

- 9.15 Based on the assumptions set out above and the adoption of a phased development timeline, the appraisal produces a land value of £5,270,000. This value equates to approximately £3,000,000 per acre.
- 9.16 Under the residual valuation approach, the Site Value in its current planning use is therefore £5.3M. In accordance with the NPPG, it is then necessary to consider what the premium to the landowner should be, to incentivise development to come forward.

Current Use Value Premium

- 9.17 The NPPG states that Benchmark Land Value should be based on a current or existing use valuation approach, and then assess the premium that is required in excess of existing use value, for a site to be released for development.
- 9.18 To assess the premium required, it is necessary to consider the current circumstances of the Site, the future planning options available to the landowner and the market view of the Site.

Current Circumstances

- 9.19 The full Site is 1.76 acres. 1.43 acres of the Site is currently surfaced and will easily accommodate redevelopment, adjacent to Metropolitan Open Land.
- 9.20 The Site is comprised of a redundant biogas treatment plant, formerly serving the Stag Brewery in Mortlake. The Stag Brewery processing plant is no longer in operation and as such the treatment plant, including existing tanks and infrastructure is surplus to Thames Water's requirements. Thames Water have undertaken the required remediation works to the Site and the costs for the enabling development works required to redevelop the Site have been taken into consideration for both the proposed scheme and the residual valuation of the current Site.
- 9.21 The Site is located within the Kew Riverside residential development and to the south of Emerald Gardens (formerly the Inland Revenue site). Kew Retail Park is located to the west of the application Site and comprises a substantial retail centre with associated parking, serving a large shopping catchment area in Kew and south west London.

Future Planning Options

- 9.22 The Site is identified as Site Allocation 'SA 26 Kew Biogas Plant, Mellis Avenue, Kew' within the London Borough of Richmond upon Thames Local Plan 2018. It is acknowledged within the designation that the Site is now surplus to requirements and the Council supports its redevelopment.

Market View

- 9.23 Comparable site sales evidence has been provided by Gerald Eve in the valuation report.

- 9.24 The Honeywell site, Moorson Road site and Lockfield Avenue site in Enfield appear to transact for continued industrial use and average c.£2.2M per acre. This ensures that hope value for change of use is not included in the price paid. The subject Site is in a superior location to the transacting sites in Enfield and would be expected to trade at a correspondingly higher per acre value.
- 9.25 The relative relationship of residential sales values in the boroughs of Enfield and Richmond (as provided by the Land Registry) is as below. This is of limited direct importance to site specific comparables but provides useful borough relativity as a proportion of residential sales value is driven by the cost of purchasing the land.

Table 05 - Average Residential Property Price			
	August 2016	August 2017	August 2018
LB Enfield	£394,132	£403,222	£398,960
LB Richmond	£670,081	£682,854	£688,578
Richmond as a percentage of Enfield	170%	169%	173%

- 9.26 In very broad terms, if you were to apply a c.70% uplift to land value in the borough of Richmond versus the borough of Enfield, the average comparable would be uprated to £3.7M per acre. Applying this back to the site area (1.76acres) gives a Benchmark Land Value of c. £6.6M.
- 9.27 The Gerald Eve industrial land comparables also demonstrate that hope value associated with a change of use on land can augment the price per acre paid for this type of site by 3.5 to 5.5 times, although it is anticipated that a certain proportion of this multiplier effect is due to the smaller site size of the lots compared with the subject site.
- 9.28 If the landowner was minded to equally benefit from the multiplier on land value with the developer (1.75x – 2.75x), this would result in a Benchmark Land Value including premium of at least £9.2M.

Summary

- 9.29 In summary, a willing landowner would recognise the significant potential of this Site for redevelopment. Operational site remediation has taken place and the enabling works for redevelopment are known and accounted for. The location in the vicinity of several different planning uses and the Council's support for redevelopment opens up the market for Site sale, not restricting the potential purchaser to a small or niche user group.
- 9.30 A willing landowner will understand that a planning permission on their site that secures a change of use has a significant multiplier effect over the current use valuation and will look to secure a proportion of that uplift in the sale price, to release the Site for development.

Sense Checking the Benchmark Land Value

[illegible]

[REDACTED]

9.36 DS2 are highlighting this approach and note that a 'premium' has been applied to the Existing Use Value and the methodology aligns with the paragraph 013 of the NPPG.

10 APPRAISAL RESULTS

- 10.1 A copy of the Argus appraisal summary of the Development is attached at **Appendix Eight**.
- 10.2 As noted in Section 9 of this report, the Site’s CUV ‘Plus’ will act as the Benchmark Land Value against which the viability of the development will be assessed. The results of the financial appraisal are provided below.

Table 07: FVA Results			
Scheme	Benchmark Land Value	Residual Land Value	Surplus/Deficit
Application Scheme	£5,797,000	-£621,475	-£6,418,475

- 10.3 As the results of Table 07 indicate, when comparing the Residual Land Value to the Benchmark Land Value there is a deficit of c.£6.4m. The results therefore indicate that the proposals include a level of planning obligations in excess of the maximum reasonable contribution required by viability.

[Redacted text block]

11 CONCLUSIONS

- 11.1 DS2 has been appointed by the Applicant to produce an FVA assessing the financial viability of the proposed scheme.
- 11.2 The results outlined in Section 10 of this report demonstrate that the proposed scheme cannot sustain any further contributions to planning gain than those of local and Mayoral CIL and Section 106 payments that are detailed in Section 8 of this report. In this instance there is a deficit of £6.4m.

[REDACTED]

[REDACTED]


[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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For and on behalf of:

Melliss Ave Devco Limited

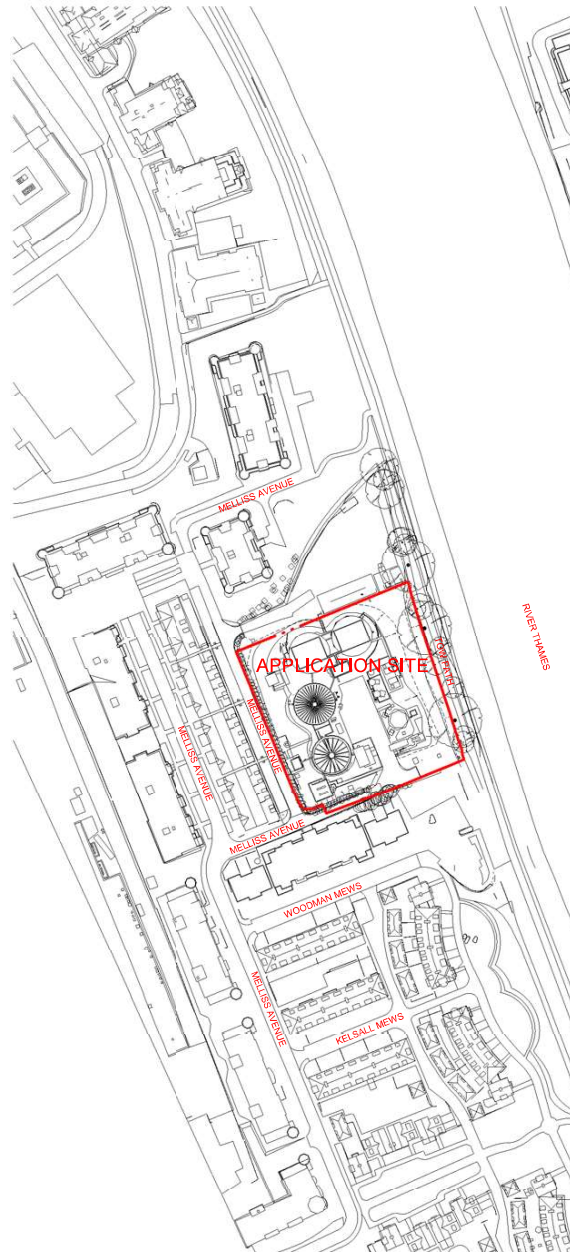
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A list of members' names is open to inspection at our registered office, 100 Pall Mall, London SW1Y 5NQ.

APPENDIX ONE – Site Location Plan



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APPENDIX TWO - Application Scheme Drawings



Red & Yellow Extra Care Melliss Avenue - Kew

Architectural Planning Submission
September 2018

PA DRAWING LIST

DWG NO.	TITLE	REV
PA0.00 PRELIMINARIES		
PA0.02	DRAWING LIST	1
PA1.00 SITE PLANS		
PA1.02	SITE LOCATION PLAN	1
PA1.03	SITE RED LINE PLAN	1
PA1.04	EXISTING SITE PLAN	1
PA1.05	PROPOSED DEMOLITION PLAN	1
PA2.00 FLOOR PLANS		
PA2.01	PROPOSED SITE PLAN	1
PA2.02	PROPOSED GROUND FLOOR PLAN	1
PA2.03	PROPOSED LEVEL 1 PLAN	1
PA2.04	PROPOSED LEVEL 2 PLAN	1
PA2.05	PROPOSED LEVEL 3 PLAN	1
PA2.06	PROPOSED LEVEL 4 PLAN	1
PA2.07	PROPOSED LEVEL 5 PLAN	1
PA2.08	PROPOSED LEVEL ROOF	1
PA3.00 ELEVATIONS		
PA3.01	EXISTING WEST ELEVATIONS	1
PA3.02	EXISTING SOUTH ELEVATIONS	1
PA3.03	PROPOSED WEST ELEVATIONS	1
PA3.04	PROPOSED EAST ELEVATIONS	1
PA3.05	PROPOSED NORTH ELEVATIONS	1
PA3.06	PROPOSED SOUTH ELEVATIONS	1
PA4.00 SECTIONS		
PA4.01	EXISTING SECTIONS	1
PA4.02	PROPOSED SECTION C- C'	1
PA4.03	PROPOSED SECTION D+E	1
PA4.04	PROPOSED SECTION F+G	1
PA4.05	PROPOSED SECTION H+J	1

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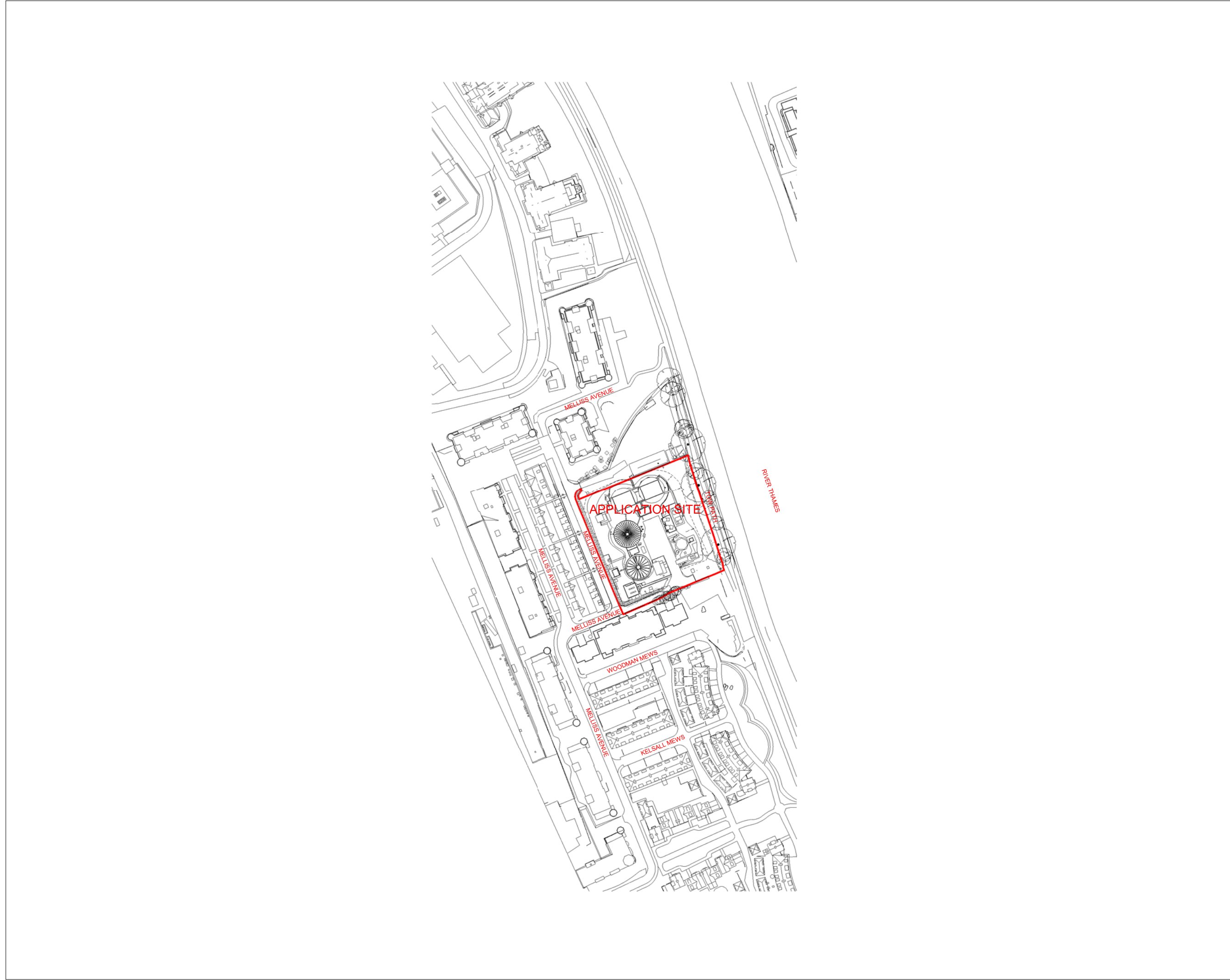
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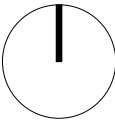
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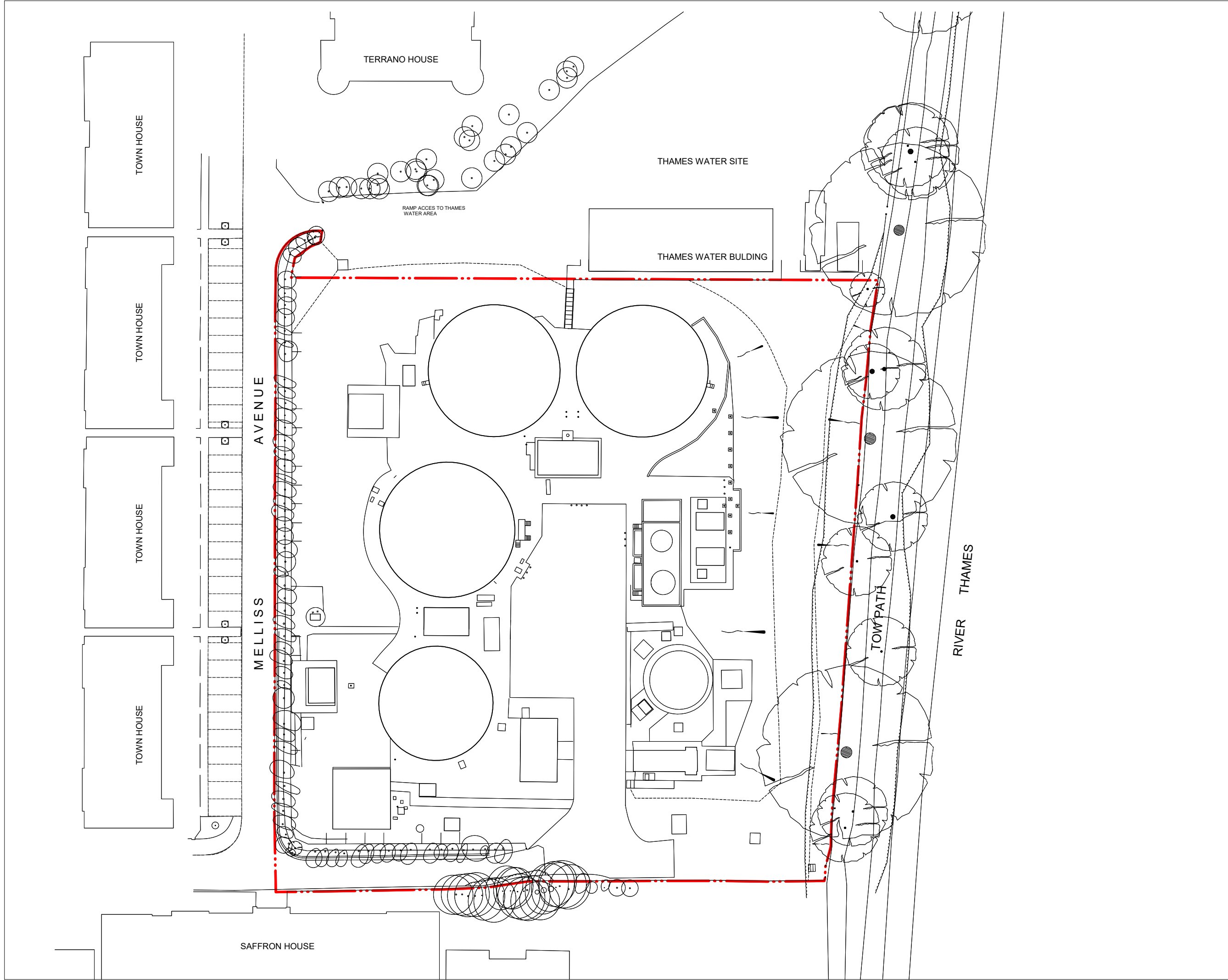
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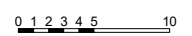
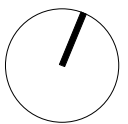
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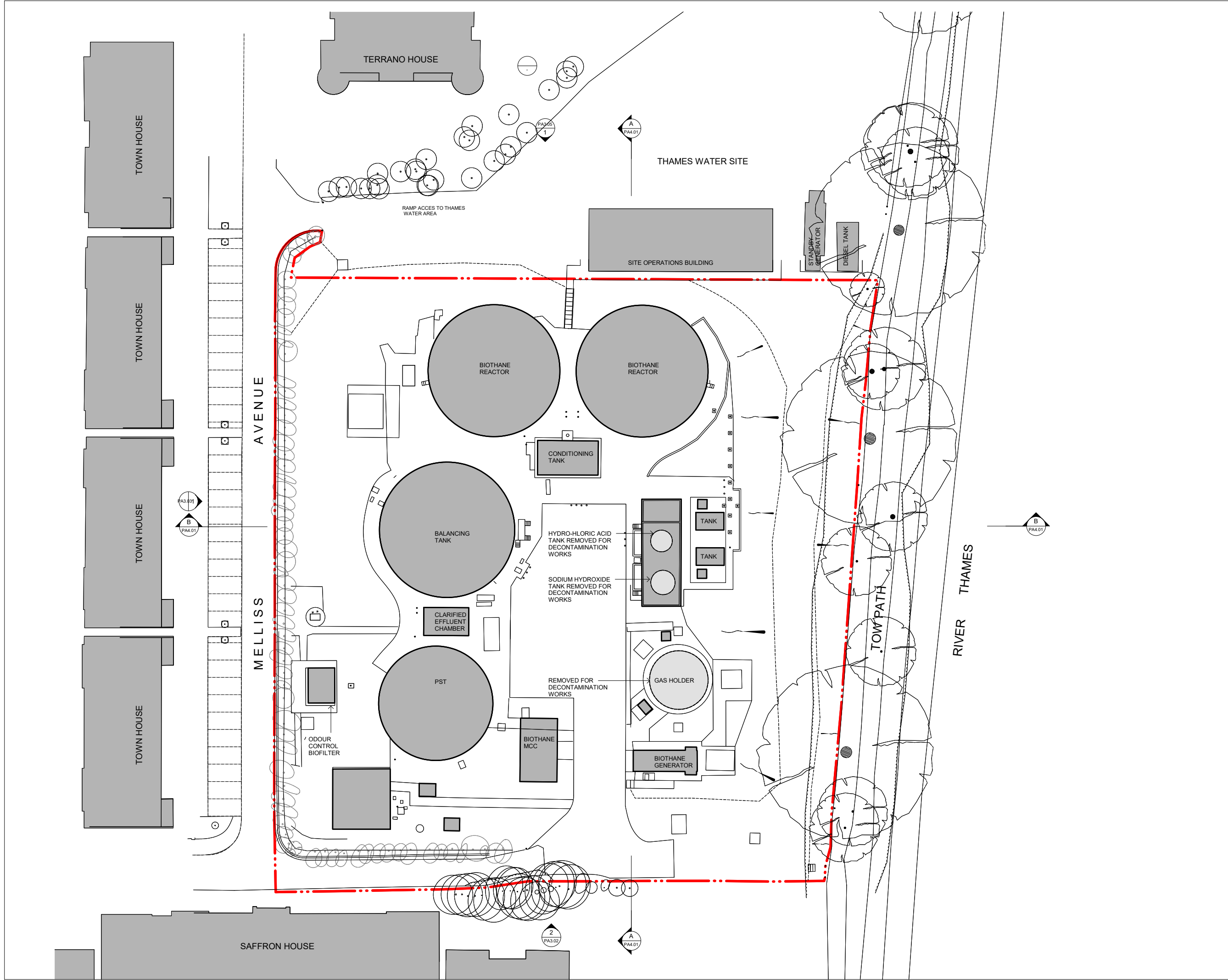
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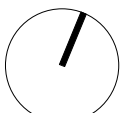
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0 1 2 3 4 5 10

LEGEND

- EXISTING STRUCTURES
- STRUCTURES REMOVED FOR DECONTAMINATION REQUIREMENTS

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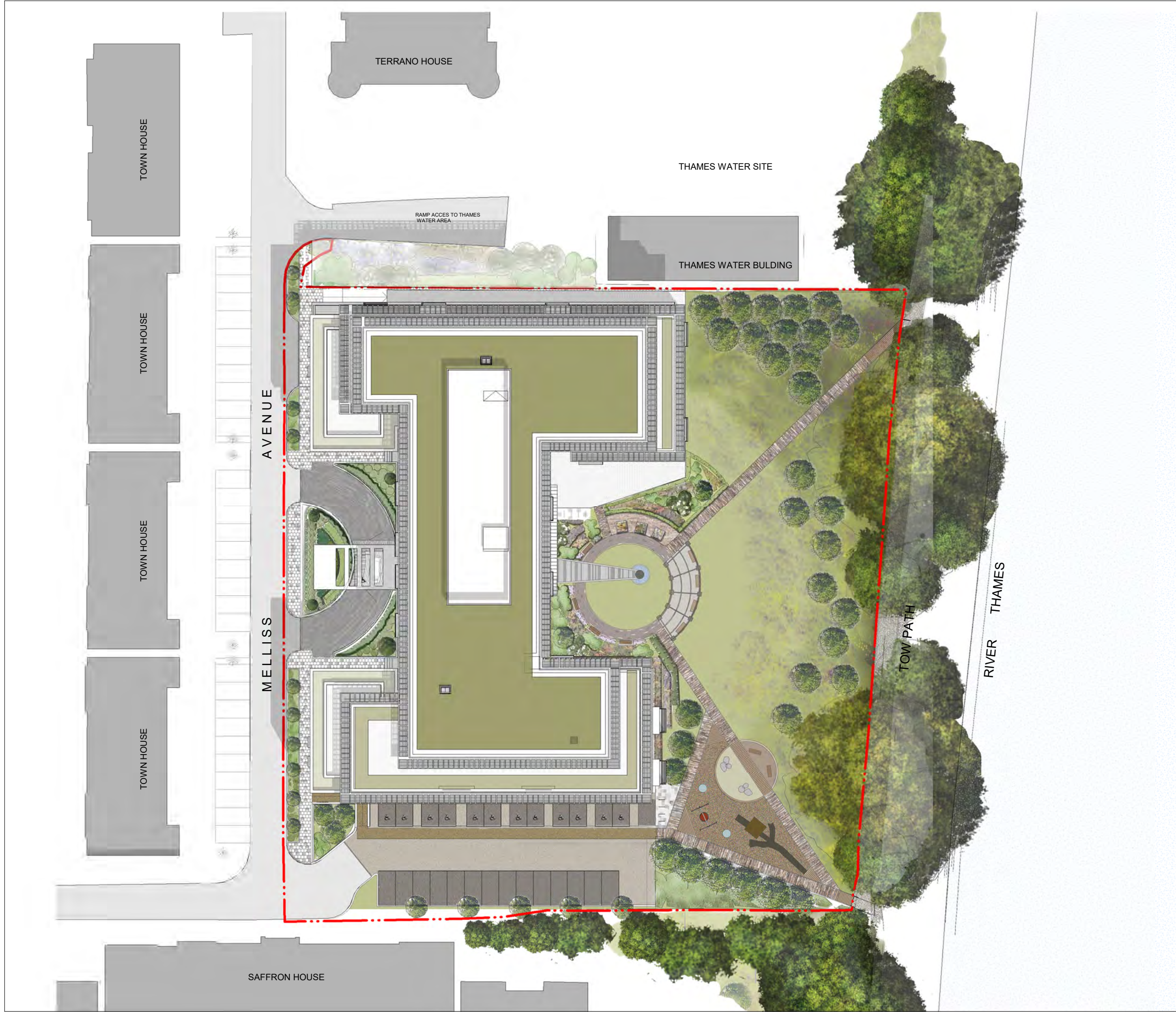
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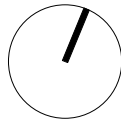
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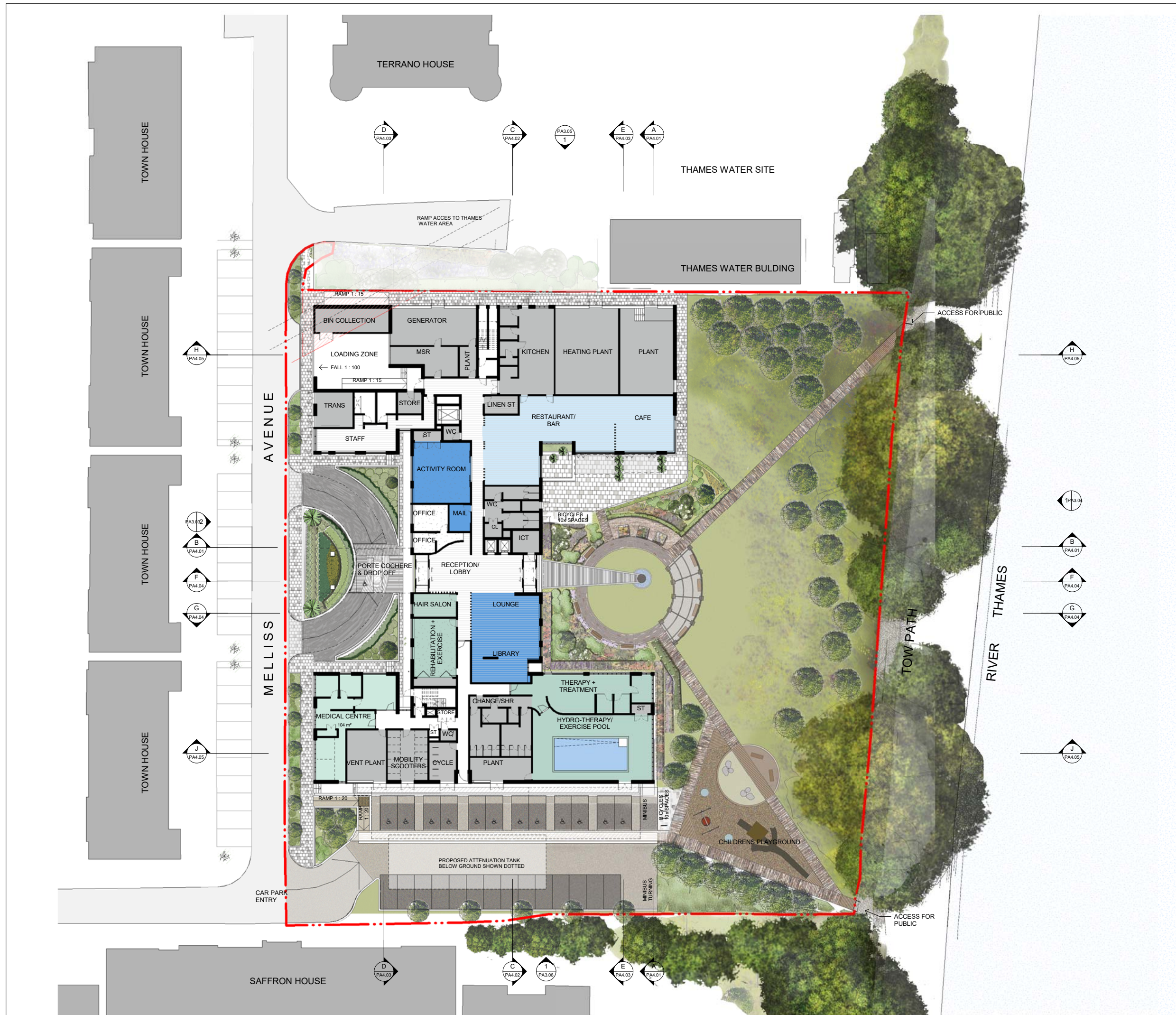
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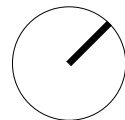
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PARKING

- 1 MAIN ENTRY DROP-OFF
- 12 ACCESSIBLE PARKING
- 14 VISITOR | STAFF | CAR SHARE PARKING
- 1 MINIBUS PARKING

TOTAL

- 27 CAR PARKING SPACES
- 20 EXTERNAL BICYCLE SPACES

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FLOOR PLAN

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COLOUR LEGEND

- | | |
|-------|-----------------------|
| 1B | 1 BED 53 - 60sqm |
| 2B+ | 2 BED 80 - 90sqm |
| 2B++ | 2 BED 90 - 100sqm |
| 2B | 2 BED 60 - 80sqm |
| 2B+S | 2 BED + STUDY 100+sqm |
| CL | CLEANERS ROOM |
| PLANT | PLANT+ SERVICES |
| ST | STORAGE |

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