

## **Water NZ Meeting 13 July 2017**

### **Urban Development Authorities (UDA) Proposal**

1. There is no legislation as yet – Central Govt is consulting on proposal
2. The Government is proposing a tool-kit of enabling powers that could be used to streamline and speed up particular large scale projects, such as suburb-wide regeneration.
3. This will accelerate urban development projects that offer benefits to communities, including increasing the amount of affordable housing and the provision of necessary infrastructure.
4. The projects would be planned and facilitated by publicly-controlled urban development authorities, potentially in partnership with private companies and/or landowners.
5. The intention is to support nationally or locally significant development projects that are complex or strategically important.
6. A range of urban development projects will be eligible for consideration, including housing, commercial and associated infrastructure projects.
7. Standalone infrastructure projects not eligible

### **UDA Establishment Process**

1. Initiating development project – Council and Central Government
2. Pre-establishment consultation – utilities not involved
3. Establishing a development project – objectives and powers defined
4. Consultation on the draft development plan – hearings on submissions and recommendations to minister – limited notification
5. Approval of the development plan – by Minister

### **Infrastructure powers of UDAs**

1. UDAs can provide new local infrastructure systems within development project areas that would service individual areas or households as well as new trunk or network systems or plant, outside of a development area, that may be required to support the increased number of households and businesses.
2. These powers would enable UDAs to create, stop, move, build and/or alter: water supply, wastewater, storm water and land drainage infrastructure systems, including related trunk infrastructure and plant
3. The Government proposes that urban development authorities can be given the status of a 'requiring authority' under the Resource Management Act 1991.
4. This would enable it to designate land for specific infrastructure requirements and to ask the Crown to exercise powers of compulsory acquisition over that land for those purposes if necessary.

5. Powers to compel relevant territorial authority to upgrade or alter trunk infrastructure

### **Planning powers**

1. Can override existing planning provisions, if these powers are conferred.
2. Can designate within the project area
3. Require LTP to be not inconsistent with the objectives of the Development project

### **Performance standards and requirements**

1. Prior to exercising any powers relating to physical infrastructure, the urban development authority must consult and collaborate with the relevant government agencies, road controlling authorities, and/or territorial authorities to establish for a development project the proposed infrastructure location, system performance requirements, construction and quality standards, levels of service, operating implications and connections to existing systems.
2. At a minimum, any new local infrastructure must meet the system performance requirements and levels of service of the existing infrastructure services networks as defined by the relevant standards and codes.

### **Funding Powers**

1. UDAs will require access to a broad range of powers to encourage investment in, and independently fund, new infrastructure.
2. Powers that would enable UDAs to buy, sell and lease buildings as well as access Crown funding and debt and equity financing.
3. The proposed legislation would also enable UDAs to determine and levy a targeted infrastructure charge on properties as well as charge project specific development contributions on developers building within a development project area.
4. Any charges will be collected by the territorial authority on behalf of the UDA or a private investment vehicle.

### **Dealing with infrastructure after project complete**

1. When the UDA or other relevant public entity owns trunk infrastructure assets at the time that the development project is wound up:
  - a) if there is no debt attached to those assets, the proposed legislation includes a power to vest the trunk infrastructure at no cost in the appropriate receiving organisation;
  - b) if those assets have debt or other financial liabilities attached to them, those assets can be transferred to a receiving organisation only with that organisation's prior agreement;

- c) if those assets are owned by the Crown, final approval of any transfer agreement must be made by the Minister responsible for the proposed legislation and the chief executive of the receiving organisation; and
  - d) if the assets are carrying debt and no organisation is willing to receive them, ownership and debt obligations must remain as they are and any public entity that owns the assets must continue to exist until the debt is repaid, albeit solely as a holding vehicle.
- 2. Where there is debt associated with the assets and the receiving organisation agrees to take those assets, it would become responsible for servicing the debt. It would also inherit any revenue stream related to the asset, with which it can service those obligations.
- 3. Where ownership of any trunk infrastructure remains unchanged when the development project is wound up:
  - a) the territorial authority is responsible for maintenance from that point onwards; and
  - b) the territorial authority can charge a maintenance fee, which it can deduct from any revenue stream it is collecting.
- 4. If a private vehicle owns any trunk infrastructure assets, that vehicle can continue to own them (and collect any revenue stream) until the debt is either significantly reduced or fully repaid, at which point the private vehicle can vest the assets in the territorial authority or receiving organisation.
- 5. The terms on which any assets, liabilities, revenue streams, rights, obligations, designations and on-going management requirements are transferred to a receiving organisation must be negotiated between the relevant entity and that receiving organisation.