Burrell, Becky

From: Niland, Mark
Sent: 16 January 2025 11:32
To: _planningadvice
Subject: FW: FW: Viability Appraisal
Attachments: We sent you safe versions of your files; 1308-10_SK_HTK_GA01_B.pdf; 1308-10 _SK_HTE_GA01_A.pdf; 103-016 Semi v detached comparison.pdf

Hi,

H11-0120-24 - Land off Little London

Can the emails and attachment please be captured into the DIP. 6SUP

Thanks
Mark

From: Daniel Sharp <daniel@lincsdesignconsultancy.co.uk>
Sent: Thursday, January 16, 2025 9:04 AM
To: Niland, Mark <Mark.Niland@sholland.gov.uk>
Cc: Adam Mayer <adam@brownbuilders.co.uk>
Subject: FW: FW: Viability Appraisal

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Good Morning Mark,

Please see below from RGP regarding the viability. Could this be forwarded back to your independent assessor please to see if this can be agreed and concluded.

Kind regards,

Daniel Sharp
Director

T : 01507 611155
M : 07467 941602
www.lincsdesignconsultancy.co.uk

From: Mitch Dale <mdale@rg-p.co.uk>
Sent: 15 January 2025 17:37
To: Adam Mayer <adam@brownbuilders.co.uk>
Subject: FW: FW: Viability Appraisal

Good afternoon Adam

Thanks for sharing the Viability Assessors comments. We respond as follows which happy for you to forward on:

There are other areas of disagreement between ours and CPV's assessment, which include items such as:

Finance Rate – accepted in principal but reduced to 9% and doesn't allow for any set up costs

Professional Fees – CPV have stated 7.35% in their report but revert to 7%

Sales on RP units

However, the main areas of concern are noted below and comments here for reassessment by CPV:

Detached Units Rate:

As previously advised an analysis had been undertaken by rg+p using an elemental analysis from BCIS. This has taken the analysis and included the measures for a pair of semi detached properties v's a detached property. You will also note that the areas for the substructure for instance are greater than the 95m2 GIFA whereas the ceiling or floor quantities are in effect 2 x 95m2 (190m2).

We again enclose the analysis and also the two unit types which were from another project. However, we believe that the units selected are sufficiently comparable to unit types on this project to determine an accurate assessment of cost per m2 difference between the different unit types to determine a % uplift.

We enclose the two unit type drawings with GFA's of 95m2 and 155m2 respectively. As a comparison to this project the average unit sizes are 84m2 and 140m2 so we feel is a direct comparison to determine the variance as a percentage in rate. As advised within the report even without any specification amendments whatsoever the rate increase is 7% and 11% with specification amendments.

We wish for CPV to reinstate this rate amendment, which is still below the BCIS detached rate from the sample and has been accurately justified.

Financing Costs:

From a review of the cashflow it is clear that CPV haven't taken the programme into account, which includes the build process at the commencement of the project and the timings of the receipt of revenue.

There simply isn't enough cost allocation due to the programmed inputs of costs. For instance, at the commencement of the project the site clearance alone will take the best part of 4-6 weeks, then the expensive electric HV cable diversion say 3 weeks, then the roads and sewers to be able to get to the plots, a further 12 weeks. A pair of standard affordable housing units takes 24 weeks to build from start to finish and you can only hand them over in tranches as opposed to individual plots for safety reasons. So there's at least 11 months before a single house is constructed. Plus, there will be a sales period to allow for along with having other completed plots for safe access nearby.

CPV currently have £313k of abnormal costs over the first six months. Then, £2.022m of costs prior to revenue coming in of £1.765m. This assumes a Work in Progress of only £570k which is clearly far too low. Furthermore, the first revenue input of £1.765m assumes that over 5 average sized units are 100% built and marketed and legally completed within that first month of sales which is wildly ambitious.

Our cashflow issued had over £6m of costs within the first 11 months, with splitting the major infrastructure costs in two tranches, with only the first half being included in this initial period, as the programme details this infrastructure within two phases.

We respectfully ask CPV to reconsider the extensive infrastructure costs at the commencement of the project and the timings of revenue to properly allow sufficient costs input prior to revenue input. We have calculated that either inputting the revenue later or including costs earlier using CPV's model both take the financing to well over £1m even without any changes to other costs, any set up costs and a rate of 9% rather than 9.6%, detached rate uplift etc.

Land Value:

Again, we accept that there are abnormal costs on the site. However, we feel that the land value included is already at a lowest level that a landowner would contemplate a sale. Therefore, we disagree with a further significant reduction to a land value to just £1.1m for 123 units. Again, we wish for CPV to reconsider this.

As detailed above there are other elements that haven't been commented on where CPV have amended the inputs. These include:

- Fees on RP Sales £66,000 excluded
- Fees reduced from 8% to 7% when report states 7.35%. Applying 7.35% rather than 7% would add costs of £145k which is a considerable amount to deduct and should be reinstated
- Finance set up costs
- Finance rate

Kind regards

Mitch

Mitch Dale
Director

London | Birmingham | Leicester | 07887 541 497
0203 327 0381 | 0121 309 0071 | 0116 204 5800
Website | Email | LinkedIn | Instagram | Twitter

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From: David Newham <davidnewham@cpviability.co.uk>
Sent: Sunday, January 5, 2025 3:35 PM
To: Niland, Mark <Mark.Niland@sholland.gov.uk>

Cc: Simmonds, Mark <Mark.Simmonds@sholland.gov.uk>; Allen, Daniel <Daniel.Allen@sholland.gov.uk>
Subject: RE: Viability Appraisal

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Hi Mark

Happy New Year to you, hope you had a good break.

Following the Christmas break I've now had a chance to look through the applicant's latest comments.

By way of a brief recap:

- RGP (acting on behalf of the applicant) submitted their viability review on 1st Nov 24. RGP concluded that the scheme could not support the Council's full planning policy requirements.
- We submitted our review on 9th Dec 24. We agreed with the applicant that the full planning policies could not be viably supported. However, we did find that the scheme could support reduced S106 payments of no more than £390,000. We reached a different outcome to the applicant owing to reduced plot construction costs in our appraisal, reduced Air Source Heat Pump allowances, lower contingency and lower benchmark land value.

RGP have since provided some further comments in response to our report (by way of a brief note, received by us on 19th Dec 24). We would respond to these comments as follows (and for ease have followed the order as set out in RGP's note):

1. Detached construction rate

- In our assessment we questioned the use of the individual detached BCIS rate because the sample size was too small to render this reliable and also on further analysis the sample included bungalows and higher cost housing, which served to 'skew' the average detached build cost, resulting (in our view) and overstated build cost.
- We also referred to analysis undertaken on behalf of an applicant on another scheme in South Holland where their own cost consultant found that the rate per sq m for detached dwellings was typically lower than semi-detached / terraced dwellings. This was because the detached units were larger than the semis/terraced units and the larger detached were able to benefit from economies of scale in terms of labour and materials.
- RGP provide a breakdown comparing the costs associated with building a detached of 154 sq m compared to a pair of semis totalling 196 sq m. This points to the detached dwelling having a higher rate per sq m.
- **Having reviewed this document please could the applicant confirm which dwelling types these dwellings relate to? We are unaware of a detached dwelling type of 154 sq m (our understanding was that the 2 storey detached were 111, 130, 160, 174, 195 and 231 sq m). Furthermore, a pair of semis totalling 196 sq m would imply each unit is 98 sq m. Our understanding is that the semi detached proposed at the subject site are either 70.40 sq m, 82.40 sq m or 107 sq m. Please could the applicant RGP clarify this point please before we reach a conclusion.**

2. Financing costs

- RGP's debit interest costs in their appraisal totalled £1,938,996, compared to £478,248 in our model.

- RGP suggest that there is an error in our model, but reserve judgment as they haven't seen the cash flow.
- We have subsequently attached a copy of our adopted cash flow, for clarity.

3. Land Value

- RGP originally allowed £1,725,250 for the land value.
- In light of the abnormal costs associated with this scheme (and the principle as set out in the Planning Practice Guidance that the level of abnormal costs need to be reflected in the land value) we arrived at the benchmark land value of £1,097,250. Our approach is explained in paras 4.54 to 4.56 of our report. We stand by this approach.

If the applicant / RGP could respond to our request in bold above we can then provide our final position on this.

Thanks

David Newham
MRICS
Director
CP Viability Ltd
T: 01937 360 131
M: 07947 120 953

Independent Viability Experts

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Registered number 10377118

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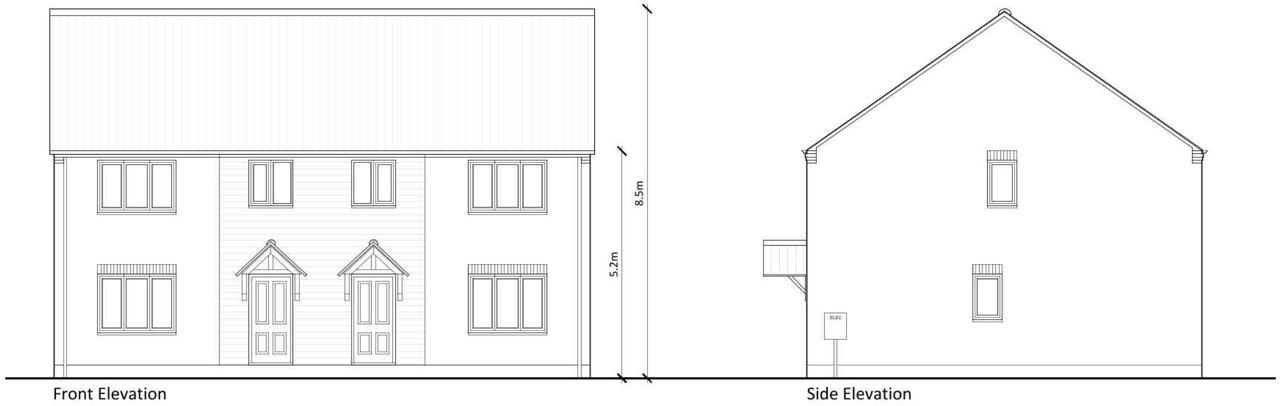
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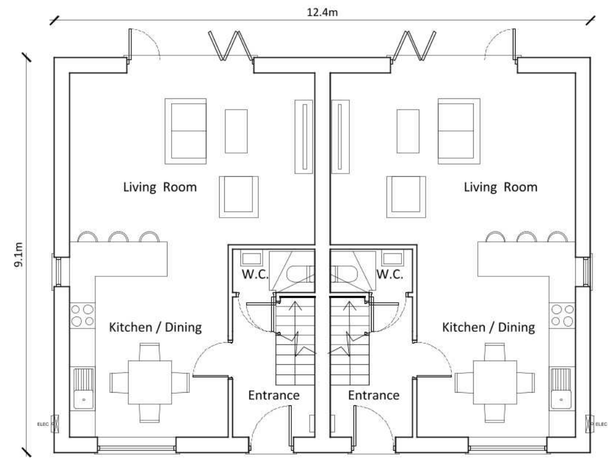
Front Elevation

Side Elevation



Rear Elevation

Side Elevation



Ground Floor Plan



First Floor Plan

Notes

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0 1 2 3 4 5m

Rev	Description	Date
A	Amendments requested by client	05.01.24

rdc
Robert Doughty Consultancy

32 High Street, Helpringham
Sleaford, Lincolnshire, NG34 0RA

Tel: 01529 421646
Email: admin@rdc-landplan.co.uk
Web: www.rdc-landplan.co.uk

Client
D & R Homes

Project
Land off Station Road
Swineshead

Drawing
House Type E

Scale @ A2	Date
1: 100	07/08/23

Drawn By	Checked By
JG / NG	.

Job Number	Status	Purpose of Issue
1308-10	SK	Discussion

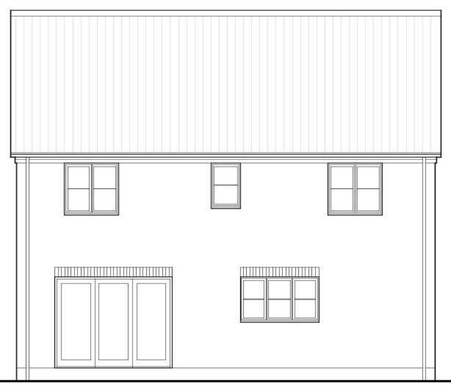
Drawing No.	Rev
1308-10_SK_HTE_GA01	A



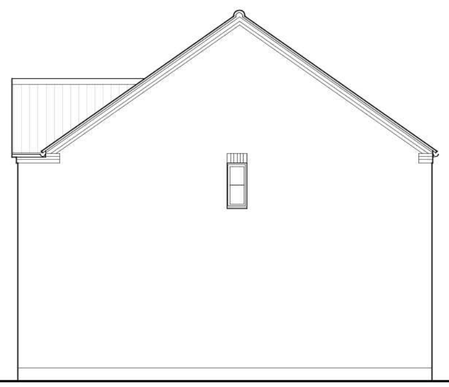
Front Elevation



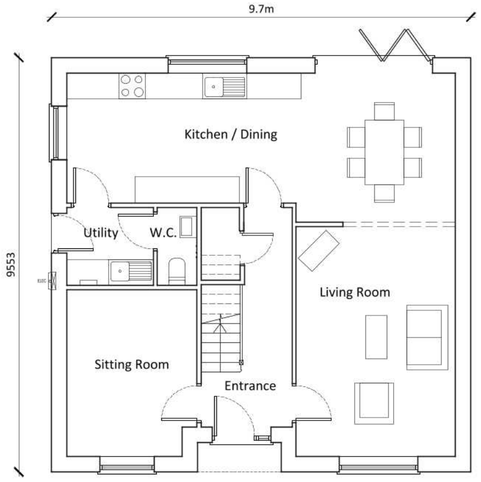
Side Elevation



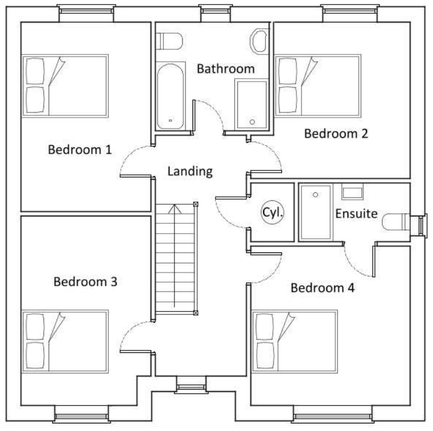
Rear Elevation



Side Elevation



Ground Floor Plan



1st Floor Plan

Notes

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Rev	Description	Date
B	Amendments requested by client	22.01.24
A	Amendments requested by client	05.01.24

rdc
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Web: www.rdc-landplan.co.uk

Client
D & R Homes

Project
Land off Station Road
Swineshead

Drawing
House Type K

Scale @ A2	Date
1: 100	21/08/23

Drawn By	Checked By
JG / NG	-

Job Number	Status	Purpose of Issue
1308-10	SK	Discussion

Drawing No. **Rev**
1308-10_SK_HTK_GA01 B

PAIR OF SEMI DETACHED PROPERTIES	GIFA (m2) 196

Component Summary

Ref	Element	BCIS Lump Sum	EUQ	Unit	EUQ Rate
0.00	Facilitating Works Total				
1.00	Substructure Total	£34,935.00	112.84	m2	£309.60
2.00	Superstructure				
2.02	Upper Floors Total	£11,686.00	97.82	m2	£119.46
2.03	Roof Total	£26,343.00	139.38	m2	£189.01
2.04	Stairs & Ramps Total	£4,273.00	2.00	nr	£2,136.50
2.05	External Walls Total	£46,294.00	223.00	m2	£207.60
2.06	Windows and External Doors	£29,194.00	50.06	m2	£583.16
2.07	Internal Walls And Partitions	£9,448.00	63.64	m2	£148.47
2.08	Internal Doors Total	£12,244.00	16.00	nr	£765.25
3.00	Internal Finishes				
3.01	Wall Finishes Total	£15,395.00	460.00	m2	£33.47
3.02	Floor Finishes Total	£15,474.00	190.01	m2	£81.44
3.03	Ceiling Finishes Total	£5,724.00	190.01	m2	£30.12
4.00	Fittings, Furnishings & Equipment Total	£6,910.00	4.00	m2	£1,727.50
5.00	Services Total	£42,972.00	195.66	m2	£219.63
5.01	Sanitary Appliances	£2,627.00	16.00	nr	£164.19
5.02	Services Equipment	£0.00	-	-	-
5.03	Disposal Installations	£1,971.00	3.00	nr	£657.00
5.04	Water Installations	£5,034.00	28.00	nr	£179.79
5.05	Heat Source	£0.00	-	-	-
5.06	Space Heating and Air Conditioning	£7,481.00	195.66	m2	£38.24
5.07	Ventilating Systems	£3,910.00	195.66	m2	£19.98
5.08	Electrical Installations	£15,926.00	195.66	m2	£81.40
5.09	Fuel Installations	£1,792.00	195.66	m2	£9.16
5.10	Lift and Conveyor Installations	£0.00	-	-	-
5.11	Fire and Lightening Installtions	£0.00	-	-	-
5.12	Communications and Security Installations	£2,012.00	195.66	m2	£10.28
5.13	Special Installations	£0.00	-	-	-
5.14	Builders work In Connection	£2,220.00	195.66	m2	£11.35
Total Build Cost		£260,892.00			

Total /m2	£1,333.42

DETACHED PROPERTY	GIFA (m2)	154

Component Summary

Ref	Element	EUQ	Unit	EUQ Rate from Semi	Element total	Spec Upgrades	Reductions from EUQ	Element total with spec
0.00	**Facilitating Works Total**				£ -			
1.00	**Substructure Total**	92.53	m2	£309.60	**£ 28,647.07**			**£ 28,647.07**
2.00	**Superstructure**				**£ 117,241.00**	**£ -**	**£ -**	**£ 117,241.00**
2.02	**Upper Floors Total**	77.49	m2	£119.46	£ 9,257.25			£ 9,257.25
2.03	**Roof Total**	118.33	m2	£189.01	£ 22,364.41			£ 22,364.41
2.04	**Stairs & Ramps Total**	1.00	nr	£2,136.50	£ 2,136.50			£ 2,136.50
2.05	**External Walls Total**	193.02	m2	£207.60	£ 40,069.25			£ 40,069.25
2.06	**Windows and External Doors**	27.62	m2	£583.16	£ 16,108.08			£ 16,108.08
2.07	**Internal Walls And Partitions**	116.91	m2	£148.47	£ 17,357.26			£ 17,357.26
2.08	**Internal Doors Total**	13.00	nr	£765.25	£ 9,948.25			£ 9,948.25
3.00	**Internal Finishes**				**£ 33,655.65**	**£ 4,099.60**	**£ -**	**£ 37,755.25**
3.01	**Wall Finishes Total**	489.00	m2	£33.47	£ 16,365.55	£ 1,000.00		£ 17,365.55
3.02	**Floor Finishes Total**	154.98	m2	£81.44	£ 12,621.33	£ 3,099.60		£ 15,720.93
3.03	**Ceiling Finishes Total**	154.98	m2	£30.12	£ 4,668.77			£ 4,668.77
4.00	**Fittings, Furnishings & Equipment Total**	4.42	m2	£1,727.50	**£ 7,635.55**	£ 3,000.00		**£ 10,635.55**
5.00	**Services Total**	154.00	m2	£219.63	**£ 33,823.04**	£ 3,500.00	-£ 3,000.00	**£ 34,323.04**
5.01	**Sanitary Appliances**	9.00	nr	£164.19	£ 1,477.69	£ 1,000.00		
5.02	**Services Equipment**	-	-	-	-		-£ 3,000.00	
5.03	**Disposal Installations**	3.00	nr	£657.00	£ 1,971.00			
5.04	**Water Installations**	19.00	nr	£179.79	£ 3,415.93			
5.05	**Heat Source**	-	-	-	-			
5.06	**Space Heating and Air Conditioning**	154.00	m2	£38.24	£ 5,888.26			
5.07	**Ventilating Systems**	154.00	m2	£19.98	£ 3,077.54			
5.08	**Electrical Installations**	154.00	m2	£81.40	£ 12,535.27	£ 2,500.00		
5.09	**Fuel Installations**	154.00	m2	£9.16	£ 1,410.47			
5.10	**Lift and Conveyor Installations**	-	-	-	-			
5.11	**Fire and Lightening Installtions**	-	-	-	-			
5.12	**Communications and Security Installations**	154.00	m2	£10.28	£ 1,583.63			
5.13	**Special Installations**	-	-	-				
5.14	**Builders work In Connection**	154.00	m2	£11.35	£ 1,747.35			
Total Build Cost					**£ 221,002.32**	**£ 10,599.60**	**-£ 3,000.00**	**£ 228,601.92**

Total /m2	**£ 1,435.08**	**Total /m2**	**£ 1,484.43**
		Semi rate	**£ 1,333.42**
		Increase %	**11.32%**