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Land at Viver Green, Milnthorpe, South Lakeland

Financial Viability Review

On instruction of

South Lakeland District Council

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Date: 26/05/2021

Reference: 19/L/116

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1 Introduction

1.1 Lambert Smith Hampton (LSH) has been appointed by South Lakeland District Council (the Council) to review the Financial Viability Appraisal (FVA) submitted by Tretonia Ltd concerning the proposed development on land at Viver Green, Milnthorpe.

1.1 This FVA has been prepared in accordance with the *Financial Viability in Planning: Conduct and Reporting (1st edition)* RICS Professional Statement ⁷ dated May 2019 and effective from 1 September 2019 ('the Professional Statement'). This document sets out mandatory requirements on conduct and reporting in relation to FVAs for planning in England to demonstrate how a reasonable, objective and impartial outcome should be arrived at. It also aims to support and complement the government's reforms to the planning process announced in July 2018 and any subsequent updates.

1.2 Sections 2.1 to 2.14 of the Professional Statement set out the fourteen mandatory reporting and process requirements for all FVAs prepared on behalf of, or by applicants, reviewers, decision-makers and plan-makers. We confirm that this FVA has been carried out in accordance with Sections 2.1 to 2.14. The mandatory reporting requirements are set out under the sub-headings below and expanded on where relevant in this FVA.

2.1: Objectivity, impartiality and reasonableness statement

1.3 We confirm that this FVA has been carried out by a RICS member who has acted with objectivity, impartiality, without interference and with reference to all appropriate available sources of information.

2.2: Confirmation of instructions and absence of conflicts of interest

1.4 LSH has been appointed by the Local Planning Authority (South Lakeland District Council) to undertake an independent and robust evidence-based review of the viability assessment of the proposed development on the site.

1.5 LSH has no other involvement with the site or the Applicants and as such we do not consider that any conflict of interest, or risk of conflict of interest, arises in this instance.

2.3: No contingent fee statement

1.6 In preparing this report, no performance-related or contingent fees have been agreed.

2.4: Transparency of information

1.7 This FVA has been prepared on the basis that it will be made publicly available.

2.5: Confirmation where the RICS Member is acting on area-wide and scheme-specific FVAs

1.8 The author is currently acting for South Lakeland District Council on a number of viability assessments. The author also regularly carries out independent FVA audits commissions for a number of other Local Planning Authority clients in Cheshire, Derbyshire, Greater Manchester, Lancashire and Staffordshire. LSH nor the author has ever undertaken work for the applicant.

2.6: Justification of Evidence

- 1.9 Where we aren't limited by wider RICS requirements to maintain the confidentiality of confidential information, inputs into this review have been reasonably justified as explained in further detail throughout this report.

2.7: Benchmark Land Value

- 1.10 We have assessed the benchmark land value in accordance with the requirements of Section 2.7 of the Professional Statement (*see 7.20 to 7.29 below*) in that we have reported in the context of the following:

- Current Use Value (referred to as Existing Use Value ('EUUV'))
- Premium
- Market evidence (as adjusted in accordance with the PPG)
- All supporting considerations, assumptions and justifications adopted
- Alternative Use Value (as appropriate)

2.9: Sensitivity Analysis

- 1.11 A sensitivity analysis in respect of the Gross Development Value, build costs and also various levels of on-site affordable housing provision is provided in our own independent residual appraisal, included at Appendix 1 of this report.

2.10: Engagement

- 1.12 We confirm that we have advocated, and will advocate reasonable, transparent and appropriate engagement between the parties at all stages of the viability process.

2.11: Non-technical Summaries

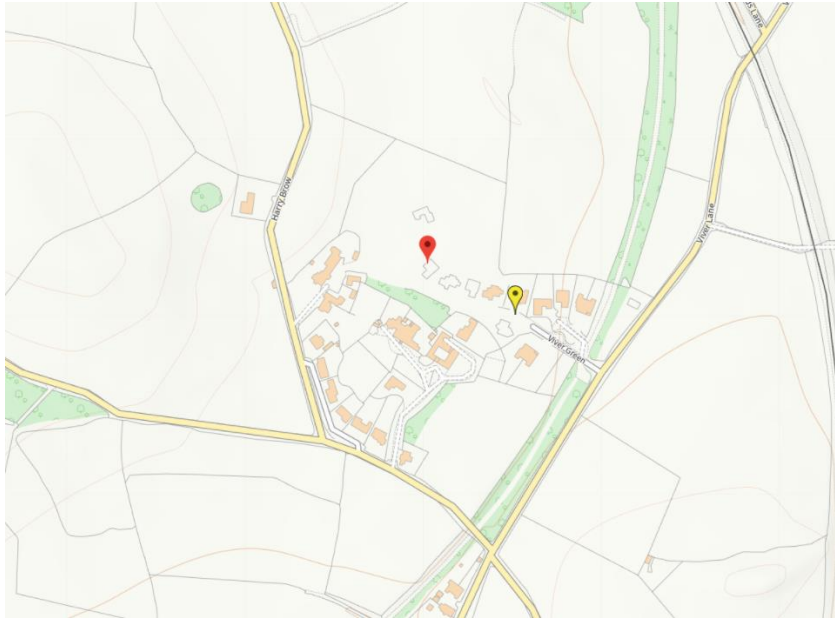
- 1.13 A non-technical summary is provided at the end of this report which includes the key figures and issues that support the conclusions drawn from this FVA (*see Section 5: Findings and Conclusions*).

2.14: Timeframes for carrying out assessments

- 1.14 We confirm that adequate time has been allowed to produce this viability review having regard to the scale and nature of this particular project.
- 1.15 We further confirm that this viability review has been carried out in accordance with Section 4 – Duty of Care and Due Diligence of the Professional Statement.

2 The Proposed Development

- 2.1 The planning application that has been submitted to the Council proposes 22 large dwellings with a focus on high environmental standard. The site is shown below:



- 2.2 The breakdown of accommodation is as follows:

Name	No.	Type	Unit Size (sq. ft.)
Plot 7	1	Detached	2674
Plot 8	1	Detached	2911
Plot 9	1	Detached	2674
Plot 10	1	Detached	2911
Plot 11	1	Detached	3405
Plot 12	1	Detached	2873
Plot 13	1	Detached	3405
Plot 14	1	Detached	2873
Plot 15	1	Semi Detached	1936
Plot 16	1	Semi Detached	1847
Plot 17	1	Detached	2869
Plot 18	1	Apartment	833
Plot 19	1	Apartment	832
Plot 20	1	Semi Detached	1202
Total	14		33244

- 2.3 The original application did not attract an affordable housing contribution as it did not meet the threshold set out in the local plan; however the latest scheme for a total of 22 units is required to provide 7 affordable units under the Local Plan Policy.
- 2.4 Eight of the units have already been sold by a previous owner of the site. this development (Egg Homes) was dissolved and the lender acquired the site. The Lender is Tretonia UK Ltd

and they are now arguing that the only way to move forward with the scheme is with zero affordable contribution.

- 2.5 Tretonia UK have submitted a viability assessment in support of this argument. .
- 2.6 LSH has reviewed the assumptions made within the FVA, commenting on the validity of the assumptions. Accounting for our review of the assumptions made and alternate assumptions recommended, a revised development appraisal is provided.
- 2.7 The findings of our review, with particular consideration to the capacity of the development to provide affordable housing as part of a S106, are set out in the conclusions.

3 Market Context

National Housing Market Overview

- 3.1 There are a number of respected organisations that provide monthly and quarterly reports in the housing market in the UK, which are based on their own experiences of the market. The information used within this report is sourced from the following organisations:

Land Registry – information based on all residential transactions in England and Wales;

Halifax – Information based on the mortgage lending of HBOS;

Nationwide – information based on the mortgage lending of Nationwide;

Rightmove.co.uk – information based on the selling prices of property in the UK.

National House Prices

- 3.2 Nationwide reported that UK house prices rose by 0.8% in December Feb 2020. This put prices at 7.3% higher than Feb 2020 which is the steepest growth in house prices since 2013. The average house price is therefore £230,920.
- 3.3 Nationwide also report that house prices ended the year 5.3% above the level prevailing in March, when the Covid-19 pandemic struck the UK. Since an initial crash in transactions brought about by a national lockdown, housing demand has rebounded, buoyed by various policy decisions.
- 3.4 According to the Rightmove House Price Index for Feb 2020, the average price of property coming to the market was down by 0.6% compared to the previous month. The average asking price of a property in Feb 2020 was £319,945. This represents an annual increase of 6.6%.
- 3.5 At the time of publishing, Nationwide commented that Housing market conditions have remained robust in recent months, even as the wider economic recovery lost momentum and the UK economy faced the prospect of further lockdowns and continued uncertainty about the UK's future international trading relationships.
- 3.6 The latest set of results (November 2020) for the RICS Residential Market Survey have shown new buyer enquiries reportedly increasing with a net balance of 27% of respondents noting the increase. Whilst still comfortably positive, it is down from a figure of 42% in October and has now eased for 4 consecutive months following the recent high of 75% posted in July 2020. Respondents' sales expectations for the next 12 months are negative with a net balance of -21% of respondents foreseeing weaker sales volumes in 2021.
- 3.7 LSH would advise that as with predictions 12 months ago, Brexit will play a key role in the housing markets ability to remain robust and positive through 2021. The details of the UK's trade deal with the EU are yet to be fully considered and the ease of materials and labour between the two parties will be key in assisting supply to match demand.

- 3.8 However, the added factor of Covid-19 has further complicated issues. The government has announced temporary stamp duty tax relief which has undoubtedly helped to buoy the housing market. Currently, this relief is due to cease at the end of March 2021. Coincidentally, this date also sees the end of Help-to-buy in its current form. The combination of these two schemes coming to an end simultaneously will cause much nervousness in the housing market and there is hope among developers and purchasers that suitable policies will replace them.
- 3.9 The increase in demand brought about by government policies in the housing market has however led to an increase in cost of borrowing for mortgages as banks can be more selective with their lending. The average interest rate for a mortgage rose by 0.8% between April and August 2020. Additionally, 90% mortgage products have been all but removed from the market with banks demanding the added security of a 15% or even 20% deposit.
- 3.10 LSH expects the housing market to remain volatile in 2021 and there is likely to be some relatively alarming drops in demand at the beginning of Q2. However, if buying becomes more expensive overnight (through lack of government policy to replace Help to Buy and Stamp Duty Relief), LSH would anticipate the cost of borrowing to fall once more opening up the 90% mortgage products to buyers.

Local House Prices

- 3.11 South Lakeland is a popular location to live, with healthy market demand from residents, including in specialist residential sectors (i.e. affordable housing, retirement, extra care).
- 3.12 Table 3.1 shows the average sales prices of each property type over the last 12 months and the number of sales in which the figures are based on. The data has been presented for Local LA7 7 post code area. The application site is situated within this post code area.

Table 3.1 Average sale price for different property types

	Detached	Semi-Detached	Terraced	Flat	Average £/ Total Sales
LA7 7	£394,240 (25 sales)	£250,500 (14 sales)	£181,450 (8 sales)	£134,916 (6 sales)	£294,794 (53 sales)

- 3.13 Table 3.1 shows that in the LA9 postcode area the highest number of sales were detached properties, followed by semi-detached, terraced, and flats.
- 3.14 The average value for property in LA7 7 stood at £395,963 in April 2021. This is an increase of 12% since April 202. This is a steep upward trend for the area and demonstrates that the area has been very resistant to market factors such as Brexit and Coronavirus.

3.15 Table 3.2 provides comparable evidence for new build residential properties within a 1.5 mile radius of the subject site over the past 36 months. It identifies 37 such sales, with an average sales price of £246.20/sq. ft. The adjusted current market value for these properties (calculated upon Land Registry price paid and UK House Price Index data) is £284.91/sq. ft.

Address	Sold Price	Price per sq ft
Horncop Bungalow, Heversham, Milnthorpe, Cumbria LA7 7EB	450000	£191.77
Tower View, Woodhouse Lane, Heversham, Milnthorpe, Cumbria LA7 7EW	£420,000	£282.75
12, Hillcrest, Milnthorpe, Cumbria LA7 7RG	£166,000	£233.67
31, Owlet Ash Fields, Milnthorpe, Cumbria LA7 7DA	£144,000	£145.41
20, Hillcrest, Milnthorpe, Cumbria LA7 7RG	£240,000	£253.37
5, Leasgill Cottages, Leasgill, Milnthorpe, Cumbria LA7 7EU	£195,000	£223.66
64, Church Street, Milnthorpe, Cumbria LA7 7DZ	£485,000	£165.05
Horncop, Heversham, Milnthorpe, Cumbria LA7 7EB	£915,000	£389.94
11, Owlet Ash Fields, Milnthorpe, Cumbria LA7 7DA	£171,000	£170.82
100, Owlet Ash Fields, Milnthorpe, Cumbria LA7 7DR	£130,000	£132.72
3, Viver Green, Hincaster, Milnthorpe, Cumbria LA7 7FR	£720,000	£271.91
1, Bay View, Heversham, Milnthorpe, Cumbria LA7 7EP	£255,500	£258.01
46, Church Street, Milnthorpe, Cumbria LA7 7DZ	£285,000	£234.31
4, Viver Green, Hincaster, Milnthorpe, Cumbria LA7 7FR	£760,000	£250.38
1, Heversham Gardens, Heversham, Milnthorpe, Cumbria LA7 7RA	£360,000	£245.07
2, High House Barn, Woodhouse, Milnthorpe, Cumbria LA7 7LY	£225,000	£237.54
41, Dugg Hill, Heversham, Milnthorpe, Cumbria LA7 7EF	£259,500	£287.00
Woodlands, Crooklands, Milnthorpe, Cumbria LA7 7NJ	£470,000	£479.83
8, Sycamore Grove, Ackenthwaite, Milnthorpe, Cumbria LA7 7DS	£270,010	£291.68
6, Hill Top, Milnthorpe, Cumbria LA7 7RD	£335,000	£192.11
83, Church Street, Milnthorpe, Cumbria LA7 7DZ	£375,000	£250.64
Tidal Reaches, Heversham, Milnthorpe, Cumbria LA7 7EB	£550,000	£238.77
The Willows, Dugg Hill, Heversham, Milnthorpe, Cumbria LA7 7EF	£515,000	£220.48
St. Peters Cottage, Woodhouse Lane, Heversham, Milnthorpe, Cumbria LA7 7EW	£246,000	£221.89
109, Owlet Ash Fields, Milnthorpe, Cumbria LA7 7DR	£66,000	£98.90
50, Church Street, Milnthorpe, Cumbria LA7 7DZ	£225,000	£258.06
42, Church Street, Milnthorpe, Cumbria LA7 7DZ	£545,000	£234.41
1, Wellhead Cottages, Wellheads Lane, Sedgwick, Kendal, Cumbria LA8 0JT	£235,000	£303.23
3, Applegarth, Leasgill, Milnthorpe, Cumbria LA7 7FD	£417,500	£303.02
48, Church Street, Milnthorpe, Cumbria LA7 7DZ	£270,000	£264.04
Curlew Cottage, High Haverflatts, Milnthorpe, Cumbria LA7 7DG	£317,500	£304.09
2, Leasgill Cottages, Leasgill, Milnthorpe, Cumbria LA7 7EU	£186,000	£270.00
Braken Ridge, Woodhouse Lane, Heversham, Milnthorpe, Cumbria LA7 7EW	£230,000	£273.95
3, Ash Court, Milnthorpe, Cumbria LA7 7GL	£158,000	£209.70
55, Owlet Ash Fields, Milnthorpe, Cumbria LA7 7DP	£154,000	£153.84
Loen, Woodhouse Lane, Heversham, Milnthorpe, Cumbria LA7 7EW	£337,500	£287.66
2, Heversham Gardens, Heversham, Milnthorpe, Cumbria LA7 7RA	£412,500	£279.73
The Carriage House, Crooklands, Milnthorpe, Cumbria LA7 7NJ	£405,000	
Fayoumi, 5, Viver Green, Hincaster, Milnthorpe, Cumbria LA7 7FR	£470,000	
Langshan, 22, Viver Green, Hincaster, Milnthorpe, Cumbria LA7 7FR	£545,000	
Beech Tree Barn, Heversham Gardens, Heversham, Milnthorpe, Cumbria LA7 7RA	£360,000	
Stonethwaite, Woodhouse Lane, Heversham, Milnthorpe, Cumbria LA7 7EW	£365,000	
Ixworth, 6, Viver Green, Hincaster, Milnthorpe, Cumbria LA7 7FR	£470,000	
Average		£246.20

Table 3.2 Comparable sales

Source: Land Insight, January 2020

- 3.16 On a more specific basis – the first phase of development on the subject site has delivered an average sales value of £258.11/sq. ft. on a HPI adjusted basis this results in a value of c. £304.38/sq. ft.
- 3.17 Based on the comparable evidence, we would suggest new build open market sales values for the subject site will be in the range of £280/sq. ft. - £300/sq. ft.

4 Assessment of Applicants Viability Assumptions

- 4.1 The proposed development comprises of 14 residential units providing a mix of detached, semi-detached and apartment units.

Value of the Completed Development

- 4.2 The applicant has submitted market commentary which considers the local market and has input from a local agent arriving at the following GDVs for the units:

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

- 4.3 LSH's own market research identifies that existing stock units achieve values close to this and the HPI adjusted figures show that existing stock values are as high as £284/sq. ft.
- 4.4 The applicant has allowed for a blended average value of £301/sq. ft. for the units in the second phase of the development.
- 4.5 As a result we have used a value of £280/sq. ft. for the larger units, up to £300/sq. ft. for the smaller units to reflect the new build premium that will be commanded by this site.

Scheme Costs

Construction Costs

- 4.6 The applicant has identified a total build cost for the units of £181.43/sq. ft. which is above average build costs for the North West. We understand however that the site is not straight forward and in isolation the 14 units will not generate great levels of economies of scale. We understand further that this development is basing its selling point on attractive design and very high environmental standards. The applicant has provided an elemental cost plan to support the build cost submitted. LSH understands that this cost plan has been produced by an independent quantity surveyor CMC.

4.7 Upon interrogation of the total figure of £181.43/sq. ft. from the applicants viability report, LSH can devise that this figure is predominantly made up of the following:

- Substructures @ £6.50/sq. ft.
- Superstructures @ £74.37/sq. ft.
- Internal Fixtures @ £14.04/sq. ft.
- Fixtures and Fittings @£10.87/sq. ft.
- Services @ £42.21/sq. ft.
- Existing Buildings @£2.31/sq. ft.
- External Works @ £24.57/sq. ft.

4.8 LSH therefore considers that the 'Base Build' applied by the applicant (which is the cost that can be compared against BCIS Data) is £154.55/sq. ft. This figure is devised from taking the gross figure of £181.43/sq. ft. and omitting the costs for existing buildings and external works.

4.9 LSH has sense checked the build cost against BCIS and notes that on average, small scale estate housing upper quartiles equate to £1,586/sqm which works back to £147.34/sq. ft.

4.10 At £154.55/sq. ft., the applicant is c.5% higher than the BCIS figure. Given the bespoke nature of the scheme, and the additional costs associated with small developments where economies of scale cannot be utilised to reduce build cost – LSH has added a 5% premium to the build cost that we have adopted – leading to a base build cost of £154.70/sq ft which is wholly in line with the developers own build costs.

External Costs

4.11 The applicant has allowed for the price of external costs of £24.57/sq. ft. which equates to a percentage of 13.5% which is in line with what LSH would consider to be reasonable parameters. LSH would consider any cost between 10% and 15% to be normal on a scheme such as these. For the purposes of the appraisal, LSH has adopted the same itemised figure as is provided within the cost plan.

Professional Fees

4.12 The applicant has allowed for professional fees of c.6.5% of the build cost which is within industry standard and we consider it acceptable as such.

Abnormal Costs

4.13 Abnormal costs are individually itemised within the cost plan submitted by the developer. LSH has applied a flat rate for abnormal costs of 10% of base build cost. The resultant total build cost is within 3% of the total build cost applied by the developer which leads LSH to conclude that the itemised abnormal items within the submitted cost plan are reasonable.

CIL

- 4.14 The applicant has not allowed for CIL within their appraisal. LSH is not aware of a concession from SLDC on CIL in this location or specifically on this development. As a result, LSH has applied a CIL cost in line with the charging schedule with indexation.

Finance Costs

- 4.15 The applicant has allowed for Finance cost of 6.25% which LSH considers to be within the industry standard parameters.

Land Value

- 4.16 The applicant has assumed a benchmark land value of £0 based on the existing use value of the scheme as it is today. In reality, a reasonable landowner would want to see a value attributable to any asset on the open market.

Recommended Appraisal Assumptions

- 4.17 Based upon our assessment of the applicants appraisal assumptions, table 3.2 provides our own recommended assumptions compared to the applicants own assumptions:

Table 3.2: LSH recommended appraisal assumptions

Item	Applicant Assumption	LSH Assumption	Comments
OMV	£10,036,023	£9,704,094	LSH considers that the local market will be difficult to sell at the levels that the applicant has set its gross sales costs. Our costs are based on sales to date and adjusted HPI comparables.
Land Value	£0	£0	LSH accepts the approach to land value within the applicants' appraisal.
Base Build Cost	£154.55/sq. ft.	£154.70/sq. ft.	LSH has used BCIS data rebased to the location and date relevant for the site with a 5% premium added for bespoke low carbon build methods.
External Costs	£841,340	£841,340	Detail provided by applicant – LSH has adopted costs as such as the cost falls within acceptable parameters.
Sales and marketing costs	4.5% GDV	4.5% GDV	LSH accepts the requirement for incentives which we have assumed at 4% inclusive of marketing. Figures for agents and legal fees agreed
Target Profit	17.5% GDV	17.5% GDV	17.5% is an acceptable profit level considering the scale and risk of the scheme.
Total GDC	£8,279,719	£8,182,981	LSH costs marginally lower as per build cost sense check with BCIS.

- 4.16 Below is a table summary of LSH's land appraisal taking into account the above inputs. LSH's appraisal demonstrates a c.£146,932 deficit on the land value/profit level . As the land value is

already set at £0, the deficit must be considered In the context of developers' profit. This would reduce developers profit from an acceptable level of 17.5% to c. 16%.

LSH Development Appraisal Summary @ 0% Affordable	
Input	Values
GDV	£9,704,094
Base Build	£154.70/sq. ft.
Externals	£841,340
Finance	£95,347
Profit	£1,698,216
Surplus/Deficit	-£177,104

5 Findings and Conclusions

- 5.1 LSH has reviewed GDS's FVA for the proposed development of 14 units at Viver Green.. LSH has undertaken its own appraisal on the basis of zero affordable contribution.
- 5.2 Bailey Venning Associates have on the whole used reasonable inputs in LSH's view – and the majority are supported by this report and replicated in our own appraisal.
- 5.3 With regard to the build cost, LSH has applied Upper Quartile BCIS rates which sit slightly below the level that the applicant has quoted for the development. LSH has applied a 5% build cost premium for this development on the basis of the scheme proposed and the expected additional cost to cover the bespoke and sustainable nature of the scheme. This uplift brings LSH build cost in line with that provided by the developer.
- 5.4 LSH has also applied its own sales values to the development based on what it considers to be realistic aspirations of value based on a quality of scheme commensurate with an upper quartile build cost. Despite applying a premium for both new build and premium development within our own GDV analysis, there is still a small deficit to the GDVs applied by the landowners' agent.
- 5.5 Whilst LSH agrees that the scheme will achieve higher values than the local area, when applying a reasonable sales rate of one unit per month LSH does believe that some discounts will need to be applied. An alternative scenario to maintain the levels of sale values would be to extend the sale period, however with the increase in finance cost that this would bring about there would be little benefit to the scheme.
- 5.6 As it stands, the developer's adviser considers that there is a viability gap of c.£12,000. This is a figure that could be absorbed by contingency should savings be made in construction. This is an unknown at this stage however and would require a developer to either continue at risk of losing this figure, or deduct it from their profit level.
- 5.7 LSH's appraisal shows the viability gap to be higher than this at £177,104. The reason for the difference is partly due to the inclusion of CIL within the LSH appraisal.
- 5.8 LSH has therefore included a second appraisal to test a scenario in the event that there was a concession on CIL for this development. This would result in a development surplus of £26,648. A figure which could be available to the council as an affordable housing off site contribution.
- 5.9 We would consider a reasonable developer could be willing to take a view on the CIL point. The inclusion of a CIL payment of £207,000 will result in a scheme with a viability gap of £177,104. This is equal to a reduction in the profit level of 1.82% to 15.5% on GDV.
- 5.10 **In conclusion, LSH would advise South Lakeland District Council that the subject development at Viver Green is unlikely to be delivered if affordable housing contributions are levied on the development.**
- 5.11 **The development is currently unviable using standard industry inputs including CIL at 2021 indexed rates – however it is LSH's view that a developer might proceed with the development at risk of an underperformance on profit, as the scheme is not likely to**

make a loss. LSH has been involved with a number of sites in the North West where a developer has decided to accept a profit level below that of what is considered industry standard.

- 5.12 Ultimately, the decision to proceed at a less than industry standard profit (17.5% on GDV) could be agreed between the council and the developer.**

Appendix 1: LSH Residual Appraisal - Zero Affordable - CIL

APPRAISAL SUMMARY	LAMBERT SMITH HAMPTON
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Viver Green V1

Summary Appraisal for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	ft ²	Rate ft ²	Unit Price	Gross Sales
Plot 7 Detached	1	2,674	288.00	764,764	764,764
Plot 8 Detached	1	2,911	280.00	815,080	815,080
Plot 9 Detached	1	2,674	288.00	764,764	764,764
Plot 10 Detached	1	2,911	280.00	815,080	815,080
Plot 11 Detached	1	3,405	280.00	953,400	953,400
Plot 12 Detached	1	2,873	280.00	804,440	804,440
Plot 13 Detached	1	3,405	280.00	953,400	953,400
Plot 14 Detached	1	2,873	280.00	804,440	804,440
Plot 15 Semi Detached	1	1,938	280.00	542,080	542,080
Plot 16 Semi Detached	1	2,847	290.00	825,630	825,630
Plot 17 Detached	1	2,889	280.00	803,320	803,320
Plot 18 Apartment	1	833	300.00	249,900	249,900
Plot 19 Apartment	1	832	300.00	249,600	249,600
Plot 20 Semi Detached	1	1,202	298.00	358,196	358,196
Totals	14	34,245			9,704,094

NEGATIVE LAND ALLOWANCE

Residualised Price	177,104	
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177,104

NET REALISATION

9,881,198

OUTLAY

ACQUISITION COSTS

Negative Land Allowance	(177,104)	
Town Planning		6,500
Survey		12,500
		19,000

CONSTRUCTION COSTS

Construction	ft ²	Rate ft ²	Cost
Plot 7 Detached	2,674 ft ²	154.70 pF	413,668
Plot 8 Detached	2,911 ft ²	154.70 pF	450,332
Plot 9 Detached	2,674 ft ²	154.70 pF	413,668
Plot 10 Detached	2,911 ft ²	154.70 pF	450,332
Plot 11 Detached	3,405 ft ²	154.70 pF	526,754
Plot 12 Detached	2,873 ft ²	154.70 pF	444,453
Plot 13 Detached	3,405 ft ²	154.70 pF	526,754
Plot 14 Detached	2,873 ft ²	154.70 pF	444,453
Plot 15 Semi Detached	1,938 ft ²	154.70 pF	299,499
Plot 16 Semi Detached	1,847 ft ²	154.70 pF	285,731
Plot 17 Detached	2,889 ft ²	154.70 pF	443,834
Plot 18 Apartment	833 ft ²	154.70 pF	128,865
Plot 19 Apartment	832 ft ²	154.70 pF	128,710
Plot 20 Semi Detached	1,202 ft ²	154.70 pF	185,949
Totals	33,245 ft²		5,143,002

5,143,002

Contingency	5.00%	282,865
Developers Contingency	5.00%	257,150
Road/Site Works		841,340
Statutory/LA	34,245 ft ² 6.05 pF	207,182
		1,588,537

Other Construction

Abnormal Costs		514,300
		514,300

PROFESSIONAL FEES

Professional Fees	6.50%	386,111
		386,111

MARKETING & LETTING

Marketing	3.00%	291,123
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File: Viver/Viver Green V1.wcfx
ARGUS Developer Version: 6.50.002

Date: 26/05/2021

APPRAISAL SUMMARY

LAMBERT SMITH HAMPTON

Viver Green V1

			291,123
DISPOSAL FEES			
Sales Agent Fee	1.00%	97,041	
Sales Legal Fee	0.50%	48,520	
			145,561
FINANCE			
Timescale	Duration	Commences	
Purchase	3	May 2021	
Pre-Construction	9	Aug 2021	
Construction	20	May 2022	
Sale	18	Mar 2023	
Total Duration	40		
Debit Rate 6.250%, Credit Rate 0.000% (Nominal)			
Land		(9,716)	
Construction		105,063	
Total Finance Cost			95,347
TOTAL COSTS			8,182,981
PROFIT			1,698,216
Performance Measures			
Profit on Cost%		20.75%	
Profit on GDV%		17.50%	
Profit on NDV%		17.50%	
IRR		N/A	
Profit Erosion (finance rate 6.250%)		3 yrs	

TIMESCALE AND PHASING GRAPH REPORT

LAMBERT SMITH HAMPTON

Viver Green V1

Project Timescale Summary

Project Start Date	May 2021
Project End Date	Aug 2024
Project Duration (Inc Exit Period)	40 months

Phase Phase 1



Appendix 2: LSH Residual Appraisal - Zero Affordable – No CIL

APPRAISAL SUMMARY

LAMBERT SMITH HAMPTON

Viver Green V1

Summary Appraisal for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	ft ²	Rate ft ²	Unit Price	Gross Sales
Plot 7 Detached	1	2,674	286.00	764,764	764,764
Plot 8 Detached	1	2,911	280.00	815,080	815,080
Plot 9 Detached	1	2,674	286.00	764,764	764,764
Plot 10 Detached	1	2,911	280.00	815,080	815,080
Plot 11 Detached	1	3,405	280.00	953,400	953,400
Plot 12 Detached	1	2,873	280.00	804,440	804,440
Plot 13 Detached	1	3,405	280.00	953,400	953,400
Plot 14 Detached	1	2,873	280.00	804,440	804,440
Plot 15 Semi Detached	1	1,936	280.00	542,080	542,080
Plot 16 Semi Detached	1	2,847	290.00	825,630	825,630
Plot 17 Detached	1	2,869	280.00	803,320	803,320
Plot 18 Apartment	1	833	300.00	249,900	249,900
Plot 19 Apartment	1	832	300.00	249,600	249,600
Plot 20 Semi Detached	1	1,202	298.00	358,196	358,196
Totals	14	34,245			9,704,094

NET REALISATION

9,704,094

OUTLAY

ACQUISITION COSTS

Residualised Price		26,648			
Agent Fee	1.00%	266			26,648
Legal Fee	0.80%	213			
Town Planning		6,500			
Survey		12,500			
					19,480

CONSTRUCTION COSTS

Construction	ft ²	Rate ft ²	Cost	
Plot 7 Detached	2,674 ft ²	154.70 pF	413,668	
Plot 8 Detached	2,911 ft ²	154.70 pF	450,332	
Plot 9 Detached	2,674 ft ²	154.70 pF	413,668	
Plot 10 Detached	2,911 ft ²	154.70 pF	450,332	
Plot 11 Detached	3,405 ft ²	154.70 pF	526,754	
Plot 12 Detached	2,873 ft ²	154.70 pF	444,453	
Plot 13 Detached	3,405 ft ²	154.70 pF	526,754	
Plot 14 Detached	2,873 ft ²	154.70 pF	444,453	
Plot 15 Semi Detached	1,936 ft ²	154.70 pF	299,499	
Plot 16 Semi Detached	1,847 ft ²	154.70 pF	285,731	
Plot 17 Detached	2,869 ft ²	154.70 pF	443,834	
Plot 18 Apartment	833 ft ²	154.70 pF	128,885	
Plot 19 Apartment	832 ft ²	154.70 pF	128,710	
Plot 20 Semi Detached	1,202 ft ²	154.70 pF	185,949	
Totals	33,245 ft²		5,143,002	5,143,002

Contingency	5.00%	262,865		
Developers Contingency	5.00%	257,150		
Road/Site Works		841,340		
				1,381,355

Other Construction

Abnormal Costs		514,300		
				514,300

PROFESSIONAL FEES

Professional Fees	6.50%	386,111		
				386,111

MARKETING & LETTING

Marketing	3.00%	291,123		
				291,123

DISPOSAL FEES

Sales Agent Fee	1.00%	97,041		
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APPRAISAL SUMMARY

LAMBERT SMITH HAMPTON

Viver Green V1

Sales Legal Fee	0.50%	48,520	145,561
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FINANCE

Timescale	Duration	Commences
Purchase	3	May 2021
Pre-Construction	9	Aug 2021
Construction	20	May 2022
Sale	18	Mar 2023
Total Duration	40	

Debit Rate 6.250%, Credit Rate 0.000% (Nominal)			
Land		3,111	
Construction		95,187	
Total Finance Cost			98,299

TOTAL COSTS 8,005,878

PROFIT 1,698,216

Performance Measures

Profit on Cost%	21.21%
Profit on GDV%	17.50%
Profit on NDV%	17.50%
IRR	165.52%
Profit Erosion (finance rate 6.250%)	3 yrs 1 mth

TIMESCALE AND PHASING GRAPH REPORT

LAMBERT SMITH HAMPTON

Viver Green V1

Project Timescale Summary

Project Start Date	May 2021
Project End Date	Aug 2024
Project Duration (Inc Exit Period)	40 months

Phase Phase 1

