

**AFFORDABLE HOUSING VIABILITY REPORT
FOR RESIDENTIAL DEVELOPMENT AT THE
CLOCKHOUSE, 81c LONDON ROAD,
WATERLOOVILLE, HANTS, PO7 7HE.**

On behalf of WD King Ltd

**By Simon Corp BSc (Hons)
19th August 2016**

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1.0 Introduction and Instructions

- 1.1 S106 Affordable Housing Ltd was instructed by WD King Ltd to prepare an affordable housing viability study to determine the viable level of affordable housing provision that can be funded from the proposed development providing 30 no apartments and new retail space at The Clockhouse, 81c London Road, Waterlooville, Hants, PO7 7HE.
- 1.2 The report has been prepared by Simon Corp, I have a BSc (Hons) in Residential Development and 20 years experience in affordable housing development. I am a Director of S106 Affordable Housing Ltd a specialist practice providing viability, development and affordable housing consultancy services.
- 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 affordable housing the development can viably sustain.
- 1.4 Our methodology will be to carry out a viability assessment without any affordable housing and compare this with an existing benchmark land value, to determine the total development subsidy that is available to fund any affordable housing provision. We then look at the effect on the viability of introducing the affordable housing payment.
- 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 site is currently made up of a number of existing commercial buildings currently occupied by a range of retail and leisure occupiers. The proposal is to partially demolish some existing buildings, convert the remaining vacant buildings with newbuild additional floors providing 30no new apartments and retail space.
- 2.2 The current adopted Havant Core Strategy requires 30-40% affordable housing will be required on site of 15 or more dwellings. S106 Affordable Housing Ltd has been instructed to assess if the policy level of provision can be viably delivered from the proposed development. Our methodology is to prepare a viability assessment on the basis of all open market development without any affordable housing and compare this with the existing use benchmark value of the land to determine the total development surplus which is generated to fund affordable housing. If the residual land value is above the benchmark existing land value there is deemed to be a surplus to fund affordable housing.
- 2.3 We have appraised the site using the EAT (Economic Appraisal Tool) as all open market sale without the affordable housing to determine the surplus above the benchmark land value which is available to fund affordable housing. The results of EAT is a residual land value of £394,929.
- 2.4 The development is deemed viable if the residual land value is above the existing value or benchmark value of the site. The RICS Financial Viability in Planning guidance recommends that viability is benchmarked against the existing market value of the land. To assess the existing market value of the land we have looked at the elements of the site which are being redeveloped and ignored those parts which remain in their current use, these are:

81c 3115ft²
Poker Club 5246ft²
Units 6/7 1434ft²
Total 9795ft²

- 2.5 We have looked at rents achieved on comparable secondary retail/office space, we could not identify any comparable office space but have identified retail units on London Road all in excess of £20 per square foot. The space in question is not all prime high street frontage and is more comparable with upper floor office and storage space, so we have adopted a much lower rent level at £7.50/ft². As a practice we also agreed the viability assessment on the McDonalds site at 314 London Road, in that case an existing rent for office/storage space above retail was agreed at £7.27/ft². This was carried out in 2014 so now we consider £7.50/ft² a fair assessment of the likely achievable rent.

- 2.6 On this basis the space would have a rental income of £73,463pa capitalized at a yield of 10% it generates a capital value of £734,620.
- 2.7 Mt client has obtained a valuation of these elements of the site on an existing use basis by Holloway Iliffe and Mitchell, they are established Chartered Surveyors in the commercial property sector. They have valued the properties on an existing use basis at £665,000. We have adopted this lower value for the purpose of viability assessment, a copy of their letter is attached to this report.
- 2.8 It is established viability practice that a margin should be added to the base current use value to encourage a landowner to release a site for development. This has been reinforced in 2014 Planning Practice Guidance which states that a landowner should receive a “competitive return”. The level should be sufficient to incentivise them to release the site, we have assumed a 15% margin would provide sufficient incentive resulting in a benchmark land value of £764,750 which we have rounded up to £765,000.
- 2.9 The residual value without affordable housing is therefore £370,071 below the current market value of the site, so no surplus is generated by the development to fund any affordable housing.
- 2.10 We have then looked at the effect of introducing the policy compliant level of affordable housing provision, the adopted policy requirement is 30-40% affordable housing so we have modelled this as 30% affordable housing equating to 9no units split as 6 units for affordable rent and 3 units for shared ownership. This mix generates a residual value of £29,914 It is evident from this re-appraisal that introducing affordable housing just compounds the pre-existing viability pressure on the site.
- 2.11 The affordable housing compliant appraisal assumes the affordable rent levels are at the Havant Local Housing Allowance rates and the shared ownership is based on a 40% initial equity sale and rents on the unsold equity at 2.75%. In line with HCA guidance that grant will not be supported on s106 units we have not factored any grant funding into the appraisal.
- 2.12 We have also considered the viability effect of changing the tenure of the affordable housing tenure to entirely shared ownership. We have also prepared an EAT appraisal on this basis resulting in a residual land value of £120,369. This is still £644,631 below the benchmark value, this clearly shows any affordable housing provision is not viable on this development.
- 2.13 In summary as the residual value on all open market sale basis with no affordable housing provision is below the benchmark market value of the site there is no surplus generated to viably fund any affordable housing provision on this site.

3. Policy Background

Havant Borough Core Strategy

- 3.1 Havant Borough Council affordable housing policy is contained within the Core Strategy which was adopted in March 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.

Planning for Growth Statement 23rd March 2011

- 3.3 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.

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

- 3.4 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.
- 3.5 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.

- 3.6 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.
- 3.7 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.
- 3.8 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”.
- 3.9 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.”
- 3.10 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.”

3.11 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.

3.12 Following a decision by the Court of Appeal¹ (on 11th May 2016) to overturn an earlier ruling by the High Court the NPPF was updated in June 2016 to re-introduce the small sites threshold whereby no affordable housing is required on sites of 10 units and less or up 1000m² gross internal floor area.

Housing and Growth Statement 6th September 2012

3.13 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.”

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

¹ Court of Appeal Decision [2016] EWCA Civ 441

community benefits at all when agreements are no longer economically viable.”

Planning Practice Guidance March 2014

- 3.14 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.
- 3.15 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.”
- 3.16 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.
- 3.17 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.

Impact of Social Rent Changes 9th November 2015

- 3.18 A ministerial statement from Brandon Lewis MP, Minister of State for Housing and Planning, recognised that following the Budget 2015 announcement of reductions in social rents in the four years from 2016 – 20, Housing Associations have been forced to reconsider their financial commitments. As a result some schemes where housing associations are engaged with house builders through s106 agreements are being adversely impacted. In this statement, Mr Lewis recognises that this creates a risk to the Government and Local Authorities because of the potential for it to delay homes coming forward and impact on how councils will be able to demonstrate a five year land supply of deliverable housing land.
- 3.19 In the statement the Minister reminds Local Authorities that S106 agreements maybe renegotiated at any time by mutual consent and reinforces that “planning guidance is clear that local planning authorities should be flexible in their requirements, taking into account specific site circumstances and changing circumstances”.
- 3.20 He goes on to state “Developers are already entitled to apply to modify any obligation over five years old. They are also able to apply to revise the affordable housing element of any Section 106 planning obligation if it can evidence that the

affordable housing element is making the scheme unviable and is stalling development”.

- 3.21 Mr Lewis urges planning authorities to “respond constructively, rapidly and positively ... and to take a pragmatic and proportionate approach to viability”.

4 Cost and Values

Benchmark Land Value

- 4.1 The RICS Financial Viability in Planning guidance recommends that viability is benchmarked against the existing market value of the land. To assess the existing market value of the land we have looked at the elements of the site which are being redeveloped and ignored those parts which remain in their current use, these are:

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- 4.2 We have looked at rents achieved on comparable secondary retail/office space, we could not identify any comparable office space but have identified retail units on London Road all in excess of £20 per square foot. The space in question is not all prime high street frontage and is more comparable with upper floor office and storage space, so we have adopted a much lower rent level at £7.50/ft². As a practice we also agreed the viability assessment on the McDonalds site at 314 London Road, in that case an existing rent for office/storage space above retail was agreed at £7.27/ft². This was carried out in 2014 so now we consider £7.50/ft² a fair assessment of the likely achievable rent.
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Sales values

- 4.6 We have undertaken an internet based market research assessment of achievable values within a half mile radius of the site, looking at properties on the market, sale agreed and sold within the last 12 months. We identified one bedroom apartments between £110,000-160,000 equating to an average sales value of £3,073 per square metre. However the properties at the upper end of the comparable range are located in smaller bespoke purpose built blocks in better locations, where as the proposed units are located above retail in a town centre location and in our opinion they will not achieve values at the upper end of the range. Local agents have quoted our client an anticipated sales value of £120,000 for one bedroom apartments, but we feel these will achieve slightly stronger values and have set the values at the mid to upper end of the comparable range with average values between £140,000-150,000. These values equate to an average sales value of £2,842/m².
- 4.7 For the two bedroom apartments we identified comparable properties between £180,000-225,000 equating to an average value of £3,134/m². However as with the one bedroom apartments the highest value comparables are again in better locations. We have therefore set values at the mid to upper range of the comparable range at an average sales value of £193,000-211,000 per unit which equates to an average sales value of £2,899/m². Like the one bedroom apartments these values are higher than the values provided to our client by local agents, they have advised the two bedroom apartments will only achieve £160,000 because they are above retail with an awkward access and limited parking.
- 4.8 We have not made any distinction in sales values between the newbuild and conversion properties as we have assumed the refurbished units would be finished to a newbuild equivalent specification.
- 4.9 The actual price achieved will be dependent on market conditions at the time of marketing, competitor developments and the completed specification and finishes.

Construction Costs

- 4.10 In line with normal viability practice we have used the BCIS build costs rates to calculate the build costs used in the EAT using the median cost range rebased to Havant. These equate to rates of £1,424/m² for the newbuild and £1,059/m² for the refurbishment.
- 4.11 The BCIS rates exclude any allowances for infrastructure or external works, the access and parking areas are existing but will all need upgrading and the car parking areas re-surfaced. We have therefore made an additional allowance of £100,000 for these costs, this equates to less

than 4% of the base construction costs which is significantly less than the normal external works allowance at 10-15% of base construction cost.

- 4.12 The use of BCIS rates for estimating construction costs is established viability practice and provides a good evidential base as it is drawn from actual tender returns in a given location. In this case it is based on a tender sample size of 181 returns. However its is becoming increasingly apparent that BCIS rates are not keeping up with the most recent build cost tenders and the contracting market is becoming quite overheated with demand out stripping capacity in the sub-contract market and material prices are increasing with lengthy call off periods for certain materials notably bricks. This is having a cumulative effect on construction costs.
- 4.13 Although the use of BCIS rates is an established methodology for viability assessment, it should be noted the client has had a cost plan produced by Ward Williams Associates in the sum of £5,141,686 including a 5% client contingency. This is significantly higher than the BCIS based costs at £3,204,382 so this allowance should be viewed as the minimum cost level.
- 4.14 We have separately allowed for design fees at 7% and contingency of 5% both of which are below the default values of the toolkit.
- 4.15 In addition to the BCIS based cost and external works allowances have also allowed for the following anticipated abnormal costs:
- | | |
|-----------------------------|---------|
| Cycle store and refuse area | £65,000 |
| Partial demolition | £40,000 |
| Japanese knotweed removal | £25,000 |

Profit

- 4.16 We have set developers profit at 18% on the private sale units and 6% for the affordable housing. Over the last few years the benchmark profit level has been 20% but with an improving market and more competition for land developers have been reducing margins to secure land deals, so there is a view that lower profit margins are now appropriate.
- 4.17 However we do consider this to be on the lowest end of the spectrum, most mainstream funders demand a higher profit level to attract debt finance. Mezzanine and equity finance partners would expect much higher rates but on a smaller share of the costs typically 30-40% of the total borrowing.
- 4.18 Following the EU referendum result there is greater uncertainty around the housing market and many commentators expect funders profit expectations to be increased back up to the 20% level. We have maintained profit at 18% but this could change in the medium term.

Affordable Housing Inputs

- 4.19 We have set rents for the affordable rent units at the Local Housing Allowance rates as an 80% of market rent affordable rent would be in excess of the LHA rates. The rents used in the EAT are therefore £116.53pw for a one bedroom apartment and £144.36pw for a two bedroom apartment.
- 4.20 In the last budget it was announced that affordable rents should reduce by 1%pa over the next four years. This will reduce the capital value of the affordable housing but this has not been factored into the EAT appraisal.
- 4.21 The shared ownership units assume an initial equity sale at 40% of the open market values with a rent at the HCA maximum level of 2.75% of the unsold equity.
- 4.22 In line with HCA guidance that grant will not be supported on s106 units we have not factored any grant funding into the appraisals.

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 15 months with a sales period of 8 months. On all open market basis this equates to 3.75 units a month which is at the upper end of the expected range.

S106 and CIL Contributions

- 5.3 We have allowed for a CIL contribution on the net additional floor area at the adopted level of £80 per square metre on the open market sale units only. We have assumed the affordable housing units would 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 market level, however it should be noted our clients actual finance costs are a good deal higher. 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% of gross sales value for sales and marketing this will cover a sales agent of 1% and additional allowances for a show apartment production of marketing material and advertising and promotion.

Economic Appraisal Tool

[click here to proceed](#)

Version 2.0 July 2009



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

(Worksheet 1)

INPUT SHEET 1 - RESIDENTIAL MIX ASSUMPTIONS
Basic Site Details

Site Address	The Clockhouse, Waterloooville
Site Reference	
File Source	
Scheme Description	30 flats all open market
Date	16th Aug 16
Site Area (hectares)	
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

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

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

Affordable Housing Tenure 5:
Market Rent

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

* Other = User-defined

Open Market Housing Type 1:
One bedroom apartments (newbuild)

	1b2p	1b2p	1b2p	1b2p	1b2p	1b2p	
Unit Size (sq m) - NIA	41	42	50	51	52	53	
Habitable Rooms per Unit	2	2	2	2	2	2	
Persons per Unit	2	2	2	2	2	2	
Total Number of Units	1	1	5	1	2	2	

Open Market Housing Type 2:
One bedroom apartments (refurb)

	1b2p	1b2p	1b2p	1b2p			
Unit Size (sq m) - NIA	50	51	52	60			
Habitable Rooms per Unit	2	2	2	2			
Persons per Unit	2	2	2	2			
Total Number of Units	3	1	1	2			

Open Market Housing Type 3:
Two bedroom apartments (newbuild)

	2b3p	2b4p	2b4p	2b4p	2b4p		
Unit Size (sq m) - NIA	62	65	66	70	76		
Habitable Rooms per Unit	3	3	3	3	3		
Persons per Unit	3	4	4	4	4		
Total Number of Units	2	1	1	1	1		

Open Market Housing Type 4:
Two bedroom apartments (refurb)

	2b4p	2b4p	2b4p				
Unit Size (sq m) - NIA	70	74	76				
Habitable Rooms per Unit	3	3	3				
Persons per Unit	4	4	4				
Total Number of Units	2	2	1				

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	21	(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)	29	(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	£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)
Voids / 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 i

	Start Month	End Month	
Timing of Affordable Housing Tenure 1 Purchase Payment	6	18	(whole number, minimum o

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
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 annur.
Voids / bad debts (% of rent)		1.50%	(% of gross rent per annur.
Repairs Fund (% of rent)			(% of gross rent per annur.
Yield (%)		6.25%	(to capitalise the net rent, c

	Start Month	End Month	
Timing of Affordable Housing Tenure 2 Purchase Payment	6	18	(whole number, minimum o

Affordable Housing Tenure 3:
Intermediate - Discounted Market Sale

Type of Unit	Capital Value pre-discount (£ psm, NIA)
0	
0	

0					
0					
0					
0					
0					
% of Open Market Value	(ie discounted value)				
Timing of Affordable Housing Tenure 3 Purchase Payment	<table border="0"> <tr> <td>Start Month</td> <td>End Month</td> </tr> <tr> <td></td> <td></td> </tr> </table> (whole number, minimum 0)	Start Month	End Month		
Start Month	End Month				

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)
0		£0	£0
0		£0	£0
0		£0	£0
0		£0	£0
0		£0	£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

Timing of Affordable Housing Tenure 4 Purchase Payment	<table border="0"> <tr> <td>Start Month</td> <td>End Month</td> </tr> <tr> <td></td> <td></td> </tr> </table> (whole number, minimum 0)	Start Month	End Month		
Start Month	End Month				

Affordable Housing Tenure 5:Market Rent

Type of Unit	Rent per Unit per Week (£)	Total Annual Rent (£ per Unit)
0		
0		
0		
0		
0		
0		
0		
Management Costs (% of rent)	12.00%	(% of gross rent per annum)
Voids / 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 5 Purchase Payment	<table border="0"> <tr> <td>Start Month</td> <td>End Month</td> </tr> <tr> <td>6</td> <td>15</td> </tr> </table> (whole number, minimum 0)	Start Month	End Month	6	15
Start Month	End Month				
6	15				

Open Market Values

		Capital Value (£ psm)	Average value of unit
Open Market Housing Type 1:	One bedroom apartments (newbuild)	£2,842	£140,679
Open Market Housing Type 2:	One bedroom apartments (refurb)	£2,842	£151,438
Open Market Housing Type 3:	Two bedroom apartments (newbuild)	£2,899	£193,750
Open Market Housing Type 4:	Two bedroom apartments (refurb)	£2,899	£211,047
Open Market Housing Type 5:		£0	
Timing of First Open Market Housing Sale		Month	
Timing of Last Open Market Housing Sale		21	(whole number, minimum 0)
		29	(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:	Market Rent		
Open Market Housing Type 1:	One bedroom apartments (newbuild)	£200	
Open Market Housing Type 2:	One bedroom apartments (refurb)	£250	
Open Market Housing Type 3:	Two bedroom apartments (newbuild)	£250	
Open Market Housing Type 4:	Two bedroom apartments (refurb)	£250	
Open Market Housing Type 5:			
Yield (%)	6.00%	(to capitalise the ground rents)	
Timing of ground rent payment	Month 29	(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:	Market Rent		
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:	Market Rent		
Open Market Housing Type 1:	One bedroom apartments (newbuild)	£1,424	83%
Open Market Housing Type 2:	One bedroom apartments (refurb)	£1,059	83%
Open Market Housing Type 3:	Two bedroom apartments (newbuild)	£1,424	83%
Open Market Housing Type 4:	Two bedroom apartments (refurb)	£1,059	83%
Open Market Housing Type 5:			

* 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		£83,320	6
		£0	0
		£0	0
		£0	0
		£0	0
		£0	0
		£0	0
		Cost (£)	Month of Payment
Site Abnormals (£)		£65,000	6
New cycle store and refuse store areas		£100,000	6
Upgrade external works			

* This section excludes Affordable Housing section 106 payments

Partial demolition
Knotweed

£40,000	6
£25,000	6
£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 (£)

£31,500	
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) - £

3.00%	(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 (%)	18.00%	(typically 17.5-20%)
Affordable Housing (%)	0.00%	(typically around 6%. profit only taken on the capital value of £100,000)

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		
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)	93	
Size of retail scheme (net lettable sq m)	93	
Values		
Rent (£ psm)	£108	
Yield (%)	8.00%	
Purchaser's costs (% of value)	5.75%	(typically around 5.75% assuming a 4% stamp duty)
Building Costs		
Retail Building Costs (Gross, £ psm)	£1,000	
Retail Building Professional Fees (% of building costs)	7.00%	(typically around 10% - 15%)
Building Contingencies (% of building costs)	5.00%	(typically around 5%)
Timing		
Start of Building Period (month)	6	(whole number, minimum of 0, maximum of 60)
End of Building Period (month)	24	(whole number, minimum of 0, maximum of 60)
Timing of Letting / Sale (month)	26	(whole number, minimum of 0, maximum of 60)
Letting / sale fees		
Letting (% of income)	10.00%	(typically around 10% for sole agent and 15% for joint agents)
Advertising (% of annual income)	1.00%	(typically around 1%)
Sale (% of sale price)	1.75%	(typically around 1.75%)
Return for risk / profit (% of value)	18.00%	(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		
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 ASSUMPTIONSSize 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 CostsLeisure Building Costs (Gross, £ psm)
Leisure Building Professional Fees (% of building costs)
Building Contingencies (% of building costs)(typically around 10% - 15%)
(typically around 5%)**Timing**Start of Building Period (month)
End of Building Period (month)
Timing of Letting / Sale (month)**Timing
(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 ASSUMPTIONSSize 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 CostsCommunity-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**Start of Building Period (month)
End of Building Period (month)
Timing of Letting / Sale (month)**Timing
(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	The Clockhouse, Waterloooville
Site Reference	
File Source	
Scheme Description	30 flats all open market
Date	16th Aug 16
Site Area (hectares)	
Author & Organisation	Simon Corp
HCA Investment Manager	

Housing Mix (Affordable + Open Market)

Total Number of Units	30	units
Total Number of Open Market Units	30	units
Total Number of Affordable Units	0	units
Total Net Internal Area (sq m)	1,732	sq m
Total Habitable Rooms	71	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	80	Persons
Total Number of Persons	80	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	-	-	-
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 (£)
0	-	-	-
0	-	-	-
0	-	-	-
0	-	-	-
£0	-	-	-
£0	-	-	-
£0	-	-	-
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 (£)
0	-	-	-
0	-	-	-
0	-	-	-
0	-	-	-
£0	-	-	-
£0	-	-	-
£0	-	-	-
Total	-	-	-

Owner-occupied / rented % share

-

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 4**£0****Affordable Housing Tenure 5:****Market Rent**

Type of Unit	Total Rent pa (£)	Yield (%)	Capital Value (£)
0	-	-	-
0	-	-	-
0	-	-	-
0	-	-	-
0	-	-	-
0	-	-	-
0	-	-	-
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
Market Rent	£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 (£)
One bedroom apartments (newbuild)	594	£2,842	£1,688,148
One bedroom apartments (refurb)	373	£2,842	£1,060,066
Two bedroom apartments (newbuild)	401	£2,899	£1,162,499
Two bedroom apartments (refurb)	364	£2,899	£1,055,236
	-	-	-
Total	1,732	-	£4,965,949

	Average value (£ per unit)
One bedroom apartments (newbuild)	£140,679
One bedroom apartments (refurb)	£151,438
Two bedroom apartments (newbuild)	£193,750
Two bedroom apartments (refurb)	£211,047

TOTAL CAPITAL VALUE OF OPEN MARKET HOUSING £4,965,949

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:	Market Rent	£0
Open Market Housing Type 1:	One bedroom apartments (newbuild)	£40,000
Open Market Housing Type 2:	One bedroom apartments (refurb)	£29,167
Open Market Housing Type 3:	Two bedroom apartments (newbuild)	£25,000
Open Market Housing Type 4:	Two bedroom apartments (refurb)	£20,833
Open Market Housing Type 5:		£0

TOTAL CAPITALISED ANNUAL GROUND RENT £115,000

TOTAL CAPITAL VALUE OF RESIDENTIAL SCHEME £5,080,949

Non-Residential Values

Office	£0	
Retail	£118,723	
Industrial	£0	
Leisure	£0	
Community-use	£0	£118,723

TOTAL CAPITAL VALUE OF NON-RESIDENTIAL SCHEME £118,723

TOTAL VALUE OF SCHEME £5,199,672

Residential Building, Marketing & Section 106 Costs

Affordable Housing Build Costs	£0	
Open Market Housing Build Costs	£2,647,425	£2,647,425

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
-------------------------------------	--	-----------

Other site costs

Building Contingencies	5.0%	£132,371
Building Cost Fees (Architects, QS etc):	7.0%	£194,586
Other Acquisition Costs (£)		£0

Site Abnormals

New cycle store and refuse store areas		£65,000
Upgrade external works		£100,000
Partial demolition		£40,000
Knotweed		£25,000
	0	£0
	0	£0
	0	£0
	0	£0

Total Building Costs		£3,204,382
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Section 106 Costs (£)

cil		£83,320
		£0
		£0
		£0
		£0
		£0
		£0
	0	£0

Section 106 costs		£83,320
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Marketing (Open Market Housing ONLY)

Sales Fees:	3.0%	£148,978
Legal Fees (per Open Market unit):	£500	£15,000

Marketing (Affordable Housing)

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

Total Marketing Costs		£163,978
------------------------------	--	-----------------

Non-Residential Building & Marketing Costs**Building Costs**

Office	£0	
Retail	£97,650	
Industrial	£0	
Leisure	£0	
Community-use	£0	£97,650

Professional Fees (Building, Letting & Sales)

Office	£0	
Retail	£10,018	
Industrial	£0	
Leisure	£0	
Community-use	£0	£10,018

Total Non-Residential Costs		£107,668
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TOTAL DIRECT COSTS:		£3,559,348.80
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Finance and acquisition costs**(finance costs are only displayed if there is a positive residual site value)**

Arrangement Fee	£31,500
Misc Fees (Surveyors etc)	£10,000
Agents Fees	£3,949
Legal Fees	£2,962
Stamp Duty	£15,797
Total Interest Paid	£265,946

Total Finance and Acquisition Costs	£330,154
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Developer's return for risk and profit**Residential**

Open Market Housing Operating 'Profit'	£893,871
Affordable Housing 'Profit'	£0

Non-residential

Office	£0	
Retail	£21,370	
Industrial	£0	
Leisure	£0	
Community-use	£0	£21,370

Total Operating Profit	£915,241
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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	£394,929
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EXISTING USE VALUE	£765,000
DIFFERENCE BETWEEN SITE VALUE AND EXISTING USE VALUE	-£370,071

Checks:

Site Value as a Percentage of Total Scheme Value	7.6%
Site Value per hectare	#VALUE!

Notes & Calculation Sheet

(Worksheet 5)

Economic Appraisal Tool

[click here to proceed](#)

Version 2.0 July 2009



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

(Worksheet 1)

INPUT SHEET 1 - RESIDENTIAL MIX ASSUMPTIONS
Basic Site Details

Site Address	The Clockhouse, Waterlooville
Site Reference	
File Source	
Scheme Description	30 flats all open market
Date	1st July 2016
Site Area (hectares)	
Author & Organisation	Simon Corp
HCA Investment Manager	

Residential Mix Assumptions
Affordable Housing Tenure 1:
Affordable Rent

	1b2p	1b2p	2b3p	2b3p			
Unit Size (sq m) - NIA	50	51	62	66			
Habitable Rooms per Unit	2	2	3	3			
Persons per Unit	2	2	3	3			
Total Number of Units	2	1	2	1			

Affordable Housing Tenure 2:
Intermediate - Shared Ownership

	1b2p	1b2p	2b3p				
Unit Size (sq m) - NIA	41	42	65				
Habitable Rooms per Unit	2	2	3				
Persons per Unit	2	2	3				
Total Number of Units	1	1	1				

Affordable Housing Tenure 3:
Intermediate - Discounted Market Sale

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

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

Affordable Housing Tenure 5:
Market Rent

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

* Other = User-defined

Open Market Housing Type 1:

One bedroom apartments (newbuild)

	1b2p	1b2p	1b2p	1b2p	1b2p	1b2p	
Unit Size (sq m) - NIA	41	42	50	51	52	53	
Habitable Rooms per Unit	2	2	2	2	2	2	
Persons per Unit	2	2	2	2	2	2	
Total Number of Units	0	0	5	0	2	2	

Open Market Housing Type 2:

One bedroom apartments (refurb)

	1b2p	1b2p	1b2p	1b2p			
Unit Size (sq m) - NIA	50	51	52	60			
Habitable Rooms per Unit	2	2	2	2			
Persons per Unit	2	2	2	2			
Total Number of Units	1	1	1	2			

Open Market Housing Type 3:

Two bedroom apartments (newbuild)

	2b3p	2b4p	2b4p	2b4p	2b4p		
Unit Size (sq m) - NIA	62	65	66	70	76		
Habitable Rooms per Unit	3	3	3	3	3		
Persons per Unit	3	4	4	4	4		
Total Number of Units	0	0	0	1	1		

Open Market Housing Type 4:

Two bedroom apartments (refurb)

	2b4p	2b4p	2b4p				
Unit Size (sq m) - NIA	70	74	76				
Habitable Rooms per Unit	3	3	3				
Persons per Unit	4	4	4				
Total Number of Units	2	2	1				

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
Value of each residential car parking space

0	(Open Market and Affordable)
£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	21	(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)	29	(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)
1b2p	£116.53	£6,060
1b2p	£116.53	£6,060
2b3p	£144.36	£7,507
2b3p	£144.36	£7,507
0	£0.00	
0	£0.00	
0	£0.00	
Management Costs (% of rent)	8.50%	(% of gross rent per annum)
Voids / bad debts (% of rent)	3.00%	(% of gross rent per annum)
Repairs Fund (% of rent)	10.00%	(% of gross rent per annum)
Yield (%)	6.00%	(to capitalise the net rent, currently circa 6% but please seek i

	Start Month	End Month	
Timing of Affordable Housing Tenure 1 Purchase Payment	6	18	(whole number, minimum o

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)
1b2p	£2,842	£37	£1,923
1b2p	£2,842	£38	£1,970
2b3p	£2,899	£60	£3,109
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)
Voids / bad debts (% of rent)		1.50%	(% of gross rent per annum)
Repairs Fund (% of rent)			(% of gross rent per annum)
Yield (%)		6.00%	(to capitalise the net rent, c

	Start Month	End Month	
Timing of Affordable Housing Tenure 2 Purchase Payment	6	18	(whole number, minimum o

Affordable Housing Tenure 3:

Intermediate - Discounted Market Sale

Type of Unit	Capital Value pre-discount (£ psm, NIA)
0	
0	

0					
0					
0					
0					
0					
% of Open Market Value	(ie discounted value)				
Timing of Affordable Housing Tenure 3 Purchase Payment	<table border="0"> <tr> <td>Start Month</td> <td>End Month</td> </tr> <tr> <td></td> <td></td> </tr> </table>	Start Month	End Month		
Start Month	End Month				

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)
0		£0	£0
0		£0	£0
0		£0	£0
0		£0	£0
0		£0	£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

Timing of Affordable Housing Tenure 4 Purchase Payment	<table border="0"> <tr> <td>Start Month</td> <td>End Month</td> </tr> <tr> <td></td> <td></td> </tr> </table>	Start Month	End Month		
Start Month	End Month				

Affordable Housing Tenure 5:Market Rent

Type of Unit	Rent per Unit per Week (£)	Total Annual Rent (£ per Unit)
0		
0		
0		
0		
0		
0		
0		
Management Costs (% of rent)	12.00%	(% of gross rent per annum)
Voids / 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 5 Purchase Payment	<table border="0"> <tr> <td>Start Month</td> <td>End Month</td> </tr> <tr> <td>6</td> <td>15</td> </tr> </table>	Start Month	End Month	6	15
Start Month	End Month				
6	15				

Open Market Values

Open Market Housing Type 1:	One bedroom apartments (newbuild)	Capital Value (£ psm)	Average value of unit
Open Market Housing Type 2:	One bedroom apartments (refurb)	£2,842	£145,258
Open Market Housing Type 3:	Two bedroom apartments (newbuild)	£2,842	£155,173
Open Market Housing Type 4:	Two bedroom apartments (refurb)	£2,899	£211,627
Open Market Housing Type 5:		£2,899	£211,047
		£0	
Timing of First Open Market Housing Sale	Month	21	(whole number, minimum 0
Timing of Last Open Market Housing Sale		29	(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:	Market Rent		
Open Market Housing Type 1:	One bedroom apartments (newbuild)	£200	
Open Market Housing Type 2:	One bedroom apartments (refurb)	£250	
Open Market Housing Type 3:	Two bedroom apartments (newbuild)	£250	
Open Market Housing Type 4:	Two bedroom apartments (refurb)	£250	
Open Market Housing Type 5:			
Yield (%)	6.00%	(to capitalise the ground rents)	
Timing of ground rent payment	Month 29	(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:	Market Rent		
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	£1,424	83%
Affordable Housing Tenure 2:	Intermediate - Shared Ownership	£1,424	83%
Affordable Housing Tenure 3:	Intermediate - Discounted Market Sale		
Affordable Housing Tenure 4:	Intermediate - Other Type of Shared Own / Shared Equity		
Affordable Housing Tenure 5:	Market Rent		
Open Market Housing Type 1:	One bedroom apartments (newbuild)	£1,424	83%
Open Market Housing Type 2:	One bedroom apartments (refurb)	£1,059	83%
Open Market Housing Type 3:	Two bedroom apartments (newbuild)	£1,424	83%
Open Market Housing Type 4:	Two bedroom apartments (refurb)	£1,059	83%
Open Market Housing Type 5:			

* 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		£58,324	6
		£0	0
		£0	0
		£0	0
		£0	0
		£0	0
* This section excludes Affordable Housing section 106 payments			
Site Abnormals (£)		Cost (£)	Month of Payment
New cycle store and refuse store areas		£65,000	6
Upgrade external works		£100,000	6

Partial demolition
Knotweed

£40,000	6
£25,000	6
£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 (£)

£31,500	
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)
£20,000	6
£62,100	18
£0	18

Open Market Housing Marketing Costs

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

3.00%	(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 (%)	18.00%	(typically 17.5-20%)
Affordable Housing (%)	6.00%	(typically around 6%. profit only taken on the capital value of £100,000)

**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		
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)	93	
Size of retail scheme (net lettable sq m)	93	
Values		
Rent (£ psm)	£108	
Yield (%)	8.00%	
Purchaser's costs (% of value)	5.75%	(typically around 5.75% assuming a 4% stamp duty)
Building Costs		
Retail Building Costs (Gross, £ psm)	£1,000	
Retail Building Professional Fees (% of building costs)	7.00%	(typically around 10% - 15%)
Building Contingencies (% of building costs)	5.00%	(typically around 5%)
Timing		
Start of Building Period (month)	6	(whole number, minimum of 0, maximum of 60)
End of Building Period (month)	24	(whole number, minimum of 0, maximum of 60)
Timing of Letting / Sale (month)	26	(whole number, minimum of 0, maximum of 60)
Letting / sale fees		
Letting (% of income)	10.00%	(typically around 10% for sole agent and 15% for joint agents)
Advertising (% of annual income)	1.00%	(typically around 1%)
Sale (% of sale price)	1.75%	(typically around 1.75%)
Return for risk / profit (% of value)	18.00%	(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		
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 ASSUMPTIONSSize 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 CostsLeisure Building Costs (Gross, £ psm)
Leisure Building Professional Fees (% of building costs)
Building Contingencies (% of building costs)(typically around 10% - 15%)
(typically around 5%)**Timing**Start of Building Period (month)
End of Building Period (month)
Timing of Letting / Sale (month)**Timing
(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 ASSUMPTIONSSize 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 CostsCommunity-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**Start of Building Period (month)
End of Building Period (month)
Timing of Letting / Sale (month)**Timing
(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	The Clockhouse, Waterloooville
Site Reference	
File Source	
Scheme Description	30 flats all open market
Date	1st July 2016
Site Area (hectares)	
Author & Organisation	Simon Corp
HCA Investment Manager	

Housing Mix (Affordable + Open Market)

Total Number of Units	30	units
Total Number of Open Market Units	21	units
Total Number of Affordable Units	9	units
Total Net Internal Area (sq m)	1,732	sq m
Total Habitable Rooms	71	habitable rooms
% Affordable by Unit	30.0%	
% Affordable by Area	28.2%	
% Affordable by Habitable Rooms	31.0%	
% Social Rented within the Affordable Housing	66.7%	by number of units
% Social Rented within the Affordable Housing	69.7%	by area
% Social Rented within the Affordable Housing	68.2%	by habitable rooms
Total Number of A/H Persons	22	Persons
Total Number of Social Rented Persons	15	Persons
Total Number of Intermediate Persons	7	Persons
Total Number of Open Market Persons	56	Persons
Total Number of Persons	78	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 (£)
1b2p	£9,514	6.00%	£158,558
1b2p	£4,757	6.00%	£79,279
2b3p	£11,786	6.00%	£196,426
2b3p	£5,893	6.00%	£98,213
0	-	-	-
0	-	-	-
0	-	-	-
Total	£31,949	-	£532,476

Total Capital Value of Affordable Housing Tenure 1

£532,476

Affordable Housing Tenure 2:

Intermediate - Shared Ownership

Type of Unit	Capital Value (£ psm)	Total Floorspace (sq m)	Total Capital Value (£)
1b2p	£2,842	41	£116,522
1b2p	£2,842	42	£119,364
2b3p	£2,899	65	£188,435
0	-	-	-
0	-	-	-
£0	-	-	-
£0	-	-	-
Total	-	148	£424,321

Owner-occupied / rented % share

40%

Capital Value of owner-occupied part

£169,728

Type of Unit	Total Rent pa (£)	Yield (%)	Capital Value (£)
1b2p	£1,778	6.00%	£29,640
1b2p	£1,822	6.00%	£30,363
2b3p	£2,876	6.00%	£47,933
0	-	-	-
0	-	-	-
£0	-	-	-
£0	-	-	-
Total (full capital value if sold at OMV)	£6,476	-	£107,937

Total Capital Value of Affordable Housing Tenure 2

£277,665

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

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

Owner-occupied / rented % share

-

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 4**£0****Affordable Housing Tenure 5:****Market Rent**

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

Total Capital Value of Affordable Housing Tenure 5**£0****TOTAL CAPITAL VALUE OF ALL AFFORDABLE HOUSING (EXCLUDING SHG & OTHER FUNDING)****£810,142****Social Housing Grant**

	Grant per unit (£)	Number of Units	Grant (£)
Affordable Rent	£0	6	£0
Intermediate - Shared Ownership	£0	3	£0
Intermediate - Discounted Market Sale	£0	0	£0
Intermediate - Other Type of Shared Own / Share	£0	0	£0
Market Rent	£0	0	£0
SHG Total	-	9	£0

Social Housing Grant per Affordable Housing Person

£0

Social Housing Grant per Social Rented Person

£0

Social Housing Grant per Intermediate Person

£0**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) £810,142

Open Market Housing

Type of Open Market Housing	Net Area (sq m)	Revenue (£ / sq m)	Total Revenue (£)
One bedroom apartments (newbuild)	460	£2,842	£1,307,320
One bedroom apartments (refurb)	273	£2,842	£775,866
Two bedroom apartments (newbuild)	146	£2,899	£423,254
Two bedroom apartments (refurb)	364	£2,899	£1,055,236
	-	-	-
Total	1,243	-	£3,561,676

	Average value (£ per unit)
One bedroom apartments (newbuild)	£145,258
One bedroom apartments (refurb)	£155,173
Two bedroom apartments (newbuild)	£211,627
Two bedroom apartments (refurb)	£211,047

TOTAL CAPITAL VALUE OF OPEN MARKET HOUSING £3,561,676

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:	Market Rent	£0
Open Market Housing Type 1:	One bedroom apartments (newbuild)	£30,000
Open Market Housing Type 2:	One bedroom apartments (refurb)	£20,833
Open Market Housing Type 3:	Two bedroom apartments (newbuild)	£8,333
Open Market Housing Type 4:	Two bedroom apartments (refurb)	£20,833
Open Market Housing Type 5:		£0

TOTAL CAPITALISED ANNUAL GROUND RENT £80,000

TOTAL CAPITAL VALUE OF RESIDENTIAL SCHEME £4,451,818

Non-Residential Values

Office	£0	
Retail	£118,723	
Industrial	£0	
Leisure	£0	
Community-use	£0	£118,723

TOTAL CAPITAL VALUE OF NON-RESIDENTIAL SCHEME £118,723

TOTAL VALUE OF SCHEME £4,570,541

Residential Building, Marketing & Section 106 Costs

Affordable Housing Build Costs	£838,959	
Open Market Housing Build Costs	£1,852,442	£2,691,401

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%	£134,570
Building Cost Fees (Architects, QS etc):	7.0%	£197,818
Other Acquisition Costs (£)		£0

Site Abnormals

New cycle store and refuse store areas		£65,000
Upgrade external works		£100,000
Partial demolition		£40,000
Knotweed		£25,000
	0	£0
	0	£0
	0	£0
	0	£0

Total Building Costs		£3,253,789
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Section 106 Costs (£)

cil		£58,324
		£0
		£0
		£0
		£0
		£0
		£0
	0	£0

Section 106 costs		£58,324
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Marketing (Open Market Housing ONLY)

Sales Fees:	3.0%	£106,850
Legal Fees (per Open Market unit):	£500	£10,500

Marketing (Affordable Housing)

Developer cost of sale to RSL (£)		£20,000
RSL on-costs (£)		£62,100
Intermediate Housing Sales and Marketing (£)		£0

Total Marketing Costs		£199,450
------------------------------	--	-----------------

Non-Residential Building & Marketing Costs**Building Costs**

Office	£0	
Retail	£97,650	
Industrial	£0	
Leisure	£0	
Community-use	£0	£97,650

Professional Fees (Building, Letting & Sales)

Office	£0	
Retail	£10,018	
Industrial	£0	
Leisure	£0	
Community-use	£0	£10,018

Total Non-Residential Costs		£107,668
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TOTAL DIRECT COSTS:		£3,619,231.53
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Finance and acquisition costs**(finance costs are only displayed if there is a positive residual site value)**

Arrangement Fee	£31,500
Misc Fees (Surveyors etc)	£10,000
Agents Fees	£299
Legal Fees	£224
Stamp Duty	£1,197
Total Interest Paid	£167,095

Total Finance and Acquisition Costs	£210,315
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Developer's return for risk and profit**Residential**

Open Market Housing Operating 'Profit'	£641,102
Affordable Housing 'Profit'	£48,608

Non-residential

Office	£0	
Retail	£21,370	
Industrial	£0	
Leisure	£0	
Community-use	£0	£21,370

Total Operating Profit	£711,080
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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	£29,914
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EXISTING USE VALUE	£765,000
DIFFERENCE BETWEEN SITE VALUE AND EXISTING USE VALUE	-£735,086

Checks:

Site Value as a Percentage of Total Scheme Value	0.7%
Site Value per hectare	#VALUE!

Notes & Calculation Sheet

(Worksheet 5)

Economic Appraisal Tool

[click here to proceed](#)

Version 2.0 July 2009



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

(Worksheet 1)

INPUT SHEET 1 - RESIDENTIAL MIX ASSUMPTIONS
Basic Site Details

Site Address	The Clockhouse, Waterloooville
Site Reference	
File Source	
Scheme Description	30 flats with 30% AH
Date	16th August 2016
Site Area (hectares)	
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

	1b2p	1b2p	2b3p	1b2p	1b2p	2b3p	2b3p
Unit Size (sq m) - NIA	41	42	65	50	51	62	66
Habitable Rooms per Unit	2	2	3	2	2	3	3
Persons per Unit	2	2	3	2	2	3	3
Total Number of Units	1	1	1	2	1	2	1

Affordable Housing Tenure 3:
Intermediate - Discounted Market Sale

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

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

Affordable Housing Tenure 5:
Market Rent

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

* Other = User-defined

Open Market Housing Type 1:

One bedroom apartments (newbuild)

	1b2p	1b2p	1b2p	1b2p	1b2p	1b2p	
Unit Size (sq m) - NIA	41	42	50	51	52	53	
Habitable Rooms per Unit	2	2	2	2	2	2	
Persons per Unit	2	2	2	2	2	2	
Total Number of Units	0	0	5	0	2	2	

Open Market Housing Type 2:

One bedroom apartments (refurb)

	1b2p	1b2p	1b2p	1b2p			
Unit Size (sq m) - NIA	50	51	52	60			
Habitable Rooms per Unit	2	2	2	2			
Persons per Unit	2	2	2	2			
Total Number of Units	1	1	1	2			

Open Market Housing Type 3:

Two bedroom apartments (newbuild)

	2b3p	2b4p	2b4p	2b4p	2b4p		
Unit Size (sq m) - NIA	62	65	66	70	76		
Habitable Rooms per Unit	3	3	3	3	3		
Persons per Unit	3	4	4	4	4		
Total Number of Units	0	0	0	1	1		

Open Market Housing Type 4:

Two bedroom apartments (refurb)

	2b4p	2b4p	2b4p				
Unit Size (sq m) - NIA	70	74	76				
Habitable Rooms per Unit	3	3	3				
Persons per Unit	4	4	4				
Total Number of Units	2	2	1				

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
Value of each residential car parking space

0	(Open Market and Affordable)
£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	21	(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)	29	(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	£116.53	£6,060
0	£116.53	£6,060
0	£144.36	£7,507
0	£144.36	£7,507
0	£0.00	
0	£0.00	
0	£0.00	
Management Costs (% of rent)	8.50%	(% of gross rent per annum)
Voids / bad debts (% of rent)	3.00%	(% of gross rent per annum)
Repairs Fund (% of rent)	10.00%	(% of gross rent per annum)
Yield (%)	6.00%	(to capitalise the net rent, currently circa 6% but please seek i

	Start Month	End Month	
Timing of Affordable Housing Tenure 1 Purchase Payment	6	18	(whole number, minimum o

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)
1b2p	£2,842	£37	£1,923
1b2p	£2,842	£38	£1,970
2b3p	£2,899	£60	£3,109
1b2p	£2,842	£45	£2,345
1b2p	£2,842	£46	£2,392
2b3p	£2,889	£57	£2,955
2b3p	£2,889	£61	£3,146
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 annur.
Voids / bad debts (% of rent)		1.50%	(% of gross rent per annur.
Repairs Fund (% of rent)			(% of gross rent per annur.
Yield (%)		6.00%	(to capitalise the net rent, c

	Start Month	End Month	
Timing of Affordable Housing Tenure 2 Purchase Payment	6	18	(whole number, minimum o

Affordable Housing Tenure 3:

Intermediate - Discounted Market Sale

Type of Unit	Capital Value pre-discount (£ psm, NIA)
0	
0	

0					
0					
0					
0					
0					
% of Open Market Value	(ie discounted value)				
Timing of Affordable Housing Tenure 3 Purchase Payment	<table border="0"> <tr> <td>Start Month</td> <td>End Month</td> </tr> <tr> <td></td> <td>(whole number, minimum 0)</td> </tr> </table>	Start Month	End Month		(whole number, minimum 0)
Start Month	End Month				
	(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)
0		£0	£0
0		£0	£0
0		£0	£0
0		£0	£0
0		£0	£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

Timing of Affordable Housing Tenure 4 Purchase Payment	<table border="0"> <tr> <td>Start Month</td> <td>End Month</td> </tr> <tr> <td></td> <td>(whole number, minimum 0)</td> </tr> </table>	Start Month	End Month		(whole number, minimum 0)
Start Month	End Month				
	(whole number, minimum 0)				

Affordable Housing Tenure 5:Market Rent

Type of Unit	Rent per Unit per Week (£)	Total Annual Rent (£ per Unit)
0		
0		
0		
0		
0		
0		
0		
Management Costs (% of rent)	12.00%	(% of gross rent per annum)
Voids / 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 5 Purchase Payment	<table border="0"> <tr> <td>Start Month</td> <td>End Month</td> </tr> <tr> <td>6</td> <td>15</td> </tr> <tr> <td></td> <td>(whole number, minimum 0)</td> </tr> </table>	Start Month	End Month	6	15		(whole number, minimum 0)
Start Month	End Month						
6	15						
	(whole number, minimum 0)						

Open Market Values

		Capital Value (£ psm)	Average value of unit
Open Market Housing Type 1:	One bedroom apartments (newbuild)	£2,842	£145,258
Open Market Housing Type 2:	One bedroom apartments (refurb)	£2,842	£155,173
Open Market Housing Type 3:	Two bedroom apartments (newbuild)	£2,899	£211,627
Open Market Housing Type 4:	Two bedroom apartments (refurb)	£2,899	£211,047
Open Market Housing Type 5:		£0	
Timing of First Open Market Housing Sale		Month	
Timing of Last Open Market Housing Sale		21	(whole number, minimum 0)
		29	(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:	Market Rent		
Open Market Housing Type 1:	One bedroom apartments (newbuild)	£200	
Open Market Housing Type 2:	One bedroom apartments (refurb)	£250	
Open Market Housing Type 3:	Two bedroom apartments (newbuild)	£250	
Open Market Housing Type 4:	Two bedroom apartments (refurb)	£250	
Open Market Housing Type 5:			
Yield (%)	6.00%	(to capitalise the ground rents)	
Timing of ground rent payment	Month 29	(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:	Market Rent		
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	£1,424	83%
Affordable Housing Tenure 2:	Intermediate - Shared Ownership	£1,424	83%
Affordable Housing Tenure 3:	Intermediate - Discounted Market Sale		
Affordable Housing Tenure 4:	Intermediate - Other Type of Shared Own / Shared Equity		
Affordable Housing Tenure 5:	Market Rent		
Open Market Housing Type 1:	One bedroom apartments (newbuild)	£1,424	83%
Open Market Housing Type 2:	One bedroom apartments (refurb)	£1,059	83%
Open Market Housing Type 3:	Two bedroom apartments (newbuild)	£1,424	83%
Open Market Housing Type 4:	Two bedroom apartments (refurb)	£1,059	83%
Open Market Housing Type 5:			

* 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		£58,324	6
		£0	0
		£0	0
		£0	0
		£0	0
		£0	0
* This section excludes Affordable Housing section 106 payments			
Site Abnormals (£)		Cost (£)	Month of Payment
New cycle store and refuse store areas		£65,000	6
Upgrade external works		£100,000	6

**Partial demolition
Knotweed**

£40,000	6
£25,000	6
£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 (£)

£31,500

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)
£20,000	6
£62,100	18
£0	18

Open Market Housing Marketing Costs

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

3.00%

(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 (%)	18.00%	(typically 17.5-20%)
Affordable Housing (%)	6.00%	(typically around 6%. profit only taken on the capital value of £100,000)

**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		
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)	93	
Size of retail scheme (net lettable sq m)	93	
Values		
Rent (£ psm)	£108	
Yield (%)	8.00%	
Purchaser's costs (% of value)	5.75%	(typically around 5.75% assuming a 4% stamp duty)
Building Costs		
Retail Building Costs (Gross, £ psm)	£1,000	
Retail Building Professional Fees (% of building costs)	7.00%	(typically around 10% - 15%)
Building Contingencies (% of building costs)	5.00%	(typically around 5%)
Timing		
Start of Building Period (month)	6	(whole number, minimum of 0, maximum of 60)
End of Building Period (month)	24	(whole number, minimum of 0, maximum of 60)
Timing of Letting / Sale (month)	26	(whole number, minimum of 0, maximum of 60)
Letting / sale fees		
Letting (% of income)	10.00%	(typically around 10% for sole agent and 15% for joint agents)
Advertising (% of annual income)	1.00%	(typically around 1%)
Sale (% of sale price)	1.75%	(typically around 1.75%)
Return for risk / profit (% of value)	18.00%	(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		
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 ASSUMPTIONSSize 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 CostsLeisure Building Costs (Gross, £ psm)
Leisure Building Professional Fees (% of building costs)
Building Contingencies (% of building costs)(typically around 10% - 15%)
(typically around 5%)**Timing**Start of Building Period (month)
End of Building Period (month)
Timing of Letting / Sale (month)**Timing
(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 ASSUMPTIONSSize 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 CostsCommunity-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**Start of Building Period (month)
End of Building Period (month)
Timing of Letting / Sale (month)**Timing
(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	The Clockhouse, Waterloooville
Site Reference	
File Source	
Scheme Description	30 flats with 30% AH
Date	16th August 2016
Site Area (hectares)	
Author & Organisation	Simon Corp
HCA Investment Manager	

Housing Mix (Affordable + Open Market)

Total Number of Units	30	units
Total Number of Open Market Units	21	units
Total Number of Affordable Units	9	units
Total Net Internal Area (sq m)	1,732	sq m
Total Habitable Rooms	71	habitable rooms
% Affordable by Unit	30.0%	
% Affordable by Area	28.2%	
% Affordable by Habitable Rooms	31.0%	
% 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	22	Persons
Total Number of Social Rented Persons	0	Persons
Total Number of Intermediate Persons	22	Persons
Total Number of Open Market Persons	56	Persons
Total Number of Persons	78	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	-	-	-
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 (£)
1b2p	£2,842	41	£116,522
1b2p	£2,842	42	£119,364
2b3p	£2,899	65	£188,435
1b2p	£2,842	100	£284,200
1b2p	£2,842	51	£144,942
2b3p	£2,889	124	£358,236
2b3p	£2,889	66	£190,674
Total	-	489	£1,402,373

Owner-occupied / rented % share 40%

Capital Value of owner-occupied part £560,949

Type of Unit	Total Rent pa (£)	Yield (%)	Capital Value (£)
1b2p	£1,778	6.00%	£29,640
1b2p	£1,822	6.00%	£30,363
2b3p	£2,876	6.00%	£47,933
1b2p	£4,338	6.00%	£72,293
1b2p	£2,212	6.00%	£36,870
2b3p	£5,468	6.00%	£91,126
2b3p	£2,910	6.00%	£48,503
Total (full capital value if sold at OMV)	£21,404	-	£356,729

Total Capital Value of Affordable Housing Tenure 2 £917,678

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

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

Owner-occupied / rented % share

-

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 4**£0****Affordable Housing Tenure 5:****Market Rent**

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

Total Capital Value of Affordable Housing Tenure 5**£0****TOTAL CAPITAL VALUE OF ALL AFFORDABLE HOUSING (EXCLUDING SHG & OTHER FUNDING)****£917,678****Social Housing Grant**

	Grant per unit (£)	Number of Units	Grant (£)
Affordable Rent	£0	0	£0
Intermediate - Shared Ownership	£0	9	£0
Intermediate - Discounted Market Sale	£0	0	£0
Intermediate - Other Type of Shared Own / Share	£0	0	£0
Market Rent	£0	0	£0
SHG Total	-	9	£0

Social Housing Grant per Affordable Housing Person

£0

Social Housing Grant per Social Rented Person

-

Social Housing Grant per Intermediate Person

£0**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) £917,678

Open Market Housing

Type of Open Market Housing	Net Area (sq m)	Revenue (£ / sq m)	Total Revenue (£)
One bedroom apartments (newbuild)	460	£2,842	£1,307,320
One bedroom apartments (refurb)	273	£2,842	£775,866
Two bedroom apartments (newbuild)	146	£2,899	£423,254
Two bedroom apartments (refurb)	364	£2,899	£1,055,236
	-	-	-
Total	1,243	-	£3,561,676

	Average value (£ per unit)
One bedroom apartments (newbuild)	£145,258
One bedroom apartments (refurb)	£155,173
Two bedroom apartments (newbuild)	£211,627
Two bedroom apartments (refurb)	£211,047

TOTAL CAPITAL VALUE OF OPEN MARKET HOUSING £3,561,676

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:	Market Rent	£0
Open Market Housing Type 1:	One bedroom apartments (newbuild)	£30,000
Open Market Housing Type 2:	One bedroom apartments (refurb)	£20,833
Open Market Housing Type 3:	Two bedroom apartments (newbuild)	£8,333
Open Market Housing Type 4:	Two bedroom apartments (refurb)	£20,833
Open Market Housing Type 5:		£0

TOTAL CAPITALISED ANNUAL GROUND RENT £80,000

TOTAL CAPITAL VALUE OF RESIDENTIAL SCHEME £4,559,354

Non-Residential Values

Office	£0	
Retail	£118,723	
Industrial	£0	
Leisure	£0	
Community-use	£0	£118,723

TOTAL CAPITAL VALUE OF NON-RESIDENTIAL SCHEME £118,723

TOTAL VALUE OF SCHEME £4,678,077

Residential Building, Marketing & Section 106 Costs

Affordable Housing Build Costs	£838,959	
Open Market Housing Build Costs	£1,852,442	£2,691,401

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%	£134,570
Building Cost Fees (Architects, QS etc):	7.0%	£197,818
Other Acquisition Costs (£)		£0

Site Abnormals

New cycle store and refuse store areas		£65,000
Upgrade external works		£100,000
Partial demolition		£40,000
Knotweed		£25,000
	0	£0
	0	£0
	0	£0
	0	£0

Total Building Costs		£3,253,789
-----------------------------	--	-------------------

Section 106 Costs (£)

cil		£58,324
		£0
		£0
		£0
		£0
		£0
		£0
	0	£0

Section 106 costs		£58,324
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Marketing (Open Market Housing ONLY)

Sales Fees:	3.0%	£106,850
Legal Fees (per Open Market unit):	£500	£10,500

Marketing (Affordable Housing)

Developer cost of sale to RSL (£)		£20,000
RSL on-costs (£)		£62,100
Intermediate Housing Sales and Marketing (£)		£0

Total Marketing Costs		£199,450
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Non-Residential Building & Marketing Costs**Building Costs**

Office	£0	
Retail	£97,650	
Industrial	£0	
Leisure	£0	
Community-use	£0	£97,650

Professional Fees (Building, Letting & Sales)

Office	£0	
Retail	£10,018	
Industrial	£0	
Leisure	£0	
Community-use	£0	£10,018

Total Non-Residential Costs		£107,668
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TOTAL DIRECT COSTS:		£3,619,231.53
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Finance and acquisition costs**(finance costs are only displayed if there is a positive residual site value)**

Arrangement Fee	£31,500
Misc Fees (Surveyors etc)	£10,000
Agents Fees	£1,204
Legal Fees	£903
Stamp Duty	£4,815
Total Interest Paid	£172,523

Total Finance and Acquisition Costs	£220,944
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Developer's return for risk and profit**Residential**

Open Market Housing Operating 'Profit'	£641,102
Affordable Housing 'Profit'	£55,061

Non-residential

Office	£0	
Retail	£21,370	
Industrial	£0	
Leisure	£0	
Community-use	£0	£21,370

Total Operating Profit	£717,533
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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	£120,369
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EXISTING USE VALUE	£765,000
DIFFERENCE BETWEEN SITE VALUE AND EXISTING USE VALUE	-£644,631

Checks:

Site Value as a Percentage of Total Scheme Value	2.6%
Site Value per hectare	#VALUE!

Notes & Calculation Sheet

(Worksheet 5)

£/m2 study

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

Last updated: 25-Jun-2016 12:19

➤ Rebased to Havant (114; sample 22)

Maximum age of results: 5 years

Building function (Maximum age of projects)	£/m² gross internal floor area						Sample
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest	
New build							
Flats (apartments)							
Generally (5)	1,500	840	1,265	1,439	1,689	4,920	271
1-2 storey (5)	1,413	866	1,265	1,353	1,558	2,148	59
3-5 storey (5)	1,473	840	1,243	1,424	1,673	2,729	181
6+ storey (5)	1,821	1,117	1,508	1,758	1,888	4,920	31
Rehabilitation/Conversion							
Flats (apartments)							
Generally (5)	1,850	434	740	1,166	2,710	5,258	26
1-2 storey (5)	2,308	651	1,148	1,641	2,851	5,258	9
3-5 storey (5)	1,483	434	710	1,059	1,272	4,867	11
6+ storey (5)	2,042	507	512	818	3,963	4,407	5

Market Research for The Clockhouse, London Road, Waterlooville, Hants PO7 7HE

One Bed Flat	Type	Sale Price £	Sale Date	Area m2	£Price/m2
<u>Address</u>					
Raebarn House, Hulbert Road, Waterlooville PO7	Flat	£110,000		44	2,500
Coronation Road, Waterlooville PO7	Flat	£125,000		41.7	2,997
Beaconsfield Road, Waterlooville PO7	Flat	£148,995		46	3,239
Elisons Crescent, Berewood, Waterlooville PO7	Flat	£160,000		45.3	3,532
		£543,995		177	£3,073
<u>Two Bed Flat Address</u>					
Beaconsfield Road, Waterlooville PO7	Flat	£180,000		65.1	2,764
Waterlooville PO7	Flat	£205,000		65	3,153
Abbess Way, Waterlooville PO7	Flat	£210,000		64.8	3,240
London Road, Waterlooville PO7	Flat	£225,000		66.7	3,373
		£820,000		261.6	£3,134

Market Research Radius for 1 & 2 bed Flats: ¼ - ½ Mile Out



LetCo, Southsea
4 Clarendon Road, Southsea, Portsmouth, PO5 2EE

02392 006565 local call rate

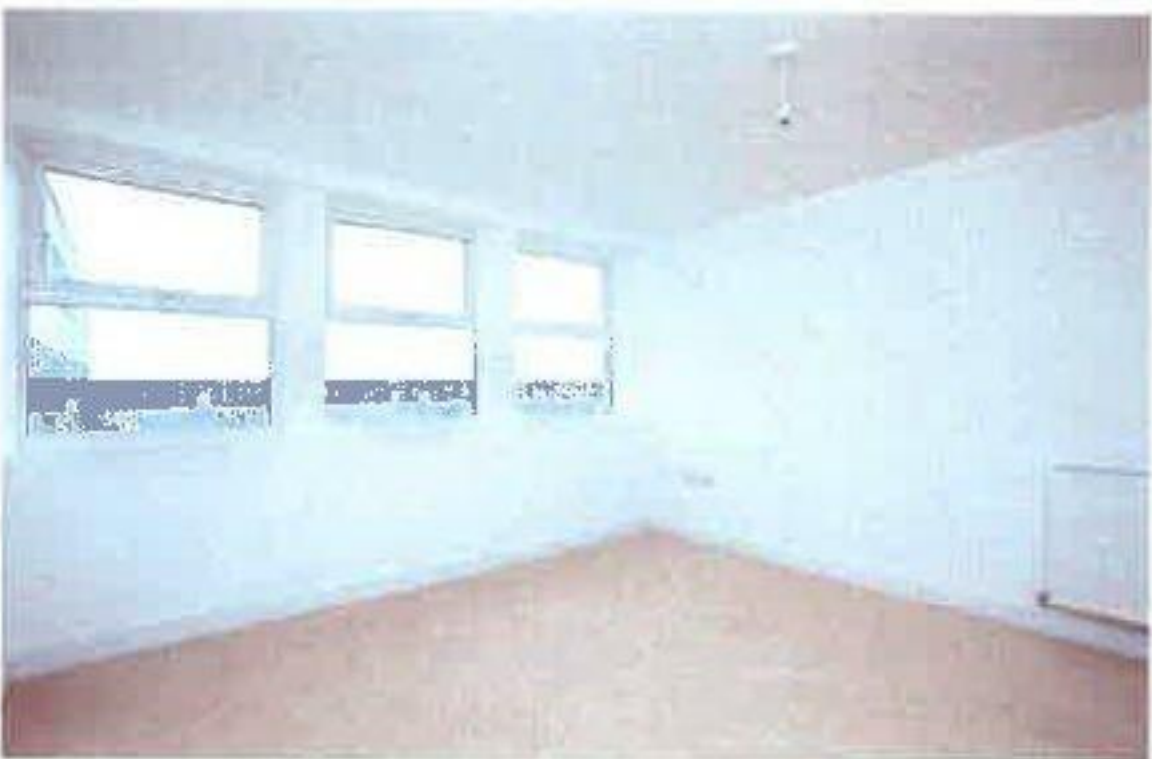


www.rightmove.co.uk/property/36955758

1 bedroom apartment for sale

Raebarn House, Hulbert Road

Sold STC
£110,000



* 44m²

Property Description



Jeffries Estate Agents, Waterlooville
248 London Road, Waterlooville, Hampshire, PO7 7HG
02392 231100 local call rate



www.rightmove.co.uk/property/54508180

1 bedroom ground floor flat for sale
Coronation Road, Waterlooville

Sold STC
£125,000



41.7m²

Property Description



A J Eyre & Sons, Waterlooville
51, London Road, Waterlooville, PO7 7EX

02382 092040 local call rate



www.rightmove.co.uk/property/39644790

1 bedroom flat for sale

Beaconsfield Road, Waterlooville, Hampshire, PO7

£148,995



46m²



Jeffries Estate Agents, Waterlooville
246 London Road, Waterlooville, Hampshire, PO7 7HG

02392 231100 local call rate



www.rightmove.co.uk/property/54508549

1 bedroom flat for sale

Ellisons Crescent, Berewood

Sold STC
£160,000



* 45.3m²



Treagust & Co, Emsworth
16-18 North Street, Emsworth, Hampshire, PO10 7DG

01243 935157 local call rate



www.rightmove.co.uk/property/42129462

2 bedroom flat for sale

Beaconsfield Road, Waterlooville

£180,000



* 65.1m²



Bushnell Porter, Southsea
28 Marmion Road, Southsea, PO5 2BA

02382 092080 local call rate



www.rightmove.co.uk/property/53239514

2 bedroom flat for sale
WATERLOOVILLE PO7 7SW

£205,000



* 65m²



Cubitt & West, Waterlooville
230 London Road, Waterlooville, PO7 7HE
02382 200297 local call rate



www.rightmove.co.uk/property/59346068

2 bedroom flat for sale

Abbess Way, Waterlooville, Hampshire

£210,000



64.8m²



Red. Estates, Waterlooville
318a London Road, Waterlooville, Hants, PO7 7DU

02382 200002 local call rate



www.rightmove.co.uk/property/41768487

2 bedroom penthouse for sale

London Road, Waterlooville, Hampshire, PO7

£225,000



For more information on this property, please visit our website at www.redestates.co.uk or call 02382 200002. The information is provided for your information only and is not intended to be used as a basis for any decision. The information is provided for your information only and is not intended to be used as a basis for any decision.



Property Description

Key features

- CERAMIC HOB & ELECTRIC OVEN
- HIGH GLOSS GREY KITCHENS WITH WHITE SQUARE EDGED MIRROR CHIP WORKTOPS
- HIGH CEILINGS GIVING A REAL SENSE OF SPACE
- FULLY INTERGRATED FRIDGE/FREEZER, DISHWASHER & WASHER DRYER
- OAK VENEER DOORS
- WIRED FOR SKY+ IN MASTER SUITES AND LOUNGE

66.7m²



Red. Estates, Waterlooville
318a London Road, Waterlooville, Hants, PO7 7DU

02382 092451 local call rate



www.rightmove.co.uk/property/59932793

1 bedroom apartment to rent

London Road, Waterlooville, Hampshire, PO7

£795 pcm | £183 pw

fees apply



Property Description

Letting information:

Added on Rightmove:

14 June 2016 (1 day ago)

Key features



Red. Estates, Waterlooville
318a London Road, Waterlooville, Hants, PO7 7DU

02382 092451 local call rate



www.rightmove.co.uk/property/59933036

2 bedroom apartment to rent

London Road, Waterlooville, Hampshire, PO7

£850 pcm | £196 pw
fees apply



Property Description

Letting information:

Added on Rightmove:

14 June 2016 (1 day ago)

Key features

- CERAMIC HOB & ELECTRIC OVEN
- FULLY INTERGRATED FRIDGE/FREEZER, DISHWASHER & WASHER DRYER
- ALLOCATED PARKING
- BALCONY

Full description

Tenure: Leasehold

Red. Lounge Estates are delighted to introduce this unique development, ideally located close to the bustling market town of Waterlooville and just a few miles from Hampshire's stunning coast, with easy access to the A3 and superb links to London. This development features a bold collection of stunning, one & two bedroom homes all built to a high specification.

This spacious mix of refurbishment and new build is situated on the high street so ideal for a quick visit to the shops and very close to all amenities. Why not spend those summer evenings taking a stroll through the town centre enjoying a meal or drink in one of the many restaurants and bars Waterlooville has to offer.

The properties themselves are ultra-spacious and boast high quality fixtures and fittings with a 10 Year Build Warranty. The ultra-modern high gloss kitchens and bathrooms with LED spotlighting are a real eye catcher. The ground floor one-bedroom apartment is of a very good size and also benefits from large study. All of the two bedroom apartments are of a very good size and offer a mix of separate and open plan living accommodation, two double bedrooms, with

Our Ref: SAM/JMC/160816
16th August 2016

WD King Limited
120 High Street
Edgeware
Middlesex HA8 7EL

10 ACORN BUSINESS PARK
NORTHARBOUR ROAD
PORTSMOUTH
HAMPSHIRE
PO6 3TH
Portsmouth: 023 9237 7800
Southampton: 023 8011 9977

info@hi-m.co.uk
www.hi-m.co.uk

Dear Josh

Re: 81c London Road Waterlooville & 1st Floor Unit 1b The Clockhouse London Road Waterlooville & 1st Floor 6/7 The Clockhouse London Road Waterlooville.

Following our recent exchange of emails, I have pleasure in enclosing a note of my thoughts as to the value of the three elements, as existing use and as scheduled above.

This letter is not presented to provide a full RICS Red Book Valuation, but merely an indication of the likely sale value should these elements be offered in the market.

In brief, we are very familiar with the property having undertaken recent inspections of each element, and indeed know Waterlooville, in terms of retail sales and lettings.

➤ **81c London Road Waterlooville**

Your company has recently purchased this property which was offered in the open market by Hellier Langston. I understand from the Agents that you were not the only interested party and indeed they had other offers on the property and your offered was preferred due to your cash ability to proceed.

The recent acquisition, in my view confirms the market value and including costs the total sum of £315,000 reflects the current open market value.

➤ **1st Floor above 6/7 The Clockhouse London Road Waterlooville**

This is currently situated above two shops, it has an existing rear access and is ripe for redevelopment into residential.

The conversion works are very simple, using existing staircase and the provision of services, other than that it involves the internal elements, to provide 2 one bedroom self-contained flats.

There is good demand for these small developments from local builder / developers and I would anticipate the value of this opportunity with the planning consent in place to reflect a sum of £100,000.

Cont/...



**-2- 81c London Road, 1st Floor Unit 1b The Clockhouse London Road
& 1st Floor 6/7 The Clockhouse London Road Waterloo**

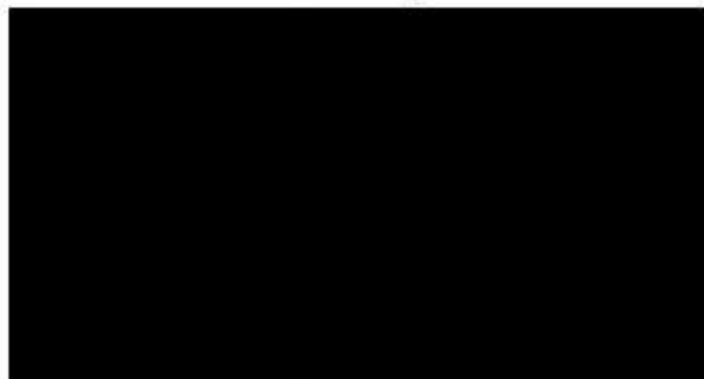
➤ **1st Floor Unit 1b The Clockhouse London Road Waterloo**

This is 1st floor accommodation above other retail units. The accommodation has two means of access. Firstly, off London Road with a separate entrance adjacent to the Nationwide Building Society with stairs leading to the 1st floor and additionally a rear entrance, via private staircase to the back of the Clockhouse.

The property is currently let on a relatively new lease at a passing rent of £20,000 per annum. This is currently let as a private Social & Poker Club. The accommodation does however have very obvious opportunities for development into self-contained flats, and whilst a detailed analysis of the opportunities being completed we would anticipate 5 units being obtained, giving a value of £250,000.

I trust the above sets out all that is required for your purposes and would be pleased to provide further detailed information and indeed an RICS Red Book Valuation as required.

Kind regards.
Yours sincerely



Stuart Mitchell MRICS MCIArb.
HOLLOWAY ILIFFE & MITCHELL
stuart@hi-m.co.uk