

Whanganui District Council

Plan Change 46 – Scoping Report



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Subject: Otamatea West – Plan Change Options

Executive Summary

This report summarises the need to plan for future development in the Whanganui urban area. The evidence suggests that Otamatea West is an area that Council should consider undertaking planning work to prepare for development as opposed to letting the market develop the area on an ad hoc basis.

The preferred option from a planning perspective is to re-zone the feasible development land at Otamatea West to a residential-type zoning and combine this with a development plan to facilitate staged development and infrastructure provision.

1. THE WIDER RESIDENTIAL DEVELOPMENT ISSUE

Recently the government released a proposed National Policy Statement on Urban Development Capacity. It indicates that Whanganui, as a main urban area not subject to high growth, must still provide for sufficient development capacity.

In this context, 'development capacity' means the capacity of land for urban development to meet demand after taking into account the zoning, objectives, policies, rules and overlays that apply to the land and the provision of adequate infrastructure.

Historical data suggests an average increase of 67-75 dwellings per year in Whanganui. Council research has determined it is reasonable and prudent to assume that this demand for residential growth will remain into the future. Current forecasts suggest a population increase of 3.89% by 2043. With the current trend of less people per dwelling and a population increase expected in the long term there is residential development pressure. It is Council's responsibility to provide guidance on where residential development should occur and to prevent ad hoc development. The key location considerations and a scenario for distribution of future housing demand were established in a desktop study in 2015. This scenario was then modelled to understand the implications for the stormwater and wastewater systems.

It is anticipated that there will be demand for 3000 new dwellings within the Whanganui District between 2016-2065. Analysis of supply of land indicates that although there are potentially 2333 new dwellings sites available, there is a significant mismatch between land supply 'location' and potential land demand

'location'. The majority of the supply locational shortfall is within the Residential Zone including the Otamatea area.

1.1. Otamatea Projected Growth

For the purpose of the Residential Growth Study (RGS) 2015, Otamatea is defined as the land from Otamatea Reserve to the intersection of State Highway 3 and Rapanui Road. It is focused around State Highway 3 (Great North Road) with a series of cul de sacs providing access from the Highway.

The land either side of the developed Otamatea area is called Otamatea East and West, in relation to its location to the state highway network. Over the past few years pressure has been growing including ad hoc subdivision consent applications to develop beyond the existing Residential Zone at Otamatea West.

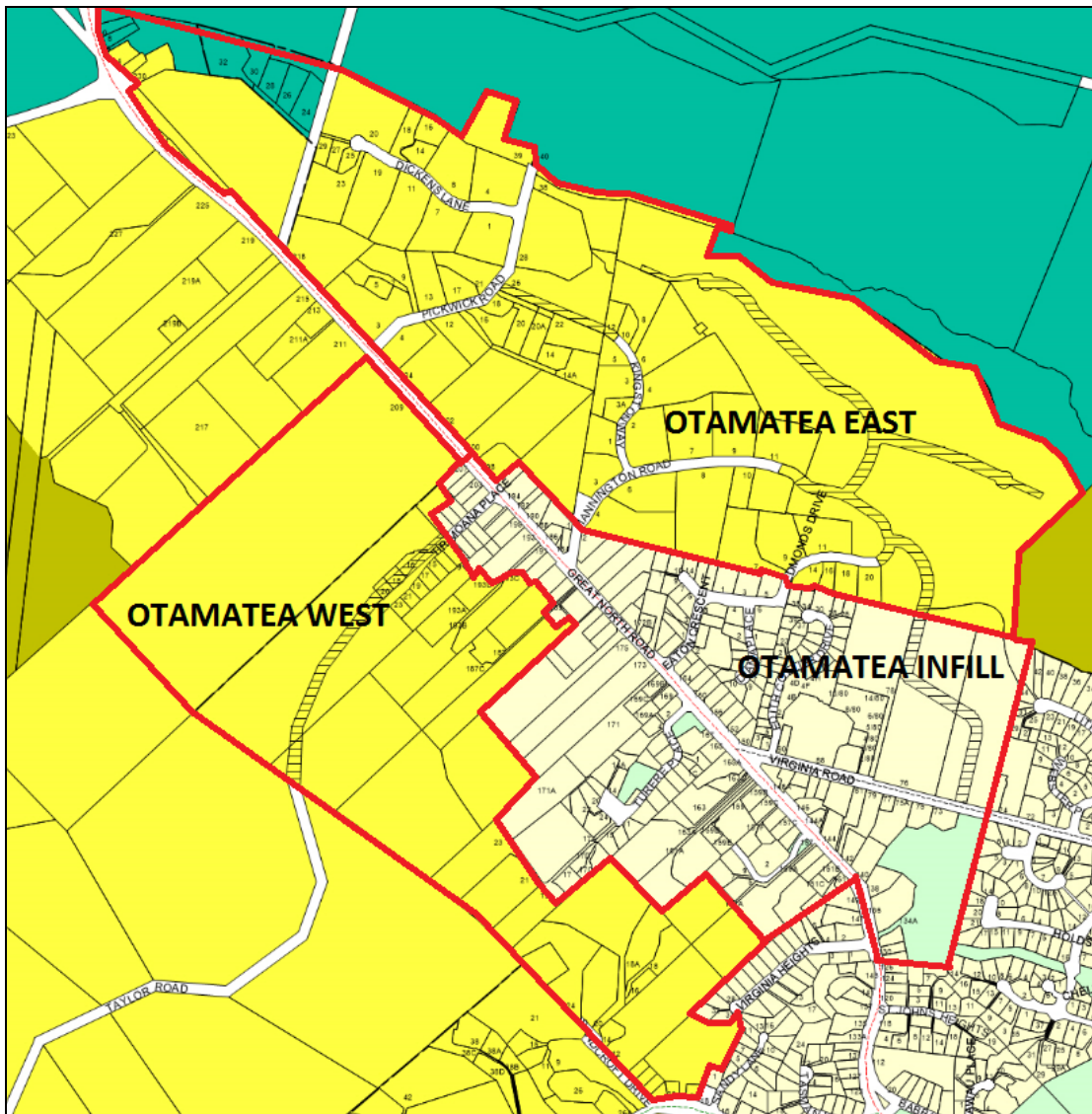


Figure 1: District Plan map showing the areas of Otamatea as defined for the RGS and the wastewater modelling.

The RGS 2015 identified that during the period 2016-2065 a further 455 dwellings (an 85% increase) could be accommodated as infill within the existing Residential Zone at Otamatea (provided the 1000m² minimum lot size constraint, the

'Otamatea Overlay' is removed) and yet there would still be a shortfall of 335 sites within the Residential Zone, even if the land was developed to capacity.

Conversely, within the existing Rural Lifestyle Zone over the next 50 years there could potentially be demand for 195 dwellings, whereas supply is estimated at 447 dwelling sites.

This means that re-zoning some of the Rural Lifestyle land in Otamatea to Residential to provide for a higher density of development would not have any adverse effect on supply of the land for Lifestyle development and provide for the additional Residential demand in Otamatea.

1.2. The Operative District Plan – Relevant Features

The Whanganui District Plan is currently being reviewed. The subject land is zoned a mixture of Residential, Rural Lifestyle and Otamatea Development Overlay. There are no site specific hazards identified on the planning maps.

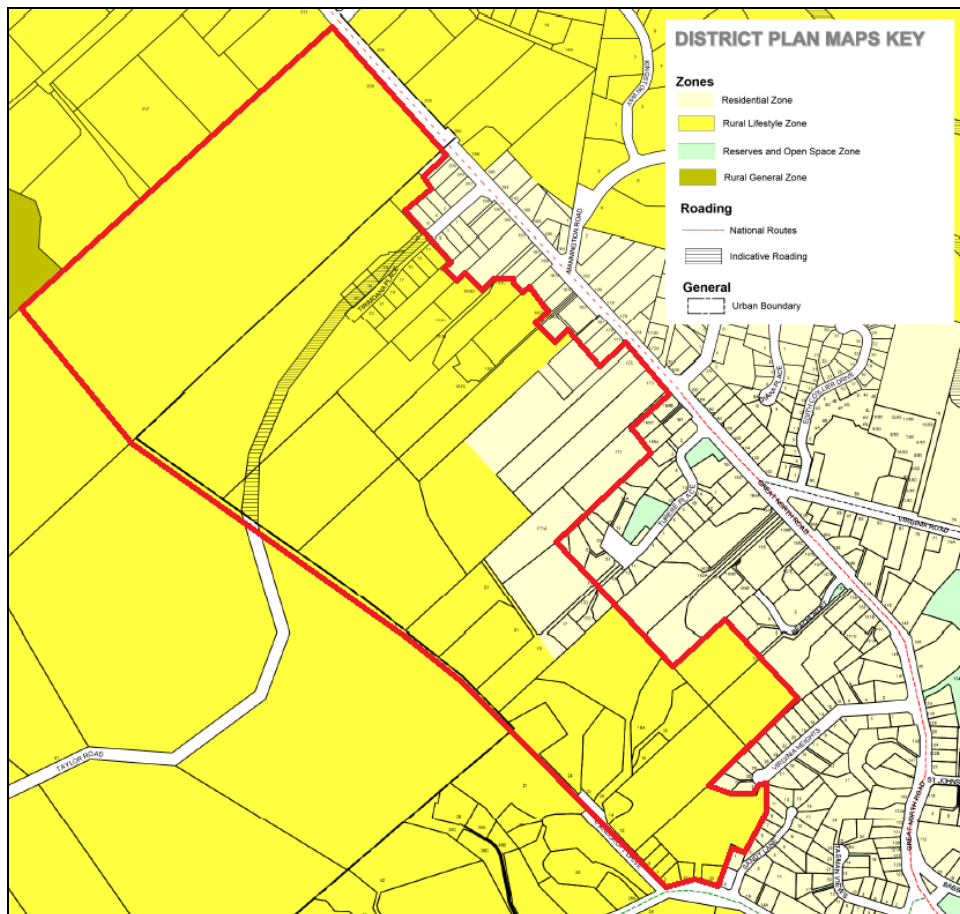
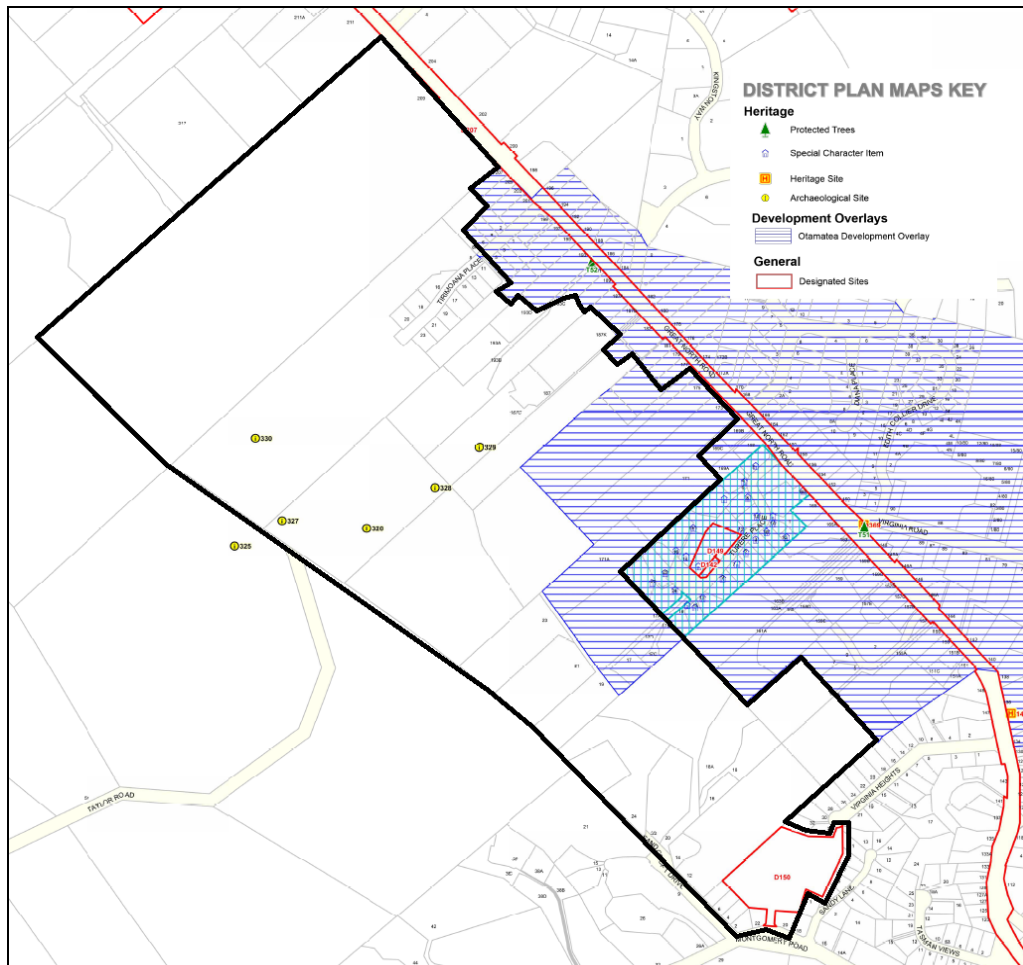


Figure 2 (Above): Map A of the District Plan with the preliminary Otamatea West area outlined in Red.

Figure 3 (Below): Map B of the District Plan with the preliminary Otamatea West area outlined in Black.



- i. The Otamatea Development Overlay was inserted into the District Plan as part of Plan Change 26 in 2014. The overlay addressed a

“lack of quantifiable information regarding the performance and capacity of the reticulated services network... This Committee agrees that the modelling exercise will allow more specific and better informed management of subdivision including minimum allotment sizes. This will result in a re-examination of the appropriateness of the subdivision framework, and where necessary, result deemed in the future changes to the District Plan.”

This modelling has now been completed and with some upgrades to the wastewater system. The overlay is no longer required at a 1000m² minimum density. A Plan change is required to reflect this.

- ii. Another issue is the indicative road from the subject area. The purpose of the indicative road is to give a general sense of how the road might be formed and promote linkages. The indicative road currently in the District Plan crosses a slope over 20 degrees, a significant overland flow path and archaeological sites. This could be removed as part of developing a cohesive design for the area, which would also retain the promotion of road linkages.
- iii. There are several archaeological sites shown on the Planning Maps, although the locations are indicative only. Any development of this area will necessarily have to be alert for potential archaeological sites as well as consult with local

hapu and Heritage New Zealand as to how to treat development around known and potential sites.

- iv. While not shown on the Planning Maps, part of the subject area contains topography with a slope over 20 degrees. This will subject some development to additional costs of more onerous engineering standards and harder to achieve compliance with the height recession plane. This will reduce the potential development feasibility based on current market returns.
- v. The Urban Boundary runs through this area. This is the indicative line around the urban area used in bylaws to separate urban and rural activities. Ideally urban expansion should be contained within this area.
- vi. The subject area shows a designation identified as D150. The purpose of this designation is a detention area for stormwater and is managed by Council. The detention area and designation may need to be expanded as a result of re-zoning Otamatea West.
- vii. There is potentially a lack of recreation reserve land in this area. While Council has no specific policy on how close reserves should be to residential developments, it is generally understood in Council's documents that as new residential areas are developed, an assessment of the availability of suitable reserve land will be required.

1.3. Conclusion

After reviewing the existing zoning and future demand, it is concluded that it would be prudent to zone additional land at Otamatea for residential development. This should be combined with a development/structure plan to stage infrastructure works in a cost effective manner for Council and developers, and provide performance standards that are specific to that area as required (e.g. a potentially larger lot size or alternative infrastructure solutions).

2. GREENFIELD DEVELOPMENT AREAS

2.1. Otamatea East

Detailed modelling of stormwater patterns and consideration of the significant natural constraints to management of stormwater was undertaken. It was concluded that the existence of extensive closed stormwater catchments across the eastern side of Otamatea makes this area unlikely to be feasible for a higher density of residential development. Retention of the Rural Lifestyle zoning (5000m² minimum lot size serviced onsite) is appropriate.

Infrastructure constraints have contributed to a fundamental decision not to explore further residential zoning in this eastern area of Otamatea.

2.2. Otamatea West

The stormwater constraints do not exist to the same level in Otamatea West. The cost of servicing and providing suitable building platforms is significantly lower. Otamatea West will be the focus for future provision of residentially zoned land to meet the projected shortfall in demand of 335 dwelling sites required by 2065. Consideration of how best to integrate adjoining residentially zoned land and a review of the necessity for retention of the Otamatea Overlay should also occur at the same time, to ensure that the best design outcomes are achieved.

There are currently 18 households in the proposed Otamatea West area¹ which is bounded by the existing Residential Zone and the Urban Boundary as defined on the District Planning Maps. The largest blocks are held by five property owners.

Not all this land identified in Figure 4, is feasible for residential use, some areas have been included in the study area as they may be at least partially required as stormwater detention areas, necessary to service any development in this area.

2.3. Designation of Stormwater Detention Area

No matter how broad the land area or extent of the Otamatea West rezoning to Residential, it will be necessary to identify and safeguard an area to the south where the stormwater naturally drains to and is detained. The extent of the area to be designated may vary depending on the extent of the area chosen for rezoning to Residential.

The advantages of a common detention area to service the wider development area has benefits to each landowner, as each site will not be required to detain its stormwater onsite. It provides more certainty and surety to Council that the issues will be appropriately and comprehensively addressed, rather than in an ad-hoc site by site manner as largely occurs at present. Other advantages include:

- The stormwater detention would be designated which would enable equitable distribution of costs.
- Council will be responsible for timing and construction of detention area, but would retain the option to require developers to complete work to a Council standard for the major portion of the detention area.
- Facilitates orderly development of the wider area in stages, and thus a more efficient provision of services which will be more cost effective for developers and Council.

It is recommended that a designation for stormwater purposes including secondary flow paths be included as an integral and essential component of any Plan change that proposes to expand the Residential Zone or similar zone at Otamatea West.

3. OPTIONS FOR LAND AREA - IDENTIFICATION AND EVALUATION

Several planning options exist to facilitate development within the Otamatea West area. The main options are:

- Re-zone the entire Otamatea West area to Residential.
- Re-zone only feasible development sites in Otamatea West Residential.
- Status Quo – consider development proposals on an ad hoc basis.

The benefits and costs for each option are discussed below.

3.1. Option 1: Re-zone Entire Otamatea West Area

This option would zone all land to the west of Great North Road between Sandcroft Drive northwards to Pickwick Road (including part of 209 Great North Road) as a Residential Zone as indicated in Figure 4 This would enable

¹ StatsMaps – 2013 Census Map

development at a residential density with connections to the urban reticulated system. The approximate area of Otamatea West is 66 hectares.



Figure 4: The preliminary area identified as Otamatea West outlined in black. Any planned development on this area would also include land zoned Residential between Otamatea West and the State Highway.

Option 1 Evaluation

Of the three proposed options, this one provides the largest total area of land for residential development. However much of it is not developable due to topography, infrastructure constraints and existence of archaeological sites.

The advantages of this option include:

- The largest number of potential transport connections.
- This option provides for the largest amount of land, meaning the development plan could provide for large lot sizes similar to the surrounding area while still achieving the required number of residential lots.
- Rezoning of a larger area provides scope for additional provision of stormwater detention and/ or a recreation reserves to benefit the wider residential area.

This disadvantages to this option include:

- Servicing difficulties exist for areas to the south, which would be costly to remedy.
- The sites to the south are also low lying and damp, and considered less desirable for residential purposes.

- The potential for oversupply of residentially zoned land, much of which may be unsuitable for residential development. Accurate calculation of the required infrastructure capacity would be difficult to gauge, as provision would need to be made for all residentially zoned land to be serviced. However in reality, only the most feasible land would ever likely be developed. This would likely reduce contributions from developers towards the cost of service provision for the area and increase the total cost to Council over the long term.
- Once the most favourable and feasible sites are developed, developers will look at other areas for feasible sites and would only choose to develop difficult sites if they become feasible due to changes in the market or technology. .

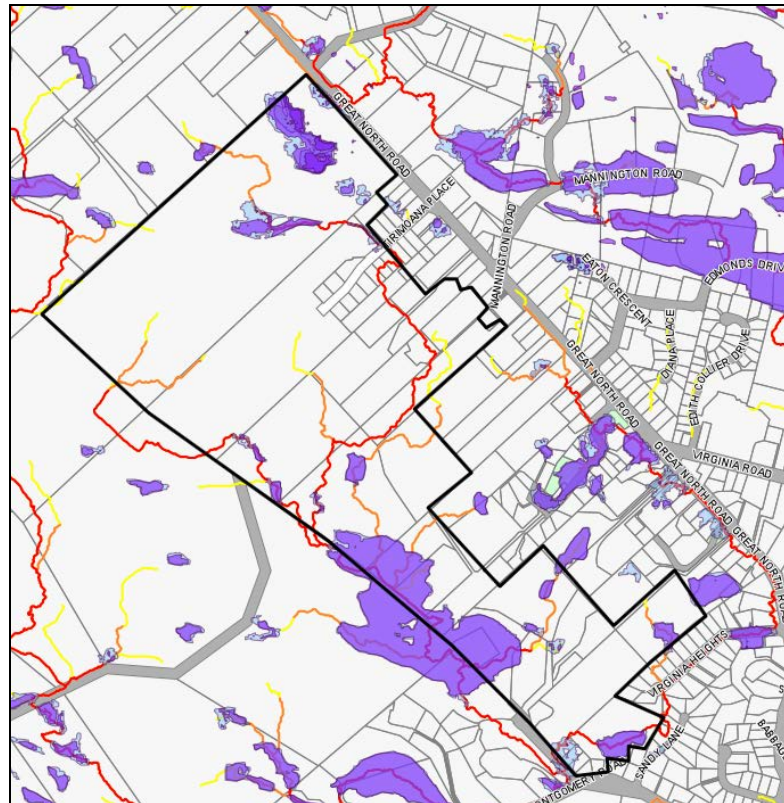


Figure 5: The subject area highlighted in black showing the extent of the overland flow paths and water detention areas already existing.

Recommendation

This is a least preferred option from a planning perspective as much of the land identified is not easy or attractive for residential development and living. The area to the south and west would likely remain undeveloped as there will likely always be more attractive and cost effective development sites elsewhere in Whanganui.

To zone land physically unsuitable for residential density may lead to over design of services on the basis that maximum density permitted will be over time, achieved. This is unlikely to be cost efficient for Council or developers. There would be servicing constraints and a residential zoning would put increased pressure on Council to resolve because the zoning 'may create unrealistic landowner expectation. A Residential Zone applied to areas not easily serviced using standard infrastructure methods and to less attractive areas from a market

perspective will likely create increased costs to Council, unrealistic landowner expectations and may lead to pressure for Council to resolve issues or reduce development standards.

3.2. Option 2: Rezone Most Feasible Residential Areas of Otamatea West

This option would focus on re-zoning land that is feasible for residential development and leave the remaining land as Rural Lifestyle Zone. This would result in a mixed density urban area with connections to the reticulated system. An area would be designated for stormwater detention and include overland flow paths/walkways similar to Figure 7 below. This area would run from 209 Great North Road and end next to (not including) 17A Turere Place.



Figure 6: The potentially feasible areas identified at Otamatea West outlined in black. Some of this area is already zoned Residential. There are also pieces of land outside the identified area that may be required for stormwater detention.



Figure 7: An extract from the Tirimoana Place Structure Plan (2011) that shows a possible mixed density layout for the area.

Option 2 Evaluation

This option provides for residential development as well as increased access to landlocked parcels of rural lifestyle land that could be developed to capacity. By providing integrated solutions to infrastructure issues like access and stormwater, the overall development can achieve a higher amenity and less cost per site.

The advantages of this option include:

- Plenty of scope for sensible integrated transport connections.
- Minimum lot sizes could retain flexibility and provision for larger section residential section and still meet housing demand to 2065, with section sizes similar to existing adjoining Residential Zone.
- Provides for mixed density and a range of living options.
- Provides scope and options for recreation reserve/stormwater detention.
- Reduces the amount of land that is unsuitable for development by providing for larger lot sizes.
- Provides for a more realistic total number of dwellings likely to be developed and require urban reticulated services as it focuses primarily on zoning feasible land for residential development.
- Facilitates orderly development of the wider area in stages, and thus a more efficient proportion of services which will be more cost effective for developers and Council.
- The stormwater detention would be designated which would enable equitable distribution of costs.
- Council will be responsible for timing and construction of detention area, but would retain the option to require developers to complete work to a Council standard for the major portion of the detention area.

This disadvantages to this option include:

- Some developers will be restricted on the timing of their development as they would not be able to develop feasibly until an adjoining site's infrastructure is completed.
- The only option to create the detention pond and recreation area/overland flow path would be by designation (as opposed to easements or developer agreements) as these lots would not be developed as their zoning would not be changed.

Recommendation

This option maximises the potential returns for developers and Council by focusing on land that is feasible to develop (and therefore likely to be attractive to the market). This maximises the lots that are likely to be developed, which reduces the cost per unit of development, also improves attractiveness and will potentially reduce the return period on infrastructure costs.

The land located at the rear of Turere Place and south to Montgomery Road is excluded from this assessment due to its lack of market demand for low lying, steep damp sites and the infrastructure costs required to service these areas.

Within this option, there is the potential to exclude or include 209 Great North Road. This is the last large (28ha) undeveloped lot in the area and bounded by 2ha lots to the north and 1000m² lots to the south. It is reasonably flat and easy to develop land that could be used for either rural lifestyle or residential development. However if it is part of this re-zoning option, then it could be connected to Tirimoana Place and there could be efficiencies in serving this area jointly as opposed to a standalone development. 209 Great North Road is just outside the urban boundary, however the boundary's legislative weight is used to define urban/rural activities for by-laws and therefore it would be reasonable to change this should the area be re-zoned Residential.

3.3. Option 3: Status Quo

This option would leave the existing District Plan provisions as they currently are, meaning that the majority of the area remained zoned Rural Lifestyle with a minimum lot size of 5000m² and no guarantee of connections to the wastewater network. This option relies on infill within the existing Residential Zone.



Figure 9: Aerial photography of the subject site with lodged subdivision applications highlighted in blue.

Option 3 Evaluation:

This option identifies no additional land for residential development. The result is likely to be more ad hoc development in the area with individual subdivisions occurring with no integrated planning for transport or infrastructure systems. This encourages piecemeal asset management that is not sustainable in the longer term.

The advantages to this option (over the other options) include:

- Minimal short term cost for Council in terms of planning and asset management.

This disadvantages to this option include:

- Potential long term costs for infrastructure due to piecemeal development.
 - Unequal distribution of costs and risk of greater portion of costs covered by ratepayers.
 - Uncertainty for developers as to what would be acceptable to Council.
 - Potential shortage of available suitable land for residential development.
 - Lack of connectivity between subdivisions resulting in more cul de sacs.
 - Loss of amenity due to excessive use of right of ways to access back sections.
 - Consent process will continue to be more costly for applicant and ratepayer due to lack of supportive regulation.
 - Potential for inconsistent decision making in these areas.
- Applications to develop and subdivide in this area more likely to be declined.

Recommendation

This option leaves the major decisions for amenity, connectivity and density in the hands of the market and the individual land owners who would be unlikely to consider benefits to the wider area and development without clear guidance from Council. Developers will forgo opportunities to optimise returns due to the pressure to handle the stormwater onsite and an increased roading requirement as they will not be able to connect to their developments.

4. FEASIBLE LAND FOR RESIDENTIAL DEVELOPMENT

Each of these options contain different restrictions that limit the amount of land that can be considered feasible for development. While almost anything can be built anywhere if a customer is willing to pay for it, it is unrealistic to expect that all land will be developed when the cost of development would exceed a reasonable profit, especially in Whanganui where there is no shortage of affordable options.

Typical restrictions that can limit the feasibility of a development include:

- a. Physical Feasibility – development constraints, site amalgamation
- b. Economic Feasibility – development costs, government taxes & levies, property market
- c. Forecast Feasibility – demand, depreciation
- d. Regulatory Feasibility – District Plan, regional plans, national environmental standards

These are discussed below:

4.1. Physical Feasibility

The southern and western sectors of the Otamatea West study area comprises constraints which influence construction costs. Conversely, leaving such land vacant has several benefits for the development of the wider study area including:

- Preserving overland flow paths;

- Retaining a view of the city, river and ocean for adjoining residential developments;
- The potential to create an amenity area and linkages within the study area;
- Use the area for stormwater detention;
- The preservation of known archaeological sites which are largely within the area; and
- Low-lying land to the south or hilly land may be less desirable to the market (usually due to increased engineering costs for drainage and less sunlight).

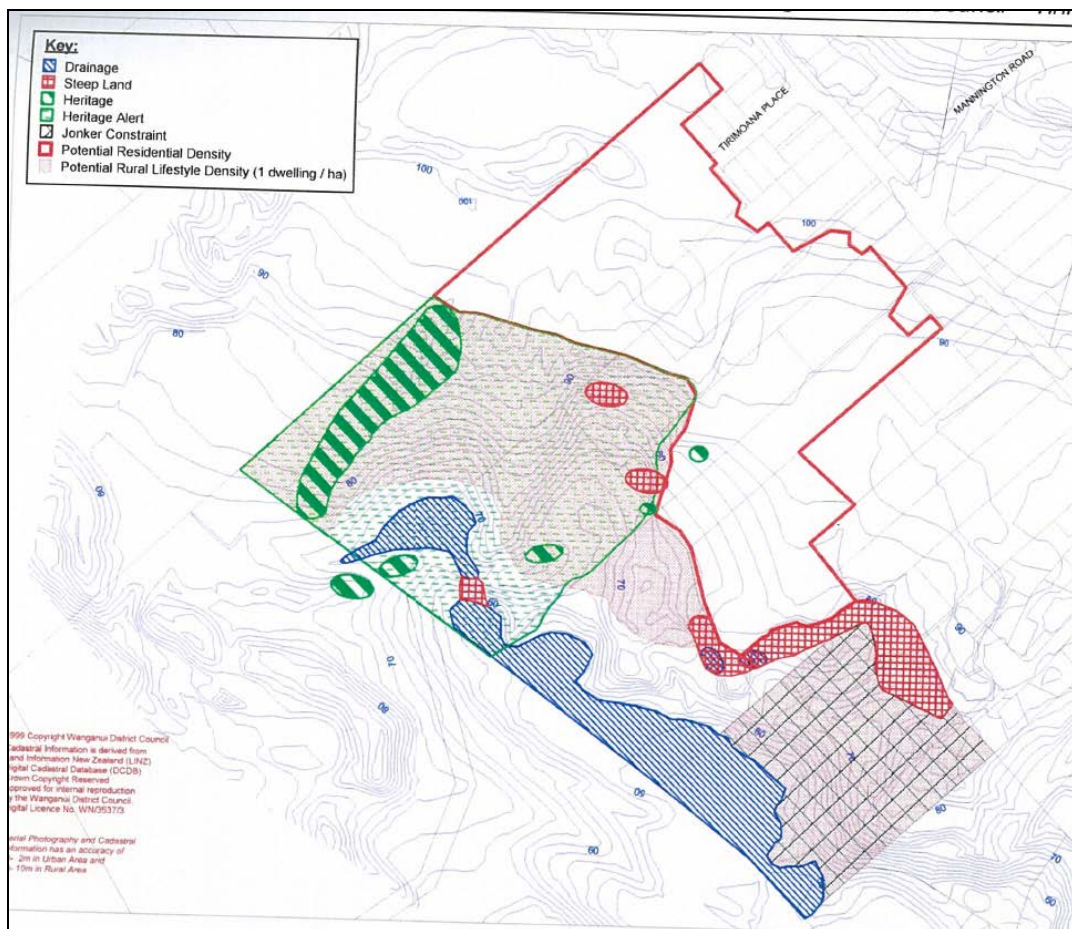


Figure 10: An example from the 2011 Structure Plan highlighting the physical constraints in the study area.

4.2. Economic Feasibility

The type and extend of physical constraints strongly influences the potential costs of construction. With land being very affordable in Whanganui, this means that the site development costs are an important determination to economic feasibility for developers in this District. Land is affordable and does not vary in price markedly within the District.

4.3. Forecast Feasibility

As mentioned earlier in the report, there is current and forecasted demand for residential land in Otamatea. Orderly development to facilitate efficient, integrated and cost effective development to a wide area is achieved by managing the release of land to the market. Feasible land only should be zoned for residential development or this will distort costs and reduce the ability to achieve quality developments. It is intended that the supply can be controlled by the market demand by releasing the land in stages once a certain percentage of the adjoining land has been sold.

4.4. Regulatory Feasibility

This will be set by the proposed provisions developed for any Plan Change and potential development plan for the area. It will likely include regulation of lot sizes and facilitate the staging of development areas. The regulatory planning framework can be utilised to guide development location, integration of design and services, density of development and quality of urban design. Local and national legislation will guide safety and cost distribution. These can also influence the feasibility of development.

5. SHORTFALL OF RESIDENTIAL LAND

The RGS forecast indicated a shortfall of 667 dwellings, 335 of those in Otamatea. The status quo does not achieve the required number of dwellings. Both options 1 provide 2 provide too much potential housing supply at a 400m² minimum lot size, which is the existing Residential Zone minimum. Current market trends indicate that 800-1200m² are the typical lot sizes demanded in this area. Subdivisions completed in the last five years in the vicinity indicate an average section size of 1100m² is preferred by developers, who are in turn influenced by the market. Typically lots at the edge of the urban area will be larger than those closer to the centre. Combined with the infill from the larger lots within Otamatea, either option would resolve the potential housing demand shortage.

It is also important to note that using maximum density analysis is not an accurate tool. It is an estimate of the maximum number of houses only. It is not what will happen and does not consider market constraints.

6. RECOMMENDATION AND NEXT STEPS

It is in the community's best interest for Council to be proactive and plan for increased residential development at Otamatea. After considering the options, Otamatea West is the best option for feasible development and Option 2 will open up the maximum feasible land without overloading the land or infrastructure's ability to deal with the stormwater or wastewater generated by the potential residential activities.

In order to achieve the objective of a sufficient development capacity within the area that the market demands, a Plan change combined with a structure plan to stage and control the placement of essential infrastructure would be the most efficient and effective use of resources. An overarching framework should be used to guide the framing of such a structure plan and should draw from the following sources:

- Whanganui Leading Edge Strategy (2015)
- Whanganui District Council's Engineering Code for Land Development and Subdivision Engineering (2012)
- Asset Management Plans (various)

Next Steps

This scoping report has been reviewed internally by the Infrastructure Team and if the recommendations are supported by the ELT, we will proceed with a Plan change. This will commence with:

1. Formulation of an Engagement Plan (for internal and external stakeholders).
2. We would approach directly affected landowners as soon as practical to introduce the broad proposal, identify any particular issues or development plans already being contemplated.
3. A second priority would be to socialise the broad rationale for a Plan change with potentially affected stakeholders.
4. Complete an update of the Tirimoana Structure Plan 2011 to provide a development structure plan appropriate for the Plan change and expanded subject area.
5. Draft Plan provisions in liaison with Infrastructure and stakeholders.