

Owners Handbook



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GRACEFARM AND CONSERVATION ESTATE

Introduction

Welcome if you are a new owner or considering ownership in this unique rural residential development.

- This booklet provides information about the development, how and why it has eventuated, ownership structure and management of common land.
- It is available to all owners or potential owners.
- The owners who sell their property are asked to ensure that this booklet, together with the management agreement and lease agreement are passed on to new lot owners.

1. VISION & PHILOSOPHY

Ray and Pam Hollis purchased this farm in June 1992. The farm has a mixture of good productive land and other areas that require conservation.

In 2004 Ray and Pam contemplated the future land use of the property considering the various land classes. They wanted to ensure the land use was appropriate and sustainable, maintaining farm production while conserving the more sensitive areas.

They consider people have an important contribution to make to the rural environment. They also recognised there is a demand for rural lifestyle dwelling where occupiers are not obligated to actively farm the land.

The Vision is therefore:

“To provide a place where people can dwell and enjoy rural living within a sustainable working farm and conservation environment”

A Brief Description

In the final plan there will be 12 freehold lots averaging 3500 square metres in area. Each lot will also own an undivided 1/12th share in the working farm and conservation land, which is more or less 100 hectares. This Common Land is legally held by the lot owners as tenants in common and equal shares.

Each lot has access from the private, tarsealed road by Right of Way and also ownership in the road as it is part of the common land.

2. OWNERSHIP

A property purchase includes three major items which cannot be sold separately

- a) The freehold title for a **residential lot**.
- b) The undivided 1/12th share of the farm and conservation land of 100 hectare. (The Common Land)
- c) A membership in Gracefarm Incorporated Society, which is the managing body for the Common Land.

A Deed of Covenant which is signed at purchase specifies the conditions required to comply with the management.

Interested parties or owners will familiarise themselves with:

- The Management Agreement and associated Lease Agreement for the working farm.
- The Rules of the Incorporated Society.

Stages

- **Stage one comprises five lots, Lots 3-5,8,10**
- Membership in the Inc. Society will concurrently take place with the transfer of title. One membership for each title
- The Society, Management Agreement and Working Farm Lease agreement will commence on the day the first lot is transferred to a new owner. (That is apart from Ray and Pam's home on lot 8 which will hold membership for their own lot and the other seven membership options until future stages are completed and titles issued)
- If Ray and Pam choose to sell their home on lot 8, they will retain one of the other lots and build thereon

The Estate is comprised of:

- **12 Residential Lots** – Comprising Approx. 4 ha

- **Lot 2 - Working Farm** - Approximately 50 ha

- **Conservation** - Aproximately 50 ha

Total Area – 104 ha

The administration of the Common Land will be undertaken by Gracefarm Incorporated Society. The Society will have 12 members, one for each lot. The Society operates under a management agreement (and lease agreement for the working farm) which are designed to promote good farming practice, ongoing conservation, benefits, rights and responsibilities of owners.

The framework is designed to be straight forward and with the relatively few owners a genuine sense of ownership and enjoyment in the whole property is anticipated. As a priority the **working farm** will be leased by the Society on behalf of members to one farmer.

3. RESOURCE CONSENT

On 22 May 2006 a Consent Order was issued for this subdivision and development by the Environment Court of New Zealand.

- The consent is available on request.
- The consent has conditions which must be completed by the Consent Holders, (Ray and Pam Hollis).
- **The consent is staged**, allowing the consent holder to acquire 5 titles in the first stage, having met certain conditions in regard to roading, fencing, and servicing.
- Purchasers acquiring lots in the first stage are protected for the completion of the consent by conditions that must be fulfilled by the applicant before further titles are issued.
- Some conditions in the consent do affect the purchasers of lots and these are summarised as follows:

3.1 The Consent Order specifies certain covenants intended to preserve or enhance the rural character.

3.1.1 Areas C, H, I, L, M, Q, R being existing or proposed bush, riparian or landscape enhancement land (or such variation as may be approved by the council) defined on Survey Plan as “areas to be subject to land covenant” commonly referred to as **bush protection** to be protected in perpetuity. Refers to Clauses 2.a) and 30.a of consent order.

3.1.2 Impermeable areas. Each residential lot may have up to 600 square metre of impermeable area unless specific engineering design is approved for stormwater management. Refers to Clause 13.

3.1.3 Storm water control. With the building of a house, each site must install 2x20,000 litre reservoir to “buffer” stormwater run off. Refers to Clause 14.

3.1.4 Household Units. One household unit is permitted per residential lot. No minor household units or home stays are permitted. Refers to Clause 30 b).

- 3.1.5 Colours. Without approval of the Council Team Leader of Resource Consents, house colours are to be in accord with the 'Karen Walker' range as referred to in Clause 30.c).
- 3.1.6 Accessory Buildings. Accessory buildings are to be located within 10 metres of the dwelling unless approval is obtained from the manager of Resource Consents.
- 3.1.7 No Complaints Covenant. A restrictive Covenant prevents residential lot owners from bringing legal proceedings that would seek to restrict normal farm practice on adjacent properties. Refer Clause 24. and 30.g). **This form of covenant is also included in the Management Agreement restricting lot owners from objecting to normal farm practice on the farm lot.**
- 3.1.8 Fire Works. The Consent Order specifically prohibits the use of fire works within the site. Refer Clause 29.

4. Gracefarm Incorporated Society

The Society is the administrative body for the Common Land and operates under a Management agreement on behalf of members.

- The Society owns no assets.
- Each member of the Society is attached exclusively to each of the residential lots.

- **Executive**

The Society is run by the executive who perform their duties on a voluntary basis.

- There must be four on the executive, Chairman, Secretary/treasurer and two members.
- Ray Hollis will act as Chairman and Secretary/treasurer until such time as there are at least 3 lots sold and an annual general meeting elects officers.
- An annual general meeting will be held each year before the end of July and the Balance date for the Society will be the 31st day of March.
- A Executive member who may be absent for an extended period can name a replacement for that period..

Banker: National Bank of New Zealand.

Accountant:

Solicitor: Coast to Coast Law

5.0 COMMON LAND & COMMON INTEREST

While individual ownership is a cornerstone to the subdivision, there is inevitably and desirably a common interest in the land and environment.

Ray and Pam have a long term commitment to the development and want to encourage this.

Other similar developments have established a residents association to facilitate common activities, be they social or work related on the common land.

Whether a specific association is required will be a matter for the residential lot owners/members of the Society to decide. Ray and Pam consider the number of sites in the subdivision are few enough that most activities will result from word of mouth or through the membership of the Society.

5.1 Benefits of Ownership in Common Land

Residential Lot owners have tangible ownership of the farm. It is expected they will enjoy benefits of the lifestyle, which include:

- **Walking** – Walking tracks will be identified through the farm and conservation areas, and to the Te Hana Stream.
- **Biking** - Mainly mountain bikes, possible provision for motorbikes.
- **Social Benefit** – The value of being part of a productive farm and conservation estate.
- **Security** – Through relatively private and ‘closed’ character of the subdivision.
- **Share in Farming Profits** – (see appendix one).
- **Firewood** – Through the Society.
- **Grazing beef animal(s) for domestic consumption and grazing horse(s) for riding**—by arrangement through the Society and the Working Farm Lessee
- **Future Developments** – Possibilities both in farm land use and amenities for Shareholders.
- **Carbon Credits** – In the event that credits are available through the permanent conservation of forest land, these will be owned by the Tenants in Common of the farm lot.

6.0 COMMON LAND FUNCTIONS & RULES

6.10 Farm Rates

As Tenants in Common each residential lot owner is a 1/12th shareholder in the working farm and conservation land, being Lot 2 on Deposited Plan 396079

- Common Land rates are not included in the residential property rates.
- The Common Land rates or a proportion thereof will be paid by the working farm Lessee.

6.11 Residential Owners Contributions

While it is not anticipated that Owners will be required to contribute, should the income from the farming operation be insufficient to enable the operations to continue the Society may acquire funds by way of Owners contributions.

- In the event of owners being levied, the sum will be recorded in the accounts as contributions from the individual owners which may be repaid at the discretion of the Executive at a future date.
- The owners may elect to contribute where there is an agreement (a majority of 75% required) to undertake capital work that will benefit the owners. These are referred to as Owners Capital Contributions. In the event of capital contributions being made to the Society they will be recorded in the accounts as contributions from individual owners which may be repaid at the discretion of the Executive at a future date.

6.12 **Building Restrictions**

Caravans may be allowed on sites for a maximum of 6 months during construction of a house.

No second-hand materials to be used in construction without the prior consent of the Society.

Normal Building Line Restrictions must be observed for the rural location.

Plans for new buildings must be approved by the Executive.

The objective of Ray and Pam and of the Society is not to be unduly restrictive in terms of building size and standard. We propose a minimum floor area of 125 square metres (excluding garaging). The Resource Consent allows for solid surface for each site of up to 600 square metres which includes driveways, accessory buildings as well as dwellings

The aim is for good quality but unpretentious homes that conform to the rural environment. We hope Ray and Pam's home will be a reasonable example.

6.13 **Parking of Vehicles**

Parking of vehicles, trailers etc on the Common Land surrounding residential sections on a semi permanent basis is not allowed. It is aesthetically bad and hinders the orderly management of the Common Land and access on the road.

6.14 **Insurance**

The Society will have insurance cover over the cottage and farm buildings. The Society is responsible to ensure the assets are appropriately insured, but may transfer the premium for the use of farm buildings to the Lessee.

6.15 **Health & Safety & Employment Act 1992**

This act places obligations on owners who may have contractors, visitors and the general public coming onto their property.

For example if a visitor were to have a mishap, the Society may face liability if they have not been given appropriate warning of any hazard.

Therefore residents visitors must be informed of any work related hazards and stock that could be dangerous and any areas which are out of bounds.

6.16 Private Road

The private road from Mangawhai Road is 405 metres long to the cul de sac at the entrance to Lots 8 & 10.

- It has a 6 metre wide tarsealed carriageway and the road has been constructed to high, specified engineering standards.
- The road is a private access and while it has been suggested that the road could be vested in the council, it is not the intention to do so, rather the preference is to secure privacy either by signage or security gates.
- The right of way extension from the end of the cul de sac provides access to a future stage of the subdivision, to Lots 11, 12 & 13, the completion of this right of way is the responsibility of the consent holder.
- The management and maintenance of the whole road shall be the collective responsibility of members in the society and will be administered by the executive.
- The private road is designated as ROW "F" on the survey plans and is part of the common land being owned as tenants in common by equal shares by the lot owners, however each lot owner will have an easement over the ROW for access to their lot.
- The maximum speed on the private road is 50 kilometres per hour.

6.17 Security Gates

- There is no commitment by Ray & Pam Hollis to install security gates on the private accessway into the subdivision during the first stage.
- The Members of the Society may choose to install security gates and if so the Society shall be responsible for funding, construction and maintenance thereof.

6.18 Entrance/Landscaping & Maintenance

Ray and Pam are responsible for establishing the landscaping and screen planting

- Maintenance will be the responsibility of the Society. This will include the care of plants and mowing grass verges and swales.
- Ray and Pam will take responsibility for the maintenance until the second lot is sold and will then transfer the maintenance responsibility to the Society.
- The object for the entrance is to present a tidy, uncluttered and attractive appearance.

6.19 Mail Boxes

Individual mail boxes will be built of a common design and appearance that will blend in with the surrounds.

The cost of each individual mail box will be the responsibility of the Members/lot owner.

6.20 Electricity

- Electricity supply is from State Highway 1 across the common land to a transformer located beside the power pole on conservation area "M".
- As required, appropriate easements will be registered over the common land for this supply.
- Underground electric power cabling with 3 phase electric power is reticulated to each site.
- All cabling is installed to the appropriate standard and depth and there should be no reason for any damage of supply cables within the common land.

6.21 Telecom

- The supply line comes from Mangawhai Road, follows the verge on the western side of the private road and connects into the common service trench (with electric power) at the plinth between Lot 3 and Lot 4.
- It is the responsibility of lot owners to be familiar with the location of supply lines and to avoid any damage thereto.

6.22 Cottage & Cabin on the Common Land

- The cottage and cabin are located on the roadside at the entrance on State Highway 1.
- The cottage is old and while it has had regular maintenance there is ongoing need for upgrade and improvements.
- The Ray& Pam Hollis commit to the following repairs.
 1. Replace corrugated iron on roof.
 2. Repaint exterior.

6.23 Future for Cottage/Dwelling on Common Land

- The common land is permitted to have one house.
- The existing cottage may have a limited lifespan – say 10 to 15 years with reasonable maintenance.
- The location is not ideal, being too close to the highway.
- Ray & Pam Hollis commit to setting aside a reserve fund of up to \$75,000 to go towards the replacement of the cottage in a suitable location, at least 50 metres from the highway. This reserve shall be deposited in an account opened by Gracefarm Inc. Society at the completion of the final stage of the subdivision. The account to which the deposit is made will be designated for replacement of the cottage on the common land.
- The Society will then be responsible for deciding when and where a new dwelling is built and for the raising of the balance of capital by way of income reserves, levies, debentures or loans from lot owners to complete the financing.

6.24 Cabin

- The cabin beside the cottage is essentially temporary accommodation.
- The cabin does not have a building consent, but is serviced with electric power; toilet connected to an effective septic tank system and has basic ablution and kitchen facilities.
- The cabin should not be treated as a permanent building.

6.25 Occupation of Cottage & Cabin

- The availability of the cottage provides accommodation in the event that an independent lessee (independent from a residential lot owner/member) requires a residence while leasing the working farm.
- In the event that the cottage is not required by a lessee The Society will administer the tenancy of the cottage (and cabin if applicable).
- The cottage and cabin currently yield a gross rental of \$260 per week.

6.26 Dog (Pet) Control

- Dogs must be confined to residential sections except when walking with owners.
- Dogs must be on a leash when in areas where stock is grazing.
- Cats are not excluded, but lot owners are asked to be mindful that they can be animals of prey on birds and one of the objects of the farm and conservation is the preservation of flora, fauna and native wildlife. We recommend cats wear a 'bell' necklace

6.27 Wastewater Management

Each residential lot owner is responsible for their own disposal of sewage and wastewater.

The ARC and RDC have approved the subdivision for this purpose as each lot is of sufficient size to manage wastewater on site.

As part of the individual building consent process a suitable design for a sewage and wastewater system will be approved.

It is the responsibility of the residential lot owner to ensure that their wastewater and sewage systems are managed and maintained according to their consent.

6.28 Water Supply

- Under the consent conditions each residential lot owner is required to install 2 x 20,000 litre reservoirs for the collection of rainwater from house roofs or solid surface area. Each site will therefore have house storage of 40 cubic metres of water.
- This consent requirement is to mitigate stormwater runoff.

6.29 Common Land Water Supply

- The **working farm** has its own water supply from an earth dam from where water is pumped around the **working farm** for stock water.
- Any reticulation of this water to residential lot owners will be at the sole discretion of the Lessee of the **working farm**.
- Any water so reticulated to any residential lot owners shall be metered to each lot owner and a charge of approximately of \$1 per cubic metre shall be levied by the lessee to the lot owner.

6.30 North Albertland Community Water Supply Association Ltd

- Ray & Pam and therefore by virtue of transfer of ownership, The Inc. Society may have a shareholding in this water supply association.
- The source of this water is from a spring/bore in the hills, approximately 1 kilometre north of the property. It is good quality water, but designated for industrial purposes.
- Ray and Pam have installed a water delivery pipe for connection of water to each of the lots in stage 1 of the subdivision.
- It is possible but not guaranteed that this water supply will be available to the residential lot owners and if so shall be a metered supply with the cost approximately \$1 per cubic metre.

6.31 Weed & Pest Control

- Weed control on the working farm will be the responsibility of the Lessee who may undertake the spraying of weeds with chemicals providing they are used to “Grow Safe” procedures and standards and by a certified handler.
- Where possible the Lessee will avoid the use of aerial application of sprays and if in the event it is essential to use aerial application, control and safety procedures must be applied and no aerial application shall occur within 50 metres of the nearest house on any lot.
- It should be noted under Clause 24 of the Consent Order there is a no complaints covenant which is a restrictive covenant registered on each title preventing lot owners from bringing legal proceedings seeking to restrict normal farm operations on adjacent properties that are in compliance with the relevant District Plan Rules.

This no complaints rule will also applies to the working farm.

- The consent order also requires a register to be kept for pest control. This mainly involves possums and lot owners need to be mindful that bait stations are located in covenanted areas for the control of possums.

7.0 COVENANT CONSERVATION AREAS

The survey plan identifies the areas designated for Covenant Conservation. The specified areas will be planted in native trees and approved by the Rodney District Council. All specified areas will be fenced to the standard required in the consent conditions.

This work must be undertaken by the consent holders, prior to the signing off of the stages in the subdivision.

7.1 Maintenance of Conservation Areas

- In the event of maintenance being required to conservation areas, either by way of thinning, pruning or blanking or tidying up of fallen trees, the executive shall decide on how such work shall be undertaken. Such work may be undertaken by the following:
- By residential lot owners, under the direction of the executive, they may assist in such work on a voluntary basis and without compulsion.
- By independent contractors employed by The Society and paid for out of revenue received from rental income or levies payable by lot owners. (However the executive may consider the employment of a lot owner or lot owners in preference to employing contractors)

7.2 New/Non Covenant Conservation Planting

The members, at an annual or special general meeting may decide that additional areas should be fenced and planted in either native or exotic trees. Such work may be undertaken on a voluntary basis by lot owners or paid for from proceeds of rental income by The Society.

7.3 Existing Wood Lots

The specified areas of Pinus Radiata will be harvested at the appropriate time and any proceeds resulting from the sale of saw log or pulp shall be income to The Society and shall be applied as follows:

- To the re-vegetation of the areas where the land has been clear felled.
- To the fencing of those areas replanted.
- Or as a distribution to members.

7.4 Trees Planted by Lot Owners

Most of the lots have their own vista and planting of trees on each lot is encouraged to add to the environmental and aesthetic quality of the area.

Lot owners however, are requested not to plant trees which are likely to unreasonably obstruct the views of their neighbours.

8.0 GENERAL

8.1 Rubbish Collection

- There are local contractors who collect rubbish using a wheelie bin service and each lot owner will be responsible for the own rubbish management.

8.2 Mail Service

The rural delivery is R D 5, Wellsford and mail can be collected from individual mail boxes.

8.3 Fire Arms

Owners who have a fire arms licence may, with the approval of the Incorporated Society and the Working Farm lessee, use fire arms for recreational and pest control purposes. Such activities must only be undertaken with due consideration of other owners safety and peaceful occupation in mind. On the land are Feral Turkey, Rabbit and Opossum that do require control

9.0 WORKING FARM LEASE

The **working farm** includes all those areas that are not covenanted for conservation and also excludes right of way “F” on the plan, being the private road to residential lots.

- Access to the working farm is via the entrance from State Highway 1.
- Lease Agreement A draft copy of the **working farm** lease agreement is attached hereto. The main conditions are as follows:

9.1 The initial Lessee of the **working farm** will be

Ray Hollis or Ray and Pam Hollis who have been farming the land for the past 15 years and will enter into a 6 year lease, being 3 years with a right of renewal for 3 years. This provides for continuity and security to new owners and gives time to establish the pattern of farming and administration. A Lease Agreement will commence immediately the first rural residential lot is sold. (That is apart from Ray and Pam’s home lot).

9.2. The leased area will be defined on a plan attached to the Lease.

9.3 The Lessee will be required to perform under the Lease Agreement in regard to maintenance of the **working farm** land, care of fences, water supply, access and buildings. The Lessee will also be required to apply fertiliser according to a nutrient budget and fertiliser code of practice.

9.4 The Lessee will be required to control annual and noxious weeds on the working farm and to farm the land in a good husbandry manner.

9.5 The Lessee will be required to pay rent which shall be set by agreement between the Executive of the Society and the Lessee or through independent farm rental valuation. The rental for the initial term shall be \$14,000 per annum plus GST, with the Lessee paying proportion of rates and insuring farm buildings. (Appendix attached hereto provides an indicative lessee budget)

9.7. The lease of the **working farm** shall not include the farm cottage if it is not required by the Lessee. In these circumstances the farm cottage shall be separately tenanted and the rent shall be income to The Society.

9.8 Future Lessee

The Executive shall be responsibility for securing a qualified lessee for the working farm land. Such lessee will by preference, firstly come from one of the residential lot owners on the Estate. Failing there being a suitable lessee from that source the land may be leased to either an adjoining farmer or an independent lessee who may also occupy the cottage.

The objective in securing a qualified lessee is to promote good farming practice and a productive enterprise, while recognising that the land area is not an economic unit, but is a part time occupation.

It is the hope of Ray and Pam that an interested and suitable future lessee will emerge from one of the lot owners

9.9 Future Land Use

It is envisaged that the **working farm** will always be leased and not farmed by the Society. However, land use can change over time and the members/lot owners may choose a different structure that will improve the productivity of the land and the income therefrom

10.0 SUMMARY

The enclosed information is intended to give owners/members an insight into the lifestyle and environment in which they share.

The rules are made to ensure everyone's safety and enjoyment.

If there are any questions or comments or improvements that any lot owner/members or any potential lot owner/members may have please do not hesitate to contact the consent holders. Your opinions and ideas will be valued and considered.

APPENDIX ONE

Budget for Gracefarm Inc. Society (Working farm, part of Farm Lot)

Income

Rent, working farm	\$14,000 pa	
Rent, Cottage/Cabin	<u>\$13,000 pa</u>	\$27,000

Expenditure

Rates – 60% Pd by Lessee, therefore 40% est	\$ 1,500	
Insurance House/Cabin	\$ 700	
Public Liability	\$ 300	
Accounting & Administration	\$ 1,800	
Improvements, upgrades	\$ 2,000	
Care of frontage & landscaping	\$ 1,000	
Conservation maintenance	Say \$ 1,000	
General	Say <u>\$ 1,000</u>	<u>\$ 9,000</u>

Nett Income for Distribution to owners or reserves for capital expenditure \$18,000

Appendix Two

Profitability of Working Farm to the Lessee

Income

Grazing Fees and stock income \$50,000

Expenditure

Rates 60% say	\$2,500
Insurance and ACC	\$1,500
Electricity	\$1,000
Fertilizer 22 tonne	\$6,800
Lime 20 tonne	700
Regrassing and seeds	\$2,000
Weed Control	\$1,500
Stock Health	500
Repairs and Maintenance	\$4,500
Vehicle Expences	\$3,000
Aministration	\$2,000
Rent	<u>\$14,000</u>

Total Operating Expenditure \$40,000

Return for Management \$ 10,000