

Review of Applicants Viability Appraisal

Application 22/10813

Land at Orchard Gate

Noads Way

Dibden Purlieu

Hampshire

SO45 4PD

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1 Non Technical Summary

Property	Land at Orchard Gate, Noads Way, Dibden Purlieu, Hampshire SO45 4PD
Location	The application site (the Application Property) lies to the west of the centre of Dibden Purlieu in an established residential location characterised by detached houses on tree lined roads.
Description	The Property extends in total to approximately 2.2 acres and comprises the site of a detached bungalow in poor condition with adjoining paddocks with stables.
Planning Application	A planning application for the Proposed Development was submitted and registered under reference number 22/10813. The planning application proposes <i>‘Demolition of the existing buildings; erection of 25 dwellings with associated access, landscaping and parking’</i> .
Proposed Development	<p>The Proposed Development is for 25 residential units comprising:</p> <ul style="list-style-type: none"> • 4 x 2 Bed Houses • 17 x 3 Bed Houses • 4 x 4 Bed Houses
Comment	This review of the Applicant’s Financial Viability Appraisal has been carried out using the residual valuation method having regard to the National Planning Policy Framework (the NPPF), the Ministry of Housing, Communities and Local Government’s document titled Viability dated 1 st September 2019; the Guidance Note published by the RICS titled Assessing viability in planning under the National Planning Policy Framework 2019 for England (1 st Edition, March 2021); and the RICS Professional Statement Financial viability in planning: conduct and reporting (1 st Edition, May 2019).

Comparative Positions

The Proposed Development		
Element	Applicant	Review
Benchmark Land Value	£1,150,000	£1,150,000
Gross Development Value (GDV)		
Market Housing	£9,460,000	£10,620,000
Development Costs		
Base Build Costs	£3,158,138	£3,136,099
External Costs	£962,900	£962,900
Abnormal Development Costs	£475,513	£475,513
Contingency	£229,828 (5%)	£228,726 (5%)
Professional Fees	£367,724 (8%)	£365,961 (8%)
CIL	£214,090	£214,090
Nitrate Mitigation	£96,000	£96,000
Finance Costs & Rate	£440,525 (7%)	£438,112 (7%)
Development Period	20 months	20 months
Marketing, Agents & Legal Fees	£236,500	£265,500
<i>Developer's Profit Margin</i>	£1,655,500 (17.5%)	£1,858,000 (17.5%)
<i>Residual Value</i>	TBC	£2,476,908
Residual Land Value	TBC	£2,475,000
Viable/Unviable	Unviable	Viable

Comparative Positions

The Policy Compliant Development		
Element	Applicant	Review
Benchmark Land Value	£1,150,000	£1,150,000
Gross Development Value (GDV)		
Market Housing	£6,325,000	£7,065,000
Affordable Housing	£1,814,000	£1,808,385
Development Costs		
Base Build Costs	£3,158,138	£3,136,099
External Costs	£962,900	£962,900
Abnormal Development Costs	£475,513	£475,513
Contingency	£229,828 (5%)	£228,726 (5%)
Professional Fees	£367,724 (8%)	£365,961 (8%)
CIL	£142,112	£142,112
Nitrate Mitigation	£96,000	£96,000
Finance Costs & Rate	£440,525 (7%)	£438,112 (7%)
Development Period	20 months	20 months
Marketing, Agents & Legal Fees	£176,265	£194,709
<i>Developer's Profit Margin</i>	£1,215,715 (14.94%)	£1,345,205 (15.16%)
<i>Residual Value</i>	TBC	£1,635,699
Residual Land Value	TBC	£1,635,000
Viable/Unviable	Unviable	Viable

Conclusion

In our opinion the Proposed Development as at 1st November 2022 is a viable form of development. The Proposed Development has a RLV of £2,475,000. This exceeds the BLV of £1,150,000.

In our opinion the Policy Compliant Development as at 1st November 2022 is a viable form of development. The Policy Compliant Development has a RLV of £1,635,000. This exceeds the BLV of £1,150,000.

Major Issues or Areas of Disagreement

The major area of disagreement between the parties relates to:

- the assessment of the Gross Development Value; and
- the assessment of the Residual Land Value by the Applicant by reference only to a residual appraisal without cross-reference to evidence from comparable development land transactions. This approach is contrary to best practice and RICS guidance relating to the valuation of development land.

Note

The above is merely a summary of this report following our review of the Applicant's Financial Viability Appraisal and reference should be made to the remainder of the document.

This report has been prepared to assist the Local Planning Authority in their determination of the ability of a development at the property to viably contribute to the provision of Affordable Housing. The Valuer is entitled to make certain assumptions which during subsequent legal or other investigations may prove to be inaccurate.

2 Terms of Instruction

2.1 In accordance with your instructions we have prepared this report in order to advise in respect of the following questions:

- ❑ Is the Proposed Development under application reference 22/10813 a viable form of development? and
- ❑ Is the Policy Compliant Development under application reference 22/10813 a viable form of development with policy compliant Affordable Housing provision?

2.2 The Applicant, AJC Developments Limited, submitted a financial viability appraisal (FVA) prepared by Sturt & Company and dated 1st July 2022 in support of the planning application under reference 22/10813. A copy of the FVA was provided to Bruton Knowles on 2nd August 2022. On 5th August Bruton Knowles advised New Forest District Council that there were information gaps within the FVA and that the Applicant should be requested to provide the following:

- ❑ Confirmation of the purchase price to be paid for the Application Property assuming the grant of planning permission in accordance with paragraph 16 of the PPG;
- ❑ Evidence of comparable development land transactions to support the Applicant's opinion of the Residual Land Value of the Proposed Development and/or the Policy Compliant Development. This is a requirement of the Stand Back exercise under the RICS Professional Statement 2019 and RICS Guidance Note 2021; and
- ❑ A detailed cost plan for the external costs and the abnormal development costs together with the supporting technical surveys that demonstrate the need for the abnormal development costs.

2.3 Further information was provided by the Applicant on 12th October 2022 (the FVA Update). However, this was limited to the preparation of a Cost Plan prepared by Ridge & Partners LLP dated 19th July 2021 relating to an earlier scheme.

2.4 The purchase price payable for the property assuming the grant of planning permission has not been confirmed and no meaningful evidence of comparable development land transactions has been provided to support the Applicant's opinion of the Residual Land Value for the Proposed Development and/or the Policy Compliant Development.

- 2.5 The FVA Update does not confirm the Residual Land Value but advises that the Proposed Development generates a negative value of -£414,038 based upon a Benchmark Land Value of £1,150,000 and a developer's profit equal to 17.5% of the Gross Development Value of the Market Housing.
- 2.6 Similarly, the FVA Update does not confirm the Residual Land Value for the Policy Compliant Development but advises that the Policy Compliant Development generates a negative value of -£1,157,020 based upon a Benchmark Land Value of £1,150,000 and a developer's profit equal to 17.5% of the Gross Development Value of the Market Housing and Affordable Housing.
- 2.7 This report is prepared by **Fraser Castle MSc MRICS RICS Registered Valuer** who has sufficient current local, regional and national knowledge of the particular market and the skills and understanding to undertake this review of the Applicant's viability appraisal competently.
- 2.8 We confirm that this report is prepared in accordance with the NPPF, PPG, RICS Valuation – Global Standards 2017, RICS Guidance Note: Assessing viability in planning under the National Planning Policy Framework 2019 for England (1st Edition, March 2021); and RICS Professional Statement Financial viability in planning: conduct and reporting (1st Edition, May 2019) and that we are acting as a Suitably Qualified Practitioner as defined therein.
- 2.9 In providing our advice we have sought to determine (1) the Benchmark Land Value of the property and (2) the Residual Land Value of the property with planning permission for the Proposed Development. In arriving at our opinion of the Residual Land Value we have sought to agree inputs to the residual appraisal based upon not unreasonable assumptions within standard ranges and where possible evidence from the market and have then cross-checked the residual values generated by these residual appraisals against evidence from comparable development land transactions and applied sensitivity testing of the key inputs to the residual appraisals.
- 2.10 This approach is consistent with best practice and RICS guidance in relation to the valuation of development land. The land values derived from residual appraisals are very sensitive to small changes to the inputs adopted and this cross-checking exercise and sensitivity testing is an important and necessary stage in the accurate valuation of development land and assessment of viability. The adoption of '*not unreasonable*' inputs to a residual appraisal within a standard range rarely provides for residual values that are consistent with the market and underlines the importance of cross checking and sensitivity testing of the inputs adopted. The Applicant's Viability Appraisal, in seeking to determine the Residual Land Value, relies only upon residual appraisals with no cross-reference to evidence from comparable development land transactions.

- 2.11 We confirm that, to the best of our knowledge and belief, we have had no material involvement with the property forming the subject of planning application or the Applicant. We therefore consider that we do not have any conflict of interest in providing this report.
- 2.12 We confirm that in carrying out this review of the Viability Appraisal we have acted with objectivity; impartiality; without interference; with reference to all appropriate sources of information; and that no contingent or performance-related fee has been agreed. In providing our review we have considered the most effective and efficient way to deliver the development and our review reflects the way the development would actually be carried out.
- 2.13 This Report has been prepared on the basis that there has been full disclosure of all relevant information and facts by the Applicant. It is provided for the stated purposes and only for the use of the party whom it is addressed.

3.0 Site Location

- 3.1 The application site (the Property) lies to the west of the centre of Dibden Purlieu within the Settlement Boundary and within an established residential area characterised by detached housing. Noads Way is typical of the immediate area and a desirable location in Dibden Purlieu and comprises an attractive tree lined road.

4.0 Site Description

- 4.1 The Application Property extends in total to approximately 0.9 hectare (2.2 acres) and is irregular in shape. We have not made a physical inspection but understand that the property comprises a detached bungalow in poor condition occupying a site of 0.58 acres together with two areas of paddock/grazing land with stables. These parts extend to 1.62 acres.

5.0 Proposed Development 22/10813

- 5.1 A planning application for the Proposed Development was submitted on 8th July 2022 and registered on 15th July 2022 under reference number 22/10813. The planning application proposes *‘Demolition of the existing buildings; erection of 25 dwellings with associated access, landscaping and parking’*.
- 5.2 The Proposed Development comprises a development of 25 x residential units comprising a mix of 2, 3 and 4 bed houses. The houses at the development will have accommodation arranged over ground and first floors with a mix of brick, rendered and weatherboard elevations under pitched tile roofs.
- 5.3 Our understanding of the Proposed Development and the Policy Compliant Development, and the accommodation offered, is set out in Table 1 and Table 2 respectively at Appendix One and is based upon Site & Block Plan 21110.07B; the design and access statement; and information provided by the Applicant’s viability appraisal.
- 5.4 Access to the development will be from Noads Way via the existing point of access. The largest of the four bed houses lies at the entrance to the development on the western side of the access road and comprises a detached house that occupies a large plot and benefits from a garage and parking space. This house is orientated to face Noads Way. The remainder of the houses are semi-detached or terraced and many (Units 4 to 13 and 22 to 25) will enjoy a view over the central green located on the inside curve to the south of the access road. A copy of the Site and Block Plan (21110.41 D) is provided as Appendix Two.

6.0 The Policy Compliant Development

- 6.1 The Policy Compliant Development is identical to the Proposed Development in terms of the layout and the form and type of the units. The only difference relates to the tenure mix with the Policy Compliant Development based upon the provision 16 x Market Housing units and 9 x Affordable Housing Units (36%).
- 6.2 Policy HOU2: Affordable Housing of the New Forest Local Plan 2016-2036 requires that 70% of the Affordable Housing units be provided for rent and 30% for affordable home ownership. We have therefore assumed that 70% of the Affordable Housing units will be provided for Affordable Rent and 30% for Shared Ownership and have adopted the Applicant's Affordable Housing mix comprising:
- 4 x 2 Bed Houses
 - 5 x 3 Bed Houses

The suitability of this mix should be confirmed by the Council.

7.0 Viability Approach

- 7.1 The basis for determining the viability of a development proposal is set out in the Planning Practice Guidance relating to viability (the PPG) and RICS Guidance Note '*Assessing Viability in Planning under the National Planning Policy Framework, March 2021*' (the 2021 Guidance Note).
- 7.2 The 2021 Guidance Note confirms at paragraph 2.2.1 that '*FVAs are not valuations as such, but there is a significant valuation content within an FVA. For that reason, these valuation aspects are within the jurisdiction of the Red Book and other RICS mandatory statements and professional guidance*'. The 2021 Guidance Note advises at paragraph 2.2.3 that '*FVAs for planning purposes are carried out under the NPPF/PPG; this is regarded as the authoritative requirements in the Red Book. This means that the UK government's technical requirements on the assessment of viability take precedence, but Red Book professional standards still apply. RICS members undertaking this work must adhere to the following:*
- *Statutory and other authoritative requirement*
 - *The Financial viability in planning: conduct and reporting RICS Professional Statement...*
 - *PS 1 and PS 2 of the Red Book*

- 7.3 The definition and scope of RICS guidance notes is as follows: *‘RICS Guidance Notes set out good practice for RICS members and for firms that are regulated by RICS. An RICS guidance note is a professional or personal standard for the RICS Rules of Conduct.*
- Guidance Notes constitute areas of professional, behavioural competence and/or good practice. RICS recognises that there may be exceptional circumstances in which it is appropriate for a member to depart from these provisions - in such situations RICS may require the member to justify their decisions and actions’.*
- 7.4 Further information is provided by the Professional Statement. The Professional Statement *‘...sets out mandatory requirements that inform the practitioner on what must be included within reports and how the process must be conducted’.*
- 7.5 The definition and scope of RICS Professional Statements is as follows: *‘RICS professional statements set out the requirements of practice for RICS members and or firms that are regulated by RICS. A professional statement is a professional or personal standard for the RICS Rules of Conduct.*
- 7.6 A development proposal can be considered viable to provide contributions for CIL, Section 106 and Affordable Housing if the Residual Land Value (RLV) for that development proposal exceeds the Benchmark Land Value (BLV).
- Benchmark Land Value***
- 7.7 The PPG confirms that the Benchmark Land Value (BLV) should be determined by reference to the existing use value (EUV) of the Property, plus a premium for the landowner, or by reference to the value in an alternative use (AUV). The EUV is the value of the land in its existing use and the premium 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. The EUV is not the price paid and should exclude hope value. The BLV is the threshold that, if exceeded by the RLV of the development, the development can be considered viable and below which a scheme will be unviable.
- 7.8 At paragraph 13 the PPG states that *‘Landowners and site purchasers should consider policy requirements when agreeing land transactions’.* The 2021 Guidance Note expands on this and advises at paragraph 5.1.5 that *‘The BLV is a benchmark value against which the developer contributions can be assessed. Once those contributions have been set, land markets should take the level of policy requirements into account, just as all markets should take all relevant factors that affect value into account’.*

- 7.9 In this way, the expectation of the viability guidance is that purchase prices take account of the costs of meeting policy expectations for Affordable Housing and meeting other necessary planning contributions.

The Residual Land Value

- 7.10 Residual Land Value is defined in the 2021 Guidance Note as *‘The amount remaining once the costs of development of a project are deducted from its net development value (NDV) and an appropriate profit has been deducted (based on Valuation of development property, RICS Guidance Note)’*. The NDV in turn is defined as *‘The gross development value (GDV minus assumed seller’s costs (Valuation of development property, RICS Guidance Note)’* and the GDV is defined as *‘The aggregate market value of the proposed development, assessed on the special assumption that the development is complete on the date of valuation in the market conditions prevailing on that date...’*.
- 7.11 In arriving at our opinion of the RLV for the Proposed Development and the Policy Compliant Scheme, we have had regard to the 2021 Guidance Note and adopted the residual valuation method and established the Gross Development Value (GDV) and then deducted all of the costs of carrying out the development and a reasonable developer’s profit.
- 7.12 We have then cross-checked the residual values derived from the residual appraisals using the residual valuation method with evidence from comparable development land transactions. This forms an important part of the ‘Stand Back’ exercise required by the Professional Statement and is consistent with the requirements of the 2021 Guidance Note.
- Stand Back***
- 7.13 The Professional Statement requires appraisers to undertake a detailed review of the inputs into a viability appraisal and to consider the outputs of the residual appraisal objectively and with the benefit of experience. The Professional Statement also requires sensitivity analysis of the inputs to the residual appraisal to assess how changes in inputs can affect viability and to understand the extent to which a residual appraisal enables an appropriate determination of viability to be made.
- 7.14 The Professional Statement defines stand back as *‘Following a detailed component review of the inputs into an FVA and running the appraisal, to stand back is to consider the output(s) objectively, and with the benefit of experience, given the complexity of the proposed scheme. This may often be assisted by reviewing the sensitivity analysis’*.

Evidence from Comparable Development Land Transactions

- 7.15 The requirement to stand back can best be achieved by comparing the residual value derived by reference to a residual appraisal with evidence from the sale of comparable development land transactions. This is in line with the requirements of the 2019 Guidance Note and the 2021 Guidance Note.
- 7.16 The 2021 Guidance Note confirms at paragraph 2.2.4 that *‘this (the 2021 Guidance Note) and other RICS Guidance Notes are intended to assist practitioners in applying the government’s required approach and should be referenced as appropriate, including:*
- *Valuation of development property, RICS guidance note (the 2019 Guidance Note)*
 - *Comparable evidence in real estate valuation, RICS guidance note*
 - *Valuation of land for affordable housing, RICS guidance note...*
- 7.17 The 2019 Guidance Note at paragraph 2.3.3 confirms that *‘in the case of the valuation of development property, valuations are normally undertaken in two ways: the market comparison approach; and the residual method’*. The 2019 Guidance Note confirms at paragraph 2.3.4 that *‘Best practice avoids reliance on a single approach or method of assessing the value of development property. Normally, any valuation undertaken by the market comparison approach should be cross-checked by reference to the residual method. Where a residual method is used, it is similarly important to cross-check the outcome with comparable market bids and transactions where they exist, including the subject property’*. The advice to apply both methods when possible has been endorsed by 2019 amendments to IVS 410 (effective from 31st January 2020), which state: *‘...the valuer should apply a minimum of two appropriate and recognised methods to valuing development property for each valuation project...’*.

The Purchase Price

- 7.18 The PPG at paragraph 16 advises that *‘Local Authorities can request data on the price paid for land (or the price expected to be paid through an option or promotion agreement)’*. Confirmation of the price expected to be paid through an option agreement or promotion agreement on the grant of planning permission therefore provides a mechanism to facilitate transparency in decision taking. Transparency is confirmed as a primary motivation of the 2018 and 2019 revisions to the NPPF and the PPG on viability (as confirmed by paragraph 1.1.2 of the 2021 Guidance Note).

7.19 The RICS Guidance Note 'Comparable evidence in property valuation (1st edition)' sets out a hierarchy of different types of evidence with direct transactional data at the top. This includes all types of relevant transactional comparable evidence, including:

- *Recently completed transactions of identical properties for which full and accurate information is available; occasionally this may include the subject property itself...*

Paragraph 5.4 goes on to say that 'A transaction in the property being valued can provide some of the best evidence available for a valuation, provided it is a recent transaction.'

7.20 It is clear from the above that best practice, the Professional Statement and RICS Guidance Notes and direction from IVS require the valuation of development property to be determined by reference to the comparison and residual methods and that the purchase price for a property being valued can provide some of the best evidence available for that valuation. SDNPA's Supplementary Planning Document details the minimum requirements for a FVA and these minimum requirements are in line with the PPG, the Professional Statement and RICS Guidance Notes.

7.21 The Applicant, however, has sought to determine the RLV of the Proposed Development by reference to the residual method only. This is therefore contrary to best practice and RICS guidance.

7.22 The Applicant has not provided evidence from the sale of comparable development land transactions for review and has not confirmed the purchase price paid for the Application Property assuming the grant of planning permission or the contractual terms relevant to the determination of the purchase price.

7.23 Evidence from comparable development land transactions and confirmation of the purchase price are material facts relevant to the determination of the RLV. The FVA therefore fails to satisfy best practice and RICS Guidance in relation to viability and the valuation of development land. The FVA has not been prepared with the necessary transparency required and is inconsistent with the market.

8.0 Benchmark Land Value

Existing Use Value Plus

- 8.1 A BLV of £1,150,000 has been adopted by the Applicant. This opinion of the BLV is based upon our assessment of the BLV for the Application Property under a previous planning application submitted by the Applicant under reference 21/11201. The FVA advises that the assessment of the BLV at £1,150,000 is not agreed but has been adopted for the purpose of the FVA.
- 8.2 The Applicant previously based their opinion of the BLV upon an EUV plus approach. This assumed an EUV for the bungalow of £510,000 assuming a 0.62 acre plot and a value of £100,000 per acre for the paddock. The Applicant advises that the paddock extends to 1.8 acres and an EUV of £180,000 has therefore been adopted. No premium has been applied to the bungalow but a premium of 10 x EUV has been applied to the paddock (£1,000,000 per acre).

The Bungalow

- 8.3 Insufficient detail has been provided by the Applicant to enable the EUV of the bungalow to be reviewed and for the purpose of this initial review, and pending the receipt of additional information or an inspection of the property, we have adopted the Applicant's opinion of the EUV of the bungalow but do reserve the right to reconsider as appropriate. It is noted that a premium has not been applied to the bungalow by the Applicant and this suggests that it is in poor condition requiring refurbishment. In such circumstances, a premium is not warranted for BLV purposes.
- 8.4 Based upon our enquiries of Ordnance Survey mapping for the area, and the Land Registry, we understand that the total area for the Application Property is 2.2 acres, the area of the Bungalow extends to 0.58 acres and that the Paddock extends to 1.62 acres. This is smaller than that quoted by the Applicant 2.42 acres in the Viability Appraisal (0.62 acres for the Bungalow and 1.8 acres for the Paddocks) but is in line with the areas quoted in the Design & Access Statement.

The Paddock

- 8.5 A detailed description of the Application Property and the Paddock has not been provided. It is, however, understood from the Design & Access Statement that the Paddock comprises two separate parcels of land with outbuildings and stables located centrally and to the rear of the Bungalow. The nature of the accommodation offered by the outbuildings and stables together with photographs should be provided by the Applicant. The Bungalow and the Paddock share a single point of access.

- 8.6 In arriving at our opinion of the BLV for the Paddock we considered the evidence previously provided by the Applicant (Slough Lane and Green Lane for planning application 21/11201) along with evidence from the wider area. However, in the absence of a detailed description and information relating to condition we are unable to assess the extent to which the Paddock is comparable to these properties with any accuracy. Our opinion of the EUV of the Paddock therefore remains provisional at this stage.

Slough Lane, Horton, Wimbourne BH2 7JL

- 8.7 The Applicant advised that this property comprises a parcel of grazing land extending to 4.68 acres. A value of £320,000 (£68,376 per acre) is reported but it is not confirmed if this is an asking price/offer price or represents a completed transaction. No further information has been provided relating to this property.

Green Lane, Ossemsley BH25 5TH

- 8.8 The Applicant advised that this property comprises a parcel of grazing land extending to 1.79 acres. A value of £180,000 (£100,000 per acre) is reported but it is not confirmed if this is an asking price/offer price or represents a completed transaction. No further information has been provided relating to this property.

Land at Burstead Lane, Hursley, Hampshire

- 8.9 This property comprises a parcel of grazing land extending to 3.7 acres together with a pair of barns and forms part of the former Hurley Estate. The property was marketed by BCM Winchester and was placed under offer off an asking price of £500,000 indicating a value in the order of £130,000 per acre.

Land at Nobs Crook, Eastleigh, Hampshire

- 8.10 This property comprises a former livery yard with two stable blocks providing a total of 8 stables with an adjoining parcel of grazing land and was marketed by Giles Wheeler-Bennett. The property extends to 0.92 acre and was placed under offer off an asking price of £125,000 indicating a value of £135,000 per acre.

Land at Alpess Lane, Denmead, Hampshire

- 8.11 This property comprises an equestrian site with three stables, tack room, sand school and two paddocks and occupies a site extending to 1.9 acres. The property was marketed with Archibald & Edwards with an asking price of £150,000 indicating a value of approximately £80,000 per acre.

Land at Hilson Drive, Fareham, Hampshire

- 8.12 This property comprises an equestrian site with four stables, storeroom, hay barn and storage unit and occupies a site extending to two acres. The property was marketed Taylor and Gardner with an asking price of £135,000 indicating a value of approximately £65,000 per acre.

Land off Bent Lane, Near Hoe Gate, Hampshire

- 8.13 This property comprises a parcel of grazing land extending to 2.4 acres with no vehicular access but a long road frontage to Bent Lane. The property was marketed by Taylor Gardner and was placed under offer off an asking price of £100,000 indicating a value slightly in excess of £40,000 per acre without buildings.

Land off Summer Lane, Brockenhurst, Hampshire

- 8.14 This property comprises a parcel of grazing land extending to 8.41 acres with a field shelter, loose box, store and dilapidated wooden barn. The property was marketed by Wooley & Wallis and was placed under offer off an asking price of £225,000 indicating a value in the order of £27,000 per acre.

White Flood Meadow, Belmore Lane, Near Owlesbury, Hampshire

- 8.15 This property comprises a parcel of grazing land extending to 4.7 acres with no buildings and was marketed by Ian Judd & Partners with an asking price of £115,000 to £125,000 indicating a value in the order of £25,000 per acre.

Conclusion

- 8.16 The evidence above indicates a range of values for grazing land with equestrian facilities including stables, tack rooms, barns and storage between £65,000 per acre and £135,000 per acre. It is unclear, at this stage and pending further investigation, the extent to which these values may reflect an element of hope value for development under 'Class Q'. We reserve the right to review our opinion of the EUV in the event that this proves to be the case. Lower values in the range between £25,000 per acre to £40,000 per acre apply to parcels of grazing land with none or no significant buildings.
- 8.17 It is considered that the value of the Paddock, if offered to the market with the bungalow, having regard to the built facilities available and the proximity to residential would fall towards the upper end of the range of values indicated and in line with the Applicant's assessment at £100,000 per acre. This provides for an EUV in the order of £160,000 (£100,000 per acre) based upon our assessment of the areas and indicates an aggregate EUV for the bungalow and the Paddock of £670,000.

The Premium

- 8.18 The Applicant has not applied a premium to the Bungalow but has applied a premium of 10 x the Existing Use Value to the Paddock (£1,000,000 per acre). In our opinion this significantly overstates the BLV.

8.19 The RICS Guidance Note Appendix (March 2021) D.2.5 advises that ‘...in the case of greenfield, cleared brownfield ... where the EUV is a small proportion of the BLV, the premium is more likely to be stated as a multiplier or could be stated as an actual amount’. This is in line with advice provided in the now superseded RICS Guidance Note that indicated a premium in the order of 10 to 20 times applying to agricultural land. However, this advice is provided in the context of the low EUVs for agricultural land at approximately £10,000 per acre and applies where ‘...the EUV is a small proportion of the BLV’. It should also be remembered that the PPG advises that ‘the premium should reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land’. To this end, it is considered that minimum per gross acre values applied in option and promotion agreements provide a more useful and reliable indicator for the assessment of the BLV and the premium.

8.20 Minimum per gross acre values applied in option and promotion agreements are typically in the order of £300,000 per gross acre in the South East region with higher values applying, on occasion, in high value areas. These minimum prices can, in our opinion and by definition, be considered representative of the ‘minimum return at which a reasonable landowner would be willing to sell their land’ and are therefore consistent with the requirements for the determination of BLV. These minimum represent a contractual position between the developer/promoter and the landowner and if the value/price achieved for the property following the grant of planning permission does not match or exceed these minimum prices the sale of the land will fail and the developer/promoter’s work and expense in securing a planning permission for development becomes abortive. Developers/promoters therefore have an interest in keeping the minimum gross acre price to a minimum and landowner’s have an interest in maximising the minimum gross acre price. It is considered that a minimum gross acre price of approximately £300,000 per gross acre would apply to the Paddock. At 1.6 acres this indicates a BLV for the Paddock of £480,000. This is equal to approximately 3 x the EUV of £160,000.

Benchmark Land Value

8.21 Based upon the Applicant’s assessment of the BLV for the Bungalow at £510,000 and a BLV of £480,000 for the Paddock this indicates an aggregate BLV for the Application Property in the order of £990,000.

Alternative Use Value

8.22 The Applicant also considered an AUV approach and based this on the sale of St Jude’s, Roman Road in Dibden. The Applicant advises that this property achieved a sale at £1,300,000 with the benefit of planning permission. The planning permission provided for the retention of the existing house on a site of 0.15 acres and the addition of 4 x 3 and 4 bed houses on the residue of the site (0.54 acres). Our analysis of Landinsight indicates that the property was acquired on 1st July 2021 following the grant of planning permission on 29th January 2021.

- 8.23 The Applicant estimates that the existing house (St Jude's) has a value in the order of £500,000 and suggests that the residue of the property (0.54 acres) has a value with planning permission for 4 x 3 and 4 bed houses in the order of £800,000 (£1,480,000 per acre). The Applicant then applies this AUV of £1,480,000 to the paddock (1.8 acres) in arriving at an AUV for the paddock of £2,664,000 and then adds this to the EUV of the bungalow of £510,000. This provides for a BLV of £3,174,000.
- 8.24 In our opinion, this approach again overstates the BLV. There are several reasons why including:
- 1) The location of the Bungalow at the Application Property does not permit its retention together with comprehensive redevelopment of the residue of the site in the same way as is achievable at St Jude's and would provide for a very inefficient form of development that does not maximise its development potential.
 - 2) The planning permission at St Jude's provides for a development of 4 x houses. Policy HOU2 of the New Forest District Local Plan relating to Affordable Housing does not therefore apply. The Application Property, however, is significantly larger than St Jude's and it is to this area that the Applicant has applied the estimate of the AUV at £1,480,000 per acre on a pro-rata basis. Even if such a density of development was achievable although that is not considered the case having regard to 1) above, then Policy HOU2 would apply (11 or more units or more than 1,000 sq m Gross Internal Area). Therefore, for the evidence from the sale of St Jude's to be relevant to the determination of the BLV an adjustment to reflect the provision of policy compliant Affordable Housing must first be made.
- The New Forest District Council – Whole Plan Viability Assessment 2018***
- 8.25 The Applicant's opinion of the BLV of the Application Property is based upon the EUV of the Bungalow and the Paddock as a greenfield site to which a significant premium has been applied.
- 8.26 The Whole Plan Viability Assessment 2018 (WPVA 2018) at Figure 2.2 confirms the BLVs relevant to different development typologies in different locations. Within Totton and Waterside, for small development between 1 and 49 units, a BLV of £1,200,000 per gross hectare (£485,000 per gross acre) is considered appropriate for both greenfield and brownfield sites. The Proposed Development provides for 25 units and is therefore considered a small development. At £485,000 per gross acre this indicates a BLV of £785,000 for the Paddock by reference to the WPVA 2018 which when added to the EUV of the Bungalow at £510,000 provides for an aggregate BLV of £1,295,000 for the Application Property (£485,000 per gross acre x 1.62 gross acres plus £510,000).
- 8.27 At £1,295,000 this is broadly in line with our assessment of the BLV by reference to the EUV plus a premium at £990,000. We have adopted a BLV towards the middle of this range of £1,150,000 which is consistent with our previous review.

9.0 Residual Land Value

9.1 The Whole Plan Viability Assessment 2018

- 9.1.1 The WPVA 2018 considers multiple different development typologies and applies these to the different value areas. The Proposed Development is understood to lie within the Totton & Waterside value area and the WPVA 2018, in Figure 3.8, indicates that small size developments are viable with policy compliant Affordable Housing provision at a density of development of 35 dwellings per hectare and generate RLVs of £1,320,000 per gross hectare (£535,000 per gross acre). This compares with a BLV of £1,200,000 per gross hectare.
- 9.1.2 The Application Property extends to 2.2 acres and based upon a development of 25 units indicates a density of development of 39 dwellings per hectare which is in line with the typology tested in the WPVA at 35 dwellings per hectare. At £535,000 per gross acre this indicates a RLV for the Policy Compliant Development of £1,177,000. This provides the context for any assessment of the RLV in respect of the Policy Compliant Development.

9.2 Evidence from Comparable Development Land Transactions

- 9.2.1 In arriving at our opinion of the RLV of the Proposed Development we have had regard to the evidence from the sale of St Judes, Roman Road in Dibden Purlieu and Beckley Walk in Totton as discussed below.

The Gross Land Value

- 9.2.2 The nature of development is that no two sites are exactly the same. It is entirely reasonable for two neighbouring development sites that share the same location and that have identical planning permissions for development, to have entirely different purchase prices. This is because, for example, one site may have more onerous abnormal development costs when compared to the other and/or Section 106/Section 278 contributions and/or requirements to contribute to CIL. Under such circumstances, and with all else being equal, one would expect the purchase price for the affected site to be lower than the unaffected/less affected site.
- 9.2.3 It is therefore valuation practice in seeking to make comparison between different development sites to establish the gross land value (GLV). The GLV is represented by the aggregate of the purchase price for a development property together with the sums attributable to abnormal development costs and for Section 106 contributions and CIL.
- 9.2.4 In this way, it can be seen that the GLV for the two hypothetical neighbouring sites in the example given above, that share the same location and that have identical planning permissions for development would be comparable whereas the purchase prices would not. The GLV therefore provides a suitable means for valuation by comparison between different development sites in a way that reference to the purchase price alone cannot.

- 9.2.5 Having established the GLV for a development proposal by reference to comparable development sites one would then deduct the abnormal development costs, Section 106/Section 278 contributions and requirements to contribute to CIL etc that specifically relate to that development proposal at the Application Property in arriving at the RLV.

St Jude's, Roman Road, Dibden Purlieu SO45 4QJ

- 9.2.6 It is understood from the Applicant that this property achieved a sale at £1,300,000. This sale was completed on 1st July 2021 and followed the grant of planning permission on 29th January 2021 under reference 21/10119 for *'Four dwellings, with associated works, car ports and parking with new vehicular access onto Roman Road and stopping up of existing access serving St Jude's'*. The planning permission provided for the retention of the existing house on a site of 0.15 acres with the new houses to be constructed on the residue of the site that extends to 0.54 acres. It is not known at this stage whether the price paid reflected any developer discount under the terms of an Option Agreement.
- 9.2.7 The Applicant estimates that the existing house (St Jude's) has a value in the order of £500,000 and suggests that the residue of the property (0.54 acres) with the benefit of planning permission for 4 new dwellings (1 x detached 4 bed house, 1 x detached 3 bed house and 2 x semi-detached 3 bed houses) is in the order of £800,000 (£1,480,000 per acre/£200,000 per plot)). This is a 100% Market Housing development and we understand that the new dwellings will have a total Net Sales Area of 4,616 sq ft. This indicates an average unit size of 1,154 sq ft and a price equivalent to £173 per sq ft.
- 9.2.8 We are not aware of the extent of any abnormal development costs associated with this site but understand that there are some issues relating to TPO trees. It is understood that contributions to CIL of £43,941 are required together with non-infrastructure contributions of £4,278. This indicates a land value gross of CIL of at least £1,350,000 which analyses at £184 per sq ft Net Sales Area.
- 9.2.9 We have prepared a residual appraisal for the Proposed Development based upon the inputs discussed below but reflecting £nil abnormal development costs and £nil CIL/Section 106 contributions in order to provide for a like for like comparison. This indicates a GLV for the Proposed Development of £3,220,000 (gross of abnormal development costs and CIL/Section 106 contributions). This analyses at £138 per sq ft Net Sales Area which is significantly lower than that achieved at St Jude's.

- 9.2.10 One would have expected a similar or higher gross land value in £ per sq ft terms to apply to the Proposed Development to reflect unknown abnormal development costs at St Jude's costs for which an allowance has not been made and the lower average unit size of 804 sq ft. This suggests that both the Applicant's and my residual appraisal are based upon pessimistic inputs although it is recognised that the flats at inclusion of flats at the Proposed Development may lower the average rate in £ per sq ft terms.

Beckley Walk, Brokenford Lane, Totton SO40 9NE

- 9.2.11 Our enquiries of the Land Registry indicate that this site achieved a sale on 2nd May 2019 at £1,450,000. Again, we are not yet aware of whether this price is net of any developer discount arising from an Option exercise. The sale was completed following the grant of planning permission on 6th February 2019 under reference 18/11018 for '*24 Dwellings comprised 18 houses; 1 block of 6 flats; associated parking; access; landscaping*'.
- 9.2.12 The property extends to 0.88 acre and the development at this property comprised 3 x 1 bed flats, 3 x 2 bed flats, 12 x 2 bed houses and 6 x 3 bed houses with a total Net Sales Area of 18,406 sq ft. This is a 100% Market Housing development and at 18,406 sq ft this indicates an average unit size of 767 sq ft per unit as at February 2019.
- 9.2.13 We understand that the abnormal development costs totalled £428,000 and that contributions in relation to habitat mitigation and open space of £20,994 and £27,747 respectively were required together with a CIL payment of £171,899. This indicates a GLV of £2,100,000 which analyses at £114 per sq ft of Net Sales Area.
- 9.2.14 This compares with our current assessment of the GLV of the Proposed Development of £138 per sq ft.
- 9.2.15 We are aware of several recent sales of units at Beckley Walk, as discussed below at paragraphs 9.4.6 to 9.4.8 and it is considered that higher values would apply to the units at the Proposed Development to reflect the superior location, lower density form of development and improvements in market conditions over the intervening period. A higher GLV would therefore be expected to apply to the Proposed Development.

Conclusion

- 9.2.16 On the basis of the evidence from comparable development land transactions one would anticipate a significantly higher RLV for the Proposed Development than that provided by the Applicant's residual appraisals. The evidence provided by Beckley Walk and St Judes indicates a range for Gross Land Values of £114 per sq ft to £184 per sq ft. One would anticipate a significantly higher GLV to apply to the Proposed Development when compared to Beckley Walk to reflect the lower value location and more cramped form of development at Beckley Walk and this supports our assessment of the GLV of the Proposed Development at £138 per sq ft.

9.2.17 One would anticipate a similar Gross Land Value for the Proposed Development and St Judes. St Judes is a smaller development and occupies a comparable location in terms of value and indicates a GLV of £184 per sq ft. Our opinion of the GLV of the Proposed Development at £138 per sq ft falls significantly below this level and, if anything, indicates that our residual appraisals are, if anything, based upon pessimistic assumptions. This provides the context for any opinion of the RLV of the Proposed Development and the Policy Compliant Development and indicates that the Applicant's residual appraisals are unrepresentative of the market.

9.3 Purchase Price for the Application Property

9.3.1 In accordance with paragraph 16 of the PPG and RICS guidance the Applicant should again be requested to confirm the purchase price for the application property together with the terms for the proposed transaction. This would provide useful context for appraisal purposes.

9.4 The Residual Appraisal *Gross Development Value*

9.4.1 The Applicant's opinion of the Gross Development Value (GDV) for the Market Housing units at the Proposed Development is based upon an average value of £405 per sq ft with values of £315,000 (£418 per sq ft) applied to the two bed semi-detached houses; £375,000 (£412 per sq ft) applied to both the terrace and semi-detached three bed houses; and £550,000 (£378 per sq ft) and £425,000 (£372 per sq ft) applied to the four houses. Schedules for the Gross Development Values of the Proposed Development and the Policy Compliant Development are provided as Appendix One.

9.4.2 The FVA provides no new evidence to support the opinion of the GDV applied in the residual appraisals and simply applies indexation to the values applied to the units at the Applicant's previous development proposal under reference 21/11201 and the FVA states that *'There is no new sales evidence to consider so I have included for a Land Registry Index rate of 8.6% to uplift the likely sales values...'*. The current application is a very different form of development and although the 2 bed houses and the 3 bed houses under the previous and current planning applications are of a comparable size the development under application 21/11201 was a significantly more dense form of development. The houses under the current planning application enjoy a more open setting and many benefit from views over the central green. The application of indexation alone therefore lacks the necessary robustness of a FVA to support reduced Affordable Housing on viability grounds and is considered to under value the GDV of the Proposed Development and the Policy Compliant Development.

- 9.4.3 The Applicant's previous opinion of the GDV relied upon evidence from developments at Ashlett Road in Fawley and Beckley Walk/Brokenford Lane in Totton and evidence from the sale of second hand units in Dibden Purlieu. In relation to the evidence provided for second hand sales little in the way of a description of the properties was provided (detached, semi-detached or terrace, condition, availability of parking/a garage, plot size or any particular amenities such as views, proximity to open space etc) and no analysis or commentary was provided relating to the adjustments made and how the evidence has been applied to the units at the Proposed Development. Again, this broad-brush approach was considered to lack the necessary robustness required to support a reduced Affordable Housing provision on viability grounds.

Ashlett Road, Fawley SO45 1DS

- 9.4.4 This development lies on the southern side of Fawley which lies to the south of Dibden Purlieu and is considered to be a lower value location. This development of six x three bed semi-detached houses occupies a relatively cramped site with the houses having relatively small and some awkward shaped gardens and remote parking.
- 9.4.5 We are aware of the sale of three houses at this development in the period between December 2020 and June 2021 at the asking prices of £289,950. These sales prices analyse at £299 per sq ft to £303 per sq ft and the application of indexation in line with the UK House Price Index indicates current values in the order of £346 per sq ft to £363 per sq ft for an inferior form of development in a lower value location. Significantly higher values can be expected to apply to the three bed houses at the Proposed Development. This view appears to be supported by the Applicant.

Brokenford Lane/Beckley Walk, Totton SO45 9DX

- 9.4.6 This development lies to the north of the Application Property in Totton and comprises a development of 24 units comprising 18 x 2 and 3 bed houses and 6 x 1 and 2 bed flats. This is a higher density development at approximately 67 dwellings per hectare than the Proposed Development and lies adjacent to the railway lines in a mixed-use area. This is therefore considered to be a lower value location within Totton which itself is a lower value location than Dibden Purlieu and significantly higher values would therefore be expected to apply to the units at the Proposed Development.
- 9.4.7 The Applicant advised that the two bed houses have values of £270,000 (£334 per sq ft) and extend to 786 sq ft; and the three bed houses have values of £320,000 (£334 per sq ft) and extend to 956 sq ft.

- 9.4.8 We are aware of a several sales of 2 and 3 bed houses at this development between November 2020 and March 2021. The 2 bed houses achieved sales in the range between £265,000 and £275,000 (£365 per sq ft to £376 per sq ft) which indicate current values in the order of £434 per sq ft to £456 per sq ft. The 3 bed houses achieved sales in the range between £308,500 and £320,000 (£326 per sq ft to £343 per sq ft) which indicate current values in the order of £391 per sq ft to £416 per sq ft. These values are, in the main, higher than those adopted by the FVA for similar size houses within an inferior development and an inferior location. Significantly higher values can therefore be expected to apply to the units at the Proposed Development.

Evidence from Second Hand Stock

- 9.4.9 The Applicant provided limited information in relation to the sale of second hand stock in Dibden Purlieu and considers there to be ‘...no new sales evidence available’. We have had regard to the evidence from recent transactions since September 2021 in arriving at our opinion of the GDV of the Proposed Development and Policy Compliant Development as discussed below. A visual representation of sales values in Dibden Purlieu based upon Land Registry data collated by Landinsight is provided as Appendix Three. This indicates an average value for all second hand house sales in Dibden Purlieu of £421 per sq ft. At £421 per sq ft this value for second hand property is significantly higher than the Applicant’s assessment of the GDV of the houses at the Proposed Development at £405 per sq ft.
- 9.4.10 One would typically expect a significant new build premium to apply to houses at new developments when compared to second hand stock in the same location. New build premiums are typically in the order of 10% to 15% or more. This suggests values for the houses at the Proposed Development in the order of £463 per sq ft to £484 per sq ft and provides the relevant context for the assessment of the GDV.

Two Bed Houses

16 Cordelia Close, DibdenPurlieu, Hampshire SO45 5UD

- 9.4.11 This property comprises a 1970s era semi-detached house with accommodation arranged over ground and first floors extending to 710 sq ft and benefits from driveway parking for two cars and a garage. The garage lies to the rear of the house and the rear garden has been significantly reduced in size as a consequence. There are only limited external parts to the front and the property therefore has little in the way of amenity space. This may deter some sectors of the market. The property was offered to the market in good condition and is currently under offer at the asking price of £295,000 (£415 per sq ft).

9.4.12 The two bed houses at the Proposed Development are of a similar size but larger at 753 sq ft and benefit from two parking spaces and larger gardens and as new build houses can be expected to attract a significant premium.

9.4.13 Noads Way is a very good location in Dibden Purlieu and superior to Cordelia Close and again this indicates that a significant premium would apply to the two bed houses at the Proposed Development. The evidence from 16 Cordelia Close indicates that the value of £418 per sq ft adopted by the FVA for the two bed houses is significantly understated.

21 Carpenter Close, Hythe, Hampshire SO45 6DR

9.4.14 This property comprises a 1950s era semi-detached house with accommodation arranged over ground and first floors extending to 590 sq ft and benefits from a garage within a block and gardens to the front and rear. The property was offered to the market in good condition with an asking price of £295,000 and is currently under offer at £287,000 (£485 per sq ft).

9.4.15 The two bed houses at the Proposed Development are significantly larger at 753 sq ft and can therefore be expected to attract significantly higher values to reflect the larger accommodation offered and a new build premium. However, the value in £ per sq ft terms will be more comparable reflecting the relatively small size and affordability of 21 Carpenter Close.

Three Bed Houses

15 Roman Way Dibden Purlieu, Hampshire SO45 4RP

9.4.16 This property comprises a 1970s era semi-detached house with accommodation arranged over ground and first floors extending to 969 sq ft and benefits from driveway parking for two cars and a garage. The property requires modernisation and was offered to the market with an asking price of £400,000 and is currently under offer at £390,000 (£397 per sq ft).

9.4.17 Roman Way is a good location but a significantly higher value in £ per sq ft terms can be expected to apply to the three bed houses at the Proposed Development to reflect the new build condition and quantum as smaller houses. This indicates that the values adopted by the FVA for the three bed houses at the Proposed Development are significantly understated at £412 per sq ft. However, 15 Roman Way is a larger house and although a higher unit value would be expected to apply to the proposed three bed houses the extent of any increase may be limited.

St Judes, Roman Road, Dibden Purlieu Hampshire (Plot 3 & 4)

- 9.4.18 This new development of four houses includes a pair of semi-detached three bed houses with accommodation extending to 995 sq ft arranged over ground and first floors. These houses have good size gardens to the front and rear and garage and off-road parking within a block. We understand from the marketing agent (Enfields) that the houses were marketed with an asking price of £495,000 (£497 per sq ft) and that one of the houses is currently under offer at this level.
- 9.4.19 Noads Way is a similar but superior location, however, these houses are larger and benefit from a superior parking arrangement and gardens than the three bed houses at the Proposed Development. At £495,000 and £497 per sq ft this provides an indication of the extent of the new build premium applicable when compared to an otherwise similar second-hand three bed house (15 Roman Way).
- 9.4.20 Noads Way is a very good location in Dibden Purlieu and a similar value in £ per sq ft terms might be expected to apply to the three bed semi-detached houses at the Proposed Development although significantly lower values would be expected to apply to reflect the smaller accommodation and absence of a garage.

Four Bed Houses

St Judes, Roman Road, Dibden Purlieu Hampshire (Plot 1)

- 9.4.21 This property forms part of the St Jude's development discussed above and comprises a detached four bed house with accommodation extending to 1,491 sq ft arranged over ground and first floors. The property occupies a large plot and benefits from garage and driveway parking and is on the market with an asking price of £720,000 (£483 per sq ft).
- 9.4.22 At 1,491 sq ft this is a similar size four bed house to Plot One at the Proposed Development which has accommodation extending to 1,453 sq ft. A lower value can be expected to apply to Plot 1 at the Proposed Development to reflect the smaller size and in £ per sq ft terms to reflect the smaller plot. However, this does suggest that the value of £550,000 and £378 per sq ft applied by the Applicant to Plot One is significantly understated.

St Judes, Roman Road, Dibden Purlieu Hampshire (Plot 2)

- 9.4.23 This property also forms part of the St Jude's development and comprises a detached four bed house with accommodation extending to 1,140 sq ft arranged over ground and first floors. The property occupies a large plot and benefits from garage and driveway parking and recently exchanged at the asking price of £650,000 (£570 per sq ft).

- 9.4.24 At 1,140 sq ft this is a significantly smaller four bed house when compared to Plot One at the Proposed Development which has accommodation extending to 1,453 sq ft and one would expect a significantly higher value therefore to apply. It is considered that the evidence from this property again indicates that the Applicant's opinion of the GDV is pessimistic and understated.
- 9.4.25 At 1,140 sq ft this property is of a comparable size to the semi-detached four bed houses at the Proposed Development which have accommodation extending to 1,141 sq ft. However, we would expect significantly lower values to apply to these four bed houses at the Proposed Development to reflect the significantly smaller plots, absence of garage parking and a discount as semi-detached houses.

Craigmoor, Whinfield Road, Dibden Purlieu, Southampton, Hampshire SO45 4QA

- 9.4.26 This property comprises a 1970s era detached four bedroom house and lies a short distance to the east of the Application Property. The property was offered to the market in very good condition and benefits from driveway parking and a good size rear garden but no garage and achieved a sale on 19th April 2022 at £625,000 (£366 per sq ft). The property has accommodation arranged over two storeys extending to 1,706 sq ft including a large conservatory.
- 9.4.27 This is a larger four bed house when compared to Plot 1 at the Proposed Development and occupies a similar location within Dibden Purlieu. It is however a 1970s era house and does not have the benefit of a garage. A higher value in £ per sq ft terms can be expected to apply to Plot 1 at the Proposed Development to reflect a new build premium, the availability of a garage and quantum.
- 63 Highlands Way, Dibden Purlieu, Hampshire SO45 4HY***
- 9.4.28 This property comprises a 1970s era detached four bedroom house and lies a short distance to the north east of the Application Property but within an inferior location. The property was offered to the market in very good condition and benefits from driveway parking and a good size rear garden but no garage and achieved a sale on 14th April 2022 at £395,000 (£346 per sq ft). The property has accommodation arranged over two storeys extending to 1,140 sq ft.
- 9.4.29 This four bed house has the same size accommodation as the smaller four bed houses at the Proposed Development and occupies a similar size plot but occupies an inferior location within Dibden Purlieu. It is however a 1970s era house and significantly higher values can be expected to apply to the smaller four bed houses at the Proposed Development to reflect a new build premium and the superior location on Noads Way. The values of £425,000 (£372 per sq ft) applied to the smaller four bed houses by the Applicant are therefore considered to be pessimistic and understated.

Conclusion

- 9.4.30 There is a general absence of directly comparable evidence for new build developments in this location. However, the evidence from the development at St Judes indicates values in the order of £487 per sq ft for Plot 1 at the Proposed Development and in the order of £497 per sq ft for the three bed houses. The general expectation for a premium of 15% to 20% for similar units within new build new build developments when compared to second-hand stock and this is supported by the evidence. In particular, the evidence from Plots 3 and 4 at St Judes when compared to 15 Roman Way with a significantly higher premium indicated by the detached four bed houses at St Judes when compared to second-hand stock.
- 9.4.31 The average current value for second-hand stock in Dibden Purlieu excluding flats indicated by 158 sales over the last 12 months stands at £421 per sq ft. The application of a premium of 15% to 20% supports a value in the order of £484 per sq ft to £505 per sq ft. This is in line with the above. Noads Way is a very good location in Dibden Purlieu and values towards the top end of the range can therefore be expected and are supported by the evidence.
- 9.4.32 In arriving at our opinion of the GDV for the Proposed Development we have had regard to the sale prices achieved at the new developments in Beckley Walk/Brokenford Lane, Ashlett Road and St Judes and evidence from second-hand stock. We have therefore, for the purpose of this initial report, adopted the following values:
- 2 Bed semi-detached houses £3650,000 (£484 per sq ft)
 - 3 Bed semi-detached houses £420,000 (£462 per sq ft) to £425,000 (£467 per sq ft)
 - 3 Bed terrace houses £415,000 (£456 per sq ft)
 - 4 Bed semi-detached houses £465,000 (£408 per sq ft)
 - 4 Bed detached house £650,000 (£447 per sq ft)

The Proposed Development

- 9.4.33 Based upon the above we have adopted an aggregate GDV for the Proposed Development of £10,620,000. This compares with the Applicant's assessment of the GDV for the Proposed Development at £9,460,000.

The Policy Compliant Development

- 9.4.34 Similar assumptions have been made in arriving at an aggregate GDV for the Market Housing units at the Policy Compliant Scheme of £7,065,000. This compares with the Applicant's assessment of the GDV for the Market Housing units at £6,325,000.

9.5 Affordable Housing GDV

- 9.5.1 In relation to the Affordable Rent units we have adopted the Local Housing Allowance for the Southampton BRMA and applied these, as relevant, to the assumed Affordable Rent units and made deductions of 3% for voids and £1,600 per unit per annum for management, maintenance and sinking fund before capitalising the net income at 5%. Similar assumptions have been made in relation to the Social Rent units although a lower rent for these units has been applied.
- 9.5.2 In relation to the Shared Ownership units we have assumed an initial equity sale of 30% of the unrestricted Market Value and assumed a rent at 2.75% on the unsold equity before capitalising the income at 5%.
- 9.5.3 Based upon the above, we arrive at an aggregate value for the Affordable Housing units at the Policy Compliant Development of £1,808,385 (£239 per sq ft). This is in line with the Applicant's assessment of the GDV for the Affordable Housing at £1,814,000.
- 9.5.4 Our residual appraisal assumes that the Affordable Housing GDV will be paid on typical 'Golden Brick' terms with 30% of the Affordable Housing GDV paid on month six of the construction period (for the land and works completed up to the first course of bricks above the damp proof membrane) with the remaining 70% payable monthly until practical completion. We reserve the right to amend the approach adopted following the receipt of further information relating to the development programme.

9.6 Build Costs

Base Build Costs

- 9.6.1 The Applicant's assessment of the base build costs is £3,126,638 (£133.88 per sq ft). This sum is understood to be based upon BCIS Median data. We have checked the Applicant's estimate of the base build costs by reference to BCIS Median data rebased to New Forest and updated to 22nd October 2022. This indicates a base build cost for Estate Housing Semi Detached 2-Storey of £131.74 per sq ft; for Estate Housing Terraced 2-Storey of £130.81 per sq ft; and for Estate Housing Detached of £156.54 per sq ft. This provides for a base build cost of £3,104,668 which is in line with the Applicant's assessment.
- 9.6.2 The FVA assumes a further sum of £31,500 for garages. This is in line with expectations and can be agreed.

External Costs

- 9.6.3 External costs have been assessed at £962,900. This is equal to 30.49% of the base build cost. This sum is higher than we might have expected based upon standard assumptions for external costs at approximately 10% of the base build cost. However, the Proposed Development can be expected to incur higher than standard external costs due to the layout and, in particular, additional road and servicing costs. We have adopted the Applicant's external costs for the purpose of this initial review but, the Council may wish to appoint a specialist costs consultant to review these costs.

Abnormal Development Costs

- 9.6.4 Abnormal development costs have been assessed at £475,513. It is understood that the abnormal development costs, with the exception of substation upgrades, has been assessed using provisional sums. These sums have not therefore been assessed by reference to a cost plan prepared by a Quantity Surveyor or by direct quotes and are unsupported by technical surveys. We have for the purpose of this initial review adopted the Applicant's abnormal costs but the Council should request that the Applicant prepares a detailed cost plan for the abnormal development costs supported by quotes and technical surveys that demonstrate the requirement for the abnormal development costs and that provides a basis for review by the Council's Quantity Surveyor.

Contingency

- 9.6.5 The Viability Appraisal adopts a contingency of 5% (£229,828) of the build costs, external costs and abnormal development costs. This sum is considered acceptable and for the purpose of this initial review we have adopted the same. However, the Proposed Development appears to use relatively standard house types and construction methods and a lower contingency in the order of 3% may therefore be appropriate.

9.7 Professional Fees

- 9.7.1 The Viability Appraisal adopts a sum equal to 8% (£367,724) for professional fees. This sum has been applied to the base build costs, external costs and abnormal development costs. A sum equal to 8% for professional fees is in line with general expectations and we have adopted the same.

9.8 Planning Contributions

- 9.8.1 The Viability Appraisal assumes payment of the following planning contributions for the Proposed Development:

- Community Infrastructure Levy (CIL) £214,090
- Nitrate Mitigation £96,000
- Section 106 £98,710

- 9.8.2 The FVA applies a lower sum of £142,112 for CIL in the residual appraisal for the Policy Compliant Development but otherwise makes the same allowances for Nitrate Mitigation and Section 106. It is unclear exactly how these sums have been calculated and our residual appraisals for the Proposed Development and the Policy Compliant Development and the Council should confirm the relevant sums to be applied.
- 9.8.3 It is similarly unclear why an additional sum of £98,710 has been applied, in addition to CIL, for Section 106 contributions. No information has been provided to support the inclusion of this sum and our residual appraisals assume £nil Section 106 contributions.
- 9.9 Marketing, Sale Costs and Legal Fees**
- 9.9.1 The Viability Appraisal makes an allowance of 2.5% for marketing, agent and legal fees for the Market Housing and 1% for the Affordable Housing. This is in line with our expectations and we have applied the same.
- 9.10 Finance Costs and Development Period**
- 9.10.1 The Viability Appraisal adopts a finance debit rate of 7% per annum inclusive of arrangement fees. This is in line with expectations and we have adopted the same.
- 9.10.2 The Viability Appraisal adopts a development programme extending to 20 months. The development programme is based upon a 3 month pre-commencement period; 17 month construction period; and a five month sales period commencing 13 months after the start of construction and finishing one month following practical completion (6 dwellings per month). This is broadly in line with expectations although reference to the BCIS Duration Calculator indicates that a marginally shorter construction period may apply. We have therefore adopted the same for the purpose of this initial review.
- 9.11 Land Acquisition Costs**
- 9.11.1 The Viability Appraisal assumes Stamp Duty Land Tax at the prevailing rate and a sum equal to 1.75% for agency and legal fees. These costs are broadly in line with expectations and have been adopted in this initial review. We have adopted the same. A further sum of £20,000 has been adopted for a valuation fee. We would not typically make an allowance for a valuation fee.
- 9.12 Developer's Profit Margin**
- 9.12.1 The Viability Appraisal adopts a developer's profit equal to 17.5% of the GDV and applies this to Market Housing for the Proposed Development. This lies towards the middle of the range recommended by the NPPF and the PPG of 15% to 20% profit for the Market Housing GDV. We have adopted the same in our residual appraisal. A developer's profit equal to 6% for the Affordable Housing GDV within the Policy Compliant Development is agreed.

The Proposed Development

- 9.12.2 Based upon a developer's profit of 17.5% on the GDV for the Market Housing. This provides for a developer's profit of £1,858,500 within our appraisal.

The Policy Compliant Development

- 9.12.3 Based upon a developer's profit of 17.5% on the GDV for the Market Housing and 6% on the GDV for the Affordable Housing. This provides for an aggregate developer's profit of £1,345,205 (15.16%) within our appraisal.

Residual Values

- 9.12.4 Based upon the inputs above we arrive at the following residual values. Copies of our residual appraisals are provided as Appendix Four and Appendix Five.

- Proposed Development £2,476,908. Say £2,475,000
- Policy Compliant Development £1,635,699. Say £1,635,000

10.0 Stand Back

- 10.1.1 In arriving at our opinion of the RLV of the Proposed Development and the Policy Compliant Development we have had regard to the evidence from the sale of land at St Judes and Beckley Walk as discussed above at section 9.2.

St Judes, Roman Road, Dibden Purlieu, Hampshire

- 10.1.2 St Judes indicates a Gross Land Value land of £184 per sq ft and is a comparable form of development within a comparable value location in Dibden Purlieu.
- 10.1.3 Our residual appraisal for the Proposed Development **gross of abnormal development costs and CIL** (copy as Appendix Six) provides for a residual value equal to £138 per sq ft.
- 10.1.4 One might expect a similar Gross Land Value to apply to the Proposed Development when compared to St Judes. Our opinion of the Gross Land Value of the Proposed Development at £138 per sq ft is in alignment with and supported by the evidence from St Judes but, if anything suggests our appraisals are based upon pessimistic inputs and assumptions.
- Beckley Walk, Totton Hampshire SO45 9DX***
- 10.1.5 Beckley Walk indicates a Gross Land Value land of £114 per sq ft and is a broadly comparable but more cramped form of development and occupies a lower value location in Totton and lies close to the railway lines.

- 10.1.6 One would expect a higher Gross Land Value to apply to the Proposed Development when compared to Beckley Walk to reflect the nature and form of the Beckley Walk development and the inferior location. Our opinion of the Gross Land Value of the Proposed Development at £138 per sq ft is therefore consistent with and supported by the evidence from Beckley Walk and indicates that the Applicant's residual appraisals and opinion of the RLV of the Proposed Development and Policy Compliant Development are based upon pessimistic assumptions and inputs particularly in relation to the GDV.

Purchase Price

- 10.1.7 In accordance with the PPG the Applicant should again be requested to confirm the purchase price to be paid for the Application Property following the grant of planning permission and/or the terms relevant to the calculation of the purchase price.

10.2 Sensitivity Analysis

- 10.2.1 The RICS Professional Statement requires practitioners to provide sensitivity analysis of appraisals as part of the stand back approach discussed above.
- 10.2.2 Confirmation of the purchase price for the Application Property with the benefit of planning permission is a material consideration to the assessment of the viability of the Applicant's development proposals to support the delivery of Affordable Housing. Our residual appraisals provide for a RLV that is consistent with the experience of the market based upon analysis of St Judes and Beckley Walk. The same cannot be said of the residual appraisals relied upon by the FVA.
- 10.2.3 At this stage and pending confirmation of the purchase price by the Applicant, we have not therefore carried out sensitivity testing of our residual appraisals as to do so would generate RLVs that are inconsistent with the market.

11.0 Conclusion

- 11.1 To be considered viable to make a policy compliant contribution towards the provision of Affordable Housing the Residual Land Value should exceed the Benchmark Land Value which has been assessed at £1,150,000.

The Proposed Development

- 11.2 Our residual appraisal for the Proposed Development provides for a RLV of £2,475,000 and is in line with the evidence from comparable development land transactions. At £2,475,000 the RLV of the Proposed Development exceeds the BLV and is therefore a viable form of development.

The Policy Compliant Development

11.3 Our residual appraisal for the Policy Compliant Development indicates a RLV of £1,635,000. At £1,635,000 the RLV of the Policy Compliant Development exceeds the BLV and is therefore a viable form of development.

11.4 We have been asked to advise in relation to two questions:

- ❑ Is the Proposed Development under application reference 22/10813 a viable form of development? Confirmed. The Residual Land Value at £2,475,000 materially exceeds the Benchmark Land Value of £1,150,000 and is therefore a viable form of development.
- ❑ Is the Policy Compliant Development a viable form of development with policy compliant Affordable Housing provision? Confirmed. The Residual Land Value at £1,635,000 materially exceeds the Benchmark Land Value of £1,150,000 and is therefore a viable form of development.

Valuer:

****Signature redacted****

**Fraser Castle MSc MRICS
RICS Registered Valuer
For and on behalf of
Bruton Knowles LLP**

Appendix One

Schedule of Accommodation & Gross Development Values

25 Unit Scheme October 2022
Bruton Knowles Assumptions
100% Market Housing

Units	Accommodation	Unit Type	Storeys	Bedrooms	Ensuite	Garage	Parking	Amenity	Size		Tenure	Applicant A		Bruton Knowles		
									m2	Sq Ft		Value	£per Sq Ft	Unit Value	£per Sq Ft	Difference
1	House	Detached	2	4	1	1	1	Large garden	135	1453	Private	£550,000	£378	£650,000	£447	£100,000
2	House	Semi	2	2		1	1		70	753	Private	£315,000	£418	£365,000	£484	£50,000
3	House	Semi	2	2		2	0	Small garden	70	753	Private	£315,000	£418	£365,000	£484	£50,000
4	House	End Terrace	2	3		2		View over green	84.5	910	Private	£375,000	£412	£415,000	£456	£40,000
5	House	Mid Terrace	2	3			2	View over green	84.5	910	Private	£375,000	£412	£415,000	£456	£40,000
6	House	Mid Terrace	2	3			2	View over green	84.5	910	Private	£375,000	£412	£415,000	£456	£40,000
7	House	End Terrace	2	3			2	View over green	84.5	910	Private	£375,000	£412	£415,000	£456	£40,000
8	House	Semi	2	4			2	View over green	106	1141	Private	£425,000	£372	£465,000	£408	£40,000
9	House	Semi	2	3			2	View over green	84.5	910	Private	£375,000	£412	£425,000	£467	£50,000
10	House	Semi	2	3			3	View over green	84.5	910	Private	£375,000	£412	£425,000	£467	£50,000
11	House	Semi	2	3			2	View over green	84.5	910	Private	£375,000	£412	£425,000	£467	£50,000
12	House	Semi	2	2			2	View over green	70	753	Private	£315,000	£418	£365,000	£484	£50,000
13	House	Semi	2	2			2	View over green	70	753	Private	£315,000	£418	£365,000	£484	£50,000
14	House	Semi	2	3			2		84.5	910	Private	£375,000	£412	£420,000	£462	£45,000
15	House	Semi	2	3			2		84.5	910	Private	£375,000	£412	£420,000	£462	£45,000
16	House	Semi	2	4			2		106	1141	Private	£425,000	£372	£465,000	£408	£40,000
17	House	Semi	2	3			2		84.5	910	Private	£375,000	£412	£420,000	£462	£45,000
18	House	Semi	2	3			2		84.5	910	Private	£375,000	£412	£420,000	£462	£45,000
19	House	Semi	2	3			2		84.5	910	Private	£375,000	£412	£420,000	£462	£45,000
20	House	Semi	2	3			2		84.5	910	Private	£375,000	£412	£420,000	£462	£45,000
21	House	Semi	2	4			2		106	1141	Private	£425,000	£372	£465,000	£408	£40,000
22	House	End Terrace	2	3			2	View over green	84.5	910	Private	£375,000	£412	£415,000	£456	£40,000
23	House	Mid Terrace	2	3			2	View over green	84.5	910	Private	£375,000	£412	£415,000	£456	£40,000
24	House	Mid Terrace	2	3			2	View over green	84.5	910	Private	£375,000	£412	£415,000	£456	£40,000
25	House	End Terrace	2	3			2	View over green	84.5	910	Private	£375,000	£412	£415,000	£456	£40,000
									2169.5	23352		£9,460,000	£405	£10,620,000	£455	

Applicant

Values

Market Housing
Affordable Housing

£10,620,000
£0

NSA

23352
0

£/NSA

£454.77

25 Unit Scheme October 2022
Bruton Knowles Assumptions

Policy Compliant Scheme

Units	Accommodation	Unit Type	Storeys	Bedrooms	Ensuite	Garage	Parking	Amenity	Size		Tenure	Applicant A		Bruton Knowles		
									m2	Sq Ft		Value	£per Sq Ft	Unit Value	£per Sq Ft	Difference
1	House	Detached	2	4	1	1	1	Large garden	135	1453	Private	£550,000	£378	£650,000	£447	£100,000
2	House	Semi	2	2		1	1		70	753	Affordable Rent	£315,000	£418	£159,204	£211	-£155,796
3	House	Semi	2	2			2	Small garden	70	753	Affordable Rent	£315,000	£418	£159,204	£211	-£155,796
4	House	End Terrace	2	3		2		View over green	84.5	910	Private	£375,000	£412	£415,000	£456	£40,000
5	House	Mid Terrace	2	3			2	View over green	84.5	910	Private	£375,000	£412	£415,000	£456	£40,000
6	House	Mid Terrace	2	3			2	View over green	84.5	910	Private	£375,000	£412	£415,000	£456	£40,000
7	House	End Terrace	2	3			2	View over green	84.5	910	Private	£375,000	£412	£415,000	£456	£40,000
8	House	Semi	2	4			2	View over green	106	1141	Private	£425,000	£372	£465,000	£408	£40,000
9	House	Semi	2	3			2	View over green	84.5	910	Private	£375,000	£412	£425,000	£467	£50,000
10	House	Semi	2	3			3	View over green	84.5	910	Private	£375,000	£412	£425,000	£467	£50,000
11	House	Semi	2	3			2	View over green	84.5	910	Private	£375,000	£412	£425,000	£467	£50,000
12	House	Semi	2	2			2	View over green	70	753	Social Rent	£315,000	£418	£113,947	£151	-£201,053
13	House	Semi	2	2			2	View over green	70	753	Social Rent	£315,000	£418	£113,947	£151	-£201,053
14	House	Semi	2	3			2		84.5	910	Shared Ownership	£375,000	£412	£316,444	£348	-£58,556
15	House	Semi	2	3			2		84.5	910	Shared Ownership	£375,000	£412	£316,444	£348	-£58,556
16	House	Semi	2	4			2		106	1141	Private	£425,000	£372	£465,000	£408	£40,000
17	House	Semi	2	3			2		84.5	910	Private	£375,000	£412	£420,000	£462	£45,000
18	House	Semi	2	3			2		84.5	910	Shared Ownership	£375,000	£412	£316,444	£348	-£58,556
19	House	Semi	2	3			2		84.5	910	Affordable Rent	£375,000	£412	£183,194	£201	-£191,806
20	House	Semi	2	3			2		84.5	910	Private	£375,000	£412	£420,000	£462	£45,000
21	House	Semi	2	4			2		106	1141	Private	£425,000	£372	£465,000	£408	£40,000
22	House	End Terrace	2	3			2	View over green	84.5	910	Private	£375,000	£412	£415,000	£456	£40,000
23	House	Mid Terrace	2	3			2	View over green	84.5	910	Private	£375,000	£412	£415,000	£456	£40,000
24	House	Mid Terrace	2	3			2	View over green	84.5	910	Private	£375,000	£412	£415,000	£456	£40,000
25	House	End Terrace	2	3			2	View over green	84.5	910	Social Rent	£375,000	£412	£129,557	£142	-£245,443
									2169.5	23352		£9,460,000	£405	£8,873,385	£380	
Market Housing												£7,065,000	15791	£447.41	17.5%	£1,236,375
Affordable Housing												£1,808,385	7562	£239.15	6%	£108,503
												£8,873,385	23352	£379.98	15.16%	£1,344,878

Appendix Two

Site & Block Plan



**MORGAN
CAREY
ARCHITECTS**

THE GOODS SHED
SANDFORD LANE
WAREHAM BH20 4DX

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mca@morgancarey.co.uk
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with MCA Lawry

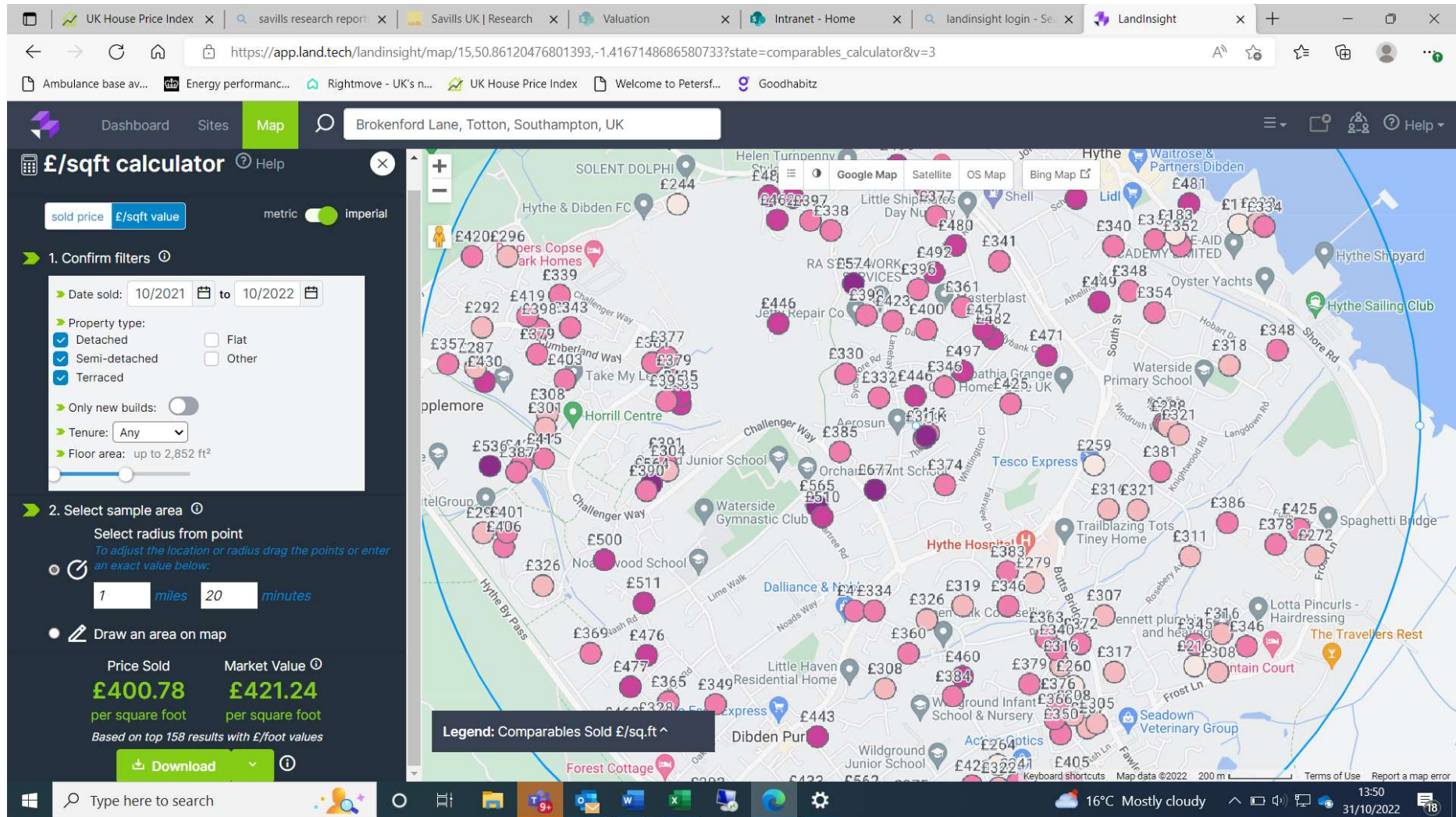
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Appendix Three

Visual Representation of Sales Values in Dibden Purlieu

Second Hand Values in Dibden Purlieu (October 2021 to October 2022)

£421 Per Sq Ft



Appendix Four

Residual Appraisal The Proposed Development

APPRAISAL SUMMARY**BRUTON KNOWLES**

Proposed Development
Orchard Gate
November 2022

Appraisal Summary for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Market Housing	1	23,352	454.78	10,620,000	10,620,000

NET REALISATION**10,620,000****OUTLAY****ACQUISITION COSTS**

Residualised Price			2,476,908		
				2,476,908	
Stamp Duty			113,345		
Effective Stamp Duty Rate		4.58%			
Agent Fee		1.00%	24,769		
Legal Fee		0.75%	18,577		
				156,691	

CONSTRUCTION COSTS

Construction	ft²	Build Rate ft²	Cost	
Detached	1,453	156.54	227,453	
Semi-Detached	13,482	131.74	1,776,119	
Terrace	8,417	130.81	1,101,028	
Totals	23,352 ft²		3,104,599	
Contingency		5.00%	228,726	
				3,333,325
Other Construction Costs				
Externals			962,900	
Abnormals			475,513	
Garages			31,500	
				1,469,913

Section 106 Costs

Nitrate Mitigation			96,000	
CIL			214,090	
				310,090

PROFESSIONAL FEES

Architect		8.00%	365,961	
				365,961

DISPOSAL FEES

Sales Agent Fee- Market Housing		2.50%	265,500	
				265,500

TOTAL COSTS BEFORE FINANCE**8,378,388****FINANCE**

Timescale	Duration	Commences
Purchase	1	Sep 2021
Pre-Construction	2	Oct 2021
Construction	17	Dec 2021
Sale	5	May 2023
Total Duration	25	

Debit Rate 7.000%, Credit Rate 0.000% (Nominal)

Land		264,216	
Construction		118,895	
Total Finance Cost			383,112

APPRAISAL SUMMARY**BRUTON KNOWLES****Proposed Development****Orchard Gate****November 2022****TOTAL COSTS****8,761,500****PROFIT****1,858,500****Performance Measures**

Profit on Cost%	21.21%
Profit on GDV%	17.50%
Profit on NDV%	17.50%

IRR% (without Interest)	35.01%
-------------------------	--------

Profit Erosion (finance rate 7.000)	2 yrs 9 mths
-------------------------------------	--------------

Cost per Gross ft²	188
Cost per Net ft²	188
Land Cost pAcre	0
Land Cost per Plot	2,476,908

Appendix Five

Residual Appraisal The Policy Compliant Development

APPRAISAL SUMMARY**BRUTON KNOWLES**

**Policy Compliant Development
Orchard Gate
November 2022**

Appraisal Summary for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Market Housing	1	15,791	447.41	7,065,000	7,065,000
Affordable	1	7,562	239.14	1,808,385	<u>1,808,385</u>
Totals	2	23,353			8,873,385

NET REALISATION**8,873,385****OUTLAY****ACQUISITION COSTS**

Residualised Price		1,635,699	
			1,635,699
Agent Fee	1.00%	16,357	
Legal Fee	0.75%	12,268	
			28,625

CONSTRUCTION COSTS

Construction	ft²	Build Rate ft²	Cost
Detached	1,453	156.54	227,453
Semi-Detached	13,482	131.74	1,776,119
Terrace	8,417	130.81	<u>1,101,028</u>
Totals	23,352 ft²		3,104,599
Contingency		5.00%	228,726
			3,333,325

Other Construction Costs

Externals	962,900
Abnormals	475,513
Garages	31,500
	1,469,913

Section 106 Costs

Nitrate Mitigation	96,000
CIL	142,112
	238,112

PROFESSIONAL FEES

Architect	8.00%	365,961
		365,961

DISPOSAL FEES

Sales Agent Fee- Market Housing	2.50%	176,625
Sales Agent Fee - Affordable	1.00%	18,084
		194,709

TOTAL COSTS BEFORE FINANCE**7,266,343****FINANCE**

Timescale	Duration	Commences
Purchase	1	Sep 2021
Pre-Construction	2	Oct 2021
Construction	17	Dec 2021
Sale	5	May 2023
Total Duration	25	

Debit Rate 7.000%, Credit Rate 0.000% (Nominal)

Land	167,239
Construction	94,598
Total Finance Cost	261,837

APPRAISAL SUMMARY**BRUTON KNOWLES****Policy Compliant Development****Orchard Gate****November 2022****TOTAL COSTS** 7,528,180**PROFIT**
1,345,205**Performance Measures**

Profit on Cost%	17.87%
Profit on GDV%	15.16%
Profit on NDV%	15.16%

IRR% (without Interest)	35.74%
-------------------------	--------

Profit Erosion (finance rate 7.000)	2 yrs 4 mths
-------------------------------------	--------------

Cost per Gross ft²	161
Cost per Net ft²	161
Land Cost pAcre	0
Land Cost per Plot	817,849

Appendix Six

Residual Appraisal The Proposed Development (Gross Land Value)

APPRAISAL SUMMARY**BRUTON KNOWLES**

Proposed Development - Gross Land Value
Orchard Gate
November 2022

Appraisal Summary for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Market Housing	1	23,352	454.78	10,620,000	10,620,000

NET REALISATION**10,620,000****OUTLAY****ACQUISITION COSTS**

Residualised Price			3,220,998	
Stamp Duty			150,550	3,220,998
Effective Stamp Duty Rate		4.67%		
Agent Fee		1.00%	32,210	
Legal Fee		0.75%	24,157	
				206,917

CONSTRUCTION COSTS

Construction	ft²	Build Rate ft²	Cost	
Detached	1,453	156.54	227,453	
Semi-Detached	13,482	131.74	1,776,119	
Terrace	8,417	130.81	1,101,028	
Totals	23,352 ft²		3,104,599	
Contingency		5.00%	204,930	
				3,309,529
Other Construction Costs				
Externals			962,500	
Garages			31,500	
				994,000

PROFESSIONAL FEES

Architect	8.00%	327,888	
			327,888

DISPOSAL FEES

Sales Agent Fee- Market Housing	2.50%	265,500	
			265,500

TOTAL COSTS BEFORE FINANCE**8,324,832****FINANCE**

Timescale	Duration	Commences
Purchase	1	Sep 2021
Pre-Construction	2	Oct 2021
Construction	17	Dec 2021
Sale	5	May 2023
Total Duration	25	

Debit Rate 7.000%, Credit Rate 0.000% (Nominal)		
Land		339,883
Construction		96,785
Total Finance Cost		436,668

TOTAL COSTS**8,761,500****PROFIT****1,858,500**

APPRAISAL SUMMARY**BRUTON KNOWLES****Proposed Development - Gross Land Value****Orchard Gate****November 2022****Performance Measures**

Profit on Cost%	21.21%
Profit on GDV%	17.50%
Profit on NDV%	17.50%
IRR% (without Interest)	31.84%
Profit Erosion (finance rate 7.000)	2 yrs 9 mths
Cost per Gross ft²	188
Cost per Net ft²	188
Land Cost pAcre	0
Land Cost per Plot	3,220,998