

# Transmittal

**To** : **Upper Hutt City Council**  
**Attention** : **Brett Latimer**  
**By** : **e-mail**  
**From** : **Graeme Walker**  
**Date** : **29 April 2015 (R2)**  
**Re** : **Silverstream Reserve – Residential Development Potential**

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The review details potential residential yields achievable in the area known as the Silverstream Reserve, accessed off the existing legal “paper” road extension of Kiln Street.

## **1. Existing Site**

The Silverstream Reserve comprises a 35 Ha site, currently zoned Residential Conservation over the eastern half (18.5 Ha) with the balance zoned Rural Hill.

Within the strict provisions of the existing zoning the area zoned Rural Hill cannot be subdivided further as a minimum Lot size of 20 Ha applies. In theory, subject to topographic constraints, the balance Residential conservation area can be subdivided to minimum 900 square metre rear sites and 750 square metre front sites.

This review is on the basis of all land within the reserve being rezoned to an appropriate residential condition – because the concept develops generally flat sites we have assumed Lots of less than 750 square metres would be considered.

In preparing this review we have referenced recent studies completed on this block but not sought to make determinations with respect to their recommendations:-

- Beca – “Assessment of Concerns Raised” discussing largely planning concerns, and appended to that report,
- Marshall Day – Proposed Development” detailing the impact of noise with particular reference to the activity of the Silverstream Railway located along the north-western boundary of the site.
- “A Framework Document for Guildford” – a privately initiated planning document discussing development aspirations for the Guildford block of properties extending along the hills to the west of Pinehaven and Silverstream.

## **2. Previous Reviews**

We have previously completed “broad brush” reviews of development potential based on the limited topographic data available on the Council’s GIS Website.

## *RURAL*

Initially the site was reviewed on the basis of re-zoning to a light-rural standard. Because of difficult terrain the site has appeal for this form of development particularly in terms of access as steeper rural access gradients permit ready access to the existing spurs on which a number a desirable building locations are to be found.

For this exercise 6 sites were identified – this being a normal maximum for access off a narrow steep rural access. It was assumed that all sites would depend on on-site wastewater disposal and potable water collection.

Costs for this option are therefore largely confined to earthworks, roading and utility supply.

This review found the proposal to have a zero return. It is however sensitive to the extent and cost of roading earthworks and may have stronger appeal.

## *URBAN RESIDENTIAL*

We subsequently reviewed the potential of the site for more comprehensive residential development looking initially at that area of the site zoned Residential Conservation, and then at the overall site.

These reviews were based on generic yields determined by looking at the yield in adjacent Sylvian Way which has similar terrain and 'current' view on the retention of foliage. The reviews did not consider site-specific issues particularly with respect to water supply and access.

The review determined that the initial option could yield up to 48 Lots with the full site development yielding up to 91 residential Lots.

Revenue in both instances was based on current land valuations for properties in adjacent Sylvian Way (\$160,000 - \$200,000 – averaged to \$180,000).

As for the rural option, cost estimates were based on generic road cross-sections without specific consideration of particular routes or site layouts.

The review of the 48-Lot option indicated the proposal had a negative value of the order \$300,000.

To determine this figure revenue was taken as the yield at the above average value less GST, legal and agents fees to return \$6.7 million.

Direct costs for infrastructure, exclusive of water supply (reservoir), service improvements outside the boundaries and development levies (if any) were taken to be approximately \$3.8 million.

To the direct costs a 20% allowance was made for preliminary and general costs, 30% for holding costs and 30% for profit and risk – the latter two reflecting the high initial inputs required before any return is achieved.

An alternative approach might be on the basis of these figures to consider that the project 'breaks-even' with a 22% profit and risk allowance, albeit well below normal industry expectations.

When the process was repeated for the 91-Lot option a negative outcome was again obtained – in this instance allowances were made for a reservoirs and pumping main, and street lighting in addition to the costs noted above, although costs outside the boundary and development levies (if any) were not included. The process yielded a negative outcome of nearly \$700,000 – using the alternative approach the project breaks even with a 22% profit and risk allowance.

To provide a higher level of certainty we have now compiled a potential scheme plan for development to enable both revenue and income to be allocated better certainty.

### **3. DETAILED PLAN**

#### *Development Constraints*

The site is characterised by steep terrain generally comprising a series of spurs descending from the elevated Kiln Street extension (the “paper road”) northwards toward the Silverstream Railway frontage.

The gullies and steepness of the terrain are not readily discernible from the Council’s GIS information but become apparent when using the 1-metre contour Lidar information provided for this most recent exercise.

The gullies extend in places with side slopes of up to 1 : 1 and preclude “reasonable” development of the western third of the site in the absence of very significant earthworks.

While development of these gullies is technically feasible, the significant earthworks required to convert them into stable residential land would be disruptive to the ridgelines and highly visible residents and traffic within the main valley.

Similarly very steep gradients along the northern boundary of the site make this land unattractive for development – this eliminates land from consideration that is largely representative of those areas considered inappropriate in the Marshall Day report.

As also noted in the prior report documents, the proximity of the Silverstream Railway and the main Hutt Valley landfill are deterrents to comprehensive development of the steep northern and western areas of the site.

Access into the site by way of the 20-metre wide paper road is a significant issue:-

- It will be necessary to reconfigure the existing roundabout at the lower end of Sylvian Way to accommodate the new road.
- The existing open drain (being an extension of the Sylvian Way gully) will need to be piped over the initial section of roading.
- The average gradient along that section of the paper road providing access into the bulk of the property has average grades of 1 in 5 with sections up to 1 in 2. The Council GIS contour data suggests very regular parallel contours above the eastern end of Sylvian Way, extending across the paper road.

The contours initially have the appearance and grade of a (man-made) landfill although there is no apparent reason why such a structure might exist in this

location. The developer of Sylvian Way was not aware of any major earthworks in this area.

Anecdotally it is understood the (former) brickworks may have harvested clay from these slopes for the plant in Kiln Street.

- A dwelling constructed at No. 2 Sylvian Way directly (structurally) abuts the paper road boundary and may prove a difficulty when constructing an access road within the paper road boundary.

Aerial photography indicates there is a single rural-standard access track into the block and this enters by way of an adjacent private block, confirming the difficulty of access via the paper road.

Within the bounds of the above constraints we have developed a notional scheme plan which maximises the potential Lot yield while maintaining as much of the existing landscape and vegetation as the level of development will permit.

The scheme plan has been developed by entering into the site with a maximum gradient of 1 in 8 (12%) and following the contour into the central flatter area of the site.

A road carriageway width of 10-metres has been assumed comprising:-

- 2 X 3-metre lanes
- 2 X 0.5-metre sealed shoulder
- Kerbing both sides
- 2-metre footpath
- Grass berm.
- Chip sealed surface.

The concept includes a single cul-de-sac with details as above except that the overall sealed width is 5-metres with a single 1.4-metre footpath.

Rights-of-Way are 4-metre AC Sealed entries.

All Lots are intended to have off-street parking and in light of the steep terrain on the entry leg, no parking provision has been made within the carriageway – terrain may permit parking to be added to one side of the road in the flatter terrain toward the top of the site.

Lots sizes are generally a minimum of 500 square metres with larger lot sizes where there is significant sloping land.

Using the above criteria the notional scheme plan delivers **73 residential Lots**.

A sketch of the proposed concept delivering this yield is appended - the general location of cuts and fills is noted. In the absence of a detailed design the balance of cut and fill materials has not been established although clearly this is fundamental to the viability of the development of the land. Areas suitable for the disposal of surplus fill are shown on the eastern faces in a manner preserves visual aspects from the main highway through the valley.

It is possible that the overall yield may be enhanced by creating larger non-serviced Lots of a semi-rural nature in the balance land, accessed by steeper site-specific

access tracks – no allowance has been made for these as their desirability hinges on the relatively larger visual disruption that occurs for marginal returns.

The concept is serviced in the following manner:-

*Water Waste Water* By conventional gravity sewer to the Sylvian Way junction – no specific review of downstream capacity but anecdotally we understand this should not be an issue.

*Water Supply* We understand there is no existing capacity to cater for new development at elevations within the site and accordingly allowance has been made for a new reservoir. A site exists adjacent to the paper road at RL 170m compared to a maximum road level of RL 145m.

A lump-sum allowance has been made for a reservoir supplied by a pumping main – it is an allowance only without specific design.

Supply is by way of connection to a descending gravity main (with laterals into ROWs but no riders).

*Stormwater* Existing drainage patterns largely follow existing gullies draining to the north, through the Silverstream Railway tracks and thence to Hull Creek.

Aerial photography fails to indicate any significant defined drainage channels across, or from the Silverstream Railway to Hull Creek from which it is assumed the flows are minor (no detailed field inspections have been carried out).

By inspection around publically accessible parts of the site there appears to be a low-level drain running along the southern side of the Silverstream Railway sheds passing under the tracks and then discharging into Hull Creek.

The aerial photography also indicates a possibility of a minor drain under the rail track and crossing land owned by Nautilus Properties to discharge into Hull Creek.

All culverted crossing under the rail tracks are assumed to be privately owned and we have no information on their sizing or performance history.

From work in Kiln Street we are aware that the existing 1200mm main that flows from the Sylvian Way catchment theoretically caters for the full Q100 flows without surcharge (although a secondary overflow path is available).

Recognising that surface flow is permitted for flows in the Q25 – Q100 range it has been assumed that the additional flows from the limited area of development within the reserve can be handled within the existing system.

The major part of the catchment drains via a variety of gullies into either the industrial site in Kiln Street (Lot 1, DP 85787) or Silverstream Rail.

Increasing flows in these locations will require either the approval of the relevant land owners, or steps within the development area to limit flows to pre-development levels.

**Samcon Limited**

Paekakariki Hill Road RD 1 Porirua

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Limiting flow will likely require a combination of on-site attenuation (storage and/or slow release) and detention dams at the base of the gullies.

For perspective we observe that the development is confined to the eastern 2/3rds of the overall site and the terrain for roading and development will be modified over (approximately) 30% of that area.

Adopting Figure 30 of the Code as an approximate basis of assessing post-development flows the extent of development implies an overall increase in runoff from the overall catchment of 27%. It is possible the existing culverts can cater for this increase – if not we envisage the off-site measures to bring flows back to pre—development levels will comprise attenuation dams (as adopted in the Hutt City Maungaraki development for example).

The terrain however makes the construction of conventional earth retention dams difficult and measures are more likely to comprise a driven pile / open face format dam, or series of dams.

Initially these dams may become part of the construction erosion and sediment control plan and for that reason, as well as long-term maintenance they would need to be accessible by (at least) tracked items of plant.

For the purposes of this exercise a PC allowance has been made for detention within the gullies and access to those sites.

#### **4. Valuation Methodology**

A potential valuation of the site if converted to an appropriate residential zoning has been determined in the following manner:-

##### *Revenue*

Potential revenue has been determined by applying the medium land valuation of existing developed lots in Sylvian Way – typically these lie between \$160,000 - \$200,000 and a figure of \$180,000 has been adopted in this exercise.

A number a factors may influence actual valuation – this site may offer superior views but, depending on site covenants, potentially more expensive site development costs.

The eventual outcome of the valuation is very sensitive to projected revenues – a swing in the land values of only \$10,000 per lot is unreasonable within the scope of the above price range, leading to a change in valuation of \$730,000.

##### *Construction Costing*

The cost of normal physical works, subject to the application of a suitable contingency allowance to recognise the preliminary nature of the design exercise, can be determined with reasonable accuracy – refer to details below.

However this exercise cannot recognise the costs associated with the application of any site-specific requirements arising from the consent process – these may, for example,

include ridgeline constraints, bush preservation, stormwater methodologies and development densities. **Council Development Levies**, if any, have not been included.

#### *Implementation Costs*

There is potential for significant cost variation in peripheral items, such as finance costs and the costs of design and obtaining the initial consent approval.

The process of consent – which is assumed to be notified – may attract significant response and a potential developer will need to assess how this might manifest in terms of direct cost and development constraints.

The financial holding costs can be punitive to a developer and in this instance the nature of access into the site makes staging of the works to permit early revenue difficult. It will be observed in the calculations below that finance costs are a significant input into the overall costs and therefore sensitive to the 'cost' of finance – the rate adopted is relatively 'modest' and potential developers will amend this to suit their particular circumstances.

Utility servicing is also an area of potential cost fluctuation – the assessment provided below adopts typical servicing costs but these may vary significantly if, for example, the regional service is already marginal and unable to support an extended catchment without extensive renewal works.

#### *Value Calculation.*

The valuation has been determined by assessing the potential revenue as detailed above and then deducting the following:-

- I. Design and consent costs
- II. Physical works costs
- III. An estimate of Utility supplier costs for installation of their services
- IV. A contingency allowance on items ii) and iii) to recognise the preliminary nature of the assessment.
- V. An assessment of finance holding costs
- VI. A "Profit and Risk" factor of 30% on all costs to be met by the developer in recognition of a required return on investment and the risks of loss as may arise from construction delay or price and demand fluctuations in the property market.

Clearly there is considerable scope for this to vary dependant on the expectations and circumstances of individual developers.

The balance left after deduction of all these costs and allowances provides a theoretical sale price for the bare land.

## **5. Cost Estimates**

Where possible cost estimates are based on details taken from recent asset valuations (Riverstone, Stage 8) and Council tenders for similar work.

Where appropriate some rates have been varied to reflect more difficult conditions.

Within the appended cost estimate summary it will be observed that the total costs are heavily influenced by a few significant work items:-

<i>Earthworks.</i>	<p>Earthworks rates can vary significantly based on the scope of works (bulk cuts vs extensive small cuttings), length of haul and methodology, as well as the extent of unsuitable material (if any).</p> <p>Minor cut to fill works can yield rates as low as \$4 / cm but increase rapidly with increasing difficulty.</p> <p>In this instance access to the bulk of the works is dependent on opening the access road through Kiln Street limiting initial progress. Fill occur in steep gullies making benching and subsoil drainage high relative to the volume of works – accordingly we have adopted a figure of \$10 / cubic metres.</p> <p>If it becomes necessary to cart material way from the site, or any elements of contaminated soils are located, the adopted rate rapidly become inappropriate. For this reason full knowledge of the suspect 'batter' face would be important to any prospective developer.</p> <p>We have not configured our notional scheme as a balanced cut-to-fill exercise – this being considered outside the scope of the review. The concept however provides surplus cut and to avoid the significant costs of exporting from the site it will need to be used in the extension of structural fills. This course of action may provide a higher Lot yield but at the expense of greater visual disruption.</p>
<i>Roading</i>	<p>Roading costs are based on the configurations detailed above and priced using rates supplied to Council in the Riverstone Stage 8 asset valuations.</p>
<i>Services</i>	<p>Water, Wastewater and Stormwater within the development are largely priced using rates from the Riverstone valuation except that where services are laid in more difficult conditions.</p>
<i>Reservoir and Pump Supply</i>	<p>A notional lump sum is assessed without specific design inputs.</p>
<i>Electrical Reticulation</i>	<p>This item is difficult to price without requiring a specific design exercise from the utility supplier – the condition of existing supply to the area along with balance capacity – if any – of existing transformers can create a large differential in cost estimates.</p> <p>The lump sum allowed in this instance is based on quotes the developer in Crest Road has received for a development with similar entry issues.</p>
<i>Telecommunications</i>	<p>As with electrical reticulation the installation cost may vary significantly depending on capacity in the existing system – a degree of competition may arise between suppliers but typically it is conditional and developers need to weigh cost against perceived market expectations – the lump sum Lot per site would normally be in the higher range for sites having no external issues.</p>
<i>Roundabout</i>	<p>A Lump Sum allowance is made to reconfigure the roundabout at the shared entry into the site and Sylvian Way - an estimate only – the site would clearly need detailed</p>
<i>Holding Costs</i>	<p>A significant funding component is included as the development is</p>



difficult to stage and will most probably require full expenditure before any revenue is derived.

*Reserves / Development Levy* For the purposes of this exercise it has been assume that reserve and/or development contributions will take the form of land retained as passive reserve.

### Cost Summaries

Based on the above discussion the following costs are assessed:-

#### SILVERSTREAM RESERVE

#### CONCEPT SCHEDULE OF PRICES

	Unit	Qty	Rate	Sum
Clearing	Ha	4.8	\$40,000	\$192,000
Sedimentation Control	LS	100%	\$25,000	\$25,000
Subsoil Drainage	LM	400	\$35	\$14,000
Earthworks - Entry	CM	10200	\$40	\$408,000
Earthworks - Bulk	CM	147000	\$8	\$1,102,500
Landscape / topsoil	SM	48000	\$4	\$192,000
Roading - Main	LM	960	\$565	\$542,400
Roading - Minor	LM	150	\$455	\$68,250
ROW	LM	150	\$367	\$55,050
SS MH's	No.	29	\$2,900	\$84,100
SS Main	LM	1540	\$81	\$124,740
SS Lateral Y	No.	73	\$91	\$6,643
SS Laterals 100mm	LM	730	\$60	\$43,800
Culverts Outfalls (300)	LM	230	\$170	\$39,100
SW Mains (300)	LM	460	\$320	\$147,200
SW MHs	No.	5	\$3,070	\$15,350
Culverts (450)	LM	60	\$370	\$22,200
Outfalls	No.	8	\$2,500	\$20,000
Sumps - Hill Side Entry	No.	26	\$2,250	\$58,500
Sump Leads	LM	80	\$180	\$14,400
Detention dams	SM	120	\$450	\$54,000
Dam Access Tracks	Hrs	80	\$150	\$12,000
Water - 100mm Supply Main	LM	960	\$180	\$172,800
Water - 50mm Supply Main	LM	300	\$80	\$24,000
Water Connection / Manifold	No.	73	\$325	\$23,725
Fire Hydrants	No.	8	\$1,300	\$10,400
Meter Strainer etc	LS	100%	\$1,750	\$1,750
100mm Sluice Valves	No.	4	\$1,700	\$6,800
50mm Sluice Valves	No.	4	\$540	\$2,160
Telecom	Lots	73	\$1,500	\$109,500
Street Lighting + Cabling	No.	15	\$4,000	\$60,000
Reservoir / Pumping	PC			\$300,000
Electrical Reticulation	PC			\$250,000

Site Entry				
1200 culvert in drain	LM	40	\$6,250	\$250,000
New Intake	LS	100%	\$7,500	\$7,500
Reconstruct roundabout	LS	100%	\$125,000	\$125,000
Landscaping	LS	100%	\$25,000	\$25,000
Subtotal - Direct Expenses				<b>\$4,609,868</b>
Add				
Design / Consents	12.5%			\$576,234
Preliminary & General	12.5%			\$576,234
Contingency	20%			\$921,974
Holding / Finance	8%	3 yrs		\$1,106,368
<b>OVERALL TOTAL</b>				<b>\$7,790,677</b>

A profit-and-risk factor of 30% is normally applied to overall costs for the purposes of determining land value – in this instance bringing the overall project valuation to **\$10,127,880** (excluding GST)

Project Revenue is assessed as follows:-

Revenue	73	\$180,000	\$13,140,000
Less GST	15%		\$11,169,000
Less Agents & Legal	8%		\$10,117,800
<b>Net Income</b>			<b>\$10,117,800</b>

With revenues being approximately equal to expenses, risk and profit the land value appears to be negligible.

However it will be observed that the most significant cost items are the most difficult to defines, with contingencies and funding allowances comprising approximately 25% of the overall sum.

There is also considerable scope for an investor to view outcomes differently with respect to Lot values and the manner in which finance charges are regarded in the context of a required profit and risk ratio.

**Note** that the above exercise makes no allowance for the costs associated with the process of consultation and amendment to the zoning of the area.

**Note** also that this assessment makes no allowance for the value of standing timber on the site, nor the cost its maintenance or its removal for either harvest or enhancement of stability as more fully discussed below.

#### **Alternative Development Options**

Alternatives to the 'conventional' residential concept developed for this review include rural options, forestry options and shared development.

## RURAL OPTIONS

For the purposes of reviewing rural options we have considered access from the current terminus of Kiln Street.

Aerial photography indicates there is an existing track entering the western end of the Kiln Street “paper road” via the Silverstream Landfill access track. This requires passage through land with labelled ownership “Silverstream Park” and on this basis it has been assumed that its development for residential purposes cannot be assumed without specific approvals. Additionally, this track accesses steep land in the Reserve area and is of limited value – the existing track appears to service private land to the south.

For rural options the Code of Practice permits gradients of up to 16% (1 in 6.25) although for low yields a proposal offering grades up to 20% over confined lengths might normally be considered. This compares to the concept for residential development considered in this assessment wherein a maximum grade of 12% (1 in 8) has been considered.

Conventional forestry roading requires gradients no steeper than 14% (1 in 7) and if the existing pine forest is to be eventually extracted toward Kiln Street then internal roading will have this constraint (noting that extraction toward the Silverstream Landfill end of the site is theoretically possible but requires passage across the steep gullies at the western end of the site).

On the above basis it seems likely in terms of roading routes that if forestry harvesting is considered then the potential benefits of steeper (and therefore shorter) roading are unlikely to be realized.

The Code of Practice is ambiguous with respect to rural roading – the maximum catchment within the Code for private roading permits 6 Lots, or twelve dwelling units (implying 2 dwellings per Lot). For the purposes of this exercise we have considered up to 12 dwelling units might be permitted.

In the appended sketch we have identified 12 possible rural sites – their locations generally reflect flatter land with northerly aspects. The layout generally keeps building sites 100-metres apart - this ensures the level of privacy generally expected in a lifestyle / rural setting as well as defining Lot sizes in the order of 1 Ha.

In this manner 12 sites have been identified – in the appended sketch the proposed residential spine road layout is overlain. This exercise demonstrates that a road layout of similar scale (and therefore grade) as is proposed in the residential concept is required.

For a rural development of this size the Code requires a minimum road width of 6-metres, compared to 10-metres allowed for the residential option. For the purposes of safety localised widening would be required at points of curvature for enhanced sight distance and passing of opposing vehicles. If the future of such a road includes forestry harvesting, wider profiles may also be required.

However geometric alignment requirements are less arduous for a low-volume rural road.

Accordingly, while roading will be of a similar length to the residential option, there will be a significant reduction in the volume of earthworks.

In contrast the unit rate for earthworks will increase as filling will be confined to on-site disposal – most probably in a single location – and haulage distances will increase.

For rural development of this density on-site servicing costs are significantly reduced:-

- I. On site water supply (roof collection and storage) can replace a reticulated system.
- II. On-site wastewater disposal can replace a reticulated system – the Lot sizes are adequate to accommodate irrigation-type disposal systems of secondary-treated effluent.
- III. Reduced stormwater runoff – elimination of detention dams.

Indicative costs have been prepared as follows:-

SILVERSTREAM RESERVE - RURAL  
OPTION

CONCEPT SCHEDULE OF PRICES

	Unit	Qty	Rate	Sum
Clearing	Ha	1	\$40,000	\$40,000
Sedimentation Control	LS	100%	\$20,000	\$20,000
Subsoil Drainage	LM	80	\$35	\$2,800
Earthworks - Entry	CM	10,200	\$40	\$408,000
Earthworks - Bulk	CM	28,800	\$12	\$345,600
Roading - Main	LM	960	\$514	\$493,440
Culverts (450)	LM	120	\$370	\$44,400
Outfalls	No.	12	\$2,500	\$30,000
Sumps - Hill Side Entry	No.	12	\$2,250	\$27,000
Telecom	Lots	12	\$6,000	\$72,000
Electrical Reticulation	PC			\$200,000
1200 culvert in drain	LM	10	\$6,250	\$62,500
New Intake	LS	100%	\$7,500	\$7,500
Reconstruct roundabout	LS	100%	\$30,000	\$30,000
Landscaping	LS	100%	\$5,000	\$5,000
<b>Subtotal - Direct Expenses</b>				<b>\$1,788,240</b>
<b>Add</b>				
Design / Consents	12.5%			\$223,530
Preliminary & General	12.5%			\$223,530
Contingency	20%			\$357,648
Holding / Finance	8%	3 yrs		\$429,178
<b>OVERALL TOTAL</b>				<b>\$3,022,126</b>

A profit-and-risk factor of 30% is normally applied to overall costs for the purposes of determining land value – in this instance bringing the overall project valuation to **\$3,930,000** (excluding GST).

The revenue from this option is considered as follows:-

Revenue	12	\$250,000	\$3,000,000
Less GST	15%		\$2,550,000
Less Agents & Legal	8%		\$2,310,000
Net Income			<b>\$2,310,000</b>

It will be noted that the rural concept as proposed does not generate a positive outcome.

It may be possible to reduce the developer's costs by deleting telecommunication and electrical power reticulation – dependence on cellular communications is now considered acceptable by many and solar power units for household supply typically cost in the order of \$30,000 per unit.

Making these adjustments to the above calculation however fails to shift the calculation to deliver a positive outcome – additionally it would reduce both revenues and potential market segments.

Rural development also has the following additional advantages, not readily quantifiable in terms of expenditure.

- Reduced visual impact.
- Reduced stormwater impacts along a sensitive northern boundary.

As noted above, if the entry road is to also serve as access for forestry harvesting operations then any reduction in road standards is less compelling.

#### *Shared Development.*

In the "Framework Document for Guildford" document referred to above development of the Guildford properties is proposed using the existing Council Reserve as a means of access – under this scenario the Guildford Developer purchases and takes possession of the reserve and develops the road.

The route of their notional access road is similar to that proposed in the concept developed for this report although slightly less demanding (presumably in the absence of detailed topographic detail unavailable at the time the Framework was prepared).

Inasmuch as the Guildford report excludes the Reserve area from those areas to be developed it is assumed the concept expects the access road costs to be met from the development of Guildford land.

If the reserve land were to be made available to the Guildford developer on the basis of restricted permitted rural-lifestyle development feeding off the access road then such value as might be added to the development may be considered to be the sale value of the reserve land – note for this purpose it is not necessary to release the full Reserve land parcel.

Typically a rural lifestyle block providing privacy and views in a rural setting (but without farming capability) might yield \$200,000 - \$250,000 per Lot and we expect that it would not be difficult to provide 5-6 such Lots from an access road.

On that basis the value of the land to an external developer requiring the land for access to a larger developer may be in the range \$1.0 - \$1.5 million.

Negotiations around such an arrangement would nevertheless have to recognise the market difficulties of a single purchaser.

### **Conclusions**

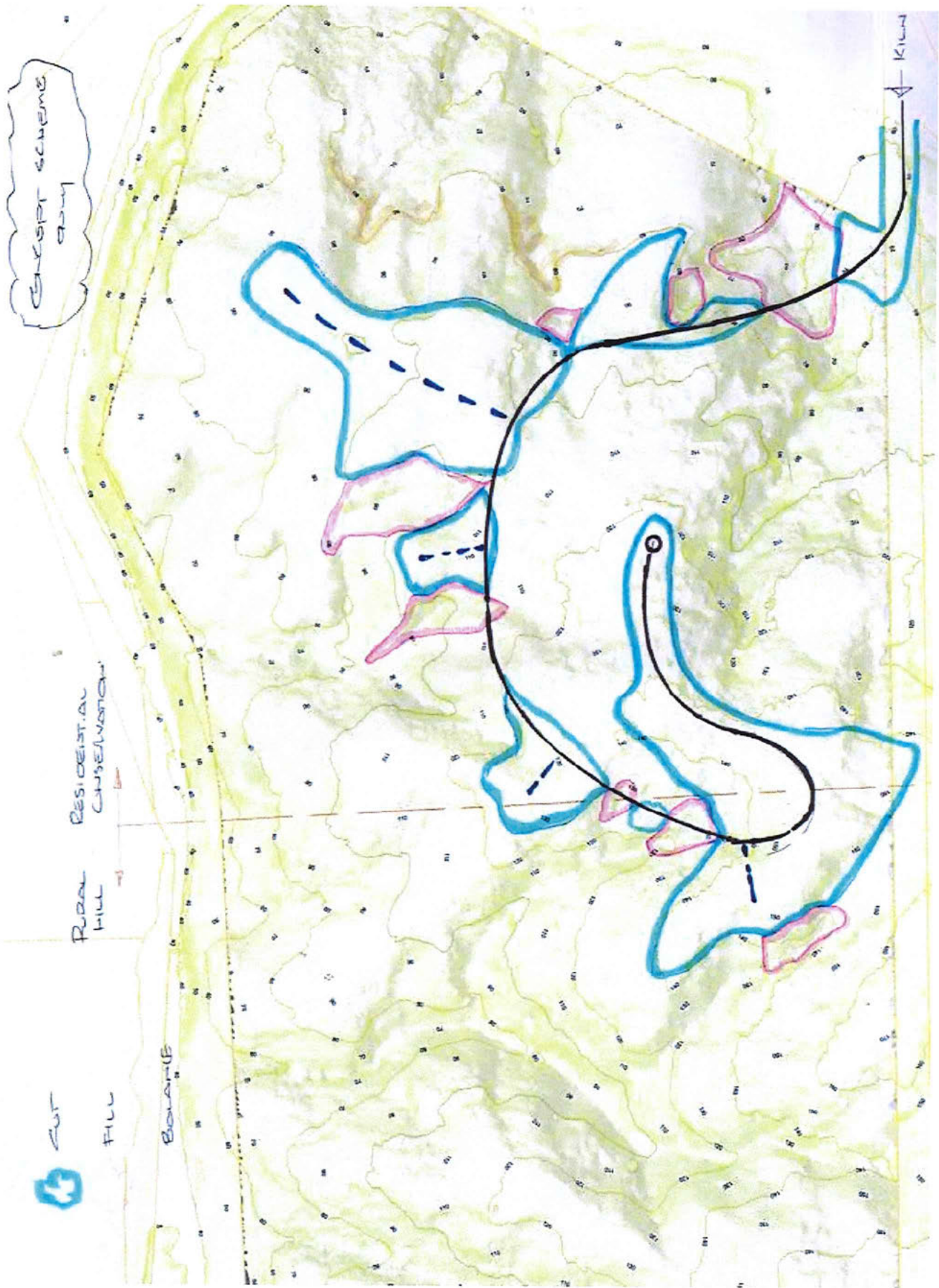
Based on the above details it is concluded:-

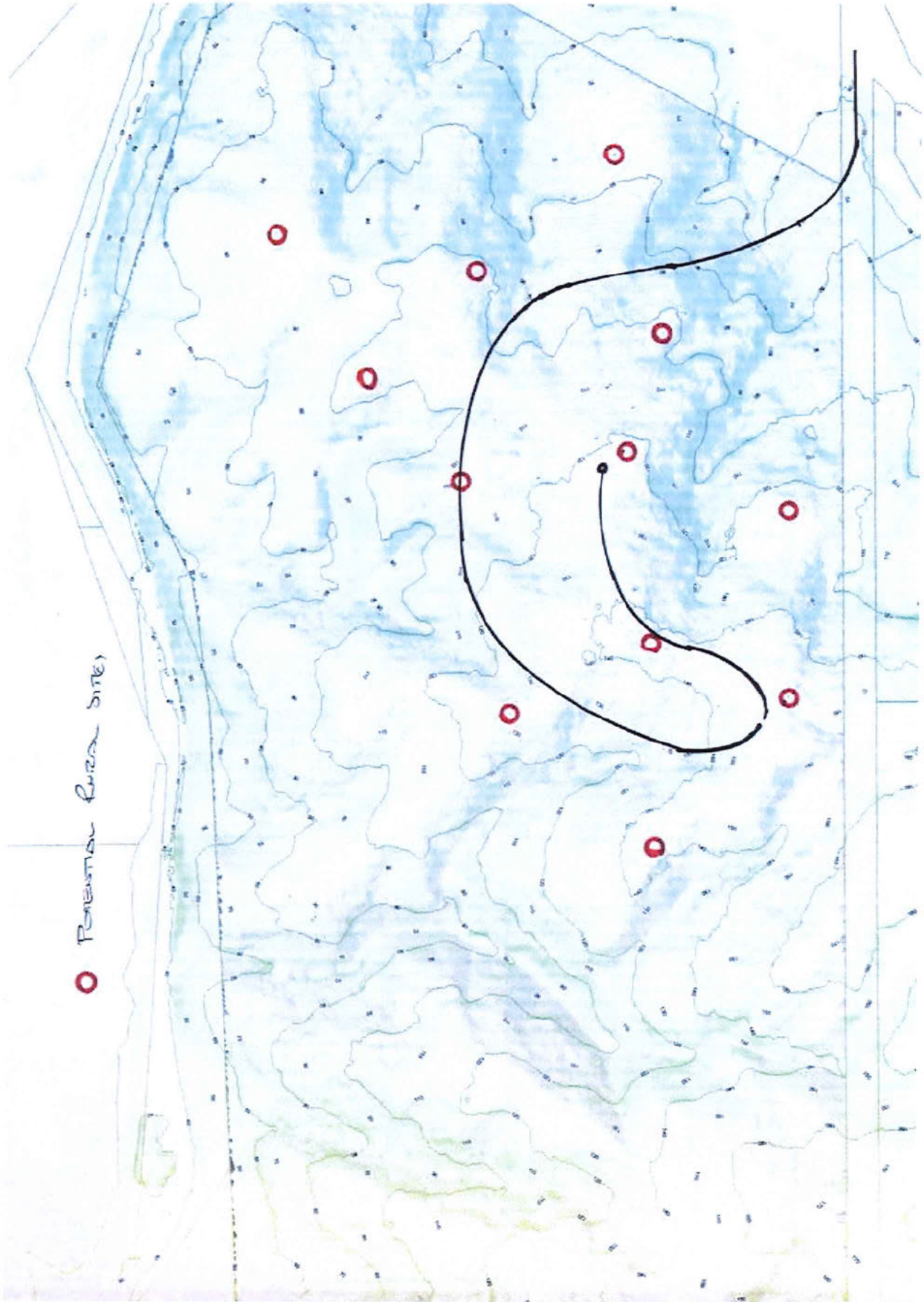
- A. A stand-alone residential development is unlikely to generate a financial return warranting a significant sale price for the bare land.
- B. A rural-residential development of the nature described similarly fails to generate a financial return warranting a significant sale price for the bare land.
- C. The sale of the land to an adjacent owner wishing to develop neighbouring land for residential purposes provides the most productive means of disposal, but is conditional upon the interest and timing of the adjacent owner. With only one such owner the ability to negotiate a significant return may be compromised.
- D. If a rapid sale is required then the land probably realises its maximum benefit if it is zoned rural, or rural lifestyle, and sold as a single Lot with the standing timber as an added value.

While we have no particular expertise in valuation it is estimated the land value if sold as a rural hill block is in the range \$350,000 - \$500,000 plus whatever value is assigned to the existing pine forest.



Graeme Walker  
SAMCON LIMITED





○ POMERAI BUA SITE



CUT  
FILL

INDICATIVE LOT  
LAYOUT

EXCEPT SCHEME  
ONLY

RURAL  
HILL  
RESIDENTIAL  
CONSERVATION

Balance

