

**The redevelopment of  
Twickenham Station  
London Borough of Richmond**

**Affordable Housing Viability submission**

**Executive Summary**

**May 2011**

**HEDC  
230 Court Road  
London SE9 4TX**

**0208 265 3456  
07711 397343  
ian@kinveachy.fsnet.co.uk**

## **Introduction**

Solum Regeneration (Solum) is a joint venture company established by Kier Property and Network Rail to regenerate strategic railway station sites by taking advantage of their potential for additional development.

Solum has submitted a revised planning application to the London Borough of Richmond in May 2011 with proposals to redevelop the current site of Twickenham Station as a high quality, new build mixed use scheme.

The proposed new development will consist of 115 dwellings in three buildings of up to 6 storeys along with 6 units of commercial retail, restaurant and leisure space and ancillary plant uses on the lower floors. The development will be constructed on a podium to be built over the existing railway lines. Works will include the demolition of the existing station and access gantries, construction of a new station concourse including retail units and significant improvements to the public realm including a new public station plaza and river walkway.

## **Dwelling and tenure mix**

The appraisal shows the proposed residential content of the scheme, consisting of 115 homes for private sale. The units comprise a mix of one, two and three bedroom dwellings.

## **Private sale values**

Local agents have assessed the current value of the 115 homes proposed for private sale, taking account of the site's location, the types of apartment and current market conditions including information where available on recent comparable sales. The total value for the various apartment types in the three buildings A, B and C is shown as £38.037 million.

The proposed scheme includes 35 car parking spaces but these are required to be made available to Network Rail at no value to the developer as replacements for the spaces at present available on the site.

## **Development costs**

The build cost for the scheme has been professionally assessed as a total of £25.158 million.

The costs are broken down between the residential, retail and other elements of the scheme, along with demolition, clearance and external works.

The cost estimate includes works of approximately £5 million that relate directly to the creation of the new station and podium over the railway lines along with associated public access and amenity space.

Professional fees, marketing and sale costs for the residential units have been added where applicable at typical current levels.

### **Commercial elements**

The appraisal shows the inputs for the retail elements of the proposed scheme.

### **Planning obligations**

The cost of planning obligations included in the appraisal is as follows:

- £210,000 as a cash payment to the local authority, assumed as being payable 50% at start on site and 50% before first occupation of the residential units;
- £58,781 in s278 highways works.

The creation of the new station, station plaza, river walk, playground and other external works also offer a very significant community benefit and contribution to the public realm. Although the cost of these has not been specifically highlighted as a planning benefit in the appraisal, these works are clearly benefits which will bear a cost that impacts upon the funding available towards other planning obligations.

### **Developer's profit**

The EAT model treats profit as part of the development cost. In this case it is shown as 17.5% of the Gross Development Value of the private sale units and the retail space. This is below the 20% of GDV which is a widely accepted assumption for viability appraisals at present and which reflects the greater risks carried by developers and equally importantly their funders in the current economic climate.

### **Residual land value for the proposed development**

The EAT model works back to a land value for the proposed scheme that is calculated on a residual basis, i.e. it is the difference between the total current day revenue arising from the proposed scheme minus all costs (including profit) apart from land.

The result of this EAT appraisal is a negative land value (after profit) of approximately minus £763,000. It reflects the reduction in the number of apartments for sale whereas the costs associated with the major improvements to the station and its environment remain broadly the same, as well as the current difficult and uncertain market conditions.