Viability and Affordable Housing Report

Resumption of Works on Revised Application for 18 Remaining Homes at Viver Green

By George Venning (Director)

Bailey Venning Associates Limited on behalf of

Tretonia (UK) ltd

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Content

Report prepared by Bailey Venning Associates Limited

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1.0 Instruction and Introduction

1.1 Bailey Venning Associates have been instructed by Tretonia (UK) ltd to undertake a review of the economic circumstances of the part-completed scheme at Viver Green and to comment upon the continued deliverability of the affordable housing contribution secured by the original consents.

1.2 The original developers of the site, (Egg Homes) received consent for 20 large homes of unconventional but attractive design which were to meet very high environmental standards (SL.2013.0594). Subsequently, following a land swap, a further two homes were added to the scheme (SL.2015.0496).

1.3 Although the smaller permission did not attract an affordable housing contribution because it did not meet the threshold set out in policy, the main development did. Liability under policy CS6.3 of the South Lakeland Plan was deemed to be 7 units, of which four should be for Affordable Rent and the remaining three of intermediate tenure.

1.4 Whilst the presumption in both national and local policy is that any affordable housing requirement should, by default be delivered on site and in kind, the Council's Housing Officer acknowledged that there was no identified need for rented affordable housing in this part of the District and that the delivery of those homes in this location would be of limited value. A commuted payment in lieu of on-site provision was therefore agreed in respect of this element of liability. The intermediate element was to be addressed by means of the provision of three homes to be sold at a substantial discount to their open market value at prices stipulated by the Council.

1.5 Subsequently, an amendment was sought by Egg Homes, the effect of which was to defer the provision of the affordable homes until later in the project in order to assist with cashflow. This was agreed.

1.6 Works commenced in 2014 and 8 of the 22 homes were sold and occupied before the developer – Egg Homes – became insolvent and their lender repossessed the site, just before the revised point at which they would have been required to deliver the affordable housing. Their lender – Tretonia (UK) ltd – repossessed the site.

1.7 After extensive investigation, it transpired that the complex and innovative construction process envisaged for the homes had proved beyond the management capacity of the fledgling developer and at the time that the repossession occurred, development costs accounted for all of the value achieved through the first eight homes. The lender had not recouped any of his initial outlay and the collapse of Egg Homes occurred when it did because the development was already in deficit – there was simply no money to provide the required cash payment.

1.8 Moreover, it has transpired that some of the buildings which have been completed are not, in fact, in accordance with the original planning permission, placing the existing owners at risk of enforcement action.

1.9 There are other issues as well – some of the drainage pipes laid out as part of the groundworks for the site are under-sized and, whilst they may have sufficient capacity to accommodate the extant homes, they would not be adequate to address the needs of the whole development. In addition to this, some of the existing homes have also suffered problems associated with poor construction including leaking roofs and other faults. Of these, perhaps the most serious situation are the M&E systems in plots 7 & 8 which need to be stripped out in their entirety as they do not conform to building regulations.

1.10 Overall, the situation is not a promising one. The existing homes are blighted and the developer from whom they might ordinarily have sought redress is insolvent and on the verge of collapse. It is therefore in their interests that the development is completed, remedial works undertaken and a new, retrospective planning permission is issued in order to cover the deviations from the original proposals.

1.11 Their best hope of that occurring lies with the current owner of the site – our client.

1.12 Tretonia has reviewed the values achieved to date, including a resale of one of the properties and has undertaken considerable work in order to rationalise the original designs and construction method but, in their view, the site is undeliverable with the current planning obligations in place.

1.13 It is important to be clear as to what is meant by this statement.

1.14 Normally, when we speak of viability in planning, we are talking about planning obligations imposed upon land – specifically upon the uplift in land value arising from the grant of planning consent. If the planning conditions (CIL and S106) depress the land value below its existing use value then, quite clearly, the grant of consent creates no new land value and there is nothing upon which to levy the planning obligations.

1.15 This is why the key term in viability discussions is the Benchmark Land Value which is a function of the scheme's Existing Use Value (plus a premium where appropriate) or the land's Alternative Use Value.

1.16 In this case, we accept that there is no Existing Use Value – even the site's previous agricultural use would be challenging to reinstate – and nor is there any realistic prospect of obtaining consent for any alternative use.

1.17 On that basis there would not normally be any grounds to argue for a reduction in the level of affordable housing by reverence to viability. The land value would simply be whatever it would be in the light of the contributions sought.

1.18 However in the absence of any other applicable basis for the determination of Benchmark Land Value – there remains one final benchmark – zero.

1.19 If the Residual Land Value arising from the development of a consented scheme is less than nothing, it follows that the grant of planning permission has created no value and there is nothing upon which to levy the obligation.

1.20 Consider the landowner's options under such circumstances. He could abandon it entirely, in which case, he will receive no value for the site or he could seek to sell it. If he chooses the latter option, no buyer is likely to come forward unless the landowner pays the buyer a "dowry" to take the site. Under these conditions, the rational course for the owner is to mothball the site.

1.21 In the current circumstances, we acknowledge that the sole Benchmark Land Value that is applicable is zero but, even when measured against that very low standard, the scheme does not achieve viability, even before the level of obligations agreed in the original S106 are applied.

1.22 On this basis, we argue that the affordable housing requirements should be removed in order to facilitate the completion of this stalled site and to regularise the planning status of the units already constructed and occupied.

1.23 The viability assessment itself is a straightforward one. There is relevant valuation data available – not least, arising from the sale of the original homes. There is also a detailed elemental cost plan, prepared by the cost consultants CMC Limited. This obviates the need to adjust standard, BCIS data to reflect the unusual specification of the proposed development. The remainder of the cost allowances applied are entirely standard and consistent with those applied by South Lakeland in drawing up the viability assessment which supports their plan (and widely used elsewhere).

1.24 The structure of the remainder of this report is as follows:

- Section 2 sets out a schedule of accommodation;
- Section 3 reviews the available information on the value of the completed units;
- Section 4 provides a brief introduction to the elemental cost plan (appended)
- Section 5 sets out the other cost assumptions in respect of professional fees etc.

- Section 6 reviews the outputs of our appraisals with and without the previously agreed level of affordable housing;
- Section 7 provides brief conclusions.

2.0 Schedule of Accommodation

2.1 Whilst the planning application covers all 22 of the homes on the site, including a retrospective application in respect of the eight already constructed (plots 1-6 together with 21 and 22). Those units are not within the ownership of the applicant and, consequently, they have no impact on the viability of the remainder of the scheme. The schedule of accommodation set out below covers only the units, still to be constructed as phases 2 and 3.

2.2 Our appraisal states values on the basis of the net saleable area – excluding communal areas and garages. By contrast, costs must be assessed on the basis of Gross Internal Area, which includes these areas. We have set out both measurements below.

2.3 Note that balconies, which are such a prominent feature of the proposed scheme, are excluded from both bases of measurement.

	PHASE 2 - GIA's (m^2)						
	Plot 7 (Det)	Plot 8 (Det)	Plot 9 (Det)	Plot 12 (Det)	Plot 18 (Apt)	Plot 19 (Apt)	Plot 20 (Semi)
Ground Floor	121.58	118.49	121.58	120.24	78.38	N/A	62.77
First Floor	126.85	112.27	126.85	146.69	N/A	77.26	48.91
Second Floor	N/A	39.64	N/A	N/A	N/A	N/A	N/A
Garage	37.65	35.11	37.65	37.01	N/A	N/A	N/A
Communal	N/A	N/A	N/A	N/A	18.68	18.68	N/A
Total Incl. Garages & Circulation	286.08	305.51	286.08	303.94	97.06	95.94	111.68
Total excl. Garages	248.43	270.4	248.43	266.93	78.38	77.26	111.68

2.4 It can be seen that all of the plots with the exception of 18, 19 and 20 – the homes designated as affordable housing under the original S106 – have the benefit of an internal garage. Plots 18 and 19 (the apartments) are the only units which feature any communal areas.

PHASE 3 - GIA's (m²)

	Plot 10 (Det)	Plot 11 (Det)	Plot 13 (Det)	Plot 14 (Det)	Plot 15 (Semi)	Plot 16 (Semi)	Plot 17 (Det)
Ground Floor	118.49	135.15	135.15	120.24	96.47	84.95	129.05
First Floor	112.27	181.16	181.16	146.69	83.42	86.67	137.46
Second Floor	39.64	N/A	N/A	N/A	N/A	N/A	N/A
Garage	35.11	44.26	44.26	37.01	10.38	11.00	37.87
Communal	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Incl. Garages & Circulation	305.51	360.57	360.57	303.94	190.27	182.62	304.38
Total excl. Garages	270.40	316.31	316.31	266.93	179.89	171.62	266.51

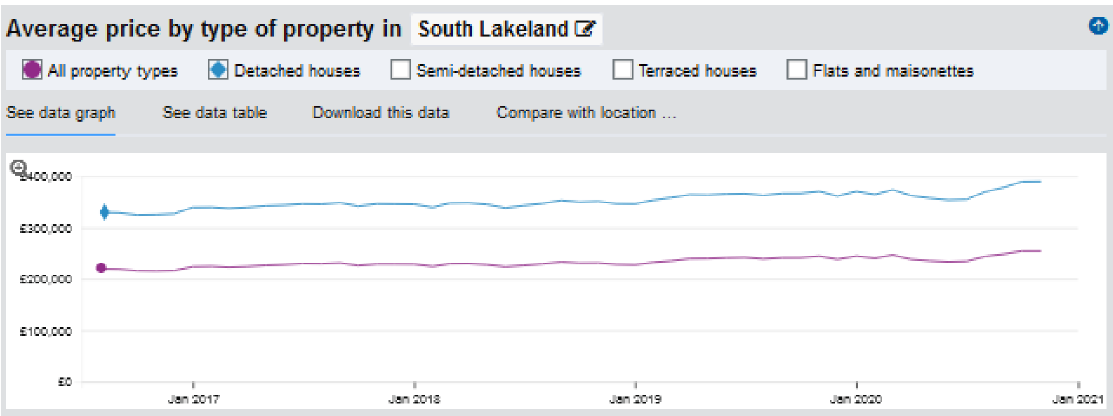
3.0 Values

3.1 The obvious point of reference for the properties which form the remainder of the scheme is the set of values achieved in respect of the units already occupied.

Plot	Type	Date of Sale	Price	Size (m²)	£/m²
Phase 1					
4	Detached	Jan 18	£725,000	325.1	£2,230
21	Semi	Nov 16	£445,950	206.2	£2,162
22	Semi	Nov 16	£535,000	178.9	£2,990
1	Semi	Aug 16	£445,940	206.2	£2,162
2	Semi	Aug 16	£445,940	178.9	£2,492
3	Detached	Jan 16	£735,000	318.7	£2,306
Phase 2					
6	Semi	Jun 18	£470,000	178.9	£2,627
5	Semi	Apr 18	£468,950	206.2	£2,269

3.2 The range of these sales values runs from a low of £2,162/m² to £2,990/m² with the average, across all sales at £2,374/m²

3.3 The period since the start of these sales has seen steady growth in the value of homes in South Lakeland. In August 2016, the value of the average detached home in the area was £329,772. By September 2020 (the most recent date for which figures are currently available) it had risen to £389,694 – an increase of around 18%.



3.4 Since the Land Registry's House Price Index at September 2020 was 120.1, we can use the HPI at the date of the achieved sales in order to adjust the values achieved to reflect the equivalent values at today's date. (Note that these floor areas relate to agent's assessment of areas and we cannot have complete confidence in them).

Plot	Index @ Sale	Price	Adjusted Price	Size (m^2)	£/m^2
Phase 1					
4	108.08	£725,000	£805,630	325.1	£2,478
21	109.11	£445,950	£490,868	206.2	£2,381
22	109.11	£535,000	£588,887	178.9	£3,292
1	103.68	£445,940	£516,564	206.2	£2,505
2	103.68	£445,940	£516,564	178.9	£2,887
3	101.04	£735,000	£873,649	318.7	£2,741
Phase 2					
6	105.68	£470,000	£534,131	178.9	£2,986
5	108.61	£468,950	£518,561	206.2	£2,515

3.5 The achieved values now range from £2,505/m^2 to £3,292/m^2 with an average of £2,693/m^2.

3.6 We are aware that there is a view that the initial sales may have been offered to the market slightly too cheaply – we understand that there was a healthy demand for them at the time. However, future purchasers will be aware of the prices at which the initial sales took place so that this will be built into purchasers' expectations.

3.7 We also note that, Plot 3 returned to the market in November 2020. Despite having the benefit of significant work on the part of its initial purchaser – including some attractive landscaping to the exterior and a refresh of the kitchen, it sold for £840,000. Whilst that is significantly more than its value at the initial sale, it is 4% *less* than the modelling above might lead us to expect.

3.8 The applicants have therefore instructed the local agents THW to provide estimates of value for the units remaining to be built. They did so but provided a range of values for each unit rather than a spot value. For some of the units, the range is relatively broad. For the purposes of this assessment and in order to give the scheme the best possible chance of achieving viability, we have used the upper end of THW's range.

3.9 We have set those values out in the table overleaf and provided the value per spare metre both with and without the garages. The former is the measure that we have used in our appraisal. The latter is the measure that seems to have informed the sales information quoted above.

3.10

Plot	Low	High	M^2 (Ex Garage)	£/m^2	M^2 (Inc Garage)	£/m^2
7	£850,000	£875,000	248.4	3,523	286.1	3,058
8	£825,000	£850,000	270.4	3,143	305.5	2,782
9	£825,000	£850,000	248.4	3,422	286.1	2,971
10	£825,000	£900,000	270.4	3,328	305.5	2,946
11	£825,000	£900,000	316.3	2,845	360.6	2,496
12	£850,000	£950,000	266.9	3,559	303.9	3,126
13	£825,000	£900,000	316.3	2,845	360.6	2,496
14	£850,000	£950,000	266.9	3,559	303.9	3,126
15	£550,000	£575,000	179.9	3,196	190.3	3,022
16	£550,000	£575,000	171.6	3,351	182.6	3,149
17	£825,000	£900,000	266.5	3,377	304.4	2,957
Total		£9,225,000	2,822	£3,269	3,189.5	£2,892

3.11 It will immediately be obvious that the values that have informed our appraisals are ambitious relative to the sales completed to date. Our average value is over £100/m2 higher than our uplifted estimate of previous sales, which is, itself undermined by the resale value achieved on Plot 3.

3.12 Finally, since THW were not asked to express a view on the market value of the homes, formerly designated as affordable housing, we have had to infer one. To do so, we have applied the average value that THW suggested for the other semi-detached properties to the plot 20. In respect of the two apartments, it is very difficult to suggest an appropriate value since there is very little that is remotely comparable in the vicinity. In the end, we applied a spot value of £240,000 to each of the apartments. This gives a value per square metre of around £3,000/m^2 which is slightly lower than the average for the houses. However, it is also roughly equivalent to the value of the average house in the area, and there is surely a ceiling to the value of apartments in an area where the majority of buyers at this price point would be expecting to purchase a house.

4.0 Costs

4.1 Typically, a development appraisal of this type would look to data published in a publicly accessible source (generally BCIS) in order to inform the view of costs. This is perfectly acceptable for schemes of conventional size, specification and construction.

4.2 In this case, such an approach is clearly inappropriate. The subject dwellings are of complex design, with unusual roof configurations and large areas of terraces and balconies. They are, moreover, to an unusually high specification and exceed mandatory environmental standards. Finally, the cost associated with the construction of these homes has already resulted in the bankruptcy of one developer.

4.3 In light of all this, Mike Wood of CMC cost consultants has drawn up a very detailed elemental cost plan, a summary of which is appended to this report. The full report can be made available to the Council's appointed consultants for scrutiny but should not be released to the public as a matter of routine.

4.4 We recognise that the publication of viability evidence is now established good practice but the basis of that practice is the use of generic, publicly available data of the type referred to above (BCIS, Spons etc). Where a development is of non-standard construction, the release of detailed cost information may have a detrimental effect on the tendering process and is therefore sensitive. The Council's consultants may review it and challenge it as required but they should not release it to the public or to the Council itself (since it could then be the subject of an FoI request) unless there is a dispute which cannot be resolved. For example, if the scheme were to be refused on grounds connected with a dispute about costs, it would be necessary to release the information in order to resolve the dispute through Appeal.

4.5 The prepared schedule contains allowances for the construction of the homes themselves, the demolition of an element of the aborted construction and all necessary groundworks and landscaping. Consequently, we have not added any allowance for demolition nor the usual 10-15% uplift on construction costs which would be standard practice if the scheme were being assessed on the basis of BCIS information.

5.0 Other Assumptions

Development Costs

5.1 Beyond the cost of construction, development of this type entails a number of other costs for which allowance needs to be made.

5.2 In doing so, good practice recommends that we refer back to the allowances set out in the Council's own viability assessment – in this case, the South Lakeland Viability Study[1]. This does not mean that these allowances shall be adhered to in all circumstances if other assumptions would be more appropriate, nor does it mean that we necessarily endorse the individual assumptions themselves. In some cases, we think that AV's allowances are a little too thin but, in others, they might be a little more generous than we might have allowed. In their totality however, we consider their cumulative effect to be supportable.

5.3 The assumptions themselves are as set out below. We have included a brief commentary upon them as appropriate:

- Externals - 15% of base construction cost. This is standard but the items for which this makes allowance has been subsumed into the total set out in the CMC cost report. We have therefore made no allowance;
- Contingency – 5% of contract sum. This is standard and we have adopted it in our appraisals;
- Professional fees – 6.5% of contract sum. We would ordinarily dispute this; guidance suggests a range between 8 and 12% depending on the nature and complexity of the scheme. As noted, this is a complex scheme and considerable work has been undertaken to resolve the problems arising from Egg Homes' abortive works. We have adopted the 6.5% allowance for now and in the hope of demonstrating our good faith attempt to make the scheme work but we do not necessarily accept it in principle;
- Marketing – 3% of open market value. We consider this to be towards the high end of the range – we would normally allow between 2 and 2.5% but, in view of the relatively light allowance for agency fees, it seems a reasonable trade off

[1] Aspinall Verdi 2017

- Agency 1% - of open market value. This allowance seems corresponding low, we would normally expect to allow 1.5% or so for a general scheme and perhaps a little more for a specialised one. Nonetheless, we consider this acceptable in light of the allowance for marketing;
- Legals on sale - 0.5% of open market value. This is standard and accepted.
- Profit – 20% of open market value, 6% of affordable cost. This is typical and acceptable. However, we note that AV originally consulted on an allowance of 17.5% of profit for open market housing which was rejected following consultation. However, in our assessment, we have not achieved a positive land value even before the application of affordable housing costs. It is therefore unlikely that a 20% profit margin would be achieved and it makes sense to make use of the lower allowance. We would note, however, that 20% is the allowance that AV made in the relatively low risk environment of 2017. In 2021, the economic headwinds look far stronger and this is far from a low risk development. It remains our view that it should be acceptable for a developer to achieve a 20% profit margin before the Council any surplus super profit is created which could be extracted and put towards the provision of affordable housing.
- Finance – 6.25% APR. In our view, this is a little low. It is quite normal to see interest applied at this rate but normally in the context of other fees being applied in combination – a commencement fee or similar. It is nonetheless acceptable for now.
- Site Acquisition Costs. AV has made a fairly standard set of allowances for stamp duty, legals on acquisition and land agent fees. We have omitted them for the simple reason that we have identified a negative land value.

Community Infrastructure Levy

5.4 We are aware that the Council applies a Community Infrastructure Levy upon all new planning permissions sought. However, we are advised by the planning consultant that the new build element of the current proposals can be addressed by means of amendment to the existing permission which was granted prior to the introduction of CIL. This being the case, no CIL would be chargeable.

5.5 This is the basis upon which our appraisals have been drawn up.

5.6 For the benefit of completeness, however, we have made an estimate of what the CIL would be, in the event that it were levied.

5.7 The South Lakeland CIL was adopted in 2015 at the rate of £50/m^2. Like all such levies, that rate is then subject to indexation using the BCIS All-in Tender Price Index from the 1st November the year preceding introduction to 1st November the year preceding determination of the application under consideration.

CIL 2015	All-in TPI Q4 2014	All-in TPI Q4 2020	CIL 2021
£50/m^2	259	327	£65.12/m^2

5.8 Applied to the 3,494m2 of the proposed development, this would amount to a payment of £227,539, which was not sought at the time of the original application and which would further depress the land value in a broadly commensurate fashion.

5.9 Since the viability of the scheme is already very much in question, the imposition of the CIL would further reduce the likelihood of it going ahead.

6.0 Results

6.1 As with any viability appraisal, the starting point is compliance with adopted policy. We have interpreted this as a scheme which makes provision for the payment of CIL on all of the open market floorspace as well as providing three units of Low Cost Home Ownership on-site together with a commuted sum of £462,000.

6.2 The value at which the low cost ownership units are assumed to be sold are as follows:

- Two bedroom apartments - £85,000
- Three Bedroom - Semi £120,000

6.3 One thing to note here is that Argus does not provide a simple way to include a profit margin which is a based on a combination of value (open market housing) and cost (affordable homes). We have therefore calculated the benchmark figure manually and included it in the appraisal.

Profit Calculation

6.4 The profit allowance associated with open market housing is:

Value of open market homes- £9,225,000
times
Open Market Profit Allowance -17.5%
equals
£1,614,375

6.5 To this, we add the affordable profit allowance:

Cost of constructing plots 18,19 & 20 - £583,386
times
Affordable Housing Profit Allowance – 6%
equals
£35,003

6.6 We therefore have a combined profit allowance of £1,649,348.

Residual Land Value

6.7 On the basis described above, the Residual Land Value arising from the development of the proposed scheme is *minus* £839,740. This is to say that, in order to dispose of this site to a commercial developer in order to build out in a manner consistent with both affordable housing and CIL policy, the landowner would not only *receive* no value for the land, he would have to provide a "dowry" of almost £1m.

6.8 Plainly, that is not likely to happen.

6.9 In such circumstances, where development is simply not economically viable, it is the affordable housing that is reduced. The reason for this is two-fold, not only is it typically the larges planning obligation sought, it is also unique among planning obligations inasmuch as it is not *necessary* in planning terms because the need for the affordable homes is not created by the development itself.

6.10 We therefore need to reduce the level of affordable housing until the Residual Land Value is greater than the Benchmark Land Value – in this case £0.

6.11 However, even when we eliminate the affordable housing in its entirety, the Residual Land Value remains negative - albeit by a much reduced amount (£12,458).

6.12 We cannot argue for a further reduction in the levels of planning obligations there is none. This, therefore is the scheme's most likely form.

7.0 Conclusions

7.1 The Viver Green development is an unusual, small development of environmentally friendly homes which planned to utilise innovative construction techniques.

7.2 The promoters of that scheme were keen to support the Council's sustainability objectives in the round and offered a compliant contribution towards the provision of affordable housing without giving detailed consideration to the cost of doing so.

7.3 Unfortunately, the developers, Egg Homes were unable to deliver the scheme for the planned budget. Costs got out of control and the developer went into insolvency just before the contributions towards affordable housing fell due. Their construction costs to that point had exceeded their overall revenue and they became insolvent with their lender (Tretonia) repossessing the site in lieu of repayment of the finance.

7.4 Having done so and commissioned a review, it has emerged that the existing planning permission cannot be delivered in full and that some of the homes already constructed are inconsistently sited, leaving the owners at risk of enforcement action. There are also significant further defects which need to be remedied.

7.5 The best way for both of those difficulties to be rectified is for a new planning permission to be issued which provides retrospective approval for the existing homes as well as permitting the completion of the development.

7.6 For this to occur, the new planning permission will need to be economically viable – in the sense of delivering a reasonable level of return to both the developer and the landowner. In view of the circumstances, we have concluded that the reasonable level to the landowner in this case is zero.

7.7 Despite this, our conclusion is that, with the affordable housing contribution similar to that paid by the original developer the site wold not only be unviable but catastrophically so. It would result in a land value of *minus* £839,740. Why would the current owner build out a planning permission which was to result in still further losses?

7.8 However, affordable housing contributions are not "necessary" in planning terms. They *are* a highly desirable contribution towards an important pre-existing need but they can only be sought where doing so would not render development unviable and therefore unlikely to go ahead.

7.9 In this case, we have argued that it would be reasonable to assume that development would go ahead if the land delivered any land value at all. Unfortunately, even with the affordable housing completely eliminated, the scheme still appears to lead to a slightly negative land value but the scale of the loss is small enough, at £12.458 that a developer may be able to achieve sufficient cost savings to render the project worthwhile.

7.10 We therefore recommend that no affordable housing contributions are sought form the amended application.

8.0 Appendix One - Compliant Appraisal

Viver Green
Upper End Values
Affordable 3 units LCHO and commuted payment

Development Appraisal
Bailey Venning Associates
17 February 2021

Viver Green
Upper End Values
Affordable 3 units LCHO and commuted payment

Appraisal Summary for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	m²	Sales Rate m²	Unit Price
Plot 7 Detached	1	248.43	3,522.12	875,000
Plot 8 Detached	1	270.40	3,143.49	850,000
Plot 9 Detached	1	248.43	3,421.49	850,000
Plot 10 Detached	1	270.40	3,328.40	900,000
Plot 11 Detached	1	316.31	2,845.31	900,000
Plot 12 Detached	1	266.93	3,558.99	950,000
Plot 13 Detached	1	316.31	2,845.31	900,000
Plot 14 Detached	1	266.93	3,558.99	950,000
Plot 15 Semi Detached	1	179.89	3,196.40	575,000
Plot 16 Semi Detached	1	171.62	3,350.43	575,000
Plot 17 Detached	1	266.51	3,376.98	900,000
Plot 18 Apartment	1	78.38	1,084.46	85,000
Plot 19 Apartment	1	77.26	1,100.18	85,000
Plot 20 Semi Detached	1	111.68	1,074.50	120,000
Totals	**14**	**3,089.48**		

NET REALISATION **9,515,000**

OUTLAY

ACQUISITION COSTS

Residualised Price (Negative land)	(838,740)	
		(838,740)

CONSTRUCTION COSTS

Construction

	m²	Build Rate m²	Cost	
Plot 7 Detached	286.08	1,952.96	558,703	
Plot 8 Detached	305.51	1,952.96	596,649	
Plot 9 Detached	286.08	1,952.96	558,703	
Plot 10 Detached	305.51	1,952.96	596,649	
Plot 11 Detached	360.57	1,952.96	704,179	
Plot 12 Detached	303.94	1,952.96	593,583	
Plot 13 Detached	360.57	1,952.96	704,179	
Plot 14 Detached	303.94	1,952.96	593,583	
Plot 15 Semi Detached	190.27	1,952.96	371,590	
Plot 16 Semi Detached	182.62	1,952.96	356,650	
Plot 17 Detached	304.38	1,952.96	594,442	
Plot 18 Apartment	97.06	1,952.96	189,554	
Plot 19 Apartment	95.94	1,952.96	187,367	
Plot 20 Semi Detached	111.68	1,952.96	218,107	
Totals	**3,494.15 m²**		**6,823,935**	**6,823,935**

Contingency	5.00%	341,197	
Commuted payment affordable housing		462,000	
			803,197

PROFESSIONAL FEES

Viver Green
Upper End Values
Affordable 3 units LCHO and commuted payment

Professional Fees	6.50%	443,556	
			443,556
MARKETING & LETTING			
Marketing	3.00%	285,450	
			285,450
DISPOSAL FEES			
Sales Agent Fee	1.00%	95,150	
Sales Legal Fee	0.50%	47,575	
			142,725
FINANCE			
Debit Rate 6.250%, Credit Rate 0.000% (Nominal)			
Land		(74,799)	
Construction		277,381	
Other		2,947	
Total Finance Cost			205,529
TOTAL COSTS			**7,865,652**
PROFIT			
			1,649,348
Performance Measures			
Profit on Cost%	20.97%		
Profit on GDV%	17.33%		
Profit on NDV%	17.33%		
IRR% (without Interest)	50.14%		
Profit Erosion (finance rate 6.250)	3 yrs 1 mth		

Viver Green
Upper End Values
Affordable 3 units LCHO and commuted payment

Gross Sales
875,000
850,000
850,000
900,000
900,000
950,000
900,000
950,000
575,000
575,000
900,000
85,000
85,000
120,000
9,515,000

Viver Green
Upper End Values
Affordable 3 units LCHO and commuted payment

9.0 Appendix Two – Appraisal with Zero Affordable Housing

Viver Green
Upper End Values
No Affordable

Development Appraisal
Bailey Venning Associates
17 February 2021

Viver Green
Upper End Values
No Affordable

Appraisal Summary for Phase 1

Currency in £

REVENUE

Sales Valuation	**Units**	**m²**	**Sales Rate m²**	**Unit Price**
Plot 7 Detached	1	248.43	3,522.12	875,000
Plot 8 Detached	1	270.40	3,143.49	850,000
Plot 9 Detached	1	248.43	3,421.49	850,000
Plot 10 Detached	1	270.40	3,328.40	900,000
Plot 11 Detached	1	316.31	2,845.31	900,000
Plot 12 Detached	1	266.93	3,558.99	950,000
Plot 13 Detached	1	316.31	2,845.31	900,000
Plot 14 Detached	1	266.93	3,558.99	950,000
Plot 15 Semi Detached	1	179.89	3,196.40	575,000
Plot 16 Semi Detached	1	171.62	3,350.43	575,000
Plot 17 Detached	1	266.51	3,376.98	900,000
Plot 18 Apartment	1	78.38	3,062.01	240,000
Plot 19 Apartment	1	77.26	3,106.39	240,000
Plot 20 Semi Detached	1	111.68	2,964.03	331,023
Totals	**14**	**3,089.48**		

NET REALISATION	**10,036,023**

OUTLAY

ACQUISITION COSTS

Residualised Price (Negative land)	(12,458)	
		(12,458)

CONSTRUCTION COSTS

Construction	**m²**	**Build Rate m²**	**Cost**	
Plot 7 Detached	286.08	1,952.96	558,703	
Plot 8 Detached	305.51	1,952.96	596,649	
Plot 9 Detached	286.08	1,952.96	558,703	
Plot 10 Detached	305.51	1,952.96	596,649	
Plot 11 Detached	360.57	1,952.96	704,179	
Plot 12 Detached	303.94	1,952.96	593,583	
Plot 13 Detached	360.57	1,952.96	704,179	
Plot 14 Detached	303.94	1,952.96	593,583	
Plot 15 Semi Detached	190.27	1,952.96	371,590	
Plot 16 Semi Detached	182.62	1,952.96	356,650	
Plot 17 Detached	304.38	1,952.96	594,442	
Plot 18 Apartment	97.06	1,952.96	189,554	
Plot 19 Apartment	95.94	1,952.96	187,367	
Plot 20 Semi Detached	111.68	1,952.96	218,107	
Totals	**3,494.15 m²**		**6,823,935**	**6,823,935**

Contingency	5.00%	341,197	
			341,197

PROFESSIONAL FEES

Professional Fees	6.50%	443,556

Viver Green
Upper End Values
No Affordable

			443,556
MARKETING & LETTING			
Marketing	3.00%	301,081	
			301,081
DISPOSAL FEES			
Sales Agent Fee	1.00%	100,360	
Sales Legal Fee	0.50%	50,180	
			150,540
FINANCE			
Debit Rate 6.250%, Credit Rate 0.000% (Nominal)			
Land		(1,144)	
Construction		229,990	
Other		3,023	
Total Finance Cost			231,868
TOTAL COSTS			**8,279,719**
PROFIT			
			1,756,304
Performance Measures			
Profit on Cost%	21.21%		
Profit on GDV%	17.50%		
Profit on NDV%	17.50%		
IRR% (without Interest)	43.49%		
Profit Erosion (finance rate 6.250)	3 yrs 1 mth		

Viver Green
Upper End Values
No Affordable

Gross Sales
875,000
850,000
850,000
900,000
900,000
950,000
900,000
950,000
575,000
575,000
900,000
240,000
240,000
331,023
10,036,023

Viver Green
Upper End Values
No Affordable