

Te Tumu Kaituna 14 Trust (TTK14)

Development Opportunity

Current Situation

- TTK14 total area is approx 240ha of which only approx 151 ha is available to develop given numerous physical constraints.
- The Trust has 3713 owners on its register.
- Annual income from grazing and sand mining approx \$100,000.
- Historical debt for development planning is approx \$635,000.
- A contingency exists for historical land remediation of approx \$1.5m.
- Land is zoned 'Future Urban' however this only permits rural uses.
- The desire to unlock the development of the Trust lands has existed since Trustees were appointed in 1990.
- Previously development partners have been considered but to maximise value and preserve the owners mana, it is desirable that the Trust undertakes development itself and retains full ownership control. (ie. Pukeroa Oruawhata Trust model).



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Current Situation

- In order to participate in the Te Tumu development Strategy the Trust requires access to funding.
- Annual cost of development planning to reach physical works commencement is \$500,000 p.a. Say \$2.5m over 5 years.
- Ultimately Te Tumu landowners will be required to pay for infrastructure costs.
- The Maori Freehold land title is of little interest to lenders.
- Development margins are slim and are difficult to progress without equity funds.
- The Trust needs to be ready for 2021 and generate cash and income to cover development costs.



TTK14 Development Opportunity

The Indicative Business Case:

Land Tenure: Maori Freehold Land; 151 Developable Hectares

- Rural Grazing Land Value: **36,000/ha**
Total Value: **\$5,436,000**
Borrowing Capacity (30%): \$1,630,000
- Future Urban Zone Land Value: **90,000/ha**
Total Value: **\$13,590,000**
Borrowing Capacity (40%): \$4,080,000

Under both zoning options / assumptions:

- The Trust will not be able to cover its historical debt, interest and next 5 year development costs on its own prior to the re-zoning, and
- Will not be able to service these capitalised costs and the initial development costs upon re-zoning. The Trust will also be in a weak position to undertake physical development works in 2021.



TTK14 Development Opportunity

Convert 50ha to general land

1. It is proposed to convert 50ha of land to General Freehold for securitisation as a potential residential development.
2. Sell the 50ha and lease the remainder to TTK14 controlled Development Company. Land Value increases from \$4.5m to \$32.5m (approx). Borrowing capacity at 50% would be \$16m.
3. This 50 ha could potentially create 750 residential sections. The cost to developed is around \$72m to create a market value of \$165m.
4. Conservatively remaining land value would be \$35m with borrowing capacity of \$14m (approx).
5. With asset backing Trust will have access to significant funding/equity for infrastructure and improvements and generating income flows.



TTK14 Development Opportunity

Development Opportunities:

6. The estimated cost of infrastructure outside the 50 ha would be \$25m.
7. More detailed financial modelling will be undertaken after the draft concept plan is finalised.
8. General land zoned for residential is attractive to banks for lending purposes.
9. This strategy will give the Trust the capacity to proceed with a viable development.



TTK14 Development Opportunity

Development Opportunities:

- Commercial Development on Leasehold Land
- Institutional Development on Leasehold Land eg schools
- Industrial Development on Leasehold Land
- Shared Equity Fund to assist Financing Owners into housing on Trust land – in 50ha freehold Residential Area.
- Rental housing
- Retirement Village
- Holiday Park
- Boat Storage Park
- Active Reserve



TTK14 Development Opportunity

Potential Outcomes for Owners:

- ❑ Preferential access to housing/accommodation in a superior location with modern amenities
- ❑ Easy access to beach, river, active reserve, schools, medical facilities, employment opportunities and shops
- ❑ Holiday Park and cultural centre
- ❑ A more affordable housing opportunity for owners
- ❑ Owners income distributions and charitable benefits
- ❑ Reservation status may be created over constrained lands
- ❑ A development from which all owners benefit and they can be proud of.
- ❑ Future options



Te Tumu Kaituna 14 Trust

Trust Order & Te Ture Whenua Act

1. Current Trust order permits sale of land and purchase of other land.
2. The proposed amendment is to bring in sections 135 and 137 of the Act to enable 50 ha to be converted to general land and any money generated to be applied to improvements on the Trust land.
3. S 135 – “ Maori Land Court has jurisdiction to make a status order declaring Maori Freehold Land to become General Land)
4. s 137 – “Alienation is clearly desirable for the purpose of rationalisation of the land base or of any commercial operation”



Te Tumu Kaituna 14 Trust

Trust Order & Te Ture Whenua Act

5. There are no known cultural or historical impediments to the alienation of the 50 ha.
6. Owners will have an opportunity to purchase any land sold.
7. The Trust Order variation will enable the conversion of Maori Freehold land to general land for securitisation or alienation pursuant to an order of the Maori Land Court or for roads, utilities, services, reserves or public works.
8. A detailed Business Case will be prepared for the MLC application.



Te Tumu Kaituna 14 Trust

Where to Next

1. Owners resolution to approve the Trust order variation.
2. Application to Maori Land Court for approval of variation.
3. Continue with planning/consenting negotiations with Tauranga City Council and adjoining land owners.
4. Prepare business case for application to MLC for conversion of 50ha to general land.
5. Finalise development structure and funding.
6. Continue to develop the financial model and planning.

