

Audit, Finance & Risk Committee

6 March 2025

Report for Agenda Item | Rīpoata moto e Rāraki take [5]

Department: Corporate Services

Title | Taitara: Lakeview Development Programme

Purpose of the Report | Te Take mō te Pūroko

The purpose of this report is to update the Audit, Finance & Risk Committee on the Lakeview development progress and key milestones.

Recommendation | Kā Tūtohu

That the Audit, Finance & Risk Committee:

1. **Note** the contents of this report.

Prepared by:



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24 February 2025

Reviewed and Authorised by:



Name: Mike Theelen
Title: Chief Executive
25 February 2025

Context | Horopaki

1. In October 2019, Queenstown Lakes District Council (QLDC) executed a development agreement (DA) with QT Lakeview Developments ('the developer') for the development of eight land parcels within the Lakeview precinct.
2. The DA is structured in a way that QLDC will progressively sell the land parcels (Super Lots) to the developer in seven stages, which must then develop each Super Lot in accordance with a master development plan and documentation approved by QLDC, having regard to QLDC's project objectives and material outcomes for the development of the Lakeview precinct.
3. The developer will progressively purchase the Super Lots. It will pay a base land payment to QLDC on settlement as and when it takes title to each Super Lot, together with 50% share of any super profit that may be achieved in respect of a stage calculated at the development completion of each stage.
4. QLDC must undertake the subdivision of the precinct to create the Super Lots (and separate title for each), which requires QLDC to complete specified roading and services infrastructure and site preparation works ('Council works'). The developer will develop each stage progressively in line with a programme, with key milestones and milestone dates.
5. Before the developer can call for settlement of a Super Lot, it must satisfy a range of settlement conditions relating to document/design approval, consenting, funding, equity commitment and contractor engagement in respect of the Super Lot it wants to acquire.

Analysis and Advice | Tatāritaka me kā Tohutohu

Council Works Programme

6. QLDC advised the developer of a Council works completion date of 21 August 2024. Deferred stormwater works, to be completed by the developer and allowed for in subdivision consent approval, are subject to design and agreement on the allocation of costs between the parties.
7. The Alliance works (subdivision and ancillary) package has been completed with claims against the Lakeview subdivision works finalised. Any outstanding Alliance claims relating to the ancillary works, trunk infrastructure projects which are not a DA requirement, are to be reported on separately by the infrastructure team.
8. A schedule of QLDC decisions made is provided in **Attachment A**.

Developer's Programme

9. The developer has commenced its marketing campaign for the first stages of its development and has advised it is working toward a construction commencement date within the next six to 12 months.

10. The developer has commenced works on the first building consent documentation for retention piling and civil works. This includes the associated resource consent management plans required for the first building consents.
11. A programme will be developed and updated to align with key milestones as set out in the DA. This will include detail on construction milestones leading into settlement of stage 1 and for reporting the development progress.

Table 1: QLDC Obligations

Milestone	Date	Status	Risk Rating
Infrastructure works commencement	30 Jun 2020	Achieved 1 Sept 2020	n/a
Infrastructure works commencement sunset date	30 Dec 2020	n/a	n/a
Council Works completion target date	30 Sept 2022	Deferred and accepted by the developer, infrastructure works programme rebased to sunset date.	n/a
Council Works completion sunset date	30 Sept 2023	Notice given to the developer of Council Works Completion as at 21 August 2024. Market square works budget in Years 4 and 5 (2027/28 to 2028/29) of Long Term Plan.	Low risk

Table 2: developer Obligations

Milestone	Date	Status	Risk Rating
Submission of stage 1 Development Documentation	9 Nov 2021	Achieved 16 Dec 2021, resource consent documentation approved 11 July 2022. Further developed design documentation to be provided following building consent and before settlement of stage 1.	n/a
Satisfaction of stage 1 Settlement Conditions	21 April 2025	Expected to be within the next six to 12 months.	Moderate risk
Commencement of stage 1 Substantive Construction	21 June 2025	Two months following stage 1 settlement.	Moderate risk
Stage 1 Completion	21 August 2027	Contingent on construction commencement.	Moderate risk
Fixed settlement sunset date	21 April 2026	20 months following the date of Council Works completion.	Low risk
<i>NB: Milestones for future stages i.e. 2 to 7, can be reported on after the stage 1 settlement milestone is achieved.</i>			

Consultation Process | Hātepe Matapaki

Significance and Engagement | Te Whakamahi I kā Whakaaro Hiraka

12. This matter is of low significance, as determined by reference to the Council's Significance and Engagement Policy because it is consistent with existing strategy and does not impact on the objectives set out in the Financial Strategy, Long Term Plan or Annual Plan.
13. Although the matter is of importance to the district and is of community interest, it is of low significance due to its alignment with the Councils existing contractual commitments.
14. The persons who are affected by or interested in this matter are all residents/ratepayers of the Queenstown Lakes District. As the significance of this matter is low and only for noting, no consultation with the community or local iwi is required.

Risk and Mitigations | Kā Raru Tūpono me kā Whakamaurutaka

15. This matter relates to the Strategic/Political/Reputation. It is associated with RISK10015 Ineffective Governance within the QLDC Risk Register. This risk has been assessed as having a high residual risk rating.
16. The transparent reporting and monitoring of key development milestones will support QLDC by allowing it to retain the risk at its current level. The effectiveness of these controls shall be supported by the continued governance of the development milestones by the Audit, Finance & Risk Committee.

Financial Implications | Kā Riteka ā-Pūtea

17. The Lakeview subdivision works are within current budgets and the adjusted total capital works forecast is at approximately \$55 million. The ancillary works adjusted total works forecast is at approximately \$20 million and relate to works undertaken in conjunction with Lake view works but relate to the wider Alliance programme. Any final budget adjustments for those works are to be reported on separately by the infrastructure team as part of the Alliance reporting programme to Council.
18. An overview of the Lakeview financial programme is provided below. The final Alliance claims have now been fully allocated between the subdivision works and ancillary projects and separate financial summaries provided in Table 3 and 4 (below) respectively. All financial figures provided in the flowing tables are nominal cash flow amounts.

Table 3: Lakeview subdivision capital works programme end of February 2025 (\$M).

Workstream	Costs			Funding source	
	Life to date	Forecast cost to complete	Adjusted forecast	Cost of sale	Rates/dc's
Subdivision projects	34	7	41	35	6
Site clearance - subdivision	13	1	14	14	0
Total capital works	47	8	55	49	6

Note 1.

Notes:

1. Some identified trunk infrastructure funded from rates and development contributions.

Table 4 : Lakeview ancillary capital works programme end of February 2025 (\$M).

Workstream	Costs			Funding source	
	Life to date	Forecast cost to complete	Adjusted forecast	Cost of sale	Rates/DC's
Site clearance - ancillary	2	1	3	3	0
Ancillary projects	16	1	17	0	17
Total capital works	18	2	20	3	17

Notes:

1. Assumed as a cost of sale for this assessment until value of land required for arterial determined.
2. Trunk infrastructure projects which are not a DA requirement, benefiting from parallel investment.

Table 5: Lakeview transaction return on investment (\$M).

Expected income from property disposal	88	Note 1.
Less: transaction cost of sale	11	Note 2.
Net income from property disposal	77	
Capital works (cost of sale)	52	Note 3.
Net surplus	25	

Notes:

1. Assumed gross land payments (QT Lakeview Developments, Well Smart, land required for arterial etc.) Not including super profit payments or value of Lynch Block (circa. 1 hectare).
2. Management overhead, contribution to affordable housing, transaction costs etc.
3. Direct capital works (site clearance and subdivision) costs of sale from table 3 and 5.

Council Effects and Views | Kā Whakaaweawe me kā Tirohaka a te Kaunihera

19. The following Council policies, strategies and bylaws were considered:

- Vision Beyond 2050: A unique place. An inspiring future. He Wāhi Tūhāhā. He Āmua Whakaohoho, in particular the principles of thriving people | Whakapuāwai Hapori and zero carbon communities | Parakore Hapori.
- Property Sale and Acquisition Policy (2014)
- Significance & Engagement Policy | Te Kaupapa Here Hiraka Whakapā (2024).
- Disability Policy
- Financial Contributions Headworks Policy
- Development Contributions Policy (2024)
- Revenue and Financing Policy
- Infrastructure Asset Management Strategy

20. The recommended option is consistent with the principles set out in the named policy/policies and included in the Long Term Plan/Annual Plan.

Attachments | Kā Tāpirihaka

A	Lakeview development schedule of decisions and modifications
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