

Development Opportunities Process

Working Draft June 2025

Background

The SmartGrowth partnership has not had a clear process for considering significant development opportunities.

Under the National Policy Statement on Urban Development (NPS-UD), the Future Development Strategy (FDS) component of the SmartGrowth Strategy is required to be reviewed before 2027 and if necessary updated.¹ A full review must occur before 2030. Information on the resource management system reforms has indicated that there will be a requirement for regional spatial plans starting from 2027.

While we are currently operating under the existing legislative and policy framework, this process allows us to prepare for the changes indicated in the resource management system reform.

It is important that there is a framework for how development opportunities will be considered as part of any FDS review or regional spatial plan process. There is also a need to be clear about how proposals that come to SmartGrowth outside of any strategy review are handled.

This paper is a working draft and may be subject to change following Government announcements.

SmartGrowth Strategy 2024

The Strategy states the following in relation to responsive planning:

The Connected Centres settlement pattern needs to be agile enough to respond to change. There are many factors that influence growth and the timing of development. This includes migration rates, economic cycles and unforeseen events. In addition, the timing of development is affected by regulation, infrastructure and funding.

For this reason, it is important that the settlement pattern is responsive to changes that could occur. This includes the need to increase intensification or bring development areas forward if there is a shortfall or if particular growth areas don't occur in the timeframes anticipated. SmartGrowth monitors development annually through the Development Trends report. In addition, Priority Development Areas are monitored on a quarterly basis.

¹ Clause 3.16, National Policy Statement on Urban Development

The FDS is reviewed every three years, with a full update every six years, to ensure that necessary changes are made. The implementation plan is also required to be updated annually.

It is important that any alterations to the connected centres programme, including changes to staging, do not compromise the SmartGrowth objectives or growth directives. A robust evidential basis for such changes will be required and will include the need to consider infrastructure requirements, funding impacts, development capacity and planning assessments as well as considering any implications that might exist for the wider sub-region.

Proposals for change will need to meet the Bay of Plenty Regional Policy Statement criteria for development that is out-of-sequence and unanticipated by the FDS.

The SmartGrowth Strategy 2024 consultation received a number of development proposals. Some of these were in line with the existing settlement pattern and sought to reinforce their inclusion or change the timing. Others fell outside of the settlement pattern and sought to be included.

NPS-UD requirements

The National Policy Statement on Urban Development (NPS-UD) requires that local authority decisions affecting urban environments are responsive to plan changes that would add significantly to development capacity and contribute to well-functioning urban environments. The NPS-UD contains an unanticipated or out-of-sequence development clause which requires regional councils to include criteria in their regional policy statements for determining when plan changes will be treated as adding significantly to development capacity.

The NPS-UD also requires that an FDS provides at least sufficient development capacity, and that there is engagement with the development sector (to identify significant future development opportunities and infrastructure requirements). The review of the FDS must also engage with the development sector and landowners to “identify significant future development opportunities and associated infrastructure requirements.”

Change 6 to the Regional Policy Statement

In response to the NPS-UD requirement outlined above, the Bay of Plenty Regional Council initiated Proposed Change 6 to the Regional Policy Statement (Change 6).

The key policy in Change 6² is currently worded as follows:

Policy UG 7A: Providing for unanticipated or out-of-sequence urban growth – urban environments

Private plan changes, submissions on plan changes, or submissions on plan reviews providing for development of urban environments and urban growth that forms part of an

² Note that this is the wording from the consent order, however, Change 6 is still in a pre-operative stage, awaiting to be approved by Council and then subsequently notified.

urban environment, that is unanticipated or out-of-sequence, will add significantly to development capacity based on the extent to which the proposed development achieves the following criteria:

(a) The development is of large enough scale to contribute to meeting demand for additional urban land identified through the HBA for the area, including meeting housing bottom lines or meeting needs for specific housing typologies or price points, or business types. Where there is no HBA, there is evidence that there is a need for additional urban land, and

(b) For Tauranga City and Western Bay of Plenty District urban environments, the development is large scale or, if not, will provide a housing supply of at least 50 dwelling units, and in either case the proposal:

i. is able to support multi modal transport options; and

ii. includes a structure plan for the land use change.

(c) For all other urban environments, the development is at a scale commensurate with the size of the urban environment and includes a structure plan for the land use change that meets the requirements of Method 18, and

(d) The development is located with good accessibility between housing, employment, community and other services and open space, and

(e) The development is likely to be completed earlier than the anticipated urban development and/or land release sequence, and

(f) Required development infrastructure can be provided efficiently, including the delivery, funding and financing of infrastructure while considering impacts on other existing, planned or committed development infrastructure investments.

This policy is for those developments which are outside of the SmartGrowth Strategy Connected Centres settlement pattern or are part of Connected Centres but want their development moved forward. The policy only applies to plan changes or plan reviews. Nonetheless, the criteria outlined provides a useful foundation for how SmartGrowth considers development opportunities.

Central Government Policy Changes

Going for Housing Growth

Under the “Going for Housing Growth” policy, there will be new housing growth targets introduced for Tier 1 and 2 councils, requiring them to zone enough developable land (feasible housing capacity) for housing to meet 30-year long-term demand estimates but make it available over the short-term (0-3 years), not long term. Greater enabled capacity in existing urban areas and on city fringes is intended to bring down land prices and increase the supply of affordable housing.

New prescriptive rules and guidance will be set for how councils calculate how much housing capacity they need (e.g. requiring councils to use ‘high’ demand projections).

There will also be new requirements that price indicators (such as urban fringe land price differentials) do not deteriorate (and ideally improve) over time.

New central government tools will be introduced to monitor council compliance and a mandate to take action where there is unjustified non-compliance.

The Government is investigating options to require councils to plan for 50 years of growth in their Future Development Strategies (up from 30) and be more responsive to private plan changes.

Facilitation of housing growth is an explicit goal of the Government Policy Statement on Land Transport, and one of the funding criteria in the National Land Transport Plan.

Enabling more density in transit corridors with the requisite infrastructure will support growth, with more flexibility for councils to reduce intensification in suburbs without infrastructure capacity.

Housing performance incentives are proposed for councils that deliver extra houses built in a Tier 1 and 2 Council above the long-term average for the Council. This includes considering sharing a portion of GST collected on new residential buildings with councils.

Changes to the responsiveness policy in the NPS-UD could have an impact on how SmartGrowth addresses development opportunities.

Fast-Track Approvals Act

The fast-track consenting process is proposed to ease the delivery of locally, regionally, and nationally significant infrastructure and developments. The fast-track system will set out a 'one stop shop' process for approvals under a range of legislation, including the RMA. The process includes a referral by the Infrastructure Minister for suitable projects. Referred projects will go to an Expert Panel, which can approve or decline the project.

On 6 October 2024, the Government confirmed 149 projects for inclusion in the Fast Track Approvals Bill. The Bill was reported back by the Environment Select Committee on 22 October and became law on 23 December 2024.

The projects relevant to SmartGrowth and the western Bay of Plenty sub-region that have been included for fast-track are:

- Bell Road Limited Partnership Wairakei South Housing and Land Development: To develop between 123 – 340 hectares of rural land near Papamoa, for residential, commercial and industrial uses. If the full site is developed, the project will comprise of 2,000-3,000 new homes and 60-80 hectares of new industrial land, covering 153 hectares.
- Tauriko Property Group Limited Partnership - Tauriko West Housing and Land Development: To develop between 132 hectares of Rural zoned land at Tauriko for residential use, with approximately 1,250 homes.
- Ngā Pōtiki a Tamapahore Trust Tara Road Development Housing and Land Development: The project will include 605 residential allotments, and a 2.5-hectare commercial precinct.

- Port of Tauranga Limited Stella Passage Development Infrastructure: The project is for extension of the Sulphur Point (stage one) and Mount Maunganui wharves (stage two), and to carry out the associated reclamation and dredging of the seabed.
- New Zealand Transport Agency Waka Kotahi Takitimu North Link Stage 2: To construct a four-lane, median-divided highway to replace the existing SH2 corridor between Te Puna and Ōmokoroa. This project is an extension of Takitimu North Link Stage One, which is currently under construction and will link Tauranga and Te Puna.
- Port of Tauranga Limited Capital and Maintenance Dredging Reconsenting Project: The project is to remove dredging material from the coastal marine area to deepen, widen and maintain the navigation channels of the Port of Tauranga.
- New Zealand Transport Agency Waka Kotahi SH29 Tauriko Network Connections (including Omanawa Bridge replacement): To develop SH29 and SH29A which form part of the key 'Golden Triangle' connection, including to the Port of Tauranga. The Omanawa Bridge is scheduled to be replaced in 2024-2027.

The projects in the list will be able to apply to the Environmental Protection Authority to have an expert panel assess the project and apply relevant conditions or decline approval.

SmartGrowth has incorporated the Wairākei South and Tara Rd developments into the Priority Development Areas tracker.

There was also at least one other development proposal put forward under Fast-Track that didn't make it onto the Schedule 2 list but can still apply for Fast-Track via Ministerial referral. There may be other developments that will apply through the Ministerial referral process.

Development proposals being assessed under the Fast-Track Approvals Act are subject to a separate process. SmartGrowth will incorporate any outcomes from the Expert Panel decisions.

RMA 1991 Reform

The Natural and Built Environment Act 2023 (NBA) was repealed in December 2023 as the first phase of reform.

The second phase of reform encompasses new fast track consenting legislation, and changes in National Policy Statement direction. The third phase will develop replacement RMA legislation.

An Expert Advisory Group (EAG) reported back on resource management reform in March 2025.³ In March 2025 Cabinet considered the EAG's report and agreed with most of the EAG's key recommendations for system change.⁴ Elements of the policy changes outlined above will be incorporated into the new system. Spatial plans will be a key part of the new system. Draft legislation is expected by the end of 2025.

³ Report from the Expert Advisory Group on Resource Management Reform. *Blueprint for resource management reform: A better planning and resource management system 2025*

⁴ Cabinet Paper, *Replacing the Resource Management Act 1991 – Approach to development of new legislation*, 2025

What Other Places Do

Future Proof

The Future Proof Strategy contains criteria for assessing unanticipated and out-of-sequence development proposals. These same criteria are used in the Regional Policy Statement. The Future Proof Strategy 2024 did not undertake a call for proposals, instead previous consultation and consultation on the 2024 draft was used to identify and assess proposals against the criteria in the strategy.

Napier and Hastings

As part of the Hastings & Napier Future Development Strategy process there was a “call for opportunities” put out to the community. This was part of the community engagement process and was widely canvassed. The call for opportunities was open to anyone and there were no limitations other than the physical extent of the FDS boundary. Around 70 sites were received, and each one was put through a multi criteria analysis.

Queenstown Lakes District

The Queenstown Lakes District Future Development Strategy process also did a “call for urban growth sites and areas”. This was publicly advertised and was open to the public as well as the development community. A GIS survey and form was provided to facilitate this. They received around 66 proposals. These will be assessed using a multi criteria analysis. The QLDC process provided guidance on what sites or areas might be suitable and what they were not looking for so there were some clear expectations set.

Outcome

The outcome sought by SmartGrowth is to have a clear process for addressing development opportunities.

There are three components to this:

1. The process for engaging with developers on development opportunities.
2. How these proposals are assessed for alignment.
3. What happens to proposals that have a good fit.

Proposed Approach

The Process for Engaging with Developers

There should be continued engagement with developers through the Development Sector Group (DSG). There should also be engagement with infrastructure providers who may have significant development proposals (eg electricity generation).

Well before the FDS is reviewed or any other spatial planning is undertaken, there should be early engagement with the development sector and infrastructure providers around any development proposals that they may have which they are wanting to be considered for

inclusion in the SmartGrowth Strategy (FDS). There should also be engagement with any other landowners or developers who may have proposals of scale, eg Māori Land Trusts.

Careful wording around this will be required, including that being incorporated into the SmartGrowth Future Development Strategy is not a green light for a development – there are still RMA 1991 processes that would need to be followed.

Clear information will need to be provided on the scope of supporting information the SmartGrowth partnership would be looking for (for example – Method 18 from the RPS). This is discussed further below.

How Proposals are Assessed for Alignment

The starting point for assessing proposals should be alignment with the Change 6 criteria, SmartGrowth objectives and growth directives, and other relevant policy:

- Consistency with RPS PC 6 Criteria
 - *The development is of large enough scale to contribute to meeting demand for additional urban land identified through the HBA for the area, including meeting housing bottom lines or meeting needs for specific housing typologies or price points, or business types. Where there is no HBA, there is evidence that there is a need for additional urban land.*
 - *The development is large scale or, if not, will provide a housing supply of at least 50 dwelling units, and in either case the proposal:*
 - i. is able to support multi modal transport options; and*
 - ii. includes a structure plan for the land use change.*
 - *The development is located with good accessibility between housing, employment, community and other services and open space.*
 - *The development is likely to be completed earlier than the anticipated urban development and/or land release sequence.*
 - *Required development infrastructure can be provided efficiently, including the delivery, funding and financing of infrastructure while considering impacts on other existing, planned or committed development infrastructure investments.*
- Consistency with other relevant policy E.g. RPS requirements (Method 18, Natural Hazards, Landscapes, Cultural etc)
- ‘Urban environment’ only in order to be included in the FDS.⁵
- Consistency with the SmartGrowth Strategy objectives and growth directives where RPS policy consistency needs further context or a wider or longer-term horizon.

The SmartGrowth Strategy settlement pattern does not include rural-residential or small-scale developments in rural areas. The Strategy does provide direction around these types of developments, but they would not form part of the FDS.

⁵Any area of land (regardless of size, and irrespective of local authority or statistical boundaries) that: is, or is intended to be, predominantly urban in character; and is, or is intended to be, part of a housing and labour market of at least 10,000 people (NPS-UD definition of Urban Environment).

Any proposals received would be treated as confidential, however information will be shared with SmartGrowth partner staff and governance to enable assessment.

The process would be as follows:

- Request any proposals of significance from landowners/developers and infrastructure providers
- Collate requests and complete high-level alignment assessment against RPS criteria
- Working Group to review and add to the initial assessment including addressing any gaps
- Report completed along with recommendations

Aligned Proposals

Proposals that are assessed as being a good fit by technical staff can then be provided with an indication that further technical work could be undertaken. This would allow for robust technical information to be provided for any proposals that may end up being included in the SmartGrowth Strategy.

Programme

The early engagement on opportunities would need to be initiated in 2025 to allow sufficient time to assess any proposals prior to the review of the FDS. Proposals would be assessed early by SmartGrowth technical staff and any recommendations discussed with SMG, SGIG and ultimately SLG. It is acknowledged that our approach may need to change once we get greater clarity in relation to the Going for Housing Growth policy and the resource management reforms.

It should be noted that there is no desire to initiate reviews of the FDS or changes to the settlement pattern earlier than 3 years.

Further to the approach outlined above, it is also proposed that there be a standing item on all SMG agendas for members to raise any development proposals / plan changes that they are aware of.

In terms of Fast-Track projects, there are only two that fall outside of the SmartGrowth Strategy. These are being handled by the relevant partners including in a collaborative cross-partnership approach. There is no need for a SmartGrowth working group or overarching approach at this stage. The two projects will be reported on as part of the Priority Development Areas.

A draft, high-level programme for this work is as follows:*

Draft paper on development proposals for technical feedback	November 2024
Paper to SMG for input	February and May 2025
Engagement with Development Sector Group on approach	Early 2025
Reported up to SGIG and SLG for information	Mid 2025

Initiate early engagement on development opportunities	Mid 2025
Undertake assessments	Mid-late 2025
Reporting with recommendations to SmartGrowth Leadership Group Responses Provided	Mid 2026

* Timing may change depending on Government legislation and policy.

Benefits

There is significant value in having a joined-up and collaborative approach to development proposals and working through these as a partnership. It is also positive for the development sector as it provides a clear pathway for having their proposals considered. This is something that has been raised by the DSG a number of times.

Other benefits in having a clear process include:

- Allows the SmartGrowth partners time to properly consider opportunities and assess them for alignment.
- A more collaborative approach with developers.
- Meeting the requirements of the NPS-UD.
- Ensuring that there are no surprises in terms of development proposals through formal submissions.
- Being clear about how and when changes to the settlement pattern occur and the reasons why.
- Promotes an agreed sub-regional position on developments.
- Takes a long-term strategic approach to developments rather than reacting to private plan changes.

Stakeholder Engagement

Key Stakeholder Engagement

- Development Sector Group
- Urban Task Force
- Te Puke Edge
- Māori Land Trusts
- Infrastructure Providers

Partners

- Iwi/hapu
- TSP
- Priority One
- Central Government

Funding

Relies on internal funding and existing resources.