



HENSHAW DEVELOPMENTS
L I M I T E D

4 May 2006

The Manager
Christchurch City Council
Tuam Street
Christchurch

Dear Sir

Re: Proposed Developments Contributions Policy - Variation Proposal 91

We have read the Explanation and supporting information provided in relation to this proposal and would suggest that, as presented, the reader would be entitled to consider your proposal to be quite fair and reasonable. However, the real situation is very different to what your document suggests, and for those people charged with making a decision on this matter, not to be provided with a more balanced and realistic overview of the financial impact on the Council by developments, would be indefensible.

Our example:

Our company purchased the northern part of the Addington Show Grounds approximately 10 years ago and is developing this block of land into a superior 'Office Park'. Approximately half of the land has been developed, and on completion the area will accommodate approximately 2000 office workers, employed largely by large international corporations.

To facilitate the development, we were required to establish a road (Show Place) and all of the usual services. Show Place is a cul-de-sac running off Whiteleigh Ave for approximately 300 metres toward the Addington Raceway, parallel to the railway line. We expected to be able to connect our services into the existing services at the intersection of our road and Whiteleigh Ave.

On application for approval of our subdivision plan, we were denied approval for connection of our sewer to Whiteleigh Ave because the Council did not want this additional capacity added to the existing sewer - and refused to up-grade it to accommodate our requirements. Similarly, we were denied access to the existing storm-water system on account of the state of repair this system was in at that time.

To get approval we were required to run an entire new sewer all the way to Lincoln Road (through the now Rugby League Ground) completely at our own expense, a distance of approximately 0.6 km. This sewer was incredibly expensive to install as it had to be over four metres deep at the Lincoln Rd end requiring ground de-watering, trench reinforcing etc.

In regard to the storm water connection, we were required to upgrade the Council's existing drains, which would have been suitable to accommodate our requirements, but which were in a state of disrepair with blocked and broken pipes. We were required to replace the system a considerable distance from our property, across Council owned property on the east side of Whiteleigh Ave and down beside the railway to a point approximately opposite the Railway Station. As with the sewer, this was an incredibly expensive exercise and more than doubled the cost of establishing these services within our sub-division.

On completion, the completed road, the land under it, the services including street lighting, sewer, storm water, and fresh water, plus, the considerable down-stream sewer and storm-water services, all of which cost several million dollars were, effectively, gifted to the Council.

The Council's reasons given in support of this Proposal cannot be reconciled with the above, factual, account of our development - upon which we still have several buildings to develop involving many millions of dollars. Under this Proposal, these developments would attract huge amounts of financial contributions to Council - supposedly for the establishment of additional services necessary to support them.

The other, unmentioned, consideration.

Prior to the development of this property we were paying a small amount of rates - a few thousand dollars per year. We are now paying \$100,000 per year with the project only half complete. We expect to pay in the vicinity of \$250,000 / year - year after year - when the project has been completed.

Our Tenants in this development are almost exclusively large international corporations. They include; Hewlett-Packard New Zealand, Holcim New Zealand, IAG New Zealand, ACP Media Ltd, Nestle New Zealand, GE New Zealand, and the Head Office of Solid Energy Ltd.

Most of these companies have little actual business in Christchurch and do not necessarily need to be here - or necessarily in New Zealand! As mentioned, we still have several building to tenant and build to complete the subdivision, and are now faced with considerable higher construction costs resulting from the recent collapse of the NZ dollar, wage increases, and oil price related freight increases. These increases will make it considerably more difficult to secure further tenants such as those already mentioned, and the effect on the market generally will be to increase property values and rentals generally, undermining Christchurch's ability to retain these type of International employers.

To add this proposed, a completely unjustified, large "financial contribution" requirement serves to exacerbate the commercial development cost problem.

5 May 2006

Does the Council not recognize the inequity of this Proposal, and does it not recognize the potential to damage the City's prospects for future growth and prosperity ?

Clearly, the development and redevelopment of commercial buildings within the city's existing Business zones should be exempt from this proposed levy.

Yours faithfully
Henshaw Developments Ltd

Ernest Henshaw
Managing Director