

INTENSIFICATION ACTION PLAN

AUGUST 2020



tasman
district council

Te Kaunihera o

te tai o Aorere

CONTENTS

LIST OF FIGURES AND TABLES	3
SUMMARY	4
Purpose	4
Overview	4
Implementing	4
Summary of recommendations of action plan	4
INTRODUCTION	9
What is intensification?	9
What is the Intensification Action Plan and why are we preparing one?	12
Where does the Intensification Action Plan fit within Council's strategic framework?	13
IWI	14
INCENTIVES FOR INTENSIFICATION	14
Contributors to incentivising intensification	15
1. Contributor – Housing preferences	15
2. Contributor – Regulation	21
3. Contributor – Infrastructure	25
4. Contributor – Costs	31
REFERENCES	34
APPENDIX 1	35
APPENDIX 2	36

LIST OF FIGURES AND TABLES

FIGURES

Figure 1. Section before infill comprising one dwelling	10
Figure 2. Section after subdivision and infill with net addition of two dwellings	10
Figure 3. Two corner sections before redevelopment, one large house on each section	11
Figure 4. Sections after redevelopment, between three and four single storey attached units on each section, net addition of five dwellings	11
Figure 5. Location of regional growth capacity	12
Figure 6. Extract from FDS (page 35)	13
Figure 7. Strategic framework of Council's plans	13
Figure 8. Structure of intensification action plan	14
Figure 9. Building consents for new dwellings, Nelson and Tasman, by type, 2006 – 2018 (June Year)	16
Figure 10. Hypothetical feasibility scenarios for two storey dwellings	17
Figure 11. Richmond West (2020), adjacent to Borck Creek example of recent two storey dwelling under construction	18
Figure 12. Feedback from applicants, consultants and processing staff on applications for intensive housing in RIDA	21
Figure 13. Example of a tiny house	22
Figure 14. "Streets for Pandemic Response and Recovery" NACTO, Bloomberg Philanthropies and Global Designing Cities Initiative June 2020	26
Figure 15. Parklet in Beaumont Quarter, Auckland	26
Figure 16. Existing wide road corridor in William Street, Richmond	27
Figure 17. Westbury Road, Walthamstow, England – low traffic neighbourhood. Filtered permeability removes motorised through traffic	27
Figure 18. Hobsonville, Auckland	28
Figures 19 and 20. Introduction of modal filters, Walthamstow, England	28
Figure 21. Extract from 2018 Development Contributions Policy (Tables 5 and 6)	31

TABLES

Table 1. Location and type of intensification proposed in Tasman District in the FDS	12
Table 2. Preferred housing type according to Communitrak survey results 2019 and Stats NZ data relating to annual income and house size	15
Table 3. Actions to improve the public perception of medium density housing and incentivise uptake	19
Table 4. Actions to improve the regulatory process for medium density housing and incentivise uptake	23
Table 5. Actions to improve provision of infrastructure for medium density housing and incentivise uptake	29
Table 6. Actions to improve council costs and their effectiveness in incentivising uptake of medium density housing	33



SUMMARY

PURPOSE

Intensification of housing is accelerating in Tasman's largest town, Richmond. We also have plans for increased intensification in Motueka, Brightwater and Wakefield.

To accommodate some of our forecast growth in population over the next 30 years, we need to make more efficient use of land and avoid sprawling onto our best productive land. Following adoption of the Nelson Tasman Future Development Strategy (FDS) in 2019, both Councils agreed to prepare an action plan that incentivises the proposed intensification of housing in certain areas. This will help in advancing implementation of the FDS and in particular the recommendations that 40% of the capacity provided for housing should be by 'building up', i.e. intensification. A recent report commissioned by Tasman District Council found that *"at least according to history, a target of meeting 40 percent of housing demand from intensification is achievable but would require a step-up in intensification efforts within the District."*¹

This action plan examines ways in which Council can enable intensification and suggests individual actions for implementation with timescales and departmental owners.

OVERVIEW

Staff across Council identified a large number of actions within Council's control that could encourage uptake of intensification. This action plan recommends those that are practical and likely to be effective in meeting this overarching objective. Costs of implementing the actions vary considerably. Some do not need further resources. Others amount to significant investment by

Council in e.g. infrastructure and some of these will be proposed in the Long Term Plan (LTP) 2021 – 2031.

The action plan identifies four main contributors within Council's sphere of influence, to attain the overarching goal of increased intensification in identified towns. These contributors are housing preferences, regulation, infrastructure and costs. The plan identifies specific contributors within these categories, looks at the problems we face currently and then recommends a set of actions that will incentivise intensification. Actions are prioritised in the plan in order of cost effectiveness, with a colour coded system – red, orange and green, with red being the most costly and potentially ineffective in terms of meeting the goal.

IMPLEMENTING

This action plan will be reviewed against progress every three years, in conjunction with reviews of the FDS and LTP. Some actions require consultation through the LTP process and individual departments will be responsible for progressing these. The Environmental Policy department will continue to monitor housing intensification proposals within zoned areas, in order to quantify the level of uptake broadly.

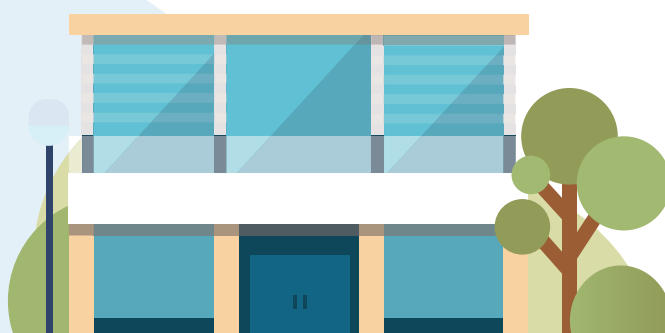
Since Richmond is our first intensification area in the district, there is a focus on this in the plan. Over time however when other areas are appropriately zoned, the focus will shift to them also.

SUMMARY OF RECOMMENDATIONS OF ACTION PLAN

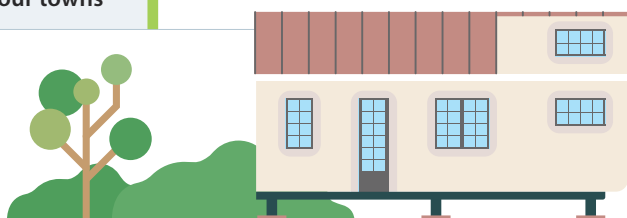
The table below provides a summary of the individual actions to incentivise intensification. Further information on the actions is provided in the relevant section of the plan.



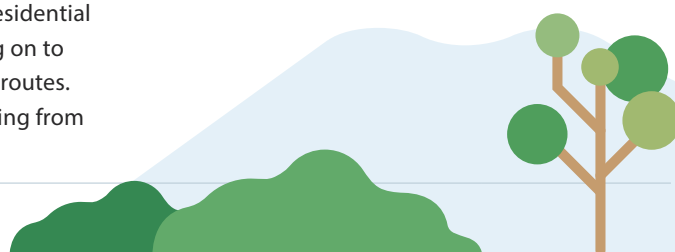
Issue	Action/method to resolve	Department responsibility	Timescale
HOUSING PREFERENCES			
Mismatch between new dwelling supply and current/future household profile	Incentivise the building of smaller dwellings through wider actions contained within the intensification action plan.	All departments	Various – see individual actions in plan
	Undertake detailed assessment of housing need in the district.	Environmental Policy	2020/21
	Set up Council web based portal for intensification.	Environmental Policy	2020/21
Improve the public perception of medium density housing and target known audience	Ensure sufficient capacity of appropriately zoned, serviced land for medium density housing in identified settlements, to enable supply.	Environmental Policy, Strategic Policy and Engineering	2020 and ongoing
	Require high quality design standards for medium density housing through the new Tasman Environment Plan.	Consents and Environmental Policy	2020 and ongoing
	Consider building on existing assets in the review of Council's Community Housing to improve quality and potentially quantity of small houses provided.	Reserves and Facilities, Property	2021 onwards
	Maintain and build our relationship with Kainga Ora.	Environmental Policy, Consents, Strategic Policy	Ongoing
Two storey dwellings not commercially feasible in Tasman District	Ensure Plan rules continue to permit two storey and enable three storey in the future.	Environmental Policy	Ongoing
	Assist developers who are considering intensive developments, especially two storey at the pre-application stage.	Consents, Environmental Policy	Ongoing
Lack of evening economy in town centres and need to make town centres more liveable	Planning objectives in the new Tasman Environment Plan to help encourage the evening activities in centres proposed for intensification e.g. pubs, cinema, restaurants.	Environmental Policy, Environmental Health, Engineering, Consents	2021 onwards



Issue	Action/method to resolve	Department responsibility	Timescale
REGULATION			
The effectiveness of rules in Plan Change 66 for intensive housing around Richmond	<p>Feedback received has been assessed and prioritised for action. The rules for intensive housing will be reviewed either:</p> <ul style="list-style-type: none"> i. Through short term fixes in the forthcoming Omnibus Plan Change, or ii. By producing a guide to the Richmond Intensive Development Area rules, or iii. More holistically through the review of the Tasman Resource Management Plan (TRMP) now underway. iv. Consider whether some intensification areas need urgent Plan Rule changes ahead of the TRMP review. 	Environmental Policy	2020 onwards
Tiny houses and the consent process	Production of a guide for Tiny Houses that is kept up to date with case law, to help clarify the consent pathways for applicants.	Environmental Policy and Building Assurance	2020 onwards
Co-housing and the consent process	Consider clarifying policy objectives and rules and that apply to co-housing in the new Tasman Environment Plan.	Environmental Policy	2021 onwards
Building intensification methods and the need for consents	Production of a customer guide that gives a range of options for possible building intensification and the regulatory requirements of the Building Act.	Building Assurance	2020
Assisting applicants at the pre-application stage	Council staff to continue to help applicants considering intensive housing proposals, through pre-application meetings, the urban design panel and duty planner services.	Consents	Ongoing
Implementing the Future Development Strategy's recommendations for intensification in the four towns	Incorporate new rules and zones in the review of the new Tasman Environment Plan that secure quality urban environments in the proposed intensification areas.	Environmental Policy	2020 onwards



Issue	Action/method to resolve	Department responsibility	Timescale
INFRASTRUCTURE			
The large scale of intensification areas and associated infrastructure but slow uptake	Prioritise parts of the larger proposed intensification areas in Richmond and Motueka for servicing investment (water, wastewater, stormwater, transport, reserves including greenways). Propose required infrastructure projects for the LTP 2021 – 2031.	Engineering	2020 onwards. Propose in LTP 2021 – 2031 and ongoing for future LTPs
	<i>Motueka</i> – new three waters infrastructure.		
	<i>Richmond</i> – financial support for low pressure smart pump wastewater systems in Croucher Street / D’Arcy Street area, likely to be the smart technology elements of the kit.		
	<i>Wakefield</i> – servicing solution to be determined by Waimea Water Strategy. Major upgrades to trunk mains required.		
Traditional reserve is land hungry and expensive in intensification areas	Improve amenity in intensification areas with trial of greenways (slow speed tree lined residential streets) in a couple of streets – Richmond likely to be first. To be funded through transport budget in LTP and by Reserve Financial Contributions.	Strategic Policy, Engineering and Environmental Policy	2020 onwards
	New Level of Service to be incorporated within LTP for transport function of greenways.	Strategic Policy, Engineering and Environmental Policy	2020 onwards
	Standards for greenways to be provided in amendment to Nelson Tasman Land Development Manual.	Strategic Policy, Engineering and Environmental Policy	2021
Use of the street space in intensification areas	Reshape and enhance some of our streets in intensification areas by using existing assets differently. Trial greenways.	Strategic Policy, Engineering and Environmental Policy	July 2020 – June 2021
	Ensure transport planning activities consider the proposed intensification areas and create active transport opportunities nearby.	Engineering and Environmental Policy	2020 onwards
	Public transport strategy to be progressed, informing Regional public Transport Plan providing bus routes that serve these denser residential areas as well as extending on to regional public transport routes. Use FDS to leverage funding from Central Government.	Engineering	2020 onwards



Issue	Action/method to resolve	Department responsibility	Timescale
INFRASTRUCTURE			
Ensure adequate vehicular access is provided to the intensification areas	<p>With the growth of population and therefore vehicles on the roads in Tasman District (including freight), it is important to also plan for vehicular capacity within the road network surrounding our intensification areas. The following projects being progressed by NZTA, TDC and NCC will inform the Regional Land Transport Plan:</p> <ul style="list-style-type: none"> • Richmond programme business case. • Richmond Network Operating Framework. • Nelson Future Access project. 	Engineering	2020 onwards
COSTS			
Existing Development Contributions discount for small dwellings needs refining	<p>Retain existing thresholds ($\leq 110\text{m}^2$ and \leq three bedrooms) but clarify that the 110m^2 threshold relates to the outside building footprint.</p> <p>Tighten up the definition of bedroom.</p> <p>To propose changes in Development Contributions (DC) policy through LTP 2021 – 2031 and budget for discounts in DC forecast.</p> <p>Redefine minor dwelling in DC policy so that it matches definition in TRMP as up to 80m^2 in area excluding garage, and up to 120m^2 if includes attached garage.</p>	Engineering and DC Administrator	2020 onwards through LTP and review effectiveness in next LTP
Refunding discount to the housebuilder not the subdivider	<p>Continue to seek to resolve this issue with further exploration and legal advice.</p>	Engineering and DC Administrator	LTP 2024 – 2034
Community Housing providers (CHPs) currently pay DCs for affordable housing	<p>Propose changes to the DC policy through LTP 2021 – 2031, so that CHPs are exempt from DCs.</p> <p>Budget for exemption in DC forecast.</p>	Engineering and DC Administrator	2020 onwards



Issue	Action/method to resolve	Department responsibility	Timescale
COSTS			
Resource Consent fees potentially discouraging provision of intensive dwellings	Continue to operate with much pre-application discussion time being free of charge. This provides a discount to resource consent fees. Look to retain principles in drafting of new Tasman Environment Plan of non-notification of intensive developments where conditions of rules are met.	Consents and Environmental Policy	2020 onwards
Rates remission policy potentially discouraging land use change to higher density housing	Council to reconsider rates remission policy during the next LTP 2024 – 2034, with the possibility of a sunset clause being introduced for rates remission (i.e. a termination date for remission).	Corporate	2023 onwards for LTP 2024 – 2034

INTRODUCTION

WHAT IS INTENSIFICATION?

Generally in New Zealand, it is the replacement of lower density housing with medium density housing or the development of a greenfield site with medium density housing.

The density itself will vary according to location nationally, with our cities having the highest densities. Intensification can take both 'infill' and 'redevelopment' forms. 'Infill' is usually where a section is subdivided and an additional dwelling(s) is added, often to the rear, as shown in the local examples on the following page (see Figures 1 and 2).

'Redevelopment,' another form of intensification, is where the original house is removed from the section and is replaced with a number of attached units, as shown in the local examples on the following page (see Figures 3 and 4).

The definition of medium density housing is variable within the industry, but in reality, Tasman District Council is enabling medium density not high density that you find in cities like Auckland or Wellington. BRANZ² found in 2017 that the built environment industry does not apply a standard definition. Its research adopted the definition of "multi unit dwellings of up to six storeys." However this would be a relatively high density for Tasman.

For context, a recent Tasman Plan Change (Richmond Housing Choice – Plan Change 66), initially defined medium density as density greater than a three or four bed house (220m²) on a 600m² site. Prior to 2018, these floorspaces and section sizes were the norm in Richmond. However during the development of the Plan Change the following permitted standards were developed increasing overall density – minimum 200m² sections, 50% building coverage, 70% site coverage (all impervious surfaces), two storeys and reduced car parking standards. These standards, together with privacy and amenity standards were adopted when the Plan Change became operative in 2018.



Figure 1. Section before infill comprising one dwelling



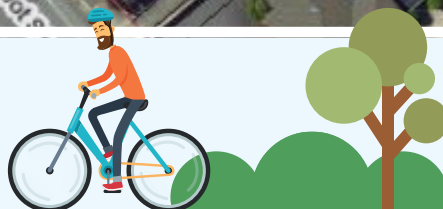
Figure 2. Section after subdivision and infill with net addition of two dwellings



Figure 3. Two corner sections before redevelopment, one large house on each section



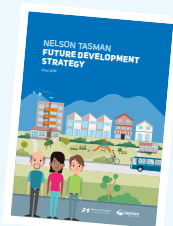
Figure 4. Sections after redevelopment, between three and four single storey attached units on each section, net addition of five dwellings



WHAT IS THE INTENSIFICATION ACTION PLAN AND WHY ARE WE PREPARING ONE?

It is an action plan that incentivises intensification in certain locations in Tasman District – parts of Richmond, Motueka, Brightwater and Wakefield, as recommended in the adopted Nelson Tasman Future Development Strategy (FDS). This action plan is the culmination of a cross Council project which considered ways in which Council can incentivise the building of smaller, denser dwellings. This may be through improvement or modification of its own processes, innovation and prioritisation of investment. The plan will be reviewed regularly and progress will be monitored against the actions.

The 2019 FDS (www.tasman.govt.nz/my-council/key-documents/more/future-development-strategy/) recommends significant development in and around Nelson City Centre, areas to the south of Nelson city centre, Stoke and Richmond, by 'building up' through intensification. Intensification is also proposed in Motueka, Brightwater and Wakefield to help meet long term housing needs of these towns such as the ability for residents to 'age in place.' Both Councils are keen to enable intensification and agreed to adopt action plans to incentivise uptake. (See Table 1.)



Overall, building up (also called intensification) will account for at least 40% of additional capacity across the region according to the FDS. Building out (also called expansion) accounts for 60% of additional capacity across the region, through the managed expansion of some existing settlements, together with some additional rural residential living options with good access to existing centres. Tasman needs to provide a range of housing choices as demand for different housing typologies is diverse.

A report, commissioned by TDC in 2020³ concluded that cutting back on the release of greenfield residentially zoned land would lift land and house prices, decreasing affordability even further. It is therefore best to enable both greenfield and intensification options and in continuing to release greenfield land, this will push down price of urban land, facilitating some intensification. Enabling intensification will also challenge the traditional business model of some land owners who bank land, speculating on when the urban boundary will be extended.

The Nelson Tasman Joint Committee of 26th July 2019, in adopting the FDS, resolved that *"both Councils strongly support intensification where it is currently feasible in order to accommodate growth now. There are some areas which are ready to go for intensification... Changes in the next Long Term Plan as a result of the intensification action plan will enable future intensification areas to be brought forward."*

Figure 5. Location of regional growth capacity (extract from FDS Figure 3 page 11)

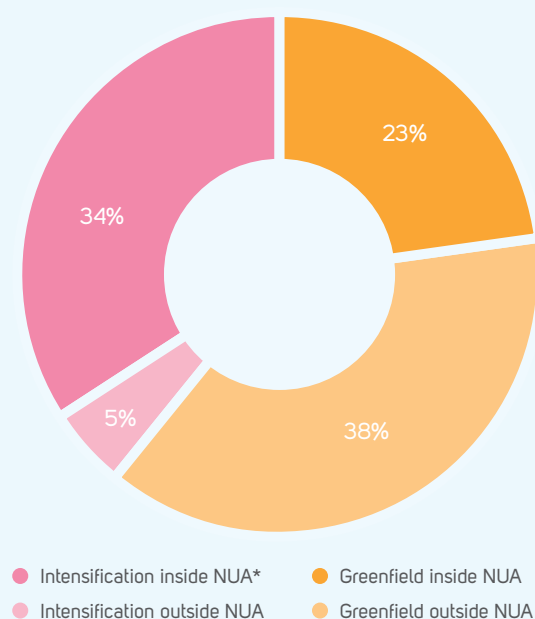




Table 1. Location and type of intensification proposed in Tasman District in the FDS (extract from FDS Table 2 page 16)

Type	Details	Location	Time period
	Some three storey terrace housing, some low rise apartments, some mixed use (commercial ground floor residential above)	Richmond and Brightwater	2018 – 2038 (intensification is already occurring around parts of Richmond town centre enabled by the Tasman Resource Management Plan)
	Some two storey terraced housing, some town houses	Wakefield and Motueka	2028 – 2038

The FDS identified the following initiatives that the intensification action plan should at least consider:

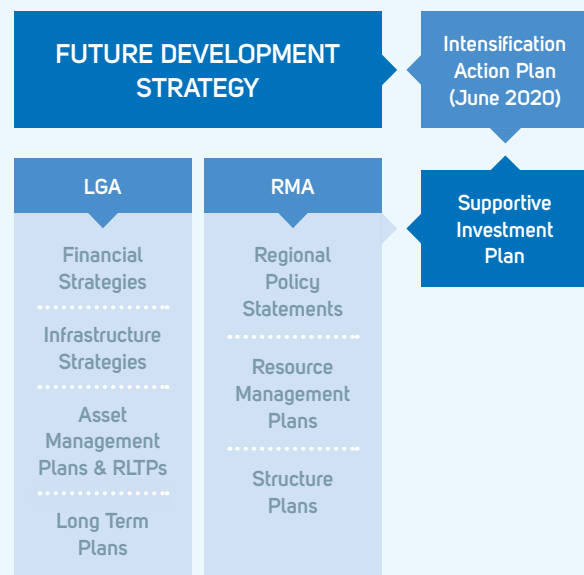
Figure 6. Extract from FDS (page 35)

- Identify, research and collate information on housing preferences.
- Develop a strategy for improvements to transport, reserves and community facilities in areas subject to intensification.
- Review of Development Contributions policies to ensure that they better reflect costs associated with different types and locations of growth (intensification versus expansion).
- Explore acquisition of key sites to help catalyse development and/or achieve strategic public realm outcomes.
- Consideration of partnerships with Community Housing Providers, Housing New Zealand and potential Urban Development Authorities to facilitate redevelopment of public land holdings.
- Collaboration with private sector housing providers on possible 'pilot' projects to demonstrate high-quality, feasible intensification projects in appropriate locations.
- Development of educational and guidance material for applicants to facilitate good quality design outcomes.
- Identify intensification areas that could be progressed (up zoned) in the short to medium term.

WHERE DOES THE INTENSIFICATION ACTION PLAN FIT WITHIN COUNCIL'S STRATEGIC FRAMEWORK?

The Intensification Action Plan is one of the detailed recommendations of the FDS in order to advance implementation of the FDS. The FDS informs a number of Council's plans prepared under the Resource Management Act (RMA) and the Local Government Act (LGA) as shown in Figure 6. For the recommendations of the intensification action plan to work, a supportive investment plan is needed and this will be provided in Council's Long Term Plans (LTPs) – both the next one (2021 – 2031) and subsequent Long Term Plans.

Figure 7. Strategic framework of Council's plans



IWI

The Nelson Tasman FDS was prepared with iwi, although it is acknowledged that relationships are still being developed between ngā iwi katoa o te Tau Ihu (all top of the south iwi) and the council.

None the less several iwi contributed significantly to the formulation of the FDS, notably Ngāti Tama, Ngāti Kuia (also representing Ngāti Apa ki te Rā Tō), Ngāti Rārua and Te Ātiawa. During those discussions the following principles were highlighted in relation to changing urban environments:

- Embed cultural landscapes, avoid loss of cultural significance in sensitive locations.
- Create sense of place.
- Importance of enduring restorative environment and social outcomes.
- Improving water health – avoiding need for relocation of water between catchments.
- Avoid need for additional discharges of wastewater to coastal waters.
- Significant concern over lack of affordability of housing and the proportion of whanau unable to now live in Nelson or Tasman.

INCENTIVES FOR INTENSIFICATION

The action plan identifies four categories of contributors within Council's sphere of influence, to attain the overarching goal of increased intensification in identified towns.

These four contributors are – housing preferences, regulation, infrastructure and costs. The plan identifies specific contributors within these categories, looks at the problems we face currently and then recommends a set of actions that achieve the purpose of incentivising intensification. Actions and methods are prioritised in

the plan in order of effectiveness, timescale and with an owner against each. The individual actions are colour coded **red**, **orange** and **green**, according to level of effort and cost effectiveness in terms of investment required when measured against likely benefits in meeting our objective of increased intensification. **Red** represents significant effort for unquantifiable benefit to meeting the objective of increasing intensification. **Orange** represents medium effort for likely benefits and **green** represents little effort or business as usual for likely benefits.

Figure 8. Structure of intensification action plan

Overarching goal	Contributors	Examples of actions
Increase intensification in Richmond, Motueka, Brightwater and Wakefield, resulting in: <ul style="list-style-type: none"> • More efficient use of land • Providing range of housing choices • Reduced sprawl onto productive land • Support for passenger transport services • Bring people closer to shops, jobs and activities 	Housing preferences	Create web portal showcasing recent intensive developments in Tasman
	Regulation	Reducing the complexity of regulation, by producing planning and building process guides
	Infrastructure	Ensuring water, wastewater, stormwater, transport, reserves are available
	Cost	Reducing council fees and make them more effective e.g. development contributions

CONTRIBUTORS TO INCENTIVISING INTENSIFICATION

This section of the plan explains each of the above contributors to increasing intensification, by summarising the existing issues and then recommends actions for that specific contributor.

1. CONTRIBUTOR – HOUSING PREFERENCES

The Housing Preferences work stream aims to improve the public perception of medium density housing within Tasman District, in order to increase uptake of this type of housing.

SUMMARY OF CURRENT HOUSING PREFERENCE ISSUES

Mismatch between new dwelling supply (current size and price point) and both the current and future household profiles

It appears that insufficient small dwellings are being built relative to demand in the district. Across most of the district, the majority of population growth to 2043 is in residents aged 65 and over. By 2043 the over 65s will form 34% of the population in our district. According to a recent Council survey, residents aged 65 and over are more likely than younger age groups, to prefer smaller dwellings, with 40% preferring a small house, unit or townhouse in town.⁴

However there is still relatively strong demand for lifestyle properties, particularly in Lakes-Murchison, Golden Bay, and Moutere-Waimea, as shown in Table 2.⁵

Low incomes and housing affordability are an issue across most of the District, but Golden Bay and Motueka have the highest proportion of residents on relatively low incomes and potentially a greater need for affordable (or smaller) housing options.

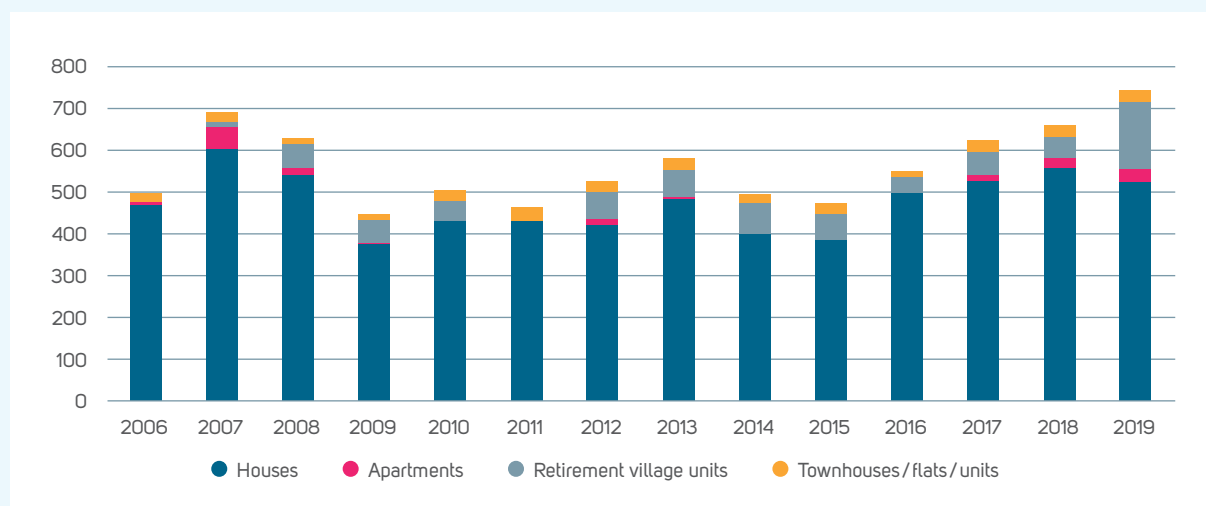
Despite these relatively high proportions of residents with annual income less than \$50,000, poor housing affordability in the District and 40% of over 65s preferring a small house in town, only 15% of all houses built in Tasman District between 2013 and 2018 had two beds or less. During the same period there was a decrease in the number of dwellings built that had one bed, (e.g. in 2018 there were no one bed dwellings built), so overall between 2013 – 2018 just 12% of new dwellings had one or two beds.

More generally there has been a recent trend towards attached dwellings being built in both Nelson and Tasman, such as apartments, retirement village units, townhouses, or flats, although the number of bedrooms per dwellings are not monitored. In the year ended June 2019, 30% of consented new dwellings in Nelson and Tasman were attached dwellings, compared with an average of 15% in the previous ten years. For Tasman, year ended December 2019, it was 20% attached, compared with average of 9% in previous 10 years.

Table 2. Preferred housing type according to Communitrak survey results 2019 and Stats NZ data relating to annual income and house size

Ward	Preferred housing type(s) ⁶	Contribution to ward's population growth from 65+ age group 2018 – 2043 ⁷	% of residents with annual income less than \$50,000 ⁸	% of dwellings with one or two bedrooms ⁹
Golden Bay	Lifestyle properties (59%)	100%	80%	27%
Lakes-Murchison	Lifestyle properties (61%)	100%	73%	18%
Motueka	Lifestyle property (33%) Small house in town (32%) Larger house in town (25%)	53%	80%	27%
Moutere-Waimea	Lifestyle property (61%) Larger house in town (26%)	77%	68%	17%
Richmond	Larger house in town (40%) Lifestyle property (28%) Small house in town (22%)	84%	72%	22%
Tasman	Lifestyle property (44%) Larger house in town (28%) Small house in town (19%)	89%	74%	22%

Figure 9. Building consents for new dwellings, Nelson and Tasman, by type, 2006–2018 (June Year)



Housing preferences and lack of cultural familiarity with medium density housing

A literature review of a number of councils' recent surveys into housing preferences, including Auckland, Wellington and Dunedin¹⁰ found a preference for single unit detached housing amongst New Zealanders. Benefits and disbenefits of higher density living are highlighted in the survey responses, varying according to household type and demographic, but overall the benefits of higher density living are seen as:

- Lower maintenance of sections and properties.
- Accessibility to public facilities and other facilities (restaurants, entertainment etc).
- For younger home occupiers – proximity to work and the central city before they have children (willing to trade off for space and tranquillity).
- Reduced car reliance and travel distance.
- Increase in safety for single households.
- Affordability.

Conversely the negatives of higher density living are widely perceived as:

- The role of body corporates in intensive housing (especially city apartments) – traditionally, New Zealanders have favoured independent property ownership through fee simple title. Fee simple title vests in the owner the widest rights of use and modification.
- Gentrification: Lower income residents displaced by more wealthy residents in modern well appointed units.
- Higher density living, poorly designed leads to:
 - » Lacking character, drab, monotonous, cramped.

- » Lack of privacy, excessive noise, lack of an outlook.
- » Parking issues, absence of garage for hobby space.

Traditionally, in New Zealand the negative perceptions of higher density living have outweighed the perceived benefits and this lack of cultural familiarity with medium density housing remains a challenge. The Wellington and Dunedin City Council surveys (2014 and 2019) commonly find that 70–80% of respondents prefer detached housing. This was echoed in a survey undertaken for Nelson and Tasman Councils in 2015 by the University of Otago, which found that 80% of respondents stated detached housing as the most desirable form. The three most common reasons cited were desired privacy, garden space and outdoor space.

Consultation on the FDS in 2019 asked the community about their reasons if they supported intensification as a way of accommodating future growth, as well as the challenges. A number of the factors cited above were repeated, but additional benefits identified were:

- Opportunity for good urban planning and well integrated services and amenities.
- Retaining productive land and greenspace.
- Provides for economic growth and vibrancy.
- Alleviates climate change and sea level rise issues.

Challenges in addition to those cited above included:

- Community resistance.
- Council red tape and developer ideologies.
- Existing infrastructure being at capacity.
- Acquiring suitable land.
- Ad hoc development.
- Cost and investment required.

While not all our community wishes to live in intensive housing, a significant proportion are seeking smaller, more affordable homes. The lack of cultural familiarity with intensive housing means the housing preference for medium density will need to be initially supply led.

Market audience for smaller denser dwellings

The literature review and discussions with the local property industry helped inform the potential audience for medium density housing in Tasman District. This is:

Traditionally:

- Single person households.
- Non-family households – including empty nesters and retirees.

(Single person and non family households are flexible and mobile, they are attracted to higher density living as they have limited commitment to remain at that location.)¹¹

More recently:

- Young people (first home).
- Families – due at least in part to the unaffordability of housing. Previously families attracted to higher density housing were typically migrant families in a period of transition. Now it is families generally, provided there is good quality reserve space nearby for leisure activities.

“Two storey dwellings allegedly not commercially feasible in Tasman District”

During recent years when Tasman has experienced significant growth, Council has often been told by the property industry that two storey dwellings are not commercially feasible in the District.

Closer examination of this anecdote reveals that density can in fact improve feasibility of two storey dwellings. The following example expands on this:

Building costs (2019) per m² for single storey dwellings are approximately \$2,100, compared with \$2,500 for two to three storey dwellings. So two storey dwellings are generally more expensive, therefore needing a higher sales premium to recoup costs. Scaffolding is an important component of the additional cost. Two storey dwellings in Tasman District also currently take longer to sell, in part due to the lack of cultural familiarity discussed above. As more are built around the District, and potential buyers can see these typologies, this problem will hopefully ease. Banks also require a very high level of pre sales before lending finance. It is therefore much easier to sell a single storey three to four bed dwelling for which developers will accept a smaller profit margin.

Hypothetical feasibility scenarios for two storey dwellings (see Figure 10)

A. Single storey, two bed dwelling, 108m²

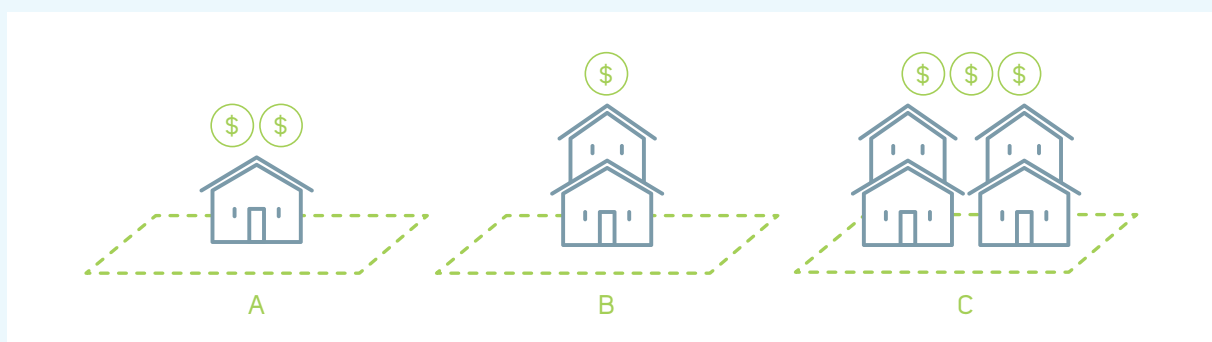
B. Two storey, two bed dwelling, 108m²

C. Two no. two storey two bed dwellings, 108m² each

If proposing one no. two storey house on a 300m² lot (scenario B) and the gross floor area is the same as the single storey dwelling on the same lot (108m²) (scenario A), the commercial feasibility is poor. The profit margin would need to be higher as it is two storey and costs more to build. This would mean charging a higher sales premium – but why would customers pay more for a two storey house than a single storey house where it is the same floorspace and on the same size lot?

However if proposing two no. two storey houses of 108m² on the same 300m² lot, the commercial feasibility is improved. There would be a higher net realisation and greater profit margin, due to there being two dwellings. The sales premium for each house would be the same as for the single storey dwelling on the same lot.

Figure 10. Hypothetical feasibility scenarios for two storey dwellings



As Figure 10 suggests, two storey residential development can be commercially feasible in Tasman and there are examples being built now in Richmond. Although risks and costs are indeed higher with two storey dwellings, if you can achieve scale on a small lot, the commercial feasibility improves. In this way density improves feasibility.

Lack of evening economy in Tasman town centres and need to make centres more liveable

In 2019 a health check assessment of the District's centres was undertaken, together with a community survey of the centres in 2020, enquiring how residents use the centres. This revealed that Richmond has a low number of pubs, leisure activities, hotels and does not have a cinema. Motueka has a better evening economy due to the cinemas and a higher number of restaurants, but also has a small number of pubs.

In both Richmond and Motueka a recent town centre survey revealed that residents are more likely to visit Nelson than Richmond for evening activities and in Motueka bars and leisure facilities are the least important reason for visiting the town centre. Within Richmond's CBD, 8% of units are in residential use. This rises to 27% of Motueka's town centre units.

If a better evening economy existed in Richmond and Motueka, it could encourage more people to live in or near the centre, which in turn would increase economic activity.

In Brightwater and Wakefield both these neighbourhood centres are much smaller, but both do have a pub. Nearly half of all units in Brightwater's centre are in residential use, 10 units (45%), whereas in Wakefield, eight units are in residential use (22%).

In these centres where Council will propose intensification in the future, all of them currently have limited night time economies, especially Richmond, which is already experiencing intensification.

Figure 11. Richmond West Lower Queen Street (2020), adjacent to Borck Creek example of recent two storey dwelling under construction



Table 3. Actions to improve the public perception of medium density housing and incentivise uptake

Issue	Action/method to resolve	Department responsibility	Timescale
Mismatch between new dwelling supply and current/future household profile	Incentivise the building of smaller dwellings through wider actions contained within the intensification action plan.	All departments	Various – see individual actions in plan
	Undertake detailed assessment of housing need in the district (size of dwellings) and communicate this to developers, to encourage building of more small homes.	Environmental Policy	2020/21
	Set up Council web based portal for intensification, to promote smaller denser dwellings, publicising examples of recent developments in District and include soundbites of experiences of living in these properties. Also include DC discount policy.	Environmental Policy	2020/21
Improve the public perception of medium density housing and target known audience	Housing preference for medium density will need to be supply led. Ensure sufficient capacity of appropriately zoned, serviced land for medium density housing in identified settlements, to enable supply, through the Council's Growth Model and LTP.	Environmental Policy, Strategic Policy and Engineering	2020 and ongoing
	Require high quality design standards for medium density housing through Plan objectives, policies and rules, urban design guidance and urban design panel. Review through the new Tasman Environment Plan.	Consents and Environmental Policy	2020 and ongoing
	Consider leverage of existing investment in Council's Community Housing assets to improve quality and quantity of small houses provided. To be considered through the review of Community Housing.	Reserves and Facilities, Property	2021 onwards



Table 3. Actions to improve the public perception of medium density housing and incentivise uptake (continued)

Issue	Action/method to resolve	Department responsibility	Timescale
Improve the public perception of medium density housing and target known audience	Maintain and build our relationship with Kāinga Ora to maximise outcomes in intensification areas where Kāinga Ora owns significant numbers of properties.	Strategic Policy, Environmental Policy, Consents	Ongoing
Two storey dwellings not commercially feasible in Tasman District	Ensure Plan rules continue to be permitted for two storey. Enable three storey in certain intensification areas through the new Tasman Environmental Plan. Publicise two storey dwellings built recently on web based portal.	Environmental Policy	Ongoing
	Assist developers who are considering intensive developments, especially two storey at the pre-application stage. Plan rules for intensification to continue to enable non-notification in most circumstances, where conditions are met.	Consents, Environmental Policy	Ongoing
Lack of evening economy in town centres and need to make town centres more liveable	Planning objectives in the new Tasman Environment Plan to help encourage the evening economy in centres proposed for intensification. Encourage a range of complementary evening uses and synergies with mixed use development. Car parking standards for example can be different for evening economy uses, as they can use day time parking. The Richmond bus services (expanding 2020) could run later in the day. Cumulative impact on character and function of the centre, anti-social behaviour, crime and amenities of nearby residents will need to be considered.	Environmental Policy, Environmental Health, Engineering, Consents	2021 onwards



2. CONTRIBUTOR – REGULATION

The Regulation work stream aims to reduce the complexity of obtaining resource and building consents for intensive housing, by demystifying the process and rules.

SUMMARY OF REGULATION ISSUES

From inception, the Tasman Resource Management Plan (TRMP) contained provisions for a form of medium density development (called Comprehensive development). Then, over time, further provisions enabling medium density development incrementally have been added to the Plan:

- i. Medium density development (Compact density) was provided for in Richmond South in 2010, in Richmond West in 2014, an area of Māpua in 2015 and an area of Motueka in 2015.

Despite the above provisions, a recent assessment of building and resource consents in Richmond, Motueka and Māpua in 2019 show that overall, the settlements are not dense and opportunities for medium density development seldom have been taken up. Reasons for this may be:

- » Cultural familiarity with single storey, stand-alone dwellings.
- » The District plan provisions enable, but do not encourage or require, medium density development.
- » Cost of risk and uncertainty – other than for construction of a second dwelling which requires a Controlled consent if standards are met, medium density development has always required a relatively high level of resource consent which may be notified to affected parties and /or the consent refused.

More recently, intensive development has been encouraged around Richmond town centre through the Richmond Housing Choice Plan Change 66, operative in 2018.

The effectiveness of the rules in Plan Change 66 “Richmond Housing Choice” to encourage intensive housing

Plan Change 66 (Richmond Housing Choice) became operative in 2018 and enables smaller denser dwellings around Richmond town centre, in what is known as the Richmond intensive development area (RIDA). A recent review into its effectiveness was undertaken with applicants, their agents and consents processing staff, who all contributed their experiences of using

the rule set to date. There have been 14 resource consent applications submitted / consents granted so far using the intensive RIDA planning rules. In the past few years, there have been a further eight applications / consents around Richmond town centre for intensive development that have used the older comprehensive or compact planning rules, which also encourage denser housing development. These intensive developments have led to the creation of at least 56 net additional dwellings around Richmond.

While there was significant positive feedback concerning the rule set, there were also some problems as outlined below in Figure 12.

In exploring this feedback, we need to consider how best to refine the rules for intensive housing.

Figure 12. Feedback from applicants, consultants and processing staff on applications for intensive housing in RIDA

Positive feedback:

“The Plan Change has prompted a lot more interest in second dwellings generally in Richmond.”

“Non notification is key for applicants – any whiff of notification and the proposal will usually be dropped.” “The most important aspect of this Plan Change is its limited notification and non notification provisions.”

Problems identified:

“A guide to the rules (particularly stormwater) would help applicants immensely.”

“The rules are dense, within a very large chapter with much cross referencing.”

“The definitions for different types of residential are unclear.”

“Tension between encouraging intensification, non notified but adhering to standard residential zone rules, if you are adjacent to a standard density site.”

“Have less rules and include guidelines in urban design guide instead.”

“Infiltration requirements of stormwater rules causes problems.”



Tiny houses and the consent process

Tiny houses are usually small as the name suggests, typically measuring 25 – 30m², but size and form varies greatly as they are generally custom built. Tiny houses can be mobile, or can be constructed for a particular site. Their popularity has increased significantly in recent years, coinciding with high house prices and there is frustration among the community that they are not exempt from the usual resource consent or building consent requirements.

The rules of the TRMP that apply to dwellings or minor dwellings also apply to tiny houses – there are no exemptions. This is consistent with the fact that tiny houses can still have environmental effects that need to be considered by Council. The New Zealand Building Code does not have different requirements for a tiny house deemed to be a building so it is difficult to treat them any other way. Council would expect Central Government to lead any changes as it has the ability to change Building Act or Building Code requirements, if they consider that is necessary and/or desirable.

However under current rules, if the tiny house is the only dwelling on site and is in the Rural 2, Residential and Rural Residential zones and complies with all relevant conditions, it may not need resource consent, as the first dwelling is a Permitted Activity in these zones. In Rural 1 and Rural 3 zones, resource consent is required for the first dwelling, so a tiny house in these circumstances would need resource consent.

A tiny house measuring 80m² or less could be defined as a minor dwelling (if it is the second dwelling on a section). Resource consent is required in all rural zones for minor dwellings. In urban zones, e.g. Residential zone, minor dwellings are treated the same as dwellings and the second dwelling is a Controlled activity in the Residential zone (i.e. resource consent is required and the consent authority must grant the consent). In RIDA, minor dwellings are a Restricted Discretionary activity, needing resource consent. More than one dwelling may be constructed on a site, provided other rules are complied with. The new Tasman Environment Plan will look at ease of being able to put a second dwellings on a section.

However where subdivision is to occur, it is acknowledged that minimum lot sizes may discourage developers from proposing tiny houses since they could be below the minimum threshold permitted in the Resource Management Plan, leading to a discretionary or non-complying resource consent application. This brings with it extra time to process the consent and associated risk for the developer.

Building consent may be required for a tiny house. If the tiny house is a vehicle (under the Land Transport Act 1998), then it's important to consider whether it's also a building under the Building Act 2004. If the vehicle is also a building, consent may be required. We have produced a guide to tiny houses, see www.tasman.govt.nz/my-council/key-documents/tasman-resource-management-plan/guides.

Figure 13. Example of a tiny house



Co-housing and the consent process

Similar to tiny houses, co-housing is fast gaining popularity. Co-housing can be described as intentionally clustered housing that shares common facilities. Co-housing can be small dwellings and there is frustration among the community around the perception that existing rules in the TRMP do not enable such modern forms of housing.

Plan change 60 to the TRMP on Rural Areas made changes for co-operative living, defined as the use of land and buildings, including three or more dwellings, where a legal arrangement exists for the collective ownership or use of the land and buildings, very similar to co-housing. Policy 7.2.3.8 of the TRMP enables such rural lifestyle opportunities in Rural 1, 2 and Rural Residential zones, but resource consent is still required.

In the TRMP's Residential Zone, rules relating to comprehensive residential development (three or more dwellings) in the Residential (urban) zone may also enable co-housing developments. The TRMP also provides for a second dwelling on a title without subdivision within the Residential zone – if various conditions are met – and a Controlled level of resource content is required.

Building intensification methods such as partitioning of a house, conversion of garage/shed to a unit and the need for building consents

Some proposed building works to intensify living arrangements will be unique, but others will be common and the Building Act and NZ Building Code is complex and can deter applicants.

Such methods may include extending and altering an existing building by adding a new storey on top of an existing building; or partitioning an existing building into smaller household units, or changing the use of other existing buildings e.g. garage or shed; using smaller prefabricated buildings e.g. converting a shipping container.

Implementing the FDS' intensification recommendations

As explained in the introduction, the Nelson Tasman FDS recommends intensification areas within Richmond, Motueka, Wakefield and Brightwater. Part of Richmond is already zoned for intensive development but a further area is proposed. This, together with part of Motueka, Wakefield and Brightwater will require rezoning for higher density development if the objectives of the FDS are to be achieved.

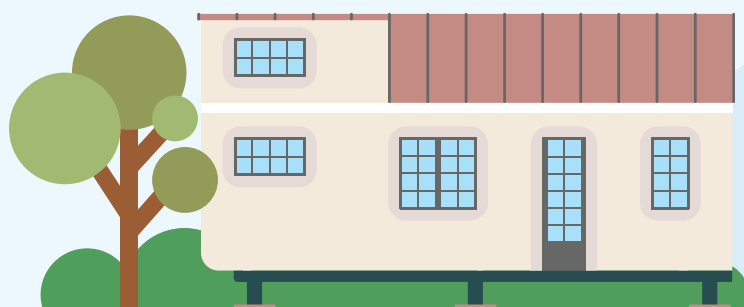
Table 4. Actions to improve the regulatory process for medium density housing and incentivise uptake

Issue	Action/method to resolve	Department responsibility	Timescale
The effectiveness of rules in Plan Change 66 for intensive housing around Richmond	<p>Feedback received from applicants, agents and processing staff has been assessed and prioritised for action. The rules for intensive housing and ease of adding a second dwelling on a section will be reviewed either:</p> <ol style="list-style-type: none">Through short term fixes in the forthcoming Omnibus Plan Change for minor alterations, orBy producing a guide to the RIDA rules, orMore holistically through the review of the TRMP now underway.Consider whether some intensification areas need urgent Plan Rule changes ahead of the TRMP review.	Environmental Policy	2020 onwards



Table 4. Actions to improve the regulatory process for medium density housing and incentivise uptake (continued)

Issue	Action/method to resolve	Department responsibility	Timescale
Tiny houses and the consent process	Production of a guide for Tiny Houses that is kept up to date with case law, to help clarify the consent pathways for applicants. Clarify rules applying to tiny houses in the new Tasman Environment Plan, with supportive policy. This may include whether minor dwellings must be the second dwelling on a section.	Environmental Policy and Building Assurance	2020 onwards
Co-housing and the consent process	Consider clarifying policy objectives and rules and that apply to co-housing in the new Tasman Environment Plan.	Environmental Policy	2021 onwards
Building intensification methods and the need for consents	Production of a customer guide that gives a range of options for possible building intensification which is focused exclusively on the regulatory requirements of the Building Act. Explain when a Building Consent is required, and what aspects the building owners need to consider to comply from a regulatory perspective.	Building Assurance	2020
Assisting applications at the pre-application stage	Council staff to continue to help applicants considering intensive housing proposals, through pre-application meetings, the use of the urban design panel and duty planner services. A large proportion of these services are already free for customers.	Consents	Ongoing
Implementing the Future Development Strategy's recommendations for intensification in the four towns	Incorporate new rules and zones in the review of the new Tasman Environment Plan that secure quality urban environments in the proposed intensification areas. Consider e.g. restricting heights of front fences so that planting on private land spills out onto the street and improves amenity.	Environmental Policy	2020 onwards



3. CONTRIBUTOR – INFRASTRUCTURE

The infrastructure work stream aims to provide certainty to developers that there is sufficient capacity in the intensification areas. Infrastructure covers water, wastewater and stormwater (known as three waters), transport and reserves.

SUMMARY OF CURRENT INFRASTRUCTURE ISSUES FOR INTENSIFICATION

Large scale of some intensification areas and associated infrastructure but slow uptake of intensification

The proposed intensification areas in Richmond and Motueka are large and will redevelop incrementally and widely. This makes it difficult to target infrastructure upgrades in the conventional way we do for greenfield developments. We cannot afford to upgrade all services in all areas to accommodate all potential future densities.

Consequently, we need to think differently about how we service intensification areas compared with greenfield sites especially for stormwater, wastewater, and transport.

Stormwater

Council requires stormwater services for new developments to accommodate:

- Most stormwater events through a primary network – typically pipes.
- Severe storms through flows paths that can carry away the stormwater without risking people or property. This is often through roads, parks, and drains and other watercourses.

Intensification will be occurring in existing areas where the network was designed for fewer homes and to a lower design standard. Today we expect:

- Primary networks for new developments to convey a 10% annual return interval event i.e. a one in 10 year storm event.
- Secondary systems are intended to convey a 1% annual return interval event i.e. a one in 100 year storm event.

Upgrading all of the urban stormwater network to meet these standards in the timeframe of the intensification recommended by the FDS would be prohibitively expensive.

Instead, Council has introduced standardised and simpler stormwater detention requirements to manage the impact of intensification. This enables stormwater to runoff newly developed land from intensification at a rate that approximates pre-development levels, ensuring that the downstream impact can be managed.

Wastewater

Council has traditionally relied on local gravity wastewater networks that are designed to take wastewater “peak demand” and provide for stormwater infiltration and inflow into the network. The stormwater flows are often six times the wastewater flows. This means there is spare capacity in the networks most of the time.

Council intends to use low pressure pump systems for intensification to enable council to make smart use of this capacity without upgrading the local reticulation. Low pressure systems provide on-site storage, enabling household discharges to be timed to occur outside of peak times such as at night when capacity is available. These systems will enable council to adopt a low investment and risk approach to making the impact of intensification on local wastewater networks.

However, our trunk mains and treatment plants will still require additional capacity and investments in response to intensification and greenfield growth. Council is planning major upgrades to its trunk mains serving Motueka, Māpua, Wakefield, Brightwater and Richmond. This includes the trunk main operated by the Nelson Regional Sewerage Business Unit from Beach Road to Bell’s Island, which services Wakefield, Brightwater, and Richmond.

Water

Managing demand on the urban water network is achieved through volumetric water charges, which are already in place in Tasman. This has been successful in constraining demand growth for several years but demand is now growing. Consequently, Council is planning on major upgrades to the water networks serving Motueka, Richmond, Māpua, Brightwater, and Wakefield to provide for both greenfield growth, and intensification.



Traditional reserve is land hungry and expensive in intensification areas

The character of the built environment will change in intensification areas, becoming denser and potentially less green. However it can be physically difficult to acquire additional land for reserves within an intensification area, as generally these developments occur incrementally, involving only one or two lots. We need multiple lots to be able to provide adequate area for a reserve. Within the Richmond intensification area, intensification is occurring at an incremental yet accelerating rate. The character of the area is already changing in places as it redevelops more densely. The value of the land is increasing and it is expensive to provide reserve land with existing houses. There are some opportunities for substitution of reserve space, for example use of school playing fields, but this limits use to outside school hours which is not ideal. We need to identify other ways of improving the amenity in intensification areas.

Use of the street space in intensification areas

Transportation agencies around the world are leading a response with bold, creative, and rapid steps to reshape their streets, and by using their existing assets differently.¹² Traffic can displace people from the street. The existing road reserve in our intensification areas may have a range of functions in the future, with the creation of 'greenways'. A greenway is a slow speed, tree lined, residential street, which allows good footpath access for pedestrians and safe roads for cyclists, due to slower moving traffic. Some road corridors can be narrowed by angling the car parking or roads can be

meandered to achieve slower traffic speeds and kerbs can be built out to allow for planting and recreation. Greenways would not substitute traditional reserves in intensification areas but would supplement them. Our streets should be places where communication and exercise can safely take place.

Richmond's intensification area, the first in the district, benefits from wide streets in places, making greenways easier to implement. Some streets may be designated as local access only, or a car lane may be closed to improve accessibility and safety for other users. Greenways can be trialled to pilot projects with the community to get local feedback and Government funding will be sought where available. There are strong links between the objectives of greenways and both active transport and stormwater infrastructure requirements. Thoughtful design of greenways could achieve a number of objectives at the same time.

In terms of the concept of reshaping our streets, a recent survey by Nelson and Tasman Councils (2020) "streets for people" attracted over 1,100 responses and half were from within Tasman District. It found that 99% of respondents identified an important aspect of streets as the ability to walk and cycle around easily and safely. 86% of respondents wanted to see a bigger focus on creating neighbourhoods for our streets rather than focusing on cars.

Planning for intensification also needs to include a public transport strategy, providing bus routes that serve these denser residential areas wherever feasible as well as extending on to regional public transport routes.

Figure 14. "Streets for Pandemic Response and Recovery" NACTO, Bloomberg Philanthropies and Global Designing Cities Initiative June 2020



Figure 15. Parklet in Beaumont Quarter, Auckland

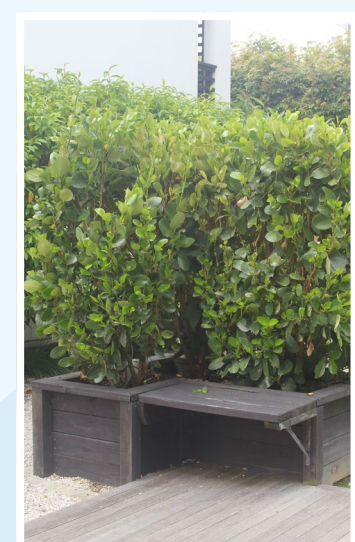


Figure 16. Existing wide road corridor in William Street, Richmond



Figure 17. Westbury Road, Walthamstow, England – low traffic neighbourhood.
Filtered permeability removes motorised through traffic



Figure 18. Stormwater infrastructure and street design, Hobsonville, Auckland



Figures 19 and 20. Introduction of modal filters, Walthamstow, England



Table 5. Actions to improve provision of infrastructure for medium density housing and incentivise uptake

Issue	Action/method to resolve	Department responsibility	Timescale
The large scale of intensification areas and associated infrastructure but slow uptake	<p>Prioritise parts of the larger proposed intensification areas in Richmond and Motueka for servicing investment (water, wastewater, stormwater, transport , reserves including greenways):</p> <ul style="list-style-type: none"> Richmond – west of Salisbury Road, in the Croucher / Elizabeth / D'Arcy Street area (see Appendix 1 for map). Motueka – Motueka West, west of High Street, south of Whakarewa Street (see Appendix 1 for map). <p>Richmond – financial support for low pressure smart pump wastewater systems in Croucher Street / D'Arcy Street area, likely to be the smart technology elements of the kit. Reduces risk of stranded assets of reticulation upgrade which would be more expensive and uptake uncertain.</p> <p>Motueka West – new water main from new water treatment plant to Motueka West in LTP 2021 – 2031. New pumping and main from Motueka West to Motueka Wastewater treatment plant in LTP. Motueka West detention and discharge route to Woodlands Drain in LTP.</p> <p>Wakefield – servicing solution to be determined by Waimea Water Strategy. Major upgrades to trunk mains required.</p>	Engineering	2020 onwards. Propose in LTP 2021 – 2031 and ongoing for future LTPs
	<p>Improve amenity in intensification areas with trial of greenways (slow speed tree lined residential streets) in a couple of streets – Richmond likely to be first. Consultation with affected residents in 2020.</p>	Reserves and Facilities, Engineering and Environmental Policy	2020 onwards
Traditional reserve is land hungry and expensive in intensification areas	<p>Greenways to be funded through transport budget in LTP and Reserve Financial Contributions. Council has secured some funding under NZTA's Innovative Streets project (June 2020) – \$132,000 for Richmond – for testing and piloting projects with the community to get local insight and feedback in real time and assess their value. Croucher / D'Arcy neighbourhood, Richmond is one of the trial areas.</p>	Reserves and Facilities, Engineering and Environmental Policy	July 2020 – June 2021



Table 5. Actions to improve provision of infrastructure for medium density housing and incentivise uptake (continued)

Issue	Action/method to resolve	Department responsibility	Timescale
Traditional reserve is land hungry and expensive in intensification areas	New Level of Service to be incorporated within LTP for transport function of greenways.	Reserves and Facilities, Engineering and Environmental Policy	2020 onwards
	Standards for greenways to be provided in amendment to Nelson Tasman Land Development Manual.	Reserves and Facilities, Engineering and Environmental Policy	2021
Use of the street space in intensification areas	Reshape and enhance some of our streets in intensification areas by using existing assets differently. Trial greenways.	Reserves and Facilities, Engineering and Environmental Policy	July 2020 – June 2021
	Ensure transport planning activities consider the proposed intensification areas and create active transport opportunities nearby. Continue to progress the active transport strategy to inform the LTP 2021 – 2031 to increase use of active modes of transport in Tasman and reduce reliance on the car.	Engineering and Environmental Policy	2020 onwards
	Public transport strategy to be progressed, informing Regional public Transport Plan providing bus routes that serve these denser residential areas wherever feasible as well as extending on to regional public transport routes. Provide alternatives to the private car. Use FDS to leverage funding from Central Government.	Engineering	2020 onwards
Ensure adequate vehicular access is provided to the intensification areas	<p>With the growth of population and therefore vehicles including freight on the roads in Tasman District, it is important to also plan for vehicular capacity within the road network surrounding our intensification areas. The following projects being progressed by NZTA, TDC and NCC will inform the Regional Land Transport Plan:</p> <ul style="list-style-type: none"> • Richmond programme business case. • Richmond Network Operating Framework. • Nelson Future Access project. 	Engineering	2020 onwards



4. CONTRIBUTOR – COSTS

The costs work stream aims to reduce council costs associated with developing smaller denser dwellings and make them more effective in incentivising intensification.

SUMMARY OF CURRENT COST ISSUES

Existing Development Contributions discount for small dwellings needs refining

A development contribution (DC) is a one off charge by Council to cover growth related costs for infrastructure, namely water, wastewater and stormwater and transport. DCs are collected at the resource consent and building consent stages or where a service connection is authorised. Since July 2018, Tasman District Council has administered a 'special assessment' for small dwellings built in the District, so that a discount for DCs is allowed of up to 50%. This came into force around the same time as Plan Change 66, (Richmond Housing Choice) as a non-regulatory incentive. Since July 2018 20% of residential building consents have benefitted from the discount (that is 42 out of the 202 BCs that qualified for DCs).

The rationale for the discount was based on 2013 Stats NZ data that showed smaller homes use less water, produce less waste and use roading less.¹³ However the existing policy needs refining. It sets a floorspace threshold and numbers of bedrooms threshold for proposals to qualify for the 'special assessment' (discount).

However the floorspace threshold (110m²) penalises two storey dwellings as it applies to whole floorspace, not just building footprint. Two storey dwellings are proposed in all the FDS intensification areas and three storey dwellings are proposed in some. The discount threshold therefore needs to be refined in order to encourage two and three storey small dwellings which use land more efficiently than single storey dwellings.

Further refinement is needed in relation to the definition of minor dwellings. The definition of minor dwellings in the DC policy (less than 65m²) does not match the definition in the TRMP and this causes confusion.

Figure 21. Extract from 2018 Development Contributions Policy (Tables 5 and 6)

Small homes special assessment guidance

	Minor	Small	Standard
Criteria A: Dwelling size (gross floor area m ²)	<65	<110	≥110
Criteria B: No. of Bedrooms	1	≤3	≥4
HUD discount (all services)	50%	25%	Nil
Proportion of HUD payable for all charges	0.5	0.75	1

Small homes top up charges

Type of extension	Top up proportion payable	Total proportion paid
Extend minor dwelling to a small dwelling	0.25	0.75
Extend minor dwelling to a standard dwelling	0.5	1
Extend small dwelling to a standard dwelling	0.25	1

Refunding DC discount to the housebuilder not the subdivider

Where the DC discount is not granted at resource consent stage due to insufficient clarity or the land is not being subdivided, it may be granted at building consent stage, when more certainty exists. Currently the refund is given to the developer (subdivider) rather than the house purchaser (who pays for the DCs in the purchase price), or the housebuilder. In this way it doesn't incentivise the housebuilder to build a smaller dwelling.

There are however legal implications of refunding a different party to the one that paid the DCs originally and to date we have been unable to find a satisfactory work around.

Community housing providers currently have to pay DCs for affordable housing

Community housing providers active in the region, such as Nelson Tasman Housing Trust and Habitat for Community make a valuable contribution to the provision of affordable housing. DCs typically form approximately 7% of development costs. While this is not a huge proportion of overall costs, exempting community housing providers (CHPs) from this cost will help with the funding package feasibilities that CHPs have to prepare for Central Government. While the volumes of houses built by CHPs in the District are relatively small, the actual dwellings are small, (in order to be affordable) and therefore contribute to the stock of intensive housing.

Resource consent fees potentially discouraging provision of intensive dwellings

Resource consent fees are sometimes singled out as a deterrent to applicants considering a housing development. Typically resource consent fees (if the application is not notified) comprise only 1 – 2% of overall development costs. The percentage of resource consents notified at Tasman Council is very low. During 2018/19 of Tasman District Council's 846 resource consent applications, only five were publicly notified and 23 limited notified, which represents just 3%.

While resource consent staff's processing time is generally recovered, since it constitutes important revenue to Council, much of the pre-application discussion time is not charged to the applicant. This includes pre-application meetings, use of the Urban Design Panel and duty planner advice. In this way resource consent fees are already discounted for potential applicants.

Non-notification of proposals is undoubtedly of greater help to applicants, as this ensures the fees are kept much lower. Plan Change 66 (Richmond Housing Choice) tries to avoid notification of applications where the application complies with conditions of rules.

Of the 14 applications submitted to date using the Richmond intensive development area planning rules, 11 have not been notified. The remaining three current applications have yet to be decided on. Written neighbour approvals (obtained prior to or once decided notification required) can also quicken the consent processing time and therefore reduce cost.

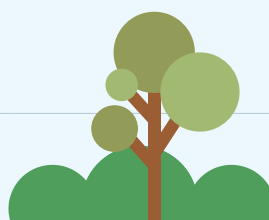
Rates remission policy potentially discouraging land use change to higher density housing

Tasman District Council currently operates a rates remission policy. This policy may apply in circumstances such as where an area zoned business or rural is rezoned by the Council to residential. Although the landowner benefits from a windfall from rezoning to a higher property value, the rates that are set based on property value may also increase. In such situations land owners can receive a remission to their rates indefinitely. If this rezoning was to a higher density of housing with rules permitting intensive development, there is no incentive for a timely land use change, and this is working against the incentivising of intensification. Currently the rates remission is accounted for by the rest of the community's rates being higher, although during 2019/2020 this amount only totalled a few thousand dollars. The more significant issue is the lost land that could theoretically be developed sooner for more intensive housing if landowners were not receiving rates remissions.



Table 6. Actions to improve council costs and their effectiveness in incentivising uptake of medium density housing

Issue	Action/method to resolve	Department responsibility	Timescale
Existing Development Contributions discount for small dwellings needs refining	<p>Retain existing thresholds ($\leq 110\text{m}^2$ and \leq three bedrooms) but clarify that the 110m^2 threshold relates to the outside building footprint. In this way two and three storey intensive dwellings will not be penalised and may qualify for discount.</p> <p>Tighten up the definition of bedroom (see Appendix 2 for suggested definition).</p> <p>Redefine minor dwelling in DC policy so that it matches definition in TRMP as up to 80m^2 in area excluding garage, and up to 120m^2 if includes attached garage.</p> <p>To propose changes in DC policy through LTP 2021 – 2031 and budget for discounts in DC forecast.</p>	Engineering and DC Administrator	2020 onwards through LTP and review effectiveness in next LTP
Refunding discount to the housebuilder not the subdivider	<p>Continue to seek to resolve this issue with further exploration and legal advice. Ultimately trying to incentivise the housebuilder to construct a smaller dwelling with possibility of qualifying for discount.</p>	Engineering and DC Administrator	LTP 2024 – 2034
Community Housing providers (CHPs) currently pay DCs for affordable housing	<p>Propose changes to the DC policy through LTP 2021 – 2031, so that CHPs are exempt from DCs.</p> <p>Budget for exemption in DC forecast.</p>	Engineering and DC Administrator	2020 onwards
Resource Consent fees potentially discouraging provision of intensive dwellings	<p>Continue to operate with much pre-application discussion time being free of charge. This includes some pre-application meetings, use of the Urban Design Panel and duty planner advice. This provides a discount to resource consent fees. Look to retain principles in drafting of new Tasman Environment Plan of non-notification of intensive developments where conditions of rules are met.</p>	Consents and Environmental Policy	2020 onwards
Rates remission policy potentially discouraging land use change to higher density housing	<p>Council to reconsider rates remission policy during the next LTP 2024 – 2034, with the possibility of a sunset clause being introduced for rates remission.</p>	Corporate	2023 onwards for LTP 2024 – 2034



REFERENCES

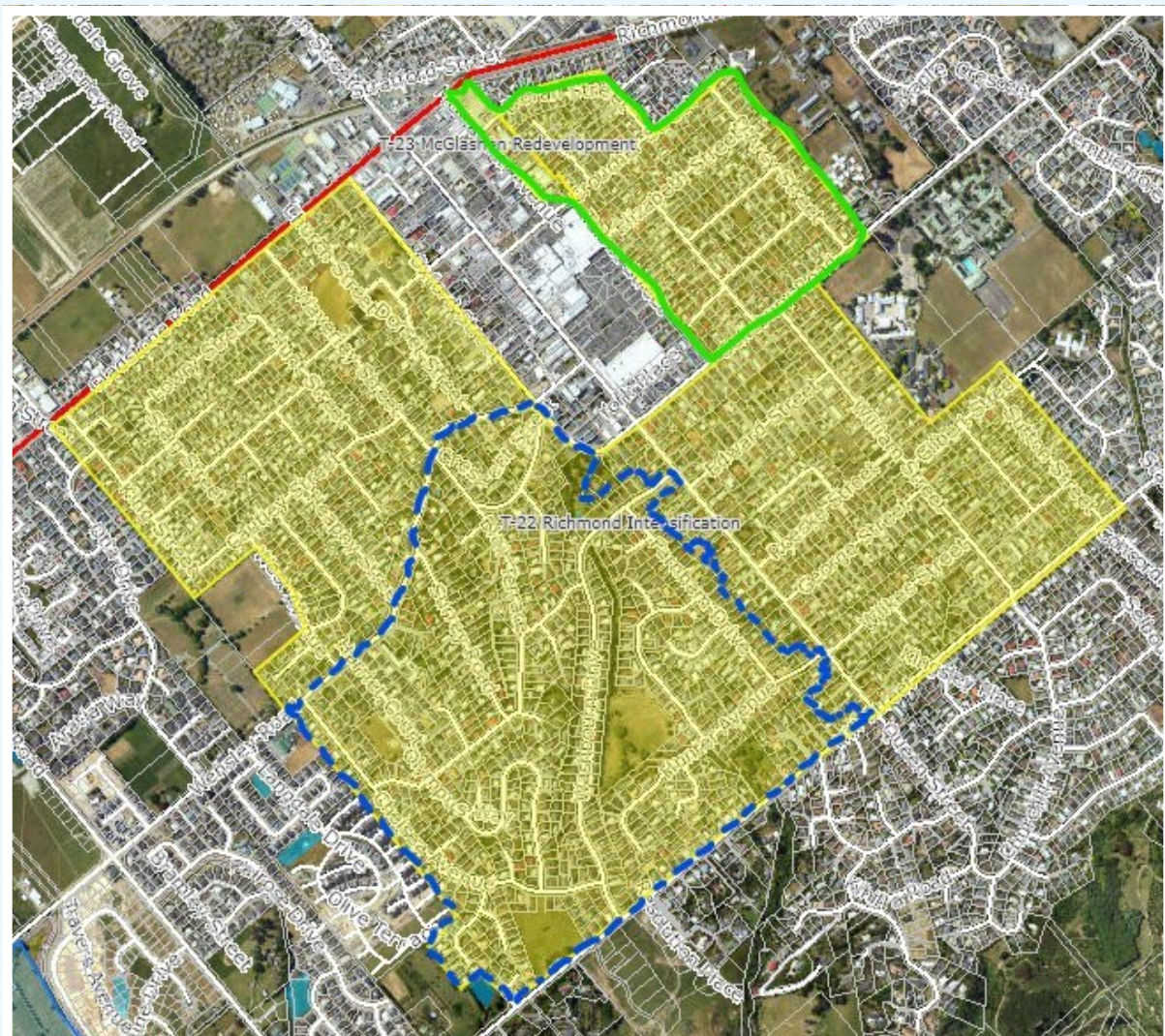
1. Sense Partners (April 2020) "Understanding the impacts of releasing greenfield sites for development".
2. BRANZ "Defining medium density housing" 2017.
3. Sense Partners (April 2020) "Understanding the impacts of releasing greenfield sites for development".
4. Communitrak 2019 survey (Tasman District Council survey of residents).
5. Ibid plus Stats NZ data.
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7. Population, household and dwelling projections 2018 – 2053, Tasman District Council (Natalie Jackson Demographics Ltd).
8. 2018 Census.
9. 2018 Census.
10. Wellington City Council "The Housing Viewpoints Report" 2014, Dunedin City Council "The Housing We'd Choose, Housing Framework Predictions" 2019 and Auckland City Council "The Housing We'd Choose" 2015.
11. Cityscope consultants (2011) "Improving the Design, Quality and Affordability of Residential Intensification in New Zealand for the Centre for housing research" found that understanding the motivations of people in the housing market means understanding the values associated with housing in general. The collection of key attributes – safety, security, space and ambience – which people seek, can be encapsulated in the notion of domain. This incorporates ownership (security), control (privacy), a distinct physical entity (a detached house and yard), aesthetics (garden, views, open spaces), and a place in the local community (belonging). This is consistent with the approach retirement villages take in their planning. As domain strengthens, people are less likely to move out of their current neighbourhood or beyond nearby neighbourhoods even when they do shift. The attributes of domain will differ among groups. Adopting this view of the meaning of housing, though, suggests that apartments in inner city locations are more significant in terms of change and transience in living arrangements, career commencement and progress, and personal relationships, than in terms of attachment to place. As a living arrangement, they are intrinsically unstable. In a sense, one's domain is not fully formed in inner-city high density housing. It may be this sense of impermanence that colours judgements of multi-unit living by other, more settled groups. These conclusions are consistent with the finding that ageing alone is not sufficient to trigger a reduction in house size and a shift towards the "amenity-rich" city and town centres.
12. Streets for Pandemic Response and Recovery" NACTO, Bloomberg Philanthropies and Global Designing Cities Initiative June 2020.
13. The mean average number of residents of one and two bedroom dwellings generally is at least half of the number for dwellings with three or more bedrooms for New Zealand, Nelson, Tasman and particularly for Richmond. Also residents are older. This incentive is therefore linked to demand measures.



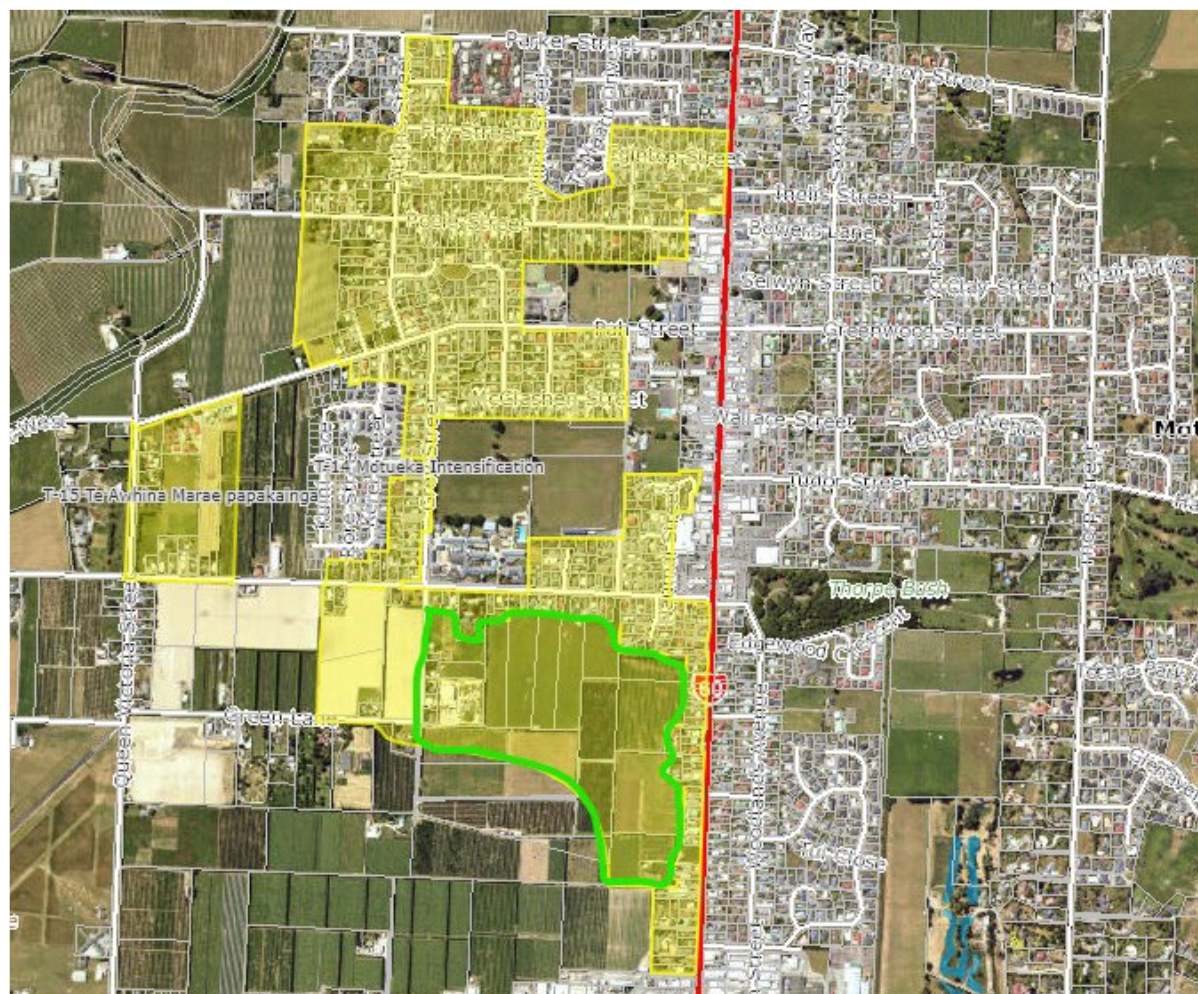
APPENDIX 1

MAPS SHOWING EXTENT OF PREFERRED INTENSIFICATION AREAS WITHIN RICHMOND AND MOTUEKA

Richmond intensive development area – mainly already operative (yellow area), partly proposed in FDS (blue dash). Preferred area: Croucher – D'Arcy neighbourhood (ringed green).



Motueka proposed intensification area in FDS (yellow). Preferred area: Motueka West (ringed green).



APPENDIX 2

DRAFT DEFINITION OF BEDROOM FOR REVISED DEVELOPMENT CONTRIBUTION POLICY

Bedroom means any habitable space within a residential unit capable of being used for sleeping purposes and can be partitioned or closed for privacy including spaces e.g. "games", "family", "recreation", "study", "office", "sewing", "den", or "works room" etc. but excludes:

- Any kitchen or pantry;
- Bathroom or toilet;
- Laundry or clothes-drying room;
- Walk-in wardrobe;

- Corridor, hallway, or lobby;
- Garage; and
- Any other room smaller than 6m².

Where a residential unit has any living or dining rooms that can be partitioned or closed for privacy, all such rooms bar one shall be considered a bedroom.

A habitable space may or may not have ablution facilities attached, and is built to a habitable standard.

