



Valuation Office
Agency

DVS Property Specialists
for the Public Sector

Viability Review Report
Highclere Lodge
73 Burton Road
Carlton
Nottingham
NG4 3DL



Report for:

[REDACTED]
Gedling Borough Council

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Case Number: [REDACTED]

Date: 05 November 2021

Contents

1.0	Executive Summary	4
1.1	Proposed Development Details	4
1.2	Instruction.....	4
1.3	Viability Conclusion	4
1.4	Non-Technical Summary of Viability Assessment Inputs	5
2.0	Instruction and Terms	6
3.0	Guidance and Status of Valuer	7
3.1	Authoritative Requirements	7
3.2	Professional Guidance.....	8
3.3	RICS ‘Financial Viability in Planning Conduct and Reporting’	8
3.4	Most Effective and Efficient Development.....	9
3.5	Signatory	9
3.6	Bases of Value	10
4.0	Assumptions, and Limitations	10
4.1	Special Assumptions	10
4.2	General Assumptions	11
5.0	Proposed Development.....	13
5.1	Location / Situation	13
5.2	Description	13
5.3	Site Plan and Area.....	13
5.4	Schedule of Accommodation/ Scheme Floor Areas	14
5.5	Planning	15
5.6	Policy Requirements for the Scheme.....	15
5.7	Planning Status	16
6.0	Summary of Applicant’s Viability Assessment.....	16
6.1	Report Reference	16
6.2	Summary of Applicant’s Appraisal	16
7.0	Development Period/ Programme	17
8.0	Gross Development Value (GDV)	18
8.1	Market Value of Private Dwellings	18
8.2	Market Value of Affordable Housing Dwellings	20
8.3	Market Value of Ground Rents	21
8.4	Total GDV.....	22
9.0	Total Development Costs.....	22
9.1	Summary of Costs.....	22
9.2	Summary of Unagreed Costs.....	22
9.3	Statutory Fees	223
9.4	Sales Costs	23
9.5	Planning Obligations.....	23
9.6	Finance Costs	23
9.7	Specific Abnormal Costs.....	23
9.8	Summary Agreed Cost Inputs.....	23
10.0	Developer's Profit.....	25
11.0	Benchmark Land Value (BLV).....	25
11.1	Applicant’s BLV	25
11.2	Existing Use Value (EUV).....	26
11.3	Alternative Use Value (AUV)	27
11.4	Cross Sector Collaboration Evidence of BLV and Premium	27
11.5	Residual Land Value	29
11.6	Adjusted Land Transaction Evidence.....	29

11.7	Purchase Price	29
11.8	Benchmark Land Value Conclusion	30
12.0	DVS Viability Assessment.....	30
12.1	DVS Viability Appraisal 1 – Policy Compliant Scheme	30
12.2	DVS Appraisal 2 – Reduced Policy Scheme.....	31
13.0	Sensitivity Analysis.....	31
14.0	Recommendations	32
14.1	Viability Conclusion	32
14.2	Viability Review	32
14.3	Market Commentary	33
15.0	Engagement.....	34
16.0	Disclosure / Publication.....	34
17.0	Appendices	37
(i)	Appraisal 1	38
(ii)	Appraisal 2	39
(iii)	Information to support inputs	40
(iv)	Redacted TOE.....	43
(v)	Site Photos	57

1.0 Executive Summary

1.1 Proposed Development Details

This report provides an independent review of a viability assessment in connection with:

Proposed Development	20 self-contained apartment dwellings
Subject of Assessment:	Highclere Lodge, Burton Road, Carlton, Nottingham, NG4 3DL
Planning Application Reference:	2020/1254
Applicant / Developer:	AMK Planning
Applicant's Viability Advisor:	[REDACTED]

1.2 Instruction

In connection with the above application Gedling Borough Council Planning Department require an independent review of the viability conclusion provided by the applicant in terms of the extent to which the accompanying appraisal is fair and reasonable and whether the assumptions made can be relied upon to determine the viability of the scheme.

A site specific viability assessment review has been undertaken, the inputs adopted herein are unique to this site and scheme and may not be applicable to other viability assessments undertaken or reviewed by DVS.

1.3 Viability Conclusion

It is my considered and independent opinion that:

The above scheme assessed with regards to full planning policy requirement (comprising 20% affordable housing, S.106 contributions of £8,000 and CIL contributions of £67,674) is not viable.

It is significant to note that the scheme assessed without any policy requirements produces a financial deficit of around -£297,954 and is also considered unviable. Therefore, the deliverability of the proposed development may be a concern.

1.4 Non-Technical Summary of Viability Assessment Inputs

Policy Compliant Inputs	Agent	DVS Viability Review	Agreed (Y/N)
Assessment Date	June 2021	November 2021	
Scheme, Gross Internal Area, Site Area	20 self-contained apartments, 1,156m ² GIA, 0.13 Ha	20 self-contained apartments, 1,156m ² GIA, 0.13 Ha	Y
Development Period	28 months	26 months	N
Gross Development Value	£2,576,500	£2,515,487	N
Market Housing GDV blended value rate	£2,229	£2,479	N
Affordable Housing GDV	£0	£435,487	N
CIL/Planning Policy / S.106 Total and £/sq. ft.	CIL: £68,204 @ £59/m ² S106: £0	CIL: £67,674 @ £58.54/m ² S106: £8,000	N
Total Development Cost (excludes policy; land and fees; profit)	£2,092,740	£2,216,324	N
Comprising:			
Construction Cost Total and £/sq. ft.	£1,676,200 @ £1,450/m ²	£1,832,260 @ £1,585m/2	Y
Externals Total and £/sq. ft.	Included within construction cost @ 10% uplift	Included within construction cost @ 10% uplift	Y
Abnormal Cost Total and £/sq. ft. or per unit	£40,000	£40,000	Y
Professional Fees %	8%	8%	Y
Contingency %	5%	5%	Y
Finance Interest and Sum	5% interest rate 1% arrangement fee	6.5% interest rate 1.5% credit rate	N
Other Fees:			
Sales/Marketing Fees	2%	2.5%	N
Legal Fees	0.5%	£500 per unit	Y
Statutory Fees	1.1%	N/A	N
Land Acquisition Costs	£1,360	1.5%	Y
Profit Target %	20%	18%	N
Benchmark Land Value	£200,000	£240,000	N
EUV	U/K	£19,200	N
Premium	U/K	£220,800	N
Purchase Price	£400,000	£400,000	

Alternative Use Value	N/A	N/A	
Residual Figure	-£383,955	-£214,624	N
Viability Conclusion Full Policy Scheme	Not viable	Not viable	Y
Deliverable Scheme	No	No	Y

A site-specific viability assessment review has been undertaken, the inputs adopted herein are unique to this site and scheme and may not be applicable to other viability assessments undertaken or reviewed by DVS.

2.0 Instruction and Terms

2.1 The Client is Gedling Borough Council.

2.2 The Subject of the Assessment is the site of a former residential care home located at 73 Burton Road, Carlton, Nottingham, NG4 3DL.

A full planning application has been submitted under reference 2020/1254. It is understood that the development has:

- a site area of 0.13 hectares/ 0.23 acres.
- a total GIA of 1,156 square metres.
- the proposed schedule of accommodation is as follows:

Highclere Lodge Carlton			
Type	Size Sqm	No.	Total Gia
1 Bed Basement Apt	60	1	60
1 Bed Apt	36	1	36
1 Bed Apt	41	8	328
1 Bed Apt	47	2	94
1 Bed Apt	49	1	49
1 Bed Apt	53	2	106
2 Bed Apt	53	2	106
2 Bed Apt	61	1	61
2 Bed Apt	78	1	78
2 Bed Apt	80	1	80
Corridors/Common Areas	158		158
Total		20	1156

2.3 The date of viability assessment is 05 November 2021. 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.

2.4 Instructions were received on 08 September 2021. It is understood that Gedling Borough Council require an independent opinion on the viability information

provided by AMK Planning, 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. Specifically, DVS have been appointed to:

- Assess the Viability Assessment submitted on behalf of the planning applicant/developer, taking into account the planning proposals as supplied by you or available from your authority's planning website.
- Advise Gedling Borough Council in writing on those areas of the applicant's Viability Assessment which are agreed and those which are considered unsupported or incorrect, including stating the basis for this opinion, together with evidence. If DVS considers that the applicant's appraisal input and viability conclusion is incorrect, this report 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.

2.5 Conflict of Interest Statement - In accordance with the requirements of RICS Professional Standards, DVS 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.

2.6 Inspection - The property/site has been inspected on 20 September 2021, by [REDACTED]. This was an external inspection for valuation purposes. The site itself is currently fenced off and extremely overgrown and therefore access was not possible. There are no buildings or structures on the site that were visible from the public highway.

2.7 DVS/VOA Terms of Engagement were issued on 15 September 2021, a redacted version is attached at **Appendix (iv)**.

3.0 Guidance and Status of Valuer

3.1 Authoritative Requirements

The DVS viability assessment review will be prepared in accordance with the following statutory and other authoritative mandatory requirements:

- 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 and is recognised as the 'authoritative requirement' by the Royal Institution of Chartered Surveyors (RICS).

- RICS Professional Statement '**Financial viability in planning: conduct and reporting**' (effective from 1 September 2019) which provides the mandatory requirements for the conduct and reporting of valuations in the viability assessment and has been written to reflect the requirements of the PPG.
- RICS Professional Standards PS1 and PS2 of the '**RICS Valuation – Global Standards**'.

3.2 Professional Guidance

Regard will be made to applicable RICS Guidance Notes, principally the best practice guidance as set out in RICS GN '**Assessing viability in planning under the National Planning Policy Framework 2019 for England**' (effective 1 July 2021).

Other RICS guidance notes will be referenced in the report and include RICS GN '**Valuation of Development Property**' and RICS GN '**Comparable Evidence in Real Estate Valuation**'.

Valuation advice (see Note 1) will be prepared in accordance with the professional standards of the of the '**RICS Valuation – Global Standards**' and the '**UK National Supplement**', which taken together are commonly known as the RICS Red Book. Compliance with the RICS Professional Standards and Valuation Practice Statements (VPS) gives assurance also of compliance with the International Valuations Standards (IVS).

(Note 1) Whilst professional opinions may be expressed in relation to the appraisal inputs adopted, this consultancy advice is to assist you with your decision making for planning purposes and is not formal valuation advice such as for acquisition or disposal purposes. It is, however, understood that our review assessment and conclusion may be used by you as part of a negotiation.

The RICS Red Book professional standards are applicable to our undertaking of your case instruction, with PS1 and PS2 mandatory. While compliance with the technical and performance standards at VPS1 to VPS 5 are not mandatory (as per PS 1 para 5.4) in the context of your instruction, they are considered best practice and have been applied to the extent not precluded by your specific requirement.

3.3 RICS 'Financial Viability in Planning Conduct and Reporting'

In accordance with the above RICS Professional Statement it is confirmed that:

- a) 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.

- b) The professional fee for this report is not performance related and contingent fees are not applicable.
- c) 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.
- d) The appointed valuer, [REDACTED] BSc (Hons) 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.
- e) 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.
- f) The DVS viability review assessment has been carried out with due diligence and in accordance with section 4 of this professional statement
- g) The signatory and all other contributors to this report, as referred to herein, has complied with RICS requirements.

3.4 Most Effective and Efficient Development

It is a mandatory requirement of the **RICS 'Financial viability in planning: conduct and reporting'** Professional Statement for the member or member firm to assess the viability of the most effective and most efficient development.

The applicant's advisor has assessed the viability based upon private sales to individual owner occupier or investors. Having considered the size and location of the development, the applicant's proposal is considered to be reasonable. The DVS valuer has assessed the viability based upon the same scheme assumptions and passes no comment on whether this is the most effective and most efficient development. The impact on viability of different scheme e.g. build to rent has not been appraised, however should this be pursued another viability assessment may be necessary.

3.5 Signatory

- a) It is confirmed that the viability assessment has been carried out by [REDACTED] BSc (Hons) MRICS, Registered Valuer, acting in the capacity of 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.

- b) As part of the DVS Quality Control procedure, this report and the appraisal has been formally reviewed by [REDACTED] BA (Hons) MRICS, Registered Valuer, who also has the appropriate knowledge, skills and understanding necessary to complete this task.
- c) DVS has provided viability assessment reviews for Gedling Borough Council for five years.

3.6 Bases of Value

The bases of value referred to herein are defined in the TOE at **Appendix (iv)** and are sourced as follows:

- Benchmark Land Value is defined at Paragraph 014 of the NPPG.
- Existing Use Value is defined at Paragraph 015 of the NPPG.
- Market Value is defined at VPS 4 of 'RICS Valuation – Global Standards'
- Market Rent is defined at VPS 4 of 'RICS Valuation – Global Standards'
- Gross Development Value is defined in the Glossary of the RICS GN 'Valuation of Development Property' (February 2020).

4.0 **Assumptions, and Limitations**

4.1 Special Assumptions

As stated in the terms 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 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.
- That the development as proposed is complete on the date of assessment in the market conditions prevailing on the date.

4.2 General Assumptions

The site has been inspected on a partial basis. The below assumptions are subject to the statement regarding the limitations on the extent of our investigations, survey restrictions and assumptions, as expressed in the terms of engagement.

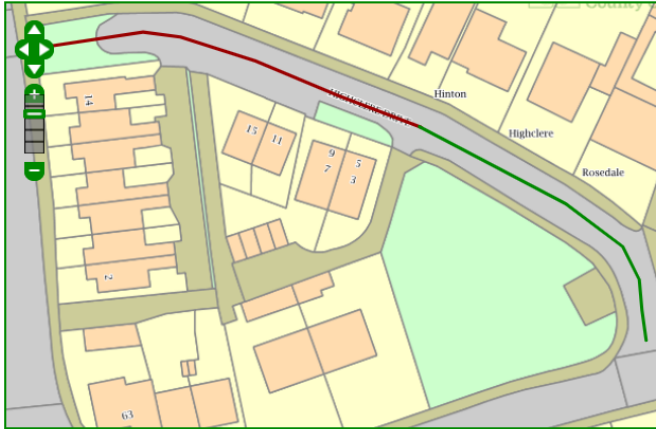
- a) Tenure - A report on Title has not been provided. The review assessment assumes that the site is held Freehold with vacant possession.
- b) Easements / Title restrictions - A report on Title has not been provided. The advice is provided on the basis the title is available on an unencumbered freehold or long leasehold basis with the benefit of vacant possession. It is assumed the title is unencumbered and will not occasion any extraordinary costs over and above those identified by the applicant and considered as part of abnormal costs.
- c) Access / highways - It is assumed the site is readily accessible by public highway and will not occasion any extraordinary costs over and above those identified by the applicant and considered as part of abnormal costs. It should be noted that the road adjacent to the site is publicly adopted, but the remainder of the road past the site is not.

Road Publicly Maintained Status

Street Name: Highclere Drive

Publicly Maintained Status: Partial Length Publicly Maintained

Search again

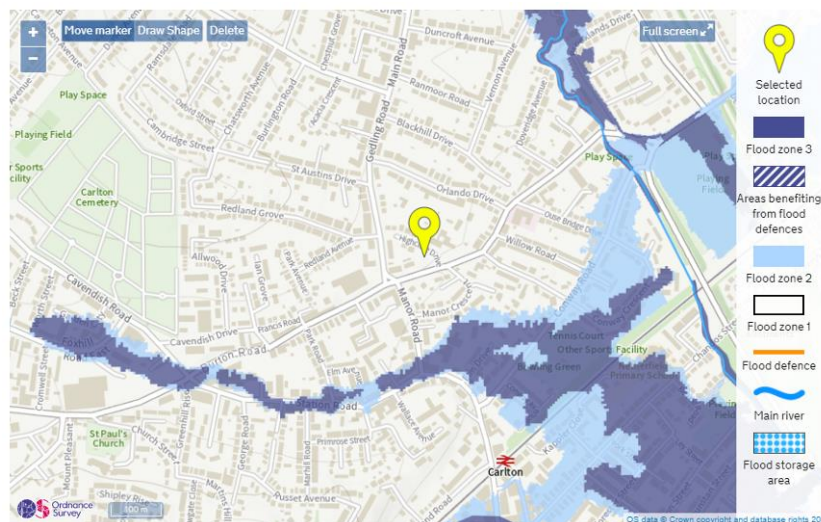


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— Publicly Maintained - Publicly maintained section of road

— Not Publicly Maintained - Section of road not publicly maintained

- d) Mains Services - It is assumed the site is or can be connected to all mains services will not occasion any extraordinary costs over and above those identified by the applicant and considered as part of abnormal costs.
- e) Mineral Stability - This assessment has been made in accordance with the terms of the agreement in which you have instructed the Agency to assume that the property is not affected by any mining subsidence, and that the site is stable and would not occasion any extraordinary costs with regard to Mining Subsidence. I refer you to the DVS Terms of Engagement at **Appendix (iv)** for additional commentary around ground stability assumptions.
- f) Environmental Factors Observed and/or Identified - The site is currently overgrown with vegetation; it is not known if this vegetation is invasive as access onto the site was not possible during inspection. There is a timber electricity pylon immediately north of the site on the pavement which bounds the northern edge of the site. The site is brownfield and previously used as a residential care home, so it is assumed there is no contamination from former uses. It is assumed the site will not occasion any extraordinary costs relating to environmental factors over and above those identified by the applicant and considered as part of abnormal costs.
- g) Flood Risk - DVS have referred to the Environment Agency's Flooding 'flood risk assessment' mapping tool which indicates the site is in Flood Zone 1 and is not subject to a flood risk as indicated by the plan below. Source: Environment Agency.



- h) Asbestos - It is assumed any asbestos will not occasion any extraordinary costs over and above those identified by the applicant and considered as part of abnormal costs.

5.0 Proposed Development

5.1 Location / Situation

The site is located on the corner of Highclere Drive, a residential cul-de-sac comprising good sized detached and semi-detached privately owned dwellings. Highclere Drive is situated in the residential suburb of Gedling, on the eastern side of Nottingham. The immediate surrounding locality is a mixture of privately owned and local authority owned dwellings.

The wider surroundings provide services and amenities to the community, including a doctor's surgery, church, pubs and food shops and a Tesco superstore. The site is sandwiched between Netherfield and Gedling town centres, which has a variety of shops, banks, salons and estate agents.

Carlton train station is 0.3 miles south and Colwick Loop Road is 0.4 miles east, leading into Nottingham city centre which is 2.7 miles west of the site. M1 J24 is 14.5 miles south west and 7.5 miles to the east.

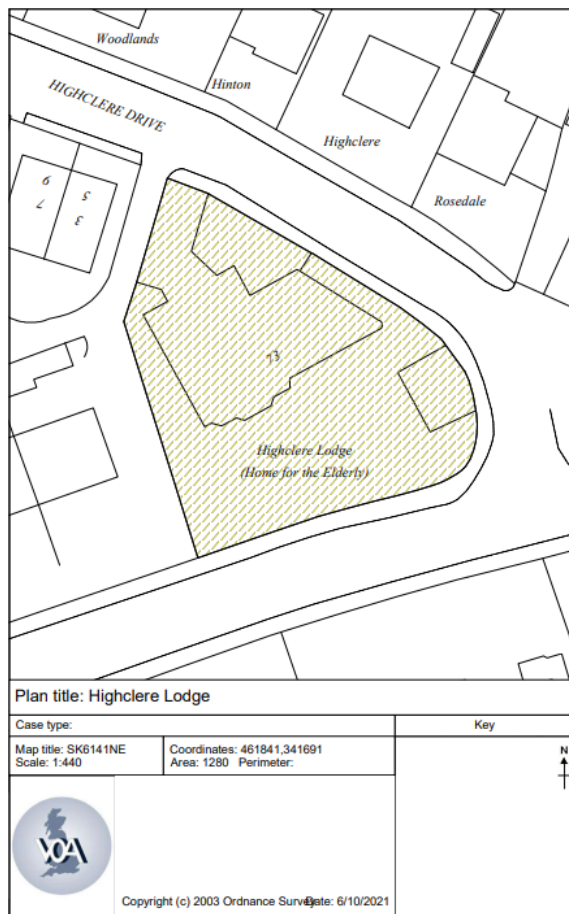
The site is serviced by NCT bus 26, which also goes to Nottingham from directly outside the site. On the opposite side of Netherfield there is Victoria Retail Park which has a variety of commercial enterprises.

5.2 Description

The subject site is brownfield, formerly occupied by a 28-bedroom residential care home. This was demolished and the site cleared in 2017 following approval of planning application 2017/0357PN, to make way for a new development. The site is bound by stone walls and is shielded from the road by large mature trees. It gently slopes towards the south east and is currently overgrown with vegetation. See **Appendix (v)** for photos.

5.3 Site Plan and Area

The gross area of the subject site is 0.13Ha/0.32 acres. Source: VOA Digital Mapping.



5.4 Schedule of Accommodation/ Scheme Floor Areas

DVS make no comment about the density, design, efficiency, merit or otherwise, of the suggested scheme, the accommodation details have been obtained from the applicant on 17 September 2021 and are summarised below:

Unit	Type	Area (m ²)
LG1	1 bedroom flat	60
G1	1 bedroom flat	41
G2	1 bedroom flat	41
G3	1 bedroom flat	47
G4	2 bedroom flat	78
G5	1 bedroom flat	49
F1	1 bedroom flat	41
F2	1 bedroom flat	41
F3	1 bedroom flat	47
F4	2 bedroom flat	80
F5	1 bedroom flat	53
F6	1 bedroom flat	41
F7	2 bedroom flat	53
S1	1 bedroom flat	41

S2	1 bedroom flat	41
S3	1 bedroom flat	36
S4	2 bedroom flat	61
S5	1 bedroom flat	53
S6	1 bedroom flat	41
S7	2 bedroom flat	53
Circulation		158
Total		1,156

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)**.

As agreed in the terms, any office and/or residential property present has been reported upon using a measurement standard other than IPMS, and specifically Gross Internal 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.

5.5 Planning

- a) The Council's target for Affordable Housing delivery is 20% at 4 units (3 Affordable Rent and 1 Shared Ownership). The land is not currently allocated in Gedling Borough Council's Local Plan.

Gedling Borough Council have confirmed that a S106 contribution of £8,000 is required for NCC bus stop enhancement. The site lies within Gedling Borough CIL Zone 2. The current indexed CIL charge is £58.54 per square metre, which applied to the proposed scheme of 1,156 square metres GIA, gives a total CIL charge of £67,674.

- b) This specific site has been referred to DVS for further viability assessment as the developer is contesting the S106 contributions and believes the scheme to be unviable.

5.6 Policy Requirements for the Scheme

The Local Plan policy requirements are to provide 20% affordable housing, a contribution towards transport infrastructure and a CIL charge for this scheme. Further to Gedling Borough Council's confirmation my review assessment includes the following Local plan policy requirements:

- 4 affordable housing units – 3 affordable rent and 1 shared ownership
- £8,000 NCC bus stop enhancement
- £67,674 CIL charge at £58.54 over 1,156sqm

The difference between DVS' and the applicant's inputs are due to the applicant rounding the indexed CIL charge. The applicant has not included the S106 contributions in their appraisal as the initial OMV appraisal indicated negative viability, and therefore has not produced a policy compliant appraisal.

Planning policy requirements should be factual and agreed between the LPA and the applicant. If the review assessment adopts an incorrect figure and/or a (significantly) different figure is later agreed the viability conclusion should be referred back to DVS.

5.7 Planning Status

I have made enquiries of the Planning Authority as to the planning status and history which has revealed that aside from the existing planning consent under 2020/1254, there has been one previous planning application on the site.

Previous applications include:

Ref: 2017/0357PN

Received: 17 March 2017

Description: Demolition of building for redevelopment

Status: Approved

6.0 **Summary of Applicant's Viability Assessment**

6.1 Report Reference

DVS refer to the Financial Viability Assessment prepared by [REDACTED] BA (Hons) MRTPI of AMK Planning, dated June 2021, titled Highclere Lodge, Carlton Viability Appraisal and the appraisal(s) therein.

6.2 Summary of Applicant's Appraisal

In summary the surveyor's appraisal has been produced using Vi-ab² software and follows established residual methodology. This is where the Gross Development Value less the Total Development Costs Less Profit, equals the Residual Land Value, and the Residual Land Value is then compared to the Benchmark Land Value as defined in the Planning Practice Guidance, to establish viability.

The applicant outlines in their report the following:

- The proposed scheme with 0% Affordable Housing provision and £68,204 CIL Policy requirements produces a Residual Land Value of **-£383,955**;
- The Benchmark Land Value is **£200,000** based upon an EUV+ approach where the EUV is £200,000 and the premium is 0%. The applicant has detailed how they have arrived at the Benchmark Land Value as follows: The site has existing use as a nursing home and therefore an alternative use value as such which the applicant believes would justify an existing use value plus premium in excess of £200,000 but have taken a conservative approach. It represents £10,000 per apartment plot.
- A deficit of -£383,955 is identified, this is below their opinion of Benchmark Land Value and therefore the applicant seeks to demonstrate that no Affordable Housing/financial planning contributions are viable.
- The applicant's advisor concludes a scheme with no planning policy is unviable.

To review the reasonableness of this conclusion, the reasonableness of the applicant's appraisal inputs is considered in the next sections.

7.0 Development Period/ Programme

7.1 The development period adopted by the applicant's advisor is 28 months comprising:

- 1 month for site purchase
- 2 months pre-construction/ site preparation
- 12 months for construction
- 9 months for sales starting at month 19

7.2 The development period adopted for the DVS viability review is 26 months comprising:

- 1 month for site purchase
- 2 months pre-construction/ site preparation and enabling site specific abnormalities
- 12 months for construction
- 8 months for sales starting at month 18

8.0 Gross Development Value (GDV)

AMK Planning have adopted a GDV of £2,576,500 which comprises:

Market Housing GDV	£2,576,500	20 apartments (15x 1 bedroom, 5x 2 bedroom)
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Affordable Housing GDV	Not provided	
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I have reviewed the GDV proposed with regards to RICS Guidance Notes '**Assessing viability in planning under the National Planning Policy Framework 2019 for England**', '**Valuation of Development Property**' and '**Comparable Evidence in Real Estate**' and my conclusions are set out below.

8.1 Market Value of Private Dwellings

The VOA database contains details of sales of residential properties including accommodation details, age of property number of bedrooms, reception rooms, age, floor areas and so forth as well as transactional information such as new build sales, part exchange shared ownership or connected party sales etc. We also have access to Energy Performance Certificates which enables analysis. We have also considered sales information about current and forthcoming schemes. All of this enables the valuer to confirm or dispute the applicant's evidence.

Further to my investigations and research into the applicant's evidence and analysis, I have collated and interpreted my own sales evidence. I consider the applicant's opinion of the GDV comprising the Market Values of private dwellings to be a little high, but not unreasonable.

The applicant has relied upon asking prices of apartments currently on the market, and made an adjustment of -5%, whereas I consider it more suitable to collate and analyse sale values. I also consider it would be more appropriate and proper to apply individual unit values by type, relative to the number of bedrooms, size, the position within the property (height/outlook) compared to the applicants £/sqm approach, further to this my opinion of Market Value for each dwelling type is as follows:

Unit	Type	Area (m ²)	DVS Market Value	Applicant Market Value
LG1	1 bedroom flat	60	£125,000	£126,000
G1	1 bedroom flat	41	£110,000	£114,800
G2	1 bedroom flat	41	£110,000	£114,800
G3	1 bedroom flat	47	£120,000	£126,900
G4	2 bedroom flat	78	£160,000	£171,600
G5	1 bedroom flat	49	£122,500	£132,300
F1	1 bedroom flat	41	£115,000	£114,800
F2	1 bedroom flat	41	£115,000	£114,800
F3	1 bedroom flat	47	£125,000	£126,900
F4	2 bedroom flat	80	£165,000	£176,000
F5	1 bedroom flat	53	£130,000	£137,800
F6	1 bedroom flat	41	£115,000	£114,800
F7	2 bedroom flat	53	£135,000	£137,800
S1	1 bedroom flat	41	£117,500	£114,800
S2	1 bedroom flat	41	£117,500	£114,800
S3	1 bedroom flat	36	£107,500	£100,800
S4	2 bedroom flat	61	£145,000	£146,400
S5	1 bedroom flat	53	£132,500	£137,800
S6	1 bedroom flat	41	£117,500	£114,800
S7	2 bedroom flat	53	£137,500	£137,800
Total		998	£2,522,500	£2,576,500

I have arrived at my opinion of value through consideration of the comparables shown in **Appendix (iii)**, and my analysis is as follows:

The comparable evidence ranges between sales values of £100,000 and £150,000 for both 1- and 2-bedroom apartments and are in either the same or nearby suburbs in the surrounding locality. The best comparables are those at [REDACTED] and [REDACTED]. Although these blocks are recent redevelopments rather than new build developments, they are [REDACTED] miles from the subject site and share the same locality.

I would comment that the sale prices at [REDACTED] appear low given the standard of fit out and that they are a recent redevelopment, possibly because [REDACTED] sits on the corner of a busy junction, or possibly because these sales are less recent and were not affected by the boost in the housing market due to the Stamp Duty holiday. I have therefore adjusted to reflect the current housing market. [REDACTED] is also in the immediate locality of the subject and is almost adjacent to [REDACTED]. [REDACTED] is the site of a [REDACTED], where the [REDACTED] has been converted into apartments and 2 new apartment buildings have been erected on site, however it is not clear whether the sales are conversions or new builds so I have made assumptions based on the EPC information provided. These are good indicators of sales values within the area as

they share similar surroundings to the subject, although I have made adjustments for these comparables being redevelopments, and also had consideration to other supporting evidence. [REDACTED] is a new estate development which spans a large site of a [REDACTED]. This is nearby to the subject but in a far superior location so while I have considered this evidence useful in terms of age, I have adjusted for location.

The comparables at [REDACTED] and [REDACTED] are less than 10 years old, and are situated in a more affluent area than the subject location, which has been accounted for when establishing the proposed scheme's Market Values. The comparable in [REDACTED] has been selected as it is in a different suburb of Nottingham, but the locality is quite similar to the subject, where is located in a quieter location just outside the town centre. This comparable was built in 2008 so an uplift has been applied to this comparable.

I have had most regard to the most recently built comparables, and adjusted for location. Therefore, I consider a reasonable non-policy compliant GDV to be £2,522,500, which is 2.1% different to the applicant's GDV.

8.2 Market Value of Affordable Housing Dwellings

The applicant has not provided a policy compliant appraisal as the GDV from the initial appraisal is negative.

DVS has provided a policy compliant appraisal, producing a GDV reflecting the affordable units highlighted in bold as follows:

Unit	Type	Area (m ²)	DVS Market Value
LG1	1 bedroom flat	60	£125,000
G1	1 bedroom flat	41	£117,275
G2	1 bedroom flat	41	£83,663
G3	1 bedroom flat	47	£120,000
G4	2 bedroom flat	78	£160,000
G5	1 bedroom flat	49	£122,500
F1	1 bedroom flat	41	£117,275
F2	1 bedroom flat	41	£115,000
F3	1 bedroom flat	47	£125,000
F4	2 bedroom flat	80	£165,000
F5	1 bedroom flat	53	£130,000
F6	1 bedroom flat	41	£115,000
F7	2 bedroom flat	53	£135,000
S1	1 bedroom flat	41	£117,500
S2	1 bedroom flat	41	£117,500
S3	1 bedroom flat	36	£117,275

S4	2 bedroom flat	61	£145,000
S5	1 bedroom flat	53	£132,500
S6	1 bedroom flat	41	£117,500
S7	2 bedroom flat	53	£137,500
Total		998	£2,515,488

The policy requirements are to provide 20% affordable housing. Since the applicant has not provided a policy compliant appraisal showing which units would be allocated as affordable, I have made the assumption that the four affordable units would be the smallest units within the proposed scheme and would be spread across the floors.

I have collated and analysed comparable rental data to obtain an affordable rent for these units, which are also shown in **Appendix (iii)**, and my analysis is as follows:

The market rent comparables show a range between £625 and £725 pcm for a 1-bedroom apartment in the same location as the subject. All of these comparables are from new schemes at [REDACTED] and [REDACTED], [REDACTED], although they are redevelopments from former commercial uses, but still fit out to a high standard, which is similar specification to what I would expect the subject scheme to be. I would expect the proposed apartments to attract a slightly higher market rent as they will be more recently developed, and are in a slightly better, more shielded residential area. I do not consider any of these comparables to have a higher weighting than the others, but I would pitch my market rents at the higher end of this scale.

Given the subject apartments are largely similar in size, I would apply the same rent to each, and consider £725pcm to be an appropriate market rent. The affordable rent is taken to be 80% of Market Rent as per the market norm, therefore £580pcm.

The shared ownership value is calculated at 75% of Market Value as per industry standards.

8.3 Market Value of Ground Rents

The applicant has not allowed for Ground Rent Investment Value in their viability assessment.

The recently announced Leasehold Reform (Ground Rent) Bill, published on 11 June 2021, will mean dwellings in this development will be sold freehold (or as part of a commonhold) title, or long leasehold and not subject to any ground rent above a peppercorn. The Bill also bans freeholders from charging administration

fees for collecting a peppercorn rent. Consequently, DVS have not allowed for Ground Rent Investment Value in the viability assessment review.

It is the general opinion of the DVS Sector Leaders for Viability that this Leasehold Reform (Ground Rent) Bill may lead to an increase in Market Values for the dwellings, there is no evidence to support this view at the date of assessment and I have not increased Market Values for this.

8.4 Total GDV

My total policy compliant GDV is £2,515,488. This differs from the applicant as he has calculated a GDV based on a non-policy compliant scheme.

9.0 **Total Development Costs**

9.1 Summary of Costs

AMK Planning have proposed the following costs:

Land acquisitions fees:	£1,360
Build costs:	£1,676,200
Contingencies:	£85,810
Abnormal costs:	£40,000
Professional fees:	£134,096
Legal fees:	£12,883
Statutory fees:	£18,438
Sales/marketing costs:	£51,530
Planning obligations:	£0
CIL:	£68,204
Finance costs:	£133,749
Arrangement fee:	£22,885
Developer's Profit:	£515,300

9.2 Summary of Unagreed Costs

The following cost inputs have not been accepted as reasonable;

- Statutory fees
- Sales/marketing costs
- Planning obligations
- Finance costs

9.3 Statutory Fees

The applicant has included the cost of statutory fees as a separate item within their appraisal. However, DVS believe this to be inconsistent with other appraisals that we have undertaken and reviewed, as these would usually be included within the professional fees.

9.4 Sales Costs

The applicant has adopted sales costs (agent fees and marketing fees) to be 2% of GDV, producing a total of £51,530. Within my appraisal I consider sales costs to be more appropriate at 2.5% of GDV, which totals £63,063. I have adopted 2.5% as per the industry norm.

9.5 Planning Obligations

The applicant has not included an allowance for planning obligations as the initial appraisal indicates negative viability. I have included planning obligations within my appraisal as the proposed scheme would still be subject to these costs if it were to be developed. The client has stipulated that the S106 Infrastructure Contribution for an NCC bus stop enhancement will be £8,000. The client has also specified that an NHS health contribution is no longer required as the proposed number of apartments within the scheme no longer reaches the contribution threshold.

9.6 Finance costs

It is difficult to compare the finance outputs across the two appraisals as they have been completed in different programmes and based on slightly different timing, which impacts upon the figures. The applicant has calculated the finance costs based on a 5% fixed interest rate over the construction period and allowed an additional finance arrangement fee of 1% of total costs, which equates to £133,749 and £22,885 respectively. DVS have calculated the finance using an interest rate of 6.5% and a credit rate of 1.5% as per the market norm, which equates to total finance costs of £111,631.

9.7 Specific Abnormal Costs

I refer to the Terms of Engagement where it has been agreed with the client as a special assumption to rely upon the applicant's assessment of abnormal costs to determine the viability of the scheme. Therefore, I have included the sum of £40,000 as site specific abnormal costs in my review assessment. Consequently, this figure appears in my review appraisal.

My observation is that the issues relating to these costs appear commensurate with the development. For the purpose of this review report, and further to your instruction, I am prepared to rely on the professional integrity of the applicant's

cost consultant and accept that such works are necessary, and that the above costs are a fair reflection of the actual costs that would be incurred.

I confirm I am satisfied works such as site clearance, grouting, piling and retaining wall works would all be likely abnormalities on this brownfield site.

The abnormal costs total £40,000 and are not a significant contributing factor to the viability of the scheme. However, should these costs be reviewed and change in the future, we would reserve the right to review our appraisal accordingly.

9.8 Summary Agreed Cost Inputs

The following cost inputs have been accepted as reasonable and adopted by DVS in the review assessment.

Cost	Agent	Comments																		
Land acquisition fees	£1,360	Typically 1.3 -1.75% of (DVS opinion) of the land value. DVS adopted 1% agent fees & 0.5% legal fees. Different approach but accepted as reasonable.																		
Build costs	£1,676,200	<p>The construction cost is accepted as reasonable, however different figures adopted are due to the timing of the appraisal. The applicant and I have both adopted BCIS costs of apartments of 3-5 storeys rebased to Nottinghamshire over the past 5 years. Figures are inclusive of prelims and contractor's overheads. The applicant has obtained data from June 2021 (Q2) and I have adopted the Q4 figures at the date of valuation, which has caused the difference in build costs. The figures are as follows:</p> <table border="1"> <thead> <tr> <th></th> <th>Applicant</th> <th>DVS</th> </tr> </thead> <tbody> <tr> <td>BCIS updated</td> <td>19 June 2021</td> <td>23 October 2021</td> </tr> <tr> <td>Base build costs</td> <td>£1,359</td> <td>£1,441</td> </tr> <tr> <td>Externals</td> <td>+10%</td> <td>+10%</td> </tr> <tr> <td>Total</td> <td>£1,495</td> <td>£1,585</td> </tr> <tr> <td>Rounded to</td> <td>£1,450</td> <td>£1,585</td> </tr> </tbody> </table> <p>The applicant's build costs total £1,676,200, whereas DVS' build costs total £1,832,260, equating to a difference of £156,060.</p> <p>The impact on viability of lower build costs of up to 14% are reflected upon as part of the</p>		Applicant	DVS	BCIS updated	19 June 2021	23 October 2021	Base build costs	£1,359	£1,441	Externals	+10%	+10%	Total	£1,495	£1,585	Rounded to	£1,450	£1,585
	Applicant	DVS																		
BCIS updated	19 June 2021	23 October 2021																		
Base build costs	£1,359	£1,441																		
Externals	+10%	+10%																		
Total	£1,495	£1,585																		
Rounded to	£1,450	£1,585																		

		sensitivity testing.
Contingency	5%	This is a % of the build costs. DVS confirm that 5% is typical for a brownfield site with detailed investigations.
Professional fees	8%	8% apartment scheme.
Legal fees	0.5% of GDV	DVS have used a different approach, adopting £500 per unit, but the applicant's approach is also reasonable.
CIL	£68,204	Nominal differences due to rounding.

10.0 Developer's Profit

- 10.1 The applicant has made an allowance for developer's profit based on 20% of the open market GDV which reflects £515,300 on their open market appraisal.
- 10.2 Further to the above, I consider the scheme to have low to medium risk and that the applicant's profit rate of 20% GDV is considered unreasonable.
- 10.3 My open market viability review assessment adopts a profit target of 18% of GDV, which equates to £454,050. For the policy compliant appraisal I have adopted 18% for open market GDV and 6% for affordable GDV which equates to £391,915.
- 10.4 This profit rate is supported by text within the PPG (a profit of) that states *15-20% of gross development value (GDV) may be considered a suitable return to developers in order to establish the viability.*
- 10.5 Given that both the open market and policy compliant scheme have a negative viability, the developer may be prepared to take a lower profit in order to make the development viable.
- 10.6 To accord with the RICS Guidance Note '**Assessing viability in planning under the National Planning Policy Framework 2019**', I can report that the profit level I have adopted of 18% GDV is equivalent to an Internal Rate of Return of 15.8%, please note this IRR is relative to the development period and finance rate adopted. HCA DAT automatically calculates this.

11.0 Benchmark Land Value (BLV)

11.1 Applicant's BLV

The applicant's surveyor has adopted a Benchmark Land Value of £200,000, which is their opinion of EUV, however they do not seem to have included an amount for a premium which would be the incentive for the landowner to dispose of the site.

There is insufficient evidence and reasoning in support of the EUV, and no premium has been applied.

In forming my opinion of BLV I have followed the five-step process, which is detailed in RICS GN 'Assessing viability in planning under the National Planning Policy Framework 2019 for England' (effective 1 July 2021).

11.2 Existing Use Value (EUV)

Step one is to undertake a valuation to determine EUV.

The Applicant's EUV is £200,000 based upon the site having existing use as a nursing home. The applicant has included no premium within their calculation and they state that they have been conservative within their approach. This is not accepted as reasonable.

My EUV is £19,200 and has been approached by the comparable method of valuation.

Address	Area (acres)	Sale Date	Price	Analysis (per acre)	Description/ Comments
██████████ ██████████ ██████████ ██████████ ██████████	0.47	30/09/2021	£116,000	£54,520	Former use unknown - cleared site. ██████████ as subject. Slightly larger site.
██████████ ██████████ ██████████ ██████████ ██████████	0.91	27/02/2020	£113,000	£102,830	Former barn - mostly cleared site. More rural location. Higher value area. Ceiling value.
██████████ ██████████ ██████████ ██████████ ██████████	0.29	Sold prior to auction on 17/04/2019	Undisclosed. Guide price £125,000-£150,000	£33,858	Derelict industrial unit. ██████████ location. Same size site. Total building area approx 665m2. Demolition costs estimated at £50/m2, therefore £33,250. Say

					£150,000 sold price.
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To arrive at the EUV I have considered the above comparable sales of former commercial land and buildings which are within 5 miles of the subject site. They show a range between £33,858 and £102,830 per acre.

I have applied the least weight to the [REDACTED] as I have not been able to obtain the sale details and therefore the analysis is based on various assumptions. The land in [REDACTED] is a more rural and affluent area, which indicates a ceiling value, but is not appropriate for the subject as it is a different locality. The land at [REDACTED] is the [REDACTED] as the subject, a similar size albeit slightly larger, and is a recent sale. I consider this to be the strongest comparable, and therefore I believe an appropriate EUV of the subject land to be £60,000 per acre, which equates to **£19,200**.

DVS are aware that brownfield land often sells between £50,000 to £100,000 per acre based on previous appraisal searches and professional knowledge.

11.3 Alternative Use Value (AUV)

Step two is the assessment, where appropriate, of the AUV.

An Alternative Use Value approach is not considered applicable in this case.

11.4 Cross Sector Collaboration Evidence of BLV and Premium

The RICS GN explains that Step three is to assess a premium above EUV based on the evidence set out in PPG paragraph 016, which is *'the best available evidence informed by cross sector collaboration, which can include benchmark land values from other viability assessments' comparisons with existing premiums above EUV*.

I have arrived at my opinion of EUV+ via the following evidence:

Address	Area (acres)	Sale Date	Price	Analysis (per acre)	Description/ Comments
[REDACTED]	0.48	20/12/2019	£330,000	£687,500	Land sold with conditional planning for development of 12x 2-bedroom apartments and

					allocated parking. Nearby location to subject. Planning ref [REDACTED] Withdrawn from auction.
[REDACTED] [REDACTED] [REDACTED] [REDACTED]	0.4	Withdrawn prior to auction on 25/03/2021	Guide price upwards of £410,000	£900,000	Land sold with lapsed planning permission for demolition of [REDACTED] and erection of 10 dwelling houses. [REDACTED] planning ref: [REDACTED]. Japanese Knotweed thought to be on site. Demolition and site clearance & removal of knotweed estimated £50,000. Auctioned and unsold 1 month prior, last bid was £436,000.
[REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]	0.05	Unsold – auction on 11/03/2021	Guide price £160,000	£3,200,000	Cleared site with former use as commercial shop. Demolished and full planning permission for 3 storey 9x apartments. [REDACTED] planning ref: [REDACTED].

To arrive at the EUV+ I have considered the above comparable sales of land with hope value/planning permission for residential development which are within 5 miles of the subject site. The show a range between £687,500 and £3,200,000 per acre.

I have attached the least weight to the land in [REDACTED], which is a different locality to the subject site, and it was unsold and therefore the analysis is based on an estimate. The land at [REDACTED] again was unsold so is less reliable, and also has lapsed planning permission for houses instead of apartments, and there is thought to be Japanese Knotweed on site so would require costly treatment/removal - there are too many uncertainties to be able to rely on this comparable. The first comparable is in the [REDACTED] as the subject, is a similar size and also has planning permission for apartments. I would attach the most weight to this evidence. However, this land was sold 2 years ago and so I have adjusted for the market increase in development land since then. Given this analysis I think an appropriate value for the subject land is £750,000 per acre, which equates to **£240,000**.

Therefore, the premium which would incentivise the land owner to sell the subject site is as follows:

EUV+	£240,000
- EUV	<u>£19,200</u>
= Premium	£220,800
Say	£220,000

11.5 Residual Land Value

Step four is to determine the residual value of the site or typology, assuming actual or emerging policy requirements, and this assessment of land value can be cross checked against the EUV+.

Adopting the inputs described herein this report, the residual land value of the proposed scheme with full policy requirements is -214,624.

11.6 Adjusted Land Transaction Evidence

Step five is to cross-check the EUV+ approach to the determination of the BLV of the site by reference to (adjusted) land transaction evidence and can also include other BLV of compliant schemes (or adjusted if not compliant).

Market Transaction Evidence includes evidence ranging between £687,500 and £3,200,000 per acre as above.

11.7 Purchase Price

The NPPG on viability encourages the reporting of the purchase price to improve transparency and accountability, however it discourages the use of a purchase price as a barrier to viability, stating *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. I have been advised by the applicant that the land has been purchased for £400,000 in late 2020, but I have been unable to verify this information.

The PPG does not, however, 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.

I understand that the purchase price at late 2020 was £400,000. Adopting this would not enable full policy delivery and has been discarded for the purpose of my assessment.

11.8 Benchmark Land Value Conclusion

The reasonableness of the applicant's £200,000 Benchmark Land Value has been considered against:

- The EUV of £19,200
- Alternative use value: not applicable
- The Residual Land Value of the planning compliant scheme: - £214,624
- Benchmark Land Values (BLV) adopted in the local plan study for this typology: not applicable
- Market evidence.
- The purchase price: £400,000 but not applicable

It is my balanced and professional opinion having considered all of the above approaches that an appropriate BLV would be £240,000. This comprises an EUV of £19,200 and a premium of £220,800 (11.5 times).

In conclusion, as the Residual Land Value of the policy compliant scheme produces a figure which is less than the EUV/offers an insufficient premium, I agree with the applicant's conclusion that full policy cannot be provided. Having considered all of the above approaches, I conclude that a fair and reasonable BLV would be £240,000. This comprises an EUV of £19,200 and a premium of £220,800 (11.5 times).

12.0 **DVS Viability Assessment**

12.1 DVS Viability Appraisal 1 – Policy Compliant Scheme

My viability review assessment has been produced using HCA DAT software.

Appraisal 1 can be found at **Appendix (i)** which reflects the combined policy requirements of 20% on site Affordable housing and CIL/S106 contributions of

£64,829 (CIL: 56,892, S106: £8,000) towards transport infrastructure, and a fixed developer's profit of 18% open market GDV and 6% affordable housing GDV.

Based on the inputs I have outlined above the residual output presented as the amount available for land which is then compared to the valuer's opinion of the BLV to determine the viability of the scheme.

My viability appraisal generates a residual land value of -£214,624, which is below the BLV of £240,000.

It is my independent conclusion a planning policy compliant scheme is not viable.

12.2 DVS Appraisal 2 – Reduced Policy Scheme

As the scheme cannot meet full policy requirements, I have considered the maximum contributions that the scheme could viably provide. Through a series of iterations to the appraisal I have established that the maximum planning policy that can be delivered is nil, as the open market scheme is also not a viable development.

Appraisal 2 - which can be found at **Appendix (ii)** reflects a scheme with no affordable housing but includes £8,000 for S106 contributions, and a fixed developer's profit of 18% GDV. This appraisal generates a residual value for land of -£297,954 which is below the BLV of £240,000.

It is my independent conclusion this scheme can support no policy requirements.

13.0 Sensitivity Analysis

13.1 Further to mandatory requirements within the RICS Professional Statement '**Financial viability in planning: conduct and reporting**', sensitivity tests are included to support the robustness of the viability conclusion described above.

13.2 I have varied the most sensitive appraisal input relating to base construction costs. I have adjusted these in downward steps of 3.5% from the base appraisal assumption, and the output is the residual land value, which can be compared to the BLV of £240,000.

13.3 Sensitivity Test 1 – Appraisal 1 – Policy Compliant Scheme Results

Construction: Rate /m ²				
-14.000%	-10.500%	-7.000%	-3.500%	0.000%
1,363.10 /m ²	1,418.58 /m ²	1,474.05 /m ²	1,529.53 /m ²	1,585.00 /m ²
14,740	-54,842	-124,884	-195,157	-265,616

13.4 The base conclusion is shown in bold on the right of the results table (white cell). The green cells indicate the factors that would give way to a positive residual land value, and the red cells what would give way to an unviable scheme. The sensitivity analysis has been undertaken using Argus software. The unadjusted residual land value differs slightly from the appraisal produced using HCA DAT software, as there are differences in the way the timings are calculated.

13.5 As can be seen from the Appraisal 1 sensitivity matrix, only 1 of the 5 iterations give way to a marginal or viable scheme, such as 14% fall in construction costs, would result in a positive residual land value of £14,740, however this is still significantly lower than my BLV, which supports my conclusion that the scheme is not viable.

13.6 I have not undertaken a second sensitivity test, as I believe the open market appraisal effectively demonstrates how unviable the proposed scheme is even in the absence of any policy requirements.

14.0 Recommendations

Summary of key issues and recommendations.

14.1 Viability Conclusion

Following the above testing work it is my considered conclusion that the proposed development is unable to support any planning policy requirements.

In order to be delivered there must be either flex in the landowners' expectation of the developer's profit or a reduction in development costs or a combination of all. This is considered remote at the date of assessment and so may raise wider concern over the deliverability of the scheme.

14.2 Viability Review

Further to my conclusion above and the advice that your Council's full planning policy requirements will not be met; a review clause might be appropriate as a condition of the permission, in line with paragraph 009 of the PPG, Review mechanisms are not a tool to protect a return to the developer, but to strengthen

local authorities' ability to seek compliance with relevant policies over the lifetime of the project. DVS can advise further on this should you so require.

14.3 Market Commentary

National Residential Market

“Annual house price growth remained elevated in October at 9.9%, albeit marginally lower than the 10.0% recorded in September. Prices rose 0.7% in month-on-month terms, after taking account of seasonal effects. The price of a typical UK home has now passed the £250,000 mark, an increase of £30,728 since the pandemic struck in March 2020.

Demand for homes has remained strong, despite the expiry of the stamp duty holiday at the end of September. Indeed, mortgage applications remained robust at 72,645 in September, more than 10% above the monthly average recorded in 2019. Combined with a lack of homes on the market, this helps to explain why price growth has remained robust.”

Robert Gardner, Nationwide House Price Index, October/Q4 2021

Local Residential Market

“Sales of flats in Carlton had an overall average price of £103,900 over the last year. Overall, sold prices for flats in Carlton over the last year were 5% up on the previous year and 1% down on the 2006 peak of £105,205.” Apartment prices in Carlton currently range from £85,000 to £120,000 and there are 15 apartments on the market in this area.

Rightmove, October 2021

The housing market accelerated through Q3 & Q4 of 2020 through to 2021 due to the stamp duty holiday which was introduced by the Government to keep the property market afloat during COVID-19. Throughout COVID-19 there have been supply chain issues with building materials, and a shortage of supply due to a combination of COVID-19 and Brexit and consequently the build costs have risen significantly and are continuing to increase.

Novel Coronavirus (COVID-19) Market conditions

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/ assessment date.

15.0 Engagement

- 15.1 The DVS valuer has not conducted any discussions or negotiations with the applicant or any of their other advisors.
- 15.2 Should the applicant disagree with the conclusions of our initial assessment; we would recommend that they provide further information to justify their position. Upon receipt of further information and with your further instruction, DVS would be willing to review the new information and reassess the schemes viability for an additional charge.
- 15.3 If any of the assumptions stated herein this report and/or in the attached appraisal are factually incorrect the matter should be referred back to DVS as a re-appraisal may be necessary.
- 15.4 Following any new information and discussions a Stage Two report may then be produced, however if the conclusion is unchanged, a redacted version of this report including reference to the discussions will be provided.

16.0 Disclosure / Publication

- 16.1 **This redacted report is suitable for publication.**
- 16.2 The report has been produced for Gedling Borough Council only. DVS permit that this report may be shared with the applicant, AMK Planning and their advisor [REDACTED], as named third parties only.
- 16.3 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 (named or otherwise) who may seek to rely on the content of the report.

- 16.3 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 initial assessment 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 initial review report is accepted, a redacted version will be produced, void of personal and confidential data, and made available for public consumption.
- 16.4 As stated in the terms, 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.
- 16.5 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.

The DVS valuer assume that all parties will restrict this report's circulation as appropriate, given the confidential and personal data provided herein.

If the parties do not wish to discuss or contest this report, a redacted version suitable for publication can be issued following your formal request.

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

██████████ BSc (Hons) MRICS
Senior Surveyor
RICS Registered Valuer
DVS
Date: 05 November 2021

Reviewed by:

██████████ BA (Hons) MA MRICS
Principal Surveyor
RICS Registered Valuer
DVS
Date: 05 November 2021

17.0 Appendices

- (i) Appraisal 1
- (ii) Appraisal 2
- (iii) Information to support inputs
- (iv) Redacted TOE
- (v) Site Photos

(i) Appraisal 1

Sent as separate PDF attachment.

(ii) Appraisal 2

Sent as separate PDF attachment.

(iii) Information to support inputs

Comparable Sales Evidence

Address	Description	Beds	Area m2	Sale Price	Sale Date	£/m2
[REDACTED]	2007 residential development. 2nd floor flat. 1 off street parking space. Closeby to subject just outside of Netherfield.	1	38	£100,000	24-Jul-20	£2,632
[REDACTED]	2020 residential redevelopment. On site of [REDACTED] was converted and 2 further residential blocks developed. Unclear whether this comp is a conversion or part of new build so have assumed new build as EPC rating is B. First floor flat. 1 off street parking space. [REDACTED] as subject.	1	40	£119,995	08-Mar-21	£3,000
[REDACTED]	Central location in [REDACTED]. Located on busy junction. Conversion from [REDACTED], completed 2019. High quality apartments with modern finish. 4th floor. Allocated parking space. Good transport links nearby. [REDACTED].	2	50	£110,000	29-Nov-19	£2,200
[REDACTED]	2020 residential redevelopment. On site of [REDACTED] was converted and 2 further residential blocks developed. Unclear whether this comp is a conversion or part of new build so have assumed conversion as EPC rating is D. First floor flat. 1 off street parking space. [REDACTED] as subject.	1	51	£113,995	23-Dec-20	£2,235
[REDACTED]	2008 residential development. 2nd floor flat with secure parking. Opposite side of [REDACTED], next to [REDACTED]. Location has similar characteristics to subject.	2	51	£122,500	21-Jan-21	£2,402

[REDACTED]	2020 residential redevelopment. On site of [REDACTED] was converted and 2 further residential blocks developed. Unclear whether this comp is a conversion or part of new build so have assumed conversion as EPC rating is E. Ground floor flat. 1 off street parking space. [REDACTED] as subject.	1	52	£109,995	06-Aug-20	£2,115
[REDACTED]	2019 new development of houses and flats. Ground floor flat with 1 parking space. Modern interior. 4 storey building. Other side of [REDACTED] to subject.	2	52	£150,000	19-Feb-21	£2,885
[REDACTED]	Central location in [REDACTED]. Located on busy junction. Conversion from [REDACTED], completed 2019. High quality apartments with modern finish. 5th floor penthouse. Allocated parking space. Good transport links nearby. [REDACTED].	2	55	£117,495	29-Jul-19	£2,136
[REDACTED]	2013 residential development. Ground floor flat with 1 parking space. Located on [REDACTED] opposite small retail park.	2	55	£148,000	21-Dec-20	£2,691
[REDACTED]	2014 residential development. Ground floor flat with 1 parking space. Affluent area, next to [REDACTED].	2	60	£135,000	06-Nov-20	£2,250
[REDACTED]	2007 residential development. Ground floor flat. 1 off street parking space. On edge of [REDACTED], slightly less built up area.	2	66	£140,000	11-Feb-21	£2,121
[REDACTED]	2013 residential development. Top floor flat with 1 parking space. Located on [REDACTED] opposite small retail park.	2	67	£147,500	30-Oct-20	£2,201

[REDACTED]	2012 residential development. 2nd floor flat with 1 secure allocated parking space. Average interior. Convenient and different location to subject on opposite side of [REDACTED].	2	77	£134,000	07-May-21	£1,740
[REDACTED]	2014 residential development with dwellings and apartments. Top floor flat with 1 off street parking space. Affluent area, next to [REDACTED].	2	77	£142,000	15-Feb-21	£1,844

Comparable Rental Evidence

Address	Description	Beds	Asking/ agreed rent £/PCM	Asking/ agreed rent £/PA	Remarks
[REDACTED]	2020 apartments converted from [REDACTED]. Private gated site with one conversion and 2 new build blocks. [REDACTED] as subject. Ground floor.	1	£685	£8,220	Long-term letting available from 22/10/2021. Fully furnished.
[REDACTED]	2020 apartments converted from [REDACTED]. Private gated site with one conversion and 2 new build blocks. [REDACTED] as subject. First floor.	1	£675	£8,100	Long-term letting. Fully furnished.
[REDACTED]	2019 apartments converted from [REDACTED]. [REDACTED] as subject, on busier junction. Upper floor, possibly top floor.	1	£725	£8,700	Long-term letting available from 25/09/2021. Unfurnished.
[REDACTED]	2020 apartments converted from [REDACTED]. Private gated site with one conversion and 2 new build blocks. [REDACTED] as subject. First floor. One parking space.	1	£625	£7,500	Long-term letting. Unfurnished.

(iv) Redacted TOE



**Valuation Office
Agency**

DVS Property Specialists
for the Public Sector

Valuation Office Agency
Ground Floor Ferrers House
Castle Meadow Road
Nottingham
NG2 1AB

(Via email)

██████████
Planning Officer
Development Management
Civic Centre
Arnot Hill Park
Arnold
Nottingham
NG5 6LU

Our Reference : 1778368
Your Reference:

Please ask for : ██████████
Tel : ██████████
Mobile : ██████████
Email : ██████████

Date : 15 September 2021

Dear ██████████,

Independent Review of Development Viability Assessment

Proposed Development	20 self-contained apartment dwellings
Subject of Assessment:	Highclere Lodge, Burton Road, Carlton, Nottingham, NG4 3DL
Planning Application Ref:	2020/1254
Applicant / Developer:	██████████
Applicant's Viability Advisor:	██████████

I refer to your instructions dated 08 September 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, as part of the VOA 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. A redacted copy of these terms will be included as an appendix to our final report.

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: 2020/1254.

The land subject to the review comprises the site of a former residential care home located at Burton Road, Carlton, Nottingham, NG4 3DL.

It is understood that the development has:

- a site area of 0.13 hectares/ 0.23 acres.
- a total GIA of 1,156 square metres.
- the proposed schedule of accommodation is as follows:

Highclere Lodge Carlton			
Type	Size Sqm	No.	Total Gia
1 Bed Basement Apt	60	1	60
1 Bed Apt	36	1	36
1 Bed Apt	41	8	328
1 Bed Apt	47	2	94
1 Bed Apt	49	1	49
1 Bed Apt	53	2	106
2 Bed Apt	53	2	106
2 Bed Apt	61	1	61
2 Bed Apt	78	1	78
2 Bed Apt	80	1	80
Corridors/Common Areas	158		158
Total		20	1156

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 into 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 One 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 Two report.
4. **Date of Assessment**
The date of the assessment is required to be the date on which the report is signed, which date will be specified in the report in due course.
5. **Confirmation of Standards to be applied**
The DVS viability assessment review will be prepared in accordance with the following statutory and other authoritative requirements:
- Mandatory provisions
- 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 and is recognised as the 'authoritative requirement' by the Royal Institution of Chartered Surveyors (RICS).

- RICS Professional Statement '**Financial viability in planning: conduct and reporting**' (effective from 1 September 2019) which provides the mandatory requirements for the conduct and reporting of valuations in the viability assessment and has been written to reflect the requirements of the PPG.
- RICS Professional Standards PS1 and PS2 in the '**RICS Valuation – Global Standards**'.

Best Practice provisions

Regard will be had to applicable RICS Guidance Notes:

- RICS GN '**Assessing viability in planning under the National Planning Policy Framework 2019 for England**' (effective 1 July 2021)
- RICS GN '**Valuation of Development Property**'
- RICS GN '**Comparable Evidence in Real Estate Valuation**'

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

Valuation advice, where applicable, will be prepared in accordance with the professional standards, in particular VPS 1 to 5 of the '**RICS Valuation – Global Standards**' and with the '**UK National Supplement**', which taken together are commonly known as the RICS Red Book. Compliance with RICS Professional Standards and Valuation Practice Statements (VPS) gives assurance also of compliance with the International Valuations Standards (IVS).

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 Gross Internal 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 / planning 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. 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) but best practice and they will therefore be applied to the extent not precluded by your specific requirement.

7. Bases of Value

7.1 Benchmark Land Value (BLV) Paragraph 014 of the NPPG for Viability 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).

7.2 Existing Use Value (EUV): Paragraph 015 of the NPPG for viability states that:

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.

7.3 Gross Development Value (GDV) is defined in the Glossary of the RICS GN 'Valuation of Development Property' (February 2020) as:

The aggregate Market Value of the proposed development on the special assumption that the development is complete on the date of valuation in the market conditions prevailing on the date. Where an income capitalisation approach is used to estimate the GDV, normal assumptions should be made within the market sector concerning the treatment of purchaser's costs. The GDV should represent the expected contract price.

7.4 Market Value (MV) is defined by RICS VPS 4, paragraph 4 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."

8. Special Assumptions

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.

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

- That the proposed development is complete on the date of assessment in the market conditions prevailing on the date of assessment.

- That Gedling Borough Council's Local Plan policies, or emerging policies, including for affordable housing are up to date.
- That the applicant's abnormal costs, where adequately supported, are to be relied upon to determine the viability of the scheme, unless otherwise stated in our report and / or otherwise instructed by Gedling Borough Council and that are no abnormal development costs in addition to those which the applicant has identified.

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.
- 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 outgoing.
- 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. Provided by email dated 09 July 2021.
- b) Confirmation of Local plan policy requirement such as CIL / S106 / S278 planning obligations. In particular whether the applicant's assumptions on these matters are correct, if they are incorrect then please provide the correct details. To be provided.
- c) Details of any extant or elapsed consents relating to permitted Alternative Use. To be provided if relevant.
- d) 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. To be provided if relevant.
- e) If the applicant has applied vacant building credit, a statement as to whether this is agreed by your Council, if not the appropriate figure. Not applicable.

- f) A copy of the applicant's financial viability appraisal dated June 2021 prepared by [REDACTED] BA (Hons) MRTPI, received 09 July 2021.

10.2 Information from the applicant

Site access

It is understood that the site is accessible or can be sufficiently viewed from the roadside and no appointment to inspect is required.

In particular it is understood there are no extraordinary health and safety issues to be aware of. If this is incorrect, please provide details of access arrangements and any PPE requirements.

Viability assessment

The applicant should provide sufficient detail to enable DVS to assess their contention that the scheme would not be viable if the Policy requirements in the Local Plan were met.

The applicant's Viability Assessment is expected to meet the authoritative requirements of the NPPF and NPPG for Viability. Where completed by a member the RICS, it is also expected that the applicant's report will comply with RICS Professional Standards PS 1 and PS 2 and the **RICS Professional Statement 'Financial Viability in planning: conduct and reporting'**. In all cases the applicant's viability report is expected to include:

- a) A schedule of accommodation which accords with the planning application.
- b) A plan showing the respective boundaries and the site area
- c) An appraisal compliant with the policy requirements of the Local Plan.
- d) A report with text and evidence in support of the:
 - (i) Gross Development Value adopted
 - (ii) Benchmark Land Value, with reference to EUV and premium.
 - (iii) Gross Development Costs including any Abnormal Costs
 - (iv) Profit assumptions.
 - (v) Finance assumptions.
 - (vi) Cash flow assumptions.

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

I confirm I have in my possession a copy of the applicant's viability report / appraisal. To complete the assessment I require the following:

From your council:

As above in 10.2 b), c) & d).

From the applicant:

Confirmation that EUV stated reflects the Benchmark Land Value for the purposes of the viability report.

Electronic copy of the Appraisal either in the form of an accessible viability toolkit (Argus developer or HCA DAT) or as a Microsoft Excel unprotected document.

DVS will contact the applicant's viability advisor directly for this information.

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 valuers responsible will be [REDACTED] and [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. The DVS report will be referred to as a *viability review assessment*.

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

Further to the requirements of the PPG a redacted version of the DVS viability review assessment detailing the final or agreed position will be supplied for transparency purposes.

14. Report Date

It is my intention to submit my review assessment within 4 weeks of acceptance of these Terms.

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

In order to meet the above reporting date, it is essential that the information requested with section 10 of these terms is supplied by 22 September 2021.

15. Validity Period

The report will remain valid for 3 (three) months unless circumstances change 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 time taken and costs in this review would be as follows:

Role	Task	Hourly Fee Exc. VAT
RICS Principal Valuer	Report, valuation and viability assessment, discussions, advice appeal work	■■■
RICS Senior Valuer	Report, valuation and viability assessment, discussions	■■■
RICS Graduate Surveyor	Research, valuation	■■■
Quantity Surveyor	Cost estimates, advice	■■■
RICS Principal Valuers	Formal case review / Quality Assurance	■■■
Administration	Typing/ Research	■■■

I have previously provided a fee estimate for this work to be in the region of £3,000 to £3,250 plus VAT. If I anticipate exceeding this fee estimate, after commencing work I will contact the Council to advise you of the situation and to obtain the applicants approval for me to continue.

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

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 our carrying out our own development appraisals. It would include a meeting with you to deal with initial issues and a further meeting, if required, to review our assessment findings of the development viability. 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.

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

Thank you for PON 20682662 which will be quoted on correspondence and invoice.

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 faithfully

██████████

██████████ BSc (Hons) MRICS

Senior Surveyor

RICS Registered Valuer

DVS

(v) Site Photos





LDG31 (08.21)
Private and Confidential