

Plan Change 58 – Avenue Business Park

Plan Change Request
Addendum

Warwick and Marion
Steffert

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1. Introduction

1.1. Context

Warwick and Marion Steffert (**the Applicant**) lodged a private Plan Change Request (**the Plan Change Request**) with Matamata-Piako District Council (**MPDC**) in December 2022. The Plan Change Request, referred to as Plan Change 58 (**PC58**) to the Operative Matamata-Piako District Plan (**ODP**), seeks to rezone 13.4ha of land near the western edge of Morrinsville from Rural to General Industrial Zone (**GIZ**). The PC58 site is shown in **Figure 1**.

The Applicant received a further information request from MPDC dated 21 March 2023 and a response was provided on 1 May 2023. The Plan Change Request was publicly notified for submissions over the period 15 June to 17 July 2023 and for further submissions over the period 17 August to 31 August 2023. The following has occurred in the period following the preparation of the Plan Change Request and the close of submissions:

- (a) An updated Business Demand and Capacity Assessment (**BDCA**) has been prepared by Market Economics which is expected to be adopted by MPDC in December 2023. This is an update of the previous BDCA which was dated 16 May 2022. MPDC has provided a copy of the updated BDCA to the Applicant;
- (b) MPDC has engaged Insight Economics to undertake a peer review of the Economic Assessment for PC58. The peer review has been completed and is dated 13 October 2023;
- (c) Waikato Regional Council (**WRC**) notified decisions on Change 1 to the Waikato Regional Policy Statement (**WRPS**) on 15 November 2023. Change 1 makes changes to the WRPS to give effect to the National Policy Statement on Urban Development (**NPS-UD**) and to reflect the updated Future Proof Strategy;
- (d) Development of Stage 1 of the Avenue Business Park has progressed. The development of Stage 1 has involved earthworks over part of the PC58 site to provide a source of fill; and
- (e) The Applicant has had numerous discussions with MPDC staff and has held consultation meetings with two adjoining neighbours who have made submissions on PC58 (Mr and Mrs Davenport and Mr Hexter) and with the Planner for Calcutta Farms Ltd (the proponent for Plan Change 57 which relates to a site in Matamata).

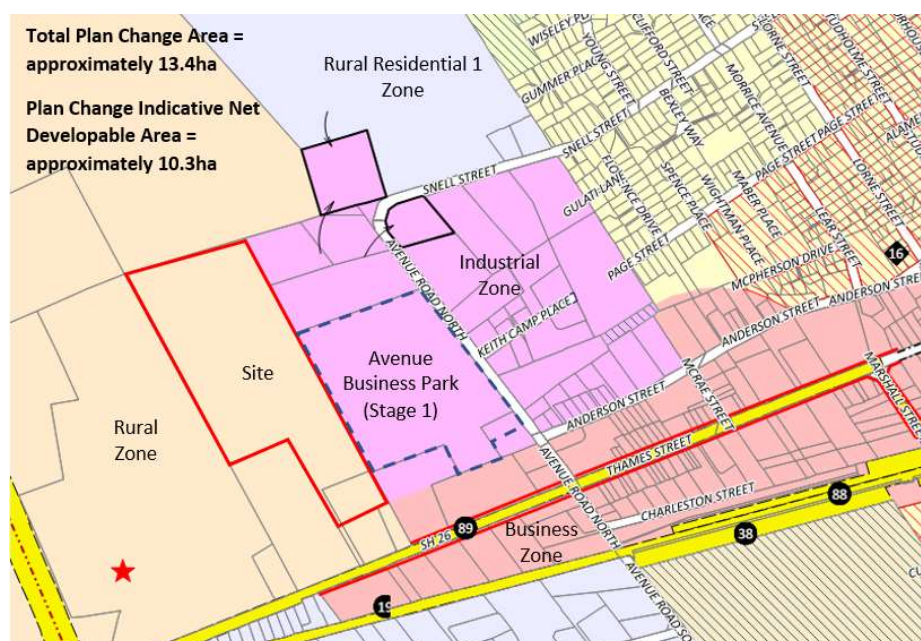


Figure 1: Plan Change Site (Base Map from Matamata-Piako District Plan)

1.2. Purpose of Addendum

The purpose of this Addendum is to provide further information on behalf of the Applicant to address matters which have arisen in the period following the preparation of the Plan Change Request and the close of submissions. The further information includes updated assessments of PC58 against the National Policy Statement on Urban Development and the National Policy Statement for Highly Productive Land (Section 2), an assessment of PC58 against the changes to the WRPS which have been introduced through the recent decisions on Change 1 (Section 3) and details of proposed changes to the PC58 provisions in response to submissions (Section 4).

This Addendum is accompanied by an updated Economic Assessment (**Appendix 1**), a summary of market demand for industrial land in Morrinsville (**Appendix 2**), an updated Versatile Soils Assessment (**Appendix 3**), updated PC58 provisions in response to matters raised in submissions (**Appendix 4**), an evaluation of the proposed changes to the PC58 provisions in accordance with section 32AA of the Resource Management Act 1991 (**Appendix 5**) and an assessment of PC58 against the criteria in APP11 and APP14 of the decisions on Change 1 to the WRPS (**Appendix 6**). The updated Economic Assessment and updated Versatile Soils Assessment supersede the previous versions of those reports that were submitted with the Plan Change Request.

Together with the original Plan Change Request, the information that is provided is a comprehensive and up to date analysis of PC58 in terms of the relevant statutory matters.

2. National Policy Statements

2.1. Background and Statutory Context

As stated in Section 8.2 of the Plan Change Request, section 74(1)(ea) of the Resource Management Act 1991 (**RMA**) requires that a territorial authority must prepare and change its district plan in accordance with a national policy statement. District plans must also give effect to national policy statements in accordance with section 75(3)(a).

Detailed analyses of the NPS-UD and the National Policy Statement for Highly Productive Land (**NPS-HPL**) are provided in Section 8.2.1 and Section 8.2.2 of the Plan Change Request. Those sections set out the provisions of the national policy statements which are relevant to consideration of PC58 and provide evaluations of the proposed rezoning in relation to those matters.

The analysis of the NPS-UD in Section 8.2.1 draws on the findings of the Economic Assessment which was included in Appendix 4 of the Plan Change Request. The analysis of the NPS-HPL in Section 8.2.2 draws on the findings of the Economic Assessment and the Versatile Soils Assessment which was included in Appendix 8 of the Plan Change Request. The Economic Assessment and the Versatile Soils Assessment have subsequently been updated for various reasons, including:

- The Economic Assessment has been updated to address the updated BDCA, the peer review for PC58 by Insight Economics on behalf of MPDC, changes in available data that is relevant to estimating demand and changes in industrial land supply since the original assessment was completed in October 2022. The

updated Economic Assessment directly addresses the NPS-HPL, which had not come into force at the time the original report was prepared¹; and

- The Versatile Soils Assessment has been updated to address changes to the site which have occurred in the intervening period due to earthworks associated with Stage 1 of the Avenue Business Park development and to reflect AgFirst's experience on similar projects involving the NPS-HPL. The updated Versatile Soils Assessment directly addresses the NPS-HPL which had not come into force at the time the original report was prepared².

The following sub-sections provide updated assessments of PC58 against the NPS-UD and NPS-HPL based on the findings of the updated Economic Assessment and updated Versatile Soils Assessment. The summaries of industrial land supply and demand focus on the short-term (1-3 years) and medium-term (3-10 years) time periods. Those periods are collectively defined as short-medium term in the NPS-UD (within the next 10 years). The reason for focusing on these timeframes is because the NPS-UD requires that sufficient development capacity must exist for those periods and that in order to be "sufficient" the land must be appropriately zoned. The NPS-HPL allows urban rezoning of highly productive land where it is required to provide sufficient development capacity.

2.2. Latest Assessments of Industrial Land Demand

The updated BDCA has been used as the starting point for the assessment of industrial land demand in the updated Economic Assessment in **Appendix 1**. In assessing demand, the updated Economic Assessment refers to the most recent Statistics New Zealand population projections which were released in December 2022. This differs from the BDCA which relies on WISE population projections which were released in March 2021.

The BDCA estimates that there will be demand for between 11.8ha (in a low employee density scenario with no competitiveness margins) and 22.7ha (in a high employee density scenario with competitiveness margins) of industrial land in Morrinsville over the short-medium term (2023-2033). The updated Economic Assessment concludes that the BDCA underestimates demand. For the same short-medium term period, the updated Economic Assessment estimates that there will be demand for between 15.6ha (in a low employee density scenario with no competitiveness margins) and 29.9ha (in a high employee density scenario with competitiveness margins) of industrial land in Morrinsville.

The Market Demand Summary in **Appendix 3** explains the high demand that has been experienced for Stage 1 of the Avenue Business Park development and the market conditions which are expected to influence current and future demand for industrial land in Morrinsville. This includes significant growth of other industrial areas in the Waikato region over the past 5 years, as well as the proximity of Morrinsville to the Ruakura Inland Port and the Hamilton Section of the Waikato Expressway which were both recently opened. At the same time, there is known to be an immediate shortage of industrial land supply in the Hamilton metropolitan area.

2.3. Latest Assessments of Industrial Land Supply

The updated BDCA continues to refer to a total of 23.6ha of vacant Industrial zoned land being available across the Morrinsville township and the Morrinsville-Walton Road industrial area (which it refers to as Morrinsville South). This supply calculation is unchanged from the earlier BDCA dated 16 May 2022.

¹ The NPS-HPL came into force on 17 October 2022. The Economic Assessment is dated 6 October 2022.

² The NPS-HPL came into force on 17 October 2022. The Versatile Soils Assessment is dated September 2022.

The updated Economic Assessment adopts the more recent and more detailed assessment of Industrial zoned land supply which is set out in a memo prepared by Monocle that is attached as Appendix A to the updated Economic Assessment³. The memo concludes that there is 11.9ha of vacant net developable land in the Morrinsville township, with no vacant industrial land remaining within Morrinsville South. It includes evidence for this and provides a more reliable and recent assessment of industrial land supply than the BDCA.

The updated Economic Assessment and the industrial land supply memo both identify that it is likely that much of the vacant Industrial zoned land supply will be consumed quickly. The largest source of industrial land supply is Stage 1 of the Avenue Business Park which accounts for 8.17ha of the total 11.9ha. Both the memo and the Market Demand Summary in **Appendix 2** explain that titles for the Stage 1 development are due to be issued in late-2023 (the first sub-stage) and mid-2024 (the second sub-stage). The first sub-stage, which consists of 4.75ha of net developable area, is likely to be fully occupied (with development either complete or partially complete) by 2026 which is within the short-term under the NPS-UD. Development of the second sub-stage, which consists of 3.42ha of net developable area, is likely to follow closely behind. Furthermore, only 1.67ha within the Stage 1 development is unsold by the developer so most of the land is unlikely to be available to others seeking to purchase industrial land in Morrinsville. That land is not currently for sale.

2.4. Industrial Land Sufficiency

The updated BDCA concludes that there is currently sufficient Industrial zoned land supply in Morrinsville to meet demand for industrial land in the short-term (1-3 years) and medium-term (3-10 years) for all of the growth scenarios which have been assessed. The updated BDCA concludes that it is only when considering a longer-term period (from 2023 to 2054) that there is insufficient industrial land supply in Morrinsville.

However, even if the lower estimates of demand in the BDCA were correct, the Industrial zoned land supply in Morrinsville would not be sufficient for the short-medium term in a high employee density scenario without PC58 based on the assessment of available supply that the updated Economic Assessment relies on. In other words, if the supply assumptions in the BDCA are incorrect then the conclusion in the BDCA that there is sufficient Industrial zoned land supply in Morrinsville for the short-medium term would also be incorrect. This is demonstrated in **Table 1** below.

	Short-Medium Term Demand (high employee density, updated BDCA)	Current Industrial Land Supply (updated Economic Assessment)	Sufficiency without PC58	Industrial Land Supply with PC58 (additional 10.1ha developable land)	Sufficiency with PC58
Without competitiveness margins	19.0ha	11.9ha	-7.1ha	22.0ha	3.0ha
With competitiveness margins	22.7ha	11.9ha	-10.8ha	22.0ha	-0.7ha

Table 1: Morrinsville industrial land sufficiency based on industrial land demand in the updated BDCA by Market Economics and industrial land supply in the updated Economic Assessment by Nera Consulting

The shortfall of Industrial zoned land in Morrinsville over the short-medium term is more pronounced when the estimates of demand in the updated Economic Assessment, which are higher than the estimates in the BDCA, are

³ The industrial land supply memo, which is dated 23 November 2023, is an update of an earlier memo which was provided to MPDC. The updated memo refers to the updated BDCA, which had not been published at the time the original memo was prepared.

taken into account. This is demonstrated in **Table 2** below based on the same high employee density ratio scenario.

	Short-Medium Term Demand (high employee density, <u>updated Economic Assessment</u>)	Current Industrial Land Supply (<u>updated Economic Assessment</u>)	Sufficiency without PC58	Industrial Land Supply with PC58 (additional 10.1ha developable land)	Sufficiency with PC58
Without competitiveness margins	24.9ha	11.9ha	-13.0ha	22.0ha	-2.9ha
With competitiveness margins	29.9ha	11.9ha	-18.0ha	22.0ha	-7.9ha

Table 2: Morrinsville industrial land sufficiency based on industrial land demand and supply in the updated Economic Assessment by Nera Consulting

As shown in **Table 2**, the short-medium term shortfall without the additional Industrial zoned land supply that PC58 provides is 13ha in a high employee density scenario with no competitiveness margins and 18ha in a high employee density scenario with competitiveness margins. The additional Industrial zoned supply from PC58 would go some way to addressing these shortfalls. Without the additional supply that would be provided by PC58, the updated Economic Assessment concludes that there will be a 3.7ha shortfall of Industrial-zoned land to meet demand in the short-medium term (2023-2033) in even the most conservative demand scenario (in a low employee density scenario with no competitiveness margins). However, assuming a low density employee scenario would risk underestimating demand, particularly if no competitiveness margins are applied.

The analysis in the updated Economic Assessment (and the figures in **Tables 1 and 2**) assumes that all the industrial land within Stage 1 of the Avenue Business Park is available supply. However, it also identifies that the shortfalls are even more pronounced in an alternative scenario where the 6.5ha of land which has already been sold is excluded from the industrial land supply. The sold land is evidence of actual demand that has already occurred. It is unlikely that the land will be available to future purchasers so in that regard it has effectively already been removed from the available vacant land supply, leaving only 5.4ha of additional Industrial zoned land remaining in Morrinsville.

2.5. National Policy Statement on Urban Development

It is intended that the updated evaluation which follows should be read in conjunction with Section 8.2.1 of the Plan Change Request which summarises all of the relevant provisions of the NPS-UD for PC58.

Clause 3.3 of the NPS-UD requires that every Tier 3 local authority must provide at least sufficient development capacity in its region or district to meet the expected demand for business land from different business sectors and in the short, medium and long-terms. In order to be sufficient to meet expected demand, the development capacity must be plan-enabled and infrastructure-ready. Of particular relevance to PC58 is that for the short-term land must be zoned in a district plan and there must be adequate existing infrastructure to support development of the land and for the medium-term land must be zoned in either a district plan or a proposed district plan and there must either be adequate existing infrastructure to support development of the land or funding for the infrastructure must be identified in a long-term plan.

Clause 3.3 also requires that Tier 1 and 2 local authorities must provide development capacity to meet the expected demand plus a 'competitiveness margin' of 20% for the short-term and medium-term and 15% for the long-term. Tier 3 local authorities are not obliged to provide for a 'competitiveness margin', although Clause 1.5 of

the NPS-UD “strongly encourages” Tier 3 local authorities to do the things that Tier 1 and 2 local authorities are obliged to do under the NPS-UD. Some tension exists between the strong encouragement to provide for competitiveness margins under the NPS-UD and the requirement in Clause 3.6(5) of the NPS-HPL for local authorities to minimise the spatial extent of any urban zone covering highly productive land. As addressed in Section 2.6 below, this is not determinative for PC58 because the updated Economic Assessment confirms that the additional supply that the proposed rezoning will provide is required to meet short-medium term demand even if the competitiveness margins are not applied. However, adopting the high employee density figures is prudent to minimise the risk of underestimating demand, particularly if competitiveness margins are not applied and also because of the market supply constraints due to existing sales of industrial land within Stage 1 of the Avenue Business Park.

Clause 3.7 requires that if a local authority determines that there is insufficient development capacity over the short, medium or long terms and the insufficiency is a result of RMA planning documents (such as a district plan) then it must change those documents as soon as practicable to increase development capacity.

Clause 3.8 and Policy 8 require that a responsive approach must be taken to unanticipated or out-of-sequence developments where they would provide significant development capacity and contribute to a well-functioning urban environment. Clause 3.8(3) requires criteria for determining what plan changes will be treated as adding significantly to development capacity to be included in regional policy statements. Those criteria have recently been added to the WRPS through WRC’s decisions on Change 1. The assessment of PC58 against Change 1 in Section 4 of this Addendum confirms that PC58 meets the criteria. It will also achieve a well-functioning urban environment. Therefore, a responsive approach to the Plan Change Request is required.

The analysis of industrial land supply and demand which is summarised in Sections 2.3-2.4 above confirms that there is currently insufficient development capacity over the short-medium term, even if competitiveness margins under the NPS-UD are not adopted. MPDC is required to address this in a responsive way by zoning more land for industrial activities. The entire PC58 site needs to be rezoned to assist in meeting the supply shortfall.

PC58 gives effect to the objectives and policies in the NPS-UD for the reasons set out above and in Section 8.2.1 of the Plan Change Request.

2.6. National Policy Statement for Highly Productive Land

It is intended that the updated evaluation which follows should be read in conjunction with Section 8.2.2 of the Plan Change Request which summarises all of the relevant provisions of the NPS-HPL for PC58.

The updated Versatile Soils Assessment, which has been prepared by AgFirst (**Appendix 3**), concludes that approximately 7.9ha of the PC58 site consists of Land Use Capability 2 (LUC 2) soils which is ‘highly productive land’ under the NPS-HPL. This excludes areas which are LUC 4 soils, ‘anthropic soils’ under the New Zealand Soil Classification system and non-productive areas consisting of the farm track, stock yards and ancillary sheds. The ‘anthropic soils’ are a result of the modification of that land through recent earthworks⁴ which means that they no longer contain properties which are consistent with LUC 1, 2, or 3 soils.

Policy 5 is that *“The urban rezoning of highly productive land is avoided, except as provided in this National Policy Statement”*. Clause 3.6 relates to restricting urban rezoning of highly productive land.

Clause 3.6(4) is relevant to territorial authorities that are not Tier 1 or 2. It applies in this instance because MPDC is a Tier 3 territorial authority. Clause 3.6(4) states:

⁴ The earthworks were granted resource consents by MPDC and WRC. The consents were granted prior to the NPS-HPL being published.

- (4) *Territorial authorities that are not Tier 1 or 2 may allow urban rezoning of highly productive land only if:*
- (a) *the urban zoning is required to provide sufficient development capacity to meet expected demand for housing or business land in the district; and*
 - (b) *there are no other reasonably practicable and feasible options for providing the required development capacity; and*
 - (c) *the environmental, social, cultural and economic benefits of rezoning outweigh the environmental, social, cultural and economic costs associated with the loss of highly productive land for land-based primary production, taking into account both tangible and intangible values”.*

The following assessment addresses the three requirements for urban rezoning of highly productive land under Clause 3.6(4).

Part (a) requires consideration of whether the urban zoning is required to provide sufficient development capacity to meet demand for business land in the district. Clause 3.6(1) refers to sufficient development capacity in terms of the NPS-UD. The updated Economic Assessment in **Appendix 1** confirms that additional urban zoning is required to provide sufficient development capacity for industrial land in Morrinsville in the short-medium term and that all of the land that is proposed to be rezoned through PC58 is required to address the current shortfall. This is explained in Sections 2.3-2.5 of this Addendum. Therefore, the requirement in part (a) is met.

Part (b) requires consideration of other reasonably practicable and feasible options for providing the required development capacity. Morrinsville currently has three Industrial zoned locations where expansion of industrial activities might be reasonably practicable and feasible. The updated Versatile Soils Assessment in **Appendix 3** expands on the original assessment in the Plan Change Request which considered the comparative productivity of land surrounding the two other industrial areas, being the Fonterra and Greenlea Sites on the southern edge of Morrinsville and the Morrinsville-Walton Road Industrial Area (also referred to as Morrinsville South). The updated Versatile Soils Assessment concludes that the PC58 site has less highly productive land and a lower relative productive capacity than the other locations. Establishing an entirely new industrial area somewhere else on the urban edge of Morrinsville is not considered to be a reasonably practicable and feasible option for the reasons set out in Section 8.2.2 of the Plan Change Request. Therefore, the requirement in part (b) is met.

Part (c) requires consideration of the environmental, social, cultural and economic benefits and costs of rezoning in relation to the loss of highly productive land. It requires that the benefits must outweigh the costs. Section 8.2.2 of the Plan Change Request concludes that the environmental, social, cultural and economic benefits of rezoning do outweigh the environmental, social, cultural and economic costs associated with the loss of highly productive land. The following additional findings of the updated Economic Assessment (**Appendix 1**) and the updated Versatile Soils Assessment (**Appendix 3**) support that conclusion:

- The updated Versatile Soils Assessment concludes that the area of highly productive land which will be lost to land-based primary production is approximately 7.9ha. That land has constraints to productive farming use, including the poor drainage qualities of the soil, the small size of the site and the inability to amalgamate the site with surrounding land uses. The assessment concludes that the soils within the site do not lend themselves to any horticultural, commercial vegetable production or arable land uses, that the site is not at all profitable as a standalone beef farming operation and that it is only suited as a hobby farm or lifestyle block.
- The updated Economic Assessment concludes that the cost associated with the loss of the productive capacity of the land for land-based primary production is unlikely to be material and that the economic benefits of PC58 will significantly outweigh the economic costs of this loss.

A summary of the costs and benefits of the rezoning is provided in **Table 3** below. The assessment demonstrates that the benefits of PC58 will significantly outweigh the costs associated with the loss of highly productive land. Therefore, the requirement in part (c) is met.

	Cost	Benefit
Environmental	<p>Loss of approximately 7.9ha of highly productive land for land-based primary production. The costs are low due to:</p> <ul style="list-style-type: none"> - Existing constraints on the productive use of the land which are detailed in the updated Versatile Soils Assessment. - The area of highly productive land that will be affected is very small at a district-scale. - Potential alternative options which have been identified would involve greater loss of highly productive land. 	<p>Improved quality of stormwater runoff due to pre-treatment and removal of agricultural use/discharges.</p>
Social	<p>Loss of amenity for owners and neighbours from current use of the property as a hobby farm.</p>	<p>Additional local employment and business opportunities, with the likelihood that residents would need to travel out of Morrinsville for access to work and services less frequently which would improve people's time availability and wellbeing.</p>
Cultural	<p>No cultural costs associated with the loss of highly productive land were identified in the Cultural Values Assessment.</p>	<p>No cultural benefits associated with the loss of highly productive land were identified in the Cultural Values Assessment.</p>
Economic	<p>The updated Versatile Soils Assessment estimates the income from the entire PC58 site as up to \$11,287 per annum before tax and property liabilities. The assessment explains that the actual income is likely to be lower due to the inefficient scale of the block. Due to the low income and high costs, the assessment concludes that the site is not likely to be at all profitable as a standalone beef farming operation and that it is only suited as a hobby farm or lifestyle block. The soils within the site do not lend themselves to any horticultural, commercial vegetable production or arable land uses.</p>	<p>The proposed rezoning will have the following economic benefits:</p> <ul style="list-style-type: none"> - Addresses a short-medium term shortfall of industrial land supply in Morrinsville. This will enable opportunities to retain and grow business revenue in Morrinsville, with better access for residents and businesses to local work and services, particularly given the site's location adjacent to existing industrial areas. - The rezoning would signal the forthcoming availability of industrial land in the area and assist in avoiding ad-hoc development elsewhere. - A significantly higher economic return associated with use of the site for industrial activities compared to rural activities. - The updated Economic Assessment concludes the benefits will significantly outweigh the costs.

Table 3: Cost-Benefit Summary – Loss of Highly Productive Land

Clause 3.6(5) is also relevant. It states:

“(5) Territorial authorities must take measures to ensure that the spatial extent of any urban zone covering highly productive land is the minimum necessary to provide the required development capacity while achieving a well-functioning urban environment.”

The findings in the updated Economic Assessment confirm that all of the PC58 site is required to be rezoned to provide sufficient development capacity for industrial land in Morrinsville to meet short-medium term demand. That is the case even without the competitiveness margins under the NPS-UD being applied.

In summary, the proposed rezoning under PC58 meets the three requirements of Clause 3.6(4) and the requirements of Clause 3.6(5) of the NPS-HPL. PC58 will give effect to the NPS-HPL, including Policy 5 which relates to rezoning of highly productive land.

3. Change 1 to the Waikato Regional Policy Statement

3.1. Background and Statutory Context

Plan changes must ‘give effect’ to a regional policy statement in accordance with section 75(3)(c) of the RMA. Regard must also be had to a proposed regional policy statement when preparing or changing a district plan in accordance with section 74(2)(a)(i).

The Plan Change Request includes an assessment of PC58 against the operative WRPS (Section 8.3.1), as well as an assessment against the notified provisions in proposed Change 1 to the WRPS (Section 8.3.2). The purpose of Change 1 is to incorporate the requirements of the NPS-UD and to reflect the updated Future Proof Strategy in the WRPS. The Plan Change Request demonstrates that PC58 will give effect to the operative provisions in the WRPS and that it is also consistent with the notified provisions in Change 1.

WRC’s decisions on Change 1 were notified on 15 November 2023. The appeal period for Change 1 closes in January 2024. As such, the WRPS provisions which have been introduced and amended through Change 1 currently have legal effect but they are not operative. The provisions in the decisions on Change 1 therefore remain a matter that regard must be had to in accordance with section 74(2)(a)(i) of the RMA. However, this may change by the time decisions are made on PC58 depending whether appeals are filed on Change 1 and what the scope of any appeals relates to.

3.2. Evaluation of Relevant Provisions

In relation to the provisions which are relevant to PC58, there are relatively minor differences in the decisions on Change 1 compared to the notified version. Nevertheless, an updated evaluation of PC58 against the decisions version of Change 1 is provided below and in **Appendix 7**.

The amendments introduced to the WRPS through Change 1 recognise the need to strategically plan for growth and development, be responsive and create well-functioning urban environments. Key amendments that relate to PC58 include new policies UFD-P18 (Tier 3 local authority areas outside the Future Proof Strategy) and UFD-P19 – (Being responsive to significant unintended and out-of-sequence growth within tier 3 local authority areas), the associated methods and new APP14 (Responsive Planning Criteria – Out-of-sequence and Unanticipated

Developments (Non-Future Proof tier 3 local authorities)). APP11, which was included in the WRPS prior to Change 1, remains an important consideration⁵.

Policy UFD-P18 addresses the way in which new development in Tier 3 local authority areas (including Morrinsville) is required to be managed. The policy is as follows:

UFD-P18 – Tier 3 local authority areas outside the Future Proof Strategy

New urban development in tier 3 local authority areas shall be managed in a way that:

- 1. recognises and provides for the intended urban development pattern as set out in any agreed council-approved growth strategy or equivalent council-approved strategies and plans;*
- 2. contributes towards sufficient development capacity required to meet expected demand for housing and for business land over the short term, medium term, and long term as set out in the National Policy Statement on Urban Development;*
- 3. focuses new urban development in and around existing settlements;*
- 4. prevents a dispersed pattern of settlement and the resulting inefficiencies in managing resources that would arise from urban and rural residential development being located in the rural environment outside of identified urban growth areas;*
- 5. avoids the cumulative effect that subdivision and consequent fragmented land ownership can have on the role of identified urban growth areas in providing a supply of land for urban development;*
- 6. ensures that any development is efficient, consistent with, and supported by, appropriate infrastructure, including additional infrastructure, necessary to service the area;*
- 7. has particular regard to the principles in APP11;*
- 8. recognises environmental attributes or constraints to development and addresses how they will be avoided or managed including those specifically identified in UFD-M8, highly productive land and planning in the coastal environment as set out in CE-M1;*
- 9. in relation to urban environments:*
 - a. concentrates urban development through enabling heights and density in those areas of an urban environment with accessibility by active or public transport to a range of commercial activities, housing and community services, and where there is demand for housing and business use;*
 - b. provides for high-quality urban design which responds positively to local context whilst recognising and allowing for amenity values of the urban and built form in areas planned for intensification to develop and change over time, and such change is not, in and of itself, an adverse effect;*
 - c. enables a diverse range of dwelling types and sizes to meet the housing needs of people and communities, including for:*
 - i. households on low to moderate incomes; and*
 - ii. Māori to express cultural traditions and norms;*
 - d. enables a variety of site sizes and locations in urban environments suitable for different business sectors;*
 - e. supports reductions in greenhouse gas emissions including through providing for an increasingly compact urban form that supports less carbon intensive transport modes such as active and public transport.*

PC58 is consistent overall with the matters listed in Policy UFD-P18 for the following reasons:

- Although the proposed rezoning is not anticipated within a council-approved growth strategy, the rezoning does not result in any outcomes which are inconsistent or incompatible with the Morrinsville Town Strategy (MTS) which is the most recent growth strategy for Morrinsville prepared in 2013 (prior to the NPS-UD and the BDCA). Regard has been had as to whether there is a need for a future road connection to State Highway 26 through the PC58 site and both MPDC and Waka Kotahi have advised that this is not required;

⁵ Change 1 introduces minor amendments to the Development Principles in APP11.

- PC58 is required, in accordance with the NPS-UD, to contribute toward sufficient development capacity for business land based on the assessment which is contained in the updated Economic Assessment in **Appendix 1**;
- The rezoning will focus new urban industrial development in and around the existing Morrinsville settlement and will prevent a dispersed settlement pattern;
- The site is well-located to be efficiently serviced by infrastructure;
- Regard has been had to the development principles in APP11 through the assessment which is contained in **Appendix 7**. The assessment demonstrates that the proposal is consistent with the development principles;
- There are no constraints to development which cannot be appropriately managed. There will be loss of approximately 7.9ha of highly productive land but this is unavoidable in the context of industrial growth in Morrinsville and for meeting MPDC's obligations under the NPS-UD. The updated Versatile Soils Assessment in **Appendix 4** concludes that the costs of the loss of highly productive land will be low and the updated Economic Assessment in **Appendix 1** concludes that the costs will be significantly outweighed by the benefits of PC58. The urban rezoning is consistent with the NPS-HPL;
- The rezoning will enable a variety of site sizes. There will continue to be a variety of locations for industrial development, although the availability of land supply in Morrinsville is diminishing; and
- The good accessibility to existing and proposed industrial areas and the local employment opportunities created by the rezoning will support reductions in greenhouse gas emissions. Appropriate provision is made for pedestrians and cyclists through the PC58 provisions.

Policy UFD-P19 applies where alternative land release patterns are promoted which are either out-of-sequence or unanticipated by a council-approved growth strategy. The policy is as follows:

UFD-P19 – Being responsive to significant unintended and out-of-sequence growth within tier 3 local authority areas

Where alternative urban land release patterns are promoted through district plan and development area processes either out-of-sequence or unanticipated by a council-approved growth strategy or equivalent council strategies and plans, justification shall be provided to demonstrate consistency with the principles in APP11, and particular regard shall be had to the proposed development capacity only where the local authority determines that the urban development proposal is significant, by assessing the proposal for consistency with the criteria in APP14.

The MTS was prepared 10 years ago and does not account for the high growth which has been experienced since then or the requirements to provide at least sufficient development capacity in the NPS-UD. The findings of the updated Economic Assessment (**Appendix 1**) demonstrate that the current industrial land supply is insufficient to meet short-medium term demand.

Because the rezoning which is proposed through PC58 is not anticipated by a council-approved growth strategy, further consideration of Policy UFD-P19 is required. The policy requires that justification shall be provided to demonstrate consistency with the development principles in APP11 and that particular regard shall only be had to the proposed development capacity where the proposal is deemed to be significant having had regard to the criteria in APP14. Assessments of PC58 in relation to the development principles in APP11 and the criteria APP14 are contained in **Appendix 7** of this Addendum. The assessments demonstrate that PC58 will be consistent with the development principles and criteria overall.

PC58 is therefore consistent with Change 1 to the WRPS. A responsive approach is required to be taken to the plan change in accordance with Clause 3.8 and Policy 8 of the NPS-UD.

4. Proposed Changes to PC58 Provisions

4.1. Summary of Proposed Changes

Proposed changes to the PC58 provisions are contained in **Appendix 5**. The post-notification changes, which have been made in response to submissions, are annotated with comments identifying the relevant submission or submissions that the change addresses. Comments on matters raised in submissions will be addressed in the Applicant's evidence for PC58.

The key proposed changes are listed below:

- The activity status for '*An industrial activity that requires an air discharge consent*' has been amended from Discretionary to Non-Complying (GIZ-R1(4)).
- A new Permitted Activity rule has been added in GIZ-R1(1) for '*Ancillary activity to a Permitted Activity*'.
- A maximum gross floor area of 250m² has been introduced in GIZ-R1(1)(l) for cafes and takeaway food outlets.
- Amendments are proposed to standards for fencing and retaining walls in GIZ-R2(4).
- Specific landscape requirements for the Avenue Business Park Development Area Plan (**ADAP**) have been deleted from GIZ-R2(5). The specific landscape requirements for the ADAP are now contained in Appendix 9.6.3 only.
- Amendments are proposed to standards for service and outdoor storage areas in GIZ-R2(9).
- Amendments are proposed to standards for general site layout in GIZ-R2(10).
- The ADAP has been amended to remove the 'Potential Future Vehicle Connection to SH26' and the 'Access to Stormwater Management Reserve and Potential Future Road'. Building envelope standards in Rule 3.2.1 and access standards in Appendix 9.6.1(e) which were associated with the 'Potential Future Vehicle Connection to SH26' have been deleted.
- The ADAP has been updated to include accompanying cross sections for the 'Proposed Landscape Buffer (5m)'. Appendix 9.6.3 has been amended to refer to landscaping being in general accordance with the cross sections and in relation to timing of planting and species selection.
- The water requirements for the ADAP in Appendix 9.6.4 have been amended to include water supply for firefighting.
- New definitions have been added for 'Height in relation to boundary' (from the National Planning Standards) and 'Utility reserve'.

4.2. Section 32AA Evaluation

Section 32AA of the RMA requires a further evaluation for any changes that have been made to, or are proposed for, a proposal since the evaluation report for the proposal was completed. The further evaluation must be undertaken in accordance with section 32(1) to (4) of the RMA and at a level of detail that corresponds to the scale and significance of the changes.

A further evaluation of the changes that are proposed to the plan provisions since the original section 32 evaluation was prepared is contained in **Appendix 6**. Minor changes, including changes to improve clarity or consistency or any consequential amendments, have not been included.

5. Conclusion

This Addendum demonstrates that the rezoning that is proposed by PC58 is required to provide sufficient development capacity for industrial land in Morrinsville for the short-medium term (2023-2033). The costs associated with the loss of highly productive land for land-based primary production will be low and will be significantly outweighed by the benefits that PC58 will provide. PC58 will give effect to the NPS-UD and NPS-HPL.

PC58 is also consistent with Change 1 to the WRPS, including the development principles in APP11 and the responsive planning criteria in APP14.

The evaluation of the proposed changes to the PC58 provisions in terms of section 32AA of the RMA confirms that the changes are appropriate.

Appendix 1

Updated Economic Assessment (Nera Consulting)

Appendix 2

Market Demand Summary

Appendix 3

Updated Versatile Soils Assessment (AgFirst)

Appendix 4

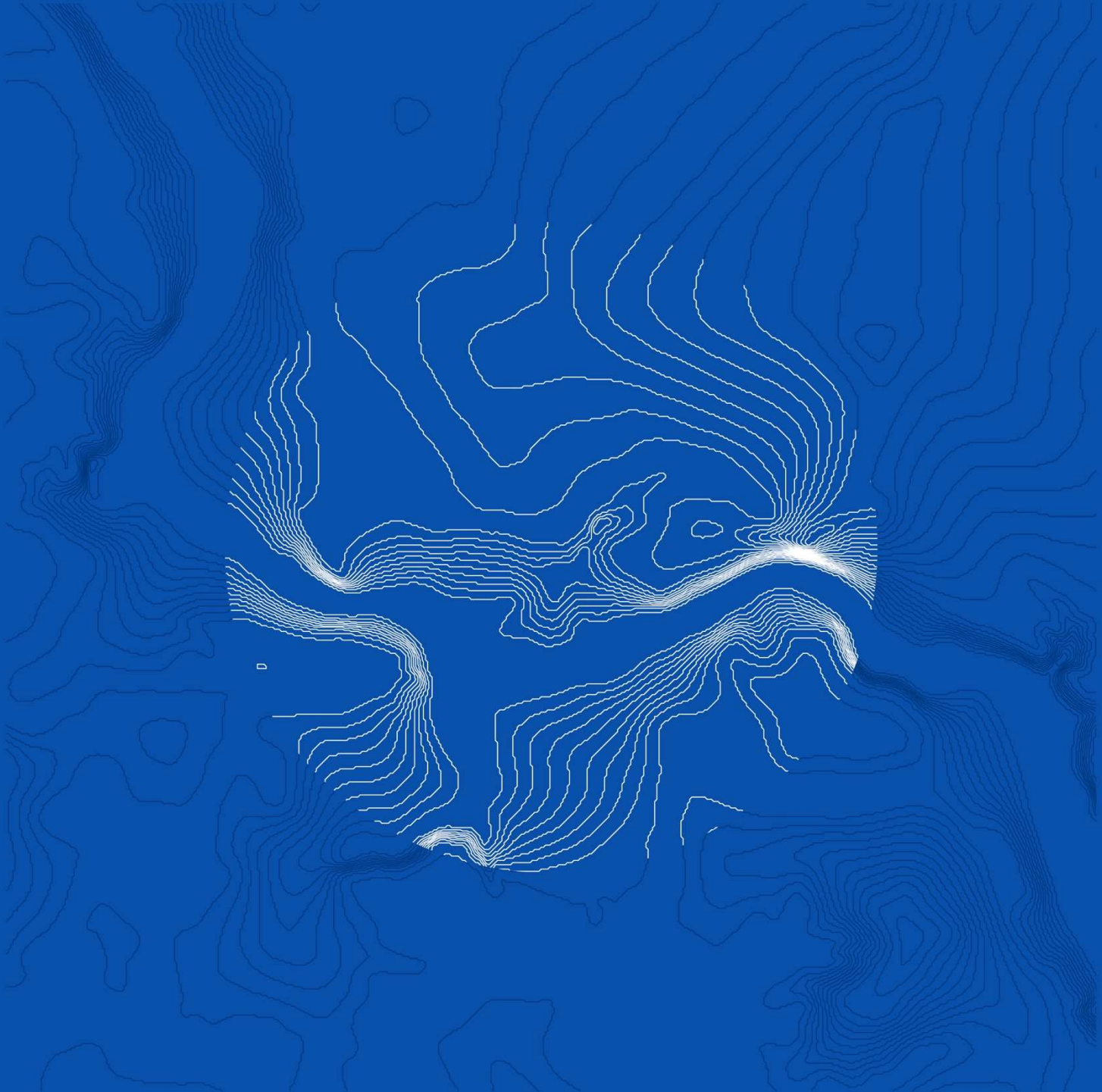
Updated PC58 Provisions

Appendix 5

Section 32AA Evaluation

Appendix 6

APP11 and APP14 Assessment (WRPS Change 1)



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