

# Project Brief for SmartGrowth Update

## Te Tumu Urban Growth Area

### Background

Urbanisation of the area known as Te Tumu in the future has been envisaged for many years. This expectation was formalised with the inclusion of Te Tumu as a future growth area in the original SmartGrowth Strategy and is further confirmed by the recent rezoning of Te Tumu from Rural to Future Urban through the TCC City Plan review.

It is envisaged that development in Te Tumu would logically commence once most of the neighbouring Wairakei area was developed.

The development of Te Tumu is integral to the completion of Wairakei (in its current form), especially the Town Centre and the industrial components of Wairakei which will rely on the large population catchment of Te Tumu and the Papamoa East interchange which would not be built if Te Tumu was not developed.

Te Tumu will also be an important source of labour for the proposed Rangiora Business Park nearby.

Part of the rationale for the Tauranga Eastern Link (TEL) is to service the development of Te Tumu (and other growth areas in the eastern corridor).

Little is known about the development economics of the Te Tumu area, however some concerns have been raised and it is an appropriate time to consider these in more detail given the pivotal role that Te Tumu is expected to play in anchoring the development of the whole eastern corridor as per the current SmartGrowth Settlement Pattern.

These concerns include:

- The cost of infrastructure to service Te Tumu, in particular costs associated with TEL interchange (Stage 1 and 2), need for the Kaituna Link road, wastewater trunk main from Te Tumu to Te Maunga and the Waiari water supply.
- Development constraints that have the potential to reduce the amount of developable land
- Delayed timing of development in Te Tumu as the result of lower population growth in the sub region.
- The outcomes of the development feasibility modelling of the neighbouring Wairakei urban growth area showing that residential development was only marginally financially viable and that presently industrial development was not financially viable.

### Project Goal

To understand whether there are any significant challenges to the overall development viability of Te Tumu and, if so, what these are and how they might be overcome.

### Project Manager

Andrew Mead – Strategic Planner, TCC

### Project Team

Christine Jones, TCC  
Frazer Smith, TCC (financial modelling)  
Graeme Jelley, TCC (servicing costs)

Lee Jordan, TCC (servicing costs, development constraints)  
Campbell Larking, TCC (development constraints)  
Wayne Troughton, NZTA (transportation costs)  
James Low, BOPRC (development constraints, infrastructure servicing)

## **Budget**

SmartGrowth budget is \$0 however a small amount of money may need to be found in other budgets to get some section valuation advice for Te Tumu to use in the development feasibility modelling.

## **Project Inputs**

- Wairakei development viability model and report
- TCC work on development constraints in Te Tumu based on the City Plan
- BOPRC work on coastal environment
- TCC cost estimates for Te Tumu infrastructure projects
- GNS Tsunami Report
- TEL Network Plan
- Opus report into liquefaction, 2008
- MOU between Bluehaven/Te Tumu Kaituna 14 Trust and TCC and as part of City Plan appeal settlement process
- Te Tumu internal work on developable land

## **Project Methodology**

### Stage 1: Development constraints

- Quantify the amount of developable land within Te Tumu based on constraints identified in the TCC City Plan and recent work by the BOPRC regarding the coastal environment.
- This will include consideration of what extent earthworking of the flood hazard area is possible to allow this area to be developed taking into account:
  - Ground conditions in this area which may include peat
  - Liquefaction risk
  - Impact this would have on the flood plain for the Kaituna River.
- The process of quantifying the development constraints will occur in a collaborative manner with the landowners.

### Stage 2: Infrastructure costs

- Identify the key bulk infrastructure requirements that will be required to service Te Tumu based on the current TCC approach to infrastructure servicing. This includes Papamoa East interchange (Stage 1 and 2) and the Kaituna Link road.
- Quantify these infrastructure costs. Some of these costs are already known, others will be provided through work that is underway e.g. the SmartGrowth wastewater research project.
- Calculate indicative citywide development contributions and local development contributions for Te Tumu based on this information. In regards to local development contributions, internal infrastructure costs will be assumed to be the same as for Wairakei which are known.

### Stage 3: Section prices and development form

- Estimate section prices for Te Tumu on the basis that the yield in Te Tumu will be consistent with the agreement reached through the City Plan appeal on this matter. Section prices will be based on the section prices used in the Wairakei development viability exercise but may be adjusted to take into account the proximity of Te Tumu to the coast and Kaituna River and other factors that may be relevant.
- Understand whether the land owners are proposing a different form of development (e.g. higher density) compared to the yield settlement to allow this scenario to also be modelled.

#### Stage 4: Development viability modelling

- Run the TCC development viability model based on the agreed inputs and scenarios.
- Undertake some sensitivity analysis to determine best and worst case outcomes. This may include different development approaches e.g. medium to high rise development with sea views.

#### Stage 5: Options to improve viability

If the financial modelling indicates serious concern about the likely viability of development in Te Tumu:

- Explore and cost alternate servicing options for Te Tumu to see whether these could provide significant cost savings that would materially improve development viability. This may also have implications for the servicing of other growth areas in the eastern corridor e.g. Rangiora.
- Explore alternate infrastructure funding options e.g. possible tolling of the Papamoa East interchange
- Explore options that would significantly defer the need for infrastructure to be built e.g. reducing peak water demand further to delay the need for the Waiari water scheme.

Note: Even if the financial modelling indicates that development is likely to be viable in Te Tumu, it may be worthwhile considering options that would improve viability further.

#### Stage 6: Reporting

- Complete draft and final reports and present findings as required.

#### **Project Outputs**

Development viability financial model for Te Tumu and a better understanding of the likely viability of development in this area

An understanding of options that could materially improve viability of development in Te Tumu (if this is necessary)

Better understanding of the infrastructure servicing requirements, costs and alternative options for Te Tumu

#### **Consultation**

Te Tumu Landowners Group and individual members (e.g. Ford Land, Carrus).

## **Timeframes**

Stage 1: Completed July 2012

Stage 2: Completed August/September 2012

Stage 3: Completed August/September 2012

Stage 4: Completed September/October 2012

Stage 5: Explore alternative infrastructure servicing options at a high level – June to October 2012. Complete Stage 5 by September/October 2012

Stage 6: Completed October/November 2012