

'Shovel ready' Infrastructure Projects: Project Information Form

Section 1: Key Information [Criteria 2 and 3]

1. Project Title:

Unlocking urban land development (Wharenui Road and SH30)

2. Please provide your details:

Organisation Name:	Rotorua Lakes Council with partner Ngāti Whakaue Tribal Lands and NZTA		
Entity Type:	Local Government		
Contact Name and Role:	Jean-Paul Gaston – GM Strategy and Partnerships – Rotorua Lakes Council		
Email Address:	Jean-Paul.Gaston@rotorualc.nz	Telephone:	0276554415

3. Please provide a very brief description of the infrastructure project:

[Briefly outline the project and confirm that it is an infrastructure project that provides a clear public benefit. You can include links to / sources of other project information]

This project includes building **roading** and **storm water infrastructure** to remove barriers to housing development and industrial development. This will help facilitate the development of Māori land, provide housing and generate short and long term employment.

Housing development

Rotorua has a recognised shortage of housing at all levels of the market for both renters and owner-occupiers, resulting in increasing housing costs, reducing affordability and increasing homelessness. In late 2019, the Ministry of Housing and Urban Development (MHUD) carried out a place-based assessment that identified the need to address supply and quality issues for the full range of the housing continuum, with urgent priority on the lower end. Central Government have now recognized the increasing pressures in Rotorua and have pledged to support the delivery of solutions. Current estimate of housing shortfall is at least 1,500-1,750 and growing as Rotorua's population continues to expand.

There is existing residential zone land (rezoned in 2008) owned by Ngāti Whakaue Tribal Lands (NWTL) that is unlikely to be fully developed without intervention. The current zoning enables the development of 900 – 1100 sections. Resource consent has been granted for the first three stages of the development totally 179 lots; and earthworks are already underway. However, state highway upgrades are required after the first 151 lots are created, and further upgrades once 301 lots are created. NWTL has indicated that they will not develop any more than 151 sections due to this associated cost. Stormwater works are also required to facilitate this development. Undertaking these upgrade works will enable this land to be developed.

In addition, RLC is initiating a plan change to extend the current residentially zoned land northwards to include NWTL farmland up to the existing Eastgate business and innovation zone. The main impediments to growth here are roading (direct access to SH30) and storm water. Council are looking to take a wider catchment approach to storm water and design the preferred solution for this area. Council has engaged Tonkin & Taylor to complete stormwater master planning and design for the catchment. Housing development in this area could add another approximately 1,400 lots, taking the total to 2,500. In addition, business park land would be added (light industrial) and a suburban shopping area.



Industrial development

Rotorua also has a shortage of suitable industrial land. Rotorua’s projected need for industrial land is estimated to be between 56 - 244ha by 2048 (Statistics NZ and BERL figures respectively). With limited options potentially incompatible industrial uses are forced to share areas.

State highway 30 upgrades are also required to facilitate the Airport’s masterplan and expansion of the Eastgate Business Park (see application for Rotorua Airport Industrial Park). A key component of this is a roundabout to ensure safe access and maintain highway efficiency (Airport/Eastgate Access Investigation RLC 2016). The roundabout is considered important in enabling the Airport to fully realise the development potential of its land, and to help unlock the potential of adjacent land.

Development associated with the Airport Masterplan and Eastgate Business Park Expansion will facilitate employment in close proximity to the housing being developed by Ngāti Whakaue Tribal Lands. A roundabout will also provide an opportunity for an enhanced gateway to Rotorua.

4. This project will be located in which Territorial Authority:

5. Please confirm the project sector, category and type of infrastructure:


Project Sector	<input checked="" type="checkbox"/>
Accommodation	<input type="checkbox"/>
Agriculture, Horticulture and Forestry	<input type="checkbox"/>
Alcohol Availability	<input type="checkbox"/>
Bioscience and Biotechnology	<input type="checkbox"/>
Construction	<input checked="" type="checkbox"/>
Energy	<input type="checkbox"/>
Film and Television	<input type="checkbox"/>
Imports and Exports	<input type="checkbox"/>
Information communications and technology	<input type="checkbox"/>
Manufacturing and Production	<input type="checkbox"/>
Retail Trade	<input type="checkbox"/>
Tourism	<input type="checkbox"/>
Wholesale Trade	<input type="checkbox"/>
Central Government	<input type="checkbox"/>
Local Government	<input checked="" type="checkbox"/>
Other	<input type="checkbox"/>

Project Categories	<input checked="" type="checkbox"/>
Three waters	<input checked="" type="checkbox"/>
Transport	<input checked="" type="checkbox"/>
Buildings and Structures	<input type="checkbox"/>
Other infrastructure	<input type="checkbox"/>

Project Type	<input checked="" type="checkbox"/>
Critical infrastructure	<input checked="" type="checkbox"/>
New infrastructure	<input checked="" type="checkbox"/>
Replacement/refurbished infrastructure	<input checked="" type="checkbox"/>
Repurposed infrastructure	<input type="checkbox"/>

6. What is the total cost of the project (NZ\$M):

7. Provide a high-level breakdown of this spend (e.g. construction costs, professional fees, land, other etc.):

<p>Capex:</p> <ul style="list-style-type: none"> • Roading upgrades on SH30 \$15m-20m for four intersection upgrades (traffic signals, roundabouts, streetscape improvement) including airport/Eastgate, Wharenui Road, Brent Road and Basley Road • Stormwater infrastructure \$5-10mPlus 
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8. Briefly outline the value the project will deliver in terms of employment contribution.

[Briefly describe the employment contribution the project will make (whether directly or within the supply chain). Further information can be provided in section 3]

This project will create jobs both in the construction of the infrastructure and also house construction, as well as enabling industrial development and employment. Refer to question 16 for more detail.

9. Briefly describe how the project is currently/ intended to be funded:

This project is currently unfunded but has been recognised by the Rotorua Housing Strategy - Te Tāwharautanga ki - Rotorua Establishment Leadership Group (ELG) as a priority for Central Government intervention. A partnership discussion is underway between RLC, Iwi, Kainga Ora and Ministry of Housing and Urban Development.

If this was unsuccessful the alternative model being explored was:

Stormwater – RLC provide lead infrastructure and recover costs over time, through:

- Connection agreements / Development Contributions
- Targeted rates for new property owners
- Current ratepayer funding (climate adaptation / optimised renewals).

Roading – Based on the details within the NZTA Connect Rotorua Te Ngae Rd (SH30) options analysis and business case) NZTA would need to invest directly.

These alternative funding options will place Rotorua Lakes Council’s debt at close to its current debt ceiling over an extended period. Leaving it for the Iwi land trust to undertake the development will mean development is slow and cashflow dependent, resulting in little gains in addressing Rotorua’s housing deficit.

10. Has this project previously applied for funding with any part of Government? Yes: No:

- If Yes, please describe which part of government (i.e. PGF, NZTA FAR etc.), the outcome of the discussions and who such discussions were with (what Ministry and official).

The Provincial Development Unit (PDU) has identified the potential value of this project to the Rotorua economy. No application has been lodged with the PDU by the RLC. However, as previously noted, the MHUD place-based assessment has noted the housing deficiencies in Rotorua and in conjunction with Kainga Ora meetings are being held with NZTA on the potential to fast track interventions.

Section 2: Construction Readiness [Criteria 1]

11. Please briefly explain the status of the project including confirmation that the project will fall into one of the three categories of readiness (see 12 below).

[Briefly describe project status]

179 sections are consented and groundworks are currently being progressed on the site. The developer aims to have 48 of these sections completed by end of 2020 – however timing has likely changed due to COVID-19. If funding was available, design work and consenting would proceed with pace for the remaining 900 sections of zoned land and contractors would continue on to the next stage of development.

RLC are currently working on master-planning and storm water design (concept designs have been completed).

To unlock further development and continue the momentum, if funding is provided:

- Roothing upgrades and stormwater detail design could be developed within 6-12 months ready to start construction
- Subsequently zoned stages would proceed with pace

House building has been slow in Rotorua because of the sporadic supply of sections. Building companies have expressed interest in expanding and making greater staffing commitments to Rotorua is a steady supply of sections were available over the medium term.

12. Confirm which of the following categories the project best falls into.

Status	✓	Further commentary (briefly set out barriers to commencement)
A. Projects which currently are (or were) in the construction phase but have been put on hold due to COVID 19 and are likely not to progress, or to progress at a much slower rate or scale/scope, if not supported post COVID 19	✓	NWTL have expressed concerns at the pace of the first 179 lots because of the initial high cost of development and uncertainty related to Covid-19.
B. Projects which have a high expectation of commencing the construction phase within the next six months (by 31 October 2020), but are unlikely to do so due to COVID 19	✓	Prior to Covid-19 NWTL had engaged with RLC on the storm water master planning and were looking to progress consenting for subsequent stages of the currently zoned land.
C. Projects which could have been expected to commence the construction phase within the next 12 months (by 30 May 2021), but are unlikely to do so due to COVID 19	✓	Barriers to commencement include funding, plan change required for additional 1,400 houses, NZTA extensive business case process for roading investment which is currently due to finish September 2020.

13. Confirm the status of key milestones

Status		✓	Expected Date
Procurement	<i>Suitable tender complete</i>	<input type="checkbox"/>	
	<i>Tender evaluation in progress</i>	<input type="checkbox"/>	
	<i>Request for Tender in the Market</i>	<input type="checkbox"/>	
	<i>About to put out a Request for Tender to the market</i>	✓	Following completion of detailed design
Detailed Design	<i>Detailed Design Complete</i>	<input type="checkbox"/>	
	<i>Detailed Design Underway</i>	<input type="checkbox"/>	
	<i>Detailed Design to commence</i>	✓	Concept designs complete
Designations/Consents	<i>Approved</i>	✓	Consent for 179 lots
	<i>Lodged</i>	<input type="checkbox"/>	
	<i>In preparation</i>	✓	Plan change prep underway
Land Acquired	<i>Yes</i>	✓	
	<i>Being negotiated under PWA (please indicate stage below)</i>	<input type="checkbox"/>	
	<i>Has not commenced</i>	<input type="checkbox"/>	
Business Case or Investment Case	<i>Approved</i>	<input type="checkbox"/>	
	<i>Draft</i>	<input type="checkbox"/>	
	<i>Underway</i>	✓	Initial brief completed
	<i>None</i>	<input type="checkbox"/>	

14. Briefly outline any other comments on the key project timetable or key milestones

[Please briefly cover:

- *Key barriers / risks to the project being 'shovel ready'*
- *Expected timeframes and processes for acquiring necessary resource consents*
- *Any other additional information as required above*
- *Expected construction completion date.]*

Stormwater

As noted above the project is ready and detailed design is progressing with phases within the next 3 months. Construction could commence within the next 3-12 months after funding has been secured. Council has a suitable contractor in place with a contract of sufficient scope to enable immediate works once detailed design has been completed.

Section 3: Overall Benefits and Risks [Criteria 4]

Please advise at a high level whether a project brings real value (in an economic, social and/or environmental sense) to New Zealand as a whole or the region in which it is located in line with Treasury’s Living Standards Framework¹ and Sustainable Development Goals². Please take into account, where relevant, the draft 2021 Government Policy Statement on land transport, available at <https://www.transport.govt.nz/multi-modal/keystrategiesandplans/gpsonlandtransportfunding/gps-2021/>, and the priorities that it establishes.

15. Briefly outline the social, environmental and economic benefits of the project to the local region and New Zealand and overall value for money.

[Include reference to any Business Case/Investment Case or an assessment that can demonstrate any contribution to the Government’s wider goals with respect to social, environmental and economic objectives and value for money]

Housing plays an important role in people’s health and wellbeing, in people’s ability to access work, bringing communities together and in shaping our district.

Economic benefits - enhancing domains of Income & consumption, and Jobs & earnings, and increasing Physical and Human Capital (TLSF - Treasury Living Standards Framework)

The construction sector in Rotorua (pre COVID-19) accounted for 7.6% of employee numbers and 6.2% of GDP. This project will be an important injection into this sector which is likely to suffer from reduced private investment. This is both in terms of the infrastructure construction and then the follow-on housing construction creating significant income and employment.

The project also aides in addressing the issue of supply of housing. [REDACTED]

Releasing pressure on household incomes via access to stable and affordable housing better enables people to work and contribute to the Rotorua economy creating further economic benefits.

The upgrade of intersections on SH30/Te Ngae Road will also support the airport masterplan development and expansion of East Gate, create additional jobs, and support economic growth. SH30/Te Ngae Road is an important freight corridor, supports tourism movements and provides access to existing and future urban areas. Upgrades to the route will be designed to optimise safety and improve cycling and pedestrian facilities.

Social benefits – enhancing domains of jobs & earnings, knowledge & skills, cultural identity, safety and security and environment (TLSF)

To support increased house construction further skilled workers will be required. Training undertaken at Toi Oho Mai is likely to see increased numbers through trades courses and development of Rotorua people. [REDACTED]

The housing development resulting from this project’s infrastructure investment will be informed by integrated planning/ urban design guidelines for Rotorua and locality plans. The aim is to create not just housing but thriving and connected communities. From meeting and talking with our communities while developing Te Tawharautanga ki Rotorua: Rotorua Housing and Thriving Communities Strategic Framework, it is clear that our community wants safe, connected and thriving communities. It is expected that these will result in:

- Increase in local employment and business prosperity
- Increase in active and public transport use compared to private vehicle use
- Increased measures of Te Arawa connectedness

¹ <https://treasury.govt.nz/information-and-services/nz-economy/higher-living-standards/our-living-standards-framework>

² <https://www.mfat.govt.nz/en/peace-rights-and-security/work-with-the-un-and-other-partners/new-zealand-and-the-sustainable-development-goals-sdgs/>

- Increase in energy efficiency/ affordability of homes
- Increase in safety.

[Redacted text]

Road Safety improvements are also a benefit.

Environmental benefits – enhancing our natural and social capital (TLSF)

Ngāti Whakaue Tribal Lands have initiated the original plan change and the current development of the site. As such, support to assist the roll out of the project will assist Ngāti Whakaue Tribal fulfil their aspirations

Development of comprehensive stormwater network in consultation with iwi with a strong focus on water quality outcomes through Low Impact Urban Design

Greater connectivity between the communities on either side of Te Ngae Road

Improved opportunities for active transport modes

16. What is the expected contribution to local/ national employment?

[Provide estimated number of jobs. Cross refer to question 0 as required]

This project will create jobs both in the construction of the infrastructure and also house construction, as well as enabling industrial development and employment.

Infrastructure construction jobs are estimated to be 40+ FTEs over a period of 24 months.

Housing construction related jobs are estimated at 4 FTEs for every three houses each year. If we assume 200 houses per year that is 266 FTEs per annum for five years for already zoned land and a further five years for land to be re-zoned. The expectation is that this would be higher with 300 houses per annum in years 2 and 3.

This project would also enable the Airport Industrial Park by establishing the roundabout at Eastgate/airport. Please see the Airport Industrial Park application for additional job benefits of these joined projects. Note that by 2048 Rotorua is projected to have additional industrial sector employment of between 9,728 - 11,367 jobs (Statistics NZ and BERL figures respectively). Being between 300 -344 jobs per annum over a 33 year period, assuming land is available to support business growth.

17. What are the risks associated with the project? Each risk should be ranked as high, medium or low and include a short explanation as to why it was given that risk rating.

Risk	Low/ Med/ High	Further commentary on risk
A. The risk of the project not commencing within the advised timescale	M	Potential that NZTA business case process delays roading commencement. Design challenges – noting that a consultant is already on board to undertake the masterplanning work.

B. The risk the project will not be completed on time, to cost or to specification	M	This is several projects, each with potential risks e.g. ground conditions, planning etc, so medium risk that it may take longer than anticipated.
C. Risk the project will not realise the benefits outlined above	L	There could be a risk that the landowner NWTL decides not to develop the land at pace required and release further sections. This would be mitigated via a contractual agreement.

18. Are there any other key project risks or any other information which would be useful background or context at this stage?

*[Outline any other key project risks not covered above.
Provide additional information which may be of use to us at this stage]*

The following information is available to support if required:

- Te Tawharautanga ki Rotorua: Rotorua Housing and Thriving Communities Strategic Framework
- MHUD place based assessment on Rotorua
- Population projections report (Infometrics)
- [Existing District Plan Zoning](#) (see Wharenui Road Area pg 8 onwards)
- [Rotorua Spatial Plan](#)

Please also refer to the Airport Industrial Park application.

Section 4: Impact of COVID-19

19. Please briefly comment on the likelihood and timing of the project recommencing once the COVID 19 Response Level is suitable for construction to proceed

[For example when the Government moves away from level 4 restrictions will you be able to immediately commence/ restart the project? What are the key conditions or barriers to commencing/ restarting the project? Please include cross reference to Q21 response (below) if Government support is required for the commencement/restart]

Provided that funding for the project is confirmed, time will be required to enable detailed design of both roading and storm water. Full construction commencement within 6-12 months.

20. What is the best estimate of the impact (financial/social/environmental) COVID 19 has had on the project and on local industry associated with the project?

[Please provide the best estimate in \$ amount (or ranges) and unemployment numbers, and describe the nature of those impacts]

Local industry impact

To sustainably address Rotorua’s near and long-term demand for housing, the development of identified land must be progressed, and infrastructure must be enabled to meet the increased demand. COVID-19 has not reduced this need, if anything pressure will increase on demand for social housing and affordable housing due to negative economic and employment effects.

Rotorua’s community and economy is significantly exposed to sectors (tourism, retail, forestry) affected by COVID 19. As a consequence Rotorua has and will continue to be severely disrupted and negatively impacted by the COVID19 pandemic.

With the closing of the borders and very low forecast international visitation for the next two years at least, the

region has lost over \$346m in annual visitor expenditure. This accounts for 41% of total visitor related expenditure in Rotorua and is likely to see some tourism and hospitality operators close their doors.

Rotorua already has consistently higher unemployment than national averages. With close to 23% of Rotorua’s workforce employed in the Tourism sector (compared to 9% nationally), and 43% across Tourism, Retail and Accommodation & Food Services (compared to 25% nationally) the Covid-19 pandemic will have a further disproportionate impact on local unemployment levels. If tourism and related employment numbers fall in line with reduced expenditure we can expect over 5,000 jobs to be lost.

Forestry and ancillary industry in Rotorua has also been negatively impacted and the industry remains highly exposed, with China taking 80% of NZ’s export logs.

Māori make up 40% of the population in Rotorua and are likely to be the worst it with high rates of employment in the industries affected by Covid-19 and the historically lower socioeconomic position of our Māori community.

Reduced business confidence and the impact of recession will likely reduce private development and capital projects in the housing and corporate sector (in particular airlines, airports, tourism, retails and hospitality). This will further exacerbate Rotorua’s housing shortage and associated negative social effects.

Project impact

Council is facing the need address and mitigate the impacts of COVID-19 on our own financial position with the community’s reduced ability to afford rates, other income stream reductions and higher costs in some areas, whilst maintaining existing services. RLC has committed to fast tracking and redirecting public infrastructure projects to cushion the economic impact on our local economy. However further support from Central Government for projects like this will ensure we can create new construction jobs for the short term, while positioning our destination for recovery longer term.

21. Has this project already, or is likely to benefit from already announced Government led financial support for businesses (e.g. wage subsidy scheme/business finance guarantee scheme) Yes: No:

- If Yes, please describe the scheme and extent of the support you have received/expect to receive.

N/A

22. Briefly outline the top 2-3 things that the Government can do to help progress this project. Please consider both financial and non- financial levers such as lowering regulatory barriers, adjusting Government procurement practices, fast-tracking resource consent processes.

[Top 2-3 actions (financial and non- financial) that Government can do to help progress or remove barriers to the project.]

The primary support required from the Government would be the provision of capital. In addition fast tracking NZTA planning processes and plan change processes for the extension of the residential zoned land and provision for a further 1,400 houses.

There is close alignment between NWTL, RLC, PDU, Kainga Ora and MHUD on the potential value of this project in addressing existing housing issues and to support a positive recovery post- Covid-19.

Please indicate clearly whether you consider any information you have provided in this form to be confidential. Confidential information will not be publically released, other than in anonymised form, except to the extent that any release is required by law.