



MILLDALE

FREQUENTLY ASKED QUESTIONS REGARDING NATIONAL INFRASTRUCTURE FUNDING AND FINANCING (NIFFCO) & BULK INFRASTRUCTURE

Who is National Infrastructure Funding and Financing?

NIFFCo (previously known as Crown Infrastructure Partners) is a Crown-owned company tasked with the creation of commercial alternatives to finance bulk housing infrastructure.

NIFFCo works alongside high-growth Councils to enable Government and the private sector to bring larger housing developments into the market sooner than previous plans could. It aims to increase the housing supply and is used globally with success in countries like the USA

Does this mean higher priced sections and houses?

No - it means the opposite. Traditionally these infrastructure costs would be recovered up front through development levies and included in the property values, or rates as improvements are made. Instead, they are recovered over 30 years, without having to wait for the much needed infrastructure - so in the long run there should be a saving.

How will it help?

The bulk infrastructure being funded will ultimately enable around 9,000 sections – this is the sort of scale needed to step up the supply of housing to ease the housing crisis in Auckland.

Specifically:

- Approximately 4,000 sections in the Milldale development Including:
 - Housing and apartments
 - Neighbourhood shops
 - Parks and other civic amenities
 - Educational facilities
 - Town centre
- Up to an additional 5,000 dwellings in the surrounding area, currently zoned 'Future Urban Zone'

It will bring developments in Milldale and the surrounding Wainui region forward 8 to 10 years.

How long will it take?

The infrastructure NIFFCo is funding will be constructed by Fulton Hogan over a 6 year period. This will finally enable infrastructure to catch up and leap frog demand. It will cater for enough housing development for the next 15 years.

How does it work?

The Crown/NIFFCo equity and ACC debt will be secured by an encumbrance that sits over the individual land titles and will be repaid by an annual 'infrastructure payment' (over a period of 30 years) to be made initially by the developer and, in time, by the final section owner.

Who does the money go to?

The infrastructure payments will be used by NIFFCo to repay the money borrowed to fund the bulk housing infrastructure.

What will it cost?

For residential homes, apartments and terraced homes, Infrastructure Payments were initially established in 2018 at \$1,000 per year and increase by 2.5% annually. The amount payable for a particular property may be higher or lower than that payable for other properties within the Milldale Development. Buyers can confirm the Infrastructure Payment applicable to a property by reviewing the payment schedule registered against the property's Record of Title.

There will also be an option to make a one-time full payment upon purchase.

The relevant costs will be included in the section owners' rates invoices and paid quarterly to the NIFFCo SPV (via the Auckland Council as a collections agent).

The infrastructure payment will be shown clearly as a separate line item on the Council rates bill for properties within the Milldale Development.

There is no GST payable on the basis that the payments will be treated as a repayment of a loan, and the advance of the loan is an exempt supply for GST purposes.

How is the cost passed on to the home owner?

When a Milldale property is developed and sold, the title will include an encumbrance which obliges the section owner to make annual infrastructure payments to NIFFCo.

The new owners details and the information required for NIFFCo will be captured through the Sale and Purchase process.

Auckland Council will act as the agent for NIFFCo in collecting the infrastructure payments which will be shown clearly as a separate line item on the quarterly Council rates bill for properties within the Milldale Development.

What happens if the section owner doesn't pay?

If the section owner fails to meet their annual infrastructure payments, a similar collections process will be followed as the Council rates collection process.

Will the encumbrance impact the householders' ability to borrow?

The Reserve Bank has provided guidance to retail banks on the treatment of the encumbrance for borrowing purposes. The encumbrance (and ongoing obligation to make infrastructure payments) will be treated as an outgoing expense for LVR purposes (rather than additional debt).

What's in this for Fulton Hogan?

This system allows key infrastructure to be built immediately, creating broad efficiencies and removing costly constraints that would otherwise slow down the delivery of sections.

It also gives Fulton Hogan the confidence to complete more traditional subdivision infrastructure at their own cost, ahead of time, as part of their investment in Milldale.

If any sections do not sell, Fulton Hogan Land Development will retain ownership and be responsible for the ongoing infrastructure payments.

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What are the major projects?

There are five bulk housing infrastructure roading and wastewater projects that will connect the Milldale development and other Wainui future Urban zones into Auckland city's existing networks:

Projects	Description
Weiti Stream to Silverdale Interchange	Two lane arterial road and bridge connecting the development to the Dairy Flat Highway and Silverdale Interchange
Wainui Road - Argent Lane Intersection Upgrade	Upgrade of intersection for two arterial roads
Milldale to Millwater Wastewater Tunnel	Wastewater tunnel and pumping equipment to service a total catchment of 9,000 dwellings
Milldale to Millwater Wastewater Tunnel stage 2	Stage 2 connection to the Milldale Development through private land
Bridge to Highgate Parkway	Connects Milldale Development via a new bridge over the motorway to Highgate Parkway on the eastern side of the motorway

Who will own the infrastructure once it is completed?

Once the bulk housing infrastructure projects are complete, the infrastructure will vest in Auckland Transport or Watercare ownership and become part of the relevant networks. Auckland Transport and Watercare (on behalf of the Auckland Council) will be responsible for the ongoing maintenance and upkeep of the infrastructure.

Why NIFFCo?

NIFFCo provides the developer and the Council with access to the financing, funding and facilitation support to accelerate the five bulk housing infrastructure projects required to unlock the development at once - rather than it happening in incremental stages over a very long period of time.

Auckland Council simply do not have the access to funding to invest in these enabling works.

Therefore NIFFCo reduces the delay in housing supply created by the final lag or short falls in bulk infrastructure investment.

Who is involved in the project?

NIFFCo is partnering with the following:

- Auckland Council
- Accident Compensation Corporation
- Auckland Transport
- Watercare
- Fulton Hogan Land Development

How much is it costing?

The estimated total cost of the bulk housing infrastructure in Wainui is \$91.3 million.

The debt finance and NIFFCo equity will be repaid over the next 30 years

- Initially by Fulton Hogan Land Development
- Then subsequently the section and home owners who buy a property within the Milldale development.
- Fulton Hogan Land Development, will fund the remainder of the bulk housing infrastructure costs and also be responsible for any cost overruns.

Does this mean Fulton Hogan will not have to pay for traditional infrastructure costs?

No - Fulton Hogan are still financing the earthworks, internal roads, waste and water pipes that make up the Milldale development's internal networks - the services to each individual section or other development works. NIFFCo will not be responsible for this work.

Who is responsible for the construction of the bulk housing infrastructure?

The developer, Fulton Hogan Land Development, is responsible for the construction of the bulk housing infrastructure and carries the risk of any cost overruns or timing delays associated with construction.

Will this be used elsewhere?

Yes. Milldale was the first project to use this funding approach through an encumbrance-based model. Since then, similar infrastructure funding arrangements have been delivered through the Infrastructure Funding and Financing (IFF) Act, and NIFFCo continues to work with central and local government to support housing and infrastructure projects across New Zealand..

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