

MacKay on money (and other things)



BY FINANCIAL ADVISER CHRIS MACKAY

In 2017 the PW and I did a bus tour around Eastern Europe.

The city centres were generally very attractive. But a mile or so out, it was a different story. There was nothing beautiful about the ubiquitous and truly ugly apartment buildings churned out during the Soviet era, many of which today appear to be ghettos. These 'commie condos' like the one in the photo I took in Warsaw served a purpose in cities that had been ravaged by the destruction of war. Witness what we have recently seen in Ukraine. Tens of millions of people needed housing.

Flash back home to New Zealand a year ago, it was estimated by *One News* that 10,000 Kiwis were living in emergency accommodation (motels), including 4,500 children. The top five motels received more than \$26 million in 2021 for providing this emergency accommodation. Very reminiscent of the first lockdown when Jacinda, Uncle Grant and Chippy created a new class of multi-millionaire – the supermarket owner.

It would be enlightening to ask the government the average daily motel rate that has been negotiated by MBIE, WINZ or Kainga Ora versus the normal room rate. I'm picking the negotiations for how much the government pays these nouveau millionaires for a guaranteed seven days a week, 52 weeks a year payday, were made by some overpaid 25-year-old public servants who know nothing about business or doing a good deal for the taxpayer. That's you and me! Possibly it was the same crew who were in charge of MIQ billing and collection. That worked really well! Ha!

Anyway, back to the 10,000. Assume say that we would like say 5,000 homes for these folk.

There were 23,127 applicants on the Housing Register at MSD as at December 31, 2022 and I assume they include the above 10,000.

So, we do have a 23,000 nationwide housing shortage problem. But it's not of the massive proportion of post-war Eastern Europe and not requiring the same autocratic socialist so called solution. It's solvable without the lunacy being promoted by our politicians. Starting with

Phil Twyford. You'll remember him. In a speech made to the Salvation Army on December 1, 2017, he reaffirmed Labour's election promise "Through KiwiBuild we are going to build 100,000 affordable homes for the first home buyers, half of them in Auckland". Haha. Well, Phil got the DCM (don't come Monday) and Megan Woods became the new Housing Minister.

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Financial Adviser



Chris Cornford
Financial Adviser



George MacKay
Financial Adviser

KiwiSaver, Insurance, Retirement Planning, Wealth Management, Mortgages.

PH: 04 570 2233

Level 5, MacKay House,
92 Queens Drive, Lower Hutt.
E: office@mackay.co.nz
W: mackay.co.nz W: plus4.co.nz



MacKay
Financial Advice & Solutions

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In October 2021, *Stuff* reported that Megan and Environment Minister David Parker made a [ludicrous housing intensification] announcement alongside then National leader Judith Collins and then National's housing spokeswoman Nicola Willis in a rare show of bipartisanship.

The new intensification rules allows landowners in Auckland, Hamilton, Wellington and Christchurch "to build up to three homes of up to three storeys on most sites up to 50 per cent maximum coverage of the site without the need for a resource consent. Before this change, district plans would typically only allow for one home of up to two storeys", according to David Parker.

The new bill was paired with the Government's National Policy Statement on Urban Development (NPS-UD) which basically forbids councils from stopping developers building a six storey building next door to you (yes reader, that's six storeys), and nor can a council demand the developer includes carparks for each unit. In the Hutt, this means you could have not just a three-storey house next door, but a six-storey one, and with no car parks. Pretty scary stuff, eh. And National right now supports the automatic right to build a three-storey house without a resource consent. Not all Nat MPs agree with this it seems. Gerry Brownlee for one.

I've done my own surveys on whether Kiwis like this policy, and only two people plus two polis have said yes, out of straw polls of over a hundred. This includes a big cohort of traditional National voters. They don't like it.

I wrote to Labour, National and ACT before Christmas and asked what their policy is. Only ACT replied.

"Government would share 50 per cent of the GST revenue of building a new house with the local council that issued the consent to help them cover the infrastructure costs associated with new housing developments. This would provide the environment for local councils to approve more housing consents and enable builders to build houses with less delay.

Flash back home to New Zealand a year ago, it was estimated by One News that 10,000 Kiwis were living in emergency accommodation (motels), including 4,500 children. The top five motels received more than \$26 million in 2021 for providing this emergency accommodation. Very reminiscent of the first lockdown when Jacinda, Uncle Grant and Chippy created a new class of multi-millionaire – the supermarket owner.

"Meanwhile, the Medium Density Residential Standard (MDRS) will create enormous conflict in the community. It means someone can build a three-story building one metre from your boundary with no design standards. It could mean floor-to-ceiling windows on the third floor looking into your living room, with no thought for existing homeowners.

"ACT proposed at the time, and proposes now, important changes to the law. The Medium Density Residential Standard should be replaced with [what Auckland has in their] Mixed Housing Suburban (MHS) zone. ACT put up this amendment when the law was debated last year, we still have it ready to go.

"The MHS still allows more intensification than the status quo, but with design standards that are *sympathetic to*

existing neighbourhoods and property owners. That would be a far more sensible approach than imposing the MDRS on the whole country.

"ACT also proposes that councils be able to *unilaterally exempt areas from intensification beyond their current plans by allowing them to identify infrastructure as a Qualifying Matter in certain areas.* The alternative is that we'll get sewage in the streets when intensification happens where councils had asked people not to intensify for that very reason".

The Greens want to build 5,000 new social housing builds every year until supply matches demand. That's a nice goal, but as expected, they supported Labour and National's crazy no resource consent required "three storeys a metre from your boundary" scenario with the new occupant looking into your teenage daughter's or granddaughter's bedroom window. Oh, the Maori Party also supported the bill. ACT vehemently opposed it. Good on them!

Chris Meehan, CEO of Winton Property Group (*Sunday Star Times* February 26, 2023) also has a solution to our housing shortage. He writes that "housing occupies only 1% of our total land mass. The artificial constraint we put on housing through excessive planning regulation has caused this no-win situation. As a result, it costs about as much in paperwork to consent to a housing lot [on empty land] as it then costs to build it....the government-inflicted supply/demand problem....could be solved....by the government lifting these artificial constraints so the private sector can get on with it and build more houses. Would any of us really mind if housing occupied 1.1% or 1.2% of our land mass?"

There are empty houses now. There are houses and apartments in the pipeline. Remove some of the barriers, but let the market solve the problem with one or two storey houses.

Here's an amended copy of my submission to the Hutt Council:

Lower Hutt has an abundance of mature trees and shrubs which in addition to absorbing carbon dioxide from the air, also provide and maintain various green corridors for birdlife. We regularly spot kereru, tui, fantails, bellbirds, waxeyes and other birds in our trees. According to the Hutt City website "Over 150 years ago, the valley we know as Hutt was covered in dense forest and swamp, rich in native bird life". This rich native

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blair@mackay.co.nz

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bird life is being rejuvenated. High density development will hasten the demise of our green suburbs and the bird life it sustains.

Some advocates of high-density development have cited such cities as London as examples of how intensification can work well. What they fail to mention is that London is made up of 40% green

space, including 3000 parks and totaling 35,000 acres. Many of the smaller green spaces in central London are garden squares restricted to residents' use. In addition, there are council parks, other green spaces, over a hundred registered commons plus lavender fields and green ways. [Source: Wikipedia]. Other sources indicated 33% public space

– the other 7% being private perhaps like the communal garden in Notting Hill. Regardless, it's a lot of green space, unlike what we have in the Hutt. What have we got? Te Whiti Park, the Hutt Rec, Fraser Park, Naenae Park, Arakura Park, Bishop Park and others (all sports grounds) and some

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green space by the river. Oh yes, and Avalon and Riddiford Parks. There's no magnificent Hagley Park like in Christchurch or a London Hyde Park or a New York Central Park.

Intensification as proposed on the valley floor will potentially turn the Hutt into a giant and unhealthy slum with families living "cheek by jowl" in apartment style accommodation with no recreation areas for kids to play in.

"More people from dense areas of London died of coronavirus than from [greener] areas well served by parks and green space." [Tim Webb, Trustee at the National Park City Foundation. April 2021]. And even in London, more parks and green spaces are being called for.

Having even a modest front or back yard means kids can play on a trampoline or bike or can kick a football around.

Some advocates of high-density development also maintain that houses with no off-street parking are perfectly acceptable because Kiwis do not need cars. Public transport and bicycles will be the way of the future they assert. Tell this to someone taking their kid from Taita to Wainuiomata for a rugby game on a Saturday. Or to someone in central Hutt visiting their mother in a retirement village in Paraparaumu.

The examples of housing intensification that have sprung up in the Hutt over the past two years are visual proof of what happens.

All trees and shrubs are cut down, exacerbating our carbon crisis and removing green corridors for our native birds.

The tiny amount of outside space is just enough for the rubbish and recycling bin and a small carpet sized mat of artificial grass. [If you don't believe me, go to an open home for one of these new developments and see for yourself.]

Furthermore, this site intensification means rainwater that would have previously soaked through the garden and lawn and eventually (from some parts of the Valley) into the aquifer will now end up putting strain on the stormwater system.

In areas near Opahu and Waiwhetu Streams, the loss of gardens and lawns able to soak up normal rainfall will put additional strain on the stream as it winds its way through the Valley floor to the river. The likelihood of flooding adjoining homes will be intensified. Simply building new homes at a higher level won't solve the problem during a period of heavy rain.

The water will still be there flooding all around the house and trying to get away into the stream. It happens now to many houses adjoining Opahu and Waiwhetu Streams. Just think how bad it will be with intensification. Cyclone Gabrielle and climate change must surely confirm my fears.

Lower Hutt has an abundance of mature trees and shrubs which in addition to absorbing carbon dioxide from the air, also provide and maintain various green corridors for birdlife. We regularly spot kereru, tui, fantails, bellbirds, waxeyes and other birds in our trees. According to the Hutt City website "Over 150 years ago, the valley we know as Hutt was covered in dense forest and swamp, rich in native bird life". This rich native bird life is being rejuvenated. High density development will hasten the demise of our green suburbs and the bird life it sustains.

Intensification in most areas of the Hutt is crazy also in that the lower Hutt Valley was a giant swamp before the 1855 earthquake. Poorly drained fine-grained soils such as sandy, silty, and gravelly soils are the most susceptible to liquefaction.

Allowing domestic buildings of three stories and incomprehensibly possibly six stories, especially near streams such as Opahu and Waiwhetu Streams would be madness. A Christchurch-type earthquake could see the same horrific results with soil liquefaction.

Multi-storey buildings would require extra-long piles to provide stable foundations. The potential danger of developers puncturing the aquifer is too great a risk in compromising the Wellington Region's water supply.

The older I get, the more I'm very aware of the unintended consequences of dumb courses of action. In this case they are:

- Potential destruction of the special residential areas by intensification, with the resultant obliteration of mature trees and shrubs and the loss of carbon removing benefits to the environment and our citizens' general health.
- The loss of Te Awa Kairangi's indigenous bird revival with the loss of the various green corridors.
- The loss of significant amounts of privately owned green space and not enough public green space to compensate for the loss.
- Potential unhealthy slums being created. The taller the building, the more likely this will happen.
- Rainwater not seeping away naturally, but instead exacerbating pressure on the stormwater system. (Think Gabrielle).
- Potential greater flooding in the Valley and especially around properties near Opahu and Waiwhetu Streams. (Think Gabrielle).
- Potential liquefaction in a Christchurch-type earthquake.
- A real threat of developers puncturing the aquifer in buildings higher than two stories. All the above consequences do not allow for the ruination of thousands of Hutt Valley residents' lives. Imagine please if your neighbour sold their property on your north or west side to a developer who demolished the existing house and built a three, four, five or six-storey dwelling. Your house would be in shade all day. Plus, the inhabitants would be able to look out their windows straight into your kitchen and lounge and into your kids' bedrooms.

We don't live in Communist Europe. We don't need commie condos trashing our beautiful city.

It's time for our Council to show a bit of guts and fight back against this ill-conceived and community ruining legislation. C'mon Mayor Barry and Councillors. Stand up for the Hutt! Please.

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