

# Panuku Development Auckland

## Quarter 4 Performance Report

**For the period ending 30 June 2020**

This report outlines the key performance of Panuku which includes regeneration of urban locations and management of Auckland Council's property assets

# Panuku Q4 summary

## Highlights, issues & risks

- Overall Panuku achieved twelve of the seventeen **SOI performance targets** this year. We have significantly progressed two targets that span more than one year and the three targets not achieved were affected by Covid-19 impacts.
- We have achieved the **Property Portfolio budget net surplus of \$38.9 million**, \$8.2 million ahead of budget.
- Significant progress was made on the three-year **general asset sales target**. **\$54 million** was achieved at the end of year two, compared to the three-year target of \$72 million.
- We also sold properties in Transform and Unlock locations worth \$33 million, two council corporate properties worth \$34 million and one Haumarū property for \$6 million. The sale of Auckland Council's Henderson offices to Laidlaw College Foundation will be integral to the revitalisation of Henderson.
- **Overall, together with the general asset sales above, we have sold \$83 million worth of assets on behalf of Auckland Council this year.**
- **America's Cup (AC36)** – We have relocated key tenants to enable construction of AC36 infrastructure and are working with Wynyard Edge Alliance to create new public space.
- **Capital projects delivery** – Significant progress was made on a number of projects; most are planned to be completed in the first half of the new year. These include the Westhaven Promenade Stage 2, Westhaven Marine Village, Pile Berth redevelopment and Gasometer car park in Takapuna.
- **Town centre acquisitions** – Panuku acquired 21 properties during the year, 18 properties in Northcote and 3 properties in Avondale to enable the comprehensive urban renewal of these town centres.
- **Crown partnerships** – We have been working with crown agencies on joint master planning in Manukau and Avondale. This involves use of council and crown land holdings to facilitate new developments.
- **Platforms building activities** – we have completed a number of activities that will shape the quality of future urban regeneration. These include the approval of the Takapuna Town Square concept design by the local board; planning for climate change by measuring and setting targets for reducing carbon impact of new mixed-use and residential developments; the completion of Pukekohe programme business case and progressing the Onehunga Wharf masterplan and Puhinui Regeneration Strategy.
- Panuku also participated proactively in the **CCO review**.
- Fourty eight of the properties included in the Emergency Budget, with a cumulative value of \$34.5 million were approved for sale by the Finance and Performance Committee in July 2020

*More details on the highlights are contained in the following sections of the report.*

## Issues/ Risks

We have managed the impact of Covid-19 to date through **continuing our business activities** in alignment with guidance from Auckland Council's Crisis Management Team. We are **assisting our tenants** on financial hardship issues. We have **reduced our expenditure during quarter 4** by reducing contingent workers, implementing voluntary staff salary reduction and carefully managing expenditure. We contributed to the **Emergency Budget** through supporting annual plan funding via **sales of surplus council assets** and reduced capital and operating expenditure for the new year. Covid-19 has made engagement with the community more challenging.

Financials	Actual	Budget	Actual vs Budget
Capital delivery	101.1	126.9	↓ 25.8
Strategic Development	26.8	34.1	↓ 7.3
Direct revenue	68.8	64.1	↑ 4.7
Direct expenditure	75.1	81.0	↑ 5.9
Net direct expenditure	6.3	16.9	↑ 10.6

## Financial Commentary

### Capital delivery:

We have achieved \$101m of capital delivery across transform and unlock locations. This was 80% of the annual budget. The result would have been 90% if was not for the impact of the Covid-19 lockdown period in quarter 4.

The strategic development fund (SDF) is a credit facility available to us to take advantage of any acquisition opportunities for town centre regeneration outcomes. During the year, we utilised most of the budget capacity to acquire 21 strategic properties in Northcote and Avondale.

We did not have the opportunity to purchase one site in Avondale and 4 sites in Northcote. We are using the PWA process to acquire these sites.

### Direct revenue:

Direct revenue for the year is \$4.7m ahead of budget. The positive variance was due to additional revenue of \$9.3m due to better than expected occupancy for both the Marinas and rental properties, property rent increases and new properties added to the rental property portfolio. This was offset by lower project recharge revenue than planned.

### Direct expenditure:

Direct expenditure was \$5.9m less than budget mainly due to slower recruitment in earlier part of the year and subsequent slow down or limitation to non-essential spend in quarter 4, coincided with finding expenditure savings as part of the emergency budget.

Key performance indicators <i>(Refer to pg. 17 for complete list)</i>	Previous	FY 20 Quarter 4		Status	Commentary
	Year	Actual	Target		
Net Surplus achieves budget for 2019/20. (Properties managed on behalf of Council)	\$26.8m	Actual \$38.9m	Net Surplus achieves budget for 2019/20 (\$30.7 m)	Met target	Actual net surplus on the property portfolio for the 12 months ended 30 June 2020 is \$8.2 million ahead of budget. The target was met despite the impact of Covid-19 on some commercial tenants. The increase is mainly due to additional properties added to the portfolio or held longer due to project delays, rent increases higher than budgeted and increase Waste Disposal Services income due to increase in waste volume.
Return on Equity on commercial assets and services (LTP)	11.43%	8.78%	8.25%	Met target	The target was met despite the adverse impact of Covid-19 on revaluation of investment property at Waterfront.
Percentage of visitors surveyed satisfied with their experience of the public spaces on the city centre Waterfront (LTP)	92%	Actual 92%	80%	Met target	
Achieve total forecast net sales for the financial year through unconditional agreements. (General asset sales).	\$44.44m	Achieved actual net sales of \$9.9 million for the financial year. \$54.34 million out of the \$72m 3-year target achieved to date.	Meet or exceed forecast Property disposal annual target of \$24 million or progress the achievement of the 3-year cumulative LTP sales target of \$72m.	Progressing	One year of the target remaining and \$17.66 million balance.
List of properties recommended for disposal submitted to Council.	\$30.38m	\$20 million of recommended properties have been presented to Council for approval to dispose against a target of \$45m for 2 years.	A list of recommended properties with a total cumulative gross value of \$45 million for two years (2019/20 and 2020/21), will be submitted to the council seeking approval for disposal by the end of June 2021.	Progressing	One year of the target remaining and \$25 million balance.

*\*All financials on this page include Commercial Property Portfolio, which is owned by Auckland Council, but managed by Panuku.*

Transform and Unlock location initiatives completed.	57%	Actual 57% of the Transform and Unlock location initiatives were completed this year. (8 out of 14 initiatives).	90% or more of planned Transform and Unlock initiatives completed/achieved.	Not met	Three of the 6 initiatives that were not completed were impacted by Covid-19 public gathering restrictions and alert Level 4 lockdown. The three initiatives not met are the completion of Laneway 4 and 5 at Onehunga delayed by ownership issues, approval of the plan change for Onehunga Wharf delayed by the masterplan approval and go to market process for Northcote delayed by the completion and approval of the go to market strategy.
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# Strategic focus area – Waterfront development

## Key commentary

For the **12 months up to 30 June 2020**, a total of \$60 million was spent on Waterfront development, against a budget of \$70.9 million. Due to the Covid-19 lockdown we revised the expected forecast spend in March to \$53.2m. We exceeded the revised target as construction started quicker than expected as lockdown Level 4 was eased sooner than we anticipated.

## Highlights:

### Getting ready for America's Cup (AC36)

- We have been working through a programme of **relocating tenants** to enable construction of AC36 infrastructure. Seven tenants have been moved including the successful relocation of SeaLink Ferry and the demolition of Bulk Storage terminal tanks. Panuku is also working with Wynyard Edge Alliance (WEA) to create a new public space, an extension to Silo Park, with repurposed tanks, and a shade structure that will be opened in late 2020.
- We began works to ensure that Wynyard Quarter is ready to receive visitors over the AC36 event period. We have completed installation of new toilets at the Silo and Silo Playground. The extension of current services including CCTV is underway to be completed in October as part of implementing the Auckland Council Host Venue Agreement.

### Enabling business growth

- The **Orams Marine Refit Facility** lease went unconditional, which has enabled the start of the first stage of its development in time for the 36th America's Cup. The site, which will include a boat refit facility, will be completed by late 2020 along with buildings and offices projected to be completed in mid-2021. The marine site works expect to create more than 500 jobs, including 200 apprenticeships.
- The construction of the **Westhaven Marine Village** is on track to be completed in late 2020. It will provide purpose-built facilities for marine businesses such as chandlers, brokerages, and other specialist services as well as a hospitality offering. The Marine Village includes 2,000 square metres of space and will house 13 businesses across two separate buildings.

### Increasing public access

- The second stage construction of the **Westhaven Promenade** is due for completion in late 2020. This project further extends the existing Westhaven Promenade by an additional 400m which allows for an uninterrupted walkway from the Buoy Café to St Mary's Bay. The existing seawall is also being upgraded along with the construction of new raingardens and marina car park upgrades. The Westhaven promenade will also be an important link for the Northern Pathway project, with the pathway landing in Westhaven and connecting to the boardwalk.
- The **Westhaven Pile Berth redevelopment** project will extend Westhaven's northern breakwater to provide 50 new berths with access and car parking and green space for public use. Dredging for the Pile Berth Redevelopment started in January 2020. Key trench works are complete, and reclamation works are progressing well.

### Continuing to build the community

- Panuku has partnered with Willis Bond to deliver a total of 500 homes in Wynyard Quarter over several stages at a site on 30 Madden Street. The first stage delivered 84 apartments and 6 townhouses, and the second stage will build 59 apartments. The second stage of the apartment construction commenced on 1 May 2020 following a whakawāatea (cultural blessing) by Ngāti Whātua Ōrākei. In-ground works, piling and remediation is underway.

### Issues/Risks

- Covid-19 impact on the delivery of future projects and programme. We will activate our business continuity plan to maintain momentum subject to alert level.

## Strategic context

Panuku is leading the realisation of the Waterfront Plan's five goals, being:

1. A blue-green Waterfront
2. A public Waterfront
3. A smart working Waterfront
4. A connected Waterfront
5. A liveable Waterfront

The work within Transform Waterfront sees Panuku continue to build on the work completed by its predecessor and to progress and enable the desired Transform outcomes within Wynyard Quarter and the surrounding Waterfront precincts.

Key programme of	Status	Description	Outlook
AC36 Enabling Works	On track	<p>To conclude relocation agreements with waterfront tenants to enable AC36 infrastructure construction.</p> <p>Facilitate resource consents and progress project works including tenant relocations in line with agreed AC36 programme.</p> <p>Implement Auckland Council Host Venue Obligations for the event</p>	<ul style="list-style-type: none"> <li>• <b>Tenant relocation</b> - The negotiated terms of exit for the Sanford fleet has been completed. The remaining tenant to manage is Auckland Fishing Ports Ltd. We are currently negotiating their terms and relocation.</li> <li>• <b>Silo Park Extension</b> - Panuku and Wynyard Edge Alliance (WEA) continue to work together on the public space design for the new Silo Park Extension. Completion and opening expected October 2020.</li> <li>• <b>Upgrade of Wynyard Quarter public facilities</b> - Upgrades have progressed well over this quarter. New toilets have been installed at the Silos and at Silo Playground. CCTV installation is underway and will be completed in October 2020.</li> <li>• <b>Wynyard Edge Alliance (WEA) works</b> - Construction works are continuing. The early exit of the Sanford Fleet enabled Wynyard Edge Alliance to bring forward the installation of the superyacht infrastructure.</li> <li>• <b>Legacy Workstream</b> - As part of the leverage and legacy workstream led by MBIE and Auckland Council, a reframe of the legacy outcomes from the AC36 event to reflect the new COVID environment is being crafted. As part of this work, Panuku is also championing the Rangatiahi programme (He Pia He Tauria) which is a youth place making programme in partnership with Mana Whenua.</li> </ul>
Wynyard Quarter	On track	<p>Leading transformation from a former industrial area to a vibrant new waterfront city neighbourhood. Panuku facilitates outcomes including new housing, visitor, and resident satisfaction; enhanced public amenity and access; place activation and community engagement</p>	<ul style="list-style-type: none"> <li>• <b>New Wynyard Quarter Public Spaces</b> - A new public open spaces will be opened by the end of the year. The Urunga Plaza and the hotel promenade are the last connection for the Viaduct Basin to be fully accessible by pedestrians – delay due to Covid-19, the opening is expected in quarter one 2020.</li> <li>• <b>Orams Marine Development</b> - Orams is developing New Zealand’s first marine refit facility capable of servicing superyachts in time for the commencement of the 36th America’s Cup in early 2021. <ul style="list-style-type: none"> <li>• <b>Stage One:</b> Construction of the marine refit facility is well advanced and is expected to be completed in November 2020. The development includes site and seawall remediation, marine hardstand, travel lift piers and delivery of an 820-tonne travel lift. This site will be amalgamated with Orams’ marine service centre and dry stock facility to form one combined marine village. The development of 3,589m2 of marine office space on the site is on hold pending market conditions and pre-leasing.</li> <li>• <b>Stage two:</b> Panuku is working with Orams on the re-design and feasibility testing of stage 2. The current proposal contains 136 apartments, 997m2 gross floor area (GFA) of marine commercial and 3118m2 of retail. Construction is expected to commence post 2024 once the ASB carpark obligations are fulfilled.</li> </ul> </li> <li>• <b>Vos Shed</b> – The rebuild and restoration works are progressing well in accordance with the original design.</li> <li>• <b>Tiramarama Way (Stage 2)</b> – Construction is now underway following a site blessing held on 22 June. This work will create an important new public link to the adjoining developments.</li> <li>• <b>Willis Bond 30 Madden Street apartments</b> - Construction commenced on 1 May following a whakawāatea (cultural blessing) by Ngāti Whātua Ōrākei. In-ground works, piling and remediation is underway.</li> </ul>

Other e.g. Marinas

**On track**

The key objectives are increasing access to the marina for Aucklanders and maintaining Westhaven as a premier marina. This includes redevelopment of the pile mooring area, and completing the waterfront promenade to improve the profitability, quality, and public amenity of the marina.

- **Westhaven Promenade** - The construction of stage 2 has progressed well over this quarter with completion expected by October 2020. The project aims to complete an uninterrupted boardwalk and cycle way close to the water's edge along Westhaven Drive and link to the Northern Pathway project.
- **Westhaven Marine Village** - Construction work has progressed well with completion expected by November 2020. This new facility will accommodate marine related activities and attract new businesses and visitors to the Westhaven Marina.
- **Pile Berth Redevelopment** - The project has been progressing well. Key trench works are complete, and the new reclamation space is being built above sea level along the existing breakwater.
- **Integration with Northern Pathway Landing** - Enabling works are ongoing, with the next stage being the seawall upgrade. The Northern Pathway Project is being fast tracked under new legislation. Panuku is engaging with Waka Kotahi (NZTA) on this project, including looking at the opportunities to bring forward design and engagement on Harbour Bridge Park public open space improvements alongside works for the landing.

**Viaduct:**

- **Eastern Viaduct Barcode (surface) replacement.** A contractor has been appointed for the health and safety improvement works to the surface of the Eastern Viaduct and Te Wero Island. A replacement artwork has been created by Reuben Kirkwood from Ngai Tai Ki Tāmaki. The design connects into the other surface work Reuben Kirkwood has developed for the America's Cup. The initiative and funding for the artwork has come through the 2021 Pou of the Kaitiaki Forum which is focused on creating mana whenua outcomes in relation to the 2021 events.

# Strategic focus area – Other Town Centres (Transform and Unlock Locations)

## Key commentary

For the 12 months up to 30 June 2020, a total of \$34.6 million was spent towards the urban regeneration of the other town centres that make up the Transform and Unlock programme against a budget of \$43.7 million. Due to the Covid-19 lockdown we revised the expected forecast spend in March to \$30.5m. We exceeded the revised target as construction started quicker than expected as lockdown Level 4 was eased sooner than we anticipated.

## Highlights

### Site sales to enable new housing and mixed-use development

- **Transform and Unlock sales of \$33 million** were completed this year, resulting in development agreements concluded with development partners to achieve wider outcomes for our location in addition to sale proceeds. The sales include 18 Elm Street Avondale; 1817 Great North Road Avondale; Papatoetoe mall and two sites at Flatbush School Road.
- **Corporate accommodation programme sales of \$34 million** was achieved. This was made up of the sale of the Auckland Council offices in Henderson and 50 Centreway Rd, Orewa, which sold in line with its market valuation. Laidlaw College Foundation acquired most of Auckland Council's property in Henderson, a deal that will be integral to the revitalisation of Henderson. This will bring more students into the heart of Henderson with the potential for student housing and mixed-use development around the train station. This will also achieve outcomes in Council's Corporate Accommodation Strategy.
- Panuku, New Zealand Housing Foundation and Te Ākitai Waiohū are building a new neighbourhood of up to 300 homes at Kōtuitui, Manukau, from one-bedroom apartments to four-bedroom houses. The first homes have been completed and residents have moved in. It's the largest affordable housing initiative to be enabled by Panuku to date.

### Progressing activities and opportunities as key attraction to residents

- The Devonport-Takapuna Local Board endorsed the Takapuna Town square concept design in May 2020 for consultation. Takapuna locals can now visualise their future town square. The design is the result of local feedback and expert master-planning which will give Takapuna a new heart.
- Construction of the new multi-storey **Takapuna Gasometer car park** has been substantially progressed and is expected to open in late 2020. It will provide 420 parking spaces as well as electric car charging stations. The new car park frees up the central Anzac Street site for public space and mixed-use development.
- We are working with Community Facilities on plans for Avondale's new multipurpose community facility and town square, with acquisitions of four properties situated at 1971-1987 Great North Road proceeding as planned. Three of the four properties have been secured to date. Construction of the new facility will be part-funded through the sale of the current library and community centre site, with proceeds from the sale ring-fenced for the new multipurpose facility and additional land required.

### Acquisitions to enable improved development outcomes

- To enable the comprehensive urban renewal of Northcote town centre, we have completed 18 successful negotiations out of the 22 properties identified for acquisition this year. We will continue to use the Public Works Act to acquire the remaining retail buildings in the town centre for urban renewal.

## Issues/Risks

- Covid-19 impact on the delivery of future projects and programme. We will activate our business continuity plan to maintain momentum subject to alert level.

## Strategic context

Panuku plays a significant role in achieving the Homes and Places and Belonging and Participation outcomes in the Auckland Plan.

Panuku leads the redevelopment of town centres, the creation of public spaces for the future, and facilitates housing and commercial development, fundamental elements of comprehensive urban regeneration.

The priority location HLPPs and Priority Location Programme provide a redevelopment roadmap for priority locations.



Key programme of	Status	Description	Outlook
Transform Manukau	On track	<p>The objectives of the programme are to focus on optimising both council and crown land holdings to create significant new residential units and new employment in the town centre. Reinvestment of asset sales into improved public realm and public good projects.</p>	<p>In FY20 we have continued to work strongly with our partners and key stakeholders to make progress. This year we have also experienced change with our projects needing to be reviewed and prioritised due to the impact of Covid-19 and emergency budget</p> <ul style="list-style-type: none"> <li>• <b>Corporate property</b> - Panuku continues to have a strong working relationship with Council's Corporate Property unit, exploring and planning for change at Kotuku House and the Civic Building site as part of the wider Corporate Accommodation Strategy which is part way through implementation.</li> <li>• <b>The Puhinui Regeneration Strategy</b> is an overarching plan for the 12km stream running from Totara Park to the Manukau Harbour. This is a project to enable an integrated and collaborative approach to the regeneration of the Puhinui catchment in collaboration with Healthy Waters, Mana Whenua, Kāinga Ora and local boards. This quarter saw significant leadership from the three Waiohū iwi chairs to author an important section of the regeneration plan.</li> </ul>
Transform Onehunga	On Track	<p>Planning the mixed-use redevelopment of the wharf and advocating for integrated infrastructure solutions to better connect Onehunga Mall to the Onehunga wharf and Manukau Harbour. Enhancing public spaces with great design, facilitating new retail and housing choices, and optimising council service sites.</p>	<p>The Transform Onehunga projects for FY21 to FY24 and indicative projects and timeframes for FY25 onwards were approved by the Panuku Board in May.</p> <ul style="list-style-type: none"> <li>• <b>Exploring options for Community Facilities with Auckland Council team</b> -The Onehunga Community Needs Assessment report recommendations were adopted by the Maungakiekie-Tāmaki Local Board in June. The information collected in the assessment undertaken by council's Service Strategy &amp; Integration team will be used when refining the options for the Sir William Jordan Recreation Centre and the adjacent Pearce Street Hall in any future redevelopment of the Municipal Precinct area.</li> <li>• <b>Onehunga Wharf</b> - The preferred option for the development master plan has been identified. It will be presented to the Panuku Board in October. This follows a number of workshops with mana whenua and their technical specialists as part of the master plan option development.</li> <li>• <b>Waiapu Precinct</b> - The go to market strategy was approved by the Panuku Board in May. Panuku is working closely with a potential retail anchor tenant for the space, prior to releasing other development blocks to the market. These are key development opportunities to enhanced retail and residential in the town centre area and link to Onehunga Mall.</li> <li>• <b>Dressmart Development</b> - The Paynes Lane road stopping objection has been withdrawn, which avoids being heard at the Environment Court. This will enable redevelopment of Paynes Lane and pedestrian access to Dressmart mall.</li> <li>• <b>Community Engagement</b> - Information has been collected from the Onehunga community (via an engagement tool called Social Pinpoint) on Onehunga Wharf, Waiapu Precinct and the laneways projects. Over 3000 people visited the sites and left comments on a number of areas including green spaces, housing, safety, parking, the supermarket and history. These comments will feed directly into the relevant planning areas for the projects.</li> </ul>

			<ul style="list-style-type: none"> <li>• <b>Community Events</b> - Due to Covid-19 and lockdown, some community events that were planned were cancelled.</li> </ul>
Unlock Takapuna	<b>On Track</b>	Engaging closely with the community to unlock the opportunity to create a new active public heart for Takapuna and to provide new housing choices, amenity, and enhanced economic vitality.	<ul style="list-style-type: none"> <li>• <b>New Gasometer car park</b> - The new car park building is progressing well and is expected to be completed in October 2020. This will provide 420 car park spaces for the Takapuna town centre and enables the development and revitalisation of the centre of Takapuna. In conjunction with the new building, we are replacing stormwater, wastewater and water mains from the site into the road corridor. These works will also be completed in October.</li> <li>• <b>Huron and Northcroft streets</b> - Improvements to Huron and Northcroft streets have started with funding provided from the Waka Kotahi Innovating Streets for People fund. This funding will enable ideas to be tested and help improve and guide the final design for these street improvements.</li> <li>• <b>Managing parking with the community</b> - Following feedback from the local board and the business association, we have agreed with Auckland Transport to keep 40 Anzac Street operating as a public car park until the new town square is ready to be constructed on this space. This will also help ease some of the pressures being felt by retailers due to the Hurstmere Road upgrade.</li> <li>• <b>Progressing development on Hurstmere Road</b> - A preferred development partner has been selected for these central Takapuna sites - 40 Anzac Street and 30-34 Hurstmere Road. Negotiations are now progressing towards an agreement for how these sites will be developed to create new homes, eateries and offices.</li> <li>• <b>Town Square</b> - concept design for the new town square on 40 Anzac Street and 38 Hurstmere Road was approved by the local board in May 2020 for consultation with the community. Public feedback will be sought on the design before finalisation in Q1 or Q2 of FY21.</li> </ul>
Unlock Avondale	<b>On Track</b>	Facilitating a new multi-purpose community centre and development of vacant central sites in partnership with the Crown and private sector will bring Avondale to life, with more housing choices, people, activity, and business prosperity.	<ul style="list-style-type: none"> <li>• <b>Community facility</b> - Funding has been secured to progress the design of the new multi-purpose community facility and our Civic Precinct (town square, lane and playground). This is an important project to support the regeneration of Avondale. Acquisition of sites required for the new multi-purpose community facility continue to progress, with three of the four properties now purchased. The PWA notice issued for the final site has expired, with no objections being made. This is seen as very positive and we are on-track to acquire this site within the current financial year.</li> <li>• <b>Progressing housing outcomes with the crown at 18 Elm Street</b> - The agreement settled on 22 July. Kāinga Ora is now progressing with its plans for a mixed tenure residential development on the site.</li> <li>• <b>Progressing housing outcomes with the crown at 1817 Great North Road</b> - Significant progress has been made on the sale of the site to the Ministry of Housing and Urban Development and is due to settle in August. The proposed development will have over 100 market affordable homes on the site.</li> <li>• <b>Avondale Racecourse</b> - There has been renewed attention on the Avondale Racecourse with the Racing Act being passed by Parliament.</li> </ul>

Unlock Haumaru	On Track	<p>Improving the quality, location, and design of the Council’s social housing stock for older residents, led by Haumaru—a partnership with the Selwyn Foundation. Panuku leads the multi-year, multi-location redevelopment programme.</p>	<ul style="list-style-type: none"> <li>• <b>Remainder of site behind Wilsher Village, 21 Henderson Valley Road, Henderson</b> – The developer has submitted the Master Plan to Panuku for review and approval. Settlement was due 22 April 2020 however; the purchaser sought an extension to the settlement which has been granted.</li> <li>• <b>Proposal for 40-unit development - 81A Godley Road, Green Bay</b> - Panuku is exploring the development of a proposed 40-unit development on this vacant site. Aspects around the resource consent are currently being determined.</li> <li>• <b>Greenslade Crescent, Northcote</b> - This is an existing Haumaru Village with 12 units on the site. Tenants have been relocated to other Haumaru units and its vacant. The concept plan is for forty 1-bed units in a four-storey apartment building. Currently Panuku and Haumaru are in negotiations with Kainga Ora on a lease arrangement. A decision will be made by the end of September on the lease option. The programme for implementation is 12 months design &amp; consenting and 12 months to build.</li> </ul>
Unlock Henderson	On Track	<p>To create an urban eco centre with a family focus, to enhance the mauri of the twin streams Wai o Panuku and Wai Horotiu, and to demonstrate sustainability and climate responses. To provide new homes and commercial opportunities.</p>	<ul style="list-style-type: none"> <li>• <b>Oratia Link-</b> Connecting the falls carpark site to the town centre and <b>Opanuku Link</b>, providing a connection to the Corban Estate. These walking and cycling improvement projects have gained some momentum with the successful application to the Waka Kotahi-NZ Transport Agency innovating streets fund. These projects are to be jointly funded by Waka Kotahi and Auckland Transport. Our strategy is to provide both a short term and long-term solution to improving known safety and connectivity issues in the town centre.</li> <li>• <b>Progress Commercial strategy for innovating housing project (Alderman and Falls Carparks)</b> – The C40 sustainable housing development continued progress with subdivision consent lodged in May. There is a risk that the development will not be able to proceed due to funding challenges currently experienced by the development partner. In the interim we are proceeding in line with the signed conditional agreement. We are also investigating alternative development options for the site. We are also looking to secure long term strategic development opportunities in the town centre and have acquired a number of properties in Trading Place. This area has been targeted for development and was identified in a study of 26 different sites in Henderson as being strongly supportive of long-term town centre regeneration. The Saturday market at the Falls carpark is planned to fully reopen in September, depending on the Covid-19 Alert Level.</li> <li>• Civil works on <b>2-6 Henderson Valley Road</b> (Laidlaw College site) have been subject to delays as a result of Covid-19 and contamination issues, however construction is now progressing and delays are unlikely to have a significant impact on the sale of this property to Laidlaw College.</li> </ul>

## Strategic focus area – Other Town Centres (Transform and Unlock Locations)

Key programme of	Status	Description	Outlook
Unlock Ormiston	<b>Delayed</b>	The development and creation of a town centre within the Ormiston & Flat Bush area and to further develop Panuku controlled land. To provide community facilities, new homes, and a retail shopping centre.	<p>The overall programme under the current Development Agreement has been delayed. The developer, Todd Property, has advised that the construction of the Town Centre has taken longer than anticipated and is now impacted by the effects of Covid-19. However, the town centre is still under construction and is targeted to be completed and opened by Easter 2021. The balance of residential sites surrounding the town centre development, which are also part of the Agreement, may also not be delivered by 2025.</p> <p>The Aquatic Centre Site – This site is no longer required for this purpose by Council as it has moved its plans for the facility to another site within Barry Curtis Park. Council clearance is now being obtained for the site to be cleared for sale.</p> <p>Council Library site - Covid-19 has impacted on funding priorities. This has meant that the design phase for this project is delayed and put on hold by Council. Given this delay, the land will not be developed for some time by council. Temporary placemaking activity will be explored as an interim option for this land.</p>
Unlock Panmure	<b>On Track</b>	Reviving the town centre with new housing options, enhanced amenity, local connections, and community facilities, building on the natural landscape (the Maunga and the Basin) and the great transport infrastructure.	<ul style="list-style-type: none"> <li>• <b>Queens Road</b> - A bid has been submitted for the Waka Kotahi (NZTA) innovating streets fund for a pedestrian safety/tactical urbanism initiative for Panmure. This is currently being assessed by Waka Kotahi with the results being released in September.</li> <li>• <b>Plan change to enable housing</b> - The plan change hearings for 28-30 Pilkington Road and 3 Kings Road have been deferred to November. This is a plan change from open space informal recreation to enable future terrace housing and apartment development.</li> <li>• <b>New supermarket - Ellerslie Panmure</b> - Agreement has been reached on the sale of 486-492 Ellerslie Panmure Highway to enable a supermarket development close to the train station in Panmure. Board approval will be sought in September/October.</li> <li>• <b>Collaborating with Tamaki Regeneration Company</b> - Members of the Unlock Panmure programme attended a workshop with representatives from Tamaki Regeneration Company where they discussed their programmes of work and identified areas where the companies could work more closely together.</li> <li>• We have been undertaking a review of the commercial strategy to explore ways to attract visitors, future residents and investors, as part of developing the programme business case.</li> <li>• Due to Covid-19 and lockdown, some community events that were planned were cancelled along with scheduled meetings with key stakeholders.</li> </ul>
Unlock Papatoetoe	<b>Delayed</b>	Developing new housing choices around the completed commercial developments of a shopping mall,	<ul style="list-style-type: none"> <li>• The important town-wide masterplanning workstream commenced during Q4. We are targeting completion for a Programme Business Case refresh in November.</li> </ul>

		supermarket, and carpark to enable the centre to flourish and the community to thrive.	<p>The masterplanning phase will confirm the scope and priority of future public good projects in the town centre area through a community needs assessment process led by council.</p> <ul style="list-style-type: none"> <li>• <b>Progressing significant sites for housing - St George's Lane and Depot</b> - The Panuku Board approved the sites to progress to market and development at its June meeting. These will be progressed further with potential development partners during FY21.</li> <li>• The <b>Papatoetoe Food Hub</b> hosted Prime Minister Jacinda Ardern in July.</li> </ul>
Unlock Hobsonville	<b>On Track</b>	Facilitating the creation of an employment hub "The Airfields" to compliment the greenfields master planned community at Hobsonville Point led by Kāinga Ora/HLC and the residential precincts facilitated by Panuku.	<ul style="list-style-type: none"> <li>• The remaining Hobsonville site has been included in the list of assets for sale in Auckland Council's emergency budget. The intention is that the proposed mixed-use development is completed as part of the wider Hobsonville project (led by Kainga Ora).</li> </ul>
Unlock Northcote	<b>On Track</b>	Regenerating the shopping centre into an accessible, modern mixed-use town centre, where people can live, work, play, and stay; where cultures are celebrated and connected by the Awataha Stream.	<ul style="list-style-type: none"> <li>• <b>Property Acquisitions</b> – In total we have achieved 32 out of 39 Northcote properties identified for acquisition to enable the town centre renewal. We completed 18 of the 22 acquisitions identified for this quarter. We will use the PWA on 4 acquisitions in the first quarter of the new year.</li> <li>• <b>Greenslade Reserve</b> - Healthy Waters commenced stage One of the Greenslade Reserve upgrade. It is due to be completed in October 2020. This first stage will allow the stormwater network to collect water more efficiently and is important for the future development of the town centre.</li> </ul>
Unlock Pukekohe	<b>On Track</b>	Working with the Local Board in identifying development opportunities to strengthen the local economy and bring communities together.	<ul style="list-style-type: none"> <li>• <b>Neighbourhood Engagement and Communications</b> - Panuku is successfully building relationships with key stakeholders such as the business association and key community network groups.</li> <li>• <b>Car park release for development</b> - Panuku is working closely with Auckland Transport and the Franklin Local Board to agree the approach to parking solutions for the town centre, enabling the release of up to eight off-street carpark sites in the future for development and transformation.</li> <li>• <b>Programme Business Case</b> - Panuku has completed masterplanning and a programme business case for Pukekohe to agree how the vision and goals, guiding how projects will be prioritised and implemented. This work undertaken during Q4 will set up this location well for FY21.</li> </ul>
Unlock City Centre	<b>On Track</b>	Managing city centre redevelopment projects on behalf of Council, including the Civic Administration Building (CAB), Central Post Office (CPO)	<ul style="list-style-type: none"> <li>• <b>Civic Administration Building (CAB)</b> - Piling for the basement and podium is now complete. Bulk excavation for the basement and podium is set to commence.</li> </ul>

## Other statement of intent focus areas

### Local board engagement

- In the April to July period, engagement with local boards and elected members remained strong. The engagement team continued six monthly local board reporting, transitioning seamlessly from in-person meetings to online meetings.
- The team also continued facilitating work with local boards in priority locations and in non-priority locations where there are property matters to discuss. This work included both workshops and where a decision was required, business meetings. Much of the dialogue through this period was to confirm Panuku's position and process in our rapidly changing landscape.
- The team continued to work through property specific issues with local boards where there were extraordinary matters outside of usual reporting items, such as the movement of markets from AT management to Panuku management.
- A planned meeting between the Panuku Board and the Franklin Local Board planned for late August had to be deferred due to Covid-19 lockdown.

### Climate change

- Panuku has been involved with the production of the Te Tāruke-ā-Tāwhiri: Auckland's Climate Plan and the LTP climate lane (led by Council).
- The draft Panuku Climate Change Strategy has been endorsed by the Board for engagement with mana whenua. It guides how Panuku will support the implementation of Te Tāruke-ā-Tāwhiri: Auckland's Climate Plan.
- A detailed implementation action plan has been developed which sets out a work programme to deliver on the objectives of the draft Climate Change Strategy.
- A set of sustainability standards for commercial developments on Panuku sites is being developed.
- A tool to measure and reduce the carbon impact of new mixed-use and residential developments has been selected (BRANZ LCAQuick). Pilot projects to use the tool are currently being scoped. We are looking for opportunities to pilot these in our projects.
- We are working with technical experts to ensure climate adaptation and resilience is a key consideration in master planning and development of priority development locations with current work ongoing for Onehunga Wharf and Wynyard Quarter.
- We have achieved the Toitū carbon reduce certification, involving measuring operational greenhouse gas emissions, setting targets and developing a management plan. This an important part of Panuku's response to the climate emergency.

## Working with Central Government

We are working with the Crown and Kāinga Ora Homes and Communities in a number of our locations.

### Avondale

- The opportunity for Auckland Council and Crown development in Avondale covers 4.4 hectares of land and expect to deliver around 800 homes and commercial spaces. We have reached an agreement on the sale of 1817 Great North Road to the crown for the development of housing in accordance with the joint masterplan. This is due to settle in August with the site proposed to deliver 100 market affordable homes.
- Panuku and Kāinga Ora have reached an agreement to trade two large parcels of land in Avondale. Kāinga Ora has purchased 18 Elm Street from Panuku, while Panuku has secured the right to purchase 10 Racecourse Parade from Kāinga Ora. Both sites are near the town centre and main retail shops. The transaction will help both agencies achieve their regeneration goals for Avondale, which include increasing the number and types of homes available to live in.

### Manukau

- Crown Partnership - Panuku has been working with crown agencies, including Kāinga Ora to agree a joint vision and masterplan. This utilises council and crown land holdings in the town centre and Wiri to build new residential developments and facilitate employment and education opportunities.

## Contribution towards Māori outcomes

Panuku has exceeded its SOI target for the number of significant Māori initiatives implemented this year (actual 64 compared to the target of 52). Some examples of these include:

- Incorporating Māori design in our projects - implemented expression of interest process to engage a Māori artist to reflect mana whenua cultural narrative in the Takapuna Civic open space.
- Supplier diversity in procurement – In a Henderson project, the suppliers were to ensure that at least 15% of their supply chain value is spent with Māori and Pacifica enterprises.
- Throughout the lockdown Panuku has continued to meet weekly with mana whenua to seek their views into our projects.
- We are doing work with mana whenua and the Technical Advisory Group (TAG) to understand how mana whenua cultural narrative can influence our relationship with the built environment, to enhance the expression of mana whenua cultural and identity.
- The Mana Whenua-Panuku Outcomes Framework is now operative and Panuku is undertaking work to deliver our actions relating to year one.
- As identified in the Emergency Budget, Panuku intends to dispose of several properties contributing to Auckland Council Group funding. We have invited mana whenua to exclusively engage with us before we take the properties to market.
- Panuku is undergoing master planning work in Wynyard Point and Onehunga. At a project-level, this work is difficult because several mana whenua entities are testing the strength of their historical association to our project areas.

# Panuku Q4 financials



## Direct operating performance

(\$ million)	Notes	FY 19	FY 20 Quarter 4 YTD			FY 20
		Actual	Actual	Budget	Variance	Budget
<b>Net direct expenditure</b>		<b>9.7</b>	<b>21.0</b>	<b>21.1</b>	<b>0.1</b>	<b>21.1</b>
<b>Direct revenue</b>		<b>37.4</b>	<b>15.2</b>	<b>19.8</b>	<b>(4.6)</b>	<b>19.8</b>
Fees & user charges		2.1	0	0	0	0
Operating grants and subsidies		-	-	-	-	-
Other direct revenue	A	35.3	15.2	19.8	(4.6)	19.8
<b>Direct expenditure</b>	<b>B</b>	<b>47.1</b>	<b>36.2</b>	<b>40.9</b>	<b>4.7</b>	<b>40.9</b>
Employee benefits		25.2	29.2	31.7	2.5	31.7
Grants, contributions & sponsorship		-	-	-	-	-
Other direct expenditure		21.9	7.0	9.2	2.2	9.2
<b>Other key operating lines</b>						
AC operating funding		18.0	21.5	21.1	0.4	21.1
AC capital funding		17.2	0	0	0	0
Vested assets		-	-	-	-	-
Depreciation		8.1	0.3	0.1	0.2	0.1
Net interest expense		(0.7)	0	0	0	0



## Financial Commentary

Overall, the operating performance of Panuku is on budget, with detailed income and expenditure variations below.

**A:** Other direct revenue is \$4.6m under budget, this revenue is generated through Panuku staff charging time to Council projects. Revenue is behind budget mostly due to slower recruitment of delivery staff during the year and less time recharged.

Revenue variance for staff recruitment directly matches the variance in staff recruitment expenditure, under direct expenditure below.

**B:** Direct expenditure is \$4.7m behind budget, largely due to savings in employee benefits as a result of staff vacancies. Savings in other direct expenditure of \$2.2m are a direct result of the effort made by Panuku to save costs in response to the Council directive to restrict non-essential spending.



# Commercial Property Portfolio Q4 financials



## Direct operating performance

(\$ million)	Notes	FY 19	FY 20 Quarter 4 YTD			FY 20
		Actual	Actual	Budget	Variance	Budget
<b>Net direct revenue</b>		<b>12.8</b>	<b>14.7</b>	<b>4.2</b>	<b>10.5</b>	<b>4.2</b>
<b>Direct revenue</b>	<b>A</b>	<b>30.8</b>	<b>53.6</b>	<b>44.3</b>	<b>9.3</b>	<b>44.3</b>
Fees & user charges		1.9	0	0	0	0
Operating grants and subsidies		-	-	-	-	-
Other direct revenue		28.9	53.6	44.3	9.3	44.3
<b>Direct expenditure</b>	<b>B</b>	<b>18.0</b>	<b>38.9</b>	<b>40.1</b>	<b>1.2</b>	<b>40.1</b>
Employee benefits		0.2	1.3	1.5	0.2	1.5
Grants, contributions & sponsorship		-	-	-	-	-
Other direct expenditure		17.8	37.6	38.6	1.0	38.6
<b>Other key operating lines</b>						
AC operating funding		-	-	-	-	-
AC capital funding		-	-	-	-	-
Vested assets		-	-	-	-	-
Depreciation		0.3	12.9	11.3	(1.6)	11.3
Net interest expense		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



## Financial Commentary

The numbers in the table represent the Auckland Council Portfolio only. They exclude the net direct revenue of \$6.6m that we have generated for properties managed for Auckland Transport (above budget by \$1.1m), and the \$4.3m of dividend that has been paid to Solid Waste at Council from the Waste Disposal Services investment managed by Panuku.

**A:** Direct revenue is ahead of budget by \$9.3m. The material explanations for the variance are:

- 'The Strand' in Takapuna, the team exceed budget by \$1.7m through leasing additional space during the quarter.
- Waste Disposal Services revenue is \$1.3m ahead of budget, as a result of more waste than budgeted for.
- Waterfront Marinas generated an additional \$1.1m of revenue through additional occupancy. (\$0.5m additional revenue generated from Wynyard Wharf)
- Unbudgeted rental increases also added an additional \$2.2m to revenue.
- Additional rental income for properties added to the portfolio or held for longer than budgeted due to project delays \$1.8m.
- Increases in rates and other operating costs passed through to tenants \$0.7m

A provision of \$1.8m has been made at a Corporate level for rental revenue losses as a result of Covid.

**B:** Direct expenditure is behind budget by \$1.2m. The material variance relates to:

- Priority Location operational spend being \$2.2m behind budget, savings due to Covid restrictions on spending.
- Commercial Property expenditure higher than budget (\$1.6m) made up of a range of expenses with rates expense (\$1.1m) making up the majority.

# Panuku Q4 performance measures

Key performance indicators	Previous	FY 20 Quarter 4		Status	Commentary
	Year	Actual	Target		
<p>Note: Panuku has a total of 6 LTP measures and 17 SOI measures.            Out of the 17 performance targets we have achieved 12 annual performance targets, significantly progressed 2 performance targets more than one year and did not achieve 3 performance targets.</p>					
1. Transform and Unlock location initiatives completed.	57% of the initiatives were completed (8 out of 14 initiatives).	Actual 57% of the Transform and Unlock location initiatives were completed this year. (8 out of 14 initiatives). A list of location initiatives for the 2019/20 year has been agreed by the Board.	90% or more of planned Transform and Unlock initiatives completed/achieved. A list of location initiatives for the 2020/21 year will be agreed by the Board in the 2019/20 financial period.	Not met	Three of the 6 initiatives that were not completed were impacted by Covid-19 public gathering restrictions and alert Level 4 lockdown. The three initiatives not met are the completion of Laneway 4 and 5 at Onehunga delayed by ownership issues, approval of the plan change for Onehunga Wharf delayed by the masterplan approval and go to market process for Northcote delayed by the completion and approval of the go to market strategy.
2. Climate change mitigation and adaptation considered across Panuku projects.	New measure	Completed	A tool is developed / identified to measure and reduce green-house gas (GHG) impact of new mixed use and residential development by June 2020.	Met target	Tools were assessed. BRANZ LCAQuick was selected as the best option. This is a comprehensive tool that measures emissions from whole life cycle of the building (Life cycle assessment), not just operational emissions (e.g. energy and water use). Piloting the use of Life cycle assessment provides an opportunity for Panuku to demonstrate leadership and align with best practice by shifting the focus from energy to carbon.

3. Climate change mitigation and adaptation considered across Panuku projects.	New measure	Completed	A process is defined to ensure climate change adaptation is embedded in the location planning process. Approved by Board by June 2020. One adaptation plan completed as a template for other areas.	Met target	A process has been identified that was set out within the Panuku Climate Change Strategy and approved by the Board. A template has been developed for climate adaptation plans with memos on climate impacts and responses developed for use in masterplanning and projects. Memos on climate change impacts were completed for the Manukau, Hobsonville and Avondale locations.
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Key performance indicators	Previous Year	FY 20 Quarter 4		Status	Commentary
		Actual	Target		
4. Percentage of attendees surveyed satisfied with city centre Waterfront place programmes and activities.	85%	Actual 82%	85%	Not met	Covid-19 resulted in Quarter 4 events planned at the Waterfront being cancelled.
5. Percentage of visitors surveyed satisfied with their experience of the public spaces on the city centre Waterfront (LTP).	92%	Actual 92%	80%	Met target	
6. Percentage of Aucklanders surveyed who have visited the city centre Waterfront in the past year (LTP).	72%	Actual 65%	73%	Not met	Covid-19 lockdown impact on visitor travel to the Waterfront in Quarter 4. Some of the survey respondents also noted the impact of physical works at the Waterfront affecting visitation.
7. Percentage of customers surveyed satisfied overall with marina facilities and services (LTP).	91%	Actual 89%	88%	Met target	

8. Number of significant Māori initiatives implemented or active per annum (LTP).	65	Actual 64	52	Met target	
9. % Mana whenua groups satisfied with quality of engagement.	30% were satisfied, 30% were neither satisfied nor dissatisfied, 20% were dissatisfied. 20% did not give a rating.	Actual 33% of mana whenua survey respondents were satisfied with the quality of engagement	Maintain or Improve baseline	Met target	
<b>Key performance indicators</b>	<b>Previous Year</b>	<b>FY 20 Quarter 4</b>		<b>Status</b>	<b>Commentary</b>
		<b>Actual</b>	<b>Target</b>		
10. Written evidence that opportunities have been identified and assessed, to be progressed or not.	143 opportunities assessed	Actual 128 opportunities have been identified and assessed this year.	At least 100 opportunities identified and assessed.	Met target	
11. The net surplus on the property portfolio achieves the annual budget agreed with the council. (Properties managed on behalf of Council).	\$26.8m	Actual net surplus on the property portfolio for the 12 months ended 30 June 2020 is \$8.2 million ahead of budget (actual surplus of \$38.9 million against budget of \$30.7 million).	Net Surplus achieves budget for 2019/20	Met target	The target was met despite the impact of Covid-19 on some commercial tenants. This was offset by unplanned additional revenue. The increase is mainly due to additional properties added to the portfolio or held longer due to project delays, rent increases higher than budgeted and increase Waste Disposal Services income due to increase in waste volume.
12. Occupancy rate for tenantable properties.	97.8%	96.9%	95%	Met target	

13. ROI on investment on a like for like properties (LTP).	2.4%	Actual ROI calculated on this year's property valuation on a like for like basis is 2.37% against the 1.75% target.	Greater than or equal to 1.75%	Met target	
14. Return on Equity on commercial assets and services (LTP).	11.43%	8.78%	8.25%	Met target	The target was met despite the adverse impact of Covid-19 on revaluation of investment property at Waterfront.
15. List of properties recommended for disposal submitted to the council.	\$30.38m	\$20 million of recommended properties have been presented to Council for approval to dispose against a target of \$45m for 2 years.	A list of recommended properties with a total cumulative gross value of \$45 million for two years (2019/20 and 2020/21), will be submitted to the council seeking approval for disposal by the end of June 2021. or A list of recommended properties with a total gross value of \$22.5 million will be submitted to the council seeking approval for disposal by the end of June 2020.	Progressing	One year of the target remaining and \$25 million balance.
16. Achieve total forecast net sales for the financial year through unconditional agreements. (General asset sales).	\$44.44m	Achieved actual net sales of \$9.9 million for the financial year. \$54.34 million achieved to date of the 3-year target.	Meet or exceed forecast Property disposal annual target of \$24 million or progress the achievement of the 3-year cumulative LTP sales target of \$72m.	Progressing	One year of the target remaining and \$17.66 million balance.

17. Acquisitions are delivered within the timeline agreed with Auckland Council.

92.8%

Actual 91% of the acquisitions were delivered within the timeline agreed with Auckland Council.

80% satisfaction against agreed service performance measure

Met target

30 acquisitions for Auckland Council were completed this year.