# Infrastructure Acceleration Fund (IAF) – TDC Application for Local Partnering on IAF Expression of Interest

## Purpose of TDC application

**Purpose:**

To identify potential opportunities from interested parties to work with Timaru District Council on an application to the Infrastructure Acceleration Fund Expression of Interest application.

* Proposals will need to identify development area(s) that would meet the Infrastructure Acceleration Fund (IAF) criteria to deliver 30 additional affordable houses in the Timaru district.

The application can take the form of the interested party identifying themselves to be a partner on a TDC led application or the party leading their own application with TDC as a partner.

To ensure a fair and transparent process TDC has initiated a local expression of interest application to identify potential partner applications. The applications will be assessed against the IAF criteria, the requested role and requested requirements of TDC as a partner, and how the proposal will deliver 30+ affordable houses in the Timaru District.

There is no indication in this local application process that the proposed project and support will be provided. TDC will run a competitive process to identify potential local partners that have the highest potential to be successful in an IAF EOI application. This does not stop any party from applying for IAF EOI on their own.

Applications through this local process, if not successful, will also help provide further information on potential opportunities and support feedback into other Council work programmes (i.e., District Plan Review and Growth Management Strategy).

## Application Process

* The IAF EOI for the Government response is due 5pm 18 August 2021, this requires a quick turn around for the local application process. It is noted that the Government IAF application is a high-level expression of interest so information required at this stage can remain high level with further refinement if the application proceeds.
* The local EOI will open on 20 July and close at 5pm on 26 July.
* Evaluation of local EOI applications will occur from 27 July to 29 July, successful applicants will be notified on 30 July.

## Criteria for TDC expression of interest application

1. Consideration of how the identified project(s) would contribute to the criteria of the IAF with specific indication of how the project(s) would contribute to Timaru District to deliver 30+ affordable houses:
   1. **Housing outcomes:** how will the Proposal, if delivered, contribute to the housing outcomes that are the purpose of the Infrastructure Fund?
   2. **Impact of funding:** how critical is this funding to advancing the infrastructure and housing development?
   3. **Cost and co-funding:** how cost effective is the Proposal and is everyone paying their fair share?
   4. **Capability and readiness:** if funding is approved, how certain is it that the project will advance, and at what pace?
2. Consideration of what the applicant will provide as a partner in the project. Identify funding contributed, resources, etc.
3. Consideration of what is required from TDC for the proposed project.
4. Consideration of the desired role and input required from TDC in the application.
   1. ‘TDC as lead and applicant working as a partner on TDC application’ or ‘Applicating as lead with TDC acting as a partner to the applicants application’.
   2. Resources required from TDC to make the application successful: identify support in respect to infrastructure requirements, estimated contribution of funding, policy changes, application support, or other.
5. Consideration of how quickly this project could be initiated and completed.
6. Ability to be available and actively participate in Government IAF EOI application workshops and provide resources to obtain and source supporting evidence and development costs/resource requirements with Council and support development of final application due by 5pm 18 Aug 2021. (For successful candidates to the local EOI this would occur from 2 Aug to 18 Aug)

## Background to the Government Infrastructure Acceleration Fund Expression of Interest Round

* In March 2021 Government agreed to a suite of demand and supply-side measures to address housing affordability, support first home buyers and better incentivise investment in new homes. This included establishing a Housing Acceleration Fund comprising the Kainga Ora Land Programme, Infrastructure Fund, and changes to the Land for Housing Programme.
* The Infrastructure Acceleration Fund (IAF) is part of the Government’s $3.8 billion Housing Acceleration Fund announced in March 2021.
* The IAF is a contestable fund of at least $1 billion for infrastructure investment to support new housing supply where infrastructure providers face funding and finance barriers. The IAF is designed to allocate funding to infrastructure projects that unlock housing development in the short to medium-term and enable a meaningful contribution to housing outcomes in areas of need.
* The process will include consideration of contributions from councils, developers and others, both financial or non-financial, to ensure that government investment will have maximum impact.
* The IAF will be administered by Kāinga Ora – Homes and Communities.
* The IAF will address some of the underlying barriers to supply by:
  + opening up more land for housing development, particularly in locations close to jobs and amenities;
  + helping to fund the critical infrastructure needed for that development;
  + allowing for a wider mix of housing that is affordable for low- to moderate-income households to own or rent; and
  + freeing up development-ready land and accelerating housing development to moderate growth in house and land prices.
* To secure the greatest impact from the IAF, locations that have infrastructure constraints and are facing the biggest housing supply and affordability issues will be prioritised, while also ensuring that there is an ability for quality projects from anywhere in Aotearoa to receive funding (see attached map).
  + Timaru District is in the ‘other locations’ region, indicating an expectation to deliver at least 30 additional homes.
* The objective for the Infrastructure Fund is to invest in infrastructure that unlocks housing development, and that this infrastructure investment will:
  + Enable brownfield intensification and greenfield expansion in locations with access to amenity and opportunity;
  + Be limited to investments that would not otherwise be funded, or not funded fast enough to meet demand for housing;
  + Maximise value for money including through co-funding, contributions, and commitments from local government and third parties;
  + Enable the building of homes that are affordable for low-to-moderate income households;
  + Incentivise councils to use non-funding levers that enable housing development;
  + Create a pipeline of investment including near-term and medium-term activity that ramps up sustainably to allow the construction sector to steadily increase its capacity and absorb the investment without price escalation;
  + Align with wider government objectives, such as ensuring good urban form, partnerships with iwi and Maori, and the transition to a net-zero emissions economy; and
  + Be spread across multiple regions and include both large urban areas and regional centres.

### A Competitive Fund

* The Infrastructure Acceleration Fund was set up to be a competitive fund that may include multiple funding rounds.
* The IAF is limited to:
  + New or upgraded enabling infrastructure for:
    - transport (including local roading, state highways, public transport infrastructure, footpaths and cycleways),
    - three waters, and
    - flood management infrastructure which are wholly or primarily for the purpose of enabling the building of new or additional dwellings in the short to medium term.
* Eligible costs can include:
  + Costs of feasibility studies and other early stage development work;
  + Costs of designing, consenting, tendering and acquiring land (where it is wholly required for eligible infrastructure projects and broader large scale project activities);
  + Constructing eligible infrastructure projects; and
  + In limited situations, non-capital administrative costs where these are necessary to establishing complementary financing.
* Applicants on proposals may be territorial authorities, developers or iwi, with developers encouraged to work through TAs where possible.
* Government has outlined the principles of co-funding for developers and relevant landowner’s to meet to the greatest extent possible:
  + Developers and landowners should be paying a similar share of the costs of the infrastructure as would be the case if the infrastructure project was funded by traditional means through the local authority, which is generally the reasonable growth portion of the total infrastructure cost.
  + In some cases this contribution can be non-financial (i.e. land or commitments to sub-market housing), but any such contribution should be similar in value to the foregone financial contribution.

## The IAF Process

* The IAF will be a two-stage contestable process. Eligible applicants will first submit expressions of interest, with a smaller number invited to submit full proposals. All proposals will be assessed against a common set of investment criteria.
* **Stage 1** - all applicants are invited to provide an expression of interest (EOI) with high level informa­tion on the housing development and infrastructure projects.
* **Stage 2**- following an assessment of the proposal submitted at the EOI stage against the investment criteria a reduced number of applicants will be invited to submit a full proposal.
* The process has two paths to apply through these include:
  + Programme path - for main urban areas where infrastructure investment is more complex.
  + Project path - for councils, developers, and iwi across all other parts of New Zealand.
* Timaru District fits into the ‘Project Path’ structure for the Fund.
* These paths include a fast-track process where some first-stage proposals can progress quickly to final investment decisions.

# Timaru District Council Local Expression of Interest Application Form

# For the Government Infrastructure Acceleration Fund EOI to deliver 30+ affordable houses in the Timaru district

|  |  |  |  |
| --- | --- | --- | --- |
| Proposed Project Name | |  | |
| Applicant Name | |  | |
| Point of contact | | Name:  Phone:  Email: | |
| Have you read and understood the Governments IAF EOI criteria (yes / no)? | |  | |
| Overview of project  (Provide a short description of the development/project; 200 words max) | |  | |
| Delivery of 30+ affordable houses (clearly describe how this project will deliver 30+ affordable houses) | |  | |
| Role of the Applicant  (Identify if this will be led by the applicant or other and the role the applicant is intending to provide to the proposed project) | |  | |
| Role of TDC  (Identify TDCs role as Lead Applicant or identify role as a partner in your application) | |  | |
| Other partners and their proposed roles | |  | |
| Contribution to proposed project  (Provide a summary of estimated funding, resourcing, ect that will be provided) | |  | |
| What is required from TDC to make this successful?  (Identify infrastructure requirements, or other support required) | |  | |
| Meeting the Government IAF EOI Criteria  (Explain how your proposed project will contribute to the Governments criteria. Please keep this short and provide an indication of any supporting evidence) | | | |
| * Housing outcomes (40%): how will the Proposal, if delivered, contribute to the housing outcomes that are the purpose of the Infrastructure Fund? | |  | |
| * Impact of funding (20%): how critical is this funding to advancing the infrastructure and housing development? | |  | |
| * Cost and co-funding (20%): how cost effective is the Proposal and is everyone paying their fair share? | |  | |
| * Capability and readiness (20%): if funding is approved, how certain is it that the project will advance, and at what pace? | |  | |
| Delivery timeline  (identify a brief overview of start and completion dates with high level milestones) | |  | |
| Other Supporting Information  Attach any maps or plans that can provide additional detail. | |  | |