Roads and included Hatuma Heights and JG Wilson Drive. No yield was determined, as no minimum lot size was established.

The areas described above are shown in Figure 1 (Waipawa) and Figure 2 (Waipukurau) below.



Figure 1: Potential residential and rural-residential growth options for Waipawa

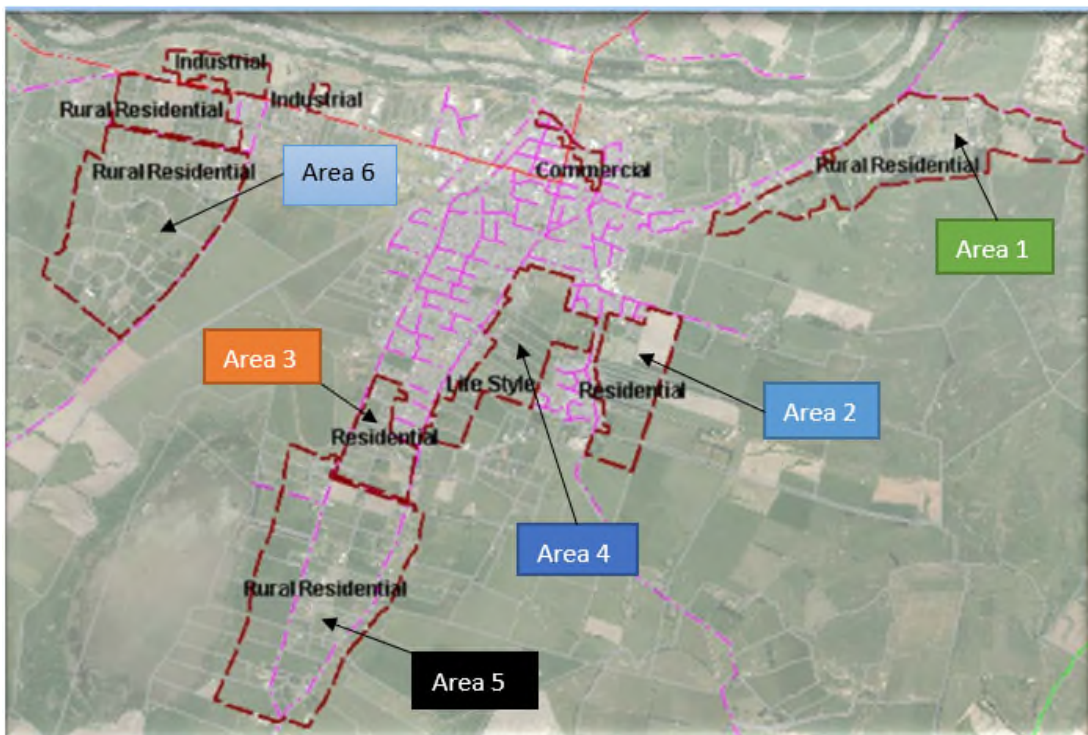


Figure 2: Potential residential and rural-residential growth options for Waipukurau

2.3 National Policy Statement on Urban Development 2020 (NPS-UD)

The former National Policy Statement on Urban Development Capacity 2016 (NPS-UDC) came into effect on 16 December 2016. It provided direction to decision makers under the Resource Management Act 1991 on planning for urban environments, with a particular focus on ensuring that local authorities, through their planning, both:

- Enable urban environments to grow and change in response to the changing needs of the communities, and future generations, and
- Provide enough space for their populations to happily live and work, which could be by allowing development to go “up” by intensifying existing urban areas, and “out” by releasing land for greenfield areas.

The NPS-UDC was replaced by the National Policy Statement for Urban Development (NPS-UD) which came into force on 20 August 2020.

Section 1.3 (in Part 1) of the National Policy Statement states that the NPS-UD applies to:

- all local authorities that have all or part of an urban environment within their district or region (ie, tier 1, 2 and 3 local authorities); and*
- planning decisions by any local authority that affect an urban environment.*

An ‘urban environment’ is defined in the NPS-UD as:

“Urban environment means any area of land (regardless of size, and irrespective of local authority or statistical boundaries) that:

- is, or is intended to be, predominantly urban in character; and*
- is, or is intended to be, part of a housing and labour market of at least 10,000 people”*

Tier 1 and Tier 2 local authorities are listed in the Appendix to the NPS-UD. Central Hawke’s Bay District Council is not listed in the Appendix.

A ‘Tier 3’ local authority is defined in the NPS-UD as:

“tier 3 local authority means a local authority that has all or part of an urban environment within its region or district, but is not a tier 1 or 2 local authority, and **tier 3 regional council** and **tier 3 territorial authority** have corresponding meanings.”

The populations of the urban centres of Waipukurau, Waipawa and Ōtāne are shown in Table 1².

Table 1: Actual-vs projected population growth in the urban areas

Area	Estimated*			2017 projections (Stats NZ)			
	2013	2018	2019	2018		2023	
				Medium	High	Medium	High
Central Hawke's Bay district	13,250	14,550	14,850	13,850	14,150	13,900	14,500
Otane¹	540	669	710	580	590	580	600
Waipawa	2,060	2,150	2,180	2,090	2,140	2,090	2,190
Waipukurau²	4,050	4,520	4,580	4,130	4,220	4,140	4,340

**estimate as at June, provisional from 2018; 1: SA1 aggregation; 2: New SA2 Areas include west of the airport*

The current populations of the three urban areas are well below 10,000 people and therefore do not fall within the definition of ‘urban environment’.

The population growth scenarios for the three areas to 2031 and 2051 are shown in Table 2³.

² Extrapolated from Table 3, page 10, of the report “Demographic and Economic Growth Projections 2020-2051”, prepared by Squillions Ltd (July 2020) (Squillions Report).

³ Extrapolated from Table 20, page 34, of the Squillions Report.

Table 2: Population growth scenarios for the urban areas

Area	2019	Senerio	2031	2051	Change 2019- 2031		Change 2019- 2051	
					2031	2051	2031	2051
Waipawa	2,180	Low	2,220	2,090	40	(90)		
		Medium	2,360	2,520	180	340		
		High	2,507	2,852	327	672		
Waipukurau	4,580	Low	4,760	4,190	180	(390)		
		Medium	5,340	6,030	760	1,450		
		High	5,890	7,540	1,310	2,960		
Ōtāne1	710	Low	770	700	60	(10)		
		Medium	950	1,170	240	460		
		High	1,151	1,756	441	1,046		

Under the ‘High’ scenarios, it is expected that the population of Ōtāne will increase to 1,756 by 2051, Waipawa will increase to 2,852 by 2051, and Waipukurau will increase to 7,540 by 2051.

Therefore, as none of the populations of the three urban areas are projected to increase to 10,000 people within the next 30 years, none fall within the definition of an ‘urban environment’. Given this, the Council is not a ‘Tier 3 local authority’ and the NPS-UD does not apply to it.

However, if the population of any of the urban areas was to increase to at least 10,000 people in the future, then the Council would immediately become a Tier 3 local authority and the NPS-UD would become applicable.

Regardless of there being is no requirement for the Council to apply the NPS-UD, the NPS-UD includes some helpful objectives and policies that the Council can still have regard to, particularly in taking a long-term approach to planning for urban development in the District.

The NPS-UD 2020 includes eight objectives and eleven policies. Essentially the objectives are for local authorities to:

- provide well-functioning urban environments that enable people and communities to provide for their social, economic and cultural wellbeing, and for their health and safety, now and into the future (Objective 1)
- make planning decisions that improve housing affordability by supporting competitive land and development markets (Objective 2)
- have district plans that enable more people to live in areas of an urban environment in which one or more of the following apply:
 - the area is in or near a centre zone or other area with many employment opportunities
 - the area is well-served by existing or planned public transport
 - there is high demand for housing or for business land in the area, relative to other areas within the urban environment (Objective 3)
- have New Zealand’s urban environments, including their amenity values, develop and change over time in response to the diverse and changing needs of people, communities, and future generations (Objective 4)
- have planning decisions relating to urban environments take into account the principles of the Treaty of Waitangi (Te Tiriti o Waitangi) (Objective 5)
- have local authority decisions on urban development that affect urban environments:
 - integrated with infrastructure planning and funding decisions; and
 - strategic over the medium term and long term; and

- responsive, particularly in relation to proposals that would supply significant development capacity (Objective 6)
- have robust and frequently updated information about their urban environments and use it to inform planning decisions (Objective 7)
- have urban environments that support reductions in greenhouse gas emissions and are resilient to the current and future effects of climate change (Objective 8)

Policy 2 and Clause 3.2 of the NPS-UD requires Tier 1, 2 and 3 local authorities, at all times, to provide at least sufficient development capacity in its region or district to meet expected demand for housing in existing and new development areas, for both standalone and attached dwellings, in the short term (3 years), medium term (3-10 years) and long term (10-30 years). To be sufficient, the development capacity must be plan-enabled, infrastructure-ready, feasible and reasonably expected to be realised.

The life of a district plan captures the short to medium term (10 years).

Policy 5 requires district plans applying to Tier 3 local authorities to enable heights and density of urban form commensurate with the greater of:

- The level of accessibility by existing or planned active or public transport to a range of commercial activities and community services, or
- Relative demand for housing and business use in that location.

The NPS-UD states that development capacity is 'plan-enabled' for housing or business if⁴:

- In relation to the short term, it is on land zoned for housing or business use in an operative district plan.
- In relation to the medium term, it is on land zoned for housing or business in an operative or proposed district plan.
- In relation to the long term, it is either on land zoned for housing or business in an operative or proposed district plan, or it is on land identified by a local authority for future urban intensification in an Future Development Strategy (FDS), or if the local authority is not required to have an FDS (as is the case for Central Hawke's Bay District Council), any other relevant plan or strategy.

The NPS-UD states that development is 'infrastructure-ready' if⁵:

- In relation to the short term, there is adequate existing development infrastructure to support the development of the land.
- In relation to the medium term, there is adequate existing development infrastructure to support the development of the land or funding for adequate infrastructure to support development of the land is identified in a long-term plan.
- In relation to the long term, there is adequate existing development infrastructure to support the development of the land, or funding for adequate infrastructure to support development of the land is identified in a long-term plan, or the development infrastructure to support the development capacity is identified in the local authority's infrastructure strategy (as required as part of its long-term plan).

⁴ Clause 3.4(1) of the NPS-UD

⁵ Clause 3.4(3) of the NPS-UD

Where there is insufficient development capacity over the short, medium or long term, the Council must immediately notify the Minister for the Environment, and if the insufficiency is wholly or partly a result of RMA planning documents, change those documents to increase development capacity for housing or business land (as applicable) as soon as practicable, and update any other relevant plan or strategy. The Council must also consider other options for increasing development capacity and otherwise enabling development⁶.

Clause 3.10(1) requires every local authority to assess the demand for housing land in urban environments, and the development capacity that is sufficient to meet demand in its region or district in the short term, medium term, and long term.

Clause 3.11(1) of the NPS-UD requires local authorities, when making plans, that affect the development of urban environments to:

- Clearly identify the resource management issues being managed, and
- Use evidence, particularly any relevant Housing and Business Development Capacity Assessments (HBA)⁷, about land and development markets, and the results of the monitoring required by the NPS-UD, to assess the impact of different regulatory and non-regulatory options for urban development and their contribution to:
 - achieving well-functioning urban environments; and
 - meeting the requirements to provide at least sufficient development capacity.

Clause 3.11(2) requires local authorities to include the matters referred to in Clause 3.11(1) in relevant evaluation reports and further evaluation reports prepared under sections 32 and 32AA of the Resource Management Act.

2.4 Proposed National Policy Statement for Highly Productive Land (PNPS-HPL)

The PNPS-HPL was released by the Minister for the Environment and the Minister of Agriculture in August 2019 as a discussion document, open for public submissions.

The PNPS is in response to the following key issues recognised as impacting on the availability of highly productive land for primary production:

- Urban land expanding onto New Zealand's most productive land.
- The creation of urban lifestyle properties reducing the availability of highly productive land.
- Reverse sensitivity – incompatible new land uses constraining established rural production activities.
- Lack of clarity in the Resource Management Act on how highly productive land should be managed.
- Absence of considered decision-making resulting in uncoordinated urban expansion and fragmentation of highly productive land when alternative locations and approaches may be available.

The PNPS-HPL focuses on maintaining the availability of highly productive land for future primary production, which can be identified using the Land Use Capability (LUC) classification system and

⁶ Clause 3.7 of the NPS-UD.

⁷ Only Tier 1 and 2 local authorities are required to prepare HBAs, therefore, this is not a requirement for Central Hawke's Bay District Council (being a Tier 3 local authority).

considering a number of other factors. Land that has a Class 1 rating under the LUC system is identified as the most versatile and has the fewest limitations for its use, while Class 8 is identified as the least versatile with the highest number of limitations on its use.

Under the proposal, regional councils will need to identify the spatial extent of highly productive land in their region, as land that is classified as Class 1, 2 or 3 under the LUC system by default, until they are able to complete their own regional or district assessment. When undertaking the assessment of highly productive land, councils will be able to consider a number of other factors to exclude some of this land, or to identify additional highly productive land that is not recognised under the LUC system.

The PNPS-HPL recognises that there are other key factors that contribute to whether land can be considered highly productive. While the LUC system is the primary indicator of versatility, there are also external factors that influence the versatility and productive capability of land, including:

- The size and cohesiveness of land properties to support primary production.
- The current or potential availability of water.
- Access to transport routes and appropriate labour markets.

The PNPS-HPL includes three proposed objectives as follows:

Objective 1: Recognising the benefits of highly productive land

To recognise and provide for the value and long-term benefits of using highly productive land for primary production.

Objective 2: Maintaining the availability of highly productive land

To maintain the availability of highly productive land for primary production for future generations.

Objective 3: Protection from inappropriate subdivision, use and development

To protect highly productive land from inappropriate subdivision, use and development, including by:

- *avoiding subdivision and land fragmentation that compromises the use of highly productive land for primary production;*
- *avoiding uncoordinated urban expansion on highly productive land that has not been subject to a strategic planning process; and*
- *avoiding and mitigating reverse sensitivity effects from sensitive and incompatible activities within and adjacent to highly productive land.*

The policies⁸ in the PNPS-HPL would require district plans to:

- Identify highly productive land as identified by the relevant regional council (in accordance with criteria in Appendix A of the PNPS-HPL).
- Maintain the availability and productive capacity of highly productive land for primary production by:
 - a. Prioritising the use of highly productive land for primary production;
 - b. Considering giving greater protection to areas of highly productive land that make a greater contribution to the economy and community;
 - c. Identifying inappropriate subdivision, use and development of highly productive land; and
 - d. Protecting highly productive land from the identified inappropriate subdivision, use and development.
- Not locate urban expansion on highly productive land unless:

⁸ Policies 1.2, 2, 3 and 4 of the PNPS.

- a. there is a shortage of development capacity to meet demand in accordance with the NPS-UD methodologies and definitions; and
- b. it is demonstrated there is an appropriate option based on a consideration of:
 - A cost-benefit analysis that explicitly considers the long-term costs associated with the irreversible loss of highly productive land for primary production;
 - Whether the benefits (environment, economic, social and cultural) from allowing urban expansion on highly productive land outweigh the benefits of the continued use of that land for primary production; and
 - The feasibility of alternative locations and options to provide for the required demand, including intensification of existing urban areas.
- Manage rural subdivision to avoid fragmentation and maintain the productive capacity of highly productive land by:
 - a. setting minimum lot size standards for subdivision located on highly productive land to retain the productive capacity of that land;
 - b. incentives and restrictions on subdivisions to help retain and increase the productive capacity of highly productive land; and
 - c. directing new rural lifestyle development away from areas of highly productive land.

The proposed NPS-HPL would set out timeframes for giving effect to certain policies, with other policies having immediate effect from the date the proposed NPS is gazetted. The proposed timeframes are as follows:

- Proposed Policy 1.1 and 2 – regional councils must identify highly productive land no later than three years after the NPS is gazetted; and
- Proposed Policies 1.2, 2, 4 and 5 – territorial authorities must implement these policies no later than two years after the relevant regional council identifies highly productive land in accordance with proposed Policy 1.1, or no later than five years after the NPS is gazetted.

The objectives and remaining policies in the proposed NPS-HPL would have immediate effect from the date the NPS is gazetted and would have to be implemented as soon as practicable after this date.

While the PNPS-HPL has no legal status, the above indicates the direction that the National Policy Statement will likely take when it eventually comes into force.

2.5 Hawke's Bay Regional Policy Statement (RPS)

In addition to the national direction above, under Section 75(3)(c) of the RMA, the District Plan must give effect to the Regional Policy Statement (RPS).

The Hawke's Bay RPS (contained within the Hawke's Bay Regional Resource Management Plan (HBRRMP)) recognises the adverse effects that unplanned urban form and ad-hoc management of urban growth can have on the economic wellbeing of the Region's people and communities, as well as the natural environment (land and water) and versatile land.

Based on the above, the RPS has two objectives and associated policies relevant to urban form and integration of land use with significant infrastructure that applies across the whole Region, as follows:

URBAN FORM (REGION)

OBJ UD1 *Establish compact, and strongly connected urban form throughout the Region, that:*

- a) *achieves quality built environments that:*
 - i. *provide for a range of housing choices and affordability,*
 - ii. *have a sense of character and identity,*

- iii. *retain heritage values and values important to tangata whenua,*
- iv. *are healthy, environmentally sustainable, functionally efficient, and economically and socially resilient, and*
- v. *demonstrates consideration of the principles of urban design;*
- b) *avoids, remedies or mitigates reverse sensitivity effects in accordance with objectives and policies in Chapter 3.5 of this plan;*
- c) *avoids, remedies or mitigates reverse sensitivity effects on existing strategic and other physical infrastructure in accordance with objectives and policies in Chapter 3.5 and 3.13 of this plan;*
- d) *avoids unnecessary encroachment of urban activities on the versatile land of the Heretaunga Plains; and*
- e) *avoids or mitigates increasing the frequency or severity of risk to people and property from natural hazards.*

INTEGRATION OF LAND USE WITH SIGNIFICANT INFRASTRUCTURE (REGION)

OBJ UD5 *Ensure through long-term planning for land use change throughout the Region, that the rate and location of development is integrated with the provision of strategic and other infrastructure, the provision of services, and associated funding mechanisms.*

INTEGRATION OF TRANSPORT INFRASTRUCTURE WITH DEVELOPMENT (REGION)

OBJ UD6 *Ensure that the planning and provision of transport infrastructure is integrated with development and settlement patterns and facilitates the movement of goods and people and provision of services throughout the Region, while:*

- a) *limiting network congestion;*
- b) *reducing dependency on private motor vehicles;*
- c) *reducing emission of contaminants to air and energy use; and*
- d) *promoting the use of active transport modes.*

STRUCTURE PLANS (REGION)

POL UD10.3 *Notwithstanding Policy UD10.1, structure plans for any area in the Region shall:*

- a) *Be prepared as a single plan for the whole of a greenfield growth area;*
- b) *Be prepared in accordance with the matters set out in POL UD12;*
- c) *Show indicative land uses, including:*
 - i. *principal roads and connections with the surrounding road network and relevant infrastructure and services;*
 - ii. *land required for stormwater treatment, retention and drainage paths;*
 - iii. *any land to be set aside for business activities, recreation, social infrastructure, environmental or landscape protection or enhancement, or set aside from development for any other reason; and*
 - iv. *pedestrian walkways, cycleways, and potential public passenger transport routes both within and adjoining the area to be developed;*
- d) *Identify significant natural, cultural and historic or heritage features;*
- e) *Identify existing strategic infrastructure; and*
- f) *Identify the National Grid (including an appropriate buffer corridor).*

STRUCTURE PLANS (REGION)

POL UD10.4 *Notwithstanding Policy UD10.1, in developing structure plans for any area in the Region, supporting documentation should address:*

- a) *The infrastructure required, and when it will be required to service the development area;*
- b) *How development may present opportunities for improvements to existing infrastructure provision;*
- c) *How effective provision is made for a range of transport options and integration between transport modes;*
- d) *How provision is made for the continued use, maintenance and development of strategic infrastructure;*
- e) *How effective management of stormwater and wastewater discharges is to be achieved;*

- f) *How significant natural, cultural and historic or heritage features and values are to be protected and/or enhanced;*
- g) *How any natural hazards will be avoided or mitigated; and*
- h) *Any other aspects relevant to an understanding of the development and its proposed zoning.*

REZONING FOR URBAN DEVELOPMENT (REGION)

POL UD11 *Notwithstanding Policy UD10.1, within the Region, any rezoning for the development of urban activities should be accompanied by a structure plan for inclusion in the district plan, in accordance with the matters in POL UD10.3 and POL UD10.4, and POL UD12.*

MATTERS FOR DECISION-MAKING (REGION)

POL UD12 *In preparing or assessing any rezoning, structure plans, or other provisions for the urban development of land within the Region, territorial authorities shall have regard to:*

- a) *The principles of the New Zealand Urban Design Protocol (Ministry for the Environment, 2005);*
- b) *New Zealand Standard NZS4404:2010 Land Development and Subdivision Infrastructure, and subsequent revisions;*
- c) *Good, safe connectivity within the area, and to surrounding areas, by a variety of transport modes, including motor vehicles, cycling, pedestrian and public transport, and provision for easy and safe transfer between modes of transport;*
- d) *Location within walkable distance to community, social and commercial facilities;*
- e) *Provision for a range of residential densities and lot sizes, with higher residential densities located within walking distance of commercial centres;*
- f) *Provision for the maintenance and enhancement of water in waterbodies, including appropriate stormwater management facilities to avoid downstream flooding and to maintain or enhance water quality;*
- g) *Provision for sufficient and integrated open spaces and parks to enable people to meet their recreation needs, with higher levels of public open space for areas of higher residential density;*
- h) *Protection and enhancement of significant natural, ecological, landscape, cultural and historic heritage features;*
- i) *Provision for a high standard of visual interest and amenity;*
- j) *Provision for people's health and well-being through good building design, including energy efficiency and the provision of natural light;*
- k) *Provision for low impact stormwater treatment and disposal;*
- l) *Avoidance, remediation or mitigation of reverse sensitivity effects arising from the location of conflicting land use activities;*
- m) *Avoidance of reverse sensitivity effects on existing strategic and other physical infrastructure, to the extent reasonably possible;*
- n) *Effective and efficient use of existing and new infrastructure networks, including opportunities to leverage improvements to existing infrastructure off the back of proposed development;*
- o) *Location and operational constraints of existing and planned strategic infrastructure;*
- p) *Appropriate relationships in terms of scale and style with the surrounding neighbourhood; and*
- q) *Provision of social infrastructure.*

SERVICING OF DEVELOPMENTS (REGION)

POL UD13 *Within the region, territorial authorities shall ensure development is appropriately and efficiently serviced for the collection, treatment, disposal or re-use of sewage and stormwater, and the provision of potable water by:*

- a) *Avoiding development which will not be serviced in a timely manner to avoid or mitigate adverse effects on the environment and human health; and*
- b) *Requiring these services to be designed, built, managed or upgraded to maximise their ongoing effectiveness.*

The District Plan must give effect to the above objectives and policies. Therefore, the urban zones should support compact and strongly connected urban form, be integrated with significant infrastructure

(including transport infrastructure), be supported by structure plans for any rezoning for urban development of land, and be appropriately and efficiently serviced.

2.6 Household Growth Projections 2018-2028

In 2017, to assist the District Plan review, the Council commissioned an update of the demographic and economic growth directions report prepared by Economic Solutions Ltd in 2014 that was based on the 2013 Census and used to inform the Draft Urban Growth Strategy.

The 2017 report⁹ identified projected household growth, as set out in Table 3 below, based on the ‘Halfway between Medium to High’ projections.

Table 3: Projected Household Growth 2018-2048

Housing Location	Number of Households						
	Actual		Projected				
	2013	2017	2018	2028	Change 2018-2028	2048	Change 2018-2048
Ōtāne	240	250	260	310	50	340	80
Waipawa	990	1,015	1,020	1,080	60	1,175	155
Waipukurau	1,970	2,040	2,065	2,295	230	2,500	435
Central Hawkes’ Bay District	5,400	5,560	5,625	6,160	535	6,700	1,075

The report projected the number of households in the combined urban area of Waipukurau/Waipawa/Ōtāne to increase by 340 (10%) over the period 2018-2028, with Waipukurau accounting for 68% of this gain. This combined area was projected to account for 64% of the total District household growth to 2028. For the period 2018-2048, it was projected that this combined area would continue to account for almost two-thirds of the total District household increase (projected to be an increase of 1,075 households from 2018-2048 (a 19% increase on 2018 total)).

The report advised that feedback from consultation undertaken by Economic Solutions Ltd indicated that an estimated total of 90-100 ‘greenfield’ sections were currently available across Waipukurau/Waipawa/Ōtāne for new housing development.

Based on Table A of the report, the household projections for the District from 2018-2028 are depicted in Figure 3 below. Ōtāne is included in the Rural/Coastal Townships, as it is identified and zoned as a Rural Township in the Operative District Plan.

⁹ “Central Hawke’s Bay District Long Term Planning – Demographic and Economic Growth Directions 2018-2048”, prepared by Economic Solutions Ltd, dated 28 August 2018.

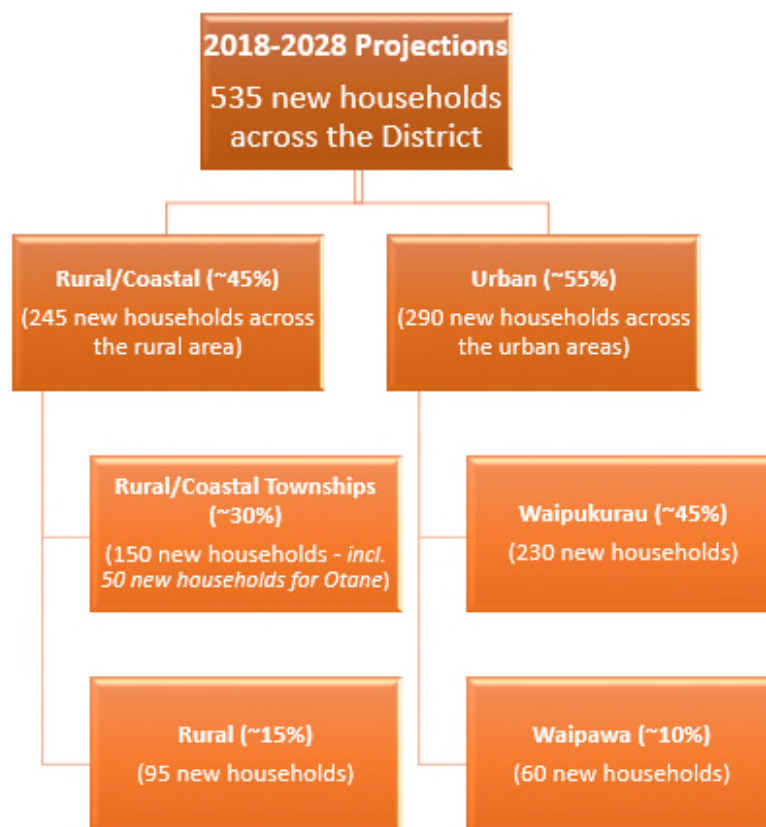


Figure 3: Household projections 2018-2028 (based on Economic Solutions Ltd Demographic and Economic Growth Projections 2018)

3 Central Hawke’s Bay Integrated Spatial Plan 2020-2050 (ISP)

On 24 September 2020, the Central Hawke’s Bay District Council adopted the Central Hawke’s Bay Integrated Spatial Plan (ISP).

The ISP is a non-statutory document that sets out a 30-year blueprint of growth and development opportunities for the three towns of Ōtanē, Waipawa, and Waipukurau. Its purpose is to:

- Maximise the delivery of Project Thrive.
- Assist to inform the Central Hawke’s Bay District Plan Review.
- Outline community and infrastructure investment required to support enhanced community well beings.
- Form the basis for implementation through the Long-Term Plan and coordinated, multi-agency investment.
- Enable the completion of the Draft Urban Growth Strategy.

The ISP adopts the high growth scenario identified in the report “Demographic and Economic Growth Projections 2020-2051”, prepared by Squillions Ltd (July 2020) (Squillions Report). The high scenario assumes a best-case Covid-19 response, and that returning New Zealanders and a rebound in building activity see population growth continue to track in line with recent historical trends.

Key assumptions under the high growth scenario are:

- Population still ages, however, this trend is further limited by higher levels of migration.

- Birth rates fall as the population ages, with deaths overtaking births by the late 2030s. But the injection of younger migrants into the mix keep birth rates higher throughout the time horizon, compared to the medium and low scenarios.
- Net migration remains high despite the uncertain economic situation, averaging around 270 people per year between 2022 and 2031 – above recent historical levels.

Highlights of the high scenario are:

- Central Hawke’s Bay District adds 3,900 people by 2031, and a total of 9,100 people by 2051.
- The average growth rate in the population between 2019 and 2031 is 2%pa, which is comparable to the average between the 2013 and 2018 censuses (2.1%pa).
- The proportion of the population aged over 65 rises from 20% in 2019 to 26% in 2031. By 2051 over 65s make up 29% of the District’s population.
- The number of households is projected to reach 6,870 by 2031.
- From a base of 2.6 in 2018 (and an estimated 2.7 in 2019) the average household size rises slightly to 2.8 in the mid-2020s before easing back to 2.7 again.

Under the high scenario, the Squillions Report projections indicate that the District will add 450 households over the next five years – an average of 90 per year.

The expected distribution of the expected population growth between Ōtānē, Waipawa and Waipukurau are set out in Table 4 below. The expected growth projections are based on unconstrained demand – assuming land is available for development where people want to live.

The high scenario projects that the share of the District’s population living in the three towns will increase slightly, but that a significant amount of growth will also occur outside the town boundaries.

Table 4: Population growth scenarios for the three towns*¹⁰

Area	2019	Scenario	2031	2051	Change 2019 2031	Change 2019 2051
Ōtānē	710	Low	770	700	60	(10)
		Medium	950	1,170	240	460
		High	1,151	1,756	441	1,046
Waipawa	2,180	Low	2,220	2,090	40	(90)
		Medium	2,360	2,520	180	340
		High	2,507	2,852	327	672
Waipukurau	4,580	Low	4,760	4,190	180	(390)
		Medium	5,340	6,030	760	1,450
		High	5,890	7,540	1,310	2,960
Central Hawke’s Bay	14,850	Low	15,400	13,430	550	(1,420)
		Medium	17,140	19,430	2,290	4,580
		High	18,770	23,980	3,929	9,130

The Squillions Report considers that the economic downturn from Covid-19 is likely to suppress demand for lifestyle developments over the next couple of years or more but, longer term, the most desirable

¹⁰ Extrapolated from Table 20, page 34, of the report “Demographic and Economic Growth Projections 2020-2051”, prepared by Squillions Ltd (July 2020) (Squillions Report).

areas are likely to be those most accessible to where people work, including around Ōtāne and the main route north.

Table 5 shows the projected households (in occupied private dwellings) under each scenario. While Squillions expects the average household size to lift in the near term, the aging population will put downward pressure on the household size in the outer years. Urban areas are likely to see a small additional gain in households in the outer years (all else equal) with retirees locating themselves closer to services.

Table 5: Household projections for households in occupied private dwellings¹¹

Area	Census 2018	Scenario	2031	2051	Change		Average household size		
					2019 - 2031	2019 - 2051	2018	2031	2051
Ōtāne	246	Low	280	270	34	24		2.8	2.6
		Medium	340	430	94	184	2.7	2.8	2.7
		High	408	639	154	384		2.8	2.8
Waipawa	843	Low	870	880	27	37		2.5	2.4
		Medium	920	1,020	77	177	2.5	2.6	2.5
		High	968	1,136	107	277		2.6	2.5
Waipukurau	1,755	Low	1,860	1,740	105	(15)		2.6	2.4
		Medium	2,060	2,420	305	665	2.5	2.6	2.5
		High	2,255	2,983	455	1,185		2.6	2.5
Central Hawke's Bay	5,418	Low	5,760	5,340	342	(78)		2.7	2.5
		Medium	6,340	7,480	922	2,062	2.6	2.7	2.6
		High	6,870	9,070	1,322	3,522		2.7	2.6

The above table indicates that over the next 11 years (to 2031), under the high scenario, the number of households in the three towns are projected to increase, as follows:

- Ōtāne - 154 additional households
- Waipawa - 107 additional households
- Waipukurau – 455 additional households

This equates to a total increase of 716 households across the three towns, representing 54% of the total number of additional households expected in the District (1,322 households) in the same period.

The Squillions Report also identifies current undeveloped subdivided lots in the three towns.

Table 6: Undeveloped subdivided lots identified¹²

Area	Total Undeveloped Subdivided Lots	Titles Issued
Ōtāne	15	11
Waipawa	42	26
Waipukurau	104	19
Total	161	56

¹¹ Extrapolated from Table 21, page 35, of the Squillions Report.

¹² Table 10, page 22, of the Squillions Report.

With just over half of the growth occurring in the main towns, Table 6 shows that there are enough sections in the subdivision pipeline to accommodate at least the next two years of household growth under the high scenario.

For Ōtāne, the ISP recommends that, as a 'Quick Win' (0-1 years) or in the short term (1-3 years), the Council examine actions and interventions to support infill residential development (in the western and southern areas of the existing town boundaries) by:

- Reviewing the District Plan objectives and rules to promote good quality infill and support strategic intensification.
- Reviewing infrastructure/engineering standards that may restrict infill development.

and in the medium term (3-10 years), the ISP recommends that the Council:

- Undertake a residential zoning change to support growth.
- Allow for growth that is reflective of Ōtāne, which supports and strengthens the community and character of Ōtāne while still accommodating growth and affordability.
- Take the opportunity to align growth areas with infrastructure, highly productive soils constraints, community feedback and urban form principles.

Potential future greenfield growth areas for Ōtāne are identified in the ISP to the north and east of the existing town boundaries (indicated in Figure 4).

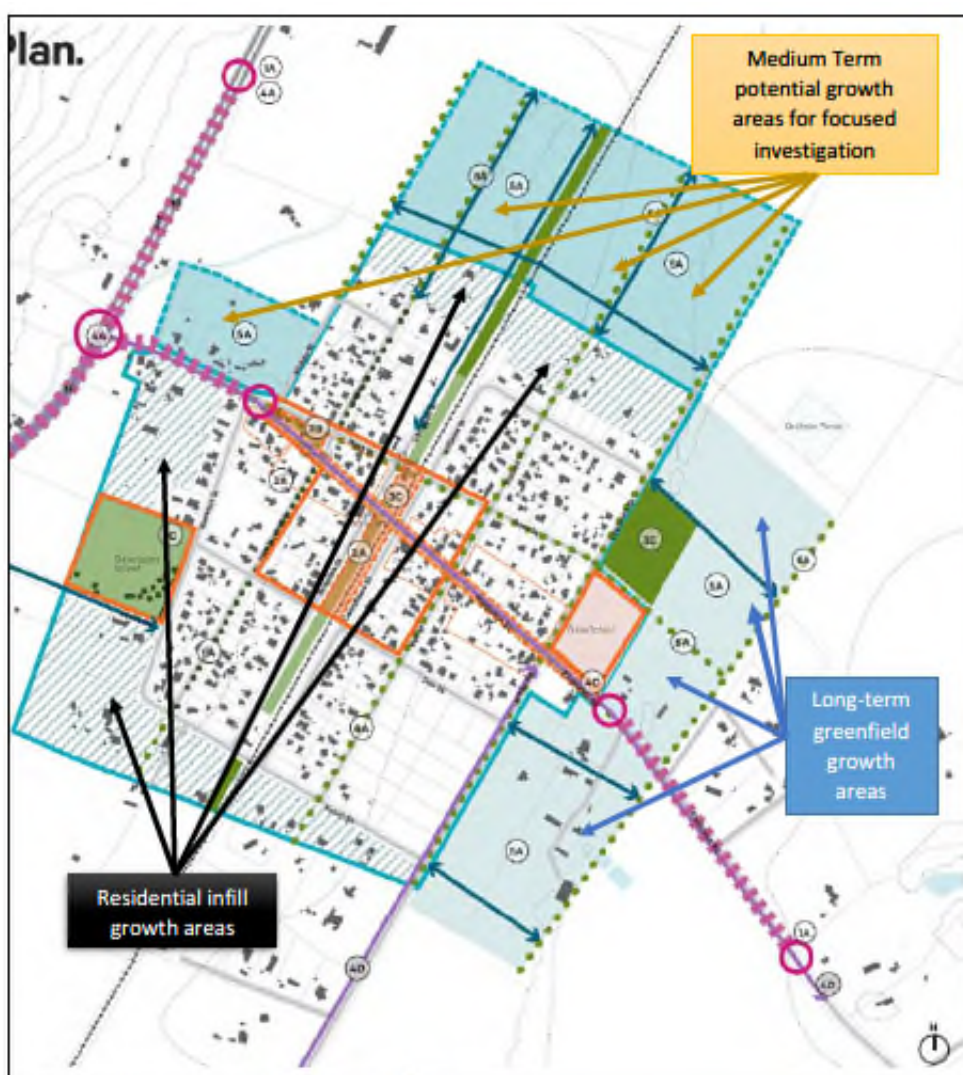


Figure 4: ISP recommended future potential growth areas for Ōtāne

For Waipawa, the ISP recommends that, as a 'Quick Win' (0-1 years) or in the short term (1-3 years), the Council examine actions and interventions to support infill residential development (in the north-western and north-eastern areas of the existing town boundaries) by:

- Reviewing the District Plan objectives and rules to promote good quality infill and support strategic intensification.
- Reviewing infrastructure/engineering standards that may restrict infill development.

and in the medium (3-10 years) to long term (10-30 years), the ISP recommends that the Council:

- Investigate growth that is reflective of Waipawa, which supports and strengthens the community and character of Waipawa while still accommodating growth and affordability.
- Take the opportunity to align growth areas with infrastructure, highly productive soils constraints, community feedback and urban form principles.
- Consider how these growth areas will provide additional choice and capacity in each of the towns for housing.

Potential medium term greenfield growth areas for focused investigation are identified in the ISP to the north (western side of State Highway 2) and north-east of the existing Waipawa town boundaries, and a long term proposed greenfield growth area is identified to the north on the eastern side of State Highway 2. A potential new rural-residential area is identified to the north east (Figure 5) in an area located between Tiffen Lane, Racecourse Road and Ireland Road.

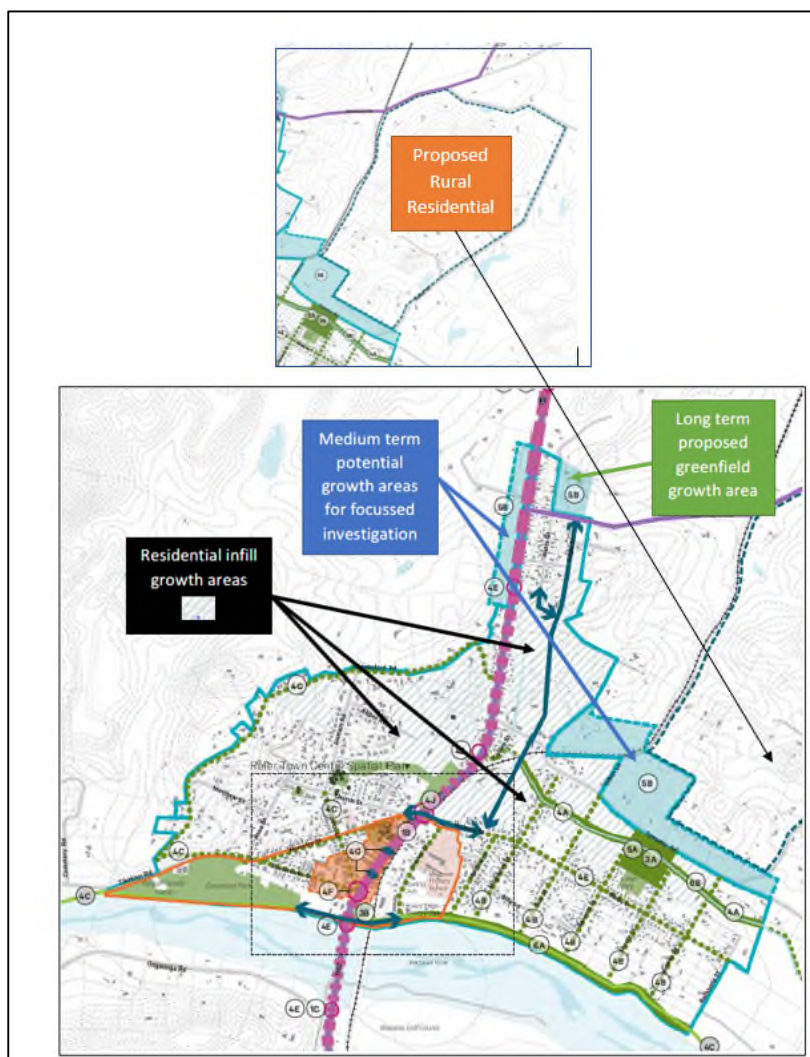


Figure 5: ISP recommended future potential residential and rural-residential growth areas for Waipawa

For Waipukurau, the ISP recommends that, as a 'Quick Win' (0-1 years) or in the short term (1-3 years), the Council examine actions and interventions to support infill residential development (in the south-west, south-east and eastern areas of the existing towns boundaries – see Figure 6) by:

- Reviewing the District Plan objectives and rules to promote good quality infill and support strategic intensification.
- Reviewing infrastructure/engineering standards that may restrict infill development.

and as a 'Quick Win' (0-1 years) as part of the District Plan review, the ISP recommends that the Council prioritise for the delivery of infill housing opportunities within the existing Residential Zone by:

- Reviewing Draft District Plan provisions for density within 5 minute and 10-minute walking circles from Town Centre to encourage alternative housing typologies to meet changing demographic needs, including the aging population.
- Examining potential avenues to enable more dense development if it is of a high standard and enhances the area in which it is located.

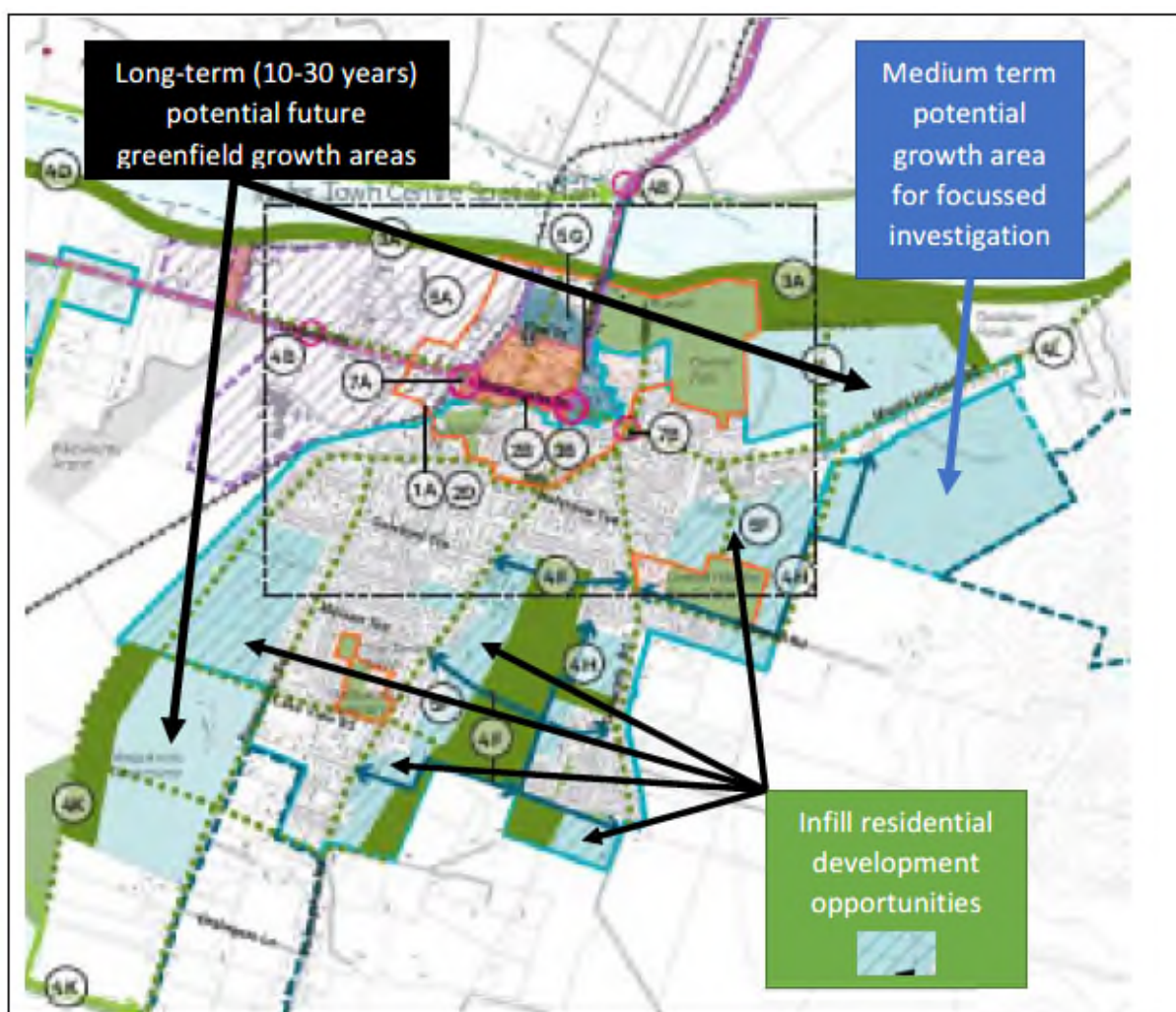


Figure 6: ISP recommended infill residential development opportunities and potential greenfield residential growth areas for Waipukurau

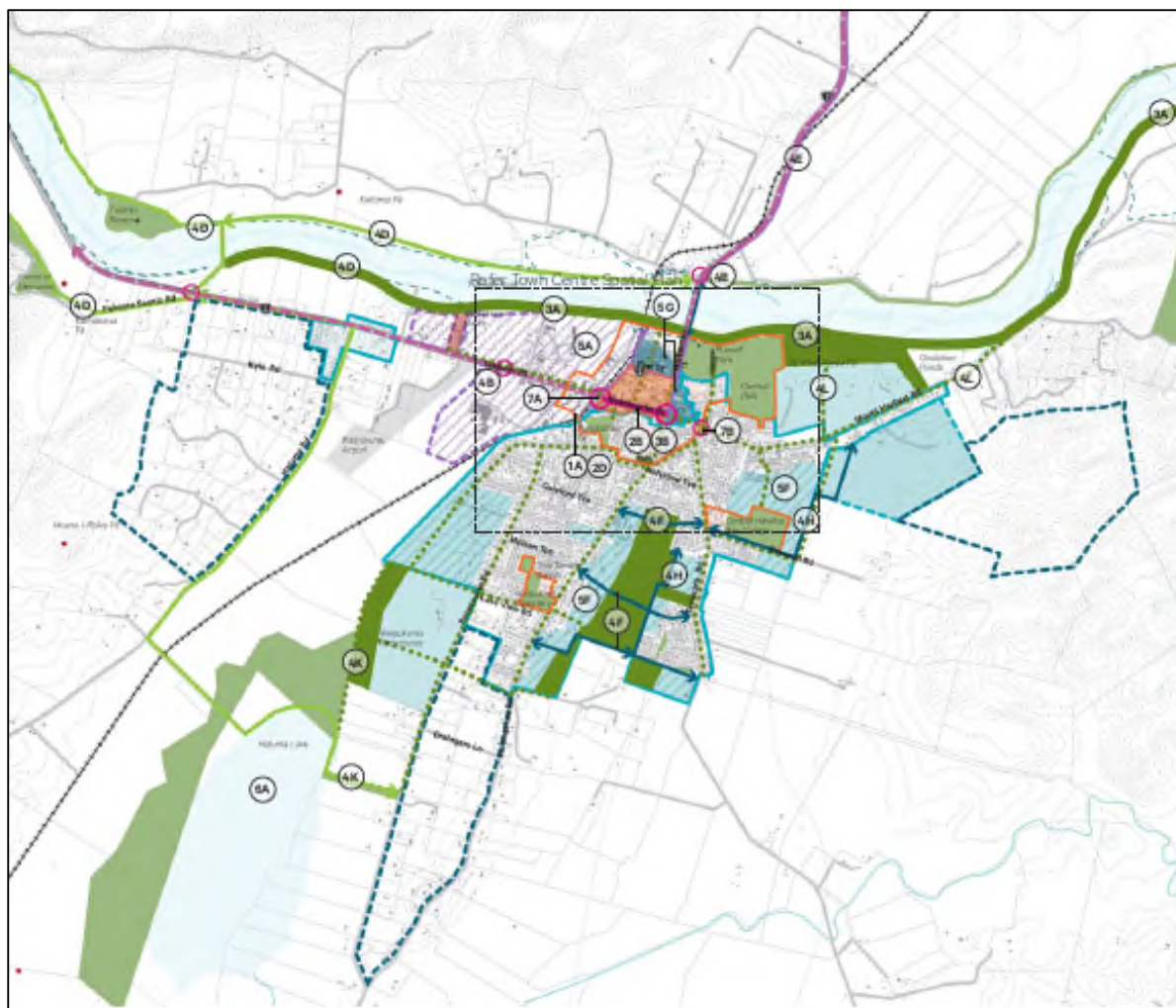


Figure 7: ISP recommended rural-residential growth areas for Waipukurau

A potential medium-term (3-10 years) greenfield growth area for further investigation is identified in the ISP to the west of the existing Waipukurau town boundaries, on the southern side of Mount Herbert Road. Two long-term potential greenfield growth areas are identified at the Waipukurau Racecourse and on the northern side of Mt. Herbert Road (Figure 6). Three potential rural-residential areas are identified to the west (Hatuma Heights area), south (between Racecourse Road and Porangahau Road) and east (near Mount Herbert Road) of the town (Figure 7).

3.1 Area-Based Infrastructure Assessment

An area-based infrastructure assessment was prepared by VCV Consulting Ltd, to inform the ISP¹³. The purpose of the assessment was to identify the infrastructure investment needs of the potential future growth areas identified in the ISP for Ōtāne, Waipawa and Waipukurau. No assignment of costs was made. Rather, the assessment nominated four possible preliminary suitability categories to broadly indicate the level of expenditure necessary to accomplish development, as follows:

- Moderately challenging
- Highly challenging
- Very highly challenging
- Extremely challenging.

¹³ 'Central Hawkes Bay Area Based Infrastructure Assessment', prepared by VCV Consulting Ltd, June 2020.

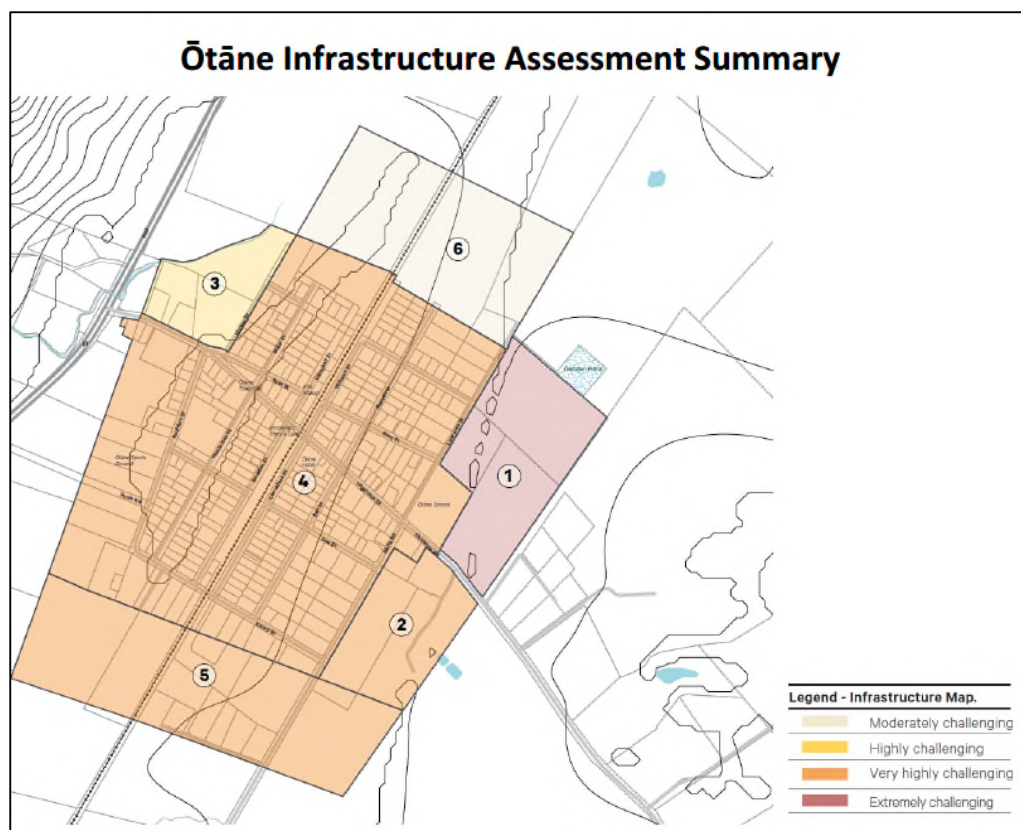


Figure 8: Ōtāne Infrastructure Assessment Summary

The infrastructure assessment considered six potential growth areas for Ōtāne and concluded the following (Figure 8):

- Ōtāne 1 (North east quadrant) – Extremely challenging
- Ōtāne 2 (South east quadrant), Ōtāne 4 (Infill of existing urban area) and Ōtāne 5 (Southern quadrant) – Very highly challenging
- Ōtāne 3 (NW corner near Kaikora Stream) – Highly challenging
- Ōtāne 6 (Northern quadrant) – Moderately challenging

For Waipawa, the infrastructure assessment considered eight potential growth areas and concluded the following (Figure 9):

- Waipawa 4 (Tamumu Road east) and Waipawa 5 (North west area) – Extremely challenging
- Waipawa 3 (Collins to Watts), Waipawa 6 (West side (Domain, Matthew, Abbotsford)), and Waipawa 8 (The Bush) – Very highly challenging
- Waipawa 1 (Watts Street) and Waipawa 2 (North east area) – Highly challenging
- Waipawa 7 (CBD west (Church, Rose, Ruataniwha)) – Moderately challenging

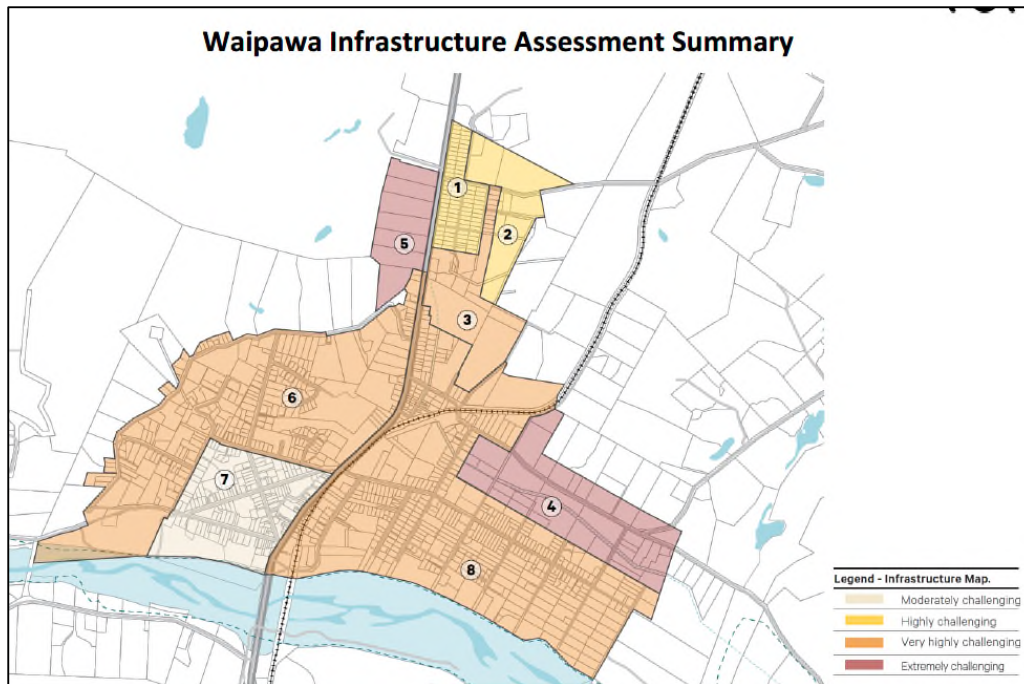


Figure 9: Waipawa Infrastructure Assessment Summary

For Waipukurau, the infrastructure assessment considered sixteen potential growth areas and concluded the following (Figure 10):

- Waipukurau 7 (South east Porangahau Road) – Extremely challenging
- Waipukurau 1 ((Aerodrome), Waipukurau 5 (Svenson Road), Waipukurau 6 (Rose Street), Waipukurau 8 (Hospital and surrounds), Waipukurau 11 (Redwood Drive south), Waipukurau 12 (East of Eden) and Waipukurau 13 (Racecourse) – Very highly challenging
- Waipukurau 3 (North of Mt. Herbert Road) and Waipukurau 4b (Golden Hills east) – Highly challenging
- Waipukurau 2 (Industrial and CBD), Waipukurau 4a (Golden Hills west), Waipukurau 10 (Belgrove), Waipukurau 14 (Viav Lane (north of Racecourse)) and Waipukurau 15 (Existing residential) – Moderately challenging

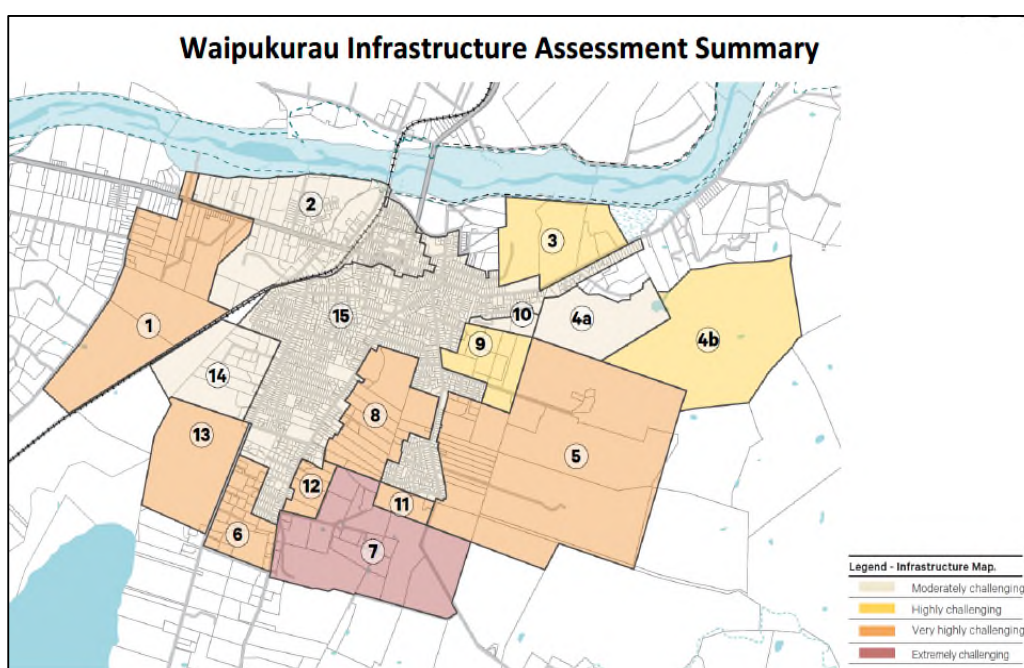


Figure 10: Waipukurau Infrastructure Assessment Summary

3.2 High Level Residential Development Capacity Analysis

A high-level residential development capacity analysis was undertaken by Veros Ltd to also inform the development and finalisation of the ISP¹⁴. The objective of the analysis was to understand, from a theoretical basis, how much development capacity existed in areas currently zoned for residential-type development in Waipukurau, Waipawa and Ōtāne and the constraints that limited this development capacity to a possible level of capacity. The analysis utilised the findings of the Area-Based Infrastructure Assessment referred to in Section 3.1 above.

The analysis used the following three-staged approach to determine a residential development capacity for each of the three towns:

- Each town’s ‘District Plan-enabled’ growth was calculated (relating to properties zoned residential in the District Plan that were of a size where the minimum size provisions allowed subdivision of them as a Controlled Activity).
- The District Plan-enabled capacity was interrogated against the Area Based Infrastructure Assessment to determine the level of ‘infrastructure enablement’ (i.e. District Plan-enabled and located in an area with highly and/or moderately challenging infrastructure issues).
- Capacity that was both District Plan and infrastructure-enabled was further interrogated to determine if it is practically ‘feasible’ to subdivide. For example, the District Plan-enabled growth was assessed at two levels – firstly by site size (for lots under 3000m² and lots over 3000m²), based on minimum subdivision requirements, and secondly through case study testing more detailed rules that impacted subdivision (particular to Central Hawke’s Bay, the driveway width requirements in the Operative District Plan).

The analysis for each town is summarised in Table 7 below.

Table 7: Residential Development Capacity within Existing Residential /Rural Township Zoned Areas

Area	No. Additional District Plan-Enabled Lots	No. Additional Infrastructure-Enabled Lots	Total No. Additional Feasible Lots	Total Theoretical Capacity (No. additional lots)
Ōtāne	1,525	1,525	968-1,066	975 - 1,075
Waipawa	4,926	913	425 - 549	425 - 550
Waipukurau	9,232	5,302	1,764 – 2,134	1,750 – 2,150

The analysis then tested the theoretical capacity (identified in Table 7 above) against the projections for household growth identified by Squillions in Table 5 above (under the high growth scenario), over the next 10-30 years (i.e. to 2051) (see Table 8 below).

¹⁴ ‘High-Level Analysis to Inform Integrated Spatial Plan’, Technical Memorandum to Central Hawke’s Bay District Council, September 2020.

Table 8: Theoretical Capacity Compared to Growth Projections to 2051 for Existing Residential /Rural Township Zoned Areas

Area	No. of Required New Households in 2051	Total Theoretical Capacity for New Lots	Volume of Theoretical Capacity Compared to Projected Need (based on maximum theoretical capacity)	Comment
Ōtāne	384	975 – 1,075	2.7	Provided infrastructure issues are resolved, Ōtāne has well over double the capacity required to support projected growth
Waipawa	277	425 – 550	1.9	Theoretically Waipawa essentially has double the capacity required.
Waipukurau	1,185	1, 750 – 2,150	1.8	Waipukurau nearly has double the capacity required.

The findings of the analysis are summarised below.

- Theoretically, all three towns currently have capacity within the existing Residential /Rural Township Zones to accommodate all the projected household growth for the next 30 years (i.e. to 2051).
 - Waipawa essentially has double the capacity required
 - Waipukurau has nearly double the capacity required
 - Ōtāne has well over double the capacity required, provided infrastructure issues are resolved.

Note: This capacity volume is based on ‘infrastructure-enabled’ land and assumes that all existing infrastructure areas determined to be ‘Moderately’ and ‘Highly Challenging’ can indeed support growth to its ‘feasible’ capacity (further detailed infrastructure capacity assessments are required to confirm this).

- Initial evidence suggests it is likely that existing infrastructure cannot support projected household growth to its ‘feasible’ capacity and upgrades will be required.
- It cannot be reasonably expected that all land with the potential to be subdivided will be subdivided, therefore, the Council needs to provide additional (land) capacity to ensure growth is sufficiently provided for.
- The proposed changes to the Draft District Plan will increase capacity in Waipukurau and Waipawa mostly due to the minimum access width being reduced from 4.0m to 3.0m.
- Capacity in Ōtāne will be reduced due to the increase in minimum lot size in the Draft District Plan, from 350m² to 600m². However, regardless of this, the town will still have theoretical capacity for all projected household growth over the 30-year timeframe.
- The single largest issue for yielding projected household growth within the existing towns relates to infrastructure servicing, therefore:
 - The Council needs to complete detailed infrastructure capacity assessments and structure plans.
 - There is an immediate need to plan for investment to yield growth and achieve the Project Thrive outcomes of ‘smart growth’, ‘durable infrastructure’ and ‘environmentally responsible’.

4 District Plan Review

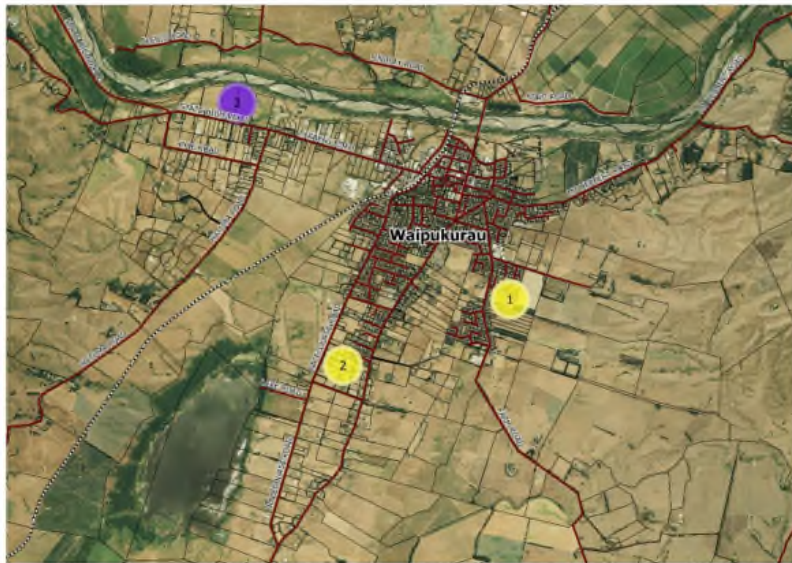
The review of the Operative District Plan commenced in 2017. A Draft District Plan was released for public comment and submissions in May 2019. The key changes from the Operative Plan in the Draft District Plan, relevant to household growth, are:

- Splitting the Rural Zone into two new rural zones:
 - Plains Production Zone - containing the District's most highly valued versatile land, particularly on the Ruataniwha Plains and the flat to rolling land around the urban centres; and
 - Rural Production Zone, comprising the remaining rural areas of the District.
- Amending the subdivision provisions for the Rural Zone (which has a minimum lot size of 4,000 m²) to provide a minimum lot size of 12 ha in the Plains Production Zone, and a minimum lot size of 20 ha in the Rural Production Zone.
- Creating new Rural Living Zones (with a minimum lot size of 4,000 m²) close to Waipawa and Waipukurau, in areas where rural residential development is already occurring and where amenity and servicing expectations are more likely to be met, and to direct new greenfield rural residential development away from the versatile land resource to avoid it being further fragmented.
- Amending the subdivision provisions to allow the creation of some lifestyle lots within the Plains Production Zone and Rural Production Zone on a limited basis (including where it supports the creation of conservation lots to protect Significant Natural Areas, Heritage Items, Wāhi Tapu, Wāhi Taonga and sites of significance, and the amalgamation of existing smaller Plains Production Zone sites with adjoining land to create a balance lot that achieves the minimum lot size of 12 ha).
- Including a new Housing and Business Growth chapter in the Draft District Plan that identifies Indicative Growth Nodes:
 - two Future Residential Zone growth nodes to the south and east of Waipukurau;
 - one Future Rural Living Zone growth node to the south of Ōtāne; and
 - one Future Rural Living Zone growth node to the north of Waipawa.

These areas were not anticipated as being required during the period of the District Plan but may be required in the medium-term. The intention was for Council to regularly monitor and review the uptake of residential and business land in the district, which would highlight if, and when, the nodes may need to be progressed. The Indicative Growth Nodes are shown in Figures 11 and 12 below.

Waipukurau

Figure 5A: Waipukurau Growth Nodes:



Indicative Urban Growth Nodes:

1. *Future Residential Zone (Svenson/Tavistock Roads)*
Extension of the Residential Zone to the east of the Waipukurau urban boundary, within an area south of Svenson Road and east of Tavistock Road.
2. *Future Residential Zone (Graingers Lane)*
Extension of the Residential Zone, south of the Waipukurau urban boundary, to Grainger's Lane, between Racecourse Road and Porangahau Road.
3. *Future Mixed-Use Industrial Zone (Takapau Road)*
Extension of the Mixed-Use Industrial Zone to the west of the Waipukurau urban boundary, between Takapau Road/State Highway 2 and the Tukituki River.

Figure 11: Indicative Urban Growth Nodes - Waipukurau

Waipawa/Ōtāne

Figure 5B Waipawa/Ōtāne Growth Nodes:



Indicative Rural Living Growth Nodes:

1. *Future Rural Living Zone (SH2/Racecourse Road)*
An area extending north of the Waipawa urban boundary encompassing Racecourse Road, between State Highway 2 and the Railway Line.
2. *Future Rural Living Zone (White Road)*
An area extending south of the Ōtāne Township boundary, along White Road.

Figure 12: Indicative Rural Living Growth Nodes – Waipawa and Ōtāne

No changes were made to the existing boundaries of the Residential Zones of Waipawa and Waipukurau or to the existing boundaries of the Rural Township Zone of Ōtāne as, based on the Economic Solutions Ltd (28 August 2018) household growth projections for 2018-2048, it was considered there was sufficient capacity for growth to be accommodated as infill development within the existing Residential/Rural Township Zone boundaries, combined with household growth within the new Rural Living Zones and in existing and potentially new lifestyle sites in the Plains Production Zone and Rural Production Zone, over the life of the new District Plan.

It was considered that this approach would meet the requirements of the NPS-UDC (which directed local authorities to ensure that regional and district plans provide sufficient urban development capacity for housing growth to meet community needs), as well as the RPS which requires any rezoning for the development of urban activities to be accompanied by a structure plan for inclusion in the District Plan. In that context, it was recognised that structure plans would be required prior to realising any development of the Indicative Urban Growth Nodes (Note: this requirement would not apply to Indicative Rural Living Growth Nodes).

4.1 Identification of Highly Productive Land

Primary production land in Central Hawke's Bay has experienced increasing pressure from subdivision and development for housing, particularly around the urban areas of Waipukurau and to a lesser extent Waipawa/ Ōtāne. Low density residential development, known as 'lifestyle blocks', have developed in the rural areas, capitalising on the current 4,000m² minimum subdivision lot size which applies in the Rural Zone under the Operative District Plan provisions.

The Council commissioned Land Vision Ltd¹⁵ to assess the productive value of the rural land resource in Central Hawke's Bay, which included:

- i) looking at the definition of versatile land and the factors needed to be taken into consideration when classifying land as such; and
- ii) carrying out a versatile land assessment with particular emphasis on the Ruataniwha Plains, to determine whether the 'Plains' is a versatile land resource of local, regional or national significance requiring specific District Plan protection.

Land Vision Ltd summarised the importance of 'versatile soils', and the presence of 'versatile soils' in Central Hawke's Bay, as follows:

"5.1.2 Versatile Soils

The best soils in New Zealand are coined to be "versatile" or "high-class". Hewitt (2017) states, versatile soils are critical for the supply of nutrients required for optimum plant and food growth. A versatile soil is one that is "capable of many uses needs to be deep, fine-textured, moist, free-draining, loamy, and have organic rich topsoil. These properties best enable plant roots to take up nutrients, water and oxygen, and get enough support for rapid growth. Fertility is highest in soils young enough not to have been leached and old enough to have built up organic matter. They are also derived from parent rocks that are well supplied with essential nutrients."

*Versatile soils in New Zealand are rare (found in only 5.5% of New Zealand) and are therefore of very high value for food and crop production. These soils should be protected from the development of urban areas and instead reserved for agriculture and horticulture use."*¹⁶

"7.1 Classifying "Versatile Soils" in the CHB

The most comprehensive description of soils for the Central Hawkes Bay is that by Griffith (2001) where the dominant soils (29 soils in total) of the Ruataniwha are described along with some small scale (1:50,000) soil

¹⁵ 'Assessment on the Need for a New Rural Zone for Subdivision in the Central Hawkes Bay District - Report for the Central Hawkes Bay District Council', Land Vision Ltd, 26 January 2018 (Land Vision Report).

¹⁶ Pg 6, Land Vision Report.

maps. The Griffith report also included other information such as texture, structure, drainage, water holding capacity and susceptibility to erosion are provided to give recommendations and management guidelines for cultivation, drainage, and irrigation.

7.1.1 Highly versatile soils with high productive value

The most versatile soils of the Central Hawke Bay are found on the flat to rolling country formed from alluvium, loess and tephra. These soils support a range of intensive primary production activities and include:

- The deep free draining alluvial soils (>45 cm) with high natural fertility and mostly silty, and/or fine sandy loam textures. Soils include: Manawatu silt loam, the Twyford series and Hastings series.
- The deep alluvial soils with high natural fertility, but slow natural drainage in the subsoils. With appropriate drainage a wide range of crops can be grown. Typical soils include the Kairanga silt loam.
- Moderately deep soils (45-90 cm of alluvium overlying gravels). Soils are light textured and slightly more susceptible to summer drought. With adequate soil moisture, summer irrigation and conservation methods to alleviate slight wind erosion potential, a wide range of crops can be grown. Soils include the Kopua series.
- Well drained deep soils formed from tephric loess overlying gravels. Topsoils are light textured silt loams which are susceptible to wind erosion when cultivated. With adequate soil conservation methods a wide range of the crops can be grown.

7.1.2 Less versatile soils with high productive value

There are a number of soils in Central Hawke’s Bay with lower versatility because of limitations such as wetness, soil impediments, and susceptibility to drought. These soils are still of high productive value but require an increased level of management, including artificial drainage and irrigation, to achieve yields similar to highly versatile soils. Soils of this type include: Takapau series and Waipukurau sandy loam.

The Central Hawke’s Bay also includes very low versatility soils but with high economic viticulture values. These soils are very patchy (<15cm deep) with numerous boulders throughout the profile and on the surface. This makes them unsuitable for intensive crop production; however vineyards do thrive on these soils. These soils include the Tukituki series.”¹⁷

The conclusion of the Land Vision Report was that the flat to rolling country formed from alluvium, loess and tephra represent the most versatile soils of the District, supporting a range of intensive primary production activities, but that there are also areas comprising less versatile soils with high productive value.

The Land Vision Report summarised the most highly productive land and soil versatility in the District as set out in Table 9¹⁸.

Table 9: Areas of highly productive land in the Central Hawke’s Bay District

Category	Area (ha)
Highly productive land and highly versatile soils	21,805
Highly productive land and lower versatile soils	61,076
Subtotal of highly productive land	82,881
Stony soils with low versatility and high productive value for grapes	6,427
Total area of highly productive land plus land suited to grapes	89,308
Total area of land in the district (includes all land)	332,644

In addition, Land Vision noted other factors that made the productive and versatile land and soils of the district a particular ‘resource of significance’, as follows:

¹⁷ Pg 12/13, Land Vision Report.

¹⁸ Pg 18, Land Vision Report.

“7.5.1 Proximity to services (towns, airport, port)

The productive and versatile land and soils within the district are all within close proximity (<50 km) to urban centres or towns (Waipukurau and Waipawa) available to supply services and within computing distance to Napier port or Napier or Palmerston North airport.

7.5.2 Transport – both ease and distance

The productive and versatile land and soils is well connected to main urban centres and service towns by a number of State Highways and rural roads. These include:

- *State Highway 2 (SH2) – Runs from Dannevirke to the South of the District to Napier/Hastings to the North (approximately 122 km). SH2 runs along the eastern section of the plains and through the main urban settlements of Waipukurau and Waipawa. Highway contains sealed roading and the transport of primary products along this section is considered easy.*
- *State Highway 50 (SH50) – Separates from SH2 just south of Takapau and runs through to Hastings in the North (approximately 90 km). SH50 runs along the western section of the plains and through the small service towns of Onga Onga and Tikokino. Highway contains sealed roading and is a major link road for the transport of primary products from the area to other districts.*
- *Rural Roads – Other rural roads are just as important as the State Highways in the area. In particular are Tikokino Road (linking Tikokino and Waipawa), Onga Onga Road (linking Onga Onga and Waipawa) and Onga Onga-Waipukurau Road linking the two named towns. These are important as not only do they dissect the plains they link the two state highways together. These roads are important as there is a considerable ease of transport of primary goods away from source to other sections of the district and beyond.*

7.5.3 In summary

Given the areas setting, inclusion of versatile soils, high productivity, and its ease of access of all parts to services and transport, areas of highly productive/highly versatile soils and highly productive/lower versatile soils must be classified as “versatile land”.

The conclusion from this, was that there are considerable productive and versatile land and soils in the District, which provide a significant base for arable, finishing, dairying, and viticulture land uses which can be collectively defined as ‘versatile land’.

The Land Vision Report identified land fragmentation as a significant issue. The adverse impacts of land fragmentation vary depending on the context, but can include:

- reduction of land available for primary production (which is a finite resource),
- generation of reverse sensitivity (where a newly introduced land use, such as residential lifestyle development, seeks to restrict or limit existing lawfully established land uses),
- increased need for infrastructure and community service provision,
- increased demand for water or other resources,
- increased diversity of land uses and associated economic activities, and
- uncertain changes to habitat and biodiversity.

On the positive side, fragmentation can contribute to increased diversity of land uses with associated economic benefits.

Past land fragmentation in Central Hawke's Bay is reflected on cadastral maps and historic rural subdivision data. Figure 13 is taken from the Land Vision Report¹⁹, and presents cadastral data of parcels less than 12 hectares in the District, superimposed over the LUC Class 1-3 soils:

It is important to note that cadastral data does not identify actual land use. For this reason, it is limited in its ability to present a reliable, definitive picture of productive land use and/or land fragmentation in the District. However, coarse observations can be made, as follows:

- i) the majority of land parcels under 12 hectares are concentrated around Waipukurau, Waipawa and, to a lesser extent, the townships of Ōtāne, Ongaonga, Takapau and

¹⁹ Appendix 3, Map 2, Land Vision Report.

Porangahau, which supports on-the-ground observation that there has been increased rural residential development in close proximity to urban amenities and services (particularly in the period since the Operative District Plan was made operative); and

- ii) there are some land parcels under 12 hectares on the Ruataniwha Plains, which may suggest some demand for rural lifestyle blocks has been occurring on the more elite soils of the District, albeit pepper-potted and more dispersed in nature. However, some of these could also be for small-scale rural production or rural residential blocks legitimately supporting the needs of rural landowners and workers.

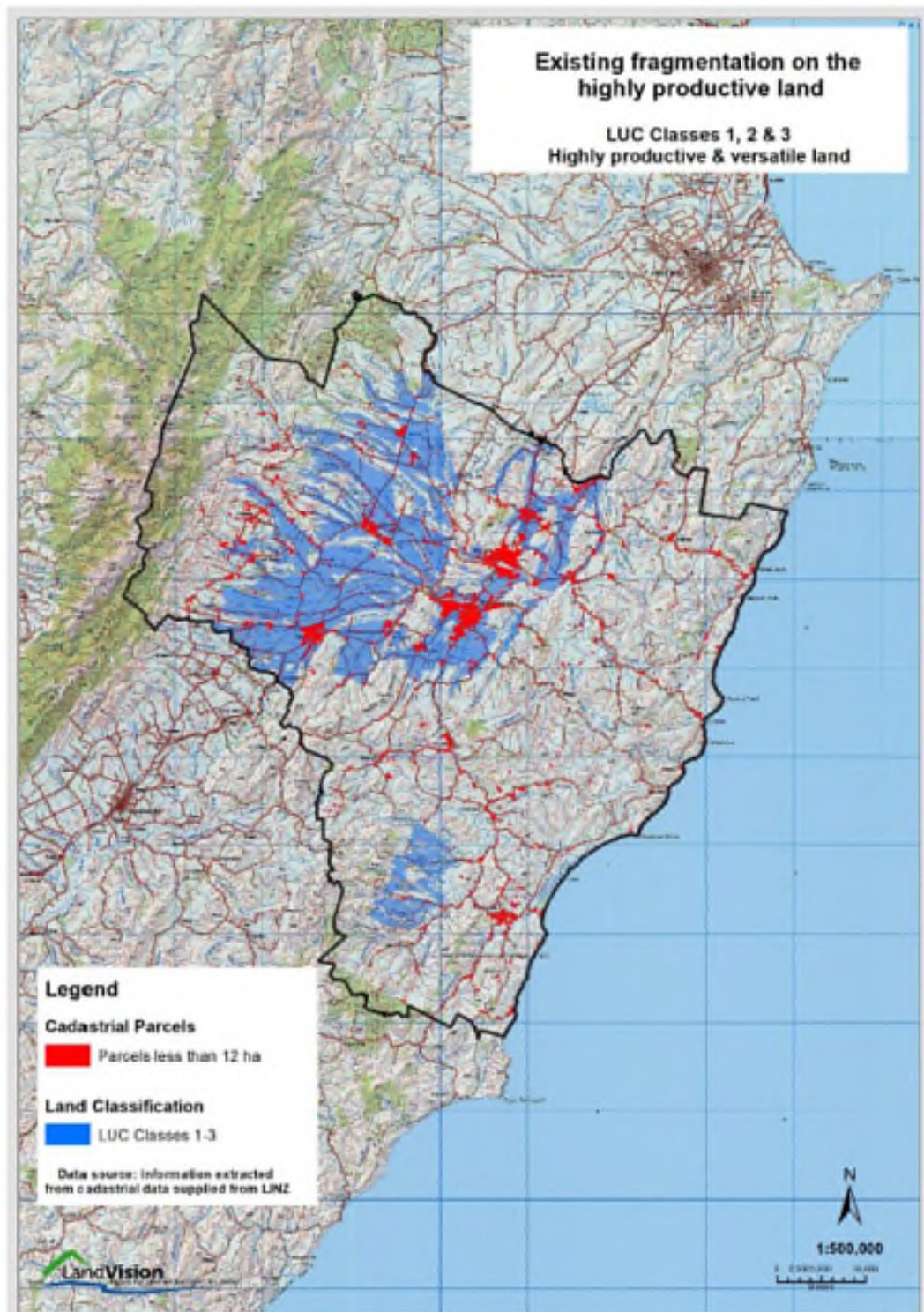


Figure 13: Extent of properties less than 12 hectares in size in the Central Hawke's Bay District

The Land Vision Report concluded that, because versatile soils and the accompanying versatile land are particularly rare in New Zealand, the versatile land in the District should be classified as a resource of national significance, or at the very least, regional significance – noting that very few other places in the country exhibit the concentration and extent of versatile soils/land supporting a wide range of land uses as found in the central Hawke's Bay, and:

“Therefore, it is imperative that the protection of the versatile soils/land of the District be one of the core objectives of the Central Hawkes Bay District Plan. This is vital in “sustaining the potential of natural and physical resources to meet the reasonably foreseeable needs of future generations” and “safeguarding the life capacity of... soil” (RMA).”²⁰

While the Land Vision Report pre-dates the PNPS-HPL, the methodology used in the report to identify the location of highly productive land in the Central Hawke's Bay District aligns well with the approach supported by the PNPS-HPL, insofar as it assessed the versatility of the soils as well as other factors that make the productive and versatile land and soils of the district a particular 'resource of significance' (i.e. LUC 1-3 proximity to services (towns, airport and port) and transport (ease and distance)).

The approach is also consistent with the one used to identify highly productive land on the neighbouring Heretaunga Plains within the Hawke's Bay Region, which is supported by the Heretaunga Plains Urban Development Strategy 2017, being a collaborative approach by the Hastings District Council, Napier City Council and Hawke's Bay Regional Council towards managing urban growth on the Heretaunga Plains (from 2015 to 2045).

4.2 Land on the Urban Periphery

While rural land around the main urban centres of Central Hawke's Bay (Waipukurau, Waipawa and Otane) does not contain the same concentration of 'highly versatile' soils as found on the Ruataniwha Plains, the land is still highly productive (majority LUC Class 3 soils) and is a significant contributor to the rural economy of the district, given its proximity to services, labour force and transport links. For this reason, and given its finite characteristics, this land warrants a similar level of protection as the highly productive land of the Ruataniwha Plains.

The periphery of the main urban centres is where the greatest development pressure for rural lifestyle subdivision has been observed to be occurring in the District, capitalising on the current 4,000m² minimum subdivision lot size which applies in the Rural Zone under the Operative District Plan provisions.

The demographic growth projections in the Squillions Report (referred to earlier in this report) forecasts 1,322 new households across the District in the 11-year period to 2031 (based on a high growth scenario). Of this, 716 households (54%) are anticipated within and around the urban areas of Waipukurau, Waipawa and Ōtāne – 455 of these in and around Waipukurau, 107 in and around Waipawa and 154 in and around Ōtāne.²¹ Another 136 are expected in and around Takapau and Porangahau townships (10%). While not numerically large, it does suggest the current pattern of unplanned subdivision and development in and around the periphery of the urban areas may continue if it is left unchecked.

As outlined above, the focus of the PNPS-HPL is on maintaining the availability of highly productive land for future primary production, and to not locate urban expansion onto highly productive land unless there is a shortage of development capacity to meet demand in accordance with the NPS-UD and the benefits of allowing urban expansion onto highly productive land outweighs the benefits of the continued use of that land for primary production.

²⁰ Pg. 19, Land Vision Report.

²¹ Based on Table 21, page35, Squillions Report.

In addition to the 161 existing undeveloped subdivided lots identified in Table 4 above (of which 56 have titles issued), the high-level residential development capacity analysis undertaken by Veros Ltd (discussed above) found that, theoretically, Ōtāne, Waipawa and Waipukurau have plan-enabled and infrastructure-ready capacity within the existing Residential /Rural Township Zones to accommodate all the 'high' household growth projected to occur over the next 30 years (i.e. to 2051, being the long term)²². On that basis, with reference to the PNPS-HPL, there is little justification for continuing to allow urban expansion to continue onto the highly productive land.

If protection of highly productive land is to be achieved, it is important that new households are directed into the existing urban residential areas, existing smaller lots already subdivided but not yet developed within the rural areas, or to zones provided specifically for that purpose (e.g. rural living zones), rather than continuing to enable ad-hoc and unplanned development to occur on the urban periphery on highly productive land. As well as being consistent with the PNPS-HPL, this approach is consistent with the RPS, which recognises the adverse effects that unplanned urban form and ad-hoc management of urban growth can have on the economic wellbeing of the Region's people and communities, as well as the natural environment (land and water) and versatile land.

The ISP identified potential areas of urban growth on the periphery of each of the three towns for the medium and long term, subject to further investigation (Figures 2-4). It is noted that the potential growth areas in the ISP do not align with the areas identified in the Draft Urban Growth Strategy (Figures 1 and 2).

Policy POL UD11 in the RPS states that any rezoning for the development of urban activities should be accompanied by a structure plan for inclusion in the district plan, in accordance with the matters in RPS policies POL UD10.3, POL UD10.4 and POL UD12. Therefore, prior to initiating any change to the District Plan to rezone land within any of the potential growth areas for residential subdivision, use and development, further investigations and work is required to be undertaken by the Council.

Given Veros' assessment that there will be sufficient capacity within the existing towns to accommodate projected household growth over the next 30 years (which satisfies Policy 2 of the NPS-UD), albeit there may be infrastructure upgrades required, it appears that there is currently no need to rezone any land within the identified potential urban growth areas. However, should household growth over the short to medium term exceed the projections, new residential development could be directed to the medium-term potential urban growth areas identified in the ISP in the first instance by way of a change to the District Plan, or as part of the next District Plan review. It is also possible that only part of a potential urban growth area might need to be rezoned at a time, to satisfy household growth demand, as the areas identified in the ISP are large and may not be needed in their entirety or all at once.

As such, it would be appropriate to signal potential urban growth areas in the District Plan. However, given the high-level, desktop nature of the ISP and the ISP's reference to the need for further detailed investigations to determine whether some or all of the land within each potential area is suitable for development, it would be more appropriate to only identify the general indicative direction of potential urban growth on the periphery of each town, rather than identify specific property boundaries (as done in the ISP), to reflect this uncertainty and lack of supporting detailed assessment. This approach is also important in order to manage the expectations of landowners in these areas.

²² Meaning that the towns may have capacity to accommodate household growth over a longer time period if household growth does not occur at the higher rate projected.

4.3 Rural Lifestyle Development

The Squillions Report projects the share of the District's population living in Waipukurau, Waipawa and Ōtāne will increase slightly. However, a significant amount of growth will also occur outside the town boundaries²³. Most districts in New Zealand have seen high demand for rural-residential and lifestyle developments in recent years. Squillions consider that economic downturn from Covid-19 is likely to suppress demand for lifestyle properties over the next couple of years or more. Longer term, the most desirable areas for lifestyle properties are likely to be those most accessible to where people work, including around Ōtāne and the main route north.

The Draft Urban Growth Strategy considered options for urban growth based on Scenario Two (which assumed that the Ruataniwha Water Storage Scheme would proceed) and identified the following six areas for rural residential development adjoining Waipawa and Waipukurau (as shown in Figures 1 and 2):

Waipawa:

Area 1 (Rural Residential): comprising 46.8 ha near Waipawa that could accommodate approximately 40 rural-residential lots (based on an average lot size of 1 hectares).

Area 5 (Rural Residential): comprising 345 ha of Rural Zone land near Ireland and Homewood Roads. No yield determined.

Area 6 (Rural Residential): comprising approximately 44 ha of Rural Zone land in the vicinity of White Road and White Road Extension, located between Waipawa and Ōtāne. No yield determined.

Waipukurau:

Area 1 (Rural Residential): comprising 92 ha of Rural Zone land on the western boundary of Waipukurau, including land in the Mangatarata Road area. No yield determined.

Area 5 (Rural Residential): comprising 153.5 ha of Rural Zone land on the western boundary of Lake Hatuma and extending to the east to include land between and adjacent to the Racecourse and Porangahau Roads. No yield determined.

Area 6 (Rural Residential): comprising 155.7 ha of Rural Zone land in an area defined by Kyle and Takapau Roads and includes Hatuma Heights and JG Wilson Drive. No yield determined.

The Draft Urban Growth Strategy also identified **Area 3 (Residential)** in Waipukurau, being an area of approximately 27.4 ha within the Rural Zone near Racecourse Road on the western boundary.

No areas for rural residential development were identified near Ōtāne.

The Sage Planning 'Scoping Report'²⁴ (prepared as part of the District Plan Review) identified the need to "consider the establishment and mapping of the rural area, which may identify a requirement for additional rural zones". It considered issues identified in background reports and feedback, including identification of the following issues:

- Reverse sensitivity effects between rural productive land use activities and rural residential development within the Rural Zone;
- Need to protect versatile soils from sporadic rural residential development;
- Need for clear direction on the location of rural residential development; and

²³ Page 33, Squillions Report.

²⁴ Section 10.5.3, page 48 of the report 'Central Hawke's Bay District Council District Plan Review 2017 – Initial Section 32 Scoping Report', prepared by Sage Planning HB Limited, dated 24 August 2017.

- Lifestyle development could be contained within identified rural residential zones to protect rural productivity of the rural zone(s).

The Draft District Plan included one Rural Living Zone in Waipawa, in the area between Pourerere Road/Ireland Road/Racecourse Road/Tiffen Lane (182.73 ha) (Figure 14).

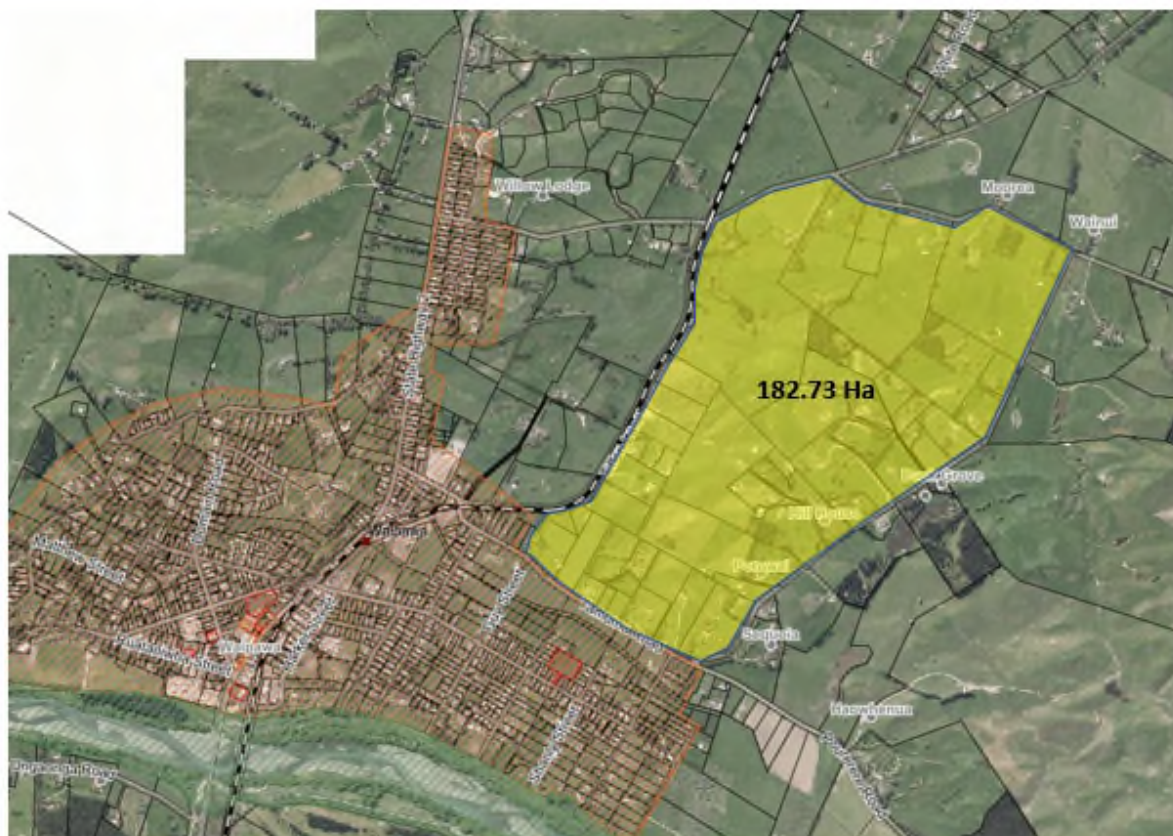


Figure 14: Draft District Plan Rural Living Zone – Waipawa

The Draft Plan also identified the following three Rural Living Zones in Waipukurau (Figure 15):

- an area (160.33 ha) located to the west, near Kyle Road / 'Hatuma Heights'
- an area (68.59 ha) to the south, between Racecourse Road and Porangahau Road
- an area (27.96 ha) to the south, north of Graingers Lane

It is noted that within the areas where the Rural Living Zones have been identified in the Draft District Plan, rural residential development has already been occurring, which demonstrates the existing desire for rural residential development in these areas.

The ISP identified four potential areas for rural residential development near Waipawa and Waipukurau, within the Operative District Plan's Rural Zone, as follows (see Figures 5 and 7 above):

Waipawa

- one area (approximately 160 ha) located between Tiffen Lane, Racecourse Road and Ireland Road

Waipukurau

- an area (approximately 156 ha) located to the west near Kyle Road (known as 'Hatuma Heights')
- an area (approximately 70 ha) to the south between Racecourse Road and Porangahau Road (in the vicinity of Grangers Lane)
- an area (approximately 106 ha) to the east, on the southern side of Mount Herbert Road.

The ISP did not identify any potential future rural residential growth area near Ōtāne.

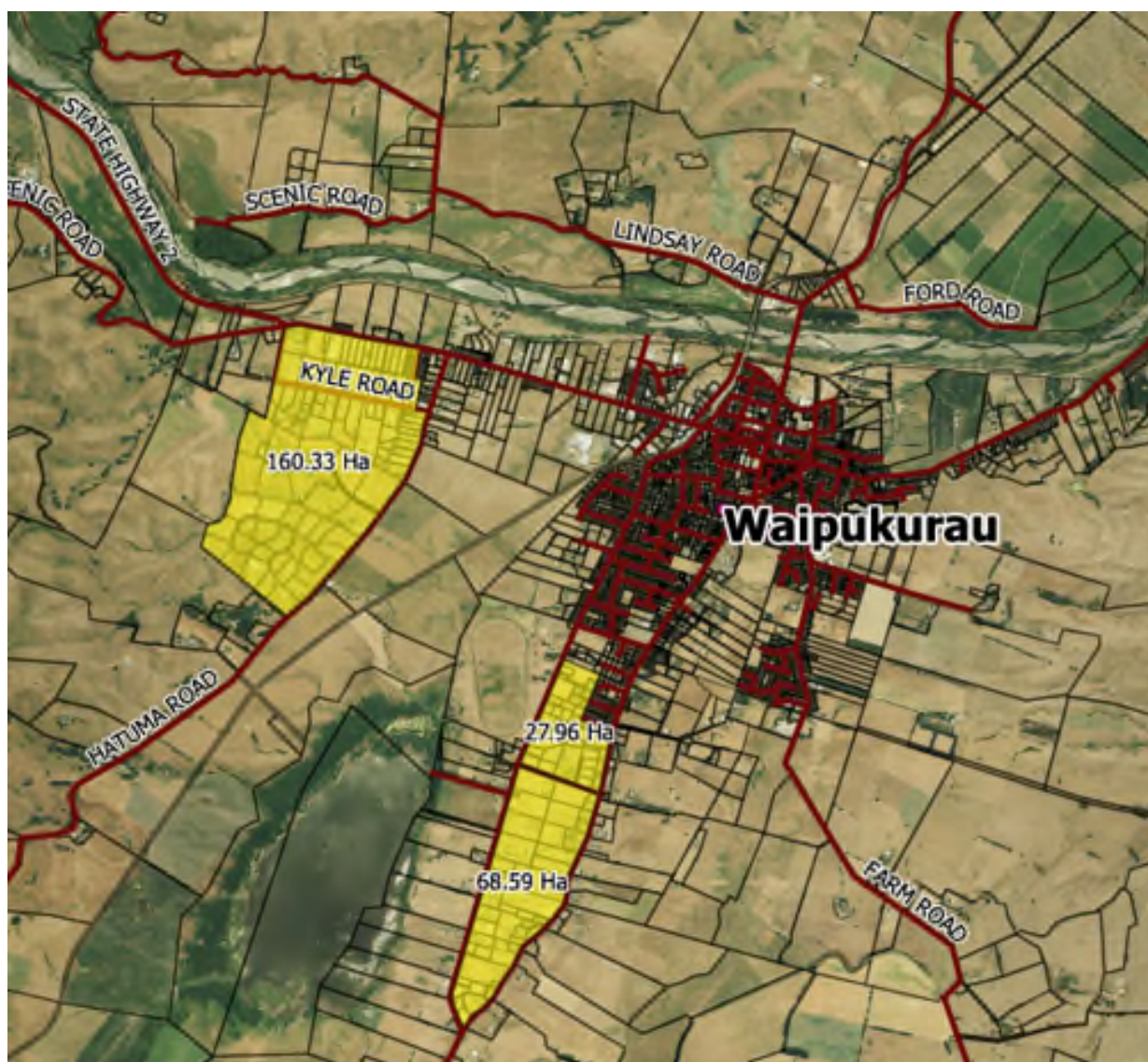


Figure 15: Draft District Plan Rural Living Zones - Waipukurau

The rural residential area identified in the ISP for Waipawa is smaller than the Rural Living Zone identified in the Draft District Plan, as part of the area located adjacent to Pourerere Road is identified as a potential future urban residential growth area in the ISP.

It is considered that Pourerere Road would provide a good physical buffer between the existing Residential Zone on the southern side of Pourerere Road in Waipawa and a Rural Living Zone on the northern side of Pourerere Road. Given this, and the finding of the Veros capacity assessment that there is theoretically double the capacity within the existing Residential Zone to accommodate all the projected household growth over the next 30 years, it is considered that it is not necessary or appropriate to include a potential residential growth area on the northern side of Pourerere Road at this point in time. It is therefore considered that the entire Rural Living Zone area identified for Waipawa in the Draft District Plan should be retained as is. However, if a future infrastructure capacity assessment of Waipawa found that it would be more cost effective to develop land outside of the existing urban boundaries for residential growth, then the land on the northern side of Pourerere Road (within the Rural Living Zone) could be considered for rezoning to Residential then.

The ISP rural residential growth area located to the east of Waipukurau (in the Mount Herbert Road area) is in a different location to the Area 1 rural residential area in the Draft Urban Growth Strategy, and there is no equivalent area in the Draft District Plan.

The rural residential growth areas identified in the ISP to the south and west of Waipukurau match the Rural Living Zones identified in the Draft District Plan.

A desktop exercise was undertaken as part of preparing the Draft District Plan, to calculate the approximate potential yield of the three Rural Living Zone areas adopted²⁵, based on a 4,000 m² minimum lot size (being the current minimum lot size for the Rural Zone in the Operative District Plan) and an average lot size of 1 hectare to account for potential geotechnical constraints (see Table 10). A total potential yield of 278 lots was identified across the three areas, with 48% of lots provided for in Waipawa and 52% in Waipukurau.

Table 10: Desktop Potential Yield Calculations for Proposed Rural Living Zone Areas

Areas	Total Land Area (ha)	Land Area Already Subdivided [below 7999m ² (i.e. not readily subdividable at 4000m ² minimum lot size)]	Total Land less land already subdivided [refer to purple areas on maps in Figures 16, 17 and 18]	Maximum Potential Yield (4000m ² minimum lot size)	Potential Yield (based on 1ha average lot size to account for geotechnical constraints and total 75% subdividable land (assuming 25% for internal access, roading, etc.))
WAIPAWA					
Ireland Road	182.73 ha	4.8 ha	177.93 ha	445 lots	133 ha = 133 lots
WAIPUKURAU					
Graingers Lane	27.96 ha	25.6 ha	2.36 ha	6 lots	2 ha = 2 lots
Porangahau Road/ Racecourse Road	68.59 ha	16.8 ha	51.79 ha	129 lots	39 ha = 39 lots
Kyle Road/ Hatuma Heights	160.33 ha	21.2 ha	139.13 ha	348 lots	104 ha = 104 lots
TOTALS	606.35 ha	79.6 ha	526.75 ha	1,317 lots	278 lots

²⁵ Graingers Lane area combines with the Porangahau Road/Racecourse Road area.

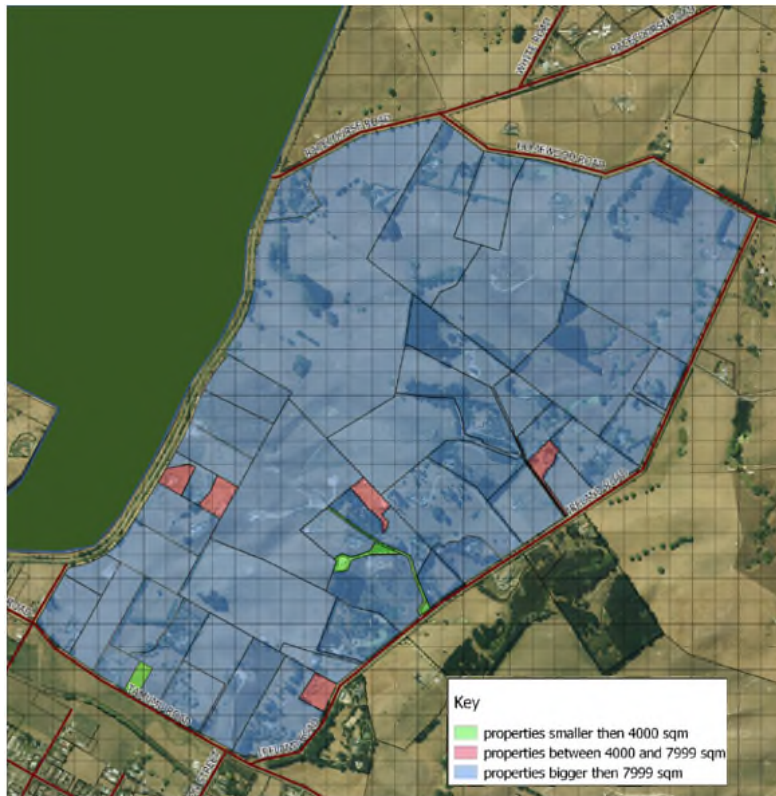


Figure 16: Properties within Draft District Plan Rural Living Zone – Waipawa

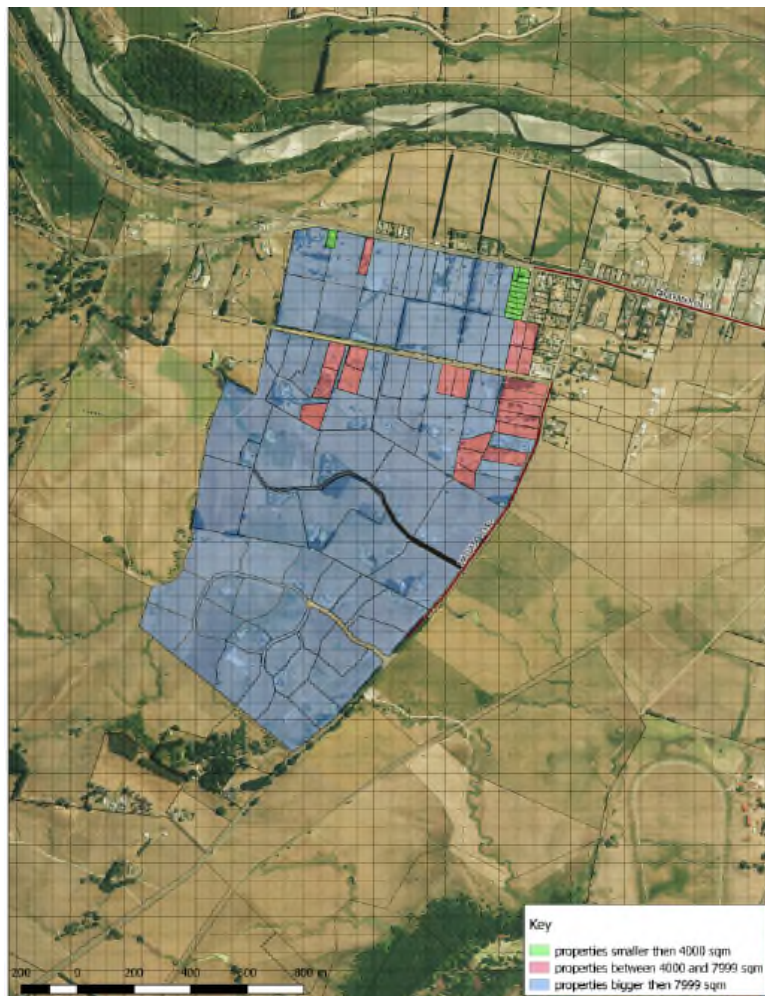


Figure 17: Properties within Draft District Plan Rural Living Zone – Kyle Rd/Hatuma Heights, Waipukurau

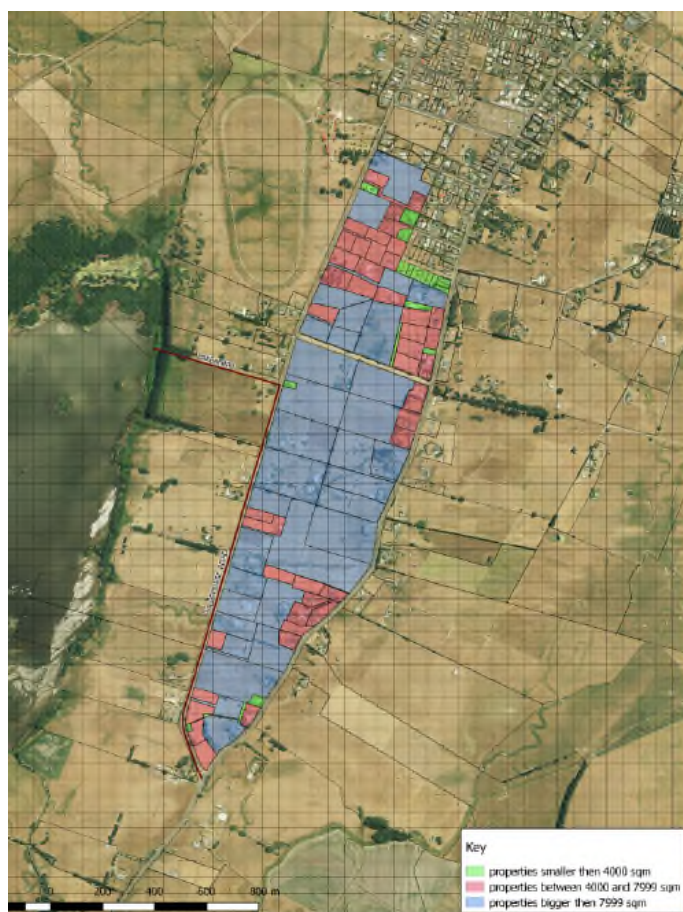


Figure 18: Properties within Draft District Plan Rural Living Zone – Racecourse Rd/Porangahau Road/Granger Lane, Waipukurau

4.3.1 Minimum Lot Size in the Rural Living Zone

The subdivision provisions in the Draft District Plan provide for a minimum lot size in the Rural Living Zone of 4,000m². This standard was selected, as it is the current minimum lot size for subdivision in the Rural Zone in the Operative District Plan, it reflects much of the existing lifestyle development that has occurred in the District over the life of the Operative District Plan, and is therefore familiar to the District community.

Table 11 provides a comparison between the Draft District Plan ‘Rural Living Zone’ subdivision standards and the standards for similar zones in other District Plans.

Table 11: Comparison of minimum lot sizes for rural residential zones in District Plans

District Plan	Minimum Net Site Area	Other Relevant Standards Applying in relation to lot sizes
Central Hawke’s Bay Draft District Plan - Rural Living Zone	4,000 m ²	N/A
Operative Hastings District Plan – Rural Residential Zone	8,000 m ²	Subdivisions must create lots with a minimum average area of 1ha across the subdivision.
Proposed New Plymouth District Plan	4,000 m ²	<ol style="list-style-type: none"> No more than four proposed allotments being created must have a lot size of less than 1 ha in area; and Every allotment has a minimum lot size of 4,000m²; and

District Plan	Minimum Net Site Area	Other Relevant Standards Applying in relation to lot sizes
		3. For each allotment that has a lot size between 4,000m ² and 1ha in area, a corresponding allotment of over 1ha in area must be provided.
Proposed Kapiti Coast District Plan – Rural Residential Zone	4,000 m ²	Subdivisions must create lots with a minimum average area of 1 ha across the subdivision.
Operative Waikato District Plan – Country Living Zone	5,000 m ²	N/A

Of the above examples, the smallest minimum net site area adopted is 4,000m². The operative Hastings District Plan has a minimum net site area of 8,000m², and the operative Waikato District Plan has a minimum net site area of 5,000m². The operative Waikato District Plan is the only plan, besides the Central Hawke’s Bay Draft District Plan, that does not include a requirement for the subdivisions to create lots with a minimum average lot size of 1ha across the subdivision, or some other additional requirements (as in the Proposed New Plymouth District Plan).

The review of other district plan subdivision requirements for rural residential zones in Table 9 shows that the Draft District Plan’s minimum lot size of 4,000m² for the Rural Living Zone is comparable to other district plans, and is less restrictive than 3 of the 5 district plans that also impose minimum average area requirements for lots created across each subdivision.

Table 21.9B – Standards for Lifestyle Sites, in the Draft District Plan, includes subdivision rules and standards that provide for the creation of lifestyle lots in the Plains Production Zone and the Rural Production Zone, as set out in Figure 19 below.

Zone	Minimum Area	Maximum Area	Minimum Balance Area	Number of Additional Sites that can be Created	Application must comply with the following:
Plains Production Zone	2,500m ²	4,000m ²	12 hectares	None (amalgamation is required)	<ul style="list-style-type: none"> i. Lifestyle subdivision must only be applicable for an existing site smaller than 12 hectares. ii. The site(s) being amalgamated with the balance site does not have to be less than 12 hectares, but it must be adjoining. iii. Any newly created balance site must not contain more than one dwelling.
Rural Production Zone	4,000m ² (net site)	2.5 hectares (net site)	20 hectares (net site)	One	A site is only be eligible to be subdivided to create a Lifestyle Site under this standard <u>once every three years</u> , and at least three years must have lapsed from the date the subject title was created.

Figure 19: Draft District Plan (May 2019) Subdivision Standards for Lifestyle Sites in the Plains Production and Rural Production Zones

The Plains Production Zone provides for the creation of lifestyle lots that have a minimum area of 2,500m² and a maximum area of 4,000m². However, this is only applicable to existing sites that are smaller than 12ha and where the balance lot is amalgamated with an existing adjoining lot, such that the newly created balance lot has a minimum area of 12ha. This is a different situation to setting the minimum net site area of lots in the Rural Living Zone, as the intention for the creation of lifestyle sites in the Plains Production Zone is to minimise the area of highly productive land ‘lost’ to residential development, and to ensure that the outcome is the creation of a larger balance lot that can be retained for rural production purposes.

If the minimum lot size in the Rural Living Zone was reduced from 4,000m² to 2,500m², sufficient land would be available to provide for on-site wastewater treatment and disposal. It would have the benefit

of increasing the capacity of each Rural Living Zone area to accommodate new household growth and would reduce reliance on new residential development having to occur within the Residential Zone, particularly if there is limited infrastructure capacity available within the Residential Zones to support new infill development.

However, a reduction in the minimum lot size in the Rural Living Zone would change the amenity values associated with the Zone, as there would be a higher density of development and less open space remaining between dwellings. It is also uncertain whether the land within the Zone could support a higher density development (e.g. where there may be geotechnical constraints), or if the higher density of development would create adverse environmental effects in relation to increased stormwater runoff and traffic generation.

Given the above, it is considered that a Rural Living Zone minimum lot size of 4,000m² is appropriate and should be retained.

4.4 Household Growth Demand Versus Supply to 2031

The Squillions report projected a total increase of 716 new households across the three towns (i.e. the urban area), representing 54% of the total number of new households expected in the District (i.e. 1,322 households) to 2031. The percentage of household growth expected to occur in the urban area was similar to the percentage identified by Economic Solutions Ltd (i.e. 55% - see Figure 3).

A comparison between the Economic Solutions Ltd and Squillions new household projections to the year 2031 is provided in Table 12.

Table 12 Comparison between the Economic Solutions Ltd and Squillions new household projections to Yr 2031:

Area	ECONOMIC SOLUTIONS LTD		SQUILLIONS LTD	Variance
	2018-2028 Medium-High Scenario	Adjusted to 2031 (by a factor of 20%)	2019-2031 High Scenario	(comparing adjusted figures)
ŌTĀNE	50	60	154	+94
WAIPAWA	60	72	107	+35
WAIPUKURAU	230	276	455	+179
CENTRAL HAWKE’S BAY	535	642	1,322	+680

On the basis of Table 10, the Economic Solutions Ltd 2018-2028 ‘Medium-High’ household projections in Figure 3 have been adjusted in Figure 20 to incorporate the Squillions’ ‘High’ household projections to 2031.

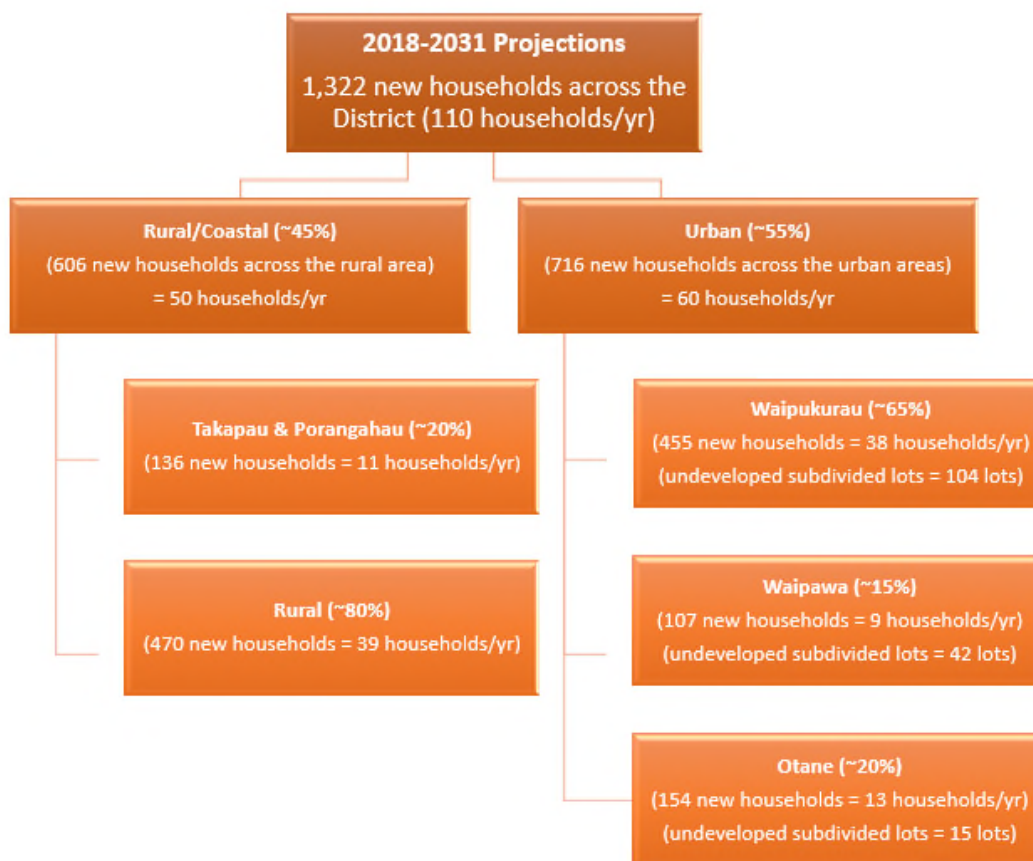


Figure 20: 2018-2031 New Household Projections

Table 13 compares the adjusted new urban household projections to 2031 (shown in Figure 20) and the minimum theoretical capacity for the urban areas (Ōtāne, Waipawa and Waipukurau) calculated by Veros (and set out in Table 7 above), plus existing undeveloped subdivided lots in the pipeline (as set out in Table 6 above).

Table 13: Comparison between the adjusted new household projections to Yr 2031, and the existing undeveloped subdivided lots plus minimum theoretical capacity for the three towns

Area	New Households 2018-2031 (Adjusted)	Existing Undeveloped Subdivided Lots	Minimum Theoretical Capacity for infill development within current Operative District Plan Residential Zone/Rural Township Zone boundaries *	Surplus Capacity
ŌTĀNE	154	15	975	836
WAIPAWA	107	42	425	360
WAIPUKURAU	455	104	1,750	1,399
TOTAL	716	161	3,150	2,595

*Minimum capacity was adopted here as a conservative measure. These figures are infrastructure-dependent.

Table 13 shows that the total minimum theoretical capacity for infill household growth within the existing urban boundaries of the three towns is over four times the total projected number of new households required to the year 2031. As such, only 20% of the minimum theoretical capacity for infill development would need to be feasible and available to accommodate all the projected household growth anticipated over the 10-year life of the District Plan.

In addition, as identified in Table 8, the three Rural Living Zones provided in the Draft District Plan could potentially yield a further 278 new rural residential lots close to the urban areas offering further choice (approximately 40% of all projected new household growth for the urban areas to 2031).

In addition to the Residential and Rural Living Zones, it is anticipated that there will be capacity (albeit undefined) for new household growth within existing, undeveloped 4000m² minimum lots already located in the rural zones. The subdivision provisions of the Draft Plan also enable the creation of some new lifestyle lots within the Plains Production and Rural Production Zones.

Given the above, it is considered that the current Residential Zones, Rural Living Zones and lifestyle site provisions for the Rural Zones in the Draft District Plan provide more than enough capacity to accommodate projected household growth over the life of the District Plan. They will also provide the District's community with choices about where that growth can occur.

Zoning too much land at once may not be the most efficient use of the rural resource as, while the land could be used productively pending subdivision for rural living, the very fact that it is zoned for rural living is likely to affect/restrict what people do with the land in the area in the meantime. The most efficient use of the land is most likely to occur where there is a slight tension between supply and demand.

5 Summary and Recommendations for the Draft District Plan

The NPS-UD requires Tier 1, 2 and 3 local authorities, at all times, to provide at least sufficient development capacity in its region or district to meet expected demand for housing in existing and new development areas, for both standalone and attached dwellings, in the short term (3 years), medium term (3-10 years) and long term (10-30 years). To be sufficient, the development capacity must be plan-enabled, infrastructure-ready, feasible and reasonably expected to be realised.

While Central Hawke's Bay District Council is not a Tier 1, 2 or 3 local authority (as there is no 'urban environment' located within the District), and the NPS-UD does not apply, the Council can nevertheless take helpful guidance from it in planning for urban development over the longer term. If in the future the population of any of the urban areas increased to 10,000 people or more, the Council would become a Tier 3 local authority and would have to apply the NPS-UD.

If gazetted, the PNPS-HPL will require district plans to identify highly productive land, maintain the availability and productive capacity of highly productive land for primary production, consider giving greater protection to areas of highly productive land that make a greater contribution to the economy and community, and manage rural subdivision to avoid fragmentation and maintain the productive capacity of highly productive land.

The District Plan must give effect to the objectives and policies of the RPS, such that the urban zones support compact and strongly connected urban form, be integrated with significant infrastructure (including transport infrastructure), be supported by structure plans for any rezoning for urban development of land, and be appropriately and efficiently serviced.

If highly productive land is to be protected, it is important that new households are directed into the existing urban residential areas, existing smaller lots already subdivided but not yet developed within the rural areas, or to zones provided specifically for that purpose (e.g. rural living zones), rather than continuing to enable ad-hoc and unplanned development to occur on the urban periphery on highly productive land, unfettered. As well as being consistent with the NPS-UD and PNPS-HPL, this approach is consistent with the RPS, which recognises the adverse effects that unplanned urban form and ad-hoc management of urban growth can have on the economic wellbeing of the Region's people and communities, as well as the natural environment (land and water) and versatile land.

The Squillions' Report (contributing to the ISP) projected that, over the next 11 years (to 2031), under the high projection scenario, the number of households in the three towns are expected to increase, as follows:

- Ōtāne - 154 additional households
- Waipawa - 107 additional households
- Waipukurau – 455 additional households

This equates to a total increase of 716 households across the three towns, representing 54% of the total number of additional households expected in the District (1,322 households) in the same period.

The high-level residential development capacity analysis undertaken by Veros for the ISP found that, theoretically, all three towns have capacity within the existing Residential /Rural Township Zone boundaries to accommodate projected household growth over the next 30 years (i.e. to 2051), such that:

- Waipawa essentially has double the capacity required;
- Waipukurau has nearly double the capacity required; and
- Ōtāne has well over double the capacity required,

provided infrastructure issues are resolved.

The total undeveloped, subdivided lots combined with the total minimum theoretical capacity for infill household growth within the existing urban boundaries of the three towns is over four times the total projected number of new households required to the year 2031. As such, only 20% of the minimum theoretical capacity for infill development would need to be available to accommodate all projected household growth over the 10-year life of the District Plan.

Veros identified that the single largest issue for yielding projected household growth within the existing towns relates to infrastructure servicing, therefore, the Council needs to complete detailed infrastructure capacity assessments and structure plans. There is also an immediate need for the Council to plan for investment to yield growth and achieve the Project Thrive outcomes of 'smart growth', 'durable infrastructure' and 'environmentally responsible'.

As there is anticipated to be more than sufficient capacity within the existing towns to accommodate projected household growth, even for the next 30 years (which satisfies Policy 2 of the NPS-UD), it is considered that there is currently no need to rezone any land within the potential urban growth areas identified in the ISP. If household growth over the short to medium term was to exceed the projections, new residential development could be directed to the medium-term potential urban and rural residential growth areas identified in the ISP in the first instance, by way of a change to the District Plan or as part of the next District Plan review.

It is therefore recommended that the current Indicative Urban Growth Nodes in the Housing and Business Growth Chapter of the Draft District Plan be replaced with the ISP medium-term potential future growth areas. However, given the high-level, desktop nature of the ISP and the ISP's reference to the need for further detailed investigations to determine whether some or all of the land within each potential urban growth area is suitable for development, it is considered that the potential urban growth nodes should only show the general indicative direction of potential urban growth on the periphery of each town, rather than specify property boundaries. This approach is important to reflect the level of investigation yet to occur, and to manage landowners' expectations in these areas.

In addition, this report has found that the three Rural Living Zones provided in the Draft District Plan could potentially yield 278 new rural residential lots, which is approximately 40% of all projected new household growth in the urban area to 2031. It is also anticipated that some new household growth will occur within existing, undeveloped 4000m² minimum lots in the rural zones, as well as within new Lifestyle Sites that may be subdivided in the Plains Production and Rural Production Zones.

It is considered that the entire Rural Living Zone area identified for Waipawa in the Draft District Plan should be retained, as Pourerere Road provides a good physical buffer between the existing Residential Zone on the southern side of Pourerere Road and the Rural Living Zone (on the northern side of Pourerere Road) and the potential residential growth area identified in the ISP over part of the Rural Living Zone

area is unnecessary. However, if a future infrastructure capacity assessment of Waipawa found that it would be more cost effective to develop land outside of the existing urban boundaries for residential growth, then the land on the northern side of Pourerere Road (within the Rural Living Zone) could be considered for rezoning to Residential then.

Given the above, it is considered that the current Residential Zones, Rural Living Zones and lifestyle site subdivision rules in the Draft District Plan will provide more than enough capacity to accommodate the projected new household growth over the life of the District Plan. They will also provide the benefit of giving the District's community choices about where that growth can occur.

However, it is important that the Council regularly monitor and review the uptake of residential and rural living land in the District to ensure that sufficient land remains available within the District to meet expected demand for housing over the life of the District Plan.

It is considered that a reduction in the minimum lot size in the Rural Living Zone (e.g. 2,500 m²) would impact amenity values associated with the Zone, as it would enable a higher density of development and result in less open space remaining between dwellings. There is also uncertainty about whether land in the Rural Living Zone areas could support a higher density development (e.g. due to potential geotechnical constraints), or if a higher density of development and associated traffic generation would have adverse environmental effects on stormwater runoff and the safety and efficiency of the existing roading network. It is therefore considered that a Rural Living Zone minimum lot size of 4,000 m² is appropriate and should be retained.

Therefore, in relation to the Draft District Plan (May 2019), it is recommended that the:

1. Plains Production Zone be retained.
2. Rural Production Zone be retained.
3. Current Residential Zone boundaries for Waipawa and Waipukurau be retained.
4. Current Rural Township Zone boundaries for Ōtāne be retained.
5. Current Rural Living Zone areas and locations be retained.
6. 4,000 m² minimum lot size for the Rural Living Zone be retained.
7. Lifestyle site subdivision rules for the Plains Production and Rural Production Zones be retained.
8. Housing and Business Growth Chapter be amended by:
 - a) referring to the NPS-UD (which has replaced the NPS-UDC), the PNPS-HL and the ISP.
 - b) replacing the map in Figure 5A Waipukurau Indicative Urban Growth Nodes with a new map that indicates the general direction of potential urban growth in the medium-term around the periphery of Waipukurau identified in the ISP, and adding the Mount Herbert Road 'Rural Living Zone' area identified in the ISP as a potential future Rural Living Zone.
 - c) replacing the map in Figure 5B Waipawa/Otane Growth Nodes with a new map that indicates the general direction of potential urban growth in the medium-term around the periphery of Waipawa and Ōtāne identified in the ISP.