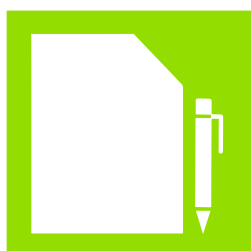


17 DANECOURT ROAD, POOLE, DORSET BH14 0PG.

Financial Viability Assessment for
Beechvale Construction Ltd
17th October 2023
Our Ref: SC/23-01987



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Quality Assurance

This report has been prepared within the quality system operated at Rapleys LLP according to British Standard ISO 9001:2015.

We confirm that the undersigned is an appropriately qualified and experienced Chartered Surveyor experienced in the commercial property sector.

Created by: Simon Corp BSc (Hons) MCIQB
Simon.corp@rapleys.com

Signature: 
Simon Corp (Oct 17, 2023 13:12 GMT+1)

Checked by: Nick Fell LLB (Hons) PGDIP MRICS
nick.fell@rapleys.com

Signature: 
Nick Fell (Oct 17, 2023 15:27 GMT+1)

1 INTRODUCTION

- 1.1 We have been instructed by Beechvale Construction Limited (the applicant) to provide a Financial Viability Assessment of the proposed scheme redeveloping 17 Danecourt Road, Poole. The application seeks to demolish the existing property and redevelop the site with a scheme providing 16no apartments in two blocks and 3no houses.
- 1.2 The purpose of this report is to consider, in an open book format, the financial viability of the proposed scheme and the level of affordable housing and financial Section 106 contributions that can be supported. In preparing this viability report we have considered the Poole Local Plan (2018). Local Plan policy PP11 states that new developments of 11 or more homes or of more than 1,000 sqm of floor space, should provide 40% affordable housing. This will equate to 7.6 which we have rounded up to 8no dwellings and we have assumed this would need to be delivered as 5no affordable rent and 3no shared ownership dwellings.
- 1.3 The financial viability assessment (FVA) considers the total value of the completed scheme and the total cost of its delivery, using recognised residual appraisal software)- Argus Developer. In accordance with standard viability methodology, the resulting residual land value is then compared with an appropriate benchmark value to determine the scheme's viability.
- 1.4 The advice set out in this report is provided in the context of negotiating planning obligations and therefore in accordance with PS 1 of the RICS Valuation – Global Standards (January 2022) incorporating the IVSC International Valuation Standards (Red Book), the provisions of VPS 1 – 5 are not of mandatory application and accordingly this report should not be relied upon as a Red Book Valuation.
- 1.5 Specifically, we would state:
- Our advice and opinions contained herein are given without liability, therefore falling outside the scope of the requirement of the RICS Valuation – Global Standards January 2022 Edition.
 - We have not conducted a full survey, inspection and measurement nor undertaken all the necessary enquiries required in providing a Red Book Valuation.
- 1.6 In accordance with the RICS Financial Viability in planning: conduct and reporting (May 2019) (FVIP), in preparing this report we have acted with objectivity and impartially, without interference and with reference to all appropriate available sources of information. This report fully complies with the requirements set out in FVIP.
- 1.7 Our terms of engagement are attached in **Appendix 1**, which confirm that no performance-related or contingent fees have been agreed in this instruction. We confirm that no conflict of interest exists.
- 1.8 We have been provided with, and relied upon, the following key information:
- Planning drawings provided by TGS Surveying Ltd.
 - Construction cost estimate provided by Wellington King Chartered Surveyors.

2 ASSUMPTIONS

2.1 In undertaking this report, unless otherwise specifically stated, we have made the following assumptions:

- We assume that the site is held freehold with vacant possession and free from all encumbrances such as onerous covenants, easements and rights of way.
- We assume that there are no items that could lead to adverse development costs such as contamination, adverse ground conditions, right of light issues or the designation of an area of archaeological significance.
- We assume that the site does not fall within a flood zone and therefore no overly onerous costs are required to deal with flood prevention measures.
- We have not arranged nor undertaken any investigations to determine whether or not any deleterious sub-standard or hazardous materials have been used in the construction, services or finishes of any existing structures or have been since incorporated.
- We have assumed that planning permission will be granted for the development as described in Section 5 below.

2.2 If any of these assumptions prove to be incorrect, they could have a significant impact on our conclusions.

3 NON-TECHNICAL SUMMARY

3.1 This non-technical summary presents an overview of the FVA and a summary of the viability position. We have assessed the viability of the scheme on all open market basis to determine the total surplus which is generated to support affordable housing and other s106 costs and a second policy compliant iteration of the appraisal including an affordable housing contribution.

3.2 We have established that the scheme delivering 0% affordable housing generates a Gross Development Value (GDV) of £7.85 million. The total costs for delivering the scheme are £6.46 million. We have assumed a developer return at 17.5% return on GDV. Based on a 100% open market development with no affordable housing the scheme generates a residual land value of £0.22 million.

3.3 The Planning Practice Guidance states that we should base the benchmark land value on an existing use plus premium valuation of the site or reasonable alternative use value. The application site is currently occupied by a detached 4 bedroom bungalow in a derelict state, taking account of the size of the plot and condition of the property we have valued the benchmark land value at £420,000. This factors in the refurbishment costs to bring the property up to a marketable standard, if refurbishment costs are factored in the Planning Practice Guidance states this should be treated as an alternative use valuation which includes a landowners incentive. The results of the assessment are summarised below:

ASSUMPTION	100% OPEN MARKET	POLICY COMPLIANT WITH AFFORDABLE HOUSING
Gross Development Value	£7,835,000	£6,408,000
Less		
Development Costs	£6,463,875	£5,459,616
Less		
Profit	£1,371,125	£948,384
Equals		
Residual Land Value	£222,004	-£300,233
Compared To		
Benchmark Land Value	£420,000	£420,000
Equals		
Surplus / Deficit	-£197,996	-£720,233

3.4 The assessment clearly shows no surplus is viably generated by the development to support any affordable housing provision or other additional s106 costs.

4 BACKGROUND

- 4.1 The subject site extends to 0.31ha and is currently occupied by a detached bungalow with a gross floor area at 139m² which is in a dilapidated state of repair. It is proposed the existing property is demolished and the site redeveloped with 2no blocks of apartments to the front of the site providing 16no two bedroom apartments and 3no three bedroom houses to the rear.

SITE DESCRIPTION & LOCATION

- 4.2 The property is situated in the Upper Parkstone area of Poole which is a predominantly residential area, Danecourt Road is characterised by detached houses and bungalows on generous plots.
- 4.3 The site is located within the Poole ward within Bournemouth, Christchurch and Poole Council area.
- 4.4 The site is located some 1.5km from Poole town centre which provides a range of shopping and leisure facilities, Poole Railway station is a located 1km from the property, providing South West Railway Services to locations including Weymouth (45 minutes) and London Waterloo (2 hours 20 minutes). Bournemouth Airport (c 11.5 km north east), offers both internal and international flights.

5 PROPOSED DEVELOPMENT

5.1 The proposed scheme will provide 16no apartments and 3no houses providing the following mix of accommodation:

No.	Type	Sq m	Sq ft
16	2b4p apt	76-105	818-1130
3	3b5p house	110.4	1188
19		1665.2	17,924

5.2 The net to gross area is for the apartments is set out below:

Proposed Net Internal Area (NIA)	1,334 sqm / 14,359 sq ft
Proposed Gross Internal Area (GIA)	1,566 sqm / 16,856 sq ft
Net to Gross	85.1%

6 INTRODUCTION TO VIABILITY

- 6.1 In preparing our advice we have paid regard to Paragraph 57 of the National Planning Policy Framework (NPPF) February 2019 the Viability Guidance prepared by the Ministry of Housing, Communities & Local Government that sits alongside the NPPF, RICS Professional Statement “Financial Viability in Planning: conduct and reporting (First Edition) May 2019” (FVIP).
- 6.2 The Viability Guidance prepared alongside the 2019 NPPF at Paragraph: 010 Reference ID: 10-010-20180724 states:
- “Viability assessment is a process of assessing whether a site is financially viable, by looking at whether the value generated by a development is more than the cost of developing it. This includes looking at the key elements of gross development value, costs, land value, landowner premium, and developer return.”*
- 6.3 The NPPF and updated Viability guidance note advocates the use of viability assessments at the plan-making, rather than the decision-taking, stage. Specifically, paragraph 57 of the recently published NPPF details:
- “Where up-to-date policies have set out the contributions expected from development, planning applications that comply with them should be assumed to be viable. It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage. The weight to be given to a viability assessment is a matter for the decision maker, having regard to all the circumstances in the case, including whether the plan and the viability evidence underpinning it is up to date, and any change in site circumstances since the plan was brought into force.”*
- 6.4 The NPPF therefore puts the responsibility on the applicant to demonstrate whether particular circumstances justify the need for a viability assessment. In terms of the weight given to an assessment this is now a matter for the decision maker having regard to all of the circumstances in the case. The decision maker needs to pay regard to whether the plan and the viability evidence underpinning it are up to date.
- 6.5 The NPPF seeks to move the focus of viability studies to the plan making stage. Policy requirements, particularly for affordable housing, should be set at a level that takes account of affordable housing and infrastructure needs and allows for the planned types of sites and development to be deliverable, without the need for further viability assessment at the decision-making stage.
- 6.6 The NPPF was published in July 2018 and subsequently updated in February 2019. The process of preparing viability evidence to underpin local plans is still in its initial stages.
- 6.7 In preparing this viability report we have considered the Poole Local Plan, adopted 2018. Local Plan policy PP11 states that new developments of over 11 or more dwellings or of more than 1,000 sqm gross internal area of residential floorspace should provide 40% affordable housing provision. This will equate to 7.6 which we have rounded up to 8no dwellings and assume this would need to be delivered as 5no affordable rent and 3no shared ownership dwellings.
- 6.8 As stated in Policy P11 of the adopted Local Plan, “In circumstances where the developers contest that they cannot meet the affordable housing requirement, the developer must demonstrate the maximum amount of affordable housing provision and tenure mix that they can be achieved on site”.
- 6.9 In such circumstances it will be for the developer to clearly demonstrate why any exception from the policy is necessary, and to provide this information as part of the planning application to inform its determination.
- 6.10 There has been a significant amount of time that has lapsed since the creation of the Local Plan document, the residential market has significantly changed due to the effects of Brexit, Covid 19 and the Russian invasion of Ukraine. This has led to significant changes in build costs due to supply chain issues of materials, inflation and high energy prices. We believe the Local Plan Viability evidence base is out of date and therefore we need to present our evidence at the application stage. Therefore, considerable weight needs to be given to this viability submission prepared at the application stage.

6.11 Paragraph 57 goes on to say:

“All viability assessments, including any undertaken at the plan-making stage, should reflect the recommended approach in national planning guidance, including standardised inputs, and should be made publicly available.”

6.12 This viability assessment, with respect to the assessment of the proposed residential scheme, follows the recommended approach detailed in the Viability Guidance Note including the adoption of the standardised inputs. It is therefore reasonable and accords with policy requirements. With regard to our approach to the assessment of the benchmark land value, this is set out further down in the report.

6.13 A scheme is considered viable, in planning terms, if the value generated by the development is more than the cost of developing it. This includes looking at the key elements of gross development value, costs, planning obligations, land value, landowner premium, and developer return. In practical terms we assess viability by undertaking the following process:

GROSS DEVELOPMENT VALUE
less
COSTS
less
PLANNING CONTRIBUTIONS
less
PROFIT
equals
RESIDUAL LAND VALUE
compared to
APPROPRIATE BENCHMARK VALUE

7 VIABILITY APPROACH

- 7.1 We have considered the acceptable level of profit required by a developer and tested whether once the anticipated revenue and all the costs, including planning obligations, likely to be incurred in bringing the development forward are taken into account, a residual land value can be generated that is in excess of an appropriate benchmark land value.
- 7.2 The PPG for Viability advocates at paragraph 018 that for the purpose of plan making (which we also consider relevant to decision taking by LPAs) 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.
- 7.3 In this context we have had regard to the current residential development market, current economic circumstances and the scale and nature of the proposed scheme and are of the opinion that a willing developer would require a minimum return of 17.5% of the GDV in respect of the private tenure units. We assess profit on any affordable tenure units at 6% on GDV and 15% of the GDV for any commercial units.
- 7.4 To prepare the appraisals we have used the industry recognised Argus Developer residual valuation tool designed for viability assessment purposes.

8 APPRAISAL INPUTS

8.1 We have adopted inputs that reflect cost and values as at the date of this report. There is a possibility that our assumptions may change in accordance with the market as the scheme evolves and further information comes to light. We set out below our assumptions in respect of these inputs.

PRIVATE UNIT SALES VALUES

8.2 To assess the achievable residential sale values, we have looked at comparable properties available on the market and recently sold within 0.5 mile of the site. The best evidence will be provided by comparable newbuild developments we identified a new apartment development Cedar Court also located on Danecourt Road being undertaken by Andrew Homes Ltd, on this development a two bedroom apartment with a floor area at 81.7m² is being marketed at £390,000 which equates to £4,773/m² and a smaller two bedroom apartment with a floor area at 66.7m² on the market at £340,000 which equates to £5,097/m². Completed sales values are not yet available but we would expect the achieved values to be marginally lower to reflect discounts and sales incentives.

8.3 Looking at second hand apartments on the market close to the site we identified a two bedroom apartment on St Peters Road on the market at £285,000 and a ground floor apartment on Danecourt Road on the market at £237,500.

8.4 We could not identify any new houses in the search area but identified some useful second hand evidence including a property on Felton Road with a floor area at 164.4m² on the market at £585,000 and a property on Harbour View Road with a floor area at 119.6m² on the market at £650,000.

8.5 We need to be cautious relying on properties on the market as the listed values will be asking prices which can be subject to offers, discounts and price reductions. A more reliable evidence base will be sold values taken from Land Registry records from which we have identified the following comparable transactions for the houses:

Property Address	Floor Area (m ²)	Sales Value (£)	Sale Date	£/m ²
4 Harbour View Road	167	£805,000	April 2023	£4,820
34 Constitution Hill Road	125	£777,000	June 2023	£6,216
30 Felton Road	112	£625,000	Feb 2023	£5,580
71 Felton Road	142	£685,000	Feb 2023	£4,823

8.6 To benchmark the apartments, we identified the following sales:

Property Address	Floor Area (m ²)	Sales Value (£)	Sale Date	£/m ²
Flat 6, 45 Danecourt Road	67	£235,000	May 2023	£3,507
Flat 2, 16 St Peters Road	58	£249,500	Dec 2022	£4,301
Flat 3, 15 Gervis Crescent	67	£260,000	Feb 2023	£3,880
Flat A, 19 Cotes Avenue	72	£220,000	April 2023	£3,055
Flat 6, 171 Longfleet Road	69	£241,000	Feb 2023	£3,492
Flat 1 Fernside Court, Hunt Road	63	£225,000	June 2023	£3,571

- 8.7 A reasonable average second hand value appears to be around £3,500/m² for two bedroom apartments and £5,000/m² for the houses but we do also need to reflect an additional new home premium, taking account of the setting of the site and the need for a new home premium we have valued the proposed properties as follows:

No.	Type	Sq m	Sales Value (£)
16	2b4p apt	76-105	£345,000-390,000
3	3b5p house	110.4	£650,000
19		1665.2	£7,835,000

- 8.8 The overall gross development value on an all-open market basis is £7,835,000 which equates to an average sales value at £4,705/m².

AFFORDABLE HOUSING VALUES

- 8.9 The policy compliant affordable housing requirement will be 8no dwellings which we have assumed would need to be delivered as 5no affordable rent and 3no shared ownership dwellings. To assess the market value of the s106 affordable housing we have run the proposed mix using the SDS Proval appraisal package to determine the viable level of land and build package price that is likely to be paid by a Registered Provider.
- 8.10 The affordable rent dwellings should have rents set at 80% of the prevailing market rent subject to a cap at the Local Housing Allowance rate, market rent levels would result in a rent in excess of the LHA rate so we have set rents at the LHA level. The shared ownership dwellings have been based on an initial shared ownership sale at 40% of OMV with a rent on the unsold equity set at the Homes England maximum level of 2.75%pa.
- 8.11 The appraisal shows an affordable housing value at £1,488,000 which provides a year 40 payback for the Registered Provider.

CONSTRUCTION COSTS

- 8.12 We have been provided with a construction cost estimate provided by Wellington King Chartered Surveyors. They have provided a budget cost estimate showing total costs at £5,304,470 however this includes allowances for CIL and professional fees which are already allowed for elsewhere in the appraisal so we have stripped these out leaving a net cost at £4,706,413. On a gross floor area basis this equates to a cost equating to £2,480/m².
- 8.13 We have also allowed for a 5% client contingency.

PROFESSIONAL FEES

- 8.14 We have adopted professional fees at 8% which is considered reasonable for a scheme of this size and is in line with current industry practice for schemes of this scale and nature.

SECTION 106 COSTS

- 8.15 We have not allowed for any s106 costs so we can observe the total surplus which is generated to fund all planning obligations.

COMMUNITY INFRASTRUCTURE LEVY (CIL)

- 8.16 We have reviewed local planning policy and the Local Plan for Poole Council, and a CIL charge structure has been implemented. The council have published an indexed linked rate of £66.98 for 2023 which equates to a cost at £135,430 on the net increase in floor area.

ACQUISITION AND PREPARATION COSTS

- 8.17 We have assumed standard Stamp Duty Land Tax charges, 1% agent's fees and a legal fee of 0.5% for site purchase.

DISPOSAL COSTS

8.18 We have assumed the following sales and legal fees for the private units:

- 2.5% agency fee inclusive of marketing.
- Legal Fee of £1,00 per unit.

FINANCE

8.19 Over the last few years, the author has agreed a finance assumption at 6.5% on similar developments. This was however agreed when the base rate was in the range of 0.75-1% so the effective lending margin was 5.5-5.75 points, over the last few months in response to inflationary pressure in the economy the base lending rate has significantly increased to 5.25%. To maintain the same lending margin the finance rate would need to increase to 9% but it is possible lenders may take a commercial view on the required margins and we have adopted a slightly lower rate at 8.0%.

TIMESCALES AND PHASING

8.20 The table below details the timescale and phasing assumptions within our appraisals.

Timescale	Period
Purchase	1 month
Pre-Construction / Procurement	6 months
Construction	18 months
Private Sales Period	5 months
Project Period	30 months

9 VIABILITY APPRAISALS

9.1 Taking all of the above factors into account we have carried out development appraisals of the site. The full viability appraisals can be found at **Appendix 4**. In summary the results are as follows:

APPRAISAL SCENARIO	RESIDUAL LAND VALUE (£)
19-unit open market	£222,004
19-unit policy compliant	-£300,233

10 SENSITIVITY ANALYSIS

10.1 We have set out a sensitivity analysis below applying a change to the sales values and build cost rate at 5% the summary report is attached in the appendices to this report.

Sales: Gross Sales					
Construction: Gross Cost	-10.000%	-5.000%	0.000%	5.000%	10.000%
	7,051,500	7,443,250	7,835,000	8,226,750	8,618,500
-10.000%	-174,654	-425,401	-674,025	-922,649	-
4,235,772	7,051,500	7,443,250	7,835,000	8,226,750	1,171,273 8,618,500
-5.000%	63,256	-198,329	-448,409	-697,033	-945,657
4,471,092	7,051,500	7,443,250	7,835,000	8,226,750	8,618,500
0.000%	307,363	38,362	-222,004	-471,417	-720,041
4,706,413	7,051,500	7,443,250	7,835,000	8,226,750	8,618,500
5.000%	552,255	282,470	13,563	-245,679	-494,425
4,941,734	7,051,500	7,443,250	7,835,000	8,226,750	8,618,500
10.000%	797,741	527,222	257,576	-10,834	-268,809
5,177,054	7,051,500	7,443,250	7,835,000	8,226,750	8,618,500

11 BENCHMARK LAND VALUE

- 11.1 The Viability Guidance Note attached to the 2019 NPPF confirms that a benchmark land value should be established on the basis of the existing use value (EUV) of the land. It defines EUV as the value of the land in its existing use together with the right to implement any development for which there are policy compliant extant planning consents, including realistic deemed consents, but without regard to alternative uses.
- 11.2 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 (PPG para 16).
- 11.3 The Financial Viability in Planning (FVIP) details that when providing benchmark land value, we must report the current use value (CUV) referred to as EUV or first component in the PPG referred to above. For the Benchmark Land Value, we have relied upon the Existing Use Value plus premium approach as advocated by national planning guidance and FVIP.
- 11.4 The RICS Guidance Note 'Assessing viability in planning under the National Planning Policy Framework 2019 for England' (effective 1 July 2021) defines a 5-step process for defining Benchmark Land Value which we have adopted below. For reference we have reviewed the following steps:
- Existing Use Value (EUV)
 - Premium
 - Alternative Use Value (AUV)
 - Policy Compliant Site Value – Residual Method
 - Policy Compliant Site Value – Comparable Method

EXISTING USE VALUE

- 11.5 The application site extends to 0.31ha and is currently occupied by a single detached 4 bedroom bungalow with a gross floor area of 139m² the property is currently in a derelict state of repair. To assess the value of the property in a marketable state we have looked at comparable detached bungalows sold within 0.5 miles of the property over the last twelve months, we identified 54 Danecourt Road a detached bungalow with a floor area at 142m² which sold for £640,000 in January 2023. We also identified bungalows currently on the market including a property on Ringwood Road with a floor area at 182.1m² on the market at £612,500 and a property on Churchfield Road with a floor area at 100.8m² on the market at £475,000. Taking account of the large garden size for the subject property at ¾ of an acre we have valued the property if refurbished at £700,000.
- 11.6 To assess the current value we need to account for the costs of refurbishment and associated costs to bring the property up to a marketable standard, the existing use valuation on this basis is set out below:

Sales value	£700,000
Less	
Refurbishment cost £1,200/m²	£166,800
Professional fees 5%	£8,340
Return 15% on GDV	<u>£105,000</u>
Net EUV	£419,860 say £420,000

PREMIUM

- 11.7 The Planning Practice Guidance states that where we have based the benchmark land value on an existing use valuation, we should allow for a landowner's premium to provide an incentive to bring the site forward for development. The usual range is between 10% and 30%. In this case we consider a 10% premium should provide sufficient incentive for a landowner to sell.

11.8 Where refurbishment costs are factored into the existing use value the Planning Practice Guidance states this should be deemed to be an Alternative Use Value and so no additional landowners incentive should be applied.

ALTERNATIVE USE VALUE (AUV)

11.9 We do not consider that there is currently a suitable alternative use for the site and do not consider this as a suitable alternative to an EUV.

POLICY COMPLIANT SITE VALUE – RESIDUAL METHOD

11.10 We have assessed the value of the site on the basis of a policy compliant scheme at £8,246 as detailed earlier in this report.

POLICY COMPLIANT SITE VALUE – COMPARABLE METHOD

11.11 We could not identify any directly comparable land sales in the search area but we did note the subject site was acquired by the applicants for £1,300,000 in May 2023. The Planning Practice Guidance is however clear that we should not base the benchmark land value on the price paid for the site as this may include a degree of development hope value.

BENCHMARK LAND VALUE

11.12 A benchmark land value based on an existing use valuation is £420,000 and we have adopted this for viability assessment purposes.

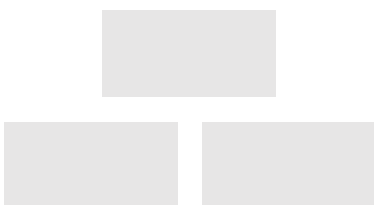
12 CONCLUSION

12.1 We therefore set out below our assessment of the scheme based on an all open market and policy compliant mix and compare the residual land values against a Benchmark Land.

Scheme	Residual Land Value	BLV	Viable / Not Viable
19-unit open market	£222,004	£420,000	Not Viable
19-unit policy compliant	-£300,233	£420,000	Not Viable

12.2 The viability assessment on all open market basis shows a viability deficit and so no surplus is generated and It is clearly evident the development is unable to viably support any affordable housing delivery or additional s106 contributions.

Terms of Appointment



RAPLEYS LLP TERMS OF ENGAGEMENT FOR PROVIDING GENERAL PROPERTY ADVICE

1 INSTRUCTION

- 1.1 We are instructed by Beechvale Construction Ltd to provide a viability assessment for the proposed development to advise if the development can viably support any affordable housing provision and provide a viability assessment report.

2 THE PROPERTY

- 2.1 The Property to which the instruction relates to is known as land at 17 Danescourt Road, Poole, BH14 0PG.

3 FEE BASIS

- 3.1 Our fee basis for acting in this matter will be:

1. A Fixed Fee of £[REDACTED] exclusive of VAT and disbursements.
2. For any negotiations required with the LPA post submission in connection with the early stage review we will charge on an hourly fee basis. Negotiations on this case will be dealt with by Simon Corp at an hourly rate of £250 plus VAT. We will keep a detailed timesheet which will be attached to any hourly rate invoice. [

- 3.2 Disbursements will include, for example, the cost of obtaining documents, photocopying, photography, binding, maps, plans, postage, travel, flights, overnight accommodation and subsistence away from the office. The use of Rapleys LLP's cars are charged at 90 pence per mile.

- 3.3 If for any reason our instructions are prematurely terminated we will make an abortive fee charge based on our current hourly charging rates for professional staff for the time actually expended as at the date of termination plus any disbursements incurred.

4 FEE INVOICE

- 4.1 The Fixed Fee will be submitted when our report on the updated viability position is provided to you.

- 4.2 In the case of hourly fee rates, interim fee invoices are submitted at monthly intervals, provided that outstanding fees (excluding VAT and disbursements) exceed £[REDACTED] or chargeable time has not been recorded for over three months.

- 4.3 Interim invoices for disbursements are submitted at monthly intervals provided that the balance outstanding exceeds £100 exclusive of VAT.

- 4.4 A final fee invoice will be submitted when the instruction has been completed.

- 4.5 Invoices are payable upon receipt. We reserve the right to charge interest from the 31st day following the date of the invoice at a rate of 2% per month calculated on a daily basis.

5 VARIATION

- 5.1 These Terms of Engagement may only be varied if accepted in writing by a Partner in Rapleys LLP.

6 EXCLUSIONS

- 6.1 We will not undertake or arrange for any investigation to be carried out to determine whether or not any deleterious, substandard or hazardous materials have been used in the construction, services or

finishes of the property or have since been incorporated. These materials include, but are not limited to, asbestos, high alumina cement, calcium chloride, woodwool slabs, galvanised steel wall ties and composite cladding panels. We therefore will not be able to report that the property is free from such material nor to make any comment with regard to them. We recommend that if the Client has any concerns at all about any of these materials, the Client should commission a specialist report. We shall have no liability in respect of any matter relating to such materials.

- 6.2 We will not carry out an inspection to establish if asbestos is present in the property in order to comply with any of the provisions of The Control of Asbestos Regulations 2012 or for any other purpose. We shall have no liability in respect of any matter relating to asbestos including, but not limited to, its presence at the property.
- 6.3 We will neither investigate nor request any information relating to any pollution or contamination at the property or on any other adjoining land. Accordingly, our advice will be prepared on the basis that no such pollution or contamination exists. Should the Client have any doubts as to the suitability of this assumption, we would recommend that appropriate investigations are made and the results referred to us in order that we may review our advice. We shall have no liability in respect of any matter relating to pollution or contamination.
- 6.4 We will not carry out an inspection nor arrange for any investigation to establish the presence or absence at the property of any invasive or obnoxious weeds or plants. We shall have no liability in respect of any matter relating to any such weeds or plants including, but not limited to, their presence at the property.
- 6.5 We will not carry out any research nor give any information or advice on the risk of flooding at the property and we will not carry out any searches, at the Environment Agency or elsewhere, nor make any enquiries about the risk of flooding at the property.
- 6.6 We will not carry out an inspection or arrange for any investigation to be carried out to determine whether there is actual, potential, alleged or threatened formation, growth, presence, release or dispersal of any fungi, moulds, spores or mica toxins of any kind at the property. We shall have no liability in respect of any matter relating to any such fungi, moulds, spores or mica toxins of any kind including, but not limited to, their presence at the property.

7 LIABILITY

- 7.1 Our liability is solely to the named client below. Nothing in these terms shall exclude or restrict our liability in respect of personal injury or death resulting from our negligence or for fraudulent misrepresentation or in any other circumstances where liability may not be so limited under any applicable law or regulation.
- 7.2 Subject thereto and as agreed with the client, as evidenced by the acceptance of these Terms:
- We shall not be liable for any indirect, special or consequential loss or damage, or any loss of profit, opportunity, production or accruals arising in any circumstances whatsoever, whether in contract, tort, negligence, for breach of statutory duty or otherwise and howsoever caused.
 - Our entire aggregate liability for any claim or claims in contract, tort, negligence, for breach of statutory duty or otherwise, for any loss, costs or expenses howsoever caused arising out of or in connection with the services to be provided under these Terms shall be limited to £5 million.

8 CONFIDENTIALITY AND DATA PROTECTION (IN LINE WITH GDPR)

- 8.1 Each Party undertakes that, except as provided by clause 8.2 or as authorised in writing by the other Party, it shall at all times during and after the Term:

- Keep confidential all Confidential Information and take reasonable steps to protect Confidential Information against theft, damage, loss or unauthorised access;
- nor disclose any Confidential Information to any other party without prior written consent;
- not use or deal with any Confidential Information for any purpose other than as contemplated by this Agreement;
- not make any copies of, record in any way or part with possession of any Confidential Information; and
- store and use personal information in compliance with the GDPR and as described in the our Data Protection Policy.

8.2 Either Party may disclose Confidential Information:

- As required by law, court order or any governmental or regulatory authority;
- to its employees, officers, representatives, agents, contractors and advisers but only to the extent they need to know to enable the Party perform its obligations under this Agreement and/or exercise its rights under this Agreement and that Party shall procure that the recipient only uses the information for the purposes contemplated, knows the information is confidential and does not disclose the information; and
- to the extent that such information becomes public knowledge through no breach of this Agreement by that Party.

9 COMPLAINTS PROCEDURE

9.1 As part of our internal Code of Conduct, Rapleys LLP has an established complaints procedure and a copy of this document is available upon request.

10 GENERAL

- 10.1 All amounts stated in these Terms are exclusive of VAT, which, if appropriate, shall be added and paid at the appropriate rate.
- 10.2 Either party may terminate these arrangements at any time on 7 days' notice or immediately on notice if the other party ceases to trade, becomes insolvent or has an Administrator, Receiver or Liquidator appointed or is in breach of any provision of these terms and fails, where the breach is capable of being remedied, to remedy the breach within 7 days of service of a notice specifying the breach and requiring it to be remedied.
- 10.3 We will do our best to perform our obligations in accordance with any time frame that is agreed or set, but this is an estimate only and time shall not be of the essence.
- 10.4 Neither party shall be in breach of their obligations for any delay or failure to perform their respective obligations which is caused by reasons outside that party's reasonable control.
- 10.5 These Terms shall be governed by English Law. The Court of England shall have exclusive jurisdiction in respect of any disputes and both parties submit to that jurisdiction.
- 10.6 Both parties do not intend that any person other than the Client and Rapleys LLP shall have any rights under these Terms and under the contract between us by virtue of the Contracts (Rights of Third Parties) Act 1999 or otherwise.
- 10.7 We take conflict issues seriously. We have procedures in place to ensure that conflict checks are carried out on every matter as soon as practical so that, if an issue arises, it can be discussed with the Client and dealt with as soon as possible. Our conflict procedures help us to fulfil our professional obligation not to act for one client in a matter where there is an actual (or significant risk of a) conflict with the interests of another client for whom we are already acting

- 10.8 If at any time the Client becomes aware of an actual or potential conflict of interest, the Client should raise it with us immediately.
- 10.9 Subject to our professional duties, we will always seek to resolve any conflict issues in the most advantageous way to the clients concerned. Where our professional rules allow, the Client agrees that after termination of our retainer, we may act or continue to act for another client in circumstances where we hold information which is confidential to the Client and material to the engagement with that other client. We will not, however, disclose the Client's confidential information to that other client.
- 10.10 We will keep confidential any information which we acquire about the Client's business and affairs, unless we are required to disclose any such information:
- to our auditors, external assessors or other advisers or for the purposes of our professional indemnity insurance; or
 - by law or other regulatory authority to which we are subject.
- 10.11 If we or the Client engage other professional advisers to assist with a matter we will assume, unless the Client notifies us otherwise, that we may disclose any such information to such other advisers as necessary.
- 10.12 On occasion we may use external agencies to undertake typing, printing, photocopying, mailings and other business support services. Before doing so we ensure that appropriate safeguards are in place to protect confidentiality. If the Client has any concerns about this or would like to know more, the Client should let us know
- 10.13 In certain circumstances, it may be necessary to erect an information barrier (or Chinese Wall) to protect the confidentiality of client information; if this is needed we will discuss it with the Client.
- 10.14 Where possible, we will disclose to the Client all information which is material to the Client's affairs and business regardless of the source of that information. However, we will not disclose to the Client any confidential information about the business and affairs of any other existing or former client, or any information in respect of which we owe a duty of confidentiality to a third party.
- 10.15 If at any time a third party requests access to documents held by us or asks to interview any of our partners or employees in connection with the services we have provided, we may be required as a matter of law to comply with this request. The client will be responsible for our fees, disbursements and expenses in dealing with any such request, including the fees, disbursements and expenses involved in identifying relevant documents, attending interviews or making or defending any application in connection with the validity of the request. Disbursements and expenses may include the fees of third parties instructed by us in order to advise on issues connected with the request.
- 10.16 We will use the personal information we receive about the Client for the administration of our relationship with the Client, billing (and, where necessary, debt collection) and marketing. To help us to make credit decisions about the Client, to prevent fraud, to check the Client's identity and to prevent money laundering, we may also use the information to search the files of credit reference agencies who will record any credit searches on the Client's file. The information may be used by other credit grantors for making credit decisions about the Client and the people with whom the Client is financially associated, for fraud prevention, money laundering prevention and occasionally for tracing debtors. We may disclose the Client's details to our agents and service providers for any of the purposes set out in this paragraph
- 10.17 We may from time to time contact the Client by mail, telephone, or email to provide information that may be of interest to the Client, including details of the services we offer, newsletters and invitations to events. The Client should let us know if they do not want to receive such information.
- 10.18 We store documents and papers for clients, normally without charge. We also do not normally make a charge for retrieving stored documents and papers in response to continuing or new instructions to

act for the Client. However, we reserve the right to make a charge based on the time we spend on reading papers, writing letters or providing other services necessary to comply with the instructions.

- 10.19 On completion of a matter and payment of any outstanding bills we shall return to the Client, on request, any documents lent to us by the Client for the purposes of the matter. Where we are acting for joint clients and one joint client asks us to transfer documents lent to us for the purposes of the matter, we will deliver them to, or to the order of, the joint client who delivered them to us.
- 10.20 We do not agree to retain files for any particular period of time but generally keep all files for a minimum period of 16 years. We reserve the right to destroy files without further reference to the Client 16 years after completion of a matter.
- 10.21 The services provided by us are for the Client's benefit alone and solely for the purpose of the matter to which they relate. They may not be used or relied upon for any other purpose or by third parties. Our duty of care is to the Client and does not extend to any third party. No third party shall have any right under the Contract (Rights of Third Parties) Act 1999 to enforce any of the terms in this document, provided that no right or remedy of any such person which exists or is available otherwise than by virtue of that Act shall be adversely affected by the terms of this document.
- 10.22 We will, on the Client's behalf, instruct, liaise with or coordinate advice from other professional advisers. We will not be responsible for the accuracy or appropriateness of the advice given or work undertaken by those other advisers or for payment of their fees and expenses.
- 10.23 We are committed to promoting equality and diversity in all of our dealing with clients, third parties and employees. We will not discriminate in the way we provide our services on the grounds of sex (including gender reassignment), marital status, sexual orientation, disability, race, colour, religion, age, nationality or ethnic or national origins.

11 ACCEPTANCE

- 11.1 A copy of our Terms of Engagement is to be signed and returned by the instructing Client prior to commencement of the instruction as detailed above.
- 11.2 It is hereby agreed that the above terms are acceptable and I/we instruct Rapleys LLP to proceed. The Client instructing and/or continuing to instruct Rapleys LLP shall constitute acceptance of these Terms of Engagement irrespective of whether such copy is signed and returned.

CLIENTS SIGNATURE

PRINT NAME

POSITION IN COMPANY
NAME OF INSTRUCTING COMPANY

DATE
REGISTERED OFFICE

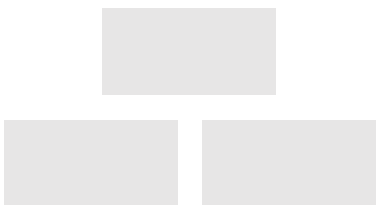
Schedule of Accommodation



**17 DANECROFT ROAD, POOLE
SCHEDULE**

No	Type	Area	Value
A1	2B4P	77.7	350000
A2	2B4P	78.3	350000
A3	2B4P	76	345000
A4	2B4P	77.7	350000
A5	2B4P	78.3	350000
A6	2B4P	76	345000
A7	2B4P	107	425000
A8	2B4P	94	400000
B1	2B4P	79	360000
B2	2B4P	82.5	375000
B3	2B4P	76	345000
B4	2B4P	79	360000
B5	2B4P	82.5	375000
B6	2B4P	76	345000
B7	2B4P	105	420000
B8	2B4P	89	390000
House 1	3B5P	110.4	650000
House 2	3B5P	110.4	650000
House 3	3B5P	110.4	650000
19		1665.2	7835000

Construction Cost Estimate



Mr J Hacker
Beechvale Construction Ltd
312 Charminster Road
Charminster
Bournemouth
Dorset
BH8 9RT

By e-mail only: jason.hacker@btinternet.com

11th October 2023

Dear Jason

PROPOSED DEVELOPMENT AT 17 DANECOURT ROAD, POOLE

As per your instructions by email, dated 6th October 2023, we have been appointed to undertake an early stage / outline build cost assessment using appropriate build cost rates from the Build Cost Information Service (BCIS). This assessment is in letter form only as per your instruction.

As you are likely aware, BCIS is the go-to cost data for construction and as such we have utilised this service in reaching our recommendations within this report. The BCIS data for new build flats (apartments) and new build one-off detached housing, rebased for Poole, Dorset and 4Q 2024 is appended for your reference.

Based on the location of your development and an anticipated relatively high finishes specification we would recommend taking the upper quartile BCIS rates. As such, please see the relevant rates below, and noting our comments regarding exclusions and assumptions:

New Build Flats

Location: Poole, Dorset
Date rebase: Q4 2024
Storeys: 3-5 Storey
Recommended BCIS Rate: Upper Quartile £2,076/m²

New Build Detached Houses (one-off housing, 3 units or less)

Location: Poole, Dorset
Date rebase: Q4 2024
Storeys: 2
Recommended BCIS Rate: Upper Quartile £3,380/m²

Assumptions

Works commence in Q4 2024.

Works completed by Main Contractor.

There are no abnormals, such as piled foundations.

The BCIS rates are for build costs only and exclude the following:

- Demolition.
- General site clearance and muckaway.
- External works – hard and soft landscaping.
- Utility connection fees.
- Drainage (below footprint included).
- CIL / Section Contributions.
- Professional fees.

Anticipated Development Costs

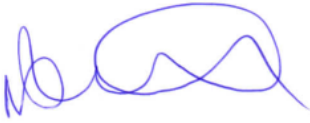
Below is our assessment of the anticipated costs applicable to the development:

	Area / m ²	Cost / £
Site Clearance		£30,000.00
Build Costs – Flats based on rate of £2,076/m²		
Block A incl. communal	734m ²	£1,523,784.00
Block B incl. communal	738m ²	£1,532,088.00
Build Costs – Houses based on rate of £3,380/m²		
House 1	111m ²	£375,180.00
House 2	111m ²	£375,180.00
House 3	111m ²	£375,180.00
Drainage		£100,000.00
External Works – Hard and Soft Landscaping		£300,000.00
CIL – based on rate of £128.28/m² for zone ‘C’ charging area	1,805m ²	£231,545.40
Professional Fees - 8% of build costs incl. drainage and externals		£366,512.96
Utility Connections - £5,000 per unit		£95,000.00
TOTAL		£5,304,470.36

Please note there is no allowance included for Biodiversity Net Gain, which is due to come into force in November 2023, nor any allowance for Nitrate or Phosphate mitigation as we are not able to quantify such contributions. We also note that the CIL contribution rate is likely to increase in 2024. As such, we would recommend you factor in a suitable contingency allowance to your cost forecasting.

Please do not hesitate to contact me should you have any queries.

Yours sincerely



Nicola King BSc (Hons) MRICS

Chartered Surveyor

M: 07776 250459 | T: 01202 375390 | E: nicola@wellingtonking.co.uk

£/M2 STUDY

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

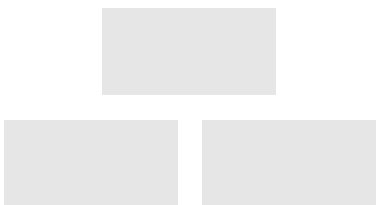
Last updated: 07-Oct-2023 07:40

Rebased to 4Q 2024 (400; forecast) and Poole (102; sample 25)

MAXIMUM AGE OF RESULTS: DEFAULT PERIOD

Building function (Maximum age of projects)	£/m ² gross internal floor area						Sample
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest	
New build							
816. Flats (apartments)							
Generally (15)	1,864	925	1,545	1,752	2,098	6,341	845
1-2 storey (15)	1,756	1,089	1,486	1,673	1,962	3,659	180
3-5 storey (15)	1,841	925	1,537	1,750	2,076	3,875	564
6 storey or above (15)	2,200	1,345	1,785	2,066	2,395	6,341	98
820.1 'One-off' housing detached (3 units or less)							
Generally (15)	2,950	1,157	2,010	2,602	3,531	7,586	129
Single storey (15)	2,415	1,415	1,782	2,311	3,059	4,339	28
2-storey (15)	2,869	1,157	1,958	2,502	3,380	7,219	70
3-storey (15)	3,287	1,557	2,363	3,325	3,718	6,098	25
4-storey or above (15)	6,154	3,758	-	6,636	-	7,586	4

Financial Appraisals



17 Danecourt Road Poole
Policy Compliant

17 Danecourt Road
Poole
Dorset
BH14 0PG

Development Appraisal
Prepared by Simon Corp
Rapleys
17 October 2023

APPRAISAL SUMMARY**RAPLEYS****17 Danecourt Road Poole
Policy Compliant****Appraisal Summary for Phase 1**

Currency in £

REVENUE

Sales Valuation	Units	m²	Sales Rate m²	Unit Price	Gross Sales
Open Market	11	1,000.20	4,919.02	447,273	4,920,000
Affordable Housing	<u>8</u>	<u>665.00</u>	2,237.59	186,000	<u>1,488,000</u>
Totals	19	1,665.20			6,408,000

NET REALISATION**6,408,000****OUTLAY****ACQUISITION COSTS**

Residualised Price (Negative land)	(300,233)	(300,233)
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CONSTRUCTION COSTS**Construction**

	m²	Build Rate m²	Cost	
Open Market	1,139.56	2,478.02	2,823,848	
Affordable Housing	<u>758.26</u>	2,482.74	<u>1,882,565</u>	
Totals	1,897.82 m²		4,706,413	4,706,413

Contingency	5.00%	235,321	
Demolition		30,000	
CIL		135,430	400,751

PROFESSIONAL FEES

Other Professionals	8.00%	247,133	247,133
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MARKETING & LETTING

AH sale costs		19,239	19,239
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DISPOSAL FEES

Sales Agent Fee		2.50%	160,200
Sales Legal Fee	11.00 un	1,000.00 /un	11,000
			171,200

FINANCE

Debit Rate 8.000%, Credit Rate 5.250% (Nominal)			
Land			(8,132)
Construction			543
Other			222,701
Total Finance Cost			215,113

TOTAL COSTS**5,459,616****PROFIT****948,384****Performance Measures**

Profit on Cost%	17.37%
Profit on GDV%	14.80%
Profit on NDV%	14.80%

**17 Danecourt Road Poole
Policy Compliant**

IRR% (without Interest)	38.04%
Profit Erosion (finance rate 8.000)	2 yrs

17 Danecourt Road Poole
Open Market Appraisal

17 Danecourt Road
Poole
Dorset
BH14 0PG

Development Appraisal
Prepared by Simon Corp
Rapleys
17 October 2023

APPRAISAL SUMMARY**RAPLEYS****17 Danecourt Road Poole
Open Market Appraisal****Appraisal Summary for Phase 1**

Currency in £

REVENUE

Sales Valuation	Units	m²	Sales Rate m²	Unit Price	Gross Sales
Open Market	19	1,665.20	4,705.14	412,368	7,835,000

NET REALISATION**7,835,000****OUTLAY****ACQUISITION COSTS**

Residualised Price			222,004		
				222,004	
Stamp Duty			1,440		
Effective Stamp Duty Rate		0.65%			
Agent Fee		1.00%	2,220		
Legal Fee		0.50%	1,110		
				4,770	

CONSTRUCTION COSTS

Construction	m²	Build Rate m²	Cost	
Open Market	1,897.20	2,480.72	4,706,413	
Contingency		5.00%	235,321	
Demolition			30,000	
CIL			225,717	
				5,197,451

PROFESSIONAL FEES

Other Professionals		8.00%	397,739	
				397,739

DISPOSAL FEES

Sales Agent Fee		2.50%	195,875	
Sales Legal Fee	19.00 un	1,000.00 /un	19,000	
				214,875

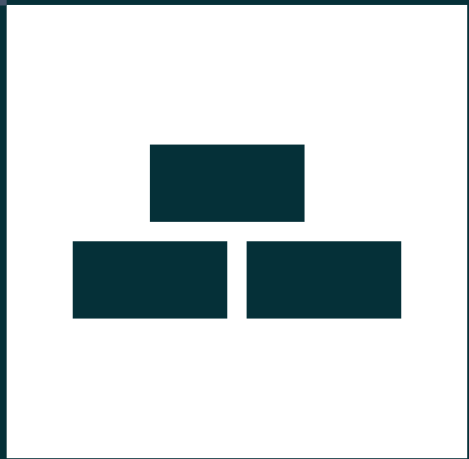
FINANCE

Debit Rate 8.000%, Credit Rate 5.250% (Nominal)				
Land			9,182	
Construction			543	
Other			417,311	
Total Finance Cost				427,037

TOTAL COSTS**6,463,875****PROFIT****1,371,125****Performance Measures**

Profit on Cost%	21.21%
Profit on GDV%	17.50%
Profit on NDV%	17.50%
IRR% (without Interest)	29.75%
Profit Erosion (finance rate 8.000)	2 yrs 5 mths

**17 Danecourt Road Poole
Open Market Appraisal**



For further details contact:

Simon Corp

07443 053572

simon.corp@rapleys.com

66 St James's Street St James's
London SW1A 1NE

Rapleys LLP is registered as a Limited Liability Partnership in England and Wales.
Registration No: OC308311. Registered Office at Unit 3a, The Incubator, The Boulevard,
Enterprise Campus, Alconbury Weald, Huntingdon, PE28 4XA. Regulated by RICS.

rapleys.com
0370 777 6292

RAPLEYS