

Urban regeneration: what is the public sector's role?

Recently, the government announced it will introduce legislation to create Urban Development Authorities (UDAs) that will support and fast-track urban development projects across New Zealand. It's an announcement that has huge potential for the way we develop our urban spaces, so long as the implementation ensures that UDAs have enough power to make a difference.



Local and central government have already played a part in many substantial and successful urban regeneration projects in New Zealand, including Wynyard Quarter, the Britomart precinct and the Wellington Waterfront. UDAs would widen government powers to play a more active role in identifying, planning and delivering strategic projects.

The successful delivery of such projects is essential for improving New Zealand's urban fabric; creating more vibrant and sustainable communities, while making the most of our existing infrastructure investment.

This will make our cities more connected and sustainable, with a wider range of housing – including more affordable options – while supporting quality living environments across the housing continuum.

UDAs have existed in Australia for many years, although their functions and powers vary. Examples include:

- Metropolitan Redevelopment Authority (MRA) in Perth;
- Urban Growth NSW;
- Renewal South Australia;
- Places Victoria, which evolved from the Urban Renewal Authority;
- Sydney Harbour Foreshore Authority;
- Urban Land Development Authority;
- Darwin Waterfront Corporation; and
- Barangaroo Delivery Authority.

These organisations have varying structures, approval powers and scale:

- They typically have independent governance structures and clear mandates against which to measure success;
- Some have powers to compulsorily acquire land, and may have planning approval rights to advance master planned communities in their own right;
- The MRA, for example, has a significant number of projects in process, some of which are key city changing developments, such as Perth City Link, Elizabeth Quay, Subiaco etc.;
- Capital structure varies, but these organisations were often capitalised with a portfolio of real estate assets which could be leveraged or provide cashflow to assist with operational requirements and to fund development activity.

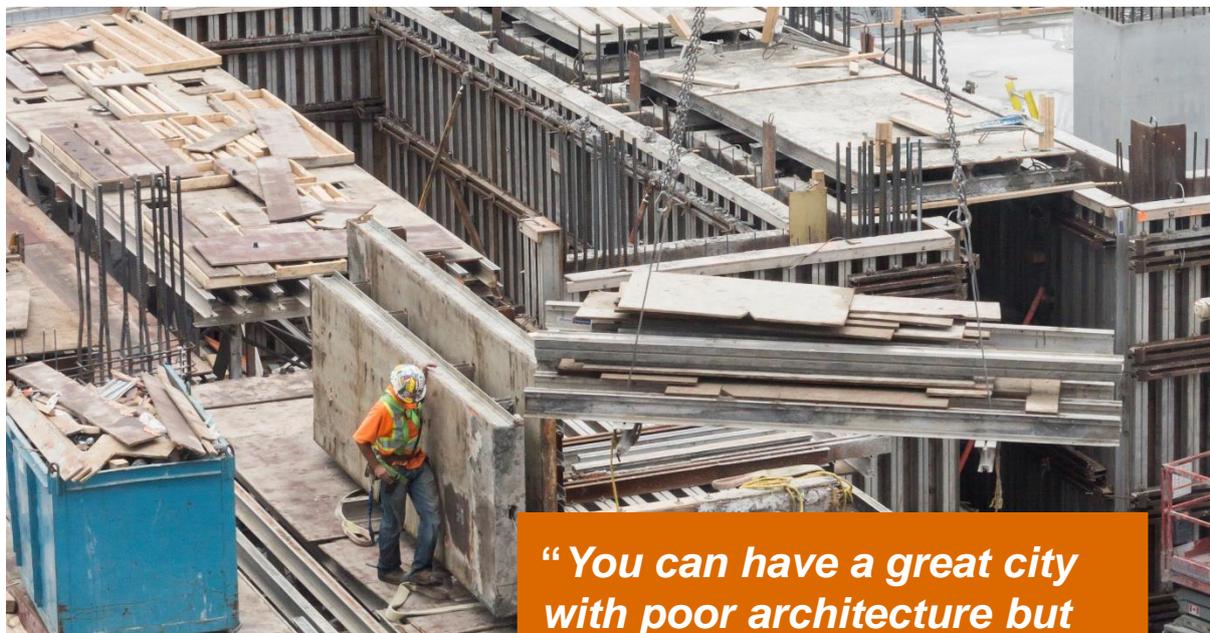
As the debate opens up on UDAs, it's worth understanding the critical success factors for delivering successful regeneration projects. There are five key areas that are critical during the establishment phase:



Within this framework, there are other factors that need to come together to support projects – factors that not only transform city environments but also catalyse wider outcomes through the surrounding communities. These include:

- **Clear objectives** - like any major project, as planning and delivery evolves and various stakeholders navigate their varying agendas, a set of clear project objectives which effectively summarise “what success looks like” can provide a clear pathway to great project outcomes.
- **Clear mandate** – this is essential for effectively engaging with the private sector and navigating relationships with various stakeholders. A UDA-type structure can crystallise a clear mandate and ensure that a project stays on target.
- **Strong stakeholder engagement** - with any large scale project there will be numerous stakeholders. For urban regeneration, these participants will typically include local and central government, iwi, the private sector developer community and the local and wider community. Successfully navigating this stakeholder landscape is essential for meeting project objectives.
- **Partnering** – The complexity and time associated with delivering mixed use projects requires strong underlying partnership principles. This is particularly true for the relationship between the procurer (central or local government or a UDA) and the developer. A successful project is characterised by a relationship founded on mutual trust and respect, where the contractual documentation ‘sits in the bottom draw and seldom sees the light of day’.
- **Urban design** - “*you can have a great city with poor architecture but not with poor urban design*”. Strong urban design underpins any successful regeneration/place-making project.
- **Understanding trade-offs** - the very definition of a regeneration project is that it involves re-positioning an urban environment. In the majority of cases, there will be trade-offs between various elements of a project that need to be navigated to achieve the project’s broader objectives. The parties involved in any regeneration project need to be conscious of these trade-offs and the risk and reward associated with such issues should be equitably shared between the stakeholders.
- **People** - The project sponsors and delivery teams involved in a regeneration project will ultimately determine its success.

We’re looking forward to the evolution of public sector led urban regeneration projects – there is no doubt that the success of this form of project delivery is essential for the future of New Zealand’s cities and provincial towns. UDAs, if implemented appropriately, will make a big difference to our country’s future.



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Get in touch

PwC established its Real Estate Advisory team in 2016 with the acquisition of Wareham Cameron, and recently expanded the team with the addition of John Schellekens.



John Schellekens
Partner
T: +64 9 355 8681
E: john.b.schellekens@nz.pwc.com



Robert Cameron
Partner
T: +64 9 355 8907
E: robert.j.cameron@nz.pwc.com



Craig Rice
Partner - Strategy & Markets Leader
T: +64 9 355 8641
E: craig.rice@nz.pwc.com



Richard Chung
Partner
T: +64 4 462 7610
E: richard.h.chung@nz.pwc.com



David Walker
Director
T: +64 9 355 8033
E: david.a.walker@nz.pwc.com



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