

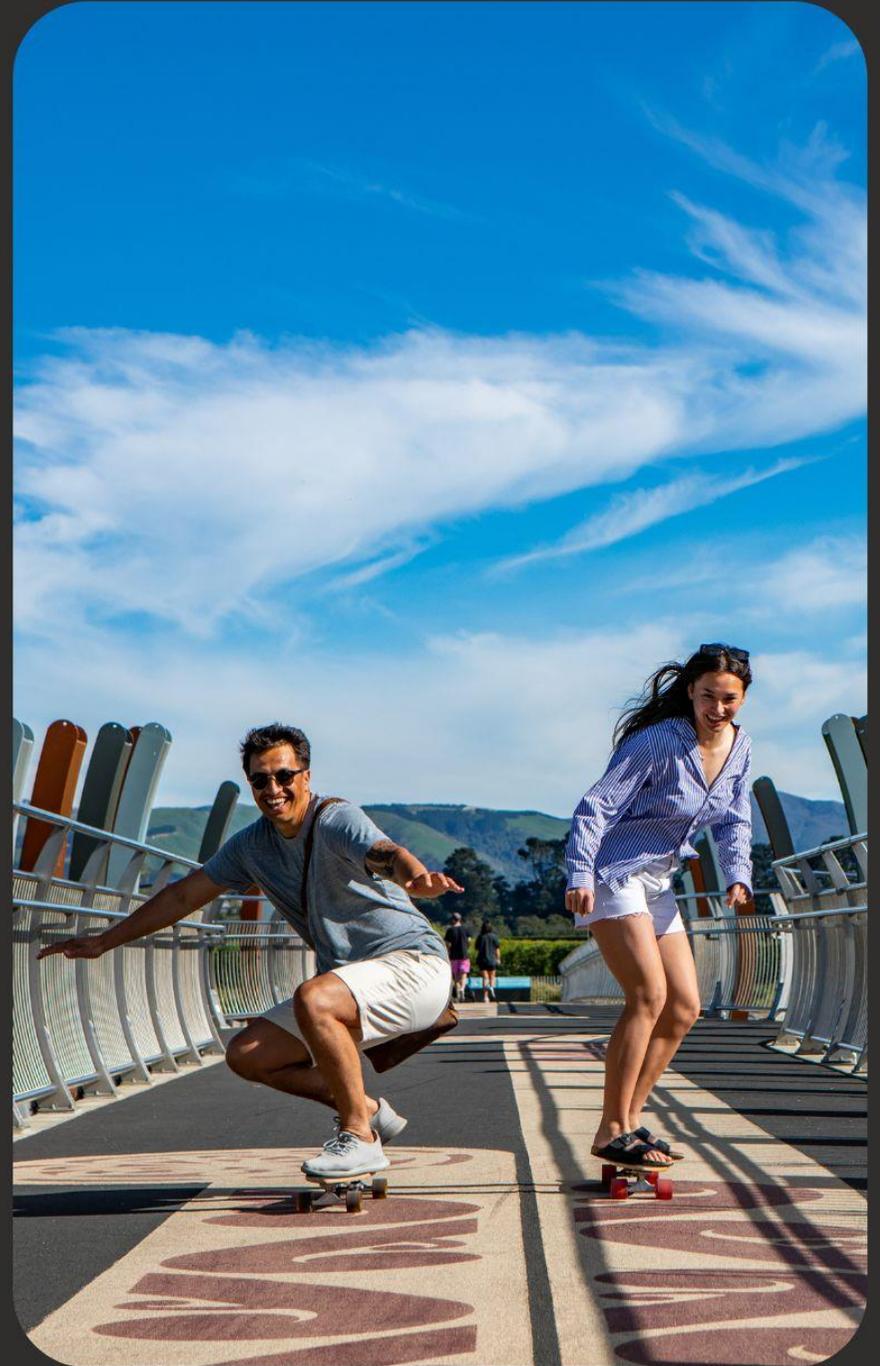
Palmerston North

# Future Development Strategy 2024

STATEMENT OF PROPOSAL (DRAFT)

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26 March – 5 May



City land area

**39,500**  
hectares

Population

94,400 (2023)  
**117,695 (2054)**  
24.7% increase

Homes  
required based  
on population  
forecasts

**Short term**  
892

**Medium term**  
3010

**Long term**  
5891  
(total 9884)

Business and  
industrial land  
required based  
on population  
forecasts

**Short term**  
24.3 hectares

**Medium term**  
70.7 hectares

**Long term**  
185.6 hectares

**Key**

**Short term** | Within the next 3 years

**Medium term** | Between 3 and 10 years

**Long term** | Between 10 and 30 years

# Palmy is strategically located for growth

Enough land  
for housing  
growth?

Short term ✓

Medium term ✓

Long term ✓

Enough land  
for business  
growth?

Short term ✓

Medium term ✓

Long term ✓

Natural  
city  
boundary



Flood prone areas  
**Northwest and Southeast of the city**



Highly productive land  
**West, North and East**



River terraces and gully systems in  
**the Aokautere area to the South**

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# Introduction

With more people choosing to live and work in Palmy our population is growing fast. This means we need to carefully plan how we provide more space for new homes, businesses and industry, while protecting our environment and other things that make Palmy a great place to live.

The government requires a strategy for future development in Palmerston North and the wider district. This requirement is specified in the National Policy Statement on Urban Development, which sets out the objectives for planning well-functioning urban environments

Palmerston North City Council and Horizons Regional Council are jointly responsible for preparing the Future Development Strategy ('the Strategy') which will guide how Palmerston North and the wider district grows over the next 30 years.

The draft strategy brings together a lot of planning we've been doing over the last 20 years, for example land use strategies and plans for Business (2001), Residential (2011), Rural-Residential (2012), and Palmerston North Integrated Transport Initiative (Transport - 2021). It has also been shaped by information from our latest Housing and Business Development Capacity Assessment (December 2023), which estimates how many homes and how much business and industrial land we'll need to meet demand over the next 30 years.

Our draft Future Development Strategy takes a bird's-eye view of what type of urban development will occur and where in Palmerston North in the coming decades. It does not provide the detail that will enable site-specific planning.

A range of other, more detailed planning processes are required before a development project is shovel-ready. This includes:

- Engaging with affected stakeholders and property owners.
- Investigations such as transport and stormwater modelling, and geotechnical assessments.
- Preparing Master Plans/Structure Plans.
- District Plan zoning and related plan changes.
- Regulatory permissions including subdivision, land use and building consents and engineering approvals.

The Strategy informs a range of other Council planning processes, including our Long-Term Plans and Infrastructure Strategies, priorities and decisions in regional land transport and public transport plans.

## **We are keen to get community feedback on the draft the Future Development Strategy.**

The draft strategy can be found in the following locations:

- Palmerston North City Council website [pncc.govt.nz/FDS](https://pncc.govt.nz/FDS)
- Horizons Regional Council website <https://haveyoursay.horizons.govt.nz>
- Palmerston North City Council, Customer Service Centre, 32 The Square, Palmerston North
- Horizons Regional Council, 15 Victoria Avenue, Palmerston North
- Any Council Library – Central, Ashhurst, Awapuni, Roslyn, Linton and Te Pātikitiki

**You can give your feedback between 26 March – 5 May 2024. See page 15 of this Statement of Proposal for more details on how to do this.**

# Background – Developing the strategy

Over the last year, we have been preparing a draft strategy, looking at:

- what a “well-functioning urban environment” means for Palmy,
- iwi and hapū aspirations for urban development,
- opportunities and constraints to growth,
- our growth needs and where growth could occur
- growth-related infrastructure requirements.

We’ve had input from key stakeholders who also have a significant interest in the future of our city, like Rangitāne o Manawatū, NZ Transport Agency Waka Kotahi, Kāinga Ora, KiwiRail, the Ministry of Health, the Ministry of Education, Transpower, Powerco and our neighbouring councils.

As we have developed the draft, we have also been guided by Palmerston North City Council’s strategic direction, which sets out our goals for the district and shows how we will achieve our vision for Palmerston North: **“Small city benefits, big city ambition”**. It’s also informed by Horizons’ vision for the broader region: **“Our place – a healthy environment where people are thriving”**.

# Our proposed 30-year growth strategy – An overview

Over the next 30 years we need to ensure there is enough housing, business and industrial land for our growing population. Housing and business/industrial growth needs will be met through a balanced approach of growing up, growing in, and growing out (see maps on pages 6 and 7).

**GROWING UP** Providing for growth in our existing urban environments through increasing density.

This also incorporates **GROWING IN**, which means repurposing/rezoning pockets of industrial land and two previously identified reserves in the city that are not required to meet community or recreation needs in the city for housing. It also means continuing to enable housing above ground floor level within the city centre.

**GROWING OUT** Providing for growth via greenfield (undeveloped) areas at the edges of the city.

The timeframes we are working with are:

- Short term – Within the next 3 years
- Medium term – between 3-10 years
- Long term – between 10-30 years

A balanced growth approach will allow us to cater for a wide range of housing and business preferences and allow us to manage different types of growth in different parts of the district. We can enable the intensification of our existing housing, business and industrial land while still enabling greenfield growth to meet market demand.

This approach will also accommodate our growing population within the existing urban area while allowing areas zoned for greenfield growth to last longer.

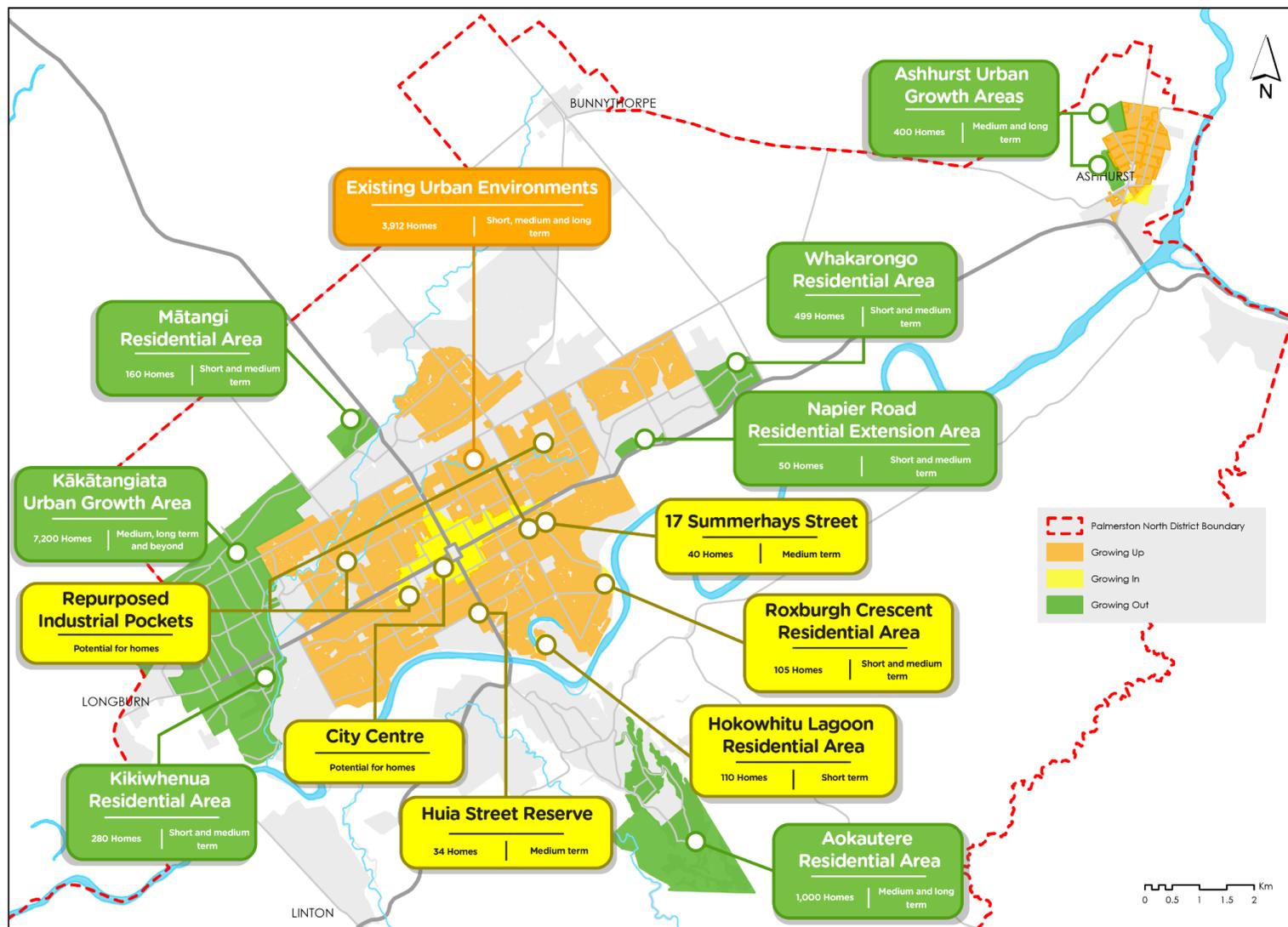
**For more information, see the Draft Strategy:**

- Section D: Where will growth occur?
- Appendix 4: How we have landed on where growth will occur

# Proposed Palmerston North 30-year growth strategy

	Housing	Timeframe	Business/Industrial	Timeframe
<b>GROWING UP</b>	We will <i>grow up</i> by enabling subdivision and redevelopment of existing properties at more intensive rates than we have historically (where appropriate) and rezoning parts of the city to enable medium density housing.	Short, medium and long-term	We will <i>grow up</i> within our existing business, airport, and industrial zones through enabling subdivision and redevelopment of existing sites at higher densities than we have historically (where appropriate)	Short, medium and long-term
<b>GROWING IN</b>	We will <i>grow in</i> at the Hokowhitu Lagoon Residential Area, Roxburgh Crescent, the Huia Street and Summerhays Reserves, and our city centre (zoned inner and outer business zone).  We could also <i>grow in</i> at some industrial pockets on Featherston Street, Joseph Street, West Street, Botanical Road and the Albert Street Depot if these are found to be suitable.	Short, medium and long term	We could <i>grow in</i> by repurposing the land at Tremaine Avenue vacated by KiwiRail following the development of the new Regional Freight Hub.	Long term
<b>GROWING OUT</b>	We will <i>grow out</i> at our already zoned greenfield areas Kikiwhenua, Mātangi, Whakarongo, and the Napier Road Extension Residential Areas.  We will <i>grow out</i> at Aokautere, Kākātangiata, Ashhurst. Kākātangiata will continue to provide for another 4,241 homes beyond the 30 year time period covered by the Strategy.	Short – medium term  Medium – long term	We will <i>grow out</i> to provide for industrial demand at our existing greenfield area the North East Industrial Zone Extension Area.  Te Utanganui will form a key part of <i>growing out</i> , expanding the northern industrial edge of the city in stages over the next 30 years.  We could <i>grow out</i> at the Braeburn Industrial Area by changing the planning rules to provide for general industrial use if required.	Short, medium and long-terms.
<b>Overall picture</b>	Provided we deliver our growth plan, we will have enough land to meet expected demand for <b>housing growth</b> over the next 30 years.		Provided we deliver our growth plan, we will have enough land to meet expected demand for <b>business and industrial growth</b> over the next 30 years.	

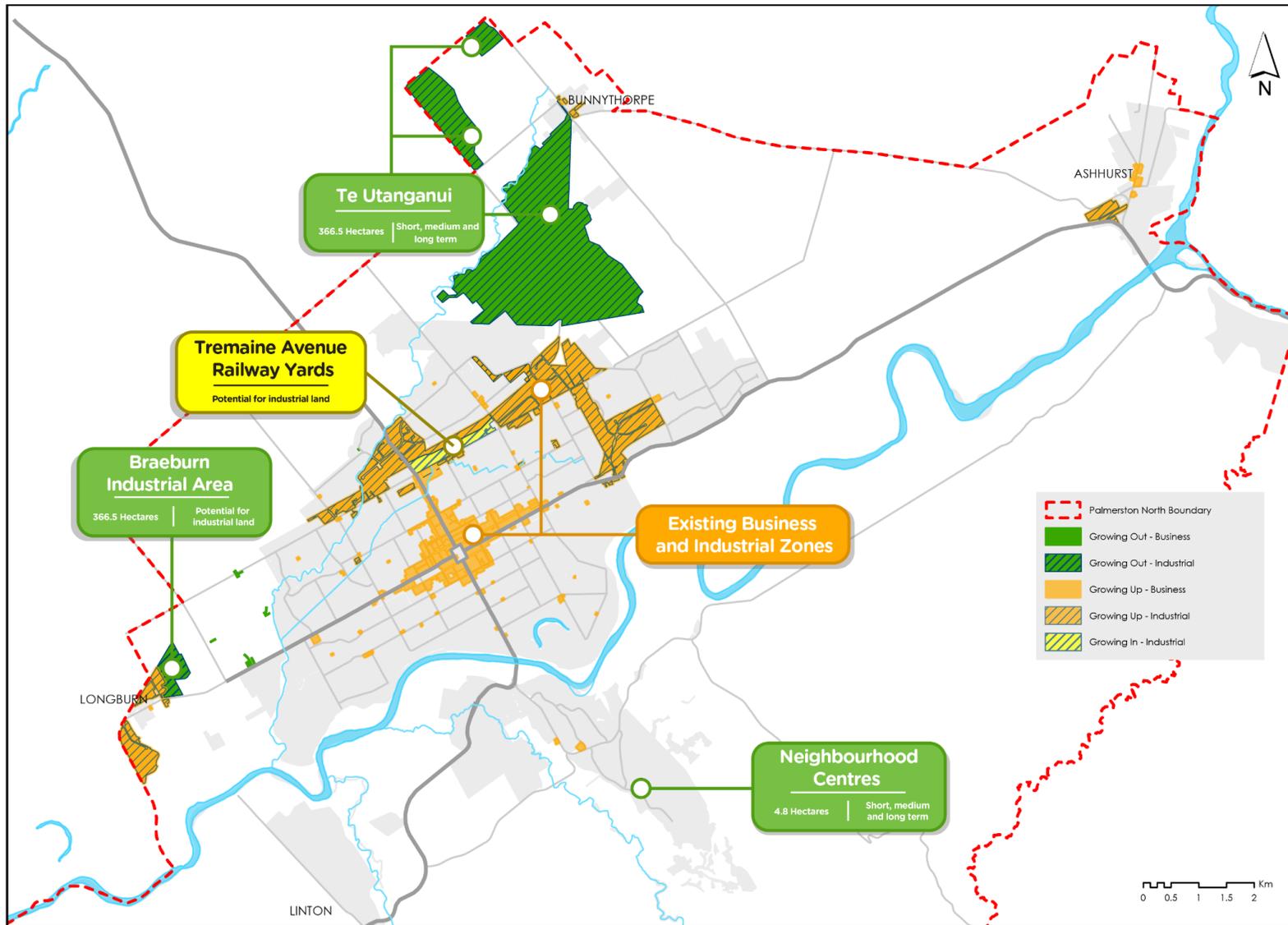
# Palmy's 30-year growth picture - Housing



## What do you think? Is there anything we have missed?

See Map 3 in Section D: *Where will Growth Occur?* in the Draft Strategy for more detail and give us your feedback.

# Palmy's 30-year growth picture - Business and industrial



## What do you think? Is there anything we have missed?

See Map 7 in Section D: *Where will Growth Occur?* in the Draft Strategy for more detail and give us your feedback.



# What factors did we consider when drafting the strategy?

We think that in Palmerston North, our urban environments will thrive and be well-functioning when:

A variety of options for living and business needs are available	Housing and business land is affordable	Moving between home, work and recreation is straightforward and safe	Our environmental footprint is light and community resilience is high	Our urban spaces demonstrate quality urban design features	The aspirations of Rangitāne o Manawatū for the future growth and development of the city are realised
There are different housing options in terms of type, location and cost	We support a healthy and competitive land and development market by making sure the right amount of land is ready and available at the right time, in the right places	Our urban spaces are compact, orderly, safe and connected	We support reductions in greenhouse gas emissions	Buildings and public spaces incorporate and demonstrate urban design to enhance our communities' quality of life and experience of the urban environment	A city with minimal environmental impact
Māori have the ability to express their cultural norms and traditions including papākainga options			The impact of urban growth on highly productive land is minimised		A city with a strong identity based on its own story
A range of suitable sites are available for different business sectors, in terms of site size and location		Public and active transport options are safe, easy and efficient	We plan and design for resilience to the impacts of climate change		A city that embodies Te Tiriti partnership
			We work with, not against, the natural characteristics of our location to promote community and environmental wellbeing		A city that prioritises the mauri and health of waterbodies and connections to them
					Affordable, healthy and accessible housing options
					Māori development (including papakāinga, cultural hubs and new marae) is a readily available option

Do you agree? See Section C in the Draft Strategy for more detail. Is there anything we have missed? Give us your feedback.

# Opportunities

We've identified several opportunities that could provide for, and drive, housing and business and industrial growth in the city.

Some housing development opportunities are:

- repurposing pockets of industrial land and two reserves that are currently located within residential areas:
- examples of industrial land that can be repurposed: Roxburgh Crescent industrial area, and the Albert Street Depot,
- the two reserves that can be repurposed: Huia Street Reserve and the Former Terrace End Bowling Club on Summerhays Street. Both of these have been identified as no longer required for community and recreation purposes.
- vacant upper-level floors in business zone buildings
- considering how we might provide for smaller sections with smaller houses.

Some business development opportunities are:

- Redeveloping existing buildings in our business and industrial zones to a higher level of density,
- Redevelopment and refurbishment of earthquake prone buildings (for business and residential use)
- Leveraging the KiwiRail Regional Freight Hub and the Palmerston North Integrated Transport Initiative to support freight and logistics industry growth
- More efficient transport links between Wellington and Palmerston North could allow us to provide for some of Wellington's industrial growth here.

See *Section D* of the Draft Strategy for more discussion about growth opportunities in the city.

**What do you think? Is there anything we have missed?**

# Constraints

The Strategy takes into account constraints on growth.

- Geographical constraints, like flooding and stormwater, liquefaction, erosion risk, and protecting our productive rural land.
- Built constraints, like airport zones, the railway network, the National Grid, and flood protection structures, etc.

We have shown the affected areas on maps in the Draft Strategy.

Another significant constraint to growth is affordability (see below).

Our constraints to growth are discussed and mapped in Appendix 1 of the Draft Strategy.

**What do you think? Is there anything we have missed?**

# Affordability – a key growth constraint

The infrastructure required to support urban growth is very expensive. Roading and footpaths, water, wastewater, stormwater, as well as walkways, cycleways and other recreational infrastructure impose a significant cost on communities and ratepayers because councils have to borrow to fund this supporting infrastructure.<sup>1</sup> Some roads and footpaths are subsidised by central government if they meet certain criteria, however ultimately, the bulk of the cost of development infrastructure lands on the ratepayer.

Some growth options are more expensive than others. Developing completely new areas (“greenfield” or “growing out” growth) costs the most, while intensification or repurposing of existing urban areas (“growing up” and “growing in”) can be more cost-effective because existing infrastructure may only require upgrades or replacements to allow for the additional capacity.

Palmerston North City Council funds growth infrastructure through debt and development contributions (a fee the developer pays to help shoulder the cost of the infrastructure required for their project).

Council is facing high debt levels in the coming decades due to increasing costs of doing business as usual (it is costing more to provide the same levels of service), the Nature Calls project, and funding the cost of growth.

## Some ways Council can manage the cost of growth are

1. Prioritising intensification of the existing urban area
2. Managing the timing and location greenfield growth through “staging”.

To stay within proposed debt limits Palmerston North City Council has delayed funding of development and additional infrastructure for Kākātangiata and Ashhurst and is proposing to use a mix of Council debt (Long Term Plan funded) and external funding mechanisms to fund the infrastructure (for example, developer agreements or Crown Infrastructure Partners Funding).

The approach to funding growth infrastructure adopted by Council in its proposed 2024-34 Long Term Plan differs based on whether the growth is in future greenfield areas, the existing urban area and/or land about to be zoned, or development in already zoned land.

Funding of the Kākātangiata and Ashhurst growth areas’ infrastructure through Infrastructure Financing and Funding levies is still subject to an application to Crown Infrastructure Partners. If the application was to be unsuccessful this may impact the shape of our growth strategy. In addition, these changes do not prevent developers lodging private plan change applications enabling development sooner than we have scheduled the funding to support growth. If private plan change applications were received this may also impact the shape of our growth strategy.

Infrastructure affordability is a significant issue for Palmy in the short, medium and long term. We must stage our infrastructure investment in a way that ensures we can provide enough housing and business space for a growing population and is still affordable for our community. See page 8 for how growth in different areas of the city will be staged.

**For more information on affordability challenges, see the consultation document for the Palmerston North City Council’s Long-Term Plan at**

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<sup>1</sup> Horizons Regional Council is responsible for flood protection infrastructure and providing public transport services. Flood protection infrastructure is less impacted by growth than other types of infrastructure because there is little discretion about where stopbanks are required. Public transport is guided by urban development and growth and is a key part of a well-functioning urban environment. Funding for public transport is a mixture of crown funding (via NZTA) and local funding (via rates). While the cost of planning for, and delivering public transport can be quite high, Horizons is generally not as impacted by the costs associated with growth to the same degree as Palmerston North City Council.

## Analysis of options

In preparing this Strategy, we considered four possible future growth scenarios for Palmerston North.

For more detailed analysis, see *Appendix 3* of the Strategy.

	Advantages	Disadvantages	Role in the final proposal
<p><b>SCENARIO 1: GROWING UP &amp; GROWING IN</b> Providing for growth in our existing urban environments through infill and intensification</p>	<ul style="list-style-type: none"> <li>• Efficient use of existing residential and business land and infrastructure</li> <li>• Avoids highly productive land</li> <li>• Promotes increased accessibility, including efficient public and active transport options</li> </ul>	<ul style="list-style-type: none"> <li>• May be difficult to match demand and supply as increasing density requires a shift in market preferences</li> <li>• The market may deliver traditional infill (e.g. 2-lot subdivision) but not new forms of intensification that are needed to fulfil housing demand</li> <li>• Stormwater constraints throughout the city means Growing Up is likely not possible in some areas</li> </ul>	<p>Part of a Balanced Growth approach. This is the focus across all terms because it balances meeting demand, environmental impact, and infrastructure affordability.</p>
<p><b>SCENARIO 2: GROWING OUT</b> Providing for growth via greenfield (undeveloped) areas at the edges of the city where bare land without services is repurposed for urban development.</p>	<ul style="list-style-type: none"> <li>• Familiar to the local market and community which is used to the outward expansion of the city</li> <li>• Structure planning can be used to manage where and how development occurs in a coordinated manner</li> <li>• Planning, design, and new infrastructure can take into account projected impacts of climate change.</li> <li>• Allows us to avoid development in inappropriate parts of the city to grow i.e. where stormwater constraints exist.</li> </ul>	<ul style="list-style-type: none"> <li>• As well as the initial capital costs for infrastructure, the ongoing costs would be high as there would be a larger number of roads, pipes, and other infrastructure to maintain over time</li> <li>• Increased need for additional infrastructure – such as flood protection schemes, stormwater treatment, public transport routes, and parks</li> <li>• Would put pressure on highly productive land and other constraints (see Appendix 1 of the Strategy)</li> <li>• Higher carbon emissions due to increased travel distances (to core business, citywide reserves, schools, entertainment facilities) and consuming more materials through all new infrastructure and development.</li> </ul>	<p>Part of a Balanced Growth approach.</p> <p><b>Short – medium term:</b> we will grow out at our already zoned greenfield areas Kikiwhenua, Mātangi, Whakarongo, and the Napier Road Extension Residential Areas</p> <p><b>Medium – long term:</b> We will grow out at Aokautere, Kākātangiata, Ashhurst</p>

	Advantages	Disadvantages	Role in the final proposal
<p><b>SCENARIO 4: VILLAGE GROWTH</b> A focus on greenfield and infill growth in our rural villages; Ashhurst, Bunnythorpe, Longburn and Linton</p>	<ul style="list-style-type: none"> <li>Increases the viability of community facilities and local businesses in our villages</li> <li>Urban structure plans can guide growth according to current and future needs.</li> </ul>	<ul style="list-style-type: none"> <li>Higher infrastructure costs due to infrastructure having to be spread out further</li> <li>Increased pressure on highly productive land</li> <li>Higher carbon emissions through new infrastructure and longer travel times for new residents</li> <li>Possible change to village character and associated community response</li> <li>Does not recognise demand for land, particularly housing land, is generally in Palmerston North and Ashhurst</li> </ul>	<p>Part of a Balanced Growth approach. <b>Medium- long term:</b> <i>Growing Up, In, and Out in Ashhurst and Growing Up in Longburn and Bunnythorpe.</i></p>
<p><b>SCENARIO 4: BALANCED GROWTH</b> A mixture of <i>Growing Up, Growing In, Growing Out, and Village Growth.</i></p>	<ul style="list-style-type: none"> <li>Most likely to match demand and supply in the right locations, size, and market for both business and housing</li> <li>Greenfield and medium density areas can be identified and designed to optimise infrastructure requirements and carbon impacts</li> <li>Can continue to enable infill subdivision and more intensive development and redevelopment to maximise the development life of new greenfield areas</li> </ul>	<ul style="list-style-type: none"> <li>Spreads infrastructure demands across the city rather than in one specific direction</li> <li>Possible negative community reaction both ways, i.e. not doing enough to address market demands or manage effects of new development</li> </ul>	<h1>Preferred Option</h1>

### Why the balanced approach is the preferred option

A balanced approach to growth recognises the city boundary imposed by the natural environment and respects our highly productive and flood prone land, while providing for expected market demand across a range of types and locations. It will allow us to cater for a wide range of housing and

business preferences and allow us to manage different types of growth in different parts of the district. We can enable intensification options while still enabling greenfield growth to meet market demand and recognise the constraints that occur within our existing urban environment.

This approach will accommodate an increasing population within the existing urban area while allowing areas zoned for greenfield growth to last longer – noting that even in our greenfield areas we will still incorporate housing choice through higher densities.

# Consultation process

The Future Development Strategy is a joint strategy prepared by Palmerston North City Council and Horizons Regional Council. A Joint Steering Group, made up of councillors from both councils, has been set up to oversee the preparation of the Strategy. Palmerston North City Council is administering the consultation process on behalf of the Joint Steering Group.

You can view and obtain a copy of the Statement of Proposal at the following locations:

- Palmerston North City Council website [www.pncc.govt.nz/FDS](http://www.pncc.govt.nz/FDS)
- Horizons Regional Council website <https://haveyoursay.horizons.govt.nz>
- Palmerston North City Council, Customer Service Centre, 32 The Square, Palmerston North
- Regional House, Horizons Regional Council, 15 Victoria Avenue, Palmerston North
- Any Council Library – Central, Ashhurst, Awapuni, Roslyn, Linton and Te Pātikitiki

## Submissions

Anyone can make a submission. To get your submission to us, either:

- **Online:** Fill in the online submission form [here](#)
- **Mail to:** Future Development Strategy Submissions, Democracy and Governance Support Officer, Palmerston North City Council, Private Bag 11034, Palmerston North 4442
- **Deliver to:** Palmerston North City Council Customer Services Centre, 32 The Square, Palmerston North, OR

- Regional House, Horizons Regional Council, 15 Victoria Avenue, Palmerston North (please label clearly as a Future Development Strategy Submission)
- **Email to:** [submission@pncc.govt.nz](mailto:submission@pncc.govt.nz) (put Future Development Strategy in the subject line)

**SUBMISSIONS CLOSE 4PM SUNDAY 5 MAY 2024.** Due to tight timeframes, we unfortunately cannot grant an extension to this deadline.

All submissions may be made publicly available on our website, Customer Service Centre, and some of our libraries. Your contact details (but not your name) are confidential and will not be published. Elected members receive all submissions without contact details so they can consider the views and comments expressed.

We collect your contact information so we can keep you up to date with the proposal. For more information, see our privacy statement at [pncc.govt.nz/privacy](http://pncc.govt.nz/privacy)

## **Hearing of submissions**

If you'd like to speak to the Joint Steering Group in person or via Microsoft Teams please indicate on your submission form whether you wish to do this.

Speaking slots will be 10 minutes, including time for questions from the Joint Steering Group. The hearing is open to the public and will be on Monday 13 May 2024, at the Palmerston North City Council Chamber, First Floor, Civic Administration Building, Te Marae o Hine, 32 The Square, Palmerston North.

## **Deliberations**

The Joint Steering Group will consider all submissions, written and verbal, during public deliberations on Monday 20 May 2024, at Palmerston North City Council Chamber, First Floor, Civic Administration Building, Te Marae o Hine, 32 The Square, Palmerston North.