



Valuation Office
Agency

DVS Property Specialists
for the Public Sector

Viability Report for
The Phoenix
Shelford Road
Gedling
NG4 4HU

Report for:



Gedling Borough Council

Prepared by:



MRICS

Principal Surveyor

RICS Registered Valuer

DVS

Tel:



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Case Number:



Redacted : 18 February 2021

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1. Executive Summary

Proposed Development Details.

This report provides an Independent Review of a Financial Viability Appraisal in connection with:

Proposed Development	Demolition of existing Public House and Construction of 26 Apartments and associated areas
Subject of Assessment:	The Phoenix, Shelford Road, Gedling
Planning Ref:	2020/0954
Applicant:	Hockley Developments
Applicant's Viability Advisor:	[REDACTED]

Non-Technical Summary of Viability Assessment Inputs

Policy Compliant Inputs	Agent	DVS Viability Review	Agreed (Y/N)
Assessment Date	4 December 2020	4 December 2020	Y
Scheme, Gross Internal Area, Site Area	GIA 1,690 sq.m., Net Sales Area 1,345 sq.m., Site Area 0.26 ha	Assumed to be correct	Y
Development Period	24 months	24 months	Y
Gross Development Value	£3,754,000	£3,474,000 (including Ground Rents)	N
Construction Cost inc. Prelims, Total and £/sq. ft.	£2,371,210	£2,139,540	N
Abnormal Costs and external works	£299,292	£201,465	N
Contingency	5%	5%	Y
Professional Fees	10%	8%	
Finance Interest and Sum	7% plus £43,700 (arrangement and monitoring fees)	6% plus £43,700 (arrangement and monitoring fees)	N
Other Fees			
Marketing and Sales Fees	2%	2%	Y
Legal Fees	£1,000/unit	£750/unit	N
Land Acquiring Costs	nil	1.5%	N
Profit Target %	20%	20%	Y
EUV	£220,500	£200,000	Y
EUV Premium to BLV	25%	0%	N
Benchmark Land Value	£275,500	£200,000	N

Purchase Price	██████████		
Alternative Use Value	N/A	N/A	Y
Viability Conclusion Planning Compliant Scheme	Not Viable	Not Viable	Y
Sensitivity Test Market Conditions	Not tested	Not Viable	N

2. Introduction

2.1 I refer to your instructions dated 7 January 2021 and my Terms of Engagement dated 14 January 2021.

2.2 The opinion of the development viability of the proposed development scheme assessed is based on a review of the planning applicants/agents report dated 4 December 2020 submitted to the Local Authority.

2.3 I have inspected and finalised my viability assessment and I am pleased to report to you as follows.

2.4 A copy of my Terms of Engagement dated 14 January 2021 are attached.

2.5 Identification of Client

Gedling Borough Council

2.6 Purpose of Assessment

It is understood that the Gedling Borough Council Planning Department require an independent opinion on the viability information provided by ██████████, in terms of the extent to which the accompanying appraisal is fair and reasonable and whether the assumptions made are acceptable and can be relied upon to determine the viability of the scheme.

2.7 Subject of the Assessment

The proposed development scheme being assessed is as shown above.

It is understood that the development has:

- a site area of 2,600 square metres
- a total Net Sales Area of 1,345 square metres

The proposed schedule of accommodation is as follows:

unit	area m2	type
GF		
1	47.10	1-bed
2	44.90	1-bed
3	48.60	1-bed
4	46.10	1-bed
5	42.80	1-bed
6	52.00	2-bed
7	58.60	2-bed
8	49.50	1-bed
9	63.00	2-bed
FF		
10	59.20	2-bed
11	48.10	1-bed
12	48.60	1-bed
13	46.10	1-bed
14	42.60	1-bed
15	42.60	1-bed
16	41.60	1-bed
17	64.50	2-bed
18	50.00	1-bed
19	58.70	2-bed

SF		
20	60.60	2-bed
21	57.00	2-bed
22	54.30	2-bed
23	47.00	1-bed
24	59.50	2-bed
25	50.00	1-bed
26	62.40	2-bed
Total area	1345.40	
Avg unit area	51.74	

3. Date of Assessment / Date of Report

The date of viability assessment is 4 December 2020.

Please note that values change over time and that a viability assessment provided on a particular date may not be valid at a later date.

4. Viability Methodology / Professional Guidance

4.1 The review of the applicant's viability assessment has been prepared in accordance with the recommended practice set out in the National Planning Policy Framework; the NPPG on Viability (July 2018, updated May 2019, September 2019) and the Royal Institution of Chartered Surveyors (RICS) Professional Statement, Financial Viability in Planning (**FVIP: Conduct and Reporting**) (effective from 1st September 2019) and the RICS (**FVIP**) Guidance Note (1st Edition) (GN 94/2012), where applicable.

4.2 The Residual appraisal methodology is established practice for viability assessments. In simple terms the residual appraisal formula is:

Gross Development Value less Total Development Cost (inclusive of S106 obligations, abnormal development costs and finance) less Profit, equals the Residual Land Value.

- 4.3 The Residual Land Value is then compared to the Benchmark Land Value as defined in the Planning Practice Guidance on Viability. Where the Residual Land Value produced from an appraisal of a policy compliant scheme is in excess of the Benchmark Land Value the scheme is financially viable, and vice versa:

Residual Land Value > Benchmark Land Value = Viable

Residual Land Value < Benchmark Land Value = Not Viable

- 4.4 The appraisal can be rearranged to judge the viability of a scheme in terms of the residual profit, which is compared to the target profit:

Residual Profit > Target Profit = Viable

Residual Profit < Target Profit = Not Viable

- 4.5 For this case the DVS appraisal produces a Residual Land Value which is then compared to the Benchmark Land Value as defined in the Planning Practice Guidance on Viability.

5. RICS Financial Viability in Planning Conduct and Reporting

In accordance with the above professional standard it is confirmed that:

- 5.1 In carrying out this viability assessment review the valuer has acted with objectivity impartiality, without interference and with reference to all appropriate sources of information.
- 5.2 The professional fee for this report is not performance related and contingent fees are not applicable.
- 5.3 DVS are not currently engaged in advising this local planning authority in relation to area wide viability assessments in connection with the formulation of future policy.
- 5.4 The appointed valuer, [REDACTED] MRICS is not currently engaged in advising this local planning authority in relation to area wide viability assessments in connection with the formulation of future policy.
- 5.5 Neither the appointed valuer, nor DVS advised this local planning authority in connection with the area wide viability assessments which supports the existing planning policy.
- 5.6 DVS are employed to independently review the applicant's financial viability assessment, and can provide assurance that the review has been carried out with due diligence and in accordance with section 4 of the professional standard. It is also confirmed that all other contributors to this report, as referred to herein, have complied with the above RICS requirements.

6 Restrictions on Disclosure / Publication

- 6.1 The report has been produced for Gedling Borough Council only. DVS permit that this report may be shared with the applicant and their advisors as listed above, as named third parties.
- 6.2 The report should only be used for the stated purpose and for the sole use of your organisation and your professional advisers and solely for the purposes of the instruction to which it relates. Our report may not, without our specific written consent, be used or relied upon by any third party, permitted or otherwise, even if that third party pays all or part of our fees, directly or indirectly, or is permitted to see a copy of our report. No responsibility whatsoever is accepted to any third party who may seek to rely on the content of the report.
- 6.3 Planning Practice Guidance for viability promotes increased transparency and accountability, and for the publication of viability reports. However, it has been agreed that your authority, the applicant and their advisors will neither publish nor reproduce the whole or any part of this report, nor make reference to it, in any way in any publication. It is intended that a final report will later be prepared, detailing the agreed viability position or alternatively where the stage one report is accepted a redacted version will be produced, void of personal and confidential data, and that this approved document will be available for public consumption.
- 6.4 None of the VOA employees individually has a contract with you or owes you a duty of care or personal responsibility. It is agreed that you will not bring any claim against any such individuals personally in connection with our services.
- 6.5 This report is considered Exempt Information within the terms of paragraph 9 of Schedule 12A to the Local Government Act 1972 (section 1 and Part 1 of Schedule 1 to the Local Government (Access to Information Act 1985) as amended by the Local Government (access to Information) (Variation) Order 2006 and your council is expected to treat it accordingly.

7. Validity

This report remains valid for 4 (four) months from its date unless market circumstances change or further or better information comes to light, which would cause me to revise my opinion.

8. Limits or Exclusions of Liability

Our viability assessment is provided for your benefit alone and solely for the purposes of the instruction to which it relates. Our viability assessment may not, without our specific written consent, be used or relied upon by any third party, even if that third party pays all or part of our fees, directly or indirectly, or is

permitted to see a copy of our viability report. If we do provide written consent to a third party relying on our viability assessment, any such third party is deemed to have accepted the terms of our engagement.

None of our employees individually has a contract with you or owes you a duty of care or personal responsibility. You agree that you will not bring any claim against any such individuals personally in connection with our services.

9. Confirmation of Standards

- 9.1 The viability assessment review has been prepared in accordance with paragraph 57 of the National Planning Policy Framework, which states that all viability assessments should reflect the recommended approach in the National Planning Practice Guidance on Viability, (July 2018, updated May 2019 and September 2019).
- 9.2 The viability assessment review report has been prepared in accordance with the Professional Statement Financial Viability in Planning: Conduct and Reporting (effective from 1st September 2019). Regard has been made to the RICS Guidance Note "Financial Viability in Planning" 1st Edition (GN 94/2012), where applicable.
- 9.3 The valuation has been prepared in accordance with the professional standards of the Royal Institution of Chartered Surveyors: RICS Valuation – Global Standards and RICS UK National Supplement, commonly known together as the Red Book. Compliance with the RICS professional standards and valuation practice statements gives assurance also of compliance with the International Valuations Standards (IVS).
- 9.4 Whilst professional opinions may be expressed in relation to the appraisal inputs adopted, this consultancy advice is to assist you with your internal decision making and for planning purposes, and is not formal valuation advice such as for acquisition or disposal purposes. It is, however, understood that our assessment and conclusion may be used by you as part of a negotiation, therefore RICS Red Book professional standards PS1 and PS2 are applicable to our undertaking of your case instruction, compliance with the technical and performance standards at VPS1 to VPS 5 is not mandatory (PS 1 para 5.4) but remains best practice and they will be applied to the extent not precluded by your specific requirement.
- 9.5 Where relevant measurements stated will in accordance with the RICS Professional Statement 'RICS Property Measurement' (2nd Edition) and, the RICS Code of Measuring Practice (6th Edition).
- 9.6 The viability assessment has been prepared in accordance with the professional standards of the Royal Institution of Chartered Surveyors: RICS Valuation – Global Standards and RICS UK National Supplement, commonly known together as the Red Book.
- 9.7 Compliance with the RICS professional standards and valuation practice statements gives assurance also of compliance with the International Valuations Standards (IVS).

10. Conflict of Interest

- 10.1 In accordance with the requirements of RICS Professional Standards, DVS as part of the VOA has checked that no conflict of interest arises before accepting this instruction. It is confirmed that DVS are unaware of any previous conflicting material involvement and is satisfied that no conflict of interest exists.
- 10.2 It is confirmed that the valuer appointed has no personal or prejudicial conflict in undertaking this instruction. It is confirmed that all other valuers involved in the production of this report have also declared they have no conflict assisting with this instruction. Should any conflict or difficulty subsequently be identified, you will be advised at once and your agreement sought as to how this should be managed.

11. Engagement

- 11.1 The DVS valuer has contacted the Applicant for a number of clarifications to their Viability Report but no detailed discussions or negotiations have been conducted with the applicant or any of their other advisors.

12. Status of Valuer

- 12.1 It is confirmed that the viability assessment has been carried out by [REDACTED] [REDACTED] MRICS, Registered Valuer, acting in the capacity of an external valuer, who has the appropriate knowledge, skills and understanding necessary to undertake the viability assessment competently and is in a position to provide an objective and unbiased review. [REDACTED] is referred hereafter and in redacted correspondence as 'the DVS Valuer' .
- 12.2 As part of the DVS Quality Control procedure, this report and the appraisal has been peer reviewed by [REDACTED] MRICS, Registered Valuer, who has the appropriate knowledge, skills and understanding necessary to complete this task.

12.3 Other Contributors

An external inspection of the site and photographs was undertaken by [REDACTED] [REDACTED] (a Graduate under supervision) and she also undertook research into local property comparables

13. Assessment Details

13.1 Location / Situation

The site is located in a residential area, surrounded by a mix of privately owned and council owned dwellings. It is approximately 350 metres from the A6211 and is

on a bus route. The wider locality is predominantly residential with a scattering of schools and shops, and recreational parks and golf clubs.

13.2 Description

The existing site is currently occupied by a disused pub (and first floor residential accommodation) which we understand had a floor area of 459 square metres. We understand that the pub first closed in 2018, re-opened briefly then closed again in January 2020.

The site is slightly irregular in shape but is relatively level with no obvious development difficulties.

13.3 Site Area

The site has a gross area of 0.26 hectares.

14. Date of Inspection

26 January 2021

15. Planning Policy / Background

The proposed scheme (Application 2020/0954) is to demolish the existing building and to construct a three storey block with 26 apartments, with a total floorspace of 1,345 square metres, together with associated amenity space and car parking.

The Council is seeking an Affordable Housing contribution in accordance with Policy LPD36.

16. Local Plan Policy Scheme Requirements / S106 Costs

██████████ state that after allowance for Vacant Building Credit Affordable Housing Policy would require 5.6 units.

17. Development Scheme / Special Assumptions

17.1 The following assumptions and special assumptions have been agreed with the Council and applied:

17.2 Scheme Floor Areas

Measurements stated are in accordance with the RICS Professional Statement '**RICS Property Measurement' (2nd Edition)**, and where relevant, the **RICS Code of Measuring Practice (6th Edition)**.

The accommodation proposed is:

Type / Description	No of Units	Sq m	Total Sq m
1 Bed Apartments	15	Average 46.37 sq.m.	695.60
2 Bed Apartments	11	Average 59.07 sq.m.	649.80
Total	26		1,345.40

17.3 Mineral Stability

The property is situated in an underground mining area and in view of the possibility of mine workings there is an increased risk of the stability of the property being adversely affected which would normally have been investigated by the Agency's Mineral Valuer to determine the extent of any problem.

However, this valuation has been made in accordance with the terms of the agreement between us, in which you have instructed the Agency to assume that:

- (1) that the property is not affected by any mining subsidence, and
- (2) that the site is stable and would not occasion any extraordinary costs with regard to Mining Subsidence.

Accordingly the Agency has not obtained an Underground Mining Subsidence Report and the HMRC Board, for and on behalf of the Valuation Office Agency, can give no warranty, representation or assurance whatsoever as to matters which might reasonably be expected to have been disclosed by such a report.

You have agreed to waive, (and any third party seeking to rely on this valuation shall be treated as having waived), any claim which you might otherwise have had against the Board, the Agency or any of their employees for negligence or breach of contract arising from any loss or damage suffered as a result of the fact that this valuation, on your specific instructions, has taken no account of any matters which might reasonably be expected to be disclosed by an Underground Mining Subsidence Report.

Any third party seeking to rely on the valuation for any purpose is therefore strongly advised to make their own enquiries in relation to the stability of the property and to consider obtaining insurance cover against subsidence, ground heave, settlement and landslide and any other such eventualities.

17.4 Environmental Factors Observed or Identified

None known other than any outlined in S106 Management Report. No internal inspection of the existing building was undertaken. It is possible that asbestos may be present in the construction of the property. While this material remains intact and in good condition the asbestos fibres are likely to be safe but specialist advice should be sought in the event of alteration, maintenance or demolition.

17.5 Tenure

We have assumed that the property is Freehold / long leasehold with vacant possession.

17.6 Easements and Restrictions

None known.

17.7 Services

We have assumed that all services are available or connected.

17.8 Access and Highways

We have assumed that access is available to the adjoining highways and that these are fully adopted.

18. Development Scheme information

18.1 Gross Development Value (GDV)

██████████ have assumed sale prices of between £135,000 and £160,000 for the Apartments and conclude a total GDV of £3,754,000.

DVS have reviewed local market transactions and, in particular, the sales (and current asking prices) at the large housing development to the north at Chase Farm (Renshaw Drive).

Whilst house prices in the immediate locality range from £145,000 to £215,000 and flats between £60,000 and £80,000 these are not comparable to the proposed scheme.

Chase Farm is very close by but, in our opinion, has a much better general environment and would command higher prices than the Phoenix site.

Asking prices for available units at Chase Farm for 2 bed apartments of 57.48 sq.m. are £145,000 (equating to around £2,280 per square metre and £2,370 psm depending on flat type).

Sales at Chase Farm (end 2019) for around 60 sq.m. 2 bed units are at £144,000, (£2,400 psm), for 52 sq.m. £141,000 £2,711 psm.

The Applicant's GDV for a 2 bed apartment of 58 sq.m. varies between £155,000 to £160,000 which based on the Chase Farm comparables is too high. DVS have adopted figures of £135,000 to £140,000 for these units which is considered more reasonable.

There are no 1 bed apartments at Chase Farm. The Applicant has GDV of £135,000 for 1 bedroom units of around 48 sq.m., which again seems high compared to the evidence on larger 2 bed apartments. DVS have taken these units at a GDV of £120,000 for these, based on 2 beds apartment GDV less around £15,000 to allow for their smaller size and configuration (this is a similar discount for 1 bed versus 2 bed units adopted by the Applicant).

In addition to the sale price of the units DVS have allowed an amount of £89,000 (average £3,423 per unit) for the sale of capitalised ground rental income. Whilst this is the subject of well publicised potential legislation on Leaseholds, this is still to be enacted. In any event, we would expect the GDV to increase by a similar amount should the apartments be sold with no ground rent requirement.

GDV adopted in DVS appraisal is £3,474,000 (compared with the Applicant's figure of £3,754,000).

Our appraisal assumes that no Grant Funding is available.

18.2 Build Cost

The [REDACTED] build cost is based on data from BCIS. They have adopted the Median build cost for Apartments as at October 2020 (£1,403 psm) plus an allowance of £299,292 for abnormal cost and external works. Their total build cost is £2,670,502.

DVS have adopted Lower Quartile Build Cost from BCIS as at Q4 2020 (£1,266 psm) which are considered more appropriate for a scheme of this nature/value. We have also reduced the abnormal/external costs to £201,465 – this represents an addition of 7.5% to the base build costs which is considered more appropriate (we have also reduced the NHBC amount from £2,500 per unit to £1,250/unit) based on my experience and evidence obtained in DVS capacity reviewing viability appraisals in this region.

DVS total build costs are £2,341,005.

18.3 Development Costs

In respect of other development costs :

Developer's profit – we would normally adopt 17.5% for a scheme of this type but on this occasion the [REDACTED] figure of 20% is accepted given the nature and locality of this development.

Finance – [REDACTED] have adopted 7% plus bank arrangement/monitoring fees. DVS have used 6% plus fees. Timescales are accepted.

Marketing fees are accepted at 2% but DVS have reduced legal fees from £1,000 per unit to £750 per unit.

Contingency on build cost at 5% is accepted (based on a brownfield site). DVS have reduced professional fees from 10% to 8%.

Where DVS have varied from the Applicant's figures, these are based on my experience and evidence obtained in our capacity reviewing viability appraisals in this region.

19. Benchmark Land Value (BLV)

- 19.1. In the original Report, the applicant's surveyor adopted a Benchmark Land Value of £325,000, this has been reached through the surveyors interpretation of the EUV plus methodology, with their opinion of EUV being £260,000 plus 25% premium.

In correspondence, DVS questioned the mathematical calculation used to arrive at the EUV figure of £260,000. The Applicant has now confirmed that the correct EUV figure based on their assumptions should have read £220,500 with a consequent amendment to the BLV which should have read £275,500. These are the figures now referred to in the remainder of our Report rather than those originally put forward in the [REDACTED] report.

19.2 Existing Use Value (EUV)

The Applicant's EUV comprises a valuation of the existing buildings for a Public House. The [REDACTED] report outlines their methodology of arriving at a rental value (in fact they have used the Rateable Value as a rental value estimator) and then capitalising this to arrive at the EUV of £220,500

Whilst I would question the validity of this approach, they have sought advice from a professional specialising in sales and rentals in this Sector and their commentary indicates that the approach is supported by transactions in the locality.

In my opinion, a rental figure of around £20,000 p.a. is supported but an investment yield of 8.5% for a Public House which appears to have been closed at various times and unattractive in that use, is too optimistic. I have adopted a yield of 10% giving an EUV of £200,000.

DVS conclusion is that a reasonable EUV to adopt for this property is £200,000.

19.3 Premium (EUV)

The Applicant's premium comprises an addition of 25%.

There is no evidence or reasoning (other than to state that the site ...'sits in a residential road and would lend itself to an appropriate change of use.') in support

of the 25% premium applied by [REDACTED]. The DVS valuer does not consider a fixed percentage to be an appropriate means for assessing the premium in any event.

19.4 Purchase Price

19.4.1 Example wording: The PPG and the RICS encourage the reporting of the purchase price to improve transparency and accountability.

19.4.2 RICS FVIP (1st edition) 2012 guidance states at para 3.6.1.2 "It is for the practitioner to consider the relevance or otherwise of the actual purchase price, and whether any weight should be attached to it, having regard to the date of assessment and the Site Value definition.."

19.4.3 However, the NPPG on viability very much dissuades the use of a purchase price as a barrier to viability this is reinforced at several places in the PPG: The price paid for land is not a relevant justification for failing to accord with relevant policies in the plan. And Under no circumstances will the price paid for land be a relevant justification for failing to accord with relevant policies in the plan.

19.4.4 The PPG does not invalidate the use and application of a purchase price, or a price secured under agreement, where the price enables the development to meet the policies in the plan.

19.4.5 DVS have received confirmation from the Applicant that the site was purchased in [REDACTED]. Further, in response to my query on deliverability they stated that... [REDACTED]

19.5. Market Transactions

No Policy compliant transactions have been put forward by the Applicant or DVS..

19.6 Alternative Use Value (AUV)

19.6.1 Not considered appropriate by the Applicant or DVS in this case.

19.7 Benchmark Land Value Considerations

19.7.1 The reasonableness of the applicant's £275,500 Benchmark Land Value has been considered against their EUV figure of £220,500 and DVS EUV of £200,000.

19.7.2 DVS understand that the Pub was a Managed House and that it first closed in 2018, re-opened for a short period and closed again in January 2020. As the pub was not operating, I conclude that there should be no percentage addition to the EUV figure to arrive at the BLV.

19.8.2 As the natural residual land value of the scheme (even with no allowance for Affordable Housing or other s106 contributions) produces a figure which is less than the EUV or offers an insufficient premium when compared to other valuation approaches I agree with the applicant's conclusion that full policy cannot be provided.

19.9 Benchmark Land Value Conclusion

19.9.1 Whilst the matter of premium to the EUV is ultimately a matter for your Council as the decision maker, it is my balanced and professional opinion having considered all of the above DVS conclude that a fair and reasonable BLV would be £200,000.

19.9.2 For this report the DVS reviewer has adopted a BLV of £200,000 this comprises an EUV £200,000, nil premium and BLV of £200,000.

20. **Viability Assessment**

██████████ have provided a Residual Land Value which they have compared to their Benchmark Land Value. The Residual Land Value assumes all market dwellings with no allowance for any Affordable Housing or other s106 contributions. DVS have undertaken the same exercise to determine whether the RLV is above or below the BLV. If below the BLV, then the scheme would not be able to be viable with any s106 contributions.

21. **Conclusions / Presentation of Results**

██████████ concluded that even with no s106 contributions the scheme had a RLV of NEGATIVE £337,630 and therefore that the ...'scheme cannot viably provide a contribution towards Affordable Housing.'

DVS have varied a number of the inputs and the BLV but have reached the same conclusion. Our RLV conclusion is NEGATIVE £101,855. In our opinion the scheme cannot viably provide any Affordable Housing or other s106 contributions.

22. **Sensitivity Analysis and Testing**

As set out in the RICS Professional Standard 'Financial viability in planning: conduct and reporting' (effective from 1st September 2019), I have carried out sensitivity tests to test the robustness of the viability conclusion described above.

I have varied a number of the most sensitive inputs of the development appraisal relating to sales revenue and costs.

DVS concluded Residual Land Value inputs result in a RLV of NEGATIVE £101,855. Note, that in order to be 'viable' the scheme would need to produce a RLV equal to, or above, the BLV of £200,000.

GDV – starting DVS figure £2,516 psm. Test at +5%, +10% = £2,642 and £2,768 psm.

Base Build Costs - starting DVS figure £1,266 psm. Test at +5%, +10% = £1,329 and £1,393 psm

Base Build Cost Change	GDV Change		
	0%	+5%	+10%
0%	-£101,855	£16,955	£135,766
+5%	-£215,660	-£96,850	£21,960
+10%	-£331,272	-£212,461	-£93,651

Based on the above, the most optimistic scenario, which assumes no change in the base build costs adopted and an increase of 10% in the GDV, results in a RLV of £135,766. This is still below the Benchmark Land Value of £200,000 and this result would not alter the Conclusions of this Report.

The most pessimistic scenario, which assumes no change in the GDV adopted and an increase of 10% in the base build costs, results in a RLV of NEGATIVE £331,272.

Following the above testing work, my conclusions remain as before.

23. Comments and Recommendations

I make no comment about the density, design, efficiency, merits or otherwise of the proposed development scheme

23.1 Review Mechanism

Given that, based on this advice, your Council's full planning policy requirements will not be met, but it is possible that a change in market conditions could support some policy provision a review clause might be appropriate as a condition of the permission.

The appraisal embraces the costs and revenues appropriate to the valuation date and is therefore valid only if the building construction work commences within the next 12 months and proceeds at a rate consistent with achieving sales in the market. If commencement of the works were to be delayed and is then undertaken at some other time when market conditions may be different, then a re-appraisal may be required.

23.2 Market conditions explanatory note: Novel Coronavirus (COVID-19)

The outbreak of COVID-19, declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has and continues to impact many

aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel, movement and operational restrictions have been implemented by many countries. In some cases, “lockdowns” have been applied to varying degrees and to reflect further “waves” of COVID-19; although these may imply a new stage of the crisis, they are not unprecedented in the same way as the initial impact.

The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date some property markets have started to function again, with transaction volumes and other relevant evidence returning to levels where an adequate quantum of market evidence exists upon which to base opinions of value.

Accordingly, and for the avoidance of doubt, our valuation is not reported as being subject to ‘material valuation uncertainty’ as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

For the avoidance of doubt, this explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19 we highlight the importance of the valuation date.

I trust that the above report is satisfactory for your purposes. However, should you require clarification of any point do not hesitate to contact me further.

Yours sincerely

[REDACTED]

[REDACTED] MRICS
Principal Surveyor
RICS Registered Valuer
DVS

Reviewed by:
[REDACTED] MRICS
Principal Surveyor
RICS Registered Valuer
DVS

24. Appendices

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24.1 Terms of Engagement



**Valuation Office
Agency**

DVS Property Specialists
for the Public Sector

Valuation Office Agency
2 Broadway
Broad Street
Birmingham
B15 1BG

XXXXXX XXXXX

Principal Planning Officer - Development Services

Gedling Borough Council
Civic Centre,
Arnot Hill Park
Arnold,
Nottingham NG5 6LU

Our Reference : *
Your Reference: *

Please ask for : xxxxxxxxxxxx
Tel : XXXXX XXXXXX
Mobile :
E Mail : XXXXXXXXXXXXXXXXXXXXXXXXXXXX

Date : 14 January 2021

Dear [REDACTED]

**Review of Development Viability Appraisal
Address: The Phoenix, Shelford Road, Gedling**

I refer to your instructions dated 7 January 2021 and am pleased to confirm my Terms of Engagement in undertaking this commission for you.

This document contains important information about the scope of the work you have commissioned and confirms the terms and conditions under which DVS proposes to undertake the instruction.

It is important that you read this document carefully and if you have any questions, please do not hesitate to ask the signatory whose details are supplied above. Please contact them immediately if you consider the terms to be incorrect in any respect.

Please note that this terms of engagement document is confidential between our client, Gedling Borough Council, and the VOA. As it contains commercially sensitive and data sensitive information, it should not be provided to the applicant or their advisor without the explicit consent of the VOA.

1. Client

This instruction will be undertaken for Gedling Borough Council and the appointing planning officer is yourself, [REDACTED].

2. Subject Property and proposed development

It is understood that you require a viability assessment review of planning application ref 2020/0954

The land or property (properties) subject to the review is as shown above.

It is understood that the development has:

- a site area of 2,600 square metres
- a total GIA of 1,345 square metres

- the proposed schedule of accommodation is as follows:

unit	area m2	type
GF		
1	47.0	1-bed
2	44.90	1-bed
3	48.60	1-bed
4	46.10	1-bed
5	42.80	1-bed
6	52.00	2-bed
7	58.60	2-bed
8	49.50	1-bed
9	63.00	2-bed
FF		
10	59.20	2-bed
11	48.10	1-bed
12	48.60	1-bed
13	46.10	1-bed
14	42.60	1-bed
15	42.60	1-bed
16	41.60	1-bed
17	64.50	2-bed
18	50.00	1-bed
19	58.70	2-bed

SF		
20	60.60	2-bed
21	57.00	2-bed
22	54.30	2-bed
23	47.00	1-bed
24	59.50	2-bed
25	50.00	1-bed
26	62.40	2-bed
Total area	1345.40	
Avg unit area	51.74	

3. Purpose and Scope

To complete this assessment DVS will:

- a) Assess the Financial Viability Appraisal (FVA) submitted by / on behalf of the planning applicant / developer, taking in to account the planning proposals as supplied by you or available from your authorities planning website.
- b) Advise you on those areas of the appraisal which are agreed and those which are considered unsupported or incorrect, including stating the basis for this opinion.
- c) If DVS considers that the applicant's appraisal input and viability conclusion is incorrect, we will advise on the cumulative viability impact of the changes and in particular whether any additional affordable housing and / or s106 contributions might be provided without adversely affecting the overall viability of the development. This will take the form of sensitivity tests.

3.1 My report to you will constitute my final report if my findings conclude that the planning applicant / developer cannot provide more affordable housing and s106 payments than have been proposed.

3.2 **However**, if having completed my assessment I conclude that the planning applicant / developer may be able to provide more affordable housing and s106

payments than have been proposed, I understand that my findings report may only constitute stage 1 of the process as the report will enable all parties to then consider any areas of disagreement and potential revisions to the proposal.

- 3.3 In such circumstances, I will where instructed by you be prepared to enter into discussions on potential revisions to the applicant's proposals, and / or consider any new supporting information. Upon concluding such discussions, I will submit a new report capturing my subsequent determination findings on the potentially revised application; for convenience and to distinguish it, this report on a second stage assessment may be referred to as my Stage 2 report.

4. Date of Assessment

The date of the assessment is 4 December 2020.

5. Confirmation of Standards to be applied

The viability assessment will be prepared in accordance with paragraph 57 of the National Planning Policy Framework, which states that all viability assessments should reflect the recommended approach in the National Planning Practice Guidance on Viability, this document was revised in May 2019.

The viability assessment review report will be prepared in accordance with the professional statement Financial Viability in Planning: Conduct and reporting (effective from 1st September 2019).

Regard will be made to the RICS Guidance Note "Financial viability in planning" 1st Edition (GN 94/2012), where applicable.

Valuation advice (where applicable) will be prepared in accordance with the professional standards of the Royal Institution of Chartered Surveyors: RICS Valuation – Global Standards and RICS UK National Supplement, commonly known together as the Red Book. Compliance with the RICS professional standards and valuation practice statements gives assurance also of compliance with the International Valuations Standards (IVS).

Measurements stated are in accordance with the RICS Professional Statement '**RICS Property Measurement**' (2nd Edition) and, where relevant, the **RICS Code of Measuring Practice** (6th Edition).

6. Agreed Departures from the RICS Professional Standards

As agreed by you, any office and/or residential property present has been reported upon using a measurement standard other than IPMS, and specifically Net Internal Area / Gross Internal Area/ Net Sales Area has been used. Such a measurement is an agreed departure from 'RICS Property Measurement (2nd Edition)'.

I understand that you requested this variation because this measurement standard is how the applicant has presented their data, is common and accepted practice in

the construction/ residential industry, and it has been both necessary and expedient to analyse the comparable data on a like with like basis.

RICS Red Book professional standards PS1 and PS2 are applicable to our undertaking of your case instruction but as our assessment may be used by you as part of a negotiation, compliance with the technical and performance standards at VPS1 to VPS 5 is not mandatory (PS 1 para 5.4) and they will only be applied to the extent not precluded by your specific requirement.

7. Basis of Value

7.1 Benchmark Land Value. Paragraph 014 of the NPPG (May 2019) states that Benchmark land value should:

be based upon existing use value

allow for a premium to landowners (including equity resulting from those building their own homes)

reflect the implications of abnormal costs; site-specific infrastructure costs; and professional site fees

Viability assessments should be undertaken using benchmark land values derived in accordance with this guidance. Existing use value should be informed by market evidence of current uses, costs and values. Market evidence can also be used as a cross-check of benchmark land value but should not be used in place of benchmark land value. There may be a divergence between benchmark land values and market evidence; and plan makers should be aware that this could be due to different assumptions and methodologies used by individual developers, site promoters and landowners.

This evidence should be based on developments which are fully compliant with emerging or up to date plan policies, including affordable housing requirements at the relevant levels set out in the plan. Where this evidence is not available plan makers and applicants should identify and evidence any adjustments to reflect the cost of policy compliance. This is so that historic benchmark land values of non-policy compliant developments are not used to inflate values over time.

In plan making, the landowner premium should be tested and balanced against emerging policies. In decision making, the cost implications of all relevant policy requirements, including planning obligations and, where relevant, any Community Infrastructure Levy (CIL) charge should be taken into account.

Where viability assessment is used to inform decision making under no circumstances will the price paid for land be a relevant justification for failing to accord with relevant policies in the plan. Local authorities can request data on the price paid for land (or the price expected to be paid through an option or promotion agreement).

See related policy: National Planning Policy Framework [paragraph 57](#)
Paragraph: 014 Reference ID: 10-014-20190509
Revision date: 09 05 2019

7.2 Existing Use Value: the NPPG (May 2019) explains Existing Use Value at para 15 as follows:

Existing use value (EUV) is the first component of calculating benchmark land value. EUV is the value of the land in its existing use. Existing use value is not the price paid and should disregard hope value. Existing use values will vary depending on the type of site and development types. EUV can be established in collaboration between plan makers, developers and landowners by assessing the value of the specific site or type of site using published sources of information such as agricultural or industrial land values, or if appropriate capitalised rental levels at an appropriate yield (excluding any hope value for development).

Sources of data can include (but are not limited to): land registry records of transactions; real estate licensed software packages; real estate market reports; real estate research; estate agent websites; property auction results; valuation office agency data; public sector estate/property teams' locally held evidence.

See related policy: National Planning Policy Framework [paragraph 57](#)
Paragraph: 015 Reference ID: 10-015-20190509.
Revision date: 09 05 2019.

7.3 Gross Development Value (GDV)

GDV is the cumulative total of the market values of the entire development, as detailed in the schedule of accommodation.

Market Value (MV) RICS VPS 4, para 4 defines MV as:

“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

On occasion, it may be agreed that a basis of value requires to be modified and a Special Assumption added, for example where there is the possibility of Special Value attaching to a property from its physical, functional, legal or economic association with some other property.

Any Special Assumptions agreed with you have been captured below under the heading Special Assumptions, in accordance with VPS 4, para 9 of the professional standards of the Royal Institution of Chartered Surveyors: RICS Valuation – Global Standards and RICS UK National Supplement, and will be restated in my report.

8. Special Assumptions

The following special assumptions have been agreed and will be applied:

- that your council's planning policy, or emerging policy, for affordable housing is up to date
- There are no abnormal development costs in addition to those which the applicant has identified, and (for cases with no QS review) the applicant's abnormal costs, where supported, are to be relied upon to determine the viability of the scheme, unless otherwise stated in our report.

9. Extent of Valuer's Investigations, Restrictions and Assumptions

An assumption in this context is a limitation on the extent of the investigations or enquiries that will be undertaken by the assessor.

The following agreed assumptions will apply to your instruction and be stated in my report, reflecting restrictions to the extent of our investigations.

- Such inspection of the property and investigations as the Valuer decides is professionally adequate and possible in the particular circumstance will be undertaken. As at the date of this letter having regard to Covid-19 we will not be able to undertake an accompanied site inspection and will undertake an external inspection only.
- No detailed site survey, building survey or inspection of covered, unexposed or inaccessible parts of the property will be undertaken. The Valuer will have regard to the apparent state of repair and condition, and will assume that inspection of those parts that are not inspected would neither reveal defects nor cause material alteration to the valuation, unless the valuer becomes aware of indication to the contrary. The building services will not be tested and it will be assumed that they are in working order and free from defect. No responsibility can therefore be accepted for identification or notification of property or services' defects that
 - would only be apparent following such a detailed survey, testing or inspection. If the Valuer decides further investigation to be necessary, separate instructions will be sought from you.
 - It will be assumed that good title can be shown and that the property is not subject to any unusual or onerous restrictions, encumbrances or outgoings.
 - It will be assumed that the property and its value are unaffected by any statutory notice or proposal or by any matters that would be revealed by a local search and replies to the usual enquiries, and that neither the construction of the property nor its condition, use or intended use was, is or will be unlawful or in breach of any covenant.

- It will be assumed that all factual information provided by you or the applicant or their agent with regard to the purpose of this request and details of tenure, tenancies, planning consents and all other relevant information is correct. The advice will therefore be dependent on the accuracy of this information and should it prove to be incorrect or inadequate the basis or the accuracy of any assessment may be affected.
- Valuations will include that plant that is usually considered to be an integral part of the building or structure and essential for its effective use (for example building services installations), but will exclude all machinery and business assets that comprise process plant, machinery and equipment unless otherwise stated and required.
- No access audit will be undertaken to ascertain compliance with the Equality Act 2010 and it will be assumed that the premises are compliant unless otherwise stated by the applicant
- No allowances have been made for any rights obligations or liabilities arising from the Defective Premises Act 1972 unless identified as pertinent by the applicant.

10. Nature and Source of Information to be relied upon by Valuer

10.1 From the client

Information that will be provided to the VOA by the client comprises the following material, which will be relied upon by the viability assessor without further verification.

- a) The Planning application details.
- b) Confirmation of S106 / S278 planning obligations triggered by the scheme. In particular whether the applicant's assumptions on these matters are correct, if they are incorrect then please provide the correct details.
- c) A copy of, or a link to, the relevant planning policy applicable to the site, including current designation (and emerging designation if applicable).
- d) Details of any extant or elapsed consents relating to permitted Alternative Use.
- e) If the applicant has relied on an alternative use that is not permitted, a statement as to whether this alternative would be an acceptable development.
- f) If the applicant has applied vacant building credit, a statement as to whether this is agreed by your Council, if not the appropriate figure.

- g) A copy of the applicant's financial viability appraisal prepared by [REDACTED] dated 4 December 2020.

10.2 Information from the applicant

Viability assessment

With regards to the applicant's financial viability appraisal the applicant should provide sufficient detail to enable DVS to assess the applicant's contention that the scheme would not be viable if the requirements for affordable housing and other public realm contributions were met as stated in the Local Plan.

To support the contention, the applicant's FVA should include a report with the following details:

- a) A planning policy compliant viability assessment, if completed by a member the RICS this should be prepared in accordance with the Financial Viability in planning: conduct and reporting Professional Statement (effective from 1 September 2019). The follow details are required:
- b) Site area -and schedule of accommodation the gross developable area and net developable area should be stated together with an illustrative plan showing the respective boundaries (or reference to the appropriate planning document with this information)
- c) Development programme assumptions, to detail the anticipated period involved in development, including pre- build, build period and marketing period.
- d) Gross Development Value:
 - (i) Market evidence in support of the sales values adopted
 - (ii) Tenure assumptions and Values for affordable housing
- e) Land Value
 - (i) The Benchmark Land Value should be clearly stated with reference to:
 - i. EUV (as defined in the Viability PPG para 015)
 - ii. Premium (see PPG para 016)
 - iii. Market evidence (suitably adjusted in accordance with PPG para 016)
 - (ii) Alternative use value for the site such be provided, where it exists. (see para 17 of the PPG).
 - (iii) The Purchase Price (or expected price as agreed through a conditional or optional agreement) should be reported for transparency. Where this is below the assessment of BLV a brief explanation of the reasoning should be provided.
- f) Gross Development Costs
 - (i) Build Cost assessment - the evidence should include a full build cost estimate, showing how the costs have been estimated.

(ii) Abnormal Costs total - Supporting reports for site abnormalities should be provided, together with the calculation adopted

g) Cash flow. Either in the form of an accessible viability toolkit (Argus developer or HCA DAT) or as a Microsoft Excel unprotected document.

10.3 DVS Information

DVS will make use of VOA held records and information. The sources of any other information used that is not taken from our records will be identified in the review report.

10.4 Information Outstanding

We have reviewed the viability information already supplied and can confirm that we have most of the information to complete this case with the exception of the following

DVS will contact the applicant's viability advisor directly for any additional information. In particular we will request an electronic version of their Appraisals.

The report delivery date will be dependent upon timely receipt of this information.

11. Identity of Responsible Valuer and their Status

It is confirmed that the valuation will be carried out by a RICS Registered Valuer, acting as an external valuer, who has the appropriate knowledge and skills and understanding necessary to undertake the assessment competently.

The valuer responsible will be [REDACTED] and their contact details are as stated above in the letterhead.

Any graduate involvement will be detailed in the report.

12. Disclosure of any Material Involvement or Conflict of Interest

In accordance with the requirements of the RICS standards, the VOA has checked that no conflict of interest arises before accepting this instruction.

It is confirmed that DVS are unaware of any previous conflicting material involvement and am satisfied that no conflict of interest exists. Should any such difficulty subsequently be identified, you will be advised at once and your agreement sought as to how this should be managed.

It is confirmed that the valuer appointed has no personal conflict undertaking this instruction.

13. Description of Report

A side headed written report as approved by you for this purpose will be supplied and any differences of opinion will be clearly set out with supporting justification, where inputs are agreed this will be stated also.

Further to the requirements of the RICS a non-technical summary will be included in the report, together with sensitivity tests to support the viability conclusion.

14. Report Date

It is my intention to submit the report of my findings by end of February 2021. If we can complete the work earlier we will, of course, do so.

If unforeseen problems arise that may delay my report, you will be contacted before this date with an explanation and to discuss the position.

15. Validity Period

The report will remain valid for six months unless circumstances alter or further material information becomes available. Reliance should not be placed on the viability conclusion beyond this period without reference back to the VOA for an updated valuation.

16. Restrictions on Disclosure and Publication

The client will neither make available to any third party or reproduce the whole or any part of the report, nor make reference to it, in any publication without our prior written approval of the form and context in which such disclosure may be made.

17. Limits or Exclusions of Liability

Our viability advice is provided for your benefit alone and solely for the purposes of the instruction to which it relates. Our advice may not, without our specific written consent, be used or relied upon by any third party, even if that third party pays all or part of our fees, directly or indirectly, or is permitted to see a copy of our valuation report.

If we do provide written consent to a third party relying on our valuation, any such third party is deemed to have accepted the terms of our engagement.

None of our employees individually has a contract with you or owes you a duty of care or personal responsibility. You agree that you will not bring any claim against any such individuals personally in connection with our services.

18. Fee Basis

- 18.1 You have asked for a fee estimate for the viability appraisal. This is assessed on a time spent basis. From the recorded time taken on other study reviews, I would estimate the fee for this review to total in the region of [REDACTED]. The review will be undertaken by:

Personnel:	Task	Hourly rate
[REDACTED] Principal Surveyor Surveyor or Graduate	Report and viability Peer Review Research and valuation assistance	[REDACTED]

- 18.2 This fee estimate is for the provision of a report as referred to above on the development viability appraisal as provided by the planning applicant/developer, and will include carrying out our own development appraisals. It may require revision if the information supplied by you or the applicant is not quickly forthcoming at our request or if the initial task is varied by you and in both cases we would revert to you for advice on the way forward. Abortive fees would be based on work already carried out.

- 18.3 If there is a subsequent need following the delivery of my report to discuss issues with the planning applicant / developer or you, including the consideration of potential revised proposals, or to attend meetings, this will constitute a second stage requiring a Stage 2 report and we would need to charge on a time spent basis as an additional cost at hourly rates as shown in the table above for this Stage 2 work. I am able to reduce the amount of time I need to spend upon your work by delegating some functions to colleagues who have a lower cost and this will be reflected in the invoice for this work.

- 18.4 **Payer of fees:** With regard to the payment of fees, Homes and Communities Agency has issued a Good Practice Note: "Investment and Planning obligations - Responding to the downturn". In this GPN is a comment that it is common practice for developers to fund the cost of independent validation. The reasoning for this is that you have a planning policy which the applicant is seeking to vary. In order to assess the applicant appraisal you need advice which it is reasonable for the applicant to bear in these circumstances. I understand that the planning applicant / developer has agreed to reimburse your reasonable costs incurred in this review.

Please note that you will be our named Client. As such, our contractual obligation is to you and not to the applicant and your authority will be responsible for payment of our fees. Any arrangement between your authority and the Applicant relating to payment of the fees would be a matter between yourselves.

Please note that that my minimum fee is £200 unless agreed otherwise as part of a contract or SLA.

19. Currency

All prices or values are stated in pounds sterling.

20. Fee Payment and Interim Billing

Our fees are payable by our client within 30 days from the receipt of our invoice whether or not the amount is disputed or is being passed on to a third party for reimbursement.

The VOA reserves the right, subject to prior notification of details of time spent, to invoice at suitable points during the financial year for work in progress undertaken but not yet formally reported. In order to ensure timely cash flows within the public sector, such interim bills may be issued at either monthly or two monthly intervals. You will be advised beforehand that any such bill is imminent.

Where a case is cancelled before completion, our fees will be calculated on a 'work done' basis with added reasonable disbursements unless alternative arrangements have been prior agreed.

***Please note** under HM Treasury Managing Public Money we are required to review our charging on a regular basis. The VOA reserves the right to undertake an annual review of our rates going forward.

21. Purchase Order Numbers

If your organisation uses Purchase Order Numbers, and you have not already provided one with your originating instructions, please supply this number to us as soon as possible as I cannot proceed without this information.

22. Complaints

The VOA operates a rigorous QA/QC system. This includes the inspection by Team Leaders of a sample of work carried out during the life of the instruction together with an audit process carried out by experienced Chartered Surveyors upon completion of casework. It also includes a feedback cycle to ensure continuous improvement.

The VOA has a comprehensive complaints handling procedure if you are not getting the service you expect. If you have a query or complaint it may be best to speak first to the person you have been dealing with or their manager. If you remain dissatisfied you should be offered a copy of our brochure "Our Code of Practice on Complaints". If it is not offered to you, please request a copy or access it on our website www.voa.gov.uk.

23. Freedom of Information

We will do all that we can to keep any information gathered or produced during this assignment confidential. The Freedom of Information Act 2000 or Environmental Information Regulations 2004, and subordinate legislation, may apply to some or all of the information exchanged between yourself and the VOA under this engagement. Therefore the VOA's duty to comply with the Freedom of Information Act may necessitate, upon request, the disclosure of information provided by you unless an exemption applies.

The VOA undertakes to make reasonable endeavours to discuss the appropriateness of disclosure, or the applicability of any exemptions allowed by the Act, with you prior to responding to any third party requests. However, the VOA reserves the right to comply with its statutory obligations under the Act in such manner as it deems appropriate.

The VOA requires you to make all reasonable endeavours to discuss with us the appropriateness of disclosure, or the applicability of any exemptions allowed by the Act, prior to your responding to any third party requests for information provided to you by the VOA.

24. Monitoring Compliance by RICS

It is possible that the RICS may at some stage ask to see the valuation for the purposes of their monitoring of professional standards under their conduct and disciplinary regulations.

25. Revisions to these Terms

Where, after investigation, there is in my judgement a need to propose a variation in these terms of engagement, you will be contacted without delay prior to the issue of the report.

For example, should it become apparent that the involvement of specialist colleagues would be beneficial, your consent will be sought before their involvement and we shall, if not included in the original fee estimate, provide an estimate of their costs.

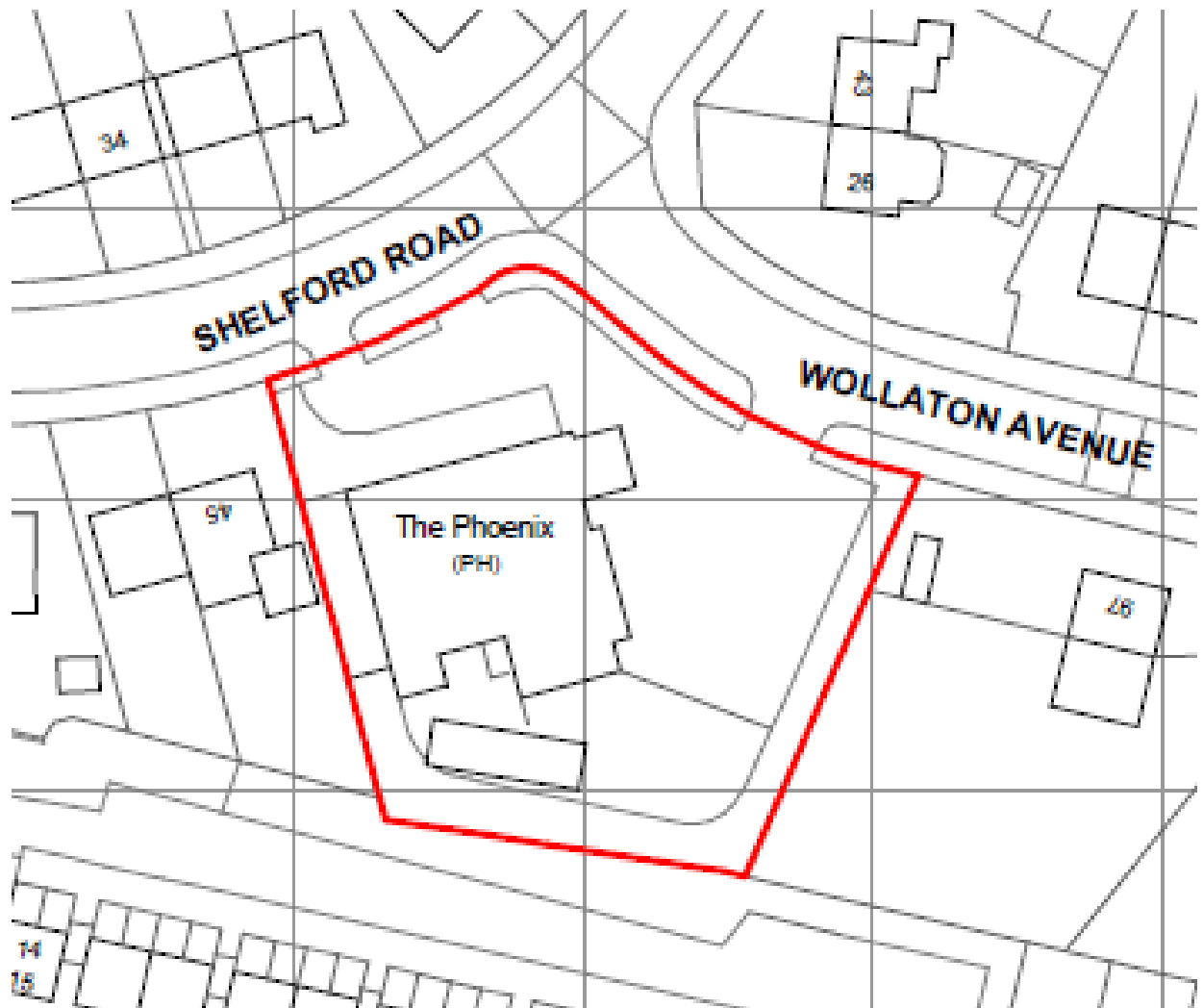
The valuer will be grateful to receive at your earliest convenience brief written confirmation by email or letter that these terms and conditions are accepted and approved by you. If you have any queries please do not hesitate to contact the valuer listed above.

Yours sincerely

[REDACTED]

[REDACTED] BSc MRICS
Principal Surveyor
RICS Registered Valuer
DVS

24.2 Site Plan



24.3 Development Appraisal

GVA GRIMLEY & BESPOKE PROPERTY GROUP THE HOUSING CORPORATION ECONOMIC APPRAISAL TOOL

SUMMARY

Site Address	Phoenix Public House, 45 Shelford Road, Gedling, Nottingham NG4 4HU
Site Reference	
Scheme Description	Demolition of existing building and build a 3-storey apartment block containing 26 flats
Date	13.10.2020
Site Area (hectares)	
Author & Organisation	DVS
Housing Corporation Officer	

TOTAL VALUE OF SOCIAL HOUSING GRANT	£0
OTHER SOURCES OF AFFORDABLE HOUSING FUNDING	£89,000
OTHER SUBSIDIES SUCH AS EP GAP FUNDING	£0
TOTAL CAPITAL VALUE OF ALL AFFORDABLE HOUSING (INCLUDING SHG & OTHER FUNDING)	£89,000

Open Market Housing

Type of Open Market Housing	Net Area (sq m)	Revenue (£ / sq m)	Total Revenue (£)
Proposed flats	1,345	£2,516	£3,385,026
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
Total	1,345	-	£3,385,026

TOTAL CAPITAL VALUE OF OPEN MARKET HOUSING	£3,385,026
TOTAL CAPITAL VALUE OF RESIDENTIAL SCHEME	£3,474,026

Residential Building, Marketing & Section 106 Costs

Affordable Housing Build Costs	£0	
Open Market Housing Build Costs	£2,139,794	£2,139,794

Cost Multipliers

Site Specific Sustainability Initiatives (%)**	0.0%	£0
Wheelchair provision (%)	0.0%	£0
Code for Sustainable Homes (%)	0.0%	£0
Other (%)	0.0%	£0

Residential Car Parking Build Costs		£0
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Total Building Costs		£2,139,794
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TOTAL DIRECT COSTS:		£2,721,692.47
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Finance (finance costs are only displayed if there is a positive residual site value)

Arrangement Fee	-
Misc Fees (Surveyors etc)	-
Agents Fees	-
Legal Fees	-
Stamp Duty	-
Total Interest Paid	-

Total Finance Costs	-
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Developer 'Profit'

Residential

Open Market Housing Operating 'Profit'	£677,005
Affordable Housing 'Profit'	£0

Non-residential

Office	£0	
Retail	£0	
Industrial	£0	
Leisure	£0	
Community-use	£0	£0

Total Operating Profit	£677,005
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Residual Site Value

SITE VALUE TODAY	-£101,855
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EXISTING USE VALUE	£200,000
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DIFFERENCE BETWEEN SITE VALUE AND EXISTING USE VALUE	-£301,855
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