

## **PRIVATE & CONFIDENTIAL**

### **Viability Report**

**PERMITTED REDEVELOPMENT OF PADDINGTON PACKET BOAT,  
HIGH ROAD, COWLEY, UXBRIDGE, LONDON BOROUGH OF  
HILLINGDON, UB8 2HT.**

**January 2024**



**James R Brown & Company Ltd**

T: 07802 746000  
E: [james.brown@jrb-c.com](mailto:james.brown@jrb-c.com)  
[www.jrb-c.com](http://www.jrb-c.com)

#### **Important Notice**

This report has been prepared for planning input purposes.

Paddington Packet Boat Developments Ltd,  
c/o Nexus Planning,  
Holmes House,  
4 Pear Place,  
London,  
SE1 8BT.

## PRIVATE & CONFIDENTIAL

16/1/24

Dear Sirs,

**PERMITTED PURPOSE-BUILT STUDENT ACCOMMODATION ('PBSA') SCHEME AT  
PADDINGTON PACKET BOAT SITE, HIGH ROAD, COWLEY, UXBRIDGE, LONDON  
BOROUGH OF HILLINGDON, UB8 2HT.  
FINANCIAL VIABILITY ASSESSMENT ('FVA').**

### 1.0 BACKGROUND & EXECUTIVE SUMMARY

- 1.1 We understand that planning permission was granted on 18/8/23 for a purpose-built student accommodation ('PBSA') scheme comprising 61 studios. The planning application reference was/is 1058/APP/2021/3423.
- 1.2 The permission includes/requires:-
- 36% Affordable Student Accommodation (as defined);
  - The requirement for there to be a Nominations Agreement (in the form required) with a higher education institution ('HEI') in connection with at least 51% of the 61 studios (inclusive of the affordable student accommodation), and;
  - An early-stage review clause to assess whether the scheme should be offering more affordable student accommodation. This review will occur 24 months after the date of planning permission and;
  - CIL and S.106 payments of around £250,000.

1.3 We have assessed the financial viability of the permitted scheme and conclude that:-

- It is not viable even though the S.106 was signed quite recently (i.e. 18/8/23).

1.4 We have appraised 4 scenarios herein to assist further discussions with the London Borough of Hillingdon ('LBH') and their advisors:-

**Scenario 1** = as per the consented scheme but with no Nominations Agreement and no affordable student accommodation.

**Scenario 2** = as per the consented scheme (i.e. with a Nominations Agreement which is potentially exploitable by HEIs with regard to rent levels) but without any affordable student accommodation.

**Scenario 3** = as per the consented scheme but with a modified/clarified Nominations Agreement (drafted with a view to being much less exploitable by HEIs with regard to rent levels) and without any affordable student accommodation.

**Scenario 4** = the consented scheme (i.e. with 36% affordable student accommodation, existing Nominations Agreement and CIL/S.106 payments of around £250,000).

## **2.0 INSTRUCTIONS**

- 2.1 We understand that you require a financial viability assessment (FVA) which appraises the 4 scenarios listed in S.1.5 above.
- 2.2 We have agreed a fixed fee for this piece of work split between viability report and further discussions with the London Borough of Hillingdon ('LBH') and their advisors. No performance related or contingent fees have been agreed.
- 2.3 In preparing this report we can confirm that we have no conflicts of interest.

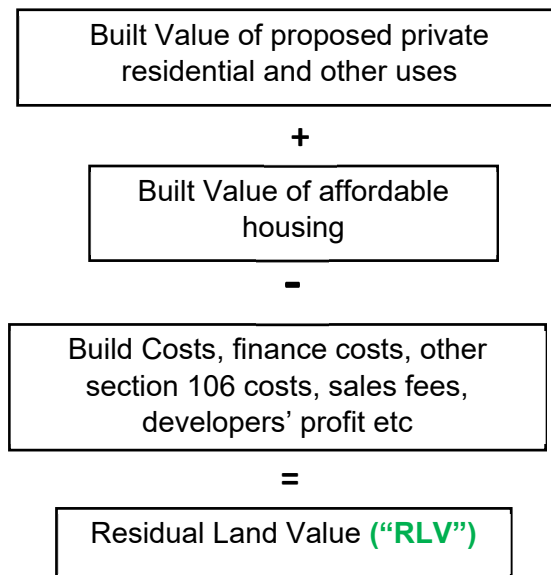
## **3.0 BASIS OF APPRAISALS HEREIN**

- 3.1 This report is to assist planning discussions with LBH.
- 3.2 It is not an RICS (Royal Institution of Chartered Surveyors) "Red Book" compliant valuation report and the figures referred to herein are not formal valuations. However, detailed justification for the indicative values and/or component valuation inputs we have used are provided herein.
- 3.3 This viability report is provided on a confidential basis. We therefore request that the report should not be disclosed to any third parties (other than LBH and their advisors) under the Freedom of Information Act 2000 (sections 41 and 43/2) or under the Environmental Information Regulations.
- 3.4 We are aware that you will provide LBH with a copy of this report and we are happy for this to occur. However, we do not offer LBH, their advisors and/or any third parties a professional duty of care.

## 4.0 VIABILITY AND PLANNING

4.1 Scheme viability is assessed using residual valuation methodology.

4.2 A summary of the residual process is:-



Residual Value is then compared to a **Benchmark Land Value ('BLV')**. If RLV is lower and/or not sufficiently higher than the BLV – project is not technically viable

4.3 If the RLV driven by a proposed scheme is reduced to significantly below an appropriate BLV, it follows that it is commercially unviable to pursue such a scheme, and the scheme is unlikely to proceed.

4.4 The 'land residual' approach (as summarised above) can be inverted so that it becomes a 'profit residual' based upon the insertion of a specific land cost/value (equivalent to the viability benchmark sum) at the top. By doing this, the focus is moved onto the level of profit driven by a scheme. This is a purely presentational alternative but is how we have presented our appraisal herein.

## **5.0 APPROACH TO BENCHMARK LAND VALUE ('BLV')**

5.1 We have considered guidance provided by:-

- National Planning Policy Framework (2023), and;
- National Planning Policy Guidance on Viability (September 2019), and;
- The RICS's 'Guidance Note GN 94/2012 (1<sup>st</sup> edition)', and;
- The RICS's Professional Standard – 'Financial Viability in Planning: Conduct & Reporting (1<sup>st</sup> Edition – May 2019)', and;
- The RICS's Professional Standard - 'Assessing viability in planning under the National Planning Policy Framework 2019 for England – March 2021 – 1<sup>st</sup> edition', and;
- The London Plan, and;
- Recent Appeal cases, and;
- Financial Viability in Planning SPD (RBK 2016), and;
- Our own professionally qualified judgement and obligation to provide an opinion that is: objective, impartial, without interference and with reference to all appropriate sources of information.

## 6.0 THE SITE

6.1 Please refer to the site plan in **Appendix 1**.

6.2 Photographs:-



6.3 The site comprises 0.24 acres (0.0952 hectares) and is freehold.

6.4 It accommodates a vacant pub with upper parts that were last used as hotel accommodation.

6.5 The building comprises 520 sq.m. (5,598 sq.ft.).



## 7.0 BLV ASSESSMENT

- 7.1 The subject site is not currently in practical use but is in a D1 Use Class as it was last used and could still be used as a pub with ancillary accommodation. NPPG (viability) is such that properties requiring significant refurbishment to re-instate an existing use are effectively alternative uses and should be treated as such. Therefore, it is and can only be appropriate for us to consider a reasonable BLV based upon alternative use value ('AUV') considerations.
- 7.2 All viability guidance indicates that land-owners need to be incentivised to bring sites forward. Clearly, they would not be incentivised to bring a site forward for 'nil'.
- 7.3 The author of this report was recently involved in an Inquiry (APP/V5570/W/21/3267951 – Sunnyside Road – see Inspector's decision in **Appendix 2**) where the viability consultant acting for the Council initially claimed that some unused parts of the appeal site attracted BLV contributions of nil because they were not in use and were in a poor state. However, the Inspector said:-

70. The Council's nil value of some elements of the site is also unusual, even when accounting for the poor condition of the site. The site would require remediation, given its uses and condition, but even the Council's own evidence for the Local Plan sets a higher valuation for a cleared site that would include remediation costs.

- 7.4 The Inspector also said:-

68. In my view the Council have adopted an overly stringent view on the evidence base requirements of AUV. It is true that no other planning permission exists at the site, but that is not a policy requirement, nor does the PPG or SPG specifically require that. Extant B2, B8 and *sui generis* uses exist which the appellant has utilised to justify their BLV. The Council have also dialled back from their position in the Officer Report that the Coach House is Class E when it could reasonably be such a use. Thus, I consider that the AUV approach adopted by the appellant to this element to be appropriate.


- 7.5 The author of this report also acted for the appellant on an appeal/inquiry at 324-346 High Street, Sutton, SM1 1PR (APP/P5870/W/3205215). Please see the Inspector's decision dated 15/7/2019 in **Appendix 3**. The relevance of this appeal was that the appeal site accommodated a long disused and very dilapidated pub (worsened by squatters and vandalism to the point of total dereliction). It can be appreciated from para 23 of the Inspector's decision that he accepted a BLV for the very dilapidated pub element of the appeal site of £805,000. The pub comprised 4,456 sq.ft. and no plans or planning consents existed for 'alternative' schemes. Indeed, the Sutton site is a BLV comparable for the subject site.
- 7.6 In connection with an earlier residential scheme application on the subject site, it should be noted that Carter Jonas (acting for the London Borough of Hillingdon – 'LBH') considered a BLV of £935,000 as at March 2019 to be reasonable. We would have rebutted that opinion (as we think a reasonable BLV would have been higher as at that date) but the application was withdrawn. A copy of the Carter Jonas report can be seen in **Appendix 4**.








7.7 The subject property could be used (subject to planning in some cases) for and/or put to any of the following (as a non-exhaustive list of examples):-

- A pub or restaurant (including a Drive-Thru).
- A flatted residential conversion (perhaps with additional new build/extension).
- A residential conversion into houses (perhaps with additional new build/extension).
- A re-development into a flatted residential block (containing a policy compliant affordable housing which might mean 35% or less).
- Counter retail redevelopment (e.g. a Screwfix).
- A retail unit (food or otherwise).
- Car sales lot/showroom.
- Car wash.
- Light industrial shed.
- Car workshop/garage.
- Temporary storage (inside the existing building and on the car-park to the rear).
- A grant funded 100% affordable housing re-development.

7.8 We have considered the following comparables (for example):-

	<p><u>The Crane Pub, Watersplash Lane, Hillingdon, UB3 4QS:-</u></p> <p>A disused pub on 0.23 hectares (0.56 acres). Bought by Shepherds Bush Housing Association on 18/12/2019 for £3.1m (equivalent to £5.54m per acre which if applied to the subject site would point to £1.33m) PP existed at time of purchase for a policy compliant residential scheme comprising 27 flats.</p> <p>Whichever way one considers this site, it must be a significant influence on what a reasonable BLV is for the subject site even if it represents a policy compliant Alternative Use Value comparable.</p>
	<p><u>Former Prince Regent Pub Site, High Street, Sutton:-</u></p> <p>APP/P5870/W/3205215 In his appeal decision, the Inspector accepted our BLV for the very dilapidated pub element (4,456 sq.ft.) of the appeal site which was £805,000 Applied to the disused pub on the subject site, this comparable points to a reasonable BLV of over £1m allowing for the different location and indexation.</p>
	<p><u>87 Sunnyside Road, N19:-</u></p> <p>APP/V5570/W/21/3267951.</p> <p>The Inspector ultimately considered a BLV of £1m to be reasonable for a 0.15 ha commercial site accommodating a hand car wash, some surface storage, a derelict building that had been part crushed by a tree, a very small recording studio (let at £12,000 p.a.) and a derelict locally listed but derelict heritage asset.</p> <p>This comparable indicates that even sites in reasonable London areas that are <u>contaminated (including underground petrol tanks requiring removal)</u> and only occupied (in part) and are of the poorest quality in every respect reasonably attract significant BLVs.</p>

 	<p><u>208 Cowley Road, Uxbridge, UB8 2LZ:-</u></p> <p>Second hand car lot. 0.25 acres with 2,500 sq.ft. sales office. Sold for £1.45m on 1/7/21. Equates to £5.8m per acre.</p> <p>Subject site is on corner with good visibility and would lend itself well to such a use.</p>
	<p><u>29-31 Shepiston Lane, Hayes:-</u></p> <p>0.46 acre site accommodating:-</p> <p>No 31 : Detached guest house comprising of 22 guest bedrooms (21 en-suite) plus staff en-suite room, guest lounge and dining, kitchen and ancillary space. No 29 : single story 3 bedroom residential bungalow</p> <p>Planning permission demolition of existing buildings and erection of:-</p> <p>3- storey, plus basement, 84 bedroom hotel (use class C1) with a proposed GIA of 18,493 sq.ft and 18 car parking spaces.</p> <p>Lapsed planning consent on no 29 for 2 x 2 storey, 3 bedrooms dwellings.</p> <p>Asking price for site being marketed by Savills = £2.4m which equates to £5.22m per acre.</p>
	<p><u>Fat Cow, Cheapside Lane, Denham, UB9 5AE:-</u></p> <p>If the disused pub on the subject site were to be re-used as a pub, this comparable would provide some value guidance as a pub:-</p> <p>3,297 sq.ft. (2,315 sq.ft. on ground, 732 sq.ft. at 1<sup>st</sup> and 250 sq.ft. in basement). 25 car spaces. Sold by Fleurets on 20/9/2019 for £785,000 = <b>£238 p.s.f.</b></p>
	<p><u>The Carpenters Arms, 1370 Uxbridge Road, UB4 8JJ:-</u></p> <p>If the disused pub on the subject site were to be re-used as a pub, this comparable would provide some value guidance as a pub:-</p> <p>4,300sqft (estimated via Google Earth). Sold with vacant possession on 9/9/19 for £1.8m to Friends Tavern Ltd = <b>£419 p.s.f.</b></p>

	<p><u>Swan &amp; Bottle, 98 Oxford Road, UB8 1LZ:-</u></p> <p>If the disused pub on the subject site were to be re-used as a pub, this comparable would provide some value guidance as a pub:-</p> <p>9,000 sq.ft. including b&amp;b rooms. Bought by Greene King with v.p. on 15/10/18 for £3.342m after which they fully refurbished it = <b>£371 p.s.f.</b></p>
	<p><u>Pipemakers Arms, St Johns Rd, Uxbridge, UB8 2UR:-</u></p> <p>Rarely available West London freehold. 2,874 sq.ft. 3 section bar/restaurant with approx. 50 covers Theatre style trade kitchen, separate prep room 3 bedrooms, off road parking &amp; trade garden Plot size approx. 0.2 acres.</p> <p>Recent asking price via Fleurets = £895,000.</p> <p>However, sold for £935,000 on 22/3/22 = <b>£325 p.s.f.</b></p>
	<p><u>Load of Hay, UB8 2PU:-</u></p> <p>3,250 sq.ft. Let for £9.23 p.s.f. on 18/7/22 for £9.23 p.s.f. If applied to Packetboat and capitalised at 6%, this points to an value of circa £900,000.</p>

Source: [www.EGi.co.uk](http://www.EGi.co.uk), [www.MOLIOR.co.uk](http://www.MOLIOR.co.uk) and Rightmove

7.9 Bearing in mind the above, we have used judgement in arriving at a reasonable BLV of **£1m**.

## 8.0 PERMITTED SCHEME

8.1 The scheme comprises 61 self-contained student studios as follows:-

Count	Floor	Unit Type	Occupancy	Area (sq.m.)	Area (sq.ft.)
1	0	Studio	1 person	16.7	179.8
2	0	Studio	1 person	16.7	179.8
3	0	Studio	1 person	16.7	179.8
4	0	Studio	1 person	16.7	179.8
5	0	Studio	1 person	16.7	179.8
6	0	Studio	1 person	16.7	179.8
7	0	Studio	1 person	16.7	179.8
8	0	Studio	1 person	16.7	179.8
9	0	Studio	1 person	16.7	179.8
10	0	Studio	1 person	16.7	179.8
11	0	Studio	1 person	16.7	179.8
12	0	Studio	1 person	16.7	179.8
13	0	Studio	1 person	16.7	179.8
14	1	Accessible Studio	1 person	24.6	264.8
15	1	Studio	1 person	18.1	194.8
16	1	Studio	1 person	16.7	179.8
17	1	Studio	1 person	16.7	179.8
18	1	Studio	1 person	16.7	179.8
19	1	Studio	1 person	16.7	179.8
20	1	Studio	1 person	16.7	179.8
21	1	Accessible Studio	1 person	32.5	349.8
22	1	Studio	1 person	16.7	179.8
23	1	Studio	1 person	16.7	179.8
24	1	Studio	1 person	16.7	179.8
25	1	Studio	1 person	16.7	179.8
26	1	Studio	1 person	16.7	179.8
27	1	Studio	1 person	16.7	179.8
28	1	Studio	1 person	16.7	179.8
29	1	Studio	1 person	16.7	179.8
30	2	Accessible Studio	1 person	24.6	264.8
31	2	Studio	1 person	18.1	194.8
32	2	Studio	1 person	16.7	179.8
33	2	Studio	1 person	16.7	179.8
34	2	Studio	1 person	16.7	179.8
35	2	Studio	1 person	16.7	179.8
36	2	Studio	1 person	16.7	179.8
37	2	Accessible Studio	1 person	32.5	349.8
38	2	Studio	1 person	16.7	179.8
39	2	Studio	1 person	16.7	179.8
40	2	Studio	1 person	16.7	179.8
41	2	Studio	1 person	16.7	179.8
42	2	Studio	1 person	16.7	179.8
43	2	Studio	1 person	16.7	179.8
44	2	Studio	1 person	16.7	179.8
45	2	Studio	1 person	16.7	179.8
46	3	Accessible Studio	1 person	24.6	264.8
47	3	Studio	1 person	18.1	194.8
48	3	Studio	1 person	16.7	179.8
49	3	Studio	1 person	16.7	179.8
50	3	Studio	1 person	16.7	179.8
51	3	Studio	1 person	16.7	179.8
52	3	Studio	1 person	16.7	179.8
53	3	Accessible Studio	1 person	32.5	349.8
54	3	Studio	1 person	16.7	179.8
55	3	Studio	1 person	16.7	179.8
56	3	Studio	1 person	16.7	179.8
57	3	Studio	1 person	16.7	179.8
58	3	Studio	1 person	16.7	179.8
59	3	Studio	1 person	16.7	179.8
60	3	Studio	1 person	16.7	179.8
61	3	Studio	1 person	16.7	179.8
<b>Totals</b>				<b>1,094.0</b>	<b>11,775.7</b>

8.2 The total scheme GIA is 1,659 sq.m. (17,857 sq.ft.) which includes a; residents lounge, reception area, cycle store, refuse store, laundry, plant room and communal parts.

## **9.0 APPROACH TO VIABILITY ASSESSMENT**

- 9.1 We have financially appraised the permitted scheme using ARGUS, a widely used proprietary software package. We have used current day values and costs.
- 9.2 We consider that the residual profit (based upon a hypothetical land cost input of £1m – i.e. equivalent to our BLV) needs to be at least 20% on total cost (and/or 17.5% on GDV – whichever is the higher amount) for it to be considered viable by normal measures. Please see S.14 below for our justification.
- 9.3 We have appraised 4 scenarios herein to assist discussions with the London Borough of Hillingdon ('LBH') and their advisors :-

**Scenario 1** = as per the consented scheme but with no Nominations Agreement and no affordable student accommodation.

**Scenario 2** = as per the consented scheme (i.e. with a Nominations Agreement which is potentially exploitable by HEIs with regard to rent levels) but without any affordable student accommodation.

**Scenario 3** = as per the consented scheme but with a modified/clarified Nominations Agreement (drafted with a view to being much less exploitable by HEIs with regard to rent levels) and without any affordable student accommodation.

**Scenario 4** = the consented scheme (i.e. with 36% affordable student accommodation, existing Nominations Agreement and CIL/S.106 payments of around £250,000).

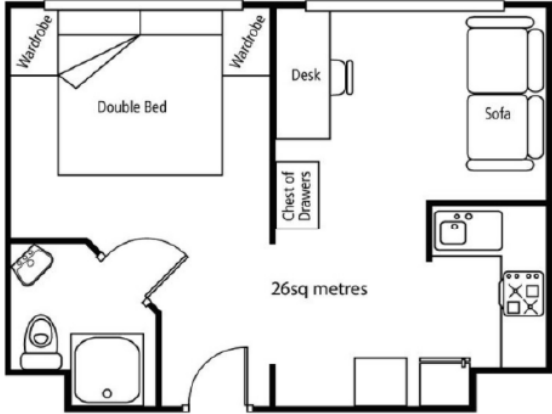
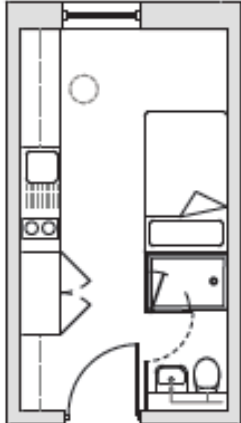






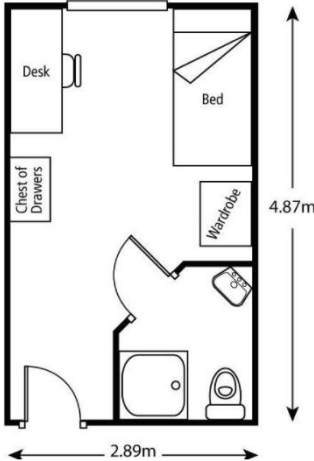
10.0 PBSA – GROSS DEVELOPMENT VALUE (‘GDV’)

10.1 Gross Rents:-

10.1.1 We consider it likely that achievable gross Market Rents will be in line with what is charged on other accommodation associated to HEIs such as Brunel University.

10.1.2 We have considered the following via <https://www.brunel.ac.uk/life/accommodation/residences> :-

	
Typical studio at Isambard Complex (Brunel) where asking rent is circa £335 per week for 2023/24 (51 weeks).	Typical bedroom within PPB scheme where we have assumed a rent of £235 p.w. These rooms are circa 36% smaller (@ 16.7 sq.m. typically) than the studios at Isambard and offer no sofa/sitting area and a single bed.

<div><h3>Syd Urry Hall</h3><h4>Isambard Complex</h4><p><b>Quick facts</b> 74 En suite Rooms   7 Studio/Flat Rooms   Self Catered</p><p>Price from £176.26 per week</p><ul style="list-style-type: none"><li>Small Double beds</li><li>Studio/flats available</li><li>Final Year Undergraduate</li><li>Fast wi-fi</li><li>Laundry room in block</li><li>Security service on call 24/7</li><li>Bike Shed</li><li>Contents insurance</li><li>Accessible rooms to meet your needs</li></ul><p>14.1 sq.m. en-suite rooms (albeit without a kitchenette and therefore – shared kitchen) are available at £189 per week.</p><p>As such, a rent of £235 per week for slightly bigger bedrooms with kitchenettes at Packetboat is reasonable and/or optimistic.</p></div>	<div><h3>Isambard Complex - Single Room Plan</h3><p>Please note that the floor plans shown are for general guidance only and actual layouts may vary from room to room and from hall to hall</p></div>
--	---



10.1.3 Bearing in mind; the above, the off-campus nature of the Packet Boat location, the proposed room sizes (including single beds) - we think a gross Market Rent (to include utilities) of £235 p.w. is achievable but optimistic for a 51-week year = £11,985 p.a. This assumes unrestricted Market Rents (i.e. not subject to a Nominations Agreement and/or GLA affordable student accommodation restrictions).

10.1.4 The GLA definition of affordable student bedrooms is that the gross rent should be no more than 55% of the maximum loan amount for students living away from home. The maximum loan amount in 2023-24 for students living away from home in London is £13,022 and so 55% of this is £7,162.

10.1.5 We have therefore assumed the following achievable but optimistic gross rents:-

Scenario 1:-													
Room Type	Rent Basis	Area (sq.m.)	Main Nos	Rented Rent Weeks	Holiday Weeks	Nos Units	Total Room Area	Gross Term Time Rent p.w.	Gross Term Time Rent Per Room p.a.	GLA Cap (@ 55% of £13,022 p.a. for 23/24)	Holiday Rent Income p.w.	Holiday Rent Income Per Room p.a.	Total Gross Rent p.a.
Standard Studio	Market Rent	16.7	51	0	0	52	868	£235.00	£11,985	n/a	£280.00	£0	£623,220
Standard Studio (larger)	Market Rent	18.1	51	0	0	3	54	£240.00	£12,240	n/a	£281.00	£0	£36,720
Accessible Studio (smaller)	Market Rent	24.6	51	0	0	3	74	£235.00	£11,985	n/a	£350.00	£0	£35,955
Accessible Studio (larger)	Market Rent	32.5	51	0	0	3	98	£240.00	£12,240	n/a	£350.00	£0	£36,720
<b>Total</b>						<b>61</b>	<b>1,094</b>						<b>£732,615</b>
Scenario 2:-													
Room Type	Rent Basis	Area (sq.m.)	Main Nos	Rented Rent Weeks	Holiday Weeks	Nos Units	Total Room Area	Gross Term Time Rent p.w.	Gross Term Time Rent Per Room p.a.	GLA Cap (@ 55% of £13,022 p.a. for 23/24)	Holiday Rent Income p.w.	Holiday Rent Income Per Room p.a.	Total Gross Rent p.a.
Standard Studio	Market Rent	16.7	51	0	0	21	351	£235.00	£11,985	n/a	£280.00	£0	£251,685
Standard Studio (larger)	Market Rent	18.1	51	0	0	3	54	£240.00	£12,240	n/a	£281.00	£0	£36,720
Accessible Studio (smaller)	Market Rent	24.6	51	0	0	3	74	£235.00	£11,985	n/a	£350.00	£0	£35,955
Accessible Studio (larger)	Market Rent	32.5	51	0	0	3	98	£240.00	£12,240	n/a	£350.00	£0	£36,720
Standard Studio	Noms Agreement	16.7	51	0	0	31	518	£195*	£9,945	n/a	£351.00	£0	£308,295
*N.B. This rent could be higher or lower subject to potential/unidentifiable rent level exploitation by HEI(s) (or not)													
<b>Total</b>						<b>61</b>	<b>1,094</b>						<b>£669,375</b>
Scenario 3:-													
Room Type	Rent Basis	Area (sq.m.)	Main Nos	Rented Rent Weeks	Holiday Weeks	Nos Units	Total Room Area	Gross Term Time Rent p.w.	Gross Term Time Rent Per Room p.a.	GLA Cap (@ 55% of £13,022 p.a. for 23/24)	Holiday Rent Income p.w.	Holiday Rent Income Per Room p.a.	Total Gross Rent p.a.
Standard Studio	Market Rent	16.7	51	0	0	21	351	£235.00	£11,985	n/a	£280.00	£0	£251,685
Standard Studio (larger)	Market Rent	18.1	51	0	0	3	54	£240.00	£12,240	n/a	£281.00	£0	£36,720
Accessible Studio (smaller)	Market Rent	24.6	51	0	0	3	74	£235.00	£11,985	n/a	£350.00	£0	£35,955
Accessible Studio (larger)	Market Rent	32.5	51	0	0	3	98	£240.00	£12,240	n/a	£350.00	£0	£36,720
Standard Studio	Noms Agreement	16.7	51	0	0	31	518	£225*	£11,475	n/a	£351.00	£0	£355,725
*N.B. This rent assumes potential/unidentifiable rent level exploitation by HEI(s) would be 'significantly' prevented via modified/clarified S.106 wording													
<b>Total</b>						<b>61</b>	<b>1,094</b>						<b>£716,805</b>
Scenario 4:-													
Room Type	Rent Basis	Area (sq.m.)	Main Nos	Rented Rent Weeks	Holiday Weeks	Nos Units	Total Room Area	Gross Term Time Rent p.w.	Gross Term Time Rent Per Room p.a.	GLA Cap (@ 55% of £13,022 p.a. for 23/24)	Holiday Rent Income p.w.	Holiday Rent Income Per Room p.a.	Total Gross Rent p.a.
Standard Studio	Market Rent	16.7	51	0	0	5	84	£235.00	£11,985	n/a	£280.00	£0	£59,925
Standard Studio (larger)	Market Rent	18.1	51	0	0	3	54	£240.00	£12,240	n/a	£281.00	£0	£36,720
Accessible Studio (smaller)	Market Rent	24.6	51	0	0	0	0	£235.00	£11,985	n/a	£350.00	£0	£0
Accessible Studio (larger)	Market Rent	32.5	51	0	0	0	0	£240.00	£12,240	n/a	£350.00	£0	£0
Standard Studio	Noms Agreement	16.7	51	0	0	31	518	£195*	£9,945	n/a	£351.00	£0	£308,295
Affordable Standard Studio	GLA Definition	16.7	38	2	2	16	267	£188.47	£7,162	£7,162	£188.47	£377	£120,621
Affordable Standard Studio (larger)	GLA Definition	18.1	38	2	2	0	0	£188.47	£7,162	£7,162	£188.47	£377	£0
Affordable Accessible Studio (smaller)	GLA Definition	24.6	38	2	2	3	74	£188.47	£7,162	£7,162	£188.47	£377	£22,616
Affordable Accessible Studio (larger)	GLA Definition	32.5	38	2	2	3	98	£188.47	£7,162	£7,162	£188.47	£377	£22,616
<b>Total</b>						<b>61</b>	<b>1,094</b>						<b>£570,794</b>

## 10.2 OPEX Costs:-

10.2.1 In the GLA London Plan Viability Study – Technical Report – December 2017, Table B3 on Page 12 indicates that assumed student accommodation OPEX costs in London Value Band C (i.e. a higher value band than relevant to Uxbridge) equated to 59% of gross rental income (and/or £3,375 per bed p.a.):-

*London Plan Viability Study – Technical Report*

**Table B3 Student and Shared Living Investment Value per unit**

Value Band C		Student housing	Affordable Student Accommodation	Shared Living	Affordable Shared Living
Room size	Sq m	13	13	15	15
Rent charged	£pw			190	95
Rent charged (39 weeks)	£pw	156			
Rent charged (39 weeks)	£pw		134		
Holiday period income	£pa	2,059	1,717		
Rental income	£pa	8,143	6,943	9,918	4,959
Average tenancy length	Yrs	1	2	2	6
Voids/bad debts	%	6%	4%	7%	3%
Management cost pa	£pa	1,063	669	1,222	646
Maintenance cost pa	£pa	1,076	795	985	646
Major repair reserve pa	£pa	748	748	927	927
Net rental income	£pa	4,768	4,453	6,090	2,485
Rental stream investment value	£	164,129	145,414	206,004	103,628

10.2.2 In 2019, we provided a viability report (on behalf of the applicant) on a student accommodation scheme proposal called Lewisham Exchange (previously 'Carpentryright') in Lewisham. The Council's viability consultant said this about OPEX costs:-

 <b>GL Hearn</b> Part of Capita plc  Jeremy Ward Planning Services, Resources and Regeneration Directorate London Borough of Lewisham  <b>By email</b>   5 <sup>th</sup> April 2019  Dear Jeremy  <b>Lewisham Exchange – Response to JRP Letter</b>  I refer to our draft Independent Viability Review (dated February 2019), James R Brown & Co's (JRB) response dated 11 <sup>th</sup> March 2019 and the summary of accounts for Chapter Living covering the last two financial years. I have now had an opportunity to consider these and respond below.	<p>GL Hearn Limited 65 Gresham Street London EC2V 7NQ  T: +44 (0)20 7851 4900 glhearn.com</p>
<p><i>Management Costs</i> JRB question our management costs of £2,400 per bed and repeat their reasoning for their assumption at £2,800 per bed. As set out in our report we consider that this is a higher figure than we would normally expect and that there are efficiencies achievable given the scale of the proposals.</p> <p>Separately the applicant has provided a summary of the gross and net income achieved for the last two financial years which does suggest that the cost per bed is higher than that adopted by both parties. As this is provided on a private and confidential basis I shall not repeat the details here. However, very limited information is provided (either as to the cost or income) and therefore it is difficult to place much weight on this information. Furthermore, the schemes are different which is a material point of consideration.</p> <p>In addition to our original research we have discussed this issue (including the subject proposals) with a number of investors, developers, operators and advisors. Collectively their feedback supported our assumption or even suggested that it could be lower. Indeed in one case it was explicitly suggested that if the developer had another scheme within close proximity then there would be further efficiency savings. However, given that the subject scheme must be tested on its own merits and that it could be ultimately completed, operated and/or sold by another party it would not be appropriate to reduce our assumption further. Conversely it was also accepted that the higher proportion of studios and the facilities proposed does increase the relative costs.</p> <p>Additionally we are aware of two recent Student developments in Southwark and Tower Hamlets that have been subject to viability discussions (details confidential). These are at similar income profiles and the management costs agreed were £2,600 per unit (plus 4% voids) and £2,700 per unit (inc voids).</p> <p>Having assessed the issue further we consider that a management cost of no more than £2,600 per bed is reasonable.</p>	

10.2.3 Page 237 of the following CIL Viability report BNP Paribas prepared on behalf of the London Borough of Southwark in 2017 (i.e. 6 years ago which means indexation is required) indicates that they considered reasonable OPEX costs to be £2,400 per bedroom p.a.

BNP PARIBAS  
REAL ESTATE

Real Estate  
for a changing  
world

Community Infrastructure Levy Review

Prepared for  
London Borough of Tower Hamlets

September 2017

**DEVELOPMENT APPRAISAL**  
**Commercial Development**

Use class: **STUDENT HSG**

0% of units discounted

100% of market rents

500	Total units
-	discounted
500	market rent

DEVELOPMENT VALUE		Full rent		Discounted rent	
		Term rent	£224 per week	£155 per week	
		Vacation rent	£214 per week	£155 per week	
<b>Rental Income</b>					
Annual rent per unit - term time (95% occupancy)	51 weeks	95% occupancy	106,448	5,428,823	
Annual rent per unit - summer (50% occupancy)	1 weeks	50% occupancy	53,375	53,375	
Discounted rents - term time (95% occupancy)	51 weeks	95% occupancy	-	-	
Discounted rents - summer (50% occupancy)	1 weeks	50% occupancy	-	-	
Operating costs - market	500 units		£2400 per unit	(1,200,000)	
Operating costs - affordable	- units		£2400 per unit	-	
Net annual rent - market				4,282,198	
Net annual rent - affordable				-	
Cap val - private	4.50% yield			95,159,944	
Cap val - affordable	4.50% yield			-	
<b>Purchaser's costs (assumes Multiple Dwelling Relief)</b>			4.4%	4,187,038	
<b>GROSS DEVELOPMENT VALUE</b>				<b>90,972,907</b>	

#### 10.2.4 We consider the following OPEX build-up to be logical/reasonable:-

##### Scenario 1:-

Cost	Total Scheme Allowance per bed p.a.	Comment	Equates to Total Scheme Allowance per room p.a.
Buildings, Contents (limited to fixtures) & Public Liability Insurance	£3,500		£57
Council Tax	£0		£0
Void & Bad Debts	£36,000		£590
Major Repairs Sinking Fund	£35,000	Traditionally more at circa 0.8% - 1% of reinstatement cost p.a.	£574
Cyclical & response repairs - fabric	£40,000		£656
Fire Detection/Escape Surveys, Door Entry System & Minimal Upgrades	£1,500		£25
Lift maintenance	£1,500		£25
Furniture repair/renewal programme/sinking fund	£14,600		£239
On-site staff and related admin	£15,000		£246
Marketing/PR/web site	£8,500		£139
Cleaning (inc. windows) & Other Contract Services	£22,000		£361
Electricity	£19,500		£320
Water Rates	£5,000		£82
Accountancy	£2,000		£33
Central Admin	£3,000		£49
<b>Totals</b>	<b>£207,100</b>		<b>£3,395</b>

##### Scenario 2:-

Cost	Total Scheme Allowance per bed p.a.	Comment	Equates to Total Scheme Allowance per room p.a.
Buildings, Contents (limited to fixtures) & Public Liability Insurance	£3,500		£57
Council Tax	£0		£0
Void & Bad Debts	£20,000		£328
Major Repairs Sinking Fund	£35,000	Traditionally more at circa 0.8% - 1% of reinstatement cost p.a.	£574
Cyclical & response repairs - fabric	£40,000		£656
Fire Detection/Escape Surveys, Door Entry System & Minimal Upgrades	£1,500		£25
Lift maintenance	£1,500		£25
Furniture repair/renewal programme/sinking fund	£14,600		£239
On-site staff and related admin	£15,000		£246
Marketing/PR/web site	£8,500		£139
Cleaning (inc. windows) & Other Contract Services	£22,000		£361
Electricity	£19,500		£320
Water Rates	£5,000		£82
Accountancy	£2,000		£33
Central Admin	£3,000		£49
<b>Totals</b>	<b>£191,100</b>		<b>£3,133</b>

### Scenario 3:-

Cost	Total Scheme Allowance per bed p.a.	Comment	Equates to Total Scheme Allowance per room p.a.
Buildings, Contents (limited to fixtures) & Public Liability Insurance	£3,500		£57
Council Tax	£0		£0
Voids & Bad Debts	£30,000		£492
Major Repairs Sinking Fund	£35,000	Traditionally more at circa 0.8% - 1% of reinstatement cost p.a.	£574
Cyclical & response repairs - fabric	£40,000		£656
Fire Detection/Escape Surveys, Door Entry System & Minimal Upgrades	£1,500		£25
Lift maintenance	£1,500		£25
Furniture repair/renewal programme/sinking fund	£14,600		£239
On-site staff and related admin	£15,000		£246
Marketing/PR/web site	£8,500		£139
Cleaning (inc. windows) & Other Contract Services	£22,000		£361
Electricity	£19,500		£320
Water Rates	£5,000		£82
Accountancy	£2,000		£33
Central Admin	£3,000		£49
<b>Totals</b>	<b>£201,100</b>		<b>£3,297</b>

### Scenario 4:-

Cost	Total Scheme Allowance per bed p.a.	Comment	Equates to Total Scheme Allowance per room p.a.
Buildings, Contents (limited to fixtures) & Public Liability Insurance	£3,500		£57
Council Tax	£0		£0
Voids & Bad Debts	£10,000		£164
Major Repairs Sinking Fund	£35,000	Traditionally more at circa 0.8% - 1% of reinstatement cost p.a.	£574
Cyclical & response repairs - fabric	£40,000		£656
Fire Detection/Escape Surveys, Door Entry System & Minimal Upgrades	£1,500		£25
Lift maintenance	£1,500		£25
Furniture repair/renewal programme/sinking fund	£14,600		£239
On-site staff and related admin	£15,000		£246
Marketing/PR/web site	£8,500		£139
Cleaning (inc. windows) & Other Contract Services	£22,000		£361
Electricity	£19,500		£320
Water Rates	£5,000		£82
Accountancy	£2,000		£33
Central Admin	£3,000		£49
<b>Totals</b>	<b>£181,100</b>		<b>£2,969</b>

10.2.5 We reserve the right to review these OPEX over the coming months as these costs have been increasing rapidly. Further comparable information might also arise in due course.

### 10.3 Capitalisation Yield & Investment Value

10.3.1 Our value estimate of the investment (allowing for some additional sundry income) is:-

#### Scenario 1:-

Gross bedroom income =	£732,615
Sundry income =	£10,000
Total Gross Income =	£742,615
OPEX @ £3,395 per bedroom =	£207,095
	-----
Net income =	£535,520 p.a.
Capitalised @ 4.8% (all-risks) into perp =	£11,156,667
Less purchase costs @ 6.8% =	<b>£10.45 (£171,311 per studio)</b>

#### Scenario 2:-

Gross bedroom income =	£669,375
Sundry income =	£10,000
Total Gross Income =	£679,375
OPEX @ £3,133 per bedroom =	£191,113
	-----
Net income =	£488,262 p.a.
Capitalised @ 4.75% (all-risks) into perp =	£10,279,200
Less purchase costs @ 6.8% =	<b>£9.62m (£157,705 per studio)</b>

#### Scenario 3:-


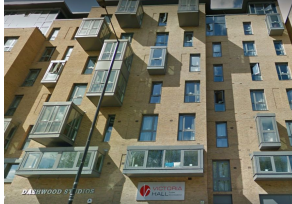




Gross bedroom income =	£716,805
Sundry income =	£10,000
Total Gross Income =	£726,805
OPEX @ £3,297 per bedroom =	£201,117
	-----
Net income =	£525,688 p.a.
Capitalised @ 4.75% (all-risks) into perp =	£11,067,116
Less purchase costs @ 6.8% =	<b>£10.36m (£169,836 per studio)</b>

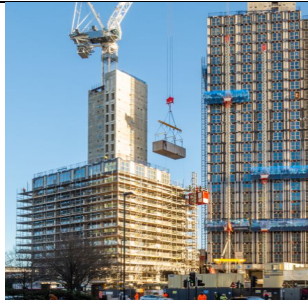
#### Scenario 4:-

Gross bedroom income =	£570,794
Sundry income =	£10,000
Total Gross Income =	£580,794
OPEX @ £2,969 per bedroom =	£181,109
	-----
Net income =	£399,685 p.a.
Capitalised @ 4.5% (all-risks) into perp =	£8,881,889
Less purchase costs @ 6.8% =	<b>£8.32m (£136,393 per studio)</b>



10.3.2 To inform our capitalisation yield choice (which we consider to be optimistic in light of the evidence), we have 'iterated' using the following comparables (adjusted for location, lot-size and the fact that most of the following comparables are/were 100% market rent/direct-let):-

	<p><u>Kelaty House (PBSA element), Wembley:-</u></p> <p>599 beds. Forward sold in February 2019 to DWS by Watkin Jones for £90m (£150,250 per bed). Reported/expected NIY = 4.75%. Direct let likelihood at point of sale. No affordable student provision.</p>
	<p><u>Dashwood Studios, Walworth Road, SE17:-</u></p> <p>Arlington Investors purchased this 232 student studio scheme in August 2016 for around £38m = £164,000 per studio.</p>
	<p><u>Ravenscourt House, W6:-</u></p> <p>234 studio bed-spaces (approx 18 sq.m. per room average). Sold for £48.3m in Oct 2017 = £206,410 per bed. CBRE analysis suggests 4.75% NIY. Better location</p>
	<p><u>Savoy Circus, East Acton:-</u></p> <p>306 bed-spaces. Direct let. Forward sold for £42m in 2017 = £137,255 per bed. Yield = 6%.</p>
	<p><u>Apex House, Wembley:-</u></p> <p>580 bed-spaces. Forward sold in 2016 for £85.7m (£148,000 per bed-space). Yield = 5.4%.</p>
	<p><u>6 Avonmouth Street, SE1 6NX:-</u></p> <p>Better location.</p> <p>Avison Young valued this 219 bedspace PBSA scheme (90% en-suites and 10% studios) at the equivalent of £212,329 per bedspace via their report to the London Borough of Southwark dated 28/9/22 albeit we considered that valuation to be over-stated at the time.</p> <p>AY assumed market rents on 65% of this scheme and 35% at GLA affordable student accommodation rent levels. They valued this scheme as if Direct Let.</p>



### Block B (PBSA – 35 storey including basement):-

Bedroom Type	Rooms	Beds	Average Size (sq
Studio 1	298	298	
Studio 2	31	31	
Studio 3	31	31	
Studio 4	3	3	
Studio 5	3	3	
Cluster 1+3	168	168	
Cluster 2 (2 bed)	28	56	
UA 1-3	93	93	
<b>Totals</b>	<b>655</b>	<b>683</b>	

### Lewisham Gateway:-

Further to a GL Hearn viability review of this scheme (which was then a proposed scheme) on behalf of Lewisham Council in April 2019, their GDV assessment for the 655 student bedrooms was £134.5m as indicated below (i.e. £205,344 per bedroom). There was no 'affordable' student accommodation in this scheme and/or any Nomination Rights Agreement. It was all 'direct let' such that we would expect the GDV to be higher per room than a scheme subject to a Nomination Rights Agreement and/or some affordable student accommodation.

#### APPRAISAL SUMMARY

GL HEARN

Lewisham Exchange  
Revised Viability

Summary Appraisal for Phase 1

Currency in £

REVENUE	Units	ft²	Rate ft²	Unit Price	Gross Sales
Sales Valuation					
Social Rent	1	26,077	185.00	4,824,245	4,824,245
Shared Ownership	1	39,350	450.00	17,707,275	17,707,275
Student Beds	1	118,376	1,138.32	134,750,000	134,750,000
<b>Totals</b>	<b>3</b>	<b>183,803</b>			<b>157,281,520</b>

Rental Area Summary	Units	ft²	Rate ft²	Initial MRV/Unit	Net Rent at Sale
Commercial	1	9,626	25.00	240,657	240,657
Shared Space	1	2,400		0	0
<b>Totals</b>	<b>2</b>	<b>12,027</b>			<b>240,657</b>

Investment Valuation					
Commercial					
Market Rent	240,657	YP @	6.5000%	15.3846	3,476,454
(1yr Rent Free)		PV 1yr @	6.5000%	0.9390	3,476,454

GROSS DEVELOPMENT VALUE 160,757,974

Purchaser's Costs (208,587)

NET DEVELOPMENT VALUE 160,549,386

Subsequent to the above, we understand this scheme has been sold on. Although the media mentions a NIY of 4.25%, we are informed by JLL that it was closer to 4.5%:-



NEWS LEGAL DATA

Deals Agent rankings Analysis Comment Sectors Regions Podcasts EG magazine EG events

## Vita Group sells Lewisham PBSA to AXA IM Alts



Akanksha Soni  
07/12/2022 | Investment/finance | London



Vita Group has sold its Vita Student Lewisham Exchange scheme to AXA IM Alts in a deal that represents a 4.25% yield. The development opened in the 2021/22 academic year and



### St James's Road, Bermondsey:-

In a planning inquiry (APP/A5840/W/19/3228534 – 272 St James's Rd, SE1 5JX) where JB acted as Expert Witness for the Appellant, the Inspector explicitly considered a GDV of £38.92m to be reasonable as at 2/3/2020 (his decision date). This included a retail content (893 sq.ft.) and the following student accommodation:-

Type	Nos	Nos Beds
Studio	16	16
Wheelchair Studio	28	28
3 bed cluster	1	3
5 bed cluster	8	40
7 bed cluster	1	7
8 bed cluster	17	136
10 bed cluster	2	20
<b>Total</b>	<b>73</b>	<b>250</b>

This equates to around £155,680 per bedroom.

Source: EGi & relevant agents.

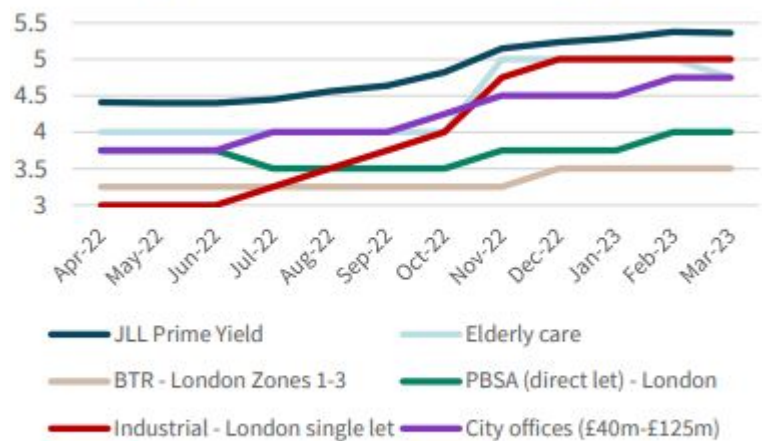
10.3.3 We have also considered the following appreciating that the subject scheme/location is not prime:-

## UK Living Capital Markets

Q1 2023

 **JLL** SEE A BRIGHTER WAY

### Prime living yields remain comparatively stable (%)



Source: JLL (JLL Prime Yield calculation includes both living and commercial yields)

### Best in Class Yields – Living



Sector	Trending	Jan-23 %	Dec-22 -1 Months %	Oct-22 -3 Months %	Jan-22 -12 Months %
<b>Elderly Care (NIY)</b>					
Ultra Prime	Stable	4.25+	4.25+	3.25	3.50
Prime	Stable	5.00+	5.00+	4.00+	4.00+
Core	Stable	6.00+	6.00+	5.00+	5.00+
Secondary	Stable	7.50	7.50	6.50+	6.50+
<b>Build to Rent (NIY) (Stabilised BTR Purpose Built)</b>					
Prime London Zones 1-3	Weaker	3.50-	3.50-	3.25+	3.25+
Outer London Zones 4-6	Weaker	3.75-	3.75-	3.50+	3.50+
South East / South West Prime	Weaker	4.00-	4.00-	3.75+	3.75+
Prime Regional	Weaker	4.00+	4.00+	4.00+	4.00+
Secondary Regional	Weaker	4.50+	4.50+	4.50+	4.50
<b>Purpose Built Student Accommodation (NIY) (Direct Let)</b>					
Prime London	Weaker	3.75+	3.75+	3.50	3.75
Inner London	Weaker	4.00+	4.00+	3.75	4.25-
Super Prime Regional	Weaker	4.75	4.75	4.50	4.75+
Prime Regional	Weaker	5.25	5.25	5.00	5.00+
Secondary Regional	Weaker	6.50	6.50	6.25	6.25+
Other Regional	Weaker	7.25	7.25	7.00	7.00+

Company Number 09479391 (Companies Act 2006).  
VAT Registration Number 211 3469 43.  
Regulated by RICS.







## **12.0 EXTRAORDINARY COSTS**

12.1 At this stage, we have not accounted for extraordinary costs.

## **13.0 MAYORAL CIL2, CIL & S.106 COSTS**

13.1 We have assumed a combined cost in this regard of £250,000 based upon the permitted scheme, S.106 and CIL liability statement.

13.2 This figure is not exact because some of the S.106 cost components require some translation/estimation into monetary amounts.

## **14.0 PROFIT AND FINANCE COSTS**

14.1 In his appeal decision (APP/A5840/W/19/3228534) in March 2020 on a PBSA scheme in Southwark, the Inspector acknowledged the profit level agreed between the viability experts (of which the author of this report was one for the Appellant) at 18% on cost and said the following about finance rates/costs:-

### *Other costs and developer return*

24. It is common ground between the parties that a profit level of 18% on cost is an acceptable basis against which to appraise the development. However, there are differences in relation to other costs.
25. In relation to finance rates, the difference between the parties is 1%. However, due to the sums of money involved, this represents a material difference in the economics driving the off-site affordable housing contribution.
26. In their evidence, the Council suggested that finance rates are often over-stated and that values presented in appraisals do not always mirror the real world. Based on what was termed a 'real-world' test, the Council suggest that a finance rate of 6% would be appropriate for a development of this nature. Whilst there was some discussion around this point, little by way of substantive evidence was presented to support the Council's position.
27. From the appellant's perspective, evidence has been presented whereby the Council accepted a finance rate of 7% as recently as June 2019 and which was regarded as "*within a reasonable range within the market*". On this basis, I have no compelling reason to conclude that the lower finance rate should be used. Consequently, on this point, I am satisfied with the evidence provided by the appellant.

14.2 Since then, general market risk and uncertainty across all property development sectors has increased due to the COVID 19 and the following new and/or enhanced issues:-

- Building Safety Act.
- Increased Corporation Tax from April 2023.
- Brexit aftermath – unknown but not likely to be good over next few years.
- Exceptional build cost inflation.
- Highest general inflation rate for 30 years.
- Increased Base Rate and development/investment finance costs.

14.3 On another more recent PBSA appeal decision in Camden (APP/A5840/W/19/3228534) in April 2023, the Inspector said (and we agree):-

20. However, the developer's profit of 15% on cost is in my opinion too low in a market that has been seriously affected by the risks associated with the Covid-19 pandemic, Brexit and most recently the war in Ukraine. Reference was made to the *London Plan Viability Study*, which advocated a developer's profit of 15-20% on cost for commercial development. However, that guidance was published in 2017 and does not reflect current market conditions. In terms of

14.6 Considering the above, we have assumed a reasonable/necessary profit to be 20% on cost and/or 17.5% on GDV (whichever is the higher profit sum).

14.7 Hypothetical finance costs typically break down as follows:-

60% Bank finance at 8% =	4.8% (weighted)
20% equity finance at 10% =	2% (weighted)
20% mezzanine finance at 16% =	3.2% (weighted)

-----  
10% plus a 3% finance facility fee on bank finance (and possibly the whole finance package if arranged via an Intermediary) = a combined rate of over 10%.

- 14.8 We are aware that a number of viability consultants were using an all-in finance rate of 7% (i.e. 1-3 years ago) albeit this is now too low following substantial Base Rate increases. For example:-

3-11 Goulston Street and 4-6 and 16-22 Middlesex Street, Aldgate, London Borough of Tower Hamlets:-

A large student accommodation development (circa 1,000 bedrooms) proposed by Unite plc in 2019 that required GLA approval. I discussed all viability aspects with the GLA who agreed with our use of an all-in finance rate of 7%. Section 106 completed.

573-585 High Road, Ilford, IG4 8EE:-

A mixed use residential led scheme where Avison Young reviewed my viability submission on behalf of the London Borough of Redbridge. Avison Young said in their June 2019 report:-

### **Finance**

- 9.13 The Applicant has adopted an all-in finance rate of 7% which we consider is within a reasonable range within the market. Avison Young have adopted the same 7% as an all-in finance rate.

71-79 Sandy Hill Road, SE18 7BQ:-

A mixed use residential led scheme where BNP Paribas reviewed my viability submission on behalf of the Royal London Borough of Greenwich. BNPP said in their August 2019 report:-

### **4.7 Finance**

The Applicant has adopted a 7% finance rate and we do not consider that this is unreasonable as it falls within current lending requirements. Although a bank would not provide 100% of the funding required for the proposed Development it is convention to assume finance on all costs in order to reflect the opportunity cost (or in some cases the actual cost) of committing equity to the project.

PBSA Scheme at 272 St James's Rd, SE1 5JX – Appeal Decision (PP/A5840/W/19/3228534):-

The Inspector considered a 7% finance rate assumption to be reasonable as per his decision dated March 2020.



14.9 We are also aware that viability consultants acting for Councils have recently been using 8%+ albeit prior to the most recent Base Rate increases. For example:-

- Gerald Eve (July 2023 - acting for Croydon) @ 8.5%:-

<b>Finance Rate</b>	3.29	The Advisor has adopted a finance rate of 8.5%, which is in accordance with our FVR. We consider that this is a reasonable position, however, we continue to monitor this as it may require further updating prior to the planning committee.
<b>\$106 and CIL</b>	3.30	The Advisor has provided an estimate of the total contribution of MCIL2, CIL, Carbon Off-set & S.278 at £2m. This figure has increased from the previous estimation of £1.37m included in our last review. Following discussions with the Council, we understand that the increase is not justified and that internal calculations suggest that the contributions would remain at £1.37m.

13 | 17 – 21 Dingwall Road, Croydon



- BPS (June 2023 – acting for Hounslow) @ 8%:-

APPRAISAL SUMMARY				BPS SURVEYORS
1-3 Bath Road				
<b>CONSTRUCTION COSTS</b>				
Construction	ft <sup>2</sup>	Build Rate ft <sup>2</sup>	Cost	
Co-Living	155,303	329.88	51,230,670	
MCIL/CIL/S.106/S.278			3,000,000	54,230,670
<b>PROFESSIONAL FEES</b>				
Professionals		4.00%	2,049,227	2,049,227
<b>MARKETING &amp; LETTING</b>				
Marketing			100,000	100,000
<b>DISPOSAL FEES</b>				
Sales Agent Fee		1.00%	768,999	768,999
<b>Additional Costs</b>				
Stabilisation OPEX Adjustment			30,000	30,000
<b>MISCELLANEOUS FEES</b>				
Private Co-Living Profit		12.50%	9,659,444	
Commercial Profit		15.00%	550,750	10,210,194
<b>FINANCE</b>				
Debit Rate 8.000%, Credit Rate 1.000% (Nominal)				
Land			267,088	
Construction			4,511,766	
Total Finance Cost				4,778,854
<b>TOTAL COSTS</b>				73,655,724
<b>PROFIT</b>				3,244,137
<b>Performance Measures</b>				
Profit on Cost%		4.40%		
Profit on GDV%		4.01%		
Profit on NDV%		4.22%		
Development Yield% (on Rent)		4.95%		
Equivalent Yield% (Nominal)		4.50%		
Equivalent Yield% (True)		4.63%		
IRR% (without Interest)		12.65%		
Rent Cover		11 mths		

Project: S:\Joint Files\Current Folders\Hounslow Planning\1-3 Bath Road\May 2023 Scheme\BPS Calcs\1-3 Bath Road BPS Appraisal.wctx  
ARGUS Developer Version: 8.20.003

Date: 27/06/2023

Company Number 09479391 (Companies Act 2006).  
VAT Registration Number 211 3469 43.  
Regulated by RICS.



14.10 Also, please see:-

- e-mail correspondence between an applicant and funding intermediary on another residential application we are working on in **Appendix 6**. This confirms all-in finance on only 65% of the kind of loan that would be required for that project (albeit larger) as being in excess of 10%.
- a bank finance offer recently received by another of our clients on a co-living project we are working on in **Appendix 7**. Again, this points to overall all-in finance costs of well over 10%.

14.11 Despite all of our evidence above, we have assumed an optimistic finance rate of 9% (all-in) on the assumption that especially cheap finance can be secured.

## **15.0 OTHER ASSUMPTIONS**

15.1 Our other viability assumptions are explicitly evident from the residual profit appraisal in:-

**Appendix 8** – Scenario 1.

**Appendix 9** – Scenario 2.

**Appendix 10** – Scenario 3.

**Appendix 11** – Scenario 4.

## **16.0 CONCLUSION**

16.1 Our appraisals give the following residual profits:-

**Appendix 8** – Scenario 1 = 17.92% on cost and/or 15.20% on GDV.

**Appendix 9** – Scenario 2 = 8.69% on cost and/or 7.99% on GDV.

**Appendix 10** – Scenario 3 = 16.92% on cost and/or 14.47% on GDV.

**Appendix 11** – Scenario 4 = [-5.83%] on cost and/or [-6.19%] on GDV.

16.2 Based upon our assumed profit target, only Scenario 1 is almost viable with Scenario 3 not far behind. Scenarios 2 and 4 (existing) are not viable and are substantially unviable.

16.3 Due to substantially increased development risk (especially because of inflation and rising finance costs), we do not believe the permitted scheme could be funded because of the affordable student accommodation provision and the early stage review clause. Furthermore, we believe funders would reject the opportunity to lend if a late-stage review clause was imposed in Scenario 2 (if a permission existed in that form) as it is only just viable and therefore not an attractive funding proposition.

## **17.0 SENSITIVITY TESTS**

17.1 We have not carried out any sensitivity tests at this stage as the current market outlook is such that other rational short to medium term assumptions would be such that the viability outcome would be worse.

## **18.0 DISCLOSURE AND STATUS OF REPORT**

18.1 I understand that you may provide a copy of this report to LBH and their advisors but that, beyond that, this report will remain confidential.

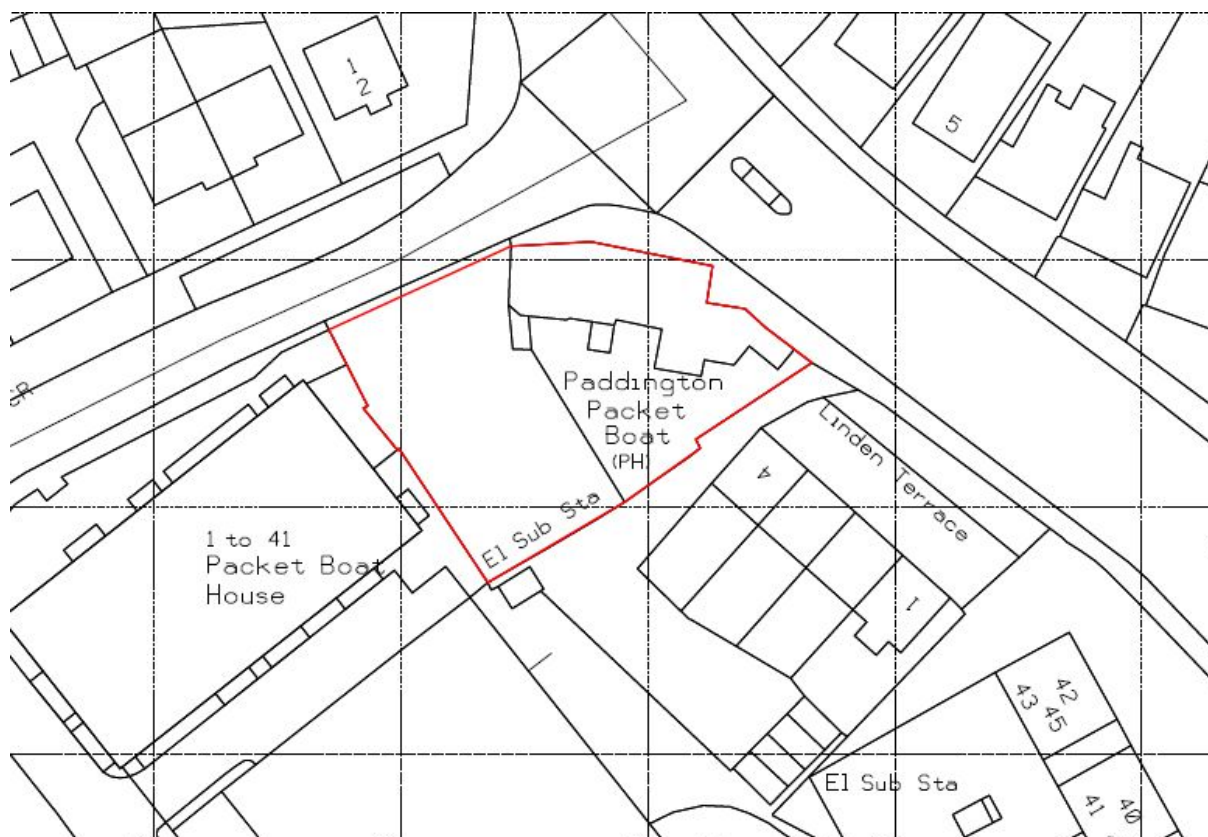
Yours faithfully,



**James Brown BSc (Hons) MRICS**  
RICS Registered Valuer

Director

# APPENDIX 1



# APPENDIX 2





---

## Appeal Decision

Inquiry Held on 26-29 May, 1 June and 18-22 October 2021

Site visit made on 4 June 2021

**by Claire Searson MSc PGDip BSc (Hons) MRTPI IHBC**

**an Inspector appointed by the Secretary of State**

**Decision date: 15 December 2021**

---

### **Appeal Ref: APP/V5570/W//21/3267951 87 Sunnyside Road, London N19 3SL**

- The appeal is made under section 78 of the Town and Country Planning Act 1990 against a refusal to grant planning permission.
  - The appeal is made by Sunnyside Road Land Ltd against the decision of London Borough of Islington.
  - The application Ref P2020/2232/FUL, dated 1 September 2020, was refused by notice dated 25 November 2020.
  - The development proposed is the restoration of the locally listed Coach House Building and change of use to Use Class E (commercial, business and service) providing 135sqm of floorspace, clearance of wider site and construction of 2no. residential apartment blocks (4 storeys and 3 storeys high) providing a total of 19no. residential units (comprising of 7no. 1bedroom flats, 8no. 2bedroom flats and 4no. 3bedroom flats), with associated cycle parking, landscaping and private amenity space.
- 

### **Decision**

1. The appeal is allowed and planning permission is granted for the restoration of the locally listed Coach House Building and change of use to Use Class E (commercial, business and service), providing 135sqm of floorspace, clearance of wider site and construction of 2no. residential apartment blocks (4 storeys and 3 storeys high) providing a total of 19no. residential units (comprising of 7no. 1bedroom flats, 8no. 2bedroom flats and 4no. 3bedroom flats), with associated cycle parking, landscaping and private amenity space at 87 Sunnyside Road, London N19 3SL in accordance with the terms of the application, Ref P2020/2232/FUL, dated 1 September 2020, subject to the attached schedule of conditions.

### **Procedural Matters**

2. The Inquiry was initially held in May and June 2021, and then adjourned to October 2021. It formally closed on 10 November 2021 following the submission of closing statements in writing. During the interim, updates were provided in respect of the viability evidence and housing land supply position. I have had regard to the revised evidence in my determination.
3. The Government published its revised National Planning Policy Framework (the Framework) on 20 July 2021. Parties were given the opportunity to comment on any relevant implications for the appeal and I have taken account of these.
4. A planning obligation was submitted in draft form, discussed at the Inquiry and subsequently redrafted and finalised as a unilateral undertaking (UU) with written input from both parties. I have had regard to it.

5. The Council's reasons for refusal included matters relating to energy performance and a lack of a planning obligation in respect of highways matters, employment and training, carbon offsetting and a travel plan. Parties resolved these matters in light of the UU and the proposed conditions, and as such reason for refusal 4 was uncontested.

### **Main Issues**

6. The main issues are:
- i) The effect on the character and appearance of the area including the effect on designated and non-designated heritage assets.
  - ii) Whether the development would provide appropriate levels of affordable housing in accordance with local policy.

### **Reasons**

#### ***Planning Policy Context***

7. The development plan comprises the London Plan 2021 (LP), the Islington Core Strategy 2011 (ICS) and the Islington Development Management Policies 2013 (IDMP). Policies in the LP supersede those cited in the Council's decision notice, which was issued prior to its adoption in March 2021.
8. The Islington Draft Local Plan examination took place between 13 September-1 October 2021 and the Inspector's report is currently awaited. Considering the extent of unresolved objections and ahead of the report and any modifications, parties agreed that moderate weight is attached to its policies at this stage.<sup>1</sup> I agree, however, neither party relied on any specific policies in support of their respective cases.

#### ***Site and Area Description***

9. The site is around 0.15 hectares and comprises a workshop, storage building, forecourt (including canopy) of a former petrol station; a part single, part 2-storey recording studio; and a former Coach House with attached rear workshop building. The site is partially used as a hand car wash and for storage. Some of the buildings are unused, derelict and in a dilapidated condition. The recording studio was one such building, however following my site visit it has been let. Mature trees are located to the north-western boundary of the site, and just outside of the site with overhanging canopies.
10. The site is located to the western side of Sunnyside Road towards the junction with Hornsey Lane. The area is hilly and Sunnyside Road slopes down from Hornsey Lane towards the south. To the northern boundary of the site is 148 Hornsey Lane, a modern 3 storey property. To the west are semi-detached 4-storey Victorian Villas and a modern 3-storey development which back onto the site from Hazellville Road. Redwood Court, a 10-storey tower block is located to the south. To the east, is 'The New Orleans Estate' which is a relatively large area of 4-8 storey flatted accommodation blocks. The wider area is largely residential in character, with a combination of historic terraced properties, 20<sup>th</sup> century tower blocks and mansion blocks.
11. The site is within the Whitehall Park Conservation Area (CA). The Coach House within the site is 'locally listed' and a building of merit in the CA.

---

<sup>1</sup> As agreed in INQ26

### ***Proposals***

12. The application seeks to restore the Coach House and change its use to Class E (commercial, business and service), demolishing the rear workshop area. The remainder of the site would be cleared for the erection of 2 apartment blocks, one to the rear of the Coach House, which would be 3-storey in height (Block C), and a 4-storey block fronting Sunnyside Lane (Block A).
13. A total of 19 market dwellings would be created, and the remainder of the site would be landscaped to provide amenity space for the future residents. The development would be car-free. Secure cycle storage would be provided within the site and the mature trees would be retained.

### ***Character and Appearance***

14. The works to the Coach House and Block C are not disputed by the Council and thus I do not consider these in any detail. The removal of the former petrol station and its associated visual clutter is an enhancement to the character and appearance of the CA.
15. The issue in contention relates to Block A. Disputed matters related to its layout and grain, bulk, scale and massing, height, articulation, vertical/horizontal emphasis, materials, orientation, locality and its effect upon the setting of the Coach House and the CA<sup>2</sup>.

### ***Significance of the CA and Coach House***

16. Historically, the area contained detached mansions, high status semi-detached and terraced properties, along with largescale workhouse blocks, an asylum and an orphanage, typically dating from the Victorian period. The site is in the grounds of the former Huntingdon House, to which the existing Coach House served.
17. Today, the CA is characterised by residential buildings typifying various phases of development 'boom' periods, including Victorian 3/4/5+ storey terraced properties, pre and inter-war apartment blocks (including Manchester Mansions 1924 and Hornsey Lane Estate 1938/39). The area was also developed in the post war period, including the New Orleans Estate and Redwood Court.
18. While these 20<sup>th</sup> Century developments replaced some of the Victorian stock, as well as the workhouse, orphanage and asylum, they are representative of periods of great social change. In particular, the earlier Manchester Mansions and Hornsey Lane Estate are positive examples of the architectural and historic evolution of the CA. There are also other examples of modern 21<sup>st</sup> Century developments which, while adding to the architectural tapestry, are neutral in terms of the significance of the CA. It is a matter of common ground that Redwood Court does not make a positive contribution to the CA.
19. The Coach House is constructed from buff London stock brick with a clay tile roof, scalloped barge boards, central lantern, pilasters, carved keystones and curved windows. Its ornate detailing is indicative of the high status of Huntingdon House. It is in poor condition and contains unsympathetic alterations such as the modern steel door and roller shutter. However, it

---

<sup>2</sup> As set out in 'Design and Heritage; Summary of Round Table Issues'

retains significance and is correctly identified as a locally listed building, making a positive contribution to the character of the CA.

*Bulk, scale, massing & height*

20. Block A would be the largest unit, at around 18m along the street frontage, around 15m deep and 4-storeys in height with a flat roof. The 4-storey height would be wholly compatible with the heights of buildings in the immediate locality of the site, particularly when factoring in the topography.
21. A set-back of the upper floors, as a common design technique to soften and reduce bulk and massing would not be required. On the contrary, this could result in a confused design on what would be a relatively modest building in its wider context.
22. Similarly, the width and form of the building would also be entirely compatible in its context given the widths of the historic villas and the 20<sup>th</sup> Century developments in the vicinity.
23. Rather than being a rectangular design, the development would include a chamfered corner to its principal façade. This would give a sense of space to the Coach House and would allow for greater views of it to be taken when looking south down Sunnyside Road. Further detailed design elements, as discussed below, also ensure that visually Block A would not be read as monolithic and wide. I am thus satisfied that the development would not be perceived as overly bulky or dominant in its scale, massing or height.

*Articulation and Vertical/Horizontal Emphasis*

24. Design features of Block A would include recessed balconies, floor to ceiling windows within inset reveals headed by deep rusticated textured red brick detailing, slim concrete horizontal banding, and thick vertical brick piers.
25. Taken together, these inflections would work in harmony and achieve architectural and visual interest, but in a simple and unassuming form. Rather than the string courses giving an overly horizontal emphasis, the proportioning of the vertical and horizontal elements would balance each other out. The vertical elements ensure that the width of the building is not exaggerated and would also have the effect of reducing any perception of bulkiness.
26. There would be a general repetitiveness in the design, but this reflects the symmetry and repetition experienced in most of the historic Victorian Villas, as well as the 20<sup>th</sup> century blocks and thus would be compatible with the character of the CA. The main façade also would have variety and interest in the projecting porch and chamfer.
27. Balconies and associated balustrading would give the building a distinct domestic residential character and the development would thus not appear to be institutional in its appearance.

*Materials*

28. Block A would be constructed entirely of red brick, with some concrete in the string bands and porch. The Coach House is constructed from yellow London 'stock' brick and Block C would reflect this.

29. The immediate locality contains a wide palette of materials including stock brick to No 148 Hornsea Lane, dark brown brick in Redwood Court, and light brown bricks to the New Orleans Estate. Nos 71-77 are in red brick, along with Manchester Mansions. Properties along Hazellville Road are predominantly stock brick, with some rendering and red brick buildings. This variety is characteristic in the wider CA.
30. Given this richness and diversity in materials, I find the use of red brick to be acceptable in Block A. Moreover, I am mindful that the bricks could be subject to a condition to ensure that the final type of brick and its precise red colouration would be acceptable in this context.
31. Furthermore, and in spite of the Statement of Common Ground (SOCG) that the works to the Coach House are acceptable, the Council belatedly expressed concern regarding the use of concrete to replace missing parts of historic fabric i.e. the ground floor frontage in replacement of the shutters. However, this would be a relatively simple treatment which would undoubtedly improve the appearance of the building from its current form. I consider it to be an appropriate response which would give a clue as to the evolution of the building, while also preserving it.
32. The works would not represent a restoration of the Coach House, however, there was limited evidence before the Inquiry as to what a restoration would be based on, as I saw no evidence of what the Coach House originally looked like. Any such 'restoration' would thus be speculative which gives weight in favour of a simpler treatment.
33. I do, however, consider that in light of the locally listed status of the Coach House, and based on the level of submitted detail, a condition specifying a detailed schedule of works would be necessary to ensure that an appropriate balance is struck in repairing existing historic fabric, and the new works involved. This would also include external materials.

#### *Layout and Grain*

34. The proposed set back from the highway would be around 6-7 metres which reflects the setback of Redwood Court and 148 Hornsea Lane, albeit these buildings present flank elevations to Sunnyside Lane.
35. The Council consider that the set-back should respond to the Victorian and Edwardian Villas in the vicinity of the site. Nos 71-77 as 2 pairs of semi-detached buildings do appear to sit slightly further back. However, Sunnyside Road has a varied building line, and to take the building line from Villas located away from the site would be illogical.
36. Instead as the site is located between No 148 and Redwood Court, the positioning of Block A would effectively harmonise their variances in building line and would be an appropriate response. As already referenced, the chamfered corner of the building would also give a sense of space to the Coach House and in combination with the recessed balconies, Block A would not present a hardened line to the street scene.

### *Orientation*

37. Block A would have a clear and distinguishable principal façade, fronting Sunnyside Road. This is aided, in part, by the rhythm of the horizontal and vertical design elements and the porch.
38. The side elevation facing the Coach House would contain deep balconied recesses above ground level. However, these would be a recessive feature, giving no primacy to that elevation over the main front façade and providing visual interest. These would also assist in reducing any lingering concerns relating to the width and massing of Block A. The large inset balconied areas would visually give more space to the Coach House, allowing appreciation of its form and cupola, rather than detracting from or competing with it.

### *Locality*

39. Mature trees contribute positively to the character of the CA and are particularly prominent along Sunnyside Road. Trees within and surrounding the site would be protected by the proposed development and the verdant character preserved.
40. The retention of these, along with the scale, positioning and design detailing of the new development would preserve a sense of the scale of the former Huntingdon House and give visual clues to the former context of the Coach house, which has long since been eroded.
41. The development would strike an appropriate balance of a suitable use of the site, while retaining a moderate sense of spaciousness akin to what it once would have been. Soft landscaping proposals to the frontages of Block A and the Coach House would also contribute to that character. It would certainly be a marked improvement to the current arrangement of buildings at the site.

### *Overall effect on setting of the Coach House and the CA*

42. Today, there can be no doubt that the Coach House is a historic relic in an area which has been subjected to much change. It has been badly affected by inappropriate alterations and is currently somewhat lost in a sea of clutter and poor-quality buildings.
43. Its presence in the street scene is poor and while it warrants protection as a locally listed building and is a positive aspect of the CA, development at the site presents a significant opportunity for its enhancement, and an overall enhancement of the character and appearance of the CA.
44. In light of my findings set out above, the scale and siting of Block A are appropriate to the Coach House and rather than diminishing its significance further, there would be enhancement and opportunity for greater views and experienced appreciation.
45. The Council referred to a connection of the Coach House with No 148 Hornsea Lane which occupies the plot of the former Huntingdon House, and the importance of a visual connection with it. However, that relationship has long been severed and there is no spatial or visual connection. Creating a relationship with No 148 would be entirely contrived. Moreover, as a relic, any new development at the site would also always be unconnected to the Coach House and it would be difficult to replicate otherwise.



46. Instead, the detailed design elements of Block A would represent a sensitive and appropriate response and would give the Coach House visual space, something it is not currently afforded and an opportunity to sensitively repair the locally listed building.
47. Concern was raised by the Council and the Islington Society regarding the lack of consideration of the scheme by the Design Review Panel, who have been proactively involved in previous iterations of the scheme. This is something encouraged by paragraph 133 of the Framework. From what I have seen and heard, efforts have been made to address the concerns and comments made by the Panel and incorporated into the final scheme. While this lack of involvement at the latter design stage is regrettable, I do not consider that this would count against the scheme.
48. Overall, the scheme represents high quality design and it would be wholly appropriate in its immediate setting and wider context. The proposal would enhance the setting of the Coach House and the character and appearance of the CA. This would be in accordance with ICS Policies CS8 and CS9 and IDMP Policies 2.1 and 2.3. Together these require enhancement of local character, good design and the protection of the historic environment and heritage assets.
49. The development would also meet LP Policies GG2, D4, and HC1 which seek to make the best use of land, deliver good design and protect and conserve heritage assets. There would also be no conflict with the Conservation Area Design Guidelines (2002) and the Islington Urban Design Guide (2017). Finally, there would be no conflict with the Framework which has recently bolstered its emphasis on design and beauty as a key aspect of sustainable development.

### ***Affordable Housing***

#### *Policy Basis*

50. Within the ICS, affordability is identified as being a major issue and there is a significant need in the Borough. Policy CS12 requires 50% affordable housing. Specifically, Part G of the policy seeks the maximum reasonable amount of affordable housing, subject to a financial viability assessment. IDMP Policy 9.2 relates to the use of planning obligations to deliver sustainable development. Affordable housing is typically secured via such means.
51. The LP sets out a strategic target of 50% affordable housing across London (Policy H4) and a threshold approach to that delivery (Policy H5), which also includes viability assessments to ascertain the maximum level of affordable housing deliverable on a scheme. This should be undertaken in a transparent way in line with the Mayor's Affordable Housing and Viability SPG (2017). Viability tested schemes will also be subject to early and late-stage viability reviews within a set time. Policies H6 and H7 also relate to tenure and monitoring of affordable housing.
52. The Framework seeks to boost significantly the supply of homes, including affordable housing. Paragraph 58 requires applicants to demonstrate viability and that it is a matter for the decision maker, having regard to all circumstances of the case. All such assessments should reflect the recommended approach in national guidance, and Planning Practice Guidance

(PPG) provides clear and detailed guidance on standardised inputs to give transparency to the process.

53. Accordingly, there is a clear policy consensus in the Borough, and indeed across London and nationally, for the provision of affordable housing, but allowances can be made for lesser provision where a clear case of viability can be made.

### *Background*

54. Nil provision of affordable housing is proposed as part of the scheme, due to viability. Accordingly, the UU makes no provision for affordable housing, however it does set out review clauses. The Council held that, based on their own viability calculations, 4 shared ownership units (which would amount to around a 21% level) would be possible and meet the policy tests, despite not reaching the full specified 50% target.
55. A great number of documents and evidence was submitted as part of the original application as well as to the Inquiry on this issue. Further updated inputs and changes to the assessments were also made because of the adjournment and were presented following resumption, with the positions of the respective parties evolving during the Inquiry.
56. In some ways, this assisted my understanding and parties reached agreement on several areas<sup>3</sup>. However, on outstanding disputed matters, this has made what should be a relatively transparent process more difficult and convoluted, with sums, and assumptions underpinning them, contained across numerous reports, proofs, rebuttals, and inquiry documents.
57. As demonstrated in the updated SOCG<sup>4</sup> differences in Benchmark Land Value (BLV), development value and other cost assumptions (such as professional fees and marketing) plus differences in residual profit percentages resulted in a purported shortfall by the appellant, and a surplus by the Council.
58. These represent the extrapolated figures to which I have based my assessment on. To assist, scenarios were also provided, at my request, by way of testing the differences between parties on the Coach House BLV, 'Rest of Site' BLV and profit differences.<sup>5</sup> I shall deal with each matter in turn.

### *Benchmark Land Value*

59. As set out by PPG, BLV should be based on the existing use value (EUV) of land, plus a premium for the landowner. This approach is often called 'existing use value plus' (EUV+).<sup>6</sup> EUV is not the price paid for land or hope value.
60. PPG also notes that alternative use value (AUV), which refers to the value of land for uses other than its existing use can be informative in establishing BLV, but it should be limited to uses which would fully comply with development plan policy (and evidenced as such). Evidence might include, if it can be demonstrated that the alternative use can be implemented, a market demand and if there is an explanation of why an alternative use has not been pursued. Where it is assumed that an existing use will be refurbished or redeveloped this

---

<sup>3</sup> INQ22, p2 sets out areas of agreement in detail.

<sup>4</sup> INQ22

<sup>5</sup> INQ25

<sup>6</sup> Paragraph: 013 Reference ID: 10-013-20190509

will be considered as an AUV when establishing BLV. Valuations based on AUV includes the premium to the landowner and thus cannot be double counted.<sup>7</sup> The SPG also sets out that detailed proposals need to be provided to support AUV and states that sites should have a realistic prospect of achieving planning permission if consent is not granted.

61. The Council has used the EUV in its calculation, and even taking into consideration new leases granted during the period of adjournment of the Inquiry, considers the value to be low or nil for many of the site components. This is due to the dilapidated state of the buildings (for example, the building to the rear of the Coach House) and results in a net BLV of £562,208.
62. The Appellant adopted an EUV approach as part of the original application, with a valuation of around £1,100,000.<sup>8</sup> Mr Brown, for the appellant, sought to make the assessment in several different ways, including AUV, and ultimately concluding on a revised BLV of £1,000,000.
63. The difference between parties is thus around £437,792 with differences in calculations in terms of the BLV of the Coach House and from the rest of the site.
64. As part of the appellant's various assessments, other evidence was applied, including a viability report for the draft local plan in 2018 which gives an EUV at £726,960<sup>9</sup> for site 24 (agreed to be the appeal site) albeit based on a fully cleared site. The study also concludes that 50% affordable housing could be achieved. A Viability Topic Paper Update 2021<sup>10</sup> identifies a mixed used site 'N' in the same postcode and applies the value per square meterage to the appeal site, deriving a value of £1.37million. Guidance from GLA in 2016 has also been applied also giving a BLV of around £1.075million, albeit it is recognised that this data is of some age.
65. BLV is clearly a matter of judgement based on evidence. The site is made up of several differing components and it is the somewhat mechanistic treatments of these in the base calculations which has led, in part, to the disagreement between parties. This has resulted in a particularly forensic approach with protracted arguments at every corner.
66. On the one hand, the Council refer to the unacceptability of the existing uses in a residential area, as supported by various documents of the appellant<sup>11</sup> yet it then does not appear to support the principle of using AUV to establish BLV at the site.
67. In terms of EUV, new leases and the increases in rent also demonstrate the demand and rental incomes for the elements of the site. These have increased even above the assumptions from the appellant's original case. The sustainability of those increases is questioned by the Council but there is limited evidence to support these claims; these are newly signed leases which reflect the current market. Energy Performance Certification (ECP) may have

---

<sup>7</sup> Paragraph: 017 Reference ID: 10-017-20190509

<sup>8</sup> CD1.22.1 Montague Evens Report March 2020

<sup>9</sup> CD9.13 London Borough of Islington: Draft local Plan Viability Study, BNP Paribas December 2018

<sup>10</sup> CD9.12

<sup>11</sup> Including CD1.15 (Marketing letter by Hartnell Taylor Cook) CD1.16 (Savills Market Demand Analysis) and CD1.25 (Planning Statement).

an input in the future, but the evidence suggests that costs would not be prohibitive to secure an upgraded rating to allow for future letting.<sup>12</sup>

68. In my view the Council have adopted an overly stringent view on the evidence base requirements of AUV. It is true that no other planning permission exists at the site, but that is not a policy requirement, nor does the PPG or SPG specifically require that. Extant B2, B8 and *sui generis* uses exist which the appellant has utilised to justify their BLV. The Council have also dialled back from their position in the Officer Report that the Coach House is Class E when it could reasonably be such a use. Thus, I consider that the AUV approach adopted by the appellant to this element to be appropriate.
69. Moreover, the valuations derived from the topic paper update and GLA are more tenuous as these relate to typologies and broad assumptions rather than making full site-specific assessments. That said, they do establish that there would be a general trend for a higher BLV than the Council's figure.
70. The Council's nil value of some elements of the site is also unusual, even when accounting for the poor condition of the site. The site would require remediation, given its uses and condition, but even the Council's own evidence for the Local Plan sets a higher valuation for a cleared site that would include remediation costs.
71. Overall, therefore, I am satisfied that the appellant's BLV of £1,000,000 is appropriate.

#### *Development Value*

72. The remaining difference between parties in respect of the net development value at the site (for both residential and commercial elements) is around £500,000. Build costs were agreed by the parties in light of the well documented increases in materials and labour costs. There were, however, several other differences between parties relating to other cost assumptions.
73. The biggest area relates to residential sales and the sum of £19,000 for legal fees which the Council does not account for. At £1000 per unit, I do not consider this to be an unreasonable sum, and I note that the Council's professional witness has allowed for such fees in other schemes.
74. However, in respect of commercial fees no detailed evidence has been put before me to justify the 3% fee plus legals. The Council's 1.5% suggestion would equate to around £10,000, and given that the commercial element is small-scale, this would be a sensible figure. I also agree with the Council that the gross internal area to net lettable area should be 100%, rather than the 85% claimed by the appellant due to circulation spaces. This is, however, a relatively minor point.
75. Sales values for flats have decreased in London, due to the pandemic and the trend to relocate to houses with gardens and rural areas. How long this position will last was debated, considering that there is likely to be an upward trend again in the future. However, the appellants figures are based on up-to-date evidence, even if there is a lag period in the data. I admire the Council's cautious optimism but given that the pandemic appears to be ongoing, there is considerable uncertainty around this.

---

<sup>12</sup> INQ19, Appendix 2.

76. Professional fees were also different with the appellant applying 5.5% and the Council 3.5%. The Council's position on this changed from 7.5% as part of their original viability assessments due to allowances being included as part of other calculations. The appellant's allowance was also originally 7.5% but has been revised downwards by a way of trying to reach common ground. I consider the appellant's position to be reasonable given that the types of fee incurred are likely to be greater<sup>13</sup>.

#### *Overall Residual Profit*

77. Using the Council's figures, the overall residual profit would be £2,293,791 which, on applying a 17% private residential gross development value (GDV) and 15% GDV on commercial, would result in a surplus of £500,493. The appellant's calculations would be £977,908 residual profit, and in applying an 18% allowance on overall GDV and/or 20% on costs, this would result in a shortfall of £834,403. This represents some £1.3 million difference between parties.

78. Profit target values supported by both parties fall within the advice of the PPG which specifies 15-20%. In general, 18-20% margin is standard. The Council's figures, which given the current risk factors around the economy, do seem to be overly low.

79. However, in some respects, this line of dispute takes me nowhere because taking the appellant's position, the development would only achieve a 10% profit margin which is below both parties identified profit levels. Taking the appellant's profit margin and applying that to the figures of the Council would, however, still generate less of a surplus.

80. I am, however, mindful that it is somewhat inconsistent for the appellant to argue for a higher profit rate based on risk, yet at the same time putting forward a scheme which would achieve only a 10% return. Indeed, based on this low profit margin, the Council raised broad concerns over the overall deliverability of the site, particularly given that the purchase price for the site in 2019 was over £2,000,000. For the avoidance of any doubt, that payment has never been factored into the viability calculations, in accordance with the PPG. I shall return later to the deliverability argument presented by the Council.

#### *Conclusions*

81. Drawing everything together, I have found in support of the appellant's BLV, but there is more of a 'mixed bag' in terms of my findings on development values, albeit this wouldn't make a great difference to the net outputs in any case. The appellant's profitability target is also preferred, although I recognise that this would not be reached based upon their figures.

82. Based on my findings I am thus satisfied that the site cannot viably sustain any affordable housing, which is largely because the BLV is £1,000,000 and the Council's profit targets are overly low.

83. In reaching my conclusions, I am also mindful that the scenarios presented<sup>14</sup> show a limited surplus for the Council, particularly scenario's B and D, which

---

<sup>13</sup> As evidenced by Mr Brown's original proof of evidence.

<sup>14</sup> INQ25.

utilise the appellant's profit margin, but differing BLV's for the Coach House and rest of site. If these were realised, the case for affordable housing would be marginal, and limited to one or possibly 2 units. Moreover, the mid-point between the respective viability positions would still generate a nil affordable housing contribution.

84. In any case, as viability is not an exact science, there is a review mechanism built into the UU which, after protracted discussions now follows the SPG, and should offer some comfort should viability improve at the site, or if any of my findings in favour of the appellant's case do not come to fruition.
85. I accept that a finding of no affordable housing for a site in London is somewhat unusual, particularly in Islington where affordable housing need is acute. This is somewhat regrettable. However, my conclusions are that the site would not be viable were it to provide affordable housing at this time. To that end, and given the viability review mechanisms contained within policy, there is no conflict with ICS Policy CS12 and LP Policies H4 and H5. The review mechanisms contained within the UU are also compliant with LP Policy H7 and the SPG.
86. Finally, in respect of deliverability, some profit would be generated, albeit not to usual levels and I note that the price paid for the site was high. However, this is a scheme that the appellant has expended considerable resources defending and questions over deliverability would not justify refusal of the scheme which is compliant with the development plan.

### **Planning Obligation**

87. The UU commits to providing contributions towards accessible transport, carbon offsetting and employment and training. A green performance plan, car free dwellings and, as previously discussed, affordable housing early and late stage review are also incorporated, including monitoring clauses. The drafting of the UU involved several iterations. I am satisfied that the engrossed version deals with the Council's outstanding concerns.<sup>15</sup>
88. I consider all the obligations would be necessary to make the development acceptable, directly related and fairly and reasonably related in scale and kind. They comply with Regulation 122 of the Community Infrastructure Regulations 2010 (as amended) and paragraph 57 of the Framework.

### **Conditions**

89. A list of planning conditions was drawn up by the main parties, discussed at the Inquiry and subsequently amended<sup>16</sup>. My consideration has taken account of paragraph 56 of the Framework and advice in the PPG. The conditions which are pre-commencement are necessary due to their nature i.e. for dealing with contamination. The appellant has confirmed their agreement to the imposition of these.
90. In addition to the conditions, I have referred to above, I have imposed the plans condition for certainty. A condition restricting occupancy of the dwellings before the works to the Coach House are completed is necessary to secure the restoration of the locally listed building. I have taken this from INQ21, rather

---

<sup>15</sup> As set out in INQ28, and INQ30-32.

<sup>16</sup> See INQ21 and INQ27.



than the later set of conditions in INQ27. This is because the later draft changes this to restricting occupation of the Coach House itself, rather than the development and would not secure its repair before completion of the residential units. The repair of the Coach House is a fundamental part of the development and securing this is essential.

91. A condition is necessary for drainage, including an updated appraisal, to prevent surface water flood risk and for sustainable water management. Conditions relating to green roofs and bird and bat boxes are also necessary for biodiversity. Protection of existing trees during construction is also necessary to preserve the character of the CA along with a condition securing the implementation of landscaping with approved details and maintenance.
92. The site's current use means that contamination investigation and remediation will certainly be necessary, and the pre-commencement condition will ensure this is undertaken correctly.
93. Conditions securing the implementation of cycle parking and refuse storage are necessary for accessibility and local amenity. Details of external plant noise are also required to protect nearby residents, as is a condition for external lighting.
94. The construction period would inevitably cause some disturbance and inconvenience to those living and working in the area, as well as road users. A condition requiring a management plan for demolition, construction and the environment is therefore necessary.
95. Removal of permitted development rights for the office use is reasonable and necessary to enable the Council to assess the impacts of any future loss of office floorspace, as well as amenity issues. The protection of neighbouring amenity through restriction of the use of roofs and gardens is also appropriate. Secured by design details and compliance is necessary in the interests of safety and security in the urban environment.
96. Conditions relating to energy efficiency, communal heating and district heating network are imposed. These are necessary to ensure sustainability and compliance with IDMP Policies DM7.1, DM7.2, DM7.3 and DM7.5 which set energy and environmental standards. Duplication from the planning obligation and conditions has been removed by deleting references from the UU.
97. Finally, a Grampian condition for highways works and the submission of a Travel Plan would be necessary for highway safety and sustainable travel. Again, the latter was removed from the UU as it is better dealt with by condition.

## **Conclusion**

98. I have found no harm to the character and appearance of the area, including the Coach House as a non-designated heritage asset and the CA. I have also found nil provision of affordable housing to be justified. The development is thus in accordance with the development plan.
99. For the reasons given above, and having regard to all matters raised, I conclude that the appeal should be allowed.

*C Searson*  
INSPECTOR

## **ANNEX 1: APPEARANCES**

### **FOR THE LOCAL PLANNING AUTHORITY:**

Stephen Morgan of Counsel	Instructed by Peter Fehler, Acting Director of Law & Governance, London Borough of Islington
He called:	
Jonathan Gibb MRTPI	Planning Policy Team Leader
Frances Madders	Principle Urban Designer
BSc(Hons), BArch, MSc	
Andrew Jones BSc MRICS	Director, BPS Chartered Surveyors
Roger Peters	Senior Quantity Surveyor, Geoffrey Barnett Associates
	Viability Officer
Gareth Reeves MPLAN, Licentiate Member of the RTPI	
Simon Roberts	Principal Planning and Development Officer – Major Applications
MA(Hons), Licentiate Member of the RTPI	
Penelope Parkinson	Principal Planning & Development Lawyer, London Borough of Islington
	Energy Conservation Officer, London Borough of Islington
Steven Henn	

### **FOR THE APPELLANT:**

Sasha White QC aided by Anjoli Foster	Instructed by Sunnyside Road Land Ltd
They called:	
Alun Evans BA (Hons) MRTPI	Director, ROK Planning
Kenneth Brown MRTPI	Managing Director, Townscape Solutions Ltd
BSc (Hons) MA	
Steven Handforth BA (Hons), MSc	Divisional Partner, Bidwells
James R Brown BSc (Hons) MRICS	Director, James R Brown & Company Ltd
Marcus Claridge BA (Hons) RIBA ARB	Director, Claridge Architects
Robin Church	Solicitor

### **INTERESTED PERSONS:**

Emma Smith	Islington Society
Oliver Rivers	Local Resident

## **ANNEX 2: INQUIRY DOCUMENTS**

- INQ1: Appellant's Opening Statement
- INQ2: Council's Opening Statement
- INQ3: Written Transcript – Emma Smith (Islington Society)
- INQ4: Note on Viability and Affordable Housing – James Brown 25 May 2021
- INQ5: Comparative Viability Positions Table
- INQ6: Response by Roger Peters to James Brown's Viability Note – 28 May 2021
- INQ7: Final Draft S106 Agreement
- INQ8: Council's draft text for schedule 9 of the s106 agreement, accompanying explanatory note + appendix
- INQ9: Note 2 on Build Costs/Residential Values – James Brown 1 June 2021
- INQ10: Site Visit Itinerary
- INQ11: Roger Peters Update Statement – 30 September 2021
- INQ12: Andrew Jones Response to Factual Information Update and Initial Comment (undated)
- INQ13: Islington Housing Land Supply Update
- INQ14: Islington NPPF 2021 Update
- INQ15: Viability and Affordable Housing Updated Proof James Brown - 1 October 2021
- INQ16: Updated Planning Proof of evidence Alun Evans – 1 October 2021
- INQ17: Andrew Jones Response to James Brown further Proof 1 October 2021 (undated)
- INQ18: Statement of Common ground & Issues in relation to Financial Viability Matters – 13 October 2021
- INQ19: Viability and Affordable Housing Final Notes James Brown – 15 October 2021
- INQ20: Summary of Remaining Issues as at 18 October 2021 (& SOCG)
- INQ21: Updated Schedule of Suggested Conditions – 1 October 2021
- INQ22: Updated Statement of Common Ground & Issues in relation to Financial Viability Matters – 19 October 2021
- INQ23: Updated SoCG & Viability Sensitivity Tests Note by James Brown – 20 October 2021
- INQ24: Andrew Jones Response to James Brown note of 20 October
- INQ25: Agreed reconciliation of Sensitivity Test Descriptions and Figures – 21 October 2021
- INQ26: Agreed Benefits/weighting table – Alun Evans and Simon Roberts – 22 October 2021
- INQ27: Schedule of suggested Conditions – updated 27 October 2021
- INQ28: Unilateral Undertaking and Revised Draft Conditions Explanatory Note – ROK Planning November 2021
- INQ29: Energy Policies (DM7.1-7.5) from Islington Development Management Policies (2013)
- INQ30: Council's Closings Submissions 5 November 2021 (plus annex)
- INQ31: Council's comments on the draft Unilateral Undertaking (29/10/21) and on INQ28
- INQ32: Appellant's tracked changes/comments to INQ31.
- INQ33: Completed Unilateral Undertaking 10 November 2021
- INQ34: Appellant's Closing Submissions 10 November 2021

### **ANNEX 3: SCHEDULE OF CONDITIONS**

- 1) The development hereby permitted shall begin not later than 3 years from the date of this decision.
- 2) The development hereby permitted shall be carried out in accordance with the following approved plans:  
19009-CAL-DE.00 - Demolition Ground Floor Plan;  
19009-CAL-DE.01 - Demolition 1st Floor Plan;  
19009-CAL-EX.00 - Existing Ground Floor Plan;  
19009-CAL-EX.01 - Existing 1st Floor Plan;  
19009-CAL-EX.02 - Sunnyside Road Existing Elevation;  
19009-CAL-EX.03 - Coach House Existing Elevations;  
19009-CAL-GA.00 - Ground Floor Plan;  
19009-CAL-GA.01 - 1st Floor Plan;  
19009-CAL-GA.02 - 2nd Floor Plan;  
19009-CAL-GA.03 - 3rd Floor Plan;  
19009-CAL-GA.04 - Roof Plan; 19009-CAL-GE.01 - Sunnyside Road Street Elevations 1;  
19009-CAL-GE.02 - Sunnyside Road Building Elevations 1;  
19009-CAL-GE.03 - Sunnyside Road Building Elevations 2;  
19009-CAL-GE.04 - Rear Apartment Building Elevations;  
19009-CAL-GE.05 - Coach House Proposed Elevations;  
19009-CAL-GS.01 - Site Section A; 19009-CAL-GS.02 - Site Section B;  
19009-CALS.00 - Location Plan;  
19009-CAL-S.01 - Existing Site Plan;  
19009-CAL-S.02 - Proposed Site Plan;  
D0401\_001\_E - Hardworks Ground Floor;  
D0401\_002\_C - Softworks Ground Floor; and Accommodation Schedule dated 27.07.2020  
Sunnyside Road\_VIEW 1\_300720 2;  
Sunnyside Road\_VIEW 2\_300720 2;  
Sunnyside Road\_VIEW 3\_300720 2.
- 3) Details and samples of all facing materials including samples shall be submitted to and approved in writing by the local planning authority prior to any works commencing on site.  
The details and samples shall include:
  - a) brickwork, bond and mortar courses for all facing bricks (sample panels to be provided on site showing plain facing brick, rusticated brick lintels and concrete string courses;
  - b) windows and doors;
  - c) roofing materials,
  - d) balcony balustrading; and
  - e) any other materials to be used on the exterior of the development.A Green Procurement Plan for sourcing the materials here by approved shall be submitted to and approved in writing by the Local Planning Authority prior to installation of the materials.  
The development shall be carried out strictly in accordance with the details and samples so approved, shall be maintained as such thereafter and no change therefrom shall take place without the prior written consent of the local planning authority.
- 4) Prior to the commencement of works to the Coach House, a schedule of works including the detailed repair and restoration of the heritage asset

shall first be submitted to and approved in writing by the local planning authority. The development shall be carried out in accordance with the approved schedule.

- 5) No occupation of the permitted new dwellings shall take place before written notification of the completion of the works to the Coach House approved under condition 4 has been provided to the local planning authority with such notification providing not less than 14 days' notice prior to the occupation.
- 6) No development shall take place unless and until details of an updated drainage strategy (in accordance with principles established in the Drainage Strategy & SUDS Appraisal prepared by Syntegra dated July 2020), inclusive of detailed implementation, maintenance and management plan, has been submitted to and approved in writing by the local planning authority.  
The updated details shall be based on an assessment of the potential for disposing of surface water by means of appropriate sustainable drainage systems and be designed to minimise flood risk and maximise water quality, amenity and biodiversity benefits in accordance with DM Policy 6.6.

The submitted details shall include:

- a) the scheme's peak runoff rate and storage volume and demonstrate how the scheme will aim to achieve the greenfield runoff rate;
- b) provide information about the design storm period and intensity, and the methods employed to delay and control the surface water discharged from the site, including consideration of blue roof attenuation;
- c) provide information about the measures taken to prevent pollution of the receiving groundwater and/or surface waters;
- d) include a timetable for its implementation; and
- e) provide a management and maintenance plan for the lifetime of the development which shall specify who is responsible for the on-going maintenance of the system and include any other arrangements necessary to secure the operation of the system throughout the lifetime of the development.

No building(s) hereby approved shall be occupied unless and until the approved sustainable drainage scheme for the site has been installed/completed strictly in accordance with the approved details. The scheme shall be implemented and thereafter be managed and maintained in accordance with the approved details.

- 7) Further details (to the Drainage Strategy & SUDS Appraisal prepared by Syntegra dated July 2020) of the biodiversity-based green roof(s) shall be submitted to and approved in writing by the local planning authority prior to any superstructure works commencing on site. Notwithstanding the hereby approved details, green roof(s) shall be installed on all available roof space (excluding the Locally Listed Coach House Building), subject to other planning considerations (for example the provision of solar panels).  
The submitted details shall demonstrate that the green roofs will maximise benefits for biodiversity, sustainable drainage and cooling. The green roof(s) shall be:

- a) biodiversity based with extensive substrate base (varied depth between 80- 150mm); and
- b) planted/seeded with an agreed mix of species within the first planting season following the practical completion of the building works (the seed mix shall be focused on wildflower planting, and shall contain no more than a maximum of 25% sedum).

The biodiversity (green/brown) roof shall not be used as an amenity or sitting out space of any kind whatsoever and shall only be used in the case of essential maintenance or repair, or escape in case of emergency. The biodiversity roof(s) shall be carried out strictly in accordance with the details so approved and shall be maintained as such thereafter.

- 8) Details of bird and bat nesting boxes/bricks shall be submitted to and approved in writing by the local planning authority prior to any superstructure works commencing on site, in accordance with the details included within the Preliminary Ecological Assessment and Bat Emergency Survey (September 2020) submitted at the application stage. The details shall include the number, exact location, specification and design of the nesting boxes/bricks, and include integrated bat boxes and swift bricks. The details shall be based on advice from a suitably qualified ecologist and be in accordance with CIEEM and other relevant best-practice guidance. The nesting boxes/bricks shall be provided strictly in accordance with the details so approved, installed prior to the first occupation of the building to which they form part or the first use of the space in which they are contained and shall be maintained as such thereafter.
- 9) Prior to the commencement of the development hereby approved (including demolition and all preparatory work), a scheme for the protection of the retained trees, in accordance with BS 5837:2012, including a tree protection plan(s) (TPP) and an arboricultural method statement (AMS) shall be submitted to and approved in writing by the local planning authority. This should be in accordance with the Arboricultural Impact Assessment prepared by Landmark Trees. Specific issues to be dealt with in the TPP and AMS:
  - a) Location and installation of services/ utilities/ drainage.
  - b) Methods of demolition within the root protection area (RPA) (as defined in BS 5837: 2012) of the retained trees.
  - c) Details of construction within the RPA or that may impact on the retained trees.
  - d) a full specification for the installation of boundary treatment works.
  - e) a full specification for the construction of any roads, parking areas and driveways, including details of the no-dig specification and extent of the areas of the roads, parking areas and driveways to be constructed using a no-dig specification. Details shall include relevant sections through them.
  - f) Detailed levels and cross-sections to show that the raised levels of surfacing, where the installation of no-dig surfacing within Root Protection Areas is proposed, demonstrating that they can be accommodated where they meet with any adjacent building damp proof courses.
  - g) A specification for protective fencing to safeguard trees during both demolition and construction phases and a plan indicating the alignment of the protective fencing.



- h) a specification for scaffolding and ground protection within tree protection zones.
- i) Tree protection during construction indicated on a TPP and construction and construction activities clearly identified as prohibited in this area.
- j) details of site access, temporary parking, on site welfare facilities, loading, unloading and storage of equipment, materials, fuels and waste as well concrete mixing and use of fires
- k) Boundary treatments within the RPA
- l) Methodology and detailed assessment of root pruning
- m) Reporting of inspection and supervision
- n) Methods to improve the rooting environment for retained and proposed trees and landscaping.

The development thereafter shall be implemented in strict accordance with the approved details.

- 10) The development shall be carried out strictly in accordance with the approved landscaping details and shall be maintained as such thereafter. The approved details are: -

dwg no. D0401\_001 E - Landscape Proposal Ground Floor Hardworks; D0401\_002 C – Landscape Proposal Ground Floor Softworks; and SP0401\_001: Maintenance and Management Plan).

The landscaping and tree planting shall have a two-year maintenance / watering provision following planting and any existing tree shown to be retained or trees or shrubs to be planted as part of the approved landscaping scheme which are removed, die, become severely damaged or diseased within five years of completion of the development shall be replaced with the same species or an approved alternative to the satisfaction of the local planning authority within the next planting season.

The development shall be carried out strictly in accordance with the details so approved and shall be maintained as such thereafter.

- 11) Prior to the commencement of development the following assessment in response to the NPPF and in accordance with CLR11 and BS10175:2011 shall be submitted to and approved in writing by the local planning authority.

- a) A land contamination investigation. The investigation shall be based upon and target the risks identified in the approved preliminary risk assessment and shall provide provisions for, where relevant, the sampling of soil, soil vapour, ground gas, surface and groundwater. All works must be carried out in compliance with and by a competent person who conforms to CLR 11: Model Procedures for the Management of Land Contamination (Defra 2004) or the current UK requirements for sampling and testing. Following the agreement to details relating to point a); details of the following works shall be submitted to and approved in writing by the local planning authority prior to any superstructure works commencing on site.
- b) A remediation method statement of any necessary land contamination remediation works arising from the land contamination investigation. This statement shall detail any required remediation works and shall be designed to mitigate any remaining risks identified in the approved site investigation. The

development shall be carried out strictly in accordance with the investigation and any scheme of remedial works so approved and no change therefrom shall take place without the prior written approval of the local planning authority. If, during development, contamination not previously identified is found to be present at the site, the local planning authority is to be informed immediately and no further development (unless otherwise agreed in writing by the local planning authority) shall be carried out until a report indicating the nature of the contamination and how it is to be dealt with is submitted to, and agreed in writing by, the local planning authority. All works must be carried out in compliance with and by a competent person who conforms to CLR 11: Model Procedures for the Management of Land Contamination (Defra 2004) or the current UK requirements for sampling and testing.

- c) Following completion of measures identified in the approved remediation scheme a verification report, that demonstrates the effectiveness of the remediation carried out, must be produced which is subject to the approval in writing of the local planning authority in accordance with part b). This report shall include: details of the remediation works carried out; results of any verification sampling, testing or monitoring including the analysis of any imported soil; all waste management documentation showing the classification of waste, its treatment, movement and disposal; and the validation of gas membrane placement. All works must be carried out in compliance with and by a competent person who conforms to CLR 11: Model Procedures for the Management of Land Contamination (Defra 2004) or the current UK requirements for sampling and testing.

The development shall be carried out strictly in accordance with the investigation and any scheme of remedial works so approved and no change therefrom shall take place without the prior written approval of the local planning authority.

- 12) The bicycle storage area(s) hereby approved (drawing ref. 19009\_GA.00), shall be provided prior to the first occupation of the development hereby approved and maintained as such thereafter.
- 13) The dedicated refuse / recycling enclosure(s) shown on the approved plans (drawing ref. 19009\_GA.00) shall be provided prior to the first occupation of the development hereby approved and shall be maintained as such thereafter.
- 14) In accordance with the approved Noise Impact Assessment (dated July 2020 and prepared by Syntegra), the design and installation of new items of fixed plant shall be such that when operating the cumulative noise level LAeq Tr arising from the proposed plant, measured or predicted at 1m from the facade of the nearest noise sensitive premises, shall be a rating level of at least 5dB(A) below the background noise level LAF90 Tbg. The measurement and/or prediction of the noise should be carried out in accordance with the methodology contained within BS 4142: 2014. A report is to be commissioned by the applicant, using an appropriately experienced & competent person, to assess the noise from the proposed mechanical plant to demonstrate compliance. The report shall include site

measurements of the plant in situ. The report shall be submitted to and approved in writing by the local planning authority prior to first occupation of the development hereby approved.

- 15) Details of any general / security lighting measures shall be submitted to and approved in writing by the local planning authority prior to the completion of the approved development.
- 16) Notwithstanding the details submitted with the application, a Demolition, Construction and Environmental Management Plan (DCEMP) shall be submitted to and approved in writing by the local planning authority prior to the commencement of development.  
The DCEMP should be in accordance with the Council's Code of Practice for Construction Sites. The report shall assess the impacts during the preparation/demolition, excavation and construction phases of the development on the surrounding roads, together with means of mitigating any identified impacts. The report shall also identify other local developments and highways works, and demonstrate how vehicle movements would be planned to avoid clashes and/or highway obstruction on the surrounding roads.  
The demolition and development shall thereafter be carried out in accordance with the details and measures approved in the DCEMP. The development shall be carried out strictly in accordance with the details so approved and no change therefrom shall take place without the prior written consent of the local planning authority.
- 17) Notwithstanding the provisions of the Town and Country Planning (General Permitted Development) (England) Order 2015 (as amended), or the provisions of any Order revoking and re-enacting that Order, no change of use of the approved E (g)(i) office floorspace to any other use within Class E of the Schedule to the Town and Country Planning (Use Class) Order 1987 as amended 2005 (or the equivalent use within any amended/updated subsequent Order) or any other uses within any other use Class, unless otherwise agreed in writing by the local planning authority.
- 18) The flat roofs of the development hereby approved, including the identified green roofs, shall not be used as amenity spaces and shall not be accessed other than for maintenance.
- 19) Prior to occupation of the development hereby approved, details of the development achieving 'Secured by Design' (Residential Guide 2019 and Commercial Guide 2015) accreditation for both the residential and non-residential elements, shall be submitted to and approved in writing by the local planning authority. The development shall be carried out strictly in accordance with the details so approved and shall be maintained as such thereafter
- 20) Prior to implementation of the development further details of the energy efficiency measures and renewable energy technologies shall be submitted to the local planning authority for approval and the approved Energy Strategy (version 1.5, prepared by JAW Sustainability) updated to include the details so approved:
  - a) Design and specification of the communal heating system to be installed; Updated 27/10/2021 - Appendix 3

- b) The District Heating connection point (if this is demonstrated to be feasible within 3 years of the grant of planning permission) ; and
- c) The safeguarded route for the pipework and space provision within the Site (including plant room details).

The final agreed scheme shall be installed and in operation prior to the first occupation of the development. The development shall be carried out strictly in accordance with the details so approved and shall be maintained as such thereafter.

- 21) Prior to occupation of the development a Communal Heating System in accordance with the details approved in the Energy Strategy version 1.5 prepared by JAW, dated 13/04/2021 – and any subsequent updates - shall be installed in the development and be operational.
- 22) Prior to occupation of the development a scheme to allow for the feasibility of connecting the development to any district heating network shall be submitted to the local planning authority for approval. The development shall be carried out in accordance with the approved scheme. No requirement to connect to a district heating network exists where the submitted scheme demonstrates: -
  - a) No plans exist for District Heating Network pipework to be extended to within 500 metres of the Development by the expiry of 3 years from the date of the planning permission; or
  - b) The proposed connection charges to a District Heating Network are unreasonable; or
  - c) The agreement proposed by the District Heating Provider for the supply of heating energy from the District Heating Network to serve part of all of the Heat Demand of the Development is unreasonable.
- 23) The development shall not be implemented until the applicant has entered into a S278 agreement with the Council to ensure that the necessary highway works required are carried out. The works include highway/footway reinstatement and removal of the existing crossovers.
- 24) Prior to first occupation of the development, a Full Travel Plan shall be submitted to and approved in writing by the local planning authority. The Travel Plan should be prepared in accordance with the ATTrBuTE assessment criteria, Transport for London's guidance document "Travel Planning for new Development in London" and the Council's relevant planning policies tailored to the occupiers and users of the Development, and which includes a full travel survey. Upon approval, the applicant shall ensure that all owners and occupiers of the development are made aware of the Travel Plan and that the Travel Plan is implemented in full.

# **APPENDIX 3**

---

## Appeal Decision

Hearing Held on 18 June 2019

Site visit made on 19 June 2019

**by Tim Wood BA(Hons) BTP MRTPI**

**an Inspector appointed by the Secretary of State for Communities and Local Government**

**Decision date: 15 July 2019**

---

**Appeal Ref: APP/P5870/W/18/3205215**  
**324 - 346 High Street, Sutton SM1 1PR**

- The appeal is made under section 78 of the Town and Country Planning Act 1990 against a refusal to grant planning permission.
  - The appeal is made by Mizen Properties Ltd against the decision of the Council of the London Borough of Sutton.
  - The application Ref B2017/78658, dated 22 December 2017, was refused by notice dated 17 April 2018.
  - The development proposed is demolition of the existing former public house at 342-346 High Street and erection of a 6 storey plus basement building to provide 145 sqm of flexible A1/A2/A3 floor space at ground floor and 30 residential units (13 x 1 bedroom, 14 x 2 bedroom and 3 x 1 bedroom) on the upper floors; extension of retail floor area within 340-342 High Street, resulting in the loss of parking at 324-340 and combined provision of 65 car parking spaces for both sites; cycle storage and alteration to vehicle access.
- 

### Decision

1. The appeal is dismissed.

### Procedural Matters

2. I made unaccompanied site visits prior to and immediately following the Hearing.

### Main Issues

3. The main issues in this appeal are;
  - Whether the proposed design and layout of the proposal are acceptable
  - Whether the proposal includes an unacceptable number of car parking spaces
  - Whether the proposed commercial unit at 342-346 High Street would be viable
  - Whether the scheme as a whole provides sufficiently for affordable housing.

### Reasons

#### *Design and Layout*

4. The existing public house is part single storey and part 2 storeys in height. The single storey front element is built up to the front boundary of the site. The



proposal would be built up to the same forward line, that is at the rear edge of the pavement. This would represent a considerable increase in the built form when compared to the existing modest building, but one that is comparable to the already completed development within the larger appeal site.

5. The Council's concern in this respect is that the forward siting of the building, along with the design of the northern elevation, would mean that it would appear large and blank and would have a negative effect on the character of the area. The fact that the neighbouring block to the north, Helena House, is set back would serve to make this elevation more prominent.
6. Firstly, I agree that this large and blank elevation would have an unacceptably negative effect on the street-scene, in this prominent position. I accept that it would only be seen from one direction but its height and depth would combine to have a significant and detrimental effect on the street-scene. It would represent poor design, contrary to Policy 28 of the Sutton Local Plan 2018 (LP). The Council indicates that it is understood that no windows or balconies have been provided in this elevation as they would have given rise to overlooking of Helena House, and vice versa.
7. The appellant has drawn my attention to the fact that Helena House is an allocated site within the LP (STC 19). The appellant suggests that a redevelopment of Helena House would be likely to result in a building that would obscure the northern elevation of the appeal scheme, and so any effect would be screened or not relevant. However, whilst the site is allocated in the LP, there is no assurance that it will be redeveloped and I am not informed of any moves to bring this about. In addition, the LP allocation states, amongst other things, that any development scheme for Helena House should pay particular regard to providing high quality public realm improvements. Taking these points together, I consider that I cannot rely on the redevelopment of Helena House to act as a foil for the proposal. The appellant also suggests that a condition could appropriately require a scheme for alterations to be made to the northern elevation. In my judgement such a condition would be vague and could not be relied upon to result in an acceptable outcome, given the more fundamental nature of the objection to the appeal scheme. In addition, I find the appellant's suggested alteration in this respect, contained within the appeal documents, would fail to provide an acceptable level of detail and interest required to make this elevation acceptable.
8. The proposed residential access to the flats within 342-346 would be recessed behind the line of the remainder of the building and within part of the under-croft. This would also seem to serve a likely pedestrian route for the car parking which would serve the built, but not yet occupied, retail unit. The scheme also includes car parking for the flats within the constructed building at No 324-340, within the proposed basement. This would mean that residents within those flats would have to use the proposed stairs/lift in the proposed building at 342-346, into the residential lobby of the new building, exit the building and cross the vehicle entrance before entering the residential entrance to 324-340. From what I have seen and after considering the proposal in detail, it seems to me that these arrangements would not provide safe and welcoming entrances to the building which would be neither convenient and would not provide an environment which does all it can to exclude the possibility of crime and anti-social behaviour. I have noted the appellant's suggested addition of glazing in the south elevation of the residential entrance

and whilst this may be an improvement, it would not overcome this issue, in my view. I consider that these aspects of the proposal would conflict with the requirements of Policies 7.4 and 7.6 of the London Plan and Policy 28 of the LP.

9. In relation to its design, the Council also consider that the proposed commercial unit (for A1/A2/A3 use) would not be flexible and robust, as required by Policy 28 of the LP. The unit would have a small floor area and a single entrance which would be within its frontage. The appellant has indicated that they already have a tenant for this unit. Whilst I can understand the Council's concerns relating to the possible inconvenience of a lack of a servicing entrance, I accept the appellant's point that this would be likely to take place from within the car parking area within the site and so would not give rise to an insurmountable problem.

### **Car Parking**

10. Policy 37 of the LP states that new developments will be expected to provide parking in accordance with the Council's restraint-based maximum parking standards, taking account of the location of the site in relation to public transport, and the need to deter unnecessary car use, among other things. It adds that, in town centres proposals involving limited or no parking will be favourably considered. The Council states that the maximum provision for the reconfigured retail unit is 28 spaces and the proposed provision of 42 is 50% higher (additional/replacement parking is proposed within the site and basement for the residents of the existing flats and no parking is proposed for the new flats). The standards contained within the London Plan would indicate a maximum provision of 37 spaces for the retail unit.
11. The appellant states that the car parking size is a requirement of a specific food retailer who would occupy the ground floor within the existing, reconfigured building. The appellant suggests that, when seen within the wider context, the proposed use of the unit for food retailing would simply re-direct existing food shoppers from other food stores, who already make car journeys. Thus, it is argued, the proposal would not give rise to any additional car journeys but would just mean that they took place in a different location.
12. The appeal site is within the Sutton Town Centre with a PTAL rating of 5 which is very good. The Council states that the aim of their restraint-based policies is to reduce reliance on the private car and to encourage the use of more sustainable modes of transport. They add that this aim is fully consistent with the NPPF and the emerging draft London Plan.
13. I have taken account of the appellant's arguments in relation to the PTAL rating of the wider area and to the parking provision at other food-retail outlets in the area. My view is that the accessibility of the site is considered to be very good, it is within the Town Centre and this is not diluted by the fact that other areas have lesser scores or access to public transport. The fact that other retail units in other locations have different parking provisions is perhaps reflective of the times within which they were approved and constructed, perhaps when restraint-based policies were not in place.
14. In relation to the appellant's argument about the displacement of car journeys rather than the overall reduction, it seems to me that it must be accepted that the achievement of the aims to provide for and encourage more sustainable forms of transport is an incremental process and an individual planning

proposal can only have a limited influence by itself. If the appellant's argument about providing this amount simply to suit the individual retailer were to be accepted, then very little or no progress would be made in this respect and perhaps a retrograde effect would result.

15. Therefore, whilst I have taken account of the appellant's arguments, I find that the provision of car parking for the reconfigured retail unit would amount to a breach of the requirements of Policy 37 of the LP which would fail to take any steps to encourage the use of alternative and more sustainable modes of transport, within this accessible location.

### ***Viability of the new commercial unit***

16. The nature of the proposed commercial unit for uses A1/A2/A3 has been described above. The Council considers that the nature of its design and configuration would mean that it would prove unviable and so would result in a unit which would adversely affect the viability of the area.
17. The appellant has indicated that they have a prospective tenant for the unit. This company's interest has meant that no further marketing of the proposed unit was undertaken and so the Council's reference to a comprehensive or additional marketing information cannot be met (and is unnecessary, in the appellant's view).
18. It seems to me that the presence of a prospective tenant is a good indicator of whether the unit is suitable to an end user. The Council's criticisms about servicing have been dealt with above and I find that this would not impose an unreasonable restriction on the commercial viability of the unit. Therefore, I consider that there is no overriding fault with the proposed unit which would make it commercially impractical to use. As a result, I find no conflict with Policy 28 of the LP in this respect.

### ***Provision for Affordable Housing***

19. London Plan Policy 3.12 and Policy 8 of the LP require residential developments, or mixed use developments, to provide an appropriate level of affordable housing. The Council's policy seeks to achieve 35% of affordable housing but acknowledges that a scheme's viability is a determining factor. The proposal is to provide 3 (10%) units of affordable housing, whilst the Council contends that such a reduction is not justified by the viability of the scheme.
20. There is a considerable amount of evidence in relation to viability submitted by the appellant and the Council but the main differences have been distilled by the main parties and I shall concentrate on these determining factors.
21. Perhaps the key difference between the parties relates to the Benchmark Land Value (BLV) of the site and this is split into its various elements. Firstly, the existing retail element (referred to as retail A) within the site as it exists; comparisons have been made by both parties to the old Gas Works site at 287-309 High Street, as a comparable. The appellant's evidence tempers the Council's claims in relation to the period of vacancies and incentives offered at the Gas Works site and also indicates that the units were quite likely to have been sold at a lower price due to the ownership company winding up. Therefore, taking account of these factors, it would seem that a direct

comparison with the Gas Works site may not be appropriate in terms of value and yield. Other comparisons have been made by the appellant taken from the surrounding area and these which generally support the appellant's value of the retail A. In terms of the likely rent, the appellant has compared this to a similarly sized unit at the Gas Works site, although he acknowledges that retail A is on a slightly inferior position and I agree with his assumption as to its likely level and potential for growth.

22. In terms of yield and the comparison with other units nearby, the yields referred to would have been influenced by the reduced values achieved and so yields would have been correspondingly higher. I have also taken account of the difference in the yields suggested by the Council in relation to retail A and the proposed reconfigured unit (retail B); whilst some difference maybe expected, the Council's suggested difference is large and, in my view, supports the view that their opinion of the yield for retail A is unrealistic. Taking these points together, I tend to agree with the appellant's figures in relation to retail A.
23. In relation to the site of the vacant public house which would accommodate retail C and residential units, the Council has used the Existing Use Value (EUV) which is heavily influenced by the very dilapidated state of the existing building. However, the appellant points to the fact that the site has an obvious value in terms of its Alternative Use Value (AUV) which, as a matter of principle, is not contested by the Council. The Planning Practice Guidance (PPG) indicates that AUV can be informative in establishing a BLV. Having accepted this, it seems reasonable to me to accept the Appellant's view, rather than that of the Council.
24. In terms of the landowner's premium, the appellant has used 20% within the BLV calculations. From what I have heard and from the evidence submitted, I accept the points made by the appellant in relation to the justification for a landowner's premium of the amount suggested. Therefore, overall I accept the appellant's figures in relation to BLV.
25. In addition to the main issue above, evidence is submitted in relation to residential values. These differ and whilst the Council indicates that prices have remained stable since 2016/17, the appellant indicates that prices have reduced. I consider that the submitted evidence supports the appellant's view that prices have reduced since the initial viability appraisal and that this should now be reflected within the accepted values.
26. In relation to the overall return for the developer, the Council's general position is that, for the purposes of a viability exercise, these should be: 17.5% of gross development value (GDV) market units; 6% of GDV on affordable units; 20% on cost for commercial units. The appellant indicates that the Council's profit assumptions would equate to 15.59% on total GDV. The appellant has stated that they consider it reasonable to use a profit objective of 22.5% on total costs which translates as around 20% of the total GDV and they indicate that this is supported by the PPG. The appellant also sets out that, in their view, market conditions would presently dictate that a higher risk and so a higher return should be used and expected.

27. Therefore overall, I accept the appellant's submissions in relation to viability. Whilst this would indicate that the 3 proposed units are more than is required, the appellant is willing to include these within the appeal scheme. As a result, I conclude that the scheme could not support any additional units and its provision for affordable housing is reasonable.

### ***Other Matters and Planning Balance***

28. The appeal scheme would bring about new homes in an accessible location, with an element of affordable homes. It would bring an occupier to the existing ground floor and would also involve the removal of the public house which is an eyesore. I recognise these as positive aspects and take account of them and all others set out by the appellants, including the provisions within the Planning Obligation. However, I consider that the scheme would have a considerably negative effect on the character of the area as a result of the poor design of the northern elevation, as set out. This would be contrary to Policy 28 of the LP and Policies 7.4 and 7.6 of the London Plan. Whilst I recognise that the Council agree that this is an area where buildings of this height may be acceptable, I consider that the specific issue here could be resolved without prejudice to that matter.
29. In addition, I agree with the Council, that the design of the residential entrance, the location of parking and the routes through the site would represent poor design that raises further conflict with the policies referred to above.
30. The scheme includes car parking that would be significantly in excess of the Council's maximum parking standards, as well as those in the London Plan. In doing so it fails to acknowledge the need to seek to encourage the use of more sustainable transport and is contrary to Policy 37 of the LP.
31. Although I have agreed with the appellant in relation to some aspects of the scheme, in my judgement, the negative aspects of the proposal are not outweighed by its benefits.

### **Conclusions**

32. For the reasons set out above, the appeal is dismissed.

*S T Wood*

INSPECTOR

## **APPEARANCES**

### FOR THE APPELLANT:

A Tabachnik QC  
J Cunnane  
A Richards  
M Tomasi  
J Brown  
C Hereward  
J Baker  
N Bradshaw

### FOR THE LOCAL PLANNING AUTHORITY:

I Williams  
G Chinniah  
R De Castro  
S Cook  
J Bullough  
H Bokhari

### INTERESTED PERSONS:

Cllr M Heron

### DOCUMENT SUBMITTED AT THE HEARING

1. Technical note relating to other retail units
2. London Plan parking standards table 6.1
3. Extract from PPG
4. Schedule of conditions
5. Appeal decision APP/U5930/W/18/3204281 (not relied on)
6. Planning Obligation (submitted after the close of the Hearing).



# APPENDIX 4

# **PADDINGTON PACKET BOAT**

## **REVIEW OF APPLICANT'S FINANCIAL VIABILITY ASSESSMENT**

Draft Report

**SUBMITTED ON BEHALF OF CLIENT:**

LONDON BOROUGH OF HILLINGDON  
MARCH 2019

## CONTENTS

1. EXECUTIVE SUMMARY .....	3
2. INTRODUCTION.....	5
2.1. Background .....	5
2.2. The Site .....	5
2.3. The Planning Application.....	5
3. METHDOLOGY.....	8
3.1. Approach .....	8
4. CRITIQUE OF BENCHMARK LAND VALUE .....	9
5. ASSESSMENT OF APPLICATION SCHEME INPUTS.....	12
5.1. Scheme Values .....	12
5.2. Scheme Costs .....	17
5.3. Summary Table .....	20
6. FINANCIAL APPRAISALS .....	21
6.1. Sensitivity Analysis.....	21
7. CONCLUSIONS .....	22
APPENDIX 1 – APPRAISAL PRINT-OUT .....	23

## 1. EXECUTIVE SUMMARY

Carter Jonas has been appointed by London Borough of Hillingdon as local planning authority to review the Financial Viability Assessment (FVA) prepared by James R Brown (JRB) on behalf of the Applicant Paddington Packet Boat Developments Ltd.

The planning application seeks the redevelopment of the site with the demolition of the existing public house and erection of a building of up to 7 storeys comprising 36 dwellings, including a 2 storey basement to provide 42 car parking spaces, associated access and landscaping.

JRB indicates that the residual land value of the proposed scheme produces an overall deficit when compared against the Benchmark Land Value and therefore concludes that the scheme is unable to provide any affordable housing.

Carter Jonas has reviewed the FVA, including both the Benchmark Land Value and the Residual Land Value of the proposed scheme. The results of our review are set out in the table below.

Assumption	Applicant (JRB)	Carter Jonas
Existing Use Value	£1,600,000	£850,000
Landowner's Premium	10%	10%
Benchmark Land Value	£1,760,000	£935,000
Residual Land Value	£597,987	£597,987
Net Position	£-1,162,013	£-337,013

We would highlight that the JRB adopted Existing Use Value equates to £6.67m per acre whereas the proposed 100% private scheme residual land value reflects a value of £2.49m per acre which is less than half the value attributed to the site's existing use (as applied by JRB).

Carter Jonas are in agreement with the assumptions adopted for the proposed scheme and this being the case we have arrived at the same residual land value. Although when set against the reduced Benchmark Land Value of £850,000, the scheme produces an overall deficit of £-337,013. This is not surprising given that the scheme is carrying a cost of £2.4m for the basement car parking levels which equates to 25% of the scheme's total build cost.

This demonstrates that, in our opinion, although we consider JRB to have overstated the extent to which the scheme is unviable, the scheme cannot provide any affordable housing units.

## 2. INTRODUCTION

### 2.1. Background

Carter Jonas has been instructed by the London Borough of Hillingdon (as local planning authority) to undertake a viability review in respect of a proposed development at Paddington Packet Boat, High Road, Cowley, Uxbridge, UB8 2HT. The planning application for the comprehensive redevelopment of the site has been submitted by Paddington Packet Boat Developments Ltd (as landowner).

The scheme proposes the demolition of the existing public house on the 0.24 acre site and the erection of a building up to 7 storeys in height plus two basement levels comprising 36 residential units, together with secure vehicle parking, amenity space, refuse areas, cycle storage, supporting plant room facilities and landscaped roof terraces.

JRB has submitted a Financial Viability Assessment (FVA) on behalf of the Applicant, dated December 2018. This report presents a summary of the planning application, the financial viability assessment and Carter Jonas' response to the FVA.

### 2.2. The Site

The subject site is located on the corner of High Road and Packet Boat Lane, Cowley Peachy and comprises a two storey public house and a large car park. The site is situated between residential and industrial uses with the immediate area east of the High Road providing a mix of flats, terraced and semi-detached residential properties. The site lies just outside of the Cowley Lock Conservation Area which is located to the west of the site.

The site is located approximately 1.9 miles to the south of Uxbridge Underground Station which provides access to the Metropolitan and Piccadilly lines. West Drayton train station is also situated 0.9 miles to the south. The site is in close proximity to the M25 to the west and M4 to the south with the M40 located to the north of Uxbridge.

### 2.3. The Planning Application

The planning application submitted by Paddington Packet Boat Developments Ltd in December 2018 (ref: 1058/APP/2018/4486) is seeking permission for the following:

*"Redevelopment of the site including the demolition of existing public house (Use Class A4) and erection of a building of staggered height up to 7-storeys comprising 36 units (14 x 1 bed, 16 x 2 bed, 2 x 3 bed and 4 maisonettes) including the excavation of a 2-storey basement, associated access, car parking and landscaping."*

The application seeks full planning permission for 32 x 1, 2, 3 bed flats and 4 x 2 and 3 bed maisonettes with associated car parking, amenity space, refuse areas, cycle storage, supporting plant room facilities and landscaped roof terraces. The applicant proposes to provide 0% affordable housing on account of scheme viability.

The table below sets out the proposed housing mix for the scheme;

Unit	Type	Floor	Bed	Area (sq ft)
1	Maisonette	0/1	3	1,124
2	Maisonette	0/1	3	1,124
3	Maisonette	0/1	3	1,178
4	Maisonette	0/1	2	889
5	Flat	1	1	642
6	Flat	1	2	757
7	Flat	1	2	757
8	Flat	1	2	809
9	Flat	2	1	642
10	Flat	2	1	562
11	Flat	2	1	589
12	Flat	2	2	757
13	Flat	2	2	757
14	Flat	2	1	589
15	Flat	2	1	566
16	Flat	3	1	642
17	Flat	3	3	966
18	Flat	3	2	757
19	Flat	3	2	757
20	Flat	3	1	589
21	Flat	3	1	566
22	Flat	4	1	642
23	Flat	4	2	794
24	Flat	4	2	757
25	Flat	4	2	757
26	Flat	4	3	969
27	Flat	5	1	642
28	Flat	5	2	709
29	Flat	5	2	757
30	Flat	5	2	757
31	Flat	5	1	709
32	Flat	6	1	548
33	Flat	6	2	709
34	Flat	6	2	757
35	Flat	6	2	757
36	Flat	6	1	709
<b>Total</b>				<b>26,986</b>



In addition to the above the scheme also comprises two basement levels, which are accessed via two car lifts, comprising a total of 42 car parking spaces of which 10% are disabled spaces (4), 20% are electric car charging spaces and 5 are motor cycle spaces. Cycle spaces are also to be provided at basement levels.

The Applicant's FVA is based on a 100% private development scheme with zero provision of affordable housing, which JRB indicates (based on his cost and revenue assumptions) generates a scheme deficit of £-1,162,013 assuming a Benchmark Land Value is £1,760,000.

JRB has therefore concluded the scheme is unable to provide any on-site affordable housing provision when the Residual Land Value of the proposed scheme is compared to the Benchmark Land Value for the site based on current construction costs and sales values.

DRAFT

## 3. METHDOLOGY

### 3.1. Approach

Carter Jonas' review of the Applicant's FVA has had regard to the RICS Guidance Note "Financial Viability in Planning". We do not take issue with the overarching methodology used by the Applicant within their assessment. They have:

- Assessed the realisable value of the proposed scheme;
- Assessed the costs associated with delivering the scheme;
- Assessed a Benchmark Land Value (based on the EUV plus landowner's premium),
- Undertaken an appraisal to calculate the Residual Land Value which has been compared to their opinion of Benchmark Land Value to establish the maximum level of planning obligations.

JRB has used the Argus Developer appraisal programme to assess the viability of the development. This is a commercially available, widely used software package for the purposes of financial viability assessments. The methodology underpinning viability appraisals is the residual method of valuation, commonly used for valuing development opportunities. Firstly, the gross value of the completed development is assessed and the total cost of the development is deducted from this.

The approach adopted by JRB has been to adopt a number of assumptions in relation to the proposed scheme to arrive at a residual land value which is then compared to his opinion of Benchmark Land Value. With this approach, if the residual land value falls below the Benchmark Land Value, then the scheme is deemed to be unviable and is therefore unlikely to come forward unless the level of affordable housing and/or planning obligations can be reduced.

In this case, JRB's initial analysis indicates that the scheme comprising wholly private residential units and a zero affordable housing provision produces a residual land value of £597,987 which compared to his opinion of Benchmark Land Value of £1,760,000 results in a project deficit of £-1,162,013.

Given that the Applicants calculations are being made well in advance of commencement of the development, the figures used in the applicant's appraisal can only be recognised as a projection. As such, it is essential that all assumptions are carefully scrutinised by the local planning authority to ensure that they reflect current market conditions and have not been unreasonably depressed in respect of the value or overestimated in respect of the development costs.

Carter Jonas' approach has been to critically examine all of the assumptions on which the JRB appraisal is based. Our approach has then been to undertake sensitivity analysis where in our opinion inputs are not in line with current market conditions.

It is also important to carefully scrutinise the applicant's measure of benchmark land value which has a fundamental effect on the viability equation. Carter Jonas' approach has been to critically examine all of the assumptions on which they are based.

## 4. CRITIQUE OF BENCHMARK LAND VALUE

Determining an appropriate Benchmark Land Value is often the most important factor in determining viability. Put simply, if the value generated by the development does not produce a positive figure, there is no financial incentive to bring forward the development with all its associated risk.

Arriving at an appropriate BLV is not a straightforward exercise and this is acknowledged at 3.4.6 of the RICS Guidance Note which states that:

*“The assessment of Site Value in these circumstances is not straightforward, but it will be, by definition, at a level at which a landowner would be willing to sell which is recognised by the NPPF.”*

In arriving at an appropriate BLV regard should be had to existing use value, alternative use value, market/transactional evidence (including the property itself if that has recently been subject to a disposal/acquisition), and all material considerations including planning policy. Existing Use Value is widely used in establishing Benchmark land value and is supported in the latest mayoral SPD and the new NPPF PPG update.

In this case JRB has considered the Existing Use Value of the subject property based on four comparables provided but has not set out his valuation methodology in arriving at £1,600,000. We are informed that the building comprises 5,598 sq ft within a 0.24 acre site i.e. £6.6m per acre. We also understand that the pub is recently vacant.

JRB has considered three freehold sales in addition to a single rental comparable to inform his opinion of EUV. We detail the three freehold sales below;

The Crown, Colham Green Road, Uxbridge, UB8 3QH – 3,743 sq ft pub on a 0.5 acre site sold for £1,250,000 on 3<sup>rd</sup> May 2017 reflecting £334psf. We have considered this transaction further and would comment that planning permission was granted in December 2018 for a change of use of the ground floor from a public house to office (Use Class B1a) and retention of first floor residential accommodation on the first floor. We therefore consider that the transaction does not reflect Existing Use Value of a public house in isolation and the transaction reflects an element of hope value.

The Militia Canteen, UB8 2PS – a 1,471 sq ft pub which was bought in January 2017 for £520,000. The property also includes separate storage and garage space and including this accommodation the total floor area amounts to 1,830 sq ft. The purchase price including this accommodation reflects a capital value rate of £284psf. We understand that the pub was closed in 2016 and planning permission was granted in 2017 for 3 flats. The price achieved therefore does not represent Existing Use Value.

Prince Albert, Pield Heath Road, UB8 3NQ – the pub was sold in December 2015 for £1,620,000. Prior to the sale, planning permission was granted for the redevelopment of the site with a two storey block to provide 9 x two bedroom flats with associated access, parking and landscaping. We would therefore comment that whilst this transaction is relatively historic, the price reflects a residential land value and not Existing Use Value.

The other comparable provided by JRB is The Orange Peel Public House, situated on Pield Road. JRB has stated that the pub was let for £65,000 in November 2016 reflecting a rent equating to £18psf. On the basis of this transaction, JRB has considered an achievable rent of around £100,000 for the subject pub which when capitalised at 6.5% would point to an EUV after costs of £1,450,000. We have had regard to the property and are informed of an area of 3,930 sq ft. On this basis the JRB quoted rent of £65,000 would equate to £16.50psf.

As we have detailed above, JRB has arrived at an EUV of £1,600,000 based on the comparable evidence provided. However he has not provided any valuation workings for us to consider. We note that the JRB value reflects a capital value rate of £286psf which is similar to that of the Militia Canteen comparable when including the external buildings. This figure is lower than the other freehold sales provided, although this is hardly surprising given that these sales all reflect redevelopment value and not Existing Use Value in isolation. The £1,600,000 is also higher than the Orange Peel pub which when applying the same rent and a yield of 6.5%.

We have had regard to a number of sales of public houses to inform our view of Existing Use Value and would comment that there have been a number of closures in recent times and a large number of the transactions reflect hope value on account of the redevelopment or conversion opportunities.

We are aware of Dip & Flip, 64-68 Atlantic Road, Brixton, SW9 8PY which is on the market for £1,000,000. The site is currently let to a multi-site operator and provides 2,628 sq ft (GIA) of accommodation in Brixton. The property benefits from a passing rent of £70,000 per annum (£27psf) on a protected 15 year lease from 2016-2031. The asking price reflects a capital value rate of £381psf and a yield of around 6.5%. We consider that the location of Dip & Flip is far superior to that of the subject pub and unlike the subject pub, the property is let and income producing with an unexpired term of 12 years.

We are also aware of Princess Alice, 2a Battery Road, Thamesmead, London, SE28 0JS which is a modern pub and restaurant with trade areas of circa 160 covers, a beer garden (36 covers), large trade kitchen, manager's flat on the first floor in addition to separate staff flat and staff studio flat on the first floor. The long leasehold is available for a term of 151 years from November 2003 at a ground rent of £1 per annum. The 2017 Rateable Value for the property is £69,500 with band A for flats 1 and 2 and band B for flat 3. The pub is in a good condition and the asking price is £795,000.

The Angel, 697 Uxbridge Road, Hayes, UB4 8HX is a pub situated approximately 2.5 miles to the east of the subject pub comprising 10,267 sq ft of accommodation situated over 3 floors with a large car park to the rear of the property. The property had the benefit of a short term tenancy expiring on 4<sup>th</sup> December 2017 for a rent of £29,250 plus beer tie. The pub was sold in September 2018 by Fuller Smith and Turner Plc for £1,180,000 in September 2018 representing a capital value rate of £115psf. At the time of the sale the tenant was still in place but we understand that the pub has now closed. We are of the opinion that the sale reflects Existing Use Value ignoring potential redevelopment opportunities and therefore the transaction represents very good comparable evidence for the subject premises.

We are also aware of the sale of the subject premises in October 2017 for £1,650,000. We have confirmed this with the agent who was of the opinion that the price was reflective of redevelopment value and not Existing Use Value. The sales agent was of the opinion that the Existing Use Value of the pub would be significantly lower than the transacted price.

#### **4.1.1. Summary**

Having considered the JRB evidence we are of the opinion that the comparable evidence highlighted does not reflect Existing Use Value given the redevelopment which has taken place in the examples highlighted. We have highlighted the sale of the subject premises in October 2017 which appears to be the basis of the applied value by JRB. Clearly this transaction was not based on EUV, and as confirmed by the sales agent, reflected redevelopment potential.

We are of the opinion that the evidence we have provided is more reflective of EUV albeit in superior locations with sitting tenants. The Angel pub sale situated in close proximity to the subject premises provides the best indication of value reflecting a capital value rate of £115psf.

We have also had regard to the rating list and the property has a current Rateable Value of £21,000. This is significantly lower than the rateable value of the Princess Alice and lower than the rateable value of the Angel (£27,000).

We are of the opinion that given the current condition of the property and with no existing tenancy in place, a value of £850,000 would be reflective of an Existing Use Value for the subject property. This price reflects a capital value rate of £152psf which is in advance of the larger Angel pub detailed above.

#### **4.1.2. Landowner's Premium**

JRB has applied a landowner's premium of 10% to his EUV of £1,600,000 in order to arrive at an assumed BLV of £1,760,000

In line with guidance we do not take issue with a Landowner's incentive being reflected to bring the site forward for development. The most recent guidance in London is set out in the GLA SPG and this provides a range of premium between 10-30%.

In this instance we are of the opinion that 10% is reasonable and reflective of the characteristics of the property given that it is vacant and not income producing.

#### **4.1.3. Benchmark Land Value Conclusion**

We are of the opinion that JRB has overstated the Existing Use Value of the subject premises and his valuation which is effectively based on purchase price reflects redevelopment value. Whilst we consider a 10% landowner's premium to be reasonable in this case, we arrive at an assumed BLV of £935,000. This reflects a reduction of £825,000.

## 5. ASSESSMENT OF APPLICATION SCHEME INPUTS

This section of the report presents the Applicant's appraisal inputs together with Carter Jonas's interrogation of these inputs and appropriate adjustments where applicable.

### 5.1. Scheme Values

#### 5.1.1. Private Sales Values

The JRB pricing schedule equates to an average private residential sales value of £585psf, which reflects a total development value for the private residential of £15,800,000.

We detail the JRB pricing in the table below;

Unit	Type	Floor	Bed	Area (sq ft)	Price	£ / psf
1	Maisonette	0/1	3	1,124	£549,000	£489
2	Maisonette	0/1	3	1,124	£549,000	£489
3	Maisonette	0/1	3	1,178	£559,000	£475
4	Maisonette	0/1	2	889	£512,000	£576
5	Flat	1	1	642	£381,000	£594
6	Flat	1	2	757	£449,000	£593
7	Flat	1	2	757	£449,000	£593
8	Flat	1	2	809	£489,000	£604
9	Flat	2	1	642	£385,000	£600
10	Flat	2	1	562	£346,000	£616
11	Flat	2	1	589	£357,000	£606
12	Flat	2	2	757	£452,000	£597
13	Flat	2	2	757	£452,000	£597
14	Flat	2	1	589	£357,000	£606
15	Flat	2	1	566	£350,000	£618
16	Flat	3	1	642	£387,000	£603
17	Flat	3	3	966	£548,000	£568
18	Flat	3	2	757	£454,000	£600
19	Flat	3	2	757	£454,000	£600
20	Flat	3	1	589	£360,000	£611
21	Flat	3	1	566	£353,000	£623
22	Flat	4	1	642	£389,000	£606
23	Flat	4	2	794	£467,000	£588
24	Flat	4	2	757	£457,000	£604
25	Flat	4	2	757	£457,000	£604
26	Flat	4	3	969	£551,000	£569
27	Flat	5	1	642	£391,000	£609



28	Flat	5	2	709	£419,000	£591
29	Flat	5	2	757	£462,000	£611
30	Flat	5	2	757	£462,000	£611
31	Flat	5	1	709	£419,000	£591
32	Flat	6	1	548	£373,000	£681
33	Flat	6	2	709	£426,000	£601
34	Flat	6	2	757	£467,000	£617
35	Flat	6	2	757	£467,000	£617
36	Flat	6	1	709	£401,000	£565
<b>Total</b>				<b>26,986</b>	<b>£15,800,000</b>	<b>£585</b>

JRB has included limited comparable evidence to inform his applied values. He has referred to Waterloo Wharf and Union Park developments and individual new build units on Field Heath Road and Drayton Court. In respect of Waterloo Wharf, JRB has supplied a copy of the Molior schedule listing a number of asking prices as of September 2018. With regard to Union Park JRB has stated that 1 beds are priced from £300k and 2 beds from £375k with parking included.

The JRB pricing schedule therefore reflects;

- One bedroom flats - £346,000 - £419,000 (£566 - £681psf)
- Two bedroom flats - £419,000 - £467,000 (£588 - £617psf)
- Three bedroom flats - £548,000 - £551,000 (£567 - £569psf)
- Two bedroom maisonette - £512,000 (£576psf)
- Three bedroom maisonettes - £549,000 - £559,000 (£575,488psf)

We have also undertaken our own research and this is presented below;

### 5.1.2. National Housing Overview

The Office for National Statistics released first estimate Q4 GDP figures this month of 0.2% growth showing a significant slowdown on the 0.6% achieved in the previous three months. Subject to revisions, GDP growth last year will therefore reach just 1.4%, the weakest rate of growth since 2012. Brexit uncertainties are now clearly evident in most parts of the UK economy, from manufacturing and services sectors to the retail industry, housing and economic growth generally. On a more optimistic note, consumers appear to be resilient or at least less pessimistic than the wider economy. With wage growth a punchy 3.4% this month and the labour market data so strong, this is one of the only areas of the economy which has so far remained buoyant in the face of a more subdued (Brexit) economic backdrop.

Despite the uncertainty, the Government are seeking to promote business as usual by reassuring the markets that investment in major infrastructure projects will continue as planned, and that increasing the supply of housing remains a national priority.

Nationwide and Halifax house price indices for February showed a muted housing market with annual growth of just 0.4% and 0.8%, respectively. According to Rightmove the subdued pricing is now being outstripped by

higher average wage growth, meaning that buyer affordability is on the rise at the fastest rate in nearly eight years.

The 2.5% annual price growth from the Official House Price Index is the lowest rate of growth since July 2013 and reflects a lack of activity in specific parts of the UK housing market at present. Affordability and Brexit uncertainty are the key factors in falling demand across most of the UK and the RICS price balance measure fell again in January 2019 to -22%. Rapidly falling measures were recorded in new enquiries, sales levels and new instructions.

### 5.1.3. Local Market Commentary

Generally, residential developer activity in Hillingdon is strong with there being increasing competition for sites. Developers continue to see good prospects for both commercial and residential development given the good transport links and connectivity to central London via rail links.

According to the Land Registry House Price Index, the average house price in Hillingdon was £407,751 as of December 2018 which reflects a yearly change of -0.4% with prices remaining stagnant month of month.

### 5.1.4. Comparable Evidence

Union Park, Packet Boat Lane – is a comparable identified by JRB which located within a 500 ft of the subject site and therefore provides a good indication of values for the subject private units. The scheme will comprise 251 units when completed. As at January 2019, according to Molior, 38 units remain unsold with the current pricelist showing 1 beds from £285,000, 2 beds from £350,000 and a reported average of £570psf. We have made our own enquiries at the development and detail the following sales which have been achieved in the last quarter;

Floor	Beds	Size	Price	£ psf
3	1	596	£315,000	£529
1	1	595	£316,000	£531
2	1	596	£315,000	£529
G	2	879	£380,000	£498
G	2	703	£350,000	£498
2	2	880	£360,000	£409
1	2	877	£380,000	£433
2	2	877	£370,000	£422
3	3	1,115	£447,500	£401

We are of the opinion that the development provides a good indication of value for the proposed subject units given the proximity to one another.

Padcroft Works, Tavistock Road, West Drayton, UB7 7QX – This 308 unit scheme located 0.9 miles south of the subject site is being developed by Redrow, with a final completion date estimated for Q1 2020. The scheme is located opposite West Drayton station and will provide three buildings of between three and eight storeys in height. The scheme will benefit from lower ground floor parking for 293 vehicles and amenity space such as communal roof terraces. We have reviewed a number of currently available units which we detail below:

Plot Ref	Floor	Beds	Size	Price	£ psf
616	1	1	566	£335,000	£592
615	1	1	621	£350,000	£564
514	1	2	786	£415,000	£528
532	3	2	756	£435,000	£575
533	3	2	756	£435,000	£575
534	3	2	786	£440,000	£560
541	4	2	770	£445,000	£578
454	5	2	812	£450,000	£554
602	G	3	913	£465,000	£509

The full price list reflects a value on a price per sq ft basis of between £445 and £734 with an average of £553 psf. 1 bedroom flats range from £320,000 to £395,000, 2 bedroom flats from £390,000 to £485,000 and 3 bedroom flats from £465,000 to £500,000. At the end of Q4 2018, 75 units had sold with 27 units complete and the remainder will follow through to Q1 2020.

The Old Police Station, Station Road, West Drayton, UB7 7JQ – Located approximately 1.6 miles from the subject site, this 53-unit scheme is being developed by Kearns Premier Homes. The scheme comprises 40 apartments and 13 houses, with construction having been completed in Q3 2018. We understand that 15 apartments remained unsold by the end of Q4 2018. We detail the most recent price list below:

Plot Ref	Floor	Beds	Size	Price	£ psf	Date of Price
17	1	2	753	£385,000	£511	Dec-18
28	2	2	753	£385,000	£511	Dec-18
32	3	2	732	£410,000	£560	Dec-18
36	3	2	721	£380,000	£527	Dec-18
39	3	2	603	£350,000	£580	Dec-18

4	G	2	731	£390,000	£534	Sep-18
10	G	2	635	£367,500	£579	Sep-18
11	1	2	764	£400,000	£524	Sep-18
23	3	3	850	£445,000	£524	Sep-18
7	G	2	731	£385,000	£527	Jun-18
13	1	3	850	£445,000	£524	Jun-18
18	1	2	743	£392,500	£528	Jun-18
40	3	3	1001	£445,000	£445	Jun-18

The price list above reflects 2 bedroom flats from £367,500 to £400,000 and two 3 bedroom flats priced at £445,000, with the overall average price per sq ft equating to £529.

### 5.1.5. Summary and Conclusions

Having considered the evidence in the immediate locality, we consider the private residential sales values adopted by the applicant to be in line with market evidence. Based our research and analysis, we have adopted the same private residential values as the applicant for the purpose of our appraisal.

### 5.1.6. Ground Rents

On 21st December 2017 the Communities Secretary announced a Government proposal to introduce legislation to ensure that ground rents on new long leases of flats and houses are set at zero. Whilst the legislation has yet to be passed, we gather that the proposal has all-Party support although there is no timetable for the proposed legislation as yet.

JRB has referred to the government proposals but has included ground rental income given the legislation has not yet past and there remains a possibility that capitalised ground rent income could continue to form part of the development revenue.

JRB has included ground rents in his appraisal based on £350 per annum for 1 beds, £450 per annum for 2 beds and £500 per annum for 3 beds. The annual income has then been capitalised on the assumption of 20 years purchase or an equivalent yield of 5%. This produces a capital value of £245,000 which has been included in the sales revenue in the appraisal.

We are aware in many instances given the market uncertainty around ground rent income that although developers are continuing to reflect a rental income in many instances a downward adjustment to the equivalent yield has been made.

For the purpose of our modelling we have mirrored the assumptions adopted within the JRB appraisal.

### 5.1.7. Car Parking

The application scheme proposes to provide 42 residential parking spaces, including 4 for disabled users, which equates to approximately 0.86 spaces per unit. We understand that 20% of the spaces will have active electric vehicle charging points and 5 spaces are for motor cycles.

The Applicant has assumed that the value of the car parking spaces is included within the private residential values.

### 5.1.8. Affordable Housing

Policy H2 of Hillingdon Council's Local Plan states "For sites with a capacity of 10 or more units the Council will seek to ensure that the affordable housing mix reflects housing needs in the borough, particularly the need for larger family units."

The local plan goes on to state in paragraph 6.29 that *"35% of all new units in the borough should be delivered as affordable housing, with an indicative tenure mix of 70% housing for social rent and 30% intermediate housing."*

Additionally, the size and type of the units are also important, as stated in paragraph 6.32: "the HMA indicates that 70% of net need for affordable housing is for two and three bed accommodation, more than a fifth is for four bed accommodation and almost 7% is for one bedroom accommodation. The need relative to supply is greatest for larger family accommodation."

In addition to the above the London Plan Policies 3.11 and 3.12 and draft London Plan Policy H5 and Policy H6 seek to maximise the delivery of affordable housing, setting a strategic target of 50% across London. The Mayor's Affordable Housing and Viability Supplementary Planning Guidance seeks to increase the provision of affordable housing in London and embed affordable housing into land prices. The SPG introduced a threshold approach to viability, which is incorporated within draft London Plan Policy H6; schemes on industrial land that provide 50% affordable housing on site, without public subsidy, and meet the specified tenure mix, as set out in draft London Plan Policy H7, are not required to submit viability information nor be subject to a late stage review.

The applicant is proposing to provide zero affordable housing on account of scheme viability and has therefore not provided any commentary on affordable housing values.

## 5.2. Scheme Costs

### 5.2.1. Build Costs

A project specific cost estimate has not been produced to inform the proposed costs of the scheme and JRB has therefore based his build costs assumptions on BCIS data. JRB has split his costs between ground and above areas and basement areas. In respect of the ground and above area he has applied a build cost of £2,100psm (£195psf) to the GIA of 3,058.93 sq m. This is slightly lower than the Upper Quartile rate of 6+ storey developments of £2,163psm for LB Hillingdon as at September 2018. In respect of the two levels of

basement and car lifts he has adopted cost of £1,650psm (£153psf). JRB has included an additional external allowance of 10% which when applied to the base build costs amounts to a total build cost of £9,461,904 (£200.74psf) assumed.

In the absence of a project specific build cost estimate, relying on BCIS is a fairly high level exercise and does not reflect the individual characteristics of the subject site and proposed scheme. In the absence of a detailed cost plan we do not disagree with this approach nor the build cost assumptions adopted by JRB.

### **5.2.2. Contingency**

JRB has adopted a contingency on build costs of 5%, which given the non-project specific costs adopted is an acceptable rate.

### **5.2.3. Professional Fees**

JRB has adopted a rate of 10% to cover all professional fees associated with the scheme, which totals £946,000. A typical professional fee allowance ranges from 8-12% depending on the scale and complexity of the proposed development.

In this instance we consider the mid-point allowance of 10% to be reasonable for a scheme of this nature and complexity and have therefore adopted a professional fee allowance of 10% for the purposes of our own modelling.

### **5.2.4. Fees and Marketing Costs**

JRB has adopted a marketing allowance of 1.25%, a sales agency fee allowance of 1.5% and £40,000 for sales legal fees for the private residential units.

We would expect combined sales and marketing fees to equate to a maximum of 3% and therefore we do not believe the assumption adopted within the FVA to be unreasonable. For the purposes of our own modelling we have mirrored that of JRB.

### **5.2.5. Finance Cost**

A debit finance rate of 7.00% and credit finance rate of 0.5% has been adopted by the Applicant within the development appraisal for the scheme. In the current market, the range of finance is usually between 6.00-7.00%, and therefore this is considered to be at an acceptable level given that this is an 'all-in' finance cost which includes set up and exit fees.

### **5.2.6. Community Infrastructure Levy**

The scheme would be subject to Community Infrastructure Levy (CIL) from both LB Hillingdon and the Mayor of London. A combined allowance of £500,000 for both local and mayoral CIL has been included in the JRB modelling.



JRB has not provided a calculation of the CIL payments and we would advise the local planning authority to check and verify the figures.

#### **5.2.7. Development Programme**

The development programme for the scheme to be built and sold is due to take 26 months according to JRB. The phasing of the development is as follows (excluding pre-construction works):

- Pre-construction – 4 months
- Construction – 16 months
- Sales – 6 months

In terms of receipts, the JRB appraisal demonstrates no off-plan sales but 60% of sales are assumed at practical completion in sales month 1 with 10% in month 2 and 10% in month 3, followed by 5% in month 4 and 5% in month 5 and 10% in month six.

Given the current uncertainties in the market, especially with overseas investment in apartment schemes, we consider the programme and assumptions on sales rates to be reasonable.

#### **5.2.8. Developer's Profit Margin**

We would comment that the appropriate level of developer profit will vary from scheme to scheme. Developer's profit margin is determined by a range of factors including property market conditions, individual characteristics of the scheme, comparable schemes and the development's risk profile. The market in Hillingdon is increasingly competitive with many active developers and a number of sites currently under construction in the immediate surrounding area alone.

JRB has adopted a developer's profit of 22.5% of Gross Development Cost which equates to a profit on Gross Development Value of 18.37%.

We would comment that in the vast majority of residential led schemes, profit is considered on the basis of GDV as developers typically look at profit margins against the value against the residential units. We consider that profit should be considered on this basis.

Based on our experience of schemes across London, profit on GDV for private residential ranges from 17.5% to 20% with a lower profit margin applied to the affordable element of the scheme owing to the lower sales risk attached to units that are bulk sold to a Registered Provider. However if there are specific reasons why a schemes risk profile justifies a higher profit then a scheme should be considered on its merits.

In this case the applied profit margin equates to 18.37% which is roughly in the middle of the usual range adopted and in the context of the scheme we do not consider this unreasonable. However, should affordable housing units be introduced this would need to be reduced on account of the reduction in risk profile.

### 5.3. Summary Table

The table below provides a summary of the above analysis highlighting any areas of difference, which will form the basis of our sensitivity testing in the following section.

Assumption	JRB Assumptions	Carter Jonas Assumptions (Where Different)	Comments
<b>Sales and Revenue</b>			
Private Residential Sales Value	£585psf	-	
Residential Ground Rent	£300 per 1 bed p.a. £450 per 2 bed p.a. £500 per 3 bed p.a. @ 5% yield	-	
<b>Development Costs</b>			
Construction Costs	£9,461,904 (£200.74psf)	-	
Contingency	5%	-	
Professional Fees	10%	-	
Sales Agents	1.5%	-	
Sales Legal	£40,000	-	
Marketing	1.25%	-	
CIL	£500,000	-	We have adopted the CIL amount assumed by the Applicant but recommend this is reviewed by the Council
Interest / Finance Costs	7% debit / 0.5% credit	-	
Developers Profit	Private Residential - 22.5% on costs (18.37% on GDV)	-	
Pre-sales and sales rate	6 private units per month	-	
Benchmark Land Value	£1,760,000	£935,000	See section 4 above

## 6. FINANCIAL APPRAISALS

### 6.1. Sensitivity Analysis

Where our own market research has indicated that the inputs used have not been fully justified we have sought to illustrate the potential impact on viability. In this respect we have undertaken sensitivity analysis producing a number of residual appraisals using Argus Developer, which is a leading industry-standard development appraisal package commonly used by developers and agents to assess development viability.

Although this analysis does not constitute formal valuations under the provisions of the RICS Valuation Standards ('Red Book') it does provide robust evidence to inform the Council's decision making process in respect of the applicants planning application.

In this instance we have been provided with a working appraisal by JRB, which has enabled us to ensure the model has been constructed properly and the inputs are timed correctly within the cashflow. As such we have used the JRB model for our sensitivity analysis to ensure that the base position is fully consistent with the applicants.

As has been highlighted in the summary table in the previous section we are not in disagreement with the majority of the assumptions adopted. However we do consider the site Benchmark Land Value to be overstated and have applied our own assumption which we consider is more reflective of the market.

As we have previously mentioned, the scheme is carrying a cost of approximately £2.1m plus a 10% external allowance equating to £2.4m for the two levels of basement car parking. We have undertaken an appraisal excluding this cost and arrive at a residual land value of approximately £3,000,000. Therefore we would comment that should the car parking basement levels be removed the scheme viability would be notably improved and would result in a significant project surplus.

## 7. CONCLUSIONS

JRB has concluded that the scheme is unable to provide any on-site affordable housing on viability grounds given the projected scheme deficit **£-1,162,013** when applying his aforementioned assumptions in respect of the proposed scheme and opinion of BLV.

As we have detailed above, we do not take issue with the assumptions adopted in respect of the proposed scheme and therefore arrive at the same residual land value as JRB (£597,987). However, we are not in agreement with the assumed BLV proposed by JRB which we have reduced from £1,760,000 to £935,000.

Therefore, whilst we consider JRB to have overstated the negative viability position of the proposed development, given the difference of opinion around Existing Use Value, we are of the opinion that the scheme is unable to provide any on-site affordable housing based on the current scheme design with the inclusion of basement parking costs. Should this cost be removed the residual land value of the proposed scheme assuming the same scheme content would derive a significant surplus.

When compared against our opinion of BLV, (£935,000) the proposed scheme demonstrates a scheme deficit of **£-337,013** indicating that the scheme cannot provide any additional affordable housing.

	GDV	Total Costs	Residual Land Value	BLV	Net Position
JRB	£16,045,000	£12,499,973	£597,987	£1,760,000	<b>-£1,162,013</b>
Carter Jonas	£16,045,000	£12,499,973	£597,987	£935,000	<b>-£337,013</b>

## APPENDIX 1 – APPRAISAL PRINT-OUT

DRAFT

# Paddington Packet Boat

Development Appraisal  
Prepared by JRB  
Carter Jonas LLP  
08 March 2019

**Paddington Packet Boat**
**Appraisal Summary for Phase 1**
**Currency in £**
**REVENUE**

<b>Sales Valuation</b>	<b>Units</b>	<b>ft²</b>	<b>Sales Rate ft²</b>	<b>Unit Price</b>	<b>Gross Sales</b>
Private Residential	1	26,986	585.49	15,800,000	15,800,000
Ground Rents	<u>1</u>	<u>0</u>	0.00	245,000	<u>245,000</u>
<b>Totals</b>	<b>2</b>	<b>26,986</b>			<b>16,045,000</b>

**NET REALISATION** **16,045,000**
**OUTLAY**
**ACQUISITION COSTS**

Residualised Price			597,987		
				597,987	
Stamp Duty		4.40%	26,311		
Agent Fee		1.00%	5,980		
Legal Fee		0.80%	4,784		
				37,075	

**CONSTRUCTION COSTS**

<b>Construction</b>	<b>ft²</b>	<b>Build Rate ft²</b>	<b>Cost</b>		
Private Residential	32,926	200.74	6,609,565		
Basement	<u>14,209</u>	<u>200.74</u>	<u>2,852,339</u>		
<b>Totals</b>	<b>47,135 ft²</b>		<b>9,461,904</b>	<b>9,461,904</b>	

Contingency		5.00%	473,095		
CIL/MCIL/S.106			500,000		
				973,095	

**PROFESSIONAL FEES**

Professionals		10.00%	946,190		
				946,190	

**MARKETING & LETTING**

Marketing		1.25%	197,500		
				197,500	

**DISPOSAL FEES**

Sales Agent Fee		1.50%	240,675		
Sales Legal Fee			40,000		
				280,675	

**FINANCE**

Debit Rate 7.000%, Credit Rate 0.500% (Nominal)					
Land			73,802		
Construction			504,852		
Other			24,879		
Total Finance Cost				603,533	

**TOTAL COSTS** **13,097,960**
**PROFIT**
**2,947,040**
**Performance Measures**

Profit on Cost%	22.50%
Profit on GDV%	18.37%
Profit on NDV%	18.37%

IRR 34.66%

Profit Erosion (finance rate 7.000) 2 yrs 11 mths



**Paddington Packet Boat**

# APPENDIX 5



# Indicative Estimate

Paddington Packet Boat Developments Limited

Paddington Packet Boat

9<sup>th</sup> June 2023

# Indicative Estimate

## Paddington Packet Boat

June 2023



### Document Control

**Identification** This Estimate is categorised as follows:

Category	Details
<b>Project Name:</b>	<i>Paddington Packet Boat</i>
<b>Project No:</b>	<i>0623-VE-0030</i>
<b>Author:</b>	<i>Mark Stevens</i>

### Document Approval

This Estimate requires the following approvals. A signed copy is to be placed in the Project files.

Name	Position	Approval	Date
Mark Stevens	Managing Director	Final Sign-Off	9 <sup>th</sup> June 2023
Sarah Brogden	Director	Proofread	9 <sup>th</sup> June 2023

**Revision History** New versions of the Estimate must be reviewed and recorded in the table below.

Version	Author	Reason for Issue	Issue Date
-	Mark Stevens	Updated to reflect current costs	9 <sup>th</sup> June 2023



Table of Contents

Introduction..... 3

Section 1: Project Definition..... 4

Section 2: Order of Cost Estimate ..... 5

Section 3: Basis of Estimate..... 6

Appendix A .....

### Introduction

This report provides an estimate of cost for the proposed student residential development on the site of the Paddington Packet Boat public house, at High Road, Uxbridge, UB8 2HT, based on the drawings and Design & Access Statement prepared by Benchmark Architects.

An aerial view of the location is detailed below, with the development proposed on the existing car park to the northern end of the site, adjacent to Monarch's Way.



QSetc Limited ("QSetc") has prepared this Estimate based on an instruction from Paddington Packet Boat Developments Limited.

This Estimate only addresses the estimated Capital Cost of the development. No consideration or allowances have been made in connection with future maintenance, operation, or replacement costs. This Estimate also excludes any costs associated with professional, legal, or statutory fees which will be payable as part of the development of the project. The Estimate also excludes the cost associated with any non-recoverable VAT, for which specialist advice should be sought. A full list of exclusions and assumptions is attached to the cost breakdown at Appendix A.

## Section 1: Project Definition

### 1.1 Description of the Project

Briefly, the project consists of the development providing 61 new self-contained student studios, with a Gross Internal Floor Area ('GIFA') of 1,659m<sup>2</sup> (17,857 sq. ft.), in a single block. The Net Internal Area ('NIA') is 1,093m<sup>2</sup> (11,766 sq. ft.)

The area schedule is detailed below:

#### Area Schedule

Areas							
	Apartments			Commercial		TOTAL	
	Nr	GIFA m <sup>2</sup>	NIA m <sup>2</sup>	GIFA m <sup>2</sup>	NIA	GIFA m <sup>2</sup>	NIA m <sup>2</sup>
G	13	413	217	-	-	413	217
1	16	398	292			398	292
2	16	398	292			398	292
3	16	398	292			398	292
4	-	52	-			52	-
Totals	61	1,659	1,093	-		1,659	1,093
						17,857	11,766

The detailed specification for the project is assumed to be in keeping with other student developments within the area and is briefly outlined in section 3 of this report.



# Indicative Estimate

## Paddington Packet Boat

June 2023



## Section 2: Order of Cost Estimate

### 2.1 Total Cost

QSetc estimates the cost of the scheme to be £5,840,000 based on current competitive pricing levels including a 5% contingency allowance. This equates to £3,520/m<sup>2</sup> (£327/Sq. Ft.) based on the GIFA or £5,343/m<sup>2</sup> (£496/sq. ft.) based on the total NIA as summarised below:

COST SUMMARY		GIFA Areas /m <sup>2</sup>	Element Total	Cost /m <sup>2</sup>	Cost /ft <sup>2</sup>	Cost /m <sup>2</sup>	Cost /ft <sup>2</sup>	% of cost
1	Demolition	1,659	50,000	30.14	2.80	45.74	4.25	1%
2	Residential Shell & Core	1,659	2,245,000	1,353.22	125.72	2,053.79	190.80	38%
3	Residential - Fit Out	1,659	1,636,000	986.14	91.62	1,496.66	139.04	28%
4	Statutory Connections	1,659	295,000	177.82	16.52	269.87	25.07	5%
5	External Works	1,659	300,000	180.83	16.80	274.45	25.50	5%
SUB TOTAL OF ALL FUNCTIONS		1,659	4,526,000	2,728.15	253.45	4,140.52	384.66	77%
6	Main Contractor Preliminaries	16.00%	724,000	436.41	40.54	662.34	61.53	12%
SUB-TOTAL			5,250,000	3,164.56	293.99	4,802.85	446.20	90%
7	Main Contractor Overheads and Profit	6.00%	315,000	189.87	17.64	288.17	26.77	5%
TOTAL EXCL. CONTINGENCIES & INFLATION			5,565,000	3,354.43	311.63	5,091.03	472.97	95%
8	Contingency	5.00%	278,000	167.57	15.57	254.32	23.63	5%
9	Inflation	EXCL	EXCLUDED					
10	Professional Fees	EXCL	EXCLUDED					
TOTAL CURRENT DAY COST			£5,843,000	3,522	327	5,345	497	100%
TOTAL CURRENT DAY COST (Rounded)			£5,840,000	3,520	327	5,343	496	100%

A detailed breakdown is included at Appendix A.

## Section 3: Basis of Estimate

- 3.1 This Cost Estimate addresses the estimated cost of the Capital Works only. No allowance has been made in connection with future maintenance, operation, or replacement costs.

This Estimate is based on the following information and assumptions:

### 3.1.1 Estimate Base Date

The base cost estimate and the risk allowances have been prepared using rates and prices at the time the Estimate was prepared – this is referred to as the 'Estimate Base Date'. This date is June 2023 or the 2<sup>nd</sup> Quarter of 2023, based on RICS guidance. For completeness, the RICS Tender Price Index ("TPI") on the date of issue of this Estimate is forecast at **382**.

### 3.1.2 Inflation

The Estimate includes an allowance for inflation during the construction period. However, there is no allowance for inflation between now and work commencing on site.

### 3.1.3 Procurement Strategy

It is assumed the design will be developed by the architects and tendered to up to four suitably qualified contactors, following completion of the detailed design, on a traditional basis.

## Section 3: Basis of Estimate

### 3.1.4 Shell & Core Specification

The indicative specification for the development on an elemental basis, is as follows:

Substructure	Piled foundations below a concrete slab.
Upper Floors/Frame/Roof/Stairs	225 thick reinforced concrete slabs and concrete frame. Precast concrete staircases. Tiled pitched roof on steel supporting structure. UPVC rainwater goods.
External Walls	Cavity wall consisting of two skins of brick/blockwork.
External Doors & Windows	Aluminium framed/composite double-glazed external windows and doors; Ideal Combi/Velfac or similar.
Balconies	Glazed Juliette balconies to all windows.
Internal Walls & Partitions	SFS partitions, with acoustic lining between studios.

### 3.1.5 Fit Out Specification

Internal Doors	Veneer internal doors with timber painted frames and stainless-steel ironmongery. Installed as door sets.
Floor Finishes	Carpets to bedrooms with 600 wide vinyl in front of kitchen units.  Bathroom floors finished as per 'pod' specification.
Wall Finishes	Painted plaster. Splashback to kitchens. Bathroom walls finished as per 'pod' specification.
Ceiling Finishes	Painted plasterboard.

## Section 3: Basis of Estimate

### 3.1.5 Fit Out Specification (continued)

Kitchens (Howdens or similar)
<ul style="list-style-type: none"><li>• Own brand appliances as listed within the detailed estimate at Appendix A.</li></ul>

Bathrooms
<ul style="list-style-type: none"><li>• Pods, with sanitaryware as per selected manufacturers standard.</li></ul>

Mechanical & Electrical Installations
Allowance made based on type of building. Final “loose” electrical equipment is excluded.

### 3.1.6 External Works

Sum of money included for external works and incoming services, based on landscaping around the building, along with suitable services’ installations.

### 3.1.5 Exclusions

A detailed list of exclusions is included at the back of this Estimate at Appendix A.

---

## Indicative Estimate

### Paddington Packet Boat

*June 2023*

---



## Appendix A

### Detailed Breakdown

## Section 1 : WHOLE PROJECT COST SUMMARY

AREA SUMMARY				G.I.A m <sup>2</sup>	G.I.A ft <sup>2</sup>	N.I.A m <sup>2</sup>	N.I.A ft <sup>2</sup>	Net to Gross		
Apartments				1,659	17,857	1,093	11,766	66%		
				1,659	17,857	1,093	11,766	66%		
				1,659	17,857	1,093	11,766	66%		
COST SUMMARY				GIFA Areas /m <sup>2</sup>	Element Total	Cost /m <sup>2</sup>	Cost /ft <sup>2</sup>	Cost /m <sup>2</sup>	Cost /ft <sup>2</sup>	% of cost
1	Demolition	1,659	50,000	30.14	2.80	45.74	4.25	1%		
2	Residential Shell & Core	1,659	2,245,000	1,353.22	125.72	2,053.79	190.80	38%		
3	Residential - Fit Out	1,659	1,636,000	986.14	91.62	1,496.66	139.04	28%		
4	Statutory Connections	1,659	295,000	177.82	16.52	269.87	25.07	5%		
5	External Works	1,659	300,000	180.83	16.80	274.45	25.50	5%		
SUB TOTAL OF ALL FUNCTIONS		1,659	4,526,000	2,728.15	253.45	4,140.52	384.66	77%		
6	Main Contractor Preliminaries	16.00%	724,000	436.41	40.54	662.34	61.53	12%		
SUB-TOTAL			5,250,000	3,164.56	293.99	4,802.85	446.20	90%		
7	Main Contractor Overheads and Profit	6.00%	315,000	189.87	17.64	288.17	26.77	5%		
TOTAL EXCL. CONTINGENCIES & INFLATION			5,565,000	3,354.43	311.63	5,091.03	472.97	95%		
8	Contingency	5.00%	278,000	167.57	15.57	254.32	23.63	5%		
9	Inflation	EXCL	EXCLUDED							
10	Professional Fees	EXCL	EXCLUDED							
TOTAL CURRENT DAY COST			£5,843,000	3,522	327	5,345	497	100%		
TOTAL CURRENT DAY COST (Rounded)			£5,840,000	3,520	327	5,343	496	100%		

Cost per room	£96,000
---------------	---------

### Notes:-

- 1 The measures contained within this document shall not be relied upon for any purpose other than the formulation of the cost plan itself;
- 2 The pricing basis of this *preliminary budget estimate* is on current market conditions and should be reviewed at regular intervals of no longer than 3 months; and
- 3 This *preliminary budget estimate* has been prepared from outline information only and we strongly advise that the consultants should be allowed to develop the brief further before any irrevocable financial commitment is entered into by the Client.



## Section 2 : CALCULATIONS

	Quantity	Unit	Rate £/m <sup>2</sup>	£
<b>1</b>	<b><u>Demolition</u></b>			
Demolition of existing buildings	1	item	-	50,000
Asbestos removal				Excluded
<b>Demolition to Collection</b>				<b>50,000</b>
<b>2</b>	<b><u>Residential Shell &amp; Core</u></b>			
Substructure	1,659	m <sup>2</sup>	120	199,000
Concrete Frame	1,659	m <sup>2</sup>	150	249,000
Upper Floors - concrete 225 thick	1,659	m <sup>2</sup>	140	232,000
Roof (measured on plan); assumed steel frame pitched roof with tiled coverings	413	m <sup>2</sup>	200	83,000
Extra Over for Green Roof; assumed flat	15	m <sup>2</sup>	300	5,000
Allowance for Roof Terrace including balustrades, decking etc	1	item		25,000
Allowance for Rainwater goods	1	item		15,000
Allowance for Stone effect coping to gables	150	m	190	29,000
Stairs; levels served	4	Nr	8,000	32,000
External Walls; brick; assumed 60% of façade area	821	m <sup>2</sup>	450	370,000
External Walls; glazing; 40% of wall area; grey aluminium frames	498	m <sup>2</sup>	580	289,000
Glass Juliette Balconies; 1200mm high	226	m	1,050	238,000
External Doors:				
Main Entrance Lobby; Sliding Door	1	item	20,000	20,000
Side Access Door; Single	1	Nr	2,500	2,500
Louvre Doors to Bins; Double Doors	1	Nr	5,000	5,000
Louvre Doors to Cycles; Single Doors	1	Nr	2,500	3,000
Shell & Core MEP	1,659	m <sup>2</sup>	240	398,000
Lift - 4 levels	1	Nr	50,000	50,000
<b>Residential Shell &amp; Core to Collection</b>				<b>2,244,500</b>





## Section 2 : CALCULATIONS

		Quantity	Unit	Rate £/m²	£
3	<b><u>Residential - Fit Out</u></b>				
	Fit Out to Apartments - see breakdowns				
	Studio Type A	52	Nr	20,800	1,081,600
	Studio Type B	3	Nr	22,000	66,000
	Studio Type C - M4 (3) Compliant	3	Nr	25,800	77,400
	Studio Type D - M4 (3) Compliant	3	Nr	30,200	90,600
	Fit Out to Main Entrance / Reception	1	item	50,000	50,000
	Residents Facilities - Amenity (external)				Incl.
	Residents Fit Out - Lounge Fit Out	65	m²	1,000	65,000
	Fit Out to Communal Areas	501	m²	300	150,000
	Allowance for Laundry				Excluded
	Cycle Racks	64	Nr	350	22,400
	Eurobins; 1100 litre	8	Nr	320	2,600
	Internal Signage	1	item		15,000
	Post-boxes	61	Nr	250	15,250
				<b>Residential - Fit Out to Collection</b>	<b>1,635,850</b>
4	<b><u>Statutory Connections</u></b>				
4.1	Allowance for works to Sub-Stations and distribution		item		60,000
4.2	Allowance for Water Main & distribution		item		35,000
4.3	Allowance for Gas Main & distribution		item		35,000
4.4	Allowance for BT/Telecoms distribution		item		5,000
4.5	Allowance for foul drainage		item		100,000
4.6	Allowance for service diversions (RISK ITEM)		item		Excluded
4.7	Allowance for residential connections	1	item		60,000
				<b>Statutory Connections to Collection</b>	<b>295,000</b>



## Section 2 : CALCULATIONS

		Quantity	Unit	Rate £/m <sup>2</sup>	£
<b>5</b>	<b><u>External Works</u></b>				
5.1	Cut & Fill / reduced level dig across site	948	m <sup>2</sup>	12	11,000
5.2	Landscaping to site generally	535	m <sup>2</sup>	160	86,000
5.3	Car Parking Allowance	0	Nr		Incl.
5.4	External Services & Lighting	535	m <sup>2</sup>	35	19,000
5.5	External Drainage	535	m <sup>2</sup>	60	32,000
5.6	Provisional allowance for rainwater attenuation/SUDS	1	item		30,000
5.7	Allowance for renewables	61	Nr	2,000	122,000
<b>External Works to Collection</b>					<b>300,000</b>

## Studio - Type A

Average 1 Bed apartment at 17 m<sup>2</sup> NIA  
Equates to 25 m<sup>2</sup> GIA

Item	Description	Qty	Unit	Rate (£p)	£ Add	£/m2 NIA	£/ft2 NIA
<b>1.0</b>	<b>Plasterboard drylining / Partitions / Ceilings</b>						
1.1	Allowance for Party Wall between rooms; 70mm metal studs, fibre glass with 2 layers of 15mm plasterboard both sides; 2100-2500mm high	5	m	230	1,150	68	6
1.2	Allowance for lining to outside of pod; 2100 - 2500mm high	3	m	140	420	25	2
1.3	E.O. Allowance for moisture resistant board to bathrooms and kitchens - Pod Cost	0	m <sup>2</sup>	3	-	-	-
1.4	Allowance for 15mm soundbloc board with dot and dab to external walls within bedroom incl high performance insulation	7	m <sup>2</sup>	35	228	14	1
1.5	E.O. for forming door openings	2	nr	20	40	2	0
1.6	Allowance for suspended ceiling; single layer of 12.5mm plasterboard	17	m <sup>2</sup>	45	756	45	4
1.7	Allowance for bulkheads / curtain track support	1	m	50	50	3	0
1.8	Access Panels	2	nr	350	700	42	4
<b>2.0</b>	<b>Internal Doors</b>						
2.1	Allowance for Entrance door to studio incl. frame, architraves, ironmongery, decoration - including Salto System	1	nr	1,000	1,000	60	6
2.2	Allowance for Single Internal door within studio incl. frame, architraves, ironmongery, decoration	0	nr	750	-	-	-
2.3	Bathroom Doors	1	nr	600	600	36	3
<b>3.0</b>	<b>Floor Finishes</b>						
3.1	Allowance for 65mm screed to bedroom floors; incl acoustic layer	17	m <sup>2</sup>	40	672	40	4
3.2	Allowance for carpet to bedrooms	13	m <sup>2</sup>	25	320	19	2
3.4	Allowance for tiling floor to Bathrooms / ensuite - in pod cost	0	m <sup>2</sup>	-	-	-	-
3.5	Allowance for vinyl to kitchens	2	m <sup>2</sup>	65	130	8	1
3.6	Allowance for MDF skirtings	23	m	9	207	12	1
<b>4.0</b>	<b>Wall Finishes</b>						
4.1	Tiled bathrooms; full height - Pod Cost	0	m <sup>2</sup>	65	-	-	-
4.2	Allowance for paint to walls;	60	m <sup>2</sup>	10	598	36	3
4.3	Allowance for paint to ceilings;	15	m <sup>2</sup>	12	178	11	1
4.4	Allowance for paint to skirtings;	23	m	8	184	11	1
4.5	Allowance for window boards	1	m	22	22	1	0
					-	-	-
<b>5.0</b>	<b>Fittings</b>						
	<b>Bedrooms:-</b>						
5.1	Bed & Mattress	1	nr	250	250	15	1
5.2	Headboard	1	nr	50	50	3	0
5.3	Bedside Cabinet	1	nr	50	50	3	0
5.4	Wardrobe (2300 x 750 x 600mm full length doors)	1	nr	300	300	18	2
5.5	Desk & Drawers (1600 x 600 x 735mm incl. 1 nr. cupboard unit)	1	nr	150	150	9	1
5.6	Shelves (1100 x 490mm 3 nr. box units)	1	nr	80	80	5	0
5.7	Desk Chair	1	nr	80	80	5	0
5.8	Mirror	1	nr	70	70	4	0
5.9	Pin board	1	nr	50	50	3	0
5.10	Blinds to window	1	nr	100	100	6	1
5.11	Room number sign	1	nr	10	10	1	0
5.12	TV - 32" & Bracket	1	nr	300	300	18	2
	<b>Kitchens:-</b>						
5.13	Wall and Floor Units, Worktops	1	nr	1,500	1,500	89	8
5.14	Table	0	nr	150	-	-	-
5.15	Chairs	0	nr	40	-	-	-
5.16	Sofas	0	nr	250	-	-	-
5.17	Coffee Table	0	nr	85	-	-	-
5.18	White goods including 1 nr of each Oven, Hob, Sink & Taps, Extractor Fan, Fridge Freezer	1	nr	1,250	1,250	74	7
5.19	Ironing Board	1	nr	20	20	1	0
5.20	Kettle	1	nr	20	20	1	0
5.21	Microwave	1	nr	100	100	6	1
5.22	Iron	1	nr	25	25	1	0
5.23	Toaster	2	nr	20	40	2	0
5.24	Pot Stands	1	nr	10	10	1	0
5.25	Waste Bin in Bedroom	1	nr	10	10	1	0
5.26	Recycling Bins	3	nr	10	30	2	0
5.27	Vacuum	1	nr	130	130	8	1
5.28	Washing up Bowl	1	nr	5	5	0	0
5.29	Dustpan & Brush	1	nr	5	5	0	0
5.30	Cutlery Holder	1	nr	5	5	0	0
5.31	Mop & Bucket	1	nr	10	10	1	0
<b>6.0</b>	<b>Services</b>						
6.1	<b>Sanitaryware</b>						
	<b>Sanitaryware to Bathroom</b>						
6.1.1	Complete bathroom pod	1	nr	3,800	3,800	226	21
6.2	MEP Fit Out	25	m <sup>2</sup>	200	5,099	304	28
<b>TOTAL</b>				<b>£</b>	<b>20,804</b>	<b>1,238</b>	<b>115</b>

## Studio - Type B

		Average 1 Bed apartment at	18	m <sup>2</sup>	N/A		
		Equates to	27	m <sup>2</sup>	G/A		
Item	Description	Qty	Unit	Rate (£p)	£ Add	£/m2 NIA	£/ft2 NIA
1.0	Plasterboard drylining / Partitions / Ceilings						
1.1	Allowance for Party Wall between rooms; 70mm metal studs, fibre glass with 2 layers of 15mm plasterboard both sides; 2100-2500mm high	3	m	230	690	38	4
1.2	Allowance for lining to outside of pod; 2100 - 2500mm high	3	m	140	420	23	2
1.3	E.O. Allowance for moisture resistant board to bathrooms and kitchens - Pod Cost	0	m <sup>2</sup>	3	-	-	-
1.4	Allowance for 15mm soundbloc board with dot and dab to external walls within bedroom incl high performance insulation	13	m <sup>2</sup>	35	455	25	2
1.5	E.O. for forming door openings	2	nr	20	40	2	0
1.6	Allowance for suspended ceiling; single layer of 12.5mm plasterboard	18	m <sup>2</sup>	45	815	45	4
1.7	Allowance for bulkheads / curtain track support	2	m	50	100	6	1
1.8	Access Panels	2	nr	350	700	39	4
2.0	Internal Doors						
2.1	Allowance for Entrance door to studio incl. frame, architraves, ironmongery, decoration - including Salto System	1	nr	1,000	1,000	55	5
2.2	Allowance for Single Internal door within studio incl. frame, architraves, ironmongery, decoration	0	nr	750	-	-	-
2.3	Bathroom Doors	1	nr	600	600	33	3
3.0	Floor Finishes						
3.1	Allowance for 65mm screed to bedroom floors; incl acoustic layer	18	m <sup>2</sup>	40	724	40	4
3.2	Allowance for carpet to bedrooms	14	m <sup>2</sup>	25	353	19	2
3.4	Allowance for tiling floor to Bathrooms / ensuite - in pod cost	0	m <sup>2</sup>	-	-	-	-
3.5	Allowance for vinyl to kitchens	2	m <sup>2</sup>	65	130	7	1
3.6	Allowance for MDF skirtings	32	m	9	288	16	1
4.0	Wall Finishes						
4.1	Tiled bathrooms; full height - Pod Cost	0	m <sup>2</sup>	65	-	-	-
4.2	Allowance for paint to walls;	83	m <sup>2</sup>	10	832	46	4
4.3	Allowance for paint to ceilings;	16	m <sup>2</sup>	12	193	11	1
4.4	Allowance for paint to skirtings;	32	m	8	256	14	1
4.5	Allowance for window boards	2	m	22	44	2	0
5.0	Fittings						
	Bedrooms:-						
5.1	Bed & Mattress	1	nr	250	250	14	1
5.2	Headboard	1	nr	50	50	3	0
5.3	Bedside Cabinet	1	nr	50	50	3	0
5.4	Wardrobe (2300 x 750 x 600mm full length doors)	1	nr	300	300	17	2
5.5	Desk & Drawers (1600 x 600 x 735mm incl. 1 nr. cupboard unit)	1	nr	150	150	8	1
5.6	Shelves (1100 x 490mm 3 nr. box units)	1	nr	80	80	4	0
5.7	Desk Chair	1	nr	80	80	4	0
5.8	Mirror	1	nr	70	70	4	0
5.9	Pin board	1	nr	50	50	3	0
5.10	Blinds to window	1	nr	100	100	6	1
5.11	Room number sign	1	nr	10	10	1	0
5.12	TV - 32" & Bracket	1	nr	300	300	17	2
	Kitchens:-						
5.13	Wall and Floor Units, Worktops	1	nr	1,500	1,500	83	8
5.14	Table	0	nr	150	-	-	-
5.15	Chairs	0	nr	40	-	-	-
5.16	Sofas	0	nr	250	-	-	-
5.17	Coffee Table	0	nr	85	-	-	-
5.18	White goods including 1 nr of each Oven, Hob, Sink & Taps, Extractor Fan, Fridge Feezer	1	nr	1,250	1,250	69	6
5.19	Ironing Board	1	nr	20	20	1	0
5.20	Kettle	1	nr	20	20	1	0
5.21	Microwave	1	nr	100	100	6	1
5.22	Iron	1	nr	25	25	1	0
5.23	Toaster	2	nr	20	40	2	0
5.24	Pot Stands	1	nr	10	10	1	0
5.25	Waste Bin in Bedroom	1	nr	10	10	1	0
5.26	Recycling Bins	3	nr	10	30	2	0
5.27	Vacuum	1	nr	130	130	7	1
5.28	Washing up Bowl	1	nr	5	5	0	0
5.29	Dustpan & Brush	1	nr	5	5	0	0
5.30	Cutlery Holder	1	nr	5	5	0	0
5.31	Mop & Bucket	1	nr	10	10	1	0
6.0	Services						
6.1	Sanitaryware						
	Sanitaryware to Bathroom						
6.1.1	Complete bathroom pod	1	nr	3,800	3,800	210	20
6.2	MEP Fit Out	27	m <sup>2</sup>	200	5,494	304	28
TOTAL				£	21,583	1,192	111

## Studio - Type C

Average 1 Bed apartment at 23 m<sup>2</sup> NIA  
Equates to 35 m<sup>2</sup> GIA

Item	Description	Qty	Unit	Rate (£p)	£ Add	£/m2 NIA	£/ft2 NIA
<b>1.0</b>	<b>Plasterboard drylining / Partitions / Ceilings</b>						
1.1	Allowance for Party Wall between rooms; 70mm metal studs, fibre glass with 2 layers of 15mm plasterboard both sides; 2100-2500mm high	3	m	230	690	30	3
1.2	Allowance for lining to outside of pod; 2100 - 2500mm high	3	m	140	420	18	2
1.3	E.O. Allowance for moisture resistant board to bathrooms and kitchens - Pod Cost	0	m <sup>2</sup>	3	-	-	-
1.4	Allowance for 15mm soundbloc board with dot and dab to external walls within bedroom incl high performance insulation	16	m <sup>2</sup>	35	546	24	2
1.5	E.O. for forming door openings	2	nr	20	40	2	0
1.6	Allowance for suspended ceiling; single layer of 12.5mm plasterboard	23	m <sup>2</sup>	45	1,035	45	4
1.7	Allowance for bulkheads / curtain track support	2	m	50	100	4	0
1.8	Access Panels	2	nr	350	700	30	3
<b>2.0</b>	<b>Internal Doors</b>						
2.1	Allowance for Entrance door to studio incl. frame, architraves, ironmongery, decoration - including Salto System	1	nr	1,000	1,000	43	4
2.2	Allowance for Single Internal door within studio incl. frame, architraves, ironmongery, decoration	0	nr	750	-	-	-
2.3	Bathroom Doors	1	nr	600	600	26	2
<b>3.0</b>	<b>Floor Finishes</b>						
3.1	Allowance for 65mm screed to bedroom floors; incl acoustic layer	23	m <sup>2</sup>	40	920	40	4
3.2	Allowance for carpet to bedrooms	17	m <sup>2</sup>	25	425	18	2
3.4	Allowance for tiling floor to Bathrooms / ensuite - in pod cost	0	m <sup>2</sup>	-	-	-	-
3.5	Allowance for vinyl to kitchens	2	m <sup>2</sup>	65	130	6	1
3.6	Allowance for MDF skirtings	37	m	9	335	15	1
<b>4.0</b>	<b>Wall Finishes</b>						
4.1	Tiled bathrooms; full height - Pod Cost	0	m <sup>2</sup>	65	-	-	-
4.2	Allowance for paint to walls;	97	m <sup>2</sup>	10	967	42	4
4.3	Allowance for paint to ceilings;	21	m <sup>2</sup>	12	252	11	1
4.4	Allowance for paint to skirtings;	37	m	8	298	13	1
4.5	Allowance for window boards	2	m	22	44	2	0
<b>5.0</b>	<b>Fittings</b>						
	<b>Bedrooms:-</b>						
5.1	Bed & Mattress	1	nr	400	400	17	2
5.2	Headboard	1	nr	100	100	4	0
5.3	Bedside Cabinet	1	nr	50	50	2	0
5.4	Wardrobe (2300 x 750 x 600mm full length doors)	1	nr	300	300	13	1
5.5	Desk & Drawers (1600 x 600 x 735mm incl. 1 nr. cupboard unit)	1	nr	150	150	7	1
5.6	Shelves (1100 x 490mm 3 nr. box units)	1	nr	80	80	3	0
5.7	Desk Chair	1	nr	80	80	3	0
5.8	Mirror	1	nr	70	70	3	0
5.9	Pin board	1	nr	50	50	2	0
5.10	Blinds to window	1	nr	100	100	4	0
5.11	Room number sign	1	nr	10	10	0	0
5.12	TV - 32" & Bracket	1	nr	300	300	13	1
	<b>Kitchens:-</b>						
5.13	Wall and Floor Units, Worktops	1	nr	1,500	1,500	65	6
5.14	Table	0	nr	150	-	-	-
5.15	Chairs	0	nr	40	-	-	-
5.16	Sofas	0	nr	250	-	-	-
5.17	Coffee Table	0	nr	85	-	-	-
5.18	White goods including 1 nr of each Oven, Hob, Sink & Taps, Extractor Fan, Fridge Freezer	1	nr	1,250	1,250	54	5
5.19	Ironing Board	1	nr	20	20	1	0
5.20	Kettle	1	nr	20	20	1	0
5.21	Microwave	1	nr	100	100	4	0
5.22	Iron	1	nr	25	25	1	0
5.23	Toaster	2	nr	20	40	2	0
5.24	Pot Stands	1	nr	10	10	0	0
5.25	Waste Bin in Bedroom	1	nr	10	10	0	0
5.26	Recycling Bins	3	nr	10	30	1	0
5.27	Vacuum	1	nr	130	130	6	1
5.28	Washing up Bowl	1	nr	5	5	0	0
5.29	Dustpan & Brush	1	nr	5	5	0	0
5.30	Cutlery Holder	1	nr	5	5	0	0
5.31	Mop & Bucket	1	nr	10	10	0	0
<b>6.0</b>	<b>Services</b>						
6.1	Sanitaryware						
	<b>Sanitaryware to Bathroom</b>						
6.1.1	Complete bathroom pod	1	nr	5,500	5,500	239	22
6.2	MEP Fit Out	35	m <sup>2</sup>	200	6,981	304	28
<b>TOTAL</b>				<b>£</b>	<b>25,833</b>	<b>1,123</b>	<b>104</b>

## Studio - Type D

Average 1 Bed apartment at 32 m<sup>2</sup> NIA  
Equates to 49 m<sup>2</sup> GIA

Item	Description	Qty	Unit	Rate (£p)	£ Add	£/m2 NIA	£/ft2 NIA
<b>1.0</b>	<b>Plasterboard drylining / Partitions / Ceilings</b>						
1.1	Allowance for Party Wall between rooms; 70mm metal studs, fibre glass with 2 layers of 15mm plasterboard both sides; 2100-2500mm high	3	m	230	690	21	2
1.2	Allowance for lining to outside of pod; 2100 - 2500mm high	3	m	140	420	13	1
1.3	E.O. Allowance for moisture resistant board to bathrooms and kitchens - Pod Cost	0	m <sup>2</sup>	3	-	-	-
1.4	Allowance for 15mm soundbloc board with dot and dab to external walls within bedroom incl high performance insulation	16	m <sup>2</sup>	35	546	17	2
1.5	E.O. for forming door openings	2	nr	20	40	1	0
1.6	Allowance for suspended ceiling; single layer of 12.5mm plasterboard	33	m <sup>2</sup>	45	1,463	45	4
1.7	Allowance for bulkheads / curtain track support	2	m	50	100	3	0
1.8	Access Panels	2	nr	350	700	22	2
<b>2.0</b>	<b>Internal Doors</b>						
2.1	Allowance for Entrance door to studio incl. frame, architraves, ironmongery, decoration - including Salto System	1	nr	1,000	1,000	31	3
2.2	Allowance for Single Internal door within studio incl. frame, architraves, ironmongery, decoration	0	nr	750	-	-	-
2.3	Bathroom Doors	1	nr	600	600	19	2
<b>3.0</b>	<b>Floor Finishes</b>						
3.1	Allowance for 65mm screed to bedroom floors; incl acoustic layer	33	m <sup>2</sup>	40	1,300	40	4
3.2	Allowance for carpet to bedrooms	27	m <sup>2</sup>	25	663	21	2
3.4	Allowance for tiling floor to Bathrooms / ensuite - in pod cost	0	m <sup>2</sup>	-	-	-	-
3.5	Allowance for vinyl to kitchens	2	m <sup>2</sup>	65	130	4	0
3.6	Allowance for MDF skirtings	37	m	9	335	10	1
<b>4.0</b>	<b>Wall Finishes</b>						
4.1	Tiled bathrooms; full height - Pod Cost	0	m <sup>2</sup>	65	-	-	-
4.2	Allowance for paint to walls;	97	m <sup>2</sup>	10	967	30	3
4.3	Allowance for paint to ceilings;	31	m <sup>2</sup>	12	366	11	1
4.4	Allowance for paint to skirtings;	37	m	8	298	9	1
4.5	Allowance for window boards	2	m	22	44	1	0
<b>5.0</b>	<b>Fittings</b>						
	<b>Bedrooms:-</b>						
5.1	Bed & Mattress	1	nr	400	400	12	1
5.2	Headboard	1	nr	100	100	3	0
5.3	Bedside Cabinet	1	nr	50	50	2	0
5.4	Wardrobe (2300 x 750 x 600mm full length doors)	2	nr	300	600	19	2
5.5	Desk & Drawers (1600 x 600 x 735mm incl. 1 nr. cupboard unit)	1	nr	150	150	5	0
5.6	Shelves (1100 x 490mm 3 nr. box units)	1	nr	80	80	2	0
5.7	Desk Chair	1	nr	80	80	2	0
5.8	Mirror	1	nr	70	70	2	0
5.9	Pin board	1	nr	50	50	2	0
5.10	Blinds to window	1	nr	100	100	3	0
5.11	Room number sign	1	nr	10	10	0	0
5.12	TV - 32" & Bracket	1	nr	300	300	9	1
	<b>Kitchens:-</b>						
5.13	Wall and Floor Units, Worktops	1	nr	1,500	1,500	47	4
5.14	Table	0	nr	150	-	-	-
5.15	Chairs	0	nr	40	-	-	-
5.16	Sofas	0	nr	250	-	-	-
5.17	Coffee Table	0	nr	85	-	-	-
5.18	White goods including 1 nr of each Oven, Hob, Sink & Taps, Extractor Fan, Fridge Freezer	1	nr	1,250	1,250	39	4
5.19	Ironing Board	1	nr	20	20	1	0
5.20	Kettle	1	nr	20	20	1	0
5.21	Microwave	1	nr	100	100	3	0
5.22	Iron	1	nr	25	25	1	0
5.23	Toaster	2	nr	20	40	1	0
5.24	Pot Stands	1	nr	10	10	0	0
5.25	Waste Bin in Bedroom	1	nr	10	10	0	0
5.26	Recycling Bins	3	nr	10	30	1	0
5.27	Vacuum	1	nr	130	130	4	0
5.28	Washing up Bowl	1	nr	5	5	0	0
5.29	Dustpan & Brush	1	nr	5	5	0	0
5.30	Cutlery Holder	1	nr	5	5	0	0
5.31	Mop & Bucket	1	nr	10	10	0	0
<b>6.0</b>	<b>Services</b>						
6.1	Sanitaryware						
	<b>Sanitaryware to Bathroom</b>						
6.1.1	Complete bathroom pod	1	nr	5,500	5,500	171	16
6.2	MEP Fit Out	49	m <sup>2</sup>	200	9,865	306	28
<b>TOTAL</b>				<b>£</b>	<b>30,176</b>	<b>936</b>	<b>87</b>



Area Schedules

Accommodation Schedule

Areas							
	Apartments			Commercial		TOTAL	
	Nr	GIFA m <sup>2</sup>	NIA m <sup>2</sup>	GIFA m <sup>2</sup>	NIA	GIFA m <sup>2</sup>	NIA m <sup>2</sup>
G	13	413	217	-	-	413	217
1	16	398	292			398	292
2	16	398	292			398	292
3	16	398	292			398	292
4	-	52	-			52	-
Totals	61	1,659	1,093	-		1,659	1,093
						17,857	11,766
						N:G	65.89%

Type	Private		Total	Bedrooms
Studio	61		61	61
TOTAL	61	-	61	61





## Assumptions and Exclusions

Nr	Item	Addressed in Study	No Allowance within Study
1	Contractor's preliminaries & overheads & profit	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2	Areas obtained from Benchmark Architects Design & Access Statement. NIA is for residential use only.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3	Commercial - Shell Only	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4	Fit Out reflective of other student studio blocks available in the area	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5	Sprinklers	<input checked="" type="checkbox"/>	<input type="checkbox"/>
6	Comfort Cooling	<input type="checkbox"/>	<input checked="" type="checkbox"/>
7	Contingency allowance for design and construction	<input checked="" type="checkbox"/>	<input type="checkbox"/>
8	Professional fee allowance	<input type="checkbox"/>	<input checked="" type="checkbox"/>
9	Section 106 Works	<input type="checkbox"/>	<input checked="" type="checkbox"/>
10	Section 278 Works - Minor External Works Only	<input type="checkbox"/>	<input checked="" type="checkbox"/>
11	Contamination Allowance	<input type="checkbox"/>	<input checked="" type="checkbox"/>
12	New Basement Allowance	<input type="checkbox"/>	<input checked="" type="checkbox"/>
13	Demolition Allowance	<input checked="" type="checkbox"/>	<input type="checkbox"/>
14	Asbestos Removal	<input type="checkbox"/>	<input checked="" type="checkbox"/>
15	Archaeology	<input type="checkbox"/>	<input checked="" type="checkbox"/>
16	Legal Costs	<input type="checkbox"/>	<input checked="" type="checkbox"/>
17	Planning fees	<input type="checkbox"/>	<input checked="" type="checkbox"/>
18	Building regulation fees	<input type="checkbox"/>	<input checked="" type="checkbox"/>
19	NHBC Fee Allowances	<input type="checkbox"/>	<input checked="" type="checkbox"/>
20	VAT	<input type="checkbox"/>	<input checked="" type="checkbox"/>
21	Site acquisition costs	<input type="checkbox"/>	<input checked="" type="checkbox"/>
22	Following Utility Connection Charges allowed for: Water, sewage, electric and gas.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
23	Local Authority & Private infrastructure work outside the boundary of the site	<input type="checkbox"/>	<input checked="" type="checkbox"/>
24	Renewables allowance	<input checked="" type="checkbox"/>	<input type="checkbox"/>
25	Upgrading / increasing utilities outside site	<input type="checkbox"/>	<input checked="" type="checkbox"/>
26	CIL Contributions	<input type="checkbox"/>	<input checked="" type="checkbox"/>
27	Carbon offset payments	<input type="checkbox"/>	<input checked="" type="checkbox"/>

# APPENDIX 6

## James Brown

---

**From:** Nicholas Christofi - Sirius Property Finance  
<nicholas.christofi@siriusfinance.co.uk>  
**Sent:** 17 August 2023 07:08  
**To:** Chris Wilson  
**Cc:** Kimberley Gates; Kenny Worrall; James Brown  
**Subject:** RE: 13-15a Thames Road, Barking

Chris,

Thank you for your email.

As discussed the debt market has moved a lot in the last few months due to Bank of England Base Rate increases.

Based on the requirement of 65% Loan to GDV the terms across the industry for a deal of this size are as follows:

Interest Rate – 5.25% - 6% above Bank of England Base Rate (currently 5.25%)

Arrangement Fee – 1% of the loan amount

Exit Fee – 1.5% - 2% depending on the term of facility.

Unfortunately the cost of capital in the market is having a huge impact on two fronts:

- The viability of schemes to meet minimum profit on cost requirements for lenders (this is typically 20%)
- The residual site value – with increased rates and build cost inflation this is having a huge impact on the value of land.

I hope that clarifies where we are but should you need anything further please do not hesitate to contact me.

Regards  
Nick

an artistic approach to real estate finance

**SIRIUS**  
PROPERTY FINANCE

**Nicholas Christofi**



0208 092 4444  
0208 092 4401

**Managing Director**

A Brightstar Partner since October 2014



[nicholas.christofi@siriusfinance.co.uk](mailto:nicholas.christofi@siriusfinance.co.uk)



**WE'RE MOVING...**

**ON FRIDAY 18/08 SIRIUS IS MOVING TO OUR NEW HOME AT:  
DAWSON HOUSE, 5 JEWRY STREET, LONDON, EC3N 2EX**



We will be available by email but may be a little delayed in actioning these



Our telephone service will be interrupted for a few hours in the morning

**WE APPRECIATE YOUR PATIENCE WHILST WE SETTLE INTO OUR  
NEW OFFICE AND WILL GET BACK TO YOU AT THE EARLIEST  
OPPORTUNITY**

The Brightstar Group comprises of: Bright Star Financial Limited (trading as Brightstar, Bright Star, Solstar Insurance Brokers, Solstar), Sirius Property Finance Group Ltd (trading as Sirius Finance, Sirius) and Portway Finance Ltd are authorised and regulated by the Financial Conduct Authority. Our Financial Services Register numbers are 712700, 813945 and 998675. You can check this on the Financial Services Register by visiting the FCA's website [www.fca.org.uk/register](http://www.fca.org.uk/register) or by contacting the FCA on 0800 111 6768. Bright Star Financial Limited and Sirius Property Finance Group Ltd. Registered offices: 7 Woodbrook Crescent, Billericay, Essex, CM12 0EQ. Registered in England and Wales. Company numbers: 07462342 and 10132820. Portway Finance Ltd (trading as Portway) Registered offices: Sb.029

China Works, Black Prince Road, London, England, SE1 7SJ. Registered in England and Wales. Company number: 13378049

The information in this e-mail is sent in confidence for the addressee only and may be legally privileged. Unauthorised recipients must preserve this confidentiality and should please advise the sender immediately of the error in transmission. If you are not the intended recipient, any disclosure, copying, distribution or any action taken in reliance on its content is prohibited and may be unlawful. Brightstar Financial Limited accepts no responsibility for any loss or damage resulting directly or indirectly from the use of this email or the contents. This e-mail and any attachments are believed to be free from any virus but it is the responsibility of the recipient to ensure this is so. E-mail is not a 100% secure communication medium. We recommend you observe this when e-mailing us. Please consider the environment before printing

---

**From:** Chris Wilson <chris@zenithland.uk>

**Sent:** Monday, August 14, 2023 9:36 AM

**To:** Nicholas Christofi - Sirius Property Finance <nicholas.christofi@siriusfinance.co.uk>

**Cc:** Kimberley Gates <kimberley.gates@siriusfinance.co.uk>; Kenny Worrall <kenny@zenithland.uk>; James Brown <james.brown@jrb-c.com>

**Subject:** 13-15a Thames Road, Barking

Dear Nick,

We have a resolution to grant planning permission for 245 residential units in Barking. The viability is agreed at a local level, but the GLA who have their own viability team is pushing back on some of the viability inputs.

Of particular concern to us is the assertion that debt funding for development is not being properly priced in these viability discussions, and therefore I would be grateful if you would be able to provide a brief market snapshot showing the availability and cost of development finance in today's market for a loan size of say £50m-£75m.

The link to the application is [here](#):

James Brown - our viability consultant is copied.

Very grateful for your assistance.

Regards

Chris

Chris Wilson  
Director  
+ 44 (0)7796 261 562  
[chris@zenithland.uk](mailto:chris@zenithland.uk)

[zenithland.uk](http://zenithland.uk)



# APPENDIX 7

**Indicative Terms – 27/09/2023**

<b>Borrower:</b>	Lux One SPV 13 Ltd
<b>Property:</b>	131-137 Broadway, London, W13 9BE
<b>Facility Amount:</b>	£14,625,000 towards refinance and construction
<b>Facility Availability:</b>	£12,052,950 towards refinance and development costs (65% of total development costs) £25,000 project monitor £147,000 QDF arrangement fee £2,400,050 interest roll-up
<b>Term:</b>	26 months
<b>Purpose:</b>	Development of a new build block of 4-9 stories providing 94 co-living units
<b>Interest Rate:</b>	5.7% over Bank of England base rate
<b>Arrangement Fee:</b>	1% of Facility Amount. £10,000 payable on acceptance of an offer and the balance deducted from the Facility at drawdown
<b>Exit Fee:</b>	2% of Facility Amount payable on the sooner of expiry or repayment
<b>Conditions:</b>	Satisfactory background checks on the borrower Red Book valuation to confirm investment valuation Report on Title from an independent solicitor Initial construction report from an independent project monitoring surveyor
<b>Security:</b>	Mortgage Debenture incorporating First Legal Charge Charge over the shares of the Borrower Capital Guarantee

**Oliver Thompson**

Chief Executive Officer

# APPENDIX 8



# Paddington Packet Boat - Scenario 1

Development Appraisal  
Prepared by JRB  
James R Brown & Company Ltd  
16 January 2024

**APPRAISAL SUMMARY****JAMES R BROWN & COMPANY LTD****Paddington Packet Boat - Scenario 1**

Appraisal Summary for Phase 1

Currency in £

**REVENUE****Investment Valuation****PBSA Scheme**

Manual Value 10,450,000

**NET REALISATION 10,450,000****OUTLAY****ACQUISITION COSTS**

Fixed Price	1,000,000		
Fixed Price		1,000,000	
			1,000,000
Stamp Duty	3.95%	39,500	
Agent Fee	1.00%	10,000	
Legal Fee	0.80%	8,000	
			57,500

**CONSTRUCTION COSTS**

Construction	ft²	Build Rate	ft²	Cost
PBSA Scheme	17,857	331.52		5,920,000
MCIL2/CIL/S.106/S.278/Carbon				250,000
				6,170,000

**PROFESSIONAL FEES**

Professionals	10.00%	592,000	
			592,000

**MARKETING & LETTING**

Marketing	0.25%	26,125	
			26,125

**DISPOSAL FEES**

Sales Agent Fee	1.00%	104,500	
Sales Legal Fee		75,000	
			179,500

**TOTAL COSTS BEFORE FINANCE 8,025,125****FINANCE**

Debit Rate 9.000%, Credit Rate 2.000% (Nominal)			
Land		234,606	
Construction		601,866	
Total Finance Cost			836,472

**TOTAL COSTS 8,861,597****PROFIT****1,588,403****Performance Measures**

Profit on Cost%	17.92%
Profit on GDV%	15.20%
Profit on NDV%	15.20%
IRR% (without Interest)	24.10%
Profit Erosion (finance rate 9.000)	1 yr 10 mths

**This appraisal report does not constitute a formal valuation.**

Paddington Packet Boat - Scenario 1

Project Timescale	
Project Start Date	Jan 2024
Project End Date	May 2026
Project Duration (Inc Exit Period)	29 months

Phase 1



This appraisal report does not constitute a formal valuation.

DETAILED CASH FLOW

JAMES R BROWN & COMPANY LTD

Paddington Packet Boat - Scenario 1

Detailed Cash flow Phase 1

Page A 1

Monthly B/F	001:Jan 2024	002:Feb 2024	003:Mar 2024	004:Apr 2024	005:May 2024	006:Jun 2024	007:Jul 2024	008:Aug 2024
	0	(1,057,500)	(1,065,431)	(1,073,363)	(1,081,413)	(1,383,614)	(1,490,503)	(1,646,334)
Revenue								
Cap - PBSA Scheme	0	0	0	0	0	0	0	0
Disposal Costs								
Sales Agent Fee	0	0	0	0	0	0	0	0
Sales Legal Fee	0	0	0	0	0	0	0	0
Unit Information								
Acquisition Costs								
Fixed Price	(1,000,000)	0	0	0	0	0	0	0
Stamp Duty	(39,500)	0	0	0	0	0	0	0
Agent Fee	(10,000)	0	0	0	0	0	0	0
Legal Fee	(8,000)	0	0	0	0	0	0	0
Construction Costs								
MCIL2/CIL/S.106/S.278/Carbon	0	0	0	0	(250,000)	0	0	0
Con. - PBSA Scheme	0	0	0	0	(40,137)	(87,848)	(131,501)	(171,098)
Professional Fees								
Professionals	0	0	0	0	(4,014)	(8,785)	(13,150)	(17,110)
Marketing/Letting								
Marketing	0	0	0	0	0	0	0	0
Net Cash Flow Before Finance	(1,057,500)	0	0	0	(294,151)	(96,633)	(144,652)	(188,208)
Debit Rate 9.000%	9.000%	9.000%	9.000%	9.000%	9.000%	9.000%	9.000%	9.000%
Credit Rate 2.000%	2.000%	2.000%	2.000%	2.000%	2.000%	2.000%	2.000%	2.000%
Finance Costs (All Sets)	0	(7,931)	(7,931)	(8,050)	(8,050)	(10,256)	(11,179)	(12,264)
Net Cash Flow After Finance	(1,057,500)	(7,931)	(7,931)	(8,050)	(302,201)	(106,889)	(155,830)	(200,471)
Cumulative Net Cash Flow Monthly	(1,057,500)	(1,065,431)	(1,073,363)	(1,081,413)	(1,383,614)	(1,490,503)	(1,646,334)	(1,846,805)

This appraisal report does not constitute a formal valuation.

DETAILED CASH FLOW

JAMES R BROWN & COMPANY LTD

Paddington Packet Boat - Scenario 1

Detailed Cash flow Phase 1

Page A 2

009:Sep 2024 (1,846,805)	010:Oct 2024 (2,087,781)	011:Nov 2024 (2,365,372)	012:Dec 2024 (2,675,094)	013:Jan 2025 (3,012,713)	014:Feb 2025 (3,374,356)	015:Mar 2025 (3,755,322)	016:Apr 2025 (4,151,273)	017:May 2025 (4,558,407)	018:Jun 2025 (4,971,752)
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
(206,637)	(238,120)	(265,545)	(288,914)	(308,225)	(323,480)	(334,677)	(341,817)	(344,901)	(343,927)
(20,664)	(23,812)	(26,555)	(28,891)	(30,823)	(32,348)	(33,468)	(34,182)	(34,490)	(34,393)
0	0	0	0	0	0	0	0	0	0
(227,301)	(261,932)	(292,100)	(317,805)	(339,048)	(355,827)	(368,145)	(375,999)	(379,391)	(378,320)
9.000%	9.000%	9.000%	9.000%	9.000%	9.000%	9.000%	9.000%	9.000%	9.000%
2.000%	2.000%	2.000%	2.000%	2.000%	2.000%	2.000%	2.000%	2.000%	2.000%
(13,675)	(15,658)	(17,623)	(19,814)	(22,595)	(25,138)	(27,807)	(31,135)	(33,955)	(36,800)
(240,976)	(277,590)	(309,723)	(337,619)	(361,643)	(380,966)	(395,952)	(407,134)	(413,345)	(415,120)
(2,087,781)	(2,365,372)	(2,675,094)	(3,012,713)	(3,374,356)	(3,755,322)	(4,151,273)	(4,558,407)	(4,971,752)	(5,386,872)

This appraisal report does not constitute a formal valuation.

DETAILED CASH FLOW

JAMES R BROWN & COMPANY LTD

Paddington Packet Boat - Scenario 1

Detailed Cash flow Phase 1

Page A 3

019:Jul 2025 (5,386,872)	020:Aug 2025 (5,800,059)	021:Sep 2025 (6,206,046)	022:Oct 2025 (6,600,294)	023:Nov 2025 (6,979,204)	024:Dec 2025 (7,337,201)	025:Jan 2026 (7,669,645)	026:Feb 2026 (7,973,033)	027:Mar 2026 (8,241,493)	028:Apr 2026 (8,470,285)
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
(338,896)	(329,808)	(316,664)	(299,462)	(278,203)	(252,887)	(223,515)	(190,085)	(152,598)	(111,054)
(33,890)	(32,981)	(31,666)	(29,946)	(27,820)	(25,289)	(22,351)	(19,008)	(15,260)	(11,105)
0	0	0	0	0	0	0	0	0	0
(372,786)	(362,789)	(348,330)	(329,408)	(306,024)	(278,176)	(245,866)	(209,093)	(167,858)	(122,160)
9.000%	9.000%	9.000%	9.000%	9.000%	9.000%	9.000%	9.000%	9.000%	9.000%
2.000%	2.000%	2.000%	2.000%	2.000%	2.000%	2.000%	2.000%	2.000%	2.000%
(40,402)	(43,197)	(45,918)	(49,502)	(51,973)	(54,268)	(57,522)	(59,366)	(60,935)	(63,527)
(413,187)	(405,987)	(394,248)	(378,910)	(357,996)	(332,444)	(303,388)	(268,460)	(228,792)	(185,687)
(5,800,059)	(6,206,046)	(6,600,294)	(6,979,204)	(7,337,201)	(7,669,645)	(7,973,033)	(8,241,493)	(8,470,285)	(8,655,972)

This appraisal report does not constitute a formal valuation.

Paddington Packet Boat - Scenario 1

029:May 2026
(8,655,972)
10,450,000
(104,500)
(75,000)
0
0
0
0
0
0
0
0
(26,125)
10,244,375
9.000%
2.000%
0
10,244,375
1,588,403

This appraisal report does not constitute a formal valuation.



# APPENDIX 9

## Paddington Packet Boat - Scenario 2

Development Appraisal  
Prepared by JRB  
James R Brown & Company Ltd  
16 January 2024

**APPRAISAL SUMMARY****JAMES R BROWN & COMPANY LTD****Paddington Packet Boat - Scenario 2**

## Appraisal Summary for Phase 1

Currency in £

**REVENUE**

## Investment Valuation

**PBSA Scheme**

Manual Value 9,620,000

**NET REALISATION 9,620,000****OUTLAY****ACQUISITION COSTS**

Fixed Price	1,000,000		
Fixed Price		1,000,000	
			1,000,000
Stamp Duty	3.95%	39,500	
Agent Fee	1.00%	10,000	
Legal Fee	0.80%	8,000	
			57,500

**CONSTRUCTION COSTS**

Construction	ft²	Build Rate	ft²	Cost
PBSA Scheme	17,857	331.52		5,920,000
MCIL2/CIL/S.106/S.278/Carbon				250,000
				6,170,000

**PROFESSIONAL FEES**

Professionals	10.00%	592,000	
			592,000

**MARKETING & LETTING**

Marketing	0.25%	24,050	
			24,050

**DISPOSAL FEES**

Sales Agent Fee	1.00%	96,200	
Sales Legal Fee		75,000	
			171,200

**TOTAL COSTS BEFORE FINANCE 8,014,750****FINANCE**

Debit Rate 9.000%, Credit Rate 2.000% (Nominal)			
Land		234,606	
Construction		601,866	
Total Finance Cost			836,472

**TOTAL COSTS 8,851,222****PROFIT****768,778****Performance Measures**

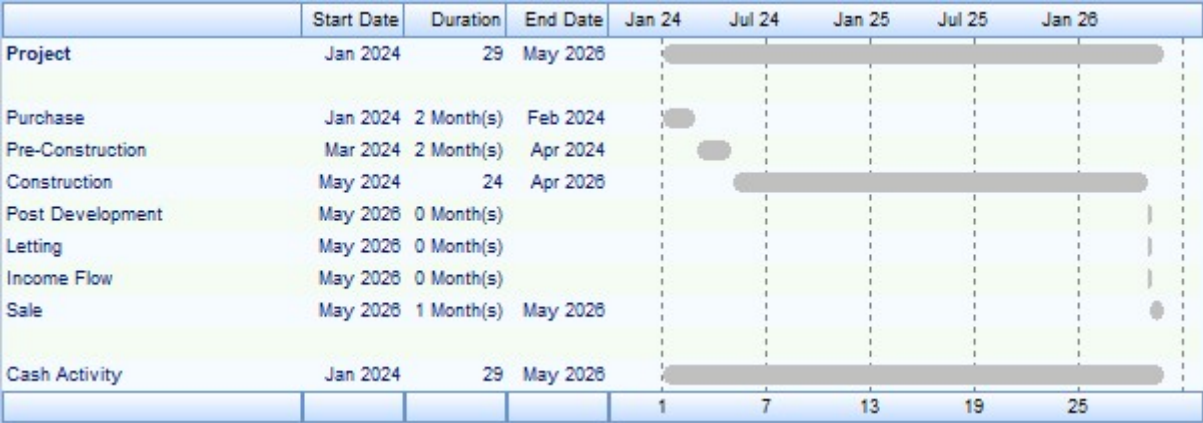
Profit on Cost%	8.69%
Profit on GDV%	7.99%
Profit on NDV%	7.99%
IRR% (without Interest)	16.29%
Profit Erosion (finance rate 9.000)	11 mths

This appraisal report does not constitute a formal valuation.

Paddington Packet Boat - Scenario 2

Project Timescale	
Project Start Date	Jan 2024
Project End Date	May 2026
Project Duration (Inc Exit Period)	29 months

Phase 1



This appraisal report does not constitute a formal valuation.

DETAILED CASH FLOW

JAMES R BROWN & COMPANY LTD

Paddington Packet Boat - Scenario 2

Detailed Cash flow Phase 1Page A 1

	001:Jan 2024	002:Feb 2024	003:Mar 2024	004:Apr 2024	005:May 2024	006:Jun 2024	007:Jul 2024	008:Aug 2024
Monthly B/F	0	(1,057,500)	(1,065,431)	(1,073,363)	(1,081,413)	(1,383,614)	(1,490,503)	(1,646,334)
Revenue								
Cap - PBSA Scheme	0	0	0	0	0	0	0	0
Disposal Costs								
Sales Agent Fee	0	0	0	0	0	0	0	0
Sales Legal Fee	0	0	0	0	0	0	0	0
Unit Information								
Acquisition Costs								
Fixed Price	(1,000,000)	0	0	0	0	0	0	0
Stamp Duty	(39,500)	0	0	0	0	0	0	0
Agent Fee	(10,000)	0	0	0	0	0	0	0
Legal Fee	(8,000)	0	0	0	0	0	0	0
Construction Costs								
MCIL2/CIL/S.106/S.278/Carbon	0	0	0	0	(250,000)	0	0	0
Con. - PBSA Scheme	0	0	0	0	(40,137)	(87,848)	(131,501)	(171,098)
Professional Fees								
Professionals	0	0	0	0	(4,014)	(8,785)	(13,150)	(17,110)
Marketing/Letting								
Marketing	0	0	0	0	0	0	0	0
Net Cash Flow Before Finance	(1,057,500)	0	0	0	(294,151)	(96,633)	(144,652)	(188,208)
Debit Rate 9.000%	9.000%	9.000%	9.000%	9.000%	9.000%	9.000%	9.000%	9.000%
Credit Rate 2.000%	2.000%	2.000%	2.000%	2.000%	2.000%	2.000%	2.000%	2.000%
Finance Costs (All Sets)	0	(7,931)	(7,931)	(8,050)	(8,050)	(10,256)	(11,179)	(12,264)
Net Cash Flow After Finance	(1,057,500)	(7,931)	(7,931)	(8,050)	(302,201)	(106,889)	(155,830)	(200,471)
Cumulative Net Cash Flow Monthly	(1,057,500)	(1,065,431)	(1,073,363)	(1,081,413)	(1,383,614)	(1,490,503)	(1,646,334)	(1,846,805)

This appraisal report does not constitute a formal valuation.

DETAILED CASH FLOW

JAMES R BROWN & COMPANY LTD

Paddington Packet Boat - Scenario 2

Detailed Cash flow Phase 1

Page A 2

009:Sep 2024 (1,846,805)	010:Oct 2024 (2,087,781)	011:Nov 2024 (2,365,372)	012:Dec 2024 (2,675,094)	013:Jan 2025 (3,012,713)	014:Feb 2025 (3,374,356)	015:Mar 2025 (3,755,322)	016:Apr 2025 (4,151,273)	017:May 2025 (4,558,407)	018:Jun 2025 (4,971,752)
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
(206,637)	(238,120)	(265,545)	(288,914)	(308,225)	(323,480)	(334,677)	(341,817)	(344,901)	(343,927)
(20,664)	(23,812)	(26,555)	(28,891)	(30,823)	(32,348)	(33,468)	(34,182)	(34,490)	(34,393)
0	0	0	0	0	0	0	0	0	0
(227,301)	(261,932)	(292,100)	(317,805)	(339,048)	(355,827)	(368,145)	(375,999)	(379,391)	(378,320)
9.000%	9.000%	9.000%	9.000%	9.000%	9.000%	9.000%	9.000%	9.000%	9.000%
2.000%	2.000%	2.000%	2.000%	2.000%	2.000%	2.000%	2.000%	2.000%	2.000%
(13,675)	(15,658)	(17,623)	(19,814)	(22,595)	(25,138)	(27,807)	(31,135)	(33,955)	(36,800)
(240,976)	(277,590)	(309,723)	(337,619)	(361,643)	(380,966)	(395,952)	(407,134)	(413,345)	(415,120)
(2,087,781)	(2,365,372)	(2,675,094)	(3,012,713)	(3,374,356)	(3,755,322)	(4,151,273)	(4,558,407)	(4,971,752)	(5,386,872)

This appraisal report does not constitute a formal valuation.

DETAILED CASH FLOW

JAMES R BROWN & COMPANY LTD

Paddington Packet Boat - Scenario 2

Detailed Cash flow Phase 1

Page A 3

019:Jul 2025 (5,386,872)	020:Aug 2025 (5,800,059)	021:Sep 2025 (6,206,046)	022:Oct 2025 (6,600,294)	023:Nov 2025 (6,979,204)	024:Dec 2025 (7,337,201)	025:Jan 2026 (7,669,645)	026:Feb 2026 (7,973,033)	027:Mar 2026 (8,241,493)	028:Apr 2026 (8,470,285)
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
(338,896)	(329,808)	(316,664)	(299,462)	(278,203)	(252,887)	(223,515)	(190,085)	(152,598)	(111,054)
(33,890)	(32,981)	(31,666)	(29,946)	(27,820)	(25,289)	(22,351)	(19,008)	(15,260)	(11,105)
0	0	0	0	0	0	0	0	0	0
(372,786)	(362,789)	(348,330)	(329,408)	(306,024)	(278,176)	(245,866)	(209,093)	(167,858)	(122,160)
9.000%	9.000%	9.000%	9.000%	9.000%	9.000%	9.000%	9.000%	9.000%	9.000%
2.000%	2.000%	2.000%	2.000%	2.000%	2.000%	2.000%	2.000%	2.000%	2.000%
(40,402)	(43,197)	(45,918)	(49,502)	(51,973)	(54,268)	(57,522)	(59,366)	(60,935)	(63,527)
(413,187)	(405,987)	(394,248)	(378,910)	(357,996)	(332,444)	(303,388)	(268,460)	(228,792)	(185,687)
(5,800,059)	(6,206,046)	(6,600,294)	(6,979,204)	(7,337,201)	(7,669,645)	(7,973,033)	(8,241,493)	(8,470,285)	(8,655,972)

This appraisal report does not constitute a formal valuation.

Paddington Packet Boat - Scenario 2

Detailed Cash flow Phase 1

Page A 4

029:May 2026
(8,655,972)
9,620,000
(96,200)
(75,000)
0
0
0
0
0
0
0
0
(24,050)
9,424,750
9.000%
2.000%
0
9,424,750
768,778

This appraisal report does not constitute a formal valuation.



# **APPENDIX 10**

## Paddington Packet Boat - Scenario 3

Development Appraisal  
Prepared by JRB  
James R Brown & Company Ltd  
16 January 2024

**APPRAISAL SUMMARY****JAMES R BROWN & COMPANY LTD****Paddington Packet Boat - Scenario 3**

Appraisal Summary for Phase 1

Currency in £

**REVENUE****Investment Valuation****PBSA Scheme**

Manual Value 10,360,000

**NET REALISATION 10,360,000****OUTLAY****ACQUISITION COSTS**

Fixed Price	1,000,000		
Fixed Price		1,000,000	
			1,000,000
Stamp Duty	3.95%	39,500	
Agent Fee	1.00%	10,000	
Legal Fee	0.80%	8,000	
			57,500

**CONSTRUCTION COSTS**

Construction	ft²	Build Rate	ft²	Cost
PBSA Scheme	17,857	331.52		5,920,000
MCIL2/CIL/S.106/S.278/Carbon				250,000
				6,170,000

**PROFESSIONAL FEES**

Professionals	10.00%	592,000	
			592,000

**MARKETING & LETTING**

Marketing	0.25%	25,900	
			25,900

**DISPOSAL FEES**

Sales Agent Fee	1.00%	103,600	
Sales Legal Fee		75,000	
			178,600

**TOTAL COSTS BEFORE FINANCE 8,024,000****FINANCE**

Debit Rate 9.000%, Credit Rate 2.000% (Nominal)			
Land		234,606	
Construction		601,866	
Total Finance Cost			836,472

**TOTAL COSTS 8,860,472****PROFIT****1,499,528****Performance Measures**

Profit on Cost%	16.92%
Profit on GDV%	14.47%
Profit on NDV%	14.47%
IRR% (without Interest)	23.26%
Profit Erosion (finance rate 9.000)	1 yr 9 mths

**This appraisal report does not constitute a formal valuation.**

Paddington Packet Boat - Scenario 3

Project Timescale	
Project Start Date	Jan 2024
Project End Date	May 2026
Project Duration (Inc Exit Period)	29 months

Phase 1



This appraisal report does not constitute a formal valuation.

DETAILED CASH FLOW

JAMES R BROWN & COMPANY LTD

Paddington Packet Boat - Scenario 3

Detailed Cash flow Phase 1

Page A 1

Monthly B/F	001:Jan 2024	002:Feb 2024	003:Mar 2024	004:Apr 2024	005:May 2024	006:Jun 2024	007:Jul 2024	008:Aug 2024
	0	(1,057,500)	(1,065,431)	(1,073,363)	(1,081,413)	(1,383,614)	(1,490,503)	(1,646,334)
Revenue								
Cap - PBSA Scheme	0	0	0	0	0	0	0	0
Disposal Costs								
Sales Agent Fee	0	0	0	0	0	0	0	0
Sales Legal Fee	0	0	0	0	0	0	0	0
Unit Information								
Acquisition Costs								
Fixed Price	(1,000,000)	0	0	0	0	0	0	0
Stamp Duty	(39,500)	0	0	0	0	0	0	0
Agent Fee	(10,000)	0	0	0	0	0	0	0
Legal Fee	(8,000)	0	0	0	0	0	0	0
Construction Costs								
MCIL2/CIL/S.106/S.278/Carbon	0	0	0	0	(250,000)	0	0	0
Con. - PBSA Scheme	0	0	0	0	(40,137)	(87,848)	(131,501)	(171,098)
Professional Fees								
Professionals	0	0	0	0	(4,014)	(8,785)	(13,150)	(17,110)
Marketing/Letting								
Marketing	0	0	0	0	0	0	0	0
Net Cash Flow Before Finance	(1,057,500)	0	0	0	(294,151)	(96,633)	(144,652)	(188,208)
Debit Rate 9.000%	9.000%	9.000%	9.000%	9.000%	9.000%	9.000%	9.000%	9.000%
Credit Rate 2.000%	2.000%	2.000%	2.000%	2.000%	2.000%	2.000%	2.000%	2.000%
Finance Costs (All Sets)	0	(7,931)	(7,931)	(8,050)	(8,050)	(10,256)	(11,179)	(12,264)
Net Cash Flow After Finance	(1,057,500)	(7,931)	(7,931)	(8,050)	(302,201)	(106,889)	(155,830)	(200,471)
Cumulative Net Cash Flow Monthly	(1,057,500)	(1,065,431)	(1,073,363)	(1,081,413)	(1,383,614)	(1,490,503)	(1,646,334)	(1,846,805)

This appraisal report does not constitute a formal valuation.

Paddington Packet Boat - Scenario 3

Detailed Cash flow Phase 1

Page A 2

009:Sep 2024 (1,846,805)	010:Oct 2024 (2,087,781)	011:Nov 2024 (2,365,372)	012:Dec 2024 (2,675,094)	013:Jan 2025 (3,012,713)	014:Feb 2025 (3,374,356)	015:Mar 2025 (3,755,322)	016:Apr 2025 (4,151,273)	017:May 2025 (4,558,407)	018:Jun 2025 (4,971,752)
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
(206,637)	(238,120)	(265,545)	(288,914)	(308,225)	(323,480)	(334,677)	(341,817)	(344,901)	(343,927)
(20,664)	(23,812)	(26,555)	(28,891)	(30,823)	(32,348)	(33,468)	(34,182)	(34,490)	(34,393)
0	0	0	0	0	0	0	0	0	0
(227,301)	(261,932)	(292,100)	(317,805)	(339,048)	(355,827)	(368,145)	(375,999)	(379,391)	(378,320)
9.000%	9.000%	9.000%	9.000%	9.000%	9.000%	9.000%	9.000%	9.000%	9.000%
2.000%	2.000%	2.000%	2.000%	2.000%	2.000%	2.000%	2.000%	2.000%	2.000%
(13,675)	(15,658)	(17,623)	(19,814)	(22,595)	(25,138)	(27,807)	(31,135)	(33,955)	(36,800)
(240,976)	(277,590)	(309,723)	(337,619)	(361,643)	(380,966)	(395,952)	(407,134)	(413,345)	(415,120)
(2,087,781)	(2,365,372)	(2,675,094)	(3,012,713)	(3,374,356)	(3,755,322)	(4,151,273)	(4,558,407)	(4,971,752)	(5,386,872)

This appraisal report does not constitute a formal valuation.

Paddington Packet Boat - Scenario 3

Detailed Cash flow Phase 1

Page A 3

019:Jul 2025 (5,386,872)	020:Aug 2025 (5,800,059)	021:Sep 2025 (6,206,046)	022:Oct 2025 (6,600,294)	023:Nov 2025 (6,979,204)	024:Dec 2025 (7,337,201)	025:Jan 2026 (7,669,645)	026:Feb 2026 (7,973,033)	027:Mar 2026 (8,241,493)	028:Apr 2026 (8,470,285)
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
(338,896)	(329,808)	(316,664)	(299,462)	(278,203)	(252,887)	(223,515)	(190,085)	(152,598)	(111,054)
(33,890)	(32,981)	(31,666)	(29,946)	(27,820)	(25,289)	(22,351)	(19,008)	(15,260)	(11,105)
0	0	0	0	0	0	0	0	0	0
(372,786)	(362,789)	(348,330)	(329,408)	(306,024)	(278,176)	(245,866)	(209,093)	(167,858)	(122,160)
9.000%	9.000%	9.000%	9.000%	9.000%	9.000%	9.000%	9.000%	9.000%	9.000%
2.000%	2.000%	2.000%	2.000%	2.000%	2.000%	2.000%	2.000%	2.000%	2.000%
(40,402)	(43,197)	(45,918)	(49,502)	(51,973)	(54,268)	(57,522)	(59,366)	(60,935)	(63,527)
(413,187)	(405,987)	(394,248)	(378,910)	(357,996)	(332,444)	(303,388)	(268,460)	(228,792)	(185,687)
(5,800,059)	(6,206,046)	(6,600,294)	(6,979,204)	(7,337,201)	(7,669,645)	(7,973,033)	(8,241,493)	(8,470,285)	(8,655,972)

This appraisal report does not constitute a formal valuation.

Paddington Packet Boat - Scenario 3

029:May 2026
(8,655,972)
10,360,000
(103,600)
(75,000)
0
0
0
0
0
0
0
0
(25,900)
10,155,500
9.000%
2.000%
0
10,155,500
1,499,528

This appraisal report does not constitute a formal valuation.



# APPENDIX 11

## Paddington Packet Boat - Scenario 4

Development Appraisal  
Prepared by JRB  
James R Brown & Company Ltd  
16 January 2024

# APPRAISAL SUMMARY

JAMES R BROWN & COMPANY LTD

## Paddington Packet Boat - Scenario 4

### Appraisal Summary for Phase 1

Currency in £

#### REVENUE

#### Investment Valuation

<b>PBSA Scheme</b>	
Manual Value	8,320,000

**NET REALISATION 8,320,000**

#### OUTLAY

#### ACQUISITION COSTS

Fixed Price	1,000,000		
Fixed Price		1,000,000	
			1,000,000
Stamp Duty	3.95%	39,500	
Agent Fee	1.00%	10,000	
Legal Fee	0.80%	8,000	
			57,500

#### CONSTRUCTION COSTS

Construction	ft²	Build Rate	ft²	Cost
PBSA Scheme	17,857	331.52		5,920,000
MCIL2/CIL/S.106/S.278/Carbon				250,000
				6,170,000

#### PROFESSIONAL FEES

Professionals	10.00%	592,000	
			592,000

#### MARKETING & LETTING

Marketing	0.25%	20,800	
			20,800

#### DISPOSAL FEES

Sales Agent Fee	1.00%	83,200	
Sales Legal Fee		75,000	
			158,200

**TOTAL COSTS BEFORE FINANCE 7,998,500**

#### FINANCE

Debit Rate 9.000%, Credit Rate 2.000% (Nominal)	
Land	234,606
Construction	601,866
Total Finance Cost	836,472

**TOTAL COSTS 8,834,972**

#### PROFIT

**(514,972)**

#### Performance Measures

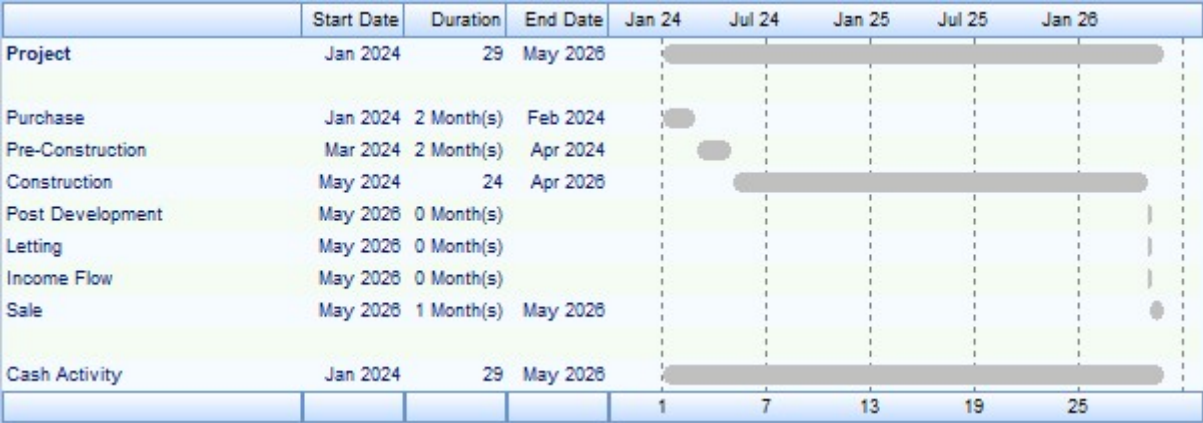
Profit on Cost%	-5.83%
Profit on GDV%	-6.19%
Profit on NDV%	-6.19%
IRR% (without Interest)	3.38%
Profit Erosion (finance rate 9.000)	N/A

This appraisal report does not constitute a formal valuation.

Paddington Packet Boat - Scenario 4

Project Timescale	
Project Start Date	Jan 2024
Project End Date	May 2026
Project Duration (Inc Exit Period)	29 months

Phase 1



This appraisal report does not constitute a formal valuation.

DETAILED CASH FLOW

JAMES R BROWN & COMPANY LTD

Paddington Packet Boat - Scenario 4

Detailed Cash flow Phase 1

Page A 1

	001:Jan 2024	002:Feb 2024	003:Mar 2024	004:Apr 2024	005:May 2024	006:Jun 2024	007:Jul 2024	008:Aug 2024
Monthly B/F	0	(1,057,500)	(1,065,431)	(1,073,363)	(1,081,413)	(1,383,614)	(1,490,503)	(1,646,334)
Revenue								
Cap - PBSA Scheme	0	0	0	0	0	0	0	0
Disposal Costs								
Sales Agent Fee	0	0	0	0	0	0	0	0
Sales Legal Fee	0	0	0	0	0	0	0	0
Unit Information								
Acquisition Costs								
Fixed Price	(1,000,000)	0	0	0	0	0	0	0
Stamp Duty	(39,500)	0	0	0	0	0	0	0
Agent Fee	(10,000)	0	0	0	0	0	0	0
Legal Fee	(8,000)	0	0	0	0	0	0	0
Construction Costs								
MCIL2/CIL/S.106/S.278/Carbon	0	0	0	0	(250,000)	0	0	0
Con. - PBSA Scheme	0	0	0	0	(40,137)	(87,848)	(131,501)	(171,098)
Professional Fees								
Professionals	0	0	0	0	(4,014)	(8,785)	(13,150)	(17,110)
Marketing/Letting								
Marketing	0	0	0	0	0	0	0	0
Net Cash Flow Before Finance	(1,057,500)	0	0	0	(294,151)	(96,633)	(144,652)	(188,208)
Debit Rate 9.000%	9.000%	9.000%	9.000%	9.000%	9.000%	9.000%	9.000%	9.000%
Credit Rate 2.000%	2.000%	2.000%	2.000%	2.000%	2.000%	2.000%	2.000%	2.000%
Finance Costs (All Sets)	0	(7,931)	(7,931)	(8,050)	(8,050)	(10,256)	(11,179)	(12,264)
Net Cash Flow After Finance	(1,057,500)	(7,931)	(7,931)	(8,050)	(302,201)	(106,889)	(155,830)	(200,471)
Cumulative Net Cash Flow Monthly	(1,057,500)	(1,065,431)	(1,073,363)	(1,081,413)	(1,383,614)	(1,490,503)	(1,646,334)	(1,846,805)

This appraisal report does not constitute a formal valuation.

DETAILED CASH FLOW

JAMES R BROWN & COMPANY LTD

Paddington Packet Boat - Scenario 4

Detailed Cash flow Phase 1

Page A 2

009:Sep 2024 (1,846,805)	010:Oct 2024 (2,087,781)	011:Nov 2024 (2,365,372)	012:Dec 2024 (2,675,094)	013:Jan 2025 (3,012,713)	014:Feb 2025 (3,374,356)	015:Mar 2025 (3,755,322)	016:Apr 2025 (4,151,273)	017:May 2025 (4,558,407)	018:Jun 2025 (4,971,752)
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
(206,637)	(238,120)	(265,545)	(288,914)	(308,225)	(323,480)	(334,677)	(341,817)	(344,901)	(343,927)
(20,664)	(23,812)	(26,555)	(28,891)	(30,823)	(32,348)	(33,468)	(34,182)	(34,490)	(34,393)
0	0	0	0	0	0	0	0	0	0
(227,301)	(261,932)	(292,100)	(317,805)	(339,048)	(355,827)	(368,145)	(375,999)	(379,391)	(378,320)
9.000%	9.000%	9.000%	9.000%	9.000%	9.000%	9.000%	9.000%	9.000%	9.000%
2.000%	2.000%	2.000%	2.000%	2.000%	2.000%	2.000%	2.000%	2.000%	2.000%
(13,675)	(15,658)	(17,623)	(19,814)	(22,595)	(25,138)	(27,807)	(31,135)	(33,955)	(36,800)
(240,976)	(277,590)	(309,723)	(337,619)	(361,643)	(380,966)	(395,952)	(407,134)	(413,345)	(415,120)
(2,087,781)	(2,365,372)	(2,675,094)	(3,012,713)	(3,374,356)	(3,755,322)	(4,151,273)	(4,558,407)	(4,971,752)	(5,386,872)

This appraisal report does not constitute a formal valuation.

DETAILED CASH FLOW

JAMES R BROWN & COMPANY LTD

Paddington Packet Boat - Scenario 4

Detailed Cash flow Phase 1

Page A 3

019:Jul 2025 (5,386,872)	020:Aug 2025 (5,800,059)	021:Sep 2025 (6,206,046)	022:Oct 2025 (6,600,294)	023:Nov 2025 (6,979,204)	024:Dec 2025 (7,337,201)	025:Jan 2026 (7,669,645)	026:Feb 2026 (7,973,033)	027:Mar 2026 (8,241,493)	028:Apr 2026 (8,470,285)
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
(338,896)	(329,808)	(316,664)	(299,462)	(278,203)	(252,887)	(223,515)	(190,085)	(152,598)	(111,054)
(33,890)	(32,981)	(31,666)	(29,946)	(27,820)	(25,289)	(22,351)	(19,008)	(15,260)	(11,105)
0	0	0	0	0	0	0	0	0	0
(372,786)	(362,789)	(348,330)	(329,408)	(306,024)	(278,176)	(245,866)	(209,093)	(167,858)	(122,160)
9.000%	9.000%	9.000%	9.000%	9.000%	9.000%	9.000%	9.000%	9.000%	9.000%
2.000%	2.000%	2.000%	2.000%	2.000%	2.000%	2.000%	2.000%	2.000%	2.000%
(40,402)	(43,197)	(45,918)	(49,502)	(51,973)	(54,268)	(57,522)	(59,366)	(60,935)	(63,527)
(413,187)	(405,987)	(394,248)	(378,910)	(357,996)	(332,444)	(303,388)	(268,460)	(228,792)	(185,687)
(5,800,059)	(6,206,046)	(6,600,294)	(6,979,204)	(7,337,201)	(7,669,645)	(7,973,033)	(8,241,493)	(8,470,285)	(8,655,972)

This appraisal report does not constitute a formal valuation.

Paddington Packet Boat - Scenario 4

029:May 2026
(8,655,972)
8,320,000
(83,200)
(75,000)
0
0
0
0
0
0
0
0
(20,800)
8,141,000
9.000%
2.000%
0
8,141,000
(514,972)

This appraisal report does not constitute a formal valuation.