

Hard Costs vs. Soft Costs – Definitions & Reimbursable Guidance

1. Hard Costs (Direct Construction Costs)

Hard costs are physical, tangible costs associated with the construction of the building or infrastructure. These are generally reimbursable under most grant and bonding programs.

- ☒ Sitework and grading
- ☒ Foundations and structural systems
- ☒ Framing, roofing, and building envelope
- ☒ MEP systems (HVAC, electrical, plumbing)
- ☒ Interior finishes and casework
- ☒ Built-in equipment and security hardware
- ☒ Contractor general conditions and mobilization

2. Soft Costs (Professional & Administrative Costs)

Soft costs are indirect costs that support the construction but are not physically part of the building. Some are reimbursable depending on funding program rules.

- ☒ Architect and engineer design fees
- ☒ Permits and plan reviews
- ☒ Surveying and geotechnical reports
- ☒ Owner's Project Manager (OPM)
- ☒ Legal and financing fees
- ☒ Commissioning and inspections
- ☒ Technology planning and move coordination

3. Reimbursable vs. Non-Reimbursable Items

Each funding program (state reimbursement, federal grants, bonding) defines what can and cannot be reimbursed. Below are general rules of thumb.

Typically Reimbursable:

- ✓ Hard construction costs
- ✓ Architect/engineering fees (if tied to construction)
- ✓ Permits and testing
- ✓ OPM or construction management fees
- ✓ Site preparation (if essential to project scope)

Often NOT Reimbursable:

- ✗ Land acquisition (unless required by scope)
- ✗ Legal disputes and insurance deductibles
- ✗ Public outreach or marketing costs
- ✗ Costs incurred before project approval or bond vote
- ✗ Artwork or furnishings not fixed in place