

# NPSUD INPUT REVIEW - UPDATE



## UPDATE OF FEASIBILITY CALCULATOR INPUTS

Outline of methodology and results

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### 1.0 INTRODUCTION

Harrison Grierson (HG) were commissioned to carry out a review of the inputs previously provided in April 2018, relating to the land development costings for Greater Christchurch greenfield subdivisions. This technical memo should be read in conjunction with the original technical report (*Development Feasibility Assessment - Greenfields*, 10 April 2018), and the Letter of Engagement dated 27 May 2021 which includes background on the original technical report prepared by HG, the scope and nature of the services provided for this update, the methodology to be applied and project specific terms.

The exclusions and assumptions for each of the items in [Table 1](#) have not been changed from the original report.

### 2.0 METHODOLOGY

Three areas of costs were looked at to establish a view on a percentage change for each item in the Greater Christchurch Partnership Feasibility Calculator.

- Comparing the schedules that include labour, plant, and materials and also consultant fees from a subdivision in 2018, which was used in the initial report that is now continuing with similar further stages in 2021.
- A request to three civil contractor's costing teams to provide their percentage cost change of the items in the table relating to civil work from those of three years ago.
- An update of resource consenting and approval costs from partner councils compared with three years ago.

Contingency and project management percentages are assumed to remain the same percentage due to it being a function of civil costs.

Legal, accounting, sales and marketing are assumed to remain the same percentage due to being a function of the sales price.

Council Development and Financial Contributions are as per each Council.

### 3.0 RESULT SUMMARY

Recent pricing schedules for the later stages of a subdivision development in the same area of Christchurch have shown a general increase in cost in civil items and corresponding consultant fees and resource consent fees. Consultant fees reflect the current skills shortage on top of a year on year 2.5% increase and the additional costs for the additional detail and time required for meeting contemporary planning and engineering approval requirements.

From our civil contractor's inputs, there has been a general year on year increase across all the items of around 2% to 3% although in the last year a significant increase in material costs, including fuel, resulted in an additional 10% increase in the past year alone. Items such as UPVC pipes have increased by as much as 35% over the past six months. Also, skills shortages have put pressure on the contractor's labour rates.

Resource consent fees fixed costs (deposit fees) have not changed for some councils, however, it is considered that the overall costs have increased. This is based on our experience of the time inputs of council staff and advisors for consent processing and the corresponding time and cost to meet consenting requirements. We consider that resource consent fees have therefore increased by 20% on average from three years ago.

### 3.1 2021 UPDATED DEVELOPMENT COSTINGS AND COMPARISON WITH 2018 COSTINGS

Table 1 lists the updated Civil Works Cost inputs and Fees and Charges Inputs to the Feasibility Calculator, as at June 2021. It also provides a comparison with and percentage change between the 2018 and 2021 costings.

TABLE 1: UPDATED DEVELOPMENT COSTINGS AND COMPARISON WITH 2018 COSTINGS							
	ITEM	UNIT	2021		2018		CHANGE
			LOWER LIMIT	UPPER LIMIT	LOWER LIMIT	UPPER LIMIT	
Civil Works Cost Inputs	Subdivision costs	Included in items below					
	Existing Land Clearance	per ha raw land	\$5,400	\$27,000	\$5,000	\$25,000	8%
	Earthworks & Site Preparation	per m3 raw land moved	\$11	\$39	\$10	\$35	10%
	Roading & Stormwater	per m2 road res	\$117	\$293	\$100	\$250	17%
	Water supply	per lin m of pipe	\$115	\$288	\$100	\$250	15%
	Wastewater	per lin m of pipe	\$173	\$1,035	\$150	\$900	15%
	Landscaping	-	\$0	\$0	\$0	\$0	0%
	Civil works contingency	% of civil costs	5%	15%	5%	15%	0%
Fees and Charges Inputs	Resource Consent Fees	per dwelling	\$600	\$1,200	\$500	\$1,000	20%
	Council Development and Financial Contributions	per dwelling	N/A	N/A	N/A	N/A	
	Legal - Real Estate Agent	% of sales price	2%	2%	2%	2%	0%
	Electricity Connection	per dwelling	N/A	N/A	N/A	N/A	
	Telecoms Connection	per dwelling	N/A	N/A	N/A	N/A	
	Gas Connection	per dwelling	N/A	N/A	N/A	N/A	
	Site/Project Management	% of Civil Costs	3%	5%	3%	5%	0%
	Consultant Fees	% of Civil Costs	9%	15%	6%	12%	3%
	Accounting	% of sales price	2%	2%	2%	2%	0%
	Sales and Marketing	% of sales price	3%	3%	3%	3%	0%
	Fees and charges costs contingency	% of Total Fees and Charges	10%	20%	10%	20%	0%