



Economic Viability Assessment Update

**Southleigh Park House
Havant
Hampshire PO9 2PE**

On behalf of Bargate Homes Ltd

Prepared by

John Newman MRICS

7th December 2021

UNLOCKING VALUE FROM LAND

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Background

I am instructed by Bargate Homes Ltd to undertake an assessment of the Economic Viability (EVA) of the proposed development at Southleigh Park House, Havant. The proposal is to deliver 90 number new dwellings and the planning permissions for this development are;

- Outline Planning Permission for 70 newbuild dwellings - APP/17/00864
- Detailed Planning Permission for 20 refurb dwellings - APP/17/00863

I undertook an assessment of the sites economic viability under the above planning applications and I refer you to my valuation reports dated 30 ay 2017, 5 June 2017, 14 September 20217 and 7 November 2017 that were formally submitted to the Local Planning Authority.

The above reporting was independently verified by the district Valuation Service and I refer you to their report dated 23 October 2017.

There was some disagreement in regards a number of the valuation assumptions including sales revenue and Benchmark Land Value. However, it was agreed that the site has significant viability issues and that any s106 contributions towards affordable housing could not be provided.

The s106 agreement attached to the planning permission requires a review of the sites economic viability at the Reserved Matters application stage. This report seeks to provide the Local planning Authority with an appropriate review of the evidence to enable the determination of the application.

A significant factor in the projects overall Economic Viability is that there are a number of site specific abnormal works costs. The project also includes for the conversion of Grade 2 Listed buildings and the cost of this work is significantly higher than anticipated in 2017. It is contended that the site is not viable with the policy compliant affordable housing provision.

I attach at (Appendix A) a summary of my residual valuation worksheet for the proposed development that I also have provided in an HCA EAT Model. This EVA has been carried out in accordance with the RICS Guidance Note 94 – Financial Viability in Planning, RICS Professional Standard and Guidance - Financial Viability in Planning: Conduct and Reporting 1st Edition – May 2019, National Planning Policy Framework and Planning Policy Guidance

In accordance with Paragraph 018 of the PPG and RCIS Valuation GN 2.4.5 it is appropriate for the LPA to consider flexibility in the s106 contributions to be applied to this development and to consider adjustments to the mix and density of development to improve the overall economic viability position.

Professional Statement

This report has been undertaken with objectivity, impartiality and without interference. I have made reference to all appropriate available sources of information.

Instructions & Fees

This instruction does not result in any conflict of interest. This instruction is on a fixed fee basis. In preparing this report no performance related fees nor have any contingent fees have been agreed.

Transparency

This EVA report has been prepared on the basis that it will be made publicly available. This is subject to the authorisation of the client and subject to any commercially sensitive information of personal information being redacted.

Area Wide EVA Reviews

I have not previously submitted any viability evidence to the LPA as part of an area wide Viability Assessment.

Justification

All inputs in this EVA are reasonably justified.

Benchmark Land Value

The sites Benchmark Land Value was determined by the DVS as part of the outline planning permission.

Origination

This report has been prepared on behalf of the planning applicant.

Sensitivity Analysis

I have included a sensitivity analysis for the project at Appendix B which considers the delivery of the project with industry standard construction contingency allowances.

Engagement

It is our intention to advocate reasonable, transparent and appropriate levels of engagement in carrying out this case and our instructions reflect this code.

Non-Technical Summary

The EVA report includes for a non-technical summary that includes for the key figures and issues that support my conclusions.

Author

This report has been undertaken by Mr John S Newman BSc(Hons) PGDip MCIH CBuildE MRICS, a fully qualified Chartered Engineer, Chartered Surveyor and Registered RICS Valuer acting in the capacity of an external Valuer, who has the appropriate knowledge and skills and understanding necessary to undertake the valuation competently.

The author has come to a reasonable judgement on viability on the basis of objectivity, impartiality, and without interference, taking into account all inputs, including those supplied by others.

Timeframe

I am advised that the planning application relating to this EVA report will be submitted to the LPA in December 2021. It is reasonable to expect the LPA draft verification report to be issued within 13 weeks of the planning application registration date. The LPA or their advisors must confirm their agreement to this timetable or propose alternative arrangements on registration of the application.

Reports by Others

A detailed construction cost analysis of the listed building works has been undertaken by FSL Group and is attached at Appendix C.

Duty of Care and Due Diligence

When carrying out EVA reporting RICS Members must be reasonable, transparent and objective. Members must act impartially and are not influenced by their role, nor by external pressure.

RICS members must comply with the principles of professional and ethical standards. These include a duty of care, given the public interest and reliance of third parties, and to disclose any circumstances where any gain from the appointment beyond the instruction exists. Checks have been undertaken in accordance with the requirements of the RICS standards and have revealed no conflict of interest. Any potential or arising conflict of interest will be confirmed.

The proposed development has been the subject of a value engineering process and the project reflects the most cost-effective way to deliver reasonable development performance.

The assumptions used within the EVA reflect reasonable industry standards within a range of evidence available. This reflects professional judgement, having regards to such matters or risk. These considerations apply to the resultant outputs in reaching a rational, reasonable and realistic conclusion.

Description

It is contended that the site has significant viability issues and that a policy compliant mix of 30% affordable housing provision cannot be provided. The main reasons for this are that the site has significant abnormal works costs combined with the additional site infrastructure and CIL burden.

The 7.8 acre site is allocated within the Havant Council Local Plan for residential development. The site was formerly in commercial use with an edge of settlement nature. The Reserved Matters application closely matches the layout and mix of dwellings included within the Outline Planning permission.

I am aware that the overall cost for construction alongside increasing CIL and s106 charges are causing viability issues on sites across the region. These factors are partially offset by recent increases in sales values.

I have provided a residual valuation at Appendix A and included for 100% private house sales in accordance with the extant planning permission. The schedule of accommodation is as follows.

Unit Type	Number of Units	Gross Int Floor Area m2
Refurb		
1 Bed Flat	5	59.67
2 Bed Flat	2	76.1
4 Bed Duplex	1	124.6
3 Bed Flat	1	110.4
2 Bed Town House	9	83.72
3 Bed Town House	2	109.5
Unit Type	Number of Units	Gross Int Floor Area m2
New Build		
1 Bed Fog	5	58
2 Bed Fog	3	70
2 Bed House Terr	14	79.71
2 Bed House SD	2	79.71
2 Bed House Det	1	79.71
3 Bed House Terr	2	94.2
3 Bed House SD	2	84
3 Bed House SD	8	84.54
3 Bed House SD	4	85.6
3 Bed House Det	10	84
3 Bed House Det	2	84.54
3 Bed House Det	5	108.3
4 Bed House SD* 2.5st	4	114
4 Bed House Det * 2.5st	3	114
4 Bed House Det	2	146.9
4 Bed House Det* 2.5st	3	166.2
External Garages x 19nr		18
Total	90	

Construction Cost

Planning Policy Guidance Paragraph 012 provides guidance on the approach to the assessment of build cost in viability. It is recommended that evidence used is reflective of local market conditions. In compliance with this guidance, I have provided the following evidence;

- Published construction costs using BCIS data indexed to Havant.
- Measured works cost for external works specific to the site.
- Benchmark data from recently completed developments.

It is recognised at this time that construction costs are increasing significantly. I have seen increases in steel and timber costs of over 100% in the last 12 months and many suppliers have issued force majeure notices on Developers operating in the Dorset area.

Increases in construction costs have not yet fed through to the BCIS database. In fact the BCIS has reported low levels of information being submitted and as such the sample size on the 5 year rate is very low. Accordingly, the BCIS have recommended the use of the Default rate which considers a wider sample and more robust data.

I have spoken to a number of developers and contractors operating in the area and they report that construction costs have increased by 10% over the last 12 months. The BCIS database is showing current construction costs at a similar rate as in June 2020.

I recommend that objectivity is used in the assessment and verification of construction costs for the Southleigh Park House site. The evidence provided in my EVA report demonstrates the minimum construction costs for the project.

New Build Works

BCIS Rates

I consider the following BCIS - Estate Housing Median Rate (Default, 2 storey indexed to Havant) to best reflect the overall new build cost for the site. The DVS previously accepted this approach to the assessment of main works build cost.

The site is in a very sensitive location and will require a very high quality design and specification of materials including flint walling. Combined with the large number of house types I do not consider a lower quartile rate would reflect the cost of delivering this project.

<u>Dwelling Type</u>	<u>£m2</u>
1 & 2 Bed Flat	£1,562m2
2 & 3 Bed House - Semi Detached	£1,388m2
3 & 4 Bed House - Detached	£1,611m2

The newbuild main works budget is as follows with a budget of £10,101,740.

Unit Type New Build	Number of Units	GIA m2	Total GIA m2	Cost Rate £m2	Total Build Cost
1 Bed Fog	5	58	290.00	£1,562	£452,980
2 Bed Fog	3	70	210.00	£1,562	£328,020
2 Bed House Terr	14	79.71	1,115.94	£1,388	£1,548,925
2 Bed House SD	2	79.71	159.42	£1,388	£221,275
2 Bed House Det	1	79.71	79.71	£1,611	£128,413
3 Bed House Terr	2	94.2	188.40	£1,388	£261,499
3 Bed House SD	2	84	168.00	£1,388	£233,184
3 Bed House SD	8	84.54	676.32	£1,388	£938,732
3 Bed House SD	4	85.6	342.40	£1,388	£475,251

3 Bed House Det	10	84	840.00	£1,611	£1,353,240
3 Bed House Det	2	84.54	169.08	£1,611	£272,388
3 Bed House Det	5	108.3	541.50	£1,611	£872,357
4 Bed House SD*	4	114	456.00	£1,388	£632,928
4 Bed House Det *	3	114	342.00	£1,611	£550,962
4 Bed House Det	2	146.9	293.80	£1,611	£473,312
4 Bed House Det*	3	166.2	498.60	£1,611	£803,245
External Garages	19	18	342.00	£850	£290,700
Undercroft			480.60	£550	£264,330
Totals			7,193.77		£10,101,740

External Works

As you are aware all external works have to be accounted for separately as these are not included for in the BCIS rates. Each month I review a significant number of out-turn development costs, bills of quantities and contract sum analysis. Based on widely accepted industry rates I have produced a summary of the external works budget.

External Works

Landscaping	£150,000	Prov Sum		
Roads inc Sewers	£578,200	2,360m2	£245m2	
Street Light inc connector	£19,500	15nr	£1,300	
Light Bollards	£7,000	20nr	£350	
Steet Nameplate	£1,600	8nr	£200	
Mains Service Connections	£10,000	Item	£10,000	
FW & SW Connection	£10,000	Item	£10,000	
Service Duct (gas/elec/wat/coms)	£53,100	1,180m	£45m	
Perimeter Boundary Treatment	£38,500	700m	£55m	
Fence CB 1.8m	£121,500	2,700m	£45m	
Roads & Drives (unadopted)	£388,800	3,240m2	£120m2	
Paths & Patios	£135,000	2,250m2	£60m2	
Utility Charge	£297,000	Item		
Gates	£12,150	81nr	£150	
SWD Roads	£70,800	590m	£120m	
Soakaways & SWD in plot	£63,000	90nr	£700	Ext Works Total
Foul Drainage (in plot)	£162,000	1,350m	£120m	£2,120,150
Bin & Cycle Store	£2,000	Item		20.99%

External works total £2,120,150, reflecting 21% of the main works budget. The site has a relatively high amount of road and infrastructure for the number of dwellings it services. The Local Authority needs to understand that the nature of the site creates inefficiencies in construction cost.

The external works budget is broadly in line with the conclusion of our previous EVA reporting and these costs were accepted by the DVS.

There are a significant number of abnormal works costs for the site, and I have undertaken a detailed review of these costs making up a further works budget of £1,228,750. These abnormal works costs were accepted by the DVS in our previous EVA reporting and all the works are required under the Reserved Matters application.

<u>Abnormal Works</u>			
Demolition & Clearance	£100,000		
Ecology	£5,000		
EO Piling	£350,000	Calculated	
Level Changes	£15,000		
Remediation	£100,000	Reported	
Tree Removal	£15,000		
Water Main Diversions	£266,000	Quoted	
HV Main Diversion	£131,000	Quoted	
Gas Main Diversion	£59,000	Quoted	
SUDS 590m3	£118,000	Quoted	
Balancing Pond	£5,000	Quoted	Abnormal Total
1,850m2 EO Permeable Paving	£64,750	Quoted	£1,228,750

I do not consider that any of the external works or abnormal works costs have a bearing on the sites Benchmark Land Value as the items are all required under statutory measures such as planning policy requirements, Building Regulations, Natural England Regulations and the Environment Agency Regulations.

The total newbuild works cost for the project is £13,450,640 reflecting a build rate of £2,111m2 (£196sqft) on the residential sales area. Net of abnormal works costs the build cost is £12,221,890 reflecting a build rate of £1,918m2 (£178sqft).

This is a high risk project as there are a significant number of unknown issues including ground conditions, service capacity and off site works. It would be standard valuation practice to include for 5% budget for construction contingency, however I have included for the 3% budget as considered in the previous EVA reporting.

Benchmark Data

I have reviewed a number of recently completed projects in the region and note the following benchmark developments out turn construction costs.

Project	Final Contract Sum (net fees)	No Dwellings	Sales Area m2	Build Cost £m2	£sqft
Archers Wood, Alington Lane, Fair Oak	£8,702,459	49	4,435	1,962	£182
Deer Walk, Bishops Waltham Phase 1	£6,570,098	28	3,399	1,933	£180
Deer Walk, Bishops Waltham Phase 2	£8,653,806	45	4,454	1,942	£180

Comparable evidence shows that typical construction costs, adjusted for post contract fees and any abnormal costs, reflect the sum of £180sqft+. The above sites do not have any of abnormal works costs as associated with Southleigh Park House and as such are good benchmarks for current construction costs for main works costs and external works costs.

I would suggest that adjustments are made to account for 2 years build cost inflation. Our estimated main works and external works rate (net of abnormals) is £176sqft and as such is entirely reasonable if not on the low side.

Refurbishment Works

A specialist Construction Cost Analysis of the refurbishment of the listed buildings has been undertaken by independent Surveyors FSL Group. I attach their cost analysis at Appendix C.

In summary the main works budget accounts for £5,401,291 which reflect an average build rate of £2,838m2. This rate is reflective of the BCIS Upper Quartile return rate and considering the nature of the building can be considered entirely reasonable.

FSL have also considered the external works budget for the works linked to the refurb phase of the site at £654,330. The total budget for the conversion of the listed buildings being £6,055,621.

Unit Type	Number of Units	GIA m2	Total GIA m2	Cost Rate £m2	Total Build Cost
Refurb					
1 Bed Flat	5	59.67	298.35	£2,838	£846,705
2 Bed Flat	2	76.1	152.20	£2,838	£431,938
4 Bed Duplex	1	124.6	124.60	£2,838	£353,610
3 Bed Flat	1	110.4	110.40	£2,838	£313,311
Circulation			245.20	£2,838	£695,868
2 Bed Town House	9	83.72	753.48	£2,838	£2,138,346
3 Bed Town House	2	109.5	219.00	£2,838	£621,513
Totals			1,903.23		£5,401,291
External Works	£654,330	12.11%			
Total	£6,055,621				

In line with the new build works a contingency budget of 3% for the refurb element of the development was previously included, however it would be appropriate to include for an industry standard budget at up to 10% reflecting the over risk profile of the development.

Development Assumptions

I have reviewed our reporting and the DVS verification report for the site and note the following assumptions that were previously agreed and that I have included within my EVA review.

Element	Rate
Contingency	3.00%
CIL & s106	As Policy
Profit Margin	17.50%
Marketing Fees Private	2.00%

Valuation Fees	£15,000
Acquisition Fees	1.75%

Previously a professional fee budget of 8% was agreed with the DVS. In order to adjust this budget for the Reserved Matters stage I have included the sum of £417,842 for pre contract fee as agreed with the DVS. I have then included for post contract professional fees at the agreed rate of 4% on the new build works and included the sum of £642,800 for post contract refurb fees in line with the QS reporting.

I note that previously a sum of £750 per unit was included for legal sales fees. Since the time of the previous reporting there has been significant increases in legal conveyancing, and I have now included for a reflective budget of £1,250 per unit.

I also note that the fiancé charges for the previous valuation reporting was included at 6%. There has been increasing upward pressure on interest rates over this time and I have now included for a rate of 6.5% which has been agreed with the DVS on recent viability reviews in the Hampshire area.

I also have included a direct cost item of £376,000 for temporary works and site security. These costs are a qualifying budget item within the Guidance and are essential to protect the Heritage Asset prior to the grant of Reserved Matters.

Timetable

I have included for a 33 month delivery timetable. I have included 7 months for mobilisation with 15 months of construction work. Sales commence in month 19 with an average of 6 dwellings transferred per month.

Land Value

The District Valuer determined that the Existing Use Value of the site inclusive of incentive to land owner and Statutory Compensation in the sum of £4,354,000. The purchase of the site was predicated on this BMLV being fixed and this matter was discussed in detail and agreed by the Local Planning Authority.

Revenue

Private Sales

Direct comparable evidence for the private sales dwellings can be found at the nearby, recently completed development phases at Saxons Corner. The sales average achieved ranges between £355sqft and £434sqft.

These sales value comparables are not adjusted for purchaser incentives which due to confidentiality reasons cannot be reported. However, I have taken these factors into account when considering the adjusted sales revenue for the Southleigh Park House site.

Saxons Corner		GIAm2	MV	£m2	£sqft
2 Bed Flat		62	£262,500	£4,234	£393
2 Bed FOG		65.4	£280,000	£4,281	£398
2 Bed House	Terr	66	£302,000	£4,576	£425
2 Bed House	Semi	66	£308,000	£4,667	£434
3 Bed House	Semi	85.2	£375,000	£4,401	£409
3 Bed House 3st	Semi	121.6	£465,000	£3,824	£355
3 Bed House	Det	85.2	£375,000	£4,401	£409
4 Bed House	Det	122.35	£535,000	£4,373	£406

Taking into account the above evidence and making suitable adjustments for location, size, amenity, parking and specification I consider the following sales values can be achieved at Southleigh Park House.

Refurb		Average	GDV	£m2	£sqft	GIAm2
1 Bed Flat	5	£250,000	£1,250,000	£4,189.71	£389.22	59.67
2 Bed Flat	2	£320,000	£640,000	£4,204.99	£390.64	76.1
2 Bed Duplex	1	£500,000	£500,000	£4,012.84	£372.79	124.6
3 Bed Flat	1	£450,000	£450,000	£4,076.09	£378.67	110.4
2 Bed Town House	9	£360,000	£3,240,000	£4,300.05	£399.47	83.72
3 Bed Town House	2	£470,000	£940,000	£4,292.24	£398.75	109.5
New Build						
1 Bed Fog	5	£240,000	£1,200,000	£4,137.93	£384.41	58
2 Bed Fog	3	£290,000	£870,000	£4,142.86	£384.87	70
2 Bed House Terr	14	£335,000	£4,690,000	£4,202.73	£390.43	79.71
2 Bed House SD	2	£340,000	£680,000	£4,265.46	£396.26	79.71
2 Bed House Det	1	£345,000	£345,000	£4,328.19	£402.09	79.71
3 Bed House Terr	2	£400,000	£800,000	£4,246.28	£394.48	94.2
3 Bed House SD	2	£370,000	£740,000	£4,404.76	£409.20	84
3 Bed House SD	8	£380,000	£3,040,000	£4,494.91	£417.58	84.54
3 Bed House SD	4	£385,000	£1,540,000	£4,497.66	£417.83	85.6
3 Bed House Det	10	£390,000	£3,900,000	£4,642.86	£431.32	84
3 Bed House Det	2	£395,000	£790,000	£4,672.34	£434.06	84.54
3 Bed House Det	5	£460,000	£2,300,000	£4,247.46	£394.59	108.3
4 Bed House SD*	4	£440,000	£1,760,000	£3,859.65	£358.56	114
4 Bed House Det *	3	£450,000	£1,350,000	£3,947.37	£366.71	114
4 Bed House Det	2	£635,000	£1,270,000	£4,322.67	£401.58	146.9
4 Bed House Det*	3	£650,000	£1,950,000	£3,910.95	£363.33	166.2
Totals Market GDV	90		£34,245,000			

Gross Development Value

The total Gross Development Value for the project with 100% private sales is £34,245,000.

Non-Technical Summary

I set out below a summary of my residual valuation showing the main inputs as to cost and revenue.

Residual Valuation Summary**App A - 100% Private Sales****Costs**

Build Costs	£20,091,448
Fees	£1,974,667
Planning Contributions	£652,000
Sales Costs	£797,400
Bank Charges & Interest	£1,552,270
Acquisition Fees & SDLT	£274,500
Profit	£5,992,875
Total	£31,335,161

Revenues

Private Sales	£34,245,000
Total	£34,245,000

Gross Residual (Revenue Less Cost) **£2,909,839**

Site Value BMLV **£4,354,000**

Project Residual **-£1,444,161**

Residual Valuation

Considering the above reasonable and demonstrable assumptions as to cost and revenue the projects residual value is negative at minus -£1,444,161. This results in the project being deliverable on reduced profit margins. I estimate this to be 13.33% on GDV.

Sensitivity Analysis

I have undertaken a sensitivity analysis of the proposed development including for 100% private sales units with an increased contracting contingency margin at the industry standard 5% for new build and 10% for refurb works. I attach the valuation worksheet at Appendix B.

The projects viability is significantly worsened with the residual valuation reducing to minus -£2,192,761.

Residual Valuation Summary**App B - Sensitivity Analysis
5% Contingency NB and 10% Refurb****Costs**

Build Costs	£20,784,354
Fees	£1,974,667
Planning Contributions	£652,000
Sales Costs	£797,400
Bank Charges & Interest	£1,607,965
Acquisition Fees & SDLT	£274,500
Profit	£5,992,875
Total	£32,083,761

Revenues

Private Sales	£34,245,000
Total	£34,245,000

Gross Residual (Revenue Less Cost) **£2,161,239**

Site Value BMLV **£4,354,000**

Project Residual **-£2,192,761**

Conclusion

The proposed development of Southleigh Park House is deliverable on the basis of 100% private sales dwelling and that there are no additional s106 contributions charged.

There are a number of site-specific issues impacting on the sites viability including significant infrastructure requirements alongside the challenges of converting listed buildings into residential use.

Since the initial viability reporting in 2017 at outline planning application stage the cost of construction cost budget has increased significantly, and this increase has been higher than any increase in sales revenue for the site.

Please don't hesitate to contact me if you require any additional information.

Yours sincerely

A solid black rectangular box used to redact the signature of John Newman.

John Newman MRICS
Registered RICS Valuer
Chartered Surveyor

Appendix A Summary HCA Compatible Model

Extant Consent - 90 x Dwellings

Southleigh Park - Economic Viability Assessment.

100% Private Sales dwellings

07-Dec-21

A

Standard Construction Costs

Unit Type	Number of Units	Gross Int Floor Area m2	Total GIA m2	Construction Cost Rate £m2	Total Build Cost
Refurb					
1 Bed Flat	5	59.67	298.35	£2,838	£846,705
2 Bed Flat	2	76.1	152.20	£2,838	£431,938
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3 Bed Town House	2	109.5	219.00	£2,838	£621,513
Totals			1,903.23		£5,401,291

Over Extra Construction Costs

External Works	£654,330	12.11%
Total	£6,055,621	
Contingency @ 3%	£181,669	
Refurb Total	£6,237,289	

Effective Build Rate	
Refurb	£6,055,621
Sales Area	1,658.03
£m2	£3,652
£sqft	£339

Unit Type	Number of Units	Gross Int Floor Area m2	Total GIA m2	Construction Cost Rate £m2	Total Build Cost
New Build					
1 Bed Fog	5	58	290.00	£1,562	£452,980
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Undercroft			480.60	£550	£264,330
Totals			7,193.77		£10,101,740

Over Extra Construction Costs

External Works			
Landscaping	£150,000	Prov Sum	
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Street Light inc connector	£19,500	15nr	£1,300
Light Bollards	£7,000	20nr	£350
Steet Nameplate	£1,600	8nr	£200
Mains Service Connections	£10,000	Item	£10,000

Effective Build Rate	
New Build	£13,450,640
Sales Area	6,371.17
£m2	£2,111
£sqft	£196

Net of Abnormla Works

FW & SW Connection	£10,000	Item	£10,000	New Build	£12,221,890
Service Duct	£53,100	1,180m	£45m	Sales Area	6,371.17
Perimeter Boundary	£38,500	700m	£55m	£m2	£1,918
Fence CB 1.8m	£121,500	2,700m	£45m	£sqft	£178
Roads (unadopted)	£388,800	3,240m2	£120m2		
Paths & Patios	£135,000	2,250m2	£60m2		
Utility Charge	£297,000	Item			
Gates	£12,150	81nr	£150		
SWD Roads	£70,800	590m	£120m		
Soakaways & SWD plot	£63,000	90nr	£700	ExtWks Total	
Foul Drainage (in plot)	£162,000	1,350m	£120m	£2,120,150	
Bin & Cycle Store	£2,000	Item		20.99%	

Abnormal Works

Demolition & Clearance	£100,000				
Ecology	£5,000				
EO Piling	£350,000		Calculated		
Level Changes	£15,000				
Remediation	£100,000		Reported		
Tree Removal	£15,000				
Water Main Diversions	£266,000		Quoted		
HV Main Diversion	£131,000		Quoted		
Gas Main Diversion	£59,000		Quoted		
SUDS 590m3	£118,000		Quoted		
Balancing Pond	£5,000		Quoted	Abn Total	
1,850m2 Perm Paving	£64,750		Quoted	£1,228,750	

Sub Total £3,348,900

Total £13,450,640

Contingency @ 3% £403,519

New Build Total £13,854,159

Total Construction Costs £20,091,448

Administration and Development Allowance

Post Cont Fees NB @4%	£538,026
Post Cont Fees RF (QS)	£642,800
Pre Contract Fees (2017)	£417,842
Temporary Works & Security	£376,000
Interest (@6.5% inc)	£1,552,270

CIL (Indexed) £517,000

S106 £135,000

Legal Sales @£1,250 p.u. £112,500

Sales & marketing @2% £684,900

Total £4,976,338

Land Costs & Fees

OMV - EUV	£4,000,000	
Statutory Compensation	£354,000	
SDLT	£189,500	4.74%
Acquisition Fees @1.75%	£70,000	
Valuation Fees	£15,000	
Land Costs	£4,628,500	

Overhead & Development Profit

Overhead Profit @17.5% £5,992,875

HA Profit £0

Total Profit £5,992,875

Gross Dev Costs £35,689,161

Total Gross Development Value

Refurb		Sales Average	GDV	£m2	£sqft	GIAm2
1 Bed Flat	5	£250,000	£1,250,000	£4,190	£389	59.67
2 Bed Flat	2	£320,000	£640,000	£4,205	£391	76.1
2 Bed Duplex	1	£500,000	£500,000	£4,013	£373	124.6

3 Bed Flat	1	£450,000	£450,000	£4,076	£379	110.4
2 Bed Town House	9	£360,000	£3,240,000	£4,300	£399	83.72
3 Bed Town House	2	£470,000	£940,000	£4,292	£399	109.5
New Build						
1 Bed Fog	5	£240,000	£1,200,000	£4,138	£384	58
2 Bed Fog	3	£290,000	£870,000	£4,143	£385	70
2 Bed House Terr	14	£335,000	£4,690,000	£4,203	£390	79.71
2 Bed House SD	2	£340,000	£680,000	£4,265	£396	79.71
2 Bed House Det	1	£345,000	£345,000	£4,328	£402	79.71
3 Bed House Terr	2	£400,000	£800,000	£4,246	£394	94.2
3 Bed House SD	2	£370,000	£740,000	£4,405	£409	84
3 Bed House SD	8	£380,000	£3,040,000	£4,495	£418	84.54
3 Bed House SD	4	£385,000	£1,540,000	£4,498	£418	85.6
3 Bed House Det	10	£390,000	£3,900,000	£4,643	£431	84
3 Bed House Det	2	£395,000	£790,000	£4,672	£434	84.54
3 Bed House Det	5	£460,000	£2,300,000	£4,247	£395	108.3
4 Bed House SD*	4	£440,000	£1,760,000	£3,860	£359	114
4 Bed House Det *	3	£450,000	£1,350,000	£3,947	£367	114
4 Bed House Det	2	£635,000	£1,270,000	£4,323	£402	146.9
4 Bed House Det*	3	£650,000	£1,950,000	£3,911	£363	166.2
Totals Market GDV	90		£34,245,000			

Development Residual Valuation	-£1,444,161
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Interest payments

Land is at EUV plus cost	£4,628,500
Contract period expenditure	£21,281,474
Total Borrowings	£25,909,974
34 month cycle	
Intro Fee 0%	£0
Borrowing rate 6.5%	

Month 0	£4,628,500	£4,628,500	£25,071	RM Application		
month 1	£600,000	£5,228,500	£28,321	Mobilisation		
month 2	£430,000	£5,658,500	£30,650			
month 3	£450,000	£6,108,500	£33,088			
month 4	£450,000	£6,558,500	£35,525			
month 5	£500,000	£7,058,500	£38,234			
month 6	£550,000	£7,608,500	£41,213			
month 7	£600,000	£8,208,500	£44,463	Start on Site		
month 8	£650,000	£8,858,500	£47,984			
month 9	£700,000	£9,558,500	£51,775			
month 10	£750,000	£10,308,500	£55,838			
month 11	£800,000	£11,108,500	£60,171			
month 12	£850,000	£11,958,500	£64,775			
month 13	£900,000	£12,858,500	£69,650			
month 14	£900,000	£13,758,500	£74,525			
month 15	£900,000	£14,658,500	£79,400			
month 16	£900,000	£15,558,500	£84,275			
month 17	£900,000	£16,458,500	£89,150			
month 18	£900,000	£17,358,500	£94,025	Sales Comm		
month 19	£900,000	£18,258,500	£98,900	6	£382,000	£2,292,000
month 20	£900,000	£19,158,500	£103,775	6	£382,000	£2,292,000
month 21	£900,000	£20,058,500	£108,650	6	£382,000	£2,292,000
month 22	£850,000	£20,908,500	£113,525	6	£382,000	£2,292,000
month 23	£800,000	£21,708,500	£118,400	6	£382,000	£2,292,000
month 24	£750,000	£22,458,500	£123,275	6	£382,000	£2,292,000
month 25	£700,000	£23,158,500	£128,150	6	£382,000	£2,292,000
month 26	£650,000	£23,808,500	£133,025	6	£382,000	£2,292,000
month 27	£600,000	£24,408,500	£137,900	6	£382,000	£2,292,000
month 28	£550,000	£24,958,500	£142,775	6	£382,000	£2,292,000
month 29	£500,000	£25,458,500	£147,650	6	£382,000	£2,292,000
month 30	£450,000	£25,908,500	£152,525	6	£382,000	£2,292,000
month 31				6	£382,000	£2,292,000
month 32				6	£382,000	£2,292,000
month 33				6	£382,000	£2,292,000
Totals	£25,908,500		£1,552,270	90		

Bank Fees & QS	£0
Total Finance Cost	£1,552,270

Appendix B
Extant Consent - 90 x Dwellings
Southleigh Park - Economic Viability Assessment.

Summary

HCA Compatible Model

Sensitivity Analysis - 5% and 10% contingency rate

07-Dec-21

B

Standard Construction Costs

Unit Type	Number of Units	Gross Int Floor Area m2	Total GIA m2	Construction Cost Rate £m2	Total Build Cost
Refurb					
1 Bed Flat	5	59.67	298.35	£2,838	£846,705
2 Bed Flat	2	76.1	152.20	£2,838	£431,938
4 Bed Duplex	1	124.6	124.60	£2,838	£353,610
3 Bed Flat	1	110.4	110.40	£2,838	£313,311
Circulation			245.20	£2,838	£695,868
2 Bed Town House	9	83.72	753.48	£2,838	£2,138,346
3 Bed Town House	2	109.5	219.00	£2,838	£621,513
Totals			1,903.23		£5,401,291

Over Extra Construction Costs

External Works	£654,330	12.11%
Total	£6,055,621	
Contingency @ 10%	£605,562	
Refurb Total	£6,661,183	

Effective Build Rate	
Refurb	£6,055,621
Sales Area	1,658.03
£m2	£3,652
£sqft	£339

Unit Type	Number of Units	Gross Int Floor Area m2	Total GIA m2	Construction Cost Rate £m2	Total Build Cost
New Build					
1 Bed Fog	5	58	290.00	£1,562	£452,980
2 Bed Fog	3	70	210.00	£1,562	£328,020
2 Bed House Terr	14	79.71	1,115.94	£1,388	£1,548,925
2 Bed House SD	2	79.71	159.42	£1,388	£221,275
2 Bed House Det	1	79.71	79.71	£1,611	£128,413
3 Bed House Terr	2	94.2	188.40	£1,388	£261,499
3 Bed House SD	2	84	168.00	£1,388	£233,184
3 Bed House SD	8	84.54	676.32	£1,388	£938,732
3 Bed House SD	4	85.6	342.40	£1,388	£475,251
3 Bed House Det	10	84	840.00	£1,611	£1,353,240
3 Bed House Det	2	84.54	169.08	£1,611	£272,388
3 Bed House Det	5	108.3	541.50	£1,611	£872,357
4 Bed House SD*	4	114	456.00	£1,388	£632,928
4 Bed House Det *	3	114	342.00	£1,611	£550,962
4 Bed House Det	2	146.9	293.80	£1,611	£473,312
4 Bed House Det*	3	166.2	498.60	£1,611	£803,245
External Garages	19	18	342.00	£850	£290,700
Undercroft			480.60	£550	£264,330
Totals			7,193.77		£10,101,740

Over Extra Construction Costs

<u>External Works</u>			
Landscaping	£150,000	Prov Sum	
Roads inc Sewers	£578,200	2,360m2	£245m2
Street Light inc connector	£19,500	15nr	£1,300
Light Bollards	£7,000	20nr	£350
Steet Nameplate	£1,600	8nr	£200
Mains Service Connections	£10,000	Item	£10,000
FW & SW Connection	£10,000	Item	£10,000

Effective Build Rate	
New Build	£13,450,640
Sales Area	6,371.17
£m2	£2,111
£sqft	£196

Net of Abnormla Works	
New Build	£12,221,890

Service Duct	£53,100	1,180m	£45m	Sales Area	6,371.17
Perimeter Boundary	£38,500	700m	£55m	£m2	£1,918
Fence CB 1.8m	£121,500	2,700m	£45m	£sqft	£178
Roads (unadopted)	£388,800	3,240m2	£120m2		
Paths & Patios	£135,000	2,250m2	£60m2		
Utility Charge	£297,000	Item			
Gates	£12,150	81nr	£150		
SWD Roads	£70,800	590m	£120m		
Soakaways & SWD plot	£63,000	90nr	£700	Ext Wks Total	£2,120,150
Foul Drainage (in plot)	£162,000	1,350m	£120m		20.99%
Bin & Cycle Store	£2,000	Item			

Abnormal Works

Demolition & Clearance	£100,000				
Ecology	£5,000				
EO Piling	£350,000		Calculated		
Level Changes	£15,000				
Remediation	£100,000		Reported		
Tree Removal	£15,000				
Water Main Diversions	£266,000		Quoted		
HV Main Diversion	£131,000		Quoted		
Gas Main Diversion	£59,000		Quoted		
SUDS 590m3	£118,000		Quoted		
Balancing Pond	£5,000		Quoted	Abn Total	
1,850m2 Perm Paving	£64,750		Quoted	£1,228,750	

Sub Total **£3,348,900**

Total **£13,450,640**

Contingency @ 5% **£672,532**

New Build Total **£14,123,172**

Total Construction Costs **£20,784,354**

Administration and Development Allowance

Post Cont Fees NB @4%	£538,026
Post Cont Fees RF (QS)	£642,800
Pre Contract Fees (2017)	£417,842
Temporary Works & Security	£376,000
Interest (@6.5% inc)	£1,607,965

CIL (Indexed) **£517,000**

S106	£135,000
Legal Sales @£1,250 p.u.	£112,500
Sales & marketing @2%	£684,900
Total	£5,032,032

Land Costs & Fees

OMV - EUV	£4,000,000	
Statutory Compensation	£354,000	
SDLT	£189,500	4.74%
Acquisition Fees @1.75%	£70,000	
Valuation Fees	£15,000	
Land Costs	£4,628,500	

Overhead & Development Profit

Overhead Profit @17.5%	£5,992,875
HA Profit	£0
Total Profit	£5,992,875

Gross Dev Costs **£36,437,761**

Total Gross Development Value

Refurb		Sales Average	GDV	£m2	£sqft	GIAm2
1 Bed Flat	5	£250,000	£1,250,000	£4,190	£389	59.67
2 Bed Flat	2	£320,000	£640,000	£4,205	£391	76.1
2 Bed Duplex	1	£500,000	£500,000	£4,013	£373	124.6
3 Bed Flat	1	£450,000	£450,000	£4,076	£379	110.4

2 Bed Town House	9	£360,000	£3,240,000	£4,300	£399	83.72
3 Bed Town House	2	£470,000	£940,000	£4,292	£399	109.5
New Build						
1 Bed Fog	5	£240,000	£1,200,000	£4,138	£384	58
2 Bed Fog	3	£290,000	£870,000	£4,143	£385	70
2 Bed House Terr	14	£335,000	£4,690,000	£4,203	£390	79.71
2 Bed House SD	2	£340,000	£680,000	£4,265	£396	79.71
2 Bed House Det	1	£345,000	£345,000	£4,328	£402	79.71
3 Bed House Terr	2	£400,000	£800,000	£4,246	£394	94.2
3 Bed House SD	2	£370,000	£740,000	£4,405	£409	84
3 Bed House SD	8	£380,000	£3,040,000	£4,495	£418	84.54
3 Bed House SD	4	£385,000	£1,540,000	£4,498	£418	85.6
3 Bed House Det	10	£390,000	£3,900,000	£4,643	£431	84
3 Bed House Det	2	£395,000	£790,000	£4,672	£434	84.54
3 Bed House Det	5	£460,000	£2,300,000	£4,247	£395	108.3
4 Bed House SD*	4	£440,000	£1,760,000	£3,860	£359	114
4 Bed House Det *	3	£450,000	£1,350,000	£3,947	£367	114
4 Bed House Det	2	£635,000	£1,270,000	£4,323	£402	146.9
4 Bed House Det*	3	£650,000	£1,950,000	£3,911	£363	166.2
Totals Market GDV	90		£34,245,000			

Development Residual Valuation	-£2,192,761
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Interest payments

Land is at EUV plus cost	£4,628,500
Contract period expenditure	£21,974,380
Total Borrowings	£26,602,880
34 month cycle	
Intro Fee 0%	£0
Borrowing rate 6.5%	

Month 0	£4,628,500	£4,628,500	£25,071	RM Application		
month 1	£600,000	£5,228,500	£28,321	Mobilisation		
month 2	£424,000	£5,652,500	£30,618			
month 3	£500,000	£6,152,500	£33,326			
month 4	£500,000	£6,652,500	£36,034			
month 5	£500,000	£7,152,500	£38,743			
month 6	£550,000	£7,702,500	£41,722			
month 7	£600,000	£8,302,500	£44,972	Start on Site		
month 8	£650,000	£8,952,500	£48,493			
month 9	£700,000	£9,652,500	£52,284			
month 10	£750,000	£10,402,500	£56,347			
month 11	£800,000	£11,202,500	£60,680			
month 12	£850,000	£12,052,500	£65,284			
month 13	£900,000	£12,952,500	£70,159			
month 14	£950,000	£13,902,500	£75,305			
month 15	£1,000,000	£14,902,500	£80,722			
month 16	£1,000,000	£15,902,500	£86,139			
month 17	£1,000,000	£16,902,500	£91,555			
month 18	£1,000,000	£17,902,500	£96,972	Sales Comm		
month 19	£1,000,000	£16,610,500	£89,974	6	£382,000	£2,292,000
month 20	£950,000	£15,268,500	£82,704	6	£382,000	£2,292,000
month 21	£900,000	£13,876,500	£75,164	6	£382,000	£2,292,000
month 22	£850,000	£12,434,500	£67,354	6	£382,000	£2,292,000
month 23	£800,000	£10,942,500	£59,272	6	£382,000	£2,292,000
month 24	£750,000	£9,400,500	£50,919	6	£382,000	£2,292,000
month 25	£700,000	£7,808,500	£42,296	6	£382,000	£2,292,000
month 26	£650,000	£6,166,500	£33,402	6	£382,000	£2,292,000
month 27	£600,000	£4,474,500	£24,237	6	£382,000	£2,292,000
month 28	£550,000	£2,732,500	£14,801	6	£382,000	£2,292,000
month 29	£500,000	£940,500	£5,094	6	£382,000	£2,292,000
month 30	£450,000	£-901,500	£0	6	£382,000	£2,292,000
month 31				6	£382,000	£2,292,000
month 32				6	£382,000	£2,292,000
month 33				6	£382,000	£2,292,000
Totals	£26,602,500		£1,607,965			

Bank Fees & QS	£0
Total Finance Cost	£1,607,965

