Tybalds Estate, New North Street, London, WC1N

Independent Viability Review

Prepared on behalf of London Borough of Camden

5th November 2021

Planning Reference: 2021/3580/P

BPS Chartered Surveyors

215a High Street, Dorking RH4 1RU
www.bps-surveyors.co.uk

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1.0 INTRODUCTION

1.1 BPS Chartered Surveyors have been instructed by the London Borough of Camden ('the Council') to undertake a review of a Financial Viability Assessment (FVA) prepared by DWD Planning and Property on behalf of the London Borough of Camden ('the Applicant') in connection with a planning application for the infill redevelopment of Tybalds Estate.

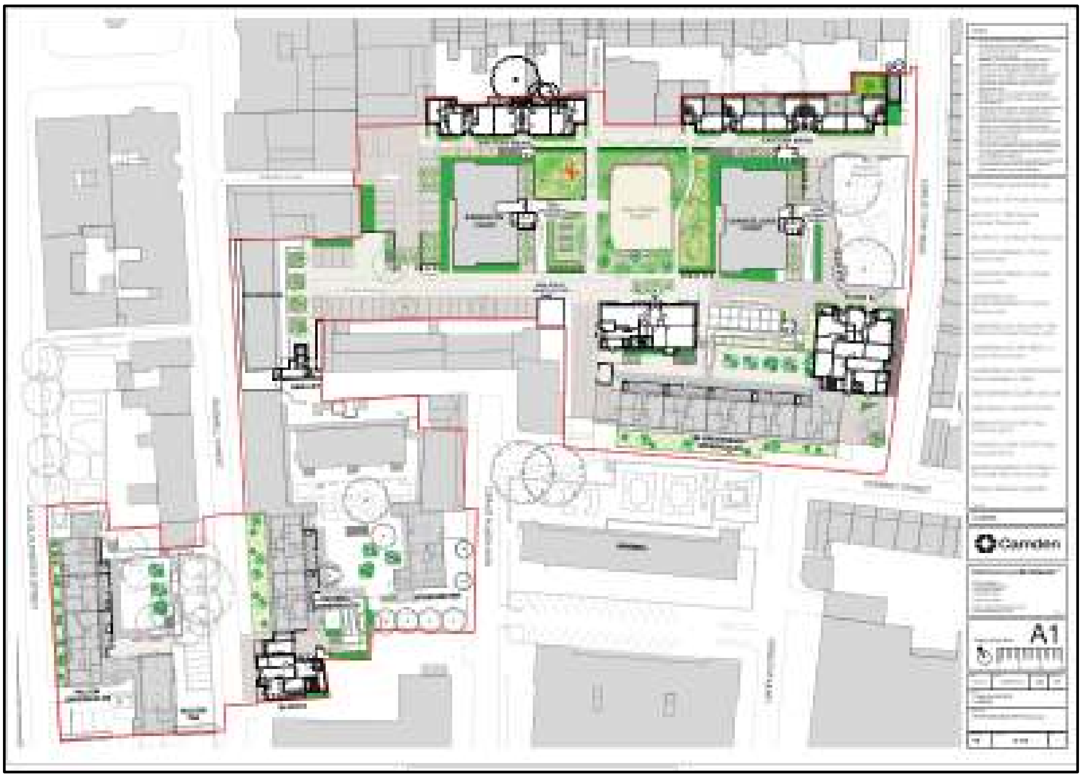
1.2 The site is approximately 1.58 hectares (3.9 acres) and comprises the majority of the existing Tybalds Estate, owned by the applicant. The Tybalds Estate comprises several urban blocks of varied heights, with the tallest blocks totalling 14 storeys. The proposed development will retain the existing blocks on site but will develop areas of existing storage sheds and car parking in an infill approach.

1.3 The location is predominantly residential in nature. The site is not located in a conservation area nor is it listed.

1.4 The proposals are for:

Demolition of existing storage sheds and infill development on the existing Tybalds Estate which comprises of the construction of three blocks, two mews terraces, and conversion of the lower ground floor of existing blocks to provide a total of 56 residential unis (Class C3) and community space, alterations to existing residential block entrances, provision of a lift to existing Devonshire Court, refuse facilities, public realm improvements, alterations to parking layout, cycle parking, landscaping and associated works.

1.5 We have attached the below site plan which shows where the new-build blocks will be included within the existing estate:



1.6 The proposed development includes 50% affordable housing, equating to 28 units. This is split between 23 London Affordable Rent units and 5 intermediate rent units equating to a split of 82% / 18% in favour of LAR.

1.7 The basis of our review is the Affordable Housing Viability Appraisal prepared by DWD, dated July 2021, which concludes that the scheme currently shows a deficit of approximately -£7.68m and therefore no additional affordable housing can viably be offered.

1.8 We have downloaded documents available on LBC's planning website. We have also received a live version of the Argus appraisal included in DWD's report.

1.9 We have assessed the cost and value inputs within the financial appraisal in order to determine whether the scheme can viably make any affordable housing contributions.

1.10 We have searched the LBC planning website and have not identified any other recent or outstanding planning applications relating to the site. A Land Registry search shows that the applicant does currently own the property and has done since 1968.

1.11 The advice set out in this report is provided in the context of negotiating planning obligations and therefore in accordance with PS1 of the RICS Valuation – Global Standards 2020, the provisions of VPS1–5 are not of mandatory application. Accordingly, this report should not be relied upon as a Red Book Valuation. The Valuation Date for this Viability Review is the date of this report, as stated on the title page. This Viability Review has been undertaken in accordance with the Terms & Conditions provided to the Council and with any associated Letters of Engagement and should only be viewed by those parties that have been authorised to do so by the Council.

1.12 This Viability Review adheres to the RICS Professional Statement on Financial Viability in Planning (published May 2019). In accordance with this Statement, we refer you to our standard terms and conditions which incorporate details of our Quality Standards Control & Statement on Limitation of Liability/ Publication.

2.0 CONCLUSIONS AND RECOMMENDATIONS

2.1 We have reviewed the Affordable Viability Appraisal prepared by DWD on behalf of the applicant which concludes that the proposed scheme generates a residual land value of -£6.58m which is approximately -£7.68m below their benchmark land value of £1.1m. On this basis the scheme cannot provide any additional affordable housing contribution.

Benchmark Land Value

2.2 DWD have approached the Benchmark Land Value on an Existing Use Value (EUV) basis. The site being developed comprises infill of existing open spaces together with repurposing areas described as underbuild. These underbuild areas comprise spaces at the bottom level of existing blocks which are in low value use. Other elements of the site include storage sheds and car parking. DWD conclude that the majority of the space, with the exception of car parking, is surplus to requirements and therefore no value has been attached.

2.3 DWD have ascribed value to the 23 car parking spaces which will be lost to the development. They have assumed that there would be nothing in the title preventing the open market sale of individual car parking spaces with appropriate access rights. No evidence has been provided to support this assumption. They have assumed a value of £40,000 per space equating to £920,000. They have attached a 20% landowner premium to this value resulting in a Benchmark Land Value of £1,100,000.

2.4 The 23 car parking spaces being redeveloped are Estate Permit Bay spaces. The application's Transport Statement shows that Tybalds Estate has 113 Estate Permit Bay spaces but only 53 spaces are in use resulting in a spare occupancy of 60 spaces. We therefore consider that the 23 car parking spaces which are lost by the development are surplus to requirements. We have received no evidence that the car parking spaces could be sold separately and therefore consider the space lost to be surplus to requirements. We have therefore attached no value to the car parking spaces. We consider that while viability is assessed on a hypothetical basis, this approach is also reasonable for the subject noting that the site has been owned on a long-term basis by the applicant.

Development Value

2.5 The scheme includes 56 residential units comprising 28 private and 28 affordable units. The 28 affordable residential units are proposed with 23 social units and 5 intermediate units representing a tenure split of 82% / 18% in favour of social rent. The proposals also include two community halls which are due to be managed by the Tenants and Residents' Association with no rental income. The private residential space is split between 18 flats and 10 mews houses.

2.6 The residential values have been undertaken by LSH on DWD's behalf.

2.7 We have reviewed the flat values and consider that they appear reasonable, however the evidence available is limited in comparability.

2.8 We consider the private mews values proposed by LSH are below our expectations by approximately £430,000. We have updated our housing values accordingly within our appraisal.

2.9 Noting the Government's stated intentions to introduce legislation reforming current leasehold practices within a period of approximately 1 year which would reduce ground rents to a nominal sum, we have excluded capitalised ground rental income from our appraisal. This is supported by limitations from many mortgage lenders on new build properties with such provisions and by the help to buy scheme not being eligible to apartments subject to ground rents.

2.10 We have reviewed the affordable rent and intermediate values proposed by LSH. Although we consider the inputs assumed by LSH reasonable, in remaking the affordable valuation model we calculate a higher value than proposed by LSH in both cases. We have updated our values to reflect this change representing an increase of £270,000 (4.67%) on the overall affordable housing values.

2.11 DWD outline that the applicant is able to claim £1m of GLA grant and £3.1m of funding from the S106 of Parker House ringfenced for the delivery of affordable housing on the subject site. DWD have not included this value within their appraisal as they do not consider that a 'hypothetical developer' would be entitled to this grant. We note that NPPG and the Mayor of London's Affordable Housing and Viability SPG is clear that grant funding should be included in viability assessment. We have therefore included this value.

2.12 No value has been attached to the two community hall buildings. We consider this reasonable as we have been advised that the space would be provided to the tenants and residents association (TRA).

Development Costs

2.13 Our Cost Consultant, Neil Powling, has reviewed the build cost plan for the proposed scheme prepared by Moulton Taggart, dated 29th June 2021, and concludes that:

The cost plan is generally the Cost Plan 3 dated 3 Nov 2019 with lump sum adjustments for each functional section to cost plan 6 dated May 2021 but stated to be current costs which at the date of issue are 4Q2021.

In our opinion there should be more detail of the adjustments in the cost plan from CP 3 to CP 6 shown in our analysis in the row below external works. Ideally, we would expect a completely new cost plan for the current scheme. The finishings have been collected to the summaries as a single item rather than split (as the detailed costs) as wall, floor and ceiling finishes. The services have also been collected to the summary as a single group element – there is sufficient detail to collect as individual services elements. There is insufficient detail in the itemised cost plan to enable us to form an opinion of the reasonableness of the costs. Eg an item for the external walls of the Eastern Mews is "New brickwork and blockwork cavity walls ….. item …. £280,140". Typically, the total build costs of the blocks exceed £4,000/m² - this is a high build cost rate that will require full supporting detail to justify.

The allowance for contingencies provided in the appraisal is 10%. We generally consider 5% reasonable and appropriate for works of new build. We suggest the allowance should be reduced to 5%.

Our total GIA for each of the blocks yield a total of £5,112m²; the total in the appraisal is 55,250ft² (5,158m²). We have not identified the source of the difference.

Because of the limits in the information provided (refer to 3.6 below) we have not been able to undertake a full benchmarking exercise. Our initial benchmarking indicates that we expect to be able to conclude that the underbuilds and bulk store build costs are reasonable.

2.14 In light of the above we require more detail on the costs to confirm that the costs are reasonable. For the purposes of this assessment, we have however adopted the costs within DWD's appraisal.

2.15 DWD have allowed for 15% professional fees on the build cost with the exception of the disabled ramp access and landscaping elements on which 10% has been assumed. The 15% allowance is stated to be based on the complexity of infill development. Given the professional fees are a factor of the build cost, we would expect the complexities to be evident within the base build cost, we therefore consider that a 10% factor of this build cost remains reasonable across the scheme subject to a more detailed justification of the higher cost.

2.16 We have reviewed the other costs outlined within the FVA and reduced the private legal fees to 0.25% and removed the affordable agent fees. We consider the other inputs reasonable.

2.17 We have accepted the development timeframes assumed by DWD for the purposes of this assessment however we request more detail to confirm the programme.

<u>Recommendations</u>

2.18 We have been provided with a live and unlocked version of DWD's Argus appraisal. We have updated the appraisal to take into account the following changes:

Input	DWD	BPS
Private flat values	£12,578,000	£12,578,000
Private mews values	£12,620,000	£13,050,000
LAR values	£4,622,000	£4,843,000
Intermediate values	£1,160,000	£1,223,000
Grant funding	£0	£4,100,000
Ground rents	£0	£0
Construction costs	£24,317,852	£24,317,852
Contingency	10%	5%
Professional fees	10% - 15%	10%
Private marketing	1.25%	1.25%
Private agent fee	1.00%	1.00%
Private legal fee	0.50%	0.25%
Affordable agent and legal fees	1.25%	0.25%
CIL	£692,666	£692,666
Carbon offset	£139,133	£139,133
Highway contribution	£100,000	£100,000
Finance rate	6.5%	6.5%
Private profit	17.50%	17.50%
Affordable profit	6.50%	6.00%
Benchmark Land Value	£1,100,000	£0
Surplus / Deficit	**-£7.68 million**	**£335,000**

2.19 While we have identified a surplus of £335,000, our conclusions are subject to more detailed information related specifically to the following:

- Full and detailed build cost information as identified by our cost consultant in his report at Appendix 1

- Full justification for a higher professional fees allowance of 15%

- A detailed programme assessment aligning to the detailed costs info requested above

2.20 We have undertaken sensitivity analysis to test the impact of changes to the construction cost and private residential values. We have included upward and downward movements of 2.5% on both inputs. We include our sensitivity analysis as follows:

	Private Sales				
Build Cost	-5.00%	-2.50%	0.00%	2.50%	5.00%
-5.00%	£710,828	£1,117,260	£1,523,692	£1,929,628	£2,334,142
-2.50%	£110,727	£523,165	£929,601	£1,336,033	£1,742,465
0.00%	-£533,011	-£88,850	£335,087	£741,943	£1,148,375
2.50%	-£1,185,458	-£737,089	-£292,911	£144,314	£554,285
5.00%	-£1,843,258	-£1,389,832	-£941,189	-£496,972	-£53,900

2.21 From this analysis it can be seen that a reduction in sales values of 2.5% or an increase in costs of the same quantum would render the scheme in deficit.

2.22 The apparent surplus represent less than 1% of scheme revenue and we consider this to be an effective breakeven position.

3.0 PRINCIPLES OF VIABILITY ASSESMENT

3.1 Development appraisals work to derive a residual value. This approach can be represented by the formula below:

Gross Development Value – Development Costs (including Developer's Profit) = Residual Value

3.2 The residual value is then compared to a benchmark land value. Existing Use Value (EUV) and Alternative Use Value (AUV) are standard recognised approaches for establishing a land value as they help highlight the apparent differences between the values of the site without the benefit of the consent sought.

3.3 The rationale for comparing the scheme residual value with an appropriate benchmark is to identify whether it can generate sufficient money to pay a realistic price for the land whilst providing a normal level of profit for the developer. In the event that the scheme shows a deficit when compared to the benchmark figure the scheme is said to be in deficit and as such would be unlikely to proceed.

3.4 Development appraisals can also be constructed to include a fixed land value and fixed profit targets. If an appropriate benchmark is included as a fixed land value within a development appraisal this allows for interest to be more accurately calculated on the Benchmark Land Value, rather than on the output residual value. By including fixed profit targets as a cost within the appraisal, programmed to the end of development so as not to attract interest payments, the output represents a ‘super’ profit. This is the profit above target levels generated by the scheme which represents the surplus available towards planning obligations

3.5 This Viability Review report adheres to the RICS Professional Statement on Financial Viability in Planning: Conduct and Reporting (published May 2019). In accordance with this Statement, Section 8 below incorporates details of our Quality Standards Control & Statement on Limitation of Liability/ Publication. This report has been prepared according to the Professional Statement’s requirement for objectivity and impartiality, without interference and with reference to all appropriate available sources of information. Where information has not been obtainable, we have stated this expressly in the body of the report.

4.0 BENCHMARK LAND VALUE

Viability Benchmarking

4.1 Planning Policy Guidance, published May 2019, states:

Benchmark land value should:

- *be based on existing use value*
- *allow for a premium to landowners (including equity resulting from those building their own homes)*
- *reflect the implications of abnormal costs; site-specific infrastructure costs; and professional site fees and*

Viability assessments should be undertaken using benchmark land values derived in accordance with this guidance. Existing use value should be informed by market evidence of current uses, costs and values. Market evidence can also be used as a cross-check of benchmark land value but should not be used in place of benchmark land value. These may be a divergence between benchmark land values and market evidence; and plan makers should be aware that this could be due to different assumptions and methodologies used by individual developers, site promoters and landowners.

The evidence should be based on developments which are fully compliant with emerging or up to date plan policies, including affordable housing requirements at the relevant levels set out in the plan. Where this evidence is not available plan makers and applicants should identify and evidence any adjustments to reflect the cost of policy compliance. This is so that historic benchmark land values of non-policy compliant developments are not used to inflate values over time.

[…] Where viability assessment is used to inform decision making under no circumstances will the price paid for land be a relevant justification for failing to accord with relevant policies in the plan. Local authorities can request data on the price paid for land (or the price expected to be paid through an option agreement).

4.2 The NPPF recognises the need to provide both land owners and developers with a competitive return. In relation to land owners this is to encourage land owners to release land for development. This is set out in PPG as follows:

To define land value for any viability assessment, a benchmark land value should be established on the basis of existing use value (EUV) of the land, plus a premium for the landowner. The premium for the landowner should reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land. The Premium should provide a reasonable incentive, in comparison with other options available, for the landowner to sell land for development while allowing a sufficient contribution to fully comply with policy requirements. Landowners and site purchasers should consider policy requirements when agreeing land transactions. This approach is often called 'existing use value plus' (EUV+).

4.3 The RICS Guidance Note 'Assessing viability in planning under the National Planning Policy Framework 2019 for England', published March 2021, supports the NPPG's definition of Benchmark Land Value.

4.4 NPPG further defines EUV as follows:

Existing use value (EUV) is the first component of calculating benchmark land value. EUV is the value of the land in its existing use. Existing use value is not the price paid and should disregard hope value. Existing use values will vary depending on the type of site and development types. EUV can be established in collaboration between plan makers, developers and landowners by assessing the value of the specific site or type of site using published sources of information such as agricultural or industrial land values, or if appropriate capitalised rental levels at an appropriate yield (excluding any hope value for development).

4.5 The Mayor of London's Affordable Housing and Viability SPG published August 2017 states a clear preference for using EUV as a basis for benchmarking development as this clearly defines the uplift in value generated by the consent sought. This is evidenced through the following extract:

The Mayor considers that the 'Existing Use Value plus' (EUV) approach is usually the most appropriate approach for planning purposes. It can be used to address the need to ensure that development is sustainable in terms of the NPPF and Development Plan requirements, and in most circumstances the Mayor will expect this approach to be used.

4.6 Guidance indicates that the sale of any premium should reflect the circumstances of the land owner. We are of the view that where sites represent an ongoing liability to a land owner and the only means of either ending this liability or maximising site value is through securing a planning consent this should be a relevant factor when considering whether a premium is applicable. This view is corroborated in the Mayor of London's Affordable Housing and Viability SPG which states:

Premiums above EUV should be justified, reflecting the circumstances of the site. For a site which does not meet the requirements of the landowner or creates ongoing liabilities/ costs, a lower premium of no premium would be expected compared with a site occupied by profit-making businesses that require relocation. The premium could be 10 per cent to 30 per cent, but this must reflect site specific circumstances and will vary.

4.7 While EUV is the primary approach to defining BLV, in some circumstances an Alternative Use Value approach can be adopted. This is the value of the land for a use other than its existing use. NPPG outlines:

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.

[…] Plan makers can ser out in which circumstances alternative uses can be used. This might include if there is evidence that the alternative use would fully comply with up to date development plan policies, if it can be demonstrated that the alternative use could be implemented on the site in question, if it can be demonstrated there is market demand for that use, and if there is an explanation as to why the alternative use has not been pursued.

4.8 The RICS Guidance Note 'Assessing viability in planning under the National Planning Policy Framework 2019 for England', published March 2021, supports the definition of AUV from NPPG and reiterates that any AUV must reflect relevant policy requirements.

4.9 When adopting an AUV approach, the premium to the landowner is implicit and therefore an additional landowner premium should not be added as this would be double counting.

4.10 NPPG and RICS guidance are clear that if refurbishment or redevelopment is necessary to realise an existing use value then this falls under the AUV provision of NPPG and no landowner premium should be added.

The Proposed Benchmark

4.11 The benchmark proposed by DWD for viability testing is based on an Existing Use Value (EUV) approach.

4.12 The areas of the site due for development are a mixture of hardstanding areas with storage sheds and car parking as well as some underbuild areas of existing buildings replacing existing buggy store areas, storage and two existing residents' association community halls.

4.13 DWD outline that the development will also replace approximately 23 car parking spaces although across the entire development site as part of the proposals there will be a "rationalisation" of parking and the number of spaces will be reduced by 53 spaces.

4.14 DWD have not attached any value to any of the replaced uses with the exception of the car parking. They have provided the following comparable evidence of car parking spaces:

Address	Status	No. of Spaces	Sale Price	Type
Britton Street, Farringdon, EC1M	Under Offer	1	£60,000	Within a gated development, off street parking in Farringdon Security.
Turnmill Street, Farringdon, EC1M	Available	1	£70,000	Secure parking within a development.
Railway Street, Islington, N1	Under Offer	1	£55,000	Space underground parking space within a development.
Harrowby Street, Marylebone, W1H	Available	2	£65,000	Two parking spaces available for £65,000 each. Secure gated area, £50 pa ground rent.
Moor Lane, Moorgate, EC2Y	Available	1	£50,000	Secure underground parking space within Heron development in the City.

4.15 DWD outline that the existing parking is surface level and ungated. They also note that the spaces are disparate and fragmented across the Estate. DWD have assumed that there would be nothing in the title preventing the sale of individual car parking spaces with access rights. No evidence has been provided to support this assumption.

4.16 DWD consider that a value of £40,000 per space is reasonable. They have applied this to the 23 spaces that will be lost in the development. This results in a value of £920,000 which they have adopted as their EUV. They have attached a 20% landowner's premium to this value resulting in a Benchmark Land Value of £1,100,000.

4.17 We note that the proposal's Transport Statement shows the results of a parking beat survey undertaken in 2019. This survey is stated as reliable and robust on the basis that it replicated neutral parking conditions given these conditions were not impacted by the Covid-19 pandemic.

4.18 The survey shows the following:

On-site 'Estate Permit Bay' Parking (Total)

- Capacity = 113 spaces
- Maximum occupancy = 53 spaces (47%)
- Maximum spare occupancy = 60 spaces (53%)

Total On-site 'Camden Permit Bay' Parking:

- Capacity = 50 spaces
- Maximum occupancy = 38 spaces (76%)
- Maximum spare occupancy = 12 spaces (24%)

Total On-site 'Pay & Display Bay' Parking:

- Capacity = 51 spaces
- Maximum occupancy = 34 spaces (67%)
- Maximum spare occupancy = 17 spaces (33%)

Total On-site 'Single Yellow Lines' Parking

- Capacity = 43 spaces
- Maximum occupancy = 7 spaces (16%)
- Maximum spare occupancy = 17 space (84%)

4.19 We understand that the 23 car parking spaces to be lost are all 'Estate Permit Bay' spaces. The results of the above survey show a surplus of 60 estate permit bay spaces. On that basis we consider that the loss of 23 spaces will not adversely impact the current parking occupancy of the estate given the is excess capacity.

4.20 It appears the car parking spaces to be lost are currently not in use by residents and therefore they are surplus to requirements. On this basis we have not attached a value to the space.

4.21 We have adopted a nil land value, noting that the areas to be developed are all currently considered surplus to requirements or underused sufficiently that the development is considered possible.

4.22 We note that although viability should be undertaken on a hypothetical basis, in this case the site represents an infill of an existing estate which has been owned by the applicant on a long term basis. We therefore consider it reasonable to assume a nil land value.

4.23 We accept that a nil value would not in normal circumstances incentivise the release of land, we consider that the ability to deliver developer profit from otherwise underused land does represent an incentive to bring the site forward, noting that the site for development has no realistic EUV or AUV outside of the scheme proposals.

5.0 DEVELOPMENT VALUES

5.1 The residential element of the proposed scheme, as sought by the planning application, is for 56 residential units comprising the following accommodation:

Block	Units/ Bed	Storeys	Tenure
Block B	14 x 1-bed flats 4 x 2-bed flats	5 storeys	Private
Block C	3 x 2-bed flats 3 x 3-bed flats	4 storeys	London Affordable Rent (LAR)
Block D	7 x 1-bed flats 5 x 2-bed flats	7 storeys	7 x LAR 5 x Intermediate
Eastern Mews	1 x 2-bed house 3 x 3-bed houses 1 x 4-bed house	2 / 3 storeys	Private
Western Mews	3 x 2-bed houses 2 x 3-bed houses	2 storeys	Private
Blemundsbury Underbuilds	1 x 1 bed flat 4 x 2-bed flats	Converted lower ground floor	LAR
Falcon Underbuilds	2 x 1-bed flats 1 x 4 bed flat	Converted lower ground floor	LAR
Richbell Underbuilds	2 x 3 bed flats	Converted lower ground floor	LAR

<u>Private Residential Flat Values</u>

5.2 28 units are proposed to be for private sale, of which 18 are flats. Their values have been assumed as follows:

Block B:

Unit	Type	Floor	Amenity Space	NIA (sq ft)	£psf	Estimated Value
B.0.1	1b2p	Ground	Winter Garden	630	£1,100	£693,000
B.0.2	1b2p	Ground	Winter Garden	630	£1,100	£693,000
B.1.1	1b2p	First	Balcony	560	£1,175	£658,000
B.1.2	2b3p	First	Balcony	549	£1,175	£645,000
B.1.3	2b3p	First	Balcony	737	£1,100	£811,000
B.1.4	1b2p	First	Balcony	743	£1,100	£817,000
B.2.1	1b2p	Second	Balcony	560	£1,179	£660,000
B.2.2	2b3p	Second	Balcony	549	£1,179	£647,000
B.2.3	2b3p	Second	Balcony	737	£1,103	£813,000
B.2.4	2b3p	Second	Balcony	743	£1,102	£819,000
B.3.1	1b2p	Third	Balcony	560	£1,179	£660,000
B.3.2	1b2p	Third	Balcony	549	£1,182	£649,000
B.3.3	1b2p	Third	Roof Terrace	538	£1,251	£673,000
B.3.4	1b2p	Third	Roof Terrace	603	£1,159	£699,000
B.4.1	1b2p	Fourth	Balcony	560	£1,182	£662,000
B.4.2	1b2p	Fourth	Balcony	549	£1,186	£651,000
B.4.3	1b2p	Fourth	Balcony	538	£1,208	£650,000
B.4.4	1b2p	Fourth	Balcony	603	£1,124	£678,000
Total				**10,938**	**£1,150**	**£12,578,000**

5.3 The valuation of the private residential space has been undertaken by Lambert Smith Hampton (LSH) on DWD's behalf. The values equate on average to the following:

Unit Type	NIA (sq ft)	Avg. Value	£psf	Count
One-bed flat	586	£680,231	£1,160	13
Two-bed flat	663	£747,000	£1,127	5
Total	**10,938**	**£12,578,000**	**£1,150**	**18**

Flat Values

5.4 In valuing the proposed flats, LSH have referred particularly to a scheme called Bourne which is within the Grade II listed Bourne Estate. Similar to the subject property this saw the infill development of two blocks called Equiano Court and Dobson Court. This development delivered a total of 75 units with a split of 31 private units, 34 social rented units and 10 intermediate units. The scheme completed in Q3 2017 and sales were completed in Q4 2019. LSH note that these sales are therefore dated. They provide the following sales evidence:

Flat Number	No. of Beds	Floor	Date	Size	Capital Value	£ per sq ft	Amenity Space
Equiano Court							
22	1	1st	07/06/2019	596	£600,000	£1,007	None
23	2	2nd	14/02/2020	877	£921,500	£1,051	Balcony
24	1	2nd	29/04/2019	513	£600,000	£1,170	Balcony
25	1	2nd	24/04/2019	510	£595,000	£1,167	Balcony
27	2	2nd	21/02/2020	785	£760,000	£968	None
28	2	2nd	05/02/2020	970	£926,250	£955	Balcony
29	2	3rd	28/09/2018	877	£987,500	£1,126	Balcony
30	1	3rd	12/02/2019	513	£600,000	£1,170	Balcony
31	1	3rd	26/07/2019	510	£600,000	£1,176	Balcony
32	2	3rd	18/06/2019	832	£783,750	£942	None
33	2	3rd	18/12/2019	785	£769,500	£980	None
34	2	3rd	10/03/2020	970	£935,750	£965	Balcony
35	2	4th	04/05/2018	877	£933,375	£1,064	Balcony
36	1	4th	08/02/2019	513	£600,000	£1,170	Balcony
37	1	4th	14/03/2019	510	£600,000	£1,176	Balcony
39	2	4th	17/12/2019	785	£820,000	£1,045	None
40	2	4th	10/03/2020	970	£945,250	£974	Balcony
41	2	5th	03/05/2018	1,090	£1,235,000	£1,133	Large private terrace
42	1	5th	01/05/2019	637	£655,000	£1,028	Large private terrace
43	1	5th	28/08/2019	701	£660,250	£942	None
44	3	5th	22/06/2018	969	£1,273,000	£1,314	Two large private terraces
45	2	5th	05/07/2018	1,090	£1,279,000	£1,173	Large private terrace
Dobson Court							
1	2	1st	05/09/2019	807	£869,250	£1,077	Balcony
2	3 *	1st	11/12/2018	1,189	£1,200,000	£1,009	Two balconies
3	2	2nd	01/11/2018	807	£890,000	£1,103	Balcony
4	2	2nd	17/04/2018	837	£920,000	£1,099	Balcony
5	2	3rd	14/09/2018	807	£908,000	£1,125	Balcony
6	2	3rd	11/01/2019	837	£935,000	£1,117	Balcony
7	2	4th /5th	02/04/2018	1,331	£1,160,000	£872	Balcony
8	2	4th / 5th	20/03/2019	1,267	£1,050,000	£829	Balcony

* Although stated as a three-bedroom apartment the third bedroom is small and is likely that it would be used as a study.

5.5 LSH have also referred to Postmark London and Hexagon Apartments but they consider, in both cases, these schemes to be superior to the proposed. LSH consider that due to the scale of Postmark, taking into account the high-quality public realm provided and amenities such as 24-hour concierge and the residents' only wellness centre with gym, private cinema and residents' lounge this development is superior to the proposed. They consider that Hexagon is superior due to its amenity including 24-hour concierge, high specification design and its location. We accept that both these schemes are superior to the proposed for the reasons stated by LSH.

5.6 We have identified the following evidence in addition to that provided by LSH:

The Old Dairy, 7 Wakefield Street, WC1N 1PG:

5.7 All private 10 x 2-bed apartments, 1 x 1-bed apartment and 2 x 3-bed townhouses. This scheme completed in Q1 2020. It is located adjacent to St George's Gardens in a narrow, gated plot. The buildings are modern in design and arranged as a mews. We have identified the following sales from this development:

Apartment	Beds	NIA Sq Ft	Achieved Price	£psf	External Amenity	Price psf
4	2	1,261	£1,610,000	£1,277	-	17/01/2020
5	2	1,180	£1,464,750	£1,241	-	22/02/2020
6	2	1,079	£1,305,000	£1,209	-	15/01/2020
8	2	1,316	£1,765,000	£1,341	166 sq ft	31/01/2020
9	2	1,247	£1,720,000	£1,379	166 sq ft	09/01/2020
10	2	1,141	£1,600,000	£1,402	136 sq ft	09/01/2020
11	1	554	£862,500	£1,557	78 sq ft	07/02/2020

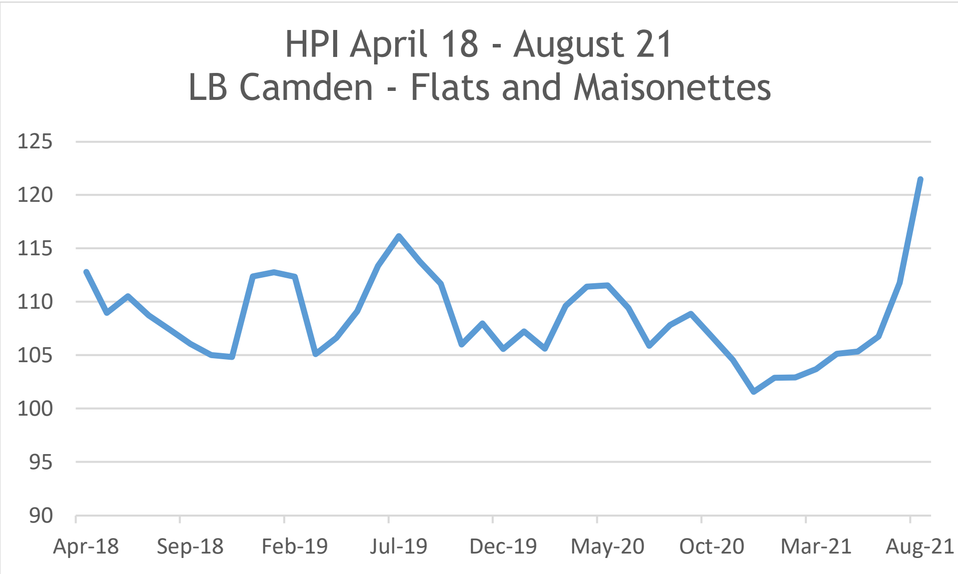
5.8 We would expect the Old Dairy to achieve higher values than the proposed given the setting of the development and the high-specification design of the property.

5.9 There is relatively limited evidence of similar developments to the proposed in the immediate surrounding area. We note that the Bourne Estate referenced by LSH was brought forward by LB Camden similar to the proposed scheme, therefore we would expect the proposed scheme to be of a similar specification. We do however consider the scheme to be relatively dated. We have adjusted the values identified by LSH by the House Price Index for Flats and Maisonettes for Camden:

Unit no.	Block	Beds	Floor	NIA Sq Ft	Achieved Price	HPI Adjusted Price	HPI Adjusted £psf	Percentage Change
22	Equiano	1	1st	596	£600,000	£643,031	£1,079	7.17%
23	Equiano	2	2nd	877	£921,500	£1,060,061	£1,209	15.04%
24	Equiano	1	2nd	513	£600,000	£683,616	£1,333	13.94%
25	Equiano	1	2nd	510	£595,000	£677,919	£1,329	13.94%
27	Equiano	2	2nd	785	£760,000	£874,277	£1,114	15.04%
28	Equiano	2	2nd	970	£926,250	£1,065,525	£1,098	15.04%
29	Equiano	2	3rd	877	£987,500	£1,131,165	£1,290	14.55%
30	Equiano	1	3rd	513	£600,000	£648,754	£1,265	8.13%
31	Equiano	1	3rd	510	£600,000	£627,639	£1,231	4.61%

32	Equiano	2	3rd	832	£783,750	£839,959	£1,010	7.17%
33	Equiano	2	3rd	785	£769,500	£885,457	£1,128	15.07%
34	Equiano	2	3rd	970	£935,750	£1,036,981	£1,069	10.82%
35	Equiano	2	4th	877	£933,375	£1,040,710	£1,187	11.50%
36	Equiano	1	4th	513	£600,000	£648,754	£1,265	8.13%
37	Equiano	1	4th	510	£600,000	£693,634	£1,360	15.61%
39	Equiano	2	4th	785	£820,000	£943,567	£1,202	15.07%
40	Equiano	2	4th	970	£945,250	£1,047,509	£1,080	10.82%
41	Equiano	2	5th	1,090	£1,235,000	£1,288,009	£1,182	4.29%
42	Equiano	1	5th	637	£655,000	£729,252	£1,145	11.34%
43	Equiano	1	5th	701	£660,250	£704,990	£1,006	6.78%
44	Equiano	3	5th	969	£1,273,000	£1,399,229	£1,444	9.92%
45	Equiano	2	5th	1,090	£1,279,000	£1,429,097	£1,311	11.74%
1	Dobson	2	1st	807	£869,250	£945,436	£1,172	8.76%
2	Dobson	3	1st	1,189	£1,200,000	£1,297,393	£1,091	8.12%
3	Dobson	2	2nd	807	£890,000	£1,031,541	£1,278	15.90%
4	Dobson	2	2nd	837	£920,000	£990,788	£1,184	7.69%
5	Dobson	2	3rd	807	£908,000	£1,040,099	£1,289	14.55%
6	Dobson	2	3rd	837	£935,000	£1,007,389	£1,204	7.74%
7	Dobson	2	4th / 5th	1,331	£1,160,000	£1,249,254	£939	7.69%
8	Dobson	2	4th / 5th	1,257	£1,050,000	£1,213,860	£966	15.61%

5.10 Overall HPI signals an average rise in prices of 11% since the sale of flats in the Bourne Estate. This is largely due to a recent rise in HPI for August 2021 (the most recent data available), as shown by the following graph:



5.11 We therefore consider that on a current day basis prices have increased since the sales at Bourne Estate. Once adjusted by HPI, on average this development achieved values as follows:

Unit Type	Sq Ft	Achieved Price HPI Adjusted	£psf HPI Ajusted	Count
One-bed	556	£673,066	£1,211	9
Two-bed	926	£1,058,983	£1,144	19
Three-bed	1,079	£1,348,311	£1,250	2

5.12 The average one-bed values proposed by LSH sit above those from the Bourne Estate once adjusted by HPI. We note that the one-bed units are on average 30 sq ft larger than those from Bourne Estate. Overall, given the limited evidence available we consider the one-bed values reasonable.

5.13 The proposed two-bedroom units are considerably smaller than the average from Bourne Estate. The smallest two-bedroom units identified within the Bourne Estate measured 785 sq ft and on average achieved values of £880,000 (£1,121 psf) adjusted to HPI. Comparatively the proposed two-bedroom units measure on average 663 sq ft, over 100 sq ft smaller, but have been valued on average at £747,000 (£1,127 psf). Given the smaller size we would expect the proposed two-bedroom units to achieve a lower value than those from Bourne Estate. We consider that there may be growth above this value which could be achieved at the subject site, however the evidence to support such growth is limited. For the purposes of this assessment, we have not updated LSH's flat values however we have undertaken sensitivity analysis to highlight the impact of growth in values.

Private House Values

5.14 The proposed scheme includes 10 mews houses to the north of the site. These have been valued by LSH as follows

Eastern Mews:

Unit	Type	Amenity Space	NIA (sq ft)	£psf	Estimated Value
EM.0.1	4b7p	Rear garden	1,582	£940	£1,487,000
EM.0.2	3b5p	Rear garden and roof terrace	1,227	£1,100	£1,350,000
EM.0.3	3b5p	Rear garden and roof terrace	1,227	£1,050	£1,288,000
EM.0.4	3b5p	Rear garden and roof terrace	1,227	£1,050	£1,288,000
EM.0.5	2b4p	Rear garden and roof terrace	1,103	£1,000	£1,213,000
Total			**6,366**	**£1,041**	**£6,626,000**

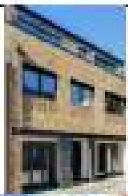
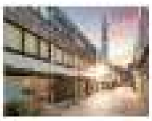
Western Mews:

Unit	Type	Amenity Space	NIA (sq ft)	£psf	Estimated Value
WM.0.1	3b5p	Courtyard and roof terrace	1,222	£1,050	£1,283,000
WM.0.2	2b4p	Courtyard and roof terrace	1,012	£1,150	£1,164,000
WM.0.3	2b4p	Courtyard and roof terrace	1,006	£1,125	£1,132,000
WM.0.4	2b4p	Courtyard and roof terrace	1,006	£1,125	£1,132,000
WM.0.5	3b5p	Roof terrace	1,222	£1,050	£1,283,000
Total			**5,468**	**£1,096**	**£5,994,000**

5.15 The above equates to the following average values:

Unit Type	NIA (sq ft)	Avg. Value	£psf	Count
Two-bed house	1,032	£1,160,250	£1,032	4
Three-bed house	1,225	£1,298,400	£1,060	5
Four-bed house	1,582	£1,487,000	£940	1
Total	**11,834**	**£12,620,000**	**£1,066**	**9**

5.16 LSH have relied on the following evidence of mews housing:

Photo	Address	Description	Floor Area (sq ft)	Date	Sold Price	£ per sq ft	Comments
	The Studio, 12-14 Doughty Mews, Bloomsbury, London, WC1N	Five-bedroom two-bathroom ground floor property with a separate living area and kitchen. The property is finished to a moderate specification and benefits from a private courtyard.	1,314	Available	£1,400,000	£1,065	Located less than 0.3 miles east of the Estate in a superior mews street setting. We would expect the Property to achieve a similar capital value per sq ft taking account of the differences in location, specification and private amenity space. The property is currently for sale via auction. Agent: Allsop.
	10-11 Kings Mews, WC1N	Three-bedroom duplex apartments forming part of a small development. The units are situated on the lower ground and ground floor and do not benefit from any outdoor space.	1,272 (Unit 1) 1,281 (Unit 2)	Available	Asking Price: £1,395,000 (Unit 1) £1,425,000 (Unit 2)	£1,096 (Unit 1) £1,112 (Unit 2)	Located less than 0.5 miles to the west on a mews street in a superior location. Similar size to the proposals but no outside space. Units have been on the market for a significant period of time, prices have been reduced from £1,495,000.
	Camden Mews, NW1 9BU	Three-bedroom contemporary new build mews finished to a high specification with underfloor heating. The property benefits from private outdoor terrace.	1,643	Available	£1,175,000	£715	Located 2.2 miles to the north of the Property. The comparable is far larger than the proposed units on the Estate. Agent: Savills
	7 Rutland Mews, London NW8 0RF	Recently refurbished two-bedroom two bathroom mews set within an exclusive gated development with off street parking for one car. Finished to a good specification with a small outdoor terrace.	1,188	May - 21	£1,200,000	£1,010	Located 3.8 miles to the north west of the Property. Second hand sale with a share of the freehold interest. Comparable benefits from off street parking. Source: LonRes Agent: Savills
	24 Murray Mews, London NW1 9RJ	Three-bedroom house located on a cobbled mews with private balcony and garden, arranged over ground first and second floors. The property is finished to a high specification	1,587	Mar - 20	£1,350,000	£851	Located 2.1 miles to the north of the Property between Camden Road and Caledonian Road Station. Source: LonRes Agents: Savills
	9 Doughty Mews, WC1N 2PG	Three-bedroom period mews over ground, first and second floors. The property benefits from a large roof terrace and enclosed winter garden.	1,148	Feb - 20	£1,500,000	£1,306	Located less than 0.3 miles west of the Estate in a superior mews street setting. The comparable benefits from similar amenity space to the proposed units.
	19a St Pauls Mews, NW1 9XN	Four bedroom detached new build house arranged over four floors. The property benefits from a small courtyard and two balconies.	1,607	Aug - 19	£1,499,999	£930	Located 2.0 miles north east of the estate in an inferior location close to Camden Road. Far larger than the proposals and benefiting from a superior level of outdoor space.
	8 Healey Mews, NW1 8BF	Two-bedroom end of terrace mews within new build development. The property benefits from a small private courtyard, open plan living and en-suite bathrooms.	935	Jul - 19	£975,000	£1,043	Located 2 miles north west of the subject in Chalk Farm in an inferior location. Comprising a similar new build accommodation and does not include car parking.
	Keynes House, The Old Dairy, 7 Wakefield Street, WC1H 8RT	Three-bedroom mews house arranged over three floors forming part of a small new build development. The property benefits from two terraces and en-suite bathrooms to all of the bedrooms.	2,380	Apr - 19	£2,475,000	£1,036	Located 0.6 miles north of the subject adjacent to St George's Garden open space in a slightly inferior location. Comprises of a large Mews house benefiting from a similar level of outside space. It does not include parking.
	8 Fitzroy Mews, London W1T 6D	Two-bedroom mews arranged over ground, first and second floors. The property is finished to a high specification with a secure internal garage, however, does not benefit from any private amenity space.	1,188	Mar -21	£1,570,000	£1,322	Located in a superior mews setting in close proximity to Great Portland Street, Warren Street, and Regents Park approximately 1.4 miles to the north west of the Property. Does not benefit from private amenity space but does have an internal garage for parking. Source: LonRes Agent: LDG
	10 Albion Mews, London N1 1JX	Three-bedroom mews arranged over ground, first and second floors. The property is finished to a poor specification and in need of refurbishment. The property benefits from a front courtyard garden, balcony and off-street parking	1,309	Feb - 21	£1,375,000	£1,050	Located 1.8 miles to the north of the Property in a superior mews setting in one of the most desirable location in Islington. Close proximity to Angel Station. Source: LonRes Agent: Kinleigh Folkard & Hayward
	4 Warren Mews, London W1T 6AW	Recently refurbished four-bedroom mews split over three floors. The Property is finished to a high specification, however, does not benefit from any outdoor private amenity space.	1,400	Aug - 20	£1,850,000	£1,321	Superior location in close proximity to Great Portland Street and Regents Park, approximately 1.3 miles to the north west of the Property. However, the comparable does not benefit from any outdoor amenity space. Source: LonRes Agent: Knight Frank
	35 Camden Mews, London NW1 9BY	Newly refurbished three bedroom mews with off street parking and large roof terrace arranged over ground and first floor. The property has been refurbished to an exceptionally high specification.	1,158	July - 20	£1,500,000	£1,295	Located 2.2 miles to the north of the Estate, the comparable benefits from off street parking. Source: LonRes Agents: Chestertons

5.17 We have sought to identify any further evidence of mews house sales from the area surrounding the subject property:

Address	Description & GIA	Date	Sale Price	Price psf
John Mews, WC1N	Three bed mews house Split over three floors Open plan kitchen on second floor which opens onto a terrace Located close to the proposed development 178.9 sq m / 1,926 sq ft	Asking	£2,100,000	£1,090
Brownlow Mews, WC1N	Three bed mews house Split over three floors with full roof terrace above, third bedroom currently arranged as a physiotherapy studio Within short walking distance of the subject property 140.3 sq m / 1,510 sq ft	Asking	£1,750,000	£1,159
8 Brownlow Mews, WC1N 2LD	Three bed mews house Split over four floors with two roof terraces Includes integral garage Unusual layout with first floor kitchen and living area, two bedrooms at second floor and on bedroom on ground floor Within short walking distance of the subject property 165.9 sq m / 1,786 sq ft	04/10/21	£1,950,000	£1,092

5.18 We note that the evidence of three-bedroom houses we have identified are considerably larger than the proposed three-bed houses and even in excess of the proposed four-bed house.

5.19 The three main comparable units used by LSH were the following:

- 9 Doughty Mews
- The Studio, 13-14 Doughty Mews
- 10-11 Kings Mews

5.20 9 Doughty Mews had sold at the time of LSH's valuation, having sold in February 2021. LSH state that the location of this property in an attractive mews setting would result in a higher value than the proposed houses.

5.21 We understand that The Studio, 13-14 Doughty Mews was advertised for auction sale through Allsop but note that it sold prior to the auction date. We have searched for the title from this sale but note that this is yet to be updated. LSH were of the view that they would expect the proposed mews housing to achieve a similar capital value £psf to the asking price of this unit at £1,065 psf with the exception of the larger four-bed unit.

5.22 The two units available for sale at 10-11 Kings Mews remain advertised for sale on the development's website. These units are over lower ground and ground. LSH note that these units do not have any outside amenity space. They state:

"We deem the proposed level of private amenity space will make the completed units far more attractive to potential purchasers when compared to the comparable."

5.23 However, LSH also state that they would expect the proposed units to achieve a similar capital value £psf. LSH have valued the proposed three-bed units considerably below the asking price from this development despite the above statements and the similar size of the proposed units and those at 10-11 Kings Mews. We note that these units remain on the market suggesting that the current asking price is above the market level for these units.

5.24 We note, with reference to the proposed two-bed mews house that within the development, 10-11 Kings Mews, a first floor two-bed flat, is available for £1,150,000 measuring 736 sq ft. This is above the value proposed for the two-bed mews housing. This unit also remains for sale.

5.25 We consider that the evidence suggests a higher values could be achieved. We have updated the values as follows:

Unit Type	NIA (sq ft)	Avg. Value	£psf	Count
Two-bed house	1,032	£1,200,000	£1,163	4
Three-bed house	1,225	£1,350,000	£1,102	5
Four-bed house	1,582	£1,500,000	£940	1
Total	**11,834**	**£13,050,000**	**£1,103**	**9**

5.26 We consider the evidence relatively limited but are of the view that based on the prices identified the above prices are reasonable.

<u>Ground Rents</u>

5.27 As of the 7th January 2021, MHCLG (Ministry of Housing, Communities & Local Government) announced that they are intending to table a leasehold reform bill to allow existing leaseholders to force the sale of 990-year lease extensions and reversion of the ground rent to a peppercorn. Whilst the legislation has not been passed the Government's position on ground rents is clearly heading towards their effective eradication. It is intended that the leasehold reform bill will be placed before Parliament later this year.

5.28 We have therefore excluded capitalised ground rental income from our appraisal. This is supported by limitations from many mortgage lenders lending on new build properties with such provision and by the help to buy scheme not being eligible to apartments subject to ground rents.

5.29 Noting the Government's restated intentions to introduce legislation reforming current leasehold practices within a period of approximately 1 year which would reduce ground rents to a nominal sum, we have excluded capitalised ground rental income from our appraisal. This is supported by limitations from many mortgage lenders lending on new build properties with such provisions and by the help to buy scheme not being eligible to apartments subject to ground rents.

5.30 It is not yet apparent whether the eradication of ground rents will result in a positive uplift to sales values on leasehold property where this obligation is at a nominal level but we reserve the right to revisit our valuation in the even that such evidence becomes available.

Affordable Housing Values

5.31 The proposed scheme includes 28 affordable housing units (50%) which is split between 23 social rent units and 5 intermediate units, 82% / 18% in favour of social rent. These are split as follows:

	One-bed	Two-bed	Three-bed	Four-bed
Social Rent	5	12	5	1
Intermediate	5	-	-	-

5.32 Policy H4 of LBC's Local Plan requires a target of 50% affordable housing on sites with capacity for 25 or more affordable dwellings. The target tenure split is 60% social / affordable rent and 40% intermediate. The London Plan requires the delivery of at least 50% affordable housing on public sector land on each site.

5.33 The proposals include 50% affordable housing complying with the above requirements, with a tenure split more heavily weighted in favour of social / affordable housing than set out in LBC's Local Plan.

5.34 These units have been valued by LSH. With regard to the LAR units, LSH have adopted the following weekly rents which are the LAR benchmarks:

- One-bed: £161.71 pw
- Two-bed: £171.20 pw
- Three-bed: £180.72 pw
- Four-bed: £190.23 pw

5.35 LSH have made the following valuation assumptions:

- Non-recoverable costs: 20%
- Cash-flow period: 50 years
- Growth: 2%
- NPV: 4.5%

5.36 LSH calculate a value of £4,622,000 (£252 psf). We have reproduced LSH's cashflow using the inputs outlined above and calculate a higher gross value of £4,843,000 (£263 psf), our value equates to a net initial yield of 4.26%. It is unclear how this difference in overall values has occurred given we have adopted the same inputs as LSH. We have valued the affordable on a unit-by-unit basis as follows:

- One-bed: £197,403
- Two-bed: £208,987
- Three-bed: £220,609
- Four-bed: £232,218

5.37 We have adopted these values and applied them to the subject site.

5.38 The intermediate units have been valued with reference to the Camden Planning Guidance definition of intermediate rent, which is as follows:

"The Council's Intermediate Housing Strategy sets out our priority groups, target household incomes and affordability calculation for intermediate housing. The Council considers housing to be affordable where housing costs (including rent and service charges) take up no more that 40% of net household income (with net income assumed to be 70% of gross income). The strategy seeks to ensure that the majority intermediate housing in each scheme is affordable to households with gross annual incomes between £30,000 and £40,000, based on 2016 earnings. The Intermediate Housing Strategy also provides for this priority income range to be adjusted by wage inflation. The priority income range as adjusted to 2019 is £31,950 to £42,600."

5.39 LSH have adopted the upper range of this income. They have then made the following assumptions:

- Gross to net income: 70%
- Housing costs as % of net income: 40%
- Operating costs: 20%
- Cash flow: 50 years
- Growth 2%
- NPV: 5.25%

5.40 LSH calculate a value of £1,160,000 (£414 psf) using the above inputs. We have recreated their model and again calculate a higher gross value of £1,223,000 (£437 psf). As with the LAR valuation we have adopted the same inputs as LSH but calculate higher values. We have adopted our valuation within our appraisal.

5.41 Given the status of the applicant, we recommend that the Council's valuations of the LAR and intermediate units are provided and used within the viability assessment, rather than reliance being placed on LSH's valuation.

Grant Funding

5.42 We understand that the applicant has explored grant funding options for the proposed development. DWD outline that they have secured certain grants but that these values have not been included in the appraisal as they do not consider that a 'hypothetical developer' would have access to such grants.

5.43 The grants available are as follows:

5.44 £1,000,000 in GLA funding for the delivery of the underbuilds on site. This equates to £100,000 per unit and DWD advise that it is required to be spent in part by March 2023 and will be available once planning permission is granted.

5.45 The applicant also has funds from the S106 of Parker House that have been ringfenced for the delivery of affordable housing on Tybalds Estate. These funds equate to £3,100,000.

5.46 While DWD are correct that a 'hypothetical developer' would not have access to the funds outlined, NPPG is clear in its definition of gross development value that "grant and other external sources of funding should be considered". This is supported by the Mayor of London's Affordable Housing and Viability SPG which states:

"In all cases applicants should determine whether grant and other forms of subsidy are available which should be used to increase the level of affordable housing delivered"

5.47 Given the guidance available we consider that the grant funding should be included as a developer revenue at the beginning of the development.

Community Space

5.48 The development will include two community halls. These are dues to be managed by the Tenants and Residents' Association (TRA) and no rental income will be made by the halls.

5.49 For the purposes of their assessment, DWD have assumed that if a hypothetical developer secured planning permission for the proposed development, the consent would be conditional on the developer transferring ownership of the community halls to the TRA for a nominal cost. We consider this assumption reasonable and have not applied a revenue to these halls.

6.0 DEVELOPMENT COSTS

Construction Costs

6.1 Our Cost Consultant, Neil Powling, has analysed the build cost plan for the proposed scheme prepared by Moulton Taggart, dated 29th June 2021, and concludes that:

The cost plan is generally the Cost Plan 3 dated 3 Nov 2019 with lump sum adjustments for each functional section to cost plan 6 dated May 2021 but stated to be current costs which at the date of issue are 4Q2021.

In our opinion there should be more detail of the adjustments in the cost plan from CP 3 to CP 6 shown in our analysis in the row below external works. Ideally, we would expect a completely new cost plan for the current scheme. The finishings have been collected to the summaries as a single item rather than split (as the detailed costs) as wall, floor and ceiling finishes. The services have also been collected to the summary as a single group element – there is sufficient detail to collect as individual services elements. There is insufficient detail in the itemised cost plan to enable us to form an opinion of the reasonableness of the costs. Eg an item for the external walls of the Eastern Mews is "New brickwork and blockwork cavity walls ….. item …. £280,140". Typically, the total build costs of the blocks exceed £4,000/m² - this is a high build cost rate that will require full supporting detail to justify.

The allowance for contingencies provided in the appraisal is 10%. We generally consider 5% reasonable and appropriate for works of new build. E suggest the allowance should be reduced to 5%.

Our total GIA for each of the blocks yield a total of £5,112m²; the total in the appraisal is 55,250ft² (5,158m²). We have not identified the source of the difference.

Because of the limits in the information provided (refer to 3.6 below) we have not been able to undertake a full benchmarking exercise. Our initial benchmarking indicates that we expect to be able to conclude that the underbuilds and bulk store build costs are reasonable.

6.2 Mr Powling's full cost report can be found at Appendix 1.

6.3 DWD have allowed for 15% professional fees on the build cost with the exception of the disabled ramp access and landscaping elements on which 10% has been assumed. The 15% allowance is stated to be based on the complexity of infill development. While we accept that there may be an increased cost to reflect complex developments, we note that as a factor of the build cost, which also increases due to the complexities of the build, an increase is still evident at 10%. We request further detail to confirm the inclusion of a higher build cost.

6.4 The applicant's consultants have applied the following sales cost assumptions:

- Marketing fees of 1.25% on private GDV
- Agent fees of 1% on private GDV
- Legal fees of 0.5% on private GDV
- Agent and legal fees of 1.25% on affordable GDV

6.5 We have reduced the affordable sales agent and legal fees to 0.25% to reflect agent fees only. We have also reduced the private residential legal fees to 0.25%. We accept the other assumed inputs.

6.6 CIL charges have been assumed as follows:

- Camden CIL: £478,368
- Mayoral CIL: £214,298
- Carbon offset: £139,133
- Highway contribution: £100,000

6.7 We have not verified these amounts and request confirmation from the Council that these amounts are reasonable.

6.8 Finance has been included at 6.5% assuming that the scheme is 100% debt financed. We consider this reasonable on a hypothetical developer basis but would expect the Council to be able to borrow at lower rates.

6.9 The developer profit target adopted by DWD is as follows:

- Private profit: 17.5% on GDV
- Affordable profit: 6.5% on GDV

6.10 We consider the private profit allowance reasonable but would expect an affordable profit target of 6% to be adopted in line with industry standards.

Development Timeframes

6.11 DWD have assumed that the development would come forward in two phases split as follows:

- Phase 1: Eastern Mews, Western Mews, Block D, Underbuilds
- Phase 2: Block B, Block C

6.12 They have assumed a 6 month pre-construction period prior to any development. We consider this assumption reasonable.

6.13 They have assumed the following construction period for each phase:

- Phase 1: 17 months
- Phase 2: 21 months

6.14 The BCIS Duration indicator suggests timescales of 76 weeks (c.17.5 months) for Phase 1 and 72 weeks (c.16.5 months) for Phase 2. We note that within their Argus appraisal elements of the development are phased at different times within each phase, for example the mews housing has a shorter development period than the overall 17 months for the phase within which it has been placed by DWD.

6.15 We note that a period of 8 months has been allowed for between the practical completion of Phase 1 and the commencement of construction at Phase 2. DWD outline:

Camden anticipates that this [Phase 2] will commence no earlier than January 2024 [8 months after the completion of Phase 1]. This is in part to enable sufficient time for the required funding to be secured, following the completion of phase 1 and the sale of these units. It is also to facilitate the logistics of construction on the site, and to manage and mitigate the disturbance caused to residents by the two construction phases.

6.16 This is supported by the Construction Logistics Plan provided with the application.

6.17 We would generally expect the construction of Phase 2 to immediately follow the practical completion of Phase 1. For the purposes of this assessment, we have depended on the information from the Construction Logistics Plan which states that development of Phase 2 will not begin until 2024.

6.18 DWD have assumed private sales would comprise 25% off-plan sales and subsequent sales of one unit per month. We have investigated sales rates and note the following:

Bourne Estate:

Date	For Sale	Sold
Dec-20	0	31
Sept-19	4	27
Jun-19	4	27
Mar-19	5	26
Dec-18	11	20
Sept-18	21	10
Jun-18	27	4
Mar-18	27	4
Dec-17	28	3
Oct-17*	31	0
Avg. sales pcm		**1.15**

*Practical completion

Postmark:

Date	For Sale	Sold
Sep-21	34	229
Jun-21	50	213
Mar-21	61	202
Dec-20	5	146
Sep-20	6	145
Jun-20	6	145
Mar-20	8	143
Dec-19	22	129
Sept-19	48	103
Jun-19	84	67
Mar-19	91	60
Dec-18	106	45
Sept-18*	118	33
Avg. sales pcm		**5.30**

*Launch

Chapter House (Parker House):

Date	For Sale	Sold
Sept-21	18	22
Jun-21	20	20
Mar-21	20	20
Dec-20	24	16
Sept-20	24	16
Jun-20	24	16
Mar-20	28	12
Dec-19	31	9
Sept-19*	40	0
Avg. sales pcm		**0.96**

*Launch

6.19 We consider Postmark to represent a different type of development to the subject noting the level of specification and that it is brought forward by Taylor Wimpey who we understand have an extensive marketing budget, including more global marketing.

6.20 The other development we have identified appear to broadly support a sale rate of one unit per month. While we consider this appears a low estimate, given the data available we accept this assumption.

6.21 For the purposes of this assessment we have adopted the development programme assumed by DWD within their Argus appraisal, however we request clarity and confirmation of the detail, ideally supported through a development programme plan, in order to confirm this position.

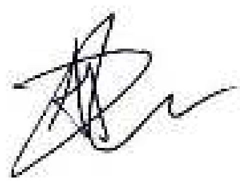
7.0 AUTHOR SIGN OFF

This report is provided for the stated purpose and for the sole use of the named clients. This report may not, without written consent, be used or relied upon by any third party.

The authors of this report confirm that there are no conflicts of interest and measures have been put in place to prevent the risk of the potential for a conflict of interest. In accordance with the RICS Professional Statement *Financial Viability in Planning: Conduct and Reporting* September 2019, this report has been prepared objectively, impartially, and with reference to all appropriate sources of information.

The following persons have been involved in the production of this report:

Andrew Hertzell MRICS
RICS Membership no. 6782528
For and on behalf of
BPS Chartered Surveyors



Andrew Jones MRICS
Registered Valuer
RICS Membership no. 0085834
For and on behalf of
BPS Chartered Surveyors

5th November 2021

Appendix 1: Build Cost Report

ect: Tybalds Estate, New North St, Camden WC1N

2021/3580/P

Independent Review of Assessment of Economic Viability

Cost Report

1 SUMMARY

1.1 The cost plan is generally the Cost Plan 3 dated 3 Nov 2019 with lump sum adjustments for each functional section to cost plan 6 dated May 2021 but stated to be current costs which at the date of issue are 4Q2021.

1.2 In our opinion there should be more detail of the adjustments in the cost plan from CP 3 to CP 6 shown in our analysis in the row below external works. Ideally, we would expect a completely new cost plan for the current scheme. The finishings have been collected to the summaries as a single item rather than split (as the detailed costs) as wall, floor and ceiling finishes. The services have also been collected to the summary as a single group element – there is sufficient detail to collect as individual services elements. There is insufficient detail in the itemised cost plan to enable us to form an opinion of the reasonableness of the costs. Eg an item for the external walls of the Eastern Mews is "New brickwork and blockwork cavity walls ….. item …. £280,140". Typically, the total build costs of the blocks exceed £4,000/m² - this is a high build cost rate that will require full supporting detail to justify.

1.3 The allowance for contingencies provided in the appraisal is 10%. We generally consider 5% reasonable and appropriate for works of new build. E suggest the allowance should be reduced to 5%.

1.4 Our total GIA for each of the blocks yield a total of £5,112m²; the total in the appraisal is 55,250ft² (5,158m²). We have not identified the source of the difference.

1.5 Because of the limits in the information provided (refer to 3.6 below) we have not been able to undertake a full benchmarking exercise. Our initial benchmarking indicates that we expect to be able to conclude that the underbuilds and bulk store build costs are reasonable.

2 METHODOLOGY

2.1 The objective of the review of the construction cost element of the assessment of economic viability is to benchmark the Applicant's costs against RICS Building Cost Information Service (BCIS) average costs. We use BCIS costs for benchmarking because it is a national and independent database. Many companies prefer to benchmark against their own data which they often treat as confidential. Whilst this is understandable as an internal exercise, in our view it is insufficiently robust as a tool for assessing viability compared to benchmarking against BCIS. A key characteristic of benchmarking is to measure performance against external data. Whilst a company may prefer to use their own internal database, the danger is that it measures the company's own projects against others of its projects with no external test. Any inherent discrepancies will not be identified without some independent scrutiny.

2.2 BCIS average costs are provided at mean, median and upper quartile rates (as well as lowest, lower quartile and highest rates). We generally use mean or occasionally upper quartile for benchmarking. The outcome of the benchmarking is little affected, as BCIS levels are used as a starting point to assess the level of cost and specification enhancement in the scheme on an element by element basis. BCIS also provide a location factor compared to a UK mean of 100; our benchmarking exercise adjusts for the location of the scheme. BCIS Average cost information is available on a default basis which includes all historic data with a weighting for the most recent, or for a selected maximum period ranging from 5 to 40 years. We generally consider both default and maximum 5-year average prices; the latter are more likely to reflect current regulations, specification, technology and market requirements.

2.3 BCIS average prices are available on an overall £ per sqm and for new build work on an elemental £ per sqm basis. Rehabilitation/conversion data is available an overall £ per sqm and on a group element basis ie. substructure, superstructure, finishings, fittings and services – but is not available on an elemental basis. A comparison of the applicants elemental costing compared to BCIS elemental benchmark costs provides a useful insight into any differences in cost. For example: planning and site location requirements may result in a higher than normal cost of external wall and window elements.

2.4 If the application scheme is for the conversion, rehabilitation or refurbishment of an existing building, greater difficulty results in checking that the costs are reasonable, and the benchmarking exercise must be undertaken with caution. The elemental split is not available from the BCIS database for rehabilitation work; the new build split may be used instead as a check for some, but certainly not all, elements. Works to existing buildings vary greatly from one building project to the next. Verification of costs is helped greatly if the cost plan is itemised in reasonable detail thus describing the content and extent of works proposed.

2.5 BCIS costs are available on a quarterly basis – the most recent quarters use forecast figures, the older quarters are firm. If any estimates require adjustment on a time basis we use the BCIS all-in Tender Price Index (TPI).

2.6 BCIS average costs are available for different categories of buildings such as flats, houses, offices, shops, hotels, schools etc. The Applicant's cost plan should ideally keep the estimates for different categories separate to assist more accurate benchmarking. However if the Applicant's cost plan does not distinguish different categories we may calculate a blended BCIS average rate for benchmarking based on the different constituent areas of the overall GIA.

2.7 To undertake the benchmarking we require a cost plan prepared by the applicant; for preference in reasonable detail. Ideally the cost plan should be prepared in BCIS elements. We usually have to undertake some degree of analysis and rearrangement before the applicant's elemental costs can be compared to BCIS elemental benchmark figures. If a further level of detail is available showing the build-up to the elemental totals it facilitates the review of specification and cost allowances in determining adjustments to benchmark levels. An example might be fittings that show an allowance for kitchen fittings, bedroom wardrobes etc that is in excess of a normal BCIS benchmark allowance.

2.8 To assist in reviewing the estimate we require drawings and (if available) specifications. Also any other reports that may have a bearing on the costs. These are often listed as having being used in the preparation of the estimate. If not provided we frequently download additional material from the documents made available from the planning website.

2.9 BCIS average prices per sqm include overheads and profit (OHP) and preliminaries costs. BCIS elemental costs include OHP but not preliminaries. Nor do average prices per sqm or elemental costs include for external services and external works costs. Demolitions and site preparation are excluded from all BCIS costs. We consider the Applicants detailed cost plan to determine what, if any, abnormal and other costs can properly be considered as reasonable. We prepare an adjusted benchmark figure allowing for any costs which we consider can reasonably be taken into account before reaching a conclusion on the applicant's cost estimate.

2.10 We undertake this adjusted benchmarking by determining the appropriate location adjusted BCIS average rate as a starting point for the adjustment of abnormal and enhanced costs. We review the elemental analysis of the cost plan on an element by element basis and compare the Applicants total to the BCIS element total. If there is a difference, and the information is available, we review the more detailed build-up of information considering the specification and rates to determine if the additional cost appears justified. If it is, then the calculation may be the difference between the cost plan elemental £/m^2 and the equivalent BCIS rate. We may also make a partial adjustment if in our opinion this is appropriate. The BCIS elemental rates are inclusive of OHP but exclude preliminaries. If the Applicant's costings add preliminaries and OHP at the end of the estimate (as most typically do) we add these to the adjustment amounts to provide a comparable figure to the Applicant's cost estimate. The results of the elemental analysis and BCIS benchmarking are generally issued as a PDF but upon request can be provided as an Excel spreadsheet.

3 GENERAL REVIEW

3.1 We have been provided with and relied upon the Affordable Housing Viability Appraisal issued July 2021 by DWD, also the Cost Plan 6 Scheme Appraisal Summary Rev B; and subsequently following our request for more detailed cost information: the Cost Plan 6 Scheme Appraisal Summary Rev B issued Oct 21.

3.2 We have also downloaded a number of files from the planning web site.

3.3 The cost plan is generally the Cost Plan 3 dated 3 Nov 2019 with lump sum adjustments for each functional section to cost plan 6 dated May 2021 but stated to be current costs which at the date of issue are 4Q2021. Our benchmarking uses current BCIS data which is on a current tender firm price basis. The BCIS all-in Tender Price Index (TPI) for 4Q2021 355 (forecast).

3.4 No design information used to produce the cost plan has been scheduled. There is therefore no structural or services information listed.

3.5

The cost plan includes an allowance of 14.7% for preliminaries. There is no separate allowance for overheads and profit (OHP) which we therefore assume to be included
3.6 in the rates. We consider the allowance for preliminaries reasonable.

In our opinion there should be more detail of the adjustments in the cost plan from CP 3 to CP 6 shown in our analysis in the row below external works. Ideally, we would expect a completely new cost plan for the current scheme. The finishings have been collected to the summaries as a single item rather than split (as the detailed costs) as wall, floor and ceiling finishes. The services have also been collected to the summary as a single group element – there is sufficient detail to collect as individual services elements. There is insufficient detail in the itemised cost plan to enable us to form an opinion of the reasonableness of the costs. Eg an item for the external walls of the Eastern Mews is “New brickwork and blockwork cavity walls ….. item …. £280,140”. Typically, the total build costs of the blocks exceed £4,000/m² - this is a high build cost rate that will require full supporting
3.7 detail to justify.

The allowance for contingencies provided in the appraisal is 10%. We generally consider 5% reasonable and appropriate for works of new build. E suggest the
3.8 allowance should be reduced to 5%.

We have extracted the cost information provided by the Applicant into a standard
3.9 BCIS/NRM format to facilitate our benchmarking.

Sales have been included in the Appraisal at average figures ranging from £1,041/ft²
3.10 to £1,150/ft² (Net Sales Area).

We have downloaded current BCIS data for benchmarking purposes including a Location Factor for Camden of 132 that has been applied in our benchmarking
3.11 calculations.

We have adopted the same GIAs used in the Applicant’s cost plan; we assume this to be the GIAs calculated in accordance with the RICS Code of Measurement 6th Edition 2007. Our total GIA for each of the blocks yield a total of £5,112m²; the total in the appraisal is 55,250ft² (5,158m²). We have not identified the source of
3.12 the difference.

The development comprises a number of blocks primarily of 7-14 storey blocks. There are also three underbuilds blocks. BCIS average cost data is given in steps: 1-2 storey, 3-5 storey, 6 storey or above. We consider it appropriate to benchmark
3.13 the whole development as 6 storey or above.

Because of the limits in the information provided (refer to 3.6 above) we have not been able to undertake a full benchmarking exercise. Our initial benchmarking indicates that we expect to be able to conclude that the underbuilds and bulk store
3.14 build costs are reasonable.

The costs included in the appraisal are consistent with the costs in the cost plan. There is a discrepancy of 46m² in the area as identified in 3.11 above.

BPS Chartered Surveyors

Date: 2nd November 2021

Tybalds Estate, New North St, Camden WC1N

Elemental analysis & BCIS benchmarking

Phase 1 | Phase 2

			TOTAL		Eastern Mew s		Western Mews		Blk B Boswell St		Blemundsbury underbuild	
		GIA m²		5,112		592		508		1,054		345
			£	£/m²	£	£/m²	£	£/m²	£	£/m²	£	£/m²
1.21%		**Demolitions**	**231,055**	**45**					**4,900**	**5**	**76,630**	**222**
	1	**Substructure**	**1,464,755**	**287**	**223,995**	**378**	**166,103**	**327**	**182,965**	**174**	**72,960**	**211**
	2A	Frame	1,314,378	257	25,000	42	15,000	30	639,241	606		0
	2B	Upper Floors	1,564,201	306	44,100	74	25,095	49	649,833	617		0
	2C	Roof	1,079,510	211	204,380	345	117,805	232	231,750	220		0
	2D	Stairs	247,500	48	75,000	127	45,000	89	68,000	65		0
	2E	External Walls	1,866,435	365	338,840	572	219,115	431	587,795	558	5,630	16
	2F	Windows & External Doors	1,417,300	277	171,100	289	90,200	178	358,250	340	80,400	233
	2G	Internal Walls & Partitions	1,398,495	274	101,435	171	47,310	93	346,505	329	89,085	258
	2H	Internal Doors	366,000	72	32,600	55	17,400	34	105,650	100	17,400	50
	2	**Superstructure**	**9,253,819**	**1,810**	**992,455**	**1,676**	**576,925**	**1,136**	**2,987,024**	**2,834**	**192,515**	**558**
	3A	Wall Finishes	94,450	18	94,450	160		0		0		0
	3B	Floor Finishes	1,677,960	328	82,640	140	109,230	215	483,770	459	109,420	317
	3C	Ceiling Finishes	16,800	3	16,800	28		0		0		0
	3	**Internal Finishes**	**1,789,210**	**350**	**193,890**	**328**	**109,230**	**215**	**483,770**	**459**	**109,420**	**317**
	4	**Fittings**	**995,413**	**195**	**121,000**	**204**	**69,750**	**137**	**244,950**	**232**	**57,150**	**166**
	5A	Sanitary Appliances	0									
	5B	Services Equipment (kitchen, laundry)	0									
	5C	Disposal Installations	20,300	4	20,300	34		0		0		0
	5D	Water Installations	89,500	18	28,500	48		0	36,000	34	5,000	14
	5E	Heat Source - air source heat pump	119,890	23	12,500	21	12,500	25	31,890	30		0
	5F	Space Heating & Air Treatment	100,580	20	75,200	127		0		0		0
	5G	Ventilating Systems, smoke extract & control	44,800	9	44,800	76		0		0		0
	5H	Electrical Installations (power, lighting, emergency lighting, standby generator, UPS)	3,661,535	716	56,000	95	193,210	380	1,166,250	1,106	207,750	602
	5I	Fuel Installations	5,000	1	5,000	8		0		0		0
	5J	Lift Installations	0									
	5K	Protective Installations (fire fighting, dry & wet risers, sprinklers, lightning protection)	0									
	5L	Communication Installations (burglar, panic alarm, fire alarm, cctv, door entry, public address, data cabling, tv/satellite, telecommunication systems, leak detection, induction loop)	24,300	5	24,300	41		0		0		0
	5M	Special Installations - (window cleaning, BMS, medical gas)	0									
	5N	BWIC with Services	14,500	3	14,500	24		0		0		0
	5O	Extra over Zero Carbon	176,745	35	20,090	34	17,640	35	37,205	35	10,225	30
	5	**Services**	**4,257,150**	**833**	**301,190**	**509**	**223,350**	**440**	**1,271,345**	**1,206**	**222,975**	**646**
	6A	Site Works	1,594,218	312	30,250	51	14,550	29	4,950	5	3,000	9
	6B	Drainage	97,880	19	12,500	21		0		0		0
	6C	External Services	52,500	10	52,500	89		0		0		0
	6D	Minor Building Works - refuse store, bik e racks	94,400	18	45,000	76	22,500	44		0	24,500	71
10.56%	**6**	**External Works**	**1,838,998**	**360**	**140,250**	**237**	**37,050**	**73**	**4,950**	**5**	**27,500**	**80**
-3.03%		**Changes Cost Plan 3 to 6**	**-582,397**	**-114**	**47,800**	**81**	**666,488**	**1,312**	**-1,465,924**	**-1,391**	**41,165**	**119**
		SUB TOTAL	**19,248,003**	**3,766**	**2,020,580**	**3,413**	**1,848,896**	**3,640**	**3,713,980**	**3,524**	**800,315**	**2,320**
14.70%	**7**	**Preliminaries**	**2,830,066**	**554**	**303,087**	**512**	**277,334**	**546**	**557,097**	**529**	**120,047**	**348**
		Overheads & Profit	0									
		SUB TOTAL	**22,078,069**	**4,319**	**2,323,667**	**3,925**	**2,126,230**	**4,185**	**4,271,077**	**4,052**	**920,362**	**2,668**
0.26%		Design Development risks	57,000	11								
		Construction risks	0	0								
		Employer change risks	0	0								
		Employer other risks	0	0								
		TOTAL	**22,135,069**	**4,330**	**2,323,667**	**3,925**	**2,126,230**	**4,185**	**4,271,077**	**4,052**	**920,362**	**2,668**
2.67%		Inflation CP 3 3 Nov 2019 to CP6 May 21 - 2.7%	591,737	116	62,739	106	57,408	113	138,383	131	24,850	72
		TOTAL	**22,726,806**	**4,446**	**2,386,406**	**4,031**	**2,183,638**	**4,299**	**4,409,460**	**4,184**	**945,212**	**2,740**
2.58%		Site specific - Removal of contaminated soil	585,920	115	99,880	169	93,022	183	37,950	36		0
3.07%		Site specific - General	697,026	136	14,924	25	13,671	27	27,638	26	216,565	628
1.36%		Site specific - PV Panels	308,100	60								
		Total Works - as posted in the appraisal	**24,317,852**	**4,757**	**2,501,210**	**4,225**	**2,290,331**	**4,509**	**4,475,048**	**4,246**	**1,161,777**	**3,367**
		There is insufficient detail to do enhanced e lemental benchmarking		4,757		4,225		4,509		4,246	2,485,033	3,367
		Benchmarking				2,521		2,521		2,521		2,521
		Add cost of external works			237		73		5		80	
		Additional cost of substructure			172		121		-32		6	
		Add zero carbon			34		35		35		30	
		Add site specific contaminated soil			169		183		36		0	
		Add site specific - general			25		27		26		628	
					637		439		70		743	
		Add prelims 14.7%			94		64		10		109	
		Add inflation 2.7%			20	751	14	517	2	82	23	875
		Total adjusted benchmarking (exc enhanced elemental)				3,272		3,038		2,604		3,396

	Richbell Underbuild		Falcon underbuild		Falcon TRA Hall		Babington Court ramps		Bulk Store		Siteworks	
GIA m²		187		237		163						
	£	£/m²	£	£/m²	£	£/m²	£	£/m²	£	£/m²	£	£/m²
Demolitions	**47,405**	**254**	**51,900**	**219**	**24,510**	**150**	**6,930**		**7,750**			
1 Substructure	**38,745**	**208**	**49,663**	**210**	**37,950**	**233**	**19,164**		**13,790**			
2A Frame		0		0		0						
2B Upper Floors		0		0		0						
2C Roof		0		0		0	10,110					
2D Stairs		0		0		0						
2E External Walls	2,500	13	3,750	16	2,500	15	10,605		12,500			
2F Windows & External Doors	36,500	196	45,850	193	28,500	175	6,250					
2G Internal Walls & Partitions	51,900	278	64,590	273	43,100	264						
2H Internal Doors	12,000	64	12,000	51	5,700	35	6,000					
2 Superstructure	**102,900**	**552**	**126,190**	**532**	**79,800**	**490**	**32,965**	**0**	**12,500**	**0**	**0**	**0**
3A Wall Finishes		0		0		0						
3B Floor Finishes	62,500	335	79,400	335	34,650	213	7,725					
3C Ceiling Finishes		0		0		0						
3 Internal Finishes	**62,500**	**335**	**79,400**	**335**	**34,650**	**213**	**7,725**	**0**	**0**	**0**	**0**	**0**
4 Fittings	**32,300**	**173**	**45,550**	**192**	**13,550**	**83**	**5,000**		**20,063**			
5A Sanitary Appliances												
5B Services Equipment (kitchen, laundry)												
5C Disposal Installations		0		0		0						
5D Water Installations	2,000	11	3,000	13		0						
5E Heat Source - air source heat pump		0		0		0						
5F Space Heating & Air Treatment		0		0		0						
5G Ventilating Systems, smoke extract & control		0		0		0						
5H Electrical Installations (power, lighting, emergency lighting, standby generator, UPS)	110,130	591	141,970	599	85,400	524	7,615		2,500			
5I Fuel Installations		0		0		0						
5J Lift Installations												
5K Protective Installations (fire fighting, dry & wet risers, sprinklers, lightning protection)												
5L Communication Installations (burglar, panic alarm, fire alarm, cctv, door entry, public address, data cabling, tv/satellite, telecommunication systems, leak detection, induction loop)		0		0		0						
5M Special Installations - (window cleaning, BMS, medical gas)												
5N BWIC with Services		0		0		0						
5O Extra over Zero Carbon	5,175	28	6,575	28		0						
5 Services	**117,305**	**629**	**151,545**	**639**	**85,400**	**524**	**7,615**	**0**	**2,500**	**0**	**0**	**0**
6A Site Works	1,500	8	2,250	9		0	90,702				1,314,435	
6B Drainage		0		0		0					85,380	
6C External Services		0		0		0						
6D Minor Building Works - refuse store, bik e racks	1,200	6	1,200	5		0						
6 External Works	**2,700**	**14**	**3,450**	**15**	**0**	**0**	**90,702**	**0**	**0**	**0**	**1,399,815**	**0**
Changes Cost Plan 3 to 6		**0**		**0**		**0**			**16,990**		**122,955**	
SUB TOTAL	**403,855**	**2,165**	**507,698**	**2,142**	**275,860**	**1,692**	**170,101**	**0**	**73,593**	**0**	**1,522,770**	**0**
7 Preliminaries	**60,578**	**325**	**76,155**	**321**	**41,379**	**254**	**25,549**		**7,359**		**152,277**	
Overheads & Profit												
SUB TOTAL	**464,433**	**2,490**	**583,853**	**2,464**	**317,239**	**1,946**	**195,650**	**0**	**80,952**	**0**	**1,675,047**	**0**
Design Development risks												
Construction risks												
Employer change risks												
Employer other risks												
TOTAL	**464,433**	**2,490**	**583,853**	**2,464**	**317,239**	**1,946**	**195,650**	**0**	**80,952**	**0**	**1,675,047**	**0**
Inflation CP 3 3 Nov 2019 to CP6 May 21 - 2.7%	12,540	67	15,764	67	8,565	53	5,283		850		17,588	
TOTAL	**476,973**	**2,557**	**599,617**	**2,530**	**325,804**	**1,999**	**200,933**	**0**	**81,802**	**0**	**1,692,635**	**0**
Site specific - Removal of contaminated soil		0		0		0	24,136				102,700	
Site specific - General	109,283	586	137,383	580	3,685	23					51,350	
Site specific - PV Panels												
Total Works - as posted in the appraisal	**586,256**	**3,143**	**737,000**	**3,110**	**329,489**	**2,021**	**225,069**	**0**	**81,802**	**0**	**1,846,685**	**0**
There is insufficient detail to do enhanced e lemental benchmarking		3,143		3,110		2,021						
Benchmarking		2,521		2,521		2,521						
Add cost of external works	14		15		0							
Additional cost of substructure	2		4		27							
Add zero carbon	28		28		0							
Add site specific contaminated soil	0		0		0							
Add site specific - general	586		580		23							
	630		626		50							
Add prelims 14.7%	93		92		7							
Add inflation 2.7%	20	742	19	737	2	58						
Total adjusted benchmarking (exc enhanced elemental)		3,263		3,258		2,580						

	Blk B Orde Hall St		Blk C Tybalds Square		Devonshire Lift		Chancellors Court		PV Panels (Blemendsbury,		LF100	LF132
GIA m²		1,392		634								
	£	£/m²	£	£/m²	£	£/m²	£	£/m²	£	£/m²	£/m²	£/m²
Demolitions	**3,100**	**2**	**1,000**	**2**			**6,930**					
1 Substructure	**313,821**	**225**	**301,135**	**475**	**25,300**		**19,164**				**156**	**206**
2A Frame	308,996	222	226,141	357	100,000						139	183
2B Upper Floors	601,903	432	228,270	360	15,000						85	112
2C Roof	272,530	196	217,825	344	15,000		10,110				97	128
2D Stairs	34,000	24	25,500	40							31	41
2E External Walls	343,145	247	289,950	457	39,500		10,605				198	261
2F Windows & External Doors	319,900	230	274,100	432			6,250				93	123
2G Internal Walls & Partitions	393,140	282	261,430	412							72	95
2H Internal Doors	80,200	58	71,050	112			6,000				53	70
2 Superstructure	**2,353,814**	**1,691**	**1,594,266**	**2,515**	**169,500**	**0**	**32,965**	**0**	**0**	**0**	**768**	**1,014**
3A Wall Finishes		0		0							77	102
3B Floor Finishes	448,010	322	252,890	399			7,725				64	84
3C Ceiling Finishes		0		0							41	54
3 Internal Finishes	**448,010**	**322**	**252,890**	**399**	**0**	**0**	**7,725**	**0**	**0**	**0**	**182**	**240**
4 Fittings	**281,350**	**202**	**99,750**	**157**			**5,000**				**65**	**86**
5A Sanitary Appliances											31	41
5B Services Equipment (kitchen, laundry)											27	36
5C Disposal Installations		0		0							14	18
5D Water Installations	15,000	11		0							35	46
5E Heat Source - air source heat pump	45,000	32	18,000	28							51	67
5F Space Heating & Air Treatment		0	25,380	40							106	140
5G Ventilating Systems, smoke extract & control		0		0							19	25
5H Electrical Installations (power, lighting, emergency lighting, standby generator, UPS)	974,775	700	541,120	854	167,200		7,615				93	123
5I Fuel Installations		0		0							7	9
5J Lift Installations											39	51
5K Protective Installations (fire fighting, dry & wet risers, sprinklers, lightning protection)											12	16
5L Communication Installations (burglar, panic alarm, fire alarm, cctv, door entry, public address, data cabling, tv/satellite, telecommunication systems, leak detection, induction loop)		0		0							24	32
5M Special Installations - (window cleaning, BMS, medical gas)											44	58
5N BWIC with Services		0		0							15	20
5O Extra over Zero Carbon	50,225	36	29,610	47								
5 Services	**1,085,000**	**779**	**614,110**	**969**	**167,200**	**0**	**7,615**	**0**	**0**	**0**	**517**	**682**
6A Site Works	19,950	14	8,400	13	15,000		89,231					
6B Drainage		0		0								
6C External Services		0		0								
6D Minor Building Works - refuse store, bik e racks		0		0								
6 External Works	**19,950**	**14**	**8,400**	**13**	**15,000**	**0**	**89,231**	**0**	**0**	**0**	**0**	**0**
Changes Cost Plan 3 to 6	**-46,770**	**-34**	**-40,601**	**-64**	**75,500**							
SUB TOTAL	**4,458,275**	**3,203**	**2,830,950**	**4,465**	**452,500**	**0**	**168,630**	**0**	**0**	**0**	**1,688**	**2,228**
7 Preliminaries	**668,741**	**480**	**424,643**	**670**	**90,500**		**25,320**					
Overheads & Profit												
SUB TOTAL	**5,127,016**	**3,683**	**3,255,593**	**5,135**	**543,000**	**0**	**193,950**	**0**	**0**	**0**	**1,688**	**2,228**
Design Development risks					57,000							
Construction risks												
Employer change risks												
Employer other risks												
TOTAL	**5,127,016**	**3,683**	**3,255,593**	**5,135**	**600,000**	**0**	**193,950**	**0**	**0**	**0**		
Inflation CP 3 3 Nov 2019 to CP6 May 21 - 2.7%	138,429	99	87,901	139	16,200		5,237					
TOTAL	**5,265,445**	**3,783**	**3,343,494**	**5,274**	**616,200**	**0**	**199,187**	**0**	**0**	**0**		
Site specific - Removal of contaminated soil	128,324	92	75,772	120			24,136					
Site specific - General	38,317	28	84,210	133								
Site specific - PV Panels									308,100			
Total Works - as posted in the appraisal	**5,432,086**	**3,902**	**3,503,476**	**5,526**	**616,200**	**0**	**223,323**	**0**	**308,100**	**0**		
There is insufficient detail to do enhanced e lemental benchmarking		3,902		5,526								
Benchmarking		2,521		2,521								
Add cost of external works	14		13									
Additional cost of substructure	20		269									
Add zero carbon	36		47									
Add site specific contaminated soil	92		120									
Add site specific - general	28		133									
	190		581									
Add prelims 14.7%	28		85									
Add inflation 2.7%	6	223	18	685								
Total adjusted benchmarking (exc enhanced elemental)		2,745		3,206								

Appendix 2: BPS Update Appraisal Summary

Tybalds Estate Appraisal R.2

Appraisal Summary for Merged Phases 1 2

Currency in £

REVENUE

Sales Valuation	**Units**	**ft²**	**Sales Rate ft²**	**Unit Price**	**Gross Sales**
Eastern Mews (Private) P1	1	6,367	1,060.15	6,750,000	6,750,000
Western Mews (Private) P1	1	5,468	1,152.16	6,300,000	6,300,000
Block D (Social/ Intermediate) P1	1	7,702	345.74	2,662,866	2,662,866
Underbuilds (Social) P1	1	8,272	254.06	2,101,593	2,101,593
GLA Grant	1	0	0.00	1,000,000	1,000,000
Parker Houser S106	1	0	0.00	3,100,000	3,100,000
Block B (Private) P2	1	10,936	1,150.15	12,578,000	12,578,000
Block C (Social) P2	1	5,167	249.43	1,288,788	1,288,788
Totals	**8**	**43,912**			**35,781,247**

NET REALISATION				**35,781,247**
OUTLAY				
ACQUISITION COSTS				
Residualised Price			335,087	
				335,087
Stamp Duty			6,254	
Effective Stamp Duty Rate		1.87%		
Agent Fee		1.00%	3,351	
Legal Fee		0.50%	1,675	
				11,281

CONSTRUCTION COSTS

Construction	**Units**	**Unit Amount**	**Cost**
Babington Court Ramps P1	1 un	225,069	225,069
New Bulk Store P1	1 un	81,802	81,802
General Site Landscaping P1	1 un	1,846,685	1,846,685
Devonshire Block Lift P2	1 un	616,200	616,200
Chancellors Court Ramps P2	1 un	223,323	223,323
PV Panels P2	1 un	308,100	308,100

Tybalds Estate Appraisal R.2

	ft²	Build Rate ft²	Cost	
Totals			**3,301,179**	
	ft²	**Build Rate ft²**	**Cost**	
Eastern Mews (Private) P1	6,367	392.84	2,501,210	
Western Mews (Private) P1	5,468	418.86	2,290,331	
Block D (Social/ Intermediate) P1	11,340	394.63	4,475,048	
Underbuilds (Social) P1	8,869	280.19	2,485,033	
Falcon TRA Hall P1	1,399	235.52	329,489	
Block B (Private) P2	14,983	362.55	5,432,086	
Block C (Social) P2	6,824	513.41	3,503,476	
Totals	**55,250 ft²**		**21,016,673**	
Contingency		5.00%	1,215,893	
Mayoral CIL2			214,298	
Camden CIL			478,368	
Carbon Emission in lieu payment			139,133	
Estimated highways contribution			100,000	
				26,465,544
PROFESSIONAL FEES				
Professional Fees		10.00%	1,008,319	
Professional Fees		10.00%	1,216,291	
Professional Fees Landscaping+Ramps		10.00%	207,175	
				2,431,785
MARKETING & LETTING				
Marketing - Private		1.25%	163,125	
Marketing		1.25%	157,225	
				320,350
DISPOSAL FEES				
Sales Agent Fee - Private		1.00%	130,500	
Sales Agent Fee		1.00%	125,780	
Sales Legal Fee - Private		0.25%	64,070	
Sales Legal Fees - Afford		0.25%	11,911	
Sales Legal Fee - Afford		0.25%	3,222	
				335,483
Additional Costs				
Private Profit		17.50%	2,283,750	
Affordable Profit		6.00%	285,868	
Private Profit		17.50%	2,201,150	

Tybalds Estate Appraisal R.2

Affordable Profit	6.00%	77,327	
			4,848,095
FINANCE			
Debit Rate 6.500%, Credit Rate 0.500% (Nominal)			
Total Finance Cost			1,033,623
TOTAL COSTS			**35,781,247**
PROFIT			
			0
Performance Measures			
Profit on Cost%	0.00%		
Profit on GDV%	0.00%		
Profit on NDV%	0.00%		
IRR% (without Interest)	6.48%		
Profit Erosion (finance rate 6.500)	0 mths		