

BEFORE THE HEARINGS PANEL

IN THE MATTER of the Resource Management Act 1991

AND

IN THE MATTER of proposed Plan Change G: Aokautere Urban
Growth to the Palmerston North City Council
District Plan

**SECTION 42A TECHNICAL REPORT OF DAVID MURPHY
ON BEHALF OF PALMERSTON NORTH CITY COUNCIL**

TECHNICAL – STRATEGIC PLANNING

Dated 15 September 2023

TABLE OF CONTENTS

A. EXECUTIVE SUMMARY	3
B. INTRODUCTION.....	3
C. BACKGROUND.....	4
D. CODE OF CONDUCT	4
E. SCOPE.....	4
F. SUBMISSIONS.....	6
G. RECOMMENDATIONS	28
H. REFERENCES.....	30
I. APPENDICES.....	31

A. EXECUTIVE SUMMARY

1. The key conclusions of this s 42A technical report are:
 - (a) Aokautere has been identified as a growth area for Palmerston North for several decades.
 - (b) PCG seeks to enable housing development capacity in the Aokautere area, while also imposing controls to address planning and environmental issues arising from previous development patterns. In doing so, PCG reflects the Council's intentions for an environmentally sensitive, coordinated, and comprehensively planned development of the Aokautere area.
 - (c) Submitters have raised concerns with the strategic underpinnings of PCG, which I consider that Council has adequately addressed, particularly in relation to:
 - (i) The timing of PCG;
 - (ii) The requirements of the NPS-UD;
 - (iii) Strategic transport issues;
 - (iv) Emissions reduction and climate change issues;
 - (v) Alignment with the National Planning Standards; and
 - (vi) The provision of community facilities.
 - (d) Council has taken into account the relevant strategic concerns that it ought to have in preparing PCG, and the plan change proposal remains appropriate.

B. INTRODUCTION

2. My name is David Richard Murphy. I am the Chief Planning Officer for the Palmerston North City Council ("**the Council**"). I hold a Bachelor of Resource and Environmental Planning (Honours) from Massey University, and I am a full member of the New Zealand Planning Institute. I have over 20 years' experience as a professional planner.

3. The Chief Planning Officer is part of the Executive Leadership Team for the Council. My role involves overseeing all the matters related to planning for the Council, engaging my experience and qualifications as a planner.

C. BACKGROUND

4. I have been responsible for overseeing the technical team's preparation and progression of Plan Change G: Aokautere Urban Growth ("PCG"), on behalf of the Council's Executive Leadership team, throughout the plan change process.
5. PCG seeks to rezone a new greenfield growth area to the south-east of Palmerston North for residential development and inserts an accompanying structure plan and provisions (objectives, policies, and rules) into the District Plan.
6. It is the Council's intention that the plan change will provide for additional housing supply in Aokautere (and the City), to help meet growth projections for Palmerston North over the medium to long term, while addressing the specific topographical and environmental issues in Aokautere.

D. CODE OF CONDUCT

7. I confirm that I have read and agree to comply with the Code of Conduct for Expert Witnesses contained in the Environment Court Practice Note 2023. This technical report has been prepared in accordance with that Code. I confirm that I have not omitted to consider material facts that might alter or detract from the opinions that I express. The opinions I express are within my area of expertise, except where I state I am relying on the opinions of other reporting officers.

E. SCOPE

8. In my report I provide an overview of strategic planning matters relating to PCG, including the following issues:
 - (a) City Growth Needs;
 - (b) Strategic direction;
 - (c) Alignment between land-use planning and infrastructure provision.

9. In preparing this report, I have reviewed and considered the following documents:
- (a) Council's Housing Capacity Assessment 2021 and draft Housing and Business Development Capacity Assessment 2023;
 - (b) Council's Housing and Business Needs Assessment 2019;
 - (c) The National Policy Statement for Urban Development 2020 ("NPS-UD");
 - (d) Council's strategic planning documents, including:
 - (i) The Innovative and Growing City Strategy;
 - (ii) The City Growth Plan;
 - (iii) The Eco-City Strategy;
 - (iv) The Climate Change Plan;
 - (e) The National Emissions Reduction Plan 2022.
10. In addition to my own observations, I rely on the technical evidence of:
- (a) Ms Harriet Fraser, Transport; and
 - (b) Ms Anita Copplestone, Planning.
11. I have reviewed submissions and further submissions on PCG. Of particular note when considering my field of expertise are the submissions relating to the following issues:
- (a) Sequencing of PCG within other workstreams;
 - (b) Alignment with the NPS-UD;
 - (c) Strategic transport issues/planning;
 - (d) Emissions reduction and climate change issues;
 - (e) Alignment with the National Planning Standards;
 - (f) The provision of community facilities.

F. SUBMISSIONS

12. I have considered the submissions and further submissions for PCG. I have identified a number of key issues, which I address by reference to submissions in detail below.
13. Before delving into the substantive issues raised in submissions, I note that several submitters' submissions invite, or would benefit from, the history of development in Aokautere being clarified.¹ I also consider that the history of the development of the Aokautere area is important contextual information for understanding the strategic drivers behind this plan change.
14. As such, I have taken the opportunity to summarise this history, and include that summary as **Appendix 1** to this technical report.
15. To contextualise PCG, I draw the following conclusions from that summary, and from the background material to PCG:²
 - (a) Council (and developers, to an extent) have been planning for growth in Aokautere since at least the 1970s. Development in this area has been very well signalled.
 - (b) Previous plan changes have meant that development is currently enabled in Aokautere. However, the development enabled is low density, with no regard to urban design, form, or function.
 - (c) Development has also resulted in negative environmental effects, including degradation of the gully network, and stormwater and flooding issues. It has also led to a network of roads operating as functional cul-de-sacs, inconducive to active or public transport.
 - (d) Allowing continued development in the area, without intervention, would mostly likely see further development of the same housing typologies (low density developments with little to no local connectivity or amenity), exacerbating:

¹ Submitters 16 (Brian Hewson), 23 (Daniel Carrick), 27 (Linda Rowan), 45 (Chris Teo-Sherrell), 51 (Heritage Estates), 56 (Paul & Jan Dixon), 62 (Kat Lyons), and 92 (Tracey Yung).

² PNCC *Proposed Plan Change G: Aokautere Structure Plan – Section 32 Report* (2022) at section 2.

- (i) The environmental issues raised above;
 - (ii) Infrastructure deficits (particularly in relation to transport, as a lack of commercial areas will lead to practically all jobs and services being located out of the Aokautere area, necessitating private vehicle travel); and
 - (iii) Poor urban form outcomes.
- (e) Through PCG, Council has the opportunity to manage the least desirable elements of development in Aokautere (addressing, for example, matters like urban form, connectivity, limitations around community infrastructure, and stormwater), and the opportunity to deliver a high-quality, well-functioning urban environment, which provides further housing capacity for the city.
16. With these matters in mind, I address some of the substantive strategic issues raised by submitters below.

Sequencing of PCG

17. Submitters³ have questioned whether other plan changes, strategic plans or responses to government direction should be adopted or implemented before development in the Aokautere area is enabled by PCG. Submissions referenced:
- the Intensification Planning Instrument in the NPS-UD;
 - Future Development Strategy (and associated implementation plan detailing infrastructure requirements); and
 - Response to carbon reduction targets.
18. I do not consider that delaying progressing PCG is appropriate or necessary. PCG has been the result of long-term strategic planning, and its need has become even more important as Palmerston North enters a period with a critical lack of residential development capacity.

³ Submitters 18 (Robert McLachlan), 20 (Patrick Morgan), 54 (Barry Scott) 63 (Waka Kotahi), and 69 (Karen Lyons).

19. Greater enablement of intensification will not take away the need for further greenfield growth. Further, the absence of a NPS-UD derived Future Development Strategy does not mean that Palmerston North lacks long-term strategic growth planning. I address these two points in more detail in the section titled 'Alignment with the NPS-UD' below.
20. Emission reductions can be achieved through stand-alone plan changes, and until the new resource management system is fully implemented, will be the primary planning method for contributing to national and local emission reduction goals. I address this issue later in this report, in the section titled 'Emissions Reductions'.
21. A particular request was made by submitter 51 (Heritage Estates), who considers that the Private Plan Change B: Pioneer City West (PPCB) should be heard before PCG. This submission point is not supported. There is no requirement for PCG to wait to be heard until after PPCB. PCG is on its own separate statutory track and should continue towards a decision as quickly as possible, especially given that the plan change is subject to an early legal effect decision from the Environment Court.

Alignment with the NPS-UD

22. Submitters⁴ have questioned whether PCG should proceed prior to adoption or implementation of government direction under the NPS-UD, including implementing the requirements in the NPS-UD to further enable intensification and to develop a future development strategy.
23. As documented in the s 32 report for PCG, the NPS-UD has been a key driver for initiating this plan change. As a starting point, and as documented in the 2019 Housing and Business Needs Assessment (HBA), 2021 Housing Capacity Assessment (HCA) and the draft 2023 HBA, additional greenfield supply is required within the City to meet expected demand and that rezoning more land in Aokautere is necessary.
24. The information available to Council indicates the City need more houses. It would be surprising if this was seriously disputed by anyone involved in the plan change process.

⁴ Submitters 18 (Robert McLachlan), 20 (Patrick Morgan), 54 (Barry Scott) 63 (Waka Kotahi), and 69 (Karen Lyons).

Council's primary planning role in respect of this issue is to provide sufficient housing development capacity to enable developers to provide the houses the City needs.

25. As a Tier 2 local authority, the NPS-UD requires Council to set housing bottom lines and include these in the District Plan. Housing bottom lines describe the amount of development capacity that is sufficient to meet expected housing demand (with the addition of the appropriate competitiveness margin) in the district.
26. The following shows Council's adopted 2021 housing bottom lines:

	Short-term July 2021 – June 2024 <i>Target includes an additional margin of 20%</i>	Medium-Term July 2024 – June 2031 <i>Target includes an additional margin of 20%</i>	Long-Term July 2031 – June 2051 <i>Target includes an additional margin of 15%</i>	30-year total July 2021 – June 2051
Total household growth	Minimum growth target			
	1,523	3,523	7,925	12,971
	Projected actual demand			
	1,269	2,936	6,891	11,096
Projected residential preference – based on minimum growth target				
Greenfield	609	1,762	4,359	6,729
Infill ¹	838	1,585	3,170	5,593
Rural/rural-residential	76	176	396	649

¹ Infill share includes retirement villages and apartments

Figure 1: 2021 Housing Bottom Lines

27. Council is currently in the process of completing an updated HBA to inform the 2024-2034 Long Term Plan and Future Development Strategy. As part of this process, Council has commissioned independent growth projections from Infometrics. These projections have been combined with Statistics New Zealand data to create a hybrid growth model to identify expected growth over the next 30 years. In turn, these projections have been endorsed by Council for inclusion in the 2024-34 Long Term Plan.
28. Compared to the 2021 projections, there is a reduction of 3,094 houses required over the next 30 years. A major factor in the reduction in projected demand is due to the average household size increasing from 2.1 to 2.6 persons. This is being driven by changes in demographics, where larger households are becoming increasingly more common, particularly amongst Māori, Pacifica and migrant populations. These groups are projected to grow in proportion over the next 30 years. Palmerston North is also a refugee relocation area for New Zealand.

29. Preparation for the draft 2023 HBA indicates that 3-4 bedroom houses made up the majority (77%) of new residential builds over the past two years. This is a continuing theme for new houses built in the city, with majority of the city's total housing stock consisting of 3-4 bedrooms (68.8%). However, there has been a growth in 1-2 bedroom houses since 2021. The building consents issued in 2021 and 2022 showed greenfield development usually consisted of 4-bedroom houses. The average floor area for new residential houses in greenfield areas during this period was 210m², compared to new standalone infill builds which had on average a 164m² floor area and 3 bedrooms. Over the past two years 10% of new multi-unit and minor dwellings had one bedroom compared to the majority of 2-3 bedrooms (81%).
30. Based on household make up, one person households make up 23% of the total household projections, while a childless couple of two make up 40% of total family households. Couples without children are also projected to increase by 23.8% (+2,425) over the next 30 years, indicating demand and need for 1-2 bedroom homes in the city will remain. This is also reflected in the social housing register with 80% of those in need, requesting a one- or two-bedroom home. However, Palmerston North's current development model still consists of larger homes with 3-4 bedrooms.
31. Single person households make up 23% of the total population and is expected to increase by 19.1% (+1,551) over the period. However, one-bedroom homes only make up 5.2% of the existing housing stock (based of the 2018 census).
32. While projected dwelling demand has reduced in the latest projections, there is still a need for significant housing development capacity to be enabled over the short, medium and long terms to satisfy expected demand. The draft 2023 HBA has not been adopted by Council at this time. However, the following housing bottom lines are proposed to be presented to Council for endorsement in September 2023:

	Short-term	Medium-term	Long-term	30-year total
	July 2024 - June 2027	July 2027 - June 2034	July 2034 - June 2054	July 2024 - June 2054
Total household growth				

Housing bottom lines (Includes competitiveness margins)	982	3,010	5,891	9,884
Demand (not including competitiveness margins)	819	2,508	5,123	8,450
Projected residential preference - based on housing bottom lines				
Greenfield	393 (40%)	1504 (50%)	3240 (55%)	5,138
Infill	541 (55%)	1354 (45%)	2357 (40%)	4,251
Rural/rural-residential	49 (5%)	150 (5%)	295 (5%)	494

Figure 2: Draft 2023 Housing Bottom Lines

33. Council must then consider how it will feasibly enable the required level of housing development capacity. With regards to current land supply, the draft 2023 HBA suggests that there is a critical shortage of feasible capacity for greenfield development in the short-term. City-wide, it is estimated that there is the equivalent of approximately 175 dwellings of spade-ready greenfield development capacity available (being zone-enabled, infrastructure ready and feasible to develop). This falls short of the 203 that was projected to be required for 2023/24, and leaves a shortfall of readily developable capacity for subsequent years. This will in-part be addressed by making existing zone-enabled land infrastructure-ready over the medium term; however, this will take time to resolve, and likely means that short-term city growth needs will have to be accommodated through infill and intensification.
34. Aokautere therefore remains a critical part of Council's growth planning.
35. Council's 2021 HBA identified a range of growth options to enable development capacity, including Aokautere. In terms of other growth areas:
 - (a) Zoned capacity for approximately 550 homes exists at Whakarongo. Development of this growth area is being delayed by lack of stormwater

infrastructure, which requires a regional consent and construction of a large detention pond. This is expected to take a minimum of 18 months to resolve.

- (b) Zoned capacity for approximately 230 homes also exists at Kikiwhenua. Development of this area is being delayed by lack of water, stormwater and wastewater services and an intersection upgrade at State Highway 56 and Te Wanaka Road. Council has budgets in place to enable development here, but Waka Kotahi have been reluctant to progress an intersection upgrade, despite agreeing to this previously and Council setting aside funding in the 2021 LTP.
- (c) Zoned capacity exists for 160 homes at Mātangi Residential Area. Full development of this area will not be possible until flood and stormwater mitigation is undertaken by the developer, and a new water bore is provided in the north-west of the City. Council has set aside funding/budgets to assist with network infrastructure readiness for the Mātangi Residential Area; however, it may take at least 3 years to achieve due to site investigation, testing and certification requirements for new water supply bores.

- 36. Why though, should Council be enabling greenfield development at all?⁵
- 37. The NPS-UD does not require that Council to exhaust intensification options before enabling greenfield development. This would lead to significant delays in the delivery of housing development capacity. It does, however, require that Council (among other things) be strategic about its medium and long-term planning decisions, enable a variety of homes in a variety of locations, and provide sufficient development capacity to meet expected demand for housing in the short, medium and long-term.⁶
- 38. Currently, due to a lack of plan-enabled capacity and infrastructure ready land, there will likely be a shortage of feasible development capacity for the next 3-4 years. This places a greater emphasis on the need to rezone more land for urban growth and to make it infrastructure-ready as quickly as possible. Infill and intensification provide some opportunity to address supply, but will not be sufficient to satisfy market

⁵ This is an implicit theme observed in some submissions – for example, Submission 43 (Chris Teo-Sharrell) (noting that Mr Teo-Sharrell observes that development is occurring in the Aokautere location nonetheless and thus a structure plan is needed to guide that development); and Submissions 18 (Robert McLachlan) and 20 (Patrick Morgan).

⁶ NPS-UD, Objective 6, and Policies 1 and 2.

demand. Therefore, PCG provides a significant opportunity to increase capacity for market demand in the medium-long terms.⁷

39. In any case, Council is also planning for increased intensification. However, this has challenges of its own, in the Palmerston North context. In particular, the pace at which the market is willing to move to housing intensification typologies beyond traditional infill development, the familiarity of major local developers with greenfield development, concern from neighbouring landowners regarding the potential effects of medium density development, and the infrastructure constraints of existing network infrastructure, specifically stormwater.
40. Council is in the process of preparing Plan Change I: Medium Density Residential Zone (PCI) to respond to the Intensification Planning Instrument (IPI) requirements of the NPS-UD. PCI provides an opportunity to significantly increase development capacity and promote greater housing choice. Since multi-unit housing was enabled in 2018, there has been an increase in townhouses, flats and other dwellings being consented, as shown below:

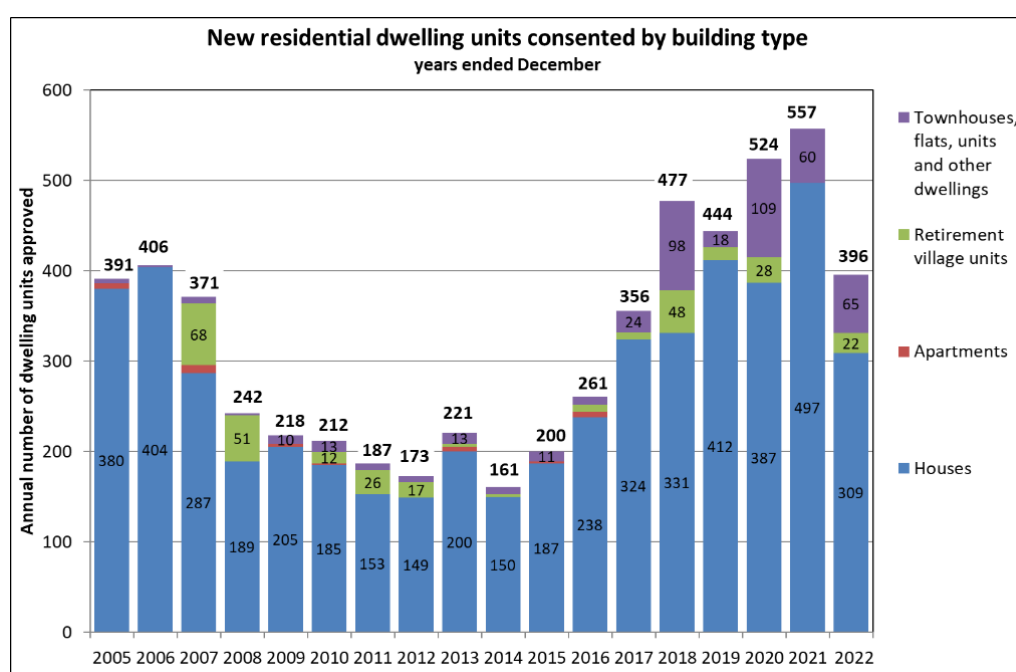


Figure 3: Annual total building consents by building type

⁷ See PNCC Proposed Plan Change G: Aokautere Structure Plan – Section 32 Report (2022) at section 2.

41. The incentive to progress a consent through a Restricted Discretionary pathway (within a multi-unit housing area) rather than a Discretionary Activity (outside a multi-unit housing area) seems to have had limited influence on development preference. While monitoring suggests that multi-unit housing has been delivered across the City, I note:
- (a) Feedback from developers has been that the decision to deliver multi-unit housing has been influenced more by the opportunities to agglomerate land, rather than consenting pathways in the District Plan.
 - (b) Developers also consider the multi-unit housing rules in the District Plan to be too cumbersome, and therefore some developers opt to progress more traditional development typologies because they feel there is greater certainty that a resource consent will be granted (or no resource consent required at all).
 - (c) Multi-unit housing has tended to be progressed by well capitalised developers or Kainga Ora.
42. Greater enablement of intensification through PCI may influence greater delivery of medium density typologies. Medium density development is proposed to be provided for as a Permitted Activity and no minimum lot size will apply. Under the operative District Plan a no minimum notional site area applies close to the City Centre, but a 150m² minimum applies in areas B, D, G or H (typically located near neighbour centres). The spatial extent of the proposed Medium Density Residential Zone is expected to align closely with the existing multi-unit housing areas, as shown in Figure 4 below.

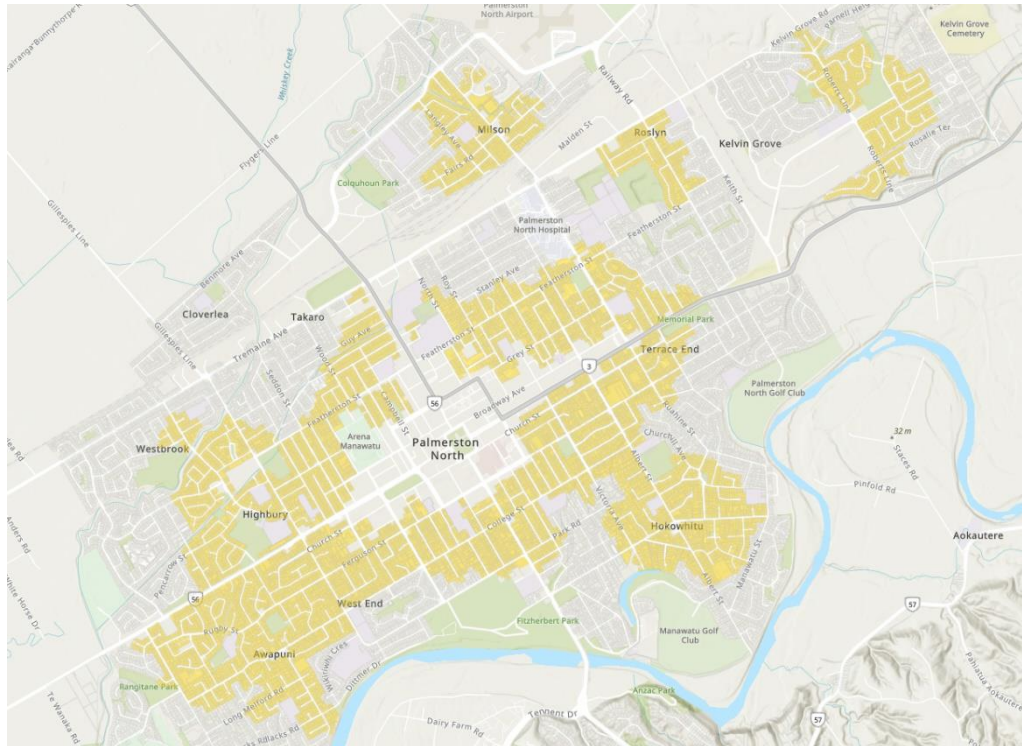


Figure 4: Draft medium density residential zone area (subject to change)

43. For its part, PCG seeks to promote medium density housing in various locations throughout the Aokautere Structure Plan area. PCG has sought to use the operative plan's architecture to facilitate this (R10.6.3.3 of the District Plan), with the additional application of a density standard to promote a well-functioning urban environment.
44. Policy 1 of the NPS-UD requires planning decisions to contribute towards well-functioning urban environments when planning for growth. As I understand it, well-functioning urban environments are urban environments that, at a minimum:⁸
 - (a) have or enable a variety of homes that:
 - (i) meet the needs, in terms of type, price, and location, of different households; and
 - (ii) enable Māori to express their cultural traditions and norms;
 - (b) have or enable a variety of sites that are suitable for different business sectors in terms of location and site size;

⁸ NPS-UD, at cl 2.2, Policy 1.

- (c) have good accessibility for all people between housing, jobs, community services, natural spaces, and open spaces, including by way of public or active transport;
 - (d) support, and limit as much as possible adverse impacts on, the competitive operation of land and development markets;
 - (e) support reductions in greenhouse gas emissions; and
 - (f) are resilient to the likely current and future effects of climate change.
45. Unlike brownfield sites, where development can respond to existing urban features like village centres, in my experience, greenfield areas need to be comprehensively planned for and have a set of accompanying provisions to promote the outcomes being sought.
46. Relying on a simple enabling approach for delivering medium density is not always appropriate for greenfield locations. If such an approach had been proposed in PCG, it is likely that a continuation of low-density residential development would persist. This would reduce yield, which could have a negative consequence for achieving broader city growth needs. It would also undermine the viability of the local business centre, which relies on a sufficiently sized catchment, in proximity to the centre, to be successful. To achieve a well-functioning urban environment in Aokautere it is critical that the village centre is delivered. The provision of medium density development assists with delivering the necessary population base to support the village centre. In this regard, both are positively reinforcing. If one is compromised, the other also is.
47. Once PCI is notified, a further plan change (or variation) will be used to ensure consistency between the performance standards in PCG for medium density housing, which rely on the existing multi-unit housing rules in the operative Plan for the medium density area around the village centre, and PCI. This may take the form of rezoning that area as medium density zone.
48. Council also realises the importance of, and is seeking to achieve in Aokautere, good urban design outcomes. These are key to delivering well-functioning urban environments, both for the City's intensification areas, and for greenfield growth areas and business centres. Various methods have been employed to achieve this through

PCG, including detailed performance standards, design guidance and use of structure plans, all of which are informed by the comprehensive master planning exercise undertaken in preparation for PCG.⁹ Mr Burns discusses these matters further in his s 42A report, as the technical lead on the master planning process.

49. Finally, in relation to the Future Development Strategy (“**FDS**”), an FDS is currently under development. As required by the NPS-UD, it will be informed by the findings of the 2023 HBA, including the housing bottom lines. The FDS is expected to reinforce Council’s well-established urban growth strategy and therefore confirm Whakarongo as the short-medium term growth area for the City, Aokautere as medium-long term and Kākātangiata (formerly City West) as the medium-long-term growth option. Intensification will also be accounted for close to the City Centre and around local centres. A draft FDS is expected to be prepared by October 2023 and consulted on as part of the 2024-34 LTP.
50. Nevertheless, as outlined above, Council needs to take action to prepare for short, medium and long-term development now, rather than continuing to delay making decisions. Further, in my view, it is not necessary to delay a decision on PCG, in order to wait for a document that is expected to confirm the overall strategic direction of PCG. As I have already explained, development of Aokautere has been a long term plan.

Infrastructure ready and plan-enabled

51. Clause 3.3 of the NPS-UD requires Councils to ensure there is sufficient development capacity to meet expected demand. Sufficiency is met when there is enough land that is plan-enabled and infrastructure-ready. Section 3.4 of the NPS-UD defines ‘plan-enabled’ and ‘infrastructure-ready’. This is relevant for PCG, as the 2021 Housing Capacity Assessment and Draft 2023 HBA have (as I have explained above) identified a shortage of development capacity in the short, medium and long terms, unless additional land is rezoned to accommodate expected demand.
52. Consistent with growth options identified by Council through the HBA, PCG seeks to deliver ‘plan-enabled’ zoning – by zoning land for housing. To enable infrastructure

⁹ See PNCC *Proposed Plan Change G: Aokautere Structure Plan – Section 32 Report* (2022), Appendix 4.

readiness, Council needs to commit to transport and stormwater network infrastructure investment in its 2024-34 LTP.

53. With regards to transport network matters that are the responsibility of the Council, the following require inclusion in the 2024-34 long term plan, to enable medium to long term development capacity:

- Abby Road extension to Johnstone Drive, labelled as 'E' on structure plan Map 7A.4 (2029);
- Roundabout or signals at Abby Road/Pacific Drive, labelled as 'N' on Structure Plan Map 7A.4 (dependant on vehicle movements);
- Signals or roundabout for Johnstone Drive/Pacific Drive (2026/2027), labelled as 'O' on Structure Plan Map 7A.4;
- Valley Views upgrade (2024/2025);
- Ruapehu Drive/Summerhill Drive signals (2026);
- Two new intersections at 153 Pacific Drive – shown as 'A' and 'F' on Structure Plan (2029/2030);
- Designations for new urban connectors (upgrades for internal roads in the Structure Plan area) (years 2028 onwards).

54. The above works/projects have been included in draft programmes that will be referred to Council as part of the 2024-34 LTP, for funding consideration.

55. Transport improvements to the State Highway network are the responsibility of Waka Kotahi.¹⁰ Post-submission discussions with Waka Kotahi have revealed that there is no funding readily available to address the improvements that have been raised by Ms Fraser's transport report and the safe system assessment commissioned by Council. Waka Kotahi have advised that external funding may be necessary to progress improvements in a timely manner. This could include Council contributions, developer contributions or other alternatives. Waka Kotahi have also advised that a business case

¹⁰ Issues raised by Waka Kotahi are discussed more broadly in the section directly below.

would be required to confirm infrastructure solutions, funding for them and timing of their delivery. Provision has been made in the draft programmes for the 2024-34 LTP to account for these possibilities; although it remains Council's view that these costs fall with Waka Kotahi as the state highway network provider. Finally, Council officers understand that a reduction in speed is also likely to be required to facilitate safety improvements.

56. Assuming that the speed reduction and improvements are delivered, full enablement of development in Aokautere could be expected from 2028 at the earliest. Infrastructure readiness is therefore expected to be realised in the medium-long terms (consistent with the intent of PCG). Some staged development may be possible prior to full enablement, however, and a non-complying activity pathway exists to facilitate this opportunity in exceptional cases where traffic safety matters can be addressed.
57. To help promote opportunities for early development, Council is proposing to fund network upgrades to its transport network at Valley Views/Turitea Road in 2025 and Ruapehu Drive/Summerhill Drive from 2026.
58. Recent guidance from the Department of Internal Affairs regarding the transition of three waters infrastructure to new regional entities has detailed that councils do not need to address stormwater or other water infrastructure in their Infrastructure Strategies for the 2024-34 LTP. This is because these documents have a 30 year time horizon, and three water assets are proposed to transition to the new entities by 2026. However, until (and if) transition occurs, three waters infrastructure is still a relevant matter for consideration with regard to infrastructure readiness.
59. Draft programmes for stormwater network infrastructure have been prepared for inclusion in the 2024-34 Long Term Plan. The draft programmes respond to investigations undertaken by GHD to inform s 42A reporting for PCG. The draft works programme reflects the Council's intention to commence stormwater design and consenting processes in 2024 and to have physical works underway from 2025 or 2026 depending on the outcome of consenting processes.
60. In short, PCG seeks to promote a medium-long term growth option in Aokautere. With regards to the requirements of Policy 3.5 of the NPS-UD, it is likely that development

capacity is likely to be fully plan enabled and infrastructure-ready in the medium-term (2028), as planned.

The State Highway network

61. Submitter 63 (Waka Kotahi) requests that PCG be rejected, to the extent that it will generate growth contrary to the Palmerston North Integrated Transport Initiative (“**PNITI**”) business case and the Accessing Central New Zealand (“**ACNZ**”) business case.
62. Assessing this submission requires some context.
63. Because of its central location, Palmerston North is recognised as a key road and rail hub regionally and nationally. In order to unlock the region’s potential, the ACNZ governance group was formed in 2015 to focus on ensuring a connected, safe, resilient, and cohesive transport network to, from, and within the Manawatū-Whanganui region. ACNZ completed the Accelerate25 Economic Action Plan in 2017, which included an investigation into a freight ring road to provide better transport links between key industrial areas in Palmerston North and the wider highways network.
64. Following the permanent closure of the Manawatū Gorge Road, Waka Kotahi agreed to advance investigations for a regional freight ring road after selecting the preferred route for the new Te Ahu a Turanga highway (the Gorge Road replacement), which resulted in the development of the PNITI. PNITI is a joint project involving the Council, Waka Kotahi, Horizons Regional Council, and Manawatu District Council. PNITI was designed as a package of interventions to manage planned economic growth, support the freight and distribution potential of the region, address identified safety issues, and improve the liveability of the residential areas and city centre.
65. I disagree with Waka Kotahi’s submission that PCG is inconsistent with the strategic direction agreed on for PNITI. The 2021 Network Options Report for PNITI explicitly recognises that Aokautere is an area of medium and long term growth for Palmerston North.¹¹ Further, that report highlights severance by SH57 as an existing issue for the Aokautere area.¹² These considerations feed into the problem statements in that report

¹¹ Waka Kotahi *Palmerston North Integrated Transport Initiative (PNITI): Network Options Report* (January 2021) at 4.2.4.

¹² At 4.4.2.

(that is, the existing problems with the Palmerston North transport network, which PNITI seeks to address), and are largely captured by Problem 1: Amenity:¹³

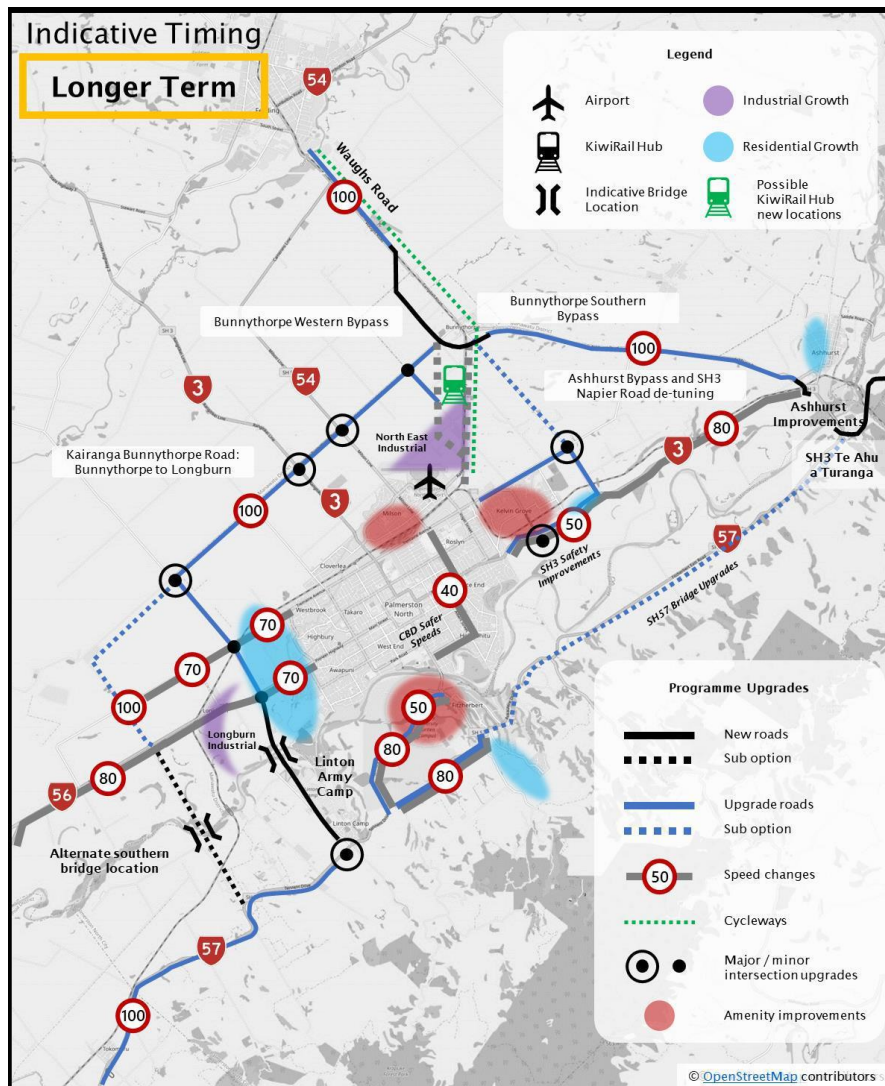
Interspersed residential and industrial areas, coupled with the sections of the identified freight network not being fit for purpose results in higher than expected heavy vehicle volumes on residential streets. **This creates amenity and severance issues and reduces active travel participation.**

66. Growth in Aokautere was acknowledged as a constraint on the viability of options in the preparation of the PNITI options report,¹⁴ and was accordingly taken into account in the selection of options.¹⁵
67. The key spatial output of the PNITI Network Options Report also specifically identifies Aokautere as a recognised residential growth location, as shown below:

¹³ At 3–4.1.

¹⁴ Table 10-1, row 'Future Growth'. See also Table 10-3, row 'Housing developments'.

¹⁵ See section 14 of the report.



68. In Council's view, PNITI and PCG are strongly aligned. PCG reflects and responds to the changed dynamic of the state highway network that will be observed following the implementation of PNITI programmes. This future state of the state highway networks will see increased freight traffic travelling around Palmerston North to the East, North and West of the city.
69. This is reflected in the recommended works programme for PNITI, which is a partial ring road around the East, North and West of the city. The key to this work programme will be the second bridge crossing over the Manawatū River, which will be located south-west of Aokautere. This is one of core expected outputs from PNITI.
70. This bridge will allow most heavy vehicles to divert north before Aokautere, rather than traversing the section of SH57 in issue. Further, the development of the Kiwirail freight

hub and the other elements of Te Utanganui¹⁶ will see a large majority of freight traffic being directed to the north-east side of the City. The section of SH57 causing severance issues for Aokautere, will still provide a connection between Hawkes Bay and Wellington. However, this interregional function will need to be balanced with the needs of local traffic. Significant housing development already exists on both sides of SH 57 and further development is plan enabled without PCG. The role of SH 57 should be to respond to and support surrounding land-use, while recognising its interregional function. In any case, any delays caused by a reduction in the speed limit on this section of SH57 would be offset by the enhanced interregional connections to the north-east side of the City, as contained within PNITI.

71. This is already demonstrated in the PNITI options report. Current traffic flow patterns show most of the heavy vehicle traffic coming from SH57 heading across the Fitzherbert bridge into Palmerston North, rather than continuing along SH57/Old West Road.¹⁷ With the implementation of the PNITI, that section of SH57 will have a further reduced importance for heavy vehicles, as they will in large part be traveling around Palmerston North along the ring road. The relevance of SH57 to interregional travel following implementation of PNITI will largely be limited to the section west of Tennant Drive, which can be seen from the PNITI options report.¹⁸ In any case, the area of SH 57 of greatest relevance to PCG (between Summerhill Drive and Johnstone Drive) is little more than 1 km in length. I understand from Ms Fraser that any increase in travel time due to a reduced speed limit in that area would be no more than 2–4 minutes, which would be negligible in the context of an interregional trip, at least from my high-level perspective.
72. Council recognises that there will be some impacts on the state highway network from PCG. The traffic flow monitoring and modelling referred to above shows that heavy vehicles are using SH57 currently, and that some will continue to use SH57. However, in my view, this impact is not as significant as suggested in Waka Kotahi's submission.

¹⁶ Te Utanganui refers to the strategy developed by Central Economic Development Agency (CEDA) for the integration of road, rail and air projects as part of the national freight and supply chain strategy. The centrepiece of the strategy is the Manawātū inland port, to the northeast of the City. See CEDA *Te Utanganui Strategy: Central New Zealand Distribution Hub* (2020).

¹⁷ See Figures 4-4 and 4-8.

¹⁸ Figure 13-5 and 13-6. Compare Figure 13-7, which shows an alternative scenario with improvements to SH57.

73. I agree that the existing severance issue caused by SH57 needs to be addressed to mitigate its impact on the existing and the future community, particularly given the increasing importance of that road for local travel. PCG will only increase the number of people needing to use Summerhill Drive and Aokautere Road to access the City on a daily basis. Council recognises that a potential outcome of increasing development in Aokautere (noting that this is occurring with or without PCG) is an increased reliance on private vehicles and an increase in the City's vehicle kilometres travelled (**VKTs**).
74. However, this does not need to be the outcome. If this road is recognised as having a greater local value, then severance can be mitigated by providing for active and public transport along that road corridor. Horizons Regional Council has already highlighted that the area could be supported by a second high frequency bus route once further development occurs and the upgrade to the Ruapehu Drive and Summerhill Drive intersection is complete, encouraging alternative modes to private vehicles.¹⁹ The upgrade to the Ruapehu Drive and Summerhill Drive intersection will enable buses to safely turn right from Ruapehu Drive onto Summerhill Drive, which supports the Ruapehu Drive and Summerhill Drive areas to be serviced by separate services. The greater connectivity anticipated in the PCG Structure Plan is also anticipated to better support further services in the future, e.g., the connection of Pacific Drive with Valley Views Road and Turitea Road.
75. In the active transport space, the PCG area can be connected to the City's existing cycleway, which already extends from Summerhill Drive all the way to the city centre, one of the largest employment zones in the city. Based on Ms Fraser's recommendations, draft programmes for cyclist facilities along Aokautere (SH57), Ruapehu and Pacific Drives have been prepared for inclusion in the 2024-34 LTP. These will be referred to Council as part of the 2024-34 LTP, for funding consideration.
76. Council needs Waka Kotahi's assistance with addressing these issues, to provide for both local and interregional traffic needs. I consider that this will require a business case to be developed, with co-funding needed from both PNCC and Waka Kotahi to undertake appropriate interventions. I understand that Council is preparing to deliver

¹⁹ Submission 60 (Horizons Regional Council), page 5.

on a business case, with funding proposed to be set aside in the 2024-34 Long Term Plan.

77. To support this work, PNCC is intending to allocate funding in years 1 to 3 of its upcoming 2024 LTP to complete any necessary works. That timing is dependent upon PCG being approved and a Point of Entry being endorsed by Waka Kotahi.
78. Waka Kotahi are scheduled to initiate a speed review process for Aokautere in 2027. Council will continue to work with Waka Kotahi as part of the speed limit review for roads in the district.

Emissions reduction

79. A theme of several submissions is the impact that PCG will have on total emissions produced by the City, and on the ability for reductions to be achieved in the future.²⁰ Submitters are concerned that PCG helps, rather than hinders, Council in reducing emissions.
80. This is a relevant concern for a variety of reasons. Local government must have regard to any national adaptation plan and any national emissions reduction plan when they prepare or change a regional policy statement, regional plan or district plan.²¹
81. The first Emissions Reduction Plan states that well-functioning urban environments can reduce emissions and improve wellbeing.²² It describes well-functioning urban environments as those with a variety of mixed-use, medium- and high-density development that is connected to urban centres, as well as active and public transport routes. Urban environments with these characteristics will help reduce greenhouse gas emissions.
82. In my opinion, PCG is consistent with the above approach, having promoted mixed-use development in the village centre, medium density housing, and connectivity to the city centre through enhanced provision of active and public transport. Protection of

²⁰ Submitters 18 (Robert McLachlan), 20 (Patrick Morgan), 31 (Ralph Sims), 43 (Chris Teo-Sherrell), 54 (Barry Scott), 60 (Horizons Regional Council), 62 (Kat Lyons), 63 (Waka Kotahi), 73 (Kevin Low), and 95 (Anna Berka).

²¹ Resource Management Act 1991, s 74(2)(d)–(e).

²² First Emissions Reduction Plan (May 2022) at page 127.

gullies and wetlands and enhanced biodiversity through significant native revegetation is also an integral part of the plan change proposal and development outcomes.

83. The NPS-UD sets the objective that urban environments will support reductions in greenhouse gas emissions.²³ The RMA also requires Council to have particular regard to the effects of climate change when managing use, development, and protection of natural and physical resources.²⁴
84. Council has also itself set the goal of reducing its CO₂ emissions by 30% (from 2021 levels) by 2031. Its Eco City Strategy and Climate Change Plan describe the elements of this goal, and the actions Council is taking to achieve it.²⁵
85. Council has used its carbon emissions model to estimate the likely impact of PCG. The model compares emissions from existing housing development trends with a scenario where the housing typologies of the Aokautere Plan Change become the 'new normal'. Wider trends in electric transport technology uptake, building energy efficiency, etc. have been incorporated by inhouse forecasting, and where applicable are assumed to be broadly in line with government expectations signalled in the New Zealand Government's National Emissions Reduction Plan 2022.
86. Under these conditions, Council modelling estimates a peak increase (relative to the datum) of 400tCO₂e per annum in 2030, declining to negative 1600tCO₂e by 2050. Initial increases are primarily due to transport emissions increases associated with the relative distance of the new dwellings, which decline in the main due to the expected continued uptake of low-emission electric vehicles. Residual increased transport emissions are increasingly offset by the improved energy efficiency of the increased proportion of medium-density dwellings within the Aokautere model relative to the baseline.
87. Contextually, the emissions impact of this plan change is relatively minor, with the figures above representing an approximately 0.1% increase and a 0.5% decrease in expected total citywide emissions respectively.

²³ Objective 8.

²⁴ Resource Management Act 1991, s 7(i).

²⁵ Palmerston North City Council *He Rautaki Tāone Tautaiāo: Eco City Strategy* (2021); and Palmerston North City Council *Te Mahere Mō Te Āhuarangi Hurihuri: Climate Change Plan* (2021).

88. Further, Council is also seeking to minimise the emissions impact of PCG through mixed housing typologies, enabling local business, active transport, biodiversity enhancements, and the provision of a well-functioning urban environment.
89. To an extent, Council is required to provide for two conflicting goals – increased housing development capacity to provide for growth, and emission reductions. In light of these requirements, and particularly given the modelling outcomes described above, Council considers that PCG is acceptable in terms of its emissions generation.
90. Work on reconciling these two obligations is not restricted to PCG, and is ongoing. As noted above, Council is also currently preparing an FDS, as required by the NPS-UD. The FDS will contain a series of growth management scenarios that will be assessed using the city's carbon accounting model to help determine the effects of each scenario, likely including the following broad scenarios:
- (a) Growing Out: Greenfield growth – i.e. outside of the existing urban zones of Palmerston North
 - (b) Growing In & Up: Infill & brownfield redevelopment– i.e. inside the existing urban zones of Palmerston North
 - (c) Balanced Growth: A mixture of greenfield, brownfield, infill and rural – in both Palmerston North and the villages
 - (d) Villages and Rural: A combination of Ashhurst, Bunnythorpe, Linton, Longburn and lifestyle development.

National Planning Standards

91. Submitter 51 (Heritage Estates) noted that the national planning standards have not been implemented through PCG and sought clarification about when Council will implement them. Council is currently required to implement the national planning standards by 2025.
92. The priority at the time of preparing PCG was the rezoning of land so that additional greenfield growth capacity could be enabled to meet city growth needs. Implementing the planning standards as part of PCG was seen as a barrier to efficiently progressing

PCG to notification, as it would have required significant redrafting of the District Plan to achieve a largely administrative benefit.

93. Council officers are also mindful of the new resource management system transition, with Council's intention being to prioritise plan changes that address major planning issues, like urban growth, over administrative matters like national planning standards.
94. Plan Change I: Medium Density Residential Zone will be the first plan change that Council uses to progress implementation of the national planning standards. This is expected to be notified in early 2024. Other plan changes in 2024 and 2025 will see the national planning standards implemented, including Plan Change H: Kākātangiata, which will create a national planning standards compliant "home" for new greenfield growth areas.

Community facilities

95. Submitter 47 (Pasifika Reference Group) requested the provision of community facilities in Aokautere. This is not precluded by PCG. The need for community facilities and the identification of the most suitable location will be informed by feasibility studies to inform LTP decision making. Should a need be identified within Aokautere, then a subsequent LTP process can address this, including funding.
96. As an aside, the Council recently considered whether to retain Adderstone Reserve, or convert it to another use, which was proposed alongside PCG when it was notified. The Council resolved on 23 March 2023 (Resolution 10-23) that the Pacific Drive portion of Adderstone Reserve is not required for recreation purposes, and that the future of the Pacific Drive portion of the reserve will be revisited when the community facilities needs for Aokautere are defined. The issue of community facilities therefore may be an issue to revisit in the future.

G. RECOMMENDATIONS

97. As described, submitters have raised strategic concerns which are relevant to a range of current urban growth planning Council processes. For the reasons set out above, I continue to consider that PCG is a well-supported planning instrument in terms of its strategic aims and context, and that it remains both necessary and appropriate.

98. As such, I do not support submissions seeking alteration of the overall strategic direction set out for PCG. The other technical reports filed by the Council set out which specific elements of submissions that officers consider should be accepted, and how.

David Richard Murphy

15 September 2023

H. REFERENCES

- Central Economic Development Agency *Te Utanganui Strategy: Central New Zealand Distribution Hub* (2020).
- Palmerston North City Council *He Rautaki Tāone Tautaiāo: Eco City Strategy* (2021).
- Palmerston North City Council *Te Mahere Mō Te Āhuarangi Hurihuri: Climate Change Plan* (2021).
- Waka Kotahi *Palmerston North Integrated Transport Initiative (PNITI): Network Options Report* (January 2021).

I. APPENDICES

APPENDIX 1:

History of growth planning for Aokautere and Palmerston North

1. The Council's current strategic growth planning is well settled and has been built on 45 years of growth studies and strategies. Aokautere has been a feature of this planning throughout. The following is a summary of how growth has been strategically planned for and demonstrates that PCG has been the result of decades of forethought.
2. The PCG area was previously part of the former Kairanga County Council. The area which would become Summerhill, and some of the Aokautere area, were transferred to the Borough of Palmerston North through a boundary adjustment in 1967. Eventually, much of Kairanga County was amalgamated with Palmerston North City in the 1989 local government reforms, bringing the City's southern boundaries to where they are today.
3. Through that period, Council repeatedly looked to the Aokautere area as a growth option. The *Manawatu Urban Growth Study* (1978) identified Aokautere as a preferred growth option, ranking it equal best with the "Northern Extension" option, which related to expansion from Kelvin Grove towards Bunnythorpe.
4. The *Palmerston North Long Term Urban Growth Study* (1986) recommended Aokautere as a growth option, including the extension of Pacific Drive. A yield of 3,000 lots was suggested. In 1991, an indicative development plan for Aokautere was included in variation 14 to the District Scheme for Kairanga County to give effect to the 1986 study. The Indicative Development Plan is shown below:

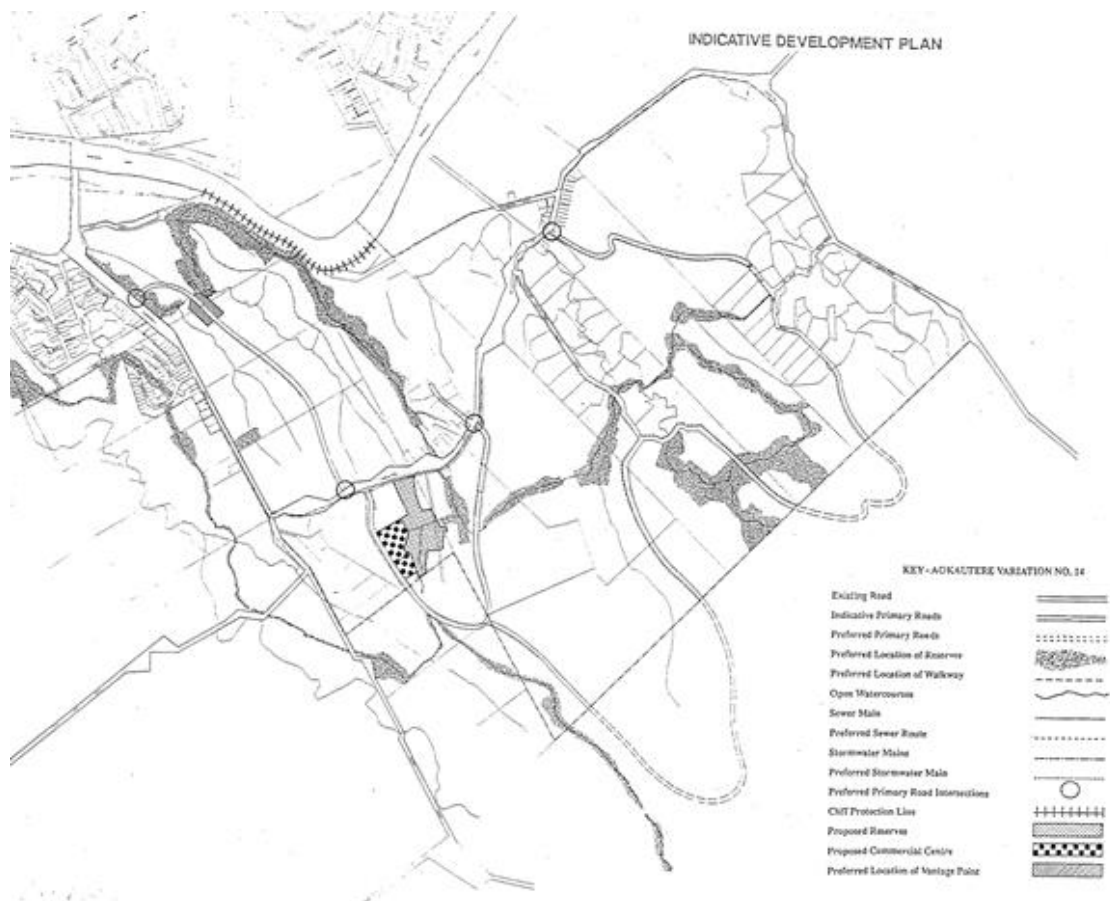


Figure 5: Aokautere Variation 14 – Indicative Development Plan

5. The *Urban Growth Study Stage 1: Background Issues and Needs Assessment* (1993) assessed whether identified urban growth areas such as Aokautere were sufficient to meet projected growth demands. The study reaffirmed the need to provide for growth in Aokautere and Kelvin Grove. This fed into the development of the first-generation District Plan, which was notified in 1995, and incorporated much of the land-use changes identified in the Indicative Development Plan for Aokautere into the District Plan. Consistent with the planning approach at that time, the Indicative Development Plan was not incorporated into the District Plan to guide development. It was this process that led to the development of Pacific Drive and Johnstone Drive, as they exist and continue to develop today.
6. The *Urban Growth Study Stage 2: Long Term Growth Options for Palmerston North* (1995) identified a range of additional growth options for the city, with Linton and Keebles identified as preferred future growth options. This study was primarily carried out to assist with finding a location for a new bridge that would cater for both urban growth and Massey / Science

Centre traffic. No new bridge was constructed, and therefore these areas were not progressed further by Council for growth needs.

7. The *Palmerston North City Future Urban Growth Fronts – Working Forum Report (2001)* built on the previous Urban Growth Studies and identified five growth options. This report was intended to be a precursor for a growth strategy, which would inform future District Planning. The report identified Aokautere as one of the five options to progress growth planning, as shown below:

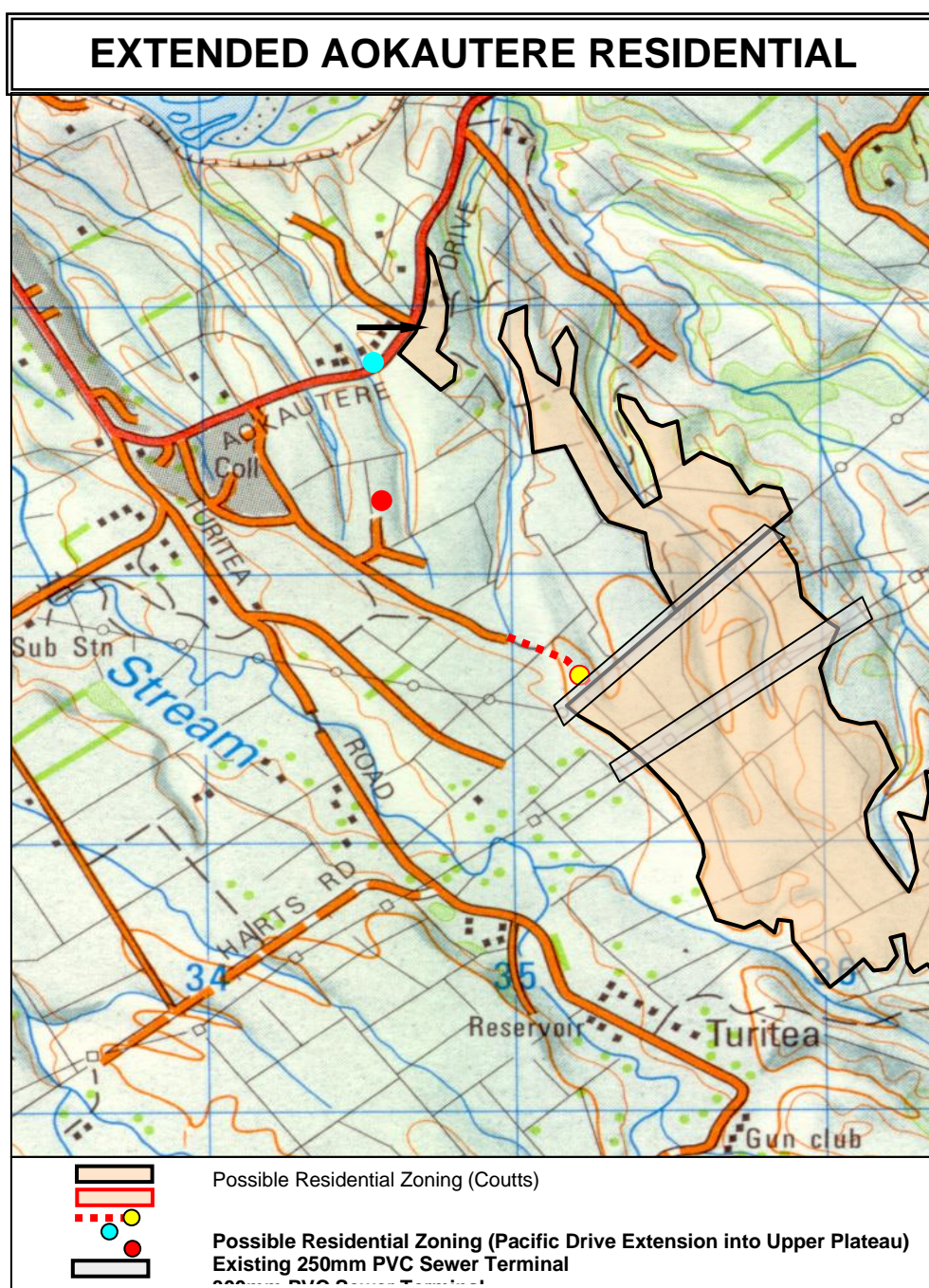


Figure 6: Proposed Extended Aokautere Residential Zone

8. In 2001, a Private Plan Change was lodged to rezone approximately 45 hectares of land in Aokautere from Rural to Residential to enable the “Pacific Drive Extension”. This private plan change progressed in advance of Council adopting a strategy for growth to inform District Plan changes. The Private Plan Change was made operative in 2003 and provided additional capacity for 390 residential lots. It was estimated to enable 5-10 years of greenfield supply. As an aside, the global financial crisis had a significant dampening effect on housing development in Palmerston North from 2009-2015. As such, this additional greenfield capacity is only now in the process of being fully built out.
9. The *Strategic Assessment of Urban Growth Options for Palmerston North* (2002) identified two preferred areas for future growth. These were Te Matai Road / Napier Road and Gillespies Line / Cloverlea Road. Given that the Private Plan Change for Aokautere had already been lodged by this time and was being processed, Aokautere was considered as planned residential growth for the city.
10. The *Palmerston North Urban Growth Review Stage 3 (Urban Growth Strategy)* (2003) provided further analysis of the preferred options in the Strategic Assessment of Urban Growth Options for Palmerston North (2002). The purpose of the urban growth strategy was to finalise the sequencing of the two preferred areas and outline an urban growth strategy to guide residential development over a 20-year period. These two options were not progressed. Political preferences changed and a greater emphasis was placed on protecting high class soils and avoiding flood prone areas. Flooding was a particularly concerning issue after the 2004 Manawatu Flood event.
11. The *Residential Growth Strategy* (2010) evolved from the previous strategic growth studies and redirected growth to City West (later referred to as Kākātangiata) as Council’s short-medium term growth option and Whakarongo as a long-term option. Council updated this strategy in 2011 to promote Whakarongo as the short-term growth option. City West was identified as a long-term option due to liquefaction, which had become a topical matter post the Christchurch earthquakes. The *Residential Growth Strategy* (2011) set clear direction for Council to undertake District Plan changes to enable greenfield growth.

12. In 2013, Plan Change 6: Whakarongo Residential Area (PC6) was notified. PC6 rezoned land for up to 550 homes adjacent to Kelvin Grove. PC6 also inserted Map 9.2 into the District Plan, which confirmed City West (Kākātangiata) as a future urban growth area.
13. In 2018, the Council replaced all previous strategies with new ones. These were integrated into the 2018-2028 Long Term Plan. Residential Growth was addressed in the *City Development Strategy, Future Development Plan* and the first-generation *spatial plan* ("our integrated plan"). These strategic documents reconfirmed Whakarongo and Kākātangiata (City West) as growth options, and also identified Ashhurst, Aokautere and urban intensification as additional options to address sustainable growth. This is recognised in the 2018 spatial plan below:

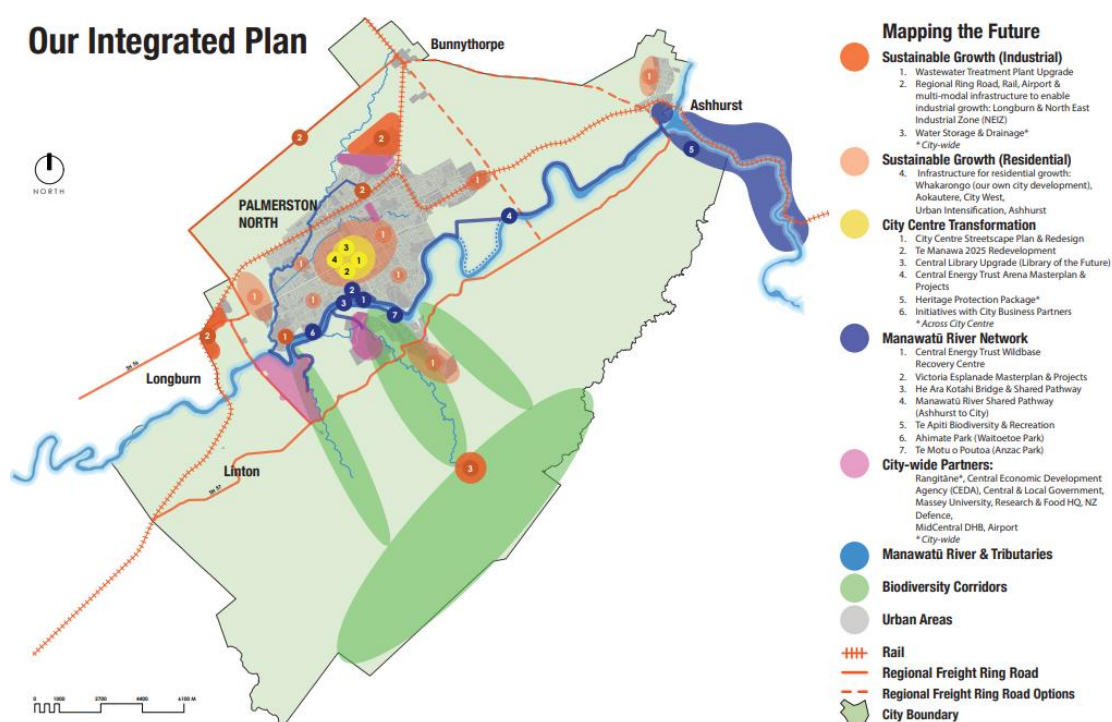


Figure 7: Our Integrated Plan 2018 (Spatial Plan)

14. As noted in the section 32 report for PCG, preparation of a plan change to rezone more land at Aokautere commenced in 2018. The 2021-31 LTP identified that work was underway to rezone and service more land in Aokautere provide additional development capacity, and the spatial plan continued to identify Aokautere as an urban growth area.
15. A 2021 spatial plan was developed alongside the 2021 LTP. This process rolled over the 2018 spatial plan, with some minor changes, including an expanded Central NZ Distribution Hub to

recognise the KiwiRail Notice of Requirement. Aokautere remained identified as a residential growth location in the 2021 spatial plan. The 2021 spatial plan is below:

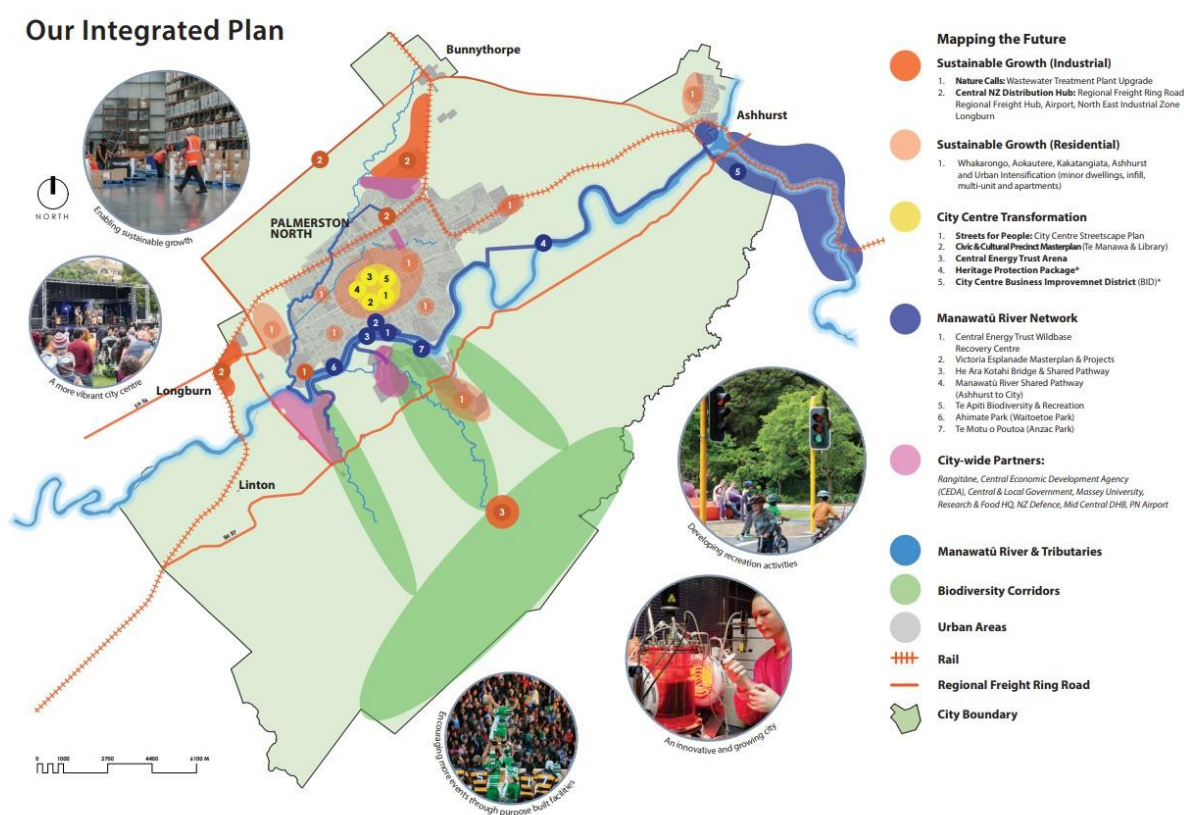


Figure 8: Our Integrated Plan 2021 (Spatial Plan)

- The spatial plan will be updated as part of the 2024 LTP process, alongside the development of the Future Development Strategy required under the NPS-UD.