

Tuesday, 22 July 2025

*Te Hui o Te Kaunihera ā-Rohe o Heretaunga*  
**Hastings District Council**  
**Council Meeting**

*Kaupapataka*

# Attachments Volume 2

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*Te Rā Hui:*  
Meeting date: **Tuesday, 22 July 2025**

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*Te Wā:*  
Time: **1.00pm**

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

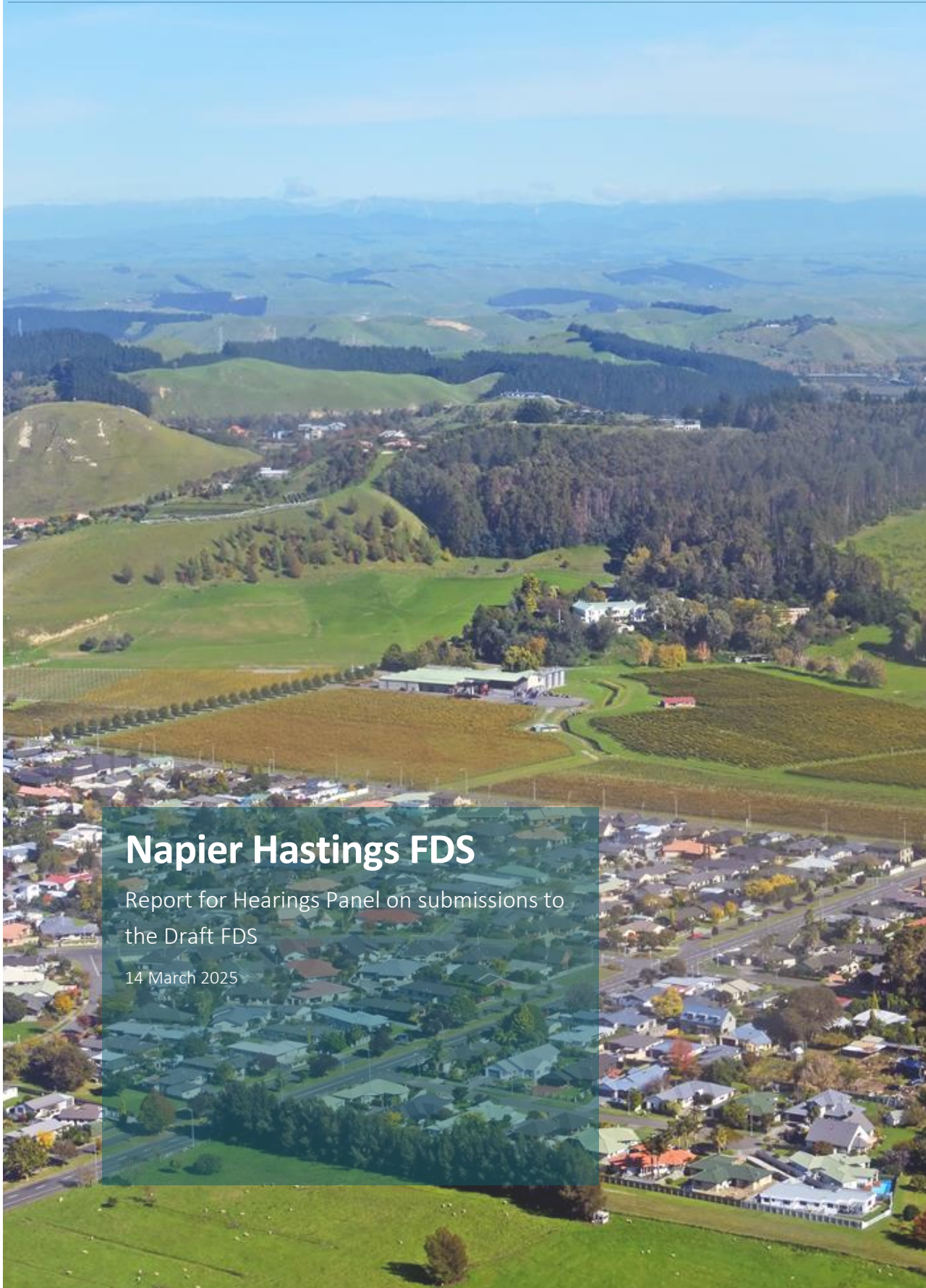
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**HASTINGS DISTRICT COUNCIL**  
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**TE KAUNIHERA Ā-ROHE O HERETAUNGA**

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## Executive Summary

This report analyses the submissions received on the Draft Napier Hastings Future Development Strategy 2025-2055 (**Draft FDS**). This report provides recommendations to the Hearings Panel for amendments to the Draft FDS in response to the analysis.

This report contains recommendations for changes to the Draft FDS but does not in all instances recommend specific wording/mapping changes and a full revised version of the Draft FDS is not provided. Council officers intend to provide this as part of Reply, taking into account what we have heard during the course of the Hearing.

This report should be read in conjunction with the supporting evidence and analysis undertaken to inform the Draft FDS. In preparing this report, additional advice has been sought from a range of specialists. This is targeted to specific issues raised in submissions.

The key conclusions and recommendations of this report are listed below. In reaching these conclusions, we have taken a balanced approach, noting that there are a range of often competing objectives that the FDS seeks to achieve.

### **Urban housing demand, capacity and choice**

- a) Do not amend the housing demand projections for Napier and Hastings, but provide greater flexibility in development capacity to cater for latent demand and uncertainties about landowner intentions and the timing of development.
- b) Acknowledge that there is some interchangeability of residential and business demand for Napier and Hastings but generally treat them as independent housing and employment markets.

### **Development constraints**

- c) Carry through the key recommendations of the Independent Flood Review on planning controls to the Draft FDS in the implementation section or the Implementation Plan.
- d) Ensure that the FDS is informed by all other National Policy Statements under the RMA but enable the detailed assessments to be carried out through future plan change processes. This includes the detailed requirements of the National Policy Statement for Highly Productive Land (**NPSHPL**) in particular.

### **Iwi and hapu development aspirations**

- e) Make a range of amendments to the Draft FDS to better reflect iwi and hapū development aspirations. This includes spatially identifying areas of interest, and other actions to be addressed in the FDS Implementation Plan.

### **Business and industrial**

- f) Amend Section 10.5 of the Draft FDS to explain that expansion of Tomoana and/or Whakatu may be required in the long term to meet wet industry demand.
- g) Related to (a), include a short term action to investigate policy changes to better protect remaining vacant capacity at Whakatu for wet industry.



**Rural residential / rural and coastal settlements**

- h) Retain the Draft FDS approach of evaluating growth options for rural residential and rural and coastal settlements through a subsequent Rural Residential Strategy.
- i) Carry over the strategic direction for rural and coastal settlements from HPUDS 2017 as an Appendix to the FDS as an interim measure and until the Rural Residential Strategy is in place.

**Greenfield residential – Napier**

- j) Retain the greenfield residential sites for Napier identified in the Draft FDS.
- k) Make minor amendments to the description of Mission Estate (NC6) and Riverbend (NC4b) that respond to site specific issues addressed in the landowner submissions for these sites.

**Greenfield residential - Hastings**

- l) Retain the greenfield residential sites for Hastings identified in the Draft FDS.
- m) Include the following additional greenfield sites in Hastings:
  - Middle Road (HN3a and HN3b);
  - Wall Road/Southland Road (H5b);
  - An expanded area Portsmouth Road (FM9).
- n) Increase the approximate capacity for Arataki Extension (HN2b) by 60 dwellings to total 170 dwellings.

**Infrastructure**

- o) Amend Objective 10 of the Draft FDS and Section 11 to better provide for the functional and operational needs of significant infrastructure.

**Other matters / general**

- p) Amend Section 10.1 of the Draft FDS to clearly state that the boundaries are indicative only and that refinements may occur through the structure planning and rezoning process.
- q) Related to (p), include additional text in Section 11.1 that sets out the considerations for stormwater infrastructure, including when it would be appropriate to locate this outside of FDS boundaries.

A full list of recommended changes to the Draft FDS is included at Section 12 of this report.

Section 12 also includes updated and summarised development capacity information.

## 1.0 Purpose and Introduction

### 1.1 Purpose

The purpose of this report is to analyse the submissions received on the Draft Napier Hastings Future Development Strategy 2025-2055 (**Draft FDS**). This report provides recommendations to the Hearings Panel for amendments to the Draft FDS in response to the analysis.

This report addresses the key issues raised in submissions and undertakes the analysis thematically. This report does not classify individual points raised by submitters. A list of submitters and full copies of the feedback received is included at **Appendix 2**.

The Hearings Panel has indicated that they would like a written Reply from Council officer's shortly after the Hearing closes on 26<sup>th</sup> March 2025. The Reply will contain further analysis and any revised recommendations in response to questions from the Panel and further information provided by submitters at the Hearing.

This report contains recommendations for changes to the Draft FDS but does not in all instances recommend specific wording/mapping changes and a full revised version of the Draft FDS is not provided. Council officers intend to provide this as part of Reply, taking into account what they have heard during the course of the Hearing.

This approach and the process generally adopted to prepare this report reflects that the FDS follows the Special Consultative Procedure under the Local Government Act 2002.

### 1.2 Report Authors

This report has been prepared by the Technical Advisory Group for the project, who have worked collaboratively to develop the recommendations.

The Technical Advisory Group includes professional experts and advisors from Napier City Council, Hastings District Council and Hawke's Bay Regional Council (**HBRC**) as well as technical advisors from Tamatea Pokai Whenua (**TPW**), Mana Ahuriri Trust (**MAT**) and Maungaharuru-Tangitū Trust (**MTT**).

Below is a list of the lead author for the various sections of the report, although each section has involved multiple authors (not only the lead) in its preparation and review.

The qualifications and experience of the lead authors are included in **Appendix 3**.

Table 1 List of lead author

Topic	Report Section	Lead Author
General matters Urban Housing demand, capacity and choice Development Constraints	Section 3-5	Rachel Morgan, Barker & Associates
Iwi and hapū development aspirations and papakāinga	Section 6	Dale Meredith, Hawke's Bay Regional Council Heather Bosselmann, Tamatea Pōkai Whenua
Business and Industrial, Rural residential, Greenfield Residential Napier	Section 7-9	Rachel Morgan, Barker & Associates
Greenfield Residential Hastings	Section 10	Mark Clews, Hastings District Council Craig Scott, Hastings District Council
Infrastructure	Section 11	Dale Meredith, Hawke's Bay Regional Council

In preparing this report, the report authors have had various discussions with some of the submitters to better understand the basis for their respective requested changes. Further details of these discussions are contained in the relevant sections of the report below.

### 1.3 Supporting Evidence and Analysis

The Technical Advisory Group undertook extensive analysis and evaluation to assist preparation of the Draft FDS by the Joint Committee. This is detailed in the Draft FDS and the Technical Report that supports it<sup>1</sup>.

The reports and advice relied on to prepare the Draft FDS that were specifically developed for the FDS are summarised as follows:

- a) **Barker & Associates Issues and Options Report (dated July 2023):** This Report was prepared to outline the identified key issues and strategic choices shaping the draft FDS. Taking all identified issues into consideration, the Report suggested several initial spatial scenarios, including increased infill in existing urban areas, additional greenfield

<sup>1</sup> All information is available in the consultation documents tab available here:  
<https://www.hastingsdc.govt.nz/hastingsnapierfuturedevelopment/>

growth and potential satellite developments. This formed the basis of early public consultation for the project.

- b) **MCA Analysis and Site Summaries (dated November 2024):** The MCA Analysis is contained within Appendix 3 of the Technical Report and it applied scores to each potential refined growth area against a broad set of criteria, such as cultural values, housing capacity, highly productive soils, and natural hazards (e.g., flooding, coastal risk, or land instability). The set of criteria was made up of key policy drivers, such as NPS-UD and NPS-HPL, as well as key issues that have been identified in the Issues and Options Report. The analysis helped to guide decisions on which areas or parts of an area, were considered to be suitable for growth.
- c) **The Site Summaries** (Appendix 4 of the Technical Report) were prepared to offer more detailed profiles for each shortlisted growth area. For each area, it lays out background information including current land use, ownership patterns, estimated housing yield or industrial capacity, and significant constraints. Infrastructure needs and cost implications were also highlighted. This document translated the high-level MCA findings into a comparison of the advantages and disadvantages of residential intensification, greenfield housing, industrial expansion, or a combination of uses of each area. The findings of this document have fed into the Draft FDS's recommended spatial strategy.
- d) **Market Economics Residential Capacity Assessment – Intensification Options (dated May 2024):** This Assessment forms part of Appendix 5 of the Draft FDS Technical Report and provides updated residential demand and capacity information. It provides capacity estimates for the various spatial scenarios assessed. The Draft FDS adopts the residential intensification estimates from this report.
- e) **Birman Retirement Village Section Housing Assessment (dated May 2023):** This Assessment is contained in Appendix 5 of the Draft FDS Technical Report. It highlighted the growing importance of retirement and aged-care developments.
- f) **Stantec Transportation Network Impact Assessment (dated July 2024):** This assessment is contained in Appendix 6 of the Draft FDS Technical Report and it evaluated four future development scenarios in Napier and Hastings that could affect the transport network up to 2048 in both the interpeak and evening peak periods. The four future development scenarios included the intensification scenario, Ahuriri-focused growth scenario, Flaxmere-focused growth scenario and Napier South-focused growth scenario. The Assessment recommended targeted transport improvements to support growth areas, which has informed the evaluation of spatial scenarios.

In response to feedback, further focussed technical evidence has been sought from Market Economics on industrial demand and development capacity. This advice is included at **Appendix 5**.

Submitters did not raise fundamental issues with the use of the MCA framework to guide decision-making, or the broad process adopted to evaluate spatial scenarios for the Draft FDS. We therefore do not address the spatial scenario or site selection methodology further in this report.

However, various submitters queried how specific constraints such as highly productive land and natural hazards are evaluated and addressed in the preferred spatial scenario. Submitters also raised issues with the scoring of specific sites using the MCA framework. These matters are addressed in the relevant sections of the report below.

With the exception of the Hawke's Bay Airport Limited, submitters also did not raise fundamental issues with the Principles or Objectives contained in the Draft FDS. Hawke's Bay Airport Limited did request changes to Objective 10 regarding significant infrastructure and this is addressed in Section 11 of this report. No other changes to the Principles or Objectives were sought from submitters.

## 2.0 Overview of Submissions

### 2.1 Origin of submitters

The Draft FDS was publicly notified on 23<sup>rd</sup> November and following the Special Consultative Procedure (in accordance with section 83 of the LGA) the public engagement period on the Draft FDS was between 23<sup>rd</sup> November to 23<sup>rd</sup> December 2024. A total of 139 submissions were received. The submissions consisted of:

- a) 55 (39.6%) through the Draft FDS Survey submissions;
- b) 84 (60.4%) through other forms of submissions.

Submissions came from land developers or organisations with development interests, representatives of community groups, horticultural interests and individual property owners. Submissions were received from locations across Napier and Hastings, including Bay View, Riverbend, Te Awanga, Haumoana, Havelock North, Pakipaki, Maraekakaho, as well as peripheral areas on the Heretaunga Plains. **Figure 1** showing the general origins of the submissions is provided below.

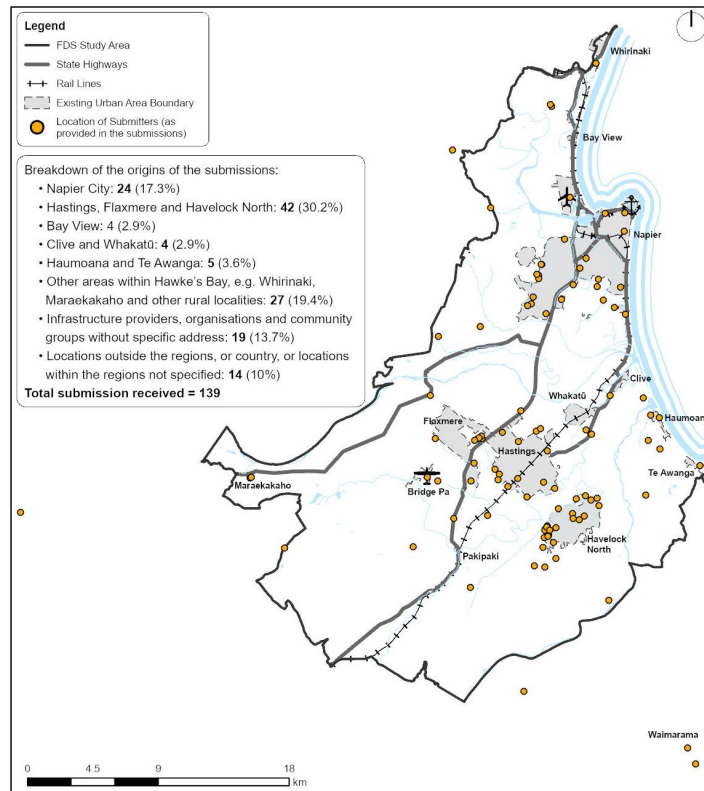


Figure 1 Showing submitter origins and breakdown.

## 2.2 Key themes and issues

The main themes and key issues arising from submissions can be summarised as follows:

- a) **General Matters:**
  - (i) Request to expand the spatial extent of the FDS.
  - (ii) The strategic approach and weighting underpinning the FDS.
  - (iii) Request to extend the consultation timeframe for providing feedback.
- b) **Urban Housing Demand, Capacity and Choice:**
  - (i) Differing views on whether the population/housing demand forecasts are too high or too low.
  - (ii) Calls to increase both infill/intensification and new greenfield land supply.
  - (iii) Concerns that the 60% intensification / 40% greenfield target might be too rigid or too lenient, depending on stakeholder interest.

- (iv) Request for more explicit provision for retirement villages and aged-care housing.
- c) **Development Constraints:**
  - (i) Clear division between those wanting strict protection of LUC 1–3 soils and those preferring balanced expansion.
  - (ii) Strong emphasis on aligning with recent flood review findings, steering urban growth out of high-risk areas if possible, and using robust mitigation in any hazard-prone zone.
  - (iii) Concerns on site-specific hazard assessments, air quality and other human health considerations.
- d) **Iwi and Hapū Development Aspirations and Papakāinga:**
  - (i) Recognition that papakāinga, redress land development, and Māori-led demographic studies must be supported as part of any long-term strategy.
  - (ii) Recognition of stronger meaningful partnership in decision-making, enabling Māori to co-lead growth planning consistent with Te Tiriti commitments.
- e) **Business and Industrial:**
  - (i) Request for rezoning and specifically to provide a new supermarket.
  - (ii) Support enabling more mixed-use development near high-density housing areas.
  - (iii) Calls for identifying sufficient land for ‘wet industry’, distinguishing it from dry industrial uses in growth scenarios.
- f) **Rural Residential and Coastal Settlements:**
  - (i) Calls for more rural-residential growth, rezoning or intensifying existing rural-residential zones.
  - (ii) Support for a dedicated rural-residential strategy or policy to guide future rezoning and coordinate with local infrastructure (e.g. schools, roads).
- g) **Infrastructure:**
  - (i) Widespread calls for improved alignment of growth areas with existing or planned services and for exploring new funding/financing models to deliver long-term network upgrades.

Beyond the abovementioned main themes and key issues, site-specific submissions on greenfield residential areas in Napier and Hastings were also considered.

Submissions that broadly support or oppose the Draft FDS are noted.

## 3.0 General Matters

### 3.1 Issues Raised in Submissions

Multiple submitters raised general matters about the scope and approach of the Draft FDS.

The key issues raised are as follows:

The Draft FDS should include the wider Hawke's Bay / Central Hawke's Bay (St Columba Presbyterian Church; Walter Breustedt)

Revise the Draft FDS with respect to the weighting to be applied to the FDS for District Plan level decisions (Angela McFlynn)

The timeframe for providing feedback should be extended (Cheryl Nicholls).

### 3.2 Analysis and Discussion

#### 3.2.1 Spatial Extent of the FDS

The NPSUD requires an FDS to be prepared for the Napier and Hastings Tier 2 urban environment. This is set out in Table 2 of the NPSUD.

Statistics New Zealand defines the Napier Hastings urban area as shown on **Figure 2** below. The *Study Area* for the FDS was deliberately expanded to cover a wider area (20 minute drive time from the main centres of Napier and Hastings). This allowed a comprehensive consideration of potential locations for future growth, which was important when taking into account the development constraints present adjoining the existing urban areas. The 'study area' does not, nor is intended to, illustrate the extent of the urban area over the FDS's 30-year planning horizon.

The neighbouring districts of Central Hawke's Bay and Wairoa have been invited to participate in preparing the draft FDS and the relationship of urban development in Napier and Hastings with the community and infrastructure networks in Central Hawke's Bay and Wairoa has been considered in developing the draft FDS. In terms of Wairoa, the relationship is reasonably limited. While there is movement of people and freight along State Highway 2 that connects the districts, there is a limited spatial connection between the developed urban areas.

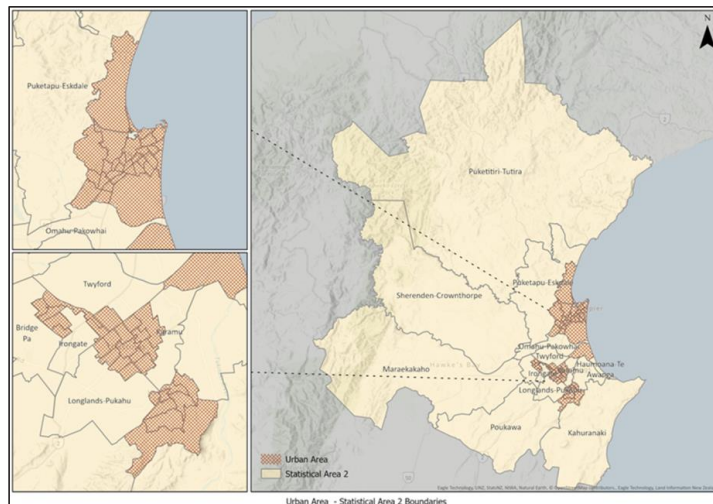
There is a stronger spatial relationship between Central Hawke's Bay and Hastings, with commuting occurring from the rural settlements of Ōtāne, Waipawa and Waipukurau, which are located about 30-40 minutes drive time from central Hastings. Anecdotally, there is a local sense that Ōtāne is becoming more of a satellite town<sup>2</sup>. Providing for strategic employment opportunities on the southern side of Hastings improves access for these communities. This is a

<sup>2</sup> Refer to the Central Hawke's Bay Integrated Spatial Plan 2020-2050 (pg. 10).



matter to explore further through a future regional spatial planning exercise for Hawke's Bay.

The Draft FDS does not contain commentary on regional relationships with Wairoa and Central Hawke's Bay. We recommend including additional commentary on this matter on the FDS as per the recommendations of St Columba Presbyterian Church and Walter Breustedt. The additions would reflect the matters discussed above.



**Figure 2 Showing the Napier-Hastings Urban Areas as defined by Statistics New Zealand (StatsNZ).**

### 3.2.2 Weighting to apply to the FDS

Angela McFlynn requests changes to the FDS to make it clear that it is unnecessary to consider the FDS when making or considering applications for resource consent or private plan changes. Clause 3.17 of the NPSUD sets out the effect of an FDS. It states that Councils must “have regard to” the relevant FDS when preparing or change RMA planning documents. This includes the Regional Policy Statement and District Plans. On this basis, we see no reason to amend the description of the weighting the FDS in the document.

### 3.2.3 Timeframes and process

Cheryl Nicholls requested an extension to the timeframe for providing feedback on the Draft FDS. The NPSUD requires that councils use the Local Government Act Special Consultative Procedure for release of the draft FDS. HDC's standard Special Consultative Procedure was used for this given HDC is the administering council for the joint FDS project. Prior to this, opportunities for public engagement on early issues and options were provided from February 2023-July 2024. This included public engagement sessions and one-on-one discussions with those wanting to discuss their issues/concerns. There are further opportunities for submitters to present to the Hearings Panel and

provide information through that phase of the Special Consultative Procedure process.

### 3.3 Recommendations

In relation to general matters, we make the following recommendations for amendments to the Draft FDS:

- a) Amend the Draft FDS to include further brief information on cross-boundary relationships with Wairoa and Central Hawke's Bay districts. Draft wording for the Panel's consideration is as follows, for inclusion in a new Section 4.3. This would be supported with an appropriate plan:

#### **4.3 Cross Boundary Relationships**

The neighbouring districts of Central Hawke's Bay and Wairoa have been invited to participate in preparing the draft FDS and the relationship of urban development in Napier and Hastings with the community and infrastructure networks in Central Hawke's Bay and Wairoa has been considered in developing the FDS. In terms of Wairoa, the relationship is reasonably limited. While there is movement of people and freight along State Highway 2 that connects the districts, there is a limited spatial connection between the developed urban areas.

The Central Hawke's Bay District is located to the south of Hastings, with the settlements of Ōtāne, Waipawa and Waipukurau being within 30-40 minutes drive time from central Hastings via State Highway 2. Commuting between these areas and Napier beyond is common, and anecdotally, there is a local sense that Ōtāne is becoming more of a satellite town. The FDS provides for strategic employment opportunities on the southern side of Hastings improves access for these communities. The relationship of these areas can be considered further through future regional spatial planning exercises.

## 4.0 Urban Housing Demand, Capacity & Choice

### 4.1 Issues Raised in Submissions

Multiple submitters raised broader issues regarding housing demand, development capacity and housing choice. Submitters raised these issues directly and indirectly.

Issues relating to rural residential demand and capacity are addressed in Section 8 of this report.

The key issues raised are as follows:

- a) The housing demand projections underpinning the draft FDS are inaccurate leading to over-supply of housing and intensification (Myriam Parker; Kirk Doyle; Lynne Anderson);

- b) The FDS should provide greater residential development capacity across the board (intensification and greenfield) to enable greater market competition and increase housing choice (Matt Holder; multiple land development submitters including for example Heretaunga Connection Project Limited, CDL Land (NZ) Limited and T&J McKenna; Carl Wezel);
- c) Related to the above, the 60% assumption for intensification is either too high (Myriam Parker; Kirk Doyle; Lynne Anderson; Susan Garner; Rachel Hayward) or too low (Hawke's Bay Wine Growers Association; Matt Holder). Other submitters stated that the greenfield assumption of 40% is too high (Save the Plains);
- d) Latent demand for housing is not clearly addressed/catered for in the demand projections (Heretaunga Connections Project Limited; Development Nous Ltd; The Strawberry Patch Ltd; Meeanee Developments Limited; Te Orokohanga Hou Joint Venture; CDL Land (NZ) Ltd);
- e) The needs of the retirement sector have not been catered for in the demand projections and the development capacity enabled does not cater for the sector's specific land requirements (Summerset; Heretaunga Connections Project Limited; Development Nous Ltd; The Strawberry Patch Ltd; Meeanee Developments Limited; Te Orokohanga Hou Joint Venture; CDL Land (NZ) Ltd; Carl Wezel; Oceania Village Company Ltd; Bupa Care Services Ltd);
- f) The shortfall in greenfield residential development capacity in Hastings cannot be "made up" with an over supply of residential development capacity in Napier given the requirements of the National Policy Statement: Urban Development (**NPSUD**) (Development Nous submissions);
- g) Query the intensification calculations in Section 10.9 compared to earlier versions of the Draft FDS (Transpower).

#### 4.2 Information and Evidence

The key evidence relating to the issue of urban housing demand, capacity and choice that underpin the Draft FDS is as follows<sup>3</sup>:

- a) Napier and Hastings Housing Development Capacity Assessment 2021 (prepared by Market Economics);
- b) Napier and Hastings Business Development Capacity Assessment 2022 (prepared by Market Economics);
- c) Napier and Hastings Urban Housing Market Snapshots, which provide real time quarterly information about residential land capacity and affordability;
- d) Housing and Business Capacity Assessments undertaken for the Draft FDS (prepared by Market Economics) – refer to Appendix 5 of the Technical Report;

<sup>3</sup> Documents (a)-(c) can be found here: <https://www.hpuds.co.nz/resources/>

- e) Retirement Village Sector Housing Demand Forecasts 2023-2053 (prepared by Birman Consulting)<sup>4</sup>.

To respond to specific issues raised by submissions, Market Economics has prepared a memo included at **Appendix 5**. This addresses issues raised in submissions regarding retirement village demand, and latent demand for housing.

## 4.3 Analysis and Discussion

### 4.3.1 Housing Demand Projections

Several submitters queried the demand projections that underpin the FDS, arguing that they are too high / inaccurate, which has led to an over-supply of housing.

Overall, we are satisfied that the demand projections that have been used to inform the FDS are compliant with the NPSUD and are reliable for strategic planning purposes. They have been analysed by highly experienced urban economists, and we rely on their expert opinion. It is also important to keep in mind that household projections are a best estimate at a given point in time and are not intended to be pin-point accurate.

We make the following additional comments on the issues raised by submitters:

- a) The NPSUD sets out the framework for how councils are to establish residential demand projections through their Housing and Business Capacity Assessments. HBAs must then be used to inform the FDS (see 3.14 of the NPSUD). The HBA is required to set out a range of projections across the short, medium and long term and select the projections that they consider to be most likely.
- b) The **most likely** demand projections have been assessed by Market Economics and are the medium-high population projections series provided by Stats NZ. This reflects historic observed development patterns in Napier and Hastings. Submitters have not provided evidence to suggest that the medium-high series is not the most likely.
- c) Councils are required to add a **competitiveness margin** to the projections, which are then translated into housing bottom lines. This is an additional 20% in the short and medium term and an additional 15% in the long term. This purposefully inflates residential demand in the form of housing bottom lines, to encourage greater market competition and support improved housing affordability.

### 4.3.2 Latent Demand

A number of submitters have stated that latent demand has not been addressed in the demand projections. The submitters state:

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<sup>4</sup> Refer to the supporting documents available here:  
<https://www.hastingsdc.govt.nz/hastingsnapierfuturedevelopment/>

*Part 3.3.2 of the HBCA does not clearly consider this matter, and HCP notes that the estimated demand adds between 680 -1425 additional dwellings that will need to be accommodated. This is in addition to the growth figures listed that are to be fulfilled by the mainstream market.*

Submitters have not provided evidence of accurate latent demand numbers nor evidence of methodologies that should be used to calculate numbers of latent demand housing.

Section 3.3.2 of the Napier Hastings HCA addresses latent demand. This is also addressed in the memo prepared by Market Economics at **Appendix 5**.

Latent demand refers to the amount of housing demand that is not currently being met by the market. In other words, it is the number of households that would like a dwelling but cannot find one that meets their needs. The reasons for this are varied and may relate to a mismatch of the price of current housing stock relative to current household incomes. This occurs at the lower end of the market. Latent demand is not captured by Stats NZ demand projections given that they are based on future growth rates.

There is no known established methodology for calculating latent demand, but the social housing waitlist provides an indicator by proxy of the number of households that do not have housing that meets their needs. As at December 2024 there were 522 applicants on the social housing register in Napier and 582 in Hastings (1,104 total). This has trended down over recent years following highs in 2022.

The Napier Hastings HCA provided broad estimates of latent demand expressed as a range:

- a) Napier 60 – 360
- b) Hastings 620 – 1,065
- c) **Total 680 – 1,425**

The current social housing waitlist sits generally at the mid-point of this range and provides a guide as to the current extent of latent demand for housing in Napier and Hastings, but again, is not pin-point accurate.

Meeting this demand will largely be delivered by social and community housing providers that have a different development model to typical residential land developers. The development model of social and community housing providers is not catered for in the development capacity analysis undertaken for the HCA and this needs to be taken into account when considering where and how this demand is met. For example, additional rural residential or other high value housing would not meet the needs of those on the social housing waitlist. The private development market can play a role in meeting affordable housing needs although this is difficult to quantify.

We agree with the submitters that latent demand should be taken into account when considering whether development capacity enabled by the FDS would meet demand. However, in our opinion, it should continue to be separately

identified given that the development capacity provided to meet that demand has different characteristics to typical development. We discuss this further in Section 4.3.5 below, with respect to the overall sufficiency of residential capacity to meet demand.

#### 4.3.3 Retirement Village Demand

Several submitters stated that the needs of the retirement sector have not been catered for in the demand projections and the development capacity enabled does not cater for the sector's specific land requirements.

As stated above, we are satisfied that the demand projections are reliable for this process. Retirement villages accommodate older people which is a growing sector of the population. These demographic changes, including changes to household composition are factored into the demand projections.

The concerns expressed in the submissions are more relevant to the matter of development capacity and where and how the FDS provides for that. The submitters outline that retirement village operators have specific functional requirements and typically look for sites of approximately 8-10 hectares to allow for comprehensive development. we agree with this statement, and it aligns with our experience and discussions with retirement village operators across New Zealand.

Like the rest of New Zealand, Napier and Hastings population is aging and broadly, there will continue to be strong demand for retirement villages and aged care facilities<sup>5</sup>. It is therefore appropriate to take into account their functional requirements when considering locations for development capacity. However, the Draft FDS does not ringfence greenfield land specifically for retirement village development. This would create a competitive advantage for retirement village operators and would reduce innovation and diversity in the housing market for retirement style housing. This reinforces the need for a balanced approach to growth with a mix of intensification and greenfield options.

There are a range of considerations at play, including the need to protect highly productive land and effectively manage significant natural hazard risks which constrains opportunities for greenfield expansion. Responding to these constraints will require the retirement sector to develop with a high level of land efficiency and explore new development models, including redevelopment and intensification in existing urban areas.

#### 4.3.4 Intensification / Greenfield Assumptions

Submitters raised concerns about the intensification assumptions used in the Draft FDS stating that they are either too high or too low. Those stating that the assumptions are too high generally opposed intensification on amenity and infrastructure grounds. Conversely, other submitters considered that the

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<sup>5</sup> This is consistent with the findings of the Birman Report commissioned for the FDS and the further analysis undertaken by Market Economics.

intensification assumptions are too low given the need to limit greenfield expansion and protect the fertile soils of the Heretaunga Plains. Save our Plains raised similar concerns stating that the greenfield assumption of 40% is too high. Matt Holder considered that greater intensification capacity should be allowed.

The total urban demand number for Napier and Hastings have been categorised into “urban” and “greenfield” demand. This aligns with the NPSUD requirement for housing demand to be assessed for different locations<sup>6</sup>. It is also useful to guide where and how the FDS provides development capacity. This is one method for ensuring that the preferred spatial scenario is realistic and can reasonably be delivered by the market.

The Market Economics assessment at Appendix 5 of the Draft FDS outlines the methodology that sits behind the intensification and greenfield splits. This analysed attached vs detached dwellings consent data in cities across New Zealand, with attached dwellings used as a proxy for intensification. It then compared these to Napier and Hastings to determine a realistic scenario that accounts for the trend towards intensification in New Zealand’s larger cities.

For completeness the assumed splits are provided below:

**Table 2 Housing Demand by Location**

Broad Type	Short Term	Medium Term	Long Term	Total
<b>Redevelopment in the existing urban area</b>	40% (996 dwellings)	50% (2,270 dwellings)	60% (5,574 dwellings)	54% (8,840 dwellings)
<b>New housing in greenfield areas</b>	60% (1,494 dwellings)	50% (2,270 dwellings)	40% (3,716 dwellings)	46% (7,480 dwellings)
<b>Total</b>	<b>2,490 dwellings</b>	<b>4,540 dwellings</b>	<b>9,290 dwellings</b>	<b>16,320 dwellings</b>

It is important to note that **these splits are not a target or a limit**. They simply provide an indication of demand by location in terms of what we might realistically expect the market to deliver. This then flows through to the development capacity and spatial scenario analysis, with respect to whether a scenario provides sufficient capacity to meet demand. The market could deliver more housing in the urban area than what is stated in the table. The Councils themselves are able to enable and encourage intensification to occur through their District Plans and other mechanisms, and this is provided for in the Draft FDS objectives and strategy.

Based on this analysis, it is not realistic or appropriate to assume higher levels of demand for redevelopment in the urban area/intensification as sought by Save our Soils. The Market Economics analysis demonstrates that the

<sup>6</sup> Refer to clause 3.4(1)(a) of the NPSUD.

assumptions are already ambitious in the Napier Hastings context. Although on the capacity side, ensuring there is ample supply for intensification to occur through District Plan rules and infrastructure provision, will strongly encourage this outcome to occur. The Councils have/are already addressing this through the now Operative Plan Change 5 to the Hastings District Plan and the Napier Proposed District Plan and through their Long Term Plan processes. If the market takes up these opportunities in greater numbers than anticipated by the Draft FDS, this will reduce pressure to release greenfield areas for rezoning and development.

#### 4.3.5 Amount of Residential Capacity

Several submitters stated that the Draft FDS does not provide enough options for greenfield development. For example, Heretaunga Connections Limited states that the FDS must make contingency for the fact that some sites may not in eventuality be developed during the life of the strategy, and if there is a level of attrition, there is a real prospect that a deficit will arise in meeting capacity obligations. They further state that the timing of development will vary immensely depending on market demand and the rate of uptake through economic cycles.

We agree with the submitters that there is uncertainty, and within the confines of the growth areas identified in the FDS, actual landowner intentions and market conditions and preferences will drive when and where land is developed. An analysis of the build out of Napier and Hastings' historical growth areas, which is helpful to demonstrate this (refer **Figure 3** below), noting that the timing/staging of development for these areas was addressed variously in previous growth strategies/plans. This highlights that following:

- a) Historically, greenfield development has occurred in locations identified in previous growth strategies with limited development occurring elsewhere;
- b) Some areas identified in earlier strategies remain undeveloped e.g. Bay View, Wharerangi Road/Park Island, which may be due to landowner intentions or other technical / feasibility reasons;
- c) Some areas identified as long term/reserve areas in HPUDS have been developed, or are in the process of being consented e.g. northern part of Middle Road, and part of South Pirimai for retirement villages, also noting that Arataki extension is a listed project in the Fast Track Approvals Act 2024;
- d) All large scale development areas in HPUDS for Napier are at various stages of completion, including Te Awa, Parklands and Misson Hills. This is similar to Hastings, where development is at various stages of consenting or completion e.g. Brookvale Road, Lyndhurst and Iona, which are partly complete, and Irongate/York which has recently been consented.



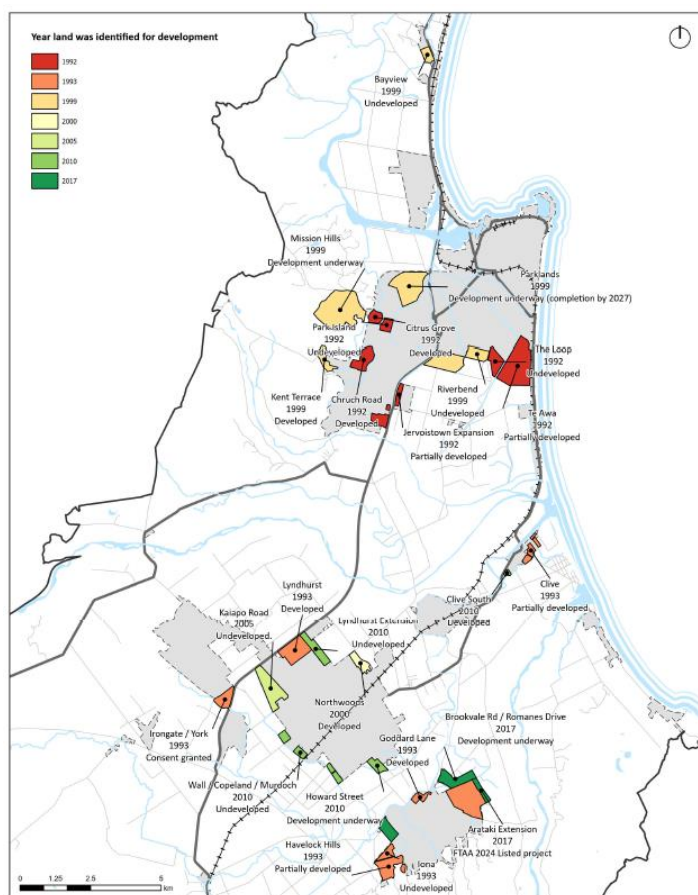


Figure 3 Showing the historic development of greenfield areas in Napier and Hastings.

This demonstrates that the timing of development is variable and driven by a range of factors and that this works in both directions. A limited number of growth areas have not been developed, and conversely some reserve areas/long term options have been partly developed. However, on balance development has unfolded broadly as intended by HPUDS and previous growth strategies, noting that as of 2025, it is only eight years into the planning period for HPUDS 2017.

We also note the following with respect to the effect of market uncertainties on providing sufficient development capacity:

- a) As noted in Section 4.3.1 above, the NPSUD requires a competitiveness margin to be added to the future demand projections that inform the FDS. This is intended to ensure that planning documents cater for the types of market uncertainties described by the submitters.
- b) The feasible capacity analysis undertaken by Market Economics for the Draft FDS has factored in feasibility and a reasonable uptake rate for

intensification<sup>7</sup>. This has ensured that the intensification assumptions underpinning the draft FDS are reasonable and not over-stated.

- c) For greenfield capacity, the draft FDS assumes that all growth areas be developed within the 2024-2054 planning period (30-year time horizon). While there are under and overs, this is a reasonable long-term assumption based on observed historic trends in Napier and Hastings and the additional competitiveness margin buffer. However, it is important to provide some flexibility in greenfield capacity, particularly in Hastings, to account for the following:
- (i) Several greenfield development areas in the draft FDS are subject to complex and overlapping natural hazards constraints e.g. Riverbend, Kaiapo Road and Ahuriri Station. While there are engineering solutions available to address these constraints, they may impact the feasibility and timing of development.
  - (ii) Within Hastings, there is a shortfall of greenfield residential capacity of 715 dwellings while there is an oversupply in Napier. As per the advice of Market Economics<sup>8</sup>, while there is a degree of interchangeability of residential capacity to meet demand, it cannot be fully substituted. We observe that this will also depend on the location of growth. i.e. growth locations at the southern extent of Napier may more easily substitute growth locations at the northern parts of Hastings and this will relate to the location of key employment nodes.
  - (iii) Latent demand has not been factored into the overall demand calculation. While this is appropriate given the uncertainties set out in Section 4.3.2 above, this weighs in favour of providing greater flexibility in greenfield capacity.

In terms of greenfield capacity numbers, it would be appropriate in our opinion for the FDS to provide sufficient greenfield capacity in Hastings to meet projected demand for greenfield in Hastings (approximately an additional 715 dwellings above the Draft FDS). It would also be appropriate to provide some additional greenfield capacity to account for existing latent demand for housing, noting that this may be met through a combination of redevelopment in the existing urban area and new development in greenfield areas. This affects greenfield capacity in Hastings primarily, where the Draft FDS notes there is a shortfall of capacity to meet demand. The draft FDS provides greater capacity in Napier than what is needed to meet demand, which would broadly address latent demand.

While there is some uncertainty about the timing of development in the more constrained greenfield areas e.g. Riverbend, Kaiapo Road and Ahuriri Station,

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<sup>7</sup> See Section 4.3 of the Market Economics assessment prepared for the Draft FDS.

<sup>8</sup> Refer to the Market Economics memo included at Appendix 5.

this can be monitored over time as required by the NPSUD<sup>9</sup> and addressed through subsequent three-yearly reviews of the FDS.

#### 4.4 Recommendations

In relation to urban housing demand, capacity and choice we make the following recommendations that will inform the more site specific recommendations in the report below:

- a) Take into account latent demand into the overall demand projections for Napier and Hastings and amend the Draft FDS to reflect that.
- b) Provide greater greenfield capacity in Hastings to ensure that there is no shortfall (approximately 715 dwellings) and provide some flexibility to account for latent demand that may be provided for within greenfield areas.

### 5.0 Development Constraints

#### 5.1 Issues Raised in Submissions

Multiple submitters raised broader issues regarding development constraints in Napier and Hastings and how these should inform future locations for growth in the region. Submitters were primarily concerned about highly productive land and natural hazards.

The key issues raised are as follows:

- a) Do not allow development on **highly productive land** (Save the Plains; Hawke's Bay Vegetable Growers Association; Horticulture NZ; Simon Nash; Paula Smith et al<sup>10</sup>). Conversely, other submitters stated that a more balanced approach is necessary that reflects the need to provide for urban growth in efficient locations while protecting highly productive land. Or otherwise, recognise the limitations of the NZLRI mapping and take into account site specific matters when considering the productive capacity of the land. These broad comments were generally in the context of justifying the inclusion of sites in the FDS that are mapped as LUC 1-3 (including but not limited to Heretaunga Connections Project Limited; Development Nous Ltd; The Strawberry Patch Ltd; Meeanee Developments Limited; Te Orokohanga Hou Joint Venture; CDL Land (NZ); Mr Apple Ltd; Jim Bishop; Bunnings Ltd; Te Aratika Group);
- b) Ensure that recommendations from the **Hawke's Bay Independent Flood Review Panel** are followed (TPW; MTT);

<sup>9</sup> Quarterly monitoring is required in terms of housing demand and supply as per clause 3.9, with a full stocktake undertaken on a three-yearly basis through the Housing and Business Capacity Assessment.

<sup>10</sup> Sarah Swinburn; Daniel Kittow; Samantha McPherson; Sarah Swinburn; Barbara Brookfield; Nyla Sorensen; John Reid; Monique Webster; Krysia Shuker; Teresa Munro - Landmarks Trust; Corrie Hughes; Estate R C Macniven; Andrew Lessells; Jacob Scott; Peter Beaven; Trevor & Myffie James; St Columba Presbyterian Church; Walter Breustedt; Sandy Broad; Vanessa Moon.

- c) Avoid development in **low-lying and hazard prone areas** (Mike Johansson; Peter Richardson; Daniel Kittow; John Reid; Sera Chambers; Save the Plains);
- d) In response to these constraints, **favour development in the hills** (e.g. Bay View, Havelock Hills, Te Awanga) where these constraints are not present/are less present (Daniel Kittow; Sarah Swinburn; Forest and Bird - Hastings/Havelock; Barbara Brookfield; Noel Bates; John Reid; Lynne Anderson; Kirk Doyle; Sera Chambers; Horticulture NZ);
- e) Land with low exposure and vulnerability to natural hazards is prioritised for development and where development must occur on land that has a more than minimal natural hazard risk, mitigations and risk tolerance are both explored before development is undertaken (TPW; MTT);
- f) If an area exposed to high flood risk is considered for future development **sufficient mitigation must be in place**. This includes flood protection that manages residual risk to at least a 1% annual exceedance probably accounting for climate change (Insurance Council New Zealand);
- g) Encourage councils to consider how density impacts overall flood risk noting that greater density may increase flood risk (Insurance Council New Zealand);
- h) Complete **site-specific risk assessments** in every proposed future growth area and consider how to mitigate the natural hazard risk, including feasible evacuation routes in the event of flooding or inundation (Natural Hazards Commission; Te Ikaroa – Hawke’s Bay District Health Board);
- i) Include consideration of any **likely impacts on air pollution** arising from the growth anticipated by the FDS, including any mitigation measures needed to protect human health (Te Ikaroa – Hawke’s Bay District Health Board).

Separate to the submissions, in adopting the Draft FDS for public consultation, the Hastings District Council made the following recommendations in its meeting on 19 November 2024:

*That Council notes its priority focus about ensuring;*

*1.1.1 Future physical building/housing development in the Napier / Hastings Future Development Strategy catchment, is directed away from locations where natural hazards cannot be safely mitigated.*

*1.1.2 The protection of Land Use Capability 1, 2 and 3 fertile soils.*

*Council expects these issues to be a topic of robust interrogation and discussion both during the Formal Consultation Process and later as the draft Napier / Hastings Future Development Strategy is considered and finalised by the Partner Councils in 2025.*

The focus areas noted by the Hastings District Council have been raised as issues in submissions to the Draft FDS and are addressed below and in subsequent sections of the report.

## 5.2 Information and Evidence

The key evidence relating to the issue of development constraints that underpin the Draft FDS is set out in the Technical Report – see Section 6 of the report. This is also addressed in the earlier Issues and Options report prepared in the earlier stages of the project.

The project team has used best available information on development constraints to inform the Draft FDS. There are gaps, particularly in the flooding modelling data, and this is clearly stated in the reporting. A combination of information has been used, including flood hazard modelling information available on the Hawke's Bay Hazards Portal, information on Cyclone Gabrielle impacted areas, site specific modelling and analysis, and local knowledge about historic events.

The Hawke's Bay Independent Flood Review made 57 recommendations, including some relating to the Regional Policy Statement (RPS). The Panel recommended that the RPS is amended to outline a regionally consistent approach to identifying flood hazard areas, defining climate change assumptions and identifying and managing areas of risk. The Panel state that this work is urgently required. At the time when the Panel released its recommendations, HBRC had already commenced a review of its RPS. This work by HBRC will assist in developing a consistent evidence base and policy framework for flood assessment and land use responses.

HBRC has yet to complete its mapping of highly productive land in accordance with the NPS-HPL. In the interim, the New Zealand Land Resource Inventory LUC1-3 mapping has been used as required by the NPS-HPL. This mapping is at a coarse scale 1:50,000 and is therefore not always accurate at a site-specific level. In addition to this, as part of the MCA analysis of growth areas, advice was sought from Carl O'Brian from AG First (Horticultural Consultant) and Dr Ashton Eaves, Senior Land Scientist at Hawke's Bay Regional Council. Their feedback is captured in the MCA spreadsheet and in the site summaries. Dr Eaves and Dr Kurt Barichiev also provided further advice on particular sites in response to specific submissions, which is addressed in Section 5.3.1 below.

## 5.3 Analysis and Discussion

### 5.3.1 Highly Productive Land

Submitters were concerned about the extent of LUC1-3 land that Draft FDS identifies for urban development. The submitters argue that urban and industrial greenfield growth needs to be concentrated on unproductive land and that the Draft FDS contravenes the NPS-HPL.

For context, the table below summarises the sites in the Draft FDS that meet the definition of highly productive land under the NPS-HPL currently. This does not include Kaiapo Road, Lyndhurst Extension, Copeland Road, The Loop or Riverbend. These areas are identified as residential growth areas in HPUDS and meet the definition of "identified for urban development" given that they are

identified in a strategic planning document, are suitable for commencing development over the next 10 years, and have readily identifiable boundaries. It also does not include Mission Estate (NC6) as this is currently zoned Rural Residential. On this basis, these areas are excluded from the definition of highly productive land under clause 3.5(7) of the NPS-HPL.

**Table 3 Relevant growth areas and their current HPL status**

FDS Growth Area	HPL status (refer to the site summaries for LUC mapping)
South Pirimai (NC4d)	LUC 3. HPUDS Reserve Area.
Arataki Extension (HN2b)	LUC 3. HPUDS Reserve Area.
Murdoch Road (H4)	LUC 2. HPUDS Reserve Area.
Portsmouth Road (FM2)	Within the Roys Hill Winegrowing Area and partly LUC3.
Irongate (IR12 and IR3a)	IR2 – LUC 2. IR3a – mix of LUC 1-3.
Severn Precinct (SP)	LUC 3.
Ahuriri Station	LUC 3.

The NPSUD requires the FDS to be informed by the NPS-HPL as well as other national policy direction<sup>11</sup>. The NPSHPL restricts the circumstances in which highly productive land can be rezoned or subdivided. In the case of rezoning, this may only occur on highly productive land where the capacity is needed to meet demand, there are no other reasonably practicable options for providing that capacity, and the benefits outweigh the costs<sup>12</sup>. The FDS can consider these matters at a high level, but the NPS-HPL appropriately directs this to occur at the plan change/plan review stage, where up to date and detailed demand and capacity information can be provided.

The evaluation of reasonably practicable options for accommodating urban growth has been undertaken at a strategic level through the MCA and spatial scenario development and assessment process. This would be tested and refined as part of a plan change/plan review.

The soil capability of growth area options has been considered through the MCA process with input from a range of qualified experts<sup>13</sup>. The MCA evaluation did

<sup>11</sup> See clause 3.14(f) of the NPS-UD.

<sup>12</sup> See clause 3.6 of the NPS-HPL.

<sup>13</sup> Carl O'Brien (Horticultural and Environmental Consultant, AgFirst) and Lochie MacGillivray (Agribusiness and Environmental Consultant, Director, AgFirst) provided specialist advice during a workshop held in February 2024. Their role included reviewing the long-listed development areas and

not adopt a rigid approach to excluding areas simply because they were on LUC 1, 2 or 3 land. Equally, the MCA evaluation did not put HPL considerations to one side in favour of maximising growth opportunities at the urban fringe. This is not what the NPSHPL requires. The approach has been a more nuanced one, where the productive capacity of sites has been considered at a strategic level in addition to the land use classification. This is a precursor to the nuanced assessment that is required through a plan change/plan review process<sup>14</sup>. In our opinion, this is appropriate for informing an FDS as a high level strategic planning document that is seeking to achieve various competing national policy objectives.

### 5.3.2 Natural Hazards

Submitters raised a range of issues with respect to natural hazards, which we address below.

#### 5.3.2.1 Hawke's Bay Independent Flood Review Panel

Various submitters have voiced support for the recommendations of the Hawke's Bay Independent Flood Review Panel. This report was published in July 2024, having been commissioned by the HBRC in the aftermath of Cyclone Gabrielle<sup>15</sup>. The report contains a range of recommendations canvassing structural works, emergency management, and land use planning, amongst other matters.

The discussion on planning controls is pertinent to the FDS (See Chapter 9 of the report). It identifies that the RPS and District Plans are out of date and do not provide a consistent planning framework for managing natural hazard risk. The report observes the gaps in flood modelling data - the same datasets used to inform preparation of the Draft FDS and identified in technical reports. The Independent Panel recommends that the Councils remedy those gaps. These are key recommendations that could be carried over to the implementation section of the FDS or as an alternative, included in the FDS Implementation Plan.

Recommendation 25 states that the review of the RPS should ensure that new and intensified residential development and subdivision is prohibited in areas subject to unacceptable flood hazard. In order to identify areas of unacceptable flood hazard, updates to flood hazard mapping are required, followed by a public discussion about tolerance to risk, undertaken as part of the RPS and District Plan reviews/changes. The upcoming NPS for Natural Hazards will also provide further direction, which we understand will be in place late-2025. In addition to regulatory changes, this data would inform land use and infrastructure planning in the urban areas as well as infrastructure investment aimed at protecting existing communities from the effects of climate change.

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contributing to the Multi-Criteria Assessment (MCA) through high-level assessments of Land Use Capability (LUC) classes, soil versatility, and catchment contexts. Their input has contributed to informing the strategic evaluation of potential growth areas for the Draft Napier Hastings FDS.

<sup>14</sup> Note that the recent Environment Court decision in Blue Grass Limited v Dunedin City Council [2024] NZEnvC 83 related to a resource consent.

<sup>15</sup> <https://www.hbrc.govt.nz/our-council/hb-independent-flood-review/>.

In the interim, the Draft FDS grapples with managing natural hazard risk in the existing policy environment and with best available information for now. The MCA process has considered this at a strategic level and has taken into account the potential for natural hazard risk to be mitigated. Mitigation of natural hazard risk is required for most growth options, including all of Napier's growth options, with the exception of the rural residential areas in the Western Hills and Bay View.

#### 5.3.2.2 Development in low lying hazard prone areas

Several submitters seek to avoid development in low lying hazard prone areas.

Objective 3 of the Draft FDS is as follows:

*Our communities and infrastructure are resilient to the effects of climate change and risks from natural hazards.*

Resilience to natural hazards can be delivered by avoiding development in low lying areas, or where appropriate, mitigating natural hazard risks to a tolerable level. The Draft FDS provides a combination of both these approaches, which also accounts for NPSUD objectives, including ensuring sufficient feasible capacity is provided, and people are enabled to live and work in and around centres, areas well-served by public transport and where there is high demand (Objective 3). With the exception of the Treaty Settlement Redress Land at Ahuriri Station and Severn Precinct, greenfield development in Napier's low lying areas with overlapping natural hazards is limited to existing HPUDS areas where site specific technical work has been undertaken.

Mitigation of natural hazard risks is supported by several submitters, including the Insurance Council NZ. They recommend that flood protection works manage residual risk to at least a 1% annual exceedance probability accounting for climate change. This is consistent with the findings of the Independent Flood Review<sup>16</sup> and with the requirements of the New Zealand Coastal Policy Statement (NZCPS). This is a matter to be addressed in the RPS and District Plan reviews but does not preclude the FDS from taking this into account.

Similarly, the Natural Hazards Commission and the Hawke's Bay District Health Board recommend preparing site specific risk assessments for every proposed future growth area. We agree. However, this would be more appropriately required at the structure planning and plan change stage, where a detailed stormwater and flood modelling can be undertaken in the context of a specific proposal. We note that Policy UD10.4 of the RPS already requires a structure plan to be prepared as part of rezoning that amongst other things requires details of how any natural hazards will be avoided or mitigated. This would address the matters raised by the submitters.

The Insurance Council NZ has also requested that the Councils consider how density impacts overall flood risk, with respect to the increase in impervious area. Both Councils have programmes of work underway to address this issue in response to intensification indicated in the Draft FDS and as

<sup>16</sup> Refer to page 142 of the Independent Flood Review Report.



implemented/being implemented through Plan Change 5 in Hastings and the Napier Proposed District Plan. This is being led by the Council's infrastructure planning and delivery managers and is informing a programme of upgrade works in the Long Term Plans.

### 5.3.3 Development in the Hills

In response to these matters, several submitters favoured development in the hills (e.g. Bay View, Havelock Hills, Te Awanga) where the natural hazards constraints are not present/are less present.

This was broadly considered in Spatial Scenario 2 which assessed the growth option of strictly avoiding highly productive land<sup>17</sup>. This scenario assessed the advantages and disadvantages of development generally occurring in the hills as well as some existing HPUDS areas. While there are obvious advantages to this approach, there are disadvantages that mean it is not a reasonably practicable growth option. Specifically, this scenario would result in a highly dispersed pattern of growth with residential located away from employment areas and infrastructure networks, with the effect of increasing car dependence and significantly increasing servicing costs. Importantly, hill country growth drives towards lower density forms of housing that respond to the steeper topography, which drives up house prices. While it would meet some segments of the market, this type of housing alone would not meet Napier and Hastings future housing needs, the majority of which will be in the affordable range given the low household income levels projected<sup>18</sup>.

As an example, in 2021 Napier City Council undertook a detailed investigation of the feasibility of developing in the Western Hills in Taradale & Poraiti (refer **Figure 4** below). This work developed layout plans, yield analysis and high level plans for infrastructure servicing that was then costed. While the topography in this area is particularly challenging compared with the Mission Hills development, the analysis showed a low yield, relative to land area (~800 lots) and had unfeasibly high costs to service with bulk infrastructure, conservatively priced at \$242,000-\$285,000 per lot in 2021 dollars<sup>19</sup>. While there may be a case for using this land more efficiently for rural residential style development in the Western Hills, this analysis showed that for this area at least, urban scale development is not a reasonably practicable or affordable option.

A similar situation applies to the Havelock Hills, which is extensively populated with rural residential development. Further intensification is potentially possible, although there are infrastructure constraints to consider and the housing delivered is likely to be at the higher end of the market, which would not meet the majority of future housing needs.

<sup>17</sup> Refer to page 61 of the Draft FDS Technical Report.

<sup>18</sup> Refer to Tables 2-13 and 2-14 of the Housing Capacity Assessment 2021.

<sup>19</sup> <https://www.napier.govt.nz/our-council/plans-strategies-reports/napiers-district-plan/district-plan-review-discussion-documents/growth-in-the-hills/>

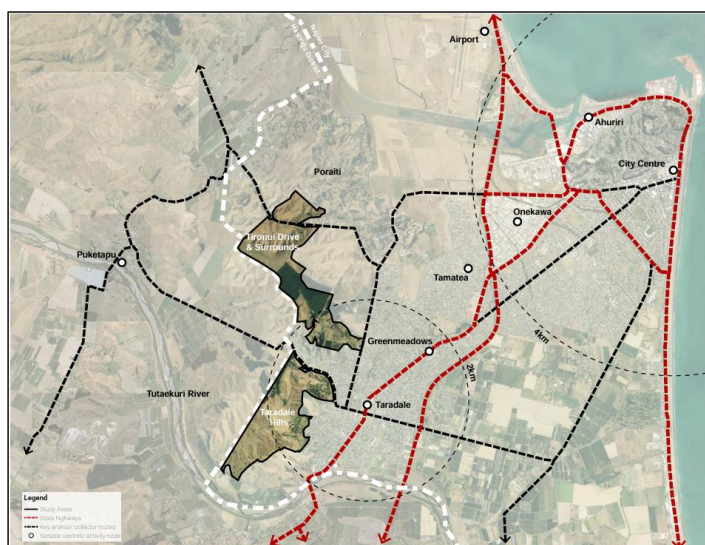


Figure 4 Showing Napier's Western Hills, subject to various structure planning in 2021.

#### 5.3.4 Clifton to Tangoio Coastal Hazards Strategy 2120

The Draft FDS states the following with respect to the Clifton to Tangoio Coastal Hazards Strategy 2120:

*The coastline south of Clive through to Te Awanga is particularly vulnerable to coastal hazards and has been subject to the effects of coastal inundation and coastal erosion, most recently in June 2024. The Clifton to Tangoio Coastal Hazards Strategy 2120 project aims to set an adaptive management pathway to manage these risks over the next 100 years. In 2025, the partner councils will be seeking feedback from the community on proposed coastal adaptation options.*

The project has evolved since this time, which we explain below.

The Clifton to Tangoio Coastal Hazards Strategy 2120 project has progressed to a point where in August 2024, a draft strategy was agreed by the project partners (the same three council and three PSGEs who have overseen the FDS to date). The Project partners' Joint Committee passed the draft strategy over to HBRC. In January 2025, HBRC agreed to defer formal (Local Government Act Special Consultation Process) consultation on the draft strategy. That decision to defer consultation recognised timing for consultation was not optimal given economic pressures on ratepayers and HBRC's work programme since Cyclone Gabrielle. In the interim, a community reference group is to be formed for further testing of the possible options, their costs and how those could be funded.

This community engagement phase does not detract from the earlier technical assessments of erosion, coastal inundation and tsunami hazards along that

stretch of coast. That geospatial data can be viewed online in the HB Hazards Portal.

Accordingly, we recommend updating the text of the FDS that refers to Clifton to Tangoio Coastal Hazards Strategy 2120 to reflect the project's current status. We propose to provide specific wording as part of the Officer's Reply, reflecting the above.

### 5.3.5 Air Pollution

The Hawke's Bay District Health Board requested that the FDS consider the likely impacts of air pollution arising from growth, and any mitigation measures needed to address those impacts.

Urban air quality is managed by a combination of rules in regional plans and national regulations. Rules apply to discharges into air from industrial and trade premises. One of the biggest challenges with ambient urban air quality is small particulate contaminants (typically from domestic home heating burning). The HB Regional Resource Management Plan (RRMP) includes policies and rules controlling PM<sub>10</sub> particulate matter concentrations in urban 'airzones' (see **Figure 5**) which have been operative since 2012. The subsequent **Figure 6** shows the effectiveness of the rules introduced in 2012, with fewer breaches evident now in Hastings and Napier. The rules, in conjunction with a multi-million dollar home heating improvement financial assistance scheme from HBRC, have achieved significant improvements in PM<sub>10</sub> concentrations within the urban airzones over the last decade.

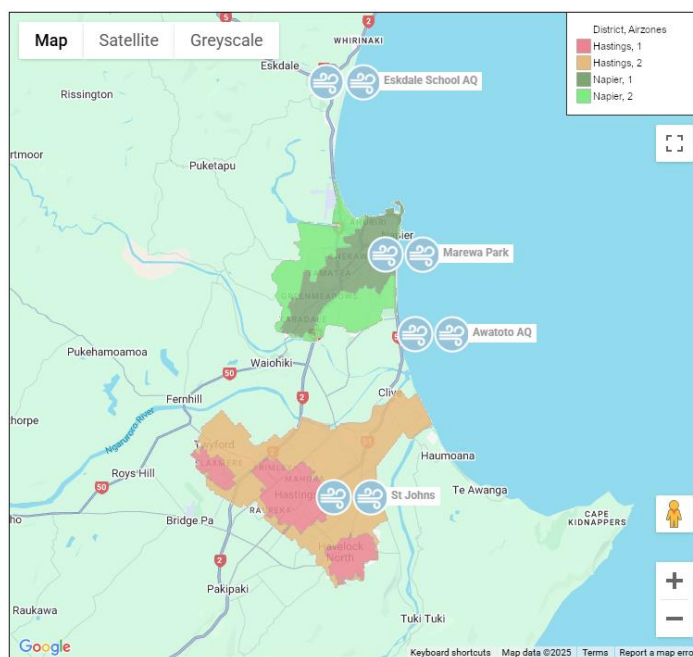


Figure 5 Airzones for Napier and Hastings.





































































































































































































































































































































































