

Warkworth Route Protection Property Overview

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Version 1.0

Document Status

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Version	Date	Reason for Issue
0.1	December 2022	Internal Te Tupu Ngātahi review
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1.0	December 2022	Final issue to IQA

Disclaimer

This is a draft document for review by specified persons at Auckland Transport and the New Zealand Transport Agency. This draft will subsequently be updated following consideration of the comments from the persons at Auckland Transport and the New Zealand Transport Agency. This document is therefore still in a draft form and is subject to change. The document should not be disclosed in response to requests under the Official Information Act 1982 or Local Government Official Information and Meetings Act 1987 without seeking legal advice.

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Appendices

Appendix A: Property Acquisition Profiles

Acronym/Term	Description
AT	Auckland Transport
ASH	Alternative State Highway
AUPOIP	Auckland Unitary Plan - Operative in Part
Council	Auckland Council
DA	Developer Agreement
DBC	Detailed Business Case
Development ready	Bulk infrastructure is in place to service development, including three waters, transport, and social infrastructure
FAR	Funding Assistance Rate
FULSS	Future Urban Land Supply Strategy
FUZ	Future Urban Zone
ha	hectare
NLTF	National Land Transport Fund
NLTP	National Land Transport Programme
OIM	Owner Interface Manager
Partners	Collectively refers to Auckland Transport, Waka Kotahi NZ Transport Agency, manawhenua, Auckland Council
RTC	Rapid Transit Corridor. Forms part of the overall Auckland Rapid Transit Network (RTN).
RTN	Rapid Transit Network which is comprised of multiple Rapid Transit Corridors (RTC's) around Auckland.
SGA	Supporting Growth Alliance (referred to as Te Tupu Ngātahi)
SH16	State Highway 16
SH18	State Highway 18
TCE	Target Cost Estimate
Te Tupu Ngātahi	Supporting Growth Alliance
The Council	Auckland Council
The Programme	The Supporting Growth Programme
Waka Kotahi	Waka Kotahi New Zealand Transport Agency

Figure 1-1 Corridors not proceeding to route protection.

Corridor	Reason
Project 3 – Southern Interchange on Ara Tūhono	Interchange can be accommodated within land currently owned by Waka Kotahi. This will be route protected by not selling this land.
Project 4 – SH1 Upgrade Hudson Road to Fairwater Road	SH1 between Hudson Road and Fairwater Road does not require additional land and is therefore does not require route protection.
Project 5 – Woodcocks Road Upgrade Mansel Drive to SH1	Woodcocks Road between Mansel Drive and SH1 does not require additional land and is therefore does not require route protection.
Project 8 New Western Link Road-North Falls Road to the stream crossing	This section of Western Link Road has been provided for in the Warkworth North Precinct Plan for up to four lanes width. We have assumed no additional property cost to AT for the project to widen from 2 lanes to 4 lanes.
Project 9 New Western Link Road-Central	New Western Link Road between Mansel Drive and Evelyn Street does not require additional land and is therefore does not require route protection.

A total of 241 property interests have been identified for acquisition as outlined in Figure 1-2.

Figure 1-2 : Property Acquisition Summary

No.	Package Projects	Total Property Interest	Full	Partial	Temporary	Partial & Temporary Occupation
1	Northern Public Transport Interchange and Park and Ride	2	2	0	0	0
2	Southern Public Transport Interchange and Park and Ride	1	1	0	0	0
3	New Southern Interchange on Ara Tūhono Puhoi to Warkworth Motorway	No property acquisitions. Land already owned by Waka Kotahi				
4	Woodcocks Road	4a Urban Upgrade (TYPE A) – No property acquisition				
		33	7	26	38	64
5	SH1 Upgrade	5a Hudson Road to Hill Street (TYPE A) – No property acquisition				
		5b Hill Street to Fairwater Road (TYPE A) – No property acquisition				
		66	0	66	89	155
6	Matakana Road Upgrade	41	0	41	51	92

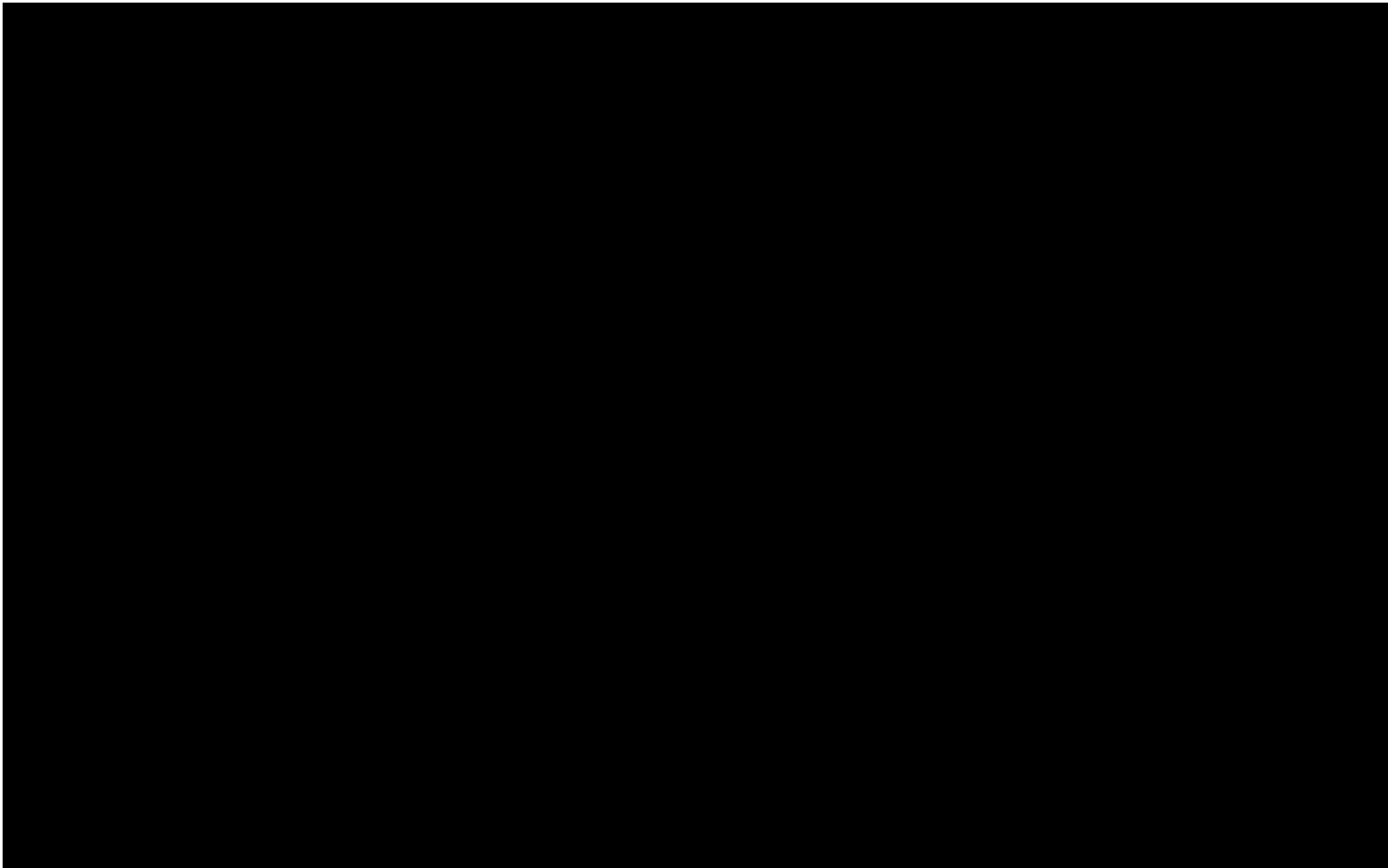
No.	Package Projects	Total Property Interest	Full	Partial	Temporary	Partial & Temporary Occupation
7	Sandspit Road Upgrade	30	4	26	37	63
8	New Western Link Road – North	3	0	3	3	6
9	New Western Link Road – Central	TYPE A – No property acquisition				
10	New Western Link Road – South	24	2	22	28	50
11	New Wider Western Link Road	23	1	22	17	39
12	New Sandspit Road Link	18	2	16	24	40
	Total	241	19	217	287	504

This shows that only 8% of property costs are full purchase with around 92% of property purchases being partial and /or temporary occupations.

1.2 Compensation

The likely compensation has been developed through consideration of:

1. The base property estimate, refer Section 4.3.
2. Plus, an estimated allowance for Stage Two Public Works Act 1981 (PWA) compulsory acquisition processes and Land Valuation Tribunal (LVT) costs, refer Section 4.4.
3. Application of various risk profiles to identify expected P50 and P95 estimates, refer Section 4.5.



Given the long-term nature of the proposed route protection, a range of potential property appreciation rates have been used to recognise how values may change in the long term. Three annual compounding rates of appreciation have been used Low (5%), Likely (10%) and High (5%).

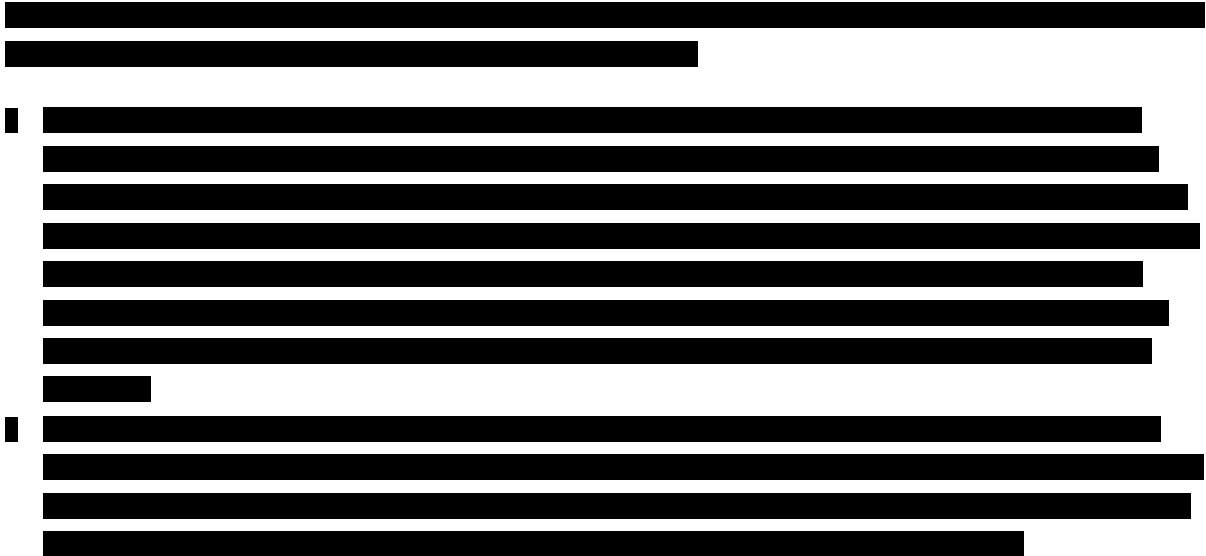
[REDACTED]

[REDACTED]

Various other cost elements, that are a cost to the physical works budget have also been identified as discussed in Section 10. The cost of mitigation on a property-by-property basis and temporary occupation during construction are examples of costs to the project and are included as part of the physical works construction cost.

1.3 Key Risks

1.3.1 Risks



These risks have been considered when developing this Property Overview.

1.4 Key Initiatives to Manage risks

1.4.1 General

There is considerable uncertainty around the property costs given the size of this programme (and the wider Te Tupu Ngātahi programme). Therefore, to best manage this uncertainty and minimise the early property acquisition expenditure as much as possible until projects are implemented the following is proposed:

- **Joint governance:** – It is recommended that a joint approach to property be taken at a governance level to ensure consistency of policies and priorities.
- **Appropriate resourcing** – This is a large programme of works over an extended period of time and appropriate resourcing will ensure best for programme outcomes are achieved.
- **Developer Agreement** – Focussing on getting alignment of various plan changes will assist in identifying infrastructure priorities. This will clarify the need for early and comprehensive developer agreements to assist an acquisition programme and cashflow phasing.

1.5 Wider Te Tupu Ngātahi Property Management

The Te Tupu Ngātahi Programme Wide Property Strategy sets out a number of initiatives to effectively manage the significant acquisition programme of the route protection approach. These are currently being considered and this Property Overview is consistent with the aspirations of these wider approaches if successful.

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- [Redacted list item]

- [Redacted list item]

- [Redacted list item]

- [Redacted list item]

- [Redacted list item]

- [Redacted list item]

1.6 Property Overview Recommendations

This programme is focussed on route protection. There remains uncertainty as to the exact timing of the property acquisition needs of the projects until implementation is confirmed. There is therefore risk and uncertainty associated with the scale and timing of future property appreciation and the early acquisition property liability of this programme.

To appropriately and proactively manage this risk and uncertainty, it is recommended that during the projects development the following occurs:

- The Implementation DBC reconfirm the property cost and requirements as further design confidence is developed.
- Any changes in design avoid the need for minor land requirements.
- Value engineering is undertaken to minimise the land required for projects.
- Detailed property valuations are undertaken closer to implementation.
- Agreements with developers are progressed and 'locked in' as soon as possible to try and reduce the total property costs of the programme. This requires the commitment of funding to enable agreements to be advanced.

2 Introduction

The Warkworth DBC identifies a transport system that will support Auckland's planned greenfield growth over the next 30 years and develops a case for route protecting corridors within the Warkworth growth area. Route protection is important as it provides property owners, businesses and the community with increased certainty on where infrastructure will be in the future, so people can make informed decisions about their land.

Warkworth is located at the northernmost extent of the Auckland region, approximately 60km north of the Auckland city centre, and 30km north of Orewa.

The Warkworth FUZ area will be less than 5km north-south and east-west resulting in compact future urban form. The 1000ha of currently rural land has been rezoned to support significant business and residential growth. The growth is based on the Future Urban Land Supply Strategy (FULSS) and at full build out this growth is anticipated to reach¹:

- 17,100 additional people.
- 8,200 new houses. (~7,300 in the FUZ area).
- 4,600 new jobs.

2.1 Purpose of the Property Overview

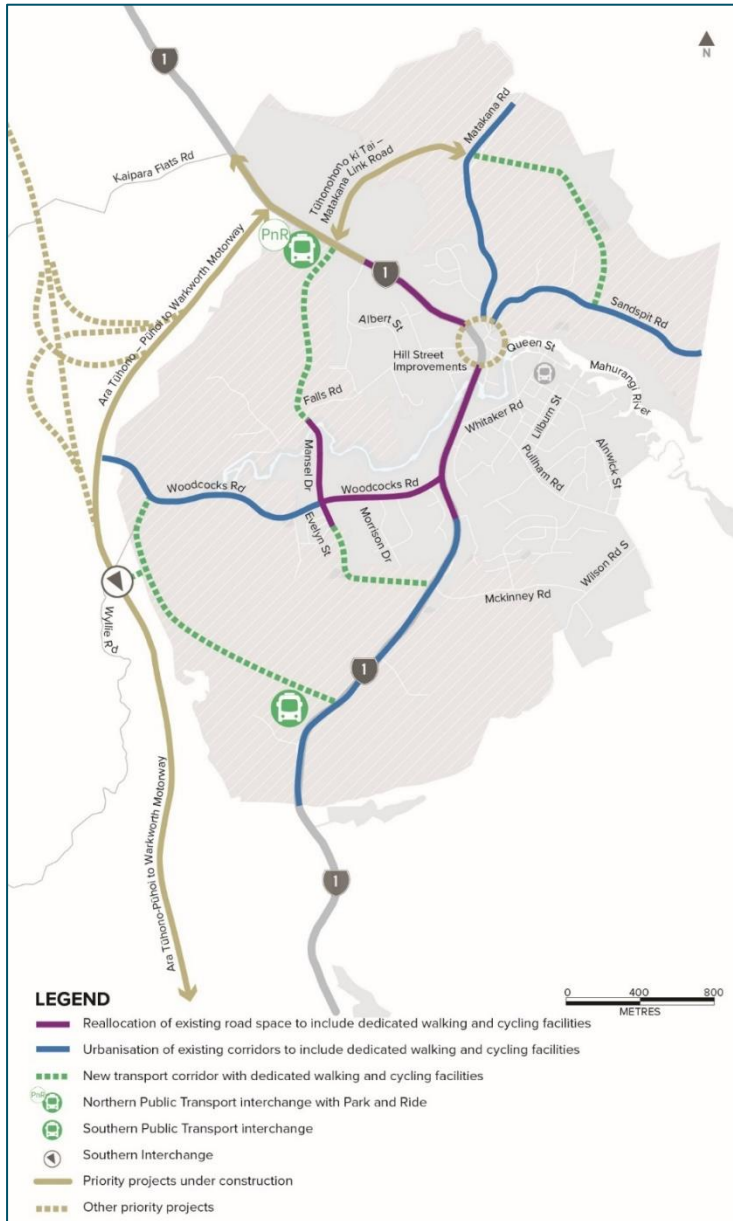
This Property Overview has been developed to outline the anticipated property requirements for the Warkworth Detailed Business Case (DBC).

¹ This full build out is based on the Future Urban Land Supply Strategy modelled as per the 2048+ modelling scenario which uses Land use scenario i1.6.

2.2 The Warkworth Recommended Package

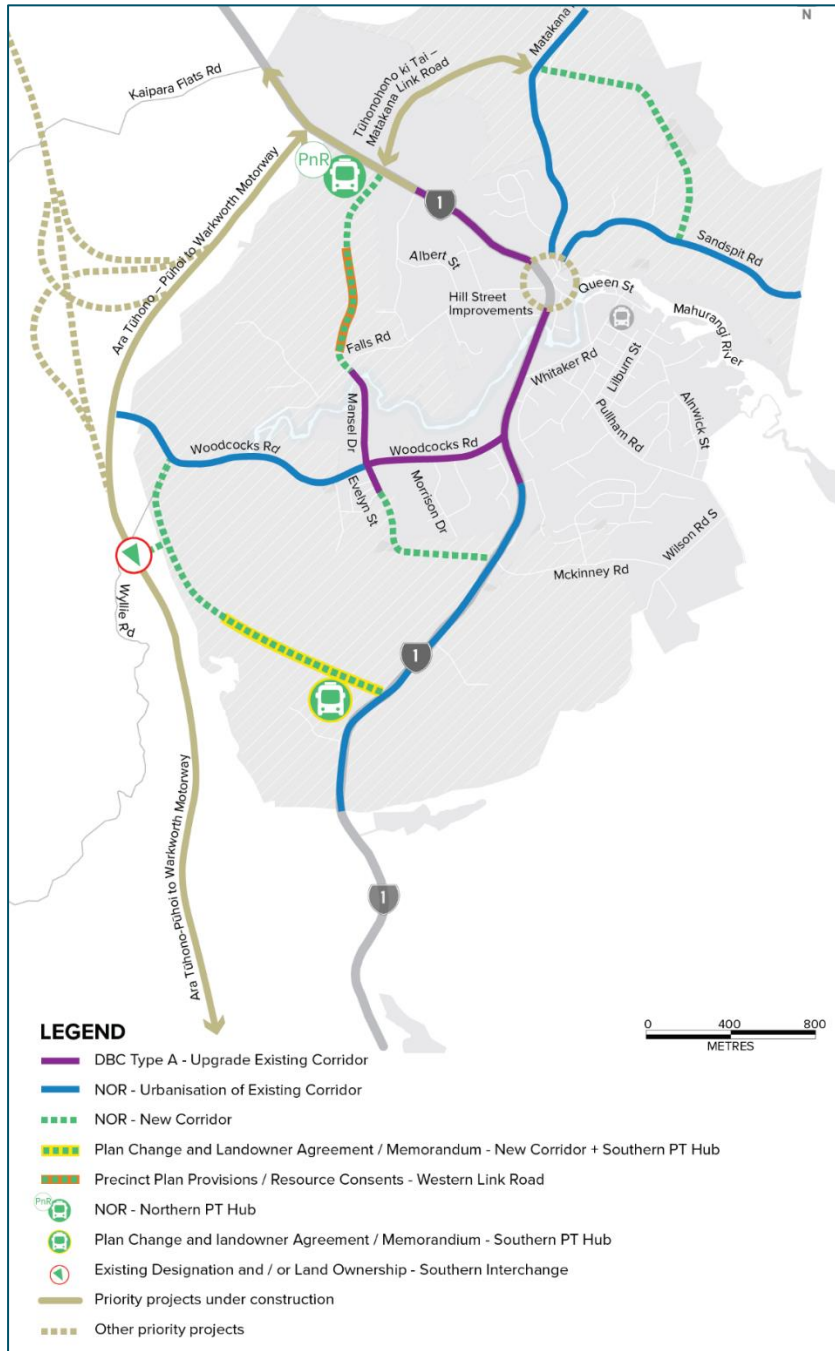
The Warkworth Recommended Network is shown in Figure 2-1 and includes 12 projects.

Figure 2-1 Warkworth recommended network.



The Warkworth Route Protection Strategy has identified 10 of these recommended projects (or sections of these projects) to be progressed for route protection as shown in Figure 2-1 . Refer to **Appendix L: Route Protection Strategy** of the overall Warkworth DBC report for more information.

Figure 2-2 Corridors proposed for route protection



Five projects in the Warkworth DBC will not proceed to route protection as detailed in . The property costs associated with these projects have been excluded from the rest of this report.

Figure 2-3 Corridors not proceeding to route protection.

Corridor	Reason
Project 3 – Southern Interchange on Ara Tūhono	Interchange can be accommodated within land currently owned by Waka Kotahi. This will be route protected by not selling this land.
Project 4 – SH1 Upgrade Hudson Road to Fairwater Road	SH1 between Hudson Road and Fairwater Road does not require additional land and is therefore does not require route protection.
Project 5 – Woodcocks Road Upgrade Mansel Drive to SH1	Woodcocks Road between Mansel Drive and SH1 does not require additional land and is therefore does not require route protection.
Project 8 New Western Link Road-North Falls Road to the stream crossing	This section of Western Link Road has been provided for in the Warkworth North Precinct Plan for up to four lanes width. We have assumed no additional property cost to AT for the project to widen from 2 lanes to 4 lanes.
Project 9 New Western Link Road-Central	New Western Link Road between Mansel Drive and Evelyn Street does not require additional land and is therefore does not require route protection.

2.2.1 Package Timing

The projects in this package have different dates for planned implementation. These dates are heavily reliant on funding availability and development triggers. Importantly as this DBC has focussed on route protection, a further 'Implementation DBC' is to be completed prior to implementation to secure implementation funding. A much more detailed project specific property assessment will be undertaken at that time. Figure 2-4 sets out the current forecast programme.

Figure 2-4 Warkworth Recommended Network assumed timeframes



3 Affected Properties

3.1 Indicative Land Requirements

A detailed analysis of the number of properties and what type of resultant property purchase is required (full, partial, partial and temporary or temporary) has been undertaken by Auckland Transport for the Warkworth area.

A total of 241 property interests have been identified for acquisition as outlined in Figure 3-1.

Figure 3-1 : Property Acquisition Summary

No.	Package Projects	Total Property Interest	Full	Partial	Temporary
1	Northern Public Transport Interchange and Park and Ride	2	2	0	0
2	Southern Public Transport Interchange and Park and Ride	1	1	0	0
3	New Southern Interchange on Ara Tūhono Puhoi to Warkworth Motorway	No property acquisitions. Land already owned by Waka Kotahi			
4	Woodcocks Road	4a Urban Upgrade (TYPE A) – No property acquisition			
		33	7	26	38
5	SH1 Upgrade	5a Hudson Road to Hill Street (TYPE A) - No property acquisition			
		5b Hill Street to Fairwater Road (TYPE A) – No property acquisition			
		66	0	66	89
6	Matakana Road Upgrade	41	0	41	51
7	Sandspit Road Upgrade	30	4	26	37
8	New Western Link Road – North	3	0	3	3
9	New Western Link Road – Central	TYPE A – No property acquisition			
10	New Western Link Road – South	24	2	22	28
11	New Wider Western Link Road	23	1	22	17
12	New Sandspit Road Link	18	2	16	24
	Total	241	19	217	287

This shows that 8% of property costs are full purchase with around 92% of property purchases being partial and /or temporary occupations.

3.1.1 Development in Warkworth

The Warkworth North Precinct has recently been live zoned as part of the Plan Change 25 process.

There are also private plan changes being progressed in Warkworth including:

- Plan change in development in South Warkworth. The Warkworth South (Waimanawa) Vision Document has been prepared which includes the land use adjacent the eastern half of the New Wider Western Link Road. Part of this Plan Change extends to the eastern side of SH1
- Future Plan Change aspirations and discussions with the landowner adjacent New Western Link Road – South.
- Visibility of future plan change for Stubbs Farm Development which incorporates land access to Western Link Road – North.
- Potential for plan changes in FUZ land east of SH1 (i.e., Proposed PPC - McKinney Road (33, 37 and 43 McKinney Road) and North East Warkworth.
- Private Plan Change is being prepared on the southside of Sandspit Road.

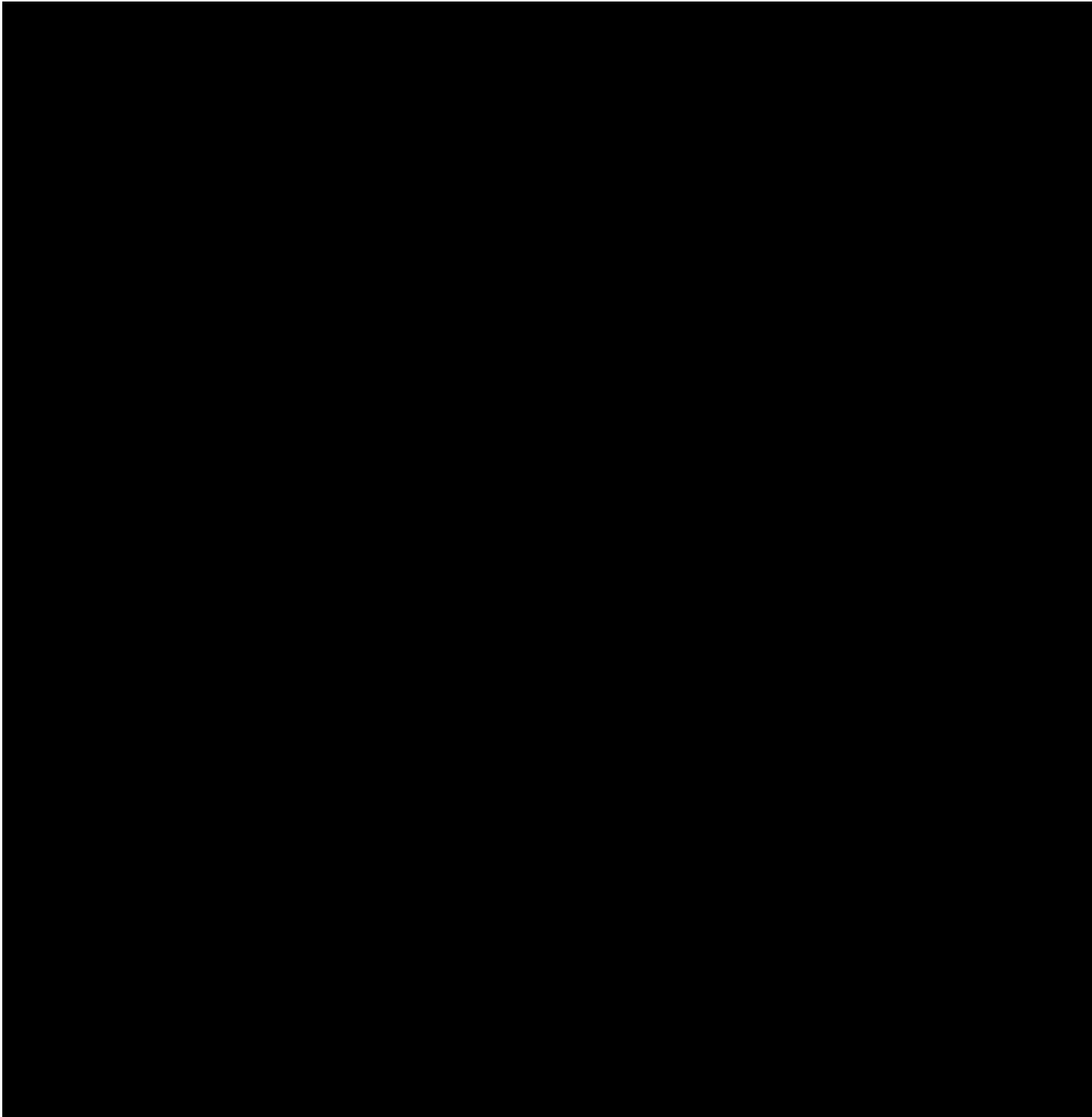
3.2 Acquisition Issues and Risks

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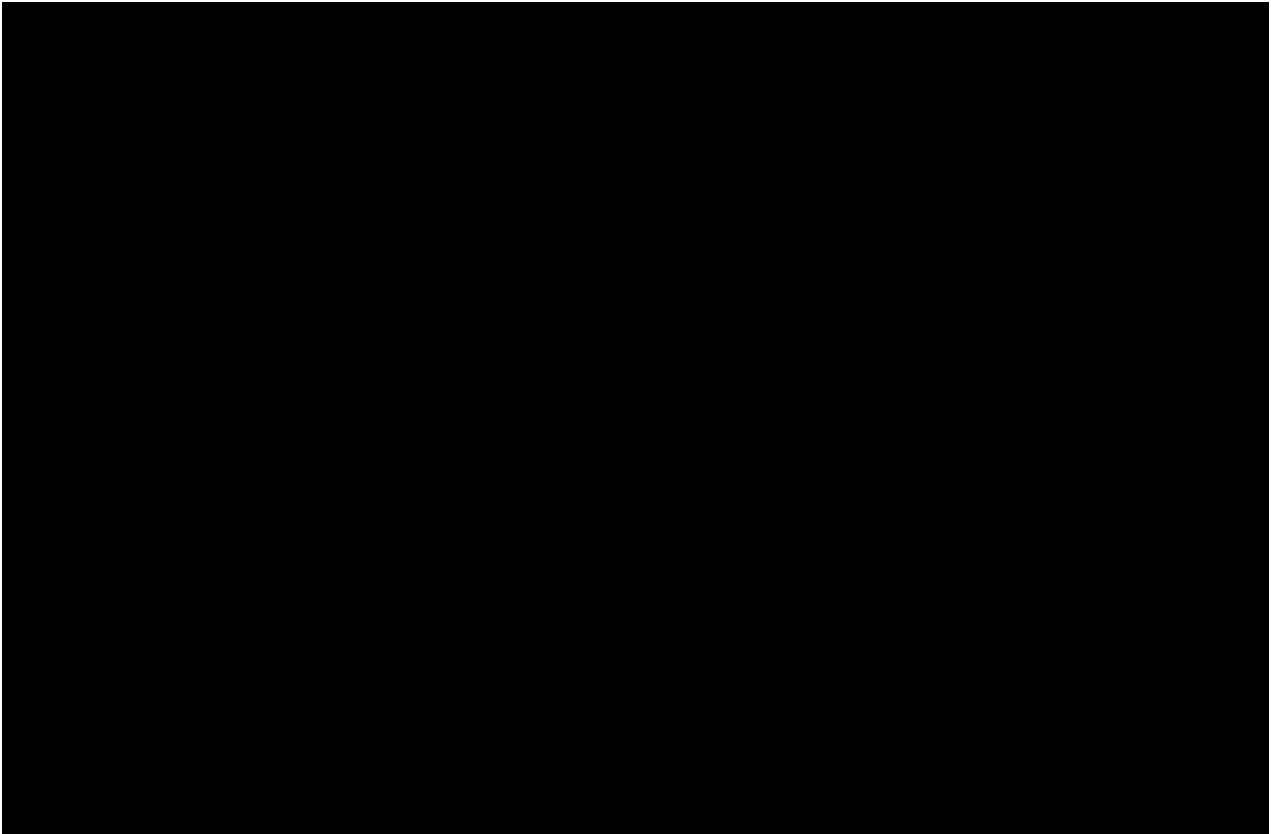
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- [Redacted]

[Redacted]

[Redacted]



² Assumes 2019 prices on indicative parcels of land in the greater Warkworth area



A recent example of the increasing land values in Auckland can be seen with the interventions planned for Redhills. These corridors are located within land zoned through the Auckland Unitary Plan (AUP) process. Auckland Council data on land value changes in 2017 confirms that the Redhills area has experienced an increase in land values of around 100% after the rezoning of the land to live zone and future urban zone. [REDACTED]

[REDACTED]

3.3 Access

All properties will retain access to the transport system. A number of properties will require their access to be modified during the acquisition process. The details of this will be worked through in the future detailed design phase of the project. The land identified for acquisition has taken this access principle into account and is reflected in the scale of land to be acquired. Where it is unlikely that access can be maintained then the property has been identified for full acquisition.

For some of the properties temporary access will be required for investigations during the project development phases in the future. These properties will be identified in the next phase of the project's development (design). It is recommended that this temporary investigative access be obtained as early as possible for any property identified for future acquisition.

3.4 Land Tenure Issues

This assessment has not been undertaken at this time due to the route protection nature of this DBC.

4 Compensation

4.1 Base Price Methodology

The AT property team have undertaken the base property cost estimate for Warkworth on behalf of Te Tupu Ngātahi. This section of the Property Overview outlines the methodology adopted by the AT property team in developing the base property cost estimate.

The level of information provided by Te Tupu Ngātahi to AT to inform the base cost estimate is commensurate with the business case, which is for NoR route protection purposes. Unlike traditional detailed business cases, the implementation dates for the Warkworth programme of works are within the next 10-30 years.

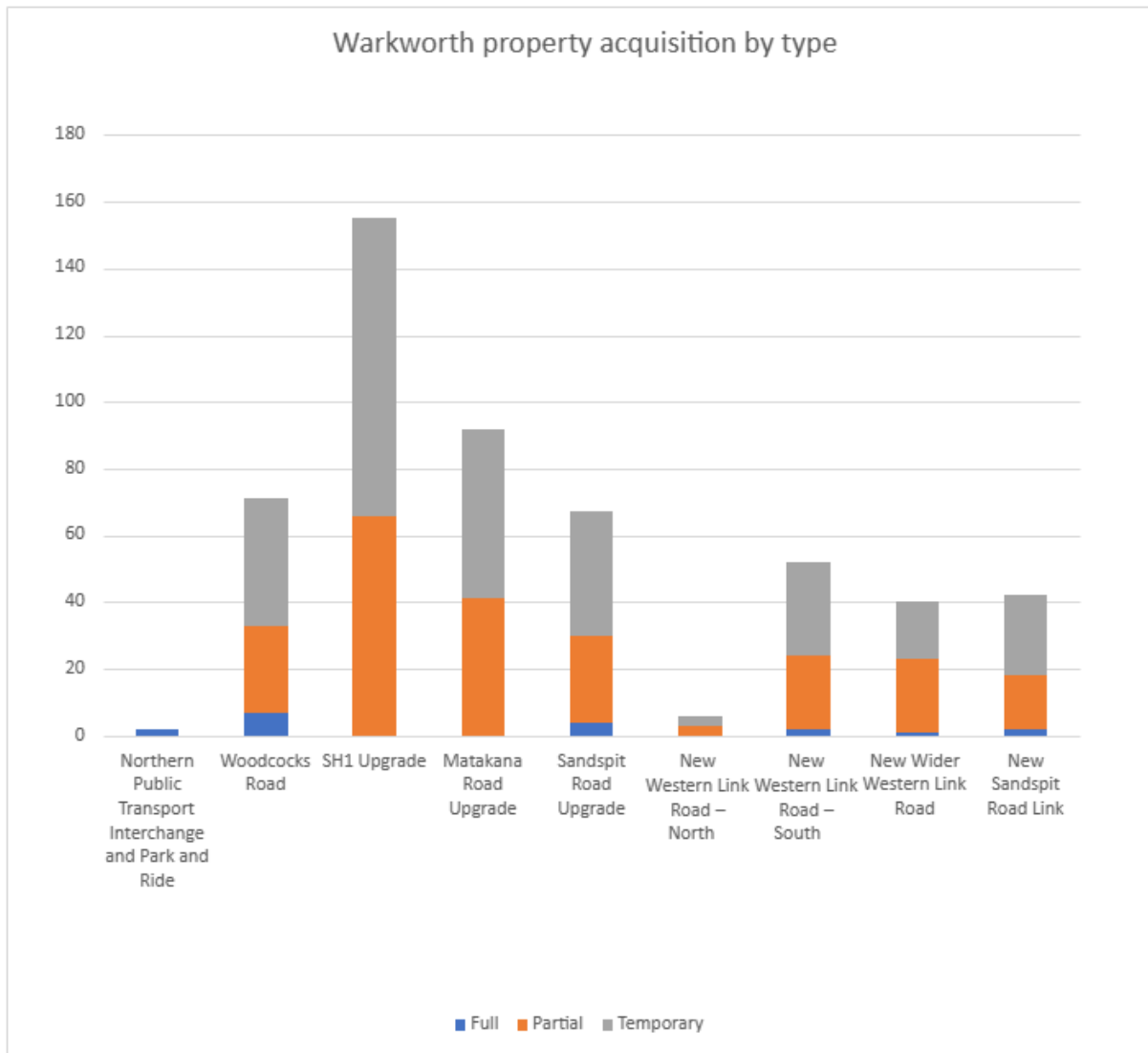
Auckland Transport assessed the 10 projects proceeding to route protection. The inputs provided by Te Tupu Ngātahi to AT consisted of GIS maps showing indicative permanent and temporary land requirements for the identified projects and supporting data identifying the affected properties on a property by property basis. The inputs provided by Te Tupu Ngātahi at this stage did not include detailed investigation of property impacts, for example, topographical and geotechnical impacts.

Informing the base cost estimate are the following assumptions:

- New arterial roads are planned as well as widening of existing roads to form arterial standard roads. For arterial road corridors, the full arterial road width has been included, notwithstanding the land acquisition programme may be developer led with developers providing the local corridor width at no cost. This reflects the need for the full arterial road corridor width to be within the proposed NoR boundary.
- It is assumed the land acquisition programme will be developer led within the Future Urban Zone (FUZ). Generally, given the long-term route protection, the majority of the earthwork batters have been included within the temporary occupation area rather than the permanent acquisition area, within the FUZ, as it is expected development will be built up to the road boundary.
- The prospect of zoning changes and specifically future urban land being subject to Plan Change and the timing of these processes relative to any route protection forms part of the additional analysis undertaken by Te Tupu Ngātahi.

Figure 4-1 shows the type of property acquisition by individual project. This confirms most acquisitions are either partial or temporary, with very few full acquisitions envisaged. Woodcocks Road has the highest number of full acquisitions due to a number of houses being built at the road edge but there are opportunities to reduce this through the NoR refinement process.

Figure 4-1 Property acquisition type by individual project



The exercise undertaken for providing the base cost estimates is summarised in:

Table 4-1 Cost estimate process

Task	Additional information
AT instructed an independent registered valuer to provide a desktop assessment of land values expressed on a rate per square metre basis for raw (un-subdivided) Warkworth block land (i.e., land requiring earthworks,	<ul style="list-style-type: none"> The desktop data included comparable FUZ block sales evidence. Based on the upper range a land rate of [REDACTED] or FUZ zoned land has been adopted. Adopted a Light Industrial rate of [REDACTED] based on comparable built light industry sales and a Heavy Industrial rate of [REDACTED] Adopted [REDACTED] for the MHU zone, based on the desktop assessment. The adjacent land rate for FUZ zoned land was applied to properties zoned Rural Mixed Rural. In some cases, relative to Open Space zoned land and Hydro land, a higher land value rate has been adopted.

Task	Additional information
roading and servicing prior to any development) for the Light Industry, Terrace Housing and Apartment Buildings (THAB), Mixed Housing Urban (MHU) and Mixed Suburban zones.	<ul style="list-style-type: none"> For properties in the Business Local Centre Zone, the rate adopted of [REDACTED] is based on comparable local centre sales, with an adjustment for location.
Each property and land requirement has been assessed on a property-by-property basis.	<ul style="list-style-type: none"> For full acquisitions, an estimate of the current market value was obtained using On Line sources such as Property Guru and Trade Me Properties. .
Land cost component contingency.	<ul style="list-style-type: none"> An assessment has been undertaken to determine the appropriate contingency to apply to the land cost component of the base cost estimate. Considering the lack of investigation (e.g topographical and Geotech), high-level design and the depth of market and level of available sales evidence, the contingency applied to the base land cost estimate component has been assessed at 15%.
Each partial acquisition has been considered in terms of the level of potential injurious affection.	<ul style="list-style-type: none"> Injurious affection has not been considered in this study but will be taken into account when the design is further refined.
PWA cost estimates have been assessed and included on a property by property basis.	<ul style="list-style-type: none"> Section 72 PWA costs. Section 66 PWA costs allowing for the issue of section 18 PWA Notices of Desire, if required. This is based upon analysis of previous s66 claim history of comparable claims over recent years. Costs of acquisition including legal and valuation costs and staff time. This also allows for the issue of section 18 PWA Notices of Desire, if required. The base cost estimate does not include the cost of using external acquisition service providers. Costs are based upon the AT internal acquisition model. The upper end of section 66 PWA and estimated costs of acquisition has been adopted for each acquisition type. Across the whole land acquisition programme, the methodology adopted is reasonable for the required level of input. In addition to the base estimate costs associated with stage two of the PWA compulsory acquisition process and LVT proceedings are assessed on an aggregate basis across each tranche of acquisitions. This allowance is estimated based upon the historic aggregate number of acquisitions that progress to the s23, s26 and LVT Proceedings. The assumptions are outlined in the following section.
Stage 2 PWA compulsory acquisition and LVT proceeding costs.	<p>An allowance has been made on an aggregate basis based on the following assumptions:</p> <p>[REDACTED]</p> <p>[REDACTED]</p>

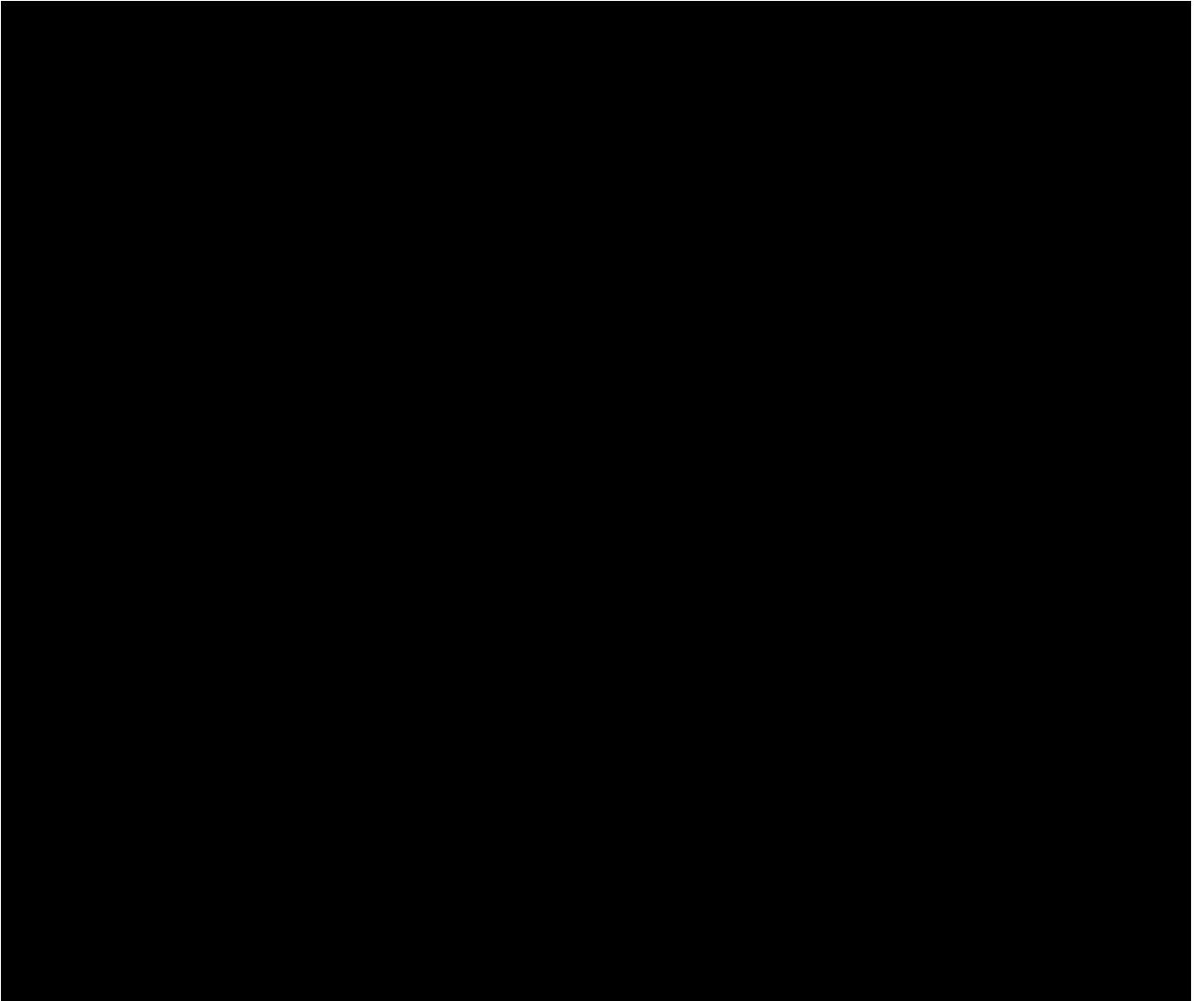
Task	Additional information
	<ul style="list-style-type: none"> ■ [REDACTED] ■ [REDACTED] ■ [REDACTED]
PWA Cost contingency.	<ul style="list-style-type: none"> • An assessment has been undertaken to determine the appropriate contingency to apply to the PWA cost component of the base cost estimate. Considering historical averages overtime and potential variability, the contingency applied to the PWA cost components has been assessed at 15%.
Stage Two PWA and LVT cost component contingency	<ul style="list-style-type: none"> • At the request of the AT property team a contingency of 15% has been added to the Stage Two PWA and LVT cost component by Te Tupu Ngātahi. • The base cost estimate excludes existing legal road areas that are already in AT/Council ownership. • Where properties are included in more than one package project, this has been specifically noted and only counted once. • Various other cost elements, which are a cost to the physical works budget have also been identified. These form part of the early property acquisition project liability addressed in Section 10. The cost of mitigation on a property-by-property basis and temporary occupation during construction is an example of costs to the project, as part of the physical works construction cost. For temporary occupations, a rental rate of \$100 per square metre has been adopted on a per annum basis. This is informed by AT's current knowledge of temporary occupation rates.

4.2 Base Property Internal Quality Assurance

The base property cost estimate methodology has been reviewed by the property team at Align Property Consultants. They have reviewed the process and outlined above to come up with the base property estimates and have advised that they are comfortable with the process used to establish the base costs.

4.3 Base Property Estimate

[REDACTED]



The total base property estimate, using the methodology outlined above, as at present dollar value for the project packages provided by AT to Te Tupu Ngātahi is [REDACTED] excluding land cost contingency and PWA cost contingencies and annual temporary occupation rental. The temporary occupation costs are shown separately as annual costs.

4.4 Stage Two PWA and LVT Cost Estimate

To the base property estimate above, AT then added an allowance of [REDACTED] to the overall acquisition programme for the estimated section 23 and 26 PWA and LVT proceeding costs and prorated this figure between the projects, refer table 4.3.

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

4.5 Expected P50 and P95 Property Costs

To the resultant increase in the base estimate figure from [REDACTED] and [REDACTED] a contingency based on the assessed risk profile is added. This is done in two parts, a contingency to identify the expected estimate, or P50 and then a further contingency to identify the P95 cost.

4.5.1 Expected (P50) Costs

An assessment was undertaken by the AT property team of the likely property risk. This resulted in a 15% contingency being added firstly, to the land cost component of the base estimate, and secondly, to the PWA cost component of the base estimates for all projects, as summarised in Figure 4-3. In addition to this, a 15% contingency has been added on the Stage Two PWA and LVT cost estimate.

Figure 4-3 Expected estimate (P50) risk breakdown

Risk	%	Rationale
Base land cost estimation	< 30%	Injurious affection assessment as per the risk matrix in Table 4.1
Land cost estimation contingency	15%	Makes allowance for the lack of investigations (e.g topographical and geotech), high-level design, and the depth of market and level of available sales evidence.
PWA costs (S66 Disturbance, S72 and acquisition costs)	15%	Allowance above historical averages for individual and future variability.
Stage Two PWA and LVT cost estimate contingency	15%	Allowance above historical averages for individual and future variability.
Annual Temporary Occupation Rental	15%	Makes allowance for current level of analysis into the level of temporary occupation required.

4.5.2 P95 Contingency

For the P95 contingency a further 20% has been added to the Expected Estimate (P50) contingency. This is based upon the detailed risk modelling (consistent with SM014) undertaken for the capital costs of each project in the programme and takes into account the risk profile accordingly. This approach is considered appropriate as it takes into account the increased risk profile of the projects to get to a P95 and is consistent with the CAPEX costs and approach.

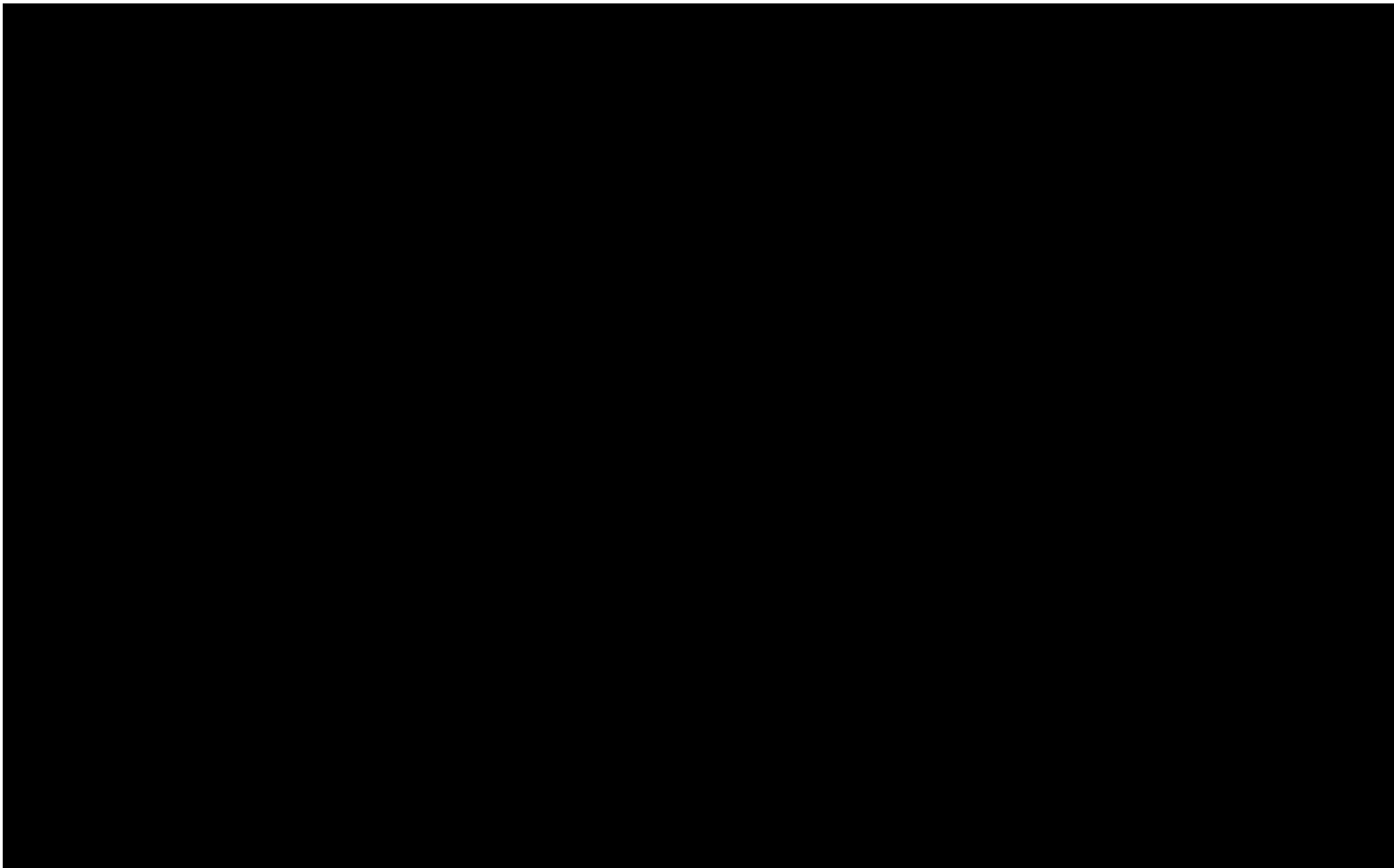
4.5.3 Summary

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]



5 Package property acquisition approach

5.1 NoR with Contemporaneous Purchase

[Redacted text block for 5.1]

5.2 NoR with Future Purchase

[Redacted text block for 5.2]

6 Future Property Appreciation

6.1 Challenges of appreciation in long term growth areas

A designation prevents physical/capital development of the land the designated areas, and therefore any inflation arising from that, it does not completely freeze the value uplift. From a PWA perspective, the value of compensation paid is assessed as at the date it is purchased and is evaluated with reference to surrounding comparable market values. When the expected time horizon of these projects is potentially several decades into the future, estimation of future costs is extremely unreliable. Property inflation can only sensibly be estimated three to five years into the future. Anything beyond this become problematic.

This risk is mitigated on a practical basis by regularly reviewing property estimates on a three yearly basis in line with the RLTP process.

6.2 Risk Profile

At a macro level the dynamism of the surrounding land-use changes will have an impact as this will result in land value appreciation. Route protection will occur over a range of land zonings, each with different potential for land value inflation. Areas that have the least potential for change to a more intensive zoning will have the least potential for land value inflation. For example, those with a current urban or rural zoning that will remain the same or similar over the project period will only be subject to inflation at the rate standard for that land-use class.

[Redacted]

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- [Redacted]
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[Redacted]

[REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]

[REDACTED]

- [REDACTED]
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- [REDACTED]
- [REDACTED]

[REDACTED]

[REDACTED]

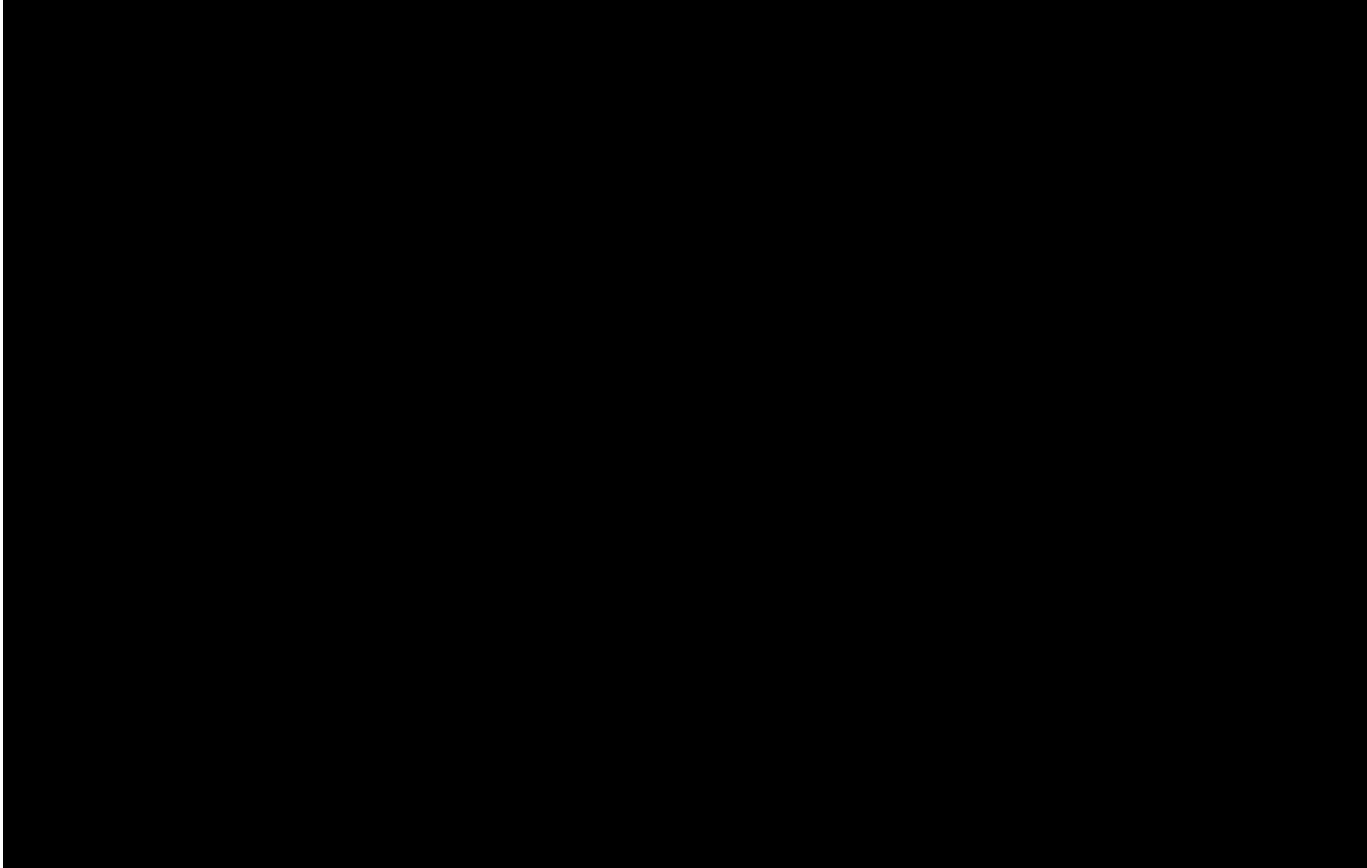
We acknowledge this approach is simplistic. We have therefore sense checked this approach by looking at individual property types and understanding from the AT property team, what their experience has been in similar situations. This consideration identified that the appreciation rates applied would be appropriate over time, however when land use zoning actually changes, there would be a noticeable spike in land prices in the 1-3 year period after this zoning change.

However, over the 30-year time horizon of this long-term route protection approach, the more simplistic approach is considered appropriate. This has given us confidence that the medium

⁹ Note the base property estimate has included the temporary costs according to the modelled construction periods. This base estimate is therefore higher than those reported in earlier tables.

scenario gives an appropriate estimate of likely appreciation and the high scenario adequately catches a potential upper bound.

[REDACTED]



There is an opportunity to work with the developers in the area to reduce these costs (as has been done elsewhere in the Te Tupu Ngātahi programme) through property being provided as part of wider infrastructure agreements (such as funding agreement of actual infrastructure).

To enable this opportunity to be maximised, having a designation in place facilitates these discussions occurring and increasing the chance of the opportunity being realised. Te Tupu Ngātahi has estimated these potential property savings in the order of \$300M for the P50 property costs (no appreciation). [REDACTED] The developer contributions were based on the likelihood of developer contribution to the individual projects. No discussions have been undertaken with developers at this stage.

7 Early Acquisition Liability

In addition to the future property appreciation risk, implementing a route protection strategy that aligns implementation of the property acquisition programme with future project delivery that is programmed in future decades, creates:

- The need for the Requiring Authority to respond to demand for early property acquisition.
- An obligation to acquire the protected land in some instances under section 185 of the RMA.

[REDACTED]

7.1 Demand for Purchase of land with NoR in place

The timing of the demand for early purchase of land within the protected route will be driven by both the individual landowners' various land-use decisions and the anticipated construction date. This assumes the NoR is in place.

To a significant degree the proposed network is located within the RUB, either areas that already have a FUZ or an urban zoning.

The majority of the land that will be subject to any NoR protection is not expected to generate a high level of demand for early purchase acquisition (i.e., substantially prior to the normal purchase timeframes leading up to project implementation). [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

These owners have now had over 5 years (the draft AUP was first notified for comment in March 2013) to adjust their expectations of urbanisation in this area.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

7.2 Section 185 RMA Purchase Obligation

Requiring Authorities can be compelled to purchase route protected land pursuant to s185 RMA. Section 185 allows an owner to apply for an order obliging the Requiring Authority to purchase the land in certain circumstances. The Environment Court is empowered to make such orders, where the owner establishes that they have been unable to sell their property at the same value they could have if the property was not subject to the NoR. If the landowner was not the owner when the NoR was placed on the property, they also have to establish the NoR prevents their reasonable use of the land.

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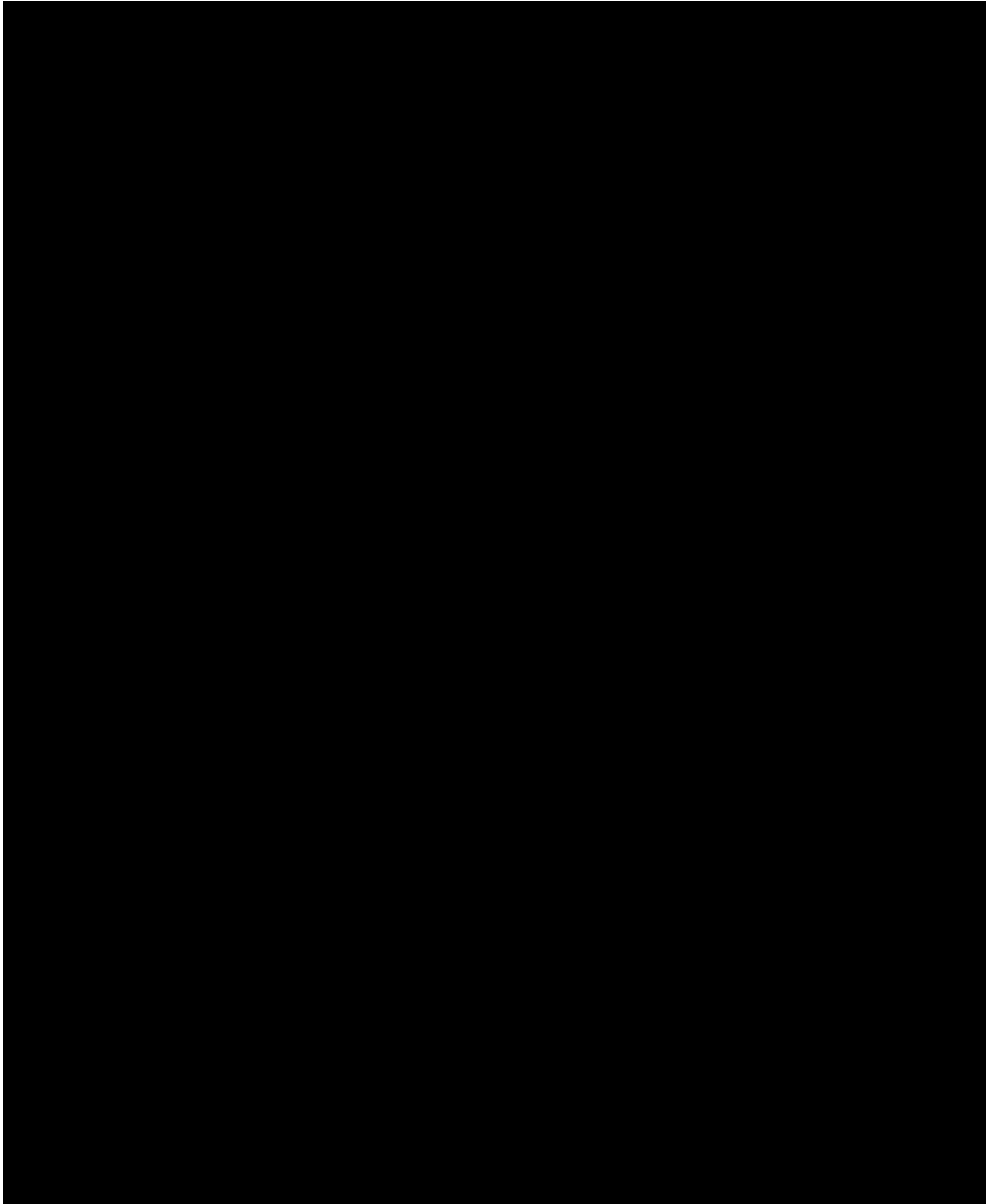
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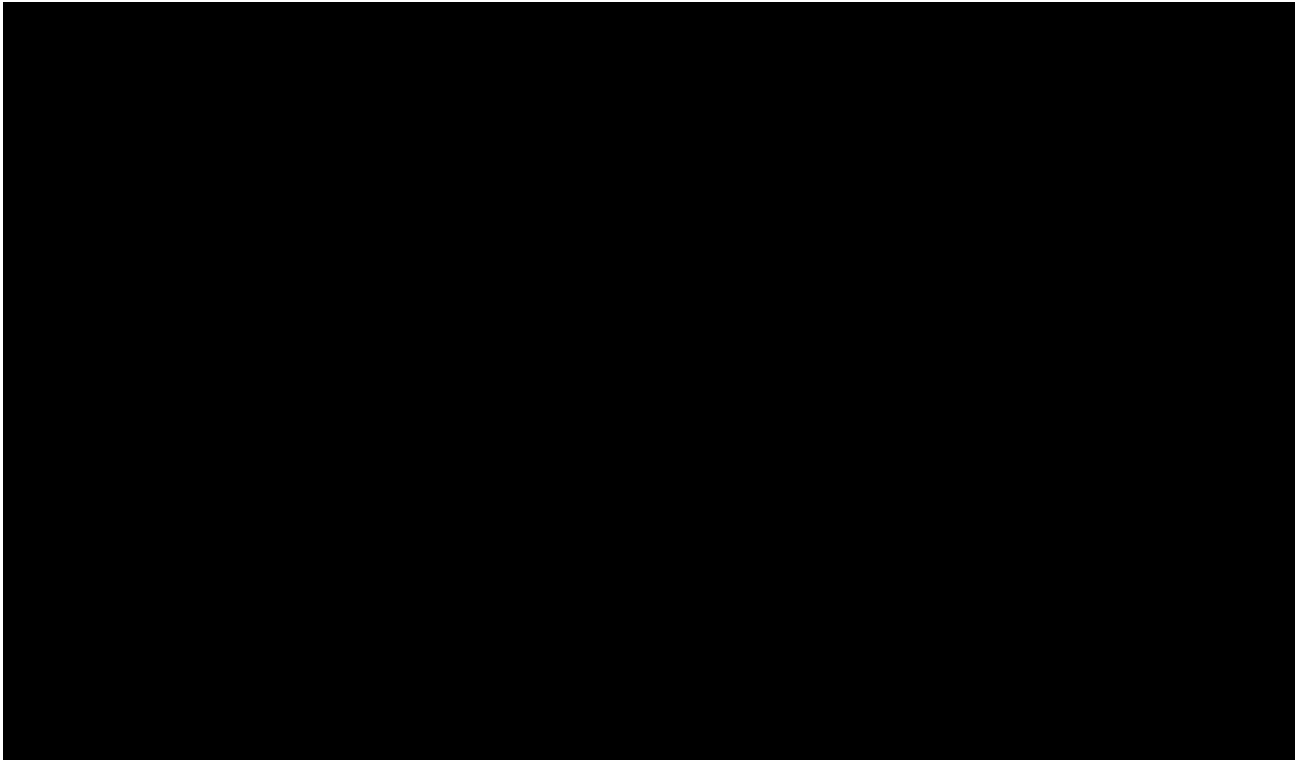
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7.4 Early Acquisition Approach

Both Agencies have guidelines for managing early acquisition of property in advance of the project implementation phase, and in particular clarify the criteria and outline decision making processes for assessing each early acquisition on a case by case basis.

These guidelines anticipate the s185 process but are a less formal negotiated process. The process takes into account personal circumstances and recognises the NoR may have a blighting impact on property.

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7.5 Early Acquisition Liability Application

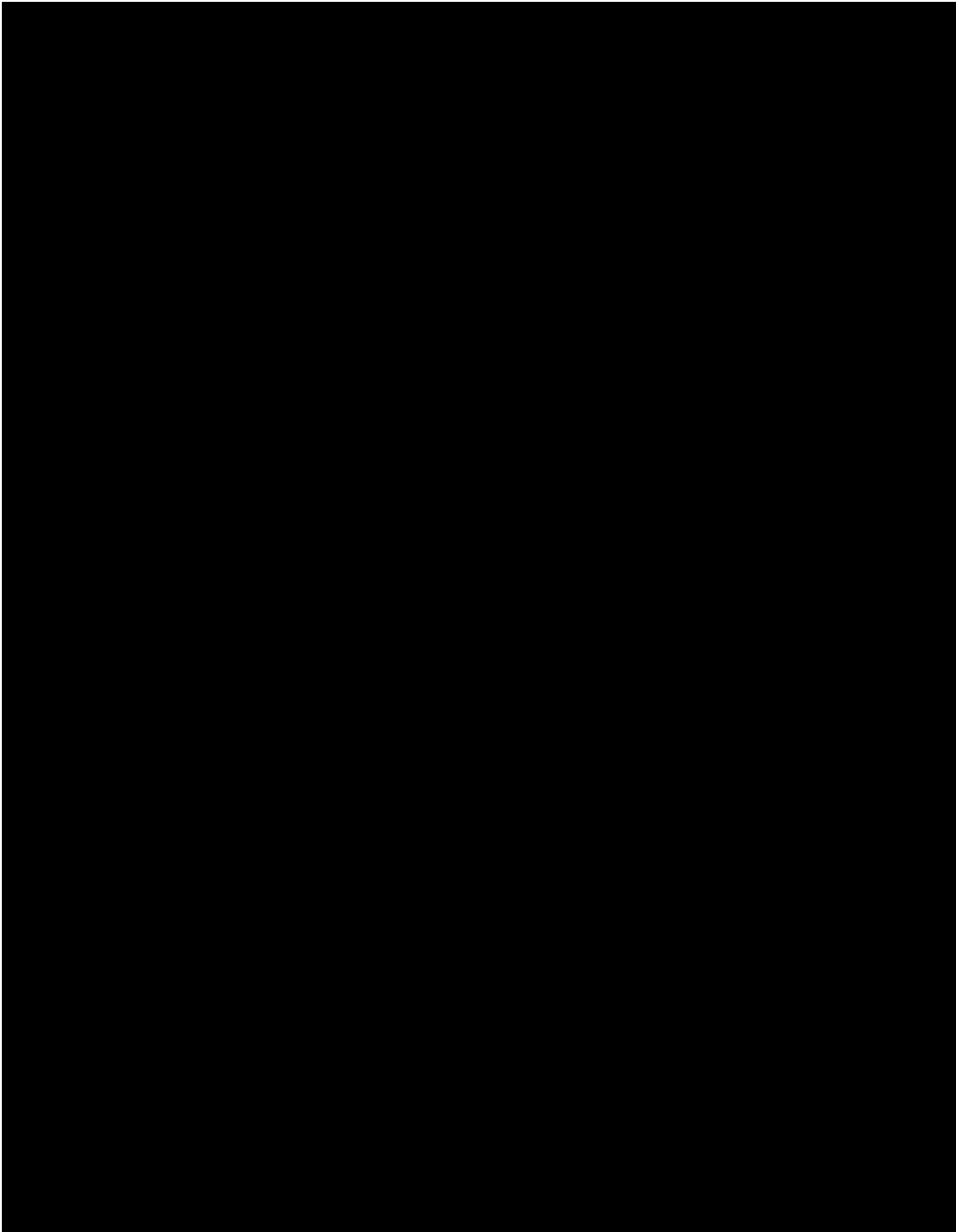
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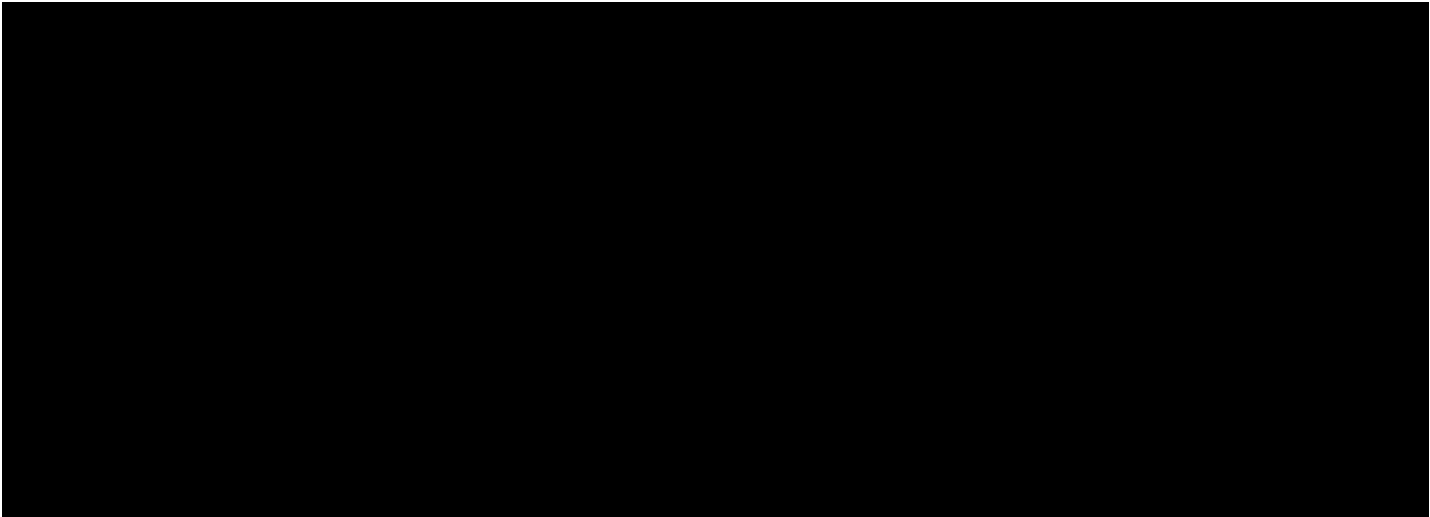
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The Te Tupu Ngātahi programme adopts the position that the early acquisition following NoR lodgement in Warkworth, will be somewhere between 10% - 20% of the total number of properties to be purchased. This range is reflective of recent experience and a conservative early acquisition approach, requiring landowners to show an attempt has been made to sell their land at market value (in accordance with section 185 of the RMA) and the expectation that the current land bankers/developers interest in the market will offset any claim that the land cannot be sold.

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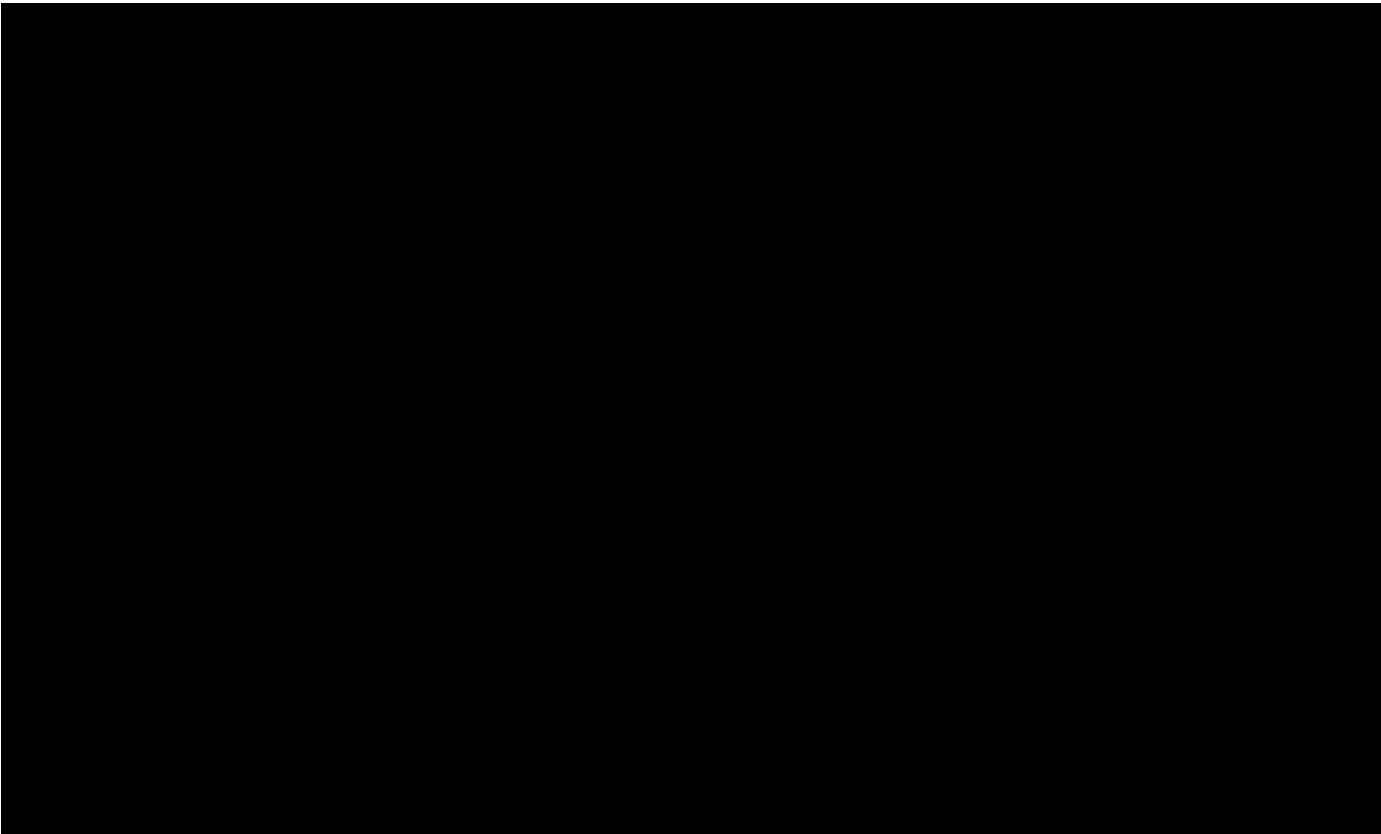
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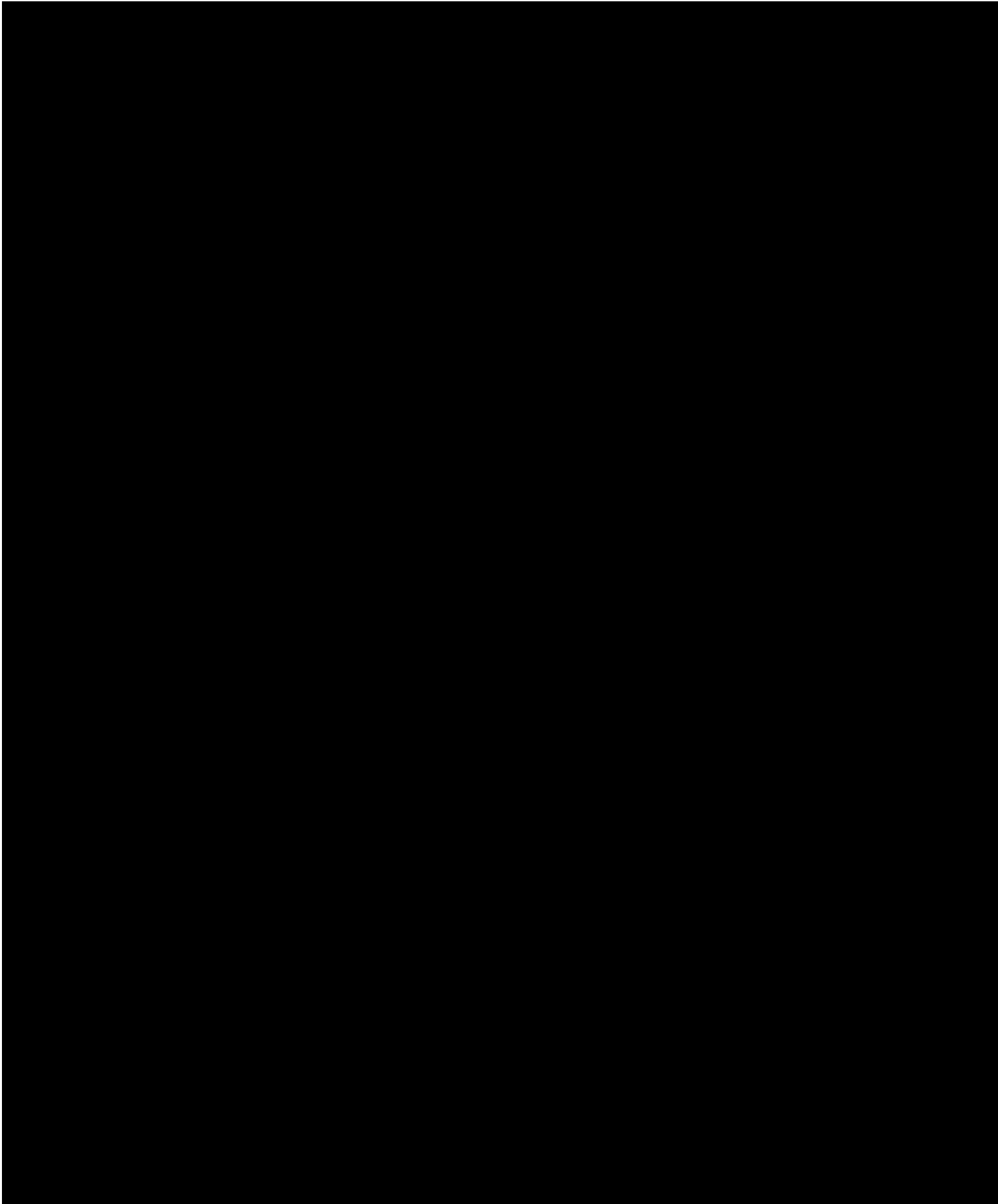
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10 Ongoing management

10.1 Ongoing property management

Both Agencies have comprehensive processes and teams dedicated to the ongoing management of properties once purchased. It is assumed that these existing processes will be used to manage properties, where required. With only 5% of the total acquisition plan being full purchases the ongoing management is somewhat reduced.

Potential issues for Warkworth from an ongoing management perspective that have been considered and that will need more focus include:

- [REDACTED]
- [REDACTED]
- [REDACTED]

As well as the above issues, where applicable, there are the standard issues that will require attention, including:

- **Healthy Homes** – There will likely be a need to comply with the latest legislative requirements for rental properties, including insulation, heating and draft (windows) management.
- **Asbestos** – There maybe asbestos in some of the properties that will require removal.

The standard approach of the Agencies in the testing, implementation and ongoing management of these issues (and any others) would be used.

[REDACTED]

10.2 Disposal

As no significant acquisition plan is forecast in the short term, this has not been addressed in this document and will need to be addressed closer to implementation and as part of the Implementation DBC and resultant property approach.

11 Contingent Project Liability

Various other cost elements, that are a cost to the physical works budget have also been identified including:

- † [REDACTED]
- An annual temporary occupation rental, subject to adjustment by the project team to reflect the assumed construction duration.
- The risk of potential business relocation and business loss PWA claims. [REDACTED]
- Cost of reinstatement works.
- [REDACTED]
- Demolition and relocation of improvements to enable the works construction. Where applicable, estimated QV Costbuilder rates have been provided.
- Mitigation, where possible, of the potential effects of road construction, noise, dust and privacy issues etc.

12 Key Initiatives

12.1 General

There is considerable uncertainty around the property costs given the size of this programme (and the wider Te Tupu Ngātahi programme) and therefore to best manage this uncertainty and minimise the early property acquisition expenditure as much as possible until projects are implemented the following is proposed:

- Joint governance.
- Appropriate resourcing.
- Developer Agreement.

12.2 Governance

It is recommended that a joint property focussed decision making group be set up with a representative from each partner organisation. The purpose of this is that whilst individual property acquisitions will be managed on a day to day basis by the appropriate road controlling authority, overall joint governance is required to ensure that consistency of approach and priorities is maintained.

This joined up approach will provide increased certainty of outcome for all and a consistent approach across the programme.

12.3 Resourcing

There needs to be a dedicated resource of at least one person from each partner organisation who are focussed on the identification, acquisition and enhancement of strategic properties. There is a real risk that without this dedicated resourcing that a property specific approach in isolation is taken rather than an all of programme view. This will ensure that there is consistency in approach and issues will be addressed early and hopefully this will result in acquisitions only occurring when absolutely necessary.

The wider Te Tupu Ngātahi programme is also seeking a dedicated resource from each organisation and the Warkworth role would be part of this overall programme resourcing rather than additional resourcing.

12.4 Developer Agreements

Focussing on getting alignment of various plan changes will assist in identifying infrastructure priorities. This will clarify the need for early and comprehensive developer agreements, particularly with the significant developers in the area, to assist an acquisition programme and cashflow phasing.

12.5 Wider Te Tupu Ngātahi Property Management

It is also important to outline that the Te Tupu Ngātahi Programme Wide Property Strategy sets out a number of initiatives to effectively manage the significant acquisition programme of the route protection approach. These are currently being considered and this Property Strategy is consistent with the aspirations of these wider approaches if successful. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

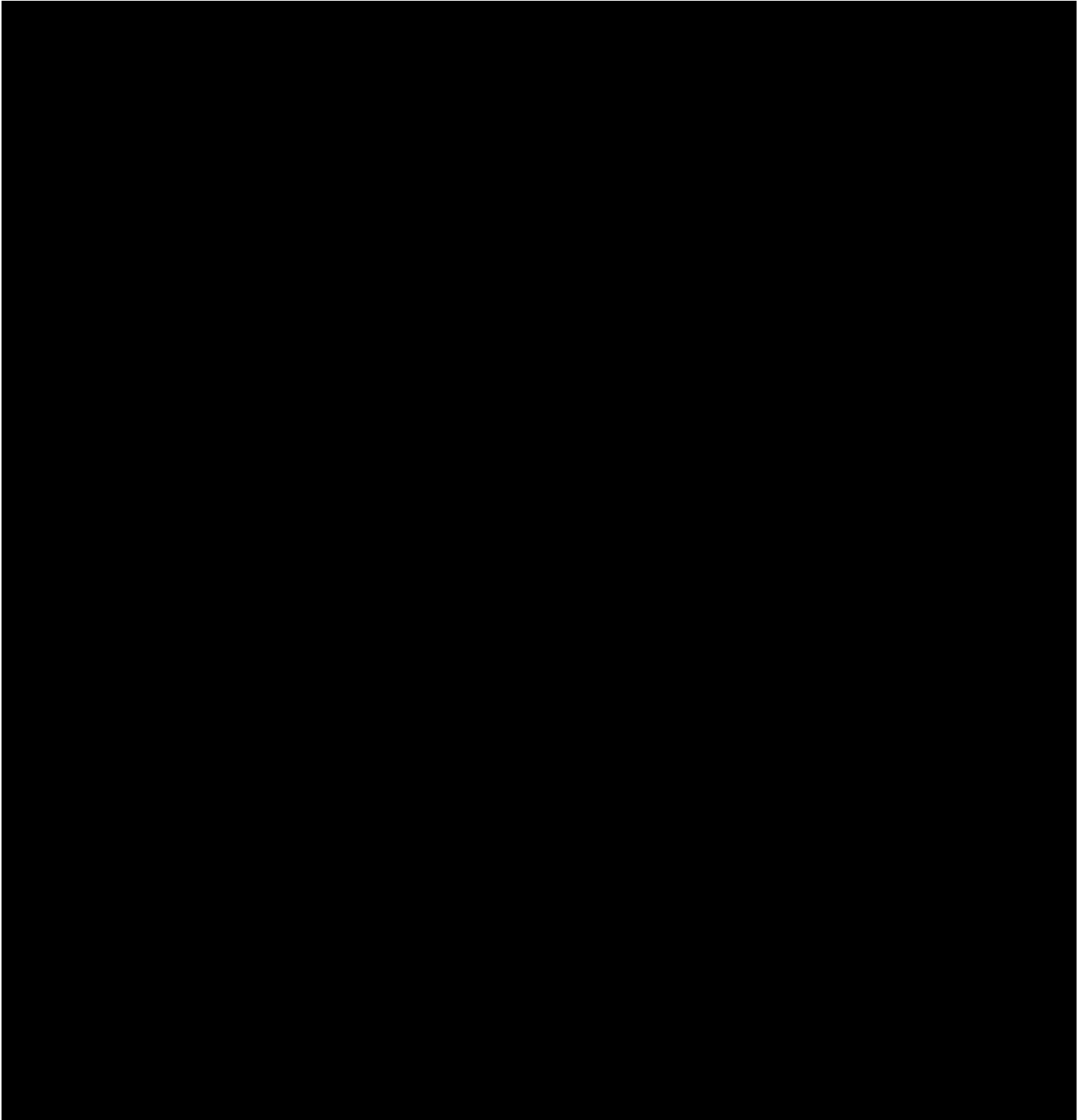
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[REDACTED]

[REDACTED]

[REDACTED]

Figure 12-1 Strategic Property Fund components



13 Resource Consent and Public Consultation

13.1 Engagement

As part of this DBC's development, engagement on options (and the recommended option) has been undertaken with the community so there is an awareness of the scale of projects. Some affected property owners on the ASH project have been spoken to following individual requests for meetings and high level impact discussions were held with an AT or Waka Kotahi property person present. The property owners impacted by the Brigham Creek Interchange and the RTC are aware they are in a study area but have not as of yet seen details about potential land impacts.

A summary of the outcomes of the engagement undertaken so far can be found in the engagement section of the DBC.

The next stage is for the designation to be sought for these projects. This will require further community engagement, and in particular, discussion and engagement with affected property owners. The NOR development of documentation is currently programmed to commence in August 2021.

13.2 Consents

Route protection for this package will be sought through the application of a designation for the new roads and widening identified. Documentation is due to commence in July 2021 and a date for lodgement is yet to be confirmed. Resource consents will not be sought at this time, with these currently proposed to be obtained on an individual project basis closer to the time of implementation.

14 Recommendations

This programme is focussed on route protection. There remains uncertainty as to the exact timing of the property acquisition needs of the projects until implementation is confirmed. [REDACTED]

To appropriately and proactively manage this risk and uncertainty it is recommended that during the projects development the following occurs:

- The Implementation DBC reconfirm the property cost and requirements as design confidence is further developed.
- Any changes in design avoid the need for minor land requirements.
- Value engineering is undertaken to minimise the land required for projects.
- Detailed property valuations are undertaken closer to implementation.
- Agreements with developers are progressed and 'locked in' as soon as possible to try and reduce the total property costs of the programme. This requires the commitment of funding to enable agreements to be advanced.

