

Panuku Development Auckland

Quarter 1 Performance Report

For the period ending 30 September 2020

This report outlines the key performance of Panuku which includes regeneration of urban locations and management of Auckland Council's property assets

Panuku Q1 summary

Highlights, issues & risks

Highlights

- Key SOI annual performance measures are on track.
- In Manukau, the TechPark campus building has been completed and handed over to Manukau Institute of Technology. Panuku initially sold the site for the campus with the building being delivered by Hayden & Rollett.
- In August the first residents moved into completed homes in the Barrowcliffe development.
- A number of site sales in Avondale and Henderson have been paid in full during the quarter. These are Panuku sites with development agreements with Kāinga Ora and other development partners enabling approximately 233 homes to be built.
- We reached a conditional development agreement on a site in Flat Bush that will enable 120 new homes.
- Waterfront projects are tracking towards completion in time for the start of the America's Cup event in December. The new superyacht berths have been completed and both Westhaven Promenade and the Marine Village are nearing completion.
- Park Hyatt Auckland Hotel and Ūrunga Plaza both opened this quarter. The Park Hyatt is situated on a Panuku site, resulting from a development agreement with Fu Wah. The Ūrunga Plaza is a new public space next to the hotel on the waterfront. This was built on Panuku's behalf by Fu Wah as part of the agreement.
- We are working with Auckland Council's Finance team on the asset recycling target as part of the Emergency Budget. Sixty-one properties, which have a cumulative capital value of \$50 million, were confirmed as surplus to council requirements and approved for sale in July and September 2020. This result was achieved in the first quarter and meets our recommended for sale target.
- Total unconditional asset sales in the quarter is \$7.76m, comprising of one council corporate property in Pukekohe and one general asset disposal.

Issues/ Risks

- From a risk perspective we continue to monitor and manage Covid-19 level change impact on the organisation.
- The main risk currently is the uncertain future state of the property market.
- We are addressing Panuku future funding via the LTP process.

Financials (\$million)

	Actual	Budget	Actual vs Budget
Capital delivery	24.1	36.0	↓ 11.9
Strategic Development Fund (revolving credit facility)	4.6	9.4	↓ 4.8
Direct revenue*	17.4	15.4	↑ 2.0
Direct expenditure*	21.2	23.7	↑ 2.5
Net direct expenditure	3.8	8.3	↑ 4.5

Financial Commentary

Capital delivery:

Capital spend is \$11.9m unfavourable compared to budget. The largest variances include \$3m of contamination payments to Waterfront development partners which were delayed due to construction phasing and \$4.8m related to project delays due to the August Covid-19 lockdown.

The strategic development fund (SDF) is a credit facility available to us to take advantage of any acquisition opportunities for town centre regeneration outcomes. The fund is being used this year to purchase properties in Northcote Town Centre. There is a delay as we work through a Public Works Act process on two properties.

Direct revenue:

Direct revenue for the year is \$2.0m favourable compared to budget. Most of the variance relates to Emergency Budget allocated for tenant hardship in quarter one not being used.

Direct expenditure:

Direct expenditure is \$2.5m favourable compared to budget, mainly due to slower recruitment and the impact of voluntary salary reductions. Spend in Priority Locations is behind phased budget due to the impact of the August Covid-19 lockdown on placemaking activities and marina maintenance.

*Direct revenue and expenditure are made up of Panuku and managed council property portfolio.

Key performance indicators <i>(Refer to pg. 16 for complete list)</i>	Previous Year	FY 21 Quarter 1		Status	Commentary
		Actual	Target		
Achieve total board approved budgeted Transform and Unlock net sales for the financial year through unconditional agreements.	New performance measure	Progressing	Meet \$39m Transform and Unlock annual unconditional sales approved by the Panuku Board.	On Track	There are no Transform and Unlock asset sales this quarter. We are progressing two significant sales; one has entered into a conditional agreement and the other is in exclusive negotiations for a set period of time.
Capital project milestones approved by the board achieved.	New performance measure	Progressing	Achieve 80 per cent or more of project milestones for significant capital projects (as set out in SOI).	On Track	All 17 capital project milestones are on track this quarter.
List of properties recommended for disposal submitted to the council. The disposal target for the next financial period will be agreed with the council in the current financial period.	\$20 million	\$50 million	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.	Met Target	The SOI target for FY2018/21 is \$45 million. \$20 million of property was recommended for sale to the end of June 2020. The balance of this target was achieved from sixty-one properties with a cumulative capital value of \$50 million cleared for sale as part of the Emergency Budget. Note: not all properties will be ready for actual sale in the current financial year.
The net surplus on the property portfolio achieves the annual budget agreed with the council.	Net surplus is \$8.2 million ahead of budget (actual surplus of \$38.9 million against budget of \$30.7 million).	Net surplus for the quarter is \$4.4 million ahead of YTD budget (actual surplus of \$4.5 million against YTD budget of \$0.1 million).	Net result achieves budget for 2020/21.	On Track	The favourable variance is due to revenue being ahead of budget (more information is contained in the financial commentary section).
Achieve total forecast net sales for the financial year through unconditional agreements. Annual actual asset sales may fluctuate between years. (LTP) .	Net sales of \$9.9 million for the financial year. \$54.34 million achieved to date of the 3-year target.	\$1.68 million	Achieve the \$24m of asset sales approved by the Panuku Board in addition to the past agreed LTP target and achieve the balance of the three-year LTP asset sales target set at \$72m.	On Track	There was one general asset sold this quarter. One year of the target remains and \$15.98 million balance.

Strategic focus area – Waterfront development

Key commentary

A total of \$17.5 million was spent on Waterfront development, against a budget of \$25.3 million.

Highlights:

- **Superyacht Infrastructure** - New berths have been completed to schedule. Due to Covid-19 border restrictions on international vessels, the marina is seeking to attract more domestic vessels to increase occupancy.
- **Park Hyatt Auckland Hotel** - Opened in September 2020. This hotel is built on a Panuku site in a development agreement with Fu Wah.
- **Ūrunga Plaza** - Opened in September 2020, this is a new public space outside the Park Hyatt hotel.
- **Westhaven Promenade** - Construction of the boardwalk and cycle way is nearing completion. It will be open to the public from November 2020.
- **Westhaven Marine Village** - Construction of this marine related facility is nearing completion. It will start attracting new businesses and visitors from December 2020.

Issues/Risks

- Covid-19 impact on the delivery of future projects and programme.

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

Status

Description

Outlook

AC36 Enabling Works

On track

- Establishment of a new **superyacht berthage** facility with improved facilities and increased capacity to accommodate larger vessels.
- **Tenant relocation** - temporary relocation of fishing fleet to enable Wynyard Edge Alliance works on Halsey Wharf.

Superyacht infrastructure - berths were completed to schedule in September 2020. Due to Covid-19 border restrictions, bonds paid by international vessels unable to attend are being refunded. An alternative berthage pricing model has been implemented for local and visitor rates to help attract domestic vessels to the marina.

Tenant relocation - The remaining works to relocate fishing fleet tenants are underway. This will be the final tenant to manage in advance of the America's Cup event.

AC36 Community Liaison Group - Panuku facilitated a series of workshops to go through the America's Cup Event Ltd (ACE) management plans and to seek feedback. Stakeholder engagement will be a key focus over the remaining dates in the lead up to set up of the village in November, and the first race on 17 December 2020.

Wynyard Quarter	On track	<ul style="list-style-type: none"> • Wynyard Quarter Masterplan developed. • Ūrunga Plaza – opening of public space adjacent to the Park Hyatt Hotel. • Orams Marine refit facility in Wynyard Quarter. • Completion of Willis Bond’s staged residential development in Wynyard Quarter. 	<p>Wynyard Quarter Masterplan - A draft will be presented to a Planning Committee workshop in November 2020. This will start the phase of consultation with the public and key stakeholders in advance of a plan change in 2021 to update the Unitary Plan provisions for the next stage of development of Wynyard Point.</p> <p>Ūrunga Plaza and Park Hyatt Auckland Hotel - Both opened in September 2020. Ūrunga Plaza is a new public space outside the hotel that opens up the waterfront and viaduct harbour promenade.</p> <p>Orams – This was a sale to Orams with a development agreement. Construction is progressing on the development of a marine refit facility across the three sites. The first stage, consisting of the remediation of the existing seawall and the establishment of the refit facility and associated workshops and retail/office space is expected to be completed in November 2020.</p> <p>Willis Bond - Fitout works are ongoing for Stage 2A (Daldy Building) of the mixed residential and retail development. Completion is expected in December 2020. Completion of the Stage 2B (Beaumont Street Building) residential development is expected by 31 October 2020.</p> <p>Silo Park Extension - Completion and opening expected in November 2020. This will be the newest public open space in the Wynyard Quarter, co-designed by Landlab with Panuku and iwi, and delivered by the Wynyard Edge Alliance (WEA).</p>
Other e.g. Marinas	On track	<ul style="list-style-type: none"> • Westhaven Promenade stage 2 – construction completed. • Completion of the Westhaven Marine Village providing a marine related business centre consisting of commercial buildings, public facilities, boardwalk and car parking. • Auckland Harbour Bridge Pathway enabling works completed. 	<p>Westhaven Promenade stage 2 - Nearing completion, providing an uninterrupted boardwalk and cycleway close to the water’s edge along Westhaven Drive from Z pier to the Harbour Bridge. It will be open to the public from November 2020.</p> <p>Westhaven Marine Village - Nearing completion, this new facility will accommodate marine related activities and attract new businesses and visitors to the Westhaven Marina from December 2020.</p> <p>Northern Pathway Project - Due to the fast-tracking of Waka Kotāhi’s Northern Pathway project, Panuku have brought forward the planning for Harbour Bridge Park to ensure co-ordination with this major infrastructure project in Westhaven. Consultation is underway with Waitematā Local Board and mana whenua.</p>

Strategic focus area – other town centres (Transform and Unlock locations)

Key commentary

A total of \$11.2 million was spent towards the urban regeneration of the other town centres that make up the Transform and Unlock programme against a budget of \$16.7 million.

Highlights

- **Manukau** - TechPark campus - The trades building completed by development partner Hayden & Rollett was handed over to MIT (Manukau Institute of Technology) on 1 September.
- **Manukau - Barrowcliffe development** - The first residents moved into completed homes during August 2020.
- **Avondale - 1817 Great North Road** - This site was fully paid on 17 September 2020. The site is expected to include 117 homes.
- **Avondale -18 Elm Street** - This was a Panuku site sold with a development agreement. This site was fully paid on 22 July 2020. Government partner Kāinga Ora are planning for a mixed tenure residential development on the site.
- **Haumarū - 21 Henderson Valley Road, Henderson** (remaining land from the Wilshire Village) - Settlement took place on 25 September 2020. 116 homes will be built on the site.
- **Corporate Property Programme - 82 Manukau Road, Pukekohe** (former Franklin District Council office) - the sale went unconditional on 21 September 2020.
- **Supports programme - 187 Flat Bush School Road site**- A conditional sale and development agreement has been reached for the development of 120 new homes on the site. The development will be delivered by Fletcher Living.
- **Northcote Acquisitions** - During July, six purchase agreements were signed for acquisitions to enable the council's freehold ownership of the town centre. This will help achieve the urban renewal and housing outcomes for Unlock Northcote.

Issues/Risks

- Covid-19 impact on the delivery of future projects and programme.

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 High Level Project Plans and associated masterplans provides a roadmap for redevelopment.

Key programme	Status	Description	Outlook
Transform Manukau	On track	<ul style="list-style-type: none"> Continued facilitation of the Barrowcliffe Place residential development – with developer-led delivery of 300 new homes. Barrowcliffe Bridge and place enhancement with a new cycleway, safety and amenity. Completion of the Puhinui Regeneration strategy to guide all future projects in the catchment. The project contributes to the council’s environmental goals. New Wiri playground to support the local community. Activations on Manukau Square, car parks and the Puhinui corridor. 	<p>Barrowcliffe development - The first residents moved in during August 2020, with planned celebrations being deferred due to Covid-19. The target of 300 units (a mix of apartments and terraced housing), exceeds the 275 minimum units specified in the development agreement.</p> <p>Barrowcliffe Bridge enhancement works - A closed tender will be completed, and a contractor is expected to be in place by the end of October 2020. This project will reconnect Manukau town centre with the Wiri neighbourhood and the new residents arriving in the Barrowcliffe development.</p> <p>Puhinui Regeneration - work on the regeneration strategy is expected to be completed. To ensure long term collaboration on this important 12km stretch of stream restoration, the creation of a kawenata (sacred covenant) has been proposed by three mana whenua groups and is under consideration by all involved. This project is in partnership with Healthy Waters and local boards.</p> <p>Wiri Playground - Manurewa Local Board approved this project to proceed in July 2020. Significant engagement on the design has been sought from the local board and three iwi groups, with detailed design to follow. Construction is estimated to start in January/February 2021.</p> <p>Manukau Institute of Technology (MIT), TechPark campus - The trades building constructed by development partner Hayden & Rollett was handed over to MIT on 1 September 2020. The trades building will attract 1000 staff and students to Manukau.</p> <p>Sports Bowl community facility investment – support for the options and site masterplanning to improve local community sport and recreation needs on the 21ha site was received from Auckland Council and the Ōtara-Papatoetoe Local Board in August 2020. This will take place over the next 18 months with a view to staged transformation, supported by Panuku with some reinvestment.</p> <p>The impacts of Covid-19 have meant placemaking activations planned for Manukau have not yet been able to take place.</p>
Transform Onehunga	On Track	<ul style="list-style-type: none"> Dress Smart precinct – facilitate a new commercial space circa 6000m2. Plan change to enable future mixed-use development on the Onehunga wharf that connects the community back to the water and continues to support a working waterfront. Facilitate a new supermarket and approximately 1000 new homes in Onehunga. 	<p>Dress Smart – Panuku is working with Lendlease to finalise the redevelopment plans to submit to Auckland Council for resource consent. This a Panuku site with a development agreement to enable redevelopment of Paynes Lane and pedestrian access to Dresssmart mall.</p> <p>Onehunga Wharf – The masterplan is being progressed which will involve public consultation and will support a plan change process in 2021.</p> <p>Waiapu Precinct – Design and planning work is underway to inform the overall masterplan with a particular emphasis on the first site involving a new supermarket.</p> <p>A six-month lease agreement with 312 Hub, a youth support organisation has been agreed for 1 Paynes Lane.</p>

Unlock Takapuna	On Track	<ul style="list-style-type: none"> Finalise design of a new town square on part of 40 Anzac Street and 38 Hurstmere Road. Agree a revised market strategy and commence market processes to seek private sector investment on development opportunities for the site on the corner of Auburn, Northcroft and Huron streets and the site at 14 Huron Street. Complete the construction of the Gasometer car park which will provide 420 public car spaces supporting the retail and business community in Takapuna. Design and trial improvements to Huron and Northcroft streets to enhance the journey for people walking between Toka Puia to the town centre and new public town square. 	<p>Town square – Concept design changes, following feedback from public consultation in July, were workshopped with the local board at the end of September 2020. The new town square design will be presented for approval at the 20 October 2020 local board business meeting.</p> <p>Gasometer car park - The car park and infrastructure works are expected to be completed at the end of October. Mana whenua has gifted 'Toka Puia' as the name for the car park building. The name references the volcanic rock – 'Toka' that the spring originally flowed from 'Puia'.</p> <p>14 Huron Street and Auburn Street – We will be marketing these two sites, located either side of Toka Puia Gasometer car park to find development partners in October.</p> <p>Innovating Streets Takapuna - Huron and Northcroft streetscape upgrade –Stakeholder engagement is planned for October, with an initial flyer drop and door-knocking at businesses and homes in the surrounding neighbourhood.</p>
Unlock Avondale	On Track	<ul style="list-style-type: none"> Finalise the sale of a key site, 1817 Great North Road, to facilitate a high quality Homestar 6 market/affordable housing. Finalise the sale of a key site, 18 Elm Street, for high quality Homestar 6 residential development. Identify development partner/s to deliver a staged development of Avondale Central based on the agreed masterplan, a critical town centre site – complete development agreement. Design a new town square – enlivening the heart of the town centre, adjacent to the new community centre to be facilitated by council. 	<p>1817 Great North Road –This is a Panuku site with a development agreement. The property was paid in full on 17 September 2020 by the Ministry of Housing and Urban Development, with housing to be built by Ockham Residential. The newly named 'Aroha' site will have 117 homes, 47 of which will be Kiwi Build units.</p> <p>18 Elm Street – settlement of the property took place on 22 July. Kāinga Ora are progressing with their plans for a mixed tenure residential development on the site.</p> <p>The Avondale masterplan has been updated.</p> <p>Town square project – Procurement is underway to engage designers to start work on this project.</p>

Unlock Haumaru	On Track	<ul style="list-style-type: none"> • Panuku is focusing on redeveloping the next group of properties in the portfolio following the completion of Wilsher Village in Henderson. The homes will be sustainable and accessible. 	<p>21 Henderson Valley Road, Henderson (remaining 1.3ha land from the Wilshire Village) – The masterplan submitted by the developer was approved by Panuku in August 2020 and the sale settled on 25 September 2020. A total of 116 homes will be built on the site.</p> <p>81A Godley Road, Green Bay (vacant site) - Panuku is progressing the potential option of a 40-unit development on this site. A concept plan has been produced and is currently being considered by Panuku’s design team.</p>
Unlock Henderson	On Track	<ul style="list-style-type: none"> • Enhancement of Henderson Valley Road – creating safer and more connected area between the town centre, Opanuku stream and the Corban Estate Arts Centre. • Low carbon medium density residential development of a key site – reinventing Cities (C40) initiative. An exemplar development that contribute to the council’s climate change goals. • Former Auckland Council building at 2-6 Henderson Valley Road – major education hub and integral to revitalisation of Henderson. 	<p>Corban Estate – Work with Community Facilities on masterplanning began in August 2020. The Fallen Kauri Bridge project will significantly improve access to this area.</p> <p>Alderman C40 Site Sale – The plan is for a C40 sustainable housing development. An agreement on the esplanade reserve requirement has been reached with the council’s Regulatory Services team, and we expect the subdivision consent to be granted shortly. The sale of the site is conditional on Panuku being granted a subdivision consent and the developer obtaining finance and land use resource consent.</p> <p>2-6 Henderson Valley Road - Physical works including earthworks and drainage, new road construction and greenway are on track for completion in November 2020. This site was sold to the Laidlaw College Foundation which will regenerate the site into a mixed-use neighbourhood including education and student accommodation. Panuku is responsible for subdivision work as part of the agreement.</p>
Unlock Ormiston	Delayed	<ul style="list-style-type: none"> • New houses supplied for urban blocks surrounding the town centre will continue to progress. • Support and facilitate the development of library/community centre. 	<p>Aquatic centre site – Auckland Council approval was given in September 2020 for the site to be disposed/redeveloped. The site is now called 65 Haddington Drive. The council has moved its plans for the facility to another site within Barry Curtis Park and now frees up this land for development.</p> <p>Auckland Council library site– Due to a delay with the library project, temporary placemaking activity will be explored as an interim option for this property. The scope of this is planned to be confirmed by the end of October 2020.</p>
Unlock Panmure	On Track	<ul style="list-style-type: none"> • Clifton Court – design the public realm upgrade to create a safe and attractive laneway that can be used for local community gatherings and catalyse adjoining private landholdings to be redeveloped for homes and businesses. 	<p>Clifton Court – During September 2020, residents and businesses of Clifton Court were invited to take part in a survey and an online drop-in session asking for their thoughts on what should be included in the design of the site. Clifton Court design feedback will inform the final design.</p>

Unlock Papatoetoe	Delayed	<ul style="list-style-type: none"> Facilitate the development of the key town centre site, 3 St George Street. 	<p>St George Lanes (3 St George Street) – In September 2020 the Panuku Board approved a limited contestable process involving four iwi groups to develop the site for new homes. It is anticipated that a conditional development agreement for this site will be in place by June 2021.</p>
Unlock Northcote	On Track	<ul style="list-style-type: none"> Acquire ground leases in the town centre to enable renewal. Work with council whanau to complete an assessment of the community's needs. 	<p>Northcote acquisitions – During July, six purchase agreements were signed. Compulsory acquisition notices were also served on the four properties needed to complete the council's freehold ownership of the town centre. The notice objection period expired on 31 August 2020, with no objections being lodged. We will commence Public Works Act compulsory acquisition process for two properties.</p> <p>Community Needs Assessment - Auckland Council confirmed funding for the assessment in August 2020 and work began in September 2020. The results are expected in early 2021 and will inform the community facility requirements for the town centre.</p>
Unlock Pukekohe	On Track	<ul style="list-style-type: none"> Completion of a masterplanning document that sets out the programme of development and public realm projects. 	<p>The draft masterplan was socialised with the Franklin Local Board and Councillor Cashmore in August 2020. A proposed community engagement phase is expected to start in February 2021 which will lead to further input and refinement of the masterplan.</p> <p>180 Manukau Road - A plan to advertise to lease the site at 180 Manukau Road was completed and approved in September 2020. This will provide income for the programme and support local employment in what is currently an underutilised building.</p>

Strategic focus area – Regional development programme

Key programme	Status	Description	Outlook
Corporate Property Programme	On Track	Creating a fit-for-purpose and future-proofed corporate property network that will result in a new property portfolio that is better aligned to how council provides services to local communities. Corporate Property sets out the outcomes, Panuku leads the sales process and negotiating development outcomes.	<p>82 Manukau Road, Pukekohe (former Franklin District Council office and Auckland Council service centre) - We reached an agreement with a development partner on 21 September 2020.</p> <p>4-10 Mayoral Drive (Aotea Station Development) - A heads of agreement was negotiated with the preferred developer in August 2020. Development agreement negotiations have commenced, and the development agreement execution date is targeted for November 2020.</p> <p>Kotuku House, 4 Osterley Way, Manukau (former Manukau City Council office) – Auckland Council has advised that it requires occupation until December 2023. Work has commenced on the land segregation and scope for the through site link from 14 Davies Ave to Osterley Way to enable a future sale.</p>

Auckland Transport Park and Ride Redevelopment	On Track	This is a joint venture between AT and Panuku to identify ways to accommodate both transport service requirements at designated council owned park and ride sites and mixed-use development opportunities. AT's role is to determine the transport function and ongoing operations. Panuku leads the sales process and development outcomes.	The programme strategy was approved by the Finance and Performance Committee on the 17 September 2020. Ōrākei Park and Ride - Auckland Transport provided both generic programme transport and site-specific transport requirements for the Ōrākei train station park and ride site in August 2020. Both sets of requirements are currently being considered by Panuku.
Service Property Optimisation	Delayed	Panuku, Auckland Council Community Services and local boards work together to identify and release value from underperforming service assets in order to fund local services while supporting urban regeneration. Projects must proceed on a cost neutral basis and any net proceeds are reinvested locally to advance approved projects. Panuku leads the commercial feasibility and disposal process and negotiating development outcomes.	Meadowbank Community Centre - A revised concept design plan was submitted by the developer in September 2020. Concept design plan is being considered by the council's Community Services and Service Strategy and Integration teams to ensure it meets the identified criteria and design outcomes. Clonbern Road car park - The multi-level mixed-use scheme development project is underway. On-site safety works including the installation of a barrier and boundary fence have been completed following the demolition of the car park structure. Geotechnical investigation work is due to begin in October 2020.
Supports programme	On Track	The development of strategic sites not within the priority locations.	Lots 4 & 5 187 Flat Bush School Road (Ministry of Housing and Urban Development and Fletcher Living) – A conditional sale and development agreement has been reached for the development of 120 new homes on the site, of which 51 will be KiwiBuild units. 83B Godley Road, Green Bay (a vacant site) – The subdivision of the site has now been completed and all 13 titles issued. House construction is progressing well and is scheduled to be completed by December 2022. This is a Panuku site made available to Haumarū. 84 -100 Morrin Road, St. Johns – We are working with a short list of Iwi towards a potential development agreement for residential housing. A board paper was submitted to the October Panuku board outlining our approach to selecting a development partner. 198 Dominion Road, Mount Eden - The Environment Court provided an interim decision on 2 November 2020 with several minor issues to resolve. We are expecting the resource consent to be granted in early 2021. A go to market strategy is being formulated while we resolve the consent issues. Hobsonville - Negotiations are continuing over the disposal of a mixed-use site, which includes the Wasp Hangar. 10-22 Totara Avenue, New Lynn (These are Panuku properties, including off-street car parking) - The exclusive negotiation period with the current developer has expired with no agreement. We expect to market the site in early 2021 seeking a new development partner.

CCO review implementation

Context

Panuku is committed to implementing the **recommendations (Rec)** of the CCO Review Panel, working with the council group to strengthen the model and improve accountability and culture. Of the 64 recommendations, there are seven specific to Panuku, some that relate to how we work with specific CCOs like Auckland Transport, and many others that relate to the whole council group.

Q1 implementation progress

CEs Working Group

Panuku has worked proactively with the CEs CCO Steering Group and officer steering group, to develop the programme for implementation of the CCO review recommendations.

The council's endorsement of the recommendations of the panel has been reported to the Panuku Board and regular updates will be provided to the board on implementation progress.

The **Panuku funding model** (Rec 8) was discussed at the Finance and Performance Committee Long-term Plan Workshop on 14 October, presented by council finance in collaboration with Panuku. The need for a more stable source of funding and consideration of options as part of the three-year LTP review in 2023/24 was suggested, as the current approach is workable for the short term. The Panuku programme scope will also be considered alongside the funding model from 2022.

Supporting Rec 34, the Panuku Board and executives met with the **Whau Local Board** in Avondale (21 October 2020), as part of our programme of meetings with all local boards in the areas where we work. The Panuku CE met with the Chair of the Henderson-Massey Local Board on 29 October and will be meeting with other local board chairs in the coming months.

Panuku is working with Auckland Council to develop customer service guidelines which will enable tracking and reporting of key service levels (Rec 54).

Outlook

Led by Panuku, a group of senior council and CCO communications and engagement staff have formed a small working party to devise a programme of work that will progress the recommendations that relates specifically to improving collaboration across the council whanau and communication to the public (Recs 46, 53, 56).

Participation in workshops will be led by Local Board engagement (Rec 34).

The Panuku Board will be meeting with the **Independent Māori Statutory Board (IMSB)** to build stronger relationships and enable greater collaboration on shared objectives. Panuku will participate in the work the council is leading regarding Māori outcomes and engagement (Recs 35-40).

The Panuku Board will be meeting with the **Auckland Transport Board** on 17 November 2020.

Meetings on the Governance Manual and Statement of Expectations planned by CCO monitoring unit are starting soon.

Other statement of intent focus areas

Local board engagement

In the first quarter, engagement with local boards and elected members remained consistent.

During the Covid-19 lockdown the team continued six-monthly local board reporting and transitioned seamlessly from in-person meetings to online meetings in-line with government Covid-19 restrictions.

We continue to facilitate work with local boards in priority locations, and conversations in non-priority locations where there were property matters to discuss. This included workshops and, where a decision was required, business meetings.

Much of the dialogue through this period was to confirm Panuku's position and process in our rapidly changing landscape. We have been keeping local boards updated on the impacts of the emergency budget on projects in their area.

The teams continued to work through issues with local boards where there were extraordinary matters outside of usual reporting items such as the sale of 1817 Great North Rd, Avondale.

The Waka Kotāhi Innovating Streets programme has teams across Panuku working collaboratively to initiate community developed enhancements on a trial basis. This programme allows the community to be involved in design and to see proposed changes in place before becoming permanent. Local boards are being updated regularly on progress.

Six-monthly reports are being sent in October or November to all local boards for the period 1 March to 31 August.

Climate change

- The draft Panuku Climate Change Strategy was discussed in August with the Panuku Mana Whenua Governance Forum and feedback obtained. The draft strategy guides how Panuku will support the implementation of Te Tāruke-ā-Tāwhiri: Auckland's Climate Plan.
- Panuku attended the Environment and Climate Change Committee in September to present an update on our climate change work programme. Panuku's commitment to taking prompt, meaningful action to address climate change was outlined and we discussed the role Panuku can play in delivering on Auckland Council's emission reduction targets through our urban regeneration activities.
- In September, Panuku formally adopted Auckland Council's sustainable procurement objectives for Panuku and a draft work programme to roll out for implementation across the business. Targeting these objectives will help further leverage the economic, social and environmental benefits of Panuku's urban regeneration projects and the products and services we procure as a business.
- 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 sought.
- We are 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

Panuku is working with Kāinga Ora on a number of key projects discussed in our transform and unlock updates. These include:

- **18 Elm Street Avondale** purchased by Kāinga Ora has been paid in full on 22 July. Kāinga Ora have plans for a mixed tenure residential development for the site. The sale and type of development planned for the site helps achieve the regeneration goals for Avondale.
- **Onehunga** - meetings with Kāinga Ora and a number of other key stakeholders were held in August to give an update on the programme and to provide an opportunity to share work priorities.

Contribution towards Māori outcomes

Eke Panuku has achieved 28 initiatives that support Māori outcomes in the first quarter of the 2020-2021 year. Some of the examples include:

- Hosting a series of meetings between mana whenua and the Technical Advisory Group (TAG) to discuss the masterplan for Wynyard Point. Mana whenua has gifted this project the name Te Ara Tukutuku to recognise the intersection of land and sea.
- Eke Panuku has entered into exclusive negotiations with mana whenua about the disposal of three development sites.
- Eke Panuku has completed design of the Wiri Playground, a site that contains mara hūpara, traditional Māori play elements.
- Mana whenua has gifted 'Toka Puia' as the name for the Gasometer car park building in Takapuna. The name references the volcanic rock – 'Toka' that the spring originally flowed from 'Puia'.

Following consultation on the Emergency Budget, Eke Panuku invited mana whenua to indicate an interest to enter into exclusive negotiations with iwi on the list of sites identified for sale in the Emergency Budget.

Eke Panuku continues to meet weekly with our mana whenua partners despite the uncertainty through lockdown.

The Eke Panuku Priority Location Directors met with mana whenua to provide them a high-level overview of our work in each neighbourhood over the next five years.

Eke Panuku continues to progress the actions in the Panuku Mana Whenua Outcomes Framework.

Panuku Q1 financials



Direct operating performance

(\$ million)	Notes	FY 20	FY 21 Quarter 1 YTD			FY 21
		Actual	Actual	Budget	Variance	Budget
Net direct expenditure		21.0	3.8	3.8	0.0	21.1
Direct revenue		15.2	4.1	5.1	(1.0)	21.0
Fees & user charges		0	0	0	0	0
Operating grants and subsidies		-	-	-	-	-
Other direct revenue	A	15.2	4.1	5.1	(1.0)	21.0
Direct expenditure		36.2	7.9	8.9	1.0	36.3
Employee benefits	B	29.2	6.5	7.1	0.6	28.1
Grants, contributions & sponsorship		-	-	-	-	-
Other direct expenditure	C	7.0	1.4	1.8	0.4	8.2
Other key operating lines						
AC operating funding		21.5	3.9	4.0	0.1	15.5
AC capital funding		0	0	0	0	0
Vested assets		-	-	-	-	-
Depreciation		0.3	0.1	0	(0.1)	0.2
Net interest expense		0	0	0	0	0



Financial Commentary

Overall, the operating performance of Panuku is on budget, with detailed income and expenditure variations below.

A: Other direct revenue is \$1.0m unfavourable compared to budget. This revenue is generated through Panuku staff charging time to council projects. As part of the emergency budget there was a reduction in staff levels and a reduction in council funding. This resulted in reduction in the level of recharge and related revenue.

There is a current saving in staff costs of \$0.6m which is in addition to the savings made in the emergency budget.

B: Employee benefits is \$0.6m favourable compared to budget year to date. There are a number of vacancies that have yet to be filled in year and the voluntary salary reductions have added to this saving in year.

C: Other direct expenditure \$0.4m favourable compared to budget. This is over a range of expenditure categories and is as a result of prudent spending by Panuku in the first quarter.

Managed on Behalf of Council Q1 financials



Direct operating performance

(\$ million)	Notes	FY 20	FY 21 Quarter 1 YTD			FY 21
		Actual	Actual	Budget	Variance	Budget
Net direct revenue		14.7	0	(4.5)	4.5	2.5
Direct revenue	A	53.6	13.3	10.3	3.0	47.6
Fees & user charges		0	0	0	0	0
Operating grants and subsidies		-	-	-	-	-
Other direct revenue		53.6	13.3	10.3	3.0	47.6
Direct expenditure		38.9	13.3	14.8	1.5	45.1
Employee benefits		1.3	0.4	0.5	0.1	2.7
Grants, contributions & sponsorship		-	-	-	-	-
Other direct expenditure	B	37.6	12.9	14.3	1.4	42.4
Other key operating lines						
AC operating funding		-	-	-	-	-
AC capital funding		-	-	-	-	-
Vested assets		-	-	-	-	-
Depreciation		12.9	3.6	4.5	0.9	11.8
Net interest expense		0	0	0	0	0



Financial Commentary

The numbers in the table represent the Auckland Council Portfolio we manage . They exclude the net direct revenue of \$0.4m that we have generated for properties managed for Auckland Transport (above budget by \$0.8m). A \$1.2m dividend has been paid to Solid Waste (Council) from the Waste Disposal Services investment, managed by Panuku.

A: Direct revenue is favourable compared to budget by \$3.0m. The material explanations for the variance are:

- As part of the emergency budget a \$5.0m reduction in revenue was made to take into account expected Covid-19 impact . Only \$0.1m was incurred at the end of the quarter compared to the \$1.9m allocated for the quarter.
- ‘The Strand’ in Takapuna was not included in the budget as we were hoping to exit this property before the start of the year, unplanned revenue to date \$1.0m.
- Unbudgeted rental increases also added an additional \$0.2m to revenue.

B: Direct expenditure is favourable compared to budget by \$1.4m. The material variance relates to:

- Priority Location operational spend \$1.2m favourable to budget. A slower start to the year caused by the August lockdown reduced placemaking activity.
- Commercial Property expenditure unfavourable compared to budget (\$0.6m), additional rates costs to budget (\$0.4m) and repairs and maintenance spend currently ahead of phased budget.
- Marina expenditure \$0.8m favourable to budget, this is a timing difference with some delays in repairs and maintenance, this will correct before year end.

Panuku Q1 performance measures

All performance indicators	Previous	FY 21 Quarter 1			
	Year	Actual	Target	Status	Commentary
Note: Panuku has a total of 7 LTP measures and 19 SOI measures.					
1. Achieve total board approved budgeted Transform and Unlock net sales for the financial year through unconditional agreements.	New performance measure	Progressing	Meet \$39m Transform and Unlock annual unconditional sales approved by the Panuku Board.	On Track	There are no Transform and Unlock asset sales this quarter. We are progressing two significant sales; one has entered into a conditional agreement and the other is in exclusive negotiations for a set period of time.
2. Capital project milestones approved by the board achieved.	New performance measure	Progressing	Achieve 80 per cent or more of project milestones for significant capital projects (as set out in SOI).	On Track	All 17 capital project milestones are on track this quarter.
3. Climate change mitigation and adaptation considered across Panuku projects. The use of Green House Gas measurement tools will help Panuku measure and reduce the impact of its developments.	New performance measure	Progressing	Pilot the use of a tool to measure the GHG impact of new mixed use and residential development.	On Track	Currently looking for a pilot site.
4. Climate change mitigation and adaptation considered across Panuku projects. This will ensure development and investment by Panuku and partners is increasingly low carbon and resilient.	New performance measure	Progressing	All masterplans completed and approved by the board in the year contains a section that considers future climate impacts, risks, vulnerabilities and responses.	On Track	Wynyard Quarter and Onehunga Wharf master plans currently being produced with input being provided on climate change.

Key performance indicators	Previous Year	FY 21 Quarter 1		Status	Commentary
		Actual	Target		
5. Percentage of attendees surveyed satisfied with key Transform and Unlock place programmes and activities.	82% (At City Waterfront)	-	Maintain or improve	Not yet measured	Survey will be undertaken in the last quarter.
6. The percentage of visitors surveyed satisfied with their experience of the public spaces on the city centre waterfront (LTP).	92%	-	80%	Not yet measured	Survey will be undertaken in the last quarter.
7. Percentage of Aucklanders surveyed who have visited the city centre waterfront in the past year (LTP).	65%	-	73%	Not yet measured	Survey will be undertaken in the last quarter.
8. The percentage of marina customers surveyed who are satisfied with marina facilities and services (LTP).	89%	-	88%	Not yet measured	Survey will be undertaken in the last quarter.
9. The number of significant Māori initiatives implemented per annum (LTP).	64	28	40	On Track	This target was reduced from 52 to 40 initiatives due to Covid-19 impact on budget and resources for planned activities. To date we have achieved 28 initiatives.
10. % mana whenua groups satisfied with quality of engagement	33%	-	Improve	Not yet measured	Survey will be undertaken in the last quarter.

Key performance indicators	Previous Year	FY 21 Quarter 1		Status	Commentary
		Actual	Target		
11. Written evidence that opportunities have been identified and assessed, to be progressed or not (Housing and urban redevelopment combined).	128	32	At least 100 opportunities identified and assessed.	On Track	32 site assessments have been completed this quarter and 107 are progressing.
12. The net surplus on the property portfolio achieves the annual budget agreed with the council.	Net surplus is \$8.2 million ahead of budget (actual surplus of \$38.9 million against budget of \$30.7 million).	Net surplus for the quarter is \$4.4 million ahead of YTD budget (actual surplus of \$4.5 million against YTD budget of \$0.1 million).	Net result achieves budget for 2020/21.	On Track	The favourable variance is due to revenue being ahead of budget (more information is contained in the financial commentary section).
13. The monthly average occupancy rate for tenantable properties.	96.9%	- Commercial 95% - Residential 98%	- Commercial 85% - Residential 95%	On Track	
14. The return on investment on like-for-like properties managed for Auckland Transport and Auckland Council (LTP).	2.37%	-	Greater than or equal to 1.75%	Not yet measured	19 Calculation will be undertaken at year end.
15. The return on equity on commercial assets and services (LTP).	8.78%	-	8.25%	Not yet measured	Calculation will be undertaken at year end.
16. List of properties recommended for disposal submitted to the council The disposal target for the next financial period will be agreed with the council in the current financial period.	\$20 million	\$50 million	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	Met Target	The SOI target for FY2018/21 is \$45 million. \$20 million of property was recommended for sale to the end of June 2020. The balance of this target was achieved from sixty-one properties with a cumulative capital value of \$50 million cleared for sale as part of the Emergency Budget. Some of these properties may not be ready for actual sale in the current financial year. 18

<p>17. Achieve total forecast net sales for the financial year through unconditional agreements. Annual actual asset sales may fluctuate between years. (LTP).</p>	<p>Net sales of \$9.9 million for the financial year. \$54.34 million achieved to date of the 3-year target.</p>	<p>\$1.68 million</p>	<p>Achieve the \$24m of asset sales approved by the Panuku Board in addition to the past agreed LTP target and achieve the balance of the three-year LTP asset sales target set at \$72m.</p>	<p>On Track</p>	<p>There was one general asset sold this quarter. One year of the target remains and \$15.98 million balance.</p>
<p>18. Total value of general asset sales, on average are within independent valuation threshold.</p>	<p>New performance measure</p>	<p>100%</p>	<p>The total value of properties disposed during year on average is above 90% agreed independent valuations.</p>	<p>On Track</p>	<p>The general asset sold this quarter achieved a price above the independent property valuation.</p>
<p>19. Acquisitions are delivered within the timeline agreed with Auckland Council.</p>	<p>91%</p>	<p>100%</p>	<p>80% satisfaction against agreed service performance measure</p>	<p>On Track</p>	<p>Five acquisitions have been completed in the quarter and delivered within agreed timeline.</p>