

Appendices - Viability Assessment

**DVS** Property Specialists  
for the Public Sector

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Our Reference: [REDACTED]/1681638  
Your Reference: 18/01286/F

Please ask for : [REDACTED]  
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Date : 4 March 2019

Dear Joy,

**REVIEW OF DEVELOPMENT VIABILITY ASSESSMENT  
PROPOSED SCHEME: 67-79 Barrack St and Land and garages to South of Barrack St  
North**

I refer to our terms of engagement letter dated 21 June 2018 and the email dated 27 June 2018 confirming your formal instructions to carry out a review of the viability assessment submitted in respect of the above proposed development. You have forwarded the applicants latest assessment to review which has been undertaken by Savills. We have now undertaken our own research and assessment and would report as follows:

This report is not a formal valuation.

The date of assessment is 28 February 2019.

We have reviewed the assessment undertaken by Savills on behalf of Hill Residential dated 25 October 2018. This supersedes assessments carried out by Savills dated May and September 2018. In addition we have had regard to further correspondence from Savills since their assessment and from Norwich City Council

My assessment has been made by comparing the residual value of the proposed scheme with an appropriate Benchmark Land Value (BLV) figure having regard to the National Planning Policy Framework and the published RICS Guidance Note into Financial Viability in Planning.

The principal objective of our Brief and the subject of this report are to establish whether there is financial justification for any affordable housing and section 106 contributions.

**General Information**

It is confirmed that the viability assessment has been carried out by [REDACTED], a RICS Registered Valuer, acting in the capacity of an external valuer, who has the appropriate knowledge and skills and understanding necessary to undertake the valuation competently, and is in a position to provide an objective and unbiased valuation. Assistance has been provided by [REDACTED] in respect of sales values and benchmark land value.

Checks have been undertaken in accordance with the requirements of the RICS standards and have revealed no conflict of interest. DVS has had no other previous material involvement with the property.

The client will neither make available to any third party or reproduce the whole or any part of the report, nor make reference to it, in any publication without our prior written approval of the form and context in which such disclosure may be made.

You may wish to consider whether this report contains Exempt Information within the terms of paragraph 9 of Schedule 12A to the Local Government Act 1972 (section 1 and Part 1 of Schedule 1 to the Local Government (Access to Information Act 1985) as amended by the Local Government (access to Information) (Variation) Order 2006.

Our valuation is provided for your benefit alone and solely for the purposes of the instruction to which it relates. Our valuation may not, without our specific written consent, be used or relied upon by any third party, even if that third party pays all or part of our fees, directly or indirectly, or is permitted to see a copy of our valuation report. If we do provide written consent to a third party relying on our valuation, any such third party is deemed to have accepted the terms of our engagement.

None of our employees individually has a contract with you or owes you a duty of care or personal responsibility. You agree that you will not bring any claim against any such individuals personally in connection with our services.

This report remains valid for 3 (three) months from its date unless market circumstances change or further or better information comes to light, which would cause me to revise my opinion.

### **Background:**

I understand that this viability assessment is required following a planning application and the contention of the developer that, at the policy level of affordable housing, the scheme is not viable.

The proposed scheme ref 18/01286/F is for the Demolition of existing buildings and structures; erection of 218 dwellings; reinstatement of two Grade II Listed Cottages and erection of 447sqm of commercial floorspace (Class A1-A5 use) with associated works.

The site comprises a mainly cleared brownfield site with some buildings along the Barrack Street frontage and extends to a gross area of approx 1.59 hectares (3.93 acres).

The site is situated to the north of the City Centre adjacent to the area known as Whitefriars.

The scheme proposed includes 218 dwellings plus 2 listed cottages, 220 units in total plus a small commercial element within one of the blocks for up to 3 units.

Savills have assessed the scheme and have concluded that at policy levels the scheme does not deliver a land value that achieves an appropriate benchmark sum and is not technically viable.

### **The Scheme:**

We have been provided with the assessment undertaken by Savills on behalf of the applicant and we have based our assessment upon the floor areas provided in this report. We understand that the scheme consists of 11 blocks and is to be developed in 3 phases. For the purpose of this assessment review we assume the areas indicated below are correct.

The Policy Compliant Scheme with 33% affordable dwellings as assessed by Savills on behalf of the applicant is as follows:

Policy Compliant:

Type	Number of Units	Average Unit Size Sq m	Total m Sq
<b>Private</b>			
<b>Phase 1</b>			
Block D - Apartments	12	64.91	779
Block E2 - Apartments	28	79.79	2,234
Block E3 - Apartments	19	67.84	1,289
<b>Total Phase 1</b>	<b>59</b>		<b>4,302</b>
<b>Phase 2</b>			
Block H - Apartments	37	83.62	3,094
<b>Total Phase 2</b>	<b>37</b>		<b>3,094</b>
<b>Phase 3</b>			
Block G1 - Apartments	22	59.77	1,315
Block G2 - Apartments	29	65.72	1,906
<b>Total Phase 3</b>	<b>51</b>		<b>3,221</b>
<b>Total Private</b>	<b>147 units</b>		<b>10,617 sq m</b>
<b>Affordable</b>			
<b>Phase 1</b>			
Block A Townhouses	7	79.00	553
Block A - Apartments	10	50.00	500
Block D - Apartments	7	70.14	491
<b>Total Phase 1</b>	<b>24 units</b>		<b>1,544 sq m</b>
<b>Phase 2</b>			
Block E1- Apartments	16	68.31	1,093
Block F - Townhouses	4	119	468
<b>Total Phase 2</b>	<b>20 units</b>		<b>1,561 sq m</b>
<b>Phase 3</b>			
Block B - Townhouses	7	77.57	543
Block B - Cottages	2	46.00	92
Block B - Apartments	14	68.21	955
Block C - Townhouses	4	117	468
Block C - Apartments	2	54.00	108
<b>Total Phase 3</b>	<b>29 units</b>		<b>2,166 sq m</b>
<b>Total Affordable</b>	<b>73 units</b>		<b>5,271 sq m</b>
<b>Total Residential</b>	<b>220 units</b>		<b>15,888 sq m 171,018 sq ft</b>
<b>Commercial – Block E2</b>	<b>3 units</b>		<b>453 sq m 4,876 sq ft</b>

The gross area for the residential apartments is 17,645 sq m which is a net to gross area of approx 78% which is within the range we normally see of 75% to 85%. This includes the ancillary and circulation space but excludes the undercroft and open sided car parking and garages and is agreed as reasonable.

Whilst Savills have included a net to gross area for the townhouses and cottages of 82% we can see no reason why this should not be 100% as per other residential scheme but a full gross schedule should be provided to clarify.

The net to gross area for the commercial is 100% which is agreed.

### **Viability Assessment:**

This report deals with each major input into the viability assessment of the scheme. This assessment has been undertaken following our own research into both current sales values and current costs. We have used figures put forward by the applicant if we believe them to be reasonable.

I have used a bespoke excel based toolkit with cash flow to assess a policy compliant, all private scheme and a scheme with 10% affordable which are attached as Appendix 1, 2 & 3 whilst Savills have used Argus with a cash flow.

We would summarise our assessment of the Scheme as follows:

### **1) Development Value -**

#### **a) Private Residential:**

Savills have undertaken research in the area for both new build and second hand properties including Bridgemaster Court and has adopted the following sales values:

Apartments – An average of £323 per sq ft (£3,476 per sq m)

Townhouses and Cottages – An average of £294 per sq ft (£3,165 per sq m).

We have also undertaken our own research into values in the area and are prepared to adopt the values used by Savills as reasonable in the current market. More detail of the evidence sourced can be provided if required.

#### **b) Affordable values:**

Under the adopted Core Strategy policy the level of affordable housing for this site is 33% with 85% rented and 15% shared ownership.

Savills have adopted a blended rate of £1,302.44 per sq m (£121 per sq ft) for the affordable units following the best offer received by the applicant from the RSL's. However we understand that the offers are on the basis of affordable rented tenure only.

In our experience this blended rate is low and represents only 39.80% of the market value adopted. Following various discussions with the City Council and our own experience of affordable values in the region we have adopted 40% of market value for the affordable rented tenure and 60% of market value for the shared ownership tenure.

#### **c) Ground Rents:**

The government announced last year that they would crackdown on unfair leasehold practices in respect of ground rents. In addition they have

recently been out for consultation suggesting ground rents capped at £10 per annum. However since no legislation has been enacted the policy of DVS is to include ground rents at this stage at the current market level. If this changes it could affect this assessment.

Savills have included ground rents at £10 per annum for all market units capitalised at 4%.

We have adopted an average ground rent of £250 per unit per annum but have capitalised at 5% less costs since this is still achievable in the current market. Savills suggest that if a ground rent of £250 per unit per annum was included a yield of 10% would be appropriate to reflect the risk and uncertainty. However I content that ground rents are either in or out and a review mechanism should be included in the section 106 to reflect this.

**d) Commercial:**

Savills have adopted a capital value of £200 per sq ft (£2,153 per sq m) with a total value of £975,200.

We have undertaken our own research and have adopted £15 per sq ft capitalised at 7.0% less purchaser's costs in the normal way with a net value of £988,135.

**e) Gross Development Value:**

The following GDV has been adopted for the policy compliant scheme compared to Savills:

Use	DVS	Savills
Private Residential	£37,081,237	£37,068,000
Affordable Residential	£7,453,810	£6,865,000
Ground Rents	£695,298	£36,750
Commercial	£988,135	£975,200
Total	£46,218,480	£44,944,950

The difference in value totals £1,273,530 however the key differences are due to ground rents which accounts for £658,548, and £588,810 in respect of affordable values where we have included for a policy mix whilst the remaining £26,172 is accounted for by rounding's etc.

We have also undertaken an assessment of the all private scheme which is also compared to Savills below:

Use	DVS	Savills
Private Residential	£54,565,762	£54,516,000
Affordable Residential	Nil	Nil
Ground Rents	£927,065	£49,000
Commercial	£988,135	£975,200
Total	£56,480,961	£55,540,200

Again the principle difference (£878,065 out of £940,761) is due to ground rents.

## 2) Development Costs -

### a) Build Cost:

Savills have been provided with a build and external works schedule prepared by the applicant and the build costs equate to £31,862,549.

Savills have compared these to BCIS adjusted to Norwich and by adopting the BCIS rates the total is £28,236,607. This includes a rate of £3,125 per sq m for the listed cottages and £981 per sq m for the commercial with an overall rate of £1,346 per sq ft (£125.05 per sq ft) and have adopted this in their appraisals with a build cost total of £28,247,920.

We have also taken account of the median BCIS rate adjusted for Norwich and have adopted the following rates:

Townhouses - £1,193 per sq m  
 Apartments - 3 to 5 Storey - £1,295 per sq m  
 Apartments – 6 storey plus - £1,659 per sq m  
 Cottages – Refurb upper quartile - £1,340 per sq m  
 Commercial - £999 per sq m

Overall we have calculated a total of £28,723,764 on BCIS rates adopting our gross areas as detailed earlier. However a detailed schedule of gross areas would be helpful in order to clarify.

In addition to the base build costs both parties have included for external costs as follows:

External Costs	DVS £	Savills £
Externals at 10%	£2,872,376	972,622
Demolition	£140,000	£140,000
On Site Highways	Incl in Ext	£485,580
Off Site Highways	£283,870	£283,870
Drainage	Incl in Ext	£617,918
Utilities	Incl in Ext	£546,020
BWIC	Incl in Ext	£131,283
<b>Total</b>	<b>£3,296,246</b>	<b>£3,177,293</b>

From our investigation we are of the opinion that the above external costs are reasonable and compare with similar schemes.

In addition we understand that there are the following abnormal:

Abnormal Costs	£
Service Connections/Diversions	£20,000
Hot Spot Remediation	£75,000
E/O No Dig Work Zone	£65,000
Ecology	£15,000
City Wall	£125,000
Archaeology	£160,000
Sewer Diversion	£25,000
SUDS	£60,000
<b>Total</b>	<b>£545,000</b>

At this stage no backup has been provided for these abnormal however at this stage we have accepted as reasonable.

Overall our build cost totals £32,565,010 whilst Savills have included for £31,970,213.

**b) Build Contingency:**

Savills have included a contingency of 7.5% or £2,145,810 as appropriate due to the difference in the applicant's costs and BCIS. This is not agreed and we have adopted 5% as reasonable for this scheme with a total of £1,579,807.

Taking account of contingency our total cost is £34,144,817 whilst Savills total is £34,116,023, a difference of only £28,794.

**c) Professional Fees:**

Savills have adopted 6% for professional fees but believe that these lower than normal costs are reasonable on the basis that in house teams will be used.

We would normally consider a range of 8% to 10% for these types of schemes and are prepared to accept 6% in this case.

**d) CIL/Section 106:**

Savills have adopted the following CIL levels for each of their schemes:

- 33% affordable - £1,266,098
- 4.5% affordable - £1,873,249
- 0% Affordable - £1,958,093

You have also provided CIL rates which I understand are £1,266,097 for the policy compliant scheme, £1,936,168 for the 0% affordable scheme and £1,758,356 for the 10% affordable scheme.

I have adopted the latest rates that you have now provided.

In addition both parties have included £50,000 for the Riverside Walk and £40,000 for LEAP/LAP. Please confirm that these are agreed.

**e) Sales and Marketing Fees:**

We have adopted the following fees as reasonable in the current market and agreed on similar schemes compared with Savills below:

	<b>DVS</b>	<b>Savills</b>
Marketing	0.25%	0%
Residential Agents Sale Fee	1.5%	1.5%
Residential Legal fees	£600 per unit	0.5%
Commercial Sale Fees	1.5%	0%
Affordable Transfer Fees	0.5%	0%

Overall I have included £ 1,115,629 for the all private scheme whilst Savills have included £1,110,804.

**f) Finance costs:**

Savills have adopted a finance rate of 5.5% but no credit rate. We have adopted a finance rate of 5.5% (using a cash-flow analysis) and a credit rate of 1% to include for arrangement fees etc which we believe is reasonable and achievable in the current market, albeit at the lower end of the range we normally consider.

However Savills finance cost is lower than ours but this is predominately due to their inclusion of a negative residual land value.

**g) Developers Profit:**

We would normally adopt a profit level of 20% of private residential and commercial GDV based upon our expectations for a scheme of this nature and agreed on other similar schemes in the region. The latest NPPF guidance suggests a profit level of 15-20%. For the affordable units we would adopt a 6% profit due to the reduced risk on the basis of an upfront sale to an RP.

Savills state that they have also adopted 20% on private and commercial with 6% on affordable which shows an 18.3% blended profit which they have adopted in all of their appraisals.

We have also adopted a blended profit of 18.3% in all of our appraisals.

**h) Development Programme:**

We have adopted the following programme for the policy compliant scheme which is agreed with Savills:

- Site Purchase - Month 1
- Demolitions and site preparation – Month 1 to 9
- Phase 1 Construction Month 10 to 23
- Phase 1 Sales – Month 24 to 38 assuming 30% sold on PC
- Phase 1 Affordable Sale – Month 24
- Phase 2 Construction Month 24 to 35
- Phase 2 Sales – Month 36 to 43 assuming 30% sold on PC
- Phase 2 Affordable Sale – Month 36
- Phase 3 Construction – Month 36 to 50
- Phase 3 Sales – Month 51 to 61 assuming 30% sold on PC
- Phase 3 Affordable Sale – Month 51

The key difference with less affordable unit's is the longer sales periods for each phase. The all private scheme has a timescale of 72 months.

**i) Land Value:**

Following various appeal cases, RICS guidance and NPPF it is well established that viability assessments are carried out in order to calculate the residual land value that the scheme can afford which is then compared to the benchmark value of the site.

The current NPPF/NPPG suggests that the benchmark land value (BLV) should be based on the existing use value, excluding hope value, plus a premium to provide a reasonable incentive for a land owner to bring the land forward for development. In addition an alternative use value may be



informative in establishing the BLV but it must have an implementable permission for that use and no premium would then be included.

Savills originally looked at the site on the basis of a commercial site together with the existing uses for residential, commercial and garages for the frontage properties.

For the main area from the evidence researched they adopted a value of £400,000 per acre for a cleared site and a total value of £1,472,000. To this a premium of 30% was added resulting in a total of £1,913,600. In respect of the developed part of the site Savills considered the prices paid and indexed up with a total of £1,497,194. Overall this showed a value of £3,410,794.

However they have now considered the site in its current use as an overflow car park. They have adopted 437 cars for the main site of 1.39 acres and estimated a net income of £420,613 after deducting 20% for vat and 25% for running costs and voids etc. This has been capitalised at 9% with a value of £4,365,000. In respect of the other existing buildings Savills have now adopted a revised value of £1,649,803 taking into account evidence for their existing use value. The overall total is £6,014,803.

Savills then consider that a 25% reduction would be appropriate due to a single sale with a result of £4,511,102.

However after further consideration Savills have adopted a benchmark of £3,410,794 in accordance with their initial report in order to test viability.

I have now discussed the basis of the benchmark land value further with the Council and considered carefully the basis adopted by NPPF/NPPG and have based the benchmark value on the following:

- 1) Frontage properties (67-79 Barrack Street and Garages) – Existing use value plus a premium.

I have now reviewed these figures and I'm prepared to agree the EUV of 67-79 Barrack St at £1,019,803 as indicated by Savills to which I have added a premium of 20% with an overall total of £1,222,000. In respect of the garages I have accepted a EUV of £90,000 as suggested by Savills but on the basis the hope value is to be disregarded in accordance with NPPG I have then added a premium of 20% with a value of £108,000.

Overall I have adopted a value of £1,330,000 for the frontage properties.

- 2) Car Park – I am informed that the land to the east of the city wall has a valid use as a car park for 109 spaces and I have valued its existing use on this basis plus a premium.

I have taken account of car parking income from a number of similar car parks run by the city council which show an average income of £1,000 per space net of vat which includes a 17% deduction to take account of management costs etc. We have assumed an occupancy rate of 70% which compares to other car parks in the City and deducted rates of £18,808 (Rateable value of £38,150 based on £350 per space and rates payable of £0.493).

Overall this shows a net income of £57,492 and capitalised at 8% provides an overall value of £718,650. With a 20% uplift the total is £862,380.

- 3) Remainder of the site – This equates to approx 2.106 acres and we have assumed its alternative use is commercial after discussions with the council but have not then added a premium in accordance with NPPG.

This area is now an established B1 office area and Savills are of the view that approx £400,000 per acre is appropriate for a cleared site in this location and reflects the current planning status. We have undertaken our own research and of the opinion that this value is not understated however on the basis that it does not have a planning consent at this stage have deducted 10% for the risk with a rate per acre of £360,000.

Overall we have assessed the value of the remainder of the site at £758,160 but excluding any premium.

Our assessment of both the frontage properties and the car park are on the basis of existing use value plus a premium which should provide a reasonable incentive for the landowner to sell the land for development. We have adopted a premium of 20% which reflect our opinion of a reasonable incentive, planning appeal decisions and other assessments that have been agreed.

Therefore our benchmark land value equates to a total of approx £2,950,000 as follows:

- Frontage Properties - £1,330,000
- Car Park - £862,380
- Remainder of the site - £758,160
- Total - £2,950,540
- Benchmark Land Value – say £2,950,000

In addition both stamp duty at the current rate and fees of 0.5% have been allowed for.

### **Overall assessment:**

The assessment undertaken by Savills of the policy compliant scheme including 147 private flats, 73 affordable flats and 3 commercial units with a CIL payment of £1,266,097 and a blended profit of 18.3% shows a negative land value of £1,881,690 which they state is not viable. However this is understated since the negative land value reduces the finance charge.

They have also assessed an all private scheme which shows a residual land value of £3,835,707 which they state is viable against their BLV of £3,410,794 and shows a surplus of approx £425,000. On this basis they have offered 4.5% affordable houses ie 10 affordable units.

We have also assessed both a policy compliant scheme and all private scheme as follows:

- 1) Policy compliant scheme with 147 private units, 73 affordable units, 3 commercial units, CIL of £1,266,097 and a blended profit level of 18.3% which shows a deficit of £1,511,253 with no land value which is not viable. Appendix 1

- 2) An all private scheme of 220 units with a CIL of £1,936,168 shows a residual land value of £4,326,973 which is a surplus of approx £1,376,973 against our benchmark land value of £2,950,000 which is viable. Appendix 2

We have also considered a scheme with 10% affordable on the following basis:

Affordable Rented –

3 townhouses in block A  
5 townhouses in block B  
10 apartments in block A  
Total – 18 units

Shared Ownership –

4 Townhouses in Block A  
Total – 5 units

This scheme with 22 affordable units (10%), CIL of £1,758,356 and a land value of £2,950,000 shows a surplus of £206,209 and is viable. Appendix 3

The key differences between the assessments are:

- a) Ground Rents
- b) Affordable values
- c) Benchmark Land Value

I trust this report deals with the issues as required but please do not hesitate to contact me if you have any queries.

Yours sincerely



Registered Valuer  
DVS South East

Appendix 1 – Policy Compliant Appraisal with 33% affordable

Appendix 2 – All Private Appraisal

Appendix 3 – Scheme appraisal with 10% affordable

Receipts:

			No of Units 209	Total GIA m2	Rate £				
<b>Residential:</b>									
<b>Private Residential</b>									
<b>Phase 1</b>									
Block A	Townhouses		0	0	£0	0			
	Apartments		0	0	£0	0		£0	
Block D	Apartments		12	779	£3,498	2,725,176		£2,725,176	
Block E2	Apartments		28	2,234	£3,476	7,765,408		£7,765,408	
Block E3	Apartments		19	1,289	£3,531	4,550,933		£4,550,933	
			59	4,302					£15,041,517
<b>Phase 2</b>									
Block E1	Apartments		0	0	£0	0		£0	
Block F	Townhouses		0	0	£0	0		£0	
Block H	Apartments		37	3,094	£3,412	10,557,310		£10,557,310	
			37	3,094					£10,557,310
<b>Phase 3</b>									
Block B	Townhouses		0	0	£0	0		£0	
	Cottages		0	0	£0	0		£0	
	Apartments		0	0	£0	0		£0	
Block C	Townhouses		0	0	£0	0		£0	
	Apartments		0	0	£0	0		£0	
Block G1	Apartments		22	1,315	£3,552	4,671,038		£4,671,038	
Block G2	Apartments		29	1,906	£3,574	6,811,373		£6,811,373	
			51	3,221					£11,482,411
<b>Total Private</b>			<b>147</b>	<b>10,617.0</b>					
<b>Affordable Housing</b>									
<b>Rented</b>									
<b>Phase 1</b>									
Block A	Townhouses		2	158	£1,266	200,000		£480,000	
	Apartments		4	200	£1,400	280,000		£680,000	
Block D	Apartments		7	491	£1,387	680,866		£880,866	
Block E2	Apartments		0	0	£0	0		£0	
Block E3	Apartments		0	0	£0	0		£0	
			13	849				£1,160,866	
<b>Phase 2</b>									
Block E1	Apartments		16	1,093	£1,362	1,488,614		£1,488,614	
Block F	Townhouses		4	468	£1,249	584,356		£584,356	
Block H	Apartments		0	0	£0	0		£0	
			20	1,561				£2,072,970	
<b>Phase 3</b>									
Block B	Townhouses		7	543	£1,287	699,044		£2,110,071	
	Cottages		2	92	£1,287	118,438		£2,110,071	
	Apartments		14	955	£1,353	1,292,588		£2,110,071	
Block C	Townhouses		4	468	£1,249	584,356		£729,903	
	Apartments		2	108	£1,348	145,547		£729,903	
Block G1	Apartments		0	0	£0	0		£0	
Block G2	Apartments		0	0	£0	0		£0	
			29	2,166				£2,839,974	
			62	4,576.0					£6,073,810
<b>Shared Ownership</b>									
<b>Phase 1</b>									
Block A	Townhouses		5	395	£1,899	750,000		£1,380,000	
	Apartments		6	300	£2,100	630,000		£1,380,000	
			11	695.0					£1,380,000
<b>Total Affordable</b>			<b>73</b>	<b>5,271.0</b>					
<b>Ground Rents</b>									
Yield			147		Av £250	36,750		£695,298	
				5.0 %		20.00			
Less Purchasers Costs				5.37%		735,000.00		£695,298	
						39,701.54			36,750
<b>Commercial</b>									
Yield			3	453	£161	73,140		£988,135	
				7.00%		14.29			
Less Purchasers Costs				5.80%		1,044,854		£988,135	
						56,719			975,200
<b>TOTAL DEVELOPMENT VALUE</b>									<b>£46,218,480</b>

Development Costs

<b>Acquisition Costs:</b>									
Residual Land Value		1.59 Hectares		£0	Per Hectare				
Stamp Duty		4.36 Acres		£0	Per Acre				
Fees				up to 5%		£0			
				1.80%		£0			£0
<b>Construction Costs:</b>									
			Net m2	Gross m2	Rate per m2				
<b>Phase 1</b>									
Block A	Townhouses		553	553	1,193.00	659,729		100%	
	Apartments		500	630	1,295.00	815,565		79%	
Block D	Apartments		1,270	1,654	1,295.00	2,141,969		77%	
Block E2	Apartments		2,234	2,889	1,295.00	3,740,750		77%	
Block E3	Apartments		1,289	1,667	1,295.00	2,158,571		77%	
						9,516,584			
<b>Phase 2</b>									
Block E1	Apartments		1,093	1,379	1,295.00	1,785,261		79%	
Block F	Townhouses		468	468	1,193.00	558,324		100%	
Block H	Apartments		3,094	3,954	1,659.00	6,559,404		78%	
						8,902,989			
<b>Phase 3</b>									
Block B	Townhouses		543	543	1,193.00	647,799		100%	
	Cottages		92	92	1,340.00	123,280		100%	
	Apartments		955	1,175	1,295.00	1,521,418		81%	
Block C	Townhouses		468	543	1,193.00	648,038		86%	
	Apartments		108	157	1,294.00	203,042		69%	
Block G1	Apartments		1,315	1,812	1,295.00	2,346,501		73%	
Block G2	Apartments		1,906	2,629	1,659.00	4,361,577		72%	
						9,851,654			
Commercial			453	453	£999.00	452,537		100%	
			16,341	20,597					28,247,920
Externals						£2,872,376.42			£31,596,141
Contingency:					5.00%	£1,579,807			2,753,423
<b>Other Costs/Abnormals:</b>									
Demolition						£140,000			
Off Site Highways						£283,870			
Service Connections/Diversions						£20,000			
Hot Spot Remediation						£75,000			
E/O No Dig Work Zone						£65,000			
Ecology						£15,000			
City Wall						£125,000			
Archaeology						£160,000			
Sewer Diversion						£25,000			
SUDS						£60,000			968,870
Professional Fees:	Design etc				6.00%	£1,723,426			£1,723,426
CIL/Section 106:	CIL 106	Riverside Walk LEAP/LAP				1,266,097			1,708,425
	Affordable Contribution					50,000			£15,001
						40,000			
Marketing Fees:					0.25%	£92,703			1,356,097
									£0
Sale Fees/Letting Fees:	Residential Agents Sale Fees				1.50%	£556,219			
	Residential Legal Sale Fees				£600 per unit	£88,200			
	Commercial/Ground rent sale fees				1.5%	£25,251			
	Affordable Transfer				0.50%	£30,369			£792,742
Finance:	Arrangement Fee								795,924
	Interest				5.50%	£1,254,669			£38,017,083
Profit:	Blended Profit	On GDV			18.30%	£8,457,982			625,245
									£629,424
<b>TOTAL DEVELOPMENT COSTS</b>									<b>£47,729,733</b>
<b>Surplus/Deficit</b>									<b>-£1,511,253</b>

Property **Barrack Street, Norwich**

Ref: **1681638**

Client **Norwich CC**

Appraisal  
Date

All Private Appraisal  
**28/02/2019**

0%  
Affordable

Appraisal by

**DVS** Property Specialists  
for the Public Sector

**Receipts:**

		No of Units 220	Total GIA m2	Rate £				
<b>Residential:</b>								
<b>Private Residential</b>								
<b>Phase 1</b>								
Block A	Townhouses	7	553	£0	1,750,000			
	Apartments	10	500	£0	1,750,000	<b>£3,500,000</b>		
Block D	Apartments	19	1,270	£3,486	4,427,341	<b>£4,427,341</b>		
Block E2	Apartments	28	2,234	£3,476	7,765,408	<b>£7,765,408</b>		
Block E3	Apartments	19	1,289	£3,531	4,550,933	<b>£4,550,933</b>		
		<b>83</b>	<b>5,846</b>					<b>£20,243,682</b>
<b>Phase 2</b>								
Block E1	Apartments	16	1,093	£0	3,721,535	<b>£3,721,535</b>		
Block F	Townhouses	4	468	£0	1,460,890	<b>£1,460,890</b>		
Block H	Apartments	37	3,094	£3,412	10,557,310	<b>£10,557,310</b>		
		<b>57</b>	<b>4,655</b>					<b>£15,739,734</b>
<b>Phase 3</b>								
Block B	Townhouses	7	543	£0	1,747,611			
	Cottages	2	92	£0	296,096			
	Apartments	14	955	£0	3,231,471	<b>£5,275,178</b>		
Block C	Townhouses	4	468	£0	1,460,890			
	Apartments	2	108	£0	363,866	<b>£1,824,756</b>		
Block G1	Apartments	22	1,315	£3,552	4,671,038	<b>£4,671,038</b>		
Block G2	Apartments	29	1,906	£3,574	6,811,373	<b>£6,811,373</b>		
		<b>80</b>	<b>5,387</b>					<b>£18,582,345</b>
		<b>220</b>	<b>15,888.0</b>					
<b>Affordable Housing</b>								
<b>Phase 1</b>								
Block A	Townhouses	0	0	£0	0			
	Apartments	0	0	£0	0	<b>£0</b>		
Block D	Apartments	0	0	£0	0	<b>£0</b>		
Block E2	Apartments	0	0	£0	0	<b>£0</b>		
Block E3	Apartments	0	0	£0	0	<b>£0</b>		
		<b>0</b>	<b>0</b>			<b>£0</b>		
<b>Phase 2</b>								
Block E1	Apartments	0	0	£0	0	<b>£0</b>		
Block F	Townhouses	0	0	£0	0	<b>£0</b>		
Block H	Apartments	0	0	£0	0	<b>£0</b>		
		<b>0</b>	<b>0</b>			<b>£0</b>		
<b>Phase 3</b>								
Block B	Townhouses	0	0	£0	0			
	Cottages	0	0	£0	0			
	Apartments	0	0	£0	0	<b>£0</b>		
Block C	Townhouses	0	0	£0	0			
	Apartments	0	0	£0	0	<b>£0</b>		
Block G1	Apartments	0	0	£0	0	<b>£0</b>		
Block G2	Apartments	0	0	£0	0	<b>£0</b>		
		<b>0</b>	<b>0</b>			<b>£0</b>		<b>£0</b>
		<b>0</b>	<b>0.0</b>					
<b>Ground Rents</b>								
Yield		196	5.0 %	Av	£250	49,000		
						20.00		
						<b>980,000.00</b>		
Less Purchasers Costs			5.73%			<b>52,935.39</b>	<b>£927,065</b>	<b>£927,065</b>
								49,000
<b>Commercial</b>								
Yield		3	7.00%		£161	73,140		
						14.29		
						<b>1,044,854</b>		
Less Purchasers Costs			5.80%			<b>56,719</b>	<b>£988,135</b>	<b>£988,135</b>
								975,200
<b>TOTAL DEVELOPMENT VALUE</b>								<b>£56,480,961</b>
								54,565,762
								3434
								54,516,000

**Development Costs**

<b>Acquisition Costs:</b>								
Residual Land Value		1.59 Hectares		£2,721,367	Per Hectare	£4,326,973		3,835,707
Stamp Duty		4.36 Acres		£992,837	Per Acre			162,857
Fees				up to 5%		£205,849		19,179
				0.50%		<b>£21,635</b>		<b>4,017,743</b>
<b>Construction Costs:</b>								
		Net	Gross	Rate				
		m2	m2	per m2				
Phase 1								
Block A	Townhouses	553	553	1,193.00		659,729		100%
	Apartments	500	630	1,295.00		815,565		79%
Block D	Apartments	1,270	1,654	1,295.00		2,141,969		77%
Block E2	Apartments	2,234	2,889	1,295.00		3,740,750		77%
Block E3	Apartments	1,289	1,667	1,295.00		2,158,571		77%
						<b>9,516,584</b>		
Phase 2								
Block E1	Apartments	1,093	1,379	1,295.00		1,785,261		79%
Block F	Townhouses	468	468	1,193.00		558,324		100%
Block H	Apartments	3,094	3,954	1,659.00		6,559,404		78%
						<b>8,902,989</b>		
Phase 3								
Block B	Townhouses	543	543	1,193.00		647,799		100%
	Cottages	92	92	1,340.00		123,280		100%
	Apartments	955	1,175	1,295.00		1,521,418		81%
Block C	Townhouses	468	543	1,193.00		648,038		86%
	Apartments	108	157	1,294.00		203,042		69%
Block G1	Apartments	1,315	1,812	1,295.00		2,346,501		73%
Block G2	Apartments	1,906	2,629	1,659.00		4,361,577		72%
						<b>9,851,654</b>		
Commercial		453	453	£999.00		<b>452,537</b>	<b>£28,723,764</b>	100%
		<b>16,341</b>	<b>20,597</b>					<b>28,247,920</b>
Externals							<b>£2,872,376.42</b>	<b>£31,596,141</b>
								2,753,423
Contingency:				5.00%			<b>£1,579,807</b>	<b>£1,579,807</b>
								2,145,810
<b>Other Costs/Abnormals:</b>								
	Demolition						<b>£140,000</b>	
	Off Site Highways						<b>£283,870</b>	
	Service Connections/Diversions						<b>£20,000</b>	
	Hot Spot Remediation						<b>£75,000</b>	
	E/O No Dig Work Zone						<b>£65,000</b>	
	Ecology						<b>£15,000</b>	
	City Wall						<b>£125,000</b>	
	Archaeology						<b>£160,000</b>	
	Sewer Diversion						<b>£25,000</b>	
	SUDS						<b>£60,000</b>	<b>£968,870</b>
								968,870
<b>Professional Fees:</b>								
Design etc				6.00%			<b>£1,723,426</b>	<b>£1,723,426</b>
								1,715,746
<b>CIL/Section 106:</b>								
CIL						1,936,168		
106	Riverside Walk					50,000		
	LEAP/LAP					40,000		
Affordable Contribution							<b>£2,026,168</b>	<b>£2,026,168</b>
								2,048,093
<b>Marketing Fees:</b>								
				0.25%			<b>£136,414</b>	<b>£136,414</b>
<b>Sale Fees/Letting Fees:</b>								
Residential Agents Sale Fees				1.50%			<b>£818,486</b>	
Residential Legal Sale Fees				£600 per unit			<b>£132,000</b>	
Commercial/Ground Rent Sale Fees				1.50%			<b>£28,728</b>	
Affordable Transfer				0.50%			<b>£0</b>	
								<b>£979,214</b>
								£1,115,629
<b>Finance:</b>								
Arrangement Fee				5.50%			<b>£2,580,448</b>	<b>£2,580,448</b>
Interest								£43,564,497
<b>Profit:</b>								
Blended Profit		On GDV		18.30%			<b>£10,336,016</b>	<b>£10,336,016</b>
								18.30%
								10,163,857
<b>TOTAL DEVELOPMENT COSTS</b>							<b>£56,480,961</b>	<b>55,540,201</b>
<b>Surplus/Deficit</b>								
							<b>£0</b>	<b>-1</b>

49,762

0 0%

£878,065

£12,935

**940,761**

£536,713

£475,844

£118,953

-566,003

£0

£7,680

£0

-£21,925

£4,825

£212,513

£172,159

£940,760

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