

Private and Confidential

2nd Floor
Overline House
Blechynden Terrace
Southampton

Mr Anthony Bird
Planning Officer
Purbeck Borough Council

Our Reference : DJA/1474411
Your Reference:

Please ask for : Diana Ayles
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E Mail : diana.ayles@voa.gsi.gov.uk

Date : 3 October 2013

Dear Anthony

Desktop Viability Review

**Purbeck Borough Council
Planning Application 6/2013/0046
Land at Prospect Farm, Victoria Avenue, Swanage BH19 1AS**

Thank you for your instructions to undertake a viability review of the planning application for the construction of 35 dwellings.

Background:

The planning application is for 18 private houses, 6 Social Rented flats and 11 Intermediate comprising 5 flats and 6 houses. This is significantly lower than the full policy contributions that the local authority require. We have undertaken two valuations, using the applicant's agent's valuations run on the HCA Economic Assessment Toolkit, with adjustments as we consider them to be appropriate.

The site is located in a rural situation on the outskirts of Swanage and comprises two farm buildings and part of an agricultural field.

The Scheme:

The proposed scheme to be assessed consists of 35 dwellings, as shown below. This is the configuration used in planning application:

Private Houses

Type	No Beds	Area m2	No Properties
Houses	2 Bed	75.2	4
	3 Bed	98.1	11
	4 Bed	126.4	2
	4 Bed	118.4	1

Intermediate – Other Type of Shared Own/Shared Equity

Type	No Beds	Area M2	No Properties
Flat	1 Bed	50	1
Flat	2 Bed	65	4
House	2 Bed	75.2	3
House	3 Bed	98.1	3

Affordable Rented

Type	No Beds	Area M2	No Properties
Flat	1 Bed	53.6	2
Flat	2 Bed	66	2
Flat	3 Bed	70	2

Full Policy Contribution

Private Houses

Type	No Beds	Area m2	No Properties
Houses	2 Bed	75.2	4
	3 Bed	98.1	11
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Affordable Rented

Type	No Beds	Area M2	No Properties
Flat	1 Bed	53.6	2
Flat	2 Bed	66	2
Flat	3 Bed	70	2

Viability Assessment:

This assessment has been undertaken following our own detailed research into both current sales values and current costs. In some cases we have used figures put forward by the developer if we believe them to be reasonable. The applicant has provided a 'live' versions of their spreadsheet valuations, and we have used their written report.

We have used our bespoke appraisal sheet to analyse the viability appraisal. We can summarise our assessment and comparison to the developer's as follows:

1) Development Value -

a) Private Market Value:

We have undertaken research using land registry details and sales from local estate agents.

The applicant considers that the 1 bed flats of 53.8m² will sell for £125,000, the 2 bed flats of 65m² will sell for £155,000, 2 bed houses of 75.2m² will sell for £245,000, 3 bed house of 98.1m² for £295,000, 4 bed house of 126.4m² for £360,000 and 4 bed house of 118.4m² for £345,000. Our research indicates that these values are broadly reasonable and we have used them in our valuations.

b) Affordable Rent

The applicant has used affordable rents of £101 pcm for the 1 bed flats, £120 pcm for the 2 bed flats and £156 pcm for the 3 bed houses.

Purbeck District Council's Housing Department have indicated that the Affordable Rents for Swanage should be £90 pcm for 1 bed flats, £130 pcm for 2 bed flats and £160 for 3 bed houses, and we have therefore used those figures.

The applicant has used management costs of 11.5% but Purbeck use 6%. The applicant has used 12% for repairs and Purbeck have used 1% and the applicant has used 2% for voids/bad debts whereas Purbeck suggest 5%. We have therefore used Purbeck's figures.

c) Intermediate

The applicant has suggested that the owner occupier share of the intermediate housing is 63.2%. Purbeck do not encourage any shared ownership as they consider that the combination of mortgage and rent makes this an unaffordable option in this part of the country. However, in the absence of advice to the contrary, we have therefore used the percentage figures that the applicant has used.

d) Grant Funding:

No grant funding has been included by either party.

2) Development Costs -

a) **Build Cost:**

The applicant has used a build cost of £1327 m² resulting in a total build cost of £3,926,631. DVS Quantity Surveyor has analysed the application and build costs and calculated that the build can be undertaken for £3,352,130. The following is an extract from his report and Appendix 2 is his analysis of costs.

1. The Developer has used a BCIS rate against the gross internal areas, and has also included allowances for Preliminaries and Overheads/Profit. Please note that BCIS rates include an allowance for both preliminaries and ohp, so there is duplication in this respect. This leads to a higher figure for the Developer's Viability than should otherwise have been the case.

2. They have included sewer costs twice, firstly a £10k allowance for sewers, and then a £10k allowance for connection to sewers. The remainder of the external works allowances by the Developer appear reasonable. However in my assessment, I have included a straightforward allowance of 20% on the main construction costs.

b) **Professional Fees:**

Professional fees adopted by the applicant were 11% of build costs and we have used 8%.

c) **Contingency:**

The applicant has added contingency at 9% and we have used 5% of build costs.

d) **Section 106 costs:**

The applicant has indicated that the S106 contributions will be £274,559 and we have used this figure in our assessment. If this differs then it will affect our valuation.

e) **Marketing costs:**

The Developer has used sales and marketing cost of 2% Sales Values and we have used the same. He has also included legal fees of £700 per unit, which we have adopted.

f) **Finance costs:**

The developer has indicated the interest rate will be 6% with an arrangement fee of £55,873 and Surveyor fees of £27,973. We have used an interest rate of 7% to include all fees, which is sufficient in our experience.

g) On-costs

The applicant has included on-costs of £20,000 to cover the costs of the sale of the affordable housing to the Housing Association. We have also included this figure.

h) Land Value/Costs:

The applicant has indicated that the benchmark land value of the property is £500,000.

We consider that the value of the land is in the region of £150,000 to £225,000. The planning department has indicated that there is a Local Plan for Purbeck adopted November 2012 and this site does not appear in the plan as an allocation for housing. There are no permitted uses other than agriculture for this site. This is outside of the settlement boundary and is located in the open countryside. The applicant has suggested that the land could be sold to extend the gardens of the existing properties in Prospect Crescent but Purbeck consider that there is no prospect of achieving planning permission for change of use to garden land. We have assumed that the barns would have an agricultural value and potentially some hope value for the stone barns, along with the underlying agricultural value of the 1.57 acres of land.

We have included stamp duty at the current rate of 1% and purchase fees of £10,000.

i) Developers Profit:

In the current market a range of 15% to 20% of GDV for private residential, 6% of GDV for affordable is considered reasonable. The applicant has used a profit level of 20% of gross development value, but we consider that in the current market a profit of 17.5% is reasonable.

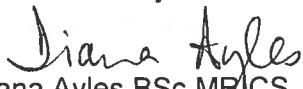
Overall assessment:

This viability assessment indicates that the development is able to pay £1,398,647 surplus on top of the S106 contributions already taken account of in the valuation model.

We have also undertaken a valuation at the fully policy contribution. Purbeck, in their Affordable Housing SPD, require 50% affordable housing, of which 90% should be Social or Affordable Rent, and 10% intermediate. We understand that intermediate can be shared ownership (although this is not successful in Purbeck) or discounted sales model such as that originally promoted on this site or a build your own affordable model (which is not probably not appropriate for this). This valuation indicates that there is a surplus of £1,196,475.

I trust this provides the information that is required however please do not hesitate to contact me if you have any queries and I would welcome the opportunity of discussing this with you in greater detail.

Yours sincerely


Diana Ayles BSc MRICS
Surveyor, Development Team
DVS – South East



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APPENDIX 1
BUILD COSTS

Proposed Residential Development
PROSPECT FARM SWANAGE DORSET
 DV Order of Cost Estimate
 CRAC Nr: tba

SUMMARY

GIFA 3,009 m2

Description	Submitted Costs	DVS	Difference	% Difference
Build Cost				
Mixed development including external works	£ 3,813,889	£ 3,352,130	£ (461,759)	-12%
Abnormals	£ -	£ -	£ -	
Estimated Construction Cost at 3Q 2013	£ 3,813,889	£ 3,352,130	£ (461,759)	-12%
Build Cost including CSH, External Works, Prelims, OH&P (excl Abnormals)	£1,267.49	£1,114.03		
Abnormals Cost including Prelims, OH&P	£0.00	£0.00		

Notes: Above Figures exclude any allowance for Fees and Contingencies. (For advice on Fees and Contingencies please discuss with QS)

Proposed Residential Development
 PROSPECT FARM SWANAGE DORSET
 DV Order of Cost Estimate
 CRAC Nr: tba

Gross Internal Area as Supplied:

3,009 m² (converted)

Avg Rate
 £742

Description			Quantity	Unit	Rate	Total
Build Costs						
Bungalows	Semi Detached	1 Bed	-	m ²	£849	£ -
		2 Bed	-	m ²	£849	£ -
		3 Bed	-	m ²	£849	£ -
Houses	Maisonettes	1 Bed	-	m ²	£738	£ -
		2 Bed	-	m ²	£738	£ -
	Terrace	2 Bed	-	m ²	£745	£ -
		3 Bed	-	m ²	£745	£ -
	End Terrace	2 Bed	-	m ²	£745	£ -
		3 Bed	-	m ²	£745	£ -
	Town House	2 Bed	-	m ²	£740	£ -
		3 Bed	-	m ²	£740	£ -
		4 Bed	-	m ²	£680	£ -
		5 Bed	-	m ²	£680	£ -
	Semi Detached	2 Bed	-	m ²	£715	£ -
		3 Bed	-	m ²	£715	£ -
		4 Bed	-	m ²	£715	£ -
	Detached	2 Bed	526	m ²	£758	£ 399,074
		3 Bed	1,373	m ²	£758	£ 1,041,202
		4 Bed	371	m ²	£758	£ 281,414
		5 Bed	-	m ²	£758	£ -
Flats (incl circulation)		1 Bed	169	m ²	£826	£ 139,256
		2 Bed	569	m ²	£826	£ 470,076
Garages		Single	1	Nr	£5,342	£ 5,342
		Double	3	Nr	£6,838	£ 20,513
Allowance for CSH (insert code)			3	included/excluded		£ 30,681
External Works			20.00%			£ 477,511
Abnormal Works as identified						£ -
Preliminaries			12.50%			£ 358,134
Overheads & Profit			4.00%			£ 128,928
Estimated Construction Cost						£ 3,352,130
Build Cost including CSH, External Works, Prelims, OH&P (excl Abnormals)					per m2	£1,114
Abnormals Cost including Prelims, OH&P					per m2	£0

APPENDIX 2

PLANNING APPEAL



Economic Appraisal Tool

[click here to proceed](#)

Version 2.0 July 2009



Bespoke Property Group

**GVA GRIMLEY & BESPOKE PROPERTY GROUP
HCA ECONOMIC APPRAISAL TOOL**

(Worksheet 1)

INPUT SHEET 1 - RESIDENTIAL MIX ASSUMPTIONS**Basic Site Details**

Site Address	Prospect Farm, Swanage
Site Reference	Appendix C
File Source	Planning Appeal
Scheme Description	Planning Application
Date	03/10/2013
Site Area (hectares)	0.64
Author & Organisation	John Newman altered by Diana Ayles
HCA Investment Manager	

Residential Mix Assumptions**Affordable Housing Tenure 1:****Affordable Rented**

	1 Bed Flat	2 Bed Flat	2 Bed Flat	2 Bed House	3 Bed House	4 Bed House	Other
Unit Size (sq m) - NIA	53.8	66	70				
Habitable Rooms per Unit	2	3	3				
Persons per Unit	2	3	4				
Total Number of Units	2	2	2				

Affordable Housing Tenure 2:**Intermediate - Shared Ownership**

	1 Bed Flat	2 Bed Flat	3 Bed Flat	2 Bed House	3 Bed House	4 Bed House	Other
Unit Size (sq m) - NIA							
Habitable Rooms per Unit							
Persons per Unit							
Total Number of Units							

Affordable Housing Tenure 3:**Intermediate - Discounted Market Sale**

	1 Bed Flat	2 Bed Flat	3 Bed Flat	2 Bed House	3 Bed House	4 Bed House	Other
Unit Size (sq m) - NIA							
Habitable Rooms per Unit							
Persons per Unit							
Total Number of Units							

Affordable Housing Tenure 4:**Intermediate - Other Type of Shared Own / Shared Equity**

	1 Bed Flat	2 Bed Flat	3 Bed Flat	2 Bed House	3 Bed House	4 Bed House	Other
Unit Size (sq m) - NIA	50	65		75.2	98.1		
Habitable Rooms per Unit	2	3		3	4		
Persons per Unit	2	4		4	5		
Total Number of Units	1	4		3	3		

Affordable Housing Tenure 5:

	1 Bed Flat	2 Bed Flat	3 Bed Flat	2 Bed House	3 Bed House	4 Bed House	Other
Unit Size (sq m) - NIA							
Habitable Rooms per Unit							
Persons per Unit							
Total Number of Units							

* Other = User-defined

Open Market Housing Type 1:

	1BH	2BH	3BH	4BH	4BH		
Unit Size (sq m) - NIA		75.2	98.1	126.4	118.4		
Habitable Rooms per Unit		3	5	6	6		
Persons per Unit		4	5	7	7		
Total Number of Units		4	11	2	1		

Open Market Housing Type 2:

Unit Size (sq m) - NIA							
Habitable Rooms per Unit							
Persons per Unit							
Total Number of Units							

Open Market Housing Type 3:

Unit Size (sq m) - NIA							
Habitable Rooms per Unit							
Persons per Unit							
Total Number of Units							

Open Market Housing Type 4:

Unit Size (sq m) - NIA							
Habitable Rooms per Unit							
Persons per Unit							
Total Number of Units							

Open Market Housing Type 5:

	Studio	1 Bed	2 Bed	3 Bed	4 Bed	Other 1	Other 2
Unit Size (sq m) - NIA							
Habitable Rooms per Unit							
Persons per Unit							
Total Number of Units							

Parking spaces (see handbook for correct definition)

Total number of residential car parking spaces

 (Open Market and Affordable)

Value of each residential car parking space

 (See user manual for correct definition)

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(Worksheet 2)

INPUT SHEET 2 - RESIDENTIAL VALUE & COST ASSUMPTIONS**BUILDING PERIOD** (month 0 = date of planning consent, allow for lead in period to start on site)

	Timing (month)	
Construction Start	1	(whole number, minimum of 0, maximum of 60)
Construction End	23	(whole number, minimum of 0, maximum of 60)

Overall Scheme End Date (this must be completed)

	Month	
Final End Date of Scheme (scheme built and fully let/sold)	30	(whole number, minimum of 0, maximum of 60)

RESIDENTIAL VALUE ASSUMPTIONS**Base Value****Affordable Housing Tenure 1:****Affordable Rented**

Type of Unit	Rent per Unit per Week (£)	Total Annual Rent (£ per Unit)
1 Bed Flat	£90.00	£4,680
2 Bed Flat	£130.00	£6,760
2 Bed Flat	£130.00	£6,760
2 Bed House		
3 Bed House	£160.00	£8,320
4 Bed House		
Other		
Management Costs (% of rent)	6.00%	(% of gross rent per annum)
Voids / bad debts (% of rent)	5.00%	(% of gross rent per annum)
Repairs Fund (% of rent)	1.00%	(% of gross rent per annum)
Yield (%)	6.00%	(to capitalise the net rent, currently circa 6% but please seek i
	Start Month	End Month
Timing of Affordable Housing Tenure 1 Purchase Payment	14	14

Affordable Housing Tenure 2:**Intermediate - Shared Ownership**

Type of Unit	Total Unit Capital Value (£ psm, NIA)	Rent per Unit per week of rented share (£)	Total Annual Rent (£ per Unit)
1 Bed Flat		£0	£0
2 Bed Flat		£0	£0
3 Bed Flat		£0	£0
2 Bed House		£0	£0
3 Bed House		£0	£0
4 Bed House		£0	£0
Other		£0	£0
Owner-occupied share (%)			
Unsold Equity Rent Per Annum (%)		(HCA Limit of 2.75%)	
Management Costs (% of rent)		(% of gross rent per annum)	
Voids / bad debts (% of rent)		(% of gross rent per annum)	
Repairs Fund (% of rent)		(% of gross rent per annum)	
Yield (%)		(to capitalise the net rent, c	
	Start Month	End Month	
Timing of Affordable Housing Tenure 2 Purchase Payment			(whole number, minimum o

Affordable Housing Tenure 3:**Intermediate - Discounted Market Sale**

Type of Unit	Capital Value pre-discount (£ psm, NIA)
1 Bed Flat	
2 Bed Flat	
3 Bed Flat	
2 Bed House	
3 Bed House	
4 Bed House	
Other	
% of Open Market Value	<i>(ie discounted value)</i>

Timing of Affordable Housing Tenure 3 Purchase Payment	Start Month	End Month
		<i>(whole number, minimum 0)</i>

Affordable Housing Tenure 4:Intermediale - Other Type of Shared Own / Shared Equity

Type of Unit	Total Unit Capital Value (£ psm, NIA)	Rent per Unit per week of rented share (£)	Total Annual Rent (£ per Unit)
1 Bed Flat	£2,500	£0	£0
2 Bed Flat	£2,384	£0	£0
3 Bed Flat		£0	£0
2 Bed House	£3,257	£0	£0
3 Bed House	£3,007	£0	£0
4 Bed House		£0	£0
Other		£0	£0
Owner-occupied share (%)	63.2%		
Unsold Equity Rent Per Annum (%)	0.00%		
Management Costs (% of rent)		0.00%	<i>(% of gross rent per annum)</i>
Voids / bad debts (% of rent)		0.00%	<i>(% of gross rent per annum)</i>
Repairs Fund (% of rent)		0.00%	<i>(% of gross rent per annum)</i>
Yield (%)		0.00%	<i>(to capitalise the net rent, c</i>

Timing of Affordable Housing Tenure 4 Purchase Payment	Start Month	End Month
	14	18
		<i>(whole number, minimum 0)</i>

Affordable Housing Tenure 5:Intermediate - Discounted Market Rented

Type of Unit	Rent per Unit per Week (£)	Total Annual Rent (£ per Unit)
1 Bed Flat		
2 Bed Flat		
3 Bed Flat		
2 Bed House		
3 Bed House		
4 Bed House		
Other		
Management Costs (% of rent)		<i>(% of gross rent per annum)</i>
Voids / bad debts (% of rent)		<i>(% of gross rent per annum)</i>
Repairs Fund (% of rent)		<i>(% of gross rent per annum)</i>
Yield (%)		<i>(to capitalise the net rent, currently circa 6% but please seek .</i>

Timing of Affordable Housing Tenure 5 Purchase Payment	Start Month	End Month
		<i>(whole number, minimum 0)</i>

Open Market Values

Open Market Housing Type	Private Houses	Capital Value (£ psm)	Average value of unit
Open Market Housing Type 1:		£3,021	£293,889
Open Market Housing Type 2:	-		
Open Market Housing Type 3:	-		
Open Market Housing Type 4:	-		
Open Market Housing Type 5:	-		

	Month	
Timing of First Open Market Housing Sale	16	(whole number, minimum 0)
Timing of Last Open Market Housing Sale	30	(whole number, minimum 0)

Ground rents

		Average ground rent per unit per annum (£)	(where applicable)
Affordable Housing Tenure 1:	Affordable Rented		
Affordable Housing Tenure 2:	Intermediate - Shared Ownership		
Affordable Housing Tenure 3:	Intermediate - Discounted Market Sale		
Affordable Housing Tenure 4:	Intermediate - Other Type of Shared Own / Shared Equity		
Affordable Housing Tenure 5:	Intermediate - Discounted Market Rented		
Open Market Housing Type 1:	Private Houses		
Open Market Housing Type 2:	-		
Open Market Housing Type 3:	-		
Open Market Housing Type 4:	-		
Open Market Housing Type 5:	-		
Yield (%)		(to capitalise the ground rents)	
Timing of ground rent payment	Month	(whole number, minimum of 0, maximum of 60)	

Social Housing Grant & Other Funding

		Grant per unit (£)	Timing of 1st Payment	Timing of 2nd Payment
Affordable Housing Tenure 1:	Affordable Rented			
Affordable Housing Tenure 2:	Intermediate - Shared Ownership			
Affordable Housing Tenure 3:	Intermediate - Discounted Market Sale			
Affordable Housing Tenure 4:	Intermediate - Other Type of Shared Own / Shared Equity			
Affordable Housing Tenure 5:	Intermediate - Discounted Market Rented			
Timing Social Housing Grant Paid				

Other sources of funding

	Value (£)	Timing of Payment	
RSL Cross Subsidy			(whole number, minimum 0)
HCA Infrastructure Grant			(whole number, minimum 0)
LA re-cycled SHG			(whole number, minimum 0)
Other source of funding 1			(whole number, minimum 0)
Other source of funding 2			(whole number, minimum 0)
Land Remediation Tax Relief			(whole number, minimum 0)

BUILDING COST, MARKETING COST & SECTION 106 ASSUMPTIONS

		Building Costs - Gross (£ / sq m)	Net to Gross Ratio for Building Costs (%)*
Affordable Housing Tenure 1:	Affordable Rented	£1,132	100%
Affordable Housing Tenure 2:	Intermediate - Shared Ownership		
Affordable Housing Tenure 3:	Intermediate - Discounted Market Sale		
Affordable Housing Tenure 4:	Intermediate - Other Type of Shared Own / Shared Equity	£1,132	100%
Affordable Housing Tenure 5:	Intermediate - Discounted Market Rented		
Open Market Housing Type 1:	Private Houses	£1,132	100%
Open Market Housing Type 2:	-		
Open Market Housing Type 3:	-		
Open Market Housing Type 4:	-		
Open Market Housing Type 5:	-		

* The ratio is typically 70% - 85% in blocks of flats to reflect the difference between GIA & NIA (ie common parts such as lifts, stairs, corridors etc) and 100% in houses which have no common parts

	Building Costs (£ / car parking space)	% of Building Costs	
Residential Car Parking Building Costs (average cost / car parking space)		8.00%	(typically around 10%)
Building Design Fees % (Architects, QS etc)		5.00%	(typically around 5% for net)
Building Contingencies (% of Building Costs)			
Section 106 Payments (£) *		Cost (£)	Month of Payment
Infrastructure / Public Transport		£274,559	0
Community Facilities			
Public Realm / Environment			
Affordable			

Tariff
Other 1
Other 2
Other 3

* This section excludes Affordable Housing section 106 payments

Site Abnormals (£)
Infrastructure Costs
Contamination Costs
Demolition Costs
Other 1
Other 2
Other 3
Other 4
Code for Sustainable Homes

Building Cost Percentage Increase (if any)
Site Specific Sustainability Initiatives (%)
Lifetime Homes (%)
Code for Sustainable Homes (%)
Other (%)

Cost (£) Month of Payment

%

OTHER COSTS

SITE ACQUISITION COSTS

Agents Fees (% of site value)
Legal Fees (% of site value)
Stamp Duty (% of site value)

%
0.00% (typically around 1%)
0.75% (typically around 0.75%)
1.00%

Other Acquisition Costs (£)

Cost (£) Month of Payment
£10,000 0

FINANCE COSTS

Arrangement Fee (£)
Interest Rate (%)
Misc Fees - Surveyors etc (£)

£0
7.00% (typically around 3-5% above
£0

Marketing Costs

Affordable Housing Marketing Costs

Developer cost of sale to RSL (£)
RSL on-costs (£)
Intermediate Housing Sales and Marketing (£)

Cost (£) Timing (month)
£20,000 14

Open Market Housing Marketing Costs

Sales Fees (agents fees & marketing fees) - %
Legal Fees (per Open Market unit) - £

2.00% (typically around 6%)
£700 (typically around £600 per unit)

DEVELOPER'S RETURN FOR RISK AND PROFIT (before taxation)

	% of Housing Capital Value	
Open Market Housing (%)	17.50%	(typically 17.5-20%)
Affordable Housing (%)	6.00%	(typically around 6%. profit only taken on the capital value of i

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HCA ECONOMIC APPRAISAL TOOL**

(Worksheet 3)

INPUT SHEET 3 - COMMERCIAL & NON-RESIDENTIAL**OFFICE ASSUMPTIONS**

Size of office scheme (gross sq m)		
Size of office scheme (net lettable sq m)		
Values		
Rent (£ psm)		
Yield (%)		
Purchaser's costs (% of value)		(typically around 5.75% assuming a 4% stamp duty)
Building Costs		
Office Building Costs (Gross, £ psm)		
Office Building Professional Fees (% of building costs)		(typically around 10% - 15%)
Building Contingencies (% of building costs)		(typically around 5%)
Timing		
Start of Building Period (month)	Timing (month)	(whole number, minimum of 0, maximum of 60)
End of Building Period (month)		(whole number, minimum of 0, maximum of 60)
Timing of Letting / Sale (month)		(whole number, minimum of 0, maximum of 60)
Letting, Advertising & Sale fees		
Letting fees (% of annual income)		(typically around 10% for sole agent and 15% for joint agents)
Advertising fees (% of annual income)		(typically around 1%)
Sale fees (% of sale price)		(typically around 1.75%)
Return for risk / profit (% of value)		(typically around 20%)

RETAIL ASSUMPTIONS

Size of retail scheme (gross sq m)		
Size of retail scheme (net lettable sq m)		
Values		
Rent (£ psm)		
Yield (%)		
Purchaser's costs (% of value)		(typically around 5.75% assuming a 4% stamp duty)
Building Costs		
Retail Building Costs (Gross, £ psm)		
Retail Building Professional Fees (% of building costs)		(typically around 10% - 15%)
Building Contingencies (% of building costs)		(typically around 5%)
Timing		
Start of Building Period (month)	Timing (month)	(whole number, minimum of 0, maximum of 60)
End of Building Period (month)		(whole number, minimum of 0, maximum of 60)
Timing of Letting / Sale (month)		(whole number, minimum of 0, maximum of 60)
Letting / sale fees		
Letting (% of income)		(typically around 10% for sole agent and 15% for joint agents)
Advertising (% of annual income)		(typically around 1%)
Sale (% of sale price)		(typically around 1.75%)
Return for risk / profit (% of value)		(typically around 20%)

INDUSTRIAL ASSUMPTIONS

Size of industrial scheme (gross sq m)		
Values		
Rent (£ psm)		
Yield (%)		
Purchaser's costs (% of value)		(typically around 5.75% assuming a 4% stamp duty)
Building Costs		
Industrial Building Costs (Gross, £ psm)		
Industrial Building Professional Fees (% of building costs)		(typically around 10% - 15%)
Building Contingencies (% of building costs)		(typically around 5%)
Timing		
Start of Building Period (month)	Timing (month)	(whole number, minimum of 0, maximum of 60)

End of Building Period (month)		(whole number, minimum of 0, maximum of 60)
Timing of Letting / Sale (month)		(whole number, minimum of 0, maximum of 60)
Letting / sale fees		
Letting (% of income)		(typically around 10% for sole agent and 15% for joint agents)
Advertising (% of annual income)		(typically around 1%)
Sale (% of sale price)		(typically around 1.75%)
Return for risk / profit (% of value)		(typically around 20%)

LEISURE ASSUMPTIONS

Size of Leisure scheme (gross sq m)		
Size of Leisure scheme (net lettable sq m)		
Values		
Rent (£ psm)		
Yield (%)		
Purchaser's costs (% of value)		(typically around 5.75% assuming a 4% stamp duty)
Building Costs		
Leisure Building Costs (Gross, £ psm)		
Leisure Building Professional Fees (% of building costs)		(typically around 10% - 15%)
Building Contingencies (% of building costs)		(typically around 5%)
Timing		
	Timing (month)	
Start of Building Period (month)		(whole number, minimum of 0, maximum of 60)
End of Building Period (month)		(whole number, minimum of 0, maximum of 60)
Timing of Letting / Sale (month)		(whole number, minimum of 0, maximum of 60)
Letting / sale fees		
Letting (% of income)		(typically around 10% for sole agent and 15% for joint agents)
Advertising (% of annual income)		(typically around 1%)
Sale (% of sale price)		(typically around 1.75%)
Return for risk / profit (% of value)		(typically around 20%)

COMMUNITY USE ASSUMPTIONS

Size of Community-use scheme (gross sq m)		
Size of Community-use scheme (net lettable sq m)		
Values		
Rent (£ psm)		
Yield (%)		
Purchaser's costs (% of value)		(typically around 5.75% assuming a 4% stamp duty)
Building Costs		
Community-use Building Costs (Gross, £ psm)		
Community-use Building Professional Fees (% of building costs)		(typically around 10% - 15%)
Building Contingencies (% of building costs)		(typically around 5%)
Timing		
	Timing (month)	
Start of Building Period (month)		(whole number, minimum of 0, maximum of 60)
End of Building Period (month)		(whole number, minimum of 0, maximum of 60)
Timing of Letting / Sale (month)		(whole number, minimum of 0, maximum of 60)
Letting / sale fees		
Letting (% of income)		(typically around 10% for sole agent and 15% for joint agents)
Advertising (% of annual income)		(typically around 1%)
Sale (% of sale price)		(typically around 1.75%)
Return for risk / profit (% of value)		(typically around 20%)

**GVA GRIMLEY & BESPOKE PROPERTY GROUP
HCA ECONOMIC APPRAISAL TOOL**

(Worksheet 4)

SUMMARY

Site Address	Prospect Farm, Swanage
Site Reference	Appendix C
File Source	Planning Appeal
Scheme Description	Planning Application
Date	03/10/2013
Site Area (hectares)	0.64
Author & Organisation	John Newman altered by Diana Ayles
HCA Investment Manager	

Housing Mix (Affordable + Open Market)

Total Number of Units	35	units
Total Number of Open Market Units	18	units
Total Number of Affordable Units	17	units
Total Net Internal Area (sq m)	2,981	sq m
Total Habitable Rooms	136	habitable rooms
% Affordable by Unit	48.6%	
% Affordable by Area	40.9%	
% Affordable by Habitable Rooms	37.5%	
% Social Rented within the Affordable Housing	35.3%	by number of units
% Social Rented within the Affordable Housing	31.4%	by area
% Social Rented within the Affordable Housing	31.4%	by habitable rooms
Total Number of A/H Persons	63	Persons
Total Number of Social Rented Persons	18	Persons
Total Number of Intermediate Persons	45	Persons
Total Number of Open Market Persons	92	Persons
Total Number of Persons	155	Persons
Site Area	0.64	hectares
Net Internal Housing Area / Hectare	4,626	sq m / hectare

Residential Values**Affordable Housing Tenure 1:****Affordable Rented**

Type of Unit	Total Rent pa (£)	Yield (%)	Capital Value (£)
1 Bed Flat	£8,237	6.00%	£137,280
2 Bed Flat	£11,898	6.00%	£198,293
2 Bed Flat	£11,898	6.00%	£198,293
2 Bed House	-	-	-
3 Bed House	-	-	-
4 Bed House	-	-	-
Other	-	-	-
Total	£32,032	-	£533,867

Total Capital Value of Affordable Housing Tenure 1

£533,867

Affordable Housing Tenure 2:**Intermediate - Shared Ownership**

Type of Unit	Capital Value (£ psm)	Total Floorspace (sq m)	Total Capital Value (£)
1 Bed Flat	-	-	-
2 Bed Flat	-	-	-
3 Bed Flat	-	-	-
2 Bed House	-	-	-
3 Bed House	-	-	-
4 Bed House	-	-	-
Other	-	-	-
Total	-	-	-

Owner-occupied / rented % share

-

Capital Value of owner-occupied part

-

Type of Unit	Total Rent pa (£)	Yield (%)	Capital Value (£)
1 Bed Flat	-	-	-
2 Bed Flat	-	-	-
3 Bed Flat	-	-	-
2 Bed House	-	-	-
3 Bed House	-	-	-
4 Bed House	-	-	-
Other	-	-	-
Total (full capital value if sold at OMV)	-	-	-

Total Capital Value of Affordable Housing Tenure 2

£0

Affordable Housing Tenure 3: Intermediate - Discounted Market Sale

Type of Unit	Capital Value (£ psm)	Total Floorspace (sq m)	Total Capital Value (£)
1 Bed Flat	-	-	-
2 Bed Flat	-	-	-
3 Bed Flat	-	-	-
2 Bed House	-	-	-
3 Bed House	-	-	-
4 Bed House	-	-	-
Other	-	-	-
Total	-	-	-

% of Open Market Value -

Total Capital Value of Affordable Housing Tenure 3 £0

Affordable Housing Tenure 4: Intermediate - Other Type of Shared Own / Shared Equity

Type of Unit	Capital Value (£ psm)	Total Floorspace (sq m)	Total Capital Value (£)
1 Bed Flat	£2,500	50	£125,000
2 Bed Flat	£2,384	260	£619,840
3 Bed Flat	-	-	-
2 Bed House	£3,257	225.6	£734,779
3 Bed House	£3,007	294.3	£884,960
4 Bed House	-	-	-
Other	-	-	-
Total	-	830	£2,364,579

Owner-occupied / rented % share 63%

Capital Value of owner-occupied part £1,493,232

Type of Unit	Total Rent pa (£)	Yield (%)	Capital Value (£)
1 Bed Flat	-	-	-
2 Bed Flat	-	-	-
3 Bed Flat	-	-	-
2 Bed House	-	-	-
3 Bed House	-	-	-
4 Bed House	-	-	-
Other	-	-	-
Total (full capital value if sold at OMV)	-	-	-

Total Capital Value of Affordable Housing Tenure 4 £1,493,232

Affordable Housing Tenure 5: Intermediate - Discounted Market Rented

Type of Unit	Total Rent pa (£)	Yield (%)	Capital Value (£)
1 Bed Flat	-	-	-
2 Bed Flat	-	-	-
3 Bed Flat	-	-	-
2 Bed House	-	-	-
3 Bed House	-	-	-
4 Bed House	-	-	-
Other	-	-	-
Total	-	-	-

Total Capital Value of Affordable Housing Tenure 5 £0

TOTAL CAPITAL VALUE OF ALL AFFORDABLE HOUSING (EXCLUDING SHG & OTHER FUNDING) £2,027,098

Social Housing Grant

	Grant per unit (£)	Number of Units	Grant (£)
Affordable Rented	£0	6	£0
Intermediate - Shared Ownership	£0	0	£0
Intermediate - Discounted Market Sale	£0	0	£0
Intermediate - Other Type of Shared Own / Shared Equity	£0	11	£0
Intermediate - Discounted Market Rented	£0	0	£0
SHG Total	-	17	£0

Social Housing Grant per Affordable Housing Person £0

Social Housing Grant per Social Rented Person £0

Social Housing Grant per Intermediate Person £0

TOTAL VALUE OF SOCIAL HOUSING GRANT £0

RSL Cross Subsidy	£0
HCA Infrastructure Grant	£0
LA re-cycled SHG	£0
Other source of funding 1	£0
Other source of funding 2	£0
Land Remediation Tax Relief	£0

OTHER SOURCES OF AFFORDABLE HOUSING FUNDING £0

TOTAL CAPITAL VALUE OF ALL AFFORDABLE HOUSING (INCLUDING SHG & OTHER FUNDING) £2,027,098

Open Market Housing

Type of Open Market Housing	Net Area (sq m)	Revenue (£ / sq m)	Total Revenue (£)
Private Houses	1,751	£3,021	£5,290,003
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
Total	1,751	-	£5,290,003

	Average value (£ per unit)
Private Houses	£293,889
-	-
-	-
-	-
-	-

TOTAL CAPITAL VALUE OF OPEN MARKET HOUSING £5,290,003

Car Parking

No. of Spaces	Price per Space (£)	Value
-	-	-

TOTAL VALUE OF CAR PARKING £0

Ground rent

		Capitalised annual ground rent
Affordable Housing Tenure 1:	Affordable Rented	£0
Affordable Housing Tenure 2:	Intermediate - Shared Ownership	£0
Affordable Housing Tenure 3:	Intermediate - Discounted Market Sale	£0
Affordable Housing Tenure 4:	Intermediate - Other Type of Shared Own / Shared Equity	£0
Affordable Housing Tenure 5:	Intermediate - Discounted Market Rented	£0
Open Market Housing Type 1:	Private Houses	£0
Open Market Housing Type 2:	-	£0
Open Market Housing Type 3:	-	£0
Open Market Housing Type 4:	-	£0
Open Market Housing Type 5:	-	£0

TOTAL CAPITALISED ANNUAL GROUND RENT £0

TOTAL CAPITAL VALUE OF RESIDENTIAL SCHEME £7,317,102

Non-Residential Values

Office	£0	
Retail	£0	
Industrial	£0	
Leisure	£0	
Community-use	£0	£0

TOTAL CAPITAL VALUE OF NON-RESIDENTIAL SCHEME £0

TOTAL VALUE OF SCHEME £7,317,102

Residential Building, Marketing & Section 106 Costs

Affordable Housing Build Costs	£1,369,154	
Open Market Housing Build Costs	£1,982,245	£3,351,399
Cost Multipliers		
Site Specific Sustainability Initiatives (%)	0.0%	£0
Lifetime Homes (%)	0.0%	£0
Code for Sustainable Homes (%)	0.0%	£0
Other (%)	0.0%	£0
Residential Car Parking Build Costs		£0
Other site costs		
Building Contingencies	5.0%	£167,570
Building Cost Fees (Architects, QS etc):	8.0%	£281,518
Other Acquisition Costs (£)		£10,000
Site Abnormals		
Infrastructure Costs		£0
Contamination Costs		£0
Demolition Costs		£0
Other 1		£0
Other 2		£0
Other 3		£0
Other 4		£0
Code for Sustainable Homes		£0
Total Building Costs		£3,810,487
Section 106 Costs (£)		
Infrastructure / Public Transport		£0
Community Facilities		£0
Public Realm / Environment		£274,559
Affordable		£0
Tariff		£0
Other 1		£0
Other 2		£0
Other 3		£0
Section 106 costs		£274,559
Marketing (Open Market Housing ONLY)		
Sales Fees:	2.0%	£105,800
Legal Fees (per Open Market unit):	£700	£12,600
Marketing (Affordable Housing)		
Developer cost of sale to RSL (£)		£20,000
RSL on-costs (£)		£0
Intermediate Housing Sales and Marketing (£)		£0
Total Marketing Costs		£138,400
Non-Residential Building & Marketing Costs		
Building Costs		
Office	£0	
Retail	£0	
Industrial	£0	
Leisure	£0	
Community-use	£0	£0
Professional Fees (Building, Letting & Sales)		
Office	£0	
Retail	£0	
Industrial	£0	
Leisure	£0	
Community-use	£0	£0
Total Non-Residential Costs		£0
TOTAL DIRECT COSTS:		£4,223,445.75

Finance and acquisition costs**(finance costs are only displayed if there is a positive residual site value)**

Arrangement Fee	£0
Misc Fees (Surveyors etc)	£0
Agents Fees	£0
Legal Fees	£12,177
Stamp Duty	£16,236
Total Interest Paid	£394,219

Total Finance and Acquisition Costs	£422,633
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Developer's return for risk and profit**Residential**

Open Market Housing Operating 'Profit'	£925,751
Affordable Housing 'Profit'	£121,626

Non-residential

Office	£0	
Retail	£0	
Industrial	£0	
Leisure	£0	
Community-use	£0	£0

Total Operating Profit	£1,047,376
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(profit after deducting sales and site specific finance costs but before allowing for developer overheads and taxation)

Residual Site Value

SITE VALUE TODAY	£1,623,647
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EXISTING USE VALUE	£225,000
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DIFFERENCE BETWEEN SITE VALUE AND EXISTING USE VALUE	£1,398,647
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Checks:

Site Value as a Percentage of Total Scheme Value	22.2%
Site Value per hectare	£2,536,948

Notes & Calculation Sheet

(Worksheet 5)

RN42

APPENDIX 3

FULL POLICY CONTRIBUTION



Economic Appraisal Tool

[click here to proceed](#)

Version 2.0 July 2009



Respoke Property Group
Specialist in development appraisal

GVA GRIMLEY & BESPOKE PROPERTY GROUP
HCA ECONOMIC APPRAISAL TOOL

(Worksheet 1)

INPUT SHEET 1 - RESIDENTIAL MIX ASSUMPTIONS**Basic Site Details**

Site Address	Prospect Farm, Swanage
Site Reference	Appendix A
File Source	Planning Appeal
Scheme Description	Full policy contribution - 50% Affordable housing of which 90% is Affordable Rented
Date	03/10/2013
Site Area (hectares)	0.64
Author & Organisation	John Newman altered by Diana Ayles
HCA Investment Manager	

Residential Mix Assumptions**Affordable Housing Tenure 1:**

Affordable Rented

	1 Bed Flat	2 Bed Flat	2 Bed Flat	2 Bed House	3 Bed House	4 Bed House	Other
Unit Size (sq m) - NIA	53.8	66	70	75.2	98.1		
Habitable Rooms per Unit	2	3	3	3	4		
Persons per Unit	2	3	4	4	6		
Total Number of Units	2	6	2	2	3		

Affordable Housing Tenure 2:

Intermediate - Shared Ownership

	1 Bed Flat	2 Bed Flat	3 Bed Flat	2 Bed House	3 Bed House	4 Bed House	Other
Unit Size (sq m) - NIA	50	65		75.2			
Habitable Rooms per Unit	2	3		3			
Persons per Unit	2	3		4			
Total Number of Units	1	0		1			

Affordable Housing Tenure 3:

Intermediate - Discounted Market Sale

	1 Bed Flat	2 Bed Flat	3 Bed Flat	2 Bed House	3 Bed House	4 Bed House	Other
Unit Size (sq m) - NIA							
Habitable Rooms per Unit							
Persons per Unit							
Total Number of Units							

Affordable Housing Tenure 4:

Intermediate - Other Type of Shared Own / Shared Equity

	1 Bed Flat	2 Bed Flat	3 Bed Flat	2 Bed House	3 Bed House	4 Bed House	Other
Unit Size (sq m) - NIA							
Habitable Rooms per Unit							
Persons per Unit							
Total Number of Units							

Affordable Housing Tenure 5:

Intermediate - Discounted Market Rented

	1 Bed Flat	2 Bed Flat	3 Bed Flat	2 Bed House	3 Bed House	4 Bed House	Other
Unit Size (sq m) - NIA							
Habitable Rooms per Unit							
Persons per Unit							
Total Number of Units							

* Other = User-defined

Open Market Housing Type 1:

Private Houses

	1BH	2BH	3BH	4BH	4BH		
Unit Size (sq m) - NIA		75.2	98.1	126.4	118.4		
Habitable Rooms per Unit		3	5	6	6		
Persons per Unit		4	5	7	7		
Total Number of Units		4	11	2	1		

Open Market Housing Type 2:

Unit Size (sq m) - NIA							
Habitable Rooms per Unit							
Persons per Unit							
Total Number of Units							

Open Market Housing Type 3:

Unit Size (sq m) - NIA							
Habitable Rooms per Unit							
Persons per Unit							
Total Number of Units							

Open Market Housing Type 4:

Unit Size (sq m) - NIA							
Habitable Rooms per Unit							
Persons per Unit							
Total Number of Units							

Open Market Housing Type 5:

	Studio	1 Bed	2 Bed	3 Bed	4 Bed	Other 1	Other 2
Unit Size (sq m) - NIA							
Habitable Rooms per Unit							
Persons per Unit							
Total Number of Units							

Parking spaces (see handbook for correct definition)

Total number of residential car parking spaces

(Open Market and Affordable)

Value of each residential car parking space

(See user manual for correct definition)

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HCA ECONOMIC APPRAISAL TOOL

(Worksheet 2)

INPUT SHEET 2 - RESIDENTIAL VALUE & COST ASSUMPTIONS**BUILDING PERIOD** (month 0 = date of planning consent, allow for lead in period to start on site)

	Timing (month)	
Construction Start	1	(whole number, minimum of 0, maximum of 60)
Construction End	23	(whole number, minimum of 0, maximum of 60)

Overall Scheme End Date (this must be completed)

	Month	
Final End Date of Scheme (scheme built and fully let/sold)	30	(whole number, minimum of 0, maximum of 60)

RESIDENTIAL VALUE ASSUMPTIONS**Base Value****Affordable Housing Tenure 1:****Affordable Rented**

Type of Unit	Rent per Unit per Week (£)	Total Annual Rent (£ per Unit)
1 Bed Flat	£90.00	£4,680
2 Bed Flat	£130.00	£6,780
2 Bed Flat	£130.00	£6,760
2 Bed House	£140.00	£7,280
3 Bed House	£160.00	£8,320
4 Bed House		
Other		
Management Costs (% of rent)	6.00%	(% of gross rent per annum)
Voids / bad debts (% of rent)	5.00%	(% of gross rent per annum)
Repairs Fund (% of rent)	1.00%	(% of gross rent per annum)
Yield (%)	6.00%	(to capitalise the net rent, currently circa 6% but please seek i
	Start Month	End Month
Timing of Affordable Housing Tenure 1 Purchase Payment	14	14 (whole number, minimum 0

Affordable Housing Tenure 2:**Intermediate - Shared Ownership**

Type of Unit	Total Unit Capital Value (£ psm, NIA)	Rent per Unit per week of rented share (£)	Total Annual Rent (£ per Unit)
1 Bed Flat	£2,500	£35	£1,822
2 Bed Flat	£2,384	£43	£2,259
3 Bed Flat		£0	£0
2 Bed House	£3,379	£71	£3,704
3 Bed House		£0	£0
4 Bed House		£0	£0
Other		£0	£0
Owner-occupied share (%)	47.0%		
Unsold Equity Rent Per Annum (%)	2.75%	(HCA Limit of 2.75%)	
Management Costs (% of rent)		1.00%	(% of gross rent per annum)
Voids / bad debts (% of rent)		0.00%	(% of gross rent per annum)
Repairs Fund (% of rent)		0.00%	(% of gross rent per annum)
Yield (%)		6.00%	(to capitalise the net rent, c
	Start Month	End Month	
Timing of Affordable Housing Tenure 2 Purchase Payment	14	14 (whole number, minimum 0	

Affordable Housing Tenure 3:**Intermediate - Discounted Market Sale**

Capital Value pre-discount (£ psm, NIA)

- Type of Unit
- 1 Bed Flat
- 2 Bed Flat
- 3 Bed Flat
- 2 Bed House
- 3 Bed House
- 4 Bed House
- Other

% of Open Market Value (ie discounted value)

--

Timing of Affordable Housing Tenure 3 Purchase Payment

Start Month End Month

--	--

(whole number, minimum 0)

Affordable Housing Tenure 4:

Intermediate - Other Type of Shared Own / Shared Equity

Type of Unit	Total Unit Capital Value (£ psm, NIA)	Rent per Unit per week of rented share (£)	Total Annual Rent (£ per Unit)
1 Bed Flat		£0	£0
2 Bed Flat		£0	£0
3 Bed Flat		£0	£0
2 Bed House		£0	£0
3 Bed House		£0	£0
4 Bed House		£0	£0
Other		£0	£0

Owner-occupied share (%)

--

Unsold Equity Rent Per Annum (%)

--

Management Costs (% of rent)

(% of gross rent per annum)

--

Voids / bad debts (% of rent)

(% of gross rent per annum)

--

Repairs Fund (% of rent)

(% of gross rent per annum)

--

Yield (%)

(to capitalise the net rent, c

--

Timing of Affordable Housing Tenure 4 Purchase Payment

Start Month End Month

--	--

(whole number, minimum 0)

Affordable Housing Tenure 5:

Intermediate - Discounted Market Rented

Type of Unit	Rent per Unit per Week (£)	Total Annual Rent (£ per Unit)
1 Bed Flat		
2 Bed Flat		
3 Bed Flat		
2 Bed House		
3 Bed House		
4 Bed House		
Other		

Management Costs (% of rent)

(% of gross rent per annum)

--

Voids / bad debts (% of rent)

(% of gross rent per annum)

--

Repairs Fund (% of rent)

(% of gross rent per annum)

--

Yield (%)

(to capitalise the net rent, currently circa 6% but please seek

--

Timing of Affordable Housing Tenure 5 Purchase Payment

Start Month End Month

--	--

(whole number, minimum 0)

Open Market Values

- Open Market Housing Type 1:
- Open Market Housing Type 2:
- Open Market Housing Type 3:
- Open Market Housing Type 4:
- Open Market Housing Type 5:

- Private Houses
-
-
-
-

Capital Value (£ psm)
£3,021

Average value of unit
£293,889

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	Month	
Timing of First Open Market Housing Sale	16	(whole number, minimum 0)
Timing of Last Open Market Housing Sale	30	(whole number, minimum 0)

Ground rents

		Average ground rent per unit per annum (£)	(where applicable)
Affordable Housing Tenure 1:	Affordable Rented		
Affordable Housing Tenure 2:	Intermediate - Shared Ownership		
Affordable Housing Tenure 3:	Intermediate - Discounted Market Sale		
Affordable Housing Tenure 4:	Intermediate - Other Type of Shared Own / Shared Equity		
Affordable Housing Tenure 5:	Intermediate - Discounted Market Rented		
Open Market Housing Type 1:	Private Houses		
Open Market Housing Type 2:	-		
Open Market Housing Type 3:	-		
Open Market Housing Type 4:	-		
Open Market Housing Type 5:	-		
Yield (%)		(to capitalise the ground rents)	
Timing of ground rent payment	Month	(whole number, minimum of 0, maximum of 60)	

Social Housing Grant & Other Funding

		Grant per unit (£)	Timing of 1st Payment	Timing of 2nd Payment
Affordable Housing Tenure 1:	Affordable Rented			
Affordable Housing Tenure 2:	Intermediate - Shared Ownership			
Affordable Housing Tenure 3:	Intermediate - Discounted Market Sale			
Affordable Housing Tenure 4:	Intermediate - Other Type of Shared Own / Shared Equity			
Affordable Housing Tenure 5:	Intermediate - Discounted Market Rented			
Timing Social Housing Grant Paid				

Other sources of funding

	Value (£)	Timing of Payment	
RSL Cross Subsidy			(whole number, minimum 0)
HCA Infrastructure Grant			(whole number, minimum 0)
LA re-cycled SHG			(whole number, minimum 0)
Other source of funding 1			(whole number, minimum 0)
Other source of funding 2			(whole number, minimum 0)
Land Remediation Tax Relief			(whole number, minimum 0)

BUILDING COST, MARKETING COST & SECTION 106 ASSUMPTIONS

		Building Costs - Gross (£ / sq m)	Net to Gross Ratio for Building Costs (%)*
Affordable Housing Tenure 1:	Affordable Rented	£1,132	100%
Affordable Housing Tenure 2:	Intermediate - Shared Ownership	£1,132	100%
Affordable Housing Tenure 3:	Intermediate - Discounted Market Sale		
Affordable Housing Tenure 4:	Intermediate - Other Type of Shared Own / Shared Equity		
Affordable Housing Tenure 5:	Intermediate - Discounted Market Rented		
Open Market Housing Type 1:	Private Houses	£1,132	100%
Open Market Housing Type 2:	-		
Open Market Housing Type 3:	-		
Open Market Housing Type 4:	-		
Open Market Housing Type 5:	-		

* The ratio is typically 70% - 85% in blocks of flats to reflect the difference between GIA & NIA (ie common parts such as lifts, stairs, corridors etc) and 100% in houses which have no common parts

	Building Costs (£ / car parking space)	% of Building Costs	Month of Payment
Residential Car Parking Building Costs (average cost / car parking space)			
Building Design Fees % (Architects, QS etc)		8.00%	(typically around 10%)
Building Contingencies (% of Building Costs)		5.00%	(typically around 5% for net)
Section 106 Payments (£) *		Cost (£)	Month of Payment
Infrastructure / Public Transport			
Community Facilities			
Public Realm / Environment		£274,559	0
Affordable			

Tariff
Other 1
Other 2
Other 3

* This section excludes Affordable Housing section 106 payments

Site Abnormals (£)
Infrastructure Costs
Contamination Costs
Demolition Costs
Other 1
Other 2
Other 3
Other 4
Code for Sustainable Homes

Cost (£) Month of Payment

Building Cost Percentage Increase (If any)
Site Specific Sustainability Initiatives (%)
Lifetime Homes (%)
Code for Sustainable Homes (%)
Other (%)

%

OTHER COSTS

SITE ACQUISITION COSTS

Agents Fees (% of site value)
Legal Fees (% of site value)
Stamp Duty (% of site value)

%
0.00% (typically around 1%)
0.75% (typically around 0.75%)
1.00%

Other Acquisition Costs (£)

Cost (£) Month of Payment
£10,000 0

FINANCE COSTS

Arrangement Fee (£)
Interest Rate (%)
Misc Fees - Surveyors etc (£)

£0
7.00% (typically around 3-5% above base rate)
£0

Marketing Costs

Affordable Housing Marketing Costs

Developer cost of sale to RSL (£)
RSL on-costs (£)
Intermediate Housing Sales and Marketing (£)

Cost (£) Timing (month)
£20,000 14

Open Market Housing Marketing Costs

Sales Fees (agents fees & marketing fees) - %
Legal Fees (per Open Market unit) - £

2.00% (typically around 6%)
£700 (typically around £600 per unit)

DEVELOPER'S RETURN FOR RISK AND PROFIT (before taxation)

	% of Housing Capital Value	
Open Market Housing (%)	17.50%	(typically 17.5-20%)
Affordable Housing (%)	6.00%	(typically around 6%. profit only taken on the capital value of i

**GVA GRIMLEY & BESPOKE PROPERTY GROUP
HCA ECONOMIC APPRAISAL TOOL**

(Worksheet 3)

INPUT SHEET 3 - COMMERCIAL & NON-RESIDENTIAL**OFFICE ASSUMPTIONS**

Size of office scheme (gross sq m)
Size of office scheme (net lettable sq m)

ValuesRent (£ psm) Yield (%) Purchaser's costs (% of value) *(typically around 5.75% assuming a 4% stamp duty)***Building Costs**Office Building Costs (Gross, £ psm) Office Building Professional Fees (% of building costs) *(typically around 10% - 15%)*Building Contingencies (% of building costs) *(typically around 5%)***Timing
(month)****Timing**Start of Building Period (month) *(whole number, minimum of 0, maximum of 60)*End of Building Period (month) *(whole number, minimum of 0, maximum of 60)*Timing of Letting / Sale (month) *(whole number, minimum of 0, maximum of 60)***Letting, Advertising & Sale fees**Letting fees (% of annual income) *(typically around 10% for sole agent and 15% for joint agents)*Advertising fees (% of annual income) *(typically around 1%)*Sale fees (% of sale price) *(typically around 1.75%)*Return for risk / profit (% of value) *(typically around 20%)***RETAIL ASSUMPTIONS**

Size of retail scheme (gross sq m)
Size of retail scheme (net lettable sq m)

ValuesRent (£ psm) Yield (%) Purchaser's costs (% of value) *(typically around 5.75% assuming a 4% stamp duty)***Building Costs**Retail Building Costs (Gross, £ psm) Retail Building Professional Fees (% of building costs) *(typically around 10% - 15%)*Building Contingencies (% of building costs) *(typically around 5%)***Timing
(month)****Timing**Start of Building Period (month) *(whole number, minimum of 0, maximum of 60)*End of Building Period (month) *(whole number, minimum of 0, maximum of 60)*Timing of Letting / Sale (month) *(whole number, minimum of 0, maximum of 60)***Letting / sale fees**Letting (% of income) *(typically around 10% for sole agent and 15% for joint agents)*Advertising (% of annual income) *(typically around 1%)*Sale (% of sale price) *(typically around 1.75%)*Return for risk / profit (% of value) *(typically around 20%)***INDUSTRIAL ASSUMPTIONS**Size of industrial scheme (gross sq m) **Values**Rent (£ psm) Yield (%) Purchaser's costs (% of value) *(typically around 5.75% assuming a 4% stamp duty)***Building Costs**Industrial Building Costs (Gross, £ psm) Industrial Building Professional Fees (% of building costs) *(typically around 10% - 15%)*Building Contingencies (% of building costs) *(typically around 5%)***Timing
(month)****Timing**Start of Building Period (month) *(whole number, minimum of 0, maximum of 60)*

End of Building Period (month)		(whole number, minimum of 0, maximum of 60)
Timing of Letting / Sale (month)		(whole number, minimum of 0, maximum of 60)
Letting / sale fees		
Letting (% of income)		(typically around 10% for sole agent and 15% for joint agents)
Advertising (% of annual income)		(typically around 1%)
Sale (% of sale price)		(typically around 1.75%)
Return for risk / profit (% of value)		(typically around 20%)

LEISURE ASSUMPTIONS

Size of Leisure scheme (gross sq m)		
Size of Leisure scheme (net lettable sq m)		
Values		
Rent (£ psm)		
Yield (%)		
Purchaser's costs (% of value)		(typically around 5.75% assuming a 4% stamp duty)
Building Costs		
Leisure Building Costs (Gross, £ psm)		
Leisure Building Professional Fees (% of building costs)		(typically around 10% - 15%)
Building Contingencies (% of building costs)		(typically around 5%)
Timing		
Start of Building Period (month)	Timing (month)	(whole number, minimum of 0, maximum of 60)
End of Building Period (month)		(whole number, minimum of 0, maximum of 60)
Timing of Letting / Sale (month)		(whole number, minimum of 0, maximum of 60)
Letting / sale fees		
Letting (% of income)		(typically around 10% for sole agent and 15% for joint agents)
Advertising (% of annual income)		(typically around 1%)
Sale (% of sale price)		(typically around 1.75%)
Return for risk / profit (% of value)		(typically around 20%)

COMMUNITY USE ASSUMPTIONS

Size of Community-use scheme (gross sq m)		
Size of Community-use scheme (net lettable sq m)		
Values		
Rent (£ psm)		
Yield (%)		
Purchaser's costs (% of value)		(typically around 5.75% assuming a 4% stamp duty)
Building Costs		
Community-use Building Costs (Gross, £ psm)		
Community-use Building Professional Fees (% of building costs)		(typically around 10% - 15%)
Building Contingencies (% of building costs)		(typically around 5%)
Timing		
Start of Building Period (month)	Timing (month)	(whole number, minimum of 0, maximum of 60)
End of Building Period (month)		(whole number, minimum of 0, maximum of 60)
Timing of Letting / Sale (month)		(whole number, minimum of 0, maximum of 60)
Letting / sale fees		
Letting (% of income)		(typically around 10% for sole agent and 15% for joint agents)
Advertising (% of annual income)		(typically around 1%)
Sale (% of sale price)		(typically around 1.75%)
Return for risk / profit (% of value)		(typically around 20%)

GVA GRIMLEY & BESPOKE PROPERTY GROUP
HCA ECONOMIC APPRAISAL TOOL

(Worksheet 4)

SUMMARY

Site Address	Prospect Farm, Swanage
Site Reference	Appendix A
File Source	Planning Appeal
Scheme Description	Full policy contribution - 50% Affordable housing of which 90% is Affordable Rented
Date	03/10/2013
Site Area (hectares)	0.64
Author & Organisation	John Newman altered by Diana Ayles
HCA Investment Manager	

Housing Mix (Affordable + Open Market)

Total Number of Units	35	units
Total Number of Open Market Units	18	units
Total Number of Affordable Units	17	units
Total Net Internal Area (sq m)	2,965	sq m
Total Habitable Rooms	136	habitable rooms
% Affordable by Unit	48.6%	
% Affordable by Area	40.9%	
% Affordable by Habitable Rooms	37.5%	
% Social Rented within the Affordable Housing	88.2%	by number of units
% Social Rented within the Affordable Housing	89.7%	by area
% Social Rented within the Affordable Housing	90.2%	by habitable rooms
Total Number of A/H Persons	62	Persons
Total Number of Social Rented Persons	56	Persons
Total Number of Intermediate Persons	6	Persons
Total Number of Open Market Persons	92	Persons
Total Number of Persons	154	Persons
Site Area	0.64	hectares
Net Internal Housing Area / Hectare	4,632	sq m / hectare

Residential Values**Affordable Housing Tenure 1:****Affordable Rented**

Type of Unit	Total Rent pa (£)	Yield (%)	Capital Value (£)
1 Bed Flat	£8,237	6.00%	£137,280
2 Bed Flat	£35,693	6.00%	£594,880
2 Bed Flat	£11,898	6.00%	£198,293
2 Bed House	- £12,813	6.00%	£213,547
3 Bed House	£21,965	6.00%	£366,080
4 Bed House	-	-	-
Other	-	-	-
Total	£90,605	-	£1,510,080

Total Capital Value of Affordable Housing Tenure 1

£1,510,080

Affordable Housing Tenure 2:**Intermediate - Shared Ownership**

Type of Unit	Capital Value (£ ps/m)	Total Floorspace (sq m)	Total Capital Value (£)
1 Bed Flat	£2,500	50	£125,000
2 Bed Flat	£2,384	-	-
3 Bed Flat	-	-	-
2 Bed House	£3,379	75.2	£254,101
3 Bed House	-	-	-
4 Bed House	-	-	-
Other	-	-	-
Total	-	125.2	£379,101

Owner-occupied / rented % share

47%

Capital Value of owner-occupied part

£178,177

Type of Unit	Total Rent pa (£)	Yield (%)	Capital Value (£)
1 Bed Flat	£1,804	6.00%	£30,061
2 Bed Flat	-	-	-
3 Bed Flat	-	-	-
2 Bed House	£3,666	6.00%	£61,108
3 Bed House	-	-	-
4 Bed House	-	-	-
Other	-	-	-
Total (full capital value if sold at OMV)	£5,470	-	£91,169

Total Capital Value of Affordable Housing Tenure 2

£269,346

Affordable Housing Tenure 3: Intermediate - Discounted Market Sale

Type of Unit	Capital Value (£ psm)	Total Floorspace (sq m)	Total Capital Value (£)
1 Bed Flat	-	-	-
2 Bed Flat	-	-	-
3 Bed Flat	-	-	-
2 Bed House	-	-	-
3 Bed House	-	-	-
4 Bed House	-	-	-
Other	-	-	-
Total	-	-	-

% of Open Market Value -

Total Capital Value of Affordable Housing Tenure 3 £0

Affordable Housing Tenure 4: Intermediate - Other Type of Shared Own / Shared Equity

Type of Unit	Capital Value (£ psm)	Total Floorspace (sq m)	Total Capital Value (£)
1 Bed Flat	-	-	-
2 Bed Flat	-	-	-
3 Bed Flat	-	-	-
2 Bed House	-	-	-
3 Bed House	-	-	-
4 Bed House	-	-	-
Other	-	-	-
Total	-	-	-

Owner-occupied / rented % share -

Capital Value of owner-occupied part -

Type of Unit	Total Rent pa (£)	Yield (%)	Capital Value (£)
1 Bed Flat	-	-	-
2 Bed Flat	-	-	-
3 Bed Flat	-	-	-
2 Bed House	-	-	-
3 Bed House	-	-	-
4 Bed House	-	-	-
Other	-	-	-
Total (full capital value if sold at OMV)	-	-	-

Total Capital Value of Affordable Housing Tenure 4 £0

Affordable Housing Tenure 5: Intermediate - Discounted Market Rented

Type of Unit	Total Rent pa (£)	Yield (%)	Capital Value (£)
1 Bed Flat	-	-	-
2 Bed Flat	-	-	-
3 Bed Flat	-	-	-
2 Bed House	-	-	-
3 Bed House	-	-	-
4 Bed House	-	-	-
Other	-	-	-
Total	-	-	-

Total Capital Value of Affordable Housing Tenure 5 £0

TOTAL CAPITAL VALUE OF ALL AFFORDABLE HOUSING (EXCLUDING SHG & OTHER FUNDING) £1,779,426

Social Housing Grant

	Grant per unit (£)	Number of Units	Grant (£)
Affordable Rented	£0	15	£0
Intermediate - Shared Ownership	£0	2	£0
Intermediate - Discounted Market Sale	£0	0	£0
Intermediate - Other Type of Shared Own / Share	£0	0	£0
Intermediate - Discounted Market Rented	£0	0	£0
SHG Total	-	17	£0

Social Housing Grant per Affordable Housing Person £0
 Social Housing Grant per Social Rented Person £0
 Social Housing Grant per Intermediate Person £0

TOTAL VALUE OF SOCIAL HOUSING GRANT £0

RSL Cross Subsidy	£0
HCA Infrastructure Grant	£0
LA re-cycled SHG	£0
Other source of funding 1	£0
Other source of funding 2	£0
Land Remediation Tax Relief	£0

OTHER SOURCES OF AFFORDABLE HOUSING FUNDING £0

TOTAL CAPITAL VALUE OF ALL AFFORDABLE HOUSING (INCLUDING SHG & OTHER FUNDING) £1,779,426

Open Market Housing

Type of Open Market Housing	Net Area (sq m)	Revenue (£ / sq m)	Total Revenue (£)
Private Houses	1,751	£3,021	£5,290,003
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
Total	1,751	-	£5,290,003

	Average value (£ per unit)
Private Houses	£293,889
-	-
-	-
-	-
-	-

TOTAL CAPITAL VALUE OF OPEN MARKET HOUSING £5,290,003

Car Parking

No. of Spaces	Price per Space (£)	Value
-	-	-

TOTAL VALUE OF CAR PARKING £0

Ground rent

		Capitalised annual ground rent
Affordable Housing Tenure 1:	Affordable Rented	£0
Affordable Housing Tenure 2:	Intermediate - Shared Ownership	£0
Affordable Housing Tenure 3:	Intermediate - Discounted Market Sale	£0
Affordable Housing Tenure 4:	Intermediate - Other Type of Shared Own / Shared Equity	£0
Affordable Housing Tenure 5:	Intermediate - Discounted Market Rented	£0
Open Market Housing Type 1:	Private Houses	£0
Open Market Housing Type 2:	-	£0
Open Market Housing Type 3:	-	£0
Open Market Housing Type 4:	-	£0
Open Market Housing Type 5:	-	£0

TOTAL CAPITALISED ANNUAL GROUND RENT £0

TOTAL CAPITAL VALUE OF RESIDENTIAL SCHEME £7,069,429

Non-Residential Values

Office	£0	
Retail	£0	
Industrial	£0	
Leisure	£0	
Community-use	£0	£0

TOTAL CAPITAL VALUE OF NON-RESIDENTIAL SCHEME £0

TOTAL VALUE OF SCHEME £7,069,429

Residential Building, Marketing & Section 106 Costs

Affordable Housing Build Costs	£1,373,682	
Open Market Housing Build Costs	£1,982,245	£3,355,927

Cost Multipliers

Site Specific Sustainability Initiatives (%)	0.0%	£0
Lifetime Homes (%)	0.0%	£0
Code for Sustainable Homes (%)	0.0%	£0
Other (%)	0.0%	£0

Residential Car Parking Build Costs		£0
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Other site costs

Building Contingencies	5.0%	£167,796
Building Cost Fees (Architects, QS etc):	8.0%	£281,898
Other Acquisition Costs (£)		£10,000

Site Abnormals

Infrastructure Costs		£0
Contamination Costs		£0
Demolition Costs		£0
Other 1		£0
Other 2		£0
Other 3		£0
Other 4		£0
Code for Sustainable Homes		£0

Total Building Costs		£3,815,621
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Section 106 Costs (£)

Infrastructure / Public Transport		£0
Community Facilities		£0
Public Realm / Environment		£274,559
Affordable		£0
Tariff		£0
Other 1		£0
Other 2		£0
Other 3		£0

Section 106 costs		£274,559
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Marketing (Open Market Housing ONLY)

Sales Fees:	2.0%	£105,800
Legal Fees (per Open Market unit):	£700	£12,600

Marketing (Affordable Housing)

Developer cost of sale to RSL (£)		£20,000
RSL on-costs (£)		£0
Intermediate Housing Sales and Marketing (£)		£0

Total Marketing Costs		£138,400
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Non-Residential Building & Marketing Costs**Building Costs**

Office	£0	
Retail	£0	
Industrial	£0	
Leisure	£0	
Community-use	£0	£0

Professional Fees (Building, Letting & Sales)

Office	£0	
Retail	£0	
Industrial	£0	
Leisure	£0	
Community-use	£0	£0

Total Non-Residential Costs		£0
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TOTAL DIRECT COSTS:		£4,228,580.51
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Finance and acquisition costs**(finance costs are only displayed if there is a positive residual site value)**

Arrangement Fee	£0
Misc Fees (Surveyors etc)	£0
Agents Fees	£0
Legal Fees	£10,661
Stamp Duty	£14,215
Total Interest Paid	£361,982

Total Finance and Acquisition Costs	£386,858
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Developer's return for risk and profit**Residential**

Open Market Housing Operating 'Profit'	£925,751
Affordable Housing 'Profit'	£106,766

Non-residential

Office	£0	
Retail	£0	
Industrial	£0	
Leisure	£0	
Community-use	£0	£0

Total Operating Profit	£1,032,516
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(profit after deducting sales and site specific finance costs but before allowing for developer overheads and taxation)

Residual Site Value

SITE VALUE TODAY	£1,421,475
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EXISTING USE VALUE	£225,000
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DIFFERENCE BETWEEN SITE VALUE AND EXISTING USE VALUE	£1,196,475
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Checks:

Site Value as a Percentage of Total Scheme Value	20.1%
Site Value per hectare	£2,221,055

Notes & Calculation Sheet

(Worksheet 5)

RN42

