[redacted]

From: Polly Harris-Gorf
Sent: 19 November 2020 09:00
To: _planningadvice
Subject: FW: H17-0236-20 Land to the west of Coalbeach Lane South Surfleet
Attachments: We sent you safe versions of your files; 20201113 Response JRM to Seagate.pdf

6SUP (Applicant response to the independent viability assessment)

From: Lee Russell <Lee.Russell@seagatehomes.co.uk>
Sent: 18 November 2020 18:57
To: Polly Harris-Gorf <pharris-gorf@sholland.gov.uk>
Cc: Johnathon Gower <johnathon.gower@studio11architecture.co.uk>
Subject: FW: H17-0236-20 Land to the west of Coalbeach Lane South Surfleet

Mimecast Attachment Protection has deemed this file to be safe, but always exercise caution when opening files.

This message originated from outside your organization

Polly,
Please find attached our viability response to your independent assessor which will hopefully allow conclusion.
Regards
Lee

Lee Russell
Technical Director

M: 07786467013
T: 01406365533
E: Lee.Russell@seagatehomes.co.uk
W: http://www.seagatehomes.co.uk

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MAXEY GROUNDS

Your Ref:
Our Ref: SAP/BAC/20046
Date: 13th November 2020

Mr. L. Russell
Technical Director
Seagate Homes
Holbeach Manor
Fleet Road
Holbeach
Spalding
Lincolnshire
PE12 7AX

Dear Mr. Russell,

Re: Viability Assessment of Site at Coalbeach Lane South Surfleet

I refer to your e-mail of 4th November and attachments, comprising the report which the Council has obtained from CP Viability Limited, dated 12th October 2020 and various calculation documents.

You have asked me to consider CPV's report, which assesses the viability appraisal undertaken by my firm for you, and submitted to support your Planning Application and to comment upon the differences they suggest to the input figures and outputs of viability calculations.

CPV in their report, first consider the inputs we have utilised for the viability calculations, and, helpfully, produce a table within Section 5.2 of their report, which summarises the main differences between those we have used and those they consider appropriate, which are; Revenue from Average Market Value, Construction Costs, External Costs, Contingency Allowance and Marketing Disposal Costs. They indicate that the difference of figures utilised creates a difference of about £918,000 to the output, from which they conclude that the proposed scheme should be viable with full policy level contributions.

I will look at these items in turn, summarising CPV's reason for the variation, and providing comments on these. I will then provide a revised assessment based upon the Final Scheme, with your amended house types, taking account of any variation which are considered acceptable, both for a scheme with full policy level provision of affordable housing and S106 payments, and a revised scheme that is viable.

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CPV utilise as their principal source of evidence, sales from the Allison Homes site at Pinchbeck Fields.

In paragraph 4.6 they produce a comparison table of their evidence, suggesting that 900 sq.ft. semi-detached houses, should, they believe, be valued at £210 per sq.ft. whereas, we have used £202; 925 sq.ft. semi-detached at £208 per sq.ft whereas we have used £209; detached circa 950 sq. ft. at £232 per sq.ft whereas we have used £225; detached circa 1,300 sq.ft at £197 per sq.ft. whereas we have used £205.

They also make a comparison with asking prices at Ashwood Homes, Otters Reach development in Surfleet with an assumption made that actual sales are achieved at 5% less than asking price, which they have not validated. On the basis of this limited information, they draw a conclusion that semi-detached, 2 bedroom houses at circa 800 sq.ft. should be £223 per sq.ft., whereas we have used £213 and form an alternative view for detached houses circa 1,300 sq.ft at £211, to compare with our £205 as previously mentioned.

In paragraph 4.5, they make a sweeping statement that based upon the current average dwelling value in Surfleet being higher than those in Pinchbeck, which they accept is based on an index with limitations, they believe values in Surfleet may be higher than Pinchbeck. This statement is not justified, it could be entirely due to different mix of dwellings in the two villages, not that the value of the same dwelling in the two settlements would be higher in Surfleet. Our view, with our knowledge of the local market, is that Pinchbeck values are likely to be slightly higher; they are further south and significantly closer to the services and jobs available in Spalding, whereas Surfleet is further north with extended travel and fewer services available within that settlement. Spalding values are generally higher than Boston and in our view and experience there is a value gradient downwards as one moves north from Spalding.

We do not accept that evidence, based upon a discount of asking price, is necessarily reliable evidence of what might be achieved in the market. Our report of 23rd March 2020 contained, within Appendix III, other significant market evidence, in addition to these two developments, which we believe justifies the levels adopted.

Specifically, in response to the value suggested by CPV in paragraph 4.11, we would disagree with the value of a Walden two bedroom semi-detached being increased from £165,000 to £170,000. Similar properties in the last phase of Pinckbeck Fields, were being at marketed £163,950. We disagree with them increasing an Auckland 3 bedroom semi-detached from £182,500 to £190,000 for the following reason. They accept that an Alnwick, Lancaster and Ludlow semi-detached, with a garage, has a value of £195,000. The Auckland is marginally smaller and does not have a garage, the cost of which they have accepted is at least £8,000. As such, we do not agree that the difference in value of only £5,000 between a smaller unit without a garage and a larger unit with a garage, both providing 3 bedroom semi-detached accommodation, is correct. This example shows that their approach is entirely mathematically calculated and does not take into account the individual house designs, types and accommodation provided, which we have studied, in a way a purchaser would way up the benefits when deciding on a purchase.

We similarly take the view that the value applied to a Hylton at 821 sq.ft. is appropriate at £175,000, rather than the £180,000 suggested, because again, it has no garage and because it reflects the 80 sq.ft. (10%) difference in size between the Auckland and the Hylton.

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It is noted that they accept our values on certain properties, even though their own evidence suggests a slightly lower figure, rather than reducing the price we have adopted. CPV seek to suggest minor increases of approximately £5,000 to the smaller detached units, Alnwick, Lancaster and Ludlow plus the Amberley. These £5,000 differences represent approximately a 2% adjustment and we disagree with this adjustment, and would question whether that level of precision is possible when critiquing another valuer's proposals.

We ran our original model on a slightly different property mix from the amended current proposals. This means there is a slight amendment to our figures below because of the revisions in dwelling type.

We also note that in their summary table in paragraph 5.2, their cumulative adjustment is a difference of £1 per square foot – less than ½% overall, compared with the valuations we have placed on the various properties. Our view is that their analysis justifies the levels and overall approach on gross development value which we have adopted rather than demonstrating it is incorrect. In the circumstances, I would suggest that the overall conclusion should be that the gross development value and revenues from sales, which have been submitted, are reasonable and appropriate. I would pose the question to Mr. Newham of CPV, 'Is he claiming that he can value to within ½ %?' Most valuers would answer this question in the negative.

The next area of major difference is construction costs. It appears to be common ground that both valuers believe construction costs should be assessed on the BCIS lower quartile figures. Attached, as Appendix A to this letter, is a spreadsheet showing levels that CPV have quoted as representing BCIS lower quartile build costs, in various reports prepared for sites in and around the Spalding area over the last two years. It can be seen that the level CPV have quoted has decreased between 2018/19 and 2020, at a time when the BCIS index has increased. This appears to be because they have adjusted the index filters they have utilised, to restrict only sites that have been assessed in the last 5 years. Previously, they had utilised the default data, as do we, which looks at all sites in the last 20 years and applies the index to the costs analysed from each of those sites, so as to achieve a representative sample in any area of a reasonable size. This default data is the basis we have adopted for BCIS lower quartile figures and appears to have also been accepted as such by CPV, until this year. It is not a sustainable position to take, that build costs have reduced over the last two years, when the index over that period has been rising. (I acknowledge that CPV have previously argued that BCIS costs lower quartile was too high, but now they appear to be selective as what they represent as BCIS lower quartile costs instead)

If the 2018 costs are adjusted with the index, a figure of 1144 would be expected, which compares closely to the 1150 we have adopted, as build costs. It is also noticeable that the BCIS quoted figure for Surfleet, is significantly lower than that adopted for two other reports done in the same month, in very close proximity, at Kirton. The basic cost of building a house does not vary between Surfleet and Kirton; other site specific abnormal costs may do, which are accounted for separately, but not the basic cost.

On this assessment, the effect of CPV adopting £1,051 per square metre, creates an 8.6% reduction in the build costs compared with the figure we contend of £1,150 and, because CPV calculate their external costs based on a percentage of build costs, this also introduces an 8.6% reduction in the assumed external costs. The difference between external costs in Table 5.2 is 9.3%, so is largely explained by the alteration in basic construction cost. These differences in construction and external build costs amount for the majority of differences between our conclusions and those of CPV.

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CPV say we have adopted a contingency of 3%, based upon our build and external costs, but this is not correct – our Appendix IV document in our appraisal clearly states the rate of 2.5% has been used. The difference in figures is due to our higher costs when they compare the actual contingency sum with their build cost totals which are lower. We are both in agreement and have used 2.5% as the appropriate percentage level.

Marketing disposal costs, we note that we have used 3% and CPV have used 2.5% for marketing costs. The costs will vary depending upon exactly how the market operation is mounted and we accept that it is not unreasonable to say that this will lie in the range of 2.5% - 3%. We have adjusted, in this case, our figures to 2.5%, in reviewing the position.

We have re-run our appraisals with adjustment to the dwelling type and marketing figures, but with no adjustment to revenue, construction or external costs or contingency, as we believe the arguments above justify the levels adopted. We have re-run the models both with full provision and with an adjusted provision, for affordable housing and Section 106 contributions. The conclusions of these re-runs are as follows:

If the scheme provides for affordable housing at full policy level (25% - 15 units) and contributed full requested S106 payments of £246960, then the scheme output is a viability deficit of £394,708. As such the scheme is not viable to provide policy level contributions.

If the affordable housing provision was reduced to 8 units and S106 payments reduced to £117300, the scheme is just viable. As such I would recommend amending the proposals on S106 to these levels.

I have attached to this letter as Appendices D & E the output reports from the above two models, and electronically have attached the revised HCA DAT spreadsheets, which illustrate the calculations. Appendices B & C demonstrate the revised housing mix and values adopted.

Yours sincerely,

[redacted]

J.R. MAXEY MA (Cantab) FRICS FAAV RICS Registered Valuer
For and on behalf of Maxey Grounds & Co LLP
jmaxey@maxeygrounds.co.uk

Encs.

Appendix A – CPV variation of BCIS Lower Quartile figures 2018 – 2020
Appendix B – Housing Mix and values. Policy compliant scheme
Appendix C – Housing Mix and values. 8 Affordable units and reduced S106 scheme
Appendix D – HCA DAT output – revised Policy Compliant scheme
Appendix E – HCA DAT output – revised 8 AH and £117300 S106 scheme

Table below indicates the BCIS lower quartile figures as quoted by CPV in reports on the following cases
Alongside is recorded the planning application reference, date of report, BCIS index at that date

Date	Planning ref	Site	BCIS lower quartile rate quoted by CPV (£/sq m	BCIS index at that date
03/09/2018	H17-0429-18	Station Street Surfleet	1114	353.8
28/03/2019	H02-0175-19	Albion Street Crowland	1111	357
07/06/2019	H13-1215-18	Roman Road Moulton Chapel	1115	358.1
18/03/2020	H04-0508-19	Town Dam Lane Donnington	1076	360.3
12/10/2020	H17-0236-20	Coalbeach Lane Surfleet	1051	363.2
20/10/2020	B/19/0146	London Road Kirton	1074	363.2
20/10/2020	B/19/0040	London Road Kirton	1074	363.2

As can be seem CPV have been reducing the figure they have interpreted from BCIS data over a period of 2 years when the index has risen. This is because they have revide the index selected from the default data (calculated at looking at all schemes over the last 20 years and indexing those results) giving a sample size of around 20 schemes, and moved to last 5 years only data which has a lower sample size of 6 in the recent figures quoted
CPV have previously quoted that a sample size of 6 is unreliable and sought to amend figures with such sample sizes as un-reliable

If one considered the figures quoted by CPV for BCIS lower quartile levels in 2018 for Surfleet and index these levels the current figure would be expected to be 1144. Maxey Grounds used for this assessment £1150 / sq m whereas CPV now argue 1051.

It is considered that such a low build cost is not appropriate of likely to be achieveable on the basis of reliable (in terms of sample size) BCIS data

Appendix 14

Revised Version 13/11/2020 with 15 AH and full S106

Accommodation Schedule & GDV

House Type	Storeys	Type	No. Units	Size (sqft)	Size (sqm)	Beds	Garage	Value/Sqm (£)	Value/Unit (£)	Total Sqm	GDV (£)		
Market													
The Richmond	2	Semi	0	775	72.0	2	N	2,291	165,000	0	0		
The Walden	2	Semi	0	775	72.0	2	N	2,291	165,000	72	165,000		
The Hylton	2	Semi	5	821	76.3	3	N	2,294	175,000	382	875,000		
The Auckland	2	Semi	8	902	83.8	3	N	2,177	182,500	671	1,460,000		
The Alnwick	2	Semi	7	932	86.6	3	Y - Single	2,251	195,000	606	1,365,000		
The Alnwick	2	Det	4	932	86.6	3	Y - Single	2,424	210,000	346	840,000		
The Lancaster	2	Semi	6	934	86.8	3	Y - Single	2,246	195,000	521	1,170,000		
The Lancaster	2	Det	3	934	86.8	3	Y - Single	2,419	210,000	260	630,000		
The Ludlow	2	Semi	1	932	86.6	3	Y - Single	2,251	195,000	87	195,000		
The Ludlow	2	Det	1	932	86.6	3	Y - Single	2,424	210,000	87	210,000		
The Beckington	2	Det	3	1367	127.0	4	Y - Double	2,204	280,000	381	840,000		
The Colchester	2	Det	2	1367	127.0	4	Y - Double	2,204	280,000	254	560,000		
The Lincoln	2	Det	1	1068	99.3	4	Y - Single	2,519	250,000	99	250,000		
The Amberley	2	Det	3	1279	118.9	4	Y - Single	2,187	260,000	357	780,000		
The Lindisfarne	2	Det	1	2293	213.1	5	Y - Double (Integral)	1,854	395,000	213	395,000		
			45							4,336	**9,735,000**		
Shared Ownership													
The Richmond	2	Semi	4	775	72.0	2	N	2,291	165,000	288	660,000	114.00	Shared Ownership
The Hylton	2	Semi	1	821	76.3	3	N	2,294	175,000	76	175,000	133.00	
			5							288	**835,000**		
Affordable Rented												**Rent (£/w)**	
The Richmond	2	Semi	3	775	72.0	2	N	2,291	165,000	216	495,000	114.00	Affordable Rent
Stirling	2	Semi	2	538	50.0	1	N	2,600	130,000	50	260,000	100	Affordable Rented
The Hylton	2	Semi	4	821	76.3	3	N	2,294	175,000	305	700,000	133	
The Walden	2	Semi	1	775	72.0	2	N	2,291	165,000	72	165,000	114	
			10							266	**1,455,000**		
			60							4,890	**2,290,000**		
												@ 61% =	**1,396,900**
													(likely contribution from Housing Association)
											Total GDV =	**11,131,900**	

Appendix 3

Revised Version 13/11/2020 with 8 AH and reduced S106
Accommodation Schedule & GDV

House Type	Storeys	Type	No. Units	Size (sqft)	Size (sqm)	Beds	Garage	Value/Sqm (£)	Value/Unit (£)	Total Sqm	GDV (£)		Plot Numbers	
Market														
The Richmond	2	Semi	4	775	72.0	2	N	2,291	165,000	288	660,000		13,14,50,51	
The Walden	2	Semi	1	775	72.0	2	N	2,291	165,000	72	165,000		39	
The Hylton	2	Semi	7	821	76.3	3	N	2,294	175,000	534	1,225,000		8, 9, 11, 12, 28, 48, 49	
The Auckland	2	Semi	8	902	83.8	3	N	2,177	182,500	671	1,460,000		24, 30, 31, 43, 44	
The Alnwick	2	Semi	7	932	86.6	3	Y - Single	2,251	195,000	606	1,365,000		4, 15, 22, 33, 34, 54, 55	
The Alnwick	2	Det	4	932	86.6	3	Y - Single	2,424	210,000	346	840,000		20, 45, 52, 57	
The Lancaster	2	Semi	6	934	86.8	3	Y - Single	2,246	195,000	521	1,170,000		16, 21, 32, 35, 53, 56	
The Lancaster	2	Det	3	934	86.8	3	Y - Single	2,419	210,000	260	630,000		10, 25, 60	
The Ludlow	2	Semi	1	932	86.6	3	Y - Single	2,251	195,000	87	195,000		5	
The Ludlow	2	Det	1	932	86.6	3	Y - Single	2,424	210,000	87	210,000		3,	
The Beckington	2	Det	3	1367	127.0	4	Y - Double	2,204	280,000	381	840,000		2, 17, 40	
The Colchester	2	Det	2	1367	127.0	4	Y - Double	2,204	280,000	254	560,000		1, 47	
The Lincoln	2	Det	1	1068	99.3	4	Y - Single	2,519	250,000	99	250,000		29	
The Amberley	2	Det	3	1279	118.9	4	Y - Single	2,187	260,000	357	780,000		26, 58, 59	
The Lindisfarne	2	Det	1	2293	213.1	5	Y - Double (Integral)	1,854	395,000	213	395,000		46	
			52							4,776	**10,745,000**			
Shared Ownership														
The Richmond	2	Semi	2	775	72.0	2	N	2,291	165,000	144	330,000	114.00	37	Shared Ownership
The Hylton	2	Semi	1	821	76.3	3	N	2,294	175,000	76	175,000	133.00	27	
			3							144	**505,000**			
Affordable Rented												**Rent (£/w)**		
The Richmond	2	Semi	1	775	72.0	2	N	2,291	165,000	72	165,000	114.00	36,38	Affordable Rent
Stirling	2	Semi	2	538	50.0	1	N	2,600	130,000	50	260,000	100	6,7	Affordable Rented
The Hylton	2	Semi	2	821	76.3	3	N	2,294	175,000	153	350,000	133	41,42	
			5							122	**775,000**			
			60							5,042	**1,280,000**			
													@ 61% =	**780,800**
													(likely contribution from Housing Association)	
											Total GDV =	**11,525,800**		

APPENDIX C

Surplus (Deficit) from input land valuation at 13/3/2020 -£394,708

HCA DEVELOPMENT APPRAISAL TOOL

SUMMARY DETAIL

SCHEME

Site Address	Coalbeach Lane South, Surfleet	Date of appraisal	13/03/2020
Site Reference	20046/JRM/VJM	Net Residential Site Area	2.3
File Source		Author & Organisation	Maxey Grounds LLP, 22 - 24 Market Place, March PE15 9JI
Scheme Description	60 Units with 25% AH and S106 Contributions	Registered Provider (whei	0

Housing Mix (Affordable + Open Market)

Total Number of Units	60	*units*
Total Number of Open Market Units	45	*units*
Total Number of Affordable Units	15	*units*
Total Net Internal Area (sq m)	5,326	*sq m*
% Affordable by Unit	25.0%	
% Affordable by Area	19.8%	
Density	26	*units/ hectare*
Total Number of A/H Persons	0	*Persons*
Total Number of Open Market Persons	0	*Persons*
Total Number of Persons	0	*Persons*
Gross site Area	2.30	*hectares*
Net Site Area	2.30	*hectares*
Net Internal Housing Area / Hectare	2,316	*sq m / hectare*

equals 10,086 sqft per acre

Average value (£ per unit)	Open Market Phase 1:	Open Market Phase 2:	Open Market Phase 3:	Open Market Phase 4:	Open Market Phase 5:	Total
1 Bed Flat Low rise	£0	£0	£0	£0	£0	
2 Bed Flat Low rise	£0	£0	£0	£0	£0	
3 Bed Flat Low rise	£0	£0	£0	£0	£0	
4 Bed + Flat Low rise	£0	£0	£0	£0	£0	
1 Bed Flat High rise	£0	£0	£0	£0	£0	
2 Bed Flat High rise	£0	£0	£0	£0	£0	
3 Bed Flat High rise	£0	£0	£0	£0	£0	
4 Bed + Flat High rise	£0	£0	£0	£0	£0	
2 Bed House	£0	£0	£0	£0	£0	
3 Bed House	£193,143	£0	£0	£0	£0	
4 Bed + House	£282,500	£0	£0	£0	£0	
Total Revenue £	**£9,585,000**	**£0**	**£0**	**£0**	**£0**	**£9,585,000**
Net Area (sq m)	4,270	-	-	-	-	4,270
Revenue (£ / sq m)	£2,245	-	-	-	-	

CAPITAL VALUE OF OPEN MARKET SALES **£9,585,000**

Capital Value of Private Rental	
Phase 1	£0
Phase 2	£0
Phase 3	£0
Phase 4	£0
Phase 5	£0
Total PR	**£0**

CAPITAL VALUE OF OPEN MARKET HOUSING **£9,585,000** £ 2,245 psqm

BUILD COST OF OPEN MARKET HOUSING inc Contingency **£5,033,263** £ 1,179 psqm

CONTRIBUTION TO SCHEME COSTS FROM OPEN MARKET HOUSING **£4,551,738**

AH Residential Values

AH & RENTAL VALUES BASED ON NET RENTS

Type of Unit	Social Rented	Shared Ownership (all phases)	Affordable Rent (all phases)	Total
1 Bed Flat Low rise				
2 Bed Flat Low rise				
3 Bed Flat Low rise				
4 Bed + Flat Low rise				
1 Bed Flat High rise				
2 Bed Flat High rise				
3 Bed Flat High rise				
4 Bed + Flat High rise				
2 Bed House		£442,299	£905,177	£1,347,476
3 Bed House		£117,276		£117,276
4 Bed + House				
	£0	£559,575	£905,177	**£1,464,752**
£ psqm of CV (phase 1)	-	1,391	1,308	

CAPITAL VALUE OF ALL AFFORDABLE HOUSING (EXCLUDING OTHER FUNDING) **£1,464,752**

RP Cross Subsidy (use of own assets)	£0
LA s106 commuted in lieu	£0
RP Re-cycled SHG	£0
Use of AR rent conversion income	£0
Other source of AH funding	£0

OTHER SOURCES OF AFFORDABLE HOUSING FUNDING **£0**

CAPITAL VALUE OF ALL AFFORDABLE HOUSING (INCLUDING OTHER FUNDING) **£1,464,752**

BUILD COST OF AFFORDABLE HOUSING inc Contingency **£1,244,760** £ 1,179 psqm

CONTRIBUTION TO SCHEME COSTS FROM AFFORDABLE HOUSING **£219,992**

Car Parking

No. of Spaces	Price per Space (£)	Value
133	-	£0

Value of Residential Car Parking			£0
Car Parking Build Costs		£79,800	

Ground rent

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

TOTAL CAPITAL VALUE OF RESIDENTIAL SCHEME		£11,049,752	
TOTAL BUILD COST OF RESIDENTIAL SCHEME	£6,357,823		
TOTAL CONTRIBUTION OF RESIDENTIAL SCHEME			**£4,691,930**

Non-Residential

	Cost	Values
Office	£0	£0
Retail	£0	£0
Industrial	£0	£0
Leisure	£0	£0
Community Use	£0	£0
Community Infrastructure Levy	£0	

CAPITAL VALUE OF NON-RESIDENTIAL SCHEME		£0	
COSTS OF NON-RESIDENTIAL SCHEME	£0		
CONTRIBUTION TO SCHEME COSTS FROM NON-RESIDENTIAL			**£0**

GROSS DEVELOPMENT VALUE OF SCHEME		£11,049,752	
TOTAL BUILD COSTS	£6,357,823		
TOTAL CONTRIBUTION TO SCHEME COSTS			**£4,691,930**

External Works & Infrastructure Costs (£)			Per unit	% of GDV	per Hectare
Site Preparation/Demolition		£20,000	333	0.2%	8,696
Roads and Sewers		£869,000	14,483	7.9%	377,826
Services (Power, Water, Gas, Telco and IT)		£0			
General Site Landscaping		£25,000	417	0.2%	10,870
Street lighting		£22,500	375	0.2%	9,783
Public Open Space		£50,000	833	0.5%	21,739
SUDs		£75,000	1,250	0.7%	32,609
Plot specific external works		£120,000	2,000	1.1%	52,174
Other 1		£40,000	667	0.4%	17,391
Other 2		£263,000	4,383	2.4%	114,348
		£1,484,500		13.4%	645,435
Other site costs					
Fees and certification	7.0%	£434,329	7,239	3.9%	188,839
Other Acquisition Costs (£)		£0			
Site Abnormals (£)					
De-canting tenants		£0			
Decontamination		£0			
Other		£0			
Other 2		£0			
Other 3		£0			
Other 4		£0			
Other 5		£0			
		£0			
Total Site Costs inc Fees		**£1,918,829**	31,980		
Statutory 106 Costs (£)					
Education		£207,000	3,450		
Sport & Recreation		£0			
Social Infrastructure		£0			
Public Realm		£0			
Affordable Housing		£0			
Transport		£0			
Highway		£0			
Health		£39,960	666		
Public Art		£0			
Flood work		£0			
Community Infrastructure Levy		£0			
Other Tariff		£0			
Other 1		£0			
Other 2		£0			
Other 3		£0			
Other 4		£0			
Statutory 106 costs		**£246,960**	4,116		
Marketing (Open Market Housing ONLY)			per OM unit		
Sales/letting Fees	2.5%	£239,625	5,325		
Legal Fees (per Open Market unit):	£650	£29,250	650		
Marketing (Affordable Housing)			per affordable unit		
Developer cost of sale to RP (£)		£5,000	333		
RP purchase costs (£)		£0			
Intermediate Housing Sales and Marketing (£)		£0			
Total Marketing Costs		**£273,875**			
Total Direct Costs			**£8,797,487**		

Finance and acquisition costs				
Land Payment		£632,500	14,056 per OM home	275,000 per hectare
Arrangement Fee		£10,000	3.3% of interest	
Misc Fees (Surveyors etc)		£3,000	0.03% of scheme value	
Agents Fees		£0		
Legal Fees		£6,325		
Stamp Duty		£21,125		
Total Interest Paid		£305,864		
Total Finance and Acquisition Costs			**£978,814**	
Developer's return for risk and profit				
Residential				
Market Housing Return (inc OH) on Valu	17.5%	£1,677,375	37,275 per OM unit	
Affordable Housing Return on Cost	6.0%	£72,864	4,858 per affordable unit	
Return on sale of Private Rent	0.0%	£0	#DIV/0! per PR unit	
Non-residential				
Office	£0			
Retail	£0			
Industrial	£0			
Leisure	£0			
Community-use	£0	£0		
Total Operating Profit			**£1,750,239**	

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

TOTAL COST	**£11,526,540**	
Surplus/(Deficit) at completion 1/3/2023		(£476,788)
Present Value of Surplus (Deficit) at 13/3/2020		(£394,708)

Scheme Investment MIRR **17.3%** (before Developer's returns and interest to avoid double counting returns)

Site Value as a Percentage of Total Scheme Value	5.7%	Peak Cash Requirement	-£3,335,971
Site Value (PV) per hectare	-£171,612 per hectare	-£83,893 per acre	

Surplus (Deficit) from input land valuation at 13/3/2020 -£27

HCA DEVELOPMENT APPRAISAL TOOL

SUMMARY DETAIL

SCHEME

Site Address	Coalbeach Lane South, Surfleet	Date of appraisal	13/03/2020
Site Reference	20046/JRM/VJM	Net Residential Site Area	2.3
File Source		Author & Organisation	Maxey Grounds LLP, 22 - 24 Market Place, March PE15 9JF
Scheme Description	60 Units with 5 AH and Reducted S106 Contributions	Registered Provider (wher	0

Housing Mix (Affordable + Open Market)

Total Number of Units	60	*units*
Total Number of Open Market Units	52	*units*
Total Number of Affordable Units	8	*units*
Total Net Internal Area (sq m)	5,326	*sq m*
% Affordable by Unit	13.3%	
% Affordable by Area	10.2%	
Density	26	*units/ hectare*
Total Number of A/H Persons	0	*Persons*
Total Number of Open Market Persons	0	*Persons*
Total Number of Persons	0	*Persons*
Gross site Area	2.30	*hectares*
Net Site Area	2.30	*hectares*
Net Internal Housing Area / Hectare	2,316	*sq m / hectare*

equals 10.086 sqft per acre

Average value (£ per unit)	Open Market Phase 1:	Open Market Phase 2:	Open Market Phase 3:	Open Market Phase 4:	Open Market Phase 5:	Total
1 Bed Flat Low rise	£0	£0	£0	£0	£0	
2 Bed Flat Low rise	£0	£0	£0	£0	£0	
3 Bed Flat Low rise	£0	£0	£0	£0	£0	
4 Bed + Flat Low rise	£0	£0	£0	£0	£0	
1 Bed Flat High rise	£0	£0	£0	£0	£0	
2 Bed Flat High rise	£0	£0	£0	£0	£0	
3 Bed Flat High rise	£0	£0	£0	£0	£0	
4 Bed + Flat High rise	£0	£0	£0	£0	£0	
2 Bed House	£165,000	£0	£0	£0	£0	
3 Bed House	£191,757	£0	£0	£0	£0	
4 Bed + House	£282,500	£0	£0	£0	£0	
Total Revenue £	**£10,745,000**	**£0**	**£0**	**£0**	**£0**	**£10,745,000**
Net Area (sq m)	4,782	-	-	-	-	4,782
Revenue (£ / sq m)	£2,247	-	-	-	-	

CAPITAL VALUE OF OPEN MARKET SALES **£10,745,000**

Capital Value of Private Rental	
Phase 1	£0
Phase 2	£0
Phase 3	£0
Phase 4	£0
Phase 5	£0
Total PR	£0

CAPITAL VALUE OF OPEN MARKET HOUSING			**£10,745,000**	£ 2,247 psqm
BUILD COST OF OPEN MARKET HOUSING inc Contingency	**£5,636,783**	£ 1,179 psqm		
CONTRIBUTION TO SCHEME COSTS FROM OPEN MARKET HOUSING				**£5,108,218**

AH Residential Values

AH & RENTAL VALUES BASED ON NET RENTS

Type of Unit	Social Rented	Shared Ownership (all phases)	Affordable Rent (all phases)	Total
1 Bed Flat Low rise				
2 Bed Flat Low rise				
3 Bed Flat Low rise				
4 Bed + Flat Low rise				
1 Bed Flat High rise				
2 Bed Flat High rise				
3 Bed Flat High rise				
4 Bed + Flat High rise				
2 Bed House		£221,150	£255,592	£476,741
3 Bed House		£111,276	£216,526	£333,802
4 Bed + House				
	£0	£338,426	£472,118	**£810,544**
£ psqm of CV (phase 1)	-	1,392	1,457	

CAPITAL VALUE OF ALL AFFORDABLE HOUSING (EXCLUDING OTHER FUNDING)			**£810,544**	
RP Cross Subsidy (use of own assets)			£0	
LA s106 commuted in lieu			£0	
RP Re-cycled SHG			£0	
Use of AR rent conversion income			£0	
Other source of AH funding			£0	
OTHER SOURCES OF AFFORDABLE HOUSING FUNDING			**£0**	
CAPITAL VALUE OF ALL AFFORDABLE HOUSING (INCLUDING OTHER FUNDING)			**£810,544**	
BUILD COST OF AFFORDABLE HOUSING inc Contingency	**£641,240**	£ 1,179 psqm		
CONTRIBUTION TO SCHEME COSTS FROM AFFORDABLE HOUSING				**£169,304**

Car Parking

No. of Spaces	Price per Space (£)	Value
133	-	£0

Value of Residential Car Parking			£0	
Car Parking Build Costs		£79,800		

Ground rent

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

TOTAL CAPITAL VALUE OF RESIDENTIAL SCHEME		£11,555,544	
TOTAL BUILD COST OF RESIDENTIAL SCHEME	£6,357,823		
TOTAL CONTRIBUTION OF RESIDENTIAL SCHEME			£5,197,721

Non-Residential

	Cost	Values
Office	£0	£0
Retail	£0	£0
Industrial	£0	£0
Leisure	£0	£0
Community Use	£0	£0
Community Infrastructure Levy	£0	

CAPITAL VALUE OF NON-RESIDENTIAL SCHEME		£0	
COSTS OF NON-RESIDENTIAL SCHEME	£0		
CONTRIBUTION TO SCHEME COSTS FROM NON-RESIDENTIAL			£0

GROSS DEVELOPMENT VALUE OF SCHEME		£11,555,544	
TOTAL BUILD COSTS	£6,357,823		
TOTAL CONTRIBUTION TO SCHEME COSTS			£5,197,721

External Works & Infrastructure Costs (£)			Per unit	% of GDV	per Hectare
Site Preparation/Demolition		£20,000	333	0.2%	8,696
Roads and Sewers		£869,000	14,483	7.5%	377,826
Services (Power, Water, Gas, Telco and IT)		£0			
General Site Landscaping		£25,000	417	0.2%	10,870
Street lighting		£22,500	375	0.2%	9,783
Public Open Space		£50,000	833	0.4%	21,739
SUDs		£75,000	1,250	0.6%	32,609
Plot specific external works		£120,000	2,000	1.0%	52,174
Other 1		£40,000	667	0.3%	17,391
Other 2		£263,000	4,383	2.3%	114,348
		£1,484,500		12.8%	645,435
Other site costs					
Fees and certification	7.0%	£434,329	7,239	3.8%	188,839
Other Acquisition Costs (£)		£0			
Site Abnormals (£)					
De-canting tenants		£0			
Decontamination		£0			
Other		£0			
Other 2		£0			
Other 3		£0			
Other 4		£0			
Other 5		£0			
		£0			
Total Site Costs inc Fees		**£1,918,829**	31,980		
Statutory 106 Costs (£)					
Education		£117,300	1,955		
Sport & Recreation		£0			
Social Infrastructure		£0			
Public Realm		£0			
Affordable Housing		£0			
Transport		£0			
Highway		£0			
Health		£0			
Public Art		£0			
Flood work		£0			
Community Infrastructure Levy		£0			
Other Tariff		£0			
Other 1		£0			
Other 2		£0			
Other 3		£0			
Other 4		£0			
Statutory 106 costs		**£117,300**	1,955		
Marketing (Open Market Housing ONLY)			per OM unit		
Sales/letting Fees	2.5%	£266,625	5,166		
Legal Fees (per Open Market unit):	£650	£33,800	650		
Marketing (Affordable Housing)			per affordable unit		
Developer cost of sale to RP (£)		£5,000	625		
RP purchase costs (£)		£0			
Intermediate Housing Sales and Marketing (£)		£0			
Total Marketing Costs		**£307,425**			
Total Direct Costs			**£8,701,377**		

Finance and acquisition costs				
Land Payment		£632,500	12,163 per OM home	275,000 per hectare
Arrangement Fee		£10,000	3.8% of interest	
Misc Fees (Surveyors etc)		£3,000	0.03% of scheme value	
Agents Fees		£0		
Legal Fees		£6,325		
Stamp Duty		£21,125		
Total Interest Paid		£263,339		
Total Finance and Acquisition Costs			**£936,289**	

Developer's return for risk and profit

Residential			
Market Housing Return (Inc OH) on Valu	17.5%	£1,680,375	36,161 per OM unit
Affordable Housing Return on Cost	6.0%	£37,536	4,692 per affordable unit
Return on sale of Private Rent	0.0%	£0	#DIV/0! per PR unit
Non-residential			
Office	£0		
Retail	£0		
Industrial	£0		
Leisure	£0		
Community-use	£0	£0	

Total Operating Profit **£1,917,911**
(i.e. profit after deducting sales and site specific finance costs but before deducting developer overheads and taxation)

TOTAL COST	**£11,555,577**
Surplus/(Deficit) at completion 1/3/2023	**(£33)**
Present Value of Surplus (Deficit) at 13/3/2020	**(£27)**

Scheme Investment MIRR **23.5%** (before Developer's returns and interest to avoid double counting returns)

Site Value as a Percentage of Total Scheme Value	5.5%	Peak Cash Requirement	-£3,066,172
Site Value (PV) per hectare	-£12 per hectare	-£6 per acre	