

Hammersmith & Fulham Community Infrastructure Levy Viability Study




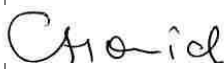
Final Report

London Borough of Hammersmith & Fulham



Document Control Sheet

Project Name: Hammersmith & Fulham CIL Viability Assessment
Project Ref: 29801-001
Report Title: Community Infrastructure Levy – Viability Study
Doc Ref: Final Report
Date: June 2014

	Name	Position	Signature	Date
Prepared by:	Ciaran Allen	Surveyor		June 2014
Prepared by:	Stuart Cook	Principal Surveyor		June 2014
Reviewed by:	David Codling	Director		June 2014
Approved by:	Cristina Howick	Partner		June 2014
For and on behalf of Peter Brett Associates LLP				

Peter Brett Associates LLP disclaims any responsibility to the Client and others in respect of any matters outside the scope of this report. This report has been prepared with reasonable skill, care and diligence within the terms of the Contract with the Client and generally in accordance with the appropriate ACE Agreement and taking account of the manpower, resources, investigations and testing devoted to it by agreement with the Client. This report is confidential to the Client and Peter Brett Associates LLP accepts no responsibility of whatsoever nature to third parties to whom this report or any part thereof is made known. Any such party relies upon the report at their own risk.

Contents

- 1 INTRODUCTION..... 5**
- 2 LEGAL REQUIREMENTS 6**
 - 2.1 Introduction 6
 - 2.2 Striking the appropriate balance..... 6
 - 2.3 Keeping clear of the ceiling 8
 - 2.4 Varying the charge 8
 - 2.5 Supporting evidence..... 8
 - 2.6 Chargeable floorspace 9
 - 2.7 What the examiner will be looking for..... 9
 - 2.8 Policy and other requirements..... 9
 - 2.9 Summary 10
- 3 PLANNING AND DEVELOPMENT CONTEXT 11**
 - 3.1 Introduction 11
 - 3.2 Policy Context..... 11
 - 3.3 Summary 15
- 4 VIABILITY ASSESSMENT METHOD 16**
 - 4.2 Development Appraisal Model Approach 16
 - 4.3 Development Scenarios 17
 - 4.4 The Summary Tables 19
- 5 MARKET ASSESSMENT 21**
 - 5.1 Approach 21
 - 5.2 Residential 21
 - 5.3 Offices 29
 - 5.4 Industrial & Warehousing 30
 - 5.5 Retail 31
 - 5.6 Other Uses 32
 - 5.7 White City, Earls Court and South Fulham Riverside 37
- 6 RECOMMENDED CIL CHARGES 41**
 - 6.1 Recommending a CIL Charge 41
 - 6.2 The Recommended CIL Charge 41

Figures

Figure 3.1 Core Strategy Regeneration Areas in the Borough 12
Figure 4.1 Method Diagram..... 17
Figure 5.1 Local House Price Index – Hammersmith & Fulham 22
Figure 5.2 Average Residential Prices, Houses Property 24
Figure 5.3 Average Residential Prices, Flatted Property 25
Figure 5.4 Proposed CIL Charging Zones for Residential Uses 26

Tables

Table 3.1 Indicative Housing Numbers 13
Table 3.2 West London Retail Needs Study 2010 – Estimated Retail Need (Hammersmith & Fulham Core Strategy, 2011) 15
Table 5.1 Average House Prices & Annual Percentage Change – UK Regions (December 2013) 21
Table 5.2 Residential Residual Appraisals and Benchmark Land Values 27
Table 5.3 Potential CIL Charging Levels: Office, Summary of Viability Assessments – Hammersmith Town Centre 30
Table 5.4 Office Viability Outside of Hammersmith Town Centre 30
Table 5.5 Industrial and warehousing viability..... 31
Table 5.6 Comparison Retail Viability 32
Table 5.7 Convenience Retail Viability..... 32
Table 5.8 Prime student accommodation yields in London..... 33
Table 5.9 Student Accommodation Viability..... 34
Table 5.10 Leisure Viability 35
Table 5.11 White City Development Viability 38
Table 5.12 Earls Court Development Viability..... 39
Table 6.1 Recommended CIL Charges 42
Table 6.2 CIL Charge by Area & Scheme as a Percentage of GDV 43
Table 6.3 Charge by commercial uses as a Percentage of GDV..... 44

Appendices

Appendix A Development Appraisal Assumptions
Appendix B Affordable Housing Parameters
Appendix C Viability Appraisals
Appendix D Consultees

1 INTRODUCTION

1.1.1 Hammersmith and Fulham Council is planning to introduce a Community Infrastructure Levy (CIL), and have appointed Peter Brett Associates to assess development viability in their areas and recommend CIL charging rates accordingly. This report provides our analysis and recommendations.

1.1.2 Following this introduction:

- In Chapter 2 we introduce the Community Infrastructure Levy and set out the legal requirements that a CIL charging schedule must comply with.
- Chapter 3 examines the planning and development context, in order to ensure that CIL supports development in the Borough as proposed in the Core Strategy.
- Chapter 4 sets out the method and assumptions used in our viability assessments.
- In Chapter 5 we undertake a market assessment of different land uses in the Borough and recommend CIL charges accordingly. We also recommend a standard charge for uses not separately covered.
- Chapter 6 summarises the suggested charges and recommends a proposed CIL Charging Schedule.

2 LEGAL REQUIREMENTS

2.1 Introduction

2.1.1 The Community Infrastructure Levy (CIL) is a planning charge based on legislation that came into force on 6 April 2010. The levy allows local authorities in England and Wales to raise contributions from development to help pay for infrastructure that is needed to support planned development as a whole. It is still possible for S106 obligations to be used to fund site specific infrastructure, subject to limits on pooling obligations for particular purposes. Local authorities who wish to charge the levy must produce a draft charging schedule setting out CIL rates for their areas – which are to be expressed as pounds (£) per square metre, as CIL will be levied on the gross internal floorspace of the net additional liable development. Before it is approved by the Council, the draft schedule has to be tested by an independent examiner.

2.1.2 The requirements which a CIL charging schedule has to meet are set out in:

- The Planning Act 2008 as amended by the Localism Act 2011.
- The CIL Regulations 2010¹, as amended in 2011², 2012³, 2013⁴ and 2014⁵.
- The National Planning Practice Guidance on CIL (NPPG CIL) issued under S221 of the Planning Act 2008, which is statutory guidance, i.e. it has the force of law and the authority must have regard to the guidance⁶.

2.1.3 Below, we summarise the key points from these various documents.

2.2 Striking the appropriate balance

2.2.1 The revised Regulation 14 requires that a charging authority '*strike an appropriate balance*' between:

- a) The desirability of funding from CIL (in whole or in part) the... cost of infrastructure required to support the development of its area... and
- b) The potential effects (taken as a whole) of the imposition of CIL on the economic viability of development across its area.

2.2.2 By itself, this statement is not easy to interpret. The June 2014 statutory guidance explains its meaning. A key feature of the 2014 Regulations is to give legal effect to the requirement in this guidance for an authority to 'show and explain...' their approach at examination. This explanation is important and worth quoting at length:

The levy is expected to have a positive economic effect on development across a local plan area. When deciding the levy rates an appropriate balance must be struck between additional investment to support development and the potential effect on the viability of developments. This balance is at the centre of the charge-setting process. In meeting the regulatory requirements (see Regulation 14(1)), charging authorities should be able to show and explain

¹ http://www.legislation.gov.uk/ukdsi/2010/9780111492390/pdfs/ukdsi_9780111492390_en.pdf

² http://www.legislation.gov.uk/ukdsi/2011/9780111506301/pdfs/ukdsi_9780111506301_en.pdf

³ http://www.legislation.gov.uk/uksi/2012/2975/pdfs/uksi_20122975_en.pdf

⁴ http://www.legislation.gov.uk/uksi/2013/982/pdfs/uksi_20130982_en.pdf

⁵ http://www.legislation.gov.uk/ukdsi/2014/9780111106761/pdfs/ukdsi_9780111106761_en.pdf

⁶ DCLG (June 2014) *National Planning Practice Guidance: Community Infrastructure Levy (NPPG CIL)*

how their proposed levy rate (or rates) will contribute towards the implementation of their relevant plan and support development across their area. As set out in the National Planning Policy Framework in England (paragraphs 173 – 177), the sites and the scale of development identified in the plan should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened.⁷

2.2.3 In other words, the ‘appropriate balance’ is the level of CIL which maximises the delivery of development in the area. If the CIL charging rate is above this appropriate level, there will be less development than planned, because CIL will make too many potential developments unviable. Conversely, if the charging rates are below the appropriate level, development will also be compromised, because it will be constrained by insufficient infrastructure.

2.2.4 Achieving an appropriate balance is a matter of judgement. It is not surprising, therefore, that charging authorities are allowed some discretion in this matter. Regulation 14 requires that in setting levy rates, the Charging Authority (our underlining highlights the discretion):

‘must strike an appropriate balance...’ ie. it is recognised there is no one perfect balance;

and the June 2014 statutory guidance says

*A charging authority must use ‘appropriate available evidence’... to inform their draft charging schedule... A charging authority’s proposed rate or rates should be reasonable, given the available evidence, but there is no requirement for a proposed rate to exactly mirror the evidence... There is room for some pragmatism.*⁸

2.2.5 The statutory guidance sets the delivery of development in the area firmly in the context of implementing the Core Strategy. This is linked to the plan viability requirements of the NPPF, particularly paragraphs 173 and 174. This point is given emphasis throughout the guidance. For example, in guiding examiners, the guidance makes it clear that the independent examiner should establish that:

*‘.....evidence has been provided that shows the proposed rate (or rates) would not threaten delivery of the relevant Plan as a whole.’*⁹

2.2.6 This also makes the point that viability is not simply a site specific issue but one for the plan as a whole.

2.2.7 The revised Regulation 14 effectively continues to recognise that the introduction of CIL may put some potential development sites at risk. The focus is on seeking to ensure development envisaged by the Core Strategy can be delivered. Accordingly, when considering evidence the guidance requires that charging authorities should ‘*use an area-based approach, involving a broad test of viability across their area*’, supplemented by sampling ‘*...an appropriate range of types of sites across its area...*’ with the focus ‘*...on strategic sites on which the relevant Plan... relies...*’¹⁰

2.2.8 This reinforces the message that charging rates do not need to be so low that CIL does not make any individual development schemes unviable. The levy may put some schemes at risk in this way so long as, in aiming strike an appropriate balance overall, it avoids threatening the ability to develop viably the sites and scale of development identified in the Core Strategy.

⁷ DCLG (June 2014) *NPPG CIL* (para.009)

⁸ DCLG (June 2014) *NPPG CIL* (para 019)

⁹ DCLG (June 2014) *NPPG CIL* (Para 038)

¹⁰ DCLG (June 2014) *NPPG CIL* (Para 019)

2.3 Keeping clear of the ceiling

2.3.1 The guidance advises that CIL rates should not be set at the very margin of viability, partly in order that they may remain robust over time as circumstances change:

*'It would be appropriate to ensure that a 'buffer' or margin is included, so that the levy rate is able to support development when economic circumstances adjust'*¹¹

2.3.2 We would add two further reasons for a cautious approach to rate-setting, which stops short of the margin of viability:

- Values and costs vary widely between individual sites and over time, in ways that cannot be fully captured by the viability calculations in the CIL evidence base.
- A charge that aims to extract the absolute maximum would be strenuously opposed by landowners and developers, which would make CIL difficult to implement and put the overall development of the area at serious risk.

2.4 Varying the charge

2.4.1 CIL Regulations (Regulation 13) currently allow the charging authority to introduce charge variations by geographical zone in its area, by use of buildings, or both. (It is worth noting that the phrase 'use of buildings' indicates something distinct from 'land use').¹² The 2014 Regulations also allow variations by 'intended gross internal area of development' (where 'development' means buildings) or by 'the intended number of dwellings or units'. As part of this, some rates may be set at zero (which could still allow some infrastructure to be provided through S106 agreement(s), where appropriate). But variations must reflect differences in viability; they cannot be based on policy boundaries. Nor should differential rates be set by reference to the costs of infrastructure.

2.4.2 The guidance also points out that there are benefits in keeping a single rate, because that is simpler, and charging authorities should avoid 'undue complexity'.¹³

2.4.3 Moreover, generally speaking, '*differential rates should not have a disproportionate impact on particular sectors, or specialist forms of development*'; otherwise the CIL may fall foul of State Aid rules.¹⁴

2.4.4 It is worth noting, however, that the guidance is clear that '*If the evidence shows that the area includes a zone, which could be a strategic site, which has low, very low or zero viability, the charging authority should consider setting a low or zero levy rate in that area.*'¹⁵

2.5 Supporting evidence

2.5.1 The legislation requires a charging authority to use '*appropriate available evidence*' to inform their charging schedules¹⁶. The statutory guidance expands on this, explaining that the available data 'is unlikely to be fully comprehensive'.¹⁷

¹¹ DCLG (June 2014) *NPPG CIL* (Para 019)

¹² The Regulations allow differentiation by "uses of development". "Development" is specially defined for CIL to include only 'buildings', it does not have the wider 'land use' meaning from TCPA 1990, except where the reference is to development of the area, in which case it does have the wider definition. See S 209(1) of PA 2008, Reg 2(2), and Reg 6.

¹³ DCLG (June 2014) *NPPG CIL* (Para 021)

¹⁴ DCLG (February 2014) *NPPG CIL* (Para 021)

¹⁵ DCLG (February 2014) *NPPG CIL* (Para 021)

2.5.2 These statements are important, because they indicate that the evidence supporting CIL charging rates should be proportionate, avoiding excessive detail. One implication of this is that we should not waste time and cost analysing types of development that will not have significant impacts, either on total CIL receipts or on the overall development of the area as set out in the Core Strategy. This suggests that the viability calculations may leave aside geographical areas and types of development which are expected to see little or no development over the plan period.

2.6 Chargeable floorspace

2.6.1 CIL will be payable on most buildings that people normally use. It will be levied on the net additional floorspace created by any given development scheme¹⁸. Any new build that replaces existing floorspace that has been in use for six months in the last three years on the same site will be exempt from CIL, even if the new floorspace belongs to a higher-value use than the old.

2.7 What the examiner will be looking for

2.7.1 According to statutory guidance, the independent examiner should check that:

- The charging authority has complied with the requirements set out in legislation.
- The charging authority's draft charging schedule is supported by background documents containing appropriate available evidence.
- The proposed rate or rates are informed by and consistent with, the evidence on economic viability across the charging authority's area.
- Evidence has been provided that shows the proposed rate would not threaten delivery of the relevant Plan as a whole.¹⁹

2.8 Policy and other requirements

2.8.1 Above, we have dealt with legal and statutory guidance requirements which are specific to establishing a CIL. More broadly, the guidance says that charging authorities '*should consider relevant national planning policy... when drawing up their charging schedules*²⁰. In addition, where consideration of development viability is concerned, the guidance draws specific attention to paragraphs 173 to 177 of the NPPF.

2.8.2 The only policy requirements which relate directly to CIL are set out at paragraph 175 of the NPPF, covering, firstly, working up CIL alongside the plan making where practical; and secondly placing control over a meaningful proportion of funds raised with neighbourhoods where development takes place. Since April 2013²¹ this policy requirement has been complemented with a legal duty on charging authorities to pass a specified proportion of CIL receipts to local councils, to spend it on behalf of the neighbourhood if there is no local council for the area where development takes place. Whilst important considerations, these two points are outside the immediate remit of this study.

¹⁶ Section 211 (7A) of the Planning Act 2008

¹⁷ DCLG (February 2014) *NPPG CIL* (Para 019)

¹⁸ DCLG (February 2014) *NPPG CIL* (para 002)

¹⁹ DCLG (June 2014) *NPPG CIL* (Para 038)

²⁰ DCLG (June 2014) *NPPG* (Para 011)

²¹ http://www.legislation.gov.uk/ukxi/2013/982/pdfs/ukxi_20130982_en.pdf

2.9 Summary

2.9.1 To meet legal requirements and satisfy the independent examiner, a CIL charging schedule published as a Draft for consultation should:

'strike an appropriate balance' between the need to fund infrastructure and the impact of CIL;
and

'Not threaten delivery of the relevant plan as a whole'.

2.9.2 As explained in statutory guidance, this means that the net effect of the levy on total development across the area should be positive. CIL may reduce development by making certain schemes which are not plan priorities unviable. Conversely, it may increase development by funding infrastructure that would not otherwise be provided, which in turn supports development that otherwise would not happen. The law requires that the net outcome of these two impacts should be judged to be positive. This judgment is at the core of the charge-setting and examination process.

2.9.3 Legislation and guidance also set out that:

- Authorities should avoid setting charges up to the margin of viability for the bulk of sites.
- CIL charging rates may vary across geographical zones, building uses, and, under the 2014 Regulations, scale of development (and only across these three factors). But there are restrictions on this differential charging. It must be justified by differences in development viability, not by policy or by varying infrastructure costs; it should not introduce undue complexity; and it should have regard to State Aid rules.
- Charging rates should be informed by 'appropriate available evidence', which need not be 'fully comprehensive or exhaustive'.

2.9.4 While charging rates should be consistent with the evidence, they are not required to 'mirror' the evidence²². In this, and other ways, charging authorities have discretion in setting charging rates.

2.9.5 In our analysis and recommendations, we aim both to meet these legal and statutory guidance requirements and to maximise achievement of the Councils' own priorities, using the discretion that the legislation and guidance allow.

²² Planning Act 2008 (Section 212 (4) (b))

3 PLANNING AND DEVELOPMENT CONTEXT

3.1 Introduction

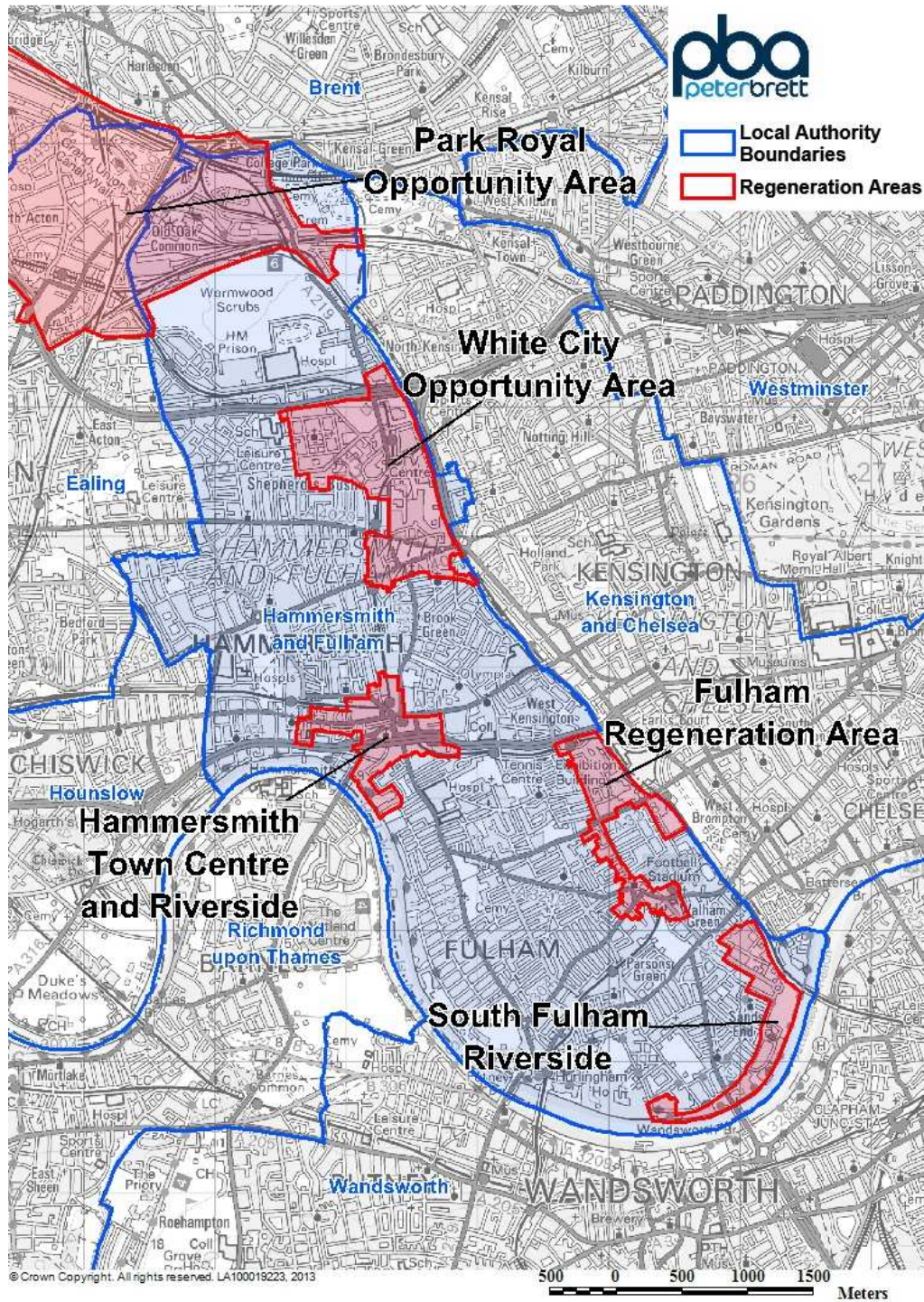
- 3.1.1 We need to ensure that a CIL supports development in the Borough in general and also enables delivery of the Council's priorities. In this chapter we therefore review recent patterns of development and the objectives and proposals of the Borough's Core Strategy²³.
- 3.1.2 At the end of this chapter, we look at the implications of this analysis for the charging schedule.

3.2 Policy Context

- 3.2.1 We have undertaken a brief policy review in order to inform our analysis of the land uses which are central to the delivery of the Core Strategy, or otherwise likely to be significant forms of development. The policy review is only intended to focus on issues relevant to CIL.
- 3.2.2 The Hammersmith and Fulham Core Strategy was adopted in October 2011 and the Development Management ('DM') Local Plan was adopted in July 2013 and, together, these documents represent the 'Local Plan' for the Borough. The Core Strategy vision identifies the main regeneration areas in the Borough as the wider White City Opportunity Area (including Shepherds Bush Town Centre) and Fulham Regeneration Area (including Earls Court and West Kensington), as well as South Fulham Riverside, Hammersmith Town Centre and Riverside and Park Royal Opportunity Area. It should be noted that the council has also adopted Supplementary Planning Documents (SPDs) for the White City (October 2013), Earls Court and West Kensington (March 2012) and South Fulham Riverside (January 2013) areas, each supported by their own background viability and infrastructure evidence bases (discussed further in 5.7). The regeneration areas are shown in Figure 3.1.

²³ Hammersmith and Fulham Council (2011), *Core Strategy*

Figure 3.1 Core Strategy Regeneration Areas in the Borough



Residential

- 3.2.3 At least 14,400 dwellings are to be delivered in the Borough up to 2032 as per the Core Strategy. This is split as shown in Table 3.1:

Table 3.1 Indicative Housing Numbers

Area	2012/17	2017/22	Total 10 years	2022/27	2027/32	Total 20 years
White City Opportunity Area	1,200	1,400	2,600	1,300	1,100	5,000
Hammersmith Town Centre and Riverside	500	500	1,000	0	0	1,000
Fulham Regeneration Area (including Earls Court and West Kensington Opportunity Area)	700	700	1,400	1,200	800	3,400
South Fulham Riverside	800	800	1,600	400	200	2,200
Park Royal Opportunity Area	0	0	0	400	1,200	1,600
Rest of the Borough	1,000	200	1,200	0	0	1,200
Total	4,200	3,600	7,800	3,300	3,300	14,400
Average/year	840	720	780	660	640	720
Maximum for infrastructure planning purposes			9,000			20,000

Source: Hammersmith & Fulham Core Strategy, October 2011, Borough Wide Strategic Policy H1 Indicative Housing Targets

(See relevant SPDs and associated background documents for more detailed phasing)

- 3.2.4 Half of this development is in White City (5,000 dwellings) and South Fulham Riverside (2,200 dwellings) and much of this is expected to come forward in the first ten years of the plan period. However there is still a significant proportion to be delivered in other locations – including 1,000 dwellings in Hammersmith Town Centre and Riverside, 3,400 dwellings in the Fulham Regeneration Area (it should be noted that this figure is likely to be exceeded in the Earls Court and West Kensington Opportunity Area in light of approved schemes) and 1,600 dwellings at Park Royal. In Hammersmith Town Centre, the total housing requirement is expected to come forward by 2022, which further emphasises the importance of maximising the potential funds available from CIL in order to support the delivery of the infrastructure needed to support this growth.
- 3.2.5 Policy H3 of the Core Strategy states that in existing residential areas, and in substantial parts of the regeneration areas, new housing provision will be expected to be predominantly

medium to low rise and consist of a range of housing typologies. Policy H4 states that there should be a mix of housing types and sizes in development schemes, especially increasing the proportion of family accommodation. There is also an aspiration to increase home ownership and the proportion of affordable housing in intermediate and affordable rented tenure. The Borough has set a target for affordable housing provision up to 2021 of 40%, with a 'preference' for intermediate tenure unless a small amount of social rented housing is necessary to allow estate regeneration or for the replacement of unsatisfactory accommodation (Policy H2).

Employment

- 3.2.6 The focus in the Core Strategy is on providing sufficient accommodation for all size of businesses including small and medium sized businesses (Policy LE1). One solution is to seek flexible space as part of large new business developments.
- 3.2.7 Equally the need for new office space is considerable. The London Office Policy Review (2012) identifies a need for additional floorspace of some 320,000m² (GIA) across the Borough from 2011 to 2031. The Core Strategy is seeking to enable more office floorspace to come forward – predominantly through existing permissions and expected growth in the town centres (particularly Hammersmith) and the Opportunity Areas (White City and Earls Court and West Kensington).
- 3.2.8 Employment policy (Strategic Policy B) sets out the locational vision for the growth of different types of economic activity. Outside the identified areas the change of use to residential or mixed use of existing employment sites will be considered where these are unused or underused.
- 3.2.9 The Core Strategy sets out the designation of the Park Royal Opportunity Area as an employment zone, which is also allocated as a Strategic Industrial Location within the London Plan. The priority at Park Royal, as set out in the Core Strategy, is therefore to protect land for industrial, warehouse and small scale office use, research and development and waste and recycling activities.

Retail

- 3.2.10 The Core Strategy (Strategic Policy C) sets out that there are three established town centres within the Borough – Hammersmith, Fulham and Shepherd's Bush – as well as a number of local centres and smaller shopping parades. The Core Strategy advocates the regeneration of Hammersmith and Fulham town centres, and a key component in this is to ensure that there is sufficient capacity for new retail floorspace in line with identified need (including evidence for quantitative need for retail floor space in West London prepared by Experian on behalf of the GLA).

3.2.11 The Joint West London Retail Needs Study 2010 (WLRNS) has identified future estimated retail need in the Borough and within the three town centres up to 2021. The findings of the study are set out in Table 3.2.

Table 3.2 West London Retail Needs Study 2010 – Estimated Retail Need (Hammersmith & Fulham Core Strategy, 2011)

	Borough Wide (Sq M Gross)	Hammersmith (Sq M Gross)	Fulham (Sq M Gross)	Shepherds Bush (Sq M Gross)
Comparison	74,500	17,200	7,800	41,400
*Convenience	7,600	2,200	1,100	4,300
A3-A5	11,100	2,800	2,600	4,000
*Convenience figures based on supermarket sales densities (Source: West London Retail Needs Study 2010)				

3.2.12 The Core Strategy sets out that the Council is aiming to meet future need predominantly within the established shopping hierarchy. It recognises that the opening of the Westfield London shopping centre in 2008 led to the re-designation of Shepherds Bush as a Metropolitan Town Centre in the London Plan.

Hotels

3.2.13 The Core Strategy states that hotel development may be supported in some of the Borough's regeneration areas and DM Policy B2 'Provision for visitor accommodation and facilities' elaborates on this further.

3.3 Summary

3.3.1 The land uses which are central to delivery of the Core Strategy or are otherwise likely to be significant forms of development comprise:

- Residential
- Offices
- Industrial
- Retail.

3.3.2 In our viability assessments and the resulting recommendations, we have focussed on these types of development, aiming to ensure that they remain broadly viable after the CIL charge is levied.

4 VIABILITY ASSESSMENT METHOD

4.1.1 We now consider in detail the approach used for the Borough-wide CIL study.

4.2 Development Appraisal Model Approach

4.2.1 Viability assessment is at the core of the charge-setting process. The purpose of the assessment is to identify charging rates at which the bulk of the development proposed in the development plan is financially viable, in order to ensure that the CIL does not put at risk the overall level of development planned for the area.

4.2.2 Our viability assessments are based on development appraisals of hypothetical schemes using the residual valuation method. This approach is in line with accepted practice and as recommended by RICS guidance²⁴, the Harman report²⁵ and National Planning Practice Guidance (NPPG)²⁶ on viability. Residual valuation is applied to different land uses and where relevant to different parts of the Borough, aiming to show typical values for each. It is based on the following formula:

Value of completed development scheme

Less development costs - including build costs, fees, finance costs etc

Less developer's return (profit) – the minimum profit acceptable in the market to undertake the scheme

Less policy costs – building in (for example) S106 costs and other policy requirements

Equals residual land value

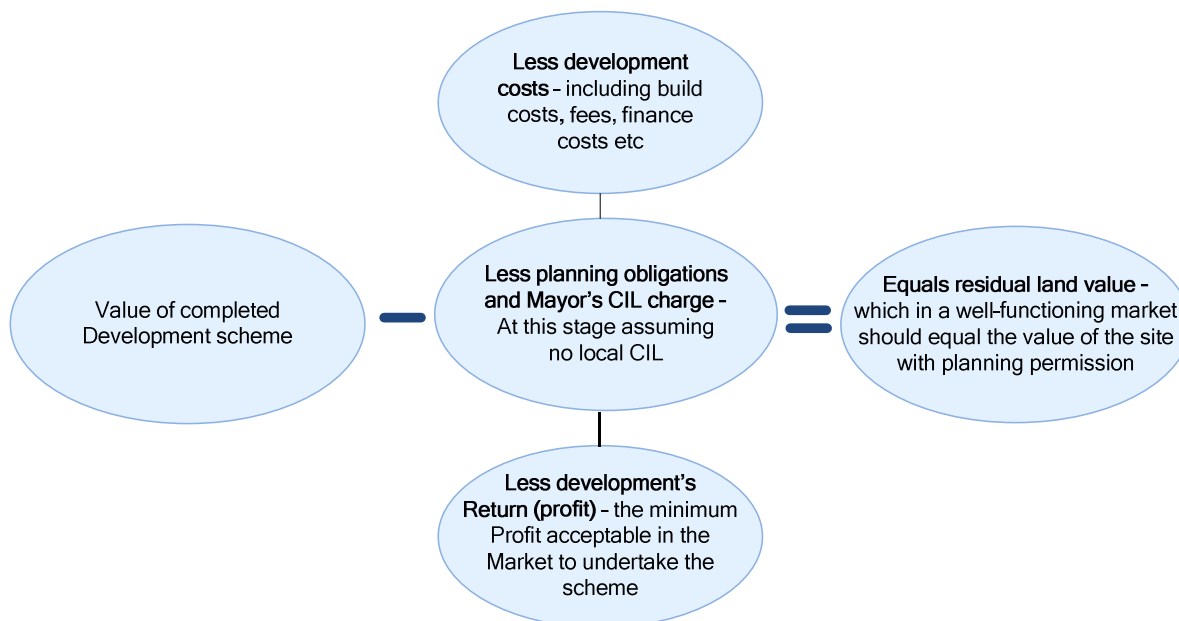
– which in a well-functioning market should equal the value of the site with planning permission.

²⁴ RICS (2012), *Financial Viability in Planning, RICS First Edition Guidance Note*

²⁵ Local Housing Delivery Group Chaired by Sir John Harman (2012) *Viability Testing Local Plans*

²⁶ DCLG (2014) *National Planning Practice Guidance: Viability*

Figure 4.1 Method Diagram



Source: PBA

- 4.2.3 For each of the hypothetical schemes tested, we use this formula to estimate typical residual land values, which is what the site should be worth once it has full planning permission. The residual value calculation requires a wide range of inputs, or assumptions, including the costs of development and the required developer's return.
- 4.2.4 The arithmetic of residual appraisal is straightforward (we use a bespoke spreadsheet model for residential appraisals. Calculation inputs are hard to determine for a specific site (as demonstrated by the complexity of many S106 negotiations), with difficulties arising from undertaking calculations that represent a typical or average site. Our viability assessments are therefore necessarily broad approximations and subject to a margin of uncertainty.
- 4.2.5 Detailed individual viability appraisals are included at **Appendix C** .

4.3 Development Scenarios

Assumption Inputs to Modelling are Critical to Determining Accuracy

- 4.3.1 The accuracy of an appraisal model depends primarily on the accuracy of the underlying assumptions rather than on the complexity of the calculation. Our approach is therefore to focus on the tone of value and market trends within the Borough.
- 4.3.2 In the calculation we have used 'readily available evidence', which has been informed and adjusted by an assessment of the local transactions and market demand. All of the assumptions used are based on conversations with local agents, Registered Providers, evidence of transactions on databases such as EGi and Focus and our own in-house industry knowledge. As the inputs are paramount to the outcome of the viability appraisals we have included at **Appendix C** a full summary of assumptions for each of the appraisals undertaken which complements the further narrative on assumptions in each 'Market Context' section in section 5.
- 4.3.3 Because they are not focused on specific sites, calculations of this type cannot be precise. Instead they produce a high level assessment of viability and deliverability for the majority of

(but not necessarily all) development in an area. Hammersmith and Fulham presents its own challenges in the context of charge setting for the following reasons:

- All sites are inherently different in the Borough - nearly all have previously been developed and have a unique set of ground and development challenges. Many sites in the higher value areas (in the south) have several alternative viable uses.
- Land comparable evidence will therefore be subject to wide variations and needs careful analysis. The 'worth' of land is very much linked to specific development schemes rather than a generic tone of value across the Borough.

4.3.4 As previously stated our assumptions are based on readily available evidence and it is necessary for us to make generic assumptions about land values and the potential uplifts a landowner might seek from an existing use to a higher alternative use. There are no specific rules regarding what this uplift might be and whenever possible we have used local comparable evidence from agents and landowners.

Residential Densities

4.3.5 One variable important in assessing the viability of residential development is density. It is appropriate to test scenarios that reflect recent emerging experience and expectations for new schemes by developers, coupled with policy aspirations for particular types of housing.

4.3.6 Analysis of the Strategic Housing Land Availability Assessment (SHLAA) sites which support the Core Strategy gives a good understanding of the densities which are anticipated across the Borough as part of its future housing supply.

4.3.7 The SHLAA data can be complemented by analysis of completions and approvals in the London Development Database (LDD) which provides evidence of densities being granted permission and being delivered.

4.3.8 Across these two data sources, it was considered that densities for the viability appraisals should reflect the range of densities expected to come forward and take into account the London Plan's density matrix. Site density has a significant impact on viability. Our appraisals have assumed densities for apartment schemes of 150 dph to 300 dph and for housing schemes, we have assumed densities of 100 dph. Detail on the residential densities assumed can be found in **Appendix A**.

4.3.9 Most housing – as distinct from apartment – schemes would be expected to be in the lower part of the density range and the low figure of 100dph provides a reasonable proxy for testing the market for a proportion of family housing in medium rise developments - a policy aspiration in the Core Strategy. In any particular case the acceptable density of a proposed development would depend on a range of factors.

Cost and S106 Estimates

4.3.10 We have based our cost estimates on BCIS indices (upper quartile data use for residential) with appropriate regional and Borough-specific adjustments for the brownfield nature of development sites in the area. This:

- assists with the effort to make a proper allowance for the increase in costs contingent upon the requirement to comply with the revisions to Part L of the Building Regulations; and
- helps to match the types of building implied by the cost estimates with the type identified as comparators when assessing values;

- 4.3.11 We have used high level approximations of the additional costs involved such as site preparation, external works, fees, finance and developer's profit margins. These represent the average over a range of scheme types. In practice there is wide variation depending on the specific site and proposal.
- 4.3.12 On site preparation for internal access road and other external works will vary from site to site, these costs have been reflected in the 5% of external works. We have further assumed that more significant costs bespoke to a particular site would be reflected by the developer in the purchase price upon acquisition. The point identified about demolition is an important one in Hammersmith and Fulham. Many of the sites that come forward will result in the loss of some existing space on a site, i.e. the net additional space created will be lower than for a previously cleared site. It is simply not possible to make assumptions about the nature of existing space and therefore the costs of clearing the site (beyond standard assumptions regarding demolition). However, in order to recognise this issue we have deliberately built a reasonable amount of slack into the appraisals to allow for such costs. For example, where demolished floorspace satisfies the 'in use' test in the CIL Regulations, there would be a reduction in the CIL liability, thus going some way to covering the costs of demolition.
- 4.3.13 It should be noted that the overage shown by the appraisals represents both what could pay for a possible CIL charge and/or possible S106. The recommended CIL charge calculated from the overage is significantly below the highest levels that our appraisals suggest development could afford, so as not to put development in Hammersmith and Fulham at risk.
- 4.3.14 The appraisals allow for Mayoral CIL and a de minimis S106 contribution within the appraisals (£1,000 per dwelling for residential schemes). Meaning that the remaining overage represents the potential level of CIL and/or S106, depending on site specific need and the strategy desired by the Council.

4.4 The Summary Tables

- 4.4.1 Having estimated the residual value, we compare it with the 'benchmark land value' or 'land cost', which is the minimum land value the landowner is likely to accept to release their land for the development specified which will include existing use plus hope value.
- 4.4.2 Our estimates of benchmark land values are based on market comparables (see Appendix A and the tables in Chapter 5). Actual site values will vary to reflect the landowner's judgement and the extent to which the landowner takes account of the contextual nature of development, the site density achievable, the approach to the delivery of affordable housing (in the context of residential development), abnormal or site specific costs and expected S106 requirements and so on. It should also be noted that land values should ultimately be reduced to take account of CIL as suggested in the examiner's report into the Mayor of London's CIL²⁷. There are a wide range of permutations here. In order to make progress, we have to assume a central benchmark value, even though there could be a margin of error in practice.
- 4.4.3 The process of comparison of residual and benchmark land values takes place in what we call the 'viability summary' tables. These can be found in the relevant sections and the first example in this report is found at Table 5.2. The summary tables show the overage per square metre (in the last column). If this is a positive amount because the residual land value shown by the appraisals is above the benchmark value, then development is viable. Given the uncertainties surrounding viability appraisal, it is of course an approximate indicator (due to the inherent uncertainties in development appraisals), which should be used cautiously.
- 4.4.4 The overage provides a broad indicator of the maximum level of CIL and/or additional S106 costs that the scheme may be able to carry, while still remaining viable. However, a proportion

²⁷ The Planning Inspectorate (2012) *Report on the Examination of the Draft Mayoral Community Infrastructure Levy Charging Schedule*

of the overage may also be needed to incentivise the landowner to bring forward the land for development or for particularly difficult sites to contribute towards abnormal development costs. Therefore, a sufficient difference between the proposed CIL charge and the overage needs to be left.

- 4.4.5 If the residual land value shown by the appraisals is below the benchmark value, the development is not financially viable, even without CIL. That means that unless circumstances change development will not happen.
- 4.4.6 It needs to be noted that our assumption of benchmark land value works on the basis that abnormal costs (e.g. decontamination, major services diversion, or major access requirements etc) will generally be reflected in a reduction in that land value. However, some sites may have a level of abnormal costs that are so great that the additional viability (i.e. the overage) will also need to contribute towards these costs.
- 4.4.7 The CIL charge is a relatively small proportion of total development costs and a flexible approach on other more influential policies that affect viability (e.g. site density, design quality, public open space) will allow the Council to adopt a bespoke approach to individual schemes. Table 6.2 summarises the proposed CIL charges as a % of Gross Development Value (GDV) to demonstrate that CIL represents a relatively small proportion of overall value.
- 4.4.8 It is important to bear in mind that these calculations are no more than approximations, surrounded by margins of uncertainty, but that they are based on best available evidence and judgement. In drawing the implications for CIL we take account of this uncertainty and use professional judgment to interpret the figures.

5 MARKET ASSESSMENT

5.1 Approach

- 5.1.1 The fundamental premise is that the Hammersmith & Fulham CIL must be set at a level that does not put at serious risk the delivery of the Core Strategy. Our starting point therefore must be to understand the key factors affecting development viability in the borough and what overall level of charge would not compromise viability for the majority of developments. To do this, it is necessary to understand the predominant land uses which have been developed over the last 5-10 years, along with a view of the land uses that are expected to represent the majority of change over the life of the Core Strategy. These are called the 'core' uses.
- 5.1.2 Most commonly the core uses in an area are residential, B-class commercial and retail uses. We assess the development activity of these in turn. At the same time, we consider the market context of each development type and undertake viability assessments in order to determine the possible level of CIL charge, as well as considering the proportion of the CIL charge as a % of GDV (see Table 6.2).
- 5.1.3 In respect of the viability assessment work, research of the market is difficult because of the confidential nature of many of these transactions and contractual arrangements behind the sales. Our information has been sourced from agents and developers which has revealed an extremely wide range of values. The highest uplifts from commercial land are in the southern part of the Borough with the lowest uplifts in the north. Our development appraisals are therefore based on benchmark land values (which we define in section 4) at between £4m and £23m per ha.
- 5.1.4 As stated in Section 4 of this report the benchmark land value is the minimum land value the landowner is likely to wish to accept to release their land for the development specified which will include existing use plus hope value.
- 5.1.5 A list of the consultees and sources which have informed the assumptions used in this study from PBA's direct research and from the Council's informal consultation are set out in **Appendix D**.

5.2 Residential

Market Context & Assumptions

- 5.2.1 The UK residential market is showing recovery. The Nationwide Building Society reported that the average UK house price in December 2013 was £175,826, 8.4% higher than December 2012
- 5.2.2 Average house prices and their annual change vary significantly across the UK. As shown in Table 5.1 the average house price in London is significantly higher than the surrounding areas of the South East, South West and the Midlands.

Table 5.1 Average House Prices & Annual Percentage Change – UK Regions (December 2013)

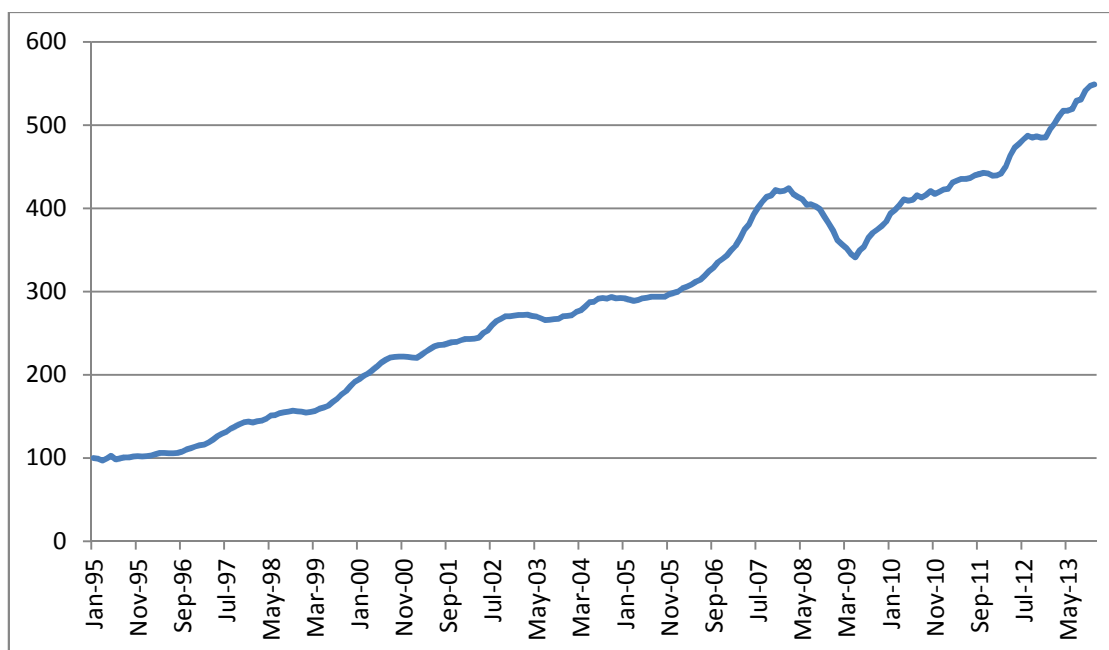
Region	Average Price	Annual % change
London	£345,186	14.9%
Outer Metropolitan	£267,682	8.6%
Outer South East	£213,007	7.6%

Region	Average Price	Annual % change
East Anglia	£176,939	7.4%
West Midlands	£153,965	6.2%
East Midlands	£146,964	6.1%
South West	£195,196	5.7%

Source: Nationwide House Price Index December 2013

- 5.2.3 A consequence of the prolonged economic downturn has meant, however, that the market has to some extent polarised - with developers and investors avoiding what is perceived as higher risk products and locations and focussing on tried and tested investment opportunities.
- 5.2.4 The implications of this changed development market are reflected within Hammersmith and Fulham. Due to its prime location on the edge of central London the performance of the housing market has been exceptionally strong. House price growth has been over 31% over the past five years (based on Land Registry data). This is shown in Figure 5.1. As a consequence, Hammersmith and Fulham remains of prime interest to developers and investors.

Figure 5.1 Local House Price Index – Hammersmith & Fulham



Source: Land Registry

Northern Zone

- 5.2.5 The northern housing market - effectively the part of the Borough north of Goldhawk Road - contains the key growth areas of White City and Park Royal. The overall tone of new build sale values are typically around £400psf - £560psf (£4,306/m² - £6,027/m²), although we are starting to see some evidence of prices moving towards £7,195/m². It is expected that residential development planned for these areas will further serve to increase values in the wider northern housing market because of the benefits created through the provision of enhanced infrastructure and capacity. Although the market is rising, we have used values in line with the general tone. In the area wide appraisals we have used £5,985/m² for apartments and £4,970/m² for houses.

Central Zone

5.2.6 North of Lillie Road and south of Shepherds Bush, values have markedly increased over the last few years, with new build sale asking prices for apartments are around £7,500/m²- £9,545/m² and houses £7,500/m² - £8,991/m². The very upper end prices for apartments is for very high specification space with onsite facilities, and we note that evidence of new build houses is limited in the this area. This area also includes potential large scale development opportunities around Earls Court and Hammersmith Town Centre. Developer interest in these areas remains keen and new build schemes are likely to improve current sales values in the short to medium term, particularly as place making starts to have an impact on the general environment. Based on the evidence we have used in the area wide appraisals £8,025/m² for apartments and £7,500/m² for houses. As the market is still developing we have selected values towards the lower end of the range identified in the evidence.

South Zone

- 5.2.7 Within the Borough itself the more valuable locations are in the southern area around Parsons Green and the north bank of the River Thames. Our own research shows that values are heavily influenced by access to waterside views and the specification of accommodation on offer. Evidence would suggest that asking values are now between £1,102 psf - £1,278 psf (£11,869/m² - £13,762/m²) to the very south of the borough and up to the riverside area. Moving further away from the river, around Parsons Green values are lower at around £773 psf - £1,053 psf (£8,322/m² - £11,337/m²). Within the riverside area in the south of the Borough, new build, single family houses (as distinct from apartments) remain at a premium in comparison to other areas in west London. Although limited, evidence would suggest that asking values are now around £1,159 psf (£12,479/m²) for new build high end accommodation.
- 5.2.8 The general outlook is perceived as increasingly positive with continuing evidence of rising sales and rental values helping to fuel developer interest even in relatively small infill residential development projects. Local agents have also confirmed that existing schemes at Chelsea Creek, Imperial Wharf, 70-74 Parsons Green Lane, and Farm Lane, along with numerous smaller projects, continue to achieve excellent sales values.
- 5.2.9 Based on the evidence, we have used in the area wide appraisals £1,057 psf (£11,385/m²) for apartments and £1,012 psf (£10,895/m²) for houses. The apartments representing higher values being achieved around Parsons Green and lower end of values south of the Borough and towards the riverside.
- 5.2.10 Further value can be generated from residential development across all the three zones identified by the sale of ground leases to investors and income from car parking. Our values exclude allowances for such income.

Other Regeneration Areas

5.2.11 In other parts of the Borough we have already seen the positive effect on values of enhanced infrastructure and capacity, and regeneration areas – for example Earls Court and White City East – will begin to create their own value identities once significant development starts to come forward and place-making in the areas starts to take shape. The Regeneration Areas and their related market context, assumptions and potential CIL/S106 charges, including for residential use, are discussed in more detail in section 5.7.

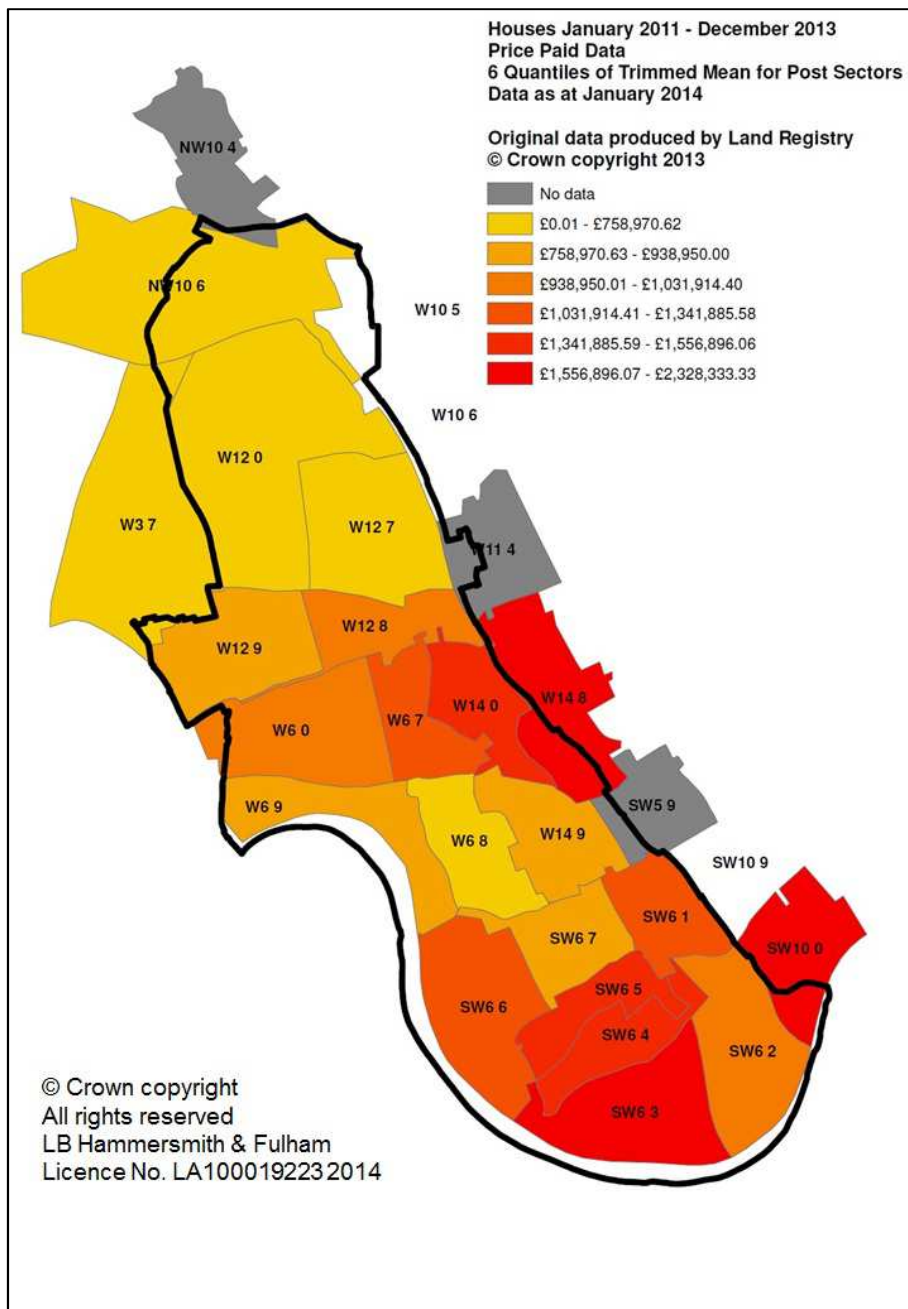
Summary

5.2.12 Therefore, in very broad terms, the Borough has three tiers of value (excluding White City East and Earls Court which are dealt with separately). These are:

- i. **North Zone** - Shepherds Bush, Old Oak, College Park and White City (excluding White City East);
- ii. **Central Zone** - Hammersmith, Brook Green, Barons Court and the northern part of Fulham; and
- iii. **South Zone** - Parsons Green, Fulham and Fulham Riverside.

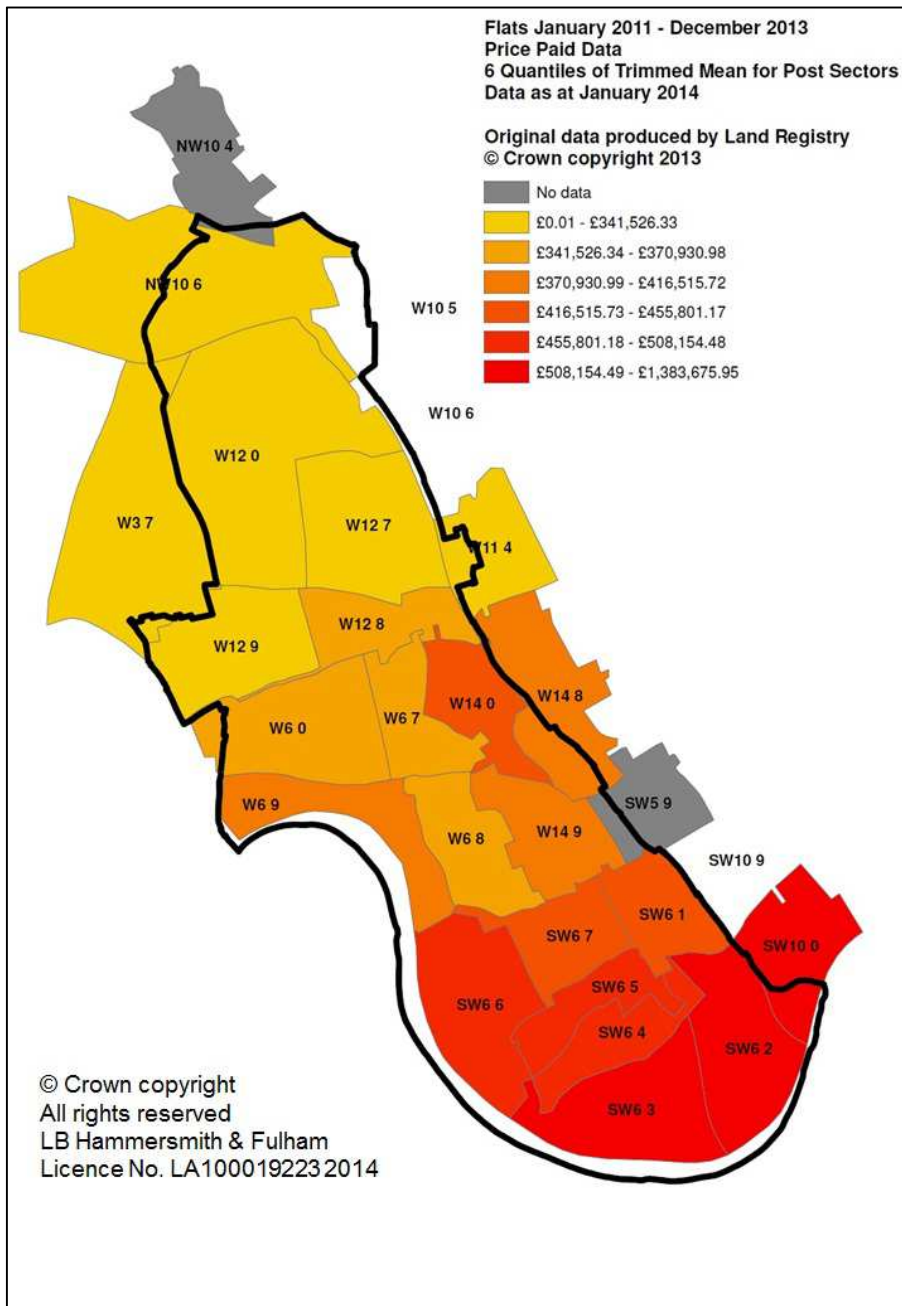
5.2.13 This is partly illustrated by the residential heat maps shown in Figure 5.2 and Figure 5.3 (although it should be noted that most of the transactions in the Land Registry dataset are of existing stock and not just new build):

Figure 5.2 Average Residential Prices, Houses Property



Source: Land Registry/LBHF

Figure 5.3 Average Residential Prices, Flatted Property



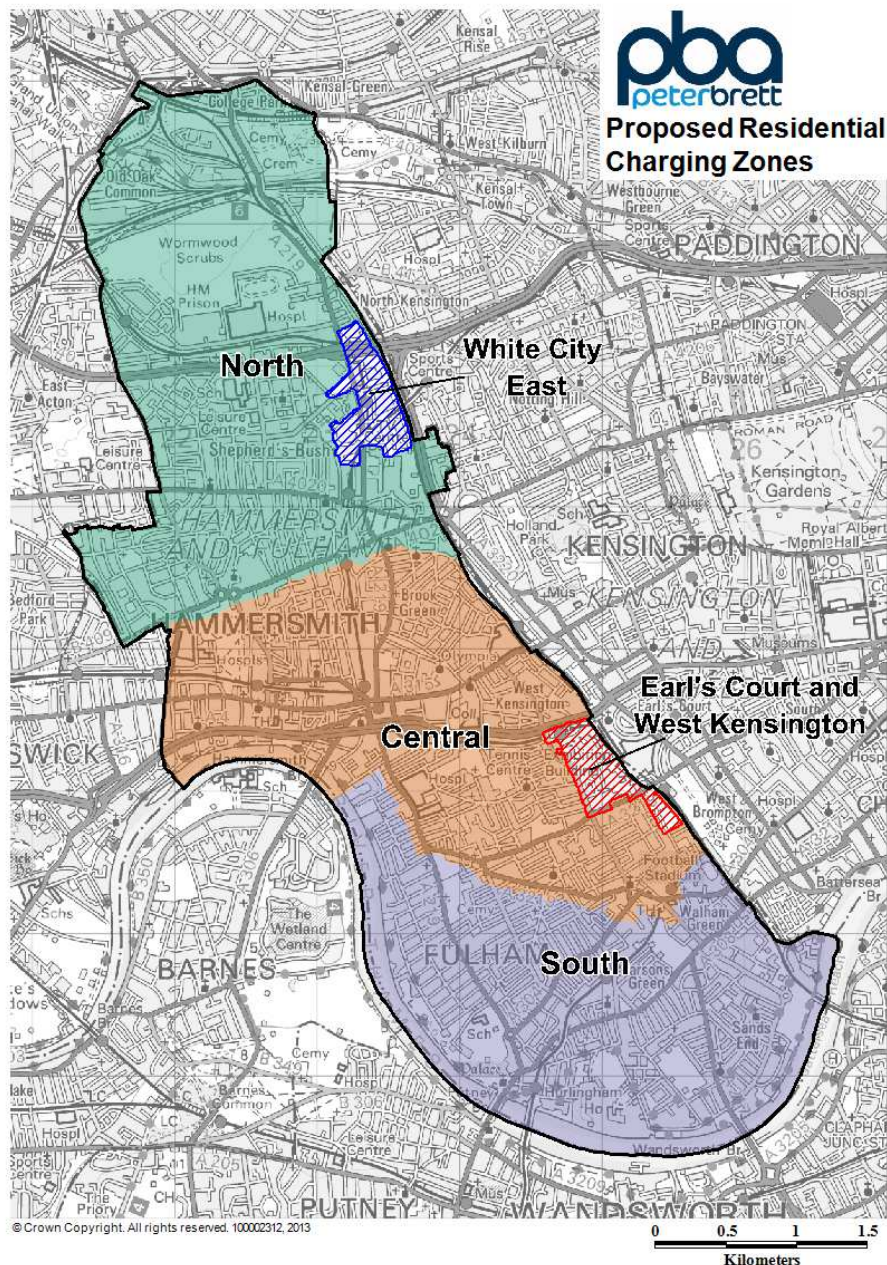
Source: Land Registry/LBHF

5.2.14 It is exceptionally difficult in areas adjacent to central London to draw any conclusions on the tone of value for potential residential land. Every site is effectively brownfield and has a significant value for an alternative use. The challenge for developers is to offer the landowner a significant premium once planning permission is secured, balanced against the collective public sector contribution for S106 payments, affordable housing and the community infrastructure levy. We have therefore focussed on employment land and allowed for appropriate uplifts. The uplift in value tends to be much higher in the south eastern and central areas of the Borough where the competition for development sites is much keener.

Potential Total CIL/S106 Contributions

5.2.15 Based on the available viability evidence within the Borough we are proposing three residential charge variations (excluding White City East and Earls Court which are dealt with separately). Figure 5.4 shows the extent of the proposed residential CIL charging zones in the Borough.

Figure 5.4 Proposed CIL Charging Zones for Residential Uses



Source: PBA/LBHF

Summary

5.2.16 Table 5-2 summarises the results of the residual appraisals and the benchmark land values in the Borough. Within each of the value zones we have carried out viability appraisals for a range of sample schemes. The different value assumptions are explained in **Appendix A**. The table shows the results of our appraisals:

Table 5.2 Residential Residual Appraisals and Benchmark Land Values

Ref		Dwellings	Commercial sq.m (GIA)	Net site area ha	Density	Total Floor Space sq.m	Residential CIL Chargeable Floor Space sq.m	Commercial CIL Chargeable Floor Space sq.m	Residual land value with policy contributions		Benchmark		Overage
		No.					Floor Space	Floor Space	Per Ha	Per £psm	Per Ha	Per £psm	Per £psm
Northern													
N1	Houses –	10		0.10	100	920	552		£15,023,878	£1,633	£5,700,000	£620	£1,013
N2	Flats -	50		0.33	150	3,750	2,250		£9,734,860	£865	£4,600,000	£409	£456
N3	Flats -	500		2.50	200	37,500	22,500		£12,734,805	£849	£4,600,000	£307	£542
N4	Flats -	750		2.50	300	56,250	33,750		£18,180,792	£808	£4,600,000	£204	£604
Mixed													
N5	Flats & 8,500 sq.m	500	10,000	3	200	47,500	22,500	10,000	£8,924,265	£564	£4,600,000	£291	£273
N6	Flats & 12,750 sq m	750	15,000	3	300	71,250	33,750	15,000	£12,982,666	£547	£4,600,000	£194	£353
Central (2)													
C1	Houses –	10		0.10	100	920	552		£25,969,743	£2,823	£11,500,000	£1,250	£1,573
C2	Flats -	50		0.33	150	3,750	2,250		£19,072,527	£1,695	£9,200,000	£818	£878
C3	Flats -	500		2.50	200	37,500	22,500		£24,983,625	£1,666	£9,200,000	£613	£1,052
C4	Flats -	750		2.50	300	56,250	33,750		£42,084,525	£1,870	£9,200,000	£409	£1,462
Mixed													
C5	Flats & 8,500 sq.m	500	10,000	3	200	47,500	22,500	10,000	£21,323,848	£1,347	£9,200,000	£581	£766
C6	Flats & 12,750 sq m	750	15,000	3	300	71,250	33,750	15,000	£30,948,603	£1,303	£9,200,000	£387	£916
South (3)													
S1	Houses –	10		0.10	100	920	552		£40,546,340	£4,407	£23,000,000	£2,500	£1,907
S2	Flats -	50		0.33	150	3,750	2,250		£34,132,906	£3,034	£23,000,000	£2,044	£990
S3	Flats -	500		2.50	200	37,500	22,500		£44,744,039	£2,983	£23,000,000	£1,533	£1,450
S4	Flats -	750		2.50	300	56,250	33,750		£64,818,300	£2,881	£23,000,000	£1,022	£1,859
Mixed													
S5	Flats & 8,500 sq.m	500	10,000	3	200	47,500	22,500	10,000	£36,932,885	£2,333	£23,000,000	£1,453	£880
S6	Flats & 12,750 sq m	750	15,000	3	300	71,250	33,750	15,000	£53,765,617	£2,264	£23,000,000	£968	£1,295

5.2.17 This is elaborated on further in Table 6.2 which summarises the proposed CIL charges as a % of GDV to demonstrate that CIL represents a relatively small proportion of overall value. All of the residential housing developments tested in the Borough are financially viable in the absence of CIL. Unsurprisingly viability is greater in the south zone than the north zone. However (as stated previously) proposed development, particularly in the White City Opportunity Area, is expected to have an overall upward effect on values in the north over time.

5.2.18 Although the analysis suggests that charges in a range of £273/m² - £1,907/m² may be capable of being sustained in the Borough, we strongly recommend that the charge be set beneath this viability ceiling. The principal reasons for this are that:

- Costs and values are likely to fluctuate over time and vary between different sites, which could make the charge unsustainable without a contingency margin (although it should be noted that the appraisals build-in a contingency margin of 5% of costs).
- Site-specific issues will adversely affect costs or values in some cases. In particular, some sites developments may involve significant abnormal costs which cannot be solely captured through a reduction in land value.
- Development appraisals of this nature invariably involve a margin of error.

5.2.19 The full viability assessments are shown in **Appendix C**. It is important to note that the residual land value referred to in the table above is termed the 'residualised price' in the detailed appraisal.

North Zone

5.2.20 As previously highlighted, the northern end of the Borough, which includes the areas around White City up towards Park Royal, does not experience such high land values as other parts of the Borough. We recommend a CIL charge of **£100/m²**.

Central Zone

5.2.21 In the Central charging zone, we recommend a CIL charge of **£200/m²**.

South Zone

5.2.22 It was considered whether a Riverside zone should be included which would pick up the higher values (identified in the market analysis) of development facing onto the river. However, it would be extremely difficult to define a riverside charging zone purely based on riverside views, particularly when values can notably vary from building to building and within buildings. Nevertheless, the higher values could lead to a more viable development than suggested by our appraisals.

5.2.23 In the area taking in Fulham (including South Fulham Riverside) and Parsons Green we recommend a CIL charge of **£400/m**

Other Regeneration Areas

5.2.24 The Regeneration Areas and their related market context, assumptions and potential CIL/S106 charges, including for residential use, are discussed in more detail in section 5.7.

5.3 Offices

Market Context & Assumptions

- 5.3.1 The office market in the Borough is largely focussed in and around Hammersmith Town Centre, leading from King Street to Hammersmith Road. Agents have recently reported²⁸ that office to residential conversion is putting pressure on office rents that had been improving due to the upturn in the economy.
- 5.3.2 Headline office rents for new space in Fulham are around £32.50 psf (£350 /m²) and £47.50psf (£511 /m²) in Hammersmith. With the tone for good quality refurbished space around £25psf (£270 /m²) – £28psf (£301/m²) in Fulham and £37.50psf (£403/m²) in Hammersmith.
- 5.3.3 Speculative office development has re-occurred in the Borough with phase 1 of Development Securities' 10 Hammersmith Grove completing in June 2013. We understand that Pernod Ricard has taken around 3,437 sq m (37,000 sq ft) of space here at a rent of £47 psf (£3,437/m²). Other deals around the town centre include pre-let at 184 Shepherds Bush Road for 115,000 sq ft (10,683m²) to Dunnhumby at £39.50psf (£425m²) and 44,175 sq ft (4,104 m²) of refurbished space at 161 Hammersmith Road which has been let to Virgin at £35psf (£377 m²).
- 5.3.4 Recent investment transactions include the sale of the 41,702 sq ft (3,874 sq m) 80 Hammersmith Road to Britannia Invest A/S for £20.65m, this reflected a net initial yield of 6.80%. We understand at the time of sale the property is let to five tenants at a combined annual rental income of £1.285m.
- 5.3.5 Hammersmith and the Opportunity Areas (White City and Earls Court and West Kensington) are the most likely locations for new build offices in the Borough as per the Core Strategy. New office development in South Fulham Riverside is unlikely unless part-subsidised as part of a mixed use project.

Potential Total CIL/S106 Contributions

Hammersmith Town Centre

²⁸ The Frost Meadowcroft Market Update 4th Quarter 2013

- 5.3.6 Based on available evidence we recommend a CIL charge of **£80 per m²** in Hammersmith Town Centre (as defined by the Core Strategy) and **£0 per m²** across the rest of the Borough for offices. A summary of the viability assessment is shown in Table 5-3:

Table 5.3 Potential CIL Charging Levels: Office, Summary of Viability Assessments – Hammersmith Town Centre

Ref	Zone	Commercial CIL Chargeable Floor Space sq.m		Residual value		Benchmark		Overage
		Ha	GIA Sq m	Per Ha	Per £psm	Per Ha	Per £psm	Per £psm
HTC1	HTC offices	0.25	4,645	£23,920,183	£1,287	£14,000,000	£753	£534

- 5.3.7 Within Hammersmith Town Centre, potential overages of close to £534/m² clearly show that a CIL charge will not compromise viability. Our opinion is that a CIL charge of **£80/m²** is appropriate for offices in this area. This is well below the viability ceiling.

Outside Hammersmith Town Centre

- 5.3.8 Outside of Hammersmith Town Centre, potential overages are negative and thus **do not justify a CIL charge**. This is illustrated in Table 5.4:

Table 5.4 Office Viability Outside of Hammersmith Town Centre

Ref	Zone	Commercial CIL Chargeable Floor Space sq.m		Residual value		Benchmark		Overage
		Ha	GIA Sq m	Per Ha	Per £psm	Per Ha	Per £psm	Per £psm
EXHTC1	ExHTC offices	0.25	4,645	£2,897,458	£156	£10,000,000	£538	-£382

- 5.3.9 The full viability assessments are shown in **Appendix C**

5.4 Industrial & Warehousing

Market Context & Assumptions

- 5.4.1 This type of employment space is under considerable pressure in Inner London, in particular from mixed use intensification. The pressure to intensify these sites with higher value uses such as residential and retail has led to a marked decline in the supply of industrial accommodation. As a consequence, very little new supply has been built in Hammersmith and Fulham in recent years with activity restricted to storage occupiers on sites to the north of the Borough. Our evidence is based on comparable evidence from existing stock towards Brent where new space (if any) is most likely to be brought forward.

Potential Total CIL/S106 Contributions

- 5.4.2 There has been little evidence of new-build industrial and warehousing space in Hammersmith and Fulham in recent years, with developers favouring more valuable uses. The greatest potential for new-build space will be in the northern part of the Borough. However evidence

on new build is scarce and we consider that industrial and warehousing uses cannot currently afford to bear a CIL charge and recommend a **£0/m2** charge. This is supported by the viability assessment below.

Table 5.5 Industrial and warehousing viability

Ref	Zone	Net site area	Commercial CIL Chargeable Floor Space sq.m	Residual value		Benchmark		Overage
				Per Ha	Per £psm	Per Ha	Per £psm	Per £psm
BOR1ind	All industrial single	0.50	3,500	£2,924,325	£418	£3,000,000	£429	-\$11

5.4.3 The full viability assessment is shown in **Appendix C** .

5.5 Retail

Market Context & Assumptions

5.5.1 Retail provision in Hammersmith and Fulham is centred on the Westfield development, providing over 1.4 million square feet (130,000m²). It is one of the key retail destinations in inner London and competes with the West End, City and more recently Westfield Stratford City. Arguably there is also competition from the out of town centres such as Bluewater, Brent Cross and Lakeside. With such substantial competition, retail development and values are liable to change with the emergence of new destinations. Plans to expand Westfield with a further 600,000 sq ft (55,000m²) were granted outline planning permission in March 2012 and so will not be affected by the Borough CIL, instead being the subject of a separately negotiated S106 agreement.

5.5.2 The CIL charge assessments have therefore focussed on the wider retail provision in Hammersmith and Fulham looking at both the convenience and comparison goods sectors. We understand that the general tone of value across the Borough is not considerably varied. There are slightly increased values around the Fulham/ Kings Road area in Parsons Green and lower value at Earls Court. The latter of course is subject to an area-wide regeneration plan and the tone of the area will comprehensively change if the OAPF's proposals proceed. In our opinion charge variation is not justified within this sector based on geographical location.

5.5.3 Excluding Westfield, schemes coming forward are relatively small and largely convenience-related. We have analysed the sector based on readily available evidence and concluded that due to high land values in the central and southern zones, single storey retail is not financially viable and can only be brought forward as a mixed use project. This is because the increased site density of mixed use developments would create site values in line with current comparable evidence, so would be expected to proceed.

5.5.4 In the northern zone of Hammersmith and Fulham, site values are lower and arguably a retail-based scheme without a mixed use element could be viable.

Potential Total CIL/S106 Contributions

5.5.5 Excluding Westfield, Earls Court and White City, we do not see any significant single-use retail development being brought forward in the London Borough of Hammersmith and Fulham.

Small scale development of 1,000-2,000m² will form part of larger mixed use proposals which can support a CIL charge of **£80 per m²** for both convenience and comparison across the Borough with no variation by location or sector.

Comparison retailing

Table 5.6 Comparison Retail Viability

Ref	Zone	Net site area	Commercial CIL Chargeable Floor Space sq.m	Residual value		Benchmark		Overage
				Per Ha	Per £psm	Per Ha	Per £psm	Per £psm
BOR2comp	All comparison retail	0.07	GIA Sq m 465	£12,802,616	£1,927	£10,000,000	£1,505	£422

Convenience retailing

Table 5.7 Convenience Retail Viability

Ref	Zone	Net site area	Commercial CIL Chargeable Floor Space sq.m	Residual value		Benchmark		Overage
				Per Ha	Per £psm	Per Ha	Per £psm	Per £psm
BOR3conv	All convenience retail	0.07	GIA Sq m 465	£11,812,207	£1,778	£10,000,000	£1,505	£273

5.5.6 The full viability assessments are shown in **Appendix C**.

5.6 Other Uses

5.6.1 We have assessed the viability of the 'core' uses – residential, B-class commercial (office and industrial) and retail – in order to determine a 'standard level of charge' which will not undermine the delivery of these uses. A standard charge level will then apply to all types of development unless an alternative level of charge has been assessed and justified.

5.6.2 The standard charge has to be set at a level that all of the viable core uses can afford to pay with any uses which have been shown to be unviable having a £0/m². On the assessments shown earlier in this chapter, that level is **£80/m²** because Hammersmith Town Centre offices and retail uses can bear this level of charge. It is therefore recommended that the standard charge for all uses unless stated should be **£80/m²**.

5.6.3 As shown, the level of CIL charge proposed for residential uses is higher than the standard charge for all three zones proposed.

5.6.4 Whilst we have examined the core uses and their market context, certain other uses are considered to be worthy of exploring whether a particular level of charge can be justified (in addition to the Mayor's CIL, where relevant) and whether this is ultimately different from the standard charge of £80/m². Discussions with LBHF officers raised several uses which are considered to be important to the delivery of the Core Strategy.

Student Accommodation

- 5.6.5 The student accommodation market was resilient during the economic downturn and was seen as an attractive investment. The attractiveness of the sector was due to students wanting secure, good quality purpose built accommodation combined with the increase number of students attending university. This demand helped drive the need for accommodation, and in turn pushed up rents.
- 5.6.6 However, tuition fees increased in 2012 – 13 which resulted in a fall in applications by 6.7% on the previous year but recovered slightly (2.7%) for 2013-14.²⁹ But despite the fall in applications in the UK, demand from outside Europe has grown. The fall in student numbers led to rents in some areas of the country falling but due to the lack of supply in London rents here have remained firm.
- 5.6.7 The sector comprises three investment models, ranked in order of attractiveness; direct lease with the institution, nomination agreement with the institution and direct lets.

Table 5.8 Prime student accommodation yields in London

Location	Lease	Nomination Agreement	Direct Let
Prime London	4.75%	5.50%	6.10%

Source: Savills Spotlight: UK Student Housing Summer 2013

- 5.6.8 Imperial College London has two campuses located in the Hammersmith & Fulham Borough: Charing Cross Campus and Hammersmith Hospital Campus.
- 5.6.9 Rents for purpose built student accommodation in London vary between £150 and £275 per week depending on size, type and location. We are aware of the following weekly rents for purpose build schemes in the Borough and wider area:
 - Pure Hammersmith's 418 bed scheme is offering a 17 sq m studio £265 per week on the site of the former Hammersmith Palais, Shepherds Bush Road.
 - Orient House, Station Court, Imperial Road London. A 15 sq m en-suite room in an 8 bed flat is £200 per week and a 26 sq m studio from £250 per week.
 - DIGS, Ravenscourt's single studios which range in size from 14.4 sq m to 15.2 sq m at a rent of £245 per week.
 - The Lyra, North Acton (in LB Ealing) 17 sq m studios are £219 per week and 20 sq m studios at £239 per week.
- 5.6.10 The rents stated above are inclusive and generally cover the cost of; building management, utilities, internet, contents insurance, use of a common room and concierge/security. Some rents cover additional services but that depends on the specific scheme. Typically these represent around 40% of the rental income.

²⁹ Savills Spotlight: UK Student Housing Summer 2013

- 5.6.11 The National Union of Students and Unipol report³⁰ that the average contract length in between 41 weeks to 45 weeks.
- 5.6.12 Based on the above market data we have assumed an average unit size of 18 sq m room at £240 per week over a 45 week period, delivered on a direct let basis. It could be argued that in London a longer contract is achievable because the accommodation can be used by part-time student or non-students during the summer holidays.
- 5.6.13 Average values are still lower than market value residential in most locations and therefore we are proposing that the standard charge of **£80/m²** is applied.

Table 5.9 Student Accommodation Viability

Ref	Zone	Net site area	Commercial CIL Chargeable Floor Space sq.m	Residual value		Benchmark		Overage
				Per Ha	Per £psm	Per Ha	Per £psm	Per £psm
BOR5stu	Student accommodation (250 bed)	0.30	7,000	£19,695,962	£844	£14,000,000	£600	£244

- 5.6.14 The full viability assessments are shown in **Appendix C** .

Leisure

- 5.6.15 Following discussions with officers, it was felt appropriate to explore the potential for a CIL charge for health and fitness leisure uses. This was not extended to the other uses within the D2 use class – including cinemas, music venues, bingo halls, swimming baths, skating rinks, etc – because such uses are, of themselves, very specialist. When aggregated together as single use class they total a significant amount of floorspace yet each represents a ‘one off’ type of development and would require its own viability assessment. This it was felt would add an unnecessary layer of complexity to the CIL charging schedule so have been treated together in the viability testing.
- 5.6.16 Knight Frank report³¹ that the leisure occupational market continues to go from strength to strength. Major cinema chains such as VUE, Cineworld and Odeon are continually seeking to expand, and often in competition for attractive sites. The health and fitness sector expansion is shifting towards the value end with likes of Pure Gym, Easy Gym and Gym Group actively looking for new sites.
- 5.6.17 There has been quite a bit of investment activity in the leisure sector. Particularly attractive are strong covenants secure on long leases of up to 25 years with fixed increases at review. We are aware of the following transactions:
- January 2014, Harmsworth Pooled Property Unit Trust bought the Odeon in Leicester Square for £17.9m, reflecting a net initial yield of 6.97%. Lease included annual rent reviews geared to RPI.
 - January 2014, AXA Real Estate acquired the Odeon in Swiss Cottage for £4.78m reflecting a 7.13% initial yield. Lease included annual rent reviews geared to RPI.

³⁰ The National Union of Students and Unipol *Accommodation Costs Survey 2012/13*

³¹ Knight Frank *Out-of-town & Leisure Occupational & Investment Markets Summer 2013*

- July 2013, Virgin Active investment in Wandsworth on open market reviews sold for £9.42m reflecting a 6.13% yield.
- Virgin Active Health Club in Notting Hill sold for £11.5m, reflecting a net initial yield of 5.675%. The property was a former school building, which has been adapted to provide health and fitness space totalling 33,895 sq ft (3,150 sq m). The property is let to Holmes Place Health Clubs Limited with a parent guarantee from Virgin Active for a further 21 years.

5.6.18 Our viability testing suggests that leisure uses are currently viable and we are recommending they should simply pay the 'standard' charge, i.e. **£80/m²**.

Table 5.10 Leisure Viability

Ref	Zone	Net site area	Commercial CIL Chargeable Floor Space sq.m	Residual value		Benchmark		Overage
				Per Ha	Per £psm	Per Ha	Per £psm	Per £psm
BOR6leis	Leisure use	0.15	2,000	£6,970,681	£523	£5,000,000	£375	£148

5.6.19 The full viability assessments are shown in **Appendix C** .

Hotels

5.6.20 We have, taking into account recent hotel developments in the Borough, made the following headline assumptions with regards to undertaking a high level hotel CIL viability appraisal. A full list of assumptions is set out in **Appendix A** .

- We have assumed a 3-star, 100 bed hotel
- We have assumed a room value of £6,500 per annum. We have used a yield of 6% based on hotel market research information publicly available.
- We have used build costs of £50,000 per room based on comparable evidence for build costs for 3-star budget hotel rooms.

5.6.21 Our viability testing suggests that hotel uses are not currently viable and we are recommending a **£0/m²** CIL charge but should be assessed for S106 on a case by case basis.

Education & Health

5.6.22 Education and health, for the purpose of assessing the potential to support a CIL charge, are defined in exactly the same way as in the London Mayor's CIL charging schedule:

- **Health** – 'Development used wholly or mainly for the provision of any medical or health services except the use of premises attached to the residence of the consultant or practitioner';
- **Education** – 'Development used wholly or mainly for the provision of education as a school or college under the Education Acts or as an institution of higher education.'

- 5.6.23 Whilst there are a number of private schools in the Borough, the growth in the Borough is to be supported by changes in the provision in capacity of state schools. Officers have confirmed that it is not possible to deliver new capital build education projects without funding support. As such, development of facilities for state education cannot sustain a charge and we recommend a **£0/m²** charge.
- 5.6.24 It is considered that the same principle applies to health provision, being the other key institutional development type that is expected to come forward over the plan period.
- 5.6.25 This evidence is consistent with that used to inform the Mayor's CIL charge. The Charging Schedule has a nil charge for health and education sectors because of the pressures on constrained public resources and their likely effect on viability decisions by the relevant authorities.
- 5.6.26 It is therefore proposed that, in respect of all education and health development, a nil charge is levied, i.e. **£0/m²**.

Sui Generis Uses

- 5.6.27 Sui generis uses include theatres; houses in multiple occupation; hostels providing no significant element of care; scrap yards; petrol filling stations; shops selling and/or displaying motor vehicles; retail warehouse clubs; nightclubs; launderettes; taxi businesses; amusement centres; and casinos. The types of premises, value of uses and development costs for premises accommodating these types of activity will vary considerably; and this means that sui generis uses cannot be treated in the same way as the other use classes.
- 5.6.28 By their very nature, sui generis uses cover a very wide range of development types, so it is prudent to consider a cross section of such uses.
- 5.6.29 Our approach to this issue has been to consider the types of premises and locations that may be used for sui generis and assess whether the costs and value implications may have similarities with other uses. We have also considered the likely developments within the plan period as a guide to whether more detailed work might be useful. A charge of **£80/m²** is recommended for such uses (with some exceptions below).
- **Theatres** – very few new theatres are being developed in the UK and the exceptions – such as Chester – are in locations with large catchments, an existing foundation of extensive artistic activity and a local authority with the means and inclination to pay. We do not consider it likely that a new theatre will be developed in Hammersmith & Fulham during the plan period and officers have confirmed that there are no aspirations for this to be publicly provided. The Lyric Theatre has been granted planning permission for an extension of the theatre and studio space, along with office development but unless this is not implemented and a new application submitted, would not be liable for CIL in any event.
 - **Hostels** - providing no significant element of care – these are likely to be either charitable or public sector uses such as probation hostels, half-way houses, refuges etc., or low cost visitor accommodation such as youth hostels. Our view is that the charitable uses are dependent upon public subsidy for development and operation, and therefore not viable in any commercial sense. Youth Hostels are operated on a social enterprise basis with small financial returns. We understand the delivery of such hostels is not absolutely necessary for the delivery of the Core Strategy and in any case, such hostels may utilise existing floorspace and many are charitable institutions potentially benefitting from relief from CIL. Therefore, no separate charge to the standard charge is recommended.
 - **Scrapyards** – it is unlikely that there would be new scrapyard/recycling uses in the Borough in the future, even given the potential for the price of metals and other materials

to rise. They are unlikely because of the comparatively low value compared to existing uses in the Borough. A further consideration is that these uses are likely to occupy the same sorts of premises as many B2 uses and therefore the viability will be covered by the assessment of the viability of B2 uses for which we have recommended a **£0/m2** charge.

- **Petrol filling stations** – we are aware that recent new filling stations have generally been as part of larger supermarket developments, with independent filling stations closing. It seems unlikely that here will be significant new stand-alone filling station development in the Borough.
- **Selling and/or displaying motor vehicles** - sales of vehicles are likely to occupy the same sorts of premises and locations as many B2 uses and therefore the viability will be covered by the assessment of the viability of B2 uses for which we have recommended a **£0/m2** charge.
- **Retail warehouse clubs** – these retail uses are likely to be in the same type of premises as the out of town A1 retail uses and covering the same purchase or rental costs. Therefore they are covered by this viability assessment.
- **Nightclubs** – these uses are likely to be in the same type of premises as A1 town centre retail uses and covering the same purchase or rental costs. Therefore they are covered by this viability assessment.
- **Launderettes** – these uses are likely to be in the same type of premises as A1 town centre retail uses and covering the same purchase or rental costs. Therefore they are covered by this viability assessment.
- **Taxi businesses** – these uses are likely to be in the same type of premises as A1 town centre retail uses and covering the same purchase or rental costs. Therefore they are covered by this viability assessment.
- **Amusement centres** – these uses are likely to be in the same type of premises as A1 town centre retail uses and covering the same purchase or rental costs. Therefore they are covered by this viability assessment.
- **Casinos** – There is no national policy determining the location of major casinos and we are not aware of any such proposals for the Borough.

5.7 White City, Earls Court and South Fulham Riverside

- 5.7.1 As set out in section 3, most of the development necessary to deliver the Core Strategy's vision is planned to take place in the regeneration areas. Further detailed viability evidence in the form of SPDs and Development Infrastructure Funding Studies (DIFS) is available for each of the White City, Earls Court and South Fulham Riverside areas, and this report has taken into account that evidence for such 'strategic sites' as set out below.

White City

- 5.7.2 The White City Development Infrastructure Funding Study (DIFS)³² provides an infrastructure planning and viability evidence base to support the Local Plan and SPD in the delivery of the opportunity area and, particularly, the White City East strategic site.

³² AECOM & Drivers Jonas Deloitte (2012 & 2013) *White City Development Infrastructure Funding Study (Original & Final Reports)*

- 5.7.3 PBA's White City appraisals have largely used the same assumptions as the DIFS. PBA has considered the DIFS assumptions and made adjustments where appropriate as shown in Appendix A.
- 5.7.4 PBA's testing of White City East viability has considered four scenarios of potential development. It is anticipated that most development will come forward in large sites:
1. 100 unit flatted scheme on 0.33 hectare site;
 2. 100 unit flatted scheme on a 0.5 hectare site;
 3. 3 hectare mixed used scheme of 500 flats and of 10,000 sq m mixed commercial; and
 4. 3 hectare mixed used scheme of 750 flats and 15,000 sq m mixed commercial.
- 5.7.5 Our viability testing suggests that development at White City East is viable with the resulting overages ranging from £223 to £680 psm which would be able to bear the standard charge of **£80 per m²** across all uses.

Table 5.11 White City Development Viability

Ref	White City	Dwellings	Commercial	Net site area	Density	Total Floor	Residential CIL	Commercial	Residual land value with policy contributions	Benchmark		Overage	
		No.	sq.m (GIA)	ha		Space sq.m	Chargeable Floor Space sq.m	CIL Chargeable Floor Space sq.m		Per Ha	Per £psm	Per Ha	Per £psm
WC1	100 flats low density	100		0.50	300	7,500	4,500		£19,538,179	£1,303	£14,000,000	£933	£369
WC2	100 flats high density	100		0.33	200	7,500	4,500		£29,307,269	£1,303	£14,000,000	£622	£680
WC3	500 Flats & 10,000 sq m	500	10,000	3	200	47,500	22,500	10,000	£17,525,362	£1,107	£14,000,000	£884	£223
WC4	750 Flats & 15,000 sq m	750	15,000	3	300	71,250	33,750	15,000	£25,223,761	£1,062	£14,000,000	£589	£473

- 5.7.6 However, it should be noted that there is substantial infrastructure which is required to support White City East, as identified in the WCOAPF SPD and the DIFS. We understand that, as recommended in the DIFS, the council is considering a policy approach to seek S106 obligations for some or all of the necessary infrastructure which will remain to be delivered once CIL is in place. We understand the policy will be set in light of the extent of existing S106s already agreed in the area and the need to ensure that suitable mechanisms are used to deliver such infrastructure.
- 5.7.7 If the council decides to set a policy that infrastructure in White City East should continue to be sought through S106s, the viability implications of this for CIL charge-setting purposes needs to be considered.
- 5.7.8 The DIFS estimated that development in White City East might amount to some 710,000 sq.m and that total infrastructure costs were of the order of £113M of which some £57M was regarded as essential. Based on these figures the implications of the proposed S106 policy approach would be a development contribution to these costs via S106 averaging between £80 to £159/sq.m.on all floorspace (though the appropriate contribution for any particular development would be dependent on a variety of factors).
- 5.7.9 The proposed policy approach will need to be considered under the requirements of paragraph 153 of the NPPF and the Town & Country Planning (Local Planning (England) Regulations 2012 (including relevant consultation). It must be clear that the provided infrastructure is clearly required to implement the plan policies.
- 5.7.10 If the Council were to introduce a policy approach leading to S106 contributions of this sort of order the potential overages would be significantly reduced and development at White City East would not be able to bear a CIL charge. In that case we would recommend a charge of **£0 per m²** across all uses within the zone shown on the map at Figure 5.4.

Earls Court

- 5.7.11 The Earls Court DVS Viability Summary³³ provides a viability evidence base to support the SPD in the delivery of the opportunity area. The DVS report's purpose was to appraise the development scenarios considered in preparing the Earls Court and West Kensington Opportunity Area SPD (part of which lies within the Royal Borough of Kensington & Chelsea).
- 5.7.12 PBA's Earls Court appraisals have largely used the same assumptions as the DVS report. PBA has considered the DVS assumptions and agree that they are an appropriate basis for viability modelling, however, differences between the PBA and DVS approach include:
- Some figures are not a direct translation due to the different way in which the DVS and PBA models work, for example marketing / agents / legal costs. PBA has made appropriate alternative assumptions based on professional judgement.
 - PBA has modelled phasing based on the DVS sales rates and development period and made a reasonable judgement on phasing of infrastructure costs using an S-curve.
- 5.7.13 S106 costs for social infrastructure have been excluded from the PBA approach in order that the PBA appraisals as a whole are consistent. However, PBA has adopted DVS's estimate of infrastructure and abnormal costs which includes items of physical infrastructure that may be included within S106 obligations., A planning application has been approved on the Earls Court main site and at Seagrave Road and a S106 Agreement has been signed in both cases. Due to the size and complex nature of the proposed development it is possible that elements of the scheme may require new planning applications during the course of the plan period. To reflect potential development at Earls Court as per scenario 3 of the DVS report, we have tested a 32.60 hectare mixed used scheme of 8,000 flats and 267,787 sq m mixed commercial.
- 5.7.14 The viability analysis shows that the overage is negligible. In addition, we understand that development would be expected to contribute towards substantial site specific infrastructure costs (as has been the case with development for most of the area that has already been approved). Accordingly, a CIL charge for the SPD area could not be justified on viability grounds and it is recommended that a **£0/m²** CIL charge is applied. Policy and infrastructure contributions from further development in the area can continue to be captured through S106 obligations justified in accordance with the legal tests and subject to the viability of individual schemes.

Table 5.12 Earls Court Development Viability

Ref	Earls Court	Dwellings	Commercial	Net site	Total Floor	Development	Residential CIL	Commercial CIL	Residual land value with policy contributions	Benchmark		Overage	
		No.	sq.m (GIA)	area	Space sq.m	density	Chargeable Floor	Chargeable Floor		Per Ha	Per £psm	Per Ha	Per £psm
ECWK	8,000 Flats & 267,787 sq m (32.60 ha)	8000	267,787	32.6	955,787	29,319	405,920	267,787	£15,302,860	£522	£15,000,000	£512	£10

- 5.7.15 It should be noted that the appraisal on which the overage figures in Table 5.12 are based does not include any assumptions for social infrastructure S106s. If known S106 costs from either the DVS report or from known planning applications were factored in, this would clearly result in an even lower overage (likely to become negative), for the purposes of this CIL viability modelling exercise. The DVS report also notes that there are other land and overall scheme related costs. These would also reduce the overage shown in our table to make it negative.

³³ DVS (2011) *Earls Court and West Kensington Opportunity Area Joint Supplementary Planning Document: Viability Summary*

South Fulham Riverside

- 5.7.16 The South Fulham Riverside Delivery and Infrastructure Funding Study (DIFS)³⁴ provides an infrastructure planning and viability evidence base to support the SPD in the delivery of the regeneration area.
- 5.7.17 The South Fulham Riverside area is a location with potential for further high density apartment developments with high sales values – especially those with riverside views. Based on our own viability work and the DIFS, it is considered that the proposed residential charge for the South Zone was appropriate for South Fulham Riverside. Therefore the area is included as part of the South Zone for the purposes of CIL charging.

³⁴ CgMs and Cushman & Wakefield (2013) *South Fulham Riverside SPD Delivery and Infrastructure Funding Study*

6 RECOMMENDED CIL CHARGES

6.1 Recommending a CIL Charge

- 6.1.1 The summary tables indicate that CIL charges of a given amount may be capable of being sustained in an area. However we recommend that the charge is set well below this point. The principal reasons for this are that:
- i. Markets fluctuate over time. There must be sufficient latitude for fluctuations to happen without rendering the CIL charge unviable.
 - ii. Individual site costs and values vary. Developments should remain viable after CIL charge is paid in the bulk of cases.
- 6.1.2 It is conceivable that a simple, arithmetical approach could be used to take us from the 'overage' (that the summary table suggests is available for CIL and/or S106) to a recommended CIL Charge. For example it would be possible to set a CIL at, perhaps between 50-70% (a range of %s could be appropriate) of the overage indicated in the viability testing, and to mechanically apply this deflator.
- 6.1.3 We have intentionally avoided this approach however because the viability tests necessarily cannot take account of developers' market understanding of risk, or of institutional investors' willingness to invest. These are important components of the judgement as to a sensible level of CIL charge, but ones which do not emerge arithmetically from the viability model. Instead, we use our market judgement in arriving at a sensible charge.
- 6.1.4 We would also note that the actual £/m² charge for residential development would equate to less than the CIL charge apportioned across the whole development because social housing will be exempt.

6.2 The Recommended CIL Charge

- 6.2.1 We have assessed the potential for a CIL charge in Hammersmith and Fulham and consider that the following charges are appropriate. This is because they do not undermine the viability of the bulk of development that is expected to deliver the Core Strategy:

Table 6.1 Recommended CIL Charges

Use	South Charging Zone	Central Charging Zone		North Charging Zone
		Within Hammersmith Town Centre	Outside Hammersmith Town Centre	
Charge for all uses unless otherwise stated	£80/m ²			
Residential	£400/m ²	£200/m ²		£100/m ²
Office (B1a/b)	£0/m ²	£80/m ²	£0/m ²	£0/m ²
Industrial (B1c/B2) and warehousing (B8) uses	£0/m ²			
Hotels	£0/m ²			
Health and Education uses*	£0/m ²			
White City East**	£80/m ² or £0/m ²			
Earls Court and West Kensington Opportunity Area	£0/m ²			

*Education and health are as defined in the Mayor's CIL Charging Schedule:

- **Health** – 'Development used wholly or mainly for the provision of any medical or health services except the use of premises attached to the residence of the consultant or practitioner'
- **Education** – 'Development used wholly or mainly for the provision of education as a school or college under the Education Acts or as an institution of higher education'

**See section 5.7

6.2.2 These charges exclude the charges that development in the Borough will have to pay towards the Mayor's Crossrail CIL (an additional £50/m²). However the viability of the charges proposed reflect the need to pay this charge because it has been factored into the appraisals.

6.2.3 We would also note again that the overage shown by the appraisals represents potential for both CIL and S106, and that whilst we have allowed for a de minimis S106 contribution within the appraisals (£1,000 per dwelling for residential schemes) some of the remaining overage could potentially be either CIL or S106 or a combination of the two.

6.2.4 We have set out in Table 6.2 the percentage of the cost of the proposed CIL charges for each area when compared to Gross Development Value for illustrative purposes. The table shows that, whilst CIL is a cost of development, in terms of a comprehensive development viability appraisal it equates to a nominal amount when compared to Gross Development Value and the 'cost' of additional requirements such as affordable housing, contingencies, build costs etc. Previous CIL Examinations have indicated that a CIL charge of between 1% and 4% of GDV are likely to be appropriate.

Table 6.2 CIL Charge by Area & Scheme as a Percentage of GDV

Proposed CIL	Standard commercial charge	Scheme	GDV	Residential chargeable floorspace	Commercial floorspace	CIL	CIL as % of GDV
£100	£80	N1	£3,705,760	552		£55,200	1.5%
£100	£80	N2	£14,780,438	2,250		£225,000	1.5%
£100	£80	N3	£147,804,375	22,500		£2,250,000	1.5%
£100	£80	N4	£221,706,563	33,750		£3,375,000	1.5%
£100	£80	N5	£166,694,175	22500	10000	£3,050,000	1.8%
£100	£80	N6	£252,282,675	33750	15000	£4,575,000	1.8%
£200	£80	C1	£5,187,328	552		£110,400	2.1%
£200	£80	C2	£18,976,463	2,250		£450,000	2.4%
£200	£80	C3	£189,764,625	22,500		£4,500,000	2.4%
£200	£80	C4	£284,646,938	33,750		£6,750,000	2.4%
£200	£80	C5	£218,075,840	22500	10000	£5,300,000	2.4%
£200	£80	C6	£327,113,760	33750	15000	£7,950,000	2.4%
£400	£80	S1	£7,160,544	552		£220,800	3.1%
£400	£80	S2	£25,746,075	2,250		£900,000	3.5%
£400	£80	S3	£257,460,750	22,500		£9,000,000	3.5%
£400	£80	S4	£386,191,125	33,750		£13,500,000	3.5%
£400	£80	S5	£282,374,619	22500	10000	£9,800,000	3.5%
£400	£80	S6	£423,561,929	33750	15000	£14,700,000	3.5%

Note: In this table commercial CIL has been assumed to be levied on all commercial floorspace. In practice, some commercial floorspace (e.g. offices other than in Hammersmith Town Centre) may not be liable to pay the charge.

Table 6.3 Charge by commercial uses as a Percentage of GDV

Proposed CIL	Scheme	GDV	Commercial floorspace	CIL	CIL as % of GDV
£80	HTC Offices	£21,507,156	4,645	£371,600	1.7%
£80	Comparison retail	£1,981,682	465	£37,200	1.9%
£80	Convenience retail	£2,130,788	465	£37,200	1.7%
£80	Student accommodation	£25,495,082	7,000	£560,000	2.2%
£80	Leisure	£6,259,657	2,000	£160,000	2.6%

Appendix A Development Appraisal Assumptions

North, Central & Southern Area Appraisals:

Assumption	Source	Notes															
Construction Costs																	
	BCIS Online - Rebased for LB Hammersmith & Fulham - November 2013	<p>Residential build costs are based upon industry data from the Build Cost Information Service (BCIS) which is produced by the Royal Institution of Chartered Surveyors (RICS). BCIS offers a range of prices dependent on the final specification.</p> <p>The following build costs used are derived from recent data of actual prices in the marketplace. For flats we have used upper quartile rates for 6+ storey development. For houses we have also used upper quartile rates. As early as 2009, the market across the UK was building at round Code for Sustainable Homes Level 3 to 4 for private and Level 4 for affordable housing. Depending on actual scheme specification costs could greatly vary from the BCIS data. However, the costs are based on a 'typical residential development' in the area with no specific consideration of scheme features which may result in a 'premium' product and could follow through into enhanced sale values.</p> <p>Private</p> <table> <tr> <td>Flats –</td> <td>£1,801</td> <td>sq m</td> </tr> <tr> <td>Houses -</td> <td>£1,187</td> <td>sq m</td> </tr> </table> <p>Affordable</p> <table> <tr> <td>Flats –</td> <td>£1,801</td> <td>sq m</td> </tr> <tr> <td>Houses –</td> <td>£1,187</td> <td>sq m</td> </tr> </table> <p>Costs may alter in future. In particular, there may be national policy change regarding Code for Sustainable Homes building standards. The final effect of these changes on viability is difficult to foresee. While we have reviewed current Government research on cost impacts of CSH we note that past forecasts of price changes (such as that predicted in the original Cyril Sweet work) have never affected costs to the extent forecast. When these future requirements come into force, they will impact on both development costs and land values. We have not incorporated these possible impacts into our calculations, because CIL should deal with current market conditions, not forecasts of potential future change. Our approach to incorporating these (and other) potential but unknown costs is to set a wide margin for error that will cover variations in factors such as build costs, site conditions, and timing.</p> <p>Commercial</p> <table> <tr> <td>Mixed commercial</td> <td>£1,559</td> <td>sq m</td> </tr> </table> <p>The majority of commercial space is to comprise offices. As such we have used median build costs for air-conditioned offices. In reality, dependent upon the mix of uses, build costs may vary from this figure.</p>	Flats –	£1,801	sq m	Houses -	£1,187	sq m	Flats –	£1,801	sq m	Houses –	£1,187	sq m	Mixed commercial	£1,559	sq m
Flats –	£1,801	sq m															
Houses -	£1,187	sq m															
Flats –	£1,801	sq m															
Houses –	£1,187	sq m															
Mixed commercial	£1,559	sq m															

Plot external	Stakeholder consultation & industry standards	Site preparation and infrastructure has been either calculated as a percentage of build costs or a rate per hectare as follows: 5% of build costs																								
Professional Fees	Industry standards	Professional fees relate to the costs incurred to bring the development forward and cover items such as; surveys, architects, quantity surveyor etc. Professional fees are based upon accepted industry standards and are calculated as a percentage of build and external costs at: 10%																								
Contingency	Industry standards	Contingency is based upon the risk associated with each site and has been calculated as a percentage of build and external costs at 5%																								
Sale costs	Industry standards	<p>Sale costs relate to the costs incurred to dispose the completed residential units. These rates are based on industry accepted scales at the following rates:</p> <p>Residential</p> <table> <tr> <td>Sale agents fee</td> <td>1.25%</td> <td>Gross Development Value of private units</td> </tr> <tr> <td>Sale legal fee</td> <td>£500</td> <td>per unit</td> </tr> <tr> <td>Marketing</td> <td>£1,000</td> <td>per private unit</td> </tr> </table> <p>Commercial</p> <table> <tr> <td>Sale agents fee</td> <td>1.25%</td> <td>Gross Development Value</td> </tr> <tr> <td>Sale legal fee</td> <td>1.25%</td> <td>Gross Development Value</td> </tr> <tr> <td>Letting agent fee</td> <td>10%</td> <td>First year rent</td> </tr> <tr> <td>Letting legal fee</td> <td>5.00%</td> <td>First year rent</td> </tr> <tr> <td>Marketing</td> <td>4%</td> <td>Gross first year rent</td> </tr> </table>	Sale agents fee	1.25%	Gross Development Value of private units	Sale legal fee	£500	per unit	Marketing	£1,000	per private unit	Sale agents fee	1.25%	Gross Development Value	Sale legal fee	1.25%	Gross Development Value	Letting agent fee	10%	First year rent	Letting legal fee	5.00%	First year rent	Marketing	4%	Gross first year rent
Sale agents fee	1.25%	Gross Development Value of private units																								
Sale legal fee	£500	per unit																								
Marketing	£1,000	per private unit																								
Sale agents fee	1.25%	Gross Development Value																								
Sale legal fee	1.25%	Gross Development Value																								
Letting agent fee	10%	First year rent																								
Letting legal fee	5.00%	First year rent																								
Marketing	4%	Gross first year rent																								
Finance costs	Industry standards	When testing for development viability it is common practice to assume development is 100% debt financed (Viability Testing Local Plans - Advice for planning practitioners and RICS Financial viability in planning guidance note GN94/2012. Within our cashflow we used a finance rate based upon market rates of interest as follows: 7%																								
Stamp Duty on Land Purchase	HMRC	<p>Stamp Duty Land Tax (SDLT) is generally payable on the purchase or transfer of property or land in the UK where the amount paid is above a certain threshold. The SDLT rates are by Treasury, the following rates current rates have been applied:</p> <table> <tr> <td>up to £125,000</td> <td>0.00%</td> </tr> <tr> <td>Over £125,000 to £250,000</td> <td>1.00%</td> </tr> <tr> <td>Over £250,000 to £500,000</td> <td>3.00%</td> </tr> <tr> <td>Over £500,000</td> <td>4.00%</td> </tr> </table>	up to £125,000	0.00%	Over £125,000 to £250,000	1.00%	Over £250,000 to £500,000	3.00%	Over £500,000	4.00%																
up to £125,000	0.00%																									
Over £125,000 to £250,000	1.00%																									
Over £250,000 to £500,000	3.00%																									
Over £500,000	4.00%																									

Professional fees on Land Purchase	Industry standards	<p>In addition to SDLT the purchaser of land will incur professional fees relating to the purchase. Fees associated with the land purchase are based upon the following industry standards:</p> <p>Surveyor - 1.00% Legals - £25,000</p>																																																																																
Profit																																																																																		
Developer's return	Stakeholder consultation & industry standards	<p>A developer's return is based upon their attitude to risk. A developer's attitude to risk will depend on many factors that include but not exclusive to, development type (e.g. Greenfield, Brownfield, refurbishment, new build etc), development proposal (uses, mix and quantum), credit worthiness of developer, and current market conditions. We have applied profit at the following percentage of build costs:</p> <p>Developer return 20% on total development costs</p>																																																																																
Time-scales																																																																																		
Build rate units/per annum	Stakeholder consultation	<p>House builders typically build to sell. Therefore build rates are determined by market conditions of how many units can be sold on a monthly basis as developers do not want to be holding onto stock as this impacts their cashflow. It has been assumed that the affordable units will be sold during each phase and do not form part of any pre-sales. This is a conservative approach as in reality bulk sales of affordable housing may occur.</p> <table border="1" data-bbox="584 1088 1474 2024"> <thead> <tr> <th colspan="2">Construction period</th> <th>Start</th> <th>Finish</th> <th>Length in months</th> </tr> </thead> <tbody> <tr> <td>Houses –</td> <td>10</td> <td>01 April 13</td> <td>31 Dec 13</td> <td>9</td> </tr> <tr> <td>Flats -</td> <td>50</td> <td>01 April 13</td> <td>31 Dec 13</td> <td>9</td> </tr> <tr> <td>Flats -</td> <td>500</td> <td>01 April 13</td> <td>30 Sept14</td> <td>18</td> </tr> <tr> <td>Flats -</td> <td>750</td> <td>01 April 13</td> <td>30 June15</td> <td>27</td> </tr> <tr> <td>Flats -</td> <td>500</td> <td>01 April 13</td> <td>30 Sept14</td> <td>18</td> </tr> <tr> <td>Mixed commercial unit</td> <td>8,500</td> <td>01 April 13</td> <td>30 Sept14</td> <td>18</td> </tr> <tr> <td>Flats -</td> <td>750</td> <td>01 April 13</td> <td>30 June 2015</td> <td>27</td> </tr> <tr> <td>Mixed commercial unit</td> <td>12,750</td> <td>01 April 13</td> <td>30 June 2015</td> <td>27</td> </tr> </tbody> </table> <table border="1" data-bbox="584 1630 1474 2024"> <thead> <tr> <th colspan="2">Sales period</th> <th>Start</th> <th>Finish</th> <th>Length in months</th> </tr> </thead> <tbody> <tr> <td>Houses –</td> <td>10</td> <td>01 Jan 14</td> <td>31 May 2014</td> <td>5</td> </tr> <tr> <td>Flats -</td> <td>50</td> <td>01 Jan 14</td> <td>31 March 2014</td> <td>3</td> </tr> <tr> <td>Flats 500</td> <td>Phase 1 pre sales</td> <td>01 Jan 14</td> <td>30 January 14</td> <td>1</td> </tr> <tr> <td></td> <td>Phase 1</td> <td>01 Feb 14</td> <td>01 July 14</td> <td>6</td> </tr> <tr> <td></td> <td>Phase 2 pre sales</td> <td>01 Oct14</td> <td>30 Oct 14</td> <td>1</td> </tr> <tr> <td></td> <td>Phase 2</td> <td>01 Nov14</td> <td>01 April 15</td> <td>6</td> </tr> </tbody> </table>	Construction period		Start	Finish	Length in months	Houses –	10	01 April 13	31 Dec 13	9	Flats -	50	01 April 13	31 Dec 13	9	Flats -	500	01 April 13	30 Sept14	18	Flats -	750	01 April 13	30 June15	27	Flats -	500	01 April 13	30 Sept14	18	Mixed commercial unit	8,500	01 April 13	30 Sept14	18	Flats -	750	01 April 13	30 June 2015	27	Mixed commercial unit	12,750	01 April 13	30 June 2015	27	Sales period		Start	Finish	Length in months	Houses –	10	01 Jan 14	31 May 2014	5	Flats -	50	01 Jan 14	31 March 2014	3	Flats 500	Phase 1 pre sales	01 Jan 14	30 January 14	1		Phase 1	01 Feb 14	01 July 14	6		Phase 2 pre sales	01 Oct14	30 Oct 14	1		Phase 2	01 Nov14	01 April 15	6
Construction period		Start	Finish	Length in months																																																																														
Houses –	10	01 April 13	31 Dec 13	9																																																																														
Flats -	50	01 April 13	31 Dec 13	9																																																																														
Flats -	500	01 April 13	30 Sept14	18																																																																														
Flats -	750	01 April 13	30 June15	27																																																																														
Flats -	500	01 April 13	30 Sept14	18																																																																														
Mixed commercial unit	8,500	01 April 13	30 Sept14	18																																																																														
Flats -	750	01 April 13	30 June 2015	27																																																																														
Mixed commercial unit	12,750	01 April 13	30 June 2015	27																																																																														
Sales period		Start	Finish	Length in months																																																																														
Houses –	10	01 Jan 14	31 May 2014	5																																																																														
Flats -	50	01 Jan 14	31 March 2014	3																																																																														
Flats 500	Phase 1 pre sales	01 Jan 14	30 January 14	1																																																																														
	Phase 1	01 Feb 14	01 July 14	6																																																																														
	Phase 2 pre sales	01 Oct14	30 Oct 14	1																																																																														
	Phase 2	01 Nov14	01 April 15	6																																																																														

	Flats 750	Phase 1 pre sales	01 May14	30 May 14	1	
		Phase 1	01 June14	01 February15	9	
		Phase 2 pre sales	01 April15	30 April 15	1	
		Phase 2	01 May15	01 Jan 16	9	
	<hr/>					
	Mixed commercial 10,000 sq m GIA					
		Flats - Mixed commercial				
		Phase 1 (NIA)	4,250	01 Jan 14	30 Jan 14	1
		Mixed commercial				
		Phase 2 (NIA)	4,250	01 Oct 14	30 Oct 14	1
<hr/>						
Mixed commercial 15,000 sq m GIA						
	Mixed commercial					
	Phase 1 (NIA)	6,375	01 May 14	30 May 14	1	
	Mixed commercial					
	Phase 2 (NIA)	6,375	01 April15	30 April 15	1	

Benchmark land value per ha						
Residential land values	Stakeholder consultation	<p>Our estimates of benchmark land values are based on market comparables. Actual site values will vary to reflect the landowner's judgement and the extent to which the landowner takes account of the contextual nature of development, the site density achievable, the approach to the delivery of affordable housing (in the context of residential development), abnormal or site specific costs and expected S106 requirements and so on. It should also be noted that land values should ultimately be reduced to take account of CIL as suggested in the examiner's report into the Mayor of London's CIL³⁵. There are a wide range of permutations here. In order to make progress, we have to assume a central benchmark value, even though there could be a margin of error in practice.</p> <p>In establishing the benchmark land values we have examined a variety of land transactions in Hammersmith & Fulham using the following main sources:</p> <p>*Land currently being marketed on the UK Land Directory website. *Consultations with local property agents and developers.</p> <p>In some instances, the actual comparables we have used were provided in confidence and cannot be made public.</p> <p>These comparables generally relate to urban, brownfield sites, which were fully serviced with roads and major utilities to the site boundary. In collecting evidence on residential land values, we aimed to distinguish between sites that deliver flats and housing sites - this is due to development densities.</p> <p>Historically we would expect that land values for smaller sites would be higher, because the offsite contribution policy. In this assessment we have assumed that a new policy is in place and will remove the disparity in land values. This approach is in line with the Harman report which advises authorities to work on the basis of future policy and its effects on land values.</p>				
			Southern	Central	Northern	
		Houses - 10	£5,700,000	£11,500,000	£23,000,000	per ha
		Flats - 50	£4,600,000	£9,200,000	£23,000,000	per ha
		Flats - 500	£4,600,000	£9,200,000	£23,000,000	per ha
Flats - 750	£4,600,000	£9,200,000	£23,000,000	per ha		

³⁵ The Planning Inspectorate (2012) *Report on the Examination of the Draft Mayoral Community Infrastructure Levy Charging Schedule*

		Mixed - 500 resi & 8,500 sq m commercial	£4,600,000	£9,200,000	£23,000,000	per ha																								
		Mixed - 750 resi & 12,750 sq m commercial	£4,600,000	£9,200,000	£23,000,000	per ha																								
Revenue																														
Sales value of completed scheme	Land Registry, and consultation	<p>Property Values updated as per industry advice / land registry evidence December 2013 Property values are derived from different sources, depending on land use. For housing, Land Registry data forms a basis for analysis. This provides a full record of all individual transactions. This data is then supplemented following conversations with agents and house builders' sales representatives, which allows us to form a view on new build sales values. Values used are as follows:</p> <p>North</p> <table> <tr> <td>Private sale values</td> <td>Flats –</td> <td>£5,985</td> <td>sq m</td> </tr> <tr> <td>Private sale values</td> <td>Houses –</td> <td>£4,970</td> <td>sq m</td> </tr> </table> <p>Central</p> <table> <tr> <td>Private sale values</td> <td>Flats –</td> <td>£8,025</td> <td>sq m</td> </tr> <tr> <td>Private sale values</td> <td>Houses –</td> <td>£7,500</td> <td>sq m</td> </tr> </table> <p>South</p> <table> <tr> <td>Private sale values</td> <td>Flats –</td> <td>£11,385</td> <td>sq m</td> </tr> <tr> <td>Private sale values</td> <td>Houses –</td> <td>£10,895</td> <td>sq m</td> </tr> </table>					Private sale values	Flats –	£5,985	sq m	Private sale values	Houses –	£4,970	sq m	Private sale values	Flats –	£8,025	sq m	Private sale values	Houses –	£7,500	sq m	Private sale values	Flats –	£11,385	sq m	Private sale values	Houses –	£10,895	sq m
Private sale values	Flats –	£5,985	sq m																											
Private sale values	Houses –	£4,970	sq m																											
Private sale values	Flats –	£8,025	sq m																											
Private sale values	Houses –	£7,500	sq m																											
Private sale values	Flats –	£11,385	sq m																											
Private sale values	Houses –	£10,895	sq m																											
Affordable housing (Section 106)	Developer consultation	<p>Following consultation with house builders we have assumed a blended average of intermediate and affordable rented accommodation in line with current policy as follows:</p> <p>Affordable rent</p> <p>North</p> <table> <tr> <td></td> <td>Flats –</td> <td>£2,615</td> <td>sq m</td> </tr> <tr> <td></td> <td>Houses –</td> <td>£2,615</td> <td>sq m</td> </tr> </table> <p>Central (2)</p> <table> <tr> <td></td> <td>Flats –</td> <td>£2,615</td> <td>sq m</td> </tr> <tr> <td></td> <td>Houses –</td> <td>£2,615</td> <td>sq m</td> </tr> </table> <p>South (3)</p> <table> <tr> <td></td> <td>Flats –</td> <td>£2,685</td> <td>sq m</td> </tr> <tr> <td></td> <td>Houses –</td> <td>£2,685</td> <td>sq m</td> </tr> </table>						Flats –	£2,615	sq m		Houses –	£2,615	sq m		Flats –	£2,615	sq m		Houses –	£2,615	sq m		Flats –	£2,685	sq m		Houses –	£2,685	sq m
	Flats –	£2,615	sq m																											
	Houses –	£2,615	sq m																											
	Flats –	£2,615	sq m																											
	Houses –	£2,615	sq m																											
	Flats –	£2,685	sq m																											
	Houses –	£2,685	sq m																											

		Intermediate North						
			Flats – Houses		£2,615	sq m		
			–		£2,615	sq m		
		Central (2)						
			Flats – Houses		£2,945	sq m		
			–		£2,945	sq m		
		South (3)						
			Flats – Houses		£3,300	sq m		
			–		£3,300	sq m		
						Yield	Rent free (months)	
		Mixed commercial rate 1	Capital value	£180	sq m	7.25%	12.00	
		Mixed commercial rate 2	Capital value	£250	sq m	6.75%	12.00	
		Mixed commercial rate 3	Capital value	£220	sq m	6.75%	12.00	
Assumption	Source	Notes						
					60%	40%	Affordable tenure split	
					Private	Affordable	Intermediate	Affordable Rent
		Residential					70%	30%
		Houses –	10	Units	6	4	2.8	1.2
		Flats -	50	Units	30	20	14	6
		Flats -	500	Units	300	200	140	60
		Flats -	750	Units	450	300	210	90
		Mixed						
		Flats -	500	Units	300	200	140	60
		Flats -	750	Units	450	300	210	90
					Apply?			
		S.106 Obligations			Yes	per unit	£1,000	
		Mayor CIL			Yes	per sq m	£50	

Assumption	Source	Notes
Scenarios		
Unit sizes	Industry standard and Stakeholder consultation	Residential floorspace is based upon industry standards of new build schemes. Two floor areas are displayed for flatted schemes: The Gross Internal Area (GIA) is used to calculate build costs and Net Internal Area (NIA) is applied to calculate the sales revenue. For the small housing sites (up to 5 units) larger dwellings are delivered in the borough, with medium and larger sites delivering more 'standard' unit sizes, we have therefore applied two unit sizes within our viability analysis.
		Affordable unit sizes for houses, are based upon HCA space standards (English Partnerships' Quality Standards Delivering Quality Places Revised: from November 2007) for a 3 bed 5 person home as a result these are smaller than the private units which are being delivered on site up to 5 units. Unit sizes are set out as follows:
		Private
		Private sale values Flats (NIA) 64 sq m
		Private sale values Flats (GIA) 75 sq m
		Private sale values Houses 92 sq.m
		Affordable units
		Affordable rent Flats (NIA) 64 sq m
		Affordable rent Flats (GIA) 75 sq m
		Affordable rent Houses 92 sq.m
		Shared ownership Flats (NIA) 64 sq m
		Shared ownership Flats (GIA) 75 sq m
		Shared ownership Houses 92 sq m
Houses 100 dwph		
Apartments low density - 150 dwph		
Apartments medium density - 200 dwph		
Apartments high density - 300 dwph		
Mixed commercial/resi site area 3 ha		

Earls Court Appraisal:

Assumption	Source	Notes																																	
	DVS assumptions	<p>It has been assumed on the commercial floor area that the gross to net ratio is 85% which is in line with industry standards for commercial space. In reality some uses will have larger ratio and some smaller.</p> <p style="text-align: center;">ECWK</p> <p style="text-align: center;">Number of residential units 8000 units</p> <p>Commercial floorspace - mixed commercial</p> <p style="text-align: right;">NIA 227,619 sq m GIA 267,787 sq m</p>																																	
Percentage split RBKC and LBHF and Affordable housing	DVS/LBHF	<p>The Earls Court development crosses the border of two boroughs. The DVS has provided a percentage split of the units to be delivered in each borough as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">ECWK</th> <th style="text-align: center;">RBKC</th> <th style="text-align: center;">LBHF</th> </tr> </thead> <tbody> <tr> <td>Private dwellings</td> <td style="text-align: center;">400</td> <td style="text-align: center;">4320</td> </tr> <tr> <td>Affordable rent</td> <td style="text-align: center;">30</td> <td style="text-align: center;">1145</td> </tr> <tr> <td>Intermediate</td> <td style="text-align: center;">30</td> <td style="text-align: center;">1145</td> </tr> <tr> <td>Replacement social rent</td> <td></td> <td style="text-align: center;">590</td> </tr> <tr> <td>Social rented</td> <td style="text-align: center;">340</td> <td></td> </tr> </tbody> </table> <p>With regards to affordable housing provision on DVS scenario the following unit numbers have been applied:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: left;">ECWK</th> <th colspan="3" style="text-align: center;">Affordable tenure split</th> </tr> <tr> <th style="text-align: center;">Private</th> <th style="text-align: center;">Affordable</th> <th style="text-align: center;">Affordable Rent</th> <th style="text-align: center;">Inter</th> <th style="text-align: center;">Replacement</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">59%</td> <td style="text-align: center;">41%</td> <td style="text-align: center;">35.82%</td> <td style="text-align: center;">35.82 %</td> <td style="text-align: center;">28.35%</td> </tr> </tbody> </table>	ECWK	RBKC	LBHF	Private dwellings	400	4320	Affordable rent	30	1145	Intermediate	30	1145	Replacement social rent		590	Social rented	340		ECWK		Affordable tenure split			Private	Affordable	Affordable Rent	Inter	Replacement	59%	41%	35.82%	35.82 %	28.35%
ECWK	RBKC	LBHF																																	
Private dwellings	400	4320																																	
Affordable rent	30	1145																																	
Intermediate	30	1145																																	
Replacement social rent		590																																	
Social rented	340																																		
ECWK		Affordable tenure split																																	
Private	Affordable	Affordable Rent	Inter	Replacement																															
59%	41%	35.82%	35.82 %	28.35%																															
Unit sizes	DVS/LBHF	<p>Residential floorspace is based upon industry standards of new build schemes or areas provided by the DVS. Two floor areas are displayed for flatted schemes: The Gross Internal Area (GIA) is used to calculate build costs and Net Internal Area (NIA) is applied to calculate the sales revenue.</p> <p>Floors areas used have been based on DVS areas as follows:</p> <p>Market units</p> <table style="width: 100%;"> <tr> <td style="padding-left: 20px;">Flats (NIA)</td> <td style="text-align: center;">70</td> <td style="text-align: right;">sq m</td> </tr> <tr> <td style="padding-left: 20px;">Flats (GIA)</td> <td style="text-align: center;">86</td> <td style="text-align: right;">sq m</td> </tr> </table> <p>Affordable rent</p> <table style="width: 100%;"> <tr> <td style="padding-left: 20px;">Flats (NIA)</td> <td style="text-align: center;">70</td> <td style="text-align: right;">sq m</td> </tr> <tr> <td style="padding-left: 20px;">Flats (GIA)</td> <td style="text-align: center;">86</td> <td style="text-align: right;">sq m</td> </tr> </table> <p>Intermediate</p> <table style="width: 100%;"> <tr> <td style="padding-left: 20px;">Flats (NIA)</td> <td style="text-align: center;">70</td> <td style="text-align: right;">sq m</td> </tr> <tr> <td style="padding-left: 20px;">Flats (GIA)</td> <td style="text-align: center;">86</td> <td style="text-align: right;">sq m</td> </tr> </table>	Flats (NIA)	70	sq m	Flats (GIA)	86	sq m	Flats (NIA)	70	sq m	Flats (GIA)	86	sq m	Flats (NIA)	70	sq m	Flats (GIA)	86	sq m															
Flats (NIA)	70	sq m																																	
Flats (GIA)	86	sq m																																	
Flats (NIA)	70	sq m																																	
Flats (GIA)	86	sq m																																	
Flats (NIA)	70	sq m																																	
Flats (GIA)	86	sq m																																	

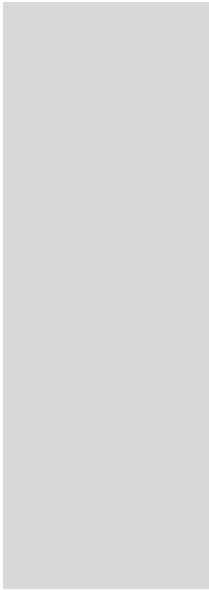
		Replacement affordable Flats (NIA) 70 sq m Flats (GIA) 86 sq m
Site areas		ECWK 32.6 ha
Obligations	Consultation with stakeholders	<p>Apply?</p> <p>S.106 Obligations Yes per unit £1,000</p> <p>Mayor CIL Yes per sq m £50</p>
Assumption	Source	Notes
Construction Costs		
	DVS build cost assumptions	<p>Residential build costs have been based on information from the DVS. A premium cost has been applied to those units being built in Kensington & Chelsea. The following rates have been used:</p> <p>Private</p> <p>Flats – £2,141 sq m LBHF - standard</p> <p>Private</p> <p>Flats – £2,955 sq m RBKC - premium</p> <p>Affordable Rent</p> <p>Flats – £1,328 sq m</p> <p>Intermediate</p> <p>Flats – £1,482 sq m</p> <p>Costs may alter in future. In particular, there may be national policy change regarding Code for Sustainable Homes building standards. The final effect of these changes on viability is difficult to foresee. While we have reviewed current Government research on cost impacts of CSH we note that past forecasts of price changes (such as that predicted in the original Cyril Sweet work) have never affected costs to the extent forecast. When these future requirements come into force, they will impact on both development costs and land values. We have not incorporated these possible impacts into our calculations, because CIL should deal with current market conditions, not forecasts of potential future change. Our approach to incorporating these (and other) potential but unknown costs is to set a wide margin for error that will cover variations in factors such as build costs, site conditions, and timing.</p>

		<p>Commercial</p> <p>The mixed commercial space within Earl's Court will comprise B1 offices, A1-A5 retail, C1 hotel/serviced apartments, D1/D2 uses, and C2 private hospital. These costs will vary depending on eventual specification of the units.</p> <p>The following build cost has been used to reflect mixed commercial use development. The cost per sq m has been calculated as taking the average of the total costs of the various uses against their total floor area.</p> <table> <tr> <td>Mixed commercial</td> <td>£1,693</td> <td>sq m</td> </tr> </table> <p>The cost to provide the ancillary area and depot has been reflected in the above DVS costs, therefore now separate cost allowance has been made in the appraisal but the floor areas are listed separately, as follows, to allow for analysis CIL chargeable area:</p> <table> <thead> <tr> <th></th> <th>Area sq m</th> <th>Cost per sq m</th> </tr> </thead> <tbody> <tr> <td>Ancillary and LU depot</td> <td>202,083</td> <td>£0</td> </tr> </tbody> </table>	Mixed commercial	£1,693	sq m		Area sq m	Cost per sq m	Ancillary and LU depot	202,083	£0
Mixed commercial	£1,693	sq m									
	Area sq m	Cost per sq m									
Ancillary and LU depot	202,083	£0									
Site preparation / Site abnormals & Infrastructure costs	DVS build cost assumptions	<p>Site preparation and infrastructure has been either calculated as a percentage of build costs or a rate per hectare as follows. Infrastructure and abnormal costs includes all of the site enabling works, roads, structural and civil infrastructure, off-site road improvements, site and off-site public transport improvements, utilities and site services, infrastructure abnormals which includes the decked structure over the railways etc, car parking, new building abnormals and public spaces. Other plot related costs have been applied to include: over-sailing costs, occupier contributions, building regs and NHBC fees etc, additional planning/reserved matters costs and void management costs.</p> <table> <tr> <td>£601,656</td> <td>per ha</td> <td>Site preparation and infrastructure</td> </tr> <tr> <td>£18,543,650</td> <td>per ha</td> <td>Infrastructure & abnormals</td> </tr> </table>	£601,656	per ha	Site preparation and infrastructure	£18,543,650	per ha	Infrastructure & abnormals			
£601,656	per ha	Site preparation and infrastructure									
£18,543,650	per ha	Infrastructure & abnormals									
Professional Fees	Industry standards	<p>Professional fees relate to the costs incurred to bring the development forward and cover items such as; surveys, architects, quantity surveyor etc. Professional fees are based upon accepted industry standards and are calculated as a percentage of build costs at 10%</p>									
Contingency	Industry standards	<p>Contingency is based upon the risk associated with each site and has been calculated as a percentage of build costs at 5%</p>									
Sale costs	Industry standards	<p>Sale costs relate to the costs incurred to dispose the completed residential units. These rates are based on industry accepted scales at the following rates:</p>									

		<p>Residential</p> <p>Sale agents fee 1.25% Gross Development Value of private units</p> <p>Sale legal fee £500 per unit</p> <p>Marketing £1,000 per private unit</p> <p>Commercial</p> <p>Sale agents fee 1.25% Gross Development Value</p> <p>Sale legal fee 1.25% Gross Development Value</p> <p>Letting agent fee 10% First year rent</p> <p>Letting legal fee 5.00% First year rent</p> <p>Marketing 4.00% First year rent</p>								
Finance costs	Industry standards	<p>When testing for development viability it is common practice to assume development is 100% debt financed (Viability Testing Local Plans - Advice for planning practitioners and RICS Financial viability in planning guidance note GN94/2012. Within our cashflow we used a finance rate based upon market rates of interest as follows:</p> <p>7%</p>								
Stamp Duty on Land Purchase	HMRC	<p>Stamp Duty Land Tax (SDLT) is generally payable on the purchase or transfer of property or land in the UK where the amount paid is above a certain threshold. The SDLT rates are by Treasury, the following rates current rates have been applied:</p> <table> <tbody> <tr> <td>up to £125,000</td> <td>0.00%</td> </tr> <tr> <td>Over £125,000 to £250,000</td> <td>1.00%</td> </tr> <tr> <td>Over £250,000 to £500,000</td> <td>3.00%</td> </tr> <tr> <td>Over £500,000</td> <td>4.00%</td> </tr> </tbody> </table>	up to £125,000	0.00%	Over £125,000 to £250,000	1.00%	Over £250,000 to £500,000	3.00%	Over £500,000	4.00%
up to £125,000	0.00%									
Over £125,000 to £250,000	1.00%									
Over £250,000 to £500,000	3.00%									
Over £500,000	4.00%									
Professional fees on Land Purchase	Industry standards	<p>In addition to SDLT the purchaser of land will incur professional fees relating to the purchase. Fees associated with the land purchase are based upon the following industry standards:</p> <table> <tbody> <tr> <td>Surveyor -</td> <td>1.00%</td> </tr> <tr> <td>Legals -</td> <td>£25,000</td> </tr> </tbody> </table>	Surveyor -	1.00%	Legals -	£25,000				
Surveyor -	1.00%									
Legals -	£25,000									
Profit										
Developer's profit	Stakeholder consultation & industry standards	<p>A developer's return is based upon their attitude to risk. A developer's attitude to risk will depend on many factors that include but not exclusive to, development type (e.g. Greenfield, Brownfield, refurbishment, new build etc), development proposal (uses, mix and quantum), credit worthiness of developer, and current market conditions. The profit margin used is a gross margin thereby inclusive of central overheads, and is the minimum return required to obtain bank finance in the current market for the scheme proposed.</p> <table> <tbody> <tr> <td>Developer profit</td> <td>20%</td> <td>total development costs</td> </tr> </tbody> </table>	Developer profit	20%	total development costs					
Developer profit	20%	total development costs								
Time-scales										

Build rate units/per annum	Stakeholder consultation	<p>House builders typical build to sale. Therefore build rates are determined by market conditions of how many units can be sold on a monthly basis as developers do not want to be holding onto stock as this impacts their cashflow. It has been assumed that the affordable units will be sold during each phase and do not form part of any pre-sales. This is a conservative approach as in reality bulk sales of affordable housing may occur.</p> <table border="1"> <thead> <tr> <th colspan="2">Construction period</th> <th>Start</th> <th>Finish</th> <th>Length in months</th> </tr> </thead> <tbody> <tr> <td colspan="2">ECWK</td> <td>01 March 2013</td> <td>01 March 2037</td> <td>289</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th colspan="5">Sales period</th> </tr> <tr> <th colspan="2">ECWK</th> <th>Start</th> <th>Finish</th> <th>Length in months</th> </tr> </thead> <tbody> <tr> <td>Phase 1 pre-sales</td> <td>Flats –</td> <td>01 March 2014</td> <td>01 March 2026</td> <td>145</td> </tr> <tr> <td>Phase 1</td> <td>Flats –</td> <td>01 September 2014</td> <td>01 September 2026</td> <td>145</td> </tr> <tr> <td>Phase 2 pre-sales</td> <td>Flats –</td> <td>01 March 2026</td> <td>01 March 2038</td> <td>145</td> </tr> <tr> <td>Phase 2</td> <td>Flats –</td> <td>01 October 2026</td> <td>01 September 2038</td> <td>144</td> </tr> <tr> <td>Phase 1</td> <td>Ground rents</td> <td>01 September 2014</td> <td>01 September 2026</td> <td>145</td> </tr> <tr> <td>Phase 2</td> <td>Ground rents</td> <td>01 October 2026</td> <td>01 September 2038</td> <td>144</td> </tr> <tr> <td>Phase 1</td> <td>Mixed commercial</td> <td>01 September 2014</td> <td>01 September 2026</td> <td>145</td> </tr> <tr> <td>Phase 2</td> <td>Mixed commercial</td> <td>01 October 2026</td> <td>01 September 2038</td> <td>144</td> </tr> </tbody> </table>	Construction period		Start	Finish	Length in months	ECWK		01 March 2013	01 March 2037	289	Sales period					ECWK		Start	Finish	Length in months	Phase 1 pre-sales	Flats –	01 March 2014	01 March 2026	145	Phase 1	Flats –	01 September 2014	01 September 2026	145	Phase 2 pre-sales	Flats –	01 March 2026	01 March 2038	145	Phase 2	Flats –	01 October 2026	01 September 2038	144	Phase 1	Ground rents	01 September 2014	01 September 2026	145	Phase 2	Ground rents	01 October 2026	01 September 2038	144	Phase 1	Mixed commercial	01 September 2014	01 September 2026	145	Phase 2	Mixed commercial	01 October 2026	01 September 2038	144
Construction period		Start	Finish	Length in months																																																										
ECWK		01 March 2013	01 March 2037	289																																																										
Sales period																																																														
ECWK		Start	Finish	Length in months																																																										
Phase 1 pre-sales	Flats –	01 March 2014	01 March 2026	145																																																										
Phase 1	Flats –	01 September 2014	01 September 2026	145																																																										
Phase 2 pre-sales	Flats –	01 March 2026	01 March 2038	145																																																										
Phase 2	Flats –	01 October 2026	01 September 2038	144																																																										
Phase 1	Ground rents	01 September 2014	01 September 2026	145																																																										
Phase 2	Ground rents	01 October 2026	01 September 2038	144																																																										
Phase 1	Mixed commercial	01 September 2014	01 September 2026	145																																																										
Phase 2	Mixed commercial	01 October 2026	01 September 2038	144																																																										
Benchmark land value per ha																																																														
Residential land values	Stakeholder consultation	<p>Our estimates of benchmark land values are based on market comparables. Actual site values will vary to reflect the landowner's judgement and the extent to which the landowner takes account of the contextual nature of development, the site density achievable, the approach to the delivery of affordable housing (in the context of residential development), abnormal or site specific costs and expected S106 requirements and so on. It should also be noted that land values should ultimately be reduced to take account of CIL as suggested in the examiner's report into the Mayor of London's CIL³⁶. There are a wide range of permutations here. In order to make progress, we have to assume a central benchmark value, even though there could be a margin of error in practice.</p> <p>In establishing the benchmark land values we have examined a variety of land transactions in Hammersmith & Fulham using the following main sources:</p> <ul style="list-style-type: none"> *Land currently being marketed on the UK Land Directory website. *Consultations with local property agents and developers. <p>In some instances, the actual comparables we have used were provided in confidence and cannot be made public. These comparables generally relate to urban, brownfield sites, which were fully serviced with roads and major utilities to the site boundary. In collecting</p>																																																												

³⁶ The Planning Inspectorate (2012) *Report on the Examination of the Draft Mayoral Community Infrastructure Levy Charging Schedule*



evidence on residential land values, we aimed to distinguish between sites that deliver flats and housing sites - this is due to development densities.

Historically we would expect that land values for smaller sites would be higher, because the offsite contribution policy. In this assessment we have assumed that a new policy is in place and will remove the disparity in land values. This approach is in line with the Harman report which advises authorities to work on the basis of future policy and its effects on land values. The following land value has been used in the viability testing:

£15,000,000 per net developable hectare

Revenue							
Sales value of completed scheme	Land Registry, and consultation	Property values are derived from different sources, depending on land use. For housing, Land Registry data forms a basis for analysis. This provides a full record of all individual transactions. This data is then supplemented following conversations with agents and house builders' sales representatives, which allows us to form a view on new build sales values. Values used are as follows:					
		ECWK Private sale values	Flats –	£11,000	sq m		
		The DVS has applied a price premium to those units being built in RBKC and the following sale value has been used:					
		RBKC Private sale values	Flats –	£13,500	sq m		
Affordable housing (Section 106)	DVS/LBHF assumptions	Following consultation with Register Providers and house builders we have assumed a blended average of intermediate and affordable rented accommodation in line with current policy as follows:					
		Affordable rent	Flats –	£2,260	sq m		
		Intermediate	Flats –	£2,260	sq m		
		Social rent	Flats –	£2,260	sq m		
		Similar to the private sale values a higher affordable housing value has been used by the DVS for the affordable units in RBKC. The following rates have been used					
		Affordable rent	Flats –	£2,500	sq m		
		Intermediate	Flats –	£2,500	sq m		
		Social rent	Flats –	£2,500	sq m		
Commercial	Egi, CoStar, and consultation with commercial agents.	The Earl's Court development will provide a mix of commercial uses to include offices, hotels, and leisure. In the assessment of viability a blended rent and yield has been applied. In reality some uses will command both a higher yield and rent and others lower.					
		Mixed commercial rate	Capital value	£220	sq m	Yield	Rent free (months)
		Ground rents	annual rent	£400	per unit	6.75%	12.00
						6.00%	

White City Appraisals:

Assumption	Source	Notes										
Construction Costs												
	BCIS Online - Rebased for LB Hammersmith & Fulham - November 2013	<p>Residential build costs are based upon industry data from the Build Cost Information Service (BCIS) which is produced by the Royal Institution of Chartered Surveyors (RICS). BCIS offers a range of prices dependent on the final specification.</p> <p>The following build costs used are derived from recent data of actual prices in the marketplace. For flats we have used upper quartile rates for 6+ storey development. For houses we have also used upper quartile rates. As early as 2009, the market across the UK was building at round Code for Sustainable Homes Level 3 to 4 for private and Level 4 for affordable housing. Depending on actual scheme specification costs could greatly vary from the BCIS data. However, the costs are based on a 'typical residential development' in the area with no specific consideration of scheme features which may result in a 'premium' product and could follow through into enhanced sale values.</p>										
Private												
		<table border="1"> <tr> <td>Flats –</td> <td>£1,801</td> <td>sq m</td> <td></td> <td></td> </tr> <tr> <td>Houses -</td> <td>£1,187</td> <td>sq m</td> <td></td> <td></td> </tr> </table>	Flats –	£1,801	sq m			Houses -	£1,187	sq m		
Flats –	£1,801	sq m										
Houses -	£1,187	sq m										
Affordable												
		<table border="1"> <tr> <td>Flats –</td> <td>£1,801</td> <td>sq m</td> <td></td> <td></td> </tr> <tr> <td>Houses –</td> <td>£1,187</td> <td>sq m</td> <td></td> <td></td> </tr> </table> <p>Costs may alter in future. In particular, there may be national policy change regarding Code for Sustainable Homes building standards. The final effect of these changes on viability is difficult to foresee. While we have reviewed current Government research on cost impacts of CSH we note that past forecasts of price changes (such as that predicted in the original Cyril Sweet work) have never affected costs to the extent forecast. When these future requirements come into force, they will impact on both development costs and land values. We have not incorporated these possible impacts into our calculations, because CIL should deal with current market conditions, not forecasts of potential future change. Our approach to incorporating these (and other) potential but unknown costs is to set a wide margin for error that will cover variations in factors such as build costs, site conditions, and timing.</p>	Flats –	£1,801	sq m			Houses –	£1,187	sq m		
Flats –	£1,801	sq m										
Houses –	£1,187	sq m										
Commercial												
		<table border="1"> <tr> <td>Mixed commercial</td> <td>£1,559</td> <td>sq m</td> <td></td> <td></td> </tr> </table>	Mixed commercial	£1,559	sq m							
Mixed commercial	£1,559	sq m										
		<p>The majority of commercial space is to comprise offices. As such we have used median build costs for air-conditioned offices. In reality, dependent upon the mix of uses, build costs may vary from this figure.</p>										

Plot external	Industry standards	Site preparation and infrastructure has been either calculated as a percentage of 5% of build costs		
Professional Fees	Industry standards	Professional fees relate to the costs incurred to bring the development forward and cover items such as; surveys, architects, quantity surveyor etc. Professional fees are based upon accepted industry standards and are calculated as a percentage of build costs at 10%		
Contingency	Industry standards	Contingency is based upon the risk associated with each site and has been calculated as a percentage of build costs at 5%		
Sale costs	Industry standards	Sale costs relate to the costs incurred to dispose the completed residential units. These rates are based on industry accepted scales at the following rates:		
	Industry standards	Residential		
		Sale agents fee	1.25%	Gross Development Value of private units
		Sale legal fee	£500	per unit
		Marketing	£1,000	per private unit
		Commercial		
		Sale agents fee	1.25%	Gross Development Value
		Sale legal fee	1.25%	Gross Development Value
		Letting agent fee	10%	First year rent
		Letting legal fee	5.00%	First year rent
Finance costs	Industry standards	When testing for development viability it is common practice to assume development is 100% debt financed (Viability Testing Local Plans - Advice for planning practitioners and RICS Financial viability in planning guidance note GN94/2012. Within our cashflow we used a finance rate based upon market rates of interest at 7%.		
Stamp Duty on Land Purchase	HMRC	Stamp Duty Land Tax (SDLT) is generally payable on the purchase or transfer of property or land in the UK where the amount paid is above a certain threshold. The SDLT rates are by Treasury, the following rates current rates have been applied:		
		up to £125,000	0.00%	
		Over £125,000 to £250,000	1.00%	
		Over £250,000 to £500,000	3.00%	
		Over £500,000	4.00%	
Professional fees on Land Purchase	Industry standards	In addition to SDLT the purchaser of land will incur professional fees relating to the purchase. Fees associated with the land purchase are based upon the following industry standards:		
		Surveyor – 1%		
		Legals -	£25,000	

Profit						
Developer's return	Stakeholder consultation & industry standards	<p>A developer's return is based upon their attitude to risk. A developer's attitude to risk will depend on many factors that include but not exclusive to, development type (e.g. Greenfield, Brownfield, refurbishment, new build etc), development proposal (uses, mix and quantum), credit worthiness of developer, and current market conditions. We have applied profit at the following percentage of build costs:</p> <p>Developer return 20% on total development costs</p>				
Time-scales						
Build rate units/per annum	Stakeholder consultation	House builders typically build to sell. Therefore build rates are determined by market conditions of how many units can be sold on a monthly basis as developers do not want to be holding onto stock as this impacts their cashflow. It has been assumed that the affordable units will be sold during each phase and do not form part of any pre-sales. This is a conservative approach as in reality bulk sales of affordable housing may occur.				
		Construction period		Start	Finish	
					Length in months	
		White City 1 Flats - 500	01 April 2013	30 September 2014	18	
		White City commercial 1 8,500	01 April 2013	30 September 2014	18	
		White City 2 Flats - 750	01 April 2013	30 June 2015	27	
		White City commercial 2 12,750	01 April 2013	30 June 2015	27	
		White City 3 Flats - 100	01 April 2013	30 March 2014	12	
		Sales period		Start	Finish	Length in months
		White City 1				
Flats 500	Phase 1 pre sales	01 January 2014	30 January 2014	1		
	Phase 1	01 February 2014	01 July 2014	6		
	Phase 2 pre sales	01 October 2014	30 October 2014	1		
	Phase 2	01 November 2014	01 April 2015	6		
White City 2						
Flats 750	Phase 1 pre sales	01 May 2014	30 May 2014	1		

		Phase 1		01 June 2014	01 February 2015	9
		Phase 2				
		pre sales		01 April 2015	30 April 2015	1
		Phase 2		01 May 2015	01 January 2016	9
White City 1						
		Commercial Phase 1	4,250	01 January 2014	30 January 2014	1
		Commercial Phase 2	4,250	01 October 2014	30 October 2014	1
White City 2						
		Commercial Phase 1	4,250	01 May 2014	30 May 2014	1
		Commercial Phase 2	4,250	01 April 2015	30 April 2015	1
White City 3						
		Flats -	100	01 April 2014	30 September 2014	6
Benchmark land value per ha						
Residential land values	Stakeholder consultation	<p>Our estimates of benchmark land values are based on market comparables. Actual site values will vary to reflect the landowner's judgement and the extent to which the landowner takes account of the contextual nature of development, the site density achievable, the approach to the delivery of affordable housing (in the context of residential development), abnormal or site specific costs and expected S106 requirements and so on. It should also be noted that land values should ultimately be reduced to take account of CIL as suggested in the examiner's report into the Mayor of London's CIL³⁷. There are a wide range of permutations here. In order to make progress, we have to assume a central benchmark value, even though there could be a margin of error in practice.</p> <p>In establishing the benchmark land values we have examined a variety of land transactions in Hammersmith & Fulham using the following main sources:</p> <p>*Land currently being marketed on the UK Land Directory website. *Consultations with local property agents and developers.</p> <p>In some instances, the actual comparables we have used were provided in confidence and cannot be made public. These comparables generally relate to urban, brownfield sites, which were fully serviced with roads and major utilities to the site boundary. In collecting evidence on residential land values, we aimed to distinguish between sites that deliver flats and housing sites - this is due to development densities.</p>				

³⁷ The Planning Inspectorate (2012) *Report on the Examination of the Draft Mayoral Community Infrastructure Levy Charging Schedule*

		Historically we would expect that land values for smaller sites would be higher, because the offsite contribution policy. In this assessment we have assumed that a new policy is in place and will remove the disparity in land values. This approach is in line with the Harman report which advises authorities to work on the basis of future policy and its effects on land values. The following land value has been used in the viability testing: £14,000 per ha.																			
Revenue																					
Sales value of completed scheme	Land Registry, and consultation	Property values are derived from different sources, depending on land use. For housing, Land Registry data forms a basis for analysis. This provides a full record of all individual transactions. This data is then supplemented following conversations with agents and house builders' sales representatives, which allows us to form a view on new build sales values. Values used are as follows																			
		<p>White City</p> <table border="0"> <tr> <td>Private sale values</td> <td>Flats –</td> <td>£7,630</td> <td>sq m</td> </tr> <tr> <td>Private sale values</td> <td>Houses –</td> <td>£7,630</td> <td>sq m</td> </tr> </table>			Private sale values	Flats –	£7,630	sq m	Private sale values	Houses –	£7,630	sq m									
Private sale values	Flats –	£7,630	sq m																		
Private sale values	Houses –	£7,630	sq m																		
Affordable housing (Section 106)	Industry standard discount	Following consultation with house builders we have assumed a blended average of intermediate and affordable rented accommodation in line with current policy as follows:																			
		<p>White City</p> <table border="0"> <tr> <td></td> <td>Flats –</td> <td>£1,733</td> <td>sq m</td> </tr> <tr> <td></td> <td>Houses –</td> <td>£0</td> <td>sq m</td> </tr> </table> <p>Intermediate White City</p> <table border="0"> <tr> <td></td> <td>Flats –</td> <td>£2,699</td> <td>sq m</td> </tr> <tr> <td></td> <td>Houses –</td> <td>£2,699</td> <td>sq m</td> </tr> </table> <p>White City commercial</p> <table border="0"> <tr> <td>Capital value</td> <td>£250</td> <td>sq m</td> </tr> </table>				Flats –	£1,733	sq m		Houses –	£0	sq m		Flats –	£2,699	sq m		Houses –	£2,699	sq m	Capital value
	Flats –	£1,733	sq m																		
	Houses –	£0	sq m																		
	Flats –	£2,699	sq m																		
	Houses –	£2,699	sq m																		
Capital value	£250	sq m																			
Assumption	Source																				
Residential scenarios	Client team & developer workshop	Private	Intermediate	Affordable tenure split																	
		60%	40%	Social rent Inter-mediate																	
		White City																			
		White City 1																			
		Flats -	500	300	125	75															
		White City 2																			
		Flats -	750	450	187.5	112.5															
		White City 3																			
		Flats -	100	60	25	15															
		Apply?																			
		S.106 Obligations	Yes	per unit	£1,000																

		Mayor CIL	Yes	per sq m	£50
Scenarios					
Unit sizes	Industry standard and Stakeholder consultation	<p>Residential floorspace is based upon industry standards of new build schemes. Two floor areas are displayed for flatted schemes: The Gross Internal Area (GIA) is used to calculate build costs and Net Internal Area (NIA) is applied to calculate the sales revenue. For the small housing sites (up to 5 units) larger dwellings are delivered in the borough, with medium and larger sites delivering more 'standard' unit sizes, we have therefore applied two unit sizes within our viability analysis.</p> <p>Affordable unit sizes for houses, are based upon HCA space standards (English Partnerships' Quality Standards Delivering Quality Places Revised: from November 2007) for a 3 bed 5 person home as a result these are smaller than the private units which are being delivered on site up to 5 units. Unit sizes are set out as follows:</p>			
		Private			
		Private sale values	Flats (NIA)	64	sq m
		Private sale values	Flats (GIA)	75	sq m
		Private sale values	Houses	92	sq.m
		Affordable units			
		Affordable rent	Flats (NIA)	64	sq m
		Affordable rent	Flats (GIA)	75	sq m
		Affordable rent	Houses	92	sq.m
		Shared ownership	Flats (NIA)	64	sq m
		Shared ownership	Flats (GIA)	75	sq m
		Shared ownership	Houses	92	sq m
Densities	Client team and Stakeholder consultation	Houses	100	dwph	
		Apartments low density -	150	dwph	
		Apartments medium density -	200	dwph	
		Apartments high density -	300	dwph	
		Mixed commercial/resi site area	3	ha	

White City PBA & DIFS Cost/Value Comparison

	DIFS assumptions	PBA assumptions	PBA comment
Residential – market	£6,966-8,073/m2	£7,630/m2	The DIF is based on market data in February 2012 data. PBA data is based on current market data (January 2014). In the space of approximately two years the market has improved significantly from the DIFS base figure and higher values can be justified based on current evidence.
Commercial uses	Offices - £4,427/m2 Retail tier 1 - £21,917/m2 Retail tier 2 - £3,305/m2 Hotel - £2,799/m2 Leisure - £1,254/m2 M&S Mock shop - £2,172/m2	Blended commercial capital value of £3,700/m2	DIFS assumptions are Capital values broken down per use type and, PBA's assumption is based on a blended value. We have assumed offices would form the bulk of the development which is in line with the DIFS assumption on commercial mix. It is a reasonable assumption that the office element will generate the majority of the commercial elements value and such it is a reasonable assumption to use this use within the testing.
Residential build costs*	Private £2,530/m2 Private tower £3,000/m2 Affordable £1,940/m2	£1,801/m2	DIFS costs are based on October 2011 prices. PBA costs are based on BCIS data (upper quartile for residential and median costs for commercial based on office costs). BCIS build cost data is a robust data source when dealing with this level of viability testing and has been used elsewhere in this study. November 2013.
Commercial build costs*	Offices - £2,210/m2 Retail tier 1 - £1,550/m2 Retail tier 2 - £1,100/m2 Hotel - £3,000/m2 M&S Mock shop - £1,000/m2	Blended commercial cost of £1,559/m2	* In comparing build costs it must be noted that DIFS build costs include 12.5% for professional fees and 5% contingency. PBA's build costs do not include fees and contingency as these are shown separately in the appraisals as 10% professional fees and 5% contingency.

	DIFS assumptions	PBA assumptions	PBA comment
			Current market evidence of comparable schemes shows that 10% for professional fees and 5% for contingency are reasonable in the current market.

Non-Residential Appraisals

Assumption	Source	Notes																																				
Costs																																						
		Through the course of the development plan period the Council envisages commercial development to occur. We have reflected future commercial development through testing the following commercial uses and unit sizes:																																				
		<table border="1"> <thead> <tr> <th></th> <th>GIA sq.m</th> <th>NIA sq.m</th> <th></th> </tr> </thead> <tbody> <tr> <td>HTC offices</td> <td>4,645</td> <td>3,948</td> <td></td> </tr> <tr> <td>Ex HTC offices</td> <td>4,645</td> <td>3,948</td> <td></td> </tr> <tr> <td>All industrial single</td> <td>3,500</td> <td>3,500</td> <td></td> </tr> <tr> <td>All convenience retail</td> <td>465</td> <td>442</td> <td></td> </tr> <tr> <td>All comparison retail</td> <td>465</td> <td>442</td> <td></td> </tr> <tr> <td>Hotels (100 bed)</td> <td>4,645</td> <td>100</td> <td>beds</td> </tr> <tr> <td>Student accommodation (250 bed)</td> <td>7,000</td> <td>250</td> <td>beds</td> </tr> <tr> <td>Leisure use</td> <td>2,000</td> <td>2,000</td> <td></td> </tr> </tbody> </table>		GIA sq.m	NIA sq.m		HTC offices	4,645	3,948		Ex HTC offices	4,645	3,948		All industrial single	3,500	3,500		All convenience retail	465	442		All comparison retail	465	442		Hotels (100 bed)	4,645	100	beds	Student accommodation (250 bed)	7,000	250	beds	Leisure use	2,000	2,000	
	GIA sq.m	NIA sq.m																																				
HTC offices	4,645	3,948																																				
Ex HTC offices	4,645	3,948																																				
All industrial single	3,500	3,500																																				
All convenience retail	465	442																																				
All comparison retail	465	442																																				
Hotels (100 bed)	4,645	100	beds																																			
Student accommodation (250 bed)	7,000	250	beds																																			
Leisure use	2,000	2,000																																				
		We have assumed the following net to gross site development percentages to allow for roads, SuDs, landscape and open space:																																				
Net to gross site developable area	PBA & developer workshop	<table border="1"> <thead> <tr> <th></th> <th>Net site area (ha)</th> </tr> </thead> <tbody> <tr> <td>HTC offices</td> <td>0.25</td> </tr> <tr> <td>Ex HTC offices</td> <td>0.25</td> </tr> <tr> <td>All industrial single</td> <td>0.50</td> </tr> <tr> <td>All convenience retail</td> <td>0.07</td> </tr> <tr> <td>All comparison retail</td> <td>0.07</td> </tr> <tr> <td>Hotels (100 bed)</td> <td>0.25</td> </tr> <tr> <td>Student accommodation (250 bed)</td> <td>0.30</td> </tr> <tr> <td>Leisure use</td> <td>0.15</td> </tr> </tbody> </table>		Net site area (ha)	HTC offices	0.25	Ex HTC offices	0.25	All industrial single	0.50	All convenience retail	0.07	All comparison retail	0.07	Hotels (100 bed)	0.25	Student accommodation (250 bed)	0.30	Leisure use	0.15																		
	Net site area (ha)																																					
HTC offices	0.25																																					
Ex HTC offices	0.25																																					
All industrial single	0.50																																					
All convenience retail	0.07																																					
All comparison retail	0.07																																					
Hotels (100 bed)	0.25																																					
Student accommodation (250 bed)	0.30																																					
Leisure use	0.15																																					
	BCIS Online - Rebased for LB Hammersmith & Fulham - November 2013	<p>Build costs are based on median rates adjusted for location derived from BCIS Review of Building Prices online version data of actual prices in the marketplace. All major non-domestic development which does not qualify for assessment under Code for Sustainable Homes will to be built to a minimum of BREAM (Building Research Establishment Assessment Method) Very Good standard.</p> <p>This excludes any allowance for externals which is treated separately.</p> <p>This excludes any allowance for externals which is treated separately.</p> <table border="1"> <tbody> <tr> <td>Town centre office</td> <td>£1,739</td> <td>sq m</td> </tr> <tr> <td>Ex HTC offices</td> <td>£1,559</td> <td>sq m</td> </tr> <tr> <td>All industrial single</td> <td>£560</td> <td>sq m</td> </tr> <tr> <td>All convenience retail</td> <td>£1,241</td> <td>sq m</td> </tr> <tr> <td>All comparison retail</td> <td>£898</td> <td>sq m</td> </tr> <tr> <td>Hotels (100 bed)</td> <td>£1,076</td> <td>sq m</td> </tr> <tr> <td>Hotels (100 bed)</td> <td>£1,556</td> <td>sq m</td> </tr> <tr> <td>Student accommodation (250 bed)</td> <td>£1,563</td> <td>sq m</td> </tr> </tbody> </table>	Town centre office	£1,739	sq m	Ex HTC offices	£1,559	sq m	All industrial single	£560	sq m	All convenience retail	£1,241	sq m	All comparison retail	£898	sq m	Hotels (100 bed)	£1,076	sq m	Hotels (100 bed)	£1,556	sq m	Student accommodation (250 bed)	£1,563	sq m												
Town centre office	£1,739	sq m																																				
Ex HTC offices	£1,559	sq m																																				
All industrial single	£560	sq m																																				
All convenience retail	£1,241	sq m																																				
All comparison retail	£898	sq m																																				
Hotels (100 bed)	£1,076	sq m																																				
Hotels (100 bed)	£1,556	sq m																																				
Student accommodation (250 bed)	£1,563	sq m																																				

		Leisure use Median & 'generally' build costs have been used for all uses, except for town centre offices where upper quartile has been used. This is to reflect the need to deliver higher quality development within the town centre. Office build costs are based on an air-conditioned unit.	£1,541	sq m
Plot external	Industry standards	These cover external build costs for site preparation and includes items such as internal access roads, landscaping, open space, drainage, utilities and services within the site. We have allowed the following percentage of build costs for these items. 5% These exclude abnormal site development costs and exceptional offsite infrastructure.		
Demolition	Industry standards	Not applied £0		
Developer contribution (Section 106 /or CIL)	Client team & developer workshop	For this assessment we have been asked not to factor any S106 or developer contribution into the appraisals. Decision on this will be determined later. Contributions to infrastructure costs such as education, open space and transportation etc. will need to be factored into this and decisions on strategic infrastructure cost contributions that may be via a CIL will need to be factored in.	Amount	Apply?
		Mayor CIL Calculated as a £ psm	£50	Yes
		Office CIL Calculated as a £ psm	£80	No
		Industrial CIL Calculated as a £ psm	£0	No
		Convenience retail CIL Calculated as a £ psm	£80	No
		Comparison retail CIL Calculated as a £ psm	£80	No
		Hotel CIL Calculated as a £ psm	£80	No
		Student accommodation CIL Calculated as a £ psm	£80	No
		Leisure CIL Calculated as a £ psm	£80	No
Professional Fees	Industry standards	Professional fees are based upon accepted industry standards and has been calculated as a percentage of build costs at 8%		
Contingency	Industry standard & developer workshop	Contingency is based upon the risk associated with each site and has been calculated as a percentage of construction costs at 5%		
Sale costs	Industry standards	These rates are based on industry accepted scales at the following rates: Marketing (offices & industrial) £15,000 Marketing (comparison retail) £25,000 Letting agent fee 10%		

Finance costs	Industry standards	Letting legals (offices)	£20,000		
		Letting legals (industrial, and retail)	5%		
		Sale agents fee	1.25%		
		Sale legal fees	1.25%		
		Based upon the likely cost of development finance we have used current market rates of interest.			
		7%			
Stamp Duty on Land Purchase	HMRC	These are the current rates set by Treasury at the following rates:			
		up to £150,000	0.00%		
		Over £150,000 to £250,000	1.00%		
		Over £250,000 to £500,000	3.00%		
		Over £500,000	4.00%		
Professional fees on Land Purchase	Industry standards	Fees associated with the land purchase are based upon the following industry standards:			
		Surveyor -	1.00%		
		Legals -	0.50%		
Profit	Industry standards	Gross development profit (includes overheads) taken as a percentage of total development costs			
		20%			
Time-scales - build rate units/per annum	Consultations	Build rate time-scales reflect solely the construction period of the commercial unit itself and assumes a cleared service site free of abnormals. The build rates for each of the commercial uses are set out as follows:			
			Start	Finish	Length in months
		HTC offices	01 Mar 13	30 Apr 14	14
		Ex HTC offices	01 Mar 13	30 Apr 14	14
		All industrial single	01 Mar 13	30 Nov 13	9
		All convenience retail	01 Mar 13	28 Feb 14	12
		All comparison retail	01 Mar 13	28 Feb 14	12
		Hotels (100 bed)	01 Mar 13	28 Feb 14	12
		Student accommodation (250 bed)	01 Mar 13	28 Feb 14	12
Leisure use	01 Mar 13	30 Nov 13	9		
Revenue					
Capital values (rents, yields, and tenant incentives)	CoStar/Focus & consultations	We have assumed that the completed commercial unit is sold on practical completion as an investment sale. The income on the investment sale will be deferred depending on the length of rent free period required to attract a tenant. The rent free period is therefore the tenants incentive. Rents, yield and rent free periods are based upon market evidence and are set out as follows:			
		Rent	Yield	Rent free (months)	
		HTC offices	£425	7.00%	12
		Ex HTC offices	£250	7.00%	12
		All industrial single	£135	8.50%	18
		All convenience retail	£250	4.75%	12

		All comparison retail	£350	7.00%	12
		Hotels (100 bed)	£6,500	6.00%	0
		Student accommodation (250 bed)	£10,800	6.10%	0
		Leisure use	£215	6.50%	3
Benchmark land value per ha					
		Our estimates of benchmark land values are based on market comparables derived through consultation with stakeholders and analysis of published data on CoStar. At this current point in the economic cycle there is much uncertainty surrounding land values due to the small number of transactions occurring.			
	CoStar/Focus & consultations	HTC offices	£14,000,000		
		Ex HTC offices	£10,000,000		
		All industrial single	£3,000,000		
		All convenience retail	£10,000,000		
		All comparison retail	£10,000,000		
		Hotels (100 bed)	£10,000,000		
		Student accommodation (250 bed)	£14,000,000		
		Leisure use	£5,000,000		

Appendix B Affordable Housing Parameters

CIL: AFFORDABLE HOUSING PARAMETERS FOR MODELLING

The policy compliant scenario is considered to be 1A + 2 + 3B + 4 + 5 which results in an overall tenure mix of:

- 60% market
- 19.6% discounted market sale
- 8.4% shared ownership
- 12% affordable rent

1) ALTERNATIVE PROPORTIONS OF AFFORDABLE HOUSING

A	B	C
40%	30%	20%

Source: Core Strategy DPD (LBHF, October 2011) Policy H2 Affordability

2) BED SIZES

	1 bed	2 bed	3 bed	4 bed
Intermediate	50%	35%	15%	
Affordable Rent	10%	40%	35%	15%
Social Rent	As affordable rent or in accordance with replacement need			

Source: Development Management Local Plan (LBHF, July 2013) Policy A3 Housing Mix

3) ALTERNATIVE AFFORDABLE TENURE SPLITS

	A	B
Intermediate	100%	70%
Affordable rent (including any social rent)	0%	30%

4) INTERMEDIATE HOUSING AFFODABILITY MIXES

See Affordability Thresholds in London Plan AMR 9 (GLA, March 2013)

5) AFFORDABLE RENT MAXIMUM LEVELS (including service charges)

1 bed	2 bed	3 bed	4 bed
£250 pw	£290 pw	£340pw	£400 pw

Source: Interim Guidance to Social Landlords on the Affordable Rent Tenure (LBHF, September 2011)

6) GRANT OPTIONS to be modelled for all the above options

	A	B
Affordable Rent	£30,000/unit	£0
Shared Ownership	£12,000/unit	£0
Discounted Market Sale	£0	£0

Appendix C Viability Appraisals



Houses –	10.0	Units	N1					
ITEM								
Net Site Area	0.10		£15,023,878	per ha				
Yield	10.00	Private	Affordable					
		6.00	4.00					
1.0 Development Value								
1.1	Private Units		No. of units	Size sq.m	Total sq.m	£psm	Total Value	
	Flats –		0.00	64	0	£5,985	£0	
	Houses –		6.00	92	552	£4,970	£2,743,440	
			6.00		552			
1.2	Affordable rent		No. of units	Size sq.m	Total sq.m	£psm	Total Value	
	Flats –		0.00	64	0	£0	£0	
	Houses –		1.20	92	110	£2,615	£288,696	
			1.20		110			
1.3	Intermediate		No. of units	Size sq.m	Total sq.m	£psm	Total Value	
	Flats –		0.00	64	0	£2,615	£0	
	Houses –		2.80	92	258	£2,615	£673,624	
			2.80		258			
Gross Development value				10.00			£3,705,760	
2.0 Development Cost								
2.1 Site Acquisition								
2.1.1	Site value (residual land value)						£1,555,145	
				Less stamp duty and tax		4.00%		
				Agents fee		1.00%		
				Legal fee			£25,000	
							£1,502,387.84	
2.3 Build Costs								
2.3.1	Private units		No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs	
	Flats –		0.00	75	0	£1,801	£0.00	
	Houses –		6.00	92	552	£1,187	£655,224.00	
			6.00		552			
2.3.2	Affordable units		No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs	
	Flats –		0.00	75	0	£1,801	£0.00	
	Houses –		4.00	92	368	£1,187	£436,816.00	
			4.00		368			
				10.00	920			£1,092,040
2.4 Construction Costs								
2.4.1	external works as a percentage of build costs			5%			£54,602.00	
							£54,602	
2.5 Professional Fees								
2.5.1	as percentage of build costs and construction costs		10%				£114,664	
							£114,664	
2.6 Contingency								
2.6.1	as percentage of build costs and construction costs		5%				£57,332.10	
							£57,332	
2.7 Developer contributions								
2.7.1	S.106 Obligations		£1,000	per unit			£10,000	
2.7.2	Mayor CIL		£50	per sq m			£27,600	
2.7.3	H&F Residential CIL		£0	per sq m			£0	
2.7.4	H&F Commercial CIL		£0	per sq m			£0	
2.7.5	Lifetime homes		£0	per flat			£0	
							£37,600	
2.8 Sale cost								
2.8.1	Sale agents fee		1.25%				£34,293	
2.8.2	Sale legal fee		£500				£5,000	
2.8.3	Marketing		£1,000				£8,000	
							£45,293	
TOTAL DEVELOPMENT COSTS (excluding land)							£1,401,531	
TOTAL DEVELOPMENT COSTS (including land)							£2,956,676	
3.0 Developers' Profit								
3.1	Developer return calculated as a percentage of total development costs		Rate	20%			£591,335.28	
							£591,335	
TOTAL PROJECT COSTS [EXCLUDING INTEREST]							£3,548,012	
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]							£157,748	
4.00	Finance Costs		APR	7.00%	PCM	0.565%	-£157,748	
TOTAL PROJECT COSTS [INCLUDING INTEREST]							£3,705,760	

This appraisal has been prepared by Peter Brett Associates on behalf of the London Borough of Hammersmith & Fulham. The appraisal has been prepared in line with the RICS valuation guidance. The purpose of the appraisal is to inform London Borough of Hammersmith & Fulham as to the impact of planning policy has on viability at a strategic borough level. This appraisal is not a formal 'Red Book' (RICS Valuation – Professional Standards March 2012) valuation and should not be relied upon as such.



Houses –		10.0	Units	C1			
ITEM							
Net Site Area		0.10				£25,969,743	per ha
Yield		10.00	Private	Affordable			
			6.00	4.00			
1.0 Development Value							
1.1	Private Units		No. of units	Size sq.m	Total sq.m	Epsm	Total Value
	Flats –		0.00	64	0	£8,025	£0
	Houses –		6.00	92	552	£7,500	£4,140,000
			6.00		552		
1.2	Affordable rent		No. of units	Size sq.m	Total sq.m	Epsm	Total Value
	Flats –		0.00	64	0	£2,615	£0
	Houses –		1.20	92	110	£2,615	£288,696
			1.20		110		
1.3	Intermediate		No. of units	Size sq.m	Total sq.m	Epsm	Total Value
	Flats –		0.00	64	0	£2,945	£0
	Houses –		2.80	92	258	£2,945	£758,632
			2.80		258		
Gross Development value						10.00	£5,187,328
2.0 Development Cost							
2.1 Site Acquisition							
2.1.1	Site value (residual land value)						£2,707,341
						Less stamp duty and tax	4.00%
						Agents fee	1.00%
						Legal fee	£25,000
							£2,596,974.27
2.3 Build Costs							
2.3.1	Private units		No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs
	Flats –		0.00	75	0	£1,801	£0.00
	Houses –		6.00	92	552	£1,187	£655,224.00
			6.00		552		
2.3.2	Affordable units		No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs
	Flats –		0.00	75	0	£1,801	£0.00
	Houses –		4.00	92	368	£1,187	£436,816.00
			4.00		368		
						10.00	920
							£1,092,040
2.4 Construction Costs							
2.4.1	external works as a percentage of build costs			5%			£54,602.00
							£54,602
2.5 Professional Fees							
2.5.1	as percentage of build costs and construction costs			10%			£114,664
							£114,664
2.6 Contingency							
2.6.1	as percentage of build costs and construction costs			5%			£57,332.10
							£57,332
2.7 Developer contributions							
2.7.1	S.106 Obligations		£1,000	per unit			£10,000
2.7.2	Mayor CIL		£50	per sq m			£27,600
2.7.3	H&F Residential CIL		£0	per sq m			£0
2.7.4	H&F Commercial CIL		£0	per sq m			£0
2.7.5	Lifetime homes		£0	per flat			£0
							£37,600
2.8 Sale cost							
2.8.1	Sale agents fee		1.25%				£51,750
2.8.2	Sale legal fee		£500				£5,000
2.8.3	Marketing		£1,000				£8,000
							£62,750
TOTAL DEVELOPMENT COSTS (excluding land)							£1,418,988
TOTAL DEVELOPMENT COSTS (including land)							£4,126,330
3.0 Developers' Profit							
3.1	Developer return calculated as a percentage of total development costs		Rate	20%			£825,266
							£825,266
TOTAL PROJECT COSTS [EXCLUDING INTEREST]							£4,951,596
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]							£235,732
4.00	Finance Costs		APR	7.00%	PCM	0.565%	-£235,732
TOTAL PROJECT COSTS [INCLUDING INTEREST]							£5,187,328

This appraisal has been prepared by Peter Brett Associates on behalf of the London Borough of Hammersmith & Fulham. The appraisal has been prepared in line with the RICS valuation guidance. The purpose of the appraisal is to inform London Borough of Hammersmith & Fulham as to the impact of planning policy has on viability at a strategic borough level. This appraisal is not a formal 'Red Book' (RICS Valuation – Professional Standards March 2012) valuation and should not be relied upon as such.



Houses –	10.0	Units	S1			
ITEM						
Net Site Area	0.10			£40,546,340	per ha	
Yield	10.00	Private	Affordable			
		6.00	4.00			
1.0 Development Value						
1.1	Private Units		No. of units	Size sq.m	Total sq.m	£psm
	Flats –		0.00	64	0	£11,385
	Houses –		6.00	92	552	£10,895
			6.00		552	
						Total Value
						£0
						£6,014,040
1.2	Affordable rent		No. of units	Size sq.m	Total sq.m	£psm
	Flats –		0.00	64	0	£2,685
	Houses –		1.20	92	110	£2,685
			1.20		110	
						Total Value
						£0
						£296,424
1.3	Intermediate		No. of units	Size sq.m	Total sq.m	£psm
	Flats –		0.00	64	0	£3,300
	Houses –		2.80	92	258	£3,300
			2.80		258	
						Total Value
						£0
						£850,080
Gross Development value				10.00	£7,160,544	
2.0 Development Cost						
2.1 Site Acquisition						
2.1.1	Site value (residual land value)					£4,241,720
				Less stamp duty and tax		4.00%
				Agents fee		1.00%
				Legal fee		£25,000
						£4,054,634.04
2.3 Build Costs						
2.3.1	Private units		No. of units	Size sq.m	Total sq.m	Cost per sq.m
	Flats –		0.00	75	0	£1,801
	Houses –		6.00	92	552	£1,187
			6.00		552	
						Total Costs
						£0.00
						£655,224.00
2.3.2	Affordable units		No. of units	Size sq.m	Total sq.m	Cost per sq.m
	Flats –		0.00	75	0	£1,801
	Houses –		4.00	92	368	£1,187
			4.00		368	
						Total Costs
						£0.00
						£436,816.00
				10.00	920	£1,092,040
2.4 Construction Costs						
2.4.1	external works as a percentage of build costs		5%			£54,602.00
						£54,602
2.5 Professional Fees						
2.5.1	as percentage of build costs and construction costs		10%			£114,664
						£114,664
2.6 Contingency						
2.6.1	as percentage of build costs and construction costs		5%			£57,332.10
						£57,332
2.7 Developer contributions						
2.7.1	S.106 Obligations		£1,000	per unit		£10,000
2.7.2	Mayor CIL		£50	per sq m		£27,600
2.7.3	H&F Residential CIL		£0	per sq m		£0
2.7.4	H&F Commercial CIL		£0	per sq m		£0
2.7.5	Lifetime homes		£0	per flat		£0
						£37,600
2.8 Sale cost						
2.8.1	Sale agents fee		1.25%			£75,176
2.8.2	Sale legal fee		£500			£5,000
2.8.3	Marketing		£1,000			£8,000
						£86,176
TOTAL DEVELOPMENT COSTS (excluding land)						£1,442,414
TOTAL DEVELOPMENT COSTS (including land)						£5,684,134
3.0 Developers' Profit						
3.1	Developer return calculated as a percentage of total development costs		Rate	20%		£1,136,826.77
						£1,136,827
TOTAL PROJECT COSTS [EXCLUDING INTEREST]						£6,820,961
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£339,583
4.00	Finance Costs		APR	7.00%	PCM	0.565%
						-£339,583
TOTAL PROJECT COSTS [INCLUDING INTEREST]						£7,160,544

This appraisal has been prepared by Peter Brett Associates on behalf of the London Borough of Hammersmith & Fulham. The appraisal has been prepared in line with the RICS valuation guidance. The purpose of the appraisal is to inform London Borough of Hammersmith & Fulham as to the impact of planning policy has on viability at a strategic borough level. This appraisal is not a formal 'Red Book' (RICS Valuation – Professional Standards March 2012) valuation and should not be relied upon as such.



Flats -		50.0	Units	N2			
ITEM							
Net Site Area		0.33		£9,734,860	per ha		
Yield		50.00	Private	Affordable			
			30.00	20.00			
1.0 Development Value							
1.1	Private Units		No. of units	Size sq.m	Total sq.m	£psm	Total Value
	Flats -		30.00	64	1,913	£5,985	£11,446,313
	Houses -		0.00	92	0	£4,970	£0
			30.00		1,913		
1.2	Affordable rent		No. of units	Size sq.m	Total sq.m	£psm	Total Value
	Flats -		6.00	64	383	£2,615	£1,000,238
	Houses -		0.00	92	0	£0	£0
			6.00		383		
1.3	Intermediate		No. of units	Size sq.m	Total sq.m	£psm	Total Value
	Flats -		14.00	64	893	£2,615	£2,333,888
	Houses -		0.00	92	0	£2,615	£0
			14.00		893		
Gross Development value			50.00				£14,780,438
2.0 Development Cost							
2.1 Site Acquisition							
2.1.1	Site value (residual land value)						£3,389,424
						Less stamp duty and tax	4.00%
						Agents fee	1.00%
						Legal fee	£25,000
							£3,244,953.18
2.3 Build Costs							
2.3.1	Private units		No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs
	Flats -		30.00	75	2,250	£1,801	£4,052,250
	Houses -		0.00	92	0	£1,187	£0.00
			30.00		2,250		
2.3.2	Affordable units		No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs
	Flats -		20.00	75	1,500	£1,801	£2,701,500.00
	Houses -		0.00	0	0	£1,187	£0.00
			20.00		1,500		
			50.00		3750		£6,753,750
2.4 Construction Costs							
2.4.1	external works as a percentage of build costs			5%			£337,687.50
							£337,688
2.5 Professional Fees							
2.5.1	as percentage of build costs and construction costs			10%			£709,144
							£709,144
2.6 Contingency							
2.6.1	as percentage of build costs and construction costs			5%			£354,571.88
							£354,572
2.7 Developer contributions							
2.7.1	S.106 Obligations		£1,000	per unit			£50,000
2.7.2	Mayor CIL		£50	per sq m			£112,500
2.7.3	H&F Residential CIL		£0	per sq m			£0
2.7.4	H&F Commercial CIL		£0	per sq m			£0
2.7.5	Lifetime homes		£0	per flat			£0
							£162,500
2.8 Sale cost							
2.8.1	Sale agents fee		1.25%				£143,079
2.8.2	Sale legal fee		£500				£25,000
2.8.3	Marketing		£1,000				£30,000
							£198,079
TOTAL DEVELOPMENT COSTS (excluding land)							£8,515,732
TOTAL DEVELOPMENT COSTS (including land)							£11,905,156
3.0 Developers' Profit							
3.1	Developer return calculated as a percentage of total development costs		Rate	20%			£2,381,031
							£2,381,031
TOTAL PROJECT COSTS [EXCLUDING INTEREST]							£14,286,188
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]							£494,250
4.00 Finance Costs							
			APR	7.00%	PCM	0.565%	-£494,250
TOTAL PROJECT COSTS [INCLUDING INTEREST]							£14,780,438

This appraisal has been prepared by Peter Brett Associates on behalf of the London Borough of Hammersmith & Fulham. The appraisal has been prepared in line with the RICS valuation guidance. The purpose of the appraisal is to inform London Borough of Hammersmith & Fulham as to the impact of planning policy has on viability at a strategic borough level. This appraisal is not a formal 'Red Book' (RICS Valuation - Professional Standards March 2012) valuation and should not be relied upon as such.



Flats -		50.0	Units	C2		
ITEM						
Net Site Area		0.33				£19,072,527 per ha
Yield		50.00	Private	Affordable		
			30.00	20.00		
1.0 Development Value						
1.1	Private Units		No. of units	Size sq.m	Total sq.m	Epsm
	Flats -		30.00	64	1,913	£8,025
	Houses -		0.00	92	0	£7,500
			30.00		1,913	
						Total Value
						£15,347,813
						£0
1.2	Affordable rent		No. of units	Size sq.m	Total sq.m	Epsm
	Flats -		6.00	64	383	£2,615
	Houses -		0.00	92	0	£2,615
			6.00		383	
						Total Value
						£1,000,238
						£0
1.3	Intermediate		No. of units	Size sq.m	Total sq.m	Epsm
	Flats -		14.00	64	893	£2,945
	Houses -		0.00	92	0	£2,945
			14.00		893	
						Total Value
						£2,628,413
						£0
Gross Development value			50.00			£18,976,463
2.0 Development Cost						
2.1 Site Acquisition						
2.1.1	Site value (residual land value)					£6,665,799
						Less stamp duty and tax
						Agents fee
						Legal fee
						4.00%
						1.00%
						£25,000
						£6,357,509
2.3 Build Costs						
2.3.1	Private units		No. of units	Size sq.m	Total sq.m	Cost per sq.m
	Flats -		30.00	75	2,250	£1,801
	Houses -		0.00	92	0	£1,187
			30.00		2,250	
						Total Costs
						£4,052,250
						£0.00
2.3.2	Affordable units		No. of units	Size sq.m	Total sq.m	Cost per sq.m
	Flats -		20.00	75	1,500	£1,801
	Houses -		0.00	0	0	£1,187
			20.00		1,500	
						Total Costs
						£2,701,500
						£0.00
			50.00		3750	£6,753,750
2.4 Construction Costs						
2.4.1	external works as a percentage of build costs			5%		£337,687.50
						£337,688
2.5 Professional Fees						
2.5.1	as percentage of build costs and construction costs			10%		£709,144
						£709,144
2.6 Contingency						
2.6.1	as percentage of build costs and construction costs			5%		£354,571.88
						£354,572
2.7 Developer contributions						
2.7.1	S.106 Obligations		£1,000	per unit		£50,000
2.7.2	Mayor CIL		£50	per sq m		£112,500
2.7.3	H&F Residential CIL		£0	per sq m		£0
2.7.4	H&F Commercial CIL		£0	per sq m		£0
2.7.5	Lifetime homes		£0	per flat		£0
						£162,500
2.8 Sale cost						
2.8.1	Sale agents fee		1.25%			£191,848
2.8.2	Sale legal fee		£500			£25,000
2.8.3	Marketing		£1,000			£30,000
						£246,848
TOTAL DEVELOPMENT COSTS (excluding land)						£8,564,501
TOTAL DEVELOPMENT COSTS (including land)						£15,230,300
3.0 Developers' Profit						
3.1	Developer return calculated as a percentage of total development costs		Rate	20%		£3,046,060
						£3,046,060
TOTAL PROJECT COSTS [EXCLUDING INTEREST]						£18,276,360
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£700,103
4.00 Finance Costs						
			APR	7.00%	PCM	0.565%
						£-700,103
TOTAL PROJECT COSTS [INCLUDING INTEREST]						£18,976,463

This appraisal has been prepared by Peter Brett Associates on behalf of the London Borough of Hammersmith & Fulham. The appraisal has been prepared in line with the RICS valuation guidance. The purpose of the appraisal is to inform London Borough of Hammersmith & Fulham as to the impact of planning policy has on viability at a strategic borough level. This appraisal is not a formal 'Red Book' (RICS Valuation - Professional Standards March 2012) valuation and should not be relied upon as such.



Flats -	50.0	Units	S2				
ITEM							
Net Site Area	0.33		£34,132,906	per ha			
Yield	50.00	Private	30.00	Affordable	20.00		
1.0 Development Value							
1.1	Private Units		No. of units	Size sq.m	Total sq.m	£psm	Total Value
	Flats -		30.00	64	1,913	£11,385	£21,773,813
	Houses -		0.00	92	0	£10,895	£0
			30.00		1,913		
1.2	Affordable rent		No. of units	Size sq.m	Total sq.m	£psm	Total Value
	Flats -		6.00	64	383	£2,685	£1,027,013
	Houses -		0.00	92	0	£2,685	£0
			6.00		383		
1.3	Intermediate		No. of units	Size sq.m	Total sq.m	£psm	Total Value
	Flats -		14.00	64	893	£3,300	£2,945,250
	Houses -		0.00	92	0	£3,300	£0
			14.00		893		
Gross Development value			50.00				£25,746,075
2.0 Development Cost							
2.1 Site Acquisition							
2.1.1	Site value (residual land value)					£11,950,142	
				Less stamp duty and tax		4.00%	
				Agents fee		1.00%	
				Legal fee			£25,000
							£11,377,635
2.3 Build Costs							
2.3.1	Private units		No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs
	Flats -		30.00	75	2,250	£1,801	£4,052,250
	Houses -		0.00	92	0	£1,187	£0.00
			30.00		2,250		
2.3.2	Affordable units		No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs
	Flats -		20.00	75	1,500	£1,801	£2,701,500
	Houses -		0.00	0	0	£1,187	£0.00
			20.00		1,500		
			50.00		3750		£6,753,750
2.4 Construction Costs							
2.4.1	external works as a percentage of build costs			5%			£337,687.50
							£337,688
2.5 Professional Fees							
2.5.1	as percentage of build costs and construction costs			10%			£709,144
							£709,144
2.6 Contingency							
2.6.1	as percentage of build costs and construction costs			5%			£354,571.88
							£354,572
2.7 Developer contributions							
2.7.1	S.106 Obligations		£1,000	per unit			£50,000
2.7.2	Mayor CIL		£50	per sq m			£112,500
2.7.3	H&F Residential CIL		£0	per sq m			£0
2.7.4	H&F Commercial CIL		£0	per sq m			£0
2.7.5	Lifetime homes		£0	per flat			£0
							£162,500
2.8 Sale cost							
2.8.1	Sale agents fee		1.25%				£272,173
2.8.2	Sale legal fee		£500				£25,000
2.8.3	Marketing		£1,000				£30,000
							£327,173
TOTAL DEVELOPMENT COSTS (excluding land)							£8,644,826
TOTAL DEVELOPMENT COSTS (including land)							£20,594,968
3.0 Developers' Profit							
3.1	Developer return calculated as a percentage of total development costs		Rate	20%			£4,118,994
							£4,118,994
TOTAL PROJECT COSTS [EXCLUDING INTEREST]							£24,713,962
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]							£1,032,113
4.00	Finance Costs		APR	7.00%	PCM	0.565%	-£1,032,113
TOTAL PROJECT COSTS [INCLUDING INTEREST]							£25,746,075

This appraisal has been prepared by Peter Brett Associates on behalf of the London Borough of Hammersmith & Fulham. The appraisal has been prepared in line with the RICS valuation guidance. The purpose of the appraisal is to inform London Borough of Hammersmith & Fulham as to the impact of planning policy has on viability at a strategic borough level. This appraisal is not a formal 'Red Book' (RICS Valuation - Professional Standards March 2012) valuation and should not be relied upon as such.

Flats -		500.0	Units	N3			
ITEM							
Net Site Area		2.50					£44,744,039 per ha
Yield		500.00	Private	Affordable			300.00 200.00
1.0 Development Value							
1.1	Private Units		No. of units	Size sq.m	Total sq.m	£psm	Total Value
	Phase 1 pre sales Flats -		75.00	64	4,781	£11,385	£54,434,531
	Phase 1 Flats -		75.00	64	4,781	£11,385	£54,434,531
	Phase 2 pre sales Flats -		75.00	64	4,781	£11,385	£54,434,531
	Phase 2 Flats -		75.00	64	4,781	£11,385	£54,434,531
			300.00		19125		
1.2	Affordable rent		No. of units	Size sq.m	Total sq.m	£psm	Total Value
	Phase 1 Flats -		30.00	64	1,913	£2,685	£5,135,063
	Phase 2 Flats -		30.00	64	1,913	£2,685	£5,135,063
			60.00		3825		
1.3	Intermediate		No. of units	Size sq.m	Total sq.m	£psm	Total Value
	Phase 1 Flats -		70.00	64	4,463	£3,300	£14,726,250
	Phase 2 Flats -		70.00	64	4,463	£3,300	£14,726,250
			140.00		8925		
Gross Development value			500.00				£257,460,750
2.0 Development Cost							
2.1 Site Acquisition							
2.1.1	Site value (residual land value)						£117,721,155
						Less stamp duty and tax	4.00%
						Agents fee	1.00%
						Legal fee	£25,000
							£111,860,098
2.3 Build Costs							
2.3.1	Private units		No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs
	Flats -		300.00	75	22,500	£1,801	£40,522,500
	Flats -		0.00	0	0	£1,187	£0.00
			300.00		22500		
2.3.2	Affordable units		No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs
	Flats -		200.00	75	15,000	£1,801	£27,015,000
	Flats -		0.00	0	0	£1,187	£0.00
			200.00		15000		
			500.00		37500		£67,537,500
2.4 Construction Costs							
2.4.1	external works as a percentage of build costs		5%				£3,376,875.00
							£3,376,875
2.5 Professional Fees							
2.5.1	as percentage of build costs and construction costs		10%				£7,091,438
							£7,091,438
2.6 Contingency							
2.6.1	as percentage of build costs and construction costs		5%				£3,545,718.75
							£3,545,719
2.7 Developer contributions							
2.7.1	S.106 Obligations		£1,000	per unit			£500,000
2.7.2	Mayor CIL		£50	per sq m			£1,125,000
2.7.3	H&F Residential CIL		£0	per sq m			£0
2.7.4	H&F Commercial CIL		£0	per sq m			£0
2.7.5	Lifetime homes		£0	per flat			£0
							£1,625,000
2.8 Sale cost							
2.8.1	Sale agents fee		1.25%				£2,041,295
2.8.2	Sale legal fee		£500				£250,000
2.8.3	Marketing		£1,000				£300,000
							£2,591,295
TOTAL DEVELOPMENT COSTS (excluding land)							£85,767,826
TOTAL DEVELOPMENT COSTS (including land)							£203,488,982
3.0 Developers' Profit							
3.1	Developer return calculated as a percentage of total development costs		Rate	20%			£40,697,796.31
							£40,697,796
TOTAL PROJECT COSTS [EXCLUDING INTEREST]							£244,186,778
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]							£13,273,972
4.00 Finance Costs							
			APR	7.00%	PCM	0.565%	-£13,273,972
TOTAL PROJECT COSTS [INCLUDING INTEREST]							£257,460,750



This appraisal has been prepared by Peter Brett Associates on behalf of the London Borough of Hammersmith & Fulham. The appraisal has been prepared in line with the RICS valuation guidance. The purpose of the appraisal is to inform London Borough of Hammersmith & Fulham as to the impact of planning policy has on viability at a strategic borough level. This appraisal is not a formal 'Red Book' (RICS Valuation – Professional Standards March 2012) valuation and should not be relied upon as such.

Flats -		500.0	Units	C3			
ITEM							
Net Site Area		2.50				£24,983,625	per ha
Yield		500.00	Private	Affordable		300.00	200.00
1.0 Development Value							
1.1	Private Units		No. of units	Size sq.m	Total sq.m	£psm	Total Value
	Phase 1 pre sales Flats -		75.00	64	4,781	£8,025	£38,369,531
	Phase 1 Flats -		75.00	64	4,781	£8,025	£38,369,531
	Phase 2 pre sales Flats -		75.00	64	4,781	£8,025	£38,369,531
	Phase 2 Flats -		75.00	64	4,781	£8,025	£38,369,531
			300.00		19125		
1.2	Affordable rent		No. of units	Size sq.m	Total sq.m	£psm	Total Value
	Phase 1 Flats -		30.00	64	1,913	£2,615	£5,001,188
	Phase 2 Flats -		30.00	64	1,913	£2,615	£5,001,188
			60.00		3825		
1.3	Intermediate		No. of units	Size sq.m	Total sq.m	£psm	Total Value
	Phase 1 Flats -		70.00	64	4,463	£2,945	£13,142,063
	Phase 2 Flats -		70.00	64	4,463	£2,945	£13,142,063
			140.00		8925		
Gross Development value			500.00		31875		£189,764,625
2.0 Development Cost							
2.1 Site Acquisition							
2.1.1	Site value (residual land value)						£65,720,066
						Less stamp duty and tax	4.00%
						Agents fee	1.00%
						Legal fee	£25,000
							£62,459,063
2.3 Build Costs							
2.3.1	Private units		No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs
	Flats -		300.00	75	22,500	£1,801	£40,522,500
	Flats -		0.00	0	0	£1,187	£0.00
			300.00		22500		
2.3.2	Affordable units		No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs
	Flats -		200.00	75	15,000	£1,801	£27,015,000
	Flats -		0.00	0	0	£1,187	£0.00
			200.00		15000		
500.00					37500		£67,537,500
2.4 Construction Costs							
2.4.1	external works as a percentage of build costs		5%				£3,376,875
							£3,376,875
2.5 Professional Fees							
2.5.1	as percentage of build costs and construction costs		10%				£7,091,438
							£7,091,438
2.6 Contingency							
2.6.1	as percentage of build costs and construction costs		5%				£3,545,718.75
							£3,545,719
2.7 Developer contributions							
2.7.1	S.106 Obligations		£1,000	per unit			£500,000
2.7.2	Mayor CIL		£50	per sq m			£1,125,000
2.7.3	H&F Residential CIL		£0	per sq m			£0
2.7.4	H&F Commercial CIL		£0	per sq m			£0
2.7.5	Lifetime homes		£0	per flat			£0
							£1,625,000
2.8 Sale cost							
2.8.1	Sale agents fee		1.25%				£1,438,857
2.8.2	Sale legal fee		£500				£250,000
2.8.3	Marketing		£1,000				£300,000
							£1,988,857
TOTAL DEVELOPMENT COSTS (excluding land)							£85,165,389
TOTAL DEVELOPMENT COSTS (including land)							£150,885,455
3.0 Developers' Profit							
3.1	Developer return calculated as a percentage of total development costs		Rate	20%			£30,177,090.90
							£30,177,091
TOTAL PROJECT COSTS (EXCLUDING INTEREST)							£181,062,545
TOTAL INCOME - TOTAL COSTS (EXCLUDING INTEREST)							£8,702,080
4.00	Finance Costs		APR	7.00%	PCM	0.565%	-£8,702,080
TOTAL PROJECT COSTS (INCLUDING INTEREST)							£189,764,625



This appraisal has been prepared by Peter Brett Associates on behalf of the London Borough of Hammersmith & Fulham. The appraisal has been prepared in line with the RICS valuation guidance. The purpose of the appraisal is to inform London Borough of Hammersmith & Fulham as to the impact of planning policy has on viability at a strategic borough level. This appraisal is not a formal 'Red Book' (RICS Valuation – Professional Standards March 2012) valuation and should not be relied upon as such.

Flats -		500.0	Units	N3			
ITEM							
Net Site Area		2.50			£12,734,805 per ha		
Yield		500.00	Private	Affordable			
			300.00	200.00			
1.0 Development Value							
1.1	Private Units		No. of units	Size sq.m	Total sq.m	£psm	Total Value
	Phase 1 pre sales Flats -		75.00	64	4,781	£5,985	£28,615,781
	Phase 1 Houses -		75.00	64	4,781	£5,985	£28,615,781
	Phase 2 pre sales Flats -		75.00	64	4,781	£5,985	£28,615,781
	Phase 2 Houses -		75.00	64	4,781	£5,985	£28,615,781
			300.00		19125		
1.2	Affordable rent		No. of units	Size sq.m	Total sq.m	£psm	Total Value
	Phase 1 Flats -		30.00	64	1,913	£2,615	£5,001,188
	Phase 2 Flats -		30.00	64	1,913	£2,615	£5,001,188
			60.00		3825		
1.3	Intermediate		No. of units	Size sq.m	Total sq.m	£psm	Total Value
	Phase 1 Flats -		70.00	64	4,463	£2,615	£11,669,438
	Phase 2 Flats -		70.00	64	4,463	£2,615	£11,669,438
			140.00		8925		
Gross Development value			500.00				£147,804,375
2.0 Development Cost							
2.1 Site Acquisition							
2.1.1	Site value (residual land value)						£33,486,329
				Less stamp duty and tax		4.00%	
				Agents fee		1.00%	
				Legal fee		£25,000	
							£31,837,013
2.3 Build Costs							
2.3.1	Private units		No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs
	Flats -		300.00	75	22,500	£1,801	£40,522,500
	Flats -		0.00	0	0	£1,187	£0.00
			300.00		22500		
2.3.2	Affordable units		No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs
	Flats -		200.00	75	15,000	£1,801	£27,015,000
	Flats -		0.00	0	0	£1,187	£0.00
			200.00		15000		
			500.00		37500		£67,537,500
2.4 Construction Costs							
2.4.1	external works as a percentage of build costs		5%				£3,376,875.00
							£3,376,875
2.5 Professional Fees							
2.5.1	as percentage of build costs and construction costs		10%				£7,091,438
							£7,091,438
2.6 Contingency							
2.6.1	as percentage of build costs and construction costs		5%				£3,545,718.75
							£3,545,719
2.7 Developer contributions							
2.7.1	S.106 Obligations		£1,000	per unit			£500,000
2.7.2	Mayor CIL		£50	per sq m			£1,125,000
2.7.3	H&F Residential CIL		£0	per sq m			£0
2.7.4	H&F Commercial CIL		£0	per sq m			£0
2.7.5	Lifetime homes		£0	per flat			£0
							£1,625,000
2.8 Sale cost							
2.8.1	Sale agents fee		1.25%				£1,073,092
2.8.2	Sale legal fee		£500				£250,000
2.8.3	Marketing		£1,000				£300,000
							£1,623,092
TOTAL DEVELOPMENT COSTS (excluding land)							£84,799,623
TOTAL DEVELOPMENT COSTS (including land)							£118,285,952
3.0 Developers' Profit							
3.1	Developer return calculated as a percentage of total development costs		Rate	20%			£23,657,190
							£23,657,190
TOTAL PROJECT COSTS [EXCLUDING INTEREST]							£141,943,143
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]							£5,861,232
4.00 Finance Costs							
			APR	7.00%	PCM	0.565%	-£5,861,232
TOTAL PROJECT COSTS [INCLUDING INTEREST]							£147,804,375



This appraisal has been prepared by Peter Brett Associates on behalf of the London Borough of Hammersmith & Fulham. The appraisal has been prepared in line with the RICS valuation guidance. The purpose of the appraisal is to inform London Borough of Hammersmith & Fulham as to the impact of planning policy has on viability at a strategic borough level. This appraisal is not a formal 'Red Book' (RICS Valuation – Professional Standards March 2012) valuation and should not be relied upon as such.

Flats -		750.0	Units	N4			
ITEM							
Net Site Area		2.50					£18,180,792 per ha
Yield		750.00	Private	Affordable			
			450.00	300.00			
1.0 Development Value							
1.1	Private Units		No. of units	Size sq.m	Total sq.m	£psm	Total Value
	Phase 1 pre sales Flats -		112.50	64	7,172	£5,985	£42,923,672
	Phase 1 Flats -		112.50	64	7,172	£5,985	£42,923,672
	Phase 2 pre sales Flats -		112.50	64	7,172	£5,985	£42,923,672
	Phase 2 Flats -		112.50	64	7,172	£5,985	£42,923,672
			450.00		28688		
1.2	Affordable rent		No. of units	Size sq.m	Total sq.m	£psm	Total Value
	Phase 1 Flats -		45.00	64	2,869	£2,615	£7,501,781
	Phase 2 Flats -		45.00	64	2,869	£2,615	£7,501,781
			90.00		5738		
1.3	Intermediate		No. of units	Size sq.m	Total sq.m	£psm	Total Value
	Phase 1 Flats -		105.00	64	6,694	£2,615	£17,504,156
	Phase 2 Flats -		105.00	64	6,694	£2,615	£17,504,156
			210.00		13388		
Gross Development value			750.00				£221,706,563
2.0 Development Cost							
2.1 Site Acquisition							
2.1.1	Site value (residual land value)						£47,817,874
							Less stamp duty and tax 4.00%
							Agents fee 1.00%
							Legal fee £25,000
							£45,451,981
2.3 Build Costs							
2.3.1	Private units		No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs
	Flats -		450.00	75	33,750	£1,801	£60,783,750
	Flats -		0.00	0	0	£0	£0
			450.00		33750		
2.3.2	Affordable units		No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs
	Flats -		300.00	75	22,500	£1,801	£40,522,500
			0.00	0	0	£0	£0.00
			300.00		22500		
			750.00		56250		£101,306,250
2.4 Construction Costs							
2.4.1	external works as a percentage of build costs		5%				£5,065,313
							£5,065,313
2.5 Professional Fees							
2.5.1	as percentage of build costs and construction costs		10%				£10,637,156
							£10,637,156
2.6 Contingency							
2.6.1	as percentage of build costs and construction costs		5%				£5,318,578.13
							£5,318,578
2.7 Developer contributions							
2.7.1	S.106 Obligations		£1,000	per unit			£750,000
2.7.2	Mayor CIL		£50	per sq m			£1,687,500
2.7.3	H&F Residential CIL		£0	per sq m			£0
2.7.4	H&F Commercial CIL		£0	per sq m			£0
2.7.5	Lifetime homes		£0	per flat			£0
							£2,437,500
2.8 Sale cost							
2.8.1	Sale agents fee		1.25%				£2,146,184
2.8.2	Sale legal fee		£500				£375,000
2.8.3	Marketing		£1,000				£450,000
							£2,971,184
TOTAL DEVELOPMENT COSTS (excluding land)							£127,735,980
TOTAL DEVELOPMENT COSTS (including land)							£175,553,855
3.0 Developers' Profit							
3.1	Developer return calculated as a percentage of total development costs		Rate				20%
							£35,110,771
							£35,110,771
TOTAL PROJECT COSTS [EXCLUDING INTEREST]							£210,664,626
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]							£11,041,937
4.00 Finance Costs							
			APR		PCM		
			7.00%		0.565%		-£11,041,937
TOTAL PROJECT COSTS [INCLUDING INTEREST]							£221,706,563



This appraisal has been prepared by Peter Brett Associates on behalf of the London Borough of Hammersmith & Fulham. The appraisal has been prepared in line with the RICS valuation guidance. The purpose of the appraisal is to inform London Borough of Hammersmith & Fulham as to the impact of planning policy has on viability at a strategic borough level. This appraisal is not a formal 'Red Book' (RICS Valuation - Professional Standards March 2012) valuation and should not be relied upon as such.

Flats -		750.0	Units	S4			
ITEM							
Net Site Area		2.50					£64,818,300 per ha
Yield		750.00	Private	Affordable			
			450.00	300.00			
1.0 Development Value							
1.1	Private Units		No. of units	Size sq.m	Total sq.m	£psm	Total Value
	Phase 1 pre sales Flats -		112.50	64	7,172	£11,385	£81,651,797
	Phase 1 Flats -		112.50	64	7,172	£11,385	£81,651,797
	Phase 2 pre sales Flats -		112.50	64	7,172	£11,385	£81,651,797
	Phase 2 Flats -		112.50	64	7,172	£11,385	£81,651,797
			450.00		28,688		
1.2	Affordable rent		No. of units	Size sq.m	Total sq.m	£psm	Total Value
	Phase 1 Flats -		45.00	64	2,869	£2,685	£7,702,594
	Phase 2 Flats -		45.00	64	2,869	£2,685	£7,702,594
			90.00		5,738		
1.3	Intermediate		No. of units	Size sq.m	Total sq.m	£psm	Total Value
	Phase 1 Flats -		105.00	64	6,694	£3,300	£22,089,375
	Phase 2 Flats -		105.00	64	6,694	£3,300	£22,089,375
			210.00		13,388		
Gross Development value			750.00				£386,191,125
2.0 Development Cost							
2.1 Site Acquisition							
2.1.1	Site value (residual land value)						£170,548,158
						Less stamp duty and tax	4.00%
						Agents fee	1.00%
						Legal fee	£25,000
							£162,045,750
2.3 Build Costs							
2.3.1	Private units		No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs
	Flats -		450.00	75	33,750	£1,801	£60,783,750
	Flats -		0.00	0	0	£0	£0.00
			450.00		33,750		
2.3.2	Affordable units		No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs
	Flats -		300.00	75	22,500	£1,801	£40,522,500
	Flats -		0.00	0	0	£0	£0.00
			300.00		22,500		
			750.00		56,250		£101,306,250
2.4 Construction Costs							
2.4.1	external works as a percentage of build costs		5%				£5,065,312.50
							£5,065,313
2.5 Professional Fees							
2.5.1	as percentage of build costs and construction costs		10%				£10,637,156
							£10,637,156
2.6 Contingency							
2.6.1	as percentage of build costs and construction costs		5%				£5,318,578.13
							£5,318,578
2.7 Developer contributions							
2.7.1	S.106 Obligations		£1,000	per unit			£750,000
2.7.2	Mayor CIL		£50	per sq m			£1,687,500
2.7.3	H&F Residential CIL		£0	per sq m			£0
2.7.4	H&F Commercial CIL		£0	per sq m			£0
2.7.5	Lifetime homes		£0	per flat			£0
							£2,437,500
2.8 Sale cost							
2.8.1	Sale agents fee		1.25%				£4,082,590
2.8.2	Sale legal fee		£500				£375,000
2.8.3	Marketing		£1,000				£450,000
							£4,907,590
TOTAL DEVELOPMENT COSTS (excluding land)							£129,672,387
TOTAL DEVELOPMENT COSTS (including land)							£300,220,545
3.0 Developers' Profit							
3.1	Developer return calculated as a percentage of total development costs		Rate	20%			£60,044,108.98
							£60,044,109
TOTAL PROJECT COSTS [EXCLUDING INTEREST]							£360,264,654
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]							£25,926,471
4.00 Finance Costs							
			APR	7.00%	PCM	0.565%	-£25,926,471
TOTAL PROJECT COSTS [INCLUDING INTEREST]							£386,191,125



This appraisal has been prepared by Peter Brett Associates on behalf of the London Borough of Hammersmith & Fulham. The appraisal has been prepared in line with the RICS valuation guidance. The purpose of the appraisal is to inform London Borough of Hammersmith & Fulham as to the impact of planning policy has on viability at a strategic borough level. This appraisal is not a formal 'Red Book' (RICS Valuation – Professional Standards March 2012) valuation and should not be relied upon as such.

Flats -		750.0	Units	C4			
ITEM							
Net Site Area		2.50					£42,084,525 per ha
Yield		750.00	Private	Affordable			
			450.00	300.00			
1.0 Development Value							
1.1	Private Units		No. of units	Size sq.m	Total sq.m	£psm	Total Value
	Phase 1 pre sales Flats -		112.50	64	7,172	£8,025	£67,554,297
	Phase 1 Flats -		112.50	64	7,172	£8,025	£67,554,297
	Phase 2 pre sales Flats -		112.50	64	7,172	£8,025	£67,554,297
	Phase 2 Flats -		112.50	64	7,172	£8,025	£67,554,297
			450.00		28688		
1.2	Affordable rent		No. of units	Size sq.m	Total sq.m	£psm	Total Value
	Phase 1 Flats -		45.00	64	2,869	£2,615	£7,501,781
	Phase 2 Flats -		45.00	64	2,869	£2,615	£7,501,781
			90.00		5738		
1.3	Intermediate		No. of units	Size sq.m	Total sq.m	£psm	Total Value
	Phase 1 Flats -		105.00	64	6,694	£2,945	£19,713,094
	Phase 2 Flats -		105.00	64	6,694	£2,945	£19,713,094
			210.00		13388		
Gross Development value				750.00			£284,646,938
2.0 Development Cost							
2.1 Site Acquisition							
2.1.1	Site value (residual land value)						£110,722,434
						Less stamp duty and tax	4.00%
						Agents fee	1.00%
						Legal fee	£25,000
							£105,211,312
2.3 Build Costs							
2.3.1	Private units		No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs
	Flats -		450.00	75	33,750	£1,801	£60,783,750
	Flats -		0.00	0	0	£0	£0.00
			450.00		33750		
2.3.2	Affordable units		No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs
	Flats -		300.00	75	22,500	£1,801	£40,522,500
	Flats -		0.00	0	0	£0	£0.00
			300.00		22500		
				750.00	56250		£101,306,250
2.4 Construction Costs							
2.4.1	external works as a percentage of build costs		5%				£5,065,312.50
							£5,065,313
2.5 Professional Fees							
2.5.1	as percentage of build costs and construction costs		10%				£10,637,156
							£10,637,156
2.6 Contingency							
2.6.1	as percentage of build costs and construction costs		5%				£5,318,578.13
							£5,318,578
2.7 Developer contributions							
2.7.1	S.106 Obligations		£1,000	per unit			£750,000
2.7.2	Mayor CIL		£50	per sq m			£1,687,500
2.7.3	H&F Residential CIL		£0	per sq m			£0
2.7.4	H&F Commercial CIL		£0	per sq m			£0
2.7.5	Lifetime homes		£0	per flat			£0
							£2,437,500
2.8 Sale cost							
2.8.1	Sale agents fee		1.25%				£2,877,715
2.8.2	Sale legal fee		£500				£375,000
2.8.3	Marketing		£1,000				£450,000
							£3,702,715
TOTAL DEVELOPMENT COSTS (excluding land)							£128,467,512
TOTAL DEVELOPMENT COSTS (including land)							£239,189,945
3.0 Developers' Profit							
3.1	Developer return calculated as a percentage of total development costs		Rate				£25,693,502.34
			20%				
							£25,693,502
TOTAL PROJECT COSTS (EXCLUDING INTEREST)							£264,883,448
TOTAL INCOME - TOTAL COSTS (EXCLUDING INTEREST)							£19,763,490
4.00	Finance Costs		APR	PCM			-£19,763,490
			7.00%	0.565%			
TOTAL PROJECT COSTS (INCLUDING INTEREST)							£284,646,938




This appraisal has been prepared by Peter Brett Associates on behalf of the London Borough of Hammersmith & Fulham. The appraisal has been prepared in line with the RICS valuation guidance. The purpose of the appraisal is to inform London Borough of Hammersmith & Fulham as to the impact of planning policy has on viability at a strategic borough level. This appraisal is not a formal 'Red Book' (RICS Valuation – Professional Standards March 2012) valuation and should not be relied upon as such.



Flats - Mixed - 500 resi & 8,500 sq m commercial		N5					
ITEM							
Net Site Area	3.00	£6,924,265 per ha					
Yield	500.00	Private 300.00	Affordable 200.00				
1.0 Development Value							
1.1	Private Units	No. of units	Size sq.m	Total sq.m	Epsm	Total Value	
	Phase 1 pre sales Flats -	75.00	64	4,781	£5,985	£28,615,781	
	Phase 1 Flats -	75.00	64	4,781	£5,985	£28,615,781	
	Phase 2 pre sales Flats -	75.00	64	4,781	£5,985	£28,615,781	
	Phase 2 Flats -	75.00	64	4,781	£5,985	£28,615,781	
		300.00		19125			
1.2	Affordable rent	No. of units	Size sq.m	Total sq.m	Epsm	Total Value	
	Phase 1 Flats -	30.00	64	1,913	£2,615	£5,001,188	
	Phase 2 Flats -	30.00	64	1,913	£2,615	£5,001,188	
		60.00		3825			
1.3	Intermediate	No. of units	Size sq.m	Total sq.m	Epsm	Total Value	
	Phase 1 Flats -	70.00	64	4,463	£2,615	£11,669,438	
	Phase 2 Flats -	70.00	64	4,463	£2,615	£11,669,438	
		140.00		8925			
1.4	Commercial units	No. of units	Size sq.m	Total unit size	Rent	Yield	Capital Value
		1.00	4250	4,250	£180	7%	£10,561,724
						Rent free period	Adjusted for rent free
						12	£9,838,437.42
						No. of months	4.00%
						Less stamp duty and tax	Net capital value
							£9,444,900
1.5	Commercial units	No. of units	Size sq.m	Total unit size	Rent	Yield	Capital Value
		1.00	4250	4,250	£180	7%	£10,561,724
						Rent free period	Adjusted for rent free
						12	£9,838,437.42
						No. of months	4.00%
						Less stamp duty and tax	Net capital value
							£9,444,900
Gross Development value		500.00				£166,694,175	
2.0 Development Cost							
2.1 Site Acquisition							
2.1.1	Site value (residual land value)					£28,155,573	
						Less stamp duty and tax	4.00%
						Agents fee	1.00%
						Legal fee	£25,000
						£26,772,794	
2.3 Build Costs							
2.3.1	Private units	No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs	
	Flats -	300.00	75	22,500	£1,801	£40,522,500.00	
	Flats -	0.00	0	0	£0	£0.00	
		300.00		22500			
2.3.2	Affordable units	No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs	
	Flats -	200.00	75	15,000	£1,801	£27,015,000.00	
	Flats -	0.00	0	0	£0	£0.00	
		200.00		15000			
2.3.3	Commercial units	No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs	
		1.00	10000	10,000	£1,559	£15,590,000.00	
		500.00		47,500		£83,127,500	
2.4 Construction Costs							
2.4.1	external works as a percentage of build costs	5%				£4,156,375.00	
						£4,156,375	
2.5 Professional Fees							
2.5.1	as percentage of build costs and construction costs	10%				£8,728,388	
						£8,728,388	
2.6 Contingency							
2.6.1	as percentage of build costs and construction costs	5%				£4,364,193.75	
						£4,364,194	
2.7 Developer contributions							
2.7.1	S.106 Obligations	£1,000 per unit				£300,000	
2.7.2	Mayor CIL	£50 per unit				£2,375,000	
2.7.3	H&F Residential CIL	£0 per sq m				£0	
2.7.4	H&F Commercial CIL	£0 per flat				£0	
2.7.5	Lifetime homes	£0 per unit				£0	
						£2,675,000	
2.8 Sale cost							
Residential							
2.8.1	Sale agents fee	1.25%				£1,430,789	
2.8.2	Sale legal fee	£500				£250,000	
2.8.3	Marketing	£1,000				£300,000	
Commercial phase 1							
2.8.4	Sale agents fee	1.25%				£1,131,897	
2.8.5	Sale legal fee	1.25%				£131,897	
2.8.6	Letting agent fee	10.00%				£75,500	
2.8.7	Letting legal fee	5.00%				£38,250	
2.8.8	Marketing	4%				£30,600	
Commercial phase 2							
2.8.9	Sale agents fee	1.25%				£1,131,897	
2.8.10	Sale legal fee	1.25%				£131,897	
2.8.11	Letting agent fee	10.00%				£75,500	
2.8.12	Letting legal fee	5.00%				£38,250	
2.8.13	Marketing	4%				£30,600	
						£2,799,075	
TOTAL DEVELOPMENT COSTS (excluding land)						£165,850,532	
TOTAL DEVELOPMENT COSTS (including land)						£134,006,104	
3.0 Developers' Profit							
3.1	Developer return calculated as a percentage of total development costs	Rate 20%				£26,801,221	
						£26,801,221	
TOTAL PROJECT COSTS (EXCLUDING INTEREST)							
						£160,807,325	
TOTAL INCOME - TOTAL COSTS (EXCLUDING INTEREST)							
						£5,886,849	
4.0 Finance Costs							
		APR 7.00%	PCM 0.565%			-£5,886,849	
TOTAL PROJECT COSTS (INCLUDING INTEREST)						£166,694,175	

This appraisal has been prepared by Peter Brett Associates on behalf of the London Borough of Hammersmith & Fulham. The appraisal has been prepared in line with the RICS valuation guidance. The purpose of the appraisal is to inform London Borough of Hammersmith & Fulham as to the impact of planning policy has on viability at a strategic borough level. This appraisal is not a formal 'Red Book' (RICS Valuation - Professional Standards March 2012) valuation and should not be relied upon as such.


ITEM		Private		Affordable			
Net Site Area		3.00		£36,932.885 per ha			
Yield		500.00		300.00		200.00	
							
1.0 Development Value							
1.1	Private Units	No. of units	Size sq.m	Total sq.m	Epam	Total Value	
	Phase 1 pre sales Flats –	75.00	64	4,781	£11,385	£54,434,531	
	Phase 1 Flats –	75.00	64	4,781	£11,385	£54,434,531	
	Phase 2 pre sales Flats –	75.00	64	4,781	£11,385	£54,434,531	
	Phase 2 Flats –	75.00	64	4,781	£11,385	£54,434,531	
		300.00		19125			
1.2	Affordable rent	No. of units	Size sq.m	Total sq.m	Epam	Total Value	
	Phase 1 Flats –	30.00	64	1,913	£2,685	£5,135,063	
	Phase 2 Flats –	30.00	64	1,913	£2,685	£5,135,063	
		60.00		3825			
1.3	Intermediate	No. of units	Size sq.m	Total sq.m	Epam	Total Value	
	Phase 1 Flats –	70.00	64	4,463	£3,300	£14,726,250	
	Phase 2 Flats –	70.00	64	4,463	£3,300	£14,726,250	
		140.00		8925			
1.4	Commercial units	No. of units	Size sq.m	Total unit size	Rent	Yield	Capital Value
		1.00	4250	4,250	£220	7%	£13,851,851.85
						Rent free period	Adjusted for rent free
						12	£12,975,973.63
							4.00%
							Net capital value
							£12,456,935
1.5	Commercial units	No. of units	Size sq.m	Total unit size	Rent	Yield	Capital Value
		1.00	4250	4,250	£220	7%	£13,851,851.85
						Rent free period	Adjusted for rent free
						12	£12,975,973.63
							4.00%
							Net capital value
							£12,456,935
Gross Development value		500.00				£282,374,619	
2.0 Development Cost							
2.1 Site Acquisition							
2.1.1	Site value (residual land value)					£116,603,848	
						4.00%	
						1.00%	
						£25,000	
						£110,798,655	
2.3 Build Costs							
2.3.1	Private units	No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs	
	Flats –	300.00	75	22,500	£1,801	£40,522,500	
	Flats –	0.00	0	0	£0	£0.00	
		300.00		22500			
2.3.2	Affordable units	No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs	
	Flats –	200.00	75	15,000	£1,801	£27,015,000	
	Flats –	0.00	0	0	£0	£0.00	
		200.00		15000			
2.3.3	Commercial units	No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs	
		1.00	10000	10,000	£1,859	£18,590,000	
		500.00		47,500		£83,127,500	
2.4 Construction Costs							
2.4.1	external works as a percentage of build costs	5%				£4,156,375	
						£4,156,375	
2.5 Professional Fees							
2.5.1	as percentage of build costs and construction costs	10%				£8,728,388	
						£8,728,388	
2.6 Contingency							
2.6.1	as percentage of build costs and construction costs	5%				£4,364,193.75	
						£4,364,194	
2.7 Developer contributions							
2.7.1	S.106 Obligations	£1,000 per unit				£300,000	
2.7.2	Mayor CIL	£50 per unit				£2,375,000	
2.7.3	H&F Residential CIL	£0 per sq m				£0	
2.7.4	H&F Commercial CIL	£0 per flat				£0	
2.7.5	Lifetime homes	£0 per unit				£0	
						£2,675,000	
2.8 Sale cost							
Residential							
2.8.1	Sale agents fee	1.25%				£2,721,727	
2.8.2	Sale legal fee	£500				£250,000	
2.8.3	Marketing	£1,000				£300,000	
Commercial phase 1							
2.8.4	Sale agents fee	1.25%				£173,148	
2.8.5	Sale legal fee	1.25%				£173,148	
2.8.6	Letting agent fee	10.00%				£93,500	
2.8.7	Letting legal fee	5.00%				£46,750	
2.8.8	Marketing	4%				£37,400	
Commercial phase 2							
2.8.9	Sale agents fee	1.25%				£173,148	
2.8.10	Sale legal fee	1.25%				£173,148	
2.8.11	Letting agent fee	10.00%				£93,500	
2.8.12	Letting legal fee	5.00%				£46,750	
2.8.13	Marketing	4%				£37,400	
						£4,319,619	
TOTAL DEVELOPMENT COSTS (excluding land)						£107,371,075	
TOTAL DEVELOPMENT COSTS (including land)						£223,974,923	
3.0 Developers' Profit							
3.1	Developer return calculated as a percentage of total development costs	Rate		20%		£44,794,984.64	
						£44,794,985	
TOTAL PROJECT COSTS (EXCLUDING INTEREST)						£268,769,908	
TOTAL INCOME - TOTAL COSTS (EXCLUDING INTEREST)						£13,604,712	
4.0 Finance Costs							
		APR		PCM			
		7.00%		0.565%		-	
						£13,604,712	
TOTAL PROJECT COSTS (INCLUDING INTEREST)						£282,374,619	

This appraisal has been prepared by Peter Brett Associates on behalf of the London Borough of Hammersmith & Fulham. The appraisal has been prepared in line with the RICS valuation guidance. The purpose of the appraisal is to inform London Borough of Hammersmith & Fulham as to the impact of planning policy has on viability at a strategic borough level. This appraisal is not a formal 'Red Book' (RICS Valuation – Professional Standards March 2012) valuation and should not be relied upon as such.



Flats - Mixed - 500 resi & 8,500 sq m commercial CS							
ITEM							
Net Site Area		3.00		£21,323,848 per ha			
Yield		500.00		Private 300.00 Affordable 200.00			
1.0 Development Value							
1.1	Private Units	No. of units	Size sq.m	Total sq.m	Epam	Total Value	
	Phase 1 pre sales Flats -	75.00	64	4,781	£8,025	£38,369,531	
	Phase 1 Flats -	75.00	64	4,781	£8,025	£38,369,531	
	Phase 2 pre sales Flats -	75.00	64	4,781	£8,025	£38,369,531	
	Phase 2 Flats -	75.00	64	4,781	£8,025	£38,369,531	
		300.00		19125			
1.2	Affordable rent	No. of units	Size sq.m	Total sq.m	Epam	Total Value	
	Phase 1 Flats -	30.00	64	1,913	£2,615	£5,001,188	
	Phase 2 Flats -	30.00	64	1,913	£2,615	£5,001,188	
		60.00		3825			
1.3	Intermediate	No. of units	Size sq.m	Total sq.m	Epam	Total Value	
	Phase 1 Flats -	70.00	64	4,463	£2,945	£13,142,063	
	Phase 2 Flats -	70.00	64	4,463	£2,945	£13,142,063	
		140.00		8925			
1.4	Commercial units	No. of units	Size sq.m	Total unit size	Rent	Yield	Capital Value
		1.00	4250	4,250	£250	7%	£15,740,741
				No. of months	Rent free period		Adjusted for rent free
					12		£14,745,424.58
				Less stamp duty and tax		4.00%	Net capital value
							£14,155,608
1.5	Commercial units	No. of units	Size sq.m	Total unit size	Rent	Yield	Capital Value
		1.00	4250	4,250	£250	7%	£15,740,741
				No. of months	Rent free period		Adjusted for rent free
					12		£14,745,424.58
				Less stamp duty and tax		4.00%	Net capital value
							£14,155,608
Gross Development value		500.00		£218,075,840			
2.0 Development Cost							
2.1 Site Acquisition							
2.1.1	Site value (residual land value)					£67,312,151	
		Less stamp duty and tax				4.00%	
		Agents fee				1.00%	
		Legal fee				£25,000	
						£63,971,544	
2.3 Build Costs							
2.3.1	Private units	No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs	
	Phase 1 pre sales Flats -	300.00	75	22,500	£1,801	£40,527,500	
	Phase 1 Flats -	0.00	0	0	£0	£0.00	
		300.00		22500			
2.3.2	Affordable units	No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs	
	Phase 1 Flats -	200.00	75	15,000	£1,801	£27,015,000	
	Phase 2 Flats -	0.00	0	0	£1,187	£0.00	
		200.00		15000			
2.3.3	Commercial units	No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs	
		1.00	10000	10,000	£1,859	£18,590,000	
		500.00		47,500		£83,127,500	
2.4 Construction Costs							
2.4.1	external works as a percentage of build costs	5%		£4,156,375			
						£4,156,375	
2.5 Professional Fees							
2.5.1	as percentage of build costs and construction costs	10%		£8,728,388			
						£8,728,388	
2.6 Contingency							
2.6.1	as percentage of build costs and construction costs	5%		£4,364,193.75			
						£4,364,194	
2.7 Developer contributions							
2.7.1	S.106 Obligations	£1,000 per unit		£300,000			
2.7.2	Mayor CIL	£50 per unit		£2,375,000			
2.7.3	H&F Residential CIL	£0 per sq m		£0			
2.7.4	H&F Commercial CIL	£0 per flat		£0			
2.7.5	Lifetime homes	£0 per unit		£0			
						£2,675,000	
2.8 Sale cost							
Residential							
2.8.1	Sale agents fee	1.25%		£1,918,477			
2.8.2	Sale legal fee	£500		£250,000			
						£300,000	
Commercial phase 1							
2.8.4	Sale agents fee	1.25%		£196,759			
2.8.5	Sale legal fee	1.25%		£196,759			
2.8.6	Letting agent fee	10.00%		£106,250			
2.8.7	Letting legal fee	5.00%		£53,125			
						£42,500	
Commercial phase 2							
2.8.9	Sale agents fee	1.25%		£196,759			
2.8.10	Sale legal fee	1.25%		£196,759			
2.8.11	Letting agent fee	10.00%		£106,250			
2.8.12	Letting legal fee	5.00%		£53,125			
2.8.13	Marketing	4%		£42,500			
						£3,659,264	
TOTAL DEVELOPMENT COSTS (excluding land)						£106,710,720	
TOTAL DEVELOPMENT COSTS (including land)						£174,022,871	
3.0 Developers' Profit							
3.1	Developer return calculated as a percentage of total development costs	Rate 20%		£34,804,574.27			
						£34,804,574	
TOTAL PROJECT COSTS (EXCLUDING INTEREST)						£208,827,445	
TOTAL INCOME - TOTAL COSTS (EXCLUDING INTEREST)						£9,248,395	
4.0 Finance Costs							
		APR 7.00%		PCM 0.565%		£9,248,395	
TOTAL PROJECT COSTS (INCLUDING INTEREST)						£218,075,840	


This appraisal has been prepared by Peter Brett Associates on behalf of the London Borough of Hammersmith & Fulham. The appraisal has been prepared in line with the RICS valuation guidance. The purpose of the appraisal is to inform London Borough of Hammersmith & Fulham as to the impact of planning policy has on viability at a strategic borough level. This appraisal is not a formal 'Red Book' (RICS Valuation - Professional Standards March 2012) valuation and should not be relied upon as such.

Flats - North		Mixed - 750 resi & 12,750 sq m commercial		N6	
ITEM					
Net Site Area		3.00		£12,982,666 per ha	
Yield		750.00		Private 450.00, Affordable 300.00	
					
1.0 Development Value					
1.1 Private Units					
	No. of units	Size sq.m	Total sq.m	Epms	Total Value
Phase 1 pre sales Flats -	112.50	64	7,172	£5,985	£42,923,672
Phase 1 Flats -	112.50	64	7,172	£5,985	£42,923,672
Phase 2 pre sales Flats -	112.50	64	7,172	£5,985	£42,923,672
Phase 2 Flats -	112.50	64	7,172	£5,985	£42,923,672
	450.00		28,688		
1.2 Affordable rent					
	No. of units	Size sq.m	Total sq.m	Epms	Total Value
Phase 1 Flats -	45.00	64	2,869	£2,615	£7,501,781
Phase 2 Flats -	45.00	64	2,869	£2,615	£7,501,781
	90.00		5,738		
1.3 Intermediate					
	No. of units	Size sq.m	Total sq.m	Epms	Total Value
Phase 1 Flats -	105.00	64	6,694	£2,615	£17,504,156
Phase 2 Flats -	105.00	64	6,694	£2,615	£17,504,156
	210.00		13,388		
1.4 Commercial units					
	No. of units	Size sq.m	Total unit size	Rent	Yield
	1.00	6375	6,375	£180	7%
			No. of months	Rent free period 12	
			Less stamp duty and tax		Adjusted for rent free £15,925,058.55
					4.00% Net capital value £15,288,056
1.5 Commercial units					
	No. of units	Size sq.m	Total unit size	Rent	Yield
	1.00	6375	6,375	£180	7%
			No. of months	Rent free period 12	
			Less stamp duty and tax		Adjusted for rent free £15,925,058.55
					4.00% Net capital value £15,288,056
Gross Development value		750.00		47813	
Development Cost				£252,282,675	
2.1 Site Acquisition					
2.1.1 Site value (residual land value)				£40,971,577	
				Less stamp duty and tax 4.00%	
				Agents fee 1.00%	
				Legal fee £25,000	
				£38,947,998	
2.3 Build Costs					
2.3.1 Private units					
	No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs
450.00	75	33,750	£1,801	£60,783,750	
0.00	0	0	£1,187	£0.00	
450.00		33750			
2.3.2 Affordable units					
	No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs
300.00	75	22,500	£1,801	£40,522,500	
0.00	0	0	£1,187	£0.00	
300.00		22500			
2.3.3 Commercial units					
	No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs
1.00	15000		£1,659	£23,365,000	
750.00		71,250		£124,691,250	
2.4 Construction Costs					
2.4.1 external works as a percentage of build costs		5%		£6,234,563	
				£6,234,563	
2.5 Professional Fees					
2.5.1 as percentage of build costs and construction costs		10%		£13,082,581	
				£13,082,581	
2.6 Contingency					
2.6.1 as percentage of build costs and construction costs		5%		£6,546,291	
				£6,546,291	
2.7 Developer contributions					
2.7.1 S.106 Obligations		£1,000 per unit		£450,000	
2.7.2 Mayor CIL		£50 per unit		£3,562,500	
2.7.3 H&F Residential CIL		£0 per sq m		£0	
2.7.4 H&F Commercial CIL		£0 per flat		£0	
2.7.5 Lifetime homes		£0 per unit		£0	
				£4,012,500	
2.8 Sale cost					
Residential					
2.8.1 Sale agents fee		1.25%		£2,146,184	
2.8.2 Sale legal fee		£500		£375,000	
2.8.3 Marketing		£1,000		£450,000	
Commercial phase 1					
2.8.4 Sale agents fee		1.25%		£212,500	
2.8.5 Sale legal fee		1.25%		£212,500	
2.8.6 Letting agent fee		10.00%		£114,750	
2.8.7 Letting legal fee		5.00%		£57,375	
2.8.8 Marketing		4%		£45,900	
Commercial phase 2					
2.8.9 Sale agents fee		1.25%		£212,500	
2.8.10 Sale legal fee		1.25%		£212,500	
2.8.11 Letting agent fee		10.00%		£114,750	
2.8.12 Letting legal fee		5.00%		£57,375	
2.8.13 Marketing		4%		£45,900	
				£4,257,234	
TOTAL DEVELOPMENT COSTS (excluding land)				£158,834,418	
TOTAL DEVELOPMENT COSTS (including land)				£199,805,995	
3.0 Developers' Profit					
3.1 Developer return calculated as a percentage of total development costs		Rate 20%		£39,961,196.96	
				£39,961,199	
TOTAL PROJECT COSTS (EXCLUDING INTEREST)				£239,767,194	
TOTAL INCOME - TOTAL COSTS (EXCLUDING INTEREST)				£12,515,481	
4.0 Finance Costs					
		APR 7.00%		PCM 0.565%	
				£12,515,481	
TOTAL PROJECT COSTS (INCLUDING INTEREST)				£252,282,675	
This appraisal has been prepared by Peter Brett Associates on behalf of the London Borough of Hammersmith & Fulham. The appraisal has been prepared in line with the RICS valuation guidance. The purpose of the appraisal is to inform London Borough of Hammersmith & Fulham as to the impact of planning policy has on viability at a strategic borough level. This appraisal is not a formal 'Red Book' (RICS Valuation - Professional Standards March 2012) valuation and should not be relied upon as such.					



Plats - Mixed - 750 resi & 12,750 sqm commercial C6										
ITEM										
Net Site Area		3.00		£30,945.603 per ha						
Yield		750.00		Private 450.00 Affordable 300.00						
1.0 Development Value										
1.1	Private Units		No. of units	Size sq.m	Total sq.m	Epam	Total Value			
	Phase 1 pre sales	Flats -	112.50	64	7,172	£8,025	£57,554,297			
	Phase 1	Flats -	112.50	64	7,172	£8,025	£57,554,297			
	Phase 2 pre sales	Flats -	112.50	64	7,172	£8,025	£57,554,297			
	Phase 2	Flats -	112.50	64	7,172	£8,025	£57,554,297			
			450.00		28688					
1.2	Affordable rent		No. of units	Size sq.m	Total sq.m	Epam	Total Value			
	Phase 1	Flats -	45.00	64	2,869	£2,615	£7,501,781			
	Phase 2	Flats -	45.00	64	2,869	£2,615	£7,501,781			
			90.00		5738					
1.3	Intermediate		No. of units	Size sq.m	Total sq.m	Epam	Total Value			
	Phase 1	Flats -	105.00	64	6,694	£2,945	£19,713,094			
	Phase 2	Flats -	105.00	64	6,694	£2,945	£19,713,094			
			210.00		13388					
1.4	Commercial units		No. of units	Size sq.m	Total unit size	Rent	Yield	Capital Value		
			1.00	6375	6,375	£250	7%	£23,611,111		
							Rent free period	Adjusted for rent free		
							12	£22,118,136.87		
							No. of months	4.00%		
							Less stamp duty and tax	Net capital value		
								£21,233,411		
1.5	Commercial units		No. of units	Size sq.m	Total unit size	Rent	Yield	Capital Value		
			1.00	6375	6,375	£250	7%	£23,611,111		
							Rent free period	Adjusted for rent free		
							12	£22,118,136.87		
							No. of months	4.00%		
							Less stamp duty and tax	Net capital value		
								£21,233,411		
Gross Development value			750.00			£327,113,760				
2.0 Development Cost										
2.1 Site Acquisition										
2.1.1	Site value (residual land value)								£97,706,116	
								Less stamp duty and tax		
								4.00%		
								Agents fee		
								£25,000		
								Legal fee		
								£92,845,810		
2.3 Build Costs										
2.3.1	Private units		No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs			
	Phase 1	Flats -	450.00	75	33,750	£1,801	£60,763,750			
	Phase 2	Flats -	0.00	0	0	£1,187	£0.00			
			450.00		33750					
2.3.2	Affordable units		No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs			
	Phase 1	Flats -	300.00	75	22,500	£1,801	£40,522,500			
	Phase 2	Flats -	0.00	0	0	£1,187	£0.00			
			300.00		22500					
2.3.3	Commercial units		No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs			
			1.00	15000	15,000	£1,659	£23,885,000			
			750.00		71,250					
Construction Costs			750.00			£124,691,250				
2.4.1	external works as a percentage of build costs			5%						
					£6,234,563					
Professional Fees			2.5.1			£13,092,581				
2.5.1	as percentage of build costs and construction costs			10%						
					£13,092,581					
Contingency			2.6.1			£6,546,291				
2.6.1	as percentage of build costs and construction costs			5%						
					£6,546,291					
2.7 Developer contributions										
2.7.1	S.106 Obligations			£1,000	per unit		£450,000			
2.7.2	Mayor CIL			£50	per unit		£3,562,500			
2.7.3	H&F Residential CIL			£0	per sq m		£0			
2.7.4	H&F Commercial CIL			£0	per flat		£0			
2.7.5	Lifetime homes			£0	per unit		£0			
Sale cost			2.8			£4,012,500				
Residential										
2.8.1	Sale agents fee			1.25%	£2,877,715					
2.8.2	Sale legal fee			£500	£375,000					
Commercial phase 1										
2.8.3	Marketing			£1,000	£450,000					
2.8.4	Sale agents fee			1.25%	£295,139					
2.8.5	Sale legal fee			1.25%	£295,139					
2.8.6	Letting agent fee			10.00%	£159,375					
2.8.7	Letting legal fee			5.00%	£79,688					
Commercial phase 2										
2.8.8	Marketing			4%	£63,750					
2.8.9	Sale agents fee			1.25%	£295,139					
2.8.10	Sale legal fee			1.25%	£295,139					
2.8.11	Letting agent fee			10.00%	£159,375					
2.8.12	Letting legal fee			5.00%	£79,688					
2.8.13	Marketing			4%	£63,750					
TOTAL DEVELOPMENT COSTS (excluding land)						£160,066,080				
TOTAL DEVELOPMENT COSTS (including land)						£257,772,196				
3.0 Developers' Profit										
3.1	Developer return calculated as a percentage of total development costs			Rate	20%		£51,554,439.20			
TOTAL PROJECT COSTS (EXCLUDING INTEREST)						£309,326,635				
TOTAL INCOME - TOTAL COSTS (EXCLUDING INTEREST)						£17,787,125				
4.00 Finance Costs										
				APR	7.00%		PCM	0.565%		
					£-17,787,125					
TOTAL PROJECT COSTS (INCLUDING INTEREST)						£327,113,760				

This appraisal has been prepared by Peter Brett Associates on behalf of the London Borough of Hammersmith & Fulham. The appraisal has been prepared in line with the RICS valuation guidance. The purpose of the appraisal is to inform London Borough of Hammersmith & Fulham as to the impact of planning policy has on viability at a strategic borough level. This appraisal is not a formal 'Red Book' (RICS Valuation - Professional Standards March 2012) valuation and should not be relied upon as such.

ITEM		Private		Affordable		
Net Site Area		450.00		300.00		
		750.00				
<p>Flats - Mixed - 750 resi & 12,750 sq m commercial S6</p> <p style="text-align: right;">£53,765,617 per ha</p>						
						
1.0 Development Value						
1.1	Private Units	No. of units	Size sq.m	Total sq.m	Epem	Total Value
	Phase 1 pre sales Flats -	112.50	64	7,172	£11,385	£81,651,797
	Phase 1 Flats -	112.50	64	7,172	£11,385	£81,651,797
	Phase 2 pre sales Flats -	112.50	64	7,172	£11,385	£81,651,797
	Phase 2 Flats -	112.50	64	7,172	£11,385	£81,651,797
		450.00		28,688		
1.2	Affordable rent	No. of units	Size sq.m	Total sq.m	Epem	Total Value
	Phase 1 Flats -	45.00	64	2,869	£2,685	£7,702,594
	Phase 2 Flats -	45.00	64	2,869	£2,685	£7,702,594
		90.00		5,738		
1.3	Intermediate	No. of units	Size sq.m	Total sq.m	Epem	Total Value
	Phase 1 Flats -	105.00	64	6,694	£3,300	£22,089,375
	Phase 2 Flats -	105.00	64	6,694	£3,300	£22,089,375
		210.00		13,388		
1.4	Commercial units	No. of units	Size sq.m	Total unit size	Rent	Yield
		1.00	6375	6,375	£220	7%
						Capital Value
						£20,777,778
				No. of months	Rent free period	Adjusted for rent free
					12	£19,463,960.45
				Less stamp duty and tax		4.00%
						Net capital value
						£18,685,402
1.5	Commercial units	No. of units	Size sq.m	Total unit size	Rent	Yield
		1.00	6375	6,375	£220	7%
						Capital Value
						£20,777,778
				No. of months	Rent free period	Adjusted for rent free
					12	£19,463,960.45
				Less stamp duty and tax		4.00%
						Net capital value
						£18,685,402
Gross Development value		750.00				£423,561,929
2.0 Development Cost						
2.1 Site Acquisition						
2.1.1	Site value (residual land value)					£169,759,843
				Less stamp duty and tax	4.00%	
				Agents fee	1.00%	
				Legal fee	£25,000	
						£161,296,851
2.3 Build Costs						
2.3.1	Private units	No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs
	Flats -	450.00	75	33,750	£1,801	£60,783,750.00
	Flats -	0.00	0	0	£1,187	£0.00
		450.00		33750		
2.3.2	Affordable units	No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs
	Flats -	300.00	75	22,500	£1,801	£40,522,500.00
	Flats -	0.00	0	0	£1,187	£0.00
		300.00		22500		
2.3.3	Commercial units	No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs
		1.00	15000	15,000	£1,559	£23,385,000.00
		750.00		71,250		£124,691,250
2.4 Construction Costs						
2.4.1	external works as a percentage of build costs	5%				£6,234,562.50
						£6,234,563
2.5 Professional Fees						
2.5.1	as percentage of build costs and construction costs	10%				£13,092,581
						£13,092,581
2.6 Contingency						
2.6.1	as percentage of build costs and construction costs	5%				£5,546,291
						£5,546,291
2.7 Developer contributions						
2.7.1	S.106 Obligations	£1,000 per unit				£450,000
2.7.2	Mayor CIL	£50 per unit				£3,662,500
2.7.3	H&F Residential CIL	£0 per sq m				£0
2.7.4	H&F Commercial CIL	£0 per flat				£0
2.7.5	Lifetime homes	£0 per unit				£0
						£4,012,500
2.8 Sale cost						
2.8.1	Residential Sale agents fee	1.25%				£4,082,590
2.8.2	Residential Sale legal fee	£500				£375,000
2.8.3	Residential Marketing	£1,000				£450,000
2.8.4	Commercial phase 1 Sale agents fee	1.25%				£259,722
2.8.5	Commercial phase 1 Sale legal fee	1.25%				£259,722
2.8.6	Commercial phase 1 Letting agent fee	10.00%				£140,250
2.8.7	Commercial phase 1 Letting legal fee	5.00%				£70,125
2.8.8	Commercial phase 1 Marketing	4%				£56,100
2.8.9	Commercial phase 2 Sale agents fee	1.25%				£259,722
2.8.10	Commercial phase 2 Sale legal fee	1.25%				£259,722
2.8.11	Commercial phase 2 Letting agent fee	10.00%				£140,250
2.8.12	Commercial phase 2 Letting legal fee	5.00%				£70,125
2.8.13	Commercial phase 2 Marketing	4%				£56,100
						£6,479,429
TOTAL DEVELOPMENT COSTS (excluding land)						£161,056,613
TOTAL DEVELOPMENT COSTS (including land)						£330,816,456
3.0 Developers' Profit						
3.1	Developer return calculated as a percentage of total development costs	Rate 20%				£66,163,291.28
						£66,163,291
TOTAL PROJECT COSTS (EXCLUDING INTEREST)						£396,979,748
TOTAL INCOME - TOTAL COSTS (EXCLUDING INTEREST)						£26,582,181
4.0 Finance Costs						
		APR 7.00%	PCM 0.565%			£26,582,181
TOTAL PROJECT COSTS (INCLUDING INTEREST)						£423,561,929

This appraisal has been prepared by Peter Brett Associates on behalf of the London Borough of Hammersmith & Fulham. The appraisal has been prepared in line with the RICS valuation guidance. The purpose of the appraisal is to inform London Borough of Hammersmith & Fulham as to the impact of planning policy has on viability at a strategic borough level. This appraisal is not a formal 'Red Book' (RICS Valuation - Professional Standards March 2012) valuation and should not be relied upon as such.

ECWK

ITEM

Net Site Area	32.60	£15,302,860 per ha
Yield	8,000	Private 4,720 59% Affordable 3,280 41%



1.0 Development Value		No. of units	Size sq.m	Total sq.m	£psm	Total Value
1.1	Resi LBHF - Private					
	Phase 1 pre-sales	1,080	70	75,600	£11,000	£831,600,000
	Phase 1	1,080	70	75,600	£11,000	£831,600,000
	Phase 2 pre-sales	1,080	70	75,600	£11,000	£831,600,000
	Phase 2	1,080	70	75,600	£11,000	£831,600,000
		4,320		302,400		
1.2	Resi LBHF - Affordable rent	34.91%				
	Phase 1	573	70	40,075	£2,260	£90,569,500
	Phase 2	573	70	40,075	£2,260	£90,569,500
		1,145		80,150		
1.3	Resi LBHF - Intermediate	34.91%				
	Phase 1	573	70	40,075	£2,260	£90,569,500
	Phase 2	573	70	40,075	£2,260	£90,569,500
		1,145		80,150		
1.4	LBHF Replacement social rent	17.99%				
	Phase 1	295	70	20,650	£2,260	£46,669,000
	Phase 2	295	70	20,650	£2,260	£46,669,000
		590		41,300		
1.5	Resi RBKC - Private ECWK					
	Phase 1 pre-sales	100	70	7,000	£13,500	£94,500,000
	Phase 1	100	70	7,000	£13,500	£94,500,000
	Phase 2 pre-sales	100	70	7,000	£13,500	£94,500,000
	Phase 2	100	70	7,000	£13,500	£94,500,000
		400		28,000		
1.6	Resi RBKC - Affordable rent ECWK	0.91%				
	Phase 1	15	70	1,050	£2,500	£2,625,000
	Phase 2	15	70	1,050	£2,500	£2,625,000
		30		2,100		
1.7	Resi RBKC - Intermediate ECWK	0.91%				
	Phase 1	15	70	1,050	£2,500	£2,625,000
	Phase 2	15	70	1,050	£2,500	£2,625,000
		30		2,100		
1.8	RBKC Social rented	10.37%				
	Phase 1	170	70	11,900	£2,500	£29,750,000
	Phase 2	170	70	11,900	£2,500	£29,750,000
		340		23,800		
1.9	Ground rents	No. of units 4,720			Rent £400	Yield 6%
						Capital Value £31,466,667
					Less stamp duty land tax 4.00%	Net capital value £30,208,000
1.10	Commercial units mixed	No. of units 1.00	Size sq.m 227,619	Total unit size 227,619	Rent £220	Yield 6.75%
						Capital Value £741,869,170
					Rent free period (months) 12	Adjusted for rent free £694,959,410.18
					Less stamp duty land tax 4.00%	Net capital value £667,161,034
	Development value		8000.00			£4,927,385,034
2.0 Development Cost						
2.1 Site Acquisition						
2.1.1	Site value (residual land value)					£525,103,405
					Less stamp duty and tax 4.00%	
					Agents fee 1.00%	
					Legal fee £25,000	
						£498,873,235
2.3 Build Costs						
2.3.1	Resi LBHF - Private	No. of units 4,320	Size sq.m 86	Total sq.m 371,520	Cost per sq.m £2,379	Total Costs £883,846,080
2.3.2	Resi RBKC - Private ECWK	No. of units 400	Size sq.m 86	Total sq.m 34,400	Cost per sq.m £3,283	Total Costs £112,935,200
2.3.3	Resi LBHF - Affordable rent & Resi RBKC - Affordable rent ECWK	No. of units 1,175	Size sq.m 86	Total sq.m 101,050	Cost per sq.m £1,475	Total Costs £149,048,750
	Resi LBHF - Intermediate & Resi RBKC - Intermediate ECWK	1,175	86	101,050	£1,647	£166,429,350
		2,350		202,100		
2.3.4	LBHF Replacement social rent	No. of units 590	Size sq.m 86	Total sq.m 50,740	Cost per sq.m £1,475	Total Costs £74,841,500
	RBKC Social rented	340	86	29,240	£1,475	£43,129,000
		930		79,980		
2.3.5	Commercial units mixed	No. of units 1.00	Size sq.m 267,787	Total sq.m 267,787	Cost per sq.m £1,881	Total Costs £503,670,671
		8,000		955,787		£1,933,900,551
2.4 Site abnormals & Infrastructure costs						
2.4.1	Site Preparation and Infrastructure		£601,656 per ha			£19,614,000
2.4.2	Infrastructure & abnormals		£18,543,650 per ha			£604,522,990
						£624,136,990
2.5 Professional Fees						
2.5.1	as percentage of build costs and construction costs		10%			£255,803,754.07
						£255,803,754
2.6 Contingency						
2.6.1	as percentage of build costs and construction costs		5%			£127,901,877.03
						£127,901,877
2.7 Developer contributions						
2.7.1	Section 106 Obligations		£0 per unit			£0
2.7.2	Mayor CIL		£50 per sq m			£33,685,350
2.7.3	H&F Residential CIL		£0 per sq m			£0
2.7.4	H&F Mixed commercial CIL		£0 per sq m			£0

2.8 Sale cost			£33,685,350
Residential			
2.8.1	Sale agents fee	1.25%	£41,580,000
2.8.2	Sale legal fee	£500	£4,000,000
2.8.3	Marketing	£1,000 per private unit	£4,720,000
Commercial phase 1			
2.8.4	Sale agents fee	1.25% of Gross first year rent	£4,833,349
2.8.5	Sale legal fee	1.25% of Gross first year rent	£4,833,349
2.8.6	Marketing	4% of Gross first year rent	£1,001,523
2.8.7	Letting agents fee	10% of Gross first year rent	£2,503,808
2.8.8	Letting legal fee	5% of Gross first year rent	£1,251,904
Commercial phase 2			
2.8.9	Sale agents fee	1.25% of Gross first year rent	£4,833,349
2.8.10	Sale legal fee	1.25% of Gross first year rent	£4,833,349
2.8.11	Marketing	4% of Gross first year rent	£1,001,523
2.8.12	Letting agents fee	10% of Gross first year rent	£2,503,808
2.8.13	Letting legal fee	5% of Gross first year rent	£1,251,904
			£79,147,868
TOTAL DEVELOPMENT COSTS (excluding land)			£3,054,576,390
TOTAL DEVELOPMENT COSTS (including land)			£3,579,679,795
3.0 Developers' Profit			
3.1	Developer return calculated as a percentage of total development costs	Rate 20%	£715,935,959.05
			£715,935,959
TOTAL PROJECT COSTS [EXCLUDING INTEREST]			£4,295,615,754
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]			£631,769,279
4.00	Finance Costs	APR 7.00%	PCM 0.565% -£631,769,279
TOTAL PROJECT COSTS [INCLUDING INTEREST]			£4,927,385,034

This appraisal has been prepared by Peter Brett Associates on behalf of the London Borough of Hammersmith & Fulham. The appraisal has been prepared in line with the RICS valuation guidance. The purpose of the appraisal is to inform London Borough of Hammersmith & Fulham as to the impact of planning policy has on viability at a strategic borough level. This appraisal is not a formal Red Book (RICS Valuation – Professional Standards January 2014) valuation and should not be relied upon as such.



Flats -		100.0	Units	WC1				
ITEM								
Net Site Area		0.50	£19,538,179 per ha					
Yield		100.00	Private	Affordable				
			60.00	40.00				
1.0 Development Value								
1.1	Private Units	No. of units	Size sq.m	Total sq.m	Epsm	Total Value		
	Phase 1 Flats -	60.00	64	3,825	£7,630	£29,184,750		
	Phase 2 Flats -	0.00	64	0	£7,630	£0		
		60.00		3,825				
1.2	Social rent	No. of units	Size sq.m	Total sq.m	Epsm	Total Value		
	Phase 1 Flats -	25.00	64	1,594	£1,733	£2,765,969		
	Phase 2 Flats -	0.00	64	0	£1,733	£0		
		25.00		1,594				
1.3	Intermediate	No. of units	Size sq.m	Total sq.m	Epsm	Total Value		
	Phase 1 Flats -	15.00	64	956	£2,699	£2,580,919		
	Phase 2 Flats -	0.00	64	0	£2,699	£0		
		15.00		956				
1.4	Commercial units	No. of units	Size sq.m	Total unit size	Rent	Yield	Capital Value	
		0.00	0	0	£0	0%	£0	
				No. of months	Rent free period		Adjusted for rent free	
					0		£0.00	
				Less stamp duty and tax			0.00%	
							Net capital value	
							£0	
1.5	Commercial units	No. of units	Size sq.m	Total unit size	Rent	Yield	Capital Value	
		0.00	0	0	£0	0%	£0	
				No. of months	Rent free period		Adjusted for rent free	
					0		£0.00	
				Less stamp duty and tax			0.00%	
							Net capital value	
							£0	
Gross Development value		100.00			£34,527,638			
2.0 Development Cost								
2.1	Site Acquisition							
2.1.1	Site value (residual land value)						£10,256,936	
				Less stamp duty and tax				
				Agents fee	4.00%			
				Legal fee	1.00%	£25,000		
						£9,769,090		
2.3 Build Costs								
2.3.1	Private units	No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs		
	Phase 1 Flats -	60.00	75	4,500	£1,801	£8,105,500		
	Phase 2 Flats -	0.00	0	0	£0	£0.00		
		60.00		4,500				
2.3.2	Affordable units	No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs		
	Phase 1 Flats -	40.00	75	3,000	£1,801	£5,403,000		
	Phase 2 Flats -	0.00	0	0	£0	£0.00		
		40.00		3,000				
2.3.3	Commercial units	No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs		
		0.00	0	0	£1,559	£0.00		
		100.00		7,500		£13,507,500		
2.4	Construction Costs							
2.4.1	external works as a percentage of build costs		5%					
						£675,375.00		
						£675,375		
2.5	Professional Fees							
2.5.1	as percentage of build costs and construction costs	10%		155.9				
						£1,418,288		
						£1,418,288		
2.6	Contingency							
2.6.1	as percentage of build costs and construction costs	5%		77.95	£1,793	£709,143.75		
						£709,144		
2.7	Developer contributions							
2.7.1	S.106 Obligations	£1,000	per sq m					
						£60,000		
2.7.2	Mayor CIL	£50	per sq m					
						£225,000		
2.7.3	H&F Residential CIL	£0	per sq m					
						£0		
2.7.4	H&F Commercial CIL	£0	per sqm					
						£0		
2.7.5	Lifetime homes	£0	per unit					
						£0		
						£285,000		
2.8	Sale cost							
2.8.1	Residential Sale agents fee	1.25%					£384,809	
2.8.2	Sale legal fee	£500					£50,000	
2.8.3	Marketing	£1,000					£60,000	
2.8.4	Commercial phase 1 Marketing	4%	of Gross first year rent					£0
2.8.5	Sale agents fee	1.25%					£0	
2.8.6	Sale legal fee	1.25%					£0	
2.8.7	Letting agent fee	10.00%					£0	
2.8.8	Letting legal fee	5.00%					£0	
2.8.9	Commercial phase 2 Marketing	4%	of Gross first year rent					£0
2.8.10	Sale agents fee	1.25%					£0	
2.8.11	Sale legal fee	1.25%					£0	
2.8.12	Letting agent fee	10.00%					£0	
2.8.13	Letting legal fee	5.00%					£0	
						£474,809		
TOTAL DEVELOPMENT COSTS (excluding land)						£17,070,116		
TOTAL DEVELOPMENT COSTS (including land)						£27,327,052		
3.0	Developers' Profit							
3.1	Developer return calculated as a percentage of total development costs	Rate	20%					
						£5,465,410.41		
						£5,465,410		
TOTAL PROJECT COSTS [EXCLUDING INTEREST]						£32,792,462		
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£1,735,175		
4.00	Finance Costs	APR	7.00%	PCM	0.565%	-£1,735,175		
TOTAL PROJECT COSTS (INCLUDING INTEREST)						£34,527,638		

This appraisal has been prepared by Peter Brett Associates on behalf of the London Borough of Hammersmith & Fulham. The appraisal has been prepared in line with the RICS valuation guidance. The purpose of the appraisal is to inform London Borough of Hammersmith & Fulham as to the impact of planning policy has on viability at a strategic borough level. This appraisal is not a formal 'Red Book' (RICS Valuation - Professional Standards January 2014) valuation and should not be relied upon as such.



Flats - 100.0 Units WC2	
ITEM	
Net Site Area	0.33 <input type="text"/> £29,307,269 per ha <input type="text"/>
Yield	Private 100.00 <input type="text"/> 60.00 <input type="text"/> Affordable 40.00 <input type="text"/>
1.0 Development Value	
1.1 Private Units	No. of units 60.00 Size sq.m 64 Total sq.m 3,825 Epsm £7,630 Total Value £29,184,750
Phase 1 Flats -	60.00 64 3,825 £7,630 £29,184,750
Phase 2 Flats -	0.00 0 0 £0 £0
1.2 Social rent	No. of units 25.00 Size sq.m 64 Total sq.m 1,594 Epsm £1,733 Total Value £2,761,969
Phase 1 Flats -	25.00 64 1,594 £1,733 £2,761,969
Phase 2 Flats -	0.00 0 0 £0 £0
1.3 Intermediate	No. of units 15.00 Size sq.m 64 Total sq.m 956 Epsm £2,699 Total Value £2,580,919
Phase 1 Flats -	15.00 64 956 £2,699 £2,580,919
Phase 2 Flats -	0.00 0 0 £0 £0
1.4 Commercial units	No. of units 0.00 Size sq.m 0 Total unit size 0 Rent £0 Yield 0% Capital Value £0
	No. of months Rent free period 0 Adjusted for rent free £0.00
	Less stamp duty and tax 0.00% Net capital value £0
1.5 Commercial units	No. of units 0.00 Size sq.m 0 Total unit size 0 Rent £250 Yield 0% Capital Value £0
	No. of months Rent free period 0 Adjusted for rent free £0.00
	Less stamp duty and tax 0.00% Net capital value £0
Gross Development value £34,527,638	
2.0 Development Cost	
2.1 Site Acquisition	
2.1.1 Site value (residual land value)	£10,256,936
	Less stamp duty and tax 4.00%
	Agents fee 1.00%
	Legal fee £25,000
£9,789,090	
2.3 Build Costs	
2.3.1 Private units	No. of units 60.00 Size sq.m 75 Total sq.m 4,500 Cost per sq.m £1,801 Total Costs £8,104,500.00
Flats -	60.00 75 4,500 £1,801 £8,104,500.00
Flats -	0.00 0 0 £1,187 £0.00
2.3.2 Affordable units	No. of units 40.00 Size sq.m 75 Total sq.m 3,000 Cost per sq.m £1,801 Total Costs £5,403,000.00
Flats -	40.00 75 3,000 £1,801 £5,403,000.00
Flats -	0.00 0 0 £1,187 £0.00
2.3.3 Commercial units	No. of units 0.00 Size sq.m 0 Total sq.m 0 Cost per sq.m £1,559 Total Costs £0.00
	0.00 0 0 £1,559 £0.00
100.00 7,500 £13,507,500	
2.4 Construction Costs	
2.4.1 external works as a percentage of build costs	5% £675,375.00
£675,375	
2.5 Professional Fees	
2.5.1 as percentage of build costs and construction costs	10% £1,418,288
£1,418,288	
2.6 Contingency	
2.6.1 as percentage of build costs and construction costs	5% £709,143.75
£709,144	
2.7 Developer contributions	
2.7.1 S.106 Obligations	£1,000 per sq m £60,000
2.7.2 Mayor CIL	£50 per sq m £225,000
2.7.3 H&F Residential CIL	£0 per sq m £0
2.7.4 H&F Commercial CIL	£0 per sqm £0
2.7.5 Lifetime homes	£0 per unit £0
£285,000	
2.8 Sale cost	
Residential	
2.8.1 Sale agents fee	1.25% £384,809
2.8.2 Sale legal fee	£500 £50,000
2.8.3 Marketing	£1,000 £60,000
Commercial phase 1	
2.8.4 Marketing	4% of Gross first year rent £0
2.8.5 Sale agents fee	1.25% £0
2.8.6 Sale legal fee	1.25% £0
2.8.7 Letting agent fee	10.00% £0
2.8.8 Letting legal fee	5.00% £0
Commercial phase 2	
2.8.9 Marketing	4% of Gross first year rent £0
2.8.10 Sale agents fee	1.25% £0
2.8.11 Sale legal fee	1.25% £0
2.8.12 Letting agent fee	10.00% £0
2.8.13 Letting legal fee	5.00% £0
£474,809	
TOTAL DEVELOPMENT COSTS (excluding land) £17,070,116	
TOTAL DEVELOPMENT COSTS (including land) £27,327,052	
3.0 Developers' Profit	
3.1 Developer return calculated as a percentage of total development costs	Rate 20% £5,465,410.41
£5,465,410	
TOTAL PROJECT COSTS (EXCLUDING INTEREST) £32,792,462	
TOTAL INCOME - TOTAL COSTS (EXCLUDING INTEREST) £1,735,175	
4.00 Finance Costs	APR 7.00% PCM 0.565% -£1,735,175
TOTAL PROJECT COSTS (INCLUDING INTEREST) £34,527,638	

This appraisal has been prepared by Peter Brett Associates on behalf of the London Borough of Hammersmith & Fulham. The appraisal has been prepared in line with the RICS valuation guidance. The purpose of the appraisal is to inform London Borough of Hammersmith & Fulham as to the impact of planning policy has on viability at a strategic borough level. This appraisal is not a formal 'Red Book' (RICS Valuation - Professional Standards January 2014) valuation and should not be relied upon as such.




Flats - 500.0 Units WC3	
ITEM	
Net Site Area	3.00 <input type="text"/> £17,525,362 per ha <input type="text"/>
Yield	500.00 <input type="text"/> Private 300.00 Affordable 200.00
1.0 Development Value	
1.1 Private Units	No. of units 75.00 Size sq.m 64 Total sq.m 4,781 Epam £7,630 Total Value £36,480,938
Phase 1 pre-sales Flats -	75.00 64 4,781 £7,630 £36,480,938
Phase 1 Flats -	75.00 64 4,781 £7,630 £36,480,938
Phase 2 pre-sales Flats -	75.00 64 4,781 £7,630 £36,480,938
Phase 2 Flats -	75.00 64 4,781 £7,630 £36,480,938
	300.00 19125
1.2 Social rent	No. of units 62.50 Size sq.m 64 Total sq.m 3,984 Epam £1,733 Total Value £6,904,922
Phase 1 Flats -	62.50 64 3,984 £1,733 £6,904,922
Phase 2 Flats -	62.50 64 3,984 £1,733 £6,904,922
	125.00 7969
1.3 Intermediate	No. of units 37.50 Size sq.m 64 Total sq.m 2,391 Epam £2,699 Total Value £6,452,297
Phase 1 Flats -	37.50 64 2,391 £2,699 £6,452,297
Phase 2 Flats -	37.50 64 2,391 £2,699 £6,452,297
	75.00 4781
1.4 Commercial units	No. of units 1.00 Size sq.m 4250 Total unit size 4,250 Rent £250 Yield 7% Capital Value £15,740,741
	No. of months 12 Rent free period Adjusted for rent free £14,745,424.58
	Less stamp duty land tax 4.00% Net capital value £14,155,608
1.5 Commercial units	No. of units 1.00 Size sq.m 4250 Total unit size 4,250 Rent £250 Yield 7% Capital Value £15,740,741
	No. of months 12 Rent free period Adjusted for rent free £14,745,424.58
	Less stamp duty land tax 4.00% Net capital value £14,155,608
Gross Development value 500.00 £200,949,403	
2.0 Development Cost	
2.1 Site Acquisition	
2.1.1 Site value (residual land value)	£55,316,931
	Less stamp duty and tax 4.00% Agents fee 1.00% Legal fee £25,000
	£52,576,085
2.3 Build Costs	
2.3.1 Private units	No. of units 300 Size sq.m 75 Total sq.m 22,500 Cost per sq.m £1,801 Total Costs £40,522,500.00
Flats -	0 0 0 £0 £0.00
Flats -	300 0 22500
2.3.2 Affordable units	No. of units 200 Size sq.m 75 Total sq.m 15,000 Cost per sq.m £1,801 Total Costs £27,015,000.00
Flats -	0 0 0 £0 £0.00
Flats -	200 0 15000
2.3.3 Commercial units	No. of units 1.00 Size sq.m 10000 Total sq.m 10,000 Cost per sq.m £1,659 Total Costs £15,550,000.00
	500 47,500 £83,127,500
2.4 Construction Costs	
2.4.1 external works as a percentage of build costs	5% £4,156,375.00
	£4,156,375
2.5 Professional Fees	
2.5.1 as percentage of build costs and construction costs	10% £8,728,388
	£8,728,388
2.6 Contingency	
2.6.1 as percentage of build costs and construction costs	5% £4,364,193.75
	£4,364,194
2.7 Developer contributions	
2.7.1 S.106 Obligations	£1,000 per sq m £300,000
2.7.2 Mayor CIL	£50 per sq m £1,625,000
2.7.3 H&F Residential CIL	£0 per sq m £0
2.7.4 H&F Commercial CIL	£0 per sqm £0
2.7.5 Lifetime homes	£0 per unit £0
	£1,925,000
2.8 Sale cost	
Residential	
2.8.1 Sale agents fee	1.25% £1,368,035
2.8.2 Sale legal fee	£500 £250,000
2.8.3 Marketing	£1,000 £300,000
Commercial phase 1	
2.8.4 Marketing	4% of Gross first year rent £42,500
2.8.5 Sale agents fee	1.25% £196,759
2.8.6 Sale legal fee	1.25% £196,759
2.8.7 Letting agent fee	10.00% £106,250
2.8.8 Letting legal fee	5.00% £53,125
Commercial phase 2	
2.8.9 Marketing	4% of Gross first year rent £42,500
2.8.10 Sale agents fee	1.25% £196,759
2.8.11 Sale legal fee	1.25% £196,759
2.8.12 Letting agent fee	10.00% £106,250
2.8.13 Letting legal fee	5.00% £53,125
	£3,108,822
TOTAL DEVELOPMENT COSTS (excluding land) £105,410,278	
TOTAL DEVELOPMENT COSTS (including land) £160,727,210	
3.0 Developers' Profit	
3.1 Developer return calculated as a percentage of total development costs	Rate 20% £32,145,442
	£32,145,442
TOTAL PROJECT COSTS (EXCLUDING INTEREST) £192,872,651	
TOTAL INCOME - TOTAL COSTS (EXCLUDING INTEREST) £8,076,751	
4.00 Finance Costs	
	APR 7.00% PCM 0.565% -£8,076,751
	TOTAL PROJECT COSTS (INCLUDING INTEREST) £200,949,403

This appraisal has been prepared by Peter Brett Associates on behalf of the London Borough of Hammersmith & Fulham. The appraisal has been prepared in line with the RICS valuation guidance. The purpose of the appraisal is to inform London Borough of Hammersmith & Fulham as to the impact of planning policy has on viability at a strategic borough level. This appraisal is not a formal 'Red Book' (RICS Valuation - Professional Standards January 2014) valuation and should not be relied upon as such.


Flats -		750.0	Units	WC4		
ITEM						
Net Site Area		3.00		£25,223,761 per ha		
Yield		750.00		Private 450.00 Affordable 300.00		
1.0 Development Value						
1.1 Private Units		No. of units	Size sq.m	Total sq.m	Epem	Total Value
Phase 1 pre-sales Flats -		112.50	64	7,172	£7,630	£54,721,406
Phase 1 Flats -		112.50	64	7,172	£7,630	£54,721,406
Phase 2 pre-sales Flats -		112.50	64	7,172	£7,630	£54,721,406
Phase 2 Flats -		112.50	64	7,172	£7,630	£54,721,406
		450.00		28688		
1.2 Social rent		No. of units	Size sq.m	Total sq.m	Epem	Total Value
Phase 1 Flats -		93.75	64	5,977	£1,733	£10,357,383
Phase 2 Flats -		93.75	64	5,977	£1,733	£10,357,383
		187.50		11953		
1.3 Intermediate		No. of units	Size sq.m	Total sq.m	Epem	Total Value
Phase 1 Flats -		56.25	64	3,586	£2,699	£9,678,445
Phase 2 Flats -		56.25	64	3,586	£2,699	£9,678,445
		112.50		7172		
1.4 Commercial units						
		No. of units	Size sq.m	Total unit size	Rent	Yield
		1.00	6375	6,375	£250	7%
		3703.70		No. of months	Rent free period	
				12	Adjusted for rent free	
				Less stamp duty land tax	4.00%	
					Net capital value	
					£21,233,411	
1.5 Commercial units						
		No. of units	Size sq.m	Total unit size	Rent	Yield
		1.00	6375	6,375	£250	7%
		3703.70		No. of months	Rent free period	
				12	Adjusted for rent free	
				Less stamp duty land tax	4.00%	
					Net capital value	
					£21,233,411	
Gross Development value		750.00		£301,424,104		
2.0 Development Cost						
2.1 Site Acquisition						
2.1.1 Site value (residual land value)				£79,627,667		
				Less stamp duty and tax		
				4.00%		
				Agents fee		
				1.00%		
				Legal fee		
				£25,000		
				£75,671,283		
2.3 Build Costs						
2.3.1 Private units		No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs
Flats -		450.00	75	33,750	£1,801	£60,783,750.00
Flats -		0.00	92	0	£0	£0.00
		450.00		33750		
2.3.2 Affordable units		No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs
Flats -		300.00	75	22,500	£1,801	£40,522,500.00
Flats -		0.00	0	0	£0	£0.00
		300.00		22500		
2.3.3 Commercial units		No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs
		1.00	15000		£1,659	£23,385,000.00
		750.00		71,250		£124,691,250
2.4 Construction Costs						
2.4.1 external works as a percentage of build costs		5%		£6,234,562.50		
				£6,234,563		
2.5 Professional Fees						
2.5.1 as percentage of build costs and construction costs		10%		£13,092,581		
				£13,092,581		
2.6 Contingency						
2.6.1 as percentage of build costs and construction costs		5%		£6,546,290.63		
				£6,546,291		
2.7 Developer contributions						
2.7.1 S.106 Obligations		£1,000 per sq m		£450,000		
2.7.2 Mayor CIL		£50 per sq m		£2,437,500		
2.7.3 H&F Residential CIL		£0 per sq m		£0		
2.7.4 H&F Commercial CIL		£0 per sqm		£0		
2.7.5 Lifetime homes		£0 per unit		£0		
				£2,887,500		
2.8 Sale cost						
Residential						
2.8.1 Sale agents fee		1.25%		£2,736,070		
2.8.2 Sale legal fee		£500		£375,000		
2.8.3 Marketing		£1,000		£450,000		
Commercial phase 1						
2.8.4 Marketing		4% of Gross first year rent		£63,750		
2.8.5 Sale agents fee		1.25%		£295,139		
2.8.6 Sale legal fee		1.25%		£295,139		
2.8.7 Letting agent fee		10.00%		£159,375		
2.8.8 Letting legal fee		5.00%		£79,688		
Commercial phase 2						
2.8.9 Marketing		4% of Gross first year rent		£63,750		
2.8.10 Sale agents fee		1.25%		£295,139		
2.8.11 Sale legal fee		1.25%		£295,139		
2.8.12 Letting agent fee		10.00%		£159,375		
2.8.13 Letting legal fee		5.00%		£79,688		
				£5,347,251		
TOTAL DEVELOPMENT COSTS (excluding land)				£158,799,435		
TOTAL DEVELOPMENT COSTS (including land)				£238,427,162		
3.0 Developers' Profit						
3.1 Developer return calculated as a percentage of total development costs		Rate 20%		£47,685,420.37		
				£47,685,420		
TOTAL PROJECT COSTS (EXCLUDING INTEREST)				£286,112,522		
TOTAL INCOME - TOTAL COSTS (EXCLUDING INTEREST)				£15,311,582		
4.0 Finance Costs						
		APR 7.00%		FCM 0.565%		
				-£15,311,582		
TOTAL PROJECT COSTS (INCLUDING INTEREST)				£301,424,104		




This appraisal has been prepared by Peter Brett Associates on behalf of the London Borough of Hammersmith & Fulham. The appraisal has been prepared in line with the RICS valuation guidance. The purpose of the appraisal is to inform London Borough of Hammersmith & Fulham as to the impact of planning policy has on viability at a strategic borough level. This appraisal is not a formal 'Red Book' (RICS Valuation - Professional Standards January 2014) valuation and should not be relied upon as such.

Ex HTC offices								
ITEM								
Net Site Area	0.25	Residual value	£2,897,458.13 per ha					
1.0 Development Value								
1.1	Ex HTC offices	No. of units	Size sq.m	Rent	Yield	Value per unit	Capital Value	
		1	3948	£250	7.0%	£14,100,893	£14,100,893	
					No. of months	Rent free period	Adjusted for rent free	
						12	£13,178,405	
							4.00%	
Total development value							£12,651,268	
2.0 Development Cost								
2.1 Site Acquisition								
2.1.1	Site value (residual land value)						£766,523	
			Less Purchaser Costs				5.50%	
							£724,365	
2.2 Build Costs								
2.2.1	Ex HTC offices	No. of units	Size sq.m	Cost per sq.m			Total Costs	
		1	4,645	£1,559			£7,241,555	
							£7,241,555	
2.3 Externals								
2.3.1	external works as a percentage of build costs		5.0%				£362,078	
2.3.2	Demolition		£0				£0	
							£362,078	
2.4 Professional Fees								
2.4.1	as percentage of build costs & externals		8%				£608,291	
							£608,291	
Total construction costs							£8,211,923	
3.0 Contingency								
3.1	as a percentage of total construction costs		5%				£410,596.17	
							£410,596	
4.0 Sale costs								
4.1	Marketing (offices & industrial)		£15,000				£15,000	
4.2	Letting agent fee		10%	of rent			£98,706	
4.3	Letting legal fees (offices)		£20,000	of rent			£20,000	
4.4	Sale agents fee		1.25%	Capital value			£176,261	
4.5	Sale legal fees		1.25%	Capital value			£176,261	
							£486,229	
5.0 Policy costs								
5.1	Mayor CIL Calculated as a £ psm		£50				£232,250	
5.2	Office CIL Calculated as a £ psm		£0				£0	
							£232,250	
TOTAL DEVELOPMENT COSTS (excluding land payment)							£9,340,998	
TOTAL DEVELOPMENT COSTS (including land payment)							£10,107,521	
6.0 Developers' Profit								
6.1	as percentage of total development costs		Rate	20%			£2,021,504.28	
							£2,021,504	
TOTAL PROJECT COSTS [EXCLUDING INTEREST]							£12,129,026	
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]							£522,243	
7.00 Finance Costs								
			APR	7.00%		PCM	0.565%	
							-£522,243	
TOTAL PROJECT COSTS [INCLUDING INTEREST]							£12,651,268	


This appraisal has been prepared by Peter Brett Associates on behalf of Hammersmith & Fulham Council. The appraisal has been prepared in line with the RICS valuation guidance. The purpose of the appraisal is to inform Hammersmith & Fulham Council as to the impact of planning policy has on viability at a strategic borough level. This appraisal is not a formal 'Red Book' (RICS Valuation – Professional Standards January 2014) valuation and should not be relied upon as such.

HTC offices							
ITEM							
Net Site Area	0.25	Residual value	£23,920,183.11 per ha				
							
1.0 Development Value							
1.1	HTC offices	No. of units	Size sq.m	Rent	Yield	Value per unit	Capital Value
		1	3948	£425	7.0%	£23,971,518	£23,971,518
					No. of months	Rent free period	Adjusted for rent free
						12	£22,403,287.72
							4.00%
Total development value							£21,507,156
2.0 Development Cost							
2.1 Site Acquisition							
2.1.1	Site value (residual land value)						£6,328,091
			Less Purchaser Costs				5.50%
							£5,980,046
2.2 Build Costs							
2.2.1	HTC offices	No. of units	Size sq.m	Cost per sq.m		Total Costs	
		1	4,645	£1,739		£8,077,655	
							£8,077,655
2.3 Externals							
2.3.1	external works as a percentage of build costs		5.0%				£403,883
2.3.2	Demolition		£0				£0
							£403,883
2.4 Professional Fees							
2.4.1	as percentage of build costs & externals		8%				£678,523
							£678,523
Total construction costs							£9,160,061
3.0 Contingency							
3.1	as a percentage of total construction costs		5%				£458,003.04
							£458,003
4.0 Sale costs							
4.1	Marketing (offices & industrial)		£15,000				£15,000
4.2	Letting agent fee		10%	of rent			£167,801
4.3	Letting legals (offices)		£20,000	of rent			£20,000
4.4	Sale agents fee		1.25%	Capital value			£299,644
4.5	Sale legal fees		1.25%	Capital value			£299,644
							£802,089
5.0 Policy costs							
5.1	Mayor CIL Calculated as a £ psm		£50				£232,250
5.2	Office CIL Calculated as a £ psm		£0				£0
							£232,250
TOTAL DEVELOPMENT COSTS (excluding land payment)							£10,652,402
TOTAL DEVELOPMENT COSTS (including land payment)							£16,980,493
6.0 Developers' Profit							
6.1	as percentage of total development costs		Rate	20%			£3,396,099
							£3,396,099
TOTAL PROJECT COSTS [EXCLUDING INTEREST]							£20,376,592
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]							£1,130,564
7.00 Finance Costs							
			APR	7.00%	PCM	0.565%	-£1,130,564
TOTAL PROJECT COSTS [INCLUDING INTEREST]							£21,507,156


This appraisal has been prepared by Peter Brett Associates on behalf of Hammersmith & Fulham Council. The appraisal has been prepared in line with the RICS valuation guidance. The purpose of the appraisal is to inform Hammersmith & Fulham Council as to the impact of planning policy has on viability at a strategic borough level. This appraisal is not a formal 'Red Book' (RICS Valuation – Professional Standards January 2014) valuation and should not be relied upon as such.

All industrial single		BOR1ind					
ITEM							
Net Site Area	0.50	Residual value	£2,924,324.55		per ha		
1.0 Development Value							
1.1	All industrial single	No. of units	Size sq.m	Rent	Yield	Value per unit	Capital Value
		1	3500	£135.00	8.5%	£5,558,824	£5,558,824
					No. of months	Rent free period	Adjusted for rent free
						18	£4,918,563.47
							4.00%
Total development value							£5,336,471
2.0 Development Cost							
2.1 Site Acquisition							
2.1.1	Site value (residual land value)						£1,547,262
			Less Purchaser Costs				5.50%
							£1,462,162
2.2 Build Costs							
2.2.1	All industrial single	No. of units	Size sq.m	Cost per sq.m			Total Costs
		1	3,500	£560			£1,960,000
							£1,960,000
2.3 Externals							
2.3.1	external works as a percentage of build costs		5.0%				£98,000
2.3.2	Demolition		£0				£0
							£98,000
2.4 Professional Fees							
2.4.1	as percentage of build costs & externals		8%				£164,640
							£164,640
2.5 Total construction costs							£2,222,640
3.0 Contingency							
3.1	as a percentage of total construction costs		5%				£111,132.00
							£111,132
4.0 Sale costs							
4.1	Marketing (offices & industrial)		£15,000				£15,000
4.2	Letting agent fee		10%	of rent			£47,250
4.3	Letting legals (industrial, and retail)		5%	of rent			£23,625
4.4	Sale agents fee		1.25%	Capital value			£69,485
4.5	Sale legal fees		1.25%	Capital value			£69,485
							£224,846
5.0 Policy costs							
5.1	Mayor CIL Calculated as a £ psm		£50				£175,000
5.2	Industrial CIL Calculated as a £ psm		£0				£0
							£175,000
TOTAL DEVELOPMENT COSTS (excluding land payment)							£2,733,618
TOTAL DEVELOPMENT COSTS (including land payment)							£4,280,879
6.0 Developers' Profit							
6.1	as percentage of total development costs		Rate	20%			£856,176
							£856,176
TOTAL PROJECT COSTS [EXCLUDING INTEREST]							£5,137,055
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]							£199,415
7.00 Finance Costs							
			APR	7.00%	PCM	0.565%	-£199,415
TOTAL PROJECT COSTS [INCLUDING INTEREST]							£5,336,471


This appraisal has been prepared by Peter Brett Associates on behalf of Hammersmith & Fulham Council. The appraisal has been prepared in line with the RICS valuation guidance. The purpose of the appraisal is to inform Hammersmith & Fulham Council as to the impact of planning policy has on viability at a strategic borough level. This appraisal is not a formal 'Red Book' (RICS Valuation – Professional Standards January 2014) valuation and should not be relied upon as such.

All convenience retail		BORconv					
							
ITEM							
Net Site Area	0.07	Residual value	£11,812,207.28 per ha				
1.0 Development Value							
1.1	All convenience retail	No. of units	Size sq.m	Rent	Yield	Value per unit	Capital Value
		1	442	£250	4.8%	£2,325,000	£2,325,000
					No. of months	Rent free period	Adjusted for rent free
						12	2,219,570
							4.00%
Total development value							£2,130,788
2.0 Development Cost							
2.1 Site Acquisition							
2.1.1	Site value (residual land value)						£874,978
		Less Purchaser Costs					5.50%
							£826,854.51
2.2 Build Costs							
2.2.1	All convenience retail	No. of units	Size sq.m	Cost per sq.m	Total Costs		
		1	465	£1,241	£577,065		
							£577,065
2.3 Externals							
2.3.1	external works as a percentage of build costs	5.0%					£28,853
2.3.2	Demolition	£0					£0
							£28,853
2.4 Professional Fees							
2.4.1	as percentage of build costs & externals	8%					£48,473
							£48,473
Total construction costs							£654,392
3.0 Contingency							
3.1	as a percentage of total construction costs	5%					£32,719.59
							£32,720
4.0 Sale costs							
4.1	Marketing (comparison retail)	£25,000					£25,000
4.2	Letting agent fee	10% of rent					£11,044
4.3	Letting legals (industrial, and retail)	5% of rent					£5,522
4.4	Sale agents fee	1.25% Capital value					£29,063
4.5	Sale legal fees	1.25% Capital value					£29,063
							£99,691
5.0 Policy costs							
5.1	Mayor CIL Calculated as a £ psm	£50					£23,250
5.2	Convenience retail CIL Calculated as a £ psm	£0					£0
							£23,250
TOTAL DEVELOPMENT COSTS (excluding land payment)							£810,052
TOTAL DEVELOPMENT COSTS (including land payment)							£1,685,030
6.0 Developers' Profit							
6.1	as percentage of total development costs	Rate					£337,006
		20%					
							£337,006
TOTAL PROJECT COSTS [EXCLUDING INTEREST]							£2,022,036
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]							£108,751
7.00 Finance Costs							
		APR		PCM			
		7.00%		0.565%			
							-£108,751
TOTAL PROJECT COSTS [INCLUDING INTEREST]							£2,130,788

This appraisal has been prepared by Peter Brett Associates on behalf of Hammersmith & Fulham Council. The appraisal has been prepared in line with the RICS valuation guidance. The purpose of the appraisal is to inform Hammersmith & Fulham Council as to the impact of planning policy has on viability at a strategic borough level. This appraisal is not a formal 'Red Book' (RICS Valuation – Professional Standards January 2014) valuation and should not be relied upon as such.

All comparison retail		BOR2comp					
ITEM							
Net Site Area	0.07	Residual value	£12,802,616.07 per ha				
							
1.0 Development Value							
1.1	All comparison retail	No. of units	Size sq.m	Rent	Yield	Value per unit	Capital Value
		1	442	350	7.0%	£2,208,750	£2,208,750
					No. of months	Rent free period	Adjusted for rent free
						12	2,064,252
							4.00%
Total development value							£1,981,682
2.0 Development Cost							
2.1 Site Acquisition							
2.1.1	Site value (residual land value)						£948,342
		Less Purchaser Costs					5.50%
							£896,183
2.2 Build Costs							
2.2.1	All comparison retail	No. of units	Size sq.m	Cost per sq.m	Total Costs		
		1	465	£898	£417,570		
							£417,570
2.3 Externals							
2.3.1	external works as a percentage of build costs	5.0%					£20,879
2.3.2	Demolition	£0					£0
							£20,879
2.4 Professional Fees							
2.4.1	as percentage of build costs & externals	8%					£35,076
							£35,076
Total construction costs							£473,524
3.0 Contingency							
3.1	as a percentage of total construction costs	5%					£23,676.22
							£23,676
4.0 Sale costs							
4.1	Marketing	£15,000					£15,000
4.2	Letting agent fee	10% of rent					£15,461
4.3	Letting legals (industrial, and retail)	5% of rent					£7,731
4.4	Sale agents fee	1.25% Capital value					£27,609
4.5	Sale legal fees	1.25% Capital value					£27,609
							£93,411
5.0 Policy costs							
5.1	Mayor CIL Calculated as a £ psm	£50					£23,250
5.2	Comparison retail CIL Calculated as a £ psm	£0					£0
							£23,250
TOTAL DEVELOPMENT COSTS (excluding land payment)							£613,861
TOTAL DEVELOPMENT COSTS (including land payment)							£1,562,203
6.0 Developers' Profit							
6.1	as percentage of total development costs	Rate					£312,441
		20%					£312,441
TOTAL PROJECT COSTS [EXCLUDING INTEREST]							£1,874,644
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]							£107,038
7.00 Finance Costs							
		APR		PCM			-£107,038
		7.00%		0.565%			
TOTAL PROJECT COSTS [INCLUDING INTEREST]							£1,981,682

This appraisal has been prepared by Peter Brett Associates on behalf of Hammersmith & Fulham Council. The appraisal has been prepared in line with the RICS valuation guidance. The purpose of the appraisal is to inform Hammersmith & Fulham Council as to the impact of planning policy has on viability at a strategic borough level. This appraisal is not a formal 'Red Book' (RICS Valuation – Professional Standards January 2014) valuation and should not be relied upon as such.


Hotels (100 bed)		BOR4hot									
ITEM											
Net Site Area	0.25	Residual value	£8,001,512.36		per ha						
1.0 Development Value											
1.1	Hotels (100 bed)	No. of units	100	Rent per bed space	£6,500	Yield	6.0%	Value per unit	£108,333	Capital Value	£10,833,333
						No. of months	Rent free period	0		Adjusted for rent free	£10,833,333
											4.00%
Total development value										£10,400,000	
2.0 Development Cost											
2.1 Site Acquisition											
2.1.1	Site value (residual land value)									£2,116,802	
				Less Purchaser Costs						5.50%	
										£2,000,378	
2.2 Build Costs											
2.2.1	Hotels (100 bed)	Size sq.m	4,645	Cost per sq.m	£1,076					Total Costs	£5,000,157
										£5,000,157	
2.3 Externals											
2.3.1	external works as a percentage of build costs		0.0%								£0
2.3.2	Demolition										£0
										£0	
2.4 Professional Fees											
2.4.1	as percentage of build costs & externals		8%								£400,013
										£400,013	
2.5 Total construction costs										£5,400,169	
3.0 Contingency											
3.1	as a percentage of total construction costs		5%								£270,008.46
										£270,008	
4.0 Sale costs											
4.1	Marketing (offices & industrial)										£0
4.2	Letting agent fee		0%	of rent							£0
4.3	Letting legals (offices)			of rent							£0
4.4	Sale agents fee		1.25%	Capital value							£135,417
4.5	Sale legal fees		1.25%	Capital value							£135,417
										£270,833	
5.0 Policy costs											
5.1	Mayor CIL Calculated as a £ psm										£232,250
5.2	Hotel CIL Calculated as a £ psm										£0
										£232,250	
TOTAL DEVELOPMENT COSTS (excluding land payment)										£6,173,261	
TOTAL DEVELOPMENT COSTS (including land payment)										£8,290,063	
6.0 Developers' Profit											
6.1	as percentage of total development costs		Rate	20%							£1,658,013
										£1,658,013	
TOTAL PROJECT COSTS [EXCLUDING INTEREST]										£9,948,076	
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]										£451,924	
7.00 Finance Costs											
			APR	7.00%		PCM	0.565%				-£451,924
TOTAL PROJECT COSTS [INCLUDING INTEREST]										£10,400,000	

This appraisal has been prepared by Peter Brett Associates on behalf of Hammersmith & Fulham Council. The appraisal has been prepared in line with the RICS valuation guidance. The purpose of the appraisal is to inform Hammersmith & Fulham Council as to the impact of planning policy has on viability at a strategic borough level. This appraisal is not a formal 'Red Book' (RICS Valuation – Professional Standards January 2014) valuation and should not be relied upon as such.

Student accommodation (250 bed)		BOR5Student						
ITEM								
Net Site Area	0.30	Residual value	£19,695,961.66 per ha					
1.0 Development Value								
1.1	Student accommodation (250 bed)	No. of units	Rent per bed space	Management costs	Net rental per bed space	Yield	Value per unit	Capital Value
		250	£10,800	40%	£6,480	6.1%	£106,230	£26,557,377
								£26,557,377
								4.00%
Total development value								£25,495,082
2.0 Development Cost								
2.1 Site Acquisition								
2.1.1	Site value (residual land value)							£6,252,686
			Less Purchaser Costs					5.50%
								£5,908,788
2.2 Build Costs								
2.2.1	Student accommodation (250 bed)		Size sq.m	Cost per sq.m				Total Costs
			7,000	£1,563				£10,941,000
								£10,941,000
2.3 Externals								
2.3.1	external works as a percentage of build costs		5.0%					£547,050
2.3.2	Demolition		£0					£0
								£547,050
2.4 Professional Fees								
2.4.1	as percentage of build costs & externals		8%					£919,044
								£919,044
2.5 Total construction costs								
								£12,407,094
3.0 Contingency								
3.1	as a percentage of total construction costs		5%					£620,354.70
								£620,355
4.0 Sale costs								
4.1	Marketing (offices & industrial)		£0					£0
4.2	Letting agent fee		0%	of rent				£0
4.3	Letting legals (offices)		£0	of rent				£0
4.4	Sale agents fee		1.25%	Capital value				£331,967
4.5	Sale legal fees		1.25%	Capital value				£331,967
								£663,934
5.0 Policy costs								
5.1	Mayor CIL Calculated as a £ psm		£50					£350,000
5.2	Student accommodaion CIL Calculated as a £ psm		£0					£0
								£350,000
TOTAL DEVELOPMENT COSTS (excluding land payment)								£14,041,383
TOTAL DEVELOPMENT COSTS (including land payment)								£20,294,069
6.0 Developers' Profit								
6.1	as percentage of total development costs		Rate	20%				£4,058,814
								£4,058,814
TOTAL PROJECT COSTS [EXCLUDING INTEREST]								£24,352,883
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]								£1,142,199
7.00 Finance Costs								
			APR	7.00%		PCM	0.565%	-£1,142,199
TOTAL PROJECT COSTS [INCLUDING INTEREST]								£25,495,082



This appraisal has been prepared by Peter Brett Associates on behalf of Hammersmith & Fulham Council. The appraisal has been prepared in line with the RICS valuation guidance. The purpose of the appraisal is to inform Hammersmith & Fulham Council as to the impact of planning policy has on viability at a strategic borough level. This appraisal is not a formal 'Red Book' (RICS Valuation – Professional Standards January 2014) valuation and should not be relied upon as such.

Leisure use		BOR6Leisure					
							
ITEM							
Net Site Area	0.15	Residual value	£6,970,681.45 per ha				
1.0 Development Value							
1.1	Leisure use	No. of units	Size sq.m	Rent	Yield	Capital Value	
		1	2000	£215	6.5%	£6,623,945	
					Rent free period	Adjusted for rent free	
					No. of months	3	£6,520,476
							4.00%
Total development value						£6,259,657	
2.0 Development Cost							
2.1 Site Acquisition							
2.1.1	Site value (residual land value)					£1,106,457	
	Less Purchaser Costs					5.50%	
						£1,045,602	
2.2 Build Costs							
2.2.1	Leisure use		Size sq.m	Cost per sq.m		Total Costs	
			2,000	£1,541		£3,082,000	
						£3,082,000	
2.3 Externals							
2.3.1	external works as a percentage of build costs		5.0%				£154,100
2.3.2	Demolition		£0				£0
						£154,100	
2.4 Professional Fees							
2.4.1	as percentage of build costs & externals		8%				£258,888
						£258,888	
Total construction costs						£3,494,988	
3.0 Contingency							
3.1	as a percentage of total construction costs		5%				£174,749.40
						£174,749	
4.0 Sale costs							
4.1	Marketing (offices & industrial)		£0				£0
4.2	Letting agent fee		0%	of rent			£0
4.3	Letting legals (offices)		£0	of rent			£0
4.4	Sale agents fee		1.25%	Capital value			£82,799
4.5	Sale legal fees		1.25%	Capital value			£82,799
						£165,599	
5.0 Policy costs							
5.1	Mayor CIL Calculated as a £ psm		£50				£100,000
5.2	Leisure CIL Calculated as a £ psm		£0				£0
						£100,000	
TOTAL DEVELOPMENT COSTS (excluding land payment)						£3,935,336	
TOTAL DEVELOPMENT COSTS (including land payment)						£5,041,793	
6.0 Developers' Profit							
6.1	as percentage of total development costs		Rate				£1,008,359
			20%				
						£1,008,359	
TOTAL PROJECT COSTS [EXCLUDING INTEREST]						£6,050,152	
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£209,505	
7.00 Finance Costs							
			APR		PCM		
			7.00%		0.565%		£-209,505
TOTAL PROJECT COSTS [INCLUDING INTEREST]						£6,259,657	

This appraisal has been prepared by Peter Brett Associates on behalf of Hammersmith & Fulham Council. The appraisal has been prepared in line with the RICS valuation guidance. The purpose of the appraisal is to inform Hammersmith & Fulham Council as to the impact of planning policy has on viability at a strategic borough level. This appraisal is not a formal 'Red Book' (RICS Valuation – Professional Standards January 2014) valuation and should not be relied upon as such.

Appendix D Consultees

- Jones Lang LaSalle
- Parkgate Estate Agents
- Cushman and Wakefield
- Dexters Estate Agents
- Douglas and Gordon
- Gerald Eve
- Deloitte Real Estate
- CBRE
- Lambert Smith Hampton
- Capita Symonds
- Quod
- St James
- Metropolitan & Suburban
- Berkeley Group
- Stanhope
- National Grid Property Holdings
- Imperial College London
- BBC