DJC HOUSING CONSULTANTS LTD

Prepared for Progress Planning on behalf of Nash Karbani

91 Station Road, Yiewsley

(London Borough of Hillingdon)

April 2021

Contents

Introduction

DJC Housing Consultants has been instructed by Progress Planning Ltd and the applicant, Nash Karbani to advise on the **viability case** of the proposed development at 91 Station Road, Yiewsley for 2 x single bed student rooms and 13 x double bed student rooms.

In addition to the report, we are attaching an appraisal, using the HCA DAT toolkit which calculates the surplus or deficit left using a residual land calculation. The benchmark land value and the profit levels are both inputs into the appraisal.

The London Plan says the following:

> Policy H15 - Purpose-built student accommodation
>
> A - Boroughs should seek to ensure that local and strategic need for purpose-built student accommodation is addressed, provided that:
>
> 1) at the neighbourhood level, the development contributes to a mixed and inclusive neighbourhood
>
> 2) the use of the accommodation is secured for students
>
> 3) the majority of the bedrooms in the development including all of the affordable student accommodation bedrooms are secured through a nomination agreement for occupation by students of one or more higher education provider
>
> 4) the maximum level of accommodation is secured as affordable student accommodation as defined through the London Plan and associated guidance:
>
> > a) to follow the Fast Track Route, at least 35 per cent of the accommodation must be secured as affordable student accommodation or 50 per cent where the development is on public land or industrial land appropriate for residential uses in accordance with Policy E7 Industrial intensification, co-location and substitution
> >
> > b) where the requirements of 4a above are not met, applications must follow the Viability Tested Route set out in Policy H5 Threshold approach to applications, Part E
> >
> > c) the affordable student accommodation bedrooms should be allocated by the higher education provider(s) that operates the accommodation, or has the nomination right to it, to students it considers most in need of the accommodation.
>
> 5) the accommodation provides adequate functional living space and layout.

The current proposal is for 15 student rooms, which is above the threshold for affordable housing.

We have carried out our appraisal based on 35% affordable student accommodation units to ascertain whether the scheme is in deficit or surplus and then to conclude as to how much the scheme is able to contribute towards affordable housing and remain viable.

This report is a desktop assessment that will examine the different appraisal inputs and will demonstrate that the scheme is unable to make a contribution towards affordable housing and remain viable.

Viability Guidance

In advising the Council in respect of viability, we need to have regard to published guidance. In this respect, we are considering in particular the National Planning Policy Framework (NPPF) (updated June 2019); The Planning Practice Guidance, updated October 2019; the RICS publication "Financial Viability in Planning" July 2012; RICS Research, Financial Viability Appraisal in Planning Decisions: Theory and Practice (April 2015).

With regard to NPPF, we believe that paragraph 57 is particularly relevant. It states:

> *57. Where up-to-date policies have set out the contributions expected from development, planning applications that comply with them should be assumed to be viable. It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage. The weight to be given to a viability assessment is a matter for the decision maker, having regard to all the circumstances in the case, including whether the plan and the viability evidence underpinning it is up to date, and any change in site circumstances since the plan was brought into force. All viability assessments, including any undertaken at the plan-making stage, should reflect the recommended approach in national planning guidance, including standardised inputs, and should be made publicly available.*

The Planning Policy Guidance goes on to say the following:

> *"Such circumstances could include, for example where development is proposed on unallocated sites of a wholly different type to those used in viability assessment that informed the plan; where further information on infrastructure or site costs is required; where particular types of development are proposed which may significantly vary from standard models of development for sale (for example build to rent or housing for older people); or where a recession or similar significant economic changes have occurred since the plan was brought into force."*

and

> *"Any viability assessment should reflect the government's recommended approach to defining key inputs as set out in National Planning Guidance."*

The updated PPG goes on to say the following:

"Standardised inputs to viability assessment
What are the principles for carrying out a viability assessment?
Viability assessment is a process of assessing whether a site is financially viable, by looking at whether the value generated by a development is more than the cost of developing it. This includes looking at the key elements of gross development value, costs, land value, landowner premium, and developer return.
This National Planning Guidance sets out the government's recommended approach to viability assessment for planning. The approach supports accountability for communities by enabling them to understand the key inputs to and outcomes of viability assessment."

It also goes on to look at the following:

- *How should gross development value be defined for the purpose of viability assessment?*
- *How should costs be defined for the purpose of viability assessment?*
- *How should land value be defined for the purpose of viability assessment?*
- *What factors should be considered to establish benchmark land value?*
- *What is meant by existing use value in viability assessment?*
- *How should the premium to the landowner be defined for viability assessment?*
- *Can alternative uses be used in establishing benchmark land value?*
- *How should a return to developers be defined for the purpose of viability assessment?*

Between NPPF and RICS the guidance presents a case for requiring flexibility in the face of changing market conditions, whilst affirming that development will entail an element of risk for the developer. A viability assessment needs to take both these positions into account.

The ability of the site to contribute a level of affordable housing needs to be assessed through a consideration of the various inputs into the development appraisals.

Appraisal Inputs

We have considered the main inputs into the development appraisal as follows:

Student accommodation Values

We have assumed the following rent levels for the student accommodation:

- £150 per room per week for single bed
- £200 per room per week for double bed

We have made an allowance of 25% for management, maintenance, bills etc.

We have applied a yield to the net rent of 6%.

Affordable student accommodation values

The Mayor's Housing SPG (2016) states that the Mayor will publish, in his Annual Monitoring Report for the London Plan, the annual rental cost for purpose-built student accommodation (PBSA) that is considered affordable for the coming academic year. As set out in the Housing SPG, the annual rental cost for affordable PBSA equates to 55 per cent of the maximum student maintenance loan for living costs available to a UK full-time student in London living away from home for that academic year. For the academic year 2018/19 the annual rental cost for affordable PBSA must not exceed £6,606.

As above we have made an allowance of 25% for management, maintenance, bills etc.

We have applied a yield to the net rent of 6%.

Proposed retail unit

The proposed new retail unit is 36.63 m2 and we have applied a rent of £6,500 per annum at a yield of 6%.

Build Costs

We have looked at BCIS build cost rates for "Students' residences, halls of residence, etc" and they show a range of values from a lower quartile of £1,988 per m^2 to an upper quartile rate of £2,452 per m^2 with a median rate of £2,229 per m^2 (See Appendix 3).

The applicant has indicated that his build costs would be lower at £1,750 per m^2.

At this stage we have adopted the applicant's build cost rate and applied it to the whole building.

Professional Fees

We have made a standard allowance for fees of 10%

Contingencies

We have made a standard allowance for fees of 5%

Sales Fees (agent's fees & marketing costs)

We have made an allowance for the sales and marketing fees at 2% of open market value.

We have made an allowance of £1,000 per unit for legal fees.

Timings

We have assumed a start on site in September 2020 and a construction period of 18 months.

Interest

HCA DAT recognises that finance costs would include an arrangement fee payable to a bank for arranging finance for the scheme, interest payable on the loan typically around 4-6% above 3 month LIBOR rate and miscellaneous fees such as monitoring surveyors.
This would suggest that a figure of 7% is in line with current lending rates. This figure includes arrangement fees and surveyor fees that are normally applied by banks.
This is the figure we have used in our appraisal. We have applied a credit balance rate of 4%.

CIL

We have included CIL payments based on a net increase of 188 m^2 at a rate of £133.48 per m^2 giving a total of £ 25,095.

MCIL2 has been charged at £60 per m^2 giving a total of £11,280.

Profit

At Appeal and Local Planning Inquiries the level of profit a scheme should make has been the subject of debate with expert witnesses and Inspectors coming to the view that, if at all possible, schemes should make a minimum of 20% profit on sales over cost. There are reasons why schemes progress with lower levels of profit equally some developer interests will not consider any scheme unless it makes a profit of at least 25%.

In this case we have applied a profit level of 20% of GDV which is a reasonable and fair assumption.

Benchmark Land Value

The Planning Practice Guidance says the following at paragraph: 013 Reference ID: 10-013-20190509:

> *"**How should land value be defined for the purpose of viability assessment?***
>
> *To define land value for any viability assessment, a benchmark land value should be established on the basis of the existing use value (EUV) of the land, plus a premium for the landowner. The premium for the landowner should reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land. The premium should provide a reasonable incentive, in comparison with other options available, for the landowner to sell land for development while allowing a sufficient contribution to fully comply with policy requirements. Landowners and site purchasers should consider policy requirements when agreeing land transactions. This approach is often called 'existing use value plus' (EUV+).*
>
> *In order to establish benchmark land value, plan makers, landowners, developers, infrastructure and affordable housing providers should engage and provide evidence to inform this iterative and collaborative process.*

At Paragraph: 014 Reference ID: 10-014-20190509 it says the following:

> ***What factors should be considered to establish benchmark land value?***
>
> *Benchmark land value should:*
>
> - *be based upon existing use value*
> - *allow for a premium to landowners (including equity resulting from those building their own homes)*
> - *reflect the implications of abnormal costs; site-specific infrastructure costs; and professional site fees*
>
> *Viability assessments should be undertaken using benchmark land values derived in accordance with this guidance. Existing use value should be informed by market evidence of current uses, costs and values. Market evidence can also be used as a cross-check of benchmark land value but should not be used in place of benchmark land value. There may be a divergence between benchmark land values and market evidence; and plan makers should be aware that this could be due to different assumptions and methodologies used by individual developers, site promoters and landowners.*
>
> *This evidence should be based on developments which are fully compliant with emerging or up to date plan policies, including*

affordable housing requirements at the relevant levels set out in the plan. Where this evidence is not available plan makers and applicants should identify and evidence any adjustments to reflect the cost of policy compliance. This is so that historic benchmark land values of non-policy compliant developments are not used to inflate values over time.

In plan making, the landowner premium should be tested and balanced against emerging policies. In decision making, the cost implications of all relevant policy requirements, including planning obligations and, where relevant, any Community Infrastructure Levy (CIL) charge should be taken into account.

Where viability assessment is used to inform decision making under no circumstances will the price paid for land be a relevant justification for failing to accord with relevant policies in the plan. Local authorities can request data on the price paid for land (or the price expected to be paid through an option or promotion agreement)."

At Paragraph: 015 Reference ID: 10-015-20190509 it says the following:

"What is meant by existing use value in viability assessment?

Existing use value (EUV) is the first component of calculating benchmark land value. EUV is the value of the land in its existing use. Existing use value is not the price paid and should disregard hope value. Existing use values will vary depending on the type of site and development types. EUV can be established in collaboration between plan makers, developers and landowners by assessing the value of the specific site or type of site using published sources of information such as agricultural or industrial land values, or if appropriate capitalised rental levels at an appropriate yield (excluding any hope value for development).

Sources of data can include (but are not limited to): land registry records of transactions; real estate licensed software packages; real estate market reports; real estate research; estate agent websites; property auction results; valuation office agency data; public sector estate/property teams' locally held evidence."

At Paragraph: 016 Reference ID: 10-016-20190509 it says the following:

"How should the premium to the landowner be defined for viability assessment?

The premium (or the 'plus' in EUV+) is the second component of benchmark land value. It is the amount above existing use value (EUV) that goes to the landowner. The premium should provide a reasonable incentive for a land owner to bring forward land for *development while allowing a sufficient contribution to fully comply with policy requirements.*

Plan makers should establish a reasonable premium to the landowner for the purpose of assessing the viability of their plan. This will be an iterative process informed by professional judgement and must be based upon the best available evidence informed by cross sector collaboration. Market evidence can include benchmark land values from other viability assessments. Land transactions can be used but only as a cross check to the other evidence. Any data used should reasonably identify any adjustments necessary to reflect the cost of policy compliance (including for affordable housing), or differences in the quality of land, site scale, market performance of different building use types and reasonable expectations of local landowners. Policy compliance means that the development complies fully with up to date plan policies including any policy requirements for contributions towards affordable housing requirements at the relevant levels set out in the plan. A decision maker can give appropriate weight to emerging policies. Local authorities can request data on the price paid for land (or the price expected to be paid through an option or promotion agreement)."

The site is currently an existing hot food takeaway and mini cab premises with associated access works.

The current rental levels are as follows:

Rental values –

- A1 retail: 18m2 x £430/m2 = £7,750 pa;
- B1 office: 81m2 x 86/m2 = £7,000 pa;
- total rental value of £15,750 pa

We have applied a yield of 8% resulting in a capital value of £196,875.

In line with Planning Practice Guidance, we have applied an "uplift" of 20% to the existing use value resulting in a benchmark land value of £236,250.

Conclusions

We have carried out a financial appraisal of the scheme using the HCA Development Appraisal Tool. The appraisal we have carried out is so that we can establish the level of additional affordable housing contribution that will allow the scheme to remain viable.

The appraisal shown at Appendix 1 includes 35% Affordable student accommodation and shows a deficit of **negative** £173,139.

This demonstrates that it would be unviable to provide 35% of the units as affordable student accommodation.

We then carried out an appraisal with all of the units as private student accommodation. This appraisal, which can be found at Appendix 2 shows a deficit of **negative** £8,608.

This demonstrates that it would be unviable to provide any of the units as affordable student accommodation.

It is our opinion, therefore, that the applicant should not be required to provide any affordable student accommodation on site.

End of Report
DJC Housing Consultants Ltd
April 2021

Appendix 1 – HCA DAT Appraisal – 35% affordable
Appendix 2 – HCA DAT Appraisal – no affordable
Appendix 3 – BCIS rates.

D J C Housing Consultants Ltd

APPENDIX 1

Surplus (Deficit) from Input land valuation at 19/4/2021 **-173,139**

HCA Development Appraisal Tool

INPUT SHEET 1 - SITE DETAILS

Basic Site Details

FULL VIABILITY ASSESSMENT

Site Address	**91 Station Road, Yiewsley**
OS X coordinate	
OS Y coordinate	
Site Reference	
File Source	
Scheme Description	**15 PBSA plus retail unit - 35% affordable**
Date of appraisal	19/04/2021
Gross Site Area (hectares)	
Net Residential Site Area (hectares)	
Author & Organisation	**David Coate - DJC Housing Consultants**
Local Planning Authority	Hillingdon
Land Purchase Price	**236,250**
Land Purchase date	19/04/2021
Most recent valuation of the site £	**236,250**
Basis of valuation	**Existing Use**
Date of valuation	19/04/2021
Any note on valuation	
Developer of sale units	
Developer of affordable units	
Manager of affordable units	
Registered Provider (where applicable)	
Note on applicant (eg sub partner status)	

Free text Description	No. of units	m2	Property type	Tenure/phase	Sales Valuation £	Weekly Rent Chargeable
<Enter description here>	2	17	1 Bed Flat Low rise	Private Rent Build phase 1		150.00
<Enter description here>	8	19	2 Bed Flat Low rise	Private Rent Build phase 1		200.00
<Enter description here>	5	19	2 Bed Flat Low rise	Affordable Rent phase 1		125.00
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Date of scheme appraisal *19-Apr-21* from Site Sheet

Use any valid Excel Date format (eg DD/MM/YY)

Build Period	Construction Start Date	Construction End Date
	Tenure phases display for date input only after transfer from Input 2 sheet	
Affordable Low rise flats ph 1	01-Sep-21	01-Mar-23
Private Rental 1 Phase 1	01-Sep-21	01-Mar-23

RP Purchase from Developer	Purchase start date	Purchase end date
	AH phases display for date input only after transfer from Input 2 sheet	
Affordable Rent phase 1	01-May-23	01-May-23

Open Market Sale	Sale Start Date	Sale End Date	Monthly Sales rate
	OM phases display for date input only after transfer from Input 2 sheet		

Private Rental Units	First Rental Start Date	*Final* Rental Start Date
	PR phases display for date input only after transfer from Input 2 sheet	
Private Rental 1Phase 1	01-May-23	01-May-23

		Building Cost £ per Sq m GROSS area	Net to Gross Adjustment	Maximum height in floors (flats only)	Avg Cost pu
	Tenure phases display for Build Cost	Input only after in from	Input 2 sheet		
Affordable Rent phase 1	Low rise flats	1,750	54%		33,250
Private Rental 1	Low rise flats	1,750	54%		32,550

Fees & Contingencies as % of Building Costs	%	£ Total
Design and Professional Fees % (Architects, QS, Project Management)	10.00%	106,141
Residential Building Contingencies (% of Building Costs)	5.00%	53,070

** This section excludes Affordable Housing section 106 payments* All dates must be between 19-Apr-21 14-Apr-41

'Historic' costs incurred earlier may be entered as 19-Apr-21 *PROVIDED they are not taken into account in the site valuation (& hence double c*

External Works & Infrastructure Costs (£)	Comment on nature of issue	Cost (£)	Payment Start Date	Payment end date	*Cost per unit (all tenures)*
Phase 1					
Site Preparation/Demolition					
External Works & Infrastructure Costs (£)					
Prelims					
Services (Power, Water, Gas, Telco and IT)					
NHBC					
Public Open Space					
Site Specific Sustainability Initiatives					
Plot specific external works					
Other 1					
Other 2					

Site Abnormals (£)	Comment on nature of issue	Cost (£)	Payment Start Date	Payment end date	*Cost per unit (all tenures)*
Decontamination					
Other					
Other 2					
Other 3					
Other 4					
Other 5					

	Building Costs (£ / car parking space)	Payment Date
Residential Car Parking Building Costs (average cost / car parking space)		

Total number of residential car parking spaces			(Open Market and Affordable)		

Statutory Payments (£)	Additional information	**Cost (£)**	Payment start date	Payment end date	*Per unit*
Education					
Sport & Recreation					
Social Infrastructure					
Public Realm					
Affordable Housing					
Transport					
Highway					
Health					
Public Art					
Flood work					
Community Infrastructure Levy	per sq metre				
Other Tariff	per unit				
CIL		**£25,095**	01-Sep-21	01-Sep-21	*1,673*
Carbon offsetting		**£11,280**	01-Sep-21	01-Sep-21	*752*
Other 3					
Other 4					

OTHER COSTS

SITE PURCHASE COSTS	%
Agents Fees (% of site cost)	**1.00%**
Legal Fees (% of site cost)	**0.75%**
Stamp Duty (% of site cost)	**4.00%**

	Comment on nature of issue	Cost (£)	Payment start date	Payment end date
Other Acquisition Costs (£)				

FINANCE COSTS

Arrangement Fee (£)	**£0**
Interest Rate (%)	**7.00%**

Misc Fees - Surveyors etc (£)	
Credit balance reinvestment %	4.00%

MARKETING COSTS

Affordable Housing Marketing Costs

	Cost (£)	Payment start date	Payment end date
Developer cost of sale to RP (£)	£0		
RP purchase costs (£)	£0		
Intermediate Housing Sales and Marketing (£)	£0		

Open Market Housing Marketing Costs

Sales Fees (agents fees & marketing fees) - %	2.00%
Legal Fees (per Open Market unit) - £	£1,000
Agents Private Rental Intial Letting fees - %	1.00%

DEVELOPER'S OVERHEAD AND RETURN FOR RISK (before taxation)

Developer O/head (£)				*Return at Scheme end*
Open Market Housing (% GDV)	20.00%	20.0%	*inc Overheads*	
		0	*per open market home*	
Private Rental (% Cost)	20.00%			
Affordable Housing (% Cost)	6.00%			

ASSUMPTIONS by user defined type

Office

Comments here

Area of Office scheme (gross sq m)	
Area of Office scheme (net lettable sq m)	
Values	
Rent (£ psm pa)	
Investor's Yield (%)	
Costs of Sale (% of value)	
Building Costs	
Office Building Costs (Gross, £ psm)	
Office Building Professional Fees (% of building costs)	
Building Contingencies (% of building costs)	
CIL rate applicable (£ per m2 GIA)	
Phasing	**Date**
Start of Building Period	
End of Building Period	
Timing of Letting / Sale	
Timing of CIL payment	
Letting, Advertising & Sale fees	
Letting fees (% of annual income)	
Advertising fees (% of annual income)	
Sale fees (% of sale price)	
Developer's Return for risk / profit (% of value)	

Retail

Comments here

Area of Retail scheme (gross sq m)	**37**
Area of Retail scheme (net lettable sq m)	**37**
Values	
Rent (£ psm pa)	**177**
Investor's Yield (%)	**7.00%**
Costs of Sale (% of value)	**5.75%**
Building Costs	
Retail Building Costs (Gross, £ psm)	**1,700**
Retail Building Professional Fees (% of building costs)	**10.00%**
Building Contingencies (% of building costs)	**5.00%**
CIL rate applicable (£ per m2 GIA)	**-**
Phasing	**Date**
Start of Building Period	01/09/2021
End of Building Period	01/03/2023
Timing of Letting / Sale	01/05/2023
Timing of CIL payment	
Letting / sale fees	
Letting (% of income)	**10.00%**
Advertising (% of annual income)	**1.00%**
Sale (% of sale price)	**1.00%**

Surplus (Deficit) from Input land valuation at 19/4/2021 -£173,139

HCA DEVELOPMENT APPRAISAL TOOL

SUMMARY

DETAIL

SCHEME

Site Address	91 Station Road, Yiewsley	Date of appraisal	19/04/2021
Site Reference		Net Residential Site Area	
File Source		Author & Organisation	David Coate - DJC Housing Consultants
Scheme Description	15 PBSA plus retail unit - 35% affordable	Registered Provider (whe	0

Housing Mix (Affordable + Open Market)

Total Number of Units	15	*units*
Total Number of Open Market Units	10	*units*
Total Number of Affordable Units	5	*units*
Total Net Internal Area (sq m)	281	*sq m*
% Affordable by Unit	33.3%	
% Affordable by Area	33.8%	
Density	No Area input	*units/ hectare*
Total Number of A/H Persons	0	*Persons*
Total Number of Open Market Persons	0	*Persons*
Total Number of Persons	0	*Persons*
Gross site Area	0.00	*hectares*
Net Site Area	0.00	*hectares*
Net Internal Housing Area / Hectare	-	*sq m / hectare*

***Average* value (£ per unit)**	**Open Market Phase 1:**	**Open Market Phase 2:**	**Open Market Phase 3:**	**Open Market Phase 4:**	**Open Market Phase 5:**	**Total**
1 Bed Flat Low rise	£0	£0	£0	£0	£0	
2 Bed Flat Low rise	£0	£0	£0	£0	£0	
3 Bed Flat Low rise	£0	£0	£0	£0	£0	
4 Bed + Flat Low rise	£0	£0	£0	£0	£0	
1 Bed Flat High rise	£0	£0	£0	£0	£0	
2 Bed Flat High rise	£0	£0	£0	£0	£0	
3 Bed Flat High rise	£0	£0	£0	£0	£0	
4 Bed + Flat High rise	£0	£0	£0	£0	£0	
2 Bed House	£0	£0	£0	£0	£0	
3 Bed House	£0	£0	£0	£0	£0	
4 Bed + House	£0	£0	£0	£0	£0	
Total Revenue £	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**
Net Area (sq m)	-	-	-	-	-	0
Revenue (£ / sq m)	-	-	-	-	-	

CAPITAL VALUE OF OPEN MARKET SALES **£0**

Capital Value of Private Rental	
Phase 1	£1,206,228
Phase 2	£0
Phase 3	£0
Phase 4	£0
Phase 5	£0
Total PR	**£1,206,228**

CAPITAL VALUE OF OPEN MARKET HOUSING			**£1,206,228**	£ 3,005 psqm
BUILD COST OF OPEN MARKET HOUSING inc Contingency	**£737,697**	£ 1,838 psqm		
CONTRIBUTION TO SCHEME COSTS FROM OPEN MARKET HOUSING				**£468,531**

AH Residential Values

AH & RENTAL VALUES BASED ON NET RENTS

Type of Unit	**Social Rented**	**Shared Ownership (all phases)**	**Affordable Rent (all phases)**	**Total**
1 Bed Flat Low rise				
2 Bed Flat Low rise			£396,785	£396,785
3 Bed Flat Low rise				
4 Bed + Flat Low rise				
1 Bed Flat High rise				
2 Bed Flat High rise				
3 Bed Flat High rise				
4 Bed + Flat High rise				
2 Bed House				
3 Bed House				
4 Bed + House				
	£0	£0	£396,785	**£396,785**
£ psqm of CV (phase 1)	-	-	4,177	

CAPITAL VALUE OF ALL AFFORDABLE HOUSING (EXCLUDING OTHER FUNDING)		**£396,785**	
RP Cross Subsidy (use of own assets)		£0	
LA s106 commuted in lieu		£0	
RP Re-cycled SHG		£0	
Use of AR rent conversion income		£0	
Other source of AH funding		£0	
OTHER SOURCES OF AFFORDABLE HOUSING FUNDING		**£0**	
CAPITAL VALUE OF ALL AFFORDABLE HOUSING (INCLUDING OTHER FUNDING)		**£396,785**	
BUILD COST OF AFFORDABLE HOUSING inc Contingency	**£376,781** £ 1,838 psqm		
CONTRIBUTION TO SCHEME COSTS FROM AFFORDABLE HOUSING			**£20,005**

Car Parking

No. of Spaces	**Price per Space (£)**	**Value**
-	-	£0

Value of Residential Car Parking **£0**

Car Parking Build Costs			£0		
Ground rent					
			Capitalised annual ground rent		
Social Rented			£0		
Shared Ownership			£0		
Affordable Rent			£0		
Open market (all phases)			£0		
Capitalised Annual Ground Rents				**£0**	
TOTAL CAPITAL VALUE OF RESIDENTIAL SCHEME				**£1,603,013**	
TOTAL BUILD COST OF RESIDENTIAL SCHEME			**£1,114,478**		
TOTAL CONTRIBUTION OF RESIDENTIAL SCHEME					**£488,535**
Non-Residential					
			Cost	Values	
Office			£0	£0	
Retail			£73,516	£87,808	
Industrial			£0	£0	
Leisure			£0	£0	
Community Use			£0	£0	
Community Infrastructure Levy			£0		
CAPITAL VALUE OF NON-RESIDENTIAL SCHEME				**£87,808**	
COSTS OF NON-RESIDENTIAL SCHEME			**£73,516**		
CONTRIBUTION TO SCHEME COSTS FROM NON-RESIDENTIAL					**£14,292**
GROSS DEVELOPMENT VALUE OF SCHEME				**£1,690,821**	
TOTAL BUILD COSTS			**£1,187,994**		
TOTAL CONTRIBUTION TO SCHEME COSTS					**£502,827**
External Works & Infrastructure Costs (£)			Per unit	% of GDV	per Hectare
Site Preparation/Demolition		£0			
External Works & Infrastructure Costs (£)		£0			
Prelims		£0			
Services (Power, Water, Gas, Telco and IT)		£0			
NHBC		£0			
Public Open Space		£0			
Site Specific Sustainability Initiatives		£0			
Plot specific external works		£0			
Other 1		£0			
Other 2		£0			
		£0			
Other site costs					
Fees and certification	10.0%	£106,141	7,076	6.3%	
Other Acquisition Costs (£)		£0			
Site Abnormals (£)					
0		£0			
Decontamination		£0			
Other		£0			
Other 2		£0			
Other 3		£0			
Other 4		£0			
Other 5		£0			
		£0			
Total Site Costs inc Fees		**£106,141**	7,076		
Statutory 106 Costs (£)					
Education		£0			
Sport & Recreation		£0			
Social Infrastructure		£0			
Public Realm		£0			
Affordable Housing		£0			
Transport		£0			
Highway		£0			
Health		£0			
Public Art		£0			
Flood work		£0			
Community Infrastructure Levy		£0			
Other Tariff		£0			
CIL		£25,095	1,673		
Carbon offsetting		£11,280	752		
Other 3		£0			
Other 4		£0			
Statutory 106 costs		**£36,375**	2,425		
Marketing (Open Market Housing ONLY)			per OM unit		
Sales/letting Fees	2.0%	£991	99		
Legal Fees (per Open Market unit):	£1,000	£0			
Marketing (Affordable Housing)			per affordable unit		
Developer cost of sale to RP (£)		£0			
RP purchase costs (£)		£0			
Intermediate Housing Sales and Marketing (£)		£0			
Total Marketing Costs		**£991**			
Total Direct Costs			**£1,331,501**		
Finance and acquisition costs					
Land Payment		£236,250	23,625 per OM home	#DIV/0!	#DIV/0!
Arrangement Fee		£0	0.0% of interest		

Misc Fees (Surveyors etc)		£0		0.00% of scheme value
Agents Fees		£2,363		
Legal Fees		£1,772		
Stamp Duty		£9,450		
Total Interest Paid		£128,107		
Total Finance and Acquisition Costs			**£377,942**	

Developer's return for risk and profit

Residential				
Market Housing Return (inc OH) on Valu	20.0%	£0		per OM unit
Affordable Housing Return on Cost	6.0%	£21,530	4,306	per affordable unit
Return on sale of Private Rent	20.0%	£140,514	14,051	per PR unit
Non-residential				
Office	£0			
Retail	£17,562			
Industrial	£0			
Leisure	£0			
Community-use	£0	**£17,562**		
Total Operating Profit			**£179,606**	

(i.e. profit after deducting sales and site specific finance costs but before deducting developer overheads and taxation)

TOTAL COST	**£1,889,048**	
Surplus/(Deficit) at completion 1/5/2023		**(£198,227)**
Present Value of Surplus (Deficit) at 19/4/2021		**(£173,139)**

Scheme Investment MIRR **1.4%** (before Developer's returns and interest to avoid double counting returns)

Site Value as a Percentage of Total Scheme Value	14.0%	Peak Cash Requirement	-£1,705,743
Site Value (PV) per hectare	No area input per hectare	No area input per acre	

APPENDIX 2

Surplus (Deficit) from Input land valuation at 19/4/2021 **-8,608**

HCA Development Appraisal Tool
INPUT SHEET 1 - SITE DETAILS

Basic Site Details

FULL VIABILITY ASSESSMENT	
Site Address	**91 Station Road, Yiewsley**
OS X coordinate	
OS Y coordinate	
Site Reference	
File Source	
Scheme Description	**15 PBSA plus retail unit - no affordable**
Date of appraisal	19/04/2021
Gross Site Area (hectares)	
Net Residential Site Area (hectares)	
Author & Organisation	**David Coate - DJC Housing Consultants**
Local Planning Authority	Hillingdon
Land Purchase Price	**236,250**
Land Purchase date	19/04/2021
Most recent valuation of the site £	**236,250**
Basis of valuation	**Existing Use**
Date of valuation	19/04/2021
Any note on valuation	
Developer of sale units	
Developer of affordable units	
Manager of affordable units	
Registered Provider (where applicable)	
Note on applicant (eg sub partner status)	

Free text Description	No. of units	m2	Property type	Tenure/phase	Sales Valuation £	Weekly Rent Chargeable
<Enter description here>	2	17	1 Bed Flat Low rise	Private Rent Build phase 1		150.00
<Enter description here>	13	19	2 Bed Flat Low rise	Private Rent Build phase 1		200.00
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Date of scheme appraisal *19-Apr-21* from Site Sheet

Use any valid Excel Date format (eg DD/MM/YY)

Build Period	Construction Start Date	Construction End Date
	Tenure phases display for date input only after transfer from Input 2 sheet	
Private Rental 1 Phase 1	01-Sep-21	01-Mar-23

RP Purchase from Developer	Purchase start date	Purchase end date
	AH phases display for date input only after transfer from Input 2 sheet	

Open Market Sale	Sale Start Date	Sale End Date	Monthly Sales rate
	OM phases display for date input only after transfer from Input 2 sheet		

Private Rental Units	First Rental Start Date	*Final* Rental Start Date
	PR phases display for date input only after transfer from Input 2 sheet	
Private Rental 1Phase 1	01-May-23	01-May-23

		Building Cost £ per Sq m GROSS area	Net to Gross Adjustment	Maximum height in floors (flats only)	*Avg Cost pu*
Private Rental 1	Low rise flats	1,750	**54%**		*32,783*

Fees & Contingencies as % of Building Costs	%	*£ Total*
Design and Professional Fees % (Architects, QS, Project Management)	**10.00%**	*106,141*
Residential Building Contingencies (% of Building Costs)	**5.00%**	*53,070*

** This section excludes Affordable Housing section 106 payments*

All dates must be between 19-Apr-21 14-Apr-41

'Historic' costs incurred earlier may be entered as 19-Apr-21 *PROVIDED they are not taken into account in the site valuation (& hence double c*

External Works & Infrastructure Costs (£)	Comment on nature of issue	**Cost (£)**	Payment Start Date	Payment end date	*Cost per unit (all tenures)*
Phase 1					
Site Preparation/Demolition					
External Works & Infrastructure Costs (£)					
Prelims					
Services (Power, Water, Gas, Telco and IT)					
NHBC					
Public Open Space					
Site Specific Sustainability Initiatives					
Plot specific external works					
Other 1					
Other 2					

Site Abnormals (£)	Comment on nature of issue	**Cost (£)**	Payment Start Date	Payment end date	*Cost per unit (all tenures)*
Decontamination					
Other					
Other 2					
Other 3					
Other 4					
Other 5					

	Building Costs (£ / car parking space)	Payment Date
Residential Car Parking Building Costs (average cost / car parking space)		
Total number of residential car parking spaces		*(Open Market and Affordable)*

Statutory Payments (£)	Additional information	Cost (£)	Payment start date	Payment end date	Per unit
Education					
Sport & Recreation					
Social Infrastructure					
Public Realm					
Affordable Housing					
Transport					
Highway					
Health					
Public Art					
Flood work					
Community Infrastructure Levy	per sq metre				
Other Tariff	per unit				
CIL		**£25,095**	01-Sep-21	01-Sep-21	*1,673*
Carbon offsetting		**£11,280**	01-Sep-21	01-Sep-21	*752*
Other 3					
Other 4					

OTHER COSTS

SITE PURCHASE COSTS	%
Agents Fees (% of site cost)	**1.00%**
Legal Fees (% of site cost)	**0.75%**
Stamp Duty (% of site cost)	**4.00%**

	Comment on nature of issue	Cost (£)	Payment start date	Payment end date
Other Acquisition Costs (£)				

FINANCE COSTS

Arrangement Fee (£)	**£0**
Interest Rate (%)	**7.00%**
Misc Fees - Surveyors etc (£)	

Credit balance reinvestment %	4.00%

MARKETING COSTS

Affordable Housing Marketing Costs

	Cost (£)	Payment start date	Payment end date
Developer cost of sale to RP (£)	£0		
RP purchase costs (£)	£0		
Intermediate Housing Sales and Marketing (£)	£0		

Open Market Housing Marketing Costs

Sales Fees (agents fees & marketing fees) - %	2.00%
Legal Fees (per Open Market unit) - £	£1,000
Agents Private Rental Intial Letting fees - %	1.00%

DEVELOPER'S OVERHEAD AND RETURN FOR RISK (before taxation)

Developer O/head (£)				*Return at Scheme end*
Open Market Housing (% GDV)	20.00%	20.0%	*inc Overheads*	
		0	*per open market home*	
Private Rental (% Cost)	20.00%			
Affordable Housing (% Cost)				

ASSUMPTIONS by user defined type

Office

Comments here

Area of Office scheme (gross sq m)	
Area of Office scheme (net lettable sq m)	
Values	
Rent (£ psm pa)	
Investor's Yield (%)	
Costs of Sale (% of value)	
Building Costs	
Office Building Costs (Gross, £ psm)	
Office Building Professional Fees (% of building costs)	
Building Contingencies (% of building costs)	
CIL rate applicable (£ per m2 GIA)	
Phasing	**Date**
Start of Building Period	
End of Building Period	
Timing of Letting / Sale	
Timing of CIL payment	
Letting, Advertising & Sale fees	
Letting fees (% of annual income)	
Advertising fees (% of annual income)	
Sale fees (% of sale price)	
Developer's Return for risk / profit (% of value)	

Retail

Comments here

Area of Retail scheme (gross sq m)	**37**
Area of Retail scheme (net lettable sq m)	**37**
Values	
Rent (£ psm pa)	**177**
Investor's Yield (%)	**7.00%**
Costs of Sale (% of value)	**5.75%**
Building Costs	
Retail Building Costs (Gross, £ psm)	**1,700**
Retail Building Professional Fees (% of building costs)	**10.00%**
Building Contingencies (% of building costs)	**5.00%**
CIL rate applicable (£ per m2 GIA)	**-**
Phasing	**Date**
Start of Building Period	01/09/2021
End of Building Period	01/03/2023
Timing of Letting / Sale	01/05/2023
Timing of CIL payment	
Letting / sale fees	
Letting (% of income)	**10.00%**
Advertising (% of annual income)	**1.00%**
Sale (% of sale price)	**1.00%**

Surplus (Deficit) from Input land valuation at 19/4/2021 -£8,608

HCA DEVELOPMENT APPRAISAL TOOL

SUMMARY DETAIL

SCHEME

Site Address	91 Station Road, Yiewsley	Date of appraisal	19/04/2021
Site Reference		Net Residential Site Area	
File Source		Author & Organisation	David Coate - DJC Housing Consultants
Scheme Description	15 PBSA plus retail unit - no affordable	Registered Provider (whe	0

Housing Mix (Affordable + Open Market)

Total Number of Units	15	*units*
Total Number of Open Market Units	15	*units*
Total Number of Affordable Units	0	*units*
Total Net Internal Area (sq m)	281	*sq m*
% Affordable by Unit	0.0%	
% Affordable by Area	0.0%	
Density	No Area input	*units/ hectare*
Total Number of A/H Persons	0	*Persons*
Total Number of Open Market Persons	0	*Persons*
Total Number of Persons	0	*Persons*
Gross site Area	0.00	*hectares*
Net Site Area	0.00	*hectares*
Net Internal Housing Area / Hectare	-	*sq m / hectare*

***Average* value (£ per unit)**	**Open Market Phase 1:**	**Open Market Phase 2:**	**Open Market Phase 3:**	**Open Market Phase 4:**	**Open Market Phase 5:**	**Total**
1 Bed Flat Low rise	£0	£0	£0	£0	£0	
2 Bed Flat Low rise	£0	£0	£0	£0	£0	
3 Bed Flat Low rise	£0	£0	£0	£0	£0	
4 Bed + Flat Low rise	£0	£0	£0	£0	£0	
1 Bed Flat High rise	£0	£0	£0	£0	£0	
2 Bed Flat High rise	£0	£0	£0	£0	£0	
3 Bed Flat High rise	£0	£0	£0	£0	£0	
4 Bed + Flat High rise	£0	£0	£0	£0	£0	
2 Bed House	£0	£0	£0	£0	£0	
3 Bed House	£0	£0	£0	£0	£0	
4 Bed + House	£0	£0	£0	£0	£0	
Total Revenue £	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**
Net Area (sq m)	-	-	-	-	-	0
Revenue (£ / sq m)	-	-	-	-	-	

CAPITAL VALUE OF OPEN MARKET SALES **£0**

Capital Value of Private Rental	
Phase 1	£1,841,084
Phase 2	£0
Phase 3	£0
Phase 4	£0
Phase 5	£0
Total PR	**£1,841,084**

CAPITAL VALUE OF OPEN MARKET HOUSING			**£1,841,084**	£ 3,035 psqm
BUILD COST OF OPEN MARKET HOUSING inc Contingency	**£1,114,478**	£ 1,838 psqm		
CONTRIBUTION TO SCHEME COSTS FROM OPEN MARKET HOUSING				**£726,607**

AH Residential Values

AH & RENTAL VALUES BASED ON NET RENTS

Type of Unit	**Social Rented**	**Shared Ownership (all phases)**	**Affordable Rent (all phases)**	**Total**
1 Bed Flat Low rise				
2 Bed Flat Low rise				
3 Bed Flat Low rise				
4 Bed + Flat Low rise				
1 Bed Flat High rise				
2 Bed Flat High rise				
3 Bed Flat High rise				
4 Bed + Flat High rise				
2 Bed House				
3 Bed House				
4 Bed + House				
	£0	£0	£0	**£0**
£ psqm of CV (phase 1)	-	-	-	

CAPITAL VALUE OF ALL AFFORDABLE HOUSING (EXCLUDING OTHER FUNDING)			**£0**
RP Cross Subsidy (use of own assets)			£0
LA s106 commuted in lieu			£0
RP Re-cycled SHG			£0
Use of AR rent conversion income			£0
Other source of AH funding			£0
OTHER SOURCES OF AFFORDABLE HOUSING FUNDING			**£0**
CAPITAL VALUE OF ALL AFFORDABLE HOUSING (INCLUDING OTHER FUNDING)			**£0**
BUILD COST OF AFFORDABLE HOUSING inc Contingency	**£0**	#DIV/0!	
CONTRIBUTION TO SCHEME COSTS FROM AFFORDABLE HOUSING			**£0**

Car Parking

No. of Spaces	**Price per Space (£)**	**Value**
-	-	£0

Value of Residential Car Parking **£0**

Car Parking Build Costs			£0		
Ground rent					
			Capitalised annual ground rent		
Social Rented			£0		
Shared Ownership			£0		
Affordable Rent			£0		
Open market (all phases)			£0		
Capitalised Annual Ground Rents				**£0**	
TOTAL CAPITAL VALUE OF RESIDENTIAL SCHEME				**£1,841,084**	
TOTAL BUILD COST OF RESIDENTIAL SCHEME			**£1,114,478**		
TOTAL CONTRIBUTION OF RESIDENTIAL SCHEME					**£726,607**
Non-Residential					
			Cost	Values	
Office			£0	£0	
Retail			£73,516	£87,808	
Industrial			£0	£0	
Leisure			£0	£0	
Community Use			£0	£0	
Community Infrastructure Levy			£0		
CAPITAL VALUE OF NON-RESIDENTIAL SCHEME				**£87,808**	
COSTS OF NON-RESIDENTIAL SCHEME			**£73,516**		
CONTRIBUTION TO SCHEME COSTS FROM NON-RESIDENTIAL					**£14,292**
GROSS DEVELOPMENT VALUE OF SCHEME				**£1,928,892**	
TOTAL BUILD COSTS			**£1,187,994**		
TOTAL CONTRIBUTION TO SCHEME COSTS					**£740,899**
External Works & Infrastructure Costs (£)			Per unit	% of GDV	per Hectare
Site Preparation/Demolition		£0			
External Works & Infrastructure Costs (£)		£0			
Prelims		£0			
Services (Power, Water, Gas, Telco and IT)		£0			
NHBC		£0			
Public Open Space		£0			
Site Specific Sustainability Initiatives		£0			
Plot specific external works		£0			
Other 1		£0			
Other 2		£0			
		£0			
Other site costs					
Fees and certification	10.0%	£106,141	7,076	5.5%	
Other Acquisition Costs (£)		£0			
Site Abnormals (£)					
0		£0			
Decontamination		£0			
Other		£0			
Other 2		£0			
Other 3		£0			
Other 4		£0			
Other 5		£0			
		£0			
Total Site Costs inc Fees		**£106,141**	7,076		
Statutory 106 Costs (£)					
Education		£0			
Sport & Recreation		£0			
Social Infrastructure		£0			
Public Realm		£0			
Affordable Housing		£0			
Transport		£0			
Highway		£0			
Health		£0			
Public Art		£0			
Flood work		£0			
Community Infrastructure Levy		£0			
Other Tariff		£0			
CIL		£25,095	1,673		
Carbon offsetting		£11,280	752		
Other 3		£0			
Other 4		£0			
Statutory 106 costs		**£36,375**	2,425		
Marketing (Open Market Housing ONLY)			per OM unit		
Sales/letting Fees	2.0%	£1,513	101		
Legal Fees (per Open Market unit):	£1,000	£0			
Marketing (Affordable Housing)			per affordable unit		
Developer cost of sale to RP (£)		£0			
RP purchase costs (£)		£0			
Intermediate Housing Sales and Marketing (£)		£0			
Total Marketing Costs		**£1,513**			
Total Direct Costs			**£1,332,023**		
Finance and acquisition costs					
Land Payment		£236,250	15,750 per OM home	#DIV/0!	#DIV/0!
Arrangement Fee		£0	0.0% of interest		

Misc Fees (Surveyors etc)		£0		0.00% of scheme value
Agents Fees		£2,363		
Legal Fees		£1,772		
Stamp Duty		£9,450		
Total Interest Paid		£127,048		
Total Finance and Acquisition Costs			**£376,882**	

Developer's return for risk and profit

Residential				
Market Housing Return (inc OH) on Valu	20.0%	£0		per OM unit
Affordable Housing Return on Cost	0.0%	£0		per affordable unit
Return on sale of Private Rent	20.0%	£212,281	14,152	per PR unit
Non-residential				
Office	£0			
Retail	£17,562			
Industrial	£0			
Leisure	£0			
Community-use	£0	**£17,562**		

Total Operating Profit **£229,843**
(i.e. profit after deducting sales and site specific finance costs but before deducting developer overheads and taxation)

TOTAL COST	**£1,938,748**
Surplus/(Deficit) at completion 1/5/2023	**(£9,856)**
Present Value of Surplus (Deficit) at 19/4/2021	**(£8,608)**

Scheme Investment MIRR **6.8%** (before Developer's returns and interest to avoid double counting returns)

Site Value as a Percentage of Total Scheme Value 12.2% Peak Cash Requirement -£1,705,743

Site Value (PV) per hectare No area input per hectare No area input per acre

APPENDIX 3

£/m2 study

Description: Rate per m2 gross internal floor area for the building Cost including prelims.

Last updated: 10-Apr-2021 00:37

› Rebased to London Borough of Hillingdon (116; sample 54)

Maximum age of results: Default period

Building function (Maximum age of projects)	£/m² gross internal floor area						Sample
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest	
New build							
856.2 Students' residences, halls of residence, etc (15)	2,230	1,262	1,988	2,229	2,452	3,595	59

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