Review of "Viability Assessment"

St Ann's Hospital,
St Ann's Road,
London, N15 3TH

Prepared for

London Borough of Haringey

October 2014

Contents

Appendices

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1 Introduction and Terms of Reference

BNP Paribas Real Estate was commissioned by London Borough of Haringey ("the Council") to advise on the viability appraisal of the proposed development ("the Development") of St Ann's Hospital, London ("the Site") submitted by CBRE on behalf of Barnet, Enfield and Haringey Mental Health Trust ("the Applicant").

This report provides an independent assessment of the Applicant's Affordable Housing Viability Submission to determine whether the affordable housing offer and Section 106 contributions as proposed have been optimised.

1.1 BNP Paribas Real Estate

BNP Paribas Real Estate is a leading firm of chartered surveyors, town planning and international property consultants. The practice offers an integrated service from fourteen offices within the United Kingdom and over sixty offices in key commercial centres in Europe, the United States of America and the Asian and Pacific regions.

BNP Paribas Real Estate has a wide ranging client base, acting for international companies and individuals, banks and financial institutions, private companies, public sector corporations, government departments, local authorities and registered social landlords.

The full range of property services includes:

- Planning and development consultancy;
- Affordable housing consultancy;
- Valuation and real estate appraisal;
- Property investment;
- Agency and Brokerage;
- Property management;
- Building and project consultancy; and
- Corporate real estate consultancy.

This report has been prepared by Tom Sykes MRICS, RICS Registered Valuer under the supervision of Anthony Lee MRTPI, MRICS, RICS Registered Valuer.

In 2007, we were appointed by the GLA to review its Development Control Toolkit Model (commonly referred to as the "Three Dragons" model). This review included testing the validity of the Three Dragons' approach to appraising the value of residential and mixed use developments; reviewing the variables used in the model; and advising on areas that required amendment in the re-worked toolkit. In 2011, we were appointed again by the GLA to undertake a further review of the toolkit and other available appraisal models. Our report was published by the GLA in October 2012.

In addition, we are retained by the Homes and Communities Agency ("HCA") to advise on better management of procurement of affordable housing through planning obligations.

The firm therefore has extensive experience of advising landowners, developers, local authorities and RPs on the value of affordable housing and economically and socially sustainable residential developments.

1.2 Report structure

This report is structured as follows:

Section 2 provides a description of the Proposed Development;

Section 3 describes our methodology and approach to determining the value of the Proposed Scheme and our benchmark land value;

Section 4 reviews the assumptions and variables adopted by the Applicant to complete the appraisals; and

Section 5 assesses the outputs of the appraisals and makes recommendations on an economically viable affordable housing and Section 106 package; and

Section 6 sets out our conclusions.

1.3 Disclaimer

In accordance with PS 1.6 of the RICS Valuation – Professional Standards (January 2014 Edition) (the 'Red Book'), the provisions of VPS 1 to VPS 4 are not of mandatory application and accordingly this report should not be relied upon as a Red Book valuation.

This report is addressed to the Council only and should not be reproduced without our prior consent.

2 Development Description

2.1 Site location and description

The Site is located on St Ann's Road in South Tottenham in the London Borough of Haringey. The Site is bounded by St Ann's Road to the North, Hermitage Road to the East, Warwick Gardens to the West and National Rail line to the South.

The Site has very poor accessibility (PTAL level 1b). However there is potential for improvement due to the proximity of transport links with Seven Sisters Station (Victoria Line) located approximately 0.3 miles away, providing regular London Underground services to London Kings Cross and central London. Furthermore, the London Overground Line can be accessed from South Tottenham while the national rail stations of Seven Sisters and Stamford Hill are also located within close proximity of the site. We also understand the Site is well served by numerous bus routes.

The Site is also situated within close proximity to a range of local amenities.

The Site currently accommodates St Ann's Hospital which is owned by Barnet Enfield and Haringey Mental Health Trust and provides healthcare facilities to patients throughout the local boroughs. We understand the existing property extends approximately 41,500 sq m (446,706 sq ft).

It should however be noted that we not inspected nor measured the current accommodation on the Site.

2.2 The proposed development

We understand the proposed development will provide a mix of one, two and three bed flats along with a mixture of two, three, four and five bed houses. We understand a total of 470 units are to be provided in total. In addition we understand 148 sq m (1,593 sq ft) of retail accommodation will be provided.

We also understand a new healthcare facility is to be provided on site.

3 Methodology

We have used *Argus Developer* ("Argus") to appraise the development proposals. Argus is a commercially available development appraisal package in widespread use throughout the industry. It has been accepted by a number of local planning authorities for the purpose of viability assessments and has also been accepted at planning appeals. Banks also consider Argus to be a reliable tool for secured lending valuations. Further details can be accessed at www.argussoftware.com.

This cash-flow approach allows the finance charges to be accurately calculated over the development period. The difference between the total development value and total costs equates to either the profit (if the land cost has already been established) or the residual value. The model is normally set up to run over a development period from the date of the commencement of the project and is allowed to run until the project completion, when the development has been constructed and is occupied.

Essentially, such models all work on a similar basis:

- Firstly, the value of the completed development is assessed.
- Secondly, the development costs are calculated, using either the profit margin required or land costs (if, indeed, the land has already been purchased).

The difference between the total development value and total costs equates to either the profit (if the land cost has already been established) or the residual value.

The output of the model is a Residual Land Value ("RLV"), which is compared to a benchmark value, typically the Current Use Value ("CUV") or Alternative Use Value (AUV). Development convention dictates that where a development proposal generates a RLV that is higher than CUV (or other relevant benchmark), it can be assessed as financially viable and likely to proceed[1]. If the RLV generated by a development is lower than the benchmark, clearly a landowner would sell the site for existing use; or delay development until the RLV improves.

[1] This concept is recognised by the RICS Guidance on *Viability in Planning 2012)* at paragraphs 3.4.3 and 3.4.4.

4 Review of Assumptions

In this section, we review the assumptions adopted by the Applicant for the purposes of running their appraisals of the Development.

4.1 Gross Development Value ("GDV")

4.1.1 Private Residential Values

In 2013 CBRE assumed an average sales value of £3,767 per sq m (£350 per sq ft) for the private dwellings to be provided on Site. To update the latest viability assessment CBRE have undertaken further research into the local market and reference the following new build schemes, however, comment that they do not consider them to be directly comparable with the subject site:

- Roden Court, Highgate Village; and
- Belz Drive, Clyde Circus Conservation Area (Near Seven Sisters).

In order to align the July 2013 value of £3,767 per sq m (£350 per sq ft) CBRE have inflated the values in line with a general house price across the borough. Therefore, CBRE state that Land Registry values in the London Borough of Haringey have increased by approximately 17% since July 2013. CBRE have applied this increase and have adopted an average value of £4,408 per sq m (£409.50 per sq ft) to all private units.

Based on an average value of £4,408 per sq m CBRE have assumed the following total value for the private units to be provided:

Unit Type	Number of Units	Average Size (sq m)	Average Value (£psm)	Average Value (£ per unit)	Total Value (£)
1 bedroom flat	73	50	£4,408	£220,400	£16,089,200
2 bedroom flat	96	70	£4,408	£308,560	£29,621,760
3 bed maisonette	20	101	£4,408	£445,208	£8,904,160
Admin Building 2 bed flat	10	71	£4,408	£312,968	£3,129,680
Water Tower	1	300	£4,408	£1,322,400	£1,322,400
2 bed house	43	85.30	£4,408	£376,002	£16,168,103
3 bed house	107	110.56	£4,408	£481,574	£52,146,640
4 bed house	33	128	£4,408	£564,224	£18,619,392
5 bed house	20	165	£4,408	£727,320	£14,546,400
TOTAL	**403**				**£160,548,176**

In order to ascertain whether it is reasonable to simply apply the Land Registry data to the values assumed in 2013 we have carried out some research into local sales values for the various unit types to be provided on site. Where possible we have gathered comparable information from the latest 5 sales on the unit type with the St Ann's area.

While undertaking our research the lack of new build schemes in the area was very apparent, therefore our research in the main focuses on 2nd hand properties that have recently been sold.

CBRE also suggest that the impact on living next to a NHS institute may have a negative impact on values however the comparables we have gathered are within the local area. It may also be argued that new build units in a mainly Victorian terraced area may command a premium in the current market.

Our research indicates an average value of £5,026 per sq m (£467 per sq ft) is reasonable. We have therefore applied the following values to the proposed scheme:

Unit Type	Number of Units	Average Size (sq m)	Average Value (£psm)	Average Value (£ per unit)	Total Value (£)
1 bedroom flat	73	50	£5,026	£251,300	£18,344,900
2 bedroom flat	96	70	£5,026	£351,820	£33,774,720
3 bed maisonette	20	101	£5,026	£507,626	£10,152,520
Admin Building 2 bed flat	10	71	£5,026	£356,846	£3,568,460
Water Tower	1	300	£5,026	£1,507,800	£1,507,800
2 bed house	43	85.30	£5,026	£428,718	£18,434,874
3 bed house	107	110.56	£5,026	£555,675	£59,457,225
4 bed house	33	128	£5,026	£643,328	£21,229,824
5 bed house	20	165	£5,026	£829,290	£16,585,800
TOTAL	**403**				**£183,056,123**

For the purpose of our appraisal we have adopted a private gross development value of £183,056,123.

4.1.2 Affordable Housing Revenue

In 2013 CBRE assumed values of £2,530 per sq m (£235psf) and £1,238 per sq m (£115 per sq ft) for the shared ownership and social rented units respectively.

Within the revised 2014 report CBRE have assumed values of £2,645 per sq m (245 per sq ft) for the shared ownership units and £2,160 per sq m (£200 per sq ft) for the rented units to be provided on site. We do however note that in the narrative of the report CBRE state vales of shared ownership units are valued at a rate of £240 per sq ft while the social rent units have been valued at a rate of £196 per sq ft.

To value the affordable housing units we have used a bespoke model, specifically created for this purpose. This model takes into account factors such as standard levels for individual RSLs management and maintenance costs; finance rates currently obtainable in the sector; and views on the amount of grant that may be obtainable.

The '2011-2015 Affordable Homes Programme – Framework' document provides a clear indication that Section 106 schemes are unlikely to be allocated Grant funding, except in exceptional circumstances. We therefore consider it imprudent to assume that Grant will be secured. Therefore our assessment relies upon the assumption that none is provided.

Having assessed the values of the affordable units we consider the values adopted by CBRE within their appraisal to be reasonable.

4.1.3 Ground Rents

CBRE have assumed ground rent revenues at an average annual income of £350 per unit per annum, capitalised at a yield of 3.33%. The ground rent revenue proposed by CBRE produces a net capital value of £1,602,079 once purchaser's costs are accounted for.

While we do not consider the assumptions relating to the average annual rent of the capitalisation rate to be unreasonable, we do note that CBRE have assumed 226 units will be subject to a ground rent. We have reviewed the accommodation schedule provided and calculate that there will be a total of 199 flats/apartments on site.

For the purpose of our appraisal we have assumed 199 ground rents. We would however welcome further discussion with CBRE should our calculation be incorrect.

We have therefore assumed the following ground rents in the proposed Development:

Type	Value (£ pa)	Total Units	Total Ground Rents (£ per annum)
Flats on site	£350	199	£69,650

These values have been capitalised at a yield of 3.33% to produce a gross capital value of approximately £2,091,592.

4.2 Development Costs

4.2.1 Construction Costs

The construction costs included within the CBRE's appraisal have been calculated by CBRE's internal Building Consultancy Team as an indicative cost estimate. CBRE state that information to provide the cost plan contained within their report has been gathered from a range of sources including BCIS and Spons. Furthermore CBRE have produced a range of total construction costs that equate to a low, mid and high construction costs for the proposed scheme.

CBRE have adopted a total base construction cost of £57,036,390 which equates to an average base build cost of £1,246 per sq m (£115.75 per sq ft). CBRE state that '*for the purposes of the viability assessment the low cost* *estimates have been used.'* We however note that the low base build cost estimate stated in the cost plan provided equates to only £48,463,575 once risk allowances and tender inflation have been excluded. If inflation is included in line with the BCIS Tender Price Index (7.7%), the base build cost equates to £52,195,270 or £1,154 per sq m (£107.21 per sq ft).

For the purpose of our assessment we have adopted a total base construction cost of £52,195,270 as per the CBRE cost plan provided, plus inflation.

We would however welcome confirmation from CBRE as to how they have calculated the assumed figure of £57,036,390 for the low cost plan estimate for the base construction costs.

In addition, and as stated in our 2013 viability assessment, we would expect the Applicant to appoint expert Quantity Surveyors and Cost Consultants to assess the actual costs of the scheme as the planning application progresses through the planning process due to the scale and nature of the proposed development.

We would therefore recommend the Council may wish to appoint an independent cost consultant to assess the costs of the scheme once a full cost plan is received from the applicant.

4.2.2 Other Construction Costs

CBRE have included an allowance of £1,150,000 to account for demolition of the 230,055 sq ft of existing healthcare building on site.

This total figure equates to a sum of £5 per sq ft and while this is an increase of £150,000 from the demolition allowance assumed in the 2013 viability assessment we do not consider this overall sum to be excessive or inappropriate. However, as with the construction costs we would assume that these costs will be assessed for the Applicant in due course.

We also understand that a £1,500,000 allowance has been assumed for the removal of asbestos from within the existing buildings. CBRE state that this allowance has been provided to them by the NHS Trusts' Estates team and is derived from previous experience of removing asbestos from elsewhere within the site.

With regards to the asbestos we would recommend that the Council establish, with the help of the NHS Trust, the extent of the asbestos on site and the work undertaken by the Trust to establish the allowance above. It may then be necessary to have this cost independent assessed by an appropriate professional with expertise in the removal of asbestos.

For the purpose of our appraisal we have adopted the figures of £1,150,000 and £1,500,000 however an increase or decrease in these figure may alter the overall outcome of the viability assessment.

4.2.3 Contingency

CBRE have effectively assumed a 10% contingency within their appraisal.

We have deemed a 5% contingency to be reflective of the current market and have therefore adopted the assumption within our appraisals.

4.2.4 Professional Fees

CBRE have assumed professional fees at 10% of construction costs.

Taking into account the nature of the scheme we consider this assumption to be reasonable.

4.2.5 Interest

CBRE have adopted an interest rate of 6%.

While we have carried out assessments upon which higher interest rates have been adopted, we do not consider the figure adopted above to be unreasonable in the current market given the nature of the proposed development.

4.2.6 Developer's Profit

When considering the changing economic climate, financial institutions have tightened their requirement for profit returns on schemes. Banks have raised their expectations in terms of risk and required returns that new developments offer.

CBRE have assumed Developer's Profit of 20% of Gross Development Value (GDV) for the proposed residential units to be provided on site.

We consider a return of 20% on GDV to be acceptable in the current market for speculative development of private residential units. However, with regards to the affordable housing, given the associated reduction in risk, we have adopted a profit level of 6% on cost.

4.2.7 Planning Obligations

CBRE have assumed there will be a Section 106 payment for the proposed Development equating to £4,327,060. We understand this is in accordance with advice provided by Broadway Malyan. CBRE have broken down the Section 106 contributions as follows:

Contribution Item	Total Contribution (£)
Movement	£45,000
Education	£3,000,000
Training	£209,825
Mayoral CIL	£872,235
Community Facilities	£200,000

For the purpose of our appraisal we have assessed the scheme on the basis of the information provided to us by CBRE. We would however welcome confirmation from the Council that the amounts stated above are appropriate. We note that in 2013 the total Section 106 contributions assumed by CBRE were lower than the contributions the Council considered to be appropriate.

4.2.8 Community Infrastructure Levy

As stated in section 4.2.7 CBRE have assumed a Mayoral CIL payment equating to £872,235 within their appraisals. This figure is in line with that assumed in 2013 and which the Council advised was the correct figure.

For the purposes of our assessment we have adopted this figure.

With regards to Borough CIL we understand that the Council will adopt its own CIL on 1 November 2014. We have also been advised that planning permission is unlikely to be achieved by the time the borough CIL is adopted. Therefore as negotiations continue it may be appropriate to revise the Section 106 contributions and incorporate borough CIL within the appraisals for the purpose of viability.

We understand that the site is located in the ‘Eastern’ zone and will be subject to a borough CIL rate of £15 per sq m.

4.2.9 Marketing and disposal costs

CBRE have assumed the following marketing and disposal fees for the proposed development:

Type	%	Related to
Marketing	2%	GDV
Sales Agent Fees	1.5%	GDV of Private Residential Units
Sales Legal Fees	0.5%	GDV of Private Residential Units

CBRE have increased both the marketing allowance and sales agent’s fees from the 2013 viability assessment. These figures have been increased by 1% and 0.5% respectively.

For the purposes of our appraisal we have adopted the following marketing and disposal costs as detailed below:

Type	%	Related to
Marketing	1.5%	GDV of Private Residential Units
Sales Agent Fees	1%	GDV of Private Residential Units
Sales Legal Fees	0.5%	GDV of Private Residential Units

4.3 Project Timetable

Having reviewed the viability report provided by CBRE we understand the following timescales have been assumed within their viability assessment:

- 12 month pre-construction period for site demolition and clearance
- 36 month construction period (13 units per calendar month); and
- 57 month sale period (7 units per calendar month) to commence after 18 months of the construction period
- Total development period of 87 months.

We have assumed that a Registered Provider will make staged payments over the build period and take ownership of the affordable units upon practical completion. This is in line with current market practice.

5 Appraisal outputs

In this section, we consider the outputs of the appraisals and the implications for the provision of affordable housing at the proposed development.

5.1 Viability Benchmark

As in the 2013 report CBRE appear to suggest that special circumstances exist in this case, as the residual land value is being reinvested into healthcare. Therefore the capital receipt obtained through the sale of the land will need to provide a minimum of £38.8 million, which is the reported cost of the new healthcare facility.

This approach is unusual and not supported by the Council's planning policies nor by national planning policy. The use of this benchmark requires one public body (the Council) to sacrifice its requirements for affordable housing in order that another public body (the Trust) might construct a new facility.

Guidance from the HCA, the GLA and planning appeals suggests that scheme viability should be determined with reference to a site's value in its current use.

Furthermore, the Council will need to be satisfied that the proposed cost of £38,800,000 is appropriate for the new healthcare facility.

We return to this point later in our report.

5.2 Appraisal Results

We have undertaken an appraisal of the proposed Development with 14% affordable housing by units as assessed by CBRE. Our appraisal produces a Residual Land Value ("RLV") of £62,479,981 (Appendix 1). When compared with the Viability Benchmark figure of £38,800,000 the proposed Development generates a surplus of £23,679,981.

6 Conclusions

This application presents a complex situation for both the Council and the Applicant, both of whom are seeking to secure a significant share of the land value generated by the proposed development.

The Trust plans to fund the redevelopment costs at St Ann's Hospital from the land value generated by the application site. The Trust's judgement is that the land value of a policy compliant scheme would not be adequate to cover the redevelopment costs in full. The Trust points out that it needs to reduce the level of affordable housing to be provided to a level that would create a land value of £38,800,000. In this instance CBRE suggest that the site can support 14% affordable housing.

Whilst the Council may have sympathy with this position, we note that the Trust requests that the requirement for urgently needed affordable housing on an important strategic site be significantly reduced to enhance the site value.

In an historic planning appeal the Inspector at the Clay Farm appeal ruled that it is not the role of the planning system to underpin land values by forgoing planning obligations.

In contrast to the Clay Farm decision, a planning permission granted by Shepway District Council appears to support reduced planning obligations for affordable housing if a scheme is providing an alternative facility of value to the community. We are aware of other such cases, but they were ultimately arrived at through political decisions which weighed the benefits of much needed affordable housing against the provision of alternative valuable community facilities. It appears to us that, in the absence of any strong planning policy supporting the Applicant's proposition, such a political decision will also need to be taken in this case.

There are clear options for the Council and the Trust to consider:

- The Trust could delay sale of the site until values have increased to an extent that the residual land value meets a level to support a policy compliant level of affordable housing; or
- The Trust could increase the quantum of affordable housing towards or up to the Council's target level and accept a reduced land value; or
- The Council could accept a sub-policy level of affordable housing to facilitate an increased land value.

Notwithstanding the comments above, it does appear that the residual land value of the proposed scheme is significantly higher than that proposed by CBRE. Therefore we are of the opinion that scheme could provide additional affordable housing on site and still provide the required capital receipt needed to provide the new health campus.

Appendix 1 - Development Appraisal (14% Affordable Housing)

BNP Paribas Real estate

Development Appraisal

St Ann's Hospital

Report Date: 07 October 2014

St Ann's Hospital

Summary Appraisal for Phase 1

Currency in £

REVENUE

Sales Valuation	**Units**	**m²**	**Rate m²**	**Unit Price**	**Gross Sales**
1 bed flat	73	3,650.00	5,026.00	251,300	18,344,900
2 bed flat	96	6,720.00	5,026.00	351,820	33,774,720
3 bed maisonette	20	2,020.00	5,026.00	507,626	10,152,520
Admin Building	10	710.00	5,026.00	356,846	3,568,460
Water Tower	1	300.00	5,026.00	1,507,800	1,507,800
2 bed house	43	3,667.90	5,026.00	428,718	18,434,865
3 bed house	107	11,830.00	5,026.00	555,678	59,457,580
4 bed house	33	4,224.00	5,026.00	643,328	21,229,824
5 bed house	20	3,338.60	5,026.00	838,990	16,779,804
1 bed flat - SR	4	200.00	2,160.00	108,000	432,000
2 bed flat - SR	5	350.00	2,160.00	151,200	756,000
3 bed maisonette - SR	1	101.00	2,160.00	218,160	218,160
2 bed house - SR	2	170.00	2,160.00	183,600	367,200
3 bed house - SR	5	550.00	2,160.00	237,600	1,188,000
4 bed house - SR	2	256.00	2,160.00	276,480	552,960
5 bed house - SR	1	165.00	2,160.00	356,400	356,400
1 bed flat - SO	8	400.00	2,645.00	132,250	1,058,000
2 bed flat - SO	12	840.00	2,645.00	185,150	2,221,800
3 bed maisonette - SO	3	303.00	2,645.00	267,145	801,435
2 bed house - SO	5	424.00	2,645.00	224,296	1,121,480
3 bed house - SO	13	1,430.00	2,645.00	290,950	3,782,350
4 bed house - SO	4	512.00	2,645.00	338,560	1,354,240
5 bed house - SO	2	330.00	2,645.00	436,425	872,850
Totals	**470**	**42,491.50**			**198,333,348**

Rental Area Summary	**Units**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**
Ground Rents	199	350	69,650	69,650

Investment Valuation

Ground Rents					
Current Rent	69,650	YP @	3.3300%	30.0300	2,091,592

GROSS DEVELOPMENT VALUE			**200,424,940**
Purchaser's Costs	5.80%	(114,662)	
			(114,662)
NET DEVELOPMENT VALUE			**200,310,278**
NET REALISATION			**200,310,278**

OUTLAY

ACQUISITION COSTS			
Residualised Price		62,479,981	
Stamp Duty	4.00%	2,499,199	
Agent Fee	1.00%	624,800	
Legal Fee	0.50%	312,400	
			65,916,380

CONSTRUCTION COSTS

Construction	**m²**	**Rate m²**	**Cost**
1 bed flat	4,307.00 m²	1,154.00 pm²	4,970,278
2 bed flat	7,872.00 m²	1,154.00 pm²	9,084,288
3 bed maisonette	2,380.00 m²	1,154.00 pm²	2,746,520
Admin Building	840.00 m²	1,154.00 pm²	969,360
Water Tower	353.00 m²	1,154.00 pm²	407,362

St Ann's Hospital

2 bed house	3,667.90 m²	1,154.00 pm²	4,232,757	
3 bed house	11,830.00 m²	1,154.00 pm²	13,651,820	
4 bed house	4,224.00 m²	1,154.00 pm²	4,874,496	
5 bed house	3,338.60 m²	1,154.00 pm²	3,852,744	
1 bed flat - SR	235.29 m²	1,154.00 pm²	271,529	
2 bed flat - SR	411.74 m²	1,154.00 pm²	475,153	
3 bed maisonette - SR	118.82 m²	1,154.00 pm²	137,117	
2 bed house - SR	170.00 m²	1,154.00 pm²	196,180	
3 bed house - SR	550.00 m²	1,154.00 pm²	634,700	
4 bed house - SR	256.00 m²	1,154.00 pm²	295,424	
5 bed house - SR	165.00 m²	1,154.00 pm²	190,410	
1 bed flat - SO	470.59 m²	1,154.00 pm²	543,059	
2 bed flat - SO	988.19 m²	1,154.00 pm²	1,140,366	
3 bed maisonette - SO	356.46 m²	1,154.00 pm²	411,352	
2 bed house - SO	424.00 m²	1,154.00 pm²	489,296	
3 bed house - SO	1,430.00 m²	1,154.00 pm²	1,650,220	
4 bed house - SO	512.00 m²	1,154.00 pm²	590,848	
5 bed house - SO	330.00 m²	1,154.00 pm²	380,820	
Totals	**45,230.59 m²**		**52,196,100**	**52,196,100**
Contingency		5.00%	2,742,305	
Demolition			1,150,000	
Asbestos Removal			1,500,000	
Section 106			3,454,825	
CIL			872,235	
				9,719,365
PROFESSIONAL FEES				
Professional Fees		10.00%	5,219,610	
				5,219,610
MARKETING & LETTING				
Marketing		1.50%	2,748,757	
				2,748,757
DISPOSAL FEES				
Sales Agent Fee		1.00%	1,853,421	
Sales Legal Fee		0.50%	926,710	
				2,780,131
Additional Costs				
Profit on Private		20.00%	36,650,095	
Profit on Affordable		6.00%	444,388	
				37,094,483
FINANCE				
Debit Rate 6.000% Credit Rate 0.000% (Nominal)				
Land			17,273,172	
Construction			2,132,887	
Other			5,229,406	
Total Finance Cost				24,635,464
TOTAL COSTS				**200,310,289**
PROFIT				
				(12)
Performance Measures				
Profit on Cost%		0.00%		
Profit on GDV%		0.00%		
Profit on NDV%		0.00%		
Development Yield% (on Rent)		0.03%		
Equivalent Yield% (Nominal)		3.33%		
Equivalent Yield% (True)		3.40%		
IRR		6.15%		

St Ann's Hospital

Rent Cover	0 yrs 0 mths
Profit Erosion (finance rate 6.000%)	N/A