



Review of 'Affordable Housing Viability Assessment'

**Taymount Lodge & Greenbank Cottage,
Taymount Rise, Forest Hill, SE23 3UL**

DRAFT REPORT

Prepared for
London Borough of Lewisham

August 2022

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1 Introduction and Terms of Reference

The London Borough of Lewisham (“the Council”) has commissioned BNP Paribas Real Estate to advise on a ‘Financial Viability Assessment’ dated July 2021 submitted by DHA on behalf of Hambridge Homes (“the Applicant”) in relation to development proposals at Taymount Lodge and Greenbank Cottage, Taymount Rise, Forest Hill, SE23 3UL (“the Site”).

The development comprises the redevelopment of the Site to provide 16 apartments.

This report provides an objective review of the Applicant’s viability assessment in order to advise the Council whether the Applicant’s contention that the scheme cannot support any affordable housing is correct.

1.1 BNP Paribas Real Estate

BNP Paribas Real Estate is a leading firm of chartered surveyors, town planning and international property consultants. The practice offers an integrated service from nine offices in eight cities within the United Kingdom and over 180 offices, across 37 countries in Europe, Middle East, India and the United States of America, including 16 wholly owned and 21 alliances. In 2005, the firm expanded through the acquisition of eight offices of Chesterton and in 2007, the firm acquired the business of Fuller Peiser and Strutt & Parker in 2017. We are a wholly owned subsidiary of BNP Paribas, which is the number one bank in France, the second largest bank in the Euro Zone and one of only six top rated banks worldwide.

BNP Paribas Real Estate has a wide ranging client base, acting for international companies and individuals, banks and financial institutions, private companies, public sector corporations, government departments, local authorities and registered providers (“RPs”).

The full range of property services includes:

- Planning and development consultancy;
- Affordable housing consultancy;
- Valuation and real estate appraisal;
- Property investment;
- Agency and Brokerage;
- Property management;
- Building and project consultancy; and
- Corporate real estate consultancy.

This report has been prepared by Jamie Purvis MRICS, RICS Registered Valuer and reviewed by Anthony Lee MRTPI, MRICS, RICS Registered Valuer.

The Development Viability and Affordable Housing Consultancy of BNP Paribas Real Estate advises landowners, developers, local authorities and RPs on the provision of affordable housing.

Anthony Lee was a member of the working group which drafted guidance for planning authorities on viability, which was published by the Local Housing Delivery Group in June 2012 as ‘*Viability Testing Local Plans: Advice to Planning Practitioners*’. He was a member of MHCLG’s ‘Developer contributions expert panel’ which assisted in the drafting of the viability section of the 2019 Planning Practice Guidance. He is also a member of the Mayor of London’s Housing Delivery Taskforce expert panel.

In addition, we were retained by Homes England (‘HE’) advise on better management of procurement of affordable housing through planning obligations.

The firm has extensive experience of advising landowners, developers, local authorities and RPs on the value of affordable housing and economically and socially sustainable residential developments.

1.2 Report Structure

This report is structured as follows:

Section two provides a brief description of the Development;

Section three describes the methodology that has been adopted;

Section four reviews the assumptions adopted by the Applicant, and where necessary, explains why alternative assumptions have been adopted in our appraisals;

Section five sets out the results of the appraisals;

Finally in **Section six**, we draw our conclusions from the analysis.

1.3 The Status of our advice

In preparing this report and the supporting appraisals, we have given full regard to the RICS Guidance Note ('GN') 'Assessing viability in planning under the National Planning Policy Framework for England 2019' (first edition, March 2021). However, paragraph 2.2.3 of the GN acknowledges that statutory planning guidance takes precedence over RICS guidance. Conflicts may emerge between the GN and the PPG and/or other adopted development plan documents. In such circumstances, we have given more weight to the PPG and development plan documents.

In carrying out this assessment, we have acted with objectivity, impartiality, without interference and with reference to all appropriate available sources of information.

We are not aware of any conflicts of interest in relation to this assessment.

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

This report is addressed to London Borough of Lewisham only. No liability to any other party is accepted.

2 Development Description

2.1 Site Location and Description

The Site extends to approximately 0.14 hectares and is currently occupied by two houses (Taymount Lodge and Greenbank Cottage). The Site is bounded by Taymount Grange (1930s block of flats) to the east, Forest Croft (a block of flats) to the north-west and flatted developments located on Knapdale Close and Shackleton Close to the south. The Site is located within close proximity to local amenities and shops in the Forest Hill local centre, including Sainsbury's (400m), bus stops on the A205 (500m), the Horniman Museum and Gardens (550m), Forest Hill Train Station (600m), and local schools (within 1000m).

2.2 Planning History

We have reviewed the Council's planning website and the Site has not been subject to any redevelopment proposals that are relevant to this viability assessment.

2.3 The Proposed Development

The Applicant is seeking planning permission for:

"Demolition of the existing 2no. dwellings and the erection of 16 no. residential apartments with associated landscaping, parking, bin and cycle store."

Table 2.3.1: Proposed Scheme Accommodation

Plot	Beds	Area (sq/ft)
1	3	1,006
2	3	909
3	1	612
4	3	968
5	3	968
6	2	826
7	1	612
8	2	834
9	3	968
10	2	826
11	1	612
12	2	834
13	3	968
14	2	826
15	1	612
16	2	834
Total	-	13,215

3 Methodology

The Applicant has submitted their appraisal using Argus Developer ('Argus').

We have used also Argus to appraise the development proposals. Argus is a commercially available development appraisal package in widespread use throughout the industry. It has been accepted by a number of local planning authorities for the purpose of viability assessments and has also been accepted at planning appeals. Banks also consider Argus to be a reliable tool for secured lending valuations. Further details can be accessed at www.argussoftware.com.

This cash-flow approach allows the finance charges to be accurately calculated over the development/sales period. The difference between the total development value and total costs equates to either the profit (if the land cost has already been established) or the residual value. The model is normally set up to run over a development period from the date of the commencement of the project and is allowed to run until the project completion, when the development has been constructed and is occupied.

Essentially, such models all work on a similar basis:

- Firstly, the value of the completed development is assessed;
- Secondly, the development costs are calculated, using either the profit margin required or land costs (if, indeed, the land has already been purchased).

The difference between the total development value and total costs equates to either the profit (if the land cost has already been established) or the residual value.

The output of the appraisal is a Residual Land Value ('RLV'), which is then compared to an appropriate benchmark, typically the Existing Use Value ('EUV') of the site plus a site-specific landowner's premium, in line with the Planning Practice Guidance.

An Alternative Use Value ('AUV') may also be used to inform benchmark land value where it is considered to be feasible in planning and commercial terms. Development convention and GLA guidance suggests that where a development proposal generates a RLV that is higher than the benchmark, it can be assessed as financially viable and likely to proceed. If the RLV generated by a development is lower than the benchmark, clearly a landowner would sell the site for existing or alternative use or might delay development until the RLV improves.

4 Review of Assumptions

In this section, we review the assumptions adopted by the Applicant in their viability assessment.

4.1 Market Housing Revenue

The market housing units generate revenue of c. £9.47m equating to a capital value per sq/ft of £640. In support of this revenue, the Applicant has submitted a pricing schedule prepared by local agent Pedder, which we summarise in Table 4.1.1.

Table 4.1.1: Pedder Pricing Schedule

Plot	Beds	Sale Price	Area (sq/ft)	£PSF
1	3	£575,000	1,006	£571
2	3	£560,000	909	£616
3	1	£385,000	612	£629
4	3	£590,000	968	£609
5	3	£575,000	968	£594
6	2	£510,000	826	£617
7	1	£360,000	612	£588
8	2	£535,000	834	£641
9	3	£575,000	968	£594
10	2	£510,000	826	£617
11	1	£360,000	612	£588
12	2	£535,000	834	£641
13	3	£580,000	968	£599
14	2	£515,000	826	£623
15	1	£365,000	612	£596
16	2	£540,000	834	£647
Total	-	£8,070,000	13,223	£610

In support of the sales values, the Applicant has had regard to current asking prices at new build scheme 'Dacres Wood Court' located c. 0.9 miles to the south-east of the site. The scheme has completed and the Applicant has made reference to asking prices of 2 bed units at £479,995 (704 sq/ft), £506,995 (809 sq/ft) and £514,995 (825 sq/ft).

The Applicant has also had regard to an asking price for a 2 bed unit of £515,000 (6 unit extension to an existing building) located on Devonshire Road c. 0.4 miles to the north east of the site. The Applicant has also had regard to second hand sale prices in the locality with 1 bed units ranging from £250,000 to £310,000, 2 beds from £338,000 to £397,000 and 3 beds from £335,000 to £412,000.

We have undertaken our own research and we summarise in Table 4.1.2 the following asking prices at the new build schemes referred to by the Applicant.

Table 4.1.2: Asking Prices

Scheme	Unit Type	Asking Price	Area (sq/ft)	£PSF
Dacres Wood	2 Bed	£514,995	825	£624
Devonshire Road	2 Bed	£500,000	694	£720

Scheme	Unit Type	Asking Price	Area (sq/ft)	£PSF
Devonshire Road	2 Bed	£525,000	694	£756
Devonshire Road	2 Bed	£550,000	672	£818

In summary, we have considered the available evidence base and for the purpose of this assessment, we do not consider that the proposed scheme sales values are unreasonable.

4.2 Construction Costs

The Applicant's appraisal adopts construction costs totalling c. £4.32m equating to a cost rate of c. £260 per sq/ft. In support of the costs, the Applicant has submitted a cost plan prepared by Betteridge & Milsom dated 12 July 2022.

The Council has instructed Savile Brown to review the costs and we attach as Appendix 1 their cost review. In summary, Savile Brown have assessed the scheme costs at c. £3.95m (c. £238 per sq/ft). We have subsequently adopted the Savile Brown costs in our appraisal.

4.3 Professional Fees

The Applicant has adopted a 10% professional fee allowance and for the purpose of this assessment, we have adopted a professional fee allowance of 8% due to the scale of the scheme.

4.4 Community Infrastructure Levy ('CIL')

The Applicant has adopted a Borough CIL payment of £107,423 in addition to a Mayoral CIL payment of £72,043 and we would welcome confirmation from the Council that these payments are correct.

4.5 Sales, Marketing & Legal Fees

The Applicant has adopted a combined sales and marketing allowance of 1.5% of GDV in addition to a sales legal fee of £1,000 per unit. For the purpose of this assessment, we do consider that the Applicant's fees are unreasonable.

4.6 Stamp Duty Land Tax

With regards to land tax the Applicant has provided the following statement:

"As part of the previous application, BNP stated that SDLT should reflect what the developer would pay for the land on the basis of the proposed scheme as a development site and therefore a blanket 5% should apply.

Until the planning consent is implemented, the properties can lawfully be sold as two residential properties meaning that the residential SDLT calculation should apply. If we were to assume the benchmark land value of £1,200,000 per property as advised by Pedder (see section 6.6), then the SDLT should be calculated at £93,250 per property. We have therefore allowed for this within the appraisal".

We have responded back to the Applicant on this point previously and it is unclear why the Applicant has applied to SDLT for the existing uses to the residual land value of the proposed scheme. The SDLT for the proposed scheme should reflect what the developer would pay for the land based upon the proposed scheme residual land value. If the Applicant wanted to include the SDLT for the existing houses, the benchmark site value of c. £2.40m needs to be input into the appraisal, as a fixed day one land cost and the outputs of the appraisal would be the scheme profit. We have therefore disregarded the Applicant's approach, as it is incorrect and also serves to artificially decrease the proposed scheme residual land value.

4.7 Project Programme

The Applicant has the following project programme summarised in Table 4.7.1.

Table 4.7.1: Project Programme

Project Stage	Duration (months)
Planning	6
Construction	14
Sales	3 (commencing 2 months prior to practical completion)
Total Project Duration	21

For the purposes of this assessment, we do not consider that the Applicant's project programme is unreasonable. However, we have reduced the pre-construction period to 3 months.

4.8 Finance

The Applicant has adopted a finance rate of 6.5% and we have also adopted a finance rate of 6.5%. Although a bank would not provide 100% of the funding required for the proposed Development, it is conventional to assume finance on all costs in order to reflect the opportunity cost (or in some cases the actual cost) of committing equity to the project.

4.9 Developer's Profit

The Applicant has modelled two scenarios with profit levels of 20% of GDV and 17.5% of GDV respectively for the market housing units.

We have recently experienced a range from 17% to 20% of GDV when considering developments in the southeast of England. We have taken into account the uncertainty that is now apparent after the United Kingdom's departure from the European Union and the potential risks associated with our future trading relationships with other countries, in addition to the risks associated with the Proposed Development. We have also taken into account the outbreak of the Novel Coronavirus (Covid-19) declared by the World Health Organisation as a "Global Pandemic" on 1 March 2020 and the emergence of new strains of the virus. We have also taken into account the war in Ukraine, global commodities inflation and current supply chain issues and in summary, we do not consider that a profit of 17.5% is unreasonable for the proposed scheme.

5 Appraisal Outputs

In this section, we consider the outputs of the appraisals and the implications for the provision of affordable housing at the proposed development and review the benchmark land value.

5.1 Viability Benchmark Site Value

The Applicant has adopted a site value of £2.30m on the basis of the value of the existing residential units at £1.15m each. In support of this site value, the Applicant has had regard to advice from Pedder who have advised on a value of £1.15m to £1.20m for each property in addition sales of houses, which we summarise in Table 5.1.1.

Table 5.1.2: Comparable Evidence

Address	Date	Unit Type	Floor Area (sq/ft)	Sale Price	£PSF
46 Thorpewood Avenue	Mar-22	3 Bed – Detached	1,311	£1,040,000	£793
58 Thorpewood Avenue	Feb-22	4 Bed – Detached	1,858	£1,050,000	£565
6 Ewelme Road	Jan-22	4 Bed – Detached	1,787	£988,000	£553
36 Tewkesbury Avenue	Dec-21	3 Bed – Detached	1,134	£850,000	£750

We have undertaken our own research and in addition to the sales summarised in the table above we have identified the following sales in Table 5.1.3.

Table 5.1.3: BNPPRE Comparable Evidence

Address	Date	Unit Type	Floor Area (sq/ft)	Sale Price	£PSF
10 Albion Villas Road	Mar-22	3 Bed – Detached	1,541	£1,250,000	£811
19 Radlet Avenue	Jun-22	5 Bed – Detached	1,670	£1,030,000	£617

We have considered the available evidence and for the purpose of this draft report, we do not consider that the Applicant's site value is unreasonable.

5.2 Appraisal Results

We tabulate below the results of the Applicant's viability assessment.

Table 5.2.1: Applicant's Appraisal Results (17.5% Profit)

Proposed Scheme Residual Land Value	Benchmark Site Value	Surplus/Deficit
c. £1.20m	£2.30m	c. - £1.10m

In summary, the Applicant's proposed scheme appraisal with a profit of 17.5% generates a deficit of c. £1.10m.

Table 5.2.1: Applicant's Appraisal Results (20% Profit)

Proposed Scheme Residual Land Value	Benchmark Site Value	Surplus/Deficit
c. £1.02m	£2.30m	c. - £1.28m

In summary, the Applicant's proposed scheme appraisal with a profit of 20% generates a deficit of c. £1.28m.

We summarise in the table below our appraisal results.

Table 5.2.2: BNPPRE Appraisal Results

Proposed Scheme Residual Land Value	Benchmark Site Value	Surplus/Deficit
c. £1.55m	c. £2.30m	c. £0.75m

In summary, our proposed scheme appraisal generates a residual land value of c. £1.55m and when benchmarked against a site value of £2.30m the proposed scheme generates a deficit of c. £0.75m.

5.3 Sensitivity Analysis

We have also undertaken a sensitivity analysis, which demonstrates scheme performance in the event that sales values and costs change. We summarise the results of this analysis in Table 5.3.1.

Table 5.3.1: BNPPRE Sensitivity Analysis

Scenario	Proposed Scheme Residual Land Value	Benchmark Site Value	Surplus/Deficit
+ 5% Sales Values	c. £1.84m	c. £2.30m	c. - £0.46m
+ 10% Sales Values	c. £2.13m	c. £2.30m	c. - £0.17m
- 5% Costs	c. £1.75m	c. £2.30m	c. - £0.55m
- 10% Costs	c. £1.94m	c. £2.30m	c. £0.36m
+ 5% Sales Values and - 5% Costs	c. £2.03m	c. £2.30m	c. - £0.27m
+ 5% Sales Values and - 10% Costs	c. £2.30m	c. £2.30m	c. £0.00m
+ 10% Sales Values and - 5% Costs	c. £2.32m	c. £2.30m	c. £0.02m
+ 10% Sales Values and - 10% Costs	c. £2.52m	c. £2.30m	c. £0.22m

6 Conclusion

We have reviewed the Applicant's viability assessment, which seeks to demonstrate that the scheme cannot support any affordable housing as it generates a deficit of c. £1.10m with a 17.5% profit and a deficit of c. £1.28m with a 20% profit.

We have undertaken our own assessment of the scheme and our assessment generates a deficit of c. £0.75m when benchmarked against a site value of £2.30m. Consequently, the proposed scheme cannot viably support any affordable housing.

Appendix 1 - Savile Brown Construction Cost Review



SAVILE BROWN

ASSOCIATES

BNP Paribas

16 August 2022

CLIENT:

DATE:

Cost Plan Review

Rev 00

DOCUMENT TITLE:

VERSION:

**Taymount Lodge &
Greenbank Cottage,
Taymount Rise,
Forest Hill,
SE23 3UL.**

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1. Executive Summary

- 1.1 The cost information provided is a Financial Viability Assessment Report prepared by DHA Planning Ltd for Taymount Lodge & Greenbank Cottage, Taymount Rise, Forest Hill, SE23 3UL. This report has been prepared in accordance with latest published guidance including the recently published RICS professional statement 'Financial viability in planning: conduct and reporting' 1st Edition May 2019.
- 1.2 The works comprise of the demolition of 2no existing dwellings, the erection of 20no residential apartments with associated landscaping, parking, refuse and cycle store.
- 1.3 The contract cost estimate totals **£4,322,000.00**, the gross Internal area is assumed to total 1,546 m2 which converts to £2,662/m2.
- 1.4 SBA have been requested to carry out a high-level review of the Cost Plan within the document DHA Planning Ltd. The abnormal costs listed equate to a total of **£461,550.00** excluding OH&P adjustment.
- 1.5 Following a review of the information provided, SBA's cost analysis recommendation has resulted in a potential saving of **£368,760.00**. The revised total project cost is **£3,953,240.00** this converts to £2,557/sqm or £238/sqft.
- 1.6 The information contained within this report is confidential to all parties involved and may not be relied upon by any third party or used for any other purposes.
- 1.7 We confirmed we have acted with objectivity, impartially, without interference and believe we have sourced appropriate available information.
- 1.8 We have acted in accordance with our instruction from BNP Paribas and that no performance or contingent fees have been agreed.
- 1.9 We confirm we have no conflict or that a risk of conflict exists.

2. Summary

- 2.1 Savile Brown Associates (SBA) have been appointed to carry out an independent review of all costs within DHA Planning Ltd.'s Financial Viability Assessment Report.
- 2.2 Assumptions or exclusions have been included within DHA's Report (Section 6).
- 2.3 This review is largely based upon areas given within the Viability Report and £/sqm analysis. It has been assumed that all quantities have been measured within accordance of the RICS code of measurement practice 6th edition.
- 2.4 We have carried out a review of the cost plan based on similar projects. When benchmarking rates against other projects we have taken care to ensure that rates are adjusted to take account for variances in the dates of estimate, location, and the type of development.
- 2.6 It should also be understood that there is a potential for variance due to the early information.
- 2.7 We confirm that the information provided is adequate for this exercise, however specifications and a further description would help provide us further context.

3. Cost Estimate Commentary

BCIS Inflation

3.01 The previous report was conducted on a cost plan from Q4 2021. The inflation from the original cost plan to the latest is 7.21%, based on the BCIS indices.

3.02 Applying the BCIS inflation rate based to the cost per m2 against the original cost plan dated 13/12/2022, the new £/m2 would equate to £2,622/m2. This would reduce the contract cost estimate from £4,322,000 down to £4,054,163, offering an overall saving of **£267,837**.

3.03 Below are a list of costs that have exceeded the BCIS inflation rate by 33% or more.

Item	% Increase on original Cost Plan
Allowance for foundation construction; £/m2 based on ground floor area	11%
Upper floors; £/m2 based on upper floor area	11%
External Walls; allowance based on wall area	13%
Windows; £/m2 allowance based on window area	10%
Allowance for fitted shelving; to 1 bed apartments	20%
Allowance for fitted shelving; to 2 bed apartments	14%
Allowance for fitted shelving; to 3 bed apartments	11%

Cost Plan – Apartments Cost Breakdown

Roof

3.04 The cost plan within this report shows an extra over for parapets or similar to the roof. This was not included within the original cost plan therefore assumed as part of the original rate.

3.05 The omission of this item would boast a saving to the roof of circa **£30,450**.

Stairs

3.05 The cost plan within this report splits out the stairs into 3nr sections; structure, finishes and balustrades/handrails. These sections have been allocated over £3,000 per flight of stairs as shown below.

- Structure – 8flights x £3,500/flight
- Finishes - 8flights x £750/flight
- Balustrade / Handrails - 10flights x £4,500/flight

Total - £79,000

3.06 We would normally expect to see £7,000 per flight of stairs. This would include all three elements listed above which would in turn bring the total cost for stair construction to £56,000

3.07 This would mean a reduction in the costs of circa; **£23,000**

3.08 It should be noted that within the cost plan there is a mis-count of balustrades at 10nr. This should be inline with the other stair items.

Internal Wall Finishes

3.09 B&M have allowed for wall finishes to all areas within their cost plan. The rate given to this element is £30/m² over a total area of 5,462m².

3.10 This is a high cost for an extremely large area, we would expect the rate to be halved to £15/m². Which would bring the total cost of wall finishes down from £163,680 to £81,930.

3.11 This would result in a large saving of circa **£81,750**.

3.12 It should also be noted that even with the loss of 4nr apartments the internal wall finish area has increased by 772m². To assess this properly we would need a full issue of the project GA's.

Sanitary Appliances

3.13 The current sanitaryware count has not changed from the original cost plan and states that there are still to be 21nr WC's, basins, vanity units and mirrors, 20nr baths with showers and 4nr showers. The total for these items equates to **£38,950**.

Mechanical Installations

3.15 The cost for mechanical installations to the apartments within the cost plan is £432,880. This equates to £27,055 per apartment.

3.16 This is a high cost per apartments, SBA would recommend a benchmark cost of £20,000 per apartments bringing the overall mechanical installation costs to £320,000.

3.17 This would again result in a saving of circa **£112,880**.

Cost Plan – Abnormal Cost Breakdown

Services – Mechanical Installation

3.18 Within the DHA report (appendix C – Abnormal cost breakdown) there is an allowance of £5,000 per apartment for “extra over for air and water heat pumps to provide domestic hot water to all units”

3.19 This cost totals £80,000 however we would believe to find this within the benchmark cost of £20,000 per apartment highlighted in points 3.15, 3.16 & 3.17.

3.20 The removal of this extra over cost as it has already been allowed for would result in a **£80,000** saving to the project.

Cost Plan – External Works Cost Breakdown

Roads, Paths and Paving

3.21 Within the next section of the DHA report (appendix D – External works cost breakdown) B&M have used a rate of £120/m² for Tarmacadam which we believe should be a much lower rate of around £40/m².

3.22 This would bring the total cost of Tarmacadam to £3,800 as opposed to the £11,400 that B&M have allowed for.

3.23 A cost saving of **£7,600** could hereby be made.

4. Conclusion

4.1 Following the SBA review of the cost plan generally the rates included are competitive. However, have highlighted the following areas where rates will need review:

- Inflation rates on quantity rates
- Roof
- Stairs
- Internal Wall finishes
- Sanitary Appliances
- Mechanical Installation
- Overheads and Profit overall construction works estimate total.

4.2 Following review of the information provided a comparable cost analysis has been produced which is detailed below (Appendix A).

5. Appendix A – Comparative Cost Analysis

COMPARATIVE COST ANALYSIS							
Taymount Rise, London, SE23 3UL							
GIA 1,546 m2				GIA 1,546 m2			
Element	Viability Cost Plan			Savile Brown Associates			Comments
	Total £	Cost £/m ²	%	Total £	Cost £/m ²	%	
SUMMARY OF CONSTRUCTION COSTS							
Overall Construction Cost	4,133,000	2673	96%	3,797,140	2456	96%	
Construction Works	3,215,000	2080	74%	2,966,740	1919	75%	
Abnormals and external works	712,000	461	16%	624,400	404	16%	
Costruction Risk estimate 5%	206,000			206,000			
Abnormals							
Residential unit cost							
Roof	30,450			incl within the roof cost			
Stairs	79,000		2%	56,000		1%	
Internal wall finishes	163,680		4%	81,750		2%	
Mechanical installation	432,880		10%	320,000		8%	
Abnormals and external works							
Services - Mechanical installation	80,000		2%	incl in mechanical above		0%	
Tarmacadam	11,400		0%	3,800		0%	
OH&P							
Prelims 15%	107,000			93,660			
Overhead & Profit 10%	82,000			62,440			
	986,410			617,650			
TOTAL CONSTRUCTION COST EXCL VAT	4,322,000	2,796		3,953,240	2,557		
		260			238		

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Appendix 2 - Proposed Scheme Appraisal

Licensed Copy

Development Appraisal

Taymount Lodge (August 2022)

Proposed Scheme Appraisal

Report Date: August 19, 2022

APPRAISAL SUMMARY**LICENSED COPY****Taymount Lodge (August 2022)
Proposed Scheme Appraisal****Summary Appraisal for Phase 1**

Currency in £

REVENUE

Sales Valuation	Units	ft ²	Rate ft ²	Unit Price	Gross Sales
Market Housing Units	16	13,215	610.67	504,375	8,070,000

NET REALISATION**8,070,000****OUTLAY****ACQUISITION COSTS**

Residualised Price				1,550,324	
Stamp Duty				113,859	
Agent Fee		1.00%		15,503	
Legal Fee		0.80%		12,403	
					1,692,089

CONSTRUCTION COSTS

Construction	ft ²	Rate ft ²	Cost	
Market Housing Units	16,636 ft ²	237.63 pf ²	3,953,240	3,953,240
Mayoral CIL			72,043	
Borough CIL			107,423	
				179,466

PROFESSIONAL FEES

Architect		8.00%	316,259	
				316,259

DISPOSAL FEES

Sales Agent Fee		1.50%	121,050	
Sales Legal Fee	16 un	1,000.00 /un	16,000	
				137,050

FINANCE

Debit Rate 6.500% Credit Rate 0.000% (Nominal)				
Land			202,226	
Construction			174,641	
Other			2,779	
Total Finance Cost				379,646

TOTAL COSTS**6,657,750****PROFIT****1,412,250****Performance Measures**

Profit on Cost%	21.21%
Profit on GDV%	17.50%
Profit on NDV%	17.50%
IRR	27.05%
Profit Erosion (finance rate 6.500%)	2 yrs 12 mths