

Property Investor News

Courtesy of Buy West Property Management Ltd

RayWhite

New urban planning rules for Councils

Restrictive planning regulations have long been cited as a major contributor to New Zealand's housing shortage – but new rules mean Councils will have to loosen up their rules in a bid to boost supply.

By Miriam Bell

Urban Development Minister Phil Twyford yesterday released the National Policy Statement on Urban Development (NPS-UD), which is intended to increase housing development in urban areas.

NPS-UD directs councils – particularly in the five high growth centres of Auckland, Hamilton, Tauranga, Wellington, and Christchurch – to free up their planning rules while focusing on well-functioning neighbourhoods and communities.

It sets stronger, more prescriptive density requirements for “tier one” urban areas which include the five cities listed above.

It also removes the requirement for developments to provide car parking for residents: developers can now choose to do what best suits the area.

This will allow space to be more appropriately allocated to other uses and drive down the cost of housing, particularly in higher density areas.

Twyford said poor quality and restrictive planning has stopped New Zealand's cities and communities from growing up and out.

“It has driven up the price of land and housing and been a big driver behind the housing crisis.

“When overly restrictive planning creates an artificial scarcity of land on the outskirts of our cities, or floor space because of density limits in our city centres, house prices are driven up and people are denied housing options.”

He says the new approach to planning through the NPS-UD will allow better connections to transport and other amenities so New Zealand's cities can flourish and better support their residents.

However, property development representatives are warning that the NPS-UD – although welcome – will not solve the housing crisis overnight.

Property Council chief executive Leonie Freeman says good quality planning takes time and New Zealand can't afford to continually move the goal posts for local authorities, planners and developers.

“If the Government is serious about building our way out of crisis and ensuring New Zealanders a future of well-planned, fit-for-purpose infrastructure, then the politicians will need to come together and focus on what is best for our communities and cities.

“Such collaboration will allow the sector to move beyond the never-ending cycle of sole planning stages and into the implementation and delivery of developments that shape cities and enable communities to thrive.”

She says that, in practical terms, the NPS-UD will mean that although there may be an ability (from a planning perspective) to intensify cities, the developer would only do so if the numbers stacked up.

“The market will dictate this feasibility...But clear planning provides certainty for future development and builds confidence in the sector.”

The NPS-UD replaces the National Policy Statement on Urban Development Capacity, which was introduced in 2016. It will come into effect on August 20, but Councils will have some leeway to introduce the changes.

It is part of a suite of Government policies around urban development, which includes the Urban Development Bill which passed its third reading in Parliament this week.

Source: www.landlords.co.nz

Friday 24 July 2020

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Buy West Property Management Ltd

rentals@buywest.co.nz

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An Update from....

Loan Market

Let's talk about LVRs. Did they actually change?

Not exactly. What has changed is the Reserve Bank of NZ's requirements of trading banks in NZ to abide by mandated rules that had been put in place.

On the 30th of April the Reserve Bank decided to remove mortgage loan-to-value ratio (LVR) restrictions for 12 months. The decision was made to ensure LVR restrictions didn't have an undue impact on borrowers or lenders as part of the mortgage deferral scheme implemented in response to the COVID-19 pandemic.

A potential by-product was that the trading banks could revert to

higher LVR lending with no macroprudential restrictions being placed on them until the 1st of May 2021, this however, has not been at all forthcoming.

In the owner-occupied sector we have seen little to no change with banks by and large still limited to a maximum LVR of 90%. There has been some minor loosening whereby pre approvals to 90% are slightly more accessible, but lending over 90% is few & far between, (although we have kicked the "odd goal" in this space).

The banks get a lot more interested in stretching their boundaries when there is a live sale and purchase agreement in place, but this does

little to instil confidence in buyers or the market.

In the investor space there has been some loosening with a couple of the mainstream banks now pushing out to 80% LVR, but most are still sitting firm at 70%.

The banks are taking a "watching brief" on the property market to see what impacts post COVID bring to property values, but to date with values holding strong, it would only take one bank to move and we could see a relaxing in this space - we will monitor and keep you up to date.

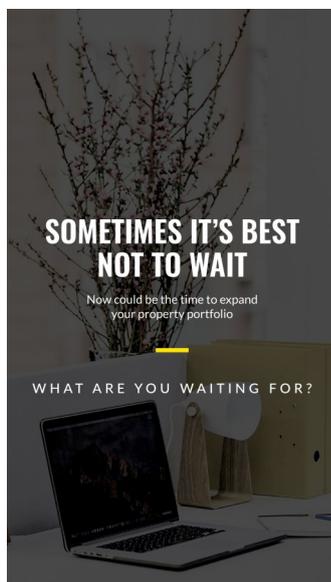
Source: loanmarket.co.nz

Posted: 1 July 2020

Sales Market Trends – Real Estate – 14 July 2020

www.reinz.co.nz

Median house price year-on-year	National	\$639,000 - up from \$585,000 + 9.2% year-on-year
	New Zealand ex Auckland	\$540,000 - up from \$485,000 + 11.3% year-on-year
	Auckland	\$928,000 - up from \$850,000 + 9.2% year-on-year
Seasonally adjusted median house price	National	Up 3.8%, up 10.1% on June 2019
	Auckland	Up 2.8%, up 8.9% on June 2019
Month-on-month median house price	National	\$639,000 - up from \$620,000 + 3.1% since last month
	New Zealand ex Auckland	\$540,000 - up from \$530,000 + 1.9% since last month
	Auckland	\$928,000 - up from \$904,500 + 2.6% since last month
Median days to sell	National	43 - 4 days more than the same month last year
	Auckland	42 - 3 days more than the same month last year



Diane Stevenson
Licensee Agent/Director/Manager
P: 09 834 6789



Donna Coxon / Kris Brown
Business Development Executives
P: 09 834 6789

Rental Market Trends Real Estate

01 Jan 2020 - 30 Jun 2020

Source: www.tenancy.govt.nz

No. Of Bedrooms	Median Rent	Bonds Received
Waitakere – Te Atatu Peninsula		
2	\$480	28
3	\$565	50
4	\$665	14
5+	\$770	5
Waitakere – Te Atatu		
2	\$475	19
3	\$555	47
4	\$650	15
Waitakere – Henderson		
2	\$450	69
3	\$550	193
4	\$645	63
5+	\$760	20