

Financial Viability Assessment Non-Technical Summary

Hayes Town Centre Estate, UB3 3PN

Savills (UK) Ltd has been appointed by London Borough of Hillingdon (the “Applicant”) to prepare a financial viability assessment (“FVA”) in support of a Section 73 planning application for the regeneration and redevelopment of the Hayes Town Centre Estate, UB3 3PN (the “Site”). The FVA is submitted to the London Borough of Hillingdon Council through its role as local planning authority (the “Council”).

This Non-Technical Summary, alongside the FVA, accompanies a Section 73 planning application which seeks to revise specific conditions of the original planning consent (reference 76550/APP/2021/4499), including conditions 3 (approved plans), 4 (approved documents), 5 (land use/quantum), 6 (housing mix), 7 (phasing plan), 9 (density), and 10 (building heights).

The proposed Section 73 amendments encompass the following key changes to the outline area:

- An increase of 62 residential units overall, including an uplift of 32 affordable homes.
- The joining of blocks to create a more coherent street pattern, enhanced security, a larger podium amenity space, and more efficient podium parking.
- A reduction in on-street parking provision to facilitate the creation of additional green spaces.
- An improvement to the scale of the streetscape, with 2-3 storey houses proposed on both sides of Austin Road to establish a mews character.
- Relocation of the community facility to enable its delivery in an earlier phase, thereby precluding the need for a temporary facility.

The purpose of this report is to present a robust analysis of the level of planning contributions (including affordable housing and other Section 106 and Community Infrastructure Levy financial contributions) the proposed scheme can justifiably provide.

1.1. The Site

The Hayes Town Centre Estate is centrally located in Hayes, adjacent to the Grand Union Canal. It benefits from excellent connectivity, being within walking distance of Hayes & Harlington Station, which offers direct connections to Central London and Heathrow via the Elizabeth Line. The approved redevelopment proposals include the demolition of the existing estate and the construction of approximately 500 new homes, alongside a new community centre and associated landscaping.

The extant consent is a hybrid planning permission, with a detailed element (Phase 1) comprising 80 homes across two blocks (Blocks A and B) an outline element (Phase 2-5) with all matters reserved. Following the discharge of relevant planning conditions and the approval of previous amendment applications, Blocks A and B are currently under construction, with completion and handover anticipated in early 2026.

Financial Viability Assessment – Non-Technical Summary

Hayes Town Centre Estate, UB3 3PN

savills

The western and southern parts of the estate are located within the Hayes Town Centre boundary, which has a district-wide role as a focal point for convenience goods and services as well as public transport links. The Site is bordered to the north by Pump Lane; to the east by two storey semi-detached dwellings, as well as commercial and light industrial/warehouse units; to the south by Western View and the Grand Union Canal; and to the west by Crown Close.

Pedestrian connections between the Site and its surroundings are limited to the primary access off Pump Lane to the north, a central east-west underpass that runs through the site and a raised east-west walkway at the southern end, along Western View. Internally within the Site, pedestrian movement is north-south orientated along the boundaries and via a semi-private raised walkway which runs through the centre of the existing estate and is gated at both ends.

Hayes & Harlington train station is approximately 0.3 miles to the south, providing direct services to London Paddington, Heathrow Airport and Reading. It is also situated on the Crossrail route which provides regular access into central London. The railway line serving the station runs east - west to the south of the Site and crosses the Grand Union Canal to the south east of the Site. The area to the south of the railway is mixed in use with residential terraces, industrial units, and an Asda superstore.

With regard to road links, the Site is situated approximately 0.4 miles north west of the A312, which connects to the A40 and the M4, both of which provide access to the M25. The prime town centre location of the estate means it is within close proximity to extensive public transport infrastructure and lends itself to a very good Public Transport Accessibility Level (PTAL), the vast majority being within PTAL 5, with an element within PTAL 4, based on the appointed transport consultant's manual PTAL calculation (noting TfL's 2031 forecast of entirely PTAL 4-5 for the estate as a whole).

1.2. Proposed Development

For the purpose of this application, we have modelled the following development mix incorporating 80 dwellings already under construction in Phase 1, alongside a further 482 dwellings to come forward through future phases:

Phase 1

Unit Type	Private Sale	Social Rent	Shared Equity	Total
1B2P Flat	-	17	5	22
1B2P Flat (wc)	-	1	-	1
2B3P Flat (wc)	-	1	-	1
2B4P Flat	-	17	9	26
2B4P Flat (wc)	-	7	-	7
2B4P Mais	-	3	-	3
3B5P Flat	-	11	5	16
4B7P Mais	-	4	-	4
Total	-	61	19	80

Financial Viability Assessment – Non-Technical Summary

Hayes Town Centre Estate, UB3 3PN

savills

Phase 2

Unit Type	Private Sale	Social Rent	Total
3B5P House	-	10	10
4B7P Mais	-	2	2
Total	-	12	12

Phase 3

Unit Type	Private Sale	Social Rent	Total
1B2P Flat	9	56	65
1B2P Flat (wc)	1	2	3
2B3P Flat (wc)	3	9	12
2B4P Flat	6	52	58
2B4P Flat (wc)	2	10	12
2B4P Mais	-	7	7
3B4P Flat (wc)	2	1	3
3B5P Flat	6	37	43
3B5P Mais	-	8	8
3B5P House	-	10	10
3B6P Flat	-	2	2
4B7P Mais	-	4	4
Total	29	198	227

Phase 4

Unit Type	Private Sale	Social Rent	Total
1B1P Flat	50	-	50
1B2P Flat	35	-	35
1B2P Flat (wc)	1	-	1
2B3P Flat	50	-	50
2B3P Flat (wc)	13	-	13
2B4P Flat	75	-	75
2B4P Flat (wc)	1	-	1
2B4P Mais	5	-	5
3B5P Flat	6	-	6
3B5P Mais	6	-	6
3B6P Flat	1	-	1
Total	243	-	243

Financial Viability Assessment – Non-Technical Summary

Hayes Town Centre Estate, UB3 3PN

savills

Overall

Unit Type	Private Sale	Social Rent	Shared Equity	Total
1B1P Flat	50	-	-	50
1B2P Flat	44	73	5	122
1B2P Flat (wc)	2	3	-	5
2B3P Flat	50	-	-	50
2B3P Flat (wc)	16	10	-	26
2B4P Flat	81	69	9	159
2B4P Flat (wc)	3	17	-	20
2B4P Mais	5	10	-	15
3B4P Flat (wc)	2	1	-	3
3B5P Flat	12	48	5	65
3B5P Mais	6	8	-	14
3B5P House	-	20	-	20
3B6P Flat	1	2	-	3
4B7P Mais	-	10	-	10
Total	272	271	19	562

In terms of the affordable housing offer, 271 homes will be Social Rent tenure, equating to 48% by unit number and 54% by habitable room, both of which are improvements compared to the consented hybrid permission. This also represents an increase of 72 social dwellings compared to the original social housing provision present on the Estate. The provision is supported by GLA grant funding provided to the project via LB Hillingdon Council, who will be acquiring these homes from the Applicant.

In addition to the above residential accommodation, a community room is proposed within Phase 3, measuring 318 sqm (GIA), an increase from the 140 sqm (GIA) space included within the consented hybrid permission.

1.3. Viability Appraisal Methodology

Through our assessment we have appraised the outturn profitability of the proposed development reflecting the mix presented above. Profitability is calculated through aggregating and subtracting Gross Development Costs ("GDC") (including land costs) from Gross Development Value ("GDV"). Our inputs for both GDV and GDC have been informed by market evidence and advice of third party consultants for the project as relevant.

For the purpose of calculating the GDV, we have adopted an aggregate value, including grant subsidy, for the 562 homes of £212.53 million subject to the provision of affordable housing outlined above. The principle cost item within the GDC is construction costs, which have been estimated by the Applicant's retained cost consultant. The cost plan indicates a total cost, inclusive of contingency and design fees, of £202.31 million. Alongside this, various other relevant costs (statutory costs, disposal fees and development finance) have also be accounted for.

Financial Viability Assessment – Non-Technical Summary

Hayes Town Centre Estate, UB3 3PN

savills

We have subsequently considered outturn profitability against a market-adjusted return requirement which reflects the level of inherent risk retained by the developer for project delivery. In order to demonstrate that the proposed application provides minimum return requirements for the landowner, we have also calculated a Benchmark Land Value ("BLV") to determine the viability of the proposed application. The BLV is underpinned by an assessment of the Site's Existing Use Value ("EUV") and Alternative Use Value ("AUV"). For the purpose of our assessment we have adopted a BLV of £1.

1.4. Appraisal Results

In considering the financial viability of the application scheme we have appraised the project reflecting the proposed tenure mix. On this basis our analysis presents the following outturn financial position for the project:

Income / Expenditure Item	Amount
Income	
Private Sale	£109,310,000
Social Rent	£37,870,000
Shared Equity	£5,725,000
Grant - GLA	£59,620,000
Gross Development Value	£212,525,000
Expenditure	
BLV	£1
Land Assembly / Vacant Possession	£21,951,295
Works Costs (inc contingency)	£202,307,366
Planning	£1,250,000
S106 Allowance	£550,000
CIL	£5,370,160
Disposal Fees	£3,004,750
Finance	£19,269,866
Gross Development Costs	£253,703,439
Project Surplus / Deficit	-£41,178,438
Minimum Priority Development Return Requirement	£20,837,050

Our analysis indicates that the proposals generate a Project Deficit of -£41,178,438 reflecting the proposed affordable housing contribution, significantly below the minimum priority return requirement of £20,837,050. This allows for the adopted BLV of £1 representing the minimum return to the landowner.

On this basis we conclude that the project is technically unviable based on the proposed scale of affordable housing and other planning gain contributions assumed. Nonetheless the Applicant remains committed to the promotion of the project on the basis that regeneration presents greater opportunity to maximise the potential of the Site whilst increasing the provision of Social Rented housing. However, it is clear that the economics of the project do not enable any further obligations to be placed upon the project.

The assessment has been undertaken in accordance with all relevant policy and technical guidance, including the RICS Financial Viability in Planning: Conduct and Reporting 1st Edition (May 2019) and RICS Assessing viability in planning under the National Planning Policy Framework 2019 (2021 and subsequently updated 2023).