

1, Railshead Road, Isleworth, TW7 7EP

Conversion from offices to six flats



Viability Report



**By Dr Andrew Golland BSc (Hons) PhD MRICS
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September 2024

1 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 Bernard Tansey, Executive Chairman of the Mizen Group to carry out a viability study for the scheme developed at 1, Railshead Road, Isleworth in the London Borough of Richmond.

The assessment considers the viability of the development now, and by comparison, in 2021 during construction. The context is an application to vary the current Section 106.

2 Policy background and viability

2.1 National planning

The National Planning Policy Framework (December 2023) states:

'56. Planning conditions should be kept to a minimum and only imposed where they are necessary, relevant to planning and to the development to be permitted, enforceable, precise and reasonable in all other respects.

Agreeing conditions early is beneficial to all parties involved in the process and can speed up decision making. Conditions that are required to be discharged before development commences should be avoided, unless there is a clear justification.

Further:

57. Planning obligations must only be sought where they meet all of the following tests:

- a) necessary to make the development acceptable in planning terms;
- b) directly related to the development; and
- c) fairly and reasonably related in scale and kind to the development.

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.'

National Planning Policy Guidance (last updated 24th February 2024) on viability states:

'The role for viability assessment is primarily at the plan making stage. Viability assessment should not compromise sustainable development but should be used to ensure that policies are realistic, and that the total cumulative cost of all relevant policies will not undermine deliverability of the plan.

It is the responsibility of plan makers in collaboration with the local community, developers and other stakeholders, to create realistic, deliverable policies. Drafting of plan policies should be iterative and informed by engagement with developers, landowners, and infrastructure and affordable housing providers.

Policy requirements, particularly for affordable housing, should be set at a level that takes account of affordable housing and infrastructure needs and

allows for the planned types of sites and development to be deliverable, without the need for further viability assessment at the decision making stage.

It is the responsibility of site promoters to engage in plan making, take into account any costs including their own profit expectations and risks, and ensure that proposals for development are policy compliant. Policy compliant means development which fully complies with up to date plan policies. A decision maker can give appropriate weight to emerging policies. The price paid for land is not a relevant justification for failing to accord with relevant policies in the plan. Landowners and site purchasers should consider this when agreeing land transactions.'

2.2 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.

2.3 Community Infrastructure Levy

CIL rates are set out below:

CIL rates

- 2.5 CIL will be levied in £s per square metre on net additional increase in floor space for qualifying development in accordance with the provisions of the Community Infrastructure Levy Regulations 2010 (as amended).
- 2.6 The CIL rates to be charged by the London Borough of Richmond upon Thames are set out in the following table:

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

Table 1: Proposed CIL charging rates

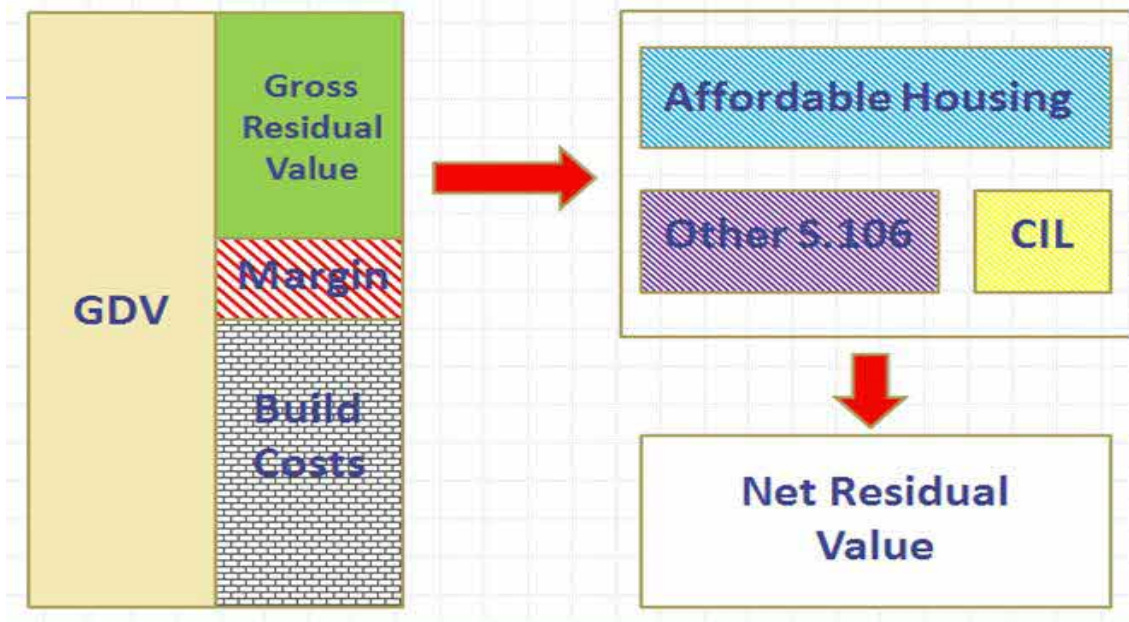
It is understood that neither the Borough or Mayoral CIL applies to this scheme as there is no net increase in area.

3 Approach to viability assessment

3.1 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.

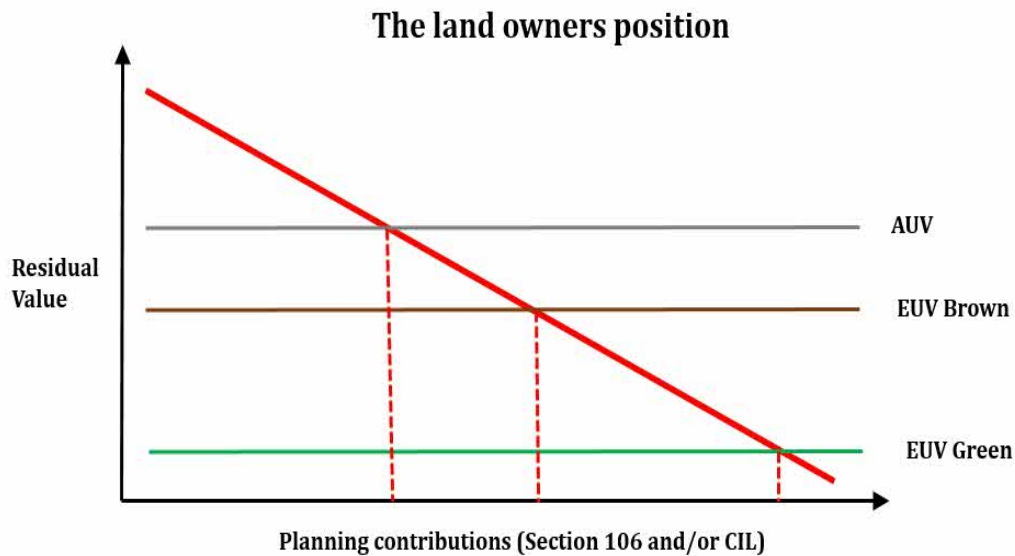
Once CIL or Section 106 contributions have been deducted from the gross residual value, a 'net' residual value results. The question is then whether this net residual value is sufficient in terms of development value relative to the site in its current use.



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.

3.2 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.

3.3 Approach and best practice

This approach follows that set out in the GLA's Viability Toolkit Guidance (2001) which was the forerunner to the current National Planning Policy Guidance. I was the author of the Toolkit and its guidance notes and, in conjunction with two members of Three Dragons, have been instrumental in framing national planning policy guidance.

The approach set out above is robust for:

- Policy development;
- Scheme specific assessment;
- Updating viability (policy and schemes);
- Commuted sums;
- Disposal of public and private land (subject to Section 106 and/ or CIL).

My approach, which has led national planning policy guidance has been followed in good practice and in all appeals.

4 Analysis

4.1 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.

4.2 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.

4.2.1 Construction costs

Position as at August 2024

I have adopted the BCIS industry standard figure (Conversions to flats) for the purposes of estimating the likely construction costs today (August 2024).

The analysis is shown below:

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 (20)	£1,518	£407	£979	£1,902	£2,140	£2,164	5
810.1 Estate housing (25)	£1,114	£356	£661	£862	£1,243	£4,507	35
810.11 Estate housing detached (30)	£411	-	-	-	-	-	1
810.12 Estate housing semi detached (25)	£1,293	£509	£753	£839	£1,701	£2,858	6
810.13 Estate housing terraced (20)	£1,043	£896	£903	£1,023	£1,139	£1,255	5
816. Flats (apartments)							
Generally (15)	£1,856	£400	£1,072	£1,453	£1,929	£6,438	77
1-2 storey (15)	£2,467	£790	£1,203	£1,522	£2,963	£6,438	16
3-5 storey (15)	£1,571	£400	£1,068	£1,366	£1,745	£5,960	46
6 storey or above (15)	£2,156	£628	£1,005	£1,463	£3,287	£5,396	14
818. Housing with shops, offices, workshops or the like (15)	£2,085	£639	£1,440	£1,591	£2,557	£4,769	12
820.1 'One-off' housing detached (3 units or less) (15)	£2,582	£759	£1,137	£2,275	£2,831	£11,484	19
820.2 'One-off' housing semi-detached (3 units or less) (15)	£2,167	£645	£1,345	£1,922	£2,829	£4,253	7
820.3 'One-off' housing terraced (3 units or less) (15)	£4,914	£2,326	£3,663	£4,629	£5,576	£8,711	11
841. Housing provided in connection with other facilities (40)	£1,423	-	-	-	-	-	1
843. Supported housing (15)	£1,106	£207	£550	£1,452	£1,633	£1,756	9
Baseline (Upper Quartile)	£1,856						
Externals at 15%	£278						
Contingency as agreed 5%	£107						
Sub Total (1)	£2,241						
LB Richmond Factor at 1.19	£426						
Sub Total (2)	£2,667						
GIA Equivalent therefore (BCIS GIA based)	£2,667						
NIA (Sq M)	463						
GIA (Sq M)	522						
Cost per Sq M (NIA Equivalent)	£3,010						
Indicative Industry Delivery Contract Sum (August 2024)	£1,393,392						

I have factored in the baseline figure of £1,856 per square metre by an allowance for externals works, location, contingency and finally by converting to a NIA equivalent figure (BCIS being GIA based).

This gives an indicative cost of £3,010 per square metre and a contract sum that would be expected from the industry average of £1,393,392.

Retrospect of costs (August 2021)

The table below presents BCIS costs from the third quarter (2021) to today (August 2024):

3Q 2021	339
4Q 2021	344
1Q 2022	349
2Q 2022	365
3Q 2022	371
4Q 2022	375

1Q2023	379
2Q2023	383
3Q2023	386
4Q2023	388
1Q2024	390
2Q2024	392
3Q2024	394

This indicates costs of £2,589 calculated:

$£3,010 \times 339/394 = £2,590$ per square metre; and a contract sum of £1,199,087.

BPC response and previous evidence

BPC accepted a cost as at May 2021 of £989,857 based on a QS estimate from Anderson Bourne.

This was in response to the Cost Plan review carried out by Vanessa Dockerill on behalf of Mizen Developments which estimated a contract value of £1,118,694.

This figure (£1,118,694) is close to the estimate produced by retrospective indexing – at 93% of the BCIS. This provides a figure which is realistic and line with the industry standard.

4.2.2 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%	10.0%	of build costs (Sale, Equity Share and Low Cost Sale units)
Interest Rate (Affordable Hous	6.75%	10.0%	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 nationally accepted Toolkit.

4.3 Values

In order to ascertain the likely prices for the proposed units I have looked at comparable properties sold in the immediate locality.

These are set out in the table overleaf:

Properties currently being marketed

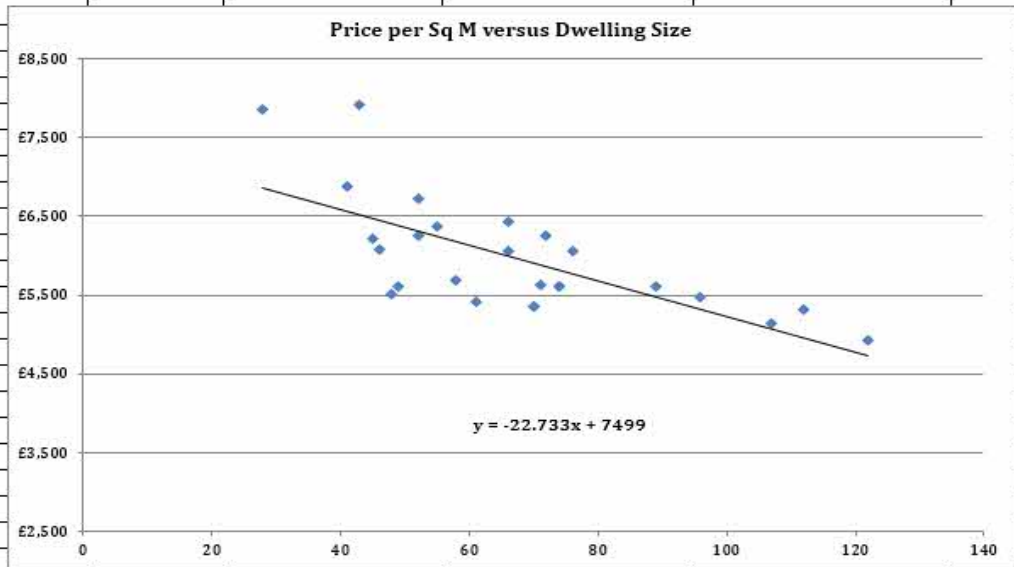
Address	Dwelling Type	Price	Sq M	Price per Sq M	Agent	Age Indication
Talbot Road	2 Bed Flat	£600,000	122	£4,918	Chase Buchanan	Older
Elizabeth Gardens	1 Bed Flat	£282,000	41	£6,878	Xavi and Co	Modern
Worple Road	2 Bed Flat	£350,000	55	£6,364	Oakhill	Modern
Holme Court	1 Bed Flat	£375,000	70	£5,357	Foxtons	Modern
Twickenham Road	2 Bed Flat	£415,000	74	£5,608	Dexters	Modern
White Lodge Close	1 Bed Flat	£280,000	46	£6,087	Oakhill	Modern
Clydesdale Close	3 Bed Terrace	£595,000	112	£5,313	Oakhill	Older
White Lodge Close	1 Bed Flat	£275,000	49	£5,612	Snellers	Modern
Malting Way	2 Bed Flat	£330,000	58	£5,690	Chase Buchanan	Modern
St Johns Road	1 Bed Flat	£340,000	43	£7,907	Snellers	Modern
Draymans Way	1 Bed Flat	£280,000	45	£6,222	Oakhill	Modern
Steele Road	2 Bed Flat	£400,000	71	£5,634	Chase Buchanan	Older
Manor House Way	1 Bed Flat	£330,000	61	£5,410	Chase Buchanan	Modern
Dawes Avenue	3 Bed Semi-Det	£499,999	89	£5,618	Anthony James Manser	Older
Beaumont Place	3 Bed Flat	£525,000	96	£5,469	Stirling Ackroyd	Modern
Manor House Way	2 Bed Flat	£400,000	66	£6,061	Anthony James Manser	Modern
Oak Lane	Studio	£219,950	28	£7,855	Dexters	Modern
Summerwood Road	1 Bed Flat	£265,000	48	£5,521	Snellers	Modern
Beaumont Place	2 Bed Flat	£325,000	52	£6,250	Dexters	Modern
Harvesters Close	2 Bed Terrace	£460,000	76	£6,053	Stirling Ackroyd	Modern
Queensbridge Park	3 Bed Terrace	£549,950	107	£5,140	Stirling Ackroyd	Modern
Wainwright Grove	2 Bed Terrace	£450,000	72	£6,250	eXp UK	Modern
Mogden Lane	2 Bed Flat	£375,000	70	£5,357	Chase Buchanan	Modern
Varsity Drive	2 Bed Flat	£350,000	52	£6,731	Milestone & Coll	Modern
Briar Close	2 Bed Flat	£425,000	66	£6,439	Chancellors	Modern
Twickenham Road	2 Bed Flat	£415,000	74	£5,608	Dexters	Modern

Source: Rightmove
(August 2024)

Table sets out a range of values in the locality. I have looked at the relationship between the size of dwellings and the price per square metre achieved.

This analysis is set out on the following page:

Sq M	Price per Sq M						
122	£4,918						
41	£6,878						
55	£6,364						
70	£5,357						
74	£5,608						
46	£6,087						
112	£5,313						
49	£5,612						
58	£5,690						
43	£7,907						
45	£6,222						
71	£5,634						
61	£5,410						
89	£5,618						
96	£5,469						
66	£6,061						
28	£7,855						
48	£5,521						
52	£6,250						
76	£6,053						
107	£5,140						
72	£6,250						
70	£5,357						
52	£6,731						
66	£6,439						
74	£5,608						
Dwelling	Sq M	Equation	Calculation	Equation	Calculation	Price	New Provision Premium (At 15%)
1	55.37	-22.733	-1258.726	7499	£6,240	£345,524	£397,353
2	91.79	-22.733	-2086.662	7499	£5,412	£496,798	£571,318
3	88.82	-22.733	-2019.145	7499	£5,480	£486,721	£559,729
4	84.82	-22.733	-1928.213	7499	£5,571	£472,514	£543,391
5	85.56	-22.733	-1945.035	7499	£5,554	£475,197	£546,477
6	56.58	-22.733	-1286.233	7499	£6,213	£351,518	£404,246
	462.94					GDV	£3,022,514
						GDV per Sq M	£6,528.95



The analysis (previous page) indicates a gross development value (GDV) of £3,022,514 for the six dwellings.

Retrospective assessment (August 2021)

I have looked back at price change since August 2021; from HM Land Registry:

Date	All property types	Terraced houses
Aug-21	£721,033	£814,483
Sep-21	£722,060	£815,195
Oct-21	£724,994	£813,619
Nov-21	£720,999	£807,821
Dec-21	£736,093	£825,741
Jan-22	£731,498	£823,256
Feb-22	£739,204	£832,363
Mar-22	£741,003	£832,410
Apr-22	£745,102	£837,007
May-22	£739,366	£831,570
Jun-22	£747,133	£841,790
Jul-22	£740,389	£838,630
Aug-22	£762,015	£866,595
Sep-22	£763,359	£871,448
Oct-22	£765,015	£872,210
Nov-22	£747,318	£850,415
Dec-22	£735,111	£835,576
Jan-23	£741,512	£839,897
Feb-23	£753,559	£853,999
Mar-23	£749,064	£846,831
Apr-23	£740,343	£838,008
May-23	£741,276	£836,721
Jun-23	£748,900	£848,845
Jul-23	£758,384	£862,382
Aug-23	£756,745	£865,256
Sep-23	£759,901	£871,262
Oct-23	£755,681	£868,460
Nov-23	£739,992	£848,906
Dec-23	£729,413	£836,188
Jan-24	£707,189	£811,891
Feb-24	£710,766	£820,913
Mar-24	£712,982	£823,936

Apr-24	£728,983	£842,415
May-24	£729,486	£842,651
Jun-24	£737,024	£854,968
Change		105.0

I have updated the GDV calculation then for 2021:

Dwelling	Sq M	Equation	Calculation	Equation	Calculation	Price	New Provision Premium (At 15%)	Indexed to May 2021
1	55.37	-22.733	-1258.726	7499	£6,240	£345,523.96	£397,353	£385,394
2	91.79	-22.733	-2086.662	7499	£5,412	£496,798	£571,318	£554,125
3	88.82	-22.733	-2019.145	7499	£5,480	£486,720.72	£559,729	£542,884
4	84.82	-22.733	-1928.213	7499	£5,571	£472,514	£543,391	£527,038
5	85.56	-22.733	-1945.035	7499	£5,554	£475,197	£546,477	£530,031
6	56.58	-22.733	-1286.233	7499	£6,213	£351,518	£404,246	£392,080
	462.94						GDV	£2,931,553
							GDV per Sq M	£6,332

This gives a figure of £2,931,553.

BPC assessment of GDV

BPC reported on values and GDV in their reports of February and May 2021.

The February 2021 report suggested the following indicative values:

- 1 Bed flats - £7,317 per square metre;
- 2 Bed flats - £7,164 per square metre.

The May 2021 report suggested the following indicative values:

- 1 Bed flats - £7,817 per square metre;
- 2 Bed flats - £7,613 per square metre.

This suggested an increase in prices of 7% for the one bed flats; and an increase in prices of 6% for the two bed flats.

HM Land Registry suggests a 1% increase over the period:

<https://landregistry.data.gov.uk/app/ukhpi/browse?from=2021-02-01&location=http%3A%2F%2Flandregistry.data.gov.uk%2Fid%2Fregion%2Frichmond-upon-thames&to=2021-05-01&lang=en>

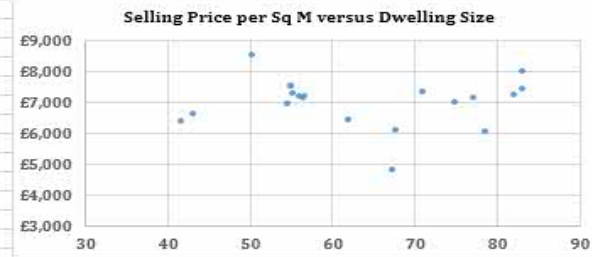
However, it is noted above that prices increased only by 5% over the entire last three years. So the sample of comparables used to define the GDV appears unreliable.

There are further problems with the BPC samples for both reports. I have presented my analysis on the following page:

Address	Beds	Price	Sq M	Price per Sq M	Selling Price per Sq M	Date
Swan Street	1	£435,000	55	£7,909	£7,514	Feb-21
Swan Street	1	£429,250	56.7	£7,571	£7,192	Feb-21
Railshead Road	1	£425,000	56	£7,589	£7,210	Feb-21
Lion Wharf Road	1	£419,450	61.9	£6,776	£6,437	Feb-21
Elizabeth Gardens	1	£280,000	41.6	£6,731	£6,394	Feb-21
Lion Wharf Road	2	£699,999	83.2	£8,413	£7,993	Feb-21
Chalmers Way	2	£650,000	83	£7,831	£7,440	Feb-21
Railshead Road	2	£550,000	74.8	£7,353	£6,985	Feb-21
Heron Place	2	£550,000	71	£7,746	£7,359	Feb-21
Heron Road	2	£435,000	67.8	£6,416	£6,095	Feb-21
Kilmory Gardens	2	£339,950	67.4	£5,044	£4,792	Feb-21
Steele Way	2	£399,950	54.5	£7,339	£6,972	Feb-21

Address	Beds	Price	Sq M	Price per Sq M	Selling Price per Sq M	Date
Charlotte Mews	1	£450,000	50.2	£8,964	£8,516	May-21
Swan Street	1	£435,000	55	£7,909	£7,514	May-21
Railshead Road	1	£425,000	56.4	£7,535	£7,159	May-21
Lion Wharf Road	1	£425,000	55.2	£7,699	£7,314	May-21
Elizabeth Gardens	1	£300,000	43	£6,977	£6,628	May-21
Swan Court	2	£625,000	82.1	£7,613	£7,232	May-21
Lion Wharf Road	2	£579,950	77.1	£7,522	£7,146	May-21
Railshead Road	2	£500,000	78.5	£6,369	£6,051	May-21

Sq M	Selling Price per Sq M
55	£7,514
56.7	£7,192
56	£7,210
61.9	£6,437
41.6	£6,394
83.2	£7,993
83	£7,440
74.8	£6,985
71	£7,359
67.8	£6,095
67.4	£4,792
54.5	£6,972
50.2	£8,516
55	£7,514
56.4	£7,159
55.2	£7,314
43	£6,628
82.1	£7,232
77.1	£7,146
78.5	£6,051



APPENDIX C

Flats for Sale

1 bed

Address	Price	Area m2	£/m2
Swan Street	435,000	55	7,909
Swan Street	429,250	56.7	7,571
Railshead Road	425,000	56	7,589
Lion Wharf Road	419,450	61.9	6,776
Elizabeth Gardens	280,000	41.6	6,732
Average			7,317

5% discount to allow for purchaser negotiation average £8,951/sqm

2 bed flats

Address	Price	Area m2	£/m2
Lion Wharf Road	699,999	83.2	8,413
Chalmers Way	650,000	83	7,831
Railshead Road	550,000	74.75	7,368
Heron Place	550,000	71	7,746
Heron Road	435,000	67.8	6,416
Kilmory Gardens	339,950	67.4	5,044
Steele Way	399,950	54.5	7,339
Average			7,164

5% discount to allow for purchaser negotiation average £8,506/sqm

APPENDIX A

Flats for Sale May 2021 in TW11

1 bed flats

Address	Price	Area m2	£/m2
Charlotte Mews	450,000	50.2	8,964
Swan Street	435,000	55	7,909
Railshead Road	425,000	56.4	7,535
Lion Wharf Road	425,000	55.2	7,699
Elizabeth Gardens	300,000	43	6,977
Average			7,817

5% discount to allow for purchaser negotiation £7,426

2 bed flats

Address	Price	Area m2	£/m2
Egerton Drive	79,950	76	8,547
Swan Court	625,000	82.1	7,613
Lion Wharf Road	579,950	77.1	7,522
Railshead Road	500,000	78.5	6,369
Average			7,613

5% discount to allow for purchaser negotiation £7,232

This plots selling prices per square metre against dwelling size (as I have done using my own comparables).

It shows a most unusual pattern where there is no relationship. Selling prices appear unaffected by dwelling size. I am sure that BPC would be the first to admit that this doesn't fit the usual expectation that smaller dwellings generate higher values per square metre than larger ones.

On this basis also, I consider the BPC comparables and data on sales unreliable; not least because the samples are so small.

However, they appear to have alighted on a similar figure to myself so this point can be agreed.

5 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

In support of this valuation, I reproduce below a key page from a report by JLL (May 2017) which shows the commercial rental value for Units A and B:

Units A & B, 1 Railshead Road, Twickenham, Isleworth, TW7 7EP

Executive Summary

Key Property Facts

Inspection Basis:	Internal inspection
Macro Location:	Regional
Micro Location:	Secondary
Sector:	Office
Region:	London - Outer
Total Property Area:	12,918 sq ft.
Tenure:	Leasehold (two long leases for a term of 126 years each, at an aggregate rent of £1,250).
Number of Tenants:	The property is to be partly owner occupied.
Percentage Vacant:	100 %
Total Rent Reserved:	N/A
Net Income:	N/A
Income Stream:	N/A
AWUT:	N/A



External Image



OS Plan

Valuations as at: 09 May 2017

Market Rent:	£295,000 per annum		
Market Value:	£3,200,000		
IY: -0.57%	EY: 7.05%	RY: 8.65%	
Capital Value psf:	£247.72		
Purchasers Costs:	Stamp Duty plus 1.80%		
Market Value (3 month marketing period):	£2,560,000		
Market Value with Vacant Possession:	£3,200,000		
Reinstatement Cost Estimate (indicative):	£2,440,000		

Location

This amounts to £295,000 per annum and a rental equivalent per square metre of £22.84 per square foot (£246 a square metre).

This supports the rental estimated based on current comparables and the capital value of £1.9 million.

To this should be added a land owner premium, typically 20% for this type of development.

This means a land value benchmark of £2.3 million.

6 Results and conclusions

6.1 August 2024 appraisal

The current viability position is set out in the Results page below:

Site Details

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

Site Address	Railshead Road, Isleworth - August 2024
Site Reference	
Application Number	
NLUD Reference	
UPRN or Grid Reference	
Scheme Description	6 Apartments from Commercial

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Development Control Model - Greater London Authority - 2015

← **Basic Site Information** →

Clear

You must complete this page

Site Area	
Total Size of Site In Hectares	0.05

Dwellings	
<input checked="" type="radio"/> Number of Dwellings (Density is then calculated)	6
Density <input type="radio"/> (Enter a value, or choose from the listbox)	120.00
<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	%	▲▼	Reset
Resulting Number of Dwellings	6		
Resulting Density	120 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		1	2		2		NO	YES	2	55.37
2		2	3		3		NO	YES	2	91.79
3		3	2	3	3		NO	YES	2	88.82
4		4	2	3	3		NO	YES	2	84.82
5		5	2	3	3		NO	YES	2	85.56
6		6	1	2	2		NO	YES	2	56.58

← Tenure Mix →

You can distribute units across the tenures in two ways:

Input by Percentages

Input by Quantity

Total units to enter:		6
Total units entered:		6

Ref.	Description	Units
1	1	1
2	2	1
3	3	1
4	4	1
5	5	1
6	6	1

Affordable Units							
Sale	Low Cost Sale	Equity Share	Shared Ownership	Intermediate Rent	Affordable Rent	Social Rent	Units allocated
100%							100%
6.0							6.0
1.0							1.0
1.0							1.0
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
1	1
2	2
3	3
4	4
5	5
6	6
7	
8	
9	

Sale		
entering a percentage in the box to the right (this affects other tenures)		
		100%
Total Units	User Market Value	Adjusted Market Value
1	£ 397,353	£ 397,353
1	£ 571,318	£ 571,318
1	£ 559,729	£ 559,729
1	£ 543,391	£ 543,391
1	£ 546,477	£ 546,477
1	£ 404,246	£ 404,246
		£ -
		£ -
		£ -

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)	£3,081	
Flats (6-15 storeys)	£2,394	
Flats (5 & less storeys)	£1,758	£3,010.00
Houses <= 75m2	£1,308	£3,010.00
Houses > 75m2	£1,146	£3,010.00
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%	10.0%	of build costs (Sale, Equity Share and Low Cost Sale units)
Interest Rate (Affordable Hou	6.75%	10.0%	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

- Community Infrastructure Levy -

You must enter CIL in one of two ways. Either as a calculated figure or by entering a pre-calculated figure.

CIL is a calculated figure
 CIL is a pre-calculated figure

You must enter a CIL value

	Qualifying Area (sq. M)	Borough CIL Rate (per Sq. M)	Mayoral CIL Rate (per Sq. M)	Total Payment
Residential (C3)				£ -
Hotels (C1)				£ -
Secure Residential (C2)				£ -
Retail (A1)				£ -
Financial (A2)				£ -
Restaurants & Cafes (A3)				£ -
Drinking Est (A4)				£ -
Hot Food (A5)				£ -
Business (B1)				£ -
General Industrial (B2)				£ -
Storage & Distribution (B8)				£ -
Clinics & Health Centres (D1)				£ -
Assembly & Leisure (D2)				£ -
Sui Generis				£ -
Total calculated CIL				£ -

← Land Finance & Site Value Comparisons → Clear

Land Finance

Reduction of Residual (%)	13%	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	£	2,300,000
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	Railshead Road, Isleworth - August 2024	Site Reference Number	
Address		Application Number	
Scheme	6 Apartments from Commercial	NLUD Ref. Number	
Description		UPRN or Grid Ref.	

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

RESIDUAL before land finance	£697,000	SCHEME UNITS	per ha.
RESIDUAL after land finance	£606,000	No. of Dwellings	6 120
Per hectare	£12,120,000	No. of Habitable rooms	16 320
Per dwelling	£101,000	No. of Bedrooms	10 200
Per market dwelling	£101,000	Total floorspace (m2)	463 9259
Per habitable room	£38,000	% Wheelchair Units	
Per bedspace	£61,000		

SCHEME REVENUE	£3,023,000	LAND FINANCE	
Contribution to revenue from:		Total land finance	£91,000
Market housing	£3,023,000		
Affordable Housing			
- Low Cost Sale			
- Equity Share			
- Shared Ownership			
- Intermediate Rent			
- Affordable Rent			
- Social Rent			
Grant			
Capital Contribution			
Commercial Elements			

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

SCHEME COSTS	£2,326,000	PUBLIC SUBSIDY (GRANT)	
Contribution to costs from:		Whole scheme	£ -
Market housing	£2,326,000	Per Social Rent dwelling	£ -
Affordable Housing		Per Shared Ownership dwelling	£ -
- Low Cost Sale		Per Intermediate Rent dwellings	£ -
- Equity Share		Per Affordable Rent dwelling	£ -
- Shared Ownership			
- Intermediate Rent			
- Affordable Rent			
- Social Rent			
Planning Obligations			
Community Infrastructure Levy			
Exceptional Development Costs			
Commercial Elements			

Alternative Site Values		Against residual	
Existing Use Value	£ 2,300,000		-£1,694,000
Acquisition Cost	£ -		
Value for offices	£ -		
Value for industrial	£ -		
Value as hotel site	£ -		
Value as other alternative u	£ -		

Site Details

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

Site Address	Railshead Road, Isleworth - August 2021
Site Reference	
Application Number	
NLUD Reference	
UPRN or Grid Reference	
Scheme Description	6 Apartments from Commercial

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For
co
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Dr

← **Basic Site Information** →

Clear

You must complete this page

Site Area	
Total Size of Site In Hectares	0.05

Dwellings	
<input checked="" type="radio"/> Number of Dwellings (Density is then calculated)	6
<input type="radio"/> Density (Enter a value, or choose from the listbox)	120.00
	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	%	▲▼	Reset
Resulting Number of Dwellings		6	
Resulting Density		120 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		1	1	2		2		NO	YES	2	55.37
2		2	2	3		3		NO	YES	2	91.79
3		3	2	3		3		NO	YES	2	88.82
4		4	2	3		3		NO	YES	2	84.82
5		5	2	3		3		NO	YES	2	85.56
6		6	1	2		2		NO	YES	2	56.58

← Tenure Mix →

Clear

You can distribute units across the tenures in two ways:

Input by Percentages

Input by Quantity

Total units to enter:	6
Total units entered:	6

Ref.	Description	Units
1	1	1
2	2	1
3	3	1
4	4	1
5	5	1
6	6	1

Affordable Units							
Sale	Low Cost Sale	Equity Share	Shared Ownership	Intermediate Rent	Affordable Rent	Social Rent	Units allocated
100%							100%
6.0							6.0
1.0							1.0
1.0							1.0
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
1	1
2	2
3	3
4	4
5	5
6	6
7	
8	

Sale		
entering a percentage in the box to the right (this affects other tenures) <input type="text" value="100%"/>		
Total Units	User Market Value	Adjusted Market Value
1	£ 385,394	£ 385,394
1	£ 554,125	£ 554,125
1	£ 542,884	£ 542,884
1	£ 527,038	£ 527,038
1	£ 530,031	£ 530,031
1	£ 392,080	£ 392,080
		£ -
		£ -

← — 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)	£3,081	
Flats (6-15 storeys)	£2,394	
Flats (5 & less storeys)	£1,758	£2,590.00
Houses <= 75m2	£1,308	£2,590.00
Houses > 75m2	£1,146	£2,590.00
Code for Sustainable Homes level (3-6)		

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

Other Development Costs			
Additional Cost	Toolkit Values	User Values	
Professional Fees %	12.0%		of build costs
Interest rate (Market)	6.75%	10.0%	of build costs (Sale, Equity Share and Low Cost Sale units)
Interest Rate (Affordable Hou	6.75%	10.0%	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	

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? Yes No 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

- Community Infrastructure Levy -

You must enter CIL in one of two ways. Either as a calculated figure or by entering a pre-calculated figure.

CIL is a calculated figure
 CIL is a pre-calculated figure

You must enter a CIL value

	Qualifying Area (sq. M)	Borough CIL Rate (per Sq. M)	Mayoral CIL Rate (per Sq. M)	Total Payment
Residential (C3)				£ -
Hotels (C1)				£ -
Secure Residential (C2)				£ -
Retail (A1)				£ -
Financial (A2)				£ -
Restaurants & Cafes (A3)				£ -
Drinking Est (A4)				£ -
Hot Food (A5)				£ -
Business (B1)				£ -
General Industrial (B2)				£ -
Storage & Distribution (B8)				£ -
Clinics & Health Centres (D1)				£ -
Assembly & Leisure (D2)				£ -
Sui Generis				£ -
Total calculated CIL				£ -

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	£	2,300,000
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	Railshead Road, Isleworth - August 2021	Site Reference Number	
Address		Application Number	
Scheme Description	6 Apartments from Commercial	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	£855,000
RESIDUAL after land finance	£769,000
Per hectare	£15,380,000
Per dwelling	£128,000
Per market dwelling	£128,000
Per habitable room	£48,000
Per bedspace	£77,000

SCHEME UNITS		per ha.
No. of Dwellings	6	120
No. of Habitable rooms	16	320
No. of Bedrooms	10	200
Total floorspace (m2)	463	9259
% Wheelchair Units		

LAND FINANCE	
Total land finance	£86,000

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

SCHEME REVENUE		£2,932,000
Contribution to revenue from:		
Market housing		£2,932,000
Affordable Housing		
- Low Cost Sale		
- Equity Share		
- Shared Ownership		
- Intermediate Rent		
- Affordable Rent		
- Social Rent		
Grant		
Capital Contribution		
Commercial Elements		

SCHEME COSTS		£2,077,000
Contribution to costs from:		
Market housing		£2,077,000
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		

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	£ 2,300,000	-£1,531,000
Acquisition Cost	£ -	
Value for offices	£ -	
Value for industrial	£ -	
Value as hotel site	£ -	
Value as other alternative use	£ -	