

17 August 2023

Peter Vari
Planning Manager
Auckland Council

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RE: Warkworth South Private Plan Change Request – Bulk Infrastructure Funding

Dear Peter,

The purpose of this letter is to outline the bulk infrastructure required to service the Warkworth South plan change area and proposed funding mechanisms.

Background/Context

Classic Developments act as development managers for KA Waimanawa Limited Partnership, one of the co-applicants for the Warkworth South plan change. KA Waimanawa is a wholly owned subsidiary of Kaha Ake, a partnership between the NZ Super Fund (NZSF) and Classic Group.

NZSF and Classic Group have come together in partnership to form Kaha Ake, bringing together long-term financial support and experienced development capability to support the creation of homes at pace and scale around New Zealand. The partnership is based on a \$300 million-dollar initial commitment, with NZSF having an 80% share in Kaha Ake and Classic Group owning the other 20%.

On 7 August 2022, a letter was provided to Auckland Council outlining a range of potential funding mechanisms for the required bulk infrastructure to enable development at Warkworth South. Following discussions with the Development Programme Office (DPO), the applicants have subsequently narrowed this down to two potential funding options, discussed further below.

Bulk Infrastructure Required for Warkworth South

Following consultation with various stakeholders, including Auckland Council, Auckland Transport, Watercare Services Limited and Supporting Growth Alliance over the last two years, we have established the required bulk infrastructure for the Warkworth South plan change area is as follows:

1. Upgrading Old State Highway 1 through the plan change area to urban arterial standard, including:
 - Construction of a shared footpath/cycle path from the plan change area to McKinney Road.



- Construction of a new roundabout at the intersection of Old State Highway 1 and the proposed Wider Western Link Road (WWLR).
2. Construction of a new two-lane urban arterial road, the WWLR, through KA Waimanawa LP's land, in accordance with Supporting Growth Alliance's recently lodged Notices of Requirement (NOR) and the Warkworth Structure Plan.
 3. Provision of potable water supply, including:
 - Extension of new bulk water mains from the existing Warkworth urban area to the plan change area.
 - Vesting of sufficient land required for a water reservoir to service the wider Warkworth South catchment area.
 - Construction of a new water reservoir, sufficiently sized to service the plan change area.
 4. Provision of wastewater services, including:
 - Vesting of sufficient land required for a wastewater transmission pump station to service the wider Warkworth South catchment area.
 - Construction of a wastewater transmission pump station, sufficiently sized to service the plan change area.
 - Construction of a wastewater rising main from the transmission pump station to the high point on McKinney Road.
 - Construction of a gravity main, future-proofed to service the wider Warkworth South catchment, from the high point on McKinney Road to the central Warkworth wastewater pump station in Lucy Moore Memorial Park.
 5. Setting aside sufficient land for a future public transport hub, in accordance with the Warkworth Structure Plan.
 6. Provision of a range of Open Spaces, including:
 - Construction of "green links" for pedestrians and cyclists throughout the plan change area.

In addition to the above specified infrastructure, we note the following regional/sub-regional infrastructure either complete or well underway:

7. Ara Tūhono – Puhoi to Warkworth motorway, opened in June 2023.
8. Matakana Link Road, opened in June 2023.
9. Upgrading of the central wastewater pump station in Lucy Moore Memorial Park.
10. Warkworth to Snells Beach wastewater transfer pipeline.
11. Upgrading of the Snells Beach wastewater treatment plant.

The applicants have given an undertaking that no new dwellings will be connected to the wastewater network until such time as (9) – (11) above have been completed, currently anticipated in early 2025.

A range of triggers have been included within the plan change to ensure that development will not proceed until such time as the required bulk infrastructure has been provided.

Furthermore, in addition to the bulk infrastructure required to service the plan change area, we have identified several opportunities for Auckland Council and/or Council-Controlled Organisations to future-proof for development in the wider Warkworth South area, as outlined below:

12. Upgrading of the Old State Highway 1 pavement to urban arterial standard through the plan change area.
13. Upsizing of the proposed wastewater transmission pump station from the size required to service the plan change area, to the size required to service the wider Warkworth South catchment area.
14. Upsizing, or installation of, additional rising mains to service the wider Warkworth South catchment area.
15. Upsizing of the proposed water reservoir from the size required to service the plan change area, to the size required to service the wider Warkworth South catchment area.

We believe there are several advantages to completing (12) – (15) above in conjunction with the proposed plan change works. However, it is important to note the applicants would be seeking relief from future development contributions and/or infrastructure growth charges to the equivalent value for any works over and above what is required to service the plan change area.

The applicants are seeking to formalise this arrangement via an Infrastructure Funding Agreement (IFA), facilitated by the DPO.

Proposed Infrastructure Funding Mechanisms

As mentioned above, the applicants propose to fund the required infrastructure through one of two mechanisms:

1. Developer Funded Option

The applicants will privately fund all required bulk infrastructure to service the plan change area.

2. Externally Funded Option

Bulk infrastructure to be funded through an external party, for example:

- Crown Infrastructure Partners (CIP), in accordance with the Infrastructure Funding and Financing Act 2020. Costs to be recovered via special levy, similar to Milldale. The applicants have been in discussions with CIP, who have indicated they are interested in funding the required bulk infrastructure for Warkworth South.
- NZ Super Fund. Costs to be recovered via one-off payment, special development contribution, or levy, collected at time of subdivision/s224c. Alternatively, the applicants are investigating cost recovery mechanisms similar to the targeted rate above, albeit in a private capacity (i.e. not administered by Council).

It is important to note that neither of the above options require any capital commitment from Council.

Conclusion

We believe Warkworth South is uniquely positioned to provide essential growth for Auckland, in a situation where all regional/sub-regional infrastructure is either complete or well underway; and all bulk infrastructure required to service the plan change area will be funded either by the developers or through an external party.

We welcome your feedback on this proposal and look forward to further discussions with the DPO in due course. Ideally, we would seek to have an Infrastructure Funding Agreement in place prior to the hearing, anticipated early 2024.

Yours sincerely,

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Development Manager

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