

AFFORDABLE HOUSING VIABILITY REPORT FOR RESIDENTIAL DEVELOPMENT AT PHASE TWO NURSERY FIELDS, MANOR FARM, DENVILLES, HAVANT, PO9 2PN.

On behalf of Barratt Homes.

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17th July 2014.**

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1.0 Introduction and Instructions

- 1.1 S106 Affordable Housing Ltd was instructed by Barratt Homes on the 11th July 2014 to prepare an affordable housing viability study to assess the value of the proposed 3no affordable housing units and the financial contribution that can be generated with a change in tenure to open market on the proposed development at Phase two, Nursery Fields, Manor Farm, Havant.
- 1.2 The report has been prepared by Simon Corp, I have a BSc(Hons) in Residential Development and 19 years experience in affordable housing development. I have traded as an independent affordable housing consultant since 2004.
- 1.3 The purpose of the study is to set out the policy background, development details, viability and cost issues and make a case for the level of development surplus that can be generated from the tenure change to fund a s106 contribution towards a new community centre.
- 1.4 Our methodology will be to carry out a viability assessment as proposed with 3no affordable housing units and then prepare a second viability assessment as all open market, the difference between the residual land values derived is the subsidy that is generated by the tenure change.
- 1.5 The appraisal has been carried out using the HCA Economic Appraisal Toolkit (EAT), where information is not available any assumptions made are either in line with industry norms or the default settings of the toolkit.

2.0 Viability Assessment

- 2.1 The proposed development is phase two of the large Manor Farm development located in the Denvilles area on the edge of Havant. The phase will deliver 35 houses in a mixture of two, three and four bedroom houses.
- 2.2 The currently adopted affordable housing policy states that 30-40% affordable housing must be delivered on new housing developments, however our client had previously agreed with the local authority to provide 3no units for affordable rent on this phase of the development. To assess this as the benchmark position we have run an EAT (economic Appraisal Toolkit) appraisal on this mix and the result was a residual land value of £1,622,237.
- 2.3 We have been asked to access the financial contribution which can be generated towards the provision of a community centre by changing the proposed affordable housing units to open market sale. To determine this we have appraised the site using the EAT as all open market sale without the affordable housing. The results of EAT is a residual land value of £1,829,829.
- 2.4 The difference between the two appraisals is £207,592 and this represents the development surplus generated by the tenure change which is available as a financial contribution.
- 2.5 The EAT does not include s106 contributions so we can observe the total subsidy which is available to fund all planning obligations beyond that covered by CIL. It is important to note that no s106 costs have factored into the appraisal so the subsidy we have calculated will need to fund all s106 costs required by the Local Authority not just the proposed community centre.
- 2.6 We have allowed for CIL payments at the level on the currently adopted CIL Charging Schedule, this applies to open market units only as the affordable units will qualify for the Social Housing Relief.
- 2.7 In summary changing the 3no affordable housing units to open market will generate a subsidy of £207,592 towards the provision of a new community centre and any other required s106 contributions.

3. Policy Background

Havant Borough Core Strategy

- 3.1 Havant Borough Council affordable housing policy was adopted in July 2011.
- 3.2 The affordable housing Policy CS9 states that planning permission will be granted for housing proposals that will deliver on average 30-40% affordable housing on sites of 15no dwellings or more and secure a suitable contribution, or on-site provisions, equivalent to on average 30-40% on smaller housing developments between 5no and 14no dwellings (gross), unless a lesser requirement has been transparently justified on viability grounds.

HCA Good Practice Note- Investment and Planning Obligations responding to the Downturn

- 3.3 This guidance advises Councils and Developers to work in a collaborative Way to find solutions to deliver affordable housing in a climate of depressed values and viability pressure.
- 3.4 This document clearly states that unviable affordable housing requirements should not stifle housing developments that would otherwise come forward.
- 3.5 Viability should be assessed and sustainable obligations agreed now, with ongoing viability assessment through the life of the development with the potential for enhanced obligations at a later date when the development can support them.

Planning for Growth Statement 23rd March 2011

- 3.6 A ministerial statement by Greg Clarke outlined the government's intention to increase flexibility in the planning system to ensure that it does not stifle economic development. In particular the statement says that in deterring planning applications Local Authorities need to be sensitive to the fact that local economies can change and the need to ensure they do not place unnecessary burdens on a development.
- 3.7 The statement goes on to say that unviable s106 agreements should be re-Considered and where possible modify applications to allow developments to proceed.

National Planning Policy Framework March 2012

3.8 The National Planning Policy Framework (hereafter referred to as NPPF) contains an overarching policy principle that there should be a presumption in favour of sustainable development, meaning that Local Authorities should positively seek development opportunities to meet the needs of their area, unless:

- any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework taken as a whole; or
- specific policies in this Framework indicate development should be restricted.

3.9 Local Authorities should proactively drive and support sustainable economic development to deliver the homes, business and industrial units, infrastructure and thriving local places that the country needs. Every effort should be made objectively to identify and then meet the housing, business and other development needs of an area, and respond positively to wider opportunities for growth.

3.10 The document goes on to say that plans should take account of market signals, such as land prices and housing affordability, and set out a clear strategy for allocating sufficient land which is suitable for development in their area, taking account of the needs of the residential and business communities.

3.11 Local Authorities should avoid the long term protection of sites for employment use if there is no reasonable prospect of this being taken up for that purpose.

3.12 Looking more specifically at housing delivery it states “use their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area, as far as is consistent with the policies set out in this Framework, including identifying key sites which are critical to the delivery of the housing strategy over the plan period”.

3.13 There is a need to ensure there will be the right balance of housing to meet need and demand the framework states;

- deliver a wide choice of high quality homes, widen opportunities for home ownership and create sustainable, inclusive and mixed communities, local planning authorities should:

- Plan for a mix of housing based on current and future demographic trends, market trends and the needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes);
- Identify the size, type, tenure and range of housing that is required in particular locations, reflecting local demand; where they have identified that affordable housing is needed, set policies for meeting this need on site, unless off-site provision or a financial contribution of broadly equivalent value can be robustly justified (for example to improve or make more effective use of the existing housing stock) and the agreed approach contributes to the objective of creating mixed and balanced communities. Such policies should be sufficiently flexible to take account of changing market conditions over time.”
- The framework reinforces previous policy statements that planning requirements should maintain economic viability, the framework states “pursuing sustainable development requires careful attention to viability and costs in plan-making and decision-taking. Plans should be deliverable. Therefore, the sites and the scale of development identified in the plan should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened. To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking account of the normal cost of development and mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable.”

3.14 The framework states that planning obligations normally required under s106 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.
- Where obligations are being sought or revised, local planning authorities should take account of changes in market conditions over time and, wherever appropriate, be sufficiently flexible to prevent planned development being stalled.
- Planning conditions should only be imposed where they are necessary, relevant to planning and to the development to be permitted,

enforceable, precise and reasonable in all other respects.

Housing and Growth Statement 6th September 2012

- 3.15 The Secretary of State for Communities and Local Government (Rt Hon Eric Pickles MP said on the 6th September 2012 “The Coalition Government’s number one priority is to get the economy growing. We must create the conditions that support local economic growth and remove barriers that stop local businesses creating jobs and getting Britain building again.”
- 3.16 He went on to say “It is vital that the affordable housing element of Section 106 agreements negotiated during different economic conditions is not allowed to undermine the viability of sites and prevent any construction of new housing. This results in no development, no regeneration and no community benefits at all when agreements are no longer economically viable.”

Planning Practice Guidance March 2014

- 3.17 The Department for Communities and Local Government provided Planning Practice Guidance on 6th March 2014. This includes a section on viability, site specific viability is covered in the section Viability and Decision Taking.
- 3.18 The practice note states that “in making decisions, the local planning authority will need to understand the impact of planning obligations on the proposal. Where an applicant is able to demonstrate to the satisfaction of the local planning authority that the planning obligation would cause the development to be unviable, the local planning authority should be flexible in seeking planning obligations.”
- 3.19 The note goes on to say this is particularly relevant for affordable housing payments and these should not be sought without regard to scheme viability.
- 3.20 It then continues to set out some general principles on how the principle variables; gross development value, costs, existing value and landowners return should be calculated and evidenced. This is really a summary of established known good practice in the sector.

4 Cost and Values

Sales values

4.1 To assess the achievable sale prices we have taken the marketing prices from the previous phases of the development, as this will provide the best comparable evidence and discounted these by 5% to reflect the likely discounts and incentives that buyers would expect.

4.2 This results in the following average sale prices:

Two bedroom houses	£213,750
Three bedroom houses	£266,000
Four bedroom houses	£304,000

4.3 These values equate to £3,098 per square metre for the two bedroom houses, £2,840 per square metre for the three bedroom houses and £2,472 per square metre for the four bedroom houses.

4.4 The actual price achieved will however be dependent on market conditions at the time of marketing, competitor developments and the completed specification and finishes.

Construction Costs

4.5 In line with normal viability practice we have used the BCIS average price service to determine likely construction costs using the median cost rate. We have used the five year cost range as this picks up on the requirements of the Code for Sustainable Homes and recent enhancements in the Building Regulations. This results in a cost rate of £990 per square metre for general estate housing.

4.6 BCIS cost data excludes infrastructure and external works costs so we have also added a rule of thumb allowance of 15% for these cost elements. This results in a base cost of £1,139 per square metre.

4.7 The BCIS average price service provides a good evidential base for the build cost assumptions as it is based on actual tender returns, in this case a 664 return sample size.

- 4.8 We have separately allowed for design fees at 7% and contingency of 5% both of which are below the default values of the toolkit.

Abnormal Costs

- 4.9 We have not been made aware of any abnormal cost items.

Profit

- 4.10 The Barratt Group require 20% profit from all developments, this is in line with the industry standard and most debt funders will require 20% profit as a minimum to provide funding. We have therefore used this level in our EAT appraisal.

Affordable Housing Inputs

- 4.11 The affordable rent levels have been set at 80% of market rents subject to being no more than the Local Housing Allowance. We identified comparable local rents from £725-800 per month for the two bedroom houses and £825-875 per month for the three bedroom houses. At the 80% level this equates to a rent of £137.93 per week for the two bedroom houses and £156.32 per week for the three bedroom houses. This is below the maximum local housing allowance for a two and three bedroom houses at respectively £137.93 per week and £166.67 per week.
- 4.12 In line with HCA guidance that grant funding will not be supported on s106 units we have not allowed for any grant funding in the EAT.
- 4.13 The net rental income has been capitalised at sector average yield of 6.25%, all other revenue costs are in line with the default values of the toolkit. It should be noted that the EAT models the affordable housing value from first principles capitalising the rental income net of RSL sector average revenue costs. However the price paid by an individual RSL can vary widely depending on their internal financial assumptions, payback requirements and need to deliver a programme at a given time.

5. Other Model Assumptions and Inputs

- 5.1 The basis for assumptions on sales values, construction costs and profit are set out in section 5.

Programme

- 5.2 The EAT assumes a 6 month lead in to site start for detail design, building regulations approval, lining up sub-contract packages and site set up. The contract period is 18 months with a sales period of 9 months, it is assumed that sales can commence at month 20 with the final sale at month 28.

S106 Contributions

- 5.3 The EAT does not include s106 contributions so we can observe the total subsidy which is available to fund all s106 costs. We have allowed for CIL payments at the level of the currently adopted CIL Charging Schedule, this applies to the open market units only as the affordable housing will qualify for the Social Housing Relief.

Interest Rates

- 5.4 We have used a finance rate of 6.25% which is in our experience a typical level. The availability of development finance remains an issue with very few of the major banks still actively lending to residential development companies. Those still in the market can “pick and choose” deals to fund and expect to see healthy margins.

Sales and marketing costs

- 5.5 We have allowed for an allowance of 3.5% of gross sales value for sales and marketing this will cover a sales agent of 2% and additional allowances for a show home production of marketing material and advertising and promotion.

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HCA ECONOMIC APPRAISAL TOOL

(Worksheet 1)

INPUT SHEET 1 - RESIDENTIAL MIX ASSUMPTIONS

Basic Site Details

Site Address	Nursery Fields, Manor Farm, Denvilles, Havant
Site Reference	
File Source	
Scheme Description	35 units all open market
Date	14th July 2014
Site Area (hectares)	0
Author & Organisation	Simon Corp
HCA Investment Manager	

Residential Mix Assumptions

Affordable Housing Tenure 1:

Affordable Rent

Unit Size (sq m) - NIA							
Habitable Rooms per Unit							
Persons per Unit							
Total Number of Units							

Affordable Housing Tenure 2:

Intermediate - Shared Ownership

Unit Size (sq m) - NIA							
Habitable Rooms per Unit							
Persons per Unit							
Total Number of Units							

Affordable Housing Tenure 3:

Intermediate - Discounted Market Sale

	1 Bed Flat	2 Bed Flat	3 Bed Flat	2 Bed House	3 Bed House	4 Bed House	Other
Unit Size (sq m) - NIA							
Habitable Rooms per Unit							
Persons per Unit							
Total Number of Units							

Affordable Housing Tenure 4:

Intermediate - Other Type of Shared Own / Shared Equity

	1 Bed Flat	2 Bed Flat	3 Bed Flat	2 Bed House	3 Bed House	4 Bed House	Other
Unit Size (sq m) - NIA							
Habitable Rooms per Unit							
Persons per Unit							
Total Number of Units							

Affordable Housing Tenure 5:

Intermediate - Discounted Market Rented

	1 Bed Flat	2 Bed Flat	3 Bed Flat	2 Bed House	3 Bed House	4 Bed House	Other
Unit Size (sq m) - NIA							
Habitable Rooms per Unit							
Persons per Unit							
Total Number of Units							

* Other = User-defined

Open Market Housing Type 1:

Two bedroom houses

	2B4P						
Unit Size (sq m) - NIA	69						
Habitable Rooms per Unit	3						
Persons per Unit	4						
Total Number of Units	6						

Open Market Housing Type 2:

Three bedroom houses

	3B5P	3B5P	3B5P	3B6P			
Unit Size (sq m) - NIA	78	87	89	103			
Habitable Rooms per Unit	4	4	4	4			
Persons per Unit	5	5	5	6			
Total Number of Units	5	3	3	12			

Open Market Housing Type 3:

Four bedroom house

	4B6P						
Unit Size (sq m) - NIA	123						
Habitable Rooms per Unit	4						
Persons per Unit	6						
Total Number of Units	6						

Open Market Housing Type 4:

Unit Size (sq m) - NIA							
Habitable Rooms per Unit							
Persons per Unit							
Total Number of Units							

Open Market Housing Type 5:

Unit Size (sq m) - NIA							
Habitable Rooms per Unit							
Persons per Unit							
Total Number of Units							

Parking spaces (see handbook for correct definition)

Total number of residential car parking spaces

0

(Open Market and Affordable)

Value of each residential car parking space

£0

(See user manual for correct definition)

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(Worksheet 2)

INPUT SHEET 2 - RESIDENTIAL VALUE & COST ASSUMPTIONS
BUILDING PERIOD (month 0 = date of planning consent, allow for lead in period to start on site)

	Timing (month)	
Construction Start	6	(whole number, minimum of 0, maximum of 60)
Construction End	24	(whole number, minimum of 0, maximum of 60)

Overall Scheme End Date (this must be completed)

	Month	
Final End Date of Scheme (scheme built and fully let/sold)	28	(whole number, minimum of 0, maximum of 60)

RESIDENTIAL VALUE ASSUMPTIONS
Base Value

Affordable Housing Tenure 1:	Affordable Rent	
Type of Unit	Rent per Unit per Week (£)	Total Annual Rent (£ per Unit)
0	£0.00	
0	£0.00	
0	£0.00	
0	£0.00	
0	£0.00	
0	£0.00	
Management Costs (% of rent)	12.00%	(% of gross rent per annum)
Void / bad debts (% of rent)	4.50%	(% of gross rent per annum)
Repairs Fund (% of rent)	18.00%	(% of gross rent per annum)
Yield (%)	6.25%	(to capitalise the net rent, currently circa 6% but please seek
Timing of Affordable Housing Tenure 1 Purchase Payment	Start Month	End Month
	6	18 (whole number, minimum 0

Affordable Housing Tenure 2:	Intermediate - Shared Ownership		
Type of Unit	Total Unit Capital Value (£ psm, NIA)	Rent per Unit per week of rented share (£)	Total Annual Rent (£ per Unit)
0	£0	£0	£0
0	£0	£0	£0
0	£0	£0	£0
0	£0	£0	£0
0	£0	£0	£0
0	£0	£0	£0
Owner-occupied share (%)	40.0%		
Unsold Equity Rent Per Annum (%)	2.75%	(HCA Limit of 2.75%)	
Management Costs (% of rent)		6.00%	(% of gross rent per annum
Void / bad debts (% of rent)		1.50%	(% of gross rent per annum
Repairs Fund (% of rent)			(% of gross rent per annum
Yield (%)		6.25%	(to capitalise the net rent, c
Timing of Affordable Housing Tenure 2 Purchase Payment	Start Month	End Month	
	6	18	(whole number, minimum 0

Affordable Housing Tenure 3:	Intermediate - Discounted Market Sale	
Type of Unit	Capital Value pre-discount (£ psm, NIA)	
1 Bed Flat		
2 Bed Flat		

3 Bed Flat			
2 Bed House			
3 Bed House			
4 Bed House			
Other			
% of Open Market Value	(ie discounted value)		

	Start Month	End Month	
Timing of Affordable Housing Tenure 3 Purchase Payment			(whole number, minimum 0)

Affordable Housing Tenure 4: Intermediate - Other Type of Shared Own / Shared Equity

Type of Unit	Total Unit Capital Value (£ psm, NIA)	Rent per Unit per week of rented share (£)	Total Annual Rent (£ per Unit)
1 Bed Flat		£0	£0
2 Bed Flat		£0	£0
3 Bed Flat		£0	£0
2 Bed House		£0	£0
3 Bed House		£0	£0
4 Bed House		£0	£0
Other		£0	£0

Owner-occupied share (%)			
Unsold Equity Rent Per Annum (%)			
Management Costs (% of rent)			(% of gross rent per annum)
Voids / bad debts (% of rent)			(% of gross rent per annum)
Repairs Fund (% of rent)			(% of gross rent per annum)
Yield (%)			(to capitalise the net rent, c

	Start Month	End Month	
Timing of Affordable Housing Tenure 4 Purchase Payment			(whole number, minimum 0)

Affordable Housing Tenure 5: Intermediate - Discounted Market Rented

Type of Unit	Rent per Unit per Week (£)	Total Annual Rent (£ per Unit)
1 Bed Flat		
2 Bed Flat		
3 Bed Flat		
2 Bed House		
3 Bed House		
4 Bed House		
Other		

Management Costs (% of rent)		(% of gross rent per annum)
Voids / bad debts (% of rent)		(% of gross rent per annum)
Repairs Fund (% of rent)		(% of gross rent per annum)
Yield (%)		(to capitalise the net rent, currently circa 6% but please seek

	Start Month	End Month	
Timing of Affordable Housing Tenure 5 Purchase Payment			(whole number, minimum 0)

Open Market Values

Open Market Housing Type 1:	Two bedroom houses	Capital Value (£ psm)	Average value of unit
Open Market Housing Type 2:	Three bedroom houses	£3,098	£213,750
Open Market Housing Type 3:	Four bedroom house	£2,840	£266,000
Open Market Housing Type 4:		£2,472	£304,000
Open Market Housing Type 5:			

	Month	
Timing of First Open Market Housing Sale	20	(whole number, minimum 0)
Timing of Last Open Market Housing Sale	28	(whole number, minimum 0)

Ground rents

		Average ground rent per unit per annum (£)	(where applicable)
Affordable Housing Tenure 1:	Affordable Rent	£0	
Affordable Housing Tenure 2:	Intermediate - Shared Ownership	£0	
Affordable Housing Tenure 3:	Intermediate - Discounted Market Sale		
Affordable Housing Tenure 4:	Intermediate - Other Type of Shared Own / Shared Equity		
Affordable Housing Tenure 5:	Intermediate - Discounted Market Rented		
Open Market Housing Type 1:	Two bedroom houses	£0	
Open Market Housing Type 2:	Three bedroom houses	£0	
Open Market Housing Type 3:	Four bedroom house	£0	
Open Market Housing Type 4:		£0	
Open Market Housing Type 5:			
Yield (%)	6.50%	(to capitalise the ground rents)	
Timing of ground rent payment	Month 30	(whole number, minimum of 0, maximum of 60)	

Social Housing Grant & Other Funding

		Grant per unit (£)	
Affordable Housing Tenure 1:	Affordable Rent	£0	
Affordable Housing Tenure 2:	Intermediate - Shared Ownership	£0	
Affordable Housing Tenure 3:	Intermediate - Discounted Market Sale		
Affordable Housing Tenure 4:	Intermediate - Other Type of Shared Own / Shared Equity		
Affordable Housing Tenure 5:	Intermediate - Discounted Market Rented		
Timing Social Housing Grant Paid		Timing of 1st Payment 0	Timing of 2nd Payment 0

Other sources of funding

	Value (£)	Timing of Payment	
RSL Cross Subsidy			(whole number, minimum 0)
HCA Infrastructure Grant			(whole number, minimum 0)
LA re-cycled SHG			(whole number, minimum 0)
Other source of funding 1			(whole number, minimum 0)
Other source of funding 2			(whole number, minimum 0)
Land Remediation Tax Relief			(whole number, minimum 0)

BUILDING COST, MARKETING COST & SECTION 106 ASSUMPTIONS

		Building Costs - Gross (£ / sq m)	Net to Gross Ratio for Building Costs (%)*
Affordable Housing Tenure 1:	Affordable Rent		
Affordable Housing Tenure 2:	Intermediate - Shared Ownership		
Affordable Housing Tenure 3:	Intermediate - Discounted Market Sale		
Affordable Housing Tenure 4:	Intermediate - Other Type of Shared Own / Shared Equity		
Affordable Housing Tenure 5:	Intermediate - Discounted Market Rented		
Open Market Housing Type 1:	Two bedroom houses	£1,139	100%
Open Market Housing Type 2:	Three bedroom houses	£1,139	100%
Open Market Housing Type 3:	Four bedroom house	£1,139	100%
Open Market Housing Type 4:		£0	100%
Open Market Housing Type 5:		£0	100%

* The ratio is typically 70% - 85% in blocks of flats to reflect the difference between GIA & NIA (ie common parts such as lifts, stairs, corridors etc) and 100% in houses which have no common parts

	Building Costs (£ / car parking space)	
Residential Car Parking Building Costs (average cost / car parking space)	£0	
	% of Building Costs	
Building Design Fees % (Architects, QS etc)	7.00%	(typically around 10%)
Building Contingencies (% of Building Costs)	5.00%	(typically around 5% for ne

Section 106 Payments (£) *

	Cost (£)	Month of Payment
CII Payment	£264,480	6
	£0	0
	£0	0
	£0	0
	£0	0
	£0	0
	£0	0

* This section excludes Affordable Housing section 106 payments

	Cost (£)	Month of Payment
Site Abnormals (£)	£0	0

£0	0
£0	0
£0	0
£0	0
£0	0

Building Cost Percentage Increase (if any)
 Site Specific Sustainability Initiatives (%)
 Lifetime Homes (%)
 Code for Sustainable Homes (%)
 Other (%)

%

0.00%

OTHER COSTS

SITE ACQUISITION COSTS

Agents Fees (% of site value)
 Legal Fees (% of site value)
 Stamp Duty (% of site value)

%

1.00%

(typically around 1%)

0.75%

(typically around 0.75%)

4.00%

Other Acquisition Costs (£)

Cost (£)	Month of Payment
£0	1

FINANCE COSTS

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

£140,000

6.25%

(typically around 3-5% above base rate)

£10,000

Marketing Costs

Affordable Housing Marketing Costs

Developer cost of sale to RSL (£)
 RSL on-costs (£)
 Intermediate Housing Sales and Marketing (£)

Cost (£)	Timing (month)
	6
	18
£0	18

Open Market Housing Marketing Costs

Sales Fees (agents fees & marketing fees) - %
 Legal Fees (per Open Market unit) - £

3.50%

(typically around 6%)

£500

(typically around £500 per unit)

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

Open Market Housing (%)
 Affordable Housing (%)

% of Housing
 Capital Value
 20.00%

(typically 17.5-20%)

(typically around 6%. profit only taken on the capital value of i)

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(Worksheet 3)

INPUT SHEET 3 - COMMERCIAL & NON-RESIDENTIAL

OFFICE ASSUMPTIONS

Size of office scheme (gross sq m)	
Size of office scheme (net lettable sq m)	
Values	
Rent (£ psm)	
Yield (%)	
Purchaser's costs (% of value)	(typically around 5.75% assuming a 4% stamp duty)
Building Costs	
Office Building Costs (Gross, £ psm)	
Office Building Professional Fees (% of building costs)	(typically around 10% - 15%)
Building Contingencies (% of building costs)	(typically around 5%)
Timing	Timing (month)
Start of Building Period (month)	(whole number, minimum of 0, maximum of 60)
End of Building Period (month)	(whole number, minimum of 0, maximum of 60)
Timing of Letting / Sale (month)	(whole number, minimum of 0, maximum of 60)
Letting, Advertising & Sale fees	
Letting fees (% of annual income)	(typically around 10% for sole agent and 15% for joint agents)
Advertising fees (% of annual income)	(typically around 1%)
Sale fees (% of sale price)	(typically around 1.75%)
Return for risk / profit (% of value)	(typically around 20%)

RETAIL ASSUMPTIONS

Size of retail scheme (gross sq m)	0
Size of retail scheme (net lettable sq m)	0
Values	
Rent (£ psm)	£0
Yield (%)	0.00%
Purchaser's costs (% of value)	0.00% (typically around 5.75% assuming a 4% stamp duty)
Building Costs	
Retail Building Costs (Gross, £ psm)	£0
Retail Building Professional Fees (% of building costs)	0.00% (typically around 10% - 15%)
Building Contingencies (% of building costs)	0.00% (typically around 5%)
Timing	Timing (month)
Start of Building Period (month)	6 (whole number, minimum of 0, maximum of 60)
End of Building Period (month)	18 (whole number, minimum of 0, maximum of 60)
Timing of Letting / Sale (month)	20 (whole number, minimum of 0, maximum of 60)
Letting / sale fees	
Letting (% of income)	0.00% (typically around 10% for sole agent and 15% for joint agents)
Advertising (% of annual income)	0.00% (typically around 1%)
Sale (% of sale price)	0.00% (typically around 1.75%)
Return for risk / profit (% of value)	0.00% (typically around 20%)

INDUSTRIAL ASSUMPTIONS

Size of industrial scheme (gross sq m)	
Values	
Rent (£ psm)	
Yield (%)	
Purchaser's costs (% of value)	(typically around 5.75% assuming a 4% stamp duty)
Building Costs	
Industrial Building Costs (Gross, £ psm)	
Industrial Building Professional Fees (% of building costs)	(typically around 10% - 15%)
Building Contingencies (% of building costs)	(typically around 5%)
Timing	Timing (month)
Start of Building Period (month)	(whole number, minimum of 0, maximum of 60)
End of Building Period (month)	(whole number, minimum of 0, maximum of 60)
Timing of Letting / Sale (month)	(whole number, minimum of 0, maximum of 60)
Letting / sale fees	
Letting (% of income)	(typically around 10% for sole agent and 15% for joint agents)
Advertising (% of annual income)	(typically around 1%)
Sale (% of sale price)	(typically around 1.75%)

Return for risk / profit (% of value)

(typically around 20%)

LEISURE ASSUMPTIONS

Size of Leisure scheme (gross sq m)
Size of Leisure scheme (net lettable sq m)

Values

Rent (£ psm)
Yield (%)
Purchaser's costs (% of value)

(typically around 5.75% assuming a 4% stamp duty)

Building Costs

Leisure Building Costs (Gross, £ psm)
Leisure Building Professional Fees (% of building costs)
Building Contingencies (% of building costs)

(typically around 10% - 15%)
(typically around 5%)

Timing
(month)

Start of Building Period (month)
End of Building Period (month)
Timing of Letting / Sale (month)

(whole number, minimum of 0, maximum of 60)
(whole number, minimum of 0, maximum of 60)
(whole number, minimum of 0, maximum of 60)

Letting / sale fees

Letting (% of income)
Advertising (% of annual income)
Sale (% of sale price)

(typically around 10% for sole agent and 15% for joint agents)
(typically around 1%)
(typically around 1.75%)

Return for risk / profit (% of value)

(typically around 20%)

COMMUNITY USE ASSUMPTIONS

Size of Community-use scheme (gross sq m)
Size of Community-use scheme (net lettable sq m)

Values

Rent (£ psm)
Yield (%)
Purchaser's costs (% of value)

(typically around 5.75% assuming a 4% stamp duty)

Building Costs

Community-use Building Costs (Gross, £ psm)
Community-use Building Professional Fees (% of building costs)
Building Contingencies (% of building costs)

(typically around 10% - 15%)
(typically around 5%)

Timing
(month)

Start of Building Period (month)
End of Building Period (month)
Timing of Letting / Sale (month)

(whole number, minimum of 0, maximum of 60)
(whole number, minimum of 0, maximum of 60)
(whole number, minimum of 0, maximum of 60)

Letting / sale fees

Letting (% of income)
Advertising (% of annual income)
Sale (% of sale price)

(typically around 10% for sole agent and 15% for joint agents)
(typically around 1%)
(typically around 1.75%)

Return for risk / profit (% of value)

(typically around 20%)

GVA GRIMLEY & BESPOKE PROPERTY GROUP HCA ECONOMIC APPRAISAL TOOL

(Worksheet 4)

SUMMARY

Site Address Nursery Fields, Manor Farm, Denvilles, Havant
 Site Reference
 File Source
 Scheme Description 35 units all open market
 Date 14th July 2014
 Site Area (hectares)
 Author & Organisation Simon Corp
 HCA Investment Manager

Housing Mix (Affordable + Open Market)

Total Number of Units	35	units
Total Number of Open Market Units	35	units
Total Number of Affordable Units	0	units
Total Net Internal Area (sq m)	3,306	sq m
Total Habitable Rooms	134	habitable rooms
% Affordable by Unit	0.0%	
% Affordable by Area	0.0%	
% Affordable by Habitable Rooms	0.0%	
% Social Rented within the Affordable Housing	-	by number of units
% Social Rented within the Affordable Housing	-	by area
% Social Rented within the Affordable Housing	-	by habitable rooms
Total Number of A/H Persons	0	Persons
Total Number of Social Rented Persons	0	Persons
Total Number of Intermediate Persons	0	Persons
Total Number of Open Market Persons	187	Persons
Total Number of Persons	187	Persons
Site Area	0.00	hectares
Net Internal Housing Area / Hectare	-	sq m / hectare

Residential Values

Affordable Housing Tenure 1:

Affordable Rent

Type of Unit	Total Rent pa (£)	Yield (%)	Capital Value (£)
0	-	-	-
0	-	-	-
0	-	-	-
0	-	-	-
0	-	-	-
0	-	-	-
0	-	-	-
0	-	-	-
0	-	-	-
Total	-	-	-

Total Capital Value of Affordable Housing Tenure 1

£0

Affordable Housing Tenure 2:

Intermediate - Shared Ownership

Type of Unit	Capital Value (£ psm)	Total Floorspace (sq m)	Total Capital Value (£)
0	-	-	-
0	-	-	-
0	-	-	-
0	-	-	-
0	-	-	-
0	-	-	-
£0	-	-	-
£0	-	-	-
Total	-	-	-

Owner-occupied / rented % share

40%

Capital Value of owner-occupied part

Type of Unit	Total Rent pa (£)	Yield (%)	Capital Value (£)
0	-	-	-
0	-	-	-
0	-	-	-
0	-	-	-
0	-	-	-
£0	-	-	-
£0	-	-	-
Total (full capital value if sold at OMV)	-	-	-

Total Capital Value of Affordable Housing Tenure 2

£0

Affordable Housing Tenure 3:**Intermediate - Discounted Market Sale**

Type of Unit	Capital Value (£ psm)	Total Floorspace (sq m)	Total Capital Value (£)
1 Bed Flat	-	-	-
2 Bed Flat	-	-	-
3 Bed Flat	-	-	-
2 Bed House	-	-	-
3 Bed House	-	-	-
4 Bed House	-	-	-
Other	-	-	-
Total	-	-	-

% of Open Market Value

-

Total Capital Value of Affordable Housing Tenure 3

£0

Affordable Housing Tenure 4:**Intermediate - Other Type of Shared Own / Shared Equity**

Type of Unit	Capital Value (£ psm)	Total Floorspace (sq m)	Total Capital Value (£)
1 Bed Flat	-	-	-
2 Bed Flat	-	-	-
3 Bed Flat	-	-	-
2 Bed House	-	-	-
3 Bed House	-	-	-
4 Bed House	-	-	-
Other	-	-	-
Total	-	-	-

Owner-occupied / rented % share

-

Capital Value of owner-occupied part

-

Type of Unit	Total Rent pa (£)	Yield (%)	Capital Value (£)
1 Bed Flat	-	-	-
2 Bed Flat	-	-	-
3 Bed Flat	-	-	-
2 Bed House	-	-	-
3 Bed House	-	-	-
4 Bed House	-	-	-
Other	-	-	-
Total (full capital value if sold at OMV)	-	-	-

Total Capital Value of Affordable Housing Tenure 4

£0

Affordable Housing Tenure 5:**Intermediate - Discounted Market Rented**

Type of Unit	Total Rent pa (£)	Yield (%)	Capital Value (£)
1 Bed Flat	-	-	-
2 Bed Flat	-	-	-
3 Bed Flat	-	-	-
2 Bed House	-	-	-
3 Bed House	-	-	-
4 Bed House	-	-	-
Other	-	-	-
Total	-	-	-

Total Capital Value of Affordable Housing Tenure 5

£0

TOTAL CAPITAL VALUE OF ALL AFFORDABLE HOUSING (EXCLUDING SHG & OTHER FUNDING)

£0

Social Housing Grant

	Grant per unit (£)	Number of Units	Grant (£)
Affordable Rent	£0	0	£0
Intermediate - Shared Ownership	£0	0	£0
Intermediate - Discounted Market Sale	£0	0	£0
Intermediate - Other Type of Shared Own / Share	£0	0	£0
Intermediate - Discounted Market Rented	£0	0	£0
SHG Total	-	0	£0

Social Housing Grant per Affordable Housing Person

-

Social Housing Grant per Social Rented Person

-

Social Housing Grant per Intermediate Person

-

TOTAL VALUE OF SOCIAL HOUSING GRANT

£0

RSL Cross Subsidy

£0

HCA Infrastructure Grant	£0
LA re-cycled SHG	£0
Other source of funding 1	£0
Other source of funding 2	£0
Land Remediation Tax Relief	£0

OTHER SOURCES OF AFFORDABLE HOUSING FUNDING £0

TOTAL CAPITAL VALUE OF ALL AFFORDABLE HOUSING (INCLUDING SHG & OTHER FUNDING) £0

Open Market Housing

Type of Open Market Housing	Net Area (sq m)	Revenue (£ / sq m)	Total Revenue (£)
Two bedroom houses	414	£3,098	£1,282,500
Three bedroom houses	2,154	£2,840	£6,118,006
Four bedroom house	738	£2,472	£1,824,000
	-	-	-
	-	-	-
Total	3,306	-	£9,224,506

	Average value (£ per unit)
Two bedroom houses	£213,750
Three bedroom houses	£266,000
Four bedroom house	£304,000

TOTAL CAPITAL VALUE OF OPEN MARKET HOUSING £9,224,506

Car Parking

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

TOTAL VALUE OF CAR PARKING £0

Ground rent

		Capitalised annual ground rent
Affordable Housing Tenure 1:	Affordable Rent	£0
Affordable Housing Tenure 2:	Intermediate - Shared Ownership	£0
Affordable Housing Tenure 3:	Intermediate - Discounted Market Sale	£0
Affordable Housing Tenure 4:	Intermediate - Other Type of Shared Own / Shared Equity	£0
Affordable Housing Tenure 5:	Intermediate - Discounted Market Rented	£0
Open Market Housing Type 1:	Two bedroom houses	£0
Open Market Housing Type 2:	Three bedroom houses	£0
Open Market Housing Type 3:	Four bedroom house	£0
Open Market Housing Type 4:		£0
Open Market Housing Type 5:		£0

TOTAL CAPITALISED ANNUAL GROUND RENT £0

TOTAL CAPITAL VALUE OF RESIDENTIAL SCHEME £9,224,506

Non-Residential Values

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

TOTAL CAPITAL VALUE OF NON-RESIDENTIAL SCHEME £0

TOTAL VALUE OF SCHEME £9,224,506

Residential Building, Marketing & Section 106 Costs

Affordable Housing Build Costs	£0	
Open Market Housing Build Costs	£3,763,881	£3,763,881

Cost Multipliers

Site Specific Sustainability Initiatives (%)	0.0%	£0
Lifetime Homes (%)	0.0%	£0
Code for Sustainable Homes (%)	0.0%	£0
Other (%)	0.0%	£0

Residential Car Parking Build Costs		£0
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Other site costs

Building Contingencies	5.0%	£188,194
Building Cost Fees (Architects, QS etc):	7.0%	£276,645
Other Acquisition Costs (£)		£0

Site Abnormals

0	£0
	£0
	£0
	£0
	£0
	£0
	£0
	£0

Total Building Costs		£4,228,720
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Section 106 Costs (£)

Cll Payment		£264,480
		£0
		£0
		£0
		£0
		£0
		£0
0		£0

Section 106 costs		£264,480
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Marketing (Open Market Housing ONLY)

Sales Fees:	3.5%	£322,858
Legal Fees (per Open Market unit):	£500	£17,500

Marketing (Affordable Housing)

Developer cost of sale to RSL (£)		£0
RSL on-costs (£)		£0
Intermediate Housing Sales and Marketing (£)		£0

Total Marketing Costs		£340,358
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Non-Residential Building & Marketing Costs**Building Costs**

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

Professional Fees (Building, Letting & Sales)

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

Total Non-Residential Costs		£0
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TOTAL DIRECT COSTS:		£4,833,558.03
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Finance and acquisition costs**(finance costs are only displayed if there is a positive residual site value)**

Arrangement Fee	£140,000
Misc Fees (Surveyors etc)	£10,000
Agents Fees	£18,298
Legal Fees	£13,724
Stamp Duty	£73,193
Total Interest Paid	£461,003

Total Finance and Acquisition Costs	£716,218
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Developer's return for risk and profit**Residential**

Open Market Housing Operating 'Profit'	£1,844,901
Affordable Housing 'Profit'	£0

Non-residential

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

Total Operating Profit	£1,844,901
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(profit after deducting sales and site specific finance costs but before allowing for developer overheads and taxation)

Residual Site Value

SITE VALUE TODAY	£1,829,829
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EXISTING USE VALUE

DIFFERENCE BETWEEN SITE VALUE AND EXISTING USE VALUE	£1,829,829
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Checks:

Site Value as a Percentage of Total Scheme Value	19.8%
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Site Value per hectare	#VALUE!
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GVA GRIMLEY & BESPOKE PROPERTY GROUP

HCA ECONOMIC APPRAISAL TOOL

(Worksheet 1)

INPUT SHEET 1 - RESIDENTIAL MIX ASSUMPTIONS

Basic Site Details

Site Address	Nursery Fields, Manor Farm, Denvilles Havant
Site Reference	
File Source	
Scheme Description	35 units with 3 no affordable housing units
Date	14th July 2014
Site Area (hectares)	0
Author & Organisation	Simon Corp
HCA Investment Manager	

Residential Mix Assumptions

Affordable Housing Tenure 1:

Affordable Rent

	2B3P	3B5P					
Unit Size (sq m) - NIA	77	98					
Habitable Rooms per Unit	3	4					
Persons per Unit	3	5					
Total Number of Units	2	1					

Affordable Housing Tenure 2:

Intermediate - Shared Ownership

Unit Size (sq m) - NIA							
Habitable Rooms per Unit							
Persons per Unit							
Total Number of Units							

Affordable Housing Tenure 3:

Intermediate - Discounted Market Sale

	1 Bed Flat	2 Bed Flat	3 Bed Flat	2 Bed House	3 Bed House	4 Bed House	Other
Unit Size (sq m) - NIA							
Habitable Rooms per Unit							
Persons per Unit							
Total Number of Units							

Affordable Housing Tenure 4:

Intermediate - Other Type of Shared Own / Shared Equity

	1 Bed Flat	2 Bed Flat	3 Bed Flat	2 Bed House	3 Bed House	4 Bed House	Other
Unit Size (sq m) - NIA							
Habitable Rooms per Unit							
Persons per Unit							
Total Number of Units							

Affordable Housing Tenure 5:

Intermediate - Discounted Market Rented

	1 Bed Flat	2 Bed Flat	3 Bed Flat	2 Bed House	3 Bed House	4 Bed House	Other
Unit Size (sq m) - NIA							
Habitable Rooms per Unit							
Persons per Unit							
Total Number of Units							

* Other = User-defined

Open Market Housing Type 1:

Two bedroom houses

	2B4P						
Unit Size (sq m) - NIA	69						
Habitable Rooms per Unit	3						
Persons per Unit	4						
Total Number of Units	4						

Open Market Housing Type 2:

Three bedroom houses

	3B5P	3B5P	3B5P	3B6P	3B6P		
Unit Size (sq m) - NIA	78	87	89	103	114		
Habitable Rooms per Unit	4	4	4	4	4		
Persons per Unit	5	5	5	6	6		
Total Number of Units	5	3	2	6	6		

Open Market Housing Type 3:

Four bedroom house

	4B6P						
Unit Size (sq m) - NIA	123						
Habitable Rooms per Unit	4						
Persons per Unit	6						
Total Number of Units	6						

Open Market Housing Type 4:

Unit Size (sq m) - NIA							
Habitable Rooms per Unit							
Persons per Unit							
Total Number of Units							

Open Market Housing Type 5:

Unit Size (sq m) - NIA							
Habitable Rooms per Unit							
Persons per Unit							
Total Number of Units							

Parking spaces (see handbook for correct definition)

Total number of residential car parking spaces

0

(Open Market and Affordable)

Value of each residential car parking space

£0

(See user manual for correct definition)

**GVA GRIMLEY & BESPOKE PROPERTY GROUP
HCA ECONOMIC APPRAISAL TOOL**

(Worksheet 2)

INPUT SHEET 2 - RESIDENTIAL VALUE & COST ASSUMPTIONS
BUILDING PERIOD (month 0 = date of planning consent, allow for lead in period to start on site)

	Timing (month)	
Construction Start	6	(whole number, minimum of 0, maximum of 60)
Construction End	24	(whole number, minimum of 0, maximum of 60)

Overall Scheme End Date (this must be completed)

	Month	
Final End Date of Scheme (scheme built and fully let/sold)	28	(whole number, minimum of 0, maximum of 60)

RESIDENTIAL VALUE ASSUMPTIONS
Base Value
Affordable Housing Tenure 1:
Affordable Rent

Type of Unit	Rent per Unit per Week (£)	Total Annual Rent (£ per Unit)
2B3P	£137.93	£7,172
3B5P	£156.32	£8,129
0	£0.00	
0	£0.00	
0	£0.00	
0	£0.00	
0	£0.00	
Management Costs (% of rent)	10.50%	(% of gross rent per annum)
Void / bad debts (% of rent)	4.50%	(% of gross rent per annum)
Repairs Fund (% of rent)	15.00%	(% of gross rent per annum)
Yield (%)	6.25%	(to capitalise the net rent, currently circa 6% but please seek

	Start Month	End Month	
Timing of Affordable Housing Tenure 1 Purchase Payment	6	24	(whole number, minimum of 0, maximum of 60)

Affordable Housing Tenure 2:
Intermediate - Shared Ownership

Type of Unit	Total Unit Capital Value (£ psm, NIA)	Rent per Unit per week of rented share (£)	Total Annual Rent (£ per Unit)
0	£0	£0	£0
0	£0	£0	£0
0	£0	£0	£0
0	£0	£0	£0
0	£0	£0	£0
0	£0	£0	£0
0	£0	£0	£0
Owner-occupied share (%)	40.0%		
Unsold Equity Rent Per Annum (%)	2.75%	(HCA Limit of 2.75%)	
Management Costs (% of rent)		6.00%	(% of gross rent per annum)
Void / bad debts (% of rent)		1.50%	(% of gross rent per annum)
Repairs Fund (% of rent)			(% of gross rent per annum)
Yield (%)		6.25%	(to capitalise the net rent, currently circa 6% but please seek

	Start Month	End Month	
Timing of Affordable Housing Tenure 2 Purchase Payment	6	18	(whole number, minimum of 0, maximum of 60)

Affordable Housing Tenure 3:
Intermediate - Discounted Market Sale

Type of Unit	Capital Value pre-discount (£ psm, NIA)
1 Bed Flat	
2 Bed Flat	

3 Bed Flat
2 Bed House
3 Bed House
4 Bed House
Other

% of Open Market Value

(ie discounted value)

Start Month

End Month

Timing of Affordable Housing
Tenure 3 Purchase Payment

(whole number, minimum 0)

Affordable Housing Tenure 4:

Intermediate - Other Type of Shared Own / Shared Equity

Type of Unit
1 Bed Flat
2 Bed Flat
3 Bed Flat
2 Bed House
3 Bed House
4 Bed House
Other

Total Unit
Capital Value (£ psm, N/A)

Rent per Unit per
week of rented share (£)

Total Annual Rent
(£ per Unit)

£0
£0
£0
£0
£0
£0
£0

Owner-occupied share (%)

Unsold Equity Rent Per Annum (%)

Management Costs (% of rent)

(% of gross rent per annum)

Voids / bad debts (% of rent)

(% of gross rent per annum)

Repairs Fund (% of rent)

(% of gross rent per annum)

Yield (%)

(to capitalise the net rent, c

Start Month

End Month

Timing of Affordable Housing
Tenure 4 Purchase Payment

(whole number, minimum 0)

Affordable Housing Tenure 5:

Intermediate - Discounted Market Rented

Type of Unit
1 Bed Flat
2 Bed Flat
3 Bed Flat
2 Bed House
3 Bed House
4 Bed House
Other

Rent per Unit per Week (£)

Total Annual Rent (£ per Unit)

Management Costs (% of rent)

(% of gross rent per annum)

Voids / bad debts (% of rent)

(% of gross rent per annum)

Repairs Fund (% of rent)

(% of gross rent per annum)

Yield (%)

(to capitalise the net rent, currently circa 6% but please seek

Start Month

End Month

Timing of Affordable Housing
Tenure 5 Purchase Payment

(whole number, minimum 0)

Open Market Values

Open Market Housing Type 1:
Open Market Housing Type 2:
Open Market Housing Type 3:
Open Market Housing Type 4:
Open Market Housing Type 5:

Two bedroom houses
Three bedroom houses
Four bedroom house

Capital Value (£ psm)

£3,098
£2,840
£2,472

Average value of unit

£213,750
£275,122
£304,000

Month

20
28

Timing of First Open Market Housing Sale
Timing of Last Open Market Housing Sale

(whole number, minimum 0)
(whole number, minimum 0)

Ground rents

		Average ground rent per unit per annum (£)	(where applicable)
Affordable Housing Tenure 1:	Affordable Rent	£0	
Affordable Housing Tenure 2:	Intermediate - Shared Ownership	£0	
Affordable Housing Tenure 3:	Intermediate - Discounted Market Sale		
Affordable Housing Tenure 4:	Intermediate - Other Type of Shared Own / Shared Equity		
Affordable Housing Tenure 5:	Intermediate - Discounted Market Rented		
Open Market Housing Type 1:	Two bedroom houses	£0	
Open Market Housing Type 2:	Three bedroom houses	£0	
Open Market Housing Type 3:	Four bedroom house	£0	
Open Market Housing Type 4:		£0	
Open Market Housing Type 5:			
Yield (%)	6.50%	(to capitalise the ground rents)	
Timing of ground rent payment	Month 30	(whole number, minimum of 0, maximum of 60)	

Social Housing Grant & Other Funding

		Grant per unit (£)	
Affordable Housing Tenure 1:	Affordable Rent	£0	
Affordable Housing Tenure 2:	Intermediate - Shared Ownership	£0	
Affordable Housing Tenure 3:	Intermediate - Discounted Market Sale		
Affordable Housing Tenure 4:	Intermediate - Other Type of Shared Own / Shared Equity		
Affordable Housing Tenure 5:	Intermediate - Discounted Market Rented		
Timing Social Housing Grant Paid		Timing of 1st Payment 0	Timing of 2nd Payment 0

Other sources of funding

	Value (£)	Timing of Payment	
RSL Cross Subsidy			(whole number, minimum 0)
HCA Infrastructure Grant			(whole number, minimum 0)
LA re-cycled SHG			(whole number, minimum 0)
Other source of funding 1			(whole number, minimum 0)
Other source of funding 2			(whole number, minimum 0)
Land Remediation Tax Relief			(whole number, minimum 0)

BUILDING COST, MARKETING COST & SECTION 106 ASSUMPTIONS

		Building Costs - Gross (£ / sq m)	Net to Gross Ratio for Building Costs (%)*
Affordable Housing Tenure 1:	Affordable Rent	£1,139	100%
Affordable Housing Tenure 2:	Intermediate - Shared Ownership		
Affordable Housing Tenure 3:	Intermediate - Discounted Market Sale		
Affordable Housing Tenure 4:	Intermediate - Other Type of Shared Own / Shared Equity		
Affordable Housing Tenure 5:	Intermediate - Discounted Market Rented		
Open Market Housing Type 1:	Two bedroom houses	£1,139	100%
Open Market Housing Type 2:	Three bedroom houses	£1,139	100%
Open Market Housing Type 3:	Four bedroom house	£1,139	100%
Open Market Housing Type 4:		£0	100%
Open Market Housing Type 5:		£0	100%

* The ratio is typically 70% - 85% in blocks of flats to reflect the difference between GIA & NIA (ie common parts such as lifts, stairs, corridors etc) and 100% in houses which have no common parts

	Building Costs (£ / car parking space)	
Residential Car Parking Building Costs (average cost / car parking space)	£0	
	% of Building Costs	
Building Design Fees % (Architects, QS etc)	7.00%	(typically around 10%)
Building Contingencies (% of Building Costs)	5.00%	(typically around 5% for ne
Section 106 Payments (£) *	Cost (£)	Month of Payment
Cil payment	£251,600	6
	£0	0
	£0	0
	£0	0
	£0	0
	£0	0
	£0	0
	Cost (£)	Month of Payment
Site Abnormals (£)		0
	£0	0

* This section excludes Affordable Housing section 106 payments

£0	0
£0	0
£0	0
£0	0
£0	0

Building Cost Percentage Increase (if any)
 Site Specific Sustainability Initiatives (%)
 Lifetime Homes (%)
 Code for Sustainable Homes (%)
 Other (%)

%

0.00%

OTHER COSTS

SITE ACQUISITION COSTS

Agents Fees (% of site value)
 Legal Fees (% of site value)
 Stamp Duty (% of site value)

%

1.00%

(typically around 1%)

0.75%

(typically around 0.75%)

4.00%

Cost (£)

Month of Payment

£0

1

Other Acquisition Costs (£)

FINANCE COSTS

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

£140,000

6.25%

£10,000

(typically around 3-5% above base rate)

Marketing Costs

Affordable Housing Marketing Costs

Developer cost of sale to RSL (£)
 RSL on-costs (£)
 Intermediate Housing Sales and Marketing (£)

Cost (£)

Timing (month)

£5,000

6

£19,800

18

£0

18

Open Market Housing Marketing Costs

Sales Fees (agents fees & marketing fees) - %
 Legal Fees (per Open Market unit) - £

3.50%

(typically around 6%)

£500

(typically around £600 per unit)

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

% of Housing
 Capital Value

Open Market Housing (%)
 Affordable Housing (%)

20.00%

0.00%

(typically 17.5-20%)

(typically around 6%. profit only taken on the capital value of units)

**GVA GRIMLEY & BESPOKE PROPERTY GROUP
HCA ECONOMIC APPRAISAL TOOL**

(Worksheet 3)

INPUT SHEET 3 - COMMERCIAL & NON-RESIDENTIAL
OFFICE ASSUMPTIONS

Size of office scheme (gross sq m)	
Size of office scheme (net lettable sq m)	
Values	
Rent (£ psm)	
Yield (%)	
Purchaser's costs (% of value)	(typically around 5.75% assuming a 4% stamp duty)
Building Costs	
Office Building Costs (Gross, £ psm)	
Office Building Professional Fees (% of building costs)	(typically around 10% - 15%)
Building Contingencies (% of building costs)	(typically around 5%)
Timing	Timing (month)
Start of Building Period (month)	(whole number, minimum of 0, maximum of 60)
End of Building Period (month)	(whole number, minimum of 0, maximum of 60)
Timing of Letting / Sale (month)	(whole number, minimum of 0, maximum of 60)
Letting, Advertising & Sale fees	
Letting fees (% of annual income)	(typically around 10% for sole agent and 15% for joint agents)
Advertising fees (% of annual income)	(typically around 1%)
Sale fees (% of sale price)	(typically around 1.75%)
Return for risk / profit (% of value)	(typically around 20%)

RETAIL ASSUMPTIONS

Size of retail scheme (gross sq m)	0
Size of retail scheme (net lettable sq m)	0
Values	
Rent (£ psm)	£0
Yield (%)	0.00%
Purchaser's costs (% of value)	0.00% (typically around 5.75% assuming a 4% stamp duty)
Building Costs	
Retail Building Costs (Gross, £ psm)	£0
Retail Building Professional Fees (% of building costs)	0.00% (typically around 10% - 15%)
Building Contingencies (% of building costs)	0.00% (typically around 5%)
Timing	Timing (month)
Start of Building Period (month)	6 (whole number, minimum of 0, maximum of 60)
End of Building Period (month)	18 (whole number, minimum of 0, maximum of 60)
Timing of Letting / Sale (month)	20 (whole number, minimum of 0, maximum of 60)
Letting / sale fees	
Letting (% of income)	0.00% (typically around 10% for sole agent and 15% for joint agents)
Advertising (% of annual income)	0.00% (typically around 1%)
Sale (% of sale price)	0.00% (typically around 1.75%)
Return for risk / profit (% of value)	0.00% (typically around 20%)

INDUSTRIAL ASSUMPTIONS

Size of industrial scheme (gross sq m)	
Values	
Rent (£ psm)	
Yield (%)	
Purchaser's costs (% of value)	(typically around 5.75% assuming a 4% stamp duty)
Building Costs	
Industrial Building Costs (Gross, £ psm)	
Industrial Building Professional Fees (% of building costs)	(typically around 10% - 15%)
Building Contingencies (% of building costs)	(typically around 5%)
Timing	Timing (month)
Start of Building Period (month)	(whole number, minimum of 0, maximum of 60)
End of Building Period (month)	(whole number, minimum of 0, maximum of 60)
Timing of Letting / Sale (month)	(whole number, minimum of 0, maximum of 60)
Letting / sale fees	
Letting (% of income)	(typically around 10% for sole agent and 15% for joint agents)
Advertising (% of annual income)	(typically around 1%)
Sale (% of sale price)	(typically around 1.75%)

Return for risk / profit (% of value)

(typically around 20%)

LEISURE ASSUMPTIONS

Size of Leisure scheme (gross sq m)

Size of Leisure scheme (net lettable sq m)

Values

Rent (£ psm)

Yield (%)

Purchaser's costs (% of value)

(typically around 5.75% assuming a 4% stamp duty)

Building Costs

Leisure Building Costs (Gross, £ psm)

Leisure Building Professional Fees (% of building costs)

Building Contingencies (% of building costs)

(typically around 10% - 15%)
(typically around 5%)**Timing
(month)****Timing**

Start of Building Period (month)

End of Building Period (month)

Timing of Letting / Sale (month)

(whole number, minimum of 0, maximum of 60)
(whole number, minimum of 0, maximum of 60)
(whole number, minimum of 0, maximum of 60)**Letting / sale fees**

Letting (% of income)

Advertising (% of annual income)

Sale (% of sale price)

(typically around 10% for sole agent and 15% for joint agents)
(typically around 1%)
(typically around 1.75%)

Return for risk / profit (% of value)

(typically around 20%)

COMMUNITY USE ASSUMPTIONS

Size of Community-use scheme (gross sq m)

Size of Community-use scheme (net lettable sq m)

Values

Rent (£ psm)

Yield (%)

Purchaser's costs (% of value)

(typically around 5.75% assuming a 4% stamp duty)

Building Costs

Community-use Building Costs (Gross, £ psm)

Community-use Building Professional Fees (% of building costs)

Building Contingencies (% of building costs)

(typically around 10% - 15%)
(typically around 5%)**Timing
(month)****Timing**

Start of Building Period (month)

End of Building Period (month)

Timing of Letting / Sale (month)

(whole number, minimum of 0, maximum of 60)
(whole number, minimum of 0, maximum of 60)
(whole number, minimum of 0, maximum of 60)**Letting / sale fees**

Letting (% of income)

Advertising (% of annual income)

Sale (% of sale price)

(typically around 10% for sole agent and 15% for joint agents)
(typically around 1%)
(typically around 1.75%)

Return for risk / profit (% of value)

(typically around 20%)

GVA GRIMLEY & BESPOKE PROPERTY GROUP HCA ECONOMIC APPRAISAL TOOL

(Worksheet 4)

SUMMARY

Site Address	Nursery Fields, Manor Farm, Denvilles Havant
Site Reference	
File Source	
Scheme Description	35 units with 3 no affordable housing units
Date	14th July 2014
Site Area (hectares)	
Author & Organisation	Simon Corp
HCA Investment Manager	

Housing Mix (Affordable + Open Market)

Total Number of Units	35	units
Total Number of Open Market Units	32	units
Total Number of Affordable Units	3	units
Total Net Internal Area (sq m)	3,397	sq m
Total Habitable Rooms	134	habitable rooms
% Affordable by Unit	8.6%	
% Affordable by Area	7.4%	
% Affordable by Habitable Rooms	7.5%	
% Social Rented within the Affordable Housing	100.0%	by number of units
% Social Rented within the Affordable Housing	100.0%	by area
% Social Rented within the Affordable Housing	100.0%	by habitable rooms
Total Number of A/H Persons	11	Persons
Total Number of Social Rented Persons	11	Persons
Total Number of Intermediate Persons	0	Persons
Total Number of Open Market Persons	174	Persons
Total Number of Persons	185	Persons
Site Area	0.00	hectares
Net Internal Housing Area / Hectare	-	sq m / hectare

Residential Values

Affordable Housing Tenure 1:

Affordable Rent

Type of Unit	Total Rent pa (£)	Yield (%)	Capital Value (£)
2B3P	£10,041	6.25%	£160,661
3B5P	£5,690	6.25%	£91,041
0	-	-	-
0	-	-	-
0	-	-	-
0	-	-	-
0	-	-	-
Total	£15,731	-	£251,702

Total Capital Value of Affordable Housing Tenure 1

£251,702

Affordable Housing Tenure 2:

Intermediate - Shared Ownership

Type of Unit	Capital Value (£ psm)	Total Floorspace (sq m)	Total Capital Value (£)
0	-	-	-
0	-	-	-
0	-	-	-
0	-	-	-
0	-	-	-
£0	-	-	-
£0	-	-	-
Total	-	-	-

Owner-occupied / rented % share

40%

Capital Value of owner-occupied part

-

Type of Unit	Total Rent pa (£)	Yield (%)	Capital Value (£)
0	-	-	-
0	-	-	-
0	-	-	-
0	-	-	-
0	-	-	-
£0	-	-	-
£0	-	-	-
Total (full capital value if sold at OMV)	-	-	-

Total Capital Value of Affordable Housing Tenure 2

£0

Affordable Housing Tenure 3:

Intermediate - Discounted Market Sale

Type of Unit	Capital Value (£ psm)	Total Floorspace (sq m)	Total Capital Value (£)
1 Bed Flat	-	-	-
2 Bed Flat	-	-	-
3 Bed Flat	-	-	-
2 Bed House	-	-	-
3 Bed House	-	-	-
4 Bed House	-	-	-
Other	-	-	-
Total	-	-	-

% of Open Market Value

Total Capital Value of Affordable Housing Tenure 3

£0

Affordable Housing Tenure 4:

Intermediate - Other Type of Shared Own / Shared Equity

Type of Unit	Capital Value (£ psm)	Total Floorspace (sq m)	Total Capital Value (£)
1 Bed Flat	-	-	-
2 Bed Flat	-	-	-
3 Bed Flat	-	-	-
2 Bed House	-	-	-
3 Bed House	-	-	-
4 Bed House	-	-	-
Other	-	-	-
Total	-	-	-

Owner-occupied / rented % share

Capital Value of owner-occupied part

Type of Unit	Total Rent pa (£)	Yield (%)	Capital Value (£)
1 Bed Flat	-	-	-
2 Bed Flat	-	-	-
3 Bed Flat	-	-	-
2 Bed House	-	-	-
3 Bed House	-	-	-
4 Bed House	-	-	-
Other	-	-	-
Total (full capital value if sold at OMV)	-	-	-

Total Capital Value of Affordable Housing Tenure 4

£0

Affordable Housing Tenure 5:

Intermediate - Discounted Market Rented

Type of Unit	Total Rent pa (£)	Yield (%)	Capital Value (£)
1 Bed Flat	-	-	-
2 Bed Flat	-	-	-
3 Bed Flat	-	-	-
2 Bed House	-	-	-
3 Bed House	-	-	-
4 Bed House	-	-	-
Other	-	-	-
Total	-	-	-

Total Capital Value of Affordable Housing Tenure 5

£0

TOTAL CAPITAL VALUE OF ALL AFFORDABLE HOUSING (EXCLUDING SHG & OTHER FUNDING)

£251,702

Social Housing Grant

	Grant per unit (£)	Number of Units	Grant (£)
Affordable Rent	£0	3	£0
Intermediate - Shared Ownership	£0	0	£0
Intermediate - Discounted Market Sale	£0	0	£0
Intermediate - Other Type of Shared Own / Share	£0	0	£0
Intermediate - Discounted Market Rented	£0	0	£0
SHG Total	-	3	£0

Social Housing Grant per Affordable Housing Person

£0

Social Housing Grant per Social Rented Person

£0

Social Housing Grant per Intermediate Person

-

TOTAL VALUE OF SOCIAL HOUSING GRANT

£0

RSL Cross Subsidy

£0

HCA Infrastructure Grant	£0
LA re-cycled SHG	£0
Other source of funding 1	£0
Other source of funding 2	£0
Land Remediation Tax Relief	£0

OTHER SOURCES OF AFFORDABLE HOUSING FUNDING £0

TOTAL CAPITAL VALUE OF ALL AFFORDABLE HOUSING (INCLUDING SHG & OTHER FUNDING) £251,702

Open Market Housing

Type of Open Market Housing	Net Area (sq m)	Revenue (£ / sq m)	Total Revenue (£)
Two bedroom houses	276	£3,098	£855,000
Three bedroom houses	2,131	£2,840	£6,052,679
Four bedroom house	738	£2,472	£1,824,000
	-	-	-
	-	-	-
Total	3,145	-	£8,731,679

	Average value (£ per unit)
Two bedroom houses	£213,750
Three bedroom houses	£275,122
Four bedroom house	£304,000

TOTAL CAPITAL VALUE OF OPEN MARKET HOUSING £8,731,679

Car Parking

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

TOTAL VALUE OF CAR PARKING £0

Ground rent

		Capitalised annual ground rent
Affordable Housing Tenure 1:	Affordable Rent	£0
Affordable Housing Tenure 2:	Intermediate - Shared Ownership	£0
Affordable Housing Tenure 3:	Intermediate - Discounted Market Sale	£0
Affordable Housing Tenure 4:	Intermediate - Other Type of Shared Own / Shared Equity	£0
Affordable Housing Tenure 5:	Intermediate - Discounted Market Rented	£0
Open Market Housing Type 1:	Two bedroom houses	£0
Open Market Housing Type 2:	Three bedroom houses	£0
Open Market Housing Type 3:	Four bedroom house	£0
Open Market Housing Type 4:		£0
Open Market Housing Type 5:		£0

TOTAL CAPITALISED ANNUAL GROUND RENT £0

TOTAL CAPITAL VALUE OF RESIDENTIAL SCHEME £8,983,381

Non-Residential Values

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

TOTAL CAPITAL VALUE OF NON-RESIDENTIAL SCHEME £0

TOTAL VALUE OF SCHEME £8,983,381

Residential Building, Marketing & Section 106 Costs

Affordable Housing Build Costs	£286,902	
Open Market Housing Build Costs	£3,580,583	£3,867,485

Cost Multipliers

Site Specific Sustainability Initiatives (%)	0.0%	£0
Lifetime Homes (%)	0.0%	£0
Code for Sustainable Homes (%)	0.0%	£0
Other (%)	0.0%	£0

Residential Car Parking Build Costs		£0
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Other site costs

Building Contingencies	5.0%	£193,374
Building Cost Fees (Architects, QS etc):	7.0%	£284,260
Other Acquisition Costs (£)		£0

Site Abnormals

0	£0
	£0
	£0
	£0
	£0
	£0
	£0
	£0

Total Building Costs	£4,345,119
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Section 106 Costs (£)

Cil payment	£251,600
	£0
	£0
	£0
	£0
	£0
0	£0

Section 106 costs	£251,600
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Marketing (Open Market Housing ONLY)

Sales Fees:	3.5%	£305,609
Legal Fees (per Open Market unit):	£500	£16,000

Marketing (Affordable Housing)

Developer cost of sale to RSL (£)	£5,000
RSL on-costs (£)	£19,800
Intermediate Housing Sales and Marketing (£)	£0

Total Marketing Costs	£346,409
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Non-Residential Building & Marketing Costs**Building Costs**

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

Professional Fees (Building, Letting & Sales)

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

Total Non-Residential Costs	£0
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TOTAL DIRECT COSTS:	£4,943,127.62
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Finance and acquisition costs**(finance costs are only displayed if there is a positive residual site value)**

Arrangement Fee	£140,000
Misc Fees (Surveyors etc)	£10,000
Agents Fees	£16,222
Legal Fees	£12,167
Stamp Duty	£64,889
Total Interest Paid	£428,402

Total Finance and Acquisition Costs	£671,680
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Developer's return for risk and profit**Residential**

Open Market Housing Operating 'Profit'	£1,746,336
Affordable Housing 'Profit'	£0

Non-residential

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

Total Operating Profit	£1,746,336
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(profit after deducting sales and site specific finance costs but before allowing for developer overheads and taxation)

Residual Site Value

SITE VALUE TODAY	£1,622,237
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EXISTING USE VALUE	£0
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DIFFERENCE BETWEEN SITE VALUE AND EXISTING USE VALUE	£1,622,237
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Checks:

Site Value as a Percentage of Total Scheme Value	18.1%
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Site Value per hectare	#VALUE!
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£/m2 study

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

Last updated: 12-Jul-2014 12:19



Rebased to Havant

Maximum age of results: 5 years

Building function (Maximum age of projects)	£/m ² gross internal floor area						Sample
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest	
New build							
Housing, mixed developments (5)	1,057	561	920	1,043	1,170	2,055	351
Estate housing							
Generally (5)	1,025	598	884	990	1,134	1,900	664
Single storey (5)	1,150	765	973	1,160	1,289	1,670	94
2-storey (5)	997	598	874	973	1,077	1,900	525
3-storey (5)	1,085	652	908	1,037	1,247	1,725	44
4-storey or above (5)	1,082	-	-	-	-	-	1
Estate housing detached (5)	1,000	790	838	938	1,081	1,401	6
Estate housing semi detached							
Generally (5)	1,024	717	887	993	1,108	1,633	162
Single storey (5)	1,146	782	982	1,150	1,300	1,537	27
2-storey (5)	996	717	882	982	1,074	1,633	126
3-storey (5)	1,046	747	918	1,009	1,207	1,513	9
Estate housing terraced							
Generally (5)	1,017	652	859	972	1,095	1,725	128
Single storey (5)	1,238	899	979	1,285	1,421	1,670	11
2-storey (5)	978	688	825	953	1,051	1,722	100
3-storey (5)	1,097	652	955	1,052	1,227	1,725	17
Flats (apartments)							
Generally (5)	1,251	591	1,060	1,205	1,413	3,205	228
1-2 storey (5)	1,131	827	1,026	1,132	1,208	1,561	47
3-5 storey (5)	1,234	591	1,053	1,229	1,409	2,405	150
6+ storey (5)	1,553	1,032	1,338	1,479	1,630	3,205	28

