

CAMBRIDGE ROAD ESTATE – PLANNING APPLICATION 20/02942/FUL

FINANCIAL VIABILITY ASSESSMENT - OCTOBER 2021

****UPDATED DOCUMENT****

Note: The viability deficit has reduced from £50,841,000 to £18,164,000 within the latest version of the viability assessment.



Economic Viability Appraisal Report

Cambridge Road Estate

Royal Borough of Kingston Upon Thames

Prepared for Cambridge Road (RBK) LLP

October 2021



Contents

- 1. Executive Summary3
- 2. Instructions & Report Context5
- 3. Project Details7
- 4. Planning Policy – Affordable Housing & Viability Methodology16
- 5. Income Analysis21
- 6. Cost Assumptions30
- 7. Benchmark Land Value32
- 8. Summary of the Appraisal34
- 9. Summary and Conclusions35
- Appendix 1 – Argus Developer Appraisal36



1. Executive Summary

1.1 *This Update Report provides commentary and analysis in relation to a revised viability position since our December 2020 report. The reasons for the update are:*

a. *RBKT instructed Carter Jonas to review our December 2020 report, and Carter Jonas made comments and suggested amendments, which have led us to amend some viability assumptions. Carter Jonas review is dated April 2021 and this is referred to as the 'CJ April 2021 Review'.*

b. *The Applicant has made some changes to the affordable housing offer.*

1.2 *This report is presented as an amendment/update to the December 2020 report. As such, amendments to the December 2020 report are shown in blue italics.*

1.3 As part of the hybrid outline planning application, Cambridge Road (RBK) LLP has instructed U.L.L. Property to assess, and report on, the economic viability of providing affordable housing and Section 106 financial contributions as part of the development proposal.

1.4 The Royal Borough of Kingston Upon Thames ('RBKT') has policy targets for affordable housing provision as part of new residential developments, and these targets are not intended to restrain development, based on the outcome of economic viability testing. ^[1]_{SEP}

1.5 The site is known as the Cambridge Road Estate. Constructed by the Local Authority in the 1960s and 1970s, the site is located to the south-east of the town centre of Kingston in South West London. The existing Estate comprises 832 houses and flats. 179 homes have been acquired under the Right to Buy, and 653 homes remain as Council rented homes. The existing accommodation is a mix of flats, maisonettes, house and bungalows, includes 4 no. 15-storey towers, and a number of 5-storey deck-access blocks. Information regarding the existing site can be found at Section 3 and Section 7 of this report.

1.6 The planning application seeks permission for:

'Hybrid Planning Application for a mixed use development, including demolition of existing buildings and erection of up to 2,170 residential units (Use Class C3), 290sqm of flexible office floorspace (Use Class E), 1,395sqm of flexible retail/commercial floorspace (Use Class E/Sui Generis), 1,250sqm community floorspace (Use Class F2), new publicly accessible open space and associated access, servicing, landscaping and works.

Detailed permission is sought for Phase 1 for erection of 452 residential units (Use Class C3), 1,250sqm community floorspace (Use Class F2), 290sqm of flexible office floorspace (Use Class E), 395sqm of flexible retail/commercial floorspace (Use Class E/Sui Generis), new publicly accessible open space and associated access, servicing, parking, landscaping works including tree removal, refuse/recycling and bicycle storage, energy centre and works'.

1.7 Of the 2,170 new homes, *941 will be affordable*. This includes 767 Social Rented homes, which represents an increase above the 653 existing rented homes.



- 1.8 The Gross Development Value for the scheme is *£816,616,000* (rounded) based on the residential and commercial investment value. The project is supported by Grant funding of *£64.7m*.
- 1.9 The Argus appraisal for the proposed development calculates a residual land value for the proposed development of *£13,602,000*.
- 1.10 The Benchmark Land Value *is agreed with the Council's viability assessor as £31,766,000*, based on the existing use value.
- 1.11 The proposed development therefore shows a net residual of *-£18,164,000* (negative)



2. Instructions & Report Context

2.1 Cambridge Road (RBK) LPP (the 'Applicant') *has submitted* a planning application to the Royal Borough of Kingston Upon Thames (the 'Council') in respect of the site known as Cambridge Road Estate ('the Site').

2.2 The application seeks planning permission for:

'Hybrid Outline Planning Application for a mixed use development, including demolition of existing buildings and erection of up to 2,170 residential units (Use Class C3), 290sqm of flexible office floorspace (Use Class E), 1,395sqm of flexible retail/commercial floorspace (Use Class E/Sui Generis), 1,250sqm community floorspace (Use Class F2), new publicly accessible open space and associated access, servicing, landscaping and works.

Detailed permission is sought for Phase 1 for erection of 452 residential units (Use Class C3), 1,250sqm community floorspace (Use Class F2), 290sqm of flexible office floorspace (Use Class E), 395sqm of flexible retail/commercial floorspace (Use Class E/Sui Generis), new publicly accessible open space and associated access, servicing, parking, landscaping works including tree removal, refuse/recycling and bicycle storage, energy centre and works'.

2.3 As part of the planning application the Applicant has instructed ULL Property to assess, and report on, the economic viability of providing affordable housing and Section 106 financial contributions as part of the development proposal.

U.L.L. Property

2.4 This viability assessment has been prepared with regard to the policies and guidance available at national, regional and local levels, and carried out in accordance with the Royal Institution of Chartered Surveyors (RICS) professional statement 'Financial viability in planning: conduct and reporting' (1st edition, May 2019, effective from September 2019).

2.5 U.L.L. is a property services company specialising in development consultancy, affordable housing, economic viability and project management. The company aims to find viable solutions, which facilitate development, while at the same time supporting the reasonable mitigation of development impact. In so doing, we operate at the centre of development economics; assisting developers and Local Planning Authorities reach effective solutions against a challenging financial background.

2.6 This report has been prepared by Richard Ashdown, who has in excess of 25 years experience in residential development and consultancy. Richard held numerous senior positions in the industry before starting ULL Property where he is now Managing Director. ULL Property currently advises house builders and developers on property assets valued at more than £4 billion.

Covid-19 outbreak

2.7 The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organization as a "Global Pandemic" on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.



2.8 Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. The findings of this report must therefore be regarded with a greater degree of caution in the light of potential market volatility.

2.9 For this reason ULL Property considers the findings of this report should be kept under frequent review.

Limitations

2.10 This report does not constitute a valuation and should not be relied upon for valuation purposes.

2.11 It is provided for the sole use of the party to whom it is addressed. It is confidential to the addressee and their professional advisors. ULL Property accepts no responsibility whatsoever to any person other than the client themselves.

2.12 Neither the whole nor any part of the report nor any reference thereto may be included in any published document, circular, or statement, or published in any way, without the prior written approval of ULL Property.

Information relied upon

2.13 We have been provided with, and relied upon:

- Proposed plans and accommodation schedule prepared by Patel Taylor Architects
- Construction cost plan prepared by Countryside Properties (UK) Ltd
- Phasing and schedule data provided by Countryside Properties (UK) Ltd

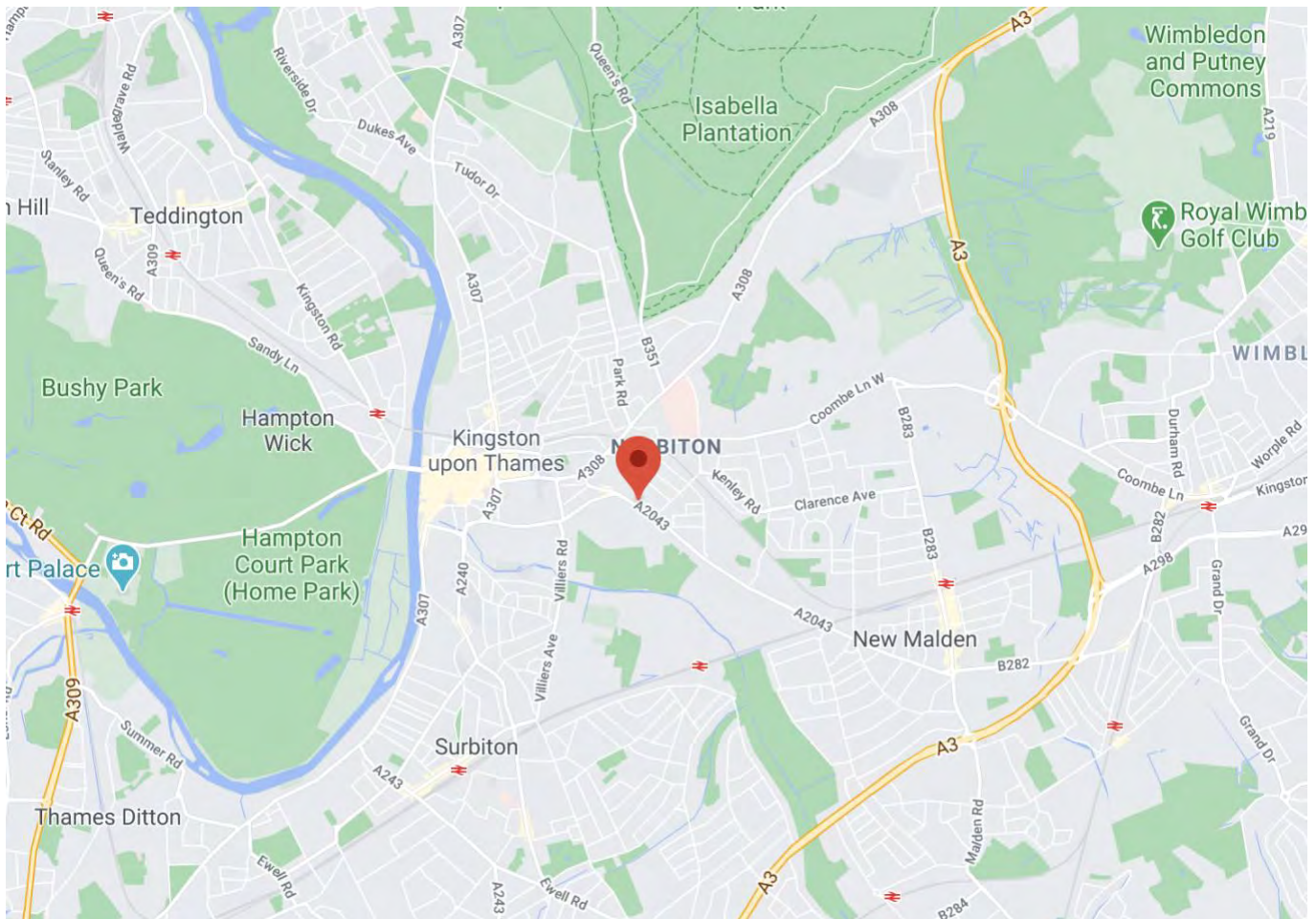
2.14 ULL Property visited the site on 15th October 2020 for an external inspection only.



3. Project Details

Location

3.1 The maps below show the site location.





- 3.2 The Cambridge Road Estate ('CRE') is located to the East of the town centre of Kingston, and is inside the administrative boundary of the Royal Borough of Kingston-Upon-Thames ('RBKT'). CRE was built as a local authority housing complex in the 1960's and 1970's, and is a mix of tower blocks, deck-access apartments, maisonettes and houses.
- 3.3 The Local Authority considers a renewal of the estate is required, and has engaged CRE's residents to decide the way forward. Following detailed consultation a ballot was held in February and March 2020, whereby residents voted in favour of complete redevelopment; on a turnout of 86%, 73% voted in favour.
- 3.4 In arriving at this conclusion, the following matters relating to the existing Estate were taken into account (taken as an extract from the application Planning Statement):

"The high-rise tower blocks have an irregular layout, are of very poor architectural quality and are typical of many post war housing estates. It is considered that the physical layout of the estate is poor with



main routes that are badly lit and not overlooked. Many of the existing roads end in cul-de-sacs, impeding safety and connectivity within the Estate and with the surrounding area.

“There are no clear east to west or north to south routes. There are many ground level alleyways, high level link walkways and block entrances to the maisonette blocks that are secluded and which therefore feel unsafe. This means the homes and public spaces in the middle of the Estate are difficult to access and this creates opportunities for anti-social behaviour and criminal activity.”

- 3.5 There are 832 dwellings on the Estate. The following tables identify the unit mix and tenures of the existing dwellings.

All existing dwellings types

Unit Type	No.
1 Bedroom 2 Person Flat	289
2 Bedroom 4 Person Flat	131
2 Bedroom 4 Person Maisonette	132
3 Bedroom 5 Person Flat	1
3 Bedroom 5 Person Maisonette	25
3 Bedroom 6 Person Maisonette	1
3 Bedroom 5 Person Duplex	125
1 Bedroom 2 Person Bungalow	5
2 Bedroom 4 Person House	29
3 Bedroom 5 Person House	82
3 Bedroom 6 Person House	7
4 Bedroom 6 Person House	1
4 Bedroom 7 Person House	3
5 Bedroom 9 Person House	1
Total	832

**All social rent (secure tenants + temporary housing)**

Unit Type	No.
1 Bedroom 2 Person Flat	253
2 Bedroom 4 Person Flat	144
2 Bedroom 4 Person Maisonette	84
3 Bedroom 5 Person Flat	1
3 Bedroom 5 Person Maisonette	31
3 Bedroom 6 Person Maisonette	1
3 Bedroom 5 Person Duplex	62
1 Bedroom 2 Person Bungalow	5
2 Bedroom 4 Person House	35
3 Bedroom 5 Person House	26
3 Bedroom 6 Person House	7
4 Bedroom 6 Person House	0
4 Bedroom 7 Person House	3
5 Bedroom 9 Person House	1
Total	653

Leaseholder accommodation

Unit Type	No.
1 Bedroom 2 Person Flat	12
2 Bedroom 4 Person Flat	11
2 Bedroom 4 Person Maisonette	23
3 Bedroom 5 Person Flat	0
3 Bedroom 5 Person Maisonette	18
3 Bedroom 6 Person Maisonette	0
3 Bedroom 5 Person Duplex	39
1 Bedroom 2 Person Bungalow	0
2 Bedroom 4 Person House	4
3 Bedroom 5 Person House	0
3 Bedroom 6 Person House	0
4 Bedroom 6 Person House	0
4 Bedroom 7 Person House	0
5 Bedroom 9 Person House	0
Total	107

**Freeholder accommodation**

Unit Type	No.
1 Bedroom 2 Person Flat	0
2 Bedroom 4 Person Flat	0
2 Bedroom 4 Person Maisonette	1
3 Bedroom 5 Person Flat	0
3 Bedroom 5 Person Maisonette	0
3 Bedroom 6 Person Maisonette	0
3 Bedroom 5 Person Duplex	0
1 Bedroom 2 Person Bungalow	0
2 Bedroom 4 Person House	14
3 Bedroom 5 Person House	56
3 Bedroom 6 Person House	0
4 Bedroom 6 Person House	1
4 Bedroom 7 Person House	0
5 Bedroom 9 Person House	0
Total	72

Unit Type	No.
1 Bedroom 2 Person Flat	10
2 Bedroom 4 Person Flat	10
2 Bedroom 4 Person Maisonette	19
3 Bedroom 5 Person Flat	0
3 Bedroom 5 Person Maisonette	15
3 Bedroom 6 Person Maisonette	0
3 Bedroom 5 Person Duplex	33
1 Bedroom 2 Person Bungalow	0
2 Bedroom 4 Person House	17
3 Bedroom 5 Person House	52
3 Bedroom 6 Person House	0
4 Bedroom 6 Person House	1
4 Bedroom 7 Person House	0
5 Bedroom 9 Person House	0
Total	157

- 3.6 A full existing accommodation schedule can be made available upon request.
- 3.7 2 further premises form part of the existing Estate; the first is Ely House, 27 dwellings owned by Clarion Housing Group. The second is the Bull & Bush Hotel.

Site location



- 3.8 The existing Site is located around 15 minutes' walk (0.7 miles) from Kingston town centre to the West, and 20 minutes from the River Thames. Kingston is an affluent town offering a wide range of high street and independent shops, restaurants, cafes and bars.

Transport

- 3.9 The site is a 10-minute walk from Norbiton Railway Station, from which trains 6 times per hour at peak time to London Waterloo, with the fastest trains taking 29 minutes. Kingston Station is a 15-minute walk and trains to Waterloo take approximately 3 minutes longer.
- 3.10 The Site's PTAL rating ranges from 4 at the northern boundary to 1 at the southern boundary.
- 3.11 The A3 trunk road, leading to London and the South coast, is an 8-minute drive from the Site.

Scheme Proposals

- 3.12 It is proposed to redevelop the Site in 5 phases over an 11-year period. The total proposed accommodation is shown in the following table:

All Tenures					
Type	Units	Sq M	Sq Ft	Av Sq M	Av Sq Ft
1 bed apt	876	45,202.12	486,567	51.60	555
2 bed apt	908	63,299.38	681,371	69.71	750
3 bed apt	247	21,795.16	234,609	88.24	950
3 bed m'ette	60	6,338.67	68,231	105.64	1,137
3 bed house	29	3,462.09	37,267	119.38	1,285
4 bed apt	3	318.49	3,428.31	106.16	1,143
4 bed m'ette	13	1,554.18	16,729.60	119.55	1,287
4 bed house	31	3,704.57	39,876.96	119.50	1,286
5 bed house	2	298.99	3,218.41	149.50	1,609
6 bed m'ette	1	157.18	1,691.93	157.18	1,692
2170					

- 3.13 It is intended the residential accommodation will be provided in the following tenures:



Social Rent					
Type	Units	Sq M	Sq Ft	Av Sq M	Av Sq Ft
1 bed apt	298	15378.71	165,540	51.61	556
2 bed apt	330	22925.96	246,781	69.47	748
3 bed apt	77	6501.5	69,984	84.44	909
3 bed m'ette	6	626.68	6,746	104.45	1,124
3 bed house	6	695.03	7,481	115.84	1,247
4 bed apt	3	318.49	3,428	106.16	1,143
4 bed m'ette	13	1554.18	16,730	119.55	1,287
4 bed house	31	3704.57	39,877	119.50	1,286
5 bed house	2	298.99	3,218	149.50	1,609
6 bed m'ette	1	157.18	1,692	157.18	1,692
767					

Intermediate					
Type	Units	Sq M	Sq Ft	Av Sq M	Av Sq Ft
1 bed apt	50	2,543.76	27,382	50.88	548
2 bed apt	81	5,809.87	62,539	71.73	772
3 bed apt	12	1,138.13	12,251	94.84	1,021
3 bed m'ette	22	2,277.22	24,513	103.51	1,114
3 bed house	9	1,041.19	11,208	115.69	1,245
174					

Private					
Type	Units	Sq M	Sq Ft	Av Sq M	Av Sq Ft
1 bed apt	528	27,279.65	293,645	51.67	556
2 bed apt	497	34,563.55	372,051	69.54	749
3 bed apt	158	14,155.53	152,374	89.59	964
4 bed apt	32	3,434.77	36,973	107.34	1,155
5 bed apt	14	1,725.87	18,578	123.28	1,327
1229					

3.14 The development will be completed in the following phases:



Phase 1

Social Rent - Phase 1					
Type	No.	Total Sq M	Total Sq Ft	Av Sq M	Av Sq Ft
1 bed apt	54	2,787.60	30,006	51.62	556
2 bed apt	43	2,986.57	32,148	69.46	748
3 bed apt	36	2,895.78	31,171	80.44	866
3 bed m'ette	4	418.47	4,505	104.62	1,126
3 bed house	0	0.00	0	0.00	0
4 bed apt	2	204.94	2,206	102.47	1,103
4 bed m'ette	4	464.42	4,999	116.11	1,250
4 bed house	4	532.04	5,727	133.01	1,432
5 bed house	2	298.99	3,218	149.50	1,609
6 bed m'ette	1	157.18	1,692	157.18	1,692
	150	10,745.99	115,673		

Intermediate - Phase 1					
Type	No.	Total Sq M	Total Sq Ft	Av Sq M	Av Sq Ft
1 bed apt	4	204.62	2,203	51.16	551
2 bed apt	7	509.60	5,485	72.80	784
3 bed apt	2	179.79	1,935	89.90	968
3 bed m'ette	2	202.95	2,185	101.48	1,092
3 bed house	0	0.00	0	0.00	0
	15	1,096.96	11,808		

Private - Phase 1					
Type	No.	Total Sq M	Total Sq Ft	Av Sq M	Av Sq Ft
1 bed apt	109	5,573.20	59,991	51.13	550
2 bed apt	135	9,175.03	98,762	67.96	732
3 bed apt	41	3,719.73	40,040	90.73	977
3 bed m'ette	2	213.91	2,303	106.96	1,151
3 bed house	0	0.00	0	0.00	0
	287	18,681.87	201,097		

Phase 2

Social Rent - Phase 2					
Type	No.	Total Sq M	Total Sq Ft	Av Sq M	Av Sq Ft
1 bed apt	27	1,389.11	14,953	51.45	554
2 bed apt	46	3,155.75	33,969	68.60	738
3 bed apt	7	604.12	6,503	86.30	929
3 bed m'ette	2	208.21	2,241	104.11	1,121
3 bed house	4	471.00	5,070	117.75	1,267
4 bed apt	0	0.00	0	0.00	0
4 bed m'ette	1	116.93	1,259	116.93	1,259
4 bed house	7	821.31	8,841	117.33	1,263
5 bed house	0	0.00	0	0.00	0
6 bed m'ette	0	0.00	0	0.00	0
	94	6,766.43	72,836		

Intermediate - Phase 2					
Type	No.	Total Sq M	Total Sq Ft	Av Sq M	Av Sq Ft
1 bed apt	0	0.00	0	0.00	0
2 bed apt	0	0.00	0	0.00	0
3 bed apt	0	0.00	0	0.00	0
3 bed m'ette	3	310.88	3,346	103.63	1,115
3 bed house	9	1,041.19	11,208	115.69	1,245
	12	1,352.07	14,554		

Private - Phase 2					
Type	No.	Total Sq M	Total Sq Ft	Av Sq M	Av Sq Ft
1 bed apt	130	6,688.30	71,995	51.45	554
2 bed apt	104	7,187.47	77,368	69.11	744
3 bed apt	36	3,089.46	33,256	85.82	924
3 bed m'ette	14	1,480.98	15,942	105.78	1,139
3 bed house	6	706.50	7,605	117.75	1,267
	290	19,152.71	206,165		

Phase 3

Social Rent - Phase 3					
Type	No.	Total Sq M	Total Sq Ft	Av Sq M	Av Sq Ft
1 bed apt	61	3,083.68	33,194	50.55	544
2 bed apt	77	5,079.43	54,676	65.97	710
3 bed apt	28	2,454.34	26,419	87.66	944
3 bed m'ette	0	0.00	0	0.00	0
3 bed house	2	224.03	2,412	112.02	1,206
4 bed apt	0	0.00	0	0.00	0
4 bed m'ette	2	263.12	2,832	131.56	1,416
4 bed house	0	0.00	0	0.00	0
5 bed house	0	0.00	0	0.00	0
6 bed m'ette	0	0.00	0	0.00	0
	170	11,104.60	119,533		

Intermediate - Phase 3					
Type	No.	Total Sq M	Total Sq Ft	Av Sq M	Av Sq Ft
1 bed apt	0	0.00	0	0.00	0
2 bed apt	0	0.00	0	0.00	0
3 bed apt	0	0.00	0	0.00	0
3 bed m'ette	0	0.00	0	0.00	0
3 bed house	0	0.00	0	0.00	0
	0	0.00	0		

Private - Phase 3					
Type	No.	Total Sq M	Total Sq Ft	Av Sq M	Av Sq Ft
1 bed apt	163	8,377.75	90,180	51.40	553
2 bed apt	164	11,549.27	124,319	70.42	758
3 bed apt	64	5,724.75	61,623	89.45	963
3 bed m'ette	8	884.94	9,526	110.62	1,191
3 bed house	0	0.00	0	0.00	0
	399	26,536.71	285,648		



Phase 4

Social Rent - Phase 4					
Type	No.	Total Sq M	Total Sq Ft	Av Sq M	Av Sq Ft
1 bed apt	75	3,836.31	41,295	51.15	551
2 bed apt	83	5,865.20	63,135	70.67	761
3 bed apt	0	0.00	0	0.00	0
3 bed m'ette	0	0.00	0	0.00	0
3 bed house	0	0.00	0	0.00	0
4 bed apt	0	0.00	0	0.00	0
4 bed m'ette	6	709.71	7,640	118.29	1,273
4 bed house	0	0.00	0	0.00	0
5 bed house	0	0.00	0	0.00	0
6 bed m'ette	0	0.00	0	0.00	0
	164	10,411.22	112,069		

Intermediate - Phase 4					
Type	No.	Total Sq M	Total Sq Ft	Av Sq M	Av Sq Ft
1 bed apt	9	459.93	4,951	51.10	550
2 bed apt	33	2,334.94	25,134	70.76	762
3 bed apt	0	0.00	0	0.00	0
3 bed m'ette	4	418.13	4,501	104.53	1,125
3 bed house	0	0.00	0	0.00	0
	46	3,213.00	34,586		

Private - Phase 4					
Type	No.	Total Sq M	Total Sq Ft	Av Sq M	Av Sq Ft
1 bed apt	84	4,384.25	47,193	52.19	562
2 bed apt	53	3,628.43	39,057	68.46	737
3 bed apt	0	0.00	0	0.00	0
3 bed m'ette	6	648.94	6,985	108.16	1,164
3 bed house	8	1,019.37	10,973	127.42	1,372
	151	9,680.99	104,209		

Phase 5

Social Rent - Phase 5					
Type	No.	Total Sq M	Total Sq Ft	Av Sq M	Av Sq Ft
1 bed apt	81	4,282.01	46,093	52.86	569
2 bed apt	81	5,839.01	62,853	72.09	776
3 bed apt	6	547.26	5,891	91.21	982
3 bed m'ette	0	0.00	0	0.00	0
3 bed house	0	0.00	0	0.00	0
4 bed apt	1	113.55	1,222	113.55	1,222
4 bed m'ette	0	0.00	0	0.00	0
4 bed house	20	2,351.22	25,309	117.56	1,265
5 bed house	0	0.00	0	0.00	0
6 bed m'ette	0	0.00	0	0.00	0
	189	13,133.05	141,368		

Intermediate - Phase 5					
Type	No.	Total Sq M	Total Sq Ft	Av Sq M	Av Sq Ft
1 bed apt	37	1,879.21	20,228	50.79	547
2 bed apt	41	2,965.33	31,920	72.33	779
3 bed apt	10	958.34	10,316	95.83	1,032
3 bed m'ette	13	1,345.26	14,481	103.48	1,114
3 bed house	0	0.00	0	0.00	0
	101	7,148.14	76,944		

Private - Phase 5					
Type	No.	Total Sq M	Total Sq Ft	Av Sq M	Av Sq Ft
1 bed apt	42	2,256.15	24,286	53.72	578
2 bed apt	41	3,023.35	32,544	73.74	794
3 bed apt	17	1,621.59	17,455	95.39	1,027
3 bed m'ette	2	206.00	2,217	103.00	1,109
3 bed house	0	0.00	0	0.00	0
	102	7,107.09	76,503		

3.15 For the Outline element of the application, the later phases will be tested against the rehousing needs of residents, to ensure these are fully accommodated. It is therefore likely there will be some amendments to the Phase 2-5 schedules.

3.16 The non-residential accommodation is identified as set out below:

Phase 1 – 19,696 sq ft NIA

Phase 3 – 13,875 sq ft NIA

3.17 The accommodation will be provided over a mix of uses, much of which will be community uses.



4. Planning Policy – Affordable Housing & Viability Methodology

- 4.1 In this section we have reviewed the policies and guidance relevant to planning obligations under the Section 106 regime.

National Planning Practice Guidance (NPPG)

- 4.2 The NPPG seeks to ensure development is both sustainable and deliverable. In its revision dated 24 July 2018 (paragraph 10), NPPG states: “In plan making and decision making viability helps to strike a balance between the aspirations of developers and landowners, and the aims of the planning system to secure maximum benefits in the public interest through the granting of planning permission.”

- 4.3 The NPPG defines the key inputs for viability assessments:

Gross Development Value - Gross development value is an assessment of the value of development. For residential development, this may be total sales and/or capitalised net rental income from developments. Grant and other external sources of funding should be considered. For commercial development broad assessment of value in line with industry practice may be necessary...For viability assessment of a specific site or development, market evidence (rather than average figures) from the actual site or from existing developments can be used. Any market evidence used should be adjusted to take into account variations in use, form, scale, location, rents and yields, disregarding outliers. Under no circumstances will the price paid for land be a relevant justification for failing to accord with relevant policies in the plan.

Costs - Assessment of costs should be based on evidence which is reflective of local market conditions. As far as possible, costs should be identified at the plan making stage. Plan makers should identify where costs are unknown and identify where further viability assessment may support a planning application. Costs include:

- a) build costs based on appropriate data, for example that of the Building Cost Information Service”; (in our opinion a site-specific elemental cost breakdown should be provided for site-specific viability assessment)
- b) “abnormal costs, including those associated with treatment for contaminated sites or listed buildings, or costs associated with brownfield, phased or complex sites. These costs should be taken into account when defining benchmark land value;
- c) site-specific infrastructure costs, which might include access roads, sustainable drainage systems, green infrastructure, connection to utilities and decentralised energy. These costs should be taken into account when defining benchmark land value;
- d) the total cost of all relevant policy requirements including contributions towards affordable housing and infrastructure, Community Infrastructure Levy charges, and any other relevant policies or standards. These costs should be taken into account when defining benchmark land value;
- e) general finance costs including those incurred through loans;
- f) professional, project management, sales, marketing and legal costs incorporating organisational overheads associated with the site. Any professional site fees should also be taken into account when defining benchmark land value;
- g) explicit reference to project contingency costs should be included in circumstances where scheme



specific assessment is deemed necessary, with a justification for contingency relative to project risk and developers return;

Land Value - To define land value for any viability assessment, a benchmark land value should be established on the basis of the existing used 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. This approach is often called 'existing use value plus' (EUV+). In order to establish benchmark land value, plan makers, landowners, developers, infrastructure and affordable housing providers should engage and provide evidence to inform this iterative and collaborative process.

Competitive Return to Developers - Potential risk is accounted for in the assumed return for developers at the plan making stage. It is the role of developers, not plan makers or decision makers, to mitigate these risks. The cost of complying with policy requirements should be accounted for in benchmark land value. Under no circumstances will the price paid for land be relevant justification for failing to accord with relevant policies in the plan. For the purpose of plan making an assumption of 15-20% of gross development value (GDV) may be considered a suitable return to developers in order to establish the viability of plan policies. Plan makers may choose to apply alternative figures where there is evidence to support this according to the type, scale and risk profile of planned development.

A lower figure may be more appropriate in consideration of delivery of affordable housing in circumstances where this guarantees an end sale at a known value and reduces risk. Alternative figures may also be appropriate for different development types.

Competitive Return to Landowners - The premium (or the 'plus' in EUV+) is the second component of benchmark land value. It is the amount above existing use value (EUV) that goes to the landowner. The premium should provide a reasonable incentive for a land owner to bring forward land for development while allowing a sufficient contribution to comply with policy requirements. Plan makers should establish a reasonable premium to the landowner for the purpose of assessing the viability of their plan. This will be an iterative process informed by professional judgement and must be based upon the best available evidence informed by cross sector collaboration. For any viability assessment, data sources to inform the establishment of the landowner premium should include market evidence and can include benchmark land values from other viability assessments. Any data used should reasonably identify any adjustments necessary to reflect the cost of policy compliance (including for affordable housing), or differences in the quality of land, site scale, market performance of different building use types and reasonable expectations of local landowners. Local authorities can request data on the price paid for land (or the price expected to be paid through an option agreement)".

The London Plan

- 4.4 *The new London Plan was published in March 2021. Policy H4 Delivering affordable housing, Policy H5 Threshold approach to applications and Policy H6 Affordable housing tenure set out the approach to affordable housing delivery in London.*
- 4.5 *Policy H4 'Delivering affordable housing' sets a strategic target for 50% of all new homes delivered across London to be 'genuinely affordable'.*



- 4.6 *The provision of affordable housing on major developments is subject to the requirements of Policy H5 'Threshold approach to applications'. The threshold approach was first introduced in the Mayor's Affordable Housing and Viability SPG, published in August 2017.*
- 4.7 *A minimum of 35% of gross residential development (50% for public sector land and industrial sites – Policy E7) provided as affordable housing is the threshold for achieving the Fast Track approach. Developers may follow a Fast Track Route under the threshold approach, subject to meeting specific criteria including meeting (or exceeding) the relevant affordable housing threshold requirement and tenure split detailed in Policy H6 'Affordable housing tenure'.*

Better Homes for Local People – The Mayor's Good Practice Guide to Estate Regeneration

- 4.8 In February 2018 the Mayor of London published 'Better Homes for Local People - The Mayor's Good Practice Guide to Estate Regeneration'. This Guide relates to a wide range of topics and advice connected with estate renewal, and we have taken into consideration the elements relating to physical development, viability and planning, as follows:
- 4.9 The Mayor supports the principle of mandatory ballots where demolition is involved. CRE has been the subject of a ballot in March 2020, when residents voted in favour of demolition and redevelopment of the Estate.
- 4.10 Any proposals should include the right for social housing tenants to return or remain, and a fair deal for leaseholders and freeholders. The level of affordable housing, particularly social rented housing, should be maintained or increased. Social rented housing should be replaced with homes on a like for like basis – the same housing or better at the same rent levels. To test whether the maximum viable amount of affordable housing is provided, all estate regeneration schemes are required to follow a Viability tested Route to planning permission.
- 4.11 The overarching objectives for any estate regeneration scheme will usually be to:
- deliver safe and better quality homes for local people;
 - increase the overall supply of new and affordable homes; and
 - improve the quality of the local environment through a better public realm and provision of social infrastructure (e.g. schools, parks, or community centres).
- 4.12 Households who are currently overcrowded should be offered new homes large enough for their needs. Households who currently under-occupy should be offered homes no larger than one bedroom larger than their household need.
- 4.13 Landlords should seek to offer the maximum home loss compensation permitted by legislation to tenants who meet the statutory criteria and who are displaced from their homes due to estate regeneration.
- 4.14 Landlords should pay for the 'disturbance costs' of moving home. This means paying the reasonable costs of moving, such as removal costs, telephone and utility connection costs (including installation of appliances), and the provision of new carpets and curtains. Tenants who must move more than once should receive home loss payments for each move.



- 4.15 Freeholders and leaseholders should be treated fairly, with full market value offered for their home plus home loss payments where appropriate; alternatively CPO powers may have to be invoked. Positive consideration should be given to enabling resident leaseholders and freeholders to combine market value and home loss payments towards the purchase of a new home.

RB Kingston Planning Policy

- 4.16 Policy CS10 highlights the Council's aim to maximise the delivery of new homes in the Borough and in particular to maximise the amount of affordable housing that is provided as part of development proposals. Policy DM15 confirms that the delivery of affordable housing is a key priority for the Council and provides further detail on the Council's aim to deliver "at least" 2,000 new affordable housing units over the period 2012/13 to 2026/27 (an average of at least 143 affordable homes per year). Part (c) of policy DM15 sets out the Council's expectations for the delivery of affordable housing, notably:-
- to provide the maximum reasonable amount of affordable housing, subject to viability considerations;
 - on sites of 10 or more units, the Council requires 50% of units to be provided as affordable housing, with any proposals departing from this requirement to justify lower levels of provision through the submission of a financial appraisal;
 - within the affordable housing element, the Council seeks a 70:30 tenure split between Social/Affordable Rent and Intermediate provision;
 - the expectation is that affordable housing will be provided on application sites and only in exceptional circumstances will the Council consider provision on alternative sites or by way of financial contribution in lieu of on-site provision.
- 4.17 The forgoing policies demonstrate that the Council has policy targets for affordable housing provision, and that these targets are not intended to restrain development, based on the outcome of economic viability testing.
- 4.18 It is therefore clear from national, regional and local policy that while targets have been set for the provision of affordable housing, there is a policy basis for contributions to be viable. In compliance with policy, the level of contribution can be reduced or waived to ensure that development remains viable; however the Council adopts testing of viability to identify land value increases arising from the grant of planning permission, to meet affordable housing and other objectives.

Viability Methodology

- 4.19 The purpose of this report is to provide an independent assessment of the viability of proposed development, and in so doing to assess the level of obligations which can be provided to the local planning authority, while sustaining an appropriate land value to the landowner and profit to the developer. Assessing the viability of a proposed development usually involves comparing the residual land value of the site, based on the proposed scheme, with an appropriate benchmark.
- 4.20 A viable development will support a residual land value at a level sufficiently above the site's Existing Use Value (EUV) or Alternative Use Value (AUV), to support a land acquisition price acceptable to the landowner. As such, where a development proposal generates a residual value which is higher than the appropriate benchmark value, it is deemed financially viable and therefore likely to proceed. Conversely, if the residual value is lower than the benchmark, it is considered to be economically unviable and consequently unlikely to progress.



4.21 A - B = Residual Land Value, based on inputs from the attached table:

A: Revenue	B: Costs
Residential Gross Development Value	Construction Costs
Affordable Housing Investment Value	Planning and Development Fees
Commercial Property Investment Value	Planning Contributions
	Resident compensation payments
	Marketing Costs
	Land Purchase Costs
	Finance Costs
	Developer's Return

- 4.22 It need not be the land value that is the target residual. A fixed land price can be input as a cost, and a residual developer profit assessed.
- 4.23 An explanation for all the appraisal inputs is provided at Section 5 (Income Analysis) and 6 (Cost Assumptions).
- 4.24 The next task is to arrive at an appropriate benchmark land value to derive the fixed land cost; this is assessed further at Section 7.
- 4.25 The purpose of our analysis has been to understand the development economics of the site and to show the results of our analysis. This incorporates appraisal of all costs and values, finance inputs and Section 106 contributions.
- 4.26 The assumptions made in the development appraisal are a reflection of the development's overall economics. Our assumptions are in some cases inter-related such that a change in one assumption can have an impact on other assumptions.
- 4.27 Appendix 1 shows the financial appraisal incorporating the costs and values of the project. We have used Argus Developer appraisal software, a standard appraisal tool used across the property industry, and recognised by local authorities in viability analysis. The model is set up as a Residual Land Value appraisal, making fixed assumptions about costs, revenues and profit.



5. Income Analysis

5.1 The revenue for the scheme is derived from the following areas:

- Private residential sales
- Affordable housing investment
- Investment sales of commercial floor space

We have assessed the market level of pricing for each element as follows:

Private residential sales

5.2 The challenge in assessing residential values in the case of estate renewal projects is identifying the 'regeneration factor' brought by large scale change in the local environment. Viability analysis is generally carried out by identifying revenues and costs at today's values; however, an element of forecasting is clearly required in a place-making development of 2000+ new homes. The alternative would be to re-evaluate the viability on a phased basis, which is undesirable from an investment point of view.

Current sales close to the Site

5.3 There are apartments for sale in the vicinity of the Site, and these must be a starting point for identifying local pricing. A 2-bedroom apartment on the corner of Gloucester Road and Cambridge Road is for sale for an asking price of £285,000. It is a first floor unit with 2 bathrooms and a balcony, and appears to be around 10-15 years old; there is allocated covered car parking. The apartment measures 659 sq ft, so the price equates to £432/sq ft.

5.4 On the corner of Hawks Road and Cambridge Road a 2-bedroom apartment is for sale at a price of £345,000; the property measures 602 sq ft, equating to £573/sq ft. There are 2 bathrooms and allocated car parking.

5.5 A 3-bedroom terraced house measuring 1,066 sq ft is for sale in Burritt Road, at an asking price of £450,000 (£422/sq ft). The property is on the Cambridge Road Estate, has a garage and has been refurbished internally.

5.6 Also on the Estate, a 3-bedroom house at Willingham Way is for sale for £335,000. Measuring 1,073 sq ft this equates to £312/sq ft.

Recent sales in the local area

5.7 Notwithstanding the above, only a short distance from the Estate prices begin to increase significantly. At 43 Chatham Road, a 3-bedroom terraced house measuring 1,220 sq ft sold in June this year for £730,000, equating to £598/sq ft.

5.8 In January 2020 a 1-bedroom flat at Remenham Court, Carlisle Close sold for £330,000, equating to £628/sq ft.



New developments for sale

5.9 The following developments are currently for sale within a reasonable distance of the Site.

Villiers Point (Dairy Crest Depot)

5.10 This development of 49 homes by Cogress Real Estate is currently for sale at asking prices ranging from £656 - £755/sq ft. The development ranges from 1-bedroom apartments to 4-bedroom houses. Villiers Road is a pleasant suburban road.

The Harriers, Beaufort Road

5.11 James Taylor Homes is developing 89 new homes, being 19 houses and 80 apartments. The asking prices range from £535/sq ft to £788/sq ft, averaging of £699 sq ft. The site fronts both Beaufort Road and Fassett Road, each of which is an established suburban residential road.

Royal Exchange (Old Post Office)

5.12 This site is being developed by St George, and is located at Ashdown Road, Brook Street and Eden Street. The consented scheme is for 320 apartments, of which 267 are private. The development rises to 16 storeys, plus flexible commercial uses.

5.13 This site is close to Kingston town centre and will provide views of the River and beyond to Hampton Court Park, all of which is reflected in average pricing of £891/sq ft.

One New Malden, 1 Blagdon Road

5.14 In the opposite direction, away from Kingston town centre, Vision Homes' development in New Malden comprises 93 apartments, part of which are new build and part conversion. Asking prices average £632/sq ft.

Residential pricing conclusions

5.15 As stated above, assessing sales pricing for an estate renewal scheme is a matter of judgement, taking into account current sales pricing at the location itself, as well as wholly different prices achieved in established private residential locations away from the Site.

5.16 The LLP has made the following pricing assumptions: *(see also 5.18 below)*



Phase 1 - Private Sales						
Type	Sq Ft	Price	No.	Total Sq Ft	Total Price	£/Sq Ft
1 bed apt	544	£395,000	19	10,336	£7,505,000	£726.10
1 bed apt	567	£395,000	27	15,309	£10,665,000	£696.65
1 bed apt	543	£395,000	4	2,172	£1,580,000	£727.44
1 bed apt	549	£395,000	19	10,431	£7,505,000	£719.49
1 bed apt	547	£395,000	33	18,051	£13,035,000	£722.12
2 bed apt	673	£470,000	22	14,806	£10,340,000	£698.37
2 bed apt	677	£470,000	2	1,354	£940,000	£694.24
2 bed apt	714	£470,000	65	46,410	£30,550,000	£658.26
2 bed apt	779	£525,000	10	7,790	£5,250,000	£673.94
2 bed apt	777	£525,000	16	12,432	£8,400,000	£675.68
2 bed apt	805	£525,000	7	5,635	£3,675,000	£652.17
2 bed apt	792	£525,000	15	11,880	£7,875,000	£662.88
3 bed apt	954	£600,000	22	20,988	£13,200,000	£628.93
3 bed apt	937	£600,000	7	6,559	£4,200,000	£640.34
3 bed apt	1,136	£665,000	2	2,272	£1,330,000	£585.39
3 bed apt	1,151	£670,000	2	2,302	£1,340,000	£582.10
			272	188,727	£127,390,000	£675.00

Phase 2 - Private Sales						
Type	Sq Ft	Price	No.	Total Sq Ft	Total Price	£/sq Ft
1 bed apt	549	£394,293	29	15,921	£11,434,497	£718
1 bed apt	545	£394,293	26	14,170	£10,251,618	£723
1 bed apt	547	£394,293	31	16,957	£12,223,083	£721
1 bed apt	543	£394,293	19	10,317	£7,491,567	£726
1 bed apt	562	£394,293	25	14,050	£9,857,325	£702
2 bed apt	694	£497,475	12	8,328	£5,969,700	£717
2 bed apt	703	£497,475	10	7,030	£4,974,750	£708
2 bed apt	690	£497,475	10	6,900	£4,974,750	£721
2 bed apt	674	£497,475	16	10,784	£7,959,600	£738
2 bed apt	783	£539,082	3	2,349	£1,617,246	£688
2 bed apt	801	£539,082	15	12,015	£8,086,230	£673
2 bed apt	803	£539,082	9	7,227	£4,851,738	£671
2 bed apt	784	£539,082	17	13,328	£9,164,394	£688
2 bed apt	827	£539,082	11	9,097	£5,929,902	£652
3 bed apt	926	£611,426	7	6,482	£4,279,982	£660
3 bed apt	992	£611,426	12	11,904	£7,337,112	£616
3 bed apt	931	£611,426	7	6,517	£4,279,982	£657
3 bed apt	960	£611,426	9	8,640	£5,502,834	£637
3 bed apt	1,167	£660,078	2	2,334	£1,320,156	£566
3 bed apt	1,106	£660,078	4	4,424	£2,640,312	£597
3 bed apt	1,131	£660,078	3	3,393	£1,980,234	£584
3 bed apt	1,139	£660,078	3	3,417	£1,980,234	£580
3 bed house	1,267	£831,352	6	7,602	£4,988,112	£656
3 bed house	1,140	£709,299	3	3,420	£2,127,897	£622
			289	206,606	£141,223,255	£684



Phase 3 - Private Sales						
Type	Sq Ft	Price	No.	Total Sq Ft	Total Price	£/sq Ft
1 bed apt	544	£408,047	63	34,272	£25,706,961	£750
1 bed apt	545	£408,047	56	30,520	£22,850,632	£749
1 bed apt	570	£408,047	42	23,940	£17,137,974	£716
2 bed apt	662	£516,724	24	15,888	£12,401,376	£781
2 bed apt	670	£516,724	2	1,340	£1,033,448	£771
2 bed apt	683	£516,724	8	5,464	£4,133,792	£757
2 bed apt	678	£516,724	8	5,424	£4,133,792	£762
2 bed apt	780	£554,785	17	13,260	£9,431,345	£711
2 bed apt	786	£554,785	38	29,868	£21,081,830	£706
2 bed apt	779	£554,785	29	22,591	£16,088,765	£712
2 bed apt	798	£554,785	36	28,728	£19,972,260	£695
3 bed apt	954	£628,886	13	12,402	£8,175,518	£659
3 bed apt	1,027	£628,886	1	1,027	£628,886	£612
3 bed apt	939	£628,886	27	25,353	£16,979,922	£670
3 bed apt	948	£628,886	1	948	£628,886	£663
3 bed apt	1,027	£660,078	9	9,243	£5,940,702	£643
3 bed apt	1,057	£660,078	6	6,342	£3,960,468	£624
3 bed apt	1,063	£660,078	6	6,378	£3,960,468	£621
3 bed m'ette	1,281	£753,759	4	5,124	£3,015,036	£588
3 bed house	1,163	£767,203	4	4,652	£3,068,812	£660
			394	282,764	£200,330,873	£708

Phase 4 - Private Sales						
Type	Sq Ft	Price	No.	Total Sq Ft	Total Price	£/Sq Ft
1 bed apt	568	£418,488	37	21,016	£15,484,056	£737
1 bed apt	551	£418,488	47	25,897	£19,668,936	£760
2 bed apt	683	£526,906	17	11,611	£8,957,402	£771
2 bed apt	757	£570,409	15	11,355	£8,556,135	£754
2 bed apt	768	£570,409	22	16,896	£12,548,998	£743
3 bed m'ette	1,103	£709,299	1	1,103	£709,299	£643
3 bed m'ette	1,136	£709,299	3	3,408	£2,127,897	£624
3 bed m'ette	1,237	£709,299	2	2,474	£1,418,598	£573
3 bed m'ette	1,236	£709,299	2	2,472	£1,418,598	£574
3 bed house	1,416	£740,790	6	8,496	£4,444,740	£523
			152	104,728	£75,334,659	£719

Phase 5 - Private Sales						
Type	Sq Ft	Price	No.	Total Sq Ft	Total Price	£/Sq Ft
1 bed apt	547	£428,323	34	18,598	£14,562,982	£783.04
1 bed apt	570	£428,323	13	7,410	£5,568,199	£751.44
1 bed apt	589	£428,323	14	8,246	£5,996,522	£727.20
1 bed apt	565	£428,323	20	11,300	£8,566,460	£758.09
2 bed apt	660	£539,589	1	660	£539,589	£817.56
2 bed apt	781	£584,006	39	30,459	£22,776,234	£747.77
2 bed apt	782	£584,006	13	10,166	£7,592,078	£746.81
2 bed apt	794	£584,006	4	3,176	£2,336,024	£735.52
2 bed apt	793	£584,006	28	22,204	£16,352,168	£736.45
3 bed apt	1,031	£723,066	23	23,713	£16,630,518	£701.32
3 bed apt	1,193	£723,066	3	3,579	£2,169,198	£606.09
3 bed apt	1,085	£723,066	2	2,170	£1,446,132	£666.42
3 bed m'ette	1,109	£767,203	2	2,218	£1,534,406	£691.80
			196	143,899	£106,070,510	£737.12



5.17 We consider the above pricing broadly reflects the nature of the proposed development and the location of the Site. Whilst the pricing reflects a regeneration factor emerging over time, we do consider the LLP is taking an optimistic view in relation to Phase 1; the pre-existing Estate will still be present and the regeneration factor will be some way ahead.

5.18 *While the Net Sales Area for each phase of private sales units has changed, the mix of accommodation (i.e. the proportions of 1-bedroom, 2-bedroom and 3 bedroom dwellings) has not altered significantly from the foregoing tables of pricing. Therefore we have applied the same £/sq ft rate to each phase of private sales. The Net Sales Areas for each Phase are as shown at 3.14 above, and in the appraisal at Appendix 1.*

Affordable housing

5.19 The redevelopment of CRE will provide 767 Social Rented homes and *174 Intermediate homes, representing 43.36%* affordable housing measured by units. Measured by habitable rooms, the affordable housing equates to *45%*.

Social Rented Homes

5.20 The following tables show our calculation of the capital pricing of the Social Rented homes, on a phased basis:

RBKT Social Rent - Phase 1									
Unit type	Sq Ft	Weekly Rent	M & M	Major repairs	Voids & bad debts	Net yield	Price per unit	No. of units	Total price
1 bed apt	556	£92.02	£900	£400	4.00%	4.25%	£77,480	54	£4,183,923
2 bed apt	748	£101.58	£900	£550	4.00%	4.25%	£85,178	43	£3,662,650
3 bed apt	866	£113.18	£900	£650	4.00%	4.25%	£96,448	36	£3,472,128
3 bed m'ette	1,126	£113.18	£900	£650	4.00%	4.25%	£96,448	4	£385,792
3 bed house	0	£134.52	£900	£650	4.00%	4.25%	£121,510	0	£0
4 bed apt	1,103	£126.67	£900	£750	4.00%	4.25%	£109,938	2	£219,875
4 bed m'ette	1,250	£126.67	£900	£750	4.00%	4.25%	£109,938	4	£439,751
4 bed house	1,432	£148.01	£900	£750	4.00%	4.25%	£134,999	4	£539,998
5 bed house	1,609	£155.86	£900	£750	4.00%	4.25%	£144,218	2	£288,437
6 bed m'ette	1,692	£187.94	£900	£750	4.00%	4.25%	£181,893	1	£181,893
								150	£13,374,447

RBKT Social Rent - Phase 2									
Unit type	Sq Ft	Weekly Rent	M & M	Major repairs	Voids & bad debts	Net yield	Price per unit	No. of units	Total price
1 bed apt	554	£92.02	£900	£400	4.00%	4.25%	£77,480	27	£2,091,961
2 bed apt	738	£101.58	£900	£550	4.00%	4.25%	£85,178	46	£3,918,184
3 bed apt	929	£113.18	£900	£650	4.00%	4.25%	£96,448	7	£675,136
3 bed m'ette	1,121	£113.18	£900	£650	4.00%	4.25%	£96,448	2	£192,896
3 bed house	1,267	£134.52	£900	£650	4.00%	4.25%	£121,510	4	£486,039
4 bed apt	0	£126.67	£900	£750	4.00%	4.25%	£109,938	0	£0
4 bed m'ette	1,259	£126.67	£900	£750	4.00%	4.25%	£109,938	1	£109,938
4 bed house	1,263	£148.01	£900	£750	4.00%	4.25%	£134,999	7	£944,996
5 bed house	0	£155.86	£900	£750	4.00%	4.25%	£144,218	0	£0
6 bed m'ette	0	£187.94	£900	£750	4.00%	4.25%	£181,893	0	£0
								94	£8,419,150



RBKT Social Rent - Phase 3									
Unit type	Sq Ft	Weekly Rent	M & M	Major repairs	Voids & bad debts	Net yield	Price per unit	No. of units	Total price
1 bed apt	544	£92.02	£900	£400	4.00%	4.25%	£77,480	61	£4,726,283
2 bed apt	710	£101.58	£900	£550	4.00%	4.25%	£85,178	77	£6,558,699
3 bed apt	944	£113.18	£900	£650	4.00%	4.25%	£96,448	28	£2,700,544
3 bed m'ette	0	£113.18	£900	£650	4.00%	4.25%	£96,448	0	£0
3 bed house	1,206	£134.52	£900	£650	4.00%	4.25%	£121,510	2	£243,019
4 bed apt	0	£126.67	£900	£750	4.00%	4.25%	£109,938	0	£0
4 bed m'ette	1,416	£126.67	£900	£750	4.00%	4.25%	£109,938	2	£219,875
4 bed house	0	£148.01	£900	£750	4.00%	4.25%	£134,999	0	£0
5 bed house	0	£155.86	£900	£750	4.00%	4.25%	£144,218	0	£0
6 bed m'ette	0	£187.94	£900	£750	4.00%	4.25%	£181,893	0	£0
								170	£14,448,421

RBKT Social Rent - Phase 4									
Unit type	Sq Ft	Weekly Rent	M & M	Major repairs	Voids & bad debts	Net yield	Price per unit	No. of units	Total price
1 bed apt	551	£92.02	£900	£400	4.00%	4.25%	£77,480	75	£5,811,004
2 bed apt	761	£101.58	£900	£550	4.00%	4.25%	£85,178	83	£7,069,766
3 bed apt	0	£113.18	£900	£650	4.00%	4.25%	£96,448	0	£0
3 bed m'ette	0	£113.18	£900	£650	4.00%	4.25%	£96,448	0	£0
3 bed house	0	£134.52	£900	£650	4.00%	4.25%	£121,510	0	£0
4 bed apt	0	£126.67	£900	£750	4.00%	4.25%	£109,938	0	£0
4 bed m'ette	1,273	£126.67	£900	£750	4.00%	4.25%	£109,938	6	£659,626
4 bed house	0	£148.01	£900	£750	4.00%	4.25%	£134,999	0	£0
5 bed house	0	£155.86	£900	£750	4.00%	4.25%	£144,218	0	£0
6 bed m'ette	0	£187.94	£900	£750	4.00%	4.25%	£181,893	0	£0
								164	£13,540,396

RBKT Social Rent - Phase 5									
Unit type	Sq Ft	Weekly Rent	M & M	Major repairs	Voids & bad debts	Net yield	Price per unit	No. of units	Total price
1 bed apt	568	£92.02	£900	£400	4.00%	4.25%	£77,480	81	£6,275,884
2 bed apt	776	£101.58	£900	£550	4.00%	4.25%	£85,178	81	£6,899,410
3 bed apt	982	£113.18	£900	£650	4.00%	4.25%	£96,448	6	£578,688
3 bed m'ette	0	£113.18	£900	£650	4.00%	4.25%	£96,448	0	£0
3 bed house	0	£134.52	£900	£650	4.00%	4.25%	£121,510	0	£0
4 bed apt	1,222	£126.67	£900	£750	4.00%	4.25%	£109,938	1	£109,938
4 bed m'ette	0	£126.67	£900	£750	4.00%	4.25%	£109,938	0	£0
4 bed house	1,265	£148.01	£900	£750	4.00%	4.25%	£134,999	20	£2,699,988
5 bed house	0	£155.86	£900	£750	4.00%	4.25%	£144,218	0	£0
6 bed m'ette	0	£187.94	£900	£750	4.00%	4.25%	£181,893	0	£0
								189	£16,563,909

5.21 The Social rent price equates to **£118.15** per sq ft and **£86,501** per unit.

5.22 Grant has been obtained in the form of Housing Zone Grant and Building Council Homes Grant, and is to be applied to the Social Rented units in the following sums:

Phase 1 – £15,000,000

Phase 2 - £4,700,000

Phase 3 - £8,500,000

Phase 4 - £13,100,000



Phase 5 - £18,900,000

5.23 Our opinion of the Social Rent price in the market is therefore as follows:

Phase 1 - £13,374,000 + £15,000,000 = £28,374,000

Phase 2 - £8,419,000 + £4,700,000 = £13,119,000

Phase 3 - £14,448,000 + £8,500,000 = £22,298,000

Phase 4 - ~~£13,540,000~~ + £13,100,000 = ~~£26,640,000~~

Phase 5 - £16,564,000 + £18,900,000 = £35,464,000

Total = ~~£125,895,000~~

5.24 The price being paid by the Council to the LLP is £130,621,000, *and this is the figure reflected in the appraisal as Appendix 1*. With Grant being £60,200,000, the Council will need to raise a loan of £70,421,000 in relation to the Social Rented homes.

Intermediate homes

5.25 174 Intermediate affordable homes are being provided. These homes will be provided for existing leaseholders/freeholders on the Site who choose to remain/return to the new estate; for current tenants who may wish to, and are eligible for, an Intermediate home; and for new residents who are eligible for an Intermediate home.

5.26 The Council has not yet determined the tenure of all the Intermediate dwellings, although there is a commitment to provide shared equity/shared ownership homes for existing leaseholders/freeholders. It is possible the Intermediate homes will be a mixture of shared ownership, shared equity and intermediate rented homes. It is therefore essential the Section 106 Agreement incorporates flexibility in this regard.

5.27 For the purposes of viability assessment we have assumed the most valuable and most common form of intermediate tenure, being shared ownership. We have priced the intermediate dwellings as follows:

Intermediate - Phase 1										
Unit type	Sq Ft	Average Market value	Share sold	Rent on unsold equity	Annual Rent	Net yield	Price per unit	Price per sq ft	No. of units	Total price
1 bed apt	551	£330,600	25%	2.50%	£6,199	5.00%	£206,625	£375	4	£826,500
2 bed apt	784	£470,400	25%	2.50%	£8,820	5.00%	£294,000	£375	7	£2,058,000
3 bed apt	968	£580,800	25%	2.50%	£10,890	5.00%	£363,000	£375	2	£726,000
3 bed m'ette	1,092	£655,382	25%	2.50%	£12,288	5.00%	£409,614	£375	2	£819,228
3 bed house	0	£0	0%	0.00%	£0	0.00%	£0	£0	0	£0
									15	£4,429,728

Intermediate - Phase 2										
Unit type	Sq Ft	Average Market value	Share sold	Rent on unsold equity	Annual Rent	Net yield	Price per unit	Price per sq ft	No. of units	Total price
1 bed apt	0	£0	0%	0.00%	£0	0.00%	£0	£0	0	£0
2 bed apt	0	£0	0%	0.00%	£0	0.00%	£0	£0	0	£0
3 bed apt	0	£0	0%	0.00%	£0	0.00%	£0	£0	0	£0
3 bed m'ette	1,115	£680,150	25%	2.50%	£12,753	5.00%	£425,094	£381	3	£1,275,281
3 bed house	1,245	£759,450	25%	2.50%	£14,240	5.00%	£474,656	£381	9	£4,271,906
									12	£5,547,188



Intermediate - Phase 4										
Unit type	Sq Ft	Average Market value	Share sold	Rent on unsold equity	Annual Rent	Net yield	Price per unit	Price per sq ft	No. of units	Total price
1 bed apt	550	£354,808	25%	2.50%	£6,653	5.00%	£221,755	£403	9	£1,995,794
2 bed apt	762	£491,490	25%	2.50%	£9,215	5.00%	£307,181	£403	33	£10,136,981
3 bed apt	0	£0	0%	0.00%	£0	0.00%	£0	£0	0	£0
3 bed m'ette	1,125	£725,764	25%	2.50%	£13,608	5.00%	£453,602	£403	4	£1,814,410
3 bed house	0	£0	0%	0.00%	£0	0.00%	£0	£0	0	£0
									46	£13,947,185

Intermediate - Phase 5										
Unit type	Sq Ft	Average Market value	Share sold	Rent on unsold equity	Annual Rent	Net yield	Price per unit	Price per sq ft	No. of units	Total price
1 bed apt	547	£362,661	25%	2.50%	£6,800	5.00%	£226,663	£414	37	£8,386,536
2 bed apt	779	£516,477	25%	2.50%	£9,684	5.00%	£322,798	£414	41	£13,234,723
3 bed apt	1,032	£684,216	25%	2.50%	£12,829	5.00%	£427,635	£414	10	£4,276,350
3 bed m'ette	1,114	£738,517	25%	2.50%	£13,847	5.00%	£461,573	£414	13	£6,000,453
3 bed house	0	£0	0%	0.00%	£0	0.00%	£0	£0	0	£0
									101	£31,898,062

5.28 Grant has been obtained in the form of Housing Zone Grant and Building Council Homes Grant in the total sum of £4,494,000. This has been applied on a unit pro rata basis as follows:

Phase 1 – £387,000

Phase 2 - £310,000

Phase 3 – No Shared Equity in this Phase

Phase 4 - £1,188,000

Phase 5 - £2,609,000

5.29 Our opinion of *the Intermediate homes* price in the market is therefore as follows:

Phase 1 - £4,430,000 + £387,000 = £4,817,000

Phase 2 - £5,547,000 + £310,000 = £5,857,000

Phase 3 – No Intermediate housing in this Phase

Phase 4 - £13,947,000 + £1,188,000 = £15,135,000

Phase 5 - £31,898,000 + £2,609,000 = £34,507,000

Total = £34,582,000

Commercial revenue

5.30 The propose scheme includes the following commercial floor areas:

Phase 1 – 19,696 sq ft

Phase 3 – 13,875 sq ft

The uses for which permission is sought include community uses (approx. 40%), office and retail uses. We have assumed the office space will be used by small businesses and individuals who live on or near the new development.



A review of rents for premises in the range 1,000 – 10,000 sq ft where leases have been signed in the past 2 years indicate rents in the region of £20/sq ft.

A ground floor retail unit at 23-25 Cambridge Road let in September 2019 for a rent of £20,000pa. The property measures 1,063 sq ft, equating to £18.81/sq ft.

At 46 Fairfield South, 1,097 sq ft of basement and ground floor space let for £20,000 in October 2019; this equates to £18.23/sq ft.

A significant proportion of the proposed space at the new development will be community uses, and as such we consider a rent of £15/sq ft blended across the space to be a reasonable assumption at this time.

We have applied an all risks yield of 7% in view of the nature of businesses likely to occupy these premises.



6. Cost Assumptions

Construction Costs

- 6.1 In determining the construction costs for the proposed scheme, we have been advised of the Scheme Cost Estimate in the sum of £485,572,000. This can be made available if required.
- 6.2 *Since our December report construction costs have been agreed with Council's viability adviser in the sum of £483,528,954 and these are now shown in the appraisal at Appendix 1.*

Other Costs

- 6.3 Within the Argus Developer model at Appendix 1 we have made the following cost assumptions:

Item	Value	Elements
Land		
Stamp Duty	UK SDLT Rates	Residual Land Value
Agents Fee and Legal Costs	0.5%	Residual Land Value
Construction Costs		
Professional Fees	8.0%	Build Cost Sum
Lettings and Disposal Costs		
Marketing	1%	Commercial Rent
Letting Agent Fee	10%	Commercial Rent
Letting Legal Fee	5%	Commercial Rent
Purchaser's Costs	6.8%	Commercial GDV
Legal Fees (Commercial Disposal)	0.25%	Commercial GDV
Agent Fees (Commercial Disposal)	1.0%	Commercial GDV
Legal Fees (Residential Disposal)	£750/unit	Residential GDV
Agent fees (Residential Disposal)	1.25%	Residential GDV
CIL & S.106 Costs		
CIL and S106 costs have been advised by the Planning Consultant and reflect current charging levels for the Mayor of London and RB Kingston		
Council costs		
The Council has incurred site-specific costs, principally staff costs, in preparing the way for the development proposal over a number of years, and will continue to do so over the development period. <i>As requested by Carter Jonas these costs have been removed from the appraisal and are deemed to be included within the Professional Fees allowance. This position is conceded to progress the viability discussions.</i>		
Finance Costs		
The finance rate is assumed to be 5.5%. This reflects the average cost of capital to include debt interest (senior and mezzanine), and arrangement, exit and valuation fees. It also reflects the scale of the development and the nature of the development partners.		
Developer margin		
Profit has been assumed at 17.5% for the private residential, 15% for the commercial and 6% for the affordable GDV. The project drives an IRR of 15.21%.		



Leaseholder and freeholder buy-back costs

- 6.4 There are 179 leaseholders and freeholders. 22 have already been acquired by the Council as part of the land assembly, which leaves 157 as identified at paragraph 3.5 above.
- 6.5 The Council's adviser in relation to the land assembly is BNP Paribas, who estimate the freeholder and leaseholder buy-backs will cost £73m. In addition, Clarion Housing owns 27 dwellings on the Estate (Ely Court) which the Council is negotiating to acquire, and a hotel called the Bull and Bush is also being purchased. The table below provides a summary of land assembly costs.

Land Assembly Costs				
Phase	No. of Dwellings	Estimated Costs	Item	Other costs
1	26	£9,893,368	Ely Court	£5,210,000
2	38	£14,302,738	Bull & Bush	£2,500,000
3	36	£11,874,709		
4	48	£20,697,036		
5	31	£15,985,331		
	179	£72,753,182		£7,710,000

- 6.6 *Carter Jonas, acting for the Council, considered the total Land Assembly Costs figure should be reduced from £80,463,182 (as above) to £77,488,974. This position has been accepted and is reflected in the appraisal at Appendix 1.*



7. Benchmark Land Value

- 7.1 As explained at Section 4 above, viability is typically tested by comparing the residual land value of the proposed scheme with a Benchmark Land Value ('BLV'). The benchmark can be derived following an assessment of the value of the site in its Existing Use ('EUV') or a reasonable Alternative Use Value (AUV).
- 7.2 Occasionally a residual profit appraisal is produced, using the Benchmark Land Value as a Fixed Land Cost.
- 7.3 In this context it is usually appropriate to apply a landowner premium to the EUV, often expressed as a percentage of the EUV, which reflects the value foregone by the landowner. It is also based on the principle that the landowner requires an incentive over and above the EUV to bring the land forward for development.

Existing Site

- 7.4 A schedule of the accommodation currently on site has been provided at paragraph 3.5 above. In summary there are 653 homes owned by the Council as shown in the following table:

Existing dwellings owned by the Council

Unit Type	No.
1 Bedroom 2 Person Flat	253
2 Bedroom 4 Person Flat	144
2 Bedroom 4 Person Maisonette	84
3 Bedroom 5 Person Flat	1
3 Bedroom 5 Person Maisonette	31
3 Bedroom 6 Person Maisonette	1
3 Bedroom 5 Person Duplex	62
1 Bedroom 2 Person Bungalow	5
2 Bedroom 4 Person House	35
3 Bedroom 5 Person House	26
3 Bedroom 6 Person House	7
4 Bedroom 6 Person House	0
4 Bedroom 7 Person House	3
5 Bedroom 9 Person House	1
Total	653

- 7.5 A number of options were presented to Councillors in relation to the Estate and redevelopment was the preferred option. While we have not carried out a detailed survey of the estate, it is reasonable to assume the buildings suffer from many of the physical defects common in 1960's system-built Council estates. For this reason we have assumed the buildings would have a limited remaining life. That said, it is apparent the buildings' physical condition is not the principle reason for the decision to redevelop the Estate.



7.6 Of the Council-owned dwellings we have modelled the existing apartments using a Discounted Cash Flow, based on the current rents charged; the annual rent is £2,988,896. We have applied the following assumptions:

15-year life

30% Operating Expenditure, to account for higher than average maintenance costs

2% inflation

2% rental growth

4.5% discount rate (we consider the income would be relatively secure and the property is already let)

7.7 The capital value is calculated as £26,842,000. It is assumed there is no reversionary value at year 15. The DCF is provided as Appendix 3.

7.8 There are 82 Council-owned houses, and we have assumed these are saleable on the open market with vacant possession. There are 2 houses currently on the market on the Estate, with asking prices as follows:

Cambridge Grove Road – 4 bedroom house - £385,000

Burritt Road – 3 bedroom house - £450,000.

7.9 As a conservative estimate we have assumed an average value of £325,000, accounting for variable condition. This gives a total value for the houses of £26,650,000.

Landowner Premium

7.10 We do not consider in the instance of a Council-owned estate regeneration that an incentive is required to encourage the landowner to bring the property to market. Whilst there is considerable revenue foregone, the decision to redevelop is taken in the interests of the residents of the Estate and the benefit of the residents of the Borough as a whole.

Benchmark Land Value

7.11 We consider the Benchmark Land Value to be **£53,492,000**, being the sum of the existing use value of the apartments as a residential investment, and the houses as open market sale.

7.12 *Carter Jonas, who reviewed our December 2020 viability assessment on behalf of the Council, accepted ULL Property's general approach to assessing the benchmark land value, however they took the view that the Council-owned houses should be valued in the same way as the apartments. This has been accepted and we have adopted Carter Jonas's benchmark land value of **£31,766,000**.*



8. Summary of the Appraisal

8.1 For ease of reference we provide here a summary of the Argus appraisal relating to this project, demonstrating the viability position:

Cambridge Road Estate			
Summary Appraisal			
Costs			
			£
Construction costs			£483,529,000
Professional Fees			£38,682,000
CIL			£15,602,000
S106			£6,515,000
Council costs			£0
Marketing, letting, disposal & legals			£15,564,000
Site purchase costs			£748,000
Total finance costs			£39,182,000
Profit			£120,777,000
Leaseholder buybacks			£77,489,000
Home loss & disturbance			£4,926,000
Total costs			£803,014,000
Revenue			
Private residential			£610,384,000
Social rent			£130,621,000
Intermediate			£60,316,000
Car parking			£8,101,000
Commercial			£7,194,000
Total sales			£816,616,000
Residual Land Value			£13,602,000
Benchmark Land Value			£31,766,000
RLV - EUV (net residual)			-£18,164,000



9. Summary and Conclusions

- 9.1 In compiling the appraisals, we have applied the site-specific construction costs and property values relating to the proposed development, alongside market assumptions concerning other development costs such as finance and profit. This is in line with the principles of an economic viability assessment of this nature.
- 9.2 Accounting for the inputs explained above, the Argus appraisal for the proposed development calculates a residual land value for the proposed development of **£13,602,000**. A summary of the Argus Developer appraisal is included in Appendix 1.
- 9.3 The benchmark land value of the existing property has *been agreed with the Council's viability assessor to be £31,766,000*, being the existing use value of the Council-owned buildings on site (Section 7 of this report). Having completed the viability appraisal, we conclude that the net residual is **-£18,164,000** (negative).
- 9.4 We conclude that the proposed scheme requires a high level of market performance which will be driven by a strong 'regeneration factor' as the project progresses.
- 9.5 The Council's policy makes clear that the affordable housing contribution is subject to viability testing, and this report has been compiled in compliance with this policy, the London Plan and National Planning Policy Framework.
- 9.6 Should the Council require further information from ULL Property to consider the foregoing, we would be happy to provide it, and our contact details can be found at the end of this report.



Appendix 1 – Argus Developer Appraisal

Cambridge Road Estate - October 2021
Confidential
Not a Valuation

Development Appraisal
Prepared by ULL Property
ARGUS Software
October 21, 2021

APPRAISAL SUMMARY**ARGUS SOFTWARE**

Cambridge Road Estate - October 2021
 Confidential
 Not a Valuation

Appraisal Summary for Merged Phases 1 2 3 4 5

Currency in £

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Private - Ph 1	287	201,097	674.96	472,938	135,733,230
Social Rent - Ph 1	150	115,673	256.11	197,504	29,625,546
intermediate - Ph 1	15	11,808	407.94	321,133	4,817,000
Car Parking	52	0	0.00	11,731	610,000
Private - Ph 2	290	206,165	683.55	485,944	140,923,861
Social Rent - Ph 2	94	72,836	185.43	143,679	13,505,866
Intermediate	12	14,554	402.43	488,083	5,857,000
Car Parking	59	0	0.00	10,441	616,019
Private - Ph 3	399	285,648	708.47	507,203	202,374,111
Social Rent - Ph 3	170	119,533	201.40	141,609	24,073,549
Car Parking	131	0	0.00	18,829	2,466,599
Private - Ph 4	151	104,209	719.34	496,433	74,961,323
Social Rent - Ph 4	164	112,069	244.00	166,734	27,344,367
Intermediate	46	34,586	437.60	329,022	15,135,000
Car Parking	110	0	0.00	19,183	2,110,130
Private - Ph 5	102	76,503	737.12	552,860	56,391,721
Social Rent - Ph 5	189	141,368	255.16	190,854	36,071,495
Intermediate	101	76,944	448.47	341,653	34,507,000
Car Parking	151	0	0.00	15,220	2,298,220
Totals	2,673	1,572,993			809,422,037

Rental Area Summary

	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale
Commercial - Ph1	1	19,696	15.00	295,440	295,440
Commercial - Ph 3	1	13,875	15.00	208,125	208,125
Totals	2	33,571			503,565

Investment Valuation**Commercial - Ph1**

Current Rent	295,440	YP @	7.0000%	14.2857	4,220,571
--------------	---------	------	---------	---------	-----------

Commercial - Ph 3

Current Rent	208,125	YP @	7.0000%	14.2857	2,973,214
--------------	---------	------	---------	---------	-----------

Total Investment Valuation**7,193,786****GROSS DEVELOPMENT VALUE****816,615,822**

APPRAISAL SUMMARY**ARGUS SOFTWARE**

Cambridge Road Estate - October 2021

Confidential

Not a Valuation

Additional Revenue

GLA Loan		31,669,134	
GLA Loan		28,151,650	
GLA Loan		28,732,304	
GLA Loan		28,533,248	
			117,086,336

NET REALISATION**933,702,158****OUTLAY****ACQUISITION COSTS**

Residualised Price		13,600,586	
			13,600,586
Stamp Duty	5.00%	680,029	
Legal Fee	0.50%	68,003	
			748,032

CONSTRUCTION COSTS

Construction	ft²	Build Rate	ft²	Cost
Construction - Ph 1	474,611	236.32	112,157,782	
Construction - Ph 2	375,023	231.84	86,944,835	
Construction - Ph 3	540,108	230.18	124,323,119	
Construction - Ph 4	321,171	229.47	73,698,004	
Construction - Ph 5	<u>382,680</u>	<u>225.79</u>	<u>86,405,214</u>	
Totals	2,093,593 ft²		483,528,954	
Home Loss & Disturbance			4,926,400	
CIL			15,601,643	
S106			6,515,000	
				510,571,997

PROFESSIONAL FEES

Professional Fees	8.00%	38,682,316	
			38,682,316

MARKETING & LETTING

Marketing Commercial	1.00%	71,938	
Marketing Residential	1.00%	6,184,852	
Letting Agent Fee	10.00%	50,357	
Letting Legal Fee	5.00%	25,178	
			6,332,325

DISPOSAL FEES

Purchaser's Costs - Commercial	6.80%	286,999	
Purchaser's Costs - Commercial	6.80%	202,179	
Effective Purchaser's Costs Rate	6.80%		
Sales Agent Fee - Private Sales	1.25%	7,731,065	
Sales Agent Fee - Commercial	1.00%	71,938	

APPRAISAL SUMMARY**ARGUS SOFTWARE****Cambridge Road Estate - October 2021****Confidential****Not a Valuation**

Sales Legal Fee - Commercial		0.25%	17,984	
Sales Legal Fee - Private Sales	1,229 un	750.00 /un	921,750	
				9,231,915

Additional Costs

Leaseholder Buybacks			14,769,034	
GLA Loan repayments			31,669,134	
Leaseholder Buybacks			16,316,669	
GLA Loan repayments			28,151,650	
Leaseholder Buybacks			11,344,187	
GLA Loan repayments			28,732,304	
Leaseholder Buybacks			19,777,498	
GLA Loan repayments			28,533,248	
Leaseholder Buybacks			15,281,586	
				194,575,310

TOTAL COSTS BEFORE FINANCE**773,742,481****FINANCE**

Debit Rate 5.50%, Credit Rate 0.00% (Nominal)				
Total Finance Cost				39,182,197

TOTAL COSTS**812,924,678****PROFIT****120,777,480****Performance Measures**

Profit on GDV%	14.79%
IRR% (without Interest)	15.21%

APPRAISAL SUMMARY

ARGUS SOFTWARE

Cambridge Road Estate - October 2021
Confidential
Not a Valuation

Initial
MRV
295,440
208,125
503,565

CASH FLOW REVENUE AND COST SUMMARY**ARGUS SOFTWARE**

Cambridge Road Estate - October 2021

Confidential

Not a Valuation

Heading	%	Total	At Date	To Date
Phase1				
GLA Loan		31,669,134	Apr 2021	Mar 2025
Cap - Commercial - Ph1		4,220,571	May 2026	May 2026
Sale - Car Parking		610,000	Nov 2022	Apr 2027
Sale - intermediate - Ph 1		4,817,000	Apr 2021	Apr 2025
Sale - Social Rent - Ph 1		29,625,546	Apr 2021	Apr 2025
Sale - Private - Ph 1		135,733,230	Nov 2022	Apr 2027
Purchaser's Costs - Commercial	1.80%	(286,999)	May 2026	May 2026
Sales Agent Fee - Private Sales	1.25%	(1,704,290)	Nov 2022	Apr 2027
Sales Agent Fee - Commercial	1.00%	(42,206)	May 2026	May 2026
Sales Legal Fee - Commercial	0.25%	(10,551)	May 2026	May 2026
Sales Legal Fee - Private Sales	0.00%	(215,250)	Nov 2022	Apr 2027
Residualised Price		(13,600,586)	Nov 2020	Nov 2020
Stamp Duty	5.00%	(680,029)	Nov 2020	Nov 2020
Legal Fee	0.50%	(68,003)	Nov 2020	Nov 2020
Con. - Construction - Ph 1		(112,157,782)	Apr 2021	Apr 2025
Home Loss & Disturbance		(650,600)	Apr 2021	Apr 2021
CIL		(2,804,480)	Apr 2021	Apr 2025
S106		(1,360,000)	Apr 2021	Apr 2021
Professional Fees	8.00%	(8,972,623)	Apr 2021	Apr 2025
Leaseholder Buybacks		(14,769,034)	Nov 2020	Nov 2020
GLA Loan repayments		(31,669,134)	Jun 2021	May 2025
Marketing Commercial	1.00%	(42,206)	Feb 2024	Jan 2026
Marketing Residential	1.00%	(1,363,432)	Nov 2021	Apr 2026
Letting Agent Fee	10.00%	(29,544)	May 2026	May 2026
Letting Legal Fee	5.00%	(14,772)	May 2026	May 2026
Phase2				
GLA Loan		28,151,650	Apr 2021	May 2025
Sale - Intermediate		5,857,000	Jul 2025	Jul 2025
Sale - Car Parking		616,019	Jul 2025	Mar 2030
Sale - Social Rent - Ph 2		13,505,866	Sep 2023	Jun 2027
Sale - Private - Ph 2		140,923,861	Jul 2025	Mar 2030
Sales Agent Fee - Private Sales	1.25%	(1,769,248)	Jul 2025	Mar 2030
Sales Legal Fee - Private Sales	0.00%	(217,500)	Jul 2025	Mar 2030
Con. - Construction - Ph 2		(86,944,835)	Sep 2023	Jun 2027
CIL		(1,907,053)	Sep 2023	Sep 2026
Home Loss & Disturbance		(739,200)	Sep 2023	Sep 2023
S106		(1,445,000)	Sep 2023	Sep 2023
Professional Fees	8.00%	(6,955,587)	Sep 2023	Jun 2027
Leaseholder Buybacks		(16,316,669)	Aug 2023	Aug 2023
GLA Loan repayments		(28,151,650)	Feb 2022	Dec 2026

CASH FLOW REVENUE AND COST SUMMARY**ARGUS SOFTWARE**

Cambridge Road Estate - October 2021

Confidential

Not a Valuation

Heading	%	Total	At Date	To Date
Marketing Residential	1.00%	(1,415,399)	Jul 2025	Mar 2030
Phase3				
GLA Loan		28,732,304	Apr 2021	Jan 2028
Cap - Commercial - Ph 3		2,973,214	Dec 2027	Dec 2027
Sale - Car Parking		2,466,599	Mar 2025	Nov 2030
Sale - Social Rent - Ph 3		24,073,549	Aug 2023	Nov 2027
Sale - Private - Ph 3		202,374,111	Mar 2025	Nov 2030
Purchaser's Costs - Commercial	1.80%	(202,179)	Dec 2027	Dec 2027
Sales Agent Fee - Private Sales	1.25%	(2,560,509)	Mar 2025	Nov 2030
Sales Agent Fee - Commercial	1.00%	(29,732)	Dec 2027	Dec 2027
Sales Legal Fee - Private Sales	0.00%	(299,250)	Mar 2025	Nov 2030
Sales Legal Fee - Commercial	0.25%	(7,433)	Dec 2027	Dec 2027
Con. - Construction - Ph 3		(124,323,119)	Aug 2023	Nov 2027
CIL		(3,326,110)	Aug 2023	Aug 2027
Home Loss & Disturbance S106		(1,734,700)	Aug 2023	Aug 2023
Professional Fees	8.00%	(9,945,850)	Aug 2023	Nov 2027
Leaseholder Buybacks		(11,344,187)	Jul 2023	Jul 2023
GLA Loan repayments		(28,732,304)	Jan 2022	Mar 2028
Marketing Residential	1.00%	(2,048,407)	Mar 2025	Nov 2030
Marketing Commercial	1.00%	(29,732)	Dec 2027	Dec 2027
Letting Agent Fee	10.00%	(20,813)	Dec 2027	Dec 2027
Letting Legal Fee	5.00%	(10,406)	Dec 2027	Dec 2027
Phase4 : Phase 4				
GLA Loan		28,533,248	Apr 2021	Mar 2028
Sale - Intermediate		15,135,000	Nov 2027	Nov 2027
Sale - Car Parking		2,110,130	Nov 2027	Apr 2030
Sale - Social Rent - Ph 4		27,344,367	Nov 2025	Feb 2029
Sale - Private - Ph 4		74,961,323	Nov 2027	Apr 2030
Sales Agent Fee - Private Sales	1.25%	(963,393)	Nov 2027	Nov 2029
Sales Legal Fee - Private Sales	0.00%	(113,250)	Nov 2027	Apr 2030
Con. - Construction - Ph 4		(73,698,004)	Nov 2025	Feb 2029
CIL		(2,241,000)	Nov 2025	Nov 2028
Home Loss & Disturbance S106		(1,032,400)	Nov 2025	Nov 2025
Professional Fees	8.00%	(5,895,840)	Nov 2025	Feb 2029
Leaseholder Buybacks		(19,777,498)	Oct 2025	Oct 2025
GLA Loan repayments		(28,533,248)	Jan 2022	Apr 2030
Marketing Residential	1.00%	(770,715)	Nov 2027	Nov 2029

CASH FLOW REVENUE AND COST SUMMARY**ARGUS SOFTWARE**

Cambridge Road Estate - October 2021

Confidential

Not a Valuation

Heading	%	Total	At Date	To Date
Phase5 : Phase 5				
Sale - Intermediate		34,507,000	Mar 2029	Mar 2029
Sale - Car Parking		2,298,220	Mar 2029	May 2032
Sale - Social Rent - Ph 5		36,071,495	Mar 2027	Oct 2030
Sale - Private - Ph 5		56,391,721	Mar 2029	May 2032
Sales Agent Fee - Private Sales	8.25%	(733,624)	Mar 2029	Nov 2031
Sales Legal Fee - Private Sales	0.00%	(76,500)	Mar 2029	May 2032
Con. - Construction - Ph 5		(86,405,214)	Mar 2027	Oct 2030
CIL		(5,323,000)	Mar 2027	Mar 2030
Home Loss & Disturbance		(769,500)	Mar 2027	Mar 2027
S106		(980,000)	Mar 2027	Mar 2027
Professional Fees	8.00%	(6,912,417)	Mar 2027	Oct 2030
Leaseholder Buybacks		(15,281,586)	Feb 2027	Feb 2027
Marketing Residential	1.00%	(586,899)	Mar 2029	Nov 2031

Cambridge Road Estate - October 2021

Confidential

Not a Valuation

Distribution

Custom (Editor)

Single

Monthly

S-Curve

S-Curve

Monthly

Related: : Curve Related to Cap - Commercial - Ph1

Related: : Curve Related from Sale - Private - Ph 1 to Car Parking

Related: Cap - Commercial - Ph1

Related: Cap - Commercial - Ph1

Related: 750.00/un to Selected Total Units of 287

Single

Related: Residualised Price

Related: Residualised Price

S-Curve

Single

Annual

Single

Related: : Curve Related to Con. - Construction - Ph 1

Single

Custom (Editor)

Related: : Curve Related to Cap - Commercial - Ph1

Related: : Curve Related from Sale - Private - Ph 1 to Car Parking

Related: : Curve Related to MRV - Commercial - Ph1

Related: : Curve Related to MRV - Commercial - Ph1

Custom (Editor)

Single

Monthly

S-Curve

Monthly

Related: Sale - Private - Ph 2 to Car Parking

Related: 750.00/un to Selected Total Units of 290

S-Curve

Annual

Single

Single

Related: : Curve Related from Con. - Construction - Ph 2 to Other Construction Costs

Single

Custom (Editor)

Cambridge Road Estate - October 2021

Confidential

Not a Valuation

Distribution

Related: Sale - Private - Ph 2 to Car Parking

Custom (Editor)

Single

Monthly

S-Curve

Monthly

Related: Cap - Commercial - Ph 3

Related: Sale - Private - Ph 3 to Car Parking

Related: Cap - Commercial - Ph 3

Related: 750.00/un to Selected Total Units of 399

Related: Cap - Commercial - Ph 3

S-Curve

Annual

Single

Single

Related: : Curve Related from Con. - Construction - Ph 3 to Other Construction Costs

Single

Custom (Editor)

Related: Sale - Private - Ph 3 to Car Parking

Related: Cap - Commercial - Ph 3

Related: MRV - Commercial - Ph 3

Related: MRV - Commercial - Ph 3

Custom (Editor)

Single

Monthly

S-Curve

Monthly

Related: : Curve Related from Sale - Private - Ph 4 to Car Parking

Related: 750.00/un to Selected Total Units of 151

S-Curve

Annual

Single

Single

Related: : Curve Related to Con. - Construction - Ph 4

Single

Custom (Editor)

Related: : Curve Related from Sale - Private - Ph 4 to Car Parking

Cambridge Road Estate - October 2021

Confidential

Not a Valuation

Distribution

Single

Monthly

S-Curve

Monthly

Related: : Curve Related from Sale - Private - Ph 5 to Car Parking

Related: 750.00/un to Selected Total Units of 102

S-Curve

Annual

Single

Single

Related: : Curve Related to Con. - Construction - Ph 5

Single

Related: : Curve Related from Sale - Private - Ph 5 to Car Parking



U.L.L. Property

Thomas House
84 Eccleston Square
London
SW1V 1PX

info@ullproperty.com

