



Te Awa Lakes Joint Venture

IFF Act Recommendation Report

Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development

(Updated to include technical and minor changes resulting from improved financial conditions agreed by the Minister of Housing in February 2026)

Contents

Purpose	3
Executive summary	3
Recommended actions	6
Background	8
Infrastructure Funding and Financing Act 2020	8
Infrastructure Funding and Financing Amendment Bill	8
Local Government (Water Services) Act 2025	9
How to assess the levy proposal.....	9
Te Awa Lakes Limited levy proposal	11
Alternative funding approach	13
The proposed levy	14
Eligible infrastructure	17
Funding of eligible infrastructure	19
Eligible costs	20
Contractual structure.....	22
Protected Māori Land.....	25
Endorsements.....	25
Other matters	25
Evaluation	27
Purpose of the IFF Act – section 27(4)(a).....	27
Beneficiary analysis	28
Impact on levy payers	34
All other matters of practicality, efficiency or equity – section 27(4)(h)	38
Recommendation	39
Next steps	39
Annex A: All information required for the Levy Order	41
Annex B: Responsible levy authority endorsement.....	57
Annex C: Responsible infrastructure authority endorsement	59

Abbreviations

CV	Capital Value
DFA	Developer Funding Agreement
GSP	Government Support Package
GST	Goods and Services Tax
HCC	Hamilton City Council
HUD	Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development
HUE	Household Unit Equivalent
IAL	Intended Annual Levy
IFF Act	Infrastructure Funding and Financing Act 2020
LCA	Levy Collection Agreement
NIFF	National Infrastructure Funding and Financing Limited
OIC	Order in Council
PDA	Private Developer Agreement
SPV	Special Purpose Vehicle
TAL	Te Awa Lakes Limited
TALJV	Te Awa Lakes Joint Venture

IFF ACT RECOMMENDATION REPORT FOR TE AWA LAKES JOINT VENTURE			
Minister receiving	Hon Chris Bishop, Minister of Housing		
Date	05/11/2025	Priority	High
Tracking number	HUD2025-008191		

Purpose

1. This recommendation report is intended to support your consideration of the levy proposal submitted by Te Awa Lakes Limited (TAL), on behalf of Te Awa Lakes Joint Venture (TALJV),¹ under the Infrastructure Funding and Financing Act 2020 (IFF Act). If approved, the proposed levy will enable funding of water and transport infrastructure necessary for TALJV's greenfield urban development project, 'Te Awa Lakes'.
2. Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development's (the Ministry) in its capacity as 'recommender' has prepared this recommendation report which contains:²
 - The Ministry's assessment of the levy proposal against the purpose of the IFF Act and other mandatory considerations you must have regard to.
 - All other information necessary for you to consider the levy proposal, including information about the matters that would be required for inclusion in an Order in Council ('levy order') authorising the levy.

Executive summary

3. Te Awa Lakes is a greenfield urban development project expected to deliver approximately 2,500 residential dwellings, and various commercial and recreational facilities across three development phases northwest of Hamilton City. TAL, on behalf of TALJV, has submitted an IFF Act levy proposal for water and transport infrastructure projects to enable Te Awa Lakes.
4. If approved, the proposed levy will enable a special purpose vehicle (SPV) (wholly owned by National Infrastructure Funding and Financing Limited (NIFF)) to contribute up to \$50 million of funding to TAL towards the total anticipated eligible infrastructure construction costs of \$70.7 million (TALJV will provide the remaining funding). The SPV will raise funding through debt, financed on the strength of a 30-year levy applying across the majority of the first development phase of Te Awa Lakes, from 1 July 2027 to 30 June 2057. This proposed levy period is broadly consistent with the expected useful life of the infrastructure projects (i.e., 25-35 years) before further capital renewal/refurbishment spend is likely required.
5. The proposed annual levy will be introduced in 20 per cent increments over the first five years (i.e., approximately \$0.6 million in the first levy year (2027/28) levy year, \$3.5 million in the fifth levy year, and \$7.4 million in the final levy year (2056/57). This feature is included as a matter of practicality and equity as it means levy payers will

¹ TAL was established and is owned by TALJV as bare trustee, contracting party, and levy proposer for the purposes of this levy proposal.

² The Ministry of Housing and Urban Development was appointed as recommender for the purposes of the IFF Act by clause 4 of the Infrastructure Funding and Financing (Monitor and Recommender) Order 2020.

not have to pay the full levy before all infrastructure is constructed and incentivises TALJV to maintain the expected pace of development.³

6. The maximum levy revenue over the entire proposed levy period is approximately \$143.38 million (plus GST, if any). In addition to providing funding to repay debt and equity finance for the eligible infrastructure, levy revenue will also apply to financing costs (i.e., interest and fees) as well as the operating costs for the SPV. Figures for expected levy amounts throughout this report are based on this maximum levy revenue and will change accordingly if the maximum levy revenue is reduced.⁴
7. In terms of allocating cost of the infrastructure projects (as a proxy for attributable benefit to beneficiaries/properties):
 - most of the anticipated infrastructure construction costs is attributable to properties within the proposed levy area (i.e., \$55.4 million/78.4 per cent of \$70.7 million)
 - cost attributable to the proposed levy area is greater than the IFF funding amount of \$50 million, meaning the levy area's costs are effectively subsidised by TALJV
 - most cost attributable outside of the proposed levy area is still within the wider Te Awa Lakes development (i.e., properties that are already sold or will be delivered during later phases of development)⁵
 - only a marginal amount is attributable to properties beyond the Te Awa Lakes development.
8. The proposed levy would apply differentially to residential and commercial properties within the levy area (i.e., determined based on the size and use of the property). Levy liability would be allocated based on the capital value (CV) of the property and would be 1.3 times higher for developed commercial properties, reflecting their greater anticipated benefit and ability to pay.
9. The proposed allocation methodology ensures that costs arising from any delays in development are borne by developers (i.e., TALJV or superlot developers)⁶ rather than developed property owners. Financial and contractual arrangements and levy calculation mechanisms will protect individual levy payers from paying more than the amount they are liable for should additional costs arise, such as from delays.
10. The indicative annual levy per \$1 million of CV for developed property types is detailed in Table 1 below.

³ TALJV is the largest landowner and will be the primary levy payer during the first five years of the levy period.

⁴ For example, the maximum levy revenue could reduce because of reductions in financing costs prior to financial close (immediately after a levy order is established).

⁵ \$13.7 million (19.6 percent) of the total proposed eligible construction costs are attributable to other areas within the Te Awa Lakes development.

⁶ Superlots are large parcels of land purchased by developers for development and sale. In the Te Awa Lakes development, superlots are parcels of land larger >700sqm.

Table 1: Indicative levy per \$1 million of CV for developed properties (plus GST, if any)

LEVY YEAR ENDING 30 JUNE	2028	2032	2037	2042	2047	2052	2057
Residential	\$2,100	\$2,364	\$2,740	\$3,177	\$3,683	\$4,269	\$4,949
Commercial	\$2,730	\$3,073	\$3,562	\$4,130	\$4,788	\$5,550	\$6,434

NB: Sums have been rounded. Commercial reflects a 1.3 times uplift.

The opt-in nature of the proposed levy is a key feature

11. In considering and assessing affordability, a key feature of the proposed levy is the eventual owners of properties within the proposed levy area will effectively opt-in or consent to the levy by purchasing property. The proposed levy will be disclosed prior to purchase and therefore factor into purchasing decisions and affordability considerations. It is reasonable to expect that eventual owners will not purchase property in the levy area if they, and generally their bank if mortgaged, do not believe the proposed levy is affordable.
12. Mortgage assessments are typically considered a trusted assessment of affordability given mortgage brokers and banks must comply with the Credit Contracts and Consumer Finance Act 2003 (including responsible lender principles), are supported by the Responsible Lending Code 2004 and are subject to regulatory oversight from the Commerce Commission.

Alternative funding approach

13. If the proposed levy order is not authorised, TAL (and therefore TALJV) will either be reliant on Hamilton City Council (HCC) agreeing to provide the infrastructure on-balance sheet with debt raised through the Local Government Funding Agency or TAL will need to directly fund the infrastructure themselves.
14. HCC has confirmed there is no funding provision for the Te Awa Lakes development, regardless of whether the proposed levy is authorised.
15. If TAL were to directly fund the required infrastructure, they would likely downsize the development to reduce costs (e.g., financing costs) and only deliver infrastructure as pre-sales allowed for sufficient borrowing, meaning an overall slower pace delivery and likely at higher upfront prices (if feasible).

Evaluation of the levy proposal

16. The IFF Act sets out the criteria you must take into account in assessing a levy proposal and deciding whether to recommend to the Governor-General that a levy order be authorised. As the responsible Minister for the IFF Act, you must only take the criteria listed in section 27(4) into account before deciding on whether to recommend that a levy be authorised.
17. The criteria broadly covers whether the proposal is consistent with the purpose of the IFF Act, whether the levy appropriately allocates costs across the beneficiaries of the infrastructure, and whether the levy is affordable for levy payers and in their long-term

interests. Detail on the statutory requirements in the IFF Act you must consider for this proposal can be found on pages 9-11.

18. The Ministry has assessed the levy proposal against the criteria in the IFF Act and recommends the proposed levy should be authorised, subject to your consultation with relevant Ministers and Cabinet's approval, because:
- The proposed levy is consistent with the IFF Act's purpose as the proposed infrastructure projects will enable an urban development of up to 2,500 residential properties, and various commercial and recreational facilities.
 - The proposed levy appropriately allocates the cost of the infrastructure projects to beneficiaries across both time and location as the infrastructure's useful life broadly aligns with the levy period and the cost (as a proxy for benefit) attributable to the levy area is greater than any other beneficiary group.
 - The proposed levy is affordable over the levy period as each year it will be set based on the properties' CV, and there is generally a correlation between CV and household income. Further, levy payers will only opt-in (by purchasing property) if they and their bank if mortgaged, consider the levy affordable.
 - The proposed levy is in the long-term interests of levy payers as the levy will enable levy payers to purchase property in the Te Awa Lakes development sooner and without potentially higher upfront costs than the alternative funding approach.
19. The full evaluation can be found on pages 27-39.

Next steps

20. Under section 27(3), you are not required to accept the recommendation in this report, but if you do, you may only recommend the levy on the terms set out in this report.
21. If, having considered the levy proposal against the criteria in the IFF Act, you decide to recommend the proposed levy be authorised, you:
- will need to first consult the Ministers of Finance, Local Government, and Commerce and Consumer Affairs as required by section 28 of the IFF Act
 - may also want to consult representatives of ACT and New Zealand First on the proposed levy in line with Cabinet Office Circular CO (24) 2
 - will need to obtain Cabinet's policy approval for the proposed levy to be authorised by Order in Council after consulting the Ministers above.
22. If having considered the levy proposal against the criteria in the IFF Act, you decide not to accept the recommendation in this report, we recommend you write to TAL to notify them of this as soon as possible. The Ministry can provide a draft letter if required.

Recommended actions

It is recommended that you:

1. **Note** that Te Awa Lakes Limited, on behalf of Te Awa Lakes Joint Venture, has submitted a levy proposal for its proposed greenfield urban development project – Te Awa Lakes, to Te Tūāpapa Kura



Kāinga – Ministry of Housing and Urban Development (the Ministry) in its role as recommender under the Infrastructure Funding and Financing Act 2020 (IFF Act).

2. **Note** that the Ministry has assessed the levy proposal against the criteria set out in the IFF Act and recommends that the proposed levy should be authorised.
3. **Note** that you may only recommend a levy order be made if satisfied that authorising the proposed levy is appropriate having regard to the matters listed in section 27(4) of the IFF Act and in accordance with section 27(5) and (6).
4. **Note** that before you recommend the proposed levy order be made, you must first consult the Ministers responsible for the following Acts:
 - the Public Finance Act 1989
 - the Local Government Act 2002
 - the Local Government (Rating) Act 2002
 - the Commerce Act 1986
 - the Credit Contracts and Consumer Finance Act 2003.
5. **Refer** copies of this recommendation report to the Ministers of Finance, Local Government, and Commerce and Consumer Affairs for consultation.
6. **Agree**, following consultation with the Ministers of Finance, Local Government and Commerce and Consumer Affairs to recommend the authorisation of the proposed levy.
7. **Agree**, that depending on your decision to the preceding recommendation, the Ministry will either:
 - 7.1. Provide you with a draft Cabinet paper for you to seek Cabinet's agreement to your recommendation that the proposed levy is authorised; or
 - 7.2. Provide you with a draft letter to Te Awa Lakes Limited to advise them of your decision should you decide to decline the proposed levy be authorised.

Noted

Noted

Noted

Referred

Agree /
Not Agree

Agree /
Not Agree

Jane Keane

Jane Keane
**Policy Manager, Urban Development
and Infrastructure**
05 / 11 / 2025

Chris Bishop

Hon Chris Bishop
Minister of Housing
12 / 11 / 25

Background

Infrastructure Funding and Financing Act 2020

23. The Infrastructure Funding and Financing Act 2020 (IFF Act) enables a funding and financing model for the provision of infrastructure for urban development. Under this model, a special purpose vehicle (SPV) is used to fund an infrastructure project, and a levy is charged against the beneficiaries of the infrastructure to repay finance raised.
24. As the responsible Minister for the IFF Act you must consider levy proposals and whether to recommend an Order in Council ('levy order') is made by the Governor-General to authorise the collection of the proposed levy.
25. Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development (the Ministry) has the 'recommender' role under the IFF Act. As required by the IFF Act, the Ministry has prepared this recommendation report to support your consideration of the Te Awa Lakes Limited (TAL) levy proposal (submitted on behalf of Te Awa Lakes Joint Venture (TALJV)) for water and transport infrastructure projects (infrastructure projects) to enable TALJV's greenfield urban development project northwest of Hamilton City, Te Awa Lakes.
26. The Ministry also has the 'monitor' role under the IFF Act.⁷ This means that if the levy order is made, the Ministry will monitor the SPV's compliance with the IFF Act and levy order.

Infrastructure Funding and Financing Amendment Bill

27. As part of the Government's Going for Housing Growth programme Pillar 2, Cabinet agreed to changes to the IFF Act to improve its usability as an infrastructure funding and financing tool to support urban development [ECO-24-MIN-0283 refers].
28. The Infrastructure Funding and Financing Amendment Bill (amendment Bill) is planned for introduction in 2025. The changes include:
 - removing unnecessary barriers to using the IFF Act
 - improving the viability of the IFF Act for a range of infrastructure projects
 - making the levy development and approvals process simpler and more streamlined.
29. For clarity, this recommendation report does not consider the proposed changes in the amendment Bill and is consistent with the legislation in force at the time the levy proposal was submitted and assessed.
30. You may only consider the legislation in force at the time the levy proposal was submitted and recommendation report prepared in reaching your decision.

⁷ The Ministry of Housing and Urban Development was appointed as monitor for the purposes of the IFF Act by clause 3 of the Infrastructure Funding and Financing (Monitor and Recommender) Order 2020.

Local Government (Water Services) Act 2025

31. The Local Government (Water Services) Act 2025 (LGWS Act) established a new framework for local government's water services delivery system including provisions regarding structural arrangements, operational matters, and planning, reporting and financial management.
32. In accordance with the LGWS Act, Hamilton City Council (HCC) and Waikato District Council (WDC) have agreed to form a water Council-controlled Organisation (CCO) to jointly manage water infrastructure across the two councils. 'IAWAI Flowing Waters Limited' is expected to be operational from 1 July 2026. HCC, WDC and the CCO are currently developing an asset transfer process.
33. As the CCO is not operational at the time of the levy proposal and recommendation report, HCC is the appropriate party for relevant contractual negotiations (e.g., the vesting agreement between TAL, TALJV, SPV and HCC) and certain functions under the IFF Act (i.e., infrastructure endorsement). If the proposed levy is established the Ministry understands that certain water infrastructure will vest in HCC as per the vesting agreement and subsequently vest in the water CCO as per the asset transfer process.
34. If established, the proposed levy is not expected to impact the CCO's ability to meet requirements under the LGWS Act or Subpart 12 – Water services of the Commerce Act 1986. The levy revenue would not contribute to ongoing operation or maintenance costs of the relevant water infrastructure following its vesting in HCC or subsequently the CCO.

How to assess the levy proposal

35. The IFF Act sets out the process you must follow in assessing a levy proposal and deciding whether to recommend that a levy order be approved.

Mandatory considerations

36. Section 27(1) of the IFF Act sets out that you may only recommend that a levy order be authorised if you are "satisfied that authorising the proposed levy is appropriate having regard to the matters set out in subsection (4) and in accordance with subsections (5) and (6)". Subsections (5) and (6) are not relevant to your consideration of the TAL levy proposal.⁸
37. Section 27(4) requires that when you are assessing a levy proposal, you "must only take the following matters into account":

- a) whether the levy proposal is consistent with the purpose of the Act.⁹
 - i. The purpose of the Act is to provide a funding and financing model for the provision of infrastructure for urban development, that –
 - a) supports the functioning of urban land markets; and

⁸ Sections 27(5) and (6) are not relevant to your consideration of the levy because the proposed levy does not apply sections 99 or 142 of the Act (pertaining to the power to construct eligible infrastructure on private land, and the limit on the usual rules for transactions and dispositions at under value).

⁹ Section 3 of the Act contains the purpose.

- b) reduces the impact of local authority financing and funding constraints; and
- c) supports community needs; and
- d) appropriately allocates the costs of infrastructure.

ii. Urban development includes –

- a) development of housing including public housing and community housing, affordable housing, homes for first-home buyers, and market housing:
 - b) development and renewal of urban environments, whether or not this includes housing development:
 - c) development of related commercial, industrial, community, or other amenities, infrastructure, facilities, services, or works.
- b) the extent of the expected benefits outside the levy area compared with expected benefits within the levy area.
 - c) the distribution of expected benefits in the levy area as a whole or any identifiable part of the levy area, and to persons in the levy area.
 - d) the extent to which the actions or inaction of particular persons or a group contribute to the need to undertake the construction work.
 - e) the period over which benefits are expected to occur.
 - f) the long-term interests of levy payers over the levy period.
 - g) the affordability of the levy for levy payers and the sustainability of its payment by them over the levy period.
 - h) all other matters of practicality, efficiency, and equity that you consider relevant, including whether the expected returns on the capital provides by holders of debt or equity are consistent with outcomes produced in workably competitive markets.

38. You may not take any other matter into account when assessing a levy proposal.
39. Section 26 sets out that the Ministry is required to prepare a recommendation report to support your consideration of the proposed levy that contains the Ministry's assessment of the proposal against:
- the purpose of the IFF Act
 - the matters set out in section 27(4)(a) to (g) of the IFF Act; and
 - all other matters of practicality, efficiency, and equity that the Ministry believes may assist your consideration of the levy proposal.
40. You can find the Ministry's assessment of TAL's levy proposal against all mandatory considerations, and the information you need to consider the levy proposal, in this report from page 9-11.

Consultation

41. Section 28 of the IFF Act requires that before recommending a levy order, you must first consult the Ministers responsible for the following Acts:
 - the Public Finance Act 1986
 - the Local Government Act 2002
 - the Local Government (Rating) Act 2002
 - the Commerce Act 1986
 - the Credit Contracts and Consumer Finance Act 2003.
42. The Ministers you must consult the before recommending a Te Awa Lakes levy order are the Minister of Finance, the Minister of Local Government and Minister of Commerce and Consumer Affairs.
43. The Ministry has consulted the Treasury, Department of Internal Affairs and Ministry of Business, Innovation & Employment (as the agencies responsible for each of the above Acts) in preparing this report.

Approval of the levy

44. If, having assessed the levy proposal against the criteria in the IFF Act, you choose to recommend the authorisation of the TAL levy, you will need to take a paper to Cabinet seeking approval of your decision to recommend the levy and authorisation to instruct the Parliamentary Counsel Office to draft an Order in Council.
45. You will then need to seek authorisation of the Cabinet Legislation Committee, and subsequent approval from Cabinet, to submit the Order in Council to the Executive Council.

Te Awa Lakes Limited levy proposal

46. New Zealand's housing market is considered one of the least affordable in the developed world, primarily due to limited housing supply. The Government's Going for Housing Growth programme aims to advance policy and regulatory reforms to address ongoing issues affecting housing supply. However, as the reforms are not yet implemented, supply constraints will likely continue in the near term.
47. Hamilton is a high-growth urban area with a population of 189,000¹⁰ and an annual growth of 2.0 per cent, above the national average 1.2 per cent per annum.¹¹ The Te Awa Lakes development is in Hamilton City's northwest and within both the Northern Priority Development area¹² and the Future Proof Strategy area.¹³ Projections indicate

¹⁰ As at 30 June 2024, Stats NZ estimated Hamilton City's population to be 189,700.

¹¹ Hamilton City, Regional Economic Profile 2024, Infometrics <https://rep.infometrics.co.nz/hamilton-city/population/growth>

¹² A strategic growth zone supported by HCC, Waikato District Council, and NZ Transport Agency Waka Kotahi as a priority for urban expansion.

¹³ A 30-year growth management and implementation plan specific to the Hamilton, Waipā and Waikato sub-region involving local government (Hamilton City Council, Matamata-Piako District Council, Waikato Regional Council, Waipā District Council, Waikato District Council, Auckland Council), central government (Department of Internal Affairs,

the Future Proof sub-region will need up to 72,000 new dwellings by 2050, with 43,100 in Hamilton alone.

48. TAL proposes an IFF levy to facilitate the delivery of water and transport infrastructure projects necessary to enable the Te Awa Lakes development. TAL suggests an IFF levy is a mechanism through which the Government can directly support the increase in Hamilton's housing supply in the near term and utilise the recently announced IFF Greenfield Model. The Greenfield Model aims to enable accelerated housing supply through the IFF Act by reducing the upfront financing costs during higher risk early stages of development.
49. The Te Awa Lakes development is a greenfield urban development project expected to deliver approximately 2,500 residential dwellings, and various commercial and recreational facilities across three phases of development. The development is made up of three phases (shown in Figure 1 below):
- **Phase 1 – Horotiu East North A & B (HEN A & HEN B):** aims to deliver approximately 1,650 Household Unit Equivalents (HUE), primarily residential with approximately 70 commercial HUEs, and includes outdoor amenity areas through lakes, parks and walkways.¹⁴ Phase 1 is within HCC boundaries and is incorporated into Hamilton City Council's (HCC) Operative District Plan. Phase 1 includes two areas:
 - i. **HEN A:** includes 150 HUEs that are excluded from the proposed levy area as they are sold or in the process of being sold at the date of this proposal.¹⁵
 - ii. **HEN B:** includes approximately 1,500 HUEs comprised of 1,430 residential and 70 commercial HUEs.
 - **Phase 2 – Horotiu West (HW):** aims to provide more residential areas, with the potential for Aged Care living and educational facilities. Phase 2 is within Waikato District Council (WDC) boundaries and following Phase 1, TALJV will seek resource consent to develop this area.
 - **Phase 3 – Horotiu East South (HES):** a 13-hectare area that aims to provide recreation, community spaces, commercial and accommodation areas. Phase 3 is within HCC boundaries and will be developed following Phase 1. Phase 3 is a listed project in the Fast-track Approvals Act 2024, meaning it can access a streamlined approvals and consenting process.¹⁶

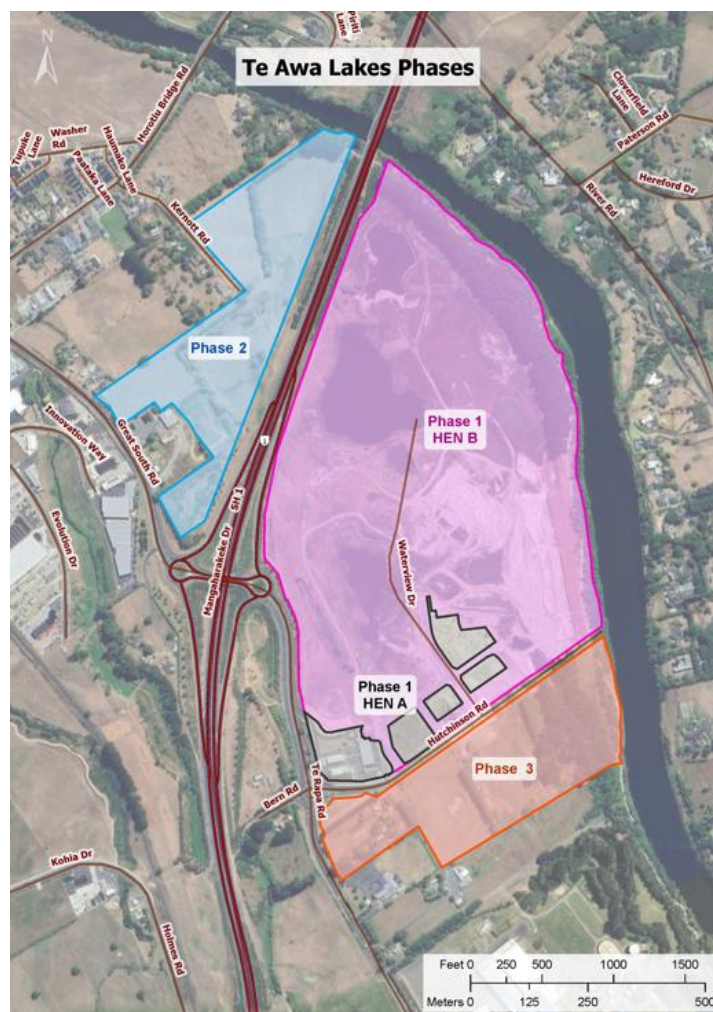
Kāinga Ora, Ministry of Housing and Urban Development, Ministry of Transport, Ministry for the Environment, New Zealand Transport Agency, Te Whatu Ora, Ministry of Education) and Iwi groups (Ngāa Karu Atua o te Waka, Tainui Waka Alliance, Waikato-Tainui, Mana Whenua Kaitiaki Forum).

¹⁴ A household unit equivalent is a standardised measure used by local councils to calculate development contributions, representing an average demand a standard household places on infrastructure such as roading and three waters. This figure will not necessarily reflect the total number of households.

¹⁵ Refer to the beneficiary analysis section for the rationale of excluding HEN A from the levy area.

¹⁶ Schedule 2 Listed projects Fast-track Approvals Act 2024.

Figure 1: Te Awa Lakes development phases



- 50. The exact yield of residential and commercial HUEs in Phase 1 is subject to change and dependent on the rezoning of some land from commercial to residential. TAL indicate that HCC support this rezoning. However, if rezoning does not proceed, more land will be developed as commercial and charged the proposed levy.

Alternative funding approach

- 51. If the proposed levy order is not authorised, TAL/TALJV will either be reliant on HCC agreeing to fund the infrastructure or directly fund the infrastructure themselves.
- 52. HCC have confirmed there is no funding provision for the proposed infrastructure projects, regardless of whether the proposed IFF levy is authorised.
- 53. Further, the Ministry considers it unlikely that HCC would agree to fund infrastructure on TAL’s current development timeframes or to the same specifications. While HCC could have available debt head room to fund the infrastructure on-balance sheet, in June 2025 HCC voted to reject increasing its debt-to-revenue limit in favour of retaining its current upper limit of 285 percent.¹⁷ HCC’s 2024-2034 Long-Term Plan debt-to-revenue forecast indicates the debt ratio will fluctuate between 260-276 percent (primarily in the upper end of this range), and that HCC plan to decrease the

¹⁷ Hamilton City Council Finance and Monitoring Committee minutes 24 June 2025.

debt-to-revenue limit to 280 percent.¹⁸ Agreeing to fund the necessary infrastructure would likely impact HCC's current financial aspirations and forecasts, and reduce available headroom to respond to other unforeseen needs.

54. If TAL/TALJV directly fund the required infrastructure, they will likely downsize the development to reduce costs (e.g., financing costs) and only deliver infrastructure as pre-sales allowed for sufficient borrowing. The overall effect would likely be that:
- infrastructure is built over a longer period and delivery is highly dependent on the level of pre-sales achieved
 - sale prices and resident's association fees are increased (if feasible to do so and still deliver the project) to recover the costs of infrastructure sooner
 - less residential and commercial properties are completed at a slower pace and higher overall cost.¹⁹

The proposed levy

55. The proposed levy would enable an SPV to provide up to \$50 million of funding from financiers towards the construction costs of the infrastructure projects that will enable the Te Awa Lakes development, estimated at a total cost of \$70.7 million. This funding would be raised on the strength of a 30-year levy charged to levy payers within the levy area. The proposed levy period is 1 July 2027 to 30 June 2057.
56. The proposed levy would apply to the **Phase 1 HEN B** area of the Te Awa Lakes development. Phase 1 land is set out in **Annex A** (and includes successor titles if the land is subdivided in the future) however excludes:
- the Waikato Expressway
 - any land which is located to the north of the Waikato Expressway
 - Phase 1 HEN A land, being subject to sale and purchase agreements executed prior to at the date of this proposal.²⁰
57. The proposed levy would apply to approximately 1,500 HUEs, made up of 70 commercial and 1,430 residential HUEs (the final mix of residential and commercial HUEs are subject to rezoning). The boundaries of the levy area will not change over time. A description and map of the proposed levy area is included in **Annex A**.
58. The maximum amount of levy revenue that may be collected over the entire proposed levy period would be approximately \$143.38 million (plus GST, if any).²¹
59. The proposed levy would be introduced in 20 per cent increments over the first five years (i.e., 20 per cent in 2027/28 and 100 per cent in 2031/32 onwards) to prevent levy payers from paying the full levy, before all infrastructure is completed and incentives TALJV to maintain the expected pace of development. As shown in Figure 3, the intended annual levy (IAL) would increase from approximately \$0.7 million in

¹⁸ Hamilton City Council 2024-34 Long-Term Plan.

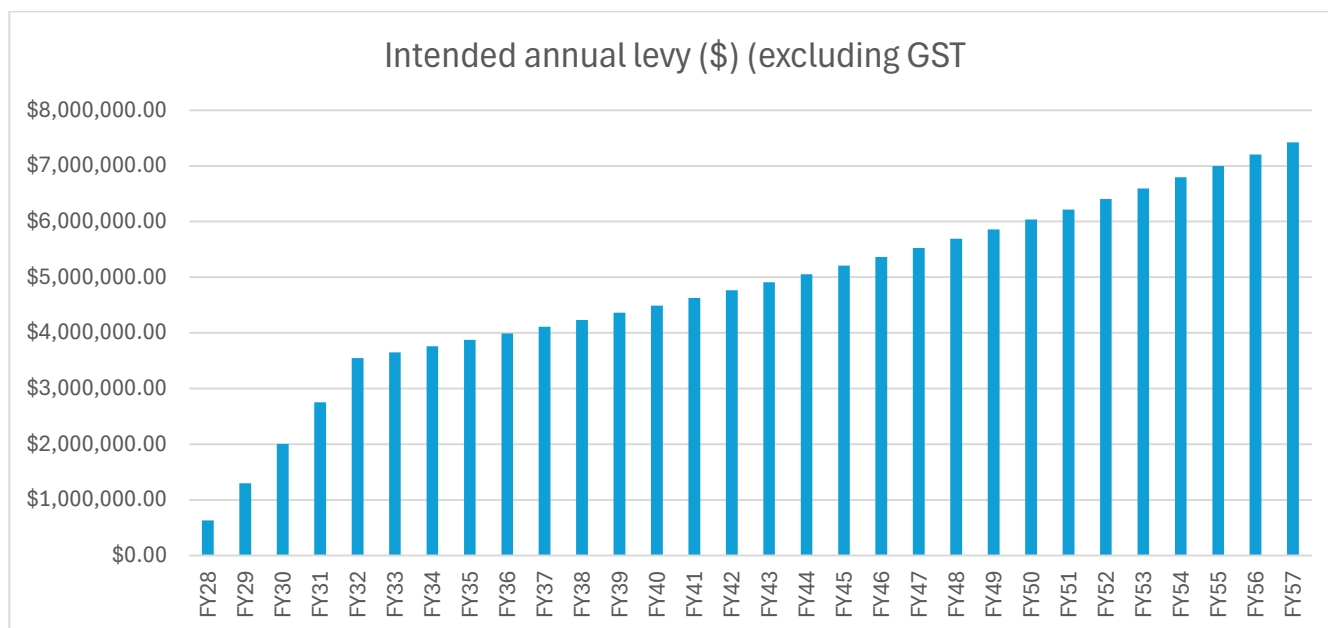
¹⁹ The TAL levy proposal does not provide costing or estimates of timing for this counterfactual.

²⁰ Note, there are parcels of HCC land subject to the Reserves Act 1977 located in the proposed levy area. This land is not rateable and therefore would not be subject to the proposed levy.

²¹ The maximum levy revenue would be exactly \$143,381,327.00 (excluding GST).

FY28 to \$3.9 million in FY32 at the end of this five year period, and then \$8.2 million in the FY57 levy year (the final levy year).²²

Figure 3: Intended annual levy over the proposed levy period



NB: Financial year (FY) is 1 July to 30 June

Beneficiary groups

60. The proposed infrastructure projects are intended to enable the development of the four Te Awa Lakes development areas; **HEN A** and **HEN B** (phase 1), **HW** (phase 2) and **HES** (phase 3). These four development areas will be the primary beneficiary groups of the proposed infrastructure projects and will receive differentiated benefits from the infrastructure depending on factors such when the areas are developed, where they are located and infrastructure catchment areas.²³
61. The private developer agreement (PDA) between TALJV and HCC requires that some of the proposed infrastructure projects deliver benefits to catchment areas beyond the development perimeter of Te Awa Lakes. The beneficiaries in these areas are referred to as local lots (**LL**).²⁴ In addition, minor public amenity benefits, such as visual improvements, are attributable to beneficiaries in the wider community (**WC**).
62. While there are several beneficiary groups, the proposed levy area is the Phase 1 HEN B area and therefore only the HEN B beneficiary group will be charged the proposed levy.²⁵ This means that the proposed levy will only apply to property owners that opt-in to the levy area and factor the levy into their affordability considerations and

²² FY is financial year, measured as 1 July the previous year to 30 June i.e., FY28 is 1 July 2027 to 30 June 2028.

²³ Infrastructure catchment areas refer to the area infrastructure is anticipated to service and are determined by factors such as geography and infrastructure design. For example, geography will influence which area's stormwater run-off, and how much, is serviced by the proposed stormwater lake. Areas located 'up-stream' of the stormwater lake could expect greater benefit than areas 'down-stream' which could expect minimal or no service without intervention.

²⁴ The PDA is a contract between a developer and local authority outlining obligations for infrastructure and facilities in exchange for flexibility in infrastructure provision (i.e., infrastructure is provided by the developer instead of the local authority), often in lieu of paying a development contribution.

²⁵ The 'Beneficiary Analysis' section provides further description as to how the proposed costs, benefits and levy liability is attributed to beneficiary groups.

purchasing decisions (refer to paragraph 155 for a description of the disclosure framework).

63. TAL proposes excluding HEN A, HW, HES, LL and WC beneficiary groups from the proposed levy area because:
- HEN A properties are already sold or subject to sale and purchase agreements and would not be able to 'opt-in' to levy
 - retrospective application of the levy could create affordability and equity issues
 - Phases 2 HW and Phase 3 HES are subject to greater uncertainty creating practical difficulties when attributing cost and assessing affordability
 - Phase 2 HW is located within WDC's jurisdiction and would make levy collection and administration more complex
 - benefits outside of Te Awa Lakes are marginal and less quantifiable.
64. TAL proposes the levy applies differentially to the HEN B beneficiary group based on the area of land within each rating unit and the use to which the land is put. In practice, this differential will consider whether the property is greater than (>) or equal to or less than (\leq) 700 square metres (sqm) and classified as residential or commercial (or the equivalent) on HCC's rating database. Properties > 700 sqm will be categorised as 'undeveloped' and properties \leq 700 sqm will be categorised as 'developed'.
65. The differential levy application accounts for uncertainty regarding the pace of development and ensures TAL/TALJV (or superlot purchasers/developers who purchase 'undeveloped' properties) are liable for any additional cost. For example, if development is slower than the ramp (i.e., less than 20 per cent or 300 HUEs per year), the difference of the intended annual levy will be applied to undeveloped properties.
66. The levy will then be set based on Capital Value (CV) per \$1 million, consistent with HCC's approach to rating.²⁶ Given the nature of direct and indirect benefits, CV, which is generally indicative of ability to pay, is an appropriate basis on which to assess the levy. TAL proposes commercial properties' levy charges are 1.3 times higher to reflect their likely higher infrastructure demand and ability to pay.

Annual levies

67. Based on TAL's forecast, developed residential property levy charges in the 2027/28 levy year will be approximately:
- \$1,680 for a developed residential property with a CV of \$0.8 million
 - \$2,100 for a developed residential property with a CV of \$1 million
 - \$2,520 for a developed residential property with a CV of \$1.2 million.
68. In the same levy year, developed commercial property levy charges will be approximately \$2,730 per CV of \$1 million.

²⁶ This is consistent with item 2 of Schedule 3 of the Local Government (Rating) Act 2002.

69. In the 2056/57 levy year the proposed developed residential property levy will be approximately \$4,949 per CV of \$1 million.
70. Based on TAL's forecast, undeveloped property levy charges (if any) in the 2027/28 levy year will be approximately:
- \$933 for an undeveloped property of 800 sqm
 - \$1,166 for an undeveloped property of 1000 sqm
 - \$11,657 for an undeveloped of 10,000 sqm.
71. Further details on the proposed levy can be found in **Annex A**.

Eligible infrastructure

72. Collectively, the proposed infrastructure projects (water and transport infrastructure) to be funded by the levy meet the definition of eligible infrastructure under the IFF Act.²⁷
73. The proposed infrastructure projects, (including cost and expected delivery timeframe) for the Te Awa Lakes development are set out in Table 1 below.²⁸

²⁷ Section 8(2)(a)-(b) IFF Act 2020.

²⁸ Refer to Table 9 in Annex A for the full description of the infrastructure projects.

Table 1: Proposed eligible infrastructure

INFRASTRUCTURE PROJECT	DESCRIPTION	ESTIMATED PROJECT COST	ESTIMATED COST INCLUDING LAND	TIMELINE FOR DELIVERY
Stormwater lake and wetlands	Construction of a large stormwater treatment lake, providing both water quality management and recreational / visual amenity for residents. Includes wetland areas for natural filtration.	\$10.0m	\$14.4m	2026-2028
Stormwater outfall	Final stage of stormwater treatment where cleaned water is released into the Waikato River via landscaped wetlands.	\$3.0m	\$5.5m	2026
Main Road, including bridge/culvert	Primary spine road of TAL development, connecting to Hutchinson Road. Includes a bridge or culvert crossing the stormwater lake.	\$19.5m	\$22.1m	2026-2028
Entrance road upgrade, including roundabout	Upgrade of Hutchinson Road (main entrance to TAL development) linking Te Rapa Road and the Service Centre. Includes a new roundabout.	\$8.9m	\$9.8m	2026-2029
Wastewater pump station	Wastewater pump station to serve residential and employment zones.	\$5.4m	\$5.4m	2026-2029
Wastewater rising main	Pressurised pipeline system to transport wastewater from the pump station to the main sewer network.	\$7.2m	\$7.2m	2029-2030
Three Waters	Provision of water supply, wastewater and stormwater infrastructure.	\$6.4m	\$6.4m	2026-2029
Total cost estimate	-	\$60.3m	\$70.7m	-

NB: Costs are in millions and are plus GST, if any. Totals may not sum exactly due to rounding.

74. TALJV is contributing land already owned as part of the funding stack. The proposed levy funding of \$50 million will not reimburse TALJV for this land.
75. Development and construction of Te Awa Lakes will be undertaken by and/or on behalf of TALJV (i.e., by a building consortium). The SPV, proposed to be owned by National Infrastructure Funding and Financing Limited (NIFF), will not be responsible for the construction of any of the infrastructure projects within the Te Awa Lakes development. Upon completion, it is intended that infrastructure projects will vest in HCC and a yet to be established Te Awa Lakes residents' society through the SPV.
76. The Developer Funding Agreement (DFA) between the SPV and TALJV will require TALJV provides for the proposed infrastructure projects in accordance with the levy order and specifications set out in the PDA. This will ensure the expected benefits of the infrastructure projects are delivered. The DFA will require TALJV seek prior consent of the SPV for any material variations. The DFA will also confer certain benefit on the Crown that the Crown may rely upon and enforce, for example if TALJV did not undertake one of its agreed developer commitments as outlined in the DFA.

Funding of eligible infrastructure

77. The estimated total construction cost for the Te Awa Lakes development project is \$70.7 million. The proposed funding stack is set out in Table 2 below:

Table 2: TAL development infrastructure proposed funding stack

SOURCE OF FUNDING	FUNDING AMOUNT
Proposed IFF Funding Amount	\$50m ²⁹
TAL pre-spend on land	\$10.4m
TAL pre-spend on works	\$10.1m
Pre-sales / superlot sales ³⁰	\$0.3m
Total	\$70.7m

NB: Costs are in millions and are plus GST, if any. Totals may not sum exactly due to rounding.

78. The actual IFF funding amount provided to TAL will be a function of financing conditions and will be determined at financial close, but will not be more than the maximum levy revenue set out in this report.^{31,32} The maximum levy revenue is sized to contribute a maximum IFF Act funding amount of \$50 million, with no buffer to accommodate for increases in the base interest rate on private financier debt (“senior debt” – as it holds the highest priority for repayment in the proposed capital structure). If the base rate increases, either the cost of NIFF’s debt (subordinated debt) will be

²⁹ The total amount of financing to be raised will be greater than the proposed IFF funding amount to account for other costs such as capitalised interest and fees.

³⁰ Superlots are large parcels of land purchased by developers for development and sale. In the Te Awa Lakes development, superlots are parcels of land larger >700sqm.

³¹ Financial close is the satisfaction of all conditions to the availability of debt finance for the SPV, such that the SPV can then draw on that debt finance and make finance available to TAL.

³² NIFF will advise of any changes if the proposed levy progresses to financial close.

reduced and/or the amount of senior debt will be reduced to ensure that both the maximum levy revenue and the IFF funding amount of \$50 million remain unimpacted. If the base rate decreases, the maximum levy revenue will be reduced.

79. NIFF advised the total anticipated cost of this IFF transaction is premised on previous city-wide IFF levies however, amended for a greater level of financial risk given risk is concentrated in relatively fewer levy payers and dependent on the success of the development. NIFF executive and Treasury officials have considered and discussed these factors. NIFF will register a second-ranking mortgage over Phase 1 HEN B land as security until the proposed infrastructure projects are delivered.
80. Should the cost of financing at financial close be significantly less than anticipated, the proposed levy design includes a forecast excess levy mechanism to ensure reduced costs are reflected in lower levy charges (i.e., the maximum levy revenue and IAL will be decreased). Should TAL not require the full IFF Act funding amount, the maximum levy revenue would also decrease accordingly. TAL/TALJV are responsible for meeting any additional costs as set out in the DFA.

Eligible costs

81. The levy revenue would be applied towards:
- The costs of constructing the eligible infrastructure, including establishment costs.
 - The financing costs such as interest and fees, debt repayment and equity return.
 - The costs of administering the levy.
 - General operating costs of the SPV.
 - Any further costs of the SPV in complying with the Act or the proposed levy order.
82. The expected eligible costs over the entire 30-year levy period are detailed in Table 3 below:

Table 3: Eligible costs

ELIGIBLE COSTS		
Construction and SPV Establishment Costs		
SPV establishment costs	<i>IFF Act 9(3)(a)</i>	\$0.5m
IFF Funding Amount (towards construction costs)	<i>IFF Act 9(3)(a/b)</i>	\$50.0m
Total		\$50.5m
Financing Costs		
Debt interest & fees	<i>IFF Act 9(4)(c)</i>	\$80.7m

Debt repayments³³	<i>IFF Act 9(4)(a)</i>	\$58.9m
Equity repayment & return	<i>IFF Act 9(4)(c)</i>	\$9.6m
<i>Total</i>		\$149.2m
Levy Administration Cost		
Levy collection (by HCC)	<i>IFF Act 9(5)(a/b)</i>	\$0.9m
<i>Total</i>		\$0.9m
Operating Costs of the SPV³⁴		
General operating costs	<i>IFF Act 9(2)(e)</i>	\$3.5m
GST	<i>IFF Act 9(2)(e)</i>	\$21.5m
<i>Total</i>		\$25.0m
Additional Funding Uses / Sources		
Return of excess Levy to ratepayers		\$0.0m
Interest earned		(\$0.8m)
Equity funding		(\$0.9m)
Debt funding		(\$58.9m)
<i>Total</i>		(\$60.7m)
Total Eligible Costs Funded by the Levy		\$164.9m³⁵

NB: Costs are plus GST, if any / total operative GST costs reflected as a specific item.

83. The above figures are based on the financing conditions at the time the levy proposal was submitted.³⁶

³³ The amount of debt that is raised and repaid is greater than the IFF Funding amount due to capitalised interest and fees.

³⁴ NIFF has included no allowance for unrecovered bad debts or associated enforcement costs in its general operating costs. NIFF has advised that the SPV's strategy will be to take enforcement action to recover any bad debts. The amounts recovered will also include any associated enforcement costs. If the SPV does not successfully recover bad debts and/or enforcement costs this will reduce the expected return of excess levy to levy payers and then the returns realised on NIFF's subordinate debt and equity.

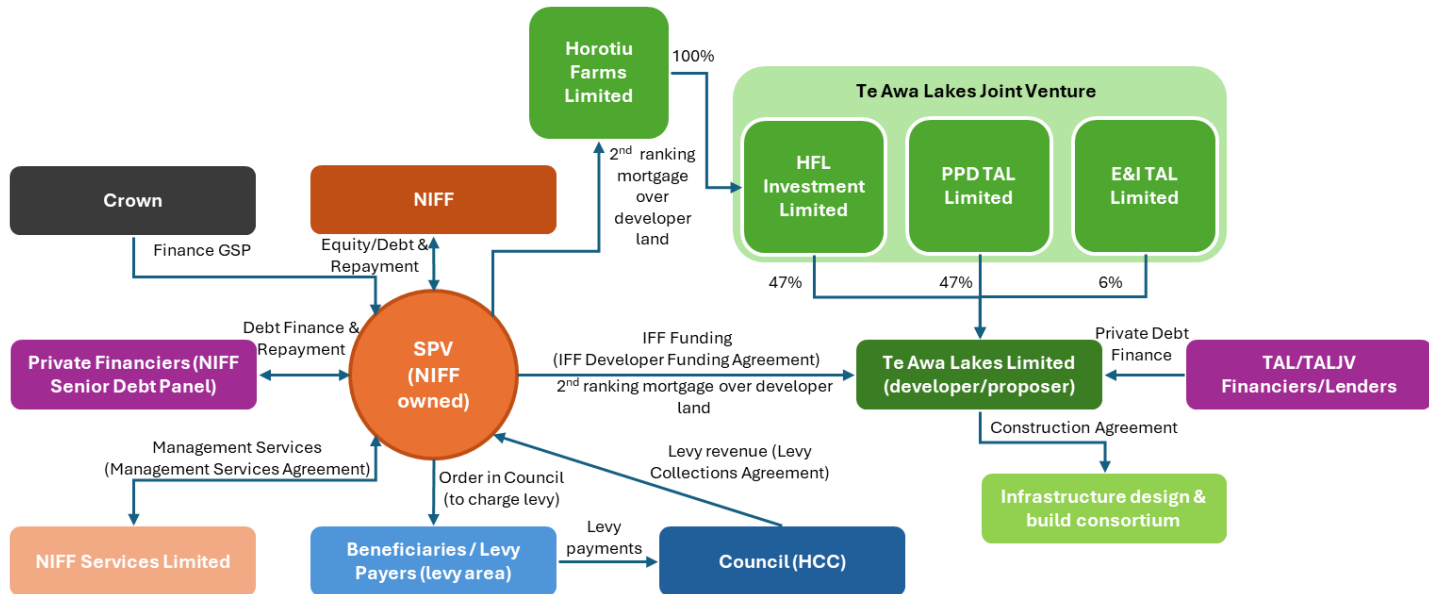
³⁵ The discrepancy with the maximum levy revenue is due to total eligible costs being inclusive of GST while the maximum levy revenue is expressed on a plus GST, if any, basis. The numbers presented in this table reconcile to the underlying financial model on which the Levy is based. Numbers have been rounded in presentation and therefore row totals may not sum exactly.

³⁶ The anticipated base rate is from the day the levy proposal was submitted. Interest rates fluctuate daily and would be locked in at financial close.

Contractual structure

The contractual structure of the proposed IFF Act transaction is set out in Figure 4.

Figure 4: Te Awa Lakes IFF Act transaction contractual structure



IFF Developer Funding Agreement

84. If the proposed levy is approved, the DFA will be the key contractual agreement between the SPV, TAL, TALJV and Horotiu Farms Limited (parent company of HFL Investment Limited member of TALJV), with the Crown having contractual privity to the relevant provisions of the agreement. The DFA will set out, among other things:

- The SPV will make conditional grant funding available to TAL with appropriate checks as per standard contracting arrangements (e.g., requiring proof of incurred eligible costs)
- TAL and TALJV will have an obligation to use reasonable endeavours to complete the infrastructure in accordance with the specifications and an obligation to complete the infrastructure by a contractual deadline date, with restrictions on scope variation; and
- The TALJV partners will each guarantee the obligations of TAL under the DFA, in accordance with their obligations under the joint venture agreement.

85. NIFF, as the intended owner of the SPV, has been negotiating the terms of the DFA with the aforementioned parties.

86. The purpose of the DFA is to hold TAL to account for delivery of the proposed infrastructure projects and the Te Awa Lakes development in a way that achieves the expected benefits described in the levy proposal. The DFA will require TAL meet a portion of the levy or repay some or all of the SPV's debt in the event that forecast yield (both in terms of the total number of HUEs to be developed and amount of land for developed properties in hectares) reduces below a five per cent contingency (i.e., HUEs drop below 1,425 or the developed property area drops below 28.5 hectares). This has the effect of maintaining the expected levy for all landowners, that is so landowners are not negatively impacted by a reduced yield.

Levy Collection Agreement

87. The Levy Collection Agreement (LCA) will be the key contractual arrangement between the SPV and HCC (the responsible levy authority). The LCA will provide for HCC to collect the levy through its rates invoicing process and pass on the levy revenue to the SPV. NIFF, as the intended owner of the SPV, has been negotiating the terms of the LCA with HCC.

Financing Structure, Facility and Security Agreements

88. The preferred financing structure is a single SPV (Te Awa Lakes Finance LP).
89. There would be a suite of facility and security agreements between the SPV and the financier(s). These agreements will set out the arrangements for debt to be provided to the SPV and primarily secured against the levy revenue however, NIFF will also have security in the form of a second-ranking mortgage over the land during the development and construction stages.³⁷
90. At the time of the levy proposal, NIFF had undertaken a competitive market process with its Senior Debt Panel (made up of both local and international financiers) and had begun progressing negotiations and terms of the facility and security arrangements with one private market financier.
91. If the proposed levy is approved and it eventuates that the development cannot proceed, these agreements provide for the SPV to halt funding to TAL and to undertake accelerated recovery of funding already provided, for example through land sales. The lending/debt structure ensures that senior debt is repaid ahead of NIFF's subordinated debt.

Government Support Package

92. The Government Support Package (GSP) would be an agreement between the Crown and the SPV. It is proposed that this GSP will cover losses to the SPV and/or its financiers arising from circumstances including:
- amendment or termination of the proposed levy order; or
 - successful judicial review proceedings that have the effect of reducing levy revenue.
93. The Treasury is responsible for negotiating a GSP with NIFF and the financier. Should you choose to recommend approval for the proposed TAL levy, the Minister of Finance will receive advice from the Treasury about a potential GSP for the SPV.
94. If granted, the GSP will be an indemnity issued by the Minister of Finance under section 65ZD of the Public Finance Act 1989. The Minister of Finance will consider whether to grant the GSP if you decide to recommend that Cabinet authorises the proposed levy.

³⁷ NIFF will remove the mortgage as HEN B land is developed and sold, either as individual sections or superlots. Once all infrastructure projects are delivered NIFF will remove the mortgage from the remaining undeveloped HEN B land.

SPV ownership

95. At the commencement of the proposed levy, the SPV will be incorporated as a Limited Partnership wholly-owned by NIFF through an existing intermediate holding company. The Limited Partnership structure is a standard approach used in project financing.
96. NIFF expects to invest \$1 million of equity into the SPV at financial close. This equity will act as a buffer to the SPV's debt and take first loss on certain risks to the SPV's cashflows.
97. The proposed levy model does not assume any non-payments will occur. NIFF's subordinated debt and equity take on the risk of non-payment. The Ministry considers this appropriate as this approach will incentivise NIFF as an investor to manage non-payment risk and actively manage enforcement alongside HCC as the responsible levy authority. There is no cross-subsidisation of bad debts proposed on this transaction (i.e., bad debts will not be recovered via the annual reconciliation regime as they are in existing levies).
98. The pre-tax equity return will be no more than 7.9 percent per annum. The proposed levy order will cap the equity return (see Annex A for more details). NIFF confirmed that their equity return is benchmarked against a range of comparable equity and subordinate debt investments to ensure it is consistent with outcomes produced in workably competitive markets.
99. Te Awa Lakes Finance LP would be the responsible SPV entitled to the proposed levy revenue. IFF Holdings Limited, a subsidiary of NIFF will provide the funding for partnership interests in Te Awa Lakes Finance LP.
100. NIFF will be unable to sell its equity in the SPV to a third party unless consented to in writing by the Ministry as the monitor. The Ministry can withhold consent by specifying the grounds of public interest on which it has decided to do so. However, certain rights for financiers (for example, the right to appoint a receiver, a receiver and manager, an administrator, or a liquidator to the SPV, or to acquire the partnership interests in the SPV and shares in its general partner) would be provided for without triggering a need for consent from the Ministry.

Management Service Agreement

101. The Management Service Agreement will be between the SPV and NIFF Services Limited (a subsidiary of NIFF). In return for management services, this agreement will require the SPV to pay an annual base fee starting at \$45,000 and increasing by 3 percent per annum. The agreement would also provide for the payment of additional fees for services not captured by the base fee.
102. The fees that would be charged by NIFF Services Limited to the SPV are below the level required to recover all costs and have been set at a level broadly consistent with the approach taken by other funding providers available to greenfield developers.

Protected Māori Land

103. Protected Māori land (PML) is defined in section 11 of the IFF Act and includes Māori freehold land and Māori customary land. However, PML status can also apply to a number of other categories of land, including general title land owned by Māori if it was previously Māori freehold land, but had its status changed by Part 1 of the Maori Affairs Amendment Act 1967, or by an order of the Māori Land Court made on or after 1 July 1993.
104. PML can only be included in the proposed levy area if the consent of owners of that land has been obtained and provided to the Ministry. TAL conducted a high-level review of the titles in the levy area and identified no protected Māori land, noting the land in the proposed levy area is owned by TALJV, Horotiu Farms Limited, or HCC. For the avoidance of doubt, as no PML has been identified it has not been necessary to obtain the consent of any PML owners.

Endorsements

Levy endorsement

105. HCC, as the proposed responsible levy authority, has endorsed the proposed levy. This endorsement can be found at **Annex B** and shows HCC is satisfied that the proposed levy would not compromise its ability to collect rates during the proposed levy period.

Infrastructure endorsement

106. HCC, as the proposed responsible infrastructure authority, has endorsed the proposed eligible infrastructure for the Te Awa Lakes development. This endorsement can be found at **Annex C** and shows that HCC has endorsed the technical specifications of the projects.

Other matters

Levy remission and postponement policies

107. If the levy is approved, the SPV and HCC will be required to agree on the terms of a levy remissions policy and levy postponement policy in accordance with section 76 of the Act and the 'Collection Agency Agreement'. NIFF expects there should be no remissions of the levy or postponements of the requirement to pay a levy except in certain situations where a remission or postponement may be justified and has discussed this with HCC. This approach of limited remissions and postponements reflects the larger impact on SPV finances of non-payment by a levy payer in a 1,500 HUE development (compared to a city-wide transaction). The opt-in nature of the levy is also expected to reduce the need for remissions and postponements.
108. Certain situations where NIFF expects a remission or postponement are justified include for example:

- a. A developed property that exceeds 700 sqm (i.e., its land use is categorised as residential or commercial (and is classified as undeveloped for levy liability purposes should be partially remitted such that it pays the equivalent levy of a 'developed' property with the same CV).
- b. If TALJV defaults under the DFA and is required to repay all outstanding levy on the remaining undeveloped properties owned by TALJV (and related entities) for the remaining portion of the 30 year levy term to repay debt and equity funds on undeveloped land that would have otherwise been serviced by future levies – in that scenario, on receipt of payment in full the SPV would remit the levy payable on the undeveloped land to \$0.

Infrastructure vesting agreement

109. If the levy is authorised, section 90 of the IFF Act requires that the SPV and HCC must enter into a vesting agreement for the transfer of the proposed eligible infrastructure projects to the responsible infrastructure authority. This agreement must specify the circumstances and conditions for the transfer of the infrastructure to HCC.
110. However, as the SPV will not be responsible for the construction of the infrastructure, the vesting agreement will follow the simultaneous vesting arrangements below:
 - infrastructure will vest in the SPV upon completion
 - the SPV will vest infrastructure in HCC
 - HCC will permanently vest infrastructure in the eventual owner (i.e., HCC or TALJV/or a to be established residents' society) as predetermined in the vesting agreement.
111. NIFF as the intended owner of the SPV has negotiated the terms of the vesting agreement with HCC and TALJV (acting through its bare trustee TAL). It sets out that transport (i.e., roading upgrades, including rain gardens) and drinking and wastewater infrastructure (including water services infrastructure in public roads) will ultimately vest in HCC, and that stormwater infrastructure (excluding rain gardens) and water services infrastructure not in public roads will ultimately vest in TALJV (or a to be established residents' society).
112. HCC have confirmed that drinking, waste, and other water services infrastructure vested in HCC is expected to subsequently vest in the joint HCC and WDC owned water CCO in accordance with the broader asset transfer process. 'IAWAI Flowing Waters Limited' is expected to be operational on 1 July 2026 and will be responsible for building and managing water infrastructure across HCC and WDC. Vesting negotiations have occurred with HCC as the water CCO is not yet operational.

Reporting and monitoring

113. The SPV must prepare an annual report on its operations and provide this to the Ministry. The annual report must include audited financial statements, an audit report, and sufficient information to enable an informed understanding of its operations. The annual report must also include the annual levy set, the actual levy revenue collected, any forecast of excess levy revenue and any decision to reduce the maximum levy

revenue. The Ministry will review, confirm and publish the SPV's reporting and make inquiries into any aspect of SPV operations if the Ministry reasonably believes a significant problem could exist or develop.

Evaluation

114. This section of the recommendation report contains the Ministry's assessment of the proposed levy against all the matters that you must consider when assessing this proposal. This section is intended to support your own consideration of this levy proposal against these matters.
115. Analysis focuses on the proposed infrastructure projects that would in part be funded by a levy, rather than the finished Te Awa Lakes development. However, as the proposed infrastructure projects would enable the development, there is overlap.

Purpose of the IFF Act – section 27(4)(a)

116. The purpose of the IFF Act is set out in section 3. The Ministry considers that the proposed levy is consistent with the IFF Act's purpose for the reasons detailed below in paragraphs 117-123.

Provision of infrastructure for urban development

117. The Te Awa Lakes development supports urban development. Te Awa Lakes is a greenfield urban development project expected to deliver approximately 2,500 residential dwellings, as well as various commercial and recreational facilities.

Functioning of urban land markets

118. Over the last 10 years HCC issued an average of 1,336 new dwelling consents per year.³⁸ The proposed TAL levy will enable infrastructure necessary to deliver approximately 2,500 new residential dwellings across all development phases. The Te Awa Lakes development represents a significant addition of dwelling stock for Hamilton City and at an accelerated pace compared to the alternative funding.³⁹

Local authority funding and financing constraints

119. TAL/TALJV is responsible for delivering the proposed infrastructure projects (directly and/or through a third-party building consortium). HCC is not required to contribute funding or financing towards the construction of the infrastructure, and the proposed levy is not expected to have any negative impact on HCC's rates revenue, credit rating, or current or future balance sheet capacity.
120. HCC advised the Ministry that there is no funding provision for Te Awa Lakes infrastructure, regardless of the proposed levy being authorised or not.

³⁸ <https://gem.infometrics.co.nz/hamilton-city/housing/residential-consents>

³⁹ Note the last proposed eligible infrastructure project is forecast to be completed in 2030, enabling the development, construction and sale of properties in the proceeding years.

Supports community needs

121. TALJV is committed by a zoning condition to deliver at least 10 per cent quality integrated affordable housing in Te Awa Lakes (however TALJV aspires to 20 per cent). This means at least 250 residential properties would be 'affordable'.⁴⁰ Nevertheless, the addition of 2,500 new residential dwellings is a clear increase in total housing supply.
122. While HCC have indicated there is no funding provision for the proposed infrastructure projects, enabling off-balance sheet funding now negates the need for HCC to fund enabling infrastructure in this area in future, for example using development contributions. This preserves HCC's debt headroom to respond to other community needs in the near term and protects ratepayers from subsidising the cost of growth infrastructure as is common in the development contributions system.

Appropriately allocates the costs of infrastructure

123. The proposed levy will appropriately allocate the costs of infrastructure across both time and location because:
 - The 30-year levy period broadly aligns with the period over which the infrastructure projects will provide benefit, spreading the cost of the project over the levy payers that will benefit over time. Capital expenditure for renewal/refurbishment is not expected for approximately 25 to 35 years. With proper maintenance and renewal/refurbishment spend, the estimated useful life of the proposed eligible infrastructure is 50+ years.
 - The level of benefits arising from the proposed infrastructure projects and Te Awa Lakes development will differ between different beneficiary groups. The levy has taken this into account and ensures the amount of the levy payable for a levy payer is broadly proportionate with affordability and the level of benefits that levy payer receives. Further, the opt-in nature of the levy also means the cost is allocated to beneficiaries who are prepared to pay.

Beneficiary analysis

124. The most immediate and primary beneficiaries of the proposed infrastructure projects are the eventual owners and/or occupants of the developed properties in the Te Awa Lakes development areas: **HEN A**, **HEN B**, **HW** and **HES**.⁴¹ These beneficiary groups will receive water and transport services and other associated benefits if they purchase property within the development.
125. The PDA between TALJV and HCC, by way of infrastructure catchment areas, requires some of the proposed infrastructure projects to provide benefits beyond the

⁴⁰ TALJV has advised 'affordable' is below the mean property price in Hamilton.

⁴¹ Note, only HEN B is within the proposed levy area; HEN A, HW and HES are beyond the levy area but within the overall Te Awa Lakes development.

development permitter to nearby local lots (**LL**).⁴² There is also minor benefit attributable to the wider community (**WC**) where public amenity is anticipated.⁴³

126. The respective cost of the proposed infrastructure projects provides a suitable measure for the quantified benefit (Table 5 on page 32 outlines these costs/benefits). There are other broader potential benefits that could arise from the proposed levy and Te Awa Lakes development however, not all can readily or easily be quantified at this time as the later stages of the development are premised on zoning and yield assumptions and wider market performance.

127. Table 4 below outlines some of these other benefits arising from the project.

Table 4: Description and beneficiaries of other benefits arising from the Te Awa Lakes development

TYPE OF BENEFIT	BENEFICIARIES
Property ownership e.g., security/stability, rental income,⁴⁴ capital gains and financial asset	Eventual owners of residential and commercial properties in Te Awa Lakes
Increased rating base and rating income	Hamilton City Council, Waikato District Council, Waikato Regional Council (WRC)
Return on investment through development and sale of property	TALJV, private financiers, superlot developers, and building and construction firms
Commercial opportunities	Those who choose to expand or open businesses in Te Awa Lakes

128. For example, a high-level estimate of additional annual rating revenue (based on estimated HCC residential rates 2027) resulting from a completed Te Awa Lakes development Phase 1 (i.e., 1,650 additional HUEs) is approximately \$11.36 million. This figure is based on the average proposed CV across all Te Awa Lakes typologies and estimated HCC rates 2027 provided in the levy proposal representative household analysis. WDC and Waikato Regional Council could also expect increases to their rating base and revenue from the Te Awa Lakes development.⁴⁵

Extent of expected benefits outside the levy area compared with the expected benefits within the levy area – section 27(4)(b)

129. TAL used land area as a proxy to allocate benefit to the identified beneficiary groups, taking into account the purpose, capacity and expected usage of the proposed infrastructure projects. When TAL deviated from this proxy, they provided appropriate rationale.⁴⁶ This approach reflects the mix of residential and commercial zoning and

⁴² The PDA requires the stormwater lake, stormwater outfall, and the wastewater rising main deliver benefits to local lots as the local lots are within the 'catchment area' for this infrastructure. Infrastructure catchment areas typically reflect local planning, infrastructure networks, and geography and inform for example level of service requirements.

⁴³ The proposed stormwater lake is anticipated to provide some aesthetic and recreational benefit to the wider public.

⁴⁴ For example, TAL anticipates commercial lots could attract an average rental rate of \$400 per sqm per annum.

⁴⁵ While the majority of the Te Awa Lakes development is within Hamilton City Council's boundaries, Phase 2 is within Waikato District Council's boundaries. The entire development is within Waikato Regional Council's boundary.

⁴⁶ Deviations primarily reflect that despite certain beneficiary groups being within the catchment area for some of the proposed eligible infrastructure, existing or planned infrastructure, or the relative location and geography of the

the fact that the expected final HUE yield is only well developed for Phase 1 HEN A and HEN B areas of the Te Awa Lakes development.

130. In considering the proposed levy area, TAL consulted with NIFF and determined that it should only cover the Phase 1 HEN B area, based on several factors including that:
- The proposed levy is an opt-in arrangement, allowing potential buyers to factor the levy into their purchasing decisions.⁴⁷ Including HEN A properties that have already been sold or are subject to sale and purchase agreements may create affordability and equity issues for landowners, if they are retroactively included.
 - It is impractical to include Phase 2 or 3 of development (i.e., beneficiary groups HW and HES) in the levy area, given the uncertainty around development timing or expected HUE yields. This uncertainty makes it difficult to assess levy affordability.
 - HW is in WDC's boundaries and would complicate collection arrangements and levy administration if included.
 - Benefits accrued outside of Te Awa Lakes (beneficiary groups LL and WC) are difficult to accurately quantify and are not particularly significant in relation to total costs, accounting for only \$1.6 million of total construction costs.
131. While beneficiary groups outside of the levy area will receive some benefits, they will accrue significantly fewer benefits than the HEN B beneficiary group. TAL estimates that about 78.4 percent of all cost (and therefore benefit by way of proxy) is attributable to the levy area and experienced by HEN B. Approximately 21.6 percent will accrue outside the levy area, mainly to beneficiary groups within Te Awa Lakes (HEN A, HW, and HES). Table 5 below describes cost and benefit allocations.
132. Based on the beneficiary assessment, the share of costs for the proposed infrastructure allocated to HEN B is \$55.4 million/78.4 percent of the total costs of \$70.7 million. This means the proposed levy area is gaining greater benefit than the IFF funding amount is contributing (i.e., \$50 million). As TAL/TALJV is contributing the additional funding, TAL/TALJV is effectively subsidising some of HEN B's costs and fully subsidising costs for groups outside of the levy area.⁴⁸
133. The Ministry considers TAL's determining of the levy area and attributing of expected costs/benefits appropriate.

beneficiary groups to the proposed eligible infrastructure mean these groups will not receive any benefit. For example, the Waikato Expressway is within the catchment area for the proposed stormwater lake however the New Zealand Transport Agency Waka Kotahi is planning to construct a swale to capture and manage stormwater run-off separate to the proposed stormwater lake.

⁴⁷ The 'opt in' nature of the proposed levy is a key factor in the proposed levy's affordability, refer paragraphs 155-157 below.

⁴⁸ As the majority of benefits accrued by benefit groups outside of the levy area are within the Te Awa Lakes developments, TAL/TALJV will likely recoup the cost of these benefits through future sale prices.

Table 5: Final allocation of proposed eligible infrastructure project costs / benefits within and outside of the levy area

ELIGIBLE INFRASTRUCTURE / ALLOCATION OF COST (\$MILLION)	HEN A	HEN B (LEVY AREA)	HW	HES	LL	WC	TOTAL
Stormwater lake and wetland	1.0	9.4	3.0	-	0.3	0.7	\$14.4
Stormwater outfall	0.4	3.8	1.2	-	0.1	-	\$5.5
Main road	2.0	20.1	-	-	-	-	\$22.1
Entrance road upgrade	0.7	7.1	-	2.0	-	-	\$9.8
Wastewater pump station	0.4	4.1	-	0.9	-	-	\$5.4
Wastewater rising main	0.5	5.1	-	1.1	0.5	-	\$7.2
Three Waters	0.6	5.8	-	-	-	-	\$6.4
Total attributable cost	\$5.5m	\$55.4m	\$4.2m	\$4.0m	\$0.9m	\$0.7m	\$70.7m
Total attributable benefit	7.8%	78.4%	5.9%	5.7%	1.3%	1%	100%

NB: Cost are millions, and plus GST if any. Attributable cost and benefit totals may not sum exactly due to rounding.

Protected Māori land

134. The proposed levy area will not include any PML. As noted above all land within the proposed levy area is currently owned by TALJV, Horotiu Farms Limited or HCC so there is a high level of confidence that the land is not PML. As such, seeking consent for PML inclusion in the levy area is unnecessary.
135. The assessment of PML within the proposed levy area, and if identified, obtaining owner consent for its inclusion, occurs at the time a levy proposal is submitted. Under section 11 of the IFF Act it is possible that parcels of land which are not currently PML may become PML in the future which could impact levy affordability. While this is considered unlikely, it is difficult to accurately determine the significance of any impact.

Distribution of expected benefits within the proposed levy area – section 27(4)(c)

136. Assessing the distribution of cost/benefit within the levy area and thus the fair allocation of levy liability is necessarily somewhat subjective. However, the Ministry considers the distribution of expected cost/benefit of the proposed infrastructure projects to be equitable.
137. The primary benefit that the proposed levy area (i.e., beneficiary group HEN B) will gain from the proposed infrastructure projects is the ability to purchase property within the Te Awa Lakes development and to receive water and transport services.
138. Based on the attributable cost of \$55.4 million and assuming HEN B comprises 1,430 residential and 70 commercial HUEs, the estimated attributable cost/benefit share between residential and commercial HUEs is \$52.8m (95.3 percent) and \$2.59m (4.67 percent) respectively.⁴⁹ However, the exact share will depend on final mix and yield.
139. As the final mix and yield of HUEs and speed of development is dependent on several factors, TAL proposes the attributable cost/benefit and therefore levy liability is set differentially based on land parcel size in sqm and land parcel categorisation as per HCC's rating database. This results in three categories of levypayer within the levy area/HEN B beneficiary group:
- 'Undeveloped properties' (> 700 sqm)
 - 'Developed properties – residential' (≤ 700 sqm, categorised as residential); and
 - 'Developed properties – commercial' (≤ 700 sqm, categorised as commercial).⁵⁰
140. The proposed process for determining levy liability/allocating the annual levy is:
- 1) Determine the total amount of levy allocated to the developed properties category by applying the levy rate (as set out in the levy order) to the total developed land in square metres.

⁴⁹ For example, in the 2027/28 levy year TAL estimates total developed land will be 60,000 sqm and a levy rate of \$11.60/sqm will apply, meaning an approximate annual levy of \$696,000 to allocate to between developed residential and commercial properties (the actual split will depend on actual the number and type of properties developed).

⁵⁰ 'Developed properties' refers to both developed residential and commercial properties together.

- a. If insufficient land in sqm is developed to cover the full annual levy, the remainder is allocated to the undeveloped properties category. It is expected that land will be developed at a slower rate than the ramp during the development years and therefore some levy will be paid by TALJV (and/or purchasers of superlots).
 - 2) Allocate the total amount of developed properties levy to properties based on the CV of the rating unit, including a 1.3 times uplift for commercial properties.
 - 3) Allocate any remaining annual levy to the undeveloped properties category based on the square metres of land of each property.
141. This differentiated approach ensures that the costs of any delays are borne by TALJV (or purchasers of superlots) through the undeveloped property category rather than developed properties. This approach also incentivises a timely development pace.
142. Commercial properties will attract customers and will increase demand on the water and transport services and also generate economic activity and greater additional benefit (beyond the primary benefit of purchasing property). The 1.3 times commercial levy uplift recognises this and the ability of some businesses to pass the cost of the levy onto their customers, thus spreading the financial burden more widely.

Extent to which actions or inactions of particular persons or groups contribute to the need to undertake the construction work – section 27(4)(d)

143. The development activities initiated by TALJV, and the subsequent occupation and use by eventual property owners in the levy area, directly create the need to undertake construction of the proposed infrastructure. As such, the Ministry considers it fair that the costs of constructing the proposed infrastructure projects are allocated to those who most significantly contribute to and benefit from the projects (i.e., HEN B).
144. HEN A properties have not contributed to the need for the proposed infrastructure projects, even though they will benefit, as they are already enabled, developed and sold (or are subject to sale and purchase agreements).⁵¹ Similarly, the LL and WC benefit groups gain relatively marginal benefit without contributing to the need. Future HW and HES properties do not contribute to the need for the construction as they will not be developed for several years.

The period over which benefits are expected to occur – section 27(4)(e)

145. The final proposed infrastructure project (wastewater rising main) will be completed in 2030.⁵² The estimated useful life of the infrastructure projects is likely 50 plus years with suitable maintenance and renewal spend. TAL estimates that material refurbishments of most infrastructure projects will be required after approximately 25 to 35 years of service.

⁵¹ HCC's wastewater treatment capacity is sufficient to serve the HEN A (and HEN B) HUEs and allocation of capacity has been secured.

⁵² TAL's levy proposal indicates the planned completion date is 30 September 2030.

146. The Ministry therefore considers the proposed levy period is appropriate as it can be inferred benefits will occur for 25 to 35 years which broadly aligns with the 30-year levy period (i.e., from 1 July 2027 to 30 June 2057).
147. A longer levy period would reduce the annual levy, however doing so would:
- increase the total levy due to increased financing costs
 - not align with the assessed period of benefits accruing from the project.
148. Given the phasing of development HEN A, HEN B, LL and WC beneficiary groups will gain benefit for a longer period than HW and HES beneficiary groups. However, this incremental benefit was not allocated due to difficulty in accurately determining the incremental benefit over the relative period the benefits are expected to accrue.

Impact on levy payers

Long-term interests of levy payers – section 27(4)(f)

149. The Ministry considers the proposed levy is likely to be in the long-term interests of levy payers. These interests include benefits of the proposed infrastructure projects (see tables 4 and 5 and paragraphs 124-133 above), the affordability of the levy over the entire levy period (see paragraphs 153-169 below), and how the levy compares with the likely counterfactual scenarios.
150. If the proposed levy is not approved, TAL would be reliant on HCC agreeing to fund the proposed infrastructure projects or need to fund the projects themselves.⁵³ Were HCC to fund the infrastructure, development contributions would likely be charged and reflected in the final purchase price, potentially increasing upfront costs for buyers. Alternatively, if TAL were to provide the infrastructure directly, the purchase prices for individual sections will likely be higher to accommodate higher private financing costs. This may render the development financially unviable if costs cannot be reasonably recouped through sales.
151. In either scenario, it is unlikely that the proposed eligible infrastructure projects and Te Awa Lakes development would proceed as described or on the same timeframes; it is also likely there would be changes to total HUE yield expectations. Delays or changes in project scope could affect housing availability in the region, impacting both prospective buyers and the broader community.
152. The proposed levy is therefore considered a key factor in enabling the timely provision of essential infrastructure that enables the Te Awa Lakes development, while also distributing costs more equitably among beneficiaries and over time.

⁵³ Note, HCC have confirmed with the Min there is no funding provision for Te Awa Lakes infrastructure regardless of the proposed levy being approved.

Affordability of the levy for levy payers and the sustainability of its payment by them over the levy period – section 27(4)(g)

153. The Ministry considers the proposed levy is likely affordable and sustainable for eventual owners of developed properties.
154. TAL as the proposer and TALJV as the initial landowner have effectively consented to the application of the levy. The inclusion of the undeveloped property levy payer category incentives TALJV to develop and sell properties as soon as possible to lower their total levy liability/costs and realise financial gains; this means over time the affordability and sustainability of the levy will improve for TALJV.
155. The key affordability feature of the proposed levy design is that prospective buyers of developed properties will effectively opt-in to the levy by purchasing property within the levy area. Prospective buyers will only opt-in if they, and their bank (if mortgaged), consider the proposed levy is affordable when assessed against their income and expenses. Prospective buyers are also expected to factor the cost of the levy into their purchasing decisions and may adjust their offer prices, as is common with other properties with ongoing payment obligations (e.g., body corporate fees or long-term council land leases).
156. Mortgage assessments are typically considered a trusted assessment of affordability. Banks and mortgage brokers as lenders must comply with the Credit Contracts and Consumer Finance Act 2003 (CCCFA) including responsible lender principles. For example, under section 9C of the CCCFA, lenders must thoroughly assess a borrower's ability to make repayments without suffering hardship.⁵⁴ This is often evidenced through review of bank statements and verifying income. Lenders are also supported by the Responsible Lending Code July 2024 and are subject to regulatory oversight from the Commerce Commission.
157. Contractual arrangements between TAL/TALJV require a disclosure framework to inform prospective buyers of the levy. For example, the DFA requires TAL/TALJV to comply with 'Purchaser Information Procedures' that in practice mean the developer is responsible for plain language disclosure of the levy through real estate agents and sale and purchase agreements (this extends to sale and purchase agreements of superlot developers to third parties). The levy will also be disclosed through statutory mechanisms such properties' land information memorandum (LIMs) and in HCC's rating information database.⁵⁵ LIMs are generally considered a robust form of due diligence when purchasing a property.
158. TAL/TALJV have indicated they consider they have proposed a levy that is reasonable and affordable noting they have to balance the risk that if levies are too high they will experience difficulty in selling properties or be forced to accept substantially reduced sale prices. This balancing of levy and sale price feasibility closely mirrors that of properties subject to ongoing obligated costs such as body corporate fees and therefore is well understood by real estate agents, banks and some buyers.
159. The SPV will have no obligation to provide funding to TAL/TALJV (i.e., there will be a funding drawstop) and will have the ability to accelerate recovery of the funding

⁵⁴ Section 9C(3)(a)(ii) of the Credit Contracts and Consumer Finance Act 2003.

⁵⁵ The DFA will require TALJV to facilitate disclosure through its arrangements with real estate agents.

already provided should TAL/TALJV breach its obligations under the DFA. The SPV can enforce its rights under the second-ranking mortgage it holds over the development land to recover investment if TAL/TALJV cannot repay the funding already provided.

Assumptions underpinning affordability analysis

160. TAL has undertaken their own due diligence to confirm the design, yield assumptions, project scope and costs to determine whether the overall project and therefore levy affordability is reasonable and achievable. Some of this information is commercially sensitive and was not disclosed to the Ministry. Therefore, our assessment of the overall project and affordability assumes the information provided by TAL is accurate and TAL/TALJV is confident in their ability to develop and sell all intended developed properties at price points consistent with information provided in the proposal.
161. TAL assessed affordability against three representative households (a two-income household, a single income household, and a retired non-mortgaged couple) with different assumed levels of key expenditure. TAL utilised a set of suitable sources, including from Stats NZ (i.e., Household expenditure statistics and Consumer Price Index), HCC's proposed rates increase for 2026-27, and TALJV's housing typology specifications. While changes in the assumptions utilised in the levy proposal could affect the affordability of the levy for some prospective buyers, the opt-in nature of the proposed levy mitigates this risk and means the levy is likely to be affordable for eventual developed property owners.

Residential levy payers

162. TAL/TALJV expects to develop and sell a variety of residential properties varied by size, typology and location within the levy area and anticipates approximate CVs to range from \$700,000 to \$2.75m in the 2027/28 levy year. The median anticipated CV in the same levy year is \$1,223,025, which is higher than Hamilton City's June 2025 median CV of \$788,031.⁵⁶
163. The Local Government Rates Inquiry 2007 found that as a rough benchmark, affordability problems arise when rates exceed five per cent of gross household income. This is known as the 'Shand Threshold'.

⁵⁶ <https://qem.infometrics.co.nz/hamilton-city/housing/house-values?compare=new-zealand>

Table 6: Indicative obligated costs per anticipated CVs in 2027/28

2027/28 CV	2027 RATES (HCC + WRC)	2027/28 LEVY	RESIDENTS ASSOCIATION FEE	TOTAL OBLIGATED COSTS	MIN. HOUSEHOLD INCOME
\$790,000	\$5,025	\$1,659	\$1,150	\$7,834	\$156,680
\$1,240,000	\$7,026	\$2,604	\$1,150	\$10,780	\$215,600
\$1,625,000	\$8,755	\$3,412	\$1,150	\$13,317	\$266,340

NB: Sums have been rounded.

164. Applying the Shand Threshold to three representative developed residential properties, demonstrates minimum household incomes would need to be, in some cases, well above New Zealand’s 2025 average household income of \$135,079 to consider total obligated costs ‘affordable’.⁵⁷ This may limit accessibility for some prospective buyers. However, TALJV indicates their target market of prospective buyers is more reflective of the upper quartiles of household CVs and incomes rather than the median and the immediate area. TAL also notes there is generally a correlation between CV and incomes of property owners and this correlation factors into affordability and levy design as levy liability is assessed based on the CV of the rating unit.
165. Further, the Shand Threshold is only a rough benchmark and not a brightline whereby rates, or in this case total obligated costs, cannot ever exceed five percent annually. The benchmark is more a guide to ensure councils consider affordability for low-income households when setting rating policies.

Commercial levy payers

166. As with developed residential properties, prospective buyers of developed commercial properties effectively opt-in to the levy area and the associated benefits it provides. These prospective buyers will only opt-in if they, and their bank (if mortgaged), consider the levy is affordable and anticipated commercial income assumptions are realistic and achievable. If properties are leased, the cost of the proposed levy will likely be passed onto commercial tenants through lease arrangements.
167. To assess the impact of the proposed levy on developer commercial property, levy payers (i.e., commercial tenants) TAL considered the proposed levy amount against the total rent payable, on a typical property to establish the incremental cost of the proposed levy compared to the commercial lease cost.
168. For the 2027/28 levy year, TAL anticipates developed commercial properties will achieve CVs of approximately \$8,000 per sqm and attract an average rental rate of \$400 per sqm.⁵⁸ Therefore, the anticipated CV for a developed commercial property of

⁵⁷ <https://rep.infometrics.co.nz/new-zealand/income-and-housing/household-income>

⁵⁸ The anticipated annual rent is relatively high for the surrounding area; a review of currently available commercial properties in in Hamilton City (September 2025) via realestate.co.nz suggests commercial rental prices range between \$160 and \$360 per sqm: <https://www.realestate.co.nz/commercial/lease/waikato/hamilton-city>

100 sqm would be \$800,000, resulting in a 2027/28 levy payment of \$2,184, or around 5.46 percent of the total annual rent for the property (\$40,000).

169. It is reasonable to expect that developed commercial properties would be leased by businesses that forecast making a profit taking all costs into account. For these reasons, the Ministry considers the proposed levy as likely affordable and sustainable for eventual commercial tenants (and therefore developed commercial property owners).

All other matters of practicality, efficiency or equity – section 27(4)(h)

170. The Ministry considers the design of the proposed levy has balanced equity considerations on the one hand, with practicality and efficiency considerations on the other.
171. Several matters of practicality were built into the proposed levy design, including:
- basing levy liability on CV is consistent with HCC's approach, captures levy payers' ability to pay and is relatively easy to administer
 - the gradual increase in the levy over the first five years (ramp) ensures fairness and shifts any IAL shortfall to 'undeveloped properties', both protecting 'developed properties' from additional liability and incentivising timely development
 - the 1.3 times uplift rate applied to commercial properties reflects their greater ability to pay and benefit received
 - certain beneficiary groups / property owners (HEN A, HW, HES, LL and WC) are excluded from the levy area due to equitable and practical considerations (refer paragraph 130)
 - the DFA will include a requirement for TAL to repay the levy, or some or all of the financing associated with it, if there is a reduction in HUE or developed property yield below a contingency to ensure end property owners only pay an equitable and affordable amount.

Competitiveness of expected returns for capital providers

172. The Ministry considers the expected returns for capital providers of both debt and equity are consistent with the outcomes that would be produced in workably competitive markets.

Debt

173. NIFF has undertaken a competitive market sounding process with their senior debt panel to seek proposals from the private market to provide financing underpinning a portion of the IFF funding, if the proposed levy is approved. The proposed levy will be a mixture of senior debt provided by a private debt provider and subordinated debt provided by NIFF. This approach aligns with the Government's approach for the IFF

Greenfield Model, which acknowledges NIFF will provide developers with lower cost financing than private financiers over the development period.⁵⁹

Equity

174. NIFF has advised that its equity is priced at a moderate premium to its subordinated debt. NIFF considers that the resulting equity return and the subordinated debt pricing, is likely priced below that which would be required by other equity providers in a workably competitive market. NIFF has confirmed that this perspective is informed by benchmarking against a range of comparable equity and subordinated debt investments to ensure they are consistent with outcomes produced in competitive markets.
175. The Ministry notes that NIFF will own both the SPV and the entity providing management services to the SPV. This creates a risk that the equity returns to NIFF could be effectively increased through charging above-market management services fees to the SPV. However, the management services fees are below the level required to recover all NIFF costs and are set at a level broadly consistent with the other IFF levies.

Recommendation

176. Having considered the levy proposal against the mandatory considerations in the IFF Act, the Ministry recommends that the proposed levy be authorised.
177. This recommendation is based on the Ministry's assessment that:
- The proposed levy is consistent with the purpose of the IFF Act.
 - The proposed levy appropriately allocates the cost of infrastructure across both time and location to the beneficiaries of the eligible infrastructure.
 - The proposed levy is in the long-term interests of the levy payers.
 - The proposed levy is likely to be affordable for levy payers across the entire levy period.

Next steps

178. If, having considered the levy proposal against the criteria in the IFF Act, you decide to recommend the proposed levy be authorised, you:
- will need to first consult the Ministers of Finance, Local Government, and Commerce and Consumer Affairs as required by section 28 of the IFF Act
 - may also want to consult representatives of ACT and New Zealand First on the proposed levy in line with Cabinet Office Circular CO (24) 2
 - will need to obtain Cabinet's approval for the proposed levy to be authorised by Order in Council after consulting the above Ministers.

⁵⁹ NIFF may choose to refinance their debt at a later stage of development or once the development is completed.

179. If having considered the levy proposal against the criteria in the IFF Act, you decide not to recommend it is authorised, we recommend you write to TAL to notify them of this. The Ministry can provide you with a draft letter if required.

Annexes:

Annex A: All information required for the Levy Order

Annex B: Responsible levy authority endorsement

Annex C: Responsible infrastructure authority endorsement

Annex A: All information required for the Levy Order

180. The recommendation report must contain information about all of the matters set out in sections 31-33 of the IFF Act, and any of the matters set out in section 34 that the recommender considers relevant to the report. Sections 31-33 set out the content that must be included in a levy order and section 34 sets out the additional content that may be included in a levy order.

Levy area – section 31(1)(a)

181. The proposed levy area applies to the Phase 1 HEN B area of the Te Awa Lakes development as shown in Figure 4. The proposed levy area is the land set out in Figure 5 and in rows 1 to 18 of the Table 7 below (and successor titles if the land is subdivided in the future), excluding:

- the Waikato Expressway;
- any land which is located to the north of the Waikato Expressway; and
- HEN A land, being land subject to sale and purchase agreements with a third party executed prior to the levy proposal.

182. HEN A excluded land is set out in Table 8 below.

183. The proposed levy area will not change over time.

Table 7: Levy area description

THE LEVY AREA IS:			
a) the land to the south of the Waikato expressway contained in the following certificates of title:			
	Identifier	Address	Description
1	SA30C/689	Te Rapa Road	Part Allotment of 105 Parish of Horotiu
2	789960	Te Rapa Road	LOT PT 6 DP 12221 and Section 1 Survey Office Plan 482139
3	1134665	1450 Te Rapa Road	LOT 102 DP 591339
4	1002702	Great South Road	PT LOT 200 DP 563693
b) the land contained in the following certificates of title:			
	Identifier	Address	Description
1	1002696	6 Waterview Drive	LOT 3 DP 563693
2	1002698	4 Waterview Drive	LOT 5 DP 563693
3	1002699	Waterview Drive	LOT 6 DP 563693
4	1002700	5 Waterview Drive	LOT 7 DP 563693
5	1002701	7 Waterview Drive	LOT 8 DP 563693
6	1134666	Hutchinson Road (Local Purpose Reserve – segregation strip)	LOT 12 DP 591339
7	1134672	Hutchinson Road (Local Purpose Reserve – road reserve)	LOT 105 DP 591339
8	1134667	Waterview Drive (Local Purpose Reserve – segregation strip)	LOT 13 DP 591339
9	1134673	Waterview Drive (Local Purpose Reserve – utilities)	LOT 11 DP 591339
10	1134669	Waterview Drive (Local Purpose Reserve – segregation strip)	LOT 15 DP 591339
11	1134668	Waterview Drive (Local Purpose Reserve – segregation strip)	LOT 14 DP 591339
12	1134670	Waterview Drive (Local Purpose Reserve – segregation strip)	LOT 16 DP 591339
13	1134671	Waterview Drive (Local Purpose Reserve – segregation strip)	LOT 19 DP 591339
c) the land contained in the following certificate of title			

1	1134664	47 Hutchinson Road	LOT 101 DP 591339, LOT 103 DP 591339, LOT 104 DP 591339
---	---------	--------------------	---

Table 8: Description of land excluded from the levy area

THE LEVY AREA EXCLUDES:		
a) 4,432m² of LOT 103 591339 DP, contained within the area bounded by the following latitude and longitude coordinates		
	Longitude	Latitude
1	175.2134871	-37.70997568
2	175.2132032	-37.70967401
3	175.213199	-37.70959485
4	175.2138174	-37.7092295
5	175.2139473	-37.70918112
6	175.2140101	-37.7091932
7	175.2140921	-37.70924665
8	175.2143333	-37.709475
b) 3,401m² of LOT 104 DP 591339, contained within the area bounded by the following latitude and longitude coordinates:		
	Longitude	Latitude
1	175.2126547	-37.71048256
2	175.212309	-37.71011328
3	175.2123155	-37.71009731
4	175.2128539	-37.70977915
5	175.2129429	-37.70980218
6	175.2132512	-37.71013146

Figure 4: Te Awa Lakes development areas

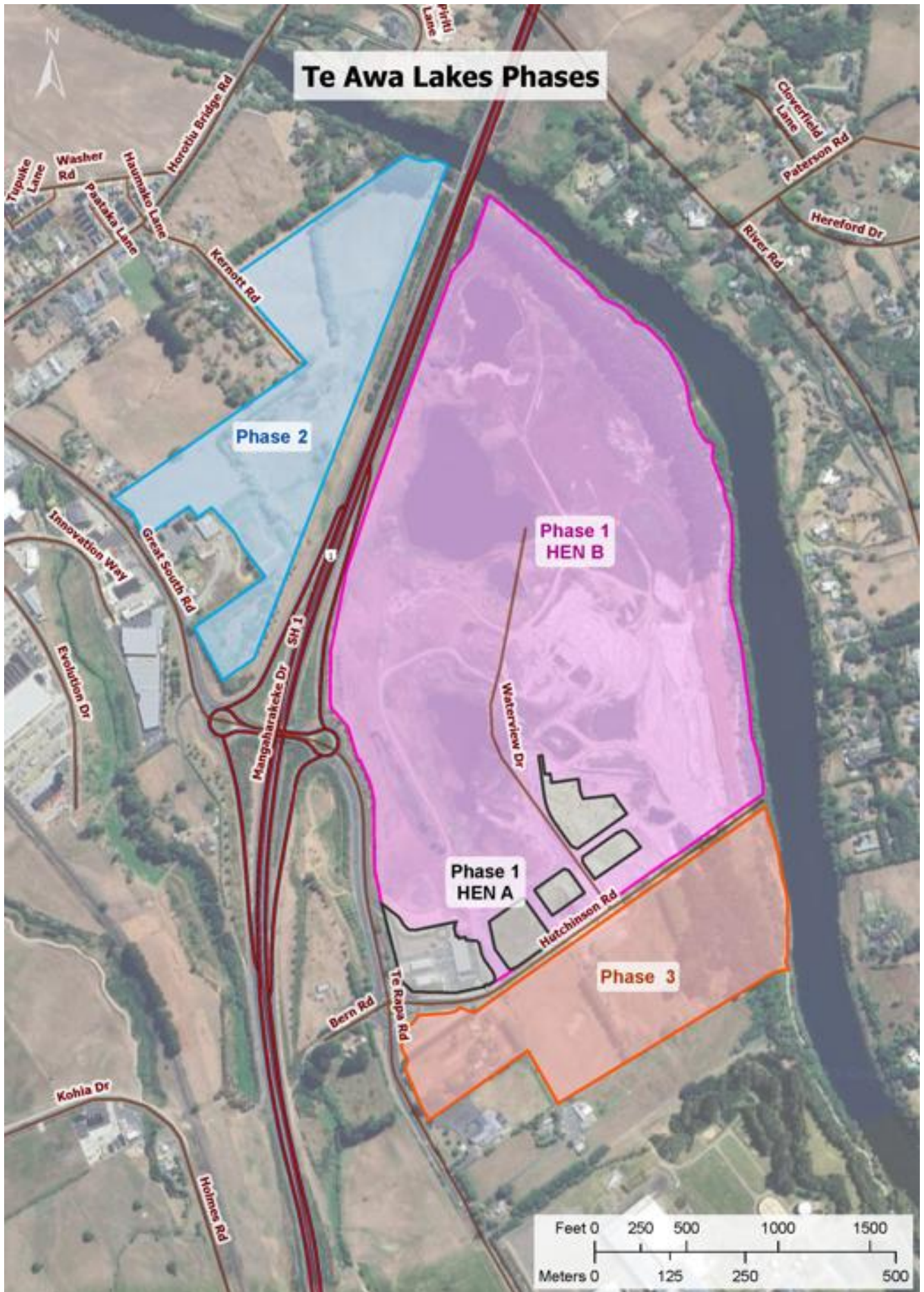


Figure 5: Map of levy area titles

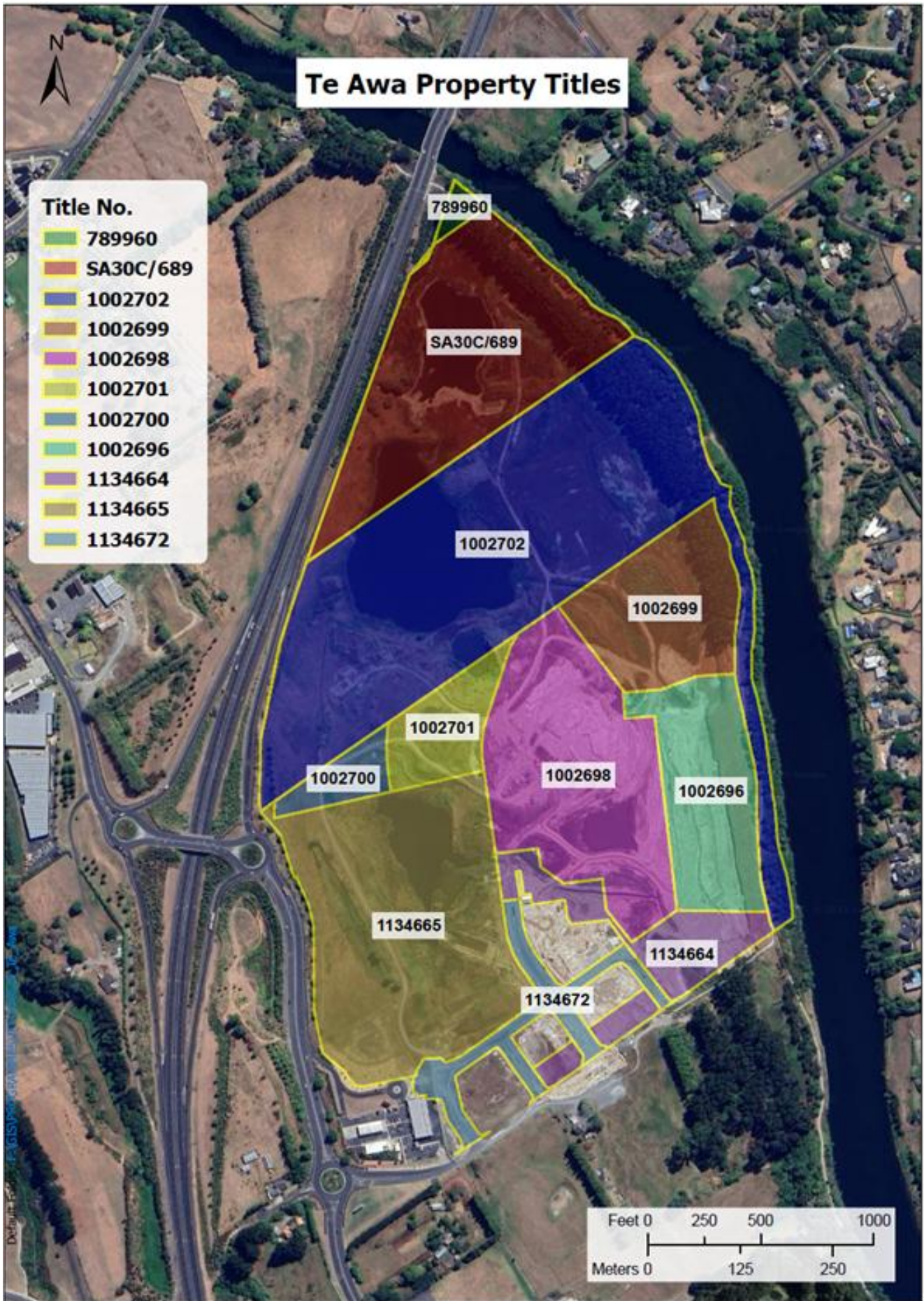


Figure 6: Illustration of excluded LOT 103 DP 591339

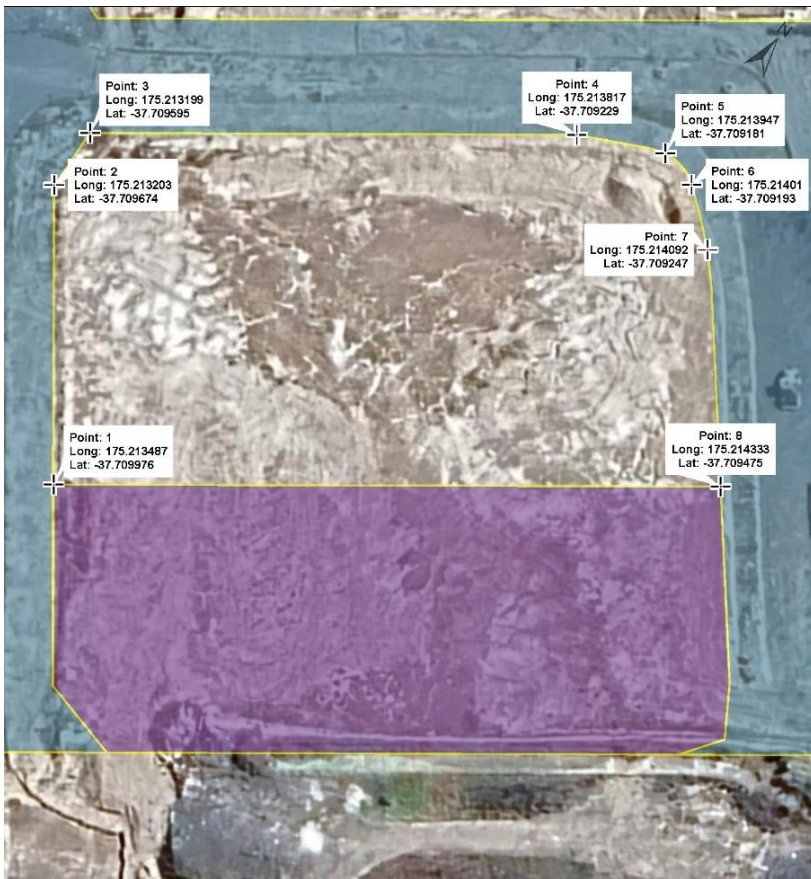


Figure 7: Illustration of excluded LOT 104 DP 591339



Eligible infrastructure – section 31(1)(b)

184. The proposed eligible infrastructure for the Te Awa Lakes development is as follows:

Table 9: Proposed eligible infrastructure

INFRASTRUCTURE PROJECT	DESCRIPTION
Large Stormwater Lake including wetlands	Construction of a large stormwater treatment lake, providing both water quality management and recreational/ visual amenity for residents. Includes wetland areas for natural filtration.
Outfall to Awa	Final stage of stormwater treatment, where cleaned water is released into the Waikato Awa via landscaped wetlands.
Main Road (Road 1) including Bridge/ culvert over Stormwater Lake	Primary spine road through Zones 1–4 of the Te Awa Lakes development, connecting to Hutchinson Road. Includes a bridge or culvert crossing the stormwater lake.
Hutchinson Road upgrade (main entrance) including Roundabout – Service Centre	Upgrade of Hutchinson Road, the main entrance to Te Awa Lakes, linking to Te Rapa Road and the Service Centre. Includes a new roundabout.
Pump Station to service HEN and HES	Wastewater pump station to serve residential and employment zones (HEN and HES).
Waste Water Rising Main	Pressurised pipeline system to transport wastewater from the pump station to the main sewer network.
Three Waters (combined Zone 1 + Zone 2)	Provision of water supply, wastewater, and stormwater infrastructure for Zones 1 and 2 (outside of super lot).

Eligible costs – section 31(1)(c)

185. The proposed levy would be able to be applied to the following eligible costs:

- Costs of constructing the eligible infrastructure, including SPV establishment costs.
- Financing costs such as interest and fees, debt repayment and equity repayment and returns.
- The cost of administering the levy.
- The general operating costs of the SPV.
- Any further costs of the SPV in complying with the IFF Act or the proposed levy order.

Caps on the application of levy revenue to certain types of eligible costs – section 34(a)

186. The proposed levy would have no caps on the application of levy revenue to certain types of eligible costs.

Levy period – section 31(1)(d)

187. The levy period is proposed to start on 1 July 2027 and run for 30 years until 30 June 2057.

Description of the levy – section 31(1)(e)

Maximum levy revenue – section 31(4)(b)(i)

188. The maximum amount of the levy revenue that may be collected over the entire levy period is \$143,381,327 (plus GST, if any).

Intended annual levy revenue – section 31(4)(b)(ii)

189. The amount of levy revenue that the SPV intends to charge in each year of the levy period is given below in Table 10. The levy will be introduced in 20 percent increments over the first five years (i.e., 2027/28: 20%, 2028/29: 40%, 2029/30: 60%, 2030/31: 80%, 2031/32: 100%).

Table 10: Intended annual levy (plus GST, if any)

LEVY YEAR ENDING 30 JUNE	INTENDED ANNUAL LEVY (\$)	LEVY YEAR ENDING 30 JUNE	INTENDED ANNUAL LEVY (\$)
2028	630,047	2043	4,907,961
2029	1,297,896	2044	5,055,200
2030	2,005,250	2045	5,206,856
2031	2,753,876	2046	5,363,061
2032	3,545,615	2047	5,523,953
2033	3,651,984	2048	5,689,672
2034	3,761,543	2049	5,860,362
2035	3,874,390	2050	6,036,173
2036	3,990,621	2051	6,217,258
2037	4,110,340	2052	6,403,776
2038	4,233,650	2053	6,595,889
2039	4,360,660	2054	6,793,766
2040	4,491,479	2055	6,997,579

2041	4,626,224	2056	7,207,506
2042	4,765,011	2057	7,423,731

190. The intended annual levy revenue will be periodically adjusted in accordance with the forecast excess levy process.

Categories of leviable land – section 32(1)

191. Categories of leviable land must be defined in terms of one or more of the matters listed in Schedule 2 of the Local Government (Rating) Act 2002 (“Rating Act”). To give effect to categories for differentiation described above, the following matters are to be used:

- the area of land within each rating unit; and
- the use to which the land is put.

192. The levy would apply differentially to three categories of land:

- ‘Undeveloped properties’ (> 700 sqm)
- ‘Developed properties – residential’ (≤ 700 sqm, categorised as residential); and
- ‘Developed properties – commercial’ (≤ 700 sqm, categorised as commercial).

193. Undeveloped properties will include all rating units within the levy area that, as at 30 June, immediately preceding the applicable levy year, are greater than 700 sqm. Undeveloped properties will only be charged a levy in years there is insufficient ‘developed property’ to allocate the full intended annual levy amount to.

194. Developed properties – residential include all rating units within the levy area that, as at 30 June, immediately preceding the applicable levy year, are equal to or less than 700 sqm and have a database category of “residential” (or any other database categories that are generally applicable to rating units that are residential property).

195. Developed properties – commercial include all rating units that, as at 30 June immediately preceding the applicable levy year, are equal to or less than 700 sqm and have any database category other than “residential” (or any other database category or categories other than a category or categories that are generally applicable to rating units that are residential).

Factors for assessing levy liability – section 33(2)

196. For undeveloped properties, the Schedule 3 Rating Act factor to be used to assess liability for the Levy is the area of land within the rating unit (in square metres).

197. For developed residential and commercial properties, the Schedule 3 Rating Act factor to be used to assess liability for the Levy is the capital value of the rating unit.

198. Developed commercial properties will be subject to a 1.3 times levy liability uplift.

Method of assessing levy liability – section 33(1)

199. By May 10, before the start of each year in the levy period, the SPV must set out the annual levy for the upcoming levy year by:
- taking the intended annual levy for that year (as set out in Annex A Table 4 above or adjusted through the forecast excess levy process); and
 - adding the most recent annual reconciliation amount.
200. The annual reconciliation amount for a levy year will be calculated with the following steps:
1. Start with the annual levy for the year being reconciled.
 2. Subtract the amount of the levy assessed to date in the year being reconciled.
 3. Subtract any increases in levy assessments for prior levy years determined after the previous annual reconciliation was undertaken.
 4. Add any decreases in levy assessments for prior levy years determined after the previous annual reconciliation was undertaken.
201. The annual reconciliation for each levy year must be completed before the SPV sets the annual levy for the following year.

Example – annual levy setting process

Intended annual levy 2036/37

The intended annual levy for the 2036/37 year is \$4.1 million.

Annual reconciliation for 2035/36

- Annual levy: \$4.0 million
 - Levy assessed: \$3.9 million
 - Changes in levy assessments for prior years: \$0.25 million increase
- Annual reconciliation = \$4.0m – \$3.9m – \$0.25 = \$(0.15)m*

Annual levy 2036/37

$$\text{Annual levy} = \$4.1m - \$0.15m = \$3.95m$$

202. Once the annual levy for a year has been set, it will be allocated to leviable properties based on the following steps:
1. Allocate the annual levy to ‘developed properties’ based on the following formula:

Developed Levy Allocation

$$= \text{Min} (\text{Developed Land SQM} \times \text{Developed Land Levy Rate}), \text{Intended Annual Levy Revenue}$$

Min = the minimum of the following

Comma = and

Developed Land SQM = the total amount of land in the levy area, in square metres, classified as developed on 30 June immediately preceding the applicable levy year.

Intended Annual Levy Revenue = the amount set out in Table 10 above as adjusted through any Forecast Excess Levy exercise.

Developed Land Levy Rate = the levy rate per square metre set out in the levy order and capped at the amount set out in Table 11 below as adjusted through any Forecast Excess Levy exercise.

2. If insufficient land has been developed to cover the full annual levy, the remainder will be allocated to 'undeveloped properties' based on the following formula:

Undeveloped Levy Allocation

$$= \text{Intended Annual Levy Revenue} - \text{Developed Levy Allocation}$$

Undeveloped rating unit levy

$$= \frac{\text{Undeveloped Levy Allocation}}{\text{Total sqm of Undeveloped Properties}} \times \text{sqm of Undeveloped rating unit}$$

3. Allocate the Developed Levy Allocation (levy liability for 'developed properties') based on the capital value (CV) of the rating unit, including a 1.3 times uplift of the levy rate applied to commercial properties, using the following formulas in the order set out below:

Developed property levy per \$ of CV

$$= \frac{\text{Developed Levy Allocation}}{\text{Total CV Developed residential} + (\text{CV Developed commercial} \times 1.3)}$$

Residential Developed rating unit levy

$$= \text{Developed Property Levy per \$ of CV} \\ \times \text{CV of Residential Developed rating unit}$$

Commercial Developed rating unit levy

$$= \text{Developed Property Levy per \$ of CV} \\ \times \text{CV of Commercial Developed rating unit} \times 1.3$$

203. The Developed Land Levy Rate has been calculated using the following formula:

$$\text{Developed Land Levy Rate} = \frac{\text{Intended Annual Levy Revenue}}{\text{Expected Developed Land Area}}$$

Intended Annual Levy Revenue = the amounts set out in Table 10 above.

Expected Development Land Area = 30 hectares for levy years 2027/28 to 2041/42 and 28.5 hectares for levy years 2042/43 to 2056/57.

204. The actual size of the Developed Land Area is uncertain. A five percent contingency is included from levy year 2042/43 (i.e., the rate is calculated based on 28.5 hectares) to accommodate for changes in final Development Land Area. If this contingency is not required and the application of Developed Land Levy Rate to the full 30 hectares, results in the amount of levy calculated to be allocated to 'developed properties' exceeding the Intended Annual Levy, then the amount of levy allocated to Developed Land is capped at the Intended Annual Levy.

Table 11: Developed Land Levy Rate (NZ \$ per square metre, plus GST if any)

LEVY YEAR ENDING 30 JUNE	LEVY RATE (\$ PER SQM)	LEVY YEAR ENDING 30 JUNE	LEVY RATE (\$ PER SQM)
2028	10.51	2043	17.23
2029	10.82	2044	17.74
2030	11.15	2045	18.27
2031	11.48	2046	18.82
2032	11.82	2047	19.39
2033	12.18	2048	19.97
2034	12.54	2049	20.57
2035	12.92	2050	21.18
2036	13.31	2051	21.82
2037	13.71	2052	22.47
2038	14.12	2053	23.15
2039	14.54	2054	23.84
2040	14.98	2055	24.56
2041	15.43	2056	25.29
2042	15.89	2057	26.05

NB: Levy year is 1 July to 30 June i.e., 1 July 2027 to 30 June 2028.

The responsible SPV – section 31(1)(f), (g) and (h)

205. Te Awa Lakes Finance LP would be the sole responsible SPV that is entitled to the proposed levy revenue.
206. Te Awa Lakes Finance LP will not be responsible for the construction of the eligible infrastructure.

Incorporation and ownership – section 34(d)

207. At the commencement date of the proposed levy order:
- Te Awa Lakes Finance GP Limited would be the sole general partner of Te Awa Lakes Finance LP.
 - IFF Holdings Limited would be the sole limited partner of Te Awa Lakes LP and the sole shareholder of Te Awa Lakes GP Limited.
 - National Infrastructure Funding and Financing Limited would be the sole shareholder of IFF Holdings Limited.

Restricted change of control – section 34(e)

208. If a restricted change of control occurs (for example, a sale of the SPV not permitted by the levy order), the IFF Act empowers the monitor (the Ministry of Housing and Urban Development) to direct the SPV to not pay any specified distributions to restricted persons and the SPV must comply with that direction.
209. For the purposes of the proposed levy order, a restricted change of control would occur if the SPV is sold to a third party (other than specified intra-group reorganisations) unless this has been consented to in writing by the monitor.⁶⁰ In addition, the proposed levy order would provide for certain rights to financiers (for example to appoint a receiver, a receiver and manager, an administrator or a liquidator to the SPV or to acquire the partnership interests in the SPV and its shares in its general partner) without triggering a need for consent from the monitor.

Limits on return on capital – sections 31(1)(i)

210. The proposed levy order would set out a maximum cumulative amount of cashflow that the SPV can pay to its equity investors for each year of the levy period. These annual equity caps would be based on net cumulative equity cashflows (i.e., where equity injections to the SPV are negative and equity distributions are positive). The SPV would be able to pay amounts to equity to the extent net cumulative equity cashflows are no greater than the annual equity cap in that year.

Table 12: Return on capital limits (cumulative)

RETURN ON CAPITAL LIMITS (CUMULATIVE)			
<i>Period</i>	<i>Limit (\$)</i>	<i>Period</i>	<i>Limit (\$)</i>
Financial close to 30 June 2026	(924,086)	Levy year ending 30 June 2042	(924,086)
1 July 2026 to 30 June 2027	(924,086)	Levy year ending 30 June 2043	(924,086)
Levy year ending 30 June 2028	(924,086)	Levy year ending 30 June 2044	(924,086)
Levy year ending 30 June 2029	(924,086)	Levy year ending 30 June 2045	(924,086)
Levy year ending 30 June 2030	(924,086)	Levy year ending 30 June 2046	(924,086)
Levy year ending 30 June 2031	(924,086)	Levy year ending 30 June 2047	(924,086)
Levy year ending 30 June 2032	(924,086)	Levy year ending 30 June 2048	(924,086)
Levy year ending 30 June 2033	(924,086)	Levy year ending 30 June 2049	(924,086)
Levy year ending 30 June 2034	(924,086)	Levy year ending 30 June 2050	(924,086)
Levy year ending 30 June 2035	(924,086)	Levy year ending 30 June 2051	(924,086)
Levy year ending 30 June 2036	(924,086)	Levy year ending 30 June 2052	(924,086)

⁶⁰ NIFF would likely also require the permission of its shareholding Ministers to sell the SPV.

Levy year ending 30 June 2037	(924,086)	Levy year ending 30 June 2053	(924,086)
Levy year ending 30 June 2038	(924,086)	Levy year ending 30 June 2054	(924,086)
Levy year ending 30 June 2039	(924,086)	Levy year ending 30 June 2055	(924,086)
Levy year ending 30 June 2040	(924,086)	Levy year ending 30 June 2056	(924,086)
Levy year ending 30 June 2041	(924,086)	Levy year ending 30 June 2057	8,637,832

NB: The limit in levy year ending 30 June 2057 is the limit for any subsequent years

211. If NIFF refinances the subordinated debt it provides it provides to the SPV, 50 per cent of any reduction in subordinated debt payments will be shared with Levy payers through the Forecast Excess Levy regime and 50 per cent of the reduction will be added to the above cumulative equity returns.
212. Where NIFF uses its own funds to finance the SPV, it may elect to recycle that capital over time by bringing in private debt to replace the NIFF funds (particularly as development or construction risk is reduced – making such participation more attractive for private debt). If NIFF does ultimately recycle its funding, it will have no incremental impact on the Levy payable by Levy payers. 50 per cent of any gains from future capital recycling or refinancing will be shared with Levy payers.
213. Table 13 below gives the starting point for calculating any reduction on refinancing:
Table 13: Schedule of subordinated payments

SCHEDULE OF SUBORDINATED PAYMENTS			
<i>Period</i>	<i>Limit (\$)</i>	<i>Period</i>	<i>Limit (\$)</i>
1 July 2026 to 30 June 2027	-	Levy year ending 30 June 2043	2,789,411
Levy year ending 30 June 2028	-	Levy year ending 30 June 2044	2,872,990
Levy year ending 30 June 2029	-	Levy year ending 30 June 2045	2,959,462
Levy year ending 30 June 2030	-	Levy year ending 30 June 2046	3,048,336
Levy year ending 30 June 2031	462,071	Levy year ending 30 June 2047	3,390,499
Levy year ending 30 June 2032	1,867,857	Levy year ending 30 June 2048	3,233,958
Levy year ending 30 June 2033	1,917,537	Levy year ending 30 June 2049	3,331,292
Levy year ending 30 June 2034	1,963,594	Levy year ending 30 June 2050	3,431,331
Levy year ending 30 June 2035	2,062,830	Levy year ending 30 June 2051	3,534,373
Levy year ending 30 June 2036	2,155,471	Levy year ending 30 June 2052	3,787,227
Levy year ending 30 June 2037	2,585,759	Levy year ending 30 June 2053	3,749,831
Levy year ending 30 June 2038	2,405,805	Levy year ending 30 June 2054	3,862,436

Levy year ending 30 June 2039	2,478,056	Levy year ending 30 June 2055	3,978,421
Levy year ending 30 June 2040	2,552,306	Levy year ending 30 June 2056	4,347,142
Levy year ending 30 June 2041	2,629,129	Levy year ending 30 June 2057	-
Levy year ending 30 June 2042	3,013,718		

NB: Debt is forecast to be fully repaid the year prior to the final levy charge.

214. The updated table will be used for baseline calculations if NIFF refinances the subordinated debt.

Forecasting excess levy – section 31(1)(j)

215. Excess levy is levy revenue that, as at the end of the levy period, has not been applied to eligible costs. The SPV would be required to forecast its excess levy as at each of the following dates:

- On the date the Order comes into force.
- Each 31 December during the construction of the eligible infrastructure if TAL has received any revenue other than levy revenue and interest on cash balances in the relevant levy year
- Each 31 December prior to the levy setting process for the levy year following practical completion of the infrastructure projects.
- Each 31 December prior to the levy setting process for each subsequent year after the completion of the infrastructure projects during the levy period.
- Any additional date specified by the SPV to the monitor in writing.

216. To calculate its forecast excess levy, the SPV will add its cash balances to its forecast of the expected levy revenue over the remaining levy period to its forecast of expected drawdowns of debt and equity funding over the remaining levy period and, subtract its forecasts of the expected eligible costs over the remaining levy period.

217. For the purposes of determining the forecast of the expected eligible costs over the remaining levy period the SPV will undertake the following process:

- Estimate the eligible costs based on its contracted operating costs, projected debt service and equity distribution costs, and any other relevant information available to it at the time of the forecast. For the purposes of the first forecast date, eligible construction costs will be assumed to be \$50 million.
- Apply a reasonable estimate of bad debts, if any, over the remaining levy period.
- Assume that the cost of future refinancing equals 1 percent of the forecast debt balance at the point of refinance.
- Assume that, following any future refinancing:
 - i. If less than 50 percent of the land in the levy area is forecast to be developed as at 30 June immediately preceding the levy year, the debt

balances will attract a margin of 2.10 percent per annum above the relevant base rate.

- ii. If between 50 percent and less than 100 percent of the land in the levy area is forecast to be developed as at 30 June immediately preceding the levy year, the debt balances will attract a margin of 1.70 per cent per annum above the relevant base rate.
 - iii. If 100 percent of the land in the levy area is forecast to be developed at the 30 June immediately preceding the levy year, the debt balances will attract a margin of 1.45 percent per annum above the relevant base rate.
- Apply a contingency of between five percent and 15 percent on forecast payments to debt holders to the extent required to meet the SPV's commitments under any loan or obligations under any incidental arrangement.

Reduction in maximum levy revenue – section 34(b)

218. If at any time the forecast excess levy is greater than \$1.1 million (excluding GST), the SPV would be required to reduce the maximum levy revenue to ensure the forecast excess levy no longer exceeds \$1.1 million. In addition, the SPV would be required to make corresponding amendments to the intended annual levy revenue and developed land levy rates for the remainder of the levy period. The SPV would be required to notify the monitor of these reductions.
219. The reduced intended annual levy revenue and developed land levy rates would be used for setting the annual levy for levy years beginning after the reduction occurs.

Surplus levy – section 34(c)

220. Surplus levy is the amount of levy payable in a levy year, that exceeds the eligible costs incurred during that levy year.
221. The proposed levy order would not impose a cap or control on the amount of surplus levy that may be held in the levy account.

Annex B: Responsible levy authority endorsement

4 September 2025

Proposed Infrastructure Funding and Financing (Te Awa Lakes) Levy Order

Levy Endorsement issued under section 21 of the Infrastructure Funding and Financing Act 2020 (Act)

1. Te Awa Lakes Joint Venture acting through its bare trustee, TAL Limited, proposes that a levy be authorised under the Act to fund eligible costs relating to the eligible infrastructure comprised in the Te Awa Lakes development (the **Project**). A description of the Project is set out in Schedule 1.
2. Hamilton City Council is the sole responsible levy authority for the Project.
3. The Ministry of Housing and Urban Development, as recommender, has requested that Hamilton City Council, as responsible infrastructure authority, issue a levy endorsement in respect of the Project.
4. This document is issued by Hamilton City Council in its capacity as responsible levy authority for the Project and comprises the levy endorsement for the Project for the purposes of section 21 of the Act.
5. Hamilton City Council hereby endorses the proposed levy.
6. The reason Hamilton City Council, as responsible levy authority, has issued this levy endorsement is that it has no grounds to demonstrate that the proposed levy will compromise its ability to collect rates during the proposed levy period.

Issued at Hamilton on 4 September 2025 by **Hamilton City Council** by



.....
Lance Vervoort - Chief Executive

Schedule 1 - Project

The Project is expected to be defined in the proposed Levy Order as follows:

Bulk Housing Infrastructure Item	Description
Large Stormwater Lake including wetlands	Construction of a large stormwater treatment lake, providing both water quality management and recreational/visual amenity for residents. Includes wetland areas for natural filtration.
Outfall to Awa	Final stage of stormwater treatment, where cleaned water is released into the Waikato Awa via landscaped wetlands.
Main Road (Road 1) including Bridge/culvert over Stormwater Lake	A primary spine road through the development, connecting to Hutchinson Road. Includes a bridge or culvert crossing the stormwater lake.
Hutchinson Road upgrade (main entrance) including Roundabout – Service Centre	Upgrade of Hutchinson Road, the main entrance to Te Awa Lakes, linking to Te Rapa Road and the Service Centre. Includes a new roundabout.
Pump Station	Wastewater pump station to serve residential and employment zones within the development.
Waste Water Rising Main	Pressurised pipeline system to transport wastewater from the pump station to the main sewer network.
Three Waters	Provision of some water supply, wastewater, and stormwater infrastructure within the development.

Annex C: Responsible infrastructure authority endorsement

Final 4 September 2025

Proposed Infrastructure Funding and Financing (Te Awa Lakes) Levy Order

Infrastructure Endorsement issued under section 20 of the Infrastructure Funding and Financing Act 2020 (Act)

1. Te Awa Lakes Joint Venture acting through its bare trustee, TAL Limited, proposes that a levy be authorised under the Act to fund eligible costs relating to the eligible infrastructure comprised in the Te Awa Lakes development (the **Project**). A description of the Project is set out in Schedule 1.
2. Hamilton City Council is the responsible infrastructure authority for the Project.
3. The Ministry of Housing and Urban Development, as recommender, has requested that Hamilton City Council, as responsible infrastructure authority, issue an infrastructure endorsement in respect of the Project.
4. This document is issued by Hamilton City Council in its capacity as responsible infrastructure authority for the Project and comprises the infrastructure endorsement for the Project for the purposes of section 20 of the Act.
5. Hamilton City Council hereby endorses the technical specifications of proposed eligible infrastructure comprised in the Project on the grounds that:
 - (a) it is satisfied that those specifications are compatible with any wider infrastructure network of which it is to be a part, or will be compatible with the network if the specified conditions included in the vesting agreement for the infrastructure are met; and
 - (b) as the proposed responsible infrastructure authority it will be able to plan for and meet the necessary operational and maintenance costs of the infrastructure after it is vested in the authority.
6. The reason Hamilton City Council, as responsible infrastructure authority, has issued this infrastructure endorsement is that it is supportive of the benefits that the Project will

bring to Hamilton and its impact on the wider infrastructure network of which it forms part. Issued at Hamilton on 4 September 2025 by **Hamilton City Council** by



.....
Lance Vervoort - Chief Executive

28758394

Schedule 1 - Project

The Project is expected to be defined in the proposed Levy Order as follows:

Bulk Housing Infrastructure Item	Description
Large Stormwater Lake including wetlands	Construction of a large stormwater treatment lake, providing both water quality management and recreational/visual amenity for residents. Includes wetland areas for natural filtration.
Outfall to Awa	Final stage of stormwater treatment, where cleaned water is released into the Waikato Awa via landscaped wetlands.
Main Road (Road 1) including Bridge/culvert over Stormwater Lake	A primary spine road through the development, connecting to Hutchinson Road. Includes a bridge or culvert crossing the stormwater lake.
Hutchinson Road upgrade (main entrance) including Roundabout – Service Centre	Upgrade of Hutchinson Road, the main entrance to Te Awa Lakes, linking to Te Rapa Road and the Service Centre. Includes a new roundabout.
Pump Station	Wastewater pump station to serve residential and employment zones within the development.
Waste Water Rising Main	Pressurised pipeline system to transport wastewater from the pump station to the main sewer network.
Three Waters	Provision of some water supply, wastewater, and stormwater infrastructure within the development.

28758394

2