

Application No:	Consultees Name:	Received:	Comment:	Response:
2021/0025/P	Alexander Shinder	26/01/2021 14:32:59	OBJ	<p>The applicant is purely a nominee company. There is no disclosure as to how this project has been and will be financed. I make the following points:</p> <p>(i) It appears that part of the increase in budgeted costs is accrued interest on a third party loan. Development loans are expensive and assume part of the risk and are a form of quasi-equity. As such the cost of those loans should not be treated as a third party cost as it is part of the return of the stakeholders. So the costs that should be taken into account are smaller and presumably more in line with the originally budgeted costs. The cost write off in favour of accrued returns to quasi equity could be purely a bookkeeping exercise.</p> <p>(ii) What is also of interest is the amount invested by the shareholders in this project. While a profit of £15.5m looks small in the context of the reported cost it may be significant in terms of invested capital.</p> <p>(iii) It is probably fair to take the view there is a squeeze on returns here. If the scheme has been financed by aggressive levels of debt and that is the way it will continue to be financed this may no longer be available. Lenders will be looking at non performing assets with a view to mothballing early stage and completing rapidly late stage. This looks to be in the former category. The decision maker should require evidence that committed funding is genuinely available to complete this.</p> <p>(iv) whether it is lawful I don't know but if the applicant is stating that it is backed into a corner and has to be helped out by a more favourable 106 as a sharing of the pain cannot the Council insist on a new and viable scheme from which it can obtain a sensibly structured affordable housing levy? The mechanism would be by holding its position. This is a valuable and large asset and someone will develop it.</p>

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