Alternative Financing & Subdivision Design for Communities

Geoff Butcher
Cooperative Sections
Community Housing Trust
Need

- 8,000 properties Red Zoned

- Many section payouts < $100,000

- Current Sections unaffordable for those people
  - $170 – $220,000

- Loss of Equity.
RISK

AND REWARD
One Solution - Cooperative Sections

• Get a group, find some land, Become your own developer and save the risk margin. Standard Residential Title

• Affordable – 25 – 30 % less than market
  • AND no costly covenants And smaller sections if you like

• Generate Equity ($40 - 50,000 per section)

• Gives the opportunity to create good urban design

• BUT  Pay as you go and take the risks
OPTION 1 - OUTLINE DEVELOPMENT PLAN CONCEPT

LEGEND

- 30M RIPARIAN RESERVE
- MALLWAY
- DENSITY A 200-350 m²
- 2 STOREY TERRACE - 19 UNITS
- DENSITY A 200-350 m²
- STANDALONE - 5 UNITS
- DENSITY B 450-890 m²
- 30 UNITS

CONCEPT

HEATHCOTE RIVER

AVATERA ROAD

12M SHORT LOCAL ST

18M LOCAL ROAD
Environment and Community – Design Ideas

• Narrow Roads to reduce lost space and slow Traffic – CCC traffic not keen

• Create a sense of neighbourhood by less sterile / more organic layout;

• Enable Diversity of dwelling forms (reduce restrictive covenants)

• Limit Fence heights / insist on permeability of fences; Enable privacy with hedges
Legal And Buyer Protection Issues

• Securities Act and Prospectuses
  • The $80,000 three month process;

• Mortgages are exempt – if not contributory
  • No contributory mortgages, so multiple individual mortgages = unequal risks. First in gets best security.

• Making sure the manager can’t run off with the money –
  • Lawyers Trust Acct – 3 signatories including the manager and two members

• Tax Stuff
  • GST timing
  • Owners are not property developers – so not liable for tax on profits?
A landscape that is unified as a whole by using a standard kit of parts, but allows residents flexibility to manage their requirements for privacy and individuality. A landscape that facilitates recreation and play for people of all ages.
OUTCOMES – Cost Containment and Quality

• Sections cost from $115,000 for 250 m² to $200,000 for 875 m²

• Savings of $40,000 - $60,000 from market value

• Even found a source for 60% debt finance

• Large areas of cobblestones on the road to improve the amenity; Paths to reserves

• Low Fences – but otherwise build what you like. Relocatables OK
Conclusions

• Affordable sections are do-able in ChCh BUT it is very hard to get people to do it.

• We need to make a cooperative process more mainstream – to enable more people to afford housing without government support

• NFPs can save a lot by taking some risk.