

# TE AHO TĀHUHU

the Progressive Home Ownership Webinar Series

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Managing the Build Process

Nic Greene, Habitat for Humanity

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Ministry of Housing and Urban Development

## Background

### **Nic Greene, Habitat for Humanity**

- Part of the Habitat for Humanity Group with 8 affiliates across New Zealand and an international programme building circa 1m homes around the world per annum.
- Constructed approx. 600 homes in New Zealand in the last 25 years
- Predominantly Progressive Home Ownership in tenure type
- Increasingly active in development of rental housing
- Predominantly self build



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## Self Build - Pre 2018

- Constructed circa 150 homes at a rate of less than 10 per year
- Self managed builds on small, often single, sites. Infill or existing subdivision
- Use of construction staff, home owners and volunteers
- Stages include site acquisition, design, consenting, funding, contractor management, risk management, practical completion

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## Self Build – What changed

- Compliance requirements.
  - H&S constraints began to limit volunteer engagement and activity on site
  - Builder's guarantee, Quality of finish and call backs
- Desire to go to scale,
- Difficult to scale unless willing to invest in specialist staff, need an agreed pipeline of work to justify
- Risk settings
- Change in funding settings
- Recognition of specialist skills not necessarily in construction.



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## Self Managed Build

### Pros

- Complete design control
- Potential for cost savings
- Potential profit in development
- Community engagement
- Project flex possible

### Cons

- Multiple development risk factors
- Full responsibility for delivery
- Significant project oversight required
- Cost overruns
- Timeframes can slip easily
- Difficult to scale



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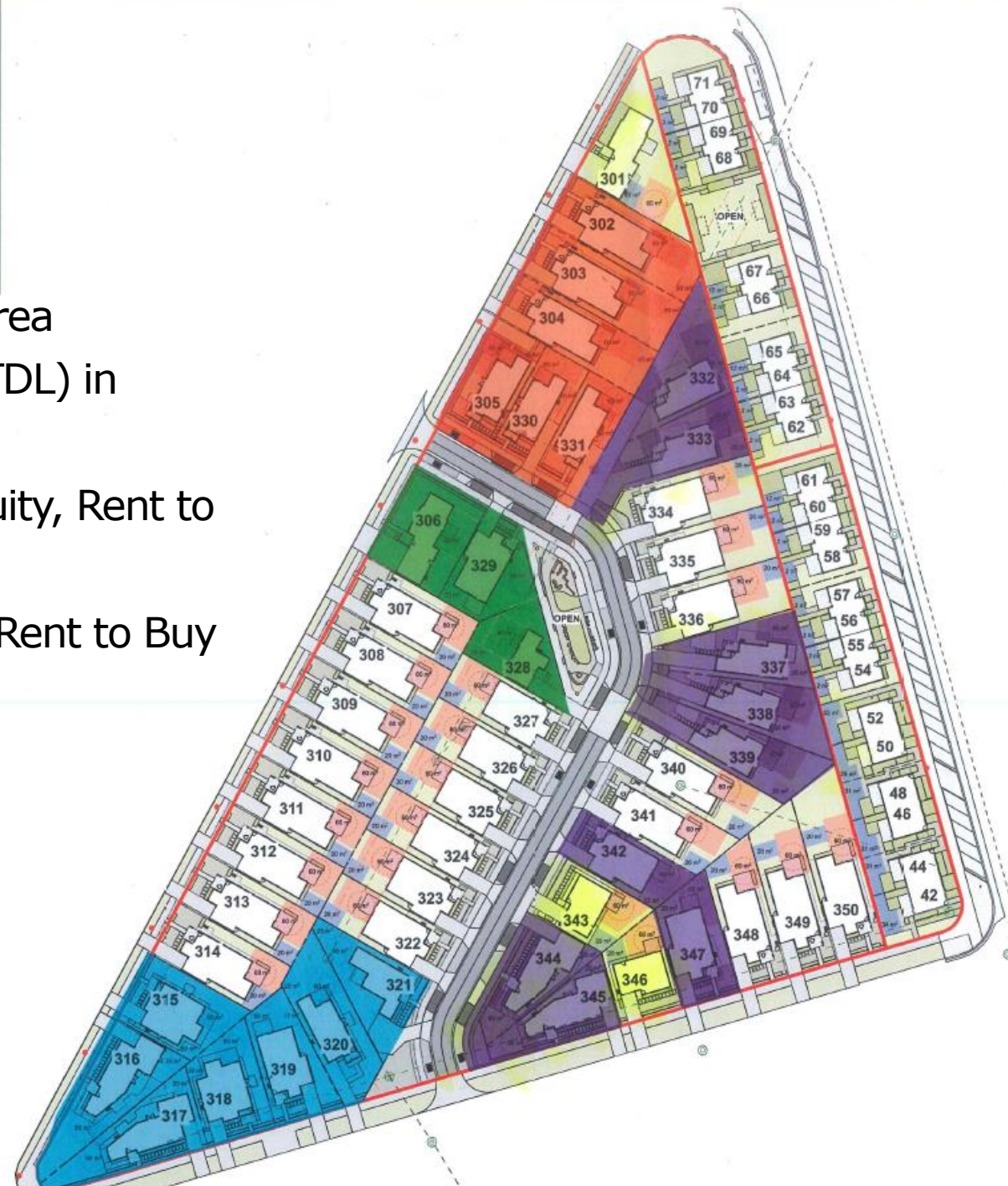
WAIKATO  
**TAINUI**

## Te Kaarearea

- Mixed Tenure Special Housing Area undertaken by Waikato Tainui (TDL) in Hamilton East
- Mix of Public Supply, Shared Equity, Rent to Buy and Market Sale
- HFH Take out partner providing Rent to Buy

### KEY

-  - STAGE 1
-  - STAGE 2
-  - STAGE 3
-  - Habitat for Humanity



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## Te Kaarearea

- Golden Homes as Contract Build Partner
- MHUD PHO Funding
- Collaborative selection process for tribal members



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## Contract Build

### Pros

- Some design input depending on acquisition timing
- Fixed contract build price
- Known delivery timeframes
- Easy to scale,  
Increase/Decrease demand

### Cons

- Limited input once build underway
- Project Monitoring
- More expensive than self build but cheaper than turnkey
- Staff engagement required
- Contract monitoring and accountability
- Cashflow may not match funding





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## Contract Build – cashflow example

Stage	Price	deposit	Unconditional	Consent	Floor	Roof	Sheathed	completion
Builder	600k	fixed	7.5%	10%	10%	40%	25%	Balance
		10,000	45,000	60,000	60,000	240,000	150,000	35,000
MHUD			30%				30%	40%
	300k		90,000				90,000	120,000
Bank Balance	300k	290,000	335,000	275,000	215,000	-25,000	-85,000	0

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## Turnkey

- 21 homes in Oct 21 funding round.
  - 6 in Tauranga, 10 in Hamilton, 5 in Upper Hutt (All turnkey)
- Partnership with existing providers with known developments underway
- Lower capital demand upfront, balance on settlement

Stage	Price	deposit	completion
Builder	620k	10%	90%
		62,000	558,000
MHUD	310k		90%
		31,000	279,000
Bank Balance	310k	279,000	0



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## Contract Build

### Pros

- Some design input depending on acquisition timing
- Limited Project Monitoring
- Fixed contract build price
- Known delivery timeframes
- Easy to scale,  
Increase/Decrease demand
- Less internal capacity required to deliver
- *Fire and forget*

### Cons

- Higher upfront cost
- Limited input once build underway
- Limited Staff engagement required
- Contract monitoring and accountability
- Cashflow matches funding

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# KEY TAKEAWAYS

- 1.** Be really clear about your desired outcomes and manage expectations of all involved
- 2.** Choose good partners, do your due diligence
- 3.** Understand your own capacity and competency. What is your UVP

# CONTACT DETAILS

Nic Greene  
Chief Executive  
Habitat for Humanity Central Region  
[nic.greene@habitat.org.nz](mailto:nic.greene@habitat.org.nz)  
07 8490284