

NEW ZEALAND

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PROPERTY PROFESSIONAL

MAGAZINE

PROPERTY IN A PANDEMIC

2020 AGM
and awards

TINY HOUSES – A PROBLEM OR A SOLUTION?

Coworking
and working
from home



ADAPTING TO CHANGES IN TECHNOLOGY



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This is an edited version of the Chief Executive Officer's opening statement at the 2020 online AGM.

Tēnā koutou, tēnā koutou, tēnā koutou katoa.

The foundation of leadership for a membership organisation is about three fundamental things:

1. Establishing a clear vision with clarity of purpose
2. Establishing the culture to deliver against that vision
3. Empowering our teams to deliver for our members.

As the Chief Executive of the Property Institute of New Zealand, my vision is very clear. I will lead an organisation that has a membership first philosophy, who puts membership, our branches and our teams at the very heart of everything we do. This ensures the grassroots thrives. Without members we have no organisation – you are the lifeblood. You can expect me to be available and accessible, to focus on the support and resources our branches need to be successful as we create value for our membership, and most importantly putting our membership at the forefront as our number one priority.

Today, albeit under very different circumstances, I want to open the door so we can get to know each other better and start to build trust – and our relationships are key. I am here to listen over time, to engage, and to use your feedback to assist me and my team in supporting you to be the best we can be.

In my first 10 months in the role I've observed an organisation made of up of experts and professionals in their field – passionate people who want to elevate the standing of themselves and others in the profession and care deeply about the business they are in.

This has been a year of firsts and its unlikely we will forget 2020. So today I want to acknowledge the unusual circumstances



we continue to find ourselves in, and above all, I want to acknowledge you – our members. I also want to acknowledge that these times are likely to be incredibly challenging in many ways for many people and their families. The Property Institute has worked diligently and exceptionally hard to ensure we provide exemplary service over these times and I commend our team for their diligence, planning and performance. Above all, we ensured, and continue to ensure, we are well prepared and plan for all eventualities where possible.

Change and adjusting to a new way of doing things for many has been challenging. New rules – changing goalposts. And changes in the way we interact and engage have been by necessity. Many of these changes are here to stay, and will offer us opportunities to increase productivity and engage in ways we never have before and with those who by sheer geography have found face-to-face engagement often difficult.

Most of us are very used to face-to-face interaction, especially by the very nature of the professions we are in, but I do believe we will all be well served by our use of technology in the future. It appears this format may well be with us for some time to come, and while some of our membership may have been historically opposed to the online alternatives, the reality is we are here, and I am really pleased to say that many of our members have joined us on this unusual journey.

Technology is giving PINZ the ability to introduce more visibility to a variety of speakers – to more of you, in more locations, on more topics – with the convenience of catching up when you have more time.

This change in direction is not going to be short term.

Yes, we will reintroduce face-to-face activities at the earliest opportunity. But right now, for the first time, our grassroots members in the regions can be part of discussions where distance may have been a barrier and we as a group benefit from their insights. It is a win-win. And it is here to stay.

I am encouraging members to embrace the technology and spread the word. We have strong ambitions and intend to lead a strong and aspirational game in the year ahead. We are determined to bring all our members along on that journey.

My message is clear – it is all about you

- Putting our membership first in all we do
- Continuous improvement in our service offerings and delivery
- Our membership first philosophy will drive how we support you, how we engage with you, and above all how we deliver valuable, quality services and support in our journey together.

Ngā mihi nui

Viv



SPRING 2020

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**Curia Market Research,
Feb 2018*



JASON EDE

PROPERTY IN A PANDEMIC

Charting a new course

Early clear decision-making

In March 2020, the way most organisations did things had to change. By most standards, the Property Institute of New Zealand was well equipped to transition its operations, and it made some early calls that allowed it to maintain seamless service delivery and education for its nearly 2,000 members.

Planning for the worst, in late February some critical decisions were made that would have a lasting and beneficial effect. But first there were the tough calls. This year's conference, a planned celebration of PINZ's 20th birthday, was cancelled. All non-essential travel was stopped, face-to-face meetings were cancelled, and the branch AGMs (some of which had already been held) were delayed.

The biggest call was a move to prepare staff for remote working. This involved relocating key equipment such as computers, organising new video conferencing software, setting phones to divert, and ensuring staff could access the files they needed to answer member inquiries and offer support where required.

One of the casualties was this magazine. It had been signed off and was at the printers. That edition of *Property Professional* was to be a celebration of how far we'd come, with stories old and new. But as COVID-19 enveloped the world – it was no longer fit for purpose. We chose to abandon it, which was the right call. Given the challenges of printing, digital also became the preferred medium.

In the weeks that followed some fairly amazing things happened. We were ready, we had a plan, and we were determined that 'the comeback would be stronger than the set-back'. And so it was.

We were ready, we had a plan, and we were determined that 'the comeback would be stronger than the set-back'.

Pivoting to new tech

In many respects, PINZ and NZIV are quite lucky. We have sophisticated and tech-savvy members who were already benefiting from online learning. In the early years, however, the webinar platform faced considerable teething issues. Internet speeds were not good, people used to face-to-face interactions were uncertain about online learning, and the delivery was often interrupted by technical issues.

But PINZ and NZIV persevered, supplementing the in-person seminars with webinars, which allowed members in regional centres to participate and gain the same opportunities as their colleagues in the larger centres. In the past few years webinar

participation has grown exponentially – up 74% in 2017, up 64% in 2018, and with similar growth in 2019.

In 2020, there was again a forecast for growth in that space, and a solid programme of presentations had been locked in for the year. Little did we know what was to come.

Support and education

As the lockdown was announced in late March, there was massive uncertainty. Uncertainty about jobs, businesses and families. This required strong leadership and governance from PINZ and NZIV as they adjusted to what has now been dubbed the 'new normal'. But it wasn't normal at all.

A series of decisions were made that would see the Property Institute step beyond property education and into crisis management, advice for professionals fearing their business would sink, insurance matters, professional standards requirements, and the critical interpretation around 'what is an essential service'? At the heart of the strategy was a drive to execute confident, calm, clear and empathetic leadership.

We reached out to people like Sir John Key, who was one of our early lockdown webinar presenters – and we made it free. If anyone was to talk about leadership in a crisis, he was first cab off the rank. And he

A series of decisions were made that would see the Property Institute step beyond property education and into crisis management.

happily agreed. More than 4,500 people have viewed that webinar since it was posted. It has been the Institute's most watched presentation – ever.

But we also recruited video conferencing specialists to help guide members on the best use of technology, health and safety experts to walk them through the challenges of COVID and remote working, Audit New Zealand, and many, many more.

Then there was the absolute priority to help members understand what they could and couldn't do as we navigated our way through the lockdown levels. The Property



Reading the room meant parking our due to be printed Autumn 2020 magazine

Managers Institute of New Zealand (PROMINZ) were the first to get their members together interactively to thrash out a way forward and discuss best practice. They were followed by NZIV, with some of the most senior valuers in the country providing advice and guidance on standards, ethics and professional obligations.

Underneath all this was a plan to communicate in a highly considered way, often, and responsibly. Speculation would be left to others.

Massive growth

The data we have recorded between March and September is testament to the success of the overall strategy. By way of comparison:

- Between March and December 2019, PINZ hosted 16 webinars with the participation of just over 1,000 people, which equates to around 16,000 hours of online learning
- Between March and December this year, we have held or have planned at least 56 webinar events with the participation of 4,755 people (so far), which equates to around 266,000 hours of online learning. That is an increase in webinar participation of 350%, with three months of the year to go. For hours of learning the difference is huge – amounting to a 16-fold growth in the number of hours.

But the PINZ Board, and the Institute's many councils and committees, have also been extraordinarily busy. Providing administrative and operational support to the various governance structures that make up the PINZ family is a critical role of the National Support Team.

Those committees, boards and councils were making key decisions about the way forward and providing advice to members dealing with huge uncertainty, professional confusion and stress.

In the period between March and the end of September, PINZ hosted, organised and provided the minutes for 74 meetings – an average of around **three meetings a week**. Of course, these were timed so as not to clash with the dozens of webinars that were running simultaneously, and this required a fair amount of logistical gymnastics.

Social media

As mentioned, a decision was made to offer some webinars free to members. So far this year there have been 14 free webinars on subjects ranging from the government relief package, and valuation uncertainty, to the upcoming election. Some of those free webinars have been posted on the Property Institute's social media channels (LinkedIn and Facebook). In the six months to the end of September, the number of people following the Property Institute's [LinkedIn page](#) has increased more than 200%, and the reach (or those people who see posts) has expanded rapidly.

The Institute's YouTube channel has had more than 7,000 views since March. These growing numbers reflect the increased activity of the Institute over this period, showing just how thirsty members have been to get quality information and education.

Recently, the NZIV and the PINZ also clocked up another first – hosting their AGMs via video conference. There'll be another first when the Plant & Machinery Valuers Institute is hosted online in November. This was a new experience for everyone, and certainly posed a number of technical challenges. But the numbers again speak for themselves – with more than 500 people logging in for both of these meetings. This is strong participation and the feedback from those who attended has been very positive.

Going on in the background while all this was happening was the steady development of a new and customised website portal for NZIV (NZIV.org.nz). This has now been deployed and the National Support Team is working with other communities to offer them a similar service, which is custom-made and better serves their specific professional community needs.

Where to now?

Of course, as member organisations that require personal networking and professional collaboration, nothing can replace an actual face-to-face experience. There are some things that are extremely difficult to do in an online setting.

With that in mind, the Property Institute remains committed to resuming in-person face-to-face events as soon as we can be

confident they can go ahead safely and members will not be put at risk.

This includes the National Property Conference in 2021, which is scheduled for July next year at the Cordis Hotel in Auckland. However, no-one can guarantee what the world will look like in nine months – in November 2019 no-one thought we would be where we are right now.

As it has done throughout the past six months, PINZ will continue to plan for all eventualities. It will maintain its focus on putting members first by strong engagement through whatever means are available, and then by providing relevant education and timely information.

The lessons learned in 2020 are likely to become permanent and many will be baked into the framework of business as usual. Like the members who have been so supportive of the efforts in recent months, it's never too late to learn a new trick or two 🙌

The lessons learned in 2020 are likely to become permanent and many will be baked into the framework of business as usual.



Jason Ede is Chief of Communications & Strategy at the Property Institute of New Zealand. jason@property.org.nz

Member feedback...

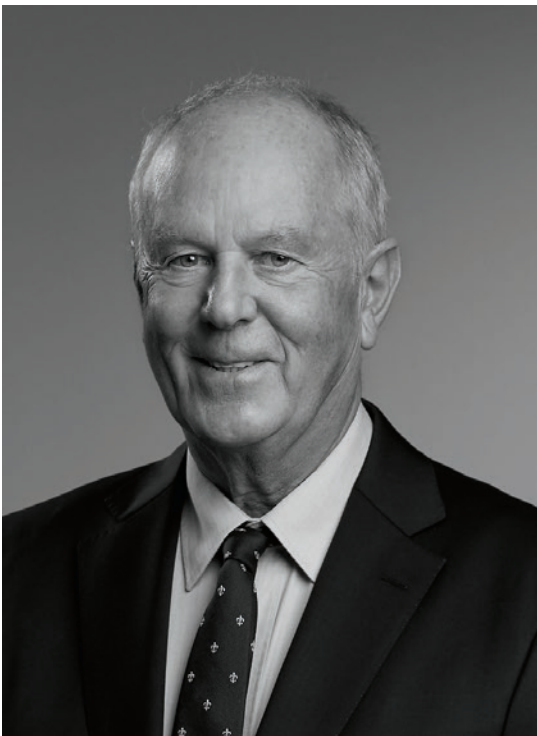
...very impressed with the running of the AGMs ... probably one of the best ones yet...

...all PINZ members are appreciating the great work that you and the teams are undertaking. Especially enjoying the high calibre online content...

...PINZ & NZIV between them have done a tremendous job ... they've fronted up...

...the Institute has continued to evolve ... well done to you and the team...

...great service from your amazing team ... we greatly appreciate their valuable assistance...



THE HON.
NICHOLAS DAVIDSON
QC, FAMINZ (ARB)

The Hon. Nicholas Davidson QC, FAMINZ (Arb) is practising as an arbitrator and mediator with extensive arbitral and determinative experience in valuation issues – commercial and rural property, and corporate shareholding from Bankside Chambers, Auckland and Plymouth Chambers, Christchurch (in both as an Associate Member).

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Across industries and countries there are strong calls for a hybrid model: many, even most, office workers want to work remotely for at least some of the time.

PROPERTY INDUSTRY SNAPSHOT

DES WAI

What a year it's been so far. 2020 started well, with a healthy economy and an OCR of 1%, which we thought at the time was pretty low!

There was high demand for industrial space around the country, while the retail and office sectors also looked positive. Perhaps the only black mark was our housing shortage, especially in Auckland but with Queenstown, Wellington and other centres also struggling to provide enough required to meet demand. House prices across the country weren't showing signs of relaxing.

Before the lockdown RCG (the company where I am a Director) had also made some strategic moves to grow our business. Site Property (Stephen Chung) in Auckland merged with our property team, which provided added significant extra resource, business and experience. Our RCG Realty team was also growing, with Grant Duncan (ex-Briscoe Group) coming on board. We've added three new salespeople since then and we're actually a bigger company than we were in February.

It's amazing how fast the mood of the country flipped over a couple of weeks in March. In Auckland, 34,000 entrants walked or ran Round The Bays on 8 March. New Zealand had a few COVID-19 cases by then but it still seemed pretty remote – a distant threat. Just a week later, the Pasifika festival was cancelled, and by 25 March New Zealand was in Level 4 lockdown.

We were surprised at how well the RCG team adapted to 'working remotely'. Morale stayed high, although productivity was a challenge at times, especially for collaboration-heavy tasks like architecture. Most office work can be done from home, but some things are always easier in person.

But across industries and countries there are strong calls for a hybrid model: many, even most, office workers want to work remotely for at least some of the time. That will reshape offices, and may well reduce space requirements.

Retail has had an incredibly tough year and, unfortunately, there will be more pain to come as we understand what COVID has done to our economy and the worldwide landscape in the coming years. Online shopping has been an obvious winner, and we have to ask: will things really go back to the way they were, or are we looking at a structural shift in how people shop?

Our experience is that retail is constantly changing and businesses will need to evolve as the market

matures. Not only do bricks and mortar stores need to compete with price, they need to generate loyalty, brand recognition and deliver quality service. Just look at all the negative feedback some businesses are getting in the media today due to perceived poor service and negative reviews.

Industrial has remained very strong and it must be remembered that this is the largest commercial sector by far. It has been 'steady as she goes' so far, but how could this sector change in a post-COVID world?

We see this as a market that is in high demand from both investors and occupiers. We already have seen a drop in the availability of stock for sale, and there is a hunt for quality which will only help to reduce cap rates in this investment category.

The housing market has stayed strong as well, boosted by even lower rates (the OCR is at 0.25% as I write and people are talking about it going negative). Maybe that will continue, but home construction is running at record levels and migration is at near zero, although we have seen a significant up-tick in demand from Kiwis returning from overseas. Migration has made up two-thirds of our population growth in the last five years, so the current climate may give Auckland and New Zealand the space to catch up on the housing shortage. Time will tell.

As for RCG, we're cautiously optimistic but staying very focused on getting work done to a high standard, and controlling costs. We continue to deal with COVID, and all property professionals need to look to the short-term risks (recession, more COVID?) and to what comes after – how will the world change and what are the new opportunities?

All I can say is that we are all looking forward to saying goodbye to 2020, and fingers crossed we don't see too many surprises that will tip us into another recession 🙏

This Opinion Piece is by Institute of Property Advisors and Consultants (IPAC) Chair Desmond Wai. Des is a Director of RCG and RCG Realty and has more than 25 years' experience in property consulting, negotiation, development management and market analysis. Email: des@rcg.co.nz

LIFE MEMBER & FELLOWSHIP RECIPIENTS



A number of members of the Property Institute of New Zealand and the New Zealand Institute of Valuers have been recognised at their AGMs. In a first, the meetings were held via the Zoom video conferencing platform. We'd like to thank everyone who took part in the AGMs and warmly congratulate the following members on their well-deserved recognition. It is intended that the recipients of awards this year will be honoured at an appropriate branch event, and they will also be invited onto the stage at our 2021 Annual Conference where we can celebrate their success in a fitting way.

Life membership:

DAVID KEYS FPINZ(LIFE)

Life membership is the highest honour that a member can receive from the Property Institute. It recognises the exceptional career of senior members, who are widely respected both in the community and in the industry for their outstanding career achievements and contribution to the profession.

We thank the contribution of the Independent Life Membership Panel led by Graeme Horsley for their careful deliberations and their recommendation to the Property Institute Board, which has been strongly supported. In a unanimous decision, the panel has nominated David Keys to be elevated to the status of Life Member of the Property Institute of New Zealand.

About David Keys

David contributed significantly to the formation and early years of the Property Management Institute. In his time, he was one of the most respected and experienced property consultants in New Zealand.

David has a long list of achievements and successes.

Graduating from Auckland University in 1969 with an LLB(Hons), David joined Fletcher Development Auckland as a Property Officer and in 1973 was promoted to the position of Wellington Regional Manager of Fletcher Development.

In 1975, he was appointed Property Investment Manager for the New Zealand Superannuation Corporation, but this



was short-lived because the fund was disbanded in 1976. David moved on to become the General Manager of S George Nathan & Co Property Consultancy and Management Company.

In 1978, along with Ken Christiansen and Gordon Davies (both past Life Members), he set up the Property Management Institute holding certificate number 10. He may well be the oldest member alive today.

The PMI became the Property and Land Economy Institute which, of course, morphed into the PINZ we know today.

In 1981, he started Keys Preston Maskell, a dominant property consultancy practice which had significant input into some of the biggest projects undertaken in this country, with clients including large institutions and government departments.

David retired in 2002 and moved to reside in North Auckland where he still lives today and where he has provided property services to schools in Northland.

He has been a Trustee of the Northland Emergency Services Trust and was a Director of Marsden Maritime Holdings Limited.

Fellowship recipients:



Don Smith FPINZ

Don was nominated by the IPAC and COMPRO Community Council. He is currently National Director, Corporate Solutions at Colliers International New Zealand Ltd based in Wellington.

He started his property career at the Ministry of Health as a property and procurement specialist until joining AMP as a Commercial Property Manager in 1995. Don moved to JLL in 2000, then to DTZ in 2004, becoming National Manager Property Services. He then joined Colliers International in 2008 to lead the corporate solutions team nationally and he remains in that role.

Don undertook his degree and diploma studies on a part-time basis while working full-time. He has taken an active role within PINZ and won a number of awards. During his 15 years of involvement with the Institute he has also given up his time to mentor young property professionals.



Dr Sandy Bond FNZIV, FPINZ

Dr Sandy Bond was nominated by the Canterbury Westland branch. Until 2018 she was the Director of the Real Estate & Land Use Institute at California State University. Her academic and work history is impressive, with numerous awards, degrees and valuation group associations. She's been a consultant, a registered valuer and a professor, having begun her career at the Valuation Department in the mid-1980s. She has written dozens of articles for national and international property journals, been an expert speaker countless times, and has been deeply involved with PINZ and NZIV over a number of years, including being the author of NZIV Guidance Note 3. Sandy is a hugely talented individual who deserves to be recognised.



Stephen Doyle FNZIV, FPINZ

Stephen was nominated by the Auckland branch. He is the National Director of Strategic Advisory of Jones Lang LaSalle's Hotels & Hospitality Group in Auckland where he specialises in the hotel and tourism sector throughout the South Pacific region, including New Zealand. He has given up his time to serve on the PINZ/ NZIV Auckland branch from 2005 to 2008, taking on roles such as the Pedestrian Count, University Liaison and Young Guns convener during those four years. He has provided loyal support and wise counsel to the Auckland branch and continues to actively support Institute affairs.

Being granted a Fellowship is one of the highest honours for both PINZ and NZIV. These members have been nominated for a Fellowship because they are deemed to have attained a significant professional standing. This includes recognition for services to the industry and the Institutes over an extended period. A nomination is from one of the Institute's branch committees. They are considered to have advanced skills and given exceptional service to the profession, and are held in high esteem by members and the community.



Graeme McDonald FNZIV, FPINZ

Graeme McDonald was nominated by the Canterbury Westland branch. He is currently Director Valuation Advisory, Valuation Manager at the Christchurch offices of Jones Lang LaSalle. His experience includes time spent working for Housing New Zealand, Challenge Real Estate Valuations, Bennett and Associates, DTZ Limited and Darroch. He is a well-respected member of the local valuation industry and is always willing to lend a hand to younger valuers or assist more senior practitioners in the market. He has been a strong supporter of the Institutes over the years, both on the local committee and volunteering.




Richard Lawson FNZIV, FPINZ

Nominated from Auckland, Richard has been practising as a valuer in the Auckland urban market for 17 years. He attended Auckland University and completed his Bachelor of Property in 2004, although he was taken on as a graduate a year earlier at Gribble Churton Taylor. He worked his way up to become a Director at that firm in 2014. Throughout his valuation career, Richard has been involved in a wide range of valuation tasks, including CBD commercial, and industrial, retail and residential valuations. He has been a university lecturer and is a long-serving member of the Auckland branch.



Peter Schellekens FNZIV, FPINZ

Peter has been nominated by the Wellington branch. He is currently Director, Wellington Office Manager of CBRE. His career started at Quotable Value in 1989 where his focus was on rating valuations in the Rotorua Whakatane and Taupo Districts. After a six-year stint at BECA he found himself at CBRE in Wellington in 2006 where his wide expertise is being deployed on a nationwide basis. He specialises in valuations for Acquisitions, Compensation and Insurance. He attended the University of Canterbury and Lincoln and has served NZIV generously over the years, including nine years with the Rotorua branch committee, rising to Chairman in 1998 and then chairing the NZIV Annual Conference Organising Committee in 1999 



CHANGES TO PINZ BOARD

18 SEPTEMBER 2020

The Board of the Property Institute of New Zealand has confirmed its make-up for the 2020 year, welcomed two new faces and farewelled three members. PINZ President Luke van den Broek says the PINZ Board make a lot of personal sacrifice, particularly of their time, to contribute to this organisation for the benefit of members.

The Board has worked very hard to challenge the status quo, upskill themselves and commit to a strategic review of PINZ. Our focus over the past 12 months has been on professional membership services that are relevant to members.

'I would like to thank retiring Board member Susie Penrose as the representative from the Central Region for her contribution, dedication and commitment to the Board. I would also like to thank Karen Withers for her contribution and commitment to the Board during her time as the President of the Property Managers Institute of New Zealand.

'I acknowledge Patrick O'Reilly, the Immediate Past President of the Property Institute of New Zealand, who is completing

his term on the Board – the contribution he has made on behalf of all of us has been immense. I wish him all the best.'

The PINZ President has also welcomed two new faces onto the Property Institute Board.

'Congratulations Ben Gill for being elected onto the Board unopposed as a Central Region representative and welcome David Pearse, the Property Managers Institute of New Zealand (PROMINZ) President, to the Board.'

This morning, the Board has confirmed Luke van den Broek as President and Phillip Merfield as Independent Director for 2020/2021. The Board will be appointing a Vice President at its next meeting in November – keep an eye out for this separate announcement 📣

'I wish to thank the Board members for their continuing service to the Institute as we strive for continuous improvement through more professional development, comprehensive induction training, and a strong strategic direction.'

The Property Institute Board for 2020/2021 is:



Luke van den Broek
President



Jeff Alexander
New Zealand Institute of
Valuers President



Phillip Merfield
Independent Director



Des Wai
Chair of the Institute of
Property Advisors and
Consultants



Phil Porteous
Commercial Property
Managers Institute Chair



Steve Bown
Plant & Machinery Valuers
Institute Chair



David Pearse
President of the Property
Managers Institute



Roger Gordon
2nd NZIV Representative



Boris Babic
Northern Representative



Ben Gill
Central Region
Representative



Daniel Gerrand
Young Leader Representative

PROMINZ

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David Pearse

PROMINZ President and Conference Convenor

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PROPERTY INSTITUTE



CALLING ALL PROPERTY MANAGERS

DAVID PEARSE

Labour Cabinet members and Green Party MPs have said that they would look at the regulation of the property management industry if re-elected in their next term of Government.

The Real Estate Institute of New Zealand (REINZ) has been openly campaigning to secure property management under the real estate umbrella and launched a 'Call for Change'. Ironic really, as it implies change, but in my view they appear to be trying to wrestle back the control they had of the industry prior to 2010.

The Property Managers Institute of New Zealand argue that it is high time property managers looked seriously at their options, and that they play their part in deciding the future of our industry before others make the decision for us.

My greatest fear is when I take a good look over the ditch to Australia, where residential property management is under the real estate control, is that recent

surveys show that property managers have an average life span of just nine months.

If we really want professional residential property managers, then this is a huge challenge. Nine months is barely enough time to come to grips with the basics, and certainly won't lead to better outcomes for tenants and landlords. It's a recipe for more complaints, poorer service and potential for conflict.

Clear thinking professionals in our industry urgently need to discuss and set the standards in the management of residential property in New Zealand. We need to foster a culture where we see the development of professionals with independent accreditation who are the trusted source of expertise, knowledge and qualifications in the residential property management sector.

We do need to see change – and that change should be in a form where residential property managers have their own professional body. Residential property management is a service industry and does not fit or thrive under the umbrella of a sales industry, which in itself causes conflicts of interest.

It is time for property managers to be no longer the 'poor cousins' or a sideline business for real estate sales companies.

- With its own professional organisation:
- Standards can set by property managers for property managers
 - Provision for Independent accreditation of their professional knowledge can be made
 - A clear career development pathway can be developed – with qualifications and training
 - Annual and regional events can focus on sharing best practice and understanding the latest technical and policy developments
 - Opportunities for Continuing Professional Development (CPD) can be explored and delivered at a scale that delivers real value.

Please do join us to make REAL change 🗣️

The Property Managers Institute of New Zealand argue that it is high time property managers looked seriously at their options, and that they play their part in deciding the future of our industry before others make the decision for us.



David Pearse is Chair of the Property Managers Institute.

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HEATHER BEARD

This profile details Heather Beard's path into the valuation profession and her relatively short – yet busy – career to date.





Entry into the property sector

Heather grew up on the North Shore of Auckland, attending Rangitoto College. A focused student, she applied under discretionary admission to the University of Auckland during sixth form and was accepted into the conjoint degree of Bachelor of Property/Bachelor of Commerce starting in 2006. Originally her plan was to major in accounting and enter that profession, with property as an aside because the brochure looked interesting. Architecture was on the shortlist, but limited creativity and drawing skills took it out of the running.

After enjoying the initial property papers in the first year, and her lecturer's passion for the profession rubbing off, a career in property came to the forefront. A highlight in the first year of university was being in the winning team of the inaugural Property Case Competition. The team was led by Chris Farhi, who she now works with at Colliers International. 'His strategy and business acumen really sealed the win for our team,' says Heather.

A key benefit from studying at the University of Auckland was their excellent links to the property industry and breadth of events.

A key benefit from studying at the University of Auckland was their excellent links to the property industry and breadth of events. For instance, she attended a careers night at the JLL offices in Auckland and was fortunate to be offered an interview for a job there that week. Starting at JLL in September 2007, Heather worked primarily as an administrator in the commercial leasing team led by John Church, working

on a part-time basis and fitting it in around study. She says that back then JLL had a real 'work hard, play hard' culture. For her, it was a great learning opportunity and she enjoyed the corporate environment.

GFC and travel

The conclusion of Heather's study in November 2009 coincided with the GFC, and while the employment opportunities in the property profession were limited, she planned a long OE. First stop was Canada where she and a group of friends worked for the winter. She did a season at Sun Peaks in British Columbia, the second biggest mountain to Whistler. While there she worked in retail and became a certified ski instructor and adaptive ski instructor.

After Canada it was off to the UK to meet with family and then a two-month overland trip from Russia to Egypt. Travelling through the Eastern Bloc countries and down through Poland, the Czech Republic and Romania, the appeal was clear as the New Zealand dollar stretched a lot further than doing Paris, Italy and Rome – she plans to do them at a later stage. 'I have always loved travelling. Growing up, my parents were keen to show us around New Zealand and the world,' she says.

Highlights of the OE were Turkey, Syria and Jordan – she notes that back in 2009 it was fairly safe to travel in the Middle East. On her return to New Zealand, she found a temporary job so she could return to Sun Peaks for the following winter, and that kicked off a three-year period of doing back-to-back winter seasons between Canada and New Zealand, living in Wanaka and Ohakune.

Heather met her British-born husband Thomas while skiing in Canada. After marrying in 2013, they decided to move to Queenstown – a large enough town to be able to work in commercial property but with all the lifestyle benefits they sought, including being close to the ski-fields. While Queenstown is great for skiing in the winter, she now equally enjoys the summers, whether it is biking around the wineries, kayaking on the lakes or trying (and failing every year) to water-ski.



Queenstown – Colliers International

Heather was fortunate to get a position with Colliers International just prior to moving down, so she started as a valuer working towards registration with them in 2014, working under the guidance of Andrew Hyndman. In 2017, the company decided to expand into Wanaka and merged with Chapmans Consultancy. Heather was offered the opportunity to be on the board of directors for the newly-formed Otago Valuations Limited (trading as Colliers International), a position she has held for the last three years. To prepare for the new role she did a governance course with the Institute of Directors and contacted Sarah Ottrey (a well-regarded New Zealand director) to mentor her. She enjoys the business and governance side to the valuation practice and having a secondary focus to valuation work.

During her time at Colliers International, Heather has worked in a small team,

affording her the opportunity to be involved in more complex projects, large portfolio valuations and a range of property consultancy work. She primarily focuses on commercial and some industrial valuation, but also relishes the challenge of tourist accommodation/FHGCs (Freehold Going Concerns).

Career highlights to date include acting as an expert witness in the Environment Court and recently being appointed to the Land Valuation Tribunal for Otago. She also enjoys her involvement and research in the Colliers International *Otago Market Report* produced annually.

Property ambitions

Soon after moving to Queenstown Heather and Thomas bought their first home, a two-bedroom unit in walking distance to downtown. It was a fairly major renovation project and very hard work, but it paid off. She says that within 18 months of purchase the value of their small unit increased

Career highlights to date include acting as an expert witness in the Environment Court and recently being appointed to the Land Valuation Tribunal for Otago.

Heather has been involved with PINZ for a number of years and more recently on the NZIV Council as a young leader.

around 50%, although it was probably about 90% the Queenstown market booming and 10% hard work.

Following this, they took on the next project at a time when the Queenstown property market was surging. Thomas found a 'future development unit titled' section listed in the suburb of Arthur's Point and thought it had potential. Heather headed there after work and looked at it in the dark with a torch and was at the real estate agency first thing the next morning putting in a multiple offer. She thought the defined building footprint and title complexities would put buyers off, but they managed to pull off the multi-offer by \$1,000.

They completed the build of a stand-alone three bedroom, two bathroom home in 2018. The next project is that they have taken on a subdivision in Cromwell purchased in September 2019. This is a four-bedroom house that will require renovating or could be bowled and subdivided into three to four houses. They realise the timing with COVID-19 isn't ideal, but are taking a long-term view. They have also just moved into a house in Lake Hayes Estate to do another renovation project, although she says it is a big step-up from the original two-bedroom unit in town.

PINZ and other involvement

Heather is a great believer in getting involved with professional organisations to assist in shaping the future of the profession she is a part of. She has been involved with PINZ for a number of years and more recently on the NZIV Council as a young leader. She started on the PINZ Committee in 2015, and the following year

become Chairperson of the Central Otago Committee for a term of two years and has stayed on the team since.

During that time, she started the Wakatipu Valuers Study Group, where about eight valuers throughout the region get together each month to study for the registration exam. She has always been keen to give back time to the communities she lives and works in, whether it is teaching adaptive skiing, working at the community association, or being involved with PINZ/NZIV.

Currently, Heather also serves on the Arthur's Point Community Association as Chairperson and on the Queenstown Film Society Committee. She is also involved with the Wakatipu Transport Management Association.

Looking forward

While Heather has had a relatively short career in the valuation profession to date, she has achieved a great deal. 'I recognise I am still early in my career and have a lot to learn. The coming few years and market changes should offer some new challenges, insights and learning opportunities,' she says. She is keen to continue to be involved with professional bodies such as PINZ and NZIV to use her early career perspective to help shape the future of the property profession.

Heather finds Queenstown an interesting market to work in, characterised by boom-bust cycles. She has considered that to further her career she would need to move to one of New Zealand's main cities. But as she has grown older, she has realised that having a work-life balance is important

and she wouldn't want to give up the lifestyle that Queenstown and surrounds offers. She has a positive long-term view of the town and expects the pace of growth could continue once we come through this difficult time.

Regarding the valuation profession, she notes challenges could be ahead with the increase in reliance on technology. However, she also believes that the valuer's ability to inspect a property and identify any issues can never be replaced by an algorithm.

Heather is keen to continue to utilise her property skills and knowledge to work as a Registered Valuer/Property Consultant and renovate, subdivide and develop property 🏡



Heather Beard is a Registered Valuer and Property Consultant in the Queenstown Lakes Region, currently contracted to Colliers International. She is also currently serving as the young leader on the NZIV Council.
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1946–
2020



He has been justifiably described as 'one of the unsung heroes of the valuation profession'.

EARL FRANCIS GORDON FNZIV (LIFE)

PREPARED BY GRAEME KIRKCALDIE IN COLLABORATION WITH EARL GORDON'S FAMILY

Earl Gordon died on 6 June 2020 after an illness that he had battled courageously, pushing himself to complete his role with the Wellington Division of the Land Valuation Tribunal in a series of ground rental dispute hearings.

He has been justifiably described as 'one of the unsung heroes of the valuation profession', having spent almost 40 years selflessly serving on the Executive and Professional Practices Committee (PPC) of NZIV, concurrently on the board of the Land Professionals' Mutual Society (a risk management and indemnity insurance service for land surveyors and valuers) until 2019. He also represented the NZIV on the Executive of the Institute of Plant & Machinery Valuers, which awarded him Honorary Membership in 1994.

Those commitments were especially outstanding because, for most of that phase, Earl was a sole practitioner, supported by his wife Adrienne who carried out secretarial services for the business. Earl's entire working life as an urban valuer was spent in Wellington, where he has been a well-respected practitioner with a diverse range of clients.

Born in Paraparaumu, his initial work experience was gained in the late 1960s with Jack Gellatly at JH Bethune & Co and at the Northern Building Society, later

moving to the Valuation Department. He completed the NZIV Urban Professional Exams in 1970, followed by registration and advancement to Associate in 1971. By that stage he had moved to Rolle Pyne & Co, one of the original independent Wellington valuation practices. Later in the decade he joined Chris Dentice and Graeme Kirkcaldie in a partnership that ran through to 1985. From then on Earl practised on his own.

In about 1988 the NZIV Council, recognising the need for a specialist group to receive inquiries and complaints, and to administer members' disciplinary processes in conjunction with the Valuers' Registration Board, established the PPC. Earl was its Chairman, a position he held until retiring in late 2017.

Under his stewardship the PPC considered more than 1,000 formal complaint matters and countless informal inquiries from members of the public, provided advice about a raft of issues, and gave support to beleaguered valuation practitioners. He chaired the monthly PPC audio conference meetings, pre-circulating case files. He did this in an efficient but involving manner and with an amazing ability to recall specific circumstances and valuer personalities – some of whom were logged with the PPC record system more than once.

Earl was advanced to Fellow of the NZIV in 2005 in recognition of his services to the profession. He was presented with the John M Harcourt Memorial Award in 2012, and in 2018 was made a Life Member of the Institute in acknowledgement of his outstanding contributions and personal

dedication. He was also an Associate Member of REINZ from 1968 and a Fellow of PINZ from 2005.

Aside from his business and professional interests Earl had been an enthusiastic participant in camping and boating, regularly holidaying at Taupo's Motutere Point and more recently at Kinloch, with family and friends. He helped develop an international competition level BMX track in Wellington, and served on the national body of that sport for a time. His travels on several occasions to Australia, Europe and North America were obvious highlights. He was also a keen supporter of many sports, in particular Wellington and All Black rugby.

Earl owned an eclectic array of high-performance cars through the years and they were always immaculately maintained. His dream to lap the Nuremburg Circuit in 2017 did not, unfortunately, materialise.

He was a mild-mannered person with a good sense of humour, he empathised with the disadvantaged members of society, was interested in fine art and music, had a flair for good clothes, and enjoyed food and wine, especially in the company of his revered friend, the late Iain Gribble, and a small cohort of valuers.

Earl Gordon is survived by Adrienne to whom he was married for 51 years, son Benjamin a rural station manager and agricultural contractor based in Taupo, daughter Philippa a lawyer now assisting at Marsden pre-school in Wellington, and five grandchildren.

Rest in peace Earl, and thank you for your outstanding contributions 🍷



TINY HOUSES

A problem or a solution?

New Zealand was looking for solutions to its housing shortage and affordability crisis even before the arrival of COVID-19. As construction and housing supply have slowed down in recent months, prices and demand have continued to rise. This article describes the evolving trend of tiny houses in New Zealand, explores the drivers behind it, provides a snapshot of the current legal landscape, and considers the opportunities ahead for the tiny house movement.

Rise of tiny houses

Tiny houses have been around since the 1980s. The recent and growing interest in 'living tiny' indicates a modern trend that embraces a minimalist, sustainable and less-is-more attitude of anti-consumerism, as some aspire to cut life back to the basics and prioritise what really matters to them.

On the other hand, tiny houses arguably provide a novel solution to the housing crisis, bridging the gap between first home buyers and their out-of-reach dream homes. As an alternative option to traditional home



KITTY LIN AND NICK WILSON

As an alternative option to traditional home ownership, tiny houses potentially allow people to live within their means, save more or become debt-free in a shorter period of time.

What is a tiny house?

While there is no legal definition of a tiny house, for the purposes of this article a tiny house refers to a very small house on wheels – a structure mounted to a trailer like a boutique caravan built in the style of a stand-alone house. The tiny house supports minimal space living, and is generally 15-40 m² in floor area to allow it to remain legally transportable. Of course, there are small houses built as permanent structures on foundations rather than wheels. These buildings have a different legal status, so fall outside the focus of this article.

Why a tiny house?

A discussion paper produced by the Western Bay of Plenty District Council in February 2017 referred to the rise of tiny houses as ‘a niche market’ and that they are:

‘... an affordable alternative in today’s extreme housing affordability crisis, and having the potential to be sited alongside other tiny houses in a higher density housing “village” solution, which enable more affordable housing supply.’

This statement suggests that tiny houses are not just about personal freedom and choice of lifestyle, but also the opportunities they present as a way to build communities, which could address broader social issues.

People are drawn to tiny houses for different reasons as set out below.

Affordability

New Zealand was facing a housing shortage and rising house prices even before the arrival of COVID-19. The Ministry of Business, Innovation and Employment (MBIE) recognised that a growing proportion of New Zealand households were placed below the National Affordability Benchmark

before the current government took office in 2017. More than two years since the government’s flagship housing scheme began in June 2018, the KiwiBuild promise of 100,000 new houses over 10 years has grossly under-delivered.

While there has been speculation that house prices may drop in a pandemic-induced contracting economy, data released in the recent realestate.co.nz *Property Report* shows that nationally (in July 2020) the total number of homes available for sale was down 11% on the same month in 2019. However, asking prices were up in nearly all regions, with 13-year all-time asking price highs in Northland, Auckland, Hawke’s Bay, Coromandel and Manawatu/Whanganui.

Statistics NZ has reported New Zealand citizens returning to and staying here in record numbers, with more New Zealanders returning than departing, contrary to the long-standing historical pattern of Kiwi migration. Seeing New Zealand as a safe haven and having reduced opportunities and abilities to move offshore are some of the possible reasons behind the net migration gain of citizens – a trend that could continue in these uncertain times and might put further pressure on this country’s housing stock. These factors coupled with historically low interest rates mean that (to date) house prices remain severely inflated.

Demographics

While it has been recognised that tiny houses are not for everyone, studies suggest the main potential advantages appear to be:

- Affordability and independence for students, young adults and families (sometimes as an intermediate and temporary step onto the property ladder, allowing the occupants to save up until they can afford a larger home)

ownership, tiny houses potentially allow people to live within their means, save more or become debt-free in a shorter period of time. Portable living, low-maintenance homes and a smaller environmental footprint have also been cited as advantages of the tiny house lifestyle.

As with any emerging social movement, particularly one that draws regulatory attention due to the need for minimum standards to apply for the benefit of any occupants and their local communities, the legal status of tiny houses is still evolving.

- A downsized lifestyle for seniors and retirees looking to enjoy 'the simple life' (sometimes closer to nature or capitalising on the transportability of a tiny house for a mobile lifestyle). Or they may want to embrace 'village living' in a community setting to connect with other like-minded individuals who may be at a similar life stage.

First home buyers

In financial terms, tiny houses generally require a smaller initial capital outlay. Due to the custom nature of these builds, there are many companies advertising tiny houses ranging from approximately \$60,000 to \$180,000 and above – depending on the customer's budget and requirements. For those who can build their own, tiny houses could cost much less. Whether a tiny house is a suitable option for a first home buyer will depend largely on the needs, resources and expectations of the individual.

In an effort to help first home buyers, a number of government-funded initiatives are available to those who meet certain eligibility criteria, including income caps, minimum deposits, regional house price caps and contributions to KiwiSaver. These initiatives include the First Home Grant, First Home Loan, KiwiSaver first-home withdrawal and KiwiBuild.

None of these initiatives are available to an intending tiny house buyer. For the purposes of obtaining finance, a tiny house is not considered a form of real estate asset, but a vehicle. As a small mobile home that is generally not affixed to land, in the absence of land ownership by the tiny house owner, a lender cannot register a mortgage over it to secure its loan. A lender may therefore require other security to advance funds for a tiny house, and the lesser security available to the lender may impact on interest rates due to a perceived increased risk to the lender.

Other financing options include a personal loan, financing companies, or working with tiny house builders who provide a 'rent to own' payment system. While this article does not purport to

For the purposes of obtaining finance, a tiny house is not considered a form of real estate asset, but a vehicle.

provide any financial or investment advice, a tiny house is not generally a financial asset that has a potential for capital gains. In fact, it is a 'lifestyle asset' that is treated like a vehicle. It depreciates in value as time goes by, can be used recreationally and shared to generate revenue (such as being rented out as short-term accommodation), and can be traded in a second-hand market when it no longer meets the needs of the owner.

Seniors and retirees

For people who have already built up personal assets when considering the tiny house lifestyle, a downsize may free up cashflow. Similar to the idea of a reverse mortgage, moving into a smaller, cheaper property may allow a more senior person to generate rental income from the house they no longer live in, or sell the property to access their equity.

As a lifestyle option, relevant considerations include safety, companionship, and the availability and proximity of local amenities, including medical care. This is where a retirement village styled 'tiny house village' has potential, although the concept is not restricted to the elderly and retired. As an example, the Micro Collective project in Muriwai could be New Zealand's first tiny house village, showing that there is interest in smaller scale community living. Eco-villages, co-housing projects and an alternative retirement village set-up are some of the potential applications.

Legal landscape

Currently, local authorities are responsible for interpreting and applying the applicable statutes and assessing each tiny house (that comes to their attention) against the local planning rules, while disputes are escalated to MBIE and subsequently the courts.

The two key questions that a prospective tiny house owner need to consider before purchasing or building a tiny house are: whether a building consent is needed for its construction; and (separately) if a resource consent is required for the site that the tiny house is intended to be located on.

Is a building consent required?

Section 8 of the Building Act 2004 (Building Act) considers the meaning of a 'building', to which the Building Act and the Building Code apply. In considering whether a tiny house on wheels is or should be regulated as a building, section 8(1)(b)(iii) states that a building includes:

... a vehicle or motor vehicle (including a vehicle or motor vehicle as defined in section 2(1) of the Land Transport Act 1998) that is immovable and is occupied by people on a permanent or long-term basis.'

Vehicle or building?

MBIE has issued several determinations in recent years about whether a structure is a vehicle or a building under the Building Act. In a helpful 'decision tree' in Determination 2015/044 that follows the decision-making process of the Court of Appeal in *Thames-Coromandel District Council v Te Puru Holiday Park Ltd* [2010] NZCA 633, it was clearly set out that the first question to ask is whether the structure or tiny house fits under the 'vehicle' carve-out in the section 8 definition.

If it is considered a vehicle, the next question is whether the 'vehicle' in question meets both criteria in section 8(1)(b)(iii), i.e. whether it is both immovable and occupied by people on a permanent or long-term basis. If either of the criteria cannot be met, then the vehicle is not a building under section 8 and does not require a building consent. If the tiny house is found not to

be a vehicle at all, then section 8(1)(b)(iii) is no longer relevant and the general definition set out in section 8(1)(a) applies.

Under section 8(1)(a), 'building' means 'a temporary or permanent movable or immovable structure...'. This is clearly a broad definition and likely to capture most tiny houses. Structures such as a shepherd's hut with wheels and tow bar, and a shed registered as a trailer, have been found in earlier determinations not to be vehicles under section 8(1)(b)(iii), but were considered to be movable structures under section 8(1)(a) – meaning they were buildings under the Building Act.

Dall v MBIE

A recent decision from the District Court, *Dall v MBIE* [2020] NZDC 2612, has set aside the MBIE determination (2019/017) that declared the same tiny house as a building. Mr Dall built a tiny house on a

trailer. While MBIE agreed the tiny house would fall within the definitions of 'vehicle' and 'motor vehicle' contained in section 2(1) of the Land Transport Act 1998 (LTA), it ruled that the tiny house is not a vehicle or a motor vehicle based on the 'natural and ordinary meaning' of those words as provided in the *Oxford English Dictionary*.

Taking legislative history and intent into consideration, the judge confirmed that the LTA definitions apply when determining if a unit is a 'vehicle' for the purposes of the Building Act. Mr Dall's tiny house therefore met the first test and was considered a vehicle.

On the question of whether the tiny house was 'immovable', the judge noted that this must be determined as a matter of degree. It is commonplace in New Zealand for buildings (including large houses) to be constructed at one site and then relocated to another, so almost

every building or structure is capable of being moved in some way. Factors to be considered include the design, functional characteristics and purpose of the structure. A tiny house that exceeds the dimensions for use on the road are not precluded from being considered 'movable'; it just needs to comply with certain road safety requirements when it is to be moved.

The court found that Mr Dall's tiny house was not immovable for a number of reasons, including:

- a. that it had wheels, chassis, axles, brakes, lights, drawbar, and trailer hitch;
- b. its functional design allowed it to be attached to a vehicle and moved with relative ease (regardless of whether or not the tiny house was in fact regularly moved from site to site);
- c. it had a valid registration and warrant of fitness;



- d. it was incapable of being fixed to the ground/being removed from the trailer (noting that the court's finding would have been different if the tiny house was designed so that it could be moved off the wheels and fixed to the land);
- e. it was self-contained in terms of services (water was supplied by a garden hose, wastewater was drained through a garden hose, and a chemical cassette toilet system was used for waste – again if the tiny house was connected to council services, the ease with which these could be disconnected would be a relevant factor in determining whether the tiny house had become immovable);
- f. it was indistinguishable in any material way from a caravan.

The position of caravans and mobile homes are that they are generally considered 'vehicles' and not 'buildings' for the purposes of the Building Act. Mr Dall's tiny house was held not to be an 'immovable' vehicle, regardless of whether it was occupied by a person on a permanent or long-term basis. Accordingly, no building consent was needed as the Building Act did not apply to his tiny house.

Antoun v Hutt City Council

The *Dall* case is factually distinguished from another recent decision, *Antoun v Hutt City Council* [2020] NZEnvC 6, where it could not be shown on the balance of probabilities (the onus on the appellant) that the tiny house in question could be turned into a roadworthy vehicle, or practically moved off the property. This was despite the appellant's claim that the intention was (at some stage in the future) to incorporate two unconnected axles and separate wheels to the stand-alone, two-storey building that he was constructing on steel beams in the backyard of a property in Lower Hutt.

The judge visited and physically inspected the tiny house in the *Antoun* case and noted that the structure was patently a house, albeit a small one. Based on the facts of the case, it was inconceivable that

the particular tiny house could be proposed to be a vehicle. It was not equipped with wheels, tracks or revolving runners on which it moved. It was not drawn or propelled by mechanical power and was not a trailer. The judge found that 'the contention that the tiny house is a vehicle to be a flight of imagination advanced to justify the failure to apply for any necessary consents to construct it.'

Is a resource consent required?

Separate to the question of whether a tiny house is a building that falls under the Building Act, a tiny house may be subject to the Resource Management Act 1991 (RMA). Whether a resource consent is needed under the RMA is not straightforward and varies from council to council (and in many cases from suburb to suburb), depending on the zoning and specific rules that apply to the intended location of the tiny house, as well as the factual scenario.

The first question is whether the tiny house is a 'structure' in RMA terms, and therefore needs to comply with the district plan. The second question

Whether a resource consent is needed under the RMA is not straightforward and varies from council to council (and in many cases from suburb to suburb), depending on the zoning and specific rules that apply to the intended location of the tiny house.

is whether the tiny house qualifies as a permitted activity under the relevant district plan.

The RMA defines 'structure' as '... any building, equipment, device, or other facility made by people and which is fixed to land ...'. In this sense the question is different from the building and vehicle distinction which applies under the Building Act interpretation. In most cases, the word 'building' is defined in the relevant district plan. The key factor in determining whether the tiny house is a structure is then whether it is 'fixed to land'.

In the *Antoun* case, where the particular tiny house was found to be a 'structure' requiring a resource consent, the judge found that the tiny house was fixed to the land after considering a range of factors, including:

- The test for whether an object is a fixture or a chattel (the degree and object of annexation)
- The *Oxford English Dictionary* definition of 'fixed'
- The appearance, design and capacity of the tiny house to be used for permanent occupation
- The intent to connect the tiny house to council services
- The legal and practical difficulties of moving the tiny house, as a trailer or otherwise (due to its location and construction).

Despite the decision against the appellant on the facts, the judge specifically noted that the outcome of the case has nothing to do with the merits or otherwise of tiny houses, despite counsel's submission and the public attention. The council's finding that this particular tiny house contravened permitted activity conditions of the district plan (considering matters such as net site area, yard requirements, recession planes, maximum height and site coverage etc) is simply a means to ensure there is an even playing field for securing the necessary building and resource consents before starting building work and does not reflect any opposition to tiny houses.

The New Zealand Tiny House Association has submitted two documents to the Parliamentary Drafting Office on 2 July 2020 for a chance that tiny house specific legislation may be drawn as a Member's Bill.

Looking towards the future

The Minister for Building and Construction, the Hon Jenny Salesa, has expressed both her support for tiny houses as an innovative sustainable housing option to address the housing shortage in New Zealand and concerns that tiny house builders and owners are claiming their homes are vehicles, possibly in an attempt to circumvent the Building Code.

In an interview aired on TVNZ's *Fair Go* programme in March 2020, the Minister confirmed that work is being done to reform the Building Act. However, when pressed on whether tiny houses could expect to be assessed under different standards from regular houses and buildings (noting the disproportionate compliance costs), the Minister's response indicated that all buildings regardless of size should comply with the same rules set out in the Building Act.

The New Zealand Tiny House Association has submitted two documents to the Parliamentary Drafting Office on 2 July 2020 for a chance that tiny house specific legislation may be drawn as a Member's Bill and go to Members of Parliament for consideration. The documents are titled 'Framework for the Creation of Legislation for Tiny Homes on Wheels' and 'Draft Building Standards', respectively. They aim to clearly define what constitutes a tiny house (being a vehicle used as a self-contained dwelling on a medium or long-term basis), and suggest a separate set of safe minimum standards that could apply to them. However, the process of legal reform takes time.

For completeness, we note that the new building consent exemptions that came

into force on 31 August 2020 and relate to single-storey detached buildings (including sleepouts, sheds and greenhouses), carports and other low-risk building work do not apply to tiny houses. The reason for this is that kitchen and bathroom facilities in a self-contained unit are not included in the exemptions.

In the meantime, while the recent MBIE determinations and court cases have provided more clarity on how the Building Act may be interpreted for tiny houses, the outcome of each assessment is fact-specific, notably depending on the characteristics, construction and placement of the tiny house in question.

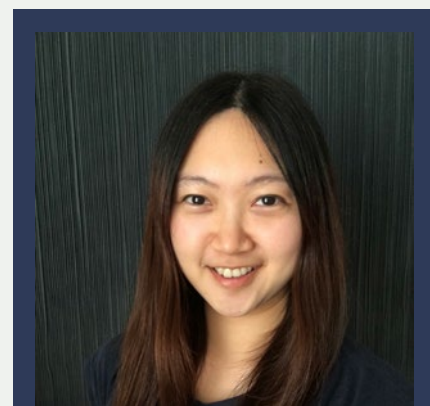
Besides the building standards that apply to tiny houses, the resource consent question is another area that could see major changes in the near future. The prospect for change is evident from the recommendations of the Resource Management Review Panel in August 2020, which recommended repealing and replacing the RMA with three new Acts: the Natural Built Environments Act, the Strategic Planning Act and the Managed Retreat and Climate Change Adaptation Act.

The cross-party support for these recommendations means major legislative change in the next parliamentary term seems highly likely. The potential reforms will be relevant for the tiny house movement, as the role and responsibilities of local government and the national policy and priorities are re-considered. Given the pressures on land and house affordability and New Zealand's changing demography, the future of tiny homes in our communities will need to be specifically addressed during this reform.

In other words, watch this space.

Disclaimer

This article is only intended to provide general comments on the subject matter. Specialist advice should be sought about your specific circumstances 🙏



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Good for businesses in a post-COVID environment

VAUGHAN WILSON

Prior to the COVID-19 pandemic coworking was a growing trend in office accommodation around the world. Post-lockdown, it has not only survived but is flourishing as companies seek different ways to obtain office space with greater flexibility, shorter tenure, and lower opex and capex responsibilities.

Coworking in the pandemic

Coworking prior to the COVID-19 pandemic was a growing trend worldwide. Coworking companies and their office sites were popping up in all major cities and regional towns. My own coworking company, Digital Nomad, began in the Wellington CBD in August 2017 and quickly grew into the largest of its type in Wellington, with eight sites as of September 2020 and another due in February.

During the Alert Level 4 lockdown, coworking businesses (like most businesses in New Zealand) had challenges to retain revenues while being unable to provide services. Tenants were effectively paying for something they could not utilise. For Digital Nomad, we received rental discounts from our landlords and passed these onto our tenants. To that end, our tenants were fantastic and stood behind us, with most surviving the challenges of the pandemic and coming back to us once the alert came down to Level 2.

We have found that since New Zealand moved away from Alert Levels 3 and 4 (except the recent Alert 3 for Auckland), the country has begun reverting back to a 'normal situation', even though it is an election year. However, several things have changed, as discussed below. Some of these relate to the demands from tenants around coworking and some to the potential marketplace.

Working from home – a growing trend

The media has largely focused on how a significant portion of New Zealand's working population of 2.6 million people worked from home during the lockdown. Twenty years ago, this would have been near impossible, but modern communications and IT technology have meant that for most people this is now not only feasible but, in many cases, preferable. Over the last eight years a significant number of people have ordered and had installed fibre optic cable

coworking



to their homes. This, along with other IT advancements, has allowed a platform whereby working from home has become not only possible, but fast, efficient and easy.

Working away from the office has proven successful for many, but has decreased social interaction, networking, mentoring and collaboration, and at times created a strained work-life balance – all critical elements of career growth and organisational productivity.

Speaking to various workers from Auckland, many have enjoyed the ‘working from home philosophy’ bedded down during the New Zealand lockdown. The biggest

advantage many have said was the non-existent commute to work. Dragging oneself to the dining table, study or makeshift office at home meant a significant saving in time spent at the wheel or on public transport. Wellington too has a significant commute for many.

Working from home meant a lot less pollution, as well as household money spent on fuel or tickets on buses, ferries and trains. Noise pollution for many built-up areas reduced considerably during the lockdown. This saving in commute has been for many a significant motivation to stay at home.



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Coworking an adjunct to working from home

Flexible businesses allowing staff to continue to work from home means they will require less office space in the medium to long term, allowing for existing tenure to expire. Coworking can meet this need by providing desks on an 'as needed basis' (hot-desking), but also more likely on a set number of days per employee per company.

This sounds easy, but it means having a logistical system in place that can not only ensure there is a constant availability of desks on certain days, but also meeting rooms and the method by which to charge for this in an efficient way. We have invested in a new app that allows customers to book in their desk needs and the system flows into our invoicing system. It also means having a pool of desks that any tenant needing this flexibility can choose from.

Cleaning and physical distancing

Daily cleaning has always been part of coworking with such large numbers of people coming and going, visits, and meeting with those from outside of the office and internally. Cleaning due to COVID is now even more important, with hand sanitiser upon entry. There are more intensive cleans five times a week, including common areas (such as bathrooms, lobbies, kitchens and meeting rooms) and commonly used surfaces (such as lift buttons, kitchen appliances and photocopiers).

Directional traffic of how people walk similar to that adopted in retail businesses during COVID has ensured people track the same one-directional path to and from common areas (such as the kitchen and bathrooms).

Some tenants are also seeking their own office within a coworking office. Traditionally there has always been a demand, due to confidentiality and the

like. However, in a COVID environment, physical separation with other companies is seen as a mitigating factor for disease transference or (at the very least) the peace of mind of the staff.

Desk layout and separation in an open plan set-up and within an officed area is also important to minimise the risk of transference and is again for the peace of mind of the staff. It is not always easy to provide this with the pre-COVID volume of desks within a facility. Some coworking operations have had to reduce the number of desks available (and find storage for these) to create the spacing required. This can hit the bottom line and potentially make a profitable coworking operation unprofitable.

Depending on the quality of the desks provided, some have partitions that move with the desks if they are electric stand-up/sit-down. These partitions further assist in the separation of tenants and also reduce the risk of transference. Some coworking facilities only have long communal desks and these are not only impossible to separate but lack any partitions.

Suburban/rural vs CBD business growth

Working from home has benefited some suburban businesses such as hospitality (e.g. coffee shops). Whereas their CBD cousins have largely struggled post-lockdown, their suburban counterparts have in many cases flourished, with accountants for these businesses suggesting in some cases far better sales than ever before.

Recent international surveys have shown that prior to COVID around 37% of staff were able to spend some of their working time away from the traditional office, but that response is now up around 70%. A further 73% said that coworking will likely figure in some shape or form in their future office needs.

Coworking, therefore, has also flourished in those areas of suburbia or semi-suburbia where the lure of being in an office is needed or is too great over sitting at home. Working from home can be challenging,

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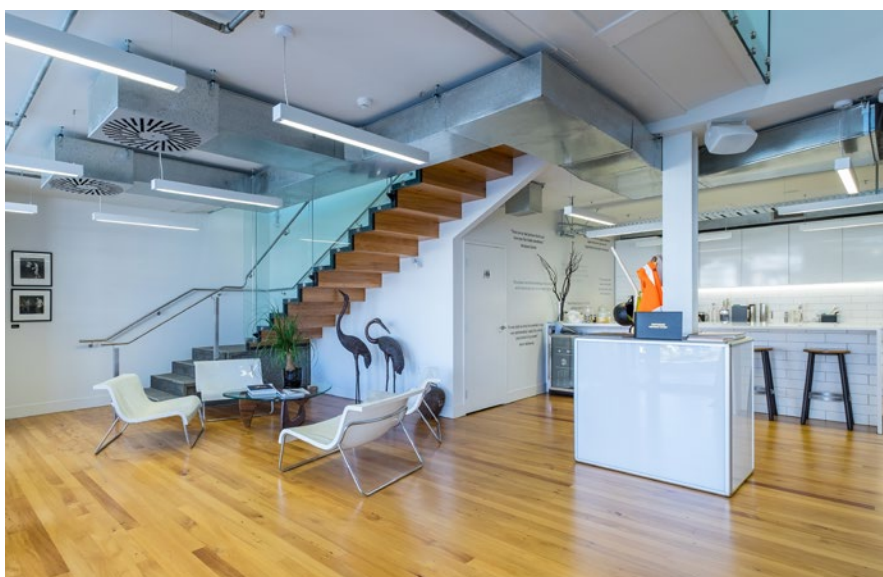
with distractions from other house users (such as children, and a lack of space for a desk, social connectivity and perhaps even fast broadband).

In the Wairarapa there has been a big uptake in smaller coworking facilities catering for those workers who, prior to COVID, got on a daily commuter train or drove over the Rimutaka's fighting the log-jams of traffic. Now these workers have seen the best of both worlds, working away from the house, but with only a short car ride for at least part of the working week. This scenario is being played out all over New Zealand, whether it be in our larger cities in the suburban context (e.g. Hobsonville) or in the rural and semi-rural areas, particularly where these were traditionally near a larger built-up urban hub.

Regionalising Crown office work locations and requirements

The Government via MBIE are looking at 'regionalising' some of the Crown's work locations, meaning that government departments and/or work streams within departments will be located away from the traditional main centres. This, of course, could mean re-locating to minor hubs nearby (such as Porirua), but could also result in more Crown locations in Palmerston North or New Plymouth for example.

This is not a new concept, but with the advent of technology and house prices in the main centres being beyond those on average salaries, these types of advances could see the typical Crown role that would normally be in Wellington, Auckland or Christchurch now spread out over the larger





urban locations of New Zealand. This would bolster the weekly spend in these locations and allow more people to afford their own homes.

The regionalisation of Crown office requirements is a good example of the trend of 'Hub and Spoke' office provisioning. The centre of an organisation or government department will likely still be centrally located for a vast array of reasons. However, the support structure and those aspects that do not necessarily need to be

in say Wellington can be like a bicycle wheel and located away from the hub in a spoke-like fashion. This is, of course, subject to the availability of resources, particularly human, but also modern office accommodation.

Multiple savings

Coworking also can benefit the financial standpoint of an organisation. By removing leased tenure from an organisation's responsibility, it means it is removed from the financial results currently shown as

a commitment in the Notes to Accounts. In other words, it is an ongoing financial liability to pay a rental cost for the life of a lease. This cost will be a major focus for organisations as they come out of the COVID environment, and for many the lure of coworking and releasing themselves from this financial liability will make it very attractive.

Coworking is also allowing larger companies to rent a much smaller number of desks than were required pre-COVID.



Coworking providers take care of all the operating expenses (such as electricity, cleaning, coffee, printing and internet).

Staff are encouraged to desk share at a coworking environment. Some staff are also encouraged to start earlier or later to avoid the peak hour commutes. Coworking facilities such as Digital Nomad are open 24/7 and can therefore cater for changing work schedules. We have had tenants recently join us from overseas who have passed through the government isolation of two weeks and then worked from one of our offices at all hours of the day and night (weekends too) to match with their colleagues in Europe and the US.

Another advantage that coworking has always had, but is now front and centre, for companies seeking office space is that the coworking company typically provides all the fitout, including desks, chairs, meeting room furniture and the partitions between spaces. This capital saving by companies renting coworking space is a further argument for it as a viable alternative to them renting their own accommodation.

Similarly, coworking providers take care of all the operating expenses (such as electricity, cleaning, coffee, printing and internet). This further frees up the tenant from organising these aspects of office occupation and paying for it as separate line items, and we believe this equates to around \$2,000 plus GST per annum.

Lastly, coworking has always provided common areas (such as boardrooms, meeting rooms and kitchens). Companies leasing their own space typically had to allow for this in the overall area they leased.

By sharing this with other coworkers, the space a company occupies is much smaller, which further helps to cement the cost advantages of coworking.

The way of the future

Although many of these aspects of coworking have always existed, they are now more prominent post-COVID as companies look to find alternative office accommodation and to reduce costs. Coworking will therefore continue to grow and expand to meet the office needs of small, medium and large organisations, both in larger CBDs and smaller centres.

Coworking companies will continue to offer services in a format that meets the changing needs of users. It is also highly possible that the future of office leasing will largely hang on short-term, flexible tenure arrangements with coworking companies, and in turn these companies could take most of the long-term tenure from current commercial landlords. Who knows, perhaps one day the coworking companies will be large enough to own most of the office buildings too 🏡



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Professionals and professional service organisations perform in an environment of increased responsibility and accountability.

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However, policies do differ significantly in scope of cover between insurers. Therefore, it is important that you consult with a specialist insurance broker before making any decisions on which policy best suits your particular requirements.

Some of the risks that can be covered by a Professional Indemnity policy include:

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