

Jaga Developments (London) Ltd,
c/o Colin Leith,
Bowker Sadler Architecture,
Hatherlow House,
Hatherlow,
Romiley,
Stockport
SK6 3DY

16/8/2020

Dear Sirs,

THE HOO, 17 LYNTHURST GARDENS, HAMPSTEAD, NW3 5NU

Further to BPS's report dated 16/7/2020, the main viability issues between BPS and ourselves relate to BLV and proposed scheme build costs.

We comment on BPS's report as follows:--

BLV:-

BPS have reduced our BLV from £5.5m to £2,543,318 via what they consider to be an Alternative Use Value residual land value appraisal in their Appendix C.

NPPG (see extract below) says that Existing Use Values ('EUVs') should be treated as AUVs (such that it is inappropriate to add a 'land-owner's premium') where it is assumed that an existing use will be 'refurbished or redeveloped'. However, this implies (as is logical) a substantial refurbishment as opposed to just repairs and maintenance.

Can alternative uses be used in establishing benchmark land value?

For the purpose of viability assessment alternative use value (AUV) refers to the value of land for uses other than its existing use. AUV of the land may be informative in establishing benchmark land value. If applying alternative uses when establishing benchmark land value these should be limited to those uses which would fully comply with up to date development plan policies, including any policy requirements for contributions towards affordable housing at the relevant levels set out in the plan. Where it is assumed that an existing use will be refurbished or redeveloped this will be considered as an AUV when establishing BLV.

BPS have accounted for a build/works cost of £2.31m (including a contingency) to continue using the building in its D2 Use Class but there is no basis for this cost assessment whatsoever.

At their S.2.4, BPS refer to a condition survey which has “also identified issues such as decay and damp ingress which will require investment before it can be brought back into use”. However, we are familiar with that condition survey (see **Appendix 1**) which was prepared for the owner to the extent that the survey was ‘intensive’. However, the survey only identifies the following ‘forecast repair costs’:-

Year 1	-	£232,000
Years 3-5	-	£60,000
Years 5-10	-	£20,000

If the repair items listed in Appendix 1 are considered, not even all of these are essential and could be deferred. These forecast repairs do not constitute refurbishment and there appears to be no basis upon which BPS have used a D2 continuation cost of £2.31m.

Also, anybody hypothetically purchasing the existing property for continued D2 Use would not seek a speculative development profit (as they would be buying it to use it for what it is) whereas BPS have deducted a profit of £975,171 in arriving at their residual value of £2,543,318.

In conclusion, BPS’s approach to identifying a BLV for The Hoo is entirely unreasonable.

Based upon BPS’s assumed D2 GDV (i.e. £6.5m) and allowing for reasonable/moderate repair costs along with some adaptation costs confirms that our BLV of £5.5m was/is justified and reasonable.

Furthermore, BPS’s suggestion that a D2 based BLV would be an AUV due to necessary refurbishment is also un-reasonable. Some repairs are necessary (as they are with most buildings even if in good condition) but this does not tip the existing D2 EUV into being an AUV. In other words, it would be reasonable to add a land-owner’s premium to £5.5m as stated in our original viability report.

In conclusion, a BLV of £5.5m is entirely justified and reasonable whereas there are clear flaws in BPS’s BLV approach.

If BPS used a reasonable BLV of £5.5m, this would entirely erode the viability surplus that they are claiming to exist which would confirm that no affordable housing commuted payment is viably possible.

Build Costs – Proposed Scheme:-

BPS's Cost Consultant (Neil Powling) has reduced the build costs we assumed (which were provided by Gardiner & Theobald – 'G&T') for the proposed scheme by £1.668m.

We are not QSs and G&T will need to discuss build costs with Neil Powling to reach a reasonable conclusion.

However, we note that Mr Powling does not sound particularly confident in his conclusion as he indicates that he might well reach a different conclusion if a more detailed Stage 2 or Stage 3 cost plan is provided.

Other:-

We appear to be aligned with BPS on most other appraisal assumptions and so it is the two abovementioned major differences that are at issue.

Conclusion:-

BPS have reduced our BLV of £5.5m to £2,543,318 without valid or reasonable justification. If they used our reasonable BLV, they would not be identifying any viability surplus and would conclude that the scheme cannot viably sustain an affordable housing payment.

We await the outcome of discussions between the respective QSs.

Meanwhile, we assume you may wish to discuss potential ways forward with LBC.

Yours faithfully,



James Brown BSc (Hons) MRICS
RICS Registered Valuer
Director

APPENDIX 1

ELEMENT	LOCATION	DESCRIPTION	PHOTOS	CONDITION & RECOMMENDED WORKS	FORECAST REPAIR COSTS		
					Within 1 year	Within 3-5 years	Within 5-10 years
CHIMNEY STACKS	Roof plan C1	Brick chimney stack with adjacent metal boiler flue	9580 9581 9584	Generally plumb and free from extensive cracking. Top section has eroded bricks and mortar pointing and will require repointing. Metal flue is located very close to chimney and external wall making flashing detail awkward.	£1,500		
	Roof plan C2	Brick chimney stack	9577 9687	Generally plumb and free from extensive cracking but incorrect pointing is causing erosion of bricks, cornice details and mortar pointing. Will require spalled bricks replacing and repointing with a lime mortar to prevent further brick erosion and spalling. Lead flashings are original and in reasonable condition but likely to require replacement in longer term.	£2,000		£2,000
	Roof plan C3	Brick chimney stack	9700	Generally plumb and free from extensive cracking but incorrect pointing is causing erosion of bricks, cornice details and mortar pointing. Will require spalled bricks replacing and repointing with a lime mortar to prevent further brick erosion and spalling. Lead flashings appear new and are in good condition.	£1,000		
	Roof plan C4	Brick chimney stack	9319 9321 9325 9326 9503 9504 9506	Generally plumb and free from extensive cracking but incorrect pointing is causing erosion of bricks, cornice details and mortar pointing. Will require spalled bricks replacing and repointing with a lime mortar to prevent further brick erosion and spalling. Lead flashings are original and in reasonable condition but likely to require replacement in longer term.	£3,000		£2,000
	Roof plan C5	Brick chimney stack	9428 9431	Generally plumb and free from extensive cracking but incorrect pointing is causing erosion of bricks, cornice details and mortar pointing. Will require spalled bricks replacing and repointing with a lime mortar to prevent further brick erosion and spalling. Lead flashings are original and in reasonable condition but likely to require replacement in longer term.	£2,000		£2,000
	Roof plan C6	Brick chimney stack	9425 9426	Generally plumb and free from extensive cracking but incorrect pointing is causing erosion of bricks, cornice details and mortar pointing. Will require spalled bricks replacing and repointing with a lime mortar to prevent further brick erosion and spalling. Lead flashings are original and in reasonable condition but likely to require replacement in longer term.	£2,500		£2,000
ROOFS & RAINWATER GOODS	All plain tiled roofs	Plain tiled pitched roofs - 1 - 30	9496 9500 9501 9505 9524 9695 9696 9697 9701 9684 9686 9574 9575 9689 9692 9693 9560 9561 9562 9563	No view possible of roof pitch 5 and limited view possible of 12-15, 17 and 19-21. From aerial photographs supplied, extensive patch repairs are evident to roofs 2, 6, 12, 14 and 16 but this is thought to be due to damage from past roof access to carry out repairs to chimneys and valley gutters rather than fixing failure. Most areas of tiles are well fixed but all roofs require a general overhaul and repair to refix loose tiles and replace broken and missing tiles in the short term. In the longer term, it is anticipated phased re-tiling will be required and it is suggested this be done to less accessible inner pitches with new tiles and salvaged tiles be used to re-tile and repair outer, more visible pitches.	£8,000	£10,000	£12,000

ELEMENT	LOCATION	DESCRIPTION	PHOTOS	CONDITION & RECOMMENDED WORKS	FORECAST REPAIR COSTS		
					Within 1 year	Within 3-5 years	Within 5-10 years
ROOFS & RAINWATER GOODS	Roof voids	Traditionally constructed timber roofs with rafters and joists and under-boarding to underside of all tiling.	9525 - 9549 9678 - 9682 9704 - 9709	Generally free from signs of excessive structural movement, decay or insect attack but staining evident in numerous areas, especially around chimney stacks and valley gutters. Staining is thought to be largely historic as it coincides with repaired areas externally. Timber rafters and joists in the south gable of roof 21 show gnawing damage by squirrels but again, this appears historic as one rafter has been repaired and the eaves have been filled to prevent reinfestation. Elsewhere, there are bees nests in the voids of roof 5 & 19 and most areas are relatively well insulated. The roofs voids may require asbestos clearance as there are stickers placed on some exposed brick walls in the roof void 17/19 indicating residues. No access was available into the roof voids of the pitched roofs to the extension.	£10,000		
	Flat roofs	Original lead, felt and asphalt flat roofs and bay windows covered with Acrypol or Liquid Plastic type waterproof coatings. Flat roof to terrace at east end of house asphalt covered with paving tiles.	9422 9423 9434 9435 9437 9449 9498 9499 9509 9520 9521 9559 9564-9570 9573 9580 9586 9590 9696 9698 9699	Generally only fair condition with blisters evident to large flat roof to extension and coatings applied over chippings to a number of roofs. Coatings have discoloured and failed in some areas and are not suitable for a listed building. A programme of phased replacement of the coatings is recommended using original materials such as lead and asphalt, incorporating improved insulation. In the short term, repairs are required to refix and repoint loose lead flashings, patch repair blisters and remove all vegetation from the flat roofs. Terrace roof in reasonable condition but walkway tiles are of the type that may contain asbestos and should be tested.	£30,000	£20,000	
	Glazed roof to link	Aluminium framed glazed roof	9587 9588	Fair condition but opening lights are poorly repaired with flashband and should be properly repaired if this roof is to be retained.	£1,500		
	Main entrance canopy	Timber arched roof covered with lead sheeting	9258 9275 9508 9602	Good condition and appears to have been re-covered relatively recently to a good standard.			
	Gutters and rainwater pipes	Cast iron, aluminium and plastic gutters and pipework	9246 9314 9316 9333 9339 9362 9477	Generally in sound condition albeit plastic rainwater goods are leaking in areas and should be replaced with conservation cast iron replacements. Fascia and barge boards are generally timber and in serviceable condition with only isolated areas suffering from decay and in need of splice repair.	£7,000		
EXTERNAL WALLS	Cavity and solid walls	Brickwork	9245 9361 9238 - 9240 9493 - 9495	Generally in reasonable structural condition with isolated cracking noted to front bay window and to small porch added to east elevation, both requiring repointing. The raised dutch gable to the east elevation has been patch repointed to a variable standard on both sides with poorly matched mortar and this appears to have resulted in erosion of the brickwork due to hard cement-based pointing. It is recommended the top section of both sides of the gable wall and the brick on edge copings be raked out, eroded bricks replaced and the walls repointed with a lime-based mortar. Eroded pointing also requires repointing to the parapet to the south east terrace and to the side elevation to the left of the main entrance door.	£15,000		
	Stonework	Sandstone window surrounds and mullions	9241 - 9243 9247 9250 9253 9254 9328 9463 9464 9470 - 9474 9476 9490 - 9492 9510 9511	The stone surrounds to the windows to the south and east elevations have been re-dressed to remove loose and eroded stone and some areas have been repaired with a poorly matched repair mortar. The mullions and surrounds to a number of the are severely eroded and beyond patch repair and will require indent or complete replacement with new stone.	£15,000		

ELEMENT	LOCATION	DESCRIPTION	PHOTOS	CONDITION & RECOMMENDED WORKS	FORECAST REPAIR COSTS		
					Within 1 year	Within 3-5 years	Within 5-10 years
EXTERNAL WALLS	Render	Low level render, stone and asphalt plinths	9310 9337 9411 9450 9451 9452 9456 9460	There are render and asphalt upstands at low level to the external walls to most of the north and east elevations of the original building, along with pointed-up drill holes above the plinths to some of the areas outside the comms room and office behind the original reception and to the east elevation walls. The plinths are thought to be originally stone and it appears that a chemical damp proof course has been inserted in the drilled areas to remedy internal dampness. The floor level of the comms room and rear office behind the reception are 360mm lower than the external ground level and this changes to 270mm higher behind the reception and then approximately level for the remainder of the rear path to the north east corner. The upstand continues around the east elevation where the external level is again raised. The original building has an asphalt damp proof course and this is visible where it has extruded out to the front elevation and it is assumed the injected damp proof course and render at the rear has been inserted to remedy the damp noted in some of the rear rooms. The injected damp proof course will not resolve this and high damp readings were taken in the areas where the floor level is lower than the ground level to the rear. The only solution to resolve the damp issue in these areas will be to dig down and tank outside or to tank internally with a waterproof render.	£7,000		
	Tile hanging		9256 9257 9260 9261 9263 9266 9272 - 9275 9277 9282 9287 9289 9305 9380 9379 9402 9408 9420 9507 9508 9571 9582 9583 9685	Generally in reasonable condition and well fixed with only isolated missing and broken tiles in need of patch replacement and slipped tiles in need of refixing. There are some poorly matched patch repairs to the west elevation where square tiles have been used to replace round ones and these should be made good with the correct tiles.	£4,000		
WINDOWS AND DOORS	Timber windows to original part of house	Timber bay and casement windows with leaded lights and opening inset metal or timber casements to original building with some inset windows to east end of house replaced with powder-coated aluminium double glazed windows with false leading.	9262-9267 9272 9274 9309 9315- 9317 9330 9332 9334 9342-9355 9358 9360 9409 9410 9421 9430 9432 9433 9435 9440 9441 9442 9507 9508 9571- 9572 9582 9585 9591 9592 9593 9603	Generally in only fair condition with a number of severely decayed windows to the south and west sides of the house facing the prevailing weather and in need of complete replacement. Elsewhere, many windows have decay to cills, mullions and casements and require splice repair. Inset metal casements are corroded and distorted in many areas and the leaded lights are bowed and deformed due failure of the lead canes to many of the windows. There are also signs of decay to internal cills and frames due to a combination of long term water penetration through the lead canes and condensation. Some windows to the south east corner have had wired glass fitted inside the existing leaded lights to prevent water penetration but this has resulted in dirt and condensation between the glass panes. Many windows have missing ironmongery such as catches and stays and many are very draughty, poor fitting and inoperable. The windows will require a major phased programme of replacement, repair and overhauling and this will need to take account of the listing for any replacement windows and the use of specialist conservation contractors for the leaded lights, timber repair and restoration, draughtstripping and overhauling.	£75,000	£30,000	

ELEMENT	LOCATION	DESCRIPTION	PHOTOS	CONDITION & RECOMMENDED WORKS	FORECAST REPAIR COSTS		
					Within 1 year	Within 3-5 years	Within 5-10 years
WINDOWS AND DOORS	Timber windows to extension	Hardwood windows with double glazed units	9644 9655 9279 9281 9289 9377 9378 9389 9667 9392- 9394 9600 9603 9611 9691	A number of windows are decayed to the south and west sides and many of the double glazed units have failed. The concealed opening mechanisms are broken or very stiff to operate to many of the windows. The windows are around thirty years old and will be difficult and expensive to repair and overhaul and it is likely to be more cost effective to replace the windows completely, including the glazed link if this is to be retained.	£25,000		
	Timber doors	Flush, panelled and glazed doors	9236 9258 9289 9290 9302 9308 9310 9389 9392 9394 9403 9421 9424 9455 9466 9479 9507 9517	Generally in serviceable condition although many of the replacement doors are relatively poor quality and not in keeping with the historic nature of the building. A number are also showing early signs of decay, especially to the newer extension and the north side of the original house and will require phased replacement.	£12,000		
INTERNAL AREAS	Walls and Ceilings	Solid masonry and timber stud partitions and plastered and suspended walls and ceilings	9480 - 9489 9513 - 9519 9554 - 9558 9594 - 9658 9661 - 9677 9710 - 9712	Generally in satisfactory structural condition with isolated cracking noted to the internal walls in the extension as noted on floor plans. This however appears to be due to shrinkage and thermal movement rather than foundation or other movement but will need to be monitored and further investigated as part of the refurbishment works. Dampness is evident in a number of areas and we have highlighted this on the floor plans. These are due to a combination of roof leaks below valley gutters and flat roofs and damp to some rooms where the floor is below external ground level to the rear elevation - see External Walls above. Damp readings were taken in these areas and these will require internal tanking. Damp was also noted in the lower floor of the extension but this appears to be due to water damage from the bathroom above that is being used by the contractors on site. We did not note any dampness in the lower ground floor area of the extension on the north side where the ground level is two metres above floor level so assume the tanking system in this area is sound. We assume all internal finishes and fittings will be replaced as part of the remodelling and refurbishment and have therefore not costed these items.			
	Floors	Timber and solid floors	9480 - 9489 9513 - 9519 9554 - 9558 9594 - 9658 9661 - 9677 9710 - 9712	Generally level and free from signs of deflection. We assume all floor finishes except original hardwood parquet flooring and tiling will be replaced. We did not lift existing floor finishes but anticipate that some original finishes may be beneath the current coverings.			
	Doors	Flush, panelled and glazed doors	9480 - 9489 9513 - 9519 9554 - 9558 9594 - 9658 9661 - 9677 9710 - 9712	Generally in serviceable condition and it is assumed the more modern office and fire doors will be replaced as part of the refurbishment and any retained original doors will be overhauled and fitted with new ironmongery.			

ELEMENT	LOCATION	DESCRIPTION	PHOTOS	CONDITION & RECOMMENDED WORKS	FORECAST REPAIR COSTS		
					Within 1 year	Within 3-5 years	Within 5-10 years
EXTERNAL GROUNDS	Pavings	Concrete and flags		Generally serviceable condition with only isolated uneven flags in need of rebedding.	£500		
	Boundaries	Brick walls and fences	9245 9270 9284 9306 9307 9318 9381 9390 9391 9396 9397 9399 9415 - 9418 9458 9459 9461 9462 9714 - 9716	The brick walls to the east boundary to Lyndhurst Gardens are generally plumb and free from cracking and only isolated repointing and replacement of spalled bricks is required at low level. There is cracking to the screen wall at the south west corner of the extension where this retains higher ground and this wall may require rebuilding as it does not appear to have been built as a retaining wall. The retaining walls to the north west corner of the site appear to be in sound condition and with the exception of one slipped timber panel, the timber panel fencing to the east and north boundaries is in serviceable condition. The large retaining wall to most of the north elevation is bulged in areas and large steel beams and braces have been inserted between the wall and external wall of the house around the chimney breast to chimney five. This appears to have restrained further movement in the retaining wall and the wall appears stable and well pointed at present but should be monitored for further movement and isolated spalled brickwork needs to be repaired.	£5,000		
	Gardens and Trees		9233 9255 9259 9270 9299 9615	The vegetation around the building was very overgrown at the time of the inspection and we assume this will be cut back prior to the refurbishment. A check should be made with Camden Council to ensure there are no Tree Preservation Orders in place prior to cutting down or loppng any trees.	£5,000		
Total cost excuding fees and VAT					£232,000	£60,000	£20,000