

In the matter of the Resource Management Act 1991 (Act)

And

In the matter of: A hearing by Commissioners appointed by the Hastings District Council to consider and make recommendations in a report to the Minister for the Environment on submissions to Variation 4 to the proposed Hastings District Plan

Report and Recommendations

31st July 2018

Executive Summary:

This report is provided to the Minister for the Environment (the Minister) in accordance with the Streamlined Planning Process for Variation 4 to the proposed Hastings District Plan.

We recommend in our report that the Minister approves Variation 4 with the changes we have made to the Variation in response to submissions received for the reasons explained in our report and as further explained in the documents annexed to this report.

In our report we have addressed what we consider were the key issues raised in submissions. Other issues raised in submissions are addressed in the Issues and Recommendations report annexed to this report.

The documents required to be provided to the Minister in accordance with the Streamlined Planning Process are set out in the index to our report and form part of the report.

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REPORT TO THE MINISTER ON VARIATION 4 TO THE HASTINGS DISTRICT COUNCIL PROPOSED DISTRICT PLAN:

Introduction:

1. Variation 4 to the Proposed Hastings District Plan is seeking to re-zone for residential development 55.4 hectares of land in the Iona triangle and hill greenfield areas, in areas of developed rural residential land adjacent to Lane Road and in the Breadalbane Avenue area on the western fringe of Havelock North.
2. The variation is being processed in accordance with a direction issued by the Minister for the Environment under the Streamlined Planning Process (SPP) in the RMA.
3. In accordance with the Minister's Direction, Council is to submit to the Minister a written report that;
 - ❖ *Shows how submissions on the Variation have been considered and the reasons for any changes recommended to the notified Variation.*
 - ❖ *Provides an evaluation report required under s32 or s32AA of the RMA.*
 - ❖ *Provides a report summarising how the persons making recommendations on the Variations have had regard to the evaluation report.*
 - ❖ *Provides the other reports and documents required by clause 83(1) of the 1st Schedule of the RMA for the consideration of the Minister.*
4. After consideration of the Variation 4 document including any recommended changes, and the information provided in the report, the Minister may approve the Variation, refer it back for reconsideration, or decline it.
5. We, Paul Cooney (Chair), Julia Williams and Ian Mayhew have been appointed by Council as Independent Commissioners to provide the Minister with the report required in his Direction.
6. The purpose of this report therefore is to give effect to the Minister's Direction. For convenience, we have **attached** as appendices to our report the set of documents required to be provided to the Minister rather than set them out in the body of our report.

7. In making our recommendations we have had regard to the Minister's expectation that the proposed re-zoned urban land, which is the subject of Variation 4, should provide sufficient development capacity for a housing yield of at least 390-400 dwellings while retaining the special character features promoted under Variation 4. For the reasons expressed in our report we are satisfied Variation 4 as amended will meet the Minister's expectation.
8. Our report provides a summary of the background leading to the promulgation of Variation 4, a summary of the key issues raised in submissions, describes the hearing process that was followed and explains the reasons for our decisions on the key issues and our recommended changes to Variation 4.
9. In providing our report, we have considered all the background material to Variation 4, the s32 and s32AA evaluation reports, all of the submissions received, the evidence and submission of the submitters given at the hearing, the s42A report by Council's Reporting Officers and all other relevant matters.
10. Our recommendation to the Minister in our report is that the Variation 4 be approved with some modifications, and that the submissions be accepted, or accepted in part, or rejected in line with our overall recommendation.

Background:

11. The background to Variation 4 is explained in some detail in the s32 report. As an overview, Havelock North currently accounts for between 55% and 60% of demand for greenfield development in the Hastings District. Havelock North is an attractive area to live and is facing growth pressures due to a shortage of residentially zoned land.
12. The Iona and Breadalbane areas, which are the subject of Variation 4, were identified in the Heretaunga Plains Urban Development Strategy (HPUDS) back in 2010 and subsequently in the Hawkes Bay Regional Policy Statement (RPS) for future urban expansion at Havelock North. HPUDS provides a strategic framework for urban growth within the Heretaunga Plains. It takes a long term view of land use and infrastructure and is implemented through the RPS and the Hastings District Plan.

13. However as the Iona and Breadalbane areas were originally not scheduled for urban development until 2026, those areas were not originally included for development within the District Plan as part of its relatively recent 10 year review.
14. Due to a number of factors, including as a result of appeals to the Environment Court on the 10 year review of the plan, the residential re-zoning of both areas has been prioritised culminating in the appointment of a Working Group to develop Variation 4 collaboratively.
15. The Working Group consisted of Council representatives, s274 parties to the Environment Court appeals and representatives of the main Iona land owner, the Lowe family. The group developed a set of design objectives with assistance from a landscape architect, formulated a draft structure plan and released the plan for community feedback. This helped to refine the plan.
16. Variation 4 was then finalised and notified for public submissions through the Streamlined Planning Process in the RMA.

Variation 4 as notified and submissions received:

17. Variation 4 through the Iona Structure Plan and plan provisions identifies three distinct neighbourhoods within the Iona area, two open space reserves and supporting infrastructure. The neighbourhoods are referred to as:
 - The Bull Hill Neighbourhood;
 - The Iona Terraces Neighbourhood;
 - The Iona Plateau Neighbourhood.
18. In order to understand the design objectives of Variation 4, it is important to appreciate the development concepts planned for each neighbourhood based on their typography and different characteristics. These are explained in the introduction to the Iona Zone and repeated here;

Bull Hill Neighbourhood:

The Bull Hill Neighbourhood is located on flat to gently undulating topography and is primarily accessed via Middle and Iona Roads. The neighbourhood adjoins the existing

suburban area (*Havelock North Character Residential Zone*) at its north-eastern end. At its south-western end it adjoins the proposed public open space area and beyond that the *Havelock North Rural Residential Zone*. There is an existing development of 8 dwellings (*Stapleford Park*) located on the Middle Road edge of the neighbourhood.

The Bull Hill and avenue of the existing mature trees are the central features of this area and provide its special character. The Bull Hill will form a central open space area for this neighbourhood providing a green space for play and recreation as well as stormwater detention.

The provisions of the Bull Hill Neighbourhood seek to allow a range of section sizes to suit different household types. Given its generally flat topography and that it is contiguous with the existing suburban area of Havelock North, this neighbourhood provides development at higher densities relative to the other neighbourhoods within the Zone.

Iona Terraces Neighbourhood

The Iona Terraces Neighbourhood is part of the wider Iona Special Character Zone. This area coincides with the change in topography as the land rises up the hill from Iona Road. One of the important features of this area is the prominent ridge that runs south east from Iona Road towards Lane Road.

The retention of the ridge as an area of open space provides a good transition between the more intensive Bull Hill neighbourhood and the Iona Plateau. The provisions associated with the Iona Terraces neighbourhood recognise this transition and also the adjoining Rural Residential Zone on Lane Road with its high levels of amenity.

The Iona Plateau Neighbourhood

The Iona Plateau Neighbourhood sits within the new Iona Special Character Zone. This neighbourhood provides another residential low density living opportunity within the defined urban growth boundaries, thereby being in close commuting distance to urban areas for employment, education, shopping, entertainment and recreation activities. It serves as a transition between higher density residential areas and the established Havelock North Rural Residential Zone.

In this neighbourhood, a masterplan has been prepared and will be implemented through Rules in the District Plan. The result in a fixed layout and building platforms with a maximum of twenty residential properties, single story building restrictions for some lots earthworks restricted to forming building platforms and the spine road, extensive planning at subdivision (if not prior) and the inclusion of vegetation control areas. This results in a low density subdivision with the minimum lot size of 1,863m² and an average of lot size 3,226m².

Limited development is to occur in this area, through the implementation of this plan, so that effects that may occur in this higher visually sensitive part of the Zone can be appropriately managed.

19. Under Variation 4 residential re-zoning is also proposed for the Breadalbane Avenue Special Character Area, which is geographically separate from the Iona area. This was not part of the Iona Structure Plan as it is considered an infill rezoning. The Breadalbane Avenue Special Character Area is identified in Variation 4 as having unique characteristics due to its history, mature existing trees and high level of amenity. A larger lot size (minimum site area of 1,000 m²) is proposed to help maintain these values.
20. The Variation was notified on the 6th of April 2018 and the closing date for submissions was the 7th of May 2018. A total of 34 submissions were received. The names of the submitters, the issues raised and the changes sought in submissions are set out in the Summary of Submissions Report attached as Appendix 2 to this report.
21. The key issues that we consider were raised in the submissions and which were the main focus of evidence and submissions presented at the hearing are;
 - Density in the Bull Hill and Iona Terraces Neighbourhoods;
 - Stormwater management;
 - The location of the Iona Recreation Reserve open space zone Boundary;
 - Extension of the Iona Special Character Zone and additional lots;
 - The provisions for the Breadalbane Special Character area; and
 - The number and location of the commercial nodes.

22. We will address these key issues and the other issues raised in submissions later in our decision.

The Hearing:

23. The hearing of submissions took place at the Hastings District Council Chambers in Hastings on the 30th and 31st of May. Prior to the hearing commencing, we undertook a site visit on the 29th of May.
24. The persons who attended the hearing and presented submissions and or evidence are referred to in Schedule 1 attached to this report.
25. At the conclusion of the hearing on the 31st of May, we adjourned the hearing to issue a Minute directing Council and the Lowe Family representatives to caucus on information we requested in the Minute. The Lowe family owns 42.9 hectares of the 55 hectares of land in the Iona area intended to be re-zoned for residential development and made extensive submissions on Variation 4.
26. The purpose of the Minute was:
 - To receive from the parties a more reliable projection of housing yields within the Iona Structure Plan area based on different lot sizes and structure plan configurations that were provided in the Minute.
 - To request the subdivision assessment criteria for the Iona Zone be revised in order to give strong direction that an overall subdivision concept plan proposed for the Bull Hill should be adhered to in order to achieve variability in lot sizes and housing typology so as to create a residential environment with high amenity values and good urban design.
 - To request a rule allowing for appropriate areas of land for stormwater management, with capacity to serve the whole of Iona Structure Plan Area, to be identified and set aside (and subsequently vested in Council) and the appropriate stage of the subdivision process for this to occur.
 - To request a rule providing for the preparation of a stormwater management plan for the whole of the Iona structure plan area at the initial subdivision stage as well as revised subdivision criteria requiring subsequent subdivision and development to adhere to that plan.

- To request the identification of the Iona Recreation Reserve open space zone boundary.
 - To request the identification of an indicative site for a café within the Bull Hill Reserve.
27. The reasons for issuing the Minute were that during the hearing we received different housing yield estimates from Council and the Lowe Family representatives based on a range of maximum and minimum density limits and different lot sizes, particularly in the Bull Hill Neighbourhood, which provides a substantial proportion of the lots. It was important for us to have the potential housing yield projections clarified in order to enable us to give proper consideration to the Minister's Direction for Variation 4 to realise 390-400 housing lots.
28. The other information requested in the Minute related to resolving or narrowing the differences between the Council and the Lowe family on the changes sought by the Lowe Family in their submission and evidence, particularly in regard to stormwater management and the location of the Iona Recreation Reserve boundary.
29. We would like to record here that substantial progress was made by the parties at caucusing in resolving their differences. An agreement was reached on the potential housing yield in the proposed re-zoned areas for the various development scenarios that provided important confirmation of the minimum lots sizes and yields required in the Bull Hill Neighbourhood to meet the Minister's Statement of Expectations. The parties also agreed on the wording of appropriate urban design assessment criteria for directing compliance with an approved subdivision concept plan for the Bull Hill Neighbourhood to ensure variability and assisting in maintaining the character of the area. They also agreed on the indicative location for a café in the Bull Hill reserve, although disagreement remained on the number and size of the commercial nodes and the activities that could be undertaken within them.
30. Although agreement was not reached on appropriate stormwater management provisions or the location of the central reserve (Iona Recreation Reserve) boundary location, the areas of disagreement were relatively narrow. Stormwater experts for both Council and the Lowe Family confirmed that a suitable stormwater management solution could be constructed to avoid or mitigate potential flooding effects on

downstream properties. We will have more to say on all these issues later in our decision.

31. A resumed hearing took place in Hastings on the 15th of June where we received further evidence and submissions from Council and the Lowe Family representatives which focused on the issues discussed at caucusing. Each party then presented their closing submissions. At the conclusion of the hearing we adjourned to enable the parties to provide us with revised documents, and we closed the hearing on the 7th of July 2018.

Statutory Considerations:

32. Council must prepare and change its District Plan in accordance with its functions under s31, the provisions of part 2, its obligations to have particular regard to its s32 evaluation report, and the consideration of other planning documents. As Variation 4 is being processed under the Streamlined Planning Process in the RMA, we must also have regard to the Minister's Statement of Expectations concerning the housing yield capacity (390-400) under Variation 4.
33. S75 of the RMA, in addressing the contents of District Plans, requires that a District Plan must give effect to any Regional Policy Statement and must not be inconsistent with a regional plan.
34. Part 2 of the RMA, being the purpose and principle of the statute, is the over arching part of the Act. Regard is to be given to all matters within it.
35. A s32 evaluation in general terms requires consideration whether the objectives of a proposal are the most appropriate way to achieve the purpose of the RMA, and whether the provisions in the proposal are the most appropriate way to achieve those objectives. This involves identifying other options, undertaking a cost/benefit analysis for assessing the efficiency and the effectiveness of the proposed provisions and a summary of the reasons for such provisions. If we decide to recommend changes to Variation 4 as notified, we must carry out a further evaluation under s32AA to support those changes.
36. Under clause 83 of the 1st Schedule, a local authority must provide the Minister with the list of documents set out in clause 83 after considering a variation or plan change

processed under the Streamlined Planning Process in the RMA, including the Minister's Statement of Expectations.

Statutory Compliance:

37. We outlined above the statutory considerations that apply to the promulgation and implementation of Variation 4.
38. In terms of Part 2 of the Act, we consider the provision of land for urban development at Havelock North under Variation 4 would meet the Act's purpose of promoting the sustainable management of natural and physical resources. The provision of housing stock will enable people and communities to provide for their social and economic wellbeing by meeting a demand for housing in that area while the proposed standards for controlling development and subdivision will help to safeguard the natural features and amenity associated with the subject area.
39. Relevant planning documents we must have regard to in relation to Variation 4 are;
 - The National Policy Statement on Urban Development Capacity 2016 (NPS).
 - The Heretaunga Plains Urban Development Strategy (HPUDS).
 - The Hawkes Bay Regional Policy Statement (RPS).
40. Under the NPS, the Hastings District has been identified as a Medium Growth area which means Council must show how it is providing sufficient development capacity for residential housing in its district in the short to long term. We are told there is a high demand for residential zoned land at Havelock North. Variation 4 is intended to help meet this demand and is giving effect to the direction in the NPS for Council to ensure there is sufficient development capacity for housing in its district into the future.
41. The HPUDS identifies urban growth areas on the Heretaunga Plains for development over a period of time. This Strategy purposefully promotes compact urban development in suitable areas to avoid encroachment onto the valuable productive soils of the Heretaunga Plains. The Iona area is specifically identified as one of those urban growth areas to be developed after 2015.

"This area of land is located between Breadalbane Ave, Lane Road and Endsleigh Road Middle Road/Te Aute Road Block. It has a number of locational advantages being

close to existing development for services, not impacting on versatile soils for productive purposes, not conflicting with adjacent land uses, not impacting on landscape qualities and not impacting of transport infrastructure. It may be marginally more expensive to develop due to the rolling nature of the topography. It is recommended as a greenfield growth area for the period 2015-2045”.

42. The HPUDES, being a non statutory planning document, is implemented through the RPS and the district plan. The Iona and Breadalbane areas which are the subject of Variation 4 are areas identified in the RPS for future urban development.
43. The RPS provides in policy UD8 that residential subdivision and development within greenfield growth areas should where appropriate achieve a minimum net density of 15 dwellings per hectare and for intensification development areas such as the Breadalbane Avenue area the minimum net density should be 20 dwellings per hectare.
44. However, in the explanation to policy UD8, the RPS accepts that “*achievement of these densities may be constrained by various limiting factors, such as orientation, topography and geology, which may lead to areas achieving lower or higher density yields*”. We have highlighted this exception as we consider that these constraints are applicable to both the Iona Structure Plan and Breadalbane areas.
45. The changes in the density provisions that we recommend in this decision will enable Variation 4 to achieve the housing yield capacity of at least 390 to 400 lots in the Minister’s Statement of Expectations. However, the Iona Structure Plan greenfield area at an average density of 12 lots (minimum) per hectare falls slightly short of the overall RPS target density of 15 lots minimum per hectare, and the Breadalbane area will fall significantly short of the 20 lots minimum per hectare target for intensification development areas.
46. In respect of the Iona Structure Plan area, the primary reason for not meeting the density target is the larger lot sizes of the Iona Terraces and Plateau Neighbourhoods, which we consider are entirely appropriate given the topography and visual prominence of these upper hill areas, and their landscape and open space values. In our view, it is essential to retain these values to achieve the neighbourhood character being sought through Variation 4. To offset these lower densities across the entire Iona Structure Plan Area, we have provided for a significantly higher development

density within the Bull Hill Neighbourhood through a combination of reduced minimum lot sizes and a higher minimum density (19 lots per hectare). However, we are of the view that a further increase in density in the Bull Hill area cannot be achieved without eroding the character and urban design outcomes sought for this area.

47. We consider that having a minimum lot size of 1000m² for new development in the Breadalbane area is appropriate in order to retain the open space character and amenity values of that area. We note that this area's topography and variable pattern of residential development also affect the ability to meet the density target and there were no submissions seeking a higher level of development in this area. However, our primary reason for not achieving the desired density is the preservation of the important values of this area through larger lot sizes and retention of features such as the narrow road and mature vegetation to maintain a rural scale and character, as sought through Variation 4.
48. As part of our consideration whether Variation 4 will meet the statutory requirements of a plan change / variation, we have had particular regard to the s32 evaluation report for Variation 4. That report contains a comprehensive planning analysis and confirms Variation 4 will meet the Act's purpose, it will give effect to the NPS and RPS, and that the proposed provisions for controlling subdivision and development are generally appropriate for achieving a high standard of development while retaining the special characteristics of the Iona area that mainly relate to land form features.
49. We agree with that planning analysis. There are however some provisions within the notified version of Variation 4 that we consider should be changed as explained in this report. We believe our recommended changes will achieve a higher density level in the Bull Hill Neighbourhood without compromising the wider landscape and character values associated with the Iona hills and Breadalbane area. We believe they will result in a better planning outcome in terms of efficiency and effectiveness and meet the Minister's Housing Yield Expectations. We have undertaken our own s32AA evaluation that supports our recommended changes.
50. Overall we consider Variation 4 with our modifications will meet the statutory requirements governing Variation 4.

Evaluation of submissions:

51. We are in receipt of a comprehensive s42A report from Council's reporting planners that sets out in some detail the issues raised in the submissions and then makes recommendations to us with reasons whether each submission should be accepted, rejected, or accepted in part. For those recommendations that we agree with, rather than repeat them in our decision, we have included them in our Issues and Recommendations Report that is attached as Appendix 3 to this report. That report includes our reasons for accepting, rejecting or accepting submissions in part.
52. We will now address what we consider to be the main issues that were raised in submissions and which were the principal focus of evidence and submissions presented at the hearing.

Density in the Iona Urban Growth Area:

53. The primary purpose of Variation 4 is – *“to make additional land available for Greenfield Housing development in the Iona Road area of Havelock North”*. The strategy adopted in Variation 4 for promoting urban development in this area is to provide for a high housing density in the Bull Hill Neighbourhood due to its flat to gentle topography and being located adjoining an existing residential zone, and with lower density development in the Iona Terraces and Plateau Neighbourhoods due to their landscape prominence, more challenging topography and as a transition to the wider rural environment.
54. Under Variation 4 as notified, the subdivision provisions recognise the need to allow for some flexibility as to how greater density could be achieved in the Bull Hill area by having a minimum density of 15 and maximum density of 17 dwellings per hectare, but with a minimum lot size of 700m² for new sites adjoining established areas and fronting Middle Road. There was also an allowance for more intense comprehensive residential development to be established in the Bull Hill Neighbourhood.
55. Under the subdivision provisions for the Bull Hill area, Council estimated they could potentially produce a housing yield of approximately 236 dwellings for that area and a total of 402 dwellings for the whole of the Iona/Breadalbane re-zoned area.

56. That figure was further revised from 402 to 409-420 as a result of proposed changes to the subdivision rules and the subdivision boundaries in the structure plan as recommended in Council's s42A report in response to submissions received. In particular the report recommended instead of having a minimum and maximum dwellings per hectare density range, lot sizes should range from a minimum average net site area of 580m² and a maximum average net site area of 660m² across the Bull Hill Neighbourhood.
57. At the hearing of submissions the Lowe Family representatives in their evidence questioned the accuracy of Council's housing yield projections for the whole of the Iona area. They contended that having a minimum and maximum average net site area for the Bull Hill Neighbourhood would not provide sufficient capacity to enable the Minister's expectation target of 390-400 dwellings to be achieved. They submitted that in order to achieve a higher density but without compromising the desirability for variation in section sizes and housing typology, the Bull Hill area should have a minimum lot size of 400m² but with 600m² lots rather than 700m² around the edges fronting Middle Road and adjoining the residential and rural residential boundaries. They also submitted there should be no maximum average net density requirement, and that sites of comprehensive residential development should have a minimum lot size of 250m² rather than a 350m² average net site area.
58. Even with these changes and based on the housing yield calculations of Mr Wayne Bredemeijer an urban designer and Mr Phillip McKay a planner, both representing the Lowe Family, the Minister's expectations would only be met by a slim margin. The changes advocated by the Lowe Family would concentrate more houses in the Bull Hill Neighbourhood – 257 dwellings compared to Council's revised estimate of 235 dwellings, and fewer dwellings, in the Iona Terraces Neighbourhood – 109 compared to Council's predicted 139 dwellings – which is consistent with preserving the landscape and open space values associated with the Terraces area. We note that the latter reduction was not the result of a change in lot sizes or development intensity, but rather a practical approach to identifying how the Terraces area would be laid out given the topography, the roading layout and other constraints. Mr Bredemeijer also advised that he considered Council's estimate of 40 dwellings in the Breadalbane area was optimistic given the nature and constraints of that area and that a number of 20 dwellings was more appropriate.

59. As a result of receiving these different yield projections from Council and the Lowe Family we directed the parties to caucus and provide us with a more accurate projection of the number of dwellings expected in the Iona Structure Plan and Breadalbane Special Character areas.
60. Following caucusing, the parties were able to present us with an agreed indicative masterplan for the Iona and Breadalbane areas.¹ It showed lot sizes ranging from 250m² to over 1000m² across both the Bull Hill and Iona Terraces Neighbourhoods and an indicate subdivision layout within the Breadalbane Special Character area. The masterplan included a table showing the number and size of lots in each of those neighbourhoods as well as the average lot size per neighbourhood. It was estimated that the total housing yield produced under this plan was 410 to 417 dwellings depending on the area required for stormwater management in the Bull Hill Neighbourhood.
61. With regard to comprehensive residential development in the Bull Hill Neighbourhood, the parties came to an agreement on a number of changes to the notified performance standards including a reduction in the required size for a parent lot, an allowance for up to four dwellings in a row or terrace, and the removal of the requirement for an average net site area of 350 m². This allows comprehensive residential development areas to be distributed throughout the Neighbourhood, mixing small and large lots in the same street and avoiding the monotony common in many suburbs. It also provides incentives and options for housing typologies that suit compact living environments.
62. The appeal of the indicative masterplan layout to us is that it provided a more realistic and agreed (between Council and the Lowe Family experts) estimate of housing capacity. It provided for variety in lot sizes and housing choice to promote a higher level of urban character and amenity, and it provided certainty to the developer by having the expected range of lot sizes and the number of lots for each neighbourhood recorded in the subdivision provisions in the District Plan for the Iona Special Character Zone.
63. The masterplan layout has been given effect to by amending the subdivision criteria to include a table providing guidance on the minimum number (or percentage) of different

¹ Masterplan Scenario 5, an indicative subdivision layout presented to us on 15 June 2018 when the Hearing recommenced – see attachment to s32AA Evaluation Report.

lot sizes generally expected within each of the Bull Hill and Iona Terraces Neighbourhoods. The table will allow for flexibility in designing a subdivision layout generally in accordance with the structure plan but the rules will still require a minimum lot size of 700m² along Middle Road and those areas adjoining the Havelock North Rural Residential Zone in order to provide a transition from the more open areas, and a minimum lot size of 600 m² adjoining the Havelock North Character Residential Zone to complement similar lot sizes.

64. Overall, we generally agree with these changes to the performance and subdivision standards as they will help to achieve a better planning outcome in terms of housing capacity and variability in housing typology.
65. Having carefully considered the evidence from submitters on what should be the appropriate density levels or housing mix for the Iona Special Character Zone we find that the revised subdivision standards and structure plan as set out in Variation 4 annexed as Appendix 1 to this report reflect an appropriate subdivision design for the Iona Special Character Zone and one which is likely to achieve (and potentially exceed) the housing capacity of at least 390-400 dwellings expected by the Minister for the combined Iona and Breadalbane re-zoned areas.
66. As we have indicated previously, we note that the density expectations of the RPS have not been met. Under the indicative Scenario 5, the average density across the Iona and Breadalbane areas was assessed to be 12 dwellings/hectare. However, we note that the areas within Variation 4 that are generally suitable for higher density development (Bull Hill and Iona Terraces A, B and C) have densities of 19 and 14 dwellings per hectare respectively. In contrast, those large areas of the Iona Structure Plan (Iona Terraces Area D and Iona Plateau) and the Breadalbane Special Character area, where a lower density is considered appropriate due to topography and to protect the rural character and landscape values, a much lower density of 4 to 8 dwellings/hectare is likely to be realised.
67. We consider this outcome necessary and appropriate to strike a suitable balance between providing for residential growth, while at the same time protecting the important values and features of the areas identified for urban development and intensification. In this regard, we consider that the approach provided for in the revised minimum lot size and density provisions meets the intent of the RPS in that RPS Policy

UD8 recognises that there will be circumstances it is not appropriate to meet the target density level.

Stormwater Management:

68. Currently stormwater flows from upstream catchments in the Iona Hills to locations along Middle Road and then discharges beneath the road via culverts into open farm drains which ultimately discharge into the Karamu Stream some 700 metres away.
69. The open drainage network is a mixture of privately maintained drains and drains maintained by the Hawkes Bay Regional Council under local drainage schemes. Stormwater ponding after heavy rainfall events often occurs in the low lying areas.
70. During the hearing we heard evidence from long time residents living on the lower land on the western side of Middle Road. They stated that the current drainage system is inadequate to cope with existing runoff from recent development in the Iona area. They expressed concern that the existing drainage system does not have the capacity to handle any further increase in stormwater runoff from any new development in the Iona re-zoned area.
71. We heard evidence from Mr William Davidson, the owner of two properties opposite the proposed Bull Hill Neighbourhood, who produced photographs of flooding occurring around the culvert outlets and drains on Middle Road during recent rain events. He described how his private drains often overflowed from stormwater runoff being directed from the Iona Hills through the culverts onto his property. Mr Davidson strongly opposed any increase in stormwater being discharged from the proposed Iona re-zoned area through the culverts into his farm drains.
72. We also received evidence from Tom and Karen Dear who have lived for many years next door to Mr Davidson and who confirmed that the drainage system west of Iona Road did not have the capacity to receive any increase in stormwater runoff from the Iona area and that their land would face a real risk from flooding. They explained the current flood problem area at Outlet I, which in their opinion has occurred after the development of the Stapleford residential area.
73. We also heard evidence from Mr Robbie Gardner and Edward Hamilton who live on Te Aute Road. They again confirmed the existing drainage system west of Middle Road

did not have the capacity to accommodate any increase in stormwater runoff from new development.

74. During the hearing it became clear to us from the evidence of these long-time residents, and the level of existing flooding (that we note is not disputed), that a conservative approach needs to be taken to manage stormwater runoff from new development within the Iona Structure Plan area. In our view, any stormwater mitigation measures should be designed to ensure there are no increased flooding effects on downstream properties from future development.
75. It also became clear to us from the Council's S42A report and other reports we read, and the evidence given at the hearing that no final solution had been reached for managing stormwater runoff within the Iona Structure Plan area. This was due to the conceptual nature of the stormwater mitigation measures that had been considered to date, and on the expectation that the final design options would be available for approval at the time of subdivision application. This was particularly so in relation to the size and location of detention ponds at outlet D shown in the notified structure plan and the size of the ponds at outlets G and within the Bull Hill Reserve.
76. In general terms, the stormwater mitigation measures proposed for new development in the Iona area can be summarised as follows;
- The object of stormwater mitigation is to achieve a hydraulically neutral outcome ie: there is to be no increase in peak runoff as a result of the residential development.
 - At outlet G, a large stormwater pond is proposed to be constructed on the western side of Middle Road as shown on the structure plan. The size and design of the pond will be finalised at the first subdivision consent stage.
 - At outlet E, a stormwater pond is proposed within the Bull Hill Reserve.
 - At outlet D, Council is seeking to have a detention pond area in the lower catchment, whereas the Lowe Family propose a solution that 'over-attenuates' stormwater in the upper catchment to mitigate additional flows in lower catchment areas.
 - Council is seeking for indicative detention areas to be identified on the Iona Structure Plan map, including an area at Outlet D, whereas the Lowe Family contend the stormwater areas should be determined through a stormwater

management plan to be provided and approved at the time of the first subdivision application.

77. The main points of contention between Council and the Lowe Family on appropriate stormwater mitigation measures for the Iona Structure Plan area concerned the need for a detention pond at outlet D, the extent of the stormwater detention area required for outlet G, the area required for stormwater detention within the Bull Hill Reserve, the indicative mapping of detention areas within the structure plan (Appendix 13A Figure 2) and the stage of sub-division at which assets were vested in Council. Stormwater detention areas at Outlets G and D were identified in the notified structure plan.
78. Mr Mark Pennington, a water resource engineer with Tonkin and Taylor engaged by the Lowe Family, expressed the view that the preferred option for dealing with stormwater attenuation at outlet D was to provide pond storage in the upper catchment rather than at outlet D due to its low lying topography. However he considered some flexibility was required for managing stormwater rather than having areas identified in the structure plan in order to allow for a more detailed assessment to be undertaken through the subdivision consent process.
79. Following our direction to caucus on stormwater issues, the parties agreed that a rule requiring the provision of a stormwater management plan for the whole of the Iona structure plan area at the time of the first subdivision application was the most appropriate method for addressing stormwater mitigation. But the parties were unable to agree on the scope of the rule.
80. Council's version of the rule required the management plan to address or have regard to the stormwater management areas identified in the structure plan and the extent to which they were needed in order to achieve stormwater neutrality whereas the Lowe Family's version of the rule was more broadly stated without requiring stormwater management areas to be identified in the structure plan. In other words, the areas would be identified through the formulation of the management plan rather than in a structure plan once a detailed stormwater assessment had been undertaken.
81. Having considered both versions of the rule and after taking into account the evidence we heard from the local residents about the existing flood problems that are occurring in the lower land west of Middle Road from runoff from the Iona Hills, we consider Council's version of the proposed rule is the more appropriate method for managing

stormwater in the Iona Structure Plan Area together with indicative areas provided on the Structure Plan map (Appendix 13A, Figure 2).

82. In our view by referring to potential detention pond areas in the structure plan, greater certainty will be provided that sufficient stormwater mitigation capacity is available in the lower catchment areas and that the areas identified warrant careful consideration when formulating the stormwater management plan for the whole of the Iona area. We find that the most appropriate method for managing stormwater in the Iona Structure Plan area is through a stormwater management plan in accordance with the Rule proposed by Council which we have included in the subdivision criteria for the Iona Special Character Zone and the indicative detention areas mapped on the Structure Plan in the modified version of Variation 4 annexed to this report.
83. In respect of the other issues we heard and considered associated with stormwater management, we find that:
- A viable stormwater management solution can be provided for the Iona Structure Plan Area to meet the relevant technical requirements and appropriately mitigate adverse effects on downstream properties. This was advised by all the technical experts that provided evidence, being Council's Stormwater Manager and Consultant Engineer (Mr Kyle Christensen) and Mr Pennington for the Lowe Family.
 - To ensure potential adverse effects are appropriately mitigated, 'stormwater neutrality' should be clarified in the subdivision provisions and Iona Structure Plan, and this definition should include the requirement to reduce peak flows in the 100 year Annual Recurrence Interval (ARI) rainfall event to 80% of predevelopment levels.
 - The stormwater management plan for the Structure Plan area should promote integrated and efficient stormwater management across the structure plan area as a whole. We accept that some cost sharing arrangements are appropriate should development outside of the control of the major land owner (the Lowe Family) utilise communal devices to provide necessary detention. However, we accept Council's position that a statement to this effect is not required in the subdivision provisions.
 - A criterion should be added to the assessment criteria for Subdivision within the Iona Special Character Zone (30.1.8.2.24) to provide for consent notices on

subdivision in relation to on-site (private) devices. While we acknowledge that the use of privately owned stormwater devices is not Council's preferred option, we accept Mr Pennington's advice that it is a possible outcome of a stormwater management plan, and hence in our view it should be provided for.

- We have amended the references to 'on-site' stormwater attenuation in Policy ISCP6 to refer to other flood attenuation mechanisms. While the development provisions include a run-off coefficient to manage capacity within Council's drainage network, detention to mitigate potential flood effects of the proposed rezoning is being provided in stormwater detention ponds/wetlands that will subsequently be vested in Council.

The Location of the Iona Recreation Reserve Open Space Zone Boundary:

84. During the hearing there was much debate between submitters over where the Iona Recreation Reserve open space zone boundary adjoining the Iona Terraces should be located. Council was seeking to have the boundary located down below and northeast of the ridgeline so that the ridge landform remained a protected feature within the open space zone.
85. According to Mr Gavin Lister, a landscape architect engaged by Council, incorporating the main ridge and valley landform into the Iona Recreation Reserve open space was an important consideration and a key outcome for the Working Group set up to develop design concepts for the Iona Structure Plan. Council's position on the location of the boundary was strongly supported by Ms Josephine Beamish and Mr Dale Prebble, both of whom were members of the Working Group.
86. The Lowe Family submission originally sought the open space boundary be located on the opposite side of the ridge to where the houses were to be established on the Iona Terraces in conjunction with revised building height, vegetation, setback and screening controls to enable additional land in the Iona Terraces Neighbourhood footprint and to avoid the public looking down into the backyards of Iona Terrace houses. Mr Andrew Taylor, a surveyor for the Lowe Family contended there was some confusion over where the boundary line identified by the Working Group should be located due to errors in the contour overlays considered by the group. In his evidence Mr Taylor provided diagrams detailing the proposed reworking of the ridge line, which he contended would create more developable land and allow for earthworks needed for

the development of the Iona Terraces housing sites without compromising the ridge. Later as a result of caucusing the Lowe Family revised their position and sought to have the boundary aligned along the existing ridge line which would still enable them to achieve their development objectives.

87. In deciding this issue we have carefully considered the competing evidence and submissions as to where the boundary should be located. We have had particular regard to the location requested by the Lowe Family which would allow for fill to be taken from the lower northeast facing side of the ridge to develop the Terraces. We appreciate there may have been some confusion over the exact location of the boundary and its relationship with the ridgeline as shown on the plans presented to the Working Party, and over the terminology of ridge versus ridgeline but it is clear to us that the Working Group always sought the ridge to be included in the open space zone as a community amenity and to provide a buffer between development and surrounding rural residential areas.
88. Even if we put aside the Working Party's preference, we consider from a landscape and community amenity perspective the ridge should remain intact as a three dimensional natural feature within the open space zone and that the boundary with the Iona Terraces Neighbourhood should be located down the northeast face of the ridge as sought by Council. However we agree the boundary along the south east end of the central ridge should be readjusted slightly as conceded by Council at the close of the hearing, although we acknowledge that the larger minimum lot sizes in the Iona Terraces Area D land will limit any significant increase in housing yield.
89. Overall, we find the location of the boundary between the Iona Recreation Reserve open space zone and the Iona Terraces Neighbourhood should be the boundary shown on the revised Structure Plan in Appendix 13A, Figure 2 annexed to our recommended modified Variation 4 annexed to this report.

Extension of the Iona Special Character Zone and Additional lots:

90. Three submitters sought an extension of the eastern boundary of the Iona Terraces Neighbourhood to include properties that are currently in the Lane Road Rural Residential Area.

91. As Mr M Dixon outlined in his submission, the zoning in this area should be based on the contours of the land so that the land that falls away from a ridgeline to the west towards the Iona Terraces should be included in the Iona zone boundary including his property at 8 Lane Road. Council in the s42A report partly agrees that the boundary should be extended to the ridgeline but not in its entirety so as to include the property at 8 Lane Road. This is in order to preserve the amenity of the property at 6 Lane Road from closer development.
92. Similarly Council was not prepared to support the extension of the boundary to include the property at 151 Iona Road as the property falls within the Lane Road valley catchment which has an overall rural residential character. Council however considers that three additional allotments with identified building sites could be sustained within the property at 153 Iona Road if the boundary is extended to the ridge without affecting the amenity of nearby properties or the rural residential character of the Lane Road area.
93. We have considered the reasons in the s42A report for supporting the extension of the Iona Terraces boundary adjoining the Lane Road area and we have had particular regard to the evidence of Council's landscape architect Mr Lister who emphasised that although the boundary could be partly extended to the ridge an important consideration was to ensure the rural residential character in the Lane Road area be retained.
94. We agree with the recommendation in the s42A report as to the extent the boundary should be relocated in this area. In our view, in order to preserve the rural residential character of the Lane Road catchment area, the boundary should not be altered to the extent sought by Mr Dixon or Mr Oliver in order to preserve the rural residential character of the Lane Road catchment area. We accept the evidence of Mr Lister on this issue.
95. It is convenient here to deal with the request by the Lowe Family to include an additional lot by extending the Iona Plateau Neighbourhood boundary at the lower end of the plateau to provide for an additional lot. They also sought an extension of one existing lot boundary (Lot 1) at the lower end to provide a larger lot. Both extended areas are intended to be landscaped so that development would blend into the surrounding area.
96. Council in its s42A report recommends the extension to Lot 1 can be accommodated but the creation of an additional lot should be rejected due to the sensitivity of the area.

Having visited the area during our site visit, we can appreciate the point made by Council's landscape expert Mr Lister that an additional lot in this position would appear to be within the lower reserve area rather than on the plateau itself. According to Mr Lister this would compromise the effectiveness of the vegetated scarp separating the plateau from the reserve. He suggested that the plateau and reserve area has been carefully designed to retain a strong landscape presence. We agree with that opinion. For these reasons, we agree with Council's recommendations that the request for an additional lot be rejected but an extension of Lot 1 can be accepted.

The Breadalbane Special Character Area:

97. There were four submissions in support of the rezoning and intensification of the Breadalbane Special Character Area on the basis of the 1,000m² lot size minimum and provided stormwater neutrality could be assured. Two submissions in opposition related to the loss of the existing character and amenity of the area through the creation of new dwellings and the removal of mature trees. Other submissions indicating concern regarding the potential increase in stormwater flows from new development are also relevant to intensification of this area. There were no submissions seeking greater intensification of this area, beyond that proposed in Variation 4.
98. We concur with the recommendations of the S42A report to retain this area for intensification, with an average minimum lot size of 1,000m² and other provisions aimed at maintaining the area's rural character and other values. This area has been identified for urban residential growth within HPUDS. While not meeting the desired density targets of the RPS the development of this area in the manner proposed is, based on the information and evidence given to us, appropriate to provide for residential growth while retaining the rural 'feel', character and values of this area.
99. We echo the concerns raised by submitters in relation to stormwater neutrality and the provisions that will be implemented to ensure it occurs. While we heard evidence from both Council and on behalf of submitters that the concept of achieving neutrality was accepted for developments that are not serviced by Council's stormwater network, we consider that a more positive obligation to achieve stormwater neutrality is required to protect downstream properties from the increases in stormwater flows that, unless mitigated, result from more intensive urban development.

100. We requested that this be considered through caucusing and a subdivision standard for the management of stormwater in the Breadalbane Special Character area was provided to us at the reconvened hearing on 15 June. We accept the provision that has been provided as being generally appropriate to ensure that stormwater neutrality will be achieved and potential adverse effects will be adequately mitigated. However, we have amended the recommended provision to clarify that the definition of stormwater neutrality is to be consistent with that of the Iona Structure Plan area, in that flows in the 100 year ARI rainfall event are to be mitigated to no more than 80% of predevelopment levels. We have made this change so as not to exacerbate (and potentially reduce in some rain events) existing flooding downstream of the Breadalbane Avenue area.
101. Other than the addition of this new subdivision standard, and the amendment we have made, we agree with Council's recommendation to retain the provisions relating to the Breadalbane area as notified.

Commercial Nodes:

102. There was some debate during the hearing between Council and the Lowe Family concerning the number and nature of commercial nodes to service the new Iona residential area. The notified version of Variation 4 provided for a single 400m² node area opposite Bull Hill Reserve for a dairy and/or café activity. The Lowe Family sought to broaden the scope of the activity to include other suburban commercial uses such as a hairdresser or other food premises and requested alternative locations for the commercial node. In his opening submissions Mr Williams, Counsel for the Lowe family, put forward a 'split node' proposal that would allow two small nodes, one 250m² opposite the Reserve for a dairy or other small commercial activity and one 250m² for a café adjacent to the Reserve.
103. During caucusing agreement was reached that a café could be suitably located within the Bull Hill area set aside for open space but outside the area to be vested as Reserve. There was general agreement that two smaller commercial nodes could be accommodated within the Bull Hill Neighbourhood, although we understand that this is not Council's preferred option.
104. We have closely considered the evidence and submissions on this issue. It is our opinion that a range of options should be made available for the development of Bull

Hill Neighbourhood. Two commercial nodes have been identified on the Structure Plan. We consider that the new residential area can accommodate one 400 m² cafe adjacent to the Bull Hill Reserve or one 400m² café/dairy activity opposite the Reserve or two small commercial nodes of 250m² each, one for a café adjacent to the Reserve and one for a café/dairy opposite the Reserve. Each to have a maximum net floor area of 100m² and a maximum outdoor area of 50m². It is our view such commercial activity would help facilitate a sense of community and focal point for the area.

105. However, we agree with the Council's position that the activities provided for on the commercial nodes should be limited to a café or dairy and furthermore that the café and/or dairy site should not be used for the offsite sale of liquor, an activity we consider to be incompatible with a new residential area.

Conclusion:

106. In this report we have focused on the main issues that were raised during the hearing of submissions. We have made modifications to the notified subdivision rules and standards for the Iona Special Character Zone to reflect the agreement reached at caucusing between Council and the Lowe Family. The modifications will allow for higher density and variability in housing typology within the Bull Hill Neighbourhood and to a lesser extent in the Iona Terraces Neighbourhood due to its more sensitive topography. We have retained the more restrictive master plan subdivision rules and standards for the Iona Plateau Neighbourhood to protect its landscape qualities and amenity. For this reason we do not agree there should be an additional lot created on the plateau as sought by the Lowe Family.
107. Also for community and visual amenity reasons, we consider the interface boundary between the Iona Recreation Reserve and the Iona Terraces Neighbourhood should be located down the northeast face of the ridge as shown in the modified structure plan in Appendix 13 Figure 2 of Variation 4 annexed to this report.
108. We have allowed for the option of either one large (400m²) or two smaller (250m²) commercial nodes to service the newly established Iona Residential Area, one on the Bull Hill Reserve for a café and the other opposite the reserve for a café and/or dairy.

109. We have agreed to an extension of the lower Iona Terraces boundary towards Lane Road as requested in submissions which we believe will not adversely affect the rural character of the Lane Road catchment.
110. For stormwater management we have highlighted in our report the need to take a cautious approach in adopting appropriate stormwater mitigation measures by retaining in the structure plan identified areas for stormwater management to be vested in Council. But we agree that the final design measures for stormwater management can be made through a stormwater management plan to be provided at the time of the first subdivision application for the re-zoned area. We have also clarified the concept of 'stormwater neutrality' to ensure that adverse flooding effects on downstream properties are appropriately mitigated.
111. In considering proposed Variation 4, we have given consideration to;
- The relevant provisions of the RMA, the National Policy Statement for Urban Development Capacity 2016, The Hawkes Bay Regional Policy Statement, The Proposed Hastings District Plan.
 - The Minister's expectation that proposed Variation 4 should provide sufficient development capacity for a housing yield of at least 390-400 dwellings. We are confident the modified subdivision rules and standards will achieve or may exceed 400 dwellings without compromising the special characteristics of the re-zoned area.
 - The management of the actual and potential effects on the environment through the provisions of Variation 4 as modified.
 - The submissions received and the changes sought in submissions.
 - The s32 and s32AA Evaluation Reports.
112. Acting under delegation from the Hastings District Council we recommend to the Minister the approval of the modified version of Variation 4 annexed as Appendix 1 to this report for the reasons outlined in our report and in the Issues and Recommendations Report annexed as Appendix 3 to this report.

Recommendations to Minister for the Environment:

113. Pursuant to clauses 10, 29 and 83 of the First Schedule of the RMA;

- That proposed Variation 4 to the Proposed Hastings District Plan be approved with the modifications shown in the version of Variation 4 annexed as Appendix 1 to this report.
- That submissions on Variation 4 are accepted to the extent the Variation has been modified through our recommendations.
- That all other submissions are rejected.
- That our consideration of submissions includes;
 - The matters discussed in this report.
 - As set out in the Issues and Recommendations Report annexed as Appendix 3 to this report.
 - Council's evaluation of the notified Variation 4 pursuant to section 32 of the Act as annexed as Appendix 4 to this report.
 - Our evaluation pursuant to section 32AA of the Act as annexed as Appendix 5 to this report.
 - Our report on other requirements of Clause 83 of the first schedule as annexed in Appendix 6 and 7 to this report.

Dated this 31st day of July 2018



P H Cooney
Commissioner/Chairperson

On behalf of Commissioner Panel of Paul Cooney, Julia Williams and Ian Mayhew