

SUBMISSION: Our Space – 2018-2048 Greater Christchurch Settlement Pattern Update

ON BEHALF OF: HUGHES DEVELOPMENTS LIMITED

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INTRODUCTION

This submission has been prepared on behalf of Hughes Developments Limited (identified as submitter #055 in the Officers Report).

Hughes Developments Limited (HDL) has been developing land in Selwyn for commercial, industrial and residential purposes for the best part of 20 years. From a residential perspective, developments such as Gainsborough and Halkett Grove in West Melton and Faringdon in Rolleston sit atop their Selwyn portfolio.

The initial HDL response to Our Space was in support of the proposal to extend the Greenfield Priority Area for Rolleston out to the 'Infrastructure Boundary' by way of an interim change to the Canterbury Regional Policy Statement (RPS).

Since 2010 HDL have been heavily invested in the residential growth of Rolleston through the development of Faringdon. The Faringdon residential development has grown to consist of a wider community of developments encompassing the original Faringdon development, followed by Faringdon South (Special Housing Area), Faringdon Courts and Faringdon Borough. The Faringdon brand has successfully evolved since 2010 with the core elements to its success being the density choices on offer, the stable and accessible pricing of sections and the high level of amenity and spatial treatment provided. The growth of the Faringdon community is summarised in the table below:

DEVELOPMENT	TOTAL LOTS	TOTAL SOLD	TIMEFRAME (SALES)
Faringdon	1001	1001	2012-2016
Faringdon South	550	521	2016 - 2019
Faringdon Courts	46	40	July 18 - now
Faringdon Borough	200	61	July 18 - now

As a side note and rather ironically, the remaining sections left unsold in Faringdon South are those which are committed to Affordable Housing aspect of the Special Housing Area.

Whilst re-emphasising our support for the interim change to the RPS to provide for additional greenfield land out to the infrastructure boundary in Rolleston, additional and related matters raised in the Officer's Report are commented on as follows:

- Theme 1 – Uncertainty of Demand
- Theme 2 – Density
- Theme 5 – Sequencing

THEME 1 – UNCERTAINTY OF DEMAND

HDL harbour some concerns over the analysis of settlement capacity, demand and feasibility undertaken as part of the Our Space process. The main concerns include:

- The assessment parameters are focused on housing capacity and therefore reliant on housing-based analysis (building consents, code of compliance certifications etc...) yet the analysis is being used to inform land development. It appears the analysis overlooks the time lag that occurs between land acquisition, consenting, engineering design, engineering approvals, construction and the processes involved in the issuing of titles. The 'lag' can be in the order of 18-24 months under normal development conditions. HDL hold concerns that this 'lag' has not been properly accounted for in the analysis undertaken to date, and that the shortfalls identified as 'medium-term' may be more imminent.
- The determination of what is considered to be feasible or not seems to be very speculative. Influential matters which impact on feasibility include (but are not limited to) funding, holding costs, sell down rates, marketing, contractor availability and competitiveness. These are all inherent matters which will differ from site to site and developer to developer and are therefore very difficult to factor into 'high level' assessments.

This process seems to be heavily weighted towards desktop analysis and the use of projections and forecasting based on statistics and figures. This approach is fraught with risk and needs to be counter balanced by additional assessment and industry-based advice.

THEME 2 - DENSITY

Faringdon has included a range of densities throughout the course of its growth as a community. Low density (550m²), Medium Density (400m²-549m²) and Comprehensive Medium Density (less than 400m²). At times some stages may have achieved densities approaching 13hh/ha. However what is evident from the Faringdon example is that the market and peoples preferences change.

For 6 months, low density lots are in demand, then this trend will switch to medium density. The difficulty of prescribing a density of 15hh/ha, which is very 'dense' for Christchurch let alone Rolleston is that it limits the ability to respond to the market.

Frequently layouts and density are amended via new consents or variations to respond to the market (as per above). By prescribing a density target which is difficult to achieve in the first instance, the ability to supply people with what they want becomes constrained. The residual outcome of this is that you end up with lots that have been designed for compliance purposes, yet struggle to satisfy the purchaser's preference.

I note the recommendation in the Officer's report to undertake a density assessment in 2019. HDL have concerns that this process will further delay the interim RPS change. For reasons outlined above (time lag), the response to make an interim change to the RPS is pressing and delays could have major implications.

THEME 5 – SEQUENCING

HDL are also concerned about the parameters being addressed under the guise of ‘sequencing’. It is acknowledged and supported that infrastructure availability and investment needs to inform a type of sequencing in terms of how greenfield land is developed.

HDL do not support the use of sequencing to impose maximum numbers on growth rates. The ability to respond to the market in terms of variety and choice as well as demand is a central component to land development. Seeking to ‘cap’ growth by the use of sequenced growth numbers is inflexible, particularly when factoring in the concerns raised around the figures being relied upon.

CONCLUSION

HDL endorses the need to facilitate growth for Rolleston by way of the interim change to the RPS. Their motivation stems from a desire to maintain the success of the Faringdon community and to continue building on this success. Aside from the obvious commercial benefits to HDL, one must remain cognisant of the wider benefits associated with planned and timely growth. This primarily relates to the provision of land at a price point that satisfies various bands within the housing market.

As I alluded to in the introduction the original Faringdon development consisted of 1001 lots sold over the time period 2012 – 2016. The development was rolled out over 7 stages. The average sales price for low density lots in Stage 1 was \$174,000. In Stage 7 the average was \$187,000. For medium density lots in Stage 1 the average was \$146,000 and this increased to \$168,000 by Stage 7.

A similar picture unfolds for Faringdon South which was developed over a far shorter time period, where low density lots averaged \$187,000 in Stage 1 and \$189,000 in Stage 7. Similarly, medium density lots averaged \$156,000 in Stage 1 and increased to \$168,000 in Stage 7.

The ability to work ‘ahead’ of the market to ensure supply is critical to maintaining pricing stability. This is related to the ability to minimise provisional costs around site set-up, insurance’s, health and safety measures and sediment and erosion control. Additionally, considerable efficiencies are achieved from keeping contractors ‘on-site’, as opposed to having resources and machinery move off site due to no forward work-load. Other efficiencies are also achieved within intrinsic factors such as marketing, retention of client base (builders) and consultant costs.

Of particular relevance to this process and in the context of this submission is the Faringdon Courts development. This consisted of 46 medium density lots. Subdivision consent was approved in February 2018. 40 lots were sold in July at an average price of \$171,000 and titles issued in November 2018. Several houses are currently under construction with design approval having been issued for several more. The timeframe over which this development has taken place could not have been predicted nor forecasted using the current methodologies.

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