

Appendix 9: DVS Additional Appraisals & Report



Further viability testing and
review of proposed
Community Infrastructure
Levy in light of
representations received by
Rhondda Cynon Taf County
Borough Council

Report for:

Rhondda Cynon Taf County
Borough Council

Prepared by:

Nick Tyldesley BSc MRICS
Principal Development Surveyor
DVS

Tel: (03000) 507642

Email:

nick.tyldesley@voa.gsi.gov.uk

DVS Reference: 1434344/NGT

Client Reference: na

Date: October 2013

Introduction

1. The purpose of the instructions received from Rhondda Cynon Taf County Borough Council (abbreviated to "RCT") is for DVS to undertake further viability testing in relation to RCT's proposed Community Infrastructure Levy (CIL). The need for this further viability testing is two-fold; Firstly, following completion of RCT's draft CIL charging schedule the council has received various representations from interested parties and these have led to the need for further testing to ensure that the representations are carefully considered and reflected upon. Secondly, RCT's original CIL study was published some 12 months ago and since then the property and development markets have seen improvements and so it is appropriate that the evidence base be refreshed and RCT's proposed CIL charges reviewed in light of this.

The further testing undertaken

2. The particular representations that RCT sought our review of were received from the following parties and concerned the following matters:
 - **Home Builders Federation (via Savills)**- representations received concerning the level of CIL charge proposed for Zone 3 (£100 per square metre) and the positioning of the Zone 3 boundary (most particularly the inclusion of the Tonyrefail area within Zone 3).
 - **McCarthy & Stone and Churchill retirement living (via The Planning Bureau)**-representations received concerning the ability of sheltered (Also known as "later living") housing to support similar levels of CIL as more traditional housing developments. The representation particularly focused upon the Zone 3 level of CIL charge proposed.
 - **Cwm Taf Health Board**- Representations received concerning the proposed CIL charge for new D1 primary healthcare developments.
3. The further viability testing that we undertook was conducted throughout September and October 2013 and we produced a range of appraisals, the most helpful of which I append to the back of this report and (for reference) highlight below;
 - A review of the Savills' hypothetical residential development appraisals for Zone 2 and 3. These appraisals are included at **Appendices A to D** and the CIL rate results are tabulated at **Appendix E**.
 - A review of notional residential development schemes on three of RCT's strategic sites. These appraisals are included at **Appendices F, G and H** and the CIL rate results are tabulated at **Appendix I**.
 - A review of sheltered housing development schemes on three notional RCT site scenarios. These appraisals are included at **Appendices J, K and L** and the CIL rate results are tabulated at **Appendix M**.

Summary comments in respect of further testing related to representations made by Home Builders Federation and Savills

4. In respect of the appraisals undertaken, there are quite a number of appraisal inputs where Savills and I hold different views. In general, these differences are not substantial but cumulatively they do lead to a divergence in our overall viability views. During the consultation process these differences have been highlighted and discussed but no agreement has been reached.
5. In this further testing I have run quite a number of different scenarios for RCT to illustrate the impact of these variances in input assumptions. Whilst I am unable to agree Savills inputs, discussions with RCT have lead us to

conclude that a positive approach here would be to adopt Savills assumptions in some of the further viability work but focus on the inputs that cause greatest difficulty. In this instance, these are the allowances for s106, fire sprinklers and external works.

6. In light of the above, and to keep this note concise and focused, I have only reproduced four appraisals with this report. These four appraisals (found at **Appendices A to D**) are effectively Savills appraisals but with the allowance for external works reduced from 27% to 20%, and the allowances for s106 and fire sprinklers having been completely removed. The rationale for these changes is already detailed elsewhere within RCT response to representations.
7. The appraisals found at **Appendices A to D** essentially represent what I consider to be the more pessimistic end of viability for Zones 2 and 3 in RCT. As you will see at **Appendix E**, when a 30% viability buffer (As Savills suggest) is applied, these result in residual CIL rates of £53 to £57 per square metre for Zone 2 and £82 to £87 square metre for Zone 3.
8. In light of the above and other testing I have recommended that consideration be given to the RCT Zone 3 rate being revised to £85 per square metre. With regard to the Zone 2 rate, whilst there is evidence for an increase in this rate wider viability evidence leads me to conclude that there is an inherent deliverability risk associated with such and accordingly I have not recommended a change to this rate.
9. Moving onto the question of which charging zone the Tonyrefail area best sits, I have considered the sales and other evidence provided in the representations by the Home Builders Federation (HBF) and Savills alongside other viability evidence and I am of the view that the charging zone boundary be amended so that the Tonyrefail area now sits within Zone 2.

Summary comments in respect of further testing related to sample of Strategic Sites in RCT

10. The three strategic site locations selected for testing were chosen by RCT on the basis that they were representative of a range of different site circumstances. A number of scenarios were carefully considered and discussed but the final appraisals run and included within this briefing have been undertaken on a notional scheme basis similar to that proposed in Savills representations addressed earlier in this note.
11. In accordance with the above, I reproduced three notional Strategic Site appraisals at **Appendices F, G and H**. Savills/HBF have not made specific representations in respect of these Strategic Sites but, as previously noted, I have adopted a similar approach in these appraisals. However, as before, the principle headline divergence from Savills/HBF is the removal of allowances for s106 and fire sprinklers and the adoption of a 20% allowance for external works (Savills/HBF have suggested 27%). I must also note that my allowances for marketing, finance and developer profit are harmonised with my original study assumptions (and not Savills appraisal assumptions).
12. As you will see at **Appendix I**, when a 30% viability buffer (As Savills suggest) is applied, the appraisals found at **Appendices F, G and H** generate residual CIL rates of £79.97 to £115.30 per square metre (with an average of £100.51 per square metre) for these Zone 3 Strategic sites.

13. It is fair to say that some of RCT's Strategic Sites would appear to have significant development challenges, however they also benefit from scaling and from RCT's targeted planning delivery strategy. In light of this, and the viability results I am content that there is no case for a separate CIL charging policy for the RCT Strategic Sites.

Summary comments in respect of testing of Sheltered Housing developments in RCT

14. Sheltered housing schemes for older persons are typically characterised by self-contained apartments that are purchased by older persons on long leaseholds where ground rents are met by the purchaser (as is typical with such properties). Sheltered housing significantly differs from other housing not only in the age profile of its occupiers but also the higher management / service charges that are paid by the occupants in lieu of the onsite facilities and management team that are provided and enable the older occupiers to maintain a degree of independence for longer than may otherwise be possible.
15. In light of the representations received from the Planning Bureau, three notional development scheme scenarios have been considered for sheltered housing (two in Zone 3 and one in Zone 2) and tested for viability. The Planning Bureau representations have been made on behalf of McCarthy and Stone and Churchill Retirement Living. Unfortunately, at the time of review, there were no active Churchill developments within RCT (or Wales) but there are a number of active McCarthy and Stone developments throughout Wales (though none in RCT itself) and I have had regard to the scheme data retrieved from these.
16. The Planning Bureau has also provided a range of viability information themselves (which has been acquired through their clients). My colleagues in England have dealt with quite a number of McCarthy and Stone and Churchill Retirement Living developments and the submissions made by the Planning Bureau are similar to other CIL representations made. It is beyond the scope of this particular paper to review the detail of these submissions (though that exercise has been done) but essentially the case made by the Planning Bureau is that Sheltered housing developments incur greater construction, finance (e.g. extended holding costs) and development risk (i.e. profit benchmarks) costs than conventional housing. Whilst I am not able to agree all the points and inputs proffered by the Planning Bureau I can say that in general terms I accept that these developments do incur costs greater than conventional housing.
17. Whilst I accept that greater costs are typically borne by Sheltered housing developments this is, to one extent or another, offset by the higher sale prices achieved by such schemes. Having regard to the sales data at hand, I have also factored in a range of sales scenarios that I believe would be appropriate for Zones 2 and 3. I reproduced these three notional Sheltered housing appraisals at **Appendices J, K and L**.
18. You will note from **Appendix M**, that the Zone 3 Sheltered Housing appraisals generate, with a 30% viability buffer, residual CIL rates of £130.26 to £265.65 per square metre and the Zone 2 scenario generates a residual CIL rate of £58.68 per square metre (with a 30% viability buffer). These residual CIL rates certainly suggest that the Sheltered Housing developments can support the proposed levels of CIL. Indeed, the rates may even suggest a higher rate of CIL is sustainable. However, I would urge some caution here because such developments are very dependent on specific market conditions existing (Which partly explains why sheltered housing is far less common than conventional housing developments) and as such I believe they

should not have CIL charge rates differentiated from the rest of the residential market.

Summary comments in respect of further review of D1 Primary Healthcare development

19. No specific viability evidence has been provided in the representations made by Cwm Taf Health Board. However, it is clear from the practical discussions I have had with RCT that further review is appropriate. The principle difficulty with setting a charge for this development class is that there is clear viability evidence in support of charging CIL in respect of the private and third sector investors; but not "NHS Capital Projects" or "GP DIY" developments. Since it appears to be practically impossible (from a CIL charging perspective) to disaggregate the private and third sector investors from "NHS Capital Projects" or "GP DIY" developments I would suggest that a higher level strategic view is taken by RCT.
20. One area which my further review has identified as having potential for some differentiation of CIL charge is development size. The viability testing from our original study provided counter-intuitive results in respect of development size but this was a small sample and each scheme was very specific to a range of factors including land cost and the scope of occupiers so we did not originally advocate differential rates based on size. However, it is clear from further review of actual Healthcare development schemes across Wales that a minimum size for charging CIL on D1 Primary Healthcare developments is appropriate.
21. From analysis of D1 Primary Healthcare developments in Wales it is clear that a threshold of 235 square metres (measured to Gross Internal Area, as with other CIL charges) is the typical point at which GP DIY development schemes would fall below and larger private, third sector and "NHS Capital Projects" would begin. Therefore, if your charging threshold were lifted to 235 square metres this would largely remove GP DIY development schemes from the charging equation. "NHS Capital Projects" would still be left with private / third sector developments but I believe this is some improvement on the existing situation (i.e. absence of viability evidence for "NHS Capital Projects" or "GP DIY" developments) and I recommend that you give this option further consideration.

Conclusion

22. I trust that the foregoing notes (and supporting appendices) are of assistance to your review of the representations received.

Yours faithfully

Nick Tyldesley, BSc (Hons), MRICS

Principal Development Surveyor

DVS

List of Appendices- Overleaf>

List of Appendices

Appendix A- DVS appraisal of Savills' Zone 2 (50 units) submission

Appendix B- DVS appraisal of Savills' Zone 2 (100 units) submission

Appendix C- DVS appraisal of Savills' Zone 3 (50 units) submission

Appendix D- DVS appraisal of Savills' Zone 3 (100 units) submission

Appendix E- Tabulated summary of DVS CIL rates (with a 30% viability buffer) arising from appraisals at appendices A to D

Appendix F- DVS appraisal of a notional residential development scheme at the 825 unit Strategic site

Appendix G- DVS appraisal of a notional residential development scheme at the 500 unit Strategic site

Appendix H- DVS appraisal of a notional residential development scheme at the 1850 unit Strategic site

Appendix I- Tabulated summary of DVS CIL rates (with a 30% viability buffer) arising from appraisals at appendices F to G

Appendix J- DVS appraisal of a notional sheltered housing development scheme in Zone 3 (higher sales)

Appendix K- DVS appraisal of a notional sheltered housing development scheme in Zone 3 (lower sales)

Appendix L- DVS appraisal of a notional sheltered housing development scheme in Zone 2 (Entry level sales)

Appendix M- Tabulated summary of DVS CIL rates (with a 30% viability buffer) arising from appraisals at appendices J to L

Valuation Office Agency

Development Appraisal

DVS reproduction of Savills assumptions (07/08/13)

Zone 2 - 50 units (BUT 20% ew-no s106-no Fire)

Report Date: 23 October 2013

APPRAISAL SUMMARY**VALUATION OFFICE AGENCY**

DVS reproduction of Savills assumptions (07/08/13)
 Zone 2 - 50 units (BUT 20% ew-no s106-no Fire)

Summary Appraisal for Merged Phases 1 2

Currency in £

REVENUE	Units	ft ²	Rate ft ²	Unit Price	Gross Sales
Sales Valuation					
Market Housing	40	45,320	165.00	186,945	7,477,800
2 bed house (AFH)	5	3,150	98.87	62,288	311,441
3 bed house (AFH)	<u>5</u>	<u>3,750</u>	<u>92.06</u>	<u>69,048</u>	<u>345,240</u>
Totals	50	52,220			8,134,481

NET REALISATION

8,134,481

OUTLAY

ACQUISITION COSTS

Residualised Price (3.57 Acres 111,114.29 pAcre)

396,678

396,678

Other Acquisition

Fixed price (for land)
 SDLT on fixed price
 Agent fee on fixed price
 Legal fees on fixed price

803,250
 38,459
 9,615
 4,807

856,131

CONSTRUCTION COSTS

Construction

Market Housing
 2 bed house (AFH)
 3 bed house (AFH)

ft ²	Rate ft ²	Cost
45,320 ft ²	70.00 pft ²	3,172,400
3,150 ft ²	70.00 pft ²	220,500
<u>3,750 ft²</u>	<u>70.00 pft²</u>	<u>262,500</u>
52,220 ft²		3,655,400

3,655,400

Contingency

109,662

109,662

File: 3rd Oct- DAs with mostly Savills assumptions\Zone 2-50 units(Mostly Savills assmptns but 20% ew).wcfx
 ARGUS Developer Version: 6.00.002

Date: 23/10/2013

APPRAISAL SUMMARY**VALUATION OFFICE AGENCY**

DVS reproduction of Savills assumptions (07/08/13)
 Zone 2 - 50 units (BUT 20% ew-no s106-no Fire)

Other Construction						
External allowances	20.00%	731,080				731,080
PROFESSIONAL FEES						
Other Professionals (OMH)	8.00%	253,792				
Other Professionals (AFH)	8.00%	38,640				292,432
MARKETING & LETTING						
Sales, marketing & legals (OMH)	3.00%	224,334				224,334
DISPOSAL FEES						
Sales Legal Fee			40 un	750.00 /un		30,000
Sales Legal Fee			10 un	500.00 /un		5,000
						35,000
FINANCE						
Debit Rate 7.000% Credit Rate 0.000% (Nominal)						
Total Finance Cost						252,862
TOTAL COSTS						6,553,579
PROFIT						1,580,901
Performance Measures						
Profit on Cost%	24.12%					
Profit on GDV%	19.43%					
Profit on NDV%	19.43%					
IRR	37.14%					
Profit Erosion (finance rate 7.000%)				3 yrs 1 mth		

File: 3rd Oct- DAs with mostly Savills assumptions\Zone 2-50 units(Mostly Savills assmptns but 20% ew).wcfx
 ARGUS Developer Version: 6.00.002

Date: 23/10/2013

Valuation Office Agency

Development Appraisal

DVS reproduction of Savills assumptions (07/08/13)

Zone 2 - 100 units (BUT 20% ew-no s106-no Fire)

Report Date: 23 October 2013

APPRAISAL SUMMARY**VALUATION OFFICE AGENCY**

DVS reproduction of Savills assumptions (07/08/13)
 Zone 2 - 100 units (BUT 20% ew-no s106-no Fire)

Summary Appraisal for Merged Phases 1 2

Currency in £

REVENUE	Units	ft ²	Rate ft ²	Unit Price	Gross Sales
Sales Valuation					
Market Housing	80	90,640	165.00	186,945	14,955,600
2 bed house (AFH)	10	6,300	98.87	62,288	622,881
3 bed house (AFH)	<u>10</u>	<u>7,500</u>	<u>92.06</u>	<u>69,048</u>	<u>690,480</u>
Totals	100	104,440			16,268,961

NET REALISATION

16,268,961

OUTLAY

ACQUISITION COSTS

Residualised Price (7.14 Acres 103,094.58 pAcre)

736,095

736,095

Other Acquisition

Fixed price (for land)

1,606,500

SDLT on fixed price

77,591

Agent fee on fixed price

19,398

Legal fees on fixed price

9,699

1,713,188

CONSTRUCTION COSTS

Construction

Market Housing

Cost

2 bed house (AFH)

6,344,800

3 bed house (AFH)

441,000

7,500 ft²

525,000

104,440 ft²

7,310,800

7,310,800

Contingency

219,324

3.00%

219,324

File: 3rd Oct- DAs with mostly Savills assumptions\Zone 2-100 units(Mostly Savills assmpins but 20% ew).wcfx
 ARGUS Developer Version: 6.00.002

Date: 23/10/2013

APPRAISAL SUMMARY**VALUATION OFFICE AGENCY**

DVS reproduction of Savillis assumptions (07/08/13)

Zone 2 - 100 units (BUT 20% ew-no s106-no Fire)

Other Construction

External allowances

20.00%

1,462,160

1,462,160

PROFESSIONAL FEES

Other Professionals (OMH)

Other Professionals (AFH)

8.00%

507,584

8.00%

77,280

584,864

MARKETING & LETTING

Sales, marketing & legals (OMH)

3.00%

448,668

448,668

DISPOSAL FEES

Sales Legal Fee

80 un

750.00 /un

60,000

20 un

500.00 /un

10,000

70,000

FINANCE

Debit Rate 7.000% Credit Rate 0.000% (Nominal)

Total Finance Cost

484,729

TOTAL COSTS**13,029,828****PROFIT****3,239,133****Performance Measures**

Profit on Cost%

24.86%

Profit on GDV%

19.91%

Profit on NDV%

19.91%

IRR

32.20%

Profit Erosion (finance rate 7.000%)

3 yrs 2 mths

File: 3rd Oct- DAs with mostly Savillis assumptions\Zone 2-100 units(Mostly Savillis assmptns but 20% ew).wcfx

ARGUS Developer Version: 6.00.002

Date: 23/10/2013

Valuation Office Agency

Development Appraisal

DVS reproduction of Savills assumptions (07/08/13)

Zone 3 - 50 units (BUT 20% ew-no s106-no Fire)

Report Date: 04 October 2013

APPRAISAL SUMMARY**VALUATION OFFICE AGENCY**

DVS reproduction of Savills assumptions (07/08/13)
 Zone 3 - 50 units (BUT 20% ew-no s106-no Fire)

Summary Appraisal for Merged Phases 1 2

Currency in £

REVENUE	Units	ft ²	Rate ft ²	Unit Price	Gross Sales
Sales Valuation					
Market Housing	40	45,320	175.00	198,275	7,931,000
2 bed house (AFH)	5	3,150	98.87	62,288	311,441
3 bed house (AFH)	<u>5</u>	<u>3,750</u>	<u>92.06</u>	<u>69,048</u>	<u>345,240</u>
Totals	50	52,220			8,587,681

NET REALISATION

8,587,680

OUTLAY

ACQUISITION COSTS

Residualised Price (3.57 Acres 169,450.78 pAcre)

604,939

604,939

Other Acquisition

Fixed price (for land)

SDLT on fixed price

Agent fee on fixed price

Legal fees on fixed price

892,500

50,545

12,636

6,318

961,999

CONSTRUCTION COSTS

Construction

Market Housing

2 bed house (AFH)

3 bed house (AFH)

Totals

ft²

45,320 ft²

3,150 ft²

3,750 ft²

52,220 ft²

Rate ft²

70.00 pF²

70.00 pF²

70.00 pF²

Cost

3,172,400

220,500

262,500

3,655,400

3,655,400

Contingency

109,662

109,662

File: 3rd Oct- DAs with mostly Savills assumptions/Zone 3-50 units(Mostly Savills assmptns but 20% ew).wcfx
 ARGUS Developer Version: 6.00.002

Date: 04/10/2013

APPRAISAL SUMMARY**VALUATION OFFICE AGENCY**

DVS reproduction of Savills assumptions (07/08/13)
 Zone 3 - 50 units (BUT 20% ew-no s106-no Fire)

Other Construction									
External allowances	20.00%	731,080							731,080
PROFESSIONAL FEES									
Other Professionals (OMH)	8.00%	253,792							
Other Professionals (AFH)	8.00%	38,640							292,432
MARKETING & LETTING									
Sales, marketing & legals (OMH)	3.00%	237,930							237,930
DISPOSAL FEES									
Sales Legal Fee			40 un	750.00 /un					30,000
Sales Legal Fee			10 un	500.00 /un					5,000
									35,000
FINANCE									
Debit Rate 7.000% Credit Rate 0.000% (Nominal)									
Total Finance Cost									287,697
TOTAL COSTS									6,916,139
PROFIT									
									1,671,541
Performance Measures									
Profit on Cost%	24.17%								
Profit on GDV%	19.46%								
Profit on NDV%	19.46%								
IRR	35.34%								
Profit Erosion (finance rate 7.000%)							3 yrs 1 mth		

File: 3rd Oct- DAs with mostly Savills assumptions\Zone 3-50 units(Mostly Savills assmptns but 20% ew).wcfx
 ARGUS Developer Version: 6.00.002

Date: 04/10/2013

Valuation Office Agency

Development Appraisal

DVS reproduction of Savills assumptions (07/08/13)

Zone 3 - 100 units (BUT 20% ew-no s106-no Fire)

Report Date: 04 October 2013

APPRAISAL SUMMARY**VALUATION OFFICE AGENCY**

DVS reproduction of Savillis assumptions (07/08/13)
 Zone 3 - 100 units (BUT 20% ew-no s106-no Fire)

Summary Appraisal for Merged Phases 1 2

Currency in £

REVENUE

Sales Valuation	Units	ft ²	Rate ft ²	Unit Price	Gross Sales
Market Housing	80	90,640	175.00	198,275	15,862,000
2 bed house (AFH)	10	6,300	98.87	62,288	622,881
3 bed house (AFH)	<u>10</u>	<u>7,500</u>	<u>92.06</u>	<u>69,048</u>	<u>690,480</u>
Totals	100	104,440			17,175,361

NET REALISATION

17,175,361

OUTLAY**ACQUISITION COSTS**

Residualised Price (7.14 Acres 158,741.27 pAcre)

1,133,413

1,133,413

Other Acquisition

Fixed price (for land)
 SDLT on fixed price
 Agent fee on fixed price
 Legal fees on fixed price

1,785,000
 99,597
 24,899
 12,450

1,921,946

CONSTRUCTION COSTS**Construction**

	ft ²	Rate ft ²	Cost
Market Housing	90,640 ft ²	70.00 pF	6,344,800
2 bed house (AFH)	6,300 ft ²	70.00 pF	441,000
3 bed house (AFH)	<u>7,500 ft²</u>	<u>70.00 pF</u>	<u>525,000</u>
Totals	104,440 ft²		7,310,800

7,310,800

Contingency

3.00%

219,324

File: 3rd Oct- DAs with mostly Savillis assumptions\Zone 3-100 units(Mostly Savillis assmptns but 20% ew),wcfx
 ARGUS Developer Version: 6.00.002

Date: 04/10/2013

APPRAISAL SUMMARY**VALUATION OFFICE AGENCY**

DVS reproduction of Savills assumptions (07/08/13)

Zone 3 - 100 units (BUT 20% ew-no s106-no Fire)

Other Construction

External allowances

20.00%

1,462,160

1,462,160

PROFESSIONAL FEES

Other Professionals (OMH)

8.00%

507,584

Other Professionals (AFH)

8.00%

77,280

584,864

MARKETING & LETTING

Sales, marketing & legals (OMH)

3.00%

475,860

475,860

DISPOSAL FEES

Sales Legal Fee

80 un

750.00 /un

60,000

Sales Legal Fee

20 un

500.00 /un

10,000

70,000

FINANCE

Debit Rate 7.000% Credit Rate 0.000% (Nominal)

Total Finance Cost

576,581

TOTAL COSTS

13,754,948

PROFIT

3,420,413

Performance Measures

Profit on Cost%

24.87%

Profit on GDV%

19.91%

Profit on NDV%

19.91%

IRR

30.19%

Profit Erosion (finance rate 7.000%)

3 yrs 2 mths

File: 3rd Oct- DAs with mostly Savills assumptions\Zone 3-100 units(Mostly Savills assmptns but 20% ew).wcfx

ARGUS Developer Version: 6.00.002

Date: 04/10/2013

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U
Ref no.	Site	Site area (acres)	GDV	GDC (including Land & Profit but not CIL)	Total units	% AFH	Total square feet (GIA/ EFA)	Sqft built per net acre	Dwellings per hectare	Average (OMH & AFH) \$106 Costs	Benchmark Land value (Reflecting vendor incentive)	BMLV-£s per ACRE	BMLV-£s % of GDV	Residualised value for CIL	CIL Residual-£s per square METRE	DVS CIL rate AFTER Savills 30% buffer expressed in £s per square METRE	Savills Aug13 CIL rate (After their 30% buffer)-£s per SQM	RCT draft CIL rate-£s per SQM	RCT CIL as % of development cost	
1	Appendix A- Zone 2 - 50 units (20% externals-no s106-no fire sprinklers BUT mostly Savills' assumptions)	3.57	£8,134,481	£7,737,803	50	20%	52,220	14,627	34.61	£156 Zero	£803,250	£225,000	9.9%	£396,578	£82	£57	£10.00	£40.00	2.51%	
2	Appendix B- Zone 2 - 100 units (20% externals-no s106-no fire sprinklers BUT mostly Savills' assumptions)	7.14	£16,268,961	£15,532,666	100	20%	104,442	14,628	34.61	£156 Zero	£1,606,500	£225,000	9.9%	£736,095	£76	£53	£11.50	£40.00	2.50%	
3	Appendix C- Zone 3 - 50 units (20% externals-no s106-no fire sprinklers BUT mostly Savills' assumptions)	3.57	£9,587,880	£7,982,741	50	20%	52,220	14,627	34.61	£164 Zero	£892,500	£250,000	10.4%	£604,939	£125	£87	£45.50	£85.00	5.17%	
4	Appendix D- Zone 3 - 100 units (20% externals-no s106-no fire sprinklers BUT mostly Savills' assumptions)	7.14	£17,175,361	£16,041,946	100	20%	104,442	14,628	34.61	£164 Zero	£1,785,002	£250,000	10.4%	£1,133,413	£117	£82	£42.00	£85.00	5.14%	

Valuation Office Agency

Development Appraisal

DVS review of 825 unit Strategic site
20% externals, no s106 nor Abnormals

Report Date: 23 October 2013

APPRAISAL SUMMARY**VALUATION OFFICE AGENCY**

DVS review of 825 unit Strategic site
20% externals, no s106 nor Abnormals

Summary Appraisal for Merged Phases 1 2

Currency in £

REVENUE	Units	m ²	Rate m ²	Unit Price	Gross Sales	Adjustment	Net Sales
Sales Valuation							
2 bed (69) HT	132	9,108.00	1,739.13	120,000	15,840,000	0	15,840,000
3 bed (95) HS	132	12,540.00	1,684.21	160,000	21,120,000	0	21,120,000
3 bed (100) HD	132	13,200.00	1,700.00	170,000	22,440,000	0	22,440,000
4 bed (120) HS	132	15,840.00	1,666.67	200,000	26,400,000	0	26,400,000
4 bed (130) HD	132	17,160.00	1,692.31	220,000	29,040,000	0	29,040,000
1 bed flat (51) SR	66	2,804.89	844.27	35,880	2,368,080	0	2,368,080
2 bed house (83) SR	33	2,739.00	696.83	57,837	1,908,621	0	1,908,621
3 bed house (94) SR	12	1,128.00	682.09	64,116	769,392	0	769,392
4 bed house (110) SR	11	1,210.00	678.60	74,646	821,106	0	821,106
2 bed house (68) LCHO	33	2,244.00	1,764.71	120,000	3,960,000	(1,188,000)	2,772,000
3 bed house (78) LCHO	<u>10</u>	<u>780.00</u>	<u>1,730.77</u>	<u>135,000</u>	<u>1,350,000</u>	<u>(405,000)</u>	<u>945,000</u>
Totals	825	78,753.89			126,017,199	(1,593,000)	124,424,199

NET REALISATION

124,424,199

OUTLAY

ACQUISITION COSTS

Residualised Price (19.30 Ha 676,885.05 pHect)

13,063,882

13,063,882

Other Acquisition

Fixed price (for land)

3,100,586

SDLT on fixed price

217,041

Agent fee on fixed price

23,254

Legal fees on fixed price

23,254

3,364,136

CONSTRUCTION COSTS

File: 4th Oct SS DA review\Zone3 825 units (20% ew-No s106 or Abns).wcfx

ARGUS Developer Version: 6.00.002

Date: 23/10/2013

APPRAISAL SUMMARY**VALUATION OFFICE AGENCY**

DVS review of 825 unit Strategic site
 20% externals, no s106 nor Abnormals

Construction	m ²	Rate m ²	Cost
2 bed (69) HT	9,108.00 m ²	753.50 pm ²	6,862,878
3 bed (95) HS	12,540.00 m ²	753.50 pm ²	9,448,890
3 bed (100) HD	13,200.00 m ²	753.50 pm ²	9,946,200
4 bed (120) HS	15,840.00 m ²	753.50 pm ²	11,935,440
4 bed (130) HD	17,160.00 m ²	753.50 pm ²	12,930,060
1 bed flat (51) SR	3,366.00 m ²	938.00 pm ²	3,157,308
2 bed house (83) SR	2,739.00 m ²	753.50 pm ²	2,063,836
3 bed house (94) SR	1,128.00 m ²	753.50 pm ²	849,948
4 bed house (110) SR	1,210.00 m ²	753.50 pm ²	911,735
2 bed house (68) LCHO	2,244.00 m ²	753.50 pm ²	1,690,854
3 bed house (78) LCHO	780.00 m ²	753.50 pm ²	587,730
Totals	79,315.00 m²		60,384,879
Contingency		2.50%	1,509,622
Other Construction			
External allowances		20.00%	12,076,976
PROFESSIONAL FEES			
Other Professionals (OMH)		8.00%	4,089,877
Other Professionals (AFH)		8.00%	740,913
MARKETING & LETTING			
Sales, marketing & legals (OMH)		3.00%	3,445,200
Sales, marketing & legals (AFH)		1.50%	143,763
FINANCE			
Debit Rate 6.000% Credit Rate 5.200% (Nominal)			
Total Finance Cost			4,078,091
TOTAL COSTS			102,897,339

File: 4th Oct SS DA reviewZone3 825 units (20% ew-No s106 or Abns).wcfx
 ARGUS Developer Version: 6.00.002

Date: 23/10/2013

APPRAISAL SUMMARY

VALUATION OFFICE AGENCY

DVS review of 825 unit Strategic site
20% externals, no s106 nor Abnormals
PROFIT

21,526,860

Performance Measures

Profit on Cost%	20.92%
Profit on GDV%	17.30%
Profit on NDV%	17.30%
IRR	13.66%
Profit Erosion (finance rate 6.000%)	3 yrs 2 mths

Valuation Office Agency

Development Appraisal

DVS re 500 unit Strategic site

20% Externalities but no S106 & no Abnormal costs

Report Date: 23 October 2013

APPRAISAL SUMMARY**VALUATION OFFICE AGENCY**

DVS re 500 unit Strategic site
20% External but no S106 & no Abnormal costs

Summary Appraisal for Merged Phases 1 2

Currency in £

REVENUE	Units	m ²	Rate m ²	Unit Price	Gross Sales	Adjustment	Net Sales
Sales Valuation							
2 Bed (69 DVS) HT	80	5,520.00	1,739.13	120,000	9,600,000	0	9,600,000
3 Bed (95 DVS) HS	80	7,600.00	1,736.84	165,000	13,200,000	0	13,200,000
3 Bed (100 DVS) HD	80	8,000.00	1,800.00	180,000	14,400,000	0	14,400,000
4 Bed (120 DVS) HS	80	9,600.00	1,750.00	210,000	16,800,000	0	16,800,000
4 Bed (130) HD	80	10,400.00	1,807.69	235,000	18,800,000	0	18,800,000
1Bed flat (51) SR	40	1,699.93	844.27	35,880	1,435,200	0	1,435,200
2 Bed (83) HS SR	20	1,660.00	696.83	57,837	1,156,740	0	1,156,740
3 Bed (94) HS SR	7	658.00	682.09	64,116	448,812	0	448,812
4 Bed (110) HS SR	7	770.00	678.60	74,646	522,522	0	522,522
2 Bed (68) HS LCHO	20	1,360.00	1,838.24	125,000	2,500,000	(750,000)	1,750,000
3 Bed (78) HS LCHO	6	468.00	1,730.77	135,000	810,000	(243,000)	567,000
Totals	500	47,735.93			79,673,274	(993,000)	78,680,274

NET REALISATION

78,680,274

OUTLAY

ACQUISITION COSTS

Residualised Price (20.24 Ha 213,174.14 pHect)

4,314,645

4,314,645

Other Acquisition

Land cost benchmark

7,853,588

SDLT

549,751

Agent

58,902

Legals

58,902

7.00%

0.75%

0.75%

8,521,143

CONSTRUCTION COSTS

File: 4th Oct SS DA review\Zone3 500 units (20% ew-No s106 or Abns).wcfx
ARGUS Developer Version: 6.00.002

Date: 23/10/2013

APPRAISAL SUMMARY**VALUATION OFFICE AGENCY****DVS re 500 unit Strategic site****20% Externalists but no S106 & no Abnormal costs****Construction**

2 Bed (69 DVS) HT	5,520.00 m ²	753.50 pm ²	4,159,320
3 Bed (95 DVS) HS	7,600.00 m ²	753.50 pm ²	5,726,600
3 Bed (100 DVS) HD	8,000.00 m ²	753.50 pm ²	6,028,000
4 Bed (120 DVS) HS	9,600.00 m ²	753.50 pm ²	7,233,600
4 Bed (130) HD	10,400.00 m ²	753.50 pm ²	7,836,400
1Bed flat (51) SR	2,040.00 m ²	938.00 pm ²	1,913,520
2 Bed (83) HS SR	1,660.00 m ²	753.50 pm ²	1,250,810
3 Bed (94) HS SR	658.00 m ²	753.50 pm ²	495,803
4 Bed (110) HS SR	770.00 m ²	753.50 pm ²	580,195
2 Bed (68) HS LCHO	1,360.00 m ²	753.50 pm ²	1,024,760
3 Bed (78) HS LCHO	468.00 m ²	753.50 pm ²	352,638
Totals	48,076.00 m²		36,601,646

Contingency

915,041

Other Construction

External works & Sustainability

7,320,329

PROFESSIONAL FEES

Architect

3,513,758

DISPOSAL FEES

Sales Agent Fee

1,456,000

Sales Agent Fee

29,401

Sales Legal Fee

786,803

2,272,204

FINANCE

Debit Rate 6.000% Credit Rate 5.200% (Nominal)

Total Finance Cost

1,794,440

TOTAL COSTS**65,253,206**

File: 4th Oct SS DA review\Zone3 500 units (20% ew-No s106 or Abns).wcfx

ARGUS Developer Version: 6.00.002

Date: 23/10/2013

APPRAISAL SUMMARY

VALUATION OFFICE AGENCY

DVS re 500 unit Strategic site
20% External but no S106 & no Abnormal costs
PROFIT

13,427,068

Performance Measures

Profit on Cost% 20.58%
Profit on GDV% 17.07%
Profit on NDV% 17.07%
IRR 17.16%
Profit Erosion (finance rate 6.000%) 3 yrs 2 mths

Valuation Office Agency

Development Appraisal

DVS re 1850 unit Strategic site
Externals to 20%-No s106-No Abnormals

Report Date: 23 October 2013

APPRAISAL SUMMARY**VALUATION OFFICE AGENCY**

DVS re 1850 unit Strategic site
Externals to 20%-No s106-No Abnormals

Summary Appraisal for Merged Phases 1 2

Currency in £

REVENUE	Units	m ²	Rate m ²	Unit Price	Gross Sales	Adjustment	Net Sales
Sales Valuation							
2 bed (69) HT	296	20,424.00	1,739.13	120,000	35,520,000	0	35,520,000
3 bed (95) HS	296	28,120.00	1,736.84	165,000	48,840,000	0	48,840,000
3 bed (100) HD	296	29,600.00	1,800.00	180,000	53,280,000	0	53,280,000
4 bed (120) HS	296	35,520.00	1,750.00	210,000	62,160,000	0	62,160,000
4 bed (130) HD	296	38,480.00	1,807.69	235,000	69,560,000	0	69,560,000
1 bed flat (51) SR	148	6,289.75	844.27	35,880	5,310,240	0	5,310,240
2 bed house (83) SR	74	6,142.00	696.83	57,837	4,279,938	0	4,279,938
3 bed house (94) SR	26	2,444.00	682.09	64,116	1,667,016	0	1,667,016
4 bed house (110) SR	26	2,860.00	678.60	74,646	1,940,796	0	1,940,796
2 bed house (68) LCHO	74	5,032.00	1,838.24	125,000	9,250,000	(2,775,000)	6,475,000
3 bed house (78) LCHO	22	1,716.00	1,730.77	135,000	2,970,000	(891,000)	2,079,000
Totals	1,850	176,627.75			294,777,990	(3,666,000)	291,111,990

NET REALISATION

291,111,990

OUTLAY

ACQUISITION COSTS

Residualised Price (50.00 Ha 406,449.72 pHect)

20,322,486

20,322,486

Other Acquisition

Fixed price (for land)

23,904,276

SDLT on fixed price

1,673,299

Agent fee on fixed price

0.75%

Legal fees on fixed price

0.75%

0.75%

25,936,139

CONSTRUCTION COSTS

APPRAISAL SUMMARY**VALUATION OFFICE AGENCY****DVS re 1850 unit Strategic site
Externals to 20%-No s106-No Abnormals**

	m²	Rate m²	Cost	
Construction				
2 bed (69) HT	20,424.00 m ²	753.50 pm ²	15,389,484	
3 bed (95) HS	28,120.00 m ²	753.50 pm ²	21,188,420	
3 bed (100) HD	29,600.00 m ²	753.50 pm ²	22,303,600	
4 bed (120) HS	35,520.00 m ²	753.50 pm ²	26,764,320	
4 bed (130) HD	38,480.00 m ²	753.50 pm ²	28,994,680	
1 bed flat (51) SR	7,548.00 m ²	938.00 pm ²	7,080,024	
2 bed house (83) SR	6,142.00 m ²	753.50 pm ²	4,627,997	
3 bed house (94) SR	2,444.00 m ²	753.50 pm ²	1,841,554	
4 bed house (110) SR	2,860.00 m ²	753.50 pm ²	2,155,010	
2 bed house (68) LCHO	5,032.00 m ²	753.50 pm ²	3,791,612	
3 bed house (78) LCHO	1,716.00 m ²	753.50 pm ²	1,293,006	
Totals	177,886.00 m²		135,429,707	135,429,707
Contingency		2.50%	3,385,743	3,385,743
Other Construction				
External allowances		20.00%	27,085,941	27,085,941
PROFESSIONAL FEES				
Other Professionals (OMH)		8.00%	9,171,240	
Other Professionals (AFH)		8.00%	1,663,136	10,834,377
MARKETING & LETTING				
Sales, marketing & legals (OMH)		3.00%	8,080,800	
Sales, marketing & legals (AFH)		1.50%	326,280	8,407,080
FINANCE				
Debit Rate 6.000% Credit Rate 5.200% (Nominal)				8,574,109
Total Finance Cost				239,975,582
TOTAL COSTS				

APPRAISAL SUMMARY**VALUATION OFFICE AGENCY**

DVS re 1850 unit Strategic site
Externals to 20%-No s106-No Abnormals
PROFIT

51,136,408

Performance Measures

Profit on Cost% 21.31%
Profit on GDV% 17.57%
Profit on NDV% 17.57%
IRR 11.70%
Profit Erosion (finance rate 6.000%) 3 yrs 3 mths

Valuation Office Agency

Development Appraisal

Sheltered housing (for the Elderly) scheme

Higher sales scheme- Zone 3

Report Date: 23 October 2013

APPRAISAL SUMMARY**VALUATION OFFICE AGENCY**

Sheltered housing (for the Elderly) scheme
Higher sales scheme- Zone 3

Summary Appraisal for Merged Phases 1 2

Currency in £

REVENUE

Sales Valuation	Units	m ²	Rate m ²	Unit Price	Gross Sales	Adjustment	Net Sales
1 Bed (49) Sheltered unit	16	784.00	3,500.00	171,500	2,744,000	0	2,744,000
2 Bed (65) Sheltered unit	16	1,041.60	3,500.00	227,850	3,645,600	0	3,645,600
1Bed flat (51) SR	6	254.99	844.27	35,880	215,280	0	215,280
2 Bed flat (68) LCHO	2	113.33	2,750.00	155,827	311,654	(93,496)	218,158
Totals	40	2,193.92			6,916,534	(93,496)	6,823,038

Rental Area Summary

	Units	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Ground Rent on 1 bed sheltered	16	425	6,800	6,800
Ground Rent on 2 bed sheltered	16	495	7,920	7,920
Ground Rent on 1 bed SR	6	425	2,550	2,550
Ground Rent on 2 bed LCHO	2	495	990	990
Totals	40		18,260	18,260

Investment Valuation

Ground Rent on 1 bed sheltered	Market Rent	YP @	PV 1yr 2mths @	YP @	PV 1yr 2mths @	YP @	PV 1yr 2mths @	YP @	PV 1yr 2mths @
	6,800		6.0000%	16.6667	6.0000%	0.9343	105,885		
Ground Rent on 2 bed sheltered	7,920		6.0000%	16.6667	6.0000%	0.9343	123,325		
Ground Rent on 1 bed SR	2,550		6.0000%	16.6667	6.0000%	0.9343	39,707		
Ground Rent on 2 bed LCHO	990		6.0000%	16.6667	6.0000%	0.9343	15,416		

File: ARGUS DA- rest in EDRM(Zone 3) Sheltered housing (Higher sales).wcfx
ARGUS Developer Version: 6.00.002

Date: 23/10/2013

APPRAISAL SUMMARY**VALUATION OFFICE AGENCY**

Sheltered housing (for the Elderly) scheme
Higher sales scheme- Zone 3

284,332

GROSS DEVELOPMENT VALUE

7,107,370

NET REALISATION

7,107,370

OUTLAY**ACQUISITION COSTS**

Residualised Price (0.40 Ha 2,893,700.74 pHect)

1,157,480

1,157,480

Other Acquisition

Land cost benchmark

197,680

SDLT

1.00%

1,977

Agent

0.75%

1,483

Legals

0.75%

1,483

202,622

CONSTRUCTION COSTS**Construction**

Ground Rent on 1 bed sheltered

Units

Unit Amount

Cost

16 un

1,800

28,800

Ground Rent on 2 bed sheltered

16 un

1,800

28,800

Ground Rent on 1 bed SR

6 un

1,800

10,800

Ground Rent on 2 bed LCHO

2 un

3,600

72,000

Totals

m²

Rate m²

Cost

1,120.00 m²

1,001.00 pm²

1,121,120

1,488.00 m²

1,001.00 pm²

1,489,488

306.00 m²

938.00 pm²

287,028

136.00 m²

938.00 pm²

127,568

3,050.00 m²

3,025,204

3,097,204

Contingency

2.50%

77,430

77,430

File: ARGUS DA- rest in EDRM\Zone 3) Sheltered housing (Higher sales).wcfx

ARGUS Developer Version: 6.00.002

Date: 23/10/2013

APPRAISAL SUMMARY**VALUATION OFFICE AGENCY****Sheltered housing (for the Elderly) scheme****Higher sales scheme- Zone 3****Other Construction**

External works & Sustainability

10.00% 153,572 153,572

PROFESSIONAL FEES

Architect

8.00% 260,062 260,062

DISPOSAL FEES

Sales & marketings costs

5.00% 333,697

Sales & marketing (affordable)

0.50% 2,167

Sales Legal Fee

40.00 un 24,000

359,864

FINANCE

Debit Rate 7.000% Credit Rate 2.000% (Nominal)

Total Finance Cost

428,641

TOTAL COSTS**5,736,875****PROFIT****1,370,495****Performance Measures**

Profit on Cost%

23.89%

Profit on GDV%

19.28%

Profit on NDV%

19.28%

Development Yield% (on Rent)

0.32%

Equivalent Yield% (Nominal)

6.00%

Equivalent Yield% (True)

6.23%

IRR

21.31%

Rent Cover

75 yrs 1 mth

Profit Erosion (finance rate 7.000%)

3 yrs 1 mth

File: ARGUS DA- rest in EDRM\Zone 3) Sheltered housing (Higher sales).wcfx

ARGUS Developer Version: 6.00.002

Date: 23/10/2013

APPRAISAL SUMMARY

VALUATION OFFICE AGENCY

Sheltered housing (for the Elderly) scheme
Higher sales scheme- Zone 3

Valuation Office Agency

Development Appraisal

Sheltered housing (for the Elderly) scheme

Lower sales scheme- Zone 3

Report Date: 23 October 2013

APPRAISAL SUMMARY**VALUATION OFFICE AGENCY**

Sheltered housing (for the Elderly) scheme
Lower sales scheme- Zone 3

Summary Appraisal for Merged Phases 1 2

Currency in £

REVENUE

Sales Valuation	Units	m ²	Rate m ²	Unit Price	Gross Sales	Adjustment	Net Sales
1 Bed (49) Sheltered unit	16	784.00	3,000.00	147,000	2,352,000	0	2,352,000
2 Bed (65) Sheltered unit	16	1,041.60	3,000.00	195,300	3,124,800	0	3,124,800
1Bed flat (51) SR	6	254.99	844.27	35,880	215,280	0	215,280
2 Bed flat (68) LCHO	2	113.33	2,750.00	155,827	311,654	(93,496)	218,158
Totals	40	2,193.92			6,003,734	(93,496)	5,910,238

Rental Area Summary

	Units	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Ground Rent on 1 bed sheltered	16	425	6,800	6,800
Ground Rent on 2 bed sheltered	16	495	7,920	7,920
Ground Rent on 1 bed SR	6	425	2,550	2,550
Ground Rent on 2 bed LCHO	2	495	990	990
Totals	40		18,260	18,260

Investment Valuation

Ground Rent on 1 bed sheltered							
Market Rent	6,800	YP @	6.0000%	16.6667	105,885		
		PV 1yr 2mths @	6.0000%	0.9343			
Ground Rent on 2 bed sheltered							
Market Rent	7,920	YP @	6.0000%	16.6667	123,325		
		PV 1yr 2mths @	6.0000%	0.9343			
Ground Rent on 1 bed SR							
Market Rent	2,550	YP @	6.0000%	16.6667	39,707		
		PV 1yr 2mths @	6.0000%	0.9343			
Ground Rent on 2 bed LCHO							
Market Rent	990	YP @	6.0000%	16.6667	15,416		
		PV 1yr 2mths @	6.0000%	0.9343			

File: ARGUS DA- rest in EDRM\Zone 3)Sheltered housing (Lower sales).wcfx

ARGUS Developer Version: 6.00.002

Date: 23/10/2013

APPRAISAL SUMMARY**VALUATION OFFICE AGENCY**

Sheltered housing (for the Elderly) scheme
Lower sales scheme- Zone 3

284,332

GROSS DEVELOPMENT VALUE

6,194,570

NET REALISATION

6,194,570

OUTLAY**ACQUISITION COSTS**

Residualised Price (0.40 Ha 1,418,924.34 p/Hect)

567,570

567,570

Other Acquisition

Land cost benchmark

197,680

SDLT

1,977

Agent

1,483

Legals

1,483

202,622

CONSTRUCTION COSTS**Construction**

Ground Rent on 1 bed sheltered

Units

Unit Amount

Cost

Ground Rent on 2 bed sheltered

16 un

1,800

28,800

Ground Rent on 1 bed SR

16 un

1,800

28,800

Ground Rent on 2 bed LCHO

6 un

1,800

10,800

Totals

2 un

1,800

3,600

72,000

m²

Rate m²

Cost

1 Bed (49) Sheltered unit

1,120.00 m²

1,001.00 pm²

1,121,120

2 Bed (65) Sheltered unit

1,488.00 m²

1,001.00 pm²

1,489,488

1Bed flat (51) SR

306.00 m²

938.00 pm²

287,028

2 Bed flat (68) LCHO

136.00 m²

938.00 pm²

127,568

Totals

3,050.00 m²

3,025,204

3,097,204

Contingency

2.50%

77,430

77,430

APPRAISAL SUMMARY**VALUATION OFFICE AGENCY****Sheltered housing (for the Elderly) scheme****Lower sales scheme- Zone 3****Other Construction**

External works & Sustainability

10.00% 153,572 153,572

PROFESSIONAL FEES

Architect

8.00% 260,062 260,062

DISPOSAL FEES

Sales & marketings costs

Sales & marketing (affordable)

Sales Legal Fee

5.00% 288,057
0.50% 2,167
600.00 /un 24,000

40.00 un 314,224

FINANCE

Debit Rate 7.000% Credit Rate 2.000% (Nominal)

Total Finance Cost

333,952

TOTAL COSTS**5,006,635****PROFIT****1,187,935****Performance Measures**

Profit on Cost%

Profit on GDV%

Profit on NDV%

Development Yield% (on Rent)

Equivalent Yield% (Nominal)

Equivalent Yield% (True)

23.73%
19.18%
19.18%
0.36%
6.00%
6.23%

IRR

22.73%

Rent Cover

Profit Erosion (finance rate 7.000%)

65 yrs 1 mth
3 yrs 1 mth

File: ARGUS DA- rest in EDRM\Zone 3) Sheltered housing (Lower sales).wcfx

ARGUS Developer Version: 6.00.002

Date: 23/10/2013

APPRAISAL SUMMARY

VALUATION OFFICE AGENCY

Sheltered housing (for the Elderly) scheme
Lower sales scheme- Zone 3

Valuation Office Agency

Development Appraisal

Sheltered housing (for the Elderly) scheme

Zone 2- Entry level sales scheme

Report Date: 23 October 2013

APPRAISAL SUMMARY**VALUATION OFFICE AGENCY**

Sheltered housing (for the Elderly) scheme
Zone 2- Entry level sales scheme

Summary Appraisal for Merged Phases 1 2

Currency in £

REVENUE

Sales Valuation	Units	m ²	Rate m ²	Unit Price	Gross Sales	Adjustment	Net Sales
1 Bed (49) Sheltered unit	16	784.00	2,750.00	134,750	2,156,000	0	2,156,000
2 Bed (65) Sheltered unit	16	1,041.60	2,750.00	179,025	2,864,400	0	2,864,400
1Bed flat (51) SR	6	254.99	844.27	35,880	215,280	0	215,280
2 Bed flat (68) LCHO	2	113.33	2,500.00	141,661	283,322	(84,997)	198,325
Totals	40	2,193.92			5,519,002	(84,997)	5,434,005

Rental Area Summary

	Units	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Ground Rent on 1 bed sheltered	16	425	6,800	6,800
Ground Rent on 2 bed sheltered	16	495	7,920	7,920
Ground Rent on 1 bed SR	6	425	2,550	2,550
Ground Rent on 2 bed LCHO	2	495	990	990
Totals	40		18,260	18,260

Investment Valuation

Ground Rent on 1 bed sheltered Market Rent	Units	YP @	PV 1yr 2mths @	MRV	Net Sales
Ground Rent on 1 bed sheltered Market Rent	6,800	YP @	PV 1yr 2mths @	16.6667	105,885
Ground Rent on 2 bed sheltered Market Rent	7,920	YP @	PV 1yr 2mths @	16.6667	123,325
Ground Rent on 1 bed SR Market Rent	2,550	YP @	PV 1yr 2mths @	16.6667	39,707
Ground Rent on 2 bed LCHO Market Rent	990	YP @	PV 1yr 2mths @	16.6667	15,416

APPRAISAL SUMMARY**VALUATION OFFICE AGENCY**

Sheltered housing (for the Elderly) scheme
Zone 2- Entry level sales scheme

284,332

GROSS DEVELOPMENT VALUE

5,718,338

NET REALISATION

5,718,338

OUTLAY**ACQUISITION COSTS**

Residualised Price (0.40 Ha 639,224.35 pHect)

255,690

Other Acquisition

Land cost benchmark

SDLT

Agent

Legals

197,680

1,977

1,483

1,483

1.00%

0.75%

0.75%

202,622

CONSTRUCTION COSTS**Construction**

Ground Rent on 1 bed sheltered

Ground Rent on 2 bed sheltered

Ground Rent on 1 bed SR

Ground Rent on 2 bed LCHO

Totals

Units

16 un

16 un

6 un

2 un

72,000

Unit Amount

1,800

1,800

1,800

1,800

3,600

72,000

Cost

28,800

28,800

10,800

3,600

72,000

m²

1,120.00 m²

1,488.00 m²

306.00 m²

136.00 m²

3,050.00 m²

Rate m²

1,001.00 pm²

1,001.00 pm²

938.00 pm²

938.00 pm²

3,025,204

Cost

1,121,120

1,489,488

287,028

127,568

3,025,204

3,097,204

Contingency

2.50%

77,430

77,430

APPRAISAL SUMMARY**VALUATION OFFICE AGENCY****Sheltered housing (for the Elderly) scheme****Zone 2- Entry level sales scheme****Other Construction**

External works & Sustainability

10.00% 153,572 153,572

PROFESSIONAL FEES

Architect

8.00% 260,062 260,062

DISPOSAL FEES

Sales & marketings costs

5.00% 265,237 265,237

Sales & marketing (affordable)

0.50% 2,068 2,068

Sales Legal Fee

40.00 un 24,000 24,000

291,305

FINANCE

Debit Rate 7.000% Credit Rate 2.000% (Nominal)

Total Finance Cost

283,425

TOTAL COSTS**4,621,309****PROFIT****1,097,029****Performance Measures**

Profit on Cost%

23.74%

Profit on GDV%

19.18%

Profit on NDV%

19.18%

Development Yield% (on Rent)

0.40%

Equivalent Yield% (Nominal)

6.00%

Equivalent Yield% (True)

6.23%

IRR

23.96%

Rent Cover

60 yrs 1 mth

Profit Erosion (finance rate 7.000%)

3 yrs 1 mth

APPRAISAL SUMMARY

VALUATION OFFICE AGENCY

Sheltered housing (for the Elderly) scheme
Zone 2- Entry level sales scheme

Printed: 30/10/2013

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S
Site	Site area (acres)	GDV	GDC (including Land & Profit but not CIL)	Total units	% AFH	Total square feet (GIA/EFA)	Sqft built per net acre	Dwellings per hectare	Average (OMH & AFH) £s per sqft	S106 Costs	Benchmark Land value (Reflecting vendor incentive)	BMLV- £s per ACRE	BMLV- % of GDV	Residualised value for CIL	CIL Residual- £s per square METRE	DVS CIL rate, AFTER Savills 30% buffer, expressed in £s per square METRE	RCT draft CIL rate- £s per SQM	RCT CIL as % of development cost
Appendix J- Zone 3 (Higher sales) Sheltered housing scheme- 40 units	0.99	£7,107,370	£5,949,880	40	20%	32,831	33,216	100.00	£216 Zero	Zero	£197,680	£200,000	2.8%	£1,157,480	£379.50	£265.65	£85.00	4.36%
Appendix K- Zone 3 (Lower sales) Sheltered housing scheme- 40 units	0.99	£5,194,570	£5,627,000	40	20%	32,831	33,216	100.00	£189 Zero	Zero	£197,680	£200,000	3.2%	£567,570	£186.09	£130.26	£85.00	4.61%
Appendix L- Zone 2 (Entry level Sales) Sheltered housing scheme- 40 units	0.99	£5,718,338	£5,462,848	40	20%	32,831	33,216	100.00	£174 Zero	Zero	£197,680	£200,000	3.5%	£255,690	£93.83	£58.68	£40.00	2.23%