

Viability Assessment
Land Rear of West Street

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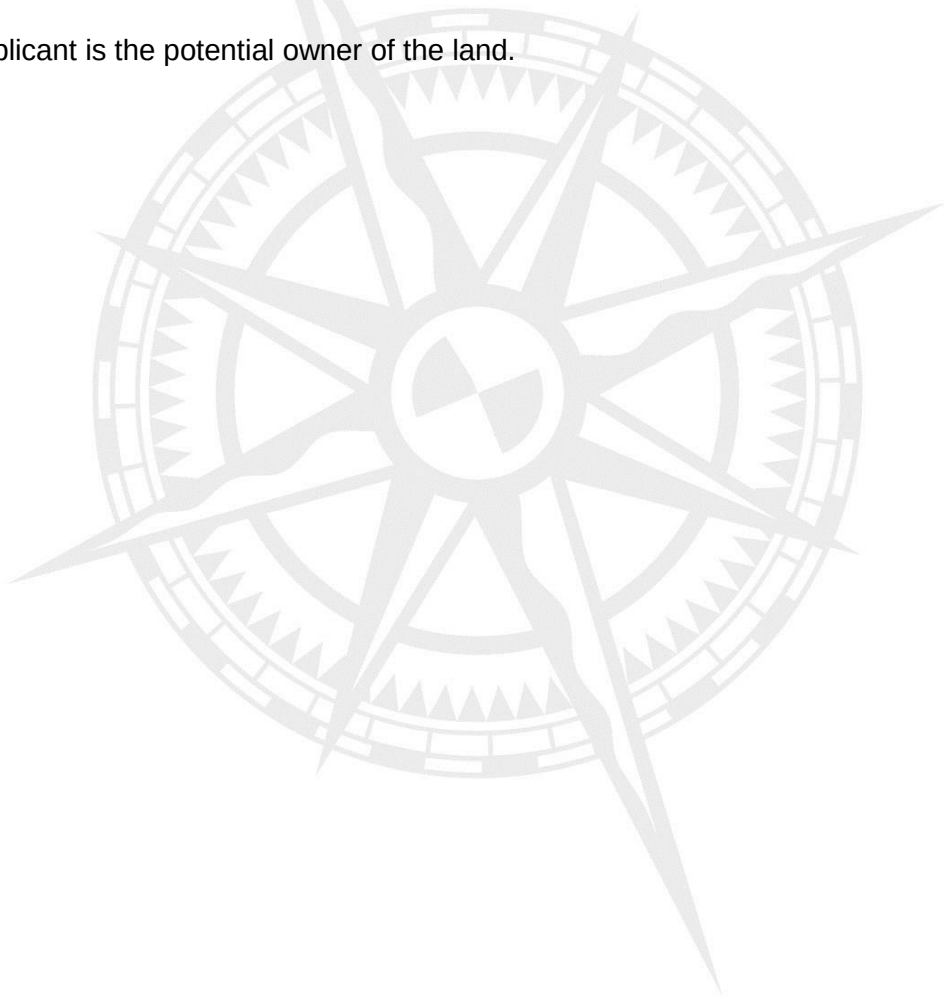
Client: Mr G Parrot
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Ref: H/225/ID

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1 **Introduction**

- 1.1 Southern Planning Practice Ltd are instructed by Mr G Parrett to provide a Development Viability Appraisal as part of a planning application for development to the rear of and including 187a West Street.
- 1.2 This appraisal has been commissioned to assess the financial viability of the application proposal summarising return and costs.
- 1.3 All dimensions and areas are assumed to be correct and the calculations shown do not constitute a formal valuation.
- 1.4 The applicant is the potential owner of the land.



2 **Background & Proposed Scheme**

2.1 The scheme comprises the Demolition and Construction of 9 dwellings and Conversion of Existing Office Building to Residential and comprises the following: -

- 2 x 3 bed house (100 mt sq)
- 4 x 2 bed house (85 mt sq)
- 3 x 1 bed flat (40 mt sq)

2.2 The Applicant is seeking to demonstrate that the development would not be viable with the levy of contribution required for the following: -

- Off site affordable housing
- CIL



3 **Gross Development Values**

3.1 Estimated sale value of units: -

- 3 bed house £220,000
- 2 bed House £210,000
- 1 bed flat £115,000

3.2 The gross development value is therefore £1,625,000

3.3 When divided by the gross internal area (660 sq mts) this equates to £2462 per square metre.

3.4 Recent house sales in the area for similar type properties: -

- 32 Cross Way, 3 bed semi, Floor area 116 sq mts £228,000 10 Feb 2016
- 1 Milestone Point 1bed flat 3 bed terrace, Floor area 60 sq mts £118,000 16 Nov 2015
- 6 Knox Road 2 bed semi, Floor area 85 sq mts £199,000 20 November 2014

3.5 Equivalent values for the above properties are:-

32 Cross Way = £1,965 per sq mt

1 Milestone Point = £1,966 per sq mt

6 Knox Road = £2,341 per sq mt

3.6 This averages at £2100 per sq mt

3.7 On this basis it is considered therefore that a GDV of £1,625,000 is appropriate

4 **Build cost**

4.1 The following figures have been used: -

- In terms of build cost a quote a realistic figure is £1200 per sq mt including external works and landscaping. This would provide a build cost of £744000.
- Professional fees – architects/planning etc £22,000
- Contingency @ 3%
- Sales and legal @ 2%
- Loan of total amount with finance @ 6% on 100% of borrowing over 9 months

4.2 Total build cost would be £830,000

5 **Site Value**

5.1 The benchmark land value (BMLV) is usually between 22-28 percent of the GDV.

5.2 Based on an average the BMLV would be £422,500

5.3 Site Value is therefore £422,500

6 **Contributions Required**

6.1 The local planning authority will require the following contributions: -

CIL

£80 per sq mt = $660 \times £80 = £52,800$

Affordable Housing:

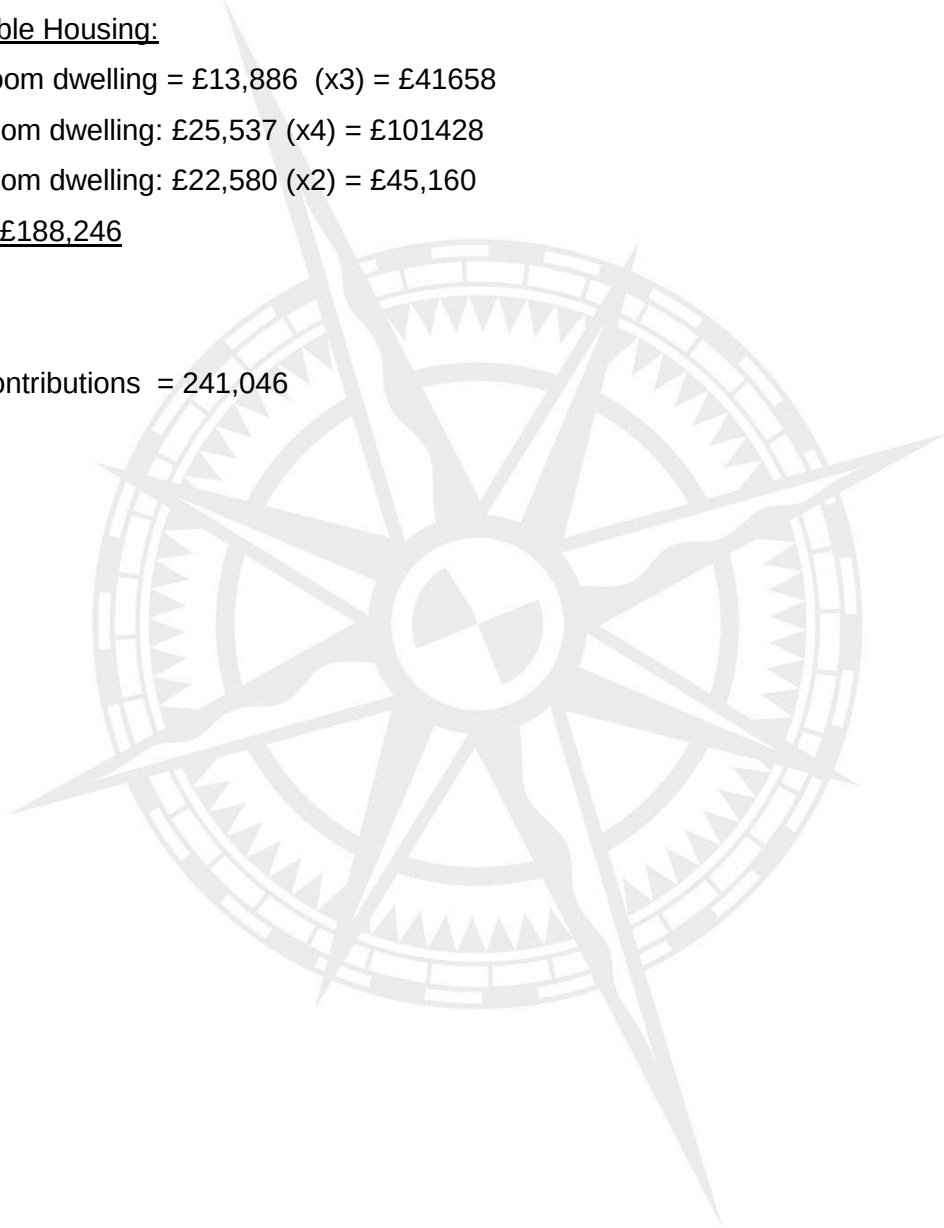
1 Bedroom dwelling = £13,886 (x3) = £41,658

2 bedroom dwelling: £25,537 (x4) = £102,148

3 bedroom dwelling: £22,580 (x2) = £45,160

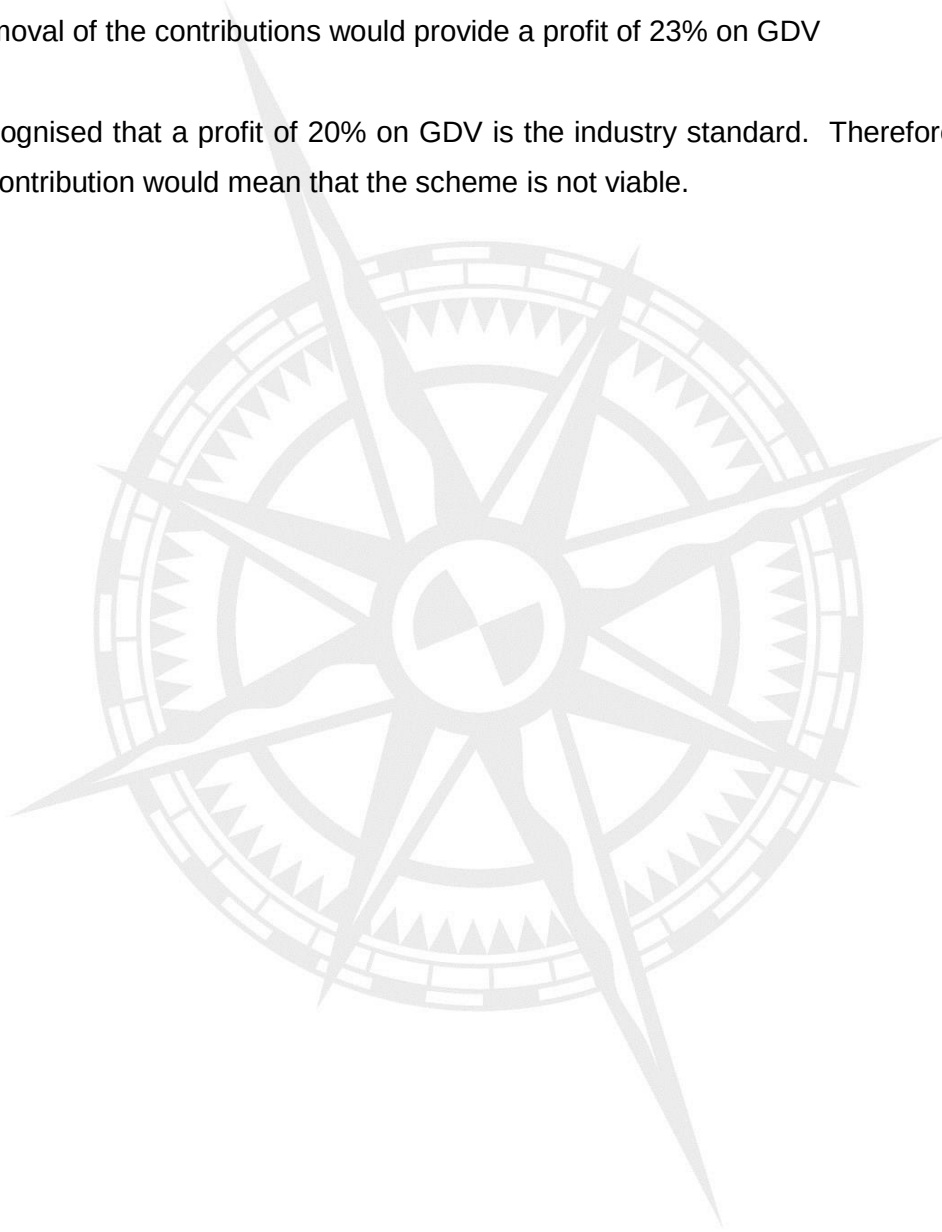
Total = £188,246

Total contributions = 241,046



7 **Conclusions**

- 7.1 The table on the next page details the calculations
- 7.2 The residual valuation, after the inclusion of the benchmark site value, the building costs and the full contributions provides a profit of £130000. This equates to 8% profit on GDV
- 7.3 The removal of the contributions would provide a profit of 23% on GDV
- 7.4 It is recognised that a profit of 20% on GDV is the industry standard. Therefore the payment of the contribution would mean that the scheme is not viable.



Table

Gross Development Value	1,625,000
Less legal and estate agent fees on sale (2%)	32,500
Net Development Value	1,592,500

Building costs including external and landscaping	744,000
Professional fees for example architect/planning	22,000
Base Value (Plot)	390,000
Contingency 3% of GDV	48,750
Finance costs 6% over a 9 months	16,106

SUB TOTAL 1,220,856

Contributions

CIL £80 per sq mt	52,800
Affordable housing estimate**	188,246

TOTAL CONTRIBUTIONS 241,046

TOTAL COSTS 1,461,902

Profit or loss based 130,598

Percentage Profit on GDV 8%