

12 December 2023

Karen Foster
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Development Planning Office – Auckland Council
135 Albert Street
AUCKLAND

Dear Karen

Infrastructure Funding Agreement: Silverdale West

Thank you for your help to date on the Silverdale West project.

Since our last discussion regarding industrial development in the Silverdale West area (May 2023), Fletcher Development Limited (FDL) and Fulton Hogan Land Development (FHLD) have now lodged a private plan change request.

In our previous meeting we discussed various funding models and our broad intentions of what a future funding agreement would address. Specifically, how first movers such as FDL/FHLD could recover a proportion of costs from future development land that would also benefit from infrastructure delivered and initially funded by FDL/FHLD. The lodgement of our private plan change, and the recent adoption of the revised Future Development Strategy drafting, provides increased certainty over this development. Consequently, we are exploring two avenues, firstly the utilisation of the tools in the Infrastructure Funding and Financing Act 2020 (IFFA) and in parallel we would like to come and see you with a view to mapping out the principles and programme to scope an Infrastructure Funding Agreement for Silverdale West (IFA).

Need for agreement on infrastructure funding :

In our view there is a clear need for agreement on what infrastructure is required, the cost and funding of its delivery and also mechanism(s) for equitable recovery for first movers (whether via IFFA or IFA means).

- (a) The collaborating partners (FDL and FHLD) have completed and lodged the private plan change request for Stage 1 of Silverdale West Industrial Precinct.

This will deliver approximately 90ha (net) of light industrial land into this area and will fill a critical need for employment land in northern Auckland.

The importance of the 90ha is that it sits just below the development area that will trigger the need for the full Silverdale State Highway 1 interchange upgrade. Clearly that upgrade is not something the parties can fund, and will rely on significant public expenditure, which is some time away. The 90ha enables employment land to be offered with a range of more local infrastructure upgrades (detailed below), which the collaborating parties will agree to deliver and initially fund. FDL and FHLD's expectation is that a proportion of these costs will then be recovered from future development land that would also benefit from the infrastructure delivered, and then refunded to FDL and FHLD.

For completeness, we record that the gross zoning area is just over 107ha. Approximately 20ha of land is proposed to be zoned as Open Space to take account of the wetland and stream configuration or is for Light Industry but is undevelopable (in that it accounts for setbacks from the motorway and Dairy Flat Highway). Furthermore, the recent Notice of Requirement by Waka Kotahi and Auckland Transport commits more land to transport works being the walkway/cycleway (active modes) and

interchange modifications to SH1. This further impacts the amount of developable land for industry should the NOR be confirmed.

The Council has issued and the applicants have responded to a clause 23 request for additional information on the plan change request. There are some technical issues still to be resolved, but there are no fundamental matters raised through the clause 23 request. The clause 23 request did recommend that we advance the discussions with the DPO over the funding of this infrastructure.

- (b) The Council's FDS, adopted in November 2023, acknowledges the opportunity for this Stage 1 industrial development at Silverdale West. While subsequent stages of Silverdale West are primarily targeted at post-2035, the FDS indicates that for Stage 1, this is able to be brought forward with private sector funding. Furthermore, the FDS states the intent of the Council to work with the private sector where the private sector can fund necessary infrastructure to enable land to be released earlier.
- (c) Through meetings with Council, it was made clear that if FDL and FHLD could resolve infrastructure into Stage 1, then from the FDS perspective that would see the ability to release Stage 1 now (subject to the plan change process). It is clear that creating employment in the north will in fact reduce the demand for commuter travel on the Northern Motorway, to the benefit of transport, climate change, local employment and economic development.

Infrastructure needs for Silverdale West Stage 1

The private plan change request clearly identifies the infrastructure needs for Silverdale West Stage 1.

(a) Local road improvements:

Stantec has undertaken a detailed analysis of this. A costed schedule is being prepared as part of the further information response on the private plan change request. The transport upgrades involve local widening of a number of roads, some key intersection upgrades, and local extensions of the walking and cycling network (refer Image 1 below). This traffic modelling indicates that on average 87% of traffic volume using the upgrades will be generated from areas outside of the private Plan Change area such as Milldale, Wainui, Dairy Flat, Whangaparoa and Orewa.

(b) Upgraded water and wastewater:

The Fulton Hogan Wainui development has created water and wastewater infrastructure down to the boundary of Silverdale West. This project will need to bring those distribution lines down to the subject Stage 1 land.

All these works (roading, water and wastewater) are on either public land or FDL/FHLD land. There is no additional private land that needs to be purchased to enable the required infrastructure for this development. With Council cooperation, along with Waka Kotahi, there is no land tenure impediment to completing the works.

Basis of any agreement on infrastructure funding

FDL and FHLD have stated that they will forward fund and implement the physical works package for roading, water and wastewater detailed above.

While we are exploring if it will be possible to fund these infrastructure upgrades under the IFFA, we would also like to further explore the avenue of an IFA with Council with costs being reimbursed by Council once recovered from landowners who benefit from the infrastructure. In terms of delivery, we are happy to do this either directly and then vest it in the Council, or "stand in the shoes" of the Council and deliver it as Council infrastructure, should that be the preference.

Obviously, FDL and FHLD are being asked to future proof the infrastructure so that it serves not only the Stage 1 Silverdale West development, but in the future can service the rest of the Silverdale West industrial

development and eventual residential development west of Dairy Flat Highway (refer Image 2 below). Beyond this immediate area, there will also be a benefit to the wider Silverdale / Dairy Flat / Wainui area as defined on the Funding Area Maps in Auckland Council's Contributions Policy 2022 Variation A (Image 2 below).

FDL and FHLD accept the initial financial burden of being the first movers, however we would appreciate furthering our discussions around an IFA, or other, mechanism by which, in the long term, those who benefit from the infrastructure pay a fair proportion of that cost. With FDL and FHLD still paying their equitable share of the costs for Stage 1.

As part of the FDS discussions, there has been quite a bit of talk about how we do this so that it does not impact the Council's debt profile, and yet is equitable to the private sector who forward fund future proofed infrastructure. We believe that there are mechanisms available. Clearly the risk and timing have to sit with (in this case) FDL and FHLD, and not the Council so that it does not become a net debt on the Council's books. The Council would not be in a position where the income and expenditure were out of alignment.

Timing

We are hopeful that the Silverdale West plan change will be notified early 2024, which would hopefully see hearings by the end of 2024.

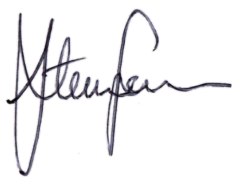
While we would like to see progress on how infrastructure is to be funded and delivered as soon as possible and in any event in the first quarter of 2024 prior to any hearing date, we do not consider agreement on the infrastructure funding as a condition precedent for notification of the plan change. This is consistent with the approach that Council and Fletcher Residential (as part of the Riverhead Landowners Group) are taking as part of the Riverhead plan change.

We look forward to catching up and working these matters through. We would appreciate if you could let us know suitable times. We would prefer to do this face-to-face and obviously will come to you in Albert Street.

Yours faithfully

FLETCHER DEVELOPMENT

FULTON HOGAN LAND DEVELOPMENT



Steve Evans
Chief Executive



Greg Dewe
Operations Manager

Image 1: Proposed Traffic Upgrades to enable FDL/FHLd private Plan Change

Traffic upgrades (up to 107ha)

Ref Required Traffic Upgrade (Stage 1 - buildout of 77 ha / 18.77 GFA)

1. Two signalled intersections connecting the PPC area to the external road network via Dairy Flat Highway
2. Upgrade of the Pine Valley Road / Dairy Flat Highway intersection to include a second right turn short bay from the east (turns into Pine Valley Road) (approximately 135m)
3. Signalisation of the Wilks Road / Dairy Flat Highway intersection
4. Signalisation of the Wilks Road / East Coast Road intersection
5. Provision of a slip lane on the western approach to the Silverdale interchange which connects to the northbound on-ramp
6. Extending the length of the left turn slip lane on the southbound off-ramp of the Silverdale interchange to around 150m and introducing a ramp meter for the AM peak

Ref Additional transport upgrades

- A New arch culvert on Pine Valley Road and road improvement works
- B Cycle and footpath on Pine Valley Road
- C Bi-directional cycleway and footpath on DFH

Ref Required Traffic Upgrade (Stage 2 - buildout to 107 ha / 24.35 GFA)

7. Upgrading the Argent Lane / Pine Valley Road roundabout to a roundabout with two circulating lanes

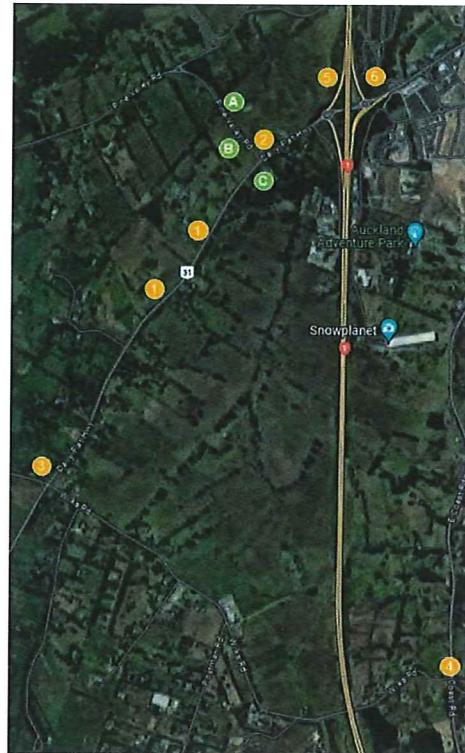


Image 2: Auckland Council – Adopted Future Development Strategy – Silverdale, Dairy-Flat, Wainui East

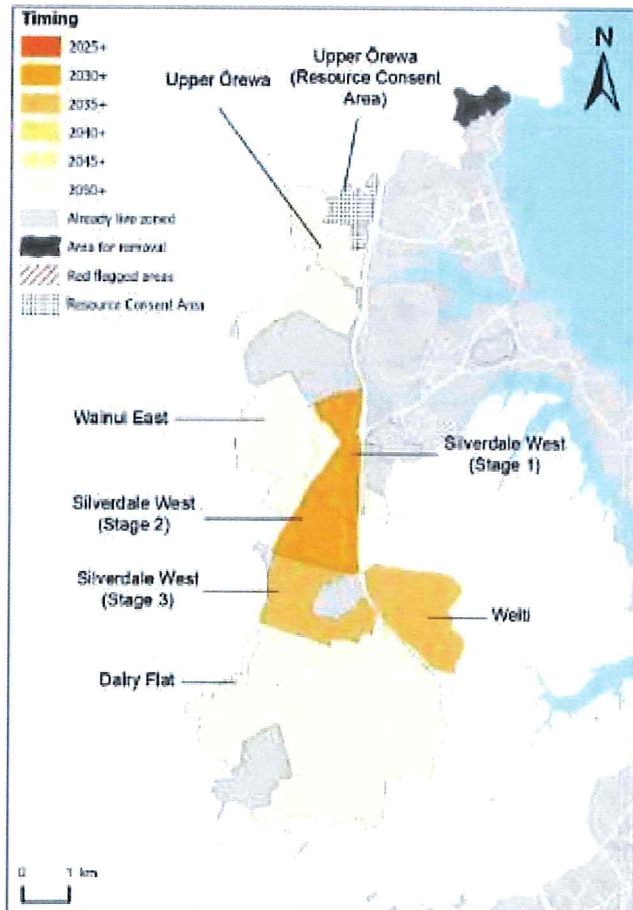


Image 3: Auckland Council – Funding Area maps – Contributions Policy 2022 Variation A

