

Panuku Development Auckland

Quarter 3 Performance Report

For the period ending 31 March 2020

This report outlines the key performance of Panuku which includes urban redevelopment related activities and investments

Panuku Q3 summary

Highlights, issues & risks for the quarter

Highlights:

Overall Panuku has made good progress on SOI performance measures and programme deliverables during the third quarter. Significant progress was made on the Avondale, Northcote, Takapuna and Waterfront programmes.

Some of the key highlights for quarter 3 include:

- Progress on the **Avondale programme** includes the unconditional sale of 18 Elm Street to Kāinga Ora to develop the site for housing, a conditional agreement on 1817 Great North Road with the Ministry of Housing and Urban Development to enable construction of 86 apartments, an unconditional agreement on the third property acquired to enable the construction of a new multi-purpose facility and the start of the Public Works Act process on 12 March for the final property that needs to be acquired.
- **Northcote - Te Ara Awataha greenway** - The purchase of the land along the edge of the primary and intermediate schools was completed. This land is for Te Ara Awataha, the greenway which runs from Tonar Street to Jessie Tonar Reserve.
- **Takapuna** - The new multi-level Gasometer car park with capacity for 420 car spaces is planned to open in July 2020 subject to COVID19 impact. The new car park frees up the central Anzac Street site for public space and mixed-use development.
- Panuku is currently ahead of year to date surplus budget by \$6.8m, for properties we manage on behalf of Council. The forecast annual result is being reassessed considering the effect of COVID19.

Issues/ Risks - COVID19 impacts and responses:

- COVID19 alert restrictions will affect final annual performance of the company. The impact of COVID19 is currently being assessed.
- Alert Level 4 declared on 25 March resulted in company's business activities being restricted to essential services only such as emergency repairs and maintenance to Property Portfolio. All other business activities including projects were suspended for 4 weeks. Other staff continued to work from home.
- We are working with tenants on financial hardship issues caused by COVID19.
- Business activities and new projects are also indirectly affected by the council group's restrictions on procurement and recruitment, while council assesses the financial impact of COVID19 and review its forecast and annual plan budgets.
- Milestones and projections for all projects, especially physical works projects, that straddled the lockdown period will now be affected by COVID19. The implications of this will be clearer in the year-end results.
- We participated in the council group process of identifying 'shovel-ready' projects for the central government's investment programme on infrastructure projects.

Financials (\$million)

	Actual	Budget	Actual vs Budget
Capital delivery	72.6	96.4	↓ 23.8
Strategic Development Fund (Revolving credit facility)	15.1	11.3	↑ 3.8
Direct revenue	50.8	49.0	↑ 1.8
Direct expenditure	54.3	61.5	↑ 7.2
Net direct expenditure	3.5	12.5	↑ 9.0

Financial Commentary

Capital delivery:

Capex projects are well underway. All Waterfront projects are underway apart from the Wynyard crossing bridge that is deferred to the new LTP. Some of the Waterfront projects that started late are underway. Total capex is \$23.8m behind YTD budget. We estimate the impact of COVID19 on projects will result in approximately \$46m of capital spend being deferred to next financial year. End of year capital spend is forecast to be \$89.6m. Construction was suspended for four weeks under alert level 4 and has restarted at alert level 3 but will take time to get up to speed.

The **SDF** has been used to purchase strategic properties in Transform/Unlock locations which contribute to town centre regeneration outcomes. The SDF spend this year is forecast at \$25.3m.

Direct revenue:

Revenue is \$1.8m ahead of budget. The Property Portfolio has gained additional revenue of \$5.6m YTD due to better than expected occupancy, rent increases and new properties added to the Portfolio. This is offset by Panuku revenue being (\$3.8m) behind budget due to reduced recharge revenue on Council projects. Expenditure for the year is behind budget due to delay in certain expenditure. Panuku's performance in the budget is expected to be held to year end. Impacts of COVID19 is being assessed.

Direct expenditure:

\$7.2m saving to budget is due to slower recruitment of delivery staff, the timing of payments for professional services and other timing differences across a number of expense categories. The full impact of COVID19 has yet to be assessed in this area.

Key performance indicators <i>(Refer to pg. 18 for complete list)</i>	Previous	FY 20 Quarter 3		Status	Commentary
	Year	Actual	Target		
Net Surplus achieves budget for 2019/20. (Properties managed on behalf of Council).	\$26.8m	\$28.94m	\$22.15m (3 rd quarter)	Met YTD budget surplus target	Net surplus has met YTD budget \$22.15m for quarter 3. The annual target is \$30.7m.
List of properties recommended for disposal submitted to Council.	\$30.38m	\$20m	\$22.5m (annual)	Progressing	The annual target is \$22.5m.
Transform and Unlock location initiatives completed.	57%	Seven initiatives were completed at the end of Q3.	90% or more of planned Transform and Unlock initiatives completed/achieved. (annual)	Not met	7 out of 14 planned initiatives have been completed. This performance target will not be met due to the impact of COVID19 on some initiatives. The council threshold on 98% to pass this measure will not be met.

**All financials on this page include Commercial Property Portfolio, which is owned by Auckland Council, but managed by Panuku.*

Strategic focus area – Waterfront development

Key commentary

For the nine months up to 31 March 2020, a total of \$43.2 million was spent on Waterfront development, against a budget of \$56.8 million. All projects in the group are underway, and were in line to meet budget. However due to the COVID19 lockdown and the construction stoppage we are no longer forecasting that we will achieve budget, a revised forecast of \$53.2m spend in the year has now been made.

AC36 project key dates around **October 2020** are still targeted to be met. The opportunity to catchup on work behind schedule in the last quarter will be impacted by COVID19 four-week suspension of projects under alert Level 4 and people getting use to new ways of working under alert Level 3. This will also impact on the Waterfront capital spend for the year.

Highlights:

- AC36 tenant relocation - Fishing Fleet negotiated terms of exit are near completion with a move for the Sanford fleet anticipated for July 2020 and AFPL (Auckland Fishing Port Limited) in September 2020. This is one of the last of tenant relocation activity to be completed enabling AC36 activities.
- Upgrade of Wynyard Quarter public facilities - progressing well with bathroom facilities installed at the Silos and an additional set ready to be installed, post COVID19 lockdown. This will accommodate the increase number of tourists and visitors.
- Pile Berth Redevelopment (Pile Moorings) - construction contract awarded, and dredging started 16 Jan 2020.
- Westhaven Promenade – The construction of stage 2 is progressing well with completion expected by October 2020. The project aims to complete an uninterrupted boardwalk and cycle way close to the water edge along Westhaven Drive.
- The Westhaven Seawall Project to future proof the marina against rising sea levels for the next 50-100 years has been approved.
- A new development on 132 Halsey Street, led by our development partner Willis Bond & Co has been awarded a Homestar 7 and 8 rating. The build includes high levels of thermal insulation, double glazing, green roofs, recycling and composting facilities and low water and energy use appliances.

Issues/Risks

- COVID19 impact on the delivery of projects and programme initiatives, these are currently being worked through as the government changes alert levels.
- The tight timeframes for AC36 infrastructure build. We are working with residents and tenants to ensure the neighbourhood is supporting the positive changes in the area.
- The magnitude of complex work being undertaken in a confined geographical area requires close monitoring and management across a number of organisations to ensure co-ordination and ongoing health and safety.

Strategic context

Panuku is leading the realisation of the Waterfront Plan's five goals, being:

1. A blue-green Waterfront
2. A public Waterfront
3. A smart working Waterfront
4. A connected Waterfront
5. A liveable Waterfront

The work within Transform Waterfront sees Panuku continue to build on the work completed by its predecessor and to progress and enable the desired Transform outcomes within Wynyard Quarter and the surrounding Waterfront precincts.

Key programme of	Status	Description	Outlook
AC36 Enabling Works	On track	<p>To conclude relocation agreements with waterfront tenants to enable AC36 infrastructure construction.</p> <p>Facilitate resource consents and progress project works including tenant relocations in line with agreed AC36 programme.</p> <p>Implement Auckland Council Host Venue Obligations for the event</p>	<p>As of 24 March 2020, all construction works in the Waterfront area are on hold and considered non-essential for the entire COVID19 level 4 lockdown period.</p> <p>Highlights for Infrastructure and Event Readiness</p> <ul style="list-style-type: none"> • Relocation - The negotiated terms of exit for the Fishing Fleet are near completion with a move for the Sanford fleet anticipated for July 2020 and Auckland Fishing Port Limited (AFPL) in September 2020. • Silo Park Extension - Panuku and Wynyard Edge Alliance (WEA) continue to work together on the public space design for the new Silo Park Extension and the integration of the shade structure designed by mana whenua artist Tessa Harris from Ngai Tai Ki Tamaki. • Upgrade of Wynyard Quarter public facilities - progressed well over this quarter, with new toilets installed at the Silos and an additional set ready to be installed, post COVID19 lockdown. • Unoccupied Syndicate Bases - Panuku has provided input into the negotiations between the Hosts and Americas Cup Event Ltd (ACE) in relation to the use of the bases that will not be occupied by syndicates.
Wynyard Quarter	On track	<p>Leading transformation from a former industrial area to a vibrant new waterfront city neighbourhood. Panuku facilitates outcomes including new housing, visitor, and resident satisfaction; enhanced public amenity and access; place activation and community engagement</p>	<ul style="list-style-type: none"> • New Wynyard Quarter Public Spaces - A number of new public open spaces will be opened by the end of the financial year. The opening of Urunga Plaza planned for April has been delayed to June depending on COVID19 alert level. Urunga Plaza and the hotel promenade are the last connection for the Viaduct Basin to be fully accessible by pedestrians. • Orams Development (Site 18) - Construction of the new marine haul-out and refit facility is underway. Works on the travel lift piers, hardstand and seawall remediation is well advanced, with a November 2020 completion anticipated subject to any COVID19 related delays. • Vos Shed - Rebuild and restoration works are progressing well in accordance with the original design. All interior framing is complete with interior linings being installed and existing timber trusses have been reconstructed for reinstallation. • Willis Bond 30 Madden St apartments - Mana whenua artists are working with Willis Bond on artworks for the façade of the 30 Madden Street residential development. Estimated completion of facade artworks is early 2021 and these will be installed after practical completion. Completion of the apartments is programmed for October 2020, subject to any COVID19 related delays. • Precinct Properties Pakenham Street West and 124 Halsey Street commercial site - Panuku and Precinct Properties have agreed the land value for the commercial site and is going through the formal documentation process. This will enable a mixed-use office building development in the Wynyard Quarter Innovation Precinct.

Other e.g. Marinas	On track	<p>The key objectives are increasing access to the marina for Aucklanders and maintaining Westhaven as a premier marina. This includes redevelopment of the pile mooring area, and completing the waterfront promenade to improve the profitability, quality, and public amenity of the marina.</p>	<ul style="list-style-type: none"> • Westhaven Promenade - The construction of stage 2 has progressed well over this quarter with completion expected by October 2020 subject to COVID19 impact. The project aims to complete an uninterrupted boardwalk and cycle way close to the water edge along Westhaven Drive. Project integration is occurring with the Auckland Harbour Bridge Pathway project team, ensuring early works can be completed to enable the Northern Pathway (Skypath) project landing in Westhaven and connection to the promenade. • Westhaven Marine Village - Construction work at the site has progressed well over this quarter with completion expected by October 2020 subject to COVID19 impact. This new facility will accommodate marine related activities and attract new businesses and visitors to the Westhaven Marina. • Pile Berth Redevelopment (Pile Moorings) - A construction contract for the project was awarded on the 6th of January and dredging started 16 January 2020. The project has been progressing well given the constraint on equipment. The western entrance is now closed, and the first section of reclamation space is above the highwater mark. • The Westhaven Seawall Project – In the planning and initiation stage, this is a recently approved project which will future proof the marina against rising sea levels for the next 50-100 years.
--------------------	----------	---	--

Strategic focus area – Other Town Centres (Transform and Unlock Locations)

Key commentary

For the nine months up to 31 March 2020, a total of \$25.1 million was spent towards the urban regeneration of the town centres that make up the Transform and Unlock programme against a budget of \$33.7 million. However due to the COVID19 lockdown and the construction stoppage, we are no longer forecasting that we will achieve budget. An estimate of \$30.5m spend in the year has now been made.

Highlights

- **Takapuna** - New Gasometer car park is planned to open in July 2020. We expect to reach practical completion milestone subject to COVID19 impact. The car park frees up the central Anzac Street site for public space and mixed-use development.
- **Avondale - 18 Elm Street** - The sale of 18 Elm Street to Kāinga Ora went unconditional on 6 March, with settlement scheduled for 16 July. The sale enables Kāinga Ora to develop the site for housing. This is part of our joint master planning with Kāinga Ora to deliver a mix of housing in Avondale.
- Completed conditional agreement on **1817 Great North Road** with the **Ministry of Housing and Urban Development** to enable construction of 86 apartments.
- Significant progress has been made on acquisitions to enable the construction of a new multi-purpose facility. Initiated Public Works Act process on 12 March for the final property that needs to be acquired.
- **Northcote - Te Ara Awataha greenway** - The purchase of the land along the edge of the primary and intermediate schools was completed. This land is for Te Ara Awataha, the greenway which runs from Tonar Street to Jessie Tonar Reserve.

Issues/Risks

- Uncertainty on how COVID19 will impact on the delivery of projects, these are currently being worked through.
- Changing market conditions could be made worse by COVID19 impact.
- Evolving crown relationships and partnerships impact planning and timing of developments.
- The Human Rights Tribunal process by the Waipareira Trust is unlikely to be heard until 2021 in relation to the Panuku Housing Mix Guideline.

Strategic context

Panuku plays a significant role in achieving the Homes and Places and Belonging and Participation outcomes in the Auckland Plan.

Panuku leads the redevelopment of town centres, the creation of public spaces for the future, and facilitates housing and commercial development, fundamental elements of comprehensive urban regeneration.

The priority location HLPPs and Priority Location Programme provide a redevelopment roadmap for priority locations.

Key programme of	Status	Description	Outlook
Transform Manukau	On track	The objectives of the programme are to focus on optimising both council and crown land holdings to create significant new residential units and new employment in the town centre. Reinvestment of asset sales into improved public realm and public good projects.	<p>Several property development site sales and public realm projects continue to progress through the quarter. The delays to the projects due to COVID19 level 4 lockdown are being assessed. This will affect projects at the construction stage (MIT and Barrowcliffe Place housing). Procurement is on hold for the Barrowcliffe Place Bridge Enhancement.</p> <ul style="list-style-type: none"> • The Manukau Institute of Technology (MIT) - This former council site development is progressing to programme. The roof structure has been formed and internal works are underway. This new building will provide trades training space for 1200 students. • Bus Station balance of land sites (lot 1 and 3 of 31-33 Manukau Station Road) - Panuku continues to progress marketing and negotiations with potential development partners on these two central sites. • 20 Barrowcliffe Place housing development - construction has started on the first homes (total 330). Residents began moving in during March 2020. New lots are being progressed. Due to COVID19 lockdown there may be consequential time delays and possible cost impacts to the planned delivery of new lots and houses. • Barrowcliffe Place Bridge Enhancement - Detailed design has been completed and all necessary consents have been lodged. Both the Otara-Papatoetoe and Manurewa Local Boards have given the project their endorsement. We are continuing to work with NZTA to design and fund protective throw screens. • Wiri playground - Manurewa Local Board workshops with businesses are being prepared to endorse the final concept plans for the playground in April/May. Detailed design will progress once the concept design has been workshopped with the Board. • Puhinui Regeneration Strategy - A project to enable an integrated and collaborative approach to the regeneration of the Puhinui stream catchment area in collaboration with Healthy Waters, Mana Whenua, Kāinga Ora and local boards. The planning for the regeneration activities has now been completed and final reports are underway to complete the regeneration strategy deliverables. • District Health Board land walkway - negotiations are ongoing to acquire the necessary land for the walkway and stormwater requirements. Options assessments are completed, and concept design will initiate once Panuku has sufficient confidence that the land will be secured. • Hayman Park projects - Panuku is working closely with Healthy Waters and Community Facilities to progress the wetland and associated amenity upgrades project into design and consenting during the remainder of the 2020 period.
Transform Onehunga	On Track	Planning the mixed-use redevelopment of the wharf and advocating for integrated infrastructure solutions to better connect Onehunga Mall to the Onehunga wharf and Manukau Harbour. Enhancing public spaces with great design, facilitating new retail and housing choices, and optimising council service sites.	<p>The impact of COVID19 is limited as most of the work is going through master planning and design stages. The hold on procurement will affect delivery of the Laneways project.</p> <ul style="list-style-type: none"> • Onehunga Wharf - Work towards the development of a masterplan for the Wharf and the notification of a public plan change is continuing. A number of workshops with mana whenua have been held since January to review the proposed masterplan options and to provide an update on the cultural narrative. • Jordan Street and Oranga areas - The partial road closure is still being progressed through Auckland Transport. This is a project to improve safety and connectivity between the public realm spaces and planned redevelopment of the housing precincts in the Jordan Ave Reserve and Oranga areas.

			<ul style="list-style-type: none"> • Municipal Precinct - The community needs assessment for the wider Onehunga area has been completed and analysed and the information will be considered for the precinct in relation to the recreation centre and adjacent community facilities and public realm. The Precinct has opportunities for mixed-use development and consolidation of community facilities. • Waiapu Precinct - The master planning of the site is continuing to outline the proposed development including public realm. There are key development opportunities for enhanced retail and residential in the town centre area, linking back to Onehunga Mall. Social pinpoint feedback is being used to collect feedback from the community about what they would like to see in the space. • Laneways - Two Expression of Interests (EOIs) have gone out to mana whenua to procure two artists who will provide designs for the entrance monolith and murals in the laneways. • Dress Smart - We are working with the Dress Smart owners to implement the development agreement enabling redevelopment of Paynes Lane and pedestrian access to Dress Smart mall. One objection has been received to the road stopping process for part of Paynes Lane. Auckland Transport are considering whether to take this to the Environment Court. • The Onehunga Festival - hosted by the Onehunga Business Association, this took place in mid-February. Panuku worked with 312 Hub to deliver the Onehunga Bites at the festival which is an opportunity for local eateries to showcase some of their food.
Unlock Takapuna	On Track	Engaging closely with the community to unlock the opportunity to create a new active public heart for Takapuna and to provide new housing choices, amenity, and enhanced economic vitality.	<p>The Gasometer car park is targeted to be opened in July 2020 but will be subject to COVID19 impacts. Other parts of the programme are less affected as they are at planning and design stages.</p> <ul style="list-style-type: none"> • Anzac town square - Workshops with stakeholders and decision makers were held on the concept design for the Anzac town square to obtain feedback before finalising the design. Following approval by the board we will take the concept design for the Anzac town square to the local board for approval to proceed to public engagement and detailed design. • New Gasometer car park - is expected to open in July 2020 subject to COVID19 impact. Infrastructure works to relocate and replace stormwater, wastewater, and water mains from the Gasometer site to the surrounding Huron, Northcroft and Auburn streets are continuing. This included the removal of six pohutakawa trees. These trees will be replaced with six other native trees following completion of the works. We will be considering the best way to treat 40 Anzac Street once the Gasometer carpark opens. This could involve temporarily keeping carparking on 40 Anzac Street until at least next summer. • 40 Anzac Street and 30-34 Hurstmere Road - The development proposal for the central Takapuna sites of 40 Anzac Street and 30-34 Hurstmere Road were submitted by development parties. These will be evaluated by Panuku before determining the next steps. • R78 and 72A Hurstmere Road – negotiations for the potential development of these sites with an adjacent owner is continuing. • All legal proceedings against Takapuna projects are over. The Takapuna Residents Association withdrew their case in relation to the 2019 decision making process for the town square and the Miriam Clements application was determined as abandoned by the court.

Unlock Avondale	On Track	Facilitating a new multi-purpose community centre and development of vacant central sites in partnership with the Crown and private sector will bring Avondale to life, with more housing choices, people, activity, and business prosperity.	<p>Significant progress was made on the Avondale programme in quarter 3. However, it is noted that the current COVID19 lockdown will delay a number of these projects. In particular, Community facilities' new multi-purpose facility project and our Civic Precinct project is now on hold. We will look to use this time to progress the projects we can, including completing the masterplan and progressing site acquisition for the new facility.</p> <ul style="list-style-type: none"> • 18 Elm Street - Work with Kāinga Ora continues to progress. The sale of 18 Elm Street to Kāinga Ora went unconditional on 6 March, with settlement scheduled for 16 July. This agreement strongly supports the delivery of new quality housing on 18 Elm Street. • 1817 Great North Road - We have achieved a conditional agreement with the Ministry of Housing and Urban Development for 1817 Great North Road to provide for 86 apartments. The agency is now working to secure an agreement with a developer to be able to progress the sale. • Civic Precinct - Public realm projects are progressing. We are working closely with community facilities on the development of the new multipurpose facility and civic precinct remain well aligned. There has been significant progress on site acquisition for the new multi-purpose facility with the third property now going unconditional (settlement is 1 May). Only a single property required for the facility still remains in private ownership. A section 29 Public Works Act compulsory acquisition notice was served on the owner on the 12 March. <p>These achievements represent significant progress which, combined with the joint master planning work strongly support the urban regeneration of Avondale.</p>
Unlock Haumaru	On Track	Improving the quality, location, and design of the Council's social housing stock for older residents, led by Haumaru—a partnership with the Selwyn Foundation. Panuku leads the multi-year, multi-location redevelopment programme.	<ul style="list-style-type: none"> • 21 Henderson Valley Road - part of the former Wilsher Village site, went unconditional in March. This enables the development of 85-90 apartments. The settlement date has been pushed out to October as a result of COVID19. An official village opening will be scheduled post COVID19 lockdown. • 81A Godley Road, Green Bay - A concept plan has been prepared which will deliver 40 new units within two, two storey blocks. The site is going through feasibility to assess the development potential. • 27-31 Greenslade Crescent, Northcote - Panuku is currently in negotiations with Kāinga Ora to agree a ground lease arrangement and a management agreement with Haumaru.

Unlock Henderson

On Track

To create an urban eco centre with a family focus, to enhance the mauri of the twin streams Wai o Panuku and Wai Horotiu, and to demonstrate sustainability and climate responses. To provide new homes and commercial opportunities.

- **2-6 Henderson Valley Road** - It is noted that the current COVID19 lockdown will delay a number of our projects including the current works on the new road at 2-6 Henderson Valley Road that links the railway to the town centre. We are amending development agreement and contract terms to address this issue. In the meantime, we are looking at a number of innovative ways that we can maintain some momentum and presence in the area including moving our eco-speaker series to an online forum. We are also looking to use this time to progress working with the crown in the Oratia Precinct.
- **Oratia Precinct** - Plans to develop the Oratia Precinct (Trading Place and surrounds) is progressing. This represents an excellent opportunity to enable high quality residential development right in the town centre. The ability for Panuku to influence this proposal in a positive way is strongly supported by the strategic acquisition of 7-9 Trading Place. Overall, this creates a 5700sqm council owned development block in the town centre.
- **Henderson Town Centre** - We are progressing our capital works programme. The concept plan for the fallen Kauri bridge was approved by the Henderson-Massey Local Board on 17 March and we are now moving to detailed design. Public consultation on the upgrade to Henderson Valley Road has been completed and we are also moving to detailed design for this project.
- We have established a **Saturday market at the Falls carpark** which has been very positively received by the community and elected officials.
- **Walking & Cycling Network** - Master planning work with ATEED for the Auckland Film Studio site is progressing and we are working closely with Auckland Transport on an improved walking and cycling network.

Strategic focus area – Other Town Centres (Transform and Unlock Locations)

Key programme of	Status	Description	Outlook
Unlock Ormiston	On Track	The development and creation of a town centre within the Ormiston & Flat Bush area and to further develop Panuku controlled land. To provide community facilities, new homes, and a retail shopping centre.	<p>The opening of the master planned Ormiston town centre lifestyle complex was planned for the end of 2020; however, this has been delayed due to the COVID19 lockdown period.</p> <ul style="list-style-type: none"> • Town Centre update - Panuku has been advised by Todd Properties that the completion/opening date of the Town Centre development, previously targeted for the end of 2020 will be delayed due to the COVID19 lockdown. Todd is fully committed to completing the project and are continuing to work with its consultants, contractors, suppliers during the lockdown period on its contractual and design work for this project. • Community Facilities Library/Community Hub Update - Council has commenced design work on the planned Library/ Community Centre within the town centre. The council has indicated that this will be completed circa December 2023. Panuku is working with both council and Todd Properties to facilitate progress of this development. • Due to the difference in timeframes of the future completion times for the town centre and the library, Todd Property has requested assistance from Panuku to ensure that once the Town Centre is completed that Panuku arranges placemaking activation and/or hoardings on the Library/ Community Centre site until it is completed. • Aquatic Centre location confirmed and old site direction - The Howick Local Board has endorsed the sale of a site (previously allocated for an aquatic centre) in September 2019 as this site is now surplus to service use requirements. The site was assessed as too small for the facility and its future anticipated spatial needs. The Aquatic centre has been confirmed to be relocated to Barry Curtis Park.
Unlock Panmure	On Track	Reviving the town centre with new housing options, enhanced amenity, local connections, and community facilities, building on the natural landscape (the Maunga and the Basin) and the great transport infrastructure.	<ul style="list-style-type: none"> • Objections have been received for the proposed plan changes at 3 Kings Road and 28-30 Pilkington Road in Panmure. Hearings are scheduled to be held in May/June 2020. This is a plan change from Open Space Informal Recreation to enable terrace housing and apartment development. • The boundary change for 1 Kings Road will enable a small public realm upgrade of the site and surrounding area including some vital maintenance and repairs. • Commercial Precinct – a draft Heads of Terms have been developed and is going through negotiations with the developer to enable the commercial precinct site to be sold for the construction of a supermarket. • Panuku staff took part in the Panmure Basin Day on 1 March which was run by the Panmure Business Association. They provided an opportunity for local eateries to showcase some of their food, which was very successful.

Unlock Papatoetoe	Delayed	Developing new housing choices around the completed commercial developments of a shopping mall, supermarket, and carpark to enable the centre to flourish and the community to thrive.	<p>While completed work at the mall and supermarket is celebrated, future work is dependent on several external outputs from the council departments such as community facilities needs assessment before new projects can be progressed. There are no immediate related impacts from the COVID19 pandemic as most of the work is in the planning phase.</p> <ul style="list-style-type: none"> • Future Spatial Planning - Engagement with council staff is progressing on the Stadium Reserve area which includes the bowling green, teaching gardens and netball court sites. The site currently has open space zoning with parts of it having potential for residential development at 27 St George Street, based on the approvals obtained by Panuku to date. • Placemaking - It is proposed to maintain the Food Hub initiative on the old netball court at 27 St George Street, which Panuku managed as future development site. This year the Food Hub has grown and has launched the “Toetoe Coffee” cart on the forecourt of the New World supermarket. This project is in partnership with the owner of New World and is seen as a mutually beneficial partnership for both parties involved. The Food Hub also receives surplus produce from New World on a regular basis, this is then used for affordable meals for the community. The food hub also acts as a community space for gatherings including local young people being trained in the hospitality to help improve their practical skills and future employment opportunities. • Panuku is proposing to progress a new "go to market" plan for the now expanded Tavern Lane site which includes 7 and 17 St George Street. The combined site will now be known as “St George Lanes”. All other sites are on hold until certainty of outcomes is completed on this key site.
Unlock Hobsonville	On Track	Facilitating the creation of an employment hub “The Airfields” to compliment the greenfields master planned community at Hobsonville Point led by Kāinga Ora/HLC and the residential precincts facilitated by Panuku.	<ul style="list-style-type: none"> • Employment Precinct - The masterplan for the remaining 6ha of land in Unlock Hobsonville - The Airfields, has been completed with final approval from the Panuku Board to be sought. The masterplan will also be presented to Kāinga Ora and the Upper Harbour Local Board. The masterplan sets out how Panuku can deliver the employment precinct both regarding size and location of buildings and timing of delivery. • Wasp Hangar - Auckland Council Parks and Recreation is interested in using the Wasp Hangar for an informal indoor court facility. This is a great use of this currently vacant building and would help activate the area and our sites. We are undertaking some final structural works to the roof to enable the building to be safely occupied. Once the final works are complete and the site is subdivided from the rest of the title, we will transfer the building back to Council who will manage the recreation facility. • Avanda has completed 8 of its homes. Construction is continuing in the second parcel of land with 46 new homes to be built. Avanda will develop approximately 500 homes in stages.
Unlock Northcote	On Track	Regenerating the shopping centre into an accessible, modern mixed-use town centre, where people can live, work, play, and stay; where cultures are celebrated and connected by the Awataha Stream.	<ul style="list-style-type: none"> • Town Centre - Acquisition of the ground leases across the Northcote town centre are progressing well with another five properties purchased in the town centre in the last quarter. These acquisitions are to enable the town centre redevelopment as envisioned in the benchmark masterplan. • Greenslade Reserve - Healthy Waters has commenced the upgrade of Greenslade Reserve. • Te Ara Awataha - The purchase of the land along the edge of the primary and intermediate schools was completed. This land is for Te Ara Awataha, the greenway which runs from Tonar Street to Jessie Tonar Reserve.

Unlock Pukekohe	On Track	Working with the Local Board in identifying development opportunities to strengthen the local economy and bring communities together.	<p>The programme is still in its formative stages and is focused on refining mandate, building relationships and buy-in with stakeholders and confirming funding. The next approval process will agree staging, prioritisation and funding for development sites and public realm projects. Placemaking is also in the formative stages focused on looking at options for the farmers market and the lanes. There is limited impact from the current COVID19 pandemic as most work is in the planning phase. However, some tactical planning and projects may be adjusted to respond to the new market environment.</p> <ul style="list-style-type: none"> • Car park release - Panuku is still working closely with Auckland Transport and Franklin Local Board to agree the approach to parking solutions for the town centre, enabling the release of up to eight off-street carpark sites in the future. • 172-182 Manukau Road (properties from AT roading project) - The development of underutilised sites at 172-182 Manukau Road (balance of land/properties left over from an Auckland Transport roading project) continues to require further discussion with Auckland Transport. • The Franklin Local Board endorsed the proposed public realm investment programme and indicative site sales sequence in early March.
Unlock City Centre	On Track	Managing city centre redevelopment projects on behalf of Council, including the Civic Administration Building (CAB), Central Post Office (CPO)	<ul style="list-style-type: none"> • Civic Administration Building - The resource consent application under s127, Resource Management Act to vary conditions relating to the facade was approved on 18 March 2020. This is the last outstanding resource consent requirement for the development. This enables a programme of work to continue and for CAB completion by March 2022.

Other statement of intent focus areas

Local board engagement

In the January to March period, engagement with local boards and elected members remained strong. The engagement team resumed six monthly local board reporting following local elections and inductions in the latter part of 2019. The team also continued making initial connections with newly elected councillors and inductions with new local board members, which also served as great refreshers for re-elected members, giving an overall picture of the work that Panuku does. For local boards with priority programmes, the inductions included an update and refresh of information regarding their priority location projects, including a review of what the local board had previously agreed and why, and a recap of next steps.

The team continued to work through property specific issues with local boards where there were extraordinary matters outside of usual reporting items, such as the movement of markets from AT management to Panuku management.

Senior engagement advisors contributed to local board draft planning workshops to ensure that priorities are aligned and reflected in the next steps of public consultation.

Toward the end of March, the engagement team, local board services and local board officers around the city began discussion about what lockdown engagement would look like. From early March the focus became about priority and urgent decisions. Meetings and workshops with elected members transitioned to a Skype format. Community engagement continued in our existing online formats such as Social Pinpoint.

Climate change

The level 4 lockdown as a response to COVID19 has highlighted some key issues and opportunities for Panuku relevant to climate change:

- remote and flexible working (and associated emissions reductions),
- use of active transport modes in our neighbourhoods and how to support and embed these going forward,
- the importance of community resilience, and
- the critical role that urban regeneration can play in the post COVID19 recovery.
- Input was provided to the list of shovel ready projects and support given for a climate impacts and opportunities to be a key consideration. Any interventions used to stimulate the economy have the potential to either boost Auckland's climate response or accelerate climate change and set us back in our response.
- A tool to measure and reduce the carbon impact of new mixed-use and residential developments has been selected (BRANZ LCAQuick). Pilot projects to use the tool are currently being scoped.
- Working with technical experts to ensure climate adaptation and resilience is a key consideration in master planning and development of priority development locations with current work ongoing for Onehunga Wharf and Wynyard Quarter.

Working with Central Government

We are continuing to work with Kāinga Ora Homes and Communities and Ministry of Housing and Urban Development in a number of our locations.

- In Avondale we are working with Kāinga Ora to progress delivery of new quality housing on 18 Elm Street. The agreement for sale of this site went unconditional in March. We also completed a conditional agreement with the Ministry of Housing and Urban Development for 1817 Great North Road to enable 86 apartments.
- Haumarū - 27-31 Greenslade Crescent, Northcote - Panuku is currently in negotiations with Kāinga Ora to agree a ground lease arrangement and a management agreement.
- In Henderson, plans to work with the crown to develop the Oratia Precinct (Trading Place and surrounds) is progressing. This represents an excellent opportunity to enable high quality residential development right in the town centre.
- In Ormiston, we are negotiating the sale of sites on Flat Bush School Road for potential residential development.

Contribution towards Māori outcomes

- Panuku is engaging with mana whenua on dozens of projects, and we do not yet know which projects will be suspended because of new strategic directions. To date, we have continued to engage with mana whenua as usual.
- Panuku has been unable to continue with cultural ceremonies (e.g., start of construction karakia), but so far, these practices have been suspended and should resume after the lockdown is lifted.
- The Māori Outcomes team has supported the business to prepare for the implementation of the Mana Whenua-Panuku Outcomes Framework (the Outcomes Framework). Panuku intends to implement the Outcomes Framework over three years, starting in the 2020/2021 financial year. The Outcomes Framework consists of 72 Actions over the next three years.
- Panuku and mana whenua are collaborating to complete major masterplan change processes at Onehunga Wharf and Wynyard Point. Other flagship projects include America's Cup infrastructure works, the Westhaven Marina Pile Mooring Redevelopment, Te Ara Awataha restoration, and Puhinui restoration.

Panuku Q3 financials



Direct operating performance

(\$ million)	Notes	FY 19	FY 20 Quarter 3 YTD			FY 20
		Actual	Actual	Budget	Variance	Budget
Net direct expenditure		9.7	15.5	15.2	(0.3)	21.1
Direct revenue		37.4	11.2	15.0	(3.8)	19.8
Fees & user charges		2.1	0	0	0	0
Operating grants and subsidies		-	-	-	-	-
Other direct revenue	A	35.3	11.2	15.0	(3.8)	19.8
Direct expenditure	B	47.1	26.7	30.2	3.5	40.9
Employee benefits		25.2	21.4	23.4	2.0	32.6
Grants, contributions & sponsorship		-	-	-	-	-
Other direct expenditure		21.9	5.3	6.8	1.5	8.3
Other key operating lines						
AC operating funding		18.0	15.5	15.2	0.3	21.1
AC capital funding		17.2	0	0	0	0
Vested assets		-	-	-	-	-
Depreciation		8.1	0	0	0	0.1
Net interest expense		(0.7)	0	0	0	0



Financial Commentary

Overall, the operating performance of Panuku is tracking just behind of budget \$0.3m and is expected to meet budget at year end, with detailed income and expenditure variations below.

A: Other direct revenue is \$3.8m under budget, this revenue is generated through Panuku staff charging time to Council projects. Revenue is behind budget mostly due to slower recruitment of delivery staff and time recharges. There are savings in employee benefits of \$2.0m which partially offset this.

B: Direct expenditure is \$3.5m behind budget, largely due to savings to date in employee benefits as result of staff vacancies. This saving is forecast to be held as no additional recruitment is being undertaken. The full impact of COVID19 has yet to be assessed in this area.

Commercial Property Portfolio Q3 financials

Direct operating performance

(\$ million)	Notes	FY 19	FY 20 Quarter 3 YTD			FY 20
		Actual	Actual	Budget	Variance	Budget
Net direct revenue		12.8	12.0	2.7	9.3	4.2
Direct revenue	A	30.8	39.6	34.0	5.6	44.3
Fees & user charges		1.9	0	0	0	0
Operating grants and subsidies		-	-	-	-	-
Other direct revenue		28.9	39.6	34.0	5.6	44.3
Direct expenditure	B	18.0	27.6	31.3	3.7	40.1
Employee benefits		0.2	0.8	1.2	0.4	1.5
Grants, contributions & sponsorship		-	-	-	-	-
Other direct expenditure		17.8	26.8	30.1	3.3	38.6
Other key operating lines						
AC operating funding		-	-	-	-	-
AC capital funding		-	-	-	-	-
Vested assets		-	-	-	-	-
Depreciation		0.3	6.3	8.5	2.2	11.3
Net interest expense		0	0	0	0	0

Financial Commentary

The numbers in the table represent the Auckland Council Portfolio only. They exclude the YTD net direct revenue of \$5.5m that we have generated for properties managed for Auckland Transport, and the \$3.4m of dividend that has been paid to Solid Waste at Council from the Waste Disposal Services investment managed by Panuku.

A: Direct revenue is ahead of YTD budget by \$5.6m. The material explanations for the variance are:

- 'The Strand' in Takapuna, the team exceed budget by \$1.2m through leasing additional space during the quarter.
- Waste Disposal Services revenue is \$1.1m ahead of budget, as a result of more waste than budgeted for.
- Unbudgeted rental increases also added an additional \$1.0m to revenue.

We forecast the positive variance to be held until year end. Any COVID19 impacts will be absorbed within the positive variance.

B: Direct expenditure is behind YTD budget by \$3.7m. The material variance relates to:

- Priority Location operational spend being \$2.2m behind budget, this saving to date is expected to be held until year end.
- Marina expenditure \$1.8m behind budget, a significant portion of this relates to underspend in maintenance.

Panuku Q3 performance measures

Key performance indicators	Previous	FY 20 Quarter 3		Status	Commentary
	Year	Actual	Target		
<p>Note: Panuku has a total of 6 LTP measures and 17 SOI measures. For the nine months to 31 March 2020, 4 measures have been met for quarter 3. 5 are progressing, 7 are end of year measures and 1 is assessed as not met.</p>					
1. Transform and Unlock location initiatives completed.	57% of the initiatives were completed (8 out of 14 initiatives).	Seven initiatives were completed at the end of Q3	90% or more of planned Transform and Unlock initiatives completed/achieved. A list of location initiatives for the 2020/21 year will be agreed by the Board in the 2019/20 financial period.	Not met	7 out of 14 planned initiatives have been completed. This performance target will not be met due to the impact of COVID19 on some initiatives. An example is the restriction on people gathering which will affect Placemaking events target. The council threshold on 98% to pass this measure will not be met.
2. Climate change mitigation and adaptation considered across Panuku projects	New measure	Completed	A tool is developed / identified to measure and reduce greenhouse gas (GHG) impact of new mixed use and residential development by June 2020.	Met target	The development of a tool has been completed and approved by ELT in February 2020.
3. Climate change mitigation and adaptation considered across Panuku projects	New measure	N/A	A process is defined to ensure climate change adaptation is embedded in the location planning process. Approved by Board by June 2020. One adaptation plan completed as a template for other areas.	Progressing	Work is progressing. An adaptation plan is being developed for Northcote.
4. Percentage of attendees surveyed satisfied with city centre Waterfront place programmes and activities.	85%	N/A	85%	Not yet measured	The survey will be carried out close to year end.
5. Percentage of visitors surveyed satisfied with their experience of the public spaces on the city centre Waterfront (LTP)	92%	N/A	80%	Not yet measured	The survey will be carried out close to year end.

Key performance indicators	Previous Year	FY 20 Quarter 3		Status	Commentary
		Actual	Target		
6. Percentage of Aucklanders surveyed who have visited the city centre Waterfront in the past year (LTP)	72%	N/A	73%	Not yet measured	The survey will be carried out close to year end.
7. Percentage of customers surveyed satisfied overall with marina facilities and services (LTP).	91%	N/A	88%	Not yet measured	The survey will be carried out close to year end.
8. Number of significant Māori initiatives implemented or active per annum (LTP).	65	35	52	Progressing	Target is currently behind schedule. A number of Māori initiatives are underway.
9. % Mana whenua groups satisfied with quality of engagement.	30% were satisfied, 30% were neither satisfied nor dissatisfied, 20% were dissatisfied. 20% did not give a rating.	N/A	Maintain or Improve baseline	Not yet measured	The survey will be carried out close to year end.
10. Written evidence that opportunities have been identified and assessed, to be progressed or not.	143 opportunities assessed	42 site assessments have been completed to date	At least 100 opportunities identified and assessed.	Progressing	112 assessments are progressing.
11. The net surplus on the property portfolio achieves the annual budget agreed with the council. (Properties managed on behalf of Council).	\$26.8m	\$28.94m	\$22.15m (3 rd quarter)	Met YTD budget surplus target	Net surplus has met YTD budget \$22.15m for quarter 3. The annual target is \$30.7m.
12. Occupancy rate for tenantable properties.	97.8%	97.2%	95%	Met YTD target	Occupancy percentages for quarter 3 were within target

Key performance indicators	Previous Year	FY 20 Quarter 3		Status	Commentary
		Actual	Target		
13. ROI on investment on a like for like properties (LTP)	2.4%	N/A	Greater than or equal to 1.75%	Measured at year end	The ROI on properties will be calculated at year end.
14. Return on Equity on commercial assets and services (LTP).	11.43%	N/A	8.25%	Measured at year end	The ROE will be calculated at year end.
15. List of properties recommended for disposal submitted to the council	\$30.38m	\$20m worth of assets have been recommended for disposal to date.	A list of recommended properties with a total cumulative gross value of \$45 million for two years (2019/20 and 2020/21), will be submitted to the council seeking approval for disposal by the end of June 2021. or A list of recommended properties with a total gross value of \$22.5 million will be submitted to the council seeking approval for disposal by the end of June 2020.	Progressing	Recommended disposals target is projected to be met by end of year.
16. Achieve total forecast net sales for the financial year through unconditional agreements. (Asset sales).	\$44.44m	\$9.25m worth of assets have been sold to date.	Meet or exceed forecast Property disposal annual target of \$24 million or progress the achievement of the 3-year cumulative LTP sales target of \$72m.	Progressing	General asset sales are projected to be met for the three-year cumulative target.
17. Acquisitions are delivered within the timeline agreed with Auckland Council.	92.8%	85%	80% satisfaction against agreed service performance measure	Met YTD target	Acquisition target achieved for quarter 3. 17 completed within timeline out of 20 acquisitions.