

28 June 2017

# 46 West Street, Deal, Kent, CT14 6AH

## VIABILITY ASSESSMENT REPORT

**STRICTLY PRIVATE AND CONFIDENTIAL**

**FOI EXEMPTION SECTION 41 & 43(2): PRIVATE AND CONFIDENTIAL**  
EIR Exemption 12 (5) (e) – (f)

**Prepared for:**

Foster and Payne Developments (Deal)

**Prepared by:**

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**For and on behalf of:**

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# 1. Executive Summary

This Viability Assessment is submitted in support of a detailed planning application to Dover District Council. The planning application proposes:

*'Erection of twelve one and two bedroom apartments and maisonettes'*

We have therefore appraised the following scheme:

- The erection of a new build 3 storey apartment block, comprising 12 units, including 6 x 1 bedroom apartments and 6 x 2 bedroom maisonettes, along with cycle parking spaces, landscaping and new access arrangements.

We have assessed the development economics of the proposed scheme in order to identify whether a contribution towards off-site affordable housing, calculated at 5% of the anticipated Gross Development Value (£115,500), can be financially sustained. We have appraised the scheme using Prodev software and have based our appraisals upon the plans contained within the planning applicant's Design and Access Statement (dated May 2017) as detailed in summary form within our report.

Viability appraisals can and should be used to analyse and justify planning applications to ensure that Section 106 requirements do not make a scheme unviable.

If the residual value of a proposed scheme is reduced to significantly below an appropriate **viability benchmark sum**, then it is commercially unviable to pursue and the scheme is unlikely to proceed. The viability benchmark sum is arrived at following consideration of; unconditional purchase price paid, Existing Use Value or 25% above EUV, Alternative Use Value and/or Market Value).

If a scheme is being rendered unviable because of Section 106 requirements, it may be appropriate to look at reducing the burden of those requirements in order to facilitate viability.

We have appraised the proposed scheme on a policy compliant basis, against our Benchmark Land Value (in this instance the Price Paid and associated profit return) in order to fully understand the economics.

We have appraised the proposed scheme on the bases set out in the table below, allowing for a 5% off-site contribution towards affordable Housing (£115,500) and 20% profit on cost:

Residual Land Value Reflecting a Policy Compliant Scheme (Market Value)	Benchmark Land Value Reflecting Price Paid	Land Value Deficit Against Benchmark
£192,000	£450,000	-£258,000

As demonstrated by the results above the scheme cannot afford to provide a policy target level of a 5% off-site contribution towards affordable housing whilst making a normal developer's profit.



## 2. Introduction

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### 2.1. Client Instruction

We have been instructed to examine the development economics of the proposed scheme to determine whether it is financially viable for the proposed scheme to provide an off-site contribution towards affordable housing (calculated at 5% of the anticipated Gross Development Value). We have undertaken our assessment using a residual software package called Prodev.

### 2.2. Confidentiality

Due to the commercially sensitive nature of some of the information provided as part of the viability assessment, this report is provided on a strictly private and confidential basis. We understand that the report will be submitted to Dover District Council as a supporting document in the planning application. The report must not be recited or referred to in any document, or copied or made available (in whole or in part) to any other person (save the consultants instructed by the Council to review the report) without our express prior written consent.

### 2.3. Report Limitations

Although this report has been prepared in line with the principles contained within the Royal Institution of Chartered Surveyors' ("RICS") Valuation – Professional Standards January 2014 (the "RICS Red Book", published in November 2013, and effective from 6 January 2014), advice given expressly in preparation for, or during the course of negotiations or possible litigation does not form part of a formal "Red Book" valuation and should not be relied upon as such.

### 2.4. Date of Appraisal

The Date of Appraisal is the date of this report. Subject to all site specific variables remaining the same and there being no fundamental market changes, the Appraisal remains valid for a period of three months after which we reserve the right to review our position.

### 2.5. Information Provided

We have been provided with and relied upon the following information from the Applicant:

- Schedule of Proposed Floor Areas prepared by AWW Inspired Environments;
- Proposed Floor Plans and Elevations prepared by AWW Inspired Environments; and
- Costings provided by the Applicant and Cost plan prepared by Bruce Shaw (**Appendix 1**).



## 3. The Property

### 3.1. Property Location

The Property is centrally located in Deal, forming a sought-after and popular coastal town.

The Property is inland, being situated on West Street, which runs parallel with Deal High Street to the east, with Beach Street and the coastline, further to the east.

Deal High Street lies within walking distance of the Property, along with Deal railway station which is situated to the south-west (approximately 0.2 miles distant). Deal station operates indirect services into London St Pancras in journey times of about 1 hour 45 minutes.

A similar distance to the south, West Street connects to the A258, which also links to the A256, providing access to Sandwich to the north (about 6.0 miles distant) and Dover to the south. Dover can more readily be accessed via the A258 (around 9.0 miles distant).

A location plan is provided below:





### 3.2. Property Description

The Property comprises a broadly rectangular shaped site, with hoardings forming the principal perimeter boundaries. The Property was formerly occupied by an MOT centre, which has been demolished by the Applicant, with a spoil heap yet to be removed.

The Property's topography slopes slightly downwards from east to west.

The Property extends to approximately 0.06 hectares (0.15 acres).

To the immediate north, the Property has return frontage to Anchor Lane, a block-end road leading to a small quantity of residential properties and garages/rear gardens of properties fronting Century Walk. To the east, the Property has frontage to West Street, a well-used road linking Queens Street to the south, with Western Road to the north. Immediately adjacent to the west is a bungalow known as Sunnyside Bungalow which is accessed off Anchor Lane. Flanking the Property's southern boundary is a Sainsbury's supermarket and car park.

### 3.3. Proposal Summary

The proposed detailed scheme involves the erection of a new build 3 storey apartment block, comprising 12 units, including 6 x 1 bedroom apartments and 6 x 2 bedroom maisonettes. The block will have 3 separate communal cores. The proposed elevations will be predominantly red brick, under a pitched roof.

The proposed detailed scheme involves the erection of a new build 3 storey apartment block, along with cycle parking spaces, landscaping and new access arrangements.



**Proposed Elevations**

### 3.4. Proposed Accommodation Schedule

Plot	Unit Type	No. Beds	GIA Sqm	GIA Sqft	Car Parking	Comments
A1	Ground Floor Apartment	1	50.40	542	No Parking	Access via Anchor Lane. Private courtyard garden bordering Sainsbury's supermarket.
A2	Ground Floor Apartment	1	48.10	518	No Parking	Access via Anchor Lane. Private courtyard garden bordering Sainsbury's supermarket.
A3	Ground Floor Apartment	1	47.90	515	No Parking	Access via Anchor Lane. Private courtyard garden bordering Sainsbury's supermarket.
A4	Ground Floor Apartment	1	50.10	539	No Parking	Access via Anchor Lane. Private courtyard garden bordering Sainsbury's supermarket.
A5	Ground Floor Apartment	1	47.90	515	No Parking	Access via Anchor Lane. Private courtyard garden bordering Sainsbury's supermarket.
A6	Ground Floor Apartment	1	50.10	539	No Parking	Access via Anchor Lane. Private courtyard garden bordering Sainsbury's supermarket.
M1	First and Second Floor Duplex Apartment	2	69.70	750	No Parking	En suite master bedroom. Private enclosed balcony overlooking Sainsbury's supermarket.
M2	First and Second Floor Duplex Apartment	2	66.90	720	No Parking	En suite master bedroom. Private enclosed balcony overlooking Sainsbury's supermarket.
M3	First and Second Floor Duplex Apartment	2	66.70	718	No Parking	En suite master bedroom. Private enclosed balcony overlooking Sainsbury's supermarket.
M4	First and Second Floor Duplex Apartment	2	69.50	748	No Parking	En suite master bedroom. Private enclosed balcony overlooking Sainsbury's supermarket.
M5	First and Second Floor Duplex Apartment	2	66.70	718	No Parking	En suite master bedroom. Private enclosed balcony overlooking Sainsbury's supermarket.
M6	First and Second Floor Duplex Apartment	2	69.50	748	No Parking	En suite master bedroom. Private enclosed balcony overlooking Sainsbury's supermarket.



## 4. Methodology

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### 4.1. Financial Viability Assessments

In line with the National Planning Policy Framework (NPPF), site-specific financial viabilities are a material consideration in determining how much and what type of affordable housing should be required in residential and mixed-use developments.

As such viability appraisals can and should be used to analyse and justify planning applications to ensure that Section 106 requirements do not make a scheme unviable.

The RICS define financial appraisals for planning purposes as 'An objective financial viability test of the ability of a development project to meet its costs including the cost of planning obligations whilst ensuring an appropriate site value for the landowner and a market risk adjusted return to a developer in delivering that project.'

We understand that the logic is that, if the residual value of a proposed scheme is reduced to significantly below an appropriate viability benchmark sum, it follows that it is commercially unviable to pursue such a scheme, and the scheme is unlikely to proceed.

If a scheme is being rendered unviable because of Section 106 requirements, it may be appropriate to look at reducing the burden of those requirements in order to facilitate viability.

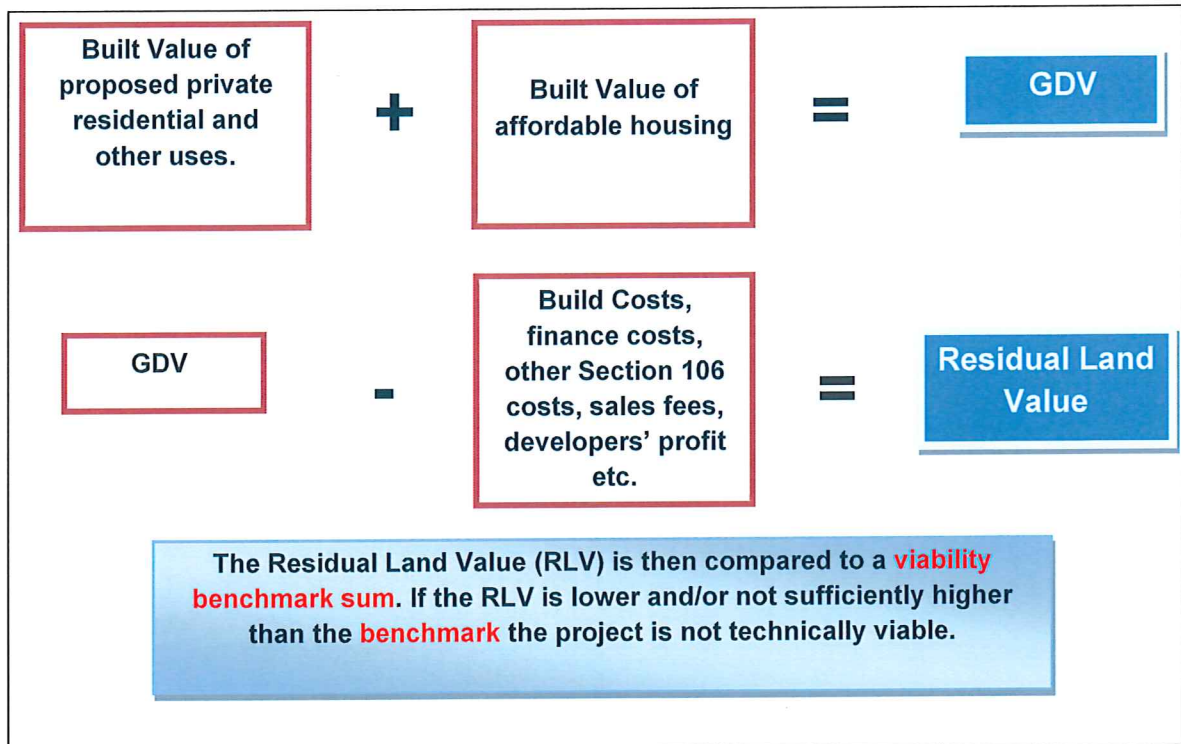
### 4.2. Factors affecting viability

The following factors are particularly relevant to viability:

- The quantity of affordable housing;
- The tenure split within the affordable housing between social rented and intermediate;
- Grant funding on the affordable housing;
- Cascade clauses related to grant, affordable housing quantum and tenure split;
- 'Other' Section 106 costs (e.g. highways, education etc.);
- Optimum land uses within the development;
- Family sized units;
- Market conditions;
- Timing of delivery;
- Abnormal building costs; and
- Particular planning requirements.

### 4.3. Residual Land Valuation

The financial viability of development proposals is determined using the residual land valuation method. A summary of this valuation process can be seen below:



### 4.4. Profit

The above residual land approach can be inverted so that it becomes a 'profit residual' based upon the insertion of a specific land cost (equivalent to the viability benchmark sum). By doing this, the focus is moved onto the level of profit driven by a scheme.

## 5. Viability Benchmarks

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Identifying an appropriate viability benchmark sum requires judgement bearing in mind that national planning guidance indicates that appropriate land for housing should be 'encouraged' to come forward for development. We have had regard to the RICS guidance note titled 'Financial Viability in Planning' 1<sup>st</sup> edition dated 2012. The different viability benchmarks are outlined below.

### 5.1. Existing Use Value/Current Use Value (EUV/CUV)

The EUV, sometimes known as the CUV for Toolkit purposes, refers to the value of the asset at today's date in the adopted planning use. It refers to the Market Value of the asset on the special assumption reflecting the current use of the property only and disregarding any prospect of development other than for continuation/expansion of the current use.

### 5.2. Alternative Use Value (AUV)

The AUV refers to the value of the asset under an alternative planning use for which permission might reasonably be expected to be obtained.

### 5.3. Purchase Price Paid

There is some debate about the extent to which purchase price paid (and rolled up debt associated with the site) should influence the choice of viability benchmark sum.

We see sensible reason for taking purchase price paid into greater account given recent land value falls and reduction in HCA grant funding as, without doing so, land will not be 'encouraged' to come forward for 'development'. Indeed, developers will be faced with unviable and blighted planning consents.

As such, to ignore purchase price paid (unless unreasonable as at the time of purchase based upon prevailing market conditions and planning policies) would result in adverse consequences for all stakeholders interested in the delivery (i.e. actual construction) of new housing.

### 5.4. Market Value

The guidance from the RICS contained within their 'Financial Viability in Planning' 1<sup>st</sup> edition, states that when considering the value of the development site for planning purposes the 'Site value should equate to the Market Value subject to the following assumption; that the value has regard to development plan policies and all other material planning considerations and disregards that which is contrary to the development plan.'

The Market Value as defined by the RICS is 'the estimated amount for which the asset should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.'



National Planning Policy states that:

*'...to ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking into account of the normal cost of development and mitigation, **provide competitive returns** to a willing land owner and willing developer to enable the development to be deliverable' Para 173, National Planning Policy Framework*

As such we understand that, in having regard to the development plan the Market Value of a site should reflect a financially viable scheme.

## 6. Choice of Benchmark

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### 6.1. Purchase Price Paid

We consider this to be an important consideration, as we understand that the Property was purchased unconditionally in August 2015 in the sum of £450,000. The Property was openly marketed by Tersons Estate Agents for a period of 8 months, where the only interest received was from residential developers.

Whilst we have given consideration to the EUV, we have not formed an opinion of value on this basis, due to the demolition and virtual site clearance of the MOT Centre that previously occupied the Property. In our view, the Property is only likely to appeal to residential developers, as opposed to commercial users, due to market demand from residential developers/end users and the location and physical traits.

### 6.2. Market Value

In considering the Market Value we have prepared our own residual appraisal, reflecting an assumption that planning permission is in place for the proposed scheme, on a policy compliant basis, to include an off-site affordable housing contribution, calculated at 5% of the Gross Development Value (£115,500).

We have assessed the Market Value of the Property reflecting an assumption that planning permission is in place for the proposed scheme on a policy compliant basis, at approximately £192,000 (**Appendix 2**).

### 6.3. Benchmark for the Property

In light of the above we are of the opinion that the benchmark sum equates to £450,000, reflecting the Purchase Price paid, almost two years ago (**Appendix 3**).

We do however reserve the right to reconsider this should further evidence become available.

## 7. Economic Modelling

### 7.1. Economic Model Used

The financial analysis has been undertaken using a software package called Prodev.

### 7.2. Economic Modelling Assumptions

In preparing the model, we have applied the following items:

Input	Assumption Used
Private Unit Market Values	<ul style="list-style-type: none"> <li>Private market values have been assessed using equivalent capital values and £/sq ft rates based on comparable evidence within the vicinity, including analysing both second hand and new build transactions and discussions with local agents. Contained within Appendix 4 is a schedule of comparable evidence that we have considered.</li> <li>We have in addition, allowed for a ground rent investment.</li> </ul>
Acquisition and Disposal Fees	<ul style="list-style-type: none"> <li>We have allowed for Stamp Duty at the appropriate rate.</li> <li>For acquisition costs we have allowed for legal fees at £10,000.</li> <li>Disposal fees have been allowed for in terms of agent and legal fees relating to the disposal of the ground rent investment and apartment sales.</li> </ul>
Build Costs	<ul style="list-style-type: none"> <li>We have been provided with a detailed construction cost assessment by Bruce Shaw (<b>Appendix 1</b>), which includes a cost for demolition. In addition, we have been provided with a further quotation by the Applicant relating to the removal of the spoil heap and site preparation costs.</li> <li>The construction cost assessment related to the previous intended scheme for 17 apartments, which comprised similar accommodation and design. For the purpose of this assessment, we have adopted the build cost rate applied within that scenario, at £165 psf, applied to the gross internal floor area.</li> </ul>
Contingencies	<ul style="list-style-type: none"> <li>We have allowed for contingencies at 5.0%.</li> </ul>



Input	Assumption Used
Professional Fees	<ul style="list-style-type: none"> <li>Professional fees have been allowed at 8.5%.</li> </ul>
Developer's Return	<ul style="list-style-type: none"> <li>We have accounted for 20% profit-on-cost which reflects the current minimum level funders require in order to secure development funding. A copy of our appraisal is at <b>Appendix 2</b>.</li> </ul>
Development Interest Rate	<ul style="list-style-type: none"> <li>We have assumed an interest rate of 7.0%.</li> <li>We have applied this interest rate over the course of the development, allowing for a lead in period, construction and sales.</li> </ul>

## 8. Proposed Development Value

### 8.1. Private Residential

We have considered comparable evidence in the vicinity of the Property and have spoken with local agents to inform our opinion of achievable capital values for the proposed private apartments.

Our comparable research is included at **Appendix 4**.

Plot	Unit Type	No. Beds	GIA Sqm	GIA Sqft	Car Parking	Market Value June 2017	£/sqft	Comments
A1	Ground Floor Apartment	1	50.40	542	No Parking	£160,000	£295	Access via Anchor Lane. Private courtyard garden bordering Sainsbury's supermarket.
A2	Ground Floor Apartment	1	48.10	518	No Parking	£160,000	£309	Access via Anchor Lane. Private courtyard garden bordering Sainsbury's supermarket.
A3	Ground Floor Apartment	1	47.90	515	No Parking	£160,000	£310	Access via Anchor Lane. Private courtyard garden bordering Sainsbury's supermarket.
A4	Ground Floor Apartment	1	50.10	539	No Parking	£160,000	£297	Access via Anchor Lane. Private courtyard garden bordering Sainsbury's supermarket.
A5	Ground Floor Apartment	1	47.90	515	No Parking	£160,000	£310	Access via Anchor Lane. Private courtyard garden bordering Sainsbury's supermarket.
A6	Ground Floor Apartment	1	50.10	539	No Parking	£160,000	£297	Access via Anchor Lane. Private courtyard garden bordering Sainsbury's supermarket.
M1	First and Second Floor Duplex Apartment	2	69.70	750	No Parking	£225,000	£300	En suite master bedroom. Private enclosed balcony overlooking Sainsbury's supermarket.
M2	First and Second Floor Duplex Apartment	2	66.90	720	No Parking	£225,000	£313	En suite master bedroom. Private enclosed balcony overlooking Sainsbury's supermarket.

Plot	Unit Type	No. Beds	GIA Sqm	GIA Sqft	Car Parking	Market Value June 2017	£/sqft	Comments
M3	First and Second Floor Duplex Apartment	2	66.70	718	No Parking	£225,000	£314	En suite master bedroom. Private enclosed balcony overlooking Sainsbury's supermarket.
M4	First and Second Floor Duplex Apartment	2	69.50	748	No Parking	£225,000	£301	En suite master bedroom. Private enclosed balcony overlooking Sainsbury's supermarket.
M5	First and Second Floor Duplex Apartment	2	66.70	718	No Parking	£225,000	£314	En suite master bedroom. Private enclosed balcony overlooking Sainsbury's supermarket.
M6	First and Second Floor Duplex Apartment	2	69.50	748	No Parking	£225,000	£301	En suite master bedroom. Private enclosed balcony overlooking Sainsbury's supermarket.
			704	7570		£2,310,000	£305	



## 9. Appraisal Analysis and Conclusion

We have appraised the proposed scheme against our Benchmark Land Value (in this instance the Price Paid) in order to fully understand the economics of the development and to establish whether it is financial viable for the proposed scheme to support an off-site contribution towards affordable housing calculated at 5% of the Gross Development Value (£115,500).

In our first residual appraisal (**Appendix 2**) where we have allowed for a policy compliant scheme, the resultant land value is approximately £192,000, based on a developer's normal profit-on-cost of 20%. This land value is £258,000 lower than the Purchase Price paid. Within our second appraisal (**Appendix 3**) where we have adopted the Purchase Price paid, assuming an all private market tenure scheme, the developer's profit-on-cost is shown at only 9.51%, significantly below a developer's normal require profit return. In the current market, for a developer to take forward a scheme, they would normally require a return of at least 20% profit-on-cost in order to justify the risk of delivering a scheme and to secure development finance, given likely market and economic risks.

In summary, given the Purchase Price paid, the Applicant can only viably bring forward the proposed scheme on the basis of a solely private market tenure scheme (with no off-site contribution towards affordable housing) and even then, the developer will not be achieving a normal return. The Applicant has already made a land investment, expending considerable money in holding costs and consultants fees.

We have appraised the proposed scheme on the bases set out in the table below.

Residual Land Value Reflecting a Policy Compliant Scheme (Market Value)	Benchmark Land Value Reflecting Price Paid	Land Value Deficit Against Benchmark
£192,000	£450,000	-£258,000

As demonstrated by the results above, the scheme cannot afford to provide a policy target level of a 5% off-site contribution towards affordable housing whilst making a normal developer's profit.

# Appendix 1 – Bruce Shaw Costings

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# 46 West Street

## ELEMENTAL COST SUMMARY



CODE	DESCRIPTION		£/ft² GIA	£/m² GIA	£/ft² NIA	£/m² NIA	£/UNIT	
		%	TOTAL	12,088	1,123	9,871	917	17
1	<b>SUBSTRUCTURE</b>	3.5%	69,000	6	61	7	75	4,059
2	<b>SUPERSTRUCTURE</b>							
2.1	FRAME	3.0%	60,000	5	53	6	65	3,529
2.2	UPPER FLOORS	3.0%	60,000	5	53	6	65	3,529
2.3	ROOF	5.0%	100,000	8	89	10	109	5,882
2.4	STAIRS & RAMPS	1.5%	30,000	2	27	3	33	1,765
2.5	EXTERNAL WALLS	6.6%	132,000	11	118	13	144	7,765
2.6	WINDOWS & EXTERNAL DOORS	3.8%	76,000	6	68	8	83	4,471
2.7	INTERNAL WALLS & PARTITIONS	4.8%	95,000	8	85	10	104	5,588
2.8	INTERNAL DOORS	1.3%	25,000	2	22	3	27	1,471
	<b>SUPERSTRUCTURE TOTAL</b>	29.0%	578,000	48	515	59	630	34,000
3	<b>INTERNAL FINISHES</b>							
3.1	WALL FINISHES	2.8%	55,000	5	49	6	60	3,235
3.2	FLOOR FINISHES	2.8%	56,000	5	50	6	61	3,294
3.3	CEILING FINISHES	2.1%	41,000	3	37	4	45	2,412
	<b>TOTAL INTERNAL FINISHES</b>	7.6%	152,000	13	135	15	166	8,941
4	<b>TOTAL FITTINGS, FURNISHINGS &amp; EQUIPMENT</b>	6.2%	124,000	10	110	13	135	7,294
5	<b>SERVICES</b>							
5.1	SANITARY APPLIANCES	1.8%	35,000	3	31	4	38	2,059
5.2	DISPOSAL INSTALLATIONS	1.3%	25,000	2	22	3	27	1,471
5.3	WATER INSTALLATIONS	2.0%	39,000	3	35	4	43	2,294
5.4	HEAT SOURCE	8.7%	173,000	14	154	18	189	10,176
5.5	SPACE HEATING & AIR CONDITIONING	2.8%	55,000	5	49	6	60	3,235
5.6	VENTILATION SYSTEMS	3.4%	67,000	6	60	7	73	3,941
5.7	ELECTRICAL INSTALLATIONS	6.3%	125,000	10	111	13	136	7,353
5.8	GAS INSTALLATION & OTHER FUEL INSTALLATIONS							
5.9	LIFTS & CONVEYOR INSTALLATIONS	2.3%	45,000	4	40	5	49	2,647
5.11	PROTECTIVE INSTALLATION	0.1%	2,000	0	2	0	2	118
5.12	COMMUNICATIONS, SECURITY AND CONTROL SYSTEMS	1.4%	27,000	2	24	3	29	1,588
5.13	SPECIAL INSTALLATIONS	1.2%	23,000	2	20	2	25	1,353
5.14	BWIC	0.7%	14,000	1	12	1	15	824
5.14	FIREPROOFING AND PROTECTION	0.7%	14,000	1	12	1	15	824
	<b>SERVICES TOTAL</b>	32.3%	644,000	53	573	65	702	37,882
6	<b>SUBTOTAL</b>	78.7%	1,567,000	130	2,619	298	3,207	173,000
7.1	EXTERNAL WORKS	2.1%	41,000	3	37	4	45	2
7.2	UNDERGROUND & SURFACE DRAINAGE	0.9%	18,000	1	16	2	20	1
7.3	RESIDENTIAL EXTRAS & CFSH							
	<b>TOTAL EXTERNAL WORKS</b>	3.0%	59,000	5	53	6	64	3,471
8	<b>SUBTOTAL</b>	81.7%	1,626,000	135	1,448	165	1,773	95,647
9	MAIN CONTRACTOR'S PRELIMINARIES @ 10%	8.2%	163,000	13	145	17	178	9,588
10	MAIN CONTRACTOR'S OH&P @ 3%	2.7%	54,000	4	48	5	59	3,176
11	DESIGN DEVELOPMENT @ 2%	1.9%	37,000	3	33	4	40	2,176
12	STATUTORY SERVICES	2.6%	51,000	4	45	5	56	3,000
13	DEMOLITION & STRIP OUT	3.0%	60,000	5	53	6	65	3,529
14	<b>NETT BUILDING COST</b>	100.0%	1,991,000	165	1,773	202	2,171	117,118
15	CLIENT CONTINGENCY @ 5%		Excluded					
16	PROFESSIONAL FEES		Excluded					
18	<b>PROJECT TOTAL</b>	100.0%	1,991,000	165	1,773	202	2,171	117,118



# Appendix 2 – Residual Appraisal – Policy Compliant

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<b>REVENUE</b>		File: App Prop Sch 5ah Cont 210617	
Ground Rent	12 units at 250.00 ea./pa	3,000	
<b>Inv.Value-A</b>	Net annual income	3,000	
	Capitalised at 5.25% Yield	57,143	57,143
<b>12 Private Units</b>			<b>2,310,000</b>
(Net Income: 3,000) (Inv.Sales: 57,143) (Dir.Sales: 2,310,000)		<b>REVENUE</b>	<b>2,367,143</b>
<b>COSTS</b>			
Site Value		192,000	
Site Stamp Duty		840	
Site Legal Fees		10,000	
		Site Costs	202,840
Demolition		60,000	
Site Preparation		36,500	
5% Ah Contrib		115,500	
		Initial Payments	212,000
Bruce Shaw Costings	7,570.00 sq-ft at 165.00 psf	1,249,050	
Contingency	at 5.00%	62,453	
Professional Fees	at 8.50%	106,169	
		Build Costs	1,417,672
Invest.sale Agents Fee		2,000	
Invest.sale Legal Fees		1,000	
Direct Sale Agents Fee	at 1.75%	40,425	
Direct Sale Legal Fees		14,000	
		Disposal Fees	57,425
<b>INTEREST</b>	<b>(See CASHFLOW)</b>		82,701
7.00% pa	on Debt charged Quarterly and compounded Quarterly		
Site Costs	Month 1 (Jun 17)		
Demolition	Month 3 (Aug 17)		
Site Preparation	Month 1 to 3 (Jun 17 - Aug 17)		
5% Ah Contrib	Month 1 (Jun 17)		
Building Costs	Month 3 to 14 (Aug 17 - Jul 18)		
Inv.Value-A 5.25%	Month 18 (Nov 18)		
Direct Sales	Month 12 to 18 (May 18 - Nov 18)		
<b>PROFIT</b>	394,505	<b>COSTS</b>	1,972,638
<b>PROFIT/SALE</b>	16.67%	<b>PROFIT/COST</b>	20.00%
<b>IRR</b>	N/A		

## Appendix 3 – Residual Appraisal – Benchmark Value

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<b>REVENUE</b>		File: App Prop Sch Price Paid 210617	
Ground Rent	12 units at 250.00 ea./pa	3,000	
<b>Inv.Value-A</b>	Net annual income	3,000	
	Capitalised at 5.25% Yield	57,143	57,143
<b>12 Private Units</b>			<b>2,310,000</b>
(Net Income: 3,000) (Inv.Sales: 57,143) (Dir.Sales: 2,310,000)		<b>REVENUE</b>	<b>2,367,143</b>
<b>COSTS</b>			
Site Value		450,000	
Site Stamp Duty		12,000	
Site Legal Fees		10,000	
		Site Costs	472,000
Demolition		60,000	
Site Preparation		36,500	
		Initial Payments	96,500
Bruce Shaw Costings	7,570.00 sq-ft at 165.00 psf	1,249,050	
Contingency	at 5.00%	62,453	
Professional Fees	at 8.50%	106,169	
		Build Costs	1,417,672
Invest.sale Agents Fee		2,000	
Invest.sale Legal Fees		1,000	
Direct Sale Agents Fee	at 1.75%	40,425	
Direct Sale Legal Fees		14,000	
		Disposal Fees	57,425
<b>INTEREST</b>	<b>(See CASHFLOW)</b>		<b>98,470</b>
7.00% pa	on Debt charged Quarterly and compounded Quarterly		
Site Costs	Month 1 (Jun 17)		
Demolition	Month 3 (Aug 17)		
Site Preparation	Month 1 to 3 (Jun 17 - Aug 17)		
Building Costs	Month 3 to 14 (Aug 17 - Jul 18)		
Inv.Value-A 5.25%	Month 18 (Nov 18)		
Direct Sales	Month 12 to 18 (May 18 - Nov 18)		
<b>PROFIT</b>	225,076	<b>COSTS</b>	<b>2,142,066</b>
<b>PROFIT/SALE</b>	9.51%	<b>PROFIT/COST</b>	<b>10.51%</b>
<b>IRR</b>	N/A		

# Appendix 4 – Apartment Comparables

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# Comparable Evidence

46 West Street, Deal, Kent

Apartment Sales Comparables

Property	Address	GIA Sqft	Car Parking	Accommodation and Analysis	Achieved Price
	No.7 Boningbrook, Marine Road, Deal, Kent  (0.49 miles distant)	580	Scheme parking	2 bedroom second-hand modern apartment.  Second floor  Sea view.  Considered superior.	£239,000 (£412psf)  Under Offer April 2017
	The Quarterdeck, 41-45 Beach Street, Deal, Kent  (0.19 miles distant)	657 - 818	No parking	2 bedroom new build apartments.  Scheme comprises 14 apartments (10 with sea views).  Lift access.  Considered slightly superior.	All without sea views  Plot Nos.3,4 and 7  £235,000 (£287psf - £358psf)  Completed March - October 2016.
	No.9 Coventry Gardens, Deal, Kent  (0.61 miles distant)	753	1 x allocated parking space	2 bedroom second-hand modern apartment.  First floor  Share of freehold  Considered similarly regarded.	£220,000 (£292psf)  Under Offer November 2016
	No.5 North Court, West Street, Deal, Kent  (0.23 miles distant)	630	1 x allocated parking space	2 bedroom second-hand modern apartment.  Second floor  Good internal order  107 year long lease remaining  Considered inferior.	£156,000 (£248 psf)  Exchanged April 2017



Property	Address	GIA Sqft	Car Parking	Accommodation and Analysis	Achieved Price
	2 Deal Castle Road, Deal, Kent <i>(0.33 miles distant)</i>	571	No parking	1 bedroom second-hand conversion apartment.  Ground floor.  View of Deal Castle from sitting room.  Good internal order.  New lease approximately 125 years.  Considered similar in appeal.	£140,500 (£246psf)  Under Offer September 2016.
	No.9 Lion Court, 60 London Road, Deal, Kent <i>(0.30 miles distant)</i>	452	Single garage	1 bedroom second-hand purpose built apartment.  Ground floor  Reasonable internal order  147 years remaining on lease.  Considered inferior	£133,000 (£294 psf)  Under Offer February 2017