

Tuesday, 11 July 2023

A Joint Committee of the Hawke's Bay Regional Council, Napier City Council and Hastings District Council - Administered by Hastings District Council

Napier-Hastings Future Development Strategy Joint Committee Meeting

Kaupapataka

Agenda

Te Rā Hui:
Meeting date: **Tuesday, 11 July 2023**

Te Wā:
Time: **1.00pm**

Te Wāhi:
Venue: **Council Chamber
Ground Floor
Civic Administration Building
Lyndon Road East
Hastings**

Te Hoapā:
Contact: **Democracy and Governance Services
P: 06 871 5000 | E: democracy@hdc.govt.nz**

Te Āpiha Matua:
Responsible
Officer: **Brett Chapman - Program Manager Growth Infrastructure**

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TE KAUNIHERA Ā-ROHE O HERETAUNGA

Napier-Hastings Future Development Strategy Joint Committee

The Terms of Reference of the Napier-Hastings Future Development Strategy Joint Committee were adopted by the Hastings District Council, Napier City Council and Hawke's Bay Regional Council in the December 2022 – February 2023 period.

Hastings District Council is the administrating authority for this Joint Committee.

The Terms of Reference can be viewed on the Hastings District Council's website as part of the document titled "Committee and Rural Community Board Register of Delegations 2022-2025" (adopted by the Council on 8 December 2022).

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Hastings District Council - Administered by Hastings District Council**
Napier-Hastings Future Development Strategy Joint Committee Meeting

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Mematanga:
Membership:

Koromatua

Chair: Mayor Sandra Hazlehurst (HDC)

Deputy Chair: Tania Eden (Mana Ahuriri Trust)

Members:

Hawke's Bay Regional Council

Cr Jock Mackintosh (HBRC)

Cr Martin Williams (HBRC)

Cr Sophie Siers (HBRC Alternate)

Napier City Council

Mayor Kirsten Wise (NCC)

Cr Ronda Chrystal (NCC)

Cr Maxine Boag (NCC Alternate)

Hastings District Council

Cr Eileen Lawson (HDC)

Cr Alwyn Corban (HDC Alternate)

Heretaunga Tamatea Settlement Trust

Dr Darryn Russell (Heretaunga Tamatea Settlement Trust)

Second representative - to be appointed (Heretaunga Tamatea Settlement Trust)

Alternate – to be appointed (Heretaunga Tamatea Settlement Trust)

Mana Ahuriri Trust

Chad Tareha (Mana Ahuriri Trust)

Evelyn Ratima (Mana Ahuriri Trust Alternate)

Maungaharuru Tangitū Trust

Two representatives - to be appointed (Maungaharuru Tangitū Trust)

Alternate – to be appointed (Maungaharuru Tangitū Trust)

Tokamatua:

Quorum:

6 members (being half of the members appointed – with at least one representative from each Partner Council to be present)

Apiha Matua

Officer Responsible:

Brett Chapman - Program Manager Growth Infrastructure

*Te Rōpū Manapori me te
Kāwanatanga*

Democracy &

Governance Services:

Caitlyn Dine (Extn 5636)

Te Rārangi Take

Order of Business

Apologies & Leave of Absence – Ngā Whakapāhatanga me te Wehenga ā-Hui

- 1.0** At the close of the agenda no apologies had been received.
 At the close of the agenda no requests for leave of absence had been received.

2.0 *Conflict of Interest– Mahi Kai Huanga*

Members need to be vigilant to stand aside from decision-making when a conflict arises between their role as a Member of the Council and any private or other external interest they might have.

Confirmation of Minutes - Te Whakamana i Ngā Minitī

- 3.0** Minutes of the Napier-Hastings Future Development Strategy Joint Committee held Thursday 27 April 2023.
(Previously circulated)

4.0 *Consideration of Objectives and 'Issues and Options' for the Future Development Strategy*

7

Tuesday, 11 July 2023

Item 4

A Joint Committee of the Hawke's Bay Regional Council, Napier City Council and Hastings District Council – Administered by Hastings District Council
Napier-Hastings Future Development Strategy Joint Committee

Te Rārangi Take

Report to Napier-Hastings Future Development Strategy Joint Committee

Nā: Brett Chapman, Programme Manager Growth
From: Craig Scott, Environmental Planner (Policy)

Te Take: Consideration of Objectives and 'Issues and Options' for the
Subject: Future Development Strategy

1.0 Purpose and summary - *Te Kaupapa Me Te Whakarāpopototanga*

- 1.1 The inaugural meeting of the Napier-Hastings Future Development Strategy Joint Committee meeting was held on 27th April 2023. The Chair (Mayor Hazlehurst) and Deputy Chair (Ms Eden) were elected.
- 1.2 The Committee adopted the detailed timeframe for the completion of the Future Development Strategy (FDS).
- 1.3 The Committee considered the Vision and Objectives for the FDS and provided guidance on their wording. Committee members felt that, as worded, the Objectives were too principle based and needed to be more measurable to show how they will be delivered. The Objectives were re-worded to provide for measurable outcomes and the amended document was provided to the Committee for comment. The Committees' comments have been incorporated into the Vision and Objectives and these are (attached as **Appendix 1**).
- 1.4 At the April meeting the Committee resolved that it should meet to receive an update on proposals for the first round of community engagement and to consider and receive the Issues and Options Report (attached as **Appendix 2**) that would form part of the community engagement.

1.5 The purpose of this meeting is to:

- Adopt the FDS Vision and Objectives following feedback individually by Committee members, based on drafts prepared by the officers and discussed at the last meeting.
- Receive the Issues and Options Report, based on the demand analysis and the constraints and restraints investigations presented at the last meeting, that will underpin the first round of public engagement on the FDS.
- Receive and endorse the public engagement proposals (attached as **Appendix 3**) before engaging with the public generally on the opportunities that can be explored to address these constraints and opportunities before developing alternative scenarios for specific evaluation.

- 1.6 Officers have undertaken in the period since the Committee first met a “Call for Opportunities” where developers and stakeholders (including those that had previously registered an interest in the Heretaunga Plains Urban Development Strategy Review) were contacted to see if they would like to put forward sites for consideration as growth options. It was made clear that in providing suggested sites there would be no pre-determination of the sites and that they would all need to go through a rigorous screening process to identify any flaws that may take them out of contention for advancing to the next stage. There have been a significant number of sites identified in locations that range from coastal sites to lifestyle sites on the hills. If any sites successfully negotiate the screening process, they may be used to develop growth model scenarios for the next stage of community engagement.
- 1.7 The next engagement step is to allow the wider public and stakeholders an opportunity to suggest different options or approaches for urban development and to express their views on what is of importance or value in developing future scenarios. The ‘Issues and Options Report’ is a key resource to inform views relative to the challenges and realities of development on and within the Heretaunga Plains and surrounding environments.
- 1.8 Officers and our consultants welcome Committee feedback on the ‘Issues and Options Report’ and community engagement process.
- 1.9 The next Committee meeting is scheduled (at this stage) for November to discuss the feedback received and consider proposed spatial strategies and evaluation criteria that will be developed with iwi and mana whenua. Officers will then engage with the community and report back on the recommended (draft) FDS in March 2024.
- 1.10 The draft FDS will be formally consulted on (per The Local Government Act) after March 2024. The FDS may become ‘Operative’ circa October 2024 if endorsed/adopted by all three councils and mana whenua partners.

2.0 Recommendations - Ngā Tūtohunga

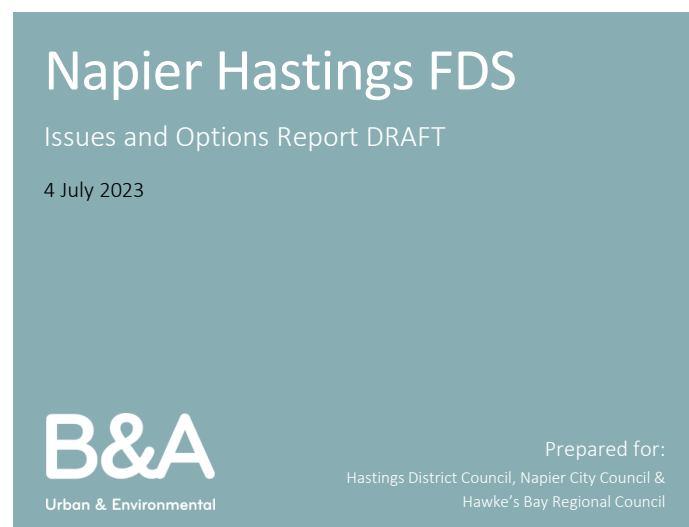
- A) That the Napier-Hastings Future Development Strategy Joint Committee receive the report titled Consideration of Objectives and 'Issues and Options' for the Future Development Strategy dated 11 July 2023.
- B) That the Committee adopt the Future Development Strategy Vision and Objectives.
- C) That the Committee endorses the proposed community engagement process.
- D) That the Committee receives the ‘Issues and Options Report, as the basis of the first round of community engagement on the Future Development Strategy.

Attachments:

1	↓	Vision and Objectives	CG-17-27-00007
2	↓	Issues and Options Report 5 July DRAFT	CG-17-27-00011
3	↓	Public Engagement Proposals	CG-17-27-00009

Te Pae Tawhiti - Vision	
In 2053 Napier and Hastings has thriving, resilient, safe, equitable, sustainable and connected communities, within a protected and enhanced natural environment.	
Ngā Mātāpono - Key Principles Mahi Ngātahi - Partnership Mana Taurite - Equity and inclusion Manawaroa - Resilience Haumako - Productivity Taiao - Environment Tūhononga - Connectivity Matakūhūa - Diversity	
Ngā Whāinga - Strategic objectives	Ngā Hua - Targets / Measures (to be developed. Below are placeholder examples)
Mana whenua and Councils work in a genuine Te Tiriti partnership to achieve their shared goals for urban development.	
We have a compact urban form, focussed around consolidated and intensified urban centres in Napier and Hastings.	
Our communities and infrastructure are resilient to the effects of climate change and risks from natural hazards.	
We have a diverse range of housing choices that meet people's needs in neighbourhoods that are safe and healthy .	
We have a strong economy , and businesses can grow in locations that meet their functional needs.	<i>Napier-Hastings has sufficient development capacity to accommodate projected demand for business land to 2053.</i>
The highly productive land of the Heretaunga Plains is protected for productive uses.	

Our communities and business areas are well connected and accessible , particularly by public and active transport.	<i>x% of homes and jobs are within a walkable catchment of either a city centre zone or public transport stop.</i>
We have sufficient land for housing and business to meet demand.	<i>There is sufficient land for housing and business to meet projected demand to 2053.</i>
Te Taiao / our natural environment is protected and enhanced , including our water bodies, indigenous biodiversity and outstanding landscapes.	
Our infrastructure is planned and designed to efficiently support development .	
Urban growth and infrastructure investment supports equitable social outcomes .	



Napier Hastings Future Development Strategy | Issues and Options Report

B&A Reference:

19684

Status:

Draft Revision 2

Date:

4 July 2023

Prepared by:



Joe Jeffries

Associate, Barker & Associates Limited

Reviewed by:



Rachel Morgan

Director, Barker & Associates Limited

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Napier Hastings Future Development Strategy | Issues and Options Report

1.0 Introduction

1.1 Purpose of Report

The purpose of this report is to provide an overview of the issues for the Napier Hastings Future Development Strategy 2023-2053 ("FDS"), and the strategic options available for addressing them.

The issues originate from an evaluation of the statutory framework that forms the basis for the FDS, as well as a review of background reporting, strategies and plans prepared by Hastings District Council ('HDC'), Napier City Council ('NCC') and the Hawke's Bay Regional Council ("the Councils"). The issues are grouped by broad topic and are supported by GIS analysis of spatial data provided by the Councils.

Following an outline of the issues, the report sets out strategic options available for addressing those issues in an integrated manner. The options are posed as questions, that can be used as a basis for initial consultation and engagement.

2.0 Scope of the Napier Hastings FDS

2.1 National Policy Statement: Urban Development

The National Policy Statement: Urban Development ("NPSUD") sets out what an FDS must show and be informed by.

It states that the purpose of the FDS is to promote long term strategic planning by setting out how the Councils intend to:

- Achieve **well-functioning urban environments** in their existing and future urban areas.
- Provide **at least sufficient development capacity over the next 30 years** to meet expected demand.
- Assist with the **integration of planning decisions** under the RMA **with infrastructure planning and funding decisions**.

As an over-arching principle, the NPSUD requires the FDS to provide for a well-functioning urban environment, which includes:

- Providing a **variety of homes** that meet demand and enable Māori to express their cultural traditions and norms.
- Providing a **variety of sites suitable for different business sectors**.
- Ensuring **good accessibility for people between housing, jobs, community services, open spaces**, including by public and active transport.
- Supports the **competitive operation of land and development markets**.
- Supports **reductions in greenhouse gas emissions**.
- Is **resilient to the likely current and future effects of climate change**.

The FDS is required to spatially identify:

- the broad locations in which development capacity will be provided over the long term, in both existing and future urban areas, to meet the requirements of clauses 3.2 and 3.3; and
- the development infrastructure and additional infrastructure required to support or service that development capacity, along with the general location of the corridors and other sites required to provide it; and
- any constraints on development.

Together with other national direction, these factors will inform where and how the FDS provides for growth over the long term.

2.2 Future Regional Spatial Strategy

The upcoming Spatial Planning Act and the National and Built Environment Act will include requirements for the Hawke's Bay Region to prepare a Regional Spatial Strategy ("RSS"). The requirements for this are evolving as these two Bills progress through Parliament's legislation-making processes. The timeframes for preparing a spatial strategy covering the whole Hawke's Bay region is yet to be confirmed too. In the interim, the five Hawke's Bay Councils have commenced initial scoping for an RSS. An initial scoping report is being prepared that will address potential governance, RSS structure and partnership arrangements. The FDS for the Napier Hastings urban area will be a key building block of the RSS in relation to urban growth management issues.

In addition to the two new incoming Bills proposed to replace the RMA, the Government may also choose to create new national policies or amend existing national instruments that strongly influence urban growth choices for the Napier-Hastings area. Nonetheless this is a persistent and ongoing issue with any national government.

2.3 Study Area

The purpose of the study area is to clearly define a wider area within which urban development could be accommodated. The study area is aligned with a 15-minute drive time from Napier and Hastings city centre and is broad enough to enable a variety of growth options to be considered. It is shown as a solid yellow line in Figure 1 below. The study area does not necessarily align with the boundaries for urban development in the final FDS.



Figure 1: Extent of the FDS study area.

2.4 Climate Change

Responding to climate change will be a key driver of the FDS in terms of how growth is provided for. The Resource Management Act 1991 (“**RMA**”) and the NPSUD require the FDS to consider climate change mitigation and adaptation. The FDS can address this through:

- Supporting a reduction in greenhouse gas emissions through a compact urban form and transport infrastructure, with a focus on reducing carbon emissions from transport.
- Taking into account the effects of climate change (increased rainfall, drought and fire risk, and rising sea levels) when planning for growth.

In relation to this, the following legislation and national direction will be relevant to consider:

- Climate Change Response (Zero Carbon) Amendment Act 2019

Napier Hastings Future Development Strategy | Issues and Options Report

- National Adaptation Plan
- Emissions Reduction Plan

These matters will significantly influence almost all of the issues below, in particular, those relating to accessibility, natural hazards, water allocation and infrastructure. It also informs the strategic options and the priorities that flow from that. This is addressed in the various sections of the report below.

3.0 Cyclone Gabrielle

Cyclone Gabrielle caused significant damage to Napier and Hastings when it landed in February 2023. While, the full impacts of the cyclone continue to be assessed, significant investment will be required to reconnect communities and to rebuild and future proof infrastructure.

Figure 2 below shows some of the impact of the cyclone on the FDS study area including the preliminary cyclone flood extents, and red and yellow stickered buildings. This illustrates that the impact of the cyclone was primarily in rural communities including Esk Valley, Puketapu, Omahu, Twyford and Pakowhai. Urban areas were less impacted, with the exception of low-lying areas at the southern extent of Napier near Te Awa, Meeanee, Taradale, close to the Ahuriri Estuary, and in some parts of Havelock North including adjacent to the Mangarau Stream. It should be noted that this is preliminary information following the cyclone that may be subject to change.

Work is ongoing to understand the impacts of the cyclone, how infrastructure has been affected, and how best to build back for long term resilience. This work will be an important aspect for informing the development of the FDS.

The Hawke's Bay Recovery Agency has been established to provide a locally led, regionally co-ordinated, government supported recovery. This means the needs and priorities of local communities will be reflected in the region's recovery plan through locality plans developed in consultation with communities and adjusted over time to reflect progress made. Locality Plans will be co-developed by Councils and Māori, Hapu, and Iwi and will outline immediate needs and priorities, and how these should be funded and delivered over the next six months. The Regional Recovery Agency will then combine the locality plans into a Regional Recovery Plan for Matariki Governance to approve. Local councils and government agencies will be responsible for funding and delivery, and the Recovery Agency will provide coordination, direction and confidence that delivery is happening. **Figure 3** below sets out the organisational structure of the recovery Hawke's Bay Recovery framework.

Both Napier and Hastings have now prepared initial Locality Plans which outline the initial planning, priorities and actions to support recovery in the short term. This will be followed by a second plan with a longer view to focus on long-term resilience for lifelines.

A range of infrastructure was severely damaged or destroyed by Cyclone Gabrielle including the following:

- A number of bridges, culverts, and critical transport routes.
- Esk/Whirinaki WTP.
- NCC wastewater treatment plant at Awatoto.
- A number of stopbanks, drains and waterways.
- The Redclyffe substation.

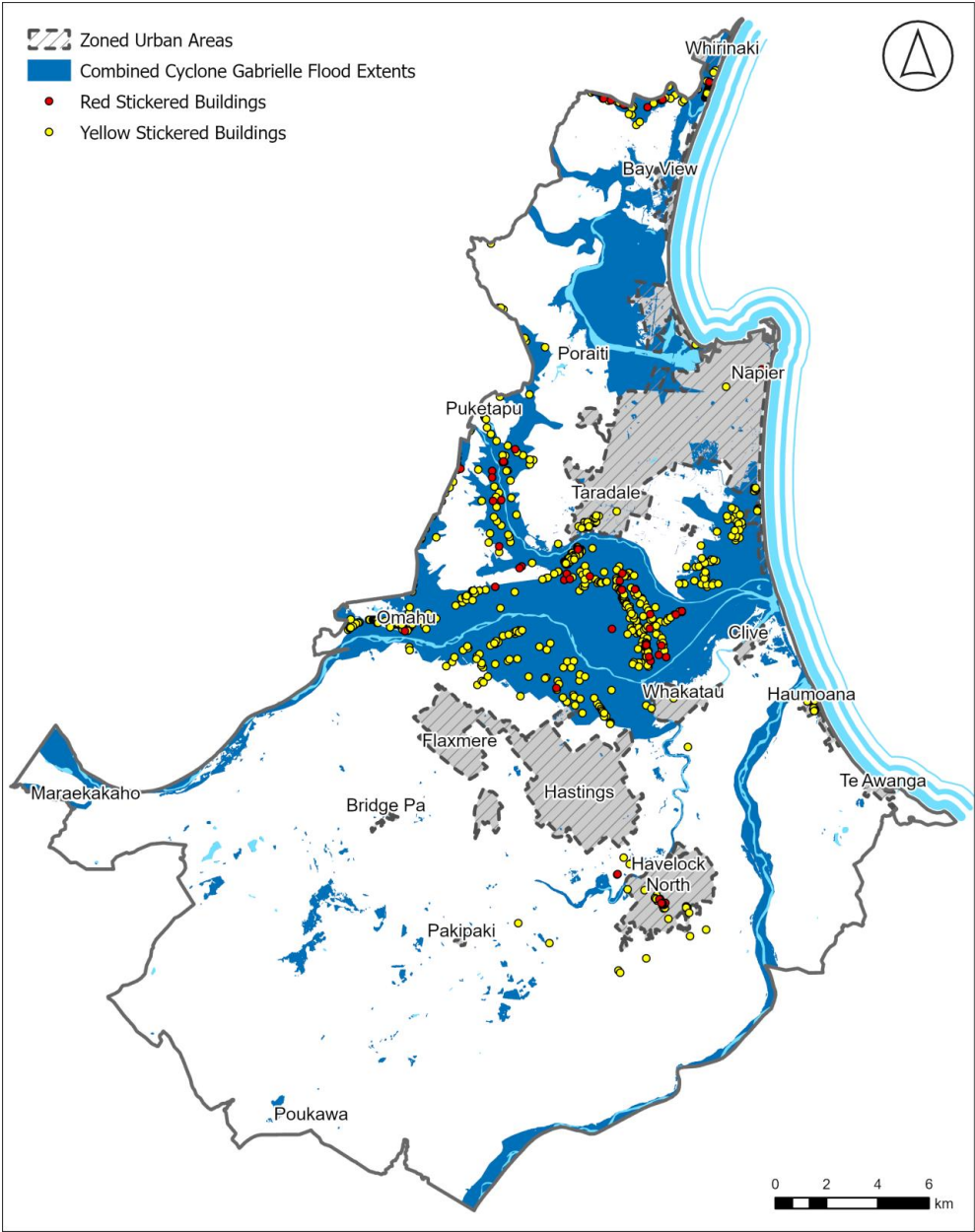


Figure 2: Cyclone Gabrielle: Extent of Impact in the FDS study area (Note: Preliminary Cycle Gabrielle Data subject to further refinement).

Napier Hastings Future Development Strategy | Issues and Options Report

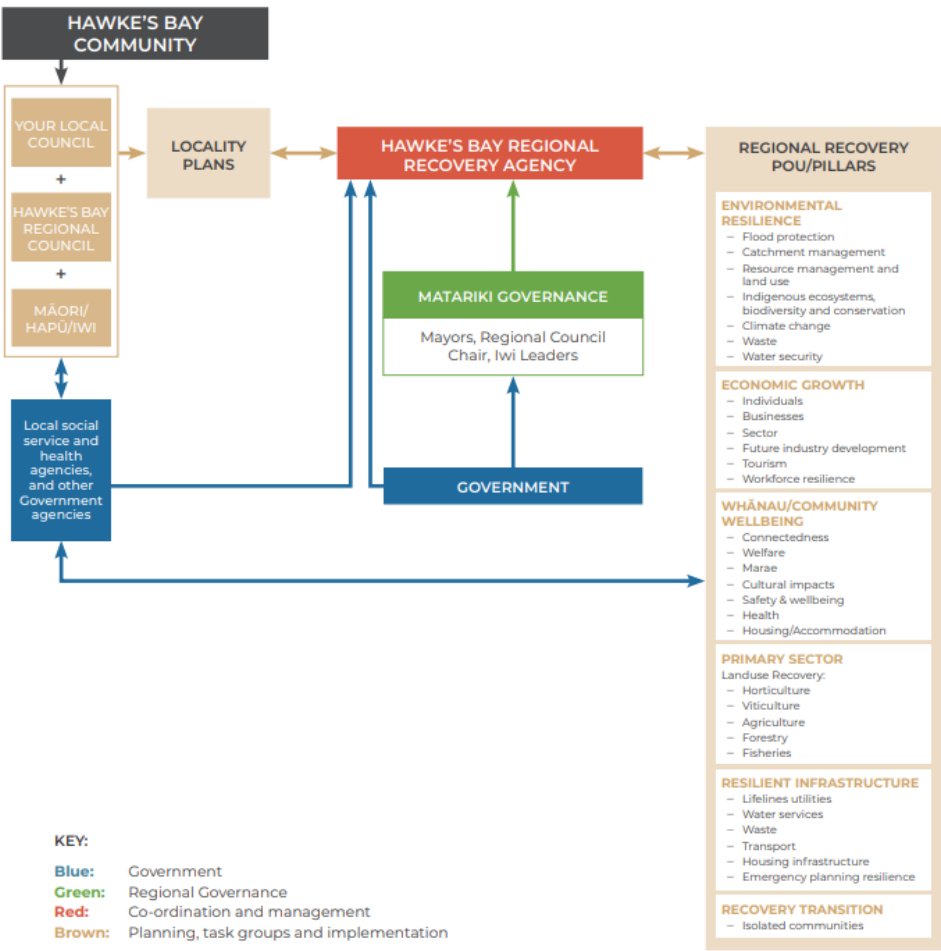


Figure 3 - Hawke's Bay Recovery Agency Framework

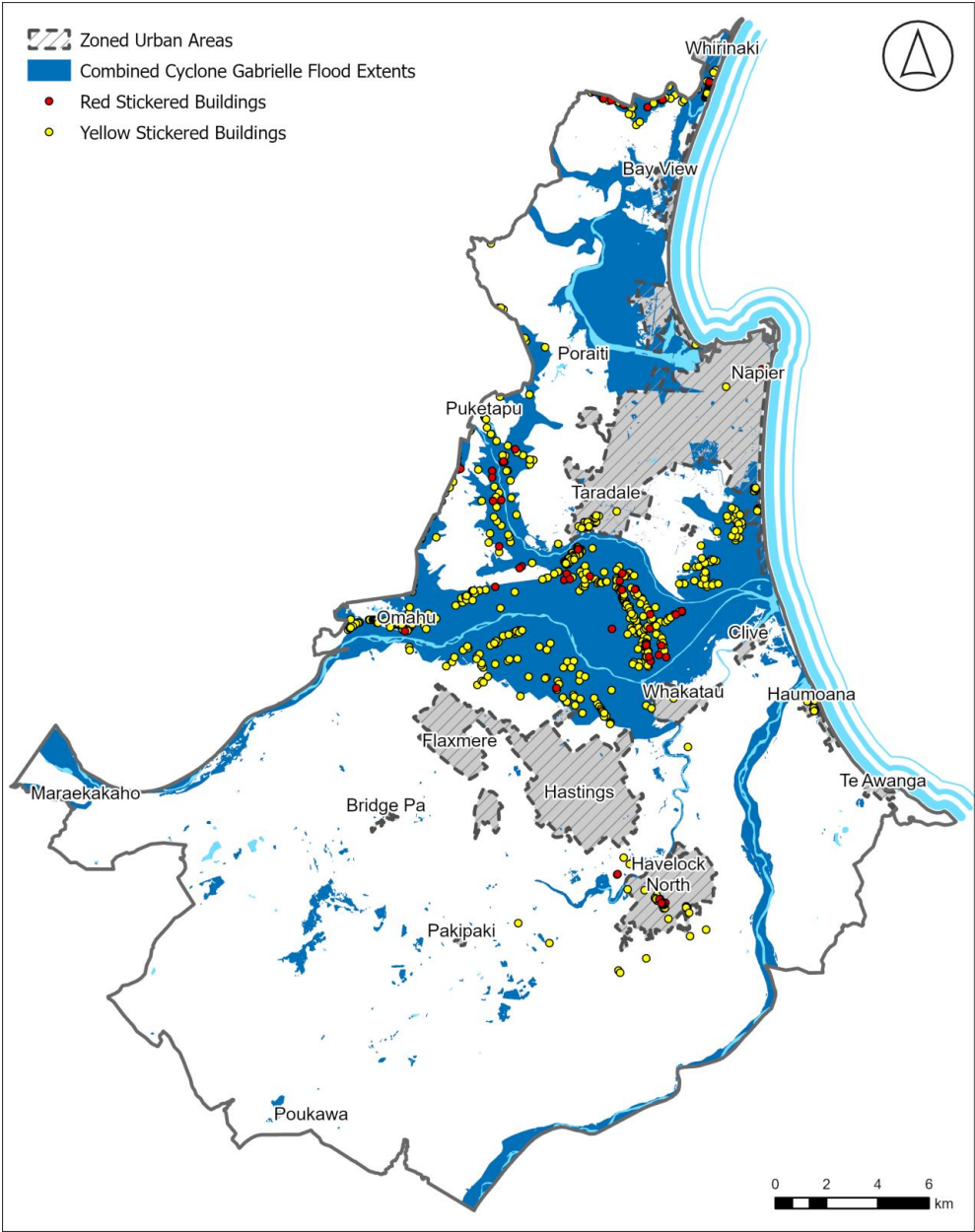


Figure 3: Cyclone Gabrielle: Extent of Impact in the FDS study area (Note: Preliminary Cycle Gabrielle Data subject to further refinement).

4.0 Heretaunga Plains Urban Development Strategy

The Heretaunga Plains Urban Development Strategy (HPUDS) is a joint strategy developed by Hastings District Council, Napier City Council and Hawke's Bay Regional Council to manage urban growth on the Heretaunga plains over a 30-year timeframe. The first version of HPUDS was adopted in 2010, and brought together separate urban development strategies that the relevant councils had in place. A reviewed version of HPUDS was re-adopted by the three councils in early 2017 (HPUDS 2017).

The Napier Hastings Future Development Strategy once adopted will replace HPUDS.

HPUDS was originally intended to be reviewed and updated every five years to remain relevant. However, as a result of the 2020 NPSUD, the FDS will replace HPUDS as the long-term growth strategy for the three councils. The FDS will build on the work already done for HPUDS.

The HPUDS strategy was based on a preferred settlement pattern for the Heretaunga Plains sub-region¹. This recognised the community's preference to maintain the versatile land of the Heretaunga Plains for production purposes. The strategy defined growth areas and urban limits, with a need to balance increased intensification and higher densities close to the commercial nodes and higher amenity areas in the districts, against the provision of lifestyle choice.

Under HPUDS, development was expected to transition to 60% intensification, 34% greenfield, and 5% in rural areas by 2045. The strategy identified a number of residential and industrial growth areas, as set out in figure 4 below. The FDS will build on the work of HPUDS and will bring forward these HPUDS growth areas, albeit with a re-assessment under criteria specific to the FDS.

Despite being adopted in 2010, HPUDS had a five year lead in period, with an effective planning period from 2015-2045. This recognised the need to implement the necessary policy implementation components through the Regional Policy Statement, District Plans and the like before the new growth could be effectively managed in line with the new direction. The 2020 NPSUD effectively introduces the requirement for a new Future Development Strategy over the next scheduled 5 year review of HPUDS, but some elements of HPUDS will need to transition into the FDS in a similar way.

Looking back at the HPUDS period, it is noted that a scheduled five yearly review was not completed until 2017. That review took into account emerging issues over that period, including improving growth prospects following the Global Financial Crisis downturn that preceded HPUDS and characterised the 2008 -2015 period. However, changing migration policy settings from around 2015-2019 and the 2020 Covid repatriation of New Zealanders from abroad have seen the HPUDS growth projections from 2015-2020 and expectations to 2045, exceeded by a considerable margin. The resulting national housing crisis has been exhibited in the housing market locally. While the HPUDS growth expectations were met and even exceed by new dwelling construction, that was not sufficient to meet the unprecedented demand and a sizable housing backlog of demand now exists.

¹ The Heretaunga Plains sub-region covers a wider area than the FDS study area.

During the period 2015-2022 period HPUDS has been and continues to be effective in guiding and directing greenfield growth to the intended areas and discouraging expansion onto versatile soils through ad hoc development. It has also been effective in facilitating greater levels of intensification in absolute terms consistent with the elevated growth being experienced across the housing market. The greater than anticipated demand and lack of capacity in the market to respond, has however meant that the transition away from greenfields and rural development to proportionately higher levels of intensification, while evident, has been much slower than desired.

A faster move toward greater intensification by further limiting greenfields land supply during the current housing crisis is unlikely to be acceptable to some, and a slower transition may need to be accepted over the next few years at least.

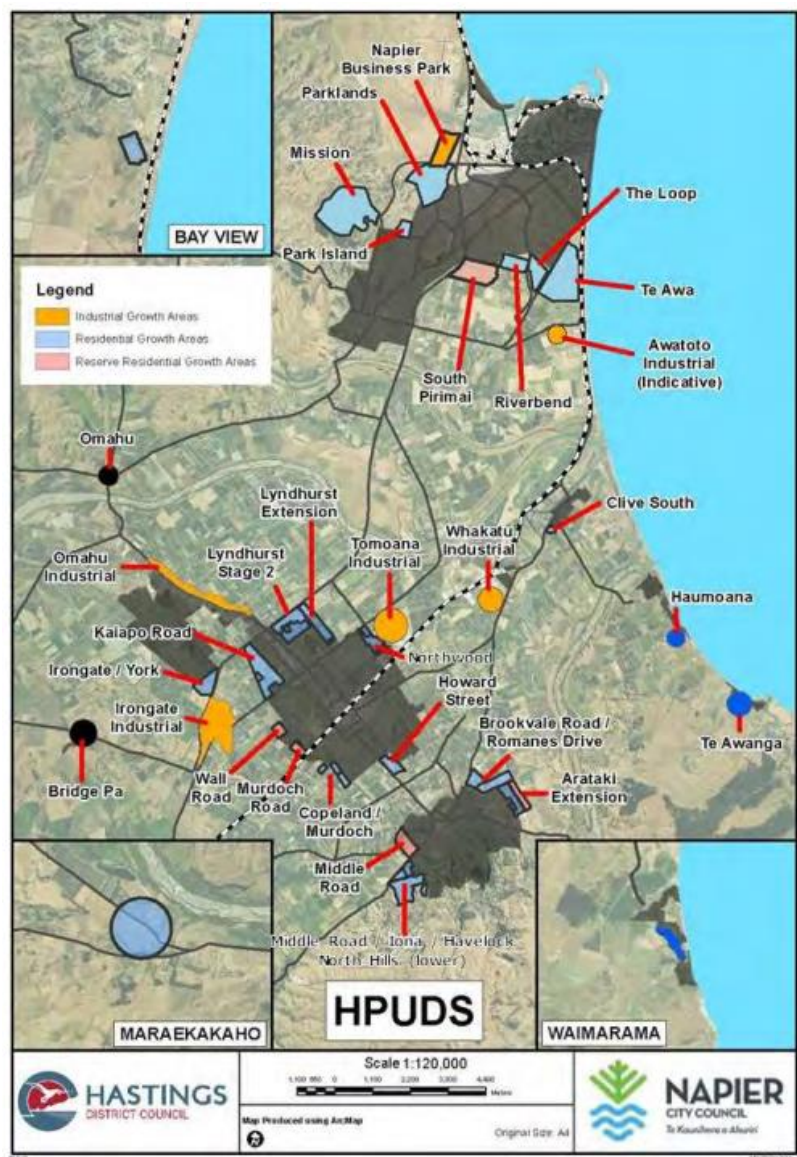


Figure 4 HPUDS – Heretaunga Plains Settlement Pattern 2017.

5.0 Demand and Capacity

5.1 Residential

5.1.1 Demand and Capacity

A Housing Capacity assessment ('HCA') for Napier and Hastings was completed in September 2021 by Market Economics based on the medium-high population projections by StatsNZ. Key factors that are expected to change the nature and demand for dwellings (i.e. attached typologies) include an ageing population and ongoing population growth.

Modelling done under the 2021 HCA finds that there is projected to be demand for **7,190 additional dwellings in Napier** and **12,830 additional dwellings in the Hastings District** over the next 30 years (2020 – 2050), including an ongoing shift towards attached dwellings.

The 2021 HCA concludes that there is sufficient capacity in Napier to meet that projected demand over the short, medium, and long term², and sufficient capacity in the short and medium term in Hastings, however, the surplus over the medium term is relatively small and sensitive to the assumptions associated with it. A shortfall of 4,250 dwellings is anticipated in Hastings over the long term, which can be partly attributed to infrastructure capacity constraints.

Market Economics have recently reviewed the 2021 HCA, and provided updated population and projected household demand figures to inform the FDS. This is based on Stats NZ 2022 population projections, updated to reflect the impact of Covid and more recent information about birth and mortality rates, and shows the following:

- These updated figures show a slight increase in projected population for Napier and Hastings compared to the 2021 figures, and show higher growth in younger age cohorts.
- This change in population structure means that the total, and type of dwelling demand, differ from the work for the HCA. Over the 30-year timeframe there is now projected to be demand for an **additional 9,620 households in the Hastings District** and **additional 6,700 households in Napier** under a medium-high scenario. The reduced projected demand for dwellings in comparison to the 2021 HCA is due to an increase in people per household and the different time period to which the projection applies (i.e 2020-2050 v 2022-2052)
- The impact of Cyclone Gabrielle on population numbers is not reflected in the projections. While there could be uncertain impacts over the short term, Market Economics do not expect substantial long term shifts due to the cyclone.

Figure 5 below compares the 2021 projections (dotted lines), with the December 2022 projections (solid lines) for Napier and Hastings.

² Under the NPSUD *short term* is defined as within the next 3 years, *medium term* is between 3 and 10 years, and *long term* is between 10 and 30 years.

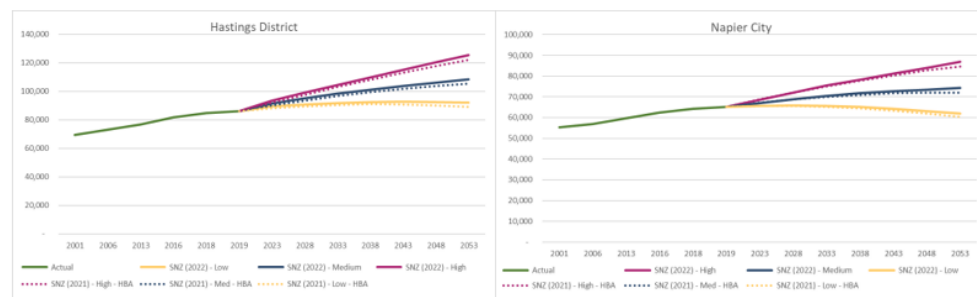


Figure 5 - Hastings District and Napier City Projected Population 2001 - 2053

5.1.2 Rural versus Urban Demand

An analysis of the historic share of urban versus rural consents has been undertaken by Market Economics, in order to form a base line position for estimating the proportion of projected housing demand that is likely to be met outside of the urban area in Hastings and therefore not subject to scenario or policy development under the FDS. This analysis reveals that the urban³ share of development has been relatively stable historically accounting for between 75 and 85% of new dwellings. Market Economics recommend using an assumption of an 80% share of demand being met within the urban areas for the FDS.

5.1.3 Retirement Villages

A recent report on the retirement village sector demand (the Birman Report) projects over the next 30 years, 2,450 more retirement village-based independent-living units (villas and apartments) would be needed in Napier and Hastings. That will translate into a demand for about 80 units per annum going forward. Historically (1990-2022) the average number of retirement units consented in Napier and Hastings was 49/year in total – 29 and 20, for the two areas respectively. Over the past 10 years, there has been a significant uptick in this sector, with 772 units consented since 2013, an annual average of 39 units in Napier and 38 in Hastings. This suggests activity in this sector would need to increase even further to keep up with the expected demand.

The demand outlined in the Birman report can be compared against the population change in the higher age cohorts. While the recent population estimates show structural shifts, and a general move towards a younger profile (relative to the earlier projections released in 2021), growth is still expected in the higher age cohorts. For Napier, the higher age cohorts are expected to increase by 6,815 individuals and in Hastings, the equivalent is 9,355. While the HCA did not specifically account for the demand (in terms of dwelling typology, like retirement villages) associated with retirement sector activity, the population estimates support the view that providing for retirement village development would be in line with demand levels. The specific quantum of retirement villages, and the associated land is subject to several assumptions, like household size, design guidelines (unit-to-land relationships), and other on-site services. Another important aspect is affordability. This point is mentioned in the Birman report, and its effects on private sector delivered retirement activities are described.

³ “Urban” in this context includes peri-urban lifestyle uses.

5.1.4 Influence of District Plan Changes on Capacity

Napier City Council is in the process of carrying out a full review of their operative District Plan and is aiming to notify a proposed District Plan in mid-2023. Hastings District Council has notified Plan Change 5 ('PC5') to the Hastings District Plan to enable greater intensification in urban areas. The hearings are scheduled for PC5 in early 2024.

The analysis that has informed the zoning framework for the proposed Napier District Plan and PC5 will form the starting point for the intensification strategy to test for the FDS.

Both the Napier District Plan review and PC5 respond to the intensification directives of the NPSUD to enable increased development potential in urban areas. The proposed provisions, including new and updated district plan maps will be relevant to the development of the FDS, and a number of spatial features from these proposed maps have been considered below.

Market Economics are currently working to provide updated figures for the plan enabled, feasible and Reasonably Expected to be Realised (RER) development capacity of the Napier PDP and the Hastings District Plan updated by PC5.

5.2 Business

A Business Capacity Assessment ('BCA') for Napier and Hastings was completed in September 2022 by Market Economics.

The economic centres of Napier and Hastings have linkages and form the main economic centres of the Hawke's Bay region. Significant regional economic assets are located within Napier, including Napier Port and the Hawke's Bay Airport. The Hastings economy includes a large rural and industrial component.

Strong growth has been seen in the past five years however, the Covid-19 pandemic has created a number of uncertainties that will need to be carefully monitored.

The BCA considered the demand and sufficiency for commercial, retail, and industrial land and floorspace over the short, medium, and long term⁴. These categories of business land and floorspace are discussed below.

5.2.1 Commercial and Retail

The BCA finds that there will be demand for 21.4 additional hectares of commercial and retail floorspace in Napier and 13 hectares in Hastings in the long term. Stakeholder engagement indicates that there is generally sufficient retail space in Hastings, but a lack of commercial land available e.g., for office space.

In terms of commercial and retail capacity in Napier, there is a shortfall of vacant land available for development, however, there is redevelopment capacity available over the long term to address this shortfall, i.e., vertical development through increased buildings heights. Approximately 7 per cent of redevelopment capacity would need to be realised to ensure sufficient capacity.

⁴ Short term is defined as within the next three years, medium term as between 3 and 10 years, and long term as 10 to 30 years.

In Hastings, there is sufficient commercial and retail capacity over the short term, but a shortfall over the medium and long term. Over 20 per cent of redevelopment capacity would need to be realised to address this shortfall.

5.2.2 Industrial

The HCA finds that there will be additional demand for approximately 55 hectares of industrial land in Napier and 141 hectares in Hastings over the long term.⁵

Overall, there is sufficient industrial land in Napier to accommodate growth, however a relocation of demand from zones without capacity to other zones with capacity may be needed. The HCA also assumes that the Deferred Airport Zone will be available for industrial development and this area is proposed to be zoned for development in the proposed Napier District Plan. However, the area is subject to natural hazards and access is constrained by the location of the runway. Further discussions with the Napier Airport are required to understand their aspirations for this area, and we understand that the Airport may be updating its Masterplan in the future. A shortfall results if this land is excluded from future development as it accounts for **42ha of plan enabled capacity**.

In Hastings, there is sufficient industrial capacity however, any above trend growth over the short term may place pressure on land supply over the medium and long term, and growth patterns would need to be carefully monitored. Growth and capacity in Hastings is likely to be constrained by infrastructure readiness, including water supply and availability, which will also need to be carefully monitored.

5.2.3 Napier Hastings Sub-Regional Industrial Land Supply Strategy

In May 2020, Napier City Council and Hastings District Council released the draft Sub-Regional Industrial Land Strategy (RILS). The objective of RILS was to recommend a strategy for accommodating industrial development over the next 30 years, with land demand projections focused on the next 10 year period for the Hastings District and Napier City local authority areas.

The key observations of RILS include:

- Population growth and economic activity in the Napier – Hastings area has been strong (relatively) in recent years and further growth in both appears likely.
- Land supply does not necessarily match the specific requirements of the market.
- Existing industrial nodes have developed from and about legacy industry rather than in locations selected for amenity, function and long-term growth.
- Many nodes are surrounded by land developed for residential or commercial activity and/or land of high productive value, limiting opportunity for the expansion of the node.
- Infrastructure servicing to numerous industrial nodes is expensive (capital & maintenance) and requires volume and scale to be viable.
- Whilst appropriate for the study period, incremental expansion of existing industrial areas to keep up with land demand is not a strategic solution for the future.

⁵ Including a competitiveness margin as required by 3.22 of the NPSUD.

According to RILS, growth until 2030 should be able to be accommodated within existing zoned areas, and with additional rezoning at Tomoana (as is consistent with the HPUDS recommendations), but development constraints could emerge around the year 2045.

RILS therefore recommends the development of a long-term industrial growth strategy, and the investigation of the development of one to three industrial hubs to serve the wider region.

5.2.4 Development Opportunities

In June 2023, the Councils have put out a “call for opportunities” to better understand where players in the development market, including landowners, consultants and developers, see growth happening. This early engagement with the development sector is part of meeting our requirements under clause 3.15(2)(f) of the NPSUD and will ensure that the growth options that we assess fairly reflect the range of development opportunities present in the market.

5.2.5 Summary

Updated population projections show additional housing demand for **9,620** households in the Hastings District and **6,700** households in Napier is required in the long term under a medium-high scenario. Residential demand and capacity over the medium term will need to be carefully monitored, as the estimated surplus is low and the FDS will need to provide more of a buffer over the next 10 years to cater for growth, particularly in the event that actual growth is higher than we are forecasting now.

Sufficient development capacity of commercial and retail land in Napier and Hastings is reliant on the uptake of redevelopment of existing land to accommodate greater building heights and intensities. There is sufficient industrial land capacity, however, efficiencies between zones may need to be considered to enable a transfer or relocation of demand from zones without capacity to other zones with capacity in Napier. Any above growth trends in Hastings may place pressure on land supply over the medium and long term. Consideration must also be given to the type of industrial land demand (e.g. heavy vs light / wet vs dry industrial) and the suitability of any locations to accommodate that demand.

Infrastructure availability will need to be monitored on an ongoing basis for both residential and business land, particularly water supply, as further detailed in Section 1010.1 below.

The 2021 Napier Hastings HCA did not include the residential development capacity enabled under PC5 and the Napier Proposed District Plan. An assessment of the plan-enabled, feasible, and reasonably expected to be realised residential capacity under the Napier proposed District Plan provisions is currently being carried out and will be a key piece of information in developing the FDS.

6.0 Cultural Values

The FDS is to be developed in accordance with the requirements of the NPSUD and RMA. Part 2 of the RMA and the NPSUD include a variety of provisions relevant to Māori values and engagement. In particular, engagement with iwi and hapū is required to identify iwi and hapū values and aspirations for urban development, which will inform the development of the FDS.

The most directly relevant provisions under the RMA include:

Section 6 Matter of National Importance

In achieving the purpose of this Act, all persons exercising functions and powers under it, in relation to managing the use, development, and protection of natural and physical resources, shall recognise and provide for the following matters of national importance:

(e) The relationship of Māori and their culture and traditions with their ancestral lands, water, sites, waahi tapu, and other taonga.

Section 7 Other Matters

In achieving the purpose of this Act, all persons exercising functions and powers under it, in relation to managing the use, development, and protection of natural and physical resources, shall have particular regard to :

(a) Kaitiakitanga.

Section 8 Treaty of Waitangi

In achieving the purpose of this Act, all persons exercising functions and powers under it, in relation to managing the use, development, and protection of natural and physical resources, shall take into account the principles of the Treaty of Waitangi (Te Tiriti o Waitangi).

And under the NPSUD the following provisions are relevant:

Objective 5

Planning decisions relating to urban environments, and FDSs, take into account the principles of the Treaty of Waitangi (Te Tiriti o Waitangi).

Policy 9:

Local authorities, in taking account of the principles of the Treaty of Waitangi (Te Tiriti o Waitangi) in relation to urban environments, must:

a) involve hapū and iwi in the preparation of RMA planning documents and any FDSs by undertaking effective consultation that is early, meaningful and, as far as practicable, in accordance with tikanga Māori; and

b) when preparing RMA planning documents and FDSs, take into account the values and aspirations of hapū and iwi for urban development; and

c) provide opportunities in appropriate circumstances for Māori involvement in decisionmaking on resource consents, designations, heritage orders, and water conservation orders, including in relation to sites of significance to Māori and issues of cultural significance; and

d) operate in a way that is consistent with iwi participation legislation.

Clause 3.13 Purpose and content of FDS

(3) Every FDS must include a clear statement of hapū and iwi values and aspirations for urban development.

Clause 3.14 What FDSs are informed by

(1) Every FDS must be informed by the following:

(d) Māori, and in particular tangata whenua, values and aspirations for urban development.

There are a number of iwi and hapū-based entities throughout the Hawke's Bay region, and a number of whom have expressed interest in Napier and Hastings. These are:

- Heretaunga Tamatea
- Mana Ahuriri
- Maungaharuru-Tangitū
- Ngāti Hineuru
- Ngāti Kahungunu
- Ngāti Pāhauwera
- Ngāi Te Ohuake
- Ngāti Whitikaupeka

Figure 6 below identifies Treaty claimant groups' Areas of Interest within the FDS Study Area.

Figure 7 identifies a number of potential Māori cultural opportunities and constraints including identified Māori Land, Areas of Cultural Significance, Marae, and Archaeological Sites. Note that this is an indicative map and we are partnering with iwi groups to prepare the FDS and fully identify iwi and hapū values and aspirations for urban development and areas that may require protection. A number of other topics discussed in this report address topics of particular relevance for iwi and hapū values including freshwater, indigenous biodiversity, and special landscapes and features.

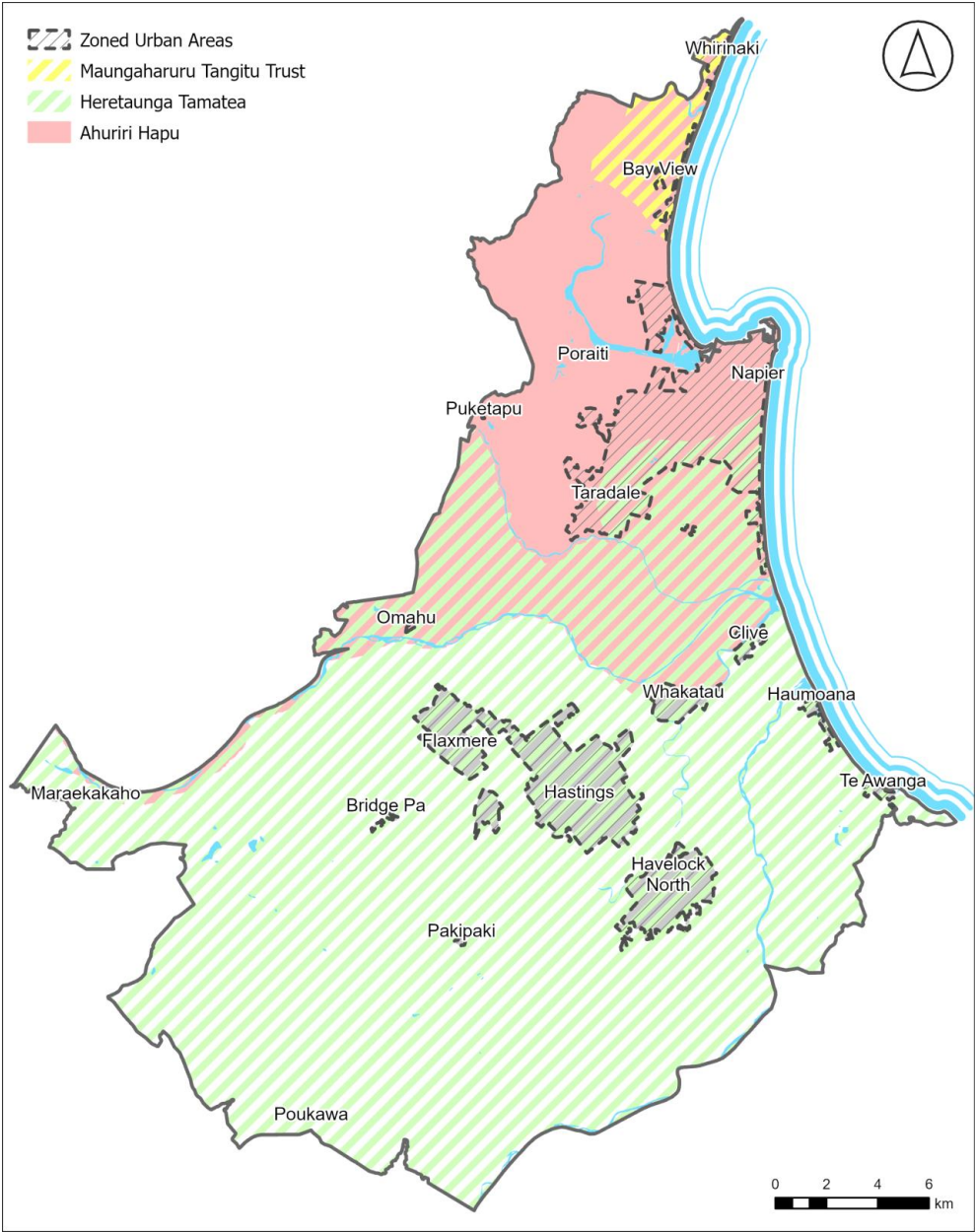


Figure 6 - Claimant groups' Areas of Interest within the Study Area

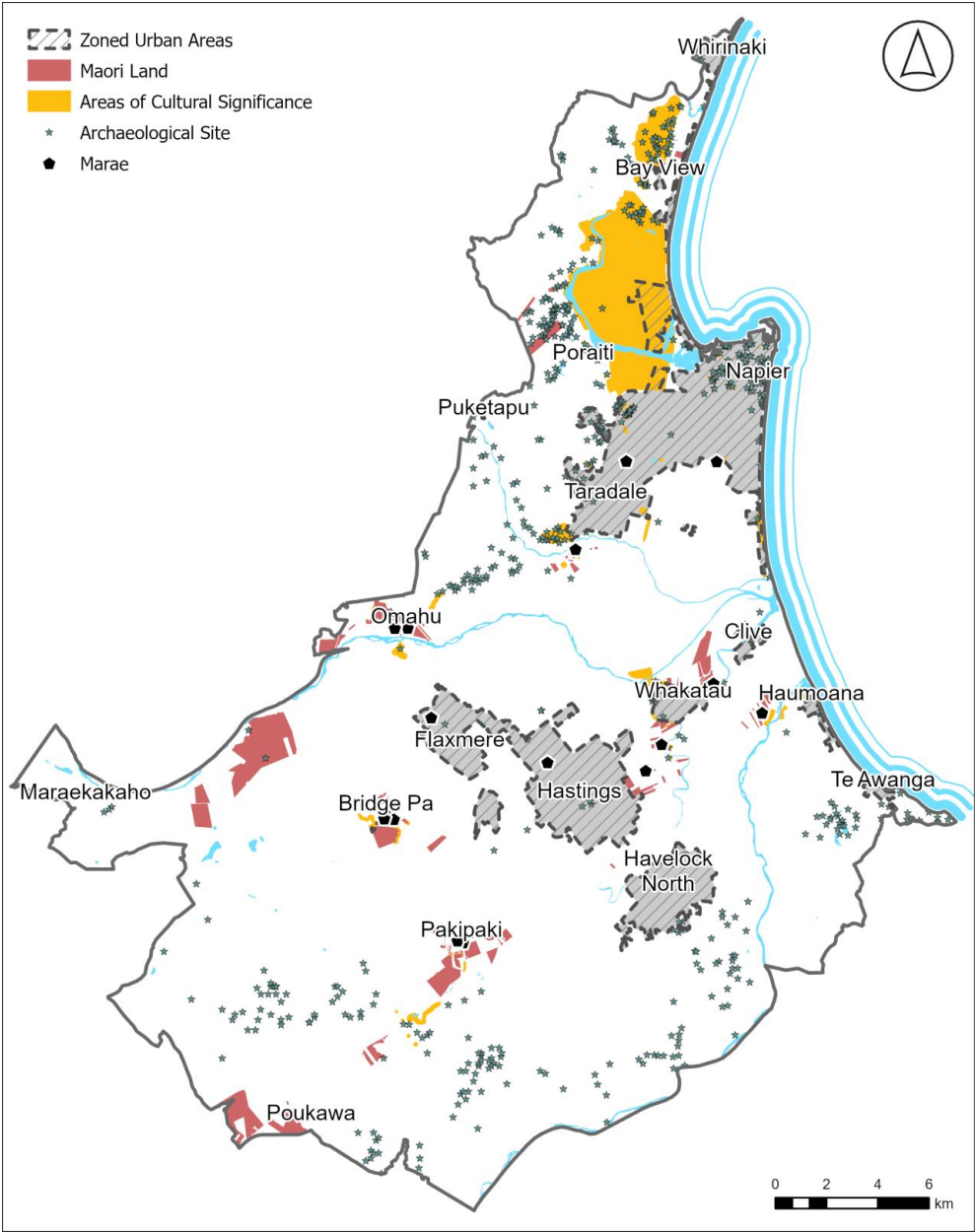


Figure 7 - Potential Māori cultural opportunities and constraints for future development

7.0 Natural Environment, Landscape, and Freshwater

The Resource Management Act requires Councils to recognise and provide for the protection of areas of significant indigenous vegetation and habitats of indigenous fauna, and to have regard to the intrinsic values of ecosystems, and the maintenance and enhancement of the environment.

The Resource Management Act 1991 also requires Councils to protect Outstanding Natural Features and Landscapes from inappropriate subdivision, use, and development (RMA 6(b)).

Napier and Hastings include sites that have been identified for their high ecological, biodiversity, or landscape values. Different terms are used to describe these areas, as shown on figure 8 below.

7.1 Natural Features and Landscapes

The Napier-Hastings area contains a number of distinctive and highly valued landscapes and natural features. The “protection of outstanding natural features and landscapes from inappropriate subdivision, use, and development” is provided as a matter of national importance under s6(b) of the RMA.

The Draft Napier District Plan spatially identifies the following landscape areas and features⁶:

- Outstanding Natural Features;
- Special Character Landscapes; and
- Special Character Features.

The Hastings District Plan identifies the following landscape areas and features:

- Coastal Landscape Character Area;
- Outstanding Natural Features;
- Outstanding Natural Landscape Area; and
- Significant Amenity Landscape Area.

The above-mentioned landscape areas and features for Napier and Hastings respectively are identified in figures 8 below.

The Outstanding Natural Features in Napier and Hastings, and the Outstanding Natural Landscape areas in Hastings are required to be protected from inappropriate subdivision, use, and development under s6(b) of the RMA. There is therefore no potential to develop in these areas. The Special Character Landscapes, Special Character Features, Significant Amenity Landscape Areas and Coastal Landscape Character Areas may be able to accommodate some development with appropriate mitigation to ensure landscape values are maintained, particularly when considered in the context of the limited range of options Napier and Hastings have for accommodating future growth.

⁶ This is a *draft* District Plan that has not yet been through a statutory public participation process. Therefore, these may be subject to change.

7.2 Indigenous Biodiversity

Indigenous biodiversity refers to native species, their genetic diversity, and the habitats and ecosystems that support them. Hawke's Bay's natural environment has been heavily modified by historic clearance for pastoral farming, however areas of significant biodiversity remain, and their scarcity increases the importance of protection.

The Napier Draft District Plan identifies Significant Natural Areas. These are mostly in and around the nationally significant Ahuriri Estuary but also include some parts of the hills surrounding Napier, such as stands of Kanuka at Bay View.

Many areas of significant indigenous vegetation within the Hastings District are in the ownership of the Department of Conservation and therefore legally or physically protected by them by way of covenants, reserves or forest parks. However, of the remaining areas of remnant native forest and wetlands outside of the Conservation Estate, the majority do not have any legal or physical protection and there is therefore little certainty of protection for these relatively few remaining significant natural areas. However, it will be important for the FDS to consider how development can avoid potential impacts on these areas.

The Government is currently developing a National Policy Statement for Indigenous Biodiversity which may change the requirements around what local authorities must do to maintain indigenous biodiversity.

Figure 8 below shows identified SNAs, QEII Covenant areas, conservation land, and DOC Recommended Areas for Protection in the FDS study area.

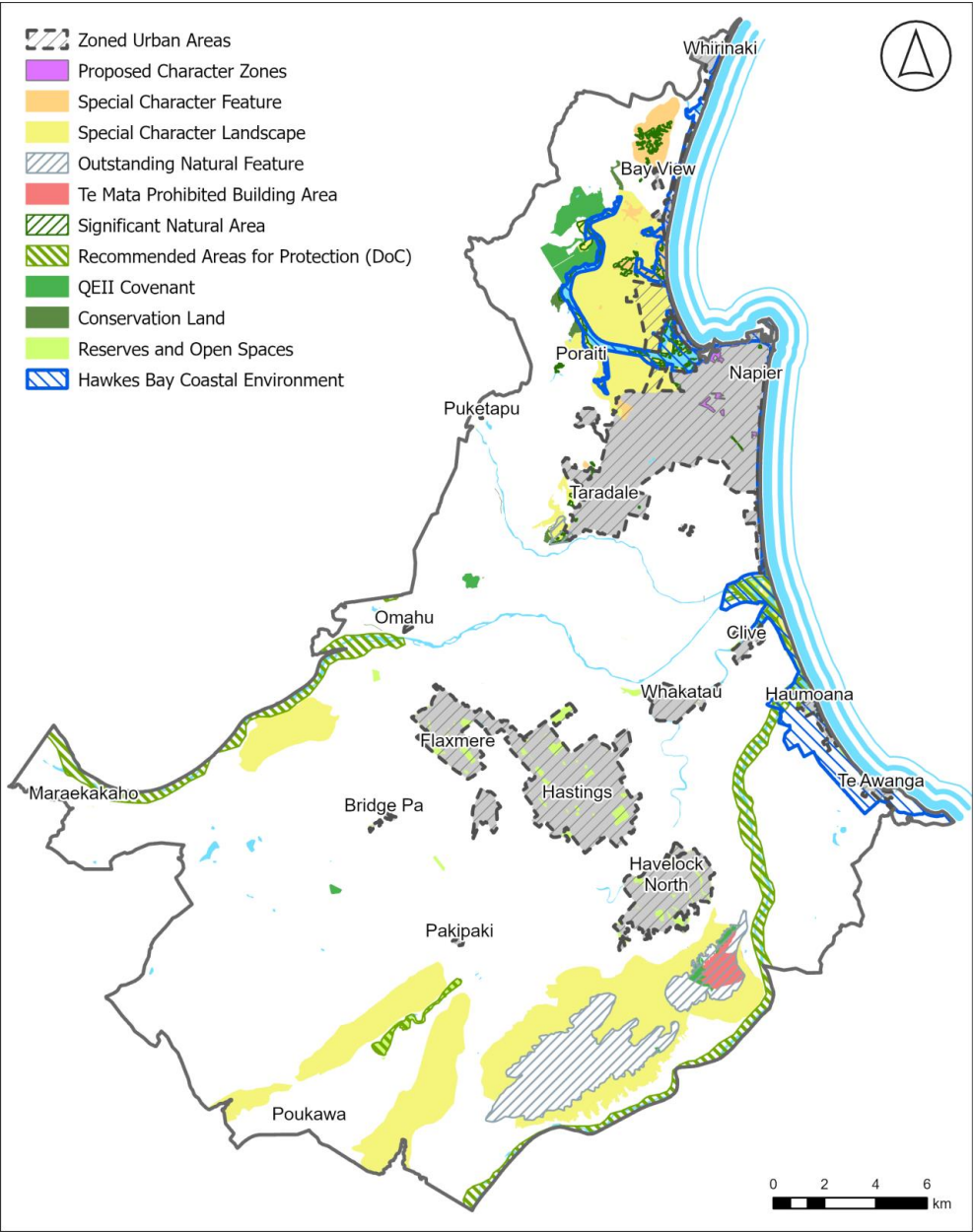


Figure 8- Landscape and ecological development constraints (Note: Placeholder figure. Further data on Outstanding Water Bodies to be included)

7.3 Freshwater

The National Policy Statement for Freshwater Management 2020 (NPS-FM) sets out the objectives and policies for freshwater management under the Resource Management Act 1991.

Freshwater management is a significant issue for Napier and Hastings to provide for human health, the protection of indigenous biodiversity, and the protection of cultural values.

By 2030, all regional councils are required to identify and map natural wetlands in accordance with the NPSFM and National Environmental Standards for Freshwater Regulations 2020 (NES-FW). The NES-FW contains a number of provisions which heavily restrict or prohibit development in and around natural wetlands.

'Wetland' is the collective term for the wet margins of streams, rivers, ponds, lakes, estuaries, bogs, swamps and lagoons. Wetlands aren't always 'wet'. They provide a habitat for wildlife and support an indigenous ecosystem of plants and animals that have adapted to living in wet conditions.

The main wetlands in the FDS study area are:

- Coastal (lagoons & estuaries): Ahuriri Estuary, Tukituki Estuary, Waitangi Estuary.
- Freshwater (swamps, lake margins): Pekapeka/Lake Poukawa, Lake Runanga, Lake Oingo.

There are many other smaller natural wetlands on public and private land. Some of these wetlands can be dry at certain times of year which can make identification difficult. The process to identify a natural wetland relies on vegetation, soil and hydrology assessments and may require specialist help.

THE NPSFM also recognises that a number of New Zealand's lakes, rivers and coastal areas are iconic and well known globally for their natural beauty and unique values, and allows for exceptional water bodies to have special protection. Plan Change 7 proposes to change the Hawke's Bay Regional Resource Management Plan to include a list of the region's outstanding water bodies, together with a framework which prescribes a high level of protection for these water bodies in consenting and future plan making. The outstanding water bodies identified within the FDS study area include the Ahuriri and Tukituki estuaries, and parts of the Tutaekuri and Tukituki rivers.

The Heretaunga Plains aquifer system is the main groundwater resource for people living on and adjacent to Heretaunga Plains and provides these communities with a significant portion of their water requirements. The Heretaunga Plains aquifer system is a complex mix of layers of sub-surface gravels and other materials. There are some parts of the aquifer system that are more vulnerable to activities on the surface of land and land disturbance. These locations are often referred to as the 'unconfined' aquifer system. Under the NPSFM, district plans must include provisions to promote positive effects, and avoid, remedy, or mitigate adverse effects of urban development on the health and well-being of water bodies, and freshwater ecosystems, and receiving environments. Therefore, particular care needs to be taken around developing above the unconfined aquifer.

Figure 9 below identifies a number of freshwater constraints in the FDS study area including Wetlands, the Unconfined Aquifer, Source Protection Zones for community water supplies, and the Tukituki Surface Water Allocation Zones.

Under the current and past versions of the NPSFWM a number of changes to the policy and regulatory frameworks applying to the management of freshwater have been initiated by the Hawke's Bay Regional Council. In particular the concept of Te Mana o Te Wai and environmental limits under a changing climate as a foundation principle means that water scarcity will be a potentially significant constraint on both land use intensification and urban development, including industry.

The NPSFWM requires councils to adopt an integrated approach, ki uta ki tai (from the mountains to the sea), as required by Te Mana o te Wai, including managing land use and development in a sustainable way and encouraging the co-ordination and sequencing of regional or urban growth. HBRC is planning to fully implement the NPSFWM as part of a combined plan review known as the 'Kotahi Plan.' Prior to Cyclone Gabrielle, work has already commenced on preliminary phases of preparing the Kotahi Plan which has included iwi and community engagement.

For now, of particular relevance to the FDS is the TANK Plan Change (PC9) relating to the Heretaunga and Ahuriri Catchments. PC9 is currently subject to a number of Environment Court appeals. An application for a Water Conservation Order for the Ngaruroro River is also currently subject to court appeal proceedings.

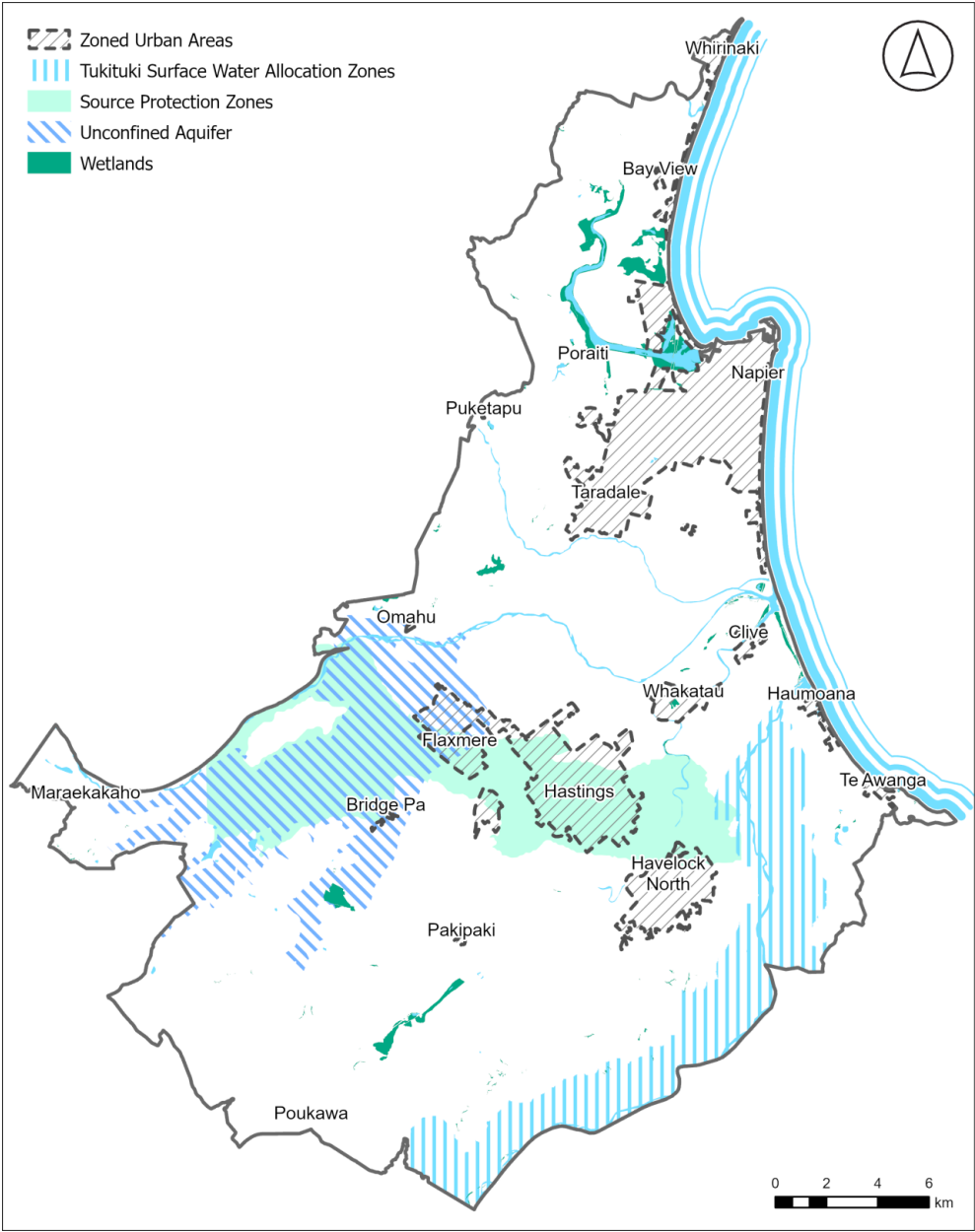


Figure 9 - Potential freshwater related development constraints (Note: Placeholder figure – further TANK PC9 data to be included)

7.4 Key Issues

Key issues for the FDS in relation to natural environment will include:

- How to ensure urban growth occurs while protecting, and potentially enhancing, water quality, indigenous biodiversity, and outstanding landscapes.
- How to ensure urban development promotes positive effects and avoids adverse effects on water bodies, and freshwater ecosystems, and receiving environments.
- To what extent can development be accommodated in Significant Amenity Landscape Areas, Special Character Landscapes, and Coastal Landscape Character Areas while still protecting the identified landscape values.

8.0 Rural Production

8.1 Overview

The versatile and productive soils of the Heretaunga Plains are a significant productive resource for the Hawke's Bay community. The Hawke's Bay is one of the two largest fruit producing regions in the country, and the rural environment has become increasingly popular for vineyards and wineries. The importance of the productive values associated with the Heretaunga Plains is one of the primary locational constraints for growth options, and there has been a clear message from the community that the soils should be protected from on-going development

The National Policy Statement for Highly Productive Land ("NPS-HPL") provides policy direction to manage the use of highly productive land. It requires highly productive land to be protected for use in land-based primary production. The NPS-HPL requires the identification and mapping of highly productive land and sets out how subdivision, use, and development of highly productive land is to be managed.

Policy 5 of the NPSHPL seeks to **avoid** the urban rezoning of highly productive land, unless the requirements of clause 3.6 are met:

- That urban rezoning is required to provide sufficient development capacity to give effect to the NPSUD.
- There are no other reasonably practicable and feasible options for providing at least sufficient development capacity within the same locality and market while achieving a well-functioning urban environment, including greater intensification in existing urban areas and the rezoning of land that is not highly productive or has a relatively lower productive capacity.
- The environmental, social cultural and economic benefits of rezoning outweigh the long-term costs associated with the loss of highly productive land for primary production.

Until regional councils include maps of highly productive land in the regional policy statement, highly productive land includes land that is zoned general rural or rural production and has a land use capability class ('LUC') of 1-3 (inclusive). However, land that is identified for future urban development must not be mapped as highly productive land. This includes the preferred growth areas previously identified under HPUDS.

Figure 10 Figure 10 below shows LUC 1-3 land in and around Napier and Hastings, based on the identification by the New Zealand Land Resource Inventory ('NZLRI').

As shown in **Figure 10** below, the land outside of the Hastings urban area is predominantly underlain by highly productive soils, as is the flat land to the North and South of Napier being LUC 1 and 2 and the directive requirements of the NPS:HPL will therefore be highly relevant to the FDS.

The NZLRI provides high level mapping at a coarse scale of 1:50,000 based on physical limitations and qualities of the land, soil, and environment. There may also be land that is highly productive that is not identified as LUC 1, 2, or 3, and conversely some of the land identified as LUC 1, 2, or 3 may have significant limitations for productive use.

8.2 Key Issues

Key issues for the FDS in relation to rural production will include:

- How can urban growth be provided for while protecting the highly productive land of the Heretaunga Plains for rural production?
- Are there any areas of LUC 1, 2, or 3 land that are required to be rezoned for urban uses in order to provide sufficient development capacity that cannot be provided in other places?
- If yes to the above, then how can this be done in a way that minimises loss of rural productive capacity?
- How should the FDS address productive land which is not identified as LUC 1,2 or 3 such as the Gimblett gravel soils?
- How can conflicts and reverse sensitivity between rural production and greenfield growth be managed?

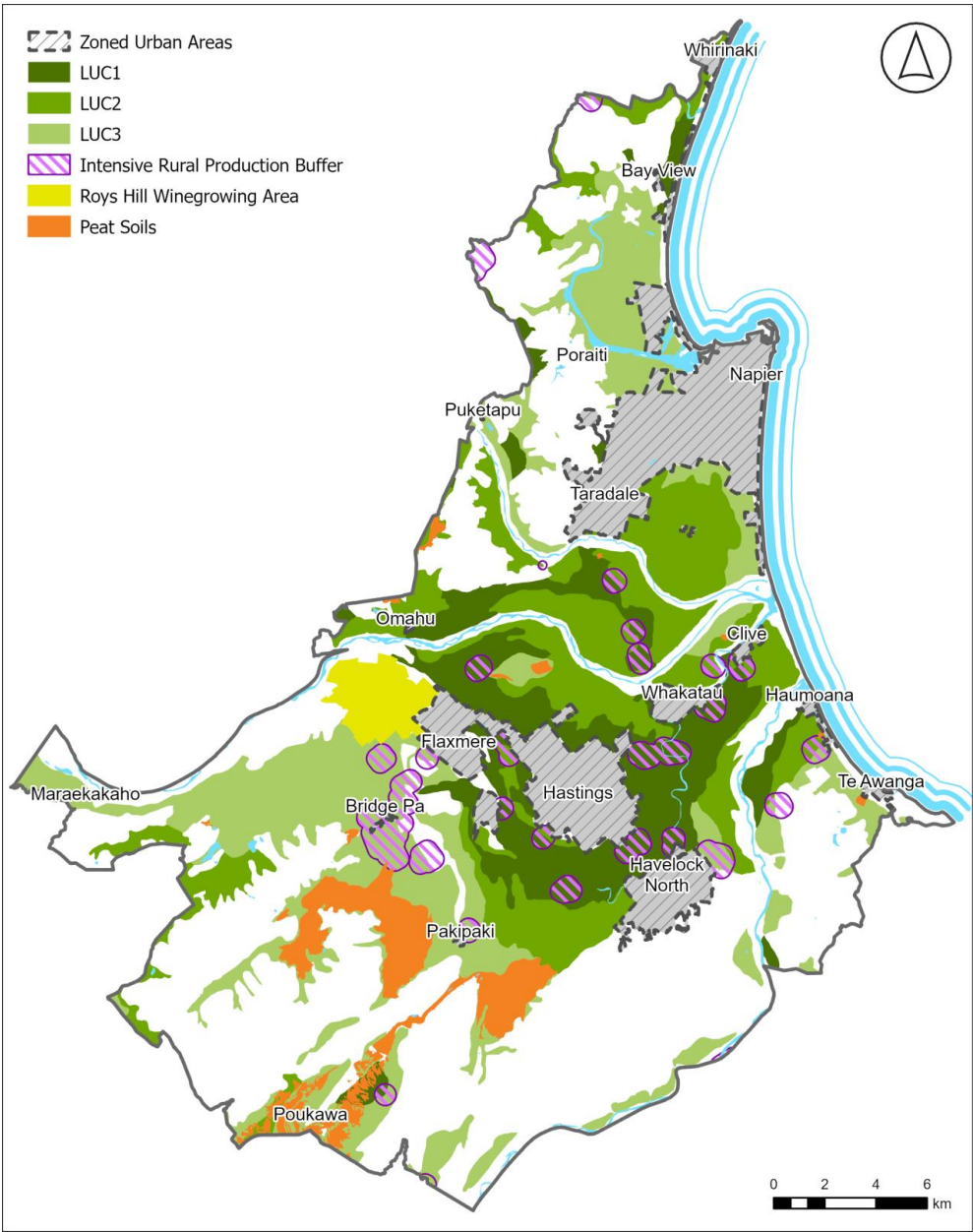


Figure 10: Land Use Capability Mapping. Source: New Zealand Land Resource Inventory.

9.0 Natural Hazards

The Napier-Hastings area is at risk from a number of natural hazards including flooding, droughts, coastal erosion and inundation, tsunami, landslide and seismic hazards.

The Hawke's Bay Regional Council Hazard Portal displays spatial information on fault lines, liquefaction, coastal hazards, flood risk areas, tsunami inundation, and landslide risk. Figure 11 below shows where these natural hazards have been identified within the FDS study area.

Each of those hazards will have varying impacts on different types of urban activities. Low probability events with high impacts need attention and management in a different way to frequently occurring hazards with lesser impacts each time it occurs. Different types of urban activities will present differing degrees of risk (for example, an urban water supply pumping station outage will have different consequences to damage suffered by a retail outlet in the same event; or consequences of flooding impacting a residential block will differ from impacts of flooding of elderly care residences).

Therefore, it is important that the FDS not only consider the type of natural hazards, but also the varying degrees of impact (consequences) of different types of urban activities occurring in at-risk locations.

9.1 Flood Hazards

Floods and storms are the most frequent hazard in Hawke's Bay. With climate change, they will increase in frequency and intensity. Historically there have been numerous major storms resulting in severe flooding which has resulted in stopbanks, pumping stations and other protection measures being put in place.

Figure 11 shows flood risk areas within the FDS study area based on information from the Hawke's Bay Hazard Portal. That flood modelling has been based on 100-year return period events (1% annual exceedance probability) for river flood risk areas, and 50-year return period events (2% annual exceedance probability) for floodplain flood risk areas. The flood extents shown in the maps are based on localised catchment modelling and is not meant to show specific flooding details on each property.

A limitation of these maps are the areas excluded including most of the Hastings urban area. The effects of climate change have also not been included in this modelling.

The Napier City Council is currently updating its flood hazard modelling data and more information will be available throughout the course of the project.

9.2 Coastal Hazards

Coastal hazards for the Hawke's Bay area include tsunami, storm erosion and coastal inundation. The present-day extent and likelihood of these coastal hazard risks are expected to increase as a result of climate change projections of increased storm intensities, sea level rise, and coastal subsidence.

Figure 11 below includes areas identified as at risk of coastal erosion and coastal flooding based on information from The HBRC.

Figure 12 below shows 2500-year Annual Return Interval for a tsunami event with 1m of sea level rise based on assessment provided by GNS in 2022.

9.3 Other Hazards

Other hazards that the Napier-Hastings area is subject to include liquefaction, faultlines, and slope stability. Figure 11 shows areas of high liquefaction risk, high landslide risk, and areas of highly steep land, and fault avoidance zones.

Hazards such as liquefaction, and to some extent slope stability, are generally able to be mitigated through engineering works. However, the costs of this mitigation may present challenges for the economic feasibility of development.

9.4 Key Issues

Natural hazard issues for the Napier-Hastings FDS include the following:

- How can we ensure that urban communities of Napier and Hastings and infrastructure are resilient to risks from natural hazards?
- Where are the areas where additional new development and re-development needs to be avoided entirely?
- Where are the areas where new development and re-development may be accommodated with appropriate mitigation?
- To what extent should growth be accommodated in existing urban areas that are known to be subject to natural hazard risk? What level of risk tolerance and mitigation should we be considering?
- How can tsunami evacuation routes be provided for?

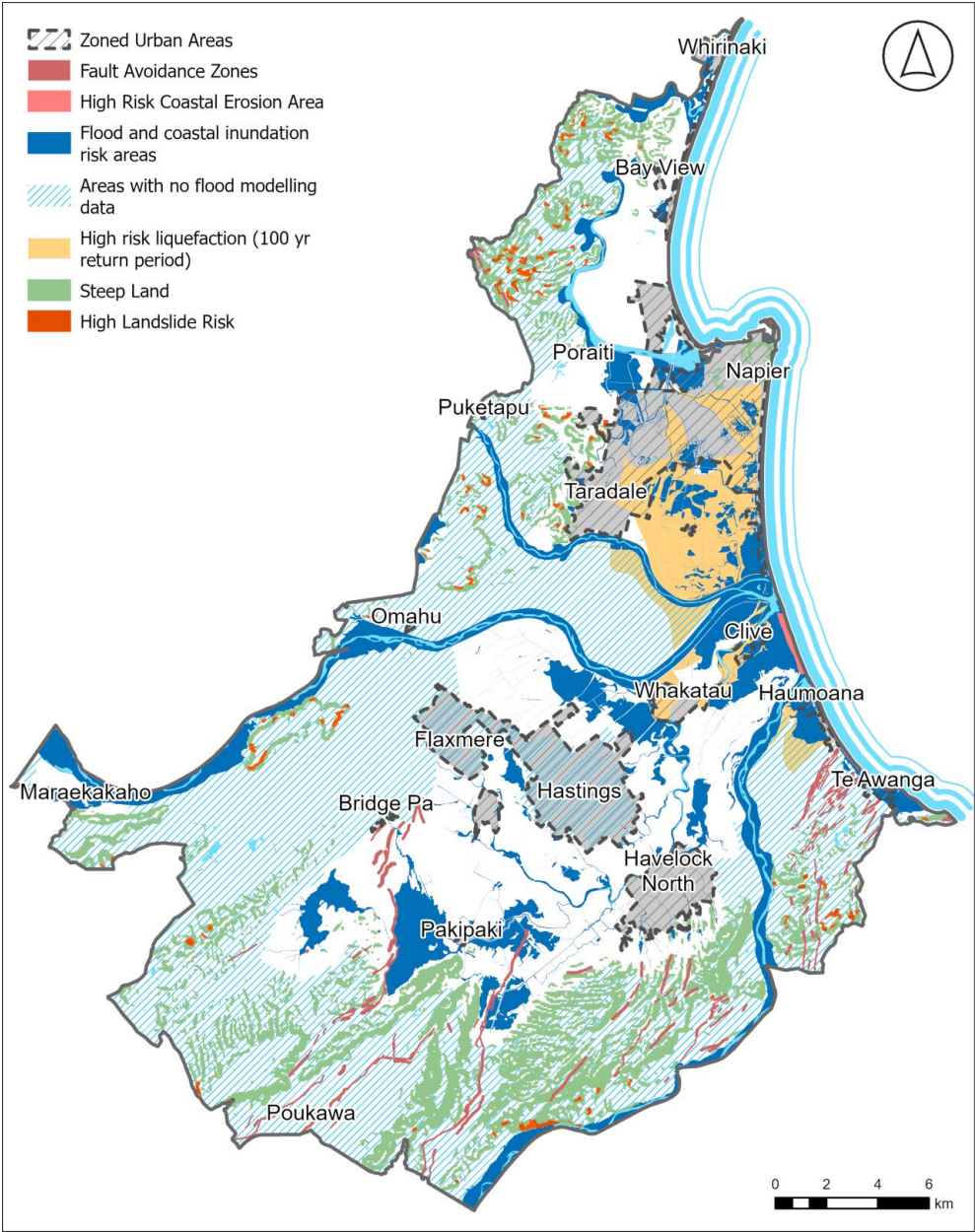


Figure 11 - Potential Natural Hazard constraints (excluding Tsunami Risk)

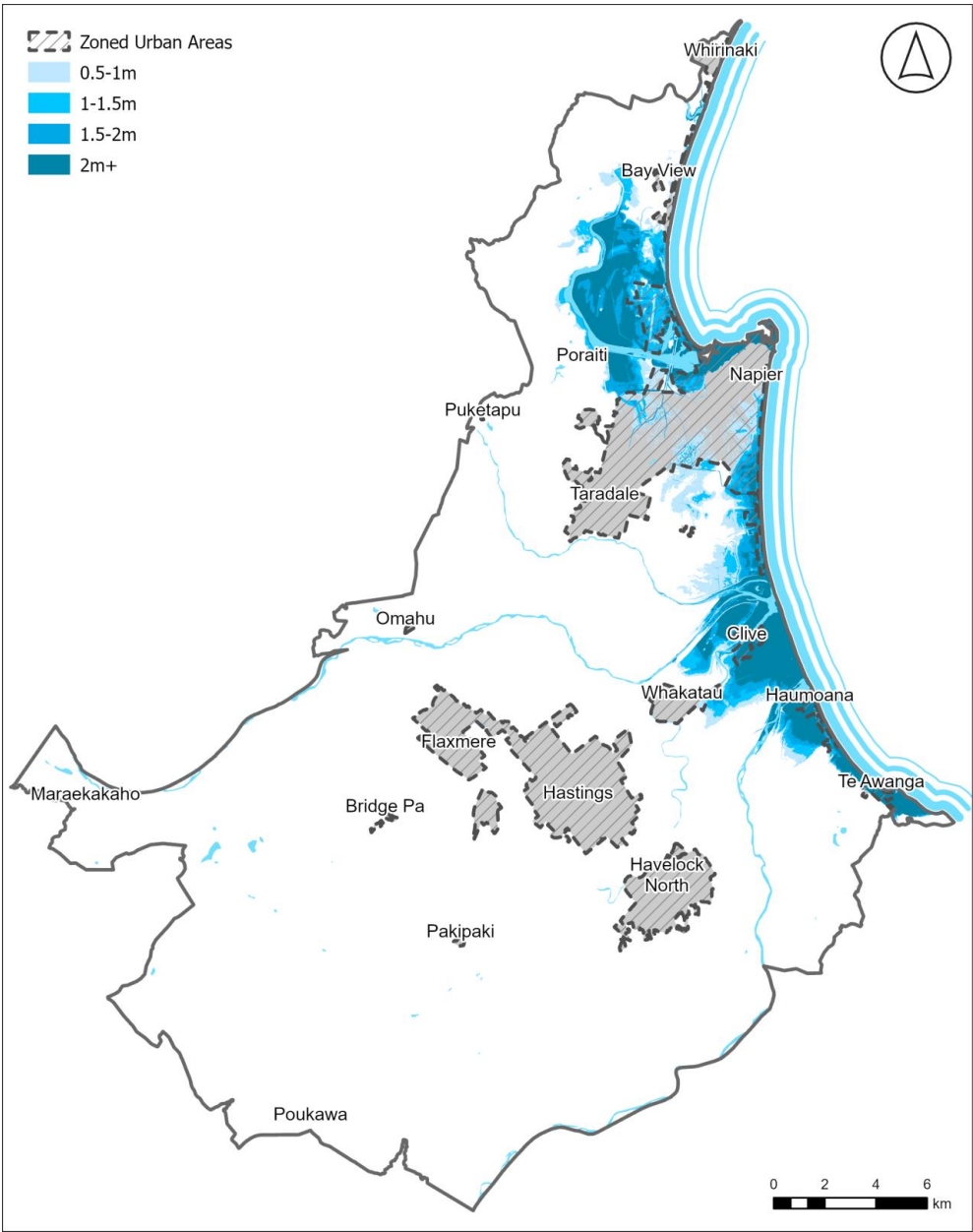


Figure 12 - 2500 year Annual Return Interval Tsunami Event (flood depth) with 1m of Sea Level Rise (data source: GNS/ HBRC)

10.0 Infrastructure

As the Napier and Hastings areas are experiencing significant growth there is a need to invest significantly in infrastructure to provide for the required development capacity. Infrastructure includes 3 Waters (drinking water, wastewater and stormwater), telecommunications, energy, transportation, parks and open spaces, and community facilities. The role of infrastructure is to improve our social, economic, environmental and cultural well-being and support more sustainable and resilient outcomes. Ongoing growth in Hawke's Bay means that planning for future development capacity to be identified and serviced is a high priority.

Further information is provided below on three waters, transport, network utilities, and social infrastructure for both Napier and Hastings.

10.1 Three Waters Reform

Central Government is currently carrying out a reform of the system for delivery of drinking water, wastewater and stormwater.

The Government has worked with local government, iwi and water industry leaders to create a detailed, affordable plan to make sure our water services system is in good condition to meet challenges like population growth, climate change and natural disasters.

Under this plan ten new publicly-owned Water Services Entities will run New Zealand's drinking water, wastewater and stormwater services – currently operated by councils on behalf of communities.

The Government's plan will build these new Water Services Entities (WSEs) on the foundations of existing council infrastructure, people, and expertise. The plan is designed to give the new water organisations the financial flexibility to make the necessary upgrades more affordable for everyone. The transition to the new system will take place over a number of years.

The current proposal combines the Tairāwhiti and Hawke's Bay areas into a single entity with responsibility for 3 Waters delivery separate from the five Councils (Gisborne, Wairoa, Napier, Hastings and Central Hawke's Bay). It is expected that the entity will work closely with the Councils to plan and deliver infrastructure services including a capital works programme that supports regional growth strategies and future development proposals within its jurisdictional area.

For Napier and Hastings, this requires the Councils to have a well-developed investment programme in place to ensure that growth infrastructure can continue to be implemented in established growth areas.

10.2 Water Supply and Allocation

Water supply in Napier and Hastings is drawn from aquifers including the Heretaunga Plains, through water permits administered by Hawke's Bay Regional Council.

Increased water supply capacity is required to provide for population growth over the next 30 years, including servicing growth areas with new infrastructure and upgrading the existing network to ensure aging infrastructure remains fit for purpose. This includes providing for residential

growth (through municipal supply), and also horticulture and other business activities that require security of water supply (through individual water permits).

However, natural aquifer systems are not endless. There are limits to the freshwater resource to protect the health of aquatic ecosystems and meet the health needs of people. In the Heretaunga Plains, recent scientific evidence from the Hawke's Bay Regional Council has identified that there is no additional volume of groundwater available to allocate to new activities and development.

Therefore, current growth projections for Hastings mean that there will be increasing demand for water that may not be able to be met by the current Hastings urban water supply consent in the future despite achieving greater efficiencies and improved water demand management.

Napier City Council commissioned GHD Limited to produce a Three Waters Servicing Structure Plan to identify additional upgrades needed to accommodate population growth. The Three Waters Servicing Structure Plan identified water supply upgrades as shown in Figure 13.

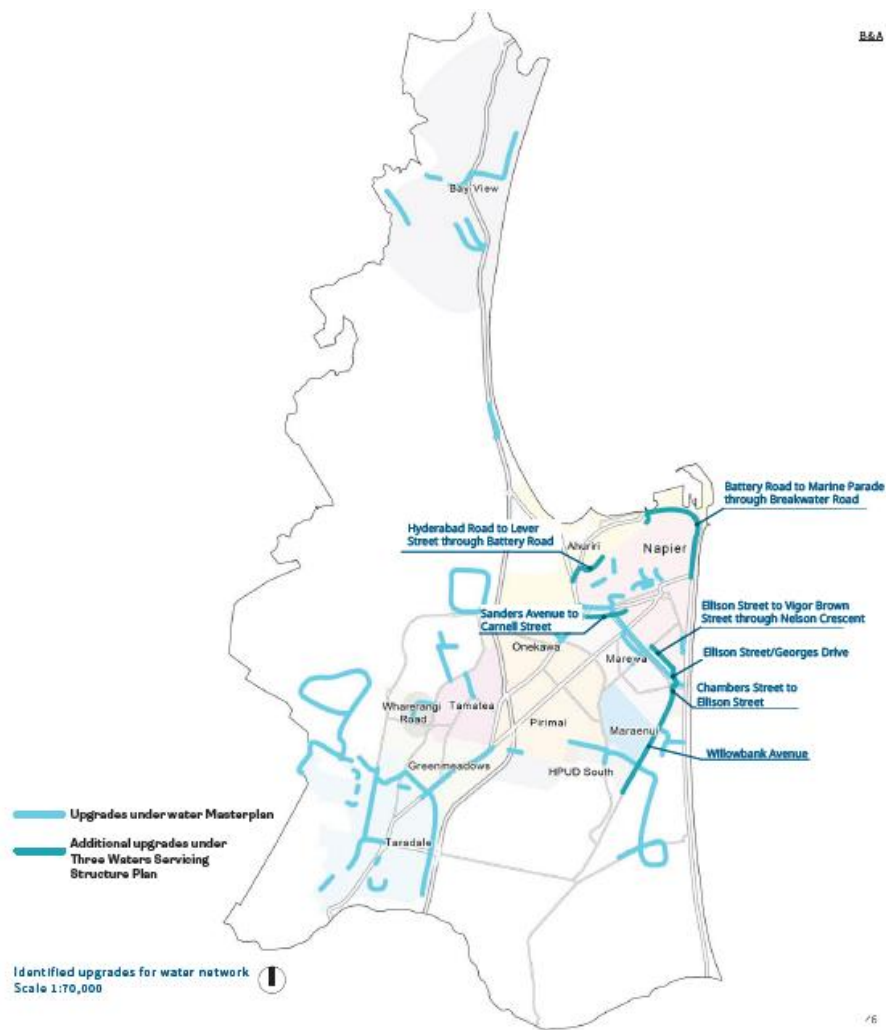


Figure 13 – Identified Water Supply Upgrades required for Napier.

10.2.1 Hastings DC Drinking Water Strategy

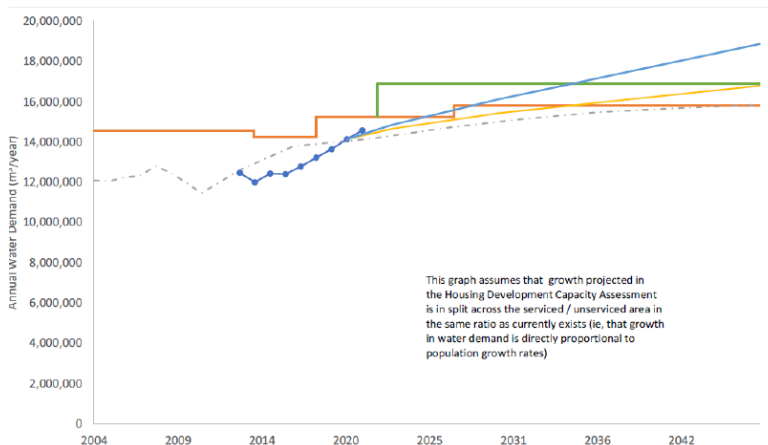
The Drinking Water Strategy 2018 (WAT-20-20-18-525) sets out the approach to drinking water that has water quality and safety as the prime objectives. The strategy includes a combination of new and redefined initiatives based on investigations, modelling and science to guide the establishment of new treatment and reservoir storage at Frimley Park and Eastbourne St, new and upgraded pipes, and a booster pump station in Havelock North.

The strategy also highlights the need to ensure that Hastings has access to sufficient quantities of water to meet current and future needs, whilst ensuring water is used efficiently. New information relating to sustainable groundwater abstraction rates and stream depletion effects from groundwater abstraction across the Heretaunga Plains means that Council must use water

efficiently while also ensuring that its abstractions are within sustainable allocation limits and are not having an adverse environmental effect.

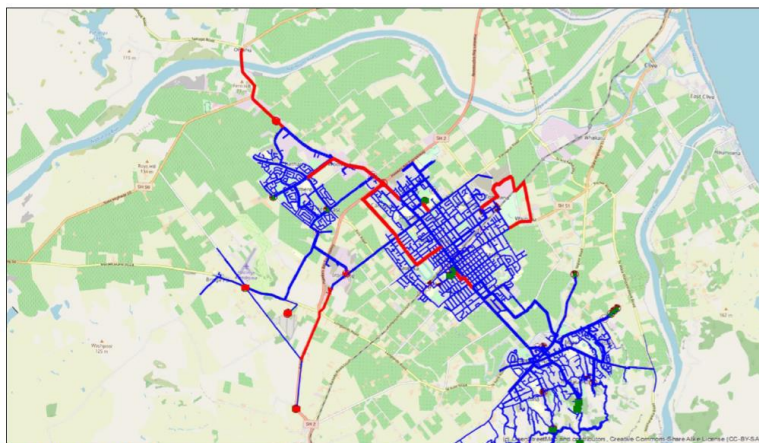
The impact of residential growth is apparent in our consumption data which shows a continuing upward trend and it is expected that this trend will continue in the foreseeable future.

Demand Projections (Fig. 2.1.2 - Infrastructure Constraints Report)



The predictions shown above in Figure 2.1.2 are based on our historic and current consumption rates and estimates of future water demand using a medium and high growth scenario. These projections do not account for potential reductions from demand management programmes that are underway to reduce network wide leakage (leak detection and accelerated asset replacements), pressure reduction and the potential for domestic water metering to be progressed over a similar timeframe.

The infrastructure programme over the next 10 years will improve the delivery of water to customers and enhance fire-fighting capability. Upgrades include 19.25km of new and upgraded watermains, 4 new reservoirs and 4 new booster pump stations.



10.2.2 Hawke's Bay Regional Water Assessment

The Hawke's Bay Regional Water Assessment provides an account of the volumes of water supply and water use in Hawke's Bay and, using the 2019/20 year as a base, assesses the likely additional pressures on demand in the future. It is intended to assist in incorporating regional freshwater security into regional plans and strategies.

According to the Regional Water Assessment the region could experience a shortfall between demand and supply of freshwater of nearly 25 million cubic metres, increasing to 33 million cubic metres by 2060 under a medium growth projection.⁷ Addressing this projected shortfall will require both a reduction in demand, through technology, behaviour and allocation, and an increase in supply. This will require investigating all practical options for increasing freshwater supplies in Hawke's Bay.

10.2.3 TANK Plan Change

The Hawke's Bay Regional Council is currently progressing Plan Change 9 to the Regional Resource Management Plan ('TANK Plan Change') to include new rules to manage water quality and quantity for the Tūtaekurī, Ahuriri, Ngaruroro and Karamū ('TANK') catchments. Decisions for the TANK Plan Change were notified September 2022, and Environment Court appeals are currently underway. The TANK Plan change is one of several initiatives that the Hawke's Bay Regional Council has underway to implement the National Policy Statement for Freshwater Management.

The decision version of the TANK Plan Change includes a number of provisions that will limit water take consents and the ability to increase water supply capacity to accommodate growth to cater for residents and businesses.

Historically, the amount of water taken for urban uses from the underground aquifer has been limited by consents which may no longer be sufficient for future demand even with more efficient use.

New rules on surface and groundwater takes under the TANK plan change will limit access to additional water such that industrial expansion or new industrial activities will be constrained and they may then rely more heavily on the Hastings supply to meet their essential water needs.

10.3 Stormwater

The Hastings and Napier urban stormwater systems are vulnerable to increasing rainfall intensities and volumes due to climate change. A reduction in pervious surfaces caused by development, infill and extensions increases run-off. This means there is reduced ability to control stormwater in pipes and overland flow systems (detention ponds). Pipes fill up faster with more stormwater present in roads and properties, and increased overland flow increases the risk of flooding and inundation. Increased rainfall runoff and water quality issues will increasingly need to be addressed through natural system solutions such as swales and rain gardens.

⁷ Note that this medium growth projection is based on a 2020 baseline. This differs from the medium-high growth projection based on a 2022 baseline being used to project demand for dwellings in the FDS.

In the aftermath of the November 2020 flooding in Napier, plus devastating impacts of Cyclone Gabrielle in February 2023, there is increased anxiety in the community about the risk of flooding and expectations of Council to minimise flooding are heightened.

To respond to these stormwater constraints Hastings District Council has rules in place to ensure that new development alleviates stormwater within the property. Napier is also introducing stormwater neutrality requirements in the Proposed District Plan. Councils are also developing adaptation strategies to ensure that there are plans in place to minimise the impacts of climate change. Council and the community will need to agree a range of approaches for addressing limitations and areas that are becoming increasingly vulnerable.

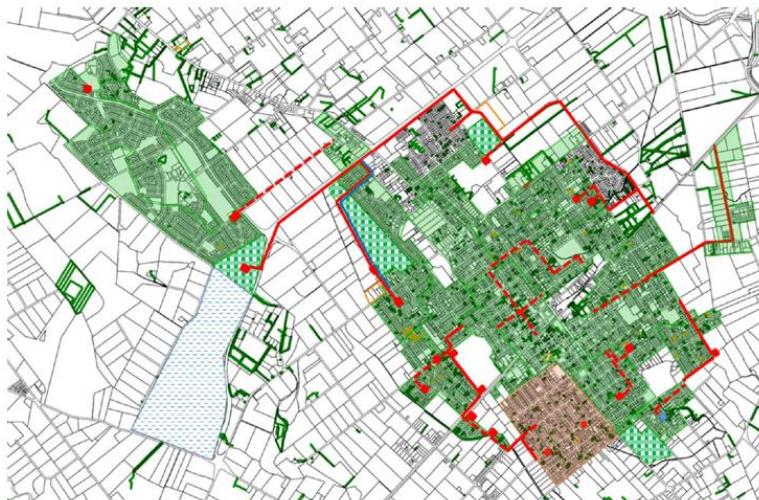
10.4 Wastewater

The current Hastings urban wastewater network is reaching full capacity. Predicted growth and intensification requires additional capacity beyond the capabilities of the existing system.

As a consequence of this additional wastewater demand can cause surcharging of pipes and increases the risk of overflows in wet weather events.

To respond to these events Hastings District Council is planning to build new infrastructure to provide growth capacity and improve existing network issues. The 10-year wastewater programme will see an investment of \$85M in the next 3 years as part of a “growth ready” initiative with a further \$129M to be spent across the urban network to ensure that long term growth and levels of service can be maintained. Council is also progressing with investigations, strategies and upgrades to minimise stormwater impacts to the wastewater system.

The figure below shows where new and upgraded infrastructure is to occur. With the exception of the Akina area (shown as orange) the wider Hastings urban area will no longer be constrained.



Napier City Council has identified a number of upgrades required to wastewater infrastructure to accommodate growth over the next ten years. These wastewater network upgrades are location dependant and are linked to specific geographic development triggers. These upgrades are identified on figure 14 below:

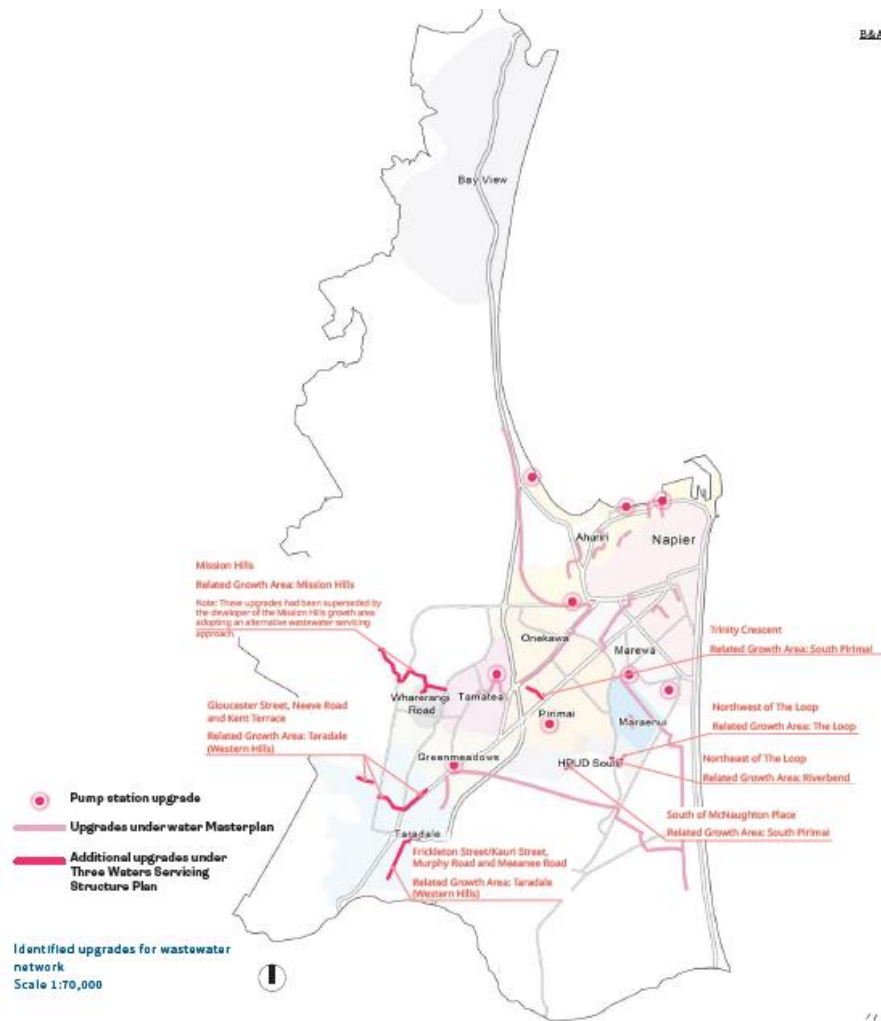


Figure 14 - Identified wastewater upgrades required for Napier.

10.5 Transport

The Hawke's Bay Regional Land Transport Plan 2021–2031 (RLTP) sets out a picture of the Hawke's Bay community and the current state of the transport network, the context for developing the Plan, the key issues it addresses, and the priorities for future investment.

The State Highway network provides connections within the Hawke's Bay and to the rest of the North Island. The region is serviced by State Highways 2, 5, 50 and 51, as shown on figure 15 below.

Local bus passenger services operate in and between Napier, Hastings and their dormitory towns; Flaxmere, Taradale, Havelock North and Bay View, with approximately 650,000 passengers carried annually, for a distance of approximately 6.9 million kilometres. The mode share of journeys to work by public transport is currently small, with only 0.5% of the working population travelling by

bus according to the 2018 Census. However, 14.5% of children travel to school by either school or public bus.

Increasing accessibility to jobs, homes, services and facilities through active and public transport will be a key issue for the FDS, as well as ensuring resilience in connectivity particularly between Napier and Hastings.

10.6 Utilities and Energy

Further work is required to understand the utilities and energy requirements to accommodate long term growth. This is a significant issue following Cyclone Gabrielle and the widespread power and telecommunications outages that resulted.

Ensuring long term resilience of power and communications infrastructure for Napier and Hastings is a key issue for the FDS especially given how vulnerable Napier and other areas were after the cyclone with no power and telecommunications outages. .

10.7 Other Infrastructure

The Napier Port and the Hawke's Bay Airport are key strategic infrastructure for Hawke's Bay.

The Napier Port is currently reviewing its master plan, which guides investment in infrastructure, equipment and capability. The key objectives of the master plan are to:

- Drive supply chain and port efficiency
- Facilitate growing cargo volumes
- Help our region thrive
- Identify and secure important supply channels – road, rail and sea
- Enhance and protect our environment through sustainable practices
- Engage all our stakeholders in Napier Port's future vision.

The Napier Port is also investigating an inland port to provide the capacity and capability to meet the future regional growth that is expected within Hawke's Bay and across the wider North Island. Whakatū is the preferred site for the inland port.

The Hawke's Bay Airport Masterplan sets out a long-term vision for the airport to 2040, and projects significant growth in passenger services and aircraft movements. As the both the airport and Napier City grow it be important to address potential conflicts between the airport and other land uses. As noted above, the Napier Airport may be reviewing their Masterplan in the future.

Figure 15 sets out the regionally significant infrastructure within the study area including the state highways, rail lines, transmission lines and substations, and the airport and port noise boundaries.

Parks, open space, and schools are vital for the wellbeing of the community and to support urban development. Identifying how long-term growth can occur with sufficient access to this social infrastructure will be an issue for the FDS to address. Hastings District Council has identified that the availability of parks and open spaces in existing urban areas is below the current level of service, with many local reserves and playgrounds outside of walking distance for residents. To address this Council has prepared a District Wide Reserve Management Plan with objectives and policies to provide consistency, transparency and community awareness

of Council's intentions for managing reserves and open spaces. Identifying how long-term growth can occur with sufficient access to this social infrastructure will be an issue for the FDS to address.

Napier generally has a good existing level of access to parks and reserves across the city. The Regional Park in Napier will become a key asset for improving resilience, improving water quality by filtering wetlands, and providing recreational opportunities amongst other objectives.

Identifying how long-term growth can occur with sufficient access to social infrastructure will be an issue for the FDS to address.

10.8 Key Issues

Key infrastructure issues for the FDS include:

- Significant investment is needed in three waters infrastructure to accommodate long term growth in both Napier and Hastings. How can growth be provided for in a way that ensures efficient provision of three waters infrastructure while operating within constraints of sustainable environmental limits?
- How can the long-term growth of the airport and port be managed in a way that avoids conflict and reverse sensitivity effects from urban growth?
- How can urban growth and transport provision be integrated to ensure high levels of accessibility by active and public transport, and to reduce vehicle kilometres travelled (VKT) and carbon emissions?
- Is access to and availability of social infrastructure suitable to accommodate for additional growth particularly intensification?
- Resilience via suitable access should be a key consideration for the growth options.

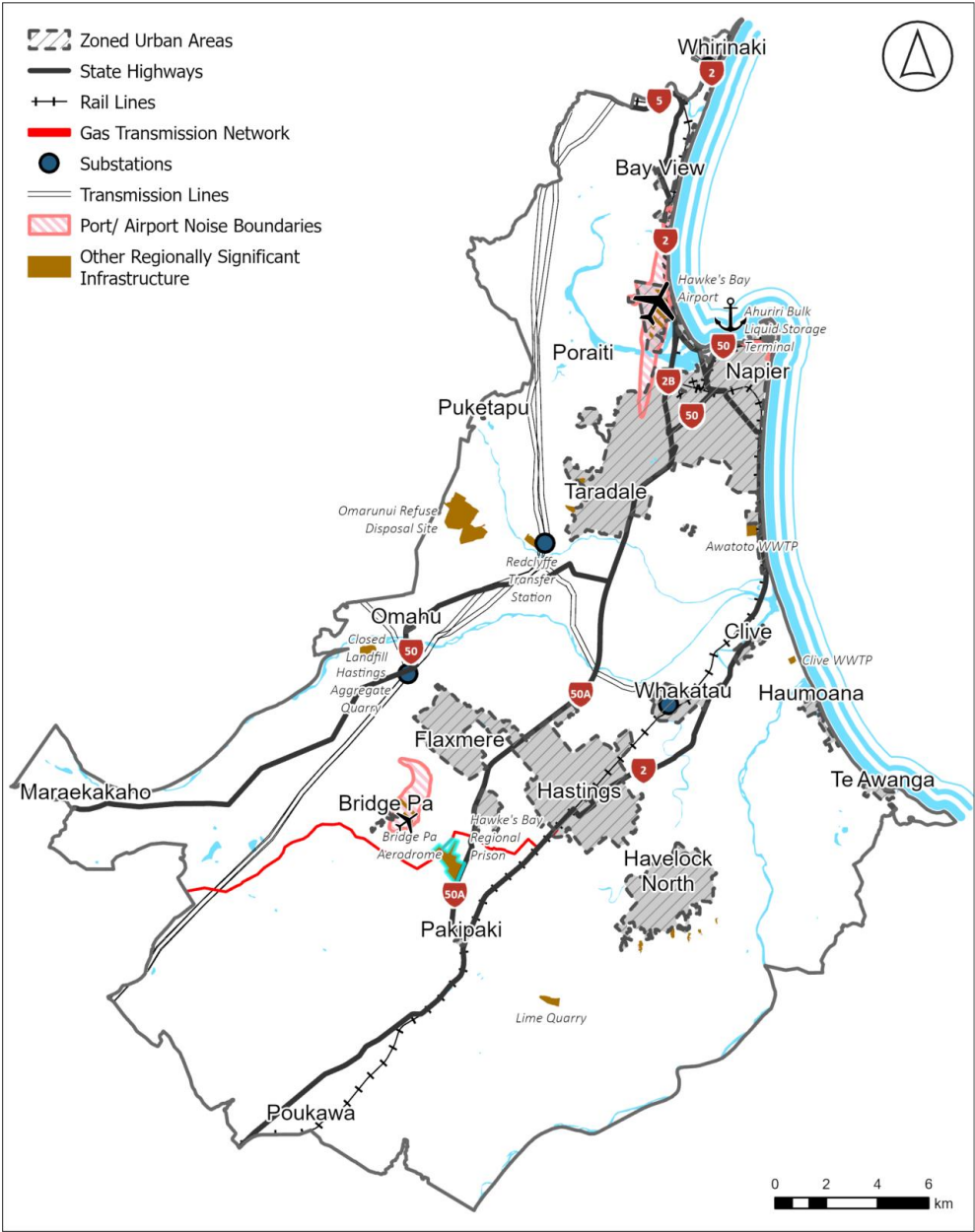


Figure 15 - Regionally Significant Strategic Infrastructure within the Study Area

11.0 Accessibility and Demand

11.1 Overview

The FDS must spatially show how Napier and Hastings achieves a “well-functioning urban environment”. Part of this includes showing how communities have good accessibility for all people between housing, jobs, community services, natural spaces, and open spaces, including by way of public or active transport.

An accessibility analysis has been undertaken to help inform assessment of potential growth areas and ensure the FDS is consistent with the NPSUD’s policy framework of establishing well-functioning urban environments.

Accessibility can most easily be defined as your ability to go places so that you can do things. The assessment of this is strongly driven by data (e.g. census, GIS) and is based on two key components:

- (1) the transport network serving any urban area (the how we travel); and
- (2) the spatial distribution and location of destinations or ‘points of interest’ (the why we travel).

Based on this, determination of the ‘level of accessibility’ within any given area of the Napier Hastings urban environment relative to another area needs to be informed by how many points of interest can be accessed within a given time frame. Once points of interest had been identified, values were attributed to each of these based on their importance in supporting day-to-day needs of residents with a greater weighting given to access via walking. The output of these calculations were then spatially displayed to demonstrate overall accessibility on a 5-point scale between most accessible (red), moderately accessible (yellow) and least accessible (dark green). This is shown in Figure 16 below.

11.2 Key Issues

Key issues for the FDS in relation to accessibility include:

- What potential is there to provide for additional growth through intensification in existing urban areas with high existing levels of accessibility?
- What other interventions are needed to improve accessibility, including by active and public transport, in existing urban areas with low accessibility?
- How and where can potential greenfield growth be provided in a way that provides high levels of accessibility?

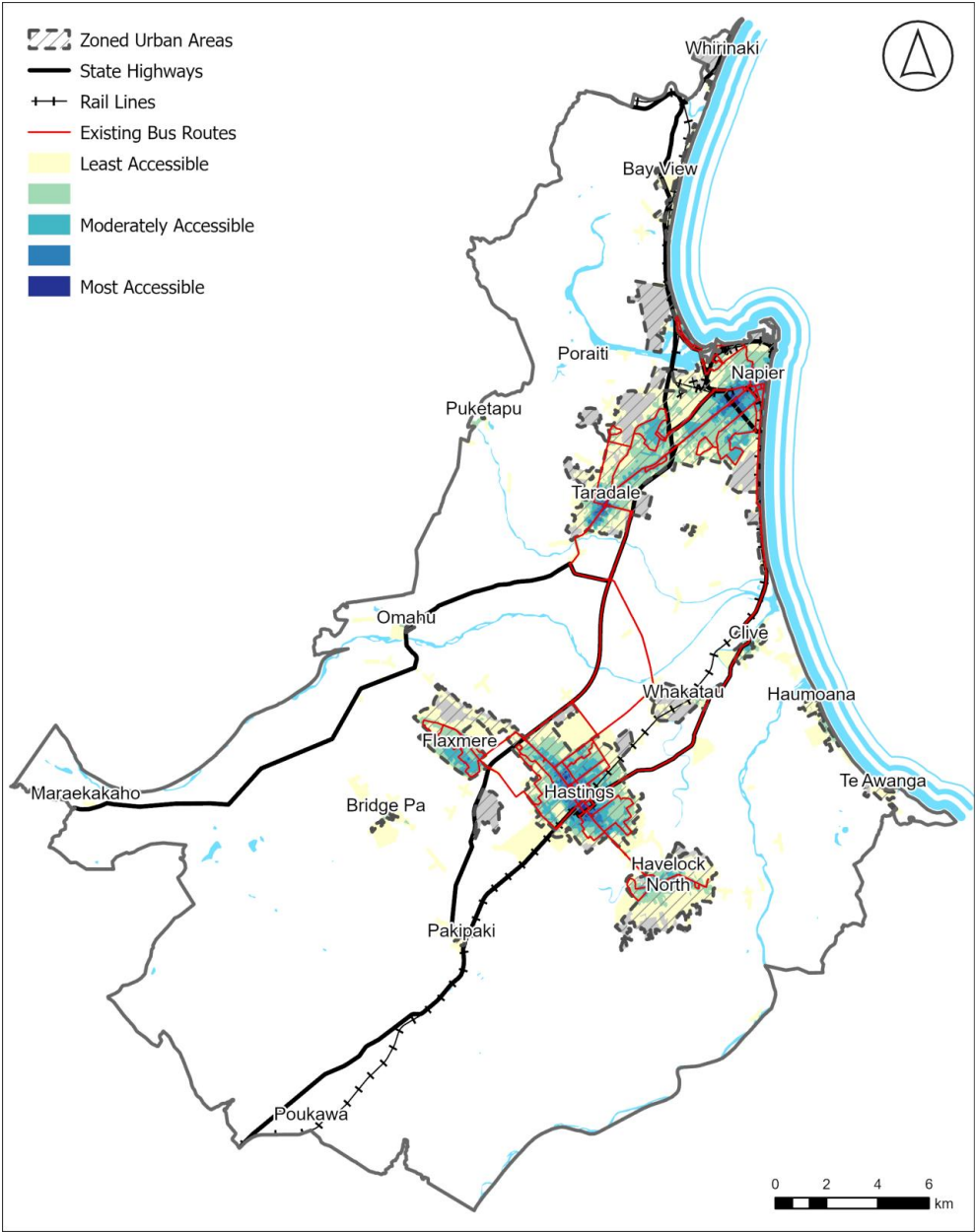


Figure 16 - Existing Accessibility Levels

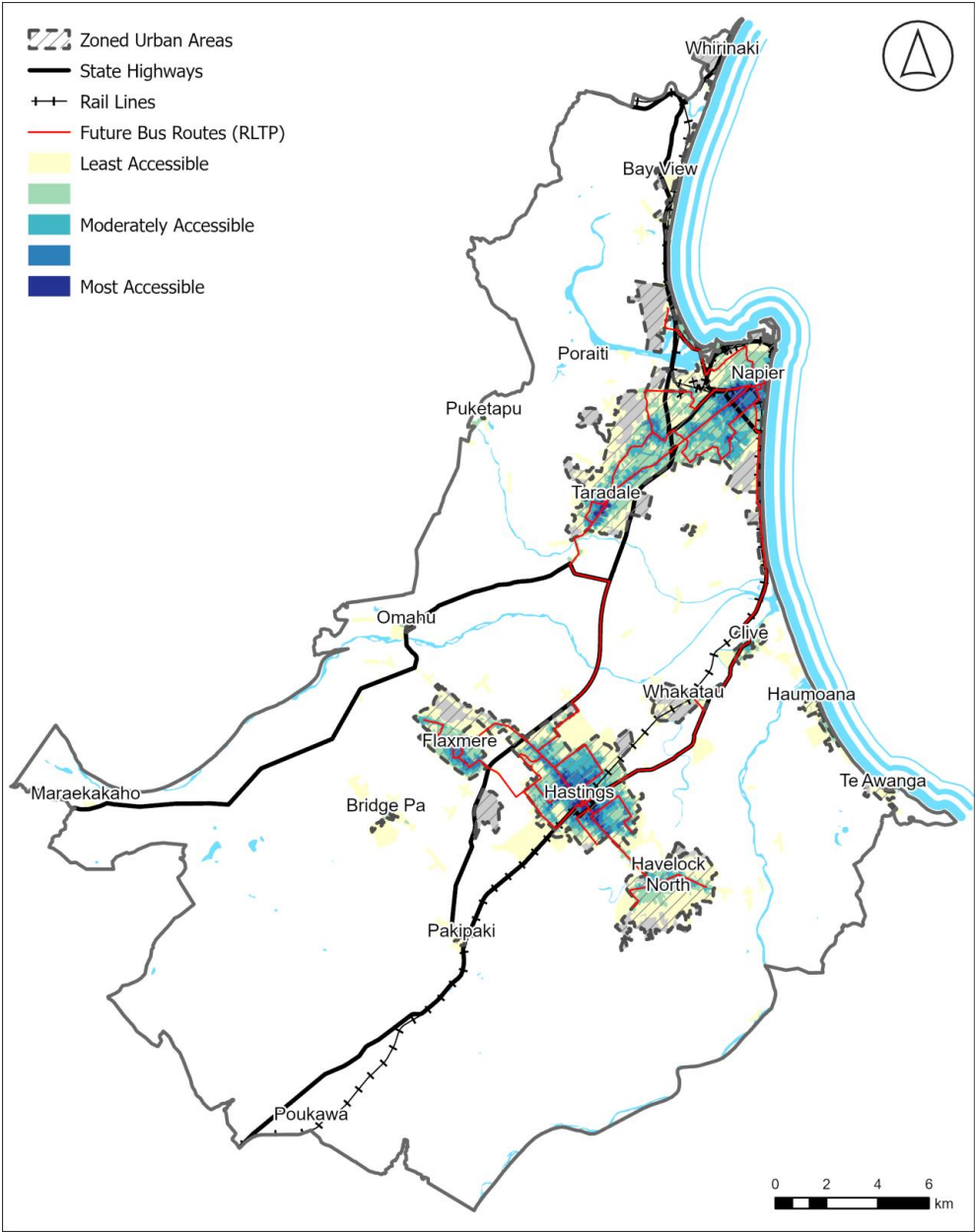


Figure 17 - Future Accessibility Levels



Figure 18 - Future Accessibility Levels (Urban Areas)

12.0 Social Facilities and Equity

The Napier Hastings FDS Joint Committee⁸ have identified health and social equity outcomes as a priority area for the FDS to address. Further work is underway on this issue in relation to the FDS including potentially producing an assessment of health outcomes of the spatial scenarios at a strategic level.

Figure 19 below shows social deprivation levels based on information from the 2018 Census. This is based on the New Zealand Index of Deprivation which is an area-based measure of socioeconomic deprivation based on nine census variables including:

- People with no access to the Internet at home,
- People aged 18-64 receiving a means tested benefit,
- People living in equivalised* households with income below an income threshold,
- People aged 18-64 who are unemployed,
- People aged 18-64 without any qualifications,
- People not living in their own home,
- People aged under 65 living in a single parent family,
- People living in equivalised* households below a bedroom occupancy threshold,
- People living in dwellings that are always damp and/or always have mould greater than A4 size.

This illustrates that there are concentrated areas of deprivation in Napier and Hastings, particularly in and around Maraenui, Flaxmere and outer areas of Hastings.

The FDS is focussed on identifying optimal areas of future growth and detailing supporting infrastructure, so is reasonably limited in its ability to address social issues in a holistic way. However, at a strategic level, providing sufficient land supply to meet demand in locations in or close to the community people associate with, can support improved housing affordability and access to greater employment opportunities. This in turn may help to lift incomes, and reduce household costs, both of which benefit lowest income households the most. At a more specific level, the information shown on Figure 19, will assist with implementation of the FDS, in terms of determining priorities for infrastructure investment.

⁸ The FDS Joint Committee provides governance of the FDS and is made up of representatives from Hawke's Bay Regional Council, Napier City Council and Hastings District Council, Heretaunga Tamatea Settlement Trust, Mana Ahuriri Trust, and Maungaharuru Tangitū Trust.

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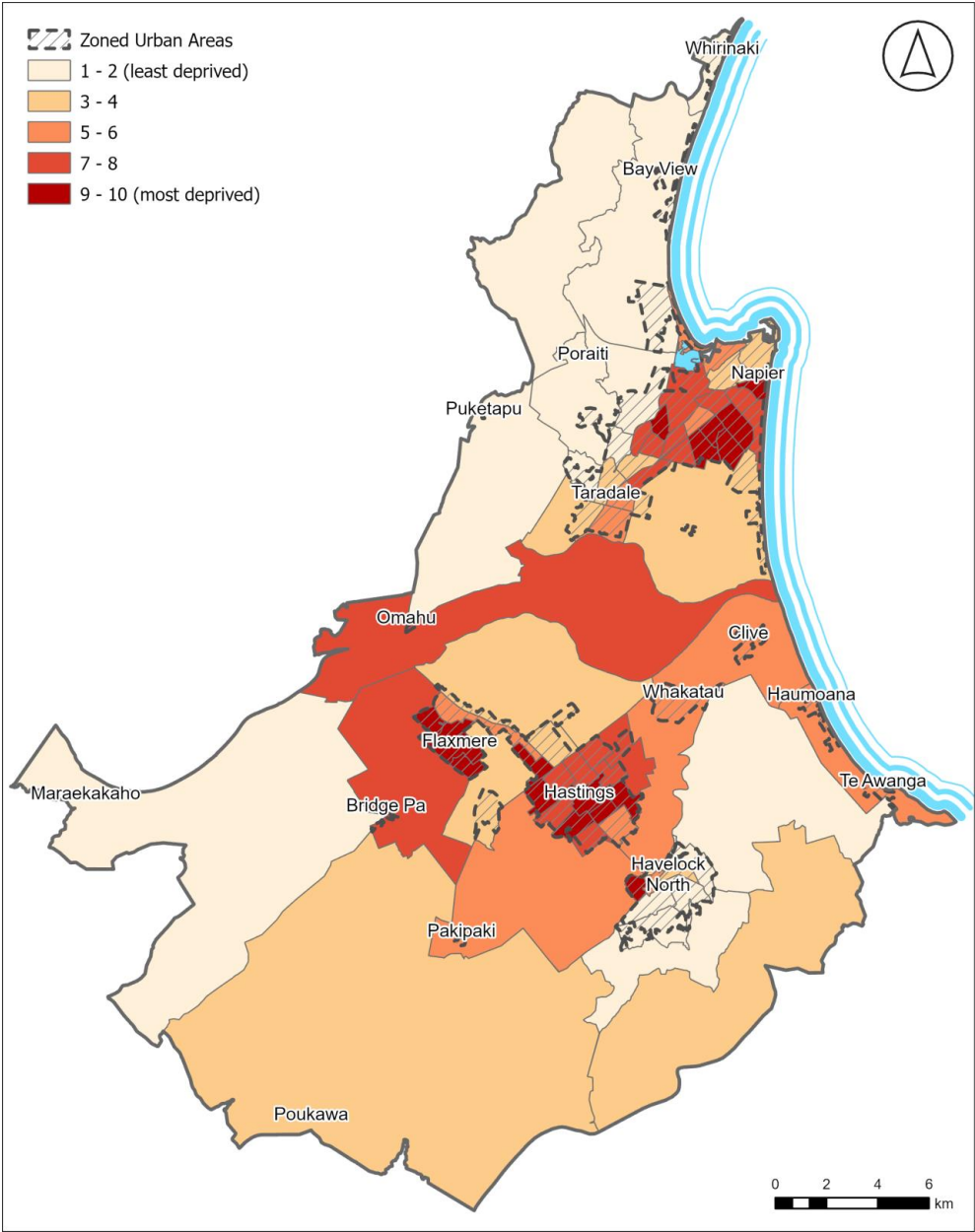


Figure 19 - Social Deprivation Levels (2018 Census)

13.0 What Does this Mean for Growth?

Over the 30-year timeframe there is now projected to be demand for an **additional 9,620 households in the Hastings District** and **additional 6,700 households in Napier** under a medium-high scenario. Further information is to come on the development capacity provided by The Napier PDP and Hastings PC5. This will be key to informing the quantity of development required to be provided over the next 30 years.

Both Napier and Hastings have significant infrastructure constraints that will need to be addressed to accommodate long term growth.

The analysis of constraints that will need to be managed or avoided when identifying spatial scenarios, provides a picture of where development is least to most constrained. Figure 20 below shows a high-level summary of constraints from least constrained to most constrained, based on a combination of natural hazard, cultural, environmental, and highly productive land constraints. This provides an emerging picture of possible areas for growth in the places least constrained.

However, what this shows is that all parts of Napier and Hastings in the study area are constrained in some way. This highlights that trade-offs will be required to evaluate the spatial scenarios and determine a preferred growth strategy. Below are some of these key spatial issues that are emerging from the information reviewed so far:

- Given the constraints and the need to safeguard natural resources that underpin our communities' social cultural and economic wellbeing, how far can the FDS push intensification in our existing urban areas to provide for growth, while making sure housing is affordable and there are choices for people and businesses?
- Napier's urban area is highly affected by a number of natural hazards, which interact together. What level of risk is the community willing to tolerate and can those risks be mitigated (and at what cost), or do we need to prioritise growth elsewhere?
- Given the natural hazards present in Napier and other low-lying areas such as Te Awanga, is it feasible and desirable to develop in the hills?
- How can the FDS support iwi and hapū aspirations for urban development? Where are the opportunities and are there any challenges that need to be overcome?
- The majority of demand for business land is in Hastings and that demand needs to be met locally, but some demand also exists in Napier where there is constrained supply currently. Industrial activities take up a lot of land. Where and how are these uses best located in Hastings to avoid or minimise impacts on the Heretaunga Plains? How can this be located to meet businesses locational needs, maximise accessibility for people, and ensure infrastructure can be provided efficiently?
- There are a wide variety of potential or actual development constraints which are present within the study area. Some of these constraints may impact on the feasibility or intensity of development that could be supported (e.g. ground conditions and topography). Further, other constraints may present significant risks to existing or future areas of development (e.g. coastal inundation) and/or represent areas that need to be protected from future development (e.g. Outstanding Natural Feature). These later constraints are summarised and shown in Figure 21. Note that while Figure 21 does not take

topographical constraints into consideration, these will be considered as part of more detailed assessments.

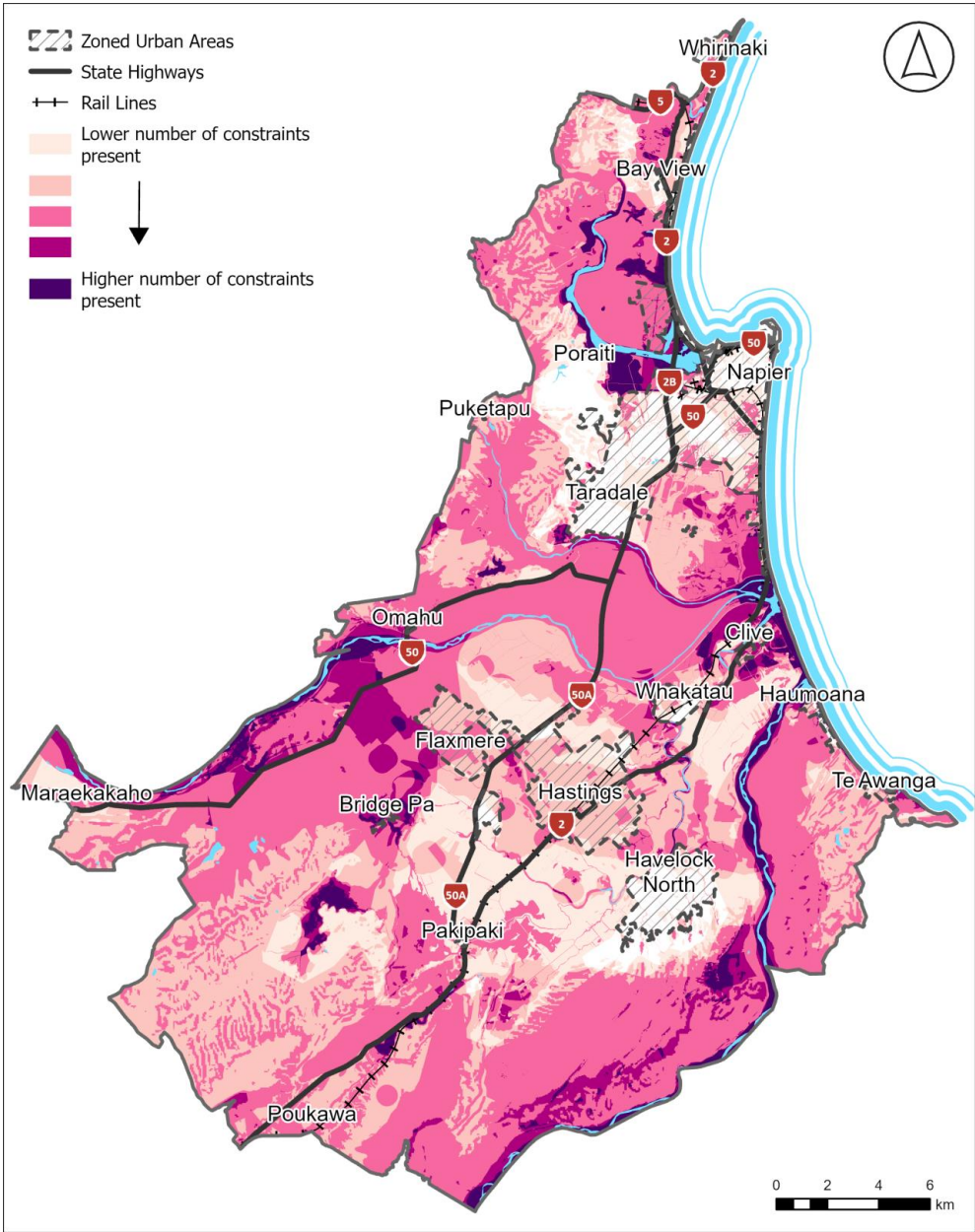


Figure 20 - Constraints Analysis Summary

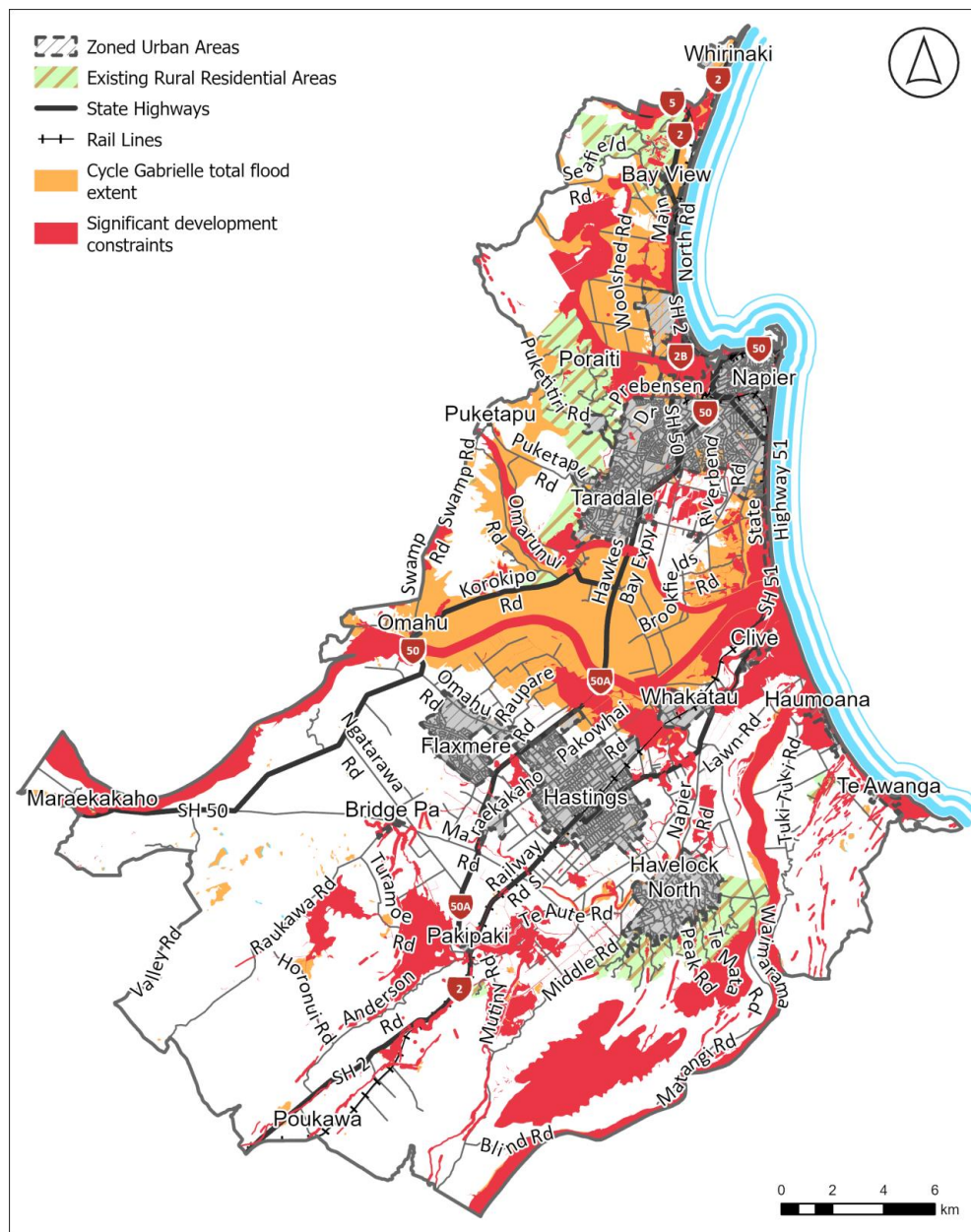


Figure 21 – Significant Development Constraints (Note: this Figure uses preliminary Cycle Gabrielle data - subject to further refinement/ change)

14.0 Initial Thinking on Spatial Scenarios

Figures 22, 23, and 24 below identify some potential opportunity areas for further investigation for growth at the FDS study area level, and for Napier and Hastings respectively. These potential opportunity areas for growth are grouped into spatial themes including intensification areas, greenfield expansion, growth on higher ground, and potential satellite towns. All of these areas will be subject to varying constraints and are presented as high-level potential options for accommodating growth. Some of these areas will have constraints that may make them unsuitable for growth. The point of identifying them at this stage is to provide a broad range of options for consideration, not to necessarily signal their suitability for development. Further detailed assessment of these areas as well as consideration of the trade-offs involved between different constraints and opportunities will form the basis of a preferred scenario for accommodating growth.

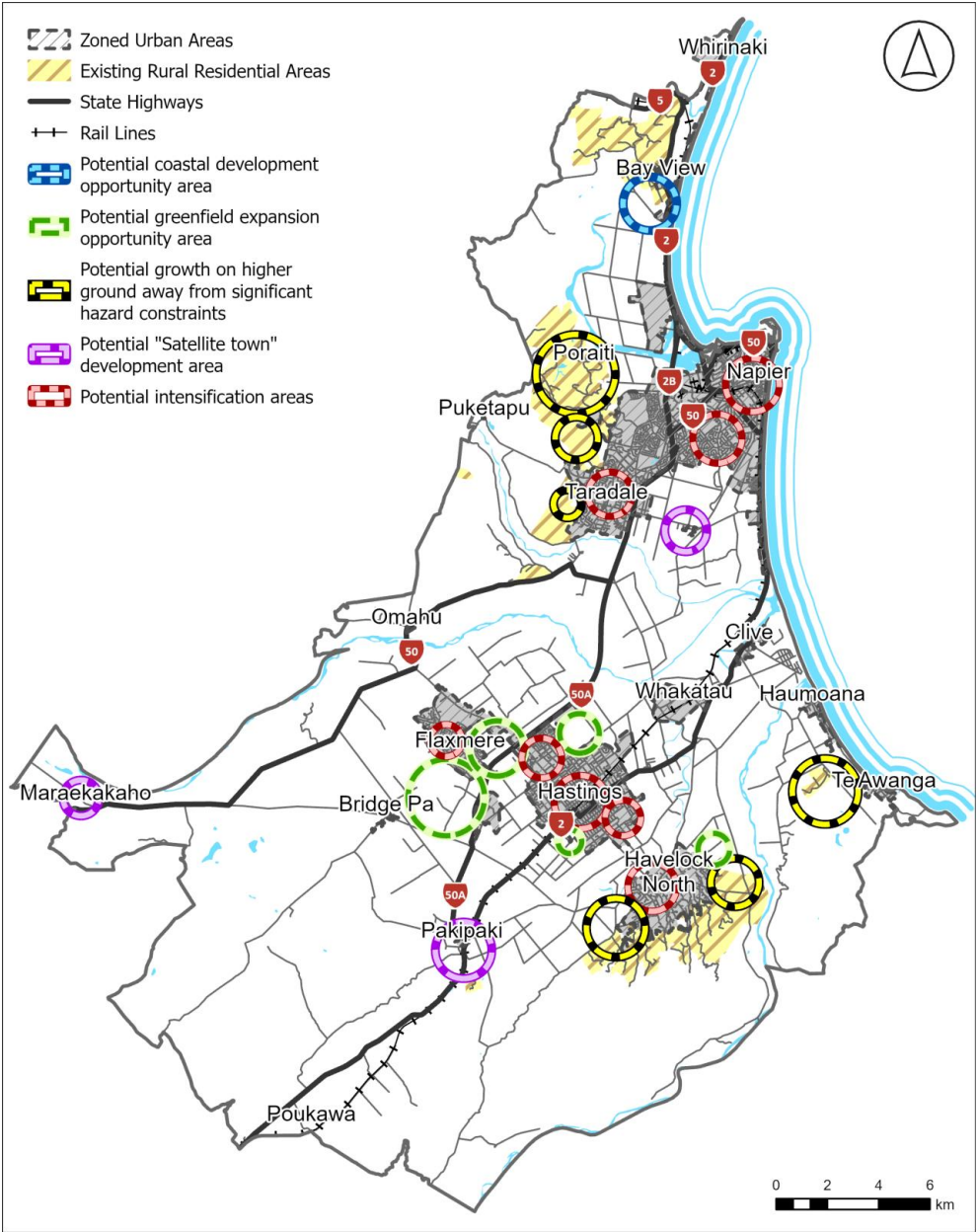


Figure 22 – Potential Opportunity Areas

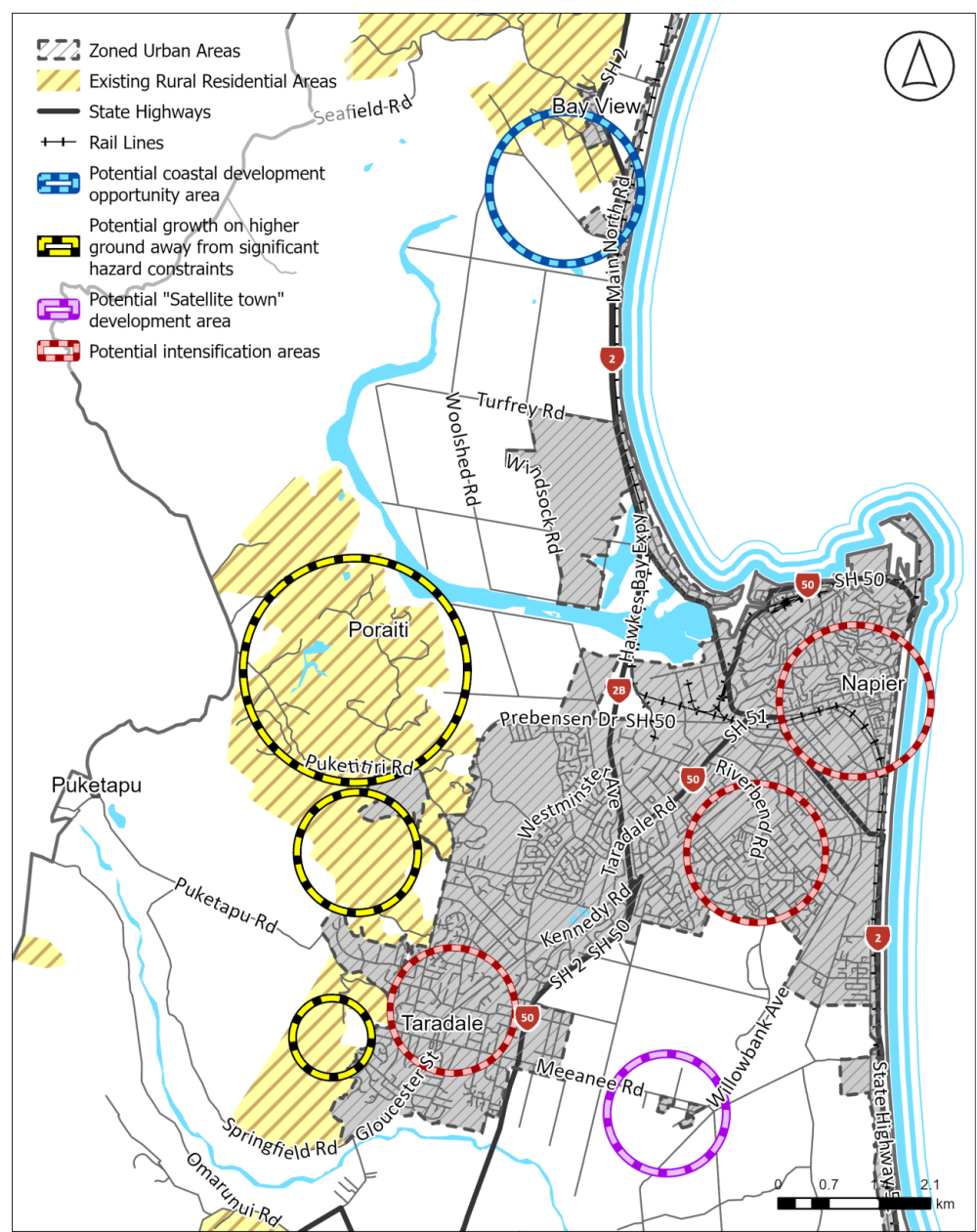


Figure 23 – Potential opportunity areas Napier.

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15.0 Next Steps

The next step will be to refine this initial thinking and develop the spatial scenarios based on the opportunities and constraints analysis undertaken so far. The purpose of this is to set out a range of options that cover the full spectrum of growth management approaches in Napier and Hastings. They are not intended to be site specific, rather they are intended to form the basis of the potential growth areas identified in the step below that will be assessed in more detail.

Napier Hasting FDS Engagement - Purpose

The purposes of the workshops / pop-ups are to:

- inform people of the objectives and issues that have informed the initial scenarios (scenario maps will be used to support conversation)
- seek any feedback on objectives / issues
- seek feedback on how people think the scenarios have responded to the issues and the strength of the scenarios in achieving the objectives

Napier Hasting FDS Engagement – Key Messages

- The FDS will guide development across Napier and Hastings over the next 30 years.
- Have your say – your chance to shape future development of Napier and Hastings
- Learn more about the objectives our planning intends to achieve
- Learn more about the issues and opportunities that are shaping our future development options
- Let us know what you think about our initial options to respond to make sure we achieve our development objectives
- We are working on our future - taking into account the lessons we have learnt post Gabrielle, we need to be more resilient and more prepared for climate change

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Napier Hasting FDS Planned approach

	Collateral							
Event	What is an FDS	Process	Objectives	Challenges (constraints)	Opportunities	Growth maps	Location	Timing
Pop-up - Hastings	A1	A1	A1	A1	A1	A1	Hastings - 223 Heretaunga St	TBC August
Pop-ups - Napier	A1	A1	A1	A1	A1	A1	tbc	TBC August
Workshop - Napier	Handout	Handout	A1 and Handout	A1	A1	A1	Chambers	Wednesday 2 August
Workshop - Hastings	Handout	Handout	A1 and Handout	A1	A1	A1	Chambers	Thursday 3 August
Save our Soils meeting	Handout	Handout	A1	A1	A1	A1	tbc	tbc
Schools Workshop - Geography	A1	A1	A1	A1	A1	A1	tbc	3 or 4 August
Others								

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Napier Hasting FDS Workshop information

1. What is an FDS
2. Process
3. Objectives – as adopted
4. Challenges – sourced from Issues and Options report, includes maps of hazards, natural environment, soils.
5. Potential opportunities for growth maps – sourced from Issues and Options report, includes:
Regional Map / Napier Map / Hastings Map.

Napier Hasting FDS Workshop format

High level approach

- Opening karakia
- Welcome, introductions and why we need to do this
- Share story of Māori settlement and development (if appropriate)
- Session on objectives
discuss
- Map based discussions on options for growth
work through pros and cons of options

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