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St Albans District Council Local Plan Viability Study

Strategic Site Testing: East St Albans

Prepared for

St Albans City and District Council

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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 St Albans strategic development site as allocated in the LPPD as site B4.

This report should be read in conjunction with the St Albans Local Plan Viability Study ('LPVS') report dated September 2024, 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 H2 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 policies; and
- **Section 5** sets out our conclusions and recommendations.

2 Details of strategic site

The Council has provided information on the development envisaged at East St Albans as set out in the development requirements of Policy LG1 (a-s) - East St Albans 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 East St Albans

Appraisal Input	Site Specifications
Site Size Gross Net	 21.69 Ha 11.8 Ha
Number of residential units (Density circa 40 units per Ha) Estimated Self Build units @ 3% of total units	472 14
Specialist housing **Extra care / flexicare (units)**	 1 x 80 units
Local Centre (assumed to be 0.6sq m NIA provided for each house)	615 sq/m
Health provision	To be provided offsite

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 adopted in the LPVS. This study utilises the residual land value ('RLV') method of calculating the value of the indicative development on the East St Albans 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 East St Albans 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 development 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 the units adopted in the appraisal are 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 £7,000 per sq/m (£650 per sq/ft) in our appraisal. This corresponds with the sales values adopted in the LPVS in the St Albans 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)

	Houses		
Value Area	2 bed	3 bed	4 bed
St Albans	£140.23	£159.71	£186.68

[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 the capital values we have adopted in our appraisals for the Social and Affordable rented units.

Table 3.2.3.2: Capital Values of the Social Rented Affordable Housing

	Houses		
Value Area	2 Bed (£ per sq/ft)	3 Bed (£ per sq/ft)	4 Bed (£ per sq/ft)
St Albans	£206	£201	£192

Table 3.2.3.3: 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 the Table 3.2.3.5 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 (£PSF)	3 Bed (£ per sq/ft)	4 Bed (£ per sq/ft)
St Albans	£361	£304	£233

In line with the requirements of the NPPG on First Homes, we have valued the First Homes units on the basis of a value cap of £250,000 per unit which represents an discount on average market values of c. 62% in St Albans.

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, emerging 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 Extra care / Flexicare units

The Council requires at least 1 Flexi-care schemes to be delivered as part of the East St Albans strategic site. . The LPVS identified that Extra Care Housing (C3 Use) can be precisely defined (and differentiated from other types of residential institutions) by reason of some specific characteristics, as set out in the RTPI Good Practice Note[3]. The Royal Town Planning Institute defines Extra Care Housing as, 'purpose-built accommodation in which varying amounts of care and support can be offered and where some services are shared'. People who live in Extra Care Housing have their own self-contained homes, their own front doors and a legal right to occupy the property. It comes in many built forms, including blocks of flats, bungalow estates and retirement villages. It is a popular choice among older people because it can sometimes provide an alternative to a care home. In addition to the communal facilities often found in retirement housing Extra Care often includes a restaurant or dining room, health & fitness facilities, hobby rooms and computer rooms. Domestic support and personal care are available, usually provided by on-site staff.

As with retirement housing, Extra Care developments have different viability considerations to standard residential dwellings. These arise due to a significant gross to net ratio for such developments due to the need for more communal facilities as well as the additional time that it takes to sell the accommodation due to the restricted market for that type of unit. In our experience these developments also achieve premium value.

In line with our assumptions adopted in the LPVS for such developments we have assumed that the extra care/flexicare units identified on the strategic site will be provided as 50% one and 50% two bedroom apartments. We have also allowed for a gross to net floorspace ratio of 60% and a higher average sales value reflecting £8,400 per sq/m (£780 per sq/ft).

We have allowed for 40% of these units to be delivered as affordable housing with 60% provided as rented units (50% social rent and 50% affordable rent) and 40% as shared ownership.

3.2.6 Local centres

The assumptions used in the appraisals to value the non-residential accommodation are summarised in Table 3.2.6.1 below.

Table 3.2.6.1: Non-residential revenue and assumptions

Accommodation	Rent (£ per sq/m)	Yield	Void Period (Inc. Rent Free)
Retail	£215	6.5%	1.5 years

3.2.7 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 City and District area. The base build costs used in our appraisals are set out in Table 3.2.7.1 below, these are in line with the costs adopted in the LPVS.

[3] Extra Care Housing – Development planning, control and management (2007)

Table 3.2.7.1 Base build costs adopted in appraisal

Use	Cost per sq/m
Residential houses	£1,489
Commercial uses - Local centre	£1,505
Extra care / flexicare apartments	£1,800

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 and 10% on the non-residential uses (commercial uses in the local centre). 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 3.2.7.2: 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
Extra care / Flexicare apartments	£19.84	£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 East St Albans are likely to require significant development of infrastructure such as servicing and roads etc.

3.2.8 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.

3.2.9 Development finance

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

3.2.10 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/private residential units, the private extra care units and on the First Homes Units.

For the commercial units we have allowed for a 10% letting agent and 5% legal fee.

We have included a 1% sales agent allowance on commercial uses.

We have applied a 0.25% sales legal fee on GDV to the residential uses and 0.5% on GDV for the commercial uses.

3.2.11 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 and on the commercial uses in the local centre.

3.2.12 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. Given this 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 3.2.12.1 below.

Table 3.2.12.1: Section 106 contributions

Contribution description	Contribution	Comments on contribution
Education	£5,575,736 £5,575,736	1 x 2 FE Primary equating to £11,813 per unit Secondary - £11,813 per unit
Healthcare	£870,000	Based on ARUP Costings
Sports & Community	£1,438,353	Based on Arup Costings
Green infrastructure: Country Park Local open/play Space/Green Infrastructure	 £706,488	 To be confirmed Based on ARUP Costings
Transport Infrastructure	£6,289,872	£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)
Oaklands College	£29,365,098	Assessed by ARUP at £51m, to be apportioned between the indicative scheme of 472 units and the existing planning permission of the college site of 348 units. Equates to £62,195 per unit.
Total	**£49,821,283**	-

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.

3.2.13 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 and private extra care units.
- 12% on GDV for the First Homes;
- 6% on GDV for affordable rent and shared ownership affordable housing and extra care units; and
- 15% profit on GDV for non-residential uses in local centres.

3.2.14 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 three phases of c. 92 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 3.2.14 below.

Table 3.2.14.1: Development timescales

Phase	Phase 1	Phase 2	Phase 3	Total
Pre-construction (months)	9	9	9	27
Construction (months)	15.3	15.3	15.3	46
Residential Sales (months)	15.3	15.3	15.3	46
Extra Care Units	0	24	0	24

The sales rates are applied to the private housing and extra care 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.

With respect to the delivery of extra care/flexicare and local centre we have included these within Phase 2 of the development. Given their smaller scale of development we have allowed for a 24 month construction phase for each use.

4 Appraisal results and analysis

We have run an appraisal of the strategic development envisaged at East St Albans 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 this Strategic Site to be brought forward for development.

The appraisals and results are summarised in Table 4.1 below.

Table 4.1: Appraisal results – East St Albans

Scenario appraised	Residual land value	BLV (based on £370,000 per Ha	Viable/ Unviable
40% AH	£13,547,379	£8,025,000	**Viable**

The appraisal scenario tested for the East St Albans strategic site identifies that the indicative development identified in the LPPD allocation is viable when measured against the BLV of £370,000 per hectare when delivering 40% Affordable Housing. We therefore consider the strategic site is 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 East St Albans 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	East St Albans

Site Size (Gross) Ha	21.69
Site Size (Net) Ha	11.8
Total No Standard Residential units	472
Self build plots (3%)	14
Total units less self build (97%)	458
Care Home rooms	-
Extra Care / flexicare units	80
Special needs supporting living units	-
Traveller & Gypsy Pitches	-
No Phases	3

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)	-	-	-	-	13,026	23,853	2,107	-	38,985

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)	-	-	-	-	16,644	14,482	10,007	-	41,133

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	Phase 3
Total Private Floor area	23,391	7,797	7,797	7,797
Total Affordable Floor Area	16,453	5,484	5,484	5,484
Rented (50% Social rent and 50% Affordable Rent)	9,871.92	3,291	3,291	3,291
Shared ownership	2,467.98	823	823	823
First Homes	4,113	1,371	1,371	1,371

Self-Build units

	Total	Phase 1	Phase 2	Phase 3
No plots	14	5	5	4

Health provision

	Total	Phase 1	Phase 2	Phase 3
Gross floorarea (sq m)	-	-	-	-
Net floorarea (sq m)	-	-	-	-

Neighbourhood / Local Centre

	Total	Phase 1	Phase 2	Phase 3
Gross floorarea (sq m)	750	-	750	-
Net floorarea (sq m)	615	-	615	-

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	2,000	2,800	4,800	2,880	1,152	768
Total Floor area (sq m) GIA @60% Gross to Net assumption	3,333	4,667	8,000	4,800		

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	-

	Total	Phase 1	Phase 2	Phase 3
Travellers Pitches in Ha	-	-	-	-

Timescales

	Total	Phase 1	Phase 2	Phase 3
Pre-constuction (months)	27	9	9	9
Construction (months)	46	15	15	15
Private Resi Sales (months)	46	15.27	15.27	15.27
Care Home/Extra Care Units	16	0	24	0

	Total	Phase 1	Phase 2	Phase 3
No Private units less self build units	274.8	92	91.6	92

Revenue

Standard Residential	Capital value £ per sq m
Private Housing	£ 7,000
Affordable Rented (50% Social Rent 50% Affordable Rent)	£ 2,994
Shared Ownership	£ 3,173
First Homes	£ 2,680

	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 shorfall to maturity					
Gross Adjusted turnkey value of Home							***£0***

Extra Care Housing	Capital value £ per sq m
Private	£ 8,400
Affordable Rented (50% Social Rent 50% Affordable Rent)	£ 2,994
Shared Ownership	£ 3,173

	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	Phase 3
Standard residential per unit	£ 2,000	£ 944,000	£ 314,667	£ 314,667	£ 314,667
Commercial per sq m	£ 20	£ 15,000	£ -	£ 15,000	£ -
Care Home per sq m	£ 20	£ -	£ -	£ -	£ -
Extra Care / Flexicare units per unit	£ 2,000	£ 160,000	£ -	£ 160,000	£ -
Special needs supported living per unit	£ 2,000	£ -	£ -	£ -	£ -
TOTAL			**£ 314,667**	**£ 489,667**	**£ 314,667**

S106 Infrastructure Costs

	Total costs
Transport (£6,826 per unit & £6,500 for other requirements)	£ 6,289,872
Education - £11,813 per unit	£ 5,575,736
Education - Secondary (£11,813 per unit)	£ 5,575,736
Healthcare	£ 870,000
Oaklands College	£ 29,365,098
Green Infrastructure	£ 706,488
Sports & Community	£ 1,438,353
	£ 49,821,283

	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	Phase 3
Site opening up costs Standard Resi	£ 29,000	£ 13,688,000	£ 4,562,667	£ 4,562,667	£ 4,562,667
Site opening up costs Other Residential uses	£ 20,000	£ 1,600,000	-	£ 1,600,000	£ -
			£ 4,562,667	£ 6,162,667	£ 4,562,667

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%
Commercail 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	8.00%
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	10%
Finance	6.50%

Appraisal Outcome

Residual Land Value @ c. 31% AH	**£ 13,547,379**
Benchmark Land Value Greenfield	£ 8,025,300
Appraisal outcome (Surplus/ Deficit)	**£ 5,522,079**

Appendix 2 - Argus appraisal summary

Licensed Copy

Development Appraisal

East St Albans

40% AH

Report Date: September 25, 2024

APPRAISAL SUMMARY	LICENSED COPY

East St Albans
40% AH

Summary Appraisal for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	m²	Rate m²	Unit Price	Gross Sales
Phase 1 - Market Housing Units	1	7,797.00	7,000.00	54,579,000	54,579,000
Phase 1- Social/Affordable Rent	1	3,291.00	2,994.00	9,853,254	9,853,254
Phase 1 - Shared Ownership	1	823.00	3,173.00	2,611,379	2,611,379
Phase 1 - First Homes	1	1,371.00	2,680.00	3,674,280	3,674,280
Totals	**4**	**13,282.00**			**70,717,913**

NET REALISATION				**70,717,913**
OUTLAY				
ACQUISITION COSTS				
Residualised Price			13,547,379	
Stamp Duty		5.00%	677,369	
Agent Fee		1.00%	135,474	
Legal Fee		0.80%	108,379	
				14,468,600
CONSTRUCTION COSTS				
Construction	**m²**	**Rate m²**	**Cost**	
Phase 1 - Market Housing Units	7,797.00 m²	1,666.00 pm²	12,989,802	
Phase 1- Social/Affordable Rent	3,291.00 m²	1,666.00 pm²	5,482,806	
Phase 1 - Shared Ownership	823.00 m²	1,666.00 pm²	1,371,118	
Phase 1 - First Homes	1,371.00 m²	1,666.00 pm²	2,284,086	
Totals	**13,282.00 m²**		**22,127,812**	**22,127,812**
Contingency		5.00%	1,106,391	
Phase 1 - Site opening up costs			4,562,667	
Phase 1 - S106			314,667	
Phase 1 - Transport			6,289,872	
Phase 1 - Education			5,575,736	
Phase 1 - Sports & Community			1,438,353	
Phase 1 - Healthcare			870,000	
Phase 1 - Green Infrastructure			706,488	
Phase 1 - Oaklands College			29,635,098	
Phase 1 - Secondary Education			5,575,736	
				56,075,008
PROFESSIONAL FEES				
Professional fees		8.00%	2,223,750	
				2,223,750
DISPOSAL FEES				
Phase 1 - Resi Sales/Marketing Fee		2.50%	1,456,332	
Residential Sales Legal Fee		0.25%	176,795	
				1,633,127
Additional Costs				
Phase 1 - Market Housing Profit		17.50%	9,551,325	
Phase 1 - Affordable Profit		6.00%	747,878	
Phase 1 - First Homes		12.00%	440,914	
				10,740,117
FINANCE				
Debit Rate 6.500% Credit Rate 0.000% (Nominal)				
Land			1,903,711	
Construction			5,368,066	
Other			22,342,398	
Total Finance Cost				29,614,175
TOTAL COSTS				**136,882,588**
PROFIT				
				(66,164,675)
Performance Measures				
Profit on Cost%		(48.34)%		
Profit on GDV%		(93.56)%		
Profit on NDV%		(93.56)%		
IRR		(31.02)%		
Profit Erosion (finance rate 6.500%)		N/A		