

AGENDA

Vision, Planning, Growth & Environment Committee meeting Monday, 11 November 2024

I hereby give notice that a Vision, Planning, Growth & Environment Committee meeting will be held on:

- Date: Monday, 11 November 2024
- Time: 9.30am
- Location: Bay of Plenty Regional Council Chambers Regional House 1 Elizabeth Street Tauranga

Please note that this meeting will be livestreamed and the recording will be publicly available on Tauranga City Council's website: <u>www.tauranga.govt.nz</u>.

Marty Grenfell Chief Executive

Terms of reference – Vision, Planning, Growth and Environment Committee

Common responsibilities and delegations

The following common responsibilities and delegations apply to all standing committees.

Responsibilities of standing committees

- Establish priorities and guidance on programmes relevant to the Role and Scope of the committee.
- Provide guidance to staff on the development of investment options to inform the Long Term Plan and Annual Plans.
- Report to Council on matters of strategic importance.
- Recommend to Council investment priorities and lead Council considerations of relevant strategic and high significance decisions.
- Provide guidance to staff on levels of service relevant to the role and scope of the committee.
- Establish and participate in relevant task forces and working groups.
- Engage in dialogue with strategic partners, such as Smart Growth partners, to ensure alignment of objectives and implementation of agreed actions.
- Confirmation of committee minutes.

Delegations to standing committees

- To make recommendations to Council outside of the delegated responsibility as agreed by Council relevant to the role and scope of the Committee.
- To make all decisions necessary to fulfil the role and scope of the Committee subject to the delegations/limitations imposed.
- To develop and consider, receive submissions on and adopt strategies, policies and plans relevant to the role and scope of the committee, except where these may only be legally adopted by Council.
- To consider, consult on, hear and make determinations on relevant strategies, policies and bylaws (including adoption of drafts), making recommendations to Council on adoption, rescinding and modification, where these must be legally adopted by Council.
- To approve relevant submissions to central government, its agencies and other bodies beyond any specific delegation to any particular committee.
- Engage external parties as required.

Terms of reference – Vision, Planning, Growth & Environment Committee

Membership	
Chairperson	Cr Marten Rozeboom
Deputy chairperson	Cr Glen Crowther
Members	Deputy Mayor Jen Scoular Cr Hautapu Baker Cr Rick Curach Cr Steve Morris Cr Kevin Schuler Cr Mikaere Sydney Cr Rod Taylor <i>Mayor Mahé Drysdale (ex officio)</i>
Non-voting members	(if any)
Quorum	<u>Half</u> of the members present, where the number of members (including vacancies) is <u>even</u> ; and a <u>majority</u> of the members present, where the number of members (including vacancies) is <u>odd.</u>
Meeting frequency	Five weekly

Role

The role of the Vision, Planning, Growth and Environment Committee is:

- To consider strategic issues and opportunities facing the city and develop a pathway for the future.
- To consider Tauranga's strategic responses at a sub-regional, regional, and national level as appropriate.
- To ensure there is sufficient land supply for housing and for commercial and industrial purposes.
- To ensure there is sufficient and appropriate housing supply and choice in existing and new urban areas to meet current and future needs.
- To ensure that Tauranga's urban form and transport system enables, supports and shapes current and future sustainable, vibrant and connected communities.
- To ensure there is a clear and agreed approach to achieve measurable improvement in transport outcomes in the medium to long-term including transport system safety, predictability of travel times, accessibility, travel choice, mode shift and improved environmental outcomes.
- To enable Tauranga's urban centres to thrive and provide a sense of place.
- To ensure that council and partner investments in Tauranga's build environment are economically and environmentally resilient.

• To work with all key partners to enhance, protect and restore (where necessary) the wellbeing of our natural environment and harbour to ensure the people of Tauranga can thrive and enjoy the lifestyle this city provides.

Scope

- Development and ongoing monitoring and update of the Western Bay of Plenty Transport System Plan and associated programmes and network operating plans.
- Development and ongoing monitoring and update of the Future Development Strategy and urban settlement patterns, including structure plans as required.
- Development and oversight of urban centres strategies, neighbourhood plans and masterplans.
- Development and oversight of the Compact City programme in support of higher development densities and the provision of a greater range of housing options.
- Development of City Plan changes and related matters for adoption by Council.
- Contribution to matters related to the SmartGrowth Strategy and input to the SmartGrowth Leadership Group.
- Regular monitoring of strategic growth-related projects and strategic transport projects.
- Development of strategies, policies, plans and programmes for the medium to long term delivery of social, environmental, economic, cultural and resilience outcomes.
- Ensuring that social, environmental, economic and cultural wellbeing's are promoted through all strategic work considered by the Committee.
- Consideration of significant natural hazards risks across the city, as they apply to current and future land-form and built environment.

Power to Act

- To make all decisions necessary to fulfil the role, scope and responsibilities of the Committee subject to the limitations imposed.
- To establish sub-committees, working parties and forums as required.

Power to Recommend

• To Council and/or any standing committee as it deems appropriate.

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- 1 OPENING KARAKIA
- 2 APOLOGIES
- 3 **PUBLIC FORUM**
- 4 ACCEPTANCE OF LATE ITEMS
- 5 CONFIDENTIAL BUSINESS TO BE TRANSFERRED INTO THE OPEN
- 6 CHANGE TO ORDER OF BUSINESS

7 CONFIRMATION OF MINUTES

7.1 Minutes of the Vision, Planning, Growth & Environment Committee meeting held on 14 October 2024

File Number:	A17010896
Author:	Anahera Dinsdale, Acting Team Leader: Governance Services
Authoriser:	Anahera Dinsdale, Acting Team Leader: Governance Services

RECOMMENDATIONS

That the Minutes of the Vision, Planning, Growth & Environment Committee meeting held on 14 October 2024 be confirmed as a true and correct record.

ATTACHMENTS

1. Minutes of the Vision, Planning, Growth & Environment Committee meeting held on 14 October 2024



MINUTES

Vision, Planning, Growth & Environment Committee meeting Monday, 14 October 2024 & Thursday 17 October 2024

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MINUTES OF TAURANGA CITY COUNCIL VISION, PLANNING, GROWTH & ENVIRONMENT COMMITTEE MEETING HELD AT THE BAY OF PLENTY REGIONAL COUNCIL CHAMBERS, REGIONAL HOUSE, 1 ELIZABETH STREET, TAURANGA ON MONDAY, 14 OCTOBER 2024 AT 9.30AM

MEMBERS PRESENT: Cr Marten Rozeboom (Chairperson), Cr Glen Crowther, Cr Hautapu Baker, Cr Rick Curach, Cr Steve Morris, Cr Kevin Schuler, Deputy Mayor Jen Scoular, Cr Rod Taylor, Mayor Mahé Drysdale

ALSO PRESENT:

APOLOGIES:

- **LEAVE OF ABSENCE:** Cr Mikaere Sydney
- IN ATTENDANCE: Marty Grenfell (Chief Executive), Christine Jones (General Manager: Strategy, Growth & Governance), Barbara Dempsey (General Manager: Community Services), Alastair McNeill (General Manager: Corporate Services), Paul Davidson (Chief Financial Officer), Gareth Wallis (General Manager: City Development & Partnerships), Sarah Omundsen (General Manager: Regulatory and Compliance), Nic Johansson (General Manager: Infrastructure), Andy Mead (Manager: City Planning & Growth), Carl Lucca (Team Leader: Structure Planning), Sarah Dove (Principal Strategic Transport Planner), Sam Fellows (Manager: City Partnerships), Dan Smith (Manager: Sustainability & Waste), Claudia Helberg (Team Leader: City Waters Planning), Coral Hair (Manager: Democracy & Governance Services), Anahera Dinsdale (Acting Team Leader: Governance Services), Caroline Irvin (Governance Advisor), Aimee Aranas (Governance Advisor)

EXTERNAL:

1 OPENING KARAKIA

A karakia was provided at the Council meeting held prior to this meeting.

2 APOLOGIES

Nil

3 PUBLIC FORUM

Nil

4 ACCEPTANCE OF LATE ITEMS

Nil

5 CONFIDENTIAL BUSINESS TO BE TRANSFERRED INTO THE OPEN

Nil

6 CHANGE TO ORDER OF BUSINESS

Due to availability of staff, business Item 9.5 would be heard before Item 9.4.

7 CONFIRMATION OF MINUTES

7.1 Minutes of the Vision, Planning, Growth & Environment Committee meeting held on 9 September 2024

COMMITTEE RESOLUTION VPG2/24/1

Moved: Cr Marten Rozeboom Seconded: Cr Rick Curach

That the Minutes of the Vision, Planning, Growth & Environment Committee meeting held on 9 September 2024 be confirmed as a true and correct record.

CARRIED

It was proposed that minutes include an "Actions" register/section that included all the actions captured in the meeting.

A request to hold a workshop to review the minutes with Councillors and Governance Services team this year.

8 DECLARATION OF CONFLICTS OF INTEREST

Nil

9 BUSINESS

9.1 SmartGrowth Implementation and Funding Plan

Staff Christine Jones, General Manager: Strategy, Growth & Governance Andy Mead, Manager: City Planning & Growth Carl Lucca, Team Leader: Structure Planning Claudia Hellberg, Team Leader: City Waters Planning

Key Points

- The SmartGrowth Strategy Update was completed and adopted in June 2024. The next phase was to prepare and adopt an Implementation and Funding Plan. This identified actions that were predominantly across partner councils.
- The Implementation and Funding Plan document was a live document and would be updated regularly.
- The Implementation and Funding Plan document was based on the SmartGrowth Strategy that was adopted by Council. This was based on achieving and managing the growth that was identified over 30 years.
- It was noted that some actions were going to be difficult to achieve.
- There was uncertainty around whether the Upper Belk Road Catchment would be progressed through Kainga Ora or local authorities.

- It was noted there was significant budget implications and this would be a matter that would progress through Long Term Plan processes.
- There was a need for additional operating budget for potential wastewater infrastructure and an additional wastewater treatment plant.

In response to questions

- Cameron Road Stage Two was included in the key actions for the Central Corridor for SmartGrowth. In terms of Appendix 3, it was currently in red as there was no funding available.
- Statistics NZ produced 30 year growth projections. After the 2018 census there would be new population projections produced by Statistics NZ which TCC would look at for planning. TCC currently sat between medium but would be required to use higher projections.
- It was noted that TCC tracked the actuals against the progress and had been tracking since 2004.
- SmartGrowth had some powers to make decisions however substantive and funding decisions were made through partner councils. SmartGrowth was a partnership and generally worked together to achieve what was needed.
- TCC's current household occupancy was at 2.5, which was lower than other cities in New Zealand. It was anticipated that the number of people per dwelling would lower due to demographic changes.
- There was not sufficient infrastructure currently for Te Tumu to go ahead on a large scale development.
- There were pro's and con's to the Government Policy Statement to enable development of the city. Though this was made possible at the cost of the developer, it can be difficult for Council in terms of debt to ratio restraints.
- In response to a query, it was noted that infrastructure planning for significant upgrades can take up to 15 years. The 30 Yearl Infrastructure Strategy included funding required over \$100m.
- The detailed business case for Connecting Mount Maunganui was not supported by NZTA. Staff currently were not certain of the future for this project but were working alongside NZTA.

Discussion points raised

• One of the challenges Council was facing was not being in a position to fund the projects in the SmartGrowth Strategy.

Request from Councillors

• A link to the website to be sent to Councillors for the development trends of population projections report.

COMMITTEE RESOLUTION VPG2/24/2

Moved: Mayor Mahé Drysdale Seconded: Cr Glen Crowther

That the Vision, Planning, Growth & Environment Committee:

- (a) Receives the report "SmartGrowth Implementation and Funding Plan".
- (b) Endorses the SmartGrowth Implementation and Funding Plan (including the 'Key Actions') for approval by the SmartGrowth Leadership Group on 15 October 2024.
- (c) Notes the funding constraints and other issues identified within this report, for ongoing consideration as part of future Council processes and decision making.

9.2 Waste Infrastructure Programme Business Case development

Staff Nic Johansson, General Manager: Infrastructure Dan Smith, Manager: Sustainability & Waste Sam Fellows, Manager: City Partnerships

Key Points

- Staff were working on options for TCC's aging waste infrastructure. It was important to increase the diversion rates as Council was currently sitting at 30%. It was noted that the cost of waste was increasing.
- A further option which would be finalised in the Business Case would be presented to Council in December 2024. This sought approval to work with EnviroNZ or a private sector to reach an investment level needed.
- It was noted this was a change of approach given the direction provided by Central Government which suggested Council look at public/private partnerships. This would be clear in terms of the waste minimisation funding applications and emission reducing plan which was recently consulted on.
- The Chair noted that this was an exploratory process for development of a strategy to be included in the Business Case. The decision to be made at this meeting was to indicate whether staff could continue on the options and a fuller report would go to Council in December 2024.

In response to questions

- Clarification was sought for paragraph 6 and it was confirmed that it should read "land purchases."
- The possibility to incinerate the landfill could be an option through the business case preparation. There were currently different views in the sector about whether this should be considered and other cityies engaged in public consultation on this matter.
- The business case was an internal process but there were external consultants assisting.
- As an existing contractor, EnviroNZ was a part of a development agreement for Te Maunga Wastewater Treatment Plant and it was agreed by the parties that the contract would go on hold while Council explored other options.
- Decision to depart from private contracting had significant savings for users.
- A subregional waste infrastructure analysis was developed which highlighted the need for more transfer stations with easy access for public, in particular an organic processing facility which Council was supposed to provide land for and EnviroNZ would provide the facilities.
- Revenue received was by kerbside glass recycling. It was noted that anything diverted from land fill could be repurposed or reused. Currently, once waste was picked up from kerbside, it was no longer owned by Council. A joint venture would provide Council with an opportunity to gain revenue from the diverted waste. Currently all of what was diverted to EnviroNZ was on sold. Council did not receive any of what was sold, EnviroNZ do.
- Staff provided an outline to the contracts and leases held with Council for the waste management activity.
- The disposal contract had a level of on-going relationships but primarily, the contractor who held the disposal contract was where the waste went. Council paid a per tonne charge for waste.
- Concern was raised that the Waste Infrastructure document did not include all of the aims and specifically accessibility. Staff noted there were discussions and it was covered in the "Strategic alignment."
- It was noted that there was a programme in place that worked to reduce the tonnage of waste that goes to land fill.
- It was nationally required that there was a standardised kerbside collection. It was noted that Council had improved the kerbside waste collection since the beginning of the programme.
- Staff noted that there had been no advances to any of the transfer stations since they were

installed. Technology enhancements and costings were being included in the business case.

 It was confirmed that there had been a significant increase in the waste levy which resulted in illegal dumping. Staff were working closely with charity shops who had advised that they were receiving increased waste dumped outside of their shops.

Discussion points raised

- It was noted that it was critical for Council not to lock into contracts that did not benefit Council long term.
- In response to a query whether there was concern about there being one contractor providing all the services as opposed to engaging other contractors, it was noted that EnviroNZ had been tendered for all the different contracts and had happened to be the best contractor for each one. There was an 18 year contract with EnviroNZ to which Council was locked in.
- It was noted that the current investment was to upgrade the Te Maunga waste site which had not been upgrade since 1995. There was an on-going relationship with the local hapu, Nga Potiki.

Request from Councillors

- To provide costings of the development of the Business Case. Including costs for external consultants.
- To provide the projections of waste contractor cost and actuals.
- To provide the subregional waste infrastructure analysis.

COMMITTEE RESOLUTION VPG2/24/3

Moved: Cr Marten Rozeboom Seconded: Cr Rod Taylor

That the Vision, Planning, Growth & Environment Committee:

- (a) Receives the "Waste Infrastructure Programme Business Case development" report.
- (b) Notes that the development of a Business Case for the Waste Infrastructure Programme will consider all options, including exploring a PPP/JV and other options, will be presented to Council on the 9th December 2024.
- (c) Approves staff to enter non-binding discussions with EnviroNZ to explore a partnership (PPP/JV), ensuring transparency and accountability throughout the process.

CARRIED

The meeting adjourned at 11:12am. The meeting convened at 11:24am.

9.3 Takitimu North Link Toll Proposal Submission

StaffChristine Jones, General Manager: Strategy, Growth & Governance
Sarah Dove, Principal Strategic Transport Planner

Key Points

- The Chair noted that there had been an updated submission that was circulated to the Councillors and also an Official Information Request from TCC to New Zealand Transport Agency (NZTA).
- Staff sought some informal feedback from elected members for the submission due to the short timeframe.

- The additional information sought from NZTA were traffic volumes, diversion through Bethlehem as a result of the toll, maintenance cost and toll revenue.
- Council staff were open to tolling, particularly where infrastructure investment was enabled to come forward.
- Staff recognised the challenges of infrastructure funding and the importance of tolling.
- There were concerns noted in the proposal about tolling and how many tolls there already were in Tauranga versus the rest of Aotearoa. The maintenance costs were low at \$100k per year versus the projected revenue received from tolling estimated by NZTA which begins at \$12m when the road opens and increased to \$20m by 2050. The net revenue would pay for the construction of Takitimu North Link (TNL) Stage two.
- Concern was expressed around whether TNL Stage two would be delivered with the reprioritisation of transport projects after the three year Central Government elections as the TNL was not funding for construction under the current National Land Transport Programme.
- Concern was expressed around the proposed level of tolling and staff highlighted the peak hour charge almost being double. The assessment completed by NZTA estimated that this charge would divert vehicles back on to the existing highway and this would effectively continue to operate as it was. This could then create additional maintenance on the road, which NZTA had indicated they were going to give back to TCC.
- The submission stated that TCC would not be in favour of the road being given back to TCC based on the tolling proposal.
- Staff noted that they would like more engagement with NZTA and further analysis to occur with an aim to determine whether a lower toll would be more favourable in terms of a broader network operation.
- The submission also included an item for further discussion with NZTA around capping of tolling prices. Staff believed this would help keep heavy vehicles on the TNL and not the existing highway.
- It was noted that the logic behind higher toll prices for peak hour was to encourage use of public transport. Due to the limited public transport for the area, this was not viable. Public transport shifts was not proposed for this area as part of the package at this point.

In response to questions

- Staff was provided with a substantial report by NZTA that wasn't available during consultation
 and understood it was based on modelling concepts which was sufficient to how council would
 approach a project like this. It was noted that staff hadn't had sufficient time to go into the detail
 of the substantial report with the modellers but would like to do this.
- It was noted that the lower toll was prefered but there was no confirmed number for the lower toll.
- In response to a query whether there was any tolling consultation throughout Aotearoa, staff
 noted that the Minister of Transport and NZTA were keen on tolling especially new projects
 where available. The only tolling consultation underway that staff were aware of was on a new
 highway connection between Manawatu and Hawkes Bay and results stated that the
 community were strongly opposed. It was also noted that the current model of funding transport
 was unsustainable with the changing environment with the addition of more sustainable
 vehicles.
- The position of Council was to progress all types of funding and staff were pushing at all levels about the lack of transport funding. In section 3 of the submission, it stated that there were broader discussions on road pricing underway, particularly in metro areas.
- NZTA was reluctant to have two parallel highways adjacent to each other, hence the level of toll and the early indications to return State Highway 2 back to Council.
- In response to a question raised on whether NZTA would revoke Bethlehem through to 15 Ave, staff noted that it would be unusual for NZTA to own a small section of state highway between local roads and the road fed both local roads and the state highway.
- Staff noted that the information provided eluded to nothing in regards to any managed lanes or bus lanes however the GPS signalled towards a four lane highway.
- Council would need evidence of origin and destination in order to start a rotation of toll roads so

essentially only having two toll roads operating per day. Staff also noted that the technology used for toll roads may not be able to perform this function but this could be included in the submission.

Discussion points raised

- Councillor Morris raised a point around the double standard applied to Tauranga around road tolls and provided examples of new highways across the country that had not incurred tolls.
- Support was expressed for the submission and that any money collected in Tauranga needed to be invested back into Tauranga.
- Thanked staff for the work on the submission.
- It was requested that the submission include a statement that the Government was not supporting its own strategy around connected centres.

Request from Councillors

• The Smartlink webpage link be provided to Councillors

An amendment was proposed to be added to the motion

(c) Includes in the submission a statement about the Government's strategy on Connected Centres

As Mover, Cr Morris accepted the wording changes proposed in the amendment

As Seconder, Mayor Drysdale did not support the amendment and noted the submission was for tolls.

The amendment was not included in the original motion.

COMMITTEE RESOLUTION VPG2/24/4

Moved: Cr Steve Morris Seconded: Mayor Mahé Drysdale

That the Vision, Planning, Growth & Environment Committee:

- (a) Receives the report "Takitimu North Link Toll Proposal Submission"
- (b) Approves the Takitimu North Link Tolling submission as tabled at the meeting.

CARRIED

Attachments

1 Tabled - Tauriko North Link Toll Proposal submission to NZTA - updated at Vision, Planning, Growth & Environment committee 2024-10-14

The meeting adjourned for lunch at 12:10pm. The meeting reconvened at 12:45pm.

9.5 City Plan Work Programme Overview - Workshop Session

StaffChristine Jones, General Manager: Strategy, Growth & Governance
Andy Mead, Manager: City Planning & Growth
Carl Lucca, Team Leader: Structure Planning
Janine Speedy, Team Leader: City Planning

Refer to the Powerpoint Presentation.

Key Points

- Staff provided an overview of Council's current City Plan work programme, Commercial Centres Strategy, Plan Change 38, and Mount Industrial Area.
- The Tauranga City Plan was the overall rule book for development, building and undertaking various land uses across the city and meet the functions set out in the Resource Management Act.
- Council was required to have a District Plan which staff monitor and review over time.
- To update the City Plan, Council could undertake a full review or in part by doing Plan Changes. Directions to update the plans could come from Central Government like the recent medium density which Council undertook in 2023 for Plan Change 33.
- Council had not progressed with a full plan review and instead wrote to the Minister of Environment and let him know TCC would focus on priority plan changes and because TCC's plan for review of the City Plan aligned with the Government's focus. It was noted that technically, TCC had an issue with non-compliance.

Plan Change 27

- There were currently two appeals before the Environment Court for Plan Change 27 Flooding from intense rainfall. The concerns of the two appellants was mainly around the rain fall data. Council had completed a lot of work over the past two years to test the rain fall data was relevant and accurate. The experts now agreed on the rain fall data.
- Staff had undertaken informal mediation with planners around the provision and rules framework and agreed to minor work changes but the overall plan has remained the same.
- Staff noted they were working through some minor issues with appellants and noted this was taking some time. Staff would provide an update on these appeals once available.
- Staff noted this was notified in November 2020. The Council decisions on Plan Change 27 were released in 2022.

Variation 1 – Tauriko West Urban Growth Area

• The hearing was scheduled for 4 – 6 December 2024 and staff were currently preparing the planners report for this hearing.

Plan Change 34 - Upper Belk Road & Plan Change 35 - Tauriko Business Estate Stage 4

 Staff noted Council had recently made a decision to accept the recommendations of the hearings panel and no appeals had been received at this point with appeals closing in two weeks.

Plan Change 39 - Upper Ohauiti

- A hearing was scheduled for November 2024.
- Key issues were the traffic effects.

Plan Change 31 – Te Tumu Urban Growth Area

- Staff noted they had been working on this plan change for many years. This was interdependent on other issues, particularly access through TK14. A report would be presented before the end of 2024.
- These issues would need to be resolved before the Plan Change could be notified and staff anticipated notification to happen early 2026.

Plan Change 36 – Kennan Road Urban Growth Area

- Staff noted this was a large scale greenfield rezoning process and were currently in early structure planning phase.
- A further workshop would be held focusing on this plan change before further consultation with the community.

Key Points continued

- The upcoming implementation of Central Government's "Going for Growth" plan which was waiting on changes to the RMA and MPS development. Potential for Plan Change 34 and 36 to be dragged into this plan with possible changes to intensification.
- TCC did not currently have a Commercial Centres Strategy and this was part of the SmartGrowth Funding and Implementation Plan as a key action.
- It was noted that staff would work closely with Western Bay of Plenty District Council on this process as they also did not have a Commercial Centres Strategy.
- The Strategy was a forward looking view of the commercial centres and to provide the strategic direction for the next 30-50 years.
- The focus of this strategy was to provide a clear direction of the main centres in the subregion.
- Staff noted the project planning was currently underway and would be largely delivered internally between the two councils. The estimated \$150,000 was for external costs.
- Council looked to go through the special consultative process under the Local Government Act as this was believed to give more weight as part of the RMA process.

Plan Change 38 – Business Land Framework

- Business Land Framework included all business zoned land.
- There was a lack of strategic direction for a commercial hierachy to support smalller scale centres across the city and staff were seeing a conflict of land users.
- Staff worked to align the City Plan with the National Planning Standard commercial and industrial zones and saw this as an opportunity to address potential gaps in the exisiting Tauranga City Plan.
- There was currently \$900,000 opex budget set aside for technical reports, legal review and hearings cost. This does not include Environment Court appeal costs.
- Engagement for the plan change had commenced with land owners, local iwi and hapu and early 2025 was scheduled for wider community engagement.

Mount Industrial Planning Study

- This planning study started in 2022 and was comepleted in 2024. This included the area from Mount North through to Arataki and included the Mount Industrial area.
- This was a vision for 30 years and 10 year action plan.
- Staff spoke to the key issues identified and these included air quality, climate change impacts and the importance of the area to mana whenua.
- TCC roles were to manage the land use zoning and consenting of land use activities.
- Businesses who had existing user rights retained these rights under the RMA which was different from discharge to air, land and water where consents were limited.
- Staff spoke to the next steps and progressing these as per the presentation included in the agenda.

In response to questions

- The cost provided only included the external costs and were based on the scoping work completed in 2020.
- Development contributions could only effectively recover the capital costs and not the early planning work.
- Private plan change costs were recoverable from the applicant.
- There were instances where Council had shared costs up to 50% in partnership with the large land owners and developers.
- It was noted that the previous Council made a decision to share the cost for the Tauriko Business Estate Private Plan Change.
- There was provision for small scale commercial activities in Plan Change 39.

Attachments

1 Attachment for Item 9.5 - City Plan Work Programme Overview The meeting adjourned at 5pm on Monday 14 October 2024.

The meeting reconvened on Thursday 17 October 2024 at 8am at Ground floor meeting rooms, 306 Cameron Road, Tauranga

- **MEMBERS PRESENT:** Cr Marten Rozeboom (Chairperson), Cr Glen Crowther, Cr Rick Curach, Cr Steve Morris, Cr Kevin Schuler, Deputy Mayor Jen Scoular, Cr Rod Taylor, Mayor Mahé Drysdale.
- APOLOGIES: Cr Hautapu Baker (lateness)
- **LEAVE OF ABSENCE:** Cr Mikaere Sydney
- IN ATTENDANCE: Christine Jones (General Manager: Strategy, Growth & Governance), Paul Davidson (Chief Financial Officer), Andy Mead (Manager: City Planning & Growth), Carl Lucca (Team Leader: Structure Planning), Ben Corbett (Team Leader: Growth Funding), Frazer Smith (Manager: Strategic Finance & Growth), Kathryn Sharplin (Manager: Finance), Coral Hair (Manager: Democracy & Governance Services), Anahera Dinsdale (Acting Team Leader: Governance Services), Caroline Irvin (Governance Advisor)

EXTERNAL: None

9.4 Growth Funding and Growth Capex Workshop Session

StaffChristine Jones, General Manager: Strategy, Growth & Governance
Andy Mead, Manager: City Planning & Growth

Powerpoint Presentation included in the open agenda.

Key Points

- Staff spoke to the presentation.
- The underlying principle had always been growth pays for growth.
- Funding refers to who pays for the infrastructure, tax payers, rate payers, and people who use it and pay fees or tolls. Financing was debt.
- Central Government gave 10 years interest free debt for projects which fell under the housing infrastructure fund (HIF). It was noted that this had been a one-off opportunity.
- The funding stack for Tauriko West included partners from NZTA (\$86.9m), IFF (\$10.9m), Infrastructure Acceleration Fund (\$80.0m), Developers (\$60.8m) and the Tauriko Business estate (TBE) Development Contributions (DCs) (\$19.4m) totalled at \$258m. The TBE Development Contributions sat on the balance sheet. There were milestones and conditions that needed to be met and staff noted that under the current pathway, there was no reason why these conditions wouldn't be met.
- The total growth capex in the Long Term Plan (LTP) was approximately \$800m. The total nongrowth capex was \$4.1b. The projected development contributions (DCs) revenue was \$356m. There were Council projects that were not included in the final LTP.
- It was noted that historically TCC's DCs were relatively high but not as high as Auckland and Hamilton. TCC was unable to use traditional DC funding approach in areas like Tauriko West due to lack of debt capacity, if TCC did, we would be at a closer level to Hamilton City Council.
- DC's cannot be used for operational costs, renewals or improvements. Council's DC's were tailored to demand by having different charges for different types of development.

- Water reforms were a key consideration when TCC considered whether Council retains the current DC charge approach or moves toward more charging at resource consent stage.
- It was difficult to determine whether land developers had the financial capacity to pay the additional DC charge.
- Council undertook our own feasibility work which suggested significant greenfield areas were currently finely balanced.
- TCC was the only Council able to estimate its DC backlog.
- Council was reducing risk of under-collection by moving from DC's to Developer Agreements.
- Staff noted there was currently an under collection of \$76m to date with approximately half transferred to debt. This was subject to an assessment of charges to growth consumptions. The current approach for under collection was to transfer major balances to rates funded debt over 10 years.

The meeting adjourned at 10:01am. The meeting reconvened at 10:07am.

• There were two categories to opex, planning budgets for growth infrastructure and opex costs associated with growth.

In response to questions

- The HIF was still on the balance sheet. The IFF was not off-balance sheet.
- All assets that make up the additional debt were required because of Papamoa and Wairakei. If Council did not deliver, the process would be constrained. This predominantly related to the wastewater network.
- In response to a question, staff confirmed that the growth related opex was included in Council rates.
- Council worked on an overall approach to infrastructure, it was the small community existing network that was deemed harder to determine whether it was capable if handling growth.

Request from Councillors

• To provide the on-balance sheet from the Tauriko West funding stack.

Mayor Drysdale left at 9:59am

Request from Councillors:

- Request from Cr Scoular on slide 8 Tauriko West funding stack
- Latest version of LTP debt slide 10.
- Report back on charging of DC's
- Growth related opex

10 DISCUSSION OF LATE ITEMS

Nil

11 CLOSING KARAKIA

No closing karakia was provided.

The meeting closed at 10:20am.

The minutes of this meeting were confirmed as a true and correct record at the Vision, Planning, Growth & Environment Committee meeting held on 11 November 2024.

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Cr Marten Rozeboom CHAIRPERSON

8 DECLARATION OF CONFLICTS OF INTEREST

9 BUSINESS

9.1	Refresh of SmartGrowth Strategy Stocktake: TCC Projects
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File Number:	A16480061
Author:	Andy Mead, Manager: City Planning & Growth
Authoriser:	Christine Jones, General Manager: Strategy, Growth & Governance

PURPOSE OF THE REPORT

1. To report the external review from Penny Pirrit Consulting of TCC's growth management challenges.

RECOMMENDATIONS

That the Vision, Planning, Growth & Environment Committee:

- (a) Receives the report "Refresh of SmartGrowth Strategy Stocktake: TCC Projects".
- (b) Agrees that further engagement on the review report and its findings is undertaken through the SmartGrowth Partnership and with the property development sector, with subsequent reporting back through this Committee.

EXECUTIVE SUMMARY

- 2. The new Council has sought to better understand the causes and potential solutions to the growth challenges facing the City. To assist, Penny Perrit Consulting were commissioned to provide an external viewpoint, including an update on similar work undertaken in 2021.
- 3. Penny's overall conclusion is that TCC has been proactive in attempting to address our growth management issues but face a difficult set of challenges including topographical / physical constraints, government policy changes, uncertainty around critical government investment and infrastructure funding barriers.
- 4. Penny notes some areas of improvement in relation to:
 - (a) Consenting functions both within TCC and BOPRC.
 - (b) Focusing SmartGrowth more deliberately on implementation.
- 5. She also recommends that we should remain actively involved in advocacy with Central Government on its substantial reform programme affecting planning, funding and growth management, with a Regional Deal being a significant opportunity.

BACKGROUND

- 6. Tauranga City faces significant growth pressures, development capacity constraints, high house prices and infrastructure and funding challenges.
- 7. These issues have emerged over many years, have a range of sources and have proven difficult to resolve.
- 8. The issues were the subject of the 2021 SmartGrowth Stocktake Review led by Tuhura Consulting (Dean Kimpton) with input from other external parties, including Penny Pirrit. The following link will take you to that report <u>SmartGrowth Stocktake Report July 2021</u>.

- 9. TCC's recently elected Council have rightly asked to better understand the City's growth challenges, including the reasons that have led up to where we are, the actions we are undertaking to address the issues and whether there is more that could be done.
- 10. To assist with this request, Penny Pirrit was appointed to provide an external view on these matters and an update of the previous 2021 assessment in respect of TCC projects. Penny is currently a planning consultant and previously has held a range of planning and growth-related Director and General Manager roles with Auckland Council and Auckland City Council.
- 11. Penny's report is attached to this report, and she will speak to this at the meeting. Her work involved reviewing a range of background material provided by TCC as well as interviewing several parties (eg. TCC staff, government officials and developers).
- 12. Her overall conclusion is that TCC has been proactive in attempting to address our growth management issues but face a difficult set of challenges including topographical / physical constraints, government policy changes, uncertainty around critical government investment and infrastructure funding barriers.
- 13. The report notes that the Matapihi peninsular is well located to accommodate urban growth, but this would need to be led by the local Māori community who to date have not be in favour. Also revisiting the housing options for the racecourse or the current Tauranga Hospital site (if the hospital moves) should be explored.
- 14. In terms of opportunities for improvement Penny concludes that:
 - (a) Consenting functions both within TCC and BOPRC could be improved.
 - (b) SmartGrowth and each SmartGrowth Partner needs to clearly move their focus to implementation of the SmartGrowth Strategy and drive this into the culture of their business.
 - (c) We should remain actively involved in advocacy with Central Government on its substantial reform programme affecting planning, funding and growth management, with a Regional Deal being a significant opportunity.
- 15. We suggest the next step would involve discussions with the wider SmartGrowth Partnership and the development sector.

STATUTORY CONTEXT

16. Council has a range of statutory functions around managing growth under the Resource Management Act, Local Government Act and other legislation and regulations.

STRATEGIC ALIGNMENT

17. This contributes to the promotion or achievement of the following strategic community outcome(s):

	Contributes
We are an inclusive city	
We value, protect and enhance the environment	
We are a well-planned city	\checkmark
We can move around our city easily	\checkmark
We are a city that supports business and education	

OPTIONS ANALYSIS

18. There are no options associated with this report.

FINANCIAL CONSIDERATIONS

19. There are no financial considerations associated with this report.

LEGAL IMPLICATIONS / RISKS

- 20. There are no legal implications associated with this report.
- 21. There are a number of risks as to why effectively managing growth will remain an ongoing challenge.

TE AO MÃORI APPROACH

22. Tangata Whenua are formally part of the SmartGrowth Partnership, and we work directly with the relevant iwi, hapu and Māori Land Trusts on planning and urban growth projects.

CLIMATE IMPACT

23. Climate effects including projections of sea level rise and more flooding cause by intense rainfall are on of the challenges that TCC faces in effectively managing growth.

CONSULTATION / ENGAGEMENT

24. Penny Pirrit's report has involved engagement with a number of internal and external parties. The detail of which is set out in the report itself (attached).

SIGNIFICANCE

- 25. The Local Government Act 2002 requires an assessment of the significance of matters, issues, proposals and decisions in this report against Council's Significance and Engagement Policy. Council acknowledges that in some instances a matter, issue, proposal or decision may have a high degree of importance to individuals, groups, or agencies affected by the report.
- 26. In making this assessment, consideration has been given to the likely impact, and likely consequences for:
 - (a) the current and future social, economic, environmental, or cultural well-being of the district or region
 - (b) any persons who are likely to be particularly affected by, or interested in, the issue.
 - (c) the capacity of the local authority to perform its role, and the financial and other costs of doing so.
- 27. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the issue of effectively managing the City's growth is of high significance but the decisions are of low significance.

ENGAGEMENT

28. Taking into consideration the above assessment, that the decision is of low significance, officers are of the opinion that no further engagement is required prior to Council making a decision. Further engagement, especially through the SmartGrowth Partnership and the development sector would be a sensible next step.

NEXT STEPS

29. That discussion of the report and its findings are had through SmartGrowth structures and with the property development sector with subsequent reporting through the Vision, Planning, Growth & Environment Committee.

ATTACHMENTS

1. Report Review of TCC progress towards addressing the shortfall in land and housing supply - Penny Pirrit - A16873981 J

Review of Tauranga City Council's progress towards addressing the shortfall in land and housing supply.

Penny Pirrit Penny Pirrit Consulting 15 October 2024

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1

Review of Tauranga City Council's progress towards addressing the shortfall in land and housing supply.

1.0 Executive Summary

The review finds that Tauranga City Council (the Council) has been proactively working to implement its statutory responsibilities in increasing land and housing supply within Tauranga district. This view is supported by many of the participants interviewed during this review who felt that the Council is pro-growth and has been using all the levers available to it to enable land and housing supply.

Even so there is a projected shortfall of around 6,600-7,600 dwellings by 2054 within the Tauranga district under the National Policy Statement-Urban Development requirement that Tier 1 local authorities provide 30 years' worth of development capacity that is 'feasible and reasonably expected to be realised''.

The review identifies several barriers which exist to:

- identifying additional areas for growth with the district (including physical and district boundary constraints as well as inconsistent/competing RMA national policy directions) and to
- releasing already identified growth areas for additional dwellings (including the lack of certainty over the funding and delivery of central government infrastructure, complex land ownership issues, and the limited financing and funding tools available to local government).

Physical barriers are either insurmountable (the coast/sea) or may be removed when technical solutions become feasible. The responsibility for removing other barriers sits with several parties, including local and central government.

Due to physical constraints and/or complicated Māori land ownership issues, further expansion onto the small amount of non-urban land left within the Tauranga district is unlikely to occur in the short-medium term, if ever. This leaves intensification of Tauranga's existing urban area as the only option for increasing housing supply within its district boundaries.

The Council has rezoned much of its existing urban area in accordance with the National Policy Statement-Urban Development requirements to apply the Medium Density Residential Standards in all residential zones and to increase heights within and around the city centre, main centres, and main public transport routes. While this rezoning enables denser dwelling typologies, it cannot force development to happen. That will only occur when a landowner

decides to develop or sell their land to developers, and the feasibility of the development stacks up against construction costs.

Intensification of existing urban areas takes time to gather momentum. Denser dwelling typologies, townhouses and terrace houses in particular, are being built within Tauranga's existing urban areas. However, interviews with developers and Kainga Ora found that several factors, the majority outside of the Council's control, are making any development over 3 storeys (i.e., apartments) costly and/or unfeasible.

While new opportunities which enable more dwellings to be built within Tauranga's district are limited, there does exist opportunities for the Council to remove some of the current barriers. These are set out in detail in the report. Priority opportunities include:

- The Council progressing improvements to ensure timely and consistent processing of consents and approvals for development in growth areas.
- The Council seeking a stronger commitment from its SmartGrowth partners to the implementation of the SmartGrowth Strategy 2024-2074 outcomes. Instigated in 2000 SmartGrowth is an example of local government and tangata whenua working together to address housing and employment growth within the fast-growing Western Bay of Plenty sub-region. As with any longstanding organisation it is at a point where a refocus is underway. The review identifies some options that SmartGrowth may like to consider as part of that refocus including looking for additional growth areas, either greenfield or in other towns and villages, outside of Tauranga's district boundaries, and identifying how to avoid SmartGrowth partners being at odds with each other during plan change and resource consent processes.
- The Council encouraging SmartGrowth to use the current RMA reform process to advocate for better integration of national policy direction, refinement of land and housing supply definitions and processes, and better recognition of central government's responsibilities and functions.
- The Council strongly encouraging the SmartGrowth partnership to actively advocate that the Western Bay of Plenty sub-region is one of the five regions invited to provide a proposal for central government's recently announced Regional Deal framework. The proposal should aim to achieve a long-term commitment from central government to the funding and delivery of growth-related infrastructure in the sub-region.

This would resolve what currently appears to be limited understanding by central government ministries and departments of the impact their current disjointed approach has on land and housing supply, evidenced by changing policy directions which lead to constraints placed on developable land, or key infrastructure, required to release land for dwellings in the sub-region, being changed, delayed or stopped. Rather than focussing on 'consequences' if there are shortfalls in the projected dwelling numbers, central government should be working together with Tier 1 local authorities. A Regional Deal is the ideal vehicle to promote such a positive partnership.

2.0 Purpose of Review

The purpose of the review is to:

- investigate whether Tauranga City Council is taking appropriate action to address land and housing supply shortages within its district, and
- identify barriers that exist to addressing land and housing supply shortages, and indicate which barriers the Council itself can address and which require addressing by others, and
- identify any other actions, not currently pursued that potentially could lead to increased land or housing supply.

3.0 Drivers for the Review

Ongoing population growth

Tauranga in recent decades has seen a rapid and ongoing increase in its population. It is the fastest growing city and the fifth largest city in New Zealand. The population is expected to grow by approximately 67,000 more people over the next 40 years requiring 30,000-34,000¹ more dwellings to be built.

Central Government national directions on housing

Providing for 30 years development capacity

The National Policy Statement on Urban Development (NPS-UD) identifies Tauranga City Council (along with Bay of Plenty Regional Council and Western Bay of Plenty District Council) as a Tier 1 Local Authority. Tier 1 local authorities must:

- assess the demand for housing and business land in their urban areas and the development capacity required to meet that demand (a Housing and Business Assessment).
- must prepare a Future Development Strategy (FDS) which identifies where development will occur over the next 30 years and what infrastructure will be needed to support it.

The Future Development Strategy must:

- provide at least sufficient development capacity in its region or district to meet the demand for housing in the short term (next 3 years), medium term (3-10 years) and long term (10-30 years).
- provide the development capacity in both existing (brownfield) and new(greenfield) urban areas and provide for both standalone and attached dwellings.
- provide development capacity that is plan enabled (appropriate urban zoning in place), infrastructure ready (infrastructure required to support the development

¹ Smart Growth Strategy 2024-3074

exists for short term; exists or is funded for medium term, is identified within the council's LTP infrastructure strategy for the long term) and,

- ensure the development capacity is feasible and reasonably expected to be realised, and
- demonstrate how the expected demand will be met plus the appropriate competitiveness margin (short term 20%, medium term 20%, long term 15%).

Under the NPS-UD If a local authority determines that there is insufficient development capacity over the short term, medium term, or long term, it must:

- immediately notify the Minister for the Environment; and
- if the insufficiency is wholly or partly a result of RMA planning documents, change those documents to increase development capacity for housing or business land (as applicable) as soon as practicable, and update any other relevant plan or strategy (including any FDS, as required by subpart 4); and
- consider other options for:
 - o increasing development capacity; and
 - o otherwise enabling development.²

Providing for medium density housing

Sections 77G-77T (Intensification Requirements in Residential zones) and Schedule 3A (MDRS to be incorporated by specified territorial authorities) of the Resource Management Act 1991 require Tier 1 territorial authorities (i.e., city and district councils, not regional councils) to apply the Medium Density Residential Standards (MDRS) of the NPS-UD to all relevant residential zones within their districts. The MDRS stipulate that 3 units per site are to be permitted and that the height of those units can be up to 3 storeys.

Tier 1 territorial councils are also required to meet Policy 3 of the NPS-UD which requires increased heights for development if located within a city centre or metropolitan centre, or within walking distance of an existing or planned rapid transit stop or the edge of a city centre or metropolitan centre.

SmartGrowth

SmartGrowth, is an initiative of the three local authorities in the Western Bay of Plenty subregion who agreed to work together in 2000 to develop a strategic vision and direction for growth and development in the Western Bay of Plenty. Initially the leadership of SmartGrowth included the three councils plus tangata whenua, with central government representation joining in 2020. During its 20 plus years in operation SmartGrowth has published several growth strategies, informed by research, engagement with the community and integrated spatial planning, which identify how best to provide for growth in housing and business in the Western Bay of Plenty.

SmartGrowth also undertakes an integrated sub-region wide Housing and Business Assessment and develops the Future Development Strategy required by the NPS-UD of all Tier 1 local authorities.

SmartGrowth Strategy 2024-2074 indicates that between 37,000- 43,000 new dwellings need to be built over the next 30 years within the sub-region to meet projected demand.

² Clause 3.7 National Policy Statement Urban Development 2020

There is a potential shortfall of around 7,180 dwellings between what is planned for in the FDS and the projected demand.³

	SHORT TERM (2022-2025)	MEDIUM TERM (2025-2032)	LONG TERM (2032-2052)	TOTAL
Housing Demand	4,630	11,490	20,570	36,690
Housing Demand incl margin	5,550	13,780	23,660	42,990
Housing Supply	SHORT TERM (2022-2025)	MEDIUM TERM (2025-2032)	LONG TERM (2032-2052)	TOTAL
Infill/ Intensification	700	3,000	8,760	12,460
Rural, Lifestyle, Small Settlement	240	230	30	500
Greenfield Urban Growth Area	3,210	7,780	11,860	22,850
TOTAL	4,150	11,010	20,650	35,810
	SHORT TERM (2022-2025)	MEDIUM TERM (2025-2032)	LONG TERM (2032-2052)	TOTAL
Supply-Demand	-480	-480	90	-870
Supply-Demand incl. Margin	-1,400	-2,780	-3,000	-7,180

Table 1 source: SmartGrowth Strategy 2024-2074

The SmartGrowth Strategy outlines the existing shortfall in housing across the region and the cumulative impact of the existing housing shortfall over the next 30 years. For the Tauranga City district, the cumulative shortfall is projected to be around 6,600-7,600 dwellings by 2054.

Existing Housing Shortfall – Tauranga City	HOUSING SHORTAGE / SURPLUS WITHIN EACH PERIOD	CUMULATIVE HOUSING SHORTAGE
Existing	-4,950 to -5,950	-4,950 to -5,950
Dwellings Short Term (2024-2027)	-1,150	-6,100 to -7,100
Dwellings Medium Term (2027-2034)	-1,800	-7,900 to -8,900
Dwellings Long Term (2034-2054)	1,300	-6,600 to -7,600
Total (2024-2054)	-6,600 to -7,600	

Table 2 source: SmartGrowth Strategy 2024-2074

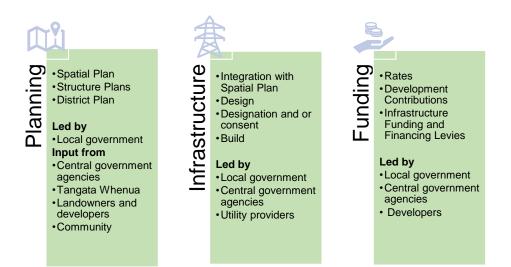
In accordance with the NPS-UD requirement (and even before that requirement existed), over the last ten years the Council's previous mayors and the independent commissioners advised successive Governments that the Council was unable to meet its growth targets. That advice also asked central government to remove or address some of the barriers including alternative funding mechanisms, curtailing private covenant use preventing density, and providing long term certainty over the funding and delivery of NZTA transport projects.

³ Future Development Strategy page 152 of SmartGrowth Strategy 2024-20274

4.0 Enabling Land Supply and Housing Supply

Enabling Land Supply

There are three key components to enabling land supply. – Planning, Infrastructure and Funding. The role of central and local government in all three components is critical to the successful delivery of land supply.



Planning: Early high level spatial planning identifies areas within a region/district suitable for growth - physical constraints, including natural hazards, are absent or can be remedied; bulk infrastructure is available/can be provided; significant features/sites/places valued by the community are protected/enhanced.

Once a spatial plan is adopted, structure planning of growth areas considers the specifics of residential and business locations, the key infrastructure projects required to service growth and the phasing of development.

District plan changes follow structure planning to rezone the land to an urban zoning (new urban areas) or provides for greater density and height (existing urban areas). Often concurrent with those zoning plan changes are notices of requirements or resource consents for the bulk infrastructure needed to service the additional development e.g., key arterial roads.

Infrastructure: Dwellings and businesses in growth areas require physical infrastructure – wastewater, stormwater, water, power/gas, and transport (roads, public transport). Social infrastructure such as schools, recreational and community facilities, parks and sports fields are often also required.

7

Bulk physical infrastructure is required to be available at the boundary of a new greenfield development area before new dwellings can be built or at the very least must be built at the same time as additional dwellings in existing urban areas. Social and community infrastructure should be identified, and where possible land secured early in the planning for greenfield urban development.

Traditionally, bulk physical infrastructure and social infrastructure is planned and built by central government (roads, schools, public hospitals), local government (water, wastewater, stormwater, parks, sports fields, recreational and community facilities) or utility providers (power, gas, telecommunications).

Developers of greenfield land provide, design, and build connections to the bulk infrastructure within the development area. The lead time for designing and constructing bulk infrastructure is usually 5-10 years (sometimes longer for major physical infrastructure projects) so it is vital that infrastructure requirements are signalled early in any spatial planning process, and then refined through structure plans.

The below diagram provides an indication of the integrated approach required of the planning and infrastructure processes.



Infrastructure Processes

Funding: To build the bulk physical and social infrastructure upfront funding is required. Identifying early the level of funding required can be the most complicated aspect of enabling land supply as at the initial stages of spatial planning, infrastructure costs are at best indicative, and usually can only be refined to greater accuracy during the structure planning and design phase.

Urban development on land previously rural (greenfield) often requires significant bulk infrastructure investment to bring network pipes of water and wastewater to the boundaries of the land to be developed, manage stormwater discharges from the land and develop appropriate transport connections and intersections.

Until quite recently, developers expected local or central government to finance the design and building of bulk infrastructure to the boundary of the greenfield development area. This required local government to use rates or debt to finance the costs as developer contributions can only be collected at the time of subdivision and/or development.

Diagram source: Future Urban Land Supply Strategy, Auckland Council

However, financing and funding constraints (local government's statutory debt-to-revenue ceiling and other priorities) on local government plus the increasing view that beneficiaries of infrastructure should fund it led to a greater emphasis on greenfield developers paying more of the upfront bulk infrastructure costs. It has also led to advocacy from local government for alternative funding mechanisms to rates, and in particular mechanisms that do not impact on a council's balance sheet.

Central government's response set up Crown Investment Properties and introduced the Infrastructure Finance and Funding levy (IFF). An IFF funds physical bulk infrastructure, without impacting a council's balance sheet, through infrastructure funding agreements with developers and local government, and by recovering the cost of the infrastructure through imposition of a levy on every new dwelling owner (the beneficiary) built within the development (in addition to rates) over a set period e.g., \$x per annum for 30 years.

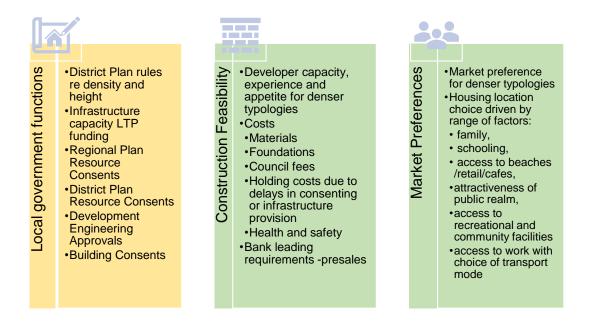
While a useful tool in the funding toolbox, the levy per dwelling can become prohibitive if significant bulk infrastructure must be built as the cost per dwelling becomes too high so it is not always an appropriate option. In existing urban areas where bulk infrastructure requirements are more about upgrading or replacing existing infrastructure to provide additional capacity for new dwellings, identifying how to apportion the costs between existing dwelling owners (who may gain some benefit from improved service) and the new dwellings owners is more complex making the use of IFFs harder to apply fairly.

Enabling Housing Supply

Once land is enabled for additional dwellings, through zoning and bulk infrastructure provision, there is an expectation that those additional dwellings will follow automatically. However, zoning and infrastructure alone do not necessarily lead to an increase of dwellings in an area. Existing landowners may not want to develop their land or sell it for many years. Some developers prefer to limit at any one time how much developable land they release for new dwellings for capacity or funding reasons or to prevent 'flooding" the market and jeopardising sale prices.

There are three key components to enabling housing supply. While local authorities impact the delivery of dwellings through the consenting process, other factors and players play a key role in whether dwellings are built in an area or not.

The table below outlines aspects of each of the three key components with the first component indicating the main role of local government in enabling additional dwellings to be built.



Local government functions: Local government enables additional dwellings to be built by having rules and zoning for residential areas that allow for greater density (number of dwellings per site) as of a right (permitted activity) and greater height to enable that density to be achieved in their district plans (e.g., Tauranga's City Plan). It is common that district plans also provide for even more dwellings per site subject to a resource consent assessment. As well as providing greater density and height in residential zones, additional dwellings can be enabled in mixed use zones, and in city centre and town centre zones – thereby increasing the choice of dwelling locations and typology. Other rules in district plans for earthworks, stormwater, freshwater management and biodiversity also impact on how well a region enables growth and development. It is critical that at both a district and regional level there is synergy and that the rules of either plan do not put unnecessary barriers in place in areas identified for growth.

The resource and building consent process is another key local government function. Applicants look for timely and consistent processing so they can map out their critical path to gaining consent. If an applicant lodges a full and complete application, they should have certainty of when they will receive a decision. Delays often mean additional holding costs for a developer and in the case of subdivision can mean missing the annual window within which earthworks can occur. For large growth developments, where consistency of understanding about the project can avoid delays, it is useful if the council staff (both district and regional council) processing resource consents, development engineering approvals, asset connection consents and building consents work together in a co-ordinated way – either together in a physical location or virtually.

Construction feasibility: Zoning land for additional dwellings doesn't necessarily mean those dwellings will be built. Land may not be developed to its potential or sits underdeveloped or vacant for a long period of time because the existing land owners does not want to sell or the numbers do not stack up to make development feasible and attractive to developers. Construction feasibility is driven by several costs –including local government fees or consenting time delays, but the main costs (materials, labour, health and safety, ground conditions) are caused by other factors beyond local government's control. Current bank lending requirements which prefer pre-sales (off the plan purchase) and higher interest rates have created a higher bar for developers to meet to get financing for their development. Limited developer capacity and /or expertise in building at higher densities and at scale, or preference for an existing development model of standalone single storey dwellings can also impact on whether the denser dwelling typologies are built.

Market preferences: Where people live is a result of several decisions made by individual households – what they can afford, what is available, where family and friends are located, the reputation of schools, proximity to recreation and leisure activities and access to work. The type of dwelling they live in (standalone house, townhouse, terrace house or apartment) is driven by affordability, life stage, compromise (being near a school with a good reputation may be a more powerful determiner than the size or type of dwelling). If there has been little choice in new dwelling typology, as has been the case in Tauranga where most new greenfield dwellings are standalone and single story, the view may exist that there is no market preference for denser dwelling typologies.

However, denser dwelling typologies within neighbourhoods offer choice particularly for those that wish to live in that neighbourhood but find a standalone dwelling doesn't suit their current needs. Market interest in the denser dwelling typologies (townhouses, terrace housing and apartments) can take time to develop. In new greenfield developments, a catalyst such as a primary school, can be a key attractor for buyers.

5.0 Review Methodology

The review methodology was in two stages.

The first stage was desk-top research of several documents provided by Council staff or sourced online from various websites, and interviews with four Council staff and 14 external people⁴ involved in various ways with growth and development in Tauranga. The interviews were asked to comment on the challenges and constraints to meeting land and housing supply outcomes in Tauranga and the wider sub-region, and whether there were any opportunities for increasing land and housing supply.

The second stage involved assessing the Council's progress on enabling land and housing supply in three key priority growth areas, informed by the comments received during the feedback, the documents read, and the experience of the reviewer in urban growth and development projects.

Stage 1: Interview Comments

Several consistent themes were raised during the interviews. These are summarised below. Appendix 3 contains a fuller account of the comments received under each of these themes.

Interview Themes: Land Supply Constraints

Tauranga City's district boundaries: Outward expansion of Tauranga City's urban area is constrained by physical and local government boundaries. The remaining non-urban zoned land left within its boundaries either has natural constraints like peat soils or is prone to frequent flooding or is Māori land in multiple ownership where it is challenging to achieve consensus on whether to develop or not.

Central government policy, infrastructure, and funding: Changing RMA national policy direction which requires urban growth on one hand but limits opportunities with other policy requirements. Changing national land transport policy which leads to flip flopping between roads and public transport priorities every three years. Such changes create uncertainty and costs for developers and exacerbate the shortfall in land supply. Interview participants felt there was limited understanding across central government ministers, ministries and departments over the critical role central government decisions have on enabling land supply.

Role of SmartGrowth: Interview participants felt that there was a lack of real commitment from SmartGrowth(SG) partners to work together to deliver the growth outcomes in the SG priority growth areas, Examples cited by the interview participants included instances where the regional council lodged submissions against plan changes/resource consents in those areas, Tauranga City and Western Bay of Plenty district councils were focussed on their own priorities and not on what was a priority for the whole sub-region, and a focus on planning rather than co-ordinated integration. Some participants felt that there was a need for better prioritisation as too much going on across the sub-region which meant that infrastructure providers' resources and funding were stretched.

Funding for Growth: Seen as a key constraint to timely enablement of land supply. There is recognition that the Council has limited financing and funding tools, and that the IFF levy,

⁴ Refer to Appendix 2 for list of interviewees.

while a useful tool, had limited application. Some participants expressed a view that central government must consider other financing and funding tools for local government such as a portion of GST collected in a Tier 1 urban area being used to fund growth related infrastructure. Interview participants saw the lack of certainty of continued central government funding support for transport projects and other central government projects that support growth (e.g., schools) that had already been discussed and agreed on during spatial planning and structure plans as a major barrier.

Interview Themes: Housing Supply Constraints

Realising density: Zoning land for medium or high residential development does not in itself build additional dwellings – development potential only realised when landowner wishes to sell, and it is commercial feasible to build that typology. Some participants consider that the Tauranga market for denser typologies is 3-6 years behind Hamilton, Auckland, and Queenstown, and that there is a lack of existing developers with experience in the higher density typologies. Many of the existing developers have a business model that focuses on single storey stand-alone housing. So, intensification of the existing urban area will take time. The widespread use of private covenants across newer suburbs like Papamoa and found in a limited way in older suburbs, restrict height and density even if the plan rules allow them.

Consenting: Some participants consider that TCC's consenting process was holding up housing supply due to time delays, inconsistent interpretation of rules and standards, and changing asset and engineering requirements with little or no warning. Council staff (including regional council staff) were seen as risk adverse and treated long established developers as if they were fly-by-night operators. There was some recognition that recently appointed managers in TCC's regulatory area were working on improvements but still concern that this was not trickling down to staff.

Construction Process: Construction costs are rising. These costs include land acquisition, material costs, labour costs, internal site infrastructure costs, health and safety (traffic management costs are high), development contributions and holding costs if consenting delays. Recent investigations into development of apartments over 3 storeys indicate that currently not feasible in some areas of Te Papa due to costs and ground conditions which require expensive and deep foundations.

Financing Growth: Finance for denser dwelling typologies (terrace housing and apartments) is harder to get now that banks have tightened their lending requirements. Banks want significant pre-sales of dwellings in a market where buyers prefer to see the built product before committing to purchase.

Interview Themes: Opportunities for Increasing Land and Housing Supply

Tauranga City Council: The city centre has significant capacity for additional dwellings so the Council should proactively do what it can to encourage such development. Civic projects such as the waterfront improvements and the multi-use civic precinct all contribute to making the city centre more attractive. The Council should also proactively facilitate amalgamation of sites and look to attract developers from Hamilton or Auckland who have experience with apartment development.

Consenting process: Progress current improvements. Change the culture to be one of facilitation rather than policing. Triage consents so that consents that deliver dwellings at scale are dealt with quickly and consistently. Build trusted relationships with the existing long-established developers by better communication, using them to explain the development process to staff, and to come up with solutions to issues that require changes to asset or development standards.

Smart Growth: Move into implementation phase. Be open to identifying additional locations for growth outside Tauranga district. Work with the Waikato region on growth opportunities along the Hamilton to Tauranga corridor. Be the vehicle to provide integrated advocacy to central government on matters such as legislative change and the potential for a Regional Deal.

Central Government: Several interview participants saw the recently introduced Regional Deals framework, where both central and local government commit to the delivery of growth through agreed financing and funding mechanisms and projects and which are crafted to survive the election cycle, as a key opportunity.

Some participants considered the Kainga Ora's application for a Specified Development Project (SDP) in Taurakio West, Keenan Rd and Upper Belk an opportunity to progress more quickly those growth areas while others considered that even as a SDP the barriers of the current financing and funding constraints, national policy directions, physical constraints and feasibility issues would still need to be resolved.

Stage Two: Assessment of Tauranga City Council's progress in priority growth areas

Tauranga City Council's progress in enabling Land Supply in Priority Growth Areas

As requested by the Council, the assessment focussed on progress towards enabling land and housing supply for additional dwellings within Tauranga's priority growth areas as identified in the 2021 Tuhura Consulting's SmartGrowth Stocktake⁵. Those growth areas are Te Tumu, Tauriko West, and Te Papa. The tables below indicate, using a traffic light system, the progress against each of the land supply components and housing supply components discussed above. The SmartGrowth Strategy 2024-2074 also identifies other growth areas in the Tauranga district, namely Bethlehem, Pāpāmoa, Wairakei, Pyes Pā, Pyes Pā West, Ohauiti, Welcome Bay, Ohauiti South and Keenan Rd. An indication on progress towards enabling those other areas can be found in Appendix 4.

⁵ SmartGrowth Stocktake, Dean Kimpton, Tuhura Consulting July 2021

Table 3 Tauranga City Council's progress in enabling Land Supply in Priority Growth Areas 2024-2054

Achieved			
Progressing Major constrain	+		
Priority Growth	Key	Progress	Comment
Area	component		
Te Papa – includes Te Papa, Tauranga West and Mt Maunganui	Planning		Spatial Plans for Te Papa, and Ōtūmoetai and Mount Maunganui completed. Plan Change 33 rezoned land in for
Potential for 12,100 additional dwellings ⁶			greater density and height – meeting the NPS-UD Medium Density Residential standards as well as additional height in and around the city centre, main centres and key Public Transport routes.
			Urban rezoning of Crown owned racecourse not pursued.
	Infrastructure		Capacity upgrades required in wastewater, water, and stormwater.
			Investment in transport choices is required to support the increased population resulting from intensification.
			Investment in community and civic facilities required to increase the attractiveness of intensified living and encourage economic investment.
	Funding		Focus area for first 10 years of LTP funding – Te Papa intensification package \$1,810m, Ōtūmoetai intensification package \$1,188m, Mount intensification package \$8.6m. Funding also provided for transport projects in all three areas - \$409M. Majority of projects under this funding in design and planning stage. Some road improvements occurring.
			NZTA withdrawal from co-funding Stage 2 Cameron Road.
Progress since SmartGrowth stocktake 2021	 Completion of 3 spatial plans for growth area. Rezoning of area to enable greater density and height for range of dwelling typologies. 		

⁶ Potential additional dwelling allocation numbers sourced from SmartGrowth Strategy 2024-2074

	 Completion of work which gives insights into what is the 'feasible and reasonably expected to be realised development capacity' in this growth area. Assessment of infrastructure improvements and capacity upgrades required to service more dwellings and people. Funding for infrastructure improvements included in LTP Infrastructure Strategy 2024-2054. Stage 1 Cameron Road multi-modal improvements completed. Investment in and construction of catalyst civic infrastructure in city centre commenced. Refinement of Development Contributions strategy so that development occurring within the growth area pays contributions applicable to the cost of infrastructure required in the growth area.
Barriers/Challenges to enabling land supply	 Changing central government priorities in relation to transport modes leaving Stage 2 of Cameron Rd uncertain. Progressing and completing infrastructure capacity improvements over next ten years within budget as doing work in existing urban environment can throw up surprises especially in older parts of an urban area. Decision to not pursue urban zoning of Greerton Racecourse removed opportunity to increase area of developable land for housing within growth area.

Priority Growth	Key	Progress	Comment
Area Tauriko West Potential for 3,500 additional dwellings	component Planning	riogress	Structure plan completed. Variation to Plan Change 33 hearing in December 2024, potentially operative mid- 2025. Submissions seeking to reduce average density yield. The Council is progressing Comprehensive Stormwater Consent application with Bay of Plenty Regional Council. Consent required to manage stormwater discharge from future urban development of Tauriko West. Uncertainty about impact of Kainga Ora's proposal that area plus rural land towards Keenan Road, Upper Belk be a Specified Development Project under the Urban Development Act 2020 (waiting on
			decision by Minister).

Infrastructure	Infrastructure enabling works underway that will enable 2,400 homes to be built.
	For the remaining 1,100 dwellings the provision of key SH 29 transport infrastructure required lagging behind planning is a significant impediment to realising growth potential.
	National Land Transport Plan 2024-27 announced that SH29 Tauriko West Connections is a Road of National Significance (RoNS) in that plan (one of 3 RoNS in the Western Bay of Plenty). The NLTP indicates "the work to build these highways will be completed over several NLTPS. In the 2024-2027 NLTP we'll protect the routes and complete the design and consenting works".
	Project has been announced as being included in Schedule 2 to the Fast Track Bill which will reduce the consenting timeframe but does not in itself provide the funding or indication of actual build timeframe.
Funding	Refinement of Development Contributions strategy to require development occurring within the growth area pays contributions applicable to the cost of infrastructure required in the growth area.
	Development Agreements in place with landowners/developers of first 2,400 dwellings
	Focus area for first 10 years of LTP funding - \$144m investment in water, wastewater, and transport infrastructure.

	For the remaining1,100 dwellings central government funding of SH29 and related projects is required and works completed within next 10 years if not sooner. Full realisation of additional dwelling numbers not possible until full SH29 improvements occur.
Progress since SmartGrowth stocktake 2021	 Structure Plan completed. Variation to rezone land to urban zones at hearing stage. Comprehensive Stormwater Consent application lodged with Bay of Plenty Regional council. Enabling works for infrastructure for first 2400 dwellings underway Development Agreements with landowners/developers for first 2400 dwellings in place.
Barriers/Challenges to enabling land supply	 Resolution of central government led transport solutions for SH29, and construction of the solutions is a significant challenge. Long history of investigations and business cases; pausing of projects by changing central governments, lack of committed funding. NZTA began investigations and studies into the long-term solution for SH 29 in the vicinity of Tauriko West in 2004. In 2017 NZTA commenced detail business case work on connections required at Tauriko West. A change of government in 2018 saw the project placed on hold because of funding constraints. 2019 saw a more limited approach to transport solutions which would enable up to 2,000 dwellings to be built in Tauriko West. NZTA approved detailed business case for this limited approach in 2022 but defers funding of stages of the work in 2023. September 2024 – RoNS announcement but no actual works until beyond 2027. October announcement that project will be considered by the fast-track consenting process. Gaining consent will only bring works one step closer – no indication of funding availability or construction timelines. Potentially Regional Council requirements for the comprehensive stormwater consent may add additional costs or negotiations.

Priority Growth Area	Key component	Progress	Comment
Te Tumu	Planning		Structure plan work ongoing. NPS-Freshwater Management (NPS-FM) wetland requirements initially were
Potential for 4,200 additional dwellings by 2054 with a further 2,300 dwellings beyond			potential impediment to large parts of growth area being developed. NPS- Indigenous Biodiversity (NPS-IB) requires further structure plan investigations.
that date			Progress has been limited due to ongoing negotiations with TK14 Trust Te Tumu to

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r			
			agree suitable mechanism to secure access rights for infrastructure corridor and active reserve through TK14 Block.
			Plan Change to rezone land urban potentially will be notified in 2026.
	Infrastructure		Bulk infrastructure investment required to service land.
			Transport access to enable development of all the land at Te Tumu subject to negotiations with landowners.
	Funding		Significant funding required to deliver bulk infrastructure.
			No specific funding committed in LTP Infrastructure Strategy for growth area due to funding constraints on TCC.
Progress since SmartGrowth stocktake 2021	 Council advocacy with central government over NPS-FM and NPS-IB requirements impact on growth areas required by NPS- UD. Council's advocacy led to changes to NPS-FM. Ongoing negotiations with TK14 Trust. 		
Barriers/Challenges to enabling land supply	 Negotiations with TK14 Trust still delaying planning and development of larger Te Tumu area. Lack of funding for bulk infrastructure required to boundary of growth area and to access it for urban development – both Council and central government funding constraints. Internal infrastructure which is to be built by landowners has not progressed. Application of alternative funding tool IFF levy potentially limited as levy cost per dwelling would be high and because part of the growth area is multiple owned Māori land. 		

Tauranga City Council's progress in enabling Housing Supply in Priority Growth Areas

Of the three Tauranga City priority growth areas reviewed in the 2021 SmartGrowth Stocktake, only the Te Papa growth area is at a stage where additional dwellings can be constructed. Tauriko West requires its urban zoning to be confirmed, the regional stormwater consent to be approved, and various transport projects to be funded and built before the first 2,400 dwellings can be built – potentially three or more years away. Urban development at Te Tumu is even further away – potentially not for another 10-15 years due to funding and infrastructure delivery constraints.

Consequently, the table below only assesses progress in the Te Papa priority growth rea.

Table 4: Tauranga City Council's progress in enabling housing supply in Te Papa

Priority Growth	Key	Progress	Comment
Area	component	-	
Te Papa – includes Te Papa, Tauranga West and Mt Maunganui Potential for 12,000 additional dwellings	Local Authority Functions		The Council has set the scene in terms of enabling more dwellings to be built in the Te Papa growth area by providing greater density and height, as required by the NPS-UD, and by making the growth area a key infrastructure investment focus for the first 10 years of the LTP. The resource consenting process could benefit from an integrated whole of council(s) team focussed on processing consents for intensified typologies and on timely and consistent performance. Civic improvements underway in the city centre, and along Cameron Road are increasing the attractiveness of those areas for residential. The Council could take on a more proactive role in city centre to attract services inner city residents require e.g., a metro supermarket, and to attract new developers with a track record in city centre residential.
	Commercial Feasibility		Up to 3 storey attached dwellings are being built in growth area. Unresolved contractual issues between central government and Accessible Properties. Ministry of Housing and Urban Development working on how to resolve contractual issues.

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			Lack of action by Kainga Ora to develop more social housing.
			Private developers and Kainga Ora indication that currently the feasibility of constructing residential building over 3 storeys was challenging if not impossible within the growth area.
			The reason behind the lack of feasibility for taller buildings is a combination of high material costs, high costs for foundations due to geotechnical issues, labour shortages, and timeliness of consenting processes.
			Recent lending requirements by banks including preference for pre-sales before construction begins has made financing more challenging.
			There exists a lack of experience within Tauranga's small developer pool for building apartment typologies.
			Failing construction companies elsewhere making developers more risk adverse.
	Market Preferences		Market preference for more intensified residential typologies growing over time.
			Recent development in growth area includes several 2-3 storey terrace house developments, with the area having the largest proportion (69%) of denser dwelling typologies consented in 2022/2023.
			Only limited apartment buildings with 4 storeys, or more have been built.
Progress since SmartGrowth stocktake 2021	 District plan rules changed to allow as of right 3 units per site up to 3 storeys in height; and greater heights in and around the city centre, in and around main centres and along key public transport routes. Consenting process being reviewed to improve timeliness, consistency, and communications. LTP Infrastructure Strategy focus on increasing capacity within the Te Papa in first 10 years of LTP. Civic improvements underway in the city centre and Cameron Road improving attractiveness of area. 		
Barriers/Challenges to enabling housing supply	 Feasibility of residential typologies over 3 storeys due to range of issues, particularly cost of foundations, most of which are beyond the control of the Council. 		

 Existence of private covenants that prevent landowners realising the zoned potential of their land i.e.,3 units may be permitted on the site, but the private covenant restricts development to only one dwelling per site. Limited application of private covenants in older parts of growth area, more widespread in newer residential areas. Costs added to construction feasibility due to timeframes,
 Costs added to construction reasibility due to timenames, changing engineering standards.

6.0 Conclusions

Is Tauranga City Council taking appropriate action to address land and housing supply shortages within its district?

The review concludes that the Council has been proactive in doing as much as is possible within its statutory and financial powers and functions to enable 30 years' worth of land supply in its district.

As an active partner in the SmartGrowth partnership since its inception, the Council has progressed the identification, structure planning and rezoning of its priority growth areas, as well as working with landowners on other smaller growth areas within the Tauranga district. Within the limits of its financial ability it has identified, staged, and committed funding in its LTP for key infrastructure required to service new growth areas or increase capacity in existing urban areas.

The Council, through previous mayors and the independent commissioners, has proactively advised successive Governments over the last decade that the Council was unable to meet growth targets. That advice also asked central government to remove or address some of the barriers by providing alternative funding mechanisms, curtailing private covenant use preventing density and providing long term certainty over the funding and delivery of growth related NZTA transport projects. There is still work to be done in enabling land supply in all three priority growth areas, but much of that work is dependent on other parties, including central government, or on the Council being able to access alternative funding for infrastructure.

The Council's role in enabling additional housing supply has also been proactive. It reacted positively to the NPS-UD requirements for rezoning land to meet the Medium Density Residential Standards, and to achieve greater heights limits in and around the city centre, main centres, and along key public transport routes. Investment in Council-provided social and physical infrastructure in the priority growth areas is focussed on the two areas most likely to grow in the next ten years (Te Papa and Tauriko West).

Rezoning land for additional housing and providing the infrastructure to support such growth does not in itself immediately lead to an increase in residential development. Other factors such as construction feasibility and market preferences which are beyond the control of local authorities also need to exist.

However, improvements in the Council's consenting processes to ensure that they are timely, consistent, and integrated would contribute to construction feasibility by removing the costs that arise from uncertainty and delays.

What are the barriers that exist to addressing land and housing supply shortages?

There exist several barriers to addressing the land and housing supply required within the Tauranga district. This review considers the key barriers as being:

Tauranga district's constrained and challenging physical characteristics.

Bounded by sea, the Kaimai Ranges and Western Bay of Plenty district, the Tauranga district also has a challenging topography with underlying geotechnical issues of peat and other soils (foundations require deep drilling) liquefaction, earthquakes. As a result, within the district there is little non-urban zoned land remaining beyond the identified growth areas which is suitable for urban growth. There was general agreement from the interviews that Tauranga is unable to grow outwards due to those constraints, and that any new greenfield urban growth areas lie beyond its boundaries. Therefore, addressing the shortfall in housing supply solely with Tauranga's boundaries can only be achieved by increased opportunities for intensification within the existing urban area and by ensuring land within greenfield growth areas is zoned to enable denser typologies and is not constrained by private covenants.

Central government policy, infrastructure, and funding

Section 5.0 sets out in more detail the barriers/constraints that central government causes in the delivery of both land and housing supply. These barriers and constraints arise consistently in all Tier 1 and 2 urban environments and are not specific to Tauranga or the Western Bay of Plenty sub-region.

The key central government policy and infrastructure barriers are:

Lack of recognition of central government's critical role in enabling land and housing supply

There is a lack of recognition across central government ministers, ministries and departments that increasing development capacity and enabling additional dwellings, requires a coordinated and committed approach over time and across multiple central government agencies. Isolated, uncoordinated or 3 yearly changes of policy and delivery decisions can impact significantly on when land is ready for urban development and whether there is market interest to encourage dwellings to be built on that land. The lack of a cross-party agreement that all modes of transport are needed to support well-functioning urban environments has led to a flip flopping every 3 years between whether roads or public transport are a priority resulting in design changes, wasted resources, increases in costs and delays.

Decisions made on central government's asset management strategy for schools, social housing and hospitals show a lack of understanding of the role such infrastructure can play to either support the supply of additional dwellings by providing a catalyst for market interest in an area or dampen market interest if projects are delayed or stopped.

Competing Resource Management Act national direction

Competing RMA national direction has required local government to provide for urban growth in greenfield areas as well as existing urban areas but to also avoid/protect/enhance indigenous biodiversity, freshwater bodies, highly productive land. Within those requirements there is little recognition that physical conditions may prevent the ability to expand, and little guidance given on how to make trade-offs between those often-competing outcomes.

Requirement that development capacity of all land, identified to meet the 30-year housing demand, must be deemed feasible in order to meet current targets.

The requirement with the NPS-UD to provide sufficient development capacity to meet housing demand for the next 30 years which is plan enabled, infrastructure ready and is feasible and reasonably expected to be realised puts the onus solely on local government to enable that development capacity.

The NPS-UD 2020 is a relatively recent addition to RMA national direction and while the intention behind it to ensure cities, sub regions and regions plan for future growth and development is commendable, it comes late to the planning-for-growth party. Most Tier 1 and 2 areas had already initiated growth strategies several years previously (SmartGrowth in Western Bay of Plenty, Future Focus in the Waikato, Future Urban Land Supply Strategy in Auckland).

All those growth strategies have grappled with balancing competing national direction, how to equitable fund and deliver infrastructure to growth areas, and how to secure central government commitment to deliver critical growth-related infrastructure. Perhaps significantly they have focussed not only on enabling more dwellings to be built but also on how to create sustainable communities and neighbourhoods.

While they identify areas within their jurisdiction for 30-50 years' worth of growth, those growth strategies also recognise the need for regular reviews because neither planning nor the development process is a pure science, and each must respond to societal shifts and technology improvements over time.

It is difficult if not impossible to identify with any certainty what may be feasible in 15-30 years' time due to changing construction and engineering techniques, market preferences and economic conditions. The NPS-UD requirement to provide at any point in time 30 years' worth of development capacity that is feasible and reasonably expected to be realised is asking Tier 1 local authorities to make long term assumptions based on today's market, in isolation of knowing those future conditions. At best any assumptions over long term feasibility must be seen as highly likely to change. At worst it means that urban areas such as Tauranga, where outward expansion is largely not possible, and where denser apartment typologies are not currently considered commercially feasible, continue to fail the NPS-UD development capacity targets.

Many of the Tier 1 councils will have examples of recent successful urban development areas which 20-30 years ago would never have been conceived as 'feasible and reasonably expected to be realised' growth areas e.g., Hobsonville in Auckland, the Lakes in Tauranga.

The NPS-UD requirement also fails to acknowledge central government's role and responsibilities in terms of delivering key physical and social infrastructure to enable and

service growth areas, and that failure to deliver that infrastructure on time can significantly hold up the unlocking land for additional dwellings as is the case at Tauriko West.

Funding of Infrastructure

Provision of bulk infrastructure to support greenfield urban development and/or infrastructure capacity upgrades to support intensification requires significant investment by infrastructure providers and asset owners. Local government has limited or only partial tools (rates, debt, development contributions) available to finance the cost of new water, wastewater and stormwater bulk infrastructure or capacity upgrades. Partial funding for non-state highway roads is available from NZTA but that is subject to the vagaries of changing government priorities and policy as seen in the recent stopping of NZTA funding for Cameron Rd stage two multimodal improvements.

The alternative funding mechanism of the IFF levy is a useful option where the land to be developed is owned by a single or only a few developers, the cost of building the bulk infrastructure required is not high, and it is easy to define who benefits from the provision of the infrastructure – usually these factors only exist in large greenfield areas. In existing urban areas multiple landowners, the complexity of determining how much of an upgrade is for capacity purposes as opposed to renewal purposes, and the complexity of determining who benefits (and so who pays) makes that tool less useful.

Local government has been signalling for some time that other funding and financing tools are needed to enable more infrastructure investment to happen sooner. This is particularly important due to the long lead-in time for planning, design and building bulk infrastructure.

Are there any other actions, not currently pursued that potentially could lead to increased land or housing supply?

Other greenfield locations

As indicated previously, the ability for the Council to identify further locations for greenfield urban development is restricted by district boundaries and physical constraints.

Remaining areas within the district that have non-urban zoning tend to either have significant physical constraints such as peat soils or frequent flooding, or the current landowners/ community have indicated strongly that urban development is not appropriate.

Once such area, where landowners and the community has previously indicated opposition to urban development, is Matapihi peninsula. Currently the SmartGrowth Strategy 2024-2074 indicates that Matapihi is not a 'no growth area' but with characteristics (highly productive soils, archaeological sites) that suggest a 'go carefully' approach to development. The multiple Māori ownership of much of the area throws up some unique challenges although it may also provide opportunity for not only additional whanau housing but also long-term leasehold market housing. The current drawn out experience of gaining TK14 consent to access the wider Te Tumu priority growth area suggests while the Matapihi peninsula may offer additional development capacity, any future opportunities to develop all or part of the area for residential and other urban activities in the future, must be initiated by the landowners, rather than the Council.

Existing Urban Locations

A key opportunity for providing a location for additional dwellings, is the current hospital site, if the decision is made to shift the hospital to the Greerton racecourse land (as outlined in the Greerton Maarawaewae Options Study)⁷. If the shift is approved the Council should work closely with the landowner (central government) to encourage development of the existing hospital site as an exemplar of denser urban living.

If the decision is made not to shift the hospital it is understood that Option C Enhanced Status Quo – Community Plus will be progressed in consultation with the stakeholders. That option, and all others in the final options study report preclude any form of residential development on the land largely due to strong community and mana whenua opposition. Another reason for precluding consideration of the site as a location for residential development is its status as a reserve under the Reserves Act. While removal of that classification would require a public consultation process, it would not be the first time that reserve status has been removed to enable residential development.⁸ What is critical is ensuring the design of both the recreational and residential portions of the site creates an integrated whole with public accessible activities in and around the ground level of any residential development. It is considered that totally removing a future opportunity from the options that could provide additional dwellings is shortsighted.

Areas within the site, particularly near the entrance with Greerton Rd, not currently allocated for recreation in the preliminary concept plan, could be used for taller, more dense apartment style living. Apartment living as part of a mix of racing and other recreational activities on racecourse land is a practice found across Australia and in Auckland at Alexander Park, Avondale, and Greenlane Racecourses.

The location of apartments overlooking a racecourse provides both amenity and access to recreational activities for the apartment dwellers, and passive surveillance for users of other activities within the site. Depending on design the apartments can provide a variety of dwelling sizes and ownership options and require less land than other typologies. In addition, the development can provide financial gain to the owners of the land which can be reinvested to fund recreation facilities on the site. If the land is not required by the hospital, an option for some residential uses on the site should be further investigated as part of the discussions on the preliminary concept plan with stakeholders.

Consenting

Developers of land within growth areas usually build at scale and in stages. Certainty, timeliness, and consistency in the consenting process is vital for critical pathway planning by the developers if they are to manage both onsite construction windows and bank lending fees. There are only a small number of established developers who operate in the at-scale housing market in Tauranga, and the Council should look to build mutually trusted relationships with them. Improvements to the Council's consenting processes are already underway and, if not already part of that process, should include the following actions:

⁷ Greerton Maarawaewae Options Study report, Tauranga Council agenda 14 August 2023

⁸ Pt England reserve in Tamaki, Auckland is an example.

- Ensuring that resource consent, development engineering and asset connection approvals and building consent processes are integrated, consistent and timely.
- Triaging consents and approvals so that those relating to increasing dwelling numbers in growth areas are processed quickly by a dedicated, integrated team. Invite regional council consenting staff to become virtual members of that team so gaining both regional and district consents is seamless.
- Nurture a positive staff culture in the consenting and approvals areas that understands the role of the developer in both land supply (subdivision) and housing supply (dwellings), is solution focussed, and works with developers to achieve quality outcomes. Importantly this doesn't mean that staff must say 'yes' to poorly crafted applications, or to subdivision, planning or buildings that do not meet legislative or regulatory requirements. Rather it means pre-lodgement meetings with clear and consistent agreed actions and early indication of issues or potentially unacceptable proposals, providing clear communications throughout the consent process, including changes to standards or early warning of time delays, being accessible and responsive to queries.
- Use current developer get-togethers to discuss knotty issues in the consenting space e.g. when engineering or asset standards require upgrading due to new data/information – use those sessions to explain the problem and gather ideas for solving it rather than presenting the solution to developers; if non-compliance in a certain area is becoming frequent use those get-togethers to have an honest conversation to understand what is driving them. Ensure changes to standards are well communicated so there are no surprises when lodging consents.
- Look to build mutual trust between Council and the established developers which requires both parties to agree on expectations of each other, processes and communications.

SmartGrowth

The Council should advocate to its Smart Growth partners the need to:

- be open to identifying additional growth areas outside Tauranga district's boundaries, as intensification within its boundaries has some challenges and may not be commercially feasible in all locations in the short-medium term.
- work with Waikato Region's Future Proof partners on investigating the potential for growth in dwellings in smaller towns along the Hamilton to Tauranga corridor if connected by good transport connections, and with other councils in the wider Bay of Plenty region to identify other similar opportunities.
- strongly support SmartGrowth's intentions to move away from a focus on planning for growth to a focus on implementing the Strategy or removing barriers to implementation.
- cement more formally/strongly each council's commitment to the SmartGrowth Strategy's Spatial Plan and Future Development Strategy so that achieving the additional land and housing supply to address Western Bay of Plenty's housing shortage percolates through all aspects of each council's culture, policy, asset management and consenting, and avoids individual parties appearing at odds with SmartGrowth outcomes during plan change and consenting processes.

Advocacy to central government

Use the SmartGrowth partnership to have more effective and integrated advocacy to central government on matter such as:

- Early agreement between the SmartGrowth partners and central government on a Regional Deal for the Western Bay of Plenty sub-region this would require a proactive approach by SmartGrowth to:
 - advocate strongly that the sub-region is one of the five regions invited to submit a proposal to central government, and
 - commence the development of a proposal for discussion with central government as soon as practical. Any proposal should be very clear on central government's accountabilities for funding and provision of agreed growth related physical and social infrastructure in the right place at the right time.
- Including in the current RMA reform better co-ordination and integration of national policy with clear guidance in how to balance competing requirements (trade-off process).
- Developing national guidance on urban development which recognises better outcomes would be achieved if central government moved from its current adversarial/policing role to a partnership model with local government. This would include central government being accountable for delivering at the right time the central government physical and social infrastructure required to enable and service growth. Implying dire consequences for councils that do not provide 30 years' worth of development capacity, while central government itself is failing to provide on time the critical infrastructure required to enable such development, is unacceptable.
- Removing the requirement for 30 years of 'feasible and reasonably expected to be realised development' within any national policy direction on urban development and replacing it with a requirement that the first 10-15 years development capacity being 'feasible and reasonably expected to be realised development' recognising that any feasibility assumptions for development beyond 15 years are unreliable.
- Central government being open to investigating other approaches to enabling development capacity rather than just its current focus on expanding Tier 1 and 2 urban areas. In addition to enabling growth in those Tier 1 and 2 areas, central government should also consider how well-connected (by road or rail) smaller towns and villages could also be locations for growth. Additional dwellings in those towns and villages would provide a different lifestyle option for those who do not want to live in large urban areas but want to stay connected to them for work, education, or recreation; lead to better utilisation of existing infrastructure in those smaller towns and villages; and potentially avoid the increasing cost to local and central government of extending bulk infrastructure at the edge of expanding Tier 1 and 2 urban areas.
- Legislation that prevents future imposition of private covenants, which restrict additional dwellings and or higher heights, on sites in identified growth areas in an adopted Future Development Strategy where those additional dwellings and/or heights are provided for in a district plan. Removal of existing covenants would also increase feasible development capacity, but it is unlikely that a pro-private property rights government would take such action. A compromise might be legislating that

existing covenants on land in Tier 1 and 2 urban environments that restrict density or building heights, required by the medium density residential standards in the RMA, have a sunset clause and after 20-30 years are automatically removed from a property title.

- Working together to investigate the appropriateness/ existence of tools to encourage amalgamation of sites within existing growth areas and to prevent sites in growth areas zoned for higher density dwellings being developed for low density dwellings.
- Additional funding tools such as the use of a proportion of GST collected in Tier 1 and 2 urban environments to fund growth related infrastructure.

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Appendix 1: Reference material

City Plan - Tauranga City Council, online version 2024

Long Term Plan 2024-2054 - Tauranga City Council April 2024

Report on Greerton Maawaewae Options Study -Tauranga City Council -Ordinary Council meeting 14 August 2023

SmartGrowth Strategy 2024-2027 - SmartGrowth

Quarterly Update Growth, Land Use Planning and Transport Strategy Projects – Tauranga City Council September 2024

SmartGrowth Stocktake 2021 - Dean Kimpton, Tuhura Consultancy July 2021

Greerton Maarawaewae Options Study report, Tauranga City Council agenda 14 August 2023

Feasible and Reasonably Expected Development Capacity Assessment for Tauranga City Council – Veros, July 2023,

National Policy Statement-Urban Development 2020, NZ Government

Resource Management Act 1991, NZ Government

Appendix 2: List of interview participants

Table:8a List of external interview participants.

External interviews took place on 18, 19 and 23 September 2024

External Interview particupant's name and role	Organisation
Cole O'Keefe, Strategic System Planning Manager (Acting)	Waka Kōtahi/NZ Transport Agency
Natalie Van Rossen- Senior Development Manager	Kainga Ora
Campbell Larking – Senior Development Manager	Kainga Ora
Ernst Zollner – Director Strategic Urban Partnerships	Kainga Ora
Scott Adams – General Manager	Carrus Properties
Grant Downing – Development Manager	Element IMF
Nathan York – Chief Executive	Bluehaven
Michael Kearney - Director	Veros
Duarne Lankshear - Director	Veros
Craig Batchelor- Strategic Advisor	SmartGrowth
Nichola Lennard - Technical Advisor	SmartGrowth
Rebecca Tong – Principal Advisor,	Ministry for Housing and Development
Partnership Team	
John MacDonald – Partnerships Director	Ministry for Housing and Development
Steven Joyce - Director	Joyce Advisory

Table 8b List of Council staff interview participants.Internal Interviews took place on 12, 19 and 23 September 2024

Council staff interview participants name and role	Organisation
Andy Mead – Manager City Planning and Growth	Tauranga City Council
Carl Lucca – Senior Planner	Tauranga City Council
Janine Speedy – Senior Planner	Tauranga City Council
Sarah Omundsen – GM Regulatory and Compliance	Tauranga City Council

Appendix 3: Summary of Interview Comments

Land Supply						
Constraint	-					
Tauranga City's district boundaries	 Challenging topography with underlying geotechnical issues of peat and other soils (foundations require deep drilling) liquefaction, earthquakes. Constrained by natural and local authority boundaries -all easy land has been developed – limited natural greenfield areas left unless cross into Western Bay of Plenty district area. Māori land in multiple ownership – large potentially developable land within district but challenging to get consensus position from multiple landowners on whether to enable development or not. 					
Central government policy, infrastructure, and funding	 Conflicting and continually changing national policy positions in recent years (RMA Reforms, NPS-Urban Development, NPS-Freshwater Management, NPS -Highly Productive Land) creates uncertainly and can reduce land available for growth. Provision of 30 years of feasible and reasonably expected to be realised development (NPS-UD) – definition is forcing the Council to look at infrastructure provision out in 20-30 years growth areas. Query whether can really identify what is feasible and developable with certainty beyond 15 years. NZTA/Waka Kotahi projects – every three years political flip flopping between roads as priority versus public transport and other modes. Elements of all transport modes required for wellfunctioning urban areas. Creates uncertainty about when (and if) infrastructure will be built, holds up ability to rezone land for urban development, costs increase. Lack of understanding across departments and ministries on the role they play in releasing land for growth, and in making land attractive for development – NZTA, MoT, MoE, Health, MfE, MHUD, Treasury. Limited integration and limited focus on supporting Tier 1 local authorities, by prioritising their projects into priority growth areas, to meet 30-year targets. Even though roading and public transport GPS is on productivity/economic growth not on enabling land and housing supply. Under current legislation NZTA does not have a formal role/function in growth enablement or management. 					
Role of SmartGrowth (SG)	 Sense that SG partners are not really on the same page – BoP RC raises concerns about development in growth areas, TCC/WBoP DC doing own thing/individual decisions, focus has been on planning not implementation. Uncertainty of/lack of priorities in SG strategy, too much happening in too many areas -stretching infrastructure delivery capacity and funding. Need to identify a couple of priority areas for whole sub-region and concentrate on implementing those. 					

Table 5 Interview Themes: Land Supply Constraints

	 Focus has been on planning for land supply - need to focus on how all the partners can support implementation of priority growth areas. View that Bay of Plenty Regional Council is not invested in enabling growth – focus is on environmental protection – even in SG priority areas. View that SG would benefit from having representation from development industry on it to provide insight on what land/development is feasible and what challenges need to be resolved.
Funding for Growth	 Recognition that funding bulk infrastructure is a key challenge, and that the Council has limited funding tools. Lack of certainty over key infrastructure projects funded by central government – if land supply and housing supply is a priority for government then it should avoid stopping/changing planned projects. Key greenfield areas require investment in Transport, SW, Water as well as community facilities/reserves, schools. Funding models (IFF) not easy to apply where multiple landowners and/or the annual levy per household is too high.

Table 6 Interview Themes: Housing Supply Constraints

	5 11 5				
Housing supply Constraint	Summary of comments from interviews				
Constraint Realising density	 Land may be zoned for medium or high density residential, but development potential only realised when landowner wishes to sell land – can be decades before comes on the market. View that the market for denser dwelling typologies is lagging 3-6 years behind other Tier 1 urban areas like Auckland, Hamilton, Queenstown – without market interest greater risk for developer. Restrictive building covenants in existing suburbs, particularly in Papamoa but also in Te Papa – restrict development in relation to height and density even if zoning allows it. Process to remove covenants is complex and difficult. Although the Council has written to various ministers over the years to look at how to remove them in growth areas – no action has happened. Only option is to wait for landowners to decide they want to remove restrictions – may be decades, maybe never. View that SG partners have unrealistic expectation over how quickly Te Papa and other existing urban areas of Tauranga 				
	will intensify – don't understand that intensification takes time; looking to intensification to provide all the missing housing capacity in sub-region.				
	 Lack of SG Housing Systems plan –no clear sub-regional strategy about what type of housing is required or how to address affordability issue with other partners. 				
Consenting	 Risk adverse behaviour – all developers seen as the "baddie". No reward for being long established developers – no trusted relationships that work together to get more housing on the ground. 				

	 Consenting – changing development engineering standards, timeliness, inconsistencies, lack of understanding re holding costs. No engagement with development industry on changes to engineering or asset standards. Records are not updated when subdivision is completed – so holds up consents for individual buildings.
Construction process	 View that the current development/construction industry in Tauranga lacks capability/expertise in denser dwelling typologies as their bread and butter has been single house subdivision and development. Construction costs – rising. Include cost of land, amalgamation difficult due to price expectations of sellers, cost of traffic management, cost of materials, costs for infrastructure, internal site requirements and infrastructure connections. Limited number of developers in greenfield areas –some stage and drip feed sites to the market which constrains availability and keeps market prices high – infrastructure providers must invest upfront but no requirement for land to be proactively developed.
Financing Growth	 Lending for multi-unit developments – banks requiring greater equity, pre-sales. Market prefers to see finished product and avoids purchasing off plans.

Table 7 Interview Themes: Opportunities for Increasing Land Supply and Housing Supply

ribusing Supply	
Opportunity	Summary of comments from interviews
Tauranga City Council	 View that the Council is pro-growth and has been using/trying all the levers available to it.
	 Become more proactive in the city centre – significant development potential so needs the council to proactively facilitate amalgamation of land, join up landowners with developers. Proactively support and incentivise medium rise apartments – Development Contribution discounts for greater density developments in the right place; timeliness of consenting/certainty of process.
Consenting process	 Council staff (both TCC and BoP RC) culture change to be facilitators rather than policemen. Using established developer groups to work with the Council in early phase of looking at potential changes to development engineering and asset standards. Triage consents so that easy ones get dealt with quickly, and growth area related consents are processed by dedicated team of planners, development engineers and asset owners. Provide training to consent staff on development process, including holding costs, bank lending requirements so an understanding of how time delays and inconsistent interpretation of rules and standards can impact negatively on viability of project. Internal processes underway in regulatory area to improve communication, consistency, and timeliness.

SmartGrowth (SG)	 Moving into implementation phase with current work on developing a SG Implementation and Funding Plan. Be more open to identifying additional greenfield land outside Tauranga district boundaries. Working with Waikato Regions SG equivalent Future Proof on Tauranga to Hamilton corridor – potential for growth in housing in smaller towns along route if connected by good roading and in longer term PT. Opportunity to use SG Strategic Advisor to broker solutions or provide SG strategic advice during growth related plan change process. Te Papa UFTI Business case seen as positive process – integration of land use and transport benefits. Provided confidence to invest in Cameron St PT and land use.
Central Government	 Regional/City Deals Building partnership between central government and local government which commits both sides to delivery for growth and which survives the electoral cycle. Sub-region needs to be more proactive around this – have a semi-formalised agreed position to put before central govt (Govt too stretched to take the lead). Fund physical and social infrastructure required for growth and development in the right way at right time. Streamlining both resource consent and building consent processes. Stop thinking as a financier but as an investor – so invest in trunk infrastructure early to get investment return e.g., benefit of GST in Te Tumu sales alone – potentially \$1b. Could be invested back into area.

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Appendix 4: Other growth areas in Tauranga additional to the key priority growth areas – land supply

The below assessment only covers progress towards enabling land supply for additional dwellings. Assessment of the factors that enable housing supply has not occurred due to these areas not featuring in the interviews held or in documentation reviewed. However, the comments that were received highlighted the importance of a timely and consistent approach to subdivision and land use resource consents.

Table 9 – Overall assessment of progress towards enabling land supply in other growth areas.

	chieved				
	rogressing				
	lajor				
-	onstraint Additional	Additional	Additional	Tatal 2024	Commont
Growth Area	dwellings	dwellings	Dwellings	Total 2024- 2054	Comment
Alea	Short	Medium	Long Term	2034	
	Term	Term	(2034-2054)		
	(2024-	(2027-	(,		
	2027)	2034)			
Bethlehem	270	890	530	1,690	Most of this area is
(includes					zoned for growth.
Smith's					The exception is
farm and					Parau Farm which
Parau					is still to have a
Farm)					concept plan
					approved.
Pāpāmoa	230	520	170	920	Zoned for growth
					and no major
					constraints to
Wairakei	500	1 200	270	2150	development
wallakei	500	1,380	270	2150	Structure plan completed and
					zoned for growth.
					No major
					constraints to
					development.
Pyes Pā	40	140	70	250	Zoned for growth
,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,					and no major
					constraints to
					development
Pyes Pā	110	180	130	420	Zoned for growth
West					and no major
					constraints to
					development
Ohauiti	100	230	120	450	Zoned for growth
					and no major

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					constraints to
					development
Welcome	60	110	30	200	Zoned for growth
Bay					and no major
					constraints to
					development
Ohauiti		190	280	470	Plan change 39
South					zones land for
					urban
					development.
					Hearing of
					submissions in
					October/November
					2024
Keenan			2000 by	2000 by	Structure Plan
Rd			2054	2024	studies underway.
					LTP funding for
					growth related
			An	An	infrastructure
			additional	additional	restricted to design
			1,000 after	1,000 after	and land
			20254	20254	acquisition. No
					funding for
					construction of
					infrastructure in
					LTP. If
					development
					required before
					2034 then
					alternative funding
					mechanisms are
					needed.
Upper Belk			Up to 8,000	Up to 8,000	Long Term.
followed			if part of a	if part of a	Subject to Kainga
by Merrick			mixed-use	mixed-use	Ora's application
Rd -			eastern	eastern	for a Specified
largely in			town,	town,	Development
Western			potentially	potentially	Project.
Bay of			more if just	more if just	Infrastructure,
Plenty			residential	residential	funding and
district			development	development	feasibility
					constraints.

9.2 Transport Major Projects Update

File Number:A16638262Author:Jason Spencer, Transport Programme Manager - Major ProjectsAuthoriser:Nic Johansson, General Manager: Infrastructure

PURPOSE OF THE REPORT

1. To provide a Major Projects update.

RECOMMENDATIONS

That the Vision, Planning, Growth & Environment Committee:

- (a) Receives the report "Transport Major Projects Update".
- (b) Approves the update.
- (c) Acknowledges a separate endorsement or otherwise for The Connecting Mount Maunganui Indicative Business Case is required as a resolution to a separate item on the agenda.

DISCUSSION

2. Please find the Major Projects October 2024 report set out below as well as a slide pack attached containing the Major Projects update for review.

NEXT STEPS

3. Monthly Major Projects report to be included in future Vision, Planning, Growth & Environment Committees.

ATTACHMENTS

1. Major Projects presentation for VPGE v2 - 11-11-24 - A16972205 🗓 🛣

Ppt attachment pack

Major Projects September 2024 Update:

CRS2

- NZTA provided insight into the NLTF funding tables for the 24-27 period on 3rd September 2024. Currently, there is no new approval for funding in this period.
- The CRS2 review document is provided in the 'Stellar' platform for information only to provide insight into the rationale that was used for option generation and option selection.
- The realignment of the business case is underway to meet NZTA Board consideration early next year.

PEI Phase 3

• Work has progressed well on the project, with the works on time and within the allocated budget.

• Production on site has increased with the bridge foundation ground improvement works which are required to enable further bridge construction.

Tauriko

- NZTA delivering this project for TCC. Agreed construction programmes are in place.
- SP1 at Redwood Dr / Kaweroa Drive is on track to be completed by the end of 2025 and within budget.
- Separable Portion 2 programme (SP2 Caltex Station to Cambridge Rd) is to be reviewed and re-programmed to show a major reduction in the scope of one of the SH retaining walls. SP2 is now in the construction phase.
- TCC requested some changes to the Project Delivery team (NZTA/WSP/Downer), which have been implemented. Early indications show good results.
- There has been minor Traffic Management impacts to the road user. An area of concern was monitored last month when there was a lane closure in place for Power diversions but the max waiting recorded time was 12 mins.
- OSG meeting with NZTA/TCC team on the 30th Oct 24 showed some improvement areas that is being discussed with NZTA at present.

15th Turret W/B

- NLTF funding shows this project as 'probable' but awaits the NZTA board meeting for the 12th December for final approval.
- The document is currently going through VOS (Value, Outcome, Scope which is an NZTA review committee making recommendations to the NZTA Board) and is at risk at present with regards to further delays in its approval. All outstanding queries from VOS to date have been dealt with in a timely fashion by the TCC project team.
- The project is currently working on the Procurement and Consenting Strategy.

Connecting Mount Maunganui (CMM)

- The Indicative Business Case review has this week been confirmed for the February-25 NZTA Board meeting.
- NZTA have confirmed that there is no funding available for the project other than the managed lanes being part of the Stage 1 phase of works.
- This is a further slip back in the programme, posing a risk.
- The scope has been decreased from approximately \$500m down to approximately \$290m.
- A separate paper on the IBC is presented at the meeting, and next steps to be discussed.

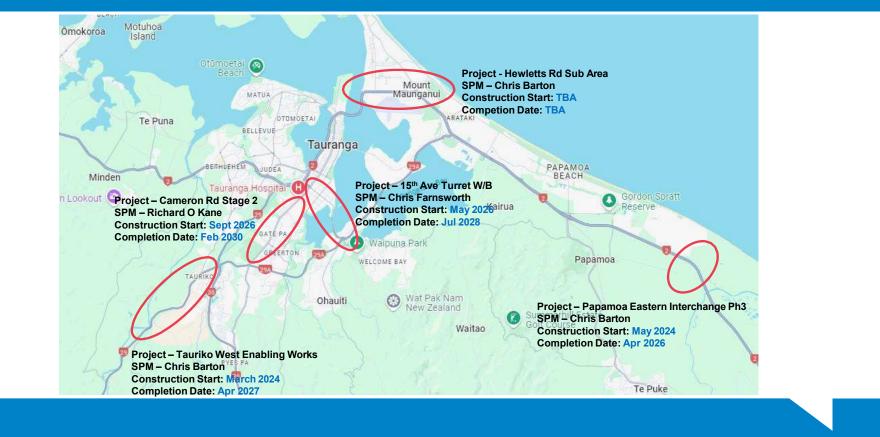
Major Projects (T5) – Update – 11th November 2024



All financial information updated and correct as of 23rd October 2024 in this slide pack for September 24 Reporting

Major Projects Map of Locations of Projects





Major Projects – Funding / Finance / Budget Breakdown Summary



Table 1: Department Summary

MAJOR PROJECT REPORTING FRAMEWORK LEVEL ONE | DEPARTMENT SUMMARY Report to 30 September 24

Projects	Total Funding Secured	TCC Share	Total Funding Unsecured	TCC Share	LTP Budget (P50)	LTP24-34 budget (P95)	Current Forecast (P50)	Funding Risk Contingency	Actuals to date
Tauriko West Enabling Works	240,870,868	6,994,332	12	2	228,722,181	240,870,869	224,951,405	11,048,595	46,485,136
Papamoa East Interchange Phase 3	79,277,514	2,267,415	15		70,934,793	79,277,513	68,982,841	10,293,858	14,554,573
Cameron Rd Stage 2	6,528,413	3,902,405	296,226,569	88,926,634	209,996,325	302,754,984	259,962,114	42,625,145	6,870,514
Welcome Bay to 15th Ave - Stage 1	4,998,905	885,242	154,817,309	15,263,330	139,526,642	159,983,472	141,859,293	20,456,830	4,755,238
Connecting Mount Maungnaui	1,000,000	490,000	147,250,000	71,662,500	147,250,000	294,500,000	139,045,000	48,240,000	1,105,602
	332,675,700	14,539,394	598,293,878	175,852,464	796,429,942	1,077,386,838	834,800,653	132,664,428	73,771,062

NARRATIVE

* Reflecting draft AP26 due to the significant change in project scope

Major Projects – Programme Milestone achievements 1 of 2



	Project Milestone			Activity ID	Baseline Dates (Sep-24)	Critical Path	Complete	Data
	1.1	1	Non Intrusive Surveys commencing		30-Jan-2024	Yes	Y	2-Apr-24
			Commence 30-50% Design		4-Jun-2024		Y	4-Jun-24
		Case	Non Intrusive surveys completed		27-Jul-2024	Yes	Y	12-Aug-24
				DBCR-SCO-1080	5-Nov-2024		N	29-Oct-24
			Stage 1 - Review DBC for rework Complete	DBCR-S1-1060	9-Dec-2024		N	2-Dec-24
N	Cameron		Stage 2 - Development of reworked DBC Complete for Review	DBCR-S2-1020	24-Feb-2025		N	18-Feb-25
	Road Stage 2		Reworked Detailed Business Case Complete for Approval	FUN-TR-1010	18-Mar-2025		N	11-Apr-25
RS2	Milestones		Reworked DBC Approval by NZTA	FUN-TR-1070	30-May-2025		N	30-May-25
	(Provisonal		Intrusive Service Investigations commence (TBC)	DD-MIL-TR1040	3-Jun-25		N	18-Jun-25
V	2 M C		Intrusive Service Investigations complete	DD-MIL-TR1060	12-Aug-25		N	20-Aug-25
	Baseline)	225 0302234	50% Design Gate (LoD 200)	DD-MIL-TR1070	22-Oct-25		N	17-Oct-25
		Detailed Design	Commence 50-85% design	DD-MIL-TR1080	23-Oct-25		N	20-Oct-25
			85% Design gate - (LoD300)	DD-MIL-TR1090	20-Mar-26		N	17-Mar-26
			Commence 85-100% Design	DD-MIL-TR1100	2-Apr-26		N	30-Mar-26
			100% Design Gate (LoD350)	OD-MIL-TR1110	21-Aug-26		N	18-Aug-26
		Procurement - PW	Finalise Implementation Procurement - Physical works	PRO-DD-ALL1100	11-Dec-2026	Yes	N	14-Jan-27
			SSBC Waka Kotahi Approval		24-Oct-24	Yes	N	24-Oct-24
		Consenting	White fronted tern resource consent approval - TBC		26-Nov-24		N	26-Nov-24
			Main Works Resource Consent Approval - Stage 1		13-May-26	No	N	13-May-26
			Confirm success of white fronted tern habitat - TBC		4-Dec-25		N	4-Dec-25
		Design	Professional Services ROI Release		9-Dec-24		N	9-Dec-24
			Professional Services RFT Release	-	12-Mar-25		N	12-Mar-25
			ECI ROI release		26-Mar-25		N	26-Mar-25
			Award Professional Services		12-May-25	Yes	N	19-May-25
			ECI Award PCSA		26-May-25	No	N	26-May-25
			Physical Works RFT release		27-Mar-26	No	N	27-Mar-26
			Physical Works Award Contract		4-Jun-26	Yes	N	4-Jun-26
			Early Works Site Investigation Complete		16-Jul-25	No	N	16-Jul-25
	15 th Ave W/B		Prelim Design Complete		27-Aug-25	No	N	27-Aug-25
5 TH Ave furret to W/B	and a second second second		Lodge Bridge & RC Resource Consents		8-Oct-25	No	N	8-Oct-25
	Milestones	Sector Se	Detailed Design Complete		11-Dec-25		N	11-Dec-25
urret to W/R 4/	(Provisional		IFC Package Complete		25-Feb-25	No	N	26-Feb-26
	Baseline)		Early Works Construction Complete - White Fronted Tern / Historical Pier		23-Jul-25	Yes	N	23-Jul-25
	An or the second second second		Early Contractor Involvement Period Compete.		30-Jan-26	Yes	N	30-Jan-26
			Zone 1 Construction Start		6-Jul-26	Yes	N	6-Jul-26
			Bridge & Causeway Construction Start		6-Jul-26	Yes	N	6-Jul-26
		Construction	Zone 2 Construction Start		8-Dec-26	Yes	N	8-Dec-26
		Construction	Bridge and Causeway Main Works Construction Complete		18-Jan-27	No	N	18-Jan-27
			Zone 3 Construction Start		20-Jul-27		N	20-Jul-27
			Zone 2 Construction Complete		11-Oct-27		N	11-Oct-27
			Zone 1 Construction Complete		17-Mar-28		N	17-Mar-28
			Zone 3 Construction Complete		18-Apr-28		N	18-Apr-28
			PE1 Construction Cost Estimate complete - Stage 1		22-Oct-25		N	27-Aug-25
		100000000	PE2 Construction Cost Estimate complete - Stage 1		1-Oct-25	- mark	N	18-Dec-25
		All Project	IE Construction Cost Estimate Complete - Stage 1		27-May-26		N	13-May-26
			Project Completion		3-May-28		N	10-May-28

SSBC – presented to NZTA in Dec '24

Major Projects – Programme Milestone achievements 2 of 2

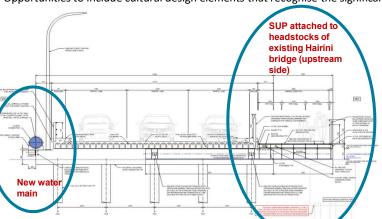


		Project Milestone:	s /			Activity ID	Baseline Dates (Sep-24)	Critical Path	Complete	Oct Date
				TEL Northern side Traffic Managemen	Installed		16-May-2024	Yes	Y	16-May-24
				TEL Southern side Traffic Managemen			13-Jun-2024		Y	13-Jun-24
				33KVa Power Cable Relocation Comp			9-Aug-2024	Yes	Y	4-Aug-24
			Construction	Drainage and Stormwater Complete			11-Nov-2024	No	N	2-Dec-24
				Commence Bridge Zone South Overbr	idge MSE walls		9-Dec-2024	Yes	N	17-Jan-25
		PEI Ph 3 Milestones		OverBridge Ground Improvements Co			16-Dec-2024	Yes	N	19-Dec-24
	N			Northern Ground Improvements Com	plete		19-Dec-2024	Yes	N	10-Jan-25
				Commence Bridge Zone North Overbr	idge MSE walls		21-Feb-2025	Yes	N	5-Mar-25
PEI Ph 3			The stories	Commence Pavement and Surfacing -	South Zone		17-Mar-2025		N	17-Mar-25
				Bridge Deck Complete			24-Jun-2025	Yes	N	26-Jun-25
	V			Landscaping Complete			27-Jun-2025	Yes	N	27-Jun-25
	•			Bridge Abutments Complete			25-Sep-2025	Yes	N	29-Jul-25
				Pavement Complete			23-Mar-2026	Yes	N	2-Apr-26
				Traffic Management Removed			29-Apr-2026	Yes	N	24-Apr-26
				Construction Complete and Interchan			26-May-2026	Yes	N	26-May-26
			Close Out	Opening & Blessing of Bridge & Cultur	al Works		2-Jun-2026	No	N	2-Jun-26
				Project Close Out Acceptance			2-Dec-2026	No	N	2-Dec-26
		Tauriko Milestones	General – SH29 / Redwood Lane / Kaweroa Drive Intersection (SP1)	SH29 / Redwood Lane / Kaweroa Driv	e Intersection Completion		1-Oct-2025	Yes	N	13-Oct-2025
				SH29 / Belk Road Intersection Closed			1-Dec-2025	Yes	N	2-Dec-2025
				All required land acquisition agreemer	its in place		1-Jun-2024	Yes	Y	30-Jun-24
			General - TW Northern Access + SH29 / Cambridge Road & Whiore Ave (SP2) (Possible Delays)	Contract Separable Portion 2 Award			30-Jun-2024	Yes	Y	17-Jul-24
Tauriko EW				Construction Commencement			1-Sep-2024	Yes	Y	16-Sep-24
				New School and Playcentre Carpark Complete			20-Mar-20/25	Yes	N	21-Mar-2025
				Tauriko West Northern Access Open (enabling access for land development)			15-Jan-2026	Yes	N	15-Jan-2026
				Construction Complete			8-Apr-2027	Yes	N	8-Apr-2027
				Completing IBC Updates			1-Jul-2024		Y	16-Sep-24
				IBC Council Approval			1-Aug-2024		N	11-Nov-24
			Indicative Business	IBC VOS Review and Endorsement			1-Aug-20/24		N	28-Nov-24
			Case (IBC)	IBC NZTA Board Approval			1-Sep-2024		N	21-Feb-25
				NLTP Funding Approvals (DBC + Pre-Imp/Imp for Horizon 1)			1-Sep-2024		N	30-Mar-25
CMM		CMM-	Detailed Business	Procurement Complete			1-Apr-25	Yes	N	1-Apr-25
		Milestones		Commencement	Tentative forecast dates for all subsequent definerables following (BC / Waka Kotahi NZTA approval. Definerables are likely to be delayed or on-hold following (BC review.		1-May-25	Yes	N	1-May-25
			Case (Tentative)	Completion (Horizon 1)			1-Dec-2025	Yes	N	1-Dec-2025
			Horizon 1 (Te Maire Link + Hewletts	Pre Imp Commencement			1-Nov-2025	Yes	N	1-Nov-2025
				Design Complete			30-Mar-2026	Yes	N	30-Mar-2026
			Intersection	Construction (Implementation) Comm	encement		30-Jun-2026	Yes	N	30-Jun-2026
			Optimisation)	Construction Completion			30-Jun-2027	Yes	N	30-Jun-2027

15th Ave Turret W/B Project

PROJECT OVERVIEW

- Three-laning of Turret Road and the Hairini Bridge and Causeway.
- A tidal-flow (dynamic lane) system along Turret Road to provide an additional lane of capacity in the peak directions of travel.
- High Occupancy Vehicle (HOV) lanes along Fifteenth Avenue and Turret Road starting as T2, but potentially changing to T3 or bus lanes at some point in the future.
- Improved walking and cycling facilities, targeting the key journeys to schools. Inc upgrade of James Cook intersection.
- Safety improvements.
- Opportunities to include cultural design elements that recognise the significance of the corridor to mana whenua.



Zone 1 – 15th Avenue - The Papa Connections
Zone 2 – Turret Road – Waimapu Estuary Crossing
Zone 3 – Welcome Bay Road (West) – Stage 2 later
Zone 4 - Welcome Bay Road (East) – Stage 2 later

Tauranga City



15th Ave Turret W/B Project – Next Steps



CHALLENGES AND NEXT STEPS

- Procurement Strategy has started in determining the type of contract that TCC want to run with from a Contract type (ECI / Panel / Open etc) and commercial framework (TOC / M&V etc). Commercial arrangement to generate least risk and best value for money. Review panel across this that includes legal. Closing out this phase over the next few weeks.
- Consenting Strategy is being worked through and finalized in Jan 25.
- Business Case is with NZTA for consideration in Oct 24 to take the project to the next stage. (Note Funding for pre-implementation and implementation included in 2024-27 NLTP as 'Probable').
- Business Case planned to be considered by the NZTA board in Dec 24.



15th Ave Turret W/B Project Financials



HIGH LEVEL OVERVIEW

Construction Start: May 2026 Construction Finish: July 2028

PHASE:

SSBC, Pre-implementation and Implementation - (Project Planning)



Graph 1: Budget vs Forecast (level one reporting)

Cameron Road Stage 2 Project



PROJECT OVERVIEW

Cameron Road is one of:

- Tauranga's main arterial corridors
- Connection to the city for people in Tauranga's southern suburbs
- In the next 30 years, it is anticipated that 15,000 more people will be living on Te Papa Peninsula
- A place where more people can live, work, study, and provide more sustainable ways to move around

Route from Barkes Corner through to 17th Ave.

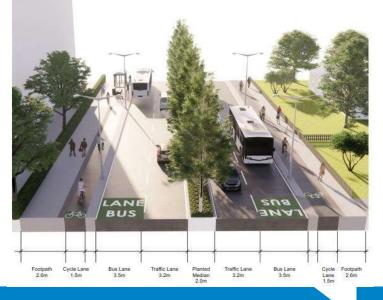


An Updated 'Preferred option' is being formalised at present as we move through the reworking of the DBC

Investigating options for 4 traffic lanes route wide (nearside lane wide enough to be transitioned into T2/Bus Lane), including incorporation of cycling and pedestrian facilities.

Options being considered for intersections along the corridor – and raised crossings being rationalised.

DBC Shortlist Option: Public Transport Emphasis



Cameron Road Stage 2 Project – Next Steps



CHALLENGES AND NEXT STEPS

- New updated DBC is being pulled together between Oct 24 and Feb 25 and to be resubmitted back to Council and NZTA for endorsement and approval from Mar 25. The document will be aligned to the July 24 final GPS.
- Further documentation will be provided to detail rationale and information on the project DBC process to date.
- Current costs to realign the DBC to the GPS are fully funded by TCC (no NZTA co-funding approved).



Cameron Road Stage 2 Project Financials



HIGH LEVEL OVERVIEW

Construction Start: September 2026 Construction Finish: February 2030

PHASE: Detailed Business Case – (Project Planning)



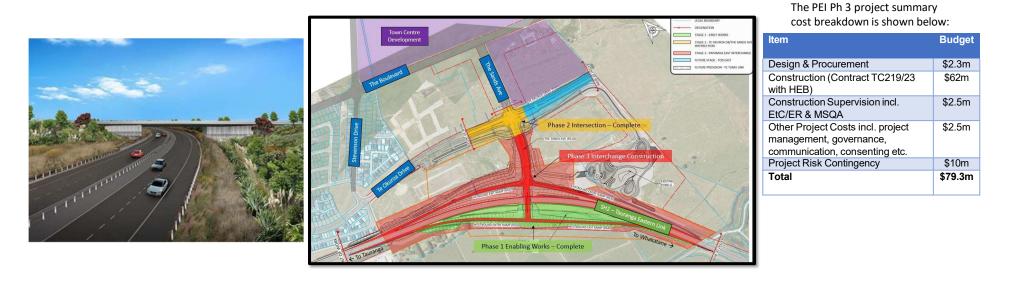
Graph 1: Budget vs Forecast (level one reporting)

Papamoa East Interchange Ph 3



PROJECT OVERVIEW

PEI Ph 3 is a \$79.3m project being delivered by Tauranga City to create new transport connection (grade separated diamond interchange) between the Tauranga Eastern Link expressway and the Papamoa East Town Centre – due to be complete early 2026. Creates new connection to support ongoing growth and development in this priority development area including over 2000 additional homes in the Papamoa East / Wairakei area and over 4000 additional homes in the future Te Tumu growth area.



Papamoa East Interchange Ph 3 – Next Steps



CHALLENGES AND NEXT STEPS

- Project is in the construction phase and proceeding on time and to budget.
- Challenges with working close to the State Highway, which have all been overcome to date with some minor issues.
- Minor delay in progression of the RAP'S (Rammed Aggregate Piles) in productivity (This has now been bought back on track with productivity upto app 10# per day). South side now complete moves to the north side early.



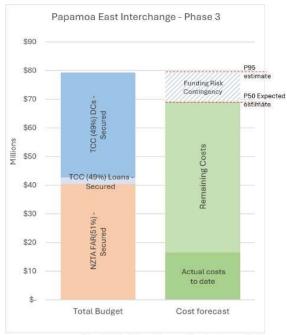
Papamoa East Interchange Phase 3 Financials



HIGH LEVEL OVERVIEW

Construction Start: May 2024 Construction Finish: April 2026

PHASE: Implementation



Graph 1: Budget vs Forecast (level one reporting)

Tauriko West Enabling Works Project



PROJECT OVERVIEW

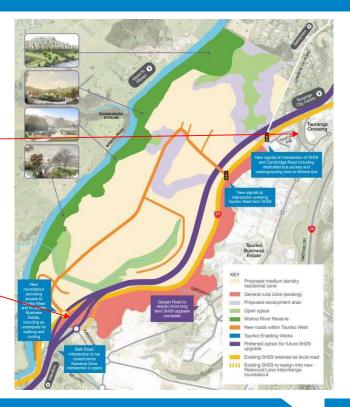
The Tauriko West Enabling Works project supports both residential and industrial growth - it will directly enable initial development of up to 2,400 new homes in the Tauriko West development area and enable ongoing development of over 100 hectares of additional land in the Tauriko Business Estate, which is anticipated to provide up to 6,000 additional jobs within the city.

The enabling works involves two key sections:

- SH29 Northern Access incl. Cambridge Road / Whiore Ave
 - Provides northern 'Spine Road' connection to Tauriko West development area
 - Includes new traffic signals at Cambridge Road intersection

- SH29 Intersection with Kaweroa Drive and Redwood Lane

- New Roundabout on existing SH29
- Provides southern 'Spine Road' connection to Tauriko West development area
- Provides connection to Tauriko Business Estate via Kaweroa Drive enabling further development
- Includes closure of Belk Road/SH29 intersection once alternative connection to SH29 available via Kaweroa Drive.



Tauriko West Enabling Works Project – Next Steps



CHALLENGES AND NEXT STEPS

- NZTA delivered project. Re baselined construction programmes are in the process of being confirmed.
- Separable Portion 1 at Redwood Dr / Kaweroa Drive on track to be complete by end of 2025 and within budget.
- Separable Portion 2 (Caltex Stn to Cambridge Rd) now in the construction phase. Value engineering has identified a reduction in extents of a Retaining Wall on SH29 which may result in potential time and cost savings.
- TCC continuing to work with project partners including NZTA, WSP & Downer to optimise delivery.
- OSG review with TCC/NZTA/Downer on the 30th Oct 24 identified some opportunities for improvement which are being actioned by the project team.

Tauriko West Enabling Works Project Financials

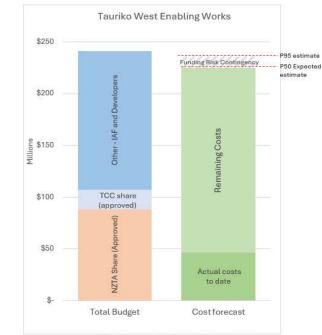


HIGH LEVEL OVERVIEW

Construction Start: March 2024 Construction Finish: April 2027

PHASE:

Implementation



Graph 1: Budget vs Forecast (level one reporting)

Connecting Mount Maunganui Project



PROJECT OVERVIEW

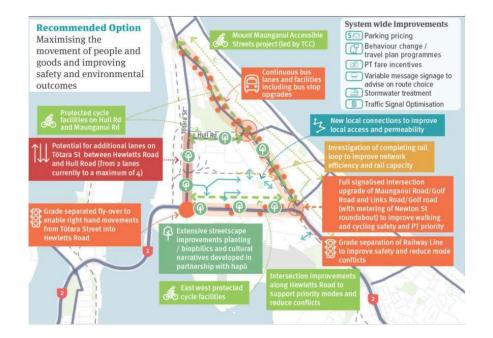
Waka Kotahi NZ Transport Agency, Tauranga City Council, Bay of Plenty Regional Council, Ngāi Tukairangi and Ngāti Kuku are working together to improve safety and create better transport connections across Mount Maunganui.

The demand across this part of the Tauranga network is significant, resulting in unreliable journey times and delays for freight, general traffic and public transport.

Demand is forecast to increase with significant growth anticipated across the Bay of Plenty and at key connections including the Port of Tauranga. The Port of Tauranga is nationally significant regarding economic growth and productivity.

The project will:

- Improve reliability and the number of people and goods moving through the area.
- Improve road safety for everyone.
- Increase public transport and active travel use for journeys in the area, and between the two sides of the harbour.
- Provide accessibility between Mount Maunganui, the eastern side of the harbour and Tauranga.
- Maintain freight and commercial vehicle accessibility, particularly during off-peak times.
- Reduce transport related emissions and environmental effects.



Connecting Mount Maunganui Project – Next Steps



CHALLENGES AND NEXT STEPS

- Updated IBC paper to better align with the new July GPS to better meet the investment objectives.
- Key challenge is that funding has not been prioritized at this stage in this 24-27 NLTP period to further progress the DBC, design, any property acquisition or any construction. NZTA funding **only** being considered for the Hewletts Rd managed lanes segment (Pre-imp and Implementation).
- Need to possibly seek opportunities for funding prioritization to maintain project planning progression through the DBC phase.
- IBC planned to be considered by the NZTA board in Feb.
 - Seek TCC endorsement/approval of IBC 11th Nov 24
 - NZTA VOS Committee review Nov 24
 - Seek NZTA board endorsement Feb 25



Connecting Mount Maunganui Project Financials



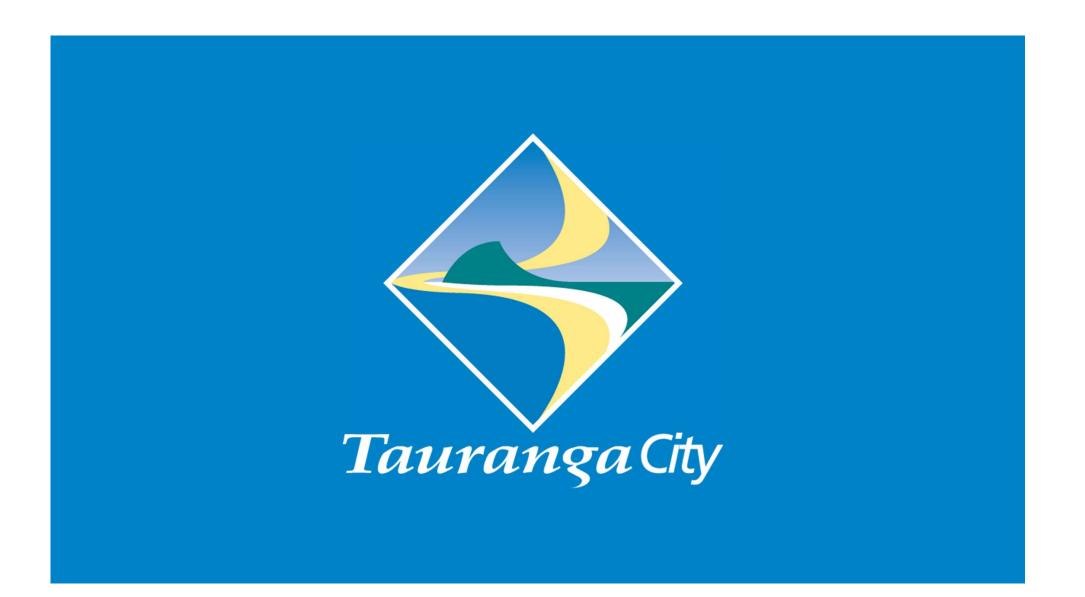
HIGH LEVEL OVERVIEW

Construction Start: TBA Construction Finish: TBA

PHASE: Indicative Business Case



Graph1: Budget v Forecast (level one reporting)



9.3 Connecting Mount Maunganui - Indicative Business Case

File Number:	A16733879
Author:	Chris Barton, Senior Project Manager: Major Projects
Authoriser:	Nic Johansson, General Manager: Infrastructure

PURPOSE OF THE REPORT

1. To seek endorsement of the Indicative Business Case (IBC) for the Connecting Mount Maunganui (CMM) transport project.

RECOMMENDATIONS

That the Vision, Planning, Growth & Environment Committee:

- (a) Receives the report "Connecting Mount Maunganui Indicative Business Case";
- (b) Endorses the Connecting Mount Maunganui Indicative Business Case as attached to this report;
- (c) Supports submitting the Connecting Mount Maunganui Indicative Business Case to the NZTA Board; and
- (d) Approves progressing with the next phase of the project planning and design including commitment of the budgeted TCC share of project funds, subject to NZTA approval of co-funding.

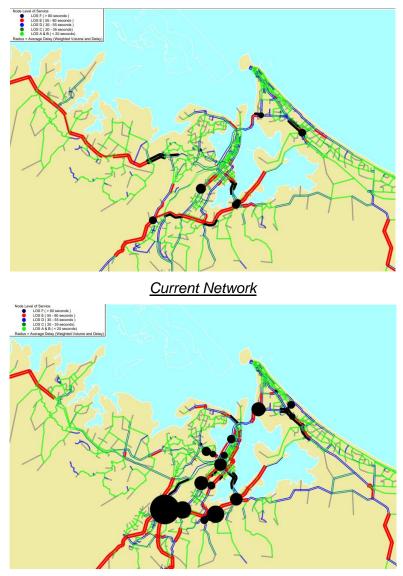
EXECUTIVE SUMMARY

- 2. Connecting Mount Maunganui is a project being jointly progressed by NZ Transport Agency Waka Kotahi (NZTA) and Tauranga City Council (TCC) seeking to increase the efficient and reliable movement of people and goods through the Mount Maunganui sub-area of Hewletts Road (SH2), Tōtara Street and Maunganui Road.
- 3. Performance of this critical section of the strategic transport network is locally, regionally and nationally significant, providing access to many key local and inter-regional destinations. It connects the Port of Tauranga, Mount Maunganui town centre, numerous residential and employment areas, and is a major throughfare for people crossing the Tauranga Harbour. Addressing issues with journey time reliability and delays through this corridor are a key enabler to ongoing economic growth and productivity of the city and sub-region.
- 4. Delivery of this project has been identified as a top priority in the Transport System Plan (TSP), the Urban Form and Transport Initiative (UFTI) and the Connected Centres programme.
- 5. The first phase of the project has involved development of the attached Indicative Business Case (IBC) which has identified a recommended programme of interventions including:
 - o partial grade separation at the Hewletts Road /Totara Street intersection with a flyover;
 - 4-laning Totara Street between Hewletts Road and Hull Road;
 - o converting current Hewletts Road bus lanes into High Occupancy Vehicle lanes (T3); and
 - creating new local road and cycleway connections between Tōtara Street and Newton Street / Maunganui Road through the current Mount Maunganui industrial area.

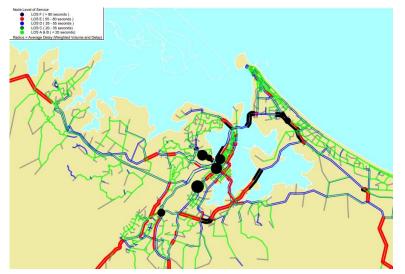
- 6. These interventions have been assessed using transport modelling of future 2031 and 2048 network scenarios to provide material improvements to the transport network through this area including reduced delays (travel time savings, congestion relief, reduced vehicle operating costs) as well as some improved public transport facilities and cycle network benefits with a benefit cost ratio of 1.3.
- 7. The estimated total capital cost to deliver the recommended option is between \$278m (P50 estimate) and \$375m (P95 estimate), with costs anticipated to be shared by NZTA Waka Kotahi and Tauranga City Council.
- 8. Subject Councils endorsement of the IBC, it will be presented to NZTA for formal endorsement and to seeking approval for funding of the next phases of the project.
- 9. Council has included funding in the 2024-34 LTP to progress the next phases of the project including further planning and design. NZTA has not prioritised funding in the 2024-27 National Land Transport Programme (NLTP) to progress the project beyond the IBC phase.
- 10. NZTA has indicated that they intend to seek funding in this NLTP period to convert the current Hewletts Road bus lanes into High Occupancy Vehicle lanes (T3). At this stage no further NZTA funding is anticipated to be approved to progress the next phases of the overall Connecting Mount Maunganui project within the 2024-27 NLTP period.
- 11. It is intended to complete the IBC and continue to look for opportunities to obtain funding to progress the next stages of the project in the next 3 years.

BACKGROUND

- 12. SH2/Hewletts Road and the surrounding area is the crucial 'last mile' connection between the Upper North Island freight network and the Port of Tauranga for transportation of goods which is regionally and nationally significant regarding economic growth and productivity.
- 13. The demand across this part of the Tauranga network is significant, resulting in unreliable journey times and delays for freight, general traffic and public transport. High traffic volumes and conflicting use in the area also result in significant road safety issues.
- 14. Demand is forecast to increase, with significant growth anticipated across the Bay of Plenty and to/from key destinations including the Port of Tauranga and anticipated Mount Maunganui intensification area. Without intervention current issues with journey time reliability and delays will continue to increase.
- 15. Ensuring this section of the transport corridor and network functions well now and into the future is a key enabler of ongoing growth in the subregion and maintaining an acceptable level of servive across the entire transport network.
- 16. Current and future network levels of service (LoS) are outlined indicatively below. LoS is assessed from A (good green) to F (significant issues/delays black):



Future 2048 scenario with CMM (and other major projects) not implemented



Future 2048 scenario with CMM (and other major projects) implemented

17. SH2/Hewletts Road and the surrounding area are currently perform many competing functions, including local road access to housing, jobs and recreational activities in the Mount Maunganui area, as well as through traffic such as inter-regional State Highway travel. The area has to balance various transport modes including freight, general traffic, public transport, and active mode travel like walking and cycling.

- 18. It is noted the final Government Policy Statement on land transport (GPS 2024) was released on 7 July 2024. The GPS guides prioritisation for investment from the National Land Transport Fund (NLTF) as part of the 2024-27 National Land Transport Programme (NLTP). GPS 2024 is built around four strategic priorities – Economic Growth and Productivity, Increased Maintenance and Resilience, Safety, and Value for Money.
- 19. As outlined in previous reports to Council on 29 April and 13 May 2024 and to the 9 September 2024 meeting of this committee, the project is currently in the IBC phase of assessing options and establishing a recommended programme of interventions to provide network upgrades and improvements.
- 20. NZTA use the Business Case Approach to guide planning and investment decisions. A summary of project phases through business case, pre-implementation and implementation through to completion is outlined below.

BCA phase	Point of entry	Programme business case Image: Detailed business case
Focus	Planning the approach	Case for change Optioneering Refining the preferred option Implementation Operating and maintaining the investment

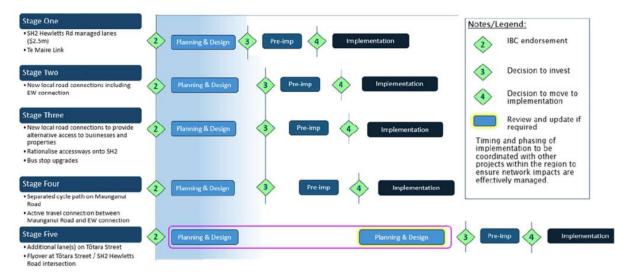
- 21. The Waka Kotahi Business Case Approach follows the NZ Treasury's Better Business Case 'five-case model', which includes:
 - The strategic case: what is the compelling case for change?
 - The economic case: which of the options available represents best value for money?
 - The commercial case: is the proposed investment commercially viable?
 - The **financial case**: is the proposed investment affordable?
 - The management case: how will the project organise for successful delivery?
- 22. NZTA has led the development of the Connecting Mount Maunganui project IBC with TCC support.

DISCUSSION

- 23. The Connecting Mount Maunganui project Indicative Business Case is attached to this report. The IBC outlines the case for investment, assesses various options and identifies a preferred/recommended option.
- 24. Options assessment has included modelling future traffic flows in two forecast future scenarios 2031 and 2048.
- 25. The scope of the preferred option identified in the IBC includes:
 - o partial grade separation at the Hewletts/Totara intersection with a flyover;
 - 4-laning Totara St between Hewletts Road and Hull Road;
 - o converting current Hewletts Road bus lanes into High Occupancy Vehicle lanes (T3); and
 - creating new local road and cycleway connections between Tōtara Street and Newton Street / Maunganui Road through the current Mount Maunganui industrial area.



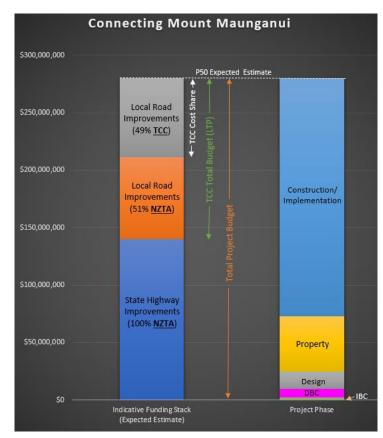
- 26. This option has been economically assessed with a benefit cost ratio (BCR) of 1.3, reflecting significant project benefits particularly in travel time savings, congestion relief, vehicle operating costs, improved public transport facilities and cycle network improvements (valued at over \$370m in accordance with NZTA economic evaluation procedures) that exceed the project costs.
- 27. As part of the IBC a proposed staging/implementation plan has been drafted which includes various delivery horizons. Implementation phasing and staging will be important to ensure the network in the area remains functional throughout construction including consideration of timing with other major transport projects in the region. Indicative staging includes:
 - Stage 1 Implement SH2 Hewletts Road High Occupancy Vehicle (HOV) lanes & connect Te Maire Street to Newton Street
 - Design and implementation of these proposed early and comparatively lower cost interventions (circa \$5m) can be accelerated subject to funding approvals
 - Stage 2 New local road connections including new east/west connection through the Mount Maunganui industrial area
 - Stage 3 Optimise SH2 accessways, further local road connections to provide alternate access to businesses and properties, and Hewletts Road / Maunganui Road bus stop upgrades
 - Stage 4 Active travel facilities including new east/west connection from Totara Street to Maunganui Road and a separated cycle path on Maunganui Road
 - Stage 5 Additional lanes on Totara Street and a flyover at Totara Street / SH2 Hewletts Road intersection



- 28. It is anticipated that following the IBC prior to any of the above stages progressing to detailed design or construction further planning and design development will be required likely via a Detailed Business Case (DBC) process. The DBC phase may be separated relevant to staged interventions, potentially with a DBC for stages 2-4 (local road improvements DBC) and a separate DBC for Stage 5 (Hewletts/Tōtara DBC).
- 29. While the concept and scope of some recommended interventions have not yet been fully detailed as part of the IBC process the next phase of the Detailed Business Case will further refine the preferred option as outlined in the IBC. This phase will include further analysis and detail regarding recommended local road connections and improvements and more detailed cost estimation.

FINANCIAL CONSIDERATIONS

- Total costs for the IBC development have been shared between NZTA (50%) and TCC (50%) noting the TCC component is also NZTA co-funded at a 51% Financial Assistance Rate (FAR).
- 31. Future phases of delivery are also anticipated to be co-funded by NZTA and TCC. Below is an indicative funding split outlining indicative share of the total project cost estimate and also providing a summary of estimated project phase (business case, design, property and implementation) costs:



*Note/ costs are as per the IBC P50 Estimate - base costs from Q1-2023 index date excl. escalation/inflation

32. TCC funding has been allocated in the 2024-34 Long Term Plan (LTP) to progress the project, noting this is budgeted assuming NZTA co-funding at 51% FAR. TCC project funding in the 2024-34 LTP is \$38.661m as outlined below:

Previous Actuals	2024/25	2025/26	2026/27	2027/28	2032/33	2033/34	LTP Total*
\$912	\$1,652	\$4,462	\$7,123	\$4,948	\$10,188	\$10,286	\$38,661
*\$000							

- 33. The 2024-27 National Land Transport Programme (NLTP) was released by NZTA on 2 September 2024. The NLTP includes all activities prioritised for funding from the NLTF between 1 July 2024 and 30 June 2027.
- 34. Projects are assessed for inclusion in the NLTP using the Investment Prioritisation Method, which is an objective assessment framework to prioritise funding for projects nationally based on their alignment to the GPS.
- 35. <u>Funding for the next phases of the CMM project have not been included in the 2024-27</u> <u>NLTP</u>. One potential reason funding was not prioritised is due to the low BCR of the previously preferred option, which was the information available at the time the NLTP was prioritised.
- 36. It is noted that the NLTP is currently oversubscribed nationally, including a long list of 'possible' projects which will be prioritised for any NLTP funding if approved projects are delayed, deferred or re-baselined.
- 37. NZTA have indicated that they will attempt to seek funding in this NLTP period to progress pre-implementation and implementation of SH2 Hewletts Road High Occupancy Vehicle (HOV) lanes noting this would be a State Highway Improvement (funded 100% NZTA). It is noted funding for this would require a variation to the NLTP and is not guaranteed.
- 38. NZTA have advised that there is no available NLTP funding to progress any other components of the CMM project beyond the IBC in this NLTP period. Funding requests for all further stages are to be reconsidered as part of the 2027-30 NLTP.

- 39. If funding was approved next stages of the project able to progress from 2025 (other than the Hewletts Road HOV lanes) would include:
 - Connecting Mount Maunganui Detailed Business Case.
 - Estimate total cost of up to \$6m.
 - \$3m Local Road Improvement (funded 49% TCC & 51% NZTA)
 - \$3m State Highway Improvement (funded 100% NZTA)
 - o Connect Te Maire Street to Newton Street
 - Estimate cost of \$2.5m. Local Road Improvement (funded 49% TCC & 51% NZTA)
- 40. There is sufficient funding in the current TCC LTP to progress these next project phases in 2025 and 2026 (total estimated local road improvement cost \$5.5m for these phases) though noting that these were budgeted including NZTA co-funding at 51% FAR for which no funding is available.

STRATEGIC ALIGNMENT

41. This project primarily contributes to the promotion or achievement of the following strategic community outcomes:

	Contributes
We can move around our city easily	\checkmark
We are a well-planned city	\checkmark
We are a city that supports business and education	\checkmark
We are an inclusive city	
We value, protect and enhance the environment	

42. The CMM project is a top priority project to address transport congestion in the city and enable ongoing growth and development.

OPTIONS ANALYSIS

- 43. Options available to Council are to:
 - Endorse the CMM IBC and associated recommended scope as presented (Recommended);
 - (b) Elect not to endorse the CMM IBC at this point; or
 - (c) Request additional work/information/updates prior to endorsing the CMM IBC
 - It is noted the approved funding for the IBC phase has been fully allocated, so any changes or additional work on the IBC would likely need to be fully funded by TCC.
 NZTA have advised that seeking additional IBC funding via a Cost Scope adjustment is not an option.
 - Any additional work will likely also delay submission of the IBC to NZTA

LEGAL IMPLICATIONS / RISKS

44. There are no identified legal implications associated with this matter.

TE AO MÃORI APPROACH

- 45. There has been extensive engagement throughout development of the IBC with Ngai Tukairangi and Ngati Kuku hapu.
- 46. Ngai Tukairangi support the recommended option.
- 47. Ngati Kuku elected through the IBC process to withdraw from the project as a partner due to their objection with the proposed flyover at the Totara/Hewletts intersection particularly

concerning the potential obstruction of views from the Whareroa Marae to Mount Maunganui. Alternative options have been explored by the project team, however no feasible alternatives to the proposed grade separated interchange are viable without significant compromises to overall project benefits.

48. Through next phases of the project (anticipated to be the Detailed Business Case phase) it is recommended the Māori Artists Collective is funded/resourced as part of the DBC to ensure tangata whenua history and cultural narratives are embedded across the CMM area. This should be incorporated through the design and construction of roading infrastructure, landscaping, water sensitive design (wetlands/waterways restoration and enhancement), public spaces and areas developed as part of the DBC. Opportunities for employment and long-term training/skills programs for rangatahi are also recommended for future project phases. It is noted that NLTP funding for these components will be subject to alignment with the GPS.

CLIMATE IMPACT

- 49. Reducing and addressing congestion through this part of the transport network would result in reduced transport emissions through reduced travel time and queuing though it is noted that modelling as part of the IBC has indicated emission reductions will be minimal.
- 50. The project is also supporting transport choice and mode shift, with the recommended programme including improved customer facilities for public transport users and improvements for active modes including new and improved cycle facilities.
- 51. Further assessment of enhanced infrastructure sustainability opportunities would be undertaken through the next phase of project development including low embodied carbon construction options.

CONSULTATION / ENGAGEMENT

- 52. Community engagement has shaped the Connecting Mount Maunganui project. Throughout the IBC phase views of project stakeholders including businesses and organisations and the general public have been considered. This process has included leveraging from TCC's engagement process on the Mount to Arataki Spatial Plan and undertaking community surveys.
- 53. A project website and project update newsletters have been available.
- 54. A consultation and engagement summary is included in the IBC.
- 55. Overall, feedback has been positive and people agree there is need to improve transport in the area. There is broad support for improving road safety and reliability, as well as improving public transport and facilities for people walking and cycling.
- 56. Further extensive engagement will take place through future project phases.
- 57. It is noted one of our original project mana whenua partners, Ngati Kuku, elected withdraw from the project as a partner due to their objection with the proposed flyover at the Totara/Hewletts intersection, particularly relating to concerns of the intersection blocking the views from the Whareroa Marae to Mount Maunganui.
- 58. Alternative options have been explored by the project team, however no feasible alternatives to the proposed grade separated interchange are viable without significant compromises to overall project benefits.

SIGNIFICANCE

59. The Local Government Act 2002 requires an assessment of the significance of matters, issues, proposals and decisions in this report against Council's Significance and Engagement Policy. Council acknowledges that in some instances a matter, issue, proposal or decision may have a high degree of importance to individuals, groups, or agencies affected by the report.

- 60. In making this assessment, consideration has been given to the likely impact, and likely consequences for:
 - (a) the current and future social, economic, environmental, or cultural well-being of the district or region
 - (b) any persons who are likely to be particularly affected by, or interested in, the matter.
 - (c) the capacity of the local authority to perform its role, and the financial and other costs of doing so.
- 61. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the matter is of high significance.

ENGAGEMENT

62. Taking into consideration the above assessment, that the matter is of high significance, officers are of the opinion that no further engagement is required prior to Council making a decision.

Click here to view the TCC Significance and Engagement Policy

NEXT STEPS

- 63. Subject to endorsement of the IBC by Council, the IBC will be presented to the NZTA Value Outcome and Standards committee (VOS) on 28 November 2024, seeking endorsement to present the IBC to the NZTA Board.
- 64. Subject to endorsement of the IBC by Council and VOS, the IBC will be presented to the NZTA Board in February 2025, seeking approval of the IBC.
- 65. NZTA will also seek approval of funding from the NZTA board to implement the Hewletts Road HOV lanes. Subject to funding it is anticipated that pre-implementation and implementation will progress from 2025.
- 66. Noting that the current NLTP does not include funding for future phases of the project and NZTA have advised that there is no available NLTP funding to progress any further elements of the CMM project in this NLTP period it is anticipated that TCC components of the project would go on-hold, and would be reconsidered for prioritisation in the next 2027-30 NLTP period or if alternative funding opportunities were identified.
- 67. Opportunities to progress the next phase of CMM project planning and design (likely a local road improvement DBC approx. \$2.5m-\$3m) and/or progressing early local road improvement components of the programme (including connecting Te Maire Street to Newton Street approx. \$2.5m) without NZTA co-funding could be considered as part of the upcoming 2025/26 Annual Plan process.

ATTACHMENTS

1. Connecting Mount Maunganui - Indicative Business Case - October 2024 - A16902737 (Separate Attachments 1)

10 DISCUSSION OF LATE ITEMS

11 PUBLIC EXCLUDED SESSION

Resolution to exclude the public

RECOMMENDATIONS

That the public be excluded from the following parts of the proceedings of this meeting.

The general subject matter of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48 of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution			
11.4 - Tauriko West - Redwood Lane	s7(2)(i) - The withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	s48(1)(a) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7			
11.1 - Redwood Lane Landowners	s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons	s48(1)(a) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7			
11.2 - Redwood Lane - Bryce Donne - Element IMF	s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons	s48(1)(a) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7			
11.3 - Redwood Lane - Matt Lagerberg - Classic Group	s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons	s48(1)(a) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7			

12 CLOSING KARAKIA