RESPONSE TO PROPOSAL TO PROCEED WITH TE TUMU AT 2011

Tauranga City Council Response

INDEX

TE TUMU GROWTH TIMING

Executive Summary

The Local Authorities through the SmartGrowth Review (2006) and the TCC Ten Year Plan propose that Te Tumu should not commence until 2021. The Te Tumu Landowners propose to bring the timing of Te Tumu forward to 2011-2016.

It has been established that the quantum of city growth is unlikely to change and consequently proceeding with Te Tumu earlier than 2021 will displace growth in other parts of the city.

It is considered that proceeding with Te Tumu before 2021 will have both financial and growth management impacts.

<u>Financial Impacts</u>

There are significant financial impacts of bringing Te Tumu forward.

- The majority of capital investment in growth areas planned to provide for growth to 2021 has already been incurred or committed. By bringing Te Tumu further forward, lead infrastructure (of $285 million) will need to be provided increasing debt and increasing the unutilised infrastructure capacity within the network. This is not economically effective or efficient.

- The additional capital costs will increase TCC's debt levels to extreme levels beyond what would be considered to be prudent and fiscally responsible under the Local Government Act 2002.

- The economic inefficiency associated with increased debt levels will have consequent increases in:
    - Development contributions, due to cost of capital charges; and
    - Rate revenue requirements (including waste and wastewater charges), due to depreciation and maintenance costs associated with infrastructure.

- An 'exacerbator pays' approach could be adopted to mitigate many of the financial impacts. This would require funding for:
    - Capital expenditure to be provided at the earlier timing; and
    - Debt servicing on the capital expenditure brought forward; and
    - Debt servicing on the debt retained for longer period of time due to growth not occurring in other growth areas and development revenue for those areas not being received.

  The estimated cost of applying this exacerbator pays approach is $52,100 per lot for each of the 28,000 lots the Te Tumu Landowers are proposing.

- The Tauranga Eastern Motorway, which is necessary for the development in the Eastern Corridor to proceed, would need to have phases pulled forward and this is unlikely to be achievable from a funding perspective.

Growth Management Impacts

Even if the financial issues can be mitigated there are strong growth management reasons for not enabling Te Tumu to proceed within the 2011-2016 timeframe.

- Residential intensification (as part of the overall growth management solution) would be deferred giving rise to significant potential risks in the future from a:
    - Need to proceed before too much private investment is made in the residential intensification areas making it financially or logistically unattractive to redevelop intensively; and
    - Need to determine whether nodal intensification is able to accommodate the level of growth envisaged by the SmartGrowth strategy (24%).
- Reduce the housing location choice throughout the SmartGrowth 50 year planning period.
- Slow the uptake of other existing and planned growth areas and consequently lead infrastructure will not be utilised to capacity for a considerably longer period of time than currently planned

The principal argument of the Te Tumu Landowners that Te Tumu should proceed to provide a large enough catchment to support the Wairakei town centre is not supported. The Wairakei Town Centre is intended to provide for both the Wairakei and Te Tumu catchments. The Town Centre can be staged, and there is sufficient residential capacity in Wairakei which can be staged to avoid the need to proceed with Te Tumu earlier.

It is agreed that it is important to plan the integration between the Town Centre and Te Tumu and that this should occur as a matter of good practice. However, this in itself does not mean that Te Tumu timing should be brought forward.

In conclusion Tauranga City Council does not consider it an effective use of physical or economic resources, fiscally responsible nor appropriate from a growth management perspective to bring Te Tumu forward to 2011 – 2016 as proposed by the Te Tumu landowners.

1. Background

1.1 Initial SmartGrowth Strategy Te Tumu Timing

The Draft SmartGrowth Strategy was approved for public consultation in September 2003. In the draft Strategy the Te Tumu growth area was planned to proceed from 2021. Through the submissions deliberations process it was decided by the SmartGrowth Committee to bring this timing forward to 2011 - 2016. This 2011 - 2016 timing was formally included in the SmartGrowth strategy adopted in May 2004.

There was insufficient time between deliberations and adoption to undertake a comprehensive analysis of the timing change and there were a number of concerns raised by the professional staff regarding the consequences and impacts of the change. To address this, a new action was added into the strategy to "undertake a project to bring to resolution the vision for long term planning including the confirmation or otherwise of the land availability date of 2011 of Te Tumu." The explanation to the action noted that "an assessment is required to determine the impact on the overall strategy, including the timing in relation to the implementation of other parts of the strategy, in particular residential intensification and the rate of uptake in Papamoa Stage 1". *(Refer Appendix 1 for full action).*

1.2 Regional Policy Statement

The Regional Policy Statement Change No. 2 was notified in September 2005. The RPS change implements and anchors aspects of SmartGrowth, in particular the urban limits and the live/work/play approach.

RPS Change 2 includes a policy requirement (refer appendix 2 for extract), to sequence development with:

- At least 80% of the potential sections in the immediate upstream growth area having Section 224 approval before the subsequent development could proceed; or

- It can be demonstrated that the proposed urban development is otherwise consistent with policies 17A.3.1(b) which includes "*The structure, timing and sequencing of new urban development must support and be co-ordinated with the development, funding, implementation and operation of the transport and other infrastructure serving the area. In satisfying this policy, regard must be had to the indicative Growth Area timing shown in Figure 1[of RPS]".*

The RPS is currently subject to appeal through the Environment Court. The appellants include Te Tumu landowners.

1.3 Long Term Council Community Plan

Tauranga City Council (TCC) undertook a comprehensive exercise to develop a robust Ten Year Plan (TYP) for 2006 – 2016 (Long Term Council Community Plan). The TYP sought to implement Tauranga Tomorrow[1], SmartGrowth and a number of lead strategies adopted by the Council.

In order to provide appropriate lead infrastructure for the planned growth the Council has provided for growth related capital expenditure of approximately $600 million (including vested assets) over the ten year period. This represents 60% of the total capital expenditure of Council including renewal of existing assets. In order to fund this level of capital expenditure Council has increased the debt liability of the community and has accounted for both the increased cost of debt associated with a reduced credit rating and the increased growth related operating costs of depreciation and maintenance. *(Refer Appendix 3 for extract from TYP)*

TCC uses a wide range of funding tools to fund the operational and capital expenditure within the TYP. *(Appendix 4 is a matrix which summarises Council's Financial Management Strategies and illustrates the range of funding tools).*

Through the development of the TYP it became apparent that proceeding with Te Tumu on a 2011-2106 timeline would;

- Not achieve some of the objectives of the adopted strategies, (particularly nodal intensification) ; and
- Not be financially sustainable; and
- Not be in accordance with the RPS 80% policy requirement.

Consequently TCC prepared the TYP based on the assumption that Te Tumu would not proceed within the 2006-2016 period. The TYP was adopted in June 2006.

1.4 SmartGrowth Strategy and Action Review

A review of the SmartGrowth Strategy and Implementation Plan was undertaken during 2006. In November 2006 this draft revised strategy was approved for public consultation. The revised draft strategy returned the timing of Te Tumu back to 2021 in recognition of the need to deliver on financial, sequencing (including RPS 80% policy) and growth management objectives.

Through the submission process to the SmartGrowth review the Te Tumu land owners have again sought to enable the timing of development of Te Tumu to be brought forward from 2021. This paper provides a comprehensive response to the timing request and analyses whether an earlier timing is appropriate at this stage.

[1] Tauranga Tomorrow is the document arising from the Community Outcomes Process required by the Local Government Act.

2. Population Growth and Allocation

2.1 Growth in the Sub-Region

The Western Bay of Plenty sub-region has historically experienced consistent growth of 2 – 3% per annum. The population of the sub-region increased by 14.5% in the period between 1996 and 2001 which equates to 16,500 people and by 12% between 2001 and 2006.

As part of the SmartGrowth strategy population and demographic projections were prepared for the sub-region by Professor Bedford of Waikato University in 2002. The census results for 2006 are consistent with the SmartGrowth projections and provide confidence that these projections remain appropriate. These projections are summarised below.

The sub-regional population in 2006 was 145,700 and this is predicted to rise to 198,000 (36%) by 2021 and to 284,000 (95%) by 2051, as illustrated below:

Table 1: Growth Allocation (per Initial SmartGrowth Strategy)

	1996	**2001**	**2006**	**2021**	**2051**
Population	112,700	130,000	145,700	198,000	284,000
Households	42,400	49,000	56,600	80,000	119,000

For the purposes of growth management, particularly related to the provision of infrastructure, it is important that projected population also be translated into household projections. For the purpose of the SmartGrowth projections the base assumption is that the number of people per household decreases over time in line with demographic trends and changes in housing types and needs.

The SmartGrowth strategy allocates this projected growth to geographic areas within the sub-region. The total additional households for each council and the sub-region outlined in table 2 below is projected from the 2006 Census base, ie. The number of households within the sub-region grows by 63,200 (112%) over the period from 2006 to 2051, up slightly from our estimations of 62,400.

Table 2: Growth Allocation (per Revised SmartGrowth Strategy)

	Households					
	TCC		**WBOP DC**		**Total Sub-Region**	
Greenfield	29,298	(61%)	13,787	(90%)	43,085	(68%)
General Intensification (Infill)	3,694	(8%)	1,532	(10%)	5,226	(8%)
Nodal Intensification	14,889	(31%)	0		14,889	(24%)
Council Growth allocation	***47,881***	***76%***	***15,319***	***24%***	***63,200***	***100%***

2.2 Tauranga City Area Growth Allocations

SmartGrowth plans the allocation of growth across the sub-region in Greenfields and intensification areas. The current TCC growth scenario covers existing and future UGA's across the City. It factors in anticipated Greenfield and intensification using SmartGrowth policy direction as outlined in the SmartGrowth Strategy review approved for consultation in November 2006. It assumes a number of intensification nodes (to reflect the general SmartGrowth policy direction). The remaining growth is attributed to general intensification (infill).

2.2.1 Population Growth Allocations

Table 3 below details the population growth allocation for the Tauranga City area. A detailed breakdown of the growth allocation is provided in Appendix 6.

Table 3: Growth Allocation Tauranga City Area

SmartGrowth Growth Management Area		**Projected Additional Resident Population**								
Growth Type Intensification Areas General Intensification (Infill) Urban Growth Area (Greenfield)	**2006 Census**	Projection Period: 2006-2011	2011-2016	2016-2021	2021-2026	2026-2031	2031-2036	2036-2041	2041-2046	2046-2051
Mount Maunganui										
Intensification Areas	1167	787	903	1152	1401	1379	1373	1189	796	398
General Intensification (Infill)	17700	485	353	333	328	273	225	225	175	172
Sub-total	**18867**	**1273**	**1256**	**1485**	**1729**	**1651**	**1598**	**1414**	**971**	**570**
Papamoa										
Intensification Areas		0	190	401	700	499	441	157	160	199
General Intensification (Infill)	459	12	7	5	4	4	4	4	4	2
Urban Growth Area (Greenfield)	**17130**	3595	4794	4798	3817	4032	3905	3907	4320	4581
Sub-total	**17589**	**3606**	**4991**	**5203**	**4522**	**4535**	**4351**	**4069**	**4484**	**4782**
Tauranga Central										
Intensification Areas		630	1330	1683	1671	1746	1687	1380	1087	613
General Intensification (Infill)	17967	299	190	147	134	134	110	75	75	75
Urban Growth Area (Greenfield)	2946	3368	2713	2211	1713	863	974	736	121	0
Sub-total	**20913**	**4297**	**4233**	**4041**	**3517**	**2742**	**2772**	**2191**	**1283**	**688**
Tauranga South										
Intensification Areas		0	0	0	0	0	0	295	389	697
General Intensification (Infill)	10674	368	626	539	343	170	62	40	29	26
Urban Growth Area (Greenfield)	5535	848	340	405	1574	2087	2355	2025	1925	1926
Sub-total	**16209**	**1216**	**966**	**944**	**1917**	**2257**	**2416**	**2360**	**2342**	**2649**
Tauranga West										
Intensification Areas		0	114	200	450	467	540	689	798	959
General Intensification (Infill)	24393	587	443	353	314	185	117	97	73	73
Urban Growth Area (Greenfield)	5589	1691	1098	663	390	62	37	0	0	0
Sub-total	**29982**	**2278**	**1654**	**1217**	**1155**	**714**	**693**	**786**	**871**	**1032**
Total	103560	12670	13100	12890	12840	11900	11830	10820	9950	9720

2.2.2 Dwelling Growth Allocations

As shown in Table 2 by 2051 it is anticipated that 61% of additional Occupied Dwellings will be in the Greenfield areas, 31% in Intensification Nodes and 8% in general intensification (Infill) areas. For the purposes of the scenario it is assumed that Greenfield development will continue at a high rate in the 2006-2011 period (75%) and then this rate begins to decrease as nodal development commences and consolidates. General Intensification decreases throughout the 45 year projection period from 14% to 4% by 2051.

It is also assumed in terms of urban development uptake against estimated capacity that by 2051 98% of Greenfield land will be at capacity, while 88% of nodal intensification capacity will have been realised.

2.3 Growth Allocations for Papamoa, Wairakei & Te Tumu

The TCC growth scenario is broken up into SmartGrowth Growth Management Areas. The scenario allocates approximately 40% of the additional population growth and 39% of the additional occupied dwelling growth to the Papamoa Growth Management Area up to 2051. This reflects the known capacity in the existing Papamoa UGA (which was zoned in 1993) and the potential urban development in both Wairakei and Te Tumu.

The current scenario for the development of the city with particular emphasis on Papamoa, Wairakei and Te Tumu areas is outlined in Table 4 below.

Table 4 - Current Tauranga City Council Scenario

			2006-2011	2011-2016	2016-2021	2021-2026	2026 - 2031	2031-2036	2036-2041	2041-2046	2046-2051
SmartGrowth Household Allocation Tauranga City			5324	5874	5780	5917	5484	5452	4986	4585	4479
	Population	Households									
Wairakei	12,000	**5,700**	500	1102	1492	1473	1131	0	0	0	0
Wairakei % of Growth			9%	19%	26%	25%	21%	0%	0%	0%	0%
Te Tumu	28,000	**12,000**	0	0	0	323	738	1775	1776	1960	2080
Te Tumu % of Growth						5%	13%	33%	36%	43%	46%
Wairakei + Te Tumu % of Growth			**9%**	**19%**	**26%**	**30%**	**34%**	**33%**	**36%**	**43%**	**46%**
Including **Papamoa** Structure Plan & Node areas			30%	39%	41%	36%	39%	37%	37%	44%	49%
Other Greenfield			3388	2713	1965	1507	1222	1382	1125	845	801
			64%	46%	34%	25%	22%	25%	23%	18%	18%
Nodal Intensification			675	1335	1715	2110	2050	2060	1885	1619	1440
			13%	23%	30%	36%	37%	38%	38%	35%	32%
General (Infill) Intensification			761	724	608	504	343	235	200	161	158
			14%	12%	11%	9%	6%	4%	4%	4%	4%

The key points to note in respect to Papamoa East assumptions are that:

- The Wairakei subdivision completion rate will reach 80% at the conclusion of the 2021 to 2026 period, having regard to the allocation of city growth into other available areas, both Greenfield and intensification. Of particular note is the SmartGrowth direction of opening up of new UGA's to the south of the city after 2021 (within the urban limits line shown in Proposed Plan Change 2 RPS), driven by the installation of a sewer trunk main through Pukemapu, then Ohauiti South then Neewood.
- In terms of intensification it is assumed that a roll-out of intensification nodes continues. Details of this roll-out will be finalised through the Smart Living Places project. This continues the policy principle of location and housing choice.
- Te Tumu commences from 2021 and by 2051 72% of Te Tumu is assumed to be developed due to the allocation of growth to other parts of the City. This uptake is also in recognition of potential risks associated with the preliminary theoretical yield information, which is discussed in section 5.3 below.

3. Te Tumu Timing Proposal

3.1 Te Tumu Submission

The submission to the SmartGrowth review (2006) by the Te Tumu Landowners Group, Ford Land Holdings, and Te Tumu Kaituna 14 Trust requested the following changes / considerations be taken into account within the strategy:

- Te Tumu business and residential development commencing between 2011 – 2016 *(Not 2021 as per the SmartGrowth review))*
- 2051 population of 28,000 *(Not 14,600 as per the SmartGrowth review)*
- Allow the proposed Town Centre to "organically grow" across the artificial line between Wairakei and Te Tumu.
- High density will only be viable if it is located adjacent to a vibrant Town Centre. A viable Town Centre requires sufficient catchment of 8,000 for a supermarket and 15,000 for a large format retailer.
- Utilise only the TYP to manage exposure to infrastructure provision and funding *(Not utilising and aligning appropriate plans including SmartGrowth).*
- As a 2007/08 priority, plan the staged development of Te Tumu with TCC as lead agency and funding of $250,000
- Investigate alternative infrastructure funding mechanisms.

The Te Tumu Landowners proposal raises issues which require further analysis. In particular the proposal:

- Focuses on the coastal strip in isolation from the total SmartGrowth management area. Consequently it does not identify or address the impact on the rest of the SmartGrowth management area of transferring a large portion of the growth to Te Tumu
- Does not identify or address the financial impact of the timing change
- Does not suggest viable and fiscally responsible funding sources and financing arrangements for the infrastructure associated with Te Tumu development.

These matters are critical and significant gaps are apparent in the proposal. This paper seeks to consider and address each of the matters to enable the Committee to be informed as to the impacts and consequences of enabling development of Te Tumu in the 2011-2021 timeframe.

3.2 Te Tumu Landowners Proposed Growth Allocation

The following analysis takes the Te Tumu Landowners proposal of bringing the timing of Te Tumu forward and assesses the impact of this on the growth allocations for the remainder of the city. The information in table 5 is presented in a comparable format to table 4 above. The source of data and underlying assumptions are from the Te Tumu Landowners (refer Appendix 5).

Table 5 - Te Tumu Landowners Scenario

			2006-2011	2011-2016	2016-2021	2021-2026	2026 - 2031	2031-2036	2036-2041	2041-2046	2046-2051
SmartGrowth Household Allocation Tauranga City			5324	5874	5780	5917	5484	5452	4986	4585	4479
	Population	**Households**									
Te Tumu 2(a)	12500	**5952**		500	2500	2106	846				
Te Tumu 2(b)	15500	**6739**				1125	1125	1125	1125	1125	1115
Total	*28000*	***12692***		**500**	**2500**	**3231**	**1971**	**1125**	**1125**	**1125**	**1115**
Te Tumu % of growth				9%	43%	55%	36%	21%	23%	25%	25%
Wairakei		***5571***	844	2399	1175	825	328				
Wairakei % of Growth			16%	41%	20%	14%	6%	0%	0%	0%	0%
Wairakei + Te Tumu % of Growth			**16%**	**49%**	**64%**	**69%**	**42%**	**21%**	**23%**	**25%**	**25%**
Including **Papamoa** Structure Plan & Node areas			33%	55%	69%	73%	49%	28%	30%	33%	29%
Impact on TCC Growth (as assessed by TCC)											
Other Greenfield			3268	1553	1097	887	1142	1987	1951	1803	1389
			61%	26%	19%	15%	21%	36%	39%	39%	31%
Nodal Intensification			450	700	470	470	1700	2105	1710	1496	1817
			8%	12%	8%	8%	31%	39%	34%	33%	41%
General (Infill) Intensification			762	722	538	504	343	235	200	161	158
			14%	12%	9%	9%	6%	4%	4%	4%	4%

The Te Tumu landowners scenario shows that from 2016 to 2026 that 60-70% of city growth will occur in Te Tumu and Wairakei. This is not a balanced approach to city growth and development given the SmartGrowth principles and the city's infrastructure investment programme (e.g.: major projects in the TYP).

The implications of following the Te Tumu development scenario are:

- Displacement of growth planned to go to other areas (particularly nodal intensification and the coastal strip)
- Reduction in housing choice and location

- Significant extension in time to recoup TCC financial investment in capital infrastructure in other growth areas with associated debt financing costs (refer section 4).

While the extent to which these impacts occur will depend upon the market response, the bringing forward of Te Tumu as proposed by the landowners will:

- Slow the uptake of **existing**, serviced Greenfield areas such as Pyes Pa West, Bethlehem West, and west Papamoa. This will slow the development contribution revenue to fund the TCC capital expenditure incurred on infrastructure in these areas and increase the development contribution charge (as cost of capital is now intended to be included).
- Delay the release of **proposed** Greenfield land in the City, particularly Kaitemako South, Pyes Pa South, Pukemapu, Bethlehem Northwest and Ohauiti South. This will impact on the development contribution revenue essential to fund the capital expenditure on the southern pipeline and also increase development contribution charges.
- Slow the uptake of the proposed Mount Maunganui North, Arataki, Greerton, and the CBD Home Zone, intensification nodes (following the lead of Smart Living Places Strategy). This will further limit the choice of housing location and type, impact on the ability to implement the Integrated Transport Strategy that relates land-use patterns closely to public transport, and reduce growth area choice in the latter half of the planning period.
- Delay the release of the other proposed intensification nodes, including 11th Avenue, Mount Maunganui Midway, Central Parade, Gate Pa, Cherrywood, Bureta, Brookfield and Papamoa Domain nodes. This will have a similar effect to that described above.
- There will be social and cultural effects resulting from changes to the rate of development in each of the areas.

In addition, there are undefined but likely risks associated with providing for the 28,000 people proposed by the Te Tumu Landowners Group in the City projections to 2051. A number of factors have the potential to reduce the Te Tumu developable area and/or the permitted density, including stormwater management, the potential of a regional park, urban development in proximity to the Kaituna River and ecologically/culturally sensitive areas, and development/ ownership issues around multiple-owned Maori land.

For these reasons a conservative approach has to be taken in the growth scenario. This recognises a balanced allocation of growth to other areas of the City as proposed by SmartGrowth with Te Tumu starting from 2021 and 72% of Te Tumu capacity realised by 2051.

4. Financial Implications of Growth

4.1 Costs and Funding of Growth – Ten Year Plan Estimates

TCC, as part of the development of the TYP, created a robust system that ensured strategies and plans were delivered on and appropriate budgets provided to implement these strategies and plans over the next ten years. The TYP document including the budgets, were then subjected to an independent external audit and an extensive consultation process.

For the 2006 – 2016 period Council plans to borrow heavily to fund capital development of the city with 60% of this capital development being growth related. This will result in a downgrading of our credit rating from A+ to A. This means the Council's cost of borrowing will increase by around 0.2% per annum over the longer term. Council recognises that to borrow the level of funds needed to deliver on the plan a downgrade in credit rating is inevitable. From a financial management perspective, further increases in debt levels should Council need to fund additional infrastructure or should development contribution revenue be less than expected, would increase debt servicing costs beyond prudent levels. This is likely to significantly impact on Council's future borrowing capacity

As part of this process TCC determined the infrastructure needed to be provided to accommodate growth and budgeted expenditures and revenue for the growth areas where sufficient information was available. The infrastructure for Te Tumu growth area was not included; on grounds of financial prudence except for land, as Council decided that Te Tumu would not proceed in the 2006 – 2016 period (As outlined on Page 60 of the TYP). Also in respect of the Smart Living Places areas (intensification), the cost of city wide infrastructure was included but costs of local infrastructure were excluded. This is because the design outcomes had not yet been determined and no intensification structure plans had been prepared, (and this was clearly disclosed in the TYP). It is intended that local level infrastructure costs of residential intensification will be included in the 2009 – 2019 TYP when structure plans are expected to be complete.

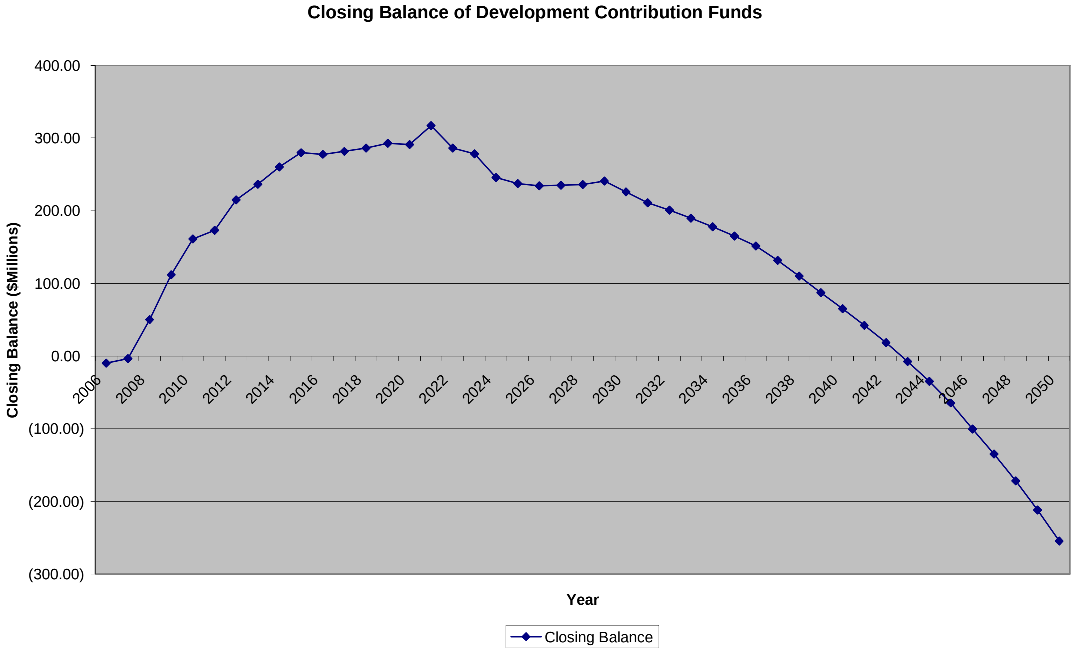
The growth related capital expenditure in the TYP will not be recovered from developers over that same period. For the ten years Council borrowings in relation to growth related expenditure is summarised as shown in Table 6.

Table 6: Movement in Development Contribution Fund Balances over 2006 - 2016

	Amount ($Million)
2006/07 Opening Balance of Development Contribution Funds (in Credit)	(9.6)
Growth Funded Capital Expenditure over 10 years	520.0
Revenue Received from Development Contributions over 10 years	(324.8)
Interest paid on Fund Balances (net)	88.5
2015/16 Closing Balance of Development Contribution Funds (64% of total debt) to be recovered from developers	274.1

SmartGrowth development extends over a period exceeding that covered within the TYP and, using the best available information, a model has been developed to present Council's debt in relation to growth expenditure through to 2050. This was based on the assumptions outlined in the TYP. The information from this model is shown in Figure 1.

Figure 1



This model demonstrates that while Council debt continues to rise and peaks at over $300M it does eventually (after 2021) start to decrease. Debt at this level will have to be carefully managed and challenges the financial sustainability of Council to maintain a prudent debt envelope. As these debt levels increase, the borrowing margins (for all debt, not just growth related debt), will increase considerably. This will lead to increases in rate revenue requirements over time.

Given the high level of uncertainty when trying to predict events and costs over this length of time, Council remains vulnerable to any major changes to the planning assumptions underlying the financial modelling. The timing of Te Tumu is, of course, a significant assumption in this respect.

4.2 Financial Impact of Te Tumu Proposal

The financial model developed to assess the impact of capital expenditure over the 50 year period has also been utilised to assess the impact on Council debt if Te Tumu is brought forward to 2011-2016. The financial effects of the information provided by the Te Tumu landowners (from their submission), in respect of uptake of Wairakei and Te Tumu has been modelled.

4.2.1 Significant Assumptions in Financial Modelling of Te Tumu Proposal

Growth Assumptions

Growth of Tauranga City
Tauranga has been growing at a steady rate over an extended period of time. The growth scenario and allocation outlined above has been used as the basis for this financial analysis. Increase in growth in one area will reduce the growth somewhere else in the city, resulting in overall Development Contribution revenue remaining steady. Given that the overall growth in the city, and therefore total Development Contribution revenue, remains constant and growth in two of the growth areas has increased considerably this means that growth, and therefore Development Contribution revenue, over the rest of the city must be reduced

Growth in Wairakei and Te Tumu.

The model has also been run using the timing and growth assumptions as put forward by the developers. They are earlier and faster than the assumptions made as part of Council's TYP and in previous Council modelling.

Cost of Capital Expenditure Assumptions

The cost of individual projects is assumed to be consistent with those presented in the TYP. Therefore these project costs are in 2006/07 dollars with no inflation impact.

Timing of Capital Expenditure Assumptions

The timing of all relevant capital projects was reviewed. Schedules of the Capital expenditure for Council were obtained from Council's integrated planning system used to compile the TYP (2006/07 to 2015/16) and from the model we had previously developed for projects beyond this period (2016/17 to 2049/50). The timing of this capital expenditure was discussed with the relevant asset managers in light of the changed assumptions for Wairakei and Te Tumu. These revised timings were used to develop the updated model. As the developers do not identify significant differences in growth to Wairakei and Te Tumu before 2010/11 compared to Council's TYP the timing of any capital expenditure before 2010/11 is not adjusted.

Refer appendix 6 for summary of the timing assumptions for growth related infrastructure projects.

Results
Figure 2 shows the total Capital Expenditure that is expected to be, in the long term, funded from Development Contributions under both scenarios. This shows that bringing Te Tumu forward significantly increases Council's Capital Expenditure programme over years 2007 – 2023 by a total of $285 million, with a corresponding decrease in capital expenditure over years 2023 – 2050.

Figure 2

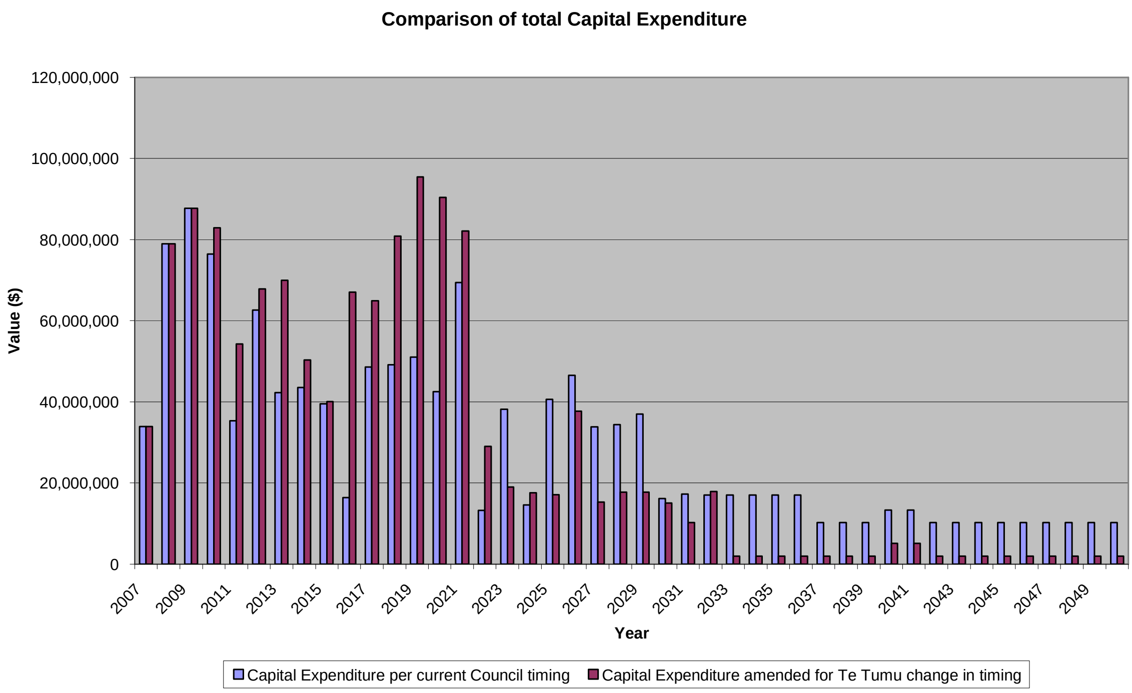
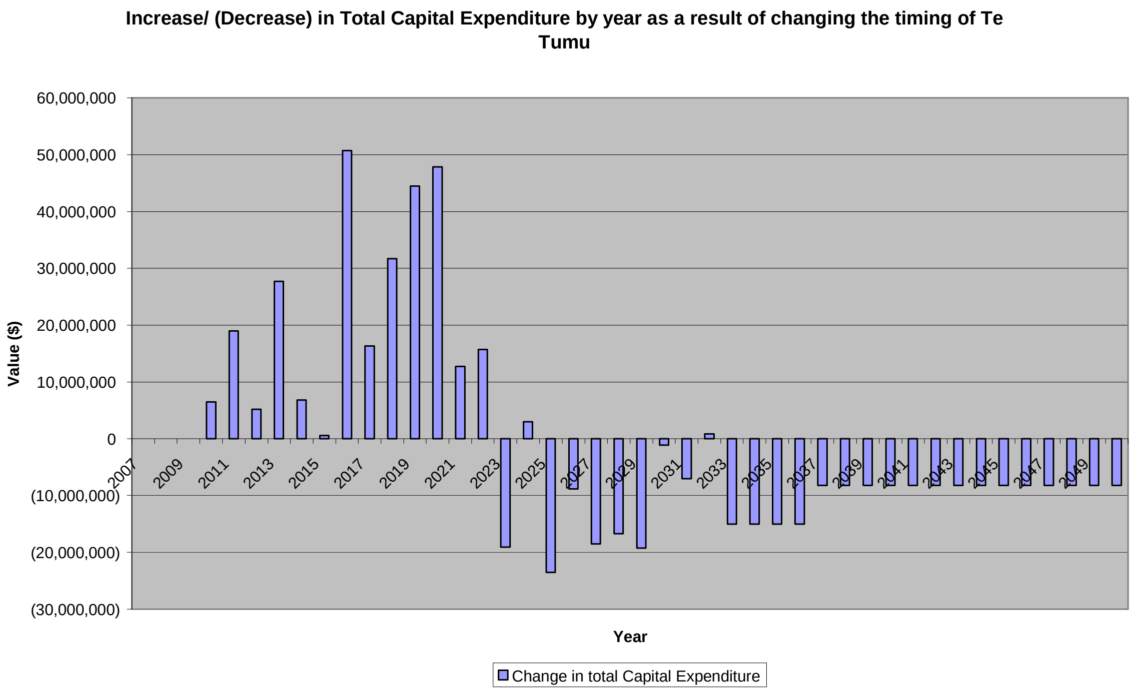


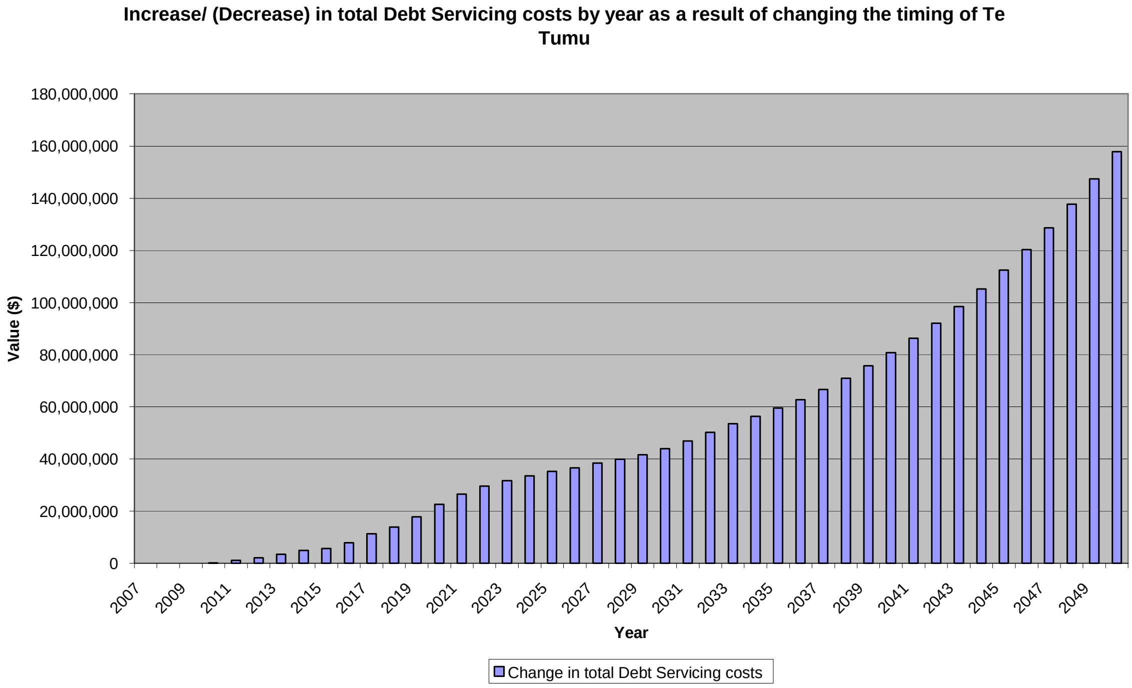
Figure 3 shows the net change in Capital Expenditure by year.

Figure 3



As noted above, this Capital Expenditure will eventually be funded from Development Contributions. However, these are received by Council over the life of the subdivision. The difference in timing between when the Capital Expenditure is paid by Council and when the Development Contributions are received is funded by debt. As we noted above, the expectation is that total Development Contribution revenue will not change. This means that the earlier timing of Capital Expenditure highlighted on Figure 3 will need to be entirely debt funded by Council. With interest on this debt compounding the impact on Council's total debt servicing costs is shown on Figure 4

Figure 4



The original model showed that Council is already having to manage very high debt levels based on current growth and capital expenditure assumptions.

The new model shows Council's debt and debt servicing costs will be increased significantly under the proposed change in timing for the Te Tumu growth area. We believe that this situation would quite clearly be financially unsustainable and would be a direct breach of section 101(1) of the Local Government Act 2002, which requires local authorities to manage their finances in a prudent manner.

4.3 Potential Mitigations

Given the increase in debt levels expected from the bringing forward of Te Tumu to 2011-2016 are unaffordable to Council there is a need to consider what options are available to mitigate the situation.

The expenditure above relates to creating the minimum acceptable level of service. This has been extensively consulted upon during the TYP process. The level of capital expenditure cannot be reduced without compromising this level of service.

Council operates a policy of providing capital works as close to 'just in time' as is economically possible. The current proposed capital expenditure cannot be deferred to any significant extent and consequently it is not possible to make any material difference on the overall result.

Given the level and timing of Capital Expenditure is reasonably fixed, the only way to mitigate the situation is to use a different source of funding debt.

a) Rates Funding

The most obvious alternative funding source is rate revenue. However, to charge the current ratepayers for services to be provided to future ratepayers is unacceptable and likely to be challenged under the intergenerational principles espoused in the Local Government Act 2002. It is also contradictory to Council's existing funding policy and financial management approach which is that growth should substantially pay for growth.

Rate revenue will already be under pressure from the additional depreciation and maintenance associated with the capital expenditure of Te Tumu being brought forward.

b) Funding from Depreciation Reserves.

Council requires current ratepayers to fund through rate revenue the economic wear and tear (depreciation) of the existing assets. This revenue is used for the renewal of these assets as they wear out. Council manages these reserves, but does not retain any unspent depreciation funds as cash. Any use of depreciation reserves to fund growth expenditure would create the same increases in the level of Council debt as well as being challengeable on intergenerational equity grounds.

c) Requiring all Capital expenditure to be incurred by the developer and then vested to Council.

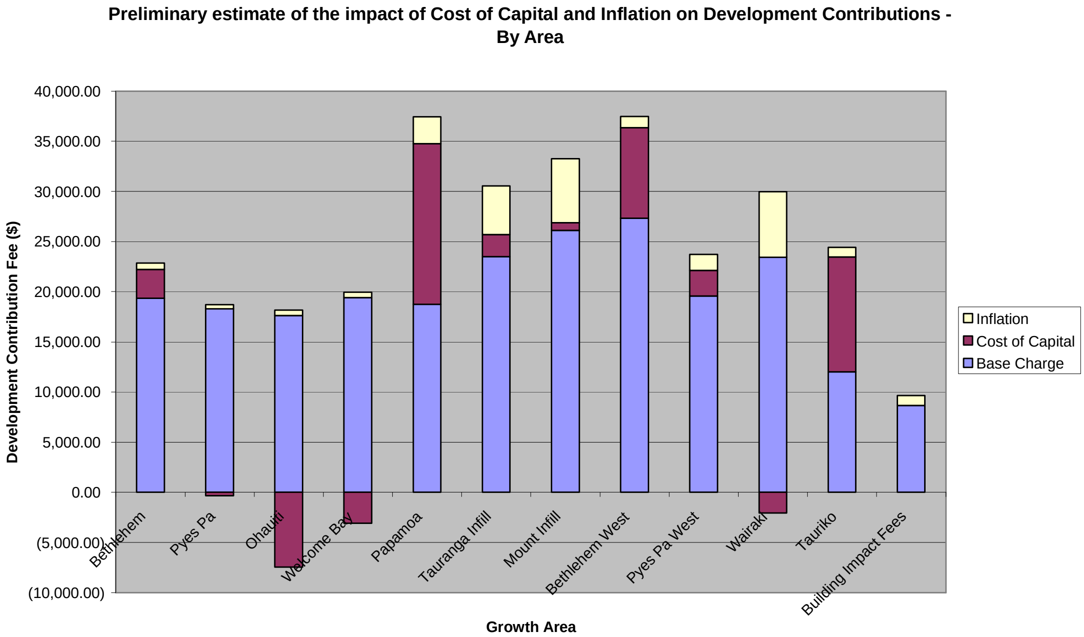
This type of arrangement has been entered into for the Pyes Pa West subdivision. This is a potential solution for some of the new Greenfield subdivisions (including Wairakei and Te Tumu). However it does pose management challenges and is unlikely to work unless there is only 1 major land owner (as at Pyes Pa West) or the majority of the developers can come to a contractual agreement as to how they will split the costs of providing this infrastructure between themselves. Even then there are likely to be some very large projects (such as Bell Road interchange- to be constructed in co-operation with Transit) that are unlikely to be able to be funded and constructed directly by the developers.

Existing growth areas and intensification /infill areas would not be able to be done on this basis as they have fragmented ownership and require significant services co-ordination. For existing Greenfield growth areas it is too late to change the basis of funding development, with most of these growth areas over 75% complete. For the infill areas individual developments are generally far too small to link required capital upgrades to individual developments. These factors mean that even if the developers in new growth areas could come to agreements to fully fund all of the capital works themselves the resulting slowdown in the growth in other parts of the city may mean Council still finds itself in a weak debt situation (as Council would receive significantly lower impact fee revenue from the new subdivisions but it would also avoid some expenditure).

d) Increasing the Level of Developer Contributions

Council has recognised it is pre-funding a far higher level of new capital works into the future than has been required for new subdivisions in the past. On this basis Council has proposed to introduce full inflation and Cost of Capital charges to Development Contributions. This is both to recover the full impact of growth funded capital expenditure from those receiving the benefits and to reduce Council's high level of risk in relation to that debt if growth were to slow. Early models show the impacts of this policy change as outlined in Figure 5 below.

Figure 5



This model is based on the assumptions as outlined in the TYP and the original debt model.

An assessment of how this Cost of Capital and Full Inflation impact may change under the Scenario suggested by the Te Tumu developers has been done. Due to the time available only three growth areas have been modelled. These are Pyes Pa (existing growth area), Bethlehem West (new growth area) and Mount Infill (general intensification area). The timing changes for capital expenditure are as outlined in Figure 2 above and the receipt of development contributions based on timing as per Section 2.3 above. Figure 6 below shows the impact on development contributions charges per lot.

Figure 6

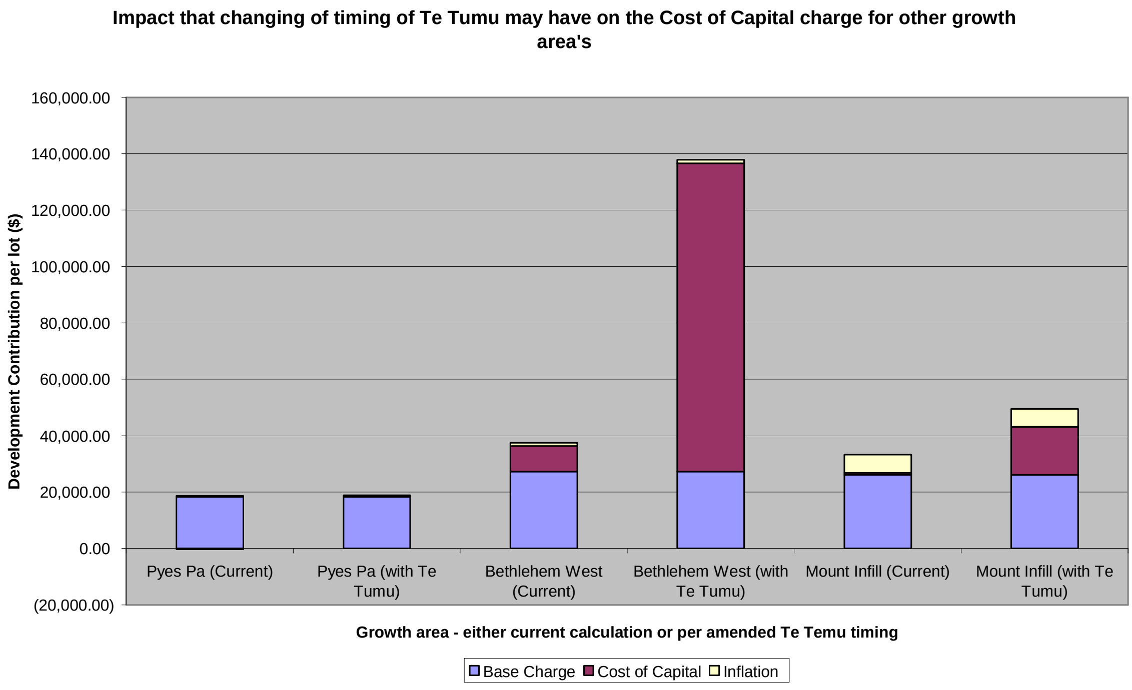


Figure 6 presents the extent of the increase in the level of development contributions required for all of the growth areas that were examined. The delay in the uptake in other growth areas means that it takes a longer period for capital expenditure to be funded by development contribution revenue and considerably increases Council's holding costs. The impact will be, as expected, significantly higher in the new areas and the infill areas. This increase is likely to significantly impact the uptake of lots in those areas as the development contributions will become so high as to reduce market activity thereby further exacerbating the situation. Under this option the risk would totally reside with Council and thereby economically burden other parts of the community.

e) Exacerbator pays

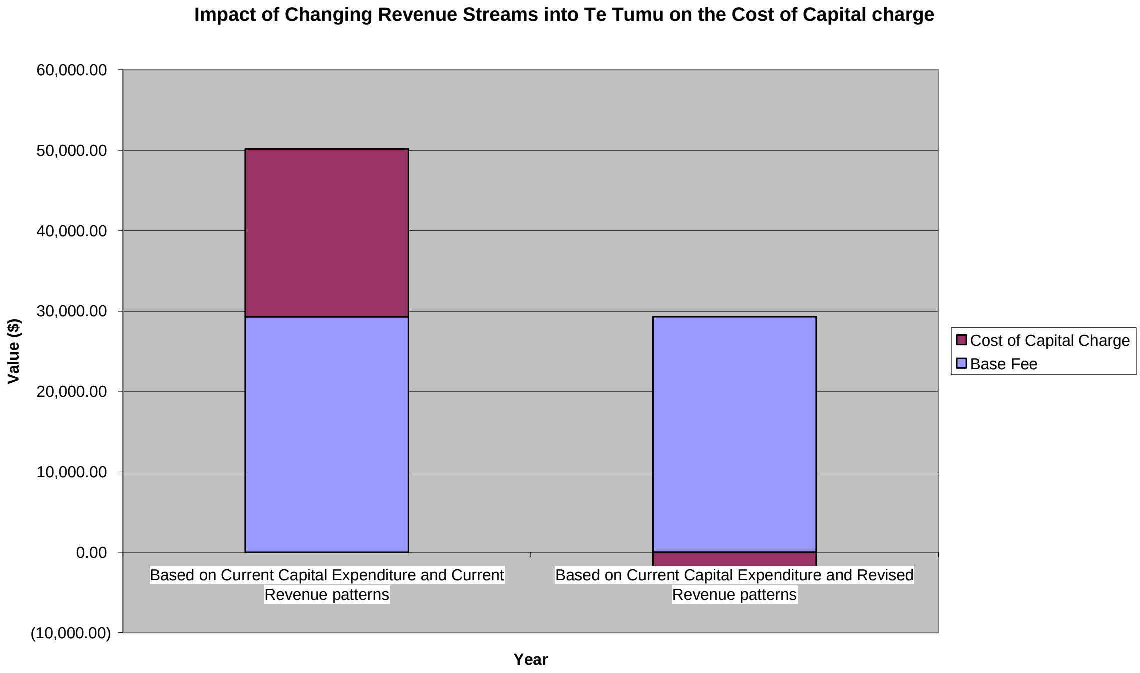
One of Council's options is to directly recover the costs of an activity from the individuals who created those costs. On this basis, arguably, all of the additional costs arising from bringing forward the Te Tumu growth area would be ultimately recoverable from the future Te Tumu residents. There are two impacts that would have to be mitigated. The first is the impact on Council's debt levels and the second is the impact on the Cost of Capital charges to other growth areas.

The impact on Council's total level of debt is due to the change in timing of the capital expenditure programme. This increase of debt can be prevented by Council receiving contributions that directly offset the additional capital expenditure. This would mean that in Council's total debt would be unchanged to that outlined in the originally modelled position. This would require payments to be received into/ (paid by) Council on the same basis as set out in Figure 3 above.

As the timing of these cash-flows is a key issue, the matching of receipts/ and payments is critical. Using Development Contributions would not provide for payments to be matched with receipts. Under the exacerbator pays approach the developer would fund the capital expenditure and then, in turn could either reduce their margins or could attempt to recover the relevant cost on the sale price of the sections. It is estimated that an increase in the selling price of an individual section by an average $31,200 would generate enough revenue to fund the developers' additional debt servicing costs (this would be in addition to the recovery of the capital cost).

The other side of the equation is the likely change in revenue patterns. While Development Contribution revenue is neutral for Council as a whole, individual growth areas would be significantly affected. This would result in increased Cost of Capital charges to other growth areas as outlined in Figure 6 above. To mitigate this under the exacerbator pays approach, the cost of Capital charge for Te Tumu would be kept consistent with that calculated on current revenue patterns. Te Tumu landowners/residents would not benefit from any improved Cost of Capital calculations brought about by the early opening up of this area. The benefit forgone is shown in figure 7 below. The effect is that the current Cost of Capital charge of about $20,900 would be added to the final Development Contribution calculated for the Te Tumu growth area.

Figure 7



In order to mitigate the impact of bringing Te Tumu forward under the exacerbator pays approach, the developers would need to mitigate both the extra costs to Council and the slowdown in revenue that would be experienced in the other growth areas. The impact of this mitigation on the selling price of any sections in the Te Tumu area is estimated to be $31,200 for expenditure and $20,900 for revenue, giving a total impact of $52,100 per section. This is on top of Development Contributions calculated on the normal basis

The above calculations are all estimates and exclude any impact of inflation. While Council believes they reasonably reflect the magnitude of the transactions involved, they do not take into account impacts such as inflation, changes in yield, and changes in actual population growth compared to the estimates. It also only relates to the financial impacts and does not address the other concerns raised in this document.

f) <u>Other Options</u>

Tauranga City Council has been approached by the development community to look at alternative funding models. All reasonably available funding sources have been considered and TCC are proactively utilising those which provide a fair balance and a financially sustainable position. Council has formally invited the development community to identify and analyse other funding sources and then to subsequently propose these to Council. To date no alternatives have been presented to Council.

4.4 Tauranga Eastern Motorway (TEM)

Transit New Zealand is developing TEM to meet the 50 year growth predictions. It is proposed that the construction will be phased and this may result in some portions not being constructed as full four lane motorway in the first instance.

The details of the phasing of the Motorway are dependant on the rate of growth in Papamoa East. Based on the current indications and as long as growth is limited to stage 1 within the first 12 – 15 years then the Bell Rd Interchange (funded by TCC from developer contributions), would not be required as part of the first stage of development of the Motorway. Also the section of the Motorway between Domain Rd and Paengaroa may well only need to be constructed as a two lane road with passing lanes.

This would result in all the traffic from the early stages of Waireki exiting via Tara Rd to the Motorway via a grade-separated interchange at Domain Rd. Some traffic would also continue to use Papamoa Beach Rd but with a four lane Motorway between Te Maunga and Domain Rd opportunities arise for TCC to manage Papamoa Beach Rd and discourage 'through' traffic.

<u>Issues in relation to 'fast tracking' Te Tumu</u>

- Advance TEM to a four lane motorway between Domain Rd and Bell Rd.
- There are only limited funds available for the 1st phase of the TEM and any additional and un-necessary costs could put the funding package at risk.
- Transit New Zealand's current approved 10 year forecast does not include funding for the full construction of TEM.

4.5 Market Capacity

Should Te Tumu development proceed at an earlier date the infrastructure needs will provide additional work to the construction market. It is already accepted that the market is relatively tight with a high level of activity in the central government, local government and private sector markets.

It is foreseeable that the increased demand brought about by an earlier Te Tumu timing will result in higher prices (due to high level of work in the market and a tight labour supply), and this will impact not only on the Te Tumu development, but also other renewal and capital works undertaken by Council.

4.6 Conclusions on Financial Impacts of Growth

Council has already identified the level of debt in relation to growth funded capital expenditure as an area of significant concern. Council is already exposed to significant risk in the event that growth slows down or stops for a period of time, or proceeds on an unplanned basis.

Bringing forward the Te Tumu subdivision in the manner outlined by the developers considerably increases the levels of debt that Council is exposed to.

Without mitigation incorporating the proposed earlier timing of Te Tumu would quite clearly place Council in a financially unsustainable position and would not be fiscally responsible. Council would also be in breach of Section 101(1) of the Local Government Act 2002, which requires local authorities to manage its finances in a prudent manner.

A number of options to mitigate this impact have been reviewed but nearly all are not sufficiently realistic or fair and reasonable as to offer a practical solution to the financial impact of bringing Te Tumu forward. The only viable mitigation option which does not transfer a significant debt burden to Tauranga City Council is for the land owners / developers to fund the net cost to Council of bringing forward Te Tumu to 2011-2016 as discussed under mitigation option e) above.

5. Approved Growth and Funding Approaches

SmartGrowth and the TYP are both based on key policy principles for managing growth and funding growth associated infrastructure. These policy principles underlie the growth allocation, urban limits, housing density, and land use pattern as well as infrastructure provision and funding. The key principles are:

- **Sub-regional settlement pattern**
- **Live, work and play**
- **Housing opportunity and choice**
- **Alignment of land use, infrastructure and funding.**
- **Monitoring and review**

Below is an explanation of the principles and their particular relevance to the Te Tumu timing. They demonstrate that even if the financial impacts can be mitigated (refer section 4), there are other issues which are of importance and should be taken into account.

5.1 Sub-Regional Settlement Pattern & Sequencing

SmartGrowth provides for a planned sub-regional settlement pattern of four growth corridors (Eastern, Northern, Southern, Western). The strategy provides for urban growth limits to contain the growth within specific geographic areas within the corridors. The urban growth limits were implemented to prevent urban sprawl and to protect the highly productive versatile soils of the sub-region.

Residential intensification is a core component of the strategy and is critical to accommodating growth and managing urban sprawl. The SmartGrowth Strategy provides for residential intensification to begin in the first five year period and TCC is progressing its Smart Living Places project at the current time to clarify the approach to this. It is acknowledged that accommodating growth through residential intensification is more difficult than Greenfields particularly in terms of attractiveness to the development market and in respect of the issues associated with the established community. However there are other planning objectives of housing variety and location that have to be taken into account.

It is imperative that TCC progress the residential intensification work for two key reasons:

- To enable it to proceed before too much private investment is made in the residential intensification areas making it financially or logistically unattractive to redevelop intensively; and

- To determine whether the intensification strategy is able to accommodate the level of growth envisaged by the strategy.

If the Te Tumu area proceeds in the 2011 – 2016 period this will have a negative impact on the residential intensification uptake and will displace growth currently planned for other locations. *(Refer section 5 for detailed analysis).*

5.2 Establishing Live, Work and Play

The 'Live, Work and Play' principle promotes an approach to development that:

- promotes social cohesion, security and well-being,
- efficiently links, by way of roads, cycle links and walkways, housing to people's places of work and play,
- encourages the use of travel demand management techniques to reduce travel by private motor vehicles,
- provides employment opportunities for people which is close to housing,
- demonstrates adherence to the New Zealand Urban Design Protocol (March 2005) Key Urban Design Qualities,
- Encourages the provision of mixed-use development where appropriate.

To successfully implement the Live, Work and Play principle there needs to be an appropriate mix of residential and business land within corridors, and a land use which enables people to meet most of their daily needs within their own communities.

The Te Tumu submission contends that for the town centre to be established the residential catchment needs to be larger and therefore Te Tumu should proceed from 2014. The submission supports an integrated town centre comprehensively planned across the artificial boundary line.

The rationale of needing to proceed with Te Tumu before 2021 in order to support a sustainable town centre is not supported for the following reasons:

- The planning for Wairakei town centre never envisaged that only half of the town centre was within Wairakei. Rather, through the Papamoa East planning strategy and subsequent Proposed Plan Change 44, it was planned that this town centre would be developed within Wairakei to serve the whole of the catchment between Parton Road and the Kaituna river mouth. In addition, (to support the SmartGrowth Live, Work, Play principle) further employment land, as distinct from retail/commercial, is envisaged to be provided from the Te Tumu side of the town centre: Proposed Plan Change 44 indicates some 60 hectares from earlier analysis. This may need to be increased if the outcome of a new SmartGrowth action (to investigate options for further business employment land) indicates Te Tumu as a potential area for providing such land. This employment focus rather than retail /commercial does not depend on a supporting residential catchment in the short term as argued by the Te Tumu Landowners Group.

- Wairakei Plan Change 44 proposes at least 20 hectares of town centre and neighbourhood centre land. In addition the plan change also sets aside business employment land in support of the live, work, play principle. The issue of whether around 20 hectares could be supported by the proposed residential population in the Wairakei area was considered during the Papamoa planning strategy process and has not been challenged in the Plan change 44 process. Currently there is a level of comfort that this amount of zoning, and the growth area commercial hierarchy (that is town centre and neighbourhood centres) that the plan change proposes, is generally sustainable for Wairakei's development profile. If anything, the currently proposed commercial zoning for the town Centre may exceed the likely capacity required to serve Papmoa East.

- The Wairakei development is proposed to be staged, having regard to the development of other city growth areas. Information at this time is that the Town Centre would be commencing development around 2016 and projected Town Centre households at only 24% of total Town Centre (service catchment) capacity by 2021. At both 2016 and 2021 there is still capacity in the East, Central and West neighbourhood areas of Wairakei which provide for medium and conventional density. If, as the Te Tumu submission suggests, a larger residential catchment is needed to support the Town Centre, this catchment could be provided within the Wairakei area by progressing the neighbourhood centres and development faster, and then following this with the higher density Town Centre area.

It is agreed that it is desirable to plan in an integrated and comprehensive manner. It is also acknowledged that the 'artificial' boundary between Wairakei and Te Tumu arising from land ownership and the pattern of development to date should not result in the planning for both development areas occurring in isolation. It is the view of Tauranga City Council that it would be appropriate, as the development of the Wairakei area progresses, to consider how the Town Centre interfaces and integrates with the Te Tumu area. Given that the Town Centre is not planned to commence until 2016 and the urban design detail is not in the plan change itself (there is urban design policy to guide decisions on design detail) there is sufficient time to undertake those discussions prior to physical works being undertaken. If required, detailed interface issues can be addressed in a formal way as part of a future plan change for Te Tumu.

This approach has been discussed with the majority of Wairakei landowners and it has received their support. It is noted that these planning discussions, together with further discussions about the transportation network and the detailed design of the Bell Road interchange, and stormwater management, may result in some modifications to the current Town Centre plan and zoning pattern itself. This however is not fatal to the progression of the plan change 44 at this time nor to the fundamental principle that Wairakei be developed in an integrated manner before Te Tumu.

5.3 Housing Choice

SmartGrowth is based on the concept that there shall be a range of housing choices within the Western Bay of Plenty. It is recognised that we have a beautiful and diverse environment and that the people who live here also have a range of household compositions and lifestyles.

SmartGrowth provides for low density, medium density urban living, higher density apartment living, rural residential, and productive rural environments. These housing choices have been made available in different geographic areas within the Western Bay of Plenty.

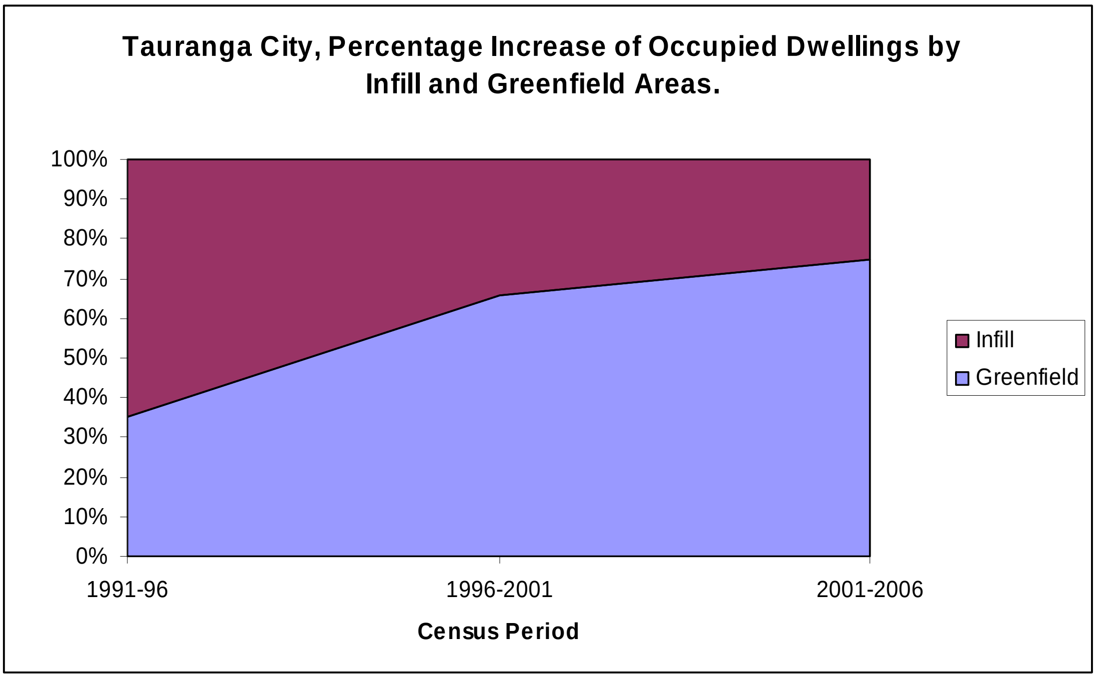
Historic uptake demonstrates that the market has exercised choice in terms of location and housing type. City growth has continued across all of the Urban Growth Areas (UGA's), while continuing in established areas of the City through general (infill) intensification. The range of markets have operated and continue to operate successfully within the Western Bay of Plenty.

Table 6: Number of Properties in Urban Growth Areas

	1991	1996	% of Growth across city	2001	% of Growth across city	2006	% of Growth across city
Urban Growth Areas							
Bethlehem	396	627	5%	1344	12%	1956	12%
Pyes Pa	105	162	1%	612	8%	1080	9%
Ohauiti	810	978	4%	1425	8%	1959	10%
Welcome Bay	1320	1707	9%	2223	9%	2622	8%
Papamoa	2004	2736	16%	4395	29%	6225	36%
UGA Total	4635	6210	35%	9999	66%	13842	75%
Infill	20613	23535	65%	25491	34%	26793	25%

UGA growth increased its share of City growth from 35% between 1991-1996 to 75% between 2001-2006. This increase in Greenfield development reflects the opening up of five UGA's following the Tauranga Urban Growth Study (1991), and the gradual decrease of intensification opportunities in the City.

Figure 3



It is the intention of SmartGrowth to actively facilitate a range of housing choices in various geographic locations while balancing this with the need for fiscal responsibility and effective utilisation of lead infrastructure.

5.4 Alignment of Land Use, Infrastructure and Funding

SmartGrowth has a strong focus on ensuring appropriate alignment of land use, infrastructure and funding. This requires a planned and integrated approach to:

- Location and timing of growth; and
- Provision of lead versus lag infrastructure (including appropriate staging to provide sufficient capacity while avoiding over investment); and
- Viable, reliable and fiscally responsible funding streams.

While the principle is straightforward, this alignment is a complicated and multi-faceted equation. It involves alignment of policies, multiple relationships, physical planning, and RMA planning, and needs to be put into effect by a number of decision making processes by a range of organisations and individuals.

In responding to these issues Tauranga City Council has:

- An extensive capital expenditure programme to provide appropriate lead infrastructure for the planned growth
- Adopted a sustainable debt management position
- Adopted a development contribution policy which is based on the principle that growth pays for growth, given that Council borrows money to initially fund amounts of growth related expenditure
- Actively worked in partnership with Transit, Western Bay of Plenty District Council and Environment Bay of Plenty to address the significant funding challenges, (particularly in respect of the Eastern Corridor).

The Te Tumu proposal has not given any substantive consideration to the need to align land use, infrastructure and funding. Section 6 of this report analyses the financial impact of growth in more detail.

5.5 Monitoring and Review

The SmartGrowth Strategy provides for regular and timely monitoring and review to ensure that the actual circumstances are evaluated and that the strategy is modified as appropriate. Proposed Plan Change 2 to the Regional Policy Statement also places obligations on the councils for SmartGrowth monitoring.

The monitoring and review processes occur on a number of levels:

- Review of the strategy and implementation plan (first review undertaken in 2006 and finalised in 2007)
- Development Trends Report
- New Dwelling Trends Report
- TCC Monitoring Programme
- RPS (joint) monitoring

The Development Trends Report has been produced jointly with Western Bay of Plenty District Council on an annual basis since 2000. It monitors new dwelling and commercial and industrial consents issued and Resource Management Act 1991 Section 224 Certificates issued by UGA, infill and rural areas, for each territorial authority area.

The New Dwelling Trends Report, which is produced on a 6 monthly basis, assesses new dwelling consents and the release of Section 224 Certificates against projected Occupied Dwellings by each Urban Growth Area, and by two infill areas (Mount Maunganui and Tauranga).

The recent TCC monitoring programme is in response to requests by elected members to closely monitor development trends against forecast growth. This is of particular importance, given the extensive capital commitment to growth related infrastructure in the TYP. It is intended that this monitoring will be expanded to include issued subdivision consents (as distinct from section 224 approvals), and to separately monitor the Greenfield, Intensification Nodes and General (infill) Intensification components of City growth against the SmartGrowth projections at the statistical meshblock level. A monitoring report on the number of consents issues and development contribution revenue received by TCC is presented each month to the TCC Evaluation and Monitoring Committee.

These arrangements will feed up into the RPS monitoring work and enable the SmartGrowth strategy and implementation plan to be monitored and also enables the timing of infrastructure provision and funding to be refined to reflect growth needs.

APPENDIX 1: SmartGrowth Extract – Action re: Te Tumu

<table>
<tr><td>1.</td><td colspan="5">Undertake a project to bring to resolution the vision for long term planning including the confirmation or otherwise of the land availability date of 2011 of Te Tumu (Papamoa East Part 2).</td></tr>
<tr><td>Explanation</td><td colspan="5">This area has been identified as a long term growth area for many years. TCC have committed significant resources to investigations of the Papamoa East area (Wairakei and Te Tumu). While the draft strategy originally had development occurring at 2021, as a result of submissions this has been revised to 2011. An assessment is required to determine the impact on the overall strategy, including the timing in relation to the implementation of other parts of the strategy, in particular residential intensification and the rate of uptake in Papamoa Stage 1.

Issues remain unresolved in terms of land ownership, and significant heritage and ecological values, including consideration of ecological corridors. Given the significant potential capacity for development. It is a critical component of the strategy.

Any further planning and investigation work in this area must directly address the issue of the ownership and development of the significant areas of multiple-owned Maori land, and identify strategies that do not lead to pressure for land alienation. These strategies could include use of land for business and community uses that can occur without land alienation.

A three year target has been set. If the capacity for development is significantly less than assumptions made to date, alternative development areas will need to be identified to accommodate growth beyond 2011.

The cost estimate for this work includes costs related to Councils core planning role, but also the cost of facilitating long term ownership and development strategies with land owners.

Additional costs are also likely in the areas of detailed design and stormwater. These costs have not yet been estimated.</td></tr>
<tr><td>Priority</td><td>Lead Agency</td><td>Support Agencies</td><td>Cost Estimate</td><td>Plan</td><td>Linked Actions</td></tr>
<tr><td>By June 2007.</td><td>TCC</td><td>TPK, Maori Land Court</td><td>$150,000(4)</td><td>DP, RPS</td><td></td></tr>
</table>

APPENDIX 2: Extract from Regional Policy Statement

17A.3 Objectives and Policies

17A.3.1 Growth Sequencing and Integration

17A.3.1(a) Objective

Subdivision, use and development are sequenced in a way that integrates with the long-term planning and funding mechanisms of local authorities, central government agencies, and network utility providers and operators.

17A.3.1(b) Policies

17A.3.1(b)(i) Except as provided for in 17A.3.1(b)(ii) and 17A.3.2(b)(iii), Urban Activities shall not be developed, or be permitted to be developed, outside the Urban Limits shown on maps 13–22[2].

17A.3.1(b)(ii) Outside the Urban Limits shown on maps 13–22, Papakainga including marae based housing shall be provided for as long as development is in accordance with a Structure Plan approved by the relevant territorial authority.

17A.3.1(b)(iii) In providing for Business Land, territorial authorities shall have particular regard to Principle 2, The Live-Work-Play policy approach to future development.

17A.3.1(b)(iv) Territorial authorities will provide for new Large-scale Business Land generally in accord with Figure 1 and only within the Urban Limits shown on maps 13- 22.

17A.3.1(b)(v) The structure, timing and sequencing of new urban development must support and be co-ordinated with the development, funding, implementation and operation of the transport and other infrastructure serving the area. In satisfying this policy, regard must be had to the indicative Growth Area timing shown in Figure 1.

17A.3.1(b)(vi) Territorial authorities shall ensure that population growth within the western Bay of Plenty sub-region is generally accommodated as follows:
(a) At least 5% by intensifying the use of existing land parcels outside the new Intensification Areas;
(b) At least 20% by developing Intensification Areas.
(c) No more than 75% by developing new Greenfield Development Growth Areas (e.g. Papamoa East, Omokoroa, North-west Bethlehem, Pyes Pa West, Te Puke, Katikati and Waihi Beach).

17A.3.1(b)(vii) In each Growth Area, district plans shall provide for a minimum Net Yield of Dwellings per hectare as follows:
(a) A minimum Net Yield of 15 Dwellings per hectare of Greenfield Development area.
(b) A minimum Net Yield of 20 Dwellings per hectare of Intensification Area.

17A.3.1(b)(viii) Local authorities shall demonstrate adherence to the New Zealand Urban Design Protocol (March 2005) Key Urban Design Qualities. In achieving this, territorial authorities shall include appropriate policies, methods and other techniques in their district plans and strategies.

17A.3.1(b)(ix) The sequencing of residential Growth Area development shall proceed in a way that ensures efficient utilisation of infrastructure serving any area prior to the development of a subsequent area. In satisfying this policy it will be sufficient to demonstrate that at least 80% of potential residential allotments in the immediately preceding Growth Area(s) (shown in Figure 1 and Diagram 1) have received approval under section 224 of the Resource Management Act 1991, or it can be demonstrated that the proposed urban development is otherwise consistent with policies 17A.3.1(b).

17A.3.1(b)(x) Greenfield Development within the Urban Limits shall proceed in a way that does not compromise the Net Yield requirements of policy 17A.3.1(b)(vii). In particular, territorial authorities shall ensure through effective Structure Planning that land within the Urban Limits is not fragmented in a way that jeopardises the future urbanisation of the area.

17A.3.1(b)(xi) Amendments to the Urban Limits shown on maps 13 - 22 will only be considered where they:
(a) Promote and do not compromise an integrated and sustainable use of infrastructure and services and community facilities such as schools, libraries and public open space, and
(b) Do not undermine the targets for accommodating population growth set out in policy 17A.3.1(b)(vi) and
(c) Are consistent with the purpose and principles of the Resource Management Act 1991, and
(d) Do not adversely affect marae or Papakainga areas nearby, and
(e) Do not compromise the development strategy described in policy 17A.3.1(b)(v), or
(f) Meet the review conditions of policy 17A.3.1(b)(xiv) for the subject area; Or
(g) Are triggered by a situation where there is insufficient development capacity in other parts of the sub-region; or
(h) Are prompted by a situation where the development strategy prescribed in policy 17A.3.1(b)(v) has failed in its intended purpose.
(i) Reflect territorial authority decisions on plan changes or Structure Plans that require minor amendments to the Urban Limits line.

17A.3.1(b)(xii) Structure Plans shall be prepared for all Large-scale land use changes.

17A.3.1(b)(xiii) Territorial authorities shall Rezone or otherwise permit the development of land subject to:
(a) known and sustainable rates of land uptake; and
(b) known sustainable locations; and
(c) community investment in infrastructure; and
(d)the reasonably foreseeable requirements of present and future generations.

17A.3.1(b)(xiv) Environment Bay of Plenty shall review Chapter 17A relating to growth management if any of the following situations occur:

(a) The population predictions in Figure 9 of the SmartGrowth Strategy (3 May 2004) vary by more than 10% from actual census figures for all of the growth for the relevant census period;

(b) It can be demonstrated that insufficient land exists within all of the Urban Limits shown on maps 13–22 to cater for growth anticipated to occur within 10 years of the analysis;

(c) It can be demonstrated that exceptional circumstances have arisen in one or more of the Management Areas (shown on Map 23) and a review is necessary to achieve the objectives of this chapter of the Regional Policy Statement.

(d) Any review of the SmartGrowth Strategy amends the strategy to the extent that the objectives, policies and methods in this chapter are in conflict.

17A.3.1(b)(xv) Territorial authorities shall ensure that the design and location of subdivision, use, and development is managed to address potential adverse effects on the operation and planned upgrading of infrastructure.

17A.3.1(b)(xvi) Territorial authorities shall ensure that rezoning of land or Large-scale land use change proceeds only after taking into account the objectives and policies of the Regional Policy Statement.

Appendix 3 : Extract from LTCCP

INTRODUCTION

Tauranga City has worked with residents, interest groups, iwi, other councils, consultants and many partner organisations to develop two very comprehensive documents that give us our future direction.

'Tauranga Tomorrow - Catch the Wave' is our city's response to identifying the community outcomes as required by the Local Government Act 2002. It identifies eight community outcomes as follows:

- a city easy to move around
- a city built to fit our hills, harbour and coast
- a clean, green and valued environment
- a vibrant, healthy and diverse community
- a city with actively involved people
- a strong sustainable economy
- a city that lives well and wastes less
- a great place to grow up.

Everything we do fits into these outcomes or is working towards them. (For more on Tauranga Tomorrow please go to the Community Outcomes section of this document).

The SmartGrowth Strategy 2051 was developed to prepare for the sustainable development of the Western Bay sub-region in response to the special demands that growth is putting on us. The SmartGrowth Strategy provides guidance about where growth can and can't go, the expected impact of that growth and the infrastructural, housing and employment needs that accompany it.
As a partner in the SmartGrowth Strategy 2051, Council has agreed along with the other partners, not to adopt policies or take actions which are inconsistent with the outcome sought by SmartGrowth - without full negotiation and acceptance by the other partners.

GROWTH

Much of the expenditure of the Council happens because we are growing rapidly. People are coming here at a rate of 53 new residents per week – or 88 households per month. With these people (but not exclusive to them) come increased demands for improved services.

Where the expenditure of the Council is on growth caused directly by the new people who are coming to live here e.g. new developments and subdivisions, then this can be more clearly borne by those developments/people. Historically the Council may not have balanced this equation particularly well and in this TYP the Council has planned to receive more income from these developments to cover the costs of growth. This type of income is called Development Contributions (more on this later).

Unfortunately for today's ratepayers the construction and operation of many of the services and facilities that support a new subdivision e.g. roads and water pipes need to be put in before the new residents move in. So some of these costs are funded by existing ratepayers until the development or subdivision contributions kick in and they begin to pay rates. So this is why the costs of growth, in this Plan, have an impact on existing ratepayers.

But it is not just the cost of new services and facilities that impacts on our pockets it is also

the ongoing cost of upkeep. For example: the ongoing costs associated with new subdivisions cost the City (and you) long after they are finished.
In simple terms… when a developer creates a new subdivision they want it to be as attractive as possible to potential buyers. They may put high quality street lights, pavements, roads, kerbing, gardens and water features. When the subdivision is complete and all the houses are built the subdivision is no longer part of that developer's portfolio but becomes 'vested' in the City. This means that those high quality lights and streets and gardens become part of your portfolio. You have to pay to maintain them which becomes an additional cost to the City.

In a perfect world these additional ongoing costs would be entirely met by the additional ratepayers living on those developments but in fact this is not how it works out.

The revised regime of Development Contributions (see Part B to this document) plans to redress this imbalance to ensure that the costs of growth are better met by those who generate the demand.
Growth puts pressure on existing infrastructure and services also e.g. more cars on the same roads, more monitoring for increased noise and health needs, more water through existing pipes, more use of playgrounds etc.

The positives about growth are that everyone who lives here benefits in some way from the new and improved services and facilities. However it is also noted that some members of our community, including Tangata Whenua, have concerns about the negative impacts of growth.
No-one wants to live in a city standing still or going backwards. So some of the cost of doing this new work can and is shared via your rates contributions.

As growth occurs the availability of land decreases. Council currently has a funding facility which enables Council to respond to market opportunities for land purchases should a suitable opportunity arise. This approach is reflected in Council's Strategic Property policy included in the Policies section of this document.

WHERE IS THE GROWTH?

All future growth areas are outlined in detail in The SmartGrowth Strategy 2051 (see Introduction). The new urban growth areas are:

- Bethlehem West
- Pyes Pa West
- Tauriko Business Estate
- Wairakei (Papamoa East Stage 1)
- Te Tumu (Papamoa East Stage 2).

There is also a planned increase in people and homes for existing areas:

- Mount Maunganui (north and central)
- Te Papa (includes Tauranga-central to Greerton).

This will require some redevelopment of the areas and additional/new infrastructure.
The 'Smart Living Places' project is planning on how to accommodate these additional people and homes in existing areas and taking the opportunity to ensure they are better places to live, work and play. If you would like to know more about Smart Living Places then you can find it on our website www.tauranga.govt.nz/smartlivingplaces.

Notes:

1. The TYP includes the cost of city-wide infrastructure associated with the Smart Living Place project but excludes the costs of local infrastructure. This is because the design outcomes have not yet been determined and no intensification structure

plans have been prepared. The local level infrastructure costs will be included in the 2009/10 TYP when structure plans are expected to be complete.

2. Te Tumu growth projections include 1,355 additional occupied dwellings in the Te Tumu area between 2011 and 2016. The TYP has assumed that the development will not occur during the period of the TYP and that the only significant capital cost will be land acquisition. This means that if developers want to bring forward the Te Tumu growth area to commence before it is scheduled by Council in its TYP they will need to plan to forward fund all infrastructure.

MONITORING GROWTH

Approximately 60% of the total capital programme in the TYP is growth related. Therefore a critical assumption for Tauranga City in doing this TYP is the quantum and timing of growth.

The Council is introducing a monitoring programme where the actual level of growth will be reviewed on residential land (every six months) and business land (every year). This will include an environmental scan of the development sector and discussion with key stakeholders as to emerging and likely trends. On the basis of these reviews the Council will reassess and, if necessary, adjust the timing of growth related projects. (This will be undertaken and reported through the annual planning process - which still occurs under the Local Government Act 2002).

FUNDING AND DEBT

Rating currently provides 43% of the Council's income to enable us to provide you with services and facilities. User fees provide another 29% and development fees 22%. The balance is provided through grants and subsidies (4%), interest and dividends (1%) and petrol tax (1%). Additional funding for capital projects is being provided through the City Investment Programme (see separate heading) and to date over $17 million has been pledged, paid or promised.

This TYP has significant increases in some of the building and sub divisional development impact fees (to ensure the costs of new services and facilities are borne by the people creating the need for them) and some increase in user fees e.g. parking, monitoring fees (to off-set subsidisation by ratepayers).

To undertake the level of capital expenditure the Council is going to need to borrow more heavily. This will result in a downgrading of our credit rating from A plus to A. This means the Council's cost of borrowing will increase by around 0.2% per annum. Without the downgrade we will not be able to borrow as much as we need to do the things in this Plan.

The guiding principle for the preparation of this TYP has been to provide sustainable financial management for Council's activities on behalf of the community. The management of the Council's external debt has been a key focus of the work to date to ensure that debt levels are manageable and within reasonable credit rating levels. The Council has the ability to manage the extent to which it commits to the further capital expenditure related to growth should the timing of future development slow. The relationship of debt to the receipt or likely receipt of development contribution revenues will be closely monitored as we proceed through the TYP. The Treasury Management Policy has been revised to reflect the higher debt levels but also requires that the level of revenue relative to total expenditure is fiscally responsible.

Council has reviewed the extent of the Capital Expenditure programme over the ten years of the TYP. $709 million of this programme is budgeted at activity level for the first five years including $100 million for vested assets which are budgeted to be received from developers. Council considers that only $500 million of Council funded capital expenditure is likely to be spent during this period.

This adjustment removes summary capital expenditure of $20 million in 2007/08, $50 million in 2008/09 and $65 million in 2009/10 and replaces this with $35 million in 2010/11 and $20 million in each of the following years until 2015/16. This is not project specific and reflects the likelihood that overall this level of capital expenditure will not likely occur due to market capacity, external factors such as finalisation of District Plan changes etc.

This is purely a mechanism to manage Council's debt levels to retain the credit rating of "A" which Council concurs is a sustainable level. Council considered this adjustment during the deliberation stage of the TYP and agreed this is a prudent approach. The overall adjustment to the capital debt funding has no impact on level of service and delivery of specific projects. Rather it reflects that while all the projects are planned to be delivered it is acknowledged that the actual timing may be different from that projected. Council will review this position during each Annual Plan or TYP process.

Council's debt profile and funding requirements have been amended to reflect this assumption. It is envisaged the remaining capital expenditure budgeted for the first five years and all the capital expenditure budgeted for the second five years will be spent by 2016. This will ensure the $1.174 billion programme is completed as planned. During the final three years of the TYP the treasury management percentages presented in the Treasury Management Policy are close to or slightly exceed the policy limits. It is recognised Council will have to increase the extent of revenue generated from non rate funded activities to ensure the policy percentages are met.

Appendix 4: Council's Financial Management Strategies

TOTAL CITY REVENUE : Fund Operational and Capital Expenditure

User Fees and Charges	Water	Wastewater	UAGC	General Rates	Targeted Rates	Loans or Funded from Rates	Development Contributions, SIFs, BIFs	City Investment Strategy
	Total Rates Revenue					**Funding Growth : Capital Programme**		
• Resetting the balance. • New fees and higher fees since 2003/04. • Review approved, to be conducted 08/09 for inclusion in next TYP.	• Stable pricing subject to ongoing conservation, growth and long term pricing model.	• Stable pricing subject to growth and long term pricing model.	• 30% maximum. • Minimum contribution for all occupiable units.	• CV basis for general rate.	• Economic Development targeted rate. • Over time demand for higher funding may lead to increase in this rate. • The Lakes Development.	• Capex programme over $100m p.a. • Stabilise rate increase arising from new loans but debt is now $165m, rising to $216m by 07/08.	• Significant increases for Reserve and community facility contributions. • Commercial DCs. • Infill fees for intensification areas.	• Funding of community projects by organisations other than Council.
• Outdoor facilities (including boat ramps), indoor facilities, parking management, consent fees, plus inflation proof existing fees and charges.	• Maintain $1.30 volumetric and $25 base charges (04/05 was $1.20 and $25).	• Maintain at $235 (04/05 was $220).	• Objective to contain within growth and inflation, which is a constant challenge.		• Cover cost of Economic Development (Priority One, Tourism BOP and Visitor Information Centre). • Charge for specified higher level of services.	• Maintain existing capacity of infrastructure and funding profile. • Debt levels to maintain A credit rating.	• Position to fund infrastructure requirements from new properties (residential, commercial and industrial sectors).	• Community facilities, Aquatic and Leisure Centre, Museum, K Valley etc.
• Significant, with a direct impact on UAGC and General Rates.	• Moderate, maintain Council's approach.	• Moderate, maintain Council's approach.	• Moderate – reflected in TYP.		• Moderate, $1.1m to initially be collected by this method.	• Significant, needs to be carefully managed to match Asset Management Planning and growth expectations.	• Significant, increase from $5m p.a to $27 million over 4 years. • Further refinement and increase in scope of development contributions. • Other Agency discussions for financial contributions, i.e. Transit.	• Significant, based on different levels of participation and contribution.
$29.1m (14.6%)	$14.3m (7.2%)	$11.9m (6.0%)	$52.6m (26.3%)		$1.5m (0.7%)	$55.3m (27.7%)	$27.2m (13.6%)	Incl. in others

* Other items: Grants & Subsidies $5.0m, Petrol Tax $0.7m, Others $2.0m (3.9%).

FINANCIAL IMPACTS

SOURCE: 2007/08 ANNUAL PLAN

Appendix 5 – Assumptions re Te Tumu Growth

Household projections have been derived from projected population and anticipated timing as outlined in the Te Tumu Landowners February 2007 SmartGrowth First Review submission and presentation. The total of 28,000 people anticipated for the entire Te Tumu development is derived from the number reported to Te Tumu Working Party on 18 November 2005, by Jeff Fletcher (Ford Land Projects). The assumptions drawn from this information are as follow:

Te Tumu 2(a): The population of Te Tumu 2 (a) will be 12,500 comprised of 1,000 people (476 Households (HH's)) in the Town Centre Fringe, 1,000 people (476 HH's) in the Town Centre, and 10,500 people (5000 HH's) in the remaining Te Tumu 2(a) area; totalling 5962 Households at 2.1 people per household. Te Tumu 2A to be developed from 2015 to 2028 (Town Centre component to occur from 2015-2021). Uptake rate of 501 Households per year from 2015 to 2021, and 421 Households per year from 2021 to 2028.

Te Tumu 2(b): There will be 15,500 people in Te Tumu 2(b), equating to 6739 HH’s at 2.3 people per HH. Te Tumu 2(b) to be developed between 2021- 2051 with an uptake rate of 225 HH’s per year.

Wairakei: Wairakei to be developed from 2009 to 2028. There will be 11,700 people, or 5571 HH’s (at 2.1 people per HH) in Wairakei, - Town Centre 4,500 (2143 HH's), Town Centre Fringe 1,000 (476HH's), and the remainder of Wairakei, 6,200 people (2952HH's). Uptake rate will be 422 HH's per year from 2009-2011, 480 HH's per year from 2011-2016, 235 HH's per year from 2016 - 2021, and 164 HH's per year from 2021-2028.

APPENDIX 6: TIMING OF CAPITAL EXPENDITURE ASSUMPTIONS

City Wide Infrastructure

- **Water Supply**
  The main potential change for Water Supply would be the need to complete the Waiari water treatment plant earlier to provide water to the Te Tumu and Wairakei subdivisions. This is currently scheduled to be completed by 2012/13, retain timing as per 2006-2016 TYP.
- **Wastewater**
  The major treatment plants for Tauranga do have planned upgrades. However these are based on the total population growth and are therefore unchanged under the Te Tumu scenario.
- **Stormwater**
  There is currently no city wide charge for stormwater. It is captured in local infrastructure costs.
- **Roading**
  Most of the city wide roading infrastructure relates to intersection controls and the timing of these will remain unchanged. The four laning of Girven Road is essential for the Te Tumu and Wairakei developments. However, as this is currently scheduled for completion in 2009/10, the timeframes have not been changed.
- **Active Reserve Land Purchase**
  The majority of the Active Reserve land has already been purchased. The major exception to this is in Papamoa East. This land purchase is currently scheduled for the 2020/21 year. This would need to be brought forward to 2015/16 at the latest.
- **Active Reserve Development**
  There is a mixture of changes in the development of these active reserves. Stage 1 of the reserve development in Papamoa East is likely to be required about 5 years earlier. Developments of other reserves, such as Ohauiti and Papamoa East Stage 2 have remained unchanged. Reserve development at other locations, such as Smiths Farm and Merricks Farm have been delayed by 5 years.

Growth Related Local Infrastructure within existing Growth area's (excluding Papamoa)

These growth areas include Bethlehem, Pyes Pa, Ohauiti and Welcome Bay. These growth areas are already well through their life cycles and, with the exception of neighbourhood reserve acquisition and development, the capital expenditure required is already substantially completed. Therefore apart from neighbourhood reserve acquisition and development there are no expected changes to future capital works in these areas.

- Neighbourhood Reserve Land Purchase and Development
  Of the existing growth areas only Pyes Pa (and Papamoa) are likely to be significantly affected under Scenario 2. Accordingly the neighbourhood reserve acquisition and development for Pyes Pa has been slowed down but the other areas remain unchanged.

Growth Infrastructure for Papamoa Growth Area

- **Water Supply and Wastewater**
  Most of this work is already completed. No substantial works remaining after 2010/11, so no changes in Capital expenditure expected.
- **Stormwater**
  While most of this work will be completed before 2011, there may be some slowdown possible and some projects have been deferred. However two of the projects also affect Wairakei (outlet to the Kaituna River) and have been brought forward from 2013/14 to 2011/12 in order to meet the earlier needs.

- **Roading**
  While the growth in Papamoa is expected to slow under Scenario 2, almost all of the roading projects due to be completed after 2010/11 will be required for Wairakei and Te Tumu and would therefore need to be brought forward. One of these projects is the Sandhurst Drive/ SH2 intersection upgrade. This is currently scheduled for completion in 2013/14 but would probably need to be brought forward in order to be completed by 2010/11.
- **Neighbourhood Reserve Land Purchase and Development**
  The majority of the remaining neighbourhood reserve land purchases and development is not modelled to happen until between 2016/17 and 2021/22. Due to legislative restrictions (the ten year rule for utilisation of development contribution revenue), these costs cannot be delayed further.

<u>Growth Infrastructure for Pyes Pa West</u>
Apart for the Southern Pipeline most of the capital expenditure in this growth area is being funded by the developer and the assets then vested to Council. Any changes in timing therefore have no impact on Council debt. The Southern Pipeline ($85 million) is due to be completed by 2010/11 and is necessary both to avoid overflows of untreated wastewater into the harbour and to deliver on existing development commitments. There are three roading projects that have been deferred for five years.

<u>Growth Infrastructure for Tauriko</u>
As for Pyes Pa West, much of the infrastructure is being completed by the developer. As this is an entirely commercial (not residential) development the timing has not been delayed in our model.

<u>Growth Infrastructure for Bethlehem North West, Pukemapu, Neewood etc</u>
There are some delays in the capital expenditure included for these growth areas to match the delays in the uptake of these growth areas under Scenario 2. The exception is the Southern Pipeline, as outlined above.

<u>Growth Intensification Infrastructure (Tauranga and Mount Infill)</u>
In the TYP there is currently little infrastructure capital expenditure identified for the Infill areas (none for Roading and Stormwater). The exception is the Southern Pipeline which, as outlined above, must be completed by 2010/11. The majority of the neighbourhood reserve land purchase and development is not modelled to happen until between 2016/17 and 2021/22. Due to legislative restrictions these costs cannot be delayed further. Council are currently doing extensive work on identifying intensification works that may be required for nodal areas (Smart Living Places Strategy) but at present this expenditure is not known and has not been included in either model. Where possible projects have been deferred in Scenario 2, this being one project in Mt Infill area and four projects in Tauranga Infill area.
Although the local costs associated with infill (and particularly nodal intensification) are not included within the current TYP, it is evident that should Te Tumu proceed at 2011 much of this expenditure will be deferred.

<u>Growth Infrastructure for Wairakei (Papamoa East stage 1)</u>
- Water Supply and Wastewater
  The majority of the Capital work required was already due to be completed by 2011 and so no changes were required.
- Stormwater
  While there was significant Capital works identified after 2010/11 these works have been conservatively retained at their current timing.
- Roading
  Most of the roading capital expenditure has been retained at current timing except for Papamoa East Te Okorua Drive and Boulevard construction which has been

brought forward from 2014/15 to 2010/11; and the construction of Bell Road interchange (Stage 1) brought forward a year to be completed by 2014/15.

- Neighbourhood Reserve Land Purchase and development
  Neighbourhood reserve land purchase and development at Wairakei was to start in 2016/17, but has now been brought forward to 2010/11. Development has been retained at current timing even though Wairakei is scheduled to fill up faster than originally modelled. This will result in undeveloped reserves in populated areas for a number of years.

Growth Infrastructure for Te Tumu (Papamoa East 2)

The assumption for Te Tumu in previous modelling was a commencement date of 2020/21. Given this, the figures used for capital expenditure in the model have a very high level of uncertainty. The same pattern of capital expenditure for both models has been kept, with the only difference being the start dates moving forward from 2020/21 to 2015/16. The exception is Bell Road Interchange (Stage 2) which was changed from a completion date of 2028/29 to a completion date of 2021/22.

SmartGrowth Growth Management Area Growth Type Intensification Areas General Intensification (Infill) Urban Growth Area (Greenfield)	2001 Census	2006 Census	Projected Additional Resident Population Projection Period 2006-2011	2011-2016	2016-2021	2021-2026	2026-2031	2031-2036	2036-2041	2041-2046	2046-2051	2051 Additional	2051 Total
Mount Maunganui													
Mount Maunganui North	963	1167	577	380	351	300	150	98	63	0	0	**1919**	3086
Arataki			210	428	501	500	431	392	148	98	0	**2707**	2707
Central Parade			0	95	150	300	399	392	394	199	50	**1980**	1980
Mt Maunganui Midway			0	0	150	300	299	392	394	299	149	**1984**	1984
Maunganui Road Corridor			0	0	0	0	100	98	191	199	199	**787**	787
Mt Maunganui North	2439	2568	207	156	158	156	145	110	111	89	88	**1221**	3789
Omanu	4812	5016	184	112	91	89	89	88	88	66	66	**874**	5890
Arataki	5049	5127	46	45	45	45	22	11	11	9	9	**243**	5370
Te Maunga	3831	4308	35	34	34	33	11	11	11	7	7	**182**	4490
Matapihi	615	681	14	7	5	4	4	4	4	4	2	**49**	730
Sub-total	*17709*	*18867*	**1273**	**1256**	**1485**	**1729**	**1651**	**1598**	**1414**	**971**	**570**	**11946**	30813
Papamoa													
Papamoa Domain			0	190	401	700	399	294	0	0	0	**1984**	1984
Parton Road			0	0	0	0	100	147	157	160	199	**763**	763
Kairua	381	459	12	7	5	4	4	4	4	4	2	**47**	506
Papamoa – Maranui Street	2186	3687	1497	1850	1366	0	0	0	0	0	0	**4713**	8400
Papamoa – Marjori Lane	2475	2484	374	247	87	0	0	0	0	0	0	**708**	3192
Papamoa – Domain Road	4287	6117	125	74	25	0	0	0	0	0	0	**224**	6341
Papamoa – Parton Road	3678	4842	549	370	124	0	0	0	0	0	0	**1043**	5885
Papamoa East - Wairakei			1050	2254	3196	3104	2391	0	0	0	0	**11994**	11994
Papamoa East – Te Tumu			0	0	0	714	1641	3905	3907	4320	4581	**19068**	19068
Sub-total	*13007*	*17589*	**3606**	**4991**	**5203**	**4522**	**4535**	**4351**	**4069**	**4484**	**4782**	**40544**	58133
Tauranga Central													
CBD – Core			210	274	351	400	439	589	443	299	185	**3189**	3189
CBD – Home Zone			210	439	551	500	459	294	256	199	127	**3036**	3036
Greerton			210	333	401	350	279	245	98	90	42	**2048**	2048
11th Avenue			0	285	301	300	349	343	246	150	0	**1974**	1974
Gate Pa			0	0	80	120	120	118	148	150	60	**794**	794
Cameron Road Corridor			0	0	0	0	100	98	189	199	199	**785**	785
Sulphur Point	12	15	14	0	0	0	0	0	0	0	0	**14**	29
Tauranga Central	1932	2211	92	45	45	33	34	33	22	22	22	**348**	2559
Tauranga South	4251	4302	69	45	34	33	34	33	22	22	22	**314**	4616
Tauranga Hospital	1821	1932	37	22	23	22	22	11	11	11	11	**171**	2103
Gate Pa	2955	3000	30	22	11	11	11	4	4	4	4	**104**	3104
Yatton Park	2238	2394	35	34	23	22	22	18	11	11	11	**186**	2580
Greerton	3936	4113	23	22	11	11	11	11	4	4	4	**103**	4216
Pyes Pa	1800	2946	1123	617	373	0	0	0	0	0	0	**2112**	5058
Pyes Pa West			2245	2097	1838	1274	0	0	0	0	0	**7454**	7454
Pyes Pa South			0	0	0	439	863	974	736	121	0	**3133**	3133
Sub-total	*18945*	*20913*	**4297**	**4233**	**4041**	**3517**	**2742**	**2772**	**2191**	**1283**	**688**	**25764**	46677
Tauranga South													
Maungatapu			0	0	0	0	0	0	148	199	299	**646**	646
Welcome Bay			0	0	0	0	0	0	148	189	398	**735**	735
Maungatapu	2592	2670	23	22	18	18	11	9	4	4	4	**115**	2785
Hairini (Ohauiti)	2664	2901	92	67	68	67	34	11	11	7	4	**360**	3261
Kaitemako	1214	1230	161	469	385	212	78	7	7	4	4	**1327**	2557
Welcome Bay West	1552	1572	12	11	11	7	7	7	7	4	4	**69**	1641
Welcome Bay East	1479	1497	35	22	23	18	18	7	7	4	4	**137**	1634
Poike	714	804	46	34	34	22	22	22	4	4	4	**193**	997
Welcome Bay	2274	3228	374	32	12	0	0	0	0	0	0	**419**	3647
Ohauiti	1209	2307	474	308	248	183	0	0	0	0	0	**1214**	3521
Kaitemako South			0	0	144	561	202	85	74	36	0	**1102**	1102
Pukemapu			0	0	0	830	1639	1381	245	0	0	**4095**	4095
Ohauiti South			0	0	0	0	246	889	1460	981	459	**4035**	4035
Neewood			0	0	0	0	0	0	245	908	1466	**2620**	2620
Sub-total	*13698*	*16209*	**1216**	**966**	**944**	**1917**	**2257**	**2416**	**2360**	**2342**	**2649**	**17067**	33276
Tauranga West													
Bureta			0	57	80	150	160	177	197	199	199	**1219**	1219
Cherrywood			0	57	80	150	150	177	197	199	199	**1209**	1209
Brookfield			0	0	40	150	158	186	295	299	263	**1391**	1391
Matua			0	0	0	0	0	0	0	100	299	**398**	398
Otumoetai North	3684	3729	115	67	45	33	22	22	18	11	11	**345**	4074
Otumoetai South	3333	3357	69	67	68	67	56	33	29	22	22	**433**	3790
Matua	4932	5079	92	67	45	45	34	33	33	22	22	**382**	5461
Brookfield	4293	4824	115	112	113	89	34	11	11	4	4	**494**	5318
Bellevue	3369	3402	46	22	23	22	4	4	4	4	4	**135**	3537
Te Reti	1656	1605	115	74	34	33	22	7	7	4	4	**301**	1906
Judea	2247	2397	35	34	25	25	13	7	7	4	4	**153**	2550
Bethlehem Triangle	2235	3096	444	382	0	0	0	0	0	0	0	**826**	3922
Bethlehem West	123	189	125	62	17	0	0	0	0	0	0	**204**	393
Bethlehem South	1017	1215	125	99	75	37	0	0	0	0	0	**335**	1550
Carmichael West	246	249	125	185	248	12	0	0	0	0	0	**570**	819
Bethlehem North East	312	723	873	247	149	49	0	0	0	0	0	**1318**	2041
Bethlehem North West	87	117	0	123	174	293	62	37	0	0	0	**688**	805
Sub-total	*27534*	*29982*	**2278**	**1654**	**1217**	**1155**	**714**	**693**	**786**	**871**	**1032**	**10399**	40381
Total	*90893*	*103560*	**12670**	**13100**	**12890**	**12840**	**11900**	**11830**	**10820**	**9950**	**9720**	105721	209281