



**GL Hearn**

Part of Capita plc

# 109 Honor Oak Park Financial Viability Review

## **LB Lewisham**

109 Honor Oak Park  
London  
None  
SE23 3LB

September 2020

## **Prepared by**

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**Confidential**



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**Quality Standards Control**

The signatories below verify that this document has been prepared in accordance with our quality control requirements. These procedures do not affect the content and views expressed by the originator.

This document must only be treated as a draft unless it is has been signed by the originators and approved by a Business or Associate Director.

DATE	ORIGINATORS	APPROVED
7 September 2020	Oliver Dawson Associate Director	Andrew Murphy Director

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Limitations

This document has been prepared for the stated objective and should not be used for any other purpose without the prior written authority of GL Hearn; we accept no responsibility or liability for the consequences of this document being used for a purpose other than for which it was commissioned.

## 1 INTRODUCTION

### Purpose of Report

- 1.1 This statement has been prepared by GL Hearn on behalf of LB Lewisham in connection with planning application DC/18/108889 submitted for a site at 109 Honor Oak Park, London, None, SE23 3LB.
- 1.2 The purpose of this report is to provide an independent due diligence review of the applicant's submitted evidence base to establish:
- What level of planning contributions are considered financially viable; and
  - The impact, if required, of grant and external funding.
- 1.3 Financial viability is material in the consideration of planning applications. The cumulative impact of planning policies on the cost of development should not undermine the delivery of the Statutory Development Plan.
- 1.4 Plans are expected to be aspirational and set out developer contributions, including:
- Affordable housing and/or workspace expectations;
  - Infrastructure requirements; and
  - Design standards.

### Planning Policy Context

- 1.5 The National Planning Policy Framework (NPPF) and Planning Policy Guidance (PPG), along with regional and local plan policies, provide the framework within which the development proposals are embedded.
- 1.6 The NPPF is the key policy document against which financial viability should be considered, in the context of promoting sustainable development:

*“Where up-to-date policies have set out the contributions expected from development, planning applications that fully comply with them should be assumed to be viable. It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage. The weight to be given to a viability assessment is a matter for the decision maker, having regard to all the circumstances in the case, including whether the plan and the viability evidence underpinning it is up to date, and any change in site circumstances since the plan was brought into force. All viability assessments, including any undertaken at*

*the plan-making stage, should reflect the recommended approach in national planning guidance, including standardised inputs, and should be made publicly available”.<sup>1</sup>*

1.7 Local Planning Authorities (LPAs) are responsible for assessing housing need, including affordable housing tenure requirements:

*“Where a need for affordable housing is identified, planning policies should specify the type of affordable housing required, and expect it to be met on-site unless:*

- Off-site provision or an appropriate financial contribution in lieu can be robustly justified; and*
- The agreed approach contributes to the objective of creating mixed and balanced communities”.<sup>2</sup>*

1.8 PPG emphasises the requirement for transparent and robust assessments:

*“Where a viability assessment is submitted to accompany a planning application this should be based upon and refer back to the viability assessment that informed the plan; and the applicant should provide evidence of what has changed since then.*

*The weight to be given to a viability assessment is a matter of the decision maker, having regard to all the circumstances in the case including whether the plan and viability evidence underpinning the plan is up to date, and site circumstances including any changes since the plan was brought into force, and the transparency of assumptions behind evidence submitted as part of the viability assessment”.<sup>3</sup>*

1.9 The London Plan sets out further requirements and considerations when considering schemes at a development management level:

*“A The maximum reasonable amount of affordable housing should be sought when negotiating on individual private residential and mixed use schemes, having regard to;*

*current and future requirements for affordable housing at local and regional levels identified in line with Policies 3.8 3.10 and 3.11 and having particular regard to the guidance provided by the Mayor through the London Housing Strategy, supplementary guidance and the London plan Annual Monitoring Report (see paragraph 3.68);*

- affordable housing targets adopted in line with Policy 3.11,*
- the need to encourage rather than restrain residential development (Policy 3.3),*
- the need to promote mixed and balanced communities (Policy 3.9),*

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<sup>1</sup> National Planning Policy Framework paragraph 57 p.16 2019-02

<sup>2</sup> National Planning Policy Framework paragraph 62 p.17 2019-02

<sup>3</sup> Planning Practice Guidance paragraph 008 p.5 2019-11-01

- *the size and type of affordable housing needed in particular locations,*
- *the special circumstances of individual sites,*
- *resources available to fund affordable housing, to maximise affordable housing output and the investment criteria set by the mayor,*
- *the priority to be accorded to provision of affordable family housing in policies 3.8 and 3.11.*

*B Negotiations on sites should take account of their individual circumstances including development viability, the availability of public subsidy, the implications of phased development including provisions for reappraising the viability of scheme prior to implementation ('contingent obligations'), and other scheme requirements.*

*C Affordable housing should normally be provided on-site. In exceptional cases where it can be demonstrated robustly that this is not appropriate in terms of the policies in this Plan, it may be provided off-site. A cash in lieu contribution should only be accepted where this would have demonstrable benefits in furthering the affordable housing where this would have demonstrable benefits in furthering the affordable housing and other policies in this Plan and should be ring-fenced and, if appropriate, pooled to secure additional affordable housing either on identified sites elsewhere or as part of an agreed programme for provision of affordable housing.”<sup>4</sup>*

1.10 Local Plan Policy Policy 1 outlines the LPA's aspirations in respect of affordable housing delivery, stating that:

*“The Council will seek the maximum provision of affordable housing with a strategic target for 50% affordable housing from all sources. This would equate to approximately 9,082 net new dwellings between 2010/11 and 2025/26...contributions to affordable housing should be sought on sites capable of providing 10 or more dwellings. The starting point for negotiations will be a contribution of 50% affordable housing on qualifying sites across the borough. This would be subject to a financial viability assessment. To ensure a mixed tenure and promote mixed and balanced communities, the affordable housing component is to be provided as 70% social rented and 30% intermediate housing”.*

1.11 Under local policy we understand the proposal should aim to provide 50% affordable housing, and affordable provision should, by habitable room.

1.12 A suite of documents was validated with the initial application on 5 April 2016 which, alongside subsequent planning appeal and viability review information, forms the evidence base that is the

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<sup>4</sup> Policy 3.12 Negotiating Affordable Housing on Individual Private Residential and Mixed Use Schemes. Paragraph 3.69 p.122 The London Plan: The Spatial Development Strategy for London Consolidated with Alterations Since 2011 Greater London Authority. March 2016.

subject of this due diligence review. The valuation date is to be taken as the date of this report given the efflux of time since the original application was validated.

**Table 1: Initial Information**

Item	Author	Publication Date	Received Date
Economic Viability Report	FFT	02/07/2018	26/08/2020
New Build Cost Plan	FFT	02/10/2018	26/08/2020
Appeal Decision	PINS	14/05/2018	26/08/2020
Refurbishment Viability Review	BPS Surveyors	07/08/2020	26/08/2020

1.13 Further subsequent evidence has also been supplied upon request, currently consisting of:

**Table 2: Subsequent Information**

Item	Author	Publication Date	Received Date
Site Photographs	BPS Surveyors	08/2020	27/08/2020

1.14 FVAs are required to be sufficiently detailed so that evidence and reasoning in support of key inputs and assumptions is clear and proportionate. In seeking any departures from relevant planning policies, the onus lies with the applicant to sufficiently evidence and justify their position in line with prevailing valuation best practice and other relevant guidance.

### Professional Statement

- 1.15 This report has been prepared in accordance with the requirements of the RICS Valuation-Global Standards 2017 and UK National Supplement (incorporating the International Valuation Standards 2017), referred to as the Red Book.
- 1.16 Advice given by RICS members is subject to the requirements of the Red Book; under Practice Statement 1 paragraph 5.4 of the Red Book the advice given in this report is exempt from the mandatory requirements of VPS1-5, does not represent a formal valuation, and should not be relied upon as such.
- 1.17 Costs and values change over time and the advice contained herein remains valid for 3 months from the appropriate Valuation Date, to be taken as the date of the report unless otherwise stated.1
- 1.18 It is confirmed that in preparing this report and providing advice to the Client no fee payable is based upon a contingent or performance related basis

## 2 METHODOLOGY

### Financial Viability in Planning

- 2.1 Methods and best practice for the valuation of land and property lie in various Professional Statements, Guidance Notes, and Information Papers published by the Royal Institution of Chartered Surveyors (RICS), including but not limited to:
- RICS Valuation – Global Standards (2017);
  - RICS Financial Viability in Planning Conduct and Reporting (2019);
  - RICS Viability in Planning Guidance Note (2012); and
  - RICS Valuation of Land for Affordable Housing Guidance Note (2016).
- 2.2 There are two recognised methods used in the valuation of development assets, both of which are relevant to the assessment of financial viability in planning.
- 2.3 The Comparable Method relies upon the analysis of comparable market transactions, whilst the Residual Method takes the assumed value of a completed scheme and deducts costs of development (including a profit-margin to a notional developer) to estimate the value of the land.
- 2.4 In practice both valuation methods should be used, with the comparable method providing a check against market conditions and sentiment.
- 2.5 The degree to which each should be relied upon depends upon site specific circumstances and the nature and complexity of the proposal being considered.

### Benchmarking

- 2.6 There are two approaches to benchmarking that can be relied upon to assess site specific viability in a planning context;
- Site Value (where a market-adjusted developer's return is treated as a cost of development); and
  - Developer's Return (where an appropriate site value is treated as a cost of development).
- 2.7 In adopting the Site Value approach, the Residual Land Value of the proposed scheme (assuming an appropriate market level of developer return as a cost of development) is compared to an appropriate Benchmark Land Value.
- 2.8 The Developer's Return approach adopts a fixed land value as a cost of development and compares a residual profit to an appropriate hurdle developer profit margin.

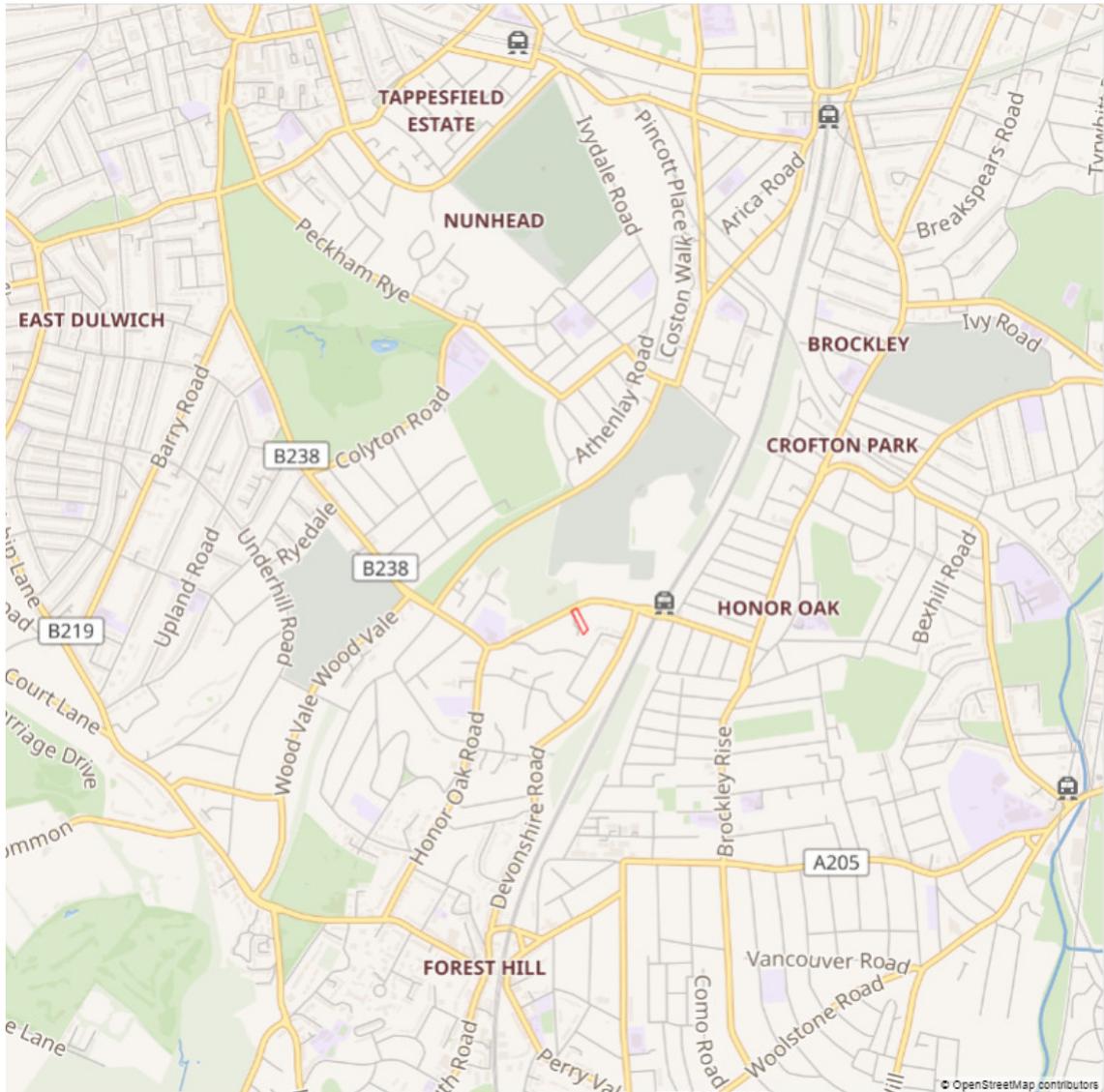
- 2.9 If the relevant metric (residual land value or hurdle profit margin) is greater than the benchmark, then the scheme can be considered viable at that level of total development costs. If less, then the scheme is unviable.
- 2.10 The subject assessment has been benchmarked on a Site Value basis.
- 2.11 Instances arise where the project programme of a proposal may span the usually anticipated development cycle, which may warrant the inclusion of projected cost and value assumptions. The subject FVA has been assessed on a present day basis.

### 3 PROPOSED DEVELOPMENT

#### Site Description

- 3.1 The site is understood to measure approximately 0.107 hectares (0.264 acres) and is located within the Forest Hill ward of the LB Lewisham.

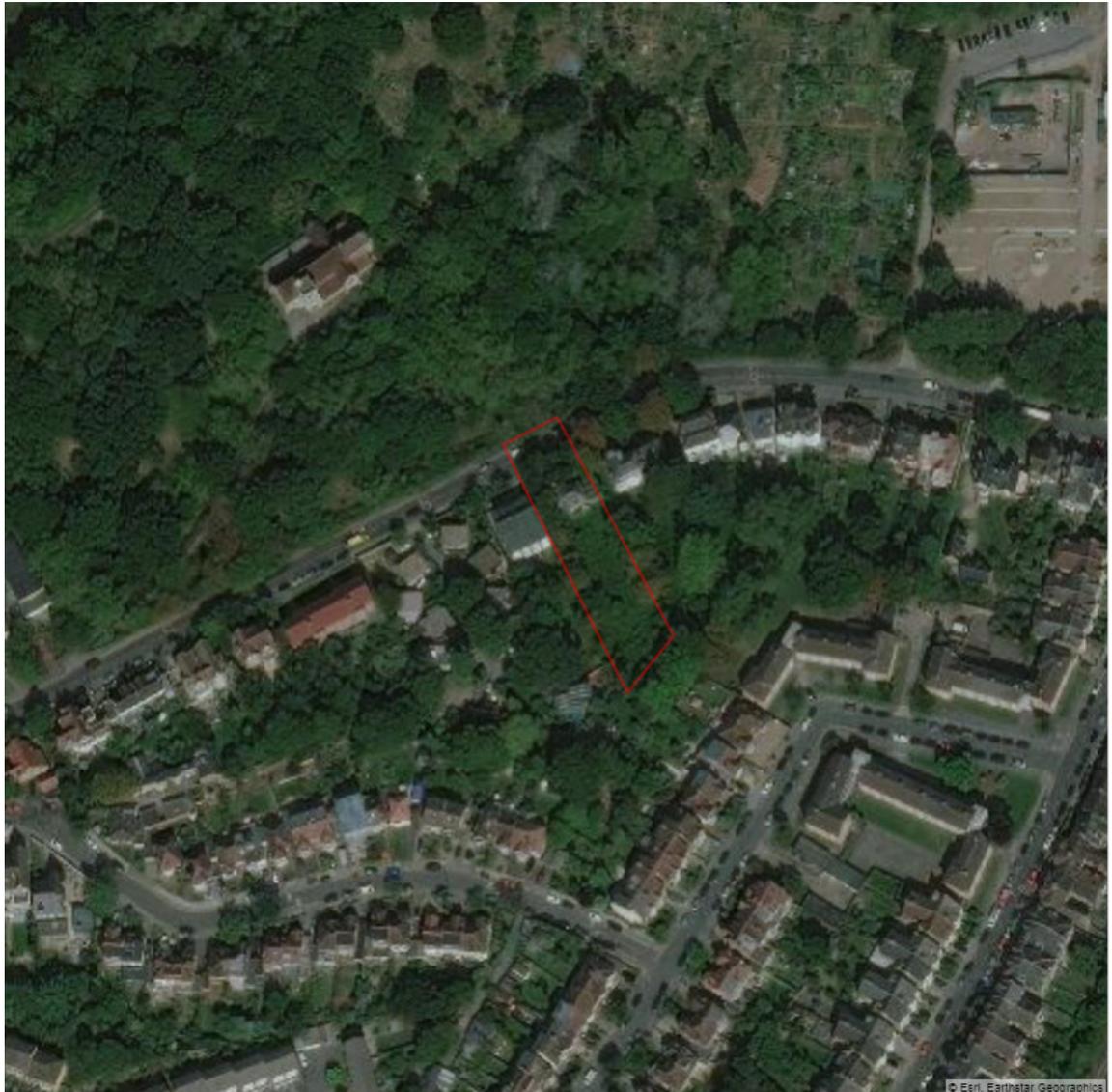
**Figure 1: Location Plan**



- 3.2 Situated on the south side of Honor Oak Park, approximately 200 metres west of Honor Oak Park train station and is bound by Honor Oak Park to the north and residential properties to the south, east, and west.
- 3.3 Honor Oak Park station provides London Overground and National Rail Services into Central London to the north and towards Croydon to the south.

3.4 The site's PTAL rating is 4.

**Figure 2: Site Plan**



- 3.5 Principal vehicular access is at present from Honor Oak Park and surrounding land uses are predominantly residential in character. The existing Edwardian detached dwelling is of traditional solid brick wall construction under a pitched roof with suspended floors. Windows are single glazed timber frame sash and the accommodation offers 7 bedrooms arranged over 4 storeys and extends to c.3,800 sq ft Gross Internal Area (GIA) according to MHCLG records from February 2015, which conflicts with the wider planning application documents and BPS report at c.5,000 sq ft.
- 3.6 The brownfield site is currently vacant and in a dilapidated condition. The subject building is not understood to be listed or fall within a conservation area, although it does constitute a non-designated heritage asset under local policy DM Policy 38.

- 3.7 The subject assessment assumes the unencumbered freehold interest in the land is held free from any onerous restrictions on title. No independent searches on title have been undertaken as part of this review.

### Development Description

- 3.8 The detailed planning application proposes the follow description of development:

*“The demolition of the existing house at 109 Honor Oak Park SE23 and the construction of a three storey plus basement building consisting of 8 three bedroom self contained flats, together with associated refuse storage, cycle storage and landscaping.”*

- 3.9 The proposed development scheme comprises 8 no. 3 bedroom 6 person residential units each with private amenity space.
- 3.10 The proposal reflects a gross density of 74.77 units per hectare.
- 3.11 As part of our instruction it is required that the viability of a hypothetical refurbishment / reinstatement of the existing dilapidated 7 bedroom house be explored in order to inform wider planning discussions.

## 4 FINANCIAL VIABILITY

### Overview

- 4.1 In line with our instruction the focus of this review is the BPS Refurbishment Viability Review, dated August 2020, the conclusions of which state:

*“We conclude that were the site to be considered from the perspective of homeowner purchase, it is marginally viable. However, as viability is typically based on the assumption of profit requirement for developer profit (i.e. it is measured from a developer perspective), the refurbishment scenario does not provide sufficient return for risk and is therefore unviable.”*

### Gross Development Value

- 4.2 A Gross Development Value (GDV) for the proposed refurbishment of the existing 7 bedroom property scheme has been established by BPS at £1.505m.

**Table 3: Gross Development Value Summary**

Use	Assumption
Market Residential	£1.505m
Total	£1.505m

- 4.3 The final end value of the refurbishment scenario is established through reference to 4 pieces of transactional evidence, and 7 properties currently being marketed. Of the transactional evidence presented, all are modernised and in reasonable decorative condition.
- 4.4 Achieved prices for the transactional evidence range from £1.450m to £1.715m, and analyse to between £431 psf to £572 psf.
- 4.5 The valuation of residential dwellings in disrepair is more complex than that of those in good condition and should rely upon a number of different bases of appraisal, as is quite rightly adopted by BPS, i.e. from both that of an owner-occupier and market developers.
- 4.6 An independent market review has highlighted a number of other relevant pieces of comparable evidence (see Appendix A), the most relevant of which are considered to be:
- 51 Wood Vale, SE23 3DT. Large semi-detached property extending to c.3,300 sq ft GIA and offering 7 bedrooms, requiring modernisation and currently sold subject to contract at £1.375m (£416 psf GIA), below the asking price of £1.500m. The sale was agreed on 20/07/2020.

- 95 Honor Oak, SE23 3LB. Large detached 6 bedroom house within close proximity to the subject property and modernised to a high standard and arranged over 3 storeys with a small basement. The property benefits from original period features throughout and a south facing landscaped garden with two off-street car parking spaces. Completing in July 2019 this transaction is somewhat historic, however gives a reasonable indicator for the value of similar modernised houses within the locality. The final sale price of £1.475m was above the asking price of £1.400m, and analyses to c.£586 psf GIA.
- 11 Kirkdale, SE26 4NB. More geographically distant from the subject property, this 4 bedroom detached inter-war property has been extended to offer 8 habitable rooms and is in need of modernisation. With an east facing garden and the property sits on a smaller plot than the other comparables, and as such has been attached the least weight. The sale price in August 2019 is again considered historic, and at £1.050m analyses to c.£302 psf GIA.

4.7 In light of the above sales evidence, we are content that the value of the refurbished property is fairly reflected at £1.505m.

4.8 On the assumption the property requires underpinning, and as such it may be subject to a restricted cash purchaser market, it is reasonable to assume this sum would be reduced, the extent to which is currently not possible to ascertain with any certainty without a full building condition survey.

### Gross Development Cost

4.9 An estimate of the costs of refurbishment has been provided by BPS and are estimated to lie in the region of c.£1.260m, inclusive of external works and contingency sums.

4.10 The items allowed for include, and the final sum is benchmarked against the BCIS Rehabilitation figures for One-off Housing, rebased to Lewisham. The approach is considered reasonable on the basis that there is limited information available (i.e. no building condition survey and no designed scheme).

4.11 Having reviewed the submitted cost information, and adjusted the floor area assumptions to reflect the discrepancy outlined at paragraph 4.5, it is reasonable to assume a reasonable reduction to the contract sum at this stage, which we have re-calculated to be in the region of £1.063m (on an equivalent basis to that submitted). This figure, after making adjustments for external works and contingency sums, sits between the median and upper quartile figures of the appropriate BCIS dataset.

4.12 In light of the extent of information currently available it is therefore considered that the proposed approach by BPS is considered reasonable.

## Project Programme

- 4.13 BPS have adopted a 9 month project programme for the refurbishment works within their report, which is considered reasonable for a project of this scale and nature.

## Other Assumptions

- 4.14 Various other assumptions have been adopted, as set out on the following table.

**Table 4: Summary Inputs**

Input	Applicant Assumption	Review Assumption	Agreed Y / N
Residential Capital Value	£1.505m	£1.505m	Y
Construction Cost	£1.260m	£1.063m	N
Contingency	10%	10%	Y
Professional Fees	10% on Cost	15% on Cost	N
Sales Agent Fee	1.5% on Value	1.5% on Value	Y
Sales Legal Fee	£1,000	£2,000	N
Developer's Return	17.5% on Value	17.5% on Value	Y
Finance Rate	7.0%	6.5%	N

## Benchmark

- 4.15 A benchmark sum has not been adopted by BPS, on the basis that the proposals do not return a positive land value.
- 4.16 A nil benchmark sum is only considered an appropriate methodology of approach when dealing with designated Heritage Assets and Enabling Development scenarios.
- 4.17 Whilst purchase price is not an appropriate basis upon which to form an appropriate Site Value benchmark under PPG, it is a useful guide to Market Value. And we understand the site last transacted in 2015 for £1.290m. It is clear the purchase was on the basis of a redevelopment, given the sequence of events and the subsequently submitted planning application in 2016.
- 4.18 In light of the recent planning appeal being dismissed, it reasonable to assume the proposed redevelopment scheme does fully reflect planning policy, and as such should be disregarded.
- 4.19 For the purposes of this assessment we have adopted a similar approach to that of BPS, with a target profit return adopted for benchmarking purposes. We have adopted a 17.5% on GDV hurdle return as being reasonable in the current market from a market developer's perspective.

## 5 CONCLUSIONS

### Viability Conclusions

- 5.1 Following a review of available market evidence, alongside a high level review of the BPS refurbishment cost plan, we have prepared a financial appraisal in line with the assumptions set out in this review.
- 5.2 In the main the assumptions and methodology of approach adopted by BPS are considered reasonable, and the main alteration made is in respect of the existing scheme Gross Internal Area, that we have taken as per the 2015 MHCLG Energy Performance Certificate, that can be considered robust and to have been measured by a suitably qualified practitioner and in line with RICS guidance.
- 5.3 The effect of this is to reduce the estimated refurbishment budget estimate to c.£1.063m inclusive of external works and contingency sums. When benchmarked against BCIS Rehabilitation costs rebased to LB Lewisham for the present day this sum sits between the median and upper quartile figures.
- 5.4 A copy of our financial appraisal is attached as Appendix B, and when modelled on a sensitivity analysis reflecting +/-5% in both refurbishment cost and sales value the following range of land value is generated:

**Table 5: Proposed Scheme Sensitivity Analysis**

Residual Land Value		Residential Sales Values				
		- 5%	- 2.5%	0	+ 2.5%	+ 5%
Construction Costs	- 5%	-	-	£0.023m	£0.051m	£0.079m
	- 2.5%	-	-	-	£0.026m	£0.055m
	0	-	-	-	£0.002m	£0.030m
	+ 2.5%	-	-	-	-	£0.004m
	+5%	-	-	-	-	-

- 5.5 As can be seen, the scheme does not return a positive land value on the basis of the evidence presented, and when assessed from a market perspective. The costs of refurbishment are such that the review scenario cannot be considered viable.

## Appendices

**APPENDIX A: Residential Evidence**

Address	Completion Date	Consideration	Net Sales Area sqft	£ psf	Age	Built Form	Interest	No. Habitable Rooms
48, Southbrook Road	16/12/2019	£1,725,000	2,723	633	Pre-1900	Detached	Freehold	9
26, Winn Road	19/02/2020	£1,450,000	3,412	425	1900-1929	Detached	Freehold	9
109, Canonbie Road	13/05/2020	£1,425,000	2,885	494	-	Detached	Freehold	
95, Honor Oak Park	26/07/2019	£1,475,000	2,519	586	Pre-1900	Detached	Freehold	6
11, Kirkdale	19/08/2019	£1,050,000	3,477	302	1900-1929	Detached	Freehold	7
5, Orchard Drive	31/01/2020	£2,600,000	3,391	767	1900-1929	Detached	Freehold	10
26, Penderley Road	17/07/2019	£835,000	3,035	275	1900-1929	Detached	Freehold	10



WOOD VALE, FOREST HILL, SE23 3DT

£1,500,000



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**Semi Detached**

**Large Garden**

**3274 Sq Ft.**

**Two Bathrooms**

**Three Receptions**

**Central Heating**

**Unmodernised House**

**Off Street Parking**

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Garden



Living Room



Reception Room



Landing



Utility Room



Bedroom



Bedroom



Kitchen



Bathroom



Bedroom



Bedroom

## THE PROPERTY

Located on the East Dulwich / Forest Hill borders with a large mature rear garden, this substantial semi-detached family home offers versatile living and bedroom accommodation and ample off-street parking.

The house needs modernisation throughout and is an exciting project for a growing family.

This substantial house (3,272 Sq. Ft) offers 7 bedrooms, however this can be converted and configured to any incoming purchasers wants and needs.

The ground floor benefits from three separate reception rooms along with a conservatory. The cellar spans the width of the ground floor and has huge potential for development subject to planning.

## **LOCATION**

The property is very well located with Forest Hill station nearby (0.7 miles) offering fantastic links into London Bridge, Waterloo, Victoria, Canada Water, Shoreditch, Whitechapel, Highbury & Islington and many other locations.

A wealth of excellent state primary and secondary schools as well as private schools are nearby, including Horniman Primary School, JAGS, Alleyns and Dulwich College/Prep.

# FLOOR PLAN

Illustrations are for identification purposes only and are not to scale.  
All measurements are a maximum and include wardrobes and bay windows where applicable.



Total floor area 304.0 sq. m. (3,272 sq. ft.) approx

This floor plan is for illustrative purposes only. It is not drawn to scale. Any measurements, floor areas (including any total floor area), openings and orientation are approximate. No details are guaranteed, they cannot be relied upon for any purpose and they do not form part of any agreement. No liability is taken for any error, omission or misstatement. A party must rely upon its own inspection(s).  
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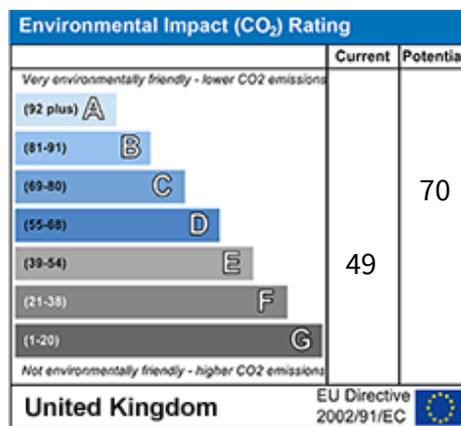
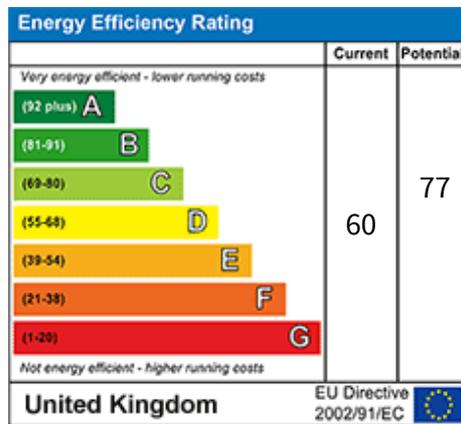
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We have been advised by the seller that the tenure of this property is Freehold

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**APPENDIX B:** BCIS Evidence

£/m2 study

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

**Last updated:** 29-Aug-2020 00:49

› Rebased to London Borough of Lewisham ( 119; sample 18 )

**Maximum age of results:** Default period

Building function (Maximum age of projects)	£/m <sup>2</sup> gross internal floor area						Sample
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest	
<b>New build</b>							
<b>816. Flats (apartments)</b>							
Generally (15)	1,783	887	1,486	1,696	2,002	6,189	895
1-2 storey (15)	1,699	1,038	1,448	1,625	1,878	3,071	210
3-5 storey (15)	1,753	887	1,478	1,691	1,983	3,777	586
6 storey or above (15)	2,152	1,287	1,756	2,009	2,319	6,189	96
<b>820.1 'One-off' housing detached (3 units or less)</b>							
Generally (15)	2,649	1,067	1,847	2,316	3,217	7,324	134
Single storey (15)	2,005	1,067	1,651	1,936	2,283	3,603	35
2-storey (15)	2,553	1,130	1,858	2,318	3,083	4,853	65
3-storey (15)	3,229	1,521	2,422	3,188	3,643	5,966	27
4-storey or above (15)	5,304	2,821	3,630	6,308	6,439	7,324	5
<b>Rehabilitation/Conversion</b>							
<b>816. Flats (apartments)</b>							
Generally (15)	1,870	545	1,134	1,474	1,934	6,403	83
1-2 storey (15)	2,279	629	1,201	1,517	2,571	6,403	20
3-5 storey (15)	1,592	545	1,164	1,440	1,717	5,992	47
6 storey or above (15)	2,252	624	1,236	1,738	2,995	5,368	15
820.1 'One-off' housing detached (3 units or less) (15)	2,784	805	1,425	2,298	3,310	11,423	23

**APPENDIX C: Refurbishment Appraisal**

109 Honor Oak Park  
Single Dwelling Refurbishment

Development Appraisal  
GL Hearn  
02 September 2020

**109 Honor Oak Park  
Single Dwelling Refurbishment**

Summary Appraisal for Phase 1

Currency in £

**REVENUE**

Sales Valuation	Units	ft <sup>2</sup>	Rate ft <sup>2</sup>	Unit Price	Gross Sales
Single Dwelling	1	3,788	397.31	1,505,000	1,505,000

**NET REALISATION**

**1,505,000**

**OUTLAY**

**ACQUISITION COSTS**

Residualised Price (Negative land)			(27,412)	(27,412)	
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**CONSTRUCTION COSTS**

Construction	ft <sup>2</sup>	Rate ft <sup>2</sup>	Cost	
Single Dwelling	3,788 ft <sup>2</sup>	223.95 pf <sup>2</sup>	848,320	<b>848,320</b>
Developers Contingency		10.00%	96,659	
Site Clearance			33,792	
External Works			84,480	
				214,931

**PROFESSIONAL FEES**

Professional Fees		15.00%	144,989	144,989
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**DISPOSAL FEES**

Sales Agent Fee		1.50%	22,575	
Sales Legal Fee			2,000	
				24,575

**FINANCE**

Debit Rate 6.5000%, Credit Rate 0.0000% (Nominal)				
Land			(1,205)	
Construction			28,335	
Other			9,091	
Total Finance Cost				36,222

**TOTAL COSTS**

**1,241,625**

**PROFIT**

**263,375**

**Performance Measures**

Profit on Cost%	21.21%
Profit on GDV%	17.50%
Profit on NDV%	17.50%
IRR	46.84%
Profit Erosion (finance rate 6.500%)	2 yrs 12 mths

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