
Komiti ā Pūtea, ā Mahi Hoki / Finance and Performance Committee Workshop MINUTES

Minutes of a workshop of the Finance and Performance Committee held in Room 1, Level 26, 135 Albert Street, 135 Albert Street, Auckland on Thursday, 1 March 2018 at 1.30pm.

PRESENT

Cr Desley Simpson, JP	
Cr Bill Cashmore	From 1.34pm
Cr Cathy Casey	From 1.33pm
Cr Linda Cooper, JP	
Cr Chris Darby	
Cr Alf Filipaina	From 2.25pm
Cr Christine Fletcher	From 1.38pm
Hon Phil Goff, CNZM, JP	
Cr Penny Hulse	From 2.25pm
Cr Daniel Newman, JP	
Cr Wayne Walker	From 1.47pm
Cr J Watson	From 1.33pm

APOLOGIES

Cr Ross Clow	
Cr Fa'anana Efeso Collins	For absence, on council business
Cr Richard Hills	
Cr Dick Quax	For absence, on council business
Cr Greg Sayers	For absence, on council business
Cr Sharon Stewart	For absence, on council business

ABSENT

Cr Mike Lee
IMSB Chair David Taipari
IMSB Member Terrence Hohneck
Cr Sir John Walker

Note: No decisions or resolutions may be made by a Workshop or Working Party, unless the Governing Body or Committee resolution establishing the working party, specifically instructs such action.

Purpose:

The purpose of the meeting was to brief the Finance and Performance Committee and to receive feedback on a package of proposals for progressing urban regeneration of town centres, in advance of a report to Finance and Performance Committee on 20 March 2018.

Apologies

Apologies from Cr E Collins, Cr D Quax, Cr G Sayers and Cr S Stewart (for absence, on council business); Cr R Clow and Cr R Hills (for absence); Cr Hulse and Cr Filipaina (for lateness, on council business) were noted.

Declaration of Interest

There were no declarations of interest.

Progressing urban development

David Rankin, Chief Operating Officer - Strategy & Operations and Mr Roger MacDonald, Chief Executive Panuku Development addressed the workshop.

A presentation was given supporting the topic. A copy of the presentation is attached to the official minutes as a minute attachment.

1.33pm *Cr Casey entered the workshop.*
1.33pm *Cr Watson entered the workshop.*
1.35pm *Cr Cashmore entered the workshop.*
1.38pm *Cr Fletcher entered the workshop.*
1.47pm *Cr W Walker entered the workshop.*
1.55pm *Cr Fletcher left the workshop.*
2.01pm *Cr Fletcher returned to the workshop.*
2.25pm *Cr Hulse entered the workshop.*
2.25pm *Cr Filipaina entered the workshop.*
2.25pm *Cr Casey left the workshop.*
2.35pm *Cr Casey returned to the workshop.*
2.40pm *Cr Fletcher left the workshop.*
2.46pm *Cr Fletcher returned to the workshop.*

Attachments

A 1 March 2018, Finance and Performance Committee workshop: Progressing urban development - presentation

The workshop closed at 3.05pm.

**Finance and Performance Committee
Workshop 1 March 2018**

Progressing Urban Development

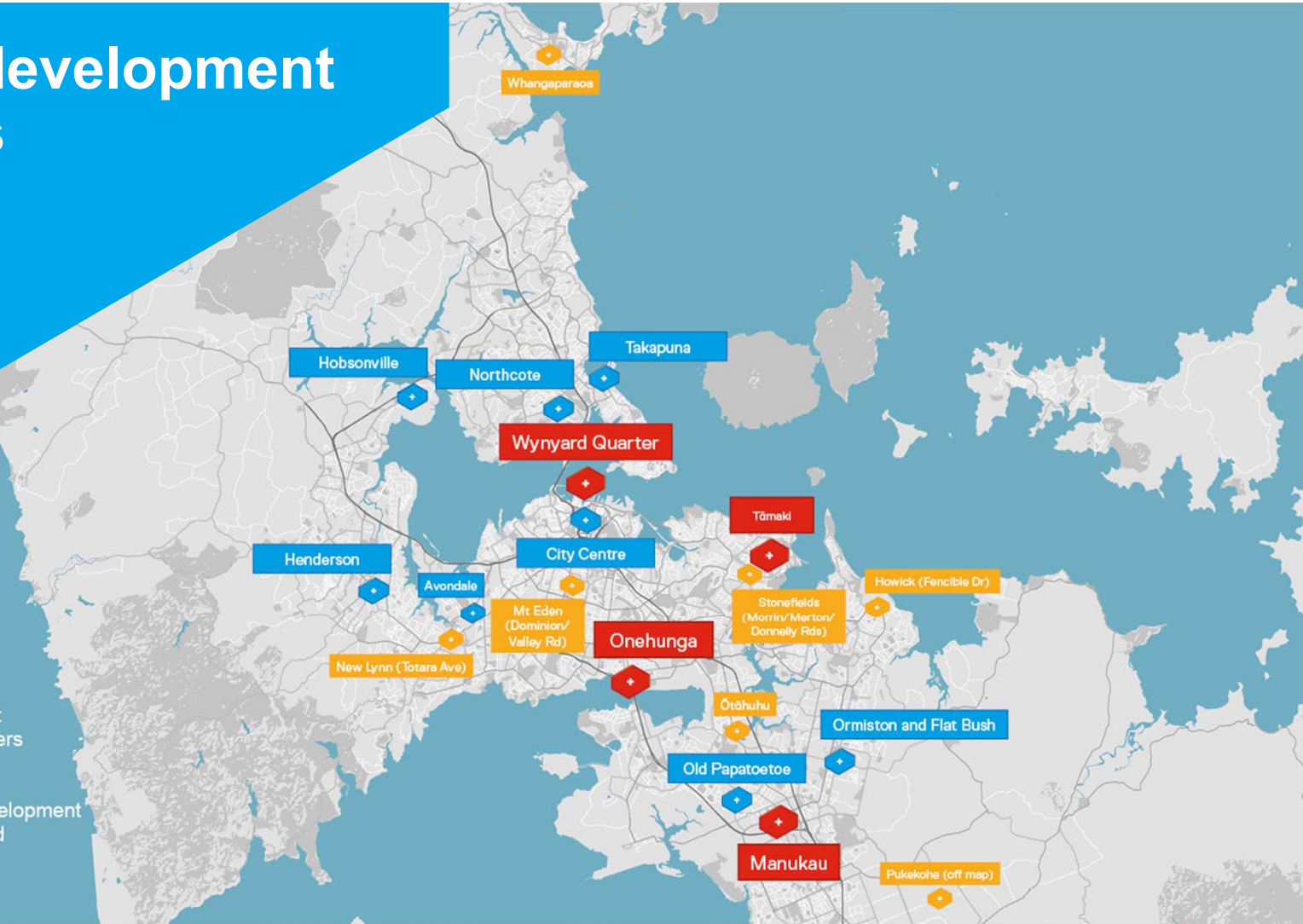
Workshop purpose and scope

To receive feedback on a package of proposals for progressing urban regeneration of town centres, in advance of a report to Finance and Performance Committee on 20 March.

- Summary of proposals
- Urban regeneration – key components
- Policy changes to enable reinvestment in Transform & Unlock Locations
- New revenue stream – development area targeted rates
- Greater use of Optimisation of service property policy
- Minor changes to the Strategic Development Fund

Priority development locations

-  **Transform**
Significant long-term regeneration
-  **Unlock**
Creating development opportunities with others
-  **Support**
Enabling housing development on council-owned land



Three components of regeneration/ comprehensive redevelopment



Commercial development strategy

- Selling surplus or underutilised sites to market
- Controlling development outcomes
- Provides revenue
- Housing and other outcomes
- Positive impacts on town centre vitality
- *Reliant on market demand and private sector interest*
- *Core mandate*



Public good investment

- Infrastructure and amenity upgrades funded by LTP, e.g. parks, playgrounds, cycling, streets, connections, greening
- Expenditure discretionary and prioritised
- Optimises commercial strategy adding value to sites;
- Unlocks development opportunities
- Increases market confidence and community support
- Maximises regeneration impact



Place-making

- Temporary events and activations in typically unloved areas, working with local community
- Expenditure discretionary and prioritised
- Builds community engagement, involvement, support, pride
- Increases market interest and confidence
- Maximises regen impact delivering wider benefits including safety

Package of measures to support urban regeneration

- Change policy to enable **reinvestment of sales proceeds** across the Transform and Unlock portfolio (excluding waterfront and Haumaru portfolio)
- Increased use of the **Optimisation** approach – service properties
- Extension of optimisation to Auckland Transport
- Minor changes to the **Strategic Development Fund (SDF)** for acquisitions
- **New revenue stream** - Development Area Targeted Rate
- **Partnership with the Crown** – KiwiBuild, collaborative approaches
- **Improved alignment** of planning and budgets working across Council business units and CCOs

Reinvestment principles and context

- Council has committed to prioritising urban regeneration in a number of locations to implement the Auckland Plan development strategy.
- Panuku has mandate to facilitate urban regeneration and place-making through the transform, unlock, support framework and to balance strategic and financial outcomes.
- Panuku has general asset sales target to meet of approx \$250m, 10 years.
- Proposal - reinvestment of sales proceeds within Transform and Unlock is enabled to fund the urban regeneration programme for years 1-3 LTP, as long as sales target met and programme is cash flow positive.
- New funding tools will be advanced.
- A full review of approach and impacts is undertaken in 3 years
- Years 4-10 LTP - asset sales from the Unlock and Transform programme are allocated to urban regeneration and redevelopment (unallocated to specific projects).
- Panuku will inform Council if the 1-3 yr sales target for the transform and unlock programme is to be exceeded, to confirm how funds are used.
- Without reinvestment Panuku cannot advance the programme.

Transform & Unlock Portfolio (Draft)

INDICATIVE	10 Years				First 3 Years			
	Public Realm	Sales	Net		Unlocks	Public Realm	Sales	Net
Unlocks					Unlocks			
Avondale		9			Avondale*	5	9	4
Henderson		29			Henderson	8	12	4
Hobsonville		34			Hobsonville	23	16	(7)
Northcote**		0			Northcote +	32	0	(32)
Ormiston		22			Ormiston	2	15	13
Papatoetoe		4			Papatoetoe	3	4	1
Panmure		108			Panmure	5	12	7
Takapuna		42			Takapuna+	25	17	(8)
Total Unlocks		248			Total Unlocks	102	85	(17)
Transforms					Transforms			
Manukau		150			Manukau	30	110	80
Onehunga		36			Onehunga	18	2	(16)
Total Transforms		186			Total Transforms	48	112	64
HLPP Implementation (unallocated)					HLPP Implementation (unallocated)	30		(30)
Total	373	434	61		Total	180	197	17
+ Includes LB funding								
**Northcote sales of \$50.6m will be repaying the SDF					* + \$19m community facility funding			

Benefits

- Will enable credible progress given financial realities.
- Revenue from disposals of \$180m reinvested in amenity, infrastructure and activation, years 1-3
- Facilitation of significant private investment e.g. supermarkets in Northcote, Papatoetoe, hotel in Manukau, retail in Panmure and Avondale etc
- New housing – Barrowcliffe PI, Davies Ave, Tavern La, Henderson Valley Rd, etc
- Strategic acquisitions such as the Onehunga Wharf
- Future planning for the Manukau Sports Bowl (21 Ha), Onehunga Wharf, Wynyard Point, Avondale Racecourse
- Plus delivery across waterfront for AC36 and APEC 2021
- Exploration of KiwiBuild opportunities;
- Exploration of new business models for the larger opportunities, e.g. Northcote

- Manukau Puhinui Stream, Hayman Park and street upgrades
- Onehunga laneways, retail extension and street upgrades
- Avondale town square, improved walking/ cycling connections and multi-purpose community facility *
- Henderson amenity upgrades and activation
- Northcote greenway and town square
- Panmure amenity upgrades and connections
- Takapuna new town square and car park

* Community Services funding

Portfolio approach to reinvestment

- Programme can deliver 10,000 houses (10 years), increase vibrancy and safety of centres, leverage private sector investment, etc. Speed and final number houses dependent on market and KiwiBuild
- Investments to be based on council-endorsed High Level Project Plans. A pragmatic, prioritised and achievable programme – not everything.
- Credible balanced progress across all locations from investment in agreed priorities. Still an indicative picture to be firmed-up with Programme Business Cases during March.
- It will help build community support for intensification
- Portfolio approach will create some tensions but no one is worse off.

Risks and issues

- Revenue for allocation to other priorities in the LTP is reduced
- Impact on LBs is varied.
- Many LBs are opposed to the disposal policy – that it is unfair and short-sighted where it is advanced prior to planning for intensification and growth.

Development area targeted rate

- Exploring a new funding tool for brownfields
- 2017/2018 amended Revenue and Financing policy - allowing use of targeted rates to fund growth infrastructure
- Targeted rates:
 - deliver a certain revenue stream
 - can fund community facilities, town centre development , amenity, etc not supported by DCs
 - Can enable town centre redevelopment earlier i.e. prior to LTP programming
- Levy “Development Area Rate” across defined redevelopment area e.g. town centre where range of urban regeneration projects are planned
- Panuku, the Crown (Housing New Zealand, HLC, TRC), other scale players

Development area targeted rate

Early thinking and next steps

Development area rate would not be paid by existing owner occupiers

Development area rate would be paid by

- all non-owner occupied properties in the development location
- future buyers of owner occupied properties on purchase
- current owner occupier if they redevelop

Requires legislative change.

Panuku and council will develop specific proposals.

Implementation requires - council approval, full consultation with the affected community

Service property optimisation

- Development approach and funding model approved in 2015
 - Service property is optimised, community projects advanced on a cost neutral basis with sales proceeds locally reinvested
 - Enables upgrade, replacement and optimisation of community facilities, often ahead of programming in LTP
 - Releases latent value and undercapitalised development opportunities
- Range of issues make it difficult to implement and to progress at any pace
- **An executive-level steering group is proposed** to align work programmes, integrate council functions and implement policy more effectively.
- Significant opportunity for Local Boards.
- Proposing to **extend policy to Auckland Transport** where it is working with Panuku to progress urban development opportunities of strategic transport service sites, e.g building over park & ride, consolidating transport services onto one site releasing another for development.

Strategic Development Fund

- Key urban regeneration tool, along with PWA
- Fund of \$100m over 10 years to **acquire and amalgamate sites**. Withdrawals from fund must be repaid within 4 years and includes the council marginal cost of debt on holding (net any holding income)
- Enhance the scale, development potential and value of sites, unlock opportunities that would otherwise not happen, facilitate better development outcomes.
- Approach and rules established in 2014 for ACPL
- Minor changes to approach are proposed:
 - Longer repayment timeframes for some acquisitions (4yrs, 6yrs, specific terms)
 - Delegations
 - Confirm authorisation to sell sites purchased with SDF

Other initiatives

- **Partnership with the Crown** – KiwiBuild, collaborative approaches
- **Improved alignment** of planning and budgets working across Council business units and CCOs

Summary

Together these measures will ensure:

- a workable budget to enable credible progress across the Transform & Unlock programme, and for momentum to build, working alongside Crown and private partners
- greater alignment of council budgets to support implementation
- development of a new funding stream for brownfields and town centre regeneration
- greater use of Council and Transport service property to achieve community service improvements at no cost to LTP and advance urban development outcomes
- ability to enhance the use of the Strategic Development Fund to enable site acquisition and aggregation as part of successful urban regeneration, to release both commercial and strategic value.
- Proactive implementation of the Auckland Plan development strategy.