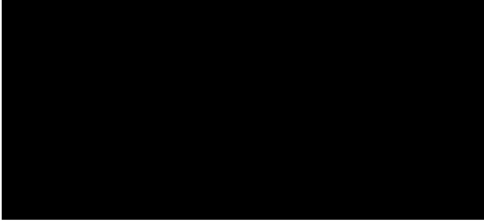


8 OCT 2019



Thank you for your email of 26 August 2019 in which you make the following request:

"I request the most recent figures on the average per house cost of buying houses that are already built for the purpose of public housing, listed by region. Also, the average per house cost for new public housing builds, listed by region."

Housing New Zealand is leading the biggest state housing build programme in decades to help address the housing shortage across towns and cities throughout New Zealand. We are building a mix of housing types from single standalone homes to duplexes, terraced houses and apartments. We are also contributing to the supply of housing more generally, including enabling the development of affordable housing and supporting the delivery of supported and transitional housing. These new homes make better use of land, meet modern standards and provide warm, dry and safe spaces for our customers and their whānau to live.

Reducing the cost of building and, in turn, ensuring our financial sustainability is a priority. We are working smarter and adopting more innovative, efficient and sustainable methods for delivering and financing our build activities. We are getting value for money and our build costs are reflective of costs that are applicable in the various markets in which we operate.

The attached tables provide you with the average per house cost of building and buying state homes broken down by the following regions: Auckland, Wellington, Christchurch, and the Rest of New Zealand.

The average cost is affected by the size of the units and the location as well as site conditions and typology, meaning it is difficult to make comparisons between the costs of built and bought properties. For example, the average cost of new builds in Christchurch is low because the majority are small 1-bedroom units compared to buy-ins, which are mostly large houses (average 3.1 bedrooms), in existing areas of higher demand. Conversely, in Auckland new builds are marginally more expensive as they are bigger (3.6 bedrooms) than buy-ins (average 3.0 bedrooms). Both new builds and buy-ins include all civils works, landscaping, fencing etc and are based on a complete house and land package, but may exclude window furnishings, stoves etc that are provided under redevelopments.

Further explanation of the data and contextual information is provided below.

Notes about the data

- The data is from the 2018/19 financial year

- The data provided in respect of the first part of your request relates to the average cost of buying houses from the market for the purpose of state housing.
- The data provided is the average cost across a range of typologies, locations and bedroom sizes.
- The average cost of new state housing builds is provided in two categories: new builds and redevelopments. New builds are newly constructed properties by builders or developers and include any new construction on land not previously owned by Housing New Zealand. Redevelopments are new properties built on Housing New Zealand land.
- The average cost of new builds includes the cost of land, inclusive of all civils works. While redevelopments do not require Housing New Zealand to buy land, they can include civils work both within the site and outside the site to increase capacity of public infrastructure, site remediation costs and specific site and sub-ground works to much higher levels as individual developments, to make the sites development ready, particularly where intensification is taking place.
- The cost data for redevelopments is the capitalised costs (this is more than just construction costs and includes civil works, consents, development contributions, infrastructure growth charges and professional fees and so on).
- The average cost of redevelopments is calculated on 718 units of various typologies and costs that have been capitalised to date (out of 1,040 units delivered through redevelopment in 2018/19).
- All of the new properties Housing New Zealand constructed in the Wellington region in 2018/19 were through redevelopments, and there is no new build data for this region.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Patrick Dougherty', written in a cursive style.

Patrick Dougherty
General Manager Construction Group

Average cost of state house redevelopments, new builds and buy ins.

Redevelopments	Average cost per unit (excludes land costs)
Auckland	\$445,000
Rest of NZ	\$410,000
Wellington	\$356,000
Christchurch	\$274,000

New Builds	Average cost per unit (includes land costs)
Auckland	\$822,000
Christchurch	\$325,000
Rest of NZ	\$549,000

Buy ins	Average cost per unit (includes land costs)
Auckland	\$789,000
Wellington	\$568,000
Christchurch	\$501,000
Rest of NZ	\$528,000