Wokingham LPU Strategic Masterplanning – High Level Viability Assessment

Development appraisal assumptions for Hall Farm: Basic development appraisal assumptions

1 Assumed mix of unity types, sizes, values, density and site preparation costs:

Hall Farm		Unit types						
split	Unit numbers	1 bed	2 bed F	2 bed H	3 bed H	4 bed	5 bed	Averages
Total No	1,000							
Private 65%		9.10%	7.23%	21.68%	42.30%	14.78%	4.9%	
Affordable 35%		41.80%	8.58%	25.73%	22.00%	1.95%	0.7%	
Social rented	70%							
Intermediate	30%							
Floorspace	GIA	50	70	79	93	115	125	
	Gross	59	82	83	98	121	132	
£/M2		£ 4,500	£ 4,500	£ 5,000	£ 4,500	£ 4,550	4500	£ 4,605
£/M2 affordable SR	50% omv	£ 2,250	£ 2,250	£ 2,500	£ 2,250	£ 2,275	£ 2,250	£ 2,323
£/M2 affordable I	65% omv	£ 2,925	£ 2,925	£ 3,250	£ 2,925	£ 2,958	£ 2,925	£ 3,019
Price Market		£ 225,000	£ 315,000	£ 395,000	£ 418,500	£ 523,250	£ 562,500	
Price affordable SR		£ 112,500	£ 157,500	£ 197,500	£ 209,250	£ 261,625	£ 281,250	
Price affordable I		£ 146,250	£ 204,750	£ 256,750	£ 272,025	£ 340,113	£ 365,625	
	Density	% open space	Total ha	Site prep per ha	Site prep per ha			
	35dph	40	48	£ 500,000	£ 14,300			

Ground rents for all flats assumed at £250 per annum, valued at 5% YP in perpetuity

2 Land acquisition Costs

- 4% stamp duty
- 1% agents fee
- 0.5% legal fee

3 Planning and site survey costs

- Planning £300,000 for 1000 units,
- Site survey £60,000 for 1000 units,

4 Construction costs – based on BCIS figures, average cost per M2 for various unit types

- Build costs £1,474 per M2
- Contingency 7.5%
- Developer's contingency 5%
- Open space layout: 1000 unit scheme: 3 phases £1,000,000 each
- NHBC costs £1,000 per unit

5 CIL – Indexed to June 2018

- £450 per M2 for private units

6 Professional fees

- 5% for architect
- 5% for others including CDM etc

7 Marketing

- 2.5% of build costs for private units

8 Sales and Legal fees

- Sales fees 1.25%
- Legal fees 0.25%

9 Finance

- 7% on debt, 0% on credit

10 Developer's return per phase

- 18.5% on GDV per phase (Representing a blend of circa 20% on private and circa 6% on affordable)

Phasing, delivery and infrastructure assumptions – 1,000 units

The 1,000 unit option is assumed to be delivered as 3 strategic phases of 250, 400 and 350 units respectively delivered over a total circa 5.5 year period including lead in time.

The specific infrastructure which is **assumed to be a cost to the development** aside from that set out above amounts to some £10,169,520 and is as follows:

1.	Highways infrastructure (Costed by PBA)	Total £2,950,000
•	Arm off Arborfield Relief Road roundabout	£50,000
•	Improvements to the existing network	£150,000
•	Internal Spine road	£2,500,000
•	New footways/cycleways	£250,000
2.	Utility costs	Total £4,129,520
•	Electricity	£1,180,000
•	Gas	£732,100
•	Water	£673,920
•	Foul Water	£1,543,500
3.	Sustainable transport measures (Costed by PBA)	Total £1,240,000
•	Bus stop infrastructure	£90,000
•	My Journey Travel Plan contributions	£450,000
•	Improved bus services	£700,000
4.	Open space allowances	Total £1,850,000
•	SANG	£480,000
•	Open space management	£270,000
•	Children’s play	£900,000
•	Playing pitches	£200,000

Areas assumed to be delivered through CIL/alternative forms of funding/third parties (i.e. not included as a cost to the developer in the financial appraisal):

• Educational facilities (1 x 2fe school)	£7,000,000
• Community facilities	£900,000
Total	£7,900,000

Current exclusions for discussion:

- Electric vehicle infrastructure
- Flood alleviation costs
- Waste/recycling costs
- Any commercial development

Outcome of initial baseline viability assessment:

Scheme generates the following:

1. The required level of developer's profit
2. The required level of CIL
3. The required level and mix of affordable housing
4. A land value which exceeds existing use value and benchmark land value and is therefore viable based on the assumptions set out above.