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Dear Sir / Madam,

Re: Using Land for Housing Inquiry Submission

Before providing our submission to the inquiry, I believe it would be useful to provide some background to Mike Greer Homes, as some people outside Canterbury are not aware of our company, even though we are the **largest home builder in New Zealand**.

Building well over 900 homes per annum in the South Island alone, with a mixture of speculative, fixed plan and customer design buildings, Mike Greer Homes is New Zealand's largest and most successful residential housing company, now with offices in both the South and North islands, and we continue to outperform the market conditions and competition. We aim to make what can often be a very stressful process simple and hassle free and through this exceed customers' expectations with the finished product and service. We have our own in-house design, project management and construction teams, that allow us to better control the process, maintain our quality expectations and deliver a product that meets your every requirement.

Over the past 20 years we have progressed from building homes, to now building:-

- ✓ Residential.
- ✓ Commercial.
- ✓ Retail.
- ✓ Education.
- ✓ Industrial.
- ✓ Social.
- ✓ Aged care.
- ✓ Specialist.

One of our differentiators is that **through necessity we have now become a developer** and are pursuing further vertical integration.

Whilst we currently assist developers earlier in the sub-division planning and design stages to help maximise the return on investment e.g. sub-division layout, aesthetic appeal, sense of community, housing style and type (high density, stand-alone) and commercial mix. We firmly believe, to build a successful subdivision you need to build a whole of life working community.

Through experience we have found the standard NZ practice of having a land owner sell to a developer, who will then sometimes hold the land, or sells onto another developer or eventually develop the land into sections, without an overall plan for a community or a whole of life development, and without consultation with their prospective buyers or builders, because they know they will be able to sell the sections.

This process is VERY wasteful and results in almost every development taking an extraordinarily long time to reach market, and considerable expense that reflects in the sale price of the sections.

We would welcome the opportunity to discuss this matter and other related matters with yourselves and others.

USING LAND FOR HOUSING

Through-out your paper you refer to developers in isolation. This is one of the challenges with the New Zealand approach. With the current system most “developments” are provided by developers with very little consultation with TA’s and the builders, We must develop a consultative approach rather than the current combatative one. Only the will we be able to provide the homes New Zealanders deserve, in planned “whole of life”, sustainable communities.

1. Identification of suitable land

NZ is blessed with a plethora of land, but a dearth of suitable land. Especially land with suitable services and links.

We are concerned that too much emphasis is placed on greenfield sites and not the effective use of brownfield.

Land and land development is the main driver in the lack of affordable housing, and unless central government and the Territorial Authorities, become more proactive, the people making the lion’s share of the money will be land developers. It is a popular misconception that the builders are making the money. The actual percentage profit builders make per dwelling has fallen in the last 10 years.

2. Zoning

The introduction of the Special Housing Areas and LURP, have made more land available for development, but this has not necessarily resulted in more land for building.

Due to the very convoluted and unnecessarily protracted process for approving development most of this land will not be available for building for several years. Some of this land will be land banked, some will start the process (that may take 7+ years), and some will start within 2 to 3 years.

Internationally governments have struggled with the same challenges experiences in NZ, especially with the SHA's, where the landowners and developers have significantly benefitted from the re-zoning. There are way's around this situation but the government and TA's have to be pro-active.

Even when the government is proactive as with the LURP, this is only part of the answer, and delays by other bodies usually defeats the admirable intentions of central government.

An example of this is a parcel of land identified in the LURP, for Waimakariri, that we purchased over 9 months ago. The identification in LURP has done nothing to speed up the process, and Waimakariri Council, do not even acknowledge that this places any priority on the re-zoning. Despite submitting for notification early December they will not even consider starting the notification process until the end of January. A 7 week delay for 4 days public holiday. This makes a mockery of the timeframes as laid down in the Resource Management Amendment Act.

The new Christchurch District Plan, is longer than War and Peace, and harder to understand than quantum physics. We have suggested that Universities should offer doctorates in it. The Subdivision and Development Chapter, does place significant extra constraints and expenses on developers and builders. Including additional consultation, the cost of which will be passed on to the builder/developer and thus the home owner.

In Christchurch for anything over 3 units the need to go through the "Pre-application process", as a result of 2010 plan change 53, whilst this process should in theory assist with developments, in practice it is time consuming and in most cases expensive.

a. The pre-application phase:-

- i. A time consuming part of the process, the bottle neck, and usually takes longer than the build.
- ii. It was rules based process, but now is subjective and allows too much discretion and is subject to individual interpretation. There is no clear guidelines, and is up to the individual planner.
- iii. No statutory requirement, it is optional BUT it is "*recommended*".
- iv. Before the adoption of "Plan Change 53", some consultation took place and the entire commercial sector, said there would be challenges.
- v. We could take just concept drawings/sketches, but would then only be asked to go back and re-draw with more information.
- vi. VERY time consuming.
- vii. Challenges arise when different planners and council officers attend different meetings and raise different points, causing a lot of rework.

- viii. Often the planners attending the pre-app meetings are not the ones who do resource consent, causing more challenges due to interpretation and lack of knowledge of previous discussions.
 - ix. Pre – app can be repeated and is usually with lots of correspondence and meetings. All of which costs.
 - x. We are regularly told to go away and carry-out major reworks.
 - xi. Each rework can cost \$K's and causes serious delays each time.
 - xii. They can get down to some questionable detail, e.g. where we put the water cylinder, colour of doors. Varies from building lay-out to position, size of garages, colours and type of fences.
 - xiii. There are significant cost implications for the builder/developer processing up to resource consent application.
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- b. There is insufficient consultation with the developer, by the council; it is more dictatorial, with very little commercial reality.
 - c. The TA's and other authorities need to be more flexible.
 - d. There is limited opportunity to purchase/develop reasonable size brownfield blocks of land that allow us to develop "PLANNED" communities, rather than sausage developments. A section-by-section approach is cumbersome, costly and detrimental to the implementation of quality design. TA's (especially Christchurch), need to be more pro-active.
 - e. In many instances either the District Plan or covenants stipulate restrictive section sizes thus not allowing a mix of sizes within a comprehensive plan.
 - f. Single point of contact within TA's to improve communication and responsiveness, is a necessity. Whilst most TA's promote this, in reality they have different people in different sections that we have to deal with and no one co-ordinating their response.
 - g. Should be one meeting then by correspondence/phone calls, because after the first meeting we should have been informed clearly of EVERYTHING TA's want and we should have addressed those points. The meetings need to be with Senior Planners and other Senior officers who can make decisions there and then not change their mind, or have to refer to others.
 - h. Needs to be practical people with commercial reality to make decisions.
 - i. Development contributions need to be reduced and/or take a more holistic view, not just a revenue generating exercise. The provision of new housing, may initially require investment in infrastructure etc., by the Tertiary Authority, However a long-term commercial view should be taken. This investment will result in an increase in income for the Council and its residents. In most areas development contributions have increased by more than 300% in the last 10 year.

- j. Reserve contributions – similar to development contributions.
- k. RFI's are regularly spaced out to extend time available to the TA's,
- l. To get a true indication of the time required to process consents, the clock should be started when initial discussions are held and include the pre-application process.
- m. All Council fees, need to be reviewed as they have lost touch with reality, they need to be transparent.
- n. Government policy prioritising land assembly in areas for redevelopment, recognising that associated infrastructure costs are generally lower.
- o. The "Final Housing Affordability Report" from the Productivity Commission, does include some very poignant comments:-
 - a. The slow pace at which land for housing is planned, zoned, and released contributes to the high price of sections and thereby house prices. Long development lead times have been identified as a problem, taking between two and ten years because of regulatory complexities. Councils should review their regulatory processes with the aim of providing simplified, speedier and less costly consent processes and formalities, to expedite the supply, and reduce the cost, of housing
- p. Consistency across different TA's will aid companies such as ourselves who operate in numerous TA's.
- q. Why are internal checklists and guidance notes internal. Would it not be mutually beneficial for all parties to have access to these?
- r. There needs to be a co-ordinated approach to section amalgamation, especially in and near to the CBD, to stimulate good quality urban Development. If we continue to develop small 1 to 6 unit areas, we will have very limited ability to provide well designed, good quality communities, not just piece meal. However there are significant barriers to intensification, including existing fragmented land ownership, high capital cost of acquisition of land and old buildings, cost of demolition and consenting costs, including in some areas fragmented zoning, and the high holding costs whilst these processes occur.
- s. Time costs money.

3. Affordable Housing

Affordable housing will only become available with affordable land.

If the government is serious about addressing the problem of housing affordability, then they must address the availability and price of land.

This will only be achieved by the government working with the TA's and the industry (not just developer, but builders). If you are serious then please contact the author.

As mentioned previous we would welcome the opportunity to discuss this issue and others that affect the housing market in New Zealand with the Productivity Commission and any other interested parties so that the people of New Zealand can have access to the homes they want and deserve.

Regards



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CEO Special Projects,

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