Tauranga City Residential Land Supply Assessment

October 2014

Executive summary

1. Based on the current greenfield land supply, the expected future mix of greenfield, infill and intensification development in Tauranga and the latest population projections, Tauranga has 11 years of greenfield land supply remaining.
2. Given the timeframes of the Settlement Pattern Review followed by the necessary RMA processes and construction of infrastructure services, greenfield land supply is anticipated to reduce to only 3 years' worth before development of any additional greenfield land could commence.
3. This outcome appears to be at odds with the government direction on land supply.
4. TCC staff believe that we should be aiming to have at least 10 years of zoned greenfield land supply as a long-term minimum.
5. As a matter of urgency TCC staff believe that we should be looking at ways in which to expedite the delivery of additional greenfield land supply in Tauranga in advance of the current Settlement Pattern Review timetable.
6. While there are a range of urban expansion options for the City in the long-term, TCC staff believe that only 2-3 options make sense in the short-term. These are either in the current SmartGrowth Settlement Pattern or signalled for strategic assessment by the current Strategy.

Purpose

To set out the current residential land supply position in Tauranga and how this is expected to change overtime if further greenfield land is not zoned for residential development.

Current land supply

At 30 June 2013 there was capacity for approximately 11,000 additional residential dwellings in zoned urban growth areas within Tauranga City[1].

The urban growth areas with land supply capacity are:

- Bethlehem
- Pyes Pa
- Pyes Pa West
- Ohauiti
- Welcome Bay
- Papamoa
- Wairakei.

[1] Refer to pg21 of the SmartGrowth Development Trends Technical Report 2013.

Some of this land is constrained and is unlikely to be developed in the foreseeable future. This includes for example some multiple-owned Maori land and some land where road access has not been provided through the adjoining subdivisions.

It is estimated that capacity for roughly 1,000 dwellings can be discounted for these reasons, leaving a current supply of approximately 10,000 additional dwellings in greenfield urban growth areas.

Special Housing Areas

Tauranga City Council is part way through the process of establishing Special Housing Areas under the Tauranga Housing Accord. Most of these areas are within areas of the City that are already zoned for residential development and therefore do not increase the available land supply.

However some Special Housing Areas may be in areas with zonings such as Employment or Rural. These would increase the current greenfield land supply available if they were established and were subsequently developed.

It is estimated that supply for 1,000 additional houses could be gained through the establishment of Special Housing Areas through 2014 and 2015. On this basis it is assumed that the current available supply of greenfield land for 10,000 additional houses can be increased back to 11,000.

Population and dwelling projections

Revised population and dwelling projections for the next 50 years based on the 2013 Census were produced for the SmartGrowth Partnership by the University of Waikato. TCC has adopted these population projections.

TCC staff have allocated these population and dwelling projections spatially and temporarily across the city. A key part of this is the allocation between different forms of residential development, these being intensification, infill and greenfield development. Over the 10 year period from 2015-25 it has been assumed that 5% of growth will be in the form of intensification, 12% infill and 83% greenfield development. This is consistent with past trends, development economics for various types of development and the diminishing supply of sections on which infill subdivision can occur.

It is assumed that 72% of development would occur within the greenfield urban growth areas listed on the first page of this report and 11% within new urban growth areas that have not yet been rezoned for urban development. Of course, if further areas are not rezoned for development this growth would have to occur in the existing urban growth areas (or via more infill/intensification).

The dwelling projections from the University were based on occupied dwellings. 10% has been added to the dwelling projections to account for unoccupied dwellings which is consistent with information provided through the 2013 Census. This gives total dwellings.

The projections for population, occupied dwellings and total dwellings are set out in the attachment to this report. This attachment also includes the adopted allocation to greenfield development in the urban growth areas, although it assumes all greenfield development will occur in the existing urban growth areas given the current absence of any new areas. The attachment is consistent with:

- 2014 Review of Demographic and Labour Force Projections for the Bay of Plenty Region for the Period 2013-2063, National Institute of Demographic and Economic Analysis – The University of Waikato, April 2014; and
- Tauranga City Population and Household Projection Review 2014 (Growth Allocations 2013-2028), City Planning and Growth, Tauranga City Council, August 2014.

Years of land supply remaining

Based on the current greenfield land supply of 11,000 dwellings, the adopted population projections and the allocation of these projections, there was 11 years of greenfield land supply in Tauranga as at 30 June 2014 based on the adopted allocation of development between infill, intensification and greenfield development. This is also shown in the attachment to the report.

Appropriate level of land supply

Neither TCC nor the SmartGrowth partnership has a formal position on what constitutes an appropriate residential land supply. One of the initial tasks in the Settlement Pattern Review Project Plan is to agree an appropriate land supply target.

The current government's position is that councils generally need to make more land supply available for housing than is currently occurring. Their immediate response to this was the Housing Accords and Special Housing Areas legislation. Their long-term solution is to make amendments to the Resource Management Act. These reforms are a high priority for the government.

The government's view on what constitutes an appropriate residential land supply is under review. It will be informed by the Productivity Commissions inquiry into the supply and development capacity of land for housing in New Zealand cities.

It is unlikely that the SmartGrowth partnership can agree a final position on this matter until the government's position is finalised. The government is likely to make decisions in the latter part of 2015 at the earliest.

In the government 2013 discussion document for reform of the Resource Management Act they state that adequate land supply should be provided for 10 years of demand[2].

In the absence of any official guidance it is assumed, for the purpose of this report, that TCC should be aiming for a minimum of 10 years of zoned land supply for residential development at all times.

Timeframes for delivering additional land supply

The current process for the delivery of additional greenfield land supply in the sub-region is to first complete the SmartGrowth Settlement Pattern Review and then to embed the outcomes of this

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[2] Refer to page 70 of the document at the following link http://www.mfe.govt.nz/publications/rma/improving-our-resource-management-system-discussion-document.pdf.

process in the Regional Policy Statement (RPS) and City/District Plans through Plan Changes, including Plan Changes to rezone further land for development.

It is assumed that Plan Changes to the RPS and to City/District Plans would occur simultaneously. If the RPS changes occurred first followed by changes to City/District Plans if would delay the rezoning of further land by a number of years. Plan Changes would also require detailed structure planning for infrastructure provision and development contribution funding purposes.

The following timeframes are thought to be reasonable based on the current process for rezoning further land, assuming parallel RMA processes for the City/District Plans and the Regional Policy Statement.

- Complete Settlement Pattern Review — 2 years
- Preparation of Plan Changes (RPS, City/District Plans) — 1 year +
- Notification of Plan Changes, including submissions/further submissions — 1 year
- Appeals — 1 year
- Contingency — 1 year
- **Total** — **6 years**

It should be noted that the Plan Change process can take much longer than this. For example the plan Change to rezone the Wairakei urban growth area for development took approximately 10 years.

Future changes to residential land supply based on current timelines

Based on the current timelines for the Settlement Pattern Review and subsequent Resource Management Act process the current 11 year greenfield land supply is expected to diminish to only 5 years of land supply before further land would be rezoned for residential development.

If additional land supply for approximately 5,000 dwellings was zoned this would achieve the 10 year supply target but would not provide any buffer above this. It may be appropriate to zone more than 10 years of greenfield land supply because 10 years is likely to be a minimum threshold that should be maintained at all times. This would also assist with competition and market choice.

It is anticipated that it would take a further 1 to 2 years to supply the necessary infrastructure to a new growth area that would enable development to actually commence. Given this there may be as little as 3 years land supply available before new supply is available for development to commence.

Future changes to residential land supply based on alternative timelines

It may be possible to make additional greenfield land supply available sooner if the technical work required to prepare plan changes for the next urban growth areas occurred in advance the Settlement Pattern Review. It is estimated that this could reduce timeframes by around 2 years.

In addition, there may be opportunity for efficiencies through developers promoting private plan changes ahead of the outcomes of the Settlement Pattern review to improve greenfield land supply in a shorter timeframe.

Conclusion

1. Based on assessment of the current greenfield land supply in Tauranga City, it is prudent to consider ways of increasing the greenfield land supply more quickly than has been programmed in the Settlement Pattern review project.
2. The cumulative impact of the timeframes for the SmartGrowth Settlement Pattern work and the subsequent Resource Management Act processes indicate that this suggestion should be considered sooner rather than later.
3. The Settlement Pattern Review Project Plan and other growth-related strategic work (such as the SH29 corridor assessment), should be reviewed in terms of outcome delivery as a matter of urgency.
4. While there are a range of urban expansion options for the City in the long-term, TCC staff believe that only 2-3 options make sense in the short-term. These are either in the current SmartGrowth Settlement Pattern or signalled for strategic assessment by the current Strategy.

Greenfield residential land supply calculations

Year (as at 30 June)	Population	Occupied dwellings	Total dwellings	Additional dwellings (cummulative)	Additional greenfield dwellings (cummulative)	Remaining greenfield land supply (additional dwellings)	Years of supply remaining
2013	**117280**	**45878**	**50259**	**n/a**	**n/a**	**10945**	**12**
2014	**118987**						**11**
2015	**120819**						**10**
2016	**122751**						**9**
2017	**124756**						**8**
2018	**126860**	**50085**	**54887**	**4628**	**3757**	**7188**	**7**
2019	**129065**						**6**
2020	**131324**						**5**
2021	**133630**						**4**
2022	**135991**						**3**
2023	**138380**	**55225**	**60541**	**10282**	**8471**	**2474**	**2**
2024	**140773**						**1**
2025	**143162**						**0**
2026	**145525**						**-1**
2027	**147846**						**-2**
2028	**150156**	**61719**	**67684**	**17425**	**14476**	**-3531**	**-3**

Note: The difference between the "additional dwellings" and the "additional greenfield dwellings" columns indicates that 1,880 dwellings are expected to be delivered through infill and intensification development in the period out to 2028. This is consistent with TCC's adopted allocation of growth projections for the upcoming LTP. It does not mean that more than 11 years of greenfield land supply currently exists. Only if more infill/intensification occurred than expected would there be more than 11 years of greenfield land supply at the moment.