



Our ref: AL/ar

15th March 2023

Thomas Faherty
Planning Department
London Borough of Richmond upon Thames
Civic Centre
44 York Street
Twickenham
TW1 3BZ

Dear Thomas

Greggs

Further to our response to the rebuttal submission by DS2 dated February 2023 we have modelled the impact of an increase in the affordable housing offer of four shared ownership units in addition to the Build Cost review which we reported on in our letter of 9th March 2023.

Based on our assessment of this revised housing mix, the scheme shows a residual site value of £9,655,008 which is above our estimate of Benchmark Land Value (£9,300,000) by £355,008.

While this is a reduction in surplus from the £834,380, we originally calculated in light of Exigere's revised cost estimate, it still suggests the revised scheme is viable and could support further affordable housing or S106 contributions.

Yours sincerely

A M LEAHY
Managing Director

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Appendix 1 – Revised Appraisal with 4 additional SO Units per Applicant's Offer and Exigere Build Costs

GVA GRIMLEY & BESPOKE PROPERTY GROUP HCA ECONOMIC APPRAISAL TOOL

(Worksheet 4)

SUMMARY

Site Address	Greggs Bakery & 2 Gould Road TW2 6RT
Site Reference	Appendix 1
File Source	
Scheme Description	97 Residential Units and 1,000sqm of Commercial Space
Date	15/03/2023
Site Area (hectares)	
Author & Organisation	S.Devitt
HCA Investment Manager	

Housing Mix (Affordable + Open Market)

Total Number of Units	97	units
Total Number of Open Market Units	73	units
Total Number of Affordable Units	24	units
Total Net Internal Area (sq m)	7,625	sq m
Total Habitable Rooms	289	habitable rooms
% Affordable by Unit	24.7%	
% Affordable by Area	20.1%	
% Affordable by Habitable Rooms	21.5%	
% Social Rented within the Affordable Housing	-	by number of units
% Social Rented within the Affordable Housing	-	by area
% Social Rented within the Affordable Housing	-	by habitable rooms
Total Number of A/H Persons	75	Persons
Total Number of Social Rented Persons	0	Persons
Total Number of Intermediate Persons	75	Persons
Total Number of Open Market Persons	396	Persons
Total Number of Persons	471	Persons
Site Area	0.00	hectares
Net Internal Housing Area / Hectare	-	sq m / hectare

Residential Values

Affordable Housing Tenure 1:

Social Rented

Type of Unit	Total Rent pa (£)	Yield (%)	Capital Value (£)
0	-	-	-
0	-	-	-
0	-	-	-
0	-	-	-
0	-	-	-
0	-	-	-
0	-	-	-
0	-	-	-
Total	-	-	-

Total Capital Value of Affordable Housing Tenure 1

£0

Affordable Housing Tenure 2:

Intermediate - Shared Ownership

Type of Unit	Capital Value (£ psm)	Total Floorspace (sq m)	Total Capital Value (£)
1 bed	£8,000	520	£4,160,000
2 bed	£7,600	355	£2,698,000
3 bed	£7,800	198	£1,544,400
0	-	-	-
0	-	-	-
£0	-	-	-
£0	-	-	-
Total	-	1073	£8,402,400

Owner-occupied / rented % share

40%

Capital Value of owner-occupied part

£3,360,960

Type of Unit	Total Rent pa (£)	Yield (%)	Capital Value (£)
1 bed	£54,912	6.00%	£915,200
2 bed	£35,614	6.00%	£593,560
3 bed	£20,386	6.00%	£339,768
0	-	-	-
0	-	-	-
£0	-	-	-
£0	-	-	-
Total (full capital value if sold at OMV)	£110,912	-	£1,848,528

Total Capital Value of Affordable Housing Tenure 2

£5,209,488

Affordable Housing Tenure 3: Intermediate - Discounted Market Sale

Type of Unit	Capital Value (£ psm)	Total Floorspace (sq m)	Total Capital Value (£)
0	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
Total	-	-	-

% of Open Market Value -

Total Capital Value of Affordable Housing Tenure 3 £0

Affordable Housing Tenure 4: Intermediate - Other Type of Shared Own / Shared Equity

Type of Unit	Capital Value (£ psm)	Total Floorspace (sq m)	Total Capital Value (£)
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
Total	-	-	-

Owner-occupied / rented % share -

Capital Value of owner-occupied part -

Type of Unit	Total Rent pa (£)	Yield (%)	Capital Value (£)
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
Total (full capital value if sold at OMV)	-	-	-

Total Capital Value of Affordable Housing Tenure 4 £0

Affordable Housing Tenure 5: Affordable Rent

Type of Unit	Total Rent pa (£)	Yield (%)	Capital Value (£)
1 bed flat	£17,472	5.00%	£349,440
2 bed flat	£37,024	5.00%	£740,480
2b house	£9,256	5.00%	£185,120
0	-	-	-
0	-	-	-
0	-	-	-
0	-	-	-
Total	£63,752	-	£1,275,040

Total Capital Value of Affordable Housing Tenure 5 £1,275,040

TOTAL CAPITAL VALUE OF ALL AFFORDABLE HOUSING (EXCLUDING SHG & OTHER FUNDING) £6,484,528

Social Housing Grant

	Grant per unit (£)	Number of Units	Grant (£)
Social Rented	£0	0	£0
Intermediate - Shared Ownership	£0	17	£0
Intermediate - Discounted Market Sale	£0	0	£0
Intermediate - Other Type of Shared Own / Share	£0	0	£0
Affordable Rent	£0	7	£0
SHG Total	-	24	£0

Social Housing Grant per Affordable Housing Person £0

Social Housing Grant per Social Rented Person -

Social Housing Grant per Intermediate Person £0

TOTAL VALUE OF SOCIAL HOUSING GRANT £0

0 £0

0	£0
0	£0
0	£0
0	£0
0	£0

OTHER SOURCES OF AFFORDABLE HOUSING FUNDING £0

TOTAL CAPITAL VALUE OF ALL AFFORDABLE HOUSING (INCLUDING SHG & OTHER FUNDING) £6,484,528

Open Market Housing

Type of Open Market Housing	Net Area (sq m)	Revenue (£ / sq m)	Total Revenue (£)
1 bed flat	1,087	£8,897	£9,668,815
2 bed flat	1,341	£8,141	£10,920,337
2 bed house	324	£8,642	£2,800,008
3 bed flat	194	£7,474	£1,449,956
3 bed house	3,143	£8,352	£26,248,666
Total	6,089	-	£51,087,782

	Average value (£ per unit)
1 bed flat	£460,420
2 bed flat	£574,755
2 bed house	£700,002
3 bed flat	£724,978
3 bed house	£13,124,333

TOTAL CAPITAL VALUE OF OPEN MARKET HOUSING £51,087,782

Car Parking

No. of Spaces	Price per Space (£)	Value
-	-	-

TOTAL VALUE OF CAR PARKING £0

Ground rent

		Capitalised annual ground rent
Affordable Housing Tenure 1:	Social Rented	£0
Affordable Housing Tenure 2:	Intermediate - Shared Ownership	£0
Affordable Housing Tenure 3:	Intermediate - Discounted Market Sale	£0
Affordable Housing Tenure 4:	Intermediate - Other Type of Shared Own / Shared Equity	£0
Affordable Housing Tenure 5:	Affordable Rent	£0
Open Market Housing Type 1:	1 bed flat	£0
Open Market Housing Type 2:	2 bed flat	£0
Open Market Housing Type 3:	2 bed house	£0
Open Market Housing Type 4:	3 bed flat	£0
Open Market Housing Type 5:	3 bed house	£0

TOTAL CAPITALISED ANNUAL GROUND RENT £0

TOTAL CAPITAL VALUE OF RESIDENTIAL SCHEME £57,572,310

Non-Residential Values

Office	£0	
Retail	£0	
Industrial	£4,510,740	
Leisure	£0	
Community-use	£0	£4,510,740

TOTAL CAPITAL VALUE OF NON-RESIDENTIAL SCHEME £4,510,740

TOTAL VALUE OF SCHEME £62,083,050

Residential Building, Marketing & Section 106 Costs

Affordable Housing Build Costs	£4,895,048	
Open Market Housing Build Costs	£19,107,006	£24,002,054

Cost Multipliers

Site Specific Sustainability Initiatives (%)	0.0%	£0
Lifetime Homes (%)	0.0%	£0
Code for Sustainable Homes (%)	0.0%	£0
Other (%)	0.0%	£0

Residential Car Parking Build Costs		£0
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Other site costs

Building Contingencies	5.0%	£1,200,103
Building Cost Fees (Architects, QS etc):	10.0%	£2,520,216
Other Acquisition Costs (£)		£0

Site Abnormals

0	£0
0	£0
0	£0
0	£0
0	£0
0	£0
0	£0
0	£0
0	£0

Total Building Costs		£27,722,372
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Section 106 Costs (£)

CIL		£3,004,852
S106		£256,135
0		£0
0		£0
0		£0
0		£0
0		£0
0		£0

Section 106 costs		£3,260,987
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Marketing (Open Market Housing ONLY)

Sales Fees:	3.0%	£1,532,633
Legal Fees (per Open Market unit):	£0	£0

Marketing (Affordable Housing)

Developer cost of sale to RSL (£)		£15,000
RSL on-costs (£)		£130,000
Intermediate Housing Sales and Marketing (£)		£115,000

Total Marketing Costs		£1,792,633
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Non-Residential Building & Marketing Costs**Building Costs**

Office	£0	
Retail	£0	
Industrial	£3,105,900	
Leisure	£0	
Community-use	£0	£3,105,900

Professional Fees (Building, Letting & Sales)

Office	£0	
Retail	£0	
Industrial	£410,318	
Leisure	£0	
Community-use	£0	£410,318

Total Non-Residential Costs		£3,516,218
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TOTAL DIRECT COSTS:		£36,292,210.45
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Finance and acquisition costs**(finance costs are only displayed if there is a positive residual site value)**

Arrangement Fee	£0
Misc Fees (Surveyors etc)	£0
Agents Fees	£96,550
Legal Fees	£72,413
Stamp Duty	£482,750
Total Interest Paid	£5,478,074

Total Finance and Acquisition Costs	£6,129,787
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Developer's return for risk and profit**Residential**

Open Market Housing Operating 'Profit'	£8,940,362
Affordable Housing 'Profit'	£389,072

Non-residential

Office	£0	
Retail	£0	
Industrial	£676,611	
Leisure	£0	
Community-use	£0	£676,611

Total Operating Profit	£10,006,044
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(profit after deducting sales and site specific finance costs but before allowing for developer overheads and taxation)

Residual Site Value

SITE VALUE TODAY	£9,655,008
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EXISTING USE VALUE	£9,300,000
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DIFFERENCE BETWEEN SITE VALUE AND EXISTING USE VALUE	£355,008
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Checks:

Site Value as a Percentage of Total Scheme Value	
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Site Value per hectare

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