

Viability Appraisal

Newton Leys Local Centre, Bletchley

Background

DJC Housing Consultants have been instructed by Milton Keynes Borough Council to comment on the viability of the following application:

“Planning Ref: 15/01695/FUL for 34 residential units and 1,724 m² of retail (7 units) with associated access, landscaping and car parking. Outline planning permission for - Care Home (Use Class C2), Public House (Use Class A4), Day Nursery (Use Class D1) with all matters reserved aside from access.”

HDD Newton Leys Ltd and Taylor Wimpey South Midlands have submitted a Viability Assessment written by Rapleys which maintains that the scheme would not be viable if the full policy compliant S106 contribution and affordable housing requirement was applied. It maintains that the scheme can only support a reduced Section 106 contribution of £689,960 (a reduction of £56,000) and zero affordable housing provision.

Viability is considered to be a material consideration which Local Planning Authorities are obliged to take into account in considering planning requirements.

DJC Housing Consultants have a considerable track record of assessing viability of planning gain requirements both for Local Authorities and for developers. This expertise runs to several years’ work for Local Authorities and for a range of national and regional developers.

The writer of this report, David Coate, has over 27 years experience in the development industry working for Local Authorities and developers as well as RPs and consultancy. He is experienced in considering viability analysis.

We have carried out a viability appraisal based on assumptions made in the report and valuation carried out by Rapleys (where we are in agreement) and using industry standard assumptions. We have also had various meetings with Rapleys to discuss our recommendations.

We have used the Homes and Communities Agency’s Development Appraisal Tool (HCA DAT) which is a recognised method of assessing viability and has been used at many inquiries where viability is an issue and has superseded the Homes and Communities Agency’s Economic Appraisal Tool (HCA EAT). **The appraisal tool has been used to establish whether the scheme is in surplus or deficit when compared to the “benchmark land value”**

The Planning Gain requirement

It is important to note that the applicability of the planning gain is not at issue in this report; it is its impact on the making of a reasonable profit level.

Rapleys are claiming that they cannot meet the level of Section 106 contributions requested.

Reasonable Profit Level

Rapleys say the following in their report:

“The residual land value at 0% affordable houses (entirely private scheme) is lower than the residual value of the schemes with 5%, 10% and 20% affordable housing because the profit levels with no affordable housing are set at 20% return on costs, whereas the return on cost for the schemes with affordable housing are blended at 17% return on costs to reflect a 6% return on the affordable housing tenure. If we apply the same 17% return on cost to the scheme with 0% affordable housing the resulting land value is £796,000 (£134,232 per acre). We include within our Appendices both versions of the 0% affordable scheme showing both 17% and 20% returns on cost.”

We agree that the lower profit level on the affordable units will mean a higher land value than when there is a zero affordable housing provision but this reflects the actual position. The risk factor is much lower for affordable housing than for private open market housing and this needs to be reflected in the appraisals.

We asked Rapleys to provide a HCA DAT appraisal and in this they have used a profit level of 15% on GDV (which equates to approximately 17% on cost) and a profit level for the affordable element of 6% on **cost**.

We agree that this is a fair and reasonable assumption for a site such as this in this location.

Appraisal summary

We have carried our own appraisal of the scheme based on standard generic values but with actual values or estimates where these are given by the applicant and where we are in agreement.

Assessment of figures

The appraisals presented with this report have been assessed by the writer with his considerable experience in this field.

Build Costs

The Rapleys report uses building costs from BCIS latest published data in respect of development costs for residential estate development, adjusted for location as per BCIS guidance.

The Rapleys report has used the following build costs:

Residential

Houses £1,076 per m²

Flats £1,292 per m²

Commercial

Supermarkets £1,345 per m²

Retail Units £1,345 per m²

Nursery / Crèches £1,614 per m²

Public Houses £1,614 per m²

Old People's Home £1,453 per m²

We have rebased the BCIS information to Milton Keynes rather than just the South East region and our assumptions are as follows:

Residential

Houses £1,043 per m²

Flats £1,267 per m²

Commercial

Supermarkets £1,345 per m²

Retail Units £1,345 per m²

Nursery / Crèches £1,614 per m²

Public Houses £1,614 per m²

Old People's Home £1,453 per m²

Whilst these figures are in line with BCIS figures it must be recognised that in reality the actual base build costs that HDD/Taylor Wimpey will experience are likely to be lower than BCIS figures.

Abnormal build Costs

The Rapleys report shows the following abnormal costs:

160 Car Parking Spaces	£320,000
Landscaping / Public Realm	£250,000
Estate Roadways	£100,000
Abnormals	£778,000

Giving a total of £1,448,000.

We have been supplied with further information regarding the abnormal costs as per below:

Item	Description	Qty	Unit	Rate	Total	
1a	Cut and fill and dynamic compaction.	1	Item		£195,511	Import of fill material from off-site of 5,255m ³ . Use of dynamic compaction to avoid piling.
1b	Prelims on 1a.	1	Item		£48,878	
2	Bulk excavation of mixed use block and treatment of excavated material due to former farm track, trees and desiccated soils.		Prov sum		£57,936	The former farm track passes directly under the mixed use block. Treatment required otherwise building will need to be piled.
3	Care home – as above but to the care home plot.		Prov sum		£85,000	Import of fill and piling anticipated.
4	Retaining walls to rear of mixed block – Gabion walling.	50	m	513.82	25,691	Level differences with Aaron Way and mixed block ground floor level.
5	Retaining wall adjacent residential site.	100	m	250	25,000	Associated with the level differences between the

						Food Store service yard and residential.
6	Ramp and steps, due to difference between Jersey Drive and Food Store car park.	1	Item		£7,500	
7	4.1m Acoustic fence to boundary between large Food store and residential adjacent. Requires structural steel support.	100	m	400	£40,000	
8a	Sub-station.	1	Item		£13,000	
8b	Sub-station transformer.	1	Item		£40,000	
9	Drainage.					
9a	Surface Water connection.	1	Item		£113,657	
9b	Foul water connection.	1	Item		£87,824	
10	Drainage connection across Jersey Drive to the Public House plot.		Prov sum		£20,000	
11	Enhanced glazing and ventilation specification to housing adjacent Food Store service yard for acoustic reasons. Also acoustic fencing required.		Prov sum		£18,000	

The BCIS figures do not include for external works or abnormal costs and we would normally add an allowance of between 10 and 15% for “externals”. The figure in the Rapleys reports equates to approximately 11% of the standard build cost. It is our opinion that the abnormal costs outlined above are a fair and reasonable assumption at this stage in the planning process.

Design fees

The Rapleys report shows a level of fees as 9% of the build cost.

The figure agreed on the scheme at Newton Leys (13/00888/OUTEIS) was 7%.

We agree that there will be extra consultants due to the commercial element but do not agree that this will increase the overall % allowance.

We have used a figure of 7% which is a fair and reasonable assumption.

Contingencies

As per the report on the other Taylor Wimpey scheme at Newton Leys (13/00888/OUTEIS) we have not included any contingencies as the build costs are based on BCIS figures. With regard to the additional costs we have assumed that these already include for contingencies.

Sales Values

The Rapleys report lists out the most recent sales evidence at Willows Lake, the adjoining scheme.

It states the following:

“The sales evidence above is for similar house styles to those proposed in the subject scheme. The average sales price over the past 3 months is equivalent to around £271 per sq ft. These sales have been achieved for houses within a traditional housing development. The subject residential units are located in a mixed commercial and residential development. Whilst the scheme has been designed to minimise the impact of the commercial uses on the residential units, they still share access ways and there is likely to be a greater volume of traffic and general congestion within the subject scheme than there would be on the adjoining residential developments. As such it is our opinion that on a like for like basis a house within the proposed scheme would be slightly less attractive to purchasers in the market than the same house type currently available on the adjoining predominately residential development. We take this deduction at 5% and therefore apply an average sales value for residential units on the subject site at £258 per sq ft.”

We agree that that this is a fair and reasonable assumption and we have applied this rate in our appraisal.

Ground rents

The Rapleys report has assumed a ground rent of £150 per unit capitalised at a rate of 5%. We agree that this is a fair and reasonable assumption.

Affordable housing Values

The Rapleys report shows a blended rate of £153 per ft². We agree that this is a reasonable assumption

Rapleys have shown 10 affordable units in their appraisal which equates to an overall provision of 30% affordable housing on the whole scheme.

The overall provision is as follows:

- 8 x affordable rent
- 2 x Shared Ownership

Commercial Values

The Rapleys report shows the following values:

USE	AREA ft ² (GIA)	GDV	£/ ft ²
Food Store	11,500	£2,600,000	£226
Retail Units	6,000	£1,400,000	£233
Day Nursery	5,000	£600,000	£120
Public House	8,000	£1,175,000	£147
Care Home	34,500	£6,500,000	£188

Our commercial expert, Alex Medhurst, has examined the assumptions, yields and values in the Rapleys report and the report carried out by Peter Wilson of Kirkby Diamond and has confirmed that they are fair and reasonable assumptions.

Sales and legal fees

We have adopted a sales fee (agents and marketing) of 2% and legal fees of £1,000 per unit.

Section 106 contributions

Rapleys have shown the following S106 contributions:

Residential element	£17,840 per dwelling
Care Home	£2,100 per bedroom
Carbon offset	£7 per m ²

We have included these costs in our appraisal at a total of £745,960.

Finance

The Rapleys report uses an interest rate of 7%. We have applied a rate of 6% as per the viability report for the scheme at Newton Leys (13/00888/OUTEIS). We have used a reinvestment rate of 3%.

Scheme timings

The Rapleys report has assumed the following:

Site purchase, contract tendering and lead in period	3 months
Demolition	0 months

Construction	18 months
Sales / Lettings	6 months

With regard to the sales period this has been assumed as starting when all the construction has been completed. We have moved the start of the sales period forward to commence 12 months after start on site and we have assumed a sales rate of 2 per month.

Stamp duty

We have included stamp duty at 4%.

Agents fees

The Rapleys appraisal shows an agents fee of 1%. We agree that this is a fair and reasonable assumption.

Benchmark Land Value

The Rapleys report state the following:

“With regard to the subject 5.93 acre site we believe that the adopted land value of £100,000 per acre for the wider master plan site is quite low. This was commented on within the Whiteleaf Consultancy report.

However we understand that this was the level that was adopted on the adjacent land and is therefore the starting point for which we consider the subject site. Taking into account that this benchmark land value was put forward some 15 months ago and for a much larger site we believe it should be reasonably adjusted for time and quantum. We therefore adopt a benchmark land value for the subject site at £125,000 per acre “benchmark land value” should be £100,000 per acre.”

We do not agree that this “benchmark land value” should be increased to £125,000 per acre. We believe that the figure of £100,000 is a fair and reasonable assumption. This gives a benchmark land value of £595,000.

Conclusions

The approach taken in this study follows the well-recognised methodology of residual land valuation (RLV). Put simply the residual land value produced by a potential development is calculated by subtracting the costs of achieving that development from the revenue generated by the completed scheme.

We have carried out an HCA DAT appraisal of the scheme using the input values described above and with 30% affordable housing. This appraisal, which assumes a land value of £595,000 and a profit of £2.8 million and shows a deficit of **£255,137 (Appendix 1)**.

The viability appraisal carried out by both ourselves and Rapleys are based on a residual land value calculation which is then compared to a “benchmark land value”. The nature of these appraisals is that they are very sensitive to small changes to any of the inputs. We have applied inputs into the appraisal based on what we consider to be fair and reasonable assumptions.

It is our opinion that the scheme would not be viable with the full affordable housing provision of 10 units. We carried out further appraisals where we gradually decreased the number of affordable units until we achieved an appraisal that showed a positive surplus.

The resulted a scheme with 7 affordable units.

Following further discussions with the applicant and the Council it was suggested that a reduced S106 contribution of £580,900 would be acceptable.

We carried out a further appraisal, which can be found at Appendix 2, which shows 8 units of affordable housing and £580,900 in S106 contributions.

It is for the practitioner to take a fair and reasonable approach to all of the various inputs that go into the viability appraisal and it is our opinion that this particular site can provide the required Section 106 contributions (£580,900) and 8 units of affordable housing (23.5%) on-site and remain viable.

This scheme has been looked at in terms of its particular financial characteristics and it represents no precedent for any sustainable approach on the Council's policy base.

Author

David Coate

February 2016

Appendices

1. HCA DAT appraisal – 10 units of affordable
2. HCA DAT appraisal – 8 units of affordable with reduced S106 payment.

Surplus (Deficit) from Input land valuation at 26/10/2015 -255,137

HCA Development Appraisal Tool
INPUT SHEET 1 - SITE DETAILS

Basic Site Details

FULL VIABILITY ASSESSMENT

Site Address	Local Commercial Centre, Newton Leys	
OS X coordinate		
OS Y coordinate		
Site Reference	APPENDIX 1	
File Source		
Scheme Description	Mixed Use scheme with 34 dwellings - 30% affordable	
Date of appraisal	26/10/2015	
Gross Site Area (hectares)	2.40	
Net Residential Site Area (hectares)	2.40	
Author & Organisation	David Coate - DJC Housing Consultants	
Local Planning Authority	Milton Keynes	
Land Purchase Price	595,000	
Land Purchase date	27/10/2015	
Most recent valuation of the site £	595,000	
Basis of valuation	Existing Use	
Date of valuation	27/10/2015	
Any note on valuation		
Developer of sale units		
Developer of affordable units		
Manager of affordable units		
Registered Provider (where applicable)		
Note on applicant (eg sub partner status)		

<i>Date of scheme appraisal</i>	26-Oct-15	from Site Sheet	Month number				
			0				
Use any valid Excel Date format (eg DD/MM/YY)							
Build Period	Construction Start Date	Construction End Date	Construction Start Month no.	Construction End Month no.	No. of units in tenure		
Tenure phases display for date input only after transfer from Input 2 sheet							
Affordable Houses ph 1	01-Feb-16	01-Aug-17	3	21	10		
OM 1:Phase 1	01-Feb-16	01-Aug-17	3	21	24		
RP Purchase from Developer	Purchase start date	Purchase end date	Start Month	End Month	No. of units in tenure		
AH phases display for date input only after transfer from Input 2 sheet							
Shared Ownership phase 1	01-Jul-17	01-Aug-17	20	21	2		
Affordable Rent phase 1	01-Jul-17	01-Aug-17	20	21	8		
Open Market Sale	Sale Start Date	Sale End Date	Start Month	End Month	No. of units in tenure	Monthly Sales rate	
OM phases display for date input only after transfer from Input 2 sheet							
OM Sales1:Phase 1	01-Mar-17	01-Feb-18	16	27	24	2.00	
Private Rental Units	First Rental Start Date	Final Rental Start Date	Start Month	End Month	units in		
PR phases display for date input only after transfer from Input 2 sheet							
	Start Date	Month			150		
First Ground rent payment	01-Feb-18	27			150		

	Building Cost £ per Sq m GROSS area	Net to Gross Adjustment	Maximum height in floors (flats only)	Memo-Number of units	Avg Cost pu
Shared Ownership phase 1 Affordable Rent phase 1 Open Market Phase 1:	Houses	1,043		0	0
	Houses	1,043		2	71,206
	Houses	1,043		8	66,126
	Low rise flats	1,267	15%	9	81,440
	Houses	1,043		15	105,239

Fees & Contingencies as % of Building Costs

	%	£ Total
Design and Professional Fees % (Architects, QS, Project Management)	7.00%	217,861
Residential Building Contingencies (% of Building Costs)		-

* This section excludes Affordable Housing section 106 payments All dates must be between 26-Oct-15 21-Oct-35
 'Historic' costs incurred earlier may be entered as 26-Oct-15 PROVIDED they are not taken into account in the site valuation (& hence double counted)

External Works & Infrastructure

Costs (£)	Comment on nature of issue	Cost (£)	Payment Start Date	Payment end date	Month of Payment Start	Month of Payment End	Cost per unit (all tenures)
Phase 1							
Site Preparation/Demolition							
Roads and Sewers		£100,000	01-Dec-15	28-Feb-16	1	4	2,941
Services (Power, Water, Gas, Telco and IT)							
Strategic Landscaping		£125,000	01-May-17	01-Aug-17	18	21	3,676
Off Site Works							
Public Open Space		£125,000	01-May-17	01-Aug-17	18	21	3,676
Site Specific Sustainability Initiatives							
Plot specific external works							
Other 1	Car Parking Space	£320,000	01-May-17	01-Aug-17	18	21	9,412
Other 2							

Site Abnormals (£)

	Comment on nature of issue	Cost (£)	Payment Start Date	Payment end date	Month of Payment Start	Month of Payment End	Cost per unit (all tenures)
De-canting tenants							
Decontamination							
Other	Site Abnormals (Site Levelling etc)	£778,000	01-Dec-15	01-Mar-16	1	4	22,882
Other 2							
Other 3							
Other 4							
Other 5							

	Building Costs (£ / car parking space)	Payment Date	Month of Payment
Residential Car Parking Building Costs (average cost / car parking space)			
Total number of residential car parking spaces		(Open Market and Affordable)	

Statutory Payments (£)	Additional information	Cost (£)	Payment start date	Payment end date	Month of Payment Start	Month of Payment End	Per unit
Education							
Sport & Recreation							
Social Infrastructure							
Public Realm							
Affordable Housing							
Transport							
Highway							
Health							
Public Art							
Flood work							
Community Infrastructure Levy	per sq metre						
Other Tariff	per sq metre						
S.106 Contributions (Residential)		£606,560	01-Feb-16	01-Mar-16	3	4	17,840
S.106 Contributions (Care Home)		£128,000	01-Feb-16	01-Mar-16	3	4	3,765
S.106 Contributions (Carbon Offset)		£11,400	01-Feb-16	01-Mar-16	3	4	335
Other 4							

OTHER COSTS

SITE PURCHASE COSTS	%
Agents Fees (% of site cost)	1.00%
Legal Fees (% of site cost)	0.75%
Stamp Duty (% of site cost)	4.00%

	Comment on nature of issue	Cost (£)	Payment start date	Payment end date	Month of Payment Start	Month of Payment End
Other Acquisition Costs (£)						

FINANCE COSTS

Arrangement Fee (£)	£0
Interest Rate (%)	6.00%
Misc Fees - Surveyors etc (£)	
Credit balance reinvestment %	3.00%

MARKETING COSTS

Affordable Housing Marketing Costs

	Cost (£)	Payment start date	Payment end date	Month of Payment Start	Month of Payment End
Developer cost of sale to RP (£)	£0				
RP purchase costs (£)	£0				
Intermediate Housing Sales and Marketing (£)	£0				

Open Market Housing Marketing Costs

Sales Fees (agents fees & marketing fees) - %	2.00%			<i>£ Total</i>
Legal Fees (per Open Market unit) - £	£1,000			116,200
Agents Private Rental Intial Letting fees - %	0.00%			24,000
				-

DEVELOPER'S OVERHEAD AND RETURN FOR RISK (before taxation)

Developer O/head (£)				Return at Scheme end
Open Market Housing (% GDV)	15.00%	15.0%	36,313	inc Overheads per open market home
Private Rental (% Cost)				
Affordable Housing (% Cost)	6.00%			

ASSUMPTIONS by user defined type**Food Store**

Comments here

Area of Food Store scheme (gross sq m)

1,068

Area of Food Store scheme (net lettable sq m)

1,068

Values

Rent (£ psm pa)

162

Investor's Yield (%)

6.00%

Costs of Sale (% of value)

4.00%

Building Costs

Food Store Building Costs (Gross, £ psm)

1,345

Food Store Building Professional Fees (% of building costs)

7.00%

Building Contingencies (% of building costs)

0.00%

CIL rate applicable (£ per m2 GIA)

-

Phasing**Date**

Start of Building Period

01/02/2016

End of Building Period

31/12/2016

Timing of Letting / Sale

01/03/2017

Timing of CIL payment

Letting, Advertising & Sale fees

Letting fees (% of annual income)

8.00%

Advertising fees (% of annual income)

1.00%

Sale fees (% of sale price)

1.50%

Developer's Return for risk / profit (% of value)

15%

Retail

Comments here

Area of Retail scheme (gross sq m)

557

Area of Retail scheme (net lettable sq m)

557

Values

Rent (£ psm pa)

169

Investor's Yield (%)

6.74%

Costs of Sale (% of value)

4.00%

Building Costs

Retail Building Costs (Gross, £ psm)

1,345

Retail Building Professional Fees (% of building costs)

7.00%

Building Contingencies (% of building costs)

0.00%

CIL rate applicable (£ per m2 GIA)

-

Phasing**Date**

Start of Building Period

01/02/2016

End of Building Period

31/12/2016

Timing of Letting / Sale

01/03/2017

Timing of CIL payment

Letting / sale fees

Letting (% of income)

8.00%

Advertising (% of annual income)

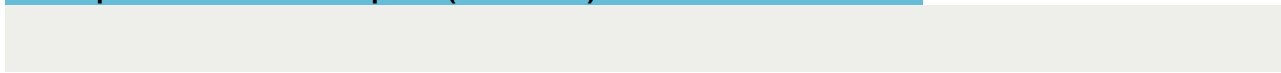
1.00%

Sale (% of sale price)

1.50%

Developer's Return for risk / profit (% of value)

15%



Care Home

Comments here

Area of scheme (gross sq m)

3,205

Values

Rent (£ psm pa)

142

Investor's Yield (%)

7.00%

Costs of Sale (% of value)

4.00%

Building Costs

Care Home Building Costs (Gross, £ psm)

1,453

Care Home Building Professional Fees (% of building costs)

7.00%

Building Contingencies (% of building costs)

0.00%

CIL rate applicable (£ per m2 GIA)

-

Phasing**Date**

Start of Building Period

01/02/2016

End of Building Period

01/02/2017

Timing of Letting / Sale

01/05/2017

Timing of CIL payment

Letting / sale fees

Letting (% of income)

8.00%

Advertising (% of annual income)

1.00%

Sale (% of sale price)

1.50%

Developer's Return for risk / profit (% of value)

15%

Public House

Test

Area of Public House scheme (gross sq m)

743

Area of Public House scheme (net lettable sq m)

743

Values

Rent (£ psm pa)

111

Investor's Yield (%)

7.00%

Costs of Sale (% of value)

4.00%

Building Costs

Public House Building Costs (Gross, £ psm)

1,615

Public House Building Professional Fees (% of building costs)

7.00%

Building Contingencies (% of building costs)

0.00%

CIL rate applicable (£ per m2 GIA)

-

Phasing**Date**

Start of Building Period

01/02/2016

End of Building Period

01/02/2017

Timing of Letting / Sale

01/05/2017

Timing of CIL payment

Letting / sale fees

Letting (% of income)

8.00%

Advertising (% of annual income)

1.00%

Sale (% of sale price)

1.50%

Developer's Return for risk / profit (% of value)

15%

Nursery	
Comments here	
Area of Nursery scheme (gross sq m)	465
Area of Nursery scheme (net lettable sq m)	465
Values	
Rent (£ psm pa)	129
Investor's Yield (%)	7.18%
Costs of Sale (% of value)	4.00%
Building Costs	
Nursery Building Costs (Gross, £ psm)	1,614
Nursery Building Professional Fees (% of building costs)	7.00%
Building Contingencies (% of building costs)	0.00%
CIL rate applicable (£ per m2 GIA)	-
Phasing	
	Date
Start of Building Period	01/02/2016
End of Building Period	31/12/2016
Timing of Letting / Sale	01/03/2017
Timing of CIL payment	
Letting / sale fees	
Letting (% of income)	8.00%
Advertising (% of annual income)	1.00%
Sale (% of sale price)	1.50%
Developer's Return for risk / profit (% of value)	15%

Value of Residential Car Parking £0
 Car Parking Build Costs £0

Ground rent

	Capitalised annual ground rent	
Social Rented	£0	
Shared Ownership	£0	
Affordable Rent	£0	
Open market (all phases)	£27,000	
Capitalised Annual Ground Rents		£27,000

TOTAL CAPITAL VALUE OF RESIDENTIAL SCHEME		£6,897,162
TOTAL BUILD COST OF RESIDENTIAL SCHEME	£3,112,307	
TOTAL CONTRIBUTION OF RESIDENTIAL SCHEME		£3,784,855

Non-Residential

	Cost	Values
Food Store	£1,593,998	£2,764,135
Retail	£830,886	£1,346,369
Care Home	£5,117,578	£6,251,511
Public House	£1,308,360	£1,131,747
Nursery	£819,612	£802,449
Community Infrastructure Levy	£0	

CAPITAL VALUE OF NON-RESIDENTIAL SCHEME		£12,296,211
COSTS OF NON-RESIDENTIAL SCHEME	£9,670,433	
CONTRIBUTION TO SCHEME COSTS FROM NON-RESIDENTIAL		£2,625,777

GROSS DEVELOPMENT VALUE OF SCHEME		£19,193,373
TOTAL BUILD COSTS	£12,782,740	
TOTAL CONTRIBUTION TO SCHEME COSTS		£6,410,633

External Works & Infrastructure Costs (£)

	£	Per unit	
Site Preparation/Demolition	£0		
Roads and Sewers	£100,000	2,941	
Services (Power, Water, Gas, Telco and IT)	£0		
Strategic Landscaping	£125,000	3,676	
Off Site Works	£0		
Public Open Space	£125,000	3,676	
Site Specific Sustainability Initiatives	£0		
Plot specific external works	£0		
Other 1	£320,000	9,412	Car Parking Space
Other 2	£0		
	£670,000		

Other site costs

Fees and certification	7.0%	£217,861	6,408
Other Acquisition Costs (£)		£0	

Site Abnormals (£)

De-canting tenants	£0	
Decontamination	£0	
Other	£778,000	22,882
Other 2	£0	
Other 3	£0	
Other 4	£0	
Other 5	£0	
	£778,000	

Total Site Costs inc Fees	£1,665,861	48,996
----------------------------------	-------------------	--------

Statutory 106 Costs (£)

Education	£0	
Sport & Recreation	£0	
Social Infrastructure	£0	
Public Realm	£0	
Affordable Housing	£0	
Transport	£0	
Highway	£0	
Health	£0	
Public Art	£0	
Flood work	£0	
Community Infrastructure Levy	£0	
Other Tariff	£0	
S.106 Contributions (Residential)	£606,560	17,840
S.106 Contributions (Care Home)	£128,000	3,765
S.106 Contributions (Carbon Offset)	£11,400	335
Other 4	£0	
Statutory 106 costs	£745,960	21,940

Marketing (Open Market Housing ONLY)

		per OM unit
Sales/letting Fees	2.0%	£116,200 4,842
Legal Fees (per Open Market unit):	£1,000	£24,000 1,000

Marketing (Affordable Housing)

	per affordable unit
Developer cost of sale to RP (£)	£0
RP purchase costs (£)	£0
Intermediate Housing Sales and Marketing (£)	£0

Total Marketing Costs	£140,200
------------------------------	-----------------

Total Direct Costs	£15,334,762
---------------------------	--------------------

Finance and acquisition costs

Land Payment	£595,000	24,792 per OM home	247,917 per hectare
--------------	----------	--------------------	---------------------

Arrangement Fee	£0	0.0% of interest
Misc Fees (Surveyors etc)	£0	0.00% of scheme value
Agents Fees	£5,950	
Legal Fees	£4,463	
Stamp Duty	£23,800	
Total Interest Paid	£764,060	

Total Finance and Acquisition Costs **£1,393,273**

Developer's return for risk and profit

Residential

Market Housing Return (inc OH) on Val	15.0%	£871,500	36,313 per OM unit
Affordable Housing Return on Cost	6.0%	£40,285	4,029 per affordable unit
Return on sale of Private Rent	0.0%	£0	#DIV/0! per PR unit

Non-residential

Office	£414,620	
Retail	£201,955	
Industrial	£937,727	
Leisure	£169,762	
Community-use	£120,367	£1,844,432

Total Operating Profit

£2,756,217

(i.e. profit after deducting sales and site specific finance costs but before deducting developer overheads and taxation)

TOTAL COST **£19,484,251**

Surplus/(Deficit) at completion 1/2/2018 **(£290,878)**

Present Value of Surplus (Deficit) at 26/10/2015 **(£255,137)**

Scheme Investment MIRR

8.0% (before Developer's returns and interest to avoid double counting returns)

Site Value as a Percentage of Total Scheme Value 3.1% Peak Cash Requirement -£14,558,818

Site Value per hectare -£121,199 per hectare -£49,049 per acre

Surplus (Deficit) from Input land valuation at 26/10/2015 35

HCA Development Appraisal Tool
INPUT SHEET 1 - SITE DETAILS

Basic Site Details

FULL VIABILITY ASSESSMENT

Site Address	Local Commercial Centre, Newton Leys	
OS X coordinate		
OS Y coordinate		
Site Reference	APPENDIX 2	
File Source		
Scheme Description	Mixed scheme - 34 dwellings - 8 units of affordable	
Date of appraisal	26/10/2015	
Gross Site Area (hectares)	2.40	
Net Residential Site Area (hectares)	2.40	
Author & Organisation	David Coate - DJC Housing Consultants	
Local Planning Authority	Milton Keynes	
Land Purchase Price	595,000	
Land Purchase date	27/10/2015	
Most recent valuation of the site £	595,000	
Basis of valuation	Existing Use	
Date of valuation	27/10/2015	
Any note on valuation		
Developer of sale units		
Developer of affordable units		
Manager of affordable units		
Registered Provider (where applicable)		
Note on applicant (eg sub partner status)		

<i>Date of scheme appraisal</i>	26-Oct-15	from Site Sheet	Month number				
			0				
Use any valid Excel Date format (eg DD/MM/YY)							
Build Period	Construction Start Date	Construction End Date	Construction Start Month no.	Construction End Month no.	No. of units in tenure		
Tenure phases display for date input only after transfer from Input 2 sheet							
Affordable Houses ph 1	01-Feb-16	01-Aug-17	3	21	8		
OM 1:Phase 1	01-Feb-16	01-Aug-17	3	21	26		
RP Purchase from Developer	Purchase start date	Purchase end date	Start Month	End Month	No. of units in tenure		
AH phases display for date input only after transfer from Input 2 sheet							
Shared Ownership phase 1	01-Jul-17	01-Aug-17	20	21	3		
Affordable Rent phase 1	01-Jul-17	01-Aug-17	20	21	5		
Open Market Sale	Sale Start Date	Sale End Date	Start Month	End Month	No. of units in tenure	Monthly Sales rate	
OM phases display for date input only after transfer from Input 2 sheet							
OM Sales1:Phase 1	01-Mar-17	01-Feb-18	16	27	26	2.17	
Private Rental Units	First Rental Start Date	Final Rental Start Date	Start Month	End Month	units in		
PR phases display for date input only after transfer from Input 2 sheet							
	Start Date	Month					
First Ground rent payment	01-Feb-18	27			150		
					150		

	Building Cost £ per Sq m GROSS area	Net to Gross Adjustment	Maximum height in floors (flats only)	Memo-Number of units	Avg Cost pu
Shared Ownership phase 1 Affordable Rent phase 1 Open Market Phase 1:	Houses	1,043		0	0
	Houses	1,043		3	71,206
	Houses	1,043		5	66,126
	Low rise flats	1,267	15%	9	81,440
	Houses	1,043		17	101,202

Fees & Contingencies as % of Building Costs

	%	£ Total
Design and Professional Fees % (Architects, QS, Project Management)	7.00%	218,889
Residential Building Contingencies (% of Building Costs)		-

* This section excludes Affordable Housing section 106 payments All dates must be between 26-Oct-15 21-Oct-35
 'Historic' costs incurred earlier may be entered as 26-Oct-15 PROVIDED they are not taken into account in the site valuation (& hence double counted)

External Works & Infrastructure

Costs (£)	Comment on nature of issue	Cost (£)	Payment Start Date	Payment end date	Month of Payment Start	Month of Payment End	Cost per unit (all tenures)
Phase 1							
Site Preparation/Demolition							
Roads and Sewers		£100,000	01-Dec-15	28-Feb-16	1	4	2,941
Services (Power, Water, Gas, Telco and IT)							
Strategic Landscaping		£125,000	01-May-17	01-Aug-17	18	21	3,676
Off Site Works							
Public Open Space		£125,000	01-May-17	01-Aug-17	18	21	3,676
Site Specific Sustainability Initiatives							
Plot specific external works							
Other 1	Car Parking Space	£320,000	01-May-17	01-Aug-17	18	21	9,412
Other 2							

Site Abnormals (£)

	Comment on nature of issue	Cost (£)	Payment Start Date	Payment end date	Month of Payment Start	Month of Payment End	Cost per unit (all tenures)
De-canting tenants							
Decontamination							
Other	Site Abnormals (Site Levelling etc)	£778,000	01-Dec-15	01-Mar-16	1	4	22,882
Other 2							
Other 3							
Other 4							
Other 5							

	Building Costs (£ / car parking space)	Payment Date	Month of Payment
Residential Car Parking Building Costs (average cost / car parking space)			
Total number of residential car parking spaces		(Open Market and Affordable)	

Statutory Payments (£)	Additional information	Cost (£)	Payment start date	Payment end date	Month of Payment Start	Month of Payment End	Per unit
Education							
Sport & Recreation							
Social Infrastructure							
Public Realm							
Affordable Housing							
Transport							
Highway							
Health							
Public Art							
Flood work							
Community Infrastructure Levy	per sq metre						
Other Tariff	per sq metre						
S.106 Contributions (Residential)		£511,500	01-Feb-16	01-Mar-16	3	4	15,044
S.106 Contributions (Care Home)		£58,000	01-Feb-16	01-Mar-16	3	4	1,706
S.106 Contributions (Carbon Offset)		£11,400	01-Feb-16	01-Mar-16	3	4	335
Other 4							

OTHER COSTS

SITE PURCHASE COSTS	%
Agents Fees (% of site cost)	1.00%
Legal Fees (% of site cost)	0.75%
Stamp Duty (% of site cost)	4.00%

	Comment on nature of issue	Cost (£)	Payment start date	Payment end date	Month of Payment Start	Month of Payment End
Other Acquisition Costs (£)						

FINANCE COSTS

Arrangement Fee (£)	£0
Interest Rate (%)	6.00%
Misc Fees - Surveyors etc (£)	
Credit balance reinvestment %	3.00%

MARKETING COSTS

Affordable Housing Marketing Costs

	Cost (£)	Payment start date	Payment end date	Month of Payment Start	Month of Payment End
Developer cost of sale to RP (£)	£0				
RP purchase costs (£)	£0				
Intermediate Housing Sales and Marketing (£)	£0				

Open Market Housing Marketing Costs

Sales Fees (agents fees & marketing fees) - %	2.00%			<i>£ Total</i>
Legal Fees (per Open Market unit) - £	£1,000			123,760
Agents Private Rental Intial Letting fees - %	0.00%			26,000
				-

DEVELOPER'S OVERHEAD AND RETURN FOR RISK (before taxation)

Developer O/head (£)				Return at Scheme end
Open Market Housing (% GDV)	15.00%	15.0%	35,700	inc Overheads per open market home
Private Rental (% Cost)				
Affordable Housing (% Cost)	6.00%			

ASSUMPTIONS by user defined type**Food Store**

Comments here

Area of Food Store scheme (gross sq m)

1,068

Area of Food Store scheme (net lettable sq m)

1,068

Values

Rent (£ psm pa)

162

Investor's Yield (%)

6.00%

Costs of Sale (% of value)

4.00%

Building Costs

Food Store Building Costs (Gross, £ psm)

1,345

Food Store Building Professional Fees (% of building costs)

7.00%

Building Contingencies (% of building costs)

0.00%

CIL rate applicable (£ per m2 GIA)

-

Phasing**Date**

Start of Building Period

01/02/2016

End of Building Period

31/12/2016

Timing of Letting / Sale

01/03/2017

Timing of CIL payment

Letting, Advertising & Sale fees

Letting fees (% of annual income)

8.00%

Advertising fees (% of annual income)

1.00%

Sale fees (% of sale price)

1.50%

Developer's Return for risk / profit (% of value)

15%

Retail

Comments here

Area of Retail scheme (gross sq m)

557

Area of Retail scheme (net lettable sq m)

557

Values

Rent (£ psm pa)

169

Investor's Yield (%)

6.74%

Costs of Sale (% of value)

4.00%

Building Costs

Retail Building Costs (Gross, £ psm)

1,345

Retail Building Professional Fees (% of building costs)

7.00%

Building Contingencies (% of building costs)

0.00%

CIL rate applicable (£ per m2 GIA)

-

Phasing**Date**

Start of Building Period

01/02/2016

End of Building Period

31/12/2016

Timing of Letting / Sale

01/03/2017

Timing of CIL payment

Letting / sale fees

Letting (% of income)

8.00%

Advertising (% of annual income)

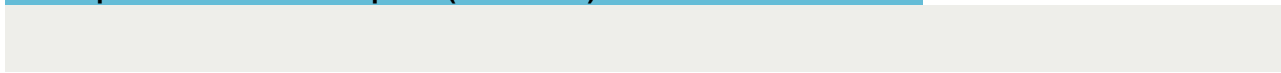
1.00%

Sale (% of sale price)

1.50%

Developer's Return for risk / profit (% of value)

15%



Care Home

Comments here

Area of scheme (gross sq m)	3,205
-----------------------------	-------

Values

Rent (£ psm pa)	142
-----------------	-----

Investor's Yield (%)	7.00%
----------------------	-------

Costs of Sale (% of value)	4.00%
----------------------------	-------

Building Costs

Care Home Building Costs (Gross, £ psm)	1,453
---	-------

Care Home Building Professional Fees (% of building costs)	7.00%
--	-------

Building Contingencies (% of building costs)	0.00%
--	-------

CIL rate applicable (£ per m2 GIA)	-
------------------------------------	---

Phasing**Date**

Start of Building Period	01/02/2016
--------------------------	------------

End of Building Period	01/02/2017
------------------------	------------

Timing of Letting / Sale	01/05/2017
--------------------------	------------

Timing of CIL payment	
-----------------------	--

Letting / sale fees

Letting (% of income)	8.00%
-----------------------	-------

Advertising (% of annual income)	1.00%
----------------------------------	-------

Sale (% of sale price)	1.50%
------------------------	-------

Developer's Return for risk / profit (% of value)	15%
--	------------

Public House

Test

Area of Public House scheme (gross sq m)	743
--	-----

Area of Public House scheme (net lettable sq m)	743
---	-----

Values

Rent (£ psm pa)	111
-----------------	-----

Investor's Yield (%)	7.00%
----------------------	-------

Costs of Sale (% of value)	4.00%
----------------------------	-------

Building Costs

Public House Building Costs (Gross, £ psm)	1,615
--	-------

Public House Building Professional Fees (% of building costs)	7.00%
---	-------

Building Contingencies (% of building costs)	0.00%
--	-------

CIL rate applicable (£ per m2 GIA)	-
------------------------------------	---

Phasing**Date**

Start of Building Period	01/02/2016
--------------------------	------------

End of Building Period	01/02/2017
------------------------	------------

Timing of Letting / Sale	01/05/2017
--------------------------	------------

Timing of CIL payment	
-----------------------	--

Letting / sale fees

Letting (% of income)	8.00%
-----------------------	-------

Advertising (% of annual income)	1.00%
----------------------------------	-------

Sale (% of sale price)	1.50%
------------------------	-------

Developer's Return for risk / profit (% of value)	15%
--	------------

Nursery	
Comments here	
Area of Nursery scheme (gross sq m)	465
Area of Nursery scheme (net lettable sq m)	465
Values	
Rent (£ psm pa)	129
Investor's Yield (%)	7.18%
Costs of Sale (% of value)	4.00%
Building Costs	
Nursery Building Costs (Gross, £ psm)	1,614
Nursery Building Professional Fees (% of building costs)	7.00%
Building Contingencies (% of building costs)	0.00%
CIL rate applicable (£ per m2 GIA)	-
Phasing	
	Date
Start of Building Period	01/02/2016
End of Building Period	31/12/2016
Timing of Letting / Sale	01/03/2017
Timing of CIL payment	
Letting / sale fees	
Letting (% of income)	8.00%
Advertising (% of annual income)	1.00%
Sale (% of sale price)	1.50%
Developer's Return for risk / profit (% of value)	15%

Surplus (Deficit) from Input land valuation at 26/10/2015 **£35**

HCA DEVELOPMENT APPRAISAL TOOL

SUMMARY

DETAIL

SCHEME

Site Address Local Commercial Centre, Newton Leys
 Site Reference APPENDIX 2
 File Source

Date of appraisal 26/10/2015
 Net Residential Site Area 2.4
 Author & Organisation David Coate - DJC Housing Consultants

Scheme Description Mixed scheme - 34 dwellings - 8 units of affordable

Registered Provider (whe) 0

Housing Mix (Affordable + Open Market)

Total Number of Units	34	units
Total Number of Open Market Units	26	units
Total Number of Affordable Units	8	units
Total Net Internal Area (sq m)	2,750	sq m
% Affordable by Unit	23.5%	
% Affordable by Area	19.0%	
Density	14	units/ hectare
Total Number of A/H Persons	0	Persons
Total Number of Open Market Persons	0	Persons
Total Number of Persons	0	Persons
Gross site Area	2.40	hectares
Net Site Area	2.40	hectares
Net Internal Housing Area / Hectare	1,146	sq m / hectare

equals 4,990 sqft per acre

Average value (£ per unit)	Open Market Phase 1:	Open Market Phase 2:	Open Market Phase 3:	Open Market Phase 4:	Open Market Phase 5:	Total
1 Bed Flat Low rise	£0	£0	£0	£0	£0	
2 Bed Flat Low rise	£178,556	£0	£0	£0	£0	
3 Bed Flat Low rise	£0	£0	£0	£0	£0	
4 Bed + Flat Low rise	£0	£0	£0	£0	£0	
1 Bed Flat High rise	£0	£0	£0	£0	£0	
2 Bed Flat High rise	£0	£0	£0	£0	£0	
3 Bed Flat High rise	£0	£0	£0	£0	£0	
4 Bed + Flat High rise	£0	£0	£0	£0	£0	
2 Bed House	£189,000	£0	£0	£0	£0	
3 Bed House	£321,375	£0	£0	£0	£0	
4 Bed + House	£292,000	£0	£0	£0	£0	
Total Revenue £	£6,188,000	£0	£0	£0	£0	£6,188,000
Net Area (sq m)	2,228	-	-	-	-	2,228
Revenue (£ / sq m)	£2,777	-	-	-	-	-

CAPITAL VALUE OF OPEN MARKET SALES**£6,188,000**

Capital Value of Private Rental

Phase 1	£0
Phase 2	£0
Phase 3	£0
Phase 4	£0
Phase 5	£0
Total PR	£0

CAPITAL VALUE OF OPEN MARKET HOUSING**BUILD COST OF OPEN MARKET HOUSING inc Contingency****£2,582,734** £ 1,108 psqm**£6,188,000**

£ 2,656 psqm

CONTRIBUTION TO SCHEME COSTS FROM OPEN MARKET HOUSING**£3,605,266****AH Residential Values****AH & RENTAL VALUATION BASED ON CAPITAL VALUES for RESIDUAL VALUATION**

Type of Unit	Social Rented	Shared Ownership (all phases)	Affordable Rent (all phases)	Total
1 Bed Flat Low rise				
2 Bed Flat Low rise				
3 Bed Flat Low rise				
4 Bed + Flat Low rise				
1 Bed Flat High rise				
2 Bed Flat High rise				
3 Bed Flat High rise				
4 Bed + Flat High rise				
2 Bed House		£337,299	£522,060	£859,359
3 Bed House				
4 Bed + House				
	£0	£337,299	£522,060	£859,359

£ psqm of CV (phase 1) - 1,491 1,647

CAPITAL VALUE OF ALL AFFORDABLE HOUSING (EXCLUDING OTHER FUNDING)**£859,359**

RP Cross Subsidy (use of own assets)

£0

LA s106 commuted in lieu

£0

RP Re-cycled SHG

£0

Use of AR rent conversion income

£0

Other source of AH funding

£0

OTHER SOURCES OF AFFORDABLE HOUSING FUNDING**£0****CAPITAL VALUE OF ALL AFFORDABLE HOUSING (INCLUDING OTHER FUNDING)****£859,359****BUILD COST OF AFFORDABLE HOUSING inc Contingency****£544,248** £ 1,043 psqm**CONTRIBUTION TO SCHEME COSTS FROM AFFORDABLE HOUSING****£315,111**

Car Parking

No. of Spaces	Price per Space (£)	Value
-	-	£0

Value of Residential Car Parking		£0
Car Parking Build Costs	£0	

Ground rent

	Capitalised annual ground rent	
Social Rented	£0	
Shared Ownership	£0	
Affordable Rent	£0	
Open market (all phases)	£27,000	
Capitalised Annual Ground Rents		£27,000

TOTAL CAPITAL VALUE OF RESIDENTIAL SCHEME		£7,074,359
TOTAL BUILD COST OF RESIDENTIAL SCHEME	£3,126,982	
TOTAL CONTRIBUTION OF RESIDENTIAL SCHEME		£3,947,377

Non-Residential

	Cost	Values
Food Store	£1,593,998	£2,764,135
Retail	£830,886	£1,346,369
Care Home	£5,117,578	£6,251,511
Public House	£1,308,360	£1,131,747
Nursery	£819,612	£802,449
Community Infrastructure Levy	£0	

CAPITAL VALUE OF NON-RESIDENTIAL SCHEME		£12,296,211
COSTS OF NON-RESIDENTIAL SCHEME	£9,670,433	
CONTRIBUTION TO SCHEME COSTS FROM NON-RESIDENTIAL		£2,625,777

GROSS DEVELOPMENT VALUE OF SCHEME		£19,370,570
TOTAL BUILD COSTS	£12,797,415	
TOTAL CONTRIBUTION TO SCHEME COSTS		£6,573,155

External Works & Infrastructure Costs (£)

		Per unit	
Site Preparation/Demolition	£0		
Roads and Sewers	£100,000	2,941	
Services (Power, Water, Gas, Telco and IT)	£0		
Strategic Landscaping	£125,000	3,676	
Off Site Works	£0		
Public Open Space	£125,000	3,676	
Site Specific Sustainability Initiatives	£0		
Plot specific external works	£0		
Other 1	£320,000	9,412	Car Parking Space
Other 2	£0		
	£670,000		

Other site costs

Fees and certification	7.0%	£218,889	6,438
Other Acquisition Costs (£)		£0	

Site Abnormals (£)

De-canting tenants	£0	
Decontamination	£0	
Other	£778,000	22,882
Other 2	£0	
Other 3	£0	
Other 4	£0	
Other 5	£0	
	£778,000	

Total Site Costs inc Fees	£1,666,889	49,026
----------------------------------	-------------------	--------

Statutory 106 Costs (£)

Education	£0	
Sport & Recreation	£0	
Social Infrastructure	£0	
Public Realm	£0	
Affordable Housing	£0	
Transport	£0	
Highway	£0	
Health	£0	
Public Art	£0	
Flood work	£0	
Community Infrastructure Levy	£0	
Other Tariff	£0	
S.106 Contributions (Residential)	£511,500	15,044
S.106 Contributions (Care Home)	£58,000	1,706
S.106 Contributions (Carbon Offset)	£11,400	335
Other 4	£0	

Statutory 106 costs	£580,900	17,085
----------------------------	-----------------	--------

Marketing (Open Market Housing ONLY)

Sales/letting Fees	2.0%	£123,760	per OM unit	4,760
Legal Fees (per Open Market unit):		£1,000	£26,000	1,000

Marketing (Affordable Housing)

Developer cost of sale to RP (£)			per affordable unit	£0
RP purchase costs (£)				£0
Intermediate Housing Sales and Marketing (£)				£0

Total Marketing Costs £149,760

Total Direct Costs £15,194,964

Finance and acquisition costs

Land Payment	£595,000			
Arrangement Fee	£0	22,885 per OM home		247,917 per hectare
Misc Fees (Surveyors etc)	£0	0.0% of interest		
Agents Fees	£5,950	0.00% of scheme value		
Legal Fees	£4,463			
Stamp Duty	£23,800			
Total Interest Paid	£741,067			

Total Finance and Acquisition Costs £1,370,280

Developer's return for risk and profit**Residential**

Market Housing Return (inc OH) on Valt	15.0%	£928,200	35,700 per OM unit	
Affordable Housing Return on Cost	6.0%	£32,655	4,082 per affordable unit	
Return on sale of Private Rent	0.0%	£0	#DIV/0! per PR unit	

Non-residential

Office	£414,620			
Retail	£201,955			
Industrial	£937,727			
Leisure	£169,762			
Community-use	£120,367	£1,844,432		

Total Operating Profit £2,805,286

(i.e. profit after deducting sales and site specific finance costs but before deducting developer overheads and taxation)

TOTAL COST £19,370,530

Surplus/(Deficit) at completion 1/2/2018 £40

Present Value of Surplus (Deficit) at 26/10/2015 £35

Scheme Investment MIRR 9.0% (before Developer's returns and interest to avoid double counting returns)

Site Value as a Percentage of Total Scheme Value 3.1% Peak Cash Requirement -£14,394,729

Site Value per hectare £17 per hectare £7 per acre