The Greenwood Centre, Greenwood Place & Highgate Day Centre, 19-37 Highgate Road, NW5 1LB

Independent Viability Review

Prepared on behalf of London Borough of Camden

30th May 2022

Planning Reference: 2022/1603/P

BPS Chartered Surveyors

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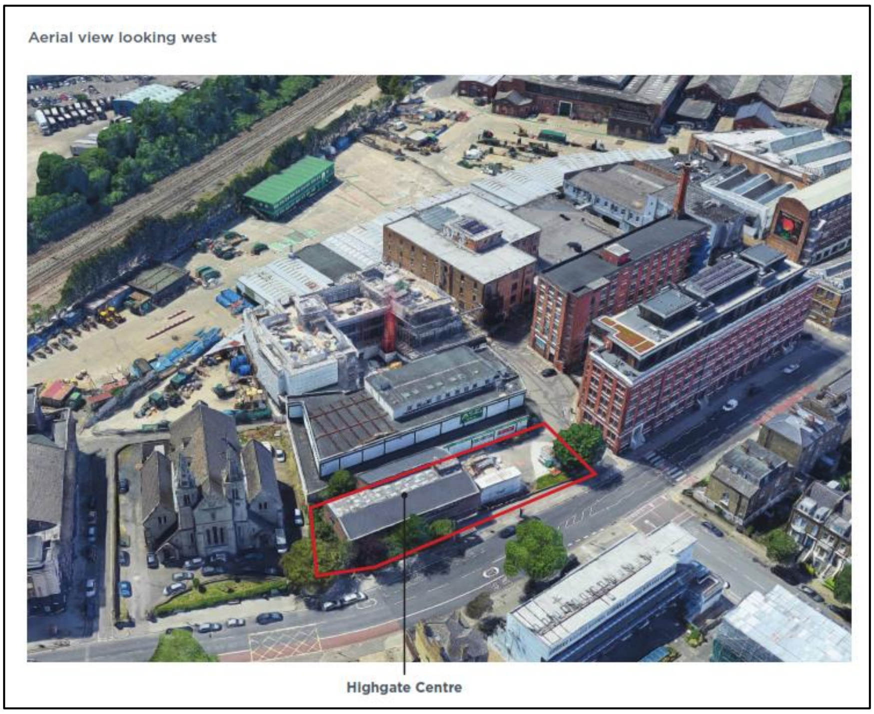
1.0 INTRODUCTION

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 Turner Morum LLP on behalf of GML (Highgate Road) Limited ('the Applicant') in connection with a planning application for the redevelopment of the above site.

1.2 The site currently comprises the Highgate Centre which is a two-storey building constructed in the 1970s and is light industrial in character. We are advised that the centre was most recently used for adult social care day services and is now vacant with the services moving to the Greenwood Centre following its completion in February 2019. We have taken the following site plan from the Design and Access Statement:



1.3 The location is predominantly mixed in nature with the Christ Apostolic Church (Grade II listed) to the immediate south, a 2-storey warehouse building (A&A Self Storage) to the west and Piano Yard (residential apartments) to the northeast.

1.4 The site is not located in a conservation area nor is it listed. The site is within the Kentish Town Archaeological Priority Area and within the Lateral Assessment Area of the Kenwood to St Paul's protected view area.

1.5 The proposals are for:

Variation of Conditions 2 (development in accordance with approved plans) and 15 (social enterprise unit opening hours) granted under reference 2013/5947/P, dated 18/06/2014 (as amended by reference 2015/3151/P, 2016/0936/P, 2017/0363/P, 2017/01518/P, 2021/5384/P and 2022/0929/P) (for: Demolition of existing buildings and redevelopment to provide: a new Centre for Independent Living at Greenwood Place; and mixed-use development at Highgate Road comprising residential units, including supported affordable housing units, and social enterprise space; highway *improvements; plant, landscaping; servicing; disabled car parking etc.). Amendments to Highgate Road site to include excavation of basement, installation of substation at ground floor, reconfiguration of internal layout, provision of 5x supported living units at ground floor level, 5x net additional residential units, elevational changes, material changes and associated plant, landscaping, servicing, cycle and refuse storage alterations.*

1.6 The basis of our review is a Viability Study prepared by Turner Morum, dated April 2022, which concludes that the proposed scheme currently shows a deficit of approx. £1.25 million. On this basis, they conclude that the scheme cannot provide additional affordable housing or a financial contribution equivalent. We understand from Turner Morum that the current proposal is for 5 affordable supported living units (11% contribution by unit number).

1.7 Based on Turner Morum's figures, if the Applicant were to continue on this basis, the net actual profit return would be 14.5% on GDV which is below the blended target of 19.5% adopted in Turner Morum's appraisal. Therefore, we assume that the Applicant is willing to deliver this scheme at a reduced profit return than that adopted as a target within Turner Morum's assessment.

1.8 The subject site secured planning consent for redevelopment in June 2014 (ref. 2013/5947/P). This scheme included 42 units, 8 of which would be supported living units (19% contribution). By contrast, the proposed application scheme includes 47 units, 5 of which would be supported living units (11% contribution). We discuss this application further below.

1.9 Turner Morum's' FVA states that the reason that this proposal includes a reduction in supported living units is due to discussions with the Council which confirmed the Council do not want affordable dwellings at first floor level or above. Turner Morum state that the Council have identified units within the proposed scheme for specialised support living and the ground floor has been designed to meet the special requirements for assisted living. For this reason, they conclude that the maximum onsite provision that can be delivered from this application scheme is 5 ground floor units.

1.10 Noting that the 11% on site contribution falls short of the 50% borough wide policy objective, we assume that were the scheme to produce a surplus in viability terms, then the Council may seek this as a financial contribution in lieu rather than further onsite supported living units. However, we request that the Council's requirements in this instance are confirmed

1.11 Moreover, Turner Morum's assessment benchmarks the proposed application scheme against the extant 2014 consent aforementioned above. Based on their assessment, the extant consent is more viable, generating a higher residual land value. We therefore question why a prudent developer would not carry out the extant consent on this basis.

1.12 We refer to the Planning Statement, which at paragraph 1.7 states:

"The principal reason for the submission of this S73 application is to optimise the extant consent, to ensure that it meets modern standards (planning and building regulations), enhance fire safety, and enhance the overall designs of the proposals"

1.13 It details several issues with the extant consent, for example, that the private amenity space does not meet modern standards and that the supported living accommodation would fail the necessary requirements.

1.14 Ultimately, whilst we acknowledge that the extant consent is live, if the scheme does not comply with modern building regulations and fire safety standards then we question whether this scheme is actually deliverable. If not then it would be reasonable also to discount this consent as a basis for computing a site value.

1.15 It should be noted that NPPG requires that any alternative use valuation (AUV) (alternative to the application proposed) should as a starting point be based on a policy compliant development. In this instance the extant scheme is not policy compliant therefore it does not qualify as a valid basis for computing an AUV. We have however been advised by the Council that the consent could be fully implemented and in light of this consideration the residual value it generates is a material consideration for decision makers when assessing a suitable benchmark land value.

1.16 We have downloaded documents available on the London Borough of Camden's planning website to assist with our review. We have received a live version of the excel appraisals included in Turner Morum's report.

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

1.18 We have searched the London Borough of Camden's planning website and have identified the following recent/relevant planning history for the site:

- **2022/0929/P** – granted permission in March 2022: Non-material amendment to alter the development description to remove reference to storey height and number of residential units, of planning permission 2013/5947/P, dated 18/06/2014 (as amended by 2015/3151/P, 2016/0936/P, 2017/0363/P, 2017/0518/P and 2021/5384/P) (for: Demolition of existing buildings and redevelopment to provide: a new Centre for Independent Living at Greenwood Place; and mixed-use development at Highgate Road comprising residential units, including supported affordable housing units, and social enterprise space; highway improvements; plant, landscaping; servicing; disabled car parking etc.)

- **2016/5372/P** – granted subject to S106 in September 2016: Demolition of existing buildings (D1, B1a and B8 uses) and redevelopment of the site to provide two buildings containing a 2 storey basement (Building 1: 8 storeys and Building 2: 7storeys) with 4,360m² of self-storage (B8); 1,798m² of office(B1a); 95m² of community cafe (A3) space (all areas GIA) and 60 self-contained residential flats (C3) including 52 market units (16x1 bed, 29x2 bed, 7x3 bed) and 8 social rented units (8x1 bed) along with the creation of a pedestrian walkway running east to west linking Highgate Road with Greenwood Place; the creation of a vehicular access from Greenwood Place and loading bay; provision of green/brown roofs and plant equipment; roof terraces and balconies and other associated works.

- **2013/5947/P** – granted permission in June 2014: Demolition of existing buildings and redevelopment to provide: a new 3,228sqm (GIA) Centre for Independent Living (CIL) (Class D1) comprising 3 storeys plus basement at Greenwood Place; a part 5 part 7 storey mixed-use development at Highgate Road comprising 42 residential units (including 8 supported affordable housing units) and 100sqm (GIA) social enterprise in flexible retail, restaurant/café, office or community use (Classes A1/A3/B1/D1) at ground floor level; highway improvements to Greenwood Place, and associated plant, landscaping, servicing and disabled car parking.

1.19 There are several other approved consents which amend the consent granted in 2014, these are: 2015/3151/P, 2016/0936/P, 2017/0363/P, 2017/0518/P, and 2021/5384/P.

1.20 The Planning Statement advises that the 2014 consent comprised two development sites, one on Greenwood Place and another on Highgate Road (the subject). The Greenwood Place development has now been built and is referred to as the Greenwood Centre. The Highgate Road site has not been developed and has since been decoupled from the Greenwood Centre proposals. It goes on to say that due to the joint nature of the extant consent, the permission has been lawfully implemented and the proposals for the Highgate Road site should now be considered extant into perpetuity. We are advised by the Council that the 2014 consent is still live.

1.21 The Planning Statement states that the reason for the submission of this Section 73 Application is to optimise the extant consent and ensure it meets modern standards. We have summarised the key changes below:

- Changes to height, massing, and layout to deliver 5 additional units.
- Reconfiguration of the ground floor for supported living units.
- Inclusion of a basement plant room.

1.22 BPS were previously instructed by the Council in 2013 to provide an independent review of a viability assessment for the application ref. 2013/5947/P. We were later instructed in 2016-2017 to review another viability assessment for the site with the applicant due to submit a full application for a scheme including self-storage, offices, market housing, community café and assisted living units at the time.

1.23 A Land Registry search shows that the Applicant currently owns the site. It was purchased in October 2021 for £9.65 million.

1.24 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.

1.25 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 SUMMARY TABLE

Input (Proposed Scheme)	TM	BPS	Comments
Private Sales Values	£27,585,000	£30,130,000	**Disagree** - we have calculated a higher GDV.
Supported Living Values	£920,000	£920,000	**Some Ambiguity** - we have accepted TM's figure but reserve the right to amend this upon receipt of more formal offer details.
Social Enterprise Value	£496,081	£496,081	Agree - we have accepted TM's input.
Purchaser's Costs	6.8%	6.8%	Agree - we have accepted TM's input.
Build Costs	£12,669,875	£12,669,875	Agree - we have accepted the build cost input.
Contingency	10%	10%	Agree - we have accepted this input. Whilst it is much higher than we would expect the costs are reasonable when assessed overall.
Professional Fees	10%	10%	Agree - we have accepted TM's input.
Profit (Private Resi)	20%	17.5%	**Disagree** - we have reduced the profit target.
Profit (Commercial)	15%	15%	Agree - we have accepted TM's input.
Profit (Affordable Resi)	6%	6%	Agree - we have accepted TM's input.
S106	£13,125	£13,125	We require confirmation from the Council on this figure.
CIL	£824,570	£824,570	We require confirmation from the Council on this figure.
Finance	6.5%	6.5%	Agree - we have accepted TM's input.
Pre-construction	3-months	3-months	Agree - we have accepted TM's input.
Construction	18-months	18-months	Agree - we have accepted TM's input.

Sales Period	6-months	6-months	Agree – we have accepted TM's timing based on our sales rate assumptions.
Benchmark Land Value	£5,468,272	£6,737,000	**Disagree**/Some Ambiguity- we have carried out an assessment of the extant consent. However, our report does raise several concerns over its deliverability. We have included this as a fixed land value input in the absence of an EUV.
Surplus/Deficit	-£1,251,720	£609,400	**Disagree** – we have identified a marginal surplus (2% on GDV).

3.0 CONCLUSIONS AND RECOMMENDATIONS

3.1 We have reviewed the Viability Study prepared by Turner Morum on behalf of the Applicant which concludes that the proposed scheme generates a deficit of £1.25 million. On this basis the scheme cannot provide an additional affordable housing contribution in viability terms.

3.2 Based on Turner Morum's figures, if the Applicant were to develop on this basis, then the net actual profit return realised would be 14.5% of GDV which is below the suggested blended target of 19.5% adopted in Turner Morum's appraisal. We assume that the Applicant is willing to deliver this scheme at a reduced profit return below that adopted as a target by Turner Morum.

Benchmark Land Value

3.3 Turner Morum have approached the Benchmark Land Value on an Alternative Use Value (AUV) basis. They assume that the extant consent (2013/5947/P) permitted in 2014 could be carried out as an alternative development. In their view, this scheme generates a Benchmark Land Value of £5.468m.

3.4 It should be noted that that as the extant consent proposes 19% affordable housing it falls below the Local Plan policy requirement. NPPG requires that all AUV assessments must reflect policy compliance as such the extant consent does not represent a suitable AUV. In our view and subject to the ability to fully implement the consent, it remains a material consideration to decision makers when considering a suitable benchmark land value.

3.5 In our report we have raised several issues with the extant scheme, in particular, the Planning Statement indicates that it would not meet modern requirements nor modern building regulations or fire safety standards. We therefore question whether this AUV scheme is in fact deliverable and on this basis question its appropriateness as basis from which to establish site value.

3.6 We have not been provided with an assessment of the EUV to review. We understand that there is a property on the site and therefore do not consider it unreasonable to assume that the site has a positive EUV. However, we anticipate that the EUV would be considerably lower than the assessment of the extant scheme determined by Turner Morum. Adoption of a benchmark land value based on the extant consent rather than a potentially much lower EUV serves to reduce the scheme's apparent viability and therefore its ability to provide additional affordable housing.

3.7 In the absence of an EUV assessment to review, we have reviewed Turner Morum's assessment of the extant consent. We have used this as the Benchmark on a tentative basis pending further information on whether the scheme is deliverable or whether an EUV based benchmark should be adopted in preference. We conclude that the extant scheme generates a residual value of £6.737m.

Development Value

3.8 The scheme includes 42 private flats, 5 supported living flats and 1,021 sqft of ground floor social enterprise/commercial space.

3.9 We have reviewed the private sales values and conclude that the proposed sales values assumed by Turner Morum are lower than our expectations. We have adjusted the GDV to £30,130,000.

3.10 The supported living values are based on an offer from Origin Housing. We have been provided with an email from OH to the Applicant confirming the offer figure of £950,000. We have therefore accepted this input but reserve the right to revisit this once a more formal offer document is provided.

3.11 We have reviewed the proposed commercial value and consider it broadly reasonable.

Development Costs

3.12 Our Cost Consultant, Neil Powling, has reviewed the Cost Plan for the proposed scheme and concludes that the proposed costs are reasonable. The full cost report can be found at Appendix 1.

3.13 We have reviewed the other cost outlined within the FVA and consider them to be broadly acceptable for this particular scheme.

3.14 We have adjusted the private residential profit target from 20% to 17.5%. We have accepted the commercial and affordable profit targets.

3.15 We have accepted Turner Morum's development timescales.

Recommendations

3.16 We have recreated Turner Morum's appraisal in Argus Developer Software and have made amendments as set out in Section 2 of this report. The appraisal summary can be found in Appendix 2.

3.17 We conclude the following viability position:

Scheme	Benchmark Land Value	Surplus/Deficit
Proposed Scheme (5 supported living units)	**£6,737,000**	**£609,400**

3.18 We conclude that the scheme generates a surplus of £609,400 which equates to c. 2% on GDV. We consider there to be scope for an additional contribution towards affordable housing, albeit this surplus is a relatively small in scale by reference to the overall GDV of the scheme and therefore minor movements to the appraisal inputs (e.g., increase to costs) could render the scheme unviable.

3.19 We anticipate given the issues surrounding further on site affordable delivery that a contribution would be provided as a financial contribution rather than an onsite contribution.

3.20 The above conclusions are subject to further clarification on whether the AUV scheme is appropriate considering the ambiguity raised in our report regarding its deliverability. Our position is therefore tentative, and we reserve the right to amend our BLV position pending further information on the AUV scheme and an EUV assessment.

3.21 We recommend that if a policy compliant offer is not made, the scheme should be subject to a late stage review of viability in order that the viability can be assessed over the lifetime of the development.

4.0 PRINCIPLES OF VIABILITY ASSESEMENT

4.1 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

4.2 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.

4.3 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.

4.4 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

4.5 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.

5.0 BENCHMARK LAND VALUE

Viability Benchmarking

5.1 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).

5.2 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+).

5.3 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.

5.4 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).

5.5 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.

5.6 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.

5.7 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.

5.8 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.

5.9 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.

5.10 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.

<u>The Proposed Benchmark</u>

5.11 The benchmark proposed by Turner Morum for viability testing is based on an Alternative Use Value (AUV) approach.

5.12 Turner Morum note that because the site has become vacant and is surplus to requirements, they have not taken an Existing Use Value (EUV) approach. No further detail is provided on the existing building and no assessment of its existing use value is provided to us.

5.13 We note that an EUV assessment is required by PPG. Based on their comments, it seems that Turner Morum anticipate that the EUV of the site would be nominal, or at least much less than the AUV scenario and have thus not provided an EUV assessment for us to review.

5.14 Turner Morum have taken an AUV approach based on the extant consent permitted in 2014 (2013/5947/P).

5.15 The Planning Statement advises that the 2014 consent above comprised of two development sites, one on Greenwood Place and another on Highgate Road (the subject). The Greenwood Place development has now been built and is referred to as the Greenwood Centre. The Highgate Road site has not been developed and has been decoupled from the Greenwood Centre proposals. It goes on to say that due to the joint nature of the extant consent, the permission has been lawfully implemented and the proposals for the Highgate Road site should now be considered extant in perpetuity. We are advised by the Council that this extant consent is live.

5.16 Based on their assessment of this extant consent, Turner Morum have determined a residual land value of £5.468 million which they have adopted as the Benchmark Land Value.

5.17 We note that based on Turner Morum's figures, the extant scheme is more viable than the proposed application scheme (i.e., generates a higher residual land value). On this basis we question why a prudent developer would not carry out the extant consent as opposed to this application scheme. We note also that the extant consent would benefit from the delivery of an additional 3 affordable supported living units when compared to the proposed application scheme.

<u>BPS Assessment of Benchmark Land Value</u>

5.18 We have reviewed Turner Morum's approach to the Benchmark Land Value.

5.19 We have received confirmation from the Council that the extant consent is live.

5.20 Whilst we acknowledge that the extant consent is live, the comments made in the Planning Statement and Design and Access Statement have led us to question whether this development would be deliverable. For example, the Planning Statement states that:

"The principal reason for the submission of this S73 application is to optimise the extant consent to ensure that it meets modern standards (planning and building regulations), enhance fire safety, and enhance the overall design of the proposals."

5.21 The above indicates that the extant consent would not comply with modern day building or fire safety standards.

5.22 The Statement goes on the say that there are several other elements of the extant consent which would not comply with up to date policy, including the supported living accommodation, private amenity space and lack of bike storage.

5.23 We also understand the very purpose of the proposed application is to address the issues raised above.

5.24 Considering the above we are of the view that the extant scheme is not deliverable, and it is therefore not an appropriate basis for establishing a Benchmark Land Value.

5.25 Moreover, based on Turner Morum's assessment, the extant consent derives a greater residual value than the proposed scheme and is therefore a more valuable scheme. If this scheme was deliverable, then we question why a prudent developer would not carry it out in preference to the current application. This raises further ambiguity over the extant consent's deliverability.

5.26 Whilst we are of the view that this approach to establish site value could be inappropriate, we have reviewed Turner Morum's assessment below.

5.27 We have not been provided with an Existing Use Value assessment for the subject site. We understand that there is a property on the subject site, and we consider it reasonable to assume that this property will have a positive EUV. We anticipate that the EUV is likely to be considerably lower than the AUV presented by Turner Morum.

5.28 In the absence of any sufficient information on the property we are unable to comment further on the EUV.

Extant Consent:

5.29 The extant consent is broadly similar to the proposed scheme, and we have summarised the two schemes below:

	Extant Consent		Proposed Scheme	
	Sqft	No.	Sqft	No.
Private Residential	24,208	34	30,049	42
Supported Living	5,511	8	3,407	5
Social Enterprise	1,076	1	1,021	1

Development Value:

5.30 The extant consent includes 34 private flats, 8 supported living units and a commerical/social enterprise unit.

5.31 Turner Morum have adopted a pricing schedule prepared by Hamptons for both the proposed and extant scheme. We note that Turner Morum have also provided a pricing schedule for the extant scheme prepared by Martyn Gerrard, but this does not appear to have been used.

5.32 We have summarised Martyn Gerrard's pricing below:

Unit Type	Avg Sqft	Avg Price	Avg £psf	No.
1b	614	£535,278	£877	18
2b	731	£673,810	£922	21
3b	1,101	£1,000,000	£910	3
Total:	**29,713**	**£26,785,000**	**£901**	**42**

5.33 Referencing the Design and Access Statement and plans available on the Council's website we have identified some of the following differences between the schemes which we consider could impact value:

- The private terraces at the extant scheme no longer meet modern standards.
- The extant scheme has a single roof garden whereas the proposed has two communal resident's terraces on the 5th floor and roof level.
- The extant scheme does not appear to have a concierge whereas the proposed appears to.

5.34 We would therefore expect the above to be factored into the assessment of pricing and broadly expect the proposed scheme to generate higher values than the extant consent, particularly due to the improved private and communal amenity offering and the inclusion of a concierge.

5.35 We have prepared a pricing schedule for the extant scheme which generates an average of £939 psf. This is discounted from our pricing of the proposed scheme which generated an average of £992 psf. We consider this reasonable considering the points raised above in paragraph 5.33.

5.36 Turner Morum have not specified which units will be provided as affordable and we have therefore applied the average value of £939 psf to the floor area (sqft) in their appraisal. This generates a GDV of £22,731,312.

5.37 Turner Morum have assumed that the extant scheme affordable units are social rented tenure which is said to be specified in the S106. We have not been provided with a copy of this agreement and request that one is provided to us. Turner Morum value the units at £195,000 per flat (£1.56m) which is said to have been accepted by the Council. We request further information on this matter so that we can confirm the above. In the meantime, we have tentatively accepted Turner Morum's value, but this is pending further information and we reserve the right to revisit this.

5.38 We have accepted the commercial valuation, which is consistent with the assessment of the proposed commercial space. See section 6 of our report for further detail.

Development Costs:

5.39 Our Cost Consultant, Neil Powling, has analysed the build cost plan for the extant scheme prepared by CS2 Cost Consultants, and concludes that the costs are reasonable. However, he does note that the costs are lower than expected when compared to the costs of the proposed scheme which are also considered reasonable. The differences between the two schemes reflecting design changes and specification.

5.40 The full cost report can be found at Appendix 1.

5.41 S106 costs are assumed at £11,729. We have not verified this figure and request that the Council confirm this.

5.42 We have ensured that all other cost and fee inputs are consistent with our proposed scheme appraisal where appropriate, for which further detail can be found in section 7 of this report.

5.43 Turner Morum have assumed the following timescales:

- Pre-construction: 3-months
- Construction: 12-months
- Sales Period: 6-months

5.44 We are advised by our Cost Consultant that the pre-construction and construction timescales are reasonable. We have accepted the sales period.

5.45 Turner Morum have assumed that 10% of the social housing revenue will be received at the start of construction and the remainder being received at practical completion. We have accepted this for the purposes of our assessment.

BPS Conclusions:

5.46 As aforementioned, we are of the view that the extant consent would be undeliverable due to its failure to meet modern day standards and requirements, particularly building regulations and fire safety standards.

5.47 However, in the absence of an alternative assessment, we have reviewed the AUV submission provided to us by Turner Morum to test the inputs. We have summarised Turner Morum' and our AUV assumptions and inputs below:

Input (AUV scheme)	TM	BPS	Comments
Private Sales Values	£22,020,000	£22,731,312	Disagree - we have identified a higher GDV that TM.
Supported Living/Social Rent Values	£1,560,000	£1,560,000	Ambiguous - we require a copy of the S106 agreement and further information on the values assumed in order to confirm our position on this input.
Social Enterprise GDV	£522,741	£522,741	Agree - we have accepted TM's input. The valuation inputs are consistent with the proposed scheme.
Purchasers' Costs	6.8%	6.8%	Agree - we have accepted TM's input. This is consistent with the proposed scheme.

Build Costs	£9,788,730	£9,788,730	Agree - our QS has accepted the build costs.
Contingency	10%	10%	Agree - our QS has accepted this input. Whilst it is higher than usual the total cost is considered reasonable when compared to BCIS.
Professional Fees	10%	10%	Agree - we have accepted TM's input.
Private Resi Profit	20%	17.5%	Disagree - we have reduced the target. This is consistent with our proposed scheme appraisal.
Affordable Resi Profit	6%	6%	Agree - we have accepted TM's input. This is consistent with the proposed scheme.
Commercial Profit	15%	15%	Agree - we have accepted TM's input. This is consistent with the proposed scheme.
Finance	6.5%	6.5%	Agree - we have accepted TM's input. This is consistent with the proposed scheme.
S106 costs	£11,729	£11,729	We require confirmation from the Council on this.
Pre-construction	3-months	3-months	Agree - we have accepted TM's input.
Construction	12-months	12-months	Agree - we have accepted TM's input.
Sales	6-months	6-months	Agree - we have accepted TM's input.

5.48 Our appraisal shows the AUV scheme to generate a residual land value of £6,737,000. This is higher than Turner Morum's assessment due to the amendments we have made to the private residential GDV and the profit target.

5.49 The above has been carried out for demonstrative purposes and should not be considered an agreement with this AUV scheme.

5.50 We understand that there is a property on the site at present, but no Existing Use Value has been submitted by the Applicant. We consider it reasonable to assume that the property has an EUV but in the absence of sufficient information we are unable to comment on this further.

6.0 DEVELOPMENT VALUES

6.1 The residential element of the proposed scheme, as sought by the planning application, is for 47 residential units comprising the following accommodation:

Unit Type	Avg Sqft	No.
1b2p	586	19
2b3p	677	10
2b4p	774	14
3b5p	1,171	4
Total:	**33,433**	**47**

6.2 We understand from plans available on the Council's website that the proposed scheme includes two cores, each with their own entrance on Highgate Road. Each core provides lift and stair access to the upper floors. Plans also show all of the units to have a private terrace and that there will also be communal terraces on the fifth floor and roof level. We note that the plans suggest that there will be a concierge desk at the ground floor of Core B, this should be confirmed, however.

6.3 The subject site has a PTAL rating of 6a, which is just one below the best rating of 6b. It is located approx. 0.2 miles (3-min walk) from the Kentish Town Station. It is also located approx. half a mile from several other stations including Gospel Oak, Tufnell Park, and Kentish Town West. The site benefits from access to several amenities in the Kentish Town area and is also approx. half a mile from Hampstead Heath.

Private Residential Values

6.4 42 units are proposed to be for private sale. Turner Morum have provided two pricing schedules prepared by local agents, Hamptons, and Martyn Gerrard. We have summarised the pricing as follows:

Hamptons:

Unit Type	Avg Sqft	Avg Achievable Price	Avg £psf	Avg Marketing Price	Avg £psf	No.
1b2p	586	£559,474	£954	£589,474	£1,005	19
2b3p	677	£613,000	£905	£644,500	£952	10
2b4p	774	£679,643	£878	£714,643	£923	14
3b5p	1,171	£1,062,500	£908	£1,118,750	£956	4
Total:	**33,433**	**£30,525,000**	**£913**	**£32,125,000**	**£961**	**47**

Martyn Gerrard:

Unit Type	Avg Sqft	Avg Price	Avg £psf	No.
1b2p	586	£516,053	£883	19
2b3p	678	£600,500	£885	10
2b4p	775	£689,286	£889	14
3b5p	1,170	£1,025,000	£876	4
Total:	**33,433**	**£29,560,000**	**£884**	**47**

6.5 We note that there is an approx. £1 million difference between the achievable residential GDV calculated by Hamptons and Martyn Gerrard. This equates to a difference of c. 3% overall.

6.6 We have not been provided with any comparable evidence used by either agent when establishing their pricing. It is also not clear how the agents pricing accounts for the specifics of the proposed development i.e., private, and communal amenity spaces and concierge. We request that this is provided to support the pricing proposed. Without the comparable supporting evidence, limited weight can be given to these pricing schedules.

6.7 Turner Morum also refer to the St Martin's Walk scheme which is located c. 750 metres from the subject. They note that from the sales achieved in 2020, the average 2 bed value was £664 psf. We note that the transactions are now historic, having taken place 2+ years ago.

6.8 For the purpose of their review, Turner Morum have adopted the GDV of £27,585,000 proposed by Hamptons. This is the higher of the GDVs presented.

6.9 We have undertaken our own research into transactions in the area surrounding the subject site and have identified the following market evidence:

Maple Building, 39-51 Highgate Road, NW5 1RT:

This development was the conversion of a former office building to residential flats. The scheme includes 57 units and was completed in November 2016 and sold out in May 2019. The scheme is located directly adjacent to the subject site.

We understand that the scheme has a resident's gym and concierge service. The flats do not benefit from private amenity space.

We have identified the following resales from this scheme:

Flat No.	Date	Sqft	Price	£psf	Type
112	30/06/2021	786	£900,000	£1,145	2bed
402	24/06/2021	646	£635,000	£983	1bed
206	02/02/2021	570	£585,000	£1,025	1bed

We are also aware of two 2 bed flats currently on the market with Martyn Gerrard. One measures 816 sqft and is currently on the market with an asking price of £875,000 (£1,072 psf). Another 2 bed measuring 952 sqft is on the market with offers in excess of £1m (£1,050 psf). We are also aware of a 3 bed flat (1,194 sqft) is currently on the market with Dexters at £1.1m (£921 psf).

We are of the view that the proposed scheme would be superior to this scheme given that it is new build and not an office to residential conversion. In addition, the proposed units will benefit from private terraces and there is also communal amenity provision which we expect to positively impact achievable values. However, this scheme benefits from a resident's gym, whereas the proposed scheme does not. Balancing the above factors, we would expect the proposed scheme to achieve broadly similar values for comparable units.

Thirty2, 32 Lawn Road, NW3 2XU

This development contains 73 flats, employment floorspace and a community centre. The scheme was completed in November 2017 and sold out in March 2018. The scheme is located c. 0.9 miles west of the subject site.

We understand from the previous marketing material available that all flats benefit from private amenity space in the form of terraces/balconies and that the development has a landscaped communal area.

The development is well-connected being close to Belize Park and Hampstead Heath Station. The immediate area predominantly consists of dated local authority housing blocks, and thus the development is overlooked by dated LPA tower blocks to the front and rear.

We have identified the following resales from this scheme:

Flat No.	Date	Sqft	Price	£psf	Type
61	08/10/2021	743	£775,000	£1,043	2bed
49	30/09/2021	538	£612,000	£1,137	1bed
55	23/09/2020	743	£775,000	£1,043	2bed

It must be taken into account that these sales are resales of new build properties which are at least 4-5 years old. We therefore consider these to be secondhand sales evidence rather than new build sales evidence. Broadly, we consider the proposed scheme to be superior by comparison and would expect higher values to be achieved.

Piano Yard, Highgate Road, NW5 1BF:

This development is 200ft from the subject. It is a mews style development that is tucked off of Highgate Road. The development has a communal courtyard garden. The scheme sold out in 2014.

We are aware that a 2bed flat (807 sqft) at this scheme is currently on the market with Martyn Gerrard with a guide price of £850,000 (£1,053 psf). The flat benefits from two private patio areas.

It must be taken into account that this property is at least 6 years old and is therefore not reflective of new build marketing prices. Broadly, we consider the proposed scheme to be superior by comparison and would expect higher values to be achieved.

XY Maiden Lane, N7 9GY:

This is an estate renewal scheme which involved the redevelopment of the eastern part of the Maiden Lane Estate to include residential and commercial space. The construction started in 2013 and completed in 2017. The scheme sold out by the end of 2021.

The development is located approx. 0.9 miles south of the subject. We consider the subject to be in a superior location and to be better connected to public transport by comparison to XY. Noting that the postcode for the flats below have a low PTAL rating of 2.

We have identified the following recent sales from this scheme:

Flat No.	Date	Sqft	Price	£psf	Assumed Type
72	16/08/2021	678	£695,000	£1,024	2bed
67	22/03/2021	678	£690,000	£1,017	2bed
80	18/03/2021	570	£587,000	£1,028	1bed
89	12/02/2021	570	£598,975	£1,049	1bed

We have not identified the specific floor plans for these units and have based on the marketing information available assumed the unit types. Overall, we consider the proposed scheme to be superior and would expect higher values to be achieved.

6.10 Broadly there is lack of recent new build sales evidence within the immediate area. The recent transactional evidence in the area is predominantly of new build resales (secondhand evidence).

6.11 Using the evidence available we have undertaken a pricing exercise and conclude the following:

Unit Type	Avg Sqft	Avg Achievable Price	Avg £psf	No.
1b2p	586	£588,158	£1,012	19
2b3p	677	£687,500	£1,006	10
2b4p	774	£779,643	£999	14
3b5p	1,171	£1,085,000	£928	4
Total:	**33,433**	**£33,185,000**	**£992**	**47**

6.12 A copy of our pricing schedule is attached in Appendix 4.

6.13 The pricing above assumes that all of the units will be provided as private flats. We understand that all ground floor units will be provided as supported living accommodation. Therefore, excluding the ground floor units, the total GDV is £30,130,000 (£1,003 psf).

6.14 Our GDV is approx. £2.5m (9%) above Turner Morum's GDV of £27,585,000 (£918 psf).

6.15 We note that our 1b2p and 3b5p values are broadly in between the achievable prices and asking prices proposed by Hamptons. However, our 2 bed values are much higher than those proposed by the two agents. We request that the comparable evidence used by the agents is provided to clarify why their values are much lower for the 2 bed units when compared to the evidence we have identified above.

6.16 We consider that it is likely that higher sales values will be achieved at this scheme, particularly for the 2 bed flats, noting the current asking prices at the Maple Building and the Piano Yard. We therefore recommend that the private sales values are kept under close review as more new build evidence becomes available.

Ground Rents

6.17 Ground rents are not referenced in Turner Morum's assessment and are omitted from their appraisal.

6.18 The Leasehold Reform (Ground Rent) Act 2022 was granted Royal Ascent on the 8th February 2022, with the relevant Act being brought into full force within 6 months, (8th August at the latest). The reforms put an end to ground rents for new, qualifying long residential leasehold properties in England and Wales. Once the act is in force, any ground rent demanded as part of a new residential long lease cannot be for any more than a peppercorn (no financial value).

6.19 Whilst the act is not yet in full force, we acknowledge that in light of an effective ban on future ground rents that they should no longer be included as a future revenue stream for planning & viability purposes. We understand the act covers single 'dwellings' and will therefore capture student and retirement accommodation providing they are occupied or intended to be occupied as single dwellings.

6.20 We therefore consider the omission of capitalised ground rents as being a reasonable assumption.

6.21 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 event that such evidence becomes available.

Parking

6.22 Turner Morum make no reference to car parking within their assessment. We are advised by the Planning Statement that the proposed development will be car free.

6.23 Plans downloaded from the Council's website show that there will be two disabled parking bays on Greenwood Place. We have therefore not included any additional car parking value within our appraisal.

Affordable/Supported Living Values

6.24 The proposed scheme includes 5 affordable supported living units. This represents an 11% provision based on unit number.

6.25 We understand that all of the units will be located on the ground floor and comprise the following accommodation:

Unit	Type	Sqft
1	1b2p	710
2	1b2p	678
3	1b2p	646
4	1b2p	700
5	1b2p	678
Total:		**3,412**

6.26 Turner Morum's' FVA states that the reason that this proposal includes a reduction in supported living units when compared to the extant consent is due to discussions with the Council who apparently do not want any affordable dwellings at first floor level or above. Tuner Morum state that the Council have identified units within the proposed scheme for specialised support living and that the ground floor has been designed to meet the special requirements for assisted living. For this reason, they conclude that the maximum onsite provision that can be delivered at this application scheme is 5 ground floor units.

6.27 Turner Morum advise that the Applicant has received an offer from Origin Housing at £920,000 for the 5 units. This equates to £184,000 per unit / £270 psf.

6.28 Upon request for a copy of this offer, we have been forwarded an email from Origin Housing to the Applicant which confirms the offer of £920,000 for the 5 units. It also outlines that 10% of this will be paid on exchange of contracts and the remainder upon practical completion.

6.29 We have therefore accepted the £920,000 within the appraisal but do reserve the right to amend this once evidence of a binding offer is provided.

Commercial Valuation

6.30 The proposed scheme includes 1,021 sqft of ground floor social enterprise commercial space.

6.31 Turner Morum note in their FVA that it is not clear from the details of the application what type of commercial unit this will be, and they have therefore made a number of assumptions when determining the value. We note that they have referred to it as a café within their appraisal.

6.32 They refer to the following letting evidence:

- 12 Dartmouth Park - ground floor, 1,054 sqft, let Nov 2021 for £28.50 psf.
- 76 Haverstock Hill – basement/ground, 877 sqft, let Nov 2021 for £28.50 psf.
- 610 Holloway Road – ground, 786 sqft let Oct 2021 for £23 psf.
- 307-9 Kentish Town Road – ground, 1,484 sqft, asking rent £52 psf.
- Highgate Studios – ground, 1,200 sqft, let Aug 2021 for £31 psf.
- 198 Kentish Town Road – ground, 1,020 sqft, let Jul 2021 for £35 psf.
- 520 Holloway Road – ground, 934 sqft, May 2021, let May 2021 for £26 psf.

6.33 Turner Morum have assigned a rental value of £30 psf to the proposed space, to arrive at a rental income of £30,645 per annum. A 6-month rent free period has been allowed for. The rent has been capitalised at a yield of 6% to result in a total capital value of £496,081 (before purchaser's costs are deducted).

6.34 We have sought to identify any additional transactions in the surrounding area to test whether the value assigned to this element of the scheme is reasonable. Our research can be summarised as follows:

Address	Date	Sqft	Rent £pa	£psf	Comments
12 Highgate Road, NW5 1AS	Aug 21	2,578	£65,000	£25	Ground floor commercial space at a modern flatted development (Tally Ho Apartments). Let to Statehold Limited on a 4-year lease.
195 Havestock Hill, NW3 4QG	Jun 21	1,049	£65,000	£62	Ground floor retail space let on a 15-year lease. High Street location. Adjacent to Belize Park Station.

74-77 Chalk Farm Road, NW1 8AN	May 21	2,883	£97,500	£34	Retail premises let to Trap Kitchen on a 10-year lease. 6-months' rent free. Residential above. Opposite Roundhouse Theatre.
198 Kentish Town Road, NW5 2AE	Jan 21	1,002	£39,000	£39	Ground floor retail premises. Let to Zambrero. 7-months' rent free. High street location. Close to Kentish Town Station.

6.35 There is a lack of relevant recent comparable evidence. The evidence which we have identified above shows a significant range in achieved rents on a £psf basis. We consider the transaction at 12 Highgate Road to be a good comparable given its close proximity to the subject (c. 200 ft). It is similarly located at the ground floor level of a residential scheme. However, it is not a new build space, and we would expect the subject to achieve a premium above £25 psf. In addition, the floor area is much larger than the proposed and the quantum will affect the achieved rent £psf.

6.36 Based upon the above, we are of the view that Turner Morum's rent and rent free assumptions are broadly acceptable. We recommend that this is kept under review as more new build evidence becomes available.

6.37 We have carried out market research into investment transactions and have identified the following:

- **44 Parkway, NW1 7AH** – ground floor retail premises let at £25,000 pa sold in March 2022 for £405,000 reflecting a NIY of 5.92%.

- **24 Camden Road, NW1 9DP** – ground floor retail premises let at £30,000 pa on a 15-year lease expiring 2024. Sold in November 2021 for £401,000 reflecting a NIY 7.18%.

- **183 Camden High Street** – retail premises measuring 3000 sqft and fully let to O2 on a 10-year lease expiring 2029 at a passing rent of £180,000 pa. Sold in November 2020 for £3.3m reflecting a NIY of 5.12%.

6.38 There is a lack of relevant and recent comparable evidence. Based on the limited evidence available we consider a yield of 6% to be broadly reasonable.

7.0 DEVELOPMENT COSTS

Construction Costs

7.1 Turner Morum have provided two cost plans, one for the extant scheme permitted in 2014 and the current application scheme. They conclude that the 2014 scheme has a total build cost (prior to contingency) of c. £9.78m which is below the total build cost for the current application scheme at c. £12.67m (prior to contingency).

7.2 They advise that the reason why the current application scheme has a higher build cost is because it has a basement and is a larger scheme when compared to the extant scheme. In addition, building requirements have changed since 2014, which has led to an increase in costs.

7.3 We expect the cost plan for the 2014 extant consent to reflect the costs of ensuring that the scheme meets modern day requirements and regulations.

7.4 Our Cost Consultant, Neil Powling, has analysed the build cost plan for the proposed application scheme prepared by CS2 Cost Consultants, dated 4th March 2022, and concludes that the Applicant's costs are reasonable.

7.5 The full cost report can be found at Appendix 1.

Additional Costs

7.6 Turner Morum have applied the following additional cost assumptions:

- Contingency fee of 10%
- Professional fees of 10%
- Marketing, sales, legal fees (private residential) of 3%
- Affordable disposal fees of 0.5%
- Marketing, sales, legal fees (commercial) of 2%

7.7 We are advised by our Cost Consultant that the contingency fee allowance is higher than they would typically expect. However, they conclude that the Applicant's costs overall are reasonable even with the higher 10% contingency allowance. Generally, we accept that the other percentages are realistic and in line with market norms.

7.8 CIL charges have been assumed at £733,000 for Borough CIL and £91,000 for Mayoral CIL. We have not verified these figures and request that the Council confirm the level of CIL required from this scheme.

7.9 S106 charges have been assumed at £13,125. We have not verified this amount and request that the Council confirm the level of S106 contributions required from this scheme.

7.10 Finance has been included at 6.5% and we assume that this is on the basis that the scheme is 100% debt financed. We consider this finance allowance to be broadly acceptable for the purposes of assessing viability.

Profit

7.11 The developer profit target adopted by Turner Morum is 20% on GDV for the private residential element, 15% for the commercial element and 6% for the affordable element.

7.12 Generally, we consider the commercial and affordable profit allowances to be broadly acceptable.

7.13 We consider the private residential profit to be excessive for a scheme of this nature. The scheme is a single phased flatted development arranged over 6-storeys. By contrast, a 20% profit target is typically reserved for larger multi-phased development or tower block schemes (21+ storeys) which carry considerably more risk. We have reduced the profit to 17.5% on GDV for the private residential revenue.

Development Timeframes

7.14 Turner Morum have assumed the following development timescales:

- Pre-construction: 3-months
- Construction: 18-months
- Sales Period: 6-months

7.15 We have been advised by our Cost Consultant that the pre-construction and construction timescales are reasonable.

7.16 We have sought to identify the sales rates of other developments across the Borough to assist in establishing an appropriate sales rate for the proposed scheme. We have identified the following information which has all been taken from the Molior Database:

- **Espalier Gardens, NW6** – scheme completed in August 2021 with 34 of 51 units selling prior (67% off-plan). Since August 2021 the remaining units have sold at an average of 2 units per month.
- **Kings Cross Central (S5), N1C** – this site is due to be completed in March 2023 and as of March 2022 93 of 103 units had sold (90%) at an average rate of 6 units per month.

7.17 There is lack of recent sales rate evidence from within the Borough. Typically, we would expect at least 50% of the units to sell off-plan, with the capital being received at practical completion. This assumptions appears broadly pessimistic when compared to the above schemes. We would expect a subsequent sales rate of at least 3-5 units per month following completion of the scheme. We have assumed 4 units would sell per month at this scheme and this is broadly in the mid-range of the sales rates identified above.

7.18 Assuming the sales rate assumptions above, we consider a 6-month sales period to be broadly acceptable.

7.19 Regarding the disposal of the supported living units, Turner Morum have assumed that 10% of the revenue will be received on exchange and the remainder on completion. This is the agreement outlined in the email from Origin Housing in which we have been provided.

8.0 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 author(s) 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:

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30th May 2022

Appendix 1: Build Cost Report

Project: 19-37 Highgate Road, Kentish Town, Camden 2022/1603/P

Independent Review of Assessment of Economic Viability

1 SUMMARY

1.1 The allowance for contingencies is 10% which we consider high; generally, we allow 5%. We have benchmarked to 5% and the benchmarking results show that even with 10% contingency the Applicants costs are reasonable. All the % figures are based on a calculation of a conventional arrangement of the sums in the analysis.

1.2 Our benchmarking of the Proposed scheme results in an adjusted benchmark of £2,990 /m² that compares to the Applicant's £2,932/m². We therefore consider the Applicant's costs for the proposed scheme to be reasonable.

1.3 Our benchmarking of the Extant scheme results in an adjusted benchmark of £2,961 /m² that compares to the Applicant's £2,265/m². We therefore consider the Applicant's costs for the extant scheme to be reasonable, albeit lower than we would expect by comparison to the costs of the Proposed scheme.

1.4 The duration allowed in the Applicant's appraisal for the Proposed scheme comprises a construction period of 15 to 18 months. The results determined from the BCIS duration calculation provides an estimated average construction duration from start on site to construction completion of 74 weeks (17 months) with a 90% confidence interval for this estimate of 68 to 81 weeks (15.7 to 18.7 months). We consider the duration for construction compared to BCIS a reasonable allowance. The Applicant has extended the duration for the proposed scheme by one quarter compared to the Extant but the difference on BCIS durations is only 4 weeks.

1.5 The duration allowed in the Applicant's appraisal for the Extant scheme comprises a construction period of 12 to 15 months. The results determined from the BCIS duration calculation provides an estimated average construction duration from start on site to construction completion of 70 weeks (16.2 months) with a 90% confidence interval for this estimate of 65 to 76 weeks (15 to 17.5 months). We consider the duration for construction compared to BCIS a reasonable allowance.

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.

2.11 We have considered the duration of the construction period by reference to the average duration calculation resulting from use of the BCIS Duration Calculator, and if we consider appropriate have drawn attention to any significant divergence between the Applicant's duration and the BCIS calculation. The duration is expected to be the result of a programme in appropriate detail for the stage of the project that should be prepared by a specialist in the field. We consider our experience of construction and duration sufficient for benchmarking comparisons using BCIS, but do not possess the appropriate qualifications and experience for undertaking a more detailed examination of the construction duration.

3 GENERAL REVIEW

3.1 We have been provided with and relied upon the Viability Study issued by Turner Morum April 2022 the Preliminary Cost Plan for the Proposed 47-unit scheme Rev C issued 4 March 2022 by CS2, and the Preliminary Cost Plan Rev B for the 42-unit Extant Scheme issued 1 April 2022 by CS2.

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

3.3 The base date of both cost plans is 1Q2022. Our benchmarking uses current BCIS data which is on a current tender firm price basis. The BCIS all-in Tender Price Index (TPI) for 1Q2022 is 349 (Provisional) and for 2Q2022 359 (Forecast).

3.4 The design information used to produce the cost plan has been scheduled. There is no structural or services information listed, although the Design & Access Statement refers to an energy strategy as a Thornton Reynolds Report.

3.5 The cost plans for the proposed and extant schemes includes an allowance for preliminaries of 13.6% and 13.3% respectively. The allowance for overheads and profit (OHP) in both is 5%. We consider these allowances reasonable.

3.6 The allowance for contingencies is 10% which we consider high; generally, we allow 5%. We have benchmarked t 5% and the benchmarking results show that even with 10% contingency the Applicants costs are reasonable. All the % figures are based on a calculation of a conventional arrangement of the sums in the analysis.

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

3.8 Sales have been included in the Appraisal at average figures of £918/ft^2 (Net Sales Area).

3.9 We have downloaded current BCIS data for benchmarking purposes including a Location Factor for Camden of 128 that has been applied in our benchmarking calculations.

3.10 The building is a 9-storey building of flats; BCIS average cost data is given in steps: 1-2 storey, 3-5 storey, 6 storey or above. We have benchmarked as 6 storey or above.

3.11 Our benchmarking of the Proposed scheme results in an adjusted benchmark of £2,990 /m^2 that compares to the Applicant's £2,932/m^2. We therefore consider the Applicant's costs for the proposed scheme to be reasonable.

3.12 Our benchmarking of the Extant scheme results in an adjusted benchmark of £2,961 /m^2 that compares to the Applicant's £2,265/m^2. We therefore consider the Applicant's costs for the extant scheme to be reasonable, albeit lower than we would expect by comparison to the costs of the Proposed scheme.

3.13 The duration allowed in the Applicant's appraisal for the Proposed scheme comprises a construction period of 15 to 18 months. The results determined from the BCIS duration calculation provides an estimated average construction duration from start on site to construction completion of 74 weeks (17 months) with a 90% confidence interval for this estimate of 68 to 81 weeks (15.7 to 18.7 months). We consider the duration for construction compared to BCIS a reasonable allowance. The Applicant has extended the duration for the proposed scheme by one quarter compared to the Extant but the difference on BCIS durations is only 4 weeks.

3.14 The duration allowed in the Applicant's appraisal for the Extant scheme comprises a construction period of 12 to 15 months. The results determined from the BCIS duration calculation provides an estimated average construction duration from start on site to construction completion of 70 weeks (16.2 months) with a 90%

confidence interval for this estimate of 65 to 76 weeks (15 to 17.5 months). We consider the duration for construction compared to BCIS a reasonable allowance.

3.15 The areas and costs included in the appraisal are consistent with the areas and costs in the estimate/cost plan.

BPS Chartered Surveyors
Date: 19 May 2022

19-37 Highgate Road, Kentish Town, Camden

Elemental analysis Proposed Scheme 47 units & BCIS benchmarking

	GIA m²		4,754		4,754		4,754		4,754		4,754		
		Total		New build		Services		Facilitating & Ext Works		Abnormals		LF100	LF128
		£	£/m²	£	£/m²	£	£/m²	£	£/m²	£	£/m²	£/m²	£/m²
	Demolitions 3.8%	**385,755**	**81**		**0**		**0**	**385,755**	**81**		**0**		
1	**Substructure**	**698,874**	**147**	**632,691**	**133**		**0**		**0**	**66,183**	**14**	**160**	**205**
2A	Frame	800,500	168	800,500	168		0		0		0	141	180
2B	Upper Floors	299,347	63	299,347	63		0		0		0	86	110
2C	Roof	366,740	77	201,500	42		0		0	165,240	35	99	127
2D	Stairs	105,000	22	105,000	22		0		0		0	31	40
2E	External Walls	1,470,170	309	1,310,170	276		0		0	160,000	34	203	260
2F	Windows & External Doors	316,550	67	316,550	67		0		0		0	96	123
2G	Internal Walls & Partitions	407,200	86	407,200	86		0		0		0	74	95
2H	Internal Doors	322,675	68	322,675	68		0		0		0	53	68
2	**Superstructure**	**4,088,182**	**860**	**3,762,942**	**792**	**0**	**0**	**0**	**0**	**325,240**	**68**	**783**	**1,002**
3A	Wall Finishes	260,130	55	260,130	55		0		0		0	79	101
3B	Floor Finishes	456,083	96	456,083	96		0		0		0	65	83
3C	Ceiling Finishes	211,161	44	211,161	44		0		0		0	42	54
3	**Internal Finishes**	**927,373**	**195**	**927,373**	**195**	**0**	**0**	**0**	**0**	**0**	**0**	**186**	**238**
4	**Fittings**	**963,175**	**203**	**859,200**	**181**		**0**		**0**	**103,975**	**22**	**66**	**84**
5A	Sanitary Appliances	278,518	59		0	278,518	59		0		0	32	41
5B	Services Equipment (kitchen, laundry)											29	37
5C	Disposal Installations	42,665	9		0	42,665	9		0		0	14	18
5D	Water Installations	259,360	55		0	188,425	40		0	70,935	15	36	46
5E	Heat Source	119,235	25		0	79,235	17		0	40,000	8	55	70
5F	Space Heating & Air Treatment	275,300	58		0	275,300	58		0		0	110	141
5G	Ventilating Systems, smoke extract & control	224,565	47		0	224,565	47		0		0	18	23
5H	Electrical Installations (power, lighting, emergency lighting, standby generator, UPS)	420,323	88		0	420,323	88		0		0	95	122
5I	Fuel Installations											7	9
5J	Lift Installations	352,000	74		0	320,000	67		0	32,000	7	39	50
5K	Protective Installations (fire fighting, dry & wet risers, sprinklers, lightning protection)	134,855	28		0	134,855	28		0		0	13	17
5L	Communication Installations (burglar, panic alarm, fire alarm, cctv, door entry, public address, data cabling, tv/satellite, telecommunication systems, leak detection, induction loop)	153,458	32		0	153,458	32		0		0	25	32
5M	Special Installations - (window cleaning, BMS, medical gas)	130,855	28		0	130,855	28		0		0	42	54
5N	BWIC with Services	110,984	23		0	110,984	23		0		0	15	19
5O	Management of commissioning of services												
5	**Services**	**2,502,118**	**526**	**0**	**0**	**2,359,183**	**496**	**0**	**0**	**142,935**	**30**	**530**	**678**
6A	Site Works	194,700	41		0		0	114,700	24	80,000	17		
6B	Drainage	69,595	15		0		0	43,595	9	26,000	5		
6C	External Services	546,775	115		0		0	546,775	115		0		
6D	Minor Building Works - substation	250,000	53		0	250,000	53		0		0		
6	**External Works 11.1%**	**1,061,070**	**223**	**0**	**0**	**250,000**	**53**	**705,070**	**148**	**106,000**	**22**	**0**	**0**
	SUB TOTAL	**10,626,547**	**2,235**	**6,182,206**	**1,300**	**2,609,183**	**549**	**1,090,825**	**229**	**744,333**	**157**	**1,725**	**2,208**
7	**Preliminaries - on costs 13.6%**	**1,440,000**	303		0		0		0		0		
	Overheads & Profit 5%	**603,327**	127		0		0		0		0		
	SUB TOTAL	**12,669,874**	**2,665**	**6,182,206**	**1,300**	**2,609,183**	**549**	**1,090,825**	**229**	**744,333**	**157**	**1,725**	**2,208**
	Design Development risks												
	Construction risks 10%	1,266,988	267		0		0		0		0		
	Employer change risks												
	Employer other risks - to balance	1	0		0		0		0		0		
	TOTAL	**13,936,863**	**2,932**	**6,182,206**	**1,300**	**2,609,183**	**549**	**1,090,825**	**229**	**744,333**	**157**		
		13,936,863	2,932		1,300	2,609,183	549	1,090,825	229	744,333	157		
	Benchmarking		2,484										
	Add facilitating works	81											
	Add external works	223											
		304											
	Add prelims 13.6%	41											
	Add OHP 5%	17	363										
			2,847										
	Add contingency 5% (NB Applicant contingency 10%)		142										
			2,990										

19-37 Highgate Road, Kentish Town, Camden

Elemental analysis Extant Scheme 42 units & BCIS benchmarking

	GIA m²		4,754		4,754		4,754		4,754		4,754		
		Total		**New build**		**Services**		**Facilitating & Ext**		**Abnormals**		**LF100**	**LF128**
		£	**£/m²**	**£**	**£/m²**	**£**	**£/m²**	**£**	**£/m²**	**£**	**£/m²**	**£/m²**	**£/m²**
	Demolitions 4.9%	**385,755**	**81**		**0**		**0**	**385,755**	**81**		**0**		
1	**Substructure**	**139,703**	**29**	**139,703**	**29**		**0**		**0**		**0**	**160**	**205**
2A	Frame	657,230	138	657,230	138		0		0		0	141	180
2B	Upper Floors	238,226	50	238,226	50		0		0		0	86	110
2C	Roof	243,370	51	193,370	41		0		0	50,000	11	99	127
2D	Stairs	112,000	24	112,000	24		0		0		0	31	40
2E	External Walls	1,282,420	270	1,122,420	236		0		0	160,000	34	203	260
2F	Windows & External Doors	336,800	71	336,800	71		0		0		0	96	123
2G	Internal Walls & Partitions	245,904	52	245,904	52		0		0		0	74	95
2H	Internal Doors	264,025	56	264,025	56		0		0		0	53	68
2	**Superstructure**	**3,379,975**	**711**	**3,169,975**	**667**	**0**	**0**	**0**	**0**	**210,000**	**44**	**783**	**1,002**
3A	Wall Finishes	132,900	28	132,900	28		0		0		0	79	101
3B	Floor Finishes	351,396	74	351,396	74		0		0		0	65	83
3C	Ceiling Finishes	160,284	34	160,284	34		0		0		0	42	54
3	**Internal Finishes**	**644,580**	**136**	**644,580**	**136**	**0**	**0**	**0**	**0**	**0**	**0**	**186**	**238**
4	**Fittings**	**756,100**	**159**	**756,100**	**159**		**0**		**0**		**0**	**66**	**84**
5A	Sanitary Appliances	198,253	42		0	198,253	42		0		0	32	41
5B	Services Equipment (kitchen, laundry)											29	37
5C	Disposal Installations	28,805	6		0	28,805	6		0		0	14	18
5D	Water Installations	144,775	30		0	144,775	30		0		0	36	46
5E	Heat Source	53,495	11		0	53,495	11		0		0	55	70
5F	Space Heating & Air Treatment	225,300	47		0	225,300	47		0		0	110	141
5G	Ventilating Systems, smoke extract & control	166,980	35		0	166,980	35		0		0	18	23
5H	Electrical Installations (power, lighting, emergency lighting, standby generator, UPS)	339,460	71		0	339,460	71		0		0	95	122
5I	Fuel Installations											7	9
5J	Lift Installations	352,000	74		0	320,000	67		0	32,000	7	39	50
5K	Protective Installations (fire fighting, dry & wet risers, sprinklers, lightning protection)	117,035	25		0	117,035	25		0		0	13	17
5L	Communication Installations (burglar, panic alarm, fire alarm, cctv, door entry, public address, data cabling, tv/satellite, telecommunication systems, leak detection, induction loop)	123,228	26		0	123,228	26		0		0	25	32
5M	Special Installations - (window cleaning, BMS, medical gas)	119,535	25		0	119,535	25		0		0	42	54
5N	BWIC with Services	94,431	20		0	94,431	20		0		0	15	19
5O	Management of commissioning of services												
5	**Services**	**1,963,296**	**413**	**0**	**0**	**1,931,296**	**406**	**0**	**0**	**32,000**	**7**	**530**	**678**
6A	Site Works	125,700	26		0		0	125,700	26		0		
6B	Drainage	39,575	8		0		0	39,575	8		0		
6C	External Services	540,775	114		0		0	540,775	114		0		
6D	Minor Building Works - substation	250,000	53		0	250,000	53		0		0		
6	**External Works 13.2%**	**956,050**	**201**	**0**	**0**	**250,000**	**53**	**706,050**	**149**	**0**	**0**	**0**	**0**
	SUB TOTAL	**8,225,458**	**1,730**	**4,710,357**	**991**	**2,181,296**	**459**	**1,091,805**	**230**	**242,000**	**51**	**1,725**	**2,208**
7	**Preliminaries - on costs 13.3%**	**1,097,143**	**231**		**0**		**0**		**0**		**0**		
	Overheads & Profit 5%	**466,130**	**98**		**0**		**0**		**0**		**0**		
	SUB TOTAL	**9,788,730**	**2,059**	**4,710,357**	**991**	**2,181,296**	**459**	**1,091,805**	**230**	**242,000**	**51**	**1,725**	**2,208**
	Design Development risks												
	Construction risks 10%	978,873	206		0		0		0		0		
	Employer change risks												
	Employer other risks - to balance		0		0		0		0		0		
	TOTAL	**10,767,604**	**2,265**	**4,710,357**	**991**	**2,181,296**	**459**	**1,091,805**	**230**	**242,000**	**51**		
			2,265		991	2,181,296	459	0	230		51		
	Benchmarking		2,484										
	Add facilitating works	81											
	Add external works	201											
		282											
	Add prelims 13.%	38											
	Add OHP 5%	16	336										
			2,820										
	Add contingency 5% (NB Applicant contingency 10%)		141										
			2,961										

Appendix 2: BPS Proposed Scheme Appraisal

BPS Proposed Scheme Appraisal
Greenwood Centre, Highgate Road
2022/1603/P

Development Appraisal
BPS Surveyors
20 May 2022

BPS Proposed Scheme Appraisal
Greenwood Centre, Highgate Road
2022/1603/P

Appraisal Summary for Phase 1

Currency in £

REVENUE						
Sales Valuation	**Units**	**ft²**	**Sales Rate ft²**	**Unit Price**	**Gross Sales**	
Private Flats	42	30,049	1,002.70	717,381	30,130,000	
Supported Living Units	5	3,407	270.03	184,000	920,000	
Totals	**47**	**33,456**			**31,050,000**	
Rental Area Summary	**Units**	**ft²**	**Rent Rate ft²**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**
Commercial/Social Enterprise	1	1,021	30.00	30,630	30,630	30,630
Investment Valuation						
Commercial/Social Enterprise						
Market Rent	30,630	YP @	6.0000%	16.6667		
(6mths Rent Free)		PV 6mths @	6.0000%	0.9713	495,841	
GROSS DEVELOPMENT VALUE				**31,545,841**		
Purchaser's Costs			(33,717)			
Effective Purchaser's Costs Rate		6.80%				
				(33,717)		
NET DEVELOPMENT VALUE				**31,512,124**		
NET REALISATION				**31,512,124**		
OUTLAY						
ACQUISITION COSTS						
Benchmark Land Value		6,737,000				
Benchmark Land Value			6,737,000			
				6,737,000		
Purchaser's Costs		6.80%	458,116			
				458,116		
CONSTRUCTION COSTS						
Construction	**Units**	**Unit Amount**	**Cost**			
Construction Costs	1 un	12,669,875	12,669,875			
Contingency		10.00%	1,266,987			
				13,936,862		
Section 106 Costs						
Section106 Costs			13,125			
CIL Costs			824,570			
				837,695		
PROFESSIONAL FEES						
Professional Fee		10.00%	1,266,987			
				1,266,987		
MARKETING & LETTING						
Private Resi Fees		3.00%	903,900			
Affordable Disposal Fee		0.50%	4,600			
Commercial Disposal Fee		2.00%	9,917			
				918,417		
MISCELLANEOUS FEES						
Private Resi Profit		17.50%	5,272,750			
Commercial Profit		15.00%	74,376			

BPS Proposed Scheme Appraisal
Greenwood Centre, Highgate Road
2022/1603/P

Affordable Profit	6.00%	55,200	
			5,402,326
FINANCE			
Debit Rate 6.500%, Credit Rate 0.000% (Nominal)			
Land		687,872	
Construction		577,685	
Other		79,767	
Total Finance Cost			1,345,325
TOTAL COSTS			**30,902,729**
PROFIT			
			609,396
Performance Measures			
Profit on Cost%	1.97%		
Profit on GDV%	1.93%		
Profit on NDV%	1.93%		
Development Yield% (on Rent)	0.10%		
Equivalent Yield% (Nominal)	6.00%		
Equivalent Yield% (True)	6.23%		
IRR% (without Interest)	8.79%		
Rent Cover	19 yrs 11 mths		
Profit Erosion (finance rate 6.500)	4 mths		

Appendix 3: BPS Extant Scheme Appraisal

BPS Extant Scheme Appraisal
Greenwood Centre, Highgate Road
2013/5947/P

Development Appraisal
BPS Surveyors
20 May 2022

BPS Extant Scheme Appraisal
Greenwood Centre, Highgate Road
2013/5947/P

Appraisal Summary for Phase 1

Currency in £

REVENUE						
Sales Valuation	**Units**	**ft²**	**Sales Rate ft²**	**Unit Price**	**Gross Sales**	
Private Flats	34	24,208	939.00	668,568	22,731,312	
Social Rent Units	8	5,511	283.07	195,000	1,560,000	
Totals	**42**	**29,719**			**24,291,312**	
Rental Area Summary	**Units**	**ft²**	**Rent Rate ft²**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**
Commercial/Social Enterprise	1	1,076	30.00	32,280	32,280	32,280
Investment Valuation						
Commercial/Social Enterprise						
Market Rent	32,280	YP @	6.0000%	16.6667		
(6mths Rent Free)		PV 6mths @	6.0000%	0.9713	522,552	
GROSS DEVELOPMENT VALUE				**24,813,864**		
Purchaser's Costs			(35,534)			
Effective Purchaser's Costs Rate		6.80%				
				(35,534)		
NET DEVELOPMENT VALUE				**24,778,330**		
NET REALISATION				**24,778,330**		
OUTLAY						
ACQUISITION COSTS						
Residualised Price			6,736,864			
				6,736,864		
Purchaser's Costs		6.80%	458,107			
				458,107		
CONSTRUCTION COSTS						
Construction	**Units**	**Unit Amount**	**Cost**			
Construction Costs	1 un	9,788,730	9,788,730			
Contingency		10.00%	978,873			
				10,767,603		
Section 106 Costs						
Section106 Costs			11,729			
				11,729		
PROFESSIONAL FEES						
Professional Fee		10.00%	978,873			
				978,873		
MARKETING & LETTING						
Private Resi Fees		3.00%	681,939			
Affordable Disposal Fee		0.50%	7,800			
Commercial Disposal Fee		2.00%	10,451			
				700,190		
MISCELLANEOUS FEES						
Commercial Profit		15.00%	78,383			
Affordable Profit		6.00%	93,600			
Private Resi Profit		17.50%	3,977,980			
				4,149,962		

BPS Extant Scheme Appraisal
Greenwood Centre, Highgate Road
2013/5947/P

FINANCE

Debit Rate 6.500%, Credit Rate 0.000% (Nominal)		
Land	561,447	
Construction	325,497	
Other	88,058	
Total Finance Cost		975,002
TOTAL COSTS		**24,778,330**
PROFIT		
		0

Performance Measures

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	0.13%
Equivalent Yield% (Nominal)	6.00%
Equivalent Yield% (True)	6.23%
IRR% (without Interest)	6.11%
Profit Erosion (finance rate 6.500)	N/A

Appendix 4: BPS Pricing Schedules

Proposed Scheme

Plot	Floor	Bed	Sqft	Amenity	Price	£psf
1	G	1B2P	709	terrace	620,000	874
2	G	1B2P	674	terrace	605,000	898
3	G	1B2P	647	terrace	600,000	927
4	G	1B2P	700	terrace	620,000	886
5	G	1B2P	678	terrace	610,000	900
6	1	2B3P	663	terrace	670,000	1011
7	1	2B3P	679	terrace	675,000	994
8	1	2B4P	746	terrace	745,000	999
9	1	2B4P	796	terrace	780,000	980
10	1	1B2P	538	terrace	570,000	1059
11	1	2B3P	693	terrace	685,000	988
12	1	2B3P	668	terrace	670,000	1003
13	1	1B2P	543	terrace	575,000	1059
14	1	1B2P	547	terrace	575,000	1051
15	2	2B4P	775	terrace	770,000	994
16	2	1B2P	567	terrace	580,000	1023
17	2	2B4P	789	terrace	775,000	982
18	2	2B4P	752	terrace	755,000	1004
19	2	1B2P	547	terrace	575,000	1051
20	2	2B3P	693	terrace	690,000	996
21	2	2B3P	667	terrace	675,000	1012
22	2	1B2P	543	terrace	575,000	1059
23	2	1B2P	547	terrace	575,000	1051
24	3	2B4P	775	terrace	775,000	1000
25	3	1B2P	567	terrace	585,000	1032
26	3	2B4P	789	terrace	780,000	989
27	3	2B4P	752	terrace	760,000	1011
28	3	1B2P	547	terrace	580,000	1060
29	3	2B3P	693	terrace	695,000	1003
30	3	2B3P	667	terrace	680,000	1019
31	3	1B2P	543	terrace	580,000	1068
32	3	1B2P	547	terrace	580,000	1060
33	4	2B4P	775	terrace	780,000	1006
34	4	1B2P	567	terrace	590,000	1041
35	4	2B4P	789	terrace	785,000	995
36	4	2B4P	752	terrace	765,000	1017
37	4	1B2P	547	terrace	585,000	1069
38	4	2B3P	693	terrace	700,000	1010
39	4	2B3P	667	terrace	685,000	1027
40	4	3B5P	1109	terrace	1,000,000	902
41	5	2B4P	775	terrace	785,000	1013
42	5	1B2P	567	terrace	595,000	1049

43	5	2B4P	789	terrace	790,000	1001
44	5	2B4P	801	terrace	800,000	999
45	6	3B5P	1109	terrace	1,040,000	938
46	6	3B5P	1354	terrace x 2	1,250,000	923
47	6	3B5P	1108	terrace x 2	1,050,000	948
			33443		33,185,000	992

Extant Scheme

Plot	Floor	Bed	Sqft	Price	£psf
1	G	1	700	595,000	£850
2	G	1	779	605,000	£777
3	G	1	761	600,000	£788
4	G	1	702	595,000	£848
5	G	1	702	595,000	£848
6	G	1	743	600,000	£808
7	1	1	541	540,000	£998
8	1	2	753	720,000	£956
9	1	2	694	650,000	£937
10	1	1	605	560,000	£926
11	1	1	607	560,000	£923
12	1	2	678	645,000	£951
13	1	2	651	640,000	£983
14	1	2	679	645,000	£950
15	2	1	541	540,000	£998
16	2	2	753	720,000	£956
17	2	1	555	545,000	£982
18	2	2	853	795,000	£932
19	2	2	840	790,000	£940
20	2	1	541	540,000	£998
21	2	2	651	640,000	£983
22	2	2	679	645,000	£950
23	3	1	541	545,000	£1,007
24	3	2	753	725,000	£963
25	3	1	555	550,000	£991
26	3	2	853	800,000	£938
27	3	2	840	795,000	£946
28	3	1	541	545,000	£1,007
29	3	2	651	645,000	£991
30	3	2	679	650,000	£957
31	4	3	1243	1,100,000	£885
32	4	1	555	555,000	£1,000
33	4	2	853	805,000	£944
34	4	2	840	800,000	£952
35	4	1	541	550,000	£1,017
36	4	2	651	650,000	£998
37	4	2	679	655,000	£965
38	5	1	541	555,000	£1,026
39	5	2	651	655,000	£1,006
40	5	2	679	670,000	£987
41	6	3	1029	950,000	£923
42	6	3	1030	950,000	£922

			29713	27,915,000	£939