OCTOBER 2020

WHITE LAND STRATEGIES LTD
Viability Delivery Planning

EAKRING ROAD, BILSTHORPE

VIABILITY ASSESSMENT FOR PLANNING APPLICATION 20/00873/FULM

FOR: NEWARK & SHERWOOD DISTRICT COUNCIL

1.0 INTRODUCTION

White Land Strategies Ltd has been instructed Newark & Sherwood District Council to undertake a viability appraisal of the development known as Eakring Road, Bilsthorpe.

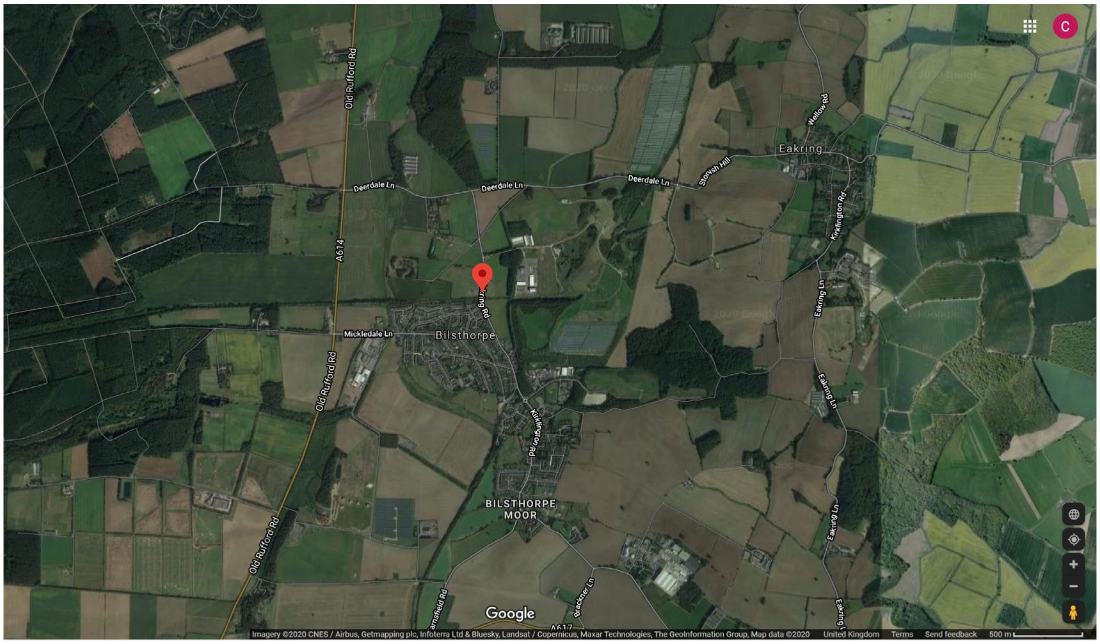
The objectives of the commission are as follows:

- Provide a review of the information submitted by the Atlas Development Solutions, the Agent on behalf of the Applicant, Keepmoat Homes
- To comment on the reasonableness of the viability assessment as submitted and consider the Applicant's position regarding the level of affordable housing contributions proposed
- The assessment has looked primarily at the reasonableness of assumptions particularly of the following appraisal inputs:
    - GDV;
    - Construction Costs (baseline and additional assumptions);
    - Professional fees and other survey related expenditure;
    - Finance Costs;
    - Developer Profit; and
    - Abnormals/Infrastructure
- Based on the above assessments, report on and comment on the level of affordable housing that can be delivered viably.

The model is standard in as much as it assumes a fixed profit and residualises a land price with the target for viability being the land price threshold in combination with the S106 contribution/affordable housing rates being the variables.

Location

The extract from Google Maps below shows the site location.



This site was the subject of a viability assessment in 2018. At the time, planning permission (Application number 17/01139/OUTM) was sought for the site for an 85 unit scheme.

This Application (Application number 20/00873/FULM) is for 103 dwellings.

The Proposed Development includes the following summarised open market unit mix

- x2no. 2 bed houses at 832 sqft
- x8no. 3 bed units at 842 sqft
- x19no. 3 bed units at 850 sqft
- x3no. 3 bed units at 858 sqft
- x6no. 3 bed units at 869 sqft
- x4no. 3 bed units at 1037 sqft
- x19no. 4 bed units at 1031 sqft
- x6no. 4 bed units at 1252 sqft
- x16no. 4 bed units at 1061 sqft
- x10no. 4 bed units at 1297 sqft

The Proposed Development includes the following summarised affordable unit mix

- x10no. 2 Bed units at 651 sqft
  - x4 Affordable rent (40%)
  - x6 Shared Ownership (60%)

1.1 NEED FOR A VIABILITY ASSESSMENT

Due to Applicant's conclusions as to the lack of viability of the site a viability assessment has been submitted with the intention to lower affordable housing from the policy compliant level of 30% affordable housing to a 4% contribution. The Applicant has assumed S106 contributions as follows:

Education	£249,853
Open Space	£23,087
Health	£101,209
Community	£142,558
Total	**£516,707**

1.2 GOVERNMENT POLICY GUIDANCE FOR VIABILITY TESTING

In preparing this report particular regard has been given to policy and guidance within the following:

The Royal Institution of Chartered Surveyors (RICS): Financial Viability in Planning RICS Guidance Note 1st edition (GN 94/2012) August 2012

Whereby:

- An objective financial viability test of the ability of a development project to meet its costs including the cost of planning obligations, while ensuring an appropriate Site Value for the landowner and a market risk adjusted return to the developer in delivering that project.

National Planning Policy Framework 2019

The NPPF sets out the following basis for viability testing:

The key purpose of viability assessments is to demonstrate the impact on viability of policy costs. Where policy costs, assuming that the other assumptions are reasonable, contribute to a demonstrable lack of viability, then those costs are adjusted to a point where the scheme can be considered viable.

The most relevant extracts to viability assessment from the revised NPPF are summarised as follows:

- ***Para 34:*** The Development Plan should set out the contributions expected from the development to include setting out the levels and types of affordable housing provision required, along with other infrastructure (as needed for education, health, transport, flood and water management, green and digital infrastructure). Such policies should not undermine the deliverability of the plan.

- ***Para 57:*** Where up-to-date policies have set out the contributions expected from development, planning applications that comply with them should be assumed to be viable. It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage. The weight to be given to a viability assessment is a matter for the decision maker, having regard to all the circumstances in the case, including whether the plan and the viability evidence underpinning it is up to date, and any change in site circumstances since the plan was brought into force. All viability assessments, including any undertaken at the plan-making stage, should reflect the recommended approach in national planning guidance, including standardised inputs, and should be made publicly available. The standardised inputs are set out in the PPG.

Planning Practice Guidance (PPG) on viability

This guidance relates to both plan making and the use of viability in decision making. The PPG states "Viability assessment is a process of assessing whether a site is financially viable, by looking at whether the value generated by a development is more than the cost of developing it.

This includes looking at the key elements of gross development value, costs, land value, landowner premium, and developer return…" "…In plan making and decision making viability helps to strike a balance between the aspirations of developers, landowners, in terms of returns against risk, and the aims of the planning system to secure maximum benefits in the public interest through the granting of planning permissions."

The PPG also states that contributions should be realistic and not compromise sustainability and that the Cumulative costs of 'all relevant policies' will not undermine deliverability.

The revised PPG retains the assumption that the landowner should receive a land value based on Existing Use Value plus a Premium and that this reasonable incentive is equal to the minimum a willing landowner would be willing to sell the land for. Equally the developer will require sufficient return in order that the site comes forward for development. The incentive would not apply in this context.

The test arising from this approach is whether net residual (development) value or cost or profit, as demonstrated by a residual appraisal, exceeds a relevant and appropriate benchmark value or cost or profit by an adequate margin, while also assuming an adequate commercial return to the developer.

This enhanced value basis is usually reflected as a minimum value per gross acre in the case of agricultural or other low value land or evidenced by a third party Red Book valuation or sustainable methodology to determine a reasonable value.

The premium over EUV/Alternative Use Value and/or application of minimum value, as appropriate, is recognised as necessary since a landowner is likely to have to bear costs, such as relocation (where the business is retained, taxation, the cost, time and effort involved in obtaining planning permission etc. to bring their land forward for development to the change of use consent, as well as requiring an element of 'profit', in the form of value-enhancement, for doing so.

Reference to a consistent method of benchmarking minimum value as a 'threshold' against which residual land value for development can be compared, rather than attempting to reflect or justify actual price paid (or agreed to be paid) by a specific developer, is recognised in the PPG but was already common practice and recognised as a fairer approach when determining viability.

This avoids potential arguments, for example, as to whether the developer may have paid too much for the land and that as a result provision of public infrastructure should then be at risk in mitigating the overpayment.

Application in this Development site context

There are key assumptions which are consistent with previous assessments:

- *There is an assumed target land price based on a price per plot for the residential use as per the original review equating to £2,232,010. The residual land target has no premium applied to it and the adopted target figure is as per the original rate undiscounted in the WLSL review. This forms the basis of the Existing Use Value (EUV) approach though the figure adopted by the Applicant is at the upper end of the WLSL previous advice and it was noted that at this level of land value it was at the expense of policy compliance.*
- *Profit on GDV is at benchmark rates. The rate is fixed at a blended rate of 20% on Open Market GDV and 6% on Affordable Housing GDV.*

1.3 APPLICANT POSITION

As per the introduction to the report the Applicant has submitted a non-compliant scheme. The viability assessment submitted is set at a 10% affordable housing contribution though the Applicant states that the viability outcome should be a 4% contribution.

It is also noted that the Council have advised that the education contribution is not a required contribution therefore the affordable housing provision may be compromised by the over stated S106.

1.4 ASSESSOR

WHITE LAND STRATEGIES LIMITED

White Land Strategies Ltd is a niche advisory consultancy specialising in independent assessment of development options and viability assessments.

The practice is owned by Chris White. Chris has over 20 years' experience working in the property industry and specialises in development/viability appraisals, developer procurement, development agreements, delivery models and implementation advice to assist in the S106 negotiations, development of masterplans, development briefs and the redevelopment of surplus assets. His experience having operated as a consultant, a developer and within Local Authorities provides a valuable broad range of understanding to ensure reporting meets the objectives of private and public sectors alike.

He was formerly head of the Midlands Development Consulting team in BNP Paribas Real Estate for 3 years. Prior to this he was National Director at CBRE for the Development Consulting practice for 7 years. Prior to these core consultancy periods Chris was Managing Director of developer, Castlemore Securities' Regeneration company. Prior roles at Chesterton Plc, RegenCo Sandwell, Leicester Regeneration Company have widened Chris understanding of brownfield development and viability associated with regeneration of town centres.

WLSL regularly provides 'route to market reports'. As part of the development advice WLSL focusses on commercial deliverability of option appraisals and viability appraisals.

This report has been prepared by Chris White.

2.0 RESIDENTIAL MARKET REVIEW

2.1 APPLICANT SUBMITTED VALUES

Research indicated that in 2018 the values adopted in the viability assessment were in excess of the local market at the time of the review.

The stated average value for the open markets used was £185 psft. Market research shows that since the time of the review growth over the last 12 months, according to Zoopla, is stated to be 2.86%, which if maintained over the 24 month period would equate to £195.73 psft today. The area was experiencing a sub 5% growth rate previously in 2018. Assuming a 4.5% growth rate in 2019 followed by a 2.86% growth rate in 2020 equates to £198.85 psft today.

The Applicant has adopted an average rate of £200 psft.

The table below shows current asking prices. A discount off asking prices at 5% is not uncommon. Assuming a 5% discount the 2 bed units would generally equate to £152,000; the 3 bed units would generally equate to £189,970 and the 4 bed units would generally equate to £227,983.

Current asking prices in Bilsthorpe
Average: **£206,641**

Property type	1 bed	2 beds	3 beds	4 beds	5 beds
Houses	-	£160,000 (1)	£199,969 (8)	£239,983 (3)	-
Flats	-	-	-	-	-
All	-	£160,000 (1)	£199,969 (8)	£239,983 (3)	-

Averaging the Applicant's 10% submitted model the 2 bed average price is £174,720; the 3 bed average price is £161,039; and the average 4 bed price is £234,899.

The pricing therefore is higher than average for 2 and 4 bed units and lower than average for 3 bed units.

At the same time Rightmove reports the average sold price in Bilsthorpe to be £176,095 but there being a 4% rise in sold prices to achieve this price over 2019.

The average price assumed by the Applicant for the completed open market unts is £201,146. If Rightmove pricing was skewed by secondary stock sales and a 10% premium was assumed to be added to the average stock the premium reflected average price for the new build development would equate to £193,705.

Whilst the 3 bed pricing may be below average the differences between the Zoopla and Rightmove published data shows that there are variances to the modelling therefore the averaging pricing adopted by the Applicant is generally above the market evidence so would be considered reasonable, particularly in relation to the higher sales values in comparison to the previous 2018 review.

3.0 APPRAISAL ASSUMPTIONS

Provided in this section is a review of the Applicant's viability appraisal and assumptions. This report provides an independent view as to whether the assumptions appear reasonable in the context of the information supplied. Also highlighted are queries in relation to the applicant's assumptions where more information has been requested to assess its potential effect on the viability of the scheme.

The appraisal undertaken by the Applicant has been reviewed and re-modelled accordingly. Appraisals have also been reconstructed adopting sensitivity checks and updates where appropriate to test reasonableness of the submitted assumptions.

A policy compliant appraisal has not been run due to the extent of the viability gap.

4.1 LAND VALUE

A viability test requires that landowners should receive a reasonable return for disposal of land coming forward for such developments and that, in essence, the cost associated with Planning contributions and infrastructure should not be so detrimental to land value that landowners should be forced to bring forward land below a reasonable market return.

What is considered a reasonable market return to a landowner is always a matter of debate when dealing with any viability assessment. There are varying assumptions and formulas applied when considering a reasonable return to a landowner.

The RICS has issued a guidance note 'Financial viability in Planning. Financial viability for planning purposes is defined by this guidance note as follows:

"An objective financial viability test of the ability of a development project to meet its costs including the cost of planning obligations, while ensuring an appropriate Site Value for the landowner and a market risk adjusted return to the developer in delivering that project."

In the absence of the strategic benchmark, Existing Use Value (or plus a premium), should be considered as the basis of the entry price reflecting a premium over the current use to incentivise the landowner to dispose but also this should be reflective of policy considerations in determining the cost to deliver, otherwise the site might remain undeliverable for alternative uses.

The Applicant has adopted the same basis of land value estimate as per 2018. The land value methodology is not based on strategic agricultural land where £100,000 per gross acre is usually assumed. The basis put forward by the Applicant is that this is an allocated residential site capable of valuation via the comparables method and their advisors Savills outlined a number of comparable purchases to apply a price per unit based value. It was pointed out in 2018 however that the basis of the approach, whilst not unreasonable, misses the issue that the land owner achieves a comparable price irrespective of policy compliance and that it was considered that there should be some compromise on the balance between landowner return and policy compliance.

The Applicant has retained the land value at £2,232,010 as the Benchmark Land Value (BLV) viability target.

In 2018, a discount equal to risk was suggested to be applied to the land value, of say 10-20% which would reduce the land price in the appraisal from £2,302,469 (£27,088 per unit) to £2,072,222 - £1,841,975 (£24,379-£21,670 per unit).

The lower price was suggested of £1,841,975 and has been adopted in the WLSL modelling going forward.

3.2 HOUSING MIX AND SALES VALUES

Sales values principles are addressed in section 2.0 of this report. Set out below is a breakdown of the submission.

The following table is the 10% submitted model:

House Type	Beds	Units	sqft	£/psft	Price	Total Sqft	Total Revenue
OM Units							
Danbury	2B	2	832	£200	£166,400	1664	£332,800
Wentworth	3B	8	842	£200	£168,400	6736	£1,347,200
Caddington Semi	3B	8	850	£200	£170,000	6800	£1,360,000
Caddington Det	3B	11	850	£200	£170,000	9350	£1,870,000
Warwick	3B	3	858	£200	£171,600	2574	£514,800
Windsor	3B	6	869	£200	£173,800	5214	£1,042,800
Staveley	3B	4	1037	£200	£207,400	4148	£829,600
Rothway Semi	4B	14	1031	£200	£206,200	14434	£2,886,800
Rothway Det	4B	5	1031	£200	£206,200	5155	£1,031,000
Eaton	4B	6	1252	£200	£250,400	7512	£1,502,400
Stratten	4B	16	1061	£200	£212,200	16976	£3,395,200
Burton	4B	10	1297	£200	£259,400	12970	£2,594,000
		93				93533 sqft	

3.3 AFFORDABLE HOUSING

UNIT MIX

The table below shows the pricing exercise adopted by the applicant for the Affordable Unit mix based on their 10% affordable housing scheme.

House Type	Beds	Units	sqft	£/psft	Price	Total Sqft	Total Revenue
Affordable Units							
Halstead Rent	2B	4	651	£136.00	£88,536	2604	£354,144
Halstead Intermediate	2B	6	651	£140.00	£91,140	3906	£546,840
		10				6,510 sqft	

- The affordable rent housing value assumption is set at £136.93 psft (68% of OMV)
- The affordable Intermediate housing value assumption is set at £139.42 psft (70% of OMV)

Expectations for affordable rent would be in order of 40-50% of OMV and expectations of Intermediate value would be 65-70% of OMV

The affordable housing values are therefore considered very reasonable.

In terms of density of development, the development scheme has increased in numbers but in terms of site area (the retail is not included), this has reduced to 3.65 hectares (a net residential area of 3.06 hectares) from the original application of 9.54 hectares and net area of 6.47 hectares. The density is now calculated at 13,230 sqft to the net acre which is relatively low density scheme, but this may be a planning issue more than a viability issue. Viability would be increased however if densities were improved to upwards of 14,000-15,000 sqft per net developable acre.

3.4 BUILD COSTS

The BCIS (Building Cost Information Service) is a standard baseline to use when undertaking viability assessments. When conducting viability assessments, the only industry standard benchmark available is the BCIS build cost.

The Applicant has not adopted a BCIS rate but provided an internal cost breakdown which equates to £116.15 psft.

This rate is inclusive of externals and also includes garaging costs.

The usual approach would be to adopt the 5 year BCIS dataset (rebased to the nearest market equivalent) median estate general rate. The comparison is set out below:

BCIS rate 5 year median General	Base £ psft	Externals at 15%	Roads/sewers/ Utilities	Combined Rate
Mansfield	£122.38	£18.35	£0	£140.74
Newark	£126.98	£19.04	£0	£146.03
Applicant	£86.51	£9.71	£19.44	£116.15

Outlining the equivalent cost base above it is clear that the Applicant’s build costs are very reasonable.

3.5 EXTERNALS

An allowance for Externals has been adopted by the Applicant within the build cost as per the above rates. The equivalent percentage is 34.26% of the base build cost. It is likely that the methodology of the breakdown would likely result in a lower ‘externals badged’ cost package and a higher base build price. However, even at this rate the combined cost is still considerably lower than the BCIS based benchmarking approach.

This is a reasonable approach.

3.6 GARAGING

Included in the build cost.

3.7 INFRASTRUCTURE/ABNORMAL COSTS

A summary table is provided below outlining the costs:

Infrastructure Item	£
Retaining Wall	£47,120
Cut & Fill	£134,172
Clean soil	£69,075
Contaminated soil	£50,000
Brick Work	£135,188
S278 works	£35,000
Deeper Foundations	£121,993
Heave Protection	£21,250
BT Diversions	£41,500
Oversized Sewers	£185,125
Hydrobrake	£21,000
Balancing Lagoon	£124,359
Total	**£985,782**
Per unit / psft	**£9,571 / £10.54**

The above table breaks down each of the infrastructure cost headings and provides a relative cost per unit. The overall cost per unit is relatively low at £9,571 per unit.

The costs have not been independently verified but do not appear to be unreasonable in principle as a general price per unit.

3.8 SECTION 106 CONTRIBUTIONS

The following is a detailed breakdown of the S106 obligations adopted by the Applicant. The Education, Highways and libraries contribution has been confirmed by the Authority

Infrastructure Item	Applicant	LPA
Education	£249,853	n/a
Health	£101,209	£101,146

Community	£142,558	£142,559
Open Space	£23,087	£23,087
Highways Contribution	£0	£15,500
LIbraries	£0	£3,631
Total	**£516,707**	**£285,923**

The WLSL appraisals adopt the Council's advised S106 package.

3.9 CONTINGENCY

A 3% contingency is stated to have been applied to housebuild costs to reflect any risks associated with the development.

The contingency assumption is reasonable.

3.10 PROFESSIONAL FEES

Fees of 6% have been applied to housebuilding build costs. The fees assumption is reasonable.

3.11 MARKETING AND DISPOSAL FEES

Marketing fees of 3% have been adopted. Legal costs are not stated in the assumption but are added in the model at £500 per unit.

Marketing costs are reasonable, but the additional legal costs would make the costs higher than benchmark. WLSL has adopted the 3% only figure

3.12 LAND COSTS

Agent fees are assumed at 1%. Legal fees are assumed at 0.5%. A further £1,000 per unit transfer fee is assumed for the disposal of the affordable units.

The costs are reasonable.

3.13 FINANCE RATE

A finance rate of 6.0% has been adopted. We have not assumed a credit interest rate.

The finance rate is reasonable.

3.14 PROFIT

The Applicant has adopted a gross profit of 20% of GDV applied to Open Market units, and 6% of GDV applied to Affordable Housing units to provide a blended rate.

This is a standard and reasonable assumption though under the NPPF which has been brought into regulations since the previous assessment it is likely that profit may be reduced within the 15%-20% profit range assumed by the NPPF to balance risk and policy compliance.

3.15 PROGRAMME

The applicant has assumed an average of 3 units per month. This is a reasonable approach.

4.0 APPRAISAL ANALYSIS

4.1 APPLICANT'S SUBMISSION

The Applicant's appraisal has been re-run to determine firstly that the assumptions have been correctly modelled and secondly to create a baseline from which to test sensitivities.

4.1.1 APPLICANT APPRAISAL

The 10% Affordable Housing appraisal assumes the following key inputs:

- BLV £2,232,010
- Sales Value GDV £19,607,725
- Construction Costs £11,619,994 / £116.15 psft
- S106 assumed at £516,707
- Fees at 6% / £637,698
- Finance at 6.00% / £550,151
- Sales and Marketing at 3.0% / £1,368,506
- Profit 20% OMGDV and 6% AHGDV

The Applicant has a positive appraisal residual of £373,659 but this is a negative viability against the BLV target of £2,232,010. The viability is therefore -£1,949,351 when set against the BLV.

The table below sets out the Applicant's appraisal in the first row. The second row is the WLSL remodeling of the Applicant's scheme using Argus Developer.

Affordable Housing	GDV	Total construction costs	BLV Target	Profit	Finance	Residual Land Value	Applicant Viability
10 units	£19,607,725	£13,471,212	£2,232,010	19.31% £3,786,688	6.00% £550,151	+£373,659	-£1,949,351
10 units	£19,607,725	£13,471,212	£2,232,010	19.38% £3,800,162	6.00% £427,352	+£548,463	-£1,683,547

The above shows that the model submitted by the Applicant is mathematically correct. The variation on the residual is mostly due to the finance charge in Argus being lower than when modelled using Microsoft Excel.

4.2 WLSL BENCHMARK APPRAISAL

The table above firstly copies the Applicant's approach. The principal differences in outcome is due to the differential in debt costs due to the more accurate monthly cashflow analysis undertaking in Argus.

The appraisal is unviable albeit marginally improved.

The second table below sets out the WLSL appraisal with variations to assumptions:

- Column 1: 10% affordable housing with no S106 Land value at £1.85m. Target measure Profit
- Column 2: 4% affordable housing with lower S106 (as per LPA). Land value at £1.84m. Target measure Profit. OM profit at 16.06%.
- Column 3: LPA / Applicant Sensitivity Offer at 10% with S106 of £258,000

Appraisal	10% AH	4% AH	10%AH
GDV	£19,607,725	£20,273,280	£19,607,725
Land Value Target	£1,841,975	£1,841,975	£1,854,764
S106	£0	£285,923	£258,000
Residual Profit	15.6%	15.4%	14.11%
Viability against profit at 20% and 6% blended	-3.75%	-4.35%	-5.24%

The variations in stated land value is due to the Argus methodology. The AH and S106 is varied until the land value target is met. The sensitivity in the model means its is not possible to residualise the land to the same level.

4.3 APPRAISAL SUMMARY

The sensitivity testing above has been undertaken to test alternative scenarios to measure the impact on viability of mixing affordable housing and S106 combinations.

- The land value target has been lowered to the WLSL recommended level in all options.
- The above table shows that all models *blended profit* outcomes are below the expected levels used to measure viability at face value.
- The 10% models show that to accommodate S106 the Applicant has to take a view on the profit levels extracted from the scheme. i.e. the appraisal in column 1 has a profit level that is within the NPPF range of 15%-20% profit on OM GDV at 16.06% profit on OMGDV
- The 4% AH scheme has the policy compliant S106 and has a blended profit at 15.4%
- Whilst WLSL has reduced land value by c£390,000 it is still higher than a strategic land value which would be based on £100,000 per gross acre, therefore, whilst the methodology is not unreasonable, land cost is still contributing to a lack of viability.

5.0 SUMMARY CONCLUSIONS

To conclude, it is clear that the viability of the development is suffering due to a combination of lower values to cost ratio. This is in effect compounded by the land value which is not a strategic greenfield land value but a residential consented site value.

The land value factor alone doubles the costs attached to the land value target that might otherwise be available for S106 if this was a strategic site.

Specific conclusions are as follows:

- *Sales values are reasonable*
- *Build costs are substantially below equivalent benchmark BCIS costs and are very reasonable*
- *The overall appraisal as submitted by the Applicant can be consider reasonable with standard assumptions adopted across the majority of inputs.*

In terms of the methodology, the approach is sound and the BLV approach is an accepted basis of considering viability impact on the scheme.

To conclude, findings were as follows:

- *A 30% policy compliant scheme and S106 package is not viable.*
- *Any combination of S106 with Affordable housing requires the Applicant to reduce profit expectations.*
- *A 4% scheme with policy compliant S106 is unviable but would be viable with no S106.*
- *A 10% affordable housing scheme is viable with no S106 against benchmark viability targets in that the Open Market profit return is within the NPPF range i.e. above 15% of OMGDV.*
- *A 10% affordable housing scheme is unviable with S106 against benchmark viability targets unless the Applicant takes a view on the land value and/or the Open Market profit return.*

6.0 DISCLAIMER AND CONFIDENTIALTY

DISCLAIMER

The contents of this summary report do not constitute a valuation, in accordance with the RICS Valuation - Professional Standards (the 'Red Book') and should not be relied upon as such. This report is addressed to Newark & Sherwood District Council and its contents should not be reproduced in part or in full without our prior consent of Newark & Sherwood District Council and Keepmoat Homes.

CONFIDENTIALITY

This report is provided to Newark & Sherwood District Council on a confidential basis. We request that the report not be disclosed to any third parties under the Freedom of Information Act (Sections 41 and 43 (2)) unless authorised.

7.0 APPENDICES

Appendix 1 – Development Appraisals

As per Applicant Appraisal

10% Affordable Housing / No S106

4% Affordable Housing / Policy Compliant S106

10% Affordable Housing / Compromise S106

As per Applicant Land residual £548,463
To macth App Finance@9.46% Residual
Diff due to Stamp and land fees App @ £464,914

Eakring Road
Bilstowe

Development Appraisal
White Land Strategies Ltd
17 September 2020

APPRAISAL SUMMARY	WHITE LAND STRATEGIES LTD

As per Applicant Land residual £548,463
To macth App Finance@9.46% Residual
Diff due to Stamp and land fees App @ £464,914

Appraisal Summary for Merged Phases 1 2 3

Currency in £

REVENUE					
Sales Valuation	**Units**	**ft²**	**Sales Rate ft²**	**Unit Price**	**Gross Sales**
OM Residential	93	93,533	200.00	201,146	18,706,600
AH AR Residential	4	2,604	136.93	89,141	356,563
AH Int Residential	6	3,906	139.42	90,760	544,562
Totals	**103**	**100,043**			**19,607,725**
NET REALISATION				**19,607,725**	
OUTLAY					
ACQUISITION COSTS					
Residualised Price			581,049		
Residualised Price (Negative land)			(32,586)		
				548,463	
Stamp Duty			16,923		
Effective Stamp Duty Rate		2.91%			
Agent Fee		1.00%	5,810		
Legal Fee		0.50%	2,905		
				25,639	
CONSTRUCTION COSTS					
Construction	**ft²**	**Build Rate ft²**	**Cost**		
OM Residential	93,533	116.15	10,863,858		
AH AR Residential	2,604	116.15	302,455		
AH Int Residential	3,906	116.15	453,682		
Totals	**100,043 ft²**		**11,619,994**		
Contingency		3.00%	348,600		
Road/Site Works			985,973		
Education			249,853		
Health			101,146		
Community Facilities			142,559		
Open Space			23,087		
				13,471,212	
PROFESSIONAL FEES					
Professional Fees		6.00%	697,200		
				697,200	
DISPOSAL FEES					
Marketing		1.50%	280,599		
Sales Agent Fee		1.50%	280,599		
Developer cost of sale Fee	10 un	1,000.00 /un	10,000		
RP purchase costs	10 un	1,000.00 /un	10,000		
Marketing Ontermediate AH sales	10 un	1,000.00 /un	10,000		
Sales Legal Fee	93 un	500.00 /un	46,500		
				637,698	
FINANCE					
Debit Rate 9.460%, Credit Rate 0.000% (Nominal)					
Total Finance Cost				427,352	
TOTAL COSTS				**15,807,563**	
PROFIT					
				3,800,162	
Performance Measures					
Profit on Cost%		24.04%			

As per Applicant Land residual £548,463
To macth App Finance@9.46% Residual
Diff due to Stamp and land fees App @ £464,914

Profit on GDV%	19.38%
Profit on NDV%	19.38%
IRR	49.34%
Profit Erosion (finance rate 9.460)	2 yrs 4 mths

WLSL Residual Land No S106 Sens 10%AH
Residual £1,844,190 OM Profit at 16.06%
Target £1,841,975

Eakring Road
Bilstowe

Development Appraisal
White Land Strategies Ltd
06 October 2020

APPRAISAL SUMMARY	**WHITE LAND STRATEGIES LTD**

WLSL Residual Land No S106 Sens 10%AH
Residual £1,844,190 OM Profit at 16.06%
Target £1,841,975

Appraisal Summary for Merged Phases 1 2 3

Currency in £

REVENUE					
Sales Valuation	**Units**	**ft²**	**Sales Rate ft²**	**Unit Price**	**Gross Sales**
OM Residential	93	93,533	200.00	201,146	18,706,600
AH AR Residential	4	2,604	136.93	89,141	356,563
AH Int Residential	6	3,906	139.42	90,760	544,562
Totals	**103**	**100,043**			**19,607,725**
NET REALISATION				**19,607,725**	
OUTLAY					
ACQUISITION COSTS					
Residualised Price			1,858,487		
Residualised Price (Negative land)			(14,297)		
				1,844,190	
Stamp Duty			81,709		
Effective Stamp Duty Rate		4.40%			
Agent Fee		1.00%	18,585		
Legal Fee		0.50%	9,292		
				109,587	
CONSTRUCTION COSTS					
Construction	**ft²**	**Build Rate ft²**	**Cost**		
OM Residential	93,533	116.15	10,863,858		
AH AR Residential	2,604	116.15	302,455		
AH Int Residential	3,906	116.15	453,682		
Totals	**100,043 ft²**		**11,619,994**		
Contingency		3.00%	348,600		
Road/Site Works			985,973		
				12,954,567	
PROFESSIONAL FEES					
Professional Fees		6.00%	697,200		
				697,200	
DISPOSAL FEES					
Marketing		1.50%	280,599		
Sales Agent Fee		1.00%	187,066		
Developer cost of sale Fee	10 un	1,000.00 /un	10,000		
RP purchase costs	10 un	1,000.00 /un	10,000		
Sales Legal Fee	93 un	500.00 /un	46,500		
				534,165	
FINANCE					
Debit Rate 6.000%, Credit Rate 0.000% (Nominal)					
Total Finance Cost				408,712	
TOTAL COSTS				**16,548,420**	
PROFIT					
				3,059,305	
Performance Measures					
Profit on Cost%		18.49%			
Profit on GDV%		15.60%			
Profit on NDV%		15.60%			
IRR		32.08%			

WLSL Residual Land No S106 Sens 10%AH
Residual £1,844,190 OM Profit at 16.06%
Target £1,841,975

Profit Erosion (finance rate 6.000)	2 yrs 10 mths

WLSL Residual Land No Educ S106 Sens
Residual £1,841,355 Profit at 15.02%
Target £1,841,975 unviable against profit target of 19.75%

Eakring Road
Bilstowe

Development Appraisal
White Land Strategies Ltd
06 October 2020

APPRAISAL SUMMARY	**WHITE LAND STRATEGIES LTD**

WLSL Residual Land No Educ S106 Sens
Residual £1,841,355 Profit at 15.02%
Target £1,841,975 unviable against profit target of 19.75%

Appraisal Summary for Merged Phases 1 2 3

Currency in £

REVENUE					
Sales Valuation	**Units**	**ft²**	**Sales Rate ft²**	**Unit Price**	**Gross Sales**
OM Residential	99	99,567	200.00	201,146	19,913,477
AH AR Residential	2	1,302	136.93	89,141	178,282
AH Int Residential	2	1,302	139.42	90,760	181,521
Totals	**103**	**102,171**			**20,273,280**
NET REALISATION				**20,273,280**	
OUTLAY					
ACQUISITION COSTS					
Residualised Price			1,847,632		
Residualised Price (Negative land)			(6,277)		
				1,841,355	
Stamp Duty			81,568		
Effective Stamp Duty Rate		4.41%			
Agent Fee		1.00%	18,476		
Legal Fee		0.50%	9,238		
				109,282	
CONSTRUCTION COSTS					
Construction	**ft²**	**Build Rate ft²**	**Cost**		
OM Residential	99,567	116.15	11,564,752		
AH AR Residential	1,302	116.15	151,227		
AH Int Residential	1,302	116.15	151,227		
Totals	**102,171 ft²**		**11,867,207**		
Contingency		3.00%	356,016		
Road/Site Works			985,973		
Libraries			3,631		
Health			101,146		
Community Facilities			142,559		
Public Transport			15,500		
Open Space			23,087		
				13,495,119	
PROFESSIONAL FEES					
Professional Fees		6.00%	712,032		
				712,032	
DISPOSAL FEES					
Marketing		1.50%	298,702		
Sales Agent Fee		1.00%	199,135		
Developer cost of sale Fee	4 un	1,000.00 /un	4,000		
RP purchase costs	4 un	1,000.00 /un	4,000		
Sales Legal Fee	99 un	500.00 /un	49,500		
				555,337	
FINANCE					
Debit Rate 6.000%, Credit Rate 0.000% (Nominal)					
Total Finance Cost				437,642	
TOTAL COSTS				**17,150,768**	
PROFIT					
				3,122,512	
Performance Measures					
Profit on Cost%		18.21%			

WLSL Residual Land No Educ S106 Sens
Residual £1,841,355 Profit at 15.02%
Target £1,841,975 unviable against profit target of 19.75%

Profit on GDV%	15.40%
Profit on NDV%	15.40%
IRR	31.21%
Profit Erosion (finance rate 6.000)	2 yrs 10 mths

WLSL Residual Land No S106 Sens 10%AH
Residual £1,840,468 Profit at 14.11%
Target £1,841,975

Eakring Road
Bilstowe

Development Appraisal
White Land Strategies Ltd
07 October 2020

APPRAISAL SUMMARY	**WHITE LAND STRATEGIES LTD**

WLSL Residual Land No S106 Sens 10%AH
Residual £1,840,468 Profit at 14.11%
Target £1,841,975

Appraisal Summary for Merged Phases 1 2 3

Currency in £

REVENUE

Sales Valuation	**Units**	**ft²**	**Sales Rate ft²**	**Unit Price**	**Gross Sales**
OM Residential	93	93,533	200.00	201,146	18,706,600
AH AR Residential	4	2,604	136.93	89,141	356,563
AH Int Residential	6	3,906	139.42	90,760	544,562
Totals	**103**	**100,043**			**19,607,725**

NET REALISATION 19,607,725

OUTLAY

ACQUISITION COSTS

Residualised Price			1,854,764	
Residualised Price (Negative land)			(14,297)	
				1,840,468
Stamp Duty			81,523	
Effective Stamp Duty Rate		4.40%		
Agent Fee		1.00%	18,548	
Legal Fee		0.50%	9,274	
				109,345

CONSTRUCTION COSTS

Construction	**ft²**	**Build Rate ft²**	**Cost**	
OM Residential	93,533	116.15	10,863,858	
AH AR Residential	2,604	116.15	302,455	
AH Int Residential	3,906	116.15	453,682	
Totals	**100,043 ft²**		**11,619,994**	
Contingency		3.00%	348,600	
Road/Site Works			985,973	
S106			258,000	
				13,212,567

PROFESSIONAL FEES

Professional Fees		6.00%	697,200	
				697,200

DISPOSAL FEES

Marketing		1.50%	280,599	
Sales Agent Fee		1.00%	187,066	
Developer cost of sale Fee	10 un	1,000.00 /un	10,000	
RP purchase costs	10 un	1,000.00 /un	10,000	
Sales Legal Fee	93 un	500.00 /un	46,500	
				534,165

FINANCE

Debit Rate 6.000%, Credit Rate 0.000% (Nominal)

Total Finance Cost 446,499

TOTAL COSTS 16,840,243

PROFIT

2,767,482

Performance Measures

Profit on Cost%	16.43%
Profit on GDV%	14.11%
Profit on NDV%	14.11%
IRR	28.58%

WLSL Residual Land No S106 Sens 10%AH
Residual £1,840,468 Profit at 14.11%
Target £1,841,975

Profit Erosion (finance rate 6.000)	2 yrs 7 mths