

From: [Richard Ferguson](#)
Sent: 25 October 2021 13:18
To: [REDACTED]
Cc: [Affordablehousing](#)
Subject: Fee quote RE a viability appraisal for current planning application - SDNP/21/04848/FUL - 37 dwellings at Liss Forest Nursery, Greatham, Hants
Attachments: [A_Viability Appraisal template instruction form- Liss Forest Nursery.docx](#)

Hi [REDACTED]

Please find attached a fee quote request form regarding the above site. Happy to discuss initially.

A viability Appraisal has been provided which I'll need to send separately via WeTransfer link. They are proposing a 21.6% AH contribution.

The application details (the viability appraisal not online) can be found in the link below.

<https://planningpublicaccess.southdowns.gov.uk/online-applications/simpleSearchResults.do?action=firstPage>

Look forward to hearing from you.

Richard

Richard Ferguson
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South Downs National Park Authority
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Dark Skies Festival[★]2021

Friday 12 February–Sunday 28 February

SOUTH DOWNS
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DRAFT Instruction for Assessment of Viability Appraisal

Supplier: Bruton Knowles

Application No: SDNP/21/04848/FUL

Site Address: Liss Forest Nursery, Petersfield Road, Greatham, Liss, GU33 6HA.

Proposal: 37 dwellings

Case Officer: Richard Ferguson

Case Officer Contact Details: Richard.Ferguson@southdowns.gov.uk

Information to be provided by Case Officer (minimum required to enable assessment)

- Submitted plans
- Planning Statement (if submitted)
- Design and Access Statement (if submitted)
- Viability Assessment/Appraisal¹

The information above should be provided by WeTransfer (if possible), or with a link to the website.

<https://planningpublicaccess.southdowns.gov.uk/online-applications/>

Please confirm reason for consultation:

New residential scheme on previously developed site proposes 21.6% affordable housing contribution in the form of 8 shared ownership units.

Supporting information:

- [Viability Appraisal provided.](#)
- [Planning Statement](#)

Draft Heads of Terms/SI06 and CIL matters:

Application Target Date/Committee Deadline: 13 week deadline is 23.12.21. No committee date set as yet.

Fee: [To be confirmed by consultant](#)

NOTE FOR SUPPLIER: *Please set out the fee for this advice and include the breakdown of the charge in terms of numbers of hours/days required, the level of the employee(s) engaged and how much time is included for clarification or responding to queries raised by the case officer.*

Please be advised that once this fee is agreed, no additional fee will be due unless additional time or tasks are specifically identified in advanced to fall outside of the original quote, and the additional sum is agreed in writing by the South Downs National Park Authority. This must take place before any extra work is undertaken. Please contact the case officer and affordablehousing@southdowns.gov.uk with any queries on this matter.

¹ Minimum requirements for viability appraisals can be found in the Internal Guidance Protocol

From: [Richard Ferguson](#)
Sent: 16 June 2022 17:04
To: [REDACTED]
Subject: FW: Liss Forest Nursery, Gratham, Hampshire
Attachments: [Viability Review Response.pdf](#)

Hi [REDACTED]

Hope you're well.

Further to below, I have a remit to take the application to our July planning committee. Is there a good time to discuss this site with you tomorrow please?

[REDACTED]

I think if there is no more budget from the initial appraisal work, SDNPA can cover additional time cost incurred to review this updated information.

Many thanks

Richard

From: Richard Ferguson
Sent: 08 June 2022 17:02
To: [REDACTED]
Subject: RE: Liss Forest Nursery, Gratham, Hampshire

Hi [REDACTED]

Trust you're well.

I have now received a response to your viability appraisal RE the above site, which you provided back in Feb. Please see attached the further information.

I am unsure if there is any budget left in the original appraisal fee to review this and provide a response? Their latest attached info seems to provide further justification for a 21% (8 units) AH contribution which means the scheme is no further forward than originally proposed unfortunately.

Please can you let me know if there's scope to provide a response on this new information?

Thanks and regards

Richard

From: [REDACTED]
Sent: 17 February 2022 12:03
To: Richard Ferguson <Richard.Ferguson@southdowns.gov.uk>
Subject: Liss Forest Nursery, Gratham, Hampshire

Richard

Please find attached a copy of our report following our review of the Applicant's viability appraisal.

At this stage we consider the proposed development to be viable with policy compliant affordable housing provision.

We have accepted the Applicant's assessment of the BLV based upon the Existing Use Value plus a premium approach. It is considered that if they were to apply minimum price expectations for land with residential development potential or to apply an Alternative Use Value approach then a significantly higher BLV would result. It therefore seems best to accept their assessment as is.

I hope that the report and its findings are in line with expectations and I would be pleased to provide any additional information or clarification as required.

Kind regards

[REDACTED]




Chartered Surveyors

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[REDACTED]

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Richard Ferguson
South Downs National Park Authority
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GU29 9DH

31 May 2022

Dear Mr Ferguson

Liss Forest Nursery, Petersfield Road, Liss, GU33 6HA: Viability Review Response

Context

Cove Construction Limited ('the Applicant') submitted a planning application (ref: SDNP/21/04848/FUL) to South Downs National Park Authority ('SDNPA'), validated in September 2021, for the redevelopment of Liss Forest Nursery, Petersfield Road, Liss, GU33 6HA ('the Site') for the following:

'Development of 37 dwellings (including affordable homes), alterations to existing access onto Petersfield Road, hard and soft landscaping, drainage and all other associated development works' ('the Proposed Development').

Turley Associates Limited ('Turley') prepared a Financial Viability Assessment ('FVA') to accompany the submitted planning application, setting out the Applicant's affordable housing offer following viability testing of the Proposed Development. The Applicant's affordable housing offer contained within the FVA was as follows (despite the scheme being marginally unviable) was for 21.6% Affordable Housing Provision ('Proposed Scheme Appraisal') which equated to 8 units), with the 8 units delivered as Intermediate/Shared Ownership tenure. Turley also tested the Proposed Development at a Policy Compliant level of affordable housing ('Policy Compliant Appraisal'), determining that the scheme was significantly unviable.

SDNPA subsequently instructed Bruton Knowles ('BK') to undertake a review ('BK Review') of Turley's submitted FVA. The Review is dated 11th February 2022. BK concluded that the Proposed Development is viable, whilst delivering a policy compliant 50% affordable housing.

The Applicant has instructed CBRE Limited to assess the BK Review and comment on assumptions that are considered acceptable as well as matters of dispute. The remainder of this letter responds to BK's Review and adopts the same headings for ease of cross-reference.

Purpose of Report

The purpose of this document is for use by the Applicant and SDNPA as an up-to-date, robust Viability Review Response ('Review Response') to the Review prepared by BK in February 2022, following Turley's FVA submission in September 2021. The Review Response incorporates market changes since the initial Turley FVA submission regarding both revenues and costs for the Proposed Development.

CBRE has sought to restrict amendments to the viability modelling inputs to those necessary to reflect the present day analyses of the scheme and has, where appropriate, sought to maintain any points of common ground with the BK Review.

Benchmark Land Value

CBRE note the conclusion of the BK Review to accept the methodology and conclusions undertaken by specialist valuation firm BCM, arriving at an Existing Use Value of £865,000, with a 20% premium applied to arrive at Benchmark Land Value ('BLV') of £1,038,000. CBRE maintain that this is a reasonable and justified BLV for the Site and do not seek to revisit the BLV at this stage.

Residual Land Value

Gross Development Value

CBRE notes BK's comments with regards to comparable evidence and the application to the units based on a plot by plot basis for the Proposed Development.

The Applicant has been advised by local estate agents on achievable sales values. CBRE also comment that each plot are relatively similar in their size and appeal, with each of the 3-bed+ units benefitting from garages. The only pricing differential is assigned to whether a specific house type, for example Dean, is Semi-Detached or Detached.

Furthermore, the Proposed Development is appropriately designed to ensure that each unit benefits from pleasant surrounds. CBRE does not consider the units benefit from superior views depending on orientation/position. CBRE has included further consideration of the aspect of the gardens attached to each unit, and the additional value generated.

Open Market Units

BK conclude that the sales values proposed in the submitted FVA are pessimistic. The GDV and blended sales rates adopted on the open market units in the FVA and review response on a policy compliant basis (19 units) are as follows:

- Turley Open Market GDV: £11,160,000, equating to £392.10/ft²
- Bruton Knowles Open Market GDV: £12,730,000, equating to £447.26/ft²

CBRE further consider achieved values for the comparable schemes included by Turley and BK, commenting on the appropriateness of the methodology undertaken to determine sales values, focusing on the strongest comparable evidence for the Proposed Development.

Maple Walk, Longmoor Road, Liphook, Hampshire – Redrow (New Build)

BK state that the Maple Walk, Redrow scheme represents the best comparable evidence for the value of the open market units within the Proposed Development. CBRE sets out recent comparable evidence within the Maple Walk scheme, in comparison to the values adopted by the Applicant and BK.

Table 1: Maple Walk – Asking Prices

Plot No.	Unit Name	No. Beds	Type	Area (ft ²)	Asking Price	Asking £/ft ²	Anticipated Completion Date
51	Letchworth	3	Semi-Detached	984	£487,950	£496	Nov 22 – Jan 23
58	Letchworth	3	Semi-Detached	984	£489,950	£497	Jun 23 – Aug 23
Au	Grantham	4	Semi-Detached	1,217	£530,950	£436	Oct 22 – Dec 22
33	Lincoln	4	Semi-Detached	1,291	£551,950	£428	Oct 22 – Dec 22
116	Warwick	3	Detached	1,081	£559,950	£518	Feb 23 – Apr 23
115	Amberley	3	Detached	1,138	£582,950	£512	Feb 23 – Apr 23
118	Stratford	4	Detached	1,218	£599,950	£492	Jan 23 – Mar 23
40	Henley	4	Detached	1,769	£869,950	£492	Jul 22 – Aug 22

Source: Redrow (May 2022)

CBRE has spoken with the sales team at Redrow, and understand that generally the new builds are achieving close to asking price. Floor areas were provided by the sales teams at Redrow. Whilst the £/ft² appears high, CBRE note that the unit types (Letchworth, Warwick) are small in size for a 3-bed semi detached and 3-bed detached house respectively, inflating the asking £/ft². The unit prices, with the exception of Henley, are below the £600,000 value, suggesting there is a more limited buyer market for properties above this level.

CBRE also note that the figures listed above are asking prices only, and therefore hold limited weight in deriving market value for units within the Proposed Development.

Oak Park, Longmoor Road, Liphook, Taylor Wimpey (New Build)

BK note that Liphook is generally a similar value location to Greatham and consider the position of Oak Park as marginally inferior due to its position away from the town centre. BK state that the majority of sales were achieved in 2019 to 2020. CBRE however notes there is more recent transactional relevant to inform pricing of the Proposed Development.

Table 2: Achieved Sales at Oak Park

Unit Type	Address	Price Achieved	Date Sold	Area (ft ²)	£/ft ²
Semi Detached	16 Terracotta Way	£459,500	29/10/2021	1,270	£354
	17 Terracotta Way	£450,000	30/09/2021	1,270	£362
	19 Terracotta Way	£459,500	29/10/2021	1,270	£362
Detached	22 Terracotta Way	£630,000	15/10/2021	1,765	£357
	23 Terracotta Way	£525,000	15/11/2021	1,152	£455
	25 Terracotta Way	£572,500	30/07/2021	1,356	£422
	28 Terracotta Way	£437,500	30/07/2021	926	£473
	29 Terracotta Way	£620,000	27/08/2021	1,756	£351
	30 Terracotta Way	£620,000	01/09/2021	1,756	£351

Source: LandInsight

The Semi Detached sales achieved within Table 2 present achieved prices ranging from £450,000 - £459,500 and sales rates of £354 - £362/ft². The closest comparable units with the Proposed Development are unit type 'Dean', which are semi-detached and extend to 1,193ft². Turley has listed these units at a price point of £475,000 equating to £398/ft². Both values included by Turley are in excess of the comparable evidence reported in Table 2.

The Detached sales values achieved in Table 2 range from £437,500 - £620,000 and sales rates of £351-£455/ft². There is a considerable variance in areas for these units, from 926 - 1,756ft². The £/ft² values achieved are considerably lower for the larger detached properties (22, 29 & 30 Terracotta Way) in comparison to the smaller detached properties (23 & 28 Terracotta Way). CBRE benchmarks this data against the values proposed by the Applicant for the most relevant unit type.

Table 3: Detached unit prices achieved at Oak Park vs values adopted by Turley

Address	Price Achieved	Date Sold	Area (ft ²)	£/ft ²	Comparable Unit Type	Turley Unit Price	Area (ft ²)	Unit £/ft ²
22 Terracotta Way	£630,000	15/10/2021	1,765	£357	Alverstoke	£700,000	1,766	£396
23 Terracotta Way	£525,000	15/11/2021	1,152	£455	Dean ¹	£475,000	1,193	£398
25 Terracotta Way	£572,500	30/07/2021	1,356	£422	Hyde / Oakleigh	£500,000 / £625,000	1,220 / 1,586	£410 / £394
28 Terracotta Way	£437,500	30/07/2021	926	£473	Houghton	£435,000	1,032	£402
29 Terracotta Way	£620,000	27/08/2021	1,756	£351	Alverstoke	£700,000	1,766	£396
30 Terracotta Way	£620,000	01/09/2021	1,756	£351	Alverstoke	£700,000	1,766	£396

Source: LandInsight

CBRE considers that the Alverstoke units are priced in line with the market; the capital values and £/ft² rates above those achieved at Oak Park for similar sized detached properties, with scope to marginally increase the value of Alverstoke. CBRE also notes that it is reasonable to inflate the values of Dean, Hyde/Oakleigh and Houghton within the Proposed Development in light of the new comparable evidence set out.

Andlers Wood, Andlers Ash Road, Liss, CALA Homes

CBRE note the comparable evidence included within the appendices of the BK Review. Further comparable evidence has become available, which is set out in the following table.

¹ Dean units are semi-detached except Plot 4.

Table 4: Andlers Wood (CALA Homes) - Achieved Sales Values

Unit Type	Address	Price Achieved	Date Sold	Area (ft ²)	£/ft ²
Semi Detached	14 Turney Close	£450,000	26/02/2021	1,130	£398
Detached	4 Turney Close	£691,200	10/05/2021	1,722	£401
	6 Turney Close	£580,000	21/04/2021	1,399	£414
	5 Turney Close	£700,000	18/05/2021	1,722	£406
	1 Abbess Way	£547,500	30/07/2021	1,302	£420
	3 Abbess Way	£580,000	27/08/2021	1,399	£414
	4 Abbess Way	£580,000	01/09/2021	1,399	£414
	11 Abbess Way	£615,000	30/11/2021	1,399	£439
	7 Abbess Way	£599,000	30/09/2021	1,399	£428
	2 Cole Close	£720,000	20/08/2021	1,722	£418

Source: LandInsight

The single Semi-Detached unit within the Andlers Wood scheme sold for £450,000 in February 2021, equating to £398/ft². It is unclear what indexation BK has adopted to inform their opinion of 'Estimated Market Value'. House Price Index ('HPI') data suggests that house prices have increased by circa 9% in East Hampshire. This would mean the property value is circa £490,000 as at today's date, equating to £433/ft². This comparable closely aligns with the Houghton unit type within the Proposed Development.

The achieved Detached unit prices are compared with the values proposed in the original FVA in the table below.

Table 5 – Detached Unit Pricing achieved at Andlers Wood vs Turley Pricing

Address	Price Achieved	Area (ft ²)	£/ft ²	Comparable Unit Type	Turley Unit Price	Area (ft ²)	Unit £/ft ²
4 Turney Close	£691,200	1,722	£401	Alverstoke	£700,000	1,766	£396
6 Turney Close	£580,000	1,399	£414	Hyde / Oakleigh	£500,000 / £625,000	1,220 / 1,586	£410 / £394
5 Turney Close	£700,000	1,722	£406	Alverstoke	£700,000	1,766	£396
1 Abbess Way	£547,500	1,302	£420	Hyde	£500,000	1,220	£410
3 Abbess Way	£580,000	1,399	£414	Hyde / Oakleigh	£500,000 / £625,000	1,220 / 1,586	£410 / £394
4 Abbess Way	£580,000	1,399	£414	Hyde / Oakleigh	£500,000 / £625,000	1,220 / 1,586	£410 / £394
11 Abbess Way	£615,000	1,399	£439	Hyde / Oakleigh	£500,000 / £625,000	1,220 / 1,586	£410 / £394
7 Abbess Way	£599,000	1,399	£428	Hyde / Oakleigh	£700,000	1,220 / 1,586	£410 / £394
2 Cole Close	£720,000	1,722	£418	Alverstoke	£700,000	1,766	£396

Source: Turley/LandInsight

CBRE notes that the transactional evidence at Andlers Wood demonstrates similar capital values being achieved as proposed in Turley's FVA. CBRE comment that market values have increased since the submission of the Turley FVA, with £/ft² values all expecting to be achieved in excess of £400/ft². As is consistent with the comparable evidence

detailed throughout, the £/ft² values achieved are lower for the larger units (for example, £406/ft² for 5 Turney Close at 1,722ft²) compared to smaller units (£439/ft² for 11 Abbess Way).

Market Commentary

CBRE has engaged with Hamptons & Homes Estate Agents, to better understand the Greatham property market and advice on pricing for the Proposed Development, and comparisons with the Oak Park/Andlers Wood developments.

Both Agents acknowledged that the Site is in a sought after location, however their opinions on Greatham/Liss as specific sub-markets differ from that of BK. Liss is generally seen as the more affluent area, which also has the benefit of a mainline station with direct access to Central London. Greatham is closer to Bordon/Whitehill which are considered to be inferior, less sought after locations. Greatham is also considered to be inferior to Liss in terms of amenity provision (shops, eateries, leisure facilities) and is more of a remote village location. The estate agents advised on pricing for the Proposed Development, on the basis of a wholly private scheme as follows:

- Hamptons: Open Market GDV = £17,930,000, equating to £413/ft²
- Homes Estate Agents: Open Market GDV = £18,785,000, equating to £425/ft²

Factoring the comparable evidence set out in the review response, CBRE has adopted the higher values set out by Homes Estate Agents on a plot by plot basis for the open market units. The full schedule for the open market pricing is contained within **Appendix A**.

Affordable Housing GDV

BK adoption of the Local Housing Allowance for the Blackwater Valley BRMA, £1,750 per unit per annum for management, 3% rental voids and bad debts and capitalised yield of 5.25% on the Affordable Rented units are agreeable assumptions.

CBRE has undertaken updated calculations of the Affordable Rented units (on the policy compliant scheme), which equates to 47% of equivalent market value.

In relation to the Shared Ownership units, CBRE adopts an initial equity sale of 40% of the unrestricted Market Value and an assumed rent at 2.75% on the unsold equity before capitalising the income at 5.25%. CBRE, to reach agreement on this point with BK, accept the 5% adopted by BK and has updated the affordable housing modelling accordingly.

Following adjustments to the Open Market pricing and other associated assumptions within the affordable housing modelling, CBRE adopt the following values for the Affordable Housing:

- Policy Compliant Development: £3,562,312 (£177,000 lower than BK)
- Proposed Development: £1,986,050 (£153,048 lower than BK)

CBRE comment that the minor differences in GDV between consultants owes to differences of opinion in open market pricing and assumptions adopted within affordable housing modelling.

Golden Brick payment

CBRE notes BK's comments regarding the 'Golden Brick' payment, with 30% Affordable Housing GDV paid on month six of construction and the 70% balance payable monthly up until practical completion. The Applicant confirms this is a reasonable approach and CBRE has therefore modelled this approach in the Viability appraisals.

Development/Build Costs

The Applicant instructed Rider Levitt Bucknall ('RLB') to prepare an updated cost estimate ('Updated Cost Estimate') for the Proposed Development, further to the FVA Cost Estimate ('FVA Cost Estimate') prepared in June 2021.

RLB's Updated Cost Estimate provides for total costs of £11,463,069 (**Appendix B**) inclusive of a contingency amount of 5%. CBRE note the following changes to the update cost estimate:

- Residential base build costs – uplift of c.£930k
- Additional sustainability allowances – uplift of c.£150k
- Inflation (9.45%) from February 2021-May 2022 – uplift of c.£370k

RLB were originally instructed to price the scheme in February 2021, and did not account for inflation between February 2021-June 2021. This was an oversight. The below sections break down the amounts included in the updated cost estimate further.

CBRE also note that the Applicant is waiting for up to date service capacity responses and connection quotes from the utility companies, and have undertaken additional survey work to review/confirm the foundation design for the site. The responses/reports are expected back in July 2022. Depending on the outcome of these responses, it could result in additional cost having to be incurred by the Applicant and adopted in future cost estimates.

Build Cost Inflation

Construction Costs and Forecasted Cost Inflation

In the current market it is widely observed that there is a shortage of both materials and labour supply, negatively affecting (from a developer's perspective) the costs/efficiency of bringing forward development.

Gardiner & Theobald² ('G&T'), an international independent construction and property consultancy, release quarterly market data relating to the market sentiment and forecasted inflation for construction costs. G&T's Q2 2022 market update features wider global issues, including the Russia-Ukraine conflict, with the sanctions imposed bringing in a new era of economic difficulties and inflation. This is clearly being witnessed in relation the dramatic rises in fuel and energy prices. G&T continues to observe that war brings significant volatility, and this is set to be a feature of the economic outlook for the foreseeable future.

The greatest impact to UK construction has come from increased oil and gas prices, which has a knock on impact with higher energy costs feeding through to the production of energy-intensive construction products and materials, which has resulted in surcharges and price increase notifications (G&T, 2022). The G&T forecast also observes that producers use forward energy contract/price hedging so there is typically a lag between wholesale energy cost rises and impact on the cost of manufacturing products and materials. Therefore, even if the situation improves in the short term, the cost of manufacturing products and materials energy intensive products and factory gate prices is unlikely to drop in price.

² Gardiner & Theobald (2022) Q2 2022 Tender Price Indicator

The latest G&T annual percentage change Q2 2022, has estimated growth in construction costs since Q1 2021 at 5.5%, with a further 5.0% forecast by Q2 2023. G&T state the key current factors affecting inflating costs are as follows:

- BCIS M&E Cost Index: 6% (Mar 2021-Mar 2022)
- Fabricated Structural Steel: 35.9% (Feb 2021 – Feb 2022)
- Construction Industry Wage Growth: 3.7% (year-on-year three month average growth to Feb 2022)

The above market factors are negatively impacting the Proposed Development and the ability to deliver the scheme viably.

Base Build Costs

The Updated Cost Estimate provides a base build cost of £6,307,848, which equates to £142.79/ft², aligning with the upper quartile rates of BCIS as at Q2 2022 and reflecting the higher quality form of development necessary to achieve the house prices set out. The base build cost has increased significantly since February 2021, with the drivers including shortage of materials, labour supply and market uncertainty.

External Costs

BK identified £1,844,156 relating to external works in the FVA cost estimate. CBRE seeks further clarification to understand how BK arrived at this figure. CBRE note that the on-plot works in the Updated Cost Estimate remain at 7.5% of building works costs, well within the acceptable range of external cost allowances.

Abnormal Development Costs

A full break down of each abnormal cost has been set out within the FVA Cost Estimate and the Updated Cost Estimate. Extra abnormal costs included within the Updated Cost Estimate are £3,600 per plot (ref: D.2.01 – 15) which account for increased levels of insulation and triple glazed windows throughout the completed units, and as requested by SDNPA.

BK note that abnormal costs amount to £1,973,052. CBRE seeks further clarification as to how BK arrived at this figure.

Contingency

CBRE note BK's comments on the level of accepted contingency. CBRE maintain that 5% contingency is an appropriate inclusion within the RLB Updated Cost Estimate, and is adopted by BNP Paribas³ in the affordable housing viability testing in SDNPA.

Professional Fees

BK argue that 8% is appropriate for the Proposed Development, owing to 'relatively straight forward development using standard house types and construction techniques'. CBRE maintain that 10% Professional Fees is an appropriate allowance for the Proposed Development, given the Site requires significant levelling works, comprises a large number

³ BNP Paribas (2017) Local Plan and Affordable Housing Viability Assessment – South Downs National Park Authority

of varied existing buildings which need to be cleared/demolished and is the allowance adopted in BNP Paribas⁴ Local Plan Viability Testing.

Planning Contributions

BK note that in addition to adopting the contributions towards highway improvements (£75,000) and works associated with the travel plan (£18,000), SDNPA advise that further allowances are to be made for the provision of mitigation land in relation to the Wealden Heaths Special Protected Area. The Applicant has since informed CBRE that the following allowances reflect latest engagement with SDNPA:

- S278 Highways Contribution: £65,000
- S106 SPA Mitigation: £15,000
- S278 Travel Plan: £18,000

CBRE has therefore updated the Proposed Development viability appraisals to reflect the amounts above.

Community Infrastructure Levy

CBRE notes BK's comments in relation to Community Infrastructure Levy ('CIL'), understanding that the existing buildings liable for CIL offset extend to a GIA of 3,803m² / 40,935ft², is in excess of the GIA of the private units (in the Proposed Development appraisal scenario) and therefore does not attract a CIL charge.

CBRE attaches the GIA breakdown of the Proposed Development at **Appendix C** from Carlton Design Partnership (the Applicant's architectural designer) used to estimate CIL, including party walls and garages. The total GIA of the Proposed Development extends to 4,330m² / 46,613ft² GIA. Table 6 highlights the GIA of the shared ownership units included within the Proposed Development Appraisal (delivering 8 units).

Table 6: GIA of Shared Ownership Units within Proposed Development Appraisal

Plot No.	Unit Type	GIA Area (m ²)	GIA Area (ft ²)
22 ⁵	Vyne	84.17	906
23	Vyne – D	80.4	865
32/33/34	Longstock – ET / Vyne / Longstock	281.6	3,031
35/36/37	Vyne / Romsey GF / Romsey FF	198.7	2,139
Total		644.87	6,491

Source: Carlton Design Partnership

⁴ BNP Paribas (2017) Local Plan and Affordable Housing Viability Assessment – South Downs National Park Authority

⁵ Calculated at 50% of total GIA for Plots 22/23

Deducting the Affordable GIA (the shared ownership units, which is subject to CIL relief) in Table 6 leaves a GIA area of the private units/garages of 3,727m² (40,122ft²). This is marginally lower than the GIA area of the existing buildings liable for CIL offset as determined by SDNPA⁶ and therefore would not attract a CIL charge⁷. This requires confirmation by SDNPA.

Marketing, Sales Costs and Legal Fees

CBRE maintain that a 3% allowance is reasonable for the marketing and sale costs for the Proposed Development, also adopted by BNP Paribas in the SDNPA viability testing. CBRE has included the 3% allowance solely on the private units.

Legal fees at £750 per unit as suggested by BK are too low. The Applicant advises that legal fees are in excess of the £1,000 per unit allowance made within the FVA. CBRE maintain the legal costs allowance at £1,000 per private unit.

BK has including a £10,000 allowance for the cost of sale of affordable housing units and £350 per unit for the conveyancing. CBRE has further discussed this inclusion with the Applicant. The Applicant budgets £17,500 to enter into a design and build contract with a Registered Provider, although this figure is likely to be in excess of £25,000 based on previous developments delivered. The £17,500 is all-in figure for the disposal of the affordable units. CBRE has therefore adopted this figure into the Policy Compliant and Proposed Development appraisal.

Finance Costs and Development Programme

CBRE notes BK's comments and adopted finance rate. Finance rates typically vary from 6% - 7% per annum inclusive of arrangement fees. CBRE adopts a finance rate of 6.5% as a compromise position.

⁶ Reference Appendix 2 of the Turley FVA

⁷ Any estimated calculation and/or figures provided by CBRE is indicative only and subject to change. Any estimated calculation and/or figures provided by CBRE cannot be relied upon by the client or the client's representatives and CBRE accepts no liability or responsibility for any claims, losses, additional costs, damages or expenses which may arise or may be sustained as a result of relying on the guidance, estimated calculation or figures provided by CBRE in connection with CIL liability. Formal determination of the CIL liability will be made by the relevant Charging Authority/ies upon issue of the Liability Notice, which is due to be paid in line with the payment procedure upon commencement of the development. Local Planning Authorities may provide an estimate of CIL liability at the point of determination of a planning application, however, this is at their discretion and not within CBRE's control.

CBRE also acknowledge BK's acceptance of the development programme and sales disposal. CBRE consider the construction period of 15 months light, but maintain this assumption for consistency.

Developer's Profit Margin

BK adopt a profit margin of 17.5% on GDV for the open market housing units and 6% on GDV for the affordable units. CBRE maintain that 20% Profit on GDV for the open market units is appropriate, and also adopted within BNP Paribas viability testing in SDNPA.

Appraisal Results

CBRE has prepared a Policy Compliant appraisal of the Proposed Development, provided within **Appendix D**.

The Policy Compliant viability appraisal, incorporating a 48.6% affordable housing provision (policy compliant tenure mix), the estimated S106 planning obligations and the minimum risk-adjusted developer's return on GDV, generates an outturn residual land value ('RLV') of -£575,568.

The RLV falls substantially below the BLV of £1,038,000.

The Policy Compliant appraisal demonstrates that the Proposed Development cannot viably accommodate a policy compliant affordable housing provision and the estimated Section 106 planning obligations, whilst achieving a reasonable developer's return target (on GDV).

CBRE has prepared a Proposed Development appraisal, provided within **Appendix E**.

The Proposed Development appraisal, incorporating a 21.6% affordable housing provision (delivering 8x shared ownership units), the estimated S106 planning obligations and the minimum risk-adjusted developer's return on GDV, generates an outturn residual land value ('RLV') of £689,736.

The RLV falls below the BLV of £1,038,000, however CBRE consider the viability of the Proposed Development to be marginal.

Conclusion

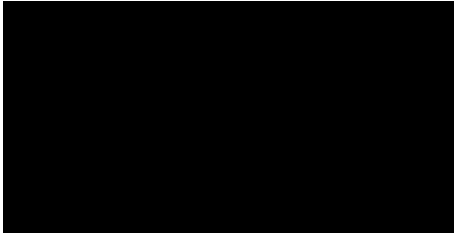
The appraisal results demonstrate that the Policy Compliant appraisal cannot viably accommodate provision of affordable housing in conjunction with the estimated Section 106 planning obligations, whilst achieving the minimum risk-adjusted developer's return and the BLV. The Proposed Development appraisal, whilst an improved position, is determined to still be unviable.

The commercial decision whether to proceed with the scheme and/ or to deliver a policy compliant affordable housing provision will therefore be at the discretion, and risk, of the Applicant.

The Applicant has maintained a willingness, despite the Proposed Development appraisal being unviable, to propose the 21.6% Affordable Housing for the Proposed Development, delivering 8 Intermediate/Shared Ownership units. This is set against a back drop of market uncertainty, where escalating build costs are inflating at a rate far beyond increasing house prices.

Please do contact me should you have any queries or wish to discuss this further.

Yours sincerely



Enclosures:

Appendix A: Revised Scheme Pricing

Appendix B: RLB Updated Cost Estimate

Appendix C: GIA Area for CIL Calculations

Appendix D: Policy Compliant Viability Appraisal

Appendix E: Proposed Development Viability Appraisal

A – Revised Scheme Pricing

Plot No.	Unit Name/Type	Beds	NSA (m²)	NSA (ft²)	Open Market Unit Value (£)	£/ft²
1	Hyde	3	113	1,220	£535,000	£439
2	Pemberley	2	81.3	875	£385,000	£440
3	Pemberley	2	81	875	£385,000	£440
4	Dean - D	3	110.8	1,193	£525,000	£440
5	Vyne	2	80	865	£380,000	£439
6	Longstock - MT	3	93.5	1,006	£410,000	£407
7	Vyne	2	80	865	£380,000	£439
8	Longstock - SD	3	93.5	1,006	£425,000	£422
9	Longstock - SD	3	94	1,006	£425,000	£422
10	Alverstoke	4	164.1	1,766	£750,000	£425
11	Ormeley DG	5	205	2,209	£900,000	£407
12	Oakleigh	4	147.3	1,586	£675,000	£426
13	Ormeley	5	194	2,086	£850,000	£407
14	Hillier	4	165.7	1,784	£750,000	£421
15	Avington	4	165	1,772	£750,000	£423
16	Hillier	4	165.7	1,784	£750,000	£421
17	Vyne	2	80	865	£380,000	£439
18	Vyne	2	80.4	865	£380,000	£439
19	Vyne	2	80	865	£380,000	£439
20	Longstock - SD	3	93.5	1,006	£425,000	£422
21	Vyne	2	80	865	£380,000	£439
22	Vyne	2	80.4	865	£380,000	£439
23	Vyne Detached	2	80	865	£400,000	£462
24	Houghton	3	100.5	1,082	£465,000	£430
25	Pemberley	2	81	875	£385,000	£440
26	Dean - SD	3	110.8	1,193	£510,000	£428
27	Alverstoke	4	164	1,766	£750,000	£425
28	Ormeley	5	193.8	2,086	£850,000	£407
29	Avington	4	165	1,772	£750,000	£423
30	Dean - SD	3	110.8	1,193	£510,000	£428
31	Dean - SD	3	111	1,193	£510,000	£428
32	Longstock - ET	3	93.5	1,006	£415,000	£412
33	Vyne - MT	2	80	865	£370,000	£428
34	Longstock - ET	3	93.5	1,006	£415,000	£412
35	Vyne	2	80	865	£380,000	£439
36	Romsey GF	1	50.8	547	£225,000	£411
37	Romsey FF	1	59	635	£250,000	£394
Total			4,105	44,182	£18,785,000	£ 425.18

B – RLB Updated Cost Estimate

COST REPORT NUMBER ONE

LISS FOREST NURSERY

COST SUMMARY

Gross Internal Area: 4,104 m²

Ref	Description	%	GIA £/m ²	Total Cost £
A	SECTION 106 OBLIGATIONS			
A.1	SECTION 106 PAYMENTS			Excluded
	A - SECTION 106 OBLIGATIONS			Excluded
B	STRATEGIC OFF-SITE WORKS			
B.1	ACCESS ROADS			Excluded
B.2	OFF-SITE JUNCTIONS	0.5 %	14.25	58,500
	B - STRATEGIC OFF-SITE WORKS	0.5 %	14.25	58,500
C	STRATEGIC ON SITE WORKS			
C.1	PRIMARY & SECONDARY DISTRIBUTION ROADS	8.2 %	228.77	938,867
C.2	STRATEGIC LANDSCAPING	2.5 %	69.29	284,361
C.3	SERVICES	12.2 %	341.78	1,402,654
C.4	ENVIRONMENTAL WORKS	5.0 %	138.46	568,260
C.5	TEMPORARY WORKS	0.3 %	7.04	28,875
	C - STRATEGIC ON SITE WORKS	28.1 %	785.34	3,223,017
D	ON PLOT WORKS			
D.1	RESIDENTIAL	62.5 %	1,746.18	7,166,308
D.2	RESIDENTIAL ABNORMALS	5.6 %	156.98	644,259
	D - ON PLOT WORKS	68.1 %	1,903.16	7,810,567
E	INFLATION			
E.1	BCIS All-in TPI Feb-21 to May-22 at 9.45% (not calculated on 'D.1 Residential' costs)	3.2 %	90.40	370,985
	E - INFLATION	3.2 %	90.40	370,985
ESTIMATED TOTAL COST			2,793.15	11,463,069

COST REPORT NUMBER ONE

LISS FOREST NURSERY

ESTIMATE DETAIL

Gross Internal Area: 4,104 m²

Ref	Description	Qty	Unit	Rate £	Total Cost £
A	SECTION 106 OBLIGATIONS				
A.1	SECTION 106 PAYMENTS				
1	Planning contributions, commuted sums etc.		Note		Excluded
	A.1 - SECTION 106 PAYMENTS				Excluded
	A - SECTION 106 OBLIGATIONS				Excluded
B	STRATEGIC OFF-SITE WORKS				
B.1	ACCESS ROADS				
B.1.01	Access Roads				
1	Off-site access road improvements		Note		Excluded
	B.1.01 - Access Roads				Excluded
B.1.02	Preliminaries				
1	Site establishment, supervision and management		Item		Excluded
	B.1.02 - Preliminaries				Excluded
B.1.03	Contingency and Risk				
1	Construction contingency		Item		Excluded
2	Specific provisions: adoption remedial work		Item		Excluded
	B.1.03 - Contingency and Risk				Excluded
B.1.04	Fees and Charges				
1	Professional fees on delivery		Item		Excluded
2	Local Authority fees and consents		Note		Excluded
	B.1.04 - Fees and Charges				Excluded
	B.1 - ACCESS ROADS				Excluded
B.2	OFF-SITE JUNCTIONS				
B.2.01	Highway Access				
1	Petersfield Road connection; alterations and adaptations to suit development		Item		35,000
2	Connection to Public Right of Way (PROW) Route 10		Item		5,000
	B.2.01 - Highway Access			9.75/m ²	40,000
B.2.02	Preliminaries				
1	Site establishment, supervision and management at 15%		Item		6,000
2	Traffic management at 10%		Item		4,000
	B.2.02 - Preliminaries			2.44/m ²	10,000
B.2.03	Contingency and Risk				
1	Construction contingency at 5%		Item		2,500
2	Specific provisions: adoption remedial work at 4%		Item		2,000
	B.2.03 - Contingency and Risk			1.10/m ²	4,500
B.2.04	Fees and Charges				
1	Professional fees on delivery		Note		Excluded

COST REPORT NUMBER ONE

LISS FOREST NURSERY

ESTIMATE DETAIL

Gross Internal Area: 4,104 m²

Ref	Description	Qty	Unit	Rate £	Total Cost £
2	Local Authority fees and consents at 8%		Item		4,000
	B.2.04 - Fees and Charges			0.97/m ²	4,000
	B.2 - OFF-SITE JUNCTIONS			14.25/m ²	58,500
	B - STRATEGIC OFF-SITE WORKS			14.25/m²	58,500
C	STRATEGIC ON SITE WORKS				
C.1	PRIMARY & SECONDARY DISTRIBUTION ROADS				
C.1.01	Roads and Footpaths				
1	Primary distribution road; 6m wide carriageway; 450mm capping and 350mm sub-base as required	500	m	925.00	462,500
2	Extra over for pedestrian route; 2m wide; one side of road only	430	m	200.00	86,000
3	Extra over for pedestrian route; 2m wide; both sides of road	70	m	400.00	28,000
4	Extra over for junctions; splayed corners, dropped kerbs etc.	3	No	2,500.00	7,500
5	Extra over for localised levels differences		Item		10,000
6	Extra over for culvert to drainage	1	No	5,000.00	5,000
7	Extra over for traffic calming measures	300	m ²	50.00	15,000
	C.1.01 - Roads and Footpaths			149.61/m ²	614,000
C.1.02	Drainage				
1	Highway drainage; gully pots plus connections to sewers	500	m	50.00	25,000
	C.1.02 - Drainage			6.09/m ²	25,000
C.1.03	Landscaping				
1	Allowance for highway landscaping; verges	500	m	20.00	10,000
	C.1.03 - Landscaping			2.44/m ²	10,000
C.1.04	Services				
1	Streetlighting; allowance for 1nr per 20m of primary road	25	No	2,200.00	55,000
2	Illuminated bollards; allowance for 1nr per 30m of primary road	17	No	500.00	8,500
	C.1.04 - Services			15.47/m ²	63,500
C.1.05	Sundries				
1	Signage; allowance for 1nr per 30m of primary road	17	No	1,000.00	17,000
	C.1.05 - Sundries			4.14/m ²	17,000
C.1.06	Preliminaries				
1	Site establishment, supervision and management at 10%		Item		72,950
	C.1.06 - Preliminaries			17.78/m ²	72,950
C.1.07	Contingency and Risk				
1	Construction contingency at 5%		Item		40,123
2	Specific provisions: adoption remedial work at 4%		Item		32,098
	C.1.07 - Contingency and Risk			17.60/m ²	72,221

COST REPORT NUMBER ONE

LISS FOREST NURSERY



ESTIMATE DETAIL

Gross Internal Area: 4,104 m²

Ref	Description	Qty	Unit	Rate £	Total Cost £
C.1.08	Fees and Charges				
1	Professional fees on delivery		Note		Excluded
2	Local Authority fees and consents at 8%		Item		64,196
	C.1.08 - Fees and Charges			15.64/m ²	64,196
	C.1 - PRIMARY & SECONDARY DISTRIBUTION ROADS			228.77/m ²	938,867
C.2	STRATEGIC LANDSCAPING				
C.2.01	Strategic Open Space				
1	Marginal planting to SuDs attenuation features	1,200	m ²	20.00	24,000
2	Semi-improved neutral grassland	7,140	m ²	5.00	35,700
3	Semi-mature trees	100	No	500.00	50,000
4	Hedgerow planting; refer to boundary treatment allowances		Note		Elsewhere
5	Ongoing maintenance post-construction		Note		Excluded
6	Street furniture to informal open space		Item		5,000
	C.2.01 - Strategic Open Space			27.95/m ²	114,700
C.2.02	Recreational Routes				
1	Combined pedestrian/cycle route; 3m wide	340	m	300.00	102,000
	C.2.02 - Recreational Routes			24.85/m ²	102,000
C.2.03	Sundries				
1	Boundary treatment adjacent Bakers Field Estate	110	m	50.00	5,500
2	Boundary treatment adjacent agricultural land	170	m	50.00	8,500
3	Boundary treatment adjacent primary school	150	m	50.00	7,500
4	Boundary treatment adjacent Petersfield Road	160	m	50.00	8,000
5	Boundary treatment; acoustic measures		Note		Excluded
6	Play areas (LAP, LEAP, NEAP)		Note		Excluded
	C.2.03 - Sundries			7.19/m ²	29,500
C.2.04	Preliminaries				
1	Site establishment, supervision and management at 10%		Item		24,620
	C.2.04 - Preliminaries			6.00/m ²	24,620
C.2.05	Contingency and Risk				
1	Construction contingency at 5%		Item		13,541
	C.2.05 - Contingency and Risk			3.30/m ²	13,541
C.2.06	Fees and Charges				
1	Professional fees on delivery		Note		Excluded
	C.2.06 - Fees and Charges				Excluded
	C.2 - STRATEGIC LANDSCAPING			69.29/m ²	284,361

COST REPORT NUMBER ONE

LISS FOREST NURSERY

ESTIMATE DETAIL

Gross Internal Area: 4,104 m²

Ref	Description	Qty	Unit	Rate £	Total Cost £
C.3	SERVICES				
C.3.01	Gas				
1	Diversions		Note		Excluded
2	Disconnections		Note		Excluded
3	On-site mains infrastructure		Item		23,000
4	Extra over for excavation and reinstatement works	500	m	50.00	25,000
5	Off-site reinforcement		Note		Excluded
6	On-plot connections and metering		Note		Included
	C.3.01 - Gas			11.70/m ²	48,000
C.3.02	Electricity				
1	Diversions		Note		Excluded
2	Disconnections		Note		Excluded
3	On-site mains infrastructure		Item		279,000
4	Extra over for excavation and reinstatement works	500	m	50.00	25,000
5	Off-site reinforcement		Note		Not Required
6	Off-site mains infrastructure; works over existing railway line		Item		50,000
7	On-plot connections and metering		Note		Included
8	On-site substation; builder's work		Item		20,000
	C.3.02 - Electricity			91.13/m ²	374,000
C.3.03	Water				
1	Diversions		Note		Excluded
2	Disconnections		Note		Excluded
3	On-site mains infrastructure	500	m	125.00	62,500
4	Extra over for excavation and reinstatement works	500	m	50.00	25,000
5	Off-site reinforcement; infrastructure charge rate	37	No	530.00	19,610
6	On-plot connections and metering	37	No	340.00	12,580
	C.3.03 - Water			29.16/m ²	119,690
C.3.04	Telecommunications				
1	Diversions		Item		5,000
2	Disconnections		Note		Excluded
3	On-site mains infrastructure		Note		Excluded
4	Extra over for excavation and reinstatement works	500	m	50.00	25,000
5	Off-site reinforcement		Note		Excluded
6	On-plot connections and metering		Note		Excluded
	C.3.04 - Telecommunications			7.31/m ²	30,000
C.3.06	Surface Water Drainage				
1	Storm drain runs; average 300 diameter, depth to invert not exceeding 2.50m; primary road only	500	m	200.00	100,000

COST REPORT NUMBER ONE

LISS FOREST NURSERY

ESTIMATE DETAIL

Gross Internal Area: 4,104 m²

Ref	Description	Qty	Unit	Rate £	Total Cost £
2	Storm manholes; depth to invert not exceeding 2.50m	23	No	3,000.00	69,000
3	Forming swales; as indicated on drainage plan only	160	m	100.00	16,000
4	Forming retention ponds	320	m ³	50.00	16,000
5	Headwalls to retention ponds	2	No	10,000.00	20,000
6	Extra over headwalls for flow control chambers	1	No	15,000.00	15,000
7	Connections to discharge points		Item		15,000
8	Geocellular storage tank		Note		Excluded
9	Permeable paving to foul pumping access	90	m ²	130.00	11,700
10	Permeable paving to car parking spaces		Note		Elsewhere
11	Rain water harvesting		Note		Excluded
C.3.06 - Surface Water Drainage				64.01/m ²	262,700
C.3.07	Foul Water Drainage				
1	Foul drain runs; assume 150 diameter, depth to invert not exceeding 2.50m	500	m	175.00	87,500
2	Foul manholes; depth to invert not exceeding 2.50m	20	No	3,000.00	60,000
3	Connections to existing public sewers		Item		15,000
4	Foul pumping station; including associated builder's work		Item		70,000
5	Foul rising main	240	m	250.00	60,000
C.3.07 - Foul Water Drainage				71.27/m ²	292,500
C.3.08	Drainage: Diversions and Disconnections				
1	Works to existing drainage; allowance for protective measures to existing surface water drain crossing to adjacent agricultural land	283	m	70.00	19,810
C.3.08 - Drainage: Diversions and Disconnections				4.83/m ²	19,810
C.3.10	Preliminaries				
1	Site establishment, supervision and management at 10%		Item		114,670
C.3.10 - Preliminaries				27.94/m ²	114,670
C.3.11	Contingency and Risk				
1	Construction contingency at 5%		Item		63,069
2	Specific provisions: adoption remedial work at 4%		Item		50,455
C.3.11 - Contingency and Risk				27.66/m ²	113,524
C.3.12	Fees and Charges				
1	Professional fees on delivery		Note		Excluded
2	Section 104 costs (inspection fees) at 5%; foul and surface water drainage only		Item		27,760
C.3.12 - Fees and Charges				6.76/m ²	27,760
C.3 - SERVICES				341.78/m ²	1,402,654

COST REPORT NUMBER ONE

LISS FOREST NURSERY

ESTIMATE DETAIL

Gross Internal Area: 4,104 m²

Ref	Description	Qty	Unit	Rate £	Total Cost £
C.4	ENVIRONMENTAL WORKS				
C.4.01	Ecological Works				
1	Dealing with Great Crested Newts		Note		Not Required
2	Dealing with Hazel Dormice		Note		Not Required
3	Dealing with badgers; permanent works (temporary setts measured elsewhere)		Note		Excluded
4	Dealing with bats and breeding birds; boxes and lofts		Item		10,000
5	Post-development monitoring		Note		Excluded
	C.4.01 - Ecological Works			2.44/m ²	10,000
C.4.02	Enabling Works				
1	Toxic/hazardous material removal; asbestos		Note		Excluded
2	Contaminated ground removal/treatment		Note		Excluded
3	Eradication of plant growth; invasive species		Note		Excluded
4	Demolition of entire buildings; all existing buildings on-site; not exceeding 3 storeys	9,000	m ²	25.00	225,000
5	Site dewatering and pumping; localised works during construction		Item		5,000
6	Soil stabilisation measures		Note		Excluded
7	Ground gas venting measures		Note		Excluded
8	Temporary diversion works		Note		Excluded
9	Archaeological investigation		Note		Excluded
10	Clearing vegetation	10,800	m ²	2.00	21,600
11	Taking down trees; removing tree stumps and roots	25	No	800.00	20,000
12	Minor demolition works; breaking out existing substructures; oil storage tanks	5	No	3,000.00	15,000
13	Breaking out existing hardstanding; other than buildings; disposal off-site	3,700	m ²	25.00	92,500
14	Topsoil removal; 300mm assumed depth; disposal on-site	10,800	m ²	3.00	32,400
15	Forming new site contours and adjusting existing site levels; 500mm assumed depth	23,500	m ²	3.00	70,500
16	Ground water remediation		Note		Excluded
17	Surface water remediation		Note		Excluded
18	Dealing with localised soft spots		Note		Excluded
	C.4.02 - Enabling Works			117.45/m ²	482,000
C.4.03	Preliminaries				
1	Site establishment, supervision and management at 10%		Item		49,200
	C.4.03 - Preliminaries			11.99/m ²	49,200
C.4.04	Contingency and Risk				
1	Construction contingency at 5%		Item		27,060
	C.4.04 - Contingency and Risk			6.59/m ²	27,060

COST REPORT NUMBER ONE

LISS FOREST NURSERY

ESTIMATE DETAIL

Gross Internal Area: 4,104 m²

Ref	Description	Qty	Unit	Rate £	Total Cost £
C.4.05	Fees and Charges				
1	Professional fees on delivery		Note		Excluded
	C.4.05 - Fees and Charges				Excluded
	C.4 - ENVIRONMENTAL WORKS			138.46/m ²	568,260
C.5	TEMPORARY WORKS				
C.5.01	Ecological Works				
1	Dealing with badgers; temporary setts and the like during construction (risk item)		Item		Excluded
2	Light, noise and vibration mitigation measures to existing otter habitats		Item		5,000
3	Noise/vibration mitigation measures for existing ecology		Note		Excluded
4	Tree protection during construction		Item		15,000
5	Slow worm trapping and translocation		Item		5,000
	C.5.01 - Ecological Works			6.09/m ²	25,000
C.5.02	Preliminaries				
1	Site establishment, supervision and management at 10%		Item		2,500
	C.5.02 - Preliminaries			0.61/m ²	2,500
C.5.03	Contingency and Risk				
1	Construction contingency at 5%		Item		1,375
	C.5.03 - Contingency and Risk			0.34/m ²	1,375
C.5.04	Fees and Charges				
1	Professional fees on delivery		Note		Excluded
	C.5.04 - Fees and Charges				Excluded
	C.5 - TEMPORARY WORKS			7.04/m ²	28,875
	C - STRATEGIC ON SITE WORKS			785.34/m²	3,223,017
D	ON PLOT WORKS				
D.1	RESIDENTIAL				
D.1.01	Building Works				
1	Building works	4,104	m ²	1,537.00	6,307,848
2	Extra over building works for ironstone facing brickwork walls; PC Sum of £900 per 1,000 bricks (build cost rate assumed PC Sum of £500)	4,104	m ²	10.00	41,040
	D.1.01 - Building Works			1,547.00/m ²	6,348,888
D.1.02	External Works				
1	Plot external works; 7.5% of building works cost		Item		476,167
	D.1.02 - External Works			116.03/m ²	476,167
D.1.03	Preliminaries				
1	Site establishment, supervision and management		Note		Included
	D.1.03 - Preliminaries				Included

COST REPORT NUMBER ONE

LISS FOREST NURSERY

ESTIMATE DETAIL

Gross Internal Area: 4,104 m²

Ref	Description	Qty	Unit	Rate £	Total Cost £
D.1.04	Contingency and Risk				
1	Construction contingency at 5%		Item		341,253
	D.1.04 - Contingency and Risk			83.15/m ²	341,253
D.1.05	Fees and Charges				
1	Professional fees on delivery		Note		Excluded
2	Local Authority fees and consents		Note		Excluded
	D.1.05 - Fees and Charges				Excluded
	D.1 - RESIDENTIAL			1,746.18/m ²	7,166,308
D.2	RESIDENTIAL ABNORMALS				
D.2.01	Abnormals				
1	Deep trench foundations		Note		Excluded
2	Piled foundations; 8.00m approximate length; deemed included within building works rate	37	No		Elsewhere
3	Gas protection works		Note		Excluded
4	Retaining structures (extent TBC)	37	No	500.00	18,500
5	Capping to gardens where made ground present; 150mm clean topsoil	3,700	m ²	10.00	37,000
6	Uplift to plot externals allowance for permeable paving to external parking spaces	80	No	375.00	30,000
7	Photovoltaic (PV) panel installation to roofs	37	No	3,000.00	111,000
8	Cycle storage enclosure included associated builder's work	37	No	300.00	11,100
9	Electric vehicle (EV) charging points	37	No	1,000.00	37,000
10	Single-door garage	7	No	15,000.00	105,000
11	Two-door garage (shared)		Note		Excluded
12	Car port; single	6	No	5,000.00	30,000
13	Car port; double	1	No	7,500.00	7,500
14	Car port; double (shared)	5	No	7,500.00	37,500
15	Allowance for additional sustainability measures	37	No	3,600.00	133,200
	D.2.01 - Abnormals			135.92/m ²	557,800
D.2.02	Preliminaries				
1	Site establishment, supervision and management at 10%		Item		55,780
	D.2.02 - Preliminaries			13.59/m ²	55,780
D.2.03	Contingency and Risk				
1	Construction contingency at 5%		Item		30,679
	D.2.03 - Contingency and Risk			7.48/m ²	30,679
D.2.04	Fees and Charges				
1	Professional fees on delivery		Note		Excluded

COST REPORT NUMBER ONE

LISS FOREST NURSERY

ESTIMATE DETAIL

Gross Internal Area: 4,104 m²

Ref	Description	Qty	Unit	Rate £	Total Cost £
2	Local Authority fees and consents		Note		Excluded
	D.2.04 - Fees and Charges				Excluded
	D.2 - RESIDENTIAL ABNORMALS			156.98/m ²	644,259
	D - ON PLOT WORKS			1,903.16/m²	7,810,567
E	INFLATION				
E.1	BCIS All-in TPI Feb-21 to May-22 at 9.45% (not calculated on 'D.1 Residential' costs)				
E.1.01	Inflation				
1	Inflation		Item		370,985
	E.1.01 - Inflation			90.40/m ²	370,985
	E.1 - BCIS All-in TPI Feb-21 to May-22 at 9.45% (not calculated on 'D.1 Residential' costs)			90.40/m ²	370,985
	E - INFLATION			90.40/m²	370,985
ESTIMATED NET COST				2,793.15/m²	11,463,069

C – GIA Areas for CIL Calculation

CIL CALCULATIONS

Client: Cove
 Site Name: Liss Forest Nursery
 Project Ref: 150715
 Revision: -
 Date: 11/04/2022



AFFORDABLE						
Plot	Reference	Storeys	Description	Total No	GIA ft²	GIA m²
1	HYD	2	3 Bedroom House	1	1220	113.3
2/3	PEM/PEM	2	2 Bedroom House	1	1806	167.8
4	DEA	2	3 Bedroom House	1	1193	110.8
5/7	VYN/LON/VYN	2	2/3/2 Bedroom House	1	2887	268.2
8/9	LON/LON	2	3/3 Bedroom House	1	2106	195.7
10	ALV	2	4 Bedroom House	1	1766	164.1
11	ORM(DG)	2	5 Bedroom House	1	2209	205.2
12	OAK	2	4 Bedroom House	1	1585	147.3
13	ORM	2	5 Bedroom House	1	2086	193.8
14	HIL	2	4 Bedroom House	1	1784	165.7
15	AVI	2	4 Bedroom House	1	1772	164.6
16	HIL	2	4 Bedroom House	1	1784	165.7
17/18	VYN/VYN	2	2/2 Bedroom House	1	1812	168.3
19/20	VYN/LON	2	2/3 Bedroom House	1	1955	181.6
21/22	VYN/VYN	2	2/2 Bedroom House	1	1812	168.3
23	VYN	2	2 Bedroom House	1	865	80.4
24	HOU	2	3 Bedroom House	1	1082	100.5
25/26	PEM/DEA	2	2/3 Bedroom House	1	2137	198.5
27	ALV	2	4 Bedroom House	1	1766	164.1
28	ORM	2	5 Bedroom House	1	2086	193.8
29	AVI	2	4 Bedroom House	1	1772	164.6
30/31	DEA/DEA	2	3/3 Bedroom House	1	2474	229.8
32/33/34	LON/VYN/LON	2	3/2/3 Bedroom House	1	3031	281.6
35/36/37	VYN/ROM/ROM	2	2/1/1 Bedroom House/Flat	1	2139	198.7

Garages No	GIA ft²	Total GIA ft²
------------	---------	---------------

1 212 19.7

1 212 19.7

1 212 19.7

1 212 19.7

1 212 19.7

1 212 19.7

1 212 19.7

Total House GIA 24 45129 4192.6

Total 7 1484 137.9

Total Proposed Development (Houses & Garages) GIA 46613 4330.5

D - Policy Compliant Appraisal

Liss Nursery, Land at Petersfield Road - Viability Appraisal

Development Appraisal
CBRE Limited
31 May 2022

Liss Nursery, Land at Petersfield Road - Viability Appraisal

Appraisal Summary for Phase 1 Scenario 1- 48.6% AH, policy compliant tenure split

Currency in £

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Private Units	19	28,307	423.39	630,789	11,985,000
Affordable Rent	14	12,272	199.99	175,308	2,454,312
Shared Ownership	<u>4</u>	<u>3,603</u>	307.52	277,000	<u>1,108,000</u>
Totals	37	44,182			15,547,312

NET REALISATION
15,547,312
OUTLAY
ACQUISITION COSTS

Residualised Price (Negative land)	(575,568)	
Town Planning	17,094	(575,568)
		17,094

CONSTRUCTION COSTS

Construction	ft²	Build Rate ft²	Cost
Construction	44,176	259.49	11,463,069
S278 Travel Plan			18,000
			18,000
Section 106 Costs			
S106/S278 Highways Contribution			65,000
S106 SPA Mitigation			15,000
			80,000

PROFESSIONAL FEES

Professional Fees	10.00%	1,146,307	
			1,146,307

DISPOSAL FEES

Sales Agent & Marketing Fee	3.00%	359,550	
AH Disposal Fee		17,500	
Sales Legal Fee	37 un 1,000.00 /un	37,000	
			414,050

FINANCE

Debit Rate 6.500%, Credit Rate 0.000% (Nominal)		
Land		(41,682)
Construction		365,937
Other		54,376

Liss Nursery, Land at Petersfield Road - Viability Appraisal

Total Finance Cost	378,630
TOTAL COSTS	12,941,583
PROFIT	2,605,729

Performance Measures

Profit on Cost%	20.13%
Profit on GDV%	16.76%
Profit on NDV%	16.76%
IRR% (without Interest)	46.15%
Profit Erosion (finance rate 6.500)	2 yrs 10 mths

E – Proposed Development Appraisal

Liss Nursery, Land at Petersfield Road - Viability Appraisal

Development Appraisal
Patrizia/KSP
31 May 2022

APPRAISAL SUMMARY**PATRIZIA/KSP****Liss Nursery, Land at Petersfield Road - Viability Appraisal**

Appraisal Summary for Phase 2 Scenario 2 - 21.6% AH Provision, 100% Shared Ownership

Currency in £

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Private Units	29	37,525	425.05	550,000	15,950,000
Shared Ownership Units	8	6,654	298.47	248,256	1,986,050
Totals	37	44,179			17,936,050

NET REALISATION**17,936,050****OUTLAY****ACQUISITION COSTS**

Residualised Price			689,736		
				689,736	
Stamp Duty			23,987		
Effective Stamp Duty Rate		3.48%			
Agent Fee		1.00%	6,897		
Legal Fee		0.80%	5,518		
Town Planning			17,094		
				53,496	

CONSTRUCTION COSTS

Construction	ft²	Build Rate ft²	Cost		
Construction	44,176	259.49	11,463,069		
S278 Travel Plan			18,000		
				11,481,069	

Section 106 Costs

S106/S278 Highways Contribution			65,000		
S106 SPA Mitigation			15,000		
				80,000	

PROFESSIONAL FEES

Professional Fees		10.00%	1,146,307		
				1,146,307	

DISPOSAL FEES

Sales Agent & Marketing Fee		3.00%	478,500		
AH Disposal Fee			17,500		
Sales Legal Fee	37 un	1,000.00 /un	37,000		
				533,000	

FINANCE

Debit Rate 6.500%, Credit Rate 0.000% (Nominal)					
Land			82,403		
Construction			433,451		

APPRAISAL SUMMARY

PATRIZIA/KSP

Liss Nursery, Land at Petersfield Road - Viability Appraisal

Other	122,007	
Total Finance Cost		637,861
TOTAL COSTS		14,621,468
PROFIT		3,314,582

Performance Measures

Profit on Cost%	22.67%
Profit on GDV%	18.48%
Profit on NDV%	18.48%
IRR% (without Interest)	33.34%
Profit Erosion (finance rate 6.500)	3 yrs 2 mths

From: [Richard Ferguson](#)
Sent: 13 January 2022 16:58
To: [REDACTED]
Subject: FW: Liss Forest Nursery, Petersfield Road, Greatham - Instruction for viability appraisal
Attachments: [Viability appraisal instruction - Liss Forest Nurseries.docx](#)

Hi [REDACTED]

The applicant has asked for an estimate of when you'll be able to review the viability and provide your response. Please can you let me know the realistic amount of time you'll need?

Many thanks

Richard

From: Richard Ferguson
Sent: 11 January 2022 09:35
To: [REDACTED]
Cc: Affordablehousing <Affordablehousing@southdowns.gov.uk>
Subject: FW: Liss Forest Nursery, Petersfield Road, Greatham - Instruction for viability appraisal

Hi [REDACTED]

Further to my email below and our discussion, please find attached our pro-forma for instructing yourselves to undertake a viability appraisal for this site.

Happy to discuss further. – Maybe after your initial review of the Applicant's information?

Thanks and regards

Richard

From: Richard Ferguson
Sent: 07 January 2022 09:56
To: [REDACTED]
Subject: RE: Liss Forest Nursery, Petersfield Road, Greatham

Hi [REDACTED]

[REDACTED]

Following our last discussion RE the below, the applicant (Cove Homes) have agreed to the £3.5k fee. I will go through the necessary paperwork process on my side of things but wanted to give

you the initial heads up and to double check you are ok with this instruction for the viability appraisal.

Thanks and regards

Richard

From: [REDACTED]
Sent: 12 November 2021 09:47
To: Richard Ferguson <Richard.Ferguson@southdowns.gov.uk>
Subject: Liss Forest Nursery, Petersfield Road, Greatham

Richard

Please see the e-mail below from Quinton Edwards.

They have quoted a fee of £2,500 plus disbursements and VAT to carryout a valuation of the property in its existing use as a nursery and a further sum of £1,000 plus VAT to comment on the viability of the nursery as an operational entity.

This is a specialist area of valuation and the valuation based upon the existing use will be used to inform the assessment of the EUV and the BLV. The property is allocated for development in the SDNP Local Plan and, on this basis, I assume that the additional service relating to the viability of the nursery will not be required.

The indicative fee structure provides for a fee of £3,500 for residential schemes of 10 to 50 units. The assessment of the EUV and BLV is an important part of the review and if Quinton Edwards are appointed to assess the EUV there will be no requirement for repetition of this work by Bruton Knowles.

I recommend that the Quinton Edwards fee of £2,500 plus disbursements and VAT be accepted and propose an additional fee of £2,500 plus VAT to coordinate and conduct the review of the Applicant's viability appraisal.

I hope that the above is in line with expectations and would be pleased to provide any additional information or clarification as required.

Kind regards

[REDACTED]



Chartered Surveyors

2 Paris Parklands, Railton Road Guildford GU2 9JX

W: brutonknowles.co.uk

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From: [REDACTED]
Sent: 11 November 2021 13:54
To: Fraser Castle <Fraser.Castle@brutonknowles.co.uk>
Subject: LISS FOREST NURSERY - POSSIBLE VALUATION

CAUTION: This is an **external** email, take special care when clicking on **links** and opening **attachments**.

Dear [REDACTED]

Re: Liss Forest Nursery

Thank you for your email dated 9th November.

In regard to undertaking a valuation of the asset of Liss Forest Nursery – the land, infrastructure and buildings – we would charge the sum of £2,500 plus travel expenses plus VAT.

If you require us to comment on the viability of the nursery going forward, we would be happy to do so for an additional £1,000 plus VAT.

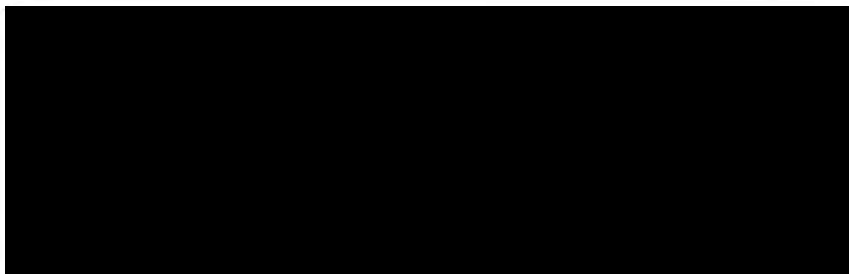
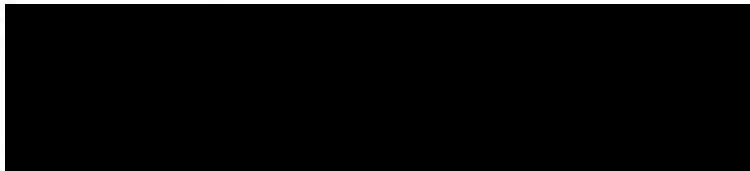
This latter service is one that we regularly do for developers on elderly nurseries.

For us to undertake the work, we will require an Ordnance Survey Site Plan and when we are on site, we will need to speak to someone about services and the business.

We confirm that we will be able to attend site next week and report shortly thereafter.

We trust we will be favoured with your instructions and look forward to hearing from you.

Yours sincerely



**Quinton Edwards Chartered Surveyors,
Bartholomew House
[38 London Road, Newbury, Berkshire, RG14 1JX](https://www.quintonedwards.co.uk)**



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APPENDIX A

Instruction for Assessment of Viability Appraisal

Supplier: Bruton Knowles

Application No: SDNP/21/04848/FUL

Site Address: Liss Forest Nursery, Petersfield, Greatham, Hampshire, GU33 6HA

Proposal: 37 dwellings, alterations to existing access onto Petersfield Road, hard and soft landscaping, drainage and all other associated development works

Case Officer: Richard Ferguson

Case Officer Contact Details: Richard.Ferguson@southdowns.gov.uk, 07872410433

Information to be provided by Case Officer (minimum required to enable assessment)

- Submitted plans
- Planning Statement (if submitted)
- Design and Access Statement (if submitted)
- Viability Assessment/Appraisal¹ -

The above can be found via: <https://planningpublicaccess.southdowns.gov.uk/online-applications/applicationDetails.do?activeTab=documents&keyVal=QZUA75TULS500>

Please confirm reason for consultation:

The development is not policy compliant with Local Plan policy SD28. 50% is not proposed and instead only 8 dwellings (shared ownership) are proposed to be provided. The submitted viability appraisal seeks to justify this.

Supporting information:

Viability Appraisal and Planning Statement as submitted. Application can be seen via the weblink above.

Draft Heads of Terms/SI06 and CIL matters: The Highways Authority are seeking £75,000 in transport contributions which will not have been factored into the applicant's appraisal. Also, there will also be a contribution towards mitigating recreational pressures upon the protected heathland to the north. This figure has not yet been agreed but will likely be considerably lower than what the Highways Authority are seeking.

Application Target Date/Committee Deadline: 10th March 2022.

Fee: £3, 500.

¹ Minimum requirements for viability appraisals can be found in the Internal Guidance Protocol

NOTE FOR SUPPLIER: *Please set out the fee for this advice and include the breakdown of the charge in terms of numbers of hours/days required, the level of the employee(s) engaged and how much time is included for clarification or responding to queries raised by the case officer.*

Please be advised that once this fee is agreed, no additional fee will be due unless additional time or tasks are specifically identified in advanced to fall outside of the original quote, and the additional sum is agreed in writing by the South Downs National Park Authority. This must take place before any extra work is undertaken. Please contact the case officer and affordablehousing@southdowns.gov.uk with any queries on this matter.

APPENDIX B

FLOWCHART FOR ADVICE AND PAYMENT

1. Planning application submitted without complying with Local Plan Policy **APPLICANT**



2. Request viability assessment is provided to support application, if not provided as part of original submission. Obtain supporting evidence from applicant where appropriate, e.g. structural survey, contamination/other abnormals reports. Refer to SPD and Viability Framework information to check minimum requirements **CASE OFFICER**



3. Review of submitted viability assessment to check all relevant information submitted to officer satisfaction. Start to interrogate details, ask questions. Consider/check S106 and CIL requirements. Discuss with manager and affordablehousing@ about independent review **CASE OFFICER/MANAGER**



4. Seek approval from applicant for independent assessment at their cost. Ask affordablehousing@ for guide as to likely cost or check the indicative schedule **CASE OFFICER**



5. Draft instruction to independent assessor, seek quote for works. Provide all relevant information upfront (copy affordablehousing@, ask for advice if needed) **CASE OFFICER**



6. Seek approval from applicant for fee payment using quote and obtain full applicant/agent contact details for payment **CASE OFFICER**



7. Instruction of independent assessor in line with SDNPA Protocol and quote details (affordablehousing@ and link officer copied in). Separately provide applicant payment details to affordablehousing@ **CASE OFFICER**



8. Purchase Order raised for independent assessor. **GILL**



9. Review information and ask any questions **SUPPLIER/CASE OFFICER**
(Seek quote for additional work if needed and return to step 7)



10. Draft advice from independent assessor received (copied to case officer and affordablehousing@) **SUPPLIER/CASE OFFICER**



11. Review report and conclusions. Confirm if satisfied, ask for clarification if required.
(Seek quote for additional work if needed and return to step 7). **CASE OFFICER**



12. Invoice raised and sent to applicant. **GILL** (via BHCC)



13. Add note to Uniform as a reminder to check invoice paid before decision issued
CASE OFFICER



14. Evaluation of advice and efficiency of supplier sent to affordablehousing@
CASE OFFICER



15. Save all feedback forms in: [I:\Planning\Performance_And_Technical\Specialist Advice\Viability\Feedback Forms](#) **GILL**



16. Check invoice has been paid (confirm with GILL) before decision is issued
CASE OFFICER

APPENDIX C

Viability Appraisal Advice Feedback at Consultation Close

Supplier Name	
Case Officer	
Application Reference	
Consultation Start Date	
Consultation End Date	

1. Did the supplier complete the advice within the specified time? Yes / No

If no, please give further details here

2. Did the supplier deliver an outcome that met the quality specified in the instruction? Yes / No

If not, why not?

3. Please give details where the supplier has not met expectations for one or more elements of the instruction, if not already mentioned above

4. What were the key findings of the review?

5. What assurances, if any would you seek before engaging with this company in the future?

Please return the completed questionnaire to the relevant Link Officer and affordablehousing@southdowns.gov.uk.

From: [REDACTED]
Sent: 29 June 2022 18:24
To: [Richard Ferguson](#)
Subject: Liss Forest Nursery, Gratham, Hampshire
Attachments: [Applicant's Scheme June 2022.pdf](#)
[PC Scheme June 2022.pdf](#)

Richard

Please find below my initial thoughts on the comments raised in the Applicant's letter dated 31st May 2022.

GDV

I note that the Applicant has increased their opinion of the GDV from £392 per sq ft to £425 per sq ft but this remains below my opinion of the GDV of £447 per sq ft. This appears to be a matter of opinion more than anything. Both sides are, in the main, using the same developments as a point of reference although I have referred to some schemes which have not been addressed by the Applicant.

Build Costs

In terms of the build costs the Applicant has submitted a revised cost plan. The costs for the development have increased and that is to be expected having regard to general price increases over period since the initial viability appraisal was submitted. I recommend that the cost plan be reviewed by a Quantity Surveyor.

Abnormal Development Costs

I previously estimated from the earlier cost plan that the abnormal development costs were in the order of £1,973,000. No evidence has been provided by the Applicant to support these costs in the form of background surveys or quotes etc. Abnormal development costs at this level have the potential to significantly affect the viability of the development proposed. I would normally recommend that these costs be reviewed by a Quantity Surveyor but insufficient information is provided for such a review.

Valuation Context

The Applicant has not confirmed the purchase payable for the property on the grant of planning permission for development or provided any evidence from comparable development land transactions. In this way the Applicant's viability appraisal is incomplete and is non-compliant with SDNPA's SPD, the PPG and RICS guidance.

In the absence of such information to provide the context for the valuation I remain of the opinion that the inputs I have adopted in my residual appraisals are consistent with the market and there is no rationale for a change. The exception being the finance cost which I accept will have increased to say 6.5% per annum.

I therefore remain of the view that the following are appropriate:

- Agency and legal fees on acquisition 1.8%
- Professional fees 8%
- Marketing and agency fees of sale of the completed Market Housing units 2.5%
- Legal fees on the Market Housing units £750 per units and £350 per unit for the Affordable Housing
- Developer's profit 17.5% on Market Housing GDV and 6% on Affordable Housing GDV

Section 106 and Section 278

I have amended the sums adopted in line with the Applicant's assessment at £95,000

Revised Appraisals

I have prepared several revised appraisals copies of which are attached.

The Policy Compliant Scheme

I have, for the time being, and in the absence of a review by a Quantity Surveyor adjusted the residual appraisal to reflect the Applicant's cost plan and have also increased the finance cost assumption to 6.5% per annum otherwise the .

This provides for a Residual Land Value for the Policy Compliant Scheme of £667,611 which falls below the BLV at £1,038,000.

This suggests that the Policy Compliant Scheme may not be viable with 50% Affordable Housing provision but this may be a result of the build costs being over estimated.

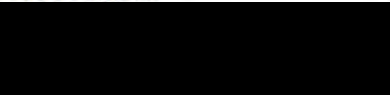
The Applicant's Scheme

I have similarly reviewed the Applicant's Scheme again based upon the Applicant's revised cost plan and a finance cost of 6.5% per annum.

This provides for a Residual Land Value of ££2,244,153 which is significantly higher than the BLV of £1,038,000

This suggests that the Applicant's Scheme is viable with significantly more than the 8 x Shared Ownership units proposed by the Applicant.

Kind regards



Chartered Surveyors

2 Paris Parklands, Railton Road Guildford GU2 9JX



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APPRAISAL SUMMARY**BRUTON KNOWLES**

**Liss Forest Nursery
Proposed Development
June 2022**

Appraisal Summary for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	ft ²	Sales Rate ft ²	Unit Price	Gross Sales
Market Housing	1	37,680	452.63	17,055,000	17,055,000
Affordable Housing	1	6,568	325.68	2,139,098	2,139,098
Totals	2	44,248			19,194,098

NET REALISATION 19,194,098

OUTLAY**ACQUISITION COSTS**

Residualised Price		2,244,153	
			2,244,153
Stamp Duty		101,708	
Effective Stamp Duty Rate	4.53%		
Agent Fee	1.00%	22,442	
Legal Fee	0.80%	17,953	
			142,102

CONSTRUCTION COSTS

Construction	ft ²	Build Rate ft ²	Cost
Base Build Cost	44,249	259.06	11,463,069
			11,463,069
Section 106 Costs			
Section 278 Costs			80,000
Section 106 Costs			15,000
			95,000

PROFESSIONAL FEES

Architect	8.00%	917,046	
			917,046

DISPOSAL FEES

Sales Agent Fee - Market Housing	2.50%	426,375	
Sales Agent Fee - Affordable		10,000	
Sales Legal Fee - Market		14,250	
Sales Legal Fee - Affordable		6,300	
			456,925

TOTAL COSTS BEFORE FINANCE 15,318,295

FINANCE

Timescale	Duration	Commences
Purchase	1	Feb 2022
Pre-Construction	5	Mar 2022
Construction	15	Aug 2022
Sale	6	Nov 2023
Total Duration	27	

Debit Rate 6.500%, Credit Rate 0.000% (Nominal)

Land	270,795	
Construction	386,224	
Other	105,500	
Total Finance Cost	762,520	

TOTAL COSTS 16,080,815

PROFIT

3,113,283

APPRAISAL SUMMARY**BRUTON KNOWLES****Liss Forest Nursery
Proposed Development
June 2022****Performance Measures**

Profit on Cost%	19.36%
Profit on GDV%	16.22%
Profit on NDV%	16.22%
IRR% (without Interest)	28.10%
Profit Erosion (finance rate 6.500)	2 yrs 9 mths
Cost per Gross ft²	182
Cost per Net ft²	182
Land Cost pAcre	0
Land Cost per Plot	1,122,077

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APPRAISAL SUMMARY**BRUTON KNOWLES****Liss Forest Nursery
Policy Compliant Development****Appraisal Summary for Phase 1**

Currency in £

REVENUE

Sales Valuation	Units	ff	Sales Rate ff	Unit Price	Gross Sales
Market Housing	1	28,462	447.26	12,730,000	12,730,000
Affordable Housing	1	15,786	236.87	3,739,307	3,739,307
Totals	2	44,248			16,469,307

NET REALISATION**16,469,307****OUTLAY****ACQUISITION COSTS**

Residualised Price			667,611	
Stamp Duty			22,881	667,611
Effective Stamp Duty Rate		3.43%		
Agent Fee		1.00%	6,676	
Legal Fee		0.80%	5,341	
				34,898

CONSTRUCTION COSTS

Construction	ff	Build Rate ff	Cost	
Base Build Cost	44,249	259.06	11,463,069	11,463,069
Section 106 Costs				
Section 106 Costs			15,000	
Section 278 Costs			80,000	
				95,000

PROFESSIONAL FEES

Architect	8.00%	917,046	
			917,046

DISPOSAL FEES

Sales Agent Fee - Market Housing	2.50%	318,250	
Sales Agent Fee - Affordable		10,000	
Sales Legal Fee - Market		14,250	
Sales Legal Fee - Affordable		6,300	
			348,800

TOTAL COSTS BEFORE FINANCE**13,526,424****FINANCE**

Timescale	Duration	Commences
Purchase	1	Feb 2022
Pre-Construction	5	Mar 2022
Construction	15	Aug 2022
Sale	6	Nov 2023
Total Duration	27	

Debit Rate 6.500%, Credit Rate 0.000% (Nominal)

Land	79,722	
Construction	334,913	
Other	75,969	
Total Finance Cost		490,604

TOTAL COSTS**14,017,027****PROFIT****2,452,280**

APPRAISAL SUMMARY**BRUTON KNOWLES****Liss Forest Nursery****Policy Compliant Development****Performance Measures**

Profit on Cost%	17.50%
Profit on GDV%	14.89%
Profit on NDV%	14.89%
IRR% (without Interest)	32.20%
Profit Erosion (finance rate 6.500)	2 yrs 6 mths
Cost per Gross ft²	158
Cost per Net ft²	158
Land Cost pAcre	0
Land Cost per Plot	333,806

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From: [REDACTED]
Sent: 27 June 2022 14:29
To: [Richard Ferguson](#)
Subject: RE: Liss Forest Nursery, Gratham, Hampshire
Attachments: [Applicant's Scheme June 2022 \(£425 per sq ft\).pdf](#)
[Applicant's Scheme June 2022.pdf](#)
[PC Scheme June 2022.pdf](#)

Richard

[REDACTED]

Further to our conversation earlier today please find attached a copy of the updated appraisals for the Policy Compliant Scheme and the Applicant's Scheme. The latter being based upon 21.6% Affordable Housing delivery (8 x Shared Ownership units).

I have adjusted the residual appraisals to reflect increases in build costs over the intervening period and have for the time being adopted the Applicant's assessment of the builds costs, external costs, abnormal costs and contingency at £11,463,069. As discussed these may overstate the build costs as inflation has been applied from February 2021 rather than June 2021 as one might have expected.

I have adjusted the finance cost to 6.5% to reflect recent increases in the base rate and have assumed Section 278 contributions at £80,000 and Section 106 contributions for SPA mitigation at £15,000.

Otherwise I have not adjusted the inputs to the appraisals.

Based upon the above this indicates the following:

RLV for the Policy Compliant Scheme of £667,611 which falls below the BLV at £1,038,000.

RLV for the Applicant's Scheme of £2,244,153 which is significantly higher than the BLV of £1,038,000.

This suggests that the Policy Compliant Scheme may not be viable with 50% Affordable Housing provision but this may be a result of the build costs being over estimated.

I do not consider the Applicant has provided any new information that would indicate that a change of mind in relation to the other inputs to the appraisals would be required. I also note that the Applicant has not confirmed the purchase price payable for the property on the grant of planning permission for development or provided any evidence from comparable development land transactions. In this way the Applicant's viability appraisal is incomplete and is non compliant with SDNPA's SPD, the PPG and RICS guidance.

The Applicant has increased their opinion of the GDV to £425 per sq ft from £392 per sq ft which is positive. This, however, remains significantly lower than my assessment at £447 per sq ft.

I have therefore as a check, prepared a further residual appraisal based upon a reduced GDV equal to £425 per sq ft for the Market Housing. This indicates a RLV of £1,550,399 which is £512,399 higher than the BLV of £1,038,000.

On this basis it can be seen that even if the Applicant's assessment of the build costs and the GDV are accepted significantly more Affordable Housing could be provided.

I can carry out a further review of the GDV but note that would recommend that the Applicant's cost plan be reviewed by a Quantity Surveyor as this is likely to be the area that has the biggest impact on viability and the potential to achieve policy compliant Affordable Housing provision.

However, you may want to defer this until the Applicant provides confirmation of the purchase price to be paid following the grant of planning permission or the price expected to be paid together with the terms relating to the proposed acquisition in line with the PPG and as confirmed by RICS guidance and the SPD and until evidence is provided from comparable development land transactions.

Kind regards




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From: Richard Ferguson <Richard.Ferguson@southdowns.gov.uk>

Sent: 16 June 2022 17:04

To: [REDACTED]

Subject: FW: Liss Forest Nursery, Gratham, Hampshire

CAUTION: This is an **external** email, take special care when clicking on **links** and opening **attachments**.

Hi [REDACTED]

Hope you're well.

Further to below, I have a remit to take the application to our July planning committee. Is there a good time to discuss this site with you tomorrow please?

[REDACTED]

I think if there is no more budget from the initial appraisal work, SDNPA can cover additional time cost incurred to review this updated information.

Many thanks

Richard

From: Richard Ferguson

Sent: 08 June 2022 17:02

To: [REDACTED]

Subject: RE: Liss Forest Nursery, Gratham, Hampshire

Hi [REDACTED]

Trust you're well.

I have now received a response to your viability appraisal RE the above site, which you provided back in Feb. Please see attached the further information.

I am unsure if there is any budget left in the original appraisal fee to review this and provide a response? Their latest attached info seems to provide further justification for a 21% (8 units) AH contribution which means the scheme is no further forward than originally proposed unfortunately.

Please can you let me know if there's scope to provide a response on this new information?

Thanks and regards

Richard

From: [REDACTED]
Sent: 17 February 2022 12:03
To: Richard Ferguson <Richard.Ferguson@southdowns.gov.uk>
Subject: Liss Forest Nursery, Gratham, Hampshire

Richard

Please find attached a copy of our report following our review of the Applicant's viability appraisal.

At this stage we consider the proposed development to be viable with policy compliant affordable housing provision.

We have accepted the Applicant's assessment of the BLV based upon the Existing Use Value plus a premium approach. It is considered that if they were to apply minimum price expectations for land with residential development potential or to apply an Alternative Use Value approach then a significantly higher BLV would result. It therefore seems best to accept their assessment as is.

I hope that the report and its findings are in line with expectations and I would be pleased to provide any additional information or clarification as required.

Kind regards

[REDACTED]

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Knowles

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[REDACTED]

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APPRAISAL SUMMARY**BRUTON KNOWLES**

Liss Forest Nursery
Proposed Development
June 2022

Appraisal Summary for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	ff	Sales Rate ff	Unit Price	Gross Sales
Market Housing	1	37,680	425.00	16,014,000	16,014,000
Affordable Housing	1	6,568	325.68	2,139,098	2,139,098
Totals	2	44,248			18,153,098

NET REALISATION**18,153,098****OUTLAY****ACQUISITION COSTS**

Residualised Price			1,550,399		1,550,399
Stamp Duty			67,020		
Effective Stamp Duty Rate		4.32%			
Agent Fee		1.00%	15,504		
Legal Fee		0.80%	12,403		
				94,927	

CONSTRUCTION COSTS

Construction	ff	Build Rate ff	Cost	
Base Build Cost	44,249	259.06	11,463,069	11,463,069
Section 106 Costs				
Section 278 Costs			80,000	
Section 106 Costs			15,000	
				95,000

PROFESSIONAL FEES

Architect	8.00%	917,046		917,046
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DISPOSAL FEES

Sales Agent Fee - Market Housing	2.50%	400,350		
Sales Agent Fee - Affordable		10,000		
Sales Legal Fee - Market		14,250		
Sales Legal Fee - Affordable		6,300		
			430,900	

TOTAL COSTS BEFORE FINANCE**14,551,341****FINANCE**

Timescale	Duration	Commences
Purchase	1	Feb 2022
Pre-Construction	5	Mar 2022
Construction	15	Aug 2022
Sale	6	Nov 2023
Total Duration	27	

Debit Rate 6.500%, Credit Rate 0.000% (Nominal)

Land	186,714		
Construction	386,224		
Other	98,909		
Total Finance Cost		671,847	

TOTAL COSTS**15,223,188****PROFIT**

APPRAISAL SUMMARY**BRUTON KNOWLES****Liss Forest Nursery
Proposed Development
June 2022****2,929,910****Performance Measures**

Profit on Cost%	19.25%
Profit on GDV%	16.14%
Profit on NDV%	16.14%
IRR% (without Interest)	29.52%
Profit Erosion (finance rate 6.500)	2 yrs 9 mths
Cost per Gross ft²	172
Cost per Net ft²	172
Land Cost pAcre	0
Land Cost per Plot	775,200

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APPRAISAL SUMMARY**BRUTON KNOWLES**

**Liss Forest Nursery
Proposed Development
June 2022**

Appraisal Summary for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	ft ²	Sales Rate ft ²	Unit Price	Gross Sales
Market Housing	1	37,680	452.63	17,055,000	17,055,000
Affordable Housing	1	6,568	325.68	2,139,098	2,139,098
Totals	2	44,248			19,194,098

NET REALISATION 19,194,098

OUTLAY**ACQUISITION COSTS**

Residualised Price		2,244,153	
			2,244,153
Stamp Duty		101,708	
Effective Stamp Duty Rate	4.53%		
Agent Fee	1.00%	22,442	
Legal Fee	0.80%	17,953	
			142,102

CONSTRUCTION COSTS

Construction	ft ²	Build Rate ft ²	Cost
Base Build Cost	44,249	259.06	11,463,069
			11,463,069
Section 106 Costs			
Section 278 Costs			80,000
Section 106 Costs			15,000
			95,000

PROFESSIONAL FEES

Architect	8.00%	917,046	
			917,046

DISPOSAL FEES

Sales Agent Fee - Market Housing	2.50%	426,375	
Sales Agent Fee - Affordable		10,000	
Sales Legal Fee - Market		14,250	
Sales Legal Fee - Affordable		6,300	
			456,925

TOTAL COSTS BEFORE FINANCE 15,318,295

FINANCE

Timescale	Duration	Commences
Purchase	1	Feb 2022
Pre-Construction	5	Mar 2022
Construction	15	Aug 2022
Sale	6	Nov 2023
Total Duration	27	

Debit Rate 6.500%, Credit Rate 0.000% (Nominal)

Land	270,795
Construction	386,224
Other	105,500
Total Finance Cost	762,520

TOTAL COSTS 16,080,815

PROFIT

3,113,283

APPRAISAL SUMMARY**BRUTON KNOWLES****Liss Forest Nursery
Proposed Development
June 2022****Performance Measures**

Profit on Cost%	19.36%
Profit on GDV%	16.22%
Profit on NDV%	16.22%
IRR% (without Interest)	28.10%
Profit Erosion (finance rate 6.500)	2 yrs 9 mths
Cost per Gross ft²	182
Cost per Net ft²	182
Land Cost pAcre	0
Land Cost per Plot	1,122,077

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APPRAISAL SUMMARY**BRUTON KNOWLES****Liss Forest Nursery
Policy Compliant Development****Appraisal Summary for Phase 1**

Currency in £

REVENUE

Sales Valuation	Units	ff	Sales Rate ff	Unit Price	Gross Sales
Market Housing	1	28,462	447.26	12,730,000	12,730,000
Affordable Housing	1	15,786	236.87	3,739,307	3,739,307
Totals	2	44,248			16,469,307

NET REALISATION**16,469,307****OUTLAY****ACQUISITION COSTS**

Residualised Price			667,611		
				667,611	
Stamp Duty			22,881		
Effective Stamp Duty Rate		3.43%			
Agent Fee		1.00%	6,676		
Legal Fee		0.80%	5,341		
				34,898	

CONSTRUCTION COSTS

Construction	ff	Build Rate ff	Cost		
Base Build Cost	44,249	259.06	11,463,069		
				11,463,069	
Section 106 Costs					
Section 106 Costs			15,000		
Section 278 Costs			80,000		
				95,000	

PROFESSIONAL FEES

Architect		8.00%	917,046		
				917,046	

DISPOSAL FEES

Sales Agent Fee - Market Housing		2.50%	318,250		
Sales Agent Fee - Affordable			10,000		
Sales Legal Fee - Market			14,250		
Sales Legal Fee - Affordable			6,300		
				348,800	

TOTAL COSTS BEFORE FINANCE**13,526,424****FINANCE**

Timescale	Duration	Commences
Purchase	1	Feb 2022
Pre-Construction	5	Mar 2022
Construction	15	Aug 2022
Sale	6	Nov 2023
Total Duration	27	

Debit Rate 6.500%, Credit Rate 0.000% (Nominal)

Land		79,722		
Construction		334,913		
Other		75,969		
Total Finance Cost			490,604	

TOTAL COSTS**14,017,027****PROFIT****2,452,280**

APPRAISAL SUMMARY**BRUTON KNOWLES****Liss Forest Nursery****Policy Compliant Development****Performance Measures**

Profit on Cost%	17.50%
Profit on GDV%	14.89%
Profit on NDV%	14.89%
IRR% (without Interest)	32.20%
Profit Erosion (finance rate 6.500)	2 yrs 6 mths
Cost per Gross ft²	158
Cost per Net ft²	158
Land Cost pAcre	0
Land Cost per Plot	333,806

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From: [REDACTED]
Sent: 29 June 2022 18:30
To: [Richard Ferguson](#)
Subject: RE: Liss Forest Nursery, Gratham, Hampshire

Thanks Richard

Happy for you to sent the appraisals.

Kind regards




Chartered Surveyors

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From: Richard Ferguson <Richard.Ferguson@southdowns.gov.uk>
Sent: 29 June 2022 18:26
To: [REDACTED]
Subject: RE: Liss Forest Nursery, Gratham, Hampshire

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Hi [REDACTED] great thanks for your efforts/views...much appreciated.

Are you happy for me to forward on the attached residual appraisals as well?

Thanks

Richard

From: [REDACTED]
Sent: 29 June 2022 18:24
To: Richard Ferguson <Richard.Ferguson@southdowns.gov.uk>
Subject: Liss Forest Nursery, Gratham, Hampshire

Richard

Please find below my initial thoughts on the comments raised in the Applicant's letter dated 31st May 2022.

GDV

I note that the Applicant has increased their opinion of the GDV from £392 per sq ft to £425 per sq ft but this remains below my opinion of the GDV of £447 per sq ft. This appears to be a matter of opinion more than anything. Both sides are, in the main, using the same developments as a point of reference although I have referred to some schemes which have not been addressed by the Applicant.

Build Costs

In terms of the build costs the Applicant has submitted a revised cost plan. The costs for the development have increased and that is to be expected having regard to general price increases over period since the initial viability appraisal was submitted. I recommend that the cost plan be reviewed by a Quantity Surveyor.

Abnormal Development Costs

I previously estimated from the earlier cost plan that the abnormal development costs were in the order of £1,973,000. No evidence has been provided by the Applicant to support these costs in the form of background surveys or quotes etc. Abnormal development costs at this level have the potential to significantly affect the viability of the development proposed. I would normally recommend that these costs be reviewed by a Quantity Surveyor but insufficient information is provided for such a review.

Valuation Context

The Applicant has not confirmed the purchase payable for the property on the grant of planning permission for development or provided any evidence from comparable development land transactions. In this way the Applicant's viability appraisal is incomplete and is non-compliant with SDNPA's SPD, the PPG and RICS guidance.

In the absence of such information to provide the context for the valuation I remain of the opinion that the inputs I have adopted in my residual appraisals are consistent with the market and there is no rationale for a change. The exception being the finance cost which I accept will have increased to say 6.5% per annum.

I therefore remain of the view that the following are appropriate:

- Agency and legal fees on acquisition 1.8%
- Professional fees 8%
- Marketing and agency fees of sale of the completed Market Housing units 2.5%
- Legal fees on the Market Housing units £750 per units and £350 per unit for the Affordable Housing
- Developer's profit 17.5% on Market Housing GDV and 6% on Affordable Housing GDV

Section 106 and Section 278

I have amended the sums adopted in line with the Applicant's assessment at £95,000

Revised Appraisals

I have prepared several revised appraisals copies of which are attached.

The Policy Compliant Scheme

I have, for the time being, and in the absence of a review by a Quantity Surveyor adjusted the residual appraisal to reflect the Applicant's cost plan and have also increased the finance cost assumption to 6.5% per annum otherwise the .

This provides for a Residual Land Value for the Policy Compliant Scheme of £667,611 which falls below the BLV at £1,038,000.

This suggests that the Policy Compliant Scheme may not be viable with 50% Affordable Housing provision but this may be a result of the build costs being over estimated.

The Applicant's Scheme

I have similarly reviewed the Applicant's Scheme again based upon the Applicant's revised cost plan and a finance cost of 6.5% per annum.

This provides for a Residual Land Value of ££2,244,153 which is significantly higher than the BLV of £1,038,000

This suggests that the Applicant's Scheme is viable with significantly more than the 8 x Shared Ownership units proposed by the Applicant.


Kind regards



Chartered Surveyors

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From: [REDACTED]
Sent: 14 January 2022 11:06
To: [Richard Ferguson](#)
Subject: RE: Liss Forest Nursery, Petersfield Road, Greatham - Instruction for viability appraisal

Richard

Thanks for the e-mail and happy New Year.

We would normally say either side of three weeks to complete our initial review. However, I have a bit of catching up to do after Christmas and being on holiday and as the EUV/BLV aspect is not entirely mainstream I expect that we will require something more like four weeks.

Kind regards




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From: Richard Ferguson <Richard.Ferguson@southdowns.gov.uk>

Sent: 13 January 2022 16:58

To: [REDACTED]

Subject: FW: Liss Forest Nursery, Petersfield Road, Greatham - Instruction for viability appraisal

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Hi [REDACTED]

The applicant has asked for an estimate of when you'll be able to review the viability and provide your response. Please can you let me know the realistic amount of time you'll need?

Many thanks

Richard

From: Richard Ferguson

Sent: 11 January 2022 09:35

To: [REDACTED]

Cc: Affordablehousing <Affordablehousing@southdowns.gov.uk>

Subject: FW: Liss Forest Nursery, Petersfield Road, Greatham - Instruction for viability appraisal

Hi [REDACTED]

Further to my email below and our discussion, please find attached our pro-forma for instructing yourselves to undertake a viability appraisal for this site.

Happy to discuss further. – Maybe after your initial review of the Applicant's information?

Thanks and regards

Richard

From: Richard Ferguson

Sent: 07 January 2022 09:56

To: [REDACTED]

Subject: RE: Liss Forest Nursery, Petersfield Road, Greatham

Hi [REDACTED]

Happy new year and hope you had an enjoyable break.

Following our last discussion RE the below, the applicant (Cove Homes) have agreed to the £3.5k fee. I will go through the necessary paperwork process on my side of things but wanted to give you the initial heads up and to double check you are ok with this instruction for the viability appraisal.

Thanks and regards

Richard

From: [REDACTED]
Sent: 12 November 2021 09:47
To: Richard Ferguson <Richard.Ferguson@southdowns.gov.uk>
Subject: Liss Forest Nursery, Petersfield Road, Greatham

Richard

Please see the e-mail below from Quinton Edwards.

They have quoted a fee of £2,500 plus disbursements and VAT to carryout a valuation of the property in its existing use as a nursery and a further sum of £1,000 plus VAT to comment on the viability of the nursery as an operational entity.

This is a specialist area of valuation and the valuation based upon the existing use will be used to inform the assessment of the EUV and the BLV. The property is allocated for development in the SDNP Local Plan and, on this basis, I assume that the additional service relating to the viability of the nursery will not be required.

The indicative fee structure provides for a fee of £3,500 for residential schemes of 10 to 50 units. The assessment of the EUV and BLV is an important part of the review and if Quinton Edwards are appointed to assess the EUV there will be no requirement for repetition of this work by Bruton Knowles.

I recommend that the Quinton Edwards fee of £2,500 plus disbursements and VAT be accepted and propose an additional fee of £2,500 plus VAT to coordinate and conduct the review of the Applicant's viability appraisal.

I hope that the above is in line with expectations and would be pleased to provide any additional information or clarification as required.

Kind regards

[REDACTED]



Chartered Surveyors

2 Paris Parklands, Railton Road Guildford GU2 9JX

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From: [REDACTED]
Sent: 11 November 2021 13:54
To: [REDACTED]
Subject: LISS FOREST NURSERY - POSSIBLE VALUATION

CAUTION: This is an **external** email, take special care when clicking on **links** and opening **attachments**.

Dear [REDACTED]

Re: Liss Forest Nursery

Thank you for your email dated 9th November.

In regard to undertaking a valuation of the asset of Liss Forest Nursery – the land, infrastructure and buildings – we would charge the sum of £2,500 plus travel expenses plus VAT.

If you require us to comment on the viability of the nursery going forward, we would be happy to do so for an additional £1,000 plus VAT.

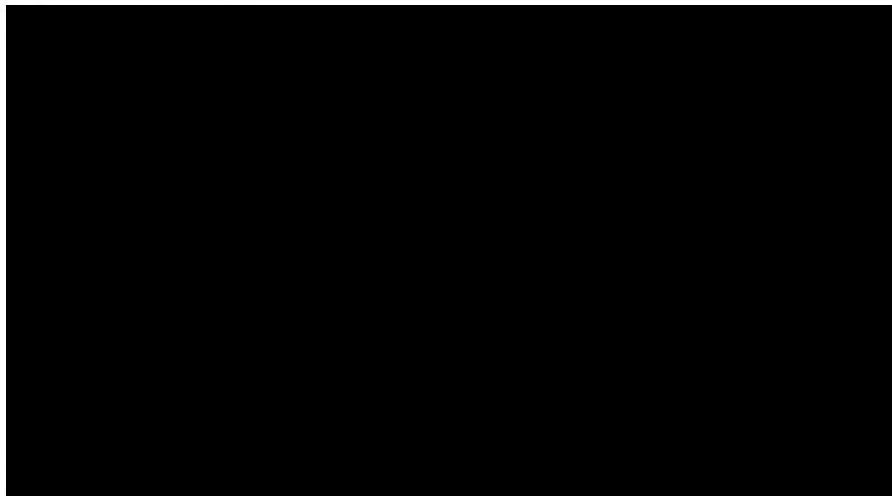
This latter service is one that we regularly do for developers on elderly nurseries.

For us to undertake the work, we will require an Ordnance Survey Site Plan and when we are on site, we will need to speak to someone about services and the business.

We confirm that we will be able to attend site next week and report shortly thereafter.

We trust we will be favoured with your instructions and look forward to hearing from you.

Yours sincerely



**Quinton Edwards Chartered Surveyors,
Bartholomew House
[38 London Road, Newbury, Berkshire, RG14 1JX](https://www.quintonedwards.co.uk)**



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From: [Richard Ferguson](#)
Sent: 09 November 2021 18:22
To: [REDACTED]
Subject: RE: Liss Forest Nursery, Petersfield Road, Greatham

That's great thanks [REDACTED] I've had a chaser from the applicant's agent today and so hearing from Quinton this week would be ideal.

[REDACTED]

Richard

From: [REDACTED]
Sent: 09 November 2021 14:13
To: Richard Ferguson <Richard.Ferguson@southdowns.gov.uk>
Subject: RE: Liss Forest Nursery, Petersfield Road, Greatham

Richard

I have requested a quote from Quinton Edwards and hope to be able to advise later this week. I will chase them along on Friday if I have not heard back before then.

Kind regards




BK | Bruton Knowles

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From: Richard Ferguson <Richard.Ferguson@southdowns.gov.uk>

Sent: 09 November 2021 12:32

To: [REDACTED]

Subject: RE: Liss Forest Nursery, Petersfield Road, Greatham

CAUTION: This is an **external** email, take special care when clicking on **links** and opening **attachments**.

Hi [REDACTED]

Thanks for getting back to me, yes please to providing a quote. - I am being chased by the agent, are you able to get back to me this week with this?

Thanks

Richard

From: [REDACTED]

Sent: 02 November 2021 10:57

To: Richard Ferguson <Richard.Ferguson@southdowns.gov.uk>

Subject: Liss Forest Nursery, Petersfield Road, Greatham

Richard

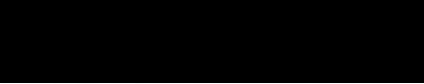
Thanks for the e-mail. Hope you are well.

I have had an initial read through the Applicant's viability appraisal and my initial thoughts are that the Residual Land Value is based upon pessimistic inputs particularly in respect of the GDV and developer's profit although most other inputs are at the top end of any normal range.

The viability appraisal also makes some quite dated references and is not compliant with the SPD (no evidence from comparable development land sales and no information provided in relation to the purchase price or purchase price mechanism i.e. any minimum price provisions).

In relation to the BLV this is quite a specialist area of valuation work and we would recommend that the valuation report prepared by the Applicant to inform the EUV of the property be reviewed by a specialist valuer. I can obtain a quote for this if that is agreeable to you.

Kind regards




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65k highways

5106.

• Policy compliant scheme isn't achievable but this

• PC \rightarrow 21.6% @ 447
 \rightarrow RLV of 667,611 - falls below BLV

• 425th appraisal \rightarrow Same GCV, build costs \rightarrow all bids in the middle make a difference.

• what range of % could be achieved.

452/ = Spread of values 405 - 480 spread - depends on the max

\rightarrow
447/2

425 \rightarrow shows how sensitive to small changes
 \rightarrow Big ticket bills & GCV - more reasonable, optimistic

• 500th take them
Another 2/3 units

\rightarrow each property convert to A1 leaving 40% value =

- 3 units \rightarrow taken them to 11 or 12.

#10.

To achieve need be showing 400k off their total build with which could use for contingency abnormal costs.

Stuff Co

GCV. \rightarrow where

447 \rightarrow change ~~or~~ use build, change finance costs & keep some unvariable policy compliant scheme.

If you go the way \rightarrow 447,
 \rightarrow Surplus
6-8 units.

\rightarrow Build cost overrun; GCV somewhere in the middle.

\rightarrow 35-40% range \rightarrow 17.5% compliant scheme;
 \rightarrow conservative inputs
 \rightarrow done it to plan.

2 or 3 units; worst case scenario probably you're short of 500th work
 \rightarrow Using these inflated build costs; pessimistic GCV + higher finance cost.
 \rightarrow worst case scenario.
 \rightarrow 500th diff.
Build cost. big factor.