



**SmartGrowth Strategy Update:**

**Discussion Document:**

**Growth Management Key Issues**

**August 2012**

---

## **Executive summary:**

The purpose of this discussion paper is to promote discussion and seek direction on four 'cornerstone' growth management issues that need to be addressed to progress the SmartGrowth Strategy Update:

1. Population projections
2. Urban limits and the protection of productive land
3. Alternative infrastructure funding options
4. Location and alignment of infrastructure capacity

It should be noted that the four issues addressed in this report are inter-related and must be considered in that context rather than as individual discrete issues. Population projections affect the amount of land required for urban development; the location of additional land has implications on urban limits and the protection of productive land and is informed by the location of infrastructure capacity.

### **1. Population Projections**

The delay in the Census means that up-to-date projections will not be available until 2014. Projections are most valuable for long term planning so the delay of two years is not considered to be fatal, as long as a suitable methodology is used for the interim. Both the District and City Council have adjusted the original SmartGrowth projections for their Long Term Plans to recognise the current economic climate. These provide for a long term population of 275,000.

It is recommended that the approach taken for the SmartGrowth Update is to:

- i) use the figure of 275,000 to align with the most accurate projections currently available and review this figure once the census data is available in 2014.
- ii) move away from the approach of the existing Strategy which combines population numbers and specific dates as triggers for development and move towards using population milestones instead.

Direction is required on the approach to population projections preferred for the SmartGrowth update.

### **2. Protection of Productive Land and Urban Limits**

Urban limits are a planning tool that delineates where urban growth is allowed to take place. It is a common technique for managing urban growth nationally and internationally and has been a topic of much debate recently. Urban limits are used in the existing SmartGrowth Strategy to help strike a balance between urban expansion and the protection of productive rural land. They are seen as an appropriate tool for the western Bay of Plenty as rural production is a key driver for the sub-regional economy.

Direction is required as to the level of importance of protecting productive land using the urban limits and whether urban limits should remain as an integral growth management tool in the SmartGrowth Strategy or whether there should be increased flexibility around urban limits.

### **3. Alternative Infrastructure Funding Options**

The provision of infrastructure for servicing new urban growth areas is generally funded through borrowing and recouped through contributions from development. The costs of providing the infrastructure and subsequent contributions have risen

---

significantly in recent years to the extent that they are now a major barrier to development in many cases. The alternatives are few, particularly without Government support and changes to legislation, neither of which appear to be forthcoming.

Direction is required regarding the overall manner in which alternative infrastructure funding options should be addressed in the SmartGrowth Strategy Update.

#### 4. Location and Alignment of Infrastructure Capacity

Because of the cost of its provision, infrastructure needs to be located and timed to optimise efficiency of use, and therefore funding. There has been, and continues to be, significant investment in infrastructure to cater for the projected growth. Past decisions (for their own valid reasons) mean that infrastructure investments have been made by the various SmartGrowth partners in different corridors and therefore there are different expectations within the partnership in terms of optimising 'sunk' infrastructure. The report identifies that it is not feasible to optimise the use of all infrastructure investments or any particular infrastructure investment in the next 10-15 years due to a number of factors which are outlined. There is however sufficient capacity in each of the corridors for the short to medium term.

Direction is required as to how the SmartGrowth Update should respond to the short to medium term geographic misalignment in infrastructure investment/capacity and the desire (especially from a financial and funding perspective) of each SmartGrowth Partner for its infrastructure investment to be optimised.

---

## 1. Purpose:

The purpose of this discussion document is to seek direction from SGIC on four 'cornerstone' growth management issues that need to be addressed to progress the SmartGrowth Strategy Update, these issues being:

- Population projections
- Urban limits
- Alternative infrastructure funding options
- Location and alignment of infrastructure capacity

## 2. Background:

The SmartGrowth Strategy was adopted in 2004 and reviewed in 2007. SGIC has recently signed off a project plan to update the current SmartGrowth Strategy and work has commenced on that programme.

A significant amount of research is being undertaken as part of the SmartGrowth Update. SGIC agreed that rather than each research project being reported up individually, that reports would instead be grouped together in a sensible manner into a small number of workstreams. This is the first of the workstream reports. It is envisaged that there would be four further workstream reports as follows:

- Residential land use issues
- Business land use issues (industrial and commercial)
- Economic growth
- Building the community.

Direction provided on the issues addressed in this report will provide important guidance and context for discussion and debate on the residential and business land use workstreams, particularly with regard to location and timing of future growth areas.

This report is structured to deal with each of the four issues individually. For each issue:

- Relevant background information is provided
- Key issues for the SmartGrowth Update are identified
- The options to address these issues are identified and assessed
- The direction required from SGIC is identified.

The full research reports that this discussion document is based on have been distributed to members of SGIC separately. They are also available on the SmartGrowth website.

If there are any questions or queries about this report or the individual research reports, SGIC members are invited to directly contact the principal author who is Andrew Mead of TCC (except in the case of the growth projections report which was co-authored by Phillip Martelli of WBOPDC and Andy Ralph of TCC).

The four issues addressed in this report are inter-related and need be considered in that context rather than as individual discrete issues. For example, population projections affect the amount of land required for urban development, and thus the urban limits. Similarly, the location of urban development, and thus the urban limits, will be informed by the location of infrastructure capacity.

---

### **3. Issue 1: Growth Projections**

#### **3.1 Background**

At the 23 November 2011 SGIC meeting, a report titled *Rationale for Postponement of Demographics Study* was discussed. The report noted that the SmartGrowth population projections were going to be updated following the 2011 Census by the University of Waikato (UOW) and these updated projections were going to be available for the current SmartGrowth Strategy Update.

The postponement of the Census to 2013 as the result of the Canterbury earthquakes meant that no updated census data would be available on which to base revised population projections. While it would have still been possible for UOW to provide new population projections, these projections would have to be recalibrated after the 2013 Census, at additional cost. SGIMG felt that the work should logically be done once and done well. To ensure there was confidence in the projections, they should be based on actual census data. As such, the SGIMG recommendation was to wait until after the 2013 Census to formally update the SmartGrowth population projections, and resolutions to this effect were made.

The SmartGrowth population projections were revised in 2011. This review was initiated as part of the Long Term Plan process and the results of this review were used in both TCC and WBOPDC's 2012-22 Long Term Plans. The review naturally focused on the period from 2012 to 2022. Growth rates beyond this period were left unchanged from the 2007 SmartGrowth population projections. There is significant uncertainty about whether this assumption for growth post 2022 will prove to be correct. The 2013 Census and subsequent population projections will provide more accurate guidance on this.

For the 2012-22 period, the growth assumptions were reduced substantially compared to both the 2007 and 2010 SmartGrowth population projections to reflect the impact the recession was having on development and population growth in the sub region, especially in the first 3 years of this 10 year period.

The implication of this is that the sub regional population is projected to be approximately 275,000 in 2051 compared to approximately 285,000 at 2051 as was forecast in both the 2007 and 2010 SmartGrowth population projections.

In making a decision about the population projections for the SmartGrowth Update it is important to realise that despite the lower population assumption at 2051, it has been identified that there is still insufficient land within the current SmartGrowth Settlement Pattern to accommodate the growth currently expected by 2051 (275,000 people). The reasons for this are:

- A realistic expectation of lower densities than originally forecast in large urban growth areas like Wairakei and Te Tumu and less residential intensification taking place in Tauranga City. For instance residential yields in Wairakei were originally envisaged to be approximately 25 dwellings per ha, this is now expected to be approximately 15 per hectare. A total of about 12,000 less people is anticipated to be accommodated in these areas compared with the 2007 population projections.
- A staged (stepped) approach over the next 25 years towards the RPS target of 15 lots / per hectare for the new urban growth areas being adopted in the Tauranga City Plan. A total of about 5,000 less people will be accommodated in these areas as a result, as a worst case scenario.

- 
- The identified long-term shortage of industrial land. This was estimated to be 300 hectares in 2007 but may change as the result of further research being undertaken through the SmartGrowth Update project.

In addition to this, additional urban land may need to be found because of:

- The possibility that the infrastructure costs associated with servicing growth in one or more of the long term (third generation) urban growth areas identified in the current settlement pattern may be prohibitive or comparatively less efficient. If true, this would necessitate long term growth to be relocated or an alternative land use identified for these areas.
- The possibility that research underway by SmartGrowth into residential infill and intensification development may result in further reductions to the amount of growth being allocated to this form of development.
- The future possibility of extending the time horizon for the SmartGrowth Strategy to 2061 to retain a 50 year forward looking time horizon. This would add demand; approximately 25,000 additional people and additional business land if the current population projections were extrapolated a further 10 years.

Given the forecast shortage of land, a key task for the SmartGrowth Update will be to identify additional areas in the sub region that can support sustainable urban development unless a decision is made to work to total sub regional population that is significantly less than 275,000 people. This also has relevance to the urban limits issue later in this report.

### **3.2 Issues and options**

The approach adopted in the current SmartGrowth Strategy regarding the overall population projections is to first determine the timeframe of the Strategy (currently 2001-51) and then to project what the total population growth will be at five year intervals until to the end of this period.

An alternate approach would be to adopt a specific population threshold for the Strategy to work to which was not tied to a specific date in the future.

The issue of which of these two general approaches is adopted is addressed first followed by consideration of the total population the SmartGrowth Update will work to.

#### **Sub Issue 1: General approach**

As mentioned above the options are:

- Option 1: Status quo (total population at five year intervals until the end of SmartGrowth time horizon)
- Option 2: Population threshold not tied to a particular future date

These alternate approaches are assessed in the table below:

	<b>Option 1: Status quo (Population projection at 5 year intervals to 2051)</b>	<b>Option 2: Population threshold not tied to a particular future date</b>
<b>Pros</b>	<ul style="list-style-type: none"> <li>• Consistent with the current strategy</li> </ul>	<ul style="list-style-type: none"> <li>• More flexible in addressing changing circumstances e.g. unforeseen slower or faster growth i.e. the timing of the release of new urban growth areas changes automatically if growth rates increase or decrease</li> <li>• Population projections can still be broadly aligned with where we currently think we will get to at the end of the 50 year time horizon of SmartGrowth</li> <li>• It will provide a clear, simple message for SmartGrowth to communicate with the community – e.g. SmartGrowth is planning for a total population of (say) 275,000 people in the sub region.</li> </ul>
<b>Cons</b>	<ul style="list-style-type: none"> <li>• There is currently significant uncertainty about long-term population projections given slow growth in the last 5 years, the delay in the timing of the census and the lack of updated census based population projections</li> <li>• Unforeseen events like the local effects of the GFC can quickly result in actual population growth differing significantly from what was projected</li> <li>• Release of new growth areas becomes tied to dates rather than population thresholds which raises unrealistic expectations for developers when growth is slow</li> </ul>	<ul style="list-style-type: none"> <li>• Risk that if a slow growth rate becomes the norm, the population threshold adopted would not be reached until well after 50 years in the future which may be too far away for current planning purposes</li> </ul>

### **Sub Issue 2: Total population for SmartGrowth Update**

Regardless of which general approach is adopted, a total population threshold still has to be determined for the SmartGrowth Update. The options are:

- Option 1: 250,000 people
- Option 2: 275,000 people
- Option 3: 300,000 people

These options are assessed in the table below:

	<b>Option 1: 250,000 people</b>	<b>Option 2: 275,000 people</b>	<b>Option 3: 300,000 people</b>
<b>Pros</b>	<ul style="list-style-type: none"> <li>• Conservative approach in light of potential long-term reduction in population growth rates</li> <li>• Less (and possibly no) need to identify additional land for urban development</li> <li>• High level of certainty that this figure will be reached. What is not known is how much it will be exceeded by.</li> </ul>	<ul style="list-style-type: none"> <li>• Reasonably conservative approach, especially when considering that a 50 year time horizon would now take the SmartGrowth Strategy to 2061 instead of 2051</li> <li>• If growth slows down, the sub region's population is still likely to be around 275,000 in 50 years time (2061)</li> <li>• Consistent with the revised SmartGrowth population projections to 2051 used in the 2012-22 Long Term Plans</li> <li>• Could be increased to (say) 300,000 people, if appropriate, when population projections based on the 2013 Census are available</li> </ul>	<ul style="list-style-type: none"> <li>• Based on extrapolating the current SmartGrowth population projections, the sub region's population would be expected to be about 300,000 in 50 years time (2061)</li> </ul>
<b>Cons</b>	<ul style="list-style-type: none"> <li>• Less than current SG population projection to 2051 and may raise questions as to why</li> <li>• If it proves to be a substantial underestimate it may result in infrastructure projects being planned with insufficient long-term capacity to support the sub region's growth</li> </ul>	<ul style="list-style-type: none"> <li>• Based on extrapolating the current SmartGrowth population projections, the sub region's population would be expected to be more like 300,000 in 50 years time (2061)</li> </ul>	<ul style="list-style-type: none"> <li>• There is a risk that long-term population growth rates will reduce and that a population of 300,000 will not be reached until well beyond the next 50 years, or not at all</li> <li>• Compared to the other options, this option would require the most additional land for urban development to be identified</li> <li>• If the population is overestimated, infrastructure will not be optimised</li> </ul>

### **3.3 Direction required**

In relation to Sub Issue 1 (General approach) staff are currently working on the basis that Option 2 (Population threshold approach) is preferable to the current approach. It provides a more flexible approach to address unforeseen events in the future that impact on population growth and it is not reliant on having robust population projections to the end of the SmartGrowth Strategy time horizon. Direction is required on whether this approach is supported.

In relation to Sub Issue 2 (Total population for SmartGrowth Update) staff are currently working on the basis that Option 2 (275,000 people) is appropriate as it balances the need for long term planning against uncertainties around long-term population growth rates. If population projections based on the 2013 Census point to



---

a need to plan for a higher population than the relevant parts of the SmartGrowth Strategy (i.e. the population projections and the settlement pattern) can be revised at that time with the remainder of the Strategy remaining unaffected. Direction is required on whether this approach is supported.

### **The overall approach**

In summary, the overall approach which staff think is appropriate is:

1. To work to a total sub regional population of 275,000. The date that this would be achieved would not be critical (but it does align with the current 2051 SmartGrowth population projection).
2. That when new population projections become available in 2014, based on the 2013 Census, the SmartGrowth Strategy population projections and settlement pattern would be revised accordingly if necessary (possibly with a view to looking out to the likely total population at 2061 to retain a 50 year time horizon for the SmartGrowth Strategy).

---

## **4. Issue 2: Urban Limits**

### **4.1 Background**

Urban limits are a planning tool that is used to delineate where urban development is expected to take place. In simplistic terms it is a line drawn on a map. Land within the urban limit line can be developed for urban purposes and land outside this line cannot be developed for urban purposes. It is a common technique nationally and internationally.

There is much debate on the effect that urban limits have on development, particularly on the price of land and thus on the affordability of housing, especially in larger cities like Auckland and Christchurch. It is recognised that this is an issue that is of significant interest to the SmartGrowth Partners, the development community and the wider community, as is urban growth generally.

#### **Urban limits in the Western Bay of Plenty sub region**

The sub region like many other cities and regions has identified certain areas where urban development will be supported and other area where it is not. These areas are identified in the SmartGrowth Strategy which subsequently informed the BOPRC Regional Policy Statement (RPS) and then the TCC and WBOPDC District Plans. The RPS is currently under review. Decisions on the Growth Management Chapter which incorporates urban limits were notified in August 2012.

The sub region's urban limits policy and maps identify land that can be developed for urban purposes now and land that is anticipated to be rezoned for urban development in the future as far out as 2051. It is fair to say that some readily developable land in the sub region has not currently been identified for urban development in the short or long term. The reason for this is that sufficient other land was identified to meet the anticipated growth of the sub region, or other resource management considerations are given prominence, including the provision of infrastructure.

Urban development outside of the urban limits is not prohibited however there are a number of stringent criteria that would have to be satisfied for it to occur. These are set out in the decisions version of the proposed Regional Policy Statement released by the BOPRC in August 2012 (refer to Attachment A). These provisions are similar in nature to the equivalent provisions in the operative Regional Policy Statement.

#### **Reasons for urban limits**

There are a number of reasons for the existence of urban limits as a planning and growth management tool. Reasons for the use of urban limits in the current SmartGrowth Strategy include:

1. to provide a high degree of certainty for decision-making by the public and private sector
2. to ensure infrastructure investment by Councils and other parties is not compromised by growth occurring in areas where it was not expected i.e. aligning land use, infrastructure and funding and ensuring logical growth sequencing. This includes the development/financial contribution funded infrastructure that Councils provide. Like the private sector, Councils need a degree of certainty when making investment decisions.

---

A further example of this is the public investment that NZTA is making in the transport network including the state highway network. There is a desire within NZTA for planning to be undertaken in an integrated way that aligns land use and infrastructure investment (e.g. urban growth in the eastern corridor to support the optimisation of the investment in the Tauranga Eastern Link) and for urban development to be managed so as not to adversely impact on the function of the transport network.

3. to protect the productive, economic capacity of rural land located in the Western Bay of Plenty sub region. Most of this land is located in the WBOP District and is in various rural land uses – kiwifruit being the most prominent.
4. to protect natural features and landscapes, including the coastline and the harbour from inappropriate development. This is a matter of national importance in the RMA 1991 and is also required under the NZ Coastal Policy Statement.
5. to promote urban sustainability, particularly in regard to greenhouse gas emissions from transport. These are thought to be reduced through a more compact urban form due to shorter travel distances and greater use of public transport. This aim is likely to be more influential in larger scale cities. Associated with this are social and health benefits of compact living compared to urban sprawl.
6. to minimise reverse sensitivity issues associated with urban development occurring in areas where incompatible rural or industrial land uses also exist.

The urban limits included in Smartgrowth and the Bay of Plenty Regional Policy Statement have also played a key role in helping to secure funding for transport projects in the sub-region and obtaining NZTA endorsement for SmartGrowth's Transport Corridor Strategies. The NZTA Board papers which supported both the Eastern Corridor and Northern Corridor Strategies and approved funding for the Tauranga Eastern Link made reference to the importance of achieving the SmartGrowth Settlement Pattern, including through the use of urban limits, and the risks to these projects of not having urban limits in place.

### **Arguments against urban limits**

Some people argue that urban limits are the primary reason why new housing is so unaffordable or, at least, a significant factor that contributes to the high cost of new housing. The argument goes that urban limits constrain the amount of available land for development and this in turn gives market power to the owners of this developable land who are able to extract high prices when selling to developers.

In addition the argument goes that, developers who own land within the urban limits have increased market power because competition (or the threat of competition) is limited. Because of this they are able to sell sections at prices significantly above what would exist in a more competitive market (i.e. they are able to make profits that are higher than would be sufficient for development to occur).

This can be true, especially in situations where the market demand for sections exceeds supply within the urban limits, i.e. in circumstances where urban limits are a binding constraint on development. However this is not the case in the sub region where there is sufficient zoned and serviced land to meet many years of demand, as well as land beyond that identified for future development. The respective Councils also have capital works programmes that provide for the timely servicing of this land to allow development to proceed.

---

Another argument that is made against urban limits is that New Zealand has plenty of rural land and urban expansion will have little real impact on the overall amount of productive rural land available.

### **Infrastructure servicing – a ‘de facto’ urban limit**

Regardless of whether urban limits have a significant or insignificant effect on the price of land for development or the sales price of finished sections, it needs to be noted that if urban limits were removed it is likely that the situation in regard to the amount of land available for urban development would not actually change very much due to infrastructure servicing constraints.

As such, if there is a desire to provide a greater supply of land for urban development by removing the current urban limits, attention has to be given to the effective servicing of this additional land potentially available for development and particularly the funding of these services. This is a much more complex issue than simply redrawing/deleting the urban limit boundary on a planning map.

All urban development, whether it be residential, commercial or industrial requires water, wastewater, stormwater and roading infrastructure, as well as non-Council infrastructure such as electricity and telephone. This refers to both localised services supplied within a subdivision itself and the aggregated bulk / trunk services to new urban growth areas. To service new urban growth areas the necessary infrastructure comes at considerable cost. In many instances these costs include:

- Significant costs to get water and wastewater pipes to the boundary of a growth area which is usually at the edge of an urban settlement;
- Significant lead infrastructure that needs to be built at or near the start of a long-term development project.
- Major costs to connect the new urban growth area to the State Highway / strategic arterial roading network.
- The potential need to upgrade infrastructure such as water and wastewater treatment plants to provide capacity for the development.

These costs generally fall on councils to fund via loans, rates, development contributions and other funding sources, because councils are the logical coordinator of such bulk services. Councils, especially high growth Councils with significant debt like TCC and WBOPDC, only have so much fiscal capacity to incur these sorts of costs. Generally decisions have to be made to focus growth into a relatively small set of defined areas or logical stages to ensure that Councils can maintain a sound financial position and that infrastructure is used efficiently. Because there is only a finite amount of growth, if significantly more land is serviced than there is demand for, significant unused capacity will exist in infrastructure networks for a long period of time which still has to be paid for.

There may be some scope for developers to directly fund bulk infrastructure costs. However due to the significant dollar amounts involved (often totalling tens or hundreds of millions of dollars), the high level of risk, and the long payback periods there are few, if any, developers who are in a financial position to contemplate this, let alone to be able to source finance to actually do it on a significant scale. If it did occur, Councils would still be required to fund the depreciation of these assets once subdivisions are completed and the assets are vested to Councils.

Whether urban limits are drawn on a map or not they will always exist (although maybe not quite to the same regulatory extent) due to financial and other constraints associated with the servicing of greenfield land on or beyond the urban fringe. If this

---

view is accepted it brings into question the validity of the argument that urban limit lines have a significant impact on new housing costs (at least in circumstances where there is ample land within the urban limits to easily satisfy demand in the foreseeable future – as currently in the WBOP sub region).

It also raises the counter argument that, if the above is the case, then why are urban limits needed at all. An important reason for having urban limits is that they give certainty to all involved to where urban development can occur, and that Councils are transparent about where they intend to invest funds.

#### Land purchase is not the only development cost

It often seems to be assumed that the cost of land is the sole, or at least the major, determinant in the cost of delivering developed sections. While some developers have paid extremely high prices for land (particularly during the early to mid 2000's), generally this is not actually the case.

The costs involved in delivering developed sections include civil works (earthworks, roads and other internal services), consultants, development contributions, other Council costs, marketing and sales costs, legal costs, interest costs and (to the purchaser) gst. The cost of building in New Zealand has also recently been highlighted as a key factor driving up the cost of housing.

For the most part it would be expected that land purchase costs would be a relatively small portion of total development costs. On this basis land purchase costs should not be the overriding factor in the cost of delivering sections to the market. This needs to be remembered when considering the impact of urban limits on new housing costs because urban limits have no real direct impact on these other cost items.

#### Summary

There is scope in some cases for land prices to adjust downwards due to the premiums paid by developers for land well above underlying rural values and this is being observed currently with the 'resale' of some developments in the sub region which is allowing for prices of sections to be moderately reduced (e.g. The Lakes). Land prices however generally are only a relatively small portion of total development costs.

Removing or freeing up existing urban limits will have limited impact on new housing costs unless the issue of infrastructure servicing, primarily the delivery and funding of the infrastructure required to service more land, is also tackled at the same time. This is because infrastructure servicing constraints will act as 'de facto' urban limits even if formally adopted urban limits are removed from the regulatory framework.

Further, applying urban limits as a strategic planning tool provides some certainty to both the public and private sector in regards to capital investment and strategic long-term decision-making. When the long term supply of urban land is reasonably identified and certain, land use, transport, infrastructure and funding can be better aligned. Such benefits of urban limits as a planning tool should not be discounted.

#### **Tension between urban expansion and protection of productive rural land**

Rural production is a key driver of the WBOP sub region's economy. Industries like kiwifruit, dairy and avocados contribute a significant amount of wealth and employment both directly and in the downstream processing, value adding and servicing sectors. Continued growth of world population, demand for food and world

---

food prices highlights the importance of productive rural land as an important strategic resource.

The quantum of productive rural land in the sub region is fixed. Urban expansion permanently reduces the amount rural land that is available. This reduction in the amount of productive rural land because of urban expansion may to some extent be offset by increased productivity resulting in higher yields off the land. Refer to Attachment B for a map of the various classes of rural land in the WBOP District.

Rural residential / lifestyle blocks can also result in productive rural land moving to unproductive uses and pressures on rural services and rural production through reverse sensitivity tensions. Both WBOPDC and TCC have in recent years put more stringent controls on this type of subdivision with a general aim of allowing it to occur in rural areas where land is less productive e.g. Minden, Tara Rd in Papamoa. Associated with this has been to reemphasize agricultural production in the Rural Zones.

A balance has been struck in the current Smartgrowth Strategy between urban expansion and the protection of productive rural land. This balance involves 70-75% of residential urban growth being delivered through greenfield expansion and 25-30% through infill and intensification development, primarily in Tauranga City. This was accompanied by applying urban limits that generally avoided the more versatile rural land and higher density greenfield development.

A balance will again have to be struck between the two competing issues through the SmartGrowth Update. This balance will be informed by factors such as:

- The growth projections and time horizons that are adopted
- The amount of additional business land that is required
- The yields that are adopted for urban growth areas
- The amount of residential infill and intensification that can realistically be delivered by the market (particularly in Tauranga City)
- Infrastructure servicing costs in greenfield locations
- The supply of less productive rural land that is suitable and financially viable to develop for urban purposes. In this regard there is an inherent tension as low productivity rural land is often less suitable for urban development or too costly to develop e.g. low lying land, peat soils, steep terrain.

### **Government's view on urban limits**

The Government's emerging view seems to be that urban limits, particularly in Auckland, are a barrier to the delivery of more affordable housing (see following link: <http://www.interest.co.nz/property/60411/wholesale-changes-how-Government-approaches-housing-affordability-it-drops-helping-de>).

This view seems to have been endorsed by the TAG Report on Sections 6 (matters of national importance) and 7 (other matters) of the Purpose and Principles section of the RMA which is part of the on-going review of the RMA. The report recommends that a new Section 7 (retitled: sustainable management methods) include specific reference to "...the reasonably foreseeable availability of land for urban expansion, use and development." (<http://www.mfe.govt.nz/publications/rma/tag-rma-section6-7/tag-rma-section6-7.pdf>).

However, the Government has also expressed a view that it supports planning approaches which provide greater certainty about future land supply and locations. For example in its formal response to Auckland Plan the Government did not suggest

---

that urban limits should be removed and it support the ratio of 60:40 for growth between infill and greenfield as a realistic target.

The Government's position on land supply for urban development and urban limits themselves may have some implications for the SmartGrowth Strategy and for other regulatory instruments such as the RPS and District Plans but it is too early to tell until legislation has been enacted by Parliament.

#### **4.2 Issues and options**

The key policy issue to be addressed at this stage is whether urban limits should remain as an integral growth management tool in the SmartGrowth Strategy; not how the urban limits should be redrawn (if at all).

The options that exist for the SmartGrowth Strategy Update are:

- Option 1: Retain urban limits
- Option 2: As per Option One but with staff to reconsider and advise on the criteria for urban development outside the urban limits
- Option 3: Remove urban limits (and manage urban growth through District Plans, LTPs and the provision (or not) of infrastructure)

The table below shows the pros and cons of each option:

	<b>Option 1: Retain urban limits</b>	<b>Option 2: Retain urban limits &amp; reconsider criteria for development outside urban limits</b>	<b>Option 3: Remove urban limits</b>
<b>Pros</b>	<ul style="list-style-type: none"> <li>• Urban limits are a simple way of clearly signaling where urban development is expected and where it is not</li> <li>• Urban limits provide a high degree of certainty for decision-making by the public and private sector</li> <li>• Urban limits complement infrastructure provision and funding investment decisions by the SmartGrowth Partners</li> <li>• Urban limits are a means of protecting the productive rural land resource which is an important driver of the sub region's economy</li> <li>• Urban limits also have a role to play in sustainable management by protecting natural features and landscapes, environmental sustainability and managing reverse sensitivity issues</li> <li>• There is the potential to include more land within the current urban limits to provide more flexibility if this is collectively agreed to be appropriate (especially if infrastructure funding challenges associated with this can be overcome)</li> </ul>	<ul style="list-style-type: none"> <li>• As per Option 1</li> <li>• Appropriate to reconsider whether the correct balance has been struck between certainty and flexibility by reviewing criteria for urban development outside the urban limits.</li> </ul>	<ul style="list-style-type: none"> <li>• Other options exist to manage the location and timing of growth (e.g. District Plans and LTPs through the provision of infrastructure by Councils)</li> </ul>
<b>Cons</b>	<ul style="list-style-type: none"> <li>• They are not a flexible regulatory technique – significant process required to change urban limits (unless policy wording is rewritten with flexibility).</li> <li>• There will always be some people in the community that oppose any form of urban limits being imposed</li> </ul>	<ul style="list-style-type: none"> <li>• Need to carefully manage the expectations of land owners outside the urban limits about the realistic chances of urban development of their land</li> <li>• There will always be some people in the community that oppose any form of urban limits being imposed</li> </ul>	<ul style="list-style-type: none"> <li>• Other options to manage the location and timing of growth (e.g. District Plans and the provision of infrastructure) may be less effective than the urban limits agreed through the SmartGrowth Strategy, this may compromise the benefits that urban limits provide</li> <li>• Less certainty for public and private sector decision-making</li> <li>• Would require significant amendment to planning documents such as the RPS. This would have significant resourcing implications in terms of time and cost and it may have implications for partnership relationships</li> </ul>



---

### **4.3    *Direction required***

#### **Urban limits**

Direction is required on which of the three options identified above is supported.  
Staff favour Option 2.

---

## **5. Issue 3: Alternative Infrastructure Funding Options**

### **5.1 Background**

The costs associated with servicing new greenfield urban growth areas with appropriate infrastructure are high. These costs are putting significant financial pressure on TCC, WBOPDC and NZTA, and they flow on to developers and home builders in the form of high development/financial contributions.

In most cases the development of specific areas in the western Bay of Plenty sub-region is reliant on improvements to the transportation network, including the state highway network and important urban arterials. There are limited funds available to NZTA and Councils for improvement projects. Alternative funding mechanisms therefore need to be identified and implemented to fund certain projects where investment in the transportation network is required.

The standard approach to fund growth related infrastructure by TCC and WBOPDC is to raise debt and repay it through the collection of development contributions or financial contributions. The main other funding sources available at the moment are general rates (including volumetric water charges) and targeted rates.

Reliance on debt and development / financial contributions may not be sustainable in the future. This is due to the high contribution amounts payable in new urban growth areas which reflect the high cost of infrastructure required to service these greenfield areas.

In addition, this funding approach has significant financial risks for councils in relation to high cost 'lead' infrastructure projects due to the possibility of future growth rates being significantly lower than expected. This could easily result in a situation where interest costs on project debt exceed the amount of contributions being collected. This is currently the case in Omokoroa and is a significant risk in relation to the Southern Pipeline as just two examples. It was also a significant contributing factor to the receivership and subsequent sale of The Lakes, albeit, in this case, the developer rather than the Council funded the infrastructure costs and couldn't sell enough sections to recoup these costs.

If less reliance was to be placed on development / financial contributions this would mean that rates would have to increase to fill the funding shortfall. However there is significant pressure from central Government and ratepayers in general to keep rates increases low. Consequently, significant resistance to this approach would be expected.

Targeted rates are one way in which costs could be funded more directly from those that benefit or create the need for expenditure, rather than the costs being spread across all ratepayers. A targeted rate would allow costs to be spread over a number of years rather than being paid in one large upfront installment as is the case with a development / financial contribution. One of the downsides of targeted rates is that overall cost is much higher than a development contribution because debt is repaid much more slowly with greater interest costs on project debt incurred that have to be funded. In addition, targeted rates would have to be in the thousands of dollars per annum (additional to general rates) to make a meaningful difference to the amount of contributions payable, which is unlikely to be palatable in many circumstances.

Regardless of which funding source is used for growth-related infrastructure, they all rely initially on debt funding. Again, there is significant pressure from central Government and ratepayers in general to reduce council debt burdens. This does

---

not necessarily sit well with the infrastructure investment required to accommodate population growth or central Government's emerging view that councils should be opening up more land for urban development (given the additional infrastructure servicing costs this would necessarily entail).

The SmartGrowth Strategy Update is the appropriate time for wider consideration of alternative funding options for growth related infrastructure. Delivery of the SmartGrowth Strategy needs a credible infrastructure funding plan. In addition to the earlier tools mentioned, alternative infrastructure funding options could include:

- Using the Regional Infrastructure Fund or other regional wealth for both new capital projects and/or to repay existing debt to allow for a more balanced approach
- Zero or low interest loans by the Government
- Central Government grants and subsidies
- Public / private partnerships
- Tolling / congestion charges
- Tax increment financing
- Value uplift / betterment levy
- Regional income or payroll tax
- Regional GST / sales tax
- Regional fuel tax and road user charge / diesel levy
- Visitor taxes
- Airport departure tax.

It should be noted that while central Government support is crucial to the implementation of most alternative funding options (because they would require new legislation) the Government, and its agencies, have shown no inclination in recent years to address the funding issues faced by councils in high growth areas like the WBOP sub region.

As an example, the recent Housing Affordability Inquiry undertaken by the Productivity Commission included the issue of infrastructure funding. Despite the Commission receiving a number of submissions supporting the consideration of alternative funding options for growth infrastructure, recommendations to consider alternative funding mechanisms did not feature in the Commission's draft or final reports. In fact the Commission recommended in favour of tightening the use of development contributions without considering how reduced development contribution income might be funded. They did not acknowledge that most contribution policies may in fact be credible and hinted that councils were not justifying their charges.

A further example of the Government's current attitude to this issue is the work Auckland Council is currently undertaking on identify alternative funding sources for its transportation funding gap. Preferred options were identified for further consideration (primarily tolling, road network charges and increased car parking charges). Immediately the Government announced its opposition to tolling (of existing roads) and road network charges.

It should also be noted that minimising the cost of infrastructure should be an important aim of any council to address the funding challenges associated with growth-related infrastructure. This may involve reconsideration of whether levels of service are appropriate or whether they could be reduced the save costs as levels of service are often a significant driver of infrastructure costs.

---

## **5.2 Issues and options**

The key issue that needs to be addressed at this point is the overall manner in which infrastructure funding options should be addressed in the SmartGrowth Strategy Update.

It should be noted that there are a number of separate processes underway and forums that exist where these issues can be raised. These include:

- Auckland Council alternative transport funding workstream
- The multi faceted review of local government by central Government, including the Office of the Auditor General review of development contributions
- Upper North Island Strategic Alliance (UNISA)

### **Sub issue 1: Overall funding approach**

The options in this regard for the SmartGrowth Strategy Update are:

- Option 1: Undertake further detailed work to assess all realistic potential alternative funding options for the SmartGrowth Update
- Option 2: Assess specific alternative funding options and/or infrastructure projects that may lend themselves to alternative funding arrangements for the SmartGrowth Update
- Option 3: Add actions to the SmartGrowth Strategy to require a comprehensive assessment of infrastructure funding options in the near future

The table below sets out the pros and cons of each option:

	<b>Option 1: Assess all funding options</b>	<b>Option 2: Assess selected funding options</b>	<b>Option 3: Add actions to SG Strategy</b>
<b>Pros</b>	<ul style="list-style-type: none"> <li>It would provide a comprehensive assessment of all funding options to enable preferred options to be identified and further discussions to be had with the individual SmartGrowth Partners, the wider community in relation to existing community wealth, specific local stakeholders, the wider local government sector and central Government</li> </ul>	<ul style="list-style-type: none"> <li>Options that legitimately may have merit could be progressed quickly</li> <li>It would allow discussions to occur on things like the use of the existing or a broader Regional Infrastructure Fund and the potential toll funding of new transport infrastructure (e.g. the Papamoa East interchange)</li> </ul>	<ul style="list-style-type: none"> <li>This would ensure that this key issue is appropriately addressed within an appropriate timeframe that allows the project to be scoped properly and for options to be assessed in detail</li> <li>The work would be guided by the outcomes of the Auckland Council transportation funding workstream, the overall review of local government and the review of development contributions which will provide significant guidance</li> </ul>
<b>Cons</b>	<ul style="list-style-type: none"> <li>It would be complex and there is insufficient time to deliver this within the SmartGrowth Update timetable</li> <li>It may result in much wasted effort because central Government has indicated that it does not currently have an appetite to consider many of the potential funding options that exist</li> </ul>	<ul style="list-style-type: none"> <li>There may not be sufficient time to resolve these issues prior to the completion of the SmartGrowth Update in 2013</li> </ul>	<ul style="list-style-type: none"> <li>It will take longer for the funding issues to be addressed and coordinated with strategic growth management approach of the updated SmartGrowth Strategy</li> </ul>

### **Sub issue 2: Separate processes and forums to address funding issues**

The options in this regard for the SmartGrowth Strategy Update are primarily to:

- Request, through BOPRC and TCC, that when UNISA next considers its work programme that it makes infrastructure funding options a high priority. There may be merit in this for UNISA, especially from an Auckland Council, point-of-view as they seem to be making little progress on their own in advocating for new funding methods to the Government. A more collective local government approach may be a better strategy. The Auckland Council has also made statements in the media recently that it wants to work with other regions to advocate to central Government against the removal of regional fuel tax as a funding option.
- Request that the Auckland Council allows SmartGrowth to become involved in their alternative transportation funding options workstream in an observation capacity to build knowledge and understanding in this area.
- Ensure that SmartGrowth and the individual SmartGrowth Partners raise infrastructure funding challenges and the need for alternative infrastructure funding options through the Government's on-going review of local government in

---

New Zealand, especially through the review of development contributions. It may also be prudent to raise the matter with the Minister of Finance and the Treasury.

- Investigate the potential to use all the existing Bay of Plenty wealth sources to assist the most optimal growth management outcomes.

### **5.3 Direction required**

#### **Overall funding approach**

Direction is required on which of the three options identified above (or combination of options) should be adopted.

A possible way forward would be to adopt a combination of Options 2 (Assess selected funding options) and Option 3 (Add actions to SG Strategy).

In relation to Option 2 the following questions could be assessed through the SmartGrowth Update:

- Has the right balance has been struck between “growth pays for growth” and more general funding streams, in the context of the benefits that growth brings to the sub region?
- If the benefits of growth are agreed to be significant, would the best use of the Regional Infrastructure Fund or other regional wealth be to assist in the funding of some of the major infrastructure that will be required because of sub regional growth?
- Are there any future transport projects that lend themselves to full or part toll funding, including the Papamoa East interchange on the Tauranga Eastern Link?

In relation to Option 3 specific actions could be added to the SmartGrowth Strategy in regard to do further work to ensure that a sensible and achievable funding plan is in place to deliver the infrastructure that will be required as the result of urban growth in the sub region, and in doing this alternative funding options could be identified and assessed as appropriate.

#### **Separate processes and forums to address funding issues**

Direction is also required on whether the issue should be pursued through the separate process and forums identified earlier (UNISA, Auckland Council transport funding workstream, Local Government review and briefings of Ministers and Government departments). Staff would be in favour of this.

---

## **6. Issue 4: Stocktake of Existing and Committed Infrastructure Capacity**

### **6.1 Background**

There is a need to ensure that infrastructure investment by public agencies delivers value-for-money and is optimised. This has been heightened as the result of the global financial crisis for a number of reasons, such as:

- Significantly less money is available to invest in additional new infrastructure in the foreseeable future. Related to this is the expectation that existing investment in infrastructure is optimised to defer the need for investment in new infrastructure.
- There are significant pressures on public agencies to reduce debt rather than take on additional debt (which is often associated infrastructure investment)
- The amount of growth and development activity has contracted sharply within the sub region (as well as nationally and internationally). This puts pressure on the funding models for “lead” infrastructure which rely on continued growth to provide sufficient revenue streams to repay project debt (e.g. through development/ financial contributions or tolls).

The SmartGrowth Partners have made significant infrastructure investments in the recent past, or that are currently under construction, to accommodate growth as foreseen in the SmartGrowth Strategy (amongst other reasons).

From NZTA’s perspective, the most prominent of these investments is the Tauranga Eastern Link (TEL). The TEL will service urban growth in the eastern corridor (refer to Attachment C for a map showing the location of each corridor). The TEL is expected to cost \$455m.

From TCC’s perspective, the most prominent of these investments is the \$100m Southern Pipeline which is a wastewater pipeline that services all urban growth on the Tauranga (as opposed to Mt Maunganui) side of the harbour – the central, southern, western and northern corridors. Route K which services urban growth in the southern and western corridors is another TCC investment with capacity remaining.

From WBOPDC’s perspective, the most prominent investment is the \$70m spent on infrastructure for Omokoroa in the northern corridor, much of which relates to the roading and wastewater networks.

Geographically speaking, it is evident that there is misalignment in where the infrastructure investment identified above has occurred. This poses a challenge to maximising the use of the capacity it provides in the next 10 to 15 years. However it is important to note that there is zoned land which is (or is programmed to be) serviced that provides opportunities for growth to continue in each corridor.

Given zoning decisions that have already been made, the amount of growth that takes place in each of these corridors within the next 10 to 15 years is fundamentally dependent on decisions that will be made by developers in response to current and anticipated market conditions. There appears to be little that the SmartGrowth Partners can do in the next 10 to 15 years to have a material impact on maximising the overall use of existing and committed infrastructure investment.

The following tables summarise the zoned residential and industrial development capacity available in each corridor at the current time. Some of this capacity is

serviced and therefore could be developed immediately, some is programmed to be serviced through the TCC and WBOPDC 2012-22 Long Term Plans and some is planned to be serviced after 2022.

### Residential Development Capacity of Existing Urban Growth Areas

Corridor / Urban Growth Area	Estimated Total Dwellings	Uptake to date	Remaining Capacity	Uptake (av. p.a. for last 5 years)
<b>Eastern</b>				
Papamoa	11,200	8,800	2,400	200
Wairakei	3,300	0	3,300	0
Te Puke	3,200	2,300	900	30
TOTAL	17,700	11,100	6,600	230
<b>Northern</b>				
Omokoroa (Stage 1)	2,200	1,100	1,100	25
Katikati	2,500	1,900	600	40
TOTAL	4,700	3,000	1,700	65
<b>Western &amp; Southern</b>				
Pyes Pa West	2,900	100	2,800	30
Pyes Pa	2,100	1,900	200	150
TOTAL	5,000	2,000	3,000	180
<b>Central</b>				
Ohauti	1,700	1,200	500	60
Welcome Bay	2,100	1,500	600	60
Bethlehem	4,300	2,600	1,700	100
TOTAL	8,100	5,300	2,800	220

Source: SmartGrowth: Development Trends Technical Report 2011.

### Industrial Development Capacity of Existing Urban Growth Areas

Corridor / Urban Growth Area	Estimated Total Hectares	Uptake to date	Remaining Capacity	Uptake (av. p.a. for last 5 years)
<b>Eastern</b>				
Te Maunga	190ha	120ha	70ha	Minimal
Wairakei	100ha	0ha	100ha	0ha
Te Puke	165ha	65ha	100ha	Minimal
Rangiuru	275ha	25ha	250ha	0ha
TOTAL	730ha	210ha	520ha	Minimal
<b>Western / Southern</b>				
Tauriko	265ha	20ha	245ha	4ha
TOTAL	265ha	20ha	245ha	4ha

Source: Tauranga City Industrial Land Survey 2011 & Industrial Land Survey 2012 (WBOPDC)



---

If there were measures that could be put in place to maximise the use of a particular infrastructure investment by channeling more growth into the area it services, this would have a negative impact on infrastructure investments made by the other SmartGrowth Partners because of the fact that infrastructure investment between the Partners is not currently geographically aligned. This negative impact would be in the form of:

- Reducing growth in the utilisation of these other infrastructure investments;
- Compromising the funding models of these other infrastructure investments; and
- Requiring further infrastructure investment to accommodate increased growth in particular areas.

It is possible (although considered unlikely) that the 2011 SmartGrowth growth projections (used for the recent TCC and WBOPDC Long Term Plans) underestimate the amount of growth that will actually occur over the next 10 to 15 years. If this is the case, the higher growth rate would have a positive effect on the use and funding of the existing and committed infrastructure projects outlined in this report.

While the infrastructure investments are not currently geographically aligned, overall they do align with the 50 year SmartGrowth vision in the sense that they are all required to service the growth in the sub region expected by 2051. It should also be noted that the local effects of the Global Financial Crisis have had a detrimental impact on local growth rates and hence the rate of take up of infrastructure capacity.

The reality addressed by both territorial authorities in relation to decisions made for Omokoroa and the Southern Pipeline, is that existing trunk infrastructure had run out of capacity and investment in 'lead' infrastructure was required to allow growth in these areas to continue. Because trunk infrastructure capacity has to be built in large 'chunks' rather than incrementally, the upfront costs of doing so are high. It is unfortunate that these investments were required at the present time when the growth rate has slowed considerably.

In relation to the Tauranga Eastern Link, it should be reiterated that only one of the objectives of this project is to accommodate the growth outlined in the SmartGrowth Strategy. The other objectives are to:

- improve efficiency and contribute to economic development through improved travel time;
- provide a more direct route to the Port of Tauranga;
- provide a safer route between Tauranga and Paengaroa.

It should also be noted that construction of the TEL was brought forward (possibly by around 10 years) because of the region's overwhelming acceptance of the road being partly toll funded (\$115m).

Despite the fact that the investments identified in this report fully align in the long term with the Smartgrowth Strategy, there may be some learnings that can be taken from this current situation to inform future infrastructure investment decisions by the SmartGrowth Partners. This might include:

- options to ensure future investment decisions result in better alignment of infrastructure capacity in the short to medium term as opposed to just the long term,
- anticipating the impact of economic recessions on the funding models for infrastructure that are reliant on growth.

---

### Eastern corridor

The continued development in the eastern corridor (Papamoa, Wairakei, Te Tumu, Rangiuru and Te Puke) is important to ensuring the TEL investment is optimised. Risks to achieving this include:

- the overall financial viability of Rangiuru as a fully serviced industrial estate and the possibility that an alternate viable development option for Rangiuru may not be identified (especially in the next 10 to 15 years)
- the high cost of infrastructure and development contributions in Wairakei and Te Tumu
- the inability to achieve the yields originally envisaged for Wairakei which will mean less population accommodated overall in this area.

### Central, southern and western corridors

Continued development as planned in the central, southern and western corridor is important in terms of ensuring that the funding model for the Southern Pipeline project does not 'fall over'. Risks to achieving this include:

- The current low growth rate continuing, which may result in development contribution income not covering interest costs
- The development viability and hence market delivery of residential intensification

### Northern corridor

The continued development of Omokoroa in the northern corridor is important in terms of the investment made to service this area and ensuring that the funding model for this infrastructure does not 'fall over'. Risks to the on-going development of Omokoroa include:

- Development feasibility
- Lack of local services in Omokoroa (e.g. supermarket and secondary school)
- The transport links between Omokoroa and Tauranga not being improved for an extended period of time.

## **6.2 Issues and options**

The key issue to be addressed is how the SmartGrowth Update should respond to the short to medium term geographic misalignment in infrastructure capacity, and the desire (especially from a financial and funding perspective) of each SmartGrowth Partner for its infrastructure investment to be optimised if at all possible.

The options in this regard for the SmartGrowth Strategy Update are:

- Option 1: Growth continues as planned in each of the five corridors over the next 10-15 years (status quo)
- Option 2: Growth focused into a smaller number of corridors over the next 10-15 years

The table below sets out the pros and cons of each option:

	<b>Option 1: Growth continues in all five corridors</b>	<b>Option 2: Growth focused into smaller number of corridors</b>
<b>Pros</b>	<ul style="list-style-type: none"> <li>• Each infrastructure investment will benefit from some additional usage with the market determining how much development occurs in each corridor</li> <li>• Consistent with rezoning of land that has occurred and current SmartGrowth Strategy</li> <li>• Consistent with TCC and WBOPDC's Long Term Plans</li> <li>• Important from a market demand perspective so that there is choice of locations such as coastal locations, those with views, those close to Tauranga and those in smaller urban settlements</li> </ul>	<ul style="list-style-type: none"> <li>• Potential to optimise the use of particular infrastructure investments (but not all investments)</li> </ul>
<b>Cons</b>	<ul style="list-style-type: none"> <li>• Funding models for some infrastructure investments may come under pressure because of growth being slower than initially expected in that corridor</li> <li>• Further infrastructure investments may be more difficult to justify</li> </ul>	<ul style="list-style-type: none"> <li>• Critical funding issues likely to emerge for infrastructure servicing corridors that 'miss out' on growth</li> <li>• Supporting infrastructure investment would be required if growth in particular corridors was accelerated</li> <li>• Difficult to implement because large amounts of zoned developable land exist in all corridors. As such, the location and amount of growth in the next 10-15 years will largely be dependent on decisions made by developers not councils</li> <li>• Lack of market choice</li> </ul>

### **6.3 Direction required**

#### **Existing and committed infrastructure capacity**

Direction is required on how the SmartGrowth Update should address the issue of optimising the use of existing and committed infrastructure investments by the SmartGrowth Partners given the constraints that exist in doing this, with a focus on the Tauranga Eastern Link, the Southern Pipeline, Route K and the Omokoroa infrastructure capacity. Staff favour Option 1.

---

**Attachment A: Criteria for urban development outside urban limits  
(extract from decisions version of proposed RPS)**

---

## **Urban and Rural Growth Management Policies**

### **Policy UF 5A: Establishing urban limits - western Bay of Plenty sub-region**

Establish urban limits as provided in Appendix E within which urban activities shall occur up to at least 2051.

#### **Explanation**

In association with the nature of long term urban boundaries provided in Appendix C, Diagram 1 (Appendix D) and Maps 5 to 15 (Appendix E), urban development is enabled with a high degree of long term certainty as to location, yield, sequencing and timing. This assists long term strategic planning and also provides considerable certainty as to the future of land outside the urban limits, providing a strong basis for assuming that such land will have a non-urban future until at least 2051.

Method 17 (Monitoring and reviewing growth) provides a strict but comprehensive methodology on how and when amendments to the urban limits may be made, with an assumption that changes will not be made lightly, and will need to be well justified in terms of the outcomes sought across all the western Bay of Plenty sub region growth management policies.

*Table reference: Objective 26, Methods 1, 17 and 18*

### **Policy UF 6A: Sequencing of urban growth development - western Bay of Plenty sub-region**

Manage urban development within each identified management area in a way that provides for:

- (a) The efficient use of land and infrastructure within the immediately preceding growth area stage before the development of the subsequent growth area stage as shown in Appendix C and Appendix D; and
- (b) Network infrastructure is able to be provided to serve the proposed new growth area or new infill/intensification areas shown in Appendix C and Appendix D.

Urban growth area development may proceed in a manner other than sequential growth as per (a) where it can be demonstrated that concurrent development of a subsequent growth area stage will provide more efficient use of land and network infrastructure overall and the conditions in (b) are met.

For the purpose of this policy, efficient use of land and infrastructure shall include consideration of the matters referred to in Policy UF 10B.

Appendices C and D are indicative guides for the expected timing and sequencing of growth areas.

#### **Explanation**

The sequencing and timing of urban development within the urban limits for the western Bay of Plenty is critical to achieving integrated and sustainable growth management. Each growth area in Appendix C and Appendix D and shown on Maps 5 to 15 (Appendix E) must be subject to detailed structure planning to address, among other matters, urban design, provisions of network infrastructure and funding of that infrastructure.

---

Note that the indicative sequencing and time frames are at a level of detail appropriate for this Statement. They are intentionally indicative given the uncertainties inherent in population forecasts.

*Table reference: Objective 26, Methods 1, 20, 21, 45 and 46*

### **Policy UF 7A: Providing for the expansion of existing business land – western Bay of Plenty sub-region**

Provide for the expansion of existing business activities or existing zoned business land outside the urban limits shown in Appendix E, only if the proposal will:

- (a) For the expansion of existing zoned business land, not be able to be accommodated within existing business zoned land in the western Bay of Plenty subregion;
- (b) Be contiguous with the site of an existing business activity or existing zoned business land;
- (c) Not require new connections to urban water supply distribution, stormwater or wastewater infrastructure located within the urban limits;
- (d) Avoid or mitigate reverse sensitivity effects on rural production activities;
- (e) Not compromise access to identified regionally significant aggregate and other mineral resources; and
- (f) Not adversely affect existing, consented, designated or programmed regionally significant network utilities and infrastructure.

#### **Explanation**

Restrictions on the expansion of existing business activities and existing zoned business land zones outside the urban limits are necessary in order to minimise urban expansion and provide for the efficient use of existing infrastructure. The policy presumes that the expansion of existing business activities and existing business zoned areas outside the urban limits will not be allowed unless all of the listed matters are satisfied.

*Table reference: Objective 26, Methods 1 and 58*

### **Policy UF 14B: Restricting urban activities outside the urban limits – western Bay of Plenty sub-region**

Except as provided for in Policy UF 7A, urban activities shall not be developed outside the urban limits shown on Maps 5 to 15 (Appendix E).

#### **Explanation**

The location and extent of existing and future urban growth to 2051 is provided for by defined urban limits which cover both the Tauranga City and Western Bay of Plenty District. Within the urban limits shown on Maps 5 to 15, are defined greenfield growth areas for residential development and business use. The urban limits also provide for residential infill and intensification of existing urban areas. The term urban activities is defined to allow for rural and lifestyle activities to occur outside of the urban limits. Methods 18 and 19 provide for a review of the urban limits and amendment where necessary as circumstances change. An appropriate mechanism to manage growth is to provide direction through this Statement on where development may occur. This will enable regional and district plans to give effect to that direction. By confining development within identified areas, development can proceed with certainty while achieving the strategic integration of infrastructure services.

*Table reference: Objectives 26 and 30, Methods 3*

---

## **Policy UF 16B: Providing for new business land – western Bay of Plenty subregion**

New large-scale business land shall be provided for generally in accordance with Appendix C and only within the urban limits shown on Maps 5 to 15 (Appendix E).

### **Explanation**

District Plans provide the key zoning tool for different types of activity. Within the urban limits Western Bay of Plenty District Council and Tauranga City Council need to provide for business land in appropriate locations to meet the economic and social growth needs of the sub-region.

*Table reference: Objectives 26 and 30 26A, Methods 3, 20 and 21*

### **Method 17: Monitor and review growth – western Bay of Plenty sub-region**

Growth patterns within the western Bay of Plenty sub-region shall be regularly monitored and this Statement's provisions relating to urban form and growth management shall be reviewed in the event that monitoring shows that actual sub-regional growth patterns are or are likely to be such as to render the growth strategy (see Section 2.9) inappropriate. Other triggers for review shall include the occurrence of any one of the following:

- (a) The population predictions in Figure 9 of the Western Bay of Plenty sub-region Growth Management Strategy (3 May 2004) vary by more than 10% from actual Census figures for all of the growth for the relevant Census period;
- (b) It can be demonstrated that insufficient land exists within all of the Urban Limits shown on Maps 5 to 15 (Appendix E of this document) to cater for growth anticipated to occur within 10 years of the analysis;
- (c) It can be demonstrated that exceptional circumstances have arisen in one or more of the management areas shown on Maps 5 to 15 (Appendix E) and a review is necessary to achieve the objectives of this part of the Statement;
- (d) Any review of the Western Bay of Plenty Sub-region Growth Management Strategy amends the strategy to the extent that the urban form and growth management objectives, policies and methods are in conflict.

*Implementation responsibility: Regional council, city and district councils.*

## Appendix C – Indicative growth area timing and business land provision

Table 18 Indicative growth area timing and business land provision table.

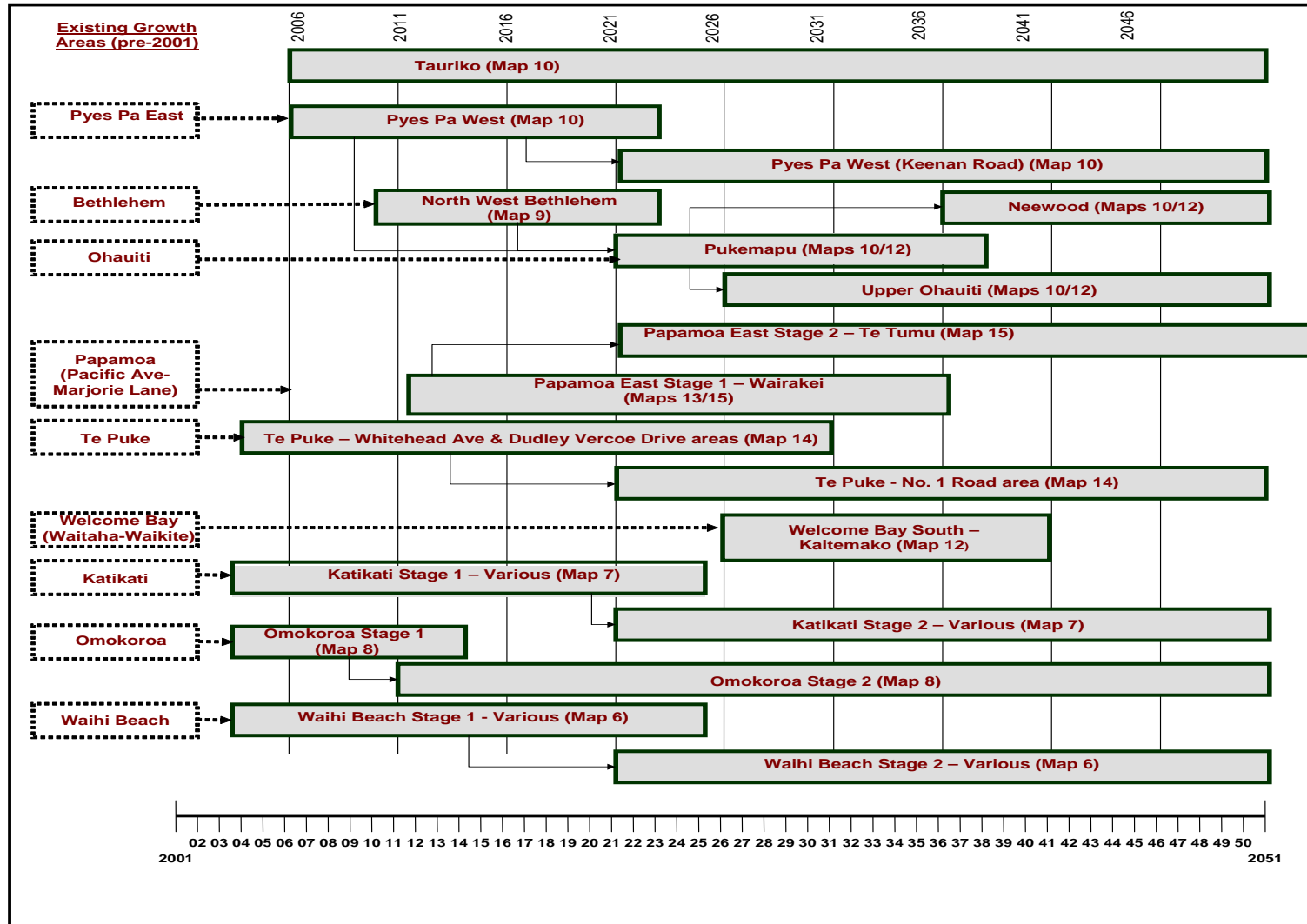
Management area	Growth Area	Development begins	For residential growth area development estimated capacity reached by	Provision of approximately 1000 ha net for large-scale business land
Waihi Beach	Stage 1 (various) Stage 2 (various)	Underway 2021	2041	Business land is provided at Waihi Beach through the Emerton Road Industrial Zone.
Katikati	Stage 1 (various) Stage 2 (various)	Underway 2021	2041	Existing business land and developments contiguous to it will provide for the needs of this community.
Omokoroa	Stage 1 Stage 2	2006 2011	2011 2041	Business land has been provided as part of Ōmokoroa Stage 2.
Tauranga West	North-west Bethlehem Tauriko	2010 Underway		New business land is located at Tauriko.
Tauranga Central	Infill/intensification Pyes Pa West Pyes Pa West (Keenan Rd) Pukemapu Neewood	2006 2006 2021 2021 2036	Unknown 2021 2041	Existing business land and developments contiguous to it will serve the Tauranga Central area.
Tauranga South	Welcome Bay South (Kaitemako) Upper Ohauiti	2021 2026	2041 2041	
Mount Maunganui	Infill/Intensification	2006	Unknown	
Papamoa	Pāpāmoa East Stage 1 Pāpāmoa East Stage 2	2011 2021	2036 2041	The start date of 2021 for development in Pāpāmoa East Stage 2 is for residential development only. Developments that are predominantly non-residential in character may start before 2021. Any developments at Pāpāmoa East Stage 2 shall be subject to consideration of Policies UF 6A and UF 10B.
Te Puke	Dudley Vercoe Drive and Whitehead Ave areas No. 1 Road area	Underway 2021	2041	Business land will be provided at Te Puke to support the local community.
Paengaroa	Rangiuru	2007		Rangiuru business park.





## Appendix D – Indicative growth area sequencing

Diagram 1: Indicative growth area sequencing



---

**Note** - The start date of 2021 for development in Pāpāmoa East Stage 2 is for residential development only. Developments that are predominantly non residential in character may start before 2021. Any developments at Pāpāmoa East Stage 2 shall be subject to consideration of Policy UF 6A and Policy UF

---

**Attachment B: Rural land classes**

---

**Attachment C: SmartGrowth Corridors**