

Media Release

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Quality urban revitalisation key to Auckland CBD Rail Loop business case

The recent furore over the merits of the Auckland CBD rail loop clearly illustrates the difficulties of planning major transport investments in isolation from land use planning and implementation. The CBD Loop has the potential to positively shape Auckland's future form but its viability is dependent on the concurrent development of high quality, high density, mixed use residential and commercial development that will support the economics of the project.

In November last year a business case report commissioned by Auckland local government found that a CBD loop would return at least \$1.10 for every dollar invested, and as much as \$3.10 if 'wider economic benefits' were taken into consideration. Last week, a second report commissioned by the Government estimated the transport benefits of the loop were barely 30c for every dollar invested, or up to 40c including wider economic benefits.

When both parties broadly agree on the price of the project, the number of commuters using the service, the number of cars taken off the road and most other factors, how is it that the numbers are so wildly inconsistent?

The answer is in the land. In general, large transport projects raise the value of surrounding land as improved access makes living and working there more attractive. The Council, who strongly supports the project, has projected big things for surrounding land. The Government, who is more hesitant, doesn't think the transport and land use returns stack up.

Who's right? Well, it all depends on what actually happens to that land adjacent to stations.

The CBD loop business case is predicated on achieving a significant uplift in density, both residential and commercial along the new rail tunnel from Britomart through Albert Street, Karangahape and Newton.

However the Government's recent review clearly shows that commitment to urban density and supporting land use does not yet justify the substantive \$2.4 billion investment in the loop.

In essence both the Government and the Auckland Council are right. On the one hand Auckland Council rightly wants to optimise the contribution of rail to the overall transport solutions for Auckland and provide alternatives to traditional urban sprawl. On the other hand the Government is right to say that development of the business case and the supporting land use policies requires considerably more work by the council. Having already committed billions in electrification and rail and station upgrades the Government is wary about further investment until the benefits from existing investments are realised.

The CBD rail loop has the potential to link major land development opportunities not only in the CBD, Karangahape, and Newton but also leverage recent investment in rail infrastructure, at Newmarket and New Lynn. The former brewery site in Newmarket provides a fantastic location for intensified development adjacent to rail, the proposed CBD loop, shopping, the domain and other city amenities.

For the business case to stand up it is critical that the project is fully supported by a coherent land development plan for the corridor and the inner city. This necessarily means appropriate phasing of the development of commercial land, incentives to support development of land adjacent to the rail network such a streamlined planning approvals for developments that meet certain design standards, along with the commitment to investment in the rail system. Proactive support by the Council is central to giving the private sector confidence to invest.

But that level of commitment is not yet being demonstrated by the Council. For example, its Waterfront Development Agency is very successfully promoting the development of Wynyard Quarter. While not served by the inner city rail loop, this significant waterfront land development will compete in the same residential and commercial property market as the land adjacent to the CBD loop. Already the ASB Bank has committed to relocate its head office to Jellicoe Street in 2013, vacating considerable floor space in the existing ASB centre which is directly adjacent to the proposed new Aotea station. Given that the rail loop is designed to serve the CBD, perhaps Wynyard quarter should be put on the back burner? Alternatively, should the CBD loop also incorporate a connection to Wynyard quarter? These decisions are vital to the business cases for both the CBD rail loop and the Wynyard quarter Development.

The most recent decision to proceed with SkyCity's proposal for a 3500-seat convention centre to be built between Hobson and Nelson Streets is a case in point. While no doubt the other proposals were meritorious, concentration of major projects like convention centres, shopping, residential and commercial density is exactly the kind of development that will be needed to support the economics of the CBD rail loop. It's this kind of joined up infrastructure land development that drives the success of Melbourne. The integrated Southern Cross rail, bus and tram station in Spencer Street is central to major passenger generating attractions such as the 74,000 seat Etihad Stadium, a major shopping mall, the Southbank entertainment hub and the 5,560 seat Melbourne Convention and Exhibition Centre.

In comparison to Auckland, the key difference between Melbourne and similar successful cities like Vancouver is the calibre of the new high density neighbourhoods that have revitalized the downtown and offered a viable alternative to suburban living.

The CBD rail loop is one of the most significant investments that will shape the future development of Auckland. It is central to effective implementation of a more compact city as envisaged by the spatial plan.

Implemented properly it has the potential to contribute positively to the world's most liveable city. Implemented poorly it could create a legacy that New Zealanders will regret for decades.