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St Albans District Council Local Plan Viability Study

Strategic Site Testing: North West Harpenden

Prepared for
St Albans City and District Council

September 2024



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1 Introduction

St Albans City and District Local Plan 2041 Publication Draft 2024 ('LPPD') sets out a planning framework for the City and District, identifying how much and what type of development is needed and where it should or should not be accommodated. To support the delivery of housing and employment growth over the plan period St Albans City and District Council ('the Council') has identified a number of Strategic Development Sites ('Strategic Sites'). Given the importance of these Strategic Sites to the local growth strategy the Council has instructed BNP Paribas Real Estate to consider their viability in detail.

The National Planning Practice Guidance on Viability 2024 ('NPPG') identifies at paragraph 003 that:

"Assessing the viability of plans does not require individual testing of every site or assurance that individual sites are viable. Plan makers can use site typologies to determine viability at the plan making stage". However, it goes on to identify that *"in some circumstances more detailed assessment may be necessary for particular areas or key sites on which the delivery of the plan relies"*. This is reiterated in paragraph 005 which sets out that, *"it is important to consider the specific circumstances of strategic sites. Plan makers can undertake site specific viability assessment for sites that are critical to delivering the strategic priorities of the plan."*

Accordingly this report outlines the results of the additional high level viability testing undertaken on the East Hemel Hempstead (North) strategic development site as allocated in the LPPD as site B7.

This report should be read in conjunction with the St Albans Local Plan Viability Study ('LPVS') report dated September 2024, in which we which tested the ability of a range of development types throughout the City and District to support the planning policy requirements of the emerging LPPD and other key local policies and guidance as well as national policies.

We have prepared this report with the particular purpose of testing the cumulative impact of the Council's emerging requirements on the identified strategic development site B7 including affordable housing, on-site Section 106 obligations and on-site infrastructure measures. This approach is in line with the requirements of the National Planning Policy Framework 2023 ('NPPF'), the NPPG, the RICS Guidance Note 'Assessing viability in Planning under the National Planning Policy Framework for England (2021)' and the Local Housing Delivery Group guidance 'Viability Testing Emerging Local Plans: Advice for planning practitioners' (June 2012).

This report is structured as follows:

- **Section 2** identifies the details of the strategic site that has been tested;
- **Section 3** details the methodology adopted in this assessment and the inputs to our appraisals;
- **Section 4** outlines the results of our appraisals and considers the implications for the Council's emerging LPPD; and
- **Section 5** sets out our conclusions and recommendations.

2 Details of strategic site

The Council has provided information to BNP Paribas Real Estate on the development envisaged at North West Harpenden as set out in the development requirements of Policy LG1 (a-s) - North West Harpenden Broad Location in the LPPD. Table 2.1 sets out these assumptions including; the gross and net site areas, the number of residential units and the quantum of non-residential floorspace. Further details of the scheme appraised are set out at Appendix 1.

Table 2.1 Details of proposed strategic development at North West Harpenden

Appraisal Input	Site Specifications
Site Size Gross Net	12.2 Ha 7.3 Ha
Number of residential units (Density circa 40 units per Ha) Estimated Self Build units @ 3% of total units	293 9
Health provision	To be provided off site

3 Development appraisals

3.1 Methodology

Our methodology follows standard development appraisal conventions and the standard methodology set out in the NPPG. It is also consistent with the methodology in the LPVS. This study utilises the residual land value ('RLV') method of calculating the value of the indicative development on the North West Harpenden strategic site. This method is used by developers when determining how much to bid for land and involves calculating the value of the completed scheme and deducting development costs (construction, fees, finance and policy requirements) and developer's profit. The residual amount is the sum left after these costs have been deducted from the value of the development, and guides a developer in determining an appropriate offer price for the site.

We have used *Argus Developer* ("Argus") to undertake the high level appraisal of the indicative development on the North West Harpenden strategic site. Argus is a commercially available development appraisal package in widespread use throughout the development 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

Argus is essentially a cash-flow model. Such models all work on a similar basis:

- Firstly, the value of the completed development is assessed.
- Secondly, the development costs are calculated, including either the profit margin required or land costs. In our appraisals we include profit as a development cost.

As identified above, the difference between the total development value and total costs equates to the RLV. The model is normally set up to run over a development period from the date of the commencement of the project until the project completion, when the development has been constructed and is occupied.

The cash-flow approach allows the finance charges to be accurately calculated over the development period. This approach can accommodate more complex arrangements where a number of different uses are provided or development is phased.

In order to assess whether a development scheme can be regarded as being economically viable, with a given level of planning obligations, it is necessary to compare the RLV that is produced with a benchmark land value ('BLV'). If a development generates a RLV that is higher than the BLV it can be regarded as being economically viable and therefore capable of providing a greater quantum of obligations. However, if a development generates a RLV that is lower than the BLV, it should be deemed economically unviable and the quantum of planning obligations would need to be reduced until viability is achieved.

3.2 Appraisal inputs

Our assumptions adopted for the development appraisals of the indicative assessment on the site are set out in the following section.

3.2.1 Unit mix

Following discussions with the Council we have adopted the unit mix as summarised in Tables 3.2.1.1 and 3.2.1.2 based on the mix adopted for Typology 14 in the LPVS on the basis that this is a reasonable assumption to test in a viability assessment. However, this does not preclude other unit mixes if these meet identified housing need at the time a scheme is brought forward.

The sizes of units that we have adopted in the appraisal have been informed by and accord with the minimum gross internal floor areas set out in the former DCLG (now the Ministry of Housing

Communities and Local Government) 'Technical Housing standards nationally described space standard' published in March 2015.

Table 3.2.1.1: Market Housing Unit Mix

Unit type	2 Bed/4P House	3 Bed/5P House	4 Bed/7P House
Unit size ¹	79 sq/m	93 sq/m	115 sq/m
% tested in Scheme	25%	45%	30%

Table 3.2.1.2: Affordable Housing Unit Mix

Unit type	2 Bed/4P House	3 Bed/5P House	4 Bed/7P House	5 Bed/7P House
Unit size ²	79 sq/m	93 sq/m	115 sq/m	125 sq/m
% tested in Scheme	28%	37%	25%	10%

3.2.2 Market Housing Residential Sales Values

We have adopted an average private/market residential sales value of £7,320 per sq/m (£680 per sq/ft) in our appraisal. This corresponds with the sales values adopted in the LPVS in the Harpenden value area, which we based on research using sources including the Land Registry online database, Rightmove online database, our understanding of viability of live schemes in the District and discussions with active local agents.

3.2.3 Affordable housing

The LPPD indicates that the Council will require schemes capable of providing 10 or more units to provide 40% affordable housing with a tenure mix of 30% Social Rent, 30% Affordable Rent, 15% Shared Ownership and 25% First Homes.

Target rents are determined by Ministry for Housing Communities and Local Government's ("MHCLG") 'Rent Restructuring Framework' introduced into the registered provider sector in 2002. Under this framework, RPs are required to calculate a target rent for each property based on relative property values and relative local earnings, together with a bedroom weighting.

The weekly Social Rent for an individual property is calculated as follows:

- 70% of the average rent for the RP sector multiplied by relative county earnings multiplied by the bedroom weighting; plus
- 30% of the average rent for the RP sector multiplied by the relative property value (using January 1999 values as a common base date).

Consequently, our appraisals assume that the Social Rented housing is let at Social Rents summarised in Table 3.2.3.1.

Table 3.2.3.1: Social Housing Rents (Per Week)

Value Area	Houses		
	2 bed	3 bed	4 bed
Harpenden	£143.55	£162.43	£190.00

¹ In line with the Government's "Technical housing standards nationally described space standard" published in March 2015.

² In line with the Government's "Technical housing standards nationally described space standard" published in March 2015.

Our appraisals assume that the Affordable Rent units are let at Local Housing Allowance Rents (South West Herts BRMA which we summarise in Table 3.2.3.2.

Table 3.2.3.2: Affordable Housing Rents (Per Week)

1 Bed	2 Bed	3 Bed	4 Bed
£218.63	£287.67	£345.21	£460.27

To establish the capital value of the rented units, we have used a discounted cashflow model which replicates the approach used by registered providers when preparing bids to acquire new housing stock. The model projects the rents over a 40 year period and deducts the estimated voids and bad debts, management costs, maintenance costs and allowances for major repairs. The model establishes the present value of the net rental income by applying a discount rate (reflecting the cost of funds and RP's risk margin), reflecting the price that can, in principle be paid to acquire the completed units from a developer. We summarise in tables 3.2.3.3 and 3.2.3.4 below the capital values we have adopted in our appraisals for the social and affordable rented units.

Table 3.2.3.3: Capital Values of the Social Rented Affordable Housing

Value Area	Houses		
	2 Bed (£ per sq/ft)	3 Bed (£ per sq/ft)	4 Bed (£ per sq/ft)
Harpenden	£212	£205	£196

Table 3.2.3.4: Capital Values of the Affordable Rented Affordable Housing

Houses		
2 Bed (£ per sq/ft)	3 Bed (£ per sq/ft)	4 Bed (£ per sq/ft)
£415	£428	£473

We have valued the Shared Ownership units by firstly establishing the unrestricted market value of each unit by reference to comparable evidence of similar units. The value of the initial equity stake sold to the purchaser (typically 25%) is the first segment of value. The purchaser (with an income cap of £80,000 per annum) will also pay a rent on the retained equity at rate not exceeding 2.75% of the retained equity. The capital value of this rent is calculated using a discounted cashflow model. The two elements (initial equity stake sold plus capital value of rental income) are added together to establish a total value.

We summarise in Table 3.2.3.5 below the capital values of the Shared Ownership units we have adopted in our appraisals.

Table 3.2.3.5: Capital Values of Shared Ownership Units

Value Area	2 Bed (£ per sq/ft)	3 Bed (£ per sq/ft)	4 Bed (£ per sq/ft)
Harpenden	£343	£314	£216

In line with the requirements of the NPPG on First Homes, we have valued the First Homes on the basis of a value cap of £250,000 per unit which represents an discount on average market values of c. 63% in Harpenden.

The 'Affordable Homes Programme 2021-2026' document clearly states that Registered Providers will not receive grant funding for any affordable housing provided through planning obligations on developer-led developments. Consequently, all our appraisals assume nil grant. Clearly if grant funding does become available over the plan period, it should facilitate an increase in the provision of

affordable housing when developments come forward.

3.2.4 Self-Build Plots

At this site, LPPD policy requires that 3% of new homes are to be provided as self-build housing. We have assumed that the cost of delivering the plots is equal to the value received for the plots and as a result we have omitted the costs/values from our appraisal. The effect of a requirement for self-build units is effectively neutral for a developer, as they will receive the market value for the plot (which reflects the end value less the construction costs).

3.2.5 Base build costs and infrastructure

We have sourced build costs for the residential schemes from the RICS Build Cost Information Services ('BCIS'), which is based on tenders for live schemes adjusted to reflect local circumstances in St Albans District. The base build costs used in our appraisals are set out in Table 3.2.5.1 below, these are in line with the costs adopted in the LPVS.

Table 3.2.5.1 Base build costs adopted in Appraisal

Use	Cost per sq/m
Residential houses	£1,489

In addition to these base costs, we have included an allowance which equates to an additional 10% of the base cost for external works on the residential uses. The allowance included for external works accounts for works outside each dwelling including landscaping, pavements/driveways/parking works and so on.

In our experience it is likely that developers will be able to value engineer build costs to lower levels than assumed in this study on larger sites, such as the strategic sites in St Albans City and District area. We have not allowed for this in our assessment. Our appraisals also include a contingency of 5% of build costs.

In line with the LPVS we have also allowed for extra over costs associated with policy requirements which we summarise below.

Table 3.2.5.2: Extra Over Costs

Use	Accessibility M4 (2) £ Per Sq/m	Accessibility M4 (3) £ Per Sq/m	10% Biodiversity £ Per Sq/m
Residential houses	£8.00	£19.00	£1.19

We have also included an allowance of £29,000 per standard residential unit and £20,000 per unit for all other specialist residential units for infrastructure costs. In our experience greenfield sites such as North West Harpenden are likely to require significant development of infrastructure such as servicing and roads etc.

3.2.6 Professional fees

In addition to base build costs, schemes will incur professional fees covering design, valuation, highways and planning consultants and the cost of preparing and submitting the planning application and so on. Our appraisals incorporate an 8% allowance which reflects the site being built out by a volume housebuilder using standard house types.

3.2.7 Development Finance

In line with the LPVS, our appraisal assumes that development finance can be secured at a rate of 6.5%.

3.2.8 Marketing, Agency and Legal Costs

Our assessment incorporates an allowance of 2.5% for marketing costs, which includes show homes and agents' fees for market housing units and First Homes units.

We have applied a 0.25% sales legal fee on GDV has been applied to the residential uses.

3.2.9 Acquisition/Purchaser Costs

Our appraisal deducts Stamp Duty at 5%, acquisition agent's fees at 1%; and acquisition legal fees at 0.8% of residual land value.

3.2.10 Section 106 obligations

The Council have advised as to appropriate Section 106 contributions for specific community infrastructure requirements associated with the delivery of this strategic site. We understand that these are broad estimates based on best available information including the apportionment of costs of delivering such infrastructure on existing sites in the District. These costs are likely to be refined as masterplanning of the strategic sites progresses. The Section 106 costs adopted in this study are as set out in Table 3.2.11.1 below.

Table 3.2.11.1: Section 106 contributions

Contribution description	Contribution	Comments on contribution
Education	£3,461,209	Based on £11,813 per unit
Healthcare	£490,000	Based on ARUP Costings
Sports & Community	£835,314	Based on Arup Costings
Green infrastructure: Local open/play Space/Green Infrastructure	£438,562	Based on ARUP Costings
Transport Infrastructure	£3,904,518	£6,826 per home for active travel (index linked in accordance with HCC developer contributions toolkit) £6,500 per home for transport requirements (e.g. Highways)
Total	£9,129,603	-

We have assumed a worst case scenario for the contributions outlined above, in that these will be upfront costs. It is likely however that some or all of these costs may be phased throughout the total development period of the strategic site.

We have also included an allowance for any residual S106 contributions over and above the identified items above and we have assumed £2,000 per unit and £20 per square metre for non-residential uses.

3.2.11 Profit

As identified in the LPVS, Developer's profit is closely correlated with the perceived risk of residential development. The greater the risk, the greater the required profit level, which helps to mitigate against the risk, but also to ensure that the potential rewards are sufficiently attractive for a bank and other equity providers to fund a scheme. The NPPG identifies at para 018 that, *"for the purpose of plan making an assumption of 15-20% of gross development value (GDV) may be considered a suitable return to developers in order to establish the viability of plan policies. Plan makers may choose to apply alternative figures where there is evidence to support this according to the type, scale and risk profile of planned development."*

Based on our experience of the development of such uses and sites we have adopted the following profit assumptions in this assessment:

- 17.5% on Gross Development Value (GDV) for private housing units;
- 12% on GDV for the First Homes;
- 6% on GDV for affordable rent and shared ownership affordable housing units.

3.2.12 Timescales

We have considered the size of the site and number of residential units being delivered and adopted appropriate development and phasing assumptions. We have assumed that the site will be delivered in two phases of c. 85 units each and that there will be multiple sales outlets. We have assumed that the sales rate will be 6 units per month (assuming two sales outlets), which is considered to be a conservative assumption and higher rates of sale could be experienced. The build out period will mirror the rate of sale, which is based on our understanding of developers' deliver of such large strategic sites. Sales start 12 months after commencement of construction. The timescales we applied are as detailed in Table 3.2.13.1 below.

Table 3.2.13.1: Development timescales

Phase	Phase 1	Phase 2	Total
Pre-construction (months)	9	9	27
Construction (months)	14	14	28
Residential Sales (months)	14	14	28

The sales rates are applied to the private housing units only, with the developers assumed to contract with a Registered Provider for the disposal of the affordable housing prior to commencement of construction. The agreed capital receipt for the affordable housing is assumed to be received quarterly over the build period.

4 Appraisal Results and Analysis

We have run an appraisal of the strategic development envisaged at North West Harpenden as set out in the previous sections and identified within the Council's LPPD. We have then compared the residual land value to the most appropriate BLV identified in the LPVS, which in this instance is the Greenfield value of £370,000 per gross hectare, in order to determine whether this might be sufficient for the Strategic Site to be brought forward for development.

The appraisals and results are summarised in Table 4.1 below.

Table 4.1: Appraisal results – North West Harpenden

Scenario appraised	Residual land value	BLV (based on £370,000 per Ha)	Viable/ Unviable
40% AH	£31,186,365	£4,514,000	Viable

The appraisal scenario tested for the North West Harpenden Strategic Site identifies that the indicative development identified in the LPPD allocation scheme is viable when measured against the BLV of £370,000 per hectare when delivering 40% Affordable Housing. We therefore consider the strategic site to be developable as required by the NPPF i.e. it has a 'reasonable prospect' of being available and viably developed within the plan period.

5 Conclusions and Recommendations

This testing demonstrates that the North West Harpenden strategic site is viable and developable having regard to both the Council's planning policy requirements including 40% affordable housing and additional planning polices as set out in our LPVS.

Appendix 1 - Working assumptions adopted in appraisal

Name of site		North West Harpenden										
Site Size (Gross) Ha		12.2										
Site Size (Net) Ha		7.3										
Total No Standard Residential units		293										
Self build plots (3%)		9										
Total units less self build (97%)		284										
Care Home rooms		-										
Extra Care / flexicare units		-										
Special needs supporting living units		-										
Traveller & Gypsy Pitches		-										
No Phases		2										
Unit mix Based on Typology 14												
Market Housing Mix		1 Bed 2p flat	2 bed 4p flat	3 bed 5p flat	4 bed 7p flat	2 Bed 2p House	3 Bed 5p House	4 Bed 7p House	5 Bed 7p House	Total		
Size (sq m)		50	70	86	108	79	93	115	125			
Percentage split		0%	0%	0%	0%	36%	56%	4%	0%			
Total Floor area (sq m)		-	-	-	-	8,077	14,791	1,306	-		24,174	
Affordable Housing Mix		1 Bed 2p flat	2 bed 4p flat	3 bed 5p flat	4 bed 7p flat	2 Bed 2p House	3 Bed 5p House	4 Bed 7p House	5 Bed 7p House	Total		
Size (sq m)		50	70	86	108	79	93	115	125			
Percentage split		0%	0%	0%	0%	46%	34%	19%	0%			
Total Floor area (sq m)		-	-	-	-	10,321	8,980	6,205	-		25,506	
Affordable Housing Analysis												
Percentage		40%										
Rented (50% Social rent and 50% Affordable Rent)		60%										
Intermediate (Shared Ownership)		15%										
Intermediate (First Homes)		25%										
Resi floor area analysis												
		Total	Phase 1	Phase 2								
Total Private Floor area		14,504	7,252	7,252								
Total Affordable Floor Area		10,202	5,101	5,101								
Rented (50% Social rent and 50% Affordable Rent)		6,121.45	3,061	3,061								
Shared ownership		1,530.36	765	765								
First Homes		2,551	1,275	1,275								
Self-Build units												
		Total	Phase 1	Phase 2								
No plots		9	5	5								
Health provision												
		Total	Phase 1	Phase 2								
Gross floor area (sq m)		-	-	-								
Net floorarea (sq m)		-	-	-								
Neighbourhood / Local Centre												
		Total	Phase 1	Phase 2								
Gross floorarea (sq m)		-	-	-								
Net floorarea (sq m)		-	-	-								
Care Homes												
		Phase 2										
National Care Standards requirements												
	135	sq ft of useable floorspace, excluding ensuite										
	38	sq ft of space for en-suite										
	42	sq ft of communal space, excluding circulation										
	-	rooms	-	floor area of rooms								
			-	en-suite bathrooms								
			-	communal space								
			-	sq ft NIA								
	0.15	Circulation	-	sqft								
			-	sqft GIA								
			-	sqm GIA								
Extra-Care / Flexi Care												
		Phase 2				Affordable Housing						
		1 Bed 2p flat	2 bed 4p flat	Total	Private	Rented (50% Social rent and 50% Affordable Rent)	Intermediate (Shared Ownership)					
Size (sq m)		50	70									
Percentage split		50%	50%		60%							
Total Floor area (sq m) NIA		-	-	-								
Total Floor area (sq m) GIA @60% Gross to Net assumption		-	-	-								
Special Needs Supported Living Units												
		Phase 2										
		1 Bed 2p flat										
Size (sq m)		50										
Percentage split		100%										
Total Floor area (sq m) (Net)		-										
Total Floor area (sq m) GIA @ 75% Gross to Net assumption		-										
Travellers Pitches in Ha												
		Total	Phase 1	Phase 2								
		-	-	-								
Timescales												
		Total	Phase 1	Phase 2								
Pre-construction (months)		18	9	9								
Construction (months)		28	14	14								
Private Resi Sales (months)		28	14	14								
Care Home/Extra Care Units		-	0	-								
No Private units less self build units												
		Total	Phase 1	Phase 2								
		170.4	85	85.2								

Revenue						
Standard Residential						
	Capital value £ per sq m					
Private Housing	£	7,320				
Affordable Rented (50% Social Rent 50% Affordable Rent)	£	3,104				
Shared Ownership	£	3,158				
First Homes	£	2,676				
	Value per plot (assuming 4 bed house)					
Self build plots (assumed to be cost/value neutral)	£	-				
	Capital value					
Special needs supported living units		£5,022				
Care Home						
Beds (Affordable)	0	£784	per week	90%	occupancy	£0
Beds (Pvt)	0	£1,300	per week	90%	occupancy	£0
				30%	of income	£0.00
Standard profit margin (EBITDA)				10%	yield	£0
Capitalise EBITDA						£0
Deduct	15%	for income shortfall to maturity				
Gross Adjusted turnkey value of Home						£0
Extra Care Housing						
	Capital value £ per sq m					
Private	£	8,784				
Affordable Rented (50% Social Rent 50% Affordable Rent)	£	3,104				
Shared Ownership	£	3,158				
	Rent per sq m	Yield	Rent Free & Void (months)			
Commercial	£215	7.00%	18			
Costs						
Residual S106						
	unit of measure	Total	Phase 1	Phase 2		
Standard residential per unit	£ 2,000	£ 586,000	£ 293,000	£ 293,000		
Commercial per sq m	£ 20	£ -	£ -	£ -		
Care Home per sq m	£ 20	£ -	£ -	£ -		
Extra Care / Flexicare units per unit	£ 2,000	£ -	£ -	£ -		
Special needs supported living per unit	£ 2,000	£ -	£ -	£ -		
TOTAL			£ 293,000	£ 293,000		
S106 Infrastructure Costs						
	Total costs					
Transport (£6,826 per unit & £6,500 for other requirements)	£	3,904,518				
Education - £11,813 per unit	£	3,461,209				
Healthcare	£	490,000				
Green Infrastructure	£	438,562				
Sports & Community	£	835,314				
	£	9,129,603				
	Per unit cost	Total costs				
Strategic open space / green infrastructure	£ -	£ -				
Local open space / play space / green infrastructure	£ -	£ -				
	Per unit cost	Total costs	Phase 1	Phase 2		
Site opening up costs Standard Resi	£ 29,000	£ 8,497,000	£ 4,248,500	£ 4,248,500		
Site opening up costs Other Residential uses	£ 20,000	£ -	£ -	£ -		
			£ 4,248,500	£ 4,248,500		
Build costs						
	Base per sq m	Externals per sq m	Accessibility M4(2)	Accessibility M4(3)	Biodiversity	Total
Resi	£ 1,489	£ 149	£ 8	£ 19	£ 1.19	£ 1,666
Contingency on build costs						
	5%					
Traveller's pitches						
	No pitches	Cost				
Info from Dacorum BC 5 pitches = 0.5 Ha	-	£ -				
Each travellers pitch estimated to cost £242,000						
Profit						
Private/Market Resi on GDV	17.5%					
Affordable Resi on GDV	6%					
First Homes	12.0%					
Commercial on GDV	15%					
Marketing /agency and legal fees						
Resi Sales agent and marketing on GDV	2.50%					
Resi Sales legal fees on GDV	0.25%					
Commercial Letting fee on rent pa	10.00%					
Commercial Letting Legal fee on rent pa	5.00%					
Commercial Sales fee on GDV	1.00%					
Commercial Legal fee on GDV	0.50%					
Professional fees						
	8%					
Finance						
	6.50%					
Appraisal Outcome						
Residual Land Value @ 40% AH	£	31,186,365				
Benchmark Land Value Greenfield	£	4,514,000				
Appraisal outcome (Surplus/ Deficit)	£	26,672,365				

Appendix 2 - Argus appraisal summary

Licensed Copy

Development Appraisal

North West Harpenden

40% AH

Report Date: September 25, 2024

**North West Harpenden
40% AH**

Summary Appraisal for Merged Phases 1 & 2

Currency in £

REVENUE

Sales Valuation	Units	m ²	Rate m ²	Unit Price	Gross Sales
Phase 1 - Market Housing	1	7,252.00	7,320.00	53,084,640	53,084,640
Phase 1 - Social/Affordable Rent	1	3,061.00	3,104.00	9,501,344	9,501,344
Phase 1 - Shared Ownership	1	765.00	3,158.00	2,415,870	2,415,870
Phase 1 - First Homes	1	1,275.00	2,676.00	3,411,900	3,411,900
Phase 2 - Market Housing	1	7,252.00	7,320.00	53,084,640	53,084,640
Phase 2 - Social/Affordable Rent	1	3,061.00	3,104.00	9,501,344	9,501,344
Phase 2 - Shared Ownership	1	765.00	3,158.00	2,415,870	2,415,870
Phase 2 - First Homes	1	1,275.00	2,676.00	3,411,900	3,411,900
Totals	8	24,706.00			136,827,508

NET REALISATION **136,827,508**

OUTLAY

ACQUISITION COSTS

Residualised Price		31,186,365
Stamp Duty	5.00%	1,559,318
Agent Fee	1.00%	311,864
Legal Fee	0.80%	249,491
		33,307,038

CONSTRUCTION COSTS

Construction	m ²	Rate m ²	Cost
Phase 1 - Market Housing	7,252.00 m ²	1,666.00 pm ²	12,081,832
Phase 1 - Social/Affordable Rent	3,061.00 m ²	1,666.00 pm ²	5,099,626
Phase 1 - Shared Ownership	765.00 m ²	1,666.00 pm ²	1,274,490
Phase 1 - First Homes	1,275.00 m ²	1,666.00 pm ²	2,124,150
Phase 2 - Market Housing	7,252.00 m ²	1,666.00 pm ²	12,081,832
Phase 2 - Social/Affordable Rent	3,061.00 m ²	1,666.00 pm ²	5,099,626
Phase 2 - Shared Ownership	765.00 m ²	1,666.00 pm ²	1,274,490
Phase 2 - First Homes	1,275.00 m ²	1,666.00 pm ²	2,124,150
Totals	24,875.51 m²		41,160,196

Contingency	5.00%	2,058,010
Phase 1 - Site opening up costs		4,248,500
Phase 2 - Site opening up costs		4,248,500
Phase 1 - S106		293,000
Phase 1 - Transport		3,904,518
Phase 1 - Education		3,461,209
Phase 1 - Sports & Community		835,314
Phase 1 - Healthcare		490,000
Phase 1 - Green Infrastructure		438,562
Phase 2 - S106		293,000
		20,270,613

PROFESSIONAL FEES

Professional fees	8.00%	4,137,216
		4,137,216

DISPOSAL FEES

Phase 1 - Resi Sales/Marketing Fee	2.50%	1,412,414
Phase 2 - Resi Sales/Marketing Fee	2.50%	1,412,414
Phase 1 - Sales Legal Fee	0.25%	171,034
Phase 2 - Sales Legal Fee	0.25%	171,034
		3,166,896

Additional Costs

Phase 1 - Market Housing Profit	17.50%	9,289,812
Phase 1 - Affordable Profit	6.00%	715,033
Phase 1 - First Homes Profit	12.00%	409,428
Phase 2 - Market Housing Profit	17.50%	9,289,812
Phase 2 - Affordable Profit	6.00%	715,033
Phase 2 - First Homes	12.00%	409,428
		20,828,546

FINANCE

Debit Rate 6.500% Credit Rate 0.000% (Nominal)		
Total Finance Cost		13,957,005

TOTAL COSTS **136,827,510**

PROFIT

(2)

North West Harpenden**40% AH****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
IRR	6.52%
Profit Erosion (finance rate 6.500%)	N/A