



Aide-memoire

Meeting with Minister Wood and Mayor Goff on the Drury-Paerata growth area			
Date:	12 March 2021	Security level:	In Confidence
Priority:	Medium	Report number:	M/EB20/21030119

Information for Minister(s)	
Hon Dr Megan Woods Minister of Energy and Resources Minister of Research, Science and Innovation Minister of Housing Associate Minister of Finance	

Contacts for discussion			
Name	Position	Telephone	1 st contact
Ernst Zollner	Kaiaki, Place-Based Policy and Programmes, HUD	s 9(2)(a)	✓
Kerrie Young	Director Urban Growth Partnerships, Kāinga Ora		

Other agencies consulted
Ministry of Transport

Minister's office to complete

Notes	Comments
<input type="checkbox"/> Noted <input type="checkbox"/> Seen <input type="checkbox"/> See Minister's notes <input type="checkbox"/> Needs change <input type="checkbox"/> Overtaken by events <input type="checkbox"/> Declined <input type="checkbox"/> Referred to (specify) 	

Date returned to MHUD:



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For: Hon Dr Megan Woods, Minister of Housing

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Meeting purpose and objectives

1. Mayor Goff has suggested this more informal meeting with you and the Minister of Transport as a 'debrief' following his visit to Drury and Paerata earlier in the day with Hon Wood.
2. It will be a valuable opportunity to test alignment around the importance of the area as an exemplar urban development opportunity and the imperative to develop it at pace and scale.
3. From a Housing perspective there are three specific meeting objectives and hoped-for outcomes from the meeting:

Proposed objective	Hoped-for outcomes
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1. To highlight the unique potential in Drury and Paerata to develop high-quality, compact and transit-orientated communities	General agreement that the development of Drury-Paerata is aligned to shared Government and Council objectives climate change, transport, housing, and urban development objectives, and that it differs from most standard car-dependent developments on the urban periphery.
2. To highlight and discuss the imperative for developing Drury and Paerata at pace and scale	General agreement that developing Drury and Paerata at <u>pace and scale</u> is important, and that all parties need to work together to consider options for additional transport investment that would enable this.
3. To highlight the likely housing, urban development, and transport benefits of delivering <u>three</u> (rather than just two) stations in the short to medium term.	Noting that Government and Council officials are preparing joint advice (through the current Baseline Review) on the case for delivering all three planned new stations (Drury Central, Paerata <u>and</u> Drury West) as part of the NZ Upgrade Programme.

Meeting details

4. **Location:** AIAL offices – Manuka Room, Level 1, 4 Leonard Isett Drive (5 minutes from Auckland Airport)

Expected meeting attendees

5. Hon Dr Megan Woods, Hon Michael Wood and Mayor Phil Goff.
6. Attendance of any officials is still to be confirmed.

Meeting notes

The Government strongly supports housing and urban development in Drury and Paerata because it's not typical greenfield development

7. There is a high degree of alignment between the Government and Auckland Council in terms of transport, housing, and urban development objectives.
8. Shared objectives include addressing climate change (and a focus on the role of the transport system), a significant mode shift to public transport, walking and cycling, and locating housing and urban development at scale on the city's expanding rapid transit network.
9. However, there are differing views on how the Drury and Paerata areas fit with these objectives.
10. Some Council leaders and officials consider Drury to be a 'greenfield' development that is no different from say Warkworth, Kumeu or Red Hills – and therefore not part of an agenda to promote a "compact" city form. It is instead often grouped with areas such as Kumeu as 'suburban sprawl'.
11. Such broad generalisation is both incorrect and unhelpful.
12. The reason that the Council zoned Drury, Paerata (and large sections of Pukekohe) for very significant future growth was because it has the potential to be very different from the typical car-dependent urban fringe development:
 - a. It is located on the significant Hamilton-Auckland transport and economic corridor, and at the strategic junction between the Waikato, Auckland, and Hauraki-Coromandel regions.
 - b. The Council-adopted Structure Plans for Drury and Paerata tightly orientate these future settlements around new rail stations and are designed to create highly connected communities with excellent walking and cycling networks.
 - c. There is also very significant provision for local employment, services, and facilities, again reducing the demand for travel.
13. Through the NZ Upgrade programme the Government has added another significant differentiator: rapid transit services will now lead housing and urban development at scale in the area - a best practice feature that has never been achieved in New Zealand.
14. Many of these features are shared with the Auckland Housing Programme, which is largely an urban renewal and intensification programme, as shown in Table 1 below.

Table 1: The shared Housing and Transport significance of the Auckland Housing Programme (AHP) and Drury-Paerata, in a nutshell

	AHP	Drury and Paerata
Locational imperative	Crown-owned land and state housing in some of the most accessible and central parts of Auckland	Strategic location on key transport networks where three regions interlock (Auckland, Waikato, Thames-Hauraki)
Housing imperative	34,000 dwellings over 20 years (20,000 affordable/market and 14,000 public)	28,500+ new dwellings
Urban development imperative	Regeneration of approx. 10,000 existing state homes built over 50 years ago Provision of new mixed tenure communities in strategically important areas of Auckland	150 hectares of new business land 50-hectare new Metropolitan Centre Likely location for new regional facilities e.g., hospital
Transport imperative	Significant intensification in strategic locations along rapid transit corridors linked to the CRL and Light Rail initiatives	Intensive urban expansion focussed on stations along the extended Southern rapid transit corridor
National significance	Largest-ever series of urban renewal projects in NZ	Largest-ever satellite or urban expansion project in NZ

15. In short, Drury and Paerata will develop into modern, compact, and sustainable communities that are very well alignment to Council and Government objectives.

The national and regional importance of progressing Drury-Paerata area at pace and scale - and the need for transport investment to enable this

16. The shortage of housing and business land supply in Auckland and the northern Waikato requires bold and urgent action, including increasing the number of land developments that are underway.

17. Large-scale development in Drury is already underway, with the first of houses in Auranga (Drury West) SHA development completed in March 2020. At the Drury South Crossing development a 132-hectare business park is fast taking shape and the first of 850 dwellings of the Classic Homes SHA are being completed.

18. The remainder of the Drury area is still to be 'live zoned', and Council's current development programme is for a relatively slow development phasing over three decades - mainly due to the need for supporting investment in additional transport capacity.

19. However, in January 2020 the Government announced new funding (as part of the NZ Upgrade Programme) to 'bring forward' 'bulk' transport infrastructure so that developments in Drury East and parts of Drury West could start in 2023, more than a decade earlier than planned.

20. There are several unique reasons why Drury and Paerata are particularly good prospects for supporting the urgent increase in housing and business land supply:

- As noted above, this location and form of urban development offers a very good fit with the Government's and Council urban development, economic development, and transport objectives.
- The NZ Upgrade programme will in the medium term deliver 'lead' rapid transit services to the area in addition to strategic roading improvements.

Table 2: The 2020 NZ Upgrade Programme announcement (\$m)	
Papakura to Pukekohe electrification (P2)	371
Drury Central and Paerata stations	247
Mill Road	1,354
Papakura to Bombay Motorway improvements	423
Total	2,710

- c. Some of New Zealand's largest, capable, and successful firms and institutions own large portions of Drury and Paerata, and all share a strong commitment to the Government and Council's objectives.
- d. After extensive public consultation and technical analysis, the Council has adopted Structure Plans for the areas, and Crown and Council officials have completed extensive technical analysis on the required infrastructure needs and costs.
- e. The market has shown a strong interest, with developers lodging five private plan changes over the last year (to rezone 332 hectares to enable 7,370 new dwellings and large business developments) as well as three fast track consenting applications.
- f. There is a ready capacity in the relevant energy, telecommunications, water, and wastewater networks in the area to allow immediate development, and the key developers have reached agreements on further investment required as well as stormwater management and green open space provision.
- g. Kāinga Ora has already purchased three strategic sites earmarked for public and other housing supply, and other Crown entities have also been proactive in acquiring sites.

21. However, the Council has maintained that until and unless it has certainty around the funding of Auckland Transport's future local networks (and the larger urban arterials) it will oppose accelerated development in the area i.e., the proposed plan changes and fast track consenting applications.

22. There is no general agreement as to the size of Auckland Transport's funding 'gap', and in particular no agreement as to how much additional development can or should proceed until further significant investment is required.

23.

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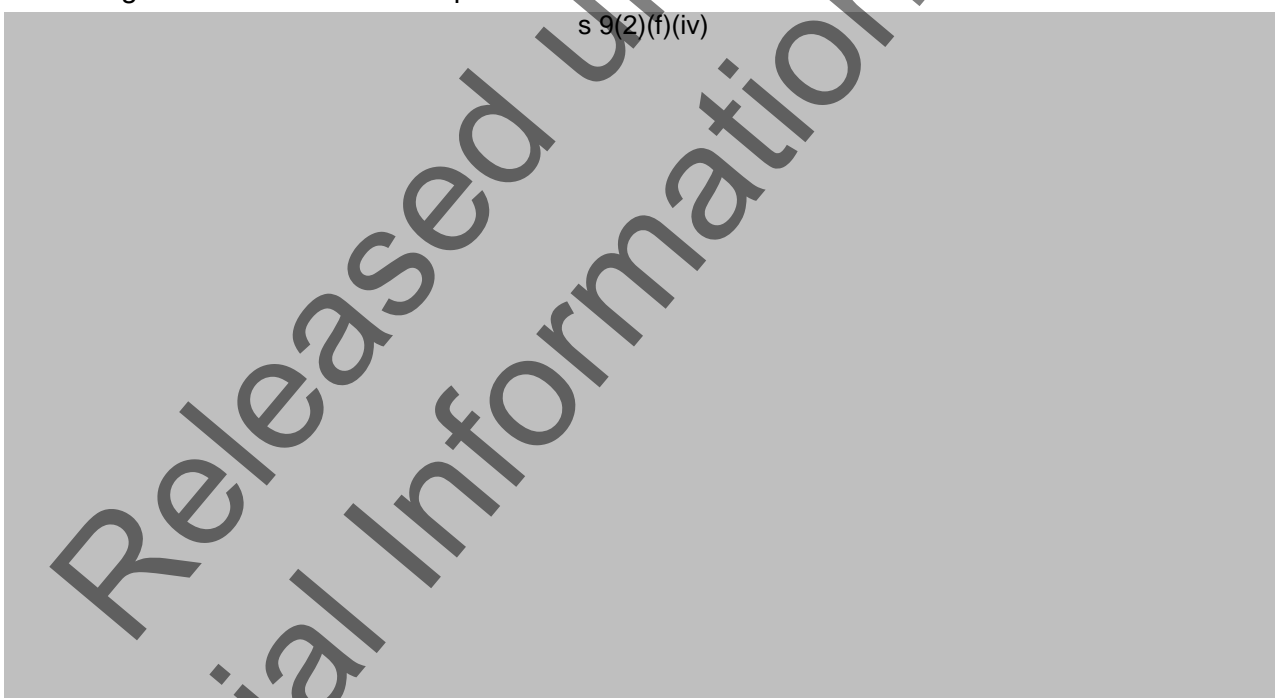


Table 3: A Drury and Paerata transport, housing, and urban development scenario

s 9(2)(f)(iv)

24. In summary, development in Drury and Paerata is underway and the NZ Upgrade and indicative ATAP funding allocations will enable accelerated development. However, this will still be a limited response to the significant potential that the area offers in terms of housing and business land supply. Additional investment to leverage the opportunity linked to rapid transit even further would enable further development in an area of high market interest and with strong alignment to Government and Council objectives.

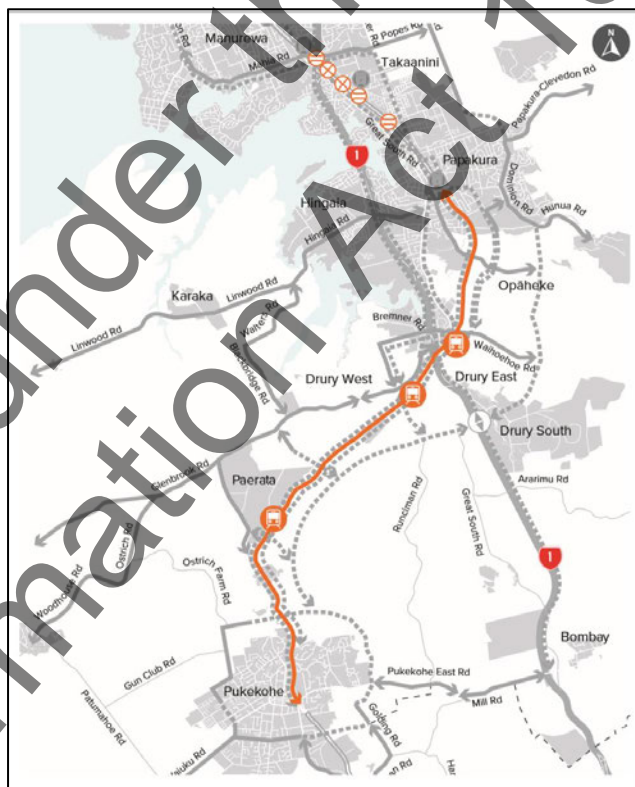
¹ The combined cost of the key Council local roading, busway walking and cycling connections and the NZ Upgrade Programme. Excludes networks within future subdivisions which are typically fully funded by developers. The full cost is around \$6bn.

² Subject to March 2021 Programme Baseline Review for Ministers of Transport and Finance

³ Estimates of actual development on their sites provided by Kiwi Properties, Fulton Hogan, and Oyster, and excludes any possible Kāinga Ora development

The Drury-Paerata stations and their precincts

25. When the Prime Minister announced the NZ Upgrade Programme in February 2020 the two stations that were to be constructed early (within this decade) were Drury Central and Drury West.
26. However, subsequently a decision has been made to that the Paerata station should instead be funded and delivered through the NZ Upgrade programme. Given the small allocation in ATAP to Drury, its therefore likely that a station in Drury West would only be constructed in the next decade.
27. The implications of deferring the Drury West station include:
- Limiting the pace and scale of housing and business land development in Drury West, including within existing developments such as Auranga. This is illustrated further in more detailed summaries in Annex B.
 - A possible loss of the confidence of developers and the lather community in the Crown's stated intentions, given the construction of the Drury West station was clearly signalled as a short-term Government initiative.
 - Reducing the attractiveness of using public transport, and the place-shaping role of rapid transit in particular. This could result in Drury West becoming a largely car-orientated urban area, which would be counter to both the Council and Government's objectives for Drury and indeed Auckland.
 - Deferring a key station would furthermore maintain or even add traffic to the already heavily congested Southern Motorway and reduce the benefit realisation from extending rapid transit south from Papakura to Pukekohe – at least in the medium term.



28. Given these likely implications, the Minister of Transport has requested officials to consider including Drury West station in a revised NZ Upgrade programme (as part of the Baseline Review).

Annexes

29. *Annex A: Drury and Paerata development status summary*
30. *Annex B: Overview of the Drury station precincts*

Annex A: Drury and Paerata development status summary

Drury & Paerata land use status

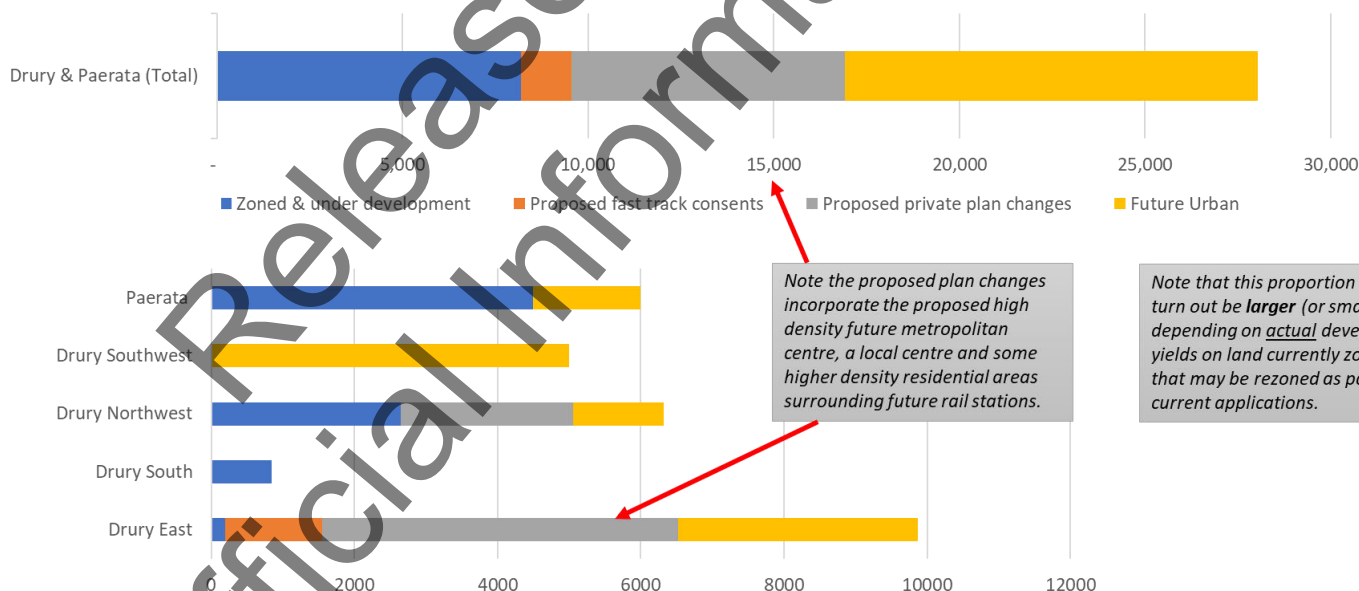
Gross areas (hectares) based on Auckland Council data



Drury & Paerata housing delivery & developer intentions

Estimated Dwelling Yields

Based on stated **developer** intentions and aspirations against total Structure Plan yield estimates



Annex B: Drury station precinct summaries

DRURY EAST STATION PRECINCT

\$400m+ of critical transport projects	4,000+ future dwellings	10,000+ future jobs	Potential 80,000 sqm retail	2+ schools, fire station, health facility, other
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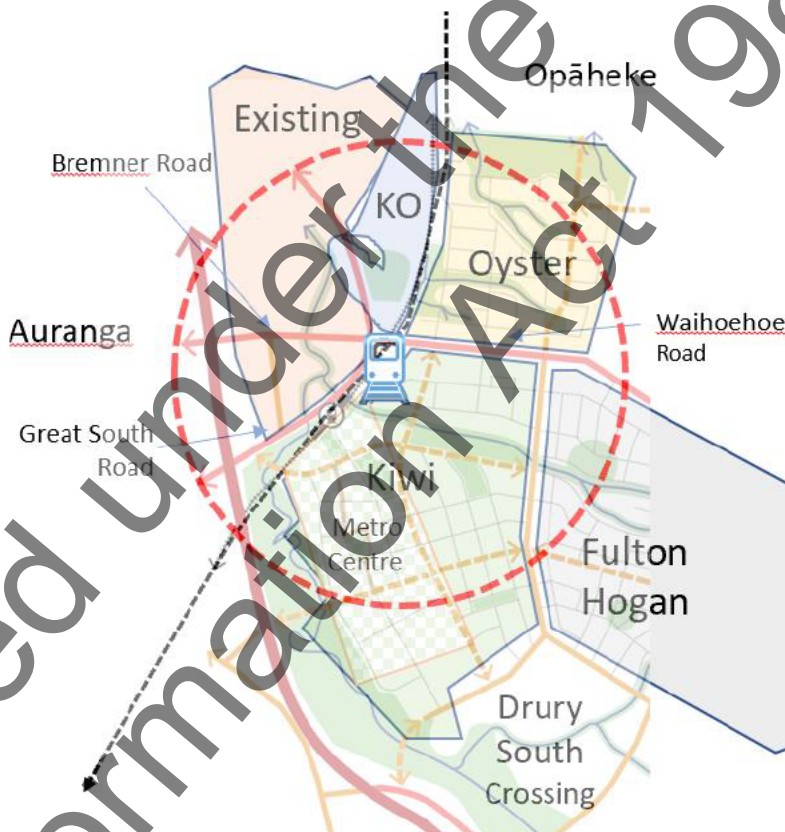
Future station to be located at the intersection of three urban arterials: Great South Road, Waihoehoe Road and Bremner Road (future connection).

Within its 800 radius will be the large future Drury Metropolitan (by Kiwi Properties), the re-developed mixed use Drury township (existing) and the high-density residential developments by Fulton Hogan, Oyster (with Fletchers) and Kāinga Ora - with the latter development including public housing. There may also be a proposed Land For Housing project as part of the Oyster precinct.

The wider catchment through cycling and bus connections will include the rest of Drury East and Opāheke (north), large Fulton Hogan development (east), rest of Kiwi Properties development (south), Drury South Crossing business park (further south) and the live-zoned Auranga development (to the west).

Future high-profile inter-regional connections are also a possibility, with this station a likely stop on possible Hamilton-Auckland Intercity Fast Rail service and key connection for possible future Waikato River Community frequent bus services.

The market is eager to develop within the precinct with all the area surrounding the future station either already zoned for development or subject to notified plan change proposals and fast-track consent applications.



Key required transport investments (in addition to what developers provide on-site)			Housing and urban development potential within 800m radius from station							
Project		Indicative cost or funding envelope	Funding source/status	Precinct	Area within TOD (est)	Status	Potential housing yield (est)	Potential job and commercial yield (est)	Current or planned facilities, services	
1.	Drury Central station	\$140m	NZ Upgrade for start-up stage	Existing Drury township	20 ha (of 27 ha)	Zoned and existing urban	500	3,000	Primary school	
2.	Waihoehoe Road West upgrade bridge across the rail line	\$243m	Included in ATAP, timing of funding uncertain	Kāinga Ora East Street site	12.5 ha	Future Urban	350	100	-	
3.	Waihoehoe / Great South Road interchange upgrade			Oyster 1: Proposed HUD Land for Housing	17 ha	Future Urban, Proposed Plan Change Notified	250	200	-	
4.	West / East link from Bremner to Waihoehoe			Oyster 2: Proposed Fast Track Consent	13 ha (of 18.5 ha)	Future Urban, Proposed Plan Change Notified, Fast Track Consent Lodged	250	100	-	
5.	Walking and cycling connections			Oyster 3: Remainder of site	14.5 ha	Future Urban, Proposed Plan Change Notified	330	100	-	
<i>Note that Kiwi Properties is discussing an additional circa \$35m access from SH1 into the Metro centre with NZTA, which the developer would fully fund.</i>				Fulton Hogan	22 Ha (of 184 ha)	Future Urban, Proposed Plan Change Notified – THAB zone proposed	600	100	School TBC	
				Kiwi Properties	65 ha (of 90 ha)	Future Urban, Proposed Plan Change Notified, Metro Zone and Mixed Used zones proposed	2,000	6,500	50,000m2 Office 70,000m2 Retail Possible health facility	

DRURY WEST STATION PRECINCT

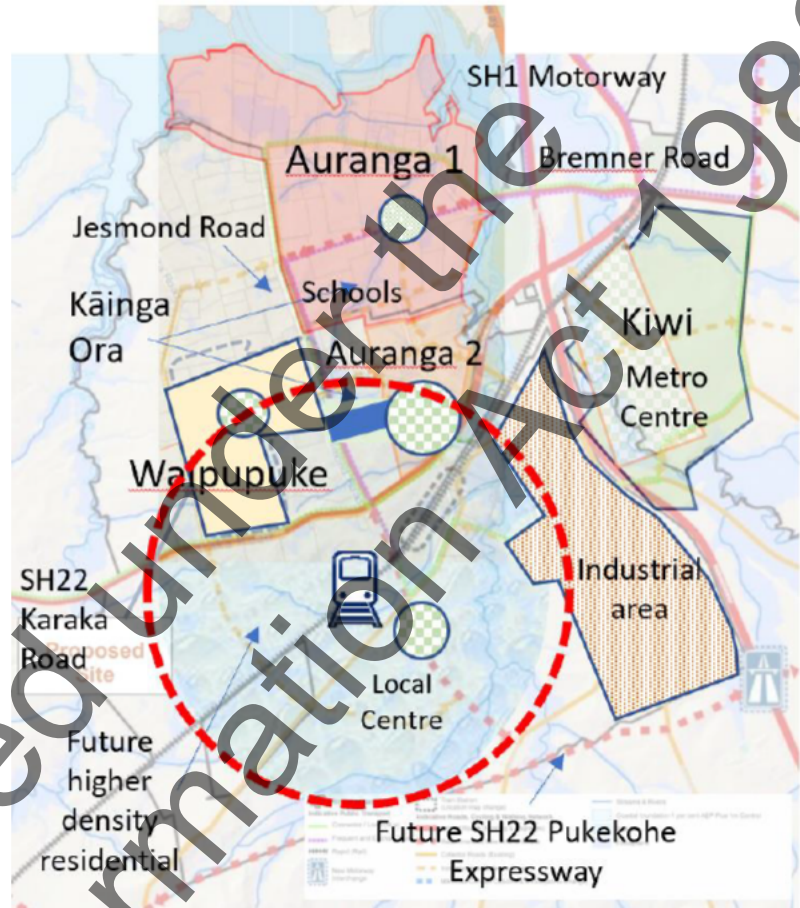
\$400m+ of critical transport projects	5,000+ future dwellings	2,500+ future jobs	3 local centres, one potentially larger	2+ schools, fire station, health facility
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Future station to be located at the intersection of (to be extended) Jesmond and Burt Roads.

Within its 800 radius are three future local centres (relative sizes still to be confirmed); a Kāinga Ora site with likely public housing; part of the proposed Waipupuke residential development; part of the proposed higher density Auranga 2 mixed use development; and an (yet undefined) future zone of higher density mixed residential development.

The wider catchment is very important for this station and through cycling and bus connections will include the Auranga 1 development and land to its west (looking north), the existing Drury township and the Kiwi Metro Centres (further east), a large light industrial and business park adjacent to the SH1 motorway (east) and the remainder of Drury West (south and west).

Western connections: likely connection for the settlements to the west including Kingseat, Clarkes Beach and Waiuku.



Key required transport investments (in addition to what developers provide on-site)			Housing and urban development potential within 800m radius from station					
Project	Indicative cost or funding envelope	Funding source/status	Precinct	Area within TOD (est)	Status	Potential housing yield (est)	Potential job and commercial yield (est)	Current or planned facilities, services
1. Drury West station, key critical enabler of this large growth cell (P50 estimate, KiwiRail)	\$115m	Nil at present	Auranga 2	17 ha (of 34 ha)	Future Urban. Proposed Private Plan Change Notified	600	700	TBC retail and services mix
2. Jesmond Road upgrade and construction, key link to new Drury West station	\$185m		Kāinga Ora	4 ha	Future Urban	150	-	-
-	\$75m		Waipupuke	32 ha (of 56 ha)	Future Urban, Proposed Plan Change Notified	900	200	-
3. SH22/Karaka Road upgrade	\$15m		Future high density residential and mixed use (as per NPS UD)	120	Future Urban	3,600	1,300	Future schools TBC
4. Walking and cycling connections to Drury station, primary to/from the north			Local centre on Burt Road	TBD	Future Urban	TBD	300	TBD
Note that intersection improvements such as Karaka Road with Oira and Burberry Roads are assumed to be funded by developments as per current proposed plan changes, as well as other roading and active mode improvements.								