

Regional Council Workshop

Date: 10 April 2024
Time: 12.30pm
Venue: Council Chamber
Hawke's Bay Regional Council
159 Dalton Street
NAPIER

Agenda

Item	Title	Page
1.	Welcome/ Apologies	
2.	Clifton to Tangoio Coastal Hazards Strategy finalisation and adoption	3
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Subject: Clifton to Tangoio Coastal Hazards Strategy finalisation and adoption

Reason for Report

1. This report provides a progress update and opportunity for feedback from Councillors on development of the Clifton to Tangoio Coastal Hazards Strategy 2120 (Strategy).
2. A key focus for the workshop is early consideration of the draft funding model for Strategy implementation.

Executive Summary

3. The Strategy is now in Stage 4 of a four-stage development process that began in late 2014¹.
4. It is a coordinated approach to identifying and responding to the coastal hazards of erosion and inundation between Clifton and Tangoio, and the influence of sea level rise, over the next 100 years.
5. Two community panels were formed in 2017 to consider in depth the potential impact of these hazards and options to respond to them. Their recommendations were delivered to Councils in 2018, and provide the foundation for the Strategy.
6. The key short-term actions recommended by the Panels to build resilience include gravel and sand renourishment north of the Port of Napier, and groynes and gravel renourishment at Te Awanga and Haumoana. In the longer term, managed retreat has been identified for some locations.
7. A key barrier to progressing the Strategy has been the determination of roles and responsibilities for implementation. Following a funding review led by Raynor Asher KC, in 2022 Hawke's Bay Regional Council (HBRC), Napier City Council (NCC) and Hastings District Council (HDC) entered into a Memorandum of Transition that confirmed in principle agreement to HBRC leading Strategy implementation.
8. After a delay of 12 months due to Cyclone impacts, the Strategy is being prepared for public consultation in September 2024 as a proposed amendment to HBRC's Long Term Plan 2024-27.
9. A key remaining task to prepare the Strategy for public consultation is confirmation of a funding model for Strategy implementation. The funding model has been in development since late last year, with various aspects tested through the Strategy's Joint Committee.
10. This workshop with HBRC is the first opportunity for all Councillors to view the working draft of the funding model and provide feedback.
11. While the Strategy's Joint Committee is driving the Strategy development process, HBRC remains the final decision-maker in confirming the funding model, confirming the Strategy for public consultation, and the adoption of the final Strategy.

Background: Strategy overview

12. The Strategy is now in Stage 4 of a four-stage development process that began in late 2014.
13. It is a coordinated approach to identifying and responding to the coastal hazards of erosion and

¹ Project website: www.hbcoast.co.nz

inundation, and the influence of sea level rise, over the next 100 years.

14. Project governance is provided by a Joint Committee, formed with members from HBRC, Maungaharuru-Tangitū Trust, HDC, Mana Ahuriri Trust, NCC and Tamatea Pōkai Whenua.
15. The HBRC representatives on the Joint Committee are Cr. Jerf van Beek (Chair), Cr. Charles Lambert and Cr. Xan Harding, with Cr. Sophie Siers appointed as an alternate.
16. Initially focusing on the coastline between Clifton and Tangoio, the Strategy is intended to provide a model to adapt and roll out to other parts of the region that are exposed to coastal hazards.
17. The vision of the Strategy is for coastal communities, businesses and critical infrastructure from Tangoio to Clifton to be resilient to the effects of coastal hazards.
18. In 2018 a report was prepared by Community Assessment Panels, recommending adaptive pathways for 9 priority units within the Strategy area.
19. The recommended pathways developed by the Community Panels are presented in **Table 1** and **Table 2**. These pathways were refined through further community engagement in 2021 and 2022 with updates to the pathways shown as blue underline text.

Table 1: Recommend Pathways: Northern Cell Assessment Panel

Unit	Preferred Pathway	Short Term (0-20 yrs)	→	Medium Term (20 – 50 yrs)	→	Long Term (50 – 100 yrs)
Whirinaki (B)	Pathway 4	Status quo/ Renourishment	→	Renourishment + Control Structures	→	Sea wall
Bayview (C)	Pathway 3	Status Quo/ Renourishment	→	Renourishment + Control Structures	→	Renourishment + Control Structures
Westshore (D)	Pathway 3	Renourishment	→	Renourishment + Control Structures	→	Renourishment + Control Structures
Ahuriri (E1)	Pathway 6	Status quo	→	Sea wall	→	Sea wall
Pandora (E2)	Pathway 3	<u>Status quo</u>	→	<u>Storm Surge Barrier</u>	→	<u>Storm Surge Barrier</u>

Table 2: Recommend Pathways: Southern Cell Assessment Panel

Unit	Preferred Pathway	Short Term (0-20 yrs)	→	Medium Term (20 – 50 yrs)	→	Long Term (50 – 100 yrs)
East Clive (J)	Pathway 1	Status Quo	→	Renourishment + Control Structures	→	Retreat the Line / Managed Retreat
Haumoana (K1)	Pathway 2	Renourishment + Control Structures	→	Renourishment + Control Structures	→	Managed Retreat
Te Awanga (K2)	Pathway 3	Renourishment + Control Structures	→	Renourishment + Control Structures	→	Renourishment + Control Structures
Clifton (L)	Pathway 5	<u>Status quo</u>	→	Sea wall	→	Managed Retreat

20. The Joint Committee and its supporting Technical Advisory Group (TAG) have been working on a response to the recommendations of the 2018 report, including:
 - 20.1. Developing more detailed designs and costings for the short-term works proposed under

- each of the recommended pathways.
- 20.2. Developing thresholds to determine when pathways need to be implemented to avoid intolerable coastal hazards effects.
 - 20.3. Defining what a managed retreat response might look like in Hawke's Bay, how it might be done, and how much it might cost.
 - 20.4. Developing an agreed approach for Strategy implementation.

Background: funding review and Memorandum of Transition

21. A key outcome since the Community Panels delivered their recommendations was a Funding Review led by Raynor Asher KC.
22. The review was initiated to guide council decision-making on who should lead Strategy implementation, including collecting rates to fund works and initiatives under the Strategy.
23. Mr. Asher identified and considered a range of different models for Strategy implementation, and having considered legislation, case law, current practice, representation, coastal processes, practical considerations and other matters, recommended that:
 - 23.1. HBRC takes responsibility for implementing actions under the Strategy;
 - 23.2. An Advisory Committee is formed, with members from HBRC, NCC, HDC and Mana Whenua to support HBRC decision-making; and
 - 23.3. Key technical staff from the three Councils support the Advisory Committee and HBRC, in a similar way to the current TAG formed for the Strategy.
24. The three partner Councils adopted this outcome in principle and entered into a Memorandum of Transition (MOT) to confirm their agreement. The full MOT is provided as **Attachment 1**.
25. It is noted that the MOT also includes provisions for the transfer of existing coastal hazard assets from HDC and NCC to HBRC. This proposed asset transfer was recommended by Mr. Asher to facilitate the integrated and coordinated management of coastal hazards risks.
26. The assets identified by the MOT for potential transfer are presented in **Table 3** and **Table 4**.

Table 3: Napier City Council Coastal Hazards Assets proposed for transfer to HBRC.

Asset	Current Funding Mechanism	Capital Cost	Operational Cost	Outstanding Debt	Notes
Westshore beach erosion	HB land endowment reserve	Nil	\$275,000	0	Annual opex cost
Westshore nearshore restoration	HB land endowment reserve	Nil	\$275,000	0	Tri-annual opex cost
Hardinge Road erosion	HB land endowment reserve	\$325,290		0	Bi-annual capital cost
Hardinge Road structure	HB land endowment reserve	\$498,053		0	Existing asset

Table 4: Hastings District Council Coastal Hazards Assets proposed for transfer to HBRC.

Asset	Rate	Capital Cost	Outstanding Debt	Annual Interest and Debt Repayment	Total Budgeted Opex
Clifton Revetment	General rate	\$1,408,987	\$1,116,000	\$70,200	\$50,000
Cape View Corner	General rate	\$644,067	\$600,000	\$37,800	
Waimārama Sea Wall	Targeted Rate (90%)	\$197,262	\$175,481	\$25,000	

27. The MOT provides that the assets will only transfer if HDC, NCC and HBRC agree and confirm a Coastal Hazard Asset Transfer Agreement. If that agreement isn't reached and/or some or all assets are not transferred (for any reason), it does not prevent the Strategy as a whole from progressing.
28. In July 2022 (and in accordance with Schedule Two of the MOT) HBRC undertook a public consultation process under s.82A of the Local Government Act to gauge community support for the proposals outlined in the MOT.
29. The results of the consultation process were presented to HBRC at their meeting on 23 August 2022. A total of 59 submissions were received. Of those
 - 29.1. 51 (86 %) supported Option 1: (the preferred option) HBRC takes charge of adapting to coastal hazards between Clifton and Tangoio
 - 29.2. Six (10%) supported Option 2: (status quo) Continue with coastal hazards managed in various ways by all three councils, with no defined lead agency.
 - 29.3. Two submissions (3%) didn't support either of the options.

Background: internal review

30. Prior to adopting the MOT, HBRC Councillors requested that an internal review of the Strategy be undertaken as a due diligence step to better understand the potential impact on HBRC were it to lead Strategy implementation and to provide additional analysis on specific matters.
31. A scope for this review was developed and agreed with Councillors, with the final outcome of the review presented to Council on 23 February 2022. The full paper is **Attachment 2**.
32. The review covered the following topics / discussion points.

Topic 1: Organisation-wide impacts

- 32.1. *Provide an assessment of staffing requirements and structural changes required to successfully deliver projects under the Strategy.*
- 32.2. *Identify the number of new Full Time Equivalent (FTE) roles considered necessary, based on FTE requirements to deliver capital works programmes under HBRC's flood control schemes.*
- 32.3. *Discuss assumption that resourcing levels will be designed to address project delivery, operations and maintenance and monitoring.*

Topic 2: The most effective organisational model for implementation

- 32.4. *Describe how physical works programmes would be effectively implemented in practice.*
- 32.5. *Discuss delivery model, which is to be based on HBRC flood control works; key components include that the works will be led out of HBRC's Asset Management Group, funding is confirmed through usual Long Term Plan processes, with triggers and thresholds driving the actual work programme in any given year.*

Topic 3: Suitability of policy and regulatory framework

- 32.6. Summarise findings of reports by Mitchell Daysh Limited looking at the suitability of the existing policy framework and consentability issues for works proposed under the Strategy.
- 32.7. Present scope for next phase of work under the Regulatory Workstream which will respond to recommendations made in the Mitchell Daysh reports.

Topic 4: Science output recommendations

- 32.8. Summarise expected science requirements to support implementation of the Strategy – e.g. environmental baseline monitoring, effects assessments to support consenting (applicant and effective regulatory functions), consent condition and triggers monitoring requirements, etc.
- 32.9. Discuss coastal ecology workstream underway and findings of draft gap analysis.

Topic 5: Obligations to Tāngata Whenua

- 32.10. Identify key processes and elements relevant to Strategy development and implementation – e.g. Treaty obligations, Treaty settlement outcomes (e.g. statutory acknowledgements) Marine and Coastal Area (Takutai Moana) Act, Māori Standing Committee, Regional Planning Committee, etc.
- 32.11. Re-confirm marae / PSGE / Taiwhenua / Iwi organisations with interests in the Strategy area.
- 32.12. Summarise mana whenua involvement in Strategy development to date.
- 32.13. Highlight issues that have been raised by mana whenua to date.
- 32.14. Summarise mana whenua engagement approach, current activities, next steps.

Topic 6: Ratepayer equity, including an assessment of the full financial cost to all ratepayers in delivering the strategy

- 32.15. State working principles (as informed by LGA s.101) around beneficiary pays approach – moderated as necessary for affordability.
- 32.16. Re-look at modelling on costs and rating impacts provided to date, test assumptions, test costs used, update if required.
- 32.17. Consider whether a beneficiary pays approach could be presented at a very high level using current information to provide indications of rate payer impacts at different public / public apportionments – need further advice from HBRC finance to determine validity of this approach given high number of assumptions and variables involved.

Topic 7: The impacts of climate change on the adaptive pathways in light of the most recent projections

- 32.18. Provide a brief summary of outcomes of latest IPCC report and how latest projections compare with those used in Strategy and any implications.
- 32.19. Clarify dynamic adaptive planning approach – designed to accommodate constantly changing knowledge and modelled future outcomes.
- 32.20. Summarise stress testing work undertaken by HBRC to date to test designs against different IPCC scenarios (note: this is qualitative only at this stage, further investment required to make it quantitative and benefit assessment required at TAG to determine future course).

Topic 8: An assessment of the carbon footprint arising from implementing the strategy

- 32.21. Present work already undertaken by HBRC to build in carbon offsetting to cost estimates.

Background: consultation delay

33. The Strategy was on track for public consultation in August 2023, however it was determined to delay consultation in the aftermath of Cyclone Gabrielle.
34. Work on the Strategy paused for a period, and then re-started on confirming final elements.
35. Provided as **Attachment 3** is the current timeline for Strategy development and adoption.
36. Pre-engagement is proposed to occur through July 2024 to engage with the wider community and share information to support effective engagement during the formal consultation period, which is proposed to occur in September 2024 as a proposed amendment to HBRC's LTP.

Preparation of Strategy for public consultation

37. The Strategy consultation process is intended to be run as an amendment to HBRC's LTP. The LTP amendment is required to:
 - 37.1. Make a proposal for the regional council to undertake a significant new activity under section 16 of the Local Government Act to give effect to the outcomes agreed by the Partner Councils in the Memorandum of Transition (i.e. that HBRC lead Strategy implementation); and
 - 37.2. Provide funding mechanisms for Strategy implementation.
38. This means that the consultation process will include three key components:
 - 38.1. The proposed Strategy document in full
 - 38.2. A supporting consultation document including a proposed funding model
 - 38.3. A document outlining the specific changes that are proposed to be made to HBRC's LTP.
39. **Table 5** presents the current draft outline for the Strategy document, with a status update provided on the content for each section.

Table 5: Strategy outline and drafting update

Section	Content	Content Status
1. Introduction	Reason for the Strategy, problem definition	Ready for write up
2. Strategy Development Process	Outline process, Community Panel report, etc	Ready for write up
3. Proposed Responses (Short Term)	For each priority unit, outline the Councils preferred option and alternative option(s) for the short term / first action of each pathway	Ready for write up (based on Panel recommendations and Design Workstream outcomes)
4. Proposed Medium- and Long-Term Responses	For each priority unit, outline the Councils preferred option and any alternatives for the medium- and long-term actions of each pathway	Ready for write up (based on Panel recommendations, Design Workstream outcomes and Managed Retreat Workstream outcomes)
5. Adaptation Thresholds	Present proposed adaptation thresholds. Discuss signals and triggers approach	Thresholds ready for write up (based on community panel engagement). Signals and triggers will follow post Strategy adoption

Section	Content	Content Status
6. Funding Principles	Set out proposed funding principles based on LGA requirements Set out a proposed Funding Model for Strategy implementation that gives effect to principles Define financial impact from Strategy implementation for short term actions	Preliminary funding model developed, currently in testing and refinement with Joint Committee and HBRC
7. Regulatory Framework	Set out the requirements for the local regulatory framework that will need to be in place to support and complement physical works undertaken through the Strategy, e.g. addressing moral hazards, facilitating Strategy implementation, etc	Discussion paper in development to inform final Strategy content (based on Regulatory Workstream outcomes)
8. Strategy Implementation	Describe implementation model for the Strategy (role of HBRC, Advisory Committee, etc)	Ready for write up (as confirmed by Memorandum of Transition)
9. Strategy Monitoring and Review	Describe strategy monitoring and review process	10-year review cycle confirmed + triggered review process in development

Funding model development

40. A key remaining task to prepare the Strategy for public consultation is confirmation of a funding model for Strategy implementation.
41. This process started with TAG developing updated high-level costings for the first actions in the pathways recommended by the Panels. These costs are based on previous estimates and have been inflation adjusted but remain high level. Included in these costs are estimates for detailed design, resource consents, carbon emissions offsetting and other costs.
42. TAG then workshopped the principles and approach to developing the funding model with the Joint Committee late last year.
43. Tonkin & Taylor were then engaged to undertake an assessment of the impact of the works proposed by the Strategy on reducing risk at a property scale for both erosion and inundation. The T&T assessment groups properties into Class 1, 2, 3 or high, medium, low in terms of the benefits they receive from reduced risk. The funding model was then constructed around this assessment, guided by s.101(3) of the Local Government Act 2002.
44. The funding model will allow the Joint Committee and HBRC to see the impact of the initial allocation of costs developed for average, outlier and specific properties (if required).
45. The Joint Committee and HBRC can then modify the allocations in the dynamic model if they consider the impacts are too great at a property level.
46. A working draft of this funding model was presented to the Joint Committee in workshop on 15 March 2024 for initial feedback. With substantial feedback received, TAG is now refining the model in response. Two further workshops are planned with the Joint Committee before the funding model is presented to an HBRC workshop.
47. At this workshop with HBRC, the funding model will be presented in its current form for discussion and feedback.

Analysis of financial impacts on HBRC

48. TAG has prepared updated analysis to consider the financial impact on HBRC from leading Strategy implementation as contemplated by the MOT.

49. The key assumption is that if the Strategy is adopted in 2024, the costs in the first three years are for detailed design and consenting only. Capex and additional opex will commence in year 4 on an assumption that the physical works programs commence at that time.
50. **Table 6** presents current estimates of both capex and additional opex for the proposed interventions in the short term.
51. Note that only four of the nine priority units identified by the Community Panels are presented here. In other units, physical works have either already been completed (e.g. Clifton revetment) or the recommended pathway calls for status quo / monitoring in the short term.
52. Also note that for Haumoana and Te Awanga there are two design variants presented; both variants provide similar levels of service, however C2 involves fewer physical structures (groynes) and more gravel nourishment, resulting in lower capital costs but higher operational costs. The D2 alternative involves more physical structures (groynes) resulting in higher capital costs and lower operational costs.

Table 6: Recommend Pathways: Southern Cell Assessment Panel

Unit	Operational costs	Capital	Decommission after 50 years
Bayview	\$474,000	Nil	Nil
Westshore total <i>Note current</i>	\$1,512,000 \$596,000	Nil	Nil
Haumoana C2	\$912,000	\$5,082,325	\$230,000
Haumoana D2	\$549,000	\$11,362,918	\$699,000
Te Awanga C2	\$1,819,000	\$6,175,584	Nil
Te Awanga D2	\$ 1,113,000	\$22,818,178	\$1,384,000

53. The impact on cashflow, rates and debt for HBRC is summarised in Table 5, using costs for design variant C2 for Haumoana and Te Awanga.

Table 7: Financial Impact for HBRC²

		2023-24	2024-25	2025-26	2026-27	2027-28
Annual opex						
Existing		592,562	576,363	578,835	578,835	188,640
Additional						
operational expenditure including the following:			100,000	500,000	500,000	4,717,000
Consenting	All unts		<i>100,000</i>	<i>500,000</i>	<i>500,000</i>	
Direct	Bayview					<i>474,000</i>
	Westshore					<i>1,512,000</i>
	Haumoana					<i>912,000</i>
	Te Awanga					<i>1,819,000</i>
Interest (Total)						619,185

² Additional notes to Table 6

1. Existing costs at Westshore (\$592k) are currently split equally between NCC and HBRC
2. New OPEX in years 1 – 3 are for detailed design and consenting + other Strategy implementation tasks.
3. Year 4 costs include HBRC taking on 100% of Westshore nourishment costs
4. Costs are conservatively high e.g. assumed locations for gravel supply

		2023-24	2024-25	2025-26	2026-27	2027-28
Non Cash	Allowance for decommission costs					4,600
Loan repayments						322,869
Proposed recovery of Total Rates & existing recovery ex NCC		592,562	676,363	1,078,835	1,078,835	5,852,294
Capex	Haumoana				5,082,325	
	Te Awanga				6,175,584	
Loan funding and loan balance					11,257,909	10,935,040

54. Design variant D2 for Haumoana and Te Awanga would increase:
- 54.1. Capex **\$34,181,096 from \$11,257,909**
 - 54.2. Operational costs reduced to **\$3,648,000 from \$4,717,000**
 - 54.3. Total rates to **\$6,595,213 up from \$5,852,294 because of interest costs based on 5.5%.**
55. In summary, based on the initial assessment of costs and work undertaken by both TAG and the Joint Committee, the impact on rates is outlined in **Table 8**.

Table 8: Financial Impact for HBRC

		C2 option		D2 option	
Initial Capital expenditure		\$ 11,257,909		\$ 34,181,096	
		Current rates		Rates after all units are operational	
Total rates		592,562	5,852,294		6,595,213
Local share - up to three areas			4,699,592		5,405,365
Number of rateable properties	3,392				
Average rates			\$ 1,385		\$ 1,944
Over all the properties in both NCC & HDC area		296,281	800,118		826,120
NCC	26,457	\$ 11.20			
HDC	32,178				
Average rates			\$ 13.65		\$ 14.09
Over all the properties with HBRC		296,281	352,585		363,729
	73,463				
Average rates		\$ 4.03	\$ 4.80		\$ 4.95

56. Any capital commitments required to support the ongoing coastal programme will need to be assessed and balanced with current flood mitigation capital programme of HBRC, including the ability of HBRC to have appropriate headroom capacity to fund this work into the future.

Next Steps

57. Provided as **Attachment 4** is the confirmed schedule of HBRC and Joint Committee workshops and meetings to refine and confirm the final Strategy and associated funding model.
58. With refinements in response to feedback today, the funding model will be further developed and refined with the Joint Committee on 23 April and 17 May, before being brought back to HBRC on 19 June for a further workshop.

59. On 31 July the full Strategy, including funding model and LTP amendment will be presented in draft to HBRC for review and feedback, with final documents being presented to HBRC on 28 August 2024 seeking adoption of the consultation materials and agreement to commence public consultation.

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Attachment/s

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|--|--|----------------------|
| 1 | Memorandum of Transition 23 May 2022 | Under Separate Cover |
| 2 | HBRC Internal Review – Coastal Hazards Strategy Implementation Feb22 agenda item | Under Separate Cover |
| 3  | 2024 Coastal Strategy timeline | |
| 4  | 2024 Coastal JC - HBRC work programme | |



Coastal Hazards Joint Committee / HBRC Programme 2023-2024

Step	Purpose	Who	When
Workshop #1: Principles	Confirm legislative requirements and principles to apply to funding model development	Joint Committee	May 2023
Workshop #2: Testing the Approach	Present two test case units demonstrating how the funding model could work in practice	Joint Committee	10 November 2023
	TAG Meeting		29 January 2024
	TAG Funding Workshop #1		7 February 2024
	TAG Funding Workshop #2		23 February 2024
	TAG Meeting		4 March 2024
	TAG Funding Workshop #3		11 March 2024
Workshop #3: Review Funding Model	Workshop draft funding model	Joint Committee	15 March 2024
	Joint Committee Meeting		15 March 2024
	TAG Meeting		25 March 2024
HBRC Validation	Workshop draft funding model	HBRC	10 April 2024 12.30pm
Workshop #4: Review Funding Model	Workshop draft funding model	Joint Committee	23 April 2024 9.30am
	TAG Meeting		13 May 2024
Workshop #5: Confirm Funding Model	Confirm funding model to recommend to HBRC	Joint Committee	17 May 2024 9am
	Joint Committee Meeting		17 May 2024
	TAG Meeting		27 May 2024
Workshop #6: Review Draft Strategy	Review Draft Strategy		14 June 2024 10am
HBRC Validation	Consider proposed funding model	HBRC	19 June 2024 9am
	TAG Meeting		24 June 2024
Joint Committee meeting to recommend Draft Strategy, LTP amendment & funding model to HBRC	Decision to recommend full Strategy / LTP amendment package including funding model to HBRC	Joint Committee	5 July 2024 10am
	Joint Committee Meeting		5 July 2024
	Pre-engagement Period		1 – 21 July 2024
	TAG Meeting		29 July 2024
HBRC Validation	Review full Strategy / LTP amendment package including funding model – provide feedback ahead of 28 August decision	HBRC	31 July 2024 11am
	TAG Meeting		26 August 2024
HBRC Decision #1: Full Strategy consultation	Adopt Strategy / LTP Amendment including funding model for public notification	HBRC	28 August 2024 11am
Community Consultation	Consultation under Section 16	HBRC	September 2024
	Joint Committee meeting		13 September 2024
	TAG Meeting		23 September 2024
	Submissions Hearing	HBRC	16 October 2024
	TAG Meeting		21 October 2024
HBRC Decision #2: Final Decision	Deliberations decision on LTP amendment	HBRC	November 2024
	Joint Committee meeting		8 November 2024
	TAG Meeting		25 November 2024
	TAG Meeting		16 December 2024

Workshop

10 April 2024

Subject: Update on the Napier-Hastings Future Development Strategy

Reason for report

1. The principal reason for the workshop is to offer an opportunity to all Hawke's Bay Regional Councillors to receive an update on progress being made to prepare a 'Future Development Strategy' (FDS) for the Napier-Hastings Urban Area.
2. Preparation of the FDS is being overseen by a Joint Committee with Councillors Mackintosh and Williams being HBRC's two appointees.
3. Similar separate updates are scheduled for councillors at Napier City and Hastings District councils in week beginning 8 April 2024.
4. The next scheduled meeting of the FDS Joint Committee is 30 April 2024.

Workshop Outline

5. At the workshop, staff and FDS Project lead consultants propose to provide an update which was very similar to content of the session workshopped with members of the FDS Joint Committee last month. Therefore, the workshop content will be in two parts:

Part 1

- 5.1. brief recap scope of the FDS. More can be found online at: <https://www.hastingsdc.govt.nz/hastingsnapierfuturedevelopment/>
- 5.2. recap key stages of the FDS project (see Figure 1), plus proposed timeframes between now and the three partner councils each adopting a final FDS in October 2024

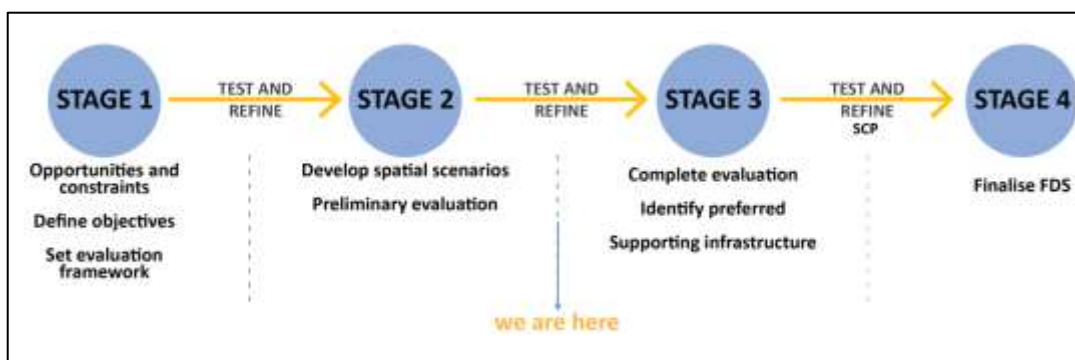


Figure 1 - Napier-Hastings FDS Key Steps

- 5.3. recap work done on assessing housing demand and availability over 10/20-30 year planning horizons, and similar assessments for business land (commercial and industrial activity)
- 5.4. recap recent actions following public *call for opportunities* for potential development sites, plus potential for intensification within existing urban areas

Part 2

- 5.5. provide an overview of the multi-criteria analysis (MCA) of potential sites undertaken by members of the technical advisory group (TAG). The MCA has informed preliminary evaluation of 'spatial scenarios.'

- 5.6. provide an update on refined spatial scenarios that have been designed for consideration by the Joint Committee (noting that the Joint Committee has not indicated any preferred scenario(s) yet)
- 5.7. outline how the scenarios ‘score’ relatively against goals of the FDS and provide for sufficient supply of housing and business land over the short, medium and long term (up to 30 years).

Exclusion of public from part 2 of the workshop

6. The public will be excluded from this section of the meeting, being *part 2 – scenarios for future development* (points 5.6 and 5.7 above). The reason and specific grounds under Section 48 (1) of the Local Government Official Information and Meetings Act 1987 for exclusion are:

General subject of the item to be considered	Reason for excluding the public	Grounds under section 48(1)
Update on the Napier-Hastings Future Development Strategy	<p>The detailed scenario information provided about potential areas for future development would allow the public to easily identify specific properties, which could enable property deals for personal gain.</p> <p>The public interest in property development information is considered relatively high, however is outweighed by the risk of the detailed scenario information being used for improper gain or advantage, which may ultimately damage the public interest.</p> <p>The wider communities of Napier and Hastings will have an opportunity to provide feedback on a draft Napier-Hastings Future Development Strategy and access to the detailed scenarios during the public consultation process due to commence in June 2024.</p>	s7(2)(j) Excluding the public is necessary to prevent the disclosure or use of official information for improper gain or improper advantage.

7. Many of the potential development sites that will be discussed during the workshop are well-defined, and easily identifiable from maps and descriptions. That information could be used for improper gain or improper advantage if it was to be publicly disclosed at this time.
8. From June, there will be an opportunity for the public to provide comments on the draft Napier-Hastings FDS, plus supporting background materials and assessments. It would be premature to make the workshop material publicly available ahead of a coordinated public submission opportunity (from June) involving the three FDS partner councils (Napier City Council, Hastings District Council and HBRC).

Next steps

9. Next steps for FDS preparation will be outlined during the workshop. In short:
 - 9.1. The next Napier-Hastings FDS Joint Committee meeting/workshop is scheduled for 30 April 2024
 - 9.2. FDS project leads will report back to the Napier-Hastings FDS Joint Committee about direction received during the joint committee’s workshop in March, additional technical analysis and further PSGE engagement
 - 9.3. Reporting to each of the three partner councils in June, seeking approval of the draft Napier-Hastings FDS for public consultation
 - 9.4. Full public consultation on the draft Napier-Hastings FDS from June 2024.

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Attachment/s

- 1 [📄](#) Napier-Hastings Future Development Strategy public slides for 10 April 2024 HBRC workshop

Napier Hastings Future Development Strategy

Joint Committee Workshop

Confidential Briefing to the Joint Committee

06 March 2024

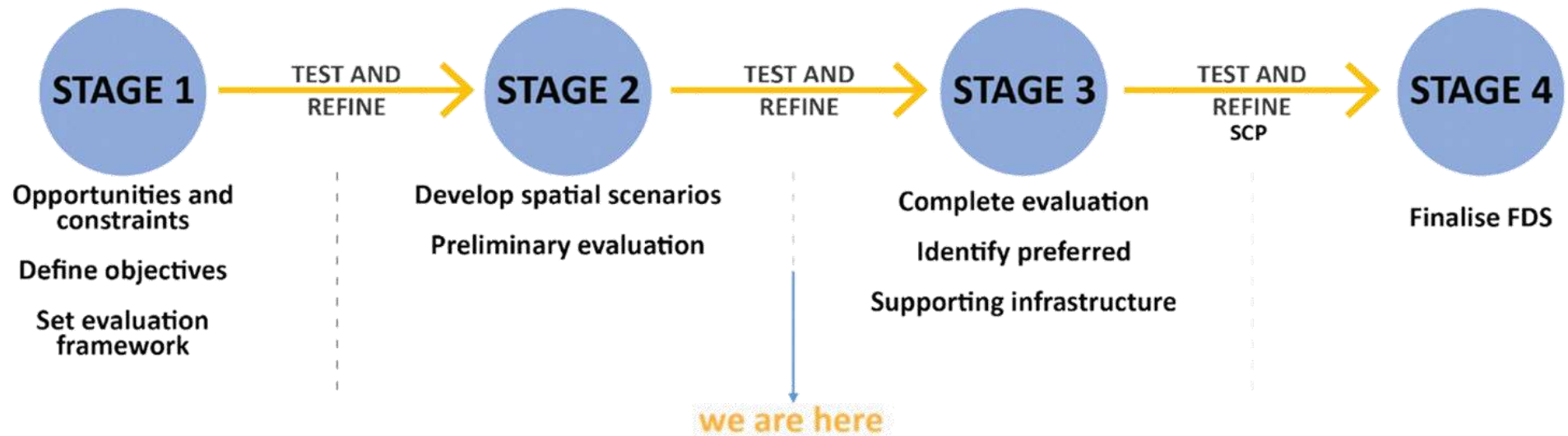


1. Project update
2. Initial evaluation of Draft Spatial Scenarios
3. Refined Scenarios for more detailed analysis
4. Next Steps

Scheduled for three hours

Key outcome: clear direction on a preferred spatial scenario

Our key steps

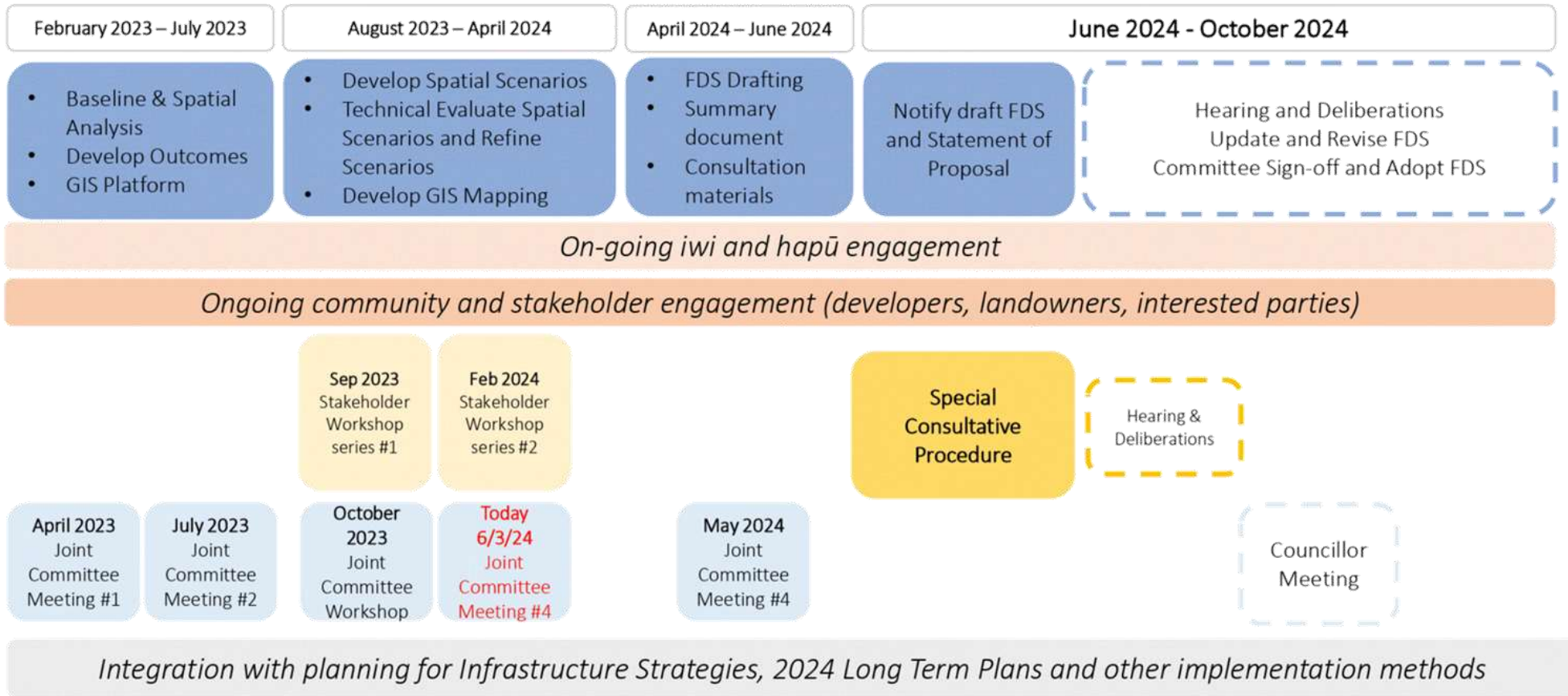




Project Update

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Proposed Timeframes





- **Spatial scenarios/options** – evaluated initial draft spatial scenarios and areas. Developed refined scenarios.
- **Technical evaluation** – wider project team evaluation of scenarios. External support for evaluation of soils and transport network impacts.
- **Iwi and hapū partners** – on-going hui with PSGEs with more planned for late March/April 2024.
- **Other stakeholders** – external Technical Advisory Group feedback on scenario evaluation.

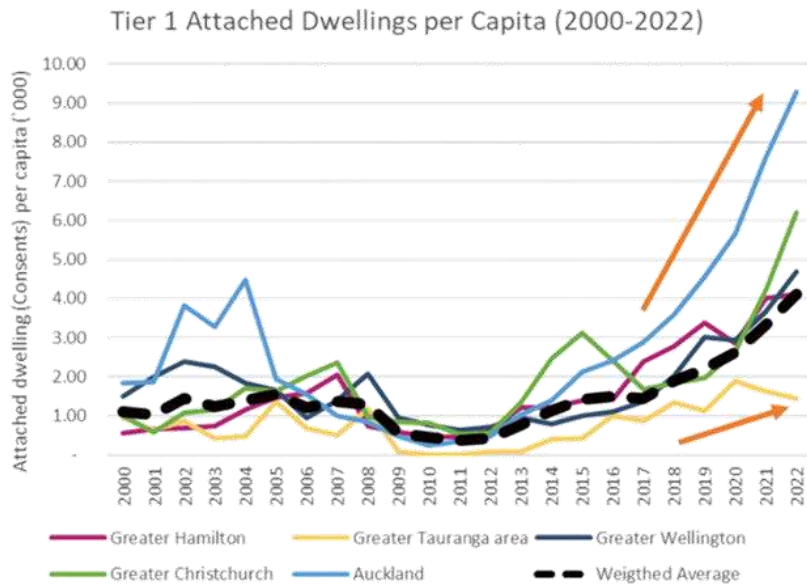


- **Additional 16,320 dwellings over 30 years.**
 - + 5,710 dwellings in Napier.
 - + 8,220 dwellings in Hastings.
 - Total: 13,930 dwellings.
 - + buffer for competitiveness margin of 2,390 dwellings.
- **Industrial demand**
 - 141 ha – 177 ha in Hastings.
 - 55 – 65 ha in Napier.



- ‘Business as usual’ scenario showed shortfalls in capacity:
 - up to 2,500 dwellings in Hastings.
 - Up to 700 dwellings in Napier.
- Housing affordability a key issue in the future. Key matters to consider:
 - Providing a range of choices to increase supply and competition.
 - Supporting social/community housing providers.
- Sufficient capacity for industrial but market take up and feasibility provide reality check.

Projected rate of intensification

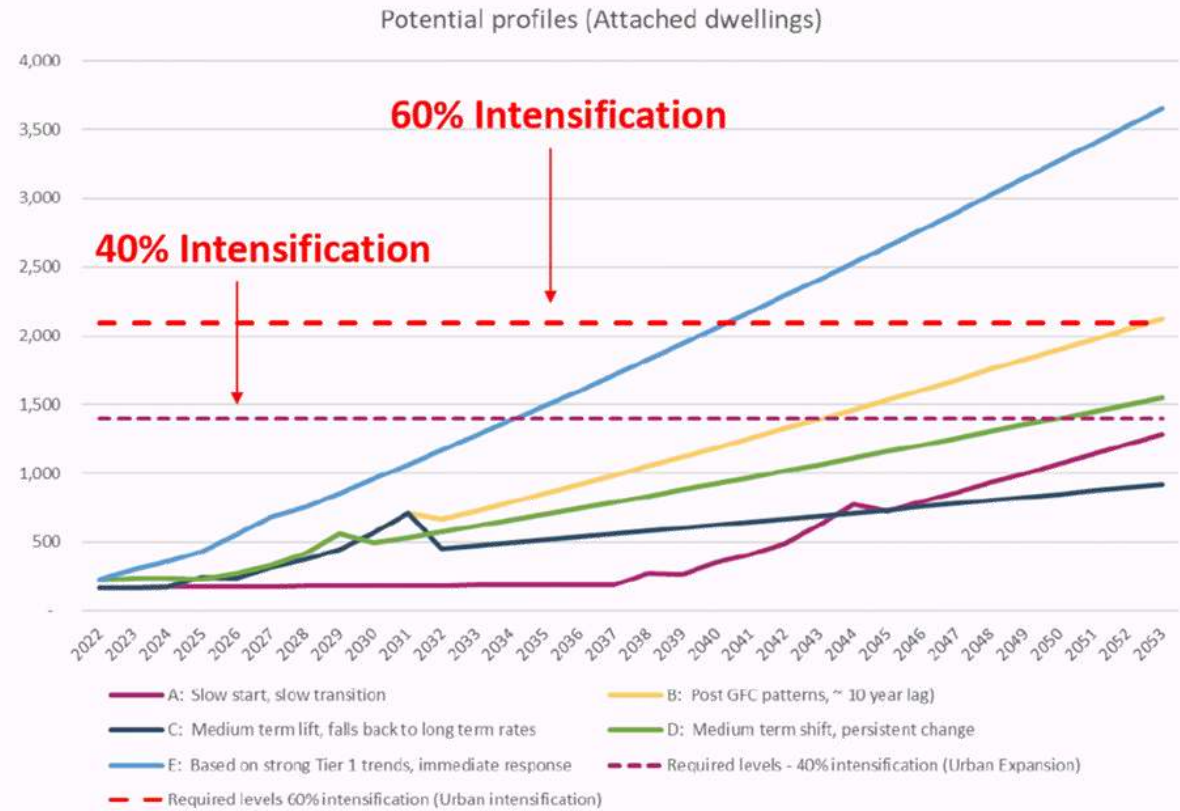


- Further investigation undertaken to understand what would be required to move towards 60% intensification or more.
- Considered the relative development intensity of attached* vs detached across Tier 1 (e.g. Auckland / Hamilton) and Tier 2 councils (e.g. Nelson / Rotorua).
- Tier 1 analysis more useful than Tier 2 due to maturity in market.
- Caution required due to market size, location (Auckland not necessarily a direct substitute).

* as a proxy for observed intensification uptake



- 5 different intensification growth scenarios based on observed trends in Tier 1 cities.



Recommended Residential demand shifts

Type of development	Short term (3 years)	Medium term (10 years)	Long term (30 years)	Total 2024-2054
Intensification*	40% (996 dwellings)	50% (2,270 dwellings)	60% (5,574 dwellings)	50% (8,160 dwellings)
Greenfield**	60% (1,494 dwellings)	50% (2,270 dwellings)	40% (3,716 dwellings)	50% (8,160 dwellings)
Total	2,490 dwellings	4,540 dwellings	9,290 dwellings	16,320 dwellings

*mix of attached, detached, infill and redevelopment within the existing urban area.

**mix of attached and detached at the urban edge and includes 'urban' rural residential.

These splits ensure the FDS is realistic and provides sufficient capacity. The FDS can and should aim to achieve greater levels of intensification.

Note:

The following information (23 slides) is withheld from the public in accordance with LGOIMA s7(2)(j) and has been redacted:

- spatial scenario evaluation
- refined spatial scenario development.