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## **Review of 'Affordable Housing Viability Assessment'**

**16 – 18 Oatlands Drive, Weybridge, KT13 9JL**

**FINAL REPORT**

Prepared for  
Elmbridge Borough Council

June 2023

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# 1 Introduction and Terms of Reference

Elmbridge Borough Council (“the Council”) has commissioned BNP Paribas Real Estate to advise on a ‘Financial Viability Appraisal’ dated 12 December 2022 submitted by S106 Management on behalf of The Ridge (Oatlands) LLP (“the Applicant”) in relation to development proposals at 16 – 18 Oatlands Drive, Weybridge, KT13 9JL.

The development comprises the demolition of the existing buildings and construction of 33 Apartments.

This report provides an objective review of the Applicant’s viability assessment in order to advise the Council whether the Applicant’s contention that the scheme cannot support any affordable housing is correct.

## 1.1 BNP Paribas Real Estate

BNP Paribas Real Estate is a leading firm of chartered surveyors, town planning and international property consultants. The practice offers an integrated service from nine offices in eight cities within the United Kingdom and over 180 offices, across 37 countries in Europe, Middle East, India and the United States of America, including 16 wholly owned and 21 alliances. In 2005, the firm expanded through the acquisition of eight offices of Chesterton and in 2007, the firm acquired the business of Fuller Peiser. We are a wholly owned subsidiary of BNP Paribas, which is the number one bank in France, the second largest bank in the Euro Zone and one of only six top rated banks worldwide.

BNP Paribas Real Estate has a wide-ranging client base, acting for international companies and individuals, banks and financial institutions, private companies, public sector corporations, government departments, local authorities and registered providers (“RPs”).

The full range of property services includes:

- Planning and development consultancy;
- Affordable housing consultancy;
- Valuation and real estate appraisal;
- Property investment;
- Agency and Brokerage;
- Property management;
- Building and project consultancy; and
- Corporate real estate consultancy.

This report has been prepared by Jamie Purvis MRICS, RICS Registered Valuer and reviewed by Anthony Lee MRTPI, MRICS, RICS Registered Valuer.

The Development Viability Consultancy of BNP Paribas Real Estate advises landowners, developers, local authorities and RPs on the viability of developments and the provision of affordable housing.

Anthony Lee was a member of the working group which drafted guidance for planning authorities on viability, which was published by the Local Housing Delivery Group in June 2012 as ‘*Viability Testing Local Plans: Advice to Planning Practitioners*’. He was a member of MHCLG’s ‘Developer contributions expert panel’ which assisted in the drafting of the viability section of the 2019 Planning Practice Guidance. He is also a member of the Mayor of London’s Housing Delivery Taskforce expert panel.

In addition, we were retained by Homes England (‘HE’) advise on better management of procurement of affordable housing through planning obligations.

The firm has extensive experience of advising landowners, developers, local authorities and RPs on the value of affordable housing and economically and socially sustainable residential developments.

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## 1.2 Report Structure

This report is structured as follows:

**Section two** provides a brief description of the Development;

**Section three** describes the methodology that has been adopted;

**Section four** reviews the assumptions adopted by the Applicant, and where necessary, explains why alternative assumptions have been adopted in our appraisals;

**Section five** sets out the results of the appraisals;

**Section six**, we draw conclusions from the analysis;

Finally, in **section seven**, we set out our final conclusions.

## 1.3 The Status of our advice

In preparing this report and the supporting appraisals, we have given full regard to the RICS Guidance Note ('GN') 'Assessing viability in planning under the National Planning Policy Framework for England 2019' (first edition, March 2021). However, paragraph 2.2.3 of the GN acknowledges that statutory planning guidance takes precedence over RICS guidance. Conflicts may emerge between the GN and the PPG and/or other adopted development plan documents. In such circumstances, we have given more weight to the PPG and development plan documents.

In carrying out this assessment, we have acted with objectivity, impartiality, without interference and with reference to all appropriate available sources of information.

We are not aware of any conflicts of interest in relation to this assessment.

In preparing this report, no 'performance-related' or 'contingent' fees have been agreed.

This report is addressed to Elmbridge Borough Council only. No liability to any other party is accepted.

## 2 Development Description

### 2.1 Site Location and Description

The application site extends to approximately 0.35 hectares and is situated to the northern end of Oatlands Drive within close proximity of Walton-on-Thames town centre. The site is occupied by 16 Oatlands Drive which is a detached 4 bedroom bungalow and 18 Oatlands Drive which is a 2 storey detached 6 bedroom house. To the north of the site lies 8-14 Oatlands Drive, a site which previously contained four individual dwellinghouses, which is currently being redeveloped to provide 51 units apartments. To the rear of the site on the northwest and western side, lies the Engine River, a branch of the Thames. The Engine River is located within the River Thames Policy Area, although the site itself falls outside of this designated area. Beyond the river is a green space known as Cowey Sale, which is designated Metropolitan Green Belt. Beyond this lies the River Thames, approximately 260m to the west of the site. The site is located in a predominantly residential area and Walton-on-Thames Railway Station is located c. 1 mile to the southeast of the site which provides links into London Waterloo in approximately 26 minutes.

### 2.2 Planning History

We have reviewed the Council's planning website and note that the site has not been subject to any planning applications that are relevant to this viability assessment.

### 2.3 The Proposed Development

The Applicant is seeking planning permission for the following:

*“Development of 2 detached blocks comprising 33 flats with new vehicular access, associated parking, cycle storage, refuse storage and amenity areas with hard and soft landscaping, and associated engineering and infrastructure works, following demolition of existing houses”.*

We summarise in Tables 2.3.1 and 2.3.2 the proposed accommodation.

**Table 2.3.1: Proposed Accommodation (Block A – Front Block)**

| Unit             | Beds | Floor Area (sq/ft) |
|------------------|------|--------------------|
| 1                | 3    | 1,158              |
| 2                | 2    | 856                |
| 3                | 1    | 604                |
| 4                | 2    | 856                |
| 5                | 3    | 1,158              |
| 6                | 1    | 604                |
| 7                | 2    | 856                |
| 8                | 2    | 856                |
| 9                | 2    | 800                |
| 10               | 2    | 856                |
| 11               | 2    | 856                |
| 12               | 1    | 604                |
| 13               | 2    | 1,045              |
| 14               | 2    | 800                |
| 15               | 2    | 1,045              |
| <b>Total/Avg</b> | -    | <b>12,949</b>      |

**Table 2.3.2: Proposed Accommodation (Block B)**

| Unit         | Beds | Floor Area (sq/ft) |
|--------------|------|--------------------|
| 1            | 2    | 876                |
| 2            | 2    | 974                |
| 3            | 2    | 974                |
| 4            | 2    | 1,013              |
| 5            | 2    | 856                |
| 6            | 2    | 876                |
| 7            | 2    | 856                |
| 8            | 2    | 856                |
| 9            | 2    | 876                |
| 10           | 2    | 856                |
| 11           | 2    | 856                |
| 12           | 2    | 1,067              |
| 13           | 2    | 856                |
| 14           | 2    | 856                |
| 15           | 2    | 876                |
| 16           | 2    | 1,045              |
| 17           | 2    | 1,067              |
| 18           | 2    | 1,045              |
| <b>Total</b> | -    | <b>16,675</b>      |

## 3 Methodology

The Applicant has submitted their appraisal using the HCA Economic Appraisal Toolkit ('HCAEAT').

We have used Argus to appraise the development proposals. Argus is a commercially available development appraisal package in widespread use throughout the industry. It has been accepted by a number of local planning authorities for the purpose of viability assessments and has also been accepted at planning appeals. Banks also consider Argus to be a reliable tool for secured lending valuations. Further details can be accessed at [www.argussoftware.com](http://www.argussoftware.com).

Argus is a cashflow-backed appraisal model, allowing the finance charges to be accurately calculated over the development/sales period. The difference between the total development value and total costs equates to either the profit (if the land cost has already been established) or the residual value. The model is normally set up to run over a development period from the date of the commencement of the project and is allowed to run until the project completion, when the development has been constructed and is occupied.

Essentially, such models all work on a similar basis:

- Firstly, the value of the completed development is assessed;
- Secondly, the development costs are calculated, using either the profit margin required or land costs (if, indeed, the land has already been purchased).

The difference between the total development value and total costs equates to either the profit (if the land cost has already been established) or the residual value.

The output of the appraisal is a Residual Land Value ('RLV'), which is then compared to an appropriate benchmark, typically the Existing Use Value ('EUV') of the site plus a site-specific landowner's premium, in line with the Planning Practice Guidance.

An Alternative Use Value ('AUV') may also constitute a reasonable benchmark figure where it is considered to be feasible in planning and commercial terms. Development convention and GLA guidance suggests that where a development proposal generates a RLV that is higher than the benchmark, it can be assessed as financially viable and likely to proceed. If the RLV generated by a development is lower than the benchmark, clearly a landowner would sell the site for existing or alternative use or might delay development until the RLV improves.

## 4 Review of Assumptions – March 2023

In this section, we review the assumptions adopted by the Applicant in their viability assessment.

### 4.1 Market Housing Revenue

The proposed market housing units generate revenue of c. £17.67m equating to a blended capital value of c. £596 per sq/ft. We summarise in Table 4.1.1 the Applicant's sales values.

**Table 4.1.1: Sales Values (Block A – Front Block)**

| Unit             | Beds | Floor Area (sq/ft) | Sale Price        | £PSF        |
|------------------|------|--------------------|-------------------|-------------|
| 1                | 3    | 1,158              | £600,000          | £518        |
| 2                | 2    | 856                | £530,000          | £619        |
| 3                | 1    | 604                | £410,000          | £679        |
| 4                | 2    | 856                | £530,000          | £619        |
| 5                | 3    | 1,158              | £600,000          | £518        |
| 6                | 1    | 604                | £410,000          | £679        |
| 7                | 2    | 856                | £530,000          | £619        |
| 8                | 2    | 856                | £530,000          | £619        |
| 9                | 2    | 800                | £525,000          | £656        |
| 10               | 2    | 856                | £530,000          | £619        |
| 11               | 2    | 856                | £530,000          | £619        |
| 12               | 1    | 604                | £410,000          | £679        |
| 13               | 2    | 1,045              | £575,000          | £550        |
| 14               | 2    | 800                | £525,000          | £656        |
| 15               | 2    | 1,045              | £575,000          | £550        |
| <b>Total/Avg</b> | -    | <b>12,949</b>      | <b>£7,810,000</b> | <b>£603</b> |

**Table 2.3.2: Sales Values (Block B – Rear Block)**

| Unit | Beds | Floor Area (sq/ft) | Sale Price | £PSF |
|------|------|--------------------|------------|------|
| 1    | 2    | 876                | £530,000   | £605 |
| 2    | 2    | 974                | £575,000   | £590 |
| 3    | 2    | 974                | £575,000   | £590 |
| 4    | 2    | 1,013              | £575,000   | £568 |
| 5    | 2    | 856                | £530,000   | £619 |
| 6    | 2    | 876                | £530,000   | £605 |
| 7    | 2    | 856                | £530,000   | £619 |
| 8    | 2    | 856                | £530,000   | £619 |
| 9    | 2    | 876                | £530,000   | £539 |
| 10   | 2    | 856                | £530,000   | £619 |
| 11   | 2    | 856                | £530,000   | £619 |
| 12   | 2    | 1,067              | £575,000   | £539 |

| Unit         | Beds | Floor Area (sq/ft) | Sale Price        | £PSF        |
|--------------|------|--------------------|-------------------|-------------|
| 13           | 2    | 856                | £530,000          | £619        |
| 14           | 2    | 856                | £530,000          | £619        |
| 15           | 2    | 876                | £530,000          | £605        |
| 16           | 2    | 1,045              | £575,000          | £550        |
| 17           | 2    | 1,067              | £575,000          | £539        |
| 18           | 2    | 1,045              | £575,000          | £550        |
| <b>Total</b> | -    | <b>16,675</b>      | <b>£9,855,000</b> | <b>£591</b> |

In support of the sales values, the Applicant has had regard to sales and asking prices of second hand flats and houses located within close proximity to the subject site. We summarise the Applicant's evidence base in the tables below.

**Table 4.1.2: Sales of Flats (within ½ mile of the subject site)**

| Date of Sale | Address                              | Unit Type | Floor Area (sq/ft) | Sale Price | £PSF | Additional Information                                    |
|--------------|--------------------------------------|-----------|--------------------|------------|------|---|
| Jun-22       | 8 Albany Court, Oatlands Drive       | -         | 1,023              | £527,500   | £516 | Top Floor Flat  |
| Jun-22       | 16 Wellington Close                  | 2 Bed     | 776                | £287,000   | £370 | Residents parking, balcony                                |
| Jun-22       | 15 Oakhill Gardens, Oatlands Drive   | 2 Bed     | 910                | £390,000   | £429 | Balcony, communal gardens, underground parking            |
| May-22       | 6 Chaseley Court, Oatlands Drive     | -         | 721                | £390,000   | £541 | Top Floor Flat  |
| Mar-22       | 2 Oakhill Gardens, Oatlands Drive    | 2 Bed     | 934                | £360,500   | £386 | Balcony, communal gardens                                 |
| Feb-22       | 4 Beckworth Place, 50 Oatlands Drive | -         | 1,216              | £480,000   | £395 | Mid-Floor Flat  |
| Feb-22       | 13 New Zealand Avenue                | 2 Bed     | 775                | £368,000   | £475 | Private rear garden with out-building and separate garage |
| Dec-21       | 3 Beckworth Place, 50 Oatlands Drive | -         | 1,184              | £510,000   | £431 | Mid-Floor Flat  |

**Table 4.1.3: Asking Prices (within ½ mile of the subject site)**

| Address                                     | Unit Type | Floor Area (sq/ft) | Asking Price | £PSF | Additional Information  |
|---|-----------|--------------------|--------------|------|---|
| The Heart, Walton-on-Thames                 | 2 Bed     | 823                | £375,000     | £456 | Communal gardens, balcony, underground parking                  |
| Swan Walk, Shepperton                       | 2 Bed     | 689                | £485,000     | £704 | Gated riverside development, balcony, parking and guest parking |
| The Heart, Walton-on-Thames                 | 2 Bed     | 798                | £395,000     | £495 | Communal gardens, balcony, underground parking                  |
| Gothic House, Ashley Road, Walton-on-Thames | 2 Bed     | 807                | £335,000     | £415 | Ground floor, garage and residents parking                      |

| Address                         | Unit Type | Floor Area (sq/ft) | Asking Price | £PSF | Additional Information                                    |
|---------------------------------|-----------|--------------------|--------------|------|---|
| Bridge Street, Walton-on-Thames | 1 Bed     | 506                | £250,000     | £494 | Gated development, allocated parking and communal gardens |
| The Heart, Walton-on-Thames     | 2 Bed     | 840                | £385,000     | £458 | Balcony, Underground parking                              |
| Bridge Street                   | 2 Bed     | 690                | £399,950     | £580 | Allocated parking   |
| The Heart, Walton-on-Thames     | 2 Bed     | 861                | £425,000     | £494 | Communal gardens, balcony, underground parking            |
| Treglos Court, Oatlands Drive   | 3 Bed     | 1,170              | £600,000     | £513 | Balcony, underground parking, far reaching views          |

The Applicant has also had regard to the following new build asking prices located within 3 miles of the site.

**Table 4.1.4: New Build Asking Prices (within 3 miles of the subject site)**

| Scheme                                    | Unit Type | Floor Area (sq/ft) | Asking Price | £PSF |
|---|-----------|--------------------|--------------|------|
| St Georges Heights, Claremont Lane, Esher | 2 Bed     | 861                | £699,950     | £813 |
| 30 Queens Road, Weybridge                 | 3 Bed     | 1,345              | £845,000     | £628 |
| London Square, Walton-on-Thames           | 1 Bed     | 517                | £360,000     | £693 |
| Landmark Court, 30 Queens Road, Weybridge | 2 Bed     | 1,085              | £700,000     | £645 |
| Baker Street, Weybridge                   | 2 Bed     | 650                | £385,000     | £592 |
| Churchfield Road, Walton-on-Thames        | 1 Bed     | 363                | £224,500     | £618 |
| Queens Road, Weybridge                    | 3 Bed     | 1,509              | £1,250,000   | £828 |

We have considered the Applicant's evidence base and we have undertaken our own research and we summarise in Table 4.1.5 current asking prices from Riverside Gardens which is located adjacent to the subject site (8-14 Oatlands Drive).

**Table 4.1.5: New Build Asking Prices (Riverside Gardens)**

| Unit Type | Plot Number | Floor Area (sq/ft) | Asking Price | £PSF | Additional Information  |
|-----------|-------------|--------------------|--------------|------|---|
| 1 Bed     | 1           | 475                | £350,000     | £737 | Located in Skylark House, ground floor, front garden views.                         |
| 1 Bed     | 44          | 551                | £405,000     | £735 | Located in Kingfisher View, view of car park, ground floor                          |
| 1 Bed     | 43          | 609                | £450,000     | £739 | Located in Kingfisher View, ground floor, view of garden/river                      |
| 2 Bed     | 9           | 681                | £450,000     | £661 | Located in Skylark House, 1 <sup>st</sup> floor, view of rear garden/river, balcony |
| 2 Bed     | 18          | 739                | £475,000     | £643 | Located in Goldfinch House, 1 <sup>st</sup> floor, view of front garden             |
| 2 Bed     | 22          | 842                | £500,000     | £594 | Located in Goldfinch House, 1 <sup>st</sup> floor, view of front garden             |
| 2 Bed     | 23          | 892                | £525,000     | £589 | Located in Goldfinch House, 1 <sup>st</sup> floor, view of front garden             |

| Unit Type | Plot Number | Floor Area (sq/ft) | Asking Price | £PSF | Additional Information  |
|-----------|-------------|--------------------|--------------|------|---|
| 2 Bed     | 47          | 842                | £615,000     | £730 | Located in Kingfisher View, 1 <sup>st</sup> floor, view of garden/river |
| 2 Bed     | 42          | 842                | £615,000     | £730 | Located in Kingfisher View, ground floor, view of garden/river          |
| 2 Bed     | 39          | 994                | £725,000     | £729 | Located in Kingfisher View, ground floor, view of rear garden/river     |
| 2 Bed     | 27          | 994                | £725,000     | £729 | Located in Swan View, Terrace, view of rear garden/river                |
| 3 Bed     | 26          | 1,339              | £975,000     | £728 | Located in Swan View, ground floor, view of garden/river                |
| 3 Bed     | 40          | 1,339              | £975,000     | £728 | Located in Kingfisher View, ground floor, view of rear garden/river     |

We have reviewed the Applicant's sales values in line with the current asking prices at Riverside Gardens and we do not consider that the values for Block A are unreasonable. However, we have adjusted the value of the Block A 3 bed units and adjusted the Applicant's sales values for Block B where units have the benefit of garden/river views. We have taken into consideration that the asking prices at Riverside Gardens may be discounted in order to achieve sales.

**Table 4.1.7: BNPPRE Sales Values (Block A – Front Block)**

| Unit             | Beds | Floor Area (sq/ft) | Sale Price        | £PSF        |
|------------------|------|--------------------|-------------------|-------------|
| 1                | 3    | 1,158              | £600,000          | £518        |
| 2                | 2    | 856                | £530,000          | £619        |
| 3                | 1    | 604                | £410,000          | £679        |
| 4                | 2    | 856                | £530,000          | £619        |
| 5                | 3    | 1,158              | £750,000          | £648        |
| 6                | 1    | 604                | £410,000          | £679        |
| 7                | 2    | 856                | £530,000          | £619        |
| 8                | 2    | 856                | £530,000          | £619        |
| 9                | 2    | 800                | £525,000          | £656        |
| 10               | 2    | 856                | £530,000          | £619        |
| 11               | 2    | 856                | £530,000          | £619        |
| 12               | 1    | 604                | £410,000          | £679        |
| 13               | 2    | 1,045              | £575,000          | £550        |
| 14               | 2    | 800                | £525,000          | £656        |
| 15               | 2    | 1,045              | £575,000          | £550        |
| <b>Total/Avg</b> | -    | <b>12,949</b>      | <b>£7,960,000</b> | <b>£615</b> |

**Table 4.1.8: BNPPRE Sales Values (Block B – Rear Block)**

| Unit | Beds | Floor Area (sq/ft) | Sale Price | £PSF |
|------|------|--------------------|------------|------|
| 1    | 2    | 876                | £530,000   | £605 |
| 2    | 2    | 974                | £575,000   | £590 |

| Unit         | Beds | Floor Area (sq/ft) | Sale Price         |             |
|--------------|------|--------------------|--------------------|-------------|
| 3            | 2    | 974                | £575,000           | £590        |
| 4            | 2    | 1,013              | £575,000           | £568        |
| 5            | 2    | 856                | £600,000           | £701        |
| 6            | 2    | 876                | £600,000           | £685        |
| 7            | 2    | 856                | £530,000           | £619        |
| 8            | 2    | 856                | £605,000           | £707        |
| 9            | 2    | 876                | £605,000           | £685        |
| 10           | 2    | 856                | £605,000           | £707        |
| 11           | 2    | 856                | £530,000           | £619        |
| 12           | 2    | 1,067              | £575,000           | £539        |
| 13           | 2    | 856                | £530,000           | £619        |
| 14           | 2    | 856                | £605,000           | £619        |
| 15           | 2    | 876                | £610,000           | £605        |
| 16           | 2    | 1,045              | £710,000           | £550        |
| 17           | 2    | 1,067              | £600,000           | £562        |
| 18           | 2    | 1,045              | £710,000           | £679        |
| <b>Total</b> | -    | <b>16,675</b>      | <b>£10,665,000</b> | <b>£640</b> |

In summary, our adopted sales values generate a total revenue of c. £18.63m equating to a blended capital value per sq/ft of £629.

## 4.2 Construction Costs

The proposed scheme base construction costs total c. £7.58m equating to a cost rate of c. £209 per sq/ft. The Applicant has also adopted an abnormal cost allowance totalling c. £1.01m to reflect costs for undercroft parking, external works and incoming services. In total the scheme costs are c. £8.59m (c. £236 per sq/ft) and in support of the costs the Applicant has submitted a cost report prepared by David R Parker MRICS.

The Council has instructed Savile Brown to review the Applicant's costs and we attach as Appendix 1 a copy of the cost review. In summary, Savile Brown have assessed the proposed scheme costs at c. £7.89m (c. £266 per sq/ft).

## 4.3 Construction Cost Contingency

The Applicant has adopted a construction cost contingency of 8% and we consider that this is excessive and we have adopted a contingency of 5%.

## 4.4 Professional Fees

The Applicant has adopted a professional fees allowance of 10% and we do not consider that this is an unreasonable assumption for this type of development.

## 4.5 Sales, Marketing & Legal Fees

The Applicant has adopted a sales agent and marketing fee of 3% and a sales legal fee of £1,000 per unit and we do not consider that this is an unreasonable assumption.

#### **4.6 Community Infrastructure Levy ('CIL')**

The Applicant has adopted a cost of £417,760 to reflect CIL and we would welcome confirmation from the Council that this assumption is correct.

#### **4.7 Developer's Profit**

The Applicant's viability assessment adopts a profit return of 20% on value for the market housing units.

We have recently experienced a range from 17% to 20% of GDV when considering developments in the southeast of England. We have taken into account the uncertainty that is now apparent after the United Kingdom's departure from the European Union and the potential risks associated with our future trading relationships with other countries, in addition to the risks associated with the Proposed Development. We have also taken into account the outbreak of the Novel Coronavirus (Covid-19) declared by the World Health Organisation as a "Global Pandemic" on 1 March 2020 and the emergence of new strains of the virus. We have also taken into account the war in Ukraine, global commodities inflation and current supply chain issues. Our assessment of profit is based upon the perceived risks associated with the Proposed Development. We therefore consider a profit level of 17.5% of revenue for the market housing units to be appropriate for the scheme.

#### **4.8 Project Programme**

The Applicant has adopted a 24 month construction programme with sales occurring between months 20 and 28. However, the Applicant's cost plan states that costs are based upon an 18 month construction duration. We have therefore adopted an 18 month construction duration assuming that sales commence at practical completion (40% off-plan sales) followed by a 5 month post practical completion sales programme.

#### **4.9 Finance**

The Applicant's appraisal adopts an 8% finance rate. We consider that the finance rate falls outside of current lending requirements and we have adopted an all-inclusive finance rate of 7.5%. Although a bank would not provide 100% of the funding required for the proposed Development, it is conventional to assume finance on all costs in order to reflect the opportunity cost (or in some cases the actual cost) of committing equity to the project.

#### **4.10 Acquisition Costs**

The Applicant has adopted a site acquisition cost of £530,000 to reflect SDLT and legal fees for purchasing the existing dwellings. It is unclear why the Applicant has adopted this cost in the appraisal as the appraisal is set up to generate a residual land value for the proposed scheme which is then compared against the site value benchmark. We have therefore disregarded this cost in our appraisal.

## 5 Appraisal Outputs – March 2023

In this section, we consider the outputs of the appraisals and the implications for the provision of affordable housing at the proposed development and review the benchmark land value.

### 5.1 Viability Benchmark Site Value

The Applicant has adopted a site value of £4.10m based upon the value of the existing dwellings. In support of the site value benchmark the Applicant has had regard to sales of detached houses located within 0.5 miles of the Site ranging in size from 926 sq/ft (2 bed, £0.64m) to 7,071 sq/ft (5 beds, £3.52m). The sales generate a blended capital value per sq/ft of c. £638 and the Applicant has applied this value to the subject properties combined floor area of 6,428 sq/ft. The Applicant has not provided a breakdown of the floor areas of each of the houses or indeed stated how many bedrooms each house has.

We have had regard to the planning application documents and we set out in Table 5.1.1 the existing dwellings and their floor areas/bedrooms.

**Table 5.1.1: Existing Dwellings**

| Property          | Unit Type         | Bedrooms | Floor Area (sq/ft) |
|-------------------|-------------------|----------|--------------------|
| 16 Oatlands Drive | Detached Bungalow | 4        | 2,562              |
| 18 Oatlands Drive | Detached House    | 6        | 3,864              |
| <b>Total</b>      | -                 | -        | <b>6,426</b>       |

We have reviewed the Applicant's evidence base and we have also undertaken our own research and we summarise the sales evidence we have had regard to in Table 5.1.2.

**Table 5.1.2: BNPPRE Sales Evidence**

| Address           | Unit Type | Beds | Date   | Floor Area (sq/ft) | Sale Price | £PSF |
|-------------------|-----------|------|--------|--------------------|------------|------|
| 84 Oatlands Drive | Detached  | 4    | Oct-22 | 2,433              | £1,485,000 | £610 |
| 71 Oatlands Drive | Detached  | 6    | Oct-22 | 4,387              | £2,450,000 | £764 |
| 51 Oatlands Drive | Detached  | 5    | Aug-22 | 2,691              | £1,250,000 | £465 |
| 33 Oatlands Drive | Detached  | 4    | Jun-22 | 2,583              | £1,500,000 | £581 |
| 1a Oatlands Drive | Detached  | 4    | Jun-22 | 2,939              | £1,500,000 | £510 |
| 12 Oatlands Drive | Detached  | -    | Dec-21 | -                  | £1,286,250 | -    |
| 41 Oatlands Drive | Detached  | 4    | Sep-21 | 2,400              | £1,280,000 | £533 |
| 11 Oatlands Drive | Detached  | 6    | Jun-21 | 3,359              | £1,650,000 | £491 |
| 20a Ashley Close  | Detached  | 6    | Jun-21 | 4,257              | £1,675,000 | £393 |
| 13 Oatlands Drive | Detached  | 4    | Mar-21 | 2,551              | £1,546,000 | £606 |
| 57 Oatlands Drive | Detached  | 5    | Mar-21 | 2,690              | £1,200,000 | £446 |

We have reviewed the available evidence base and we have adopted the following values for the existing houses.

**Table 5.1.3: BNPPRE Site Value Benchmark**

| Property          | Bedrooms | Floor Area (sq/ft) | Sale Price        | £PSF        |
|-------------------|----------|--------------------|-------------------|-------------|
| 16 Oatlands Drive | 4        | 2,562              | £1,300,000        | £507        |
| 18 Oatlands Drive | 6        | 3,864              | £1,950,000        | £505        |
| <b>Total</b>      | -        | <b>6,426</b>       | <b>£3,250,000</b> | <b>£506</b> |

## 5.2 Appraisal Results

We tabulate below the results of the Applicant's viability assessment.

**Table 5.2.1: Applicant's Appraisal Results**

| Proposed Scheme Residual Land Value | Benchmark Site Value | Surplus/Deficit |
|-------------------------------------|----------------------|-----------------|
| c. £1.32m                           | c. £4.10m            | c. - £2.78m     |

In summary, the Applicant's proposed scheme generates a deficit of c. £2.78m.

We summarise in the table below our appraisal results.

**Table 5.2.2: BNPPRE Appraisal Results**

| Proposed Scheme Residual Land Value | Benchmark Site Value | Surplus/Deficit |
|-------------------------------------|----------------------|-----------------|
| c. £3.88m                           | c. £3.25m            | c. £0.63m       |

In summary, our proposed scheme appraisal generates a residual land value of c. £3.88m and when benchmarked against a site value of c. £3.25m the proposed scheme generates a surplus of c. £0.63m.

## 5.3 Sensitivity Analysis

We have also undertaken a sensitivity analysis, which demonstrates scheme performance in the event that sales values and costs change. We summarise the results of this analysis in Table 5.3.1.

**Table 5.3.1: Sensitivity Analysis**

| Construction Costs | Sales values |            |                   |            |            |
|--------------------|--------------|------------|-------------------|------------|------------|
|                    | -10%         | -5%        | 0.00%             | +5%        | +10%       |
| -10%               | £3,453,207   | £4,058,440 | £4,663,672        | £5,268,905 | £5,874,137 |
| -5%                | £3,061,019   | £3,666,252 | £4,271,484        | £4,876,717 | £5,481,949 |
| 0%                 | £2,668,831   | £3,274,064 | <b>£3,879,296</b> | £4,484,529 | £5,089,761 |
| +5%                | £2,276,643   | £2,881,876 | £3,487,108        | £4,092,341 | £4,697,573 |
| +10%               | £1,884,455   | £2,489,688 | £3,094,920        | £3,700,153 | £4,305,385 |

## 6 Conclusion – March 2023

We have reviewed the Applicant's viability assessment, which seeks to demonstrate that the scheme cannot support a payment towards affordable housing as the scheme generates a deficit of c. £2.78m.

We have undertaken our own assessment of the scheme and our assessment generates a surplus of c. £0.63m that can be paid towards affordable housing.

## 7 Final Conclusion – June 2023

Since issuing our draft report in March 2023 the Applicant has submitted a rebuttal dated 28 April 2023. We set out our comments regarding points of outstanding points of disagreement under the headed sections below.

### 7.1 Construction Costs

The Applicant has submitted a response to the Savile Brown cost review. Savile Brown have reviewed the response and they have increased their cost assessment to c. £8.02m. We summarise in Table 7.1.1 their revised position.

**Table 7.1.1: Savile Brown Revised Cost Assessment**

| Cost Heading                | Current Position  |
|-----------------------------|---|
| Demolition (2.02)           | Assessment of Cost Maintained                               |
| Flat Roofs (2.03)           | Reduction of £22,360  |
| Block Walls (2.04)          | Assessment of Cost Maintained                               |
| Joinery (2.05)              | Assessment of Cost Maintained                               |
| Wall Tiling (2.06)          | Assessment of Cost Maintained                               |
| Sanitaryware                | Additional cost of £150,000 adopted                         |
| Overheads and Profit (2.08) | No reduction apart from 10% on flat roof deduction (£2,240) |
| <b>Total Increase</b>       | <b>£125,400 (new cost assessment total £8,015,313)</b>      |

### 7.2 Sales Legal Fees

We have amended our appraisal to reflect a sales legal fee of £1,000 per unit.

### 7.3 Finance Rate

We have maintained a finance rate of 7.5% as this was adopted in our March 2023 assessment, however, we highlight that we are currently adopting a finance rate of 7% in our appraisals.

### 7.4 Profit

The Applicant has referred to paragraph 008 of the Viability section of the NPPG which states:

*“Where a viability assessment is submitted to accompany a planning application this should be based upon and refer back to the viability assessment that informed the plan; and the Applicant should provide evidence on what has changed since then”.*

The Applicant has also provided the following statement:

*“Appeal reference APP/V5570/W/20/3250203 para 24 explicitly notes that the approach of adopting a profit margin in line with the assumption underlying the local plan evidence base is accepted by Inspectors as appropriate. This therefore represents the starting point for any discussion of profit, and any adjustments must be fully explained based on the specific circumstances of the development.*

*BNP have adopted a 17.5% return in their appraisal. They refer primarily to their perceived risks associated with the proposed development.*

*Given the wider risk environment, with the previously noted projections of considerable house price contraction, rising finance costs and build cost inflation, all of which have been treated reasonably conservatively in the current appraisal, with a contingency below inflation included, our assessment is*

that 17.5% is a conservative assessment in light of the starting point of the local plan viability study. However, in light of the forgoing we consider an input in excess of 20% to be appropriate”.

In support of a profit of 20%, the Applicant has referred to the Elmbridge CIL Viability Study (2011). However, the NPPG stipulates that the evidence base that informs the Local Plan should be considered and we highlight that the CIL study does not inform the Local Plan.

We note that the Council are currently preparing their new Local Plan and we highlight that the Council’s ‘Local Plan & Community Infrastructure Levy Scoping Viability Assessment’ dated May 2022 prepared by Dixon Searle adopts a profit of 17.5% on value for market housing units. Whilst Dixon Searle have adopted a profit of 17.5%, we have also taken into consideration the risks of the proposed scheme which sits at the mid-point of the profit range in the NPPG and we have maintained a profit of 17.5%.

## 7.5 Site Value

The Applicant has provided details of 2 bungalows that sold on Oatlands Drive in 2018 for £910,000 (26 Oatlands Drive, 1660 sq/ft) and 2020 for £710,000 (37 Oatlands Drive, 1155 sq/ft). The Applicant has indexed the values to reflect current day values in which 26 Oatlands Drive is c. £1.09m and 37 Oatlands Drive is c. £0.82m.

The Applicant has provided the following statement:

*“Given the existing detached bungalow at 16 Oatlands Drive is significantly larger at 2,562 SQ FT, we believe the value of £1.3m (£507.41/SQFT) to be undervaluing the property. Therefore, we suggest a figure of £1.5m (£585.48/SQFT), as it is of similar sizeto some of the other comparables provided by BNP at 33 & 13 Oatlands Drive”.*

As a result, the Applicant has adopted a value for the subject Bungalow of £1.5m and when combined with a value of £1.95m for 18 Oatlands Drive the Applicant’s total value for the houses is £3.45m. They have applied a 20% land owner premium which correlates to a total value of c. £4.14m.

We have re-reviewed the available evidence base and we do not consider that a revised value of £1.5m for the Bungalow is unreasonable. We have therefore adopted a site value of £3.45m. We have not adopted a landowner’s premium as residential dwellings trade at market value and not existing use value.

## 7.6 Final Appraisal Results

We tabulate below the results of the Applicant’s updated viability assessment.

**Table 7.6.1: Applicant’s Updated Appraisal Results**

| Proposed Scheme Residual Land Value | Benchmark Site Value | Surplus/Deficit |
|-------------------------------------|----------------------|-----------------|
| c. £2.46m                           | c. £4.14m            | c. - £1.68m     |

In summary, the Applicant’s proposed scheme generates a deficit of c. £1.68m.

We summarise in the table below our appraisal results.

**Table 7.6.2: BNPPRE Appraisal Results**

| Proposed Scheme Residual Land Value | Benchmark Site Value | Surplus/Deficit |
|-------------------------------------|----------------------|-----------------|
| c. £3.73m                           | c. £3.45m            | c. £0.28m       |

In summary, our proposed scheme appraisal generates a residual land value of c. £3.73m and when benchmarked against a site value of c. £3.45m the proposed scheme generates a surplus of

c. £0.28m. Consequently, the proposed scheme can support a payment of c. £0.28m towards affordable housing.

Whilst the scheme based on the Savile Brown cost assessment can support a payment of c. £0.28m, we have also undertaken an assessment of the scheme on the basis of splitting the difference between the Applicant's costs and the Savile Brown costs. We summarise this scenario in Table 7.6.3.

**Table 7.6.3: Appraisal Results (Difference in Costs Split)**

| Proposed Scheme Residual Land Value | Benchmark Site Value | Surplus/Deficit |
|-------------------------------------|----------------------|-----------------|
| c. £3.41m                           | c. £3.45m            | c. - £0.04m     |

In summary, when a construction cost of c. £8.33m is adopted in the appraisal the scheme generates a deficit of c. £0.04m. Consequently, in this scenario the scheme cannot support a payment towards affordable housing.

## Appendix 1 - Construction Cost Review



# SAVILE BROWN

ASSOCIATES

BNP Paribas

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CLIENT:

21 March 2023

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DATE:

Cost Estimate Review

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DOCUMENT TITLE:

Rev 00

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VERSION:

16-18 Oatlands Drive,  
Weybridge, Surrey, KT13 9JL

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# 1. Executive Summary

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- 1.1 The cost information provided is the Budget Costing Exercise prepared by David R Parker This report has been prepared in accordance with latest published guidance including the recently published RICS professional statement 'Financial viability in planning: conduct and reporting' 1st Edition May 2019.
- 1.2 The works comprise of the demolition of existing buildings, site clearance and the construction of a new residential development consisting of 2 Nr Blocks of residential apartments comprising 33nr apartments and under croft car parking.
- 1.3 The contract cost estimate totals **£8,678,600**, the gross Internal area is assumed to total 29,611/sqft to £293/sqft. (Note appendix A figure may vary due to rounding)
- 1.4 Following a review of the information provided, SBA's cost analysis recommendation has resulted in a potential saving of around **£787,638**. The revised total project cost is **£7,889,913** this converts to £2,867/sqm or £266/sqft.
- 1.5 The information contained within this report is confidential to all parties involved and may not be relied upon by any third party or used for any other purposes.
- 1.6 We confirmed we have acted with objectivity, impartially, without interference and believe we have sourced appropriate available information.
- 1.7 We have acted in accordance with our instruction from BNP Paribas and that no performance or contingent fees have been agreed.
- 1.8 We confirm we have no conflict or that a risk of conflict exists.
- 1.9 We confirm we have acted with objectivity, impartially, without interference and believe we have sourced appropriate available information.

We have acted in accordance with our instruction from BNP Paribas and that no performance or contingent fees have been agreed.

We confirm we have no conflict or that a risk of conflict exists.

## 2. Summary

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- 2.1 Savile Brown Associates (SBA) have been appointed to carry out an independent review of all costs from David R Parker on 16-18 Oatlands Drive, Weybridge, Surrey, KT13 9JL.
- 2.2 This review is largely based upon areas given within and £/sqm analysis. It has been assumed that all quantities have been measured within accordance of the RICS code of measurement practice 6th edition.
- 2.3 We have carried out a review of the cost plan based on similar projects. When benchmarking rates against other projects we have taken care to ensure that rates are adjusted to take account for variances in the dates of estimate, location, and the type of development.
- 2.4 It should also be understood that there is a potential for variance due to the early information.
- 2.5 We confirm that the information provided is adequate for this exercise, however specifications and a further description would help provide us further context.

### 3. Cost Estimate Commentary

---

#### Demolitions

- 3.1 Allowance of 60k has been lowered to 40k following review of the current site condition from google maps. **Potential saving of 20k**

#### Foundations

- 3.2 The rates included for foundations seem fair and reasonable and in line with current benchmarks.

#### Frame

- 3.3 The rates included for frame seem fair and reasonable and in line with current benchmarks.

#### External Walls

- 3.4 The rates seem to be reasonable and in line with benchmarking.

#### Roofs

- 3.5 Flat roof rates adjusted in line with benchmarking (£210m/2) - Green Roof (£114m/2) potential saving of **£22,360.00**.

#### Internal Walls

- 3.6 Blockwork walls adjusted in line with similar schemes to £120m2 resulting in a potential saving of **£61,440.00**.

## **Joinery**

- 3.7 Allowance for kitchen supply and install has been lowered in line with the scope new figure being £7.5k per kitchen, potential saving of **£148,500.00**.

## **Wall Finishes**

- 3.8 Supply and installation of tiling allowance has been adjusted £50m2 resulting in a potential saving of **£33,050.00**.

## **Sanitaryware**

- 3.9 SBA have adjusted the allowance for sanitaryware supply and install to align with the scope of the project, and allowance of £5k per bathroom would be sufficient resulting in a saving of **£229,000.00**.

## **Cost Plan – Project on Costs**

- 3.10 The percentage for OH&P is high at 10% this has been adjusted in line with benchmarking to 7% resulting in savings across the project.

## 4. Conclusion

---

4.1 Following the SBA review of the cost plan, generally the rates included are competitive. However, we have highlighted the following areas where rates will need review:

- Adjustment Roofing rates
- Adjustment to Internal Walls
- Adjustment to Kitchen Allowance
- Adjustment to Wall Finishes
- Adjustment to Sanitaryware
- Demolition Allowance.
- Adjustment to OH&P.

4.2 Following a review of the information provided, a comparable cost analysis has been produced which is detailed below (Appendix A).

## 5. Appendix A – Comparative Cost Analysis

| COMPARATIVE COST ANALYSIS               |                  |                       |            |                         |                       |            |  |
|---|------------------|-----------------------|------------|-------------------------|-----------------------|------------|--|
| <u>Oatlands Drive</u>                   |                  |                       |            |                         |                       |            |  |
| Element                                 | GIA 2,752 m2     |                       |            | GIA 2,752 m2            |                       |            | Comments   |
|   | David R Parker   |                       |            | Savile Brown Associates |                       |            |  |
|   | Total £          | Cost £/m <sup>2</sup> | %          | Total £                 | Cost £/m <sup>2</sup> | %          |  |
| <b>SUMMARY OF CONSTRUCTION COSTS</b>    |                  |                       |            |                         |                       |            |  |
| <b>Substructure</b>                     |                  |                       |            |                         |                       |            |  |
| Demolitions                             | 60,000           | 22                    | 1%         | 40,000                  | 15                    | 1%         | Lowered from review of current site condition  |
| Foundations                             | 494,300          | 180                   | 6%         | 494,300                 | 180                   | 6%         |  |
| <b>Superstructure</b>                   |                  |                       |            |                         |                       |            |  |
| Frame                                   | 280,000          | 102                   | 3%         | 280,000                 | 102                   | 4%         |  |
| External Walls                          | 479,400          | 174                   | 6%         | 479,400                 | 174                   | 6%         |  |
| Roofs                                   | 497,200          | 181                   | 6%         | 474,840                 | 173                   | 6%         | Flat roof rates adjusted in line with benchmarking (£210m/2)<br>- Green Roof (£114m/2) |
| Upper Floors                            | 493,100          | 179                   | 6%         | 493,100                 | 179                   | 6%         |  |
| Stairs & Lifts                          | 183,000          | 66                    | 2%         | 183,000                 | 66                    | 2%         |  |
| Windows And Doors                       | 250,400          | 91                    | 3%         | 250,400                 | 91                    | 3%         |  |
| Internal Walls                          | 375,000          | 136                   | 4%         | 313,560                 | 114                   | 4%         | Blockwork walls adjusted to £120m/2  |
| Internal Doors                          | 202,800          | 74                    | 2%         | 202,800                 | 74                    | 3%         |  |
|   | <b>3,315,200</b> |                       |            | <b>3,211,400</b>        |                       |            |  |
| <b>Internals</b>                        |                  |                       |            |                         |                       |            |  |
| Joinery                                 | 606,200          | 220                   | 7%         | 457,700                 | 166                   | 6%         | Kitchen allowance adjusted to £7.5k per kitchen  |
| Floor Finishes                          | 183,000          | 66                    | 2%         | 183,000                 | 66                    | 2%         |  |
| Wall Finishes                           | 80,300           | 29                    | 1%         | 47,250                  | 17                    | 1%         | Adjusted to £50m/2 supply and fit  |
| Ceiling Finishes                        | 210,300          | 76                    | 2%         | 210,300                 | 76                    | 3%         |  |
| Decorations                             | 145,500          | 53                    | 2%         | 145,500                 | 53                    | 2%         |  |
| Sanitaryware                            | 394,500          | 143                   | 5%         | 165,000                 | 60                    | 2%         | Adjusted for 5k allowance per bathroom   |
|   | <b>1,619,800</b> |                       |            | <b>1,208,750</b>        |                       |            |  |
| <b>Services</b>                         |                  |                       |            |                         |                       |            |  |
| Mechanical                              | 683,700          | 248                   | 8%         | 683,700                 | 248                   | 9%         |  |
| Electrical                              | 363,000          | 132                   | 4%         | 363,000                 | 132                   | 5%         |  |
| Accoustic Testing                       | 19,800           | 7                     | 0%         | 19,800                  | 7                     | 0%         |  |
| Underground Drainage                    | 69,000           | 25                    | 1%         | 69,000                  | 25                    | 1%         |  |
| <b>Project On-Costs</b>                 |                  |                       |            |                         |                       |            |  |
| Prelims                                 | 820,000          | 298                   | 9%         | 820,000                 | 298                   | 10%        |  |
| OHP                                     | 689,050          | 250                   | 8%         | 446,296                 | 162                   | 6%         | Adjusted to 7%   |
| <b>Externals</b>                        |                  |                       |            |                         |                       |            |  |
| Undercroft Parking                      | 560,000          | 203                   | 6%         | 560,000                 | 203                   | 7%         |  |
| External Works                          | 185,100          | 67                    | 2%         | 185,100                 | 67                    | 2%         |  |
| Incoming Services                       | 115,000          | 42                    | 1%         | 115,000                 | 42                    | 1%         |  |
| NHBC                                    | 27,000           | 10                    | 0%         | 27,000                  | 10                    | 0%         |  |
|   | <b>3,531,650</b> |                       |            | <b>3,288,896</b>        |                       |            |  |
| <b>Project On-Costs</b>                 |                  |                       |            |                         |                       |            |  |
| Prelims                                 | 111,000          | 40                    | 1%         | 111,000                 | 40                    | 1%         |  |
| Overheads & Profits                     | 99,900           | 36                    | 1%         | 69,867                  | 25                    | 1%         | Adjusted to 7%   |
| <b>TOTAL CONSTRUCTION COST EXCL VAT</b> | <b>8,677,550</b> | <b>3,153</b>          | <b>/m2</b> | <b>7,889,913</b>        | <b>2,867</b>          | <b>/m2</b> | (787.638)  |
|   |                  | 293                   | /sqft      |                         | 266                   | /sqft      |  |

## Appendix 2 - Proposed Scheme Appraisal (March 2023)

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Development Appraisal

16-18 Oatlands Drive

Proposed Scheme Appraisal

Report Date: March 22, 2023

**APPRAISAL SUMMARY****LICENSED COPY****16-18 Oatlands Drive  
Proposed Scheme Appraisal****Summary Appraisal for Phase 1**

Currency in £

**REVENUE**

| Sales Valuation      | Units | ft <sup>2</sup> | Rate ft <sup>2</sup> | Unit Price | Gross Sales |
|----------------------|-------|-----------------|----------------------|------------|-------------|
| Market Housing Units | 33    | 29,624          | 628.71               | 564,394    | 18,625,000  |

**NET REALISATION****18,625,000****OUTLAY****ACQUISITION COSTS**

|                    |  |       |  |           |           |
|--------------------|--|-------|--|-----------|-----------|
| Residualised Price |  |       |  | 3,879,296 |           |
| Stamp Duty         |  | 5.00% |  | 193,965   |           |
| Agent Fee          |  | 1.00% |  | 38,793    |           |
| Legal Fee          |  | 0.80% |  | 31,034    |           |
|                    |  |       |  |           | 4,143,088 |

**CONSTRUCTION COSTS**

| Construction         | ft <sup>2</sup>        | Rate ft <sup>2</sup>    | Cost      |                  |
|----------------------|------------------------|-------------------------|-----------|------------------|
| Market Housing Units | 36,339 ft <sup>2</sup> | 217.12 pft <sup>2</sup> | 7,889,913 | <b>7,889,913</b> |
| Contingency          |                        | 5.00%                   | 394,496   |                  |
| CIL                  |                        |                         | 417,760   |                  |
|                      |                        |                         |           | 812,256          |

**PROFESSIONAL FEES**

|           |        |         |  |         |
|-----------|--------|---------|--|---------|
| Architect | 10.00% | 788,991 |  | 788,991 |
|-----------|--------|---------|--|---------|

**MARKETING & LETTING**

|           |       |         |  |         |
|-----------|-------|---------|--|---------|
| Marketing | 1.50% | 279,375 |  | 279,375 |
|-----------|-------|---------|--|---------|

**DISPOSAL FEES**

|                 |       |         |  |         |
|-----------------|-------|---------|--|---------|
| Sales Agent Fee | 1.50% | 279,375 |  | 279,375 |
|-----------------|-------|---------|--|---------|

**FINANCE**

|  |  |  |         |           |
|--|--|--|---------|-----------|
| Debit Rate 7.500% Credit Rate 0.000% (Nominal) |  |  |         |           |
| Land   |  |  | 575,704 |           |
| Construction                                   |  |  | 514,174 |           |
| Other  |  |  | 82,749  |           |
| Total Finance Cost                             |  |  |         | 1,172,627 |

**TOTAL COSTS****15,365,625****PROFIT****3,259,375****Performance Measures**

|                 |        |
|-----------------|--------|
| Profit on Cost% | 21.21% |
| Profit on GDV%  | 17.50% |
| Profit on NDV%  | 17.50% |

IRR 24.75%

Profit Erosion (finance rate 7.500%) 2 yrs 7 mths

## Appendix 3 - Proposed Scheme Appraisal (June 2023)

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Development Appraisal

16-18 Oatlands Drive

Proposed Scheme Appraisal - June 2023

Report Date: June 15, 2023

**APPRAISAL SUMMARY****LICENSED COPY****16-18 Oatlands Drive  
Proposed Scheme Appraisal - June 2023****Summary Appraisal for Phase 1**

Currency in £

**REVENUE**

| Sales Valuation      | Units | ft <sup>2</sup> | Rate ft <sup>2</sup> | Unit Price | Gross Sales |
|----------------------|-------|-----------------|----------------------|------------|-------------|
| Market Housing Units | 33    | 29,624          | 628.71               | 564,394    | 18,625,000  |

**NET REALISATION****18,625,000****OUTLAY****ACQUISITION COSTS**

|                    |  |       |  |           |           |
|--------------------|--|-------|--|-----------|-----------|
| Residualised Price |  |       |  | 3,727,666 |           |
| Stamp Duty         |  | 5.00% |  | 186,383   |           |
| Agent Fee          |  | 1.00% |  | 37,277    |           |
| Legal Fee          |  | 0.80% |  | 29,821    |           |
|                    |  |       |  |           | 3,981,147 |

**CONSTRUCTION COSTS**

| Construction         | ft <sup>2</sup>        | Rate ft <sup>2</sup>   | Cost      |                  |
|----------------------|------------------------|------------------------|-----------|------------------|
| Market Housing Units | 36,339 ft <sup>2</sup> | 220.57 pF <sup>2</sup> | 8,015,313 | <b>8,015,313</b> |
| Contingency          |                        | 5.00%                  | 400,766   |                  |
| CIL                  |                        |                        | 417,760   |                  |
|                      |                        |                        |           | 818,526          |

**PROFESSIONAL FEES**

|           |  |        |         |         |
|-----------|--|--------|---------|---------|
| Architect |  | 10.00% | 801,531 | 801,531 |
|-----------|--|--------|---------|---------|

**MARKETING & LETTING**

|           |  |       |         |         |
|-----------|--|-------|---------|---------|
| Marketing |  | 1.50% | 279,375 | 279,375 |
|-----------|--|-------|---------|---------|

**DISPOSAL FEES**

|                 |       |              |         |         |
|-----------------|-------|--------------|---------|---------|
| Sales Agent Fee |       | 1.50%        | 279,375 |         |
| Sales Legal Fee | 33 un | 1,000.00 /un | 33,000  |         |
|                 |       |              |         | 312,375 |

**FINANCE**

|  |  |  |         |           |
|--|--|--|---------|-----------|
| Debit Rate 7.500% Credit Rate 0.000% (Nominal) |  |  |         |           |
| Land   |  |  | 553,201 |           |
| Construction                                   |  |  | 521,609 |           |
| Other  |  |  | 82,548  |           |
| Total Finance Cost                             |  |  |         | 1,157,358 |

**TOTAL COSTS****15,365,625****PROFIT****3,259,375****Performance Measures**

|                                      |              |
|--------------------------------------|--------------|
| Profit on Cost%                      | 21.21%       |
| Profit on GDV%                       | 17.50%       |
| Profit on NDV%                       | 17.50%       |
| IRR                                  | 24.96%       |
| Profit Erosion (finance rate 7.500%) | 2 yrs 7 mths |