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Strategic Land Acquisition, Encroachments and Designations

Recommendations

That the Board:

- i. Approves additional capital budget of \$17.535m in FY2018/2019 for land acquisitions required to support Greenfields growth.
- ii. Approves additional capital budget of \$3.5m in FY 2018/2019 for land acquisitions required as a result of historic encroachments and designations.
- iii. Notes that these budget increases will be able to be accommodated within the overall 2018/19 capital budget.
- iv. Notes that there will be no overall change to the allocated funding in the 2018-2028 Regional Land Transport Plan (RLTP).
- v. Delegates authority to the Chief Executive to approve the individual acquisitions covered by these budgets.

Executive Summary

1. The Supporting Growth Alliance is advancing the Indicative Business Cases to route protect the preferred transport network by 2022 to accommodate future urban growth. Funding for this will be considered as part of the next RLTP review.
2. In the interim private sector development activity continues to occur, with different scenarios triggering the requirement for AT to acquire land. These triggers include:
 - a) Where development is accelerated through Crown funding to unlock housing development in new greenfield areas. In FY 2018/2019, this includes Infrastructure Funding Agreement commitments at Wainui funded through Crown Infrastructure Partners and planned acquisitions at Redhills, to be funded from the Housing Infrastructure Fund.
 - b) The development of land where a transport corridor is identified to support immediate or future growth in the area. The additional land, beyond that provided by the developer, (for example, the increased width required for an arterial road) needs to be acquired at the time development occurs, to avoid significant increase in cost in the future or, foregoing the opportunity in the future.
 - c) Where there is an existing designation for future transport requirements and a developer requires the land to be purchased, AT is legally required to acquire the land or, risk having the designation challenged and removed by the Court.
3. AT is also required to acquire land when existing transport infrastructure has been built on private land without agreement. If AT does not acquire the land when requested to by the owner, the owner can require the infrastructure to be removed.

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4. The projected FY 2018/2019 land acquisition programmes have insufficient funding.
5. It is proposed to bring forward funding within the existing 2018 - 2028 RLTP envelopes enabling AT to respond to development opportunities, secure land and future proof parts of the network as development occurs.

Previous deliberations

6. This proposal was considered by the Capital Programme Management Group on 8 November and approved, subject to Board approval of the funding amounts.

Strategic Context

7. Funding for land acquisition to support growth is included in the 2018-2028 RLTP.
8. The current expenditure phasing is not currently aligned with private sector development activity or, the designation and encroachment programme.
9. The proposals in this paper recommend bringing expenditure forward into the FY 2018/19 to ensure land acquisition for future, or historic encroachments by transport infrastructure, is aligned with demand.
10. There is no overall change to the RLTP and the expenditure is expected to be accommodated within the overall 2018/19 capital budget.
11. AT will in all likelihood lose the opportunity to acquire land for future transport infrastructure if it is not in a position to acquire the land when development is occurring. Further, there is a high risk in the case of designations and encroachments, that AT will be required to uplift designations or, remove infrastructure if the land affected by these is not acquired when the owners request AT to do so.

Background

Growth Funding

12. The Supporting Growth Alliance is advancing Indicative Business Cases to route protect the preferred transport network by 2022 which supports urban growth. Funding for this will be considered as part of the next RLTP review in FY 2021/2022.
13. In the interim private sector development activity is ongoing and AT needs to respond to opportunities that arise.
14. The 2018 RLTP has greenfield funding of \$300m allocated to two separate line items:
 - a) Wainui Development; and

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b) Greenfield Transport Infrastructure Fund.

15. The Greenfield Transport Infrastructure Fund comprises three elements:

- a) A budget allocation of \$202m for the Redhills Development; and
- b) A budget of \$33m for unspecified growth related land acquisitions; with
- c) The remaining budget for Supporting Growth design and route protection work i.e. not for land acquisition.

16. This is summarised in the table below:

RLTP Greenfields Funding	\$300m
Wainui Development	\$25m - project funding includes land acquisition of \$3m
Greenfield Transport Infrastructure Fund indicatively allocated as follows:	\$275m
Redhills Development	\$202m - project funding includes a land acquisition base estimate of \$46m
Greenfield Infrastructure Transport Fund Land Acquisition Component	\$33m - budget for unspecified growth related land acquisitions
Route protection and design for the Supporting Growth Programme	\$40m - not land acquisition related

17. Within the Greenfield Transport Infrastructure Fund land acquisition component of \$33m, the FY 2018/2019 budget provision is \$11.5m. There is no further land acquisition budget until FY 2021/2022, refer **Attachment 1**.

Encroachments and Designations

18. AT must acquire land:

- a) where there is an existing designation and a developer requires the land to be purchased or risk having the designation challenged and removed by the Court; and
- b) Where existing transport infrastructure has been built on private land without agreement. If AT does not acquire the land, the infrastructure must be removed.

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19. There is an RLTP capex provision of \$15.1m for Encroachment and Designation land acquisitions but this expenditure is not provided for until FY 2021/2022, refer **Attachment 2**.

Funding Shortfall for Growth FY 2018/2019

20. There is funding within the 2018 - 2028 RLTP for strategic growth land acquisitions. However, the projected land acquisition programme has insufficient funding in FY 2018/2019.

21. For FY 2018/2019, there is an available budget of \$11.5m, with:

- a) \$9.45m committed leaving a balance of \$2.05m; and
- b) further planned (Redhills \$8.76m) and projected required acquisitions (Highgate \$10.825m) that will need additional funding of \$17.535m in the FY 2018/19

22. Refer **Attachment 3**. Note: if all these acquisitions proceed, the total expenditure will be \$29.035m of the 2018 - 2028 RLTP Greenfields funding envelope.

Funding Shortfall for Encroachments and Designations FY 2018/2019

23. There is funding within the 2018 – 2028 RLTP for land acquisitions triggered by encroachments and designations, refer **Attachment 2**. However, there is no funding phased in FY 2018/2019.

24. Planned acquisitions of \$3.5m need to be funded in FY 2018/2019.

Issues and options

25. This report recommends that the Board approve additional budget of \$17.535m for strategic land acquisitions to respond to development in FY 2018/2019 enabling land to be secured now as development is occurring.

26. \$3.5m being brought forward into Financial Year 2018/2019 for land acquisitions required due to historic encroachments and designations.

27. It is expected that these budget increases will be able to be accommodated within the overall 2018/19 capital budget.

28. The values in this report are indicative only. AT staff will negotiate with land owners to obtain the best possible value for public funds.

Next Steps




29. The Strategic Land Acquisition Growth Programme and Encroachments and Designations Land Acquisition Programmes can continue to be advanced in FY 2018/2019.

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Attachments

Attachment Number	Description
1	2018 – 2028 RLTP Strategic Land Acquisitions Growth Funding Envelope
2	2018 – 2028 RLTP Encroachments and Designations RLTP Funding Envelope
3	FY 19 Funding Shortfall for Growth

Document ownership

Submitted by	Jane Small Group Manager Property and Planning	
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Approved for submission	Shane Ellison Chief Executive	

Glossary

Acronym	Description
AT	Auckland Transport
RLTP	Regional Land Transport Plan

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Attachment 1

2018 – 2028 RLTP Strategic Land Acquisition Growth Envelope

Redhills, which forms part of the Housing Infrastructure Fund being finalised with the Crown, not included

RLTP Programme	FY19	FY20	FY21	FY22	FY23	FY24-FY28	RLTP Total
Wainui Development Project	0	0	2	11.5	11.5	0	25

RLTP Programme	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY 28	RLTP Total
Greenfield Transport Infrastructure Fund Land Acquisition Component	11.5	0	0	3.5	4.6	1.75	0.36	2.11	4.88	4.42	33.12

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Attachment 2

2018 – 2028 RLTP Encroachments and Designations Funding Envelop

RLTP Programme	FY19	FY20	FY21	FY22	FY23	FY24 – FY28	RLTP Total
Encroachment & Designations	0	0	0	1.3	1.2	12.6	15.1

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Attachment 3

Funding Shortfall for Growth FY 2018/2019

	Indicative FY2018/2019 Land Acquisitions	RLTP property budget in GTIF FY 2018/19 \$11.5m
Priority Acquisitions <ul style="list-style-type: none"> • East Coast Road Corridor Future • Fred Taylor Drive Designation 1468 • Mill Road Corridor Future (Stage 3) • Wainui Development¹(Wainui) 	\$9.45m	
FY19 Balance Available Post Committed Priority Acquisitions		\$2.05m
Planned Acquisition <ul style="list-style-type: none"> • Universal's proposed "Baker Lane" subdivision (Redhills) 	\$8.76m	
FY19 Funding Shortfall Post Planned Acquisitions		(\$6.71m)
Projected Acquisitions <ul style="list-style-type: none"> • Highgate / Curley Avenue Extension • Grand Drive Extension • Mill Road Corridor Future (Stage 2) 	\$10.825m	
FY19 Total Projected Capex Spend	\$29.035m	
FY19 Funding Shortfall		(\$17.535m)

¹ a) The Wainui Development is the land acquisition component of \$3m included in the \$25m for Wainui.
 b) The Milldale Development IFA agreement commits AT to acquire other land that is fully funded by the developer.