

TEDDINGTON RIVERSIDE

SUMMARY OF AFFORDABLE HOUSING SUBMITTED DOCUMENTS

AUG 14

This documents sets out a summary of the documents addressing Affordable Housing, as provided by Savills (on behalf of Haymarket Media Group: "Haymarket") in support of the planning application for the proposed development at Teddington Riverside, as follows:

- Financial Viability Assessment (FVA);
- Affordable Housing Procurement Options; and
- An assessment of the capacity to provide affordable housing on site at Teddington Riverside.

FVA

Following the initial submission of a draft FVA at pre-application stage in January 2014, Savills have provided updated documents in March and July 2014 reflecting the changes to the scheme design, as well as movement in both costs and income over time.

The FVA considers the capacity of the proposed development to contribute towards planning obligations by comparing the Residual Land Value of the Proposed Development to the Viability Benchmark. The Viability Benchmark was established based on current Market Value of the site, based on an assessment of the Standing Investment Value of the Current Uses on site (provided by leading commercial surveying firm Colliers International), and a comparison of development land transactions in similar sites in the surrounding area.

With respect to Residual Land Value Calculation, two of the most significant variables are:

- Residential Values, which have been provided by Savills New Homes Team; and
- Construction Costs which have been provided by Stace, a leading Construction and Property Consultancy.

LB Richmond have appointed Bespoke Property Group to review Savills FVA and discussions are ongoing between the two advisors, Haymarket and LBR and this will be summarised when complete for inclusion in the committee report.

Affordable Housing Procurement Options

Commentary in respect of the proposed Affordable Housing provision was sought from three of the borough's preferred Affordable Housing Providers (Richmond Housing Partnership, Notting Hill Housing and Thames Valley Housing) as to the most appropriate method of Affordable Housing delivery on this particular site.

In particular the RPs agreed that Intermediate Housing would assist financial viability to a greater extent than rented housing - it was noted that, where affordable housing is provided in more expensive areas, where land values are much higher, it is possible to provide a greater amount of affordable housing in alternate locations within LB Richmond (LBR) at a similar cost.

Teddington Riverside is in one of the more expensive locations in LBR (based on Land Registry House Price Data). As a result, the developer contribution required to provide Affordable Housing in this location is greater than the equivalent cost in other locations within LBR. Based on an initial

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assessment undertaken by Savills, and in line with methodology we understand to have been adopted on other applications elsewhere in LBR, a payment of £1m could provide up to 22 units elsewhere in the borough when based on an estimate of the capital cost of converting Market Sale to Affordable Housing (in conjunction with LBR's preferred Registered Providers).

Assessment of Capacity on Site

In addition the Applicant has given consideration to the potential to provide additional Affordable Housing on site, either as Affordable Rented or Additional Shared Ownership, using an assessment of the comparative values of Market Sale and Affordable Housing.

Savills estimate of the contribution required to provide 7 additional Shared Ownership homes on site required over £3m contribution. This would provide a total of 19 units overall – equating to 8.7% provision of affordable housing by unit.

Alternatively, a contribution of £3m off-site could provide between 12 and 66 Shared Ownership units off-site, depending on the location and size of unit.

When considering the contribution required to provide Affordable Rented homes on site in lieu of the Shared Ownership homes (ie 12 units in Block E7 - 5% on site), Savills have established a potential required contribution of over £9m. An equivalent contribution, even based on the conversion from Market Sale homes elsewhere in the borough, could provide between 36 and 162 units off site – representing a dramatic increase in the potential to provide affordable housing in association with the development.

The results of the assessment were in line with comments previously identified via Registered Providers, and with Savills valuation model for affordable housing. The developer contribution required to provide Affordable Housing on site at Teddington Riverside can, for an equivalent cost, deliver greater provision off site, either in quantum or in terms of the borough's preferred tenure / unit type.

In summary, a contribution of £1m would be unlikely to provide any additional affordable housing on site at Teddington Riverside, in comparison with up to 22 units elsewhere in the borough.