

Old Kings Head, Hampton Wick, London Borough of Richmond

Viability Report



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EXECUTIVE SUMMARY

BPC, in January 2022, prepared a Viability Report on the Old Kings Head, on behalf of the London Borough of Richmond Upon Thames

We have been asked to review the report and highlight any concerns or corrections.

BPC reported on the same property, 2 years ago. This original report established that no commuted sum was payable. Their latest report in January 2022 has departed materially from that original report and concludes that a commuted of £129,232 is viable and payable.

This remarkable change over such a short period can be explained by their reversal in valuation methods.

Since 2020, BPC have concluded that the existing use value has dropped 70% from £1,435,000 down to £441,000. This extraordinary reduction in value was caused by two key errors.

1. BPC assumed that the Rateable Value is attributed to the entire building, when in fact it only relates to the commercial pub area. Council Tax is additionally payable for the Residential Area
2. BPC determined that the existing residential element, which accounts for 70% of the building has no value.

Despite the common knowledge to the contrary, BPC have determined that the construction costs have dropped since 2020 and therefore the works will be cheaper. This has been achieved by moving from the traditional 'Mean' costs over to the 'Median'.

In 2020 BPC adopted the standard development costs used by us and the 'Local Plan Allowance'. In this latest report, BCS have used their own much lower assumptions.

Therefore as is clearly shown in S7. Results and Conclusions – No Affordable Housing Contribution is viable on this site

In this report, set out below, we review the viability in detail

Background

I am Dr Andrew Golland, BSc (Hons), PhD, MRICS, a Chartered Surveyor. I am a Chartered Surveyor, have a PhD in Development Economics and am the founder of the GLA development appraisal Toolkit.

I have written several leading good practice guides on viability and Section 106, have completed over 80 viability studies for local authorities, and am a retained consultant for several councils across England and Wales on viability matters. I have presented viability appraisals for all the major UK house builders and have worked on several schemes, mainly across London, for smaller developers and land owners. My approach is consistent between public and private sectors with respect to appeal and Core Strategy examination precedent.

I have developed, along with a colleague, Dr Adam Watkins, over 150 development viability Toolkits (the 'Three Dragons model') for local authorities. This model is well received by developers as a way of sorting out viability issues. The model has been tested extensively at appeal and Core Strategy examinations.

I have been instructed by Mr André Jason of Eastmont Holdings to assess the viability of a scheme at the site of the Old Kings Head, Hampton Court Road, Hampton Wick. This was previously assessed in June 2019. It has now been updated and hence requires an updated report.

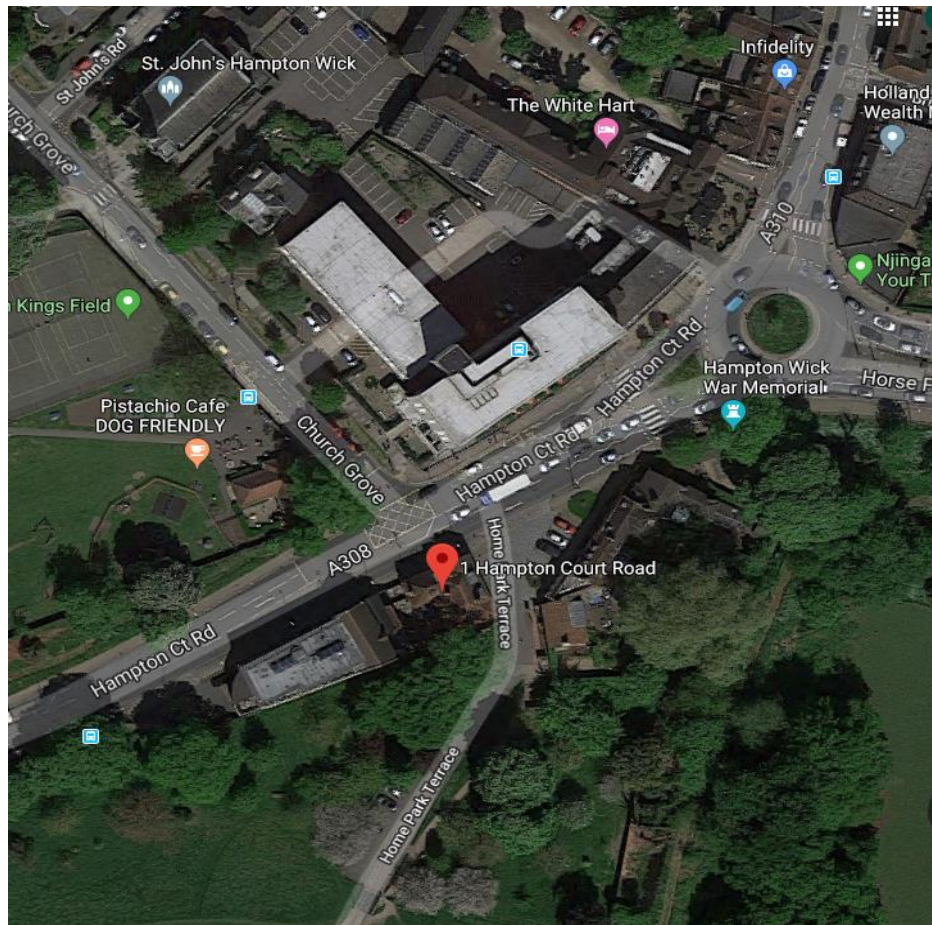
In doing so, I comment on a recent report by BPC (January 2022) and evaluate the validity of the company's points.

1 The site and the development

2.1 Site location

The site is located to the south of Hampton Court Road, at the junction with Home Park Terrace. The site is some 400 metres from Hampton Wick

Station. The river is some 200 metres to the east of the site. Hampton Wick is located to the south within the London Borough of Richmond.



To the west of the site is a building with offices at ground level and self contained flats above. Opposite the site, to the north, is Bushy Park . To the north east, on the opposite side of the road, is Kingston Bridge House, which are halls of residence.

The location plan is shown below:



2.2 Proposed development

The scheme involves the conversion of the ex-public house.

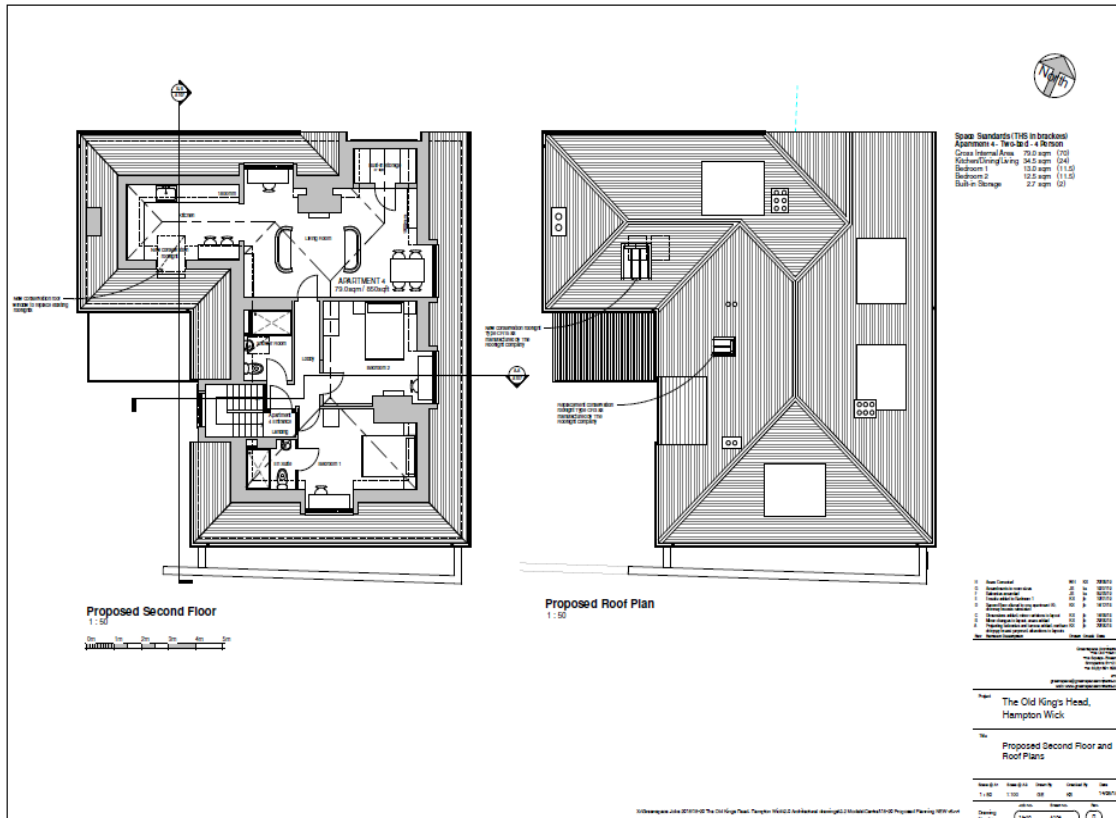
There will be a storage area in the basement.

The ground floor will be converted for community Cycle Hub and a flat (One bed).

The existing residential first floor is proposed to be converted to a three person and a four person flat.

Similarly the second floor is proposed to be converted to a four person two bed flat.

The floor plans are set out below:



The schedule of accommodation is shown below:

Schedule of Proposed Floor Areas

RESIDENTIAL			Sq.M.	Sq.M.
Unit1	Ground Floor	Kitchen/Dining/Living	29.00	
		Bedroom 1	12.00	
		Bathroom/Hall Space	11.10	
				52.10
Unit 2	First Floor	Kitchen/Dining/Living	24.00	
		Bedroom 1	14.00	
		Bedroom 2	9.00	
		Bathroom/Hall Space	14.00	
				61.00
Unit 3	First Floor	Kitchen/Dining/Living	24.00	
		Bedroom 1	16.00	
		Bedroom 2	13.00	
		Bathroom/Hall Space	17.00	
				70.00
Unit 4	Second Floor	Kitchen/Dining/Living	34.50	
		Bedroom 1	13.00	
		Bedroom 2	12.50	
		Bathroom/Hall Space	19.00	
				79.00
		Total		262.10
Common Areas		Stairwells, Lobbies	46.28	
		Basement Stores	58.00	
				104.28
COMMUNITY SPACE			Sq.M.	Sq.M.
Community	Ground Floor	Hub/Treatment Room	75.50	
Cycle Hub		Covered bike Parking	10.80	N/A
				75.50

3 Policy background and viability

3.1 National planning

There are a variety of issues surrounding viability questions at the current time. Initially, at the national level, the National Planning Policy Framework stated (Paragraphs 173 and 174) that:

‘Pursuing sustainable development requires careful attention to viability and costs in plan-making and decision-taking. Plans should be deliverable. Therefore, the sites and the scale of development identified in the plan should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened. To ensure viability, the costs of any requirements likely to be applied to development, such as

requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking account of the normal cost of development and mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable.

Local planning authorities should set out their policy on local standards in the Local Plan, including requirements for affordable housing. They should assess the likely cumulative impacts on development in their area of all existing and proposed local standards, supplementary planning documents and policies that support the development plan, when added to nationally required standards. In order to be appropriate, the cumulative impact of these standards and policies should not put implementation of the plan at serious risk, and should facilitate development throughout the economic cycle. Evidence supporting the assessment should be proportionate, using only appropriate available evidence’.

However, the Revised NPPF (2021) appears to do away with a formal definition of viability; i.e. the previous paras (173 and 174) which dealt with the willing developer and land owner and competitive returns have been removed.

The most relevant paragraphs of the Framework now appears to be Numbers 47, 48 and 58 which deal with the relationship between Local Plans and planning applications:

Determining applications

47. Planning law requires that applications for planning permission be determined in accordance with the development plan, unless material considerations indicate otherwise. Decisions on applications should be made as quickly as possible, and within statutory timescales unless a longer period has been agreed by the applicant in writing.

48. Local planning authorities may give weight to relevant policies in emerging plans according to: a) the stage of preparation of the emerging plan (the more advanced its preparation, the greater the weight that may be given); b) the extent to which there are unresolved objections to relevant policies (the less significant the unresolved objections, the greater the weight that may be given); and c) the degree of consistency of the relevant policies in the emerging plan to this Framework (the closer the policies in

the emerging plan to the policies in the Framework, the greater the weight that may be given).’

And:

‘58. Where up-to-date policies have set out the contributions expected from development, planning applications that 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.’

3.2 Local planning policy – LB Richmond

The adopted Local Plan (3rd July 2018) states as follows:

9.3 Affordable Housing

Policy LP 36

Affordable Housing

A. The Council expects:

- 50% of all housing units will be affordable housing, this 50% will comprise a tenure mix of 40% of the affordable housing for rent and 10% of the affordable intermediate housing.
- the affordable housing mix should reflect the need for larger rented family units and the Council's guidance on tenure and affordability, based on engagement with a Registered Provider to maximise delivery.

Where on-site provision is required, an application should be accompanied by evidence of meaningful discussions with a Registered Provider which have informed the proposed tenure, size of units and design to address local priorities and explored funding opportunities.

B. A contribution towards affordable housing will be expected on all housing sites. The following requirements apply:

- on all former employment sites at least 50% on-site provision. Where possible, a greater proportion than 50% affordable housing on individual sites should be achieved.
- on all other sites capable of ten or more units gross 50% on-site provision. Where possible, a greater proportion than 50% affordable housing on individual sites should be achieved.
- on sites below the threshold of 'capable of ten or more units gross', a financial contribution to the Affordable Housing Fund commensurate with the scale of development, in line with the sliding scales set out below and in the Affordable Housing SPD.

No. of units proposed (gross)	% Affordable Housing		
	For conversions and reversions (where there is no loss of former employment floorspace.	For new build development or redevelopment (where there is no loss of former employment floorspace)	For any units replacing employment floorspace
9 units	36%	45%	90%
8 units	32%	40%	80%
7 units	28%	35%	70%
6 units	24%	30%	60%
5 units	20%	25%	50%
4 units	16%	20%	40%
3 units	12%	15%	30%
2 units	8%	10%	20%
1 unit	4%	5%	10%

C. In accordance with A and B, the Council will seek the maximum reasonable amount of affordable housing when negotiating on individual private residential and mixed-use schemes. The Council will have regard to:

- economic viability;
- individual site costs;
- the availability of public subsidy; and
- the overall mix of uses and other planning benefits.

D. Where a reduction to an affordable housing contribution is sought from the requirements in A and B on economic viability grounds, developers should provide a development appraisal to demonstrate that schemes are maximising affordable housing. The developer will be required to underwrite the costs of a Council commissioned economic viability assessment. The Council will rigorously evaluate such appraisals and:

- assess if the maximum reasonable amount of affordable housing is based on delivering the appropriate tenure, unit sizes and types that address local needs.
- consider whether it is necessary to secure provision for re-appraising the viability of a scheme prior to implementation to secure contingent obligations.
- in most circumstances the Existing Use Value plus a premium (EUV+) approach to assessing benchmark land value in development appraisals and viability assessments should form the primary basis for determining the benchmark land value.

Community Infrastructure Levy (CIL)

The Council has an adopted CIL. I understand that the site falls within the Lower Band, at £190 per square metre. There will be an additional Mayoral CIL – at £80 per square metre for LB Richmond:

Development Type	CIL charge per sq m
Residential development (higher band)	£250
Residential development (lower band)	£190
Offices inside Richmond Town Centre	£25
Retail (wholly or mainly convenience) (all areas)	£150
Retail (wholly or mainly comparison) in Richmond Town Centre	£150
Hotels (lower band)	£25
Care homes (lower band)	£25
Standard Charge (all other uses not covered above)	£0

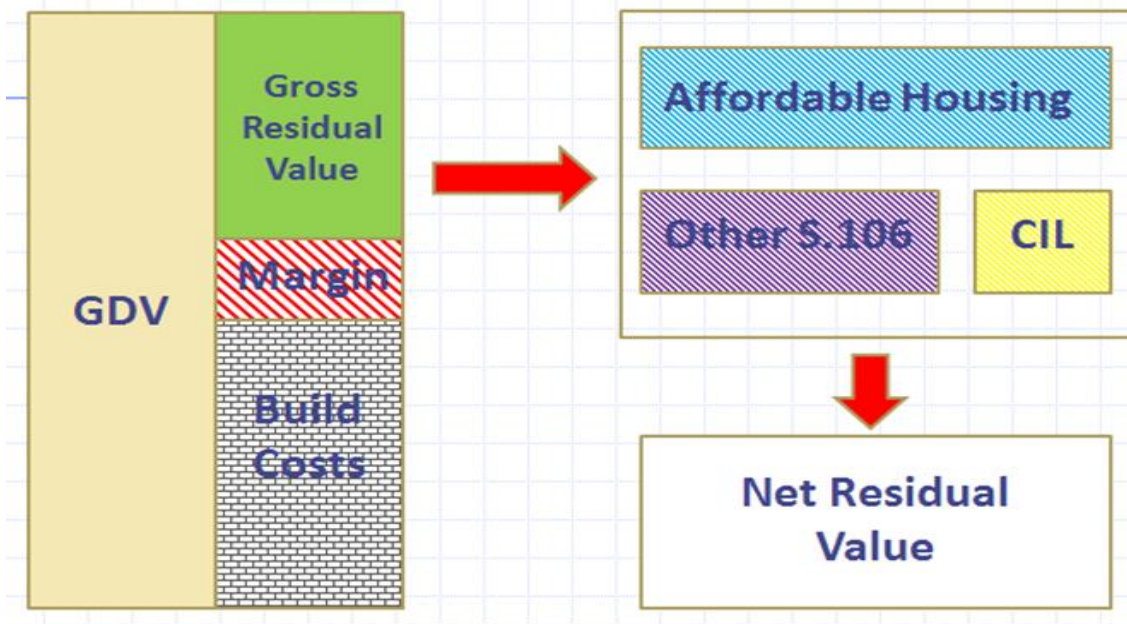
CIL is normally levied on net additional floor space to a site.

4 Approach to viability assessment

4.1 Overview

It is important to understand how viability is assessed in the planning and development process. The assessment of viability is usually referred to a residual development appraisal approach. Our understanding is illustrated in the diagram below. This shows that the starting point for negotiations is the gross residual site value which is the difference between the scheme revenue and scheme costs, including a reasonable allowance for developer return.

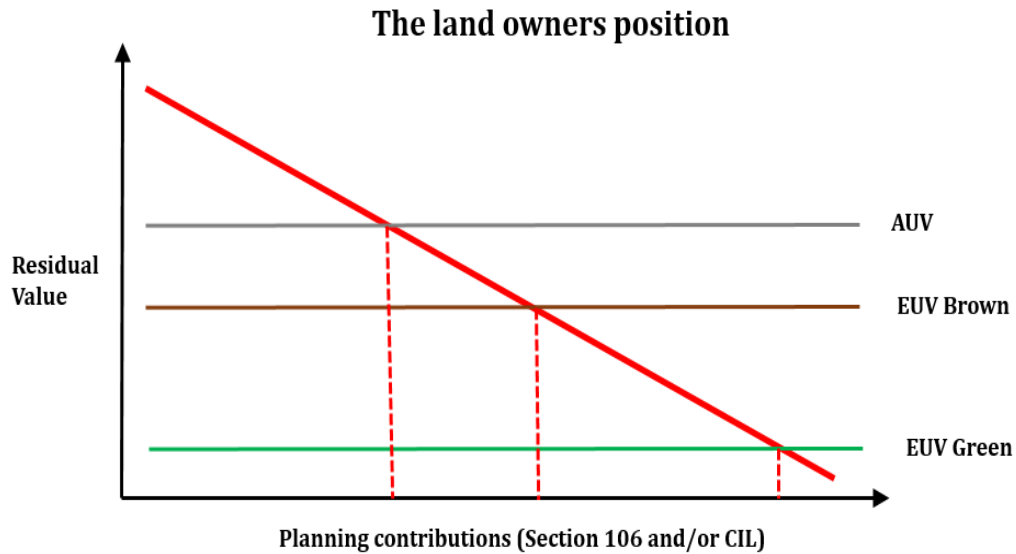
Once CIL or Section 106 contributions have been deducted from the gross residual value, a 'net' residual value results. The question is then whether this net residual value is sufficient in terms of development value relative to the site in its current use.



Calculating what is likely to be the value of a site given a specific planning permission, is only one factor in deciding what is viable.

4.2 Land owner considerations

A site is unlikely to proceed where the costs of a proposed scheme exceed the revenue. But simply having a positive residual value will not guarantee that development happens. The existing use value of the site, or indeed a realistic alternative use value for a site (e.g. commercial) will also play a role in the mind of the land owner in bringing the site forward and thus is a factor in deciding whether a site is likely to be brought forward for housing.



The diagram shows how this operates. The land owner will always be concerned to ensure that residual value clears the relevant land value benchmark.

5.1 Overview

The appraisal work and report relies on a range of information sources. These include comparable market analysis for house prices; this is derived from both my own research and best available secondary data sources. In addition, costs taken from both the BCIS industry standard source.

5.2 Costs

There are normally two main elements of cost analysis: base construction costs and other development costs. The base construction costs include items such as Build Plot costs (sub and superstructure), roads and sewers, landscaping and other external works. Added to these are abnormal construction costs and site remediation works.

Other development costs include such items as professional fees, developer overheads, finance costs and developer margin.

5.2.1 Construction costs

There is no bespoke bill of quantities. I have calculated therefore initially the likely construction costs based on industry standard BCIS costs for new build:

Results

> Rebased to London Borough of Richmond Upon Thames (120; sample 30) [Edit](#)

£/m2 study

Description: Rate per m2 gross internal floor area for the building Cost including prelims. [?](#)

Last updated: 12-Feb-2022 00:38

Maximum age of results: [v](#)

Building function (Maximum age of projects)	£/m ² gross internal floor area						Sample
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest	
Rehabilitation/Conversion							
810. Housing, mixed developments (15)	1,620	430	1,050	2,028	2,289	2,306	5
810.1 Estate housing (20)	1,287	381	764	1,032	1,467	4,818	29
810.12 Estate housing semi detached (20)	1,990	784	-	2,131	-	3,053	3
810.13 Estate housing terraced (20)	961	607	761	959	1,126	1,333	8
816. Flats (apartments)							
Generally (15)	1,984	580	1,179	1,567	1,945	6,881	79
1-2 storey (15)	2,588	848	1,319	1,662	2,992	6,881	17
3-5 storey (15)	1,674	580	1,204	1,510	1,819	6,370	46
6 storey or above (15)	2,309	664	1,081	1,571	3,184	5,706	15
818. Housing with shops, offices, workshops or the like (15)	2,623	682	1,626	2,225	3,267	5,326	11
820.1 'One-off' housing detached (3 units or less) (15)	2,904	801	1,530	2,485	3,538	12,276	27
820.2 'One-off' housing semi-detached (3 units or less) (15)	2,252	687	1,588	1,931	2,730	4,542	8
820.3 'One-off' housing terraced (3 units or less) (15)	5,373	2,484	4,019	5,091	6,647	9,211	12
843. Supported housing (15)	1,213	218	802	1,396	1,644	1,857	14
852. Hotels (15)	2,518	1,298	1,887	2,140	2,510	6,537	10
856.1 Dormitories (20)	2,339	1,784	-	2,326	-	2,919	4
856.2 Students' residences, halls of residence, etc (15)	1,645	392	1,032	1,687	1,784	3,823	15
856.8 Short stay hostels for homeless etc (15)	1,743	1,090	1,449	1,615	1,727	2,983	6

This (previous page) shows a baseline cost of £1,674 per square metre. To this should be added external works at 15%. This brings the cost to £1,925 per square metre.

The nett area is 262.1 square metres and the gross area (excluding communal space) is 366.3 square metres.

This means increasing the base build cost to £2,690 per square metre.

On top I have allowed a 5% contingency (approved by BPC in their feedback). This gives a cost of £2,825 per square metre.

The Council's responses

I have reviewed the responses from BPC on costs. Their initial report (January 2020) took costs at £1,973 per square metre and the report two years later (January 2022) has costs at £1,933. These are all inclusive costs.

There are several points to make here:

- BPC take median rather than mean costs. This is untypical and potentially understates total construction costs;
- The costs have fallen at a time when the industry is reporting significantly increased costs;
- I believe the cost needs to reflect a larger nett to gross allowance;
- There is a lower allowance than industry standard for external works.

BPC should in my view update their figures to come closer to my own using the BCIS approach on which we seem broadly agreed.

Communal area costs

I previously looked at this element together with the residential. BPC separated it. I have therefore done the same in the interests of trying to find equivalence.

The costs are shown below:

BCIS® Welcome back Andrew Golland Associates Ltd (U1695) Search Your account Help Log out

Back to home Average prices

Define Results Calculate Download

Results
 > Rebased to London Borough of Richmond Upon Thames (120; sample 30) Edit

£/m2 study

Description: Rate per m2 gross internal floor area for the building Cost including prelims. ?
 Last updated: 12-Feb-2022 00:38

Maximum age of results: Default period

Building function (Maximum age of projects)	£/m ² gross internal floor area						Sample
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest	
Rehabilitation/Conversion							
532. Community Centres (15)	2,605	624	1,943	2,628	3,334	4,114	11

PREVIOUS Define - 1. Basic parameters NEXT Download

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This suggests that for communal uses, the costs are around £2,605 per square metre. Allowing for external works this brings the costs to £2,996 per square metre.

BPC have applied two costs - £1,476 per square metre in January 2020 and £1,550 per square metre in January 2022.

These costs are clearly far away from what the standard costs are, as evidenced by BCIS.

5.2.2 Other development costs

Added to these costs will need to be other development costs. These are set out in the screenshot below:

Other Development Costs			
Additional Cost	Toolkit Values	User Values	
Professional Fees %	12.0%		of build costs
Interest rate (Market)	6.75%		of build costs (Sale, Equity Share and Low Cost Sale units)
Interest Rate (Affordable Hou)	6.75%		of build costs Rental tenures and Shared Ownership)
Marketing Fees	3.0%		of market value
Developers Return	20.0%		of market value applies to market housing
Contractors Return	6.0%		of development costs (excl finance) (affordable housing)

These are the standard costs adopted in the GLA Toolkit which was adopted by BPC in their January 2020 report.

5.3 CIL

I understand that the site falls within the Lower Band, at £190 per square metre. There will be an additional Mayoral CIL – at £80 per square metre for LB Richmond:

I have not factored in any CIL payment at this stage. This will need to be agreed between the applicant and the Council.

5.4 Values

There is no bespoke valuation of the new build dwellings for sale. This is a specific development and both the Council and the applicant should satisfy themselves of open market value when negotiating the scheme.

In order to ascertain the likely prices for the proposed units I previously established a database of comparable properties sold in the immediate surroundings:

These are set out again in the table overleaf:

Comparables

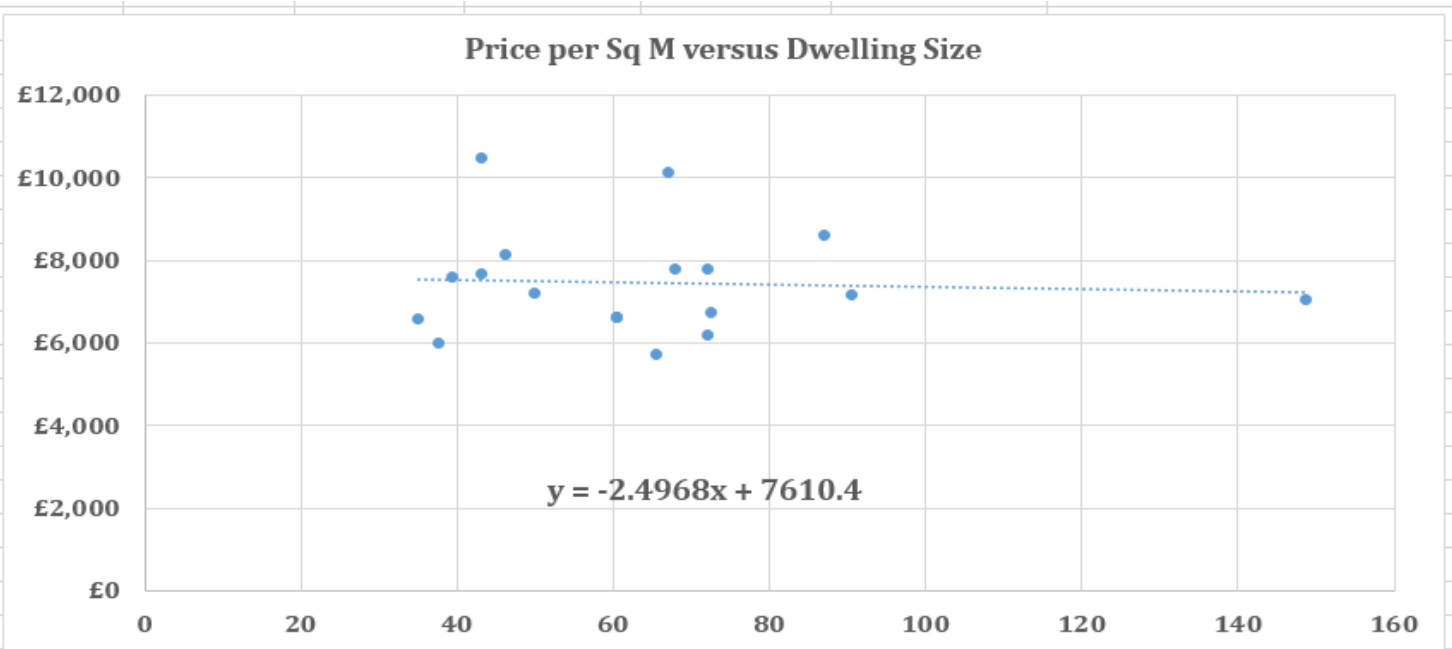
Address	Dwelling Type	Price	Sq M	Price per Sq M	Agent	Age
Hampton Court Road	2 Bed Flat	£650,000	90.5	£7,182	Foxtons	Older
High Street	1 Bed Flat	£225,000	37.6	£5,984	Snellers	Older
High Street	2 Bed Flat	£359,950	49.9	£7,213	Jackson-Stops	Older
High Street	1 Bed Flat	£230,000	35	£6,571	KFH	Older
St Johns Road	2 Bed Flat	£445,000	72	£6,181	Jackson-Stops	Older
St Johns Road	2 Bed Flat	£529,950	68	£7,793	Miles and Bird	Older
St Johns Road	2 Bed Flat	£489,950	72.6	£6,749	Snellers	Older
High Street	1 Bed Flat	£375,000	46.1	£8,134	Jackson-Stops	New
High Street	1 Bed Flat	£300,000	39.4	£7,614	Jackson-Stops	Older
High Street	2 Bed Flat	£400,000	60.5	£6,612	Snellers	Older
High Street	2 Bed Flat	£400,000	60.5	£6,612	Snellers	Older
Seymour Road	1 Bed Flat	£329,950	43	£7,673	Dexters	Older
High Street	3 Bed Terrace	£750,000	87	£8,621	Chase Buchanan	Older
Church Grove	1 Bed Flat	£375,000	65.6	£5,716	Websters	Modern
Church Grove	2 Bed Flat	£679,000	67	£10,134	Stock and Bonner	Older
High Street	2 Bed Terrace	£559,950	72	£7,777	Jackson-Stops	Older
Station Road	4 Bed Terrace	£1,050,000	148.6	£7,066	Dexters	Older
Seymour Road	2 Bed Flat	£449,950	43	£10,464	Jackson-Stops	Older

Source: Rightmove

The table set out a range of values in the locality. I looked at the relationship between the size of dwellings and the price per square metre achieved.

This analysis was set out on the following page:

Sq M	Price per Sq M
90.5	£7,182
37.6	£5,984
49.9	£7,213
35	£6,571
72	£6,181
68	£7,793
72.6	£6,749
46.1	£8,134
39.4	£7,614
60.5	£6,612
60.5	£6,612
43	£7,673
87	£8,621
65.6	£5,716
67	£10,134
72	£7,777
148.6	£7,066
43	£10,464



Flats	Sq M	Equation	Calculation	Equation	Calculation	Asking Price	Selling Price	Adjusted Parking & Location
1	52.1	-2.4968	-130.08328	7610.4	7480.3	£389,725	£370,238	£296,191
2	61	-2.4968	-152.3048	7610.4	7458.1	£454,944	£432,197	£345,757
3	70	-2.4968	-174.776	7610.4	7435.6	£520,494	£494,469	£395,575
4	79	-2.4968	-197.2472	7610.4	7413.2	£585,639	£556,357	£445,086
							GDV	£1,482,609

The analysis (previous page) indicated a gross development value (GDV) of £1,482,609 for the four new flats. This takes into account the latest floor areas.

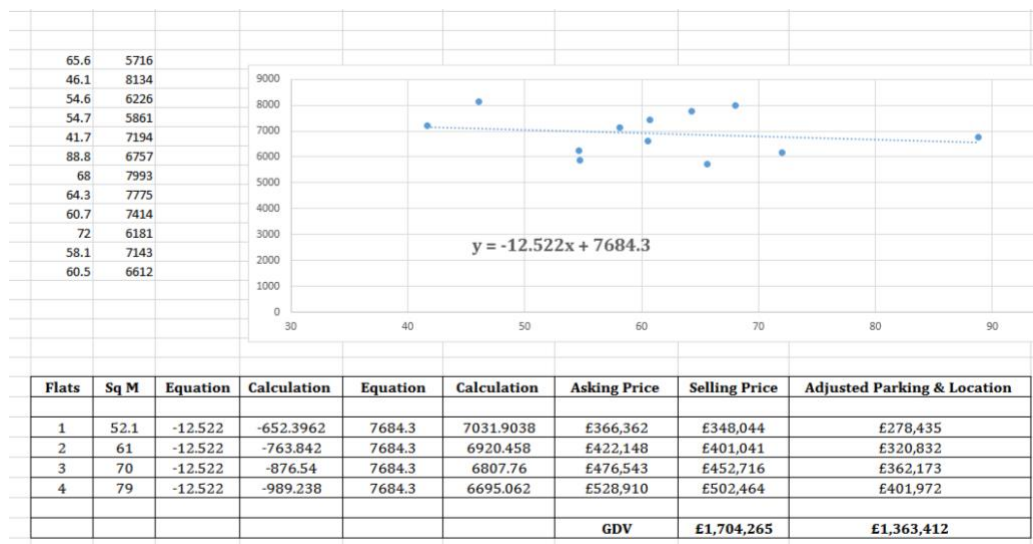
This took into account that there is no parking for this scheme.

I adopted these sales values in my appraisal and maintain that position today.

BPC's response on sales values

BPC valued the GDV at £1,700,000 in January 2020 and at £1,736,655 in January 2022. The first was based only on four comparables and the second, on twelve examples.

I have analysed the BPC sales as shown below:



Assuming there is no discount for lack of parking or a limited location, the GDV is circa £1.7 million appear about right.

The scheme is very limited in terms of residential potential. It's a scheme above communal use and in a lower value location of the Borough. There will be a discount from the prices suggested by BPC in my view.

5.5 (Community Use)

The original planning intention was for commercial use, however this has now evolved into a cycle hub, to meet the needs of of the cycling community.

Previously this area was assumed to have a rental value of £250 per sq.m. capitalised at 7%.

The value is diminished given the change of use, thus reducing the rental value to £200 per sq.m. capitalised at 8% on a floor area of 75.50 sq.m.

6 Existing Situation – land value benchmark

The land value benchmark (LVB) is important in defining viability; in particular, the financial relationship between residual value and the LVB

Where the LVB is higher than the residual value (RV), then schemes are in principle, unviable.

The Revised NPPG

The Revised NPPG is very clear that the land value benchmark should be based on existing use value (EUV). It states:

‘To define land value for any viability assessment, a benchmark land value should be established on the basis of the existing use value (EUV) of the land, plus a premium for the landowner. The premium for the landowner should reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land. The premium should provide a reasonable incentive, in comparison with other options available, for the landowner to sell land for development while allowing a sufficient contribution to fully comply with policy requirements. Landowners and site purchasers should consider policy requirements when agreeing land transactions. This approach is often called ‘existing use value plus’ (EUV+).’

The guidance goes on to state:

‘Existing use value (EUV) is the first component of calculating benchmark land value. EUV is the value of the land in its existing use. Existing use value is not the price paid and should disregard hope value. Existing use values will vary depending on the type of site and development types. EUV can be established in collaboration between plan makers, developers and landowners by assessing the value of the specific site or type of site using published sources of information such as agricultural or industrial land values, or if appropriate capitalised rental levels at an appropriate yield (excluding any hope value for development).

Sources of data can include (but are not limited to): land registry records of transactions; real estate licensed software packages; real estate market reports; real estate research; estate agent websites; property auction results; valuation office agency data; public sector estate/property teams' locally held evidence.'

Existing use value of the site

I initially took the rateable value for the pub and then capitalised the floors above (residential) at 75% of open market value for residential.

This approach was previously accepted by BPC in their report.

In order to lower that Existing Use Value, BPC have completely changed their valuation approach in their latest report. They now incorrectly, state that the rateable value relates to both the pub and the floors above which are ancillary residential. BPC go on to state that there is a double count.

The Rateable Value relates solely to the former Commercial element of the pub and expressly states that it excludes the residential element. The residential upper floors are assessed and charged separately for Council Tax. If I am to agree the BPC point then the calculation is:

Using the Rateable Value for the pub area only = RV at £25,700 at a yield of 7% = £367,142

The upper floors are then valued at 75% of OMV as previously:

£1,482,609 at 75% = £1,111,956

Total EUV = £ 1,479,098 x land owner return = £ £1,922,827 .

This avoids the 'double count' claimed by BPC but maintains their principle BPC had reduced their own value of £1,435,000 in 2020 down to £441,000 in 2022. This remarkable 70% reduction in their valuation over the last two years has unfortunately been a result of an elemental error with the rateable value and an extraordinary assumption that the two floors of residential accommodation (70% of the building) have no value.

7 Results and conclusions

The full appraisal for the scheme is shown in Toolkit form at Appendix 1.

← Results

Site	Old Kings Head	Site Reference Number	
Address		Application Number	
Scheme	4 Flats in Converted Pub plus Communal Space	NLUD Ref. Number	
Description		UPRN or Grid Ref.	

RESIDUAL before land finance	£57,000
RESIDUAL after land finance	£51,000
Per hectare	£1,275,000
Per dwelling	£13,000
Per market dwelling	£13,000
Per habitable room	£5,000
Per bedspace	£7,000

SCHEME UNITS		per ha.
No. of Dwellings	4	100
No. of Habitable rooms	11	275
No. of Bedrooms	7	175
Total floorspace (m2)	262	6553
% Wheelchair Units		

SCHEME REVENUE	£1,523,000
Contribution to revenue from:	
Market housing	£1,483,000
Affordable Housing	
- Low Cost Sale	
- Equity Share	
- Shared Ownership	
- Intermediate Rent	
- Affordable Rent	
- Social Rent	
Grant	
Capital Contribution	£40,000
Commercial Elements	

LAND FINANCE	
Total land finance	£6,000

AFFORDABLE UNITS							
	Low Cost	Equity	Shared	Intermediate	Affordable	Social Rent	Total
Units							
Units %							
Hab rooms							
Bedrooms							
Persons							
Floorspace							

SCHEME COSTS	£1,466,000
Contribution to costs from:	
Market housing	£1,195,000
Affordable Housing	
- Low Cost Sale	
- Equity Share	
- Shared Ownership	
- Intermediate Rent	
- Affordable Rent	
- Social Rent	
Planning Obligations	
Community Infrastructure Levy	
Exceptional Development Costs	
Commercial Elements	£271,000

PUBLIC SUBSIDY (GRANT)	
Whole scheme	£ -
Per Social Rent dwelling	£ -
Per Shared Ownership dwelling	£ -
Per Intermediate Rent dwellings	£ -
Per Affordable Rent dwelling	£ -

Alternative Site Values		Against residual
Existing Use Value	£ 1,923,000	-£1,872,000
Acquisition Cost	£ -	
Value for offices	£ -	
Value for industrial	£ -	
Value as hotel site	£ -	
Value as other alternative	£ -	

Save Results

View Results

Discounting Function

Floor Space Analysis

Costs Analysis

Child Occupancy & Bedrooms


This shows a residual value of £51,000. This means that revenue is higher than costs and means a viable scheme before taking the land value benchmark into account.

The scheme generates a 20% equivalent margin to the developer.

There is no CIL payment assumed.

The scheme is however unviable as the residual value falls below the land value benchmark. Hence, no Affordable Housing contribution is viable.

Appendix 1 Appraisal

----- **Site Details** -----  Use these arrows to navigate Toolkit pages. You should ensure there are no warning messages on a page before continuing.

Site Address	The Old Kings Head
Site Reference	
Application Number	
NLUD Reference	
UPRN or Grid Reference	
Scheme Description	Conversion of former pub to Flats and a Commercial Unit

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Development Control Model - Greater London Authority - 2015

For queries on viability, development schemes and the Toolkit generally, please contact Dr Andrew Golland - Tel: 01162 701 772 and E-Mail: drajg@btopenworld.com

For queries on spreadsheets and technical aspects of the Toolkit (including bug reports and feature requests), please contact Dr Adam Watkins - Tel: 07746 809 748, and E-Mail: Toolkits@Dread-IT.co.uk

----- **Basic Site Information** -----

Clear

You must complete this page

Site Area	
Total Size of Site In Hectares	0.04

Dwellings	
<input checked="" type="radio"/> Number of Dwellings (Density is then calculated)	4
<input type="radio"/> Density (Enter a value, or choose from the listbox)	100.00
	<input type="text" value="users own value"/>

You can test a percentage increase or decrease on the resulting density by either entering a value in the box below, or by using the buttons.

Percentage increase/decrease	%	<input type="text" value=""/>	Reset
Resulting Number of Dwellings		4	
Resulting Density		100	dph

← **Unit Types & Details** →

Clear

Enter the details for each type of unit in the cells below. You can specify up to 40 types of unit, one per row. Each row must be either fully completed or left fully blank. Note: For wheelchair units; the Toolkit uses the size of the unit as entered by the user. Build costs for wheelchair and non-wheelchair units are the same.

Ref.	Description of Unit Type (for the users reference only)	Number of Bed-rooms	Person Occupancy		Habitable Rooms		Wheel-chair Unit?	Is a Flat?	No. Of Storeys (1-99)	Size in sq m
			Bench - mark	User value	Bench - mark	User value				
1	Flat 1	1	2		2		NO	YES	3	52.1
2	Flat 2	2	3		3		NO	YES	3	61
3	Flat 3	2	3		3		NO	YES	3	70
4	Flat 3	2	3		3		NO	YES	3	79
5										
6										

----- Tenure Mix -----

Clear

You can distribute units across the tenures in two ways:

Input by Percentages

Input by Quantity

Total units to enter:	4
Total units entered:	4

Ref.	Description	Units
1	Flat 1	1
2	Flat 2	1
3	Flat 3	1
4	Flat 3	1

Affordable Units							
Sale	Low Cost Sale	Equity Share	Shared Ownership	Intermediate Rent	Affordable Rent	Social Rent	Units allocated
100%							100%
4.0							4.0
1.0							1.0
1.0							1.0
1.0							1.0
1.0							1.0

← Market Values →

Ensure you enter market values for all unit types in the scheme under the Sale Tenure.

Ref.	Description of Unit Type	Total Units	User Market Value	Adjusted Market Value
1	Flat 1	1	£ 296,191	£ 296,191
2	Flat 2	1	£ 345,757	£ 345,757
3	Flat 3	1	£ 395,575	£ 395,575
4	Flat 3	1	£ 445,086	£ 445,086
5				£ -
6				£ -
7				£ -

Sale

You can adjust all market values by entering a percentage in the box to the right (this affects other tenures):

← — Development Costs — →

Clear

Toolkit values will be used unless you enter your own value in the white cells. The CSH level is for reference purposes only.

Build Costs per sq m		
Building Type	Toolkit Values	User Values
Flats (40+ storeys)	£3,739	
Flats (16-40 storeys)	£3,001	
Flats (6-15 storeys)	£2,331	
Flats (5 & less storeys)	£1,713	£2,825.00
Houses <= 75m2	£1,274	
Houses > 75m2	£1,116	
Code for Sustainable Homes level (3-6)		

Other Development Costs			
Additional Cost	Toolkit Values	User Values	
Professional Fees %	12.0%		of build costs
Interest rate (Market)	6.75%		of build costs (Sale, Equity Share and Low Cost Sale units)
Interest Rate (Affordable Housing)	6.75%		of build costs Rental tenures and Shared Ownership)
Marketing Fees	3.0%		of market value
Developers Return	20.0%		of market value applies to market housing
Contractors Return	6.0%		of development costs (excl finance) (affordable housing)
Construction Period (1+ Years)		1.00	

Exceptional Development Costs	
Total For Scheme	
Cost per dwelling	
Cost per hectare	
Cost per habitable room	No Info

You may also enter SCHEME totals for other exceptional costs. Enter the name of the cost in the left hand cells and the SCHEME value in the right hand cell

Costs incurred for Sustainable homes level of 3,4, 5 or 6	£	-
<Enter cost description>	£	-
<Enter cost description>	£	-
<Enter cost description>	£	-

← — Planning Obligations — →

For each type of contribution you may either enter a total figure (for that row) or you may enter values per unit (for each tenure). If you choose the second option, the Toolkit will calculate the total obligation 'cost' for the scheme.

To enter one total value for a row, tick the corresponding box in the "Enter Total?" column and enter a value in the "User Total" column : To enter the values by tenure leave the box un-ticked

	Input by Total		Input by Unit						Calculated Total (Affordable and Sale)	
	Enter Total?	User Total	Sale	Affordable						
				Low Cost Sale	Equity Share	Shared Ownership	Intermediate Rent	Affordable Rent		Social Rent
Education Contribution	<input type="checkbox"/>									£0
Highway works	<input type="checkbox"/>									£0
Contribution to public transport	<input type="checkbox"/>									£0
Contribution to community facilities	<input type="checkbox"/>									£0
Provision for open space	<input type="checkbox"/>									£0
Contribution to public art	<input type="checkbox"/>									£0
Environmental improvements	<input type="checkbox"/>									£0
Town centre improvements	<input type="checkbox"/>									£0
Waterfront improvements	<input type="checkbox"/>									£0
Support for employment development	<input type="checkbox"/>									£0
Employment related training	<input type="checkbox"/>									£0
Other	<input type="checkbox"/>									£0

Does CIL apply on this scheme? Please select Yes or No

Total for Scheme	£0
Total for Scheme per hectare	£0
Total for Scheme divided by total number of units	£0
Total for Scheme divided by number of sale units	£0

← — Contribution from — →
— Commercial Elements —

Clear

This page allows the user to input data relating to a commercial property element of a scheme. The user will need to complete the white boxes relating to size of scheme, rent, yield and capital value. In addition cost related data will need to be inputted

Revenues	Office	Industrial	Retail	Hotel	Leisure/Community Services	Other
Net area in Sq. m						
Rent (£ per sq.m per annum)						
Yield (%)						
Capital value	£ -	£ -	£ -	£ -	£ -	£ -

Costs	Check Area					
Gross Internal Area in Sq. m					2,996	
Build costs (£ per GIA sq m)					£ 76	
Professional fees (% of Build Costs)					12.00%	
Interest Rate (% of Build Costs)					7%	
Marketing fees (% of Capital Value)					2%	
Return (% of Capital Value)					20%	

Total build costs	£ -	£ -	£ -	£ -	£ 227,696	£ -
Professional, other fees and finance costs	£ -	£ -	£ -	£ -	£ 43,262	£ -
Return	£ -	£ -	£ -	£ -	£ -	£ -
Total development costs	£ -	£ -	£ -	£ -	£ 270,958	£ -
Site value for commercial element	£ -	£ -	£ -	£ -	-£ 270,958	£ -
Total site value for all commercial Elements	-£ 270,958					

Land Finance & Site Value Comparisons Clear

Land Finance

Reduction of Residual (%)	10%	Guide Values
---------------------------	-----	--------------

Values entered below will be shown on the results page compared to the scheme residual. These values cannot be calculated by the toolkit.

Existing use value	£	1,922,827
Acquisition cost	£	-
Value for offices	£	-
Value for industrial	£	-
Value as hotel site	£	-
Value as other alternative use	£	-

Indicative reductions to apply to the final Site Residual value (shown on the Results Page)

Site Development Time (Years)	Reduction
1	10%
2	13%
3	16%
4	19%
5	22%
6	25%
7	28%
8	31%

← **Results** →

Site	Old Kings Head
Address	
Scheme	4 Flats in Converted Pub plus Communal Space
Description	

Site Reference Number	
Application Number	
NLUD Ref. Number	
UPRN or Grid Ref.	

- Save Results
- View Results
- Discounting Function
- Floor Space Analysis
- Costs Analysis
- Child Occupancy & Bedrooms

RESIDUAL before land finance	£57,000
RESIDUAL after land finance	£51,000
Per hectare	£1,275,000
Per dwelling	£13,000
Per market dwelling	£13,000
Per habitable room	£5,000
Per bedspace	£7,000

SCHEME UNITS		per ha.
No. of Dwellings	4	100
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- Social Rent	
Grant	
Capital Contribution	£40,000
Commercial Elements	

LAND FINANCE	
Total land finance	£6,000

AFFORDABLE UNITS							
	Low Cost	Equity	Shared	Intermediate	Affordable	Social Rent	Total
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Units %							
Hab rooms							
Bedrooms							
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Community Infrastructure Levy	
Exceptional Development Costs	
Commercial Elements	£271,000

PUBLIC SUBSIDY (GRANT)	
Whole scheme	£ -
Per Social Rent dwelling	£ -
Per Shared Ownership dwelling	£ -
Per Intermediate Rent dwellings	£ -
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Alternative Site Values		Against residual
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