



BUYING A NEW HOME OFF THE PLAN





A little homework can go a long way

There are some real benefits to buying off the plan, but you do need to do your homework so you get the best outcome.

Buying off the plan differs from buying an existing home in a few important ways. It's helpful to understand what's involved in the process so that you can do your homework before you buy.

This guide gives you answers to many of the questions that are likely to pop up as you look for the right place to call home, so take a look!



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Buying off the plan



Is buying off the plan a good idea?

Yes, there are some real benefits to buying this way, but you do need to do your homework so that you get the best outcome. Read on to get clear about some of the pros and cons.

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What are the main benefits of buying off the plan?

- » You'll secure your home at today's price by paying a deposit, and won't have to pay the balance of the money until the project is complete. If the housing market continues to rise you will already have equity in your home when you take ownership.
- » You'll have time to get your finances sorted (and keep saving) while your home is being built.
- » Early in a project you'll likely get more choice of homes. You can pick the one that suits your needs best or has something that makes it more appealing to you.
- » You'll know the price upfront, unlike an auction or multiple offer situation for an existing home, so there's less risk that you'll be tempted to go over your budget.

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Does buying off the plan 'fix' the price?

Yes, it should. Some builders put a clause in the Sale and Purchase Agreement so they can pass on increases in the cost of building the home to the buyer.

Make sure you show the agreement to your solicitor, so they can tell you what this could mean for you.



How can I feel confident about buying a home I can't walk through?

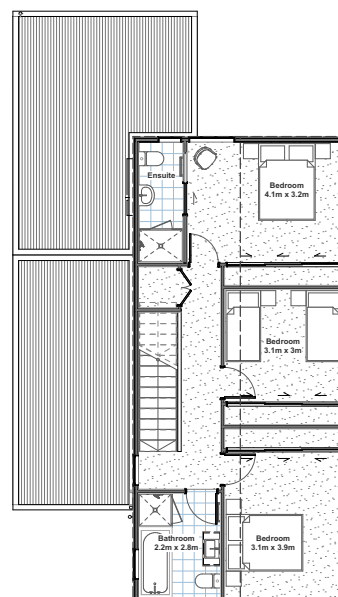
Our trusted builder partners use a variety of tools to help you envisage the building and the internal spaces.

- » Renders are drawings (artist's impressions) of the building's exterior and interior.
- » Floor plans show you the layout of the space. If they don't include dimensions you can always ask for a more detailed plan so you know what size the spaces are.
- » A virtual tour is a sequence of 3D renders which allow you to 'look around' the home on your device.
- » Display suites are physical spaces you can visit, often on or near the site of the new building, where you will see examples of some of the interior fittings and finishing.
- » A show home is a completed home you can visit by appointment or at set times.
- » We recommend that you visit a completed project by the builder to get a feel for the quality of the building.

THIS IS A RENDER



THIS IS A FLOOR PLAN



Type E - Ground Floor

@A3 1:100



Doing your research



How long will the build take?

Most homes within Kāinga Ora-led developments are part of a 'lot' that can take between a year and 24 months to build. Large apartment projects can take longer. Keep in mind that building may not start as soon as you pay your deposit. Some builders ask you to commit to buying before they have confirmed the development will go ahead. If you prefer more certainty, buy within a development that has a firm timeframe for construction.



How do I know if the builder has a good reputation?

Kāinga Ora's trusted builder partners are selected for their strong track record. You should be able to ask about their previous developments and whether you can visit them to have a look around, and if they can put you in touch with someone who lives in one of their earlier developments so you can have a conversation about what the home is like to live in.



How do I know if the finished product will be good quality?

Kāinga Ora requires all new homes to be a minimum of 6 Homestar standard. To achieve a 6 Homestar rating, your home will need to have greater insulation, moisture control and water efficiency measures than those recommended by the New Zealand Building Code. That means your home will be more comfortable and energy efficient than other new builds that have reached New Zealand Building Code standard, but no higher.

You'll be given specifications for the interior of your home so you will know which materials, fittings and appliances you are buying. It's a good idea to also ask about the type and quality of the exterior materials used in construction, such as the cladding. This information should be readily available from the builder.



Will I be able to visit my home while it is under construction?

It varies from builder to builder. If this is important to you, ask before you buy. Providing site visits is not as easy as it sounds because of the strict health and safety requirements on a building site. Some builders send construction updates to buyers while others are not very good at keeping you in touch with progress at all, which can be testing if you're not the patient type.



Top tip

When buying off the plan, forget about sinking money into builder's reports (which is wasted if you don't end up buying the house).

New homes are built to a higher standard these days, thanks to improvements in the New Zealand Building Code moisture, thermal and acoustic ratings. They're also more energy-efficient and are covered by warranties (generally 10 years) from the builder so there will be few maintenance costs in the initial years and you won't need to pay for renovations.





Can I choose the interior finishes and fittings such as tiles, carpet and appliances?

Appliances are usually chosen by the builder. For interior finishes like tiles, carpet, kitchen cabinets and benchtops it is common to be offered a choice of themes which have been put together by an interior designer. There's often a light coloured theme and a darker theme included. Colours tend to be kept neutral to have the broadest appeal. You can add colour and personality with your own furniture, art and window furnishings.





Money matters



What will my deposit be?

It varies, but usually either 5% or 10% of the purchase price.
You will not need to make any further payment until settlement.



When will I have to pay in full for my home?

The Sale and Purchase Agreement will include a settlement date on which you will pay the balance you owe (the full price, less the deposit and any interest it has accrued), and ownership will pass to you.



Are there any differences between getting finance for a home off the plans versus an existing home?

Banks will generally only approve finance for up to three months at a time, so buying a new home with a longer settlement period means you will likely need to reapply for finance at some point before your home is built. Working with a mortgage broker can be helpful as they can work with you to either keep applying to extend the approval, or reapply three or four months before the home is due to be completed. There is a risk that if your circumstances change significantly during this period, the bank may not reapprove your finance.



In what ways is it easier to buy a new home off the plans?

If you qualify for the First Home Grant, you can receive twice as much money to buy a new build versus an existing home (up to a maximum of \$10,000). And if you qualify for the First Home Loan, you can use it to buy a new home at a higher price cap than an existing home. See the glossary at the end of this guide for more information.



What happens if the builder doesn't start building?

Some developments depend on a predetermined number of the apartments being sold off the plan before the development goes ahead. Pre-selling these apartments enables the builder to get funding from the bank to begin the construction. Make sure you know whether this is the case in the apartment development you are interested in. If it is, ask when the decision will be made. If the building doesn't go ahead, your deposit will be returned. Ask your solicitor to check this clause in the contract. It's also worth asking where your deposit money will be held, for example in a trust account.



Can I sell the apartment before it is finished?

As with all homes, you will need to settle before you can put your new apartment on the market. If you have taken advantage of any homeownership products, such as KiwiBuild, you have to own your home for a set period of time before you can sell it.



Home buyer's glossary

BODY CORPORATE

An administrative body made up of all the owners within a group of units or apartments. The owners elect a committee, which handles the administration and maintenance of the site. If your apartment has a body corporate, you must pay an annual fee to belong, which covers maintenance of the exterior and common areas of the apartment building, and insurance.

FIRST HOME GRANT

This is where first-time home buyers or previous home owners who have been making regular KiwiSaver contributions for at least three years, could be eligible for a First Home Grant of up to \$10,000. You apply for the grant directly on the Kāinga Ora website (<https://kaingaora.govt.nz/home-ownership/first-home-grant/>).

FIRST HOME LOAN

This is a special loan underwritten by Kāinga Ora which requires just a 5% deposit for a home. Visit the Kāinga Ora website for a list of participating banks and eligibility details.

HOMESTAR

Homestar is an independent tool, run by the not-for-profit Green Building Council, to rate and improve the performance of homes. Kāinga Ora requires all new homes in our developments to be a minimum of 6 Homestar. To achieve a 6 Homestar rating, your home will need to have greater insulation, moisture control and water efficiency measures than those recommended by the New Zealand Building Code.

KĀINGA ORA

Kāinga Ora - Homes and Communities is the Government agency tasked with delivering tens of thousands of homes to Aucklanders over the next 10 years. Alongside homes, Kāinga Ora is also delivering upgraded and new infrastructure, and amenities like parks, walkways and playgrounds to each of their large scale development neighbourhoods.

KIWISAVER

If you're a KiwiSaver, you may be able to access the KiwiSaver first home withdrawal. This is a government scheme whereby you can withdraw all of your KiwiSaver savings (except \$1,000) to put towards buying your first home. Contact your KiwiSaver provider to find out more.

KIWIBUILD

Many of the homes being built in Kāinga Ora developments will be KiwiBuild homes. KiwiBuild is a government initiative designed to increase the supply of more affordable housing options for New Zealanders. Homes built by KiwiBuild must be sold under the price cap of \$650,000 for a three-bedroom home. You can check your eligibility, learn about the buying process, view upcoming and available KiwiBuild homes, and subscribe for the latest updates here:

**[https://www.kiwibuild.govt.nz/kiwibuild-eligibility/
check-your-eligibility/](https://www.kiwibuild.govt.nz/kiwibuild-eligibility/check-your-eligibility/)**

OFF THE PLAN

To purchase a property before a structure or dwelling is built on the site, after having only seen the plans.

SALE AND PURCHASE AGREEMENT

A legally binding contract between the buyer and seller for the sale and purchase of a property. The agreement sets out all the agreed terms and conditions in writing.

With thanks to the Real Estate Authority.
See their larger glossary at **rea.govt.nz/glossary**



Planning for the future

Auckland's housing market is set to welcome the arrival of a new breed of high-quality homes in suburbs as diverse as Hobsonville Point, Northcote, Mt Roskill and Mangere. Housing developments in these neighbourhoods have been 'masterplanned' by the Urban Development team at Kāinga Ora, the government agency tasked with delivering tens of thousands of homes to Aucklanders over the next 10 years.

Kāinga Ora has carefully selected the partners who will build these homes, to ensure a consistently high standard in design, durability and sustainability. Alongside homes, Kāinga Ora is also delivering upgraded and new infrastructure, as well as amenities like parks, walkways and playgrounds, to each of the development neighbourhoods.

[Learn more at mangeredevelopment.co.nz](https://mangeredevelopment.co.nz)

