

UNISON – Affordable Housing Viability & Planning Obligations Assessment

On behalf of UNISON

Asset Management
Planning & Development
Healthcare
Mixed Use
Offices
Leisure
Residential
Leasehold
Reform
Rating
Retail
Investment Agency
Minerals & Waste
Development Property
Specialist
Industrial
Compulsory Purchase
Transactions
Consultancy

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On behalf of UNISON

RWF/ANC/G3383

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GeraldEve

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1 Introduction

- 1.1 Gerald Eve is instructed by UNISON to undertake a financial assessment of a proposed residential and commercial scheme for the redevelopment on the former Elizabeth Garrett Anderson (EGA) hospital site on the Euston Road. The purpose of the assessment is to consider the financial viability of the proposals and in particular the level of affordable housing and planning obligations that can be justified in respect of the planning application. This assessment forms part of the documentation in support of the planning application.
- 1.2 The planning application is in the name of UNISON who own the site and will develop the proposed scheme once planning permission is granted. UNISON acquired the site in 2005 as part of its strategy to develop a purpose built headquarters that was highly accessible to its Members as well as being close to its existing headquarters to the south of Euston Road and virtually opposite the EGA site.
- 1.3 This financial assessment follows consultation with the London Borough of Camden (LBC) and the Greater London Authority (GLA) during 2006-2007. These discussions both informed the scheme's evolution and have provided the basis upon which the financial justification is presented in respect of the planning application.
- 1.4 The GLA's Development Control Toolkit (the "Toolkit") has been used to assess the viability of the Affordable Housing provision and the level of planning obligations that can be offered. The Toolkit has been designed to consider both affordable housing provision and planning obligations in respect of a potential scheme. Due to the mix of uses proposed in the UNISON scheme, it has also required a separate financial assessment of the commercial element, (**Appendix 5**) which has been inputted into the Toolkit (**Appendix 6**).
- 1.5 In assessing the financial viability of the scheme this report considers four scenarios:-
 - (i) a private and affordable housing mix together with the commercial element with zero planning obligation payments;
 - (ii) 100% private housing together with commercial element with zero planning obligation payments;
 - (iii) 100% private housing together with commercial element and a notional level of planning obligation payments; and

(iv) 100% private housing together with commercial element, notional planning obligation payments and a commuted affordable housing and former nursing home payment.

1.6 All of the above scenarios are based on the proposed application scheme (including the switch between the affordable to private residential in scenarios (ii) to (iv)) in order to enable a like for like comparative analysis of the outputs in respect of the four scenarios.

1.7 This assessment is set out under the following headings:

- | | |
|--|---|
| 2. Background: EGA Site | A general introduction and description of the site, brief history and planning background as well as contextual matters relevant to the financial assessment; |
| 3. Proposed Scheme | An outline of the current scheme and summary of areas, unit numbers and habitable room breakdown; |
| 4. Sales and Market Data | A summary of the market research that has been undertaken to support the financial appraisals; |
| 5. Costings and Exceptional Cost Items | A general summary of the costs for the development including exceptional items; |
| 6. Base Land Value | Clarification of the underlying land value as applied within the Toolkit; |
| 7. Programme and Phasing | An overview of the programme for developing out the site; |
| 8. Summary of Key Variables in the Toolkit (and Appraisal) | A description of the various key inputs into the Toolkit and commercial appraisal; |
| 9. Commercial Scheme Appraisal | An analysis of the commercial element of the scheme and outputs; |

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|--|--|
| 10. Planning Obligations & Benefits | A schedule of the notional planning obligations and quantification of other planning benefits; |
| 11. Summary Results from the Toolkit (and Appraisal) | An analysis of the output results from the Toolkit and comparative analysis of the four scenarios in respect of the affordable housing and planning obligations and impact upon viability; |
| 12. Concluding Financial Justification Statement | A summary of the key issues that affect the financial viability of the proposed planning application, and basis upon which agreement could be reached. |

- 1.8 Appendices at the end of this report are introduced in the various sections as outlined above.

2 Background: Elizabeth Garrett Anderson Site

- 2.1 This section provides a brief description of the site, its locational context and historical use. A full outline can be found in the Planning and Design Statement that accompanies the schemes planning application.

Location and Situation

- 2.2 The EGA site lies on the north side of Euston Road, in the London Borough of Camden, importantly located between the major rail terminals of Euston and Kings Cross. Further, to the east is the City of London and approximately 1 mile to the west is the West End of London. Road communications to the area are provided by the A501 Pentonville Road via the A40, which links with Marylebone to the west and the City of London to the east.
- 2.3 The EGA site is highly accessible to public transport with both Euston underground (Victoria and Northern Lines) and overland railway station (north to Birmingham and Manchester and beyond), and, Kings Cross St Pancras underground (Victoria, Northern, Piccadilly, Hammersmith & City, Circle, and Metropolitan Lines) and overland railway station (to the north east) within walking distance from the site. Euston Road is also the site of a number of major bus routes.
- 2.4 The area provides a mix of development dating from the 19th Century through to more recent buildings. Both offices and residential development dominates the area together with a number of hotels, University College London (UCL) Hospital and the British Library. Key landmarks in the immediate vicinity include Kings Cross and St. Pancras stations, Euston Station, St Pancras Church and the Welcome Trust headquarters. The site is also diagonally opposite the existing UNISON headquarters building on Euston Road.
- 2.5 The area is currently dominated by the Kings Cross redevelopment which is to continue over the next 5-7 years. The regeneration of this area concerns a 53 acre site comprising of land to the north of Kings Cross and St Pancras mainline stations including the new Channel Tunnel Rail Link. The overall Kings Cross partnership redevelopment will comprise some 8 million sq ft of mixed use development.

The Site

- 2.6 In **Appendix 1** we show a plan of the application site. The Grade II Listed former Elizabeth Garrett Anderson Women's Hospital is bounded by Euston Road to the south and Churchway to the west and extends back to the junction of Churchway and Grafton Place.

- 2.7 To the north and south of the site are the residential areas of Somers Town and Bloomsbury. The site is bounded to the north and east by relatively low-rise residential blocks.
- 2.8 The two primary constraints on the site relate to the setting of the Grade II listed buildings, and the proximity of the residential dwellings around the site; with Grafton Chambers and Wellsley House to the north-west, Seymour House to the north, and Charlton Street to the east.

Historical Use

- 2.9 Whilst a full detailed history of the site and its uses is contained in the Planning Statement to the application, the site has been vacant for in excess of 7 years. In brief the previous use of the site was a hospital use, Class C2 (residential institutions) and a small amount of floorspace on the site (within the Euston Road Block) was used as nurses accommodation ancillary to the main use of the site.
- 2.10 From information UNISON have received from UCL Hospital, it is estimated that approximately 1,400 sq m (15,070 sq ft) of the Euston Road block was used for accommodation for nurses, but from 1985 onwards the amount of floorspace used for nurses accommodation was reduced considerably. This was due to accommodation for student nurses, being provided in halls of residence ancillary to universities. All the remaining nurses accommodation on the site was re-provided in Bonham Carter/Warwickshire House and John Astor House, all within the London Borough of Camden. UCL Hospital's position remains that all the nurses accommodation has been re-provided. We comment upon the implications of this in Section 12.
- 2.11 The application site does not sit within a conservation area. The nearest conservation area is the Bloomsbury Conservation Area to the south where a number of listed buildings are close to the site.
- 2.12 The site is outside the Strategic View Viewing Corridor and the Strategic View Wider Setting Consultation Area, but is within a Strategic View Background Consultation Area of London View Management Framework.
- 2.13 The application site is within a designated 'Area of Community Regeneration'.
- 2.14 The site therefore, lies in an area which is currently the subject of a number of changes, most notably at Kings Cross. Whilst highly accessible, the site is constrained by listed buildings, nearby residential areas, and a need to design sympathetically to the overall setting.

3 Proposed Scheme

- 3.1 In this section we briefly describe the proposed scheme which is set out in more detail in the Design Statement. We set out the areas upon which the four scenarios outlined in section 1 of this report have been based. The areas which have been used in this report have been measured by Davis Langdon. The Planning Statement also provides further details on what UNISON are proposing in the planning application.
- 3.2 The scheme involves the creation of 10,900 sq m (117,000 sq ft) (GIA) of office floorspace to meet UNISON's specific occupier requirements. However, in order to address the LBC mixed-use policies the remainder of the site is to be developed for housing, including on-site affordable housing to meet specific needs. The proposal also provides 3,200 sq m (34,500 sq ft) (GIA) of residential floorspace arranged in three buildings to the north of the site and a set back infill building fronting onto the Euston Road.
- 3.3 The planning application seeks amongst other matters permission for:
- Class A1 (Shops) and/or Class A3 (Restaurants and cafes) (up to 71 sq m (765 sq ft) (GIA));
 - Class B1 (Business) (up to 9,366 sq m (100,800 sq ft) (GIA) in a new purpose built office, and 1,491 sq m (16,000 sq ft) (GIA) in the existing Listed Buildings;
 - Class C3 (Dwellings) 47 dwellings of which it is proposed that 28 are private (1,190 sq m (12,809 sq ft) NSA), and 19 are affordable (1,187 sq m (12,776 sq ft) NSA). Therefore a mix of private to affordable of 40% on a unit basis, 50% on a floorspace basis and 49.5% on a habitable room basis;
 - highways, transport and external works;
 - partial demolition; and
 - engineering operations together with all associated and ancillary works.
- 3.4 UNISON's existing head office at 1 Mabledon Place is organised over 10 storeys on small floor plates. The new headquarters building seeks to radically shift the working culture of UNISON to a largely open plan working environment arranged primarily over 4 storeys. The floor plates are also organised around the central atrium allowing visual connection with all the floors in the building.

- 3.5 The typical office floor provides a column free, circa 1,400 sq m (15,000 sq ft) open plan, efficient, optimal depth floor plate, which maximises natural daylight penetration.
- 3.6 A breakdown of the proposed office and retail elements is shown in the table below:-

Table 1: New Office Accommodation

Floor	GEA		GIA		Net:Gross Efficiency	NIA	
	sq m	sq ft	sq m	sq ft		sq m	sq ft
Basement	1,667	17,944	1,462	15,737	70%	1,023	11,016
Ground Offices	1,621	17,449	1,570	16,900	64%	1,005	10,818
1	1,226	13,197	1,185	12,756	75%	884	9,516
2	1,264	13,606	1,222	13,154	76%	924	9,946
3	1,265	13,617	1,223	13,165	76%	924	9,946
4	1,264	13,606	1,223	13,165	76%	924	9,946
5	342	3,681	309	3,326	62%	192	2,067
6	315	3,391	293	3,154	76%	224	2,411
7	315	3,391	293	3,154	76%	224	2,411
8	315	3,391	293	3,154	70%	205	2,207
9	315	3,391	293	3,154	76%	224	2,411
10 (Plant roof)	-	-	-	-	na	-	-
Total	9,909	106,662	9,366	100,817	72%	6,753	72,695

Note: NIA of Basement New Office Accommodation is assumed

Table 2: Office Accommodation in Listed Building

Floor	GEA		GIA		Net:Gross Efficiency	NIA	
	sq m	sq ft	sq m	sq ft		sq m	sq ft
Basement	205	2,207	172	1,851	35%	61	657
Ground	346	3,724	308	3,315	61%	188	2,024
1	346	3,724	304	3,272	63%	190	2,045
2	341	3,671	300	3,229	63%	188	2,024
3	333	3,584	292	3,143	64%	188	2,024
4	134	1,442	115	1,238	92%	106	1,141
Total	1,705	18,353	1,491	16,049	62%	921	9,914

Table 3: Retail Accommodation

Floor	GEA		GIA		Net:Gross Efficiency	NIA	
	sq m	sq ft	sq m	sq ft		sq m	sq ft
Ground	81	872	71	764	52%	37	398
Total	81	872	71	764	52%	37	398

- 3.7 It is anticipated that the relocation of UNISON will take place in the first quarter of 2010 (see Section 8 for phasing and programme). The majority of the housing will be provided to the rear of the site, with a number of affordable units (Scenario 1) being provided as two storey townhouses on the northern boundary, and 3 and 4 storey townhouses towards the eastern boundary. The aim is to provide a mix and range of

tenures in close proximity to each other thereby maintaining an appropriate level of density.

- 3.8 In Scenario 1, the Affordable Housing components will be integrated throughout the site and it will not be possible to distinguish the difference between tenure types externally. In Scenarios 2, 3 and 4 the 100% private mix also provides for a range of different sized units.
- 3.9 A schedule of the proposed accommodation by use is summarised below:

Table 4 : Accommodation by Use

	GEA² (sq ft)	NIA² (sq ft)
Offices – New Build	106,662	72,695
Offices – Listed	18,353	9,914
Retail	872	398
Residential – New Build	25,651	15,576
Residential Town Houses/Flats	8,503	6,178 ¹
Residential – Above Retail	5,899	3,832
Totals	165,940	108,593
Note: ¹ – net sales area ² – all figures from Davis Langdon Area Schedule dated May 2007, and amendments thereafter.		

- 3.10 In Scenario 1 the applicant is seeking to provide 50% (by floorspace) of the units on site as Affordable Housing, with a 20:80 split of intermediate and social rented units respectively.
- 3.11 The residential accommodation is predominantly situated on the northern boundary of the site. The main residential block fronting onto Churchway at ground and 8 storeys has been designed to act as a strong visual marker to the site from Euston Station. The low-rise mews buildings are designed as a buffer between the site and adjoining residential areas. We understand the residential accommodation on the site has been maximised as much as possible within the sunlight and daylighting envelope, and the constraints of the setting of the listed building.
- 3.12 The typical residential floor-plate of the taller block is organised around a central core, allowing a range of accommodation and unit mix of: studios; 1 bed; and 2 bed units. The remainder of the residential accommodation is organised around a communal podium garden.
- 3.13 Following several public exhibitions and LBC's development control forum, we understand concern was raised by local residents as to the

height of the main residential building. As a result of this the footprint of the residential building was significantly altered, in order to improve its slenderness, preserving local views of St Pancras Chambers. It has been relocated away from the northern boundary of the site. In addition, two storeys were removed from the height of the building.

- 3.14 A breakdown of the proposed private and affordable residential elements in Scenario 1 together with the split of units for intermediate and social rents is shown in the table below:-

Table 5 : Private – Affordable Split (Scenario 1)

	Private		Affordable			
	Units	sq ft NSA	Social Rent		Intermediate	
			Units	sq ft NSA	Units	sq ft NSA
Residential – New	28	12,809	0		4	2,766
Residential – Town Houses ***	0	0	9	6,178	0	0
Residential – (Above Retail Unit)	0	0	6	3,832	0	0
Totals	28	12,809	15	10,010	4	2,766
% total housing	60%	50%	32%	39%	8%	11%

*** Note: comprise Block D on the northern boundary with 2 houses and Block E (North Eastern Boundary) with 7 Flats

- 3.15 Wheelchair units (or homes capable of future adaptation) will be provided for within all four scenarios at approximately 10% of the overall number of units. In Scenario 1 they are split proportionately between the private and affordable accommodation.
- 3.16 As set out in paragraph 3.3 the commercial space including UNISON's offices comprise: Class A1 and/or Class A3, 71 sq m; Class B1 up to 10,857 sq m. This space is financially appraised separately but contributes to the overall viability of the scheme using the Toolkit, and is described in more detail in Sections 8 and 9 of this report.

4 Sales and Market Data

4.1 A residential and office market analysis has been undertaken by UNISON's team of specialist consultants, listed below:

- Offices and Retail – Keningtons; and
- Residential – Drivers Jonas

4.2 In summary, the following ranges of residential unit sizes and prices have been adopted in this report and the Toolkit:-

Table 6 : New Residential Accommodation

Type (bed)	Range			
	Size		Prices	
	From Sq Ft	To Sq Ft	From (£)	To (£)
Studio	301	301	188,000	209,000
1	463	484	272,000	324,000
2	624	624	365,500	400,500

Source: Drivers Jonas (2007)

Table 7 : Town House and Affordable Residential Accommodation

Type	Size Sq Ft	Value	
		With Grant	Without Grant
1 bed TH	570	171,000	79,800
2 bed TH	776	232,000	108,640
4 bed TH	1,119	335,700	156,660
1 bed SR/AH	517	155,100	72,380
3 bed SR/AH	979	293,700	137,060

Source : Drivers Jonas (2007)

4.3 Drivers Jonas have provided the residential sales prices, and affordable housing revenues on a with grant and a without grant basis. A more detailed setting out table these values is attached at **Appendix 2**. For the private residential units average prices range from £605 psf to £651 psf. Values for affordable housing are £140 psf without grant and £300 psf with grant.

4.4 We refer in Section 9 to the appraisal of the commercial uses within the overall scheme. Market evidence has been provided by Keningtons. The rents and yields adopted for the various commercial elements are summarised as follows:-

Table 8 : Office and Retail Rents and Yields

Use	Rent £/psf	Yield
G & Base Offices (B1)	10 - 20	5.00%
Offices (B1)	40 - 42.50	5.00%
A1	25	5.00%

Source: Kenningtons (2007)

- 4.5 We understand that both Drivers Jonas and Kenningtons in arriving at their pricing for the residential and commercial aspects of the scheme, have had regard to surrounding development and the overall design of the proposed scheme. We believe these figures represent a fair assessment of the likely sales values and what the offices and retail would let for in the open market. It should be noted that the yield reflects UNISON's occupation of the offices and is at the upper end of the range we would expect in terms of valuing the office element.
- 4.6 All four scenarios have relied upon the market data provided in this section. Section 9 summarises how this has been applied to the inputs of the Toolkit and the commercial appraisal.

5 Costings & Exceptional Cost Items

- 5.1 The EGA Hospital site proposals have been costed by Davis Langdon. A summary construction cost analysis is provided in **Appendix 3** and is referred to below. These costs have been provided on a gross internal area (GIA) basis. We have excluded within our appraisals build cost inflation. The cost analysis is in accordance with a proposed development programme as devised by Drivers Jonas, the project managers. All four scenarios have used these base costs for the purposes of the appraisals in each instance.
- 5.2 It is perhaps helpful to consider the development costs for the project as being in six distinct categories:
- (i) **Demolition Works** – these costs reflect the difficulties associated with the retention of part of the former EGA hospital building whilst removing nearby structures;
 - (ii) **Main Office Building (New Build)**
 - (iii) **Listed building** – these costs are considered to be abnormal to a development of this nature, on the basis that without the Listed Building restrictions, these buildings would normally be demolished. The costs of retaining and refurbishing the buildings should in our view be seen as a planning benefit and contribution to heritage enhancements;
 - (iv) **Residential Building (New Build)**
 - (v) **External Works & Services** – these reflect the costs to service the development in terms of site infrastructure; hard and soft landscaping; service diversions and bringing in new service provision. It is also necessary to have regard to costs which should be considered as planning benefits in respect of public realm and environmental enhancements;
 - (vi) **Planning Obligations (Section 106 Costs)** – these are costs that are normally required in accordance with the S106 policy requirements of LBC. We comment upon these in Section 10.
- 5.3 We comment upon each element as follows:-
- **Demolition Works**
- 5.4 The demolition and decontamination costs associated with the proposed scheme are in the region of £760,000. This is made up of £260,000 for Soft Strip and Asbestos Removal, and £500,000 for partial demolition.

➤ **Main Office Building (New Build)**

- 5.5 The cost for the new main office building equates to £281 per sq ft (£3,025 per sq m). These costs are based upon both the shell and core works, (category A), and a category B fit-out.

➤ **Listed building**

- 5.6 The Listed Building refurbishment and fit-out costs equate to £326 per sq ft (£3,509 per sq m). These costs are based upon both necessary substructure works as well as the superstructure costs.
- 5.7 The major refurbishment works, among others, required to bring the Listed Building back into public use, and enhance its appearance are summarised as follows:
- Alterations and demolitions;
 - Stabilising works;
 - Structural works;
 - Internal alterations;
 - External alterations;
 - Load tests;
 - Fittings and furnishings;
 - M&E installations; and
 - Antiques – removal/storing/fixing etc.

➤ **Residential Building (New Build)**

- 5.8 The residential block costs equate to £198 per sq ft (£2,131 per sq m). The affordable townhouse residential elements equate to £233 per sq ft (£2,508 per sq m).

➤ **External Works & Services**

- 5.9 The costs associated with the external works and services are summarised in the table below:

Table 9 : External Works and Services

Cost Element	£
External Works	1,330,000
Servicing Infrastructure and drainage	405,000
Total	£1,735,000

5.10 The major works being undertaken as part of the enhancement of the public realm are summarised as follows:

- Taking up existing paving and makeup;
- Natural “York Stone” paving to external pedestrian area;
- Enhance finishes to main entrance;
- Relocation/replacement of Local Authority lighting;
- Reinforced concrete suspended slab over basement;
- Light well adjacent to existing building;
- Semi-mature specimen trees; including tree pits, drainage, grilles and topsoil;
- External balustrades to steps;
- External works and landscaping;
- External furniture; and
- External lighting.

5.11 Due to the site's previous use as hospital accommodation, the condition of the Listed Buildings, and the nature of the scheme being adjacent to a major road, the sites development is subject to increased costs above the norm relative to similar sized schemes. The above sums illustrate the range of the base construction costs. These are above the Toolkit defaults. We refer in section 9 to the Toolkit inputs for costs.

6 Base Land Value

- 6.1 The EGA site was acquired in 2005 by UNISON from UCL Hospital. The site price paid was in competition with other potential purchasers as well as meeting best value consideration for UCL Hospital.
- 6.2 The land figure shown in the Toolkit (**Appendix 6**) is a net figure and represents the price paid for the site.
- 6.3 The underlying price paid for the site has regard to the existing site constraints as described in Section 2, as well as the hope value attached to redevelopment. If undertaking a Market Value of the site in accordance with RICS guidance all relevant matters would be taken into consideration and, in particular, in this instance the redevelopment potential of the site.
- 6.4 Notwithstanding LBC's aspirations of a mixed-use scheme on the site, it is considered that many developers may have sought to promote a 100% residential scheme. Pricing of the site in 2005 would therefore have reflected this position.
- 6.5 It should also be noted that works to stabilise the structure of the site have been undertaken by UNISON, as it has been anticipating the redevelopment of the site. Although not a significant cost it does currently represent expenditure at risk, which in normal circumstances would not have been incurred until certainty over the redevelopment of the site had been resolved. UNISON has however adopted a pragmatic approach to reinvestment in the site so far as the Listed Buildings are concerned.
- 6.6 In overall terms the site cost represent a significant investment by UNISON in order to meet the requirements of a highly accessible location for their Members. The cost also reflects the significance of the site in terms of other redevelopment proposals in the area.


7 Programme and Phasing

- 7.1 **Appendix 4** provides a programme which shows that the proposed scheme will be built as a single-phase. This is partly due to the nature of the site, but is also an objective of UNISON.
- 7.2 The comprehensive development will allow mechanisms to mitigate the impact of significant long term construction works upon the local community and new residents, whilst helping to create an environment which is fully integrated with the wider area.
- 7.3 The project timetable represents the envisaged timescales for delivery of the scheme from inception to completion.
- 7.4 The summary timescale anticipates UNISON's relocation to their new offices to be in March 2010.
- 7.5 The project programme has been based on the assumption that a planning permission would be granted by December 2007. It is from this starting position that the development assumptions have been made.

8 Summary of Key Variables in the Toolkit (and Appraisal)

8.1 We set out in this section the key variables as applied in the Toolkit in order to assess the viability of the proposed scheme in terms of Affordable Housing provision and planning obligations. We also, for clarity, set out the key assumptions for the commercial appraisal which we comment on in more detail in Section 9. We set out in the table below each element, the actual input and source from which that input has been derived:

Table 10 : Key Toolkit Variables

<i>Element</i>	<i>Input</i>	<i>Source</i>
<i>Residential</i>		
Area of residential space (NIA)	2,021 sq m (21,755 sq ft) (see paragraph 3.4)	Davis Langdon
Private sales values: <ul style="list-style-type: none"> • studio • 1 bed • 2 bed 	<ul style="list-style-type: none"> • £188k • £285k • £370k 	Market comparable (Drivers Jonas) – see Section 4, and Appendix 2
Affordable sales values: <ul style="list-style-type: none"> • 1 bed Int • 1 bed Town House • 2 bed Town House • 4 bed Town House • 1 bed (SR) • 3 bed (SR) 	 £140 psf (see 8.2 below)	Drivers Jonas – see Section 4 and Appendix 2
Build costs (Applied to gross internal area): <ul style="list-style-type: none"> • Demolition - • Residential: <ul style="list-style-type: none"> - Tall Building - - Town Houses - External Works & Services - 	<p>£760,000</p> <p>£5.8m (£198psf / £2,131psm)</p> <p>£1.7m (£233psf/ £2,508 psm) – (inclusive of contingency)</p> <p>£1.8m (inclusive of contingency)</p>	Davis Langdon – costed £ per sq m for scheme as a whole (as designed)

Fees, profit etc (as required by the Toolkit):	Professional fees: 12% Internal overheads: 10% Finance (private): 7% Finance (affordable): 7% Marketing: 4% Developer's profit: 15% of market value (relates to private) Contractor's return: 10% of cost (relates to affordable)	Toolkit defaults
S106 contributions	£1,080,000 (Scenario 3) £4,205,000 (Scenario 4)	See Section 10.
Commercial Appraisal (off Toolkit)		
Area of commercial office & retail space (NIA):	7,711 sq m (83,007 sq ft)	Davis Langdon costed - See Section 9
Sale value:	18,507,000	Market Value see Section 6
Build costs <ul style="list-style-type: none"> Main Office <ul style="list-style-type: none"> - New Build - Retail Listed Building <ul style="list-style-type: none"> - Offices Refurb (applied to gross internal area):	£281 psf/£3,024 psm £198 psf/£2,131 psm £326 psf / £3,509 psm) New office = £28.36m LB office = £4.855m	See Section 5
Fees, profit etc:	Varies for each scenario	Market norm

8.2 There is currently no preferred Affordable Housing provider for the scheme. We also do not have any confirmation of grant availability. We consider that any proposal from an affordable housing provider could be in the region of £1.862m on the basis of the information provided by Drivers Jonas (see Section 4.5, **Appendix 2** and **Appendix 4** ("Known Payment for Affordable Housing")).

8.3 In summary a number of adjustments have been made to the Toolkit including 10% of the units being for wheelchair use; the build costs for the residential blocks have been adjusted upward to reflect Davis Langdon's cost report; exceptional costs have been added (as estimated by Davis Langdon); a cross subsidy factor has been included

for the commercial element; planning obligation payments have been included or excluded dependent upon the scenario; and the Toolkit has been run on a no grant basis in respect of availability in respect of Scenario 1.

- 8.4 We have made standard adjustments and assumptions in our Circle (a standard development appraisal package) commercial appraisal with regard to: construction contingency (5%); professional fees; marketing and disposal fees; financial (at debt rate at 6.5%); and development profit (at 20% profit on cost). This is detailed further in **Appendix 5**.
- 8.5 A print out of the Toolkit is provided in **Appendix 6** together with the output results of all four scenarios. These are summarised in Section 11.

9 Commercial Scheme Appraisal

- 9.1 UNISON will develop and occupy the proposed offices. However, the development of the offices would, at least in notional terms, be contributing to the overall viability of the proposals. In addition the retail (Class A1 and Class A3) elements, in real terms, would also be adding to the viability of the scheme.
- 9.2 The commercial scheme was analysed by running a Circle appraisal upon the office and retail element of the scheme. The appraisal is attached as **Appendix 5**.
- 9.3 The Circle appraisal is set up to calculate a cross funding subsidy in the form of a residual value for land, i.e. the gross development value; less the gross development costs (less a developers profit of 20% on the cost of construction); thereby providing a residual value being in effect the cross funding subsidy.
- 9.4 We have relied upon market information provided by Keningtons as inputs in to the value of the offices and retail, and Davis Langdon have provided the construction costs. Table 8 in Section 4 of this report provides the information for the rents and yields applied, and Section 5 provides the information for the costs applied to build new offices, and the high costs associated with refurbishing the Listed Building.
- 9.5 Importantly no land value has been included in the commercial appraisal, as this has been applied in the Toolkit.
- 9.6 The residual value (cross subsidy) has been calculated as follows:

	£
Gross Development Value	56,311,931
Less Cross Development Costs	45,032,730
Less Profit	9,385,322
Cross Subsidy	1,893,879

- 9.7 This cross subsidy figure has been included in the Toolkit in the 'Capital Contribution from other sources'. This is common to all four scenarios.

10 Planning Obligations & Benefits

- 10.1 The retention and renovation of the listed “first generation” buildings on the site is at the heart of the scheme and will ensure that they are returned to long-term viable use. UNISON has been in discussions with UCL Hospital and Women for Elizabeth Garrett Anderson (WEGA) to ensure that the memory and association of Elizabeth Garrett Anderson is retained within the listed buildings.
- 10.2 The Toolkit seeks to assess the viability of both the amount of affordable provision and the planning obligations proposed. In certain instances it is necessary to consider compromises in both these elements in order to achieve viable schemes that would be implemented having regard to the normal returns that a developer should expect in undertaking a scheme, once planning permission had been received. Notwithstanding potential compromises it is necessary to understand what would normally be acceptable in terms of planning obligations if the development proposal was financially viable.
- 10.3 We set out below both the notional planning obligation contribution and planning benefits inherent in the proposals. It should be noted that the notional planning obligations are only applied in scenarios 3 and 4 with the item ‘Other’ only included in Scenario 4 (See 10.5).

➤ Notional Planning Obligation Contributions

- 10.4 The table below shows the level of financial contribution that, notwithstanding the viability issues outlined in the previous sections of this report, would normally be appropriate to be secured by way of a notional Section 106 contribution:-

Table 11 : Notional Planning Obligations

Item	£
Education contribution	80,000
Contribution to public transport	250,000
Contribution to community facilities	150,000
Provision for open space	300,000
Contribution to public art	100,000
Town centre improvements	200,000
Other	3,125,000

Total	4,205,000
-------	-----------

- 10.5 In the above table 'Other' comprises of the nursing home "existing" accommodation which equates to 6 units and a commuted payment in respect of the 19 affordable units. Based on discussions with the Council, we have assumed a figure of £125K per unit.
- 10.6 The figures have been inputted into the Toolkit and have therefore informed the results of the previous section for scenarios 3 and 4. The above should be considered as "notional" given the viability of the proposed scheme as outlined in Section 11 of this report.

➤ **Actual Planning Obligation Contributions**

Table 12 : Other Planning Benefits Associated with the Proposed Scheme

Item	£
Heritage Enhancement – Retention and Refurbishment of the Listed Buildings	4,855,000
Public Realm/ Environmental Enhancements – Including allowance for natural "York Stone" paving, replacement of Local Authority lighting, balustrades, external furniture and lighting, among others	1,110,000
Landscaping – Including allowance for semi mature specimen trees, and external works for landscaping	220,000
Total	6,185,000

- 10.7 These Public Realm/Environmental Enhancements and the Landscaping figure together with demolition, service infrastructure and drainage works are represented in Toolkit as part of the exceptional development costs of £2,495,000. The Heritage Enhancement item has been included in the construction costs of the commercial appraisal. The appraisal is attached as **Appendix 5**. The above cost items in Table 12 should not be considered as "notional", as the items have been specifically itemised and costed in Davis Langdon's cost report and will be part of the proposed scheme.
- 10.8 It is recognised that the above along with the amount of affordable housing will be the subject of discussions with the authorities having

regard to the viability of the proposed scheme in respect of the four scenarios.

- 10.9 It is usual to consider a balance between the level of Affordable Housing provision and planning obligations having regard to a number of factors, but including such matters as housing needs, impact of the development on the surrounding area and the scheme's contribution in planning policy terms.
- 10.10 From a normal developer's perspective it is necessary to seek to obtain planning permission that is capable of implementation and that from a financial point of view provides a return that reflects the risk associated with the overall investment. We comment upon the position with UNISON being a developer/occupier in section 12.

11 Summary Results from the Toolkit (and Appraisals)

- 11.1 We attach, as **Appendix 6** a print out of the Toolkit incorporating the inputs referred to in Section 8, 9 and 10.
- 11.2 The Toolkit has been run on four scenarios as follows:-
- (i) a private and affordable housing mix together with the commercial element with zero planning obligation payments;
 - (ii) 100% private housing together with commercial element with zero planning obligation payments;
 - (iii) 100% private housing together with commercial element and a notional level of planning obligation payments; and
 - (iv) 100% private housing together with commercial element, notional planning obligation payments and a commuted affordable housing and former nursing home payment.
- 11.3 The results can be summarised as follows:-

Table 13 : Scenario Outcomes

	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Scheme Revenue	11,967,000	18,745,000	18,745,000	18,745,000
Scheme Costs	11,197,000	13,250,000	14,330,000	17,455,000
Scheme Viability	770,000	5,495,000	4,415,000	1,290,000
Viability (incl. land)	(17,737,000)	(13,012,000)	(14,092,000)	(17,217,000)

- 11.4 As can be seen, each of the scenarios would produce a sub-viable scheme once land costs are taken into consideration. Even if the land cost were a third of what UNISON paid for the site, none of the scenarios above would show a viable scheme.
- 11.5 All the above scenarios have been run on a without grant funding basis. Scenario 1 would improve a little if grant funding were available but would still be unviable once land cost is included.

12 Concluding Financial Justification Statement

12.1 In summary, we conclude from this assessment the following:

- The EGA Hospital site is a complex obsolete site awaiting redevelopment. It nevertheless represents an outstanding opportunity to create a notable development.
- The site was selected and acquired by UNISON due to its accessibility and potential to meet its office requirements.
- UNISON and its advisers have developed a comprehensive mixed use scheme that it believes maximises the opportunities presented by the EGA site, and has been the subject of consultation both with the London Borough of Camden and the GLA.
- Financial viability is a key issue in bringing forward an implementable scheme on this site. This has required a detailed financial assessment of both the level of potential Affordable Housing provision as well as notional planning obligations that could potentially. Four Scenarios have been assessed in order to test the viability of the scheme in terms of housing mix and planning obligations.
- A financial justification of the UNISON proposals should be considered against the constraints of the site, surrounding area and planning policy concerning mixed uses.
- This assessment identifies exceptional and abnormal cost items including works to the listed building and major planning benefits inherent within the proposed design.
- The base land value used in the GLA's Development Control Toolkit is the price that UNISON paid for the site.
- The site will be developed as a single phase comprehensive scheme, and UNISON will occupy the offices upon completion.
- The private to affordable mix of Scenario 1 is 50:50 by floor space (60:40 by unit respectively) with the affordable being split between social rent and intermediate housing, 80:20 by units.
- All former nursing accommodation on the EGA site has, we understand, been re-provided elsewhere by UCL Hospital.
- The GLA's Development Control Toolkit has been used to assess the viability of the four scenarios together with an input

from a standard appraisal in respect of the commercial element. This assessment has also identified where we have deviated from the default provisions.

- On the basis of the review in Section 11 of this report and having regard to the wider planning issues, it is clear that a level of Affordable Housing 50% (Scenario 1) is not financially viable. The three other scenarios used to test the viability of the scheme have all been run on 100% private residential with and without planning obligation payments (or commuted payment in respect of the affordable housing) In each case once land price is taken into account they are found to be unviable.
- The contributions set out in Section 10 are "notional" as they are indicative of what may normally be considered appropriate. It is therefore, of note from the Toolkit assessment that the full level of notional planning obligations produce an increasing unviable scheme.
- The proposals however, do contain substantial planning benefits as set out and quantified in Section 10 of over £6m.

12.2 In conclusion this is a unique commercial led scheme in that it results from an owner occupier with a specific occupational requirement who is also willing to address the very special constraints of the EGA site. This financial assessment, which has tested four scenarios, has shown that in viability terms, and having regard to normal and accepted development inputs, that the scheme produces a negative return. This would be unacceptable in most circumstances. UNISON are however, prepared to go forward with an office led scheme.

12.3 Bringing sites back into use and providing major planning benefits are at the heart of Government policy. Financial viability is a major consideration and compromises in affordable housing levels and planning obligation objectives are necessary in being able to implement regenerative schemes, such as that being proposed in this instance by UNISON.

Appendix i

OS plan and boundary of the site

UNISON - EGA Hospital Site



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G3383

GeraldEve

Appendix ii

Market Data: Summary

UNISON, Elizabeth Garrett Anderson Hospital Site

Schedule updated in accordance with the 'Unison HQ – Revised Residential Schedule – 05070-0203-070524-KN01' provided by Squire & Partners to Drivers Jonas on 24 May 2007



Calculation of Residential Capital Values

Note:
- The values contained in this table are based on our assessment of value undertaken in December 2006
- This scheme produces 50% affordable housing, based on split of floorspace and habitable rooms, or 40% based on split of unit numbers
- For the purpose of this schedule the private wheelchair accessible units have been located on floors 3-6, however this can be adjusted if required

	Size of Unit	Sales Value (psf)	Capital Value (per unit)	Increase (per floor)	
Private Residential - Tower C					
Floor 2					
Studio (aspect over offices)	301 sq.ft	£625	£188,000	£0	0.00%
One Bed Flat (aspect over offices)	463 sq.ft	£587	£272,000	£0	0.00%
One Bed Flat	484 sq.ft	£603	£292,000	£0	0.00%
Two Bed Flat	624 sq.ft	£585	£365,000	£0	0.00%
Floor 3					
Studio (aspect over offices)	301 sq.ft	£628	£189,000	£1,000	0.53%
One Bed Flat (aspect over offices)	463 sq.ft	£590	£273,000	£1,000	0.37%
One Bed Flat	484 sq.ft	£614	£297,000	£5,000	1.71%
Two Bed Flat - WCA	624 sq.ft	£594	£370,500	£5,500	1.51%
Floor 4					
Studio (aspect over offices)	301 sq.ft	£635	£191,000	£2,000	1.06%
One Bed Flat (aspect over offices)	463 sq.ft	£594	£275,000	£2,000	0.73%
One Bed Flat	484 sq.ft	£624	£302,000	£5,000	1.68%
Two Bed Flat - WCA	624 sq.ft	£603	£376,000	£5,500	1.48%
Floor 5					
Studio (aspect over offices)	301 sq.ft	£645	£194,000	£3,000	1.57%
One Bed Flat (aspect over offices)	463 sq.ft	£600	£278,000	£3,000	1.09%
One Bed Flat	484 sq.ft	£634	£307,000	£5,000	1.66%
Two Bed Flat - WCA	624 sq.ft	£611	£381,500	£5,500	1.46%
Floor 6					
Studio (aspect over offices)	301 sq.ft	£658	£198,000	£4,000	2.06%
One Bed Flat (aspect over offices)	463 sq.ft	£609	£282,000	£4,000	1.44%
One Bed Flat	484 sq.ft	£645	£312,000	£5,000	1.63%
Two Bed Flat - WCA	624 sq.ft	£620	£387,000	£5,500	1.44%
Floor 7					
Studio (aspect over offices)	301 sq.ft	£674	£203,000	£5,000	2.53%
One Bed Flat (aspect over offices)	463 sq.ft	£620	£287,000	£5,000	1.77%
One Bed Flat	484 sq.ft	£655	£317,000	£5,000	1.60%
Two Bed Flat	624 sq.ft	£629	£392,500	£5,500	1.42%
Floor 8					
Studio (aspect over offices)	301 sq.ft	£694	£209,000	£6,000	2.96%
One Bed Flat (aspect over offices)	463 sq.ft	£633	£293,000	£6,000	2.09%
One Bed Flat	484 sq.ft	£669	£324,000	£7,000	2.21%
Two Bed Flat	624 sq.ft	£642	£400,500	£8,000	2.04%
Total Private Residential Capital Value			£8,156,000		

	Size of Unit	Value with No Grant Funding (psf)	Capital Value (per unit)	Value with Grant Funding (psf)	Capital Value (per unit)
Affordable Residential - Tower C					
Ground & Floor 1					
Three Bed Duplex (Intermediate Housing) - WCA	969 sq.ft	£140	£135,660	£300	£290,700
Three Bed Duplex (Intermediate Housing) - WCA	947 sq.ft	£140	£132,580	£300	£284,100
One Bed Flat (Intermediate Housing)	463 sq.ft	£140	£64,820	£300	£138,900
One Bed Flat (Intermediate Housing)	484 sq.ft	£140	£67,760	£300	£145,200
Affordable Residential - Block D					
Two Bed Mews House (Social Rented) - WCA	796 sq.ft	£140	£111,440	£300	£238,800
Two Bed Mews House (Social Rented) - WCA	776 sq.ft	£140	£108,640	£300	£232,800
Affordable Residential - Block E					
Basement and Ground Floor					
Four Bed Duplex (Social Rented) - WCA	1,119 sq.ft	£140	£156,660	£300	£335,700
Two Bed Flat (Social Rented) - WCA	667 sq.ft	£140	£93,380	£300	£200,100
Floor 1					
One Bed Flat (Social Rented)	570 sq.ft	£140	£79,800	£300	£171,000
Two Bed Flat (Social Rented)	667 sq.ft	£140	£93,380	£300	£200,100
Floor 2					
One Bed Flat (Social Rented)	570 sq.ft	£140	£79,800	£300	£171,000
Two Bed Flat (Social Rented)	667 sq.ft	£140	£93,380	£300	£200,100
Floor 3					
Two Bed Flat (Social Rented)	667 sq.ft	£140	£93,380	£300	£200,100
Affordable Residential - Block F (Euston Road)					
Floor 1					
Three Bed Flat (Social Rented)	979 sq.ft	£140	£137,060	£300	£293,700
Floor 2					
Three Bed Flat (Social Rented)	979 sq.ft	£140	£137,060	£300	£293,700
Floor 3					
One Bed Flat (Social Rented)	517 sq.ft	£140	£72,380	£300	£155,100
One Bed Flat (Social Rented)	474 sq.ft	£140	£66,360	£300	£142,200
Floor 4					
One Bed Flat (Social Rented)	517 sq.ft	£140	£72,380	£300	£155,100
One Bed Flat (Social Rented)	474 sq.ft	£140	£66,360	£300	£142,200
Total Affordable Residential Capital Value			£1,862,280		£3,990,600
TOTAL RESIDENTIAL CAPITAL VALUE			£10,018,280		£12,146,600

WCA = Wheelchair Accessible

OTHER COSTS TO BE DEDUCTED IN ADDITION TO BUILD COSTS

Land Acquisition (assumption required if considering value from a Developers perspective)
Acquisition Agents Fee 1.00%
Acquisition Legal Fee 0.75%
Stamp Duty 4%

Additional Costs		Comments
Professional Fees	10.00%	- general market assumption
Construction Contingency	3.00%	- general market assumption
Town Planning (£13k base cost for 50 units)	£13,000	- general assumption - detail required from Gerald Eve
Planning Consultants Fees	£25,000	- general assumption - detail required from Gerald Eve
Developers Profit (on cost) - Private/Affordable	18%	- hybrid profit rate (20% on Private/ 10% on Affordable)
Debit Interest Rate	7.5%	- 2% above base rate
Residential S106 Costs (per unit - private only)	£6,500	- base assumption from Argent's Kings Cross Dev
Marketing Residential (3% of GDV)		- general market assumption

Disposal Fees		
Sales Agents Fees	1.00%	- general market assumption
Sales Legal Fees	0.50%	- general market assumption

CAVEATS

The figures above provide an initial view of residential capital values for the EGA site.
The figures are for the benefit of UNISON only and should not be relied upon by any third party. Consequently, no responsibility is accepted to any third party for the contents of this document.
The figures are based on comparable developments in the local area as at December 2006 and our opinion of the market at this time.
The figures provided are based on the NIA floorareas provided by Squire & Partners - the figures are therefore totally dependent on the accuracy of the information supplied and/or assumptions made. Should these measurements be inaccurate or incomplete, the accuracy of the results may be affected.

Appendix iii

Cost Summary of Scheme

Project : UNISON - Euston Road North Site
Estimate : Stage C Estimate Nr 1 - Revision B
Price Date : December 2006

DAVIS LANGDON



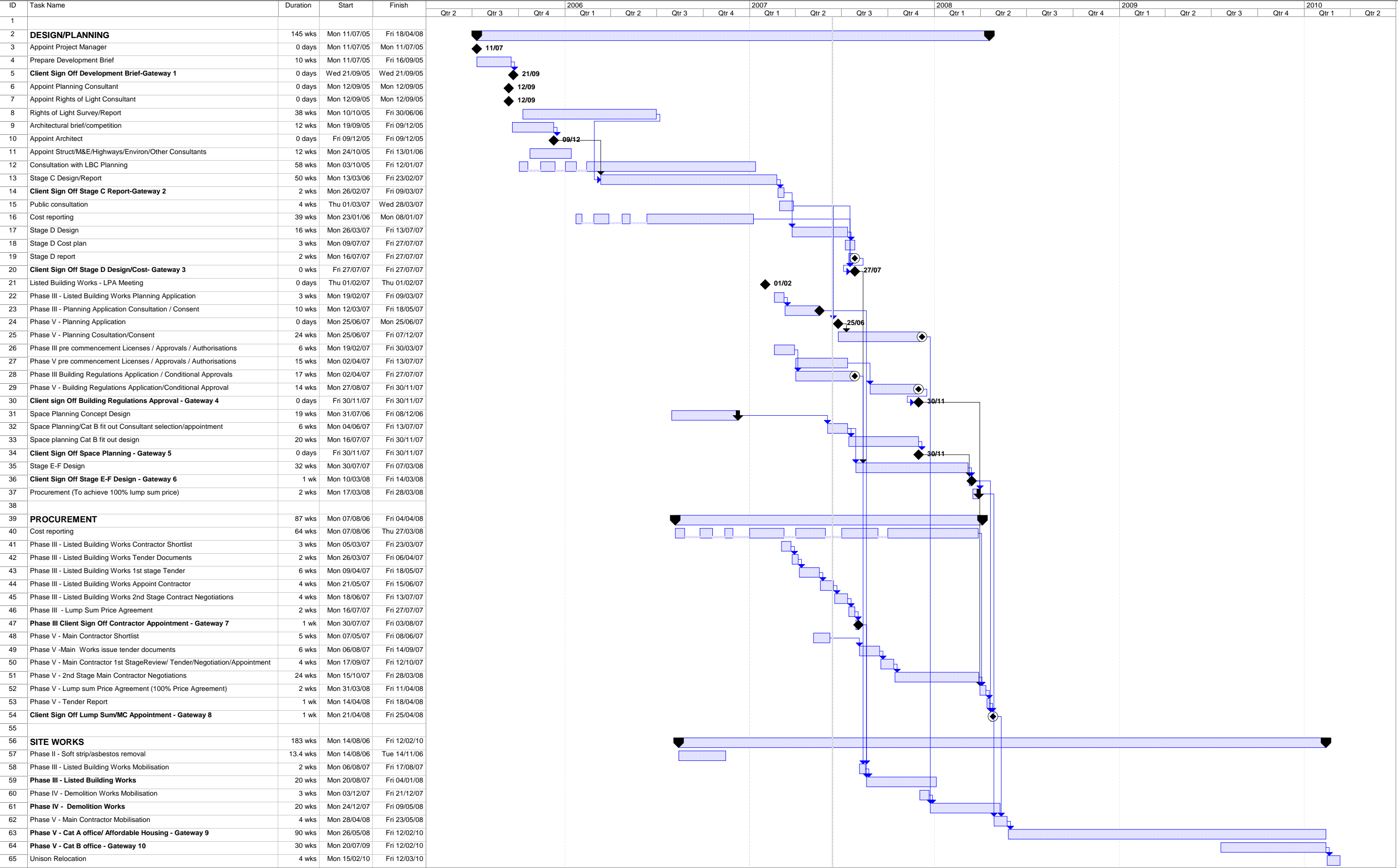
1.0 Summary of Estimate

	Sub - Total £	Total £	Gross Internal Area ft²	Cost £/ft²
Demolition Works				
- Soft Strip & Asbestos Removal	260,000			
- Demolitions	500,000	760,000	-	-
Main Office Building - New Build				
- Shell & Core Works	22,710,000		100,880	225
- Category A Fit-Out	3,080,000		100,880	31
- Category B Fit-Out	2,570,000	28,360,000	100,880	25
Listed Building				
- Refurbishment Works (Incl Category A Fit-Out)	4,640,000		14,854	312
- Category B Fit-Out	215,000	4,855,000	14,854	14
Residential Buildings				
- Residential Tower Shell & Core	3,860,000		29,074	133
- Residential Tower Fit-Out	1,895,000		29,074	65
- Residential Town Houses Shell & Core	1,240,000		7,492	166
- Residential Town Houses Fit-Out	500,000	7,495,000	7,492	67
External Works & Services				
- External Works	1,330,000		-	-
- Services Infrastructure and Drainage	405,000	1,735,000	-	-
Anticipated Out-Turn Demolition and Construction Cost (December 2006 Prices)		43,205,000		
Tender Price Inflation for a October 2007 Start on Site (4.5%)		1,950,000		
Anticipated Out-Turn Demolition and Construction Cost (October 2007 Start on Site)		45,155,000		

Appendix iv

Programme

UNISON
EUSTON ROAD NORTH REDEVELOPMENT
Development Programme
Revision 10A



Appendix v

Summary Appraisal of Commercial Element of the Scheme

Unison Office Scheme

Appraisal Summary for Part 1

REVENUE

Rental Area Summary	ft ²	Rate ft ²	Grs. Rent pa
LB Offices B	657	£10.00	6,570
LB Offices G	2,024	£40.00	80,960
LB Offices 1	2,045	£40.00	81,800
LB Offices 2	2,024	£40.00	80,960
LB Offices 3	2,024	£40.00	80,960
LB Offices 4	1,141	£40.00	45,640
New Build B Offices	11,016	£10.00	110,160
New Build GF Offices	10,818	£40.00	432,720
New Build GF Retail	398	£25.00	9,957
New Build 1F Offices	9,516	£40.00	380,640
New Build 2F Offices	9,946	£40.00	397,840
New Build 3F Offices	9,946	£40.00	397,840
New Build 4F Offices	9,946	£40.00	397,840
New Build 5F Offices	2,067	£40.00	82,680
New Build 6F Offices	2,411	£42.50	102,468
New Build 7F Offices	2,411	£42.50	102,468
New Build 8F Offices	2,207	£42.50	93,798
New Build 9F Offices	2,411	£42.50	102,468
	83,008		2,987,767

Investment Valuation			Yield	Factor	Cap. Rent
LB Offices B					
Valuation Rent	6,570	YP @	5.0000%	20.0000	131,400
LB Offices G					
Valuation Rent	80,960	YP @	5.0000%	20.0000	1,619,200
LB Offices 1					
Valuation Rent	81,800	YP @	5.0000%	20.0000	1,636,000
LB Offices 2					
Valuation Rent	80,960	YP @	5.0000%	20.0000	1,619,200
LB Offices 3					
Valuation Rent	80,960	YP @	5.0000%	20.0000	1,619,200
LB Offices 4					
Valuation Rent	45,640	YP @	5.0000%	20.0000	912,800
New Build B Offices					
Valuation Rent	110,160	YP @	5.0000%	20.0000	2,203,200
New Build GF Offices					
Valuation Rent	432,720	YP @	5.0000%	20.0000	8,654,400
New Build GF Retail					
Valuation Rent	9,957	YP @	5.0000%	20.0000	199,132
New Build 1F Offices					
Valuation Rent	380,640	YP @	5.0000%	20.0000	7,612,800
New Build 2F Offices					
Valuation Rent	397,840	YP @	5.0000%	20.0000	7,956,800
New Build 3F Offices					
Valuation Rent	397,840	YP @	5.0000%	20.0000	7,956,800
New Build 4F Offices					
Valuation Rent	397,840	YP @	5.0000%	20.0000	7,956,800

Unison Office Scheme

New Build 5F Offices					
Valuation Rent	82,680	YP @	5.0000%	20.0000	1,653,600
New Build 6F Offices					
Valuation Rent	102,468	YP @	5.0000%	20.0000	2,049,350
New Build 7F Offices					
Valuation Rent	102,468	YP @	5.0000%	20.0000	2,049,350
New Build 8F Offices					
Valuation Rent	93,798	YP @	5.0000%	20.0000	1,875,950
New Build 9F Offices					
Valuation Rent	102,468	YP @	5.0000%	20.0000	2,049,350
					59,755,333
NET CAPITALISATION					59,755,333
Purchaser's Costs		5.76%	-3,443,401		
NET DEVELOPMENT VALUE					<u>56,311,931</u>
NET REALISATION					56,311,931

OUTLAY

ACQUISITION COSTS

Acquisition Price			1,893,879	
Acquisition Agent Fees	1.00%		18,939	
Acquisition Legal Fees	0.50%		9,469	
				1,922,288

CONSTRUCTION COSTS

Summary	ft ²	Rate ft ²	Cost	
LB Offices B	1,851	£326.00	603,426	
LB Offices G	3,315	£326.00	1,080,690	
LB Offices 1	3,272	£326.00	1,066,672	
LB Offices 2	3,229	£326.00	1,052,654	
LB Offices 3	3,143	£326.00	1,024,618	
LB Offices 4	1,238	£326.00	403,588	
New Build B Offices	15,737	£281.00	4,422,097	
New Build GF Offices	16,900	£281.00	4,748,900	
New Build GF Retail	764	£198.00	151,272	
New Build 1F Offices	12,756	£281.00	3,584,436	
New Build 2F Offices	13,154	£281.00	3,696,274	
New Build 3F Offices	13,165	£281.00	3,699,365	
New Build 4F Offices	13,165	£281.00	3,699,365	
New Build 5F Offices	3,326	£281.00	934,606	
New Build 6F Offices	3,154	£281.00	886,274	
New Build 7F Offices	3,154	£281.00	886,274	
New Build 8F Offices	3,154	£281.00	886,274	
New Build 9F Offices	3,154	£281.00	886,274	
	<u>117,631</u>			33,713,059
Contingency		5.00%	1,685,653	
				1,685,653

PROFESSIONAL FEES

Architect	4.50%	1,517,088
Quantity Surveyor	1.50%	505,696
Structural Engineer	1.50%	505,696
Mech./Elec. Engineer	1.00%	337,131

Unison Office Scheme

Project Manager	2.00%	674,261	
Others	3.00%	1,011,392	4,551,263
MARKETING			
Letting Agent Fees	10.00%	298,777	
Letting Legal Fees		149,388	448,165
DISPOSAL FEES			
Sales Agent Fees	1.00%	563,119	
Sales Legal Fees	1.50%	844,679	1,407,798
ADDITIONAL COSTS			
Rights of light		30,000	30,000
FINANCE			
Debit Rate 6.500% Credit Rate 2.500% (Effective)			
Land		276,490	
Building		2,891,893	3,168,383
Total Finance Cost			
TOTAL COSTS			46,926,609
PROFIT			9,385,322
Performance Measures			
Profit on Cost%	20.00%		
Profit on GDV%	15.71%		
Profit on NDV%	16.67%		
Development Yield	6.37%		
Equivalent Yield (Normal)	5.00%		
Equivalent Yield (True)	5.16%		
IRR %	23.69%		
Rent Cover	3 yrs 2 mths		
Profit Erosion (finance rate 6.500%)	2 yrs 10 mths		

Appendix vi

Toolkit Outputs

Site Details

Site Address

EGA Unison Site

Site Reference

Application Number

NLUD Reference

UPRN or Grid Reference

Scheme Description

Proposed Office and Residential (47 units total) mixed use scheme - 40% Affordable (19 units)

Next Page

Development Control Model 2006-2007 Update

Basic Site Information

Site Area

Total Size of Site In Hectares

(You must enter a value in here)

Density / Number of Dwellings

You may specify either a number of dwellings or a density for this Site.

☒ Enter a Number of Dwellings
(Density is then calculated)

☐ Enter a Density
(Number of Dwellings is then calculated)

You may either select a pre-determined density from the list below, or enter your own value in the box above.

Percentage Increase/Decrease in Density

Whichever option you choose you may test the effect of a percentage increase/decrease in the site density by using the cell below.

Resulting Number of Dwellings

Resulting Density

If you want to use habitable rooms and/or bedspaces, you must use the relevant boxes below.
Enter the total number of bedspaces and/or habitable rooms for the whole scheme.

Number of Habitable Rooms

Number of BedSpaces

Unit Types and Details

Enter the details for each type of unit in the table below. You can specify up to 20 types of unit, one per row. Each row must be either fully completed or left fully blank.

Percentage increase / decrease in market value:

0%

Note: For wheelchair units Route B differs from Route A. In route B the tool kit uses exactly the size of the unit as entered by the user.

Ref.	Description of Unit Type (for the users reference only)	Number of BED Rooms	Person Occupan cy	Is a Wheel- chair Unit?	Is a Flat?	No. Of Storeys (1-99)	Has a Lift?	Size in sq m	Market Value	Adjusted Market Value	Intermed- iate Rent	No of Units
1	Studio	1	1	NO	YES	10	YES	32	£ 195,000	£ 195,000	£ 1	7
2	1 Bed	1	1	NO	YES	10	YES	48	£ 298,000	£ 298,000	£ 1	14
3	2 bed	2	2	NO	YES	10	YES	64	£ 382,000	£ 382,000	£ 1	7
4	3 bed AH - int	3	3	YES	YES	10	YES	94	£ 600,000	£ 600,000	£ 1	2
5	1 bed AH - Int	1	1	YES	YES	10	YES	48	£ 325,000	£ 325,000	£ 1	2
6	1 Bed Town House SR	1	2	NO	NO	n/a	NO	57	£ 350,000	£ 350,000	£ 1	2
7	2 Bed Town House SR	2	3	NO	NO	n/a	NO	78	£ 485,000	£ 485,000	£ 1	6
8	4 Bed Town House SR	4	5	NO	NO	n/a	NO	112	£ 680,000	£ 680,000	£ 1	1
9	1 Bed SR	4	1	nO	YES	5	NO	48	£ 325,000	£ 325,000	£ 1	4
10	3 bed SR	2	3	nO	YES	5	NO	94	£ 600,000	£ 600,000	£ 1	2
11									£ -			
12									£ -			
13									£ -			
14									£ -			
15									£ -			
16									£ -			
17									£ -			
18									£ -			
19									£ -			
20									£ -			
Percentage Wheelchair Units				9%	Total Number of units							47

Expected Total Number of Units

47

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Tenure

You may decide the distribution of the units across the tenures in two ways.

By Percentage, in which case you enter a percentage of the total number of units to assign to each tenure. These percentages are applied equally across all unit types.

By Quantity, in which case enter the exact number of units of each type to assign to each tenure in the table below.

☐ Input by Percentages

☒ Input by Quantity

			SALE	Affordable					Total % Affordable
				Social rent	New build HomeBuy	Low cost sale	Equity share	Intermediate rent	
			60%	32%	9%	0%	0%	0%	40%
Ref.	Description	No of Rooms							No of Units
1	Studio	1	7.00						7.00
2	1 Bed	1	14.00						14.00
3	2 bed	2	7.00						7.00
4	3 bed AH - int	3			2.00				2.00
5	1 bed AH - Int	1			2.00				2.00
6	1 Bed Town House SR	1		2.00					2.00
7	2 Bed Town House SR	2		6.00					6.00
8	4 Bed Town House SR	4		1.00					1.00
9	1 Bed SR	4		4.00					4.00
10	3 bed SR	2		2.00					2.00
11		0	0						0.00
12		0	0						0.00
13		0	0						0.00
14		0	0						0.00
15		0	0						0.00
16		0	0						0.00
17		0	0						0.00
18		0	0						0.00
19		0	0						0.00
20		0	0						0.00
Total			28.00	15.00	4.00	0.00	0.00	0.00	47.00

Percentage purchased by purchaser for New build HomeBuy

30%

Percentage purchased by purchaser for Low Cost Sale

50%

Percentage purchased by purchaser for Equity Share

50%

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Development Costs

Build Costs per sqm

If you wish to use your own values then you can enter them in the white cells below. If you leave any blank the Toolkit Value for that row will be used.

	Toolkit Values	User Values
Flats (40+ storeys)	£2,783	
Flats (16-40 storeys)	£2,196	
Flats (6-15 storeys)	£1,777	£2,131
Flats (5 & less storeys)	£1,327	£2,131
Houses <= 75m2	£1,132	£2,508
Houses > 75m2	£991	

You must enter your own values for build costs if the scheme is a conversion.

Other Development Costs

If you wish to use your own values then you can enter them in the white cells below. If you leave any blank the Toolkit Value for that row will be used.

	Toolkit Values	User Values
Professional Fees %	12%	
Internal Overheads	10%	
Finance (Market)	7%	
Finance (Affordable Housing)	7%	
Marketing Fees	4%	
Developers Return	15%	
Contractors Return	10%	

of build costs
of build costs (Sale, Equity Share and Low Cost Sale units only)
of market value
of development costs
of market value
of market value applies to market housing
of development costs (excl finance) applies to affordable housing

Exceptional Development Costs

You may enter a value for exceptional development costs in one of four ways. Choose one of the options and enter a value in the relevant box.

<input type="radio"/> Per Dwelling	
<input type="radio"/> Per Hectare	
<input checked="" type="radio"/> Per Habitable	
Total For Scheme	£2,495,000

You may also enter SCHEME totals for other exceptional costs. The first row is for offsite highway works. The other three rows are for user defined costs. You can enter the name of the cost in the left hand cells and the SCHEME value in the right hand cell.

Offsite Highway Works	
Other Works	£ 2,495,000
<Enter cost description>	£ -
<Enter cost description>	£ -

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Planning Obligations

For each type of contribution you may either enter a total figure (for the row) or you may enter values per unit (for each tenure). If you choose the second option, the ToolKit will calculate the total obligation cost for the scheme.

To enter one total value for a row, tick the corresponding box in the 'Enter Total?' column and enter a value in the 'User Total' column.

To enter the values by tenure, leave the box unticked.

To enter one total value for a row, tick the corresponding box in the 'Enter total?' column and enter a value in the 'User Total' column. To enter the values by tenure, leave the box unticked.	Input by Total		Input by Unit					Calculated Total (Affordable and Sale)	
	Enter Total?	User Total	Sale	Affordable					
				Social rent	New build HomeBuy	Low cost sale	Equity share		Intermediate rent
Education Contribution	<input checked="" type="checkbox"/>	£80,000							£80,000
Highway works	<input type="checkbox"/>								£0
Contribution to public transport	<input checked="" type="checkbox"/>	£250,000							£250,000
Contribution to community facilities	<input checked="" type="checkbox"/>	£150,000							£150,000
Provision for open space	<input checked="" type="checkbox"/>	£300,000							£300,000
Contribution to public art	<input checked="" type="checkbox"/>	£100,000							£100,000
Environmental improvements	<input type="checkbox"/>								£0
Town centre improvements	<input checked="" type="checkbox"/>	£200,000							£200,000
Waterfront improvements	<input type="checkbox"/>								£0
Support for employment development	<input type="checkbox"/>								£0
Employment related training	<input type="checkbox"/>								£0
Other	<input checked="" type="checkbox"/>	£3,125,000							£3,125,000
Total for Scheme			£4,205,000						
Total for Scheme per hectare			£9,344,444						
Total for Scheme divided by total number of units			£89,468						
Total for Scheme divided by number of sale units			£150,179						
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Capital contribution From Other Sources

For each type of contribution you may either enter a total figure (to that row) or you may enter values per unit (for each tenure). If you choose the second option, the ToolKit will calculate the total obligation cost for the scheme.

To enter one total value for a row, tick the corresponding box in the 'Enter Total?' column and enter a value in the 'User Total' column. To enter the values by tenure, leave the box unchecked.

	Input by Total		Input by Unit						Calculated Total (Affordable and Sale)
	Enter Total?	User Total	Sale	Affordable					
				Social rent	New build HomeBuy	Low cost sale	Equity share	Intermediate rent	
Cross-subsidy to (-) or from (+) non-housing elements of a mixed use scheme	<input checked="" type="checkbox"/>	£1,893,879							£1,893,879
European Union funding	<input type="checkbox"/>								£0
English Partnership funding	<input type="checkbox"/>								£0
London Development Agency grant	<input type="checkbox"/>								£0
Local Authority capital grant	<input type="checkbox"/>								£0
Other regeneration funding	<input type="checkbox"/>								£0
English Heritage grant	<input type="checkbox"/>								£0
Lottery grant	<input type="checkbox"/>								£0
Contribution from Payment in Lieu fund	<input type="checkbox"/>								£0
Employer contribution	<input type="checkbox"/>								£0
Other	<input type="checkbox"/>								£0

Total for Scheme	£1,893,879
Total for Scheme per hectare	£4,208,620
Total for Scheme divided by total number of units	£40,295
Total for Scheme divided by number of sale units	£67,639

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Scheme Revenue from Affordable Housing

Please choose the method by which the payment is made by the affordable housing provider to the developer

☒ Payment by affordable housing provider to developer based on fixed assumption on social housing grant (including no grant)

☐ Payment by affordable housing provider to developer fixed. No information available on grant availability or affordable housing provider's revenue income.

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Known Payment for Affordable Housing

	Affordable Housing Tenures					Total
	Social rent	New build HomeBuy	Low cost sale	Equity share	Intermediate rent	No. Of Affordable Units
Number of units	15.0	4.0	0.0	0.0	0.0	19
Payment By Unit						
Or Payment By Tenure						
Or Scheme Total	Enter a lump sum payment for all Affordable Housing Tenures					£ 1,862,280
Tenure Total	£	£	£	£	£	
Method by which Affordable Housing Revenue is calculated	By Scheme Total	By Scheme Total	N/A	N/A	N/A	
Total Known Payment for Affordable Housing	£ 1862280					

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Scheme Results

Site Reference Details	
Site Reference Number	0
Application Number	0
NLUD Reference Number	0
UPRN or Grid Reference	0

Site Details	
Site	EGA Unison Site
Address	
Scheme	Proposed Office and Residential (47 units total) mixed use scheme - 40% A
Description	

TOTAL NUMBER OF UNITS	
Dwellings	47
Habitable rooms	111
Bedspaces	67
% Wheelchair Units	9%

DENSITY (per hectare)	
Dwellings	104.4
Habitable rooms	246.7
Bedspaces	148.9

AFFORDABLE UNITS		
	Quantity	% of All Units
Total	19.0	40%
Social rent	15.0	32%
Intermediate	4.0	9%

REVENUE AND COSTS	
Total scheme revenue	£11,965,000
Contribution to revenue from:	
Market housing	£8,211,000
Affordable Housing	£1,860,000
- Social rent	£752,000
- New build HomeBuy	£1,108,000
- Intermediate Rent	£0
- Low Cost Sale	£0
- Equity Share	£0
Capital Contribution	£1,894,000

PUBLIC SUBSIDY (GRANT)	
Whole scheme	£0
Per social rental dwelling	£0
Per Newbuild Homebuy dwelling	£0
Per Intermediate Rent dwelling	£0

RESIDUAL VALUE	
Whole scheme	-£3,437,000
Per hectare	-£7,638,000
Per dwelling	-£73,000
Per market dwelling	-£123,000
Per habitable room	-£31,000
Per bedspace	-£51,000

Total scheme costs	£15,402,000
Contribution to costs from:	
Market housing	£5,629,018
Affordable Housing	£3,073,247
- Social rent	£2,426,247
- New build HomeBuy	£646,999
- Intermediate Rent	£0
- Low Cost Sale	£0
- Equity Share	£0
Planning Obligations	£4,205,000
Exceptional Development Costs	£2,495,000

Alternative Site Values	Against residual
Existing Use Value	£0
Acquisition Cost	-£21,944,000
Alternative Use Value 1	£0
Alternative Use Value 2	£0
Alternative Use Value 3	£0

[View Results](#)

Summary Results Sheet

Site Reference Details		Site Details	
Site Reference Number	0	Site Address	EGA Union Site
Application Number	0		
NLUD Reference Number	0		
UPRN or Grid Reference	0		
		Scheme Description	Proposed Office and Residential (47 units total)

Result number	1	3	4	5
Basic Site Information				
Size of site in Hectares (gross)	0.45	0.45	0.45	0.45
Total Number of Dwellings	47.0	47.0	47.0	47.0
Total Number of Habitable rooms	111	111	111	111
Total Number of Bedspaces	67	67	67	67
Site Notes				
Key Assumptions				
Tenure %				
Social Rent	32%	0%	0%	0%
Newbuild Homebuy	9%	0%	0%	0%
Low Cost Sale	0%	0%	0%	0%
Equity share	0%	0%	0%	0%
Intermediate rent	0%	0%	0%	0%
Total affordable	40%	0%	0%	0%
Other				
Market value: plus/minus X%	0%	0%	0%	0%
Capital Contributions	£1,894,000	£1,894,000	£1,894,000	£1,894,000
Density dwellings per hectare	104.44	104.44	104.44	104.44
Key Results				
Economics				
Scheme revenue	£11,967,000	£18,745,000	£18,745,000	£18,745,000
Scheme costs	£11,197,000	£13,250,000	£14,330,000	£17,455,000
Residual - Whole scheme	£770,000	£5,495,000	£4,415,000	£1,290,000
Residual - Per hectare	£1,711,000	£12,211,000	£9,811,000	£2,867,000
Residual - Per dwelling	£16,000	£117,000	£94,000	£27,000
Residual - Per market dwelling	£28,000	£117,000	£94,000	£27,000
Residual - Per habitable room	£ 7,000	£ 50,000	£ 40,000	£ 12,000
Residual - Per bedspace	£ 11,000	£ 82,000	£ 66,000	£ 19,000
Subsidy				
Total for scheme	£0	£0	£0	£0
Per SR unit	£0	£0	£0	£0
Per NH unit	£0	£0	£0	£0
Per IR unit	£0	£0	£0	£0
Other Assumptions				
% purchased low cost sale	50%	50%	50%	50%
% purchased equity share	50%	50%	50%	50%
% purchased Newbuild Homebuy	30%	30%	30%	30%
% wheelchair housing	9%	9%	9%	9%
Market value - type	Types and Values	Types and Values	Types and Values	Types and Values
Build costs	Users Own Values	Users Own Values	Users Own Values	Users Own Values
Planning Obligations				
Whole Scheme	£0	£0	£1,080,000	£4,205,000
per hectare	£0	£0	£2,400,000	£9,344,000
per dwelling	£0	£0	£23,000	£89,000
per dwelling for sale	£0.00	£0.00	£10,000.00	£38,000.00
Exceptional Costs				
Whole scheme	£2,495,000	£2,495,000	£2,495,000	£2,495,000
per hectare	£0	£0	£0	£0
per dwelling	£0	£0	£0	£0