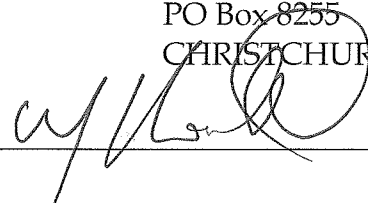


**Submission on Council Development Contribution Policy  
Comprised in Volume 2 of the Draft Long Term Council Community Plan**

- Name of Submitter: Bill Horncastle
  
- I am completing this submission on behalf of Horncastle Homes Limited, one of the largest residential development companies in Christchurch, employing in excess of 40 direct staff, numerous contract building companies and suppliers.
  
- I wish to talk to the main points in my written submission at the hearings to be held between Thursday, 25 May 2006 and Wednesday, 7 June 2006.
  
- My submission refers to the Full Version of the Council Development Contribution Policy.
  
- Contact Details: Horncastle Homes Limited  
PO Box 8255  
CHRISTCHURCH
  
- Signature 
  
- Date 5 May 2006

As a developer of both residential land and buildings, Horncastle Homes has for many years committed a significant level of resource for the purchase of land stock and the ongoing development of residential homes to support the ongoing growth of Christchurch. As stated above this involves not only financial resources but a significant staffing level and the ongoing commitment from an even larger pool of contract building companies and suppliers. The proposals presented in your Draft Plan will clearly have an immediate impact on Horncastle Homes and it how it conducts business.

**1. Timing of its Introduction**

The introduction of the new policy as at 1 July 2006 makes absolutely no allowance for the pre-selling activities that Horncastle Homes has achieved prior to construction or development commencing. At any one time Horncastle Homes has a large number of homes sold where development/construction activity has not yet commenced. Clearly this is prudent in the management of a company where many people are dependant upon its well being. The immediate introduction of an additional \$10-\$15,000 (as estimated from our surveying company) per home already sold will have serious financial implications as these costs can no longer be passed on.

The implementation of a fundamental change in this magnitude requires a lead time that enables companies such as ourselves to adjust. It is not logical, fair or of common sense for such a significant cost to be absorbed any other way.

## **2. Implications for Land Values**

The increase in costs to develop land under your proposal will ultimately be passed on to the end user. This will instantly increase the cost of buying a new section/home for the people of Christchurch. I think the magnitude of the increase is significant and will impact on the projected level of growth within the city by making surrounding Districts far more appealing to both developers and residents by offering better value for money.

## **3. Payment Timings of Additional Development Contributions**

The Draft Plan proposes payment of these additional expenses upon the granting of the subdivision consent. Again this is not logical, fair or common sense. Until the subdivision is completed and people are occupying new homes, the existing infrastructure that has been paid to upgrade is NOT even being used.

The increased holding costs on your proposed new fees will just see further increases in the price of land and new homes for the residents of Christchurch. Surrounding districts will offer better value for money. Payment upon the issue of Code of Compliance seems a far more logical time as people are not allowed under the Building Act to occupy a new home until the Code of Compliance has been issued. It is not until such time as the infrastructure assets for which the additional fees are contributing towards will be used.

### **In summary**

I do not believe the proposed costs should be implemented as proposed for the following reasons:

- They will significantly increase the price of land and new homes for the people of Christchurch;
- They will increase the attractiveness of surrounding Districts that will offer better value for money;
- This will impact on the future growth of both Christchurch and Banks Peninsula;
- They make no allowance for the fixed margins that companies with pre-sold homes have;

In addition to the above reasons the timings of payments are proposed at the front end of development rather than at the completion and occupancy of a development when the infrastructure assets which we are paying to upgrade will be used.