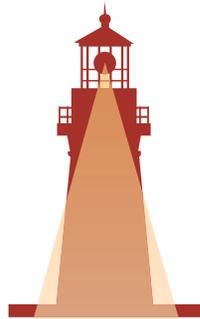


CONTACT DETAILS



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Naval Community Organisation

Fax: (09) 445 5408

Phone: 0800 628 94357

After Hours: 0800 NAVY HELP

(A recorded message will advise after hour duty Social Worker's Cell No)

Naval Community Organisation
Private Bag 32901
Auckland

NAVAL COMMUNITY ORGANISATION

ADVICE TO NAVAL HOUSING TENANTS



PURPOSE

This booklet is designed to help you help yourself so that when you have to leave Naval Housing (NH) your transition to private accommodation is not quite the financial shock you expected.

This can only happen if you are willing to take note of the recommended advice below.

After all this responsibility rests with you and your family, to ensure you are in a good financial position to afford another means of accommodation when it comes time to leave your naval house.



FEEDBACK

If you find that any of the information is incorrect please contact the NCO on 0800 NAVY Help. Please note that all constructive feedback is welcome as an aid to improving the information in this publication.



CLOSING ADVICE

When you are lucky enough to get into a NH, take a big breath of relief and a 'check pace'. Within a couple of months decide how you can financially monopolise your good fortune. Start saving hard and consider each future purchase on its own merits.

Did you need to buy it new?

Did you check all outlets for the best bargain?

Did you get the best deal and after sales service.

Would you have been better off getting it on 'Trade Me'?

Have you been financially extravagant or wasteful?

If you're having difficulty with starting an initial savings plan or need advice on large 'ticket item' purchases contact NCO on **0800 628 94357** and always keep in mind the guidance in this book.

Good luck on your road to financial security. Congratulations on taking the first and most important step – *Reading this booklet.*



HOW MANY HOUSES HAVE WE?

The Navy has 380 houses inclusive of nine fully furnished transit flats/houses - mainly used for short term stays. Most of the houses are located on the Devonport peninsula, although there are a small number of houses and flats near central Northcote.

At any one time up to 8% of NH is not occupied as they are under routine maintenance. Currently 120 occupied houses require modernisation when money is available.

The number of unoccupied houses can vary from time to time but the result is inevitably that there is always a naval housing waiting list.



HOW YOU GOT THERE

To secure tenancy in NH, you have met the strict eligibility criteria, weathered the naval housing waiting list² and now have settled into your new home.

The time that you will occupy your home will vary depending on your individual circumstances; however the maximum eight year occupancy provision means after this time that you will no longer be entitled to this heavily subsidised³ accommodation.

You will then have to find other private means of accommodation unless the Commanding Officer HMNZS Philomel⁴ (CO PHL) is sympathetic to your particular circumstances and grants you a short extension⁵.

Extensions are only granted for exceptional compassionate reasons.



²Can extend to six months in some cases.

³When compared with equivalent civilian accommodation.

⁴NH Landlord.

⁵These are rarely over 12 months.

CONT.

Repairs and Maintenance – These are inevitable.

Your best plan when considering purchasing a home is to engage the services of a building /home purchase inspector – especially in view of all the ‘leaky homes’ which were inadvertently built in New Zealand from the early 1990’s. Just like when you engage the services of the AA mechanical service when buying a car, it is all money well spent – may cost you less than \$400.

Shop around.

“Black Hole”



BUT THERE ARE DISADVANTAGES AREN'T THERE?

I am afraid so; with anything that is worth having there is always a disadvantage, however these are not insurmountable and when you list them against what home ownership provides you don't have to think for too long. Once you get a sizeable deposit provided by the opportunity of renting a NH you are 'away laughing'. But just to make sure you are aware of the main disadvantages they are:

Mortgage Repayments – These involve the repayment of interest only or both the interest and principal. You need to strictly comply with mortgage repayment requirements and if you do have difficulty your bank is always willing to help.

When purchasing your home it may pay to discuss your financial position with a budget advisor so that you do not risk becoming financially stretched.

Council and Water Rates – These vary on what area you live in but council rates in Auckland are nearing the \$2000 mark for a small property – 500sq meters and water rates average about \$350 per year for an average family.

Body Corporation Fees – These are additional fees that are levied which may need to be discussed with your lawyer. Average Body Corp fees on the North Shore can range up to \$5000 per year and these sometimes do not incorporate council or water rates. Body Corp fees are usually associated with apartments.

Building and Contents Insurance – You most likely will already have contents insurance but you will need building insurance. The NZDF 'Inforce' insurance plan has very competitive rates and should be considered in the first instance.

THE GENERAL SITUATION

The two greatest advantages of NH are financial and locality.

With advantages such as these, it is natural that there will be a general reluctance to leave, but when you are in a NH, this opportunity should be seen as an important step of gaining accommodation independence and choice at the end of your term.

Leaving NH can present quite a serious financial shock for those who are unprepared.



WHAT ARE THE ADVANTAGES OF NH?

Low Rent – Rents for a two bedroom house is between \$102 - \$108 per week, three bedroom \$126 - \$142 per week, four bedroom \$143 – \$157 per week and five bedroom \$148 - \$150 per week.

Locality - Most houses are on the Devonport peninsula. Devonport is one of the most popular suburbs in Auckland, if not New Zealand to live.

You are close to the facilities in the Naval Base such as the Library, Swimming Pool and Messes and there are great beaches, parks and shopping centres, good schools, early childcare facilities including the heavily subsidised Navy Day Care centres.

Maintenance – CO PHL is an excellent landlord and most problems with maintenance will be fixed within a forty eight hour period depending on when it occurs. This is normally at no cost to you.

Please contact FMS JLISO on 09 445 5992 i.e. Joyce or Wendy to receive accurate time-frames for maintenance repairs.



WHAT ARE THE BENEFITS OF HOME OWNERSHIP?

Pride of ownership - Paint the walls, attach permanent fixtures, decorate, and gain a sense of stability and security in making an investment for the future.



Appreciation – Provides a hedge against inflation. Historically house prices rise over time increasing the value of your investment.

Asset ownership - Will promote relationship and educational stability for children and will give an increase in the sense of responsibility and stake out a place in the community.

Control - Gives a sense of control over your life by providing greater privacy and also a sense of autonomy, freedom of control and surveillance from a landlord.

Extra Income possibilities - Provide extra income through sub letting or caring for International students.

ARE THERE THAT MANY WAITING FOR NAVY HOUSING?

Yes there is a waiting list for Service housing. This is why the eligibility criteria some years ago was extended to three years service – i.e. a demonstration of commitment to the Service required first. This did shorten the housing waiting list but at any one time there are up to 30 on it (1:5 ratios – officers and ratings).

WHAT SHOULD I NOTE?

Strongly take heed of the financial advice provided above, realise that when you leave Service housing and rent privately that you may not get accommodation in the Devonport area, that your children may be inconvenienced by changing schools, that you will incur extra travel costs.

Think carefully before ever deciding to resign, if the catalyst for this decision is that your NH entitlement is expiring. You don't want to add to the stress of moving house by also terminating your employment. What you do need to be is prepared for the inevitable.

What the RNZN doesn't want is to lose your employment/skills and the investment made.

However a time comes when you need to stand on your own two feet and accept your own accommodation responsibility. You have had your turn and its now time for someone else to enjoy the benefits you have enjoyed of low rentals and location.

ARE THERE ANY DISADVANTAGES?

Lawns – These sections are mostly a full quarter acre and the lawns can be a problem in getting them cut, especially when a partner has been deployed.

Garages – Only a limited number of properties have a garage. This means that there is no off street parking and a car is a major investment and can lose its value being parked on the street. There is also the risk of having the car damaged, however there is off street parking in numerous streets.

House size – Although the houses are adequate and have had some modification, most were constructed in the 1950s when the average house in New Zealand was less than 100sqm. This can be a problem when buying furniture to fit.

Boarders – Your relatives and friends can only stay with you for a specific period. This also means that you cannot sub let or for that matter have International students stay with you. If you leave your house for a long period you remain responsible for its upkeep and therefore you need to ensure this tenant responsibility is met. For example if you deploy for a period of three to six months and the house will be left unattended, you are required to submit a letter to the Housing Officer/ Department if you require a uniformed person to look after your property. You are advised to refer to the Defence Force Order on this matter.

Pets – There has recently been some latitude and loosening of the policy on this but there remain some restrictions.

Community – Living in the Naval housing area may prevent some people from mixing with the wider community. While some may consider this not a bad thing, when mixing with other members of the community it does help to give a better sense and awareness of the wider community.

WHEN ARE WE GOING TO GET TO THE 'NITTY GRITTY' THEN?

As you can see there are pluses and minuses for living in NH and initially the pluses – financial and location, far out weigh the minuses. But financial paradise will not last forever and there comes the time when the harsh reality means *you need to shift out.*



WILL I QUALIFY FOR ACCOMMODATION ASSISTANCE?

NAVPAC can provide you information on whether you are entitled to accommodation assistance. This is dependant on your financial situation.

If you find yourself suddenly not entitled to NH or you occupy NH and are no longer employed by the RNZN, you are strongly advised to consult NAVPAC/ WINZ to check on your entitlements.

WHY IS IT THEN THAT OTHER NZDF PERSONNEL GET TO STAY IN HOUSING LONGER THAN WE DO?

The RNZAF and NZ Army have several different bases throughout NZ and we don't (except Wellington and it is hard to get a Married Quarter – MQ there).

This may or may not be advantageous to them. Advantageous because they get to stay in a MQ longer, however a disadvantage as rarely do they get to stay where they intend to resettle permanently, they have to move location more regularly and the longer they remain in a MQ may give them naturally a false sense of accommodation security.

WHY SHOULD I BOTHER WORRYING ABOUT ACCOMMODATION AS I DON'T INTEND TO LIVE IN AUCKLAND?

Admittedly we joined the navy from different areas of New Zealand and even overseas.

Sure, you may not want to live permanently in private accommodation in Auckland; however CO PHL does not regard that as an excuse to stay longer in your NH.

You need to make the most of your time in NH in a great location at a cheap rent then leave when your time has expired so that others can have the same opportunity as you did.

IS THERE ANY OTHER HELP AVAILABLE?

At NCO a budget manager visits once a month. An appointment can be arranged through your divisional officer. Each appointment is free and lasts one hour.

Also once a year, normally in March, a one day *'lifestyle planning seminar'* is held in HMNZS Philomel. This is widely advertised and anyone with HOD clearance can attend this free seminar which will give you valuable financial guidance to help you save money.

The National and Westpac Banks have special deals for saving and raising mortgages for NZDF personnel. This information is available on the NCO Website and in the RNZN Discount Book.

The RNZN Discount Book should always be consulted before buying 'larger ticketed' items – you may be in for a sizeable discount depending on what it is. You may as well make the most of your organisation and gain financial benefits where you can.



HOW DO I GET FINANCIAL SECURITY SO THAT WHEN ITS TIME TO QUIT I AM IN A GOOD POSITION?

Financial Temptations – Whilst you are in a NH and not spending a lot of money on rent and daily travel, there is a lot of temptation for you to buy now and new as you have less financial liabilities. From racy imported stylish cars – which give you an initial buzz to wide screen LCD or Plasma TVs – Home Theatres, State of the Art computers, I Pods, other media niceties and latest sports labelled clothing – to name a few.

More practical expenditure could be furniture to fill your new home like dining, lounge and bedroom furniture or perhaps wall and floor coverings because you want to be comfortable and eight years is a long-time.

But wait - there is no harm in getting all of the above stuff but it is how you get it and how much you pay for it that really counts. There is no harm whatsoever in getting anything second hand – this is the basis for 'Trade Me' functioning. After all, if it is in good condition it has only been 'run in' so to speak. There are certain things that you may want new – a cell phone perhaps but a child's cot? – there is no harm in a second or third hand one. *Limit your outgoings and therefore save more of your well earned money.*

Savings Plan – The basis of financial security is having a good savings plan. The recent generosity of the Chief of Defence Force needs to be monopolised as your salary is now made up with a Universal Accommodation Component (UAC).

If you do not have a military partner you don't get UAC while in a NH but hey it is offsetting your current NH rent by \$6131 gross per year ⁶. If you have military partners then you are really 'in luck' as this \$6131 is bonus money and you can 'whack' this straight in a bank as part of your savings plan for private accommodation when the inevitable happens.

⁶Approximately \$4000.00 net per annum depending on personal tax rate.

WHY SHOULD I MAKE THE MOST OF MY SUBSIDISED NAVAL HOUSING?

The main and most significant reason is civilian accommodation and the cost of rentals. Its no use hiding your head in the sand – this will happen.

It is a fact that currently a three bedroom house in Devonport (if you can get one) is \$550 per week; in Beach Haven it is \$370 per week; Otara \$325 per week and in Mangere \$340 per week.

Compare this with two bedroom flats – Devonport \$345, Beach Haven \$295, Otara \$260 and Mangere \$280.

As you can see the minimum extra money you would need to pay compared with a similar accommodation to NH, is approximately \$199 each week. (E.g.: Market rate \$325p/w - \$126 NHp/w = \$199 difference saved per week) for a three bedroom in Otara, and in the same locality for a two bedroom flat the market rate is \$260p/w - \$102 NHp/w = \$158 difference saved per week) So you can see saving at least the amount you pay a week for NH rent – i.e. \$199 a week for a three bedroom NH and resisting temptation to spend money on all those nice to have new consumables will better prepare you. Especially over an eight year period.

Take the above figures on an annual basis and you will need an extra \$10,348 per year to rent a civilian three bedroom house and an extra \$8216 to rent a civilian two bedroom flat in Otara if you can get one. What about the extra transport cost working in the Naval Base and travelling to Otara daily not to mention the possiblity of different schooling method and community support than you currently enjoy in Devonport.

SHOULD I SAVE MORE?

Most definitely as your ultimate aim should be to have a good deposit for a house, apartment or flat and also to be in a position where you still have a good 'nest egg' gaining interest, should you only be able to afford private rental accommodation.

HOW CAN I SAVE MORE?

As indicated above one idea is to save as much again as you are paying rental for the NH. For example say your NH is a three bedroom house and you are renting at \$284 per fortnight. If you save another \$284 per fortnight you will have accumulated \$7384 in any year.

If you also save your UAC⁷ – this amounts to approximately \$4000 net per year. Combining these totals gives a grand total of \$11,384 per annum and over an eight year period \$91,072 saved.

Wow!!!! Even half this amount places you in a great financial position. There is also a free independent money guide run by the Retirement Commission to help you with personal finances throughout life.

Check it out on www.sorted.org.nz



⁷This is an extra bonus for dual military personnel in NH.