



EXTENDING
— MY HOME —

FINANCIAL VIABILITY ANALYSIS

**1a Brighton Road
Croydon, CR2 6EA**

13th March 2024



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Executive Summary

This report is provided to support the redevelopment of the site to comprise 25 residential units and 2 commercial units. The site currently has consent for 17 residential units with 2 commercial units. This report assesses the viability of enhancing the local housing supply through this development for 25 residential units, in strict adherence to the Croydon Local Plan's affordable housing policies.

Baseline Valuation and Affordable Housing Provision

The foundation of this assessment is established on a baseline land value, adjusted to £1,571,125 with a 15% premium from a prior agreed valuation. Against this benchmark, the financial viability of different affordable housing scenarios within the 25-unit development, which collectively offers 75 habitable rooms, was thoroughly examined:

- **Total Development:** The complete project envisages 75 habitable rooms across all units.
- **Scenario with 0 LAR Units:** The open market scenario without affordable housing units presents a potential baseline for financial surplus, setting the parameters for the assessment of affordable housing.
- **Scenario with 3 LAR Units:** Incorporating 3 LAR units, allocating 11 habitable rooms (15% of total) for affordable housing, yields a scheme with a deficit of **£271,184**
- **Scenario with 3 First Homes:** Incorporating 3 First Homes with 40% discount, allocating 11 habitable rooms (15% of total) for affordable housing, yields a scheme with a smaller deficit of **£12,409**. This scheme aligns with the local plan's minimum requirement for affordable housing provision and results in a financially viable scheme

Policy Compliance and Financial Viability

The analysis reveals that a development incorporating 3 First Homes units strikes a balance between fulfilling local affordable housing requirements and maintaining economic viability. This scenario not only respects the Croydon Local Plan's stipulations but also safeguards the development's financial sustainability.

Conclusion and Policy Implications

The viability assessment conclusively establishes that the inclusion of 3 First Homes as the only financially plausible option for providing affordable housing within the proposed 25-unit development at 1A Brighton Road. Even with this level of affordable housing, the development is not financially viable as the developer profit will be reduced to below what would be accepted in a development of this size. However, given the minimum requirement for 15% on site affordable housing provision, the provision of 3 First Homes units pragmatically achieves the local plan's affordable housing objectives while ensuring the project remains financially viable to the extent that it would not result in a net loss. Increasing the provision beyond this threshold results in a significant financial deficit, making the development completely unviable.

Recommendation

In light of the findings, it is clear that the development should be granted consent with the provision of 3 First Homes units (11 habitable rooms), as it meets the Croydon Local Plan's requirements for a minimum of 15% affordable housing. This approach will result in the provision of 25 housing units which is viable and sustainable model for contributing to Croydon's diverse housing needs, advocating for a balanced development strategy that is both socially responsible and economically viable.

Introduction

This report presents a viability assessment for the proposed development at 1A Brighton Road, Croydon, CR2 6EA. The development aims to provide a total of 25 residential units, offering a mix of housing options to meet the diverse needs of the local community. This assessment is conducted to determine the feasible level of affordable housing provision within the context of the existing planning permission for 17 units, of which 3 are designated under London Affordable Rent.

The site at 1A Brighton Road is strategically located to contribute significantly to the local housing supply, aligning with both local and national housing objectives. This report outlines the proposed development's alignment with policy requirements, financial viability, and its contribution to the borough's housing strategy.

Policy Context

Local Plan Policy

The Croydon Local Plan, which came into effect in 2018, includes Policy SP2.3, which outlines the council's strategic aim to ensure that a quarter of all new homes are made available for affordable or social rent, with an additional 15% designated for intermediate housing tenures. According to Policy SP2.4, on developments that include ten or more residential units, the council's ambition is to achieve a provision of up to half of the homes as affordable, conditional upon the outcomes of a viability assessment. This is with the understanding that for areas outside the Croydon Opportunity Area, there is a baseline expectation that at least 30% of housing will be affordable.

The policy also provides for a scenario where, if a development is unviable with the higher percentage of affordable housing then a minimum 15% affordable housing provision can be provided subjected to a viability assessment. This is on the condition that a late-stage review is implemented, which could potentially allow for an increase in affordable housing up to 50%, depending on the success and profitability of the development.

Additionally, the policy acknowledges situations where it may not be feasible to allocate the affordable housing units to a Registered Provider. In such exceptional cases, the council is prepared to fulfil the affordable housing obligation through a monetary contribution instead of direct provision of housing units.

National Planning Policy Framework February 2019

After a period of public consultation, the National Planning Policy Framework (NPPF) was revised and published on 24th July 2018, with a subsequent update in February 2019. The sections significantly impacting s106 viability are summarised as follows:

- Section 34 asserts that Local Plans must detail the obligations expected from development projects, including provisions for affordable housing. Nonetheless, these obligations should not compromise the feasibility of the plan.

- The framework established in 2012 specifies that planning obligations are appropriate only if they:
 - Are essential to render the development acceptable in planning terms.
 - Have a direct connection to the development.
 - Are proportionate and reasonable in relation to the scale and nature of the development.
- A pivotal update in Section 57 regarding viability indicates that developments adhering to the policy guidelines on contributions are automatically considered viable. Applicants bear the responsibility to show that unique conditions deviate from Local Plan assumptions, necessitating a viability assessment. Instances might include specific uses of the site not anticipated during the planning phase, unusual costs, or shifts in market conditions since the plan's implementation.
- The framework anticipates that 10% of housing within developments should be allocated as starter homes, offered at a discounted market sale rate, with certain exceptions.
- According to Section 63, the requirement for affordable housing applies solely to 'major developments', defined as projects comprising 10 or more units.

Planning Practice Guidance Updated May 2019

The Planning Practice Guidance on viability has been updated, introducing adjustments to the recommended premises for conducting a viability assessment. A principal amendment is the endorsement of the Existing Use Value (EUV) plus a premium as the preferred valuation method for land value. The updated guidance emphasizes that viability assessments must align with the viability premises underpinning the Local Plan, providing evidence of any changed circumstances necessitating the assessment.

In contrast to previous guidance offering various valuation approaches, including the market value method, the updated instructions specify the adoption of the EUV plus premium approach. This adjustment aims to enhance the clarity around establishing a benchmark land value for viability assessments.

Furthermore, the guidance permits the consideration of an Alternative Use Value if it represents a feasible alternative use and the site holds planning permission for that specific use.

Regarding developer returns, the guidance suggests that a return within the range of 15-20% of the Gross Development Value (GDV) is deemed suitable for planning purposes. However, it acknowledges that deviations from this range may be warranted based on the development's scale and complexity.

While the methodologies for calculating GDV and construction expenses remain largely consistent with the previous version, the guidance underlines the importance of presenting a viability assessment transparently. This clarity ensures that the assumptions regarding GDV, costs, and developer profit are comprehensible.

Site Description and Proposal

Existing use

The site at 1A Brighton Road is currently vacant with planning permission for 17 residential units with 3 no. LOR along with commercial on the ground floor

Unit	Floor	Bedrooms	Size (m ²)	Habitable Rooms
1	First	3 Bed	83	4
2	First	2 Bed	63	3
3	First	2 Bed	63	3
4	First	1 Bed	52	2
5	First	3 Bed	107	4
6	First	2 Bed	75	3
7	Second	3 Bed	83	4
8	Second	2 Bed	63	3
9	Second	2 Bed	63	3
10	Second	1 Bed	52	2
11	Second	3 Bed	100	4
12	Second	2 Bed	75	3
13	Third	2 Bed	64	3
14	Third	2 Bed	64	3
15	Third	1 Bed	51	2
16	Third	3 Bed	86	4
17	Third	1 Bed	52	2

Proposed development

The proposed development at 1A Brighton Road, Croydon, features a diverse mix of 25 residential units spanning from one to four bedrooms, designed to cater to a range of needs. The total habitable space across all units amounts to 1675 square meters, distributed among 75 habitable rooms. This variety in unit size and type is aimed at addressing the housing needs of the local community, providing options for individuals, couples, and families.

Unit Number	Bedrooms	Size (m ²)	Habitable Rooms
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1	3	75	4
2	2	79	3
3	1	50	1
4	1	52	2
5	2	62	3
6	2	62	3
7	3	77	4
8	3	75	4
9	2	79	3
10	1	50	1
11	1	52	2
12	2	62	3
13	2	62	3
14	3	77	4
15	3	99	4
16	1	47	1
17	1	54	2
18	2	62	3
19	2	62	3
20	4	90	5
21	3	74	4
22	2	64	3
23	1	50	2
24	3	81	4
25	3	78	4
Total	53	1675	75

Summary of proposed development:

Type (Bedrooms)	Number	Average Size (m ²)	Average Habitable Rooms
1	7	50.7	1.6
2	9	66.0	3.0
3	8	79.5	4.0
4	1	90.0	5.0

Modelling approach and assumptions

This viability assessment for the proposed development at 1A Brighton Road, Croydon, utilises the Homes England Development Appraisal Tool (DAT), Version 4.05, dated April 2023. The DAT is a comprehensive evaluation tool that has been developed to ensure robustness and consistency in appraising the financial viability of housing-led projects.

The use of the DAT facilitates a transparent and methodical analysis of the scheme's viability. It allows for the systematic assessment of various costs including, but not limited to, construction, professional fees, sales, and marketing, as well as revenue projections from unit sales and rentals. Additionally, the DAT provides the framework for evaluating the residual land value and the potential for affordable housing provision.

Employing the Homes England DAT ensures that the viability assessment adheres to best practice standards and aligns with the strategic objectives of delivering affordable housing. The modelling assumptions are therefore based on a rigorous and well-established methodology, providing confidence in the outcomes of the viability analysis for 1A Brighton Road.

Given the site currently has a consented scheme, it is appropriate to use the residual value of the scheme + a 15% premium to provide the benchmark land value. This aligns with the 2019 planning guidance.

This report model the proposed scheme with different affordable housing options to find the optimal combination.

Residential values

Given the lack of quality new build developments in the vicinity, the following comparable units have been used around neighbouring areas when considering the values for the subject scheme:



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One Beds

16 Rosamund Close, South Croydon, Surrey, CR2 7EW

£250,000 (£490 psf)



Date: December 2023
Sold Price: £250,000
Size: 510 sq ft GIA
Description: A one bed split level flat in a purpose built modern block
Specification: Good
Location: 0.5 miles north east of the subject
Summary: Situated in a superior location, to a comparable specification.

49 Muggeridge Close, South Croydon, Surrey, CR2 7LB

£225,000 (£483 psf)



Date: November 2023
Sold Price: £225,000
Size: 466 sq ft GIA
Description: A one bed, third floor flat with parking and a communal garden
Specification: Average
Location: 0.4 miles south east of the subject
Summary: Situated in a superior location, to an inferior specification.

6, Heath Court, 21 Heathfield Road, Croydon, CR0 1EY

£260,000 (£383 psf)



Date: October 2023
Sold Price: £260,000
Size: 679 sq ft GIA
Description: A one bed, second floor flat in a purpose built apartment block
Specification: Average
Location: 0.4 miles north of the subject
Summary: Situated in a superior location, to an inferior specification.

Flat 3, 74 Heathfield Road, Croydon, CR0 1EW

£212,000 (£516 psf)



Date: September 2023
Sold Price: £212,000
Size: 411 sq ft GIA
Description: A first floor, one bed flat.
Specification: Average
Location: 0.2 miles north of the subject
Summary: Situated in a superior location, to an inferior specification.

71 Muggeridge Close, South Croydon, Surrey, CR2 7LB

£220,000 (£482 psf)



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Date: July 2023
Sold Price: £220,000
Size: 456 sq ft GIA
Description: A one bed, third floor flat with parking and a communal garden
Specification: Good
Location: 0.4 miles south east of the subject
Summary: Located in a superior location, to a comparable specification

Flat 7, Keepers Court, 34 Warham Road, South Croydon, Surrey, CR2 6LA

£225,000 (£551 psf)



Date: June 2023
Sold Price: £225,000
Size: 408 sq ft GIA
Description: A one bed first floor flat with an allocated parking space and communal gardens
Specification: Average
Location: 0.2 miles north west of the subject
Summary: Situated in an inferior location, to an inferior specification.

Flat 2, 118 Selsdon Road, South Croydon, Surrey, CR2 6PG

£229,000 (£700 psf)



Date: April 2023
Sold Price: £229,000
Size: 327 sq ft GIA
Description: A one bed, ground floor conversion flat with a private garden.
Specification: Good
Location: 0.3 miles south east of the subject
Summary: Smaller than the subject and the property is situated in an inferior location and is to an inferior specification.

8, Sherwood Court, 4 Nottingham Road, South Croydon, Surrey, CR2 6LN

£250,000 (£581 psf)



Date: April 2023
Sold Price: £250,000
Size: 430 sq ft GIA
Description: A one bed, purpose built flat with parking and a communal garden
Specification: Average
Location: 0.3 miles north west of the subject
Summary: Situated in a superior location, to an inferior specification.



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One Bed Analysis

The one bed evidence ranges from £212,000 (516 psf) to £260,000 (£383 psf). The most relevant comparable is 16 Rosamund Close which sold at £250,000 (£490 psf). The proposal for which this viability analysis has been prepared is a new build development and therefore is to a superior specification and standard.

Two Beds

Flat 7, Chelwood Court, 31 Nottingham Road, South Croydon, CR2 6GA	£315,000 (£449 psf)
	<p>Date: January 2024 Sold Price: £315,000 Size: 702 sq ft GIA Description: A two bed first floor flat with a private balcony Specification: Average Location: 0.1 miles west of the subject Summary: Situated in a comparable location, to an inferior specification.</p>
8, Walton Court, Warham Road, South Croydon, Surrey, CR2 6LF	£317,500 (£450 psf)
	<p>Date: November 2023 Sold Price: £317,500 Size: 705 sq ft GIA Description: A recently refurbished two bed, second floor flat with a single garage and access to communal gardens. Specification: Good Location: 0.3 miles north east of the subject Summary: Situated in an inferior location, to a comparable specification.</p>
Flat 6, 45 St Peters Road, Croydon, CR0 1HP	£281,000 (£492 psf)
	<p>Date: September 2023 Sold Price: £281,000 Size: 570 sq ft GIA Description: A ground floor two bed flat with a garage and access to a communal garden Specification: Average Location: 0.3 miles north east of the subject Summary: Situated in a superior location, to an inferior specification.</p>
Flat 6, Farleigh Court, 43 Warham Road, South Croydon, Surrey, CR2 6LH	£300,000 (£457 psf)



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Date: August 2023

Sold Price:

£300,000 **Size:** 657

sq ft GIA

Description: A recently renovated two bed flat on the first floor

Specification: Good

Location: 0.4 miles west of the subject

Summary: Situated in an inferior location, to a comparable specification.

Flat 1, Brockham Court, 35 Nottingham Road, South Croydon, CR2 6GB

£310,000 (£455 psf)



Date: June 2023

Sold Price:

£310,000 **Size:**

681 sq ft GIA

Description: A two bed ground floor flat with communal gardens and an allocated parking space

Specification: Good

Location: 0.1 miles west of the subject

Summary: Situated in a comparable specification to an inferior specification.

Flat 14, Farleigh Court, 43 Warham Road, South Croydon, CR2 6LH

£312,000 (£486 psf)



Date: February

2023 **Sold Price:**

£312,000 **Size:**

642 sq ft GIA

Description: A two bed third floor flat with a garage and communal gardens

Specification: Average

Location: 0.4 miles west of the subject

Summary: Situated in an inferior location, to an inferior specification

Two Bed Analysis

The two bed evidence ranges from £281,000 (£492 psf) to £317,500 (£450 psf). The most relevant comparables are:

- 8 Walton Court which sold at £317,500 (£450 psf)
- Flat 6, Farleigh Court which sold at £300,000 (£457 psf)

Three / four Beds

There is minimal evidence for four bed flat sales so using three beds as a proxy.



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1, Charles Court, Selsdon Road, South Croydon,
CR2 6PZ

£338,500 (£388 psf)



Date: December 2023
Sold Price: £338,500
Size: 873 sq ft GIA
Description: A three bed ground floor flat with a private garage
Specification: Average
Location: 0.2 miles south east of the subject
Summary: Situated in an inferior location, to an inferior specification.

3, Elmhurst Court, St Peters Road, Croydon, CR0
1HQ

£335,000 (£393 psf)



Date: December 2023
Sold Price: £335,000
Size: 853 sq ft GIA
Description: A three bed, first floor flat with communal gardens
Specification: Good
Location: 0.3 miles north east of the subject
Summary: Situated in a superior location, to a comparable specification.

Flat 8, Oriana Court, 2 Crunden Road, South Croydon,
CR2
6GZ

£365,000 (£421 psf)



Date: August 2023
Sold Price: £365,000
Size: 866 sq ft GIA
Description: A three bed first floor flat
Specification: Good
Location: 0.5 miles south of the subject
Summary: Situated in an inferior location, to a comparable specification.

Flat 9, Maybury Court 131-133 Haling Park Road,
South
Croydon, CR2 6NN

£310,000 (£421 psf)



Date: March 2023
Sold Price: £310,000
Size: 736 sq ft GIA
Description: A three bed, second floor flat in a purposed built apartment block with communal gardens.
Specification: Good
Location: 0.5 miles west of the subject
Summary: Situated in an inferior location, to an inferior specification

Three / Four Bed Analysis

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The three bed evidence ranges from £310,000 (£421 psf) to £365,000 (£421 psf). The most relevant comparable is Flat 8, Oriana Court at £365,000 (£421 psf)

Based on the summary, and applying a new build premium this report uses a valuation of £500/sqft across the residential types. This applies to both the existing scheme and the proposed scheme.

Existing scheme values

Type (Bedrooms)	Number	Average Size (m ²)	Average Size, sqft Rooms	Average Sale Value (£)
1	3	52	556	278,167
2	7	67	718	359,000
3	4	88	947	473,375

The above excludes the 3 LAR units

Proposed scheme values

Type (Bedrooms)	Number	Average Size (m ²)	Average Size, sqft Rooms	Average Sale Value (£)
1	7	50.7	545	£272,500
2	9	66.0	710	£355,000
3	8	79.5	855	£427,500
4	1	90.0	968	£484,000

Commercial values

We have looked at examples of both letting values to gain an understand of proposed rental value and sale yields to understand

Rental values

The analysis uses letting values to gain an understand of proposed rental value and sale yields to understand commercial pricing.

Wallington Shopping Centre, Wallington Square, Sutton,	£16.17 per sq ft
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SM6 8RG



Date: December 2023
Passing Rent: £35,000 pa (£16.17 psf)
Size: 2,165 sq ft NIA
Description: A ground floor retail unit. We have been unable to confirm the terms agreed with the agent.
Specification: Average
Location: 2.7 miles west of the subject
Summary: Located on the High Street in Sutton.

Spring Wheel Way, Wallington, SM6 7AX

£14.57 per sq ft



Date: December 2023
Passing Rent: £27,500 pa (£14.57 psf)
Size: 1,887 sq ft NIA
Description: A ground floor retail unit. We have been unable to confirm the lease terms with the agent.
Specification: New Build 2022.
Location: 3.9 miles north west of the subject
Summary: Situated in an inferior location, to a comparable specification.

8-10 Crown Hill, Croydon, CR0 1RY

£24.05 per sq ft



Date: November 2023
Passing Rent: £55,000 pa (£24.05 psf)
Size: 2,287 sq ft NIA
Description: A ground floor retail unit let on a 10 year term expiring in November 2033
Specification: Good
Location: 0.9 miles north of the subject
Summary: Situated in a superior location, to a comparable specification.

Unit 67 Centrale Shopping Centre, North End, Croydon, CR0 1TY

£42.76 per sq ft



Date: May 2023
Passing Rent: £70,000 pa (£42.76 psf)
Size: 1,637 sq ft NIA
Description: A ground floor retail unit let on a 10 year term, expiring in May 2033.
Specification: Good
Location: 1.2 miles north of the subject
Summary: Situated in a superior location, to a comparable specification.

The retail evidence ranges from £27,500 pa (£14.57 psf) to £70,000 pa (£42.76 psf) overall.

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Spring Wheel Way is let at £14.57 psf and is a good comparable in terms of new build status, however, is situated in an inferior location.

8-10 Crown Hill is let at £24.05 psf and is a good comparable in terms of location and specification.

Based on the evidence, it is clear that a commercial unit rental of £20/sqft (£215/sqm) to a be a reasonable proxy.

Sale Values

<p>330 Limpsfield Road, South Croydon, CR2 9BX</p>	<p>£451,000 (4.27% NIY)</p>
	<p>Date: January 2024 Sold Price: £451,000 Size: 1,637 sq ft NIA Description: A ground floor retail unit with a first floor two bed flat and a second floor studio flat. The retail unit produces an income of £10,000 per annum and expires in April 2027. The flats are held on 12 month AST's and produce a total income of £20,400, giving a total income of £30,400 per annum Specification: Period property – average specification Location: 3.4 miles south of the subject Summary: Situated in an inferior location, to an inferior specification. The residential flats has an impact on the yield.</p>
<p>Gainsford House, 115 Station Road, West Wickham, London, BR4 0PX</p>	<p>£500,000 (6.95% NIY)</p>
	<p>Date: July 2023 Sold Price: £500,000 Size: 2,197 sq ft NIA Description: A three storey retail investment sale receiving an income of £36,800 per annum by two tenants, Boots and Amphlett Lissimore. Boots produce an income of £17,800 per annum and expires in March 2025. Amphlett Lissimore produces an income of £19,000 per annum and expires in July 2030. Specification: Average Location: 4.7 miles north east of the subject Summary: Short unexpired leases in West Wickham.</p>
<p>13A, High Street, Carshalton, SM5 3AP</p>	<p>£184,000 (7.77% NIY)</p>



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Date: April 2023

Sold Price:

£184,000 **Size:**

344 sq ft NIA

Description: A ground floor retail unit sold off on long leasehold for a term of 999 years. The property produces an income of £15,000 per annum on a 15 year term expiring in October 2037.

Specification: Average

Location: 3.5 miles west of the subject

Summary: Located in Carshalton and let on a lease

with 13 years unexpired.

104 The Broadway, London, SW19 1RH

£840,000 (7.23% NIY)



Date: March 2023

Sold Price:

£840,000 **Size:**

2,064 sq ft NIA

Description: A ground floor retail unit let to Pizza Express and 2 ground rent flats of the above residential flats. The Pizza Express lease expires in June 2030 and has a passing rent of £63,805.84 per annum (with a 2020 rent review outstanding). The combined ground rents achieve £500 per annum, giving a total rental income of £64,305.84 per annum. **Specification:** Average

Location: 6.9 miles north west of the subject

Summary: Let to a superior covenant with 6 years unexpired.

16-16A Ross Parade, Wallington, SM6 8QG

£395,000 (5.72% NIY)



Date: March 2023

Sold Price:

£395,000 **Size:**

1,206 sq ft NIA

Description: A ground floor retail unit sold as an investment. The property produces an income of £23,900 per annum with the lease expiry in March 2029. Local covenant.

Specification: Average

Location: 2.7 miles west of the subject

Summary: Four years to lease expiry and let to a local covenant.

Yield Analysis

The retail evidence ranges from £184,000 (7.77%) to £840,000 (7.23%) The most comparable units in terms of size and specification are: Gainsford House which sold at £500,000 (6.95%)

104 The Broadway at £840,000 (7.23%)

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Based on the evidence, a yield of 7% has been adopted

Costs

The following build costs have been used for the purpose of the model:

- Residential: £175/sqft = £1880/sqm
- Commercial: £125/sqft = £1345/sqm
- External works: Set at 10% for the scheme, consistent with the Local Plan assumption.

Affordable housing

The following rents have been used which are in accordance with London Affordable Rent which for 2022/23 were set at:

- Bedsit and 1-bedroom £168.34
- 2 bedrooms £178.23
- 3 bedrooms £188.13
- 4 bedrooms £198.03

The net affordable housing revenue has been capitalised at 6% for the affordable rent

Developers profit

The revised Planning Practice Guidance recommends a developer's profit allowance in the range of 15-20%. This model uses 15% for the consented scheme and 20% for the proposed scheme to reflect the higher level of risk involved.

CIL

For the consented scheme, the agreed CIL figure of £181,000 has been used. For the proposed scheme, an allowance of £464,560 has been made for CIL.



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Timeline

For the existing scheme 17-unit scheme, a 6-month lead in time has been allowed for prior to commencement of works on site to allow for detail design, building regulations approval, discharge of planning conditions and site set up. The contract period is 18 months, and the sales period is 6 months.

For the proposed 25-unit scheme, a 9-month lead in time has been allowed for prior to commencement on to site start for detail design, building regulations approval, discharge of planning conditions and site set up. The contract period is 24 months, and the sales period is 12 months.

Other Assumptions

1. Financing costs: Finance rate of 9% for the 17-unit scheme and 11% for the 25 unit scheme which represents the higher risk
2. Contingency: Maintained at 5%, consistent with the Local Plan assumption.
3. Design and Professional Fees: On par with the Local Plan assumption of 10%, reflecting efficiencies achieved through the project team's expertise and experience.
4. Sales and marketing Costs: In line with Local Plan assumption of 3%, based on current market practices for sales and marketing expenses.



Modelling Results

Consented scheme of 17 units with 3 LAR

The consented scheme has a residual value of £1,371,413 for the land value. Adding a 15% premium results in an EUV of £1,571,125

Site Reference			Site Address	1A Brighton Road	
Local Planning Authority			Scheme Description	17 Unit consented scheme	
Registered Provider (where applicable)					
TOTAL NUMBER OF UNITS			AFFORDABLE UNITS		
Dwellings	17			Quantity	% all units
			Total	3	18%
DENSITY (per hectare)			Social Rented	0	0%
Dwellings	No Area input		Affordable Rent	3	18%
			Shared Ownership	0	0%
REVENUES AND COSTS			Surplus/(Deficit) Present Value		
Total Scheme Revenues		6,762,204	Whole Scheme	1,371,413	
Total Scheme Costs	4,973,384		Per net hectare		
			Per dwelling	80,671	
			Per market dwelling	97,958	
Contribution to Revenue from					
Market Housing		5,245,001			
Affordable Housing		312,487	Alternative Site Value		
Social Rent	-				
Shared Ownership	-				
Affordable Rent	312,487				
Other Contributions		0			
Non Residential Values		1,204,716			
Contribution to Costs from					
Market Housing		2,142,887			
Affordable Housing		434,280			
Social Rent	-				
Shared Ownership	-				
Affordable Rent	413,600				
Other Construction costs		426,444			
Planning Obligations		-			
Fees		171,350			
Non Residential Costs		610,071			
Finance and Acquisition Costs		196,078			
Developer's return for risk and profit		992,274			

Proposed scheme of 25 units with no affordable housing

The model shows a surplus of £179k showing there is potential for some affordable housing on site:

Site Reference Details			Site Details		
Site Reference			Site Address	1A Brighton Road	
Local Planning Authority			Scheme Description	25 unit scheme	
Registered Provider (where applicable)					
TOTAL NUMBER OF UNITS			AFFORDABLE UNITS		
Dwellings	25			Quantity	% all units
			Total	0	0%
DENSITY (per hectare)			Social Rented	0	0%
Dwellings	No Area input		Affordable Rent	0	0%
			Shared Ownership	0	0%
REVENUES AND COSTS			Surplus/(Deficit) Present Value		
Total Scheme Revenues		10,211,216	Whole Scheme	172,815	
Total Scheme Costs	9,953,394		Per net hectare		
			Per dwelling	6,913	
			Per market dwelling	6,913	
Contribution to Revenue from					
Market Housing		9,006,500			
Affordable Housing		0	Alternative Site Value		
Social Rent	-			Existing Use	
Shared Ownership	-				
Affordable Rent	-				
Other Contributions		0			
Non Residential Values		1,204,716			
Contribution to Costs from					
Market Housing		3,673,614			
Affordable Housing		0			
Social Rent	-				
Shared Ownership	-				
Affordable Rent	-				
Other Construction costs		814,428			
Planning Obligations		-			
Fees		301,195			
Non Residential Costs		610,071			
Finance and Acquisition Costs		2,511,842			
Developer's return for risk and profit		2,042,243			



EXTENDING MY HOME

Proposed scheme of 25 units with 3 LAR

The following scenario assumes a scheme with 3 LAR units, accounting for 11 habitable rooms (15% of the total development). This scheme results in a deficit of £271,184

Unit Number	Bedrooms	Size (m ²)	Habitable Rooms	Housing type
1	3	75	4	Private
2	2	79	3	Private
3	1	50	1	Private
4	1	52	2	Private
5	2	62	3	Private
6	2	62	3	Private
7	3	77	4	Private
8	3	75	4	Private
9	2	79	3	Private
10	1	50	1	Private
11	1	52	2	Private
12	2	62	3	Private
13	2	62	3	Private
14	3	77	4	Private
15	3	99	4	Private
16	1	47	1	Private
17	1	54	2	Private
18	2	62	3	LAR
19	2	62	3	LAR
20	4	90	5	LAR
21	3	74	4	Private
22	2	64	3	Private
23	1	50	2	Private
24	3	81	4	Private
25	3	78	4	Private
Total	53	1675	75	



EXTENDING MY HOME

Site Reference Details			Site Details		
Site Reference			Site Address	1A Brighton Road	
Local Planning Authority			Scheme Description	25 unit scheme	
Registered Provider (where applicable)					
TOTAL NUMBER OF UNITS			AFFORDABLE UNITS		
Dwellings	25			Quantity	% all units
			Total	3	12%
DENSITY (per hectare)			Social Rented	0	0%
Dwellings	No Area input		Affordable Rent	3	12%
			Shared Ownership	0	0%
REVENUES AND COSTS			Surplus/(Deficit) Present Value		
Total Scheme Revenues		9,341,269	Whole Scheme	- 271,184	
Total Scheme Costs	9,745,846		Per net hectare		
			Per dwelling	- 10,847	
			Per market dwelling	- 12,327	
Contribution to Revenue from					
Market Housing		7,812,500			
Affordable Housing		324,053	Alternative Site Value		
Social Rent	-			Existing Use	
Shared Ownership	-				
Affordable Rent	324,053				
Other Contributions		0			
Non Residential Values		1,204,716			
Contribution to Costs from					
Market Housing		3,203,583			
Affordable Housing		469,373			
Social Rent	-				
Shared Ownership	-				
Affordable Rent	447,022				
Other Construction costs		814,365			
Planning Obligations		-			
Fees		256,375			
Non Residential Costs		610,071			
Finance and Acquisition Costs		2,561,814			
Developer's return for risk and profit		1,830,264			



EXTENDING MY HOME

Proposed scheme of 25 units with 3 First Homes

The following scenario assumes a scheme with 3 First Homes with a 40% discount, accounting for 11 habitable rooms (15% of the total development). This scheme results in a deficit of £12,409

Unit Number	Bedrooms	Size (m ²)	Habitable Rooms	Housing type
1	3	75	4	Private
2	2	79	3	Private
3	1	50	1	Private
4	1	52	2	Private
5	2	62	3	Private
6	2	62	3	Private
7	3	77	4	Private
8	3	75	4	Private
9	2	79	3	Private
10	1	50	1	Private
11	1	52	2	Private
12	2	62	3	Private
13	2	62	3	Private
14	3	77	4	Private
15	3	99	4	Private
16	1	47	1	Private
17	1	54	2	Private
18	2	62	3	First Home
19	2	62	3	First Home
20	4	90	5	First Home
21	3	74	4	Private
22	2	64	3	Private
23	1	50	2	Private
24	3	81	4	Private
25	3	78	4	Private
Total	53	1675	75	



EXTENDING MY HOME

Site Reference Details			Site Details		
Site Reference			Site Address	1A Brighton Road	
Local Planning Authority			Scheme Description	25 unit scheme	
Registered Provider (where applicable)					
TOTAL NUMBER OF UNITS			AFFORDABLE UNITS		
Dwellings	25			Quantity	% all units
			Total	3	12%
DENSITY (per hectare)			Social Rented	0	0%
Dwellings	No Area input		Affordable Rent	0	0%
			Shared Ownership	3	12%
REVENUES AND COSTS			Surplus/(Deficit) Present Value		
Total Scheme Revenues		9,710,576	Whole Scheme	- 12,409	
Total Scheme Costs	9,729,089		Per net hectare		
			Per dwelling	- 496	
			Per market dwelling	- 564	
Contribution to Revenue from					
Market Housing		7,812,500			
Affordable Housing		693,360	Alternative Site Value		
Social Rent	-			Existing Use	
Shared Ownership	693,360				
Affordable Rent	-				
Other Contributions		0			
Non Residential Values		1,204,716			
Contribution to Costs from					
Market Housing		3,203,583			
Affordable Housing		469,373			
Social Rent	-				
Shared Ownership	447,022				
Affordable Rent	-				
Other Construction costs		814,365			
Planning Obligations		-			
Fees		262,375			
Non Residential Costs		610,071			
Finance and Acquisition Costs		2,539,057			
Developer's return for risk and profit		1,830,264			

Conclusion & Findings

This report has provided a comprehensive review of residential and commercial sales and lettings values in the vicinity of the development. The financial model uses sales and lettings values that are justified by the empirical data presented in this report. The costs in the financial model for expenditure such as construction and professional fees are in line with data provided by BCIS and other similarly authoritative professional bodies.

The data presented in this report demonstrates that the proposed development of 25 residential units and 2 commercial units could be financially achievable (with a much lower developer profit than considered to be reasonable) but subject to a maximum provision of 3 First Homes with 40% discount. This would equate to 15% by habitable rooms. Providing any further units would result in a deficit that would be far greater than could be absorbed and therefore would not be financially viable.