

## APPENDIX 1B - Background Research - Rural Residential Case Study

**Submitter Name:** Mike O'Sullivan, Steven Archer, Victoria Loughlin-Drover and Emma Bullock

**Submission No:** 72

### Summary:

- The submitters support the principle to safeguard the versatility and life supporting capacity of Class I and Class II land, and acknowledge there are reverse sensitivity issues that arise as a result of residential activity in the rural zone.
- The submitters supports the Council's efforts to expand to the Rural B Zone to meet demand for rural residential living.
- The three proposed Rural A zones:
  - 1.0 Western Zone - 19900 hectares, affecting 1610 allotments and made up of 43% Class I or 2 Land.
  - 2.0 Fordell Zone - 5100 hectares, affecting 315 allotments and made up of 49% Class I and II Land.
  - 3.0 Papaiti Zone - 1900 hectares, 195 allotments and 73% Class I and Class II Land.
- Statistical errors in the Westmere Case Study (2013) exaggerate the increase in lifestyle blocks established over the past 19 years. The blanket approach is too simplistic, and does not take into account the specific circumstances that may exist for a particular proposal. It would appear the statistics were not verified or checked against other sources before being published or used for decision making policies.
- The focus on the Westmere Case Study is on the loss of productive Class I and II Land and disregards the social and environmental effects that can arise from the development of lifestyle properties.
- The most significant anomaly is that the maps and statistics from the 1994 study indicate only Rural B land was included in the study. Land around the Mannington Road- Dickens Lane area and in the Kai iwi Rural Settlement were excluded whereas these localities have been included in the 2013 study. From visual inspection it is apparent the 2013 study also included many parcels that existed in 1994 but were excluded from that study e.g. Table 3 implies 551 (661-110) small holdings have been created since 1994. That is a gross inaccuracy and leads to misleading conclusions for the reader.
  - a. The 2013 statistics include parcels of land created by a non-subdivision process e.g. parcels affected by government land acquisitions.
  - b. The category of "less to or equal to 1 hectare" in the 2013 study has produced skewed results which resulted in a less than sounds statistical analysis. A subdivision constraint was introduced shortly after the 1994 study which resulted in the minimum lot size being 1ha - so there is an unusual

sample of allotments with an area or precisely a hectare. Table 3 indicates 382 (435-53) have been created since 1994 which is grossly inaccurate.

- c. The statement "there has been a four-fold increase in the number in the number of residential development" and small holdings have increased by 382" is grossly inaccurate as most of that land was not included in the 1994 study. Therefore the significant trends the report writer alludes to are also inaccurate. The "nine fold increase" in properties containing less than 1 hectare is grossly inaccurate. Council introduced a policy that subdivision of rural land holdings less than 1 hectare was not a complying activity. This resulted in a inflated demand for small holdings and an increase in subdivisions with a minimum of 1 hectare. This rule has caused an increase in the land value of small holdings and made a creation of small holdings a viable return for the investment.
  - d. The statement "three-fold increase of properties 2-3ha" is incorrect. There have been 29 such properties created - nine before 2004 and 20 since. Six allotments are on land containing only some Class I and II land and the rest gully, plus one allotment created in the Kai Iwi Coastal Protection Zone.
  - e. The methodology of the 2013 study was not robust and led to distorted statistics and conclusions. Furthermore the erroneous statistics and exaggerated trends have been extrapolated to the much larger Rural A Zone.
  - f. The submitter's real concern is a misleading reaction that has adversely affected consideration to proposed plan changes for development of rural land.
- A 10 hectare minimum lot size will not allow the following:
    - a. The ability for a farmer to subdivide off an unproductive area of land, due to the physical location of the land, lower class of soil or vegetation cover.
    - b. The creation of lots for the next generation of families who are to take over management of a farm. Often separate title is required for mortgages finance to construct a dwelling.
    - c. Subdivision that allows family members to realise their share of a farm that may have been left to them after the death of a parent.
    - d. The creation of a rural residential lot to include the retiring farmers dwelling who wishes to remain on the property. Note that the 5000m<sup>2</sup> is considered too small.
    - e. The disposal of surplus houses now redundant due to a decrease in staff or the merger of farms.
    - f. The development of intensive land uses that do not require a large holding.
  - Perhaps the most aggrieved are those who already reside on a lifestyle block properties. Often these properties have been bought with the intention of subdivision. It is not considered contrary to the objectives if the land has already been taken out of large scale farming.
  - While we accept that this is an issue that does arise, there are many instances where this has been controlled by either consent notices or covenants registered on the tile.

e.g. properties next to the Palmerston North airport have a consent notice on them requiring structures to be built that minimise the effect of aircraft noise. Could the same approach not be taken in the rural zone?

- A blanket 10 hectare minimum is too restrictive. The zone extends out beyond the Class I and II land and therefore restricts subdivision for legitimate reasons with little regard to the primary objective of preserving these soils.
- The extent of the Rural A zone should be limited to a defined distance from the city boundary, beyond which the demand for lifestyle properties is minimal.

**Decision Sought:**

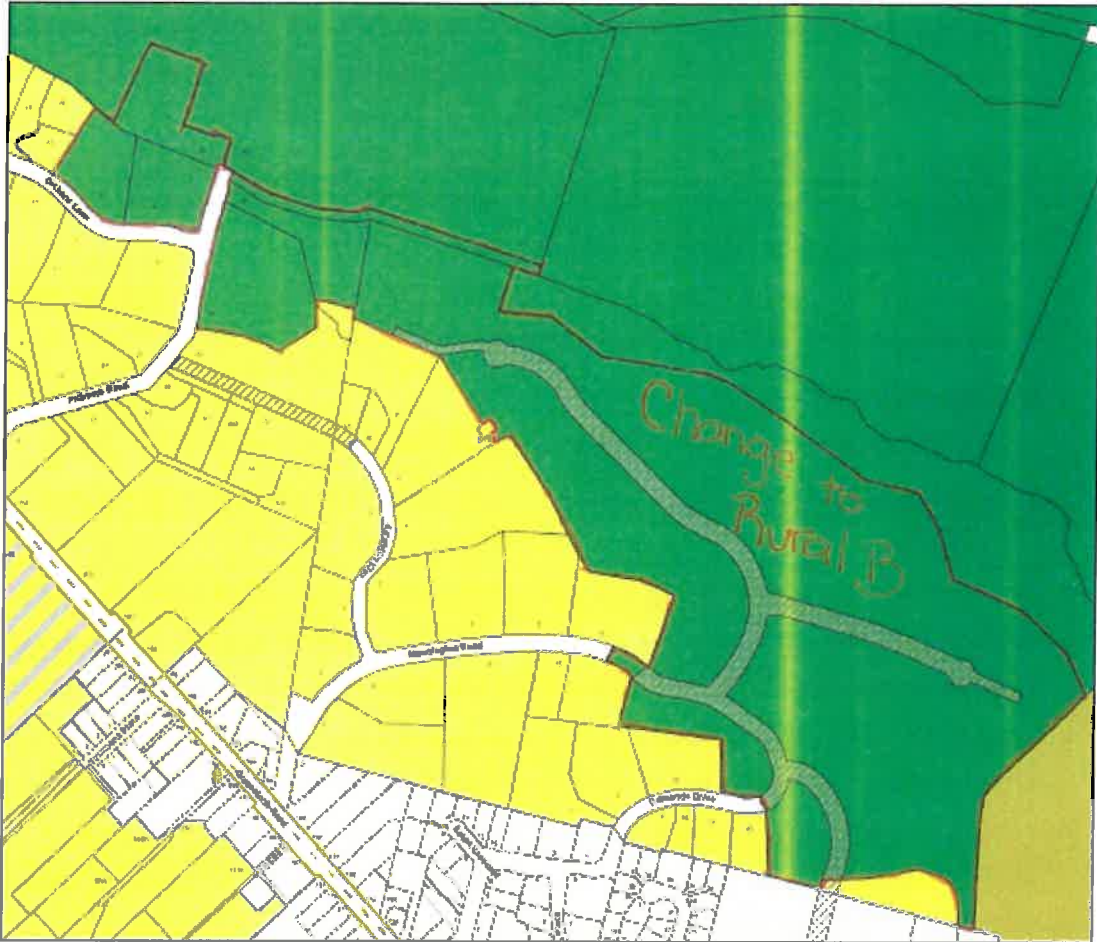
1. That Map Urban 3 not show land currently Rural B as Rural A.
2. That all references to 1st May 2014 be changed to date of the Plan becoming Operative.
3. That in rule 3.4.1 one dwelling is a permitted activity on a site created by subdivision.
4. Rules 3.4.2(b)(i) and 3.4.2.(c).(i) that 10 hectares per allotment be reconsidered and that the minimum of 5000m<sup>2</sup> be increased and considered on a case by case basis.
5. Rule 3.8.2(b) That the minimum size be whatever is required to adequately provide for a suitable building platform and on-site disposal or domestic effluent and storm water.
6. Performance Standard 11.5.4. That the minimum size be whatever is required to adequately provide for a suitable building platform and on-site disposal or domestic effluent and storm water.
7. The subdivision of Class I and II land in the Rural A zone be assessed under the Act as a restricted discretionary activity.
8. That reverse sensitivity be controlled by consent notices on the title.

**Council Decision::**

That Submission 72 by Mike O'Sullivan, Steven Archer, Victoria Loughlin-Drover and Emma Bullock be **Accepted in Part**.

Make the following changes to the Plan as a result of this submission.

Amend District Planning map Urban 3 as indicated on the map below to reinstate the Rural B Zone rather than the proposed Rural A.



**Recommended changes to map – Urban 3**

Amend Policy 3.3.2, Rules 3.4.1(h) and 3.4.2(c) and 3.8.1(h) to refer to the Operative date rather than 1<sup>st</sup> May 2014 as follows:

.....

**3.3.2** *Council will maintain urban reticulated infrastructure connections to existing allotments (where connections were in existence at the Operative date of Section 3.41st May 2014) but these connections will not be extended to serve any new allotments created by subdivision.*

**3.4.1(h)** *One dwelling on a site of less than 10 hectares, but at least 5000m<sup>2</sup> site area, created by a subdivision consent granted on or before the Operative date of this rule1<sup>st</sup> May 2014.*

**3.4.2(c)(i)** *Provided that:*

- *The site proposed for subdivision, legally existed at the Operative date of this rule1<sup>st</sup> May 2014*

**3.8.1(h)** *One dwelling on a site of less than 1 hectare but at least 5000m<sup>2</sup> site area, created by a subdivision consent granted on or before the Operative date of this rule1<sup>st</sup> May 2014.*

**Council Reasons for Decision:**

1. The Committee noted and appreciated the submitters support for the principles of protecting the versatility and life supporting capacity of Land Use Classification Class I and Class II land and accept that reverse sensitivity issues arise as a result of lifestyle activity in the Rural A Zone. The submitters also support the expansion of the Rural B Zone to meet demand for rural lifestyle development.
2. The purpose of the Resource Management Act 1991 (the Act) is to promote the sustainable management of natural and physical resources; including, safeguarding the life-supporting capacity of air, water, soil and ecosystems. Wanganui is fortunate to have areas of Class I and Class II land as well as a good climate. This is a rare combination in New Zealand.
3. It is acknowledged that the 2013 study inadvertently applied data that did not match that of the 1994 study, the result being an overstatement of the extent of residential and lifestyle development during the intervening period.

Council officers revised the 2013 report and corrected those errors and simplified the findings of the report. The key conclusions of the 1994 and 2013 reports are still valid. Significant Class I and II land has been lost to residential lifestyle development over the last 20 years.

Absence of restrictions on subdivision to safeguard the potential use of these finite resources for productive activities does not give effect to the One Plan and nor is it consistent with Plan provisions in neighbouring districts. Changes will create a more sustainable outcome so future generations may also benefit from these most highly versatile lands.

4. The Act requires District Plan provisions to 'give effect' to the Regional Policy Statement (section 75(3)). The Regional Policy Statement for the District is the Horizon's One Plan. It is the main vehicle for interpreting and applying the sustainable management requirements of the Act in a local context, and in this regard, guides the development of lower tier plans, including the District Plan. The One Plan includes requirements to prioritise Class I and Class II land when planning for growth and development.
5. The Council has been silent on this issue in the past which has led to a trend of increasing lifestyle and residential development on this versatile land.
6. The Committee acknowledged that landowners in the Rural A Zone with plans to subdivide below the 10 hectares minimum would lose that opportunity. The reality is that all Plan changes create winners and losers. The Committee determined that the Plan Change was necessary to achieve the objectives of the Plan and the overall purpose of the Act.
7. The Rural A Zone has been targeted at areas that comprise of Class I and some of the District's Class II land. This is an extremely important natural resource for Wanganui, as well as New Zealand. Not all Class II land has been captured due to physical locality restrictions that make it difficult to capture, and distance from the urban area reducing risks of urban sprawl.

8. The submitters question the proposed 'blanket' approach. Through research and consultation with the community, Federated Farmers and the Rural Community Board, it was identified that reverse sensitivity was a significant issue facing rural activities. Land that is neither Class I nor Class II has only been captured where located within the vicinity of Class I and Class II land, to ensure that development on that land does not compromise the ability of the Class I or Class II land to be retained for future productive use.
9. In response to issued raised relating to large scale farming operations:
  - a. Larger scale farming will have the ability to do a one-off smaller subdivision if the balance allotment is 10 hectares or greater.
  - b. This Plan Change proposal does not prohibit subdivision. Applications for subdivision will be assessed on their merits.
  - c. The focus of this Plan Change and the purpose of the Act are to promote the sustainable management of natural and physical resources. It is paramount that versatility of Class I and Class II land is protected for rural activities rather than used for residential or lifestyle development.
  - d. The Act does not take into account personal financial circumstances or issues arising due to inheritance of land.
  - e. Concerns regarding the maximum allotment size for the one-off subdivision for allotments with the balance area greater than 10 hectares were discussed in a meeting with the submitters. These concerns are accepted and amendments to increase the minimum allotment size to 5000m<sup>2</sup> are recommended to comply with the Horizons RC domestic wastewater rule. A maximum area is provided for as a tool to preserve availability of Class I or II land and the objective is to minimise any further loss of such a finite resource.
  - f. Other options are available for surplus housing. A one-off subdivision can provide a separate title for the house to be sold, if it meets subdivision consent requirements. The house can also be relocated off-site if surplus to requirements.
  - g. There are areas of Class II land throughout the Wanganui District that are proposed to retain the 1 hectare minimum lot size. These have the potential to be used for small intensive farming operations. There are also many existing allotments that can be used, new allotments are not essential to facilitate intensive farming.
10. It is important to reiterate the significance of protecting Class I and Class II land within our District. The submitter states there is little demand for lifestyle development in some of the areas proposed to be zoned Rural A, such as Maxwell. While this may be true today, it is important that the Plan is proactive when protecting this natural resource, not reactive as it has been in the past. Once land has been subdivided and used for lifestyle or residential development the chance of it being used in the future for productive farming is slim. As easier more accessible land is developed, pressure builds in other areas previously not considered desirable.

11. The submitters state that perhaps the most aggrieved of their clients, are those who have brought properties with the intention to subdivide in the future. This statement reiterates the importance of this Plan Change. A lack of restrictions in the Plan has created a perception over the past 20 years that lifestyle development on highly versatile soils is an equally valid and appropriate land use. This has led to a permanent loss of significant areas of land from rural productive activities either due to fragmentation or reverse sensitivities making production impractical. In the Rural B Zone this sort of investment is encouraged, as the quality of the land resource is generally less versatile, and proximity to the urban area makes productive farming less attractive.
12. In relation to Decision point 1, it is accepted that Urban Map 3 should be amended to retain the status quo for land previously zoned Rural B, as this land only comprises a very small area of Class I land and the use of any of that land for productive purposes is already comprised.
13. In relation to Decision point 2, reference to 1<sup>st</sup> May 2014 in policy 3.3.2, rules 3.4.1, 3.4.2 and 3.8.1, it is accepted as impractical and unenforceable to apply policies and rules which limit service connections or subdivision of sites of less than 10 hectares to only those in existence at 1<sup>st</sup> May 2014. It is noted that this amendment to the Plan change will result in greater loss of productive land but only for a finite set of properties. It is noted that subdivision does not necessarily, of itself, cause loss of productive capability for the future, but erecting a dwelling and providing urban service connections does.
14. In relation to Decision points 3 and 4, subdivision does not necessarily equate to an appropriateness to erect a dwelling in a rural zone. Provision has been made for a one-off subdivision, recognising there are some circumstances where the effects of a dwelling may be sustainable. The restriction of 10 hectare per allotment will, for reasons outlined above provide greater protection of the finite natural resources that are presently under pressure from lifestyle development, as indicated by trends for subdivision over the last 20 years in the absence of appropriate regulation.
15. In relation to Decision point 5 and 6, that the minimum lot size be 'whatever is required' in the Rural C Zone. It is noted that Horizon's One Plan specifies 5000m<sup>2</sup> area as the minimum for adequate disposal of independent domestic wastewater. However retention of the status quo has been generally supported by other submitters and the one hectare minimum site area creates a degree of distinction between the rural lifestyle zone (Rural B) and the general rural productive zone (Rural C). Provision for a denser form of settlement is not part of the existing character or consistent with the existing amenity values of the Rural C Zone. No change is recommended to Rule 3.8.2(b).
16. In relation to Decision point 8, consent notices are a potentially useful tool to manage effects of a finite nature. However where the effects or requirements are ongoing, it becomes unclear who would ever enforce consent notices. This is potentially unenforceable and although not Council's responsibility it would likely be drawn into resolving the issues. There would be no consistency or certainty around acceptable effects or thresholds.

17. Allowing subdivision to continue as it has in the past further reduces the potential for either amalgamation or productive use in future. As acknowledged by the submitters reverse sensitivity issues do arise. It is suggested that consent notice or covenants registered on the title could be viable options within the Rural A zone. Through consultation with the community, Rural Community Board and Federated Farmers it was deemed that it is more appropriate to avoid reverse sensitive situations arising, than allowing the situation to occur and trying to address issues through consent notice or conversation.
18. Responses to issues raised in relation to the case study:
- At the start of the Phase 5 rural review, consultation meetings were held in seven different locations throughout the rural area. A prominent theme raised at these meetings was the increase in lifestyle development. This prompted further research into development trends within the existing rural zones.
  - The 1994 report '*Extent of Rural-Residential Development in Class I and Class II Land*' was an ideal start point for comparison as a snap shot in time. It is acknowledged that the exclusion of areas within the 1994 study was not picked up in the 2013 study. However even when these properties were excluded from the more recent study (2014), an increasing trend of lifestyle development is still apparent. Exclusion of properties separated for purposes other than subdivision would likewise alter but not negate, the trend of residential development in the Westmere study area over the last 19 years.
  - Even in 1994 the study observed that:
 

*“What has emerged from these results, is that there is a demand for large residential sections in the rural environment. Further this demand appears to be located along a corridor where the character is slowly changing from rural production to a semi- rural settlement (neither rural [n]or urban). While the impact on the loss of productive soil is minimal (these sections represent only 0.6% of total Class [I] and [II] land in the Wanganui District) the wider implications are more serious. The trend is increasing, suggesting that a peak in this type of subdivision will not occur for some time.”<sup>3</sup>*
  - Individual parcel units were used in the 2013 case study as that is the information Council holds today. Title information at that scale (Westmere study area) is not readily available without an individual property search, this level of detail and resourcing was not critical to demonstrate that the trends for lifestyle development have continued.
  - The 2013 (and corrected 2014 version) case study nonetheless confirms the anecdotal trend of lifestyle development encroaching on Class I and Class II land. The trend of increased lifestyle development is still apparent but is secondary to the primary purpose of the Plan Change which is to protect remaining Class I and Class II land within the District for rural production.

---

<sup>3</sup> The Extent of Rural/Residential Development on Class I and II Land, Planning Services ,WDC 1994, page 10



- Council considered a number of options as outlined in the section 32 report. Council's preferred option was to establish a specific zone to target the most versatile land, because this land is also under pressure from urban sprawl, would minimise regulation of other land, target restrictions only where necessary and maximise the effectiveness and efficiency of the Plan provisions in achieving the objectives of the Plan and the purpose of the Act.

**Submitters Name: Wayne Baxter**

**Submission No: 25**

Summary:

- Submitter oppose provisions around allotment sizes for the Rural A zone. The submitter states the Case Study is inaccurate, there is a lack of economic analysis and this is an attempt to control urban sprawl. The 2013 Case study contains confused and inconsistent data, it is of concern that the Plan Change has been given life on this basis. The statement referring to the loss of 12% of productive land, whilst we are lead to believe that this is not a driver, must have must have been used to promote the case.
- High density areas such as Mannington Road, Pickwick Road, Dickens Lane and Kai Iwi are not shaded as per the legend. Has the correct base data been used to measure the growth?
- Despite the study being a reference for decision making it provides a 'waiver' with the statement "that the information in this report is an indicator only of the numbers and extent of small holdings in Westmere". This statement itself diminishes the reports value.
- Economic effects have been glossed over. Comments such as "protecting soil capacity and versatility will have economic benefit to wider Wanganui community". There is no objective analysis to measure the amount of economic return or employment brought the region.
- Commercial farming entities traditionally have a net average return of less than 5% on capital. The reality is that it is difficult for those enterprises to finance purchase of neighbouring blocks that may be for sale when in close proximity to the city.
- Sales of land less than 10 hectares can be one option for the small farmer to stay afloat, given higher values of land close to the city. Under this proposal farming platform will be further depleted by commercial farmers having to sell off 10 hectares minimum, further hindering their long term commercial stability.
- It is likely that this will result in some rates relief to the affected land owners. Presumably WDC require the same total agricultural rates take, so will other landowners pay more to cover this? Has this been spelt out to the rest of the farming community?
- Presumably Quotable Value have valued our 10 hectare lot as land with subdivision potential given it has a current value of \$95,000/ha. If PC36 goes ahead our land value would recede to \$500,000 less than it is now. Others will also be in this position and may be left with little equity.
- The Westmere portion of the Rural A zone has been rightly pointed out as long being an area of choice for many ratepayers despite the availability of cheaper land. Has there been an evaluation of homeowners' investment in building the same value home in a less desirable semi -rural area? This is a possible indirect economic consequence for the local struggling building industry.
- There is comment that agriculture is the backbone of the Wanganui region. It possibly is, however the agricultural economic wealth is spread widely in the Wanganui hinterland and is not dependant on a very small parcel of Westmere Rural A land.

- Obviously Class I and Class II land have always been available for higher valued farming but there has been minimal uptake and certainly no evidence of long-term success. The benefits for the region from this Plan Change are not clearly spelt out.
- Submitter states that other cities have a lifestyle buffer around the city which become residential as the city grows. This proposal is contrary to this, pushing intended purchases in either, area further from the city, least preferred localities or larger than preferred holdings for many lifestylers. Small parcels can co-exist in the rural zones with some clear Council conditions that protect the rural amenity values. That may require some innovative planning.

Decisions Sought:

1. Retain the Status Quo; or
2. Move the Rural A Zone further out from the urban boundary towards Kai Iwi thus retaining the transition from town to country whilst preserving the value of higher valued rural properties; or
3. Allow a 5 year lead in to these changes thus giving property owners time to take action to minimize their wealth loss.

Council Decision:

Submission 25 from Wayne Baxter be **Accepted in Part**.

No amendments are made as a result of this submission.

Council Reasons for Decision:

1. The purpose of the Resource Management Act 1991 (the Act) is to promote the sustainable management of natural and physical resources; including, safeguarding the life-supporting capacity of air, water, soil and ecosystems. Wanganui is fortunate to have areas of Class I and Class II land as well as a good climate. This is a rare combination in New Zealand.
2. In addition, the Act requires District Plan provisions 'give effect' to the Regional Policy Statement (section 75(3)). The Regional Policy Statement for this District is the Horizon's One Plan. It is the main vehicle for interpreting and applying the sustainable management requirements of the Act in a local context, and in this regard, guides the development of lower tier plans, including the District Plan. The One Plan includes requirements to priorities Class I and Class II land when planning for growth and development.
3. The Council has been silent on this issue in the past which has led to a trend of increasing lifestyle and residential development on this versatile land.
4. In relation to the areas selected in the 2013 report, areas of dense development at Kai Iwi and Otamatea were included in error and this has been corrected in the 2014 version of the Westmere study.
5. Consideration of economic benefits and costs is provided to a sufficient extent in the S.32 evaluation report. Council needs to be satisfied that the proposed methods are the most appropriate way to achieve the objectives of the Plan and the purpose of the Act
6. The Rural A Zone has been applied to areas that comprise LUC Class I and some of the District's LUC Class II land. Council considered a number of options as outlined in the section 32 report. Council's preferred option was to establish a

specific zone to target the most versatile land, because this land is also under pressure from urban sprawl, would minimise regulation of other land, target restrictions only where necessary and maximise the effectiveness and efficiency of the Plan provisions in achieving the objectives of the Plan and the purpose of the Act.

7. The Submitter states *“Commercial farming entities traditionally have a net average return of less than 5% on capital. The reality is that it is difficult for those enterprises to finance purchase of neighbouring blocks that may be for sale when in close proximity to the city”*. This issue was raised through consultation with the community, Federated Farmers and the Rural Community Board; there was concern that further subdivision in these areas would further hinder farmers' ability to purchase neighbouring properties. Lifestyle development has the potential to increase the value of land in the area, raising property values and making it uneconomic to purchase and use land for productive farming.
8. Provision of additional Rural B zoned land together and the relative difference in minimum property size (compared to the proposed Rural A Zone), is expected to make the Rural A Zone less affordable and less attractive for lifestyle development. This in turn will likely remove some competitors for land and potentially make Rural A zoned land more affordable for productive activities.
9. The One Plan provides clear direction as to the priority of Class I and Class II land when providing for urban and rural residential growth. This Plan Change identifies areas appropriate for such development, giving effect to the One Plan.
10. The Submitter states, other Councils' have a lifestyle buffer around the city to provide for rural residential development. The Rural B Zone is a rural lifestyle area that provides for the development as advocated by the Submitter. The previous Zone (Restricted Services Residential) was established in the District Plan in 2004. This Plan Change extends these areas to ensure a variety of residential lifestyle growth areas are available.
11. The Submitter states that small parcels can co-exist in the rural zones with clear conditions that protect amenity value. Through consultation with the community, Federated Farmers and the Rural Community Board it was deemed more appropriate to avoid reverse sensitive situations arising than allowing the situation to occur and then trying to address issues after the fact. Furthermore, minimising fragmentation of Class I and Class II land is paramount. Allowing subdivision to continue as it has in the past further reduces the potential for either amalgamation or productive use in the future.
12. At the start of the Phase 5 Rural review, consultation meetings were held in seven different locations throughout the rural area. A prominent theme raised at these meetings was the increase in lifestyle development that had been occurring. This prompted further research into development trends within the existing rural zones. Through this the 1994 Extent of Rural-Residential Development in Class I and Class II land was identified as being an ideal starting point for comparison as it gave a snap shot in time. It is accepted that the exclusion of areas within the 1994 study was not picked up in the 2013 study. If these properties were also excluded from the 2013 study a trend of lifestyle development is still apparent. Refer to the 2014 updated Westmere Case Study report.

13. Individual parcel units were used in the 2013 case study as it the information that Council holds. Title information at that scale (the Westmere study area) is not readily available without out an individual property search. The cost of dedicating resource to this task outweighed the intention of the report.
14. The 2013 (and corrected 2014 version) Westmere case study nonetheless confirms the anecdotal trend of lifestyle development encroaching on Class I and Class II Land. The trend of increased lifestyle development is still apparent but is secondary to the primary purpose of the Plan Change which is to protect the potential of Class I and Class II land within the District for rural production.
15. A default lead in time for the rules to apply (of at least one year) will occur, as decisions will not be released before May 2015, so the Plan change could not become operative sooner than August 2015. Five years is not necessary or of any particular benefit as Class I and II land will continue to be lost to lifestyle development and potentially at an increasing rate.

