

Tauranga to receive \$230m for housing

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Tauranga will receive \$230m to help with housing pressures. Photo/file

Bay of Plenty Times

Tauranga will receive \$230 million to help the city cope with increased housing pressures.

The Government today announced a \$1 billion fund which will be distributed among five councils throughout New Zealand.

Tauranga City Council has approval for \$230m of this to help fund infrastructure needed to build 35,000 homes across the region.

More than 7000 of those will be in the greenfield development at Te Tumu, Papamoa East.

The money will also go toward a capacity upgrade to the Te Maunga Wastewater Treatment Plant and a new water treatment plant at Te Puke.

Finance Minister Steven Joyce and Building and Construction Minister Dr Nick Smith announced the news this morning.

"These funding decisions will help provide another big step forward in housing supply," Minister Joyce said.

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"The funding will be used to provide network roading and water infrastructure for 60,000 houses across nine projects in these five fast-growing urban areas."

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Dr Smith said the funding brought forward the ability to build these homes, in some cases up to eight years earlier than otherwise.

"Adding these big new subdivisions will help lift the supply of residential sections and bring greater consumer choice into the housing market."

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The billion dollar fund will cover:

- Auckland Council - \$300 million - 10,500 houses

Greenfield development (North-west) at Whenuapai and Redhills.

- Hamilton City Council - \$272 million - 8,100 houses

Greenfield development (Peacockes) on southern edge of Hamilton.

- Waikato District Council - \$37 million - 2,600 houses

Te Kauwhata (new development on the shore of Lake Waikare).

- Tauranga City Council - \$230 million - 35,000 houses

Greenfield development at Te Tumu (eastern end of Papamoa) as well as a capacity upgrade to the Te Maunga Wastewater Treatment Plant and a new (Waiari) water treatment plant (at Te Puke).

- Queenstown Lakes District Council - \$50 million - 3,200 houses

Two new greenfield sites (Quail Rise South and Ladies Mile) on the Frankton Flats and an extension of the Kingston township.

Dr Smith said they would work closely with councils and developers to ensure these projects were progressed at pace.

The Government expects to make statements on further new funding options and tools for housing infrastructure in the coming weeks.

Housing Infrastructure Fund

How will the Housing Infrastructure Fund work?

It is a one-off contestable fund which councils in high-growth areas can apply to for funding to bring forward the transport and water infrastructure required for new housing - especially where financing issues are holding up development.

It will accelerate the short and medium-term supply of new housing where it's needed

most. This will be done by investing upfront in infrastructure to ensure more housing can be built in a timely fashion.

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The fund will directly finance water infrastructure through an interest-free loan of up to 10 years to allow for councils to receive revenue from the new houses, from development contributions and when people move in and start paying rates. Transport infrastructure will be funded through alterations to the Funding Assistance Rate subsidy provided to councils under the National Land Transport Fund.

How will the fund help?

Infrastructure, and its financing in particular, is one of the three key constraints to building more houses - alongside land supply and consenting requirements. Some councils are reaching their limits as to how much they can borrow for infrastructure. The Fund will provide a form of bridging finance to enable them to build infrastructure now while they wait for income from future ratepayers and development contributions to repay the Crown.

Why a one-off fund?

Longer-term, councils need to find new ways of funding infrastructure through existing funding tools or potentially coming up with new mechanisms. This is a short- to medium-term fund to enable the acceleration of new houses in high-growth areas, rather than an on-going subsidy to councils.

What are the eligibility criteria?

The eligibility criteria are:

Councils must be part of a high-growth urban area as described in the National Policy Statement on Urban Development Capacity;

Projects must be for new or upgraded trunk infrastructure in the form of transport, water supply, wastewater or stormwater infrastructure;

The infrastructure projects must support the building of new or additional dwellings;

The funding sought for the proposals can only relate to the capital cost of building or procuring infrastructure.

Which councils are able to apply?

Only those councils which are in, or part of, a high growth urban area:

Auckland Council, Hamilton City Council, Tauranga City Council, Christchurch City Council and Queenstown-Lakes District Council; and

Waikato District Council, Waipa District Council, Western Bay of Plenty District Council, Selwyn District Council and Waimakariri District Council to the extent that parts of these councils form part of a high-growth urban area.

Why is the fund not open to other councils?

The level of demand for new housing, and pressure on financial resources for additional infrastructure is greatest among those councils facing the fastest population growth.

Prudent financial management suggests that resources should be allocated to the areas of most need and where the social and economic return on investment will be greatest.

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