

*Welcome guests to*

*Stronger linkages between urban  
regeneration and infrastructure*

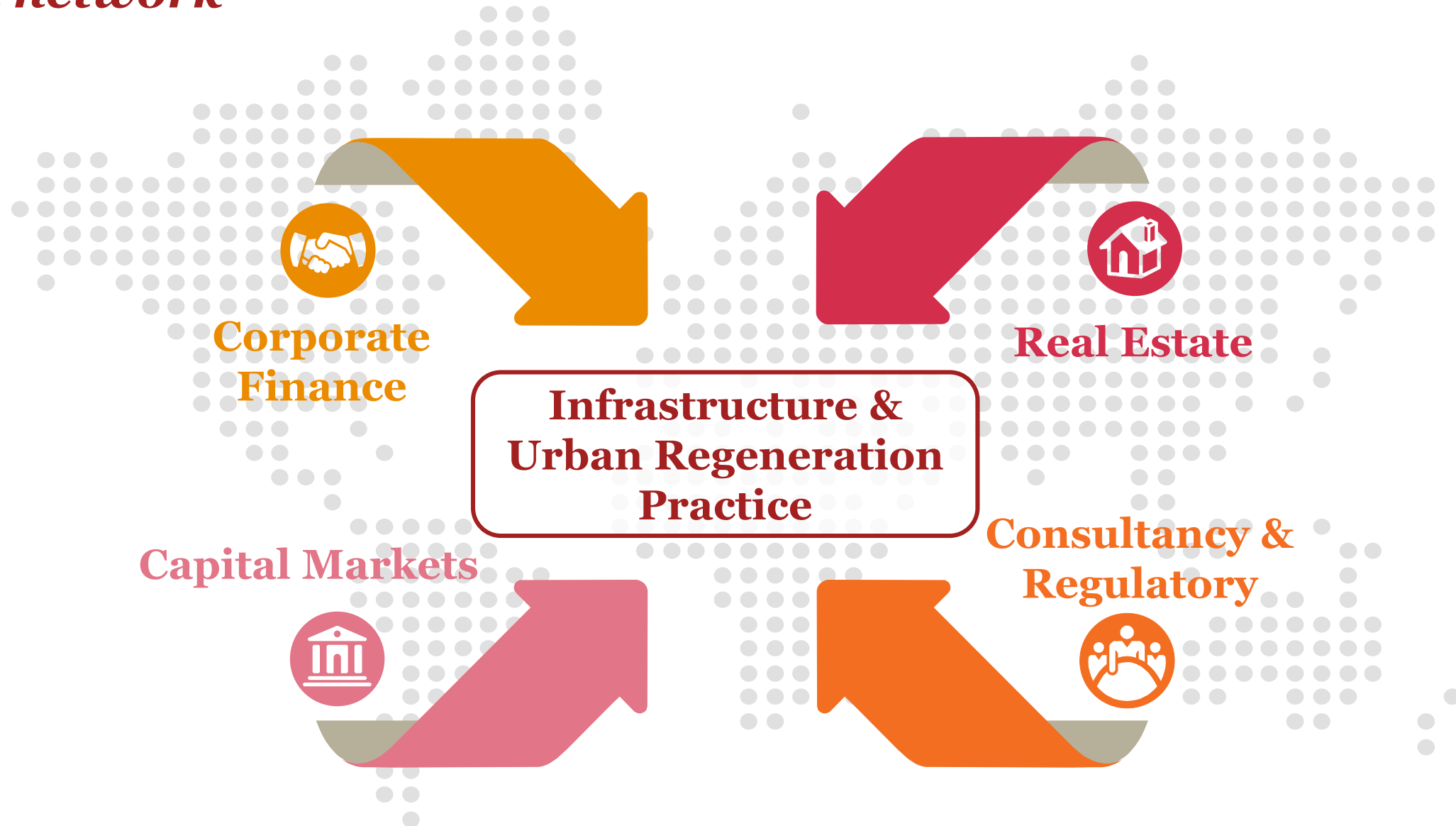
PwC Auckland

15 August 2018

# *Stronger linkages between urban regeneration and infrastructure*

Carl Blanchard, PwC

*Multi disciplined, client focused domestic platform leveraged into our global network*



# *How much value is there in value capture?*

John Marinopoulos, PwC Australia

## *Key points*

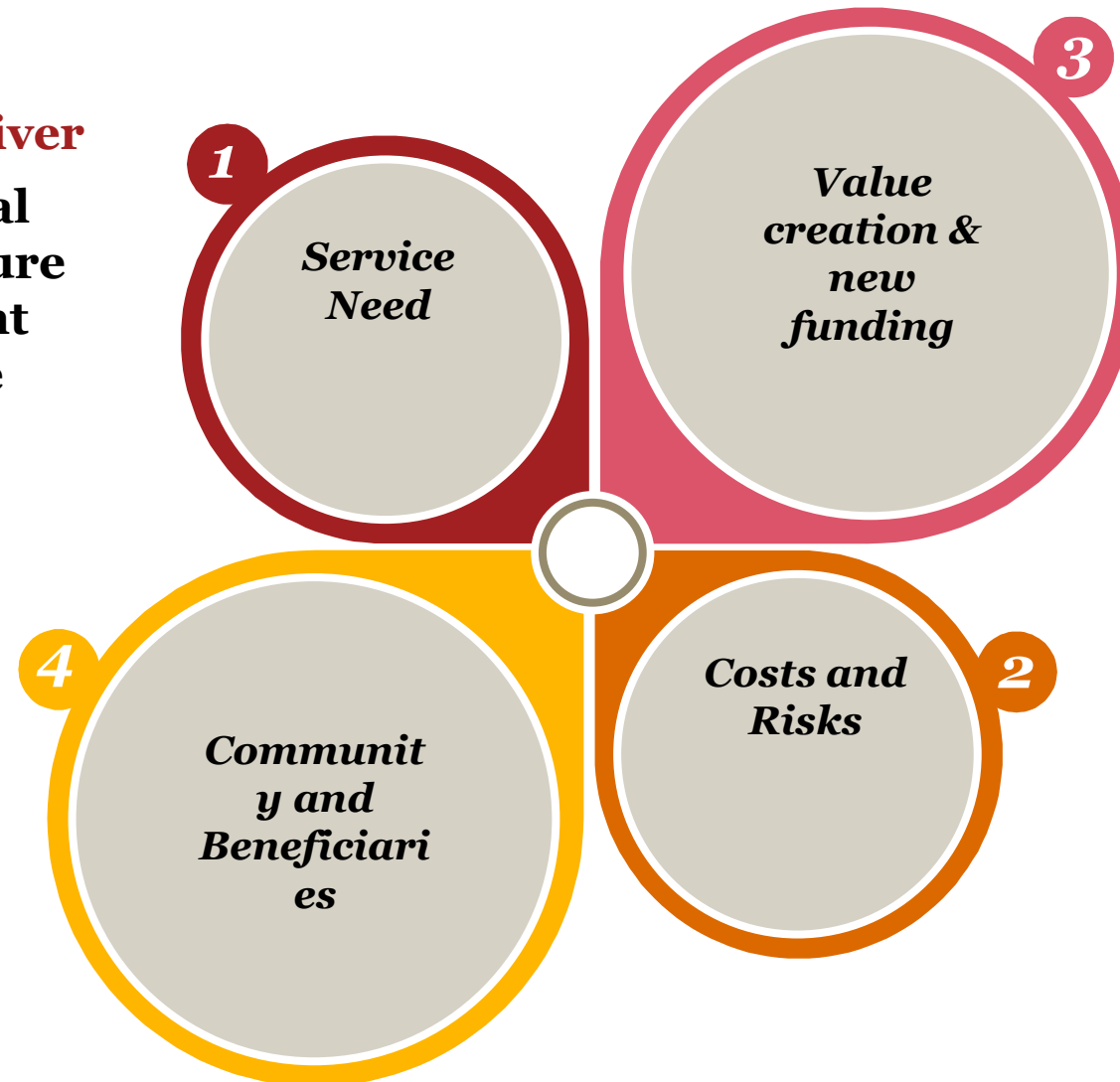
---

- Investment in transport creates a broad range of benefits
- Many of these benefits flow through to an uplift in land and property values
- Changes in values as a consequence of investment in transport are influenced by a number of factors
- The value that can be captured is a subset of the value created

## *Investment in infrastructure creates value to a range of beneficiaries in addition to its intended users*

### **Primary Driver**

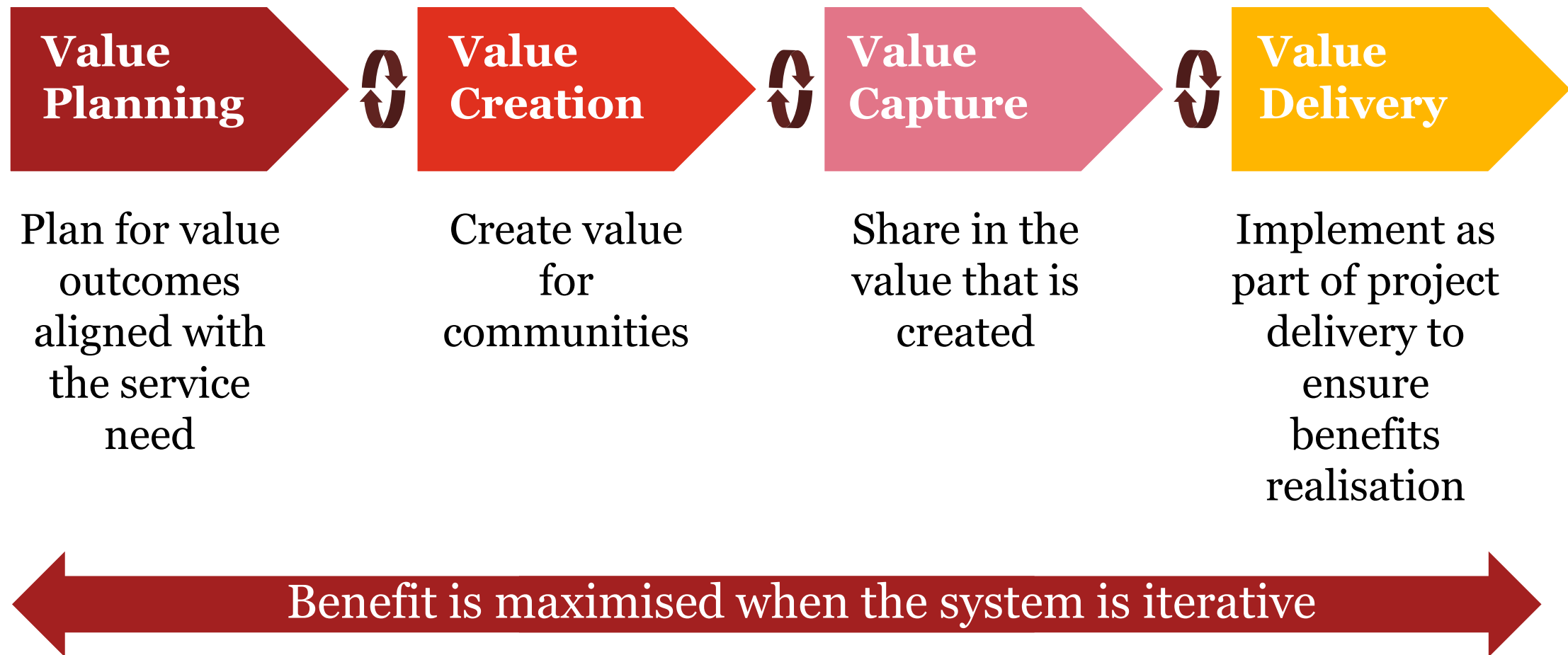
**Traditional  
infrastructure  
investment  
rationale**



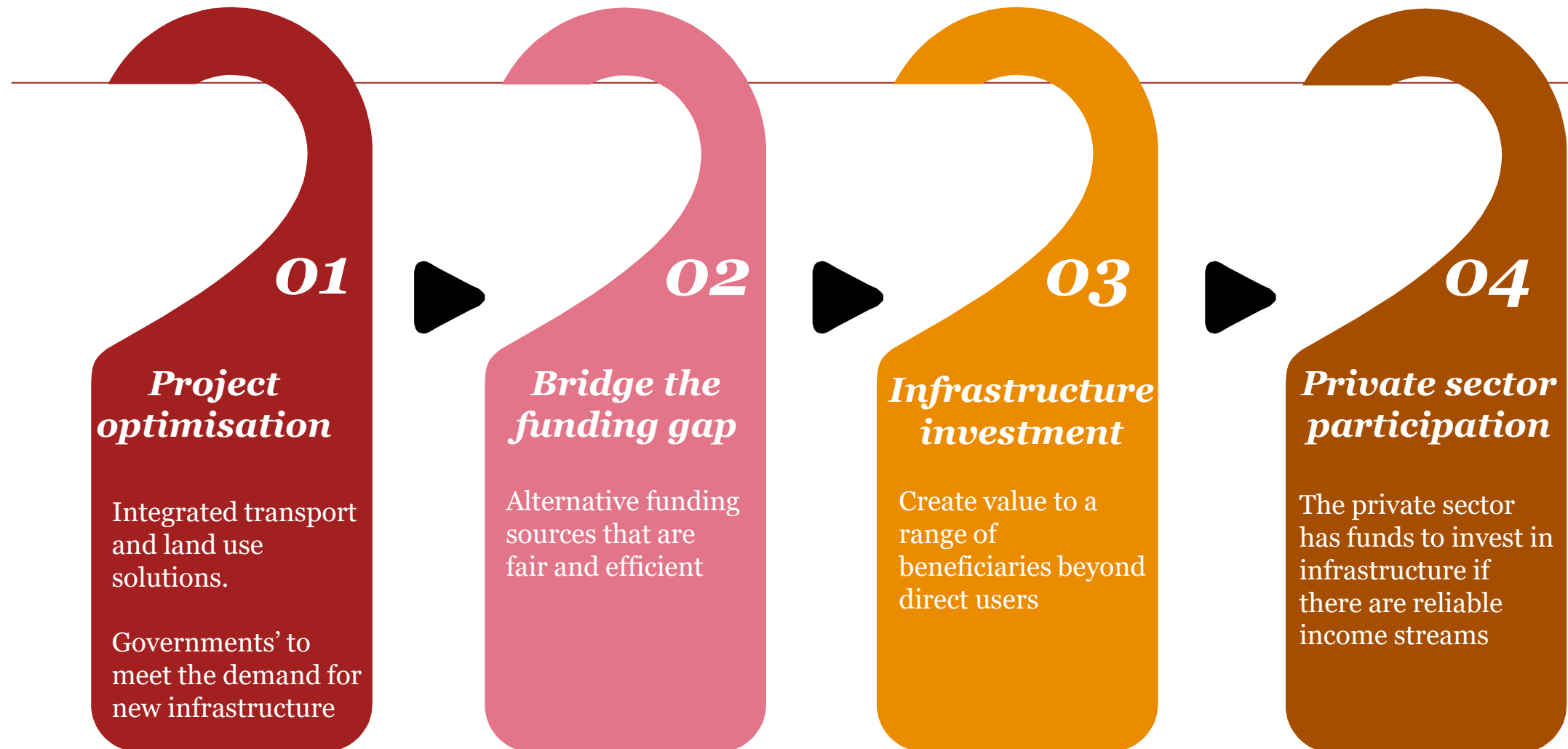
### **Secondary Driver**

**Innovating through a  
value creation/  
value capture  
approach**

## *Value Capture is maximised when it is a part of a system*

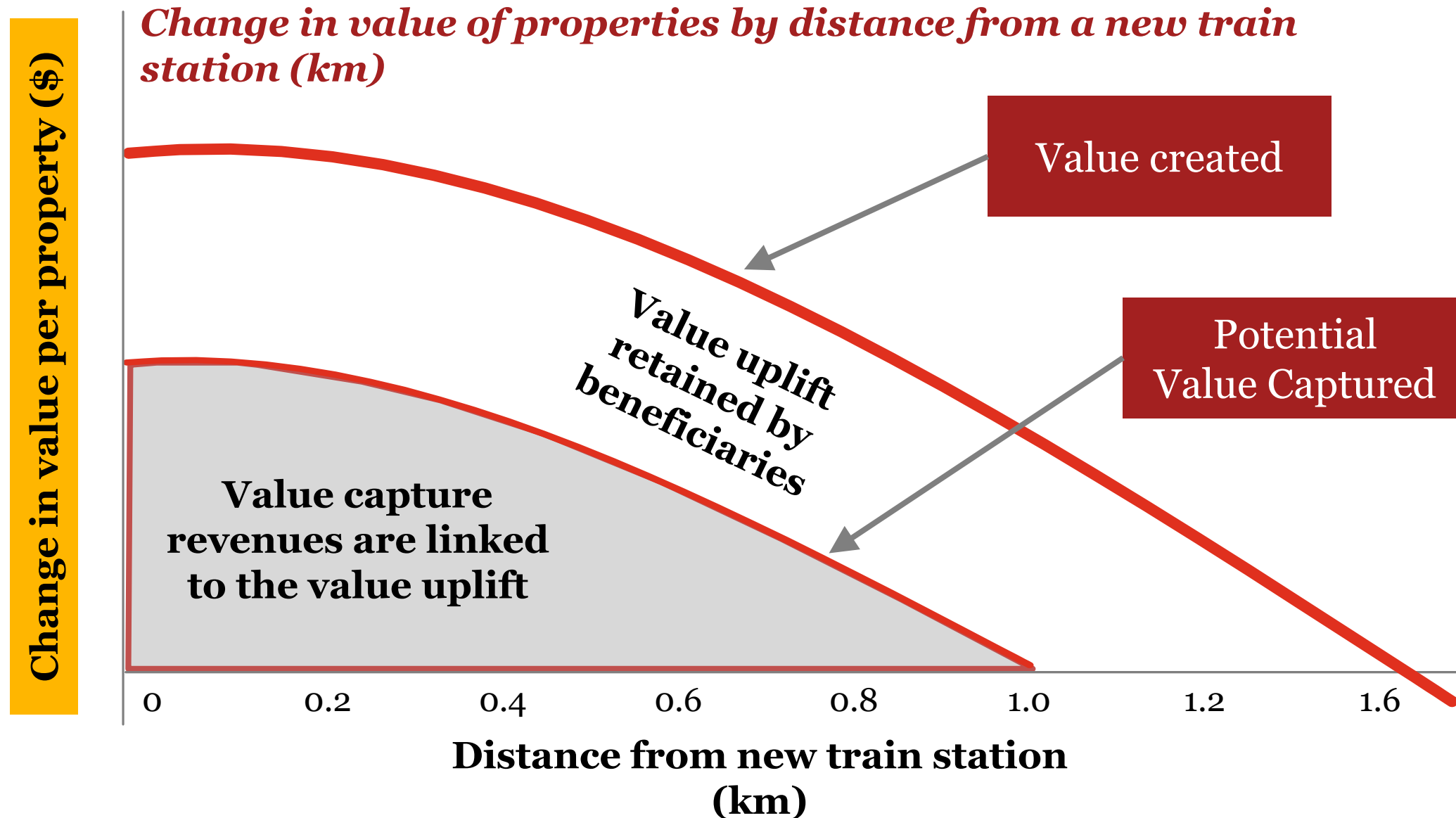


## *Why are we talking about value capture?*






## *A key commercial principle is capture up to the value created*



## 4 key takeaways

- 1 Several billion of public transport infrastructure to be financed and delivered by Government.  
Value Capture can help to fund at least 30%.


$$\text{Cost Benefit ratio} = \frac{\text{Benefit} + \text{Value Created}}{\text{Project Cost}}$$

- 2 Vital to assess opportunities for Value Creation and Capture early on (during the planning stage) to maximise Value Capture potential.
- 3 One size fits all approach will limit VC – require a framework that considers multiple beneficiaries and mechanisms
- 4 PwC has the right SMEs, proprietary modelling and methodology.

---

***Thank you***



**15 August 2018**

**David Rankin**

**Chief Operating Officer**

**Panuku Development Auckland**



**Stronger linkages between  
urban regeneration and infrastructure**



# Overview

- About Panuku
- Infrastructure investment can create value but rarely in a vacuum
- Value creation often lags, and is not guaranteed
- Linking share of value creation with infrastructure investor is key challenge
- The public sector balance sheet issue





# Priority development locations

-  **Transform**  
Significant long-term regeneration
-  **Unlock**  
Creating development opportunities with others
-  **Support**  
Enabling housing development on council-owned land



Our vision:  
**Shaping spaces  
for Aucklanders  
to love**



Facilitate redevelopment  
of urban locations



Accommodate  
growth



Facilitate vibrant  
development



Waterfront  
development



Optimisation of council's  
property portfolio



Contribute to the  
management of non-service  
properties

**Objectives**





Britomart











Balance of Manukau  
Central Sites.

 Council owned



## *What stands in the way of Transform Manukau?*

### **Framework Plan identified Challenges**





1. Unclear purpose and identity.
2. A central area that lacks cohesion.
3. Separated from surrounding neighbourhoods.
4. Lack of housing intensity and choice.
5. Lack of public life and vitality.
6. Socio-economic challenges.
7. Degraded natural assets.

### **Additional property specific challenges**

- Low demand for quality office space.
- Low apartment sales volumes.
- Low sales values on a per square metre basis.
- Feasibility challenges.
- Low developer confidence in the market.
- Minimal ground level activation.
- Perception issues.



# LEGEND

-  Panmure HLPP Project Area
-  Auckland Council Property
-  Crown Property
-  Tāmaki Regeneration Company Property

Panmure town centre

**STAGE 1**  
2018-2023


**STAGE 2**  
2021-2026

**STAGE 3**  
2022-2028

**P1 Mixed Use Development**



**P1 Mixed Use Development**



**P3 Clifton Court Enhancement**



**P4 Civic Space + Multi-Use Facility**





# Economic benefits and challenges capturing value

- Total Value Analysis
- Council investment provides significant net community benefit
- Often a long “lag” with risk
- Value created is not captured by Council except in any land value uplift longer term, future rates to some extent
- Government interested in value capture mechanisms to fund off its core balance sheet
- No real application to date in NZ, where value uplift has been given away through RMA planning processes and infrastructure funding mixed into general rates





# Thank you

**Stay connected**

**W** [www.panuku.co.nz](http://www.panuku.co.nz)

**Facebook** developmentakl

**Twitter** @DevelopmentAKL

**P** + 64 9 336 8820

*Thank you for joining us*

*Stronger linkages between urban  
regeneration and infrastructure*

PwC Auckland

15 August 2018