



# GANG HOUSE COMES GOOD

Wayne Dickson's Tokoroa renovation project was ambitious. It was worth the effort, though, with a potential \$100,000 in added equity. By **Diana Clement**.

**P**roperty investor Wayne Dickson lived in the same street as an infamous gang house. He watched the house moved onto the section, a decade or so back, and commented to himself: "what a tip". Never did he expect to own it.

But, a few years after the house arrived in town, the gang fell behind with mortgage payments. The methamphetamine contaminated Tokoroa home was eventually repossessed by the bank, decontaminated, a huge amount of rubbish removed, and put up for mortgagee sale.

It was very definitely the worst house in a good street and a lot of potential

**'The meth turned out to be the least of our worries'**

**WAYNE DICKSON**

buyers traipsed through the open home. At this stage Dickson was not too interested in the place. He was put off by the fact it had been meth contaminated, and he thought it would sell for more than he was prepared to pay.

He estimated that the section alone, in

East Parkdale Drive, was probably worth \$75,000 to \$80,000. However, at the eleventh hour, he contacted the bank and was pre-approved for \$150,000 finance to cover the purchase and renovation, should he be successful.

On auction day Dickson was on his way to Ayers Rock, Australia for a holiday and left his dad, Tom, in charge of bidding with a budget of \$90,000. Dickson senior ended up spending \$92,000 and had the locks changed that day to prevent undesirables moving in.

The property was settled as fast as possible because the insurance company wasn't able to give full cover



**BEFORE: The ex-gang house was purchased for \$92,000 and the total cost of renovating was \$105,000.**

on the home. If it burned down before settlement then Dickson would have been left out of pocket.

The house had more than a few quirks. The gang transported the home from Auckland just over a decade ago. It is, Dickson thinks, the top floor of a 1950s

home from the Auckland suburb of Herne Bay. "It was quite a big place."

At some point, after the home arrived in Tokoroa, the occupants had removed a number of structural walls, which the South Waikato District Council were unhappy about. "The council had been

## RENOVATION



The property was converted from a two bedroom/one bathroom to a four-bedroom/two bathroom rental.

**‘The council had been on site because the gang ripped out the supporting walls’**  
**WAYNE DICKSON**

on site because the gang ripped out the supporting walls,” says Dickson.

The gang’s “remodelling” of the structure of the home was, in part, a bit of a godsend for Dickson, even though it was a compliance nightmare. It gave him more or less a blank canvas to redesign.

How to go about the redesign was the question. The home Dickson bought was quite different from what existed on the council file, which created certain issues for draughtsman Graham Gawn of Mace Design.

“We had to work out how to reconfigure it, and get it compliant,” says Dickson. “The house was 120m<sup>2</sup> [but] it was a strange setup with two bedrooms. We knew we needed to make it four bedrooms.”

Gawn’s new design involved moving some walls, reinstating others and adding reinforcing beams above the

ceiling. The current building code meant that additional piles had to be installed, beneath some of the new walls, for weight distribution.

Incredibly, Gawn was able to turn a front doorway and hallway into a bedroom and a big bathroom plus a wardrobe into two bathrooms.

The renovation did encounter problems along the way. “The meth turned out to be the least of our worries,” says Dickson. Compliance, and finding specialist tradespeople in Tokoroa, proved to be far more of a problem due to a local building boom and the rebuilding in towns nearby.

Getting the plans through council was an issue, although the South Waikato District Council did bend over backwards to be helpful, says Dickson. Consent was granted in October, around 12 weeks after settlement.

In the meantime dad, Tom Dickson,

who does most of his building work trading as Wow Renovations, was able to get on with some of the demolition work. This included the removal of old fibrous plaster wall claddings and most of the ceilings. The purpose of this work was to modernise the home. It was not done because of meth contamination, which at 0.25ug after cleaning was not an issue.

Only the large ceiling in one of the bedrooms was kept which Tom cleaned, pigment sealed and painted. For safety, the ceilings were held up with props until the structural work could be done.

Once the renovation was permitted it took two weeks to do the structural work. A licenced builder was employed to do the ceiling beams required for the permit.

Then, before Dickson senior began the task of replacing all the GIB, Ecurb Electrical came in and did a complete

rewire of the property. Previous owners had been creative with the electrics and it seemed best to start from scratch. Once the connections were in place the entire electrical bill amounted to just under \$8,000. Don Garner, of Plumbing Services (Tokoroa), did the plumbing work.

The kitchen was bought from Bunnings Warehouse locally. Homewares were ordered online from Danik Homeware (danikhomeware.co.nz) which Dickson has found, from experience, to provide good-quality products and a professional service. The tiles were bought from Tile Max Warehouse in Tauranga and the carpet came from a local contact.

A big problem was finding a GIB stopper. Tradespeople in the South Waikato, and neighbouring areas, have more than enough work thanks to the aftermath of floods in nearby Edgecumbe, plus the Tokoroa building boom, which is picking up by the day, says Dickson.

GIB stoppers, in particular, are “as rare as hen’s teeth” in Tokoroa and surrounds. “We eventually found a friend of a friend who was a full time worker and could only come to our home on the weekends.” In normal circumstances the work would have taken two weeks. But, because it was part time, it stretched the renovation out from mid-November to mid-January.

The next problem was the scotia. “It was a mission getting new scotia,” says Dickson. “The walls had been pulled out with a crowbar [by the gang] and the scotia damaged.”

One piece of good news was that the exterior had been re-clad, by the gang, in Shadowclad plywood cladding, which was largely in good condition. There was some damage, as a result of a truck hitting the house, during the clean-up before the mortgage sale. The gang had also insulated the home, extensively, when it was first brought down from Auckland.

Dickson budgeted to replace some of the windows with aluminium double glazing, but in the end replaced all the windows in the house. “When we priced them up we decided to replace all the

windows with double glazing.”

As the work started to near the February 2018 completion date Dickson started to be door-knocked by potential tenants who could see it would be as good as new once finished.

Tokoroa has been undergoing a bit of a renaissance economically in recent years, says Dickson. The cost of living in nearby towns such as Tauranga, Hamilton and Rotorua has pushed people further afield to towns such as Tokoroa.

Dickson’s wife Fiona owns RentAssured Property Management in Tokoroa and has stopped advertising for tenants because word of mouth is enough in such a hot market.

“She gets five to 10 people ringing up every week for houses. She doesn’t even advertise them now. Word of mouth is how she rents them.”

Not many renovations stay within budget and that was the case for this build, which went \$15,000 over budget to \$105,000. One timber deck had to be replaced and another unexpected expense was the addition of a concrete pad. Dickson says \$90,000 of the renovation cost was covered by the mortgage and the remainder has come from the couple’s cash flow.

Dickson has yet to have the house valued. But expects, from his own knowledge of house prices in Tokoroa, that it will be worth around \$300,000, which means he has added \$100,000 equity.

“A similar sized house, in the same area, sold for \$309,000 [recently].”

He expects to let the property for \$380 a week from a two-income couple or a large family. Local employers such as the Pulp & Paper Kinleith Mill, and Fonterra’s Lichfield Cheese Factory are both good payers.

This means there is always a supply of potential tenants, who can afford higher than average rents, for a decent home. Tokoroa, he says, is becoming more desirable as a place to live and the council’s planned CBD upgrade is going to accelerate that trend.

Fiona and Wayne own five investment properties in Tokoroa, buying their first property in 1998. ■



## TIMELINE

**LATE JULY 2017:** auction

**EARLY AUGUST:** settlement and draughtsman began plans

**EARLY SEPTEMBER:** applied for permit, removed deck, removed wall and several ceiling linings plus remedial plaster work

**OCTOBER:** electrician re-wired the property

**OCTOBER/NOVEMBER:** replaced windows, cleaned moss-covered roof, painted exterior, completed fencing and painted fence, replaced 70 roof tiles

**LATE OCTOBER/EARLY NOVEMBER:** permit issued, additional piles placed and permitted work signed off, replacement GIB work completed and eight weeks of weekend plastering work

**JANUARY 2018:** interior painting, garage foundation

**FEBRUARY:** tiling of kitchen and bathrooms, fitting bathrooms, kitchen, carpets, heatpump.

## COSTS

**\$3,500** permit, draughtsman

**\$15,000** windows and ranchslider

**\$10,000** kitchen cabinets, appliances

**\$10,000** two bathrooms

**\$10,000** garage

**\$8,000** electrician

**\$6,500** plumber

**\$2,000** fencing

**\$3,500** painting

**\$5,000** deck

**\$5,500** plasterer

**\$2,000** heatpump

**\$4,500** flooring

**\$15,000** labour (approx).