



Neilston Retirement Hotel, Teignmouth Viability Appraisal

Final Report

On behalf of:



January 2019

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1 Introduction and Summary

The Study Brief

- 1.1 Porter Planning Economics Ltd (PorterPE) has been appointed by Teignbridge District Council (the Council) as an independent consultant to determine whether the scheme proposed at Neilston Retirement Hotel, Teignmouth complies with the Teignbridge Local Plan Policy WE2.
- 1.2 The Applicant, the HKW Developments, is seeking to demolish the existing vacant Neilston Retirement Hotel to develop a 10-unit residential apartment scheme. As part of granting planning permission, Policy WE2, would require that there would be 25% affordable housing within the proposed scheme. In complying with this policy, the Council interpret that two affordable houses should be sought. Also, the policy notes that it may be appropriate for a contribution towards affordable housing where onsite provision is inappropriate; and that this would be based on a financial contribution equivalent to the purchase price from selling affordable dwellings to a Registered Provider or other appropriate organisation based on prices approved annually by the Council. On this basis, the Council have identified that the affordable housing liability would be £172,863.
- 1.3 Policy WE2 also states that should the affordable housing obligation be undeliverable, then “a reduced level of provision or other alterations to the scheme” sufficient to bring it forward will be considered based on “independently verified evidence”. The Applicant has challenged the contribution on the basis of viability and has provided information for a reduced contribution of £20,000. Consequently, the submitted viability evidence needs to be “independently verified”.
- 1.4 This report provides the focus on viability issues and the scope, or otherwise, for the proposal to deliver a contribution towards off-site affordable housing units.

Site, Location and Development Options

- 1.5 The site at Neilston Retirement Hotel in Teignmouth is at 47 Woodway Road, within eastside of Teignmouth Town. The site is mostly brownfield with some garden space; it is slightly sloping flat and appears to have no obstructions for development. The site is easily accessed from the east and west, off New Road, and from the south of Woodway Road. The site is neighbouring residential properties.
- 1.6 The Applicant viability assessment appraised the proposed development scheme with the site layout showing 10 apartments, 2 garages plus 10 open surface parking space. The total built space is shown to be 1,311 sqm.

The Viability Approaches

National Planning Policy Regarding Development Viability

- 1.7 The revised National Planning Policy Framework was published on 24 July 2018 and sets out the government’s planning policies for England and how these are expected

to be applied. The NPPF considers the issue of viability at paragraph 57, which is worth noting in its entirety:

“Where up-to-date policies have set out the contributions expected from development, planning applications that comply with them should be assumed to be viable. It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage. The weight to be given to a viability assessment is a matter for the decision maker, having regard to all the circumstances in the case, including whether the plan and the viability evidence underpinning it is up to date, and any change in site circumstances since the plan was brought into force. All viability assessments, including any undertaken at the plan-making stage, should reflect the recommended approach in national planning guidance, including standardised inputs, and should be made publicly available.”

- 1.8 The statement in paragraph 57 of the NPPF raises two points of specific relevance to this assessment. Firstly, it establishes a default position that policies within up to date local plans are deliverable. Secondly, if there is a case for a policy to not apply because of delivery issues, then it must be up to the applicant to demonstrate why this is the case. Regarding the latter point, the NPPF refers any viability assessment of an application site to follow the national planning guidance covering viability, which sets out some key principles of how development viability should be considered in planning practice and provides recommendations for standardised inputs.
- 1.9 When considering the recommendations in this report, the Council needs to draw from national planning guidance on decision making, which states that local planning authorities should:

“...strike a balance between the aspirations of developers and landowners, in terms of returns against risk, and the aims of the planning system to secure maximum benefits in the public interest through the granting of planning permission.”¹

The Applicant's Approach

- 1.10 The Applicant has provided a development viability appraisal (DVA) (ref: Woodway Rise cost plan-A (002)) to deliver their proposed application scheme, along with supporting evidence, which was received by PorterPE on 30 November 2018; no report was accompanying. PorterPE also met with the Applicant and the Council on the 12 January 2019 to discuss the proposed development.
- 1.11 The Applicant has provided to the Council a basic excel sheet with their viability assumptions. This included borrowing costs but with no calculations shown for the cashflow. This appraisal includes provision of £20,000 towards an offsite affordable housing contribution.

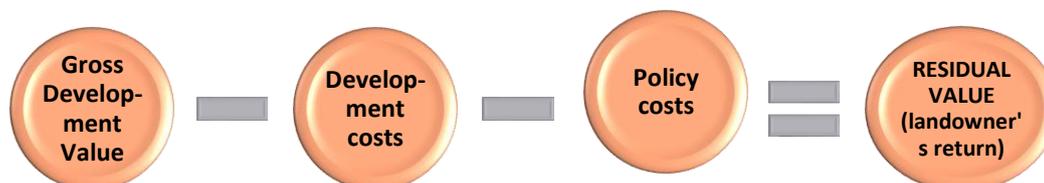
PorterPE's Approach

- 1.12 In assessing the viability of the proposed scheme, this report brings together evidence for the prevailing values and likely costs, including policy costs, of the

¹ Ibid para: Reference ID: 10-010-20180724

proposed scheme. This evidence is used to inform a set of assumptions that feed into assessing the viability of the proposed scheme using the residual land value method. This method subtracts the total costs, including profit, of the proposed scheme from the total value it will generate, to determine the residual land value. **Figure 1.1** illustrates the approach.

Figure 1.1: Residual value appraisal approach



- 1.13 The appraisal is used to identify what might be considered to be the maximum offsite affordable housing contribution based on an independent verification of the Applicant's development values and costs, along with any adjustments to generate reasonable assumptions for the Applicant's scheme.

The Viability Results

- 1.14 The findings of the viability appraisal identify that it may be difficult for the proposed development to fully meet the Council's requested total contribution of £172,863 towards affordable housing. But a contribution of £37,500, which is more than the Applicant's offer of £20,000 towards affordable housing, is unlikely to place the Applicant's scheme at risk of non-delivery.

Outline of This Report

- 1.15 The rest of this report is set out as follows:
- Chapter 2 outlines the specification and assumptions for viability testing, and reports the viability findings; and
 - Chapter 3 provides a conclusion and recommendation to the Council.

2 Development Appraisal: Assumptions and Results

Introduction

- 2.1 This section reviews the Applicant's assumptions that underpin the viability assessments of the proposed scheme. The evidence specifically relates to the critical assumptions with regards to the sales values that the proposed scheme is likely to generate, the likely build costs of development, and other development costs such as professional fees, external works, contingency allowances and finance costs to support the delivery of 10 residential apartments.

Development Appraisal: Assumptions

Residential Sales Values – Gross Development Value (GDV)

- 2.2 The Applicant estimates unit sales at £335 psf (£3,603 psm). This estimate is drawn from three valuations by local residential agents, that provide the following estimations of average values:
- Countrywide - £319 psf
 - Complete – £348.50 psf
 - Dart & Partners - £335 psf (estimated from the sum of priced unit values divided by 9,408 sqft)
- 2.3 We have reviewed our own sources for values per square metre of open market new build floorspace using comparable local schemes, which are listed in **Appendix A**, from the following sources:
- Land Registry data, which provides the achieved sales prices for new apartment properties at Montpellier Terrace, Winterbourne Road in Teignmouth from Land Registry, and Energy Performance Certificates, which provides the floorspace for most of the sold new build properties and is used to identify a sales value per square metre figure for each unit.
 - RightMove data and marketing brochures for new apartments currently for sale in Teignmouth at Montpellier Terrace on Winterbourne Road, at a converted former retirement home on Second Drive off Landscore Road, a new apartment on Second Drive off Dawlish Road, and a resale apartment opposite the Applicant site.
- 2.4 Analysis of the sales values from these two sources suggest that the average sales value is likely to be in the range of £3,600 psm. Therefore, based on this evidence and analysis, the Applicants assumed sales values rate of £3,603 psm is considered appropriate.

Marketing Costs

- 2.5 The Applicant's marketing costs in disposing of the open market units either through sales or rentals have been costed at £59,850. This is 1.9% of the GDV. We consider this to be acceptable and therefore have adopted the same value in our appraisals.

Land Value

- 2.6 The Planning Practice Guidance (Updated July 2018) (PPG) sets out the government's recommended approach to viability assessment for planning. Importantly, in defining viability it states that a residual land value after costs are deducted from revenue, should be based on:

*"...the existing use value (EUV) of the land, plus a premium for the landowner. The premium for the landowner should reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land."*²

- 2.7 It also states:

*"Existing use value is not the price paid and should disregard hope value."*³

- 2.8 The Applicant has costed the land at £712,500, which reflects the price paid in July 2018 for the retirement hotel, or what might be considered a reasonable alternative, residential use. Based on the few properties for sale within Teignmouth with this potential use and to this scale, we consider the price paid meets the PPG recommended approach to viability assessment for planning.

- 2.9 The minimum benchmark land value for this site informing our appraisal is therefore £712,500.

Land Purchase Costs

- 2.10 Any land value will incur additional purchase costs. These include surveying and legal costs to a developer in the acquisition of land and throughout the development process. The Applicant has identified the land purchase legal cost is £5,000. This is within the industry legal fees of about 1% of land value, so we consider this cost to be acceptable and therefore have adopted the same value in our appraisal.

- 2.11 The Applicant's purchase cost of the land includes the Government's Stamp Duty Land Tax, which is shown at £27,500. This reflects the current prevailing rate for commercial land, and therefore we consider this cost to be acceptable and have adopted the same value in our appraisal.

Community Infrastructure Levy (CIL)

- 2.12 Teignbridge District Council adopted its CIL charging schedule in October 2014, and the site falls within the CIL chargeable area set at £125 per residential sqm. National policy requires that CIL is index linked to the BCIS national all-in tender price. The Applicant has included a CIL payment of £47,954 in their appraisal based on guidance provided to them by Teignbridge Council. However, this figure has been

² Ibid para: 013 Reference ID: 10-013-20180724

³ Ibid para: 014 Reference ID: 10-014-20180724

revised by the Council to include CIL on the garage floorspace. The revised total is £60,941. Given that our appraisal uses the same dimensions for units and garages, we include this revised figure within our appraisals.

S106 Site Mitigation Contributions

2.13 The requirements for s106 are considered within Regulation 122(2) of the Community Infrastructure Levy 2010 (as amended) in regards of the three tests for planning obligations in that they must be:

- Necessary to make the development acceptable in planning terms;
- Directly related to the development; and
- Reasonable in scale and kind to the development.

2.14 For testing at this stage, based on information from the Applicant and agreement with the Council, it is assumed that the proposed development option would be expected to make a s106 contribution for £8,000. The Applicant has included this figure in their appraisal and we have adopted the same figure in our appraisal.

Demolition Costs

2.15 The site is brownfield and the Applicant has a prime cost sum of £50,000 for the demolition of the existing structures and recycling of the material for onsite aggregates, plus the removal of asbestos. Based on the approximate size of the existing building and the prevailing demolition costs within SPON's⁴, a cost of £40,000 might be considered appropriate for standard demolition costs. However, should the Applicant be correct about the exceptional asbestos removal associated with the existing building, which can incur significant disposal costs, then we consider that the higher end demolition cost of £50,000 is appropriate. But the Council may be minded to ask for further evidence for the asbestos removal cost or the bills of quantity for the £50,000 demolition cost.

Build Costs

2.16 The Applicant has applied a build cost at £150 psf (£1,615 psm) for the apartments, plus £66,000 for common areas. We consider the build costs for the apartments to be categorically high based on a comparison with the £1,433 psm median average build costs for 3-5 storey apartments obtained from the Building Cost Information Service (BCIS) database supplied by the Royal Institution of Chartered Surveyors (RICS). The £1,433 psm BCIS costs, shown in **Appendix B**, reflects the average local price in Teignbridge for the period 4th Quarter 2018, which we consider to be acceptable and therefore have adopted this cost in our appraisal.

Site Costs and External Works

2.17 It should also be noted that the above build costs only cover the costs within the building envelope. Therefore, separate allowances must be made for external site works (covering parking, gardens, incidental landscaping, connection to utilities, etc.).

⁴ SPON's Architects' and Builders' Price Book

- 2.18 The Applicant has a provisional sum of £225,000 for site works, which is equivalent to 15.2% of the Applicant's estimated building works costs and 18% of the build costs used in our appraisal, as discussed above. We understand that this includes flood water attenuation costs, including surface water drainage discharging offsite to the South West Water sewer network and an attenuation pond, as requested by Devon CC. We understand from the Applicant that the Highways Authority deem it unnecessary to undertake any road junction improvements or highways improvements to deliver the proposed scheme. Also, there are already strategic utilities near to the site, so little investment in utilities will be necessary.
- 2.19 At this stage, no specific site opening costs beyond the standard 15% to 20% on build costs identified in this report for externals are expected to be included in this appraisal. With the need for an exceptional offsite surface water drainage requiring excavation of the main highway, which the Applicant has identified to be in the order of £40,000, then we consider it appropriate to accept the £225,000 (18% on build costs) for site costs and externals in our appraisals.

Professional Fees

- 2.20 The Applicant includes professional fees and disbursements of £160,000, which is stated as £35,000 for planning and building regulations, and £125,000 for legal fees, architects' fees and 10 year build warranties. This is equivalent to 9.4% of the Applicant's total build costs plus site costs.
- 2.21 Typically, an allowance for Professional fees (covering site investigations, planning, design and project management, etc), is normally priced between 8% to 12% of build cost plus external works depending on the complexity of development. The total professional fees of £160,000 is within the 8% to 12% range of the build costs and site costs used in our appraisal. We therefore consider this figure to be acceptable and have adopted this value in our appraisal.

Contingency

- 2.22 The Applicant's appraisal has no allowance for any contingencies, albeit some room many have intentionally been built into their various cost items. Nonetheless, at this early stage in planning for the scheme, it is reasonable to include a contingency of between 3% to 5% for further unknowns, so we include a 4% buffer on top of the build costs, site costs and external works, and demolition costs for contingencies within our appraisal.

Developer's Profit

- 2.23 The Applicant's appraisal identifies a developer's profit of £228,280, which is 7% of GDV and 8% on development costs. This is a low return for undertaking development, but this will vary depending on the strength of the market, nature of the scheme and the risk to the investors involved with the scheme.
- 2.24 Since the Applicant has identified this profit sum within their appraisal after identifying a viability headroom of £20,000 as a contribution to affordable housing, we adopt this profit sum when considering a suitable contribution towards affordable housing in the next chapter.

Finance and Cashflow

- 2.25 All values and costs are treated in today's value without a net present value discount. However, a borrowing finance cost of 5% APR is applied that reflects the investor's/lender's risk under the current economic climate in the housing market. We consider this to be acceptable and therefore have adopted the same borrowing finance rate in our appraisals.
- 2.26 The exact phasing of the Applicant's scheme is not identified within Applicant's appraisal, although the Applicant informed us that they have assumed a two year building time line. For a scheme of this size, we consider that this could be accelerated to 18 months, which would reduce the borrowing costs based on our appraisal.
- 2.27 For improved transparency, we have applied the finance cost to a monthly cashflow in line with the following scheme phasing (exact phasing TBC):
- Starting from August 2018, based on the land purchase date;
 - Commencement of site works are assumed to start in March 2018, with building works starting in May 2018; both are spread over 18 months;
 - CIL and S106, including off-site affordable housing contributions are paid in full on commencement of building works in May 2019;
 - Professional fees apply between the site purchase date and the end of the building date.
 - Sales revenue lag build costs by 12 months; and
 - Profit is deducted as a lump sum at the end of the sales period.

Development Appraisal: Results

- 2.28 We have assessed various offsite contributions for affordable housing through iterations of different contributions amounts. The development viability appraisal of the Application scheme shown in **Appendix C** includes the maximum amount of contribution towards the delivering of affordable housing without undermining the Applicant's profit level in their appraisal based on a £20,000 affordable housing contribution.
- 2.29 This appraisal shows potential for the Applicant to contribute £37,500 towards affordable housing at their stated profit level of £228,280.

3 Conclusion

- 3.1 The Application scheme has been assessed to identify how much financial contribution can be afforded to pay towards off-site affordable housing. In identifying this, the appraisal result in this section allows for a broad assessment of the economic context for the application site based on Policy WE2 and the assumptions used for testing that are discussed in **Chapter 2** of this report.
- 3.2 It is important to note that this assessment is based on current values and costs at the time of writing, and known policy requirements to support the delivery of a development. Also, while there are significant benefits in undertaking the viability work, it is important to recognise its limitations since it is not an exact science. A viability assessment must therefore be seen only as a tool in assisting in the preparation of a robust planning scheme for seeking a planning application. It is not intended to be a formal 'Red Book' valuation and should not be relied upon as such.
- 3.3 In considering our recommendation to the Council regarding the contribution for affordable housing at the Application site, we note the following points in the Planning Practice Guidance (Updated July 2018) (PPG) on planning viability with regards to the intention on national policy. In relation to viability in decision taking, the PPG states that:

*"Where up-to-date policies have set out the contributions expected from development, planning applications that comply with them should be assumed to be viable. It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage."*⁵

- 3.4 The applicant has sought to do this, and this report identifies that the ability for the proposed development to fully meet the total contribution of £172,863 towards affordable housing may be difficult. However, the PPG also notes that it is the planning authority that can decide whether there is a case for varying their policy requirements based on the following circumstances including:

*"...whether the plan and viability evidence underpinning the plan is up to date, any change in site circumstances since the plan was brought into force, and the transparency of assumptions behind evidence submitted as part of the viability assessment."*⁶

- 3.5 In doing so, the planning authority needs to

*"...strike a balance between the aspirations of developers and landowners, in terms of returns against risk, and the aims of the planning system to secure maximum benefits in the public interest through the granting of planning permission."*⁷

- 3.6 On this basis, we consider it reasonable to recommend that a contribution of more than the Applicants offer of £20,000 towards affordable housing should be

⁵ Ibid para: 007 Reference ID: 10-007-20180724

⁶ Ibid para: 008 Reference ID: 10-008-20180724

⁷ Ibid para: Reference ID: 10-010-20180724

requested since this report identifies that contribution of £37,500 will not undermine the Applicant's profit in delivering the ten apartments.

Local Comparable New Build Values



Montpellier Apts, Winterbourne Road - sold values from Land Registry and EPC records						
saon	price_paid	deed_date	postcode	new_build	EPC Flsp (sqm)	£psm
3	£184,000	19/04/2018	TQ14 8JT	Y	56	£3,286
4	£183,000	11/04/2018	TQ14 8JT	Y	56	£3,268
5	£180,000	13/09/2018	TQ14 8JT	Y	54	£3,333
7	£186,500	25/09/2018	TQ14 8JT	Y	47	£3,968
8	£182,500	12/12/2017	TQ14 8JT	Y	54	£3,380
9	£190,000	10/11/2017	TQ14 8JT	Y	56	£3,393
10	£185,000	14/11/2017	TQ14 8JT	Y	56	£3,304
11	£190,000	10/11/2017	TQ14 8JT	Y	54	£3,519
13	£193,000	31/10/2017	TQ14 8JT	Y	47	£4,106
14	£195,000	10/11/2017	TQ14 8JT	Y	54	£3,611
16	£205,000	03/11/2017	TQ14 8JT	Y	54	£3,796
19	£230,000	01/06/2018	TQ14 8JT	Y	60	£3,833
20	£225,000	28/03/2018	TQ14 8JT	Y	60	£3,750
Total/Average	£2,529,000				708	£3,572

Source: Land Registry and EPC records

Asking prices from Rightmove						
Address	Plot no.	Asking price	Flsp (sqm)	£psm	New build?	Status
New Road	Ground floor 2 bed	£250,000	98.88	£2,528	No	Sold
Montpellier Terrace, Winterbourne Road	2 bedroom apartment	£220,000			Yes	Sold
Montpellier Terrace, Winterbourne Road	2 bedroom apartment	£220,000			Yes	For sale
Montpellier Terrace, Winterbourne Road	2 bedroom apartment	£205,000			Yes	For sale
Montpellier Terrace, Winterbourne Road	2 bedroom apartment	£195,000			Yes	For sale
Montpellier Terrace, Winterbourne Road	2 bedroom apartment	£195,000			Yes	For sale
Montpellier Terrace, Winterbourne Road	2 bedroom apartment	£185,000			Yes	For sale
Montpellier Terrace, Winterbourne Road	2 bedroom apartment	£185,000			Yes	For sale
Montpellier Terrace, Winterbourne Road	2 bedroom apartment	£180,000			Yes	For sale
Montpellier Terrace, Winterbourne Road	2 bedroom apartment	£175,000			Yes	For sale
Montpellier Terrace, Winterbourne Road	2 bedroom apartment	£175,000			Yes	For sale
Montpellier Terrace, Winterbourne Road	2 bedroom apartment	£175,000			Yes	For sale
Second Drive off Dawlish Road	Mardle	£290,000	89.4	£3,244	Yes	Sold
Second Drive off Lansdcove Road	Seaview, Plot 4	£285,000	54.78	£5,203	Yes	For sale
Second Drive off Lansdcove Road	The Terrace, Plot 2	£285,000	92.82	£3,070	Yes	Sold
Second Drive off Lansdcove Road	The Courtyard, Plot 3	£275,000	82.7	£3,325	Yes	For sale
Second Drive off Lansdcove Road	The Bay, Plot 5	£275,000	58.76	£4,680	Yes	For sale
Second Drive off Lansdcove Road	The Loft, Southernhay, Plot 6	£150,000	61.45	£2,441	Yes	For sale
Total/Average		£1,270,000	£351	£3,623		

Source: Rightmove/Marketing Brochures

Appendix B

BCIS All-In Tender Prices



BCIS Average Prices: £/m2 study																			
Downloaded: 14-Dec-2018 15:14																			
Updated: 01-Sep-2018 02:05																			
Rate per m2 gross internal floor area for the building Cost including prelims.																			
Rebased to 4Q 2018 (318; forecast) and Teignbridge (104; sample 22)																			
Type of Work																			
Building function																			
	Sub-Class	Cut-off years	Sample	Mean	Standard deviation	Decile 0 (lowest)	Decile 1	Decile 2	Decile 3	Decile 4	Decile 5 (median)	Decile 6	Decile 7	Decile 8	Decile 9	Decile 10 (highest)	Lower quartile	Upper quartile	
New build	816. Flats (apartments)	Generally	15	957	1513	379	735	1124	1219	1299	1365	1444	1538	1652	1776	1965	5145	1260	1715
		1-2 storey	15	231	1440	310	894	1109	1186	1256	1332	1384	1455	1541	1631	1883	2707	1221	1594
		3-5 storey	15	640	1494	336	735	1113	1215	1295	1364	1433	1527	1645	1762	1934	2955	1258	1704
		6+ storey	15	83	1868	620	1062	1339	1461	1575	1694	1775	1877	1946	2080	2284	5145	1500	1992

Source: BCIS All-In Tender Prices

Development Appraisal of Application Scheme

NOTE: The following appraisal has been prepared in line with the RICS valuation guidance. This appraisal is not a formal 'Red Book' (RICS Valuation – Professional Standards Jan 2014) valuation and should not be relied upon as such.

Scenario 1 0% AH Value area 1		10 Units						
ITEM							TIMING	
Net area (ha)	0.21	Residual Value		£3,418,906 per net ha		Technical Checks:		
						Sqm/ha	4,195	
						Dwgs/ha	48	
						Units/ha	7	
						GDV=Total cos	72	
Nr of units	Private 10.00	Affordable 0.00	Social rent 0.00	Affordable 0.00	Intermediate 0.00			
								Start Finish
4.0 Site Acquisition								
4.1	Site value					£712,500		Aug-18 Sep-18
4.2	Stamp duty land tax					£27,500 FALSE		Aug-18 Sep-18
4.3	Purchaser costs			1.25%	on land costs	£5,000		Aug-18 Sep-18
Total site costs						£745,000		
1.0 Development Value								
1.1	Private units		No. of units	Size sq.m	Total sq.m	£psm	Total Value	
1.1.1	Flat A-D (NIA)		4.00	73	292	£3,603	£1,052,454	May-20 Nov-21
1.1.2	Flat E-H (NIA)		4.00	77	308	£3,603	£1,110,031	May-20 Nov-21
1.1.3	Flat I-J (NIA)		2.00	137	274	£3,603	£987,513	May-20 Nov-21
Gross Development value						£3,149,998		
2.0 Developer's Profit								
2.1	Private units			7.2%	on OM GDV	£228,281		Nov-21 Dec-21
Total Developer's Profit						£228,281		
3.0 Development Costs								
3.1 Sale cost								
3.1.1	Private units only					£59,850		May-20 Nov-21
						£59,850		
3.2 Build Costs								
3.2.1	Private units		No. of units	Size sq.m	Total sq.m	£/sq.m	Total Costs	
3.2.1.1	Flat A-D (GIA)		4.00	73	292	£1,433	£418,557	May-19 Nov-20
3.2.1.2	Flat E-H (GIA)		4.00	77	308	£1,433	£441,456	May-19 Nov-20
3.2.1.3	Flat I-J (GIA)		2.00	137	274	£1,433	£392,730	May-19 Nov-20
Total build costs						£1,252,743		
3.3 Extra over construction costs								
3.3.1	Site costs and externals			18.0%	extra-over on build cost	£225,000		May-19 Nov-20
3.3.2	Demolition costs				£50,000 Total	£50,000		Mar-19 May-19
3.3.3	Common areas				4,705 sqm	£66,000		May-19 Nov-20
Total extra over construction costs						£341,000		
3.4 Professional Fees								
3.4.1	on build costs (incl: externals)			10.8%		£160,000		Aug-18 Nov-20
Total professional fees						£160,000		
3.5 Contingency								
3.5.1	on build costs (incl: externals)			4.0%		£63,750		Mar-19 Nov-20
Total contingency						£63,750		
3.6 Developer contributions								
3.6.1	Policy WE2: Affordable Housing Off-site Contribution				£37,500 Total cost	£37,500		May-19 Jun-19
3.6.2	S106/S38 (excl: AH)				£8,000 Total cost	£8,000		May-19 Jun-19
3.6.3	CIL				£60,941 Total cost	£60,941		May-19 Jun-19
Total developer contributions						£106,441		
TOTAL DEVELOPMENT COSTS						£1,983,784		
TOTAL PROJECT COSTS [EXCLUDING INTEREST]						£2,957,065		
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£192,933		
5.0 Finance Costs								
5.1	Finance			APR 5.00%	on net costs	PCM 0.407%	£-192,860	
TOTAL PROJECT COSTS [INCLUDING INTEREST]						£3,149,925		

The appraisal has been prepared in line with the RICS valuation guidance. The purpose of the appraisal is to inform about the impact of planning policy has on viability at a strategic level. This appraisal is not a formal 'Red Book' (RICS Valuation – Professional Standards January 2014) valuation and should not be relied upon as such.

End

