

North West Route Protection Property Overview

September 2021

Version 1.0

Document Status

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Revision Status

Version	Date	Reason for Issue
0.1	July 2021	Internal AT property team review
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1.0	September 2021	Wider Waka Kotahi and AT review

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: Original Base Property Cost Details

Appendix B: 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

1 Executive Summary

1.1 Context

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

It is important to note that whilst this Property Overview has been developed for the North West DBC its primary purpose is for **route protection**. There will be a subsequent Implementation Business Case to seek approval for implementation funding of individual projects, which will include more detailed analysis of the property issues.

The Te Tupu Ngātahi programme has developed a Programme Wide Property Strategy that outlines the principles for property acquisition for the entire programme. These principles have guided the development of the property approach for North West with the key points being:

- The programme is about long-term affordability and property will be generally acquired closer to implementation.
- It is recognised there will potentially be an early property acquisition liability as soon as the NoR is lodged for each project.
- The Requiring Authority will take the lead on property negotiations for that specific project, utilising the current processes of that organisation (Auckland Transport (AT) or Waka Kotahi). For this DBC, this is generally AT, with Waka Kotahi the requiring authority for the Alternative State Highway (ASH), and the Rapid Transit Corridor (RTC) project which going forward will also include the upgrade to SH16 Main Road and the Regional Active Mode Corridor.
- AT's Early Acquisition Guideline and Waka Kotahi's Advance Purchase Policy processes will apply.
- Where there is opportunity for strategically important properties to be acquired, these should be taken.
- Opportunities for resultant value capture from residual land will be considered as part of the land use integration.

[REDACTED]. This Property Overview outlines the analysis and approach to providing as much certainty as possible to what this early acquisition could be in the future.

This is a living document developed for the route protection detailed business case phase. Given the long-term timeframes envisaged for this route protection, the Property Overview will need to be revisited, reviewed and updated each decade and more frequently in the lead up to project implementation. The acquisition programme is dependent on detailed design and land requirement plans being completed.

Three corridors in the North West DBC will not proceed to route protection as detailed in Table 1-1. These have been excluded from the rest of this report.

Table 1-1 Corridors not proceeding to route protection.

Corridor	Reason
#6 Northside Drive East Upgrade	There is sufficient corridor width to allow for road space reallocation in the future.
#8 Dunlop Road Upgrade	Considered fit for purpose. Not included in the North West recommended transport network.
#11 Taupaki Road/Nixon Road Upgrade	The section of Taupaki Road between ASH and SH16 is included within the ASH project to provide connections. The rest of the route is not being route protected due to the future rural land use and long timeframe for planned implementation.

A total of 3,006 property interests have been identified for acquisition as outlined in Table 1-2. Once property duplications (e.g. properties that might have partial land acquisition and temporary rental charges) are taken into account, this results in a total of 1,831 individually impacted properties.

Table 1-2 : Property Acquisition Summary

No.	Package Projects	Total Property Interest	Full	Partial	Temporary	Partial & Temporary Occupation
1,3,4	<ul style="list-style-type: none"> Rapid Transit Corridor (RTC) Regional Active Mode Corridor (RAMC) 	139	59	33	47	80
4	<ul style="list-style-type: none"> SH16 Main Road Upgrade 	358	22	125	211	336
2A/2B	<ul style="list-style-type: none"> Alternative State Highway (ASH) Brigham Creek Interchange 	377	48	136	193	329
5	Fred Taylor Drive FTN Upgrade	143	1	72	70	142
7	New Northside Drive West	39	0	18	21	39
9	Don Buck Road FTN Upgrade	238	10	102	126	228
10	Royal Road FTN Upgrade	166	34	62	60	122
12	Brigham Creek Road Upgrade	217	0	102	115	217

No.	Package Projects	Total Property Interest	Full	Partial	Temporary	Partial & Temporary Occupation
13	Māmari Road FTN Upgrade	45	0	22	23	45
14	Trig Road Upgrade	111	0	57	56	113
15	New Spedding Road West	48	0	25	23	48
16	New Spedding Road East	65	3	23	39	62
17	Hobsonville Road FTN Upgrade	554	33	168	314	482
18	Coatesville-Riverhead Highway Upgrade	163	0	81	82	163
19	Riverhead Road Upgrade	146	1	76	69	145
20	Access Road/Tawa Road Upgrade	148	7	45	96	141
21	Station Road Upgrade	49	0	23	26	49
	Total	3,006	218	1,170	1,571	2,741

This shows that only 7% of property costs are full purchase with around 91% of property purchases being partial and /or temporary occupations. There are a small percentage of interests that don't require acquisition as already owned e.g a road or Auckland Council land.

1.2 Compensation

The likely compensation has been developed through consideration of:

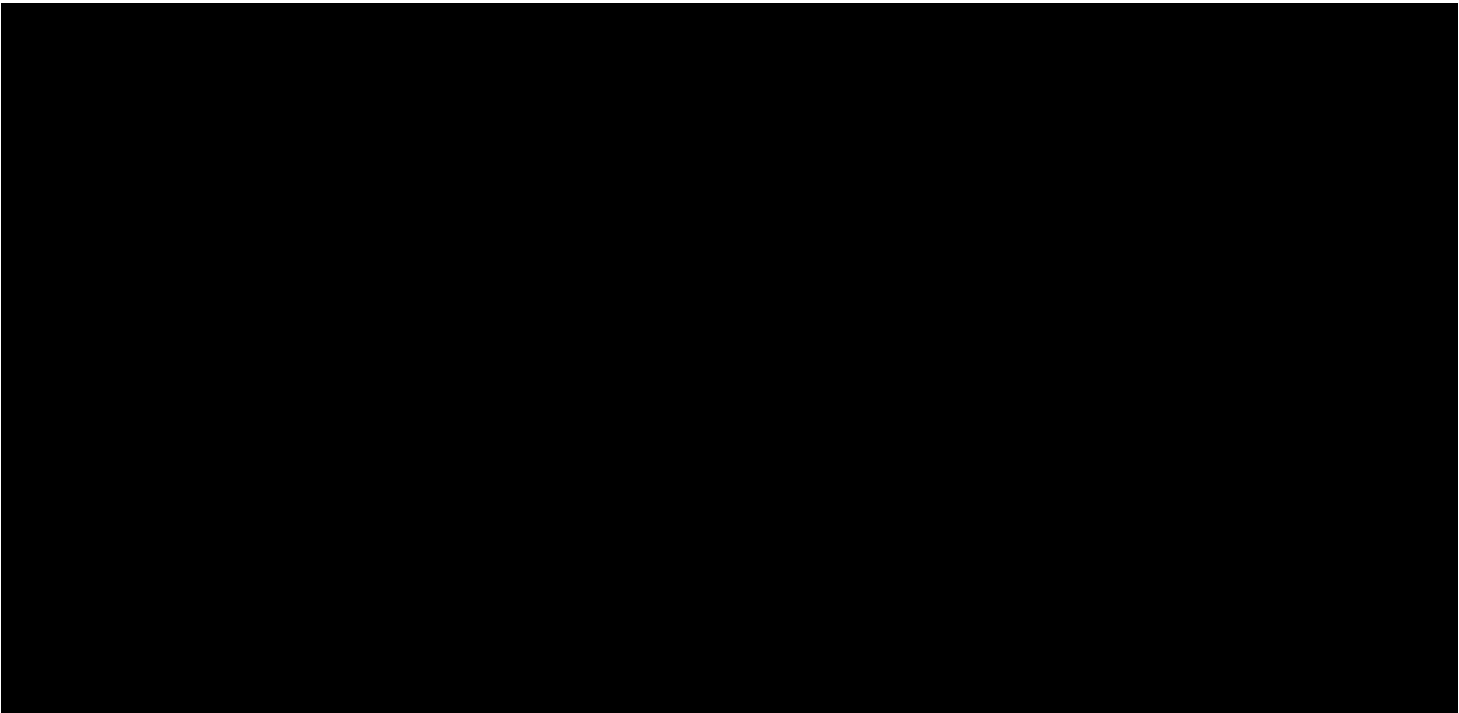
1. The base property estimate, refer Section 4.3.
2. Plus, an estimated allowance for Stage Two Public Works Act 1981 (PWA) compulsory acquisition processes and Land Valuation Tribunal (LVT) costs, refer Section 4.4.
3. Application of various risk profiles to identify expected P50 and P95 estimates,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

[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

There are a number of risks and uncertainties from a property perspective due to the long-term nature of the route protection approach proposed. These include:

- [REDACTED]

[REDACTED]

These risks have been considered when developing this Property Overview.

1.4 Key Initiatives to Manage risks

1.4.1 General

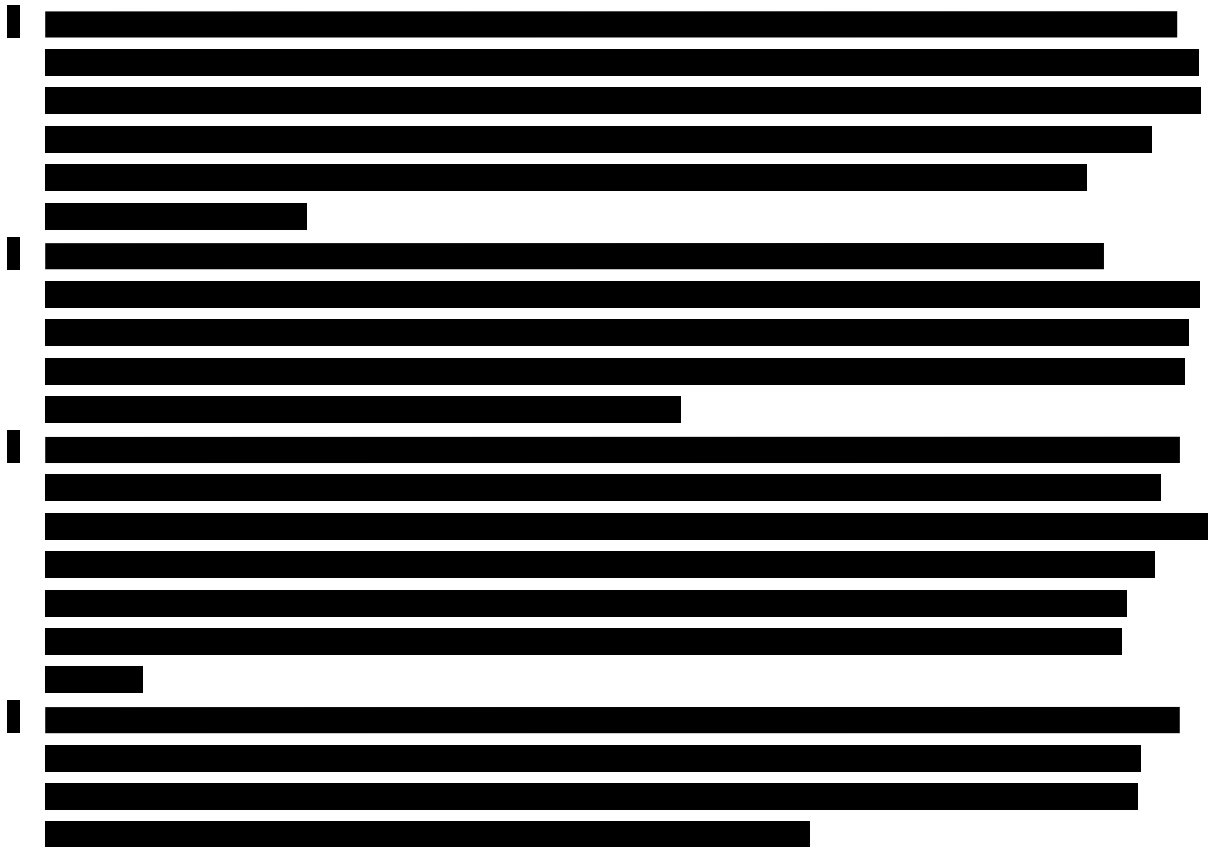
There is considerable uncertainty around the property costs given the size of this programme (and the wider Te Tupu Ngātahi programme). Therefore, to best manage this uncertainty and minimise the early property acquisition expenditure as much as possible until projects are implemented the following is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

[REDACTED]



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 North West DBC identifies a transport system that will support Auckland's planned greenfield growth over the next 30 years and develop a case for route protecting corridors within the North West 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.

The North West growth area is located approximately 20km to the west of Auckland's central city and includes the live zoned growth area of Redhills as well as the future growth areas of Whenuapai, Riverhead and Kumeū-Huapai. The projected growth is based on the Auckland Council's (council) Future Urban Land Supply Strategy (FULSS) and at full build out this growth is anticipated to reach¹:

- 107,000 additional people - which is equivalent to adding a community the size of Dunedin.
- 44,300 new houses.
- 21,600 new jobs.

2.1 Purpose of the Property Overview

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

It is important to note that whilst this Property Overview has been developed for the North West DBC its primary purpose is for **route protection**. There will be a subsequent Implementation Business Case to seek approval for implementation funding of individual projects, which will include more detailed analysis of the property issues.

The Te Tupu Ngātahi programme has developed a Programme Wide Property Strategy that outlines the principles for property acquisition for the entire programme. These principles have guided the development of the property approach for North West with the key points being:

- The programme is about long-term affordability and property will be generally acquired closer to implementation.
- It is recognised there will potentially be an early property acquisition liability as soon as the NoR is lodged for each project.
- The Requiring Authority will take the lead on property negotiations for that specific project, utilising the current processes of that organisation (Auckland Transport (AT) or Waka Kotahi). For this DBC, this is generally AT, with Waka Kotahi the requiring authority for the Alternative State Highway (ASH), and the Rapid Transit Corridor (RTC) project which going forward will also include the upgrade to SH16 Main Road and the Regional Active Mode Corridor.
- AT's Early Acquisition Guideline and Waka Kotahi's Advance Purchase Policy processes will apply.
- Where there is opportunity for strategically important properties to be acquired, these should be taken.
- Opportunities for resultant value capture from residual land will be considered as part of the land use integration.

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 i11.5. changes in timing indicate potentially a 5 year delay to full growth realisation in the North West Growth area.

Future property appreciation and early acquisition property liability are critical issues once the identified projects are route protected. This Property Overview outlines the analysis and approach to providing as much certainty as possible to what this early property acquisition liability could be into the future.

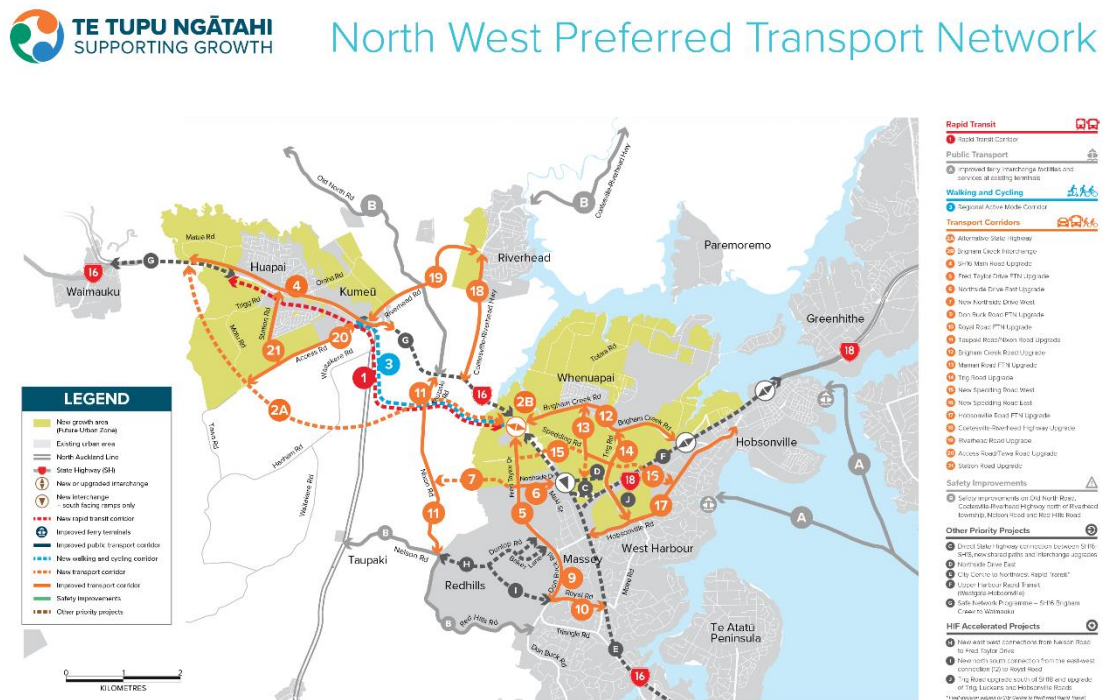
It is a living document developed for the route protection detailed business case phase. Given the long-term timeframes envisaged for this route protection, the Property Overview will need to be revisited, reviewed and updated each decade and more frequently in the lead up to project implementation. The acquisition programme is dependent on detailed design and land requirement plans being completed.

This Property Overview is intended to sit alongside the Route Protection Strategy and a strategy to commence a dialogue with developers at resource consent subdivision pre application stage to secure additional arterial road widths.

2.2 The North West Recommended Package

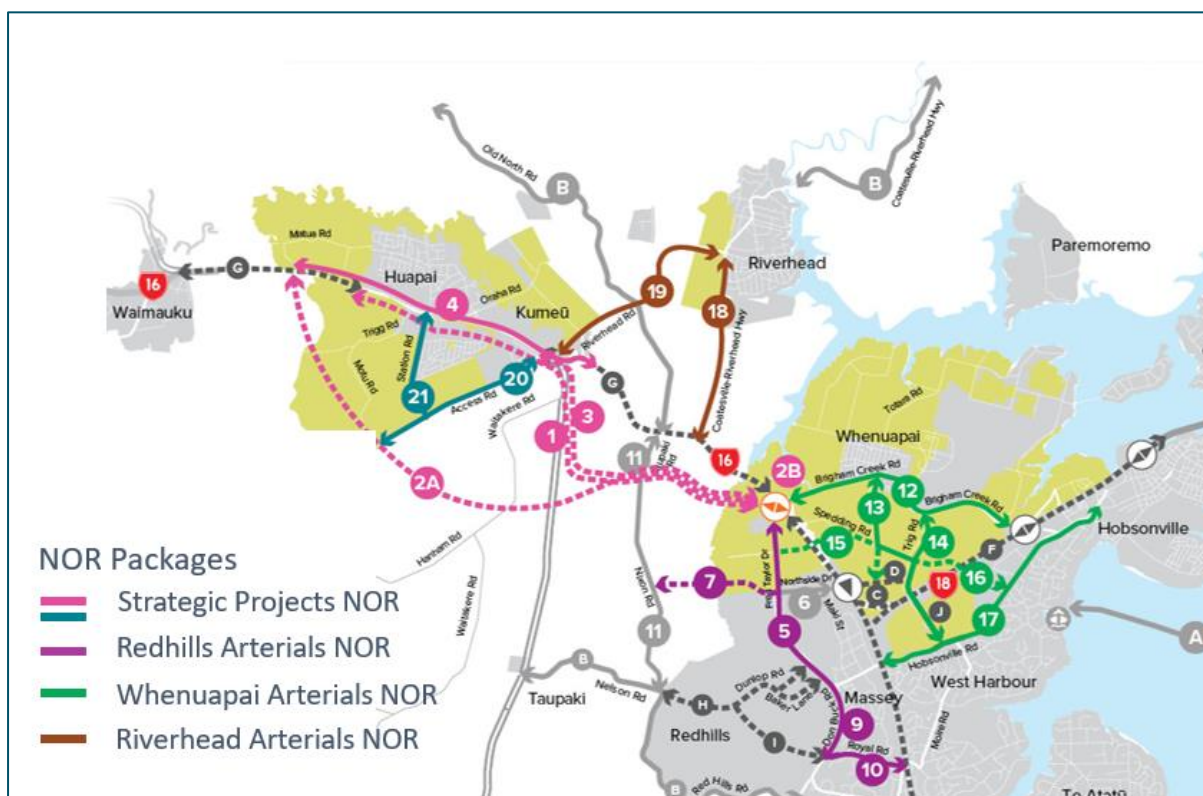
The North West package initially assessed 22 projects. 21 of these projects have been included as part of the North West Recommended Network as shown in Figure 2-1.

Figure 2-1 North West recommended network.



The North West Route Protection Strategy has identified 19 of these recommended projects to be progressed for route protection as shown in Table 2-1. These will be delivered over 4 route protection packages. Refer to **Appendix J: Route Protection Strategy** of the overall North West DBC report for more information.

Table 2-1 Corridors proposed for route protection



Three corridors in the North West DBC will not proceed to route protection as detailed in Table 2-2. The property costs associated with these projects have been excluded from the rest of this report.

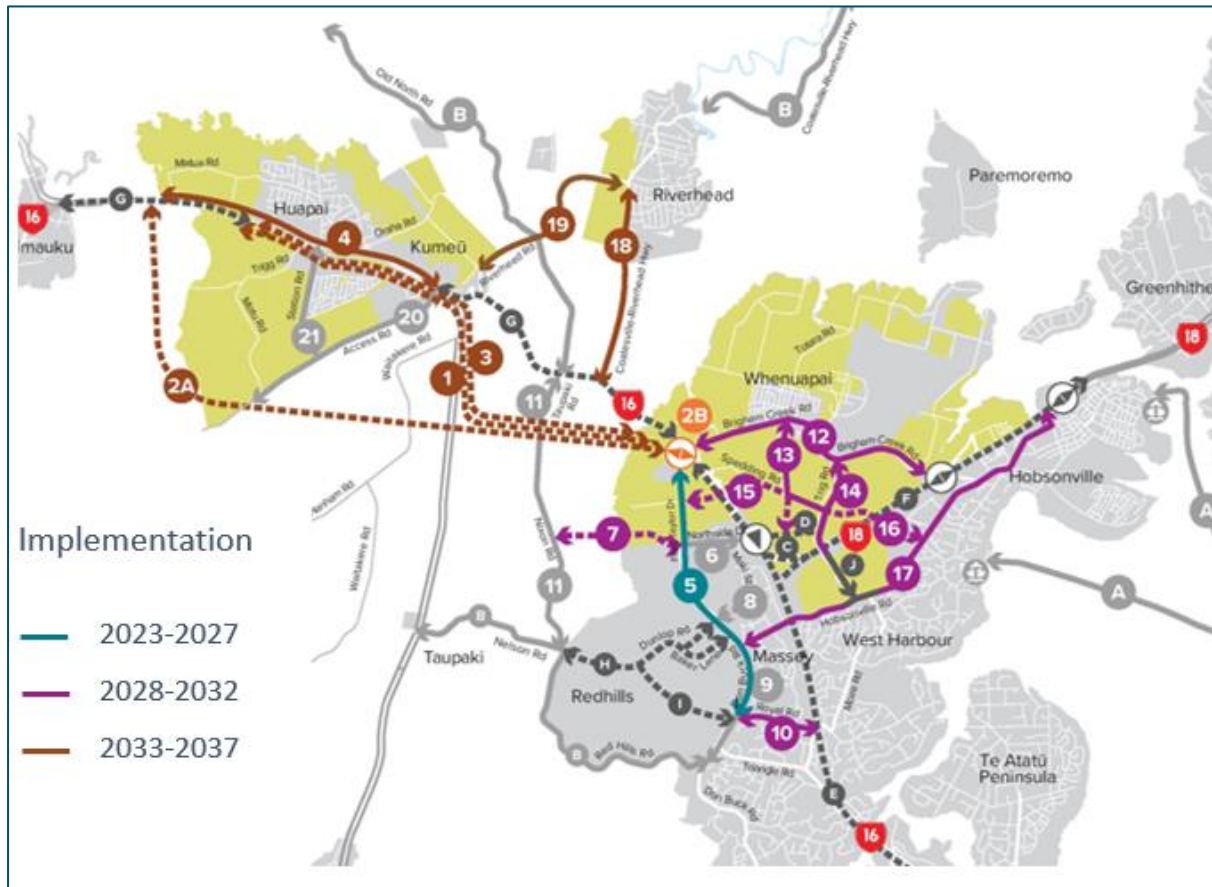
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#11 Taupaki Road/Nixon Road Upgrade	The section of Taupaki Road between ASH and SH16 is included within the ASH project to provide connections. The rest of the route is not being route protected due to the future rural land use and long timeframe for planned implementation.

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 2-2 sets out the current forecast programme.

Figure 2-2 North West 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 North West area.

A total of 3,006 property interests have been identified for acquisition as outlined in Table 3-1. Once property duplications (e.g properties that might have partial land acquisition and temporary rental charges) are taken into account this results in a total of 1,831 individual properties.

Table 3-1 : Property Acquisition Summary

No.	Package Projects	Total Property Interest	Full	Partial	Temporary	Partial & Temporary Occupation
1,3,4	<ul style="list-style-type: none"> Rapid Transit Corridor (RTC) Regional Active Mode Corridor (RAMC) 	139	59	33	47	80
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13	Māmari Road FTN Upgrade	45	0	22	23	45
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No.	Package Projects	Total Property Interest	Full	Partial	Temporary	Partial & Temporary Occupation
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	Total	3,006	218	1,170	1,571	2,741

This shows that only 7% of property costs are full purchase with around 91% of property purchases being partial and /or temporary occupations. There are a small percentage of interests that don't require acquisition as already owned e.g a road or Auckland Council land.

3.1.1 Development in the North West

Redhills itself is live zoned and Whenuapai Plan Change 5 is currently progressing its application. There are also private plan changes being progressed in the growth areas.

Specific development opportunities in the North West include:

- Oyster Capital developments and interface with New Spedding Road West and Brigham Creek Road.
- Whenuapai town centre developers and interface with Māmari Road FTN Upgrade and Brigham Creek Road.
- Neil Group developments and interface with Brigham Creek Road.
- Hugh Green Group and Universal Homes and other developments adjacent to Fred Taylor Drive and Don Buck Road.
- Fletcher Living Riverhead site and interface with Riverhead Road Upgrade and potentially Coatesville-Riverhead Highway Upgrade.
- Fletcher Living Taupaki and a long term future plan change (estimated at 2048) and potential interface with the Redhills arterial network. This is the only plan change that is currently outside the FUZ zones.

3.2 Acquisition Issues and Risks

An assessment of the key risks at a project and programme level has been undertaken. A three-tiered risk assessment scale has been used, being:

- **High** – Significant risk that will require sustained and active management.
- **Medium** – Moderate risk that will require active mitigation.
- **Low** – Minimum risk that can be appropriately managed.

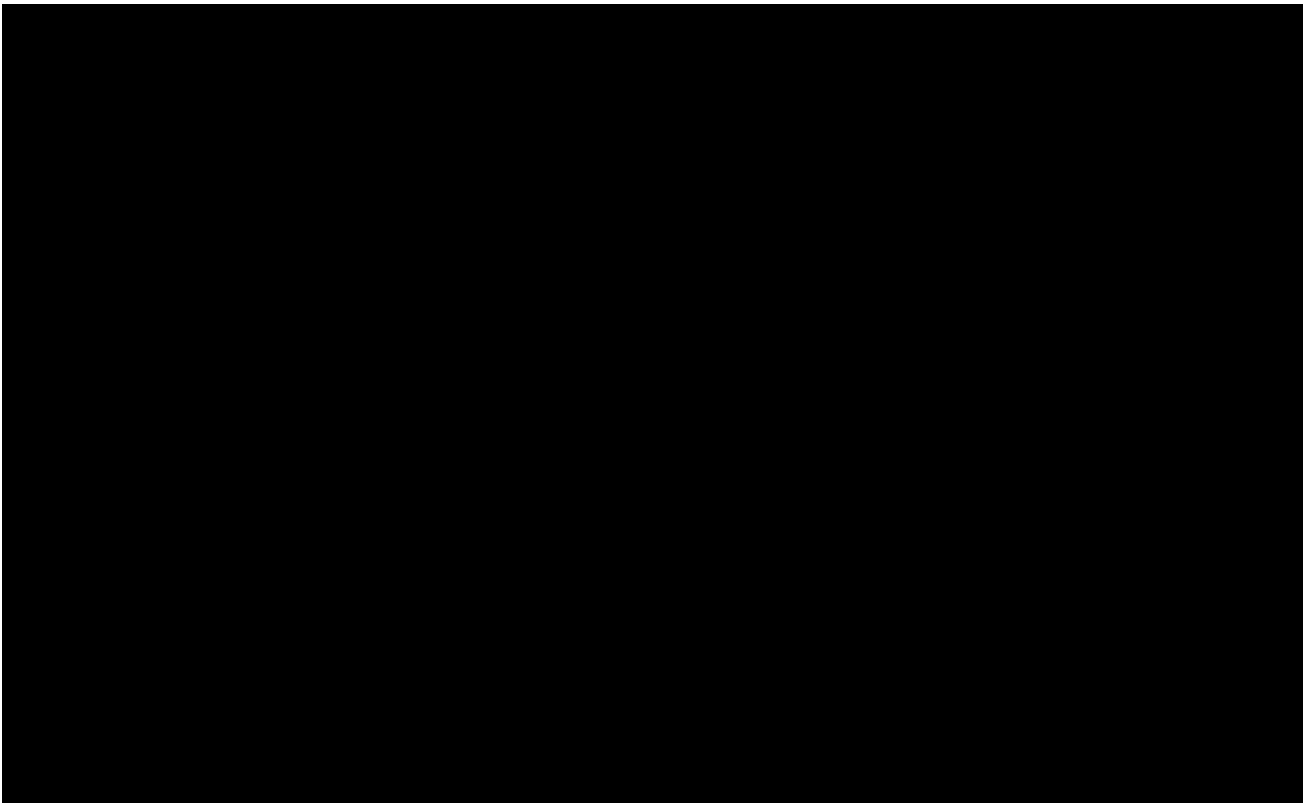
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A recent example of the increasing land values in Auckland can be seen with the interventions planned for Redhills. These corridors are located within land zoned through the Auckland Unitary Plan (AUP) process. Auckland Council data on land value changes 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 text block]

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

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 detail of this will be worked through in the 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 projects 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 the North West 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 North West programme of works are within the next 10-30 years.

Auckland Transport assessed 17 property packages which contained the 19 projects proceeding to route protection. Note that one package included the Rapid Transit Corridor (RTC), Regional Active Mode and SH16 Main Road combined. 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:

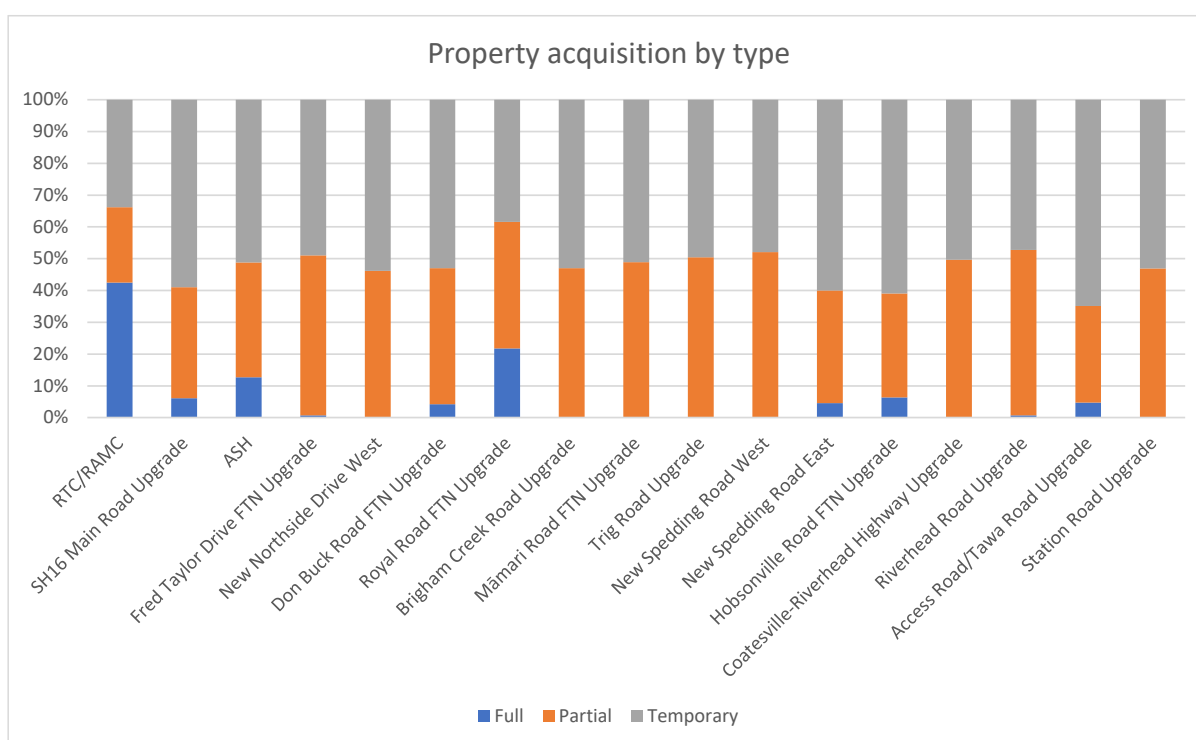
- New arterial roads are planned as well as widening of existing roads to form arterial standard roads. For arterial road corridors, the full arterial road width has been included, notwithstanding the land acquisition programme may be developer led with developers providing the local corridor width at 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 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 structure planned or planned 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. Ten of the 21 corridors have full acquisitions, but seven of these are under 6% of that corridors acquisition requirement. The key corridors for full acquisition requirements are:

- RTC/RAMC.
- SH16 Main Road Upgrade.
- ASH.
- Royal Road FTN Upgrade.

Figure 4-1 Property acquisition type by individual project



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

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) North West block land (i.e., land requiring earthworks, roading and servicing prior to any development) for the Light Industry, Terrace Housing and Apartment	<ul style="list-style-type: none"> • The desktop data included comparable FUZ block sales evidence. Based on the upper range a land rate of ██████ for FUZ zoned land has been adopted. • Adopted a Light Industrial rate of ██████ based on comparable built light industry sales and a Heavy Industrial rate of \$700/m2. • Adopted ██████ for the MHU zone, based on the desktop assessment. • Adopted ██████ for the THAB zone, based on regional transaction data in the last twelve months.

Task	Additional information															
Buildings (THAB), Mixed Housing Urban (MHU) and Mixed Suburban zones.	<ul style="list-style-type: none"> 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. 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, comparable sales data has been analysed to determine a market inflation rate since the capital value was struck. The greater of current capital value plus a market inflation rate of 25%, or land area times land rate has been adopted, unless otherwise stated. 															
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"> An injurious affection matrix has been used to apply a risk categorization to this component of the base cost estimate. The categorization scale ranges from high risk, medium risk to low risk. The degree of risk determines the percentage risk factor applied to the estimated compensation, to provide a total compensation assessment inclusive of potential injurious affection. In some cases, a higher risk factor may be applied. <table border="1" data-bbox="708 1319 1158 1727"> <thead> <tr> <th colspan="3" data-bbox="708 1319 1158 1402">Injurious Affection Matrix</th> </tr> </thead> <tbody> <tr> <td data-bbox="708 1402 879 1480">High</td> <td data-bbox="879 1402 975 1480">A</td> <td data-bbox="975 1402 1158 1480">30%</td> </tr> <tr> <td data-bbox="708 1480 879 1563">Medium</td> <td data-bbox="879 1480 975 1563">B</td> <td data-bbox="975 1480 1158 1563">20%</td> </tr> <tr> <td data-bbox="708 1563 879 1646">Low</td> <td data-bbox="879 1563 975 1646">C</td> <td data-bbox="975 1563 1158 1646">10%</td> </tr> <tr> <td data-bbox="708 1646 879 1727">None</td> <td data-bbox="879 1646 975 1727">D</td> <td data-bbox="975 1646 1158 1727">0%</td> </tr> </tbody> </table>	Injurious Affection Matrix			High	A	30%	Medium	B	20%	Low	C	10%	None	D	0%
Injurious Affection Matrix																
High	A	30%														
Medium	B	20%														
Low	C	10%														
None	D	0%														
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 															

Task	Additional information
	<p>cost of using external acquisition service providers. Costs are based upon the AT internal acquisition model.</p> <ul style="list-style-type: none"> The upper end of the 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 cost 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> <ul style="list-style-type: none"> That PWA compulsory acquisition processes will be part of the Land Acquisition Strategy approved at the implementation stage. 30% of the acquisitions advance to the Section 23 stage, at an estimated cost of \$40k per acquisition. This equates to 299 properties in the North West. 50% of the Section 23s advance to the Section 26 stage, at an estimated cost of \$30k per acquisition. This equates to 150 properties in the North West. 33% of the Section 26s advance to the LVT at an estimated cost of \$600K per proceeding. In the North West it is assumed there could be 49 LVT cases.
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, that are a cost to the physical works budget have also been identified. These form part of the early property acquisition project liability addressed at 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 occupation, 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.

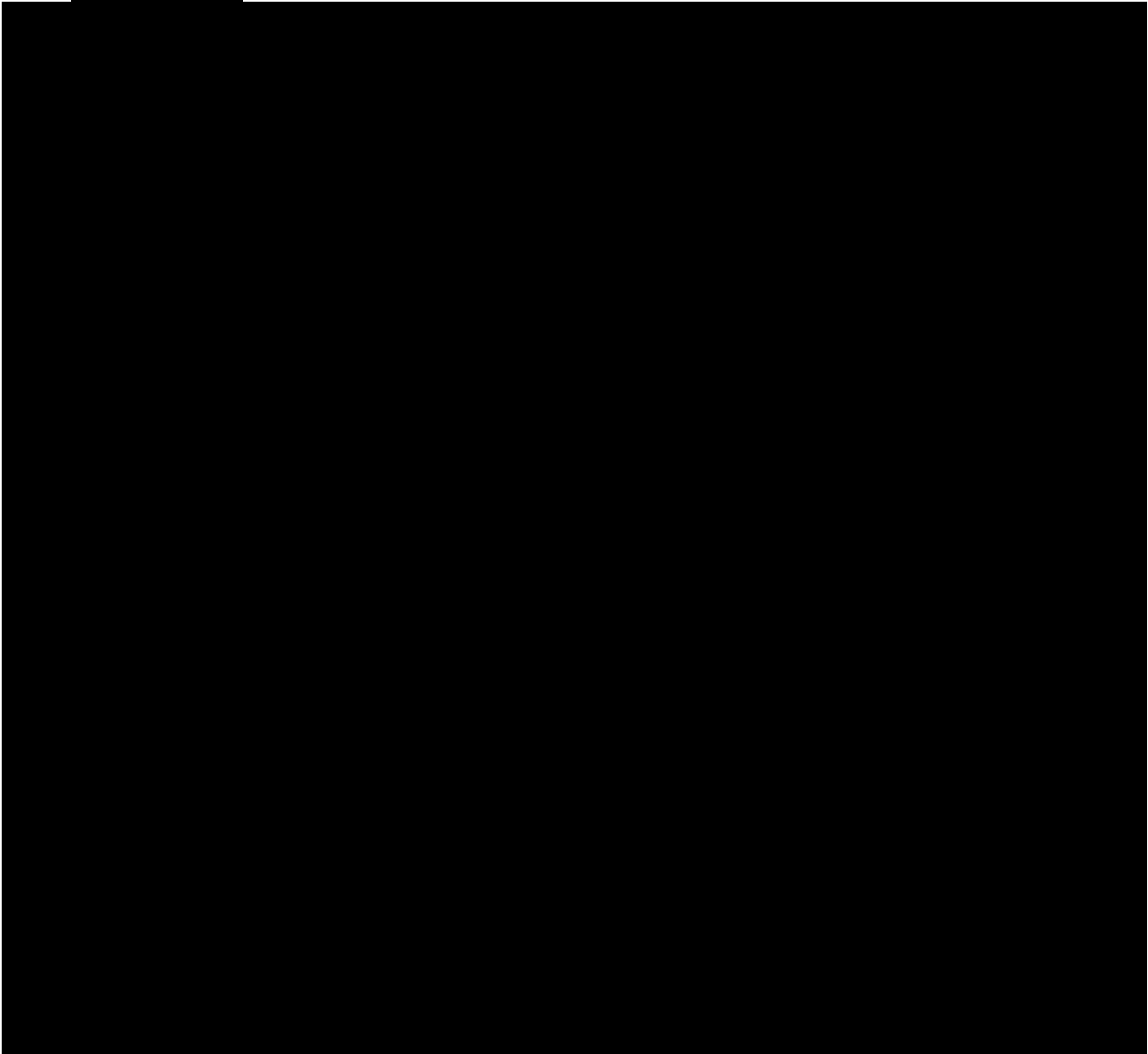
4.3 Base Property Estimate

The total property interests and base property estimates provided to Te Tupu Ngātahi by the AT property team for the project packages listed is \$ [REDACTED] including a 15% contingency.

The base estimate includes the estimated gross costs, S66 costs, S72 costs and negotiator costs. Te Tupu Ngātahi has removed the contingency figure and is relying upon the P50 estimate, which reintroduces this contingency. [REDACTED]

[REDACTED]

[REDACTED]



The total base property estimate, using the methodology outlined above, as at present dollar value for the 19 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.

As noted earlier, the original base cost estimate provided to Te Tupu Ngātahi excluded costs associated with stage two of the PWA compulsory acquisition process and LVT proceedings.

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.

4.5 Expected P50 and P95 Property Costs

To the resultant increase in the base estimate figure from [REDACTED] to [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 Table 4-2. In addition to this, a 15% contingency has been added on the Stage Two PWA and LVT cost estimate.

Table 4-2 Expected estimate (P50) risk breakdown

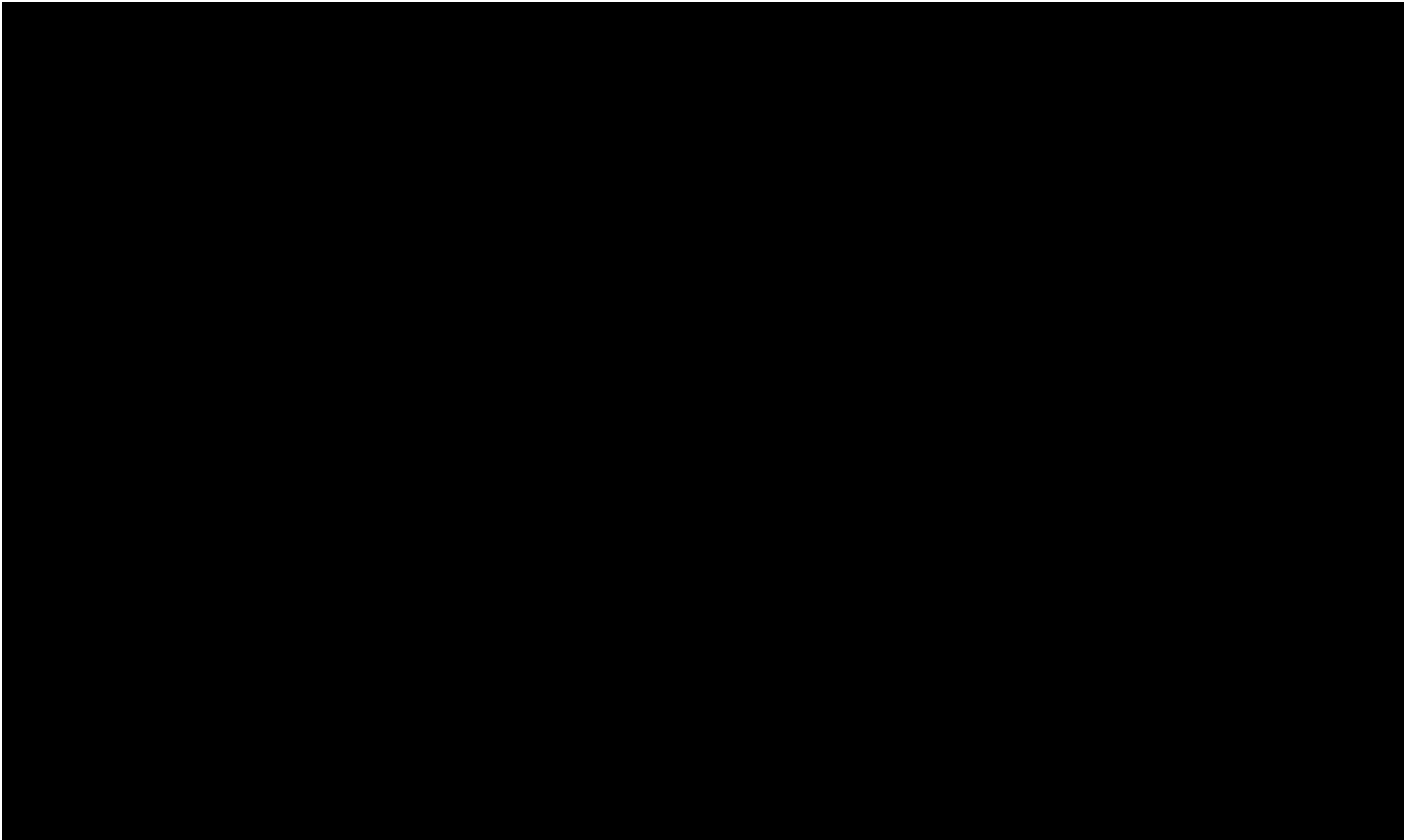
Risk	Percentage	Rationale
Base land cost estimation	0% - 30%	Injurious affection assessment as per the risk matrix in Table 4.1
Land cost estimation contingency	15%	Makes allowance for the lack of investigations (e.g topographical and geotech), high-level design, and the depth of market and level of 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 25% 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

This approach results in the costs (including contingency) [REDACTED]





5 Package property acquisition approach

[Redacted text block]

[Redacted text block]

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.

In contrast, areas that are transitioning from a FUZ to an urban zoning will significantly increase in value. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

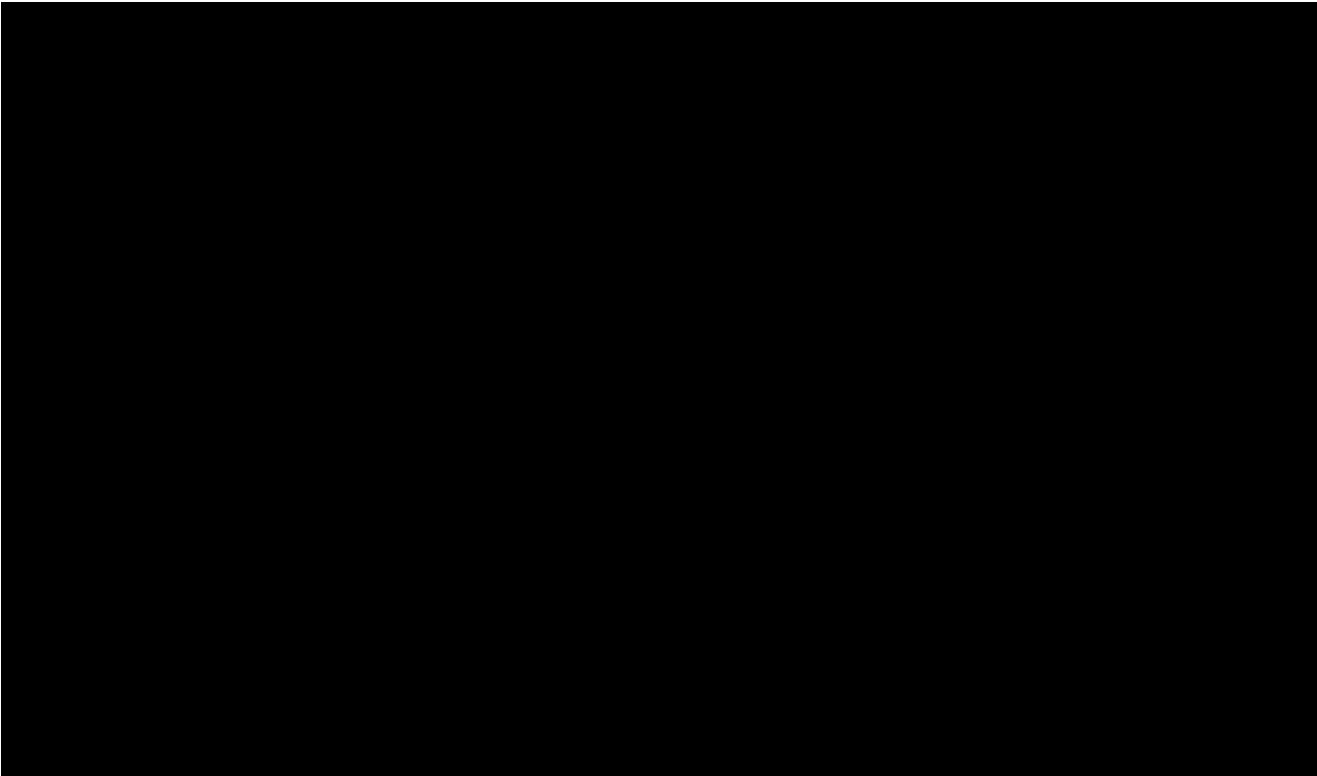
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[REDACTED]

[REDACTED]

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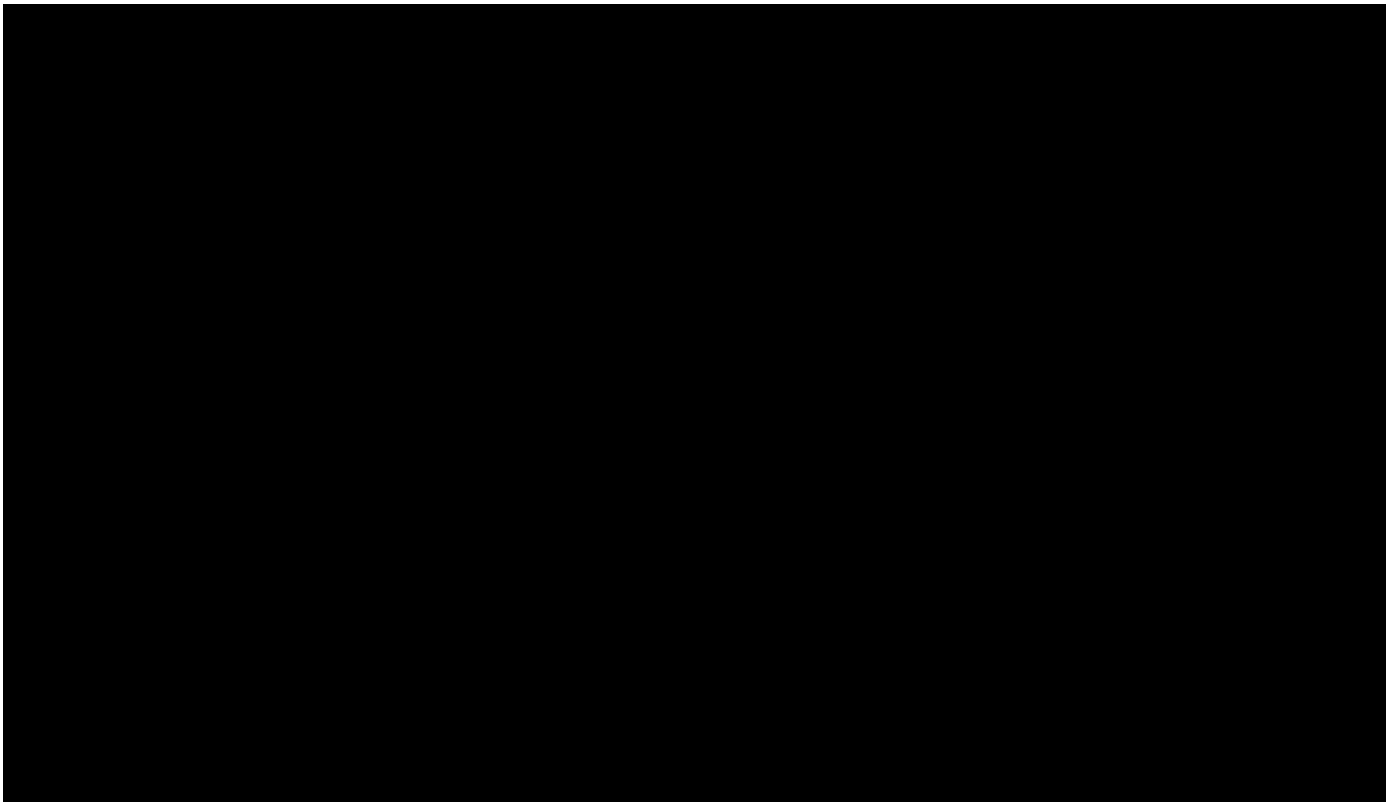


³ Compounded year on year rate

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. [REDACTED]

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

Applying these appreciation rates, gives us the total property appreciation cost ranges shown in [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. [REDACTED]

[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. Three corridors span rural zoning – Riverhead Road, Coatesville-Riverhead Highway and New Northside Drive West.

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]

Over the life of the route protection (NoR) at various points individual land-owners will want to change the land use, or for business or lifestyle reasons, want to dispose of the land.

The table contains approximately 15 rows of data, each consisting of 3-4 columns of redacted information. The redactions are represented by solid black bars of varying lengths and positions. Some rows have a small vertical bar in the first column, possibly indicating a header or a specific category. The overall structure is that of a standard data table where the content has been obscured for privacy or security reasons.

Again, we note the majority of properties in this programme are partial purchases.

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.

The longer the period between the NoR being notified and the project being constructed, the greater the potential for this to occur. However, this is likely to only result in a demand for the Requiring Authority to purchase land in a limited subset of cases, where the NoR and prospect of the project undermines the value the owner derives from the property. These costs are still forecast to be in the millions of dollars a year.

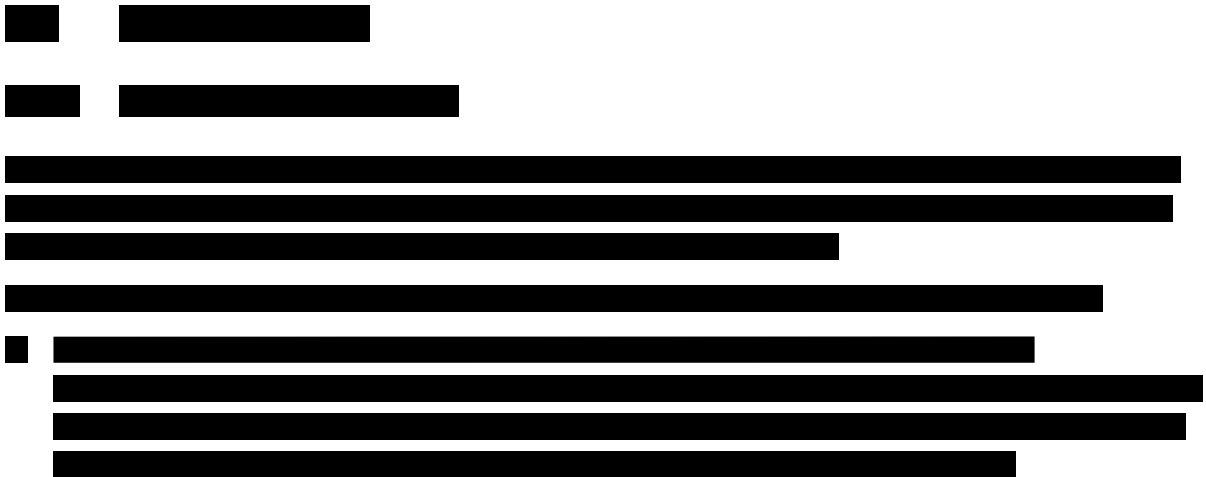


Table 7-1 : Developer Opportunities

Developer Interest	Projects impacted	Opportunity
Oyster Capital	<ul style="list-style-type: none"> Brigham Creek Road Upgrade. New Spedding Road West. 	<p>Upgrade of the Totara Creek Bridge.</p> <p>Partial construction of New Spedding Road West (excluding the bridge) and upgrade of the existing section of Spedding Road West.</p>
Whenuapai Town Centre Developers	<ul style="list-style-type: none"> Māmari Road FTN Upgrade. Brigham Creek Road Upgrade. 	<p>Important to get the footprint secured for the Māmari Road/Brigham Creek intersection.</p> <p>There is discussion about a potential town centre upgrade on the northern side of Brigham Creek Road and another developer looking at a plan change for the south western corner of the proposed intersection.</p> <p>Potential for land to be vested. Opportunity for interim walking and cycling upgrades. Would need future building setbacks.</p>

Developer Interest	Projects impacted	Opportunity
Neil Group developments	<ul style="list-style-type: none"> Brigham Creek Road Upgrade. 	Interface with Brigham Creek Road. Opportunity for interim walking and cycling upgrades. Would need future building setbacks.
Hugh Green Group and Universal Homes and other developers adjacent Fred Taylor Drive	<ul style="list-style-type: none"> Fred Taylor Drive FTN upgrade. Don Buck Road FTN upgrade. Internal Redhills arterials as part of the HIF 	Potential for land to be vested. Intersection upgrades and partial construction of corridor upgrades.
Fletcher Living Riverhead	<ul style="list-style-type: none"> Riverhead Road Upgrade. Coatesville-Riverhead Highway Upgrade. 	Potential for land to be vested. Intersection upgrades and partial construction of urban part of corridor upgrades.

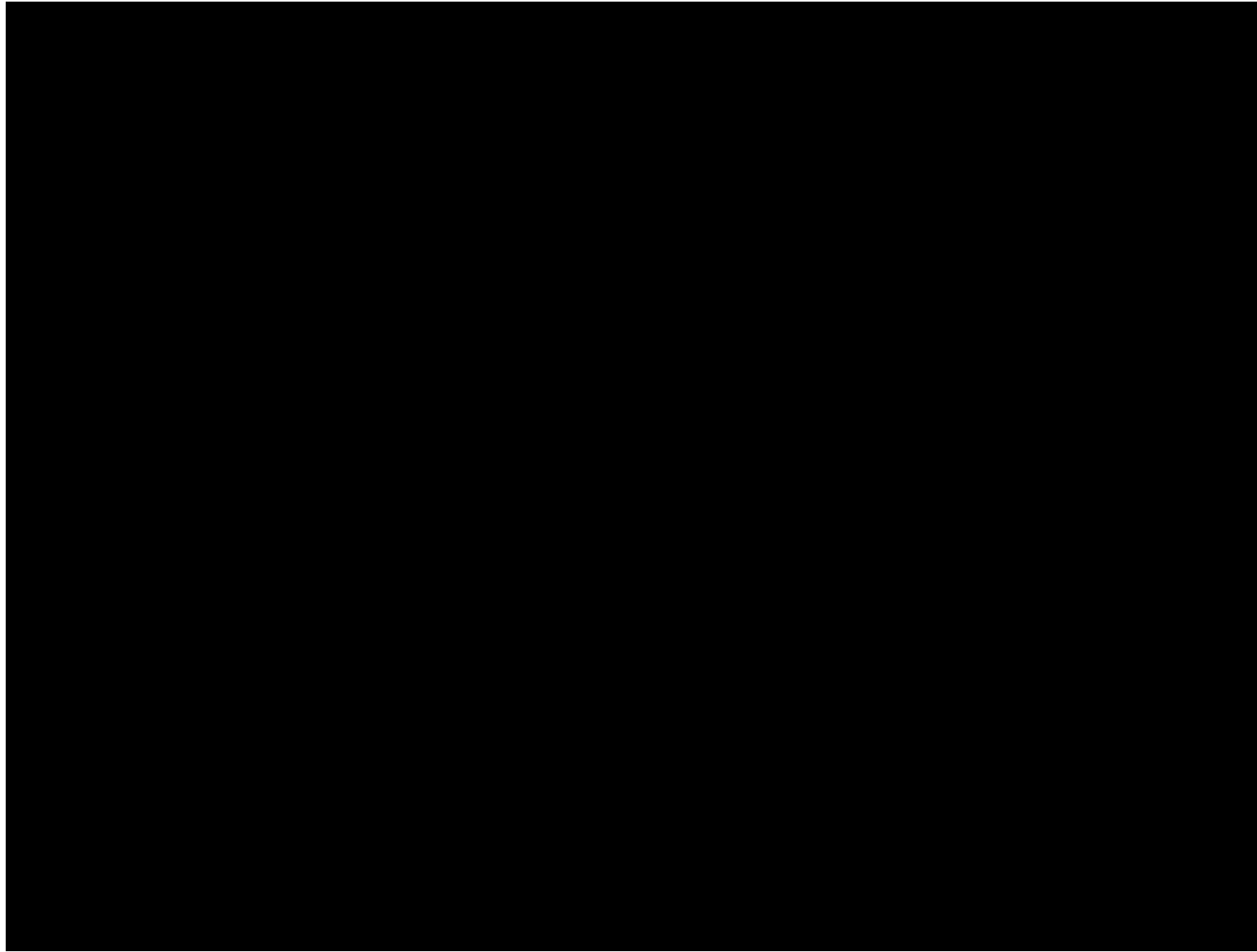
2.

[REDACTED]

[REDACTED]

[REDACTED]





■ [Redacted text]

[Redacted text]

■ [Redacted text]

■ [Redacted text]

■ [Redacted text]

Guideline and Waka Kotahi's Advance Purchase Policy processes for any purchases prior to the typical three-year period prior to implementation.

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.

[Redacted text block]

[Redacted text block]

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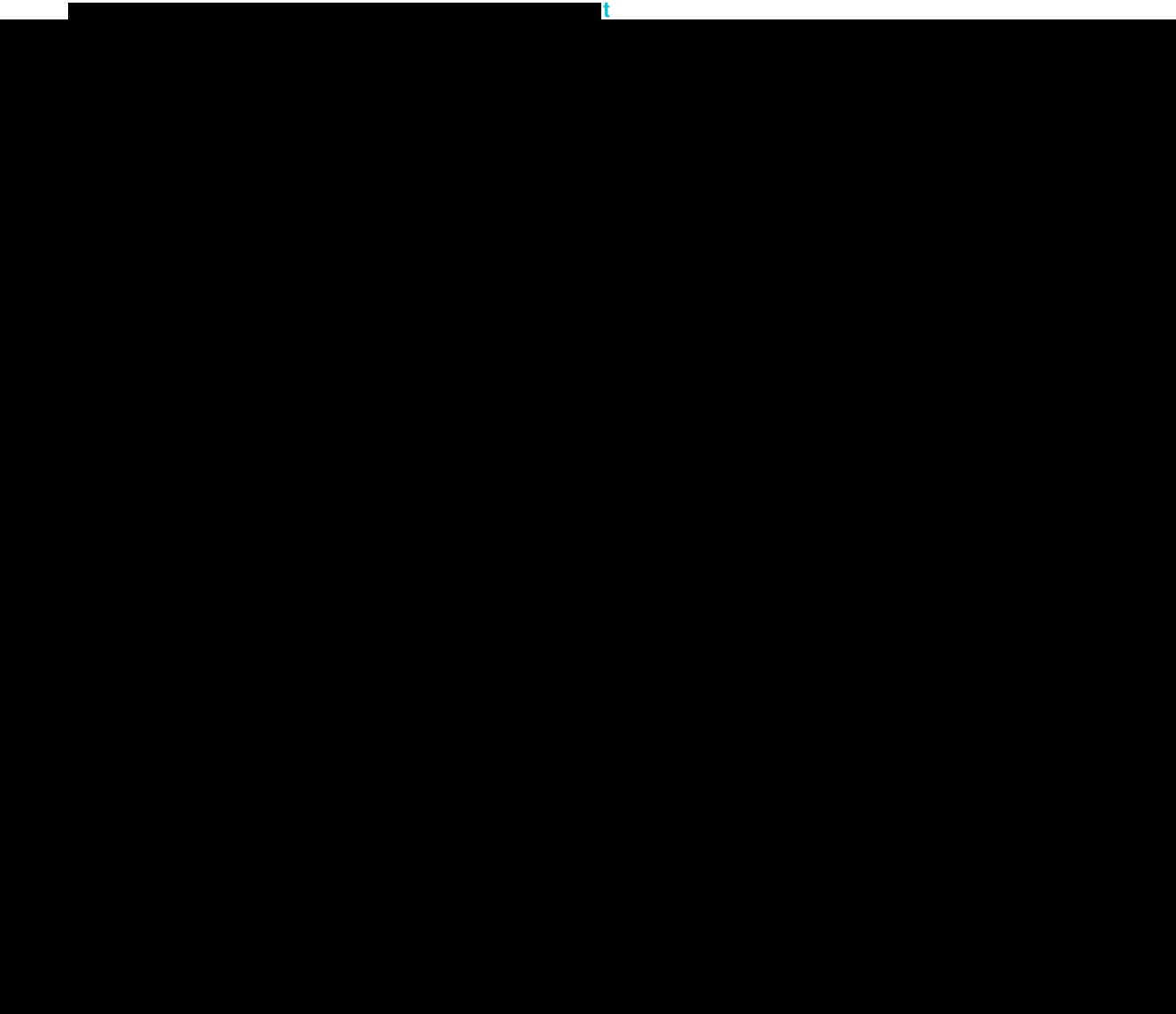
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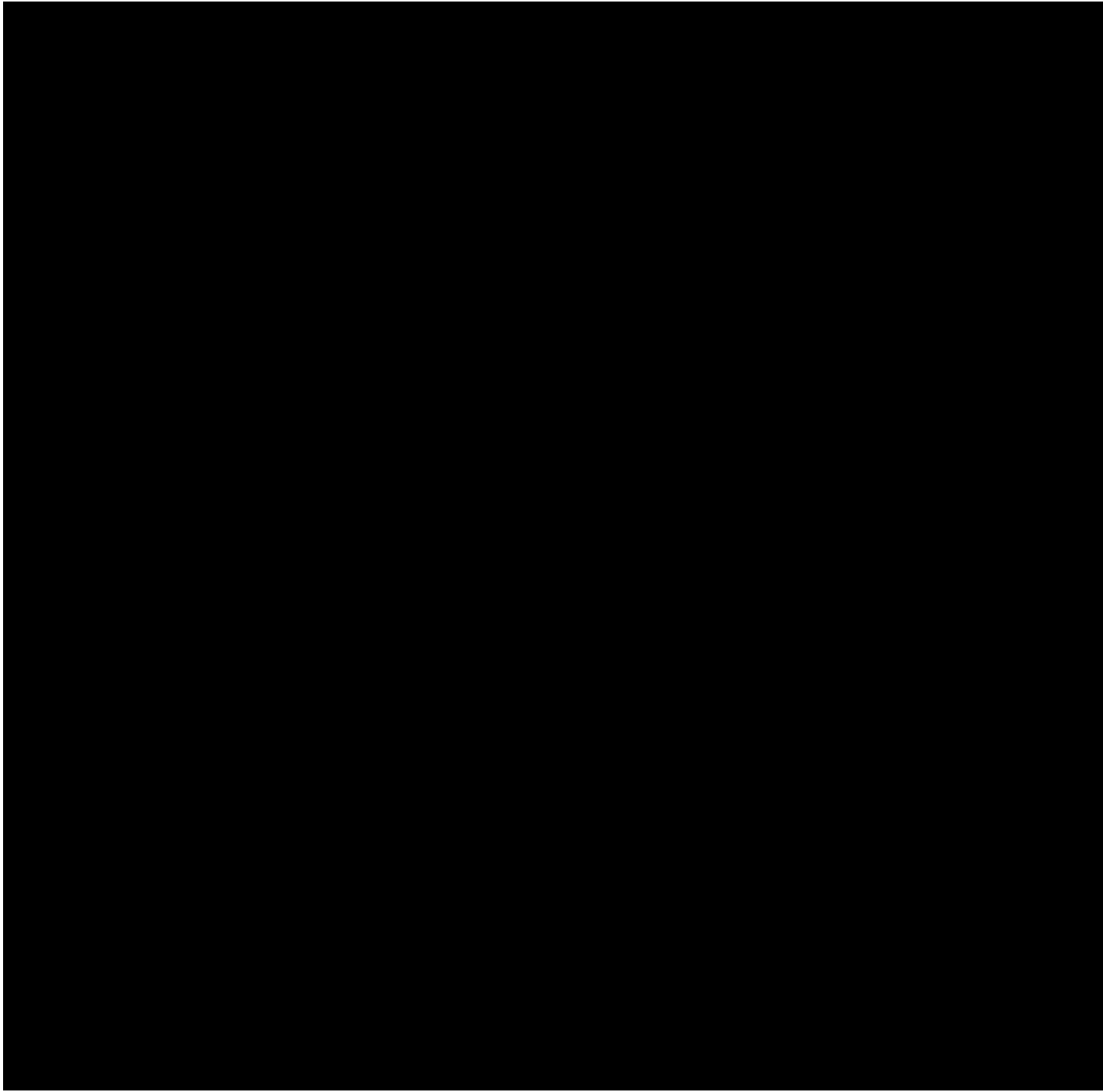
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8 Potential Implications on Acquisition Cashflow

The section outlines the estimated annual property cashflow forecast between commencing following the RMA designation processes and when the future project is programmed for delivery.

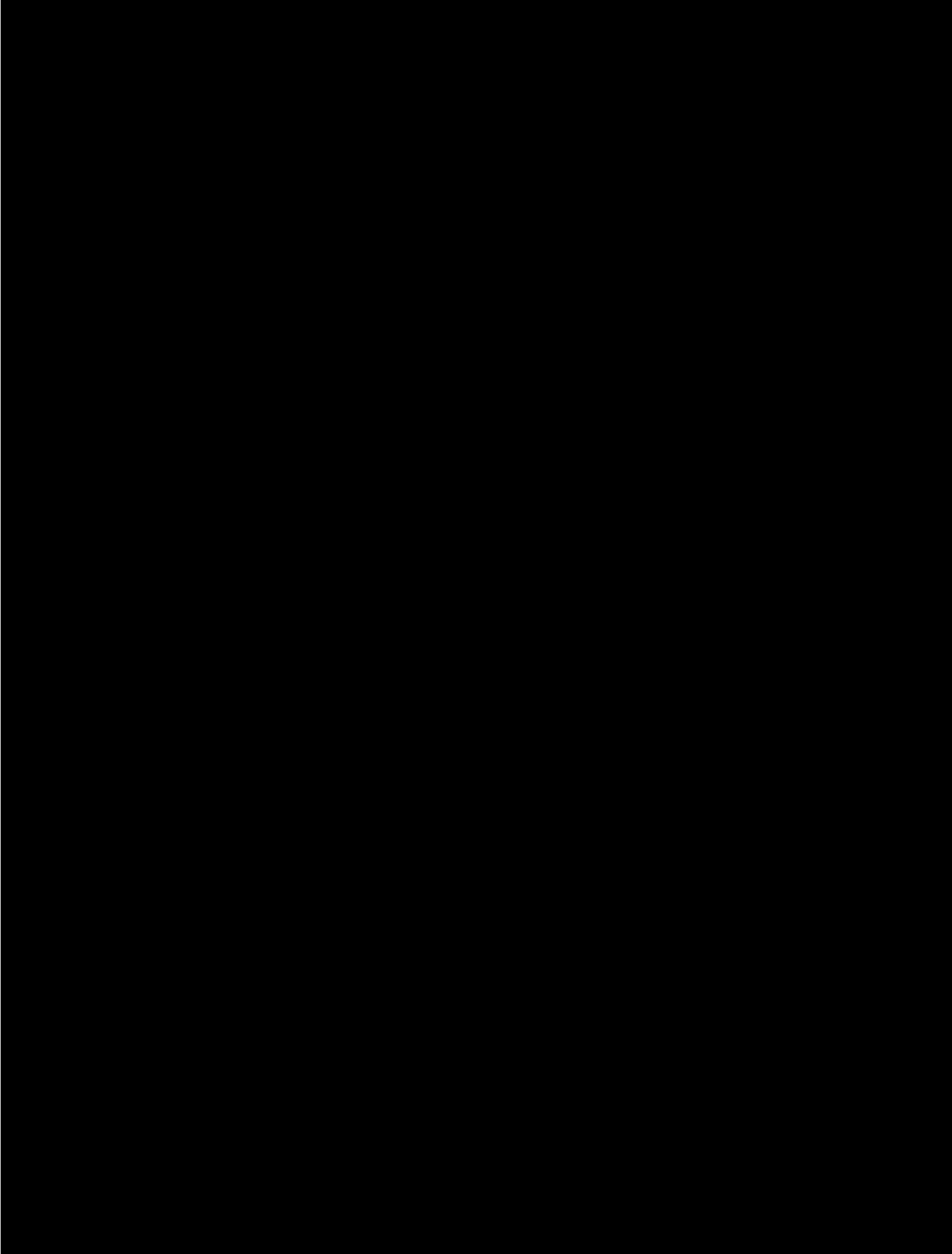
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9 Ongoing management

9.1 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 North West from an ongoing management perspective that have been considered and that will need more focus include:

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

It has been assumed in the financial modelling that the property management would be cost neutral, with income generated covering the costs of the ongoing management.

9.2 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.

10 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]
- [REDACTED]
- Mitigation, where possible, of the potential effects of road construction, noise, dust and privacy issues etc.

11 Key Initiatives

11.1 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.

11.2 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.

11.3 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 North West role would be part of this overall programme resourcing rather than additional resourcing.

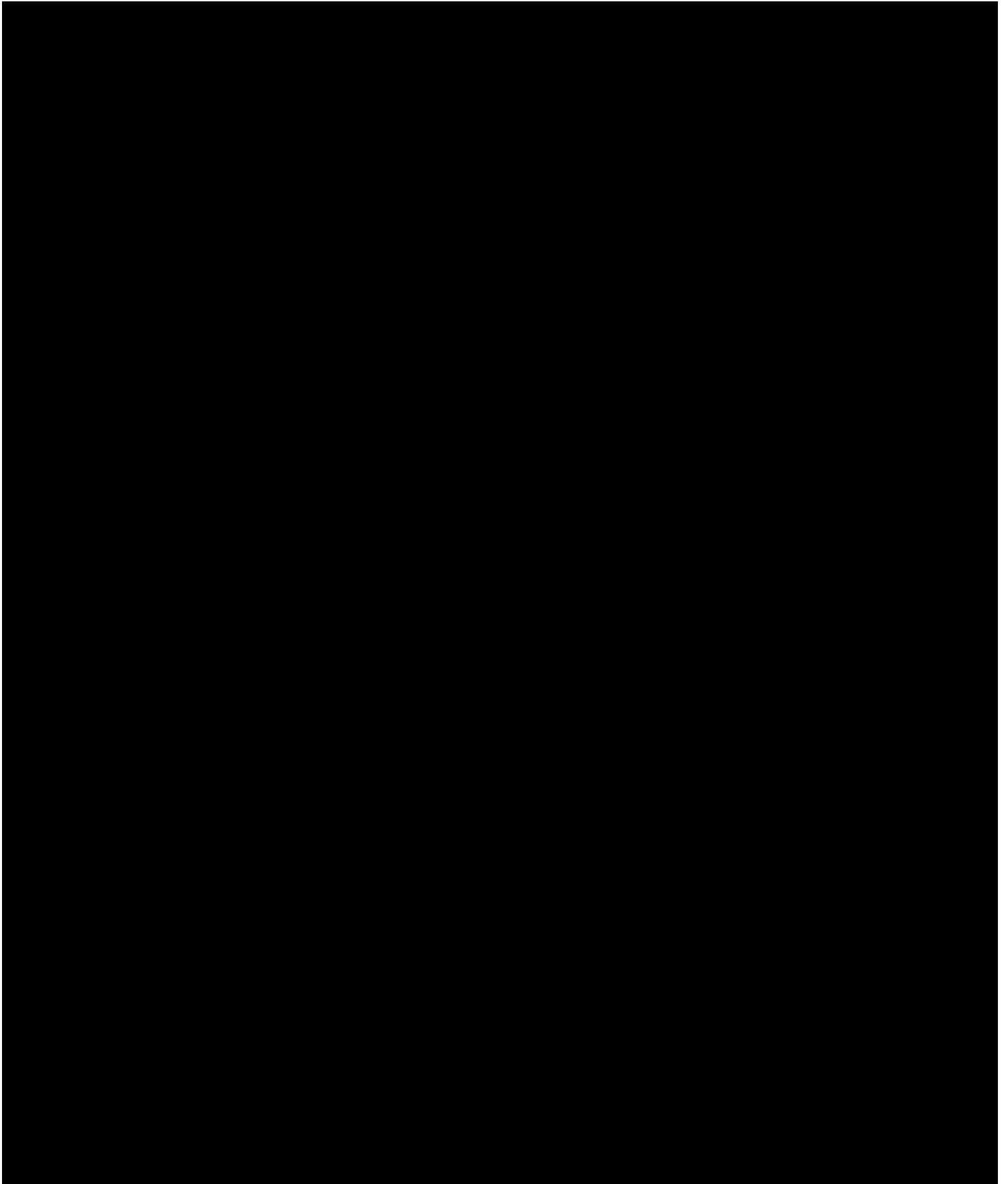
11.4 Developer Agreements

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.

11.5 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.

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12 Resource Consent and Public Consultation

12.1 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.

12.2 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.

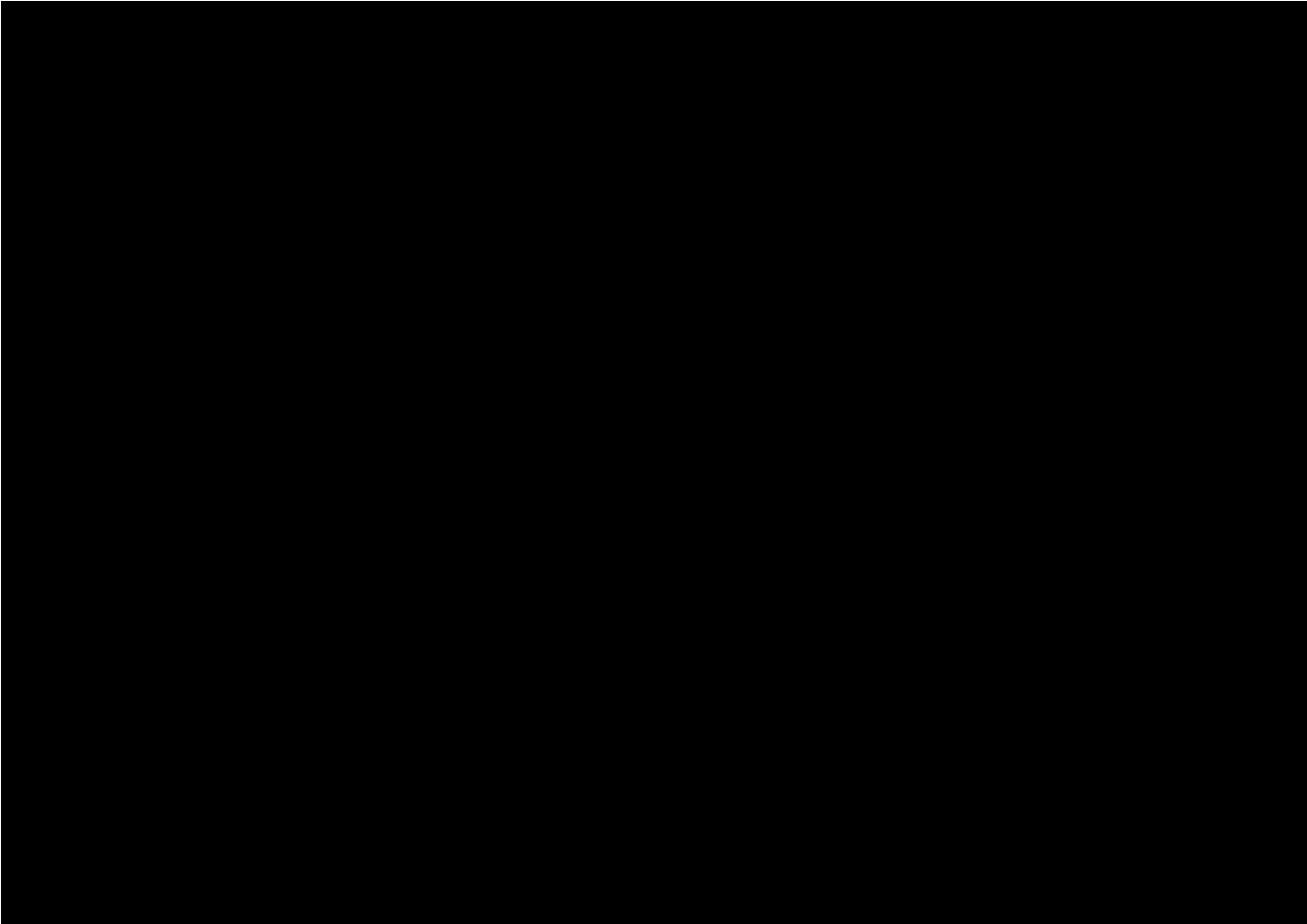
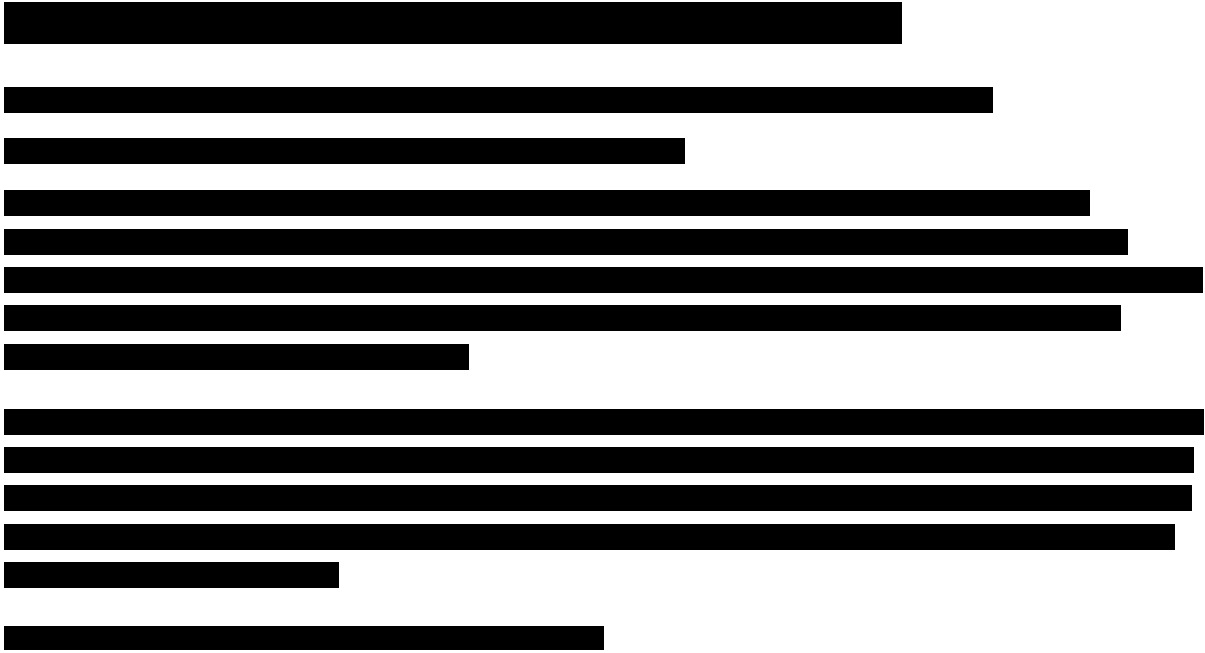
13 Recommendations

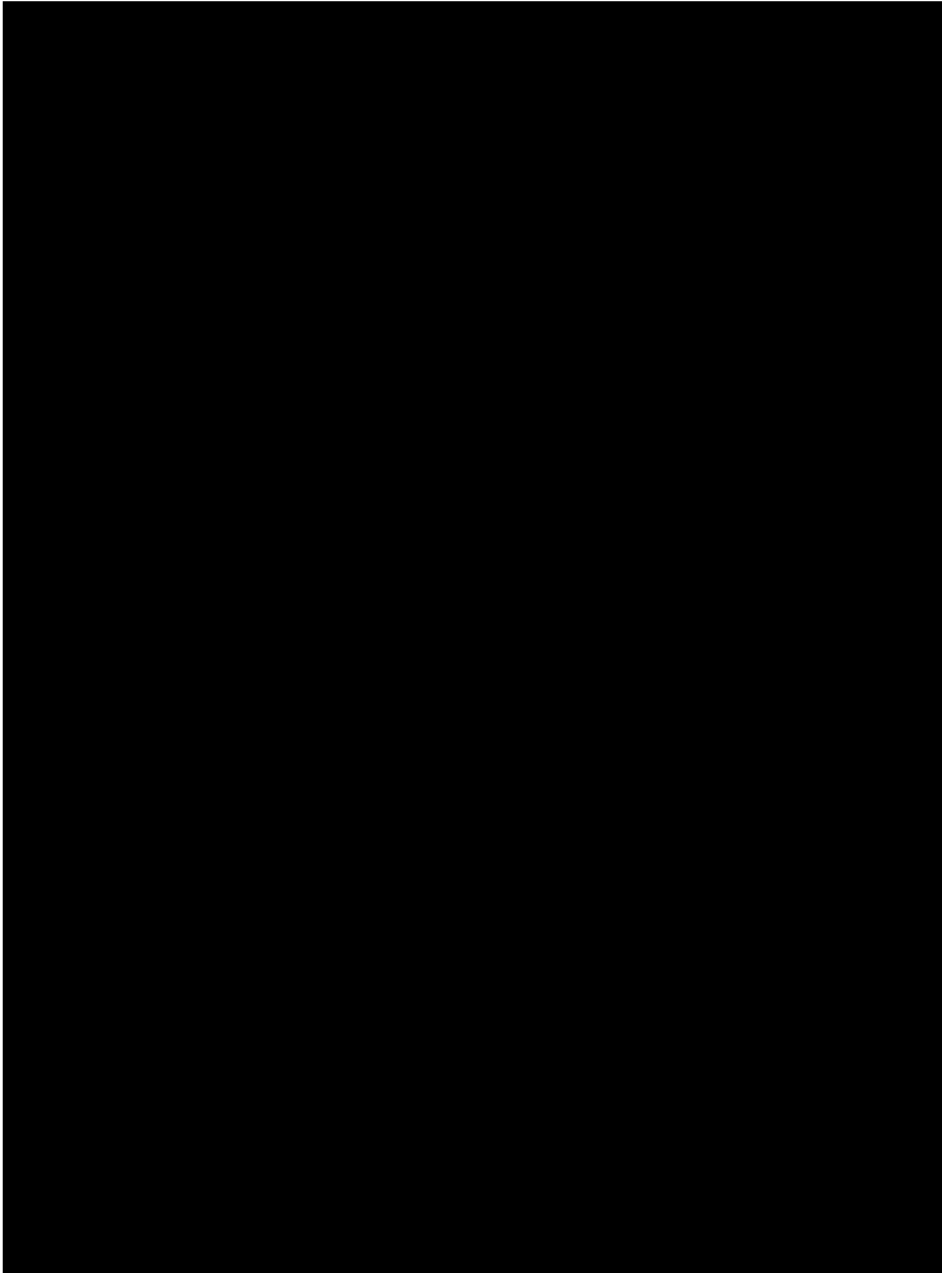
This programme is focussed on route protection. There remains uncertainty as to the exact timing of the property acquisition needs of the projects until implementation is confirmed. [REDACTED]

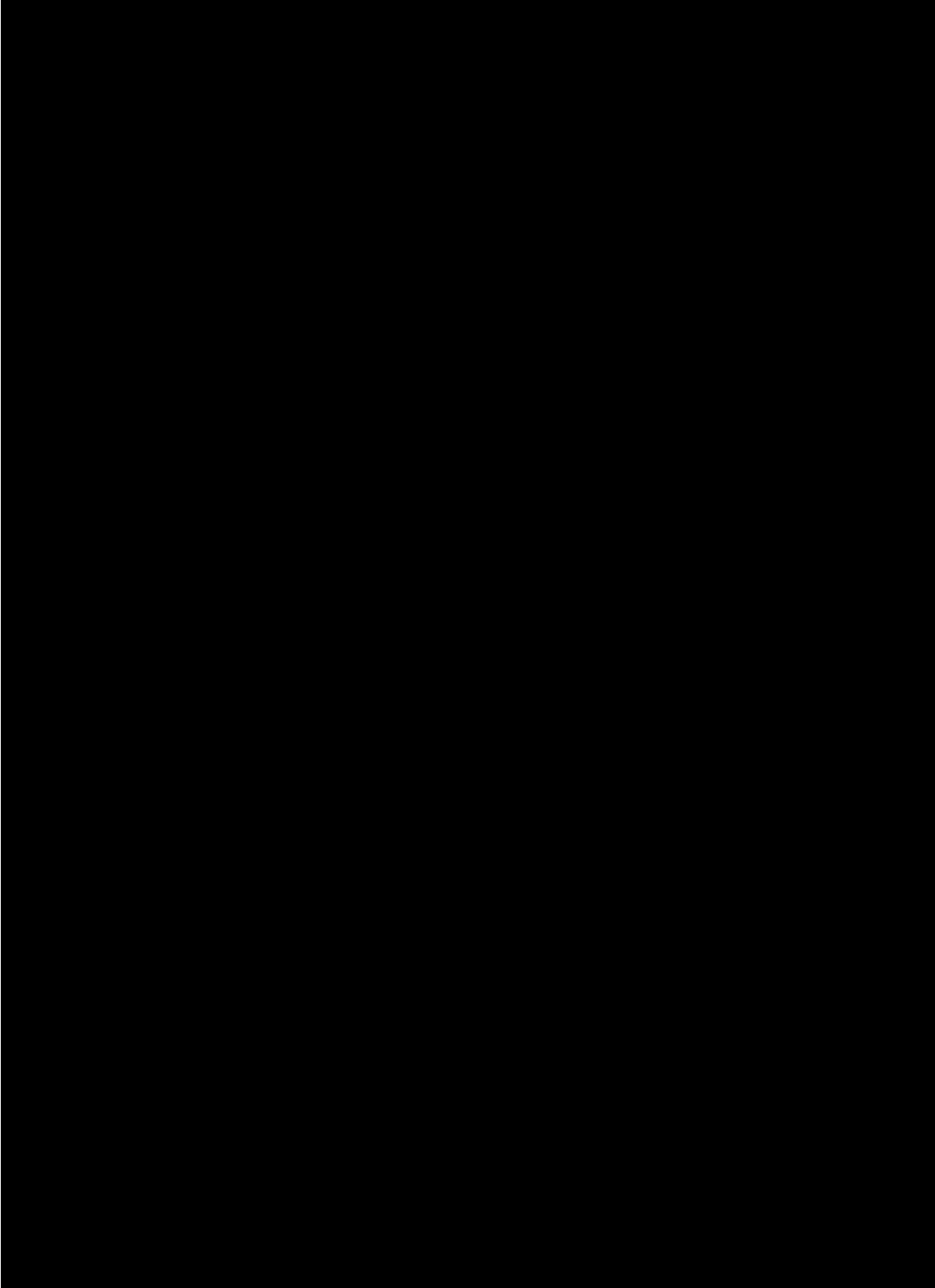
To appropriately and proactively manage this risk and uncertainty it is recommended that during the projects development the following occurs:

- 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.

Appendix A – Original Base Property Cost Details







| [Redacted]
| [Redacted]

[Redacted]

| [Redacted]
| [Redacted]
| [Redacted]
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