Affordable Housing Viability Study

Royal Borough of Kensington and Chelsea

Final Report

June 2010

fordham RESEARCH

Executive summary

Introduction

S1 Fordham Research was commissioned by The Royal Borough of Kensington & Chelsea to carry out a study of affordable housing viability in the Royal Borough. The viability study is intended to inform ongoing work in the preparation of the Local Development Framework (LDF).

S2 Government Guidance in Planning Policy Statement 3 (PPS3) (2006 paragraph 29) requires councils to set a *'plan-wide'* affordable housing target, and to test this for *'deliverability'* by means of the '*economic viability of land for housing within the area'*.

S3 The Homes and Community Agency (HCA) has issued the first official guidance to reflect the downturn (*Good Practice Note on Investment and Planning Obligations: responding to the downturn, July 2009*). This says that affordable housing targets should not be set for the Plan period based on the present poor market conditions. It suggests the possibility of targets set for a future 'normal market', but there is no evidence as to what a 'normal market' may be in future years. It is most unlikely to see a repeat of the 15 year rising market that ended in 2007.

S4 As a result Fordham Research's Dynamic Viability approach is proposed, as that is designed to take account of a range of possible future housing market outcomes through the use of a matrix approach. Such an approach is already used in the London Plan for density issues.

The approach to valuation

S5 The study involved preparing financial appraisals for a representative range of sites to give a picture of the Royal Borough-wide ability of such sites to afford given targets for affordable housing. The approach was to *'model'* viability using a range of variables and our bespoke spreadsheet software. The key features were:

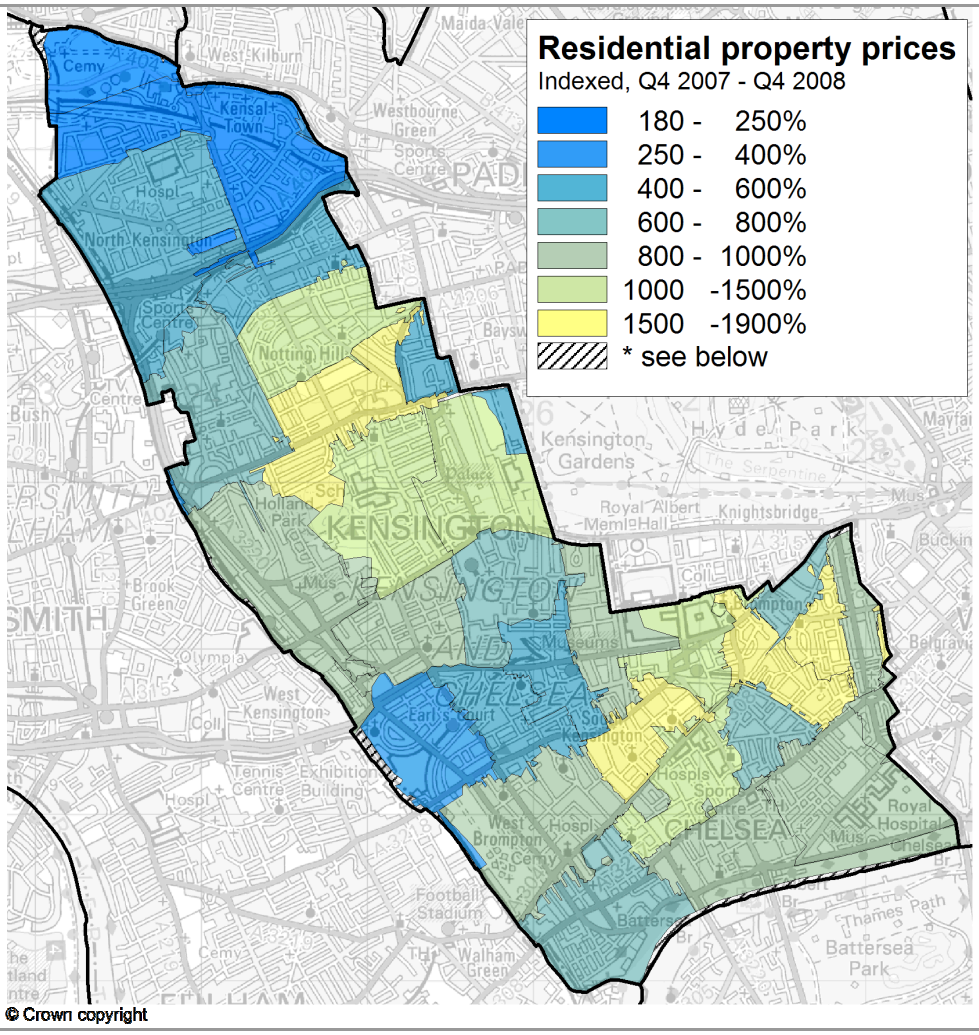
i) A set of ten actual sites was selected, in discussion with the Council, from a longer list of possible sites. All were considered to be representative. These were then supplemented with four notional sites

ii) The sites covered a wide range of site size (four dwellings to 255), were all 'brownfield' and in urban areas

iii) The sites were at various stages in the development process.

S6 A wide range of data was collected about housing in the Royal Borough; this included prices (second-hand, and newbuild, of which there is a reasonable supply locally), rents and RSL information about affordable housing costs. The map below illustrates house price variations across the Royal Borough.

Figure S1 Postcode price indices



Indices compare prices to value for median postcode sector in England & Wales. *Note: Areas shown hatched are postcode sectors straddling the Borough boundary and where most of the sector lies in a neighbouring Borough area.

Source: Land Registry

Testing the sites

S7 In order to provide reliable evidence on deliverability, the sites were examined under a range of assumptions about the key factors affecting viability:

i) Affordable housing target levels of 30%, 40% and 50% of floor area, rather than the conventional target measure based on dwelling numbers

ii) Affordable housing split 75% social rented and 25% intermediate[1]

iii) Land values for alternative uses for the sites: clearly the site viability cannot plausibly fall below the level of alternative use, and so this must be established

iv) Affordable housing income has been fixed at 80% of Total Cost Indicator (TCI) level (in accordance with Council policy)

v) The calculations consider planning gain

vi) Level 4 of the Code for Sustainable Homes was assumed as well as the London Pan requirement for 10% renewable energy

vii) Abnormal costs were taken into account where the sites indicated they were likely.

S8 Clearly this range of elements generated a large range of possible outcomes. These were assessed through our bespoke valuation methodology to indicate 'residual land values'. This is the standard approach, and assumes that all costs and returns are measured, except for the land value outcome. The latter is the key variable. It can then be compared with other scenarios, and with alternative use values. The latter are typically agricultural in rural areas and industrial in urban ones.

Appraisal outcomes

S9 To assess viability, the value of the land for the particular residential scheme adopted needs to be compared to the alternative use value, to determine if there is another use which would derive more revenue for the landowner. If the assessed value does not exceed the alternative use value, then the development is not viable.

S10 For the purpose of a strategic study like the present one, it is necessary to take a comparatively simplistic approach to determining the alternative use value. In practice a wide range of considerations could influence the precise value that should apply in each case, and at the end of extensive analysis the outcome might still be contentious.

S11 Our 'model' approach is outlined below.

i) Where the development is on former industrial, warehousing or similar land, then the alternative use value is considered to be industrial, and an average value of industrial land for the area is adopted as the alternative use value

ii) Where an existing building remained capable of beneficial use we took its estimated value.

[1] An early version of the SHMA suggested proportions of 75/25% and we undertook to test this option. The SHMA tenure split proposals were subsequently revised to 85/15%. However, because the Council has fixed the value at which affordable units are conveyed to partner RSLs, changing the tenure split will not influence the financial outcome for the developer.

S12 Applying this approach, the results for the 14 sites are shown in the table below:

Table S1 Appraisal outcomes: grant to 80% TCI

Ref	*Site*	*Alt use value*	*Value £m per acre*			
			No aff.	*30%*	*40%*	*50%*
1A	TA Centre	7.5	10.6	-1.2	-5.3	-9.5
		8.5	VIABLE	NOT VIAB	NOT VIAB	NOT VIAB
2A	Princess Louise Hospital	5.6	8.1	4.4	3.1	1.9
		6.6	VIABLE	NOT VIAB	NOT VIAB	NOT VIAB
3A	Kensington Park Hotel	62.3	51.5	22.5	12.4	2.1
		63.3	NOT VIAB	NOT VIAB	NOT VIAB	NOT VIAB
4A	St Thomas C of E School	1.0	-0.5	-2.7	-3.4	-4.1
		0.0	NOT VIAB	NOT VIAB	NOT VIAB	NOT VIAB
5A	The Power House	11.5	53.4	33.0	25.9	18.8
		12.5	VIABLE	VIABLE	VIABLE	VIABLE
6A	Sorting Office	8.0	83.0	55.8	46.1	36.2
		9.0	VIABLE	VIABLE	VIABLE	VIABLE
7A	225 Earls Court Road	8.0	29.7	17.0	12.8	8.7
		9.0	VIABLE	VIABLE	VIABLE	MARGINAL
7N	Notional 1	6.0	30.7	18.1	13.9	9.7
		7.0	VIABLE	VIABLE	VIABLE	VIABLE
7M	Notional 2	6.0	12.8	5.6	3.3	1.0
		7.0	VIABLE	NOT VIAB	NOT VIAB	NOT VIAB
8A	158-166 Brompton Road	52.2	126.6	86.1	72.5	58.8
		53.2	VIABLE	VIABLE	VIABLE	VIABLE
8N	Notional 3	23.1	2.2	-3.8	-5.8	-7.9
		24.1	NOT VIAB	NOT VIAB	NOT VIAB	NOT VIAB
9A	50 Hogarth Road	51.6	28.2	17.7	14.3	10.8
		52.6	NOT VIAB	NOT VIAB	NOT VIAB	NOT VIAB
10A	239 Kensington High St	29.2	27.9	18.3	15.1	11.9
		30.2	NOT VIAB	NOT VIAB	NOT VIAB	NOT VIAB
10N	Notional 4	22.7	19.2	12.2	9.9	7.6
		23.7	NOT VIAB	NOT VIAB	NOT VIAB	NOT VIAB

Source: Table 6.3

S13 The results for the 14 sites can be summarised as follows:

i) At 100% market housing eight sites were fully viable

ii) At a 30% affordable target five were viable

iii) At a 40% target the five sites remained viable

iv) At 50% 4 sites remained viable and one became marginal.

S14 Sensitivity testing suggests that at the peak viability level during November 2007 (when prices were perhaps 25% higher than those assumed in our study, whilst costs may have been 15% lower) 11 schemes would have been viable at the 40% level. Conversely, sensitivity testing suggests that should prices fall by a further 15% whilst costs increase by 5% then only four schemes would be viable at the 40% level.

S15 The evidence suggests in our view that a 40% target, based on floorspace, would be the highest that would be reasonable to put forward in present circumstances. In terms of the split between social and intermediate housing, the emerging SHMA document suggested proportions of 75/25% and we undertook to test this option. The SHMA tenure split proposals were subsequently revised to 85/15%. However, because the Council has fixed the value at which affordable units are conveyed to partner RSLs, changing the tenure split will not influence the financial outcome for the developer.

S16 We considered what the appraisal results implied about the scope for varying the size threshold from the national minimum of 15 dwellings, or alternatively from the London Plan which proposed ten dwellings. The Royal Borough envisaged a threshold based on minimum total gross floorspace which then matched the use of floorspace as a target measure. The proposed threshold 8,600 sq ft (800 sq m) corresponds to the London Plan proposed minimum of ten. Of the four sites with less than 15 dwellings but more than 800 sq m gross floorspace, three were viable at 40%, a slightly better proportion than for sites of 15 dwellings plus. We concluded that the proposed threshold was acceptable.

Dynamic Viability analysis

S17 This is designed to overcome a dilemma created by the Credit Crunch. During the history of affordable housing targets since their creation in 1991 there had been a broadly rising market. This meant that targets could rise also, and reach their current level of around 40-50%. The downturn following the Credit Crunch meant that target had to be lowered. It was always a condition of such targets that they should not remove viability from the market housing developments of which they were a part (such targets only apply to market housing developments, not to ones that are fully funded by public grants).

S18 Fordham Research has devised a system which permits deliverable targets to be set, regardless of future fluctuations in the market, using sets of price and cost indices. It means that the Core Strategy Inquiry can be presented with the full range of possible target outcomes, and once approved (in whatever form) no new policy change is required to alter the target. It is changed only by the movement of published indexes. The intervals at which it is changed must be infrequent enough to permit an orderly land market, thus we suggest annually.

S19 In order to generate the data below it is necessary to agree a Benchmark Site. This is necessary to permit a reasonably simple outcome. In the case of the Royal Borough, that site is No 7a: 225 Earls Court Road. As will be seen from Table 6.3 this is viable at the proposed target level of 40% and marginal at 50%. The benchmark site is judged to be reasonably typical of future development sites in Kensington and Chelsea. This is immaterial of whether the site itself is built. Sites of this character are assumed to remain typical.

S20 One feature unique to the Royal Borough needs to be addressed in the following analysis. The Dynamic Viability approach is designed for the normal target analysis, which is based on dwellings. The mix of construction in Kensington and Chelsea is highly untypical of development across the country, and so the main analysis has been done in terms of square feet (for example as shown in Table 3.2). For the purposes of Dynamic Viability we needed to translate these area figures into dwelling sizes, carry out the analysis and then translate back into square feet. This means that the intervals in the tables containing the result show rather irregular intervals. This is a necessary consequence of the transition from 'whole dwellings' into square feet of area.

S21 In order to provide the LDF Inquiry and its Inspector with a robust range of variation, wider than is likely to arise during the Plan period, the tables shown in Chapter 8 contain three layers of detail:

i) **Coarse Matrix:** This is based on 10% intervals in the indexes and therefore shows a very wide range. It goes from price/cost falls of -20% to price/cost rises of 50-60%. These are greater than are likely to arise in the Plan period, but the array does provide the widest likely range of target possibilities

ii) **Fine Matrix:** This is based on 4% intervals in the indexes and is designed to provide workable jumps between target levels. The Coarse Matrix can imply leaps of 10 or 20% in targets, which would not be workable in practice. The Fine Matrix normally overcomes that by typically generating 5% levels of change.

Table S2 Dynamic Viability Fine Matrix for the Royal Borough of Kensington & Chelsea

			Price Change HPI								
	%		*-8%*	*-4%*	*0%*	*4%*	*8%*	*12%*	*16%*	*20%*	*24%*
			572.2	**597.1**	**622.0**	**646.9**	**671.8**	**696.6**	**721.5**	**746.4**	**771.3**
Cost Change BCIS Index	*-8%*	**261.4**	40%	40%	46%	51%	51%	56%	56%	56%	61%
	-4%	**272.7**	35%	40%	40%	46%	51%	51%	51%	56%	56%
	0%	**284.1**	30%	35%	40%	40%	46%	51%	51%	51%	56%
	4%	**295.5**	30%	35%	35%	40%	46%	46%	51%	51%	51%
	8%	**306.8**	24%	30%	35%	35%	40%	46%	46%	51%	51%
	12%	**318.2**	24%	24%	30%	35%	40%	40%	46%	46%	51%
	16%	**329.6**	18%	24%	30%	30%	35%	40%	40%	46%	46%
	20%	**340.9**	12%	18%	24%	30%	35%	35%	40%	40%	46%

Source: Table F1 in Appendix 3

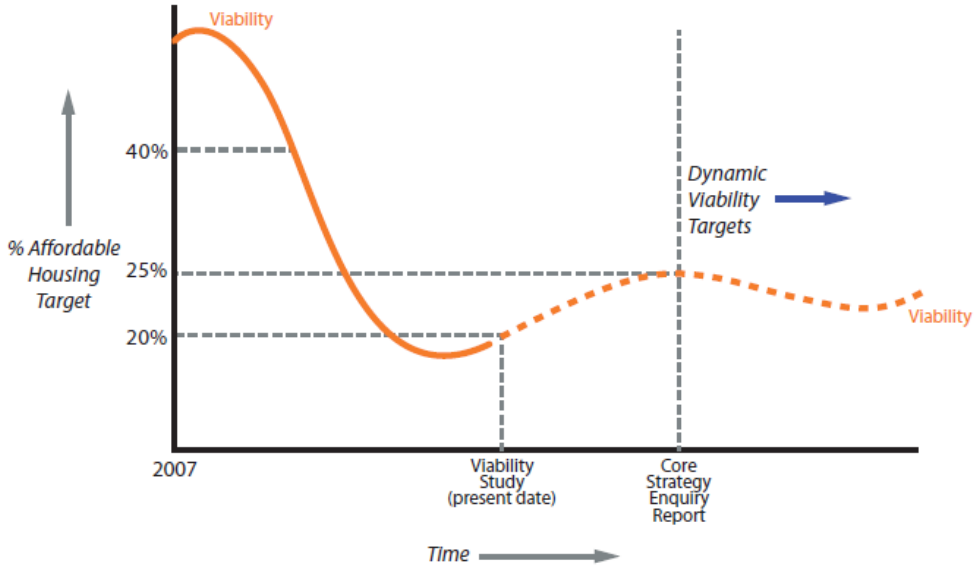
S22 From Table S2 it can be seen that at the 0% price and 0% cost point the figure of 40% is shown. This is the suggested Borough-wide affordable housing target at the start of the process. This table shows the Fine Matrix, which is the practical everyday tool.

S23 The way in which it works is quite simple. At the review point, which might be the Annual Monitoring report date, the various indexes are examined. The first one is 'alternative use value' which determines which table is to be consulted. The starting point is the base table, which is the one shown here. Then examine the House Price Index (HPI) and Building Cost Information Service (BCIS) in indexes. As can be seen from the table, if prices fall and costs do not change much, then the target will fall. In the same way, if prices rise and costs do not rise too much, then the target will go up. The colours on the table indicate the bands of target level.

S24 A unique feature of the Royal Borough of Kensington & Chelsea situation arises from its target being measured in square feet rather than dwelling units. This has the result of the target being expressed in rather unrounded figures (such as 46% or 51%) away from the base of 40%. This is difficult to avoid. However the important point is that the movements of the target are quite manageable: about 5% for each step, and so they should not disturb the land market unduly.

S25 The operational level is the Fine Matrix illustrated above. After a period of years the index changes may mean that the indexes have moved outside the original bands. This is why the Coarse Matrix exists: it covers the whole scale of variation in the indexes likely to arise over several decades. Its span is greater than the range of alteration over the past few decades. The Fine Matrix can readily be moved around within the Coarse Matrix as shown in the illustrative diagram below.

Figure S2 Implementing Dynamic Viability



Source: RBKC Affordable Housing Viability Study, Fordham Research 2009

S26 The diagram above illustrates the possible change in viability between completion of the viability study and Core Strategy EIP. After that, of course, the Dynamic Viability matrix will take account of future variations in viability.

S27 In practice, since the original valuations were done a year ago, the Dynamic Viability process can be used to examine whether the target has changed. As shown in detail in Chapter 8, the cost index has moved 4% up but the price index has moved nearly 12% up, meaning that the affordable housing target for the Royal Borough of Kensington and Chelsea should now be:

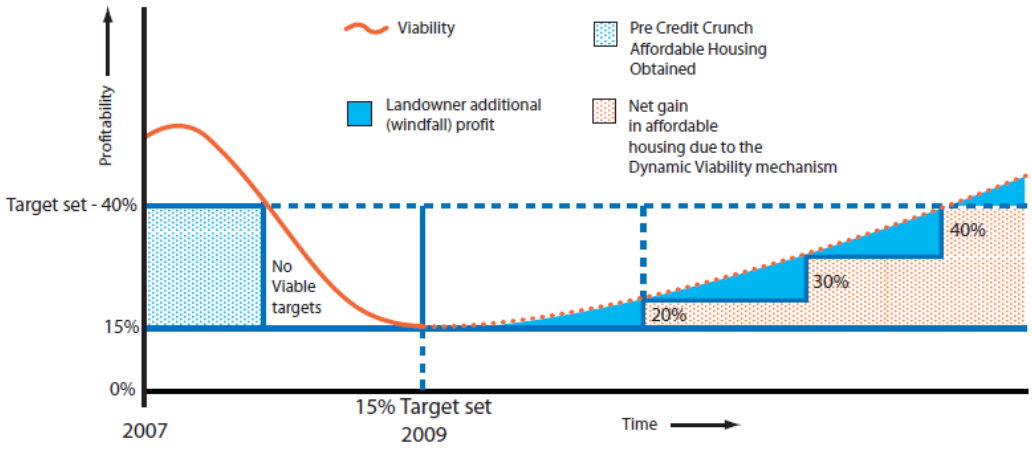
46% rather than 40%

S28 This illustrates the Dynamic Viability process in practice. As discussed above, the target figures look a bit unfamiliar due to the translation from square feet to dwellings and back.

Conclusion

S29 The main point is that the Dynamic Viability matrices will ensure that all future changes in the housing market are tracked by deliverable affordable housing targets.

Figure S3 Gain of Affordable Housing from Dynamic Viability



Note: This diagram is schematic and does not apply to RBKC

S30 This figure also shows that the landowners/developers will gain from any uplift in the market (again, the 40% pre-credit crunch target shown is general and not specific to Kensington and Chelsea). The basic viability assessment assures the landowner and the developer of a reasonable return. When the market goes up, the private sector will gain a windfall profit (shown by the blue areas under the viability curve) and the public interest will gain affordable housing as the targets are periodically altered.

S31 The Dynamic Viability procedure ensures that the maximum of deliverable affordable housing is achieved.

Table of Contents

List of abbreviations

£ k	thousand pounds
£ m	million pounds
dw	dwelling
dwgs	dwellings
ft	foot
ha	hectare
m	metre
Q1	Quarter 1
S106	section 106
sq	square
BCIS	Building Cost Information Service
HPI	House Price Index
SHMA	Strategic Housing Market Assessment
PPS3	Planning Policy Statement 3
TCI	Total Costs Indicator
CSH	Code for Sustainable Homes

1. Introduction

Introduction

1.1 Fordham Research was commissioned by The Royal Borough of Kensington and Chelsea to produce guidance on the financial viability implications of alternative targets and size thresholds for affordable housing provision within the Royal Borough area.

1.2 The study forms part of a wider study, a Strategic Housing Market Assessment (SHMA) for the Borough being carried out in parallel. That study is intended to develop an understanding of the local housing market area, build a picture of housing needs and requirements, and to suggest appropriate targets for housing provision based on this analysis. The SHMA will provide input into the ongoing work on preparation of Local Development Documents for the Royal Borough.

Context

1.3 The context for this study consists of the Guidance which Government has provided for doing such work, and the broad principles of viability analysis which has of course existed in some form ever since settled civilisation meant that land was bought and sold.

Guidance

1.4 National guidance Planning Policy Statement 3 (PPS3: Housing, 2006) requires Councils to set a target for the proportion of affordable housing to be delivered through new developments. The recently completed SHMA was intended to provide guidance on the levels of affordable housing target that would be justified by the analysis of the area's housing requirements.

1.5 This SHMA advice was, essentially, based on an assessment of the balance between the need for market housing and the need for affordable housing. In doing so, it did not take into account the commercial factor – i.e. what is viable, and what it is realistic to ask developers to provide in this area at this time. Whilst a target of, say, 50% may be the appropriate figure to balance the overall housing market over time, it may not be the appropriate target now.

1.6 The purpose of the present study is to address that issue, enabling the Council to set a robust target in the light of current commercial circumstances in Kensington and Chelsea. That latter target is just that – a target. The actual amount of affordable housing required on any particular site must be assessed for that actual site, and take into account the peculiar factors of developing that site at that point of the economic cycle.

1.7 The Guidance position has been supplemented by the Homes and Communities Agency (HCA) in a recent Good Practice Note: *Investment and Planning Obligations: responding to the downturn* (July 2009). The range of guidance is reviewed below.

1.8 This study is designed to set the current target in an informed way. Given the pattern of housing market conditions since late 2007, and more particularly a general expectation that house prices may continue to fall for some time to come, it may be necessary for any proposed target to be reviewed regularly, so as to reflect the resulting changes in the profitability of development.

The land market

1.9 The availability and cost of land are matters at the core of the viability for any development of new houses. The format of the typical valuation has been standard for centuries and looks like this:

Gross Development Value
(The combined value of the complete development)

LESS

Cost of creating the asset, including a profit margin
(Construction + fees + finance charges)

=

RESIDUAL VALUE

1.10 The result of the calculation indicates a land value, which acts as the top limit of what a bidder could offer for that site. In this study we use the procedure in reverse:

> *Given the likely land values will a development including X% target for affordable housing be viable?*

1.11 The calculation involves the same basic information but is designed for a different purpose. The 'likely land value' is a difficult topic, since clearly a landowner will never be entirely frank about the price that would be acceptable: always seeking a higher one. This is one of the areas where an informed assumption has to be made about the 'cushion': the margin above the 'existing use value' which would make the landowner sell. Landowners and land buyers are surrounded by agents who argue in their clients' interest, so the process of selling and buying development land is not usually simple or quick.

1.12 This study does not attempt to assess the specific price that could or should be paid for each site (please see Figure 1.1 below). The appraisal works out what land on a site may be worth if a range of scenarios were to occur, and then compares that amount with its value in some other use to which it could be put. Nor does this study attempt to predict when a landowner may sell the land, or even if they will sell, since that is a very site specific matter.

Reasons for this study

1.13 Government Guidance (PPS3: Housing (2006)) contains a paragraph which says that affordable targets should:

> *'…reflect an assessment of the **likely** economic viability of land for housing within the area, taking account of the risks to delivery and drawing on informed assessments of the likely levels of finance available for affordable housing, including public subsidy and the level of developer contribution that can reasonably be secured.'* (S29) (Fordham Research's emphasis)

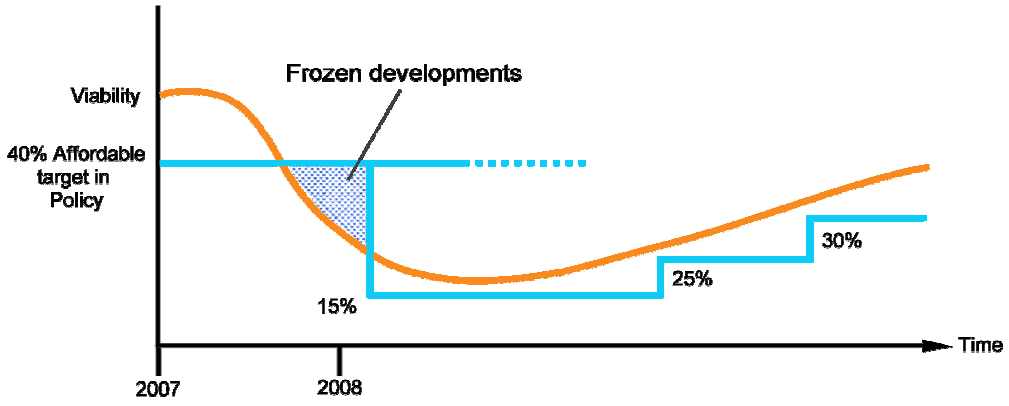
1.14 Until the Court of Appeal decision of August 2008 over the Blyth Valley Core Strategy Inspector's Report, nobody really understood that this statement in PPS3 conferred a new duty on local authorities. In summary:

> *'There is now a duty on every local authority to ensure that any affordable housing target is broadly deliverable within the area.'*

1.15 The word 'likely' in the above quotation from PPS3 is taken to mean that the duty is a 'broad-brush' one: the typical site in the local authority should be able to bear whatever target is set. Some sites within the area will not be able to do so, but of course they still have the original scope to make specific submissions at the planning applications stage.

1.16 The date at which this new duty was legally defined to exist coincided with the economic downturn. This had the effect of reducing the profitability of new housing developments, and hence their viability. This situation is shown schematically in the figure below:

Figure 1.1 The effect of the economic downturn on viability



Source Fordham Research 2009

1.17 The diagram shows that where once a 40% target was easily viable, at the time shown in the diagram, only a 15% target is viable. Projected future improvements in viability mean that at various times in the future 25% and 30% targets may be viable.

1.18 The situation depicted in Figure 1.1 has caused difficulty in setting targets. The Homes and Communities Agency (HCA) issued Good Practice Guidance on affordable target setting in July 2009. This sets out (in paragraph 19) two alternative bases for target setting:

i) Set the target to the minimum (probably current) level of viability: 15% in the example. This would evidently under-provide affordable housing when taken over a plan period.

ii) Set the target for a 'normal' market and treat it as flexible

1.19 The second approach is based on an unpublished note from the Planning Inspectorate and the Good Practice note advises its use. But the result will not be robust:

i) The concept of the 'normal' market is unsound. Prices have always varied, and it is not possible to state which of them is 'normal'. Prices rose unevenly for the whole period 1991 to 2007 but no part of the curve can be labelled 'normal'.

ii) In the present recession there is no agreement as to how long it will last, and what the curve of viability over time (as illustrated in Figure 1.1) will look like. It could be 'V' shaped, 'U' shaped or 'bath' shaped. Nobody knows. It is quite possible that matters will get worse before they get better, and that there will be reverses along the way. In short, any 'normal market' target is likely to be undeliverable for much of its life. Some attempts to set one have based themselves on the 2007 peak. This is unlikely ever to repeat, as the cost and price environment will be quite different in future. There is no safe basis for guessing a 'deliverable' target for a 'normal' market.

1.20 The 'normal market' target would therefore be vulnerable to S78 appeal, probably for much of its life, and applicants who went to appeal saying that it was 'undeliverable' would be likely to succeed. Such targets are therefore not robust, or sensible to set.

1.21 The Dynamic Viability model was constructed by Fordham Research to provide a third option: affordable targets that are both deliverable, and provide a reasonable maximum of affordable housing.

What this means for the study

1.22 This means that the study is in two stages: the first being the standard viability analysis (in Chapters 2 to 7) and then the second stage containing the Dynamic Viability analysis in Chapter 8.

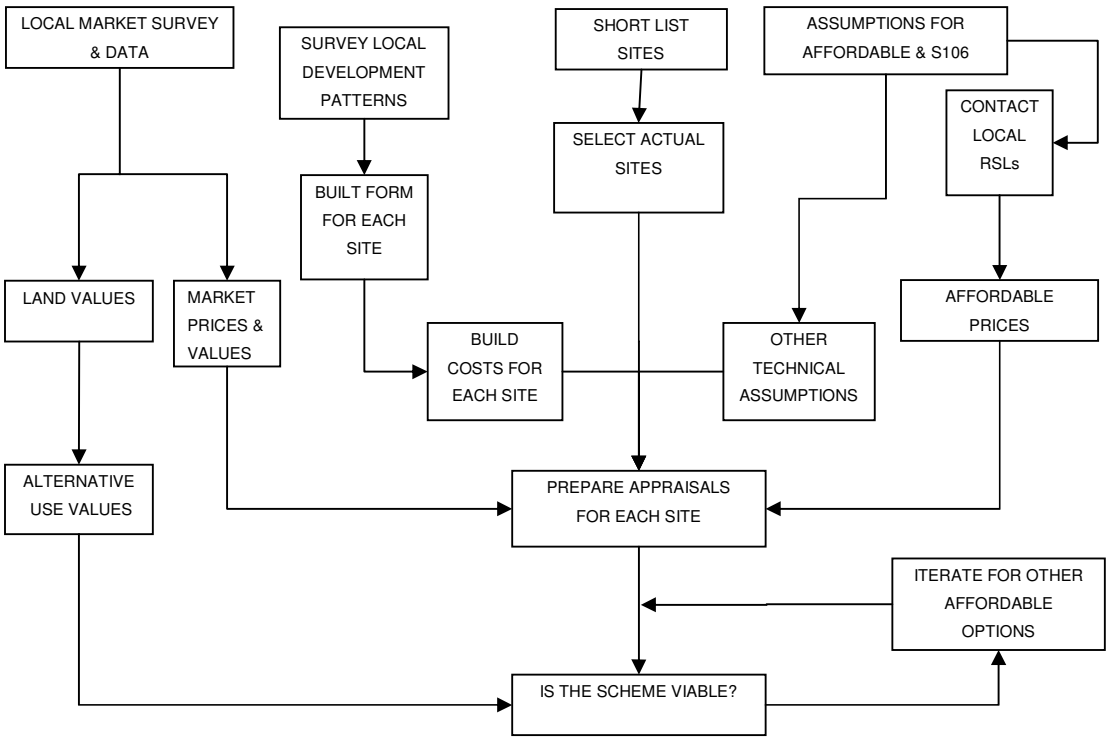
Stage 1 viability methodology

1.23 The Stage 1 viability methodology is summarised in Figure 1.2 below. Fundamentally, it involves preparing financial appraisals for a representative range of sites across the study area. In this case a selection of sites was chosen from a shortlist.

1.24 The appraisals tested alternative levels of affordable housing provision: in each case a combination of social rented and intermediate housing. We considered the likely purchase prices RSLs would pay for units in each category. Assumptions were also required for the developer contributions that would be sought under other headings like education and open space.

1.25 We surveyed the local housing market, in order to obtain a picture of sales values for the market housing. We also surveyed land values for residential development, to calibrate the appraisals and for other uses, to assess alternative use values. Alongside this we considered local development patterns, in order to arrive at appropriate built form assumptions for those sites where information from a current planning permission or application was not available. These in turn informed the appropriate build cost figures.

Figure 1.2 Stage 1 viability methodology



Source: Fordham Research 2009

1.26 A number of other technical assumptions were required before appraisals could be produced. The appraisal results were in the form of pounds per acre/ha 'residual' land values, showing the maximum value a developer could pay for the site and still return a target profit level.

1.27 Finally, the residual value was compared to the benchmark alternative use value for each site. Only if the residual value exceeded the benchmark figure, and by what is explained in due course to be a satisfactory margin, could the scheme be judged to be viable.

Stage 2: Dynamic Viability analysis

1.28 Fordham Research has developed a model which enables the Council to establish through the Core Strategy Examination a matrix of possible future affordable targets. These would be automatically changed in accordance with published indexes of the performance of the housing market. In this way the target would always remain deliverable, but at the same time would ensure that windfall gains in land value are translated into increased affordable housing. This is in accordance with Government Guidance. It would also ensure that the landowners and house builders' margins are not harmed.

1.29 The Dynamic Viability approach is set out in Chapter 8.

Fordham Research

1.30 Fordham Research has been providing advice to Councils in respect of planning gain and development viability since the late 1980s. The firm's approach throughout this time has involved the preparation of financial appraisals. Over the last few years in particular Councils have increasingly commissioned the firm to evaluate financial appraisals which have been prepared by developers in order to support a case for a reduced affordable housing contribution, for enabling development and so on.

1.31 Since 1993 Fordham Research has become a leading consultancy in carrying out Housing Needs Surveys and more recently the wider ranging Strategic Housing Market Assessments that have largely replaced them, and advising Councils on affordable housing policy issues.

1.32 Since that time the firm has assisted Councils on very many occasions by providing expert witness services at Local Plan and S78 Inquiries, successfully supporting housing need and affordable housing policies. Particularly in recent years this has regularly included evidence in respect of viability issues.

Structure of this report

1.33 The remainder of the report covers the following topics:

Chapter 2 - The individual development sites
Chapter 3 - Affordable housing and other developer contributions
Chapter 4 - Local market conditions
Chapter 5 - Assumptions for viability analysis
Chapter 6 - Stage 1: Viability Results
Chapter 7 - Implications of viability results
Chapter 8 - Stage 2: Dynamic Viability results

2. Individual development sites

Introduction

2.1 This chapter deals with the sites identified for study, first outlining the key characteristics of each site, and then considering the assumptions made about proposed development upon each site for the purpose of producing a financial appraisal. The individual sites chosen were visited at an early stage in the work.

A Royal Borough

2.2 The Royal Borough of Kensington and Chelsea is located in the western part of Inner London and covers an area of just under five square miles. It the most densely populated Borough in the country, as well as being home to a range of internationally recognised arts, cultural and retail facilities and a number of parks and open spaces.

2.3 Kensington and Chelsea grew throughout the nineteenth century to provide homes for the newly wealthy middle and upper classes. More recently it has been the centre of fashionable London and at the forefront of the restoration of the Victorian terraces of Inner London.

2.4 The Royal Borough's housing market, while sharing many of the characteristics of other inner city areas, poses particular challenges. Kensington and Chelsea has the highest property prices and private sector rents in the country, the highest residential density in London, the highest proportion of people renting privately in the United Kingdom and a lower than average proportion of owner-occupiers.

2.5 Recent trends and developments in the local housing market, and throughout London, heighten the challenges faced by the Royal Borough and exacerbate social exclusion and the creation of polarised communities.

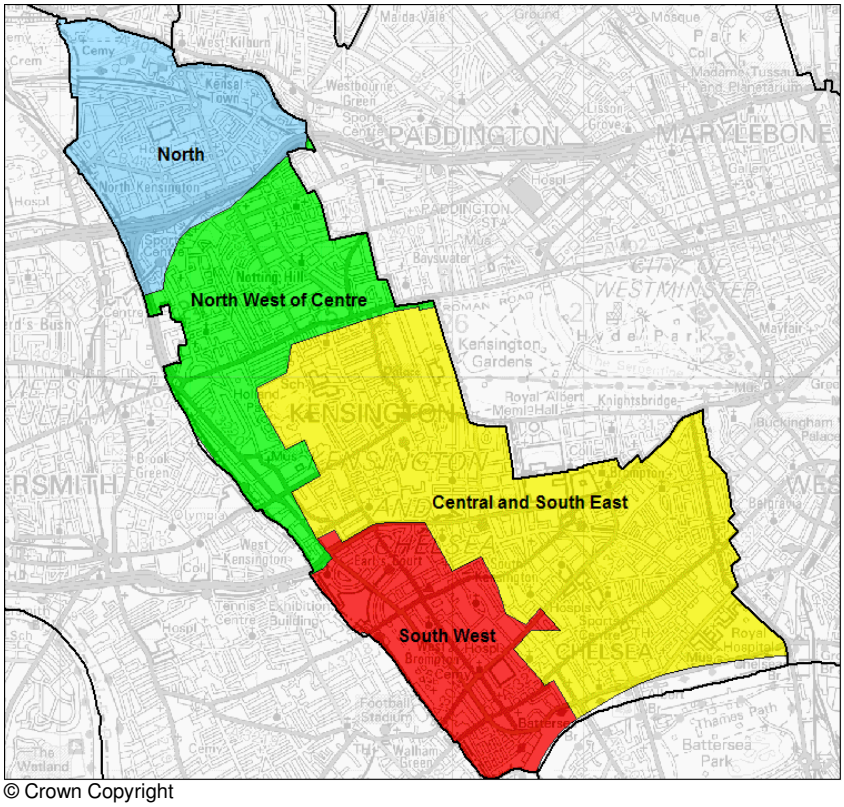
Identifying a range of sites

2.6 It was decided that in order to provide the most useful guidance for Kensington and Chelsea the study should consider a combination of actual and notional sites, to reflect the significant variations in price levels across the Royal Borough area. In discussion with the Council, it was decided that a total of 14 sites should be assessed, comprising ten actual and four notional sites, the latter being developments each identical to one of the actual sites, but theoretically transported to an alternative location.

2.7 The final list of ten actual sites was established in discussion. It was chosen to give a range of typical development situations; an appropriate balance between previous uses; a range of site sizes; and crucially, coverage across geographical sub-areas of the Royal Borough.

2.8 The parallel SHMA study identified four sub-markets or house price areas within the Borough: North (N), North West (NW) of Centre, Central and South East (CSE), and South West (SW). These are shown in Figure 2.1 below, and compared with the three administrative areas into which the Royal Borough is commonly divided.

Figure 2.1 Kensington & Chelsea house price areas



Source: Kensington and Chelsea SHMA, Fordham Research Nov 2009

2.9 The ten actual sites are identified in the table below.

Table 2.1 Actual site details				
Ref	*Site & location*	*No of dwgs*	*SHMA market area*	*RBKC admin area*
1A	TA Centre Warwick Rd, Earls Court	255	NW	Central
2A	Princess Louise Hospital, Pangbourne Ave, N Kensington	120	N	North
3A	Kensington Park Hotel, De Vere Gardens, Kensington	97	CSE	Central
4A	St Thomas C of E School, Appleford Rd, Kensal Town	69	N	North
5A	The Power House, Alpha Place, Chelsea	38	CSE	South
6A	Sorting Office, Chelsea Manor St, Chelsea	26	CSE	South
7A	225 Earls Court Road, Earls Court	13	SW	Central
8A	158-166 Brompton Road, Knightsbridge	12	CSE	Central
9A	50 Hogarth Road, Earls Court	6	SW	Central
10A	239 Kensington High Street, Kensington	4	CSE	Central

Source: Fordham Research 2009

2.10 In fact there is some concentration of sites in the Central admin area and CSE market area. The locations for the four notional sites were accordingly designed to address this and to achieve a more even balance between the market and administrative areas.

The actual sites

2.11 Summary details of the sites identified by the Council are set out in the table below. The sites ranged in size from four to 255 dwellings. All of the sites were on previously developed land.

2.12 The sites were at various stages in the planning process. However nine of the ten were subject to a planning application; six of these had been approved with one pending, one refused and one granted on appeal. Two of the permitted sites were complete, but none was currently under construction. Presumably this reflected the market downturn, although the possibility that one or two planning applications were designed primarily to enhance the site's value cannot be ignored.

2.13 Information available from the various planning applications was taken into account in considering the appropriate development forms to use in our appraisals.

2.14 The sites total 641 dwellings on an area of 2.97 ha, at an average density of 216 dwellings per ha net. Three Sites (1A, 6A and 8A) include an element of non-residential use at ground floor level, understating the true density slightly. On a fourth, Site 10A, the majority of floorspace within the site area will be commercial, so that the stated density is effectively meaningless.

Table 2.2 Actual site details					
Ref	*Site name*	*Area ha*	*No of dwgs*	*Net (dwgs ha)*	*Planning Status*
1A	TA Centre	0.800	256	320	Permission
2A	Princess Louise Hospital	0.395	120	304	Allocation
3A	Kensington Park Hotel,	0.650	97	149.	Permission
4A	St Thomas C of E School	0.375	69	130	Permission
5A	The Power House	0.320	38	119	Permission
6A	Sorting Office	0.164	26	158	Refused
7A	225 Earls Court Road	0.049	13	265	Permission
8A	158-166 Brompton Road, SW	0.085	12	141	Application
9A	50 Hogarth Road	0.042	6	143	Permission
10A	239 Kensington High Street	0.090	4	(44)	Granted on appeal
	Total	**2.970**	**641**	**216**	

Notes 1. Site area is net, but equals gross on all sites except St Thomas School, where gross area is 0.50 ha.

2. Calculated density for Site 10A excludes a large amount of non-residential space and is meaningless.

Source: Fordham Research 2009

The notional sites

2.15 The notional sites are based on Sites 7 (comprising two sites), 8 and 10. They add a further 42 dwellings, bringing the total number of dwellings in the two categories to 683.

Table 2.3 Notional site details				
Ref	*Basis*	*SHMA market area*	*RBKC admin area*	*No of dwgs*
7N	As 7	NW of C	North	13
7M	As 7	N	North	13
8N	As 8	N	North	12
10N	As 10	SW	South	4
	Total			**42**

Source: Fordham Research 2009

2.16 When the actual and notional sites are combined it produces the geographical coverage as set out in the table below.

Table 2.4 Sites by sub-area			
SHMA area	*No of sites*	*RBKC admin area*	*No of sites*
N	4	North	4
NW of C	2	Central	7
CSE	5	South	3
SW	3		

Source: Fordham Research 2009

2.17 Whilst there remains a strong emphasis on the CSE market area, this area is physically the largest and there is otherwise a reasonable spread between the sub-areas.

Development assumptions

2.18 In arriving at appropriate assumptions for residential development on each site, the development form in an approved planning application must always be an important consideration. Conceivably the application could now be so historic that it represents something that would either not now be proposed, or not be permitted. After consideration we took the view that the built form in the current application remains the best basis for carrying out appraisals.

2.19 Most Council areas in which we have carried out studies like the present one display a range of development situations and corresponding variety of densities. We have developed a typology which responds to that variety, which is used to inform development assumptions for sites (actual, or potential allocations) where no guidance is available from a submitted or permitted application. That typology enables us to form a view about floorspace density – the amount of development, measured in net floorspace per acre/hectare, to be accommodated upon the site, and which will vary with the intensity of the built form. This is a key variable because the volume of floorspace which can be accommodated on a site has a crucial key impact on its profitability, and is an amount which developers will normally seek to maximise (within the constraints set by the market).

2.20 The Royal Borough of Kensington and Chelsea contains an unusual and exceptional development market. The nature and location of the area, its housing stock, and the people who occupy it mean that house prices are exceptionally high across almost the entire Royal Borough. In many areas the values achieved from other commercial land uses are correspondingly, very high.

2.21 As a result development land is very valuable and the nature of development proposals reflects this. Almost all development proposals comprise apartment schemes of four storeys upwards. Additionally in the highest priced parts of the Royal Borough there is a high market demand for significantly larger properties than would now be built new elsewhere, and accordingly this demand is reflected in proposals for newbuild developments.

2.22 Fortunately it is only necessary to form a view about the nature of development on one site, as all the others development proposals provide a reasonable guide (although the data available to us on one of these sites, the Power House, was somewhat limited and an element of estimation was necessary).

2.23 The resulting assumptions for residential development for each of the ten actual sites are set out in the table below.

Table 2.5 Site development assumptions

Ref	*Site*	*Net floorspace density (rounded)*		*Ave dwelling*
		Sq ft/acre	*Sq m/ha*	*net sq ft (sq m)*
1A	TA Centre	129,300	29,700	1,002 (93)
2A	Princess Louise Hospital	52,500	12,100	513 (48)
3A	Kensington Park Hotel	169,750	39,000	2,811 (261)
4A	St Thomas C of E School	42,350	9,750	569 (53)
5A	The Power House	101,750	23,250	2,105 (196)
6A	Sorting Office	143,850	33,100	2,242 (209)
7A	225 Earls Court Road	90,300	20,750	841 (78)
8A	158-166 Brompton Road, SW	107,000	24,600	1,873 (174)
9A	50 Hogarth Road	90,550	20,800	559 (52)
10A	239 Kensington High Street	(44,150)*	10,150	2,455 (228)

* Figure shown in brackets (44,150) for sites where a very substantial non-residential floorspace is not included, reducing the floorspace density figure artificially.

Source: Fordham Research 2009

2.24 Ignoring the wholly artificial figure for Site 10A, which involves a penthouse style residential development above four storeys of commercial space, floorspace density is mostly in the range 90,000-140,000 sq ft per acre (20,500-32,000 sq m per ha). There is one site above this range and two sites in the less pressured, less dense North sub-area somewhat below.

2.25 Outside London, only a few exceptional sites would expect to achieve floorspace densities within this range.

3. Affordable housing and other developer contributions

Introduction

3.1 This chapter considers the assumptions used to test a range of affordable housing scenarios for the individual sites, and similarly the developer contributions assumed for each site.

Affordable housing assumptions

3.2 We undertook appraisals for a number of development scenarios which involved varying proportions of affordable housing, and tenure split. The assumptions in respect of proportions, and the financial terms on which they are to be provided, are considered below.

(i) Affordable proportion

3.3 Following discussions with the Council we agreed to test the following options:

- ***NO*** affordable housing
- 30% affordable
- 40% affordable
- 50% affordable

3.4 Although the former UDP policy provided for a target proportion of 40%, the current London Plan envisages this increasing to 50%. New targets may be proposed in emerging Local Development Framework Documents. Any such targets would be informed by the recent Strategic Housing Market Assessment, as well as by the present study.

3.5 These proportions are commonly applied to dwellings. However in this instance we have been asked that they should apply as proportions of floorspace.

(ii) Tenure split

3.6 The Council currently seeks a mixture of social rented and intermediate housing, though with the majority provided as social rented. The emerging SHMA document has suggested a proportion of 75% and we would wish to test this option. However, because (see below) the Council has fixed the value at which affordable units are conveyed to partner RSLs, tenure split will not greatly influence the financial outcome for the developer.

3.7 This means that we do not have to consider as carefully as we normally do, the specification of the intermediate category what sort of housing it is, or what affordability targets it is required to achieve. Even so the SHMA does provide guidance on this matter.

(iii) Size mix profile

3.8 As the detailed development proposals for the sites show, it is not sensible to make the convenient assumption that the mix of affordable housing on each site should broadly follow the market housing. In the most expensive parts of the Borough, market housing often consists of very large units which are much larger than those required for affordable housing. Conversely, in the least expensive parts the opposite applies, with the market units – one and two bed flats – not large enough to meet the spatial needs of families.

3.9 After careful analysis of the development proposals we were able to determine an appropriate mix (bedrooms) and size (floor area) profile for market and for affordable units, on each site. These were then applied in preparing development appraisals. However, where the average sizes of market and affordable homes are quite different, as here, it would not be appropriate to apply the various affordable proportions from (i) above without question, to the number of dwellings in the scheme. This would have the effect of varying, in some cases quite considerably, the floorspace density of the development. As the affordable proportion in a scheme with extremely large market units rose, large market units would be replaced with much smaller affordable units and floorspace density would fall. In the cheap areas the reverse would apply.

3.10 Such a situation would not provide for consistent or realistic scenarios to be assessed alongside each other. Instead, we allowed the number of dwellings to vary, whilst holding the total net floorspace constant. This ensured a consistent 'built form' as the affordable proportion varied. This is felt to be a reasonable approach in a strategic study such as the present one. It was simply not practical within the resources available to consider detailed variations in design, as could be the case when an individual site application came forward in practice.

3.11 The average sizes for each site are set out in the table overleaf. Below we set out the overall bedroom size profile resulting from our assumptions.

Table 3.1 Overall bedroom size mix

Tenure	*1 bed*	*2 bed*	*3 bed*	*4+ beds*	*Total*
Market	48%	34%	13%	6%	100%
Affordable	21%	25%	37%	17%	100%
All	37%	30%	23%	10%	100%

Source: Fordham Research 2009

3.12 There is a much greater emphasis on family sized (three and four bed) dwellings in the affordable units by comparison with the market sector.

Table 3.2 Site development assumptions					
Ref	*Site*	*Market units average sq ft*		*Affordable average sq ft*	
		Gross	*Net*	*Gross*	*Net*
1A	TA Centre	1,384	1,093	1,021	806
2A	Princess Louise Hospital	548	466	861	732
3A	Kensington Park Hotel	4,127	2,911	1,251	883
4A	St Thomas C of E School	610	518	903	708
5A	The Power House	3,327	2,611	988	775
6A	Sorting Office	3,673	3,122	983	835
7A	225 Earls Court Road	911	809	1,070	950
8A	158-166 Brompton Road, SW	2,181	1,854	1,124	955
9A	50 Hogarth Road	585	498	877	746
10A	239 Kensington High Street	2,672	2,348	1,089	926

Source: Fordham Research 2009

3.13 It should be noted that because of the disparity in dwelling sizes, the combination of our preferred approach and an affordable requirement expressed in terms of floorspace rather than dwellings, sometimes leads to significant variations in dwelling numbers. Furthermore, at high affordable proportions of 40% and 50%, affordable dwellings will in some cases constitute a considerable majority of total dwellings.

(iv) Financial terms

3.14 To be consistent with national guidance the viability assessment must take into account the availability of public subsidy i.e. Social Housing Grant (SHG). The future availability of grant – both the total quantum of grant, and the amounts forthcoming for different sizes of dwelling and tenure – is typically subject to some uncertainty, as increasingly the available funding has been directed to achieving specific regional or strategic priorities.

3.15 However in such an expensive location as the Royal Borough, access to some grant assistance is a not unreasonable requirement if significant affordable contributions are to be forthcoming. The Council's current approach is to require affordable units built by the developer to be conveyed to an RSL at 80% of the last published TCI rate. Since TCI is now historic such a requirement is gradually becoming more onerous over time.

3.16 As already indicated, under the above terms the RSL purchase price would be the same whether social rented or intermediate tenure was involved. Careful consideration of the TCI tables suggested some variation in the average £ per sq ft value implied, with the smallest units exceeding £200 per sq ft and the very largest around £180. Using weighting to reflect the size profile set out in Table 3.1, we concluded that an overall average purchase value of £191 per sq ft (£2,055 per sq m) could be used throughout the appraisals.

Other developer contributions

3.17 Aside from affordable housing, developer contributions could potentially be sought by the Royal Borough under a number of headings. They might be either made in kind, or as financial payments. In either case, it is necessary to allow for the additional financial cost of such contributions in preparing appraisals for each site.

3.18 When the study was commissioned the Council was in the process of preparing a Draft Supplementary Planning Document (SPD) providing guidance in respect of Developer Contributions. Whilst this document is not yet approved it provides a basis for the current assessments. Preliminary analysis indicated that the policies proposed would generate a typical total contribution amounting to approximately £10,000 per dwelling at April 2009 prices. However, this figure did not include contributions in respect of transport, which the Draft document proposed would continue to be assessed on a site by site basis; this was not practical within the timetable or resources available for the study. In discussion with Council officers it was agreed to carry out base appraisals using a figure of £15k per dwelling, and to provide guidance on the impact of an increase or decrease in this figure.

3.19 Clearly in practice if each site came forward under the Draft SPD when adopted, it would be subject to a more detailed assessment of both transport and other contributions taking into account the individual characteristics of the site, development proposals and local situation. However the approach proposed is felt to be sufficient to provide reasonable guidance at this stage.

4. Local market conditions

Introduction

4.1 This chapter sets out an assessment of the local housing market in Kensington and Chelsea, providing a basis for the assumptions on house prices and costs to be used in financial appraisals for the 14 sites tested in the study.

4.2 As well as house prices, however, land values are also considered. They are required in order to form a view of likely alternative use values for all of the sites, and it is such values which will represent a minimum viability threshold when appraisals are prepared for the range of affordable housing scenarios.

4.3 Before looking at the results from the market assessments, there are some general points arising from the nature of the exercise.

Issues to consider

4.4 It is necessary to assess property market conditions in the study area in order to provide a reasonable guide as to likely values to use in evaluating different development proposals.

4.5 Although development schemes do have similarities, every scheme is unique to some degree, even schemes on neighbouring sites. While market conditions in general will broadly reflect a combination of national economic circumstances and local supply and demand factors, even within a town there will be particular localities, and ultimately site specific factors, that generate different values and costs. There are indeed quite significant value variations in different parts of the study area.

4.6 Property market forces are in a constant state of flux and assessments of viability can change over relatively short periods of time, in response to broader economic fluctuations such as the impact of changes in interest rates on the costs of borrowing, the actual availability of funding, and the outlook in the employment market. Equally significant, sub-area market conditions are often changed by local factors.

4.7 For example, high value areas encourage demand in lower value neighbouring areas, where new developments encourage changes in value growth in what perhaps were previously less popular areas.

The residential market

4.8 The housing market in the Royal Borough will, to some extent, reflect national trends but there are local factors that underpin the market including:

- Attractive landscape, riverside, green and open space opportunities within and adjoining the Royal Borough, including Hyde Park and Kensington Gardens
- A range of attractive retail cultural and leisure facilities, some of national significance
- A mix of attractive residential areas, many highly desirable locations, providing housing close to Central London, and priced accordingly
- A range of employment opportunities
- Whilst Kensington and Chelsea is the least deprived of the London Boroughs, there are some pockets of deprivation e.g. in Earls Court

4.9 We analysed various sources of market information, but the most relevant are the prices of units on new developments. A list setting out details of relevant new developments in the area, as at July 2009, is provided in Appendix 1. As there are very few at present the Appendix also provides details of recently developed and completed schemes directly relevant to the sample sites. Historic prices have been adjusted to current date levels by reference to the Halifax House Price Index.

4.10 Analysis of these, and other schemes in the study area, shows that prices for newbuild and second-hand homes vary widely across the area, from around £400 per sq ft or less, up to figures approaching £3,000 per sq ft.

4.11 Table 4.1 shows average prices for Kensington and Chelsea for the latest quarter available from the Land Registry, Q1 2009. Although the Land Registry data covers both second-hand and newbuild prices, the former will predominate. The average prices in the table are compared to a corresponding England and Wales figure and expressed as indices.

Table 4.1 Average house prices Q1 2009: comparison with England & Wales average

Area		*Ave price (£k & % index)*			
		Detached	*Semi*	*Terrace*	*Flat*
Q1 09	average £k	0	0	£1,958.68	£635.31
	no of sales	0	0	49	237
	index	0%	0%	1,082%	161%

Index compares LA's average £k price figure to the median LA value across England & Wales for house type.

Source: Land Registry data 2009.

4.12 Prices in the Kensington and Chelsea area are much higher than the average (median LA area) for all types of sales. The average price for all types of properties within the Royal Borough is 15 times higher than the national average. However, the sale of very few but highly priced detached and semi-detached properties does skew the average price somewhat.

4.13 As in the country generally, prices have fallen back over the last 18 months. Because Land Registry data reports sales after completion there is some lag and the figures for terraced properties and flats show the decline to only a limited extent, although the decline in sales numbers does show up quite clearly (note that sales are seasonally low in the first quarter of the year).

Table 4.2 Average house prices in previous quarters

Area		*Average price (£k)*			
		Detached	*Semi*	*Terrace*	*Flat*
Q4 07	average £k	£13,075.0	£3,183.3	£2,872.6	£748.1
	no of sales	3	3	82	502
Q1 08	average £k	£59,625.5	£3,268.6	£2,777.3	£835.0
	no of sales	4	7	64	387
Q2 08	average £k	£0.0	£4,496.8	£2,798.5	£949.6
	no of sales	0	10	71	397
Q3 08	average £k	£0.0	£4,354.3	£2,425.9	£784.2
	no of sales	0	7	90	335
Q4 08	average £k	£0.0	£5,770.6	£2,232.5	£651.6
	no of sales	0	9	53	232

Source: Land Registry data.

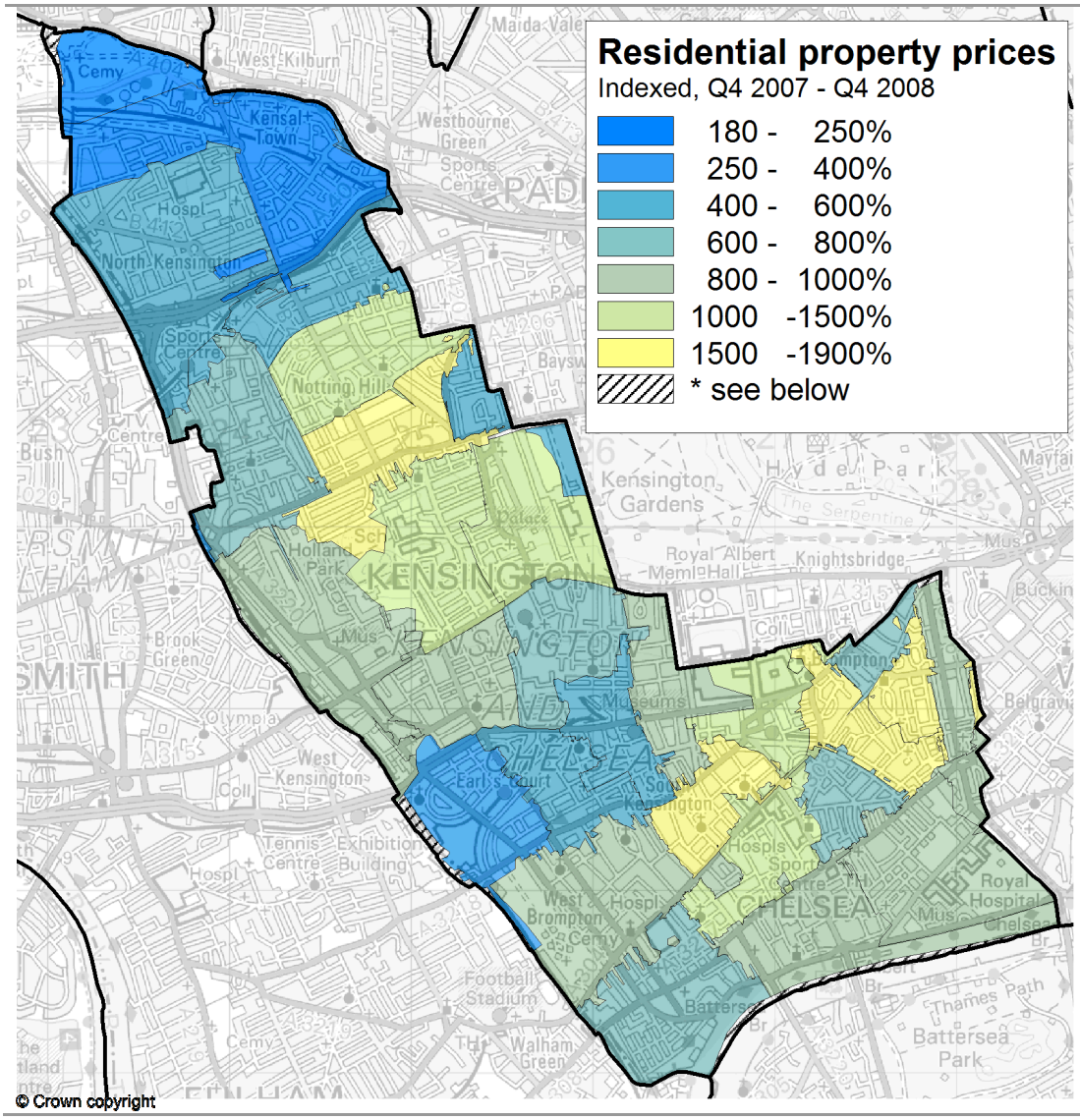
4.14 Within a Council area there can be considerable variations in price, and Land Registry house price data at postcode sector level also helps to illuminate these variations. Because the number of sales in individual postcode areas in a single quarter can be quite small, we looked at information for three separate quarters (Q4 2007, Q2 2008, and Q4 2008). The data has been expressed as an index – as a percentage of the nationwide average price level – and standardised, to allow for variations in type mix. (Appendix 2 provides a worked example of the index calculation, and sets out the resulting price index figures for the three quarters examined).

4.15 It can be seen from the indices in Appendix 2 that variations between the three quarters' indices are, in most cases, relatively slight. Variations tend to be greater for rural and town centre areas, which are mostly numerically smaller and/or more diverse, than for urban areas generally, where postcode sectors are larger numerically and can often be more uniform.

4.16 The average figures for the three quarters are mapped in Figure 4.1 below.

4.17 This shows that prices vary considerably throughout the Royal Borough. Prices range between a low of 188% of the national average in Kensal Town, and a high of 1,843% in Walton Street. Prices are also extremely high in South Kensington and around Easton Square.

Figure 4.1 Postcode price indices



Indices compare prices to value for median postcode sector in England & Wales

*Note Areas shown hatched are postcode sectors straddling the Borough boundary and where most of the sector lies in a neighbouring Borough area.

Source: Land Registry

Price assumptions for financial appraisals

4.18 It is necessary to form a view about the appropriate prices for the 14 individual schemes to be appraised in the study. The preceding analysis suggests that prices are going to vary quite considerably across the area.

4.19 We considered what sale prices should be for apartments on each of the 14 sites.

4.20 The evidence of sales prices across the area, as summarised in Appendix 1, indicates that a wide range of prices would apply to the individual sites. Whilst about half of the site locations suggest prices in the range of £600-900 per sq ft (£6,450-£9,685 per sq m), sites in the North would fall below this range and many locations in the CSE market area would have prices well above this range.

4.21 Generally, the study of the market focused on the apartment market. As there are very few current newbuild schemes which could inform the market assessment, the study has focused on a range of second-hand properties. Where modern comparables were available, for example a property known as Warren House, which was developed approximately two years ago, these usefully informed site 1A. All other sites have used comparables within a quarter mile radius of the study sites. The exception to this is Site 4A, which is a recently completed scheme containing a number of properties remaining on the market.

4.22 The site figures resulting from our type-specific assumptions are set out in the table below.

Table 4.3 Price bands

Ref	*Site/location*	*Price £ per*		*Ref*	*Site/location*	*Price £ per*	
		Sq ft	*Sq m*			*Sq ft*	*Sq m*
1A	TA Centre	700	7,530	**7N**	North, NW	900	9,680
2A	Princess Louise Hospital	600	6,460	**7M**	North, N	600	6,460
3A	Kensington Park Hotel	1,200	12,910	**8A**	158-166 Brompton Road	2,600	27,980
4A	St Thomas C of E School	450	4,840	**8N**	North, N	500	5,380
5A	The Power House	1,300	13,990	**9A**	50 Hogarth Road	850	9,150
6A	Sorting Office	1,300	13,990	**10A**	239 Kensington High St	1,200	9,680
7A	225 Earls Court Road	900	9,680	**10N**	South, SW	900	12,910

Source: Fordham Research 2009

4.23 The figures cover a range from the cheapest £450 per sq ft (£4,840 per sq m) at St Thomas School to £2,600 per sq ft (£27,980 per sq m) at Brompton Rd. This is a wide spread but of course not as great as the spread of prices we saw in the Land Registry data for second-hand sales in individual postcode sectors.

4.24 It is necessary to consider whether the presence of affordable housing would have a discernible impact on sales prices. In fact affordable housing will be present on most of the newbuild sites whose selling prices have informed our analysis. Our view is that in any case any impact can and should be minimised through an appropriate quality design solution.

Car parking

4.25 The incomes from residential development benefit significantly in the more expensive parts of the Royal Borough from the receipts from disposal of car parking spaces. We have limited information on current availability, but it appears possible for spaces to be worth as much as £100,000 per space: secure parking spaces in Kensington Church Street were recently being offered by Knight Frank at asking prices of £122-£127k per space.

4.26 Our assumptions for the appraisals are set out in the table below.

Table 4.4 Parking values

Ref	*Site/location*	*Price £ per space*	*Max no*	*Ref*	*Site/location*	*Price £ per space*	*Max no*
1A	TA Centre	£75k	227	**7N**	North, NW	£80k	12
2A	Princess Louise Hospital	n/a	0	**7M**	North, N	£25k	12
3A	Kensington Park Hotel	£100k	125	**8A**	158-166 Brompton Road	£100k	12
4A	St Thomas C of E School	n/a	0	**8N**	North, N	£25k	12
5A	The Power House	£100k	47	**9A**	50 Hogarth Road	n/a	0
6A	Sorting Office	£100k	10	**10A**	239 Kensington High St	£90k	6
7A	225 Earls Court Road	£80k	12	**10N**	South, SW	£75k	6

Source: Fordham Research 2009

4.27 Affordable spaces would be conveyed to the RSL free of charge and it is therefore necessary to consider how spaces would be allocated. Whilst the Council has suggested that affordable units receive 0.5 spaces per unit, this is felt to be unachievable on quite a number of the sites, where at the highest levels of affordable provision most or indeed all of the spaces would go to the large numbers of affordable units. We therefore restricted the allocation to the percentage target, i.e. with 50% of spaces allocated as affordable at 50% affordable target.

Commercial uses on mixed use sites

4.28 We also have to consider the likely rental levels for commercial space; retail use on the four mixed use sites, and existing office uses in order to shape our view about alternative use values on four sites.

4.29 A trawl through online information on current office and retail space was quite helpful. Office rents vary across the area, with the same sort of broad geographical pattern as residential values. Retail rents are higher along the main retail corridors.

4.30 After consideration we concluded that rent levels should be assumed as set out below.

Table 4.5 Alternative use value bases

Ref	*Site*	*Basis*	*£m per sq ft*	*£m per sq m*
1A	TA Centre	Retail	27.50	296
6A	Sorting Office	Retail	37.50	405
		Existing retail use	35.00	375
8A	158-166 Brompton Road, SW	Retail	47.50	510
		Existing office & retail uses combined	60.00	645
8N	Notional 3	Retail	25.00	270
		Existing office & retail uses combined	25.00	270
10A	239 Kensington High Street	Existing office space	45.00	485
10N	Notional 4	Existing office space	35.00	375

Source: Fordham Research 2009

Land values

4.31 We have considered general figures from the Valuation Office Agency (VOA) relating to residential land values. Land values vary dramatically depending upon the development characteristics (size and nature of the site, density permitted etc.) and any affordable or other development contribution.

4.32 The VOA publishes figures for residential land in the Property Market Report. These cover areas which generate sufficient activity to discern a market pattern. That means locally we have figures for Outer London as a whole, and major locations within Outer London or in the South East outside London – but no information for individual locations.

4.33 These values can, in any case, only provide broad guidance because it is likely that the figures will, to some degree, be net of allowances for developer contributions and/or affordable housing requirements. They can therefore be only indicative, and it may be that values for 'oven ready' land with no affordable provision or other contribution, or servicing requirement, are in fact higher.

Table 4.6 Residential land values half year to January 2009			
Area	*Land value £m per acre (hectare)*		
	Small sites (< 5 dwgs)	*Bulk sites (> 2 ha)*	*Land for apartments*
Inner London	£8.8m	£7.7m	£9.2m
	(£21.7m)	(£18.9m)	(£22.7m)
Tower Hamlets	£6.5m	£6.0m	£6.5m
	(£16.1m)	(£14.8m)	(£16.1m)
Camden	£14.0m	£10.1m	£15.7m
	(£34.6m)	(£24.9m)	(£38.8m)
Hackney	£6.9m	£6.0m	£6.8m
	(£17.0m)	(£14.8m)	(£16.8m)
Lewisham	£6.9m	£6.3m	£6.6m
	(£17.0m)	(£15.6m)	(£16.3m)
Southwark	£9.6m	£9.9m	£10.4m
	(£23.7m)	(£24.5m)	(£25.7m)

Source: VOA Property Market Report Jan 2009

4.34 It should be noted that the Inner London index excludes the central area i.e. Westminster, Kensington and Chelsea, and Camden, because of the very specific nature of the market resulting in high land values in these local locations, which has a distorting effect on the regional average. We have limited information therefore, including individual figures for Camden, and for lower priced areas such as Southwark south of the river, or Hackney. Even so it is clear that values for residential land in Kensington and Chelsea are going to be at least as high as the £10-16m per acre level in Camden.

4.35 With the decline in the market and general economic conditions such values are now, in any case, going to be rather historic; values will be falling faster than prices. We therefore sought information about values from residential land currently on sale in the Royal Borough.

4.36 There are a small number of sites for residential development currently available within the Royal Borough. The limited availability is potentially a reflection of the current economic state of the wider market.

Current and alternative use values

4.37 In order to assess development viability it is necessary to analyse current and alternative use values. Current use values refer to the value of the land in its current use. For example, a greenfield site may well be used as agricultural land. Alternative use values refer to any potential use for the site. For example, a brownfield site may have an alternative use as industrial land.

4.38 To assess viability, the value of the land for the particular residential scheme adopted needs to be compared to the alternative use value, to determine if there is another use which would derive more revenue for the landowner. If the assessed value does not exceed the alternative use value, then the development is not viable.

4.39 For the purpose of a strategic study like the present one, it is necessary to take a comparatively simplistic approach to determining the alternative use value. In practice a wide range of considerations could influence the precise value that should apply in each case, and at the end of extensive analysis the outcome might still be contentious.

4.40 Our 'model' approach is outlined below.

i) Where the development is on former industrial, warehousing or similar land, then the alternative use value is considered to be industrial, and an average value of industrial land for the area is adopted as the alternative use value

ii) Where an existing building remained capable of beneficial use we took its estimated value

iii) The school site is not required to generate a land value over and above the cost of building the school and fitting out, which are treated as build costs (with no corresponding receipts) in the appraisal

iv) Three sites, whilst consistent with the approaches outlined in i) and ii), are slightly more complicated. Site 6A (Sorting Office) was a combination of the two industrial site and existing retail building. Site 8A (Brompton Rd) was an office building but is felt to require refurbishment before it could again be used as office space. For 10A (Kensington High St) we took the value of the office space foregone in constructing residential floorspace on the top two storeys.

4.41 The VOA's typical industrial land values for the region and nearby towns for the second half of 2008 are set out in the table below.

Table 4.7 Industrial land values (£m)			
Area	*Land value per acre (hectare)*		
	Low	*High*	*Typical*
London	£2.9m	£3.5m	£3.0m
	(£7.1m)	(£8.7m)	(£7.4m)
Islington/Hackney	£1.5m	£2.3m	£2.1m
	(£3.7m)	(£5.7m)	(£5.2m)
Greenwich	£1.4m	£2.9m	£2.1m
	(£3.5m)	(£7.2m)	(£5.2m)
Southwark	£1.4m	£2.5m	£2.2m
	(£3.5m)	(£6.2m)	(£5.4m)
Barking & Dagenham	£0.7m	£2.7m	£2.0m
	(£1.7m)	(£6.7m)	(£4.9m)
Walthamstow	£6.0m	£2.5m	£1.5m
	(£14.8m)	(£6.2m)	(£3.7m)
Enfield and Haringey	£1.9m	£2.7m	£2.2m
	(£4.7m)	(£6.7m)	(£5.4m)
Park Royal	£3.8m	£4.3m	£4.0m
	(£9.4m)	(£10.6m)	(£9.9m)
Hayes	£1.6m	£2.2m	£1.9m
	(£4.0m)	(£5.4m)	(£4.7m)
Croydon	£9.6m	£9.9m	£10.4m
	(£23.7m)	(£24.5m)	(£25.7m)
Merton/Mitcham	£0.8m	£3.1m	£1.6m
	(£2.0m)	(£7.7m)	(£4.0m)

Source: VOA Property Market Report Jan 2009

4.42 Although across London as a whole there is a spread of values. The figures for individual locations within a reasonable distance of Kensington and Chelsea are mostly quite similar. We note Park Royal within reasonable distance achieving values around £4m per acre. However we would expect average values for Kensington and Chelsea to be higher than the London average. Even so these figures are now a little out of date, as values have been dropping with the general downturn, since mid-2008.

4.43 We have little current evidence for industrial/warehousing values, in part reflecting the current market situation, although one site in South Kensington was advertised with an asking price of just over £8 million per acre.

4.44 After consideration we concluded that a starting point for values in Kensington and Chelsea should be £6m per acre, with prices rising to some extent moving towards the more desirable and expensive southern and eastern locations.

4.45 Careful consideration has also been given to determining appropriate capital values for the individual buildings at Site 3A; the retail element of Sites 6A; 8A, 8N and 9A, and the space lost at Sites 10A and 10N.

4.46 Site 3A has a current/previous use as two hotel buildings, with a combined number of around 600 bedrooms. Market evidence would suggest the two could certainly be valued at something in the vicinity of £200k per bedroom. However it is likely some refurbishment work would now be needed to realise that value. We have concluded that a round sum of £100m would be appropriate for the purpose of appraisals. This equates to a per acre value of £62.26 m, or £153.8 m per ha.

4.47 At Site 6A we understand the existing retail space fronting Kings Road has an area of 1,173 sq ft (109 sq m). It is assumed to achieve a rent of £35 per sq ft, (£377 per sq m). At a yield of 6.5% this would have an upfront value of £538 per sq ft (£5,790 per sq m) giving an upfront value of £600k.

4.48 Site 8A has existing gross floorspace of 20,000 sq ft (1,859 sq m) of which the ground floor element would be retail and upper floors office space. Of this 90% is assumed to be lettable. The combined space is assumed to achieve an average rent of £60 per sq ft (£645 per sq m). With 6.5% yield and 10% discount for upfront value the space would have a current value of £14.96m. However it is assumed £4.0m would be required in refurbishment costs (including fees, interest and developer profit) reducing the value to £10.96m i.e. £52.16m per acre (£128.9m per ha).

4.49 Site 8N achieves a significantly lower average rent than 8A, of £32.50 per sq ft although refurbishment costs are reduced to £3.25m, giving a final net value of £4.85m or £23.10m per acre (£57.1m per ha).

4.50 Site 9A previously comprised seven units, one used as an office and the rest as residential properties, with a gross floorspace estimated at 4,293 sq ft (399 sq m). The current values of these properties are assumed to be at around £700 per sq ft; with around 85% net:gross the capital value is £2.55m or £51.60m per acre (£127.5m per ha).

4.51 We understand that 12,276 sq ft (£1,140.9 sq m) of gross floorspace are lost at Site 10A. Of this 85% is assumed to be lettable, losing rent at £45 per sq ft (£484 per sq ft). Capitalised at 6.5% it has an upfront value of £6.50m or, translated to a per acre basis, £29.24m per acre (£72.2m per ha). The lower rent of £35 per sq ft (£377 per sq m) reduces the capital value to £5.06m giving £22.74m per acre (£56.2m per ha). (It is acknowledged that the per acre conversion is almost meaningless but this is necessary for consistency with the other sites).

4.52 The value basis for each individual site that results from the foregoing analysis is summarised in the table below.

Table 4.8 Alternative use value bases				
Ref	*Site*	*Basis*	*£m per acre*	*£m per ha*
1A	TA Centre	Industrial/warehouse	7.50	18.5
2A	Princess Louise Hospital	Industrial/warehouse	6.00	14.8
3A	Kensington Park Hotel,	Hotel buildings	62.26	153.8
4A	St Thomas C of E School	Zero – school build cost	0	0
5A	The Power House	Industrial/warehouse	10.00	24.7
6A	Sorting Office	Industrial/warehouse	11.48	28.4
7A	225 Earls Court Road	Industrial/warehouse	8.0	19.8
7N	Notional 1	Industrial/warehouse	8.0	19.8
7M	Notional 2	Industrial/warehouse	6.0	14.8
8A	158-166 Brompton Road, SW	Office/retail building	52.16	128.9
8N	Notional 3	Office/retail building	23.10	57.1
9A	50 Hogarth Road	Residential building	51.60	127.5
10A	239 Kensington High Street	Office space	29.24	72.2
10N	Notional 4	Office space	22.74	56.2

Source: Fordham Research 2009

4.53 It was noted earlier that brownfield sites might face 'abnormal costs' if they are to be redeveloped for residential use. Some of those costs, but not necessarily all, might also arise if the site were redeveloped for the alternative use. The alternative use value set out above would need to be reduced to allow for the costs that would still arise in that situation.

4.54 The costs arising from development or redevelopment of the 14 sites are considered in the next chapter, along with the other financial and technical assumptions required to prepare financial appraisals for each of the sites.

5. Assumptions for viability analysis

Introduction

5.1 This chapter considers the costs and other assumptions required to produce financial appraisals for the 14 sites.

Development costs

(i) Construction costs: baseline costs

5.2 Drawing upon our own experience, and taking into account published Building Cost Information Service (BCIS) data, we have developed a set of base £ per sq ft construction costs for different built forms of residential development. The costs are specific to different built forms (flats vs. houses; number of storeys). On the basis of these cost figures, it is possible to draw up appropriate cost levels for constructing newbuild market housing in Kensington and Chelsea at a base date of June 2009.

5.3 The question arises as to what extent the Code for Sustainable Development should impact on build costs in the study. Whilst from April 2008 the Code's Level 3 has been a requirement for all homes commissioned by RSLs, that would not necessarily be the case for affordable homes built by developers for disposal to an RSL, unless grant is made available from the Homes and Communities Agency. However, the Government indicates that Level 3 will apply to all newbuild housing (i.e. will be incorporated in Building Regulations) from 2010, with higher levels (4 then 6) intended to be triggered from 2013 onwards. For the present study it would therefore be necessary to apply at least Level 3 in preparing our assessment.

5.4 In practice, the Council has indicated in draft policy that it would seek to implement Level 4. Accordingly we have assumed that Level 4 applies to both market and affordable housing, on the sites being appraised.

5.5 Guidance on the impact of Levels 3 and 4 is available from a Report commissioned by the Housing Corporation and English Partnerships (*A Code For Sustainable Development, 2007)* in respect of the impact of Level 3 on construction costs. This guide estimates (in that report Table S2) the increase in costs arising from Level 3 for different house types, and under various scenarios; on average, current newbuild costs would need to increase by 4.2% to achieve Level 3. Similar information is available in the same report at Table 6.6 under Scenario 1. Level 4 increases costs over base Building Regulations by 10.5% for low rise apartments and 13.6% for high rise. We took an average figure of 12.0%.

5.6 In addition to this national requirement, London Plan policy SR3 also seeks a proportion of 10% of energy costs of new residential building to be from renewable sources. This requirement will add to baseline building costs, although it is possible that there would be some overlap with the Level 3 specification. For the purpose of the study we assumed a 3.5% increase in costs, representing a premium of about £13,200 on the build cost for the average market dwelling, and £6,300 for the average affordable home, across the 14 sites.

5.7 After allowing for the above 'Level 4' and '10% renewable' premiums, we drew up appropriate cost levels for constructing market housing for the various built forms in the study, taking into account the mix of house types on each. These are set out in the table below. The figures have been reduced on Sites 9 and 10, as Site 9 involves conversion which would be rather less expensive than the six storey equivalent newbuild cost, and a similar logic applies on Site 10.

Table 5.1 Construction costs: market housing

Build cost £ per sq ft/sq m					
Site	*sq ft*	*(sq m)*	*Site*	*sq ft*	*(sq m)*
1A	249	2,680	**6A**	155	1,670
2A	155	1,670	**7A**	187	2,010
3A	249	2,680	**8A**	230	2,475
4A	155	1,670	**9A**	129	1,390
5A	180	1,940	**10A**	120	1,290

Source: Fordham Research derived from analysis of BCIS cost data

5.8 The build costs exclude basement car parking, which is allowed for separately as an abnormal cost (see below). This has the incidental advantage of treating the cost upfront in the cashflow, as it ought to be, rather than pro rata with the build programme.

(ii) Construction costs: site specific adjustments

5.9 It is necessary to consider whether any site specific factors would suggest adjustments to these baseline cost figures. Two factors need to be considered in particular; high specification and small sites.

5.10 We considered that in Kensington and Chelsea all of the sites would be built to a higher specification than allowed for in the base build costs, through higher standards of either external treatment, or internal spec, or both. Internal spec would be related to price level. The sites were divided into spec categories, A to E, with increasing standards of external and/or internal finish at each. The classification is shown below.

Table 5.2 Building spec classification					
Ref	*Site/location*	*Spec level*	*Ref*	*Site/location*	*Spec level*
1A	TA Centre	B	**7N**	North, NW	B
2A	Princess Louise Hospital	A	**7M**	North, N	A
3A	Kensington Park Hotel	D	**8A**	158-166 Brompton Road	E
4A	St Thomas C of E School	A	**8N**	North, N	A
5A	The Power House	D	**9A**	50 Hogarth Road	C
6A	Sorting Office	D	**10A**	239 Kensington High St	D
7A	225 Earls Court Road	C	**10N**	South, SW	C

Source: Fordham Research 2009

5.11 The mark-up for market housing ranged from +4% for spec A through to +50% for spec E.

5.12 We now turn to the issues surrounding build costs on small sites. Since the mid-1990s, planning guidance on affordable housing has been based on a view that construction costs were appreciably higher for smaller sites, with the consequence that, as site size declined, an unchanging affordable percentage requirement would eventually render the development uneconomic. Hence the need for a 'site size threshold', below which the requirement would not be sought.

5.13 It is not clear to us that this view is justified. Whilst, other things held equal, build costs would increase for smaller sites, other things are not normally equal, and there are other factors which may offset the increase. The nature of the development may change. The nature of the developer will also change, as small local firms with lower central overheads replace the regional and national house builders. Furthermore, very small sites may be able to secure a 'non-estate' price premium, which we have not allowed for.

5.14 In the present study, the smallest four sites, Site 7 onwards, are considered to fall into the 'small site' category – those with less than 15 dwellings. It is felt necessary to make some allowance for the economics of these sites in preparing financial appraisals. A range of cost premiums has been estimated for each specific site size, ranging from 2% for the 13 dwellings at Earls Court Road through to 12% for the smallest site, Kensington High Street, with four dwellings. Any such premium must be based on judgement; as explained above, it is difficult to see how hard data could ever be obtained to show the effect of scale alone.

(iii) Construction costs: affordable dwellings and final figures

5.15 The procurement route for affordable housing is assumed to be through construction by the developer, and disposal to an RSL on completion. In the past, when considering the build cost of affordable housing provided through this route, we took the view that it should be possible to make a small saving on the market housing cost figure, on the basis that one might expect the affordable housing to be built to a slightly different internal specification than market housing. The pressures of increasingly demanding standards for RSL properties have however meant that for conventional schemes of houses at least, it is no longer appropriate to assume a reduced build cost.

5.16 Whilst we now normally assume that build costs are similar in most situations, it would nevertheless not be appropriate to assume that in the very special circumstances of the housing market in Kensington and Chelsea. The very substantial cost premium applied above to reflect exceptionally high internal specifications would not arise to nearly the same extent for the affordable housing. Depending on the detailed design, some savings on external spec would also be possible.

Table 5.3 Sites by sub-area

Spec level	*Cost loading*	
	Market	*Affordable*
A	4%	3%
B	15%	5%
C	20%	10%
D	30%	15%
E	50%	25%

Source: Fordham Research 2009

5.17 Taking all of the above into account, we arrived at build costs for all (market and affordable) housing which, after rounding, are shown in the table below.

Table 5.4 Construction costs adjusted and rounded				
Ref	Build cost £ per sq ft/sq m			
	Market		Affordable	
	sq ft	(sq m)	sq ft	(sq m)
1A	286	3,081	261	2,813
2A	161	1,735	160	1,718
3A	324	3,483	286	3,081
4A	161	1,735	160	1,718
5A	234	2,518	207	2,227
6A	202	2,168	178	1,918
7A	229	2,463	210	2,258
7N	219	2,360	200	2,155
7M	198	2,134	196	2,114
8A	355	3,824	296	3,186
8N	246	2,651	244	2,626
9A	166	1,786	152	1,638
10A	175	1,880	155	1,663
10N	161	1,735	148	1,591

Source: Fordham Research derived from analysis of BCIS cost data

(iv) Other normal development costs

5.18 In addition to the per sq ft/m build cost figures described above, allowance needs to be made for a range of infrastructure costs – roads, drainage and services within the site, parking, footpaths, landscaping and other external costs, off site costs for drainage and other services, and so on. Many of these items will depend on individual site circumstances and can only properly be estimated following a detailed assessment of each site. This is not practical within the present study.

5.19 Nevertheless, it is possible to generalise. Drawing on experience it is possible to determine an allowance related to total build costs. This will be lower for higher density than for lower density schemes, since there is a smaller area of external works, and services can be used more efficiently. They will be even lower for what is in effect a single building occupying the whole site area. Brownfield sites are, in any case, much less likely to require substantial expenditure on bringing mains services to the site than larger greenfield sites would.

5.20 In the light of these considerations we have developed a scale of allowances ranging from 1.5% of build costs for the smaller, whole plot sites through to 3.0% for the Princess Louise Hospital site at Millbrook Drive. The table below sets out the individual site assumptions.

Table 5.5 Development cost allowances		
Ref	*Site/location*	*% of build costs*
1	TA Centre	1.5%
2	Princess Louise Hospital	3.0%
3	Kensington Park Hotel,	1.5%
4	St Thomas C of E School	2.0%
5	The Power House	2.5%
6	Sorting Office	1.5%
7	225 Earls Court Road	1.5%
8	158-166 Brompton Road, SW	1.5%
9	50 Hogarth Road	1.5%
10	239 Kensington High Street	1.5%

Source: Fordham Research 2009

(v) Abnormal development costs

5.21 In some cases where the site involves redevelopment of land which was previously developed, there is the potential for abnormal costs to be incurred. Abnormal development costs might include demolition of substantial existing structures, piling or flood prevention measures at waterside locations, remediation of any land contamination, remodelling of land levels and so on.

5.22 The majority of the sites are on previously developed land. On several sites, from the information made available to us and visits to the sites, it appears that exceptional or abnormal development costs would need to be taken into account in preparing appraisals for some of the sites. As pointed out in the previous chapter (paragraph 4.53) some abnormal costs could also arise in the event of the site's redevelopment with an alternative use.

5.23 The schedule below sets out the abnormal costs considered to apply in each case where they arise.

Table 5.6 Abnormal development costs					
Ref	*Site*	*Item*	*Residential: cost*		*Alt use value cost*
			Total £k	*£k per acre*	*£k per acre*
1A	TA Centre	Basement CP, recn suite	9,450	4,780	n/app
2A	Princess Louise Hospital	Demol	350	359	359
3A	Kensington Park Hotel	Demol, basement CP, 3rd party wall, façade, recrn	6,225	3,876	n/app
4A	St Thomas C of E School	Demol, OS etc	400	432	n/app
5A	The Power House	Land remed, basement CP, recn suite	2,000	2,529	n/app
6A	Sorting Office	Demol, 3rd party wall, basement CP, compensation	750	1,851	n/app
7A	225 Earls Court Road	Basement CP	240	1,982	n/app
8A	158-166 Brompton Road	Demol, basement CP, 3rd party wall	900	4,285	n/app
9A	50 Hogarth Road	Demol	25	506	n/app
10A	239 Kensington High St	Craneage, 3rd party wall, lift	225	1,012	n/app

Source: Fordham Research 2009

5.24 The table also shows in the one case that applies, the adjustment needed to ensure that an alternative land value reflects the costs incurred in developing an alternative use.

(vi) Fees

5.25 We have assumed professional fees amount to 10% of build costs, in each case.

(vii) Contingency

5.26 For previously undeveloped and otherwise straightforward sites, we would normally allow a contingency of 2.5%, with a higher figure of 5% on more risky types of development, previously developed land and central locations. The 5% figure was used throughout.

Financial and other appraisal assumptions

(i) VAT

5.27 For simplicity it has been assumed throughout, as with most financial appraisals, that either VAT does not arise, or its effect can be ignored.

(ii) Interest rate

5.28 Our appraisals assume 7.5% pa for both debits and credits. This may seem high given the very low current base rate figure (Minimum Lending Rate (MLR) 0.5% mid-July 2009), but has to reflect banks' view of risk for housing developers in the present housing market situation. Credit would in practice only arise for a short period at the end of the scheme.

(iii) Developers profit

5.29 We would typically argue that on a development of fully market housing the developer requires a return of 20% on total costs (or 16.7% of the Net Development Value) to reflect the risk of undertaking the development. That assumes that the costs are estimates of costs, as they are indeed here intended to be, rather than contract prices which would include a contractor's profit element.

5.30 However, where a guaranteed sale applies, the developer's profit margin ought to be reduced, in order to reflect the reduction in risk – the affordable units will be sold at an agreed price and programme. With a range of affordable provision being tested, we normally reflect the resulting variations in risk through corresponding variations in the developer's profit, a sliding scale of profit margins following the percentage of affordable units. The use of floorspace as the quantitative basis for the affordable target has made this more difficult. Consequently we have used a figure of 18.5%, which under the sliding scale would apply at 30% affordable dwellings, throughout. This will be conservative at higher targets than 30% where a lower figure than 18.5% would have been applied under the sliding scale.

5.31 It should be noted that residential developers commonly use a more conservative profit margin of 15% on income, which equates to about 17.5% on costs.

(iv) Void

5.32 On a scheme comprising mainly individual houses, one would normally assume only a nominal void period, as the housing would not be progressed if there was no demand. In the case of apartments in blocks, this flexibility is reduced. Whilst these may provide scope for early marketing, the ability to tailor construction pace to market demand is more limited.

5.33 For the purpose of the present study a three month void period is assumed for all sites.

(v) Phasing and timetable

5.34 The appraisals are assumed to have been prepared using prices and costs at a base date of June 2009, with an immediate start on site.

5.35 A pre-construction period of varying length (two to five quarters) is assumed for all of the sites. Each dwelling is assumed to be built over a 15 month period.

5.36 The phasing programme for an individual site will reflect market take-up, and would in practice be carefully estimated taking into account the site characteristics and, in particular, size and the expected level of market demand. We have developed a suite of modelled assumptions to reflect site size and development type, as set out in Table 5.7 below.

Table 5.7 Market pace assumptions

Ref	*Site*	*No of dwellings*	*No of quarters pre construction*	*Ceiling completions per quarter*
1A	TA Centre	255	4	25
2A	Princess Louise Hospital	90	3	15
3A	Kensington Park Hotel	97	4	15
4A	St Thomas C of E School	69	2	12
5A	The Power House	38	4	10
6A	Sorting Office	26	4	6
7A	225 Earls Court Road	13	4	4
8A	158-166 Brompton Road	12	6	3
9A	50 Hogarth Road	6	3	2
10A	239 Kensington High Street	4	5	2

Source: Fordham Research 2009

Site acquisition and disposal costs

(i) Site holding costs and receipts

5.37 Each site is assumed to proceed immediately and so, other than interest on the site cost during construction, there is no allowance for holding costs, or indeed income, arising from ownership of the site.

(ii) Acquisition costs

5.38 Acquisition costs include stamp duty at 4% on site values of £0.5 million and above (reduced below this level), together with an allowance of 1.5% for acquisition agents' and legal fees.

(iii) Disposal costs

5.39 For the market housing, sales and promotion and legal fees are assumed to amount to some 3.5% of receipts. For disposals of affordable housing these figures can be reduced significantly depending on the category. We have assumed total allowances of 0.5% for social rented housing and 1.5% for shared ownership.

Alternative use value comparison

5.40 In the previous chapter we identified alternative use values to be used as benchmarks in determining viability for each site. As we saw above, these values would need to be adjusted in many cases to allow for abnormal costs that would arise if the alternative use were implemented. The values from Chapter 4 are adjusted to net off these abnormals in the table below.

Table 5.8 Alternative use value figures

Ref	*Site*	*Alternative use value £k per acre*		
		Gross	*Abnormal cost adjustment*	*Net of abnormals*
1A	TA Centre	7.50		7.50
2A	Princess Louise Hospital	6.00	0.359	5.64
3A	Kensington Park Hotel,	62.26		62.26
4A	St Thomas C of E School	0.00		0.00
5A	The Power House	11.48		11.48
6A	Sorting Office	8.0		8.0
7A	225 Earls Court Road	8.0		8.0
7N	Notional 1	8.0		8.0
7M	Notional 2	6.0		6.0
8A	158-166 Brompton Road, SW	52.16		52.16
8N	Notional 3	23.10		23.10
9A	50 Hogarth Road	51.60		51.60
10A	239 Kensington High Street	29.24		29.24
10N	Notional 4	22.74		22.74

Source: Fordham Research 2009

6. Stage 1: Viability Results

Introduction

6.1 This chapter considers the results of financial appraisals carried out for the identified sites.

Financial appraisal approach and assumptions

6.2 On the basis of the assumptions set out in Chapter 5, we prepared financial appraisals for each of the identified sites, using a bespoke spreadsheet-based financial analysis package.

6.3 The appraisals use the residual valuation approach – that is, they are designed to assess the value of the site after taking into account the costs of development, the likely income from sales and/or rents and an appropriate amount of developer's profit. The resulting valuation is commonly expressed in £s per acre (or hectare). In order for the proposed development to be described as viable, it is necessary for this value to exceed the value from a valid alternative use. We have already seen that, for a greenfield site, where the only alternative use is likely to be agricultural, this figure may be very modest. However, most of the sites have been previously developed, and therefore may have a more substantial existing or competing alternative use value.

6.4 As outlined in Chapter 3, our appraisals considered three options for the amount of affordable housing provision, plus a zero affordable option.

Appraisal results

6.5 We produced financial appraisals based on the stated build, abnormal and infrastructure costs, and financial assumptions for the four options (three affordable options, plus all-market).

6.6 Detailed appraisal printouts for all the sites are provided as Appendix 4 to this report. To keep to a manageable sized document, only one affordable option, 30%, has been provided.

6.7 The resulting residual land values for the four options are set out in Table 6.1.

Table 6.1 Appraisal results for four affordable options

Grant to support 80% TCI purchase price

Ref	*Site*	*Residual value £m per acre for affordable option:*			
		No aff	*30%*	*40%*	*50%*
1A	TA Centre	10.61	-1.19	-5.33	-9.50
2A	Princess Louise Hospital	8.13	4.35	3.11	1.88
3A	Kensington Park Hotel,	51.51	22.55	12.38	2.07
4A	St Thomas C of E School	-0.53	-2.70	-3.42	-4.14
5A	The Power House	53.41	32.99	25.94	18.82
6A	Sorting Office	83.04	55.81	46.08	36.24
7A	225 Earls Court Road	29.65	17.02	12.81	8.70
7N	Notional 1	30.74	18.08	13.89	9.70
7M	Notional 2	12.85	5.59	3.27	1.03
8A	158-166 Brompton Road, SW	126.61	86.14	72.45	58.78
8N	Notional 3	2.23	-3.77	-5.82	-7.85
9A	50 Hogarth Road	28.17	17.75	14.28	10.82
10A	239 Kensington High Street	27.89	18.31	15.09	11.87
10N	Notional 4	19.20	12.22	9.89	7.55

Source: Fordham Research 2009

6.8 Table 6.1 shows that with no requirement for affordable housing, all but one of the sites deliver a positive land value. Those values range from just over £2m per acre (£5m per ha) to over £125m per acre (£310m per ha). There is a wide spread of values, though with five sites broadly around £20m-£30m per acre.

6.9 Allowing for additional development costs and our planning gain assumptions, these values do not seem out of line with the limited information suggesting what might be open market values for 'oven ready' land in Kensington and Chelsea. This supports a view that our appraisal assumptions are, taken as a whole, unlikely to be unduly optimistic.

6.10 Table 6.1 confirms that, as increasing amounts of affordable housing are introduced, the land value reduces. In each case the impact is progressive, but at a broadly linear rate. At the maximum affordable contribution shown, 50%, all but three of our schemes still deliver a positive land value.

6.11 However, it is clear that land value falls away more quickly for some schemes than for others. It is the most expensive and most densely developed sites – the Hotel, and Brompton Rd – where affordable housing has the greatest negative impact in absolute terms upon land value.

6.12 In order to draw out the implications of these results for the Council's proposed affordable housing policy, as has already been suggested, it will be necessary to consider values from alternative uses for each site. This step follows below.

Alternative use benchmarks

6.13 The results from Table 6.1 would need to be compared with the alternative use values set out in Table 5.8 in order to form a view about the likely viability of the affordable options for each site. However it does not automatically follow that if the residual value produces a surplus over the alternative use value benchmark, the site is viable. The surplus needs to be sufficiently large to provide an incentive to the landowner to release the site, and any other appropriate cost required to bring the site forward for development. We therefore have to consider how large such a 'cushion' should be for our sites.

6.14 In practice the size of the element will vary from case to case, depending on how many landowners are involved, each landowner's attitude and their degree of involvement in the current property market, the location of the site and so on. After consideration we took the view that a broad average figure of £1.0m per acre (£2.5 m per ha) should be used to provide an incentive to the landowner for all of the sites in the study. This figure would represent a mark-up of more than 15% on the base industrial benchmark land value of £6.0m per acre. The figures are set out below and combined with the net alternative use values from Table 5.8 to show the resulting benchmark thresholds for viability.

Table 6.2 Viability cushion and threshold values

Ref	*Site*	*£m per acre*		
		Assessed alternative use value	*Cushion*	*Viability threshold value*
1A	TA Centre	7.50	1.0	8.50
2A	Princess Louise Hospital	5.64	1.0	6.64
3A	Kensington Park Hotel,	62.26	1.0	63.26
4A	St Thomas C of E School	0.00	1.0	1.00
5A	The Power House	11.48	1.0	12.48
6A	Sorting Office	8.0	1.0	9.0
7A	225 Earls Court Road	8.0	1.0	9.0
7N	Notional 1	8.0	1.0	9.0
7M	Notional 2	6.0	1.0	7.0
8A	158-166 Brompton Road	52.16	1.0	53.16
8N	Notional 3	23.10	1.0	24.10
9A	50 Hogarth Road	51.60	1.0	52.60
10A	239 Kensington High Street	29.24	1.0	30.24
10N	Notional 4	22.74	1.0	23.74

Source: Affordable Housing Viability Study 2009

6.15 It must be emphasised that these figures are simply a view of what it is reasonable to assume, in a strategic study like the present one, should be the minimum residual value for the purposes of assessing viability. The figures do not represent what a landowner or promoter might actually receive. This will quite often be rather more, at any given affordable target some sites will generate a higher value and it is not unreasonable to expect at least some of the surplus to benefit the landowner/promoter, rather than passing to the developer.

Table 6.3 Appraisal outcomes: grant to 80% TCI

Ref	*Site*	*Value £m per acre*				
		Alt use value	*No aff*	*30%*	*40%*	*50%*
1A	TA Centre	7.5	10.6	-1.2	-5.3	-9.5
		8.5	VIABLE	NOT VIAB	NOT VIAB	NOT VIAB
2A	Princess Louise Hospital	5.6	8.1	4.4	3.1	1.9
		6.6	VIABLE	NOT VIAB	NOT VIAB	NOT VIAB
3A	Kensington Park Hotel	62.3	51.5	22.5	12.4	2.1
		63.3	NOT VIAB	NOT VIAB	NOT VIAB	NOT VIAB
4A	St Thomas C of E School	1.0	-0.5	-2.7	-3.4	-4.1
		0.0	NOT VIAB	NOT VIAB	NOT VIAB	NOT VIAB
5A	The Power House	11.5	53.4	33.0	25.9	18.8
		12.5	VIABLE	VIABLE	VIABLE	VIABLE
6A	Sorting Office	8.0	83.0	55.8	46.1	36.2
		9.0	VIABLE	VIABLE	VIABLE	VIABLE
7A	225 Earls Court Road	8.0	29.7	17.0	12.8	8.7
		9.0	VIABLE	VIABLE	VIABLE	MARGINAL
7N	Notional 1	6.0	30.7	18.1	13.9	9.7
		7.0	VIABLE	VIABLE	VIABLE	VIABLE
7M	Notional 2	6.0	12.8	5.6	3.3	1.0
		7.0	VIABLE	NOT VIAB	NOT VIAB	NOT VIAB
8A	158-166 Brompton Road	52.2	126.6	86.1	72.5	58.8
		53.2	VIABLE	VIABLE	VIABLE	VIABLE
8N	Notional 3	23.1	2.2	-3.8	-5.8	-7.9
		24.1	NOT VIAB	NOT VIAB	NOT VIAB	NOT VIAB
9A	50 Hogarth Road	51.6	28.2	17.7	14.3	10.8
		52.6	NOT VIAB	NOT VIAB	NOT VIAB	NOT VIAB
10A	239 Kensington High St	29.2	27.9	18.3	15.1	11.9
		30.2	NOT VIAB	NOT VIAB	NOT VIAB	NOT VIAB
10N	Notional 4	22.7	19.2	12.2	9.9	7.6
		23.7	NOT VIAB	NOT VIAB	NOT VIAB	NOT VIAB

Source: Affordable Housing Viability Study

Comparison results

6.16 With zero affordable housing, eight sites are viable. Residential development as 100% market housing is of course a relatively profitable development option and in stable market conditions the sites should not be proposed for development otherwise. However market conditions are not stable – house prices have fallen considerably over the last year, and so there are several sites which it appears could not proceed at present even as 100% market housing.

6.17 Turning to the various levels of affordable contribution, at 30% five sites are viable. At 40% these five sites remain viable. By 50%, one of the sites becomes marginal, with the other four still viable.

6.18 These results are summarised in tabular form, and broken down for the four SHMA sub-areas, below.

Table 6.4 Viability results summary

	No of sites in category with affordable at:			
	No aff	*30%*	*40%*	*50%*
Viable	2	0	0	0
Marginal	0	0	0	0
Not viable	2	4	4	4
Total North	**4**	**4**	**4**	**4**
Viable	2	1	1	1
Marginal	0	0	0	0
Not viable	0	1	1	1
Total North West of Centre	**2**	**2**	**2**	**2**
Viable	3	3	3	3
Marginal	0	0	0	0
Not viable	2	2	2	2
Total Central South East	**5**	**5**	**5**	**5**
Viable	1	1	1	0
Marginal	0	0	0	1
Not viable	2	2	2	2
Total South West	**3**	**3**	**3**	**3**
Viable	8	5	5	4
Marginal	0	0	0	1
Not viable	6	9	9	10
Grand Total	**14**	**14**	**14**	**14**

Source: Affordable Housing Viability Study

6.19 We will consider the implications of these results for future policy in the final chapter of this document. However before we can do this we should consider how likely future movements in our appraisal assumptions might impact upon them. The sharp decline in the housing market from the beginning of 2008 underlines that the results represent a 'snapshot' of viability as at July 2009. It may be that viability will deteriorate further in the coming months. On the other hand, there is a reasonable prospect that at some stage within the Plan period, viability will recover to the level of October/November 2007.

Sensitivity: price and cost levels

6.20 Whilst variations in any of the appraisal assumptions will affect the results, the key elements which most dramatically affect the outcome are the price and build cost assumptions. In the present market situation however it is future movements in prices which are of greatest interest; what if prices continue to fall at the present rate? What if they recover?

6.21 We prepared a variant set of appraisals which assumed that prices would fall another 15% and that costs would rise by 5% – a plausible scenario for the situation in 12-18 months or so. The results are set out below.

Table 6.5 Appraisal outcomes: short-term scenario						
Ref	*Site*	*Alt use value*	*Value £m per acre*			
			No aff	*30%*	*40%*	*50%*
1A	TA Centre	7.5	1.2	-9.2	-12.5	-15.9
		8.5	NOT VIAB	NOT VIAB	NOT VIAB	NOT VIAB
2A	Princess Louise Hospital	5.6	4.7	1.9	0.9	-0.1
		6.6	NOT VIAB	NOT VIAB	NOT VIAB	NOT VIAB
3A	Kensington Park Hotel	62.3	29.6	5.7	-2.7	-11.5
		63.3	NOT VIAB	NOT VIAB	NOT VIAB	NOT VIAB
4A	St Thomas C of E School	1.0	-2.8	-4.4	-4.9	-5.5
		0.0	NOT VIAB	NOT VIAB	NOT VIAB	NOT VIAB
5A	The Power House	11.5	39.7	22.9	17.0	11.2
		12.5	VIABLE	VIABLE	VIABLE	NOT VIAB
6A	Sorting Office	8.0	63.6	41.2	33.3	25.2
		9.0	VIABLE	VIABLE	VIABLE	VIABLE
7A	225 Earls Court Road	8.0	21.1	10.6	7.2	3.9
		9.0	VIABLE	VIABLE	NOT VIAB	NOT VIAB
7N	Notional 1	6.0	22.1	11.7	8.3	4.9
		7.0	VIABLE	VIABLE	VIABLE	NOT VIAB
7M	Notional 2	6.0	6.8	1.1	-0.8	-2.6
		7.0	MARGINAL	NOT VIAB	NOT VIAB	NOT VIAB
8A	158-166 Brompton Road	52.2	102.4	67.0	55.1	43.2
		53.2	VIABLE	VIABLE	VIABLE	NOT VIAB
8N	Notional 3	23.1	-3.0	-7.7	-9.3	-10.9
		24.1	NOT VIAB	NOT VIAB	NOT VIAB	NOT VIAB
9A	50 Hogarth Road	51.6	20.2	11.9	9.3	6.5
		52.6	NOT VIAB	NOT VIAB	NOT VIAB	NOT VIAB
10A	239 Kensington High St	29.2	17.3	9.5	6.9	4.2
		30.2	NOT VIAB	NOT VIAB	NOT VIAB	NOT VIAB
10N	Notional 4	22.7	10.3	4.7	2.9	1.0
		23.7	NOT VIAB	NOT VIAB	NOT VIAB	NOT VIAB

Source: Affordable Housing Viability Study

6.22 It can be seen that a price decrease of 15% combined with a 5% increase in costs has a substantial negative impact on viability. With zero affordable housing, only five sites are now viable and one marginal.

6.23 Turning to the various levels of affordable contribution, at 30% five sites are viable. At 40% four sites remain viable. By 50%, only one site is viable.

6.24 Unfortunately, this scenario is plausible in the short-term.

Sensitivity: the market peak

6.25 The above approach, varying the price level, could also be applied retrospectively to assess viability at the peak viability level of November 2007.

6.26 At this time prices are believed to have been perhaps 25% higher than those assumed in our study. Costs would have been appreciably lower, and furthermore Level 4 might not have been assumed to apply (rather Level 3). Accordingly we reduced costs by 15%.

6.27 The results are set out below.

Table 6.6 Appraisal outcomes: market peak Level 3 only						
Ref	*Site*	*Alt use value*	*Value £m per acre*			
			No aff	*30%*	*40%*	*50%*
1A	TA Centre	7.5	30.4	14.8	9.5	4.1
		8.5	VIABLE	VIABLE	VIABLE	NOT VIAB
2A	Princess Louise Hospital	5.6	14.4	9.2	7.4	5.7
		6.6	VIABLE	VIABLE	VIABLE	MARGINAL
3A	Kensington Park Hotel	62.3	93.3	55.7	42.4	28.9
		63.3	VIABLE	NOT VIAB	NOT VIAB	NOT VIAB
4A	St Thomas C of E School	1.0	3.7	0.7	-0.3	-1.3
		0.0	VIABLE	MARGINAL	NOT VIAB	NOT VIAB
5A	The Power House	11.5	78.2	51.9	42.8	33.6
		12.5	VIABLE	VIABLE	VIABLE	VIABLE
6A	Sorting Office	8.0	116.4	81.1	68.4	55.6
		9.0	VIABLE	VIABLE	VIABLE	VIABLE
7A	225 Earls Court Road	8.0	45.7	29.2	23.7	18.3
		9.0	VIABLE	VIABLE	VIABLE	VIABLE
7N	Notional 1	6.0	46.7	30.1	24.7	19.2
		7.0	VIABLE	VIABLE	VIABLE	VIABLE
7M	Notional 2	6.0	24.3	14.5	11.3	8.2
		7.0	VIABLE	VIABLE	VIABLE	MARGINAL
8A	158-166 Brompton Road	52.2	173.3	118.9	100.6	82.0
		53.2	VIABLE	VIABLE	VIABLE	VIABLE
8N	Notional 3	23.1	15.0	7.0	4.2	1.6
		24.1	VIABLE	NOT VIAB	NOT VIAB	NOT VIAB
9A	50 Hogarth Road	51.6	42.8	28.7	24.0	19.3
		52.6	VIABLE	VIABLE	VIABLE	VIABLE
10A	239 Kensington High St	29.2	38.7	26.3	22.1	18.0
		30.2	VIABLE	VIABLE	VIABLE	VIABLE
10N	Notional 4	22.7	27.5	18.5	15.6	12.6
		23.7	VIABLE	VIABLE	VIABLE	VIABLE

Source: Affordable Housing Viability Study

6.28 The results improve the appraisal results quite markedly. Only four sites are now unviable at 50%, plus one site which is marginal. This suggests that a policy based on 50% floorspace would have been entirely feasible at the market peak in November 2007. There is a reasonable possibility that such a position will be regained within the emerging LDF Plan period.

Sensitivity: developer contributions

6.29 Sensitivity testing was also undertaken to assess the impact of varying the level of developer contributions. The assumed level of £15k per dwelling was halved to £7.5k per dwelling. The results for the 40% affordable option are shown below.

Table 6.7 Appraisal outcomes: reduced developer contributions

Ref	*Site*	*Alt use value*	*Value £m per acre*	
			Base 40%	*40% with reduced contribution*
1A	TA Centre	7.5	-5.3	-4.5
		8.5	NOT VIAB	NOT VIAB
2A	Princess Louise Hospital	5.6	3.1	3.7
		6.6	NOT VIAB	NOT VIAB
3A	Kensington Park Hotel	62.3	12.4	13.1
		63.3	NOT VIAB	NOT VIAB
4A	St Thomas C of E School	1.0	-3.4	-2.9
		0.0	NOT VIAB	NOT VIAB
5A	The Power House	11.5	25.9	26.4
		12.5	VIABLE	VIABLE
6A	Sorting Office	8.0	46.1	46.3
		9.0	VIABLE	VIABLE
7A	225 Earls Court Road	8.0	12.8	13.5
		9.0	VIABLE	VIABLE
7N	Notional 1	6.0	13.9	14.5
		7.0	VIABLE	VIABLE
7M	Notional 2	6.0	3.3	3.9
		7.0	NOT VIAB	NOT VIAB
8A	158-166 Brompton Road	52.2	72.5	73.0
		53.2	VIABLE	VIABLE
8N	Notional 3	23.1	-5.8	-5.3
		24.1	NOT VIAB	NOT VIAB
9A	50 Hogarth Road	51.6	14.3	15.3
		52.6	NOT VIAB	NOT VIAB
10A	239 Kensington High St	29.2	15.1	15.3
		30.2	NOT VIAB	NOT VIAB
10N	Notional 4	22.7	9.9	10.1
		23.7	NOT VIAB	NOT VIAB

Source: Affordable Housing Viability Study

6.30 Reducing developer contributions has a significant effect on the residual value outcomes; typically it improves the residual value by around £0.5m per acre. Whilst elsewhere an increase of this scale would lead to considerable improvements in site viability, the very high values and costs which apply in Kensington and Chelsea mean that its impact is in fact quite small. None of the unviable sites becomes viable, or even marginal.

6.31 When individual proposals come forward, it is always an option for the Council to consider whether the developer contributions burden should be eased, so as to secure an adequate affordable contribution from a scheme whose viability would otherwise be insufficiently good for it to proceed. It is right that the Council should be able to determine the relative priorities between affordable housing provision and other forms of contribution. Clearly, however, as the appraisal results confirm, the scope for tradeoffs is relatively limited in that the 'cost' to the developer of the assumed level of contribution is small in comparison to the 'cost' of the affordable contribution.

7. Implications of results

Points to bear in mind

7.1 The results of the detailed site assessments (Table 6.3) indicate that a significant proportion of sites are unviable at levels of affordable provision that the Council aspires to achieve, and indeed that have been achieved through negotiation, in the comparatively recent past. That might seem surprising, given the extremely high house prices in the Royal Borough. Some sites are shown to be unviable even without affordable housing.

7.2 This is partly due to the steady decline in house prices from autumn 2007 up until now. It also reflects quite demanding assumptions on the quality of development (Level 4 of the Sustainability Code and 'Merton rule' requirements for renewable energy). However the price decline poses particular problems for formulating a policy which should endure over a full Plan period. Viability will improve in due course compared to now possibly being better over a major part of the Plan period.

7.3 Setting a low target would not allow any improvement to be captured unless a new Development Plan Document was to be produced. On the other hand, in the immediate short-term the situation could get worse, so that whatever target was viable at July 2009, might not be supportable in say 12 months' time. As we emphasised at the start of the report, such a situation suggests an approach that somehow allows future movements in viability, up or down, to be reflected in a modified target.

7.4 It is also worth noting that this study has been based on percentage targets based on floorspace. This is unusual as targets are commonly based on dwelling numbers. However, in the unusual environment of the Royal Borough it makes sense.

7.5 The floorspace measure has necessitated a strategic approach to the treatment of individual sites' dwelling characteristics as the affordable target has been varied, keeping the sizes of the market and affordable units constant and varying the total dwelling numbers in order to retain the same floorspace density across all of the affordable options. We believe this 'modelling' approach is a reasonable attempt to retain consistency between individual assessments.

Basis for the affordable housing target

7.6 The results from the appraisals indicate that at present only five of the 14 sites are viable with an affordable requirement set at 40% of floorspace; moving to 50% makes one of these marginally viable. Whilst normally this outcome would not be sufficient to sustain a 40% target (on floorspace) across the study area as a whole, it appears that in present market conditions only eight of the sites could produce 100% market housing and remain viable.

7.7 That so few of the sites with permission have so far proceeded bears this out. However, two of the unviable sites at zero are notional sites, where a development form viable in a more expensive area has hypothetically been 'transplanted' to a much lower priced part of the Borough; it is highly likely that this represents a situation that simply would not arise in practice. Turning to the 'actual' sites, it does not necessarily follow that permissions once secured are always intended to be implemented immediately.

7.8 The fact is that at 40%, five of the eight sites which work with no affordable housing, remain viable. At 50% one becomes marginal. At 20% in our judgement, six sites would be viable.

7.9 This viability analysis has, in our view, confirmed that the current 40% affordable target is justified.

7.10 The concurrent SHMA suggested that the housing need level would justify a 50% target. It is important to emphasise that this is only a technical observation. All targets are policy matters to be determined by the Council itself and not by external consultants. The housing market in the Royal Borough may shortly begin to improve, and with it viability. It is also possible, however, that the market and hence viability could worsen; this undesirable outcome must be considered as a possibility.

7.11 The approach of 'Dynamic Viability', considered below, is designed to address the future uncertainties, by providing a process for regularly adjusting the target as viability changes.

Affordable target suggestion

7.12 In the recent past Kensington and Chelsea has regularly negotiated 30% plus affordable housing requirements on privately developed sites, as the information from a number of the study sites confirms. The fall in house prices, combined with the additional cost of sustainable development (Level 4 plus 10% renewable), has made achieving this level more difficult in the current market circumstances.

7.13 The Central and South East area performs best reflecting the high price level there. Conversely the North, where prices are lowest, does worst. There may be scope for considering a differential requirement across the Borough. At this stage we have not set out detailed proposals for geographically based targets; however these could be provided if required.

7.14 In considering the implications for an individual Council's affordable housing policy of studies like the present one, we must recognise the complexity and diversity of the development process in reality. There will always be sites and development proposals which, because of exceptional circumstances cannot produce the level of affordable housing set by a generally reasonable target. Such factors include abnormal development costs associated with the site, particularly onerous development contribution requirements, an exceptionally high alternative use value, low market prices in a particular locality, and so on.

7.15 The evidence suggests, in our view, that a 40% target would be the highest that would be reasonable to put forward in present circumstances. As noted above, in terms of the split between social and intermediate housing, because the emerging SHMA document suggested proportions of 75/25% we tested this option. However, the Council has fixed the value at which affordable units are conveyed to partner RSLs. Consequently, varying the tenure split will not materially influence the financial outcome for the developer. If, as hoped, there is a recovery from the economic downturn, then the Dynamic Viability approach described below could permit the raising of the target in future.

The measure for the affordable target

7.16 Affordable targets are most commonly applied using dwelling numbers as the measure base. However there are other alternative bases. A number of London Boroughs apply targets to habitable rooms, and in Kensington and Chelsea the Council has found an approach based on floorspace attractive.

7.17 The number of dwellings seems the most simple and straightforward basis for the target. However, where the sizes of the affordable and market homes provided by the developer, or sought by the Council, are significantly different, a measure reflecting more accurately the total quantum of housing being provided, would seem to be fairer on both sides. Whilst habitable rooms are a rather unfamiliar concept to many people, floorspace is a straightforward and easily understood measure.

7.18 In large parts of the Royal Borough, as our Report has suggested, the quite exceptional housing market leads developers to produce unusually large market dwellings, very much larger than would be suitable for affordable homes. Conversely in much of the rest of the area the emphasis, as elsewhere in Inner London and beyond, is on developments containing the smaller market units – flats of one and two bedrooms which do not provide enough family sized affordable dwellings to meet the needs generated within the Borough.

7.19 Both of these factors suggest that a measure such as floorspace would offer a better basis for the affordable target than would dwelling numbers. Floorspace would, incidentally, also address the problem that in Kensington and Chelsea, a site easily capable elsewhere of producing dwelling numbers above a dwellings based threshold comes forward with a smaller number of very large dwellings below the threshold; this issue is discussed further below.

7.20 To reflect the Council's preferred measure, the study has produced assessments with the various percentage targets applied to floorspace, and the conclusions outlined above are on that basis. It is reasonable to ask how those conclusions would have changed if the target had been based on an alternative measure – dwelling numbers, or habitable rooms.

7.21 By comparison with our findings, a dwellings based target would have reduced the affordable burden on sites in the most expensive areas; they would have been required to provide less floorspace. On the other hand, in the least expensive areas the burden would increase as they were required to provide more floorspace. Whilst overall viability against any one percentage might only have changed a little – we suspect 40% would still have looked feasible – the case for a target which varied geographically, would probably be rather stronger.

7.22 Measuring the target using habitable rooms would have a similar impact, though our feeling is that it would be diluted. The unusually large market dwellings tend to have fewer, larger rooms than their floorspace would suggest.

The threshold for affordable housing

7.23 Guidance requires consideration to be given to the threshold at which the affordable housing is to be applied, if that is not at the default minimum of 15 dwellings. The study considered four actual sites under this figure – Sites 7 to 10 – and additionally two of those provided a base for all four notional sites, giving a total of eight sites. In doing so, however, we must recognise that the London Plan proposes (Policy 3A.11) that Boroughs should normally use a threshold of sites with *'a capacity to provide ten or more dwellings'.* This requirement was underpinned by extensive viability analysis prior to the Plan's publication. It appears to be left unaffected by the Mayor's current (April 2009) proposals. It is therefore in practice a more meaningful 'starting point' than the national default guidance of 15 dwellings.

7.24 In fact, the Council is considering a threshold based upon floorspace rather than dwellings. This fits with the use of the floorspace measure as a basis for the affordable target. It also addresses the concern that development proposals with a total quantum of floorspace, which elsewhere would fall above the size threshold and hence generate an affordable requirement, might not do so in the Royal Borough. Indeed, it could be seen as a specific response to the issue of 'capacity to provide' in the London Plan policy wording.

7.25 The Royal Borough proposes a lower affordable threshold of 8,600 sq ft (800 sq m). Sites with gross floorspace above that figure would be required to provide affordable housing.

7.26 Up to 12,900 sq ft (1,200 sq m) under the proposals envisaged, the requirement could be taken as an off-site commuted sum. Our study methodology does not provide the scope to comment on this latter proposal. In the absence of a specific funding formula, any commuted sum formula we devised would be financially neutral compared to on-site provision, and show the same financial outcome. Accordingly we focus our attention primarily on the lower limit.

7.27 With the London Plan threshold of ten dwellings ('capacity to provide') the 8,600 sq ft/800 sq m threshold the Council proposes would correspond to an average dwelling size of 860 sq ft gross, perhaps around 700 sq ft net depending on net:gross ratio. This seems a reasonable figure, which is not unduly small in the Inner London context; even with the sites (with a large dwelling emphasis) appraised in the study, there are three (2, 4 and 9), which would fall below this figure. So irrespective of the specific results of the viability analysis, the 800 sq m threshold could be said to be reasonable.

7.28 Turning to the viability analysis, four actual sites (eight with notionals) are below the national guidance threshold of 15 dwellings; six are above. The four below 15 have gross floorspace as set out in the table below.

Table 7.1 Actual site details

Ref	*Site & location*	*No of dwgs*	*Total gross floor area (rounded)*	
			sq ft	*sq m*
7A	225 Earls Court Road, Earls Court	13	12,700	1,180
8A	158-166 Brompton Road, Knightsbridge	12	21,100	1,960
9A	50 Hogarth Road, Earls Court	6	5,600	520
10A	239 Kensington High Street, Kensington	4	8,150	750

Source: Fordham Research 2009

7.29 Of the five sites which are viable at 40% and which therefore form the basis for our proposed 40% target three (7A/7N/8A) are below 15 dwellings. This would support the principle of lowering the threshold from the national 15. It will be noted that the successful sites are of 13, 13 and 12 dwellings respectively, the smaller sites 9A, 10A and 10N all being unviable at 40%. However that would support a dwellings-based reduction to ten units, consistent with the London Plan.

7.30 More importantly, in floorspace terms, Sites 9 and 10 fall below Kensington and Chelsea's proposed threshold of 8,600 sq ft/800 sq m. It is therefore Sites 7A, 7N, 7M and 8A which are crucial in supporting the threshold. Three of the four are held viable at the 40% affordable target. We conclude that the proposed threshold is supported by viability analysis.

7.31 As suggested above, the assessments in the study cannot be used directly to comment on the Council's proposal to allow commuted off-site provision on sites up to 12,900 sq ft/1,200 sq m. Our assumption would be that the commuted sum was exactly financially equivalent. It is of course for the Council to propose a formula for the commuted sum, which might be otherwise. However this formula could not reasonably be more financially onerous than on-site provision. If it were less onerous, then our view that the proposed lower threshold did not impact on viability, would be strengthened.

The cost of sustainable homes policy

7.32 The appraisals assume that all dwellings, market and affordable, will be built to CSH Level 4. Given that Level 3 is to be a national requirement from 2010, and Level 4 from 2013 it is not an unreasonable assumption to be making at this point. However, Level 4 imposes additional build costs which we have assumed cannot be recovered from charging higher prices for the dwellings. Furthermore, it is the Government's intention that Level 6 would apply from 2016, only seven years away and well within the LDF Plan period. With what is currently known about technology, the additional costs of these further changes are going to be considerable. They may well push developers to focus rather more on premium and niche products where the additional costs can be, wholly or at least partially, recovered in enhanced prices, though with the present regulatory framework it is difficult to see how that could apply to the affordable elements. Whatever happens, the impact on viability following the CSH changes may be a matter for concern in the future.

8. Stage 2: Dynamic Viability results

8.1 This final chapter takes the results of the viability analysis, first stage, and provides a basis for policy by providing deliverable affordable housing targets through the plan period. This uses the 40% target proposed in the previous chapter. It can be varied in the light of the wide range of alternatives if the Council so decides.

What Dynamic Viability does

8.2 The Dynamic Viability model is designed to provide robust targets at all phases of the housing market during the plan period. This is taken to mean that the full range of possibilities must be set out to the Core Strategy Examination, so that its Inspector can consider and decide on the level of target setting for the whole plan period. The target cannot be left to supplementary guidance, and the alternative would be a costly re-opening of the Core Strategy Examination at each change in the housing market.

8.3 The model begins with the viability assessment, based on the residual valuations carried out as part of the main Viability Study (covering a total of fourteen sites characteristic of the area). In some cases the data may refer to notional sites, agreed to represent the viability situation of the local authority area.

Benchmark Site

8.4 The Dynamic Viability approach requires that a single benchmark site, or synthetic site, is identified that currently reflects the affordable target level that is deliverable in that area. This site is intended to be representative of future development in the council area concerned.

8.5 After discussion Site 7A, a planned residential block of 13 flats at 225 Earls Court Road was selected. The site is described in Table 2.2 and its alternative use value is given as industrial/warehouse and as £8 mln per acre/£19.8 mln per hectare. This value is then keyed to the national published index.

The indices

8.6 Future change in target levels is purely dependent on published indexes. This means that the process of target setting through the plan period is entirely transparent. The model is set up prior to the Core Strategy Examination, is assessed and approved in whatever form during that Examination, and afterwards is entirely dependent on three published indexes:

- **Price change**: We use the Halifax Price Index (HPI) but others are available
- **Building costs change**: The RICS building cost index based on tenders (BCIS) provides a general index of building costs
- **Alternative use value**: The appropriate measure would depend on the specific alternative use applying to the benchmark site but usually it is the Valuation Office Agency's Industrial Land index

8.7 Each of the indexes is taken as a range, to produce a reasonably limited number of tabulations. The set of indices is based on the assumption that price and cost are the key changes that affect the viability of a benchmark site, and that alternative use value must be checked in case it has risen above newbuild housing value and thus limits the target in itself. The following table shows the figures and sources:

Table 8.1 Indices for automatic updating of Dynamic Viability

Variable	*Proposed index*	*Starting value*
House Price	Halifax House Price Index Quarterly London Seasonally Adjusted	Q3 2009 = 622.0
	Halifax House Price Index (free, monthly) http://www.lloydsbankinggroup.com/media1/research/halifax_hpi.asp	
Build cost	BCIS General Building Cost Index	Q2 2009 = 284.1
	BCIS Review Online (subscription only, monthly) Produced by the Royal Institute of Chartered Surveyors http://www.bcis.co.uk/online	
Alternative use value	The Valuation Office Agency has recently (July 2010) altered its reports, producing annual valuations as at January of each year rather than six monthly ones. The industrial value is taken for Hammersmith (within the region London Outer)	January 2010: Value of 3,000,000 -per ha
	Valuation Office Agency: Property Market Reports (free, annual) http://www.voa.gov.uk/publications/property_market_report/pmr-jan-2010/index.htm	

Sources: As shown in the boxes of the table

8.8 It is necessary to comment on the VOA index, as it has just been changed. Where formerly value were given for regions such as 'London' in terms of upper and lower and 'typical' values, the new practice is to provide a set of locations, in the case of 'London Outer' it is four boroughs around outer London. The nearest to RBKC is Hammersmith. The fact that its values are much lower than RBKC's is not important. The issue is the change from the base that will appear in future annual VOA published indexes. The value stated for January 2010 is from data collected over the 6 months prior to that, and so is still reasonably representative of the mid 2009 base for the fieldwork.

Details of the outputs

8.9 The model generates the full plausible range of target variations based on the above three indexes. The following illustrated table is one of a set of eight tables (one for each of the values for the alternative use values). In the example below it is the 'base' alternative use value. A full set of Dynamic Viability tables is presented in Appendix 3.

Table 8.2 Coarse Matrix for RBKC: base alternative use value

			Price Change HPI								
	%		*-20%*	*-10%*	*0%*	*10%*	*20%*	*30%*	*40%*	*50%*	*60%*
			497.6	559.8	622.0	684.2	746.4	808.6	870.8	933.0	995.2
Cost Change BCIS Index	*-20%*	227.3	35%	46%	56%	61%	61%	61%	61%	61%	61%
	-10%	255.7	24%	35%	46%	56%	61%	61%	61%	61%	61%
	0%	284.1	12%	30%	40%	46%	51%	56%	61%	61%	61%
	10%	312.5	0%	18%	30%	40%	46%	51%	56%	61%	61%
	20%	340.9	0%	12%	24%	35%	40%	46%	51%	56%	61%
	30%	369.3	0%	0%	18%	30%	35%	40%	46%	51%	56%
	40%	397.7	0%	0%	6%	24%	30%	40%	46%	51%	51%
	50%	426.2	0%	0%	0%	12%	24%	35%	40%	46%	51%

Note that the figure shows proposed % target for each cost/price combination, with 0% change in alternative use value. The table also provides, inside the percentages, the actual values of the indexes, so that they can be read off in future

Source: Table C1 of Appendix 3 below

8.10 The base value is the 0% price and 0% cost point: as can be seen this cell contains 40%, which is the suggested Borough-wide affordable housing target. This zero cell also shows the initial value for the two indexes (622.0 for price and 284.1 for build cost). There is a third index, the alternative use value of the site, which in this case is industrial/warehouse. It is possible, though unlikely, that the 'next best use to housing' for a site will increase in value to the point where housing might not be the most attractive use. Or, more likely, that a given affordable housing target might not work. These alternative use values can be seen across all the sites in Table 6.3 above.

8.11 In Appendix 3, where all the indexes are shown, there are two sets of eight for both Coarse and Fine matrices to allow for the range of alternative use values. This is the third dimension of change allowed for in the index array.

8.12 The reason for there being a Coarse and Fine Matrix is as follows:

- *Coarse Matrix*: This is calculated in 10% intervals of the indexes (all three). The result provides broad coverage, but the change from one cell to another can produce large changes in targets: e.g. from 20% to 35%. But this stage provides wide coverage.

- *Fine Matrix*: This takes the area around the chosen target and uses 4% intervals in the indexes (the intervals can be varied). This produces results for the area around the chosen target that yield much smaller target changes: mostly 5% intervals and sometimes 10%.

Table 8.3 Fine Matrix for RBKC: base alternative use value

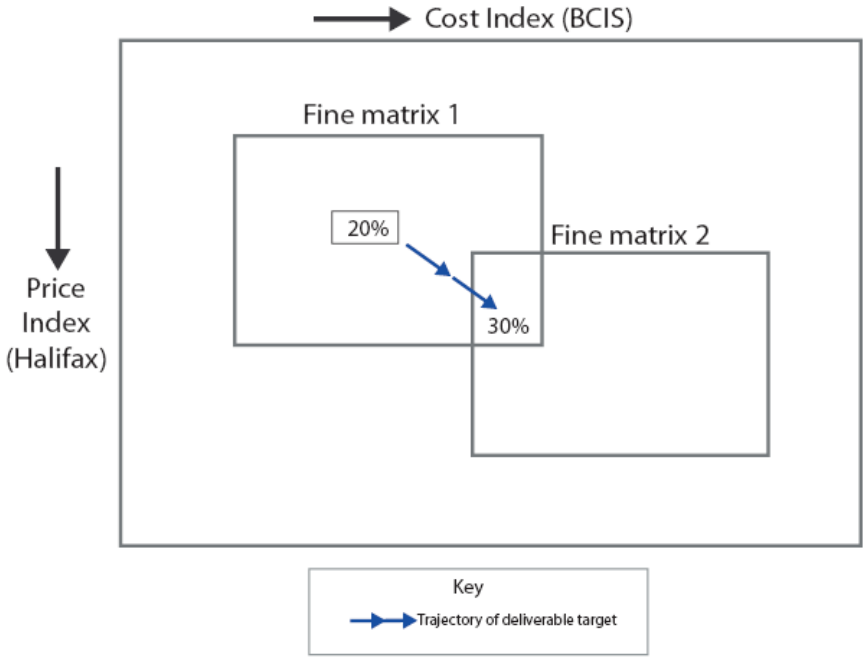
			Price Change HPI								
	%		*-8%*	*-4%*	*0%*	*4%*	*8%*	*12%*	*16%*	*20%*	*24%*
			572.2	597.1	622.0	646.9	671.8	696.6	721.5	746.4	771.3
Cost Change BCIS Index	*-8%*	261.4	40%	40%	46%	51%	51%	56%	56%	56%	61%
	-4%	272.7	35%	40%	40%	46%	51%	51%	51%	56%	56%
	0%	284.1	30%	35%	40%	40%	46%	51%	51%	51%	56%
	4%	295.5	30%	35%	35%	40%	46%	46%	51%	51%	51%
	8%	306.8	24%	30%	35%	35%	40%	46%	46%	51%	51%
	12%	318.2	24%	24%	30%	35%	40%	40%	46%	46%	51%
	16%	329.6	18%	24%	30%	30%	35%	40%	40%	46%	46%
	20%	340.9	12%	18%	24%	30%	35%	35%	40%	40%	46%

Source: Fordham Research: Source Table F1 of Appendix 3 below

8.13 The Fine Matrix is the operational level. It produces target changes of the order of 5%, which seems a manageable level of change for a potentially annual shift. The Coarse Matrix in some cases shows changes of 10% or more, which seems too large for an annual shift.

8.14 After a period of years it may well be that the indexes move beyond the range of the initial Fine Matrix. This no problem, as the Fine Matrix can move within the Coarse Matrix. It is simply a 'close up' of part of the Coarse Matrix. The following diagram shows the process as it may unfold.

Figure 8.1 *Coarse* and *Fine Matrices* related



Source: Fordham Research 2009: Affordable Housing Viability Study 2009

8.15 To provide further assistance in visualising how this system works, Figure 8.2 provides an operational guide as to how the updating process goes.

Implementing Dynamic Viability

8.16 The Viability study which is the input into Dynamic Viability is likely to be done as part of the preparation of the Core Strategy Affordable Housing Policy. There will then be a delay of months or years until the actual Examination. During that period there may well be changes in the market. Thus it is likely to be necessary to redo the base viability analysis at the time of the Core Strategy Examination to ensure that the Dynamic Viability process starts from the period of the Examination.

8.17 Since the automatic target varying procedure cannot begin until approved by the Inspector's Report, it is desirable to have it as up to date as possible. Figure 8.2 indicates this process schematically.

Updating Dynamic Viability targets

8.18 The table below sets out the updating sequence. It requires input from the report which we will have provided. This includes, as an appendix, the following sets of tables containing indexes. In the same appendix is a table listing the sources of the three indexes. The current values of the indexes, and the sets of tables listed below, are all that is required for the updating process.

i) **Coarse** matrix of targets. This shows Halifax Price Index x BCIS (the RICS building cost index). The indexes are shown by 10% gaps to provide affordable target numbers across a very wide price/cost range. There are eight tables because the 'third dimension' of the price/cost calculation is alternative use value. This is the value of the Benchmark Site in the best alternative land uses to housing. The alternative use value may sometimes be higher than housing for the Benchmark site (and so remove the affordable target, and sometimes it may reduce the feasible target). This has to be checked as part of the procedure of updating.

ii) **Fine** matrix of targets. This parallels the Coarse Matrix (with eight tables) with narrower gap in the indexes of 4%. It covers only part of the Coarse Matrix range, and can be moved around it. The Fine Matrix contains targets that are roughly at 5% intervals. This is about as big a target change as seems feasible at the annual review point. The Coarse Matrix provides the background, and the Fine matrix provides the operational targets. These alter as the prices and costs in the housing market alter.

Figure 8.2: Sequence of steps in updating the target

Step 1

The starting point is the Alternative Use Value Fine Matrix Table F1. Does the current value of the Alternative use index mean that another page rather than the base page should be used? If so this is the reference for the further steps.

Step 2

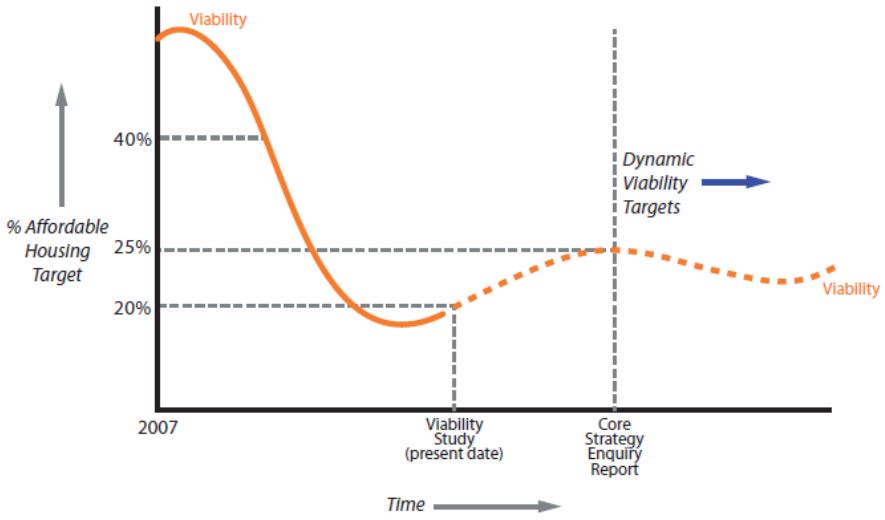
Using the appropriate Fine matrix table, decided by Step 1, check the changes in the HPI and the BCIS. If either or both of these has changed by more than half the interval to the next step, then the target cell will change. This may or may not involve a target change, since some of the targets will the same in several cells.

Step 3

Publish the change in some suitable format such as the Annual Monitoring report.

Source: Fordham Research 2009: Affordable Housing Viability Study 2009

Figure 8.3 Implementing Dynamic Viability



Source: Fordham Research 2009: Affordable Housing Viability Study 2009

8.19 The diagram illustrates the possible change in viability between study and Core Strategy Examination, after that, of course, the Dynamic Viability matrix will take account of future variations in viability. As the diagram suggests, these could be downward as well as upward. The future course of the market is uncertain.

Updating target to April 2010

8.20 Due to the fact that it is just over a year since the base valuations were done for the Royal Borough of Kensington and Chelsea it is already possible to update the figures using the Dynamic Valuation principle. At the time of finalising the report (end May 2010) the latest data is for April, though the VOA figures have not been published again since July 2009.

8.21 The latest VOA industrial/warehouse value for July 2009 shows a 'typical' value of £1.942 million per ha. This is a fall of £193k from the previous value. This is just less than 10% of the range and therefore (just) does not warrant moving to another alternative use value table. This table is set out in 20% intervals, so that if the change had been say 12%, the focus of attention would move to the next table.

8.22 Staying, therefore with Table 8.2 above, the HPI national figure has moved from 622.0 (Greater London figure) to 687.3 (Q1 2010) and the BCIS has moved from a 'firm' 284.5 to a 'provisional' 291.5 (which means that it may move by a small amount before it becomes 'firm'). As can be seen from Table 8.3, the figure shown for 0% for the BCIS is slightly different from the now 'firm' one: 284.1.

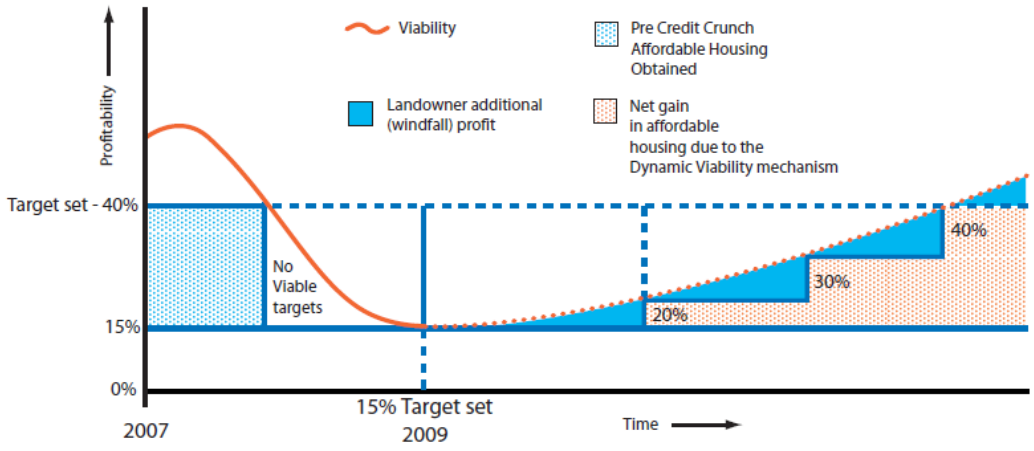
8.23 The new BCIS figure is nearer to the 4% increase shown in Table 8.3, so the cost change implies a move down by one row. The price change is between 8 to 12 points upward and so implies a move of three columns to the right. The new HPI index is some 9.3 points below the 12% column, but 15.5 points above the 8% column, so that the new target should be governed by the 12% column. There is no practical difference because both 8% and 12% show 46% in the appropriate (4% increase) BCIS row.

8.24 Thus in the year since the base valuations were done the movements of price and cost mean that the Borough-wide target should now be 46% rather than 40%

Conclusion

8.25 The main point is that the Dynamic Viability matrices will ensure that all future changes in the housing market are tracked by deliverable affordable housing targets.

Figure 8.4 Gain of Affordable Housing from Dynamic Viability



Source: Fordham Research 2009: Affordable Housing Viability Study 2009

8.26 This figure above shows that the landowners/developers will gain from any uplift in the market. The basic viability assessment assures the landowner and the developer of a reasonable return. When the market goes up, the private sector will gain a windfall profit (shown by the blue areas under the viability curve) and the public interest will gain affordable housing as the targets are periodically altered.

8.27 The Dynamic Viability procedure ensures that the maximum of deliverable affordable housing is achieved.

Appendices

Appendix 1 Comparable properties

A1.1 The schedules below provide details of a number of current newbuild developments and other comparable housing in the Royal Borough.

Table A1.1 Kensington and Chelsea house price update

Property no	Address	Beds	Type	Price (£000s)	Sq ft	£ per sq ft	Applicable site
1	Manresa Road	3	flat/apartment	£13,750	4,140	£3,321	**6A**
3	Durham Place	6	house	£8,350	4,047	£2,063	
4	Glebe Place	4	terraced house	£6,950	3,505	£1,983	
5	Upper Cheyne Road	7	house	£5,900	5,300	£1,113	
6	Flood Street	7	terraced house	£5,495	4,222	£1,302	**5A**
7	Wellington Sq	4	terraced house	£5,250	3,089	£1,700	
8	Old Church Street	4	terraced house	£4,250	2,777	£1,530	
9	Manresa Road	6	semi-detached	£3,995	2,906	£1,375	**6A**
10	Justice Walk	5	terraced house	£3,950	2,700	£1,463	
11	Oakley Street	4	terraced house	£3,950	2,853	£1,385	**5A**
12	Charles II Place	4	mews house	£3,500	2,594	£1,349	**6A 5A**
13	Cheyne Walk	5	terraced house	£3,350	3,337	£1,004	**5A**
14	Burnsall Street	4	terraced house	£3,250	2,088	£1,557	**6A 5A**
15	Carlyle Mansions, Cheyne Walk	3	flat/apartment	£3,250	2,217	£1,466	
16	Old Chelsea Mews, Danvers Street	3	terraced house	£3,250	2,034	£1,598	
17	Redesdale Street	5	terraced house	£3,200	2,282	£1,402	**5A**
18	Shawfield Street	4	terraced house	£3,150	2,020	£1,559	**6A 5A**
19	Cheyne Row	3	house	£2,950	2,104	£1,402	
20	Oakley Street	4	house	£2,875	2,394	£1,201	
21	Shawfield Street	5	terraced house	£2,850	2,002	£1,424	**6A 5A**
22	Carlyle Mansions, Cheyne Walk	3	flat/apartment	£2,850	2,236	£1,275	**5A**
23	Dovehouse Street	3	house	£2,450	2,164	£1,132	**6A**
24	Phene Street	3	terraced house	£2,350	2,131	£1,103	**5A**
25	Branerton Street	3	house	£2,200	1,648	£1,335	
26	Glebe Place	3	terraced house	£2,200	1,267	£1,736	
27	Cheyne Gardens	3	flat/apartment	£2,100	1,688	£1,244	**5A**
28	Oakley Street	4	flat/apartment	£1,995	2,005	£995	**5A**
29	London SW3	3	flat/apartment	£1,595	1,491	£1,070	
30	Paradise Walk	3	terraced house	£1,595	1,104	£1,445	
31	Ormonde Gate	2	flat/apartment	£1,500	1,600	£938	
32	Redesdale Street	3	flat/apartment	£1,495	1,075	£1,391	**5A**
33	Conway House, Ormonde Gate	3	flat/apartment	£1,495	1,711	£874	
34	Rossetti Garden Mansions, Flood Street	3	flat/apartment	£1,399	1,106	£1,265	**5A**
35	Rossetti Garden Mansions, Flood Street	3	house	£1,350	1,092	£1,236	**5A**
36	Tite Street	2	flat/apartment	£1,150	1,130	£1,018	

Table A1.1 Kensington and Chelsea house price update							
Property no	*Address*	*Beds*	*Type*	*Price (£000s)*	*Sq ft*	*£ per sq ft*	*Applicable site*
37	Cheyne Walk	2	flat/apartment	£975	1,076	£906	
38	Lawrence Street	2	flat/apartment	£975	1,076	£906	
39	London SW3	2	flat/apartment	£850	754	£1,127	
40	Kings Road	2	flat/apartment	£760	663	£1,146	**6A**
41	Kings Road	2	flat/apartment	£745	662	£1,125	
42	Kings Road	2	flat/apartment	£740	613	£1,207	**6A**
43	Kings Court South, Manor Gardens	2	flat/apartment	£635	892	£712	**6A**
44	Kings Court South, Manor Gardens	2	flat/apartment	£635	646	£983	**6A**
45	Cheyne Place	1	flat/apartment	£625	458	£1,365	**5A**
46	London SW3	1	flat/apartment	£625	458	£1,365	**5A**
47	Cheyne Court	1	flat/apartment	£595	527	£1,129	
48	Ormonde Gate	1	flat/apartment	£595	621	£958	**5A**
49	Chesil Court, Chelsea Manor Street	2	flat/apartment	£595	646	£921	**6A**
50	Tite Street	1	flat/apartment	£585	678	£863	
51	Oakley Street	1	flat/apartment	£585	678	£863	**5A**
52	Kings Court North, Kings Road	2	flat/apartment	£550	662	£831	**6A**
53	Kings Road	1	flat/apartment	£500	449	£1,114	**6A**
54	Kings Court North, Kings Road	1	flat/apartment	£499	484	£1,031	**6A**
60	Redcliffe Street	4	semi-detached	£3,450	3,046	£1,133	
61	Earls Court Square	5	flat/apartment	£3,350	2,713	£1,235	**7A**
62	Laverton Mews	3	mews house	£2,750	1,375	£2,000	**7A**
63	Earls Court Square	4	flat/apartment	£2,550	2,103	£1,213	**7A**
64	Seymour Walk	4	house	£2,485	1,967	£1,263	
65	Braham Gardens	3	flat/apartment	£2,250	1,899	£1,185	**7A**
66	Hesper Mews	3	mews house	£2,150	1,808	£1,189	**7A**
67	Wharedale Street	5	house	£1,950	2,570	£759	
68	Wetherby Mansions, Earls Court Sq	4	flat/apartment	£1,795	2,034	£882	**7A**
69	Spear Mews	2	mews house	£1,795	1,905	£942	
70	Wetherby Mansions, Earls Court Sq	4	flat/apartment	£1,795	2,011	£893	**7A**
71	Trebovir Road	3	flat/apartment	£1,550	1,800	£861	
72	Redcliffe Sq	2	flat/apartment	£1,495	1,044	£1,432	
73	Warwick Road	3	flat/apartment	£1,350	1,529	£883	
74	Coleherne Court, Redcliffe Gardens	3	flat/apartment	£1,350	1,658	£814	
75	Barkston Gardens	2	flat/apartment	£1,300	1,489	£873	**7A**
76	Earls Court Square	2	flat/apartment	£1,295	1,232	£1,051	**7A**
77	Old Brompton Road	3	flat/apartment	£1,250	1,295	£965	
78	Courtfield Gardens, Earls Court	2	flat/apartment	£1,200	910	£1,319	**7A**
79	Redcliffe Sq	2	flat/apartment	£1,150	1,385	£830	
80	Nevern Sq	2	flat/apartment	£1,100	1,492	£737	
81	Redcliffe Sq	2	flat/apartment	£1,050	1,400	£750	
82	Old Brompton Road	2	flat/apartment	£1,040	1,217	£855	
83	Barkston Gardens	2	flat/apartment	£975	953	£1,023	**7A**
84	Earls Court Square	2	flat/apartment	£900	879	£1,024	**7A**
85	Warwick Road	2	flat/apartment	£895	1,225	£731	

Table A1.1 Kensington and Chelsea house price update

Property no	Address	Beds	Type	Price (£000s)	Sq ft	£ per sq ft	Applicable site
86	Braham Gardens	2	flat/apartment	£850	1,044	£814	**7A**
87	Barkston Gardens	2	flat/apartment	£850	1,110	£766	**7A**
88	Braham Gardens	2	flat/apartment	£825	1,373	£601	**7A**
89	Bolton Gardens	2	flat/apartment	£815	807	£1,010	
90	Old Brompton Road	2	flat/apartment	£799	1,144	£698	
91	Richmond Mansions, Old Brompton Road	2	flat/apartment	£795	1,123	£708	
92	Braham Gardens	2	flat/apartment	£750	893	£840	**7A**
93	Trebovir Road	2	flat/apartment	£710	1,237	£574	
94	Nevern Sq, Earls Court	2	flat/apartment	£699	1,070	£653	**7A**
95	Wetherby Mansions, Earls Court Sq	2	flat/apartment	£695	1,088	£639	
96	Braham Gardens	2	flat/apartment	£650	686	£948	**7A**
97	Old Brompton Road	2	flat/apartment	£650	916	£710	
98	Finborough Road	2	flat/apartment	£599	1,111	£539	
99	Warwick Road	2	flat/apartment	£585	703	£832	
100	Penywern Road, Earls Court	2	flat/apartment	£565	651	£868	**7A**
101	Kramer Mews, Earls Court	2	flat/apartment	£525	732	£717	
102	Coleherne Court, Redcliffe Gardens	1	flat/apartment	£499	566	£882	
103	Longbrige Road	2	flat/apartment	£495	689	£718	
104	Barkston Gardens	1	flat/apartment	£495	704	£703	**7A**
105	Collingham Gardens	1	flat/apartment	£475	754	£630	**7A**
106	Kempsford Gardens, Earls Court	2	flat/apartment	£450	620	£726	
107	Longbrige Road	1	flat/apartment	£450	559	£805	
108	Earls Court Square	2	flat/apartment	£435	600	£725	**7A**
109	Finborough Road	2	flat/apartment	£335	640	£523	
110	Warwick Road	1	flat/apartment	£220	412	£534	**8A**
111	The Knightsbridge	5	flat/apartment	£19,000	4,074	£4,664	**8A**
112	Hastings House, Walton Street	3	house	£13,000	5,269	£2,467	**8A**
113	Ovington Sq	6	house	£12,500	4,755	£2,629	**8A**
114	Trevor Sq	3	flat/apartment	£12,500	3,063	£4,081	**8A**
115	The Knightsbridge Apartments	3	flat/apartment	£12,250	3,070	£3,990	**8A**
116	Montpelier Sq, Knightsbridge	5	house	£9,500	4,024	£2,361	**8A**
117	Pont Street, Knightsbridge	3	flat/apartment	£7,500	2,814	£2,665	**8A**
118	Trevor Sq	3	flat/apartment	£5,950	2,164	£2,750	**8A**
119	Trevor Sq	3	flat/apartment	£5,850	2,099	£2,787	**8A**
120	Hans Road	3	flat/apartment	£5,500	2,820	£1,950	**8A**
121	Trevor Sq	2	flat/apartment	£5,500	1,970	£2,792	**8A**
122	Montpelier Walk, Knightsbridge	3	flat/apartment	£5,350	2,629	£2,035	**8A**
123	Lancelot Place	3	flat/apartment	£4,750	2,099	£2,263	**8A**
124	Kingston House South	2	flat/apartment	£4,750	1,890	£2,513	**8A**
125	Lancelot Place	2	flat/apartment	£4,350	1,840	£2,364	**8A**
126	Cadogan Sq, Knightsbridge	3	flat/apartment	£3,850	1,951	£1,973	
127	Harrods Court	2	flat/apartment	£3,500	1,776	£1,971	**8A**
128	Kingston House North, Princes Gate	5	flat/apartment	£3,500	1,874	£1,868	
129	Lennox Gardens	3	flat/apartment	£3,500	1,568	£2,232	**8A**

Table A1.1 Kensington and Chelsea house price update							
Property no	*Address*	*Beds*	*Type*	*Price (£000s)*	*Sq ft*	*£ per sq ft*	*Applicable site*
130	Washington House, Basil Street	3	flat/apartment	£3,500	1755	£1,994	**8A**
135	Kensington Court Gardens	5	flat/apartment	£5,950	3518	£1,691	**3A**
136	Hyde Park Gate	3	flat/apartment	£4,500	2141	£2,102	**3A**
137	Kensington Court Gardens	4	flat/apartment	£4,250	2728	£1,558	**3A**
138	Hyde Park Gate	3	flat/apartment	£3,950	1975	£2,000	**3A**
139	Hyde Park Gate	3	flat/apartment	£3,450	2413	£1,430	**3A**
140	Queen's Gate Terrace	4	flat/apartment	£3,150	2310	£1,364	**3A**
141	Queen's Gate	2	flat/apartment	£3,150	2002	£1,573	**3A**
143	De Vere Gardens	4	flat/apartment	£2,450	1864	£1,314	**3A**
144	Kensington Court	2	flat/apartment	£2,100	1292	£1,625	
145	De Vere Gardens	3	flat/apartment	£1,900	1550	£1,226	**3A**
146	Brasenose House, Kensington High St	3	flat/apartment	£1,395	1367	£1,020	
147	Cottesmore Court, Stanford Rd	3	flat/apartment	£1,295	1428	£907	
148	Queen's Gate Terrace	2	flat/apartment	£1,200	1255	£956	**3A**
149	Cottesmore Court, Stanford Rd	2	flat/apartment	£1,150	1073	£1,072	
150	Kensington Church Street, Kensington	3	flat/apartment	£1,100	1298	£847	**3A**
151	Queen's Gate Terrace	2	flat/apartment	£995	831	£1,197	**3A**
152	De Vere Gardens	3	flat/apartment	£899	1200	£749	**3A**
153	Queen's Gate Terrace	2	flat/apartment	£825	613	£1,346	**3A**
154	De Vere Gardens	2	flat/apartment	£695	744	£934	**3A**
155	Cornwall Mansions, Kensington Court	1	flat/apartment	£650	659	£986	**3A**
156	Queen's Gate	2	flat/apartment	£495	638	£776	
157	Queen's Gate	1	flat/apartment	£399	474	£842	**3A**
160	Melbury Road	3	flat/apartment	£3,950	2712	£1,456	**10A**
161	Melbury Road	3	flat/apartment	£3,500	2506	£1,397	**10A**
162	Cope House	3	flat/apartment	£2,600	1868	£1,392	**10A** newbuild
163	Cope House	2	flat/apartment	£2,600	1937	£1,342	**10A** newbuild
164	Kensington High Street	3	flat/apartment	£2,390	2239	£1,067	**10A**
165	Phillimore Court, Kensington High Street	3	flat/apartment	£2,250	1550	£1,452	**10A**
166	Iverna Gardens	3	flat/apartment	£1,650	1812	£911	**10A**
167	Iverna Court	3	flat/apartment	£1,599	1364	£1,172	
168	Stratford Road, Kensington	3	flat/apartment	£1,550	1567	£989	
169	Lexham Gardens, Kensington	2	flat/apartment	£1,500	1518	£988	**9A**
170	Abingdon Gardens	3	flat/apartment	£1,395	1527	£914	**10A**
171	Sutherland House, Marloes Road	2	flat/apartment	£1,300	1378	£943	
172	Wynnstay Gardens	3	flat/apartment	£1,275	1858	£686	**10A**
173	Sutherland House, Marloes Road	2	flat/apartment	£1,175	1233	£953	
174	Logan Place, Kensington	2	flat/apartment	£1,125	1302	£864	**9A**
175	Ilchester Place, Holland Park	3	flat/apartment	£999	1109	£901	**10A**
176	Kensington High Street	2	flat/apartment	£999	893	£1,119	**10A**
177	Chatsworth Court, Pembroke Road	4	flat/apartment	£995	1305	£762	**9A**
178	Iverna Gardens	2	flat/apartment	£995	1233	£807	**10A**
179	Stafford Terrace, Kensington	1	flat/apartment	£995	732	£1,359	**10A**
180	Troy Court, Kensington High Street	2	flat/apartment	£975	1017	£959	**10A**

Table A1.1 Kensington and Chelsea house price update

Property no	Address	Beds	Type	Price (£000s)	Sq ft	£ per sq ft	Applicable site
181	Kensington High Street	2	flat/apartment	£965	1200	£804	**10A**
182	Pembroke Square	2	flat/apartment	£950	989	£961	**10A**
183	Alexa Court	2	flat/apartment	£895	908	£986	**9A**
184	Ilchester Mansions, Abingdon Road	2	flat/apartment	£875	979	£894	**10A**
185	Lexham Gardens, Kensington	2	flat/apartment	£865	1029	£841	
186	Lexham Gardens, Kensington	2	flat/apartment	£775	773	£1,003	**9A**
187	Warwick Gardens	2	flat/apartment	£745	1210	£616	**9A**
188	Phillimore Court, Argyll Road	2	flat/apartment	£695	850	£818	**10A**
189	Cromwell Road, Earls Court	3	flat/apartment	£695	1153	£603	**9A 10A**
190	Park Close, Ilchester Place	2	flat/apartment	£675	839	£805	
191	Cromwell Road, Earls Court	2	flat/apartment	£665	1005	£662	**9A**
192	Sutherland House, Marloes Road	1	flat/apartment	£640	840	£762	
193	Abingdon Road	2	flat/apartment	£550	697	£789	**10A**
194	Knaresborough Place Earls Court	2	flat/apartment	£525	667	£787	**9A**
195	Abingdon Mansions	1	flat/apartment	£499	509	£980	**10A**
196	Kenway Road	2	flat/apartment	£499	620	£805	**9A**
197	Cromwell Crescent, Earls Court	2	flat/apartment	£495	629	£787	
198	Warwick Gardens	2	flat/apartment	£495	739	£670	
199	Lexham Gardens, Kensington	2	flat/apartment	£475	624	£761	**9A**
200	Stratford Road, Kensington	1	flat/apartment	£465	467	£996	
201	Pater Street	1	flat/apartment	£450	400	£1,125	**10A**
202	Chesterton Square	3	flat/apartment	£439	984	£446	**9A**
203	Hogarth Road, London	2	flat/apartment	£399	667	£598	**10A**
204	Phillimore Court, Argyll Road	1	flat/apartment	£395	421	£938	
205	Pembroke Road	1	flat/apartment	£375	530	£708	
206	Chatsworth Court, Pembroke Road	1	flat/apartment	£385	530	£726	
210	Warren House, Beckford Close	3	flat/apartment	£1,250	1145	£1,092	**1A**
211	Longridge Road	4	flat/apartment	£995	1609	£618	
212	Fitzjames Avenue	4	flat/apartment	£989	1668	£593	
213	Warren House, Beckford Close	3	flat/apartment	£895	1021	£877	**1A**
214	Palace Mansions, Earsby Street	4	flat/apartment	£875	1561	£561	
215	St Mary Abbots Court	3	flat/apartment	£875	1227	£713	**1A**
216	Palace Mansions, Earsby Street	4	flat/apartment	£875	1604	£546	
217	Palace Mansions, Earsby Street	4	flat/apartment	£850	1625	£523	
218	Kensington Westside, Earls Court	3	flat/apartment	£760	1066	£713	**1A**
219	North End House, Fitzjames Avenue	3	flat/apartment	£750	1141	£657	
220	Warwick Gardens	2	flat/apartment	£720	946	£761	**1A**
221	Warren House, Beckford Close	2	flat/apartment	£690	745	£926	**1A**
222	Fitzjames Avenue	3	flat/apartment	£680	1051	£647	
223	Fitzjames Avenue	3	flat/apartment	£639	1057	£605	
224	Holland Road	2	flat/apartment	£599	1033	£580	**1A**
226	Warwick Gardens	1	flat/apartment	£595	775	£768	**1A**
227	Longridge Road	2	flat/apartment	£595	1044	£570	
228	Addison Bridge Road, Olympia	3	flat/apartment	£595	907	£656	

Table A1.1 Kensington and Chelsea house price update							
Property no	*Address*	*Beds*	*Type*	*Price (£000s)*	*Sq ft*	*£ per sq ft*	*Applicable site*
229	Warwick Gardens	1	flat/apartment	£585	745	£785	**1A**
230	Warren House, Beckford Close	2	flat/apartment	£550	817	£673	**1A**
231	Edith Road	2	flat/apartment	£550	948	£580	
232	Russell Road, Kensington	2	flat/apartment	£550	802	£686	**1A**
233	Tollard House, Russell Road	2	flat/apartment	£545	700	£779	**1A**
234	Warren House, Beckford Close	2	flat/apartment	£525	759	£692	**1A**
235	Longridge Road	2	flat/apartment	£499	584	£854	
236	Cromwell Crescent, Earls Court	2	flat/apartment	£495	629	£787	
237	Addison Bridge Road, Olympia	3	flat/apartment	£470	969	£485	
238	Holland Road	2	flat/apartment	£450	667	£675	**1A**
240	Wallingford Ave	5	house	£1,750	2300	£761	**2A**
241	Highlever Road	4	flat/apartment	£1,500	1960	£765	**2A**
242	Wallingford Ave	4	house	£1,495	1900	£787	**2A**
243	Highlever Road	4	house	£1,450	1900	£763	
244	`	3	flat/apartment	£995	2000	£498	**2A**
245	Barlby Road	4	house	£875	1776	£493	**2A**
246	Barlby Gardens	3	house	£649	1141	£569	
247	Dalgarno Gardens	4	house	£695	1304	£533	
248	Bassett Road	2	flat/apartment	£595	845	£704	**2A**
249	St. Quintin Avenue	2	flat/apartment	£550	968	£568	**2A**
250	St. Quintin Avenue	3	house	£575	1443	£398	**2A**
251	Bassett Road	1	flat/apartment	£550	920	£598	**2A**
252	Brewster Gardens	3	house	£525	1342	£391	
253	Bassett Road	2	flat/apartment	£499	860	£580	**2A**
254	St. Helens Gardens	2	flat/apartment	£475	768	£618	**2A**
255	St. Quintin Avenue	2	flat/apartment	£450	780	£577	**2A**
256	St. Marks Road	2	flat/apartment	£375	671	£559	
257	Dalgarno Gardens	2	flat/apartment	£365	853	£428	
258	Bracewell Road	2	flat/apartment	£349	840	£415	
259	Eynham Road	3	flat/apartment	£330	700	£471	
260	Brewster Gardens	2	flat/apartment	£279	427	£653	
261	Eynham Road	1	flat/apartment	£279	699	£399	
262	St. Quintin Avenue	1	flat/apartment	£275	600	£458	**2A**
263	Blake Close	1	flat/apartment	£249	486	£512	
264	Shrewsbury Road	1	flat/apartment	£235	599	£392	
267	Appleford Road	1	flat/apartment	£220	480	£458	**4A**
268	Appleford Road	2	flat/apartment	£290	660	£439	**4A**

Source: Fordham Research 2009: Affordable Housing Viability Study 2009

Appendix 2 House price variations

A2.1 The indices in the table which follows compare prices in each postcode sector in the study area with an England and Wales 'average' figure – actually the median postcode value.

A2.2 The indices are standardised, to eliminate the effect of variations in type mix; separate indices for each house type are combined with weightings based on the mix of overall sales.

Table A2.1 Price variations by postcode sector

Postcode sector	*Areas covered in sector*	*Q4 07*	*Q2 08*	*Q4 08*
W10 5	Kensal Town	184%	216%	164%
W10 4	West Kilburn	268%	180%	270%
W12 7	Shepherd's Bush	299%	311%	169%
W9 3	Fernhead Road	340%	221%	232%
SW5 9	Earls Court	357%	378%	371%
W9 2	Westbourne Green	293%	531%	297%
W12 8	Shepherd's Bush Common	397%	294%	453%
W9 1	Maida Vale	412%	427%	406%
W11 1	Westbourne Park Road	306%	744%	333%
W10 6	North Kensington	627%	303%	507%
SW7 4	Cromwell Road	516%	566%	471%
SW5 0	Branham Gardens	531%	628%	532%
W2 4	Bayswater	439%	952%	404%
SW10 0	Battersea Bridge	975%	686%	408%
W8 5	High Street Kensington	823%	633%	677%
W11 4	Avondale Park	1215%	747%	186%
SW3 3	Cale Street	983%	1045%	295%
SW3 1	Brompton Road	633%	939%	
W14 8	West Kensington	726%	1269%	433%
SW10 9	Redcliffe Gardens	369%	1271%	805%
SW7 5	Gloucester Road	1078%	590%	812%
SW3 4	Royal Hospital Road	792%	1392%	372%
SW1X 9	Sloane Square	424%	1282%	
SW3 5	Oakley Road	1568%	695%	432%
SW1W 8	Pimlico Road	1190%	1142%	523%
W8 6	Earls Court Road	1048%	1441%	403%
SW7 2	Imperial College	479%	326%	2280%
W8 7	Holland Park	932%	1495%	847%
W8 4	Kensington Palace	1999%	374%	1328%

Table A2.1 Price variations by postcode sector				
Postcode sector	*Areas covered in sector*	*Q4 07*	*Q2 08*	*Q4 08*
SW7 1	Hyde Park	1074%	1454%	1258%
W11 2	Kensington Park Road	1125%	1266%	1397%
SW3 6	King's Road	1831%	1440%	632%
W11 3	Ladbrooke Road	987%	888%	2657%
SW1X 8	Belgrave Square	1101%	2100%	1358%
SW1W 9	Easton Square	877%	1599%	2229%
SW7 3	South Kensington	584%	2986%	1408%
SW3 2	Walton Street	2055%	1659%	1816%
SW1X 0	Pont Street	815%	2894%	164%

Note: Data has been mix adjusted to remove differences in house type mix between postcode sectors; individual indices have been calculated for each house type, and combined using weights reflecting the nation-wide type mix. A worked example is provided below.

Source: Analysis of Land Registry data

Table A2.2 Worked example for W5 1 at Q4 2008					
	Land Registry data Q4 2008				
	Detached	*Semi*	*Terraced*	*Flat*	*Total*
England & Wales - median price	£271,583	£161,250	£135,995	£142,688	
England & Wales - no of sales	22,381	28,916	31,005	19,775	102,077
W5 1– average price	£466,666	£584,785	£456,083	£230,571	
W5 1 price as % E & W median value	155.17%	313.79%	286.72%	151.98%	
Weighted average index for W5 1=	[(22,381 x 155.17%)+(28,916 x 313.79%) +(31,005x286.72%)+(19,775 x 151.98%)] / 102,077 **= 239.4%**				

Source: Analysis of Land Registry data

Appendix 3 Proposed benchmark appraisal

A3.1 This appendix sets out the detail of the two sets of matrices discussed in Chapter 8 in relation to implementing Dynamic Viability.

A3.2 For convenience this appendix summarises two key features: the Benchmark Site and the three index sources used to generate the matrices.

Benchmark site and the Indices

A3.3 As discussed at the beginning of Chapter 8, the Benchmark Site is No 7A (as shown in Table 2.2 and others). It is a vacant site at 225 Earls Court Road with planning permission for 13 flats. It is considered reasonably representative of future development in the Royal Borough. Its alternative use value (Table 4.8) is industrial/warehouse.

A3.4 The following table, identical to Table 8.1, shows the values of the indexes at the time of the fieldwork. As mentioned in Chapter 8, the Valuation Office Index used for alternative use values has just been changed to a new annual basis, from its former six monthly one. Fortunately the index for January 2010 represents data for the preceding six months, which includes the fieldwork period. Hence this value can be used in future to check whether the alternative use value base should be changed.

Table A3.1 Indices for automatic updating of Dynamic Viability		
Variable	*Proposed index*	*Starting value*
House Price	Halifax House Price Index Quarterly London Seasonally Adjusted	Q3 2009 = 622.0
	Halifax House Price Index (free, monthly) http://www.lloydsbankinggroup.com/media1/research/halifax_hpi.asp	
Build cost	BCIS General Building Cost Index	Q2 2009 = 284.1
	BCIS Review Online (subscription only, monthly) Produced by the Royal Institute of Chartered Surveyors http://www.bcis.co.uk/online	
Alternative use value	The Valuation Office Agency has recently (July 2010) altered its reports, producing annual valuations as at January of each year rather than six monthly ones. The industrial value is taken for Hammersmith (within the region London Outer)	January 2010: Value of 3,000,000 -per ha
	Valuation Office Agency: Property Market Reports (free, annual) http://www.voa.gov.uk/publications/property_market_report/pmr-jan-2010/index.htm	

Sources: As shown in the boxes of the table

Detailed tables

A3.5 The results from the sequence of appraisals are set out in the following table(s). There are two sets of eight tabulations of the Coarse and Fine Matrices described in Chapter 8. They provide for the full range of possible targets and also the alternative use value check in eight bands of alternative use value indexes.

RBKC Benchmark Site Appraisal

Coarse Matrix

Table C1 Base alternative use value: 0% change in Land Value Index

Cost Change BCIS Index	%		Price Change HPI: -20%	-10%	0%	10%	20%	30%	40%	50%	60%
			497.6	559.8	622.0	684.2	746.4	808.6	870.8	933.0	995.2
	-20%	227.3	35%	46%	56%	61%	61%	61%	61%	61%	61%
	-10%	255.7	24%	35%	46%	56%	61%	61%	61%	61%	61%
	0%	284.1	12%	30%	40%	46%	51%	56%	61%	61%	61%
	10%	312.5	0%	18%	30%	40%	46%	51%	56%	61%	61%
	20%	340.9	0%	12%	24%	35%	40%	46%	51%	56%	61%
	30%	369.3	0%	0%	18%	30%	35%	40%	46%	51%	56%
	40%	397.7	0%	0%	6%	24%	30%	40%	46%	51%	51%
	50%	426.2	0%	0%	0%	12%	24%	35%	40%	46%	51%

Table C1 Base alternative use value: 0% change in Land Value Index

Cost Change BCIS Index	%		Price Change HPI: -20%	-10%	0%	10%	20%	30%	40%	50%	60%
			497.6	559.8	622.0	684.2	746.4	808.6	870.8	933.0	995.2
	-20%	227.3	35%	46%	56%	61%	61%	61%	61%	61%	61%
	-10%	255.7	24%	35%	46%	56%	61%	61%	61%	61%	61%
	0%	284.1	12%	30%	40%	46%	51%	56%	61%	61%	61%
	10%	312.5	0%	18%	30%	40%	46%	51%	56%	61%	61%
	20%	340.9	0%	12%	24%	35%	40%	46%	51%	56%	61%
	30%	369.3	0%	0%	18%	30%	35%	40%	46%	51%	56%
	40%	397.7	0%	0%	6%	24%	30%	40%	46%	51%	51%
	50%	426.2	0%	0%	0%	12%	24%	35%	40%	46%	51%

Table C2 Base alternative use value: -60% change in Land Value Index

Cost Change BCIS Index	%		Price Change HPI -20%	-10%	0%	10%	20%	30%	40%	50%	60%
			497.6	559.8	622.0	684.2	746.4	808.6	870.8	933.0	995.2
	-20%	227.3	51%	61%	61%	61%	61%	61%	61%	61%	61%
	-10%	255.7	40%	51%	56%	61%	61%	61%	61%	61%	61%
	0%	284.1	30%	46%	51%	56%	61%	61%	61%	61%	61%
	10%	312.5	24%	35%	46%	51%	56%	61%	61%	61%	61%
	20%	340.9	12%	24%	35%	46%	51%	56%	61%	61%	61%
	30%	369.3	0%	18%	30%	40%	46%	51%	56%	61%	61%
	40%	397.7	0%	6%	24%	30%	40%	46%	51%	56%	61%
	50%	426.2	0%	0%	12%	24%	35%	40%	46%	51%	56%

Table C3 Base alternative use value: -40% change in Land Value Index

Cost Change BCIS Index	%		Price Change HPI -20%	-10%	0%	10%	20%	30%	40%	50%	60%
			497.6	559.8	622.0	684.2	746.4	808.6	870.8	933.0	995.2
	-20%	227.3	46%	56%	61%	61%	61%	61%	61%	61%	61%
	-10%	255.7	35%	46%	56%	61%	61%	61%	61%	61%	61%
	0%	284.1	24%	40%	46%	56%	61%	61%	61%	61%	61%
	10%	312.5	12%	30%	40%	46%	56%	56%	61%	61%	61%
	20%	340.9	6%	24%	35%	40%	46%	51%	56%	61%	61%
	30%	369.3	0%	12%	24%	35%	40%	51%	51%	56%	61%
	40%	397.7	0%	0%	18%	30%	35%	46%	51%	51%	56%
	50%	426.2	0%	0%	12%	24%	30%	40%	46%	51%	51%

Table C4 Base alternative use value: -20% change in Land Value Index

Cost Change BCIS Index	%		Price Change HPI -20%	-10%	0%	10%	20%	30%	40%	50%	60%
			497.6	559.8	622.0	684.2	746.4	808.6	870.8	933.0	995.2
	-20%	227.3	40%	51%	56%	61%	61%	61%	61%	61%	61%
	-10%	255.7	30%	40%	51%	56%	61%	61%	61%	61%	61%
	0%	284.1	18%	35%	46%	51%	56%	61%	61%	61%	61%
	10%	312.5	6%	24%	35%	46%	51%	56%	61%	61%	61%
	20%	340.9	0%	18%	30%	40%	46%	51%	56%	61%	61%
	30%	369.3	0%	6%	24%	30%	40%	46%	51%	56%	56%
	40%	397.7	0%	0%	12%	24%	35%	40%	46%	51%	56%
	50%	426.2	0%	0%	6%	18%	30%	35%	40%	46%	51%

Table C5 Base alternative use value: +20% change in Land Value Index

			Price Change HPI								
	%		*-20%*	*-10%*	*0%*	*10%*	*20%*	*30%*	*40%*	*50%*	*60%*
			497.6	559.8	622.0	684.2	746.4	808.6	870.8	933.0	995.2
Cost Change BCIS Index	*-20%*	227.3	30%	40%	51%	56%	61%	61%	61%	61%	61%
	-10%	255.7	18%	35%	40%	51%	56%	61%	61%	61%	61%
	0%	284.1	6%	24%	35%	46%	51%	56%	61%	61%	61%
	10%	312.5	0%	12%	30%	35%	46%	51%	56%	61%	61%
	20%	340.9	0%	6%	18%	30%	40%	46%	51%	56%	56%
	30%	369.3	0%	0%	12%	24%	35%	40%	46%	51%	56%
	40%	397.7	0%	0%	6%	18%	30%	35%	40%	46%	51%
	50%	426.2	0%	0%	0%	12%	24%	30%	35%	40%	46%

Table C6 Base alternative use value: +40% change in Land Value Index

			Price Change HPI								
	%		*-20%*	*-10%*	*0%*	*10%*	*20%*	*30%*	*40%*	*50%*	*60%*
			497.6	559.8	622.0	684.2	746.4	808.6	870.8	933.0	995.2
Cost Change BCIS Index	*-20%*	227.3	24%	35%	46%	51%	56%	61%	61%	61%	61%
	-10%	255.7	12%	30%	40%	46%	51%	56%	61%	61%	61%
	0%	284.1	0%	18%	30%	40%	46%	51%	56%	61%	61%
	10%	312.5	0%	12%	24%	35%	40%	46%	51%	56%	61%
	20%	340.9	0%	0%	18%	30%	35%	40%	46%	51%	56%
	30%	369.3	0%	0%	6%	18%	30%	35%	46%	46%	51%
	40%	397.7	0%	0%	0%	12%	24%	30%	40%	46%	46%
	50%	426.2	0%	0%	0%	6%	18%	24%	35%	40%	46%

Table C7 Base alternative use value: +60% change in Land Value Index

			Price Change HPI								
	%		*-20%*	*-10%*	*0%*	*10%*	*20%*	*30%*	*40%*	*50%*	*60%*
			497.6	559.8	622.0	684.2	746.4	808.6	870.8	933.0	995.2
Cost Change BCIS Index	*-20%*	227.3	18%	30%	40%	51%	56%	61%	61%	61%	61%
	-10%	255.7	6%	24%	35%	46%	51%	56%	61%	61%	61%
	0%	284.1	0%	12%	30%	35%	46%	51%	56%	56%	61%
	10%	312.5	0%	6%	18%	30%	40%	46%	51%	56%	56%
	20%	340.9	0%	0%	12%	24%	35%	40%	46%	51%	56%
	30%	369.3	0%	0%	6%	18%	24%	35%	40%	46%	51%
	40%	397.7	0%	0%	0%	12%	18%	30%	35%	40%	46%
	50%	426.2	0%	0%	0%	0%	12%	24%	30%	35%	40%

Table C8 Base alternative use value: +80% change in Land Value Index

Cost Change BCIS Index	%		Price Change HPI -20%	-10%	0%	10%	20%	30%	40%	50%	60%
			497.6	559.8	622.0	684.2	746.4	808.6	870.8	933.0	995.2
	-20%	227.3	12%	30%	40%	46%	51%	56%	61%	61%	61%
	-10%	255.7	0%	18%	30%	40%	46%	51%	56%	61%	61%
	0%	284.1	0%	6%	24%	35%	40%	46%	51%	56%	61%
	10%	312.5	0%	0%	12%	24%	35%	40%	46%	51%	56%
	20%	340.9	0%	0%	6%	18%	30%	35%	40%	46%	51%
	30%	369.3	0%	0%	0%	12%	24%	30%	40%	46%	46%
	40%	397.7	0%	0%	0%	6%	18%	24%	35%	40%	46%
	50%	426.2	0%	0%	0%	0%	12%	18%	30%	35%	40%

RBKC Benchmark Site Appraisal

Fine Matrix

Table F1 Base alternative use value: 0% change in Land Value Index

Cost Change BCIS Index %		Price Change HPI -8%	-4%	0%	4%	8%	12%	16%	20%	24%
		572.2	597.1	622.0	646.9	671.8	696.6	721.5	746.4	771.3
-8%	261.4	40%	40%	46%	51%	51%	56%	56%	56%	61%
-4%	272.7	35%	40%	40%	46%	51%	51%	51%	56%	56%
0%	284.1	30%	35%	40%	40%	46%	51%	51%	51%	56%
4%	295.5	30%	35%	35%	40%	46%	46%	51%	51%	51%
8%	306.8	24%	30%	35%	35%	40%	46%	46%	51%	51%
12%	318.2	24%	24%	30%	35%	40%	40%	46%	46%	51%
16%	329.6	18%	24%	30%	30%	35%	40%	40%	46%	46%
20%	340.9	12%	18%	24%	30%	35%	35%	40%	40%	46%

Table F1 Base alternative use value: 0% change in Land Value Index

Cost Change BCIS Index %		Price Change HPI -8%	-4%	0%	4%	8%	12%	16%	20%	24%
		572.2	597.1	622.0	646.9	671.8	696.6	721.5	746.4	771.3
-8%	261.4	40%	40%	46%	51%	51%	56%	56%	56%	61%
-4%	272.7	35%	40%	40%	46%	51%	51%	51%	56%	56%
0%	284.1	30%	35%	40%	40%	46%	51%	51%	51%	56%
4%	295.5	30%	35%	35%	40%	46%	46%	51%	51%	51%
8%	306.8	24%	30%	35%	35%	40%	46%	46%	51%	51%
12%	318.2	24%	24%	30%	35%	40%	40%	46%	46%	51%
16%	329.6	18%	24%	30%	30%	35%	40%	40%	46%	46%
20%	340.9	12%	18%	24%	30%	35%	35%	40%	40%	46%

Table F2 Base alternative use value: -60% change in Land Value Index

		Price Change HPI								
Cost Change BCIS Index	%	-8%	-4%	0%	4%	8%	12%	16%	20%	24%
		572.2	597.1	622.0	646.9	671.8	696.6	721.5	746.4	771.3
-8%	261.4	51%	56%	56%	61%	61%	61%	61%	61%	61%
-4%	272.7	46%	51%	56%	56%	61%	61%	61%	61%	61%
0%	284.1	46%	51%	51%	56%	56%	61%	61%	61%	61%
4%	295.5	40%	46%	51%	51%	56%	56%	56%	61%	61%
8%	306.8	40%	40%	46%	51%	51%	56%	56%	56%	61%
12%	318.2	35%	40%	40%	46%	51%	51%	56%	56%	56%
16%	329.6	30%	35%	40%	46%	46%	51%	51%	51%	56%
20%	340.9	30%	35%	35%	40%	46%	46%	51%	51%	51%

Table F3 Base alternative use value: -40% change in Land Value Index

		Price Change HPI								
Cost Change BCIS Index	%	-8%	-4%	0%	4%	8%	12%	16%	20%	24%
		572.2	597.1	622.0	646.9	671.8	696.6	721.5	746.4	771.3
-8%	261.4	46%	51%	51%	56%	56%	61%	61%	61%	61%
-4%	272.7	46%	46%	51%	51%	56%	56%	61%	61%	61%
0%	284.1	40%	46%	46%	51%	51%	56%	56%	61%	61%
4%	295.5	35%	40%	46%	46%	51%	51%	56%	56%	61%
8%	306.8	35%	40%	40%	46%	46%	51%	51%	56%	56%
12%	318.2	30%	35%	40%	40%	46%	46%	51%	51%	56%
16%	329.6	30%	30%	35%	40%	40%	46%	46%	51%	51%
20%	340.9	24%	30%	35%	35%	40%	40%	46%	46%	51%

Table F4 Base alternative use value: -20% change in Land Value Index

		Price Change HPI								
Cost Change BCIS Index	%	-8%	-4%	0%	4%	8%	12%	16%	20%	24%
		572.2	597.1	622.0	646.9	671.8	696.6	721.5	746.4	771.3
-8%	261.4	40%	46%	51%	51%	56%	56%	61%	61%	61%
-4%	272.7	40%	46%	46%	51%	51%	56%	56%	61%	61%
0%	284.1	35%	40%	46%	46%	51%	51%	56%	56%	56%
4%	295.5	35%	35%	40%	46%	46%	51%	51%	56%	56%
8%	306.8	30%	35%	40%	40%	46%	46%	51%	51%	56%
12%	318.2	24%	30%	35%	40%	40%	46%	46%	51%	51%
16%	329.6	24%	30%	30%	35%	40%	40%	46%	46%	51%
20%	340.9	18%	24%	30%	35%	35%	40%	40%	46%	46%

Table F5 Base alternative use value: +20% change in Land Value Index

			Price Change HPI								
	%		*-8%*	*-4%*	*0%*	*4%*	*8%*	*12%*	*16%*	*20%*	*24%*
			572.2	597.1	622.0	646.9	671.8	696.6	721.5	746.4	771.3
Cost Change BCIS Index	*-8%*	261.4	35%	40%	40%	46%	46%	51%	51%	56%	56%
	-4%	272.7	30%	35%	40%	40%	46%	46%	51%	51%	56%
	0%	284.1	30%	30%	35%	40%	40%	46%	46%	51%	51%
	4%	295.5	24%	30%	35%	35%	40%	40%	46%	46%	51%
	8%	306.8	18%	24%	30%	35%	35%	40%	46%	46%	46%
	12%	318.2	18%	24%	24%	30%	35%	40%	40%	46%	46%
	16%	329.6	12%	18%	24%	30%	30%	35%	40%	40%	46%
	20%	340.9	6%	12%	18%	24%	30%	35%	35%	40%	40%

Table F6 Base alternative use value: +40% change in Land Value Index

			Price Change HPI								
	%		*-8%*	*-4%*	*0%*	*4%*	*8%*	*12%*	*16%*	*20%*	*24%*
			572.2	597.1	622.0	646.9	671.8	696.6	721.5	746.4	771.3
Cost Change BCIS Index	*-8%*	261.4	30%	35%	35%	40%	46%	46%	51%	51%	56%
	-4%	272.7	24%	30%	35%	40%	40%	46%	46%	51%	51%
	0%	284.1	24%	30%	30%	35%	40%	40%	46%	46%	51%
	4%	295.5	18%	24%	30%	35%	35%	40%	40%	46%	46%
	8%	306.8	12%	18%	24%	30%	35%	35%	40%	40%	46%
	12%	318.2	12%	18%	24%	24%	30%	35%	35%	40%	40%
	16%	329.6	6%	12%	18%	24%	30%	30%	35%	40%	40%
	20%	340.9	6%	12%	18%	18%	24%	30%	35%	35%	40%

Table F7 Base alternative use value: +60% change in Land Value Index

			Price Change HPI								
	%		*-8%*	*-4%*	*0%*	*4%*	*8%*	*12%*	*16%*	*20%*	*24%*
			572.2	597.1	622.0	646.9	671.8	696.6	721.5	746.4	771.3
Cost Change BCIS Index	*-8%*	261.4	24%	30%	35%	35%	40%	46%	46%	51%	51%
	-4%	272.7	18%	24%	30%	35%	40%	40%	46%	46%	51%
	0%	284.1	18%	24%	30%	30%	35%	40%	40%	46%	46%
	4%	295.5	12%	18%	24%	30%	35%	35%	40%	40%	46%
	8%	306.8	12%	18%	24%	24%	30%	35%	35%	40%	40%
	12%	318.2	6%	12%	18%	24%	30%	30%	35%	35%	40%
	16%	329.6	0%	6%	12%	18%	24%	30%	30%	35%	40%
	20%	340.9	0%	6%	12%	18%	24%	24%	30%	35%	35%

Table F8 Base alternative use value: +80% change in Land Value Index

Cost Change BCIS Index	%		Price Change HPI -8%	-4%	0%	4%	8%	12%	16%	20%	24%
			572.2	597.1	622.0	646.9	671.8	696.6	721.5	746.4	771.3
	-8%	261.4	18%	24%	30%	35%	35%	40%	40%	46%	46%
	-4%	272.7	18%	24%	24%	30%	35%	35%	40%	46%	46%
	0%	284.1	12%	18%	24%	30%	30%	35%	40%	40%	46%
	4%	295.5	6%	12%	18%	24%	30%	35%	35%	40%	40%
	8%	306.8	6%	12%	18%	24%	24%	30%	35%	35%	40%
	12%	318.2	0%	6%	12%	18%	24%	30%	30%	35%	35%
	16%	329.6	0%	6%	12%	18%	18%	24%	30%	30%	35%
	20%	340.9	0%	0%	6%	12%	18%	24%	24%	30%	35%

Appendix 4 Financial appraisal summaries

A4.1 The development viability **summaries** contained in the following pages set out the assumptions and outputs of the viability appraisals for a 30% affordable 'zero grant' scenario.

SITE 1A: TA site Warwick Rd

Input assumptions | **Scenario & option** | Affordable = 30% | of floorspace of which 75:25% | social rented:intermediate

RBKC site viability study

Site details

Site		1A TA Centre
Location		Warwick Rd W14
Area	ha	0.800
	acres	1.98
No dwgs		255
Density dw/ha		318.8

	£k
Contingency	
allowance 5.00%	4,545
Development costs	
standard % build 1.50%	1,432
plus abnormals 9.9%	9,450
Total 11%	
Design fees	
on build costs 10.0%	9,545
on dev costs 8%	871
Planning gain	
£ per dwelling 15,000	3,882

Dwellings		% of floorspace	% of units	ave floor space gross sq ft	ave floor space net sq ft	build cost per sq ft	build index = 1.000	sales value per sq ft
Market housing	163.7	70.00%	62.83%	1,384	1,093	286.00	286.00	700.00
Affordable soc rent	71.34	22.50%	27.4%	1,021	806	261.00	261.00	191.00
Affordable sh oship	23.78	7.50%	9.1%	1,021	806	261.00	261.00	191.00
Total dwgs	258.782	100.00%	99.3%	323,627	255,550			
Other uses								
retail	1		0.4%	5,175	5,175	150.00	150.00	402.00
Car parking	70%		0.3%	150	150	0.00	0.00	113,500.00
Total units	260.5		100.0%	328,907	260,830		£90,905,583	£153,860,365

Floorspace density = 131,946 net sq ft per acre

Other costs

Planning	527.4	£ per dwelling
Survey	500	£ per dwelling
Marketing	0	£ per dwelling

Interest

% per annum 7.50%

Notes

*FLAG PG ALL *PG ON RESID UNITS ONLY

SITE 1A LAND COST & PHASING

Land

Iterate to achieve target % profit

		Affordable	No affordable	Hectare Affordable	Hectare No affordable
Land purchase price	£	-2,349,478	32,215,040		
RV per acre	£	-1,188,526	16,296,560	-£2,936,848	£40,268,800
Dev profit	£	24,022,993	33,111,542		
Total costs	£	129,838,892	178,881,987		
profit as % of costs		18.50%	18.51%		

Programme		Year 1 Q1	Q2	Q3	Q4	Year 2 Q1	Q2	Q3	Q4	Year 3 Q1	Q2	Q3	Q4	Year 4 Q1	Q2	Q3	Q4	Year 5 Q1	Q2	Q3	Q4	Year 6 Q1	Q2	Q3	Q4	TOTALS
Units started	*Market housing*			0.0	0.0	6.6	15.7	15.7	15.7	15.7	15.7	15.7	15.7	15.7	15.7	15.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	163.7
	Affordable soc rent			0.0	0.0	2.9	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	71.3
	Affordable sh oship			0.0	0.0	1.0	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	23.8
	retail			0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0
	Car parking			0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7
	TOTAL	0	0	0	0	10	25	25	25	25	25	25	25	25	25	25	0	0	0	0	0	0	0	0	0	260.48
	Resid only for PG			0	0	10	25	25	25	25	25	25	25	25	25	25	0	0	0	0	0	0	0	0	0	
Units 'built'	*Market housing*						0	0	7	16	16	16	16	16	16	16	16	16	16	0	0	0	0	0	0	164
+2Q	*Affordable soc rent*						0	0	3	7	7	7	7	7	7	7	7	7	7	0	0	0	0	0	0	71
	Affordable sh oship						0	0	1	2	2	2	2	2	2	2	2	2	2	0	0	0	0	0	0	24
	retail						0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
	Car parking						0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
Units completed	*Market housing*								0	0	7	16	16	16	16	16	16	16	16	16	16	0	0	0	0	164
+3Q	*Affordable soc rent*								0	0	3	7	7	7	7	7	7	7	7	7	7	0	0	0	0	71
	Affordable sh oship								0	0	1	2	2	2	2	2	2	2	2	2	2	0	0	0	0	24
	retail								0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
	Car parking								0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
Units purchased	*Market housing*									0	0	7	16	16	16	16	16	16	16	16	16	16	0	0	0	164
+4Q	*Affordable soc rent*									0	0	3	7	7	7	7	7	7	7	7	7	7	0	0	0	71
	Affordable sh oship									0	0	1	2	2	2	2	2	2	2	2	2	2	0	0	0	24
	retail									0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
	Car parking									0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1

SITE 1A CASH FLOW AFFORDABLE

		rate	Year 1 Q1	Q2	Q3	Q4	Year 2 Q1	Q2	Q3	Q4	Year 3 Q1	Q2	Q3	Q4	Year 4 Q1	Q2	Q3	Q4	Year 5 Q1	Q2	Q3	Q4	Year 6 Q1	Q2	Q3	Q4	TOTALS
INCOME																											
Housing sales	*Market housing*		0	0	0	0	0	0	0	0	0	0	5,039	12,018	12,018	12,018	12,018	12,018	12,018	12,018	12,018	12,018	12,018	0	0	0	125,219
	Affordable soc rent		0	0	0	0	0	0	0	0	0	0	442	1,054	1,054	1,054	1,054	1,054	1,054	1,054	1,054	1,054	1,054	0	0	0	10,982
	Affordable sh oship		0	0	0	0	0	0	0	0	0	0	147	351	351	351	351	351	351	351	351	351	351	0	0	0	3,661
	retail		0	0	0	0	0	0	0	0	0	0	84	200	200	200	200	200	200	200	200	200	200	0	0	0	2,080
	Car parking		0	0	0	0	0	0	0	0	0	0	480	1,144	1,144	1,144	1,144	1,144	1,144	1,144	1,144	1,144	1,144	0	0	0	11,917
	Sales fees		0	0	0	0	0	0	0	0	0	0	-183	-436	-436	-436	-436	-436	-436	-436	-436	-436	-436	0	0	0	-4,545
Total income			**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**6,191**	**14,767**	**14,767**	**14,767**	**14,767**	**14,767**	**14,767**	**14,767**	**14,767**	**14,767**	**14,767**	**0**	**0**	**0**	**153,860**
COSTS																											
Land	*Land acquisition*		-2,349																								-2,349
	Stamp duty		0																								0
	Purchase fees		-65																								-65
	Total																										**-2,414**
Build costs	*Market housing*		0	0	0	0	0	0	0	2,607	6,218	6,218	6,218	6,218	6,218	6,218	6,218	6,218	6,218	6,218	0	0	0	0	0	0	64,782
	Affordable soc rent		0	0	0	0	0	0	0	765	1,825	1,825	1,825	1,825	1,825	1,825	1,825	1,825	1,825	1,825	0	0	0	0	0	0	19,010
	Affordable sh oship		0	0	0	0	0	0	0	255	608	608	608	608	608	608	608	608	608	608	0	0	0	0	0	0	6,337
	retail		0	0	0	0	0	0	0	31	75	75	75	75	75	75	75	75	75	75	0	0	0	0	0	0	776
	Car parking		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Build contingency	*5.0%*	0	0	0	0	0	0	0	183	436	436	436	436	436	436	436	436	436	436	0	0	0	0	0	0	4,545
	Total																										**95,451**
Dev costs	*Upfront*	*0.8%*	179	179	179	179																					716
	Build related	*0.8%*	0	0	0	0	0	29	69	69	69	69	69	69	69	69	69	69	0	0	0	0	0	0	0	0	716
	Abnormals	*10%*	4,725	4,725																							9,450
	Total																										**10,881**
Fees	*Fees on build costs*	*10.0%*	0	0	0	0	0	0	0	384	916	916	916	916	916	916	916	916	916	916	0	0	0	0	0	0	9,545
	Fees on dev costs	*8.0%*	392	392	14	14	0	2	5	5	5	5	5	5	5	5	5	5	0	0	0	0	0	0	0	0	871
	Total																										**10,416**
PG	*Planning gain*				0	0	156	373	373	373	373	373	373	373	373	373	373	0	0	0	0	0	0	0	0	0	3,882
	Total																										**3,882**
Other	*Planning*	*£527*	45	45	45																						134
	Survey	*£500*	128																								128
	Marketing	*£0*			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total																										**262**
Sales fees	*b/forward from above*		0	0	0	0	0	0	0	0	0	0	183	436	436	436	436	436	436	436	436	436	436	0	0	0	**4,545**
Total costs			**3,054**	**5,341**	**238**	**193**	**156**	**404**	**447**	**4,672**	**10,524**	**10,524**	**10,707**	**10,960**	**10,960**	**10,960**	**10,960**	**10,587**	**10,513**	**10,513**	**436**	**436**	**436**	**0**	**0**	**0**	**123,022**
Net profit/loss from quarter			**-3,054**	**-5,341**	**-238**	**-193**	**-156**	**-404**	**-447**	**-4,672**	**-10,524**	**-10,524**	**-4,515**	**3,807**	**3,807**	**3,807**	**3,807**	**4,179**	**4,254**	**4,254**	**14,331**	**14,331**	**14,331**	**0**	**0**	**0**	**30,838**
Profit/loss bf from last quarter			0	-3,112	-8,611	-9,015	-9,381	-9,716	-10,309	-10,957	-15,922	-26,942	-38,168	-43,483	-40,420	-37,300	-34,121	-30,882	-27,204	-23,380	-19,485	-5,251	9,250	24,023	24,023	24,023	
Cumulative profit/loss			-3,054	-8,452	-8,849	-9,208	-9,537	-10,119	-10,756	-15,629	-26,446	-37,466	-42,683	-39,677	-36,614	-33,493	-30,314	-26,703	-22,950	-19,127	-5,154	9,080	23,581	24,023	24,023	24,023	
Interest	*Charged at*	*7.50%*	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	0.00%	0.00%	0.00%	
	Total		-57	-158	-166	-173	-179	-190	-202	-293	-496	-702	-800	-744	-687	-628	-568	-501	-430	-359	-97	170	442	0	0	0	**-6,817**
Cumulative developer profit carried forward to RV calc			**-3,112**	**-8,611**	**-9,015**	**-9,381**	**-9,716**	**-10,309**	**-10,957**	**-15,922**	**-26,942**	**-38,168**	**-43,483**	**-40,420**	**-37,300**	**-34,121**	**-30,882**	**-27,204**	**-23,380**	**-19,485**	**-5,251**	**9,250**	**24,023**	**24,023**	**24,023**	**24,023**	**24,021**

SITE 2A: Princess Louise Hospital

SITE 2A CASH FLOW AFFORDABLE

Input assumptions | **Scenario & option** | Affordable = 30% of floorspace of which 75:25% social rented:intermediate

RBKC site viability study

Site details

Site		2A Princess Louise Hosp
Location		N Kensington
Area	ha	0.395
	acres	0.98
No dwgs		95
Density dw/ha		240.5

		£k
Contingency		
allowance	5.00%	484
Development costs		
standard % build	3.00%	305
plus abnormals	3.4%	350
Total	6%	
Design fees		
on build costs	10.0%	1,017
on dev costs	8%	52
Planning gain		
£ per dwelling	15,000	1,470

Dwellings		% of floorspace	% of units	ave floor space gross sq ft	ave floor space net sq ft	build cost per sq ft	build index = 1.000	sales value per sq ft
Market housing	77.0	70.00%	78.56%	548	466	161.00	161.00	600.00
Affordable soc rent	15.8	22.50%	16.1%	861	732	160.00	160.00	191.00
Affordable sh oship	5.3	7.50%	5.4%	861	732	160.00	160.00	191.00
Total dwgs	97.989	100.00%	100.0%					
Other uses								
1	0		0.0%	0	0	0.00	0.00	0.00
2	0		0.0%	0	0	0.00	0.00	0.00
Total units	98.0		100.0%	60,272	51,250		£9,685,755	£24,461,625

Floorspace density = 52,508 net sq ft per acre

Other costs		
Planning	413.4	£ per dwelling
Survey	500	£ per dwelling
Marketing	0	£ per dwelling
Interest		
% per annum	7.50%	

Notes

FLAG PG ALL

SITE 2A LAND COST & PHASING

Land

		Iterate to achieve target % profit		Hectare	
		Affordable	No affordable	Affordable	No affordable
Land purchase price	£	4,247,279	5,984,227		
RV per acre	£	4,351,520	6,131,098	£10,752,605	£15,149,942
Dev profit	£	3,825,310	4,282,554		
Total costs	£	20,637,271	23,116,145		
profit as % of costs		18.54%	18.53%		

Programme		Year 1 Q1	Q2	Q3	Q4	Year 2 Q1	Q2	Q3	Q4	Year 3 Q1	Q2	Q3	Q4	Year 4 Q1	Q2	Q3	Q4	TOTALS
Units started	*Market housing*			0.0	6.3	11.8	11.8	11.8	11.8	11.8	11.8	0.0	0.0	0.0	0.0	0.0	0.0	77.0
	Affordable soc rent			0.0	1.3	2.4	2.4	2.4	2.4	2.4	2.4	0.0	0.0	0.0	0.0	0.0	0.0	15.8
	Affordable sh oship			0.0	0.4	0.8	0.8	0.8	0.8	0.8	0.8	0.0	0.0	0.0	0.0	0.0	0.0	5.3
	1			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	2			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	TOTAL	0	0	0	8	15	15	15	15	15	15	0	0	0	0	0	0	98.0
Units 'built'	*Market housing*						0	6	12	12	12	12	12	12	0	0	0	77
+2Q	*Affordable soc rent*						0	1	2	2	2	2	2	2	0	0	0	16
	Affordable sh oship						0	0	1	1	1	1	1	1	0	0	0	5
	1						0	0	0	0	0	0	0	0	0	0	0	0
	2						0	0	0	0	0	0	0	0	0	0	0	0
Units completed	*Market housing*								0	6	12	12	12	12	12	12	0	77
+3Q	*Affordable soc rent*								0	1	2	2	2	2	2	2	0	16
	Affordable sh oship								0	0	1	1	1	1	1	1	0	5
	1								0	0	0	0	0	0	0	0	0	0
	2								0	0	0	0	0	0	0	0	0	0
Units purchased	*Market housing*									0	6	12	12	12	12	12	12	77
+4Q	*Affordable soc rent*									0	1	2	2	2	2	2	2	16
	Affordable sh oship									0	0	1	1	1	1	1	1	5
	1									0	0	0	0	0	0	0	0	0
	2									0	0	0	0	0	0	0	0	0

SITE 2A CASH FLOW AFFORDABLE

		rate	Year 1 Q1	Q2	Q3	Q4	Year 2 Q1	Q2	Q3	Q4	Year 3 Q1	Q2	Q3	Q4	Year 4 Q1	Q2	Q3	Q4	TOTALS
INCOME																			
Housing sales	*Market housing*		0	0	0	0	0	0	0	0	0	1,755	3,295	3,295	3,295	3,295	3,295	3,295	21,525
	Affordable soc rent		0	0	0	0	0	0	0	0	0	180	337	337	337	337	337	337	2,202
	Affordable sh oship		0	0	0	0	0	0	0	0	0	60	112	112	112	112	112	112	734
	1		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Sales fees		0	0	0	0	0	0	0	0	0	-63	-119	-119	-119	-119	-119	-119	-775
Total income			**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**1,994**	**3,745**	**3,745**	**3,745**	**3,745**	**3,745**	**3,745**	**24,462**
COSTS																			
Land	*Land acquisition*		4,247																4,247
	Stamp duty		170																170
	Purchase fees		117																117
	Total																		**4,534**
Build costs	*Market housing*		0	0	0	0	0	0	554	1,040	1,040	1,040	1,040	1,040	1,040	0	0	0	6,792
	Affordable soc rent		0	0	0	0	0	0	177	332	332	332	332	332	332	0	0	0	2,170
	Affordable sh oship		0	0	0	0	0	0	59	111	111	111	111	111	111	0	0	0	723
	1		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Build contingency	*5.0%*	0	0	0	0	0	0	39	74	74	74	74	74	74	0	0	0	484
	Total																		**10,170**
Dev costs	*Upfront*	*1.5%*	38	38	38	38													153
	Build related	*1.5%*	0	0	0	0	12	23	23	23	23	23	23	0	0	0	0	0	153
	Abnormals	*3%*	175	175															350
	Total																		**655**
Fees	*Fees on build costs*	*10.0%*	0	0	0	0	0	0	83	156	156	156	156	156	156	0	0	0	1,017
	Fees on dev costs	*8.0%*	17	17	3	3	1	2	2	2	2	2	2	0	0	0	0	0	52
	Total																		**1,069**
PG	*Planning gain*				0	120	225	225	225	225	225	225	0	0	0	0	0	0	1,470
	Total																		**1,470**
Other	*Planning*	*£413*	13	13	13														39
	Survey	*£500*	48																48
	Marketing	*£0*			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total																		**87**
Sales fees	*b/forward from above*		0	0	0	0	0	0	0	0	0	63	119	119	119	119	119	119	**775**
Total costs			**4,825**	**243**	**54**	**161**	**238**	**250**	**1,162**	**1,963**	**1,963**	**2,026**	**1,856**	**1,831**	**1,831**	**119**	**119**	**119**	**18,760**
Net profit/loss from quarter			**-4,825**	**-243**	**-54**	**-161**	**-238**	**-250**	**-1,162**	**-1,963**	**-1,963**	**-32**	**1,888**	**1,913**	**1,913**	**3,626**	**3,626**	**3,626**	**5,701**
Profit/loss bf from last quarter			0	-4,915	-5,255	-5,409	-5,674	-6,023	-6,391	-7,695	-9,839	-12,022	-12,280	-10,587	-8,836	-7,052	-3,426	199	
Cumulative profit/loss			-4,825	-5,158	-5,309	-5,570	-5,912	-6,273	-7,553	-9,658	-11,801	-12,054	-10,392	-8,673	-6,923	-3,426	199	3,825	
Interest	*Charged at*	*7.50%*	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	0.00%	0.00%	0.00%	
	Total		-90	-97	-100	-104	-111	-118	-142	-181	-221	-226	-195	-163	-130	0	0	0	**-1,877**
Cumulative developer profit carried forward to RV calc			**-4,915**	**-5,255**	**-5,409**	**-5,674**	**-6,023**	**-6,391**	**-7,695**	**-9,839**	**-12,022**	**-12,280**	**-10,587**	**-8,836**	**-7,052**	**-3,426**	**199**	**3,825**	**3,824**

SITE 3A: Kensington Park Hotel

Input assumptions | **Scenario & option** | Affordable = 30% of floorspace of which 75:25% social rented:intermediate

RBKC site viability study

Site details

Site		3A Kensington Park Hotel
Location		South Kensington
Area	ha	0.650
	acres	1.61
No dwgs		97
Density dw/ha		149.2

Dwellings		% of floorspace	% of units	ave floor space gross sq ft	ave floor space net sq ft	build cost per sq ft	build index = 1.000	sales value per sq ft
Market housing	65.6	70.00%	41.26%	4,127	2,911	324.00	324.00	1,200.00
Affordable soc rent	69.47	22.50%	43.7%	1,251	883	286.00	286.00	191.00
Affordable sh oship	23.16	7.50%	14.6%	1,251	883	286.00	286.00	191.00
Total dwgs	158.196	100.00%	99.6%	386,464	272,650			
Other uses								
retail	0		0.0%	0	0	0.00	0.00	385.00
Car parking	70%		0.4%	150	150	0.00	0.00	83,333.00
Total units	158.9		100.0%	386,569	272,755		£120,810,758	£253,398,810

Floorspace density = 169,819 net sq ft per acre

		£k
Contingency		
allowance	5.00%	6,041
Development costs		
standard % build	1.50%	1,903
plus abnormals	4.9%	6,225
Total	6%	
Design fees		
on build costs	10.0%	12,685
on dev costs	8%	650
Planning gain		
£ per dwelling	15,000	2,373

Other costs

Planning	417.2	£ per dwelling
Survey	500	£ per dwelling
Marketing	0	£ per dwelling

Interest

% per annum 7.50%

Notes

*FLAG PG ALL *PG ON RESID UNITS ONLY

SITE 3A LAND COST & PHASING

Land

Iterate to achieve target % profit

		Affordable	No affordable	Hectare Affordable	Hectare No affordable
Land purchase price	£	**36,214,308**	**225,761,770**		
RV per acre	£	**22,547,277**	**140,560,826**	**£55,714,321**	**£347,325,801**
Dev profit	£	**39,573,109**	**87,757,979**		
Total costs	£	**213,826,260**	**473,603,511**		
profit as % of costs		**18.51%**	**18.53%**		

Programme		Year 1 Q1	Q2	Q3	Q4	Year 2 Q1	Q2	Q3	Q4	Year 3 Q1	Q2	Q3	Q4	Year 4 Q1	Q2	Q3	Q4	Year 5 Q1	Q2	Q3	Q4	Q4	TOTALS
Units started	*Market housing*			0.0	0.0	28.4	6.2	6.2	6.2	6.2	6.2	6.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		65.6
	Affordable soc rent			0.0	0.0	30.1	6.6	6.6	6.6	6.6	6.6	6.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		69.5
	Affordable sh oship			0.0	0.0	10.0	2.2	2.2	2.2	2.2	2.2	2.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		23.2
	retail			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		0.0
	Car parking			0.0	0.0	0.3	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		0.7
	TOTAL	0	0	0	0	69	15	15	15	15	15	15	0	0	0	0	0	0	0	0	0		158.90
	Resid only for PG			0	0	69	15	15	15	15	15	15	0	0	0	0	0	0	0	0	0		
Units 'built'	*Market housing*						0	0	28	6	6	6	6	6	6	0	0	0	0	0	0	0	66
+2Q	*Affordable soc rent*						0	0	30	7	7	7	7	7	7	0	0	0	0	0	0	0	69
	Affordable sh oship						0	0	10	2	2	2	2	2	2	0	0	0	0	0	0	0	23
	retail						0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Car parking						0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
Units completed	*Market housing*								0	0	28	6	6	6	6	6	6	0	0	0	0	0	66
+3Q	*Affordable soc rent*								0	0	30	7	7	7	7	7	7	0	0	0	0	0	69
	Affordable sh oship								0	0	10	2	2	2	2	2	2	0	0	0	0	0	23
	retail								0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Car parking								0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
Units purchased	*Market housing*									0	0	28	6	6	6	6	6	6	0	0	0	0	66
+4Q	*Affordable soc rent*									0	0	30	7	7	7	7	7	7	0	0	0	0	69
	Affordable sh oship									0	0	10	2	2	2	2	2	2	0	0	0	0	23
	retail									0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Car parking									0	0	0	0	0	0	0	0	0	0	0	0	0	1

SITE 3A CASH FLOW AFFORDABLE

		rate	Year 1 Q1	Q2	Q3	Q4	Year 2 Q1	Q2	Q3	Q4	Year 3 Q1	Q2	Q3	Q4	Year 4 Q1	Q2	Q3	Q4	Year 5 Q1	Q2	Q3	Q4	TOTALS
INCOME																							
Housing sales	*Market housing*		0	0	0	0	0	0	0	0	0	0	99,304	21,620	21,620	21,620	21,620	21,620	21,620	0	0	0	229,025
	Affordable soc rent		0	0	0	0	0	0	0	0	0	0	5,080	1,106	1,106	1,106	1,106	1,106	1,106	0	0	0	11,717
	Affordable sh oship		0	0	0	0	0	0	0	0	0	0	1,693	369	369	369	369	369	369	0	0	0	3,906
	retail		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Car parking		0	0	0	0	0	0	0	0	0	0	3,794	826	826	826	826	826	826	0	0	0	8,750
	Sales fees		0	0	0	0	0	0	0	0	0	0	-3,526	-768	-768	-768	-768	-768	-768	0	0	0	-8,133
Total income			**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**109,871**	**23,921**	**23,921**	**23,921**	**23,921**	**23,921**	**23,921**	**0**	**0**	**0**	**253,398**
COSTS																							
Land	*Land acquisition*		36,214																				36,214
	Stamp duty		1,449																				1,449
	Purchase fees		996																				996
	Total																						**38,659**
Build costs	*Market housing*		0	0	0	0	0	0	0	38,012	8,276	8,276	8,276	8,276	8,276	8,276	0	0	0	0	0	0	87,668
	Affordable soc rent		0	0	0	0	0	0	0	10,778	2,347	2,347	2,347	2,347	2,347	2,347	0	0	0	0	0	0	24,857
	Affordable sh oship		0	0	0	0	0	0	0	3,593	782	782	782	782	782	782	0	0	0	0	0	0	8,286
	retail		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Car parking		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Build contingency	*5.0%*	0	0	0	0	0	0	0	2,619	570	570	570	570	570	570	0	0	0	0	0	0	6,041
	Total																						**126,851**
Dev costs	*Upfront*	*0.8%*	238	238	238	238																	951
	Build related	*0.8%*	0	0	0	0	0	413	90	90	90	90	90	90	0	0	0	0	0	0	0	0	951
	Abnormals	*5%*	3,112	3,112																			6,225
	Total																						**8,127**
Fees	*Fees on build costs*	*10.0%*	0	0	0	0	0	0	0	5,500	1,197	1,197	1,197	1,197	1,197	1,197	0	0	0	0	0	0	12,685
	Fees on dev costs	*8.0%*	268	268	19	19	0	33	7	7	7	7	7	7	0	0	0	0	0	0	0	0	650
	Total																						**13,335**
PG	*Planning gain*				0	0	1,029	224	224	224	224	224	224	0	0	0	0	0	0	0	0	0	2,373
	Total																						**2,373**
Other	*Planning*	*£417*	13	13	13																		40
	Survey	*£500*	49																				49
	Marketing	*£0*			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total																						**89**
Sales fees	*b/forward from above*		0	0	0	0	0	0	0	0	0	0	3,526	768	768	768	768	768	768	0	0	0	**8,133**
Total costs			**42,339**	**3,632**	**270**	**257**	**1,029**	**670**	**321**	**60,823**	**13,493**	**13,493**	**17,020**	**14,037**	**13,940**	**13,940**	**768**	**768**	**768**	**0**	**0**	**0**	**197,567**
Net profit/loss from quarter			**-42,339**	**-3,632**	**-270**	**-257**	**-1,029**	**-670**	**-321**	**-60,823**	**-13,493**	**-13,493**	**92,852**	**9,884**	**9,981**	**9,981**	**23,153**	**23,153**	**23,153**	**0**	**0**	**0**	**55,831**
Profit/loss bf from last quarter			0	-43,133	-47,641	-48,810	-49,986	-51,972	-53,628	-54,961	-117,954	-133,912	-150,169	-58,393	-49,418	-40,177	-30,762	-7,751	15,691	39,573	39,573	39,573	
Cumulative profit/loss			-42,339	-46,764	-47,911	-49,067	-51,015	-52,641	-53,949	-115,783	-131,448	-147,406	-57,318	-48,509	-39,437	-30,196	-7,608	15,402	38,845	39,573	39,573	39,573	
Interest	*Charged at*	*7.50%*	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	0.00%	0.00%	0.00%	
	Total		-794	-877	-898	-920	-957	-987	-1,012	-2,171	-2,465	-2,764	-1,075	-910	-739	-566	-143	289	728	0	0	0	**-16,259**
Cumulative developer profit carried forward to RV calc			**-43,133**	**-47,641**	**-48,810**	**-49,986**	**-51,972**	**-53,628**	**-54,961**	**-117,954**	**-133,912**	**-150,169**	**-58,393**	**-49,418**	**-40,177**	**-30,762**	**-7,751**	**15,691**	**39,573**	**39,573**	**39,573**	**39,573**	**39,572**

SITE 4A: St Thomas C of E School

Input assumptions | **Scenario & option** | Affordable = 30% of floorspace of which 75:25% social rented:intermediate

RBKC site viability study

Site details

Site		4A St Thomas School
Location		Kensal Town
Area	ha	0.380
	acres	0.94
No dwgs		69
Density dw/ha		181.6

		£k
Contingency		
allowance	5.00%	539
Development costs		
standard % build	2.00%	226
plus abnormals	3.5%	399
Total	6%	
Design fees		
on build costs	10.0%	1,131
on dev costs	8%	50
Planning gain		
£ per dwelling	15,000	1,045

*FLAG PG ALL *PG ON RESID UNITS ONLY

Dwellings		% of floorspace	% of units	ave floor space gross sq ft	ave floor space net sq ft	build cost per sq ft	build index = 1.000	sales value per sq ft
Market housing	53.0	70.00%	75.05%	610	518	161.00	161.00	450.00
Affordable soc rent	12.47	22.50%	17.6%	903	708	160.00	160.00	191.00
Affordable sh oship	4.16	7.50%	5.9%	903	708	160.00	160.00	191.00
Total dwgs	69.672	100.00%	98.6%	47,373	39,250			
Other uses								
School building	1		1.4%	18,077	0	175.00	175.00	0.00
Car parking	0%		0.0%	0	0	0.00	0.00	0.00
Total units	70.7		100.0%	65,450	39,250		£10,775,485	£14,612,775

Floorspace density = 41,801 net sq ft per acre

Other costs

Planning	345.0	£ per dwelling
Survey	500	£ per dwelling
Marketing	0	£ per dwelling

Interest

% per annum 7.50%

Notes

SITE 4A LAND COST & PHASING

Land

		Iterate to achieve target % profit		Hectare	
		Affordable	No affordable	Affordable	No affordable
Land purchase price	£	-2,538,000	-1,520,148		
RV per acre	£	-2,702,933	-1,618,935	-£6,678,947	-£4,000,389
Dev profit	£	2,281,926	2,535,127		
Total costs	£	12,331,920	13,706,466		
profit as % of costs		18.50%	18.50%		

Programme		Year 1 Q1	Q2	Q3	Q4	Year 2 Q1	Q2	Q3	Q4	Year 3 Q1	Q2	Q3	Q4	Year 4 Q1	Q2	Q3	Q4	TOTALS
Units started	*Market housing*			8.0	9.0	9.0	9.0	9.0	9.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	53.0
	Affordable soc rent			1.9	2.1	2.1	2.1	2.1	2.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	12.5
	Affordable sh oship			0.6	0.7	0.7	0.7	0.7	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.2
	School building			0.2	0.2	0.2	0.2	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0
	Car parking			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	TOTAL	0	0	11	12	12	12	12	12	0	0	0	0	0	0	0	0	70.67
	Resid only for PG			11	12	12	12	12	12	0	0	0	0	0	0	0	0	
Units 'built'	*Market housing*						8	9	9	9	9	9	0	0	0	0	0	53
+2Q	*Affordable soc rent*						2	2	2	2	2	2	0	0	0	0	0	12
	Affordable sh oship						1	1	1	1	1	1	0	0	0	0	0	4
	School building						0	0	0	0	0	0	0	0	0	0	0	1
	Car parking						0	0	0	0	0	0	0	0	0	0	0	0
Units completed	*Market housing*								8	9	9	9	9	9	0	0	0	53
+3Q	*Affordable soc rent*								2	2	2	2	2	2	0	0	0	12
	Affordable sh oship								1	1	1	1	1	1	0	0	0	4
	School building								0	0	0	0	0	0	0	0	0	1
	Car parking								0	0	0	0	0	0	0	0	0	0
Units purchased	*Market housing*									8	9	9	9	9	9	0	0	53
+4Q	*Affordable soc rent*									2	2	2	2	2	2	0	0	12
	Affordable sh oship									1	1	1	1	1	1	0	0	4
	School building									0	0	0	0	0	0	0	0	1
	Car parking									0	0	0	0	0	0	0	0	0

SITE 4A CASH FLOW AFFORDABLE

		rate	Year 1 Q1	Q2	Q3	Q4	Year 2 Q1	Q2	Q3	Q4	Year 3 Q1	Q2	Q3	Q4	Year 4 Q1	Q2	Q3	Q4	TOTALS
INCOME																			
Housing sales	*Market housing*		0	0	0	0	0	0	0	0	1,867	2,099	2,099	2,099	2,099	2,099	0	0	12,364
	Affordable soc rent		0	0	0	0	0	0	0	0	255	286	286	286	286	286	0	0	1,687
	Affordable sh oship		0	0	0	0	0	0	0	0	85	95	95	95	95	95	0	0	562
	School building		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Car parking		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Sales fees		0	0	0	0	0	0	0	0	-68	-76	-76	-76	-76	-76	0	0	-450
Total income			**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**2,207**	**2,481**	**2,481**	**2,481**	**2,481**	**2,481**	**0**	**0**	**14,613**
COSTS																			
Land	*Land acquisition*		-2,538																-2,538
	Stamp duty		0																0
	Purchase fees		-70																-70
	Total																		**-2,608**
Build costs	*Market housing*		0	0	0	0	0	787	885	885	885	885	885	0	0	0	0	0	5,209
	Affordable soc rent		0	0	0	0	0	272	306	306	306	306	306	0	0	0	0	0	1,802
	Affordable sh oship		0	0	0	0	0	91	102	102	102	102	102	0	0	0	0	0	601
	School building		0	0	0	0	0	478	537	537	537	537	537	0	0	0	0	0	3,163
	Car parking		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Build contingency	*5.0%*	0	0	0	0	0	81	91	91	91	91	91	0	0	0	0	0	539
	Total																		**11,314**
Dev costs	*Upfront*	*1.0%*	28	28	28	28													113
	Build related	*1.0%*	0	0	0	17	19	19	19	19	19	0	0	0	0	0	0	0	113
	Abnormals	*4%*	200	200															399
	Total																		**626**
Fees	*Fees on build costs*	*10.0%*	0	0	0	0	0	171	192	192	192	192	192	0	0	0	0	0	1,131
	Fees on dev costs	*8.0%*	18	18	2	4	2	2	2	2	2	0	0	0	0	0	0	0	50
	Total																		**1,181**
PG	*Planning gain*				158	177	177	177	177	177	0	0	0	0	0	0	0	0	1,045
	Total																		**1,045**
Other	*Planning*	*£345*	8	8	8														24
	Survey	*£500*	35																35
	Marketing	*£0*			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total																		**58**
Sales fees	*b/forward from above*		0	0	0	0	0	0	0	0	68	76	76	76	76	76	0	0	**450**
Total costs			**-2,319**	**254**	**196**	**226**	**198**	**2,078**	**2,311**	**2,311**	**2,202**	**2,190**	**2,190**	**76**	**76**	**76**	**0**	**0**	**12,067**
Net profit/loss from quarter			**2,319**	**-254**	**-196**	**-226**	**-198**	**-2,078**	**-2,311**	**-2,311**	**5**	**292**	**292**	**2,405**	**2,405**	**2,405**	**0**	**0**	**2,546**
Profit/loss bf from last quarter			0	2,363	2,148	1,989	1,795	1,627	-459	-2,822	-5,230	-5,323	-5,126	-4,925	-2,567	-165	2,282	2,282	
Cumulative profit/loss			2,319	2,109	1,952	1,762	1,597	-451	-2,770	-5,134	-5,225	-5,031	-4,834	-2,520	-162	2,240	2,282	2,282	
Interest	*Charged at*	*7.50%*	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	0.00%	0.00%	
	Total		43	40	37	33	30	-8	-52	-96	-98	-94	-91	-47	-3	42	0	0	**-265**
Cumulative developer profit carried forward to RV calc			**2,363**	**2,148**	**1,989**	**1,795**	**1,627**	**-459**	**-2,822**	**-5,230**	**-5,323**	**-5,126**	**-4,925**	**-2,567**	**-165**	**2,282**	**2,282**	**2,282**	**2,281**

SITE 5A: The Power House

Input assumptions | **Scenario & option** | Affordable = 30% of floorspace of which 75:25% social rented:intermediate

RBKC site viability study

Site details

Site		5A Power House
Location		SW3
Area	ha	0.320
	acres	0.79
No dwgs		38
Density dw/ha		118.8

		£k
Contingency		
allowance	5.00%	1,152
Development costs		
standard % build	1.50%	363
plus abnormals	8.3%	2,000
Total	10%	
Design fees		
on build costs	10.0%	2,418
on dev costs	8%	189
Planning gain		
£ per dwelling	15,000	786

Dwellings		% of floorspace	% of units	ave floor space gross sq ft	net sq ft	build cost per sq ft	build index = 1.000	sales value per sq ft
Market housing	21.4	70.00%	40.38%	3,327	2,611	234.00	234.00	1,300.00
Affordable soc rent	23.23	22.50%	43.7%	988	775	207.00	207.00	191.00
Affordable sh oship	7.74	7.50%	14.6%	988	775	207.00	207.00	191.00
Total dwgs	52.415	100.00%	98.7%	101,953	80,000			
Other uses								
			0.0%	0	0	0.00	0.00	0.00
Car parking	70%		1.3%	0	150	0.00	0.00	31,333.00
Total units	53.1		100.0%	101,953	80,105		£23,030,836	£80,673,965

Floorspace density = 101,306 net sq ft per acre

Other costs

Planning	515.0	£ per dwelling
Survey	500	£ per dwelling
Marketing	0	£ per dwelling

Interest

% per annum 7.50%

Notes

*FLAG PG ALL *PG ON RESID UNITS ONLY

SITE 5ALAND COST & PHASING

Land

		Iterate to achieve target % profit		Hectare	
		Affordable	No affordable	Affordable	No affordable
Land purchase price	£	26,086,335	88,706,001		
RV per acre	£	32,990,610	112,183,833	£81,519,798	£277,206,252
Dev profit	£	12,610,185	28,303,804		
Total costs	£	68,064,202	152,899,512		
profit as % of costs		18.53%	18.51%		

Programme		Year 1 Q1	Q2	Q3	Q4	Year 2 Q1	Q2	Q3	Q4	Year 3 Q1	Q2	Q3	Q4	Year 4 Q1	Q2	Q3	Q4	TOTALS
Units started	*Market housing*			0.0	0.0	11.8	2.4	2.4	2.4	2.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	21.4
	Affordable soc rent			0.0	0.0	12.7	2.6	2.6	2.6	2.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	23.2
	Affordable sh oship			0.0	0.0	4.2	0.9	0.9	0.9	0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.7
	0			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Car parking			0.0	0.0	0.4	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7
	TOTAL	0	0	0	0	29	6	6	6	6	0	0	0	0	0	0	0	53.12
	Resid only for PG			0	0	29	6	6	6	6	0	0	0	0	0	0	0	
Units 'built'	*Market housing*						0	0	12	2	2	2	2	0	0	0	0	21
+2Q	*Affordable soc rent*						0	0	13	3	3	3	3	0	0	0	0	23
	Affordable sh oship						0	0	4	1	1	1	1	0	0	0	0	8
	0						0	0	0	0	0	0	0	0	0	0	0	0
	Car parking						0	0	0	0	0	0	0	0	0	0	0	1
Units completed	*Market housing*								0	0	12	2	2	2	2	0	0	21
+3Q	*Affordable soc rent*								0	0	13	3	3	3	3	0	0	23
	Affordable sh oship								0	0	4	1	1	1	1	0	0	8
	0								0	0	0	0	0	0	0	0	0	0
	Car parking								0	0	0	0	0	0	0	0	0	1
Units purchased	*Market housing*									0	0	12	2	2	2	2	0	21
+4Q	*Affordable soc rent*									0	0	13	3	3	3	3	0	23
	Affordable sh oship									0	0	4	1	1	1	1	0	8
	0									0	0	0	0	0	0	0	0	0
	Car parking									0	0	0	0	0	0	0	0	1

SITE 5A CASHFLOW AFFORDABLE

		rate	Year 1 Q1	Q2	Q3	Q4	Year 2 Q1	Q2	Q3	Q4	Year 3 Q1	Q2	Q3	Q4	Year 4 Q1	Q2	Q3	Q4	TOTALS
INCOME																			
Housing sales	*Market housing*		0	0	0	0	0	0	0	0	0	0	39,905	8,224	8,224	8,224	8,224	0	72,799
	Affordable soc rent		0	0	0	0	0	0	0	0	0	0	1,885	388	388	388	388	0	3,438
	Affordable sh oship		0	0	0	0	0	0	0	0	0	0	628	129	129	129	129	0	1,146
	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Car parking		0	0	0	0	0	0	0	0	0	0	1,803	372	372	372	372	0	3,290
	Sales fees		0	0	0	0	0	0	0	0	0	0	-1,416	-292	-292	-292	-292	0	-2,582
Total income			**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**44,221**	**9,113**	**9,113**	**9,113**	**9,113**	**0**	**80,673**
COSTS																			
Land	*Land acquisition*		26,086																26,086
	Stamp duty		1,043																1,043
	Purchase fees		717																717
	Total																		**27,847**
Build costs	*Market housing*		0	0	0	0	0	0	0	9,153	1,886	1,886	1,886	1,886	0	0	0	0	16,697
	Affordable soc rent		0	0	0	0	0	0	0	2,604	537	537	537	537	0	0	0	0	4,750
	Affordable sh oship		0	0	0	0	0	0	0	868	179	179	179	179	0	0	0	0	1,583
	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Car parking		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Build contingency	*5.0%*	0	0	0	0	0	0	0	631	130	130	130	130	0	0	0	0	1,152
	Total																		**24,182**
Dev costs	*Upfront*	*0.8%*	45	45	45	45													181
	Build related	*0.8%*	0	0	0	0	0	99	20	20	20	20	0	0	0	0	0	0	181
	Abnormals	*8%*	1,000	1,000															2,000
	Total																		**2,363**
Fees	*Fees on build costs*	*10.0%*	0	0	0	0	0	0	0	1,326	273	273	273	273	0	0	0	0	2,418
	Fees on dev costs	*8.0%*	84	84	4	4	0	8	2	2	2	2	0	0	0	0	0	0	189
	Total																		**2,607**
PG	*Planning gain*				0	0	431	89	89	89	89	0	0	0	0	0	0	0	786
	Total																		**786**
Other	*Planning*	*£515*	7	7	7														20
	Survey	*£500*	19																19
	Marketing	*£0*			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total																		**39**
Sales fees	*b/forward from above*		0	0	0	0	0	0	0	0	0	0	1,416	292	292	292	292	0	**2,582**
Total costs			**29,002**	**1,135**	**55**	**49**	**431**	**196**	**111**	**14,692**	**3,116**	**3,027**	**4,420**	**3,297**	**292**	**292**	**292**	**0**	**60,406**
Net profit/loss from quarter			**-29,002**	**-1,135**	**-55**	**-49**	**-431**	**-196**	**-111**	**-14,692**	**-3,116**	**-3,027**	**39,801**	**5,816**	**8,821**	**8,821**	**8,821**	**0**	**20,267**
Profit/loss bf from last quarter			0	-29,545	-31,256	-31,898	-32,546	-33,596	-34,425	-35,184	-50,811	-54,938	-59,051	-19,611	-14,054	-5,330	3,557	12,610	
Cumulative profit/loss			-29,002	-30,681	-31,311	-31,947	-32,977	-33,792	-34,536	-49,876	-53,926	-57,964	-19,251	-13,795	-5,232	3,491	12,378	12,610	
Interest	*Charged at*	*7.50%*	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	0.00%	
	Total		-544	-575	-587	-599	-618	-634	-648	-935	-1,011	-1,087	-361	-259	-98	65	232	0	**-7,658**
Cumulative developer profit carried forward to RV calc			**-29,545**	**-31,256**	**-31,898**	**-32,546**	**-33,596**	**-34,425**	**-35,184**	**-50,811**	**-54,938**	**-59,051**	**-19,611**	**-14,054**	**-5,330**	**3,557**	**12,610**	**12,610**	**12,609**

SITE 6A: Sorting Office

Input assumptions | **Scenario & option** | Affordable = 30% of floorspace of which 75:25% social rented:intermediate

RBKC site viability study

Site details

Site		5A Power House
Location		SW3
Area	ha	0.320
	acres	0.79
No dwgs		38
Density dw/ha		118.8

	£k	
Contingency		
allowance	5.00%	1,152
Development costs		
standard % build	1.50%	363
plus abnormals	8.3%	2,000
Total	10%	
Design fees		
on build costs	10.0%	2,418
on dev costs	8%	189
Planning gain		
£ per dwelling	15,000	786

Dwellings		% of floorspace	% of units	ave floor space gross sq ft	net sq ft	build cost per sq ft	build index = 1.000	sales value per sq ft
Market housing	21.4	70.00%	40.38%	3,327	2,611	234.00	234.00	1,300.00
Affordable soc rent	23.23	22.50%	43.7%	988	775	207.00	207.00	191.00
Affordable sh oship	7.74	7.50%	14.6%	988	775	207.00	207.00	191.00
Total dwgs	52.415	100.00%	98.7%	101,953	80,000			
Other uses								
			0.0%	0	0	0.00	0.00	0.00
Car parking	70%		1.3%	0	150	0.00	0.00	31,333.00
Total units	53.1		100.0%	101,953	80,105		£23,030,836	£80,673,965

Floorspace density = 101,306 net sq ft per acre

Other costs

Planning	515.0	£ per dwelling
Survey	500	£ per dwelling
Marketing	0	£ per dwelling

Interest

% per annum 7.50%

Notes

*FLAG PG ALL *PG ON RESID UNITS ONLY

SITE 5ALAND COST & PHASING

Land

		Iterate to achieve target % profit		Hectare	
		Affordable	No affordable	Affordable	No affordable
Land purchase price	£	26,086,335	88,706,001		
RV per acre	£	32,990,610	112,183,833	£81,519,798	£277,206,252
Dev profit	£	12,610,185	28,303,804		
Total costs	£	68,064,202	152,899,512		
profit as % of costs		18.53%	18.51%		

Programme		Year 1 Q1	Q2	Q3	Q4	Year 2 Q1	Q2	Q3	Q4	Year 3 Q1	Q2	Q3	Q4	Year 4 Q1	Q2	Q3	Q4	TOTALS
Units started	*Market housing*			0.0	0.0	11.8	2.4	2.4	2.4	2.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	21.4
	Affordable soc rent			0.0	0.0	12.7	2.6	2.6	2.6	2.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	23.2
	Affordable sh oship			0.0	0.0	4.2	0.9	0.9	0.9	0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.7
	0			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Car parking			0.0	0.0	0.4	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7
	TOTAL	0	0	0	0	29	6	6	6	6	0	0	0	0	0	0	0	53.12
	Resid only for PG			0	0	29	6	6	6	6	0	0	0	0	0	0	0	
Units 'built'	*Market housing*						0	0	12	2	2	2	2	0	0	0	0	21
+2Q	*Affordable soc rent*						0	0	13	3	3	3	3	0	0	0	0	23
	Affordable sh oship						0	0	4	1	1	1	1	0	0	0	0	8
	0						0	0	0	0	0	0	0	0	0	0	0	0
	Car parking						0	0	0	0	0	0	0	0	0	0	0	1
Units completed	*Market housing*								0	0	12	2	2	2	2	0	0	21
+3Q	*Affordable soc rent*								0	0	13	3	3	3	3	0	0	23
	Affordable sh oship								0	0	4	1	1	1	1	0	0	8
	0								0	0	0	0	0	0	0	0	0	0
	Car parking								0	0	0	0	0	0	0	0	0	1
Units purchased	*Market housing*									0	0	12	2	2	2	2	0	21
+4Q	*Affordable soc rent*									0	0	13	3	3	3	3	0	23
	Affordable sh oship									0	0	4	1	1	1	1	0	8
	0									0	0	0	0	0	0	0	0	0
	Car parking									0	0	0	0	0	0	0	0	1

SITE 5A CASHFLOW AFFORDABLE

		rate	Year 1 Q1	Q2	Q3	Q4	Year 2 Q1	Q2	Q3	Q4	Year 3 Q1	Q2	Q3	Q4	Year 4 Q1	Q2	Q3	Q4	TOTALS
INCOME																			
Housing sales	*Market housing*		0	0	0	0	0	0	0	0	0	0	39,905	8,224	8,224	8,224	8,224	0	72,799
	Affordable soc rent		0	0	0	0	0	0	0	0	0	0	1,885	388	388	388	388	0	3,438
	Affordable sh oship		0	0	0	0	0	0	0	0	0	0	628	129	129	129	129	0	1,146
	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Car parking		0	0	0	0	0	0	0	0	0	0	1,803	372	372	372	372	0	3,290
	Sales fees		0	0	0	0	0	0	0	0	0	0	-1,416	-292	-292	-292	-292	0	-2,582
Total income			**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**44,221**	**9,113**	**9,113**	**9,113**	**9,113**	**0**	**80,673**
COSTS																			
Land	*Land acquisition*		26,086																26,086
	Stamp duty		1,043																1,043
	Purchase fees		717																717
	Total																		**27,847**
Build costs	*Market housing*		0	0	0	0	0	0	0	9,153	1,886	1,886	1,886	1,886	0	0	0	0	16,697
	Affordable soc rent		0	0	0	0	0	0	0	2,604	537	537	537	537	0	0	0	0	4,750
	Affordable sh oship		0	0	0	0	0	0	0	868	179	179	179	179	0	0	0	0	1,583
	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Car parking		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Build contingency	*5.0%*	0	0	0	0	0	0	0	631	130	130	130	130	0	0	0	0	1,152
	Total																		**24,182**
Dev costs	*Upfront*	*0.8%*	45	45	45	45													181
	Build related	*0.8%*	0	0	0	0	0	99	20	20	20	20	0	0	0	0	0	0	181
	Abnormals	*8%*	1,000	1,000															2,000
	Total																		**2,363**
Fees	*Fees on build costs*	*10.0%*	0	0	0	0	0	0	0	1,326	273	273	273	273	0	0	0	0	2,418
	Fees on dev costs	*8.0%*	84	84	4	4	0	8	2	2	2	2	0	0	0	0	0	0	189
	Total																		**2,607**
PG	*Planning gain*				0	0	431	89	89	89	89	0	0	0	0	0	0	0	786
	Total																		**786**
Other	*Planning*	*£515*	7	7	7														20
	Survey	*£500*	19																19
	Marketing	*£0*			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total																		**39**
Sales fees	*b/forward from above*		0	0	0	0	0	0	0	0	0	0	1,416	292	292	292	292	0	**2,582**
Total costs			**29,002**	**1,135**	**55**	**49**	**431**	**196**	**111**	**14,692**	**3,116**	**3,027**	**4,420**	**3,297**	**292**	**292**	**292**	**0**	**60,406**
Net profit/loss from quarter			**-29,002**	**-1,135**	**-55**	**-49**	**-431**	**-196**	**-111**	**-14,692**	**-3,116**	**-3,027**	**39,801**	**5,816**	**8,821**	**8,821**	**8,821**	**0**	**20,267**
Profit/loss bf from last quarter			0	-29,545	-31,256	-31,898	-32,546	-33,596	-34,425	-35,184	-50,811	-54,938	-59,051	-19,611	-14,054	-5,330	3,557	12,610	
Cumulative profit/loss			-29,002	-30,681	-31,311	-31,947	-32,977	-33,792	-34,536	-49,876	-53,926	-57,964	-19,251	-13,795	-5,232	3,491	12,378	12,610	
Interest	*Charged at*	*7.50%*	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	0.00%	
	Total		-544	-575	-587	-599	-618	-634	-648	-935	-1,011	-1,087	-361	-259	-98	65	232	0	**-7,658**
Cumulative developer profit carried forward to RV calc			**-29,545**	**-31,256**	**-31,898**	**-32,546**	**-33,596**	**-34,425**	**-35,184**	**-50,811**	**-54,938**	**-59,051**	**-19,611**	**-14,054**	**-5,330**	**3,557**	**12,610**	**12,610**	**12,609**

SITE 7A: 225 Earls Court Rd

Input assumptions | **Scenario & option** | Affordable = 30% of floorspace of which 75:25% social rented:intermediate

RBKC site viability study

Site details

Site		7A 225 Earls Court Rd
Location		SW5
Area	ha	0.049
	acres	0.12
No dwgs		13
Density dw/ha		265.3

		£k
Contingency		
allowance	5.00%	137
Development costs		
standard % build	1.50%	43
plus abnormals	8.3%	240
Total	10%	
Design fees		
on build costs	10.0%	289
on dev costs	8%	23
Planning gain		
£ per dwelling	15,000	194

Dwellings		% of floorspace	% of units	ave floor space gross sq ft	ave floor space net sq ft	build cost per sq ft	build index = 1.000	sales value per sq ft
Market housing	9.5	70.00%	69.50%	911	809	229.00	229.00	900.00
Affordable soc rent	2.6	22.50%	19.0%	1,070	950	210.00	210.00	191.00
Affordable sh oship	0.9	7.50%	6.3%	1,070	950	210.00	210.00	191.00
Total dwgs	12.915	100.00%	94.9%	12,314	10,935			
Other uses								
1 parking spaces	70%		5.1%	200	150	0.00	0.00	6,400.00
2	0		0.0%	0	0	0.00	0.00	0.00
Total units	13.6		100.0%	12,454	11,040		£2,749,811	£8,187,626

Floorspace density = 91,180 net sq ft per acre

Other costs

Planning	515.0	£ per dwelling
Survey	500	£ per dwelling
Marketing	0	£ per dwelling

Interest

% per annum 7.50%

Notes

FLAG PG ALL

SITE 7A LAND COST & PHASING

Land

		Iterate to achieve target % profit		Hectare	
		Affordable	No affordable	Affordable	No affordable
Land purchase price	£	2,059,994	3,199,145		
RV per acre	£	17,013,633	26,421,968	£42,040,686	£65,288,682
Dev profit	£	1,279,003	1,576,050		
Total costs	£	6,909,769	8,500,413		
profit as % of costs		18.51%	18.54%		

Programme		Year 1 Q1	Q2	Q3	Q4	Year 2 Q1	Q2	Q3	Q4	Year 3 Q1	Q2	Q3	Q4	Year 4 Q1	Q2	Q3	Q4	TOTALS
Units started	*Market housing*			0.0	0.0	1.1	2.8	2.8	2.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	9.5
	Affordable soc rent			0.0	0.0	0.3	0.8	0.8	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.6
	Affordable sh oship			0.0	0.0	0.1	0.3	0.3	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.9
	1 parking spaces			0.0	0.0	0.1	0.2	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7
	2			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	TOTAL	0	0	0	0	2	4	4	4	0	0	0	0	0	0	0	0	13.61
	resid only for P Gain			0	0	2	4	4	4	0	0	0	0	0	0	0	0	
Units 'built'	*Market housing*						0	0	1	3	3	3	0	0	0	0	0	9
+2Q	*Affordable soc rent*						0	0	0	1	1	1	0	0	0	0	0	3
	Affordable sh oship						0	0	0	0	0	0	0	0	0	0	0	1
	1 parking spaces						0	0	0	0	0	0	0	0	0	0	0	1
	2						0	0	0	0	0	0	0	0	0	0	0	0
Units completed	*Market housing*								0	0	1	3	3	3	0	0	0	9
+3Q	*Affordable soc rent*								0	0	0	1	1	1	0	0	0	3
	Affordable sh oship								0	0	0	0	0	0	0	0	0	1
	1 parking spaces								0	0	0	0	0	0	0	0	0	1
	2								0	0	0	0	0	0	0	0	0	0
Units purchased	*Market housing*									0	0	1	3	3	3	0	0	9
+4Q	*Affordable soc rent*									0	0	0	1	1	1	0	0	3
	Affordable sh oship									0	0	0	0	0	0	0	0	1
	1 parking spaces									0	0	0	0	0	0	0	0	1
	2									0	0	0	0	0	0	0	0	0

SITE 7A CASHFLOW AFFORDABLE

		rate	Year 1 Q1	Q2	Q3	Q4	Year 2 Q1	Q2	Q3	Q4	Year 3 Q1	Q2	Q3	Q4	Year 4 Q1	Q2	Q3	Q4	TOTALS
INCOME																			
Housing sales	*Market housing*		0	0	0	0	0	0	0	0	0	0	817	2,024	2,024	2,024	0	0	6,889
	Affordable soc rent		0	0	0	0	0	0	0	0	0	0	56	138	138	138	0	0	470
	Affordable sh oship		0	0	0	0	0	0	0	0	0	0	19	46	46	46	0	0	157
	1 parking spaces		0	0	0	0	0	0	0	0	0	0	80	197	197	197	0	0	672
	2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Sales fees		0	0	0	0	0	0	0	0	0	0	-31	-77	-77	-77	0	0	-263
Total income			**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**971**	**2,406**	**2,406**	**2,406**	**0**	**0**	**8,188**
COSTS																			
Land	*Land acquisition*		2,060																2,060
	Stamp duty		82																82
	Purchase fees		57																57
	Total																		**2,199**
Build costs	*Market housing*		0	0	0	0	0	0	0	234	580	580	580	0	0	0	0	0	1,974
	Affordable soc rent		0	0	0	0	0	0	0	69	171	171	171	0	0	0	0	0	582
	Affordable sh oship		0	0	0	0	0	0	0	23	57	57	57	0	0	0	0	0	194
	1 parking spaces		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Build contingency	*5.0%*	0	0	0	0	0	0	0	16	40	40	40	0	0	0	0	0	137
	Total																		**2,887**
Dev costs	*Upfront*	*0.8%*	5	5	5	5													22
	Build related	*0.8%*	0	0	0	0	0	3	6	6	6	0	0	0	0	0	0	0	22
	Abnormals	*8%*	120	120															240
	Total																		**283**
Fees	*Fees on build costs*	*10.0%*	0	0	0	0	0	0	0	34	85	85	85	0	0	0	0	0	289
	Fees on dev costs	*8.0%*	10	10	0	0	0	0	1	1	1	0	0	0	0	0	0	0	23
	Total																		**311**
PG	*Planning gain*				0	0	23	57	57	57	0	0	0	0	0	0	0	0	194
	Total																		**194**
Other	*Planning*	*£515*	2	2	2														7
	Survey	*£500*	7																7
	Marketing	*£0*			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total																		**13**
Sales fees	*b/forward from above*		0	0	0	0	0	0	0	0	0	0	31	77	77	77	0	0	**263**
Total costs			**2,343**	**137**	**8**	**6**	**23**	**60**	**64**	**441**	**940**	**933**	**964**	**77**	**77**	**77**	**0**	**0**	**6,150**
Net profit/loss from quarter			**-2,343**	**-137**	**-8**	**-6**	**-23**	**-60**	**-64**	**-441**	**-940**	**-933**	**7**	**2,328**	**2,328**	**2,328**	**0**	**0**	**2,037**
Profit/loss bf from last quarter			0	-2,387	-2,572	-2,628	-2,683	-2,757	-2,869	-2,988	-3,493	-4,516	-5,551	-5,648	-3,382	-1,073	1,279	1,279	
Cumulative profit/loss			-2,343	-2,524	-2,580	-2,634	-2,706	-2,816	-2,933	-3,428	-4,433	-5,449	-5,544	-3,319	-1,053	1,255	1,279	1,279	
Interest	*Charged at*	*7.50%*	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	0.00%	0.00%	
	Total		-44	-47	-48	-49	-51	-53	-55	-64	-83	-102	-104	-62	-20	24	0	0	**-760**
Cumulative developer profit carried forward to RV calc			**-2,387**	**-2,572**	**-2,628**	**-2,683**	**-2,757**	**-2,869**	**-2,988**	**-3,493**	**-4,516**	**-5,551**	**-5,648**	**-3,382**	**-1,073**	**1,279**	**1,279**	**1,279**	**1,278**

SITE 7N Notional site 1

Input assumptions | **Scenario & option** | Affordable = 30% of floorspace of which 75:25% social rented:intermediate

RBKC site viability study

Site details

Site		7N Notional North NW
Location		
Area	ha	0.049
	acres	0.12
No dwgs		13
Density dw/ha		265.3

		£k
Contingency		
allowance	5.00%	131
Development costs		
standard % build	1.50%	41
plus abnormals	8.2%	226
Total	10%	
Design fees		
on build costs	10.0%	276
on dev costs	8%	21
Planning gain		
£ per dwelling	15,000	194

Dwellings		% of floorspace	% of units	ave floor space gross sq ft	ave floor space net sq ft	build cost per sq ft	build index = 1.000	sales value per sq ft
Market housing	9.5	70.00%	69.50%	911	809	219.00	219.00	900.00
Affordable soc rent	2.6	22.50%	19.0%	1,070	950	200.00	200.00	191.00
Affordable sh oship	0.9	7.50%	6.3%	1,070	950	200.00	200.00	191.00
Total dwgs	12.915	100.00%	94.9%	12,314	10,935			
Other uses								
1 parking spaces	70%		5.1%	200	150	0.00	0.00	6,400.00
2	0		0.0%	0	0	0.00	0.00	0.00
Total units	13.6		100.0%	12,454	11,040		£2,626,666	£8,187,626

Floorspace density = 91,180 net sq ft per acre

Other costs

Planning	515.0	£ per dwelling
Survey	500	£ per dwelling
Marketing	0	£ per dwelling

Interest

% per annum 7.50%

Notes

FLAG PG ALL

SITE 7N AND COST & PHASING

Land

		Iterate to achieve target % profit		Hectare	
		Affordable	No affordable	Affordable	No affordable
Land purchase price	£	2,188,968	3,330,000		
RV per acre	£	18,078,844	27,502,705	£44,672,823	£67,959,184
Dev profit	£	1,278,466	1,572,910		
Total costs	£	6,910,307	8,503,553		
profit as % of costs		18.50%	18.50%		

Programme		Year 1 Q1	Q2	Q3	Q4	Year 2 Q1	Q2	Q3	Q4	Year 3 Q1	Q2	Q3	Q4	Year 4 Q1	Q2	Q3	Q4	TOTALS
Units started	*Market housing*			0.0	0.0	1.1	2.8	2.8	2.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	9.5
	Affordable soc rent			0.0	0.0	0.3	0.8	0.8	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.6
	Affordable sh oship			0.0	0.0	0.1	0.3	0.3	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.9
	1 parking spaces			0.0	0.0	0.1	0.2	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7
	2			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	TOTAL	0	0	0	0	2	4	4	4	0	0	0	0	0	0	0	0	13.61
	resid only for P Gain			0	0	2	4	4	4	0	0	0	0	0	0	0	0	
Units 'built'	*Market housing*						0	0	1	3	3	3	0	0	0	0	0	9
+2Q	*Affordable soc rent*						0	0	0	1	1	1	0	0	0	0	0	3
	Affordable sh oship						0	0	0	0	0	0	0	0	0	0	0	1
	1 parking spaces						0	0	0	0	0	0	0	0	0	0	0	1
	2						0	0	0	0	0	0	0	0	0	0	0	0
Units completed	*Market housing*								0	0	1	3	3	3	0	0	0	9
+3Q	*Affordable soc rent*								0	0	0	1	1	1	0	0	0	3
	Affordable sh oship								0	0	0	0	0	0	0	0	0	1
	1 parking spaces								0	0	0	0	0	0	0	0	0	1
	2								0	0	0	0	0	0	0	0	0	0
Units purchased	*Market housing*									0	0	1	3	3	3	0	0	9
+4Q	*Affordable soc rent*									0	0	0	1	1	1	0	0	3
	Affordable sh oship									0	0	0	0	0	0	0	0	1
	1 parking spaces									0	0	0	0	0	0	0	0	1
	2									0	0	0	0	0	0	0	0	0

SITE 7N CASHFLOW AFFORDABLE

		rate	Year 1 Q1	Q2	Q3	Q4	Year 2 Q1	Q2	Q3	Q4	Year 3 Q1	Q2	Q3	Q4	Year 4 Q1	Q2	Q3	Q4	TOTALS
INCOME																			
Housing sales	*Market housing*		0	0	0	0	0	0	0	0	0	0	817	2,024	2,024	2,024	0	0	6,889
	Affordable soc rent		0	0	0	0	0	0	0	0	0	0	56	138	138	138	0	0	470
	Affordable sh oship		0	0	0	0	0	0	0	0	0	0	19	46	46	46	0	0	157
	1 parking spaces		0	0	0	0	0	0	0	0	0	0	80	197	197	197	0	0	672
	2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Sales fees		0	0	0	0	0	0	0	0	0	0	-31	-77	-77	-77	0	0	-263
Total income			**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**971**	**2,406**	**2,406**	**2,406**	**0**	**0**	**8,188**
COSTS																			
Land	*Land acquisition*		2,189																2,189
	Stamp duty		88																88
	Purchase fees		60																60
	Total																		**2,337**
Build costs	*Market housing*		0	0	0	0	0	0	0	224	555	555	555	0	0	0	0	0	1,888
	Affordable soc rent		0	0	0	0	0	0	0	66	163	163	163	0	0	0	0	0	554
	Affordable sh oship		0	0	0	0	0	0	0	22	54	54	54	0	0	0	0	0	185
	1 parking spaces		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Build contingency	*5.0%*	0	0	0	0	0	0	0	16	39	39	39	0	0	0	0	0	131
	Total																		**2,758**
Dev costs	*Upfront*	*0.8%*	5	5	5	5													21
	Build related	*0.8%*	0	0	0	0	0	2	6	6	6	0	0	0	0	0	0	0	21
	Abnormals	*8%*	113	113															226
	Total																		**268**
Fees	*Fees on build costs*	*10.0%*	0	0	0	0	0	0	0	33	81	81	81	0	0	0	0	0	276
	Fees on dev costs	*8.0%*	9	9	0	0	0	0	0	0	0	0	0	0	0	0	0	0	21
	Total																		**297**
PG	*Planning gain*				0	0	23	57	57	57	0	0	0	0	0	0	0	0	194
	Total																		**194**
Other	*Planning*	*£515*	2	2	2														7
	Survey	*£500*	7																7
	Marketing	*£0*			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total																		**13**
Sales fees	*b/forward from above*		0	0	0	0	0	0	0	0	0	0	31	77	77	77	0	0	**263**
Total costs			**2,473**	**130**	**8**	**6**	**23**	**60**	**63**	**423**	**898**	**891**	**922**	**77**	**77**	**77**	**0**	**0**	**6,129**
Net profit/loss from quarter			**-2,473**	**-130**	**-8**	**-6**	**-23**	**-60**	**-63**	**-423**	**-898**	**-891**	**49**	**2,328**	**2,328**	**2,328**	**0**	**0**	**2,059**
Profit/loss bf from last quarter			0	-2,519	-2,699	-2,758	-2,815	-2,891	-3,006	-3,127	-3,617	-4,599	-5,593	-5,648	-3,382	-1,073	1,278	1,278	
Cumulative profit/loss			-2,473	-2,649	-2,707	-2,763	-2,838	-2,950	-3,069	-3,550	-4,514	-5,490	-5,544	-3,320	-1,054	1,255	1,278	1,278	
Interest	*Charged at*	*7.50%*	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	0.00%	0.00%	
	Total		-46	-50	-51	-52	-53	-55	-58	-67	-85	-103	-104	-62	-20	24	0	0	**-781**
Cumulative developer profit carried forward to RV calc			**-2,519**	**-2,699**	**-2,758**	**-2,815**	**-2,891**	**-3,006**	**-3,127**	**-3,617**	**-4,599**	**-5,593**	**-5,648**	**-3,382**	**-1,073**	**1,278**	**1,278**	**1,278**	**1,277**

SITE 7M: Notional site 2

Input assumptions | **Scenario & option** | Affordable = 30% of floorspace of which 75:25% social rented:intermediate

RBKC site viability study

Site details

Site		7M Notional North N
Location		
Area	ha	0.049
	acres	0.12
No dwgs		13
Density dw/ha		265.3

		£k
Contingency		
allowance	5.00%	122
Development costs		
standard % build	1.50%	38
plus abnormals	8.8%	225
Total	10%	
Design fees		
on build costs	10.0%	255
on dev costs	8%	21
Planning gain		
£ per dwelling	15,000	194

Dwellings		% of floorspace	% of units	ave floor space gross sq ft	ave floor space net sq ft	build cost per sq ft	build index = 1.000	sales value per sq ft
Market housing	9.5	70.00%	69.50%	911	809	198.00	198.00	600.00
Affordable soc rent	2.6	22.50%	19.0%	1,070	950	196.00	196.00	191.00
Affordable sh oship	0.9	7.50%	6.3%	1,070	950	196.00	196.00	191.00
Total dwgs	12.915	100.00%	94.9%	12,314	10,935			
Other uses								
1 parking spaces	70%		5.1%	200	150	0.00	0.00	2,000.00
2	0		0.0%	0	0	0.00	0.00	0.00
Total units	13.6		100.0%	12,454	11,040		£2,430,875	£5,429,276

Floorspace density = 91,180 net sq ft per acre

Other costs

Planning	515.0	£ per dwelling
Survey	500	£ per dwelling
Marketing	0	£ per dwelling

Interest

% per annum 7.50%

Notes

FLAG PG ALL

SITE 7M LAND COST & PHASING

Land

		Iterate to achieve target % profit		Hectare	
		Affordable	No affordable	Affordable	No affordable
Land purchase price	£	**676,789**	**1,306,247**		
RV per acre	£	**5,589,651**	**10,788,385**	**£13,812,028**	**£26,658,099**
Dev profit	£	**847,526**	**1,011,872**		
Total costs	£	**4,582,864**	**5,468,117**		
profit as % of costs		**18.49%**	**18.50%**		

Programme		Year 1 Q1	Q2	Q3	Q4	Year 2 Q1	Q2	Q3	Q4	Year 3 Q1	Q2	Q3	Q4	Year 4 Q1	Q2	Q3	Q4	TOTALS
Units started	*Market housing*			0.0	0.0	1.1	2.8	2.8	2.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	9.5
	Affordable soc rent			0.0	0.0	0.3	0.8	0.8	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.6
	Affordable sh oship			0.0	0.0	0.1	0.3	0.3	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.9
	1 parking spaces			0.0	0.0	0.1	0.2	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7
	2			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	TOTAL	0	0	0	0	2	4	4	4	0	0	0	0	0	0	0	0	13.61
	resid only for P Gain			0	0	2	4	4	4	0	0	0	0	0	0	0	0	
Units 'built'	*Market housing*						0	0	1	3	3	3	0	0	0	0	0	9
+2Q	*Affordable soc rent*						0	0	0	1	1	1	0	0	0	0	0	3
	Affordable sh oship						0	0	0	0	0	0	0	0	0	0	0	1
	1 parking spaces						0	0	0	0	0	0	0	0	0	0	0	1
	2						0	0	0	0	0	0	0	0	0	0	0	0
Units completed	*Market housing*								0	0	1	3	3	3	0	0	0	9
+3Q	*Affordable soc rent*								0	0	0	1	1	1	0	0	0	3
	Affordable sh oship								0	0	0	0	0	0	0	0	0	1
	1 parking spaces								0	0	0	0	0	0	0	0	0	1
	2								0	0	0	0	0	0	0	0	0	0
Units purchased	*Market housing*									0	0	1	3	3	3	0	0	9
+4Q	*Affordable soc rent*									0	0	0	1	1	1	0	0	3
	Affordable sh oship									0	0	0	0	0	0	0	0	1
	1 parking spaces									0	0	0	0	0	0	0	0	1
	2									0	0	0	0	0	0	0	0	0

SITE 7M CASHFLOW AFFORDABLE

		rate	Year 1 Q1	Q2	Q3	Q4	Year 2 Q1	Q2	Q3	Q4	Year 3 Q1	Q2	Q3	Q4	Year 4 Q1	Q2	Q3	Q4	TOTALS
INCOME																			
Housing sales	*Market housing*		0	0	0	0	0	0	0	0	0	0	545	1,349	1,349	1,349	0	0	4,593
	Affordable soc rent		0	0	0	0	0	0	0	0	0	0	56	138	138	138	0	0	470
	Affordable sh oship		0	0	0	0	0	0	0	0	0	0	19	46	46	46	0	0	157
	1 parking spaces		0	0	0	0	0	0	0	0	0	0	25	62	62	62	0	0	210
	2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Sales fees		0	0	0	0	0	0	0	0	0	0	-20	-50	-50	-50	0	0	-171
Total income			**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**644**	**1,595**	**1,595**	**1,595**	**0**	**0**	**5,429**
COSTS																			
Land	*Land acquisition*		677																677
	Stamp duty		27																27
	Purchase fees		19																19
	Total																		**722**
Build costs	*Market housing*		0	0	0	0	0	0	0	202	501	501	501	0	0	0	0	0	1,707
	Affordable soc rent		0	0	0	0	0	0	0	64	160	160	160	0	0	0	0	0	543
	Affordable sh oship		0	0	0	0	0	0	0	21	53	53	53	0	0	0	0	0	181
	1 parking spaces		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Build contingency	*5.0%*	0	0	0	0	0	0	0	14	36	36	36	0	0	0	0	0	122
	Total																		**2,552**
Dev costs	*Upfront*	*0.8%*	5	5	5	5													19
	Build related	*0.8%*	0	0	0	0	0	2	6	6	6	0	0	0	0	0	0	0	19
	Abnormals	*9%*	112	112															225
	Total																		**263**
Fees	*Fees on build costs*	*10.0%*	0	0	0	0	0	0	0	30	75	75	75	0	0	0	0	0	255
	Fees on dev costs	*8.0%*	9	9	0	0	0	0	0	0	0	0	0	0	0	0	0	0	21
	Total																		**276**
PG	*Planning gain*				0	0	23	57	57	57	0	0	0	0	0	0	0	0	194
	Total																		**194**
Other	*Planning*	*£515*	2	2	2														7
	Survey	*£500*	7																7
	Marketing	*£0*			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total																		**13**
Sales fees	*b/forward from above*		0	0	0	0	0	0	0	0	0	0	20	50	50	50	0	0	**171**
Total costs			**858**	**129**	**7**	**5**	**23**	**59**	**63**	**396**	**831**	**825**	**845**	**50**	**50**	**50**	**0**	**0**	**4,192**
Net profit/loss from quarter			**-858**	**-129**	**-7**	**-5**	**-23**	**-59**	**-63**	**-396**	**-831**	**-825**	**-201**	**1,545**	**1,545**	**1,545**	**0**	**0**	**1,238**
Profit/loss bf from last quarter			0	-874	-1,021	-1,048	-1,073	-1,116	-1,197	-1,284	-1,711	-2,590	-3,479	-3,749	-2,245	-713	848	848	
Cumulative profit/loss			-858	-1,002	-1,028	-1,053	-1,096	-1,175	-1,260	-1,680	-2,542	-3,415	-3,680	-2,204	-700	832	848	848	
Interest	*Charged at*	*7.50%*	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	0.00%	0.00%	
	Total		-16	-19	-19	-20	-21	-22	-24	-31	-48	-64	-69	-41	-13	16	0	0	**-391**
Cumulative developer profit carried forward to RV calc			**-874**	**-1,021**	**-1,048**	**-1,073**	**-1,116**	**-1,197**	**-1,284**	**-1,711**	**-2,590**	**-3,479**	**-3,749**	**-2,245**	**-713**	**848**	**848**	**848**	**846**

SITE 8A: 158-166 Brompton Rd

Input assumptions | **Scenario & option** | Affordable = 30% of floorspace of which 75:25% social rented:intermediate

RBKC site viability study

Site details

Site		8A 158-166 Brompton Rd
Location		Knightsbridge
Area	ha	0.090
	acres	0.22
No dwgs		12
Density dw/ha		133.3

		£k
Contingency		
allowance	5.00%	487
Development costs		
standard % build	1.50%	154
plus abnormals	8.7%	887
Total	10%	
Design fees		
on build costs	10.0%	1,024
on dev costs	8%	83
Planning gain		
£ per dwelling	15,000	233

Dwellings		% of floorspace	% of units	ave floor space gross sq ft	ave floor space net sq ft	build cost per sq ft	build index = 1.000	sales value per sq ft
Market housing	8.5	70.00%	49.20%	2,181	1,854	355.00	355.00	2,600.00
Affordable soc rent	5.30	22.50%	30.7%	1,124	955	246.00	246.00	191.00
Affordable sh oship	1.77	7.50%	10.2%	1,124	955	246.00	246.00	191.00
Total dwgs	15.546	100.00%	90.1%	26,443	22,475			
Other uses								
retail	1		5.8%	7,661	7,661	160.00	160.00	694.00
car parking	70%		4.1%	0	150	0.00	0.00	8,000.00
Total units	17.2		100.0%	34,104	30,241		£9,748,037	£48,349,052

Floorspace density = 135,982 net sq ft per acre

Other costs

Planning	515.0	£ per dwelling
Survey	500	£ per dwelling
Marketing	0	£ per dwelling

Interest

% per annum 7.50%

Notes

*FLAG PG ALL *PG ON RESID UNITS ONLY

SITE 8A LAND COST & PHASING

Land

Iterate to achieve target % profit

		Affordable	No affordable	Hectare: Affordable	Hectare: No affordable
Land purchase price	£	**19,155,813**	**38,350,567**		
RV per acre	£	**86,136,126**	**172,447,352**	**£212,842,367**	**£426,117,407**
Dev profit	£	**7,548,073**	**13,231,861**		
Total costs	£	**40,802,414**	**67,864,002**		
profit as % of costs		**18.50%**	**19.50%**		

Programme		Year 1 Q1	Q2	Q3	Q4	Year 2 Q1	Q2	Q3	Q4	Year 3 Q1	Q2	Q3	Q4	Year 4 Q1	Q2	Q3	Q4	TOTALS
Units started	*Market housing*			0.0	0.0	0.0	0.0	4.1	1.5	1.5	1.5	0.0	0.0	0.0	0.0	0.0	0.0	8.5
	Affordable soc rent			0.0	0.0	0.0	0.0	2.5	0.9	0.9	0.9	0.0	0.0	0.0	0.0	0.0	0.0	5.3
	Affordable sh oship			0.0	0.0	0.0	0.0	0.8	0.3	0.3	0.3	0.0	0.0	0.0	0.0	0.0	0.0	1.8
	retail			0.0	0.0	0.0	0.0	0.5	0.2	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	1.0
	car parking			0.0	0.0	0.0	0.0	0.3	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.7
	TOTAL	0	0	0	0	0	0	8	3	3	3	0	0	0	0	0	0	17.25
	Resid only for PG			0	0	0	0	7	3	3	3	0	0	0	0	0	0	
Units 'built'	*Market housing*						0	0	0	0	4	1	1	1	0	0	0	8
+2Q	*Affordable soc rent*						0	0	0	0	3	1	1	1	0	0	0	5
	Affordable sh oship						0	0	0	0	1	0	0	0	0	0	0	2
	retail						0	0	0	0	0	0	0	0	0	0	0	1
	car parking						0	0	0	0	0	0	0	0	0	0	0	1
Units completed	*Market housing*								0	0	0	0	4	1	1	1	0	8
+3Q	*Affordable soc rent*								0	0	0	0	3	1	1	1	0	5
	Affordable sh oship								0	0	0	0	1	0	0	0	0	2
	retail								0	0	0	0	0	0	0	0	0	1
	car parking								0	0	0	0	0	0	0	0	0	1
Units purchased	*Market housing*									0	0	0	0	4	1	1	1	8
+4Q	*Affordable soc rent*									0	0	0	0	3	1	1	1	5
	Affordable sh oship									0	0	0	0	1	0	0	0	2
	retail									0	0	0	0	0	0	0	0	1
	car parking									0	0	0	0	0	0	0	0	1

SITE 8A CASHFLOW AFFORDABLE

		rate	Year 1 Q1	Q2	Q3	Q4	Year 2 Q1	Q2	Q3	Q4	Year 3 Q1	Q2	Q3	Q4	Year 4 Q1	Q2	Q3	Q4	TOTALS
INCOME																			
Housing sales	*Market housing*		0	0	0	0	0	0	0	0	0	0	0	0	19,558	7,116	7,116	7,116	40,905
	Affordable soc rent		0	0	0	0	0	0	0	0	0	0	0	0	462	168	168	168	966
	Affordable sh oship		0	0	0	0	0	0	0	0	0	0	0	0	154	56	56	56	322
	retail		0	0	0	0	0	0	0	0	0	0	0	0	2,542	925	925	925	5,317
	car parking		0	0	0	0	0	0	0	0	0	0	0	0	402	146	146	146	840
	Sales fees		0	0	0	0	0	0	0	0	0	0	0	0	-753	-274	-274	-274	-1,574
Total income			**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**23,118**	**8,411**	**8,411**	**8,411**	**48,349**
COSTS																			
Land	*Land acquisition*		19,156																19,156
	Stamp duty		766																766
	Purchase fees		527																527
	Total																		**20,449**
Build costs	*Market housing*		0	0	0	0	0	0	0	0	0	3,141	1,143	1,143	1,143	0	0	0	6,570
	Affordable soc rent		0	0	0	0	0	0	0	0	0	700	255	255	255	0	0	0	1,464
	Affordable sh oship		0	0	0	0	0	0	0	0	0	233	85	85	85	0	0	0	488
	retail		0	0	0	0	0	0	0	0	0	586	213	213	213	0	0	0	1,226
	car parking		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Build contingency	*5.0%*	0	0	0	0	0	0	0	0	0	233	85	85	85	0	0	0	487
	Total																		**10,235**
Dev costs	*Upfront*	*0.8%*	19	19	19	19													77
	Build related	*0.8%*	0	0	0	0	0	0	0	37	13	13	13	0	0	0	0	0	77
	Abnormals	*9%*	444	444															887
	Total																		**1,041**
Fees	*Fees on build costs*	*10.0%*	0	0	0	0	0	0	0	0	0	489	178	178	178	0	0	0	1,024
	Fees on dev costs	*8.0%*	37	37	2	2	0	0	0	3	1	1	1	0	0	0	0	0	83
	Total																		**1,107**
PG	*Planning gain*				0	0	0	0	111	41	41	41	0	0	0	0	0	0	233
	Total																		**233**
Other	*Planning*	*£515*	2	2	2														6
	Survey	*£500*	6																6
	Marketing	*£0*			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total																		**12**
Sales fees	*b/forward from above*		0	0	0	0	0	0	0	0	0	0	0	0	753	274	274	274	**1,574**
Total costs			**20,957**	**502**	**23**	**21**	**0**	**0**	**111**	**80**	**55**	**5,438**	**1,973**	**1,959**	**2,711**	**274**	**274**	**274**	**34,652**
Net profit/loss from quarter			**-20,957**	**-502**	**-23**	**-21**	**0**	**0**	**-111**	**-80**	**-55**	**-5,438**	**-1,973**	**-1,959**	**20,406**	**8,137**	**8,137**	**8,137**	**13,698**
Profit/loss bf from last quarter			0	-21,350	-22,261	-22,702	-23,149	-23,583	-24,025	-24,589	-25,131	-25,658	-31,680	-34,284	-36,922	-16,825	-8,851	-728	
Cumulative profit/loss			-20,957	-21,852	-22,284	-22,723	-23,149	-23,583	-24,136	-24,669	-25,186	-31,097	-33,653	-36,242	-16,515	-8,688	-714	7,409	
Interest	*Charged at*	*7.50%*	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	
	Total		-393	-410	-418	-426	-434	-442	-453	-463	-472	-583	-631	-680	-310	-163	-13	139	**-6,151**
Cumulative developer profit carried forward to RV calc			**-21,350**	**-22,261**	**-22,702**	**-23,149**	**-23,583**	**-24,025**	**-24,589**	**-25,131**	**-25,658**	**-31,680**	**-34,284**	**-36,922**	**-16,825**	**-8,851**	**-728**	**7,548**	**7,547**

SITE 8N: Notional site 3

Input assumptions | **Scenario & option** | Affordable = 30% of floorspace of which 75:25% social rented:intermediate

RBKC site viability study

Site details

Site		8N Notional North N
Location		
Area	ha	0.090
	acres	0.22
No dwgs		12
Density dw/ha		133.3

		£k
Contingency		
allowance	5.00%	386
Development costs		
standard % build	1.50%	122
plus abnormals	11.4%	923
Total	13%	
Design fees		
on build costs	10.0%	810
on dev costs	8%	84
Planning gain		
£ per dwelling	15,000	233

Dwellings		% of floorspace	% of units	ave floor space gross sq ft	ave floor space net sq ft	build cost per sq ft	build index = 1.000	sales value per sq ft
Market housing	8.5	70.00%	49.20%	2,181	1,854	246.00	246.00	500.00
Affordable soc rent	5.30	22.50%	30.7%	1,124	955	244.00	244.00	191.00
Affordable sh oship	1.77	7.50%	10.2%	1,124	955	244.00	244.00	191.00
Total dwgs	15.546	100.00%	90.1%	26,443	22,475			
Other uses								
retail	1		5.8%	7,661	7,661	160.00	160.00	365.00
car parking	70%		4.1%	0	150	0.00	0.00	2,000.00
Total units	17.2		100.0%	34,104	30,241		£7,714,867	£12,160,333

Floorspace density = 135,982 net sq ft per acre

Other costs

Planning	515.0	£ per dwelling
Survey	500	£ per dwelling
Marketing	0	£ per dwelling

Interest

% per annum 7.50%

Notes

*FLAG PG ALL *PG ON RESID UNITS ONLY

SITE 8N LAND COST & PHASING

Land

		Iterate to achieve target % profit		Hectare	
		Affordable	No affordable	Affordable	No affordable
Land purchase price	£	-839,156	2,385,067		
RV per acre	£	-3,773,352	10,724,706	-£9,323,954	£26,500,748
Dev profit	£	1,897,423	2,723,810		
Total costs	£	10,264,169	14,694,804		
profit as % of costs		18.49%	18.54%		

Programme		Year 1 Q1	Q2	Q3	Q4	Year 2 Q1	Q2	Q3	Q4	Year 3 Q1	Q2	Q3	Q4	Year 4 Q1	Q2	Q3	Q4	TOTALS
Units started	Market housing			0.0	0.0	0.0	0.0	4.1	1.5	1.5	1.5	0.0	0.0	0.0	0.0	0.0	0.0	8.5
	Affordable soc rent			0.0	0.0	0.0	0.0	2.5	0.9	0.9	0.9	0.0	0.0	0.0	0.0	0.0	0.0	5.3
	Affordable sh oship			0.0	0.0	0.0	0.0	0.8	0.3	0.3	0.3	0.0	0.0	0.0	0.0	0.0	0.0	1.8
	retail			0.0	0.0	0.0	0.0	0.5	0.2	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	1.0
	car parking			0.0	0.0	0.0	0.0	0.3	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.7
	TOTAL	0	0	0	0	0	0	8	3	3	3	0	0	0	0	0	0	17.25
	Resid only for PG			0	0	0	0	7	3	3	3	0	0	0	0	0	0	
Units 'built'	Market housing						0	0	0	0	4	1	1	1	0	0	0	8
+2Q	Affordable soc rent						0	0	0	0	3	1	1	1	0	0	0	5
	Affordable sh oship						0	0	0	0	1	0	0	0	0	0	0	2
	retail						0	0	0	0	0	0	0	0	0	0	0	1
	car parking						0	0	0	0	0	0	0	0	0	0	0	1
Units completed	Market housing								0	0	0	0	4	1	1	1	0	8
+3Q	Affordable soc rent								0	0	0	0	3	1	1	1	0	5
	Affordable sh oship								0	0	0	0	1	0	0	0	0	2
	retail								0	0	0	0	0	0	0	0	0	1
	car parking								0	0	0	0	0	0	0	0	0	1
Units purchased	Market housing									0	0	0	0	4	1	1	1	8
+4Q	Affordable soc rent									0	0	0	0	3	1	1	1	5
	Affordable sh oship									0	0	0	0	1	0	0	0	2
	retail									0	0	0	0	0	0	0	0	1
	car parking									0	0	0	0	0	0	0	0	1

SITE 8N CASHFLOW AFFORDABLE

		rate	Year 1 Q1	Q2	Q3	Q4	Year 2 Q1	Q2	Q3	Q4	Year 3 Q1	Q2	Q3	Q4	Year 4 Q1	Q2	Q3	Q4	TOTALS
INCOME																			
Housing sales	*Market housing*		0	0	0	0	0	0	0	0	0	0	0	0	3,761	1,368	1,368	1,368	7,866
	Affordable soc rent		0	0	0	0	0	0	0	0	0	0	0	0	462	168	168	168	966
	Affordable sh oship		0	0	0	0	0	0	0	0	0	0	0	0	154	56	56	56	322
	retail		0	0	0	0	0	0	0	0	0	0	0	0	1,337	486	486	486	2,796
	car parking		0	0	0	0	0	0	0	0	0	0	0	0	100	37	37	37	210
	Sales fees		0	0	0	0	0	0	0	0	0	0	0	0	-170	-62	-62	-62	-355
Total income			**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**5,814**	**2,115**	**2,115**	**2,115**	**12,160**
COSTS																			
Land	*Land acquisition*		-839																-839
	Stamp duty		0																0
	Purchase fees		-23																-23
	Total																		**-862**
Build costs	*Market housing*		0	0	0	0	0	0	0	0	0	2,177	792	792	792	0	0	0	4,553
	Affordable soc rent		0	0	0	0	0	0	0	0	0	694	253	253	253	0	0	0	1,452
	Affordable sh oship		0	0	0	0	0	0	0	0	0	231	84	84	84	0	0	0	484
	retail		0	0	0	0	0	0	0	0	0	586	213	213	213	0	0	0	1,226
	car parking		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Build contingency	*5.0%*	0	0	0	0	0	0	0	0	0	184	67	67	67	0	0	0	386
	Total																		**8,101**
Dev costs	*Upfront*	*0.8%*	15	15	15	15													61
	Build related	*0.8%*	0	0	0	0	0	0	0	29	11	11	11	0	0	0	0	0	61
	Abnormals	*11%*	462	462															923
	Total																		**1,045**
Fees	*Fees on build costs*	*10.0%*	0	0	0	0	0	0	0	0	0	387	141	141	141	0	0	0	810
	Fees on dev costs	*8.0%*	38	38	1	1	0	0	0	2	1	1	1	0	0	0	0	0	84
	Total																		**894**
PG	*Planning gain*				0	0	0	0	111	41	41	41	0	0	0	0	0	0	233
	Total																		**233**
Other	*Planning*	*£515*	2	2	2														6
	Survey	*£500*	6																6
	Marketing	*£0*			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total																		**12**
Sales fees	*b/forward from above*		0	0	0	0	0	0	0	0	0	0	0	0	170	62	62	62	**355**
Total costs			**-339**	**517**	**18**	**16**	**0**	**0**	**111**	**72**	**52**	**4,313**	**1,561**	**1,550**	**1,720**	**62**	**62**	**62**	**9,777**
Net profit/loss from quarter			**339**	**-517**	**-18**	**-16**	**0**	**0**	**-111**	**-72**	**-52**	**-4,313**	**-1,561**	**-1,550**	**4,095**	**2,054**	**2,054**	**2,054**	**2,383**
Profit/loss bf from last quarter			0	346	-175	-197	-217	-221	-225	-343	-423	-483	-4,886	-6,568	-8,270	-4,254	-2,241	-191	
Cumulative profit/loss			339	-172	-193	-213	-217	-221	-337	-415	-475	-4,796	-6,447	-8,118	-4,176	-2,200	-188	1,862	
Interest	*Charged at*	*7.50%*	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	
	Total		6	-3	-4	-4	-4	-4	-6	-8	-9	-90	-121	-152	-78	-41	-4	35	**-487**
Cumulative developer profit carried forward to RV calc			**346**	**-175**	**-197**	**-217**	**-221**	**-225**	**-343**	**-423**	**-483**	**-4,886**	**-6,568**	**-8,270**	**-4,254**	**-2,241**	**-191**	**1,897**	**1,896**

SITE 9A: 50 Hogarth Rd

Input assumptions | **Scenario & option** | Affordable = 30% of floorspace of which 75:25% social rented:intermediate

RBKC site viability study

Site details

Site		9A 50 Hogarth Rd
Location		SW5
Area	ha	0.020
	acres	0.05
No dwgs		8
Density dw/ha		400.0

		£k
Contingency		
allowance	5.00%	43
Development costs		
standard % build	1.50%	13
plus abnormals	2.8%	25
Total	4%	
Design fees		
on build costs	10.0%	89
on dev costs	8%	3
Planning gain		
£ per dwelling	15,000	121

Dwellings		% of floorspace	% of units	ave floor space gross sq ft	ave floor space net sq ft	build cost per sq ft	build index = 1.000	sales value per sq ft
Market housing	6.3	70.00%	77.75%	585	498	166.00	166.00	850.00
Affordable soc rent	1.3	22.50%	16.7%	877	746	152.00	152.00	191.00
Affordable sh oship	0.4	7.50%	5.6%	877	746	152.00	152.00	191.00
Total dwgs	8.090	100.00%	100.0%	5,258	4,475			
Other uses								
1	0		0.0%	0	0	0.00	0.00	0.00
2	0		0.0%	0	0	0.00	0.00	0.00
Total units	8.1		100.0%	5,258	4,475		£850,731	£2,919,043

Floorspace density = 90,550 net sq ft per acre

Other costs

Planning	515.0	£ per dwelling
Survey	500	£ per dwelling
Marketing	0	£ per dwelling

Interest
% per annum 7.50%

Notes

FLAG PG ALL

SITE 9A LAND COST & PHASING

Land

		Iterate to achieve target % profit		Hectare	
		Affordable	No affordable	Affordable	No affordable
Land purchase price	£	876,985	1,185,295		
RV per acre	£	17,745,547	23,984,119	£43,849,248	£59,264,757
Dev profit	£	456,148	534,960		
Total costs	£	2,463,956	2,890,512		
profit as % of costs		18.51%	18.51%		

Programme		Year 1 Q1	Q2	Q3	Q4	Year 2 Q1	Q2	Q3	Q4	Year 3 Q1	Q2	Q3	Q4	Year 4 Q1	Q2	Q3	Q4	TOTALS
Units started	*Market housing*			0.0	0.0	1.6	2.3	2.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.3
	Affordable soc rent			0.0	0.0	0.3	0.5	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.3
	Affordable sh oship			0.0	0.0	0.1	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4
	1			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	2			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	TOTAL	0	0	0	0	2	3	3	0	0	0	0	0	0	0	0	0	8.09
Units 'built'	*Market housing*						0	0	2	2	2	0	0	0	0	0	0	6
+2Q	*Affordable soc rent*						0	0	0	1	1	0	0	0	0	0	0	1
	Affordable sh oship						0	0	0	0	0	0	0	0	0	0	0	0
	1						0	0	0	0	0	0	0	0	0	0	0	0
	2						0	0	0	0	0	0	0	0	0	0	0	0
Units completed	*Market housing*								0	0	2	2	2	0	0	0	0	6
+3Q	*Affordable soc rent*								0	0	0	1	1	0	0	0	0	1
	Affordable sh oship								0	0	0	0	0	0	0	0	0	0
	1								0	0	0	0	0	0	0	0	0	0
	2								0	0	0	0	0	0	0	0	0	0
Units purchased	*Market housing*									0	0	2	2	2	0	0	0	6
+4Q	*Affordable soc rent*									0	0	0	1	1	0	0	0	1
	Affordable sh oship									0	0	0	0	0	0	0	0	0
	1									0	0	0	0	0	0	0	0	0
	2									0	0	0	0	0	0	0	0	0

SITE 9A CASHFLOW AFFORDABLE

		rate	Year 1 Q1	Q2	Q3	Q4	Year 2 Q1	Q2	Q3	Q4	Year 3 Q1	Q2	Q3	Q4	Year 4 Q1	Q2	Q3	Q4	TOTALS
INCOME																			
Housing sales	*Market housing*		0	0	0	0	0	0	0	0	0	0	688	987	987	0	0	0	2,663
	Affordable soc rent		0	0	0	0	0	0	0	0	0	0	50	71	71	0	0	0	192
	Affordable sh oship		0	0	0	0	0	0	0	0	0	0	17	24	24	0	0	0	64
	1		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Sales fees		0	0	0	0	0	0	0	0	0	0	-25	-35	-35	0	0	0	-95
Total income			**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**754**	**1,082**	**1,082**	**0**	**0**	**0**	**2,919**
COSTS																			
Land	*Land acquisition*		877																877
	Stamp duty		35																35
	Purchase fees		24																24
	Total																		**936**
Build costs	*Market housing*		0	0	0	0	0	0	0	158	227	227	0	0	0	0	0	0	611
	Affordable soc rent		0	0	0	0	0	0	0	46	67	67	0	0	0	0	0	0	180
	Affordable sh oship		0	0	0	0	0	0	0	15	22	22	0	0	0	0	0	0	60
	1		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Build contingency	*5.0%*	0	0	0	0	0	0	0	11	16	16	0	0	0	0	0	0	43
	Total																		**893**
Dev costs	*Upfront*	*0.8%*	2	2	2	2													7
	Build related	*0.8%*	0	0	0	0	0	2	2	2	0	0	0	0	0	0	0	0	7
	Abnormals	*3%*	13	13															25
	Total																		**38**
Fees	*Fees on build costs*	*10.0%*	0	0	0	0	0	0	0	23	33	33	0	0	0	0	0	0	89
	Fees on dev costs	*8.0%*	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3
	Total																		**92**
PG	*Planning gain*				0	0	31	45	45	0	0	0	0	0	0	0	0	0	121
	Total																		**121**
Other	*Planning*	*£515*	1	1	1														4
	Survey	*£500*	4																4
	Marketing	*£0*			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total																		**8**
Sales fees	*b/forward from above*		0	0	0	0	0	0	0	0	0	0	25	35	35	0	0	0	**95**
Total costs			**957**	**17**	**3**	**2**	**31**	**47**	**48**	**257**	**364**	**364**	**25**	**35**	**35**	**0**	**0**	**0**	**2,185**
Net profit/loss from quarter			**-957**	**-17**	**-3**	**-2**	**-31**	**-47**	**-48**	**-257**	**-364**	**-364**	**730**	**1,047**	**1,047**	**0**	**0**	**0**	**734**
Profit/loss bf from last quarter			0	-975	-1,010	-1,032	-1,053	-1,105	-1,173	-1,244	-1,528	-1,928	-2,335	-1,636	-600	456	456	456	
Cumulative profit/loss			-957	-991	-1,013	-1,034	-1,085	-1,152	-1,221	-1,500	-1,893	-2,292	-1,606	-589	448	456	456	456	
Interest	*Charged at*	*7.50%*	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	0.00%	0.00%	0.00%	
	Total		-18	-19	-19	-19	-20	-22	-23	-28	-35	-43	-30	-11	8	0	0	0	**-279**
Cumulative developer profit carried forward to RV calc			**-975**	**-1,010**	**-1,032**	**-1,053**	**-1,105**	**-1,173**	**-1,244**	**-1,528**	**-1,928**	**-2,335**	**-1,636**	**-600**	**456**	**456**	**456**	**456**	**455**

SITE 10A: 239 Kensington High St

Input assumptions | **Scenario & option** | Affordable = 30% of floorspace of which 75:25% social rented:intermediate

RBKC site viability study

Site details

Site		10A 239 Kensington High St
Location		Kensington
Area	ha	0.080
	acres	0.20
No dwgs		4
Density dw/ha		50.0

		£k
Contingency		
allowance	5.00%	95
Development costs		
standard % build	1.50%	30
plus abnormals	11.1%	222
Total	13%	
Design fees		
on build costs	10.0%	200
on dev costs	8%	20
Planning gain		
£ per dwelling	15,000	92

*FLAG PG ALL *PG ON RESID UNITS ONLY

Dwellings		% of floorspace	% of units	ave floor space gross sq ft	ave floor space net sq ft	build cost per sq ft	build index = 1.000	sales value per sq ft
Market housing	2.9	70.00%	43.00%	2,672	2,348	175.00	175.00	1,200.00
Affordable soc rent	2.39	22.50%	35.0%	1,089	926	155.00	155.00	191.00
Affordable sh oship	0.80	7.50%	11.7%	1,089	926	155.00	155.00	191.00
Total dwgs	6.109	100.00%	89.7%	11,287	9,820			
Other uses								
	0		0.0%	0	0	0.00	0.00	0.00
car parking	70%		10.3%	0	150	0.00	0.00	3,600.00
Total units	6.8		100.0%	11,287	9,925		£1,905,954	£9,189,486

Floorspace density = 50,207 net sq ft per acre

Other costs		
Planning	515.0	£ per dwelling
Survey	500	£ per dwelling
Marketing	0	£ per dwelling
Interest		
% per annum	7.50%	

Notes

SITE 10A LAND COST & PHASING

Land

		Iterate to achieve target % profit		Hectare	
		Affordable	No affordable	Affordable	No affordable
Land purchase price	£	3,620,392	8,808,899		
RV per acre	£	18,314,407	44,561,410	£45,254,899	£110,111,244
Dev profit	£	1,436,029	2,747,518		
Total costs	£	7,754,476	14,844,256		
profit as % of costs		18.52%	18.51%		

Programme		Year 1 Q1	Q2	Q3	Q4	Year 2 Q1	Q2	Q3	Q4	Year 3 Q1	Q2	Q3	Q4	Year 4 Q1	Q2	Q3	Q4	TOTALS
Units started	*Market housing*			0.0	0.0	0.0	2.1	0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.9
	Affordable soc rent			0.0	0.0	0.0	1.7	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.4
	Affordable sh oship			0.0	0.0	0.0	0.6	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.8
	0			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	car parking			0.0	0.0	0.0	0.5	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7
	TOTAL	0	0	0	0	0	5	2	0	0	0	0	0	0	0	0	0	6.81
	Resid only for PG			0	0	0	4	2	0	0	0	0	0	0	0	0	0	
Units 'built'	*Market housing*						0	0	0	2	1	0	0	0	0	0	0	3
+2Q	*Affordable soc rent*						0	0	0	2	1	0	0	0	0	0	0	2
	Affordable sh oship						0	0	0	1	0	0	0	0	0	0	0	1
	0						0	0	0	0	0	0	0	0	0	0	0	0
	car parking						0	0	0	0	0	0	0	0	0	0	0	1
Units completed	*Market housing*								0	0	0	2	1	0	0	0	0	3
+3Q	*Affordable soc rent*								0	0	0	2	1	0	0	0	0	2
	Affordable sh oship								0	0	0	1	0	0	0	0	0	1
	0								0	0	0	0	0	0	0	0	0	0
	car parking								0	0	0	0	0	0	0	0	0	1
Units purchased	*Market housing*									0	0	0	2	1	0	0	0	3
+4Q	*Affordable soc rent*									0	0	0	2	1	0	0	0	2
	Affordable sh oship									0	0	0	1	0	0	0	0	1
	0									0	0	0	0	0	0	0	0	0
	car parking									0	0	0	0	0	0	0	0	1

SITE 10A CASHFLOW AFFORDABLE

		rate	Year 1 Q1	Q2	Q3	Q4	Year 2 Q1	Q2	Q3	Q4	Year 3 Q1	Q2	Q3	Q4	Year 4 Q1	Q2	Q3	Q4	TOTALS
INCOME																			
Housing sales	*Market housing*		0	0	0	0	0	0	0	0	0	0	0	5,826	2,423	0	0	0	8,249
	Affordable soc rent		0	0	0	0	0	0	0	0	0	0	0	298	124	0	0	0	422
	Affordable sh oship		0	0	0	0	0	0	0	0	0	0	0	99	41	0	0	0	141
	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	car parking		0	0	0	0	0	0	0	0	0	0	0	267	111	0	0	0	378
	Sales fees		0	0	0	0	0	0	0	0	0	0	0	-207	-86	0	0	0	-293
Total income			**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**6,490**	**2,699**	**0**	**0**	**0**	**9,189**
COSTS																			
Land	*Land acquisition*		3,620																3,620
	Stamp duty		145																145
	Purchase fees		100																100
	Total																		**3,865**
Build costs	*Market housing*		0	0	0	0	0	0	0	0	967	402	0	0	0	0	0	0	1,369
	Affordable soc rent		0	0	0	0	0	0	0	0	284	118	0	0	0	0	0	0	403
	Affordable sh oship		0	0	0	0	0	0	0	0	95	39	0	0	0	0	0	0	134
	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	car parking		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Build contingency	*5.0%*	0	0	0	0	0	0	0	0	67	28	0	0	0	0	0	0	95
	Total																		**2,001**
Dev costs	*Upfront*	*0.8%*	4	4	4	4													15
	Build related	*0.8%*	0	0	0	0	0	0	11	4	0	0	0	0	0	0	0	0	15
	Abnormals	*11%*	111	111															222
	Total																		**252**
Fees	*Fees on build costs*	*10.0%*	0	0	0	0	0	0	0	0	141	59	0	0	0	0	0	0	200
	Fees on dev costs	*8.0%*	9	9	0	0	0	0	1	0	0	0	0	0	0	0	0	0	20
	Total																		**220**
PG	*Planning gain*				0	0	0	65	27	0	0	0	0	0	0	0	0	0	92
	Total																		**92**
Other	*Planning*	*£515*	1	1	1														2
	Survey	*£500*	2																2
	Marketing	*£0*			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total																		**4**
Sales fees	*b/forward from above*		0	0	0	0	0	0	0	0	0	0	0	207	86	0	0	0	**293**
Total costs			**3,991**	**125**	**5**	**4**	**0**	**65**	**38**	**5**	**1,555**	**647**	**0**	**207**	**86**	**0**	**0**	**0**	**6,727**
Net profit/loss from quarter			**-3,991**	**-125**	**-5**	**-4**	**0**	**-65**	**-38**	**-5**	**-1,555**	**-647**	**0**	**6,283**	**2,613**	**0**	**0**	**0**	**2,462**
Profit/loss bf from last quarter			0	-4,066	-4,269	-4,354	-4,440	-4,523	-4,674	-4,800	-4,895	-6,571	-7,353	-7,490	-1,230	1,410	1,436	1,436	
Cumulative profit/loss			-3,991	-4,191	-4,274	-4,358	-4,440	-4,588	-4,712	-4,805	-6,450	-7,217	-7,353	-1,207	1,384	1,410	1,436	1,436	
Interest	*Charged at*	*7.50%*	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	0.00%	0.00%	
	Total		-75	-79	-80	-82	-83	-86	-88	-90	-121	-135	-138	-23	26	26	0	0	**-1,027**
Cumulative developer profit carried forward to RV calc			**-4,066**	**-4,269**	**-4,354**	**-4,440**	**-4,523**	**-4,674**	**-4,800**	**-4,895**	**-6,571**	**-7,353**	**-7,490**	**-1,230**	**1,410**	**1,436**	**1,436**	**1,436**	**1,435**

SITE 10N: Notional site 4

Input assumptions | **Scenario & option** | Affordable = 30% of floorspace of which 75:25% social rented:intermediate

RBKC site viability study

Site details

Site		10M Notional South SW
Location		
Area	ha	0.080
	acres	0.20
No dwgs		4
Density dw/ha		50.0

		£k
Contingency		
allowance	5.00%	89
Development costs		
standard % build	1.50%	28
plus abnormals	12.0%	224
Total	14%	
Design fees		
on build costs	10.0%	187
on dev costs	8%	20
Planning gain		
£ per dwelling	15,000	92

Dwellings		% of floorspace	% of units	ave floor space gross sq ft	ave floor space net sq ft	build cost per sq ft	build index = 1.000	sales value per sq ft
Market housing	2.9	70.00%	43.00%	2,672	2,348	160.00	160.00	900.00
Affordable soc rent	2.39	22.50%	35.0%	1,089	926	153.00	153.00	191.00
Affordable sh oship	0.80	7.50%	11.7%	1,089	926	153.00	153.00	191.00
Total dwgs	6.109	100.00%	89.7%	11,287	9,820			
Other uses								
	0		0.0%	0	0	0.00	0.00	0.00
car parking	70%		10.3%	0	150	0.00	0.00	3,000.00
Total units	6.8		100.0%	11,287	9,925		£1,781,686	£7,064,286

Floorspace density = 50,207 net sq ft per acre

Other costs		
Planning	515.0	£ per dwelling
Survey	500	£ per dwelling
Marketing	0	£ per dwelling
Interest		
% per annum	7.50%	

Notes

*FLAG PG ALL *PG ON RESID UNITS ONLY

SITE 10N LAND COST & PHASING

Land

Iterate to achieve target % profit

		Affordable	No affordable	Hectare: Affordable	Hectare: No affordable
Land purchase price	£	**2,416,388**	**6,216,767**		
RV per acre	£	**12,223,735**	**31,448,638**	**£30,204,850**	**£77,709,584**
Dev profit	£	**1,102,983**	**2,064,620**		
Total costs	£	**5,962,328**	**11,160,973**		
profit as % of costs		**18.50%**	**18.50%**		

Programme		Year 1 Q1	Q2	Q3	Q4	Year 2 Q1	Q2	Q3	Q4	Year 3 Q1	Q2	Q3	Q4	Year 4 Q1	Q2	Q3	Q4	TOTALS
Units started	*Market housing*			0.0	0.0	0.0	2.1	0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.9
	Affordable soc rent			0.0	0.0	0.0	1.7	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.4
	Affordable sh oship			0.0	0.0	0.0	0.6	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.8
	0			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	car parking			0.0	0.0	0.0	0.5	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7
	TOTAL	0	0	0	0	0	5	2	0	0	0	0	0	0	0	0	0	6.81
	Resid only for PG			0	0	0	4	2	0	0	0	0	0	0	0	0	0	
Units 'built'	*Market housing*						0	0	0	2	1	0	0	0	0	0	0	3
+2Q	*Affordable soc rent*						0	0	0	2	1	0	0	0	0	0	0	2
	Affordable sh oship						0	0	0	1	0	0	0	0	0	0	0	1
	0						0	0	0	0	0	0	0	0	0	0	0	0
	car parking						0	0	0	0	0	0	0	0	0	0	0	1
Units completed	*Market housing*								0	0	0	2	1	0	0	0	0	3
+3Q	*Affordable soc rent*								0	0	0	2	1	0	0	0	0	2
	Affordable sh oship								0	0	0	1	0	0	0	0	0	1
	0								0	0	0	0	0	0	0	0	0	0
	car parking								0	0	0	0	0	0	0	0	0	1
Units purchased	*Market housing*									0	0	0	2	1	0	0	0	3
+4Q	*Affordable soc rent*									0	0	0	2	1	0	0	0	2
	Affordable sh oship									0	0	0	1	0	0	0	0	1
	0									0	0	0	0	0	0	0	0	0
	car parking									0	0	0	0	0	0	0	0	1

SITE 10N CASHFLOW AFFORDABLE

		rate	Year 1 Q1	Q2	Q3	Q4	Year 2 Q1	Q2	Q3	Q4	Year 3 Q1	Q2	Q3	Q4	Year 4 Q1	Q2	Q3	Q4	TOTALS
INCOME																			
Housing sales	*Market housing*		0	0	0	0	0	0	0	0	0	0	0	4,369	1,817	0	0	0	6,187
	Affordable soc rent		0	0	0	0	0	0	0	0	0	0	0	298	124	0	0	0	422
	Affordable sh oship		0	0	0	0	0	0	0	0	0	0	0	99	41	0	0	0	141
	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	car parking		0	0	0	0	0	0	0	0	0	0	0	222	93	0	0	0	315
	Sales fees		0	0	0	0	0	0	0	0	0	0	0	-156	-65	0	0	0	-221
Total income			**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**4,989**	**2,075**	**0**	**0**	**0**	**7,064**
COSTS																			
Land	*Land acquisition*		2,416																2,416
	Stamp duty		97																97
	Purchase fees		66																66
	Total																		**2,579**
Build costs	*Market housing*		0	0	0	0	0	0	0	0	884	368	0	0	0	0	0	0	1,252
	Affordable soc rent		0	0	0	0	0	0	0	0	281	117	0	0	0	0	0	0	398
	Affordable sh oship		0	0	0	0	0	0	0	0	94	39	0	0	0	0	0	0	133
	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	car parking		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Build contingency	*5.0%*	0	0	0	0	0	0	0	0	63	26	0	0	0	0	0	0	89
	Total																		**1,871**
Dev costs	*Upfront*	*0.8%*	4	4	4	4													14
	Build related	*0.8%*	0	0	0	0	0	0	10	4	0	0	0	0	0	0	0	0	14
	Abnormals	*12%*	112	112															224
	Total																		**253**
Fees	*Fees on build costs*	*10.0%*	0	0	0	0	0	0	0	0	132	55	0	0	0	0	0	0	187
	Fees on dev costs	*8.0%*	9	9	0	0	0	0	1	0	0	0	0	0	0	0	0	0	20
	Total																		**207**
PG	*Planning gain*				0	0	0	65	27	0	0	0	0	0	0	0	0	0	92
	Total																		**92**
Other	*Planning*	*£515*	1	1	1														2
	Survey	*£500*	2																2
	Marketing	*£0*			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total																		**4**
Sales fees	*b/forward from above*		0	0	0	0	0	0	0	0	0	0	0	156	65	0	0	0	**221**
Total costs			**2,707**	**126**	**4**	**4**	**0**	**65**	**38**	**4**	**1,453**	**604**	**0**	**156**	**65**	**0**	**0**	**0**	**5,227**
Net profit/loss from quarter			**-2,707**	**-126**	**-4**	**-4**	**0**	**-65**	**-38**	**-4**	**-1,453**	**-604**	**0**	**4,833**	**2,010**	**0**	**0**	**0**	**1,838**
Profit/loss bf from last quarter			0	-2,758	-2,938	-2,997	-3,057	-3,114	-3,239	-3,338	-3,405	-4,949	-5,658	-5,764	-948	1,083	1,103	1,103	
Cumulative profit/loss			-2,707	-2,884	-2,942	-3,001	-3,057	-3,179	-3,276	-3,342	-4,858	-5,553	-5,658	-930	1,063	1,083	1,103	1,103	
Interest	*Charged at*	*7.50%*	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	0.00%	0.00%	
	Total		-51	-54	-55	-56	-57	-60	-61	-63	-91	-104	-106	-17	20	20	0	0	**-736**
Cumulative developer profit carried forward to RV calc			**-2,758**	**-2,938**	**-2,997**	**-3,057**	**-3,114**	**-3,239**	**-3,338**	**-3,405**	**-4,949**	**-5,658**	**-5,764**	**-948**	**1,083**	**1,103**	**1,103**	**1,103**	**1,102**