

Organising integrated urban development projects

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Contents

1	Introduction.....	11
1.1	Objective.....	11
1.2	Why is this research needed?.....	11
1.2.1	Legislative and policy context.....	12
1.2.2	The 2008 <i>Planning, programming and funding manual</i>	12
1.3	Focus on implementation.....	14
1.4	Approach to the current report.....	15
1.4.1	Literature review.....	15
1.4.2	New Zealand case studies.....	16
1.4.3	International case studies.....	16
1.5	Report outline.....	17
2	Framework for analysis.....	18
2.1	The New Zealand experience.....	18
2.2	International experience: the Arup review.....	20
2.3	International experience: the literature review.....	22
2.3.1	An issue-based framework.....	22
2.3.2	A process-based framework.....	23
2.3.3	An accountability-based framework.....	23
2.3.4	General guidelines for implementation.....	24
3	Governance and project management.....	26
3.1	Problems.....	26
3.2	Towards a solution.....	27
3.2.1	Leadership.....	27
3.2.2	Regional and sub-regional structures.....	28
3.2.3	Local area structures.....	29
3.2.4	The role of structure plans.....	30
3.2.5	Implementation plans.....	31
3.2.6	Guidelines and agencies.....	34
3.2.7	Recommendations for governance and project management.....	37
4	Stakeholder management.....	40
4.1	Problems.....	40
4.2	Towards a solution.....	43
4.2.1	Literature review.....	43
4.2.2	Overseas experience.....	47
4.2.3	Recommendations for stakeholder management.....	47
5	Funding issues.....	51
5.1	Problems.....	51
5.2	Towards a solution.....	52
5.2.1	Literature review.....	52
5.2.2	International case studies.....	53
5.2.3	Recommendations for funding.....	56
6	Timeliness.....	59
6.1	The problem.....	59

6.1.1	Resource consent times	59
6.1.2	Structure plans	59
6.1.3	Plan changes.....	59
6.2	Potential solutions.....	60
6.2.1	Medium-density housing.....	60
6.2.2	Structure planning	60
6.3	Recommendations.....	60
7	Conclusions and recommendations.....	61
7.1	Planning context for implementation	61
7.2	Process overview	61
7.3	Roles	62
7.3.1	Central government	62
7.3.2	Regional councils.....	63
7.3.3	The case for specialist agencies.....	64
7.3.4	Local councils	64
7.4	New Zealand Transport Agency	65
7.4.1	Towards an integrated assessment process	65
7.4.2	Implications for packages	65
7.5	Next steps.....	65
7.5.1	Guidelines	65
7.5.2	Integrated land use/transport strategies.....	66
7.5.3	Land ownership	66
8	Bibliography.....	67
9	Abbreviations and acronyms	69
10	Glossary of terms used.....	70
11	Appendices	72
	Appendix A: New Zealand case studies.....	72
	Pye's Pa – Tauranga.....	72
	Eastern Taupo Arterial (ETA).....	73
	New Lynn	74
	Addison.....	75
	Appendix B: International case studies	76
	VicUrban, Australia.....	76
	London Development Agency, UK.....	80
	VicTrack, Australia	82
	Transport Infrastructure Development Corporation, NSW, Australia	83
	Portland, Oregon, US	85
	Transport Infrastructure Finance and Innovation Act, US	86
	Melbourne 2030, Victoria, Australia	87

Executive summary

This report identifies and addresses the barriers to the implementation of integrated land use and transport projects, and suggests a way forward for New Zealand. Previous research in Transit New Zealand's *Integrated approach to planning* series highlighted the shortage of people with the skills required for integrated planning. This shortage also applied to implementation. Raising the profile of the issues, providing information about experiences elsewhere, and developing best-practice guidelines were among the measures suggested to redress this.

The New Zealand Transport Agency encourages applications for funding based on integrated land use and transport planning objectives, but is concerned that the land use components of these plans are often not implemented within adequate time frames. The large scale of these projects makes this a significant fulfilment risk and raises questions about the initial assessment of project viability.

This report recommends the establishment of independent implementation partnerships, with appropriate governance structures, to minimise the fulfilment risk. Establishing an independent entity with the mandate and authority to deliver the project achieves several objectives:

1. It provides a vehicle for accessing the range of project planning, project management, and commercial skills and expertise required for delivery.
2. It provides clarity of purpose.
3. It removes the agency charged with implementation from political influence.
4. It provides an entity that can independently apply for consents and advocate more widely on behalf of the project.
5. It provides an entity through which funding for project delivery can be channelled.
6. It provides an agency for engaging with third parties, both stakeholders in general and those with whom financial and legal arrangements may be made (suppliers, subcontractors, tenants, and so on).

The report anticipates roles and responsibilities for all levels of government in the agencies and a significant role for the private sector. The implementation agencies may be formed as Council-Controlled Organisations or as entities managing public private partnerships (PPPs). There should be some flexibility around how these agencies are structured, to allow for the range of different organisations involved and ways the projects originate.

Whatever the structures of the development agencies, the report anticipates a significant role for regional councils, commensurate with their responsibilities under the Resource Management Act (1991) for the Regional Policy Statement, and under the Land Transport Management Act (2003) for the Regional Land Transport Strategy and the Regional Land Transport Programme.

The report recommends early identification of development opportunities in regional strategies and plans, and the development of integrated sub-regional strategies for the project areas. Structure plans are also seen as an essential component of the implementation process, often immediately preceding any necessary District Plan changes.

The report also identifies the need for detailed implementation plans, which include crucial elements for successful implementation. These include economic and financial feasibility assessments, funding plans, and details of the governance and project management structures. They should also contain clear statements about the project specifications and outcome objectives.

The process of planning and implementation described is iterative and simultaneous, rather than sequential. For example, the implementation plan must be responsive to the changes required as the planning progresses from being high level in nature, to the detail of structure plans. Similarly, the planning outcome objectives must be responsive to the results of financial feasibility studies.

The report concludes that the NZTA assessment process needs to be broadened to accommodate the broader objectives of integrated plans, and rely less on the traditional importance of travel time savings. The report highlights the diversity of objectives for land use plans, which relate to overall quality-of-life outcomes. There are also suggestions about a whole-of-government approach to urban development initiatives that considers potential contributions from other government departments alongside the NZTA. There may be difficulties with justifying expenditure from traditional transport sources on land use developments, and alternative sources may need to be found.

The report also emphasises the importance of timely and appropriate processes for community and stakeholder engagement. Without good engagement processes, opposition by the community and/or stakeholders has the ability to hold up implementation indefinitely.

Overseas examples show how integrated urban development projects can be approached as investment projects that are managed by guidelines, agreements and partnerships. Given the extent to which the plans and processes recommended in this paper are non-statutory, it is suggested that similar guidance material should be prepared by central government agencies to help encourage such actions in New Zealand.

The research was commissioned in August 2008 and completed in May 2009. The methodology included an international literature review, New Zealand and overseas case studies, analysis and report writing. The CityScope team worked closely with partners Arup and the NZTA-led steering group and peer reviewer to complete the project.

Abstract

This report examines how to enhance the integration of transport and land use at the implementation stage of urban development projects. In particular, the focus is on how to increase the likelihood that planned land use developments are implemented and thereby deliver the intended benefits of integrated strategies. Our research demonstrated the interdependencies between planning and implementation of urban development strategies. Impediments can be anticipated at the planning stage and addressed through an implementation plan. Such a plan will include specification of governance structures to enhance inter-agency and cross-sector coordination.

Urban development planning needs to be comprehensive, recognising the interdependence of transport and land use. Constituent plans should include not only traditional transport project analysis, but also commercial feasibility analysis (dealing with funding and returns on investment) and economic analysis (dealing with costs and benefits of resource use). The feasibility analysis should cover the risks associated with assumptions used in justifying an individual project. The economic analysis will identify how much public subsidy, if any, is required to maximise the likelihood of securing the outcomes sought.

The integrated plan for an urban development project should contain specific outcome objectives linked to the objectives of multi-project, higher-order strategies, usually developed at a regional level.

Significant changes are recommended in the way that integrated urban development projects are approached in New Zealand. These changes will affect the way all levels of government approach their responsibilities in this area, although there is some flexibility around how the conditions for effective implementation of integrated urban development will be achieved.

1 Introduction

1.1 Objective

This report investigates how the transport and land use aspects of major urban development projects can be better integrated. The focus is on larger developments, with transport and land use-related expenditures of over \$100 million, but the principles may also apply to smaller developments. Examples include creating a town bypass to facilitate the revival of a town centre, and urban renewal around a public transport node. The New Zealand Transport Agency (NZTA) would ideally like to see developments of this scale preceded by integrated *sub-regional strategies* related to objectives outlined in the Regional Land Transport Strategy (RLTS). In practice, however, many urban developments are private sector initiatives that are not anticipated in the RLTS; or they may be led by the public sector, but without the sub-regional strategic context that the NZTA envisages. Transport funding is committed on the basis of future land use predictions which entail a fulfilment risk around likely completion. If the forecast land use does not eventuate, the benefits on which the transport project funding was based may not be realised.

This report examines the background to integration in urban development, including:

- the role of 'packages'¹
- experience in New Zealand and overseas
- consideration of the literature on the subject.

It develops a framework and recommendations that should increase the likelihood of successful implementation of integrated plans and developments.

The rest of this section discusses the background to this research and outlines the approach taken.

1.2 Why is this research needed?

Experience shows that coordinating policies and using multiple methods to address problems of urban transport and land use can be more effective than looking for single-dimension solutions. This paper addresses the implementation of solutions that integrate land use and transport policy measures to bring about desirable land use and transport outcomes, enhancing mobility and accessibility in urban areas, achieving more resource-efficient patterns of development and activity.

The integration of transport and land use policy has been considered at length in New Zealand and elsewhere (see the Bibliography at the end of this report). The issue of integrated land use and transport planning has recently become more important because of government concern over the cost effectiveness of transport expenditure (particularly on roads) and an appreciation of the potential for land use planning to play a role in improving transport cost effectiveness (e.g. compact city strategies). There is also a desire to ensure that transport investment is not undermined by conflicting land use decisions and is sensitive to land use needs, and that urban areas work in a sustainable way to deliver economic prosperity without negative environmental or social effects.

¹ A package is defined as an '*Interrelated and complementary group of activities or projects – can span more than one work category, and more than one activity class, e.g. a package could include a road improvement activity and a rail improvement activity.*' (See the Glossary at the end of this report for a full list of terminology used.)

This report does not set out to justify the need for integrated transport and land use policy. Nor is it concerned with identifying the measures needed to address the problems of urban development, since these will vary by location and circumstance. Rather, it focuses on methods of implementation once the commitment to integration has been made and the measures have been decided upon.

1.2.1 Legislative and policy context

The recent review of the land transport sector, *Next steps* (NZ State Services Commission 2007), led to a range of measures designed to improve the cost effectiveness of land transport, including the publication of a revised New Zealand Transport Strategy (NZTS) and the passing of an amendment to the Land Transport Management Act 2003 (LTMA).

The revised NZTS established a range of specific targets including:

- halving per-capita greenhouse gas emissions from domestic transport by 2040
- by 2015, reducing the 2007 figures for kilometres travelled by single-occupancy vehicles, in major urban areas on weekdays, by 10 percent per capita
- improving the reliability of journey times (for identified critical routes)
- reducing average journey times (for identified critical routes)
- increasing the use of public transport to 7 percent of all trips by 2040 (i.e. from 111 million boardings in 2006/7 to 525 million boardings by 2040)
- increasing the use of walking, cycling and other active transport modes to 30 percent of total trips in urban areas by 2040.

The NZTS identifies integrated land use and transport planning as one important method for achieving these targets.

An amendment to the Land Transport Management Act 2003 (LTMA) in 2008 introduced a range of processes and measures to improve the cost effectiveness of transport, including:

- an extension to the purpose of the LTMA, to include 'affordability' alongside an 'integrated, safe, responsive and sustainable' land transport system
- establishing the NZTA through the merger of Land Transport New Zealand and Transit New Zealand
- requiring a three-yearly Government Policy Statement (GPS) on transport to provide more strategic guidance for the sector
- introducing a three-yearly cycle for regional land transport planning and programming, aligned to the RLTS
- the specific inclusion of regional land use considerations as part of the RLTS
- increasing the role and responsibility of Regional Transport Committees to coordinate and submit regional land transport programmes (RLTP) to the NZTA, which in turn prepares the National Land Transport Programme (NLTP).

1.2.2 The 2008 *Planning, programming and funding manual*

In 2008, the NZTA published a new *Planning, programming and funding manual* (PPFM), as well as guidelines for the preparation of the 2009/10–2011/12 RLTPs.

Section B of the manual outlines the expected integrated approach to planning. There is an emphasis on the need for a 'two-way relationship' between transport and land use:

- *Transport investment can contribute positively to community and economic development;*

- Sustainable development strategies, incorporating travel plans, can reduce the need to travel, reduce transport infrastructure requirements and increase transport choice.

The relationships among statutory and non-statutory plans and strategies are illustrated in figure 1.1 below, taken from the PPFM. The solid black arrows indicate the mechanisms for integrated planning.

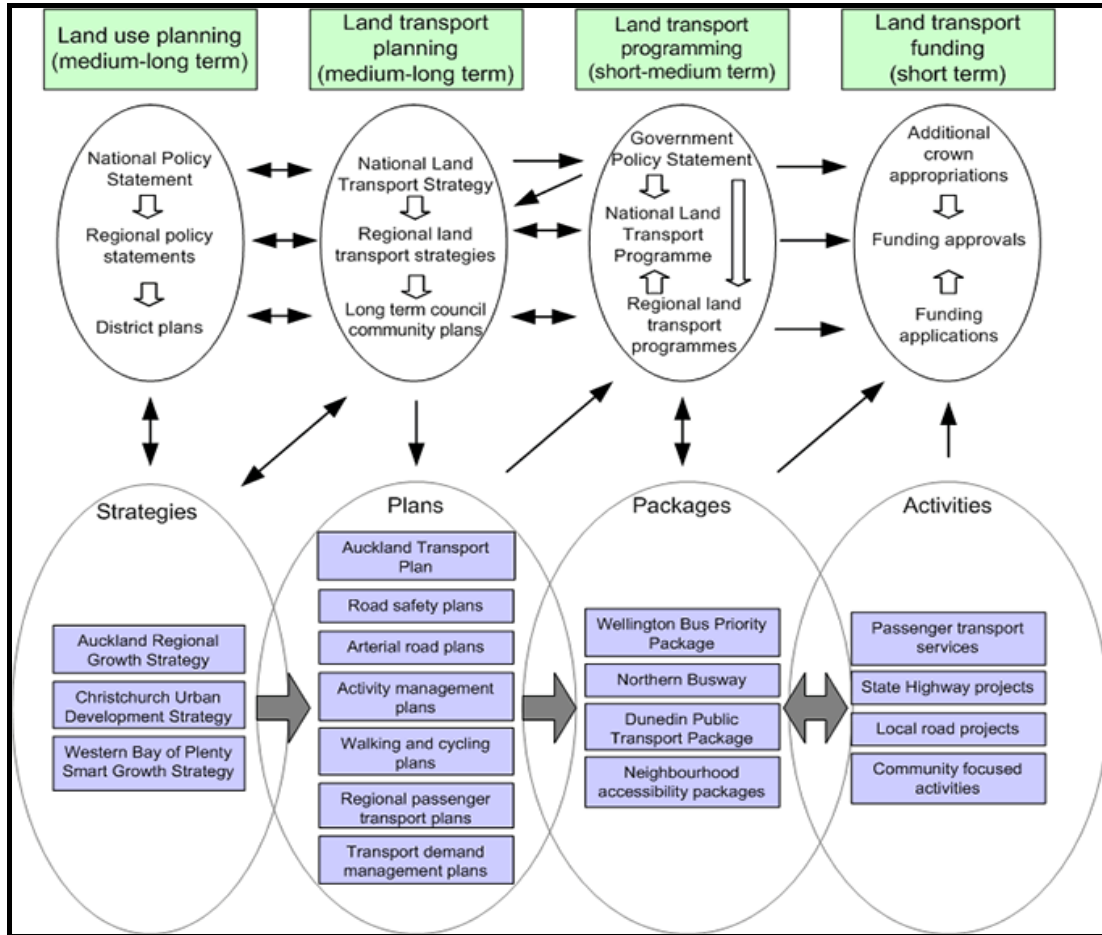


Figure 1.1 Integration of land use and transport plans

Figure 1.1 positions land use strategies and then transport plans (including transport strategies) as the foundation for the approval process for package and activity funding. The NZTA invites applications for funding for the preparation of these strategies and plans, and encourages the consideration of packages of measures as the basis for subsequent funding applications. In this way, the PPFM highlights a shift in NZTA priorities from the right-hand side of figure 1.1, the funding of activities, to the left-hand side, which emphasises strategic thinking and analysis of alternatives.

The advantage of applying for packages is that the funding approval process is simplified and greater long-term certainty afforded to the underlying plans. Just one 'assessment profile' is required for the total package, and once it is approved, all components of the package are deemed to have approval, subject to updated assessments if critical assumptions change. It is hoped that this will encourage the formulation of strategies in which land use change has been considered as part of the transport management process.

Missing from figure 1.1 are the integrated *sub-regional strategies* and the urban development projects they may be concerned with. In figure 1.1, these would sit between the RLTS and the packages. The

packages (and funding) may represent the transport component of an integrated urban development. The funding of land use components will come from private developers or other sources. These additional relationships are shown in figure 1.2 below:

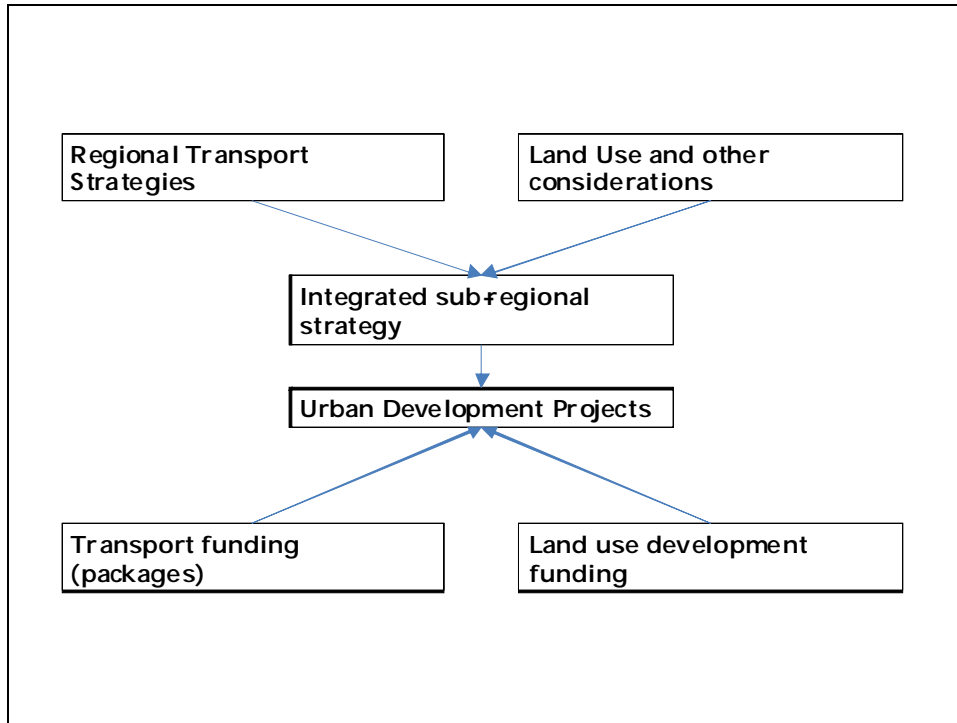


Figure 1.2 Context for urban development projects

The integrated *sub-regional strategies* do not appear in any of our case studies, and appear to be a new type of strategy requirement as part of the funding process. They have the potential to be a highly significant part of the implementation process. Although these strategies will be non-statutory, they will need to be consistent with statutory plans and strategies if the urban development projects are to be implemented. Later, we discuss the relationship between these strategies and implementation plans.

1.3 Focus on implementation

The implementation of urban development projects is the focus of this research.

The NZTA finds that when funding applications for packages are approved based on plans that include both land use and transport components, the land use component is the least likely component to be implemented.

Just how the NZTA and other government agencies should consider this issue in project assessment (for funding purposes) is one of the most fundamental issues for this report. At present, the criteria used to consider integration issues are high-level strategies (if they exist at all), with little detail about land use implementation. In contrast, the assessment of the transport element of projects is very detailed but narrowly based. This means it is possible for a transport project to receive funding support, even though the integrated strategy from which it is drawn (if there is one) is not commercially feasible.

The recent report of the *Integrated approach to planning project* (CityScope 2007) identified implementation as a specific area of weakness, citing the following issues of concern:

- quality control of prepared plans – plans may not be realistic or aligned with other strategies
- the need to monitor implementation to provide accountability, particularly with regard to RLTS monitoring
- reviewing and updating plans – the need to use the monitoring process to reconfigure strategies where evidence shows current policies are not effective
- both land use agencies (often private sector) and multiple transport agencies need to be coordinated
- the role of public agencies in stimulating or encouraging private development – reliance on a market response limits the guarantees that can be made with regard to the land use change component of plans.

The *Integrated approach to planning* (IAP) report highlighted the shortage of people with the skills required for integrated planning. This also applied to implementation. Raising the profile of the issues, providing information about experiences elsewhere, and developing best-practice guidelines were among the measures suggested to redress this.

1.4 Approach to the current report

This report contains a summary of the key issues and possible solutions to be addressed in the implementation of integrated land use and transport strategies and plans through urban development projects.

The issues have been identified from New Zealand case studies conducted for this research (see Appendix A), while potential solutions are derived from three sources:

- a literature review of New Zealand and international sources
- international case studies completed specifically for this research (see Appendix B)
- the people involved with the New Zealand case studies.

1.4.1 Literature review

The literature review covered four main areas. Firstly, it addressed the new legislative and policy context for the NZTA funding process in order to understand the rationale and procedures for the ‘packages’ approach to funding. Secondly, it looked closely at the work of the European Commission Community Research Programme, and in particular, the TRANSPLUS research into implementation of integrated plans and developments. This work highlighted potential barriers to implementation and possible strategies for overcoming them. The work from the Land Use Transport Research cluster (of which TRANSPLUS was a part) has been maintained and made available through the konSULT website, which is authored by the Institute for Transport Studies at Leeds University. This provides a useful reference source, but the focus is more on plans and strategy implementation than urban development projects. There is very little written about the *implementation* of integrated urban development projects.

The third area reviewed was the approach to preparing implementation plans, based mainly on a guidebook prepared by the Australian Department of Prime Minister and Cabinet.

Finally, the research compared the ‘ideal’ approaches to implementation outlined in the international literature with what is anticipated in New Zealand. This provided the basis for stakeholder interviews undertaken through New Zealand case studies.

1.4.2 New Zealand case studies

The New Zealand case studies were selected after the literature review, and in consultation with the NZTA, to cover a range of situations and urban development projects at different stages of completion. None of the developments reviewed in the case studies had been fully completed, which precluded any assessment of their final success, although some judgements could be made on their relative progress. The case studies were based on interviews with stakeholders, including the NZTA, local councils, developers and consultants. Each case study was supported by a review of the relevant statutory and non-statutory plans and policy documents.

The following case studies are detailed in Appendix A:

- **New Lynn, Waitakere City:** This is a rail/bus transport interchange with provision for 'at grade' road crossings over the rail. The land use context is provided by the 'New Lynn Framework', a non-statutory vision for the town centre that capitalises on improved accessibility from the transport improvements. The wider context for these plans is the Auckland Regional Growth Strategy, which identifies New Lynn as a future sub-regional centre. The rail line is scheduled for electrification by 2012, which will provide for a fast and frequent rail service to the Auckland CBD.
- **Pye's Pa, Tauranga City:** A section of state highway is being constructed, partly funded by the developer of an adjacent 250-hectare residential subdivision. This is taking place in an 'Urban Growth Area' within the Western Bay of Plenty 'SmartGrowth' strategy. The details of the subdivision and the road alignment were contained in a Structure Plan that was prepared by the developer and adopted by local councils as private plan changes.
- **Addison-Takanini:** Addison is a residential subdivision (1,500 dwellings on 84 hectares) originally intended to benefit from the proposed Glenora railway station nearby. Stages one and two have been completed, but there have been delays on subsequent stages. The proposed railway station is no longer planned for the original site, a change that has required modifications to the subdivision master plan to accommodate the shift while retaining, as far possible, the public transport orientation of the development. Takanini is identified as a growth centre in the Auckland Regional Growth Strategy. A structure plan was prepared by the developer, and translated into a Plan Change by Papakura District Council in 2000.
- **Eastern Taupo Arterial:** This is a 16-kilometre stretch of state highway by-passing Taupo that is being constructed by Taupo District Council. The main land use rationale is to promote the development of the town, allowing it to reconnect to the lakeside by removing the visual and physical barrier of the existing road and noise associated with heavy through-traffic. It will also open up new residential land to the south and commercial land to the north-west of the town. In land use terms, the 2004 Town Centre Structure Plan (2004) and the Taupo District Growth Management Strategy (2006) place the road in the context of district growth management for the next 40 years.

1.4.3 International case studies

The international case studies addressed the following:

- the key players at the implementation phase, their role in implementation, and the structures that governed their working relationships
- the market for this development format and the triggers to private sector investment
- the challenges and opportunities experienced in the implementation phase
- techniques for monitoring and review in the implementation phase.

The international review was conducted by Arup (Melbourne), drawing on its international network to identify appropriate case studies. The case studies are reported separately, while the main findings are incorporated into this report and summarised in Appendix B.

1.5 Report outline

Following this introduction, section 2 outlines the main issues identified from the research that may cause difficulties for implementation, and establishes a framework for analysis in the subsequent sections. Sections 3–6 address the issues of governance and project management, stakeholder management, funding, and timeliness. Section 7 contains a summary of conclusions and recommendations for the different levels of government involved with the implementation of integrated land use and transport.

2 Framework for analysis

This chapter outlines the types of problems experienced with implementation in New Zealand and overseas, and uses the evidence to develop a framework for discussing the main impediments and methods for reducing them.

2.1 The New Zealand experience

The New Zealand experience is drawn from the four case studies outlined earlier, broader literature reviews, and discussions with NZTA staff in Auckland, Hamilton and Wellington. As well as some 25 face-to-face interviews with stakeholders in the four development projects, site visits were undertaken and relevant reports were reviewed. The emphasis was on definitions, objectives barriers, and enablers.

The following issues were identified:

- *Separation of roles, rather than integration, created risks:*
A lack of integration in urban development projects was reflected in the absence of integration in project definition, objective setting, and feasibility assessments. Lack of prior consideration of integration issues created a fulfilment risk for the overall development.
The case studies emphasised the separation of the land use and transport components of developments within the public sector, rather than their integration, and the separation of public and private sector roles. Connections between land use and transport were considered in various plans and strategies, but the linkages tended to be conceptual rather than concrete. This reflected the traditional separation of responsibilities for planning and financing the development of roads, planning and regulating land use, and funding public transport.
There was a distinction to be made between integration of public and private sector funding and the integration that was achievable when one developer was responsible for both the land use and transport aspects of a project. In the case studies, this integration only occurred on a limited scale (e.g. provision for cycling and walking within a residential subdivision). However, the principle of integration being easier to manage under a single-development organisation could also apply at much larger scales of development.
- *Guidance is needed for the coordination of different agencies:*
A key issue from all the developments reviewed was the need for coordination of the various agencies and stakeholders involved. This was true for both simple and complex developments. Each development had its own structure reflecting local circumstances. There did not appear to be any guidelines for tailored coordination to reflect this. In some cases, the project management structures were assisted by a higher-level governance structure (e.g. SmartGrowth in Western Bay of Plenty). Usually, each area worked out a unique structure for its particular development, reflecting the resources available and the issues facing it.
- *Need to consider the role of transport as a catalyst for private sector interests:*
The separation of land use aspects of development from transport aspects, and of public interests from private interests, also contributed to timing issues and the risk of incomplete development. The 'temporal separation' of different elements of implementation resulted in a debate about the role of 'lead infrastructure' as an incentive for attracting private developers, or the use of government subsidies to bring private investment forward. This argument avoided the need to consider integration of implementation and placed the responsibility for future land use development on the transport funding. However, this approach also carried fulfilment risks if the claimed causal connection between infrastructure investment and the land use change was flawed.
- *Need to identify risks associated with sub-regional strategies and urban development plans:*

A distinction could be made between urban development projects that were market led (usually initiated by a developer, and should be profitable even after paying the appropriate development contributions), and those that required public subsidy. There was no indication that rigorous feasibility studies were conducted for plans prepared by local authorities, and therefore these had no basis for assessing development risks, including cost over-runs, delays, or non-completion. Having a plan that dealt with these matters appeared to be a pre-condition for successfully integrated development, even prior to the physical implementation stage.

- *People working well together was the key to successful implementation:*
The potential for disagreement between the developer and the local council in plan preparation (over the scope and timing of development contributions, and therefore over implementation) highlighted the importance of establishing appropriate relationships at an early stage. This was particularly evident in developer-led initiatives, where a sense of mistrust between the public and private sectors and suspicion about motives could lead to relationship and implementation difficulties.
- *Special efforts needed with medium-density housing:*
The planning process itself could also cause implementation difficulties. For example, the special requirements of medium-density housing, relative to traditional town planning rules for residential development, could result in resource consent delays. There was also evidence, in some cases, of market resistance to medium-high-density housing (more than 12 dwellings/ha). This could translate into political resistance when politicians were sensitive to the views of constituents who opposed a particular form of development.
- *Limited progress towards integration evident so far:*
Overall, the picture was one of only small steps being taken towards integration at implementation level. However, there was evidence of an increasing number of integrated plans being prepared at a number of levels, from regional growth strategies to local area structure plans.
- *Some good features of individual developments, but not necessarily linked to broader strategies:*
There were exceptions that offered the prospect for change, such as the inclusion of walkways and cycleways within private subdivisions, along with local shops and facilities for community activities. This might have been in response to a shift in market expectations. Even so, it was sometimes difficult to see the connection between positive developments at this localised level and the higher level regional and sub-regional strategies and objectives that would contribute to the NZTS targets.
- *Summary of main barriers to implementation:*
The main areas that emerged for attention from the case studies related to the organisation of integrated developments, their feasibility, and how the objectives of individual developments could contribute to wider regional aims for land use and transport integration.

In summary, the thematic barriers identified through the case studies were as follows:

- *Governance and project management structures:* The informality of relationships between land use planning and transport planning was a potential barrier to implementation. These relationships may need to be consolidated in new governance structures that are related to project management and implementation. This, in turn, suggests a need for some flexibility of approach among the disciplines and professions involved. Land use planning does not have the same focus on implementation and implementation responsibilities as transport does, while transport planning traditionally has a much narrower focus than land use planning.

- *Funding*: In most cases, the availability of funding was by far the main difficulty for the transport projects. Funding processes for publicly initiated land use developments are not well developed, leading to greater levels of uncertainty compared with transport projects.
- *Timeliness*: Delays in obtaining resource consents and getting plan changes made operative presented difficulties for some land use changes. Delays in transport funding processes could also be a concern.
- *Stakeholder relationships and trust between key parties*: Relationships among public sector organisations and between the public and private sectors are critical to the success of implementation.
- *Community and political resistance*: As well as resistance to higher housing densities and the consequent modifications to existing suburbs and environments, which may mobilise community resistance, political resistance can arise over such matters as parking charges in the town centre, carriageway modifications, and traffic management.
- *Land acquisition*: Low levels of public land holdings in key sites limits the capacity of the public sector to influence outcomes.
- *Market conditions*: Limited or uncertain demand for higher-density housing and for key commercial uses is a barrier to investment.

2.2 International experience: the Arup review

The Melbourne office of international consultancy, Arup, was asked to review international case studies with which it was familiar, with an emphasis on key players, challenges and opportunities, development format, and monitoring and review of implementation. The Arup report is summarised here.

2.2.1.1 Overseas case studies highlighted public-private sector partnerships

Arup surveyed some 28 developments, research reports, and documents from Australia and North America. The survey emphasised the use of joint developments, generally through real estate development around transit stations and corridors on publicly owned land. This development format required the coordination of private and public agencies. The discussion covered the roles of:

- local government and planning agencies, whose rules shape the built environment
- other government agencies with an interest in economic and community development, including housing
- transit agencies, which manage the land on which much of the relevant investment might be made, and who may play multiple roles in the implementation process
- the private sector, which typically takes responsibility for mobilising the physical, financial, and human resources required to undertake development.

2.2.1.2 Guidance provided for governance arrangements overseas

A key to successful implementation was how these interests worked together, given their different objectives and expectations. Arup identified the importance of a variety of guidelines, charters, and even legislation to provide the framework within which they could work together effectively. Some of these guidelines were quite flexible, such as the selection of a public private partnership (PPP) format. These guidelines were generally tuned to the requirements of each locality and development opportunity. However, some guidelines could be quite tightly prescribed, such as the process by which partnerships were established in Victoria.

2.2.1.3 Guidelines for joint public-private sector partnerships assisted integrated urban development overseas

The different motives of the parties involved, and how they might be aligned, led Arup to consider the market for investment in integrated land use and transport development. The public sector could have a variety of objectives, derived from urban initiatives under 'SmartGrowth, new urbanism and location-

efficient development' strategies – examples included improved accessibility, reduced car dependence and lower travel demand, viable public transport options, and efficient traffic movement. Ideally, the outcomes would include increased land values, more affordable housing, and greater use of public transport.

The motivation for private sector investment in this sort of development was a buoyant market and the capacity to make a competitive return on the resources committed. Hence, it was expected that the development would measure up in terms of feasibility and funding. Overseas case studies showed the public and private sectors working together to align these outcome objectives and explore innovative joint funding initiatives.

In support of this approach, Arup cited the *Investment lifecycle guidelines* developed by the Victorian Government, which required development projects with a value of more than AU\$5 million to pass through a 'gateway process' that included the phases of strategic assessment, analysis of options, a business case, tendering, implementation, and post-implementation review. The implementation phase, therefore, only proceeded subject to the outcome of the prior analyses, including making a business case.

Difficulties in resolving issues over land ownership – for example, whether publicly owned land in and around stations should be sold to private interests to secure the investment necessary to realise value gains associated with a transit-oriented development – led to the development of the PPP guidelines. These enabled the transit agency to broker an agreement about roles and contributions that reflected the different motivations of various public agencies, and of the public and private sectors. If a 'transit premium' could be identified – for example, the value gain resulting from increased traffic and accessibility as a result of proximity to a station – additional taxation could be used to fund some of the public sector contribution. This raised a number of issues, including issues of cash-flow impacts when the value was not immediately realised. These needed to be managed to ensure that the development remained commercially viable.

2.2.1.4 General barriers to integration remain

Against this background, Arup identified the following general barriers:

- fiscal, arising from lack of funding and poor feasibility
- organisational, including structural barriers imposed by government agencies
- political, including NIMBYism
- land assembly and infrastructural barriers.

2.2.1.5 Managing the effects of transit-oriented development is also a challenge

Arup found that integrated land use and transport developments also face the following particular problems:

- *The congestion conundrum*: Higher density development adds more vehicular traffic to the network. While this development format may increase transit ridership and reduce regional traffic congestion, it can lower mobility at a local level.
- *The logistical conflict between node and place*: Transit stations tend to be noisy, messy places that accommodate the interface of many traffic modes and other access functions. This is in conflict with the aims of residential developments to create attractive, vibrant neighbourhoods promoting environmental, economic and social ideals.
- *The balance between parking and development*: Parking ratios at a local level can stimulate or extinguish private investment. The challenge is in striking the correct balance.
- *Getting mixed use right*: Where numerous parties to a broad development project exist, it can be difficult to organise the mix of projects within one site.

2.2.1.6 Governance and project management structures are seen as critical, but there is still a need to manage adverse effects

The Arup review highlighted the centrality of transit-oriented development to integrated land use and transport development. Integration was important at each stage: prior planning, implementation, and monitoring. The challenges were in achieving the desired outcomes in the face of structural difficulties intrinsic to the place and particular development, and overcoming the operational barriers arising from multi-agency responsibilities. The evidence suggested that formalising arrangements via guidelines, agreements and partnerships was likely to be the most effective way of resolving implementation difficulties. Success, however, would depend on resolving the technical barriers and proceeding effectively through a planning process that both proved feasibility based on public and private benefits, and established sufficient funding.

2.3 International experience: the literature review

The literature review identified three possible classifications for implementation barriers:

- issue-based
- process-based
- accountability-based.

The three frameworks provided different perspectives on barriers to implementation. These are discussed below and an attempt is made at an integrated framework for analysis of barriers identified in the New Zealand case studies and for the development of possible solutions.

2.3.1 An issue-based framework

KonSULT, representing the findings of the European Community research, suggested four themes or issues for considering barriers to integration:

- *legal and institutional*, including lack of legislation to permit a given policy instrument, and lack of direct responsibility for it
- *financial*, including lack of funds, and restrictions regarding which funds can be spent on what, and when
- *political and cultural*, and in particular, opposition from those people who are adversely affected
- *practical and technological*, including site availability, engineering details and technical performance.

These are similar to the barriers that were identified in the IAP research (CityScope 2006). Jointly, these studies indicate an overlap between the planning and implementation stages of land use and transport integration that impacts on the effectiveness of implementation. Although the focus of this report is on *implementation*, it is clear that a number of the barriers and solutions to integration relate to prior planning issues.

It is not realistic to consider the likely success of implementation independently of the quality of the underlying project assessment and planning.

While planning processes and practices are therefore germane to implementation outcomes, the terms of reference for this report specifically excluded consideration of issues that could require legislative change. We were concerned with providing guidance within the current legislative system on practices that maximise the likelihood of successful implementation of plans and strategies within the current statutory setting.

2.3.2 A process-based framework

The second categorisation (Transplus 2003) distinguished barriers according to where in the implementation process they occurred:

- *Input barriers* were those that prevented the policies from actually being formed, perhaps due to political or legal constraints
- *Output barriers* were those that prevented policies from being implemented
- *Outcome barriers* were those that prevented the outcome objectives from being achieved even when policies were effectively implemented. These barriers were unlikely to be detected until after implementation, and their presence required careful monitoring and evaluation of the completed developments.

2.3.2.1 Good quality prior planning helps manage risks of implementation

By definition, the existence of significant input barriers should mean that a development project did not progress to implementation, or did not proceed without modification.

Output barriers should be identified at the planning stage. They could be reduced through institutional change (such as capacity building), re-specification of the problem and objectives, or legislative change. In practice, failures to anticipate difficult physical conditions, changing market and fiscal conditions, or technology changes, could mean that implementation went ahead even in the face of output barriers.

From the strategy design point of view, outcome barriers could be the most important types of barrier. To overcome them, market behaviour needed to respond to the changed infrastructure and land use conditions (that resulted from implementation) in the direction and intensity intended.

Within this typology, an effective implementation programme was therefore a necessary condition for successful integration of transport and land use plans, but it might not be a sufficient one.

2.3.3 An accountability-based framework

A further categorisation proposed by Transplus (2003) identified barriers according to the capacity to influence them:

- *Contingent barriers* lay within the organisation preparing the plans. These could relate to organisational barriers such as the separation of land use and transport functions, the need to work more closely with outside agencies, or skills and capacity deficiencies. Contingent barriers should be evident at the outset and within the power of the promoting or planning organisation to resolve. Ideally they would be factored into any planning exercise that required an integrated response.
- *Barriers requiring agreements with other organisations*, such as adjacent authorities or organisations that sit above and below in the planning and funding hierarchy. Inter-organisational barriers should also be evident at the outset, and could be to do with the control of resources or conflicts of interest. They should be subject to negotiation, but could also require amendment to plans or expected outcomes.
- *Embedded barriers* tended to be external conditions, such as a lack of space for new roads. As they might have had no prospect of resolution in the short term, they were likely to require a modification of plans rather than an adjustment to the implementation programme per se. If identified at the planning stage, embedded barriers should not ultimately be a problem in the plans' implementation. Rather, they would be limiting conditions that needed to be managed through project design and specification.

2.3.3.1 Governance arrangements involving partnerships with other stakeholders will help manage impediments to implementation

The thematic barriers identified in the case studies are mostly either contingent or require agreements with other organisations. It follows that inclusiveness in governance arrangements for urban development projects allows potential barriers to be managed as part of the process of implementation. There will always be some barriers that are outside the control of stakeholders though, such as available land and legislation.

2.3.4 General guidelines for implementation

There is a broad relationship between the process and accountability typologies. The implication of both frameworks is that it is desirable to account for embedded and output barriers and uncertainties as far as possible in the development planning and specification stage (figure 2.1 on the next page). Relationship barriers can be addressed in terms of the outputs that implementation is intended to achieve, and governance and project management structures designed to maximise the potential to achieve them. Creating a joint structure, a PPP, or some form of alliance among parties, will internalise these barriers, moving them into the category of contingent barriers – those that the parties can jointly and collectively act on in the implementation process.

The objective of prior planning and project management, then, is to move as many of the barriers as possible into the operational area, and internalise them by identifying the measures, if any, that can be taken to reduce them in the course of project implementation.

As plans, knowledge, and acceptance of the need for integrated change improves, so implementation can be considered by first addressing the governance structures and how this might build relationships among parties. Aligning the objectives of the parties through the appropriate governance structure provides a basis for tackling the funding issue. Establishing the appropriate project management structure and then ensuring that the operational capabilities and responsibilities of the various parties are aligned, and that the appropriate skills are available as and when required, should provide a platform for resolving contingent and output barriers.

Consideration of embedded and input barriers at the planning stage can assist with reframing these into ongoing relationship issues (figure 2.1), which can be dealt with in the governance structure for the development. Adverse market conditions may be mitigated by new funding arrangements, and community resistance through consultation processes and flexibility of project design. These issues will take time to resolve but with sufficient resources, the projects can still proceed as planned.

The process of transforming barriers into manageable issues is presented as an ideal – it is not always possible, and it is rarely easy. However, the framework serves to identify the possible risks and implement risk management strategies that have some chance of keeping the developments on track.

		Accountability Barriers		
		Embedded	Relationship	Contingent
Process Barriers	Outcome	Market Conditions		
	Output		Relationships and Trust, Land Acquisition, Funding Issues, Governance & Project Management.	→ Timeliness
	Input	Community and Political Resistance		

Figure 2.1 Positioning New Zealand barriers to implementation

The following sections build on the framework outlined here to address, in turn, issues of governance and project management, stakeholder management, funding, and timeliness.

3 Governance and project management

3.1 Problems

None of the New Zealand case studies explicitly articulated integrated land use and transport objectives within a sub-regional (or regional) strategy. Nor did they have integrated governance and project management structures. Relationships between the land use and transport components at the strategic level were articulated in various plans and funding applications, but these functions remained separate. However, localised integration of transport measures and active modes (walking and cycling) with land use did occur.

Case study New Lynn project management

New Lynn project management is centred on the transport interchange. The project manager is based inside the Council and reports to the Director of City Services (Project Sponsor). The Directors of Strategic Planning and of Public Affairs both have significant involvement. Public Affairs manages the relationships with government organisations, while Strategic Planning has close relationships with developers and the community. Although there does not appear to be a formal project management structure (other than the Project Manager himself), the project is able to call on the whole structure of Council as and when necessary.

The planning directorate is actively pursuing land use development opportunities in discussions with property owners, and has prepared a non-statutory 'regeneration framework', which acts as a development guide. The directorate is managing the corresponding Plan Change 17 through the RMA procedures. There is no specific implementation plan for the land use proposals.

The types of problems experienced by the developments reviewed included all those identified as thematic barriers, including relationship difficulties, funding problems, technical issues and political constraints. The absence of integrated project definition and objective setting meant there was no explicit consideration of these barriers, or consideration of strategies to overcome them.

However, a number of governance structures, which show how relationships can be managed through the forms of governance applied, were in place.

Case study New Lynn governance agreements

The governance arrangements in New Lynn are focused on the transport interchange. Waitakere City Council (WCC) has agreements with ONTRACK and ARTA.

The agreement with ONTRACK is a 'Partnering and Funding Deed for the New Lynn Rail Project'. This covers governance arrangements for the partnership, the responsibilities of the parties, and dispute resolution procedures.

The agreement with ARTA is based on an exchange of letters and covers:

- individual and shared objectives
- a framework for agreeing scope and cost responsibilities and funding implications
- working together
- future arrangements.

WCC indicated that it would favour moving towards a Memorandum of Understanding with ARTA in the longer term, covering the totality of its relationships, not restricted to New Lynn.

WCC initially wanted to arrange a three-way agreement involving itself, ARTA and ONTRACK. This concept of specialist organisations working together for the broader objective of urban renewal was not easily accepted by all parties. In the end, bilateral agreements were negotiated between all the parties, instead of the three-way agreement sought.

Although these agreements were designed to set out details of roles and responsibilities and how to resolve disputes, they have not (as yet) been referred to in formal negotiations. The real value is seen in establishing the culture of the relationships and an appreciation of each other's point of view:

I think that the agreement was important to do because it did set the sort of context for the future relationship, and the future relationship has, I think, been reasonably productive as we've gone forward. And my sense is that the cultural aspects ... the acknowledgement of where each party was coming from, was actually really important.

(Waitakere City Council negotiator)

WCC is negotiating with other parties regarding an MoU for the wider development of the town centre. These agreements are seen as important building blocks of relationships in implementation.

3.2 Towards a solution

3.2.1 Leadership

The case studies demonstrated how important absolute commitment and strong leadership is to implementation. This can come from any level (local or regional) and from either the public or private sector. If guidelines are to be established to encourage better integration at the implementation stage, they will need sufficient flexibility to allow for the range of different leaders and initiation possibilities.

Case study Leadership examples from Taupo and Pye's Pa

The Eastern Taupo Arterial in Taupo has been dealt with by a succession of mayors committed to the project and a community that was right behind them. This has inspired Council staff to continue the quest, sometimes in the face of significant setbacks.

At Pye's Pa, the leadership came from the developer, but with strong support from the Tauranga City CEO. The influence of the CEO was itself due to good governance relationships with delegated powers from the Tauranga City Council politicians:

I think it is really important for the elected members and the chief executive to have a very clear framework for who makes what decisions.

3.2.2 Regional and sub-regional structures

The responsibilities of regional councils for the RLTS, the Regional Policy Statement (RPS) and the RLTP suggest that regional councils have a central role in developing Land Use Transport Integration (LUTI) strategies and in governance arrangements for implementation.

The NZTA encourages sub-regional strategies as a means of making the RLTS more tangible. These are non-statutory strategies but, with the right leadership and commitment, can provide the basis for the planning that is essential for successful implementation.

Without regional and sub-regional strategies, it may be difficult to articulate the objectives and manage the potential barriers facing individual developments.

Western Bay of Plenty SmartGrowth is one example of a governance structure that has successfully incorporated key stakeholders and at the same time, provides a framework for individual developments. The broad representation and use of written agreements help to internalise potential barriers and provide a forum for resolving difficulties (figure 3.1).

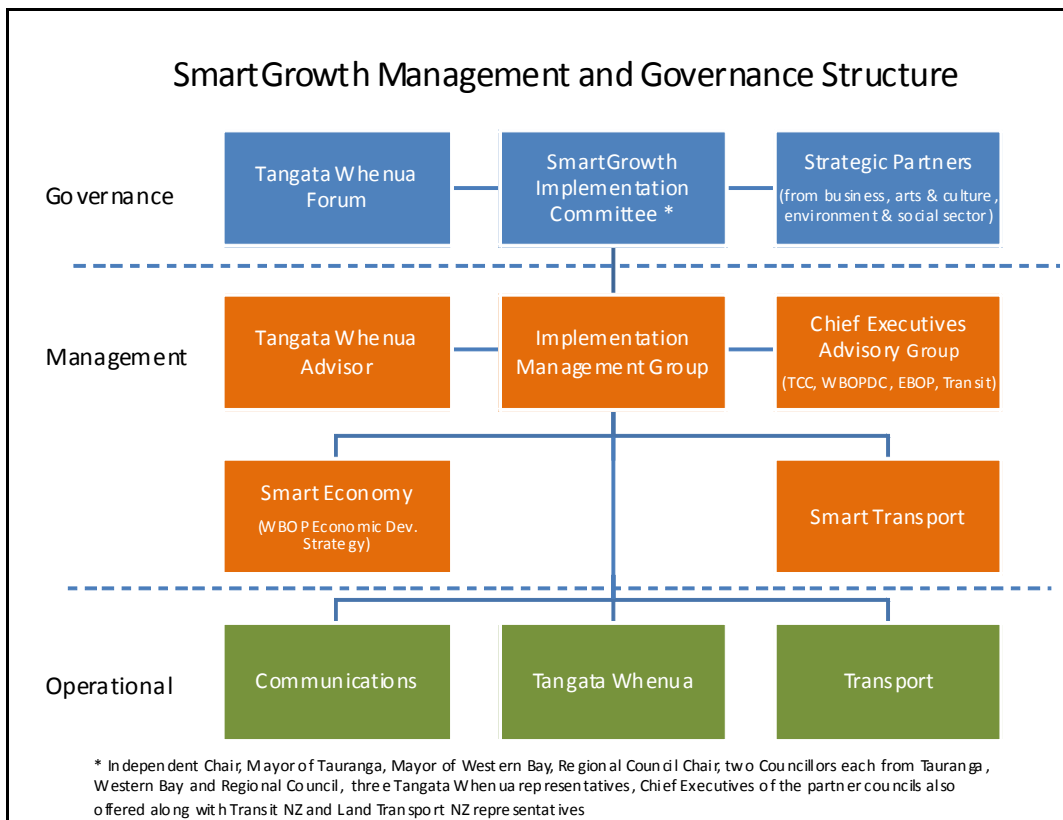


Figure 3.1 SmartGrowth management and governance structure

This structure is supported by MoUs and agreements that define roles, responsibilities, and dispute resolution procedures. In this way, SmartGrowth has successfully internalised many potential relationship or input barriers. The SmartGrowth strategy itself is an integrated land use and transport strategy, with broad aims and objectives within which sub-regional ‘corridor’ studies are prepared and used as the basis for funding applications to the NZTA. The corridor studies do not appear to include land use plans, however, so individually may fall short of the integrated planning objectives.

3.2.3 Local area structures

Governance structures for local areas would be easier to establish where appropriate regional arrangements exist. For example, if Tauranga City decided to establish a PPP to redevelop residential areas or town centres at higher densities, this would benefit from the SmartGrowth governance structure, which has already built up relationships between many of the parties who would be involved. This would allow the focus to be more on the implementation of integrated developments themselves within the context of the SmartGrowth strategy. The governance structures for the PPP should form part of an ‘implementation plan’ and may be more like project management structures. There may be several project management structures (PPPs) all drawing on the same regional governance structure. The concept is one of providing a consistent and permanent regional structure that can be augmented for local areas (figure 3.2) by specific implementation agencies and construction contracts that have a finite life. This provides for consistency and knowledge transfer, while providing for different stakeholder involvement with different individual developments.

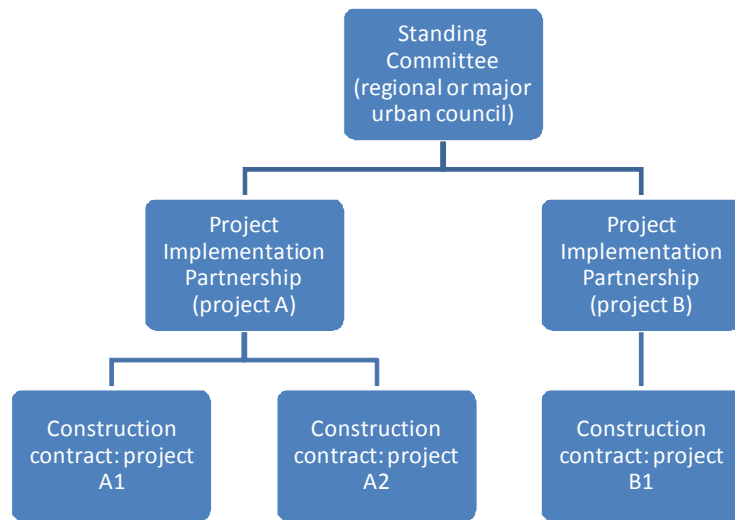


Figure 3.2 Hierarchy of governance and project management structures

Where no regional governance structure exists, then local agencies would need to develop the structures themselves to provide a forum for all the relevant organisations to be involved.

3.2.3.1 Who are the potential stakeholders?

The case studies identified the importance of having written agreements between the various stakeholders to define the roles and responsibilities and to identify disputes procedures. The New Lynn case study illustrated the potential complexity of governance structures at the local level (table 3.1).

Table 3.1 New Lynn stakeholders

Agency/organisation	Interest
Waitakere City Council	Coordinators, land holders, joint provider of transport infrastructure, planning agency
Treasury	Rail trenching funder
ONTRACK (and consortium)	Responsible for rail trenching project construction

ARTA	Public transport service and infrastructure providers
ARC	Transport infrastructure funders and responsible for the Regional Growth Strategy
NZTA	Transport infrastructure and public transport infrastructure funders
Infratil	Land owners (existing bus interchange)
AMP	Owners of Lyn Mall shopping centre
Other land owners	Across New Lynn

Getting agreement about development specification and roles and responsibilities between these organisations was complex. And this related only to the transport interchange; the wider redevelopment of New Lynn would be much more complex.

Ideally, New Lynn could leverage off an established regional governance model for implementing integrated development projects. A regional arrangement might already have the necessary agreements with transport operators and funders in place, and could draw on experience with similar commercial feasibility studies. In this way, the governance structure for New Lynn's transit-based redevelopment would overlap with core expertise for delivery, simplifying the implementation process. The governance entity would approach the development with land use and transport issues jointly covered off. The focus could thus be on the commercial feasibility of land use proposals and on the appropriate management process for construction. The transport infrastructure would be a part of the public sector contribution to the overall feasibility project.

3.2.4 The role of structure plans

Although the relationship between regional and sub-regional strategies was quite difficult to determine, most of the New Zealand case studies drew heavily on structure planning to provide the context for statutory land use plans under the RMA. These structure plans could be incorporated into the integrated planning process. Figure 3.3 outlines a possible solution, linking structure planning with the NZTA concept of integrated sub-regional strategies.

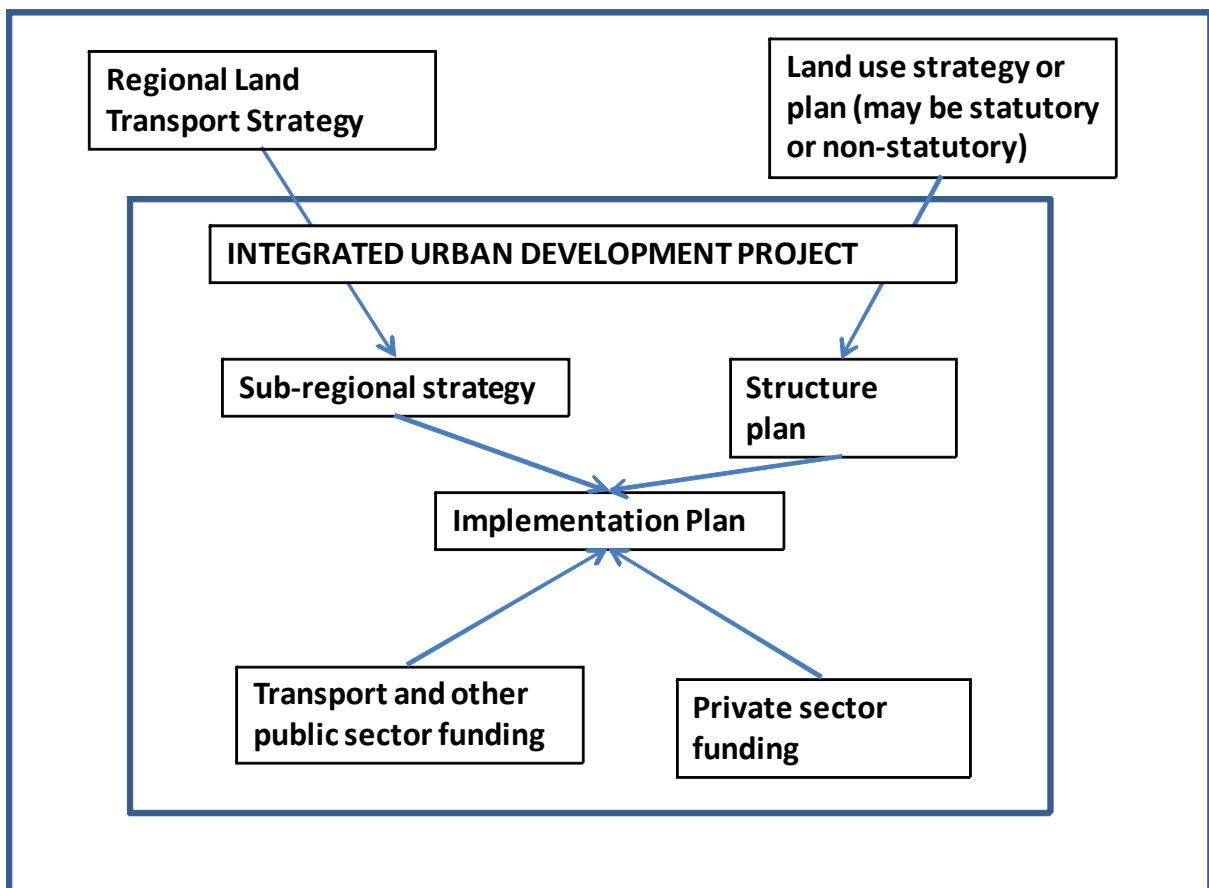


Figure 3.3 Linking land use and transport at the project level

This illustrates the need to consider the relationship between transport sub-regional strategies and structure plans, alongside an implementation plan that takes into account both public and private sector funding arrangements.

3.2.5 Implementation plans

The literature review highlighted the importance of preparing implementation plans for integrated developments.

Implementation planning needs to be aligned with strategy or plan preparation. Implementation planning focuses on construction, where plan making provides a context within which the construction process is one component of fulfilment. An implementation plan would describe the development sequence (timing), including the need for lead infrastructure. At least some of the land use activity component should already be scheduled before the infrastructure is built.

The deliverables specified in the implementation plan will be construction outputs, which will form the basis of timetables and budgets. These, in turn, will form the basis for monitoring the implementation stage.

The key components of implementation plans have been listed by the Department of Prime Minister and Cabinet office in Australia. This list has been reviewed in light of the experience described above, and re-organised to clarify the linkages between governance (planning), management (organising resources) and project management (delivery). Implementation covers the lower two levels of

organisation, although it depends on effective governance at the higher level for its success (figure 3.4).

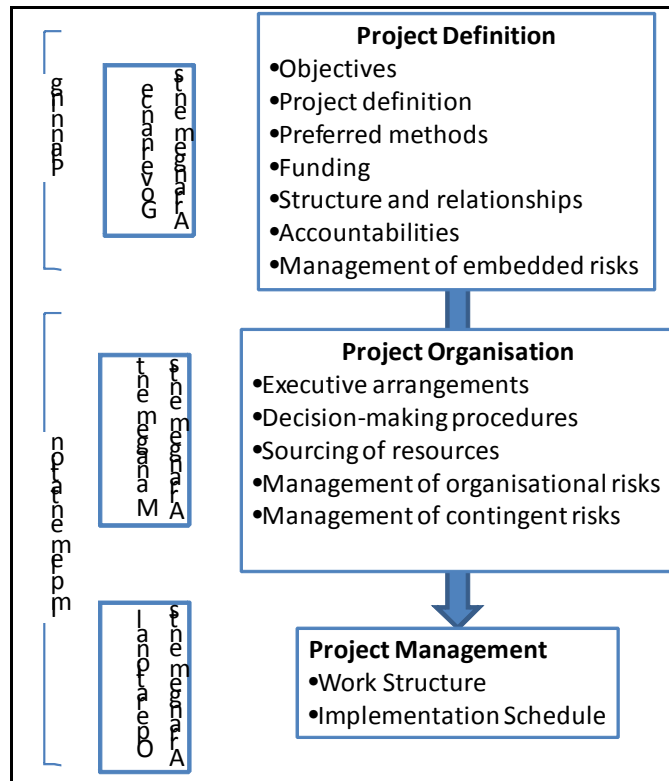


Figure 3.4 Framework for implementation plans

3.2.5.1 Planning and governance arrangements

Governance arrangements cover the following questions:

- Who is the promoting agency?
- What parties define the project, and on what grounds? This is the critical preliminary step that gives authority and context to the project.
- How will executive support for, and commitment to, implementation be maintained?
- What parties are going to manage the various implementation processes?
- Who are these parties accountable to, and what are they responsible for?
- Will there be bodies outside the promoting agency that have a formal decision-making or advisory role? If so, how will their contribution be incorporated into the process?
- What rules and procedures for decision making will apply?
- How will agreements be documented?

Project definition covers the following questions:

- What is the project trying to achieve? (objectives)
- Why is it important to achieve it? (rationale and setting)
- How will we know if we have got there? (expected outcomes).

Project definition includes directional approval about methods, parties, sources of funding, and how embedded risks – those external to the project structure – are to be managed. It should define the project management arrangements.

3.2.5.2 Risk assessment

The governance arrangements need to be flexible and responsive with respect to risks, including dealing with unforeseen issues arising at the subsequent implementation stages.

Such risks can arise from:

- changing circumstances and new developments, such as new political leadership or severe economic conditions
- further refinement of project planning, such as new designs or new constraints on development
- changes to the scope of the project, such as new transport or land use proposals
- negotiations with stakeholders – examples:
 - the community has preferences that are different from the plans
 - new circumstances arise for the developers
 - the potential for disputes between project partners.

For integrated urban development projects, the risk assessment must include financial feasibility. This will help determine how funding is approached. Is the development one that can proceed and contribute to its share of infrastructure costs (as provided for by development contributions), or is it an urban regeneration project that will require public subsidies to get started? This fundamental information is needed before roles and responsibilities are decided.

Governance arrangements for implementation sit beneath the planning arrangements and are likely to take the form of an organisation responsible for managing and delivering the project. This implementation structure might take different forms, but would effectively focus on management and operational arrangements.

3.2.5.3 Implementation and management arrangements

Management arrangements focus on the executive organisation and procedures for resourcing of a project, how it will be undertaken, and the division of responsibilities among parties. Relationships among agencies with operational responsibilities will be established and managed at this level, which will also control the scope and deliverables of associated works.

In specifying management arrangements, at the outset of the project the plan will also identify related activities that are the responsibility of external parties, as part of establishing expectations about who is doing what.

At this point of the implementation plan, organisational or contingent risks, and any risks associated with external relationships, should be identified and measures put in place for minimising them. These might relate to structural arrangements, including positions within the implementation organisation, and communications and documentation protocols.

3.2.5.4 Resources

Resource requirements should be assessed under the following headings:

- budget
- non-financial resources
- procurement plan.

3.2.5.5 Risk management

However well prepared the plans, there will still be risks associated with uncertainty around large and complex projects. It is important that these are:

- identified at the outset, as far as possible

- monitored as they arise
- addressed through reference back to the governance arrangement underlying the project, if necessary.

3.2.5.6 Implementation and operational arrangements

Operational arrangements relate to the performance of project tasks and will be subject to traditional project management disciplines, including work structuring and scheduling. The key in the current context is that these tasks will be shaped by maintaining the inter-organisational relationships necessary at the workplace to align land use and transport tasks. Under these circumstances, it is even more important that this work schedule should be comprehensive, integrating and sequencing the key activities of participating agencies, and clearly identifying any interdependencies.

In many cases, private development proposals can be managed through the normal planning processes, whereby the developments are assessed for transport impacts, and infrastructure costs levied accordingly. No public sector involvement with implementation plans is required. It is really only plans that require public funding (especially if they have a subsidy component) that need to have the implementation plans and governance structures in place.

3.2.5.7 Quality assurance

Quality assurance means assuring the integrity of all processes undertaken to implement the policy on time and on budget. It also involves monitoring progress against milestones and within budget.

Many aspects of this form of implementation planning are already required in the funding process for the NZTA, although there are significant differences between the implementation plan for the integrated development and the central focus of the NZTA on the transport components. In particular, it is necessary to understand the commercial feasibility of the proposed land use developments that form a critical part of the integrated developments.

3.2.6 Guidelines and agencies

The preceding framework differentiates functions while illustrating the links between different forms of organisation (or governance) at different stages of project development implementation. International experience suggests these arrangements can be achieved by combination of higher-order guidelines and assignment of responsibilities at lower levels to appropriate organisations, or the creation of agencies with a direct responsibility for integrated project delivery.

One of the differences between the New Zealand experience and the overseas case studies was the degree to which integration was provided for, either by legislation or guidelines, and the operational responsibilities of the various organisations involved. The overseas case studies also suggested a stronger and more hierarchical structure of project responsibility.

In the case of Dalston Junction, for example, the London Development Agency partnered with Transport for London to develop a new station and major commercial and residential development:

Case study Dalston, London

A new railway station and bus interchange is to be managed as a joint venture between Transport for London and the London Development Agency. The London Borough of Hackney has contributed land and has supported the project over significant local community opposition. The project developer is Barrett Homes.

In addition to the transport interchange, the development includes a park, public library and 533 new homes. The homes include provision for affordable housing.

The impacts of the current financial crisis are not yet fully apparent, but it seems that the marketability of the homes is now in question and the provision of a public library is also potentially affected.

In another example, Melbourne 2030, prepared by the Victorian Department of Planning, provided a statutory strategic planning framework for the city:

Case study Melbourne 2030 – an integrated strategy

Melbourne 2030 is a high-level policy lever designed to deliver the Australian government's growth management strategy. Melbourne 2030 provides a policy framework that facilitates:

- liveability
- a growth pattern that delivers places for people to live and work
- a blueprint for where growth will occur
- urban and regional growth that is well served by physical and social infrastructure.

One of the programmes within this policy framework is Transit Cities. The goal of the Transit Cities programme is to cluster a greater mixture and density of land uses around high-quality transport service. The transport node (train, light rail or bus terminus) is designed to be the focus for the development, and ideally becomes the community 'heart' where people shop, work, meet, relax and live. The development should promote a greater efficiency in infrastructure use.

The existence of development and transit agencies with direct responsibility for integrated developments overseas was in sharp contrast to New Zealand's reliance on facilitation and encouragement through regulatory processes in District Plans. Hence, the Transit Cities programme component of Melbourne 2030 was managed, at the implementation stage, through the twin agencies of VicTrack and VicUrban. VicTrack was striving to support the objectives of Melbourne 2030 by facilitating appropriate developments around railway stations and activity centres, clearly and strongly supporting Transit Cities and the provision of affordable housing. Similar integrated goals could be seen in the Transport Infrastructure Development Corporation of New South Wales (involved with the Chatswood development in North Sydney) and the Bay Area Rapid Transit (BART) Authority in San Francisco.

In common with other overseas examples, Melbourne 2030 was built on a hierarchical structure of responsibilities. This is illustrated by the case of Dandenong (figure 3.5), a development initiated as part of VicUrban's 'Transit Cities' programme.

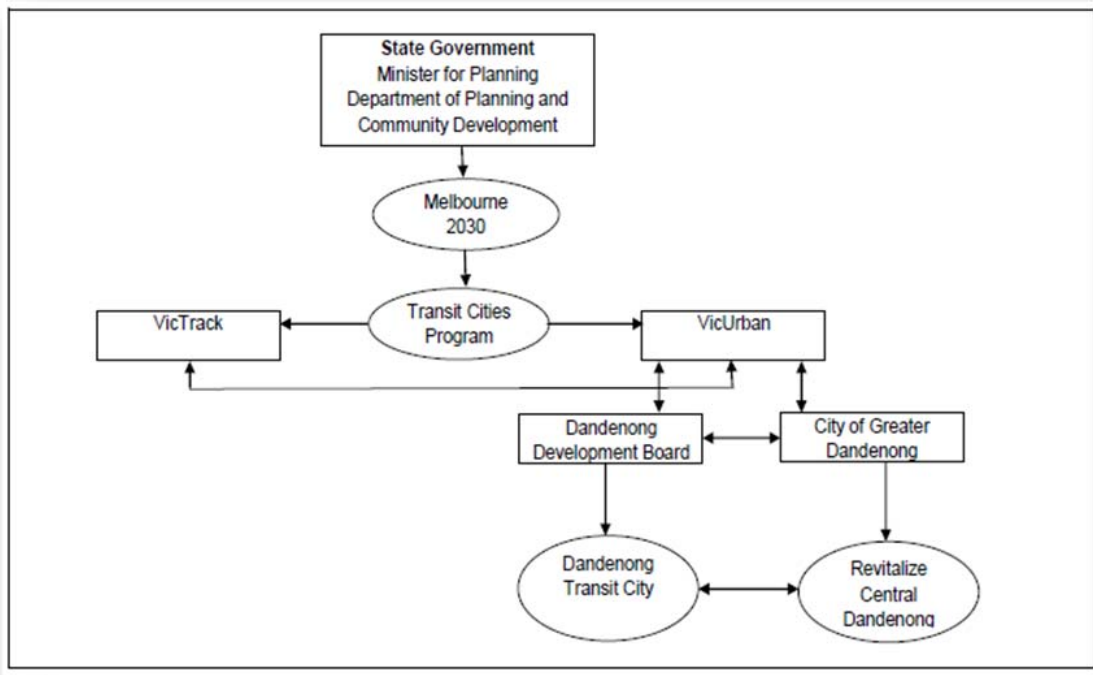


Figure 3.5 Dandenong Transit city governance structure

This programme was designed to accommodate Melbourne’s growing population in transit-oriented developments and to discourage urban sprawl. VicUrban was established in 2003 as an Urban Development Authority with a range of powers to assist with land acquisition and development. The Dandenong development involved nearly AU\$300 million, but aimed to attract three times that amount in private investment. VicTrack and VicUrban had partnered with the City Council to form the Development Board, which is the level at which the developments were managed. Because of the scale of state involvement, VicUrban had been designated as the planning control authority for the area.

It was interesting to compare this with the SmartGrowth structure in the Bay of Plenty, where the relationships had been agreed locally and plans developed by the local agencies, rather than being imposed from above. The difference lies in the greater powers of the state in Australia relative to say, a regional council in New Zealand, a difference that calls for negotiated arrangements among equal parties. The negotiations may be facilitated and influenced by central government if it is called on to undertake significant funding.

Overseas development projects are often viewed as investments with a range of criteria specified and guidelines for public-private sector partnerships (PPPs). Flexibility is required to take account of different circumstances, although strict processes may be called for to ensure the financial and economic viability of the development projects.

An example of flexible guidelines came from the *Improving transport choice guidelines for planning and development* (NSW Dept. of Urban Affairs and Planning 2001). These guidelines consisted of the following four parts:

- *accessible development principles* – defined 10 principles for accessible development

- *the land use planning process* – showed how the 10 principles could be applied to various aspects of land use planning to help to provide transport choice
- *location and design guidance* – applied the 10 principles to specific land use types and urban areas and precincts, using best practice and case studies to provide checklists
- *practice issues and initiatives* – outlined some contemporary issues, actions and methods being used to implement the principles and achieve the outcomes discussed in the earlier parts.

The *Partnerships Victoria guidance material: Practitioners' guide* (State of Victoria 2001) created a framework for developing contractual agreements between government and the private sector for the delivery of public infrastructure and ancillary 'non-core' services. Unlike the NSW guidelines, these focused on the legal structures of PPPs for development.

The international case studies suggested that it would be unusual for a development the size of New Lynn to be led by the local authority. The governance model for Dandenong was based on the involvement of higher authorities and additional resources for a similar scale of development. Another example was the development of the Chatswood Transport Interchange, where the state infrastructure organisation was involved in a PPP with a private development consortium.

A hierarchical structure also removes the need for consensus building at every stage of the process. It is also interesting that the state organisation VicUrban took over as the planning agency for the area, limiting the ability of local interests to unduly impede what was seen to be a development of regional significance.

3.2.7 Recommendations for governance and project management

Any recommendations from this research enter an already crowded policy debate around the management of urban development and urban design in New Zealand. The Department of Internal Affairs (Sustainable Urban Development Unit) is considering how to manage the sustainable development of urban areas, and will need to consider integration issues. The Ministry for the Environment is considering a National Policy Statement on Urban Design, which may also consider and impact upon integration issues. The Department of Building and Housing has a Task Force on Barriers to Intensification, which will also consider barriers to specific land use developments. The goal of this research is to contribute to this debate, not to supersede it.

At the heart of any suggestion for enabling integration is the question of appropriate intervention. The RMA, as introduced in 1991, was based on the premise that development should be allowed as long as it created no adverse environmental effects (or any such effects could be sufficiently mitigated or remedied). It saw no role for pro-active planning for integration, and did not provide for urban design as a matter of national importance.

The level of attention that is now devoted to interventions to bring about integrated planning shows how much thinking has changed since the RMA was introduced in 1991. This reflects a growing concern about urban development in its own right, and about associated sustainability issues.

Without debating the need for intervention to achieve integration, the research outlined here reflects a deliberative, if flexible, approach to implementation. It is important to recognise, for example, that initiatives can arise from different levels of government and from private sector developers. The scale of integrated urban development projects, however, suggests that it is unlikely that private sector interests will take sole responsibility for the infrastructure and land use developments, or that integration will be achieved without a degree of intervention.

The following three key elements need to be provided for any major urban development project, as part of the identified need for an implementation plan:

1. a governance structure responsible for setting outcome objectives against wider strategic objectives, and for ensuring that the structures and procedures are in place to deliver them
2. an integrated statement of goals and outcome objectives for the development, and how these will contribute to plans and strategies
3. a project management structure that includes the roles and responsibilities of different organisations and individuals, and an implementation plan – we suggest that this could distinguish between the organisational and operational levels.

The research also suggests two levels of government involvement: state, or regional (where transport funding is coordinated and where broader development strategies may be best prepared); and sub-regional (where implementation takes place). In the New Zealand statutory setting, the regional level refers either to the Regional Council, dominant urban councils, or a coalition of councils. It is at this level that the governance structure needs to focus on inter-agency relationships to achieve integrated planning, and prepare the implementation plan as part of that exercise. The sub-regional level is flexible and should relate to the area affected by the development and the agencies most involved. It is at this level that some form of development entity might be formed to ensure that the governance issues related to project management and implementation are in place.

There may be several sub-regional developments within any one region or city. It seems sensible to have regional (or city) governance structures that span them in the interests of coordination, effective resource use (including interdependent programming where there are resource constraints), and the benefits of transferring lessons from one project to another.

There are different ways to configure relationships between governance structures and project management (figure 3.6). A regional governance structure may incorporate both public and private sectors, and create joint project management structures to deliver specific developments. Alternatively, there may be an intermediary step between purely public sector interests and joint-venture structures that then go on to commission a construction consortium. Another option is a state- or region-led development in which private sector involvement is perhaps confined to an advisory or stakeholder role at the governance and management level, and a contractual role at the delivery level. Ultimately, the mix of agencies, their relationships, and the integration of their activities will be a function of regional and local context and the scope of individual urban development projects.

While the principle of flexibility with regard to appropriate area structures prevents prescriptive solutions, we suggest that structures should not be established for their own sakes, but only to fulfil a role regarding the identification and implementation of integrated developments. The high-level structures (regional, citywide or inter-regional) may have a more permanent character when there are ongoing programmes for investigation and implementation; other project-specific structures should have a finite life and be disestablished once the project is complete.

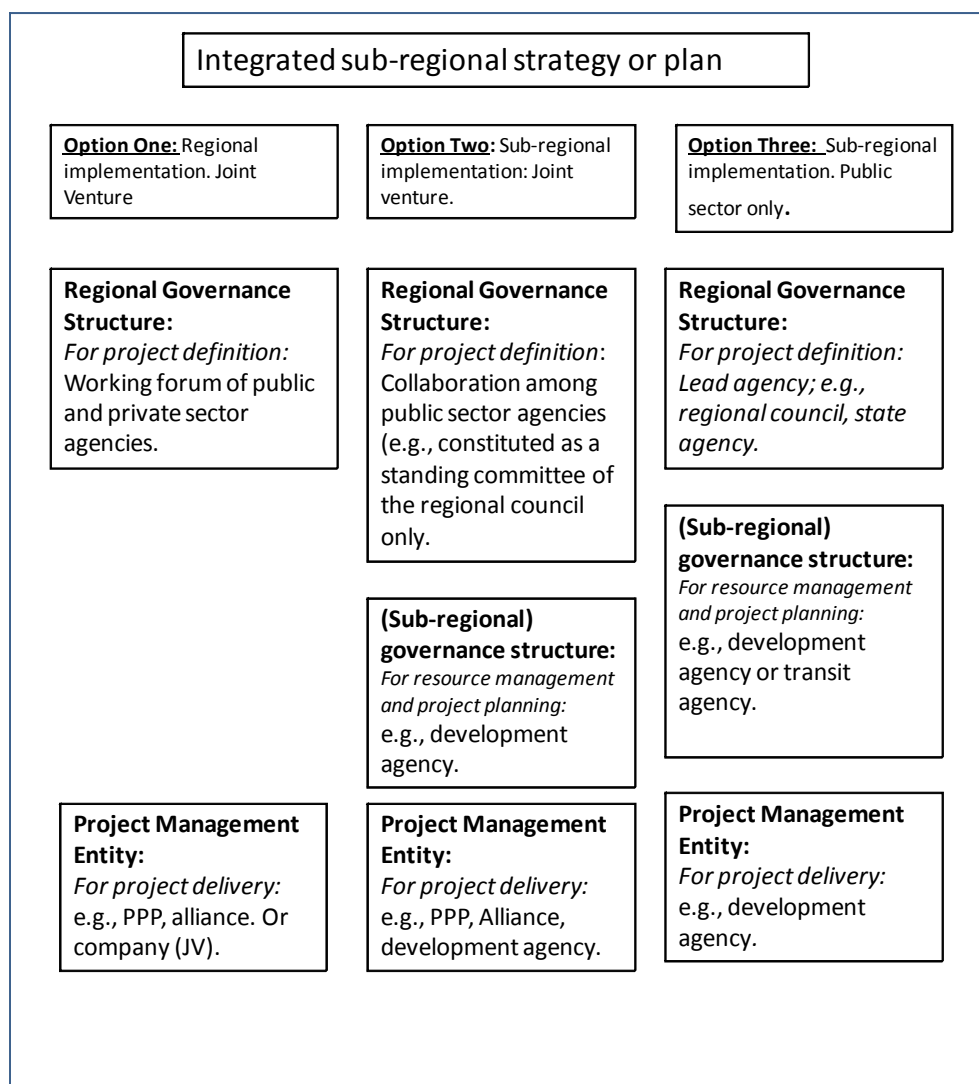


Figure 3.6 Examples of project management structures

3.2.7.1 Initiating an integrated urban development project

The context for urban development projects will be set by regional or sub-regional strategies and plans. These may be statutory (RLTS or RPS, for example) or non-statutory (regional growth strategies or sub-regional plans). Opportunities may be identified by either public or private sector agents, but in most cases, the scale of development considered here will be led by the public sector. Typically, the local authority will identify the area for development, consistent with higher-order plans, and either prepare a preliminary plan for study itself or prepare a brief for property consultants to respond to.

The initiative for a joint venture or PPP will also usually come from the public sector in the form of an invitation for 'Expressions of Interest' or 'Request for Tenders'. Private consortia will then compete for the contract.

Guidelines for these processes were developed for the Australian Government and published in *National public private partnership guidelines – Practitioners guide* (Australian Government 2008). This covers the recommended process for calling for expressions of interest and later, for development proposals.

4 Stakeholder management

4.1 Problems

The case studies highlighted the importance of relationships and good communications in successful implementation. The main relationship problems encountered can be divided between those pertaining to

- internal stakeholders – the partners in the governance arrangements
- external stakeholders – those who have some claim on, or interest in, a development, but fall outside the governance arrangements.

The precise composition of internal and external stakeholder groups will vary by development, but the distinction is mainly between those with responsibility for setting and achieving project goals (internal) and engagement with the wider community (external).

Potential issues of stakeholder management include:

- alignment of objectives – different organisations have different objectives, which can lead to missed opportunities
- coordination of different funding agencies, which often have different criteria
- keeping the staff who are working on the development project enthusiastic and informed
- keeping politicians engaged and enthusiastic
- working to maintain continuity between different political leaderships
- negotiations between local and regional officers and politicians
- negotiations with land owners and trying to influence their investment plans
- working effectively with consultants
- relationships between different professional interests within local councils
- keeping the local community informed and engaged with the development process.

The range of organisations typically involved in an integrated development gives rise to scope for inconsistent objectives. The plans may be based on wider urban development objectives, including quality of life and the achievement of urban transport strategy objectives, but other stakeholders may have more limited objectives, such as getting the rail track built on time and within budget, or minimising the impact of the development on personal interests. The NZTA's traditional focus on the benefit/cost ratio (BCR) as an evaluation tool emphasises travel time savings over other objectives. Although this is now augmented by much wider assessment criteria, the weight of analysis is still focused on the BCR. In order to meet the overall development project objectives, a common ground must be found.

Differences in specificity of objectives may constitute a barrier to implementation of integrated developments. For example, transport planning is based on rigorous methods of analysis and gives the impression of scientific precision and predictability to outcomes, whereas land use development is more obviously unpredictable (see the example of the New Lynn case study following).

Case study The New Lynn 'Urban Regeneration Framework' objectives

Category	Objectives
Economy	To support sustainable economic growth by providing a focused development strategy that transforms the urban grain
Development	To manage growth effectively to support a mixed-use transit-oriented development
	An integrated and connected pattern of great streets that encourage walking and socialising
	Comprehensive and clean public realm
	Fine grain of urban form
	Streets, parks and squares that are safe and overlooked within sight of the public
	Compact mixed-use environment
	Density and intensity of residential accommodation
	A sense of urbanity and style
Connectivity	To improve pedestrian and vehicular connectivity whilst enhancing the urban experience
Open space	To increase the quality and quantity of public space within the town centre
Character	To retain the character of the area as the basis for future development

These sorts of differences can impact on coordination of different funding agencies. For example, rail investments are funded through Treasury, while other modes of land transport are funded through the NZTA. The consequent administrative burden and additional costs from the need for multiple applications comprise a potential impediment to multi-modal projects.

Case study New Lynn coordination of agencies

In New Lynn, four separate business cases were required for the transport interchange: to the Treasury for the rail trenching; to ARTA and the ARC for aspects of public transport infrastructure; and to the NZTA for roading. Treasury was interested in the 'agglomeration' benefits, which relate to the potential gains to the Auckland region from the development, rather than just a transfer of business from elsewhere in the region.

"... we had to demonstrate the agglomeration benefits as well as the traditional benefit/cost ratio. We had to demonstrate that we wouldn't just attract businesses who'd locate somewhere else, we were actually growing the business development in the region and economic development in the region. The second step was to ARTA to put a business case to them, slightly different criteria, and then the third business case was ARC. ARC is the funder, ARTA isn't a funder, so ARTA had need to be satisfied that it worked from the transport perspective, and ARC had to look at it from a land use and transport perspective and funding development priorities investment.

(Waitakere City Council negotiator)

In the end, Treasury still advised against the rail-trenching proposal, but the Minister of Finance overrode its advice and approved the application for \$130 million.

WCC now strongly advance their case for funding support in terms of getting the best indirect return on the rail investment. Their goals are about the implementation of the Auckland Regional Growth Strategy, with its social, economic and environmental objectives.

Negotiations with land owners can be critical, and the expectations of both sides of the negotiations are frequently a long way apart. However, there is a mutual interest in working towards a plan that will see property values increase across the board, and solutions through compromises and sensible trade-offs are ultimately achievable. One view is that local councils should get in early and buy as much property as possible in the early stage of planning, to allow them to have greater control over the outcomes and also benefit from the capital appreciation. These moves are not without risks, however.

There is also an expectation from developers that council staff will understand the commercial disciplines and how they work, and understand the adverse impact of delays and changing requirements upon the financial performance of investments. On the other hand, council officers' suspicion about private sector motives can be a barrier to relationships. Trust was identified as the most important aspect of planner/developer relationships, alongside honesty, openness and integrity.

There is a perception that New Zealand is disadvantaged by the low levels of publicly owned land. This restricts the scope for publicly led initiatives and is seen to significantly weaken the public sector in negotiations.

Continuity of staff is also seen as an issue, both within the development team and more particularly, among stakeholders – when staff leave an organisation, or responsibilities change, communication is interrupted, continuity lost, and an existing investment in trust is potentially eroded.

Use of consultants is widespread, although there are mixed views on the value obtained from them. Some suggestions that were offered for getting the best value included:

- careful selection of the right consultants for the job, to avoid the situation of individual consultants being excellent for one type of work, but less useful on others
- sometimes using the same consultants for private and public sector interests (e.g. for a developer's structure plan and a council's plan change), to avoid duplication of learning processes, enhance coordination, save costs, and speed up the process
- ensure that council staff accompany consultants to meetings with third parties, to maintain control of important negotiations and relationships.

The LTMA has increased the powers of Regional Transport Committees (RTCs) and thereby made relationships between local and regional authorities more important. New responsibilities include the preparation of the three-yearly RLTP, which can greatly influence the feasibility of integrated development projects. This new responsibility will take time to develop, and there is some concern about the capacity of the RTCs to manage it – this could create tensions between the regions and constituent local councils in the future.

Problems of stakeholder resistance may be partly institutional in character, with the lack of clear mandates and roles for integrated planning and low levels of land ownership being prominent. They are also partly to do with human resources – staff capacity, staff continuity, and 'cultural' issues, insofar as cultural differences between developers and staff can lead to misunderstandings and delays. Finally, they may be a matter of resources. Stakeholders sitting outside the governance relationship that is established among the key players may not have the resources or the capacity to engage fully with the development process.

4.1.1.1 Case studies demonstrate good processes of community consultation

None of the New Zealand case study development projects had major difficulties with local community opposition. The New Lynn plans for the town centre emerged from a charette conducted in 1996, and have been reasonably consistent since then. Addison was a rural area in 1998 and attracted only low levels of interest from surrounding communities. The Taupo community has always been supportive of the ETA proposal and the improvements to the town centre. The developer at Pye's Pa made personal contact with all the residents likely to be affected by his proposal (also a rural area) and was able to get the plan change approved in record time.

Common to all the case studies was continuous communication with stakeholders through local meetings, newsletters or press releases.

4.2 Towards a solution

4.2.1 Literature review

The literature focused on the importance of stakeholder management and public participation prior to implementation. This may be seen as part of the process of reducing the risks of 'embedded' or 'input' barriers at the planning stage (figure 2.1).

The importance of communications and participation in the process of implementing LUTI plans was highlighted by a number of authors. One example:

effective involvement of citizens and stakeholders in LUT planning can be considered as a major factor for success (Transplus 2003)

The main purposes of good communications were defined as:

- *improving the quality of resulting plans and their effective implementation*
- *developing common guidelines for action programmes*
- *avoiding and/or solving conflicts*
- *raising awareness and encouraging changes in behaviour*
- *initiating the learning processes and social empowerment of the participants.*

The authors also recognised that there were some disadvantages from participation (see figure 4.1 following), and the right balance needed to be struck between open and closed communications.

A summary of the authors' conclusions is shown in figure 4.1.

Advantages and Disadvantages of Participation and Non-Participation Processes in LUT Policies		
	Non-Participation	Participation
Advantages	<ul style="list-style-type: none"> • low costs • relatively quick • clear leadership of the process • raises few conflicts • can be done with routine procedures • generates few expectations • easy management • enables high distribution/ coverage • good first step to get the attention for a policy/ project 	<ul style="list-style-type: none"> • strong understanding • strong commitment • increased acceptability • increased credibility of authority • more transparency • more equity • direct influence of stakeholders on decision-making • stronger identification with a policy/ project • integration of end-users in development and design
Disadvantages	<ul style="list-style-type: none"> • limited understanding of objectives by the public • limited commitment to implement • weak process for development • missing of important elements • risk of 'information overload' 	<ul style="list-style-type: none"> • higher costs • slower • leadership problems • difficult management • generation of conflicts and difficulties in reaching consensus • generation of fatigue in actors • decreasing credibility of authorities in case of failure • risk of increased inequity if only groups participate

Figure 4.1 Advantages and disadvantages of participation and non-participation in land use transport policies (Transplus 2003)

This chart highlights the importance of managing the communications aspects of implementation extremely carefully. The authors' advice was to:

- determine what the outcomes from the communication/participation should be
- determine who should be involved
- make sure the subject matter was kept relevant to those involved (to avoid fatigue).

A wide range of stakeholders could potentially be involved in the implementation of LUT policies, as illustrated in figure 4.2.

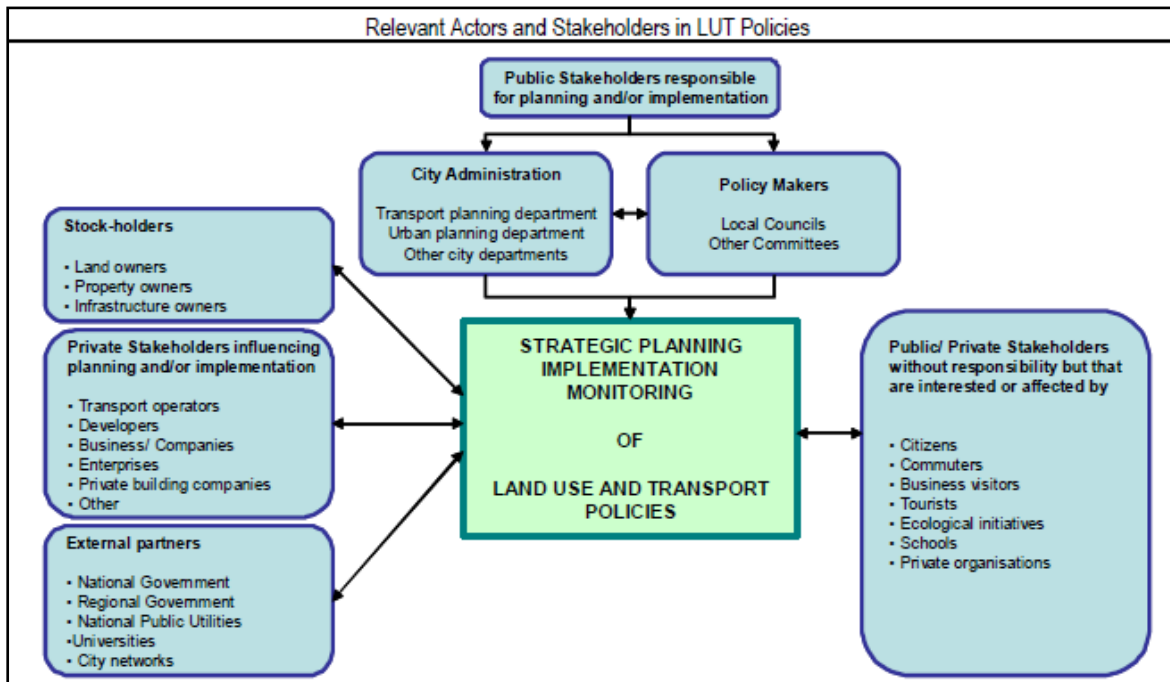


Figure 4.2 Range of stakeholders potentially involved with integrated urban development projects (Transplus 2003)

The authors recommended three different ‘participation frameworks’ that are usually managed by the public agency responsible for planning.

The first is the **basic framework**, which is an (any) approach for encouraging the involvement of relevant groups in the process of decision making outside of the specific LUT plan. Waiting until the plan is ready for participation before developing such a strategy may delay the planning process beyond realistic timeframes. Many local authorities in New Zealand have established frameworks of this sort for consultation on regular planning processes under the Local Government Act, and during reviews of District Plans. These processes may include council newsletters, websites, Citizen’s Panels, regular meetings of Community Boards or other political fora.

The second framework is the **short-term framework at the district or neighbourhood level**. Here the authors suggested the use of established networks (fora), where they exist, such as school communities, ratepayer groups, business associations, and so on. Consultation on the nature of the problems to be addressed should precede the plan preparation. The authors emphasised the need to include the appropriate amount of control for the degree of openness for the discussions – the more open the subjects for discussion, the more closely controlled the milestones and interim decisions should be. Also, the discussions should be focused on what is possible and practical.

The third framework is the **short-term framework at the city or sub-regional level**. Managing participation of all the stakeholders at this level becomes more complex and is discussed in detail below.

The purpose of the exercise (at the regional level) may be less tangible to the participants and the outcome may be harder to appreciate. (Transplus 2003).

This is in contrast to discussions with local communities directly affected by the developments, where there is a high appreciation of the likely impacts. The concern was that at the regional level, community engagement is diluted by the geographical spread of the plans and the consequent dilution of relevance or benefits for any one individual or community. The authors also referred to the need for more targeted communication with specialist audiences, such as developers and land owners.

They suggested the following 'factors for success' in achieving public engagement at the regional level:

- selection of problems relevant to the set of participants
- a clear mandate to achieve results, possibly incorporating responsible persons into the governance structure
- consensus building around the final decision making in the hands of the elected representatives
- conscious process and communication management, as well as support by expert quality managers, for the creation of integrated proposals from the diversity of inputs usually available
- networking activities involving local stakeholders and citizens.

This suggests that targeted consultation should occur, with different interest groups addressing self-relevant issues at two levels.

At the planning level, consultation should ideally involve the key people in the governance group, who set the mandate for the integrated plan, and those responsible for finances. The stakeholders consulted should have a clear interest in the consequences of the project and some capacity to influence outcomes through their engagement. In effect, engagement at this stage is formative, with the capacity to influence the implementation plan.

At the implementation level, engagement with stakeholders will be more of the nature of communications, and on occasion, local problem solving. Nevertheless, the two levels are critical and both should not only *be* done, but ideally be *seen* to be done. At this level, stakeholder engagement is facilitative, seeking to find a way through implementation that satisfies most, if not all, affected parties, without undermining project outcomes.

4.2.1.1 Need to find a new set of skills for integrated planning

The literature review identified the need for new skills and thinking to solve problems of communication and stakeholder engagement, with care taken as to who does the tasks involved and what skills they bring to them. The new approach requires the capacity to move beyond the resource use and efficiency parameters of traditional projects (often based on road development) and deal with social and environmental issues, as well as economic matters.

Case study Balance needed in skills for integrated planning

From the transport sector perspective, the ultimate aim of its policies is always to achieve a correct balance between the following dimensions of the urban mobility system:

- *Transport dimension – adequate balance between modes and means of transport, so that all those that give up the use of private car have available alternatives of good quality, without any sort of social, geographical or sectorial discrimination;*
- *Environmental dimension – the configuration of the urban mobility system should result in a total sum of pollution below the endurance level;*
- *Economic dimension – the system should offer good “value for money”, induce an adaptive behaviour from the users, and be able to create new financial resources to support investment;*
- *Social dimension – assuring citizens are provided with a mobility system adequate to their needs and that no exclusion through price, or any other criteria, will be imposed on base of economic or financial goals.*

(Transplus Deliverable 6.2, Key informant survey 2000)

The continuity of the communications strategy was also important, and it was emphasised that this was not just a stage of implementation, but was a continuous process.

Generally, the case studies offered good examples of public consultation and communication for implementation purposes, but it may be more important and more difficult at the regional planning level for major projects because of the greater trade-offs involved – working towards strategies for the benefits of a wider community of interest (both geographically and for future generations) trades off local interests for those of the wider community. This inevitably results in greater tensions.

Overall, the literature pointed to the importance of designing both the governance structure and community engagement strategies to most effectively define the different levels of involvement of different interest groups, and to provide the appropriate mechanism for engaging with them.

4.2.2 Overseas experience

Overseas case studies showed a greater responsibility for implementation on the part of organisations with specific mandates for Transit-oriented Development under the auspices of high-order statutory plans and strategies (e.g. Melbourne 2030). Such arrangements were more likely to impose developments when communities were reluctant. By providing a more singular governance structure, there was less opportunity for pluralism ‘down the track’.

This appears necessary to deal with the types of problems identified in Australia and the US, such as:

- *The congestion conundrum* – whereby higher density development adds more vehicular traffic to the network. While this development format may increase transit ridership and reduce regional traffic congestion, it can lower mobility at a local level.
- *The logistical dilemma* – the conflict between node and place. Transit stations tend to be noisy, messy places that accommodate the interface of many traffic modes and other access functions. This is in conflict with residential developments aiming to create attractive, vibrant neighbourhoods promoting environmental, economic and social ideals.
- *The parking problem* – the balance between parking and development. Parking ratios at a local level can stimulate or extinguish private investment. The challenge is striking the correct balance.
- *Getting mixed use right* – where numerous parties to a broad development project exist, it can be difficult to organise the mix of projects within one site.

These types of problems were not identified in the New Zealand case studies, possibly because development projects that do not receive local support tend not to be pursued, even if they would generate more benefits than costs in the long term, or if the benefits would accrue to a wider population.

4.2.3 Recommendations for stakeholder management

The process of stakeholder management is best considered as part of two related processes:

- the plan preparation at the regional or sub-regional level, impacting most directly on governance matters
- the implementation (organisation and management structures), most often at the local level.

Stakeholder management is critical to the success of integrated projects that impact on interests in both transport and land use, and as a result, on different business and community interests. Managing stakeholder relationships is an important way of reducing project risk and should also facilitate implementation.

It follows that stakeholder management will be an element in the implementation plan. In examining the risks and opportunities in this area, a distinction can be made between partners involved in the governance structures and interests of the wider community. While relationships among the former are an intrinsic part of developing governance relationships, relationships with the latter need to be subject to appropriate methods of engagement. These require a commitment of skills and resources, and so need to be explicitly allowed for in implementation planning.

Involvement of communities of interest at the planning stage is important for plan acceptance and consequent political support, and so is an important element of managing embedded risks. Procedures for this are well established in New Zealand. However, special attention may need to be paid to targeted communications at the regional level, where the plan is critical but the relevance to individual communities of interest may be less obvious.

People interviewed for the case studies emphasised the central importance of communications:

... the lesson is just communication, internal working, everyone being committed to the same outcome ...

Just being open, frank communicators. Brief/debrief. Give councils updates and tell them what to comment on at certain times ... at a number of stages there was the ability for one or two people to go and try and score points and destroy the whole process. So it really is getting everyone to buy in and it's been the selling of the project to say this is why we're doing it.

The New Zealand case studies demonstrated that relationships between key players are among the most important aspects of successful implementation. Relationships are particularly important for negotiations between developers and local councils, and between public sector agencies.

In terms of good practice, the following points can be noted:

4.2.3.1 Governance partners

Best practices identified in the case studies included the use of written agreements to establish a shared vision for development projects, and to set out roles and responsibilities. These are usually in the form of Memoranda of Understanding, but may also be Heads of Agreements or simple exchanges of letters. Negotiating these agreements will normally be in the context of governance and project management structures – i.e. dealing with internal stakeholders.

One of the challenges for good relationships is maintaining them through the negotiation processes. The case studies emphasised the importance of openness and honesty, building trust, and use of documented agreements to help build an understanding of each point of view, at the start of the process.

Experience in the case studies showed the critical role politicians play, by their leadership and by lobbying for political support at regional and central government levels. The involvement of politicians in the governance structures provides for political lobbying at a strategic level in a given project.

Where the inter-organisational relationships are good, the natural turnover of staff is less of a problem, so having the relationship established at a number of levels is important, as are the written agreements referred to in the governance section.

The key to dealing with consultants seems to be making sure the right consultants are engaged for the appropriate job. This requires a good knowledge of the consultancy market and recognition of the areas in which they can add value. Where consultants are engaged, councils should consider keeping control of the main relationships in the development project. There are opportunities for shared use of consultants by councils and developers. If one is hired by a developer to prepare a structure plan (or implementation plan) there may be good sense in using the same consultant for the plan change required by council.

The literature review pointed to the need for new skills to be involved with integrated planning, looking for a balance between transport, economic, environmental and social analysis skills.

4.2.3.2 Community engagement

The distinction also needs to be made between the planning and implementation stages when considering the role and methods for community engagement. The wider community will be involved in the early processes of problem identification and solution prescription through the formal processes of consultation required by the Local Government Act (2002) (LGA), the LTMA and the RMA.

Best-practice guidelines from international literature suggest that a balance is needed between open and managed consultation. The following guidelines were suggested:

- Determine what the outcomes from the communication/participation should be.
- Determine who should be involved.
- Make sure the subject matter is kept relevant to those involved (to avoid fatigue).

Our suggestions for regional leadership on integrated planning need to be considered alongside the special difficulties around region-level consultation. The advice for regional consultation is designed to maximise the value of the engagement, and to minimise the chances of individuals being disenfranchised by the process because they found it difficult to participate in the processes. These difficulties may be related to culture, time, difficulties with articulation of opposition, or understanding of the issues. The following issues were considered important:

- selection of problems relevant to the set of participants
- a clear mandate to achieve results, possibly incorporating responsible persons into the governance structure
- consensus building around the final decision making in the hands of the elected representatives
- conscious process and communication management, as well as support by expert quality managers, for the creation of integrated proposals from the diversity of inputs usually available
- networking activities involving local stakeholders and citizens.

There are many methods that would be suitable for consultation, and each local area will determine what is suitable for its citizens. A typology of methods (adapted from Transplus 2003) follows:

- *Mass information and consultation*: This approach provides a variety of ways to incorporate results from consultation, that focus on as many responses as possible, or on bringing in more diversity (e.g. written and telephone surveys, local radio phone-in debates).
- *Mediated participation*: It becomes difficult to integrate the large variety of organisations active in the area into the central commission/committee where the plan is developed. A small, selected group of the 'most representative' organisations should be created, with a mediation role. Other

organisations need to be involved in other ways (e.g. through regular consultation incorporated into the mass consultation efforts).

- *Planning through discussion with/among individual citizens/stakeholders*: The organisation of such discussions is another possibility, without expecting that these individuals are backed up by organised groups or forums. In this approach, it is important to pay attention to the diversity of participants, and to provide the chance for all of them to influence discussions effectively.

If the consultation at the plan-making stage is conducted appropriately, there should be less likelihood of protest or opposition at the implementation stage. The best approach at this implementation stage is to keep the community informed of progress and to provide a forum for feedback. Overseas examples show that the use of public relations specialists is considered useful at this stage of the process.

5 Funding issues

5.1 Problems

Each of the case studies that we researched depended upon significant public sector funding of the transport components. In two cases, the land use components were stand-alone projects that *preceded* anticipated public funding for the transport infrastructure, while the other two had land use components that *depended upon* the transport infrastructure as a pre-condition for land use development viability.

In Taupo and New Lynn, transport infrastructure funding was committed and the risk to full integration rested on the land use developments in adjacent town centres. Addison and Pye's Pa were residential subdivisions with good internal walking and cycling provisions, but which depended upon new transport infrastructure for their success. At Pye's Pa, the developer had minimised the accessibility risk by getting agreement to construct the adjacent state highway on behalf of the NZTA. The Addison development was dependent on rail infrastructure and upon the regional transport organisation (ARTA) plans for the area.

The New Lynn transport interchange was proceeding, following approvals from central government for \$130 million towards the rail trenching, and additional funding from the ARC and the NZTA towards roads and public transport. There was a range of development projects on the books, to which the City Council was also contributing. The case for the rail funding was based on the development of New Lynn as a sub-regional centre accommodating expansion of residential and commercial land uses – an example of transport funding allocated as lead infrastructure, where the benefits were dependent on attracting other activities to achieve the requisite land use change. With transport investment leading the development, there was a greater market-based risk of non-fulfilment of project objectives than elsewhere.

Funding had been granted for the Eastern Taupo Arterial (ETA), but the plans for Taupo town centre had not yet been finalised, and fulfilment of the wider vision for the project remained uncertain.

In Addison, the lack of funding for the expected rail connection reflected the degree to which ARTA was stretched to meet all the transport servicing requirements of all the growth areas in Auckland region. Hence, land use change had commenced without delivery of the transport infrastructure.

Further progress on Addison was also delayed by market conditions, while the change of location for the railway station raised questions over its efficacy in terms of the original integrated objectives. What was previously a feasible development without intervention had been prejudiced by a change in transport investment plans. The shift by the public sector agency also raised questions over how far public-private coordination could be sustained in the face of externally driven variations in plans and changing market conditions. Whether a different governance structure could have guaranteed delivery of the transport element of the project was debatable.

Case study The importance of having the right resources and the right information to get funding for development projects

Preparation of the application for funding requires an understanding of the process and the decision-making criteria. Not all local authorities are in a position to make applications that best fit with their objectives. Papakura District Council (PDC) never made an application for funding for transport infrastructure to support the Addison development, despite its critical importance to the project. At the time, PDC employed just 25 staff (compared with more than 100 now) and it is unlikely that the consequences were well understood or that the capacity existed to coordinate the application.

In contrast, the Pye's Pa development was advanced in the context of a well-informed governance structure associated with SmartGrowth (and SmartTransport), so the proponents were able to get the funding required for the bypass. Similarly, Taupo struggled to make a successful application for the Eastern Taupo Arterial (ETA) until it, too, had a Growth Strategy completed that placed the road in the context of long-term growth.

5.2 Towards a solution

5.2.1 Literature review

The literature review covered two relevant funding issues:

- the need to manage relationships with funding providers
- the assessment criteria appropriate for integrated land use and transport projects.

The first issue is another example of internalising potential output barriers and making them part of the operational aspects of implementation. This may involve analysing project plans to make sure they meet funding criteria and mobilising political support for projects where necessary. Inviting key decision makers onto the governance structure may be one way of doing this.

5.2.1.1 Commercial vs. economic criteria

The assessment criteria in the literature could be divided broadly between those applied to plans, and those applied to development projects. The difference lay in the requirement for commercial feasibility assessment of individual projects. Overseas, integrated urban development projects were usually seen as investments on which commercial returns were expected, even if the investment was made in whole, or in part, by the public sector.

The assessment of plans was less concerned with commercial returns, and more with economic criteria as measured through benefit/cost analysis. In most cases, the calculation and assessment of the benefit/cost ratio (BCR) was supplemented by other considerations through 'multi-criteria' evaluation.

This gave rise to a sequence whereby a plan was evaluated using economic criteria to determine whether the difference between economic benefits and costs (in the widest sense) was sufficient to justify progressing one or more projects covered by it. Among other things, this enabled comparison and prioritising of projects that might be competing for resources, including funds. Advancing a specific investment project from within the resulting plan then depended upon commercial assessment, determining the likely return on funds, which would, among other things, influence project specification (to reflect anticipated market conditions) and implementation.

5.2.1.2 The NZTA assessment criteria

The NZTA (and its predecessors, Land Transport New Zealand and Transfund) traditionally relied upon the BCR calculations to assess priorities for funding applications. The Land Transport Management Act 2003 necessitated a different approach, and as a result, the NZTA broadened the criteria to include:

- the seriousness and urgency of the problem
- the effectiveness of the proposed solution
- the economic efficiency of the proposed solution (BCR)
- additional considerations specific to the application.

Each of these is assessed against the five LTMA objectives of:

- economic development
- safety and security
- access and mobility
- public health
- environmental sustainability.

The shift away from strict adherence to a BCR approach has opened the door to broader, but more subjective, assessment and the potential for greater political influence over decisions.

The NZTA has also started to take more interest in the preparation of regional and sub-regional strategies, which set the context for transport packages and activity funding. This may help to ensure that funding is directed towards strategic priorities.

5.2.2 International case studies

Many of the international case studies focused on the need for commercial feasibility to be considered when planning for LUTI. Market conditions were therefore important considerations. There was also a stronger public sector involvement in development project implementation than in New Zealand.

Research in North America (TRB 2004) identified three pre-conditions for a healthy market for land use- and transport-integrated developments:

- *Good economy and healthy market conditions:* Transit improvements alone were not a strong enough magnet to attract development. However, they did focus some existing market demand into a specific location in order to leverage accessibility. Therefore, when demand for public transport was strong, there was greater potential for property value appreciation near transit.
- *Supportive public policy:* The financial benefits from integrated land use and transport development could not be realised without public policy designed to leverage transit's added value through measures such as density bonuses, reduced parking requirements, and development incentives.
- *Traffic congestion:* Driving was a less attractive option because of severe traffic congestion in the vicinity.

The international case studies focused on transit-oriented developments (TODs) in major cities. A TOD is a mixed-use commercial or residential development designed to maximise public transport use. The market for these developments in the US is mature, and some TODs date back to the 1970s (e.g. Arlington County, Va.). In New Zealand, there were relatively few examples, and even fewer (if any) that had been completed long enough to evaluate. The planned developments at growth centres in Auckland were the closest examples in this country.

5.2.2.1 PPP structures at Chatswood in Sydney

Overseas, the market for TODs was strong, based on evidence that proximity to transport nodes had a substantial and favourable impact on property values (Urban Land Institute & Price Waterhouse Coopers 2005–07). In Australia, public sector agencies were involved in joint ventures with private developers to implement TODs. One example was the Chatswood Transport Interchange development project in Sydney. This was a PPP between the Transport Infrastructure Development Corporation of NSW and CRI investments (a private developer consortium). The development was based around a rail/bus interchange and included over 500 dwellings in three tower blocks (including provision for affordable housing) and 80 shops.

The involvement of the private sector in a PPP or other joint-venture project inevitably necessitated close attention to the financial feasibility of the project, as well as the delivery of public sector benefits.

In the Chatswood Transport Interchange development, the finance was an integral part of the developer consortium. The development project consortium included:

- Laing O'Rourke: Design and Build Contractor
- Commonwealth Bank as financial advisor and arranger
- Babcock and Brown as mezzanine financier
- Cox Richardson as architects.

The comment was made that a PPP structure could make financing more difficult than for a public sector development project. This was because one aim of a PPP was to pass on a share of the risk to the private sector, potentially reducing the investment quality, compared with a lending backed entirely by the ratepayer or taxpayer. The private sector, in turn, would seek a commercial return commensurate with the level of risk it carried. However, in many cases, any cost disadvantage of diluting the public sector contribution was offset by the greater certainty of having the project built.

5.2.2.2 The advantages of public ownership of land

One advantage the public sector had in Australia was that the transit operators were often large land owners themselves and were able to bring more public assets to the venture. For example, VicTrack managed one of the largest land portfolios in Victoria and more than 1,000 commercial and business leases. VicTrack's mission was to improve the value of assets it managed for the state, deliver a range of commercial services and projects that would improve Victoria's transport system, and contribute to the state's liveability and sustainable economic development objectives. This contrasts with New Zealand, where ONTRACK focuses only on managing the rail lines and limited land ownership.

5.2.2.3 Central government-assistance precedents

In the US, legislation (the Transport Infrastructure Finance and Innovation Act 1998) provided federal finance to leverage private and other non-federal funds into transportation projects of national or regional significance. Finance was provided by way of loans, loan guarantees, or lines of credit. Eligibility extended to state transport departments, transit operators, local government and private entities.

5.2.2.4 Value capture methods

Value capture was a mechanism used in both Portland and Chicago, but in very different ways. The aim was to capture increased land values from transit and general urban-renewal projects ahead of, or early in the development, to help fund the improvements required.

In Portland, Local Improvement Districts were formed, where local businesses decided to improve local transport infrastructure (and thereby their property values) to manage the process. The improvements

were managed by the City and could be financed through loans secured against the properties, or paid in full up front. If the buildings were sold before the development projects were completed, the debt was transferred to the new property owner.

Chicago had an innovative value-uplift scheme called 'tax increment financing' (TIF). This was designed for urban-renewal projects that would not otherwise attract private investment. Once the area was declared a TIF area, an assessment of property values was conducted and any incremental tax payable on the increased values over the next 23 years could be spent, in advance, on renewal projects. Areas had the option of funding development projects incrementally as values rose, or issuing bonds to raise the finance up front and making repayment as values increased over time.

5.2.2.5 Whole-of-government approaches in the Netherlands

Recent changes to the administration of public investments in the Netherlands were also of interest to us. While previously all public investments had been organised by sector (as in New Zealand), all spatial investments by the government were now published and administered in one programme (the multi-year investment programme for Infrastructure, Land use and Transport). That meant that the Dutch transport investment plan was viewed alongside the other investment categories of:

- highway infrastructure (US\$5,000 million)
- rail infrastructure (US\$5,000 million)
- water infrastructure (US\$1,200 million) – includes infiltration zones, management of groundwater level, dykes etc.
- river and port infrastructure (US\$1,200 million)
- development of new business locations and residential areas (US\$1,200 million)
- enhancement of nature/ecology, recreation, and treatment of contaminated soil (US\$1,100 million).

The annual values included maintenance and improvements, but excluded US\$2,000 million for local roads, which were not administered by district councils from a form of bulk funding.

The advantage of this approach was that integrated transport projects (such as redevelopment of contaminated brownfield locations around rundown transit stations) did not have to apply for funding through multiple ministries, each with its own procedures and timelines. Instead, a strategic decision was made on the whole development project.

Because of this advantage, the ministry could pressure regions to develop integrated development projects. There was still some procedural streamlining to be done, but consolidating investments in one book, including decisions on integrated land development and transport projects, provided a strong platform for subsequent implementation.

There are parallels in the proposal for a national infrastructure plan in New Zealand and the development of the 'One Plan for Auckland' (Auckland Regional Council 2008). Both of these examples show how the public sector is already moving to align objectives and create better integration.

5.2.2.6 Enterprise zones

Other mechanisms to attract finance included the UK concept of 'Enterprise Zones'. Areas thus designated could offer incentives to occupants through reduced or zero tax liabilities. The potential increase in demand for such areas would make development more viable through higher rents and returns to property owners. This mechanism was successfully used in the development of London Docklands.

5.2.3 Recommendations for funding

From the review, we summarised the following key conclusions for funding:

- Funding matters should be considered and resolved, in principle, at the planning stage, including an assessment of the economic benefits that provide grounds for determining the potential public contribution.
- Economic analysis provides a basis for prioritising resources and avoiding having excessive price pressure impacting on project returns.
- Feasibility analysis, including consideration of market conditions and risk, is important to implementation.
- Opportunities for capturing and capitalising future value gains can be explored as a means of supporting implementation.

Most of these matters should be resolved at the planning stage so that funding for implementation is in place, in principle at least, prior to implementation.

These conclusions are further developed below.

5.2.3.1 Consideration of integration issues at the implementation stage is an essential pre-condition for fulfilling integrated plans

Once it is accepted that integration of transport and land use needs to be considered jointly at the outset of project planning, issues around project assessment, funding and construction can be considered simultaneously. Feasibility studies, implementation plans, risk assessment and funding opportunities are all focused on the totality of the proposal, rather than just the transport component. It is likely that consideration of financial and economic criteria will continue in an iterative fashion throughout the life of the project.

Initial outline evaluations need to be established at the planning stage, but as more detail is collected and plans become more tangible, there will inevitably be a need for re-evaluation. This is another example of the overlap between planning and implementation, and the role of governance structures to maintain a consistent approach.

5.2.3.2 Market conditions will strongly influence implementation

Problems of implementation are likely to be experienced most in plans that attempt to influence market trends, rather than follow them. Where plans fit with prevailing market requirements, there is less of a problem. Plans that attempt to accommodate growing populations in higher-density residential development (where demand may be limited), or entice commercial users to run-down areas (where development costs may be high and infrastructure constrained), will have more difficulty, even if they are justified by long-term considerations. Urban-renewal projects usually require upfront public sector investment in infrastructure to create the market conditions that will be attractive to private developers.

Given the greater challenges of implementation for development projects that attempt to lead the market rather than follow it, it makes sense for commercial feasibility studies to form a part of the implementation planning.

The subsequent requirements for governance, project management, monitoring and evaluation will be less significant where the market is strong, than in areas where it is weak. In the former case, the local authority will be required to set the development contributions and manage the effects of the development. In the latter case, there may be a need for subsidies rather than contributions, and the risks for the public sector will be correspondingly higher. The feasibility studies therefore become a

basis for both assessing market risk and sharing costs between the various parties. Opportunities for the structure of a PPP may also be evaluated in the context of project feasibility.

5.2.3.3 Feasibility studies

Understanding the feasibility of the urban development projects is critical to successful urban development strategies. If the development is considered essential but unlikely to show an adequate developer return, then it may require some form of direct or indirect subsidy. The feasibility studies become the basis for allocation of costs between parties, as well as identifying the need for transport (and other) infrastructure as part of the project.

This is a specialist area requiring specific technical inputs. Overseas examples suggested that independent advisors could negotiate feasibility assessments on behalf of both local authorities and developers.

The basic stages of a feasibility assessment include the following:

- Define the geographic scale and location for development, and assess the strengths and weaknesses of the present business and residential markets. Include appraisal of support facilities: schools, medical, community and police, transport and so on. Assess the total value of all existing land and buildings.
- Estimate the end values of all properties (all types) when a new development plan is implemented. Take advice on a suitable mix of commercial and residential uses, ensuring both variety and complementarity, perhaps working through a series of development scenarios.
- Assess the total costs of development, split between the private sector and public sectors, the latter being focused on infrastructure. Consider how the phases of development should progress to reflect interdependent components and to ensure that each is self-sustaining.
- Estimate residual land values on private sector development sites, assuming the required levels of infrastructure are provided.
- Compare the existing values to the residual values, to estimate the surplus or deficit effects of the development.
- If a deficit results, estimate what the net benefits are to the territorial authority from rates gains over the project's lifetime, to see if a component of this can be capitalised to contribute to development.
- If there is still a shortfall, consider what other measures may be possible, including project re-specification, or central government assistance, to ensure that benefits can be realised. For example, this could be by way of designation as an enterprise zone, where occupants receive tax exemptions for a period²).

Feasibility studies should be conducted as part of the planning process, and will contribute to the subsequent development of implementation plans. They may follow structure planning exercises, or they may require structure plans to be developed to ensure that the key elements of the project and determinants of feasibility are put in place.

² For example, Enterprise Zones are used in the UK to encourage urban renewal with the London Dockland.

5.2.3.4 Value capture

The principle of value capture is an area of potential development in New Zealand and is under scrutiny by the Sustainable Urban Development Unit of the Department of Internal Affairs. Although New Zealand does not currently have value-uplift schemes, differential rates may offer the capacity to develop similar incentives and the ability to provide rates holidays to encourage development. These could be explored further. Local councils also have the ability to raise funds through bond issues to finance initial investments – these could be recovered from subsequent developments either through rates or by loan repayments.

The UK has recently introduced provision for ‘Local Asset Backed Vehicles’, which allow local authorities to use land ownership as asset backing for forming partnerships with private developers. This is another method of value uplift that is gaining in popularity.

5.2.3.5 Prioritisation within available resources

In areas where urban growth strategies are in place, there is a need to manage the staging of different growth areas in line with the availability of public infrastructure. The alternative – encouraging growth on too many fronts at the same time – risks some degree of failure in each case. It may be better to concentrate resources in a few areas, and demonstrate success, before expanding the scope of urban-renewal projects. The Addison case study appeared to be an example of what could happen where the timing of infrastructure development was not announced, and the private sector invested ahead of what the region was able to support.

6 Timeliness

6.1 The problem

6.1.1 Resource consent times

The biggest issue relating to timeliness that was identified in the case studies was delays associated with the RMA consent process. Section 92 of the Act allows councils to request more information in order to consider an application. There is no obvious accountability for the delays these requests cause, and consequently, no limit to the total time within which a decision might be reached. Prolonged processing times can be as detrimental to a project as the refusal of a consent, to the extent that they delay appeals to the Environment Court, an already time-consuming process.

These problems especially relate to medium-density housing. In two cases, structure plans for residential subdivisions were submitted and adopted as plan changes, but still required a resource consent from the council at each stage of the development. Recent proposals to amend the RMA address some of these issues.

6.1.2 Structure plans

Structure plans are prepared to guide the development of a local area, based on a comprehensive assessment of the opportunities and constraints for the development. Issues to be considered include land use allocation and infrastructure planning, bearing in mind the requirements of the regional policy statement and other higher-order plans. Although structure plans are usually prepared as non-statutory documents, they may be adopted by councils through changes to the district plan.

Structure planning appears to be an important stage in planning for integrated urban development. Structure plans featured in three of the four case studies: Taupo Town Centre, Pye's Pa, and Glenora (Addison). Problems with each of these structure plans were reflected in difficulties with the implementation of integrated development.

6.1.3 Plan changes

As district plans are reviewed only every 10 years, many urban development initiatives rely on securing plan changes in between comprehensive reviews. These may be initiated by private developers (as in Pye's Pa and Addison), councils (as in New Lynn), or private initiatives adopted or sponsored by councils. As a result of RMA procedures, plan changes can take a long time to become operative, creating a climate of uncertainty in the meantime. The Pye's Pa plan change was an exception: it became operative just 18 months after inception.

In contrast, Regional Policy Statement (RPS) plan changes for the Bay of Plenty (Plan Change 2) and for the Auckland Regional Council (Plan Change 6) were held up in hearings and in the Environment Court for some time, with consequent levels of uncertainty. This statutory process of plan making can be a barrier to implementation, as district plans have to give effect to the RPS – for example, Tauranga City needed to wait for the RPS to be adopted before the provisions of SmartGrowth could be included in its district plan.

6.2 Potential solutions

6.2.1 Medium-density housing

The case studies highlighted the importance of establishing guidelines for medium-density housing that could be incorporated into district plans, and which permitted such development as of right, subject to a range of design guides and other criteria. Intensification of residential densities is generally accepted as a key element in urban planning at the moment, and this intensifies concerns over regulatory barriers. Some district plans are believed to have streamlined procedures for medium-density housing already. The way forward may therefore be about the quality of the relevant regulations, education, and acceptance of change among stakeholders and planning resource commitments, relative to other demands. Earlier suggestions for more open public-private sector relationships and early engagement of stakeholders might also streamline planning processes.

6.2.2 Structure planning

We have suggested that structure planning needs to be considered alongside sub-regional transport strategies, in order to provide a context for integrated urban development projects and to provide the link between regional transport and land use strategies. Currently, these plans have to be converted to statutory plans before they can be binding. This situation is similar to that for urban growth strategies, which mostly sit outside the statutory process. There may be a case for the proposed National Policy Statement on Urban Design to clarify how these non-statutory plans may be given effect.

The non-statutory character of these plans, however, does not render them ineffective. They can be the basis for informing stakeholders about opportunities, determining actions on urban development priorities, and initiating plan changes.

6.3 Recommendations

The timescale for the urban development projects that were considered in this research was 10–20 years, from inception to completion. Much of the time was spent on initial integrated planning which, when done well, created fewer impediments at the implementation stage.

Barriers or impediments resulting from legislation are outside the scope of this research, although we have mentioned them here for completeness. The main documents underlying the planning are non-statutory growth management strategies, sub-regional strategies and structure plans. All these plans are proactive in character but can (indeed must) lead to statutory plan provisions that facilitate their fulfilment.

The existence of regional strategies to provide the rationale for projects, and structure plans to link the land use and transport components, should provide a basis for effective statutory planning and reduce delays at the stages of plan change and consent processing. Design guidelines and national policy statements might facilitate this process.

7 Conclusions and recommendations

7.1 Planning context for implementation

This research has highlighted the need to change the way integrated urban development projects are implemented in New Zealand. It suggests a need to understand the proposals as investment projects, establish appropriate governance and project management structures, and determine funding structures that go beyond only using the NZTA transport assessment process.

It calls for clear linkages with:

1. regional strategies, which provide the wider rationale for such projects in land use and transport terms, and which should be prepared to include thorough risk assessments
2. sub-regional strategies, which add detail to the transport strategies of the RLTS, and integrate with land use considerations
3. structure plans, which set out expected land use and transport outputs, and enable them to be related to the appropriate statutory documents and consents.

Under such an arrangement, plan changes (where required) can be aligned with the regional and local setting for integrated urban developments, and the grounds for resource consents should be broadly established.

7.2 Process overview

Our analysis led us towards four related means of achieving integration through the implementation stage:

1. *appropriate organisation of governance, management and operations throughout the project*, with the strongest emphasis on appropriate governance, as this is a precondition to effective management and operations
2. *the use of an implementation plan that:*
 - spans all three levels of organisation (governance, management and operations)
 - provides clarity of project definition, based on external documentation and drivers – ideally, a regional growth strategy or similar instrument
 - defines roles, relationships, and procedures required for implementation
 - highlights parallel experience and good practice
3. *the use of an implementation agency to span management and operations*, in the form of, for example, a PPP, a council-controlled organisation, or a development corporation of some type
4. *facilitating land use change*, with emphasis on how this might be funded – the most significant practical problem, as transport can be funded according to public sector policies and priorities, but land use is market driven and constrained by a combination of commercial reality and planning regulations.

This implies that rather than simply aiming to achieve desirable outcomes through regulation, there may be a need for the public sector to work more closely with the private sector, to ensure that there is a financial foundation for integration. This will require project programmes to recognise and aim to accommodate market realities, to try to align public economic objectives with private commercial objectives. In some cases, it may even be necessary to develop governance and funding arrangements that promote private investment where it might not otherwise occur. This may favour

establishment of quasi-commercial development agencies, or PPPs, to oversee and implement integrated urban development projects.

In land use terms, then, the public sector may need to respond at two levels. First, there is a need for a higher level of regulatory context for integrated urban development. Second, it may need to provide mainly non-regulatory mechanisms for individual urban development projects if they are economically but not commercially justified.

The following sections detail these recommendations for different levels of government.

7.3 Roles

7.3.1 Central government

7.3.1.1 Statutory context

The research identified some uncertainties about where integrated planning was expected to occur within statutory and non-statutory plans, and how this was expected to be given effect. Guidelines are needed to clarify this.

7.3.1.2 Guidelines

The research also highlighted a need for guidelines for the implementation of integrated urban development projects, to provide support for implementation at the regional and local levels. Where developments are attempting to lead the market, rather than follow it, a partnership between the public and private sectors is required. Guidelines on how this can be managed would be useful.

These guidelines could cover:

- implementation planning
- the relationship between economic and commercial feasibility
- investment criteria for government financial support.

7.3.1.3 Funding

Consideration should be given to simplifying the funding process and to the possibility of amalgamating NZTA funding with other central government funding categories that may be applied to urban development in general. This may require a category of funding that differentiates integrated urban land use and transport development from other transport funding, and could even see some structural change across departments.

If land use is to be promoted as a travel-demand management policy measure, then there is some logic in applying funds that are traditionally allocated to transport infrastructure, to land use. This would be justified if the land use was of benefit to existing road users (through less congestion and better travel choices). However, there is a tradition that the funds collected from road user charges are spent on roads. It may therefore be appropriate to find other sources of funding to support the land use developments. Central government funding may be justified in terms of deferred or diverted capital expenditure on roads, but there are other sources of funding available to regional and local councils that may also be used. These include:

- reduced development contributions
- contributing publicly owned land to the development
- value-uplift models.

Which methods are appropriate will differ in each situation, but the principle of central government contributions to land use (in recognition of its transport benefits) has yet to be accepted, let alone a suitable method of assessment and delivery established.

7.3.2 Regional councils

Recent amendments to the LTMA have increased the role of Regional Transport Committees (RTCs). By extension, this will also require an expansion to the role of the Regional Advisory Groups established to assist the RTCs. This report has highlighted the importance of regional plans, in the form of non-statutory growth management strategies (which may inform the statutory Regional Policy Statement) and sub-regional strategies, as providing the context and rationale for individual urban development projects.

This, then, is a key area for integration, with several examples either already in place or under development. This also appears to be the appropriate level for monitoring the success of integrated plans in achieving *outcome* objectives.

The discussion of governance arrangements also suggests that regions can take a leading role in the implementation process, both through a responsibility for higher-order spatial planning, and as a result of their umbrella territorial position. Central government support for the implementation process can be channelled through the regions.

One example is SmartGrowth Bay of Plenty, a collaborative exercise pitched at the regional level, which forms the basis of project governance for development projects at a local level. Another is the Auckland Regional Growth Forum, initially formed in response to difficulties in securing an acceptable Regional Policy Statement, but which has subsequently taken a leadership role in the area of land use and transport planning. In this case, the regional council has been the driving agency.

Regional level arrangements have the greatest potential to maximise the skills available and assist with knowledge transfer between development projects. The initiative for this move, and the level at which the initiative is serviced, may vary between regions, both in response to their political make up and the relative influence of different local councils and the regional council, and in relation to the land use and transport issues they face.

There is already considerable variability in the way regional councils have responded to their new powers under the recent legislation (the RMA, the LTMA and the LGA). Some have not yet become involved with land use planning. Given the regional focus of transport funding, this raises some questions about integration outside the main metropolitan areas. If the regions are to become the focus for integrated planning, then guidelines to this effect will need to be provided.

Case study Limitations of transit-oriented development in provincial New Zealand

There are some difficulties, too, in implementing the transit-orientated design in provincial New Zealand ...

in Auckland it's going to take you 50 minutes to commute to your job, so jumping on the train or jumping on the bus actually has some attraction, and providing land use patterns that support that makes a lot of sense. If you're living in [a provincial town], it's 5½ minutes from the outskirts to anywhere; that makes it a little bit harder to try and incentivise people ... towards jumping into a bus with 40 other people.

(Planner interviewed for case studies)

7.3.3 The case for specialist agencies

One of the key points of difference between the New Zealand and overseas case studies was the use of some form of development entity in the latter. The implication was that the rationale for the project was in place and its objectives defined through the higher-order governance arrangements. The creation of the development entity and its charter would also have been an outcome of those arrangements.

Establishing an independent agency with the mandate and authority to deliver the project achieves several objectives:

1. It provides a vehicle for accessing the range of project planning, project management, and commercial skills and expertise required for delivery.
2. It provides clarity of purpose.
3. It removes the agency charged with implementation from political influence.
4. It provides an entity that can independently apply for consents and provide advocacy for the project at a wider level.
5. It provides an entity through which funding for project delivery can be channelled.
6. It provides an agency for engaging with third parties, both stakeholders in general and those with whom financial and legal arrangements may be made (suppliers, subcontractors, tenants, and so on).

A council-controlled organisation subject to appointed directors is an obvious format for such an agency. Others will include entities managing a PPP arrangement. Urban development agencies, development corporations and economic development agencies all offer international examples.

However formed, this agency should mobilise people with skills in specialist planning, property or commercial project management, and construction. It should work closely with local councils on project management issues. Some regionally significant projects may be initiated at this level through the issue of development briefs and requests for expressions of interest.

7.3.4 Local councils

Local councils will continue to be in the 'front line' for managing the statutory approvals, structure plans and sub-regional transport strategies (although these may require partnerships with neighbouring councils from time to time). On occasion, they may also be the lead agencies in implementation, although this report gives more weight to regionally driven governance, and the development of an implementation agency that can internalise critical inter-agency relationships and focus on delivery.

Development may be initiated either by private sector developers, or by the public sector. It is important that all such developments are assessed against the planning outcome objectives and managed within the governance structures to maximise their effectiveness.

Although the monitoring of integrated strategies is best undertaken at the regional level (through the RLTS process), there also should be clear output objectives, which can be monitored, set for the integrated urban development projects. These may be mainly concerned with construction and operational schedules, but there should also, where possible, be some measures that link the developments to the wider outcome objectives.

7.4 New Zealand Transport Agency

7.4.1 Towards an integrated assessment process

The project assessment criteria should be reviewed to take account of the integration of land use and transport proposals, and to consider the commercial feasibility of the overall development project. As indicated above, this may require some collaboration with other government agencies and alignment of funding channels. Considering the integration of other infrastructure expenditure from central government towards sustainable urban development may also be worthwhile.

The NZTA may also be in a position to act as a partner in urban development projects, by virtue of its land holdings. These land holdings should be assessed for development potential and the NZTA could consider establishing a development unit to work with development partners, where appropriate.

7.4.2 Implications for packages

The concept of 'packages' appears to be confused with the concept of land use/transport integration. The current NZTA guidelines encourage consideration of transport projects in the context of integrated land use and transport plans, but the funding relates only to transport packages. There is, therefore, a discontinuity in the process of assessment and funding that reduces the emphasis on the land use issues.

This report has argued that integrated projects should be defined and managed as such from the early stages of planning through to completion. We have suggested consideration of both economic and financial feasibility studies, and the identification of developments that justify public subsidy. The types of subsidy that may be appropriate may extend beyond transport to housing, social welfare, economic development and other infrastructure projects.

For the implementation of integrated projects, it is important that the NZTA works with other agencies to develop joint funding initiatives and, if necessary, define packages to reflect this broader base. The experience from overseas suggests that these should be managed as discrete investment projects, with guidelines for forming partnerships with private sector developers and for the investment evaluation criteria.

7.5 Next steps

We suggest the following as possible next steps for this area of research:

7.5.1 Guidelines

This report has suggested that for the implementation of the structures and processes outlined in this paper, guidelines from central government are required, including guidelines for:

- the types of plans required, and their contribution to implementation
- the initiation of urban development projects
- the economic and commercial evaluation of integrated development proposals
- the preparation of implementation plans
- different areas of New Zealand, from metropolitan through to provincial towns, and covering both growing and declining populations.

Much of the material for these guidelines is already included in this report, but needs to be presented in the context of government policy rather than as a research report.

7.5.2 Integrated land use/transport strategies

The current research has deliberately avoided consideration of the appropriateness of different types of integrated urban development projects for different circumstances. Our focus has been on implementation, whatever the strategy being pursued. The achievement of the NZTS and the GPS outcome objectives will require some quite specific urban development initiatives, and guidance about how these alternatives might be evaluated and implemented would seem to be a useful next step.

7.5.3 Land ownership

Reference has been made to the use of publicly owned land as leverage in urban development projects. There is some uncertainty about what the public sector agencies own, and therefore how feasible this leveraging would be in New Zealand. A 'stocktake' of land owned by the NZTA and other transport agencies would seem appropriate, and this could be extended to other territorial local authorities.

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9 Abbreviations and acronyms

The following abbreviations are used throughout the report. Also refer to the next section for further descriptions of terms used.

ARC	Auckland Regional Council
ARTA	Auckland Regional Transport Authority
BCR	Benefit/Cost Ratio
ETA	Eastern Taupo Arterial
GPS	Government Policy Statement
IAP	Integrated Approach to Planning
LGA	Local Government Act 2002
LTMA	Land Transport Management Act 2003
LUTI	Land Use and Transport Integration
NLTP	National Land Transport Programme
NZTA	New Zealand Transport Agency
NZTS	New Zealand Transport Strategy
PPFM	Planning, Programming and Funding Manual
PPP	Public Private Partnership
RDA	Regional Development Agency
RLTP	Regional Land Transport Programme
RLTS	Regional Land Transport Strategy
RMA	Resource Management Act 1991
RPS	Regional Policy Statement
RTC	Regional Transport Committee
SOE	State-owned Enterprise
TIF	Tax Increment Financing
TOD	Transit-oriented Development

10 Glossary of terms used

The NZTA is responsible for developing the National Land Transport Programme, which decides on the land transport projects that will receive funding support over the next 3–10 years. This responsibility has developed over many years and is guided by procedures set out in the *Programme, planning and funding manual* (NZTA 2008). The terminology used in the manual is quite precise and relates mainly to transport projects.

An **'improvement project'** has this precise definition:

Improvement projects are activities that focus on improving the way the transport system, networks and services contribute to the purposes and objectives of the Land Transport Management Act 2003 (LTMA).

An **'activity'** is defined as:

A land transport output or capital project, or both.

Activities belong to a range of **'activity classes'** under which applications for funding are made.

A **'project'** is:

An activity that has a defined start, end and scope.

A **'package'** refers to an:

Interrelated and complementary group of activities or projects – can span more than one work category, and more than one activity class; e.g. a package could include a road improvement activity and a rail improvement activity.

'Integrated planning' refers to more than just transport. The following factors are defined in the manual as relevant to integrated planning:

- *land use planning*
- *demand management*
- *behavioural change*
- *accessibility*
- *network management*
- *small-scale improvements*
- *multi-modal investments*
- *integration*
 - *land use and transport*
 - *modes of transport*
 - *institutions and organisations involved in transport planning*
- *interchanges*
- *implementation phasing.*

There are several different types of **'strategies'** relevant to the manual. At the national level, the New Zealand Transport Strategy is the highest order, followed by the Regional Land Transport Strategy. These are both transport strategies, rather than integrated land use and transport strategies.

Other strategies and plans are recognised as having a role in integrated planning:

Growth and urban development strategies and plans, transport packages, neighbourhood accessibility plans, model communities and good urban design and transport demand management, all of which the NZTA encourages, will be key tools.

There is another level of **'sub-regional strategies'**, explicitly intended to take a more integrated approach:

Sub-regional strategies and plans are used to link regional land transport strategies (RLTSs) or community outcomes to implementation plans when these are contained in an RLTS. They link RLTSs, described in Chapter B3, to the formulation of packages and projects, described in Chapter C3. Approved organisations can request funding assistance for the development of sub-regional strategies and plans. This is described in Chapter F2. Sub-regional strategies and plans should apply the integrated planning approach described in Chapter B2.

It is anticipated that sub-regional strategies will be prepared as integrated plans, as part of the more detailed implementation of the RLTS outline implementation plan.

'Implementation plans' are therefore anticipated at two levels:

- outline implementation plans as part of the RLTS
- detailed implementation plans as part of sub-regional strategies, making the link between improvement projects and the RLTS.

'Funding plans' are also required to support the implementation plans as part of the NZTA funding programme at several stages:

- outlines in the RLTS
- detailed as part of the sub-regional strategies
- more detailed at the level of packages and individual activities.

A **'project feasibility report'** is required as part of the assessment process for projects in the NLTP. This is focused on the economic evaluation methods in the Economic Evaluation Manual, rather than commercial or market feasibility:

A report, which provides a simple, rapid method of analysis to facilitate the identification of economically viable projects.

In our report, these terms should be taken as referring to the meanings from the NZTA *Programming, planning and funding manual* unless otherwise indicated.

11 Appendices

Appendix A: New Zealand case studies

For this research, four case studies were selected to represent a range of different types of complex development projects that would be representative of types of urban development projects to be expected in the future. The case studies are used in this report to illustrate the discussion, but they are not independently discussed in full. The four case studies are briefly summarised below.

Pye's Pa – Tauranga

Case study Arterial road and Greenfield residential subdivision

This development project involves the construction of a 4.2-kilometre arterial road that will later become part of the state highway network, plus an adjacent 250-hectare residential subdivision. The road will also service the nearby Tukino industrial/commercial area, where a 'park-and-ride' facility is planned to support bus access to the Tauranga City centre. The residential subdivision is provided with a good network of cycle paths connecting to the city's cycle network. Two pedestrian over-bridges have also been provided for. The road will replace the existing Pye's Pa road as part of SH 36. The existing road is poorly aligned and experiences congestion at the intersection with SH 29. Construction of the new road has commenced and is scheduled for completion by 2011. The residential subdivision is targeting an average of 15 dwellings per hectare (medium density). There is a one-hourly bus service into central Tauranga. At the time of writing, stage one of the subdivision was complete and housing was under construction. Stage two of the subdivision was complete and sections were for sale. Work on stage three was on hold because of poor market conditions.

The project was initiated in 2003, when a private developer prepared a structure plan for a 430-hectare site, including the road and the adjacent industrial/commercial land at Turiko. As the proposed development spanned the boundary between two regions, this became Private Plan Change 32 for Tauranga City Council and Plan Change 24 for the Western Bay of Plenty District Council. The changes became operative in 2004, just 18 months after the project's inception. The plan changes emphasised the concepts of 'live/work/play', and various activities were planned for within the community, with the aim of reducing travel demands and creating a better quality of life than that in traditional residential subdivisions.

The growth centre and the site form part of the Western Bay of Plenty SmartGrowth strategy, which is an integrated growth strategy dating from May 2004, but revised in 2007. SmartGrowth is essentially a governance arrangement in which all agencies are coordinated to provide services contributing to a quality of life that allows the region to compete with other city regions as a desirable place to live and work. The principles of live/work/play are central to all growth areas in SmartGrowth. Neither the new road, nor the location of the Pye's Pa growth centre, were included in the early versions of SmartGrowth. The initiative of the developer provided an opportunity for both of these projects to be advanced, to provide for some of the region's growth needs faster than would have been possible in other locations.

So far, implementation of this development project appears to have been successful and there are some useful lessons to be learned.

Eastern Taupo Arterial (ETA)

Case study Bypass and sub-regional growth strategy

An arterial bypass to the eastern side of Taupo township, catering for through traffic, has been mooted in various forms since the 1960s.

The benefits of the road are partly attributed to the effects of reduced traffic in the town centre, allowing a reduction in traffic on both Tongariro Street (the main road through Taupo) and Lakeside Drive.

These benefits will contribute to lower severance between recreation areas and the commercial district, leading to potential economic benefits from tourism. Also, residents will benefit from reduced traffic noise and vibrations both during the day and at night. Other benefits are safety and reliable travel times (reduced congestion), and a cycleway planned along the side of the road.

At a broader level, ETA is a part of the Taupo District Growth Management Strategy (2006), which promotes growth along specified corridors. Although these corridors are not promoting higher densities in the town centre and around existing centres, this is seen as a strategy consistent with local community and market requirements.

The new road will also open up access to employment land in the north of the township, and residential land in the south, to further assist with the growth needs of the area.

At the time of writing, the project had received funding approval, a project manager had been appointed, and construction had commenced in November 2008. Completion was scheduled for 2011.

New Lynn

Case study Multi-modal transport interchange and town centre urban regeneration project

New Lynn is an identified growth centre in the Auckland Regional Growth Strategy. This transport interchange project involves the trenching of the rail lines to allow street-level connections between both sides of the railway. This will allow improvements to the Clark Street intersection, where trains disrupt the traffic flow and, with forecast growth, are predicted to cause increasing congestion.

The wider context for this project is the urban regeneration framework for New Lynn, which plans for 14,000 jobs and 6000 dwellings (approx 20,000 people) in an area that has 6000 jobs and 2300 people. The overall development project is about the regeneration of New Lynn town centre and its eventual role as a sub-regional centre in the Auckland region:

This project is not just about the transport interchange or about the roading network ... that's important to us ... [it's also about] the bridges, ... the pedestrian provision, ... the landscaping and the trees, the bus services that feed there and the lane use, ... the development that's going to be in the immediate areas around it and how that'll stimulate further development.

(Waitakere City Council Planner)

The vision for this development project depends upon both land use and transport investments, with an emphasis on Transit-oriented Development (TOD). The emphasis is on a high-quality transport interchange development that will encourage similar high-quality developments from the private sector.

The overall urban renewal project is complex in the linkages between public sector and private sector investments, and in the coordination of several different sources of funding to reflect the multi-modal nature of the transport plans.

The following is a summary of the main agencies involved, and their interests:

Waitakere City Council: Coordinators, landholders, joint provider of transport infrastructure, planning agency

Treasury: Rail trenching funder

ONTRACK (& consortium): Responsible for rail trenching project construction

ARTA: Public transport service and infrastructure providers

ARC: Transport infrastructure funders and responsible for the Regional Growth Strategy

NZTA: Transport infrastructure and public transport infrastructure funders.

In its favour, New Lynn has a large amount of underutilised land, which may be more economic for redevelopment than other more developed town centres.

At the time of writing, funding had been approved for much of the transport infrastructure and work was underway for the trenching of the rail. The framework for New Lynn's regeneration had been translated into Plan Change 17, which was subject to appeals, although there was considerable support from local businesses and the community.

Addison

Case study Greenfield residential subdivision and adjacent railway station

Like New Lynn, Addison is set in the context of the Auckland Regional Growth Strategy. Addison is part of the Takanini growth centre. The original Glenora structure plan for Addison is incorporated into the Operative District Plan for Papakura District. (The title 'Glenora' was taken from the proposed location of a railway station adjacent to the development at Glenora Road.)

The concept is for a medium-density residential development, covering 84 hectares and with plans for 1500 dwellings, making use of the proposed adjacent railway station to discourage car use. There was some innovative use of performance-based district plan rules to guide development, which gave the developer more scope for innovative residential designs.

At the time of writing, stages one and two were complete, but problems had occurred regarding uncertainty around the transport infrastructure – particularly over the proposed new location for the railway station at Takanini, which is 1.8 kilometres further north from where it was originally proposed. The main east-west road over the railway had also been shifted north from its original location. Development was stalled and a new Plan Change 12, initiated by Papakura District Council, was subject to appeal.

Appendix B: International case studies

VicUrban, Australia

Case study: Victorian Urban Development Authority (VicUrban), Victoria, Australia

VicUrban is the urban development agency of the Victorian Government. Its goal is to foster prosperous and successful communities in regional and metropolitan Victoria. VicUrban's overarching role in the urban development market in Victoria is to provide:

- innovation – through investing in the development of innovations on behalf of the development industry and the wider community, and demonstrating improved sustainability outcomes to industry and customers
- intervention – through activity where the market cannot, or will not, participate, providing competition where it is lacking, delivering government-supported interventions in urban renewal, and acting as master developer of landmark sites of strategic consequence
- influence – by leveraging government investment to attract market participation, providing leadership as an industry participant, influencing customer demands through on-the-ground demonstration, sharing learnings with industry and consumers, and packaging products for industry take up.

VicUrban works in partnership with other developers, local government, government agencies and a wide range of stakeholders.

It has a key role in implementing the government's strategy, Melbourne 2030, and ensuring that this growth progresses in a sustainable way. Since its inception, VicUrban has been active on a variety of projects, including:

- large sites that require urban renewal, such as the 200 hectares of land and water at Melbourne Docklands
- the redevelopment of difficult sites such as Niddrie's Valley Lake
- sustainable residential-housing estates such as Cairnlea in Melbourne's west, and Aurora Estate at Epping North
- Transit Cities near major transport hubs such as Dandenong, Ringwood, Geelong, Broadmeadows and Frankston.

Case study Victorian Urban Development Authority (VicUrban), Victoria, Australia, and Revitalising Central Dandenong

The statutes of the Victorian Urban Development Authority Act 2003 describe the functions of VicUrban as being:

To purchase, consolidate, take on transfer or otherwise acquire land in metropolitan and regional areas for development for urban purposes;

- *To carry out development of land alone or in partnership or to enter into arrangements or agreements for the development of land;*
- *To develop land in Victoria for residential and other urban purposes to provide a competitive market for land in Victoria;*
- *To promote best practice in urban and community design and development, having regard to links to transport services and innovations in sustainable development;*
- *To assist in the implementation of government urban development policies and strategies;*
- *To contribute to improvements in housing affordability in Victoria;*
- *To provide consultancy services in relation to the development of land whether within or outside Victoria or outside Australia;*
- *To undertake and manage declared projects on behalf of the Crown;*
- *Any other functions conferred on the Authority by this Act;*
- *The functions conferred on the Authority by the Docklands Act 1991; and*
- *Any functions conferred on the Authority by any other Act.*

The functions of the Authority under this Act are to be carried out on a commercial basis.

VicUrban have an active role in the Dandenong Transit City programme. One of Victoria's largest industrial, commercial and retail centres, Dandenong is widely regarded as the 'heart and lungs' of Melbourne's manufacturing sector. Dandenong is undergoing the largest urban revitalisation project in the history of Victoria, and this is interdependent with the Transit Cities programme.

The state government has committed AU\$290 million to revitalise central Dandenong, and the project aims to attract an additional AU\$1 billion in private investment over the next 15–20 years. Some of the major initiatives in the revitalisation project are:

- AU\$25 million for Metro Village 3175, a residential development for 2000–3000 residents
- AU\$17.5 million to build the George Street bridge
- AU\$50.3 million for the development of central Dandenong
- AU\$197 million for new infrastructure changes aimed at better traffic conditions, improved pedestrian access, and the creation of better public spaces. This includes the City Walk, connecting Dandenong Station and the city centre – the proposed commencement date is 2009.

As mentioned above, the government hopes to leverage AU\$1 billion of private sector investment in Dandenong through the project. Key targets for the Dandenong Transit City projects include:

- 5000 new jobs

- 4000 new homes, including some affordable-home packages
- improved streetscapes and community facilities
- improved leisure and recreation facilities
- a rejuvenated Dandenong Creek area
- an improved traffic and transport system
- an expanded retail and local economy.

VicUrban's land acquisition program was 80 percent complete as of June 2008, and major roadworks to facilitate redevelopment were scheduled to begin in early 2009.

As of June 2008, the programme had been able to leverage the following investments in Dandenong:

- Local family-owned Grenda Corporation (bus manufacturing and public transport) moved into its AU\$14 million state-of-the-art national headquarters and bus depot. Grenda Corporation employs 800 people, with approximately 60 percent of its workforce located in Dandenong.
- Deal Corporation commenced work on its AU\$45 million vision to create a vibrant mixed-use development in central Dandenong. The company secured a property with frontages to Lonsdale, Foster and Thomas Streets on the former Arkana hardware site. The seven-storey 'Dandenong Arkana Development' will offer a retail showroom, café, conference and exhibition rooms, commercial offices, serviced apartments, swimming pool, gym and car parking. Punt Hill Hospitality Group entered an agreement to operate the serviced apartments.
- The Australian Hospitality Group announced plans to transform the Old Dandy Inn into a dining, conference and hotel/serviced-apartment facility. The 16-storey development plans to offer a dining precinct, hotel, 96 serviced apartments, four penthouses, a conference and function facility, and gymnasium and pool facility. Works were expected to commence in 2009.

Case study Victorian Urban Development Authority Act 2003, Victoria Australia

The legislation governing VicUrban facilitates the agency to enter into partnership with private and public sector agencies in order to achieve its prescribed objectives. This legislation is detailed below.

12. Authority may enter into joint ventures etc.

(1) Without limiting the generality of the powers referred to in section 8, the Authority may do all or any of the following-

- (a) form, or participate in the formation of, a corporation, trust, partnership or other body;
- (b) subscribe for, or otherwise acquire, and hold and dispose of shares in, or debentures or other securities of, a corporation;
- (c) subscribe for, or otherwise acquire, and hold and dispose of, units in a trust;
- (d) act as a trustee;
- (e) acquire and hold and dispose of an interest in a partnership or other body;
- (f) enter into any contract or arrangement with a person for the sharing of profits, union of interest, co-operation, joint venture, reciprocal concessions or otherwise.

(2) If the total investment involved in an activity authorised under subsection (1) exceeds AU\$5,000,000 the Authority must obtain the approval of the Minister and the Treasurer.

13. Reciprocal arrangements with public sector agencies

(1) With the consent of the Governor in Council given on the Minister's recommendation the Authority may enter into an agreement or arrangement with a Minister, government department or public statutory body ('Public Sector Agency') concerning-

- (a) the carrying out by the Authority and the Public Sector Agency of any of their respective functions or powers; or
- (b) the carrying out or providing by the Authority for the Public Sector Agency, or by the Public Sector Agency for the Authority of any works or services; or
- (c) the use or joint use by the Authority and the Public Sector Agency of their respective facilities or the services of their respective staff; or
- (d) the allocating of funds collected under the agreement or arrangement.

(2) If the Authority proposes to enter into an agreement or arrangement providing for the allocation of funds to be collected under the agreement or arrangement, the Minister must consult the Treasurer about the proposal before making any recommendation under subsection (1).

London Development Agency, UK

Case study London Development Agency (LDA), London, UK

The LDA is one of the nine Regional Development Agencies (RDAs), set up by the government to transform England's regions through sustainable economic development. As a functional body of the Greater London Authority (GLA), they play a key role in delivering both the Mayor of London's vision and priorities for London – working to develop his strategy for London's sustainable economic development – and the government's priorities for the RDAs.

LDA priorities

In order to support the Mayor's vision for London, the LDA produces the Economic Development Strategy for London. This focuses on four interconnecting priorities that, together, will help ensure that London remains a global success story. The four themes are:

- places and infrastructure – investing in places and infrastructure to support future growth and create healthy, sustainable, high-quality communities
- supporting people – investing in programmes that tackle barriers to employment and help to improve and strengthen the skills of the workforce
- encouraging business – investing in initiatives that help maintain London as a key place to do business, and encourage enterprise start-up, business growth and competitiveness
- promoting London – investing in marketing and promotion that helps maintain and develop London as a top international destination and the principal UK gateway for tourism, education and investment.

Overarching themes

The LDA also focuses on four overarching themes that are vital in making London a better place for people to live and work. These themes are:

- health – investing in health-related activities that support the health sector in London
- sustainability – considering the long-term economic, environmental and social implications of the way it works
- equality – striving to tackle discrimination, and promote equality and positive community relations
- community safety – supporting strategies that reduce crime and disorder, and promote community safety
- using LDA influence to create positive impact for London.

The LDA's highest-impact projects are not simply dependent upon their investment projects. They also add value through playing the role of 'broker' or 'coordinator' of economic development activity. The LDA leverages resources from others in the public, private, voluntary and community sectors, and guides the activities of its partners with economic evidence and best-practice learning.

As part of the GLA group, LDA helps to provide leadership, ideas, resources and investment, along with the private, voluntary and community sectors, to create positive outcomes for London's people and businesses. This leadership role has been particularly effective in creating maximum impact and wider outcomes.

Case study London Development Agency (LDA), London, UK and Dalston Regeneration Project

The London Development Agency Act 2003 confers status and powers stated in the Regional Development Agency Act 1998. These powers include:

- *To further the economic development and the regeneration of its area,*
- *To promote business efficiency, investment and competitiveness in its area,*
- *To promote employment in its area,*
- *To enhance the development and application of skills relevant to employment in its area, and*
- *To contribute to the achievement of sustainable development in the United Kingdom where it is relevant to its area to do so.*

The purposes of a regional development agency apply as much to the rural parts of its area as they do to the non-rural parts of its area.

In June 2005, the LDA partnered with Transport for London to undertake a mixed-use development in Dalston. The site included the following:

- a vacant former railway corridor and station
- a former scrapyards located alongside Roseberry Place
- a warehouse at the southern corner of the site
- a section of adopted public highway south of the site
- a snooker hall that fronted onto Kingsland Road.

The vacant railway corridor was a railway cutting that was approximately 240 metres long, 60 metres wide, and 4–5 metres deep.

The aim of the project was to:

- coordinate transport and public-realm proposals within the area
- identify opportunities to deliver development, growth and regeneration
- manage funding to enable private sector resources to benefit the area
- guide future economic development and regeneration programmes.

The project involves the recommissioning of Dalston Station as part of the East London Line Project (ELLP), and was granted planning permission under the Transport and Works Act 1992 on 20th January 1997.

At podium level, the block comprises the new station ticket hall, which is surrounded by approximately 1700m² retail units to the north, east and west. The retail units include shops, restaurants and cafés, drinking establishments and hot-food takeaways.

In total, the proposed development will comprise 78 1-bedroom units, 135 2-bedroom units and 96 3-bedroom units. This housing was provided through inclusionary zoning, delivering a proportion of the residential development to affordable housing. It also includes 5000m² of public open space and a 3200m² public library and archive.

VicTrack, Australia

Case study VicTrack, Victoria, Australia

VicTrack is a government rail agency whose charter is to operate commercially in adding value to the state's public transport assets (primarily rail) and to support the delivery of public transport services in a safe and efficient manner. The corporation was created in 1997 under Section 8 in the Rail Corporations Act 1996, and is a state-owned enterprise (SOE), with an independent board reporting to its sole shareholder, the Victorian Government. Declaration as an SOE took effect in July 2007, and created a dual reporting line to both the Minister for Public Transport and the Treasurer. As well as improving the value of the assets it manages for the state and delivering a range of commercial services and projects to improve Victoria's transport system, VicTrack's mission is to contribute to the state's liveability and sustainable economic development.

VicTrack manages one of the largest land portfolios in Victoria. The Business Leasing Unit manages some 1030 commercial, business and retail leases and is also directly involved in the management of secondary and non-core leases that were created following the privatisation of Victoria's railway system. These leases cover railway depots, tram depots, railway stations and industrial estates. The Community Leasing Unit manages some 800 land parcels for use as neighbourhood open-space parkland, including social and cultural activities along with cultivation and grazing. At the time of writing, an additional 195 permits were specifically dedicated to beautification and regeneration of key community sites, allowing community groups to improve the ecology and biodiversity of VicTrack land, and providing major social, environmental and community benefits to Victoria.

VicTrack identifies, evaluates and delivers commercial development opportunities on land declared surplus by the Department of Infrastructure. Potential projects are assessed on the basis of their ability to provide upgrades to transport infrastructure and facilities, and to deliver commercial returns. VicTrack has delivered numerous commercial property developments in partnership with the private sector. These projects range from the small, such as the South Yarra station development, to the complex, such as the Sunbury rail development. Over the past 10 years, VicTrack has facilitated commercial property deals worth in excess of AU\$120 million. Potential VicTrack development opportunities can be delivered either through the sale of land or lease, depending on specific circumstances.

VicTrack is committed to supporting the Victorian Government, where possible, to address public transport and land use issues through policy initiatives such as Meeting Our Transport Challenges, Melbourne 2030 and, in the future, the response to the East-West Link.

The main planning and land use policy outcomes that VicTrack aims to support are to:

- contribute to the integration of land use and transport planning to build a more compact, sustainable city and support the creation of vibrant communities
- facilitate appropriate developments around railway stations and activity centres, utilising its unique position in the state's range of agencies
- clearly and strongly support Transit Cities' developments
- support the provision of affordable housing in Victoria.

Transport Infrastructure Development Corporation (TIDC), New South Wales, Australia

Case study Transport Infrastructure Development Corporation, New South Wales

TIDC is a state-owned corporation, responsible for the delivery of major transport infrastructure projects for the New South Wales (NSW) Government. TIDC was established in 2004 under the Transport Administration Act 1988. At the time of writing, TIDC had successfully delivered seven projects and was expected to complete five more in the next reporting period.

TIDC's vision is to work in partnership to deliver innovative and sustainable transport solutions that make NSW a great place to live and work. TIDC's principal role is to develop and deliver major transport infrastructure projects as directed by the Minister for Transport in an efficient, effective and financially responsible manner. Its goal is to cost-effectively deliver transport solutions that support the growth of NSW, enhance its natural and urban environments, provide tangible benefits for commuters, and represent value to government and the people of NSW.

One of the key projects that TIDC was set to deliver during 2008 was the Chatswood Transport Interchange (CTI), which was an AU\$360 million transport and retail facility with an ancillary residential facility. The CTI was being developed as a PPP between TIDC and CRI property development. CRI leads a private sector consortium that includes Barclay Mowlem Construction Ltd as the development and construction contractor, the Commonwealth Bank as financial adviser and arranger, and Babcock and Brown as the mezzanine financier.

Chatswood is one of Sydney's key regional centres and, the railway station the ninth-busiest on the CityRail network. At the time of this research, the station was being used by more than 35,000 people per day, and this number was expected to increase to over 50,000 by 2021.

The redevelopment of the interchange included:

- an upgrade of the station, including two new island platforms and easy access passenger facilities
- a new pedestrian concourse, positioned below the rail platforms
- an upgrade and relocation of the bus interchange to Orchard Road
- new taxi rank and 'kiss-and-ride' facilities
- raising and widening the Albert Avenue and Help Street bridges to accommodate the new rail tracks and improve local road traffic flows
- track work extending 300 metres south of Albert Avenue
- 10,000m² of convenience retail
- three new residential buildings with underground car parking.

At the time of writing, they had:

- opened the east-west pedestrian link, including lifts and escalators, to the public (December 2007), providing improved access to the station and across the rail line
- completed construction of the new eastern island platform ready for the opening of the

Epping to Chatswood rail line

- completed bridge works and road widening at Help Street, providing improved traffic flow in this area
- substantially completed the bus interchange on Orchard Road, ready for the commencement of bus services from this area in time for World Youth Day in July 2008
- opened permanent station access, ticketing and staff facilities in June 2008.

Case study Public private partnership, Chatswood Transport Interchange, New South Wales, Australia

The Chatswood Transport Interchange (CTI) was developed as part of the Epping-to-Chatswood rail line project, under a PPP between CRI Pty Ltd and the Transport Infrastructure Development Corporation (TIDC). CRI leads a private sector consortium that includes Barclay Mowlem Construction Ltd as the development and construction contractor, the Commonwealth Bank as financial adviser and arranger, and Babcock and Brown as the mezzanine financier.

The interchange was scheduled for completion in 2008. The project comprised a retail facility of approximately 80 shops (10,000m²) and 509 residential facilities located in three towers located above and adjacent to the interchange.

As part of the PPP, the ownership of the retail complex was transferred to CTI Pty Ltd, and was purchased by the Precision Group (private property investment company). They then entered a 50-year lease arrangement with three options for renewal. The leasing arrangement required a head lease payment of AU\$500,000 per annum indexed CPI to RailCorp.

The sale of the residential towers was to be finalised upon completion of the CTI contract. Purchasers would be required to waive all rights in relation to noise and vibration emanating from the interchange.

TIDC retained a step-in clause:

The Commonwealth Bank of Australia has agreed to continue to finance the project should the developer default, providing a new developer can be found. At anytime, TIDC can step into the role of developer to complete the project.

Portland, Oregon, US

Case study Local Improvement District, Portland, Oregon, US

The City of Portland does not share in the cost of constructing or maintaining substandard streets. Most or all of these costs have traditionally been paid for by adjacent property owners. The City receives revenue from the gasoline petrol and other taxes to fund transportation needs, with the first priority being to maintain its US\$8.1 billion investment in its existing transportation infrastructure, instead of building new transportation infrastructure. Property taxes are used for police, fire, parks and other services. Improving all of the City's dirt and gravel streets is estimated to cost at least US\$300 million.

Maintenance of substandard streets is seen to be especially expensive and largely ineffective, but if a street is improved by adjacent property owners to the City's standard, the City then includes the street as part of its transportation system and provides maintenance using general transportation revenues. Transportation infrastructure contributes to increased neighbourhood liveability, appearance and property values.

A Local Improvement District (LID) is a method by which a group of property owners can share in the cost of transportation infrastructure improvements. This involves improving the street, building sidewalks, and installing a storm-water management system. An LID can also be used to install sidewalks on existing streets that previously have been accepted for maintenance by the City.

When property owners decide to form an LID, they agree to assume responsibility to pay for the project. The City works with property owners to determine the scope of the project and develops an assessment methodology. A variety of methods are used, including square footage, linear footage or equivalent dwelling unit. Sometimes a combination of these methods is used, but square footage is most commonly used for projects in residential areas.

The City designs and engineers the project, as well as manages it to make sure the work is done properly. But in most cases the City does not actually build the improvement. Generally the work is bid upon by the private sector, and the lowest responsible bid is selected. However, small projects (generally one block) may be constructed by the Maintenance Bureau in some cases. The City never charges property owners more than the cost of building the project, even if the initial estimate at the beginning of the project was higher. Once the project is complete and final assessment is made, the LID ceases to exist. The City Auditor's Office then handles property owners' payments until they are paid in full.

Property owners are not charged for transportation infrastructure improvements until the work is complete. At that time, a property owner may either pay the assessment in full, or choose to finance it. All participants in an LID are automatically eligible for financing; usually over 5, 10 or 20 years, with monthly or semi-annual payments.

If property ownership changes, payment responsibility remains with the property, and does not follow the previous property owner. Assessments are secured by a lien on the property until paid. If the assessment is financed, the property owner will receive an annual statement of interest paid, which can be used to substantiate interest payments should the property owner choose to deduct these costs.

Transport Infrastructure Finance and Innovation Act, US

Case study Transport Infrastructure Finance and Innovation Act, US

The Transportation Infrastructure Finance and Innovation Act of 1998 (TIFIA) established a Federal credit program for eligible transportation projects of national or regional significance under which the U.S. Department of Transportation (DOT) may provide three forms of credit assistance – secured (direct) loans, loan guarantees, and standby lines of credit.

The program's fundamental goal is to leverage Federal funds by attracting substantial private and other non-Federal co-investment in critical improvements to the nation's surface transportation system.

The DOT awards credit assistance to eligible applicants, which include state departments of transportation, transit operators, special authorities, local governments, and private entities.

TIFIA recognises that:

- *A well-developed system of transportation infrastructure is critical to the economic well-being, health, and welfare of the people of the United States;*
- *Traditional public funding techniques such as grant programs are unable to keep pace with the infrastructure investment needs of the United States because of budgetary constraints at the Federal, State, and local levels of government;*
- *Major transportation infrastructure facilities that address critical national needs, such as intermodal facilities, border crossings, and multistate trade corridors, are of a scale that exceeds the capacity of Federal and State assistance programs in effect on the date of enactment of this Act;*
- *New investment capital can be attracted to infrastructure projects that are capable of generating their own revenue streams through user charges or other dedicated funding sources; and*
- *A Federal credit program for projects of national significance can complement existing funding resources by filling market gaps, thereby leveraging substantial private co-investment.*

Eligible projects include:

- *Any surface transportation project eligible for Federal assistance under this title;*
- *A project for an international bridge or tunnel for which an international entity authorized under Federal or State law is responsible;*
- *A project for intercity passenger bus or rail facilities and vehicles, including facilities and vehicles owned by the National Railroad Passenger Corporation and components of magnetic levitation transportation systems; and*
- *A project for publicly owned intermodal surface freight transfer facilities, other than seaports and airports, if the facilities are located on or adjacent to National Highway System routes or connections to the National Highway System.*

Melbourne 2030, Victoria, Australia

Case study Melbourne 2030

In 2001, the Victorian Government released Melbourne 2030, which was a blueprint for how Melbourne would efficiently accommodate growth over the next 30 years. One of the key policies in Melbourne 2030 was the establishment of 13 Transit Cities in Melbourne.

The policy was audited in 2006, and while the general policy initiatives have not changed, the population projections that the initial report was based on were found to be flawed. The population of Melbourne was growing at a much faster pace than what had been anticipated.

- *Establish Development Assessment Committees, in partnership with the local government sector, to make planning decisions in relation to areas and matters of metropolitan significance.*
- *Prepare integrated infrastructure plans for urban areas experiencing substantial growth and key strategic activity centres to ensure more timely delivery of state and local government investments, overseen by a Cabinet Committee.*
- *Establish a new Melbourne 2030 Implementation Unit in the Department of Planning and Community Development to drive and monitor implementation.*
- *Prepare longer-term plans for Melbourne's growth, informed by the latest population and economic growth forecasts, transport network needs, climate change and other environmental and community needs.*
- *Actively support councils to engage effectively with their communities during development of strategic plans, such as local housing strategies or activity centre structure plans, and implementation of the new residential zones.*
- *Engage communities in planning matters early in the planning process, including piloting a range of community engagement approaches with the local government sector, to involve communities in planning for growth.*
- *Establish a Planning and Development Industry Round Table, including planning professionals and the local government sector, to advise the Minister for Planning on continual improvements to the planning system, and hold regular local government forums. Consequently, new Government Agencies such as the Melbourne 2030 Implementation Unit and the Growth Areas Authority were established to expedite the development process.*