

Abode Homes Trust
Thursday, 4 May 2006
255 Geraldine St
St Albans
Ch-Ch
021 668738

Submission

To: Our community plan,
Christchurch City Council

Submitted by: WJ & YC Parkhill
Abode Homes Trust

We wish to make a submission to address the area of:

Development Contributions Fees

To whom it may concern,

We are a Development Trust, planning to build EPH units in the Opawa area. The CCC has assessed the Development Contribution Fees for this project (*see attached sheet.*)

We have considered and analysed 28 properties, the plot in Opawa worked best in regards to profit margin and most suitable for our development needs. When first analysing this deal the profit margin was 22.97%.

After factoring Developer Contribution fees, which is 1/3 of the cost of the land (\$67000) the profit margin is cut to 12.58%.

As development projects are high-risk ventures developers assess projects to achieve a minimum of a 20% margin. A margin less than 20% can leave a company financially vulnerable.

Financial Lenders recognise this, and they require developers to achieve a minimum of a 20% margin to qualify for Development Finance.

Repercussions

According to this example Development Contribution Fees now makes our project to be non-feasible; we will no longer be going ahead with it.

The fee will make many, many other multi unit developments to be non-feasible. We feel this fee may stall the residential housing market and may grind the developing of multi units to a halt.

This scenario alone restricts any future development for Abode Homes quite drastically, as it would for many other developers. This would most likely put us out of the picture for any similar projects in the future.

Suggestions

I suggest the CCC reconsider the fees set. And they source finance to cover their needs from other areas of their total budget by further priority of funds and projects.

There would also be a huge advantage for CCC to sit with groups of developers to talk issues through.

Regards

WJ & YC Parkhill
Abode Homes Trust

Prepared For:	Wayne Parkhill (Abode Homes)
Address	20B Ensors Road
Location:	Opawa
Land value:	\$200,000
Existing Lot Area m.sq.:	827.3
Value per 20 sq metres:	\$4,835

Activity	Catchment	HUE Credits		Assessed	Change	DC Rate	DC Charge	
		Historic HUE	Actual HUE	HUE	HUE			
		A	B	C	D=C-(A+B) minimum = nil	E	D x E	
Community Infrastructure								
Community Facilities	South			3	3.0000	\$386.96	\$1,160.88	
Network Infrastructure								
Transport and City Streets	City Wide			3.0000	3.0000	\$2,627.67	\$7,883.01	
Water Supply	Christchurch			3.0000	3.0000	\$1,499.72	\$4,499.16	
Wastewater Collection	Heathcote			3.0000	3.0000	\$2,081.61	\$6,244.83	
Wastewater Treatment and Disposal	Christchurch			3.0000	3.0000	\$3,211.42	\$9,634.26	
Parks & Open Space Stormwater	Heathcote			3.0000	3.0000	\$5,204.91	\$15,614.73	
Total Community and Network Infrastructure								\$45,036.87
Reserves								
Maximum of:		Average Value	Additional Units or Lots					
7.5% of property value of additional lots		\$200,000	x 0	x	7.50%	\$0.00		
5.0% of property value of additional 1000 sq m. rural lots			x	x	5.00%	\$0.00		
the value of 20 sq.m. per additional residential units		\$4,835	x 3			\$14,505.02	\$14,505.02	
Total pre GST								\$59,541.89
GST							12.50%	\$7,442.74
Total								\$66,984.63

Please note: This is an estimate only. The calculations have been based on information provided by the developer and calculated as per the Draft Development Contributions Policy as included in the Draft LTCCP 2006/16. Calculation methods and rates are subject to change as part of the formal adoption process for the LTCCP 2006/16

wayne parkhill

From: "Langbein, Peter" <Peter.Langbein@ccc.govt.nz>
To: <parkhills@paradise.net.nz>
Sent: Monday, 1 May 2006 12:17 p.m.
Attach: 20B Ensors Road.pdf
Subject: 20B Ensors Road

Wayne

Attached is an initial estimate of the assessable Development Contributions based on the plans provided. This comes to \$19,847+GST per unit.

I am assuming the lot is vacant so the charges are for all three units.

Also, if the lot is older than 1/7/1994 it would get credit for one of the units so the net charge would only be for two of the units. There is a roll back of this historic credit if the lot was created between 1/7/1994 and 1/7/2004.

There would also be credit for any contributions paid from 1/7/04.

Hope this is enough information to help in making your decision. If you have any questions please give me a call.

Regards

Peter Langbein
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