

REPORT ON AFFORDABLE HOUSING & VIABILITY

Land to Rear of 156-172 South Street, Bridport, DT6 3NP

APPLICATION BY:

CHURCHILL RETIREMENT LIVING LIMITED

planning*issues*
TOWN PLANNING AND ARCHITECTURE

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SITE: 156-172 Land to Rear of South Street,
Bridport, DT6 3NP

LOCAL PLANNING

AUTHORITY REFERENCE: TBC

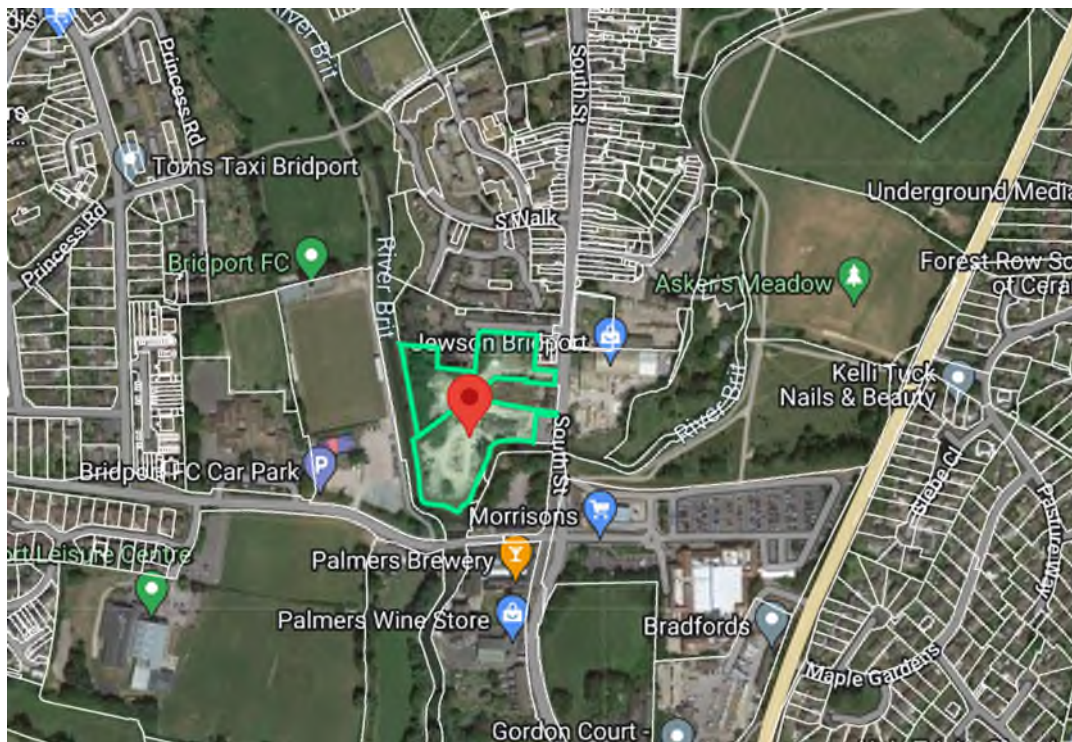
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This report or its findings do not constitute a formal valuation under the RICS Valuation – Global Standards 2022. This report has been prepared for Churchill Retirement Living (“the client”) with advice provided expressly in preparation, or during the course of negotiations.

NON-TECHNICAL SUMMARY

- 1.1 This statement provides an assessment of the financial viability of the proposal to build 48 retirement living apartments and 25 retirement living cottages together with access, parking and landscaping at Land to the Rear of 156-172 South Street, Bridport, DT6 3NP.
- 1.2 The site is currently a builder's merchant and storage yard with a very large area of hardstanding suitable for external storage. The site has an extensive industrial history including as a gas works, concrete batching plant and builder's yard. As expected, there is significant work involved in bringing such a site forward to a residential standard including removal of underground structures, clean and making good the ground as well as issues with groundwater and flooding. A Ground Investigation study accompanies the planning submission setting out the history of the site.



Site Location

- 1.3 Local policy (HOUS1) of the West Dorset Local Plan requires 35% affordable housing on qualifying sites in the West Dorset area, subject to financial viability considerations and evidence of local housing needs.
- 1.4 There is a significant community infrastructure levy liability for this development applying a 2024 rate of £147.07 m2. The estimated CIL liability for this proposal is [REDACTED] which will be payable in line with the council's adopted instalment policy.

- 1.5 A detailed assessment of the financial viability of this proposal is considered as part of this report in order to understand how affordable housing inclusion impacts on the economics of the proposal applying costs and values at the date of the assessment.
- 1.6 The proposal is for an integrated retirement living community with all residents availing of shared amenity and paying service charges at higher-than-average levels to obtain these communal benefits. Circa 26% of the total area of the apartment proposal is non saleable communal area. Each cottages occupier will be liable for full service charge payments and will have access to the communal facilities and lodge manager services.
- 1.7 Policy requires that planning obligations are assessed against increases in land value associated with planning permission and intensification of land. It is therefore appropriate to calculate commuted sums against the impact on land value of policy requirements. This approach is consistent with the council's own evidence base and best practice. The council's plan wide viability assessment (2021) concluded that the viability of housing for older people is constrained and recommended a lower percentage of 10% be applied in policy.
- 1.8 The following table summarises the appraisal showing a 100% open market retirement proposal (73 units) and considers financial viability by comparing the residual land value to the site benchmark land value (inclusive of owner incentive as set out at paragraph 6.34 onwards of this Statement).

	100% Open Market Scheme
Open Market Sales	
Base Construction Cost	
Total Cost Outlay	
CIL	
Profit	
Residual Land Value	
Benchmark Land Value	
Surplus/Deficit	

Table 1 – Summary of Viability

- 1.9 It is concluded that no financial headroom exists to include an affordable housing contribution as to include any further costs would render the proposal financially unviable. This outcome is consistent with the council's plan wide viability evidence base.
- 1.10 A sensitivity analysis has been undertaken at Section 7 in order to assess likely future movements in costs and values over the lifetime of a planning consent. This has concluded that costs are likely to continue to outstrip growth in sales values over the lifetime of any planning consent and that this assessment has taken a balanced approach overall.

INTRODUCTION AND STATEMENT OF IMPARTIALITY

- 2.1 This Statement is prepared in relation to proposals to redevelop the site at the retirement living accommodation at Land to Rear of South Street, Bridport, DT6 3NP.
- 2.2 This statement considers how the proposal addresses national and local policy relating to affordable housing and viability matters. This is a specialist housing proposal for older people which national planning guidance recognises demonstrates different viability characteristics to standard housing typologies. Most notably the proposal differs with the inclusion of higher percentages of non-saleable communal living floorspace. As an age restricted product, it typically takes much longer to sell and in the process incurs higher sales and marketing and empty property costs as well as borrowing costs.
- 2.3 This statement has been prepared in accordance with the Royal Institution of Chartered Surveyors (RICS) professional statement on Financial Viability in Planning: Conduct and Reporting (1st Edition, May 2019) as well as the Assessing Viability in Planning under the NPPF 2019 for England, RICS Professional Standard (1st Edition, March 2021). In line with the requirements, the author confirms the following is true.
- The author of this report has acted with objectivity, without interference and references all appropriate sources of information.
 - No performance-related or contingent fees have been agreed.
 - The information used is market led and not client driven in line with the NPPG standardised approach.
 - Planning Issues is the 'in house' planning consultancy for the applicant. In applying the standardised approach to viability has assessed the viability in a fully impartial manner, assuming market led assumptions.
 - Inputs to the Financial Viability Appraisal (FVA) are reasonably justified and based upon industry benchmarks recently agreed with other local planning authorities for similar proposals and in a number of occasions at planning appeal.
 - The applicant will seek to engage with the local planning authority in order to reach agreement in respect of the report conclusions where differences of opinion may materialise.
 - A non-technical summary of the outputs of the FVA is included to provide a high-level summary of the outputs of this assessment.

DESCRIPTION OF APPLICATION SITE

- 3.1 The site is located in Bridport to the south of the town centre. The site is an irregular plot of land of circa 1.05 hectares.
- 3.2 The site is bounded by South Street to the east of the site, with Dr Roberts Close and a number of residential properties to the north. The River Brit is present along the western and southern site boundaries, with a tributary, the River Asker, immediately to the southeast. Beyond the River Asker, a brewery is situated approximately 25m south of the site.
- 3.3 The site is considered to be a Sui Generis use as building suppliers. Existing buildings provide storage for building materials and accommodation for associated office /staff facilities. Aggregates and various stone products are kept along the flood wall and the boundary with the neighbouring residential building.
- 3.4 The site is well located within easy walking distance of shopping and other social facilities, with Bridport town centre being approximately 600m away, where there are local bus and coach connections to nearby towns and villages.

NATIONAL PLANNING POLICY

Introduction

- 4.1 This section provides an overview of national policy and best practice as it relates to viability in planning.

National Planning Policy Framework (NPPF)

- 4.2 The Government published an amended version of the NPPF in July 2023.
- 4.3 Paragraphs 63 - 65 advise that where a need for affordable housing is identified, planning policies should specify the type required and expect it to be met onsite unless offsite provision or an appropriate financial contribution in lieu can be robustly justified and the agreed approach contributes to the creation of a mixed and balanced community. Where a major development involving housing is proposed, at least 10% of the total number of homes should be available for affordable home ownership. Specialist housing proposals such as housing for older people will be exempt from such a provision in recognition of its non-standard nature.

National Planning Policy Guidance (NPPG)

- 4.4 The National Planning Policy Guidance (NPPG) relating to viability matters was comprehensively updated in July 2018 with further updates in September 2019.
- 4.5 The NPPG reiterates the NPPF position that proposed developments should not be subject to a scale of obligations and policy burdens that threaten development viability. It emphasises that the guidance of the NPPF applies to decision making on individual sites. It confirms that plans should set out required levels of contribution, including affordable housing, and advises that:

'These policy requirements should be informed by evidence of infrastructure and affordable housing need, and a proportionate assessment of viability that takes into account all relevant policies, and local and national standards, including the cost implications of the Community Infrastructure Levy (CIL) and section 106.'

'Different requirements may be set for different types or location of site or types of development'.

(Paragraph: 001 Reference ID: 10-001-20180724)

- 4.6 It is increasingly common for Local Plan viability testing to examine the viability of housing for older people. In the case of Fareham Borough Council, their plan wide testing confirms

that specialist housing for older people should be exempt from affordable housing requirements due to constrained viability associated with this typology¹. The NPPG states that viability assessments are primarily a role for plan making and should not compromise sustainable development and ensure that policies are realistic and will not undermine the delivery of the plan (Paragraph: 002 Reference ID: 10-002-20180724).

4.7 Paragraph 007 states that it is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the decision-making level. Such circumstances could include development on unallocated sites, where further information on site and infrastructure costs are required, **or where the proposed development significantly varies from standard models (for example build to rent or housing for older people** – my emphasis) (Paragraph: 007 Reference ID: 10-007-20190509).

4.8 Paragraph 008 states that where a viability assessment is submitted it should refer back to the information that informed the plan and it is a matter for the decision maker as to the weight to be attached to it. This should include matters such as the most up to date evidence, change in circumstances and the transparency of assumptions behind the viability assessment (Paragraph: 008 Reference ID: 10-008-20180724).

4.9 In terms of the review of viability during the lifetime of a project the NPPG states that plans should set out circumstances when review mechanism may be appropriate as well as clear process and terms of engagement regarding how and when viability will be reassessed over the lifetime of the development (Paragraph: 009 Reference ID: 10-008-20190509).

4.10 The NPPG considers the inputs required for a viability assessment to determine if a site is financially viable by looking at whether the value generated by a development is greater than the costs of developing it. This includes reviews of gross development value, costs, land value, landowner premium and developer return supported by appropriate evidence following the Government's recommended approach (Paragraph: 010 Reference ID: 10-010-20180724).

4.11 The required inputs are then defined in the following paragraphs as follows;

Gross Development Value (Paragraph: 011)

The value of the development for which residential developments may be total sales or rental income, for which market evidence can be used.

Costs (Paragraph: 012)

Based on evidence reflective of local market conditions including build costs, abnormal costs, site specific infrastructure costs, policy compliant contributions and CIL, finance costs, professional fees and contingencies.

¹ https://www.fareham.gov.uk/pdf/planning/local_plan/revisedpublicationlocalplan.pdf (Para 5.33)

Land Value (Paragraphs 013, 014, 015, and 016)

Based on existing land value plus a premium for the landowner reflecting a minimum return at which the land owner would be willing to sell. This should reflect the implications of abnormal costs, infrastructure costs and professional site fees and be informed by market evidence.

Return to Developer (Paragraph 018)

Potential risk is accounted for in the assumed return for development assumed at between 15-20% of gross development value for plan making purposes but alternative figures may be appropriate for different development types.

- 4.12 The NPPG expects viability appraisals to be prepared by suitably qualified practitioners in accordance with the NPPG. Findings should be presented clearly and set out in an executive summary, making clear what assessments have been used and supported by evidence. It should also be prepared on the basis that it will be made publicly available, unless in exceptional circumstances (Paragraph: 020 Reference ID: 10-020-20180724 and 21 ID: 10-021-20180724).
- 4.13 The NPPG confirms that Information used in viability assessment is not usually specific to that developer and thereby need not contain commercially sensitive data (Paragraph: 021 Reference ID: 10-021-20190509). This reaffirms the standardised approach.
- 4.14 On 26th June 2019, a further NPPG update was published relating to Housing for older and disabled people. This guidance stresses that plans should set out the contributions expected from development. This should include setting out the levels and types of affordable housing provision required, along with other infrastructure and that plans can set out different policy requirements for different types of development.
- 4.15 This section of the NPPG identifies specialist housing for older people as a 'nonstandard' model of housing where different viability considerations will be relevant.
- 4.16 The NPPF states within this section that decision makers should consider the location and viability of a development when assessing planning applications for specialist housing for older people. Local planning authorities can encourage the development of more affordable models and make use of products like shared ownership. Where there is an identified unmet need for specialist housing, local authorities should take a positive approach to schemes that propose to address this need (Ibid).

Vacant Building Credit

- 4.17 Vacant building credit is not applicable in this instance as the existing buildings on site are occupied.

5. DEVELOPMENT PLAN POLICY

- 5.1 This section sets out local planning policy considerations as they relate to affordable housing and other planning obligations.

The West Dorset, Weymouth & Portland Local Plan 2015

- 5.2 The Development Plan for the Council consists of the West Dorset, Weymouth & Portland Local Plan adopted in 2015.
- 5.3 Policy HOUS1. of the Local Plan Strategic Policies states a 35% affordable housing requirement will be applied in West Dorset. The type, size and mix of affordable housing will be considered in light of local needs as well as a consideration of financial viability where an applicant seeks to demonstrate viability constraints exist.
- 5.4 The supporting text of the policy states that the council's preferred option is on site affordable housing delivery but in certain circumstances a commuted sum may be acceptable with the policy stating that any off-site provision should be of equivalent value to that which would have been provided on site.

Planning Obligations SPD (2010)

- 5.5 An SPD relating to Planning Obligations was adopted in 2010. The SPD also includes further detail regarding the application of affordable housing on market led sites including sheltered housing proposals.
- 5.6 The SPD states that on site affordable housing delivery will normally be required. However, in exceptional circumstances the council may agree to a payment in lieu which will be calculated based upon the private subsidy that would have been required on the original scheme.
- 5.7 Affordable housing must be provided by an approved provider, which includes registered social landlords approved by the council (especially those from the council's preferred registered social landlords partner list). Other bodies having similar objectives, like a community land trust, may also be approved, however the council will require that all providers can demonstrate that the homes delivered will comply with the council's affordable housing principles. Any affordable housing must comply with the council's affordability and accessibility requirements.
- 5.8 Given the proposal is for a 100% age restricted scheme with all residents paying associated service charges for communal lounges, guest suite, lodge manager services and landscaped external amenity, it is considered that a commuted sum would be appropriate in this instance, but this is subject to an assessment of financial viability.

5.9 A calculator is provided online which suggests if a commuted sum was acceptable the compliant sum in West Dorset for a 73 unit scheme would be [REDACTED] Section 6 will examine the viability of the proposal in order to determine the maximum viable sum in this instance.

Plan Wide Viability Evidence (2022)

5.10 In anticipation of the preparation of a new Local Plan for the combined authorities, the council commissioned Three Dragons to undertake a plan wide viability assessment. In relation to housing for older people, the study specifically tests sheltered housing as proposed here. It finds that older person housing is not as viable as standard residential development.

5.11 An alternative affordable housing percentage of 10% (for sheltered and extra care housing), alongside meeting wider policy and mitigation costs is generally viable and should not harm delivery of development according to the testing undertaken.

5.12 Testing by location (and value band) shows that in Dorset West and Central (assuming only 10% home ownership results and only marginally viability) the generic affordable housing target of 35% would result in unviable proposals.

5.13 In line with the requirements of the NPPG, reference will be taken from the plan wide study in relation to the appropriate inputs and assumptions. Where assumptions or inputs differ, further evidence will be provided in line with best practice and local data on values and costs.

Local Housing Needs Assessment (2021)

5.14 The most recent assessment of housing need was undertaken in 2021 by Iceni. In relation to housing for older people, this assessment states that in Dorset, the total number of people aged 65 and over is projected to increase by 36% over the 17- years to 2038. This compares with overall population growth of 10% and a small decrease in the under 65 population of 1%. The projections show an increase in the population aged 65 and over of 41,400 people. This is against a backdrop of an overall increase of 38,300 – population growth of people aged 65 and over therefore accounts for over 100% of the total projected population change.

5.15 The data shows that the majority of older persons households are owner occupiers (79% in BCP and 82% in Dorset), and indeed most are owner occupiers with no mortgage and thus may have significant equity which can be put towards the purchase of a new home.

5.16 The study concludes that 20% of all supply to 2038 needs to be specialist housing for older

people based upon population projections. A range of housing types will be required to address that need but a significant requirement for market tenures is set out in table 10.22. At 2021, the study suggests an oversupply of older person's affordable tenures and an undersupply of market housing for older people of 443 units. Projecting forward to 2023, 77% of all supply is for market tenures.

- 5.17 The study also comments on the provision of affordable housing on private housing proposals involving older persons housing. It states that there is a need for viability evidence to specifically test and consider what level of affordable housing could be applied to different forms of older persons accommodation, potentially making a distinction between general market housing; retirement living/sheltered housing; and extra care/housing with care. According to the study *It may well be that a differential and lower affordable housing policy is justified for housing with care according to the analysis.*
- 5.18 In relation to on-site affordable housing requirements, the study goes on to state that whilst recognising the benefits associated with mixed income/tenure development, in considering whether mixed tenure schemes can work it is important to consider the degree to which service charges will be affordable to those on lower incomes and whether Registered Providers will want or be able to support access to the range of services/facilities on site. In a range of instances, this has meant that authorities have accepted off-site contributions to affordable housing provision.

Conclusions

- 5.19 The council's affordable housing policy has a starting position that 35% affordable housing should be provided. However, this is subject to an assessment of financial viability and housing need. Policy also supports the diversification of housing choice in respect of housing for older people.
- 5.20 As a proposal for older people, the affordable housing target should therefore be applied flexibly in this case given that the housing needs requirements for this typology will differ from non-retirement housing typologies.
- 5.21 In relation to viability, the council's plan wide viability assessment acknowledges viability considerations differ from non-retirement proposals and that the typology is not as viable as other housing typologies. Application of the generic affordable housing target to this specific proposal must therefore be applied flexibly following consideration of a proposal specific assessment of viability.
- 5.22 The following section examines the viability of the proposed scheme, making reference to assumptions applied within the plan wide viability study where appropriate.

VIABILITY ASSESSMENT

Financial Appraisal Inputs

Internal Floor Area

6.1 An accommodation schedule is provided at Appendix 1 of this statement. In summary, the proposal includes the following:

1 bed units	- 32 units (average 52.84 m2)
2 bed units	- 16 units (average 81.24 m2)
Saleable floorspace	- 2,990 m2
Gross floorspace	- 3,822 m2
Gross to Net %	- 78.23%
Retirement cottages	- 25 (average 94.62 m2)

Sales Values

6.2 According to Rightmove Properties in Bridport had an overall average price of £385,932 over the last year. The majority of sales in Bridport during the last year were detached properties, selling for an average price of £558,831. Terraced properties sold for an average of £312,722, with semi-detached properties fetching £374,372.

6.3 The RHG viability guidance as applied within the council's plan wide viability would place typical 1 bed units at £280,000 and typical 2 bed units at £375,000 on the basis of the above². The RHG guidance assesses pricing on the basis of affordability given that most occupiers of these type of developments will be releasing equity from the family home to move into such a property and pricing will typically be linked to average semi-detached property value in the area where the majority of occupiers will come from.

6.4 The most recent directly comparable new build scheme is a 2021 development by McCarthy Stone at Gordon Court, Flood Lane to the south of the application site which consisted of 38 1-bed and 2-bed apartments for the over 60s. This is broadly the same typology as proposed as part of this application with communal areas and owners lounge with self contained leasehold apartments.

² [COMMUNITY INFRASTRUCTURE LEVY \(retirementhousinggroup.com\)](https://www.retirementhousinggroup.com)

- 6.5 Currently, this development is still selling newbuild units with 1 bedroom units asking from £250,000 (£5,555 m²) and 2 bed units asking from £349,000 (£5,369 m²). There are also apartments available to rent with a 2 bedroom unit asking £2,855 m² per month inclusive of service charge. The McCarthy Stone website is currently showing offers including selected property discounts of up to £30,000 on certain properties and service charge cover for 12 months as well as all moving costs covered for the purchaser.
- 6.6 The Land Registry data shows a range of sales transactions on this development. 23 of the units initial sales have been located and cross referenced to EAC derived floor areas showing initial values of broadly £5,537 m² (59 m² unit average) index linked to today. Typical 1 beds sold for £260,000 while typical 2 beds sold for £363,000.
- 6.7 In respect of this proposal, the proposed average unit sizes are larger than the McCarthy Stone comparable. In the interests of maximising viability and reflecting the location of the application site, values are included at £290,000 for 1 bedroom properties on average (£5,488 m²) and at £390,000 for 2 bedroom properties (£4,800 m²) reflecting the larger units proposed, value regression (£m²) for larger units and the affordability of the units in line with average prices locally (set out at 6.3 above).
- 6.8 This application also includes 2-bedroom retirement cottages. There are currently a range of 2 bed cottages available in the centre of Bridport asking from £300,000 - £325,000 (the old Smokery). These are finished to a high standard with courtyard outside space and modern internal finish. Accessibility to the town centre is excellent. It is recognised however that cottages forming part of the retirement community as proposed will attract a premium over a 2-bedroom apartment in the same development which in our experience will be circa 10%. The retirement cottages are therefore included at £430,000 apiece (£4,544 m²), reflecting a significant uplift on comparable newbuild properties closer to the town centre. This also places the cottages at a significant premium over typical existing houses.
- 6.9 The applicant reserves the right to revisit these assumptions in light of evolving market conditions.

Base Build Cost

- 6.10 The BCIS base build cost at the time of writing is £1,793 m² in respect of supported housing apartments and £1,503 m² for estate housing (Appendix 2). An allowance of 10% of base construction cost has been allowed as standard and consistent with the council's plan wide viability study. This rate may typically be as high as 15% on a scheme of this nature.
- 6.11 Additional allowances must be added for Building Regulation enhancements relating to Part F, L, O and S at [REDACTED] per unit proposed (apartments) and [REDACTED] per house). These recent uplifts will not be factored into BCIS data but will be a cost to the developer.

Site/Proposal Specific Costs

- 6.12 This is a heavily contaminated brownfield site due to its current and former uses. Ground investigation analysis has shown that previous uses include gas works with tanks remaining in the ground. Significant piling costs, remediation and capping layers will be required to ensure the land is safely decontaminated for residential use. Further, flooding measures require that ground levels are raised by 1.5 metres. These measures alone account for circa [REDACTED] worth of additional site-specific costs. Detail is set out at Appendix 3. A detailed Ground Investigation study accompanies the planning application and detailed quotations can be provided in respect of site clean up costs.

Professional Fees

- 6.13 An allowance of 10% of the base construction costs has been applied in line with the plan wide viability assessment. This allowance fits within the range applied for plan wide testing and reflects the nature of this brownfield site which has a number of technical issues.

Other S106/Planning Obligations/Community Infrastructure Levy (CIL)

- 6.14 There is an adopted CIL charging schedule in West Dorset. For 2024, the base rate is [REDACTED] m2. The applicant advises that there is 347 m2 of existing gross internal area in use on the site resulting in a net increase in GIA of 5,842 (6,188 proposed). The estimated CIL liability is therefore [REDACTED] (rounded).
- 6.15 As the sum is over [REDACTED] the West Dorset instalment policy has been followed and the sums cash flowed within the viability appraisal with 1/3 paid 60 days following commencement, 1/3 paid 360 days from commencement and 1/3 paid 540 days after commencement.
- 6.16 No other allowances are made in respect of other S106 requirements. Should further S106 requirements become known during the determination of the application, these would need to be added to the financial viability appraisal.
- 6.17 No further allowances are made in respect of Biodiversity Net Gain at this stage.

Sales and Marketing

- 6.18 Sales and marketing allowances for specialist housing proposals for older people are widely acknowledged to differ substantially from mainstream housing. This is due to the restricted occupancy and longer than average sales periods often extending over several years. A dedicated sales staff will be present on site from pre completion to end of sale supported

by regional and head office marketing teams. The overall allowance must also cover online marketing, promotional events and local agent engagement.

- 6.19 A combined rate of 5% of sales revenue for sales and marketing costs has been assumed as supported by a number of recent appeal decisions.³ For context, the council plan wide viability assessment applies a combined rate of 6%.
- 6.20 Legal fees associated with the sale of each property is assumed at [REDACTED] per unit as standard.

Sales Rate

- 6.21 Typical retirement living proposals tend to experience longer than average sales periods due to the nature of the purchaser. The site is located within the applicant's South West region which currently has 19 live selling sites. The average rate of sale across all of these sites is 0.71 sales per month. Each scheme tends to see a similar sales pattern with broadly 40-50% sales in months 1-12 and a sub 1 per month sales pattern thereafter.
- 6.22 The McCarthy Stone Gordon Court comparable remains selling. The initial sales were in August 2022 (30%) with circa 70% sold or rented within the first year. The last sale on the Land Registry located was April 2023 but there are still properties on the market available to both rent and purchase. Note that all of the properties proposed as part of this application are for sale as the applicant does not offer a rental model.
- 6.23 For the purpose of this appraisal, it is assumed that an overall sales rate of 1.35 sales per month is achieved across a 54-month period. Within this, it is assumed that 16% of units are sold in month 1 with 53% sold in months 1-12. The remaining units sales are spaced evenly across the remaining sales period.
- 6.24 These assumptions are considered ambitious considering the current climate and therefore the applicant reserves the right to revisit these assumptions in light of changes in the market which at the time of writing show transaction levels remaining subdued.

Empty Property Costs

- 6.25 Empty property costs are a function of council tax payable on finished unsold and empty property as well as service charges and other charges, which must be paid owing to longer than average sales periods for this type of proposal. The inclusion of EPCs within viability appraisals has been agreed with local planning authorities and their assessors on similar proposals throughout the country. The council's plan wide viability assessment makes allowances for such costs on older persons housing proposals.

³ Appeal Ref: 3166677 (Redditch, December 2017)

- 6.26 It is considered reasonable to include such costs within the viability appraisal as they are an unavoidable cost associated with the development of retirement living flatted schemes. The NPPG is clear at paragraph 007 that where types of development are proposed which may significantly differ from standard models of development (e.g. housing for older people), the particular viability considerations can be taken into account by decision makers. EPCs are a particular cost associated with this form of development. The plan wide study includes void rates which is another name for empty property costs.
- 6.27 A breakdown of the empty property costs associated with this development is included below and applied to the Argus cashflow to accurately link to the assumed sales rate and finance costs. The average rates shown are charged on unsold properties on a monthly basis.
- 6.28 Note that no further uplifts are applied for properties vacant for longer than 12 months. This position may need to be amended if the council will apply further vacant property premiums to newbuild property.

EMPTY PROPERTY COSTS - BRIDPORT			
Average Cost Per Month Applied to Argus Appraisal Empty Property Cost Cashflow			
1 bed apartments		units	Total
Service charge		32	£
Council Tax (C)		32	£
Utilities		32	£
Average		32	£
2 bed apartments/3 beds/cottages		units	Total
Service charge		41	£
Council Tax (D)		41	£
Utilities		41	£
Average		41	£

Table 3 – Summary of Empty Property Costs Monthly Payments

Finance Costs

- 6.29 An overall debit rate of 8.0% is applied and this has been included in this submission. A credit rate of 1.0% has been assumed. No arrangement fee has been allowed for in the appraisal as it is assumed to be incorporated within the overall debit rate. It is widely reported at the time of writing that average development lending rates are now in excess of 10%.

Land Acquisition Costs

- 6.30 Stamp duty is applied at the current HMRC variable rates as updated in April 2016.

6.31 Land purchase legal fees at 0.75% of the land value on purchase and Acquisition Agent fees at 1% of the land value are assumed as standard.

Developers Return

6.32 As set out, the NPPG is clear that potential risk is accounted for in the assumed return for development assumed at between 15-20% of gross development value for plan making purposes but alternative figures may be appropriate for different development types and typologies.

6.33 An acceptable return for risk in respect of retirement living proposals such as this not less than 20% of gross development value. This is consistent with the plan wide viability study.

6.34 This is consistent with the Inspector conclusions for the McCarthy and Stone proposal at Redditch (Appeal Ref: 3166677), the Churchill Retirement Living proposal at Cheam (Appeal Ref: 3159137) and the Churchill Retirement Living scheme at West Bridgford (Appeal Ref: 3229412) in 2019. The consistent findings in these appeal decisions were:

- There are a number of inherent sector specific risks with this form of development which materially differ to that of general needs housing including an inability to phase and allow for risk reappraisal.
- Retirement living housing must be fully completed and operationally ready before sales commences as older people are less likely to buy 'off plan' without seeing for example the benefit of the communal facilities.
- The above provides a slower return on investment and a longer period of uncertainty in the market and cost exposure. This risk is particularly pronounced in periods of market uncertainty when sales rates are slow. This is the case in the current market where we are seeing access to development finance tightening with lenders increasing borrowing rates and demanding higher coverage in the form of higher developer returns.
- A restricted occupancy also limits the marketability of such housing in comparison to general needs development. The sector does not benefit from Government incentives such as First Homes. A slow down in the wider market also means that sales for older persons housing also slow down given that such sales are often at the end of a much longer chain. We are now seeing sales transactions across the wider market slow considerably as a result of increased mortgage rates and affordability issues for prospective purchasers across the market.

- The NPPG recognises that viability for older peoples housing differs from general needs housing (NPPG Paragraph 007) and that it is appropriate for local planning authorities to recognise this at both the plan making and decision taking level.

Timing Assumptions

6.35 The following timing assumptions are made for the viability appraisal:

Timescale	Duration	Commences
Purchase	1	Aug 2024
Pre-Construction	6	Sep 2024
Construction	20	Mar 2025
Empty Property Costs	54	Nov 2026
Sale	54	Nov 2026
Total Duration	81	

6.36 A copy of the financial viability appraisal (FVA) for a 100% open market appraisal is included at Appendix 5 and summarised within Section 7.

Benchmark Land Value

6.37 In assessing the viability of the site, a key benchmark is site value. For planning viability assessment purposes, the starting position should be the existing use value.

To define land value for any viability assessment, a benchmark land value should be established on the basis of the existing use value (EUV) of the land, plus a premium for the landowner. The premium for the landowner should reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land. The premium should provide a reasonable incentive, in comparison with other options available, for the landowner to sell land for development while allowing a sufficient contribution to fully comply with policy requirements. Landowners and site purchasers should consider policy requirements when agreeing land transactions. This approach is often called 'existing use value plus' (EUV+).⁴

6.38 In this case the existing site is in use as a builder's merchants with a large yard for storage of aggregates and other materials for trade and domestic sales. The accompanying independent valuation of the existing use value of the site concludes that in its current use, the combined site is worth broadly [REDACTED]. The site owners may continue to operate the site in its current form.

⁴ <https://www.gov.uk/guidance/viability> (reference 10-013-20190509)

- 6.39 The second component of benchmark land value is the premium to be attached to the existing use value as an incentive for the owner to release the site for redevelopment/restrict the sale of the property on the open market as part of a subject to planning land arrangement. It is commonly agreed that a range of 10-30% premium over existing use value is required to incentivise a land owner in circumstances similar to this⁵.
- 6.40 The PPG also states that benchmark land value should be adjusted in order to account for abnormal development costs.
- 6.41 However, any assessment of minimum premium to the landowner should include analysing other options available to the landowner. In this case, the business is trading and may continue to do so. The landowner will therefore require a premium over existing use value in order to be incentivised to restrict the sale of his property during the term of his agreement with the applicant.
- 6.42 A lower end 10% premium over existing use value is considered a reasonable and balanced approach in this case. The PPG sets out that abnormal costs should be factored into landowners' premium. However, applying no premium would mean this site would not come forward for development.
- 6.43 The site benchmark land value is therefore assumed to be [REDACTED] and applied to the viability appraisal accordingly. This is considered to be the minimum threshold below which it is considered the site would not be secured for redevelopment.

⁵ [ah_viability_spg_20170816.pdf \(london.gov.uk\)](#)

VIABILITY APPRAISAL OUTPUT AND CONCLUSIONS

7.1 The outputs of the financial appraisals with 0% affordable housing are summarised below for ease of reference. For any sum to be viable, the residual land value of the proposal must be higher than the benchmark land value. See Appendix 5 for the full appraisal.

	100% Open Market Scheme	
Open Market Sales		
Base Construction Cost		
External Build Costs		10% base
Contingency		5% base
Extra Over Build Costs		Scheme Specific
Professional Fees		10% base
CIL/S106		Scheme Specific
Marketing		3% GDV
Disposal Costs		2% GDV
Unsold Unit Fees		Scheme Specific
Finance		8%
Acquisition Costs		As Standard
Total Cost Outlay		
Profit		20% GDV
Residual Land Value		
Benchmark Land Value		EUV
Surplus/Deficit		

Table 4 - Summary of Viability Appraisal Outputs

7.2 In this case, applying the fully evidenced inputs and assumptions to the viability appraisal, the residual land value generated shows no financial headroom for affordable housing contributions. If contributions are added to the appraisal the land value deficit increases and the proposal would be unviable for the applicant to take forward.

7.3 This is a contaminated site as acknowledged within the pre application response from officers and the outcome of the financial viability assessment are consistent with the typology testing for older person's housing set out within the plan wide viability assessment.

7.4 A planning permission is typically implementable for three years post approval during which time the applicant would seek to ensure a viable proposal could be implemented.

Sensitivity Testing

7.5 As required by the RICS Conduct and Reporting professional statement, sensitivity testing of the appraisal has been undertaken. Stepped increases and decreases of 2.5% in sales revenue and build costs are analysed and a summary of impact of residual land value is presented.

Construction: Rate /m ²								
Sales: Rate /m ²	-7.500%	-5.000%	-2.500%	0.000%	2.500%	5.000%	7.500%	10.000%
-7.500%	-386,595	-105,924	194,328	501,391	810,139	1,120,170	1,431,226	1,742,934
	-386,595	-105,924	194,328	501,391	810,139	1,120,170	1,431,226	1,742,934
-5.000%	-752,698	-476,902	-199,692	93,951	400,498	708,727	1,018,555	1,328,909
	-752,698	-476,902	-199,692	93,951	400,498	708,727	1,018,555	1,328,909
-2.500%	-1,118,802	-843,006	-567,209	-291,413	-6,065	300,122	607,749	916,940
	-1,118,802	-843,006	-567,209	-291,413	-6,065	300,122	607,749	916,940
0.000%	-1,484,906	-1,209,109	-933,313	-657,517	-381,721	-100,810	199,745	506,771
	-1,484,906	-1,209,109	-933,313	-657,517	-381,721	-100,810	199,745	506,771
2.500%	-1,851,009	-1,575,213	-1,299,417	-1,023,620	-747,824	-472,028	-194,677	99,369
	-1,851,009	-1,575,213	-1,299,417	-1,023,620	-747,824	-472,028	-194,677	99,369
5.000%	-2,217,113	-1,941,317	-1,665,520	-1,389,724	-1,113,928	-838,132	-562,335	-286,539
	-2,217,113	-1,941,317	-1,665,520	-1,389,724	-1,113,928	-838,132	-562,335	-286,539
7.500%	-2,583,217	-2,307,420	-2,031,624	-1,755,828	-1,480,031	-1,204,235	-928,439	-652,643
	-2,583,217	-2,307,420	-2,031,624	-1,755,828	-1,480,031	-1,204,235	-928,439	-652,643
10.000%	-2,949,320	-2,673,524	-2,397,728	-2,121,931	-1,846,135	-1,570,339	-1,294,543	-1,018,746
	-2,949,320	-2,673,524	-2,397,728	-2,121,931	-1,846,135	-1,570,339	-1,294,543	-1,018,746

Table 5 - Sensitivity Analysis

7.6 In order to provide context to the sensitivity analysis it is necessary to examine likely movements in build cost and sales values noting that these are forecasts which may be impacted by currently unknown factors.

7.7 In relation to build cost, the BCIS quarterly briefing (June 2024) outlines its expectations for the industry. Cumulatively, from 2024 - 2027, tender prices are forecast to increase by 10.1% above current levels or 18% over the period to 2029.

Table 10: BCIS forecast of tender prices

Period	Forecast
2Q2023 to 2Q2024	+2.3%
2Q2024 to 2Q2025	+3.1%
2Q2025 to 2Q2026	+3.7%
2Q2026 to 2Q2027	+3.3%
2Q2027 to 2Q2028	+3.9%
2Q2028 to 2Q2029	+4.0%

BCIS Forecast of Tender Price Index Growth to 2029

7.8 In terms of values, Savills and Knight Frank forecast modest house price growth in 2024 with projected increases of 9% of the next 3 years or 18% to the end of 2028⁶.

⁶ [Savills UK | Residential Property Market Forecasts](#)

- 7.9 The RICS Housing Market Survey⁷ June 2024 points to an improvement from the downward trajectory and market sentiment of the last 12 months with sales enquires up. However, buyer demand continues in the slightly negative territory and national house prices are still seeing downward pressure. For house prices, the headline net balance remained unchanged compared to last month, coming in at -17% once again. Near term price expectation has improved marginally.
- 7.10 In summary, forecasts over the next 3 years suggest that build cost inflation will likely match inflation in house prices albeit with an improving market sentiment which is highly sensitive to continued inflated borrowing costs.
- 7.11 It is concluded that the assumptions within the FVA are appropriately balanced and are not overly pessimistic given the current and forecasted movements in costs and values.

⁷ [June-2024-RICS-UK-Residential-Market-Survey.pdf](#)

APPENDICES

Appendix 1 - Accommodation Schedule

Flat Areas

FLOOR	FLATS	GROSS AREA		GROSS AREA		1 bed / 2 person 1B2P	2 bed / 4 person 2B4P	STANDARD FLAT										
G	1	= 53.49	m ²	= 575.8	ft ²													
G	2	= 56.28	m ²	= 605.8	ft ²													
G	3	= 53.14	m ²	= 572.0	ft ²													
G	4	= 52.24	m ²	= 562.3	ft ²													
G	5	= 53.14	m ²	= 572.0	ft ²													
G	6	= 87.06	m ²	= 937.1	ft ²													
G	7	= 52.24	m ²	= 562.3	ft ²													
G	8	= 80.56	m ²	= 867.1	ft ²													
G	9	= 77.15	m ²	= 830.4	ft ²													
G	10	= 53.14	m ²	= 572.0	ft ²													
G	11	= 53.14	m ²	= 572.0	ft ²													
G	12	= 52.24	m ²	= 562.3	ft ²													
G	12a	= 52.24	m ²	= 562.3	ft ²													
G	14	= 76.18	m ²	= 820.0	ft ²													
1	15	= 56.28	m ²	= 605.8	ft ²													
1	16	= 77.22	m ²	= 831.2	ft ²													
1	17	= 52.24	m ²	= 562.3	ft ²													
1	18	= 53.14	m ²	= 572.0	ft ²													
1	19	= 87.06	m ²	= 937.1	ft ²													
1	20	= 52.24	m ²	= 562.3	ft ²													
1	21	= 80.45	m ²	= 866.0	ft ²													
1	22	= 82.73	m ²	= 890.5	ft ²													
1	23	= 53.14	m ²	= 572.0	ft ²													
1	24	= 53.14	m ²	= 572.0	ft ²													
1	25	= 52.24	m ²	= 562.3	ft ²													
1	26	= 52.24	m ²	= 562.3	ft ²													
1	27	= 76.18	m ²	= 820.0	ft ²													
1	28	= 44.60	m ²	= 480.1	ft ²													
1	29	= 79.87	m ²	= 859.7	ft ²													
1	30	= 57.05	m ²	= 614.1	ft ²													
1	31	= 53.49	m ²	= 575.8	ft ²													
2	32	= 56.30	m ²	= 606.0	ft ²													
2	33	= 77.22	m ²	= 831.2	ft ²													
2	34	= 52.24	m ²	= 562.3	ft ²													
2	35	= 53.14	m ²	= 572.0	ft ²													
2	36	= 87.06	m ²	= 937.1	ft ²													
2	37	= 52.24	m ²	= 562.3	ft ²													
2	38	= 86.91	m ²	= 935.5	ft ²													
2	39	= 82.73	m ²	= 890.5	ft ²													
2	40	= 53.14	m ²	= 572.0	ft ²													
2	41	= 53.14	m ²	= 572.0	ft ²													
2	42	= 52.24	m ²	= 562.3	ft ²													
2	43	= 52.24	m ²	= 562.3	ft ²													
2	44	= 81.54	m ²	= 877.7	ft ²													
2	45	= 44.60	m ²	= 480.1	ft ²													
2	46	= 79.87	m ²	= 859.7	ft ²													
2	47	= 57.05	m ²	= 614.1	ft ²													
2	48	= 53.49	m ²	= 575.8	ft ²													

Ground floor	10	4	14
First floor	11	6	17
Second floor	11	6	17

	1B2P	2B4P
Total	32	16
Parking spaces	17	66.7%
Battery cars	9	33.3%
	52.84	81.24
	1691	1300
		2990.7

Amenity areas

Owner's Lounge =	116.50	m ²	=	1254.0	ft ²
Main Entrance =	4.90	m ²	=	52.7	ft ²
Reception =	4.00	m ²	=	43.1	ft ²
Office =	6.60	m ²	=	71.0	ft ²
Guest =	22.05	m ²	=	237.3	ft ²
Coffee Bar =	7.40	m ²	=	79.7	ft ²
Refuse =	44.48	m ²	=	478.8	ft ²
Buggy Store =		m ²	=	0.0	ft ²
WC =	3.90	m ²	=	42.0	ft ²
Lifts & Plant - G =	7.20	m ²	=	77.5	ft ²
Lifts & Plant - 1st =	11.10	m ²	=	119.5	ft ²
Lifts & Plant - 2nd =	11.46	m ²	=	123.4	ft ²

Stair 1
total = 31.12 m² = 0.0 ft²

Stair 2
total = 33.03 m² = 355.5 ft²

Stair 3
total = m² = 0.0 ft²

Corridor					
G =	113.00	m ²	=	1216.3	ft ²
1st =	119.70	m ²	=	1288.4	ft ²
2nd =	108.50	m ²	=	1167.9	ft ²
3rd =		m ²	=	0.0	ft ²

644.9 m² = 6607.1 ft²

Retail units

Total area G =	0.00	m ²	=	0.0	ft ²
----------------	------	----------------	---	-----	-----------------

Gross area internal

G =	1274.3	m ²	=	13716.5	ft ²
1st =	1274.3	m ²	=	13716.5	ft ²
2nd =	1274.3	m ²	=	13716.5	ft ²
3rd =		m ²	=	0.0	ft ²
3822.9	m²	=	41149.4	ft²	

Gross area external

G =	1350.7	m ²	=	14538.8	ft ²	perimeter (m)	219.4
1st =	1350.7	m ²	=	14538.8	ft ²		219.4

2nd =	1350.7	m ² =	14538.8	ft ²	219.4
3rd =		m ² =	0.0	ft ²	0
	<u>4052.1</u>	m ² =	<u>43616.4</u>	ft ²	

Saleable/Amenity/Structure

Saleable Area	2990.7	m ² =	32191.6	ft ²	78.23	%
Amenity Area	644.9	m ² =	6942.1	ft ²	16.87	%
Structure	187.3	m ² =	2015.6	ft ²	4.90	%

Cottages

	Type	Roof	amenity
1 = 97.14	E	Gable	garden, patio
2 = 92.39	D	FDormer	garden, patio
3 = 92.39	D	FDormer	garden, patio
4 = 94.70	E	Gable	garden, patio
5 = 94.70	Estudy	HDormer	garden, patio
6 = 94.70	E	Gable	garden, patio
7 = 92.39	D	FDormer	garden, patio
8 = 97.14	E	Gable	garden, patio
9 = 94.70	Estudy	2 storey	balcony
10 = 94.70	Estudy	2 storey	balcony
11 = 94.70	E	Gable	balcony
12 = 94.70	Estudy	HDormer	balcony
13 = 94.70	E	Gable	balcony
14 = 94.70	Estudy	HDormer	balcony
15 = 94.70	E	Gable	balcony
16 = 94.70	Estudy	HDormer	balcony
17 = 94.70	E	Gable	balcony
18 = 94.70	Estudy	HDormer	balcony
19 = 94.70	Estudy	G/HDormer	balcony
20 = 94.70	E	G/HDormer	balcony
21 = 94.70	Estudy	G/HDormer	balcony
22 = 94.70	Estudy	HDormer	balcony
23 = 94.70	E	Gable	balcony
24 = 94.70	Estudy	HDormer	balcony
25 = 94.70	E	Gable	balcony

Cottage Blocks - Gross External GF

Block	m ²	=	ft ²	perimeter (m)
Block 1 =	179.3	=	1930.0	56
Block 2 =	165.1	=	1777.1	53
Block 3 =	119.3	=	1284.1	44
Block 4 =	111.5	=	1200.2	42
Block 5 =	326.0	=	3509.0	86
Block 6 =	487.6	=	5248.5	122
TOTAL =	1389	m ²		

94.62

Gross Site Area	10587.6	m ² =	113964.0	ft ²	
Soft landscape Area	4062.1	m ² =	43724.1	ft ²	
Hard Landscape Area	3786.0	m ² =	40752.2	ft ²	includes grascrete area of 508sqm

scheme based on A-type flats

Appendix 2 - Sales Values Analysis



£345,000 

Reduced on 11/07/2024

MARKETED BY

**McCarthy & Stone Resales,
Bournemouth**

**McCARTHY STONE
RESALES**

100 Holdenhurst Road,
Bournemouth, BH8 8AQ

PROPERTY TYPE

 Apartment

BEDROOMS

 2

BATHROOMS

 1

 **Call agent**

Request details



+16

Key features

- Ground Floor Apartment - Close Access To Developments Amenities
- Modern, Well Equipped Kitchen With Integrated Appliances
- Homeowners Lounge
- Landscaped Communal Gardens
- 24/7 Careline For Peace Of Mind & Secure Entry System
- Access Out On To Patio Area From Living Room
- Two Bedrooms
- Guest Suite For Visiting Friends & Family
- House Manager Oversees The Smooth Running Of The Development
- Close To Amenities

Description

Beautifully presented two bedroom, ground floor retirement apartment, having only been in ownership since new in 2022. Access out on to a patio area from the living room and very accessible to all the fantastic amenities this stunning 'Retirement Living' development offers.

Energy Efficient *Pet Friendly*

Introduction: - Head towards the centre of Bridport town and you'll find Gordon Court, named after Second Lieutenant Colin Graham Gordon, a WW1 soldier that once lived in the parade of houses opposite. The development has offers stylish communal facilities including a lounge, guest suite and beautiful landscaped gardens. It's the ideal place to live life well.

This development allows you to downsize and free yourself from the responsibility and burden of cleaning and maintaining a family home. Plus, it allows you to live among a community of like-minded people where you may even make some new friends. While maintaining your independence, you'll also be provided with peace of mind as there is a 24/7 emergency call system and an on-site House Manager during office hours, so help is always on hand, should it be required.

As well as providing you with a safe and secure environment, the gardening and external maintenance of your property is taken care of, this means that you can spend your retirement in the way that you choose. Whether that's socialising in communal areas, enjoying some peace and quiet in your own apartment or exploring Bridport and the Jurassic Coast; it's entirely your choice!

Bridport is a beautiful market town in Dorset, located only 1.5 miles inland from the English Channel near the confluence of the River Brit and the River Asker, its tributary.

Although famous as a rope-making centre and a fishing village, Bridport now has a vibrant arts and culture scene, including an arts centre, a theatre, a cinema and a museum, which means that you'll have plenty to see, experience and explore close to the development.

There are a number of festivals to enjoy, including the Bridport Literary Festival, the Bridport Food Festival, the annual Hat Festival and the Christmas Tree Festival. There's also an annual carnival that includes a car boot sale, a fete, a funfair and an evening of live music. A torchlight procession takes place the next day, when 1,500 torches are carried over two miles to light a bonfire in West Bay.

Part of the idyllic Jurassic Coast, the local area is packed with beautiful walks and rambles. In the town itself, you'll also find a football club, a rugby union club and Bridport & West Dorset Golf Club, which includes an 18-hole links golf course, a driving range and a pitch and putt course. For gentler pursuits, you'll also find a swimming club, a water polo club and a couple of bowling clubs.

The transport connections surrounding our retirement homes in Bridport are great for when family and friends come to visit. Exeter and Bournemouth international airports can both be reached in around an hour, while railway stations can be found nearby in Dorchester and Axminster. Locally, you'll also find buses to Powerstock, Axminster, and Dorchester, as well as other towns and villages in the region.

Entrance Hall - With a solid Oak-veneered entrance door with spy-hole, security intercom system that provides both a verbal and visual link (by tuning the homeowners TV) to the main development entrance door. Emergency pull cord, large storage cupboard with shelving and housing the Gledhill boiler supplying hot water, and 'Vent Axia' heat exchange unit., there is also a further generous size storage cupboard.

Living Room - A stunning room full of light and a welcoming ambiance. A double-glazed French door with matching side panel opens onto a small patio.

Kitchen: - Excellent range of fitted units with contrasting worktops having matching upstands and incorporating an inset sink unit. Integrated appliances include; a four-ringed hob with glazed splashpanel and stainless steel chimney extractor hood over, waist level oven and concealed fridge and freezer.

Master Bedroom - A lovely well-proportioned double bedroom with double-glazed window. Large walk-in wardrobe with auto-light, hanging rails and shelving.

Bedroom Two - Another generous size bedroom with double glazed window.

Shower Room: - White suite comprising; walk-in shower with glazed shower screen, a back-to-the-wall WC with concealed cistern, vanity wash-basin with cupboard unit below. Ladder radiator, emergency pull cord, ceiling spot lights. Extensively tiled walls and fully tiled floor.

Lease: - Lease 999 Years from January 2022

Ground Rent: £495 per annum

Ground Rent Review Date: January 2037

Service Charge - What your service charge pays for:

- House Manager who ensures the development runs smoothly
- All maintenance of the building and grounds, including window cleaning, gardening and upkeep of the building exteriors and communal areas
- 24hr emergency call system
- Monitored fire alarms and door camera entry security systems
- Maintaining lifts
- Heating and lighting in communal areas
- Contingency fund including internal and external redecoration of communal areas
- Buildings insurance, water and sewerage rates

The service charge does not cover external costs such as your Council Tax, electricity or TV. Find out more about service charges please contact your Property Consultant or House Manager.

Service charge: £6,223.23 per annum (for financial year ending 28/02/2025)

Ask about our FREE ENTITLEMENTS SERVICE to find out what benefits you may be entitled to to support you with service charges and living costs.

(Often offset by Government Entitlements e.g. Attendance Allowance £3,500-£5,200pa).

Moving Made Easy - Moving is a huge step, but don't let that hold you back. We have a range of services to help your move go smoothly, including:

- FREE Entitlements Advice to help you find out what benefits you may be entitled to that can assist with service charges or living costs.
- Part Exchange service to help you move without the hassle of having to sell your own home.
- Removal Services that can help you declutter and move you in to your new home.
- Conveyancing specialists who are experienced with sales and purchases of McCarthy Stone retirement properties.


For more information speak with our Property Consultant today.

Additional Information & Services - • Ultrafast Full Fibre Broadband available

- Mains water and electricity
- Electric room heating
- Mains drainage

Brochures

McCarthy Stone, Gordon Court Bridport (Newbuild)



1/6

Available Now

Gordon Court

Flood Lane, Bridport, Dorset, DT6 3FZ

Head towards the centre of Bridport town and you'll find Gordon Court , named after Second Lieutenant Colin Graham Gordon, a WW1 soldier that once lived i...

[View development >](#)

Buy from **£250,000** Rent from **£2,855 pcm**

Property 23 2 1 65.00 SQ.M

Sale price: **£349,000** Rental price: **N/A**

Property 37 1 2 45.00 SQ.M

Sale price: **£250,000** Rental price: **N/A**

Property 14 2 1 65.00 SQ.M

Sale price: **N/A** Rental price: **£2,855**

Bridport

Clear

+ 0 miles ▾

Filters (1) ▾

New Homes and Developments For Sale in Bridport, Dorset >

☆ Save search

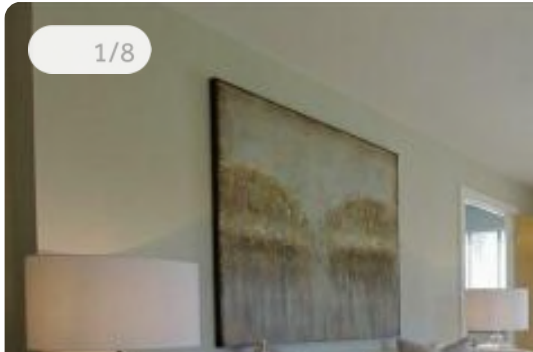
🔔 Create Alert

6 results

Highest Price ▾



☰ Prioritise properties with... + Add keyword



Flood Lane, Bridport



Retirement Property 🛏 1 🚿 1

A prime one bedroom, second floor South facing aptment with balcony and garden views, in this brand new

NEW HOME

Reduced on 18/05/2022 by Symonds & Sampson, Bridport

£292,500

Guide Price



📌 Save



Bridport



Semi-Detached 🛏 2 🚿 2

NEW 2 BEDROOM BARN CONVERSION IN THE TOWN CENTRE WITH PARKING

NEW HOME

Reduced on 08/07/2024 by Goadsby, Bridport

£287,500

Guide Price



📌 Save

1/13

Bridport Town Centre



Semi-Detached 🛏 2 🚿 2

WONDERFUL NEW BUILD TWO BEDROOM HOME SITAUTED IN BRIDPORT TOWN CENTRE

NEW HOME

Reduced on 08/07/2024 by Goadsby, Bridport

£287,500

Guide Price



📌 Save

Come and see us at the shows!

Click here to find out more



1/18

£287,500

Guide Price

Bridport



Semi-Detached 2 2

NEW 2 BEDROOM BARN CONVERSION IN THE TOWN CENTRE WITH PARKING

NEW HOME

Reduced on 08/07/2024 by Goadsby, Bridport



Save



1/14

£287,500

Guide Price

Bridport Town Centre



Semi-Detached 2 2

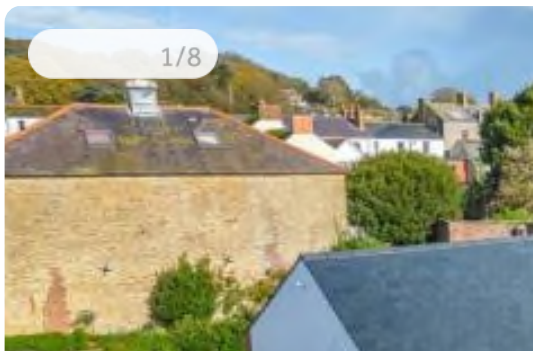
CONTEMPORARY NEW BUILD HOME SITUATED IN THE CENTRE OF TOWN WITH PARKING

NEW HOME

Reduced on 08/07/2024 by Goadsby, Bridport



Save



1/8

£287,500

Guide Price

3 Crewkerne Place, Bridport



Semi-Detached 2 1

A very attractive and well appointed semi-detached new cottage with parking, in the heart of the town centre. Council

NEW HOME

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£180,000
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Appendix 3 - BCIS (August 2024)

£/M2 STUDY

Description: Rate per m2 gross internal floor area for the building Cost including prelims.

Last updated: 27-Jul-2024 07:23

Rebased to West Dorset (105; sample 24)

MAXIMUM AGE OF RESULTS: DEFAULT PERIOD

Building function (Maximum age of projects)	£/m ² gross internal floor area						Sample
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest	
New build							
810.1 Estate housing							
Generally (15)	1,613	827	1,363	1,549	1,766	5,530	1366
Single storey (15)	1,835	1,081	1,548	1,765	2,015	5,530	226
2-storey (15)	1,552	827	1,337	1,503	1,701	3,354	1061
3-storey (15)	1,681	997	1,405	1,618	1,913	3,254	74
4-storey or above (15)	3,365	1,635	2,704	3,019	4,494	4,973	5
810.11 Estate housing detached (15)	2,169	1,188	1,589	1,808	2,463	5,530	18
810.12 Estate housing semi detached							
Generally (15)	1,630	947	1,382	1,588	1,788	3,574	347
Single storey (15)	1,807	1,166	1,572	1,773	1,965	3,574	80
2-storey (15)	1,575	947	1,366	1,522	1,735	2,743	256
3-storey (15)	1,610	1,184	1,301	1,529	1,904	2,289	11
810.13 Estate housing terraced							
Generally (15)	1,623	952	1,336	1,532	1,753	4,973	219
Single storey (15)	1,809	1,189	1,537	1,750	2,162	2,548	16
2-storey (15)	1,555	952	1,318	1,495	1,681	3,354	169

Building function (Maximum age of projects)	£/m ² gross internal floor area						Sample	
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest		
3-storey (15)	1,690	997	1,407	1,582	1,851	3,254	32	
4-storey or above (15)	4,734	4,494	-	-	-	4,973	2	
843. Supported housing								
Generally (15)	2,016	1,033	1,680	1,871	2,210	4,114	126	
Single storey (15)	2,272	1,462	1,854	2,164	2,477	4,114	12	
2-storey (15)	2,047	1,045	1,678	1,845	2,382	3,581	44	
3-storey (15)	1,860	1,033	1,682	1,793	2,068	2,788	42	
4-storey or above (15)	2,083	1,268	1,661	1,940	2,115	3,978	25	
843.1 Supported housing with shops, restaurants or the like (15)	1,960	1,232	1,652	1,843	2,169	3,246	35	

Appendix 4 - Extra Over Build Costs

Appendix 5 - FVA Argus Appraisal 100% Open Market Proposal

Sth St, Bridport 73 units (0% AH) Su

Development Appraisal
CRL
August 5, 2024

Sth St, Bridport 73 units (0% AH) Su

Appraisal Summary for Phase 1 Retirement Apartments

Currency in \$

REVENUE

Sales Valuation	Units	m ²	Sales Rate m ²	Unit Price	Gross Sales
1 Beds	32	1,690.88	5,488.27		
2 Beds	16	1,299.84	4,800.59		
2 Bed Cottages	25	2,365.50	4,544.49		
Totals	73	5,356.22			

NET REALISATION

OUTLAY

ACQUISITION COSTS

Residualised Price (1.00 Ha @ 657,516.77 /Hect)				
Stamp Duty				
Effective Stamp Duty Rate		3.40%		
Agent Fee		1.00%		
Legal Fee		0.75%		

CONSTRUCTION COSTS

Construction	m ²	Build Rate m ²	Cost
1 Beds			
2 Beds			
2 Bed Cottages			
Totals			
External Costs		10.00%	
Extra Over Costs			
FLOS APTS			
FLOS HOUSES			
Contingency		5.00%	

Section 106 Costs

CIL			
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PROFESSIONAL FEES

Professional Fees		10.00%	
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MARKETING & LETTING

Marketing		3.00%	
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DISPOSAL FEES

Sales Agent Fee		2.00%	
Sales Legal Fee	73.00 un	750.00 /un	

Unsold Unit Fees

1 Beds			
2 Beds			
2 Bed Cottages			

TOTAL COSTS BEFORE FINANCE

FINANCE

Timescale	Duration	Commences
Purchase	1	Aug 2024
Pre-Construction	6	Sep 2024
Construction	20	Mar 2025
Empty Property Costs	54	Nov 2026
Sale	54	Nov 2026
Total Duration	81	

Debit Rate 8.00%, Credit Rate 1.00% (Nominal)

Land	
Construction	
Other	

Sth St, Bridport 73 units (0% AH) Su

Total Finance Cost		
TOTAL COSTS		
PROFIT		

Performance Measures

Profit on Cost%	
Profit on GDV%	
IRR% (without Interest)	

Appendix 6 - Red Book Valuation



Valuation Report

Hanson & Phillips Depot, 162A South Street, Bridport, Dorset, DT6 3NP

Prepared for Churchill Retirement Living

15 January 2024

Prepared by: R James Mackay BSc (Hons) MRICS,
(Registered Valuer)

Reviewed by: Richard Clark MRICS FNARA,
(Registered Valuer)

Alder King Property Consultants
12 Pine Court, Swindon SN2 8AD
Email: jmackay@alderking.com
Tel: 07778 942321

Ref: 4A/SFV/99090
Client: CRL
Date: 15 January 2024



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Executive Summary

For your convenience, we summarise the key features of this Valuation Report which should nevertheless be read in full.

Property Type/Use: Open Storage.

Site Area:	Description	Hectares	Acres
	Open Storage	1.128	2.787

Planning: Assumed Sui Generis.

Tenure: Freehold.

Market Value with Special Assumption (EUV): [REDACTED]
The value of the Property is restricted to **Existing Use Value (EUV)**.
Market Value with the Special Assumption the value of the Property is restricted to **Existing Use Value (EUV)** in accordance with Para 015 of the government's Viability Planning Practice document (Viability PPG) updated May and September 2019.

1.0 Terms of Reference

Client:	Churchill Retirement Lifestyles Limited, Southern House, 1 Embankment Way, Ringwood, Hants BH24 1EU. This report has been prepared for the sole use of the Client. Alder King does not permit third party reliance on this report.		
Purpose of Valuation:	The report is to be used to assist assessment of the likely planning obligations/affordable housing content and/or ramifications of the relevant affordable housing policy, as they affect the Client’s proposed redevelopment the Property.		
Subject of Valuation:	Hanson & Phillips Depot, South Street, Bridport, Dorset, DT6 3NP (the ‘Property’).		
Compliance Confirmation:	This report has been prepared in accordance with the RICS Valuation – Global Standards 2022 – incorporating the International Valuation Standards (Red Book). The report has also had regard to the RICS Professional Statement ‘Financial viability in planning: conduct and reporting’, effective from 1 September 2019.		
Letter of instruction:	The report has been prepared in accordance with Churchill Retirements’ instructions (dated 11 December 2023) together with our Confirmation and Scope of Work schedule dated 3 January 2024, a copy of which is contained in Appendix 1.		
Basis/Bases of Value:	Market Value with the following Special Assumption: The value of the Property is restricted to Existing Use Value (EUV) in accordance with the Para 015 of the government’s Viability Planning Practice document (Viability PPG) updated May and September 2019.		
Valuer:	R James Mackay BSc (Hons) MRICS (RICS REGISTERED VALUER)	Status of Valuer:	External Valuers
Disclosure:	We confirm that we have no previous, current or proposed material involvement with either the Property, a neighbouring property or other parties involved which could conflict with our duty to provide you with our objective and unbiased opinion of value. Alder King holds current valuation instructions for the Client concerning properties in other locations and there is the possibility that further advice on the subject Property (in this instance) may be required by the Client, beyond this current instruction.		
Date of inspection:	20 December 2023. We assume that there are no material changes to the Property subsequent to our inspection.		
Limitations on Investigation:	We have not had sight of a Report on Title.		
Valuation Date:	Date of Report.		
Limitations on Liability:	We have agreed our liability for this valuation shall be limited to a maximum of [REDACTED]		
Additional Information:	Attached at Appendix 2 is some additional information in respect of various valuation issues pertinent to the Property (Appendix 2 must be read in full with this report).		

Valuation Basis definition:

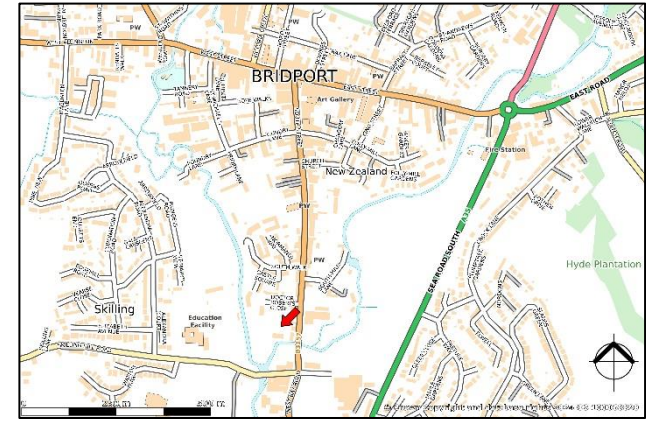
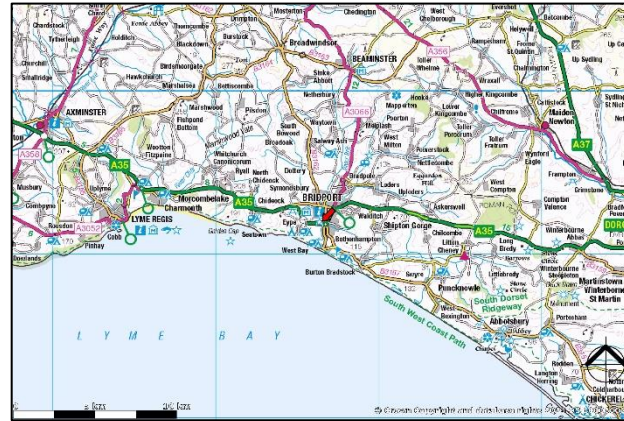
Market Value is defined as: 'The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.'

2.0 Location & Situation

Bridport is a market town located in West Dorset approximately 24 km (15 miles) west of Dorchester, 35 km (22 miles) north west of Weymouth and 62 km (39 miles east of Exeter.

The Property is situated 1.1 km (0.7 miles) south of the town centre on South Street. The immediate area is suburban with a mix of residential, commercial and retail uses.

Morrisons supermarket and petrol station is located a short walk from the site, which lies adjacent to the River Britton.



3.0 Property Description

Description:

The site is currently used as a builder's merchant with a large yard for storage of aggregate, sand, gravel and paving for both the domestic and trade purchasers. The site includes a warehouse/store to the front of the site. The site is accessed between a retail parade and three houses that front onto South Street.

The Property comprises an irregular shaped level site, the majority of which provides hardstanding. The site is bounded by Dr Roberts Close to the north and employment land to the south. The River Britton forms a boundary to the south and west of the site.

Photographs:



Aerial Photo (Source: Google Maps)



Western Boundary

Site Area:

Hectares: 1.13
Acres: 2.78

Source: Promap Digital Mapping System.

Other Comments None.

Other Investigations:

Concrete Frame: N/A
Mining Area: No

4.0 Legal Matters

Title: The Property is held in two Freehold Titles:
 Southern Section – DT255329
 Northern Section – DT399092

We have not seen a Report on Title but have assumed good and marketable title. We have assumed the boundaries of the Property shown edged red on the OS plan to the right are accurate.



5.0 Statutory & Regulatory Enquiries

Planning:	LPA:	Dorset Council	Assumed Use:	Sui Generis	Rating:	Description:	Builders Merchant & Premises
	Listed:	No	Conservation Area:	No		Rateable Value:	██████████
	Other:		Public Highway:	Yes		UBR (Multiplier):	██████
Planning Comments:	None						

6.0 Planning Policy

National Planning Policy Framework (NPPF):

- The National Planning Policy Framework (NPPF) was revised in December 2023 to set out the government’s planning policies for England and how these should be applied. The new Framework replaces the previous NPPF published in March 2012, revised in July 2018 and updated in February 2019 and July 2021.
- The Ministry of Housing, Communities and Local Government (MHCLG) confirmed in a statement that the updated NPPF "will place greater emphasis on beauty, place-making, the environment, sustainable development and underlines the importance of local design codes".

Planning Practice Guidance (PPG):

- The Department for Communities and Local Government in March 2014 revised and updated planning guidance designed to be easily accessible on-line and user friendly. The PPG contains 50 categories; from ‘Advertisements’ to ‘When is permission required’.
- The category of relevance in context with this report is the Guidance on ‘Viability’ (referred to in this report as the Viability PPG) which has been updated in May and September 2019 to reflect the updated policies contained within the NPPF.
- *Paragraph 13 of the Viability PPG outlines how land value should be defined for the purpose of viability assessments. “To define land value for any viability assessment, a benchmark land value should be established on the basis of the existing use value (EUV) of the land, plus a premium for the landowner. The premium for the landowner should reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land. The premium should provide a reasonable incentive, in comparison with other options available, for the landowner to sell land for development while allowing a sufficient contribution to comply with policy requirements. Landowners and site purchasers should consider policy requirements when agreeing land transactions. This approach is often called ‘existing use value plus’ (EUV+).”*
- Paragraph 15, 16 and 17 of the revised PPG provides further guidance on what is meant by Existing Use Value, Existing Use Value Plus and Alternative Use Value respectively as detailed below:

Existing Use Value (EUV)

“What is meant by existing use value in viability assessment?”

- *Existing use value (EUV) is the first component of calculating benchmark land value (BLV). EUV is the value of the land in its existing use. Existing use value is not the price paid and should disregard hope value. Existing use values will vary depending on the type of site and development types. EUV can be established in collaboration between plan makers, developers and landowners by assessing the value of the specific site or type of site using published sources of information such as agricultural or industrial land values, or if appropriate capitalised rental levels at an appropriate yield (excluding any hope value for development).*
- *Sources of data can include (but are not limited to): land registry records of transactions; real estate licensed software packages; real estate market reports; real estate research; estate agent websites; property auction results; valuation office agency data; public sector estate/property teams’ locally held evidence.”*
Viability PPG para 15.

Local Planning Policy

- The Local Plan is the West Dorset, Weymouth & Portland Local Plan 2015.
- A new Dorset Council Local Plan is currently being consulted upon.
- There are no specific site related policies.

7.0 Environmental Matters

Contamination Comments:	None apparent from the extent of our limited inspection (see Additional Information).				
Hazardous Materials:	Not known.	Asbestos:	Not known.	Asbestos Report:	No.
Flood Zone:	2 & 3	Flood Report:	No.	Flooding Comments:	The site has flood defences.
Radon:	Yes.	Level:	5-10%	Comments:	High.
Invasive Species:	Not known.	Comments:	None immediately apparent from the extent of our limited inspection.		
EPC:	No.	Rating:	N/A	Date Issued:	N/A
EPC Comments:	No requirement – Land.				

8.0 Local Market & Evidence

Strengths/Opportunities:	<ul style="list-style-type: none"> ▫ Site situated close to the town centre. ▫ Bridport is a popular market town with good road communications to the south coast. ▫ Good local amenities including strong retail centre, good public car parking provision and leisure and hospitality venues. ▫ Prominent site with development potential (subject to the requisite planning permission).
Weaknesses/Threats:	<ul style="list-style-type: none"> ▫ Limited road frontage – site obscured by two terraces of retail units and three residential dwellings. ▫ Site is within Flood Zone 2 and 3. There is also two easements affecting development of the site.

Supply/Demand:

- Limited development opportunities in the immediate area.
- Open storage uses can command a premium above standard commercial land values due to scarcity of supply.
- Limited availability of commercial land in the immediate area. The majority of development opportunities are predominantly residential or industrial/employment based.
- Residential opportunities are generally sold on a conditional basis (subject to planning) with very few “oven-ready” sites whilst industrial/employment sites are generally available on a design & build turn-key basis with landowner developers seeking to identify pre-let opportunities, build out and hold, thereby creating an- investment. The majority of these developers are focusing on either the logistics market or starter units.

▫ [REDACTED]

Market Risk:

- The principal risks to the wider property and property investment markets at present are associated with any adverse effects stemming from both the onset in late 2021 of a significant increase in inflationary pressures in both the global and UK markets, and the outbreak of major war in Ukraine from late February 2022. There is considerable global economic disruption ongoing, as a result of the unprecedented sanctions applied to the Russian economy. It is too early to assess at this stage what impact these two factors may have on the regional market. Purchasers are however likely to factor these risks into their consideration of the Property.

Market Value:

There are very few freehold land transactions in the immediate area that are relevant. We have had regard to the transactions detailed below that are taken from a wider geographical area. In addition, we have reviewed the Local Plan viability testing carried out by Three Dragons in 2022. This testing suggested the baseline value per hectare for a brownfield site in Dorset was [REDACTED] per ha ([REDACTED] per acre).

Property Address	Description/Transaction Details	Analysis	Relevance
Plot 7A, Gazelle Road, Lynx Trading Estate, Yeovil, BA20 2PJ	Cleared industrial site located at Lynx Industrial Estate, Yeovil. 0.53 ha (1.31 acres). Sold (2019) for [REDACTED]	[REDACTED] ha ([REDACTED] acre)	Cleared B2 industrial estate, acquired in 2019. Subsequent application for a Concrete batching Plant (pending). Better location.

Property Address	Description/Transaction Details	Analysis	Relevance
Former Gasworks, Gipsy Lane, Swindon	Former Gas Holder site now vacant. 2.18 hectares (5.4 acres). Purchased for [REDACTED] (2022) for commercial development. Price paid equates to [REDACTED] per acre.	[REDACTED] ha ([REDACTED] acre)	Not wholly comparable (different market) but demonstrates commercial land values at the top of the market
Land at Thingley Junction, Chippenham SN14	2023 - Brownfield derelict land extending to 6ha (14.84 acres). Planning permission in place for a Waste Transfer Station. Sold [REDACTED]	[REDACTED] ha ([REDACTED] acre)	Rural location. Vacant brownfield site.

- In addition to the above, Alder King is in the process of disposing of the former Countrywide property (now demolished) in Melksham, extending to 1.02 hectares (2.52 acres). The site offers development opportunities and is being marketed at £2M. The quoting price reflects the development potential of the site and equates to [REDACTED] per hectare ([REDACTED] per acre). Planning permission for a builder’s merchant was granted in 2023.

9.0 Existing Use Value

- Methodology / Approach:**
- Market Value with the Special Assumption the value of the Property is restricted to Existing Use Value (EUV) in accordance with Para 015 of the government’s Viability Planning Practice document (Viability PPG) updated May and September 2019.
 - We have adopted the investment approach to arrive at our opinion of EUV given the lack of food store sales with vacant possession.
 - We have adopted the comparable method of valuation.
 - In arriving at our opinion of EUV we have had regard to the sales detailed in Section 8.0. In our opinion, having regard to these sales and the site characteristics, we believe a price of [REDACTED] is the appropriate EUV for the site equating to [REDACTED] per acre.

Market Value with Special Assumption:

[REDACTED]

Comments/Notes:

- The site is currently used as a builder’s merchant/storage of aggregate.
- The valuation of the land places no value on any of the structures found on site.
- It should be noted, this is a valuation in accordance with the definition of Market Value and should not be confused with an agent’s marketing report, which will recommend higher quoting figures for negotiating purposes.
- The site has the potential for higher value uses (subject to planning). We have not taken this into account when arriving at our opinion of Market Value.

10.0 Assumptions & Caveats

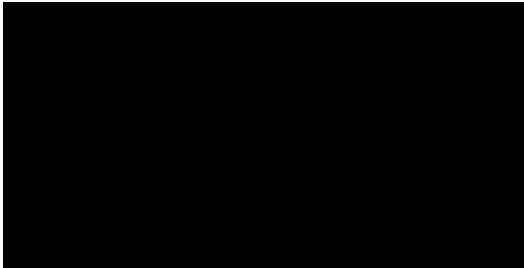
Appendix 2: A copy of our Scope of Work is contained in Appendix 1 (must be read with the above report).

Appendix 3: A copy of our Additional Information is contained in Appendix 2 (must be read with the above report).

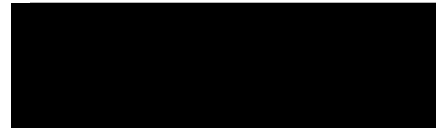
Valuer:



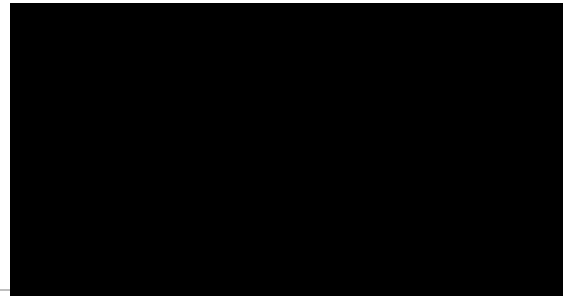
**R James Mackay MRICS
Partner
RICS Registered Valuer**



Checked By:



**Richard Clark MRICS FNARA
Partner
RICS Registered Valuer**



Appendix 1 – Alder King Confirmation and Scope of Work

ALDER KING LLP, VALUATION INSTRUCTION CONFIRMATION SHEET

In respect of:	Client
Hanson & Philips Depot, South Street, Bridport DT6 3NP	Churchill Retirement
Date	3 January 2024.
(a) Valuer.	<ul style="list-style-type: none"> i. R James Mackay MRICS (RICS Registered Valuer), Alder King LLP, 12 Pine Court, Swindon SN2 8AD. ii. The Valuer is in a position to provide an objective and unbiased valuation. iii. The Valuer (to include Alder King LLP) has no material connection or involvement with the subject of the valuation assignment or the party commissioning the assignment. Alder King LLP has undertaken previous work for the Client, but this is not believed to impair our ability to provide objective advice in response to the current instruction. iv. The Valuer is competent to undertake the valuation having sufficient current local knowledge of the particular market and the skills and understanding to undertake the valuation competently.
(b) Client.	Churchill Retirement, Churchill House, Parkside, Ringwood BH24 3SG.
(c) Other Intended Users.	Alder King does not permit third party reliance on the valuation report. Restrictions on those who may rely upon the valuation assignment are detailed in (m) below.
(d) Identification of the asset or liability.	Hanson & Philips Depot, South Street, Bridport DT6 3NP.
(e) Financial Currency.	GB Pound (£)
(f) Purpose of valuation.	To provide Market Values on Special Assumptions to assist in establishing a benchmark land value to be used in the financial viability assessment of a proposed Retirement Living re-development.
(g) Basis of value.	Market Value with Special Assumption:



	<p>Value is to be determined having regard to benchmark land value in accordance with the Government's Viability Planning Practice document (Viability PPG) updated May and September 2019. This will require consideration of Market Value with the following alternative Special Assumptions:</p> <p>i. That the value of the Property is restricted to Existing Use Value (EUV) in accordance with the Para 015 of the Government's Viability Planning Practice Guidance (Viability PPG) updated May 2019; and where appropriate.</p> <p>The definition of Market Value contained within the appended Scope of Work.</p>
(h) Valuation Date.	As at date of report.
(i) Extent of Valuer's work - investigation:	Refer to appended Scope of Work and Alder King General Terms of Engagement. We would draw your attention to the provisions relating to asbestos. Alder King is not qualified to offer comprehensive advice about asbestos related matters and where concerns regarding asbestos exist, we would recommend advice is sought from specialist consultants, as appropriate.
(j) Nature and source of information to be relied upon.	Refer to appended Scope of Work.
(k) Assumptions & Special Assumptions.	Refer to appended Scope of Work for general assumptions.
(l) Format of report.	The valuation report will be provided in Alder King's free text landscape format and will meet Red Book VPS3 mandatory minimum terms of reporting. Additional terms of reporting will be as set out within the appended Scope of Work.
(m) Restrictions on use, distribution or publication.	This Agreement is enforceable by the original parties to it and by their successors in title and permitted assignees, nothing in this Agreement will confer any rights on any person under the Contracts (Rights of Third Parties) Act 1999 (save any specific requirements as detailed within Bank's previously agreed terms).



(n) Red Book/IVS Compliance Confirmation.	The Valuation will be undertaken in accordance with the RICS Valuation – Global Standards (Red Book) effective January 31 2022 – incorporating the International Valuation Standards.
(o) Alder King Fee.	[REDACTED] plus VAT.
(p) Alder King complaints handling procedure.	<p>Alder King has a complaints procedure, which applies to all instructions undertaken. In the event of a client being dissatisfied with the service, the complaints procedure is as follows:-</p> <p>If you wish to raise a complaint, you should contact the Compliance Officer, Clare Potter, Alder King, Pembroke House, 15 Pembroke Road, Bristol BS8 3BA, who will personally conduct a review of your complaint and contact you within 21 days to inform you of the conclusion of her review.</p> <p>If you remain dissatisfied with any aspect of our handling of your complaint, you may choose to resolve this promptly through negotiation, or otherwise agree to enter into mediation with us conducted by a qualified mediator to be agreed between us or nominated by The Royal Institution of Chartered Surveyors.</p> <p>If the complaint has still not been resolved to your satisfaction we agree to the referral of your complaint to The Centre for Effective Dispute Resolution (CEDR), details of their scheme can be found via their website www.cedr.com/consumer/rics or by Telephone on (0) 207 536 6116. All cases referred to CEDR will be dealt with under the RICS Scheme Rules, which are provided by the RICS Regulation.</p>
(q) RICS conduct and disciplinary regulations.	As an RICS regulated firm, the valuation may be investigated by the RICS for the purposes of the administrations of the institution’s conduct and disciplinary regulations.
(r) Limitations on Liability.	Our liability for this valuation shall be limited to a maximum of [REDACTED]

Note - RICS is an abbreviation for the Royal Institution of Chartered Surveyors



GDPR and Privacy Policy	By signing and returning these Terms of Engagement you are permitting Alder King to collect, retain and process your personal data and relevant information for its legitimate business purposes. For information about how we process data and monitor communications please see our Privacy Policy which is available on our website www.alderking.com .
Privacy Notice	Alder King is committed to ensuring that your privacy is protected. Our Privacy Notice attached to this document sets out how Alder King use and protect the information you provide to us and the types of personal data we may need to collect about you when you interact with us. It also explains how we store your data and the steps we take to keep it safe.

Please sign below to confirm you agreement to the Terms of Engagement set out herein	
Signed:	
For:	Churchill Retirement Lifestyles Ltd
Print Name	
Date	

Appendices

- Appendix 1 Alder King Scope of Work
- Appendix 2 Alder King General Terms of Engagement

*Alder King LLP is a Limited Liability Partnership registered in England and Wales No. OC306796.
Registered Office: Pembroke House, 15 Pembroke Road, Bristol BS8 3BA.
A list of Members is available at the registered office.*

Alder King Scope of Work for the Valuation of Commercial Property

This Scope of Work describes the Service which we will provide for the valuation of interests in land or buildings used for commercial purposes (“Commercial Property”). It is supplemental to:

- (a) Our Valuation Confirmation/Engagement Sheet relating to the specific instruction.
- (b) Our General Terms of Engagement.

Where there is any conflict between these documents, this Scope of Work shall take precedence over the General Terms of Engagement and the Valuation Confirmation/Engagement Sheet shall take precedence over both this Scope of Work and the General Terms.

1. The Service

- 1.1. We will provide you with a valuation prepared by a suitably qualified RICS Registered Valuer in accordance with the current Professional Standards for Valuation issued by the RICS, commonly known as the “Red Book”.
- 1.2. A suitably qualified valuer will have expertise in the type of property being valued and the market for that property as well as in the use of appropriate valuation techniques. However, they may identify matters that could impact on the value which require verification or expert advice from other specialists. Examples of where additional specialist advice may be required are identified in section 2 below.
- 1.3. The property interest to be valued is described in the Valuation Confirmation/Engagement Sheet, hereafter referred to as “the Property”. The Property will normally include all items that would transfer in a sale of the interest. In the case of a building, or part of a building, that would include any plant and equipment forming part of the normal service installations or items such as lifts or escalators. Any plant and equipment associated solely with the current use or occupation, such as process machinery, furnishings, computer networks etc will normally be excluded.
- 1.4. The purpose for which the valuation is prepared, the bases of value adopted and any special assumptions that we agree with you should be made are explained in the Valuation Confirmation/Engagement Sheet.
- 1.5. Our opinion of value will be provided in a report that will include a description of the Property, the results of our investigations into matters that could be relevant to its value, the assumptions we have made and the reasons for our opinion. Unless agreed otherwise our valuation will be reported in pounds sterling.

2. Investigations And Assumptions

This section explains the investigations we will make to enable us to prepare our valuation, together with the limitations that will apply to these investigations and the assumptions we will make, unless we agree with you anything to the contrary,

2.1. Title

We will not commission any legal search but will rely on information provided by you or your legal advisers regarding the interest to be valued and any associated rights or obligations. If we are provided with information by a third party, this will be mentioned in our report but will be subject to verification by your legal advisers. We will show our understanding of the extent of the Property by showing the assumed boundaries on a plan in the report, but this should not be relied upon as representing the legal boundaries. We shall otherwise assume that all information on title relied upon in our valuation and referenced in our report is complete and correct.

2.2. Condition of Buildings

We will note the general condition of any buildings. Unless we have also been instructed to carry out a condition survey by a specialist building surveyor we will not investigate the condition of any building in detail. Neither will we advise on the cause or repair of any defect that we do observe. Unless we become aware during our normal valuation investigations of anything to the contrary and mention this in our report, our valuation will assume:

- a. Any building is in a condition commensurate with its age, use and design and is free from significant defect.
- b. That no materials have been used in the construction of any building that are deleterious, or likely to give rise to structural defects.
- c. That all relevant statutory requirements relating to use or construction have been complied with.

2.3. Utilities and Services

We will make enquiries of the current owner or occupier or rely on what is visible during our inspection to identify the public utilities connected or available to the property and of any plant or systems providing heating, cooling, ventilation, drainage or fire protection to any buildings. We will not make enquiries or commission specialists to establish the capacity, specification or operational efficiency of any of these utilities or services. Unless we become aware of anything to the contrary during our normal valuation investigations and enquiries we will assume:

- a. That any information provided on the availability and capacity of public utilities is correct.
- b. That any plant or equipment providing services to the property, together with any associated computer hardware and software, is fully operational and free from impending breakdown and compliant with current regulations.

2.4. Planning and Highways

We will research the planning history and any relevant planning policies through the relevant Local Planning Authority's website or by consulting publicly available information that is available free of charge. We will not commission a formal Local Search. We will assume that all information obtained is correct and, unless we have been advised to the contrary, that there are no current or pending compulsory purchase, enforcement, local charges or any other matter that would be revealed by a Local Search.

2.5. Environmental Matters

We will research freely available information issued by Government agencies and other public bodies on environmental matters, including flooding and the presence of radon gas. We will make enquiries of the existing owner or occupier to establish whether the Property has been affected by invasive species. We will also rely on our general knowledge of the local area and of any environmental risks that are commonly found there. We will not undertake sampling or analysis of any materials to establish or verify environmental risks, nor will we commission appropriate specialists to do so. Unless we become aware of anything to the contrary during our normal valuation investigations and mention this in our report, our valuation will assume:

- a. That there is no abnormal risk of flooding.
- b. That there are no high voltage overhead cables or large electrical supply equipment at or close to the Property.
- c. That there are no invasive species present at the Property or within close proximity to the Property.

2.6. Contamination and Hazardous Materials

We will endeavour to identify any obvious indications that the Property may be at risk of contamination or if hazardous materials are either present or can reasonably be expected to be present. Verification of whether contamination or hazardous materials are present in the land or any building can only be determined by appropriate specialists and is outside the scope of our Service. Neither will we carry out or commission investigations into past or present activities of the Property or any neighbouring property to establish whether there is contamination or potential for contamination. Unless it is confirmed to us by appropriately qualified specialists that the Property is affected by contamination or hazardous materials, or we have identified there is obvious potential for these to be present, we will assume that the Property is free from contamination and that there are no hazardous materials present.

2.7. Ground Conditions

We will take into account any adverse or abnormal ground conditions of which we are aware from our knowledge of the locality or that can be freely obtained from Government agencies or other public bodies, such as historic mining records. Otherwise we will not undertake investigations to establish the stability of the site or its suitability for future development. Neither will we undertake or commission archaeological investigations. Unless we are provided with information to the contrary we will assume that there are no adverse ground conditions, that there is no threat to the stability of existing buildings and that there would be no extraordinary costs involved in any future development or redevelopment of the Property.

2.8. Energy Performance

Whenever a building requires an Energy Performance Certificate and this is available we will include information about this in our report and comment on any implications this has on our valuation. We will not comment or advise on any work that may be necessary to improve an existing EPC rating.

2.9. Floor Areas

We may agree with you to rely on floor areas provided by you or a third party. Otherwise all measurements will be taken and calculated in accordance with the current RICS Property Measurement Professional Standard. The areas in our report will be derived either from measurements taken on site or that have been scaled from drawings supplied and checked by sample measurements on site. The floor areas will be within a tolerance that is appropriate having regard to the circumstances and purpose of the valuation instruction. We will use the basis of measurement that is most appropriate for the market in which the Property would exchange.

2.10. Inspection

We will undertake an inspection of those parts of the Property that are reasonably accessible without special equipment and which may be entered safely. We will advise you if we are prevented from entering part of the Property that may be material to our valuation for safety or security reasons before proceeding with our valuation so that we may agree how to proceed.



3. Other Conditions And Assumptions

3.1. Regulatory requirements

A property owner or occupier may be subject to statutory regulations. Examples include the Equality Act 2010, the Regulatory Reform (Fire Safety) Order 2005 and the Housing Act 2004. Depending on how a particular owner or occupier uses a building, regulations may require alterations to be made. Unless specifically agreed otherwise, we will not investigate or comment on whether a current owner or occupier is complying with any such regulation. Unless advised to the contrary, we shall assume that no work would be required to any building by a prospective owner or occupier to comply with regulatory requirements.

3.2. Tenant status

If the Property is let and we are valuing the lessor's interest, we will reflect the current market perception of a tenant's status in our valuation. We will not make specific enquiries into the actual financial status of any tenant on the valuation date.

3.3. Transaction Costs and Taxation

The reported valuation will be our estimate of the price that would be agreed with no adjustment made for costs that would be incurred by the parties in any transaction, such as legal fees or stamp duty land tax. It will also ignore any mortgage or similar financial encumbrance. Unless advised to the contrary we shall assume that the option to tax has not been exercised and that accordingly VAT will not be payable on the capital and rental values reported.

3.4. Non Disclosure

Neither the whole nor any part of our report, nor any reference thereto, may be included in any published document, circular or statement or published in any way without our prior written approval, including to the form or context of any reference.

3.5. RICS Regulation

As an RICS Regulated Firm our valuations are subject to occasional monitoring by RICS. Our valuation and supporting file may therefore be subject to a confidential inspection by RICS.

4. Valuation Bases

The Red Book defines a number of valuation bases which Alder King must use in defined circumstances, unless there are justifiable reasons for departing from them or for making additional assumptions. See Section (f) within the Valuation Confirmation/Engagement Sheet which confirms the basis/bases adopted for this instruction. The most usual of these are:

4.1 **Market Value (MV)** with its interpretative commentary is defined as:

'The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.'



- 4.2 **Market Value (MV)** for Capitals Gains Tax and Inheritance Tax is defined as:
'The price which the property might reasonably be expected to fetch if sold in the open market at that time, but that price must not be assumed to be reduced on the grounds that the whole property is to be placed on the open market at one and the same time.'
- 4.3 **Existing Use Value (EUV)** follows the definition of MV but with the additional assumption:
'Assuming that the buyer is granted vacant possession of all parts of the asset required by the business and disregarding potential alternative uses and any other characteristics of the property that would cause it's Market Value to differ from that needed to replace the remaining service potential at least cost.'
- This is a basis for use only when valuing under the Code of Practice on Local Authority Accounting (CIPFA) and the Government Financial Reporting Manual (FReM).
- 4.4 **Fair Value (FV)** as defined in in FRS 102 is as follows:
'the amount for which an asset could be exchanged, a liability settled, or an equity instrument granted, between knowledgeable willing parties in an arm's length transaction'
- or
- Fair Value (FV)** as defined in in IFRS is as follows:
'The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date'.
- The appropriate definition to be used is to be agreed with the client.
- 4.5 **Market Rent (MR)** is defined as:
'The estimated amount for which a property, or space within a property, would be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion.'

Appendix 2 – Additional Information

Appendix 3 - Additional Information

This Appendix provides background information on various matters referred to in the accompanying valuation report (numbering relating to the Report).

1.0	Terms of Reference Alder King accepts no responsibility whatsoever to any other person who, choosing to rely upon this report, will do so entirely at his own risk. This applies even to a person who pays the client for this valuation report. Any right of any person to enforce Alder King's responsibility under the agreed terms and conditions of engagement pursuant to the Contract (Rights of Third Parties) Act 1999 are excluded. This report, including these assumption and caveats, should be read as a whole so that no part may be taken out of context. Neither the whole nor any part of this report or any reference to it may be included in any published document, circular or statement in any way without Alder King's written approval of the form and context in which it may appear.
3.0	Property Description Floor Areas The areas stated are calculated in accordance with the RICS Property Measurement Professional Statement (Second Edition). We have quoted the Gross Internal Area (GIA) or Net Internal Area (NIA) as stated. We have not used the alternative IPMS basis of measurement in line with local market practice, unless otherwise stated. Site Area The site area has been scaled and estimated by Promap digital mapping system based on the area outlined red on the site plan in Section 4.0 Legal. Services The services, as stated, are as advised by the owner or borrower. As agreed, we have not tested any of these services and have assumed they are adequate for the current or proposed use of the Property. We have also assumed any plant or equipment providing services to the Property, together with any associated computer hardware and software, is fully operational and free from impending breakdown and compliant with current regulations.

Condition

Our instructions do not extend to the carrying out of a condition survey and we have not examined the building(s) in detail. We have not inspected parts of the Property that are not accessible or visible without special equipment or normally hidden from view. Unless we have stated otherwise in the Report, the buildings generally appear to be in a condition commensurate with their age, use and design. We have also assumed no materials have been used in the construction of any building that are deleterious, or likely to give rise to structural defects.

Ground Conditions

If the report identifies the Property is situated within a mining area, it is within or in close proximity of a known former mining area where specialist mining consultants advise an archive mining search is obtained. We recommend solicitors obtain such a mining search prior to the lending being finalised or amend/make assumption as appropriate. In the event the search identifies the Property is affected, further investigation may be required and the Market Value and the marketability of the Property could be materially affected.

Otherwise we have not undertaken investigations to establish the stability of the site or its suitability for future development. Neither have we undertaken or commissioned archaeological investigations. We have assumed there are no adverse ground conditions, there is no threat to the stability of existing buildings and there would be no extraordinary costs involved in any future development or redevelopment of the Property.

Mundic Block

If the report states ‘Mundic Block’ the building dates from a time when concrete (block) construction sometimes contained deleterious (mundic) materials which can cause latent defects to develop as a result of degeneration of the concrete block which can affect value, saleability and suitability of the Property for mortgage purposes.

We recommend a concrete screening (mundic) test is obtained from specialist consultants in order to confirm the position. The Market Value reported assumes the Property is not affected in this respect, but should the screening test identify an adverse position, the Market Value and other advice contained within this report could be materially affected.

Concrete Frame Construction

If the report states ‘high alumina cement, Lafarge concrete, carbonation or alkali silica reaction’ investigation is needed as the building may be at risk of being subject to these issues which can cause latent structural defects to develop. Ascertaining the presence of such material requires specialist advice from a building surveyor or structural engineer and may require samples to be removed for analysis. In the absence of information to the contrary we have assumed the building is not adversely affected.

4.0	Legal Matters We have provided a site plan within 4.0 Legal. We have assumed the boundaries edged red are accurate in providing our valuation advice. Unless otherwise commented upon we assume the Property has a good and marketable title.
5.0	Statutory and Regulatory Matters Planning We have obtained information about the planning history of the Property and any relevant current policies from the information available online from the Local Planning Authority. We have assumed all information obtained is correct and there are no current or pending compulsory purchase, enforcement, local charges or any other matter that would be revealed by a Local Search. Rating We have obtained the business rate information about the current entry on the Rating List from the Valuation Office Agency website. The rates currently payable may, depending upon circumstances, be subject to phasing provisions or reliefs. Disability Discrimination The Equality Act 2010 imposes a duty on employers and businesses offering a service to the public to make reasonable changes to practices and procedures to enable disabled people to do their jobs, or to remove or alter any feature that makes it impossible, or unreasonably difficult, for a disabled person to make use of the services provided. This may include making alterations to a building that are reasonable having regard to the nature of the business and the service provider. Any building alterations that might be required are dependent on the nature and type of business in occupation. Since the Market Value reflects the price that would be obtainable in the market and not the requirements of a particular owner we will normally make the assumption that no specific work would be required to the building by the majority of potential buyers. We have assumed prospective buyers of the Property would not all require a specific and material alteration to the Property to comply with the Equality Act.

	<p>Fire Safety Law</p> <p>The Regulatory Reform (Fire Safety) Order 2005 requires the ‘responsible person’ to make a suitable and sufficient assessment of the risks, and to identify the fire precautions required at the Property to comply with the Order. The Order applies to all non-domestic property.</p> <p>Such fire precautions may include adaptation of the building and installation of fire safety equipment, but in all cases they must include: signage, fire safety action plans, staff training, identifying duty holders and routine maintenance/monitoring via signed and dated checklists.</p> <p>What are reasonable precautions will depend on the risk assessment for each prospective occupier and will reflect the nature and type of their business. Since the Market Value reflects the price that would be obtainable in the market and not the requirements of a particular owner we will normally make the assumption that no specific alterations would be required to the building by the majority of potential buyers.</p> <p>We have assumed that prospective buyers would not all require specific or material alterations to the Property in order to provide adequate fire precautions under the Regulatory Reform (Fire Safety) Order 2005.</p>
<p>6.0</p>	<p>Environmental Matters</p> <p>Contamination</p> <p>We have had regard to the RICS guidance note, Contamination, the environment and sustainability: their implications for Chartered Surveyors (2010) when considering environmental issues pertinent to the Property.</p> <p>If we indicate contamination is not present, no indications of past or present contaminative land uses or other environmental features were noted during the inspection. Our inspection was only of a limited visual nature and we cannot give any assurances that previous uses on the site or in the surrounding areas have not contaminated subsoils or groundwaters. Our valuation has been made on the basis there is no latent contamination that could adversely affect the Property.</p> <p>In the event of contamination being discovered or if it transpires there are other environmental features specifically affecting the Property, further specialist advice should be obtained and our valuation may be adversely affected. You are advised to ensure your legal adviser takes up the usual enquiries on your behalf, in respect of possible contamination or environmental issues, prior to entering into any commitments.</p> <p>If we state contamination is present, indications of potential contamination [and/or environmental features] were noted during our inspection and we recommend further investigations be undertaken by a suitably insured and qualified chartered environmental surveyor to determine the extent and nature of the contaminants and the likely costs of remediation. In the event of contamination being discovered or if it transpires there are other environmental features specifically affecting the Property our valuation may be adversely affected.</p> <p>If you have not accepted our recommendations to appoint specialist chartered environmental surveyors we are instructed to make a Special Assumption that no contamination or other environmental feature exists.</p>

Where we have been supplied with information [such as a specialist environmental report], which has identified contamination, our valuation has had specific regard to the estimated cost of the likely liability for treatment and our opinion of the market's likely perception of the issues involved. Should it, however, be established subsequently that other contaminants exist at the Property or on any neighbouring land, or that the Property has been or is being put to any other contaminative uses, this may reduce the value(s) now reported.

Flooding

Unless provided with a professional Flood Risk report we have visited the online flood risk maps on the Environment Agency website and reported the level of flood risk stated. The online flood risk maps are indicative and the matter can only be properly clarified by obtaining a professional flood risk report.

Radon

If a radon affected area, we have reported the percentage of buildings where the levels of Radon Gas entering a building are such remedial action is recommended as identified online on the Public Health England (PHE) website. PHE also publishes advice about levels of Radon Gas in the workplace and responsibility to employees in this respect.

It is not possible in the course of our inspection/survey to determine whether Radon Gas is present in any building, as the gas is colourless and odourless. Tests can be carried out to assess the level of Radon in a building and the minimum testing period is three months. Where Radon Gas is discovered, it has been the experience of Public Health England (PHE) that it is not expensive, in proportion to the value of the Property, to affect the recommended remedial measures. PHE also publishes advice about levels of Radon Gas in the workplace and responsibilities for employers in this respect.

Invasive Species

If we suspect the presence of Japanese Knotweed or other invasive species on site we have indicated this within the report. Japanese Knotweed is a highly invasive weed controlled under the Environment Protection Act 1990 and the Wildlife and Countryside Act 1981. Advice should be sought from specialists in respect of its management or removal. We advise costs of remedial treatment are established prior to the lending being finalised. If we have been provided with a remediation figure, we have stated this within the report.

Energy Performance Certificates

Where we have had sight of an Energy Performance Certificate(s) (EPC) for the Property we have summarised the details within the report.

In England and Wales the Government has implemented the European Energy Performance of Buildings Directive requiring an EPC to be made available for all properties, residential and commercial when bought, sold or rented.

An EPC must be made available by the 'relevant person' whenever a non-domestic building is constructed, sold or rented out subject to certain exemptions. EPCs are valid for 10 years.

The Energy Act 2011 provides from April 2018 it will be unlawful to let a commercial or residential Property with an Energy Assessment Rating of F or G. It will be unlawful to continue to let a domestic property from April 2020 or a commercial property from April 2023 with an Energy Assessment Rating of F or G.

It is possible in some cases changes can be made in respect of heating appliances and windows that incur a relatively modest level of cost to address in relation to the value of the Property.

There are a number of exemptions, for example Listed Buildings where it can be shown compliance would require unacceptable alterations, industrial buildings with low energy consumption and buildings due for demolition. For residential property there is grant assistance in some circumstances.

If the rating is F or G we advise you take advice from a suitably qualified professional advisor/EPC Assessor in this respect to include obtaining a MEES report to understand the issues and works involved for the Property to comply. If remedial works are required the value and marketability of the Property could be affected

Where we understand the Property does not have an EPC, an EPC is required prior to the lending being finalised. The valuations provided assume the EPC, when produced, will show an Energy Assessment Rating within Bands A – E (in the event of an EPC within Bands F or G remedial works are likely to be required and the valuations and marketability of the Property may be affected).

Asbestos

The use of asbestos in building materials has not been allowed in the UK since 1999. If the building was constructed after 1999 it should contain no asbestos.

It may therefore be present in older buildings. In most cases asbestos containing materials (ACMs) may be left in place if they are in good condition, managed and monitored. The Control of Asbestos Regulations 2012 requires an owner or tenant of non-domestic Property to have management plans in place. These plans will indicate whether asbestos containing materials (ACM) are present, or suspected to be present, as well as arrangements for their management to prevent risk to health. The confirmation as to whether ACMs are present in a pre1999 building and the appropriate management steps to be taken can only be made by specialist consultants.

Where appropriate we will enquire whether such a plan exists. Where one does, we have commented on this in the report. In the absence of a management plan, we assume the Property is not affected by the presence of ACMs and if present they are in a safe condition and no immediate works are required to either remove or contain them by an appropriately licenced contractor.

8	<h2>Valuation Considerations and Valuations</h2> <p>All of the valuation figures provided herein are exclusive of VAT.</p>
	<h2>Estimated Reinstatement Cost (when provided in Executive Summary)</h2> <p>The estimated reinstatement cost as set out within the report is given solely as a guide and without liability. It is the estimated cost of replacing the buildings in their present form and includes demolition/clearance costs and professional fees but excludes VAT (except on fees). A formal estimate for insurance purposes can be given only by a Quantity Surveyor or other person with sufficient current experience of replacement costs.</p> <p>This figure makes no allowance for increases in building costs either during the insurance period or for any period of rebuilding, that it would be advisable to add.</p> <p>The insured should take advice of an insurance broker as to whether the sum insured should include VAT on building and demolition costs and whether the policy gives sufficient cover for loss of rent or the cost of alternative accommodation for the reinstatement period which could amount to 3 years.</p>