

Lane Hocking
Universal Developments Ltd
7 Hollyhock Lane, Wanaka
November 19, 2020

Tony Avery
General Manager
Planning and Development
Queenstown Lakes District Council

Universal Developments SHA Affordability, Deed Clause 41

Dear Tony,

In the February 2018 SHA Expression of Interest (EOI) from Universal Developments Hawea Ltd one of the proposals was the broad promotion of house and land package availability at the SHA. The EOI gave examples of packages and pricing. The packages outlined at the time were as follows;

1. Two bed, two bath, single garage dwelling, with driveway and front yard landscaping \$464,000;
2. Two bed, one bath, double garage dwelling, with driveway and front yard landscaping \$464,000;
3. Three bed, two bath, single garage dwelling, with driveway and front yard landscaping \$499,000;
4. Three/four bed, two bath, double garage dwelling with driveway and front yard landscaping \$550,000;

These packages were ultimately encapsulated in Clause 41 of the Deed.

Civil construction begins in Q1 2021 with first titles in early 2022 at which point house construction will begin. Because of the extended approval process the period of time between package pricing originally being set and house construction starting is four years.

In acknowledgement of and preparation for the significant lag between the SHA proposal and the actual construction of homes the Deed contains Clause 42. It provides for amendment of packages with one of the justifications explicitly being the change in building costs.

Clause 42. The Developer may, from time to time, propose to the Council amended or alternative land and dwelling packages where necessary or desirable because of the demonstrated changes in building costs in the Queenstown Lakes District, demand, or government and other policies promoting home ownership and first home ownership. Should the Council agree that amendments or alternatives are appropriate, the parties will record the agreement by way of a variation to this Deed. QLCHT agrees that its agreement to a variation under this clause will follow that of the Council's and that it will execute any deed recording the variation.

As a result of the increased cost of construction, particularly building materials and labour during this four year period the pricing originally set is no longer viable. Under Clause 42 of the Deed Universal proposes an amendment of the pricing to the following;

1. \$499,000 (7.5% increase)
2. \$499,000 (7.5% increase)
3. \$549,000 (10% increase)
4. \$599,000 (8.9% increase)

It's important to note that the pricing is still below the Home Start Grant ceiling of \$650,000 (increased from \$550,000 n October 2018). Further, the packages are still meeting the target of providing prices not currently available for new dwellings anywhere else in the district.

Parties to the Deed are Universal, QLDC, and Queenstown Lakes Community Housing Trust. We have spoken to the QLCHT who are supportive of the change.

Accordingly, we request that you confirm acceptance of the amended pricing proposed herein.

Yours faithfully

Lane Hocking 
Director, Universal Developments