

ENCLOSURE U

Hastings District Council Report to Strategy and Policy Committee
Future Growth Management

22 March 2022

Tuesday, 22 March 2022

Te Hui o Te Kaunihera ā-Rohe o Heretaunga

Hastings District Council: Strategy and Policy Committee Meeting

Te Rārangi Take

Report to Strategy and Policy Committee

Nā:
From: **Ross McLeod, Director: Future Growth Unit**

Te Take:
Subject: **Future Growth Management**

1.0 Executive Summary – *Te Kaupapa Me Te Whakarāpopototanga*

- 1.1 Hastings is experiencing rapid and significant growth. This growth has contributed to a severe housing shortage and strong uptake of residential and industrial development capacity. The Council has been taking steps to manage that growth.
- 1.2 Alongside this, Government legal and policy changes have placed new requirements on Council with respect to providing for growth. Further legislative changes are signalled. Requirements include development of a Future Development Strategy (FDS) jointly with the Hawke's Bay Regional Council and the Napier City Council, and ensuring sufficient development capacity within the Napier Hastings urban environment. The councils of the region have also decided to develop a regional spatial strategy ahead of the signalled future legal requirement to do so.
- 1.3 In responding to this context, the Chief Executive has established a Future Growth Unit to lead and coordinate future growth planning, infrastructure and funding activity across the Council. The Council has previously allocated resourcing to this work. The Unit has developed a draft work programme to address the requirements on Council and to put Council in a position to effectively manage growth and provide adequate future development capacity.
- 1.4 This report discusses key elements of the work programme, including the FDS, Essential Services Development Plans, a review of the Development Contributions Policy and the proposed Regional Spatial Strategy (RSS). It also discusses partner engagement and the Council's approach to growth management, including the need for a thorough and robust analysis methodology. While noting that some interests are calling on Council for short-term action with respect to rezoning or further land protection measures, the report notes the need for a legally robust and defensible methodology and process to underpin planning decision-making. This is because eventually all Council Planning decisions can be subject to appeal to the Environment Court.

- 1.5 The report recommends that the Committee note the work programme and endorse the management approach set out.

2.0 Recommendations - Ngā Tūtohunga

- A) That the Strategy and Policy Committee receive the report titled Future Growth Management dated 22 March 2022.
- B) That the Committee notes the work programme for the Future Growth Management programme as outlined in the report and attached (in draft as at 1 March 2022) **Attachment 1** (ref CG-16-3-00118) and endorses the management approach set out.

3.0 Background – Te Horopaki

- 3.1 Hastings District is currently experiencing significant and rapid growth. Statistics New Zealand's latest population estimate (2021) for Hastings District is 90,100; an increase of 5,400 since the 2018 estimate (84,700). Building consent volumes have grown significantly: excluding consents for solid fuel heaters, residential building consents granted have risen from 685 in calendar year 2015 to 1021 in 2021 – an increase of 49%; commercial building consents are similar in volume to 2015, however the estimated value of the works consented has increased by in excess of 150% (from \$95M to more than \$250M). Resource consent volumes have increased from 428 in 2015 to 673 in 2021. Uptake of development land in both the residential and industrial sectors has been at a rate above both projected rates and historic trends.
- 3.2 The Council has been taking action to respond to this growth pressure. Beginning in 2015, the Council initiated a number of structure planning and planning processes to make available a number of areas of land for residential and industrial development. Infrastructure investments were programmed and subsequently made alongside these planning changes, with appropriate revisions made to the Council's Development Contributions Policy. Through this work, the Lyndhurst Stage 2, Howard St, Brookvale and Iona residential development areas were initiated, as was the rezoning and infrastructure servicing of the Irongate and Ōmāhu Industrial areas.
- 3.3 These initiatives and investments by Council have helped enable the significant residential and industrial development and investment Hastings has seen since 2015. However, even that unprecedented rate of development has not been enough to keep up with growth demand. The rate of growth being experienced is rapidly using up available development land (both residential and business land) and network infrastructure capacity (particularly with respect to the Hastings urban wastewater network and consented water supply volumes). And the population driven housing shortage has continued to worsen, with 723 households on the MSD social housing register as at 30 September 2021 (there were 69 households on the register as at 30 September 2016). Based on the 2021 Housing Capacity Assessment and the recent Statistics New Zealand population estimates, there is a current shortage of between 1,300 and 1,600 houses in Hastings, with demand expected to grow by another 1,600 – 1,800 households by the end of 2023.
- 3.4 Council is acting to make new development areas available in the short to medium-term, including in Flaxmere and with structure planning work on the Lyndhurst Extension area, Kaiapo Road and the Heretaunga Tamatea Settlement Trust owned land at York Road. However, Council has also understood that action is required now to ensure the availability of development land and infrastructure capacity over the medium to longer-term.
- 3.5 Alongside this high-growth context, statutory requirements on Council to provide development capacity have also increased. The National Policy Statement on Urban Development 2020 (NPS-UD) requires councils to *"provide at least sufficient development capacity in its region or district to meet*

expected demand for housing". It also requires councils to provide sufficient development capacity for business land. Councils in tier 1 or 2 urban environments are required to adopt housing bottom lines in their District Plans or Regional Policy Statements clearly stating the development capacity that is sufficient to meet expected housing demand plus an appropriate competitiveness margin. The NPS-UD also requires councils in tier 1 and 2 urban environments to work together to prepare and adopt a FDS for that environment. Further comment on the FDS is set out below.

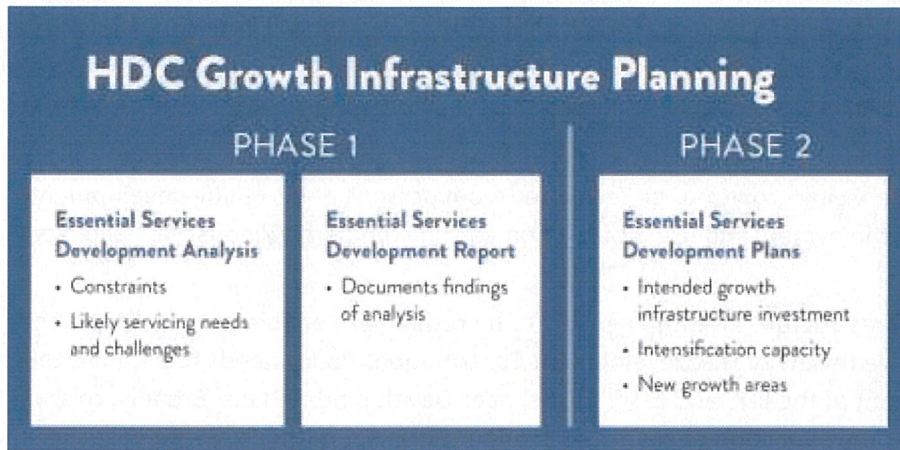
- 3.6 These increased requirements come amidst wider proposed changes to the legal framework for planning and growth management. The Government has signalled that the Resource Management Act 1991 (RMA) will be replaced by three pieces of legislation. The proposed Natural and Built Environment Act (NBEA) will replace the RMA and provide the legal framework for statutory planning instruments and consents. The proposed Strategic Planning Act will introduce a requirement for regional spatial strategies to guide high-level strategic planning on a regional basis. In addition, a proposed Climate Change Adaptation Act is likely to address issues relating to managed retreat and funding and financing adaptation.
- 3.7 Collectively, these current and prospective legal requirements signal a more collaborative and regionalised approach to planning and growth management. Councils will need to work together regionally, and with mana whenua and central government agencies, in the development of both spatial plans and statutory plans under NBEA.
- 3.8 The wider regional context will therefore affect the work to be carried out and impact on the Hastings District. The constraints on Napier City in terms of additional development capacity generally, and industrial capacity in particular, are likely to create further demand pressures on Hastings. Both Napier and Central Hawke's Bay are also experiencing relative significant growth in the residential sector which will also influence the regional development capacity picture. Efforts to address housing shortage, such as Kāinga Ora's investment programme, will also continue to affect how available development capacity is utilised in Hastings and beyond, creating flow on effects in the development market. These are just some of the broader contextual issues to be considered.
- 3.9 The Chief Executive has responded to this context by establishing a Future Growth Unit to lead and coordinate future growth planning, infrastructure and funding activity across the Council. This brings focused resource to bear on medium to longer-term growth management work, including the FDS, growth infrastructure planning and funding and the proposed RSS. The Chief Executive has also moved to augment, where possible in the extant employment and consultant markets, resourcing being applied to immediate-term building and resource consenting activity and short to medium-term structure planning work.
- 3.10 The Future Growth Unit commenced operation in January 2022. Initial work has been done on scoping the work required and assembling resourcing to carry out that work. This work continues. The discussion below describes major components of the work, as well as outlining risks and principal elements of the Council's proposed approach.

4.0 Discussion – *Te Matapakitanga*

Elements of Council's Future Growth Management Programme

- 4.1 There are a number of components to the Council's medium to long-term growth management approach. These include:
 - Council's contribution to a Future Development Strategy for the Napier-Hastings urban environment, required under the NPS-UD
 - Growth infrastructure planning, including an Essential Services Development Report and Essential Services Development Plans
 - Growth infrastructure funding work, including a substantive review of Council's Development Contributions Policy

- Council's contribution to a Regional Spatial Strategy, which will incorporate or 'umbrella' the Future Development Strategy and other regional planning strategies
 - Partner and stakeholder engagement, including with other councils in the region and with mana whenua
 - Review of the Medium Density Housing Strategy, and implementation of changes and recommended actions
 - Other actions required under the NPS-UD, including Housing and Business Capacity Assessments (for the Hawke's Bay Regional, Napier City and Hastings District Councils collectively).
- 4.2 These are being addressed in a cross-Council programme of work led or assisted by the Future Growth Unit with vital input or leadership from the Asset Management, Environmental Policy, Strategy and Development, Māori Relationships and Finance Groups. The approach is to integrate cross-Council efforts in this work rather than create a new organisational silo separated from the expertise and experience in existing Council Groups.
- 4.3 **Future Development Strategy** – The FDS is the key element of growth planning to be undertaken over the next two (2) to three (3) years (with regular reviews beyond that time). It is a legally required replacement for the Heretaunga Plains Urban Development Strategy (HPUDS) and will address development planning over a 30 year timeframe. The initial FDS is required to be completed by 30 June 2024. The NPS-UD sets out requirements for the FDS: these include the Strategy being a collective undertaking of the Hawke's Bay Regional, Napier City and Hastings District Councils, and the need to incorporate significant engagement with/involvement from mana whenua. The FDS will consider and address predicted growth, hazards, constraints and opportunities, and infrastructure (including social infrastructure) servicing considerations to provide a plan as to where development capacity can be accommodated. The Strategy is likely to provide development capacity via a mix of intensification in existing urban areas and new growth areas, with intensification becoming increasingly important. It will address both residential and business development capacity as well as servicing needs.
- 4.4 **Growth Infrastructure** – A key part of planning for development capacity is providing infrastructure to service that capacity, and equitably and efficiently funding that infrastructure. While identifying suitable land areas free from hazards and other constraints is fundamental to the growth planning process, being able to service those land areas in a practical and environmentally acceptable way is also vital.
- 4.5 In order to address these requirements, the Council will undertake an Essential Services Development analysis to assess in detail both infrastructure capacity constraints and development capacity servicing needs. This will relate to current urban areas and prospective development areas. Based on the analysis, a report will be produced identifying issues and constraints in infrastructure servicing of growth. Following this stage, Essential Services Development Plans will then be developed to set out the growth infrastructure investment to be carried out, including the capacity to be provided for urban intensification and the new growth areas to be serviced. This work will be aligned with development capacity identified in the FDS. The sequence of work is illustrated in the figure below:



- 4.6 In assessing Hastings' overall infrastructure situation as it relates to growth, the picture that emerges is that the older, core three waters networks have almost reached their full or 'natural' capacity as 'growth-responsive' additions have been made to them over time. Investment in additional arterial infrastructure is required to enable new development capacity.
- 4.7 In terms of wastewater, while there is ample capacity in the main interceptor sewer pipes connecting the urban areas to the treatment plant at East Clive, the internal networks within Hastings (which help service Hastings and Flaxmere) are reaching capacity. Further 'arterial capacity' is required to enable wider uptake of medium density development and urban intensification and to provide for future new growth areas. Adding to this picture, Hastings is located on a 'hump' that runs along Heretaunga Street. This means potential growth areas on relatively poorer soils around the south and west of Hastings are on the 'wrong' side of the hump relative to the main trunk infrastructure connecting Hastings to the East Clive treatment plant.
- 4.8 In terms of water supply, abstraction limits in the Council's municipal water supply resource consent provide a constraint to development capacity. Improved network distribution infrastructure is required to improve network efficiency and reduce network pressure and water loss, thereby improving efficiency of use and providing capacity for growth.
- 4.9 Stormwater, Transport and Community infrastructure will also need to be examined relative to proposals to create new development capacity.
- 4.10 **Growth Infrastructure Funding** – Funding the infrastructure associated with new development capacity will also need to be a major element of Council's future growth programme. While Council is seeking a central Government contribution to the cost of funding growth infrastructure for housing through the Infrastructure Acceleration Fund, it will need to ensure appropriate funding arrangements are in place to fund required 'local' infrastructure investment.
- 4.11 Council's funding approach should be based on principles of economic efficiency and relevant statutory provisions. Economic efficiency principles hold that the beneficiaries of public activity or investment, or those that cause or 'exacerbate' the need for that investment, should meet the costs of that activity or investment equal to the benefit they receive or the expenditure they cause. This is known as the 'beneficiary' or 'exacerbator' pays principle. In the context of growth infrastructure, that means that the growth or development community should meet the costs of infrastructure required to service new growth (less any appropriate contribution from other beneficiaries – e.g., for any renewal costs offset or any resulting increased levels of service to existing communities).
- 4.12 This economic principle is expressed in law through the Local Government Act 2002. Section 101 (3) of the Act requires councils, when making funding decisions, to consider, *inter alia*, how benefits from activities it undertakes are distributed between the community as a whole, identifiable parts of the community, and individuals, and the extent to which the actions or inaction of particular individuals or groups contribute to the need to undertake the activity. In addition to this, Part 8,

subpart 5 of the Act sets out specific provisions to “enable territorial authorities to recover from those persons undertaking development a fair, equitable, and proportionate portion of the total cost of capital expenditure necessary to service growth over the long term” (Section 197AA, LGA 2002).

- 4.13 These provisions of the Act provide the basis for Council’s Development Contributions Policy. They enable the costs of servicing growth to be recovered from persons undertaking development, and, through them, from the owners and users of the homes and commercial/industrial buildings that are developed.
- 4.14 Given the scale of infrastructure investment likely to be required to enable new development capacity, a substantive review of the Development Contributions Policy needs to be undertaken alongside development of the FDS and Essential Services Development Plans. Broadly, this will examine the appropriate allocation of costs, the economic principles underpinning cost allocation, policy options and objectives and legal provisions. Policy review work is likely to occur in two to three stages through until June 2024 and reflect, to an extent that is legally permissible, the desire to protect resources and encourage intensification in preference to greenfield development on versatile soils.
- 4.15 **Envisaged Three Waters Transition** – Council’s focus on growth planning and infrastructure provision is occurring at the same time the Government is advancing with its proposals for reform of the Three Waters sector. The transition arrangements envisaged in the establishment of water services entities are likely to add complexity to the decision-making frameworks Council normally operates under.
- 4.16 There is a clause in the exposure draft of the *Water Services Entity Bill*, which could have significant impacts on Council infrastructure decision-making ahead of the establishment of the proposed water services entities. The clause currently reads as follows:

“22 Decision making during establishment period

- (1) *The chief executive of a local government organisation must ensure that, before implementing a decision to which this clause applies, the department has confirmed the decision in writing.*
- (2) *A decision to which this clause applies is void and of no effect until it is confirmed by the chief executive of the department.*
- (3) *This clause applies to a decision of a local government organisation that is made during the establishment period and that may, directly or because of its consequences,—*
 - (a) *significantly prejudice the water services reform; or*
 - (b) *significantly constrain the powers or capacity of the water services entities following the water services reform; or*
 - (c) *have a significant negative impact on the assets or liabilities that are transferred to the water services entities as a result of the water services reform.*

Definitions:

establishment date means the earlier of— (a) a date appointed by the Governor-General by Order in Council; and (b) 1 July 2024

establishment period means the period— (a) commencing on the day after the date on which the Act receives the Royal assent; and (b) ending on the establishment date

water services reform means— (a) the establishment of water services entities to deliver water services in accordance with this Act; and (b) the transfer of interests in, and the ownership of, infrastructure assets from local government organisations to the water services entities.”

- 4.17 While not law as yet, this clause (22) is signalling that councils are likely to have to gain approval from the Chief Executive of the Department of Internal Affairs for any investment decisions that would impact the assets or liabilities that are transferred to the entity. If approval is not given then the Council's decision would be void and of no effect. This would apply to decisions not already contained within the Council's LTP and Infrastructure Strategy at the commencement of the Establishment Period.
- 4.18 Under the current wording of the Bill, such a clause would come into effect at the beginning of the Establishment Period – that is the day after the Act receives Royal assent. This could occur as soon as the period between July and September 2022.
- 4.19 While Council has made significant advances over the last nine months in understanding the infrastructure investment necessary to provide the development capacity required under the NPS-UD, significant planning work is still required and Council is not yet in a position to amend its LTP and Infrastructure Strategy. However, Council is in a position to clearly signal its 'direction of travel' with respect to growth infrastructure investment and the related Development Contributions Policy review. Accordingly, the draft Annual Plan 2022/23 will contain a section outlining the obligation on Council under the NPS-UD to provide sufficient development capacity to meet expected demand for housing and business land, and signalling the Council's proposed growth infrastructure investments, Development Contributions Policy review and the related LTP amendment that enable the provision of that development capacity.
- 4.20 **Regional Spatial Strategy** – There is no requirement for a Regional Spatial Strategy (RSS) pending passage into law of the proposed Strategic Planning Act. However, the Regional Leaders Group (Mayors and HBRC Chair) have asked their councils to initiate the development of a RSS. Based on previous spatial planning exercises elsewhere around New Zealand and guidance from the Ministry for the Environment and the Government's independent Resource Management Review Panel, spatial strategies will be developed at a regional level, encompass land and coastal marine areas, and help guide the delivery of outcomes through the resource management system. They will be intended, as part of the Strategic Planning Act framework, to set long-term strategic goals and facilitate the integration of legislative functions across the proposed Natural and Built Environments Act, the Local Government Act 2002, the Land Transport Management Act 2003 and the Climate Change Response Act 2002 to enable land and resource planning to be better integrated with the provision of infrastructure as well as associated funding and investment. The FDS is envisaged as a core subset of the RSS, dealing with development capacity and how to accommodate and service growth.
- 4.21 A proposed Hawke's Bay Regional Spatial Strategy (RSS) was discussed at a Regional Collaboration Day forum held on Monday 7 March 2022. The presentation that was delivered to the forum has been circulated separately to Councillors. The next step is the development of a scoping report on the RSS which draws on lessons from other spatial planning exercises around the country and addresses the context and issues for Hawke's Bay. It will also incorporate feedback from mana whenua on engagement and governance arrangements. This work will be prepared over the three months to end June 2022.
- 4.22 **Partner engagement** – Both the NPS-UD requirements regarding the FDS and discussion documents in relation to regional spatial strategies signal the importance of regional collaboration and engagement with mana whenua. The Hawke's Bay Regional Council, Napier City Council and Hastings District Council are jointly required to develop the FDS for the Napier-Hastings urban environment. In developing the FDS, councils must engage with relevant iwi and hapū, and the strategy must be informed by the values and development aspirations of Māori (particularly tangata whenua) for urban development. Similarly, it has been signalled that there will be a requirement for regional spatial strategies to be developed through a joint committee of all of the councils in each

region. It has also been signalled that there will be regionally appropriate iwi and hapū membership on the joint committees.

- 4.23 Engagement with council and mana whenua partners in relation to both the FDS and the RSS has commenced. Staff level meetings are being held to draw together regional programmes of work. Discussions are also being held with iwi representatives to gain feedback on their preferences for engagement. These involve representatives of iwi organisations, Council staff and independent advisors with experience of iwi engagement spatial planning work. These matters are likely to be advanced over the next two to three months. Council staff have formed the view that input from iwi and hapū at both technical and executive levels, in addition to the governance level, will be essential in ensuring robust planning and cultural outcomes from the strategy development processes.
- 4.24 There are also requirements for engagement with a range of other partners within the FDS process: government agencies; infrastructure providers; and the development sector. Engagement with these partners will be factored into the strategy development processes. The process for the RSS will also incorporate wider engagement processes.
- 4.25 **Urban intensification/Medium Density Strategy** – Urban intensification will be an important component in providing development capacity over the life of the FDS. The rapid use of future development areas previously identified combined with constraints (such as soil quality) on many greenfield areas means that **greenfield expansion on the urban edge is unlikely to be a viable or acceptable dominant growth mode into the future.**
- 4.26 In this context, and at the request of Council, the Medium Density Strategy is being reviewed in the first half of 2022. Led by the Strategic Projects team, this review will update the Strategy in the context of the rapid growth currently being experienced, look at the experience and lessons to be learned since the Strategy was adopted and address the actions required to enable medium density development and broader urban intensification to make a greater contribution toward development capacity. Market acceptability and design and quality considerations will be important facets of the review. Examples of successful medium density in other local authority areas, particularly in the provincial context, will also be examined.
- 4.27 **Other NPS-UD issues** – The Housing Capacity Assessment (HCA) for the Napier-Hastings tier 2 urban environment was completed in late 2021. The Business Capacity Assessment (BCA) was commissioned in February 2022 and is due to be completed and reported to Council in June 2022. These pieces of work provide guidance on the development capacity available in terms of housing and business land respectively, and provide inputs into the FDS and the 'housing bottom line'. The housing bottom line is required under the NPS-UD, and is a statement of the development capacity sufficient to meet expected housing demand plus the appropriate competitiveness margin. The housing bottom line for the District is required to be inserted into the District Plan.
- 4.28 Alongside the BCA, Council is also undertaking work on identifying areas of land suitable for industrial development in addition to land currently zoned and available. This work is focused on land that can be made available, if needed, ahead of the timeframes that will be provided for in the FDS. Given the rapid rate of industrial land uptake, there is considered a risk that there may be insufficient development capacity for industrial growth over the next three to seven years. This work is designed to enable Council to address any medium-term shortfall in industrial development capacity that emerges via the BCA.
- 4.29 **Programme** – A draft programme for the above work has been developed. A copy is attached at **Attachment 1**. This programme is being further developed as discussions with programme partners occur and will be updated as required at future meetings.
- 4.30 A wider programme relating to the Regional Spatial Strategy is also being developed with partner agencies and will be presented to the Committee when a draft has been completed.

Hastings' Growth Management Approach

- 4.31 The methodological approach Council (together with its partner councils) takes to future growth planning is important. While there is significant energy in the development sector and among other parts of the community (such as horticultural production and soils preservation interests) to see short-term action taken on rezoning various areas of land for development or conversely protecting land from development, planning law demands rigorous and deliberative process. ***It is critical that Council's planning decision-making complies with the law and is underpinned by robust analysis.*** Zoning decisions are subject to public submission processes and are appealable to the Environment Court on both matters of merit and law. Efficient analysis and decision-making processes are helpful, however rushed, short-cut processes are not and usually result in longer timeframes, legal challenge and more costly processes.
- 4.32 Council and its partners, assisted by their Geographic Information System (GIS) teams and expert consultants as necessary, are embarking on a thorough and robust analysis process to find preferred future development areas. Central to this will be analysis using GIS layers to assess various land areas as to their suitability for future development. GIS layers will include, among others, those showing hazards such as liquefaction risk, coastal inundation and erosion, flood risk and contaminated sites, constraints such as soil quality (versatile soils) and high value land uses, infrastructure servicing capacity and limitations, and matters of cultural and community value such as wāhi tapu and archaeological sites. This analysis approach will be used to identify areas of land that are unsuitable or should be avoided in future development planning and, by elimination, areas where there are fewer constraints that should be considered for future development.
- 4.33 This approach will allow a strong evidential basis to be constructed to underpin decision-making and help withstand any contesting of decisions. It will apply to the formulation of the FDS and Regional Spatial Strategy as well as short to medium term exercises such as the industrial land options study referred to in 4.28 above.

5.0 Options – Ngā Kōwhiringa

Option One - Recommended Option - Te Kōwhiringa Tuatahi – Te Kōwhiringa Tūtohunga

- 5.1 ***Note the work programme for future growth management and endorse the management approach set out*** – The Chief Executive has enacted a programme of work and resourcing to help Council meet its existing and prospective statutory requirements with respect to urban development and to effectively manage the growth pressures facing it. This report formally presents to the Committee key aspects of the work required (as previously canvassed in an informal setting) and enables the Committee to endorse the proposed (good practice) management approach. Council has approved resources to undertake this work within its work programme and budget.

Advantages

- Council receives regular updates on its approach to future growth management
- Council endorses a robust, good practice approach to managing growth and identifying future development capacity.

Disadvantages

- There are no apparent disadvantages to this approach.

Council may wish to provide preliminary programme or policy guidance within the framework set out.

Option Two – Status Quo - Te Kōwhiringa Tuarua – Te Āhuatanga o nāiane

- 5.2 ***Take no action*** – The Committee could opt to take no action at this time. However, there are time critical, statutory obligations on it that officers need to make progress on.

- There appear to be no advantages to taking this option.

6.0 Next steps – *Te Anga Whakamua*

- 6.1 Work has commenced on implementing the above programme of work. For the remainder of this term, the Strategy and Policy Committee will be the main governance vehicle for policy direction and work programme monitoring in respect of future growth management. Progress reports will be made to this Committee. Direction and policy guidance reports will be made either to Council, the District Planning and Bylaws Subcommittee or this Committee as appropriate depending on the nature of the matter under consideration.

Attachments:

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|----|---------------------------------|---------------|----------------------------|
| 1⇒ | Future Growth Programme - Gantt | CG-16-3-00118 | Under Separate Cover |
|----|---------------------------------|---------------|----------------------------|

Summary of Considerations - *He Whakarāpopoto Whakaarohanga*

Fit with purpose of Local Government - *E noho hāngai pū ai ki te Rangatōpū-ā-Rohe*

The Council is required to give effect to the purpose of local government as set out in section 10 of the Local Government Act 2002. That purpose is to enable democratic local decision-making and action by (and on behalf of) communities, and to promote the social, economic, environmental, and cultural wellbeing of communities in the present and for the future. This report outlines the Council's programme for managing and planning for future growth, including the provision and funding of growth infrastructure. Effectively planning for and managing growth is a central function of local government that contributes to the social, economic, environmental, and cultural wellbeing of the communities of Hastings District.

Link to the Council's Community Outcomes – *Ngā Hononga ki Ngā Putanga ā-Hapori*

The work incorporated in this proposal promotes the environmental, social, economic and cultural wellbeing of communities in the present and for the future. It contributes to the following outcome areas:

- *Economic Powerhouse* – providing development capacity for continuing growth and economic development in Hastings District, including industrial and commercial development. It also works to protect the fertile soils and productive capacity of the District's highly productive land areas.
 - *Homes for our People* – providing development capacity for new housing development, both via urban intensification and new growth areas, to cater for the needs of the District's growing population.
 - *Getting around* – linking new development capacity with transport planning and infrastructure.
 - *Our Natural Treasures* – planning for development capacity in a way that recognises and protects our natural treasures including our waterways and water resources, soils, landscapes and biodiversity.
 - *Pathways for our people* – people centre-planning and strong engagement with mana whenua.
 - *Enhancing where we live* – planning for high amenity communities with good jobs and vibrant centres.
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Māori Impact Statement - *Te Tauākī Kaupapa Māori*

The impacts of growth potentially affect interests of, and values expressed by, Māori. Involvement by mana whenua in growth planning processes adds value and is essential, as well as being a legal requirement. The work programme set out allows for extensive engagement with mana whenua, including on their preferences for input and engagement. It is noted that in developing the FDS, the Council must engage with relevant iwi and hapū, and the Strategy must be informed by the values and development aspirations of Māori (particularly tangata whenua) for urban development.

Sustainability - *Te Toitūtanga*

Future growth planning is a key plank in any sustainable development agenda. Spatial planning and planning for future development capacity provide key opportunities for Council to shape the urban form of Hastings District and protect the natural environment and the area's productive capacity. In the current high-growth context, the opportunity to channel the energy provided by growth creates a greater chance to effect positive change. The design of new growth areas, the chance to provide for greater urban intensification, and planning for associated infrastructure all allow for improvements to be made to the District's ecological and energy footprints through less energy intensive urban form, greater water efficiency and less intensive resource use.

Financial considerations - *Ngā Whakaarohanga Ahumoni*

In order to effectively plan for and manage growth, the Council deploys resources in resource consenting, building consenting and development engineering, environmental policy development and structure planning, and in infrastructure planning and development. Given the rapid growth the District is experiencing, Council has established a Future Growth Unit to coordinate the planning, management and enablement of growth over the medium to long-term. This represents a substantive investment in growth management by Council over the next 2-3 years.

The work programme will involve investment in staff time and specialist consultant advice in areas such as planning, engineering, ecology and soils, Māori cultural values and development aspirations, law, and economics. This work will be budgeted for through the LTP and Annual Plan process. Contingent costs will include the costs related to the extent of legal challenge to some of the planning decisions made through and subsequent to this work. The extent of legal and witness costs in this area can be influenced through the strength of engagement processes and the rigour and robustness of the Council's strategy development work and underpinning analysis.

Significance and Engagement - *Te Hiranga me te Tūhonotanga*

The work programme set out in this report has been assessed under the Council's Significance and Engagement Policy as being of moderate to high levels of significance. This is due to the long-term and wide-ranging planning exercises that are part of the work programme. The programme will incorporate an extensive engagement programme, including a Special Consultative Procedure.

Consultation – internal and/or external - *Whakawhiti Whakaaro-ā-roto / ā-waho*

As noted above, there will be significant engagement and consultation through these planning processes with other councils, mana whenua, government agencies, the development sector and various other organisations. There will also be public engagement and consultation, including via a Special Consultative Procedure process.

Risks

Opportunity: An integrated set of future planning arrangements for Hastings District and the Hawke's Bay Region that enshrine a sustainable development approach and provide sufficient development capacity.

| REWARD – <i>Te Utu</i> | RISK – <i>Te Tūraru</i> |
|--|---|
| An integrated set of future planning arrangements for Hastings District and the Hawke's Bay Region that enshrine a sustainable development approach and provide sufficient development capacity. | <ul style="list-style-type: none"> • Failure to meet statutory requirements with the possibility of Government intervention in the case of non-compliance – managed by sufficient resource allocation and strong programme management and partner engagement • Failure to get regional alignment on processes or outcomes – managed by strong partner engagement at governance, executive and staff/technical levels • Strategies and ensuing actions do not have broad support from mana whenua – managed by strong engagement processes with mana whenua, including setting in place governance and engagement arrangements that have mana whenua acceptance • Significant legal challenge and overturning of Council/regional decisions and plan provisions – managed by strong analysis and planning methodologies, timely legal input, clear and robust staff advice, and rigorous and disciplined political/governance decision-making and leadership • Cost overruns due to legal challenge or contingent costs – managed by strong programme management and scoping, and through strong analysis and planning methodologies, timely legal input, clear and robust staff advice, and rigorous and disciplined political/governance decision-making and leadership • Political change that leads to changed legal requirements – Central Government change outside Council/regional control. To the extent possible, managed by responsive management and engagement. |

Rural Community Board – *Te Poari Tuawhenua-ā-Hapori*

Much of the work involved in this project will be urban centred. However, the Hastings District Rural Community Board will be engaged in the Regional Spatial Strategy and on other work elements with implications for rural communities.

