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## Panuku Programme Options 2018-2028

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### Purpose

1. To summarise the Panuku work programme and set out the implications of different funding/budget options.

### Summary

2. Outcomes from the Panuku portfolio and programme can be maximised by:
  - Focusing investment and effort in the priority locations – the Transform, Unlock and Support locations are largely infrastructure-ready and there is the opportunity to leverage existing and planned investment
  - Taking a balanced approach with a commercial strategy for each location together with investment in amenity and activation, to drive strategic and commercial value.
  - Acquiring strategic sites, including making the most of changing market conditions
  - Partnering for pace and scale, with the Crown and private partners
  - Aligning investment across the council family to support these locations that have been prioritized
  - Taking the community and stakeholders with us through proactive engagement and place-making.
3. As a consequence of Panuku being a relatively new organisation, with only a limited footprint within the current 2015-2025 Long-term Plan, there is a significant mismatch from the profile that will be needed for Panuku to execute successful urban regeneration in 10 years commencing 1 July 2018.
4. The Council is seeking transformational regeneration of the town centres chosen as priorities for investment in 2015, known as Transform, Unlock and Support. Successful regeneration requires a strong platform for change as has been evidenced in successful projects such as Britomart, Wynyard Central, New Lynn and Hobsonville. Investment is required in amenity and infrastructure upfront to build community support, home owner demand and private sector interest. To enable this platform to be built across Transform and Unlock locations, Panuku will require a 10 year programme level budget to be approved.
5. Two scenarios for the 2018-2028 Long-term Plan are presented.
6. **Option 1: Base Case** with a capex budget of \$344 million does not enable the delivery of the Panuku Transform, Unlock and Support programme or optimise opportunities to work with partners including HNZ. Implementation progress will be limited to commercial sales of sites and completion of legacy projects (Hobsonville, Ormiston, Wynyard Central Stage 1). Slower progress towards implementation will be made in Transform Manukau. There is no supporting investment in the other locations and no further development of the marinas. In the majority of locations local board and community aspirations will not be met until a much later date. Strategic and commercial value is not achieved from the sale of council-owned sites and the overall impact of the Panuku programme is small and incremental.
7. Panuku has prepared a pragmatic strategy for investment across the portfolio that is deliverable and pre-prioritised to meet the level of likely capital returns expected from Transform and Unlock locations. This is presented as **Option 2: Credible Progress** with a total capex requirement of \$942 million. A total of \$318 million public good funding is required to make credible progress across the Transform and Unlock locations, excluding the waterfront. A further \$374 million is required to continue the development of the Wynyard Quarter including the waterfront destination park. This figure excludes funding for the America's Cup. Increasing the Strategic Development Fund by \$150 million to a new total of \$250 million will enable the acquisition of strategic sites adding commercial and strategic value to council-owned land. Regenerated and more vibrant town centres and 10,000 additional housing units will be facilitated. Total income over 10 years from sales is estimated as \$416 million, including the waterfront.

## Background

8. Urban regeneration of existing town centres across Auckland contributes to the delivery of the Auckland Plan growth strategy and meets the following priorities:
  - Leverages the investment in the transport network (existing and planned), in particular public and active transport
  - Facilitates housing through intensified development to help ease the shortage of housing and improve affordability
  - Protects the environment by updating tired centres with more sustainable and resilient development and reduces sprawl onto rural land
  - Makes Auckland a great place to live, work, play and visit, as an inclusive city which celebrates its unique mana whenua identity and cultural diversity, driven by place making and engagement.
9. The Transform, Unlock and Support locations are:

Transform	Unlock	Support sites in
Manukau Onehunga Wynyard Quarter	Northcote Takapuna Hobsonville Henderson Avondale Panmure*	Whangaparaoa Mt Eden New Lynn Pukekohoe Howick Ōtāhuhu Stonefields
*High Level Project Plans to come to Council soon	Old Papatoetoe Ormiston Town Centre Haumaru Portfolio	

10. The approach in each location is responsive to both opportunities and challenges and includes a balanced strategy combining commercial development, place making and activation, public realm upgrades and other public good investment. All of the programmes are built on past planning by council and Local Board Plans, and strong engagement with Local Boards, Mana Whenua and stakeholders.
11. Experience has shown that successful regeneration and development requires investment in amenity and infrastructure upfront (e.g. Britomart, New Lynn, Hobsonville, Wynyard Quarter). Improving the look and feel of the tired town centres is critical to build community support for change, home owner demand and private sector interest. Rapid growth in housing/population will necessitate improved community infrastructure and services.
12. Panuku works closely with a range of Crown agencies including HNZ in a number of locations (e.g. Manukau, Avondale, Northcote, Onehunga) as follows:
  - Collaborative approaches to master planning and community engagement
  - Land sales and swaps are explored to deliver better urban and housing outcomes and to unlock opportunities on crown and council land.
  - In Manukau a joint executive group is exploring a crown/council business case to align investment and optimise outcomes.
13. It is projected that with the current landholding of council sites Panuku could deliver in excess of 10,000 homes, which is reasonably conservative. Some 5,000 in the near to medium term. Sites are enabled for development and Council-endorsed plans are in place. Working with the Crown could help Panuku deliver at greater pace and scale (intensity) and contribute to the delivery of the KiwiBuild programme, if certain issues are addressed: development risk, off-council balance sheet opportunity, public good and capital funding.

## Programme Options 2018-2028

14. Two scenarios for the Long-term Plan 2018-2028 are presented. The Base Case option is aligned to current available funding but does not maximise opportunities from the Panuku Transform, Unlock and Support programme or opportunities to work with partners including HNZ.

### Option 1: Base Case

15. Funding Requirement - \$344 million over 10 years. LTP capex financed via debt includes Strategic Development Fund (\$84 million), Haumaru (\$9.7 million) and TRC expenditure.

16. Key Outcomes:

- Only incremental and small scale impact
- Enables completion of legacy projects in Hobsonville, Ormiston Town Centre, and Wynyard Central
- First Haumaru project delivered in Henderson
- Commercial development strategy continues across the programme subject to market interest
- Slower progress towards implementation in Transform Manukau and no real progress in other Transform and Unlock locations
- Commercial and strategic value from asset sales and developments is reduced
- Less contribution from asset sales for general purposes
- Does not meet expectations of Local Boards and Communities or enable delivery of council-endorsed High Level Project Plans
- No further acquisitions of sites to add value or build pipeline of comprehensive sites
- Urban outcomes reduced
- Confidence of private market in Panuku approach and Council commitment will be reduced.

17. Key Outcomes for working with central government on redevelopment of HNZ properties:

- Collaboration on master planning and site sales and swaps, at reduced level
- Does not enable Panuku to effectively partner with Crown due to the lack of certainty or partner funding.

### Option 2: Credible progress across region

18. Funding Requirement – \$942 million over 10 years. A total of \$318 million public good funding is required to make credible progress across the Transform and Unlock locations, excluding the waterfront. A further \$374 million is required to continue the development of the Wynyard Quarter including the waterfront destination park. Increasing the Strategic Development Fund by \$150 million to a new total of \$250 million will enable the acquisition of strategic sites adding commercial and strategic value to council-owned land.

19. Total income over 10 years from sales is estimated as \$416 million, including the waterfront. These figures need to be treated with caution as the timing and income from sales will be affected by changes in the land development market over time. Income will also continue to be derived for Council from the Support projects and general disposals. The Strategic Development Fund for acquisitions is fully repaid when the sites are sold.

20. In developing this scenario Panuku has reviewed the council-endorsed plans and undertaken prioritization of investment both within locations and across the programme to ensure that it is realistic and achievable and will enable credible progress across the locations, and therefore across the region.

21. While the starting point of the programme is the council-endorsed High Level Project Plans for each location, to have some parameters in which to undertake prioritisation and develop the programme, we have linked the scale of the expenditure to the amount of asset sales and value created from amenity, across the programme. This means we are looking to progress implementation of the High Level Project Plans but will not be advancing full delivery of all projects. Proposed public good investment and return from sales for each location is provided in the table below.

22. Assumptions - Funding is assumed from other Council departments, CCOs, Local Board, for critical projects, for example:

- Avondale - multi-purpose community facility
- Northcote - Greenslade Reserve stormwater and landscaping, Lake Rd upgrade
- Henderson - Opanuku reserve enhancement and walking and cycling network improvements
- Manukau - Hayman Park playground
- Waterfront – infrastructure for America's Cup, cruise development

23. Key Outcomes:

- Credible progress across all locations on implementation of plans
- An estimated 10,000 housing units facilitated, including affordable homes
- Delivery of new public spaces, cycling and walking network improvements, street upgrades, environmental enhancement: Puhinui Stream and Hayman Park, Avondale town square, Opanuku Reserve, Northcote greenway, Papatoetoe and Takapuna town square and laneways, waterfront destination park on Wynyard Point
- Commercial and strategic value of development maximised by ability to amalgamate sites and increase private sector interest and housing demand from amenity improvements
- Increased vibrancy of town centres with more residents, businesses and visitors
- Diverse communities and stakeholders are proactively and positively engaged
- Town centre regeneration reflects the unique Mana Whenua identity and cultural diversity
- Regeneration outcomes are wide ranging and include social, economic, environmental and cultural benefits.

24. Key Outcomes for working with central government on redevelopment of HNZ properties:

- Increased housing delivery at higher density – mix of social, affordable and market housing on Crown and Council-owned land
- Strategic sites secured, enabling better urban development outcomes and adding value to existing council sites
- While clarifying the nature and scope is in early discussions with the new government, there is potential for stronger partnerships and progress at greater scale and pace if there is Crown balance sheet support to underwrite and de-risk development projects

## Option 2 – Credible progress across region - by location

Unlocks	10 Years		Net
	Public Realm	Sales	
Avondale	8,500,000	9,100,000	600,000
Henderson	28,670,000	12,440,000	(16,230,000)
Hobsonville	26,511,000	34,040,000	7,529,000
Northcote	46,300,000	0	(46,300,000)
Ormiston	1,509,000	27,853,000	26,344,000
Papatoetoe	3,100,000	4,100,000	1,000,000
Panmure	32,800,000	40,500,000	7,700,000
Takapuna	5,209,000	26,274,000	21,065,000
<b>Total Unlocks</b>	<b>152,600,000</b>	<b>154,307,000</b>	<b>1,708,000</b>
<b>Transforms</b>			
Manukau	108,500,000	129,600,000	21,100,000

Unlocks	10 Years		Net
	Public Realm	Sales	
Onehunga	57,080,000	36,080,000	(21,000,000)
<b>Total Transforms</b>	<b>165,580,000</b>	<b>165,680,000</b>	<b>100,000</b>
<b>Total</b>	<b>318,180,000</b>	<b>319,987,000</b>	<b>1,808,000</b>
Waterfront	373,945,000	97,071,000	(276,874,000)
<b>TOTAL</b>	<b>692,125,000</b>	<b>417,058,000</b>	
Sustainable Development Fund (Repaid)	250,000,000		
	<b>942,125,000</b>		