



Home Consultancy Ltd

Development Viability Report for a development at Tavistock Works, Tavistock Road, Yiewsley, Middlesex, UB7 7QX

On behalf of Linea UB7 Ltd

June 2024

Report by
e-mail

Peter Griffiths CMCIH
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1.0 Instructions and Compliance with RICS Professional Statement

- 1.1 Home Consultancy Ltd (HCL) have been instructed by Linea UB7 Ltd to carry out a viability assessment of the proposed development of 38 new build apartments and make recommendations for a viable level of S.106 contributions and affordable housing provision in accordance with para 57 of the NPPF. The site currently has consent for 33 units.
- 1.2 HCL have not inspected the property.
- 1.3 This assessment is provided for the purposes of agreeing appropriate S.106 and affordable housing obligations as part of the appeal and is not a valuation of the subject site or scheme. It is provided for the sole use of the party to whom it is addressed and the Local Planning Authority who will review it.
- 1.6 HCL accepts responsibility to the Client named at the start of this report alone that this report has been prepared with the skill, care and diligence reasonably to be expected of a competent consultant dealing with financial viability of developments but accept no responsibility whatsoever to any person other than the client themselves. As such it is exempted from the RICS "Red Book" (with the exception of PS 2 in relation to ethics, competency, objectivity and disclosures) on the basis of the parties negotiating and agreeing the planning obligations.
- 1.7 The Executive Summary may be extracted by the Local Planning Authority as a "Non-Technical Summary" in line with the requirements of para 21 of the NPPG.
- 1.8 This report may be made publicly available by the Local Planning Authority in accordance with its statutory duties and particularly in accordance with para 21 of the NPPG (Sept 2019).
- 1.9 HCL confirm compliance with the RICS Professional Statement "Financial Viability in Planning: Conduct and Reporting" May 2019. As required by the Professional Statement we confirm the following matters:
 - a) We have acted with objectivity, impartiality, without interference and with reference to all appropriate available sources of information.
 - b) We have identified no conflicts of interest or risk of conflicts in preparing this report.

- c) We are not working under a performance related fee agreement or on a contingent fee basis.
- d) We advocate reasonable, transparent and appropriate engagement between the parties in the planning process and we will do all that we can to assist in that process.
- e) All of the sub-consultants who have contributed to this report have been made aware of the Professional Statement and its requirements, they in turn have confirmed compliance with it.
- f) We have been allowed sufficient time since instruction to carry out this FVA bearing in mind the scale of the development and the status of the information as at the date of this report.

1.8 The status of this report is Final subject to any sensitivity testing that our client or the Council may require.

2.0 Executive Summary

2.1 The site currently has consent for 33 dwellings which was granted under a s73 application in May 2024 under Ref: 35810/APP/2024/243. This application is for 38 units comprising of the following mix:

- 20 x 1b 2 person units
- 13 x 2b 3 person units
- 1 x 2b 4 person units
- 4 x 3b 4 person units

2.2 The appraisal has been carried out to support an application for a further s73 application which will increase the quantum of residential accommodation. The updated schedule which forms the basis of this appraisal (ref: 0010-ADE-ZZ-ZZ-SH-A-3003) is included at Appendix B.

2.3 We have carried out the viability assessment using the HCA DAT and a summary of the results is shown at Appendix A.

2.4 The assumptions we have made are set out in Section 5 of this report are generally in line with industry norms, reflective of the site conditions and the local market.

2.5 The benchmark land value of the site has been calculated on the basis of an agreed position for the 33 unit scheme as reported by the council's consultant Carter Jonas in their report dated April 2024 which arrives at a value of -£1,074,175 (Residual Land Value) and a Benchmark Land Value of £625,000. For the purposes of this appraisal we have adopted these figures.

2.6 Based on the proposed scheme of 38 units the residual land value derived by the toolkit is - £1,150,467. This residual land value includes the removal of all planning obligations towards affordable housing. As the residual land value is still negative, and significantly negative considering the previously agreed Benchmark Land Value of £625,000 we consider that the

application scheme does not generate a surplus over the benchmark land value to fund affordable housing on site or additional S.106 Contributions.

- 2.7 This scheme does return a slightly worse position than the scheme for 33 units as agreed by Carter Jonas. The applicant is willing to proceed with the scheme because the profit from the additional 5 units proposed outweighs the slight reduction in residual land value.

3.0 Development Description

- 3.1 The scheme provides for a residential block of flats. The proposed s73 application seeks to make further alterations to the original scheme by way of an infill at the upper floors to provide an additional 5no dwellings totaling 38 proposed.
- 3.2 The site is to be redeveloped with 38 units comprising the following mix:
 - 20 x 1b 2person units
 - 13 x 2b 3 person units
 - 1 x 2b 4 person units
 - 4 x 3b 4 person units
- 3.3 The increase in residential units to 38 in total leads to an increase in communal amenity space on the top floor and amended design to floors 6 and 7.
- 3.4 The site was previously used as an office for Redrow Homes as a site office for the adjacent development at Padcroft Works to the north and COMAG I to the west.

4.0 Housing Market Outlook

- 4.1 Political, economic and financial uncertainty due to the war in the Ukraine and impacts of Brexit, are having a dramatic effect on energy prices, and inflation which in turn is having a negative effect on the general economy. Most commentators expect this to have an impact on housing transactions with implications for those wishing to rent or buy a property.
- 4.2 Fixed rate mortgages (both 2yr and 5yr) peaked in October 2022 at over 6% which showed the increased uncertainty in the market with many products being withdrawn. Rates were less than 3% in July 2022. Fixed rates have slowly reduced from their peak over the last year despite the increases in BoE base rate to 5.25%
- 4.3 The outlook for borrowers is still negative as many are coming off fixed term deals in the coming months, so many valuers have revised down forecasts for prices and transactions with prices expected to fall overall in 2024 by 5% - 7%.
- 4.4 The dominant theme of the next two years will be tighter budgets due to higher monthly interest costs and energy bills.
- 4.5 In addition to this, the Government has ended the Help to Buy scheme, and this has affected sales values of smaller units on developments and increase the time to sell units (and thus interest payable on development loans). It is yet to be seen whether First Homes will fill the void created by HtB's withdrawal, but the current evidence suggests lack of interest from developers. Major housebuilders reported sales volumes down 25%-33% in 2023 and continued slowing in 2024.
- 4.6 The Bank of England has recently maintained base rate at 5.25% and it looks like any modest rate reduction will happen towards the end of 2024. This has acted as a further drag on house price growth, and transaction levels. Due to the general election there is no clear view on any potential stimulus into the housing market.

5.0 Policy Context

5.1 Hillingdon Local Plan

5.1.1 The Hillingdon Local Plan was adopted in 2012 and the affordable housing policies are contained in policy H2. This states that on developments of 10 or more units 35% provision would be required with a mix of 70% for social rented and 30% intermediate tenures.

5.1.2 The policy goes on to say on viability "*Subject to viability and if appropriate in all the circumstances, the EVA indicates 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*"

5.1.3 If the proposals are unviable the applicant will be expected to demonstrate this with a detail open book provision of all the financial information, sufficient to enable the council or independent consultant to assess the viability position. This accords with para 10 of the NPPG which states that a financial viability assessment should be supported by appropriate evidence.

5.1.4 Local Plan Viability Assessment Assumptions for the subject scheme typology

Item	Local Plan Allowance
Sales values per m ²	£2,690 to £5,920
Base build per m ²	£860 to £1,425
Professional fees	10%
Contingency	10%
Sales & Marketing costs	2% GDV
Finance interest rate	7%
Finance fees	Included above
Profit margin: Open market Affordable	20% on cost

5.2 National Planning Policy Framework (Dec 2023)

5.2.1 Para 56 sets out that "*Planning conditions should be kept to a minimum and only imposed where they are necessary, relevant to planning and to the development to be permitted,*

enforceable, precise and reasonable in all other respects. Agreeing conditions early is beneficial to all parties involved in the process and can speed up decision making. Conditions that are required to be discharged before development commences should be avoided, unless there is a clear justification.

5.2.2 The framework, in paragraph 57, states that planning obligations normally required under S.106 agreements should only be sought where they meet all of the following tests:

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

5.2.3 Para 58 goes on to say; *"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."*

5.3 National Planning Practice Guidance (Viability Feb 2024)

5.3.1 Paragraph 2 states that the role of a financial viability assessment (FVA) is primarily at the plan-making stage. It is the responsibility of site promoters to engage in plan making and the price paid for land is not relevant justification for failing to accord with the relevant policies of the plan.

5.3.2 Paragraph 6 states that developers should have regard to the total cost of the relevant planning policies when buying land.

5.3.3 Paragraph 8 requires that the FVA should refer back to the information that supported the Local Plan making and explain the differences. Ultimately it is for the decision-maker having regard to the transparency of assumptions made in the FVA as to the weight to be applied to the FVA in coming to the final decision.

- 5.3.4 Paragraph 9 of the guidance advises that review mechanisms should be used where appropriate and there is no mention in the guidance of whether these should be pre or post-implementation or whether the size of a scheme impacts on the decision whether to use one.
- 5.3.5 Paragraph 10 states that any FVA should be supported by appropriate evidence and that the FVAs should be proportionate, simple, transparent and publicly available. This ethos is expanded upon in paragraphs 11-18 where the relative values and costs (including land value and profit) are discussed in further detail.
- 5.3.6 Paragraph 13 states that the benchmark land value should primarily be based on Existing Use Value (EUV) plus a premium and paragraph 14 expands upon this to say that the EUV should reflect the implications of abnormal costs, infrastructure, professional fees and be informed by market evidence.
- 5.3.7 Paragraph 15 states that the EUV is the value of the land in its existing without 'hope value'.
- 5.3.8 Paragraph 16 advises that the premium to be applied to the EUV should be a reasonable incentive to the landowner to bring forward the development whilst allowing for policy compliance. As a practice we have always taken this to mean that EUV plus a premium would equal market value as defined by the RICS Guidance Note 94/2012.
- 5.3.9 The guidance advises at para 17 that AUV should be based on a development that would fully comply with up to date plan policies. To such a value no landowner premium is to be added. If such an alternative use is being utilised as the benchmark, then the applicant should give a justification for why it is not being pursued.

6.0 Model Inputs and Assumptions

6.1 Mix of Units

6.1.1 The appraisal has been carried out on the Scheme dated March 2024 (see accommodation schedule at Appendix C) which has the following mix of units:

- 20 x 1b2P units
- 13 x 2b3P units,
- 1 x 2b4P unit
- 4 x 3b4P units

6.2 Market Research and Sale Prices

6.2.1 In order to maintain consistency with pricing adopted in our previous report (and agreed by Carter Jones in April 2024) we have adopted a sales value of £571.35 per sqft (£6,150 per m²) in our appraisal.

6.2.2 The final realisable sales values will of course be dependent on market conditions at the time of marketing and the final specification of the units and any sales incentives.

6.3 Development Timescale

6.3.1 We have allowed for a 6-month pre-commencement period with a year to build the development and sales taking place 6 months prior to build completion. A sales period of 10 months has been allowed which is above the current level of market activity in outer London.

6.4 Build Costs

6.4.1 We have been provided a build cost plan by Rosewood Project Services with a total cost of £11,309,176 inclusive of Prelims, OH&P, 5% contingency and 10% professional fees which we have included in our appraisal which represents £331 per sqft.

6.5 Abnormal Costs

6.5.1 All costs are accounted for in the Build Cost provided by Rosewood which is included at Appendix C.

6.6 General Development Cost Assumptions

6.6.1 Sales and Marketing costs have been taken at 2% in accordance with the Local Plan assessment.

6.6.2 The following s106 costs have been allowed for in accordance with the terms of the signed s106 agreement for the 33 unit scheme:

<u>Contribution</u>	<u>Amount (33 unit scheme) as approved</u>	<u>Amount pro rata for 38 unit scheme</u>
Affordable Housing	£0	£0
Air Quality	£21,183	£24,392
Carbon	£46,016	£52,988
Construction	£22,341	£25,726
Monitoring Fee	£6,653	£7,661
Open Space	£43,828	£50,486

6.6.3 CIL costs have been calculated as follows:

- Total GIA of new development 3184.6m²
- Demolitions 367.00m²
- Chargeable Area 2,817.6m²
- Total for LBH = £152.72 * 2817.6 = £430,304
- Total for Mayor = £69.27 * 2817.6 = £195,175

6.6.4 At the current time a finance interest rate of 7% - 8% is applicable, depending on whether fees are inclusive or allowed for separately. The availability of credit is still an issue and many lenders are reluctant to fund developments. They will put a margin on their lending rates to suit. In this appraisal an interest rate of 7.5% has been adopted inclusive of fees which we regard to be relevant and appropriate for the subject scheme.

6.6.5 A developer's profit has been included in the appraisal at 17.5% of Gross Development Value (GDV) of the private housing. In the current climate with relatively limited credit supply, most lenders will not lend unless a margin of 20% of GDV is achieved. For small, less complex, 'oven ready' schemes competition is strong and a lower margin of 17/18% may be applicable.

6.7 Benchmark Land Value and Comparable Land Market Evidence

6.7.1 The benchmark land value of the site has been calculated on the basis of an agreed position for the 33 unit scheme as reported by the council's consultant Carter Jonas in their report dated April 2024 which arrives at a value of -£1,074,175 (Residual Land Value) and a Benchmark Land Value of £625,000. For the purposes of this appraisal we have adopted these figures.

7.0 Conclusions

- 7.1 The benchmark land value of the site has been calculated on the basis of an agreed position for the 33 unit scheme as reported by the council's consultant Carter Jonas in their report dated April 2024 which arrives at a value of -£1,074,175 (Residual Land Value) and a Benchmark Land Value of £625,000. For the purposes of this appraisal we have adopted these figures.
- 7.2 Based on the proposed scheme of 38 units the residual land value derived by the toolkit is -£1,150,467. This residual land value includes the removal of all planning obligations towards affordable housing. As the residual land value is still negative, and significantly negative considering the previously agreed Benchmark Land Value of £625,000 we consider that the application scheme does not generate a surplus over the benchmark land value to fund affordable housing on site or additional S.106 Contributions.
- 7.3 This scheme does return a slightly worse position than the scheme for 33 units as agreed by Carter Jonas. The applicant is willing to proceed with the scheme because the profit from the additional 5 units proposed outweighs the slight reduction in residual land value.

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		£13,759,395
TOTAL BUILD COST OF RESIDENTIAL SCHEME	£11,277,588	
TOTAL CONTRIBUTION OF RESIDENTIAL SCHEME		£2,481,807

Non-Residential

	Cost	Values
Commercial	£0	£0
Retail	£0	£0
Industrial	£0	£0
Leisure	£0	£0
Community Use	£0	£0
Community Infrastructure Levy	£0	£0
CAPITAL VALUE OF NON-RESIDENTIAL SCHEME		£0
COSTS OF NON-RESIDENTIAL SCHEME	£0	
CONTRIBUTION TO SCHEME COSTS FROM NON-RESIDENTIAL		£0
GROSS DEVELOPMENT VALUE OF SCHEME		£13,759,395
TOTAL BUILD COSTS	£11,277,588	
TOTAL CONTRIBUTION TO SCHEME COSTS		£2,481,807

External Works & Infrastructure Costs (£)

	Per unit	% of GDV	per Hectare
Site Preparation/Demolition	£0		
Balancing cost	£31,588	831	0.2%
Services (Power, Water, Gas, Telco and IT)	£0		
Strategic Landscaping	£0		
Off Site Works	£0		
Public Open Space	£0		
Site Specific Sustainability Initiatives	£0		
Terraces and Balconies	£0		
External Works & Infrastructure Costs (£)	£0		
parkig costs	£0		
	£31,588		0.2%

Other site costs

Fees and certification	0.0%	£0
Other Acquisition Costs (£)		£0

Site Abnormals (£)

De-canting tenants	£0
Decontamination	£0
Other	£0
Other 2	£0
Other 3	£0
Other 4	£0
Other 5	£0

Total Site Costs inc Fees

	£31,588	831
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Statutory 106 Costs (£)

Affordable Housing	£0	
Air Quality	£24,392	642
Carbon Offset	£52,988	1,394
Construction Mnagement	£25,726	677
Monitoring	£7,661	202
Open Space	£50,486	1,329
Traffic Management	£0	
Health	£0	
Public Art	£0	
Flood work	£0	
Community Infrastructure Levy	£0	
Other Tariff	£0	
Total CIL	£625,479	16,460
0	£0	
Other 3	£0	
Other 4	£0	

Statutory 106 costs

	£786,732	20,703
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Marketing (Open Market Housing ONLY)

Sales/letting Fees	2.0%	per OM unit
Legal Fees (per Open Market unit):	£0	£275,188 7,242

Marketing (Affordable Housing)

Developer cost of sale to RP (£)	£0	per affordable unit
RP purchase costs (£)	£0	
Intermediate Housing Sales and Marketing (£)	£0	

Total Marketing Costs

	£275,188	
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Total Direct Costs

	£12,371,096	
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Finance and acquisition costs

Land Payment	-£1,150,467	-30,275 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	-£11,505
Legal Fees	-£8,628
Stamp Duty	-£57,523
Total Interest Paid	£208,527
Total Finance and Acquisition Costs	-£1,019,596

Developer's return for risk and profit**Residential**

Market Housing Return (inc OH) on Value	17.5%	£2,407,894	63,366 per OM unit
Affordable Housing Return on Cost	6.0%	£0	per affordable unit
Return on sale of Private Rent	0.0%	£0	#DIV/0! per PR unit

Non-residential

Office	£0
Retail	£0
Industrial	£0
Leisure	£0
Community-use	£0

Total Operating Profit £2,407,894

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

TOTAL COST £13,759,395**Surplus/(Deficit) at completion 1/2/2026** £0**Present Value of Surplus (Deficit) at 1/4/2024** £0Scheme Investment MIRR 29.6% (before Developer's returns and interest to avoid double counting returns)Site Value as a Percentage of Total Scheme Value -8.4% Peak Cash Requirement -£4,417,427Site Value (PV) per hectare No area input per hectare No area input per acre

Appendix □

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Area Schedule

Reference	0010-ADE-ZZ-ZZ-SH-A-3003-S73 Infill-P01							
Project	Tavistock Works							
REV ID	P01							
Issue Date	29.05.24							
Comments	Residential Accommodation Schedule for the S73 Application for the Proposed Infill							
Approved by	ADE							

Floor	Area	Description	1B2P	2B3P	2B4P	3B4P	Amenity m ²	GIA Resi. m ²	GIA m ²
08		Eighth Floor					302.6		25.3
	Communal	Amenity Space					302.6		
07		Seventh Floor	3	2			32.8	277.4	361.9
07.01				61			7.4		
07.02				61			7.4		
07.03			50				5.0		
07.04			50				5.0		
07.05			55.4				8.0		
06		Sixth Floor	3	2			32.8	277.4	361.9
06.01				61			7.4		
06.02				61			7.4		
06.03			50				5.0		
06.04			50				5.0		
06.04			55.4				8.0		
05		Fifth Floor	2	2		1	32.8	298	383.4
05.01						76	8.0		
05.02			50				5.0		
05.03				61			7.4		
05.04				61			7.4		
05.05			50				5.0		
04		Fourth Floor	2	2		1	32.8	298	383.4
04.01						76	8.0		
04.02			50				5.0		
04.03				61			7.4		
04.04				61			7.4		
04.05			50				5.0		
03		Third Floor	2	2		1	32.8	298	383.4
03.01						76	8.0		
03.02			50				5.0		
03.03				61			7.4		
03.04				61			7.4		
03.05			50				5.0		
02		Second Floor	2	2		1	32.8	298	383.4
02.01						76	8.0		
02.02			50				5.0		
02.03				61			7.4		
02.04				61			7.4		
02.05			50				5.0		
01		First Floor	4	1			117.2	297	383.4
01.01		M4-3		76			8.0		
01.02			50				5.0		
01.03		M4-3	60.5				7.4		
01.04		M4-3	60.5				7.4		
01.05			50				5.0		
	Communal						84.4		
00		Ground Floor	2	1			84.8	186.9	518.5
00.01			51.2				27.1		
00.02		M4-3		80.9			35.2		
00.03			54.8				5.5		
	Communal						17.0		
TOTAL			20	13	1	4	701.4	2230.7	3184.6
TOTAL		%	52.63%	34.21%	2.63%	10.53%			
TOTAL		Residential Units			38				
TOTAL		Amenity Space per Unit					18.5		
TOTAL		Communal Amenity Space					404.0		
TOTAL		Private Amenity Space					297.4		

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INITIAL COST PLAN

Project: Tavistock Works

Version: 10
Date: 12 June 2024

Description: Demolition of Existing Commercial Building and New build of 38 Apartments, including Basement and Ground Floor Parking

Client:



2B Redbourne Avenue
London N3 2BS

Prepared By: Rosewood Project Services Limited

Basing House
46 High Street
Rickmansworth
Herts.
WD3 1HP



Tavistock Works

Version: 10

Date: 12/06/2024

DRAWING SCHEDULE



Drawings used for Cost Plan: -

- 0010-ADE-ZZ-ZZ-SH-A-3003-S73 Infill-P01
- 0010-ADE-XX-ZZ-DR-A-0278-REV 02_S73-IF-Proposed-West-Elevation
- 0010-ADE-XX-ZZ-DR-A-0277-REV 02_S73-IF-Proposed-North-Elevation
- 0010-ADE-XX-ZZ-DR-A-0276-REV 02_S73-IF-Proposed-East-Elevation
- 0010-ADE-XX-ZZ-DR-A-0275-REV 02_S73-IF-Proposed-South-Elevation
- 0010-ADE-XX-ZZ-DR-A-0225-REV 02_S73-IF-Proposed-Section
- 0010-ADE-XX-08-DR-A-0108-REV 02_S73-IF-Proposed-Roof-Plan
- 0010-ADE-XX-07-DR-A-0107-REV 02_S73-IF-Proposed-Seventh-Floor
- 0010-ADE-XX-06-DR-A-0106-REV 02_S73-IF-Proposed-Sixth-Floor
- 0010-ADE-XX-05-DR-A-0105-REV 02_S73-IF-Proposed-Fifth-Floor
- 0010-ADE-XX-04-DR-A-0104-REV 02_S73-IF-Proposed-Fourth-Floor
- 0010-ADE-XX-03-DR-A-0103-REV 02_S73-IF-Proposed-Third-Floor
- 0010-ADE-XX-02-DR-A-0102-REV 02_S73-IF-Proposed-Second-Floor
- 0010-ADE-XX-01-DR-A-0101-REV 02_S73-IF-Proposed-First-Floor
- 0010-ADE-XX-00-DR-A-0100-REV 02_S73-IF-Proposed-Ground-Floor

Notes & Exclusions:

Excludes VAT

Cost Plan based on Drawings as listed in Drawing Schedule (above)

Structure: Assumed insitu RC Frame

No Basement Allowed

No specification made available

Current day pricing; no allowance for inflation

Allowance made for sprinklers

Heating Strategy based on Air Source Heat Pumps to radiators/Underfloor heating

No allowance made for comfort cooling

No allowance made for an Electrical Sub-station, as none is shown on drawings.

Second staircase included

Winter Gardens excluded

3,174 m ² GIA Total	34,165 ft ²
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	TOTAL PROJECT			
	£	£/m ² GIA	£/ft ² GIA	£/Unit
Demolition	£178,500	£56.24	£5.22	£4,697.37
Sub-structure	£628,031	£197.87	£18.38	£16,527.14
Structure - RC Frame	£959,228	£302.21	£28.08	£25,242.83
Envelope	£2,390,362	£753.11	£69.97	£62,904.25
Mechanical + Electrical	£1,769,898	£557.62	£51.80	£46,576.27
Lifts	£176,400	£55.58	£5.16	£4,642.11
Internal Fit-out	£1,999,787	£630.05	£58.53	£52,625.98
External Works	£53,576	£16.88	£1.57	£1,409.90
Utilities	£91,770	£28.91	£2.69	£2,415.00
	£8,247,552	£2,598.47	£241.40	£217,040.85
Prelims	12%	£989,706		
		£9,237,259	£2,910.29	£243,085.76
Contractor's OH&P	6%	£554,236		
		£9,791,494	£3,084.91	£257,670.90
Design Fees	10%	£979,149		
		£10,770,644	£3,393.40	£315.25
Contingency	5%	£538,532		£283,437.99
Total Cost		£11,309,176	£3,563.07	£331.02
				£297,609.89

Tavistock Works**HIGH LEVEL COST PLAN****Demolition**

Demolition	1 item	£157,500.00	£157,500.00
Prov Sum for asbestos - PROV SUM	1 item	£21,000.00	£21,000.00
		£178,500.00	£178,500.00

FLATS/DUPLEXES**Substructure**

CFA Piling	3,174 m2	£78.75	£249,952.50
Pile caps and ground beams	521 m2	£246.75	£128,556.75
RC slab to Basement	0 m2	£262.50	£0.00
E/O for waterproof concrete	0 m2	£52.50	£0.00
E/O for void former/clay board	0 m2	£47.25	£0.00
Excavate + cart away to form levels	261 m3	£57.75	£15,072.75
E/O for haz waste - say 25%	535 m3	£94.50	£50,557.50
Temporary works (Prov Sum)	m2	£157.50	£0.00
Retaining Walls - Contig Piling	m	£3,675.00	£0.00
Retaining Walls - Liner wall	m2	£262.50	£0.00
E/O for waterproof concrete	m2	£36.75	£0.00
RC walls, say 250 thick	m2	£210.00	£0.00
Waterproofing - Horizontal	m3	£78.75	£0.00
Waterproofing - Vertical	m3	£78.75	£0.00
Allowance for building drainage	3,174 m2	£7.88	£24,995.25
Attenuation	3,174 m2	£5.25	£16,663.50
Ground Floor Slabs, including external podium over basement	521 m2	£273.00	£142,233.00
Waterproofing to podium section	m2	£157.50	£0.00

£628,031.25**Structure - RC Frame**

RC frame, 250 slab + blade columns, inc. roof slab	3,174 m2	£252.00	£799,848.00
E/O 1st Floor transfer slab, say additional 500 mm thick	384 m2	£210.00	£80,734.50
Core walls	m2	£273.00	Included
Podium slab	0 m2	£262.50	£0.00
Waterproofing to podium	0 m2	£157.50	£0.00
Precast concrete staircases incl.landing (per flight)	14 nr.	£3,675.00	£51,450.00

Metalwork

Stair balustrading per flight	14 nr	£1,312.50	£18,375.00
Stair Wall rail per flight	14 nr	£630.00	£8,820.00

£959,227.50

Envelope

Aluminium Copper Windows	490 m ²	£472.50	£231,388.50
Curtain Walling to Winter Gardens	0 m ²	£787.50	Excluded
E/O for glazed louvres	0 m ²	£262.50	Excluded
Commercial Glazing	0 m ²	£787.50	£0.00
Brick, external skin to RC floors (Labour)	3,021 m ²	£131.25	£396,480.63
Brick, external skin RC floors (Materials)	3,021 m ²	£141.75	£428,199.08
E/O for Articulation	15%		£123,701.96
Render on blockwork external skin	110 m ²	£157.50	£17,350.20
E/O for curved work blockwork	110 m ²	£31.50	£3,470.04
Metal fretwork/louvre	6 m ²	£1,050.00	£6,027.51
Roller shutter doors	1 nr	£26,250.00	£26,250.00
Aluminium Copper Cladding to external services risers, including sub-frame	50 m ²	£840.00	£42,000.00
SFS/Metsec lining to inner face of external wall	3,654 m ²	£94.50	£345,303.00
Scaffolding	3,654 m ²	£84.00	£306,936.00
Allowance for external balconies: Steel plate fixed to RC structure	204 m ²	£997.50	£203,490.00
Terrace finishes	171 m ²	£262.50	£44,887.50
Aluminium Copper planters to edge of roofs	30 m ²	£1,575.00	£47,250.00
Frosted glass walls to amenity spaces	57 m ²	£1,260.00	£71,820.00
Flat roof	521 m ²	£131.25	£68,381.25
E/O for Green Roof	139 m ²	£84.00	£11,676.00
Allowance for lift overrun	1 nr	£15,750.00	£15,750.00
Roof Structure to 6th Floor Winter Gardens	m ²	£262.50	Excluded

£2,390,361.67**M&E**

Mechanical installation: CHP	38 nr	£25,200.00	£957,600.00
E/O for Air Source Heat Pumps	38 nr	£2,625.00	£99,750.00
E/O sprinklers	3,174 m ²	£26.25	£83,317.50
E/O wet riser	0 Landings	£3,150.00	Excluded
MAOVs	1 Cores	£26,250.00	£26,250.00
Electrical installation:			
E/O for enhanced lighting	0 nr	£2,625.00	£0.00
E/O for basic lighting controls	0 nr	£3,150.00	£0.00
E/O for Home entertainment cabling	0 nr	£1,050.00	£0.00
E/O Video phone entrance	0 nr	£630.00	£0.00
E/O Security	0 nr	£525.00	£0.00
E/O Disabled refuge	0 nr	£131.25	£0.00
E/O Stand-by generator	0 nr	£105,000.00	Excluded
Builders work in connection with services (5% of M & E cost)	5%	£1,685,617.50	£84,280.88

£1,769,898.38

Lifts

Passenger lifts	16 floors	£10,500.00	£168,000.00
Upgrade lift car finishes	0 cars	£10,500.00	£0.00
Disabled platform lift in WC duplex unit	0 item	£15,750.00	£0.00
Builders work in connection with services (5% of M & E cost)	5%	£168,000.00	£8,400.00
			£176,400.00

Internals - Residential**Drylining**

Screed + insulation	3,174 m2	£36.75	£116,644.50
Internal Party Walls	1,844 m2	£99.75	£183,939.00
Internal walls			
1 bed flat	20 nr	£7,875.00	£157,500.00
2 bed flat	14 nr	£8,662.50	£121,275.00
3 bed flat	4 nr	£9,187.50	£36,750.00
4 bed flat	0 nr	£9,712.50	£0.00
E/O for Duplex	0 nr	£2,625.00	£0.00
M/F ceiling	3,174 m2	£27.30	£86,650.20
E/O for fire/accountic insulation	0 m2	£15.75	£0.00
Allowance for access hatch and ladder	1 nr	£1,837.50	£1,837.50

Carpentry supply + fix - Private

1 bed flat	20 nr	£4,725.00	£94,500.00
2 bed flat	14 nr	£4,987.50	£69,825.00
3 bed flat	4 nr	£5,775.00	£23,100.00
4 bed flat	0 nr	£6,300.00	£0.00
Staircases to Duplex units	nr	£1,837.50	£0.00

Wardrobes

Private units - all bedrooms	60 nr	£840.00	£50,400.00
S/O units	0 nr	£682.50	£0.00
Rented units	0 nr	£682.50	£0.00

Kitchens

Private units	38 nr	£7,350.00	£279,300.00
HA units - Shared Ownership	nr	£4,200.00	£0.00
HA units - Affordable Rent	0 nr	£2,625.00	£0.00

Appliances

Private units - Kneff/Bosch	38 nr	£3,780.00	£143,640.00
E/O for wine cooler	0 nr	£787.50	£0.00
HA units - Shared Ownership - Bosch/Neff	nr	£3,780.00	£0.00
HA units - Affordable Rent - Contract	0 nr	£2,730.00	£0.00
Non recoverable VAT	1 item	£24,948.00	£24,948.00

Sanitaryware - Private

1 bed flat	20 nr	£2,730.00	£54,600.00
2 bed flat, 2 Bathroom	14 nr	£5,460.00	£76,440.00
3 bed flat, 2 Bathroom	4 nr	£5,460.00	£21,840.00
4 bed flat, 2 Bathroom	0	£5,460.00	£0.00

Tiling to Floors - Private:

1 bed 1 bath flat plus kitchen	20 nr	£997.50	£19,950.00
2 bed 2 bath flat plus kitchen	14 nr	£1,995.00	£27,930.00
3 bed 2 bath flat plus kitchen	4 nr	£1,995.00	£7,980.00
4 bed 2 bath flat plus kitchen	0 nr	£1,995.00	£0.00

Tiling to Walls

1 bed 1 bath flat plus kitchen	20 nr	£1,890.00	£37,800.00
2 bed 2 bath flat plus kitchen	14 nr	£3,780.00	£52,920.00
3 bed 2 bath flat plus kitchen	4 nr	£3,780.00	£15,120.00
4 bed 2 bath flat plus kitchen	0 nr	£3,780.00	£0.00

Decorations			
1 bed flat	20 nr	£1,995.00	£39,900.00
2 bed flat	14 nr	£2,310.00	£32,340.00
3 bed flat	4 nr	£2,520.00	£10,080.00
4 bed flat	0 nr	£2,730.00	£0.00
Enhanced decorations	0 nr	£1,050.00	£0.00
Carpet communal areas	943 m2	£26.25	£24,753.75
Carpet (Incl protection)			
Engineered wood floor to Halls+ Living Rooms	1,116 m2	£57.75	£64,420.13
Carpet to bedrooms	892 m2	£31.50	£28,110.60
Non rec vat 65% labour element x 20%			£15,246.98
Laytex	3,174 m2	£5.25	£16,663.50
Add for nosings / edgings etc	943 m2	£5.25	£4,950.75
Mastic			
1 bed 1 bath flat plus kitchen	14 nr	£236.25	£3,307.50
2 bed 2 bath flat plus kitchen	14 nr	£367.50	£5,145.00
3 bed 2 bath flat plus kitchen	4 nr	£367.50	£1,470.00
Ancillary Space			
Plant Room	0 nr	£420.00	Included
Bin Stores	0 nr	£210.00	Included
Cycle Storage	0 nr	£210.00	Included
Post boxes	34 nr	£210.00	£7,140.00
Cycle Racks	62 nr	£262.50	£16,275.00
Builders clean			
1 bed flat	20 nr	£525.00	£10,500.00
2 bed flat	14 nr	£787.50	£11,025.00
3 bed flat	4 nr	£892.50	£3,570.00
			£1,999,787.41
			£8,102,206.20
Total for Flats and Duplexes			
External Works			
External works - Blended rate	157 m2	£262.50	£41,212.50
Allowance for Section 278 Works	1 item		Excluded
Drainage	157 m2	£78.75	£12,363.75
Bin Stores	0 nr	£3,150.00	£0.00
			£53,576.25
Utilities			
Utility connections - Residential:	38 nr	£2,415.00	£91,770.00
New Substation	1 nr	£84,000.00	Excluded
			£91,770.00
		£8,247,552.45	£8,247,552.45

Carter Jonas

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22 April 2024

Dear Michael

REVIEW OF ADDITIONAL FINANCIAL VIABILITY MODELLING – TAVISTOCK WORKS

The sale has now completed on behalf of Home Consultancy Limited's (HCL) financial viability Assessment, dated March 2024 and set out below the following provides a summary of our analysis and findings below.

Background

Carter Jonas has previously appointed on behalf of London Borough of Basingstoke and Deane Council as local planning authority to review the financial viability Assessment. A prepared by experts in Planning Consultants (PC) on behalf of the Applicant, Linea Ltd's application was granted on appeal in September 2022.

The same surveyor appointed in October 2022 to review the DPA prepared by experts in Planning Limited (CL) in support of a second application to change the layout of the development. This was granted permission in January 2024.

A further application has been made for changes to the layout changes to remove one roundabout parking space and replace it with a plant room and additional residential units. It is also noted that the site of one 2p unit on each floor has been reduced from 100m² to 80m² in order to accommodate a second staircase. CL has submitted a new DPA in relation to this application which is referred in this letter.

The Denham Land Sale (TLS) site has agreed in our first DPA referred at £200,000 based on its existing use as an office. This remains the agreed value for the site for assessing the viability of a new development.

CL has also prepared the proposed amended scheme to the consented scheme in order to test the viability.

In regard to the proposed scheme and its impacts, the following points have also already been agreed and set out below. There are other areas of difference.

Inputs – Scheme Revenue

In relation to ~~the~~ in ~~the~~ previous period in ~~the~~ year 2012 accepted the ~~the~~ proposed ~~the~~ forward ~~the~~ CL for ~~the~~ total ~~the~~ consented and proposed ~~the~~ sales rate in ~~the~~ updated ~~the~~ ~~the~~ assessment ~~the~~ remain satisfied that ~~the~~ this is an appropriate ~~the~~ Car part ~~the~~ has been called ~~the~~ separately at ~~the~~ 20000 per space ~~the~~ ~~the~~ also previous ~~the~~ agreed and believe to ~~the~~ be an appropriate ~~the~~ price

Inputs – Scheme Costs

In regard to the development costs a cost plan produced by Rosewood has been provided which calculates a total cost of £1,000,000.00 including £100,000.00 for contractor's overheads and profits, and preliminaries. Excluding these below the line additions the cost will cost £1,220,000.00. In addition preliminaries this increases to £1,240,000.00 CIS which includes preliminaries indicates that upper materials will costs for flats or stores or other is £240,000.00. Rosewood's costs are also set this is another reason the characteristics of the site are being considered this is acceptable as the costs provided are in line with the costs of the pre-qualifications.

For their appraisal outcome consented scheme CL have adopted a full cost option 2002 estimation to 2025. This is in line with the cost plan provided for the proposed advanced scheme. It is not clear to us that this full cost has been reflected as it reflects a reduction against their previous appraisal option in October 2022. As scheme consider it acceptable. Regardless, the main purpose of this review is to determine whether the proposed scheme results in an impact against the environment and land use. As a full cost plan has been produced for the proposed advanced scheme, this is the priority concern and we therefore consider this to be acceptable.

Marketing and sales costs have been applied at 20% of DCL to the pre-production rate and still consider it appropriate. We note that this has only been applied to CL to the sales salaries of the units produced and expect the production spaces to also attract a sales agent cost and have applied this rate to the DCL on the production as well.

The consented scheme was an agreed CIL share totalling £4,000,020 which has been adopted by CL in the modelling of the consented scheme. In their appraisal of the proposed amended scheme, the calculated CIL costs of £4,200,000 for London and £2,000,020 for MCIL within a total of £6,040,000 would advise the local planning authority to agree and consider the figures for the purposes of the planning application. It is assessed that these costs are correct and have been adopted by CL in their appraisal.

The consented scheme also has significant contributions which have been agreed and adopted by CL in their modelling. In their modelling of the proposed scheme their approach has been to fix the affordable cost in contribution at 0 in order to test the feasibility and to increase the other contributions on a pro rata basis. The scheme is based on the contributions for air quality and construction are unchanged. Carbon offset has been reduced to 00000. Under the previous scheme application, the average would be carried forward. It is understood that the open space contribution will increase to 44000 in all. A reduced monitoring fee appears to have been applied by the Planning Inspector at the planning appeal or for feasibility. The scheme adopted the same amount when the local cost of maintenance fees would not expect it to have a material impact on air quality. The set out below the scheme costs adopted by CL and that there are included in our modelling.

Element	Approved Amount for 32-unit Scheme	Pro Rata Amount	LBH Advised Amount
Affordable Housing	£200,000	£0 – to test limit	£0 – to test limit
Air Quality	£20,040	£2,000	£20,040
Carbon Offset	£44,022	£4,000	£0,000
Construction	£200,044	£22,044	£200,044

Monitoring	14:00	14:00	14:00
Open Space	142:00	14:02	144:00

A finance rate of 0.0% has been adopted in CL Alt o interest rates have risen sharply over the last year. It is still regular to see households adopting finance rates of 0.0% - this is considered to be an acceptable level for the purposes of modelling the adopted a deposit rate of 0.0% and a credit rate of 2.0%.

In regard to profit 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. CL has adopted a profit margin of 10% on D for the private residential units. Consider this level of profit margin appropriate and realistic in light of the risks associated with development costs sale and type. This profit margin was agreed in our previous meeting. A relevant note is that no profit is applied to the car parking D. Consider that this could also attract a profit margin and care therefore applied the same rate to this revenue.

Final sales or the consented sale are part of pre-construction or construction and a 0-month sales period relating to final sales per month. The construction periods for the proposed are the same as the sales period has been increased to 0 months when there is only additional units. We do not consider that there could be a material increase to the sales period and therefore the same maintained this at 0 months in our modelling of the proposed ended sales.

e s~~o~~arise t~~o~~e in~~o~~ts ~~o~~r t~~o~~e appraisals

Assumption	HCL Assumptions	Carter Jonas Assumptions (Where Different)	Comments
Sales and Revenue			
Private Residential Sales Rate	100000 ps	-	Previously Agreed
Residential Ground Rent	Not included	-	Previously Agreed
Car Parking	1000000 per space – Consented space only	-	Previously Agreed
Development Costs			
Construction Costs	Consented Schedule 100000000 ps	-	Agreed
	Amended Schedule 100000000 ps	-	
Contingency	Included in Build Costs at 10%	-	Previously Agreed

Professional Fees	Included in Held Costs at 00	-	Previously Agreed
Marketing Sales Agents Fees	20 - Market D0	20 - Market and planning D0	See documents above
CIL	Consented 2000 Local CIL 424 MCIL Proposed 42 Local CIL 2 MCIL	-	The sale adopted the CIL amount assessed by the Applicant and relevant this is reflected in the Council
SO	Consented sale 4424 proposed sale	Consented sale proposed sale	The sale adopted the same contributions advised by the Council. See documents above
Interest on Financial Costs	00 debit 000 credit	00 debit 200 credit	See documents above
Developer's Profit	000 on D0 <u>existing</u> planning spaces	000 on D0 <u>in</u> planning spaces	See documents above
Pre-Sales and Sales Rate Market Basis	sales per month beginning month before completion 0 months sales period for consented sales month sales period for proposed ended sales	0 months sales period for total consented and proposed ended sales	See documents above

Analysis and Conclusions

We agree to renew the assumptions adopted in the CLM to accept the child costs and take into account adjustments to the assumptions around carer costs as advised by the Childcare rates profit and sales period.

Based on our review, we consider that there remains a capability gap and that the proposed attended service does not generate an additional support cost and contribute to aordable costs.

Given the foresightedness of the relevant authorities this does raise questions around the broader rationale of the pending proposals. In this context we would recommend that the Council sees a robust consultation involving the applicant to ensure the proposal are deliverable.

The results of our review are set out in the table below.

Assumption	Applicant (HCL)	Carter Jonas
Open Land Sale	2000	2000
Alternative Use Sale Consented Sale – 2 Units	-100000	-12400
Residential Land Sale Allocated Sale – 0 Units	-102000	-104000
Net Position Against A	-40024	-44040
Net Position Against CL	-100000000	-100000000

I trust the above is helpful in setting out our position but please let me know if you require any further or have any queries.

Yours sincerely



Richard Lundy MRICS
Associate

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