



Addendum Comments on Benchmark Land Value St Michael's Convent Ham

On behalf of the London Borough of Richmond upon Thames

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S Devitt

FOI Exemption Section 41 & 43 (2) Private and Confidential

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1.0 Introduction

- 1.1 Bespoke Property Consultants (BPC) has been instructed by The London Borough of Richmond to review the report on comparable values produced for Beechcroft Developments Ltd by London & Geneva Developments dated October 2017 submitted subsequent to the original viability report in relation to proposed redevelopment of the former St Michaels Convent Ham. These addendum comments should be considered in conjunction with the original Bespoke Property Consultants report dated August 2017

2.0 Benchmark Land Value

- 2.1 The applicant's original viability submission offer two possible measures of establishing the Benchmark Land Value (BLV) – an assessment of the value as a convent and an Alternative Use Value based on the refurbishment of the existed listed house.
- 2.2 With regard to the value of the site as a convent there is very little comparable evidence. Only two transactions were identified but these has very similar values per square metre. The average value applied to St Michael's Convent and adjusted for inflation suggests a value of £6,485,000.
- 2.3 Given the lack of reliable evidence the applicant has provided evidence with regard to an Alternative Use Value (AUV) as the basis for setting the BLV.
- 2.4 The Mayor's SPG on affordable housing and viability (published after the original BPC report in August) does allow for AUV to be considered when assessing benchmark land value the onus on the applicant to explain why the alternative use is not being pursued.
- 2.5 Subsequent to our report in August the applicant produced a report by London and Geneva Developments based on comparable transactions for very substantial detached houses with extensive grounds. The alternative use in this instance assumes the demolition of recent extensions and ancillary buildings and the retention and refurbishment of the listed building as a single dwelling.
- 2.6 Given the nature the nature of the proposed house directly comparable transactions are difficult to establish given that transactions for houses at values between £10,000,000 and £20,000,000 are relatively rare.
- 2.7 London and Geneva cite nine properties sold between September 2007 and 2017. The sizes range from 519 square metres to 1,728 square metres. The values range from £9,671,800 to £26,899,250 without allowing for indexing the values of the older transactions.
- 2.8 The proposed alternative use is posited upon a refurbished house comprising 1,290 square metres. The three most recent sales (completed in 2015 and 2016) are for properties with areas ranging from 1,022 square metres and 1,081 square metres and achieved values between £13,700,000 and £15,000,000.

- 2.9 Based on this evidence we believe that the value of £14,000,000 would be achieved were the listed building refurbished and put on the market.
- 2.10 This value is only achievable when refurbishment works have taken place. We have therefore allowed for works fees and interest costs, together with an allowance for the commuted sum payable in accordance with the Borough's Affordable Housing Policy.
- 2.11 Based on this calculation the residual value of the refurbished house is £10,341,337 which is the Benchmark Land Value assuming that the proposed refurbishment of the listed build has realistic prospect of achieving Planning Permission.

3.0 BPC Assessment and Conclusions

- 3.1 Based on the London and Geneva report we accept that the value of the refurbished house can be reasonable established as £14,000,000. Assessing the value of the proposed site as a convent presents a challenge given the lack of comparable evidence although the limited evidence suggests that use as a convent would be lower than that as a refurbished house.
- 3.2 Based on the precedent of the King Street Hammersmith appeal which looked at differing approaches to establishing the Benchmark Land Value it is appropriate to use the Alternative Use Value for the Benchmark Land Value providing it meets the test set out in the Mayor's SPG in terms of the realistic prospects of such a scheme achieving planning permission.
- 3.3 The Mayor's SPG encourages the use of review mechanisms. In this instance we would recommend an early stage review to ensure that the an agreed level of progress in implementing the permission has been reached within two years.

