Progressive Home Ownership Modelling Guidelines

Leasehold

February 2022

Photo: Queenstown Lakes Community Housing Trust

the propertygroup

Te Tūāpapa Kura Kāinga
Ministry of Housing and Urban Development

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Quality control

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Introduction – to the Leasehold Model

The Progressive Home Ownership (PHO) Fund is a $400 million investment that will help individuals, families and whānau buy their own homes, that would not otherwise be able to. Through the fund approved PHO providers can access a 15-year loan from the Government to partner with eligible households and whānau to help them achieve home ownership.

There are broadly three different methods that are used by providers to deliver PHO schemes, these are:

1. Shared Equity

The eligible household/whānau becomes a part owner of a home with the approved PHO provider, the household/whānau then purchases the provider share within a 15-year period to reach independent ownership. The PHO loan funds the providers share in the property until it is bought by the household/whānau. This releases monies for the provider and can be used to repay the PHO loan.

2. Rent to Buy

The eligible household/whānau initially rents a home from an approved PHO provider, savings are put aside over the renting period and in time the household/whānau transitions from renting the home to outright ownership through purchasing the home from the provider within a 15-year period, releasing funds that can be used to repay the PHO loan.

3. Leasehold

The eligible household/whānau purchases a registered leasehold interest in a home from the PHO provider with the right to occupy the property for a long term, such as 100 years. The freehold interest in the property is retained by the provider and the leaseholder pays a modest ground rent as well as servicing any mortgage commitment. Freehold home ownership is not achieved using a leasehold model, but the leaseholder has secure tenure in their own home and the opportunity to build savings over the term of the lease. The PHO loan supports the balance sheet of the provider, which must maintain its financial capacity to repay the PHO loan within the 15-year period.

Funding Milestones and Payment Arrangements

Providers can secure new homes to be used for PHO schemes in various ways, ranging from buying new completed homes directly from a house builder, through to buying and developing land and arranging for the construction of the homes. When funding applications are approved, there are four funding milestone and payment arrangements available through Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development (HUD). The type of funding arrangement and payment milestones depend on the way the PHO provider is planning to get the homes.

The four-funding milestone and payment arrangements are outlined below:

Development option	Funding milestone and payment timing
Option 1: Purchase on completion	100% on completion
Option 2: Turnkey development	10% for the deposit in the acquisition contract 90% on completion
Option 3: Land acquisition, site development and construction	30% on settlement of the land acquisition contract 30% on lockup 40% on completion
Option 4: Construction only (if you already own the site)	50% on lock up 50% on completion

TABLE 1: DEVELOPMENT OPTIONS AND FUNDING MILESTONES

The PHO provider's choice of development option carries different risk profiles for HUD. Given that PHO funding is a 15-year loan, a critical part of the assessment process to determine which PHO providers to approve for funding is understanding how they will spend the PHO funding and having confidence that they can repay the loan in 15 years' time.

Purpose of the Leasehold Financial Model and Guidance Document

The objective of the Leasehold financial model is to support Approved PHO Providers, HUD and organisations wanting to become PHO providers and their respective stakeholders to have a clear and consistent understanding of how to assess:

1. **Household Affordability** - if a household/whānau can afford to enter into the scheme and their potential equity gain and change in financial position over a 15-year period.

2. **Project Feasibility** - if a proposed development to build PHO homes is feasible, and if the project will have sufficient funding throughout the development process and through to completion**.**

This is important because the provider will need to demonstrate how the development of homes will be funded. This is less relevant for development options 1 and 2 (refer Table 1) because the builder/developer of the homes is responsible for fronting these costs, and the majority of HUD funding is only drawn down when the home is completed, Code of Compliance has been issued and the eligible households/whānau has moved in.

For development options 3 and 4, the provider should be able to demonstrate a detailed construction budget, with confirmation that they have funding to complete the homes they want to use for PHO.

The two project feasibility models in this workbook (Preliminary Feasibility and Detailed Feasibility) allow you to input the costs and revenues for a development project and vary the inputs to assess the risk of a development.

The Detailed Feasibility model is particularly useful to test assumptions about development timelines, i.e., the purchase of the land (if relevant), planning and design, site development, engineering, infrastructure, subdivision, construction milestones, and staging, through to the estimated completion date.

Leasehold Financial Model Summary

This financial model is comprised of four key tabs, as described below:

Tab 1 - Affordable Housing Model (AHM – Leasehold)

Tab 2 - Preliminary Feasibility

Tab 3 – Detailed Feasibility Inputs

Tab 4 – Detailed Feasibility Model

In addition to the above key Tabs that are explained in more detail below, the model comprises a Landing Page and Codes Tab respectively:

- The Landing Page records key information, including the purpose of the Model, high level guidance and particulars of the project, for details refer to the Landing Page section.
- The Codes Tab includes household expenditure data extracts sourced from Te Tari Taake, Inland Revenue Department (IRD). The IRD data is applied to the AHM – Leasehold tables for household expenditure benchmarking, for details refer to Figures 4,5 and 9, below.

Tab 1 – AHM - Leasehold

The AHM - Leasehold can be used to demonstrate whether a household/whānau or cohort of households/whānau can afford to enter into the scheme and calculates their potential equity gain and change in financial position over the 15-year period based on assumptions that can be varied to test a range of scenarios.

To assist with completing the AHM – Leasehold, we suggest providers refer to **Appendix 1: AHM - Leasehold Decision Tree** for guidance.

Tab 2 – Preliminary Feasibility Model

The Preliminary Feasibility Model provides a high-level assessment and indication of whether the proposed development is feasible and to demonstrate how providers will fund the development of homes they are putting households/whānau into.

The Preliminary Feasibility Model can be used by providers or prospective providers who are looking to undertake a development and are at the concept stage, having completed only little, or no, due diligence in relation to the development. Alternatively, the Preliminary Feasibility Model can be used to test a developer's costs and sale prices to ensure value for money.

To assist with completing the Preliminary Feasibility Model, we suggest providers refer to **Appendix 2: Project Due Diligence and Documentation Checklist.**

Appendix 3: AHM – Leasehold and Preliminary Feasibility Decision Tree outlines how the Affordable Housing Model, and the Preliminary Feasibility Model can be used in conjunction to determine household affordability and project feasibility.

Tab 3 - Detailed Feasibility Inputs and Tab 4 - Detailed Feasibility Model

Tab 3 – Detailed Feasibility Inputs and Tab 4 – Detailed Feasibility Model work interdependently and can be used when a PHO provider is preparing to undertake the development themselves and has completed an advanced level of due diligence and is already confident that the development is feasible and the cohort of households/whānau can afford to enter the scheme.

These two tabs can be used to determine whether the provider's development, construction and funding milestones align and that the development (subject to approvals) is well positioned to proceed to completion. Examples of approvals include (but are not limited to) the provider's governance decision making, finance and consents.

Tab 3 – Detailed Feasibility Inputs tab can be used to input all revenue and cost related inputs associated with the project, this is then summarised and presented in Tab 4 – Detailed Feasibility Model.

Tab 4 – Detailed Feasibility Model can be used to understand the PHO provider's development timelines i.e., the dates they will acquire the land (if relevant), development milestones, construction milestones (noting that construction is often done in tranches), right through to the estimated completion date.

To assist with completing these two tabs, we suggest providers are confident that the development is feasible, please refer to **Appendix 2: Project Due Diligence and Documentation Checklist** of this document for feasibility guidance.

We also suggest providers consult with HUD as to whether this level of detail is required.

Landing Page

Purpose:

- To confirm the objectives of the model and to provide high level instructions and guidance on how to use the model.
- Capture key provider and project details.
- Version control.

Inputs and Assumptions:

- Enter Project details in the shaded green cells.
- Use this area to summarise any key findings.

Refer to Figure 1: Landing Page

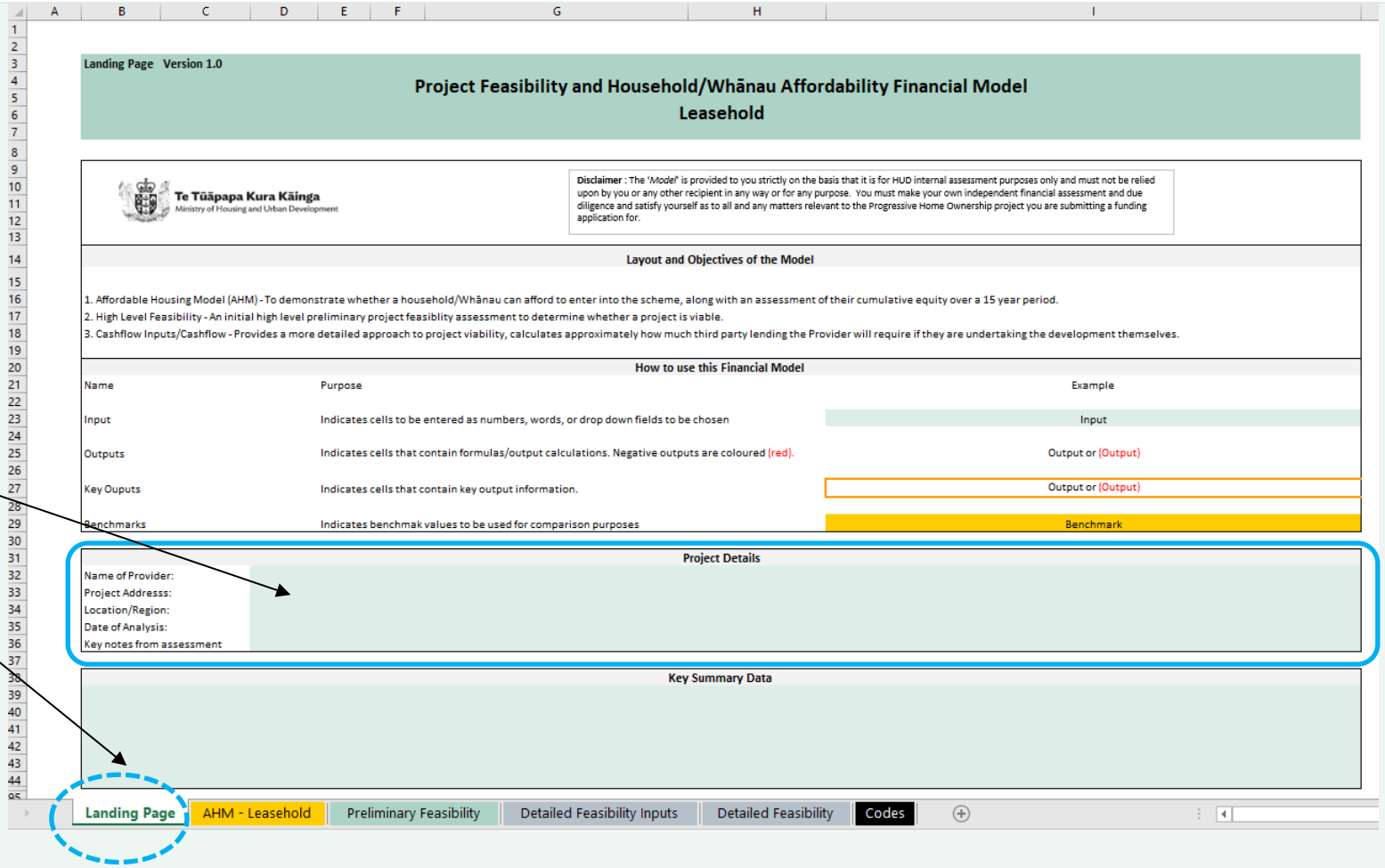


FIGURE 1: LANDING PAGE

Tab 1 - AHM – Leasehold

The purpose of the AHM – Leasehold is to demonstrate whether a household/whānau can afford to purchase a Lessee Interest in a specified property. The model also demonstrates what the possible household/whānau equity gain and change in financial position could be over a 15-year period.

The model uses the following criteria to assess household/whānau affordability:

1. **Debt Servicing Ratio (DSR %) of < 30% -** The DSR % is the % of gross income that is attributed to debt servicing, rates and insurance.

2. **Loan to Value Ratio (LVR %) of <70% -** The LVR % is the ratio of the loan amount to the value of the property.

The model also uses a traffic light system for each year within the 15-year period to indicate whether the above criteria have been met (refer row 121-122 of the AHM – Leasehold Tab) and Figure 2: AHM - Leasehold Equity and Serviceability over PHO Period, below.

Green – indicates that the above criteria have been met.

Amber – indicates that the above criteria have are close to being met with the **DSR <35%** and the **LVR <80%.**

Red – indicates that the above criteria have not been met.

	Start of Y1 Time of Application	End of Year 1	End of Year 2	End of Year 3	End of Year 4	End of Year 5	End of Year 6	End of Year 7	End of Year 8	End of Year 9	End of Year 10	End of Year 11	End of Year 12	End of Year 13	End of Year 14	End of Year 15
Loan to value % (LVR)	91%	88%	86%	83%	80%	78%	75%	73%	71%	68%	66%	64%	62%	60%	58%	57%
Debt servicing % (DSR)	39%	38%	37%	37%	36%	35%	35%	34%	33%	33%	32%	31%	31%	30%	29%	29%

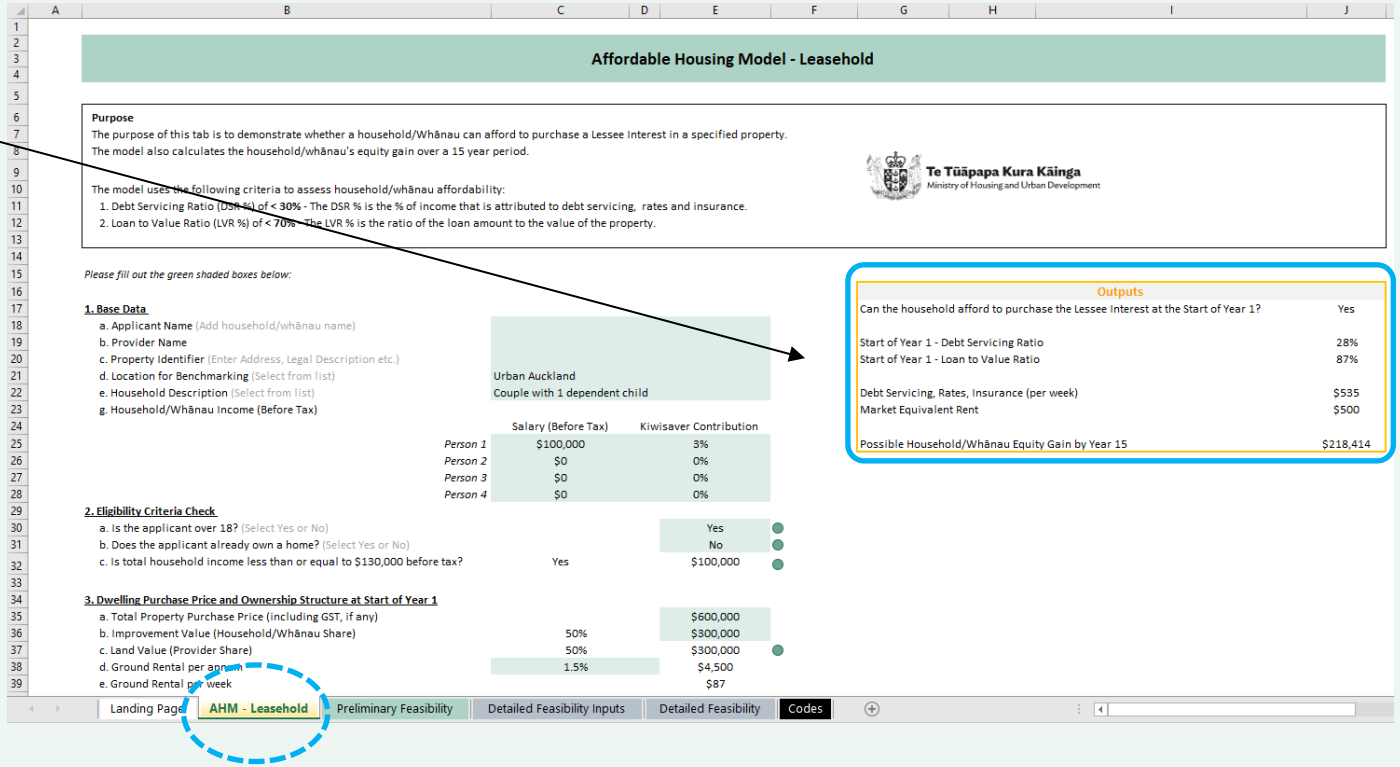
FIGURE 2: AHM - LEASEHOLD EQUITY AND SERVICEABILITY OVER PHO PERIOD

Key Outputs

The Key Outputs of the AHM – Leasehold are summarised in the table located at the top of the AHM model and include:

- Start of Year 1 Affordability.
- Start of Year 1 Debt Servicing %.
- Start of Year 1 Loan to Value %.
- Debt servicing, rates, insurance per week at Start of Year 1, under the scheme.
- Market Equivalent Rent.
- Possible household/whānau equity gain by Year 15.

Refer to Figure 3: Affordable Housing Model outputs



Affordable Housing Model - Leasehold

Purpose
The purpose of this tab is to demonstrate whether a household/Whānau can afford to purchase a Lessee Interest in a specified property.
The model also calculates the household/whānau's equity gain over a 15 year period.

The model uses the following criteria to assess household/whānau affordability:
1. Debt Servicing Ratio (DSR %) of < 30% - The DSR % is the % of income that is attributed to debt servicing, rates and insurance.
2. Loan to Value Ratio (LVR %) of < 70% - The LVR % is the ratio of the loan amount to the value of the property.

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Please fill out the green shaded boxes below:

1. Base Data

a. Applicant Name (Add household/whānau name)		
b. Provider Name		
c. Property Identifier (Enter Address, Legal Description etc.)		
d. Location for Benchmarking (Select from list)	Urban Auckland	
e. Household Description (Select from list)	Couple with 1 dependent child	
g. Household/Whānau Income (Before Tax)		
	Salary (Before Tax)	Kiwisaver Contribution
Person 1	$100,000	3%
Person 2	$0	0%
Person 3	$0	0%
Person 4	$0	0%

2. Eligibility Criteria Check

a. Is the applicant over 18? (Select Yes or No)		Yes
b. Does the applicant already own a home? (Select Yes or No)		No
c. Is total household income less than or equal to $130,000 before tax?	Yes	$100,000

3. Dwelling Purchase Price and Ownership Structure at Start of Year 1

a. Total Property Purchase Price (including GST, if any)		$600,000
b. Improvement Value (Household/Whānau Share)	50%	$300,000
c. Land Value (Provider Share)	50%	$300,000
d. Ground Rental per annum	1.5%	$4,500
e. Ground Rental per week		$87

Outputs

Can the household afford to purchase the Lessee Interest at the Start of Year 1?	Yes
Start of Year 1 - Debt Servicing Ratio	28%
Start of Year 1 - Loan to Value Ratio	87%
Debt Servicing, Rates, Insurance (per week)	$535
Market Equivalent Rent	$500
Possible Household/Whānau Equity Gain by Year 15	$218,414

Landing Page | AHM - Leasehold | Preliminary Feasibility | Detailed Feasibility Inputs | Detailed Feasibility | Codes

FIGURE 3: AFFORDABLE HOUSING MODEL OUTPUTS

Table 1. Base Data

Inputs and assumptions:

a. Enter the Applicant Name.

b. Enter the Providers Name.

c. Enter the Property to be Purchased.

d. Select the location for benchmarking from the drop-down menu of the relevant region (the specific regions relate to household expenditure benchmarks sourced from the Inland Revenue Department (IRD) – this drives benchmarking outputs from Column C59 to D76 within the AHM – Leasehold Model).

Refer to Figure 4: Affordable Housing Model (AHM) - Table 1

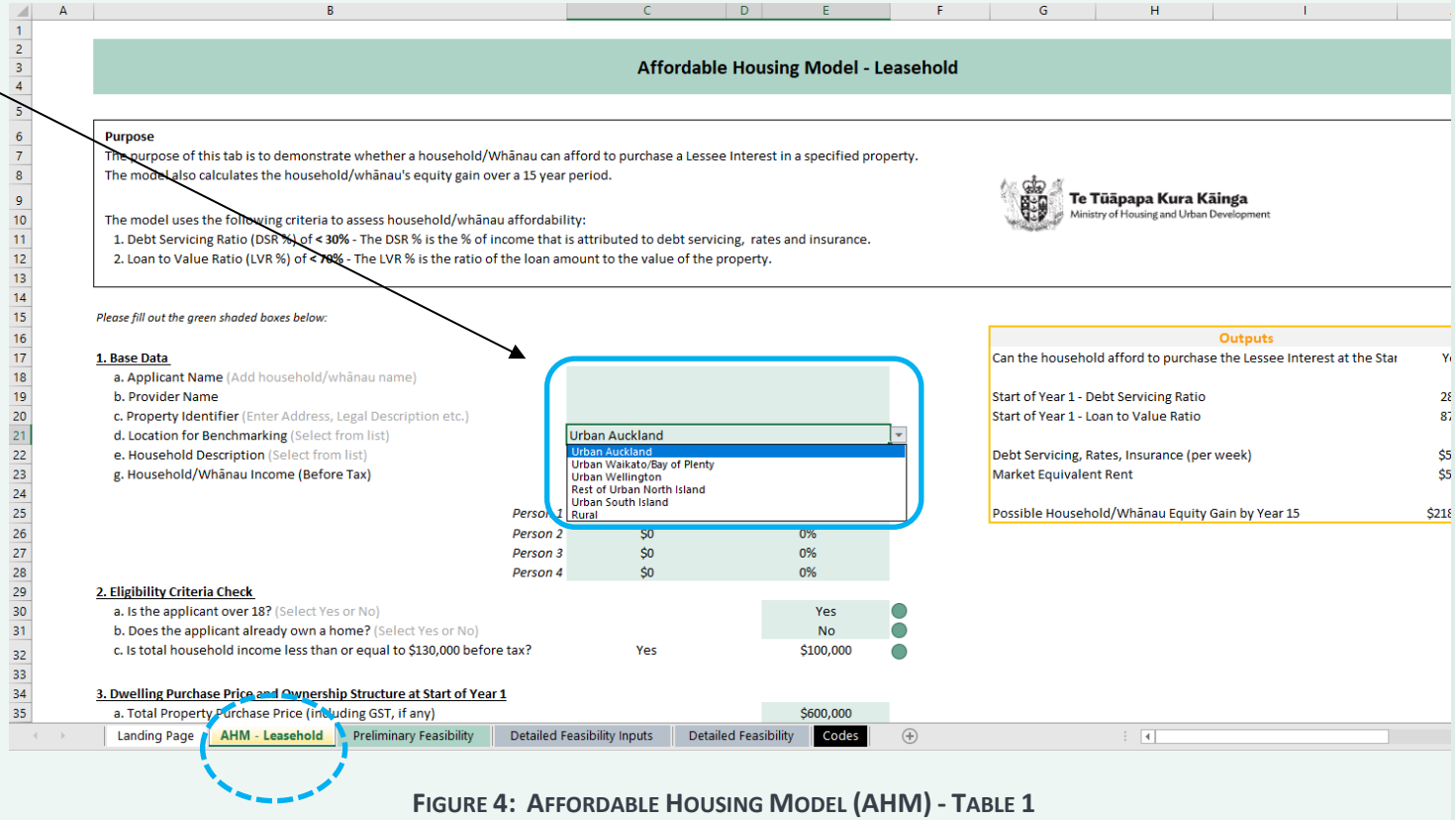


FIGURE 4: AFFORDABLE HOUSING MODEL (AHM) - TABLE 1

Table 1. Base Data

Inputs and assumptions:

e. Select Household Description from the drop-down menu of relevant household type. The household type relates to household expenditure benchmarks sourced from IRD – this drives benchmarking outputs from Column C59 to D76 within the AHM – Leasehold). These categories may not be representative of the household type you are working with; therefore, we suggest you select the closest option or complete your own independent assessment.

f. Enter the household income before tax of each household member, and the Kiwisaver contribution if applicable.

Refer to Figure 5: Affordable Housing Model (AHM) - Table 1

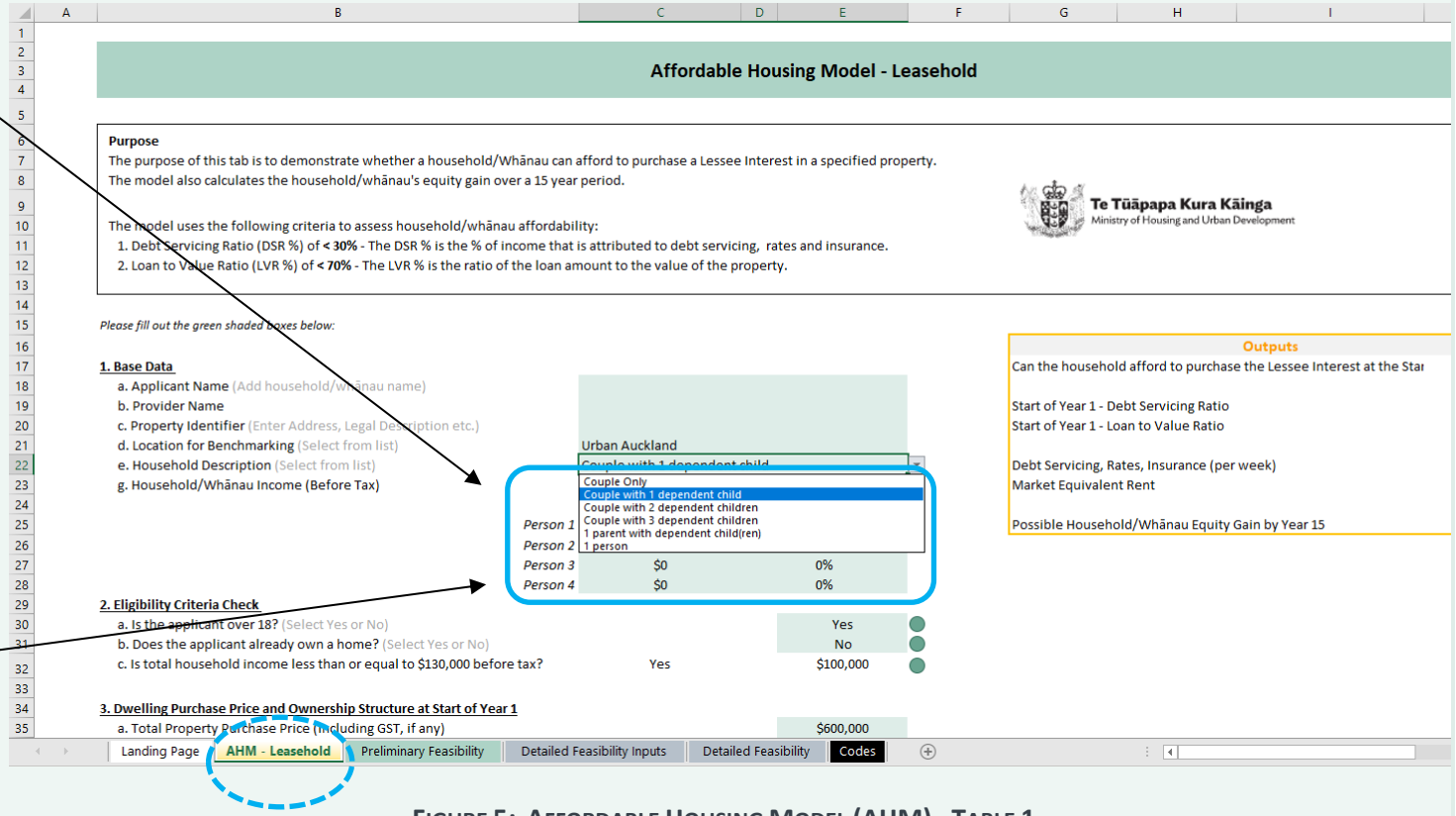


FIGURE 5: AFFORDABLE HOUSING MODEL (AHM) - TABLE 1

Table 2. Eligibility Criteria Check

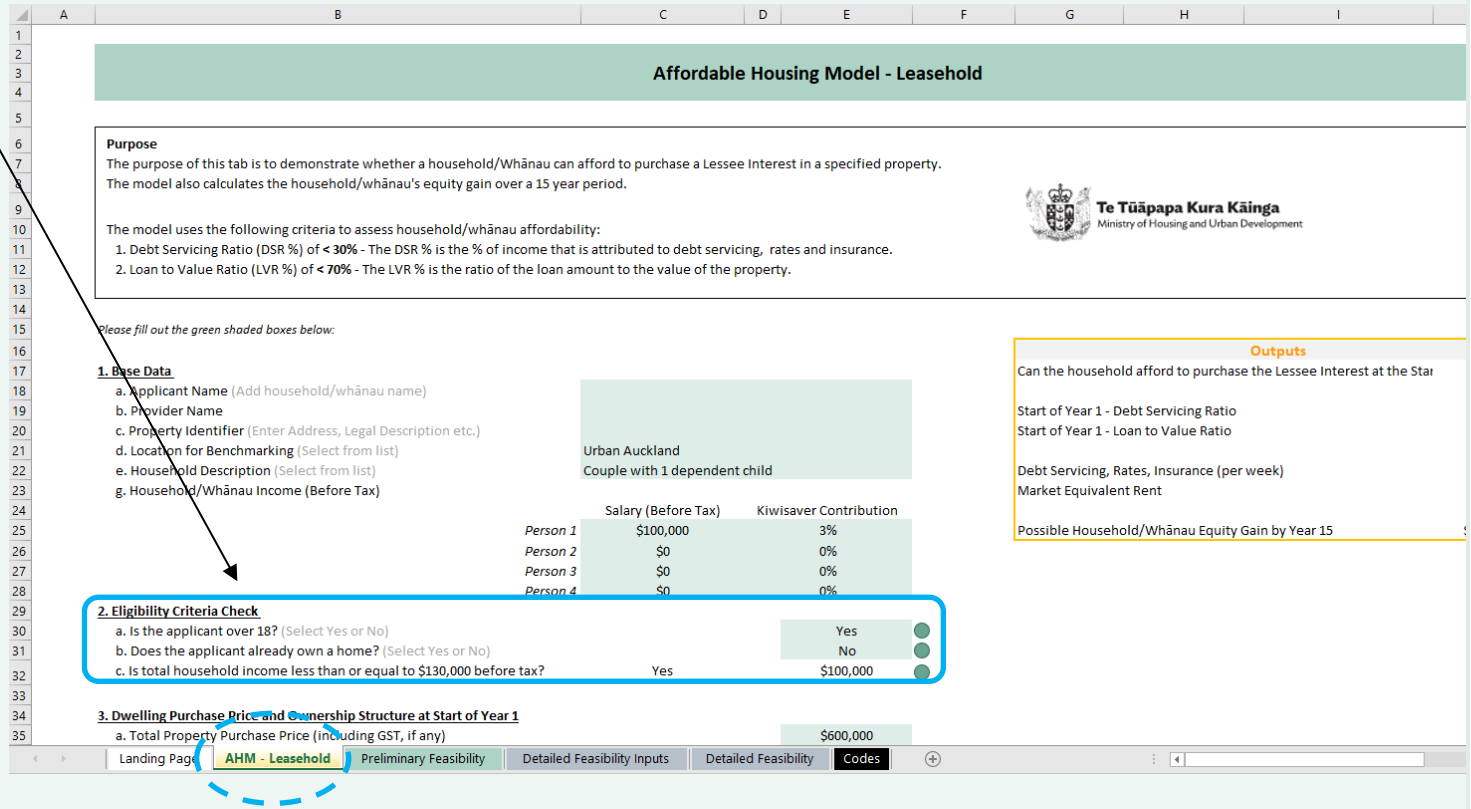
Inputs and assumptions:

a. Confirm the applicant is over 18 years of age. Select Yes/No from the drop-down menu.

b. Confirm if the applicant already owns a home. Select Yes/No from the drop-down menu.

c. Confirm that the household income is less than or equal to $130,000 before Tax. No input required; this automatically calculates from inputs under 1. Base Data.

Refer to Figure 6: Leasehold - Affordable Housing Model (AHM) - Table 2



Affordable Housing Model - Leasehold

Purpose
The purpose of this tab is to demonstrate whether a household/Whānau can afford to purchase a Lessee Interest in a specified property.
The model also calculates the household/whānau's equity gain over a 15 year period.

The model uses the following criteria to assess household/whānau affordability:
1. Debt Servicing Ratio (DSR %) of **< 30%** - The DSR % is the % of income that is attributed to debt servicing, rates and insurance.
2. Loan to Value Ratio (LVR %) of **< 70%** - The LVR % is the ratio of the loan amount to the value of the property.

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Please fill out the green shaded boxes below:

1. Base Data

a. Applicant Name (Add household/whānau name)	
b. Provider Name	
c. Property Identifier (Enter Address, Legal Description etc.)	
d. Location for Benchmarking (Select from list)	Urban Auckland
e. Household Description (Select from list)	Couple with 1 dependent child
g. Household/Whānau Income (Before Tax)	

	Salary (Before Tax)	Kiwisaver Contribution
Person 1	$100,000	3%
Person 2	$0	0%
Person 3	$0	0%
Person 4	$0	0%

2. Eligibility Criteria Check

a. Is the applicant over 18? (Select Yes or No)		Yes
b. Does the applicant already own a home? (Select Yes or No)		No
c. Is total household income less than or equal to $130,000 before tax?	Yes	$100,000

3. Dwelling Purchase Price and Ownership Structure at Start of Year 1

a. Total Property Purchase Price (including GST, if any)	$600,000

Outputs

Can the household afford to purchase the Lessee Interest at the Star	
Start of Year 1 - Debt Servicing Ratio	
Start of Year 1 - Loan to Value Ratio	
Debt Servicing, Rates, Insurance (per week)	
Market Equivalent Rent	
Possible Household/Whānau Equity Gain by Year 15	

Landing Page | AHM - Leasehold | Preliminary Feasibility | Detailed Feasibility Inputs | Detailed Feasibility | Codes

FIGURE 6: LEASEHOLD - AFFORDABLE HOUSING MODEL (AHM) - TABLE 2

Table 3. Dwelling Purchase Price and Ownership Structure at Settlement

Inputs and assumptions:

a. Enter the Property Purchase Price (including GST, if any).

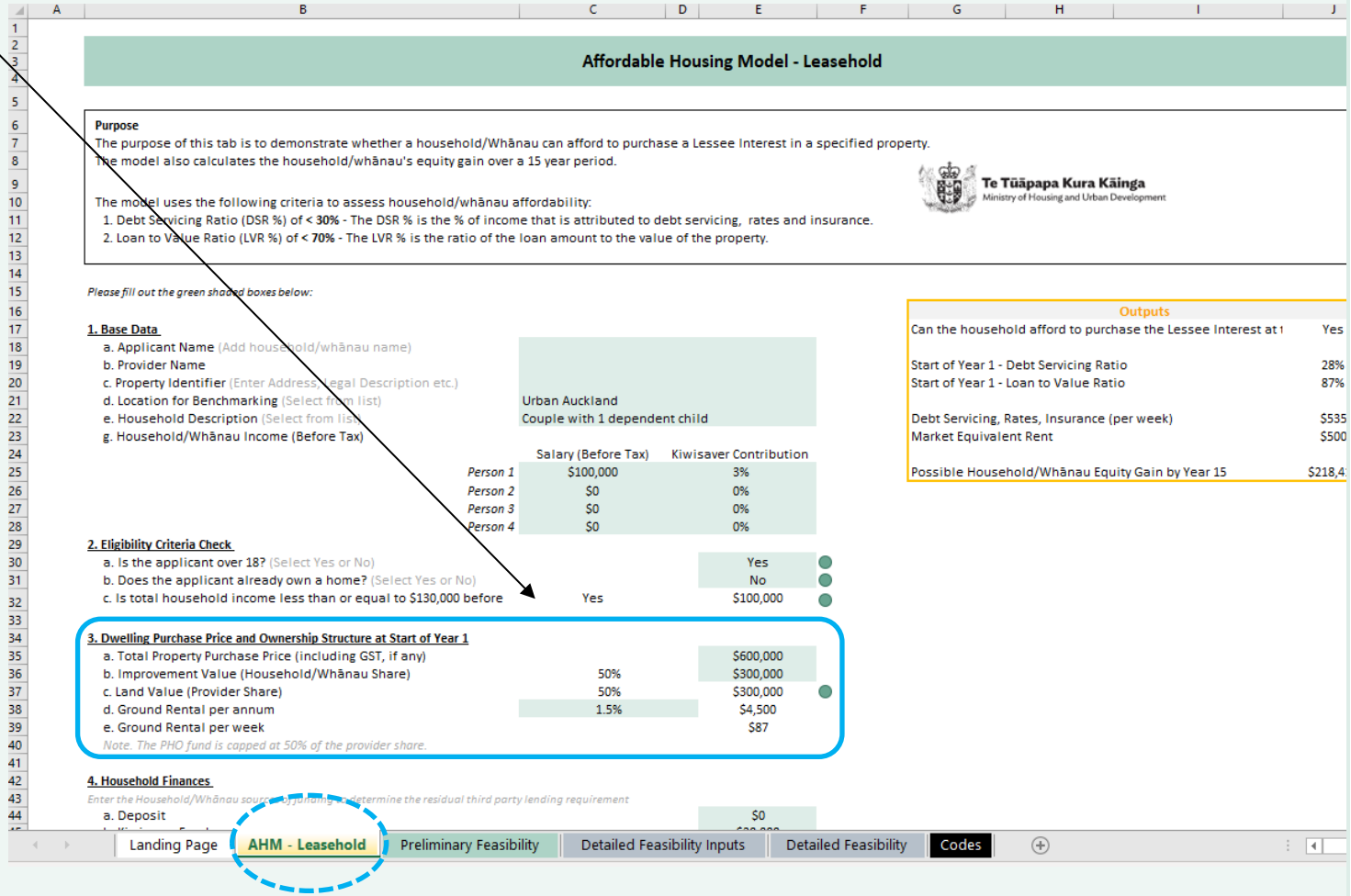
b. Enter the household/whānau share of the dwelling at settlement.

c. The model calculates the Land Value or the Provider Share to be covered by the PHO loan. This should be no more than 50%.

d. Enter the Ground Rental % of Land Value.

e. Ground rental per week.

Refer to Figure 7: Leasehold - Affordable Housing Model (AHM) - Table 3



Affordable Housing Model - Leasehold

Purpose
The purpose of this tab is to demonstrate whether a household/Whānau can afford to purchase a Lessee Interest in a specified property.
The model also calculates the household/whānau's equity gain over a 15 year period.

The model uses the following criteria to assess household/whānau affordability:
1. Debt Servicing Ratio (DSR %) of < **30%** - The DSR % is the % of income that is attributed to debt servicing, rates and insurance.
2. Loan to Value Ratio (LVR %) of < **70%** - The LVR % is the ratio of the loan amount to the value of the property.

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Please fill out the green shaded boxes below:

1. Base Data

a. Applicant Name (Add household/whānau name)		
b. Provider Name		
c. Property Identifier (Enter Address, Legal Description etc.)		
d. Location for Benchmarking (Select from list)	Urban Auckland	
e. Household Description (Select from list)	Couple with 1 dependent child	
g. Household/Whānau Income (Before Tax)		
	Salary (Before Tax)	Kiwisaver Contribution
Person 1	$100,000	3%
Person 2	$0	0%
Person 3	$0	0%
Person 4	$0	0%

2. Eligibility Criteria Check

a. Is the applicant over 18? (Select Yes or No)		Yes
b. Does the applicant already own a home? (Select Yes or No)		No
c. Is total household income less than or equal to $130,000 before	Yes	$100,000

3. Dwelling Purchase Price and Ownership Structure at Start of Year 1

a. Total Property Purchase Price (including GST, if any)		$600,000
b. Improvement Value (Household/Whānau Share)	50%	$300,000
c. Land Value (Provider Share)	50%	$300,000
d. Ground Rental per annum	1.5%	$4,500
e. Ground Rental per week		$87

Note. The PHO fund is capped at 50% of the provider share.

4. Household Finances

Enter the Household/Whānau sources of funding to determine the residual third party lending requirement

a. Deposit	$0

Outputs

Can the household afford to purchase the Lessee Interest at t	Yes
Start of Year 1 - Debt Servicing Ratio	28%
Start of Year 1 - Loan to Value Ratio	87%
Debt Servicing, Rates, Insurance (per week)	$535
Market Equivalent Rent	$500
Possible Household/Whānau Equity Gain by Year 15	$218,4

Landing Page | AHM - Leasehold | Preliminary Feasibility | Detailed Feasibility Inputs | Detailed Feasibility | Codes

FIGURE 7: LEASEHOLD - AFFORDABLE HOUSING MODEL (AHM) - TABLE 3

Table 4. Household Finances

Inputs and assumptions:

a. Enter deposit ($).

b. Enter Kiwisaver Funds ($).

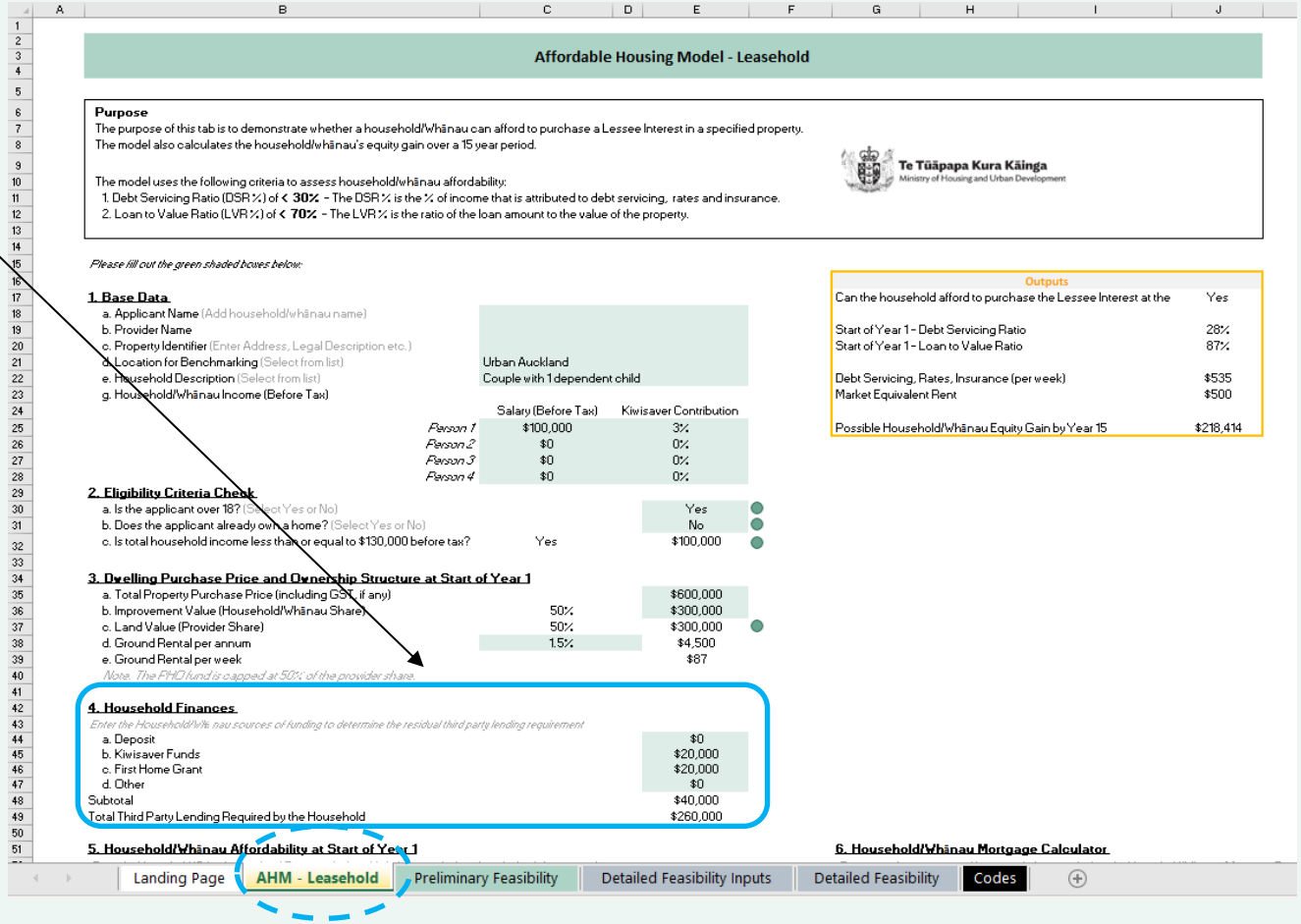
c. Enter First Home Grant ($).

d. Enter other Resources, where applicable ($).

Outputs:

- Subtotal available for a deposit ($).

Refer to Figure 8: Affordable Housing Model (AHM) - Leasehold - Table 4



Affordable Housing Model - Leasehold

Purpose
The purpose of this tab is to demonstrate whether a household/whānau can afford to purchase a Lessee Interest in a specified property.
The model also calculates the household/whānau's equity gain over a 15 year period.

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Ministry of Housing and Urban Development

The model uses the following criteria to assess household/whānau affordability:
1. Debt Servicing Ratio (DSR %) of < **30%** - The DSR % is the % of income that is attributed to debt servicing, rates and insurance.
2. Loan to Value Ratio (LVR %) of < **70%** - The LVR % is the ratio of the loan amount to the value of the property.

Please fill out the green shaded boxes below:

1. Base Data

a. Applicant Name (Add household/whānau name)	
b. Provider Name	
c. Property Identifier (Enter Address, Legal Description etc.)	
d. Location for Benchmarking (Select from list)	Urban Auckland
e. Household Description (Select from list)	Couple with 1 dependent child
g. Household/Whānau Income (Before Tax)	

	Salary (Before Tax)	Kiwisaver Contribution
Person 1	$100,000	3%
Person 2	$0	0%
Person 3	$0	0%
Person 4	$0	0%

2. Eligibility Criteria Check

a. Is the applicant over 18? (Select Yes or No)		Yes
b. Does the applicant already own a home? (Select Yes or No)		No
c. Is total household income less than or equal to $130,000 before tax?	Yes	$100,000

3. Dwelling Purchase Price and Ownership Structure at Start of Year 1

a. Total Property Purchase Price (including GST, if any)		$600,000
b. Improvement Value (Household/Whānau Share)	50%	$300,000
c. Land Value (Provider Share)	50%	$300,000
d. Ground Rental per annum	1.5%	$4,500
e. Ground Rental per week		$87

Note. The FHG fund is capped at 50% of the provider share.

4. Household Finances

Enter the Household/Whānau sources of funding to determine the residual third party lending requirement

a. Deposit	$0
b. Kiwisaver Funds	$20,000
c. First Home Grant	$20,000
d. Other	$0
Subtotal	$40,000
Total Third Party Lending Required by the Household	$260,000

5. Household/Whānau Affordability at Start of Year 1

6. Household/Whānau Mortgage Calculator

Outputs	
Can the household afford to purchase the Lessee Interest at the	Yes
Start of Year 1 - Debt Servicing Ratio	28%
Start of Year 1 - Loan to Value Ratio	87%
Debt Servicing, Rates, Insurance (per week)	$535
Market Equivalent Rent	$500
Possible Household/Whānau Equity Gain by Year 15	$218,414

Landing Page | AHM - Leasehold | Preliminary Feasibility | Detailed Feasibility Inputs | Detailed Feasibility | Codes

FIGURE 8: AFFORDABLE HOUSING MODEL (AHM) - LEASEHOLD - TABLE 4

Table 5. Household/Whānau Affordability at Start of Year 1

Inputs and assumptions:

a. Enter Other income (net of tax and Kiwisaver) ($).

b. Enter Household expenses, excluding Rent, Ground Rent and Mortgage.

c. Weekly income is calculated from Table 2 net of tax and Kiwisaver.

d. Household benchmark (Table 1 – Base Data).

Results and outputs:

- Total Income per week ($).
- Compare Household expenses versus benchmark.
- Total Household Expenses ($).
- Surplus per week ($).
- Potential household/whānau Savings (per annum).

Refer to Figure 9: Affordable Housing model - Table 5

5. Household/Whānau Affordability at Start of Year 1

Enter the Household 'Other Income' and Expenses in the table below, use the benchmark check for comparison

Income		Per Week
Weekly Income (after tax and kiwisaver)		$1,379
Other Income		$0
Total Income		**$1,379**
Household Expenses	**Benchmark Check** *Urban Auckland Couple with 1 dependent child*	**Per Week**
Food and Groceries	$279	$100
Rent	$455	$0
Ground Rent	-	$87
Mortgage	$665	$373
Passenger Transport	$46	$27
Gas/Electricity	$45	$50
Telephone/mobile/internet services	$35	$36
Clothing and footwear	$107	$100
Rates	$55	$48
House/content insurance	$36	$27
Property maintenance	$66	$48
Private vehicle costs	$63	$88
Vehicle Insurance	$20	$15
Medical Insurance	$42	$40
Health/medical expenses	$67	$47
Life Insurance	$41	$28
Insurance other and combinations	$42	$41
Childcare		$0
Additional loans/hire purchase		$0
Other (please specify)		$0
Other (please specify)		$0
Other (please specify)		$0
Other (please specify)		$0
Other (please specify)		$0
Other (please specify)		$0
Total Household Expenses		$1,155
Surplus (per week)		$224
Potential Household/Whānau Savings (per annum)		**$11,648**

6. Household/Whānau Mortgage Calculator

Enter a test interest rate and loan term below to calculate the Household/Whānau Mortgage

Total Lending	**$260,000**
LVR	87%
Test Interest Ra	6.25%
Years	30

Year	nterest & Principa	Loan Balance	Principal repaid
1	(19,396.74)	$256,853.26	$3,146.74
2	(19,396.74)	$253,509.85	$6,490.15
3	(19,396.74)	$249,957.48	$10,042.52
4	(19,396.74)	$246,183.09	$13,816.91
5	(19,396.74)	$242,172.79	$17,827.21
6	(19,396.74)	$237,911.85	$22,088.15
7	(19,396.74)	$233,384.61	$26,615.39
8	(19,396.74)	$228,574.41	$31,425.59
9	(19,396.74)	$223,463.57	$36,536.43
10	(19,396.74)	$218,033.31	$41,966.69
11	(19,396.74)	$212,263.65	$47,736.35
12	(19,396.74)	$206,133.39	$53,866.61
13	(19,396.74)	$199,619.99	$60,380.01
14	(19,396.74)	$192,699.50	$67,300.50
15	(19,396.74)	$185,346.48	$74,653.52

Landing Page | AHM - Leasehold | Preliminary Feasibility | Detailed Feasibility Inputs | Detailed Feasibility | Codes

FIGURE 9: AFFORDABLE HOUSING MODEL - TABLE 5

Table 6. Household/Whānau Mortgage Calculator

Inputs and assumptions:

a. Total Lending Required ($).

b. Enter Test interest rate (%).

c. Enter Term of the household/whānau Mortgage (Years).

Refer to Figure 10: Affordable Housing Model (AHM) - Table 6

5. Household/Whānau Affordability at Start of Year 1

Enter the Household 'Other Income' and Expenses in the table below, use the benchmark check for comparison

Income		Per Week
Weekly Income (after tax and kiwisaver)		$1,379
Other Income		$0
Total Income		**$1,379**
Household Expenses	**Benchmark Check** *Urban Auckland Couple with 1 dependent child*	**Per Week**
Food and Groceries	$279	$100
Rent	$455	$0
Ground Rent	-	$87
Mortgage	$665	$373
Passenger Transport	$46	$27
Gas/Electricity	$45	$50
Telephone/mobile/internet services	$35	$36
Clothing and footwear	$107	$100
Rates	$55	$48
House/content insurance	$36	$27
Property maintenance	$66	$48
Private vehicle costs	$63	$88
Vehicle Insurance	$20	$15
Medical Insurance	$42	$40
Health/medical expenses	$67	$47
Life Insurance	$41	$28
Insurance other and combinations	$42	$41
Childcare		$0
Additional loans/hire purchase		$0
Other (please specify)		$0
Other (please specify)		$0
Other (please specify)		$0
Other (please specify)		$0
Other (please specify)		$0
Other (please specify)		$0
Total Household Expenses		$1,155
Surplus (per week)		$224
Potential Household/Whānau Savings (per annum)		**$11,648**

6. Household/Whānau Mortgage Calculator

Enter a test interest rate and loan term below to calculate the Household/Whānau Mortgage

Total Lending	**$260,000**
LVR	87%
Test Interest Ra	6.25%
Years	30

Year	nterest & Principa	Loan Balance	Principal repaid
1	(19,396.74)	$256,853.26	$3,146.74
2	(19,396.74)	$253,509.85	$6,490.15
3	(19,396.74)	$249,957.48	$10,042.52
4	(19,396.74)	$246,183.09	$13,816.91
5	(19,396.74)	$242,172.79	$17,827.21
6	(19,396.74)	$237,911.85	$22,088.15
7	(19,396.74)	$233,384.61	$26,615.39
8	(19,396.74)	$228,574.41	$31,425.59
9	(19,396.74)	$223,463.57	$36,536.43
10	(19,396.74)	$218,033.31	$41,966.69
11	(19,396.74)	$212,263.65	$47,736.35
12	(19,396.74)	$206,133.39	$53,866.61
13	(19,396.74)	$199,619.99	$60,380.01
14	(19,396.74)	$192,699.50	$67,300.50
15	(19,396.74)	$185,346.48	$74,653.52

Landing Page | AHM - Leasehold | Preliminary Feasibility | Detailed Feasibility Inputs | Detailed Feasibility | Codes

FIGURE 10: AFFORDABLE HOUSING MODEL (AHM) - TABLE 6

Table 7. Household/Whānau Equity and Serviceability over PHO Period

Purpose: To demonstrate the household/whānau debt servicing and cumulative equity position over a period of 15 years. The model assumes that the household/whānau have successfully purchased the Lessee Interest at Year 1.

Inputs and assumptions:

a. Enter House Price Inflation (%) to escalate the value of the Lessee's Interest.

b. Enter CPI Inflation (%) to escalate savings, household income and rates and insurance.

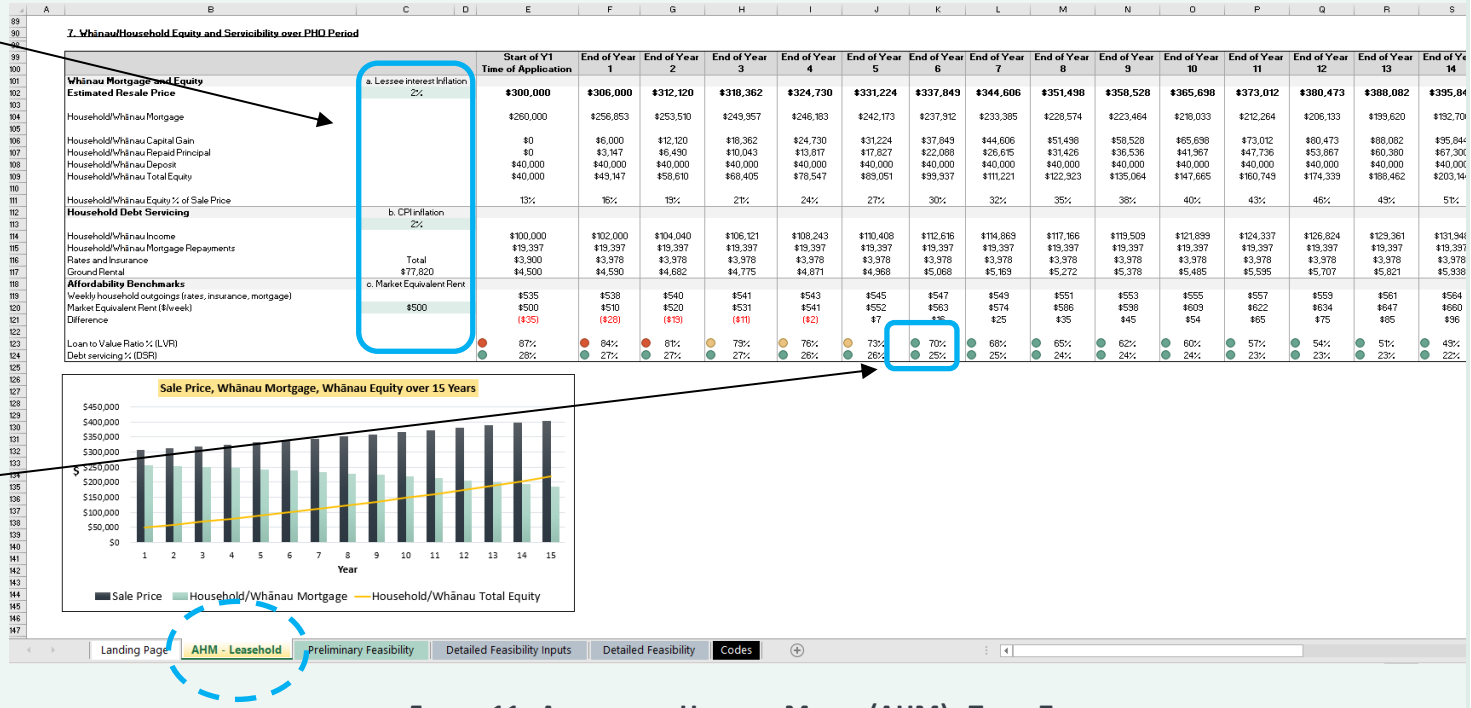
c. Enter the Market Equivalent Rent for the location of the proposed housing, refer to link [Market rent » Tenancy Services]

d. Links to Table 3 – 6.

Results and outputs:

- LVR % (less than 70%).
- DSR % (less than 30%).
- Cumulative Equity position after 15 years.

Refer to Figure 11: Affordable Housing Model (AHM) - Table 7



7. Whānau/Household Equity and Servicibility over PHO Period

		Start of Y1 Time of Application	End of Year 1	End of Year 2	End of Year 3	End of Year 4	End of Year 5	End of Year 6	End of Year 7	End of Year 8	End of Year 9	End of Year 10	End of Year 11	End of Year 12	End of Year 13	End of Ye 14
Whānau Mortgage and Equity	a. Lessee interest Inflation															
Estimated Resale Price	2%	**$300,000**	**$306,000**	**$312,120**	**$318,362**	**$324,730**	**$331,224**	**$337,849**	**$344,606**	**$351,498**	**$358,528**	**$365,698**	**$373,012**	**$380,473**	**$388,082**	**$395,84**
Household/Whānau Mortgage		$260,000	$256,853	$253,510	$249,957	$246,183	$242,173	$237,912	$233,385	$228,574	$223,464	$218,033	$212,264	$206,133	$199,620	$192,70
Household/Whānau Capital Gain		$0	$6,000	$12,120	$18,362	$24,730	$31,224	$37,849	$44,606	$51,498	$58,528	$65,698	$73,012	$80,473	$88,082	$95,844
Household/Whānau Repaid Principal		$0	$3,147	$6,490	$10,043	$13,817	$17,827	$22,088	$26,615	$31,426	$36,536	$41,967	$47,736	$53,867	$60,380	$67,300
Household/Whānau Deposit		$40,000	$40,000	$40,000	$40,000	$40,000	$40,000	$40,000	$40,000	$40,000	$40,000	$40,000	$40,000	$40,000	$40,000	$40,000
Household/Whānau Total Equity		$40,000	$43,147	$58,610	$68,405	$78,547	$89,051	$99,937	$111,221	$122,923	$135,064	$147,665	$160,749	$174,339	$188,462	$203,14
Household/Whānau Equity % of Sale Price		13%	16%	19%	21%	24%	27%	30%	32%	35%	38%	40%	43%	46%	49%	51%
Household Debt Servicing	b. CPI inflation															
	2%															
Household/Whānau Income		$100,000	$102,000	$104,040	$106,121	$108,243	$110,408	$112,616	$114,869	$117,166	$119,509	$121,899	$124,337	$126,824	$129,361	$131,948
Household/Whānau Mortgage Repayments		$19,397	$19,397	$19,397	$19,397	$19,397	$19,397	$19,397	$19,397	$19,397	$19,397	$19,397	$19,397	$19,397	$19,397	$19,397
Rates and Insurance	Total	$3,900	$3,978	$3,978	$3,978	$3,978	$3,978	$3,978	$3,978	$3,978	$3,978	$3,978	$3,978	$3,978	$3,978	$3,978
Ground Rental	$77,820	$4,500	$4,590	$4,682	$4,775	$4,871	$4,968	$5,068	$5,169	$5,272	$5,378	$5,485	$5,595	$5,707	$5,821	$5,938
Affordability Benchmarks	c. Market Equivalent Rent															
Weekly household outgoings (rates, insurance, mortgage)		$535	$538	$540	$541	$543	$545	$547	$549	$551	$553	$555	$557	$559	$561	$564
Market Equivalent Rent ($/week)	$500	$500	$510	$520	$531	$541	$552	$563	$574	$586	$598	$609	$622	$634	$647	$660
Difference		($35)	($28)	($19)	($11)	($2)	$7	[illegible]	$25	$35	$45	$54	$65	$75	$85	$96
Loan to Value Ratio % (LVR)		87%	84%	81%	79%	76%	73%	70%	68%	65%	62%	60%	57%	54%	51%	49%
Debt servicing % (DSR)		28%	27%	27%	27%	26%	26%	25%	25%	24%	24%	24%	23%	23%	23%	22%

FIGURE 11: AFFORDABLE HOUSING MODEL (AHM) - TABLE 7

Tab 2 - Preliminary Feasibility

The purpose of the preliminary feasibility assessment is to:

1. Provide a high-level preliminary feasibility assessment for a provider led development – this is applicable to providers with a site in mind that is already owned, or to be purchased for development, and the provider has an initial idea of how many dwellings to construct and sell.

2. Provide a high-level preliminary feasibility assessment for a developer led development – providers may use this budget to test a developer's costs and sale prices to ensure value for money.

3. Calculate the provider's estimated financial position at completion of the project, under either a provider led, or developer led development.

Key Outputs

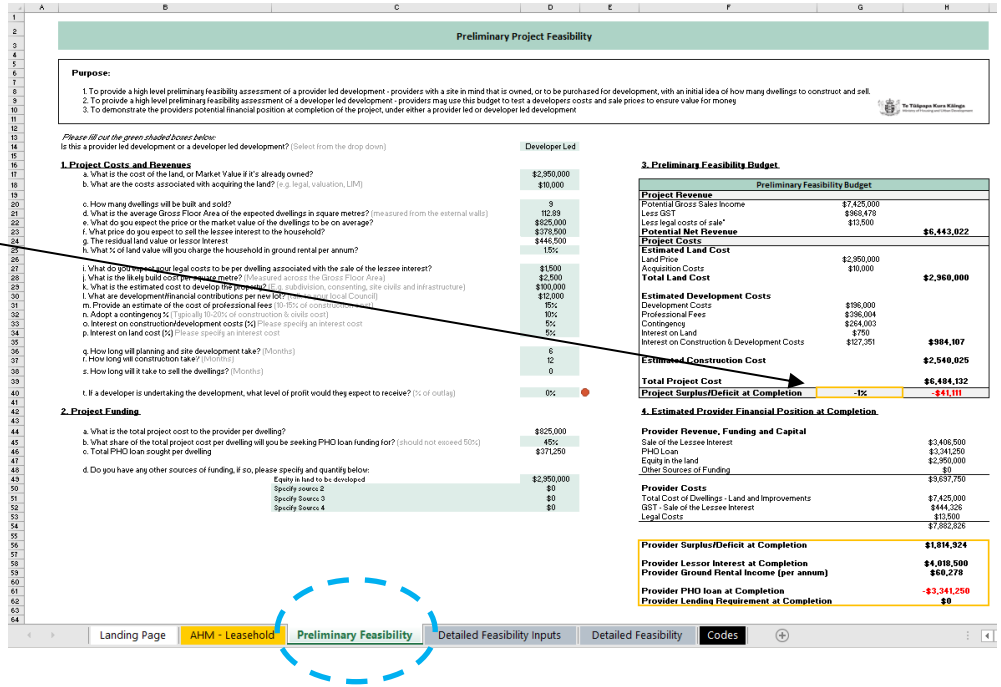
The Key Outputs are summarised in the model outlined in orange as follows:

1. The Project/Surplus Deficit at Completion – This is a % and demonstrates the project profit/deficit. This can be used to test the % of profit being made by a developer.

2. Estimated Provider Financial Position at Completion including:

- Provider Project Surplus/Deficit at Completion.
- Provider total Lessor Interest at Completion.
- Provider Ground Rental Income (per annum).
- Provider PHO loan at Completion.
- Provider Lending Requirement at Completion.

Refer to Figure 12



Preliminary Project Feasibility

Purpose:

1. To provide a high level preliminary feasibility assessment of a provider led development - providers with a site in mind that is owned, or to be purchased for development, with an initial idea of how many dwellings to construct and sell.
2. To provide a high level preliminary feasibility assessment of a developer led development - providers may use this budget to test a developers costs and sale prices to ensure value for money
3. To demonstrate the providers potential financial position at completion of the project, under either a provider led or developer led development

Please fill out the green shaded boxes below:

Is this a provider led development or a developer led development? (Select from the drop down) — Developer Led

1. Project Costs and Revenues

a. What is the cost of the land, or Market Value if it's already owned?	$2,950,000
b. What are the costs associated with acquiring the land? (e.g. legal, valuation, LIM)	$10,000
c. How many dwellings will be built and sold?	9
d. What is the average Gross Floor Area of the expected dwellings in square metres? (measured from the external walls)	112.89
e. What do you expect the price or the market value of the dwellings to be on average?	$825,000
f. What price do you expect to sell the lessee interest to the household?	$378,500
g. The residual land value or lessor Interest	$446,500
h. What % of land value will you charge the household in ground rental per annum?	1.5%
i. What do you expect your legal costs to be per dwelling associated with the sale of the lessee interest?	$1500
j. What is the likely build cost per square metre? (Measured across the Gross Floor Area)	$2,500
k. What is the estimated cost to develop the property? (e.g. subdivision, consenting, site civils and infrastructure)	$100,000
l. What are development/financial contributions per new lot? (Please check your local Council)	$12,000
m. Provide an estimate of the cost of professional fees (10-15% of construction & civils cost)	15%
n. Adopt a contingency % (Typically 15-20% of construction & civils cost)	10%
o. Interest on construction/development costs (%) Please specify an interest cost	5%
p. Interest on land cost (%) Please specify an interest cost	5%
q. How long will planning and site development take? (Months)	6
r. How long will construction take? (Months)	12
s. How long will it take to sell the dwellings? (Months)	0
t. If a developer is undertaking the development, what level of profit would they expect to receive? (% of outlay)	0%

2. Project Funding

a. What is the total project cost to the provider per dwelling?	$825,000
b. What share of the total project cost per dwelling will you be seeking PHO loan funding for? (should not exceed 50%)	45%
c. Total PHO loan sought per dwelling	$371,250
d. Do you have any other sources of funding, if so, please specify and quantify below:	
Equity in land to be developed	$2,950,000
Specify source 2	$0
Specify Source 3	$0
Specify Source 4	$0

3. Preliminary Feasibility Budget

Preliminary Feasibility Budget		
Project Revenue		
Potential Gross Sales Income	$7,425,000	
Less GST	$968,478	
Less legal costs of sale*	$13,500	
Potential Net Revenue		**$6,443,022**
Project Costs		
Estimated Land Cost		
Land Price	$2,950,000	
Acquisition Costs	$10,000	
Total Land Cost		**$2,960,000**
Estimated Development Costs		
Development Costs	$196,000	
Professional Fees	$396,004	
Contingency	$284,003	
Interest on Land	$750	
Interest on Construction & Development Costs	$127,351	**$984,107**
Estimated Construction Cost		**$2,540,025**
Total Project Cost		**$6,484,132**
Project Surplus/Deficit at Completion	**-1%**	**-$41,111**

4. Estimated Provider Financial Position at Completion

Provider Revenue, Funding and Capital	
Sale of the Lessee Interest	$3,406,500
PHO Loan	$3,341,250
Equity in the land	$2,950,000
Other Sources of Funding	$0
	$9,697,750
Provider Costs	
Total Cost of Dwellings - Land and Improvements	$7,425,000
GST - Sale of the Lessee Interest	$444,326
Legal Costs	$13,500
	$7,882,826
Provider Surplus/Deficit at Completion	**$1,814,924**
Provider Lessor Interest at Completion	**$4,018,500**
Provider Ground Rental Income (per annum)	**$60,278**
Provider PHO loan at Completion	**-$3,341,250**
Provider Lending Requirement at Completion	**$0**

Landing Page | AHM - Leasehold | Preliminary Feasibility | Detailed Feasibility Inputs | Detailed Feasibility | Codes

FIGURE 12: LEASEHOLD - PRELIMINARY FEASIBILITY ASSESSMENT OUTPUTS

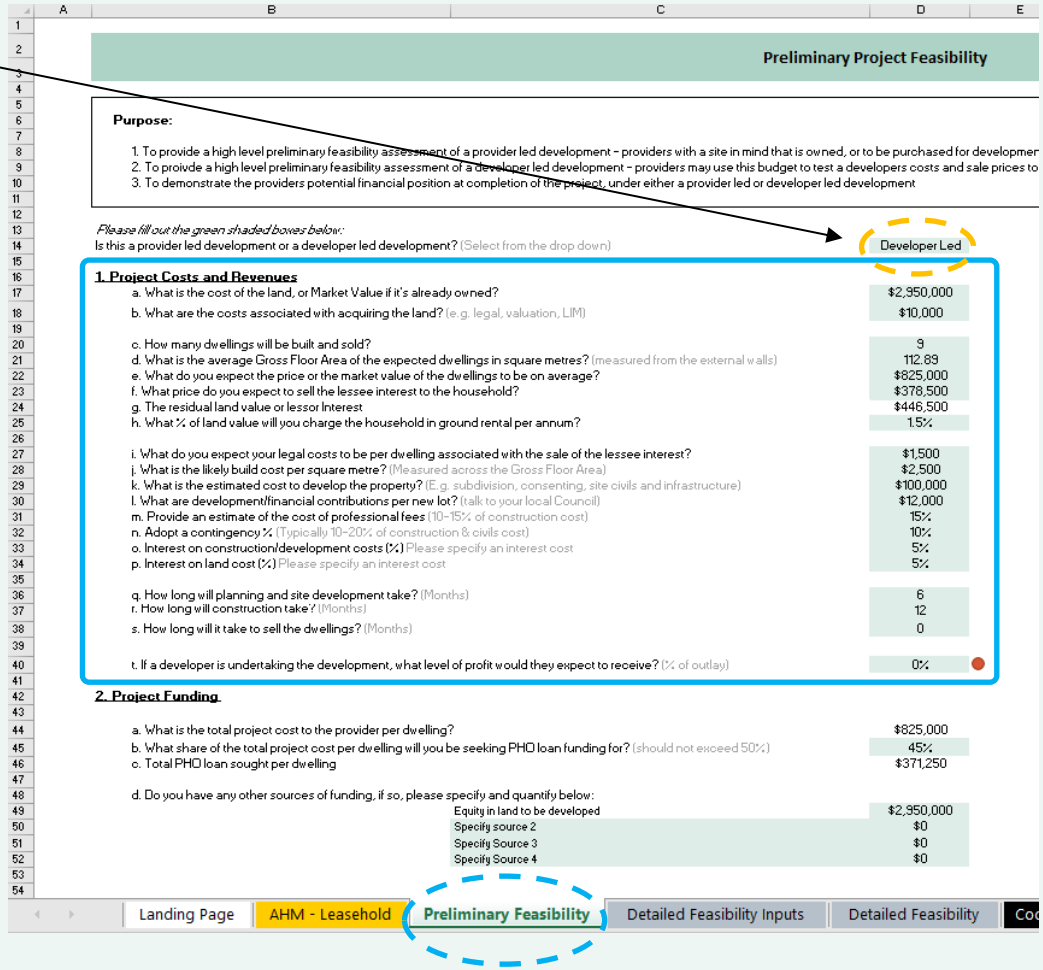
Type of Development and Table 1. Project Costs and Revenues

Inputs and assumptions:

1. **Select whether the development is 'provider led' or 'developer led' from the drop-down list.**

2. **Input the Project Cost and Revenue Assumptions in the green shaded boxes, these include references 'a.' to 't.' as follows:**

a. Cost or Market Value of Land.
b. Costs associated with acquiring the land.
c. How many dwellings to be built.
d. Average Gross Floor Area.
e. Expected purchase price or market value per dwelling.
f. Expected sale price of the lessee interest.
g. The residual land value of lessor interest is auto calculated.
h. The % of residual land value charged as ground rental to the household.
i. Expected legal costs for the sale of the lessee interest.
j. Build cost.
k. Development costs.
l. Development contributions.
m. Professional Fees.
n. Contingency %.
o. Interest on development costs.
p. Interest on land costs.
q, r, s. Months to project completion
t. Expected profit



Preliminary Project Feasibility

Purpose:

1. To provide a high level preliminary feasibility assessment of a provider led development - providers with a site in mind that is owned, or to be purchased for developmer
2. To proivde a high level preliminary feasibility assessment of a developer led development - providers may use this budget to test a developers costs and sale prices to
3. To demonstrate the providers potential financial position at completion of the project, under either a provider led or developer led development

Please fill out the green shaded boxes below:

Is this a provider led development or a developer led development? (Select from the drop down)	Developer Led
1. Project Costs and Revenues	
a. What is the cost of the land, or Market Value if it's already owned?	$2,950,000
b. What are the costs associated with acquiring the land? (e.g. legal, valuation, LIM)	$10,000
c. How many dwellings will be built and sold?	9
d. What is the average Gross Floor Area of the expected dwellings in square metres? (measured from the external walls)	112.89
e. What do you expect the price or the market value of the dwellings to be on average?	$825,000
f. What price do you expect to sell the lessee interest to the household?	$378,500
g. The residual land value or lessor Interest	$446,500
h. What % of land value will you charge the household in ground rental per annum?	1.5%
i. What do you expect your legal costs to be per dwelling associated with the sale of the lessee interest?	$1,500
j. What is the likely build cost per square metre? (Measured across the Gross Floor Area)	$2,500
k. What is the estimated cost to develop the property? (E.g. subdivision, consenting, site civils and infrastructure)	$100,000
l. What are development/financial contributions per new lot? (talk to your local Council)	$12,000
m. Provide an estimate of the cost of professional fees (10-15% of construction cost)	15%
n. Adopt a contingency % (Typically 10-20% of construction & civils cost)	10%
o. Interest on construction/development costs (%) Please specify an interest cost	5%
p. Interest on land cost (%) Please specify an interest cost	5%
q. How long will planning and site development take? (Months)	6
r. How long will construction take? (Months)	12
s. How long will it take to sell the dwellings? (Months)	0
t. If a developer is undertaking the development, what level of profit would they expect to receive? (% of outlay)	0%
2. Project Funding	
a. What is the total project cost to the provider per dwelling?	$825,000
b. What share of the total project cost per dwelling will you be seeking PHO loan funding for? (should not exceed 50%)	45%
c. Total PHO loan sought per dwelling	$371,250
d. Do you have any other sources of funding, if so, please specify and quantify below:	
Equity in land to be developed	$2,950,000
Specify source 2	$0
Specify Source 3	$0
Specify Source 4	$0

Landing Page | AHM - Leasehold | Preliminary Feasibility | Detailed Feasibility Inputs | Detailed Feasibility

FIGURE 13: PRELIMINARY FEASIBILITY ASSESSMENT - TABLE 1

Table 2. Project Funding

Inputs and assumptions:

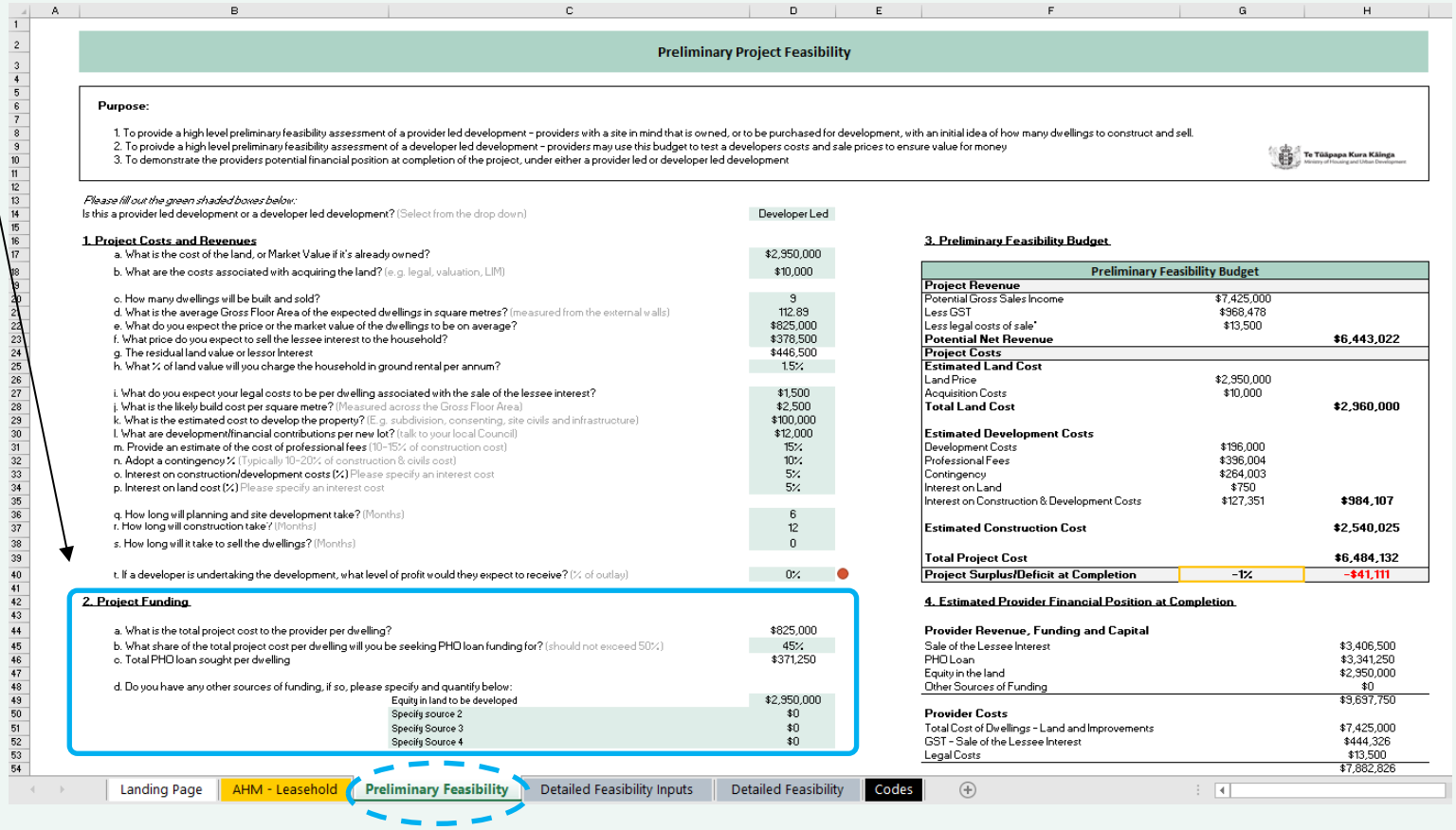
a. The model calculates the total project costs to the provider per dwelling, this forms the basis of the PHO loan calculations. Note this is driven off whether the development is 'provider led' or developer led'.

b. Input the share of the total project cost per dwelling that you will be seeking PHO loan funding for – noting this should not exceed 50% under the leasehold approach

c. The model calculates the total PHO loan sought per dwelling, based on the % specified under b. above.

d. Specify any other sources of funding available including any equity in the land if already owed.

Refer to Figure 14: Preliminary Feasibility Assessment - Table 2



Preliminary Project Feasibility

Purpose:

1. To provide a high level preliminary feasibility assessment of a provider led development – providers with a site in mind that is owned, or to be purchased for development, with an initial idea of how many dwellings to construct and sell.
2. To proivde a high level preliminary feasibility assessment of a developer led development – providers may use this budget to test a developers costs and sale prices to ensure value for money
3. To demonstrate the providers potential financial position at completion of the project, under either a provider led or developer led development

Please fill out the green shaded boxes below:

Is this a provider led development or a developer led development? (Select from the drop down) — Developer Led

1. Project Costs and Revenues

a. What is the cost of the land, or Market Value if it's already owned?	$2,950,000
b. What are the costs associated with acquiring the land? (e.g. legal, valuation, LIM)	$10,000
c. How many dwellings will be built and sold?	9
d. What is the average Gross Floor Area of the expected dwellings in square metres? (measured from the external walls)	112.89
e. What do you expect the price or the market value of the dwellings to be on average?	$825,000
f. What price do you expect to sell the lessee interest to the household?	$378,500
g. The residual land value or lessor Interest	$446,500
h. What % of land value will you charge the household in ground rental per annum?	1.5%
i. What do you expect your legal costs to be per dwelling associated with the sale of the lessee interest?	$1,500
j. What is the likely build cost per square metre? (Measured across the Gross Floor Area)	$2,500
k. What is the estimated cost to develop the property? (E.g. subdivision, consenting, site civils and infrastructure)	$100,000
l. What are development/financial contributions per new lot? (talk to your local Council)	$12,000
m. Provide an estimate of the cost of professional fees (10-15% of construction cost)	15%
n. Adopt a contingency % (Typically 10-20% of construction & civils cost)	10%
o. Interest on construction/development costs (%) Please specify an interest cost	5%
p. Interest on land cost (%) Please specify an interest cost	5%
q. How long will planning and site development take? (Months)	6
r. How long will construction take? (Months)	12
s. How long will it take to sell the dwellings? (Months)	0
t. If a developer is undertaking the development, what level of profit would they expect to receive? (% of outlay)	0%

2. Project Funding

a. What is the total project cost to the provider per dwelling?	$825,000
b. What share of the total project cost per dwelling will you be seeking PHO loan funding for? (should not exceed 50%)	45%
c. Total PHO loan sought per dwelling	$371,250
d. Do you have any other sources of funding, if so, please specify and quantify below:	
Equity in land to be developed	$2,950,000
Specify source 2	$0
Specify Source 3	$0
Specify Source 4	$0

3. Preliminary Feasibility Budget

Preliminary Feasibility Budget		
Project Revenue		
Potential Gross Sales Income	$7,425,000	
Less GST	$968,478	
Less legal costs of sale*	$13,500	
Potential Net Revenue		**$6,443,022**
Project Costs		
Estimated Land Cost		
Land Price	$2,950,000	
Acquisition Costs	$10,000	
Total Land Cost		**$2,960,000**
Estimated Development Costs		
Development Costs	$196,000	
Professional Fees	$396,004	
Contingency	$264,003	
Interest on Land	$750	
Interest on Construction & Development Costs	$127,351	**$984,107**
Estimated Construction Cost		**$2,540,025**
Total Project Cost		**$6,484,132**
Project Surplus/Deficit at Completion	-1%	**-$41,111**

4. Estimated Provider Financial Position at Completion

Provider Revenue, Funding and Capital	
Sale of the Lessee Interest	$3,406,500
PHO Loan	$3,341,250
Equity in the land	$2,950,000
Other Sources of Funding	$0
	$9,697,750
Provider Costs	
Total Cost of Dwellings - Land and Improvements	$7,425,000
GST - Sale of the Lessee Interest	$444,326
Legal Costs	$13,500
	$7,882,826

Landing Page | AHM - Leasehold | Preliminary Feasibility | Detailed Feasibility Inputs | Detailed Feasibility | Codes

FIGURE 14: PRELIMINARY FEASIBILITY ASSESSMENT - TABLE 2

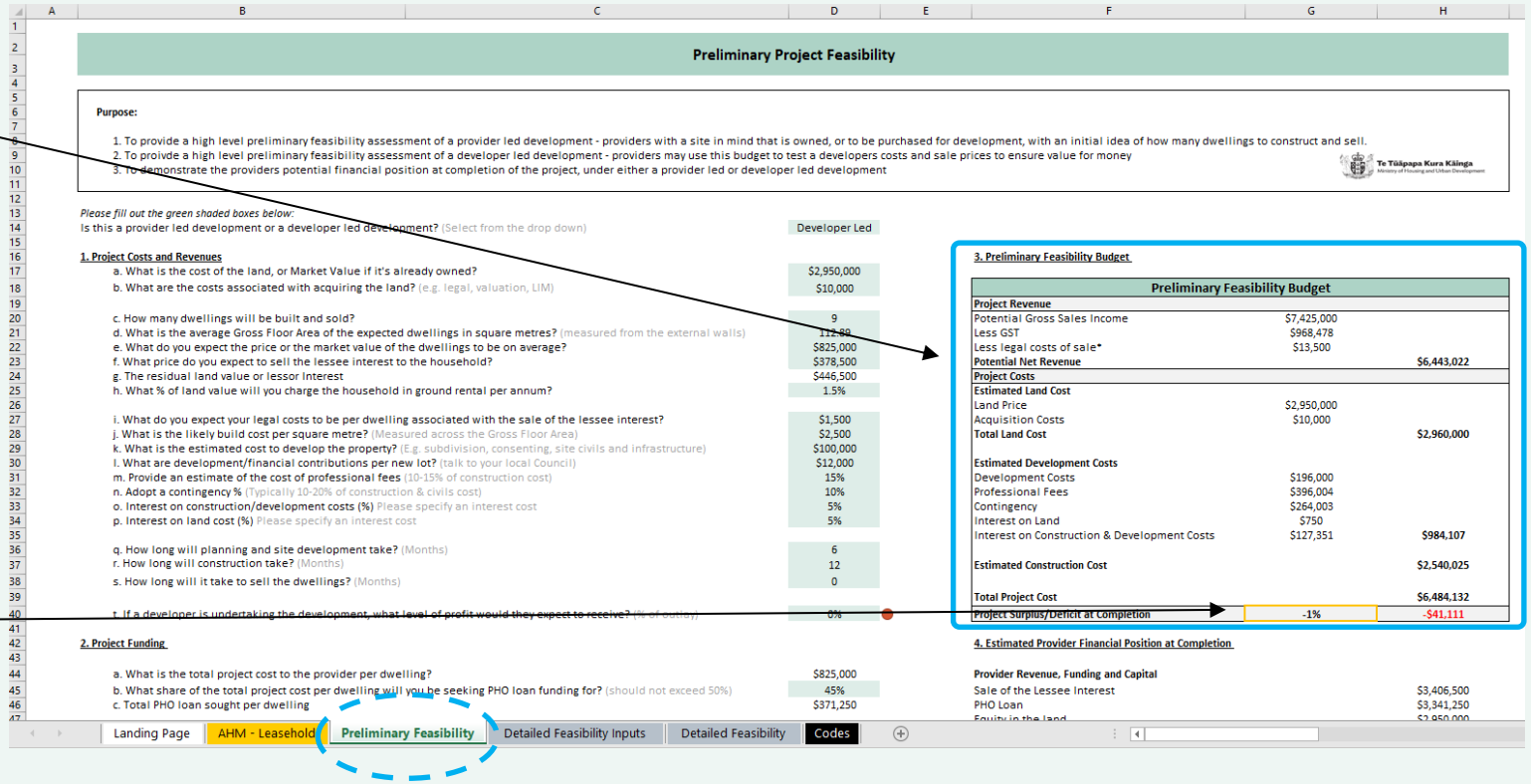
Table 3. Preliminary Feasibility Budget

Results and outputs

a. The inputs of Table 1 and Table 2, drive the results of the Preliminary Feasibility Budget, which totals Project Costs and Project Revenues to arrive at an estimate of Project Profit/Loss. This can be used to test the feasibility of both a developer led, or a provider led development. This budget calculates the theoretical feasibility of the development and does not factor in the PHO loan, or any other sources of provider funding.

b. Under a developer led development, the estimate of project profit % can be used to ensure the provider is getting value for money.

Refer to Figure 15: Preliminary Feasibility Assessment - Table 3



Preliminary Project Feasibility

Purpose:

1. To provide a high level preliminary feasibility assessment of a provider led development - providers with a site in mind that is owned, or to be purchased for development, with an initial idea of how many dwellings to construct and sell.
2. To proivde a high level preliminary feasibility assessment of a developer led development - providers may use this budget to test a developers costs and sale prices to ensure value for money
3. To demonstrate the providers potential financial position at completion of the project, under either a provider led or developer led development

Please fill out the green shaded boxes below:

Is this a provider led development or a developer led development? (Select from the drop down)	Developer Led
1. Project Costs and Revenues	
a. What is the cost of the land, or Market Value if it's already owned?	$2,950,000
b. What are the costs associated with acquiring the land? (e.g. legal, valuation, LIM)	$10,000
c. How many dwellings will be built and sold?	9
d. What is the average Gross Floor Area of the expected dwellings in square metres? (measured from the external walls)	112.89
e. What do you expect the price or the market value of the dwellings to be on average?	$825,000
f. What price do you expect to sell the lessee interest to the household?	$378,500
g. The residual land value or lessor interest	$446,500
h. What % of land value will you charge the household in ground rental per annum?	1.5%
i. What do you expect your legal costs to be per dwelling associated with the sale of the lessee interest?	$1,500
j. What is the likely build cost per square metre? (Measured across the Gross Floor Area)	$2,500
k. What is the estimated cost to develop the property? (E.g. subdivision, consenting, site civils and infrastructure)	$100,000
l. What are development/financial contributions per new lot? (talk to your local Council)	$12,000
m. Provide an estimate of the cost of professional fees (10-15% of construction cost)	15%
n. Adopt a contingency % (Typically 10-20% of construction & civils cost)	10%
o. Interest on construction/development costs (%) Please specify an interest cost	5%
p. Interest on land cost (%) Please specify an interest cost	5%
q. How long will planning and site development take? (Months)	6
r. How long will construction take? (Months)	12
s. How long will it take to sell the dwellings? (Months)	0
t. If a developer is undertaking the development, what level of profit would they expect to receive? (% of outlay)	0%
2. Project Funding	
a. What is the total project cost to the provider per dwelling?	$825,000
b. What share of the total project cost per dwelling will you be seeking PHO loan funding for? (should not exceed 50%)	45%
c. Total PHO loan sought per dwelling	$371,250

3. Preliminary Feasibility Budget

Preliminary Feasibility Budget		
Project Revenue		
Potential Gross Sales Income	$7,425,000	
Less GST	$968,478	
Less legal costs of sale*	$13,500	
Potential Net Revenue		**$6,443,022**
Project Costs		
Estimated Land Cost		
Land Price	$2,950,000	
Acquisition Costs	$10,000	
Total Land Cost		**$2,960,000**
Estimated Development Costs		
Development Costs	$196,000	
Professional Fees	$396,004	
Contingency	$264,003	
Interest on Land	$750	
Interest on Construction & Development Costs	$127,351	**$984,107**
Estimated Construction Cost		**$2,540,025**
Total Project Cost		**$6,484,132**
Project Surplus/Deficit at Completion	-1%	-$41,111

4. Estimated Provider Financial Position at Completion

Provider Revenue, Funding and Capital	
Sale of the Lessee Interest	$3,406,500
PHO Loan	$3,341,250
Equity in the land	$2,950,000

Landing Page | AHM - Leasehold | Preliminary Feasibility | Detailed Feasibility Inputs | Detailed Feasibility | Codes

FIGURE 15: PRELIMINARY FEASIBILITY ASSESSMENT - TABLE 3

Table 4: Estimated Provider Financial Position at Completion

Results and outputs

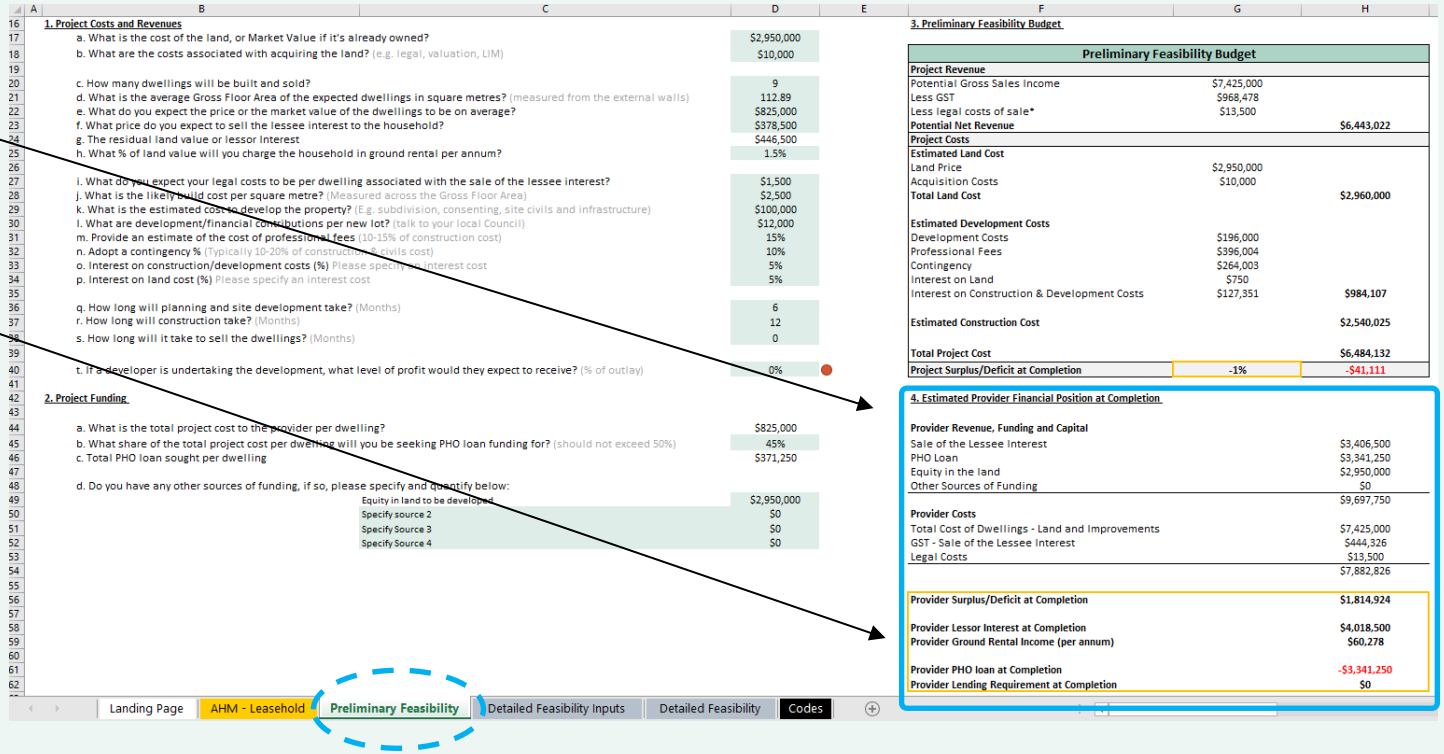
a. Table 4 summarises the providers estimated financial position by totalling the provider sources of revenue, funding and capital along with the total provider costs associated with the development.

b. The outputs of Table 4, include the estimated:

- Provider surplus/deficit at completion
- Provider lessor interest at completion (we note this does not consider any potential GST liabilities, if the provider is undertaking the development themselves. We suggest the provider obtains accounting advice in relation to any potential GST liabilities).
- Provider ground rental income (per annum)
- Provider PHO loan at completion
- Provider lending requirement at completion

The above outputs are applicable to both a provider led development, or a developer led development.

Refer to Figure 16: Table 4 - Estimated Provider



1. Project Costs and Revenues		
a. What is the cost of the land, or Market Value if it's already owned?	$2,950,000	
b. What are the costs associated with acquiring the land? (e.g. legal, valuation, LIM)	$10,000	
c. How many dwellings will be built and sold?	9	
d. What is the average Gross Floor Area of the expected dwellings in square metres? (measured from the external walls)	112.89	
e. What do you expect the price or the market value of the dwellings to be on average?	$825,000	
f. What price do you expect to sell the lessee interest to the household?	$378,500	
g. The residual land value or lessor interest	$446,500	
h. What % of land value will you charge the household in ground rental per annum?	1.5%	
i. What do you expect your legal costs to be per dwelling associated with the sale of the lessee interest?	$1,500	
j. What is the likely build cost per square metre? (Measured across the Gross Floor Area)	$2,500	
k. What is the estimated cost to develop the property? (E.g. subdivision, consenting, site civils and infrastructure)	$100,000	
l. What are development/financial contributions per new lot? (talk to your local Council)	$12,000	
m. Provide an estimate of the cost of professional fees (10-15% of construction cost)	15%	
n. Adopt a contingency % (Typically 10-20% of construction & civils cost)	10%	
o. Interest on construction/development costs (%) Please specify an interest cost	5%	
p. Interest on land cost (%) Please specify an interest cost	5%	
q. How long will planning and site development take? (Months)	6	
r. How long will construction take? (Months)	12	
s. How long will it take to sell the dwellings? (Months)	0	
t. If a developer is undertaking the development, what level of profit would they expect to receive? (% of outlay)	0%	
2. Project Funding		
a. What is the total project cost to the provider per dwelling?	$825,000	
b. What share of the total project cost per dwelling will you be seeking PHO loan funding for? (should not exceed 50%)	45%	
c. Total PHO loan sought per dwelling	$371,250	
d. Do you have any other sources of funding, if so, please specify and quantify below:		
Equity in land to be developed	$2,950,000	
Specify source 2	$0	
Specify Source 3	$0	
Specify Source 4	$0	

3. Preliminary Feasibility Budget

Preliminary Feasibility Budget		
Project Revenue		
Potential Gross Sales Income	$7,425,000	
Less GST	$968,478	
Less legal costs of sale*	$13,500	
Potential Net Revenue		**$6,443,022**
Project Costs		
Estimated Land Cost		
Land Price	$2,950,000	
Acquisition Costs	$10,000	
Total Land Cost		**$2,960,000**
Estimated Development Costs		
Development Costs	$196,000	
Professional Fees	$396,004	
Contingency	$264,003	
Interest on Land	$750	
Interest on Construction & Development Costs	$127,351	**$984,107**
Estimated Construction Cost		**$2,540,025**
Total Project Cost		**$6,484,132**
Project Surplus/Deficit at Completion	-1%	-$41,111

4. Estimated Provider Financial Position at Completion

Provider Revenue, Funding and Capital	
Sale of the Lessee Interest	$3,406,500
PHO Loan	$3,341,250
Equity in the land	$2,950,000
Other Sources of Funding	$0
	$9,697,750
Provider Costs	
Total Cost of Dwellings - Land and Improvements	$7,425,000
GST - Sale of the Lessee Interest	$444,326
Legal Costs	$13,500
	$7,882,826
Provider Surplus/Deficit at Completion	**$1,814,924**
Provider Lessor Interest at Completion	**$4,018,500**
Provider Ground Rental Income (per annum)	**$60,278**
Provider PHO loan at Completion	**-$3,341,250**
Provider Lending Requirement at Completion	**$0**

Landing Page | AHM - Leasehold | Preliminary Feasibility | Detailed Feasibility Inputs | Detailed Feasibility | Codes

FIGURE 16: TABLE 4 - ESTIMATED PROVIDER FINANCIAL POSITION AT COMPLETION

Detailed Feasibility Model

The Detailed Feasibility Model should only be used if the provider is looking to undertake the development themselves and has completed a significant level of due diligence and planning in relation to their development. The model can be used for developments of up to 20 dwellings or properties, if a provider is looking at a development that exceeds this level, please contact HUD to access an expanded version of the financial model (a further 80 dwellings can easily be added if required).

The Detailed Feasibility Model assumes a development project timeline that comprises the development period and construction period through to the final sale of the last dwelling (Project timeline).

The Detailed Feasibility Model consists of two tabs which include:

1. Detailed Feasibility Inputs (Tab 4).

2. Detailed Feasibility Model (Tab 5).

Detailed Feasibility Inputs

The purpose of the Detailed Feasibility Inputs tab is to capture all revenues and costs associated with the project. The inputs page then links with the Detailed Feasibility Model to provide a cashflow of the inputs over the Project Timeline.

Detailed Feasibility Model

The purpose of the detailed feasibility model is to capture the proposed development project's revenues, funding and capital); as well as the construction and development costs over the duration of the project and sale period to demonstrate:

1. Are the costs of the development and construction are being met by the project's sources of revenue, funding and capital input?

2. Does the provider require additional third-party lending to meet the months of deficit, and what level of third-party lending might be required, and when?

Tab 3 – Detailed Feasibility Inputs

Table 1. Property Identification and Typology;and Table 2. Market Value, Purchase Price and Ground Rental

Table 1 Inputs:

a. Enter a description of the property/dwelling for the purposes of identification. This may be a legal description, record of title, address etc.

b. Select from the drop down the size of the dwelling in terms of number of bedrooms.

Table 2 Inputs:

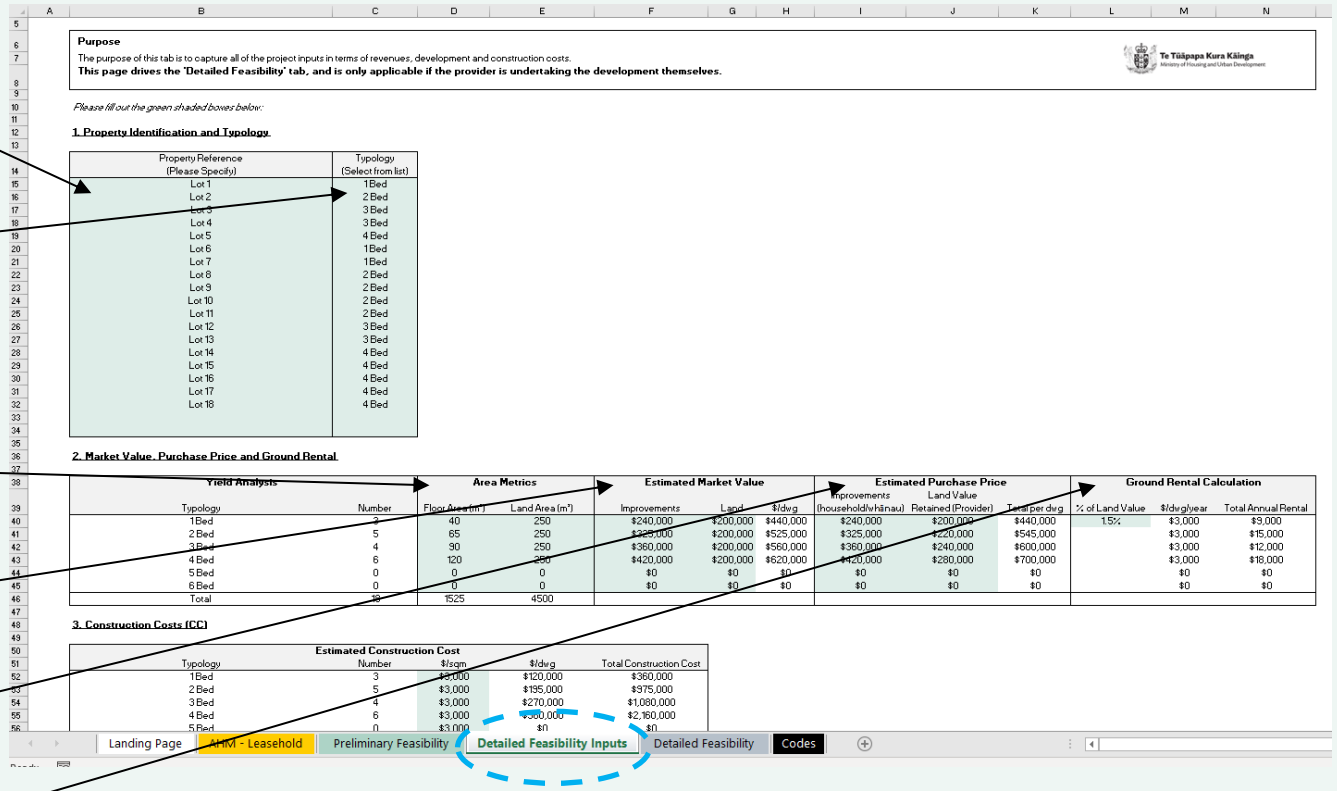
a. Enter the approximate area in square metres of the dwelling (gross floor area measured from the external walls). Enter the land area per dwelling typology (in square metres).

b. Enter the Estimated Market Value of the property by specifying the approximate improvement value and land value.

c. Enter the Estimated Purchase Price apportionment between the lessee and lessor interest.

d. Enter the ground rental as a % of land value, payable by the household to the provider.

Refer to Figure 17: Detailed Feasibility Inputs - Table 1 and Table 2



Purpose

The purpose of this tab is to capture all of the project inputs in terms of revenues, development and construction costs.
This page drives the 'Detailed Feasibility' tab, and is only applicable if the provider is undertaking the development themselves.

Te Tūāpapa Kura Kāinga
Ministry of Housing and Urban Development

Please fill out the green shaded boxes below:

1. Property Identification and Typology

Property Reference (Please Specify)	Typology (Select from list)
Lot 1	1 Bed
Lot 2	2 Bed
Lot 3	3 Bed
Lot 4	3 Bed
Lot 5	4 Bed
Lot 6	1 Bed
Lot 7	1 Bed
Lot 8	2 Bed
Lot 9	2 Bed
Lot 10	2 Bed
Lot 11	2 Bed
Lot 12	3 Bed
Lot 13	3 Bed
Lot 14	4 Bed
Lot 15	4 Bed
Lot 16	4 Bed
Lot 17	4 Bed
Lot 18	4 Bed

2. Market Value, Purchase Price and Ground Rental

Yield Analysis		Area Metrics		Estimated Market Value			Estimated Purchase Price			Ground Rental Calculation		
Typology	Number	Floor Area (m²)	Land Area (m²)	Improvements	Land	$/dwg	Improvements (household/whānau)	Land Value Retained (Provider)	Total per dwg	% of Land Value	$/dwg/year	Total Annual Rental
1 Bed	3	40	250	$240,000	$200,000	$440,000	$240,000	$200,000	$440,000	1.5%	$3,000	$9,000
2 Bed	5	65	250	$325,000	$200,000	$525,000	$325,000	$220,000	$545,000		$3,000	$15,000
3 Bed	4	90	250	$360,000	$200,000	$560,000	$360,000	$240,000	$600,000		$3,000	$12,000
4 Bed	6	120	250	$420,000	$200,000	$620,000	$420,000	$280,000	$700,000		$3,000	$18,000
5 Bed	0	0	0	$0	$0	$0	$0	$0	$0		$0	$0
6 Bed	0	0	0	$0	$0	$0	$0	$0	$0		$0	$0
Total	18	1525	4500									

3. Construction Costs (CC)

Estimated Construction Cost				
Typology	Number	$/sqm	$/dwg	Total Construction Cost
1 Bed	3	$3,000	$120,000	$360,000
2 Bed	5	$3,000	$195,000	$975,000
3 Bed	4	$3,000	$270,000	$1,080,000
4 Bed	6	$3,000	$360,000	$2,160,000
5 Bed	0	$3,000	$0	$0

Landing Page | AHM - Leasehold | Preliminary Feasibility | Detailed Feasibility Inputs | Detailed Feasibility | Codes

FIGURE 17: DETAILED FEASIBILITY INPUTS - TABLE 1 AND TABLE 2

Table 3. Construction Costs (CC)

Table 3 Inputs

a. Estimate the construction cost per gross floor area of the dwelling per typology.

b. Adopt a contingency % to account for construction cost escalation risk.

Refer to Figure 18: Detailed Feasibility Inputs - Table 3

Lot 18	4 Bed

2. Market Value, Purchase Price and Ground Rental

Yield Analysis		Area Metrics		Estimated Market Value			Estimated Purchase Price			Ground Rental Calculation		
Typology	Number	Floor Area (m²)	Land Area (m²)	Improvements	Land	$/dwg	Improvements (household/whānau)	Land Value Retained (Provider)	Total per dwg	% of Land Value	$/dwg/year	Total Annual Rental
1 Bed	3	40	250	$240,000	$200,000	$440,000	$240,000	$200,000	$440,000	1.5%	$3,000	$9,000
2 Bed	5	65	250	$325,000	$200,000	$525,000	$325,000	$220,000	$545,000		$3,000	$15,000
3 Bed	4	90	250	$360,000	$200,000	$560,000	$360,000	$240,000	$600,000		$3,000	$12,000
4 Bed	6	120	250	$420,000	$200,000	$620,000	$420,000	$280,000	$700,000		$3,000	$18,000
5 Bed	0	0	0	$0	$0	$0	$0	$0	$0		$0	$0
6 Bed	0	0	0	$0	$0	$0	$0	$0	$0		$0	$0
Total	18	1525	4500									

3. Construction Costs (CC)

Estimated Construction Cost				
Typology	Number	$/sqm	$/dwg	Total Construction Cost
1 Bed	3	$3,000	$120,000	$360,000
2 Bed	5	$3,000	$195,000	$975,000
3 Bed	4	$3,000	$270,000	$1,080,000
4 Bed	6	$3,000	$360,000	$2,160,000
5 Bed	0	$3,000	$0	$0
6 Bed	0	$3,000	$0	$0
Contingency			15%	$686,250
				$5,261,250

4. Project Development Costs (DC)

	Description/Sourc	Rate	Unit	Total $
Direct Costs				
Total Land Purchase				
Land Purchase		$2,000,000	1	$2,000,000
Legal, Valuation etc.		$10,000	1	$10,000
Total Land Costs				**$2,010,000**
Site Civils & Infrastructure				
Offsite Infrastructure		$50,000	1	$50,000
Excavation/ Siteworks		$10,000	1	$10,000
Road Works		$50,000	1	$50,000
Fencing		$10,000	1	$10,000
Pathways		$50,000	1	$50,000
Demolition		$50,000	1	$50,000
Disconnections		$10,000	1	$10,000
Electricity		$50,000	1	$50,000
Phone		$10,000	1	$10,000
Water		$10,000	1	$10,000
Other (please specify)				$0
Other (please specify)				$0
Contingency (%)			20%	$60,000
Total Site Civils & Infrastructure				**$360,000**
Professional Fees				
Valuation		$10,000	1	$10,000
Council LIM		$1,000	1	$1,000
Urban Design		$15,000	1	$15,000
Architecture		$10,000	1	$10,000
Engineering / infrastructure		$200,000	1	$200,000
Landscape Design		$50,000	1	$50,000
Project Management		$50,000	1	$50,000
Legal		$100,000	1	$100,000
Insurances		$10,000	1	$10,000
Other (please specify)		$600,000	1	$600,000
Other (please specify)				$0
Contingency (%)			15%	$156,900

Landing Page | AHM - Leasehold | Preliminary Feasibility | Detailed Feasibility Inputs | Detailed Feasibility | Codes

FIGURE 18: DETAILED FEASIBILITY INPUTS - TABLE 3

Table 4. Project Development Costs (DC)

Please use the description/source (column C of Table 5) to record any quotes or sources of costing information.

Table 5 Inputs:

a. Enter the purchase price of the land (if applicable) and any additional costs associated with the land purchase.

b. Enter any site civil and infrastructure costs.

c. Enter any Professional Fees associated with the development.

d. Enter any Council Costs associated with the development.

Outputs

- Use the benchmarks in the orange shaded boxes to compare your inputted costs against industry standards.

Refer to Figure 19: Detailed Feasibility Inputs - Table 4

4. Project Development Costs (DC)

	Description/Sourc	Rate	Unit	Total $
Direct Costs				
Total Land Purchase				
Land Purchase		$2,000,000	1	$2,000,000
Legal, Valuation etc.		$10,000	1	$10,000
Total Land Costs				**$2,010,000**
Site Civils & Infrastructure				
Offsite Infrastructure		$50,000	1	$50,000
Excavation/ Siteworks		$10,000	1	$10,000
Road Works		$50,000	1	$50,000
Fencing		$10,000	1	$10,000
Pathways		$50,000	1	$50,000
Demolition		$50,000	1	$50,000
Disconnections		$10,000	1	$10,000
Electricity		$50,000	1	$50,000
Phone		$10,000	1	$10,000
Water		$10,000	1	$10,000
Other (please specify)				$0
Other (please specify)				$0
Contingency (%)			20%	$60,000
Total Site Civils & Infrastructure				**$360,000**
Professional Fees				
Valuation		$10,000	1	$10,000
Council LIM		$1,000	1	$1,000
Urban Design		$15,000	1	$15,000
Architecture		$10,000	1	$10,000
Engineering / infrastructure		$200,000	1	$200,000
Landscape Design		$50,000	1	$50,000
Project Management		$50,000	1	$50,000
Legal		$100,000	1	$100,000
Insurances		$10,000	1	$10,000
Other (please specify)		$600,000	1	$600,000
Other (please specify)				$0
Contingency (%)			15%	$156,900
Total Professional Fees				**$1,202,900**
Council Costs				
Subdivision Consent		$50,000	1	$50,000
Resource Consent		$50,000	1	$50,000
Building Consent		$25,000	1	$25,000
Development Contributions		$15,000	15	$225,000
Other Council Costs		$10,000	1	$10,000
Other (please specify)				$0
Other (please specify)				$0
Contingency (%)			20%	$72,000
Total Council Costs				**$432,000**
Total Project Development Costs				**$4,004,900**

Development Cost Benchmarking

Cost	Total	% of Toal CC + DC	Benchmark
Site Civils & Infrastructure	$360,000	5.0%	N/A
Professional Fees	$1,202,900	16.6%	12.5%
Council Cost (excl. Development Contributions)	$207,000	2.9%	1.3%
Total Project Contingency	$975,150	13.4%	10-20%

Landing Page | AHM - Leasehold | Preliminary Feasibility | Detailed Feasibility Inputs | Detailed Feasibility | Codes

FIGURE 19: DETAILED FEASIBILITY INPUTS - TABLE 4

Tab 4 – Detailed Feasibility Model

Key Ouputs

The key outputs of the Detailed Feasibility Model include the following:

- Demonstrating whether the provider might require lending throughout the project (from commencement of development through to final sale of the properties).
- Calculation of the potential maximum lending required throughout the project to cover cashflow deficits along with estimating what month the maximum lending amount is likely to be required.
- Calculation of how much third party lending the provider will require at completion of the project.

The graph provides a visual representation of the total development costs, revenues, PHO loan and funding throughout the project along with an estimate of the surplus and deficit periods.

Refer to Figure 20: Detailed Feasibility model - Key OutputsError! Reference source not found.

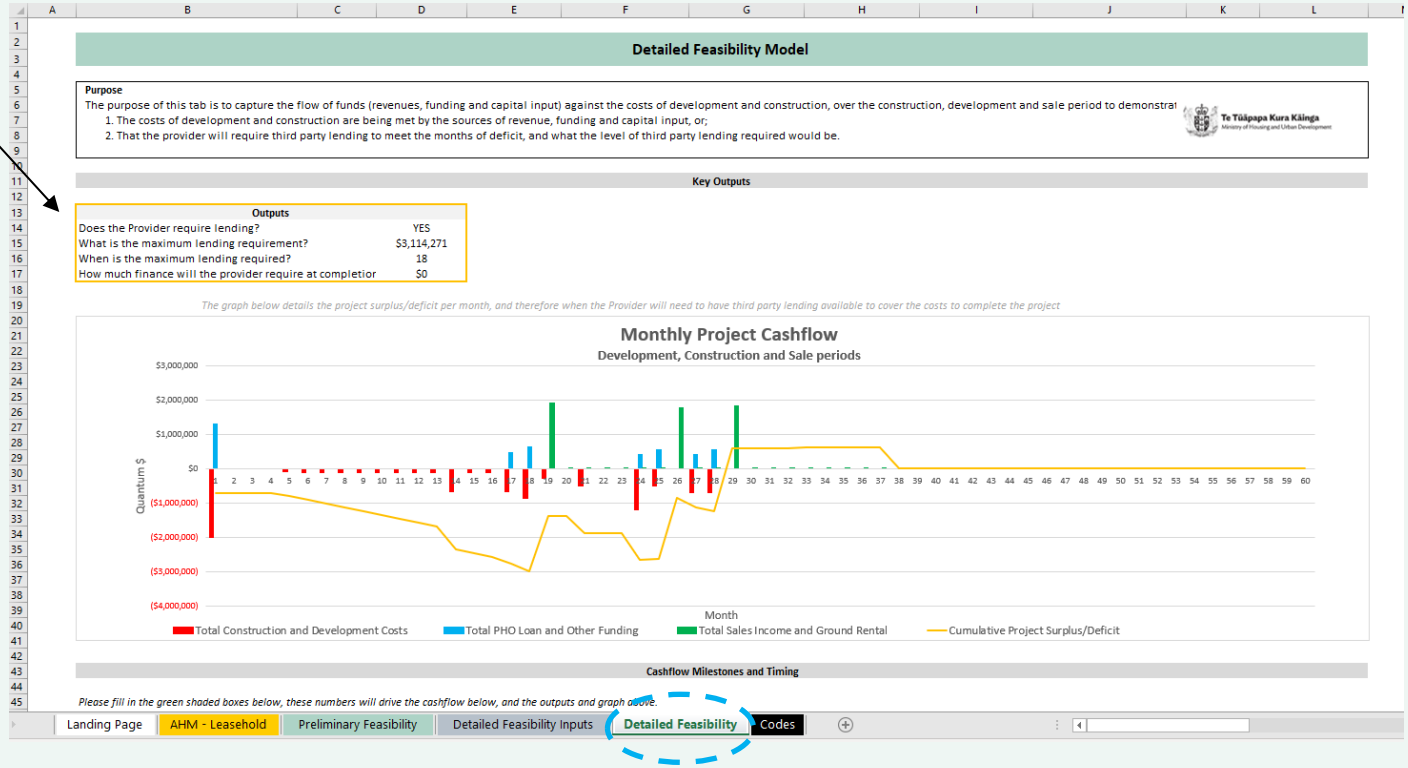


FIGURE 20: DETAILED FEASIBILITY MODEL - KEY OUTPUTS

Cashflow Milestones and Timing

Project Length

a. Enter the estimated project start date and end date (from land purchase/commencement of development through to final sale), this will calculate the number of months required to complete the project.

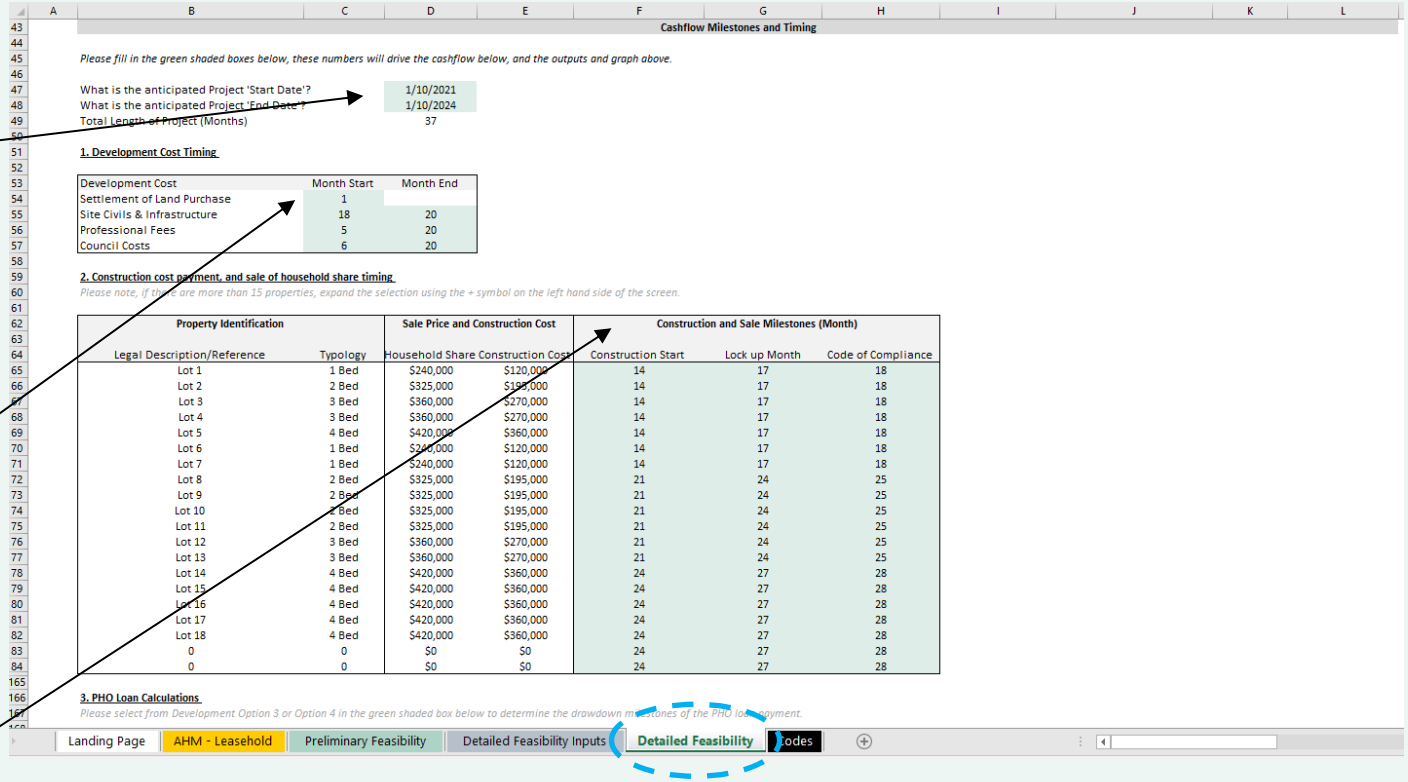
Table 1 Inputs

b. Enter the month start and month end to which the development costs specified in 'Detailed Feasibility Inputs' will be incurred. Note, the model assumes that the costs will be evening spread over this period.

Table 2 Inputs

c. Enter the estimated month in which construction will start, lock up will occur and Code of Compliance (CCC) will be issued per dwelling/property.

Figure 21: Detailed Feasibility Model - Cashflow Milestones and Timing



Cashflow Milestones and Timing

Please fill in the green shaded boxes below, these numbers will drive the cashflow below, and the outputs and graph above.

What is the anticipated Project 'Start Date'?	1/10/2021
What is the anticipated Project 'End Date'?	1/10/2024
Total Length of Project (Months)	37

1. Development Cost Timing

Development Cost	Month Start	Month End
Settlement of Land Purchase	1	
Site Civils & Infrastructure	18	20
Professional Fees	5	20
Council Costs	6	20

2. Construction cost payment, and sale of household share timing

Please note, if there are more than 15 properties, expand the selection using the + symbol on the left hand side of the screen.

Property Identification		Sale Price and Construction Cost		Construction and Sale Milestones (Month)		
Legal Description/Reference	Typology	Household Share	Construction Cost	Construction Start	Lock up Month	Code of Compliance
Lot 1	1 Bed	$240,000	$120,000	14	17	18
Lot 2	2 Bed	$325,000	$195,000	14	17	18
Lot 3	3 Bed	$360,000	$270,000	14	17	18
Lot 4	3 Bed	$360,000	$270,000	14	17	18
Lot 5	4 Bed	$420,000	$360,000	14	17	18
Lot 6	1 Bed	$240,000	$120,000	14	17	18
Lot 7	1 Bed	$240,000	$120,000	14	17	18
Lot 8	2 Bed	$325,000	$195,000	21	24	25
Lot 9	2 Bed	$325,000	$195,000	21	24	25
Lot 10	2 Bed	$325,000	$195,000	21	24	25
Lot 11	2 Bed	$325,000	$195,000	21	24	25
Lot 12	3 Bed	$360,000	$270,000	21	24	25
Lot 13	3 Bed	$360,000	$270,000	21	24	25
Lot 14	4 Bed	$420,000	$360,000	24	27	28
Lot 15	4 Bed	$420,000	$360,000	24	27	28
Lot 16	4 Bed	$420,000	$360,000	24	27	28
Lot 17	4 Bed	$420,000	$360,000	24	27	28
Lot 18	4 Bed	$420,000	$360,000	24	27	28
0	0	$0	$0	24	27	28
0	0	$0	$0	24	27	28

3. PHO Loan Calculations

Please select from Development Option 3 or Option 4 in the green shaded box below to determine the drawdown milestones of the PHO loan repayment.

Landing Page | AHM - Leasehold | Preliminary Feasibility | Detailed Feasibility Inputs | Detailed Feasibility | Codes

FIGURE 21: DETAILED FEASIBILITY MODEL - CASHFLOW MILESTONES AND TIMING

Cashflow Milestones and Timing

Table 3 Inputs

a. Select from the drop down the Development Option associated with your development, this will determine when the PHO funding is drawn down. **Please contact HUD for more information on the development options.**

b. Specify the share of the project costs which you are seeking PHO funding for.

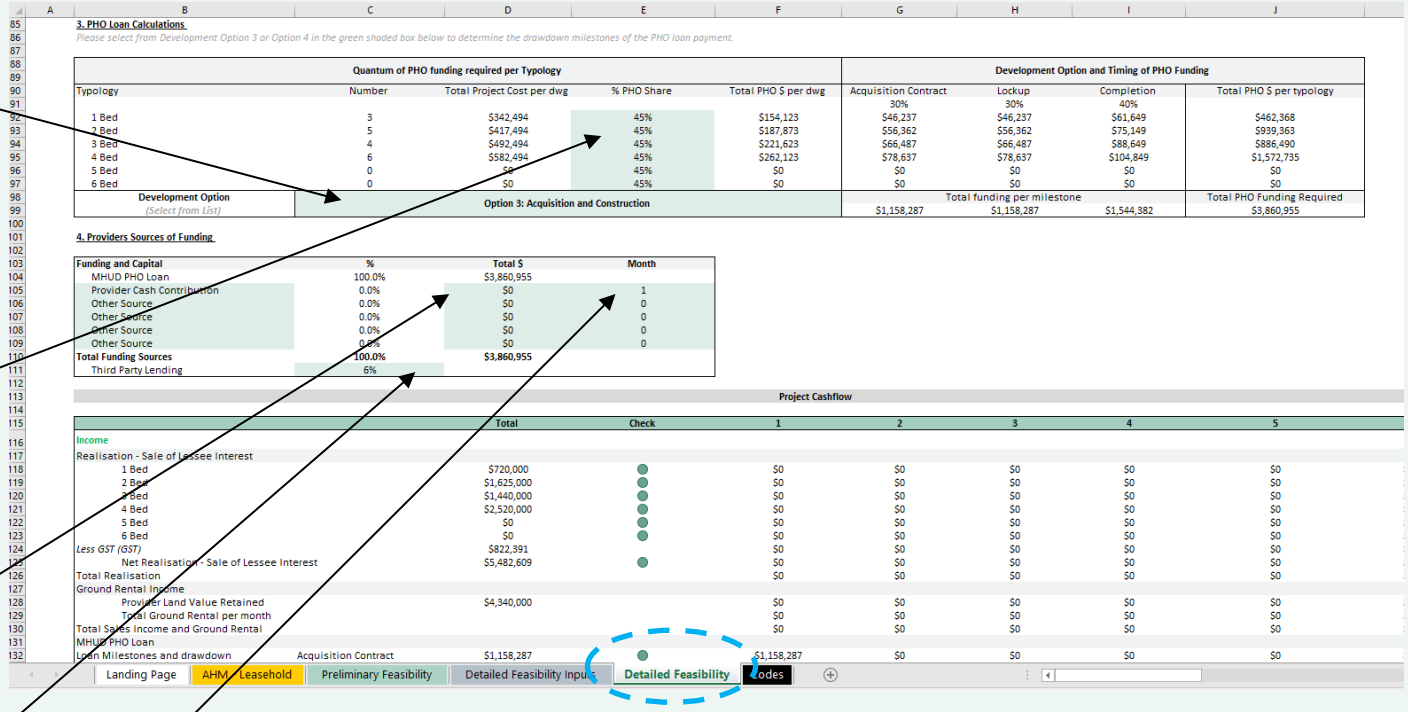
Table 4 Inputs

a. Specify and quantify any additional funding you might receive in addition to the PHO loan, including any cash or equity contributions you will be putting into the project.

b. Enter an interest rate to calculate the interest payable on any provider lending associated with the development.

c. Specify the month in which the additional sources of funding will be available.

Refer Figure 22: Detailed Feasibility Model - Cashflow Milestones and Timing



3. PHO Loan Calculations

Please select from Development Option 3 or Option 4 in the green shaded box below to determine the drawdown milestones of the PHO loan payment.

Quantum of PHO funding required per Typology					Development Option and Timing of PHO Funding			
Typology	Number	Total Project Cost per dwg	% PHO Share	Total PHO $ per dwg	Acquisition Contract	Lockup	Completion	Total PHO $ per typology
					30%	30%	40%	
1 Bed	3	$342,494	45%	$154,123	$46,237	$46,237	$61,649	$462,368
2 Bed	5	$417,494	45%	$187,873	$56,362	$56,362	$75,149	$939,363
3 Bed	4	$492,494	45%	$221,623	$66,487	$66,487	$88,649	$886,490
4 Bed	6	$582,494	45%	$262,123	$78,637	$78,637	$104,849	$1,572,735
5 Bed	0	$0	45%	$0	$0	$0	$0	$0
6 Bed	0	$0	45%	$0	$0	$0	$0	$0
Development Option (Select from List)	Option 3: Acquisition and Construction				Total funding per milestone			Total PHO Funding Required
					$1,158,287	$1,158,287	$1,544,382	$3,860,955

4. Providers Sources of Funding

Funding and Capital	%	Total $	Month
MHUD PHO Loan	100.0%	$3,860,955	
Provider Cash Contribution	0.0%	$0	1
Other Source	0.0%	$0	0
Other Source	0.0%	$0	0
Other Source	0.0%	$0	0
Other Source	0.0%	$0	0
Total Funding Sources	**100.0%**	**$3,860,955**	
Third Party Lending	6%		

Project Cashflow

		Total	Check	1	2	3	4	5
Income								
Realisation - Sale of Lessee Interest								
1 Bed		$720,000		$0	$0	$0	$0	$0
2 Bed		$1,625,000		$0	$0	$0	$0	$0
3 Bed		$1,440,000		$0	$0	$0	$0	$0
4 Bed		$2,520,000		$0	$0	$0	$0	$0
5 Bed		$0		$0	$0	$0	$0	$0
6 Bed		$0		$0	$0	$0	$0	$0
Less GST (GST)		$822,391		$0	$0	$0	$0	$0
Net Realisation - Sale of Lessee Interest		$5,482,609		$0	$0	$0	$0	$0
Total Realisation				$0	$0	$0	$0	$0
Ground Rental Income								
Provider Land Value Retained		$4,340,000		$0	$0	$0	$0	$0
Total Ground Rental per month				$0	$0	$0	$0	$0
Total Sales Income and Ground Rental				$0	$0	$0	$0	$0
MHUD PHO Loan								
Loan Milestones and drawdown	Acquisition Contract	$1,158,287		$1,158,287	$0	$0	$0	$0

Landing Page | AHM - Leasehold | Preliminary Feasibility | Detailed Feasibility Inputs | Detailed Feasibility | Codes

FIGURE 22: DETAILED FEASIBILITY MODEL - CASHFLOW MILESTONES AND TIMING

Project Cashflow

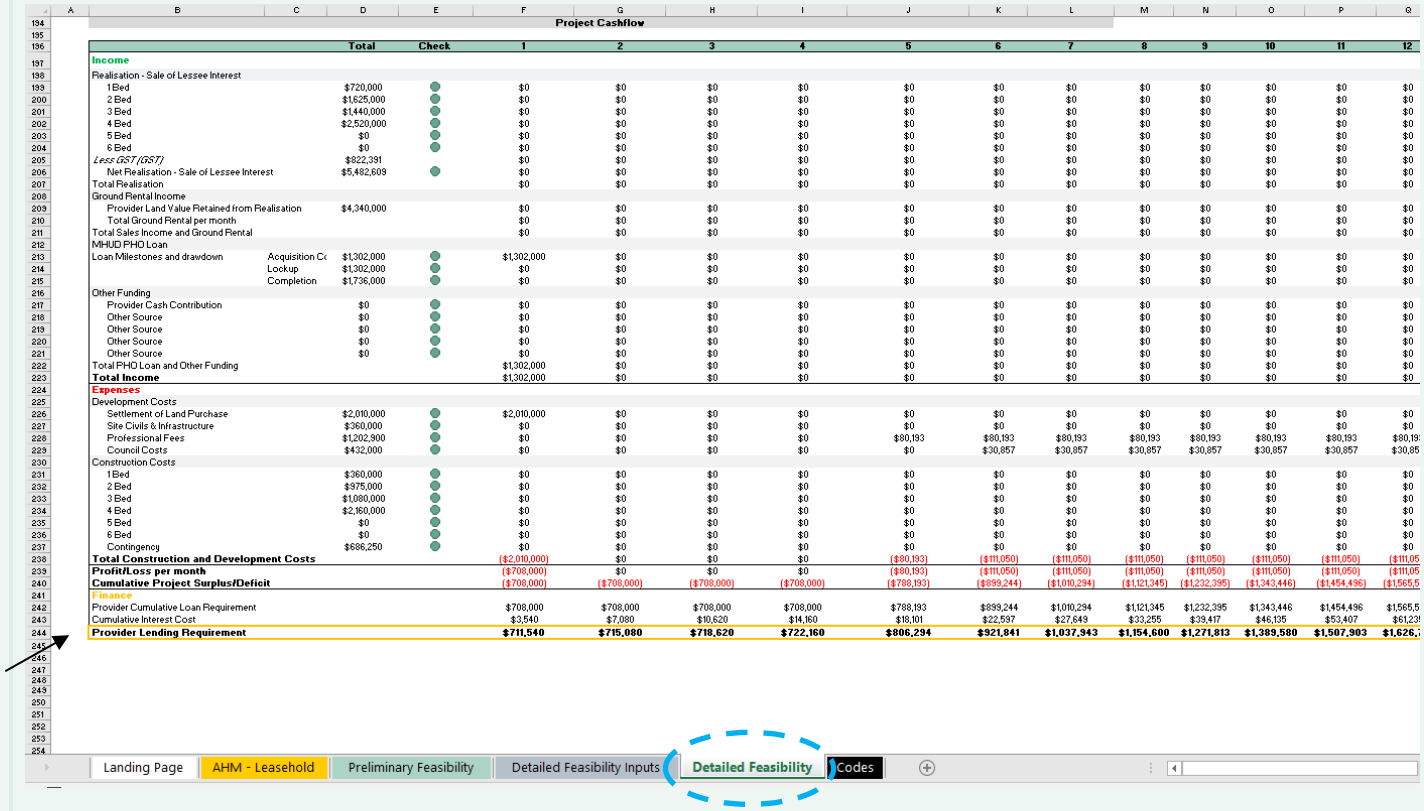
The Project Cashflow does not require any inputs. The Project Cashflow compiles the inputs from the 'Detailed Feasibility Inputs' as well as the Cashflow Timing and Milestone Inputs above to provide an estimate of the provider lending required throughout the length of the project including cumulative interest costs.

The length of the project is driven by the start and end date specified by the provider in the Cashflow Timing and Inputs above.

The outputs of the Project Cashflow are summarised at the top of the 'Detailed Feasibility' Tab.

The estimated lending requirement is on an interest only basis and is also summarised in the orange outlined row to the right.

Figure 23: Detailed Feasibility Model - Project Cashflow



Project Cashflow

		Total	Check	1	2	3	4	5	6	7	8	9	10	11	12
Income															
Realisation - Sale of Lessee Interest															
1 Bed		$720,000		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
2 Bed		$1,625,000		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
3 Bed		$1,440,000		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
4 Bed		$2,520,000		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
5 Bed		$0		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
6 Bed		$0		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Less GST (GST)		$822,391		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Net Realisation - Sale of Lessee Interest		$5,482,609		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Realisation				$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Ground Rental Income															
Provider Land Value Retained from Realisation		$4,340,000		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Ground Rental per month				$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Sales Income and Ground Rental				$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
MHUD PHO Loan															
Loan Milestones and drawdown	Acquisition Co	$1,302,000		$1,302,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	Lockup	$1,302,000		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	Completion	$1,736,000		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other Funding															
Provider Cash Contribution		$0		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other Source		$0		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other Source		$0		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other Source		$0		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other Source		$0		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total PHO Loan and Other Funding				$1,302,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Income				$1,302,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Expenses															
Development Costs															
Settlement of Land Purchase		$2,010,000		$2,010,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Site Civils & Infrastructure		$360,000		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Professional Fees		$1,202,900		$0	$0	$0	$0	$80,193	$80,193	$80,193	$80,193	$80,193	$80,193	$80,193	$80,19
Council Costs		$432,000		$0	$0	$0	$0	$0	$30,857	$30,857	$30,857	$30,857	$30,857	$30,857	$30,85
Construction Costs															
1 Bed		$360,000		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
2 Bed		$975,000		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
3 Bed		$1,080,000		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
4 Bed		$2,160,000		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
5 Bed		$0		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
6 Bed		$0		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Contingency		$686,250		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Construction and Development Costs				($2,010,000)	$0	$0	$0	($80,193)	($111,050)	($111,050)	($111,050)	($111,050)	($111,050)	($111,050)	($111,05
Profit/Loss per month				($708,000)	$0	$0	$0	($80,193)	($111,050)	($111,050)	($111,050)	($111,050)	($111,050)	($111,050)	($111,05
Cumulative Project Surplus/Deficit				($708,000)	($708,000)	($708,000)	($708,000)	($788,193)	($899,244)	($1,010,294)	($1,121,345)	($1,232,395)	($1,343,446)	($1,454,496)	($1,565,5
Finance															
Provider Cumulative Loan Requirement				$708,000	$708,000	$708,000	$708,000	$788,193	$899,244	$1,010,294	$1,121,345	$1,232,395	$1,343,446	$1,454,496	$1,565,5
Cumulative Interest Cost				$3,540	$7,080	$10,620	$14,160	$18,101	$22,597	$27,649	$33,255	$39,417	$46,135	$53,407	$61,23
Provider Lending Requirement				**$711,540**	**$715,080**	**$718,620**	**$722,160**	**$806,294**	**$921,841**	**$1,037,943**	**$1,154,600**	**$1,271,813**	**$1,389,580**	**$1,507,903**	**$1,626,**

Landing Page | AHM - Leasehold | Preliminary Feasibility | Detailed Feasibility Inputs | Detailed Feasibility | Codes

FIGURE 23: DETAILED FEASIBILITY MODEL - PROJECT CASHFLOW

References

Guidance for respondent to the Invitation to Participate in Te Au Taketake of the Fund, Te Tūāpapa Kura Kāinga - Ministry of Housing and Urban Development, May 2021

Housing Expenditure Guide AD164, Te Tari Taake, Inland Revenue, August 2020

Investment Framework, Te Tūāpapa Kura Kāinga - Ministry of Housing and Urban Development, 2021

PHO Background, Te Tūāpapa Kura Kāinga - Ministry of Housing and Urban Development, 2021

PHO Pathways, Te Tūāpapa Kura Kāinga - Ministry of Housing and Urban Development, 2021

PHO Purchasing guidance, Te Tūāpapa Kura Kāinga - Ministry of Housing and Urban Development, 2021

PHO Due Diligence Criteria, Te Tūāpapa Kura Kāinga - Ministry of Housing and Urban Development, 2021

PHO Fund - Response Form, Te Tūāpapa Kura Kāinga - Ministry of Housing and Urban Development, 2021

Appendix 1: AHM - Leasehold Decision Tree

The decision tree below can be used to assist the provider while using the **AHM – Leasehold Model**. The model provides a start of year 1 affordability measurements for entering the leasehold scheme. A ground lease term of 100 years is provided as an example only.

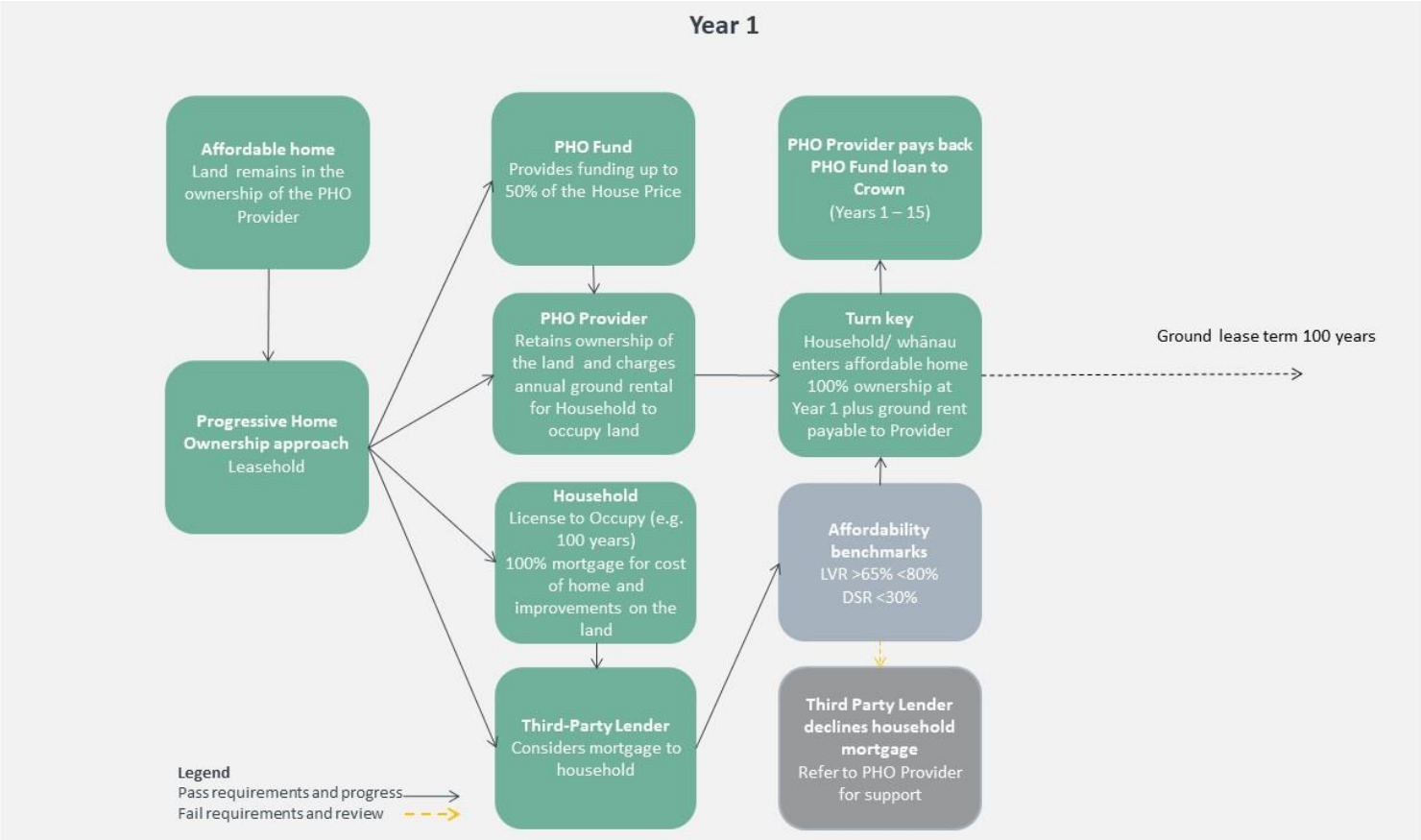


FIGURE 24: LEASEHOLD PRODUCT DECISION TREE

Appendix 2: Project Due Diligence and Documentation Checklist

Prior to commencing any subdivision or development, if the provider is looking to undertake the development themselves, it is essential to assess whether a proposed subdivision or development is **physically possible** in terms of the applicable planning requirements and is **financially feasible** in terms of the benefits outweighing the cost and investment.

The section below provides a summary of the decision-making process to determine whether you have a feasible project worth exploring further.

Development Feasibility Decision Tree

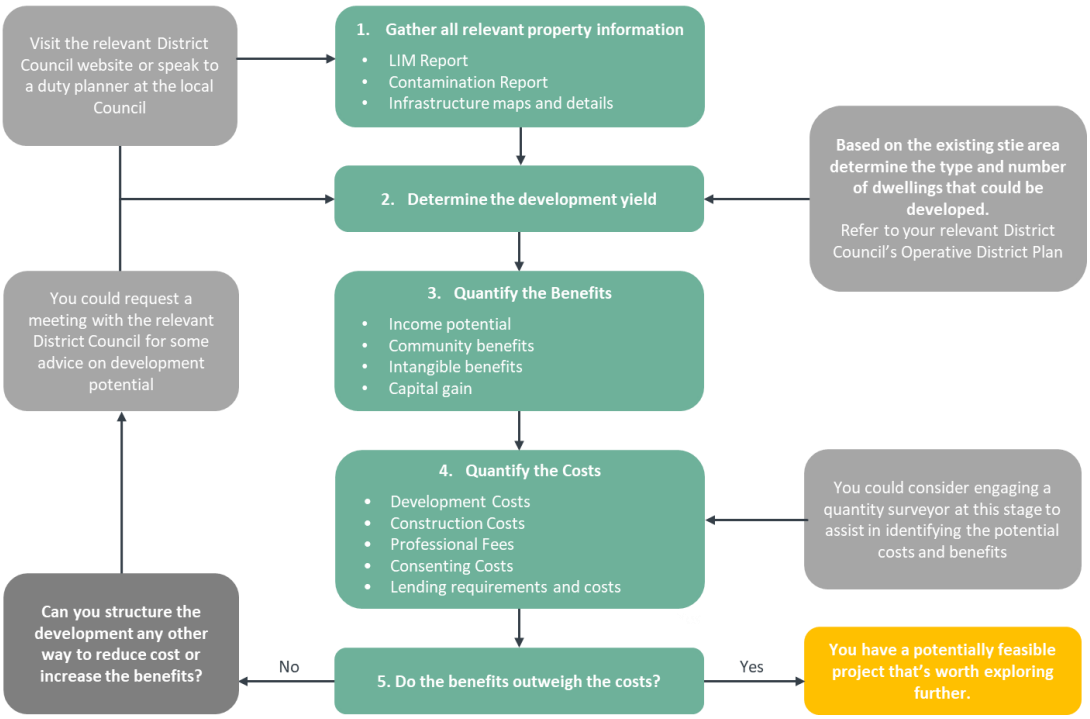


FIGURE 25: DEVELOPMENT FEASIBILITY DECISION TREE

Once you have established that the project is potentially feasible and worth exploring further, you may want to consider engaging a range of consultants (a design team) to help you through the design and consenting process. The type of consultants you may want to consider engaging in a design team include:

Architect or builder	To run the design process and provide all plans required to support relevant consent applications. It may be that the builder offers a 'design and build' all-inclusive service for you. In this instance, they will manage the entire design, consenting and build process on your behalf.
Surveyor	To provide a plan of the site, location of services. This is particularly important if you are undertaking a subdivision.

Planner	To prepare a resource consent application if this is required.
Civil Engineer	They will provide drawings and specifications for any new proposed drainage, driveways (if required) and any other associated infrastructure.
Quantity Surveyor	To provide a detailed estimate of construction costs if required.

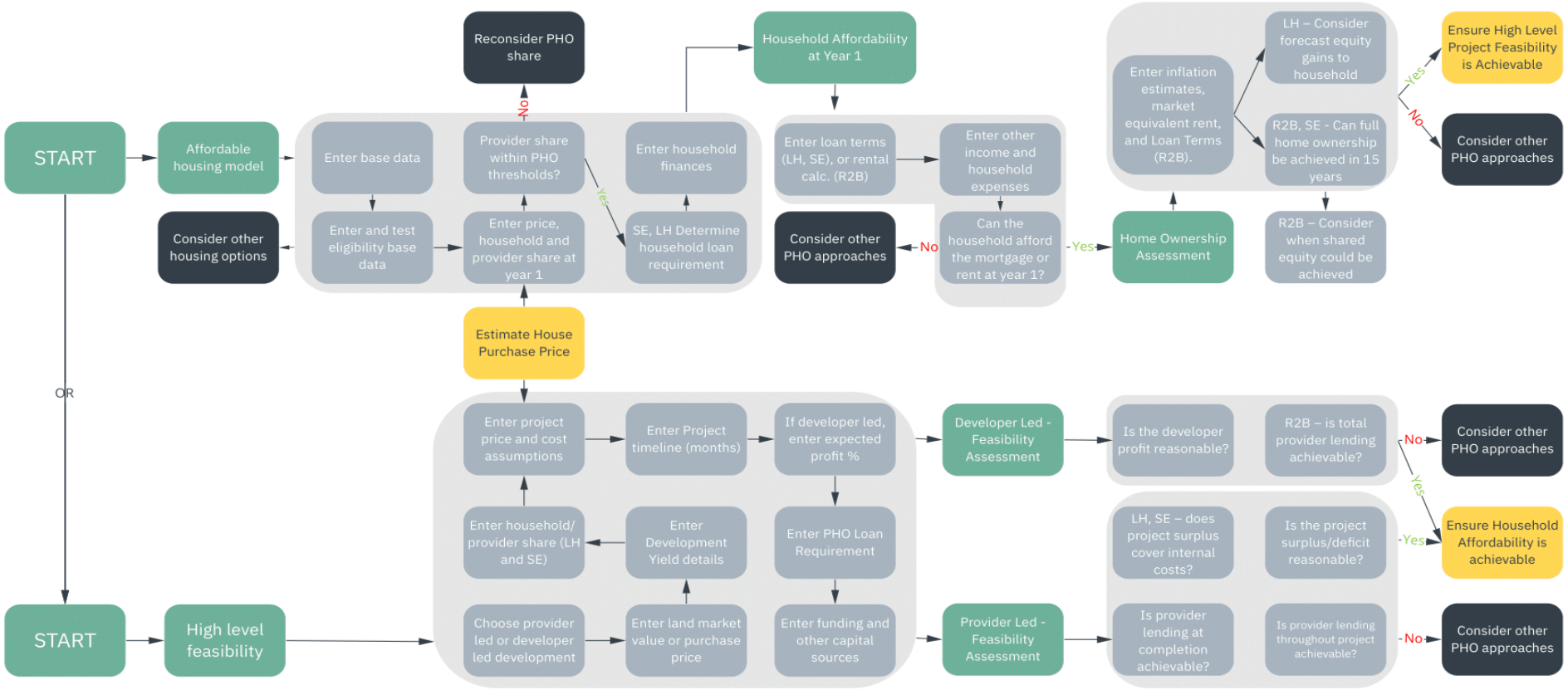
The following is a document checklist guide to assist you with the various stages of undertaking a subdivision and development. We note that there may be other documents required that are specific to your subdivision, development, or location.

Document Checklist:

- ✓ Record of Title
- ✓ Land Information Memorandum
- ✓ Geotechnical reports
- ✓ Contamination report
- ✓ Valuation Report completed by a Registered Valuer
- ✓ Yield Analysis and proposed bulk and location plans
- ✓ Development feasibility report
- ✓ Architectural and engineering plans
- ✓ Resource Consent
- ✓ Building Consent
- ✓ Quantity Surveyor's report
- ✓ Funding Approval
- ✓ Third-party lender's Terms Sheet
- ✓ Construction Programme

Appendix 3: AHM – Leasehold and Preliminary Feasibility Decision Tree

As a primary approach, the **AHM – Leasehold** and the **Preliminary Feasibility** can be used in conjunction to determine household/whānau affordability and project feasibility by using the dwelling sale price as an interchangeable variable between the two models. The initial approach provides a high-level indicator of whether a project will be feasible, and if the household/whānau will be able to afford to buy into the scheme (or investigate an alternative scheme).



SE: Shared Equity
LH: Leasehold
R2B: Rent to Buy

Appendix 4: Key Assumptions

General Assumptions

The below assumptions apply to the financial model and include:

1. The Model assumes that the household/whānau share and the provider share (covered by the PHO loan) add to 100%.
2. The Preliminary Feasibility Model assumes legal fees of $1,500 plus GST per dwelling for the sale of the Lessee Interest.
3. The Preliminary Feasibility and Detailed Feasibility Model finance costs assume that an interest only lending facility will be accessed by the provider and does not account for principal repayments.
4. The Detailed Feasibility Model:
    - Does not factor in the timing of deposit income received from sales of household/whānau share in the property.
    - The Detailed Feasibility Model does not account for legal fees associated with the sale of the lessee interest.
    - The Detailed Feasibility Model assumes that site civils and infrastructure costs; professional fees; and council costs will be distributed evenly over the period of time specified by the user of the model.
    - The Detailed Feasibility model assumes that the design, construction and sale period will be no longer than 60 months in total.
    - The Detailed Feasibility model assumes that settlement of the sale of the Lessee Interest will occur 1 month after the code of compliance is issued for the dwelling.