



Report on Affordable Housing & Viability

**SITE: EDWINA MOUNTBATTEN HOUSE,
BROADWATER ROAD, ROMSEY,
S051 8GH**

Churchill retirement living
**CHURCHILL HOUSE
PARKSIDE
RINGWOOD
BH24 3SG**

JUNE 2023

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APPLICATION BY:

CHURCHILL RETIREMENT LIVING LIMITED

SITE: Edwina Mountbatten House, Broadwater Road, Romsey, SO41 8GH

LOCAL PLANNING AUTHORITY REFERENCE: TBC

AUTHOR: Damien Lynch BSc (Hons) MSc MRICS

REVIEWER: Ziyad Thomas MSc MRTPI MRICS

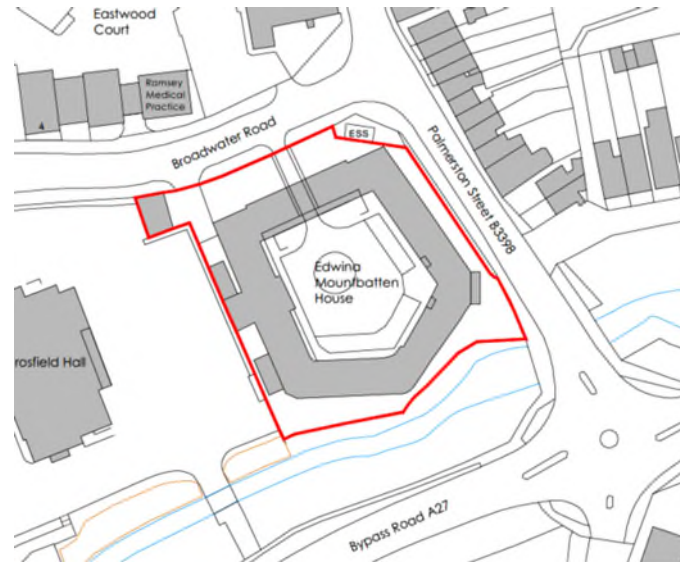
This report or its findings do not constitute a formal valuation under the RICS Valuation – Global Standards 2022. This report has been prepared for Churchill Retirement Living (“the client”) with advice provided expressly in preparation, or during the course of negotiations.

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1. NON-TECHNICAL SUMMARY

- 1.1 This Statement provides an assessment of the financial viability of the proposal to build 47 retirement living apartments on the site at Edwina Mountbatten House in Romsey.



Site Location

- 1.2 The site extends to approximately 0.3 hectares and is located on the corner of Broadwater Road and Palmerston Street in Romsey. The existing buildings on site have been vacant since the care home closed in July 2022.
- 1.3 Policy COM7 of the Test Valley Local Plan requires 40% affordable housing to be delivered on qualifying sites. There are circumstances where scheme viability will be taken into consideration under the policy and in such cases, developers will be expected to provide a viability assessment to demonstrate issues in delivering the affordable housing target.
- 1.4 The existing buildings on site have been vacant since July 2022 and it is therefore reasonable to assume that vacant building credit may be applied as the former use ceased due to the closure of the existing care home. Vacant building credit would reduce the policy target to 28.8% affordable.
- 1.5 Affordable housing cannot be provided on site given the site is relatively small and incapable of accommodating a sufficient scale to provide for separate management arrangements. The proposal is for a retirement living community, with proposed apartments and all residents availing of shared amenity and paying comparatively high service charges to obtain these communal benefits.
- 1.6 Sustainable, affordable long term mixed management arrangements will not be feasible in a mixed block. The principle of a commuted sum on similar developments has already been

agreed with the local planning authority e.g. the applicant’s existing Andover development (Chantry Lodge)

- 1.7 Planning obligations and S106 requirements ‘run with the land’¹. Planning obligations and viability are therefore assessed against uplift in land value associated with the award of planning permission and intensification of land. It is therefore appropriate to calculate commuted sums against the impact on land value of policy requirements.
- 1.8 Planning obligations must also meet the requirements of the CIL Regulations 122 in that such obligations must be necessary, directly related to the development and fairly related in scale and kind. As such, the scale of contribution must accord with that which would have been provided on site, were it feasible and viable to do so. The Local Plan policy supports this approach.
- 1.9 The site’s benchmark land value is informed in this case by the policy compliant alternative use value of the site as advised independently by Alder King (Appendix 5). A baseline benchmark land value of £2,370,000 has been applied representing a fair and reasonable assessment of the minimum benchmark assigned by a reasonable landowner.
- 1.10 The following table summarises the appraisals examined relating to the 100% open market retirement development and concludes that no financial headroom exists for an affordable housing contribution. The inclusion of affordable housing worsens that position as shown.

	100% Open Market Scheme	Scheme with 14 Affordable Units (28.8%)
Open Market Sales	£18,050,000	£12,650,000
Affordable Housing Revenue	£0	£2,970,000
GDV	£18,050,000	£15,620,000
Base Construction Cost	£7,219,170	£7,219,170
Profit	£3,610,000	£2,723,309
Residual Land Value	£2,180,091	£1,537,943
Benchmark Land Value	£2,370,000	£2,370,000
Surplus	-£189,909	-£832,057

Table 1 – Summary of Scheme Viability

- 1.9 Section 7 sets out a sensitivity analysis in respect of the viability conclusions demonstrating that movements in the inputs over the lifetime of a planning permission would be unlikely to generate a financial surplus beyond that required to ensure a viable return to the applicant.

¹ <https://www.gov.uk/guidance/planning-obligations> (Para 001)

2. INTRODUCTION AND STATEMENT OF IMPARTIALITY

- 2.1 This Statement is prepared in relation to proposals to provide retirement living accommodation (47 apartments) at the site of Edwina Mountbatten House in Romsey.
- 2.2 This Statement considers how the proposal addresses national and local policy relating to affordable housing and viability matters.
- 2.3 This Statement has been prepared in accordance with the Royal Institution of Chartered Surveyors (RICS) professional Statement on *Financial Viability in Planning: conduct and reporting* (1st Edition, May 2019) as well as the *Assessing Viability in Planning under the NPPF 2019 for England*, RICS Guidance Note (1st Edition, March 2021). In line with the requirements, I can confirm the following is true.
1. The author of this report has acted with objectivity, without interference and references all appropriate sources of information.
 2. No performance-related or contingent fees have been agreed.
 3. The information used is market led and not client driven in line with the NPPG standardised approach.
 4. Planning Issues is the 'in house' planning consultancy for the applicant, but in applying the standardised approach to viability has assessed the development in a fully impartial manner in line with point 3 above.
 5. Inputs to the Financial Viability Appraisal (FVA) are reasonably justified and based upon industry benchmarks recently agreed with other local planning authorities for similar proposals and on several occasions at planning appeal.
 6. The applicant will seek to engage with the local planning authority in order to reach agreement in respect of the report conclusions, where differences of opinion may materialise.
 7. A non-technical summary of the outputs of the FVA is included to provide a high-level summary of the outputs of this assessment.

3. DESCRIPTION OF APPLICATION SITE

- 3.1 The site is irregularly shaped, 0.3 hectares in size, and is located on the corner of Broadwater Road and Palmerston Street in Romsey. The now closed care home consists of a predominantly single storey building with the exception of the northern elevation on to Broadwater Road which is two storeys in height. The building is of brick construction with a clay tile pitched roof with clay tile hanging to the first-floor elevation on Broadwater Road.
- 3.2 To the west of the site is the Council's Crossfield Hall and public car park. There is a brick boundary wall between the sites. To the east on Palmerston Street is a historic residential terrace which is listed. The site sits approximately 1.5m above the level of Palmerston Street. Opposite the site on Broadwater Road is a listed property on the corner and a more contemporary development of apartments at two and half storeys.
- 3.3 To the south of the site is the river and beyond the A27 which is screened from the site by some mature trees and vegetation. The site sits outside of, but adjacent to, the Romsey Conservation Area.
- 3.4 Within the northwest corner of the site is a double garage. Adjacent to the northeast corner of the site on the junction of Palmerston Street and Broadwater Road is a small electricity substation.
- 3.5 The former care home closed July 2022 after it become uneconomical for the operators to continue to run the care facility. The buildings have been vacant since this time.

4. NATIONAL PLANNING POLICY

Introduction

- 4.1 This section provides an overview of national policy and best practice as it relates to viability in planning.

National Planning Policy Framework (NPPF)

- 4.2 The Government published an amended version of the NPPF in July 2021. This Statement will make reference to the current version of the NPPF.
- 4.3 Paragraphs 63 - 65 advise that where a need for affordable housing is identified, planning policies should specify the type required and expect it to be met onsite unless offsite provision or an appropriate financial contribution in lieu can be robustly justified and the agreed approach contributes to the creation of a mixed and balanced community. Where a major development involving housing is proposed, at least 10% of the total number of homes should be available for affordable home ownership. Specialist housing proposals such as housing for older people will be exempt from such a provision in recognition of its non-standard nature.

National Planning Policy Guidance (NPPG)

- 4.4 The National Planning Policy Guidance (NPPG) relating to viability matters was comprehensively updated in July 2018 with further updates in September 2019.
- 4.5 The NPPG reiterates the NPPF position that proposed developments should not be subject to a scale of obligations and policy burdens that threaten development viability. It emphasises that the guidance of the NPPF applies to decision taking on individual sites. It confirms that plans should set out required levels of contribution, including affordable housing, and advises that:

'These policy requirements should be informed by evidence of infrastructure and affordable housing need, and a proportionate assessment of viability that takes into account all relevant policies, and local and national standards, including the cost implications of the Community Infrastructure Levy (CIL) and section 106.'

'Different requirements may be set for different types or location of site or types of development'.

(Paragraph: 001 Reference ID: 10-001-20180724)

- 4.6 It is increasingly common for Local Plan viability testing to examine the viability of housing for older people. The NPPG states that viability assessments are primarily a role for plan making

and should not compromise sustainable development and ensure that policies are realistic and will not undermine the delivery of the plan (Paragraph: 002 Reference ID: 10-002-20180724).

- 4.7 Paragraph 007 states that it is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the decision-making level. Such circumstances could include development on unallocated sites, where further information on site and infrastructure costs are required, **or where the proposed development significantly varies from standard models (for example build to rent or housing for older people – my emphasis)** (Paragraph: 007 Reference ID: 10-007-20190509).
- 4.8 Paragraph 008 states that where a viability assessment is submitted it should refer back to the information that informed the Plan and it is a matter for the decision maker as to the weight to be attached to it. This should include matters such as the most up to date evidence, change in circumstances and the transparency of assumptions behind the viability assessment (Paragraph: 008 Reference ID: 10-008-20180724).
- 4.9 In terms of the review of viability during the lifetime of a project the NPPG states that plans should set out circumstances when a review mechanism may be appropriate as well as clear process and terms of engagement regarding how, and when, viability will be reassessed over the lifetime of the development (Paragraph: 009 Reference ID: 10-008-20190509).
- 4.10 The NPPG considers the inputs required for a viability assessment to determine if a site is financially viable by looking at whether the value generated by a development is greater than the costs of developing it. This includes reviews of gross development value, costs, land value, landowner premium and developer return supported by appropriate evidence following the Government's recommended approach (Paragraph: 010 Reference ID: 10-010-20180724).
- 4.11 The required inputs are then defined in the following paragraphs as follows;

Gross development Value (Paragraph: 011)

The value of the development for which residential developments may be total sales or rental income, for which market evidence can be used.

Costs (Paragraph: 012)

Based on evidence reflective of local market conditions including build costs, abnormal costs, site specific infrastructure costs, policy compliant contributions and CIL, finance costs, professional fees and contingencies.

Land Value (Paragraphs 013, 014, 015, and 016)

Based on existing land value plus a premium for the landowner reflecting a minimum return at which the landowner would be willing to sell. This should reflect the implications of abnormal costs, infrastructure costs and professional site fees and be informed by market evidence.

Return to Developer (Paragraph 018)

Potential risk is accounted for in the assumed return for development assumed at between 15-20% of gross development value for Plan making purposes but alternative figures may be appropriate for different development types.

- 4.12 The NPPG expects viability appraisals to be prepared by suitably qualified practitioners in accordance with the NPPG. Findings should be presented clearly and set out in an executive summary, making clear what assessments have been used and supported by evidence. It should also be prepared on the basis that it will be made publicly available, unless in exceptional circumstances (Paragraph: 020 Reference ID: 10-020-20180724 and 21 ID: 10-021-20180724).
- 4.13 The NPPG confirms that Information used in viability assessment is not usually specific to that developer and thereby need not contain commercially sensitive data (Paragraph: 021 Reference ID: 10-021-20190509). This reaffirms the standardised approach.
- 4.14 On 26th June 2019, a further NPPG update was published relating to Housing for older and disabled people. This guidance stresses that plans should set out the contributions expected from development. This should include setting out the levels and types of affordable housing provision required, along with other infrastructure and that plans can set out different policy requirements for different types of development.
- 4.15 This section of the NPPG identifies specialist housing for older people as a ‘nonstandard’ model of housing where different viability considerations will be relevant.
- 4.16 The NPPF states within this section that decision makers should consider the location and viability of a development when assessing planning applications for specialist housing for older people. Local planning authorities can encourage the development of more affordable models and make use of products like shared ownership. Where there is an identified unmet need for specialist housing, local authorities should take a positive approach to schemes that propose to address this need (Ibid).

Vacant Building Credit

- 4.17 National policy provides an incentive for brownfield development on sites containing vacant

buildings. VBC is discussed as it relates to this application in the viability section that follows.

5. DEVELOPMENT PLAN POLICY

- 5.1 This section sets out local planning policy considerations as they relate to affordable housing and other planning obligations.

The Test Valley Local Plan 2016

- 5.2 The Development Plan for the Council consists of the Test Valley Borough Revised Local Plan adopted in 2016.
- 5.3 Policy COM7 sets out policy relating to affordable housing requirements. Policy COM7 sets a 40% affordable housing target for sites of 15 units and above in the Borough. The policy and supporting text state that in assessing the suitability of such sites for the provision of affordable housing the Council will take into account the size, suitability and the economics of provision.
- 5.4 The supporting text of the policy states that a reduced affordable housing requirement can be sought but only where the developer can justify that to provide the full requirement would make the scheme unviable.
- 5.5 The policy sets out that viability may be considered where the applicant considers viability to be an issue in bringing forward a proposal. Additionally, a financial contribution may be acceptable to the Council in certain circumstances. The supporting text of Policy COM7 states that where this agreed, it should be of an equivalent level to on site provision.
- 5.6 Reference is made in the supporting text to the plan wide viability appraisals underpinning policy. The precise scale, type and form of provision or contribution on each site will be the subject of negotiation and informed by the market conditions at that time.
- 5.7 Of the proposed affordable housing requirement the Council will seek to achieve 70% affordable rent/ social rent housing and 30% intermediate housing.

Emerging Local Plan (Regulation 18 – February 2022)

- 5.8 An emerging Local Plan is currently at the early stages of preparation and is forecast to be submitted for examination in Q2 2025. As such, the emerging policy in respect of affordable housing has only limited weight at this stage.

Affordable Housing SPD (2020)

- 5.9 Test Valley introduced supplemental guidance on the application of Local Plan affordable housing policy in September 2020. The SPD sets out further guidance relating to the provision of affordable housing on specialist housing proposals as well as the calculation of commuted sums.
- 5.10 The SPD sets out that there is an expectation that affordable housing will be provided on-site but an assessment of suitability will take account of the size, suitability and the economics of provision. Section 7 acknowledges that there are circumstances where off site provision in the form of a commuted sum may be agreeable and that any commuted sum should be broadly equivalent to on-site provision.
- 5.11 The SPD then goes on to state that any commuted sum will be calculated in line with the Annex 1 methodology, which is effectively an assessment of land value equivalence.

$$(A \times B) + C = D$$

$$D \times E = F$$

where:

- A = Gross Development Value (Total value of development)
- B = Residual Land Value Percentage (Percentage of House Price which is the Land Value)
- C = Site acquisition and servicing costs (for equivalent off-site provision)
- D = Sum per unit
- E = Percentage affordable housing sought
- F = Financial Contribution sought

- 5.12 Section 9 and Annex 3 deals with vacant building credit confirming the level of detail required to be submitted in order for officers to consider the application of such a credit to the development proposal.

Test Valley Strategic Housing Market Assessment (2022)

- 5.13 The Test Valley SHMA sets out the specific requirements for older persons housing up to 2040.

Figure 7.12: Specialist Housing Need using adjusted SHOP@Review Assumptions, 2020-40 – Test Valley

		Housing demand per 1,000 aged 75+	Current supply	Current demand	Current shortfall/surplus (-ve)	Additional demand to 2040	Shortfall/surplus by 2040
Housing with support	Market	62	477	821	344	558	902
	Affordable	44	409	590	181	401	582
Total (housing with support)		106	886	1,411	525	959	1,485

- 5.14 This clearly demonstrates a large requirement for specialist housing for older people as a proportion of overall housing need. The SHMA states that the availability of such housing options for the growing older population may enable some older households to downsize from homes which no longer meet their housing needs or are expensive to run. The availability of housing options which are accessible to older people will also provide the opportunity for older households to 'rightsize' which can help improve their quality of life.
- 5.15 The SHMA acknowledges that it can be difficult for developers of specialist housing for older people to compete with other developers for land due to viability constraints associated with larger non saleable floorspace percentages, slower sales rates as well as higher construction and fit out costs. The SHMA also identifies preference for registered providers to control service charges at affordable levels and in many cases justifying off site payments rather than on site affordable housing.

6. VIABILITY ASSESSMENT

Vacant Building Credit

- 6.1 As set out, the existing buildings are now vacant (since April 2022). Vacancy has arisen due to the existing care home facility becoming unviable to run.
- 6.2 National policy in respect of vacant building credit is set out at 4.17 onwards of this Statement. This credit should be applied to this proposal due to the vacant status of the site. The site has not been made vacant for the sole purpose of redevelopment and nor does it benefit from a similar planning consent to the one proposed as part of this application. The following table sets out how VBC impacts the 40% Local Plan policy target.

Difference between proposed and existing: $3,938 - 1,095 = 2,843 \text{ m}^2$

Divided by proposed floorspace: $2,843 / 3,938 = 0.72$

Multiplied by affordable housing requirement: $0.72 * 40\% = 28.8\%$

- 6.3 Applying vacant building credit to this proposal of 47 units therefore results in a requirement for 14 affordable dwellings (rounded from 13.54). It is considered that in light of the Council planning policies and precedent; any provision of affordable housing (after consideration of viability) should be provided by way of commuted sum due to management and affordability issues associated with the proposal. The following section considers the viability of the proposal in order to assess the maximum viable contribution.

Financial Appraisal Inputs

Internal Floor Area

- 6.4 The proposed building is made up of the following:

47 units	31 × 1-beds and 16 × 2-beds
Saleable floor area	2,973 m ² apartments
Gross area	3,938 m ²
Gross/Net saleable area	75.51 % (apartments)

(See Appendix 1 for schedule of accommodation)

Sales Values

- 6.5 The Renaissance Retirement development sold from 2016 to 2018. The sales data is historic but examining the last 10 sales shows a blended achieved rate of £6,047m² across average units sizes of 67.4m² (after indexation is applied from 2017/18 today). A review of values is set out at Appendix 2. Indexation of this historic data should be treated with some caution.
- 6.6 The closest selling live scheme includes McCarthy Stone at Romsey (Abbotswood Common Road) with 1 beds asking from £265,000 and 2 beds from £365,000 (See Appendix 2 for full range of asking prices which should factor in discounts for incentives) . The site will complete in June 2023 and currently shows 6 properties available for sale (separate from rental and other options). The asking prices for those 6 average £5,842 m² (all 1 bed units averaging 53.17 m²). Other properties have not yet been released according to the website but a sample of 2 bed units has been located elsewhere and included within the analysis.
- 6.7 The McCarthy Stone site is located approximately 1.9 miles to the northeast of the subject site and it is considered the subject site may command marginally higher values due to its location, closer to the town centre. Each site has its relative merits. Both sites would have prices capped by relative affordability of the product locally with marginal variation in prices.
- 6.8 The Churchill scheme at Portswood has been selling since December 2018 and has sold 34 of 73 units to date achieving £4,790 m² for 1 beds (48.63 m²) and £4,563 m² for 2 beds (70.7 m²). The application site is considered to be in a higher value location.
- 6.9 On balance the following values are assumed reflecting the comparable data and site location:
- 1 beds - £350,000 (£6,232 m²)
- 2 beds - £450,000 (£5,839 m²)
- 6.10 These values are considered high end. Given the anticipated fall in sales values for the remainder of 2023² as well as forecasted low house price inflation for 2024 and 2025, the applicant reserves the right to review these values.

Base Build Cost

- 6.11 The proposal is for a 3-storey block of retirement living accommodation. The BCIS rates are shown below with the 10 year sample being that which is the most recent and with sufficient sample size available (over 20). This is the rate that is applied to derive the base construction

² [Savills UK | Mainstream residential market forecast 2023-27](#)

cost for the proposed building added to which external construction costs and site-specific costs must be added.

Rebased to Test Valley (107; sample 26) [Edit](#)

£/M2 STUDY							
? Description: Rate per m2 gross internal floor area for the building Cost including prelims. Last updated: 03-Jun-2023 07:37							
MAXIMUM AGE OF RESULTS: <input type="text" value="10 years"/>							
Building function (Maximum age of projects)	£/m ² gross internal floor area						Sample
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest	
New build							
843. Supported housing							
Generally (10)	2,033	1,034	1,647	1,908	2,367	3,932	71
Single storey (10)	2,215	1,811	1,945	2,310	2,413	2,675	7
2-storey (10)	2,061	1,250	1,659	1,812	2,460	3,556	26
3-storey (10)	1,849	1,034	1,542	1,833	2,123	2,796	23
4-storey or above (10)	2,186	1,270	1,608	2,030	2,365	3,932	15
843.1 Supported housing with shops, restaurants or the like (10)	2,003	1,383	1,706	1,860	2,052	3,240	21

- 6.12 An allowance of 8% of base build cost is allowed for external works representative of the density of the proposal being considered.³ A 5% contingency allowance is applied as standard at this stage of the development formation.
- 6.13 The nature of the site also means that there are ‘extra over’ costs associated with the development related to existing ground conditions and other site-specific requirements including demolition of 8 individual properties. A sum of £371,000 has been allowed for these additional elements (Appendix 3).
- 6.14 Costs relating to changes to building regulations Part L&F, S and O will not be included within the BCIS base build cost and must be included in the appraisal. These are assessed at an average of £3,000 per apartment.
- 6.15 This area is impacted by nitrate mitigation requirements. The planning application is accompanied by an ecological assessment (prepared by TetraTech) setting out the mitigation requirements for the proposal. In respect of nitrates, the anticipated cost is circa £131,000 with further detail of this requirement set out within the accompanying technical reports. This

³ A typical range is between 8-15%

figure is included within the appraisal (net of VAT) given that it is an essential mitigation requirement and therefore constitutes an appropriate development cost.

Other S106/Planning Obligations/Community Infrastructure Levy (CIL)

- 6.16 The council's adopted CIL charging schedule exempts retirement living proposal from the CIL charge on the grounds of financial viability.
- 6.17 Any other S106 or mitigation requirements identified during the determination period must be factored into the viability appraisal.

Sales and Marketing

- 6.18 Sales and marketing allowances for specialist housing proposals for older people are widely acknowledged to differ substantially from mainstream housing. This is due to the restricted occupancy and longer than average sales periods often extending over several years. Here, a dedicated sales staff would be present on-site from pre-completion to end of sale, supported by regional and head office marketing teams. The overall allowance must also cover online marketing, promotional events, and local agent engagement.
- 6.19 A combined rate of 5% of sales revenue for sales and marketing costs has been assumed as supported by a number of recent appeal decisions.⁴
- 6.20 Legal fees associated with the sale of each property is assumed at £750 per unit as standard.

Sales Rate

- 6.21 The applicant's national average sales rate is currently less than 0.67 sales per month on average across all selling sites. Within its South-West region (where the site is located), the current average sales rate per month is 0.73. Portswood for instance, a scheme of 73 units has been selling since December 2018 at a rate of 0.65 sales per month. Chichester (35 units) has been selling since October 2018 at a rate of 0.7 per month. Andover (64 units) since December 2016 (0.82 per month). Hythe, (43 units) since December 2020 has sold faster at a rate of 1.35 per month.
- 6.22 In this case, a rate of 1.18 sales per month has been assumed with 19% sold in month 1, 53% in months 1-12 and the remainder over an average 1.18 equivalent period overall. This sales profile represents typical sales profiles for this typology.

⁴ Appeal Ref: 3166677 (Redditch, December 2017)

6.23 Given the current uncertainty in the wider market, the applicant reserves the right to revisit these assumptions particularly in light of recent sales rates, which are now beginning to feel the negative impact of wider issues in the housing market. Uncertainty in the mortgage market is causing significant issues in the wider market chain. HM Revenue and Customs note a downward trend in transactions year on year of over 30%.⁵

Empty Property Costs

6.24 Empty property costs (EPCs) are a function of council tax payable on finished unsold and empty property as well as service charges and other charges, which must be paid owing to longer than average sales periods for this type of proposal. The inclusion of EPCs within viability appraisals has been agreed with local planning authorities and their assessors on similar proposals throughout the Country.

6.25 It is considered reasonable to include such costs within the viability appraisal as they are an unavoidable cost associated with the development of retirement living flatted schemes. The NPPG is clear at Paragraph 007 that where types of development are proposed which may significantly differ from standard models of development (e.g. housing for older people), the particular viability considerations can be taken into account by decision makers. EPCs are a particular cost associated with this form of development.

6.26 A breakdown of the EPCs associated with this development is included below and applied to the Argus cashflow to accurately link to the assumed sales rate and finance costs. The total EPC cost allowed for within the appraisal is £253,916.

EMPTY PROPERTY COSTS - ROMSEY			
Applied to Argus Appraisal Empty Property Cost Cashflow			
1 bed apartments		units	Total
Service charge	£ 208.75	31	£ 6,471.25
Council Tax (C - £1,699 PA)	£ 141.58	31	£ 4,389.08
Utilities	£ 25.00	31	£ 775.00
	£ 375.33	31	£ 11,635.33
2 bed apartments/cottages		units	Total
Service charge	£ 309.25	16	£ 4,948.00
Council Tax (D) - £1,912 PA)	£ 159.33	16	£ 2,549.33
Utilities	£ 25.00	16	£ 400.00
	£ 493.58	16	£ 7,897.33

Finance Costs

⁵ [UK monthly property transactions commentary - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

6.27 An overall debit rate of 7% is applied and this has been included in this submission. A credit rate of 1% has been used. No arrangement fee has been allowed for in the appraisal as it is assumed to be incorporated within the overall debit rate. These rates reflect the recent increases in the Bank of England rates which have a knock-on impact on the price of lending in the development industry together with wider market risks currently. As interest rates continue to rise, this input is likely to require review.

Land Acquisition Costs

6.28 Stamp duty is applied at the current HMRC variable rates for existing residential properties.

6.29 Land purchase legal fees at 0.75% of the land value on purchase and Acquisition Agent fees at 1% of the land value are assumed as standard.

Developers Return

6.30 As set out, the NPPG is clear that potential risk is accounted for in the assumed return for development assumed at between 15-20% of gross development value for plan making purposes but alternative figures may be appropriate for different development types and typologies. It is important to note that a minimum margin is considered that which a developer may implement the proposal as well as in order to secure the necessary funding arrangements.

6.31 An acceptable return for risk in respect of retirement living proposals such as this not less than 20% of gross development value. This is consistent with the Inspector conclusions for the McCarthy and Stone proposal at Redditch (Appeal Ref: 3166677), the Churchill Retirement Living proposal at Cheam (Appeal Ref: 3159137) and the Churchill Retirement Living scheme at West Bridgford (Appeal Ref: 3229412) in 2019. The consistent findings in these Appeal decisions were:

- There are a number of inherent sector specific risks with this form of development which materially differ to that of general needs housing including an inability to phase and allow for risk reappraisal.
- Retirement living housing must be fully completed and operationally ready before sales commences as older people are less likely to buy 'off plan' without seeing for example the benefit of the communal facilities.
- The above provides a slower return on investment and a longer period of uncertainty in the market and cost exposure.

- A restricted occupancy also limits the marketability of such housing in comparison to general needs development. The sector does not benefit from Government incentives such as Help to Buy or First Homes.
- The NPPG recognises that viability for older peoples housing differs from general needs housing (NPPG Paragraph 007) and that it is appropriate for local planning authorities to recognise this at both the plan making and decision taking level.

6.32 The above considerations have all been echoed by development finance lenders within the industry as part of evidence presented as part of various appeals.

Timing Assumptions

6.33 The following timing assumptions are made for the viability appraisal:

Timescale	Duration	Commences
Acquisition	1	Jun 2023
Pre-Construction	6	Jul 2023
Construction	15	Jan 2024
Sale	40	Apr 2025
Total Duration	62	

6.34 A copy of the financial viability appraisal (FVA) for a 100% open market appraisal is included at Appendix 4 and summarised within the next section.

Benchmark Land Value

6.35 The applicant commissioned Alder King to provide a formal Red Book valuation of the site (Appendix 5).

6.33 EUV is the first component of benchmark land value in line with the NPPG requirements.

6.34 The trustees of the former care home stated following its closure that the existing care home was not financially sustainable due to its small number of beds, rising domestic costs and as a result of issues affecting the economy from around the world⁶.

6.35 It is considered unlikely investment would be forthcoming to refurbish the existing facility as our experience of the care home market is that minimum number of bedspaces would be required for modern operators to invest in new or refurbished care homes in order to achieve economies of scale.

⁶⁶ [Edwina Mountbatten House in Romsey sold for undisclosed sum | Hampshire Chronicle](#)

- 6.34 The site was therefore exposed of with the expectation of redevelopment with the current owners undertaking a competitive tendering process and the expectation of securing best value for the site.
- 6.34 Alder King therefore examine the redevelopment potential of the site and assess a policy compliant alternative use housing scheme. This assumes 10 3-bedroom houses which extend to 1,023 m2 overall and within the existing vacant floorspace. The units are therefore assumed to be 100% open market. Allowances are made in respect of Part L uplifts and S106/Nitrate Mitigation requirements accordingly.
- 6.35 Alder King conclude that a policy compliant alternative use scheme would generate a land value of £2,370,000. This has been assumed as the site benchmark land value for the purposes of this appraisal representing a fair and reasonable assessment of minimum site threshold.

7. VIABILITY APPRAISAL OUTPUT AD CONCLUSIONS

- 7.1 The outputs of the financial appraisals with 0% affordable housing are summarised below for ease of reference. A separate FVA is provided at Appendix 6 showing an appraisal of a notional scheme including 28.8% affordable housing in order to demonstrate the impact of the inclusion of affordable housing. This assumes a blended affordable housing value of 55% open market value.

	100% Open Market Scheme	Scheme with 14 Affordable Units (28.8%)
Open Market Sales	£18,050,000	£12,650,000
Affordable Housing Revenue	£0	£2,970,000
GDV	£18,050,000	£15,620,000
Base Construction Cost	£7,219,170	£7,219,170
External Build Costs	£577,534	£577,534
Contingency	£408,385	£408,385
Extra Over Build Costs	£371,000	£371,000
Professional Fees	£830,870	£830,870
Marketing	£541,500	£379,500
Disposal Costs	£396,250	£288,250
Unsold Unit Fees	£253,916	£112,594
Finance	£1,252,628	£802,902
Profit	£3,610,000	£2,723,309
Acquisition Costs	£136,656	£96,543
Residual Land Value	£2,180,091	£1,537,943
Benchmark Land Value	£2,370,000	£2,370,000
Surplus	-£189,909	-£832,057

Table 2 – Summary of Viability Appraisal Outputs

- 7.2 This concludes that no financial headroom exists for S106 payments in this instance even when assessed against the baseline existing use value of the site. The appraisal showing 28.8% affordable housing demonstrates that the inclusion of any affordable housing worsens the viability position, and such a requirement would not come forward.
- 7.3 The appraisal is showing a negative position overall. However, given that a planning consent extends for 3 years, this is considered sufficient time for the applicant to ensure that a viable scheme with a minimum 20% return (on GDV) is in place prior to implementation. A 20% return would constitute a minimum viability position in respect of this proposal.

Sensitivity Analysis

- 7.4 In undertaking viability assessment, both the *RICS Viability in Planning: Conduct and Reporting professional standard* and the *RICS Assessing Viability in Planning Under the NPPG guidance note* sets out that practitioners should stand back and assess the outputs of the viability appraisal, recognising that this exercise is being undertaken in the context of planning. Part of this assessment should include a sensitivity analysis as well as consideration of the wider market.
- 7.5 The Argus Developer sensitivity function has been applied to test the impact of variations within proposed sales values and build costs (the key variables) for the appraisal assuming 0% affordable housing. The output is included below.

Sensitivity Analysis Report								
Table of Land Cost and Land Cost								
Construction: Rate /m ²								
Sales: Rate /m ²	-7.500%	-5.000%	-2.500%	0.000%	2.500%	5.000%	7.500%	10.000%
	1,695.53 /m ²	1,741.35 /m ²	1,787.18 /m ²	1,833.00 /m ²	1,878.83 /m ²	1,924.65 /m ²	1,970.48 /m ²	2,016.30 /m ²
-7.500%	-1,953,900	-1,760,630	-1,567,354	-1,374,082	-1,180,809	-987,536	-794,264	-600,991
	-1,953,900	-1,760,630	-1,567,354	-1,374,082	-1,180,809	-987,536	-794,264	-600,991
-5.000%	-2,222,569	-2,029,297	-1,836,028	-1,642,751	-1,449,479	-1,256,206	-1,062,933	-869,661
	-2,222,569	-2,029,297	-1,836,028	-1,642,751	-1,449,479	-1,256,206	-1,062,933	-869,661
-2.500%	-2,491,239	-2,297,966	-2,104,694	-1,911,427	-1,718,148	-1,524,876	-1,331,603	-1,138,330
	-2,491,239	-2,297,966	-2,104,694	-1,911,427	-1,718,148	-1,524,876	-1,331,603	-1,138,330
0.000%	-2,759,909	-2,566,636	-2,373,363	-2,180,091	-1,986,818	-1,793,546	-1,600,273	-1,407,000
	-2,759,909	-2,566,636	-2,373,363	-2,180,091	-1,986,818	-1,793,546	-1,600,273	-1,407,000
2.500%	-3,028,578	-2,835,306	-2,642,033	-2,448,760	-2,255,488	-2,062,215	-1,868,945	-1,675,670
	-3,028,578	-2,835,306	-2,642,033	-2,448,760	-2,255,488	-2,062,215	-1,868,945	-1,675,670
5.000%	-3,297,248	-3,103,975	-2,910,703	-2,717,430	-2,524,157	-2,330,885	-2,137,612	-1,944,343
	-3,297,248	-3,103,975	-2,910,703	-2,717,430	-2,524,157	-2,330,885	-2,137,612	-1,944,343
7.500%	-3,565,917	-3,372,645	-3,179,372	-2,986,100	-2,792,827	-2,599,554	-2,406,282	-2,213,009
	-3,565,917	-3,372,645	-3,179,372	-2,986,100	-2,792,827	-2,599,554	-2,406,282	-2,213,009
10.000%	-3,834,587	-3,641,314	-3,448,042	-3,254,769	-3,061,497	-2,868,224	-2,674,951	-2,481,679
	-3,834,587	-3,641,314	-3,448,042	-3,254,769	-3,061,497	-2,868,224	-2,674,951	-2,481,679

- 7.6 The above demonstrates that increases in gross development value of 2.5% would be required in order to reach the benchmark land value of £3.67 million. Alternatively, a reduction in build cost of circa 7.5% would be required.
- 7.7 Looking across the next 5 years, BCIS tender prices are forecast to increase at a rate of circa 3-3.5% year on year.

Table 7: BCIS forecast of tender prices

Period	Forecast
1Q2022 to 1Q2023	+8.6%
1Q2023 to 1Q2024	+2.9%
1Q2024 to 1Q2025	+2.8%
1Q2025 to 1Q2026	+3.0%
1Q2026 to 1Q2027	+3.4%
1Q2027 to 1Q2028	+3.5%

- 7.8 In terms of sales value growth over the same period, there is much uncertainty regarding the property market at present given the Bank of England changes to base lending rates in September 2022 and forecast further increases in 2023 to curb rates of inflation. It is forecast that the knock-on impact on mortgage affordability and wider cost of living issues at present will slow the significant inflation seen in house price growth seen over the last few years. The RICS Market Survey (April 23)⁷ concludes:

The results of the April 2023 RICS UK Residential Survey remain indicative of a market struggling for momentum, with higher borrowing costs and a cautious economic outlook still the main challenges.

When disaggregated, virtually all parts of the UK recorded either a negative or flat trend in home buyer demand, with the exception of Northern Ireland (where a marginal rise was reported).

- 7.9 Savills at November 2022⁸ forecast the following 5-year mainstream housing performance”.

UK mainstream house price forecasts

	2023	2024	2025	2026	2027	5-year
UK mainstream house prices	-10.0%	1.0%	3.5%	7.0%	5.5%	6.2%

Source: Savills Research

- 7.10 Knight Frank at March 2023⁹ forecast a 5% fall in 2023, a 5% fall in 2024 with 4% increases in 2025 and 2026. The cumulative 5 year total would be plus 2.5%.
- 7.11 The immediate outlook therefore is for costs to continue to inflate, albeit more slowly than the previous 24 months, with some uncertainty in relation to open market sales values

⁷ [UK Residential Market Survey \(rics.org\)](https://www.rics.org)

⁸ [Savills UK | Mainstream residential market forecast 2023-27](#)

⁹ [UK housing market forecast update: March 2023 \(knightfrank.com\)](#)

beyond 2023. It appears unlikely therefore that the viability conclusions as set out will improve to such an extent that a surplus viability position may be presented.

APPENDICES

Appendix 1 – Accommodation Schedule

Appendix 2 – Sales Value Analysis

Appendix 3 – Extra Over Build Costs

Appendix 4 – FVA 0% Affordable Housing

Appendix 5 – Red Book Valuation

Appendix 6 – FVA 28.8% Affordable Housing

Appendix 1 – Accommodation Schedule

Flat Areas

FLOOR	FLATS					Flat Type	1 bed / 1 person 1B1P	1 bed / 2 person 1B2P	2 bed 2B4P				
G	1	=	81.80	m ²	=	880.5	ft ²		<input type="checkbox"/>				
G	2	=	50.00	m ²	=	538.2	ft ²		<input type="checkbox"/>				
G	3	=	74.20	m ²	=	798.7	ft ²		<input type="checkbox"/>				
G	4	=	56.90	m ²	=	612.5	ft ²		<input type="checkbox"/>				
G	5	=	74.20	m ²	=	798.7	ft ²		<input type="checkbox"/>				
G	6	=	50.00	m ²	=	538.2	ft ²		<input type="checkbox"/>				
G	7	=	50.00	m ²	=	538.2	ft ²		<input type="checkbox"/>				
G	8	=	62.30	m ²	=	670.6	ft ²		<input type="checkbox"/>				
G	9	=	51.60	m ²	=	555.4	ft ²		<input type="checkbox"/>				
G	10	=	77.40	m ²	=	833.1	ft ²		<input type="checkbox"/>				
G	11	=	78.10	m ²	=	840.7	ft ²		<input type="checkbox"/>				
G	12	=	62.40	m ²	=	671.7	ft ²		<input type="checkbox"/>				
G	12A	=	62.40	m ²	=	671.7	ft ²		<input type="checkbox"/>				
G	14	=	59.90	m ²	=	644.8	ft ²		<input type="checkbox"/>				
1	15	=	84.40	m ²	=	908.5	ft ²		<input type="checkbox"/>				
1	16	=	54.60	m ²	=	587.7	ft ²		<input type="checkbox"/>				
1	17	=	53.90	m ²	=	580.2	ft ²		<input type="checkbox"/>				
1	18	=	50.00	m ²	=	538.2	ft ²		<input type="checkbox"/>				
1	19	=	50.00	m ²	=	538.2	ft ²		<input type="checkbox"/>				
1	20	=	50.60	m ²	=	544.7	ft ²		<input type="checkbox"/>				
1	21	=	56.90	m ²	=	612.5	ft ²		<input type="checkbox"/>				
1	22	=	74.20	m ²	=	798.7	ft ²		<input type="checkbox"/>				
1	23	=	50.00	m ²	=	538.2	ft ²		<input type="checkbox"/>				
1	24	=	50.00	m ²	=	538.2	ft ²		<input type="checkbox"/>				
1	25	=	62.30	m ²	=	670.6	ft ²		<input type="checkbox"/>				
1	26	=	51.60	m ²	=	555.4	ft ²		<input type="checkbox"/>				
1	27	=	77.40	m ²	=	833.1	ft ²		<input type="checkbox"/>				
1	28	=	81.80	m ²	=	880.5	ft ²		<input type="checkbox"/>				
1	29	=	78.10	m ²	=	840.7	ft ²		<input type="checkbox"/>				
1	30	=	62.40	m ²	=	671.7	ft ²		<input type="checkbox"/>				
1	31	=	62.40	m ²	=	671.7	ft ²		<input type="checkbox"/>				
1	32	=	59.90	m ²	=	644.8	ft ²		<input type="checkbox"/>				
2	33	=	83.70	m ²	=	900.9	ft ²		<input type="checkbox"/>				
2	34	=	54.60	m ²	=	587.7	ft ²		<input type="checkbox"/>				
2	35	=	81.80	m ²	=	880.5	ft ²		<input type="checkbox"/>				
2	36	=	50.00	m ²	=	538.2	ft ²		<input type="checkbox"/>				
2	37	=	74.20	m ²	=	798.7	ft ²		<input type="checkbox"/>				
2	38	=	60.20	m ²	=	648.0	ft ²		<input type="checkbox"/>				
2	39	=	60.60	m ²	=	652.3	ft ²		<input type="checkbox"/>				
2	40	=	62.30	m ²	=	670.6	ft ²		<input type="checkbox"/>				
2	41	=	51.60	m ²	=	555.4	ft ²		<input type="checkbox"/>				
2	42	=	77.40	m ²	=	833.1	ft ²		<input type="checkbox"/>				
2	43	=	56.10	m ²	=	603.9	ft ²		<input type="checkbox"/>				
2	44	=	78.10	m ²	=	840.7	ft ²		<input type="checkbox"/>				
2	45	=	62.40	m ²	=	671.7	ft ²		<input type="checkbox"/>				
2	46	=	62.40	m ²	=	671.7	ft ²		<input type="checkbox"/>				
2	47	=	56.70	m ²	=	610.3	ft ²		<input type="checkbox"/>				

Ground floor	0	9	5	14
First floor	0	13	5	18
Second floor	0	9	6	15

		1B1P	1B2P	2B4P	Standard	Modified	Non-Std	ERNAL KITCI
Total		0	31	16	0	0	0	0
Parking spaces	14	0.0%	66.0%	34.0%	0.0%	0.0%	0.0%	0.0%
Battery cars	8		56.16	77.06		NIA	GIA	G/N
			1740.96	1232.96		2973.92	3938.3	75.51

Appendix 2 – Sales Value Analysis

No	Address	Date sold	Sold price	Estimated n	New build	Designation	Category	Subcategory	Floor area n	Price per m ²	Market price per m ²	Tenure
38	15, Fleur De Lis, Duttons Road, Romsey, Hampshire SO51 8LH	22/06/2016	330000	412037	TRUE	Residential	House	Flat	59	5593.22	6983.68	Leasehold
37	42, Fleur De Lis, Duttons Road, Romsey, Hampshire SO51 8LH	19/09/2016	310000	363332	TRUE	Residential	House	Flat	55	5636.36	6606.04	Leasehold
36	27, Fleur De Lis, Duttons Road, Romsey, Hampshire SO51 8LH	20/09/2016	440000	515697	TRUE	Residential	House	Flat	78	5641.03	6611.5	Leasehold
35	25, Fleur De Lis, Duttons Road, Romsey, Hampshire SO51 8LH	20/09/2016	550000	644621	TRUE	Residential	House	Flat	129	4263.57	4997.06	Leasehold
33	23, Fleur De Lis, Duttons Road, Romsey, Hampshire SO51 8LH	21/09/2016	305000	357471	TRUE	Residential	House	Flat	55	5545.45	6499.47	Leasehold
34	7, Fleur De Lis, Duttons Road, Romsey, Hampshire SO51 8LH	21/09/2016	358750	420468	TRUE	Residential	House	Flat	58	6185.34	7249.45	Leasehold
32	6, Fleur De Lis, Duttons Road, Romsey, Hampshire SO51 8LH	26/09/2016	305000	357471	TRUE	Residential	House	Flat	55	5545.45	6499.47	Leasehold
31	29, Fleur De Lis, Duttons Road, Romsey, Hampshire SO51 8LH	26/09/2016	330000	386772	TRUE	Residential	House	Flat	59	5593.22	6555.46	Leasehold
30	10, Fleur De Lis, Duttons Road, Romsey, Hampshire SO51 8LH	27/09/2016	450000	527417	TRUE	Residential	House	Flat	82	5487.8	6431.91	Leasehold
29	34, Fleur De Lis, Duttons Road, Romsey, Hampshire SO51 8LH	28/09/2016	420000	492256	TRUE	Residential	House	Flat	77	5454.55	6392.94	Leasehold
28	12, Fleur De Lis, Duttons Road, Romsey, Hampshire SO51 8LH	29/09/2016	330000	386772	TRUE	Residential	House	Flat	59	5593.22	6555.46	Leasehold
27	11, Fleur De Lis, Duttons Road, Romsey, Hampshire SO51 8LH	30/09/2016	320000	375052	TRUE	Residential	House	Flat	60	5333.33	6250.87	Leasehold
26	17, Fleur De Lis, Duttons Road, Romsey, Hampshire SO51 8LH	12/10/2016	420000	491263	TRUE	Residential	House	Flat	77	5454.55	6380.04	Leasehold
25	18, Fleur De Lis, Duttons Road, Romsey, Hampshire SO51 8LH	14/10/2016	430000	502959	TRUE	Residential	House	Flat	76	5657.89	6617.88	Leasehold
24	45, Fleur De Lis, Duttons Road, Romsey, Hampshire SO51 8LH	20/10/2016	330000	385992	TRUE	Residential	House	Flat	60	5500	6433.2	Leasehold
23	8, Fleur De Lis, Duttons Road, Romsey, Hampshire SO51 8LH	31/10/2016	410000	479566	TRUE	Residential	House	Flat	71	5774.65	6754.45	Leasehold
22	51, Fleur De Lis, Duttons Road, Romsey, Hampshire SO51 8LH	08/11/2016	565000	662983	TRUE	Residential	House	Flat	123	4593.5	5390.11	Leasehold
21	38, Fleur De Lis, Duttons Road, Romsey, Hampshire SO51 8LH	13/01/2017	490000	571385	TRUE	Residential	House	Flat	100	4900	5713.85	Leasehold
20	32, Fleur De Lis, Duttons Road, Romsey, Hampshire SO51 8LH	09/02/2017	325000	372834	TRUE	Residential	House	Flat	58	5603.45	6428.17	Leasehold
19	9, Fleur De Lis, Duttons Road, Romsey, Hampshire SO51 8LH	28/02/2017	290000	332683	TRUE	Residential	House	Flat	48	6041.67	6930.9	Leasehold
18	47, Fleur De Lis, Duttons Road, Romsey, Hampshire SO51 8LH	07/03/2017	330000	377186	TRUE	Residential	House	Flat	50	6600	7543.72	Leasehold
17	44, Fleur De Lis, Duttons Road, Romsey, Hampshire SO51 8LH	10/03/2017	550000	628644	TRUE	Residential	House	Flat	112	4910.71	5612.89	Leasehold
16	36, Fleur De Lis, Duttons Road, Romsey, Hampshire SO51 8LH	31/03/2017	320000	365757	TRUE	Residential	House	Flat	53	6037.74	6901.08	Leasehold
15	19, Fleur De Lis, Duttons Road, Romsey, Hampshire SO51 8LH	07/04/2017	290000	328674	TRUE	Residential	House	Flat	49	5918.37	6707.63	Leasehold
13	26, Fleur De Lis, Duttons Road, Romsey, Hampshire SO51 8LH	04/05/2017	295000	334505	TRUE	Residential	House	Flat	48	6145.83	6968.85	Leasehold
14	22, Fleur De Lis, Duttons Road, Romsey, Hampshire SO51 8LH	04/05/2017	300000	340174	TRUE	Residential	House	Flat	49	6122.45	6942.33	Leasehold
12	39, Fleur De Lis, Duttons Road, Romsey, Hampshire SO51 8LH	11/05/2017	497750	564406	TRUE	Residential	House	Flat	99	5027.78	5701.07	Leasehold
11	35, Fleur De Lis, Duttons Road, Romsey, Hampshire SO51 8LH	19/09/2017	450000	487539	TRUE	Residential	House	Flat	76	5921.05	6414.99	Leasehold
10	33, Fleur De Lis, Duttons Road, Romsey, Hampshire SO51 8LH	26/09/2017	290000	314192	TRUE	Residential	House	Flat	49	5918.37	6412.08	Leasehold
9	53, Fleur De Lis, Duttons Road, Romsey, Hampshire SO51 8LH	20/10/2017	475000	515735	TRUE	Residential	House	Flat	110	4318.18	4688.5	Leasehold
8	41, Fleur De Lis, Duttons Road, Romsey, Hampshire SO51 8LH	03/11/2017	305000	336408	TRUE	Residential	House	Flat	49	6224.49	6865.47	Leasehold
7	43, Fleur De Lis, Duttons Road, Romsey, Hampshire SO51 8LH	22/11/2017	300000	330893	TRUE	Residential	House	Flat	48	6250	6893.6	Leasehold
6	20, Fleur De Lis, Duttons Road, Romsey, Hampshire SO51 8LH	24/11/2017	275000	303318	TRUE	Residential	House	Flat	54	5092.59	5617	Leasehold
5	40, Fleur De Lis, Duttons Road, Romsey, Hampshire SO51 8LH	12/12/2017	440000	491511	TRUE	Residential	House	Flat	81	5432.1	6068.04	Leasehold
4	5, Fleur De Lis, Duttons Road, Romsey, Hampshire SO51 8LH	05/01/2018	287000	318764	TRUE	Residential	House	Flat	49	5857.14	6505.39	Leasehold
3	49, Fleur De Lis, Duttons Road, Romsey, Hampshire SO51 8LH	31/01/2018	455000	505358	TRUE	Residential	House	Flat	100	4550	5053.58	Leasehold
2	24, Fleur De Lis, Duttons Road, Romsey, Hampshire SO51 8LH	04/05/2018	440000	494463	TRUE	Residential	House	Flat	85	5176.47	5817.21	Leasehold
1	16, Fleur De Lis, Duttons Road, Romsey, Hampshire SO51 8LH	18/05/2018	290000	325896	TRUE	Residential	House	Flat	49	5918.37	6650.94	Leasehold

	Unit Size	£m2	£m2 (index lifted)
Ave	69	5547	6359
First 10	70.7	5494	6482
Last 10	67.4	5473	6057

McCarthy Stone Asking Prices - Abbotswood Common Road

McCarthy Stone Website	Column1	Column2	Column3	Column4	Column5
Property	Beds	Area	Asking £	£m2	Comments
11	1	52	£315,000	£6,057.69	Ground Floor
21	1	52	£275,000	£5,288.46	First Floor
22	1	54	£320,000	£5,925.93	First Floor
26	1	54	£320,000	£5,925.93	Second Floor
31	1	55	£340,000	£6,181.82	Second Floor
33	1	52	£295,000	£5,673.08	Second Floor
Ave				£5,842.15	

Column1	Column2	Column3	Column4	Column5	Column6
Rightmove					
Unknown	2	76	£495,000	£6,513.16	Ground Floor
Unknown	2	74.75	£485,000	£6,488.29	Unknown
Unknown	2	76	£435,000	£5,723.68	Second Floor
Unknown	2	76	£425,000	£5,592.11	First Floor
Unknown	2	74.14	£395,000	£5,327.76	Second Floor
Unknown	2	76	£365,000	4802.632	Unknown
Ave				£5,741.27	

Note these are asking prices which may be discounted by at least 5% for incentives

Appendix 3 – Extra Over Build Costs

Edwina Mountbatten House, Romsey
Extra Over Costs

	Total	Comment
LAND		
E/O Demolition	£183,000.00	Gilpin quote
Non-standard foundations	£90,082.13	Due to influence from previous building foundations and brook running along the southern edge of the site. 3 storey block requires enhanced foundations.
Additional river bank deepened foundations	£50,000.00	Provision for deepened foundations along river bank to avoid surcharging the embankment. Apartment scale building line requires enhancement.
Tree protection / surgery / stumps	£10,000	Removal of 2 trees minimum plus pruning and protection to Southern boundary due to proposal block building line.
Sheet piling to South East corner to protect future works to sewer	£38,000	Updated rate from from pre-existing schedule of e/o - 24lm x 5m deep
Total extra over cost	£371,082.17	

Appendix 4 – FVA 0% Affordable Housing

Edwina MB House (47) 0% AH June 23

Development Appraisal
CRL
June 19, 2023

APPRAISAL SUMMARY**CRL****Edwina MB House (47) 0% AH June 23****Appraisal Summary for Phase 1 Retirement Housing**

Currency in £

REVENUE

Sales Valuation	Units	m ²	Sales Rate m ²	Unit Price	Gross Sales
1 Bed Flats	31	1,740.96	6,232.19	350,000	10,850,000
2 Bed Flats	<u>16</u>	<u>1,232.96</u>	5,839.61	450,000	<u>7,200,000</u>
Totals	47	2,973.92			18,050,000

NET REALISATION 18,050,000**OUTLAY****ACQUISITION COSTS**

Residualised Price			2,180,091		2,180,091
Stamp Duty			98,504		
Effective Stamp Duty Rate		4.52%			
Agent Fee		1.00%	21,801		
Legal Fee		0.75%	16,351		
					136,656

CONSTRUCTION COSTS

Construction	m ²	Build Rate m ²	Cost		
1 Bed Flats	2,305.60	1,833.00	4,226,168		
2 Bed Flats	<u>1,632.84</u>	1,833.00	<u>2,993,002</u>		
Totals	3,938.45 m²		7,219,170		
Developers Contingency		5.00%	408,385		
Extra Overs			371,000		
Nitrates			131,000		
					8,129,555

Other Construction Costs

Externals		8.00%	577,534		
FHS	47.00 un	3,000.00 /un	141,000		
					718,534

PROFESSIONAL FEES

Architect		10.00%	830,870		830,870
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MARKETING & LETTING

Marketing		3.00%	541,500		541,500
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DISPOSAL FEES

Sales Agent Fee		2.00%	361,000		
Sales Legal Fee	47.00 un	750.00 /un	35,250		
					396,250

Unsold Unit Fees

1 Bed Flats			186,375		
2 Bed Flats			67,541		
					253,916

TOTAL COSTS BEFORE FINANCE 13,187,372**FINANCE**

Timescale	Duration	Commences		
Acquisition	1	Jun 2023		
Pre-Construction	6	Jul 2023		
Construction	15	Jan 2024		
Sale	40	Apr 2025		
Total Duration	62			

Debit Rate 7.00%, Credit Rate 1.00% (Nominal)

Land		314,490		
Construction		424,370		
Other		513,768		
Total Finance Cost				1,252,628

TOTAL COSTS 14,440,000**PROFIT**

Edwina MB House (47) 0% AH June 23**3,610,000****Performance Measures**

Profit on Cost%	25.00%
Profit on GDV%	20.00%
IRR% (without Interest)	19.53%

Appendix 5 – Red Book Valuation



Valuation Report - **DRAFT**

Edwina Mountbatten House Broadwater Road Romsey SO51 8GH

Prepared for Churchill Retirement

16 January 2023

Prepared by: R James Mackay BSc (Hons) MRICS,
(Registered Valuer)

Reviewed by: David Harrison BSc (Hons) MRICS
(Registered Valuer)

Alder King Property Consultants
12 Pine Court, Kembrey Park, SWINDON SN2 8AD
Email: jmackay@alderking.com
Tel: 07778 942321

Ref: RJM/97563
Client: Churchill Retirement
Date: 16 January 2023

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Executive Summary

For your convenience, we summarise the key features of this Valuation Report which should nevertheless be read in full.

Property Type/Use: 1970s Former Care Home (C2) comprising 23 bedrooms and four one bed flats (now closed).

Site Area:	Description	Hectares	Acres
	Care Home (C2)	0.287	0.71

Floor Area (Total):	Description	m ²	ft ²
	Existing Building - GIA	1,095	11,786

Planning: Care Home within Use Class C2

Tenure: Freehold with vacant possession.

Tenancies: None.

Market Value with Special Assumption 1 (EUV): **£0 (Nil)**
The value of the Property is restricted to **Existing Use Value (EUV)**.

Market Value with Special Assumption 2 (AUV): **£2,370,000 (Two Million Three Hundred and Seventy Thousand Pounds)**
The value of the Property is restricted to **Alternative Use Value (AUV)**

Key Observations:

- 50 year old closed Care Home, situated in the centre of Romsey.
- Accommodation built to a reasonable specification but too small to operate as a viable business (closed in July 2022).
- Romsey is located on the edge of the New Forest and has good road links to Southampton.
- Redevelopment potential (subject to planning).

1.0 Terms of Reference

Client:	Churchill Retirement Lifestyles Limited, Southern House, 1 Embankment Way, Ringwood, Hants BH24 1EU. This report has been prepared for the sole use of the Client. Alder King does not permit third party reliance on this report.		
Purpose of Valuation:	The report is to be used to assist assessment of the likely planning obligations/affordable housing content and/or ramifications of the relevant affordable housing policy, as they affect the Client’s proposed redevelopment the Property.		
Subject of Valuation:	Edwina Mountbatten House, Broadwater Road, Romsey SO51 8GH (the ‘Property’). The Property is held by freehold tenure.		
Compliance Confirmation:	This report has been prepared in accordance with the RICS Valuation – Global Standards 2022 – incorporating the International Valuation Standards (Red Book). The report has also had regard to the RICS Professional Statement ‘Financial viability in planning: conduct and reporting’, effective from 1 September 2019.		
Letter of instruction:	The report has been prepared in accordance with Churchill Retirements’ instructions together with our Confirmation and Scope of Work schedule dated 6 January 2023, a copy of which is contained in Appendix 1.		
Basis/Bases of Value:	Market Values with the following Special Assumptions. <ol style="list-style-type: none"> 1. The value of the Property is restricted to Existing Use Value (EUV) in accordance with the Para 015 of the government’s Viability Planning Practice document (Viability PPG) updated May and September 2019. 2. The value of the Property is restricted to Alternative Use Value (AUV) in accordance with the Para 017 of the government’s Viability Planning Practice document (Viability PPG) updated May and September 2019. Where it is assumed that an existing use will be refurbished or redeveloped this will be considered as an AUV. 		
Valuer:	R James Mackay BSc(Hons) MRICS (RICS REGISTERED VALUER)	Status of Valuer:	External Valuers
Disclosure:	We confirm that we have no previous, current or proposed material involvement with either the Property, a neighbouring property or the borrower or other parties involved which could conflict with our duty to provide you with our objective and unbiased opinion of value. Alder King holds current valuation instructions for the Client concerning properties in other locations and there is the possibility that further advice on the subject property in this instance may be required by the Client beyond this current instruction.		
Date of inspection:	6 January 2023. We assume that there are no material changes to the Property subsequent to our inspection.		
Limitations on Investigation:	We were unable to inspect the interior of the building. The site was viewed from the boundary.		
Valuation Date:	Date of Report.		

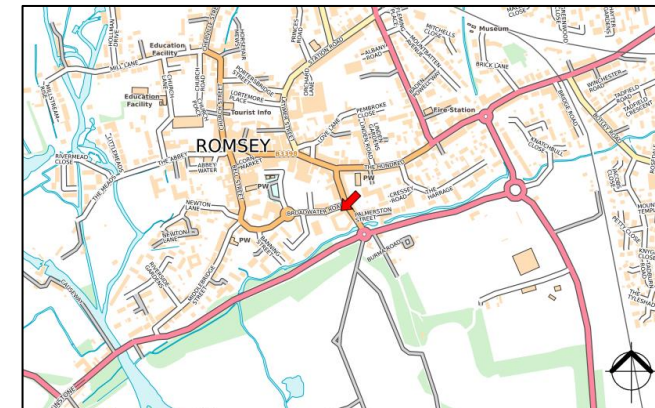
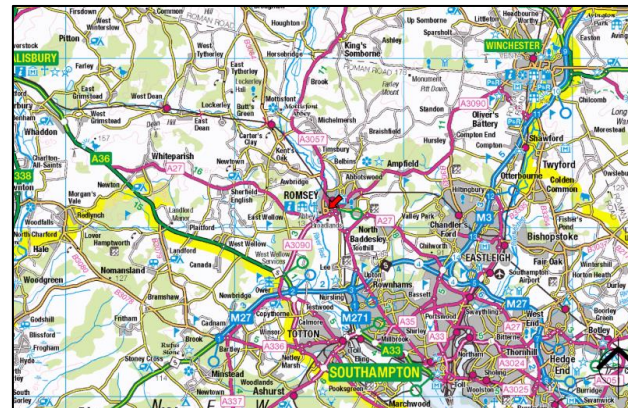
Limitations on Liability:	We have agreed our liability for this valuation shall be limited to a maximum of £5,000,000.
Additional Information:	Attached at Appendix 2 is some additional information in respect of various valuation issues pertinent to the Property (Appendix 2 must be read in full with this report).
Valuation Basis definition:	Market Value is defined as: 'The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.'

2.0 Location & Situation

The Property is located in the market town of Romsey in the county of Hampshire.

The town is situated approximately 11km (7 miles) northwest of Southampton, 8km (11 miles) southwest of Winchester and 27 km (17 miles) southeast of Salisbury. The town is on the outskirts of the New Forest (approximately 4.8 km (3 miles) to the south).

Romsey is well located close to the M27 and M3 motorways, providing access to the south coast and London.



The Property is located in the town centre, at the corner of Broadwater Road. The site is located outside the core centre but close to the main shopping area of 'The Hundred' and Market Place.

3.0 Property Description

Edwina Mountbatten House:	Description: The Property comprises a detached predominately single storey purpose built care home (now closed) built around a central courtyard providing amenity space and car parking. The existing building provided, at ground floor, 19 bedrooms (6 en-suite) sensory room, two lounges, conservatory, dining room, kitchen and ancillary accommodation. The first floor provided 5 en-suite bedrooms. In addition there are three self-contained flats at ground floor and one self-contained apartment at first floor.
Age of Property	Understood early 1970s
Frame	Assumed to be traditional brick construction
External Elevations	Brick.
Roof	Pitched roofs with clay tile coverings.
Windows	Double glazed units.
Floors	Solid concrete/timber floors.
Interior Wall	Plastered/painted finish.
Lighting	Cat 2 lighting.
Lifts	None.
Heating/Cooling	Assumed traditional wet led system with gas fired boiler.
Services/Utilities	Assumed mains electricity, gas, water and drainage services connected to the building.
External Elements	Tarmac surfaced area providing car parking, plus landscaped areas/gardens.
Condition	The building has been vacant since July 2022 and has seen limited repairs/maintenance over the preceding few years. We have not inspected the internal condition.

Use: Assumed C2 Use



Additional photographs at Appendix 3.

Floor Areas:	GIA Basis	m²	ft²	Site Area:	Other Investigations:
Total:		1,095	11,876	Hectares: 0.28	Mundic Block: N/A
				Acres: 0.71	Concrete Frame: No – assumed traditional construction.
					Mining Area: No

4.0 Legal Matters

Title: Freehold

We have not seen a Report on Title but have assumed good and marketable title.

We have assumed the boundaries of the Property shown edged in red on the plan below are accurate.

Tenancy(ies): None – full vacant possession assumed.



5.0 Statutory & Regulatory Enquiries

Planning:	LPA:	Test Valley Council.	Assumed Use:	Assumed C2	Council Tax:	Various Bands A-H
	Listed:	No.	Conservation Area:	No.		
	Other:	Adopted Local Plan (2016)	Public Highway:	Yes.		
Planning Comments:	There is no significant recent planning history attached to the Property.					

6.0 Planning Policy

National Planning Policy Framework (NPPF):	<ul style="list-style-type: none"> ▫ The National Planning Policy Framework (NPPF) was revised on 20 July 2021 to set out the government’s planning policies for England and how these should be applied. The new Framework replaces the previous NPPF published in March 2012, revised in July 2018 and updated in February 2019. ▫ The Ministry of Housing, Communities and Local Government (MHCLG) confirmed in a statement that the updated NPPF "will place greater emphasis on beauty, place-making, the environment, sustainable development and underlines the importance of local design codes".
Planning Practice Guidance (PPG):	<ul style="list-style-type: none"> ▫ The Department for Communities and Local Government in March 2014 revised and updated planning guidance designed to be easily accessible on-line and user friendly. The PPG contains 50 categories; from ‘Advertisements’ to ‘When is permission required’. ▫ The category of relevance in context with this report is the Guidance on ‘Viability’ (referred to in this report as the Viability PPG) which has been updated in May and September 2019 to reflect the updated policies contained within the NPPF. ▫ <i>Paragraph 13 of the Viability PPG outlines how land value should be defined for the purpose of viability assessments. “To define land value for any viability assessment, a benchmark land value should be established on the basis of the existing use value (EUV) of the land, plus a premium for the landowner. The premium for the landowner should reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land. The premium should provide a reasonable incentive, in comparison with other options available, for the landowner to sell land for development while allowing a sufficient contribution to comply with policy requirements. Landowners and site purchasers should consider policy requirements when agreeing land transactions. This approach is often called ‘existing use value plus’ (EUV+).”</i> ▫ Paragraph 15, 16 and 17 of the revised PPG provides further guidance on what is meant by Existing Use Value, Existing Use Value Plus and Alternative Use Value respectively as detailed below:

Existing Use Value (EUV)	<p>“What is meant by existing use value in viability assessment?”</p> <ul style="list-style-type: none">▫ Existing use value (EUV) is the first component of calculating benchmark land value (BLV). EUV is the value of the land in its existing use. Existing use value is not the price paid and should disregard hope value. Existing use values will vary depending on the type of site and development types. EUV can be established in collaboration between plan makers, developers and landowners by assessing the value of the specific site or type of site using published sources of information such as agricultural or industrial land values, or if appropriate capitalised rental levels at an appropriate yield (excluding any hope value for development).▫ Sources of data can include (but are not limited to): land registry records of transactions; real estate licensed software packages; real estate market reports; real estate research; estate agent websites; property auction results; valuation office agency data; public sector estate/property teams’ locally held evidence.” <p>Viability PPG para 15.</p>
Alternative Use Value	<p>“Can alternative uses be used in establishing benchmark land value?”</p> <ul style="list-style-type: none">▫ For the purpose of viability assessment alternative use value (AUV) refers to the value of land for uses other than its existing use. AUV of the land may be informative in establishing benchmark land value. If applying alternative uses when establishing benchmark land value these should be limited to those uses which would fully comply with up to date development plan policies, including any policy requirements for contributions towards affordable housing at the relevant levels set out in the plan. Where it is assumed that an existing use will be refurbished or redeveloped this will be considered as an AUV when establishing BLV.▫ Plan makers can set out in which circumstances alternative uses can be used. This might include if there is evidence that the alternative use would fully comply with up to date development plan policies, if it can be demonstrated that the alternative use could be implemented on the site in question, if it can be demonstrated there is market demand for that use, and if there is an explanation as to why the alternative use has not been pursued. Where AUV is used this should be supported by evidence of the costs and values of the alternative use to justify the land value. Valuation based on AUV includes the premium to the landowner. If evidence of AUV is being considered the premium to the landowner must not be double counted.” <p>Viability PPG – para 17.</p>
Local Planning Policy – Test Valley Borough Council	<ul style="list-style-type: none">▫ The current adopted Local Plan is the Test Valley Borough Revised Local Plan DPD 2011-2019 (adopted 2016).▫ The Local Plan does not appear to allocate any site specific policy to the Property.▫ A Neighbourhood Plan was consulted upon in 2014 but nothing has been prepared.▫ In September 2020 a Masterplan report was published for the area known as South of Romsey Town Centre. The aim was to produce a strategic vision and masterplan to transform this part of the town. Key sites within this document were the Bus Station, Aldi Store, Dukes Mill and Crosfield Hall. The masterplan did not include the Property but did consider the relocation of Aldi to the adjacent site.
Planning Register:	<ul style="list-style-type: none">▫ It is assumed the authorised existing use is as a Care Home (Use Class C2).

7.0 Environmental Matters

Contamination Comments:	None apparent from the extent of our limited inspection (see Additional Information) – see asbestos comments below.				
Hazardous Materials:	Not known	Asbestos:	Not known but assumed none of significance.	Asbestos Report:	No
Flood Zone:	Whole Property within Zone 1.	Flood Report:	No	Flooding Comments:	Environment Agency assesses 'low probability' of flooding.
Radon:	No	Level:	Less than 1%	Comments:	Low
Invasive Species:	No	Comments:	None immediately apparent from the extent of our limited inspection.		
EPCs:	Yes (Separate Assessments)	Rating:	Bands C-D	Date Issued:	Nov 2020
EPC Comments:	The current EPC Rating is above the prohibited Bands F & G for lawful letting purposes but below the Band C government target identified for 2030. See Additional Information at Appendix 2.				

8.0 Local Market & Evidence

Strengths/Opportunities:	<ul style="list-style-type: none"> ▫ Located in a relatively prosperous outer south-east centre. ▫ Relative ease of access to the main road system. ▫ Prominent site with development potential
Weaknesses/Threats:	<ul style="list-style-type: none"> ▫ Building appears dated and a reflection of early 1970s architectural style. The layout and configuration is not suited to modern C2 uses. ▫ Interior finishes and exterior grounds appear in a generally tired condition, and in need of some work (including some re-fitting of the WCs and carpeting of wings) to help bring up to better occupier standard and enhance letting chances. ▫ Conversion costs likely to be impacted by recent rises in build costs. ▫ The facility closed due to low income and high costs. The current use of the building is unlikely to return and the costs to refurbish are limited given the low number of rooms.

Supply/Demand:

- The supply of residential development opportunities remains relatively restricted and demand from developers has come back quite strongly after the initial shock of the Covid onset in March to May 2020. Developer confidence is supported by continuing good demand for new build houses, assisted by government support measures such as the Help to Buy scheme and Help to Buy ISA/Lifetime ISA savings products aimed at first time buyers. However, buildings cost increases and labour/materials shortages have become a concern post Brexit and Covid.

Market Risk:

The principal risks to the wider property and property investment markets at present are associated with any adverse effects stemming from both the onset in late 2021 of a significant increase in inflationary pressures in both the global and UK markets, and the outbreak of major war in Ukraine from late February 2022. There is considerable global economic disruption ongoing, as a result of the unprecedented sanctions applied to the Russian economy. It is too early to assess at this stage what impact these two factors may have on the regional market in Hampshire/Wiltshire/Berkshire. Purchasers are however likely to factor these risks into their consideration of the Property.

Market Value – new residential units:

In the alternative use context of alternative use for residential development, the following new build house prices are relevant:

Property Address	Description/Transaction Details
Meadow View, Treviglio Close, Romsey	<p>New build development by Bellway Homes completed in 2021 (44 private homes). Mix of 3 and 4 bedroom houses. Recent sales include:</p> <p>No. 60 – 25/03/22 sold for £589,998 (4 bed) £4,999.95/m² (£465/ft²) No. 58 – 28/02/22 sold for £589,998 (4 bed) £4,999.95/m² (£465/ft²) No. 54 – 27/01/22 sold for £484,995 (3 bed) £4,999.95/m² (£465/ft²) No. 26 – 13/01/22 sold for £484,995 (4 bed) £4,999.95/m² (£465/ft²)</p>
Home Farm, Ebley lane, East Wellow, Romsey	<p>New build/Conversion to provide a mix of 3/4 bed terraced and semi houses. Currently in construction. Quoting prices released:</p> <p>Plot 13 – 3 bed end of terrace. Quoting price £575,000 (£5,424.52/m² (£505/ft²)) Plot 1 – 3 bed end of terrace. Quoting price £550,000 (£5,140.18/m² (£476/ft²)) Plot 10 – 3 bed end of terrace. Quoting price £525,000 (£5,303.03/m² (£493/ft²))</p>

In a national context, all three leading databases on the national rate of house price movement report a slowdown in values over the last 12 months or so. The following annual figures are the latest figures available:

Land Registry source: Annual rate of 12.6% based on the latest year available to October 2022 (Average House Price now £296,422). Monthly change 0.3%.

Halifax source: 2% based on the latest year available to December 2022 (Average House Price now £281,272). Monthly change -1.5%.

Nationwide source: 2.8% based on latest year available to December 2022 (Average House Price now £262,068). Monthly change -0.1%.

The latest RICS Monthly Residential Market Survey Report for November 2022 reports the following headline points:

- Indicators on buyer demand, agreed sales and new instructions remain negative.
- National house prices begin to fall.
- Both price and sales expectations point to these trends being sustained over the near-term.

9.0 Existing Use Value

- Methodology / Approach:**
- Market Value with the Special Assumption the value of the Property is restricted to **Existing Use Value (EUV)** in accordance with Para 015 of the government's Viability Planning Practice document (Viability PPG) updated May and September 2019.
 - In the context of the Property, EUV involves a market limited to the existing C2 Use. Under this assumption, the Property provides a small and dated care facility that has closed due to limited opportunities to increase income.
 - The accommodation will require considerable expenditure to repair, refit and re-decoration. It is highly unlikely the capital required would be viable given the size of the current facility.
 - Based on the information available to us, we consider the continued use as a C2 Care home is not viable.
 - In light of the recent closure and no demand for a small C2 facility we do not believe there is a value in the Existing Use. Any purchaser would be considering comprehensive redevelopment.

Market Value with Special Assumption 1: **£Nil (Restricted to EUV)**

10.0 Alternative Use Value

- Methodology / Approach:**
- Market Value with the Special Assumption the value of the Property is restricted to Alternative Use Value (AUV) in accordance with Para 017 of the government’s Viability Planning Practice document (Viability PPG) updated May and September 2019.
 - In this instance, the Property has clear potential for residential conversion/redevelopment and is an appropriate basis of assessing AUV. 1095
 - The location of the site is considered highly sustainable and would be attractive to the market for redevelopment. The highest value is likely to be for a residential scheme rather than a commercial development given the proximity to other commercial uses in the town centre.
 - In assessing the likely redevelopment potential a sketch plan has been produced proposing 10x 3 bed semi-detached dwellings and 1 detached 3 bed dwelling. It is considered this maximises the development potential of the site, particularly having regard to the constraints of the site.
 - Whilst affordable housing Policy confirms that the scheme would be liable for an onsite allocation, vacant building credit would apply to the site and as such the requirement is reduce to zero. Further, as the existing buildings were occupied up until July 2022 it is assumed VBC will apply to CIL and no charge would apply. We have allowed a sum of £50,000 for other Sec.106 obligations.
 - We understand the Property was marketed extensively and attracted strong interest from the development market. None of the potential purchasers considered it appropriate for commercial development or refurbishment.
 - In arriving at the AUV we have had regard to the residual method of valuation. An overview of the assessment is set out below.

Market Value with Special Assumption 2: **£2,370,000 (Two Million Three Hundred and Seventy Thousand Pounds) (Restricted to AUV)**

Residual Appraisal Summary

The Market Value on the Special Assumption of the value being the Alternative Use has been assessed using the residual method as outlined. The main information used in our appraisal is detailed below:

A gross development value of:	£6,330,000 (£6,187.68/m ² (£575/ft ²))
A basic construction cost of:	£1,480,281 (BCIS £1,447/m ²)
Other Construction Costs of:	Demolition: £183,200 External Costs: £118,422 (8% of Construction Costs) Part L Uplift: £3,000 per unit
Contingency of:	3%
Professional fees of:	8%
Special planning promotion fee (no planning permission presently exists):	£50,000

A development period of:	27 months: 12 months Pre-Construction and Planning/12 months construction/6 month sales period starting at month 9 of construction period.
Community Infrastructure Levy	Nil
S106 costs allowance	£50,000. (Estimated Cost)
Legal and sales fees of:	£137,600.
A finance rate of:	7% and 1.0% (credit and debit rate)
Profit:	18.5% on GDV.
Residual Amount/Site Value:	£2,368,297 (say) £2,370,000.

The Market Value reported of the Property as existing equates to the following:

Rate per plot	£215,454 per market unit plot, assuming nil for affordable.
Rate per hectare (acres)	£8,257,839 per ha (£3,338,028 per acre).
Percentage of GDV per average market plot.	37.44%.

GDV Commentary:

In respect of GDV input above, we more specifically comment below:

- Location represents an attractive edge of centre position in a prosperous village south-east, close to major green spaces including the South Downs National Park.
- Rightmove shows the average price for a house in last 12 months (up until 15 December 2022) is £409,830 with semi-detached houses at £364,624 (Source: Rightmove).
- There are few directly comparable sales in the market at the time of reporting. New build development is constrained in the immediate area. There are plans to construct up to 1,100 new homes in a major urban extension known as Whitenap, located to the south of the town. An outline planning application is currently being considered.
- The most recent small scale housing scheme currently being marketed is at Home Farm, East Mellow to the east of the town. The scheme is currently marketing 3 bed terraced/end of terrace houses between £525,000 - £575,000.

Cost Commentary:

In respect of the build cost input, we more specifically below:

- BCIS rebased to Test Valley (Default, Median) – We have adopted ‘terraced housing’ at £1,447 per m².
- Standard external allowance of 8% allowed for external costs.
- Part L uplift (as not included in BCIS retrospective data).
- Professional fees at 8%.
- Special planning promotion fees of £50,000.
- It is assumed CIL is not payable due to VBC.
- It is assumed no affordable housing due to VBC.

Valuation Appraisal and Conclusion:

We attach a copy of our Valuation calculations (ARGUS Developer Appraisal) in Appendix 5. The AUV Illustrative Scheme involves a likely housing scheme with appropriate density for the site.

11.0 Valuations – General Comments

Purchaser with a Special Interest:

- Believed not.

Comments/Notes:

- We consider the Property would require a marketing period of 6 months within which to achieve a sale, such a sale to be by private treaty.
 - The existing building does not meet the current requirements for a care facility and the limited number of bed spaces (limiting the income) are significant factors in both the closure of the facility and any ongoing interest from this sector to reopen.
 - Whilst it is unusual for a site to have a £Nil value the constraints of the definition of Existing Use Value as defined by the PPG it is clear there is no interest in the existing buildings or current use. We have not considered conversion or refurbishment as this would be an Alternative Use Value, as defined by PPG. It is clear that the only viable alternative would be comprehensive redevelopment of the site.
 - We consider value for the alternative use is the most appropriate basis of value for the site. We have had regard to planning Policy and allowed for Vacant Building Credit, allowing the proposed scheme to be a 100% market scheme. This is in line with Government Policy to encourage the development of brownfield sites.
 - We have accounted for the planning risks in both financial and timeframe.
 - We believe the AUV reported is a reasonable and appropriate figure for the disposal of the site, having regard to Planning Policy.
-

12.0 Assumptions & Caveats

Appendix 1:	A copy of our Scope of Work is contained in Appendix 1 (must be read with the above report).
Appendix 2:	A copy of our Additional Information is contained in Appendix 2 (must be read with the above report).

Valuer:



.....
R James Mackay MRICS
Partner
RICS Registered Valuer

For and on Behalf of
Alder King LLP
12 Pine Court
Kembrey Park
SWINDON SN2 8AD

Tel: 07778 942321
Email: jmackay@alderking.com

Checked By:



.....
David Harrison BSc (Hons) MRICS
Partner
RICS Registered Valuer

For and on Behalf of
Alder King LLP
Pembroke House
Pembroke Road
BRISTOL GBS8 3BA

Tel: 0117 317 1000
Email: dharrison@alderking.com

Appendix 1 - Alder King Confirmation and Scope of Work

ALDER KING LLP, VALUATION INSTRUCTION CONFIRMATION SHEET

In respect of:	Client
Edwina Mountbatten House, Broadwater Road, Romsey	Churchill Retirement
Date	6 January 2023.
(a) Valuer.	<ul style="list-style-type: none"> i. R James Mackay MRICS MRICS (RICS Registered Valuer), Alder King LLP, 12 Pine Court, Kembrey Park, Swindon SN 2 8AD ii. The Valuer is in a position to provide an objective and unbiased valuation. iii. The Valuer (to include Alder King LLP) has no material connection or involvement with the subject of the valuation assignment or the party commissioning the assignment. Alder King LLP has undertaken previous work for the Client, but this is not believed to impair our ability to provide objective advice in response to the current instruction. iv. The Valuer is competent to undertake the valuation having sufficient current local knowledge of the particular market and the skills and understanding to undertake the valuation competently.
(b) Client.	Churchill Retirement Lifestyles Ltd, Southern House, 1 Embankment Way, Ringwood, Hants BH24 1EU
(c) Other Intended Users.	Alder King does not permit third party reliance on the valuation report. Restrictions on those who may rely upon the valuation assignment are detailed in (m) below.
(d) Identification of the asset or liability.	Edwina Mountbatten House, Broadwater Road, Romsey SO51 8GH
(e) Financial Currency.	GB Pound (£)
(f) Purpose of valuation.	To provide Market Values on Special Assumptions to assist in establishing a benchmark land value to be used in the financial viability assessment of a proposed Retirement Living re-development.
(g) Basis/Bases of value.	Market Value with Special Assumption :

	<p>Value is to be determined having regard to benchmark land value in accordance with the Government's Viability Planning Practice document (Viability PPG) updated May and September 2019. This will require consideration of Market Value with the following alternative Special Assumptions:</p> <ul style="list-style-type: none"> i. That the value of the Property is restricted to Existing Use Value (EUV) in accordance with the Para 015 of the Government's Viability Planning Practice Guidance (Viability PPG) updated May 2019; and where appropriate; ii. That the value of the Property is restricted to Alternative Use Value (AUV) in accordance with the Para 017 of the Government's Viability Planning Practice Guidance (Viability PPG) updated May 2019. <p>The definition of Market Value contained within the appended Scope of Work.</p>
(h) Valuation Date.	As at date of report.
(i) Extent of Valuer's work - investigation:	Refer to appended Scope of Work and Alder King General Terms of Engagement. We would draw your attention to the provisions relating to asbestos. Alder King is not qualified to offer comprehensive advice about asbestos related matters and where concerns regarding asbestos exist, we would recommend advice is sought from specialist consultants, as appropriate.
(j) Nature and source of information to be relied upon.	Refer to appended Scope of Work.
(k) Assumptions & Special Assumptions.	Refer to appended Scope of Work for general assumptions.
(l) Format of report.	The valuation report will be provided in Alder King's free text landscape format and will meet Red Book VPS3 mandatory minimum terms of reporting. Additional terms of reporting will be as set out within the appended Scope of Work.
(m) Restrictions on use, distribution or publication.	This Agreement is enforceable by the original parties to it and by their successors in title and permitted assignees, nothing in this Agreement will confer any rights on any person under the Contracts (Rights of Third Parties) Act 1999 (save any specific requirements as detailed within Bank's previously agreed terms).

(n) Red Book/IVS Compliance Confirmation.	The Valuation will be undertaken in accordance with the RICS Valuation – Global Standards (Red Book) effective January 31 2022 – incorporating the International Valuation Standards.
(o) Alder King Fee.	£5,500 plus VAT.
(p) Alder King complaints handling procedure.	<p>Alder King has a complaints procedure, which applies to all instructions undertaken. In the event of a client being dissatisfied with the service, the complaints procedure is as follows:-</p> <p>If you wish to raise a complaint, you should contact the Compliance Officer, Clare Potter, Alder King, Pembroke House, 15 Pembroke Road, Bristol BS8 3BA, who will personally conduct a review of your complaint and contact you within 21 days to inform you of the conclusion of her review.</p> <p>If you remain dissatisfied with any aspect of our handling of your complaint, you may choose to resolve this promptly through negotiation, or otherwise agree to enter into mediation with us conducted by a qualified mediator to be agreed between us or nominated by The Royal Institution of Chartered Surveyors.</p> <p>If the complaint has still not been resolved to your satisfaction we agree to the referral of your complaint to The Centre for Effective Dispute Resolution (CEDR), details of their scheme can be found via their website www.cedr.com/consumer/rics or by Telephone on (0) 207 536 6116. All cases referred to CEDR will be dealt with under the RICS Scheme Rules, which are provided by the RICS Regulation.</p>
(q) RICS conduct and disciplinary regulations.	As an RICS regulated firm, the valuation may be investigated by the RICS for the purposes of the administrations of the institution’s conduct and disciplinary regulations.
(r) Limitations on Liability.	Our liability for this valuation shall be limited to a maximum of £1,000,000.

Note - RICS is an abbreviation for the Royal Institution of Chartered Surveyors



GDPR and Privacy Policy	By signing and returning these Terms of Engagement you are permitting Alder King to collect, retain and process your personal data and relevant information for its legitimate business purposes. For information about how we process data and monitor communications please see our Privacy Policy which is available on our website www.alderking.com .
Privacy Notice	Alder King is committed to ensuring that your privacy is protected. Our Privacy Notice attached to this document sets out how Alder King use and protect the information you provide to us and the types of personal data we may need to collect about you when you interact with us. It also explains how we store your data and the steps we take to keep it safe.

Please sign below to confirm you agreement to the Terms of Engagement set out herein	
Signed:	
For:	Churchill Retirement Lifestyles Ltd
Print Name	
Date	

Appendices

- Appendix 1 Alder King Scope of Work
- Appendix 2 Alder King General Terms of Engagement

*Alder King LLP is a Limited Liability Partnership registered in England and Wales No. OC306796.
Registered Office: Pembroke House, 15 Pembroke Road, Bristol BS8 3BA.
A list of Members is available at the registered office.*

Alder King Scope of Work for the Valuation of Commercial Property

This Scope of Work describes the Service which we will provide for the valuation of interests in land or buildings used for commercial purposes (“Commercial Property”). It is supplemental to:

- (a) Our Valuation Confirmation/Engagement Sheet relating to the specific instruction.
- (b) Our General Terms of Engagement.

Where there is any conflict between these documents, this Scope of Work shall take precedence over the General Terms of Engagement and the Valuation Confirmation/Engagement Sheet shall take precedence over both this Scope of Work and the General Terms.

1. The Service

- 1.1. We will provide you with a valuation prepared by a suitably qualified RICS Registered Valuer in accordance with the current Professional Standards for Valuation issued by the RICS, commonly known as the “Red Book”.
- 1.2. A suitably qualified valuer will have expertise in the type of property being valued and the market for that property as well as in the use of appropriate valuation techniques. However, they may identify matters that could impact on the value which require verification or expert advice from other specialists. Examples of where additional specialist advice may be required are identified in section 2 below.
- 1.3. The property interest to be valued is described in the Valuation Confirmation/Engagement Sheet, hereafter referred to as “the Property”. The Property will normally include all items that would transfer in a sale of the interest. In the case of a building, or part of a building, that would include any plant and equipment forming part of the normal service installations or items such as lifts or escalators. Any plant and equipment associated solely with the current use or occupation, such as process machinery, furnishings, computer networks etc will normally be excluded.
- 1.4. The purpose for which the valuation is prepared, the bases of value adopted and any special assumptions that we agree with you should be made are explained in the Valuation Confirmation/Engagement Sheet.
- 1.5. Our opinion of value will be provided in a report that will include a description of the Property, the results of our investigations into matters that could be relevant to its value, the assumptions we have made and the reasons for our opinion. Unless agreed otherwise our valuation will be reported in pounds sterling.

2. Investigations And Assumptions

This section explains the investigations we will make to enable us to prepare our valuation, together with the limitations that will apply to these investigations and the assumptions we will make, unless we agree with you anything to the contrary,

2.1. Title

We will not commission any legal search but will rely on information provided by you or your legal advisers regarding the interest to be valued and any associated rights or obligations. If we are provided with information by a third party, this will be mentioned in our report but will be subject to verification by your legal advisers. We will show our understanding of the extent of the Property by showing the assumed boundaries on a plan in the report, but this should not be relied upon as representing the legal boundaries. We shall otherwise assume that all information on title relied upon in our valuation and referenced in our report is complete and correct.

2.2. Condition of Buildings

We will note the general condition of any buildings. Unless we have also been instructed to carry out a condition survey by a specialist building surveyor we will not investigate the condition of any building in detail. Neither will we advise on the cause or repair of any defect that we do observe. Unless we become aware during our normal valuation investigations of anything to the contrary and mention this in our report, our valuation will assume:

- a. Any building is in a condition commensurate with its age, use and design and is free from significant defect.
- b. That no materials have been used in the construction of any building that are deleterious, or likely to give rise to structural defects.
- c. That all relevant statutory requirements relating to use or construction have been complied with.

2.3. Utilities and Services

We will make enquiries of the current owner or occupier or rely on what is visible during our inspection to identify the public utilities connected or available to the property and of any plant or systems providing heating, cooling, ventilation, drainage or fire protection to any buildings. We will not make enquiries or commission specialists to establish the capacity, specification or operational efficiency of any of these utilities or services. Unless we become aware of anything to the contrary during our normal valuation investigations and enquiries we will assume:

- a. That any information provided on the availability and capacity of public utilities is correct.
- b. That any plant or equipment providing services to the property, together with any associated computer hardware and software, is fully operational and free from impending breakdown and compliant with current regulations.

2.4. Planning and Highways

We will research the planning history and any relevant planning policies through the relevant Local Planning Authority's website or by consulting publicly available information that is available free of charge. We will not commission a formal Local Search. We will assume that all information obtained is correct and, unless we have been advised to the contrary, that there are no current or pending compulsory purchase, enforcement, local charges or any other matter that would be revealed by a Local Search.

2.5. Environmental Matters

We will research freely available information issued by Government agencies and other public bodies on environmental matters, including flooding and the presence of radon gas. We will make enquiries of the existing owner or occupier to establish whether the Property has been affected by invasive species. We will also rely on our general knowledge of the local area and of any environmental risks that are commonly found there. We will not undertake sampling or analysis of any materials to establish or verify environmental risks, nor will we commission appropriate specialists to do so. Unless we become aware of anything to the contrary during our normal valuation investigations and mention this in our report, our valuation will assume:

- a. That there is no abnormal risk of flooding.
- b. That there are no high voltage overhead cables or large electrical supply equipment at or close to the Property.
- c. That there are no invasive species present at the Property or within close proximity to the Property.

2.6. Contamination and Hazardous Materials

We will endeavour to identify any obvious indications that the Property may be at risk of contamination or if hazardous materials are either present or can reasonably be expected to be present. Verification of whether contamination or hazardous materials are present in the land or any building can only be determined by appropriate specialists and is outside the scope of our Service. Neither will we carry out or commission investigations into past or present activities of the Property or any neighbouring property to establish whether there is contamination or potential for contamination. Unless it is confirmed to us by appropriately qualified specialists that the Property is affected by contamination or hazardous materials, or we have identified there is obvious potential for these to be present, we will assume that the Property is free from contamination and that there are no hazardous materials present.

2.7. Ground Conditions

We will take into account any adverse or abnormal ground conditions of which we are aware from our knowledge of the locality or that can be freely obtained from Government agencies or other public bodies, such as historic mining records. Otherwise we will not undertake investigations to establish the stability of the site or its suitability for future development. Neither will we undertake or commission archaeological investigations. Unless we are provided with information to the contrary we will assume that there are no adverse ground conditions, that there is no threat to the stability of existing buildings and that there would be no extraordinary costs involved in any future development or redevelopment of the Property.

2.8. Energy Performance

Whenever a building requires an Energy Performance Certificate and this is available we will include information about this in our report and comment on any implications this has on our valuation. We will not comment or advise on any work that may be necessary to improve an existing EPC rating.

2.9. Floor Areas

We may agree with you to rely on floor areas provided by you or a third party. Otherwise all measurements will be taken and calculated in accordance with the current RICS Property Measurement Professional Standard. The areas in our report will be derived either from measurements taken on site or that have been scaled from drawings supplied and checked by sample measurements on site. The floor areas will be within a tolerance that is appropriate having regard to the circumstances and purpose of the valuation instruction. We will use the basis of measurement that is most appropriate for the market in which the Property would exchange.

2.10. Inspection

We will undertake an inspection of those parts of the Property that are reasonably accessible without special equipment and which may be entered safely. We will advise you if we are prevented from entering part of the Property that may be material to our valuation for safety or security reasons before proceeding with our valuation so that we may agree how to proceed.



3. Other Conditions And Assumptions

3.1. Regulatory requirements

A property owner or occupier may be subject to statutory regulations. Examples include the Equality Act 2010, the Regulatory Reform (Fire Safety) Order 2005 and the Housing Act 2004. Depending on how a particular owner or occupier uses a building, regulations may require alterations to be made. Unless specifically agreed otherwise, we will not investigate or comment on whether a current owner or occupier is complying with any such regulation. Unless advised to the contrary, we shall assume that no work would be required to any building by a prospective owner or occupier to comply with regulatory requirements.

3.2. Tenant status

If the Property is let and we are valuing the lessor's interest, we will reflect the current market perception of a tenant's status in our valuation. We will not make specific enquiries into the actual financial status of any tenant on the valuation date.

3.3. Transaction Costs and Taxation

The reported valuation will be our estimate of the price that would be agreed with no adjustment made for costs that would be incurred by the parties in any transaction, such as legal fees or stamp duty land tax. It will also ignore any mortgage or similar financial encumbrance. Unless advised to the contrary we shall assume that the option to tax has not been exercised and that accordingly VAT will not be payable on the capital and rental values reported.

3.4. Non Disclosure

Neither the whole nor any part of our report, nor any reference thereto, may be included in any published document, circular or statement or published in any way without our prior written approval, including to the form or context of any reference.

3.5. RICS Regulation

As an RICS Regulated Firm our valuations are subject to occasional monitoring by RICS. Our valuation and supporting file may therefore be subject to a confidential inspection by RICS.

4. Valuation Bases

The Red Book defines a number of valuation bases which Alder King must use in defined circumstances, unless there are justifiable reasons for departing from them or for making additional assumptions. See Section (f) within the Valuation Confirmation/Engagement Sheet which confirms the basis/bases adopted for this instruction. The most usual of these are:

4.1 **Market Value (MV)** with its interpretative commentary is defined as:

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



- 4.2 **Market Value (MV)** for Capitals Gains Tax and Inheritance Tax is defined as:
'The price which the property might reasonably be expected to fetch if sold in the open market at that time, but that price must not be assumed to be reduced on the grounds that the whole property is to be placed on the open market at one and the same time.'
- 4.3 **Existing Use Value (EUV)** follows the definition of MV but with the additional assumption:
'Assuming that the buyer is granted vacant possession of all parts of the asset required by the business and disregarding potential alternative uses and any other characteristics of the property that would cause it's Market Value to differ from that needed to replace the remaining service potential at least cost.'
- This is a basis for use only when valuing under the Code of Practice on Local Authority Accounting (CIPFA) and the Government Financial Reporting Manual (FReM).
- 4.4 **Fair Value (FV)** as defined in in FRS 102 is as follows:
'the amount for which an asset could be exchanged, a liability settled, or an equity instrument granted, between knowledgeable willing parties in an arm's length transaction'
- or
- Fair Value (FV)** as defined in in IFRS is as follows:
'The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date'.
- The appropriate definition to be used is to be agreed with the client.
- 4.5 **Market Rent (MR)** is defined as:
'The estimated amount for which a property, or space within a property, would be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion.'

Appendix 2 - Additional Information

Appendix 3 - Additional Information

This Appendix provides background information on various matters referred to in the accompanying valuation report (numbering relating to the Report).

1.0	Terms of Reference <p>Alder King accepts no responsibility whatsoever to any other person who, choosing to rely upon this report, will do so entirely at his own risk. This applies even to a person who pays the client for this valuation report. Any right of any person to enforce Alder King's responsibility under the agreed terms and conditions of engagement pursuant to the Contract (Rights of Third Parties) Act 1999 are excluded.</p> <p>This report, including these assumption and caveats, should be read as a whole so that no part may be taken out of context. Neither the whole nor any part of this report or any reference to it may be included in any published document, circular or statement in any way without Alder King's written approval of the form and context in which it may appear.</p>
3.0	Property Description Floor Areas <p>The areas stated are calculated in accordance with the RICS Property Measurement Professional Statement (Second Edition). We have quoted the Gross Internal Area (GIA) or Net Internal Area (NIA) as stated. We have not used the alternative IPMS basis of measurement in line with local market practice, unless otherwise stated.</p> Site Area <p>The site area has been scaled and estimated by Promap digital mapping system based on the area outlined red on the site plan in Section 4.0 Legal.</p> Services <p>The services, as stated, are as advised by the owner or borrower. As agreed, we have not tested any of these services and have assumed they are adequate for the current or proposed use of the Property. We have also assumed any plant or equipment providing services to the Property, together with any associated computer hardware and software, is fully operational and free from impending breakdown and compliant with current regulations.</p>

Condition

Our instructions do not extend to the carrying out of a condition survey and we have not examined the building(s) in detail. We have not inspected parts of the Property that are not accessible or visible without special equipment or normally hidden from view. Unless we have stated otherwise in the Report, the buildings generally appear to be in a condition commensurate with their age, use and design. We have also assumed no materials have been used in the construction of any building that are deleterious, or likely to give rise to structural defects.

Ground Conditions

If the report identifies the Property is situated within a mining area, it is within or in close proximity of a known former mining area where specialist mining consultants advise an archive mining search is obtained. We recommend solicitors obtain such a mining search prior to the lending being finalised or amend/make assumption as appropriate. In the event the search identifies the Property is affected, further investigation may be required and the Market Value and the marketability of the Property could be materially affected.

Otherwise we have not undertaken investigations to establish the stability of the site or its suitability for future development. Neither have we undertaken or commissioned archaeological investigations. We have assumed there are no adverse ground conditions, there is no threat to the stability of existing buildings and there would be no extraordinary costs involved in any future development or redevelopment of the Property.

Mundic Block

If the report states ‘Mundic Block’ the building dates from a time when concrete (block) construction sometimes contained deleterious (mundic) materials which can cause latent defects to develop as a result of degeneration of the concrete block which can affect value, saleability and suitability of the Property for mortgage purposes.

We recommend a concrete screening (mundic) test is obtained from specialist consultants in order to confirm the position. The Market Value reported assumes the Property is not affected in this respect, but should the screening test identify an adverse position, the Market Value and other advice contained within this report could be materially affected.

Concrete Frame Construction

If the report states ‘high alumina cement, Lafarge concrete, carbonation or alkali silica reaction’ investigation is needed as the building may be at risk of being subject to these issues which can cause latent structural defects to develop. Ascertaining the presence of such material requires specialist advice from a building surveyor or structural engineer and may require samples to be removed for analysis. In the absence of information to the contrary we have assumed the building is not adversely affected.

4.0	Legal Matters We have provided a site plan within 4.0 Legal. We have assumed the boundaries edged red are accurate in providing our valuation advice. Unless otherwise commented upon we assume the Property has a good and marketable title.
5.0	Statutory and Regulatory Matters Planning We have obtained information about the planning history of the Property and any relevant current policies from the information available online from the Local Planning Authority. We have assumed all information obtained is correct and there are no current or pending compulsory purchase, enforcement, local charges or any other matter that would be revealed by a Local Search. Rating We have obtained the business rate information about the current entry on the Rating List from the Valuation Office Agency website. The rates currently payable may, depending upon circumstances, be subject to phasing provisions or reliefs. Disability Discrimination The Equality Act 2010 imposes a duty on employers and businesses offering a service to the public to make reasonable changes to practices and procedures to enable disabled people to do their jobs, or to remove or alter any feature that makes it impossible, or unreasonably difficult, for a disabled person to make use of the services provided. This may include making alterations to a building that are reasonable having regard to the nature of the business and the service provider. Any building alterations that might be required are dependent on the nature and type of business in occupation. Since the Market Value reflects the price that would be obtainable in the market and not the requirements of a particular owner we will normally make the assumption that no specific work would be required to the building by the majority of potential buyers. We have assumed prospective buyers of the Property would not all require a specific and material alteration to the Property to comply with the Equality Act.

	<p>Fire Safety Law</p> <p>The Regulatory Reform (Fire Safety) Order 2005 requires the ‘responsible person’ to make a suitable and sufficient assessment of the risks, and to identify the fire precautions required at the Property to comply with the Order. The Order applies to all non-domestic property.</p> <p>Such fire precautions may include adaptation of the building and installation of fire safety equipment, but in all cases they must include: signage, fire safety action plans, staff training, identifying duty holders and routine maintenance/monitoring via signed and dated checklists.</p> <p>What are reasonable precautions will depend on the risk assessment for each prospective occupier and will reflect the nature and type of their business. Since the Market Value reflects the price that would be obtainable in the market and not the requirements of a particular owner we will normally make the assumption that no specific alterations would be required to the building by the majority of potential buyers.</p> <p>We have assumed that prospective buyers would not all require specific or material alterations to the Property in order to provide adequate fire precautions under the Regulatory Reform (Fire Safety) Order 2005.</p>
<p>6.0</p>	<p>Environmental Matters</p> <p>Contamination</p> <p>We have had regard to the RICS guidance note, Contamination, the environment and sustainability: their implications for Chartered Surveyors (2010) when considering environmental issues pertinent to the Property.</p> <p>If we indicate contamination is not present, no indications of past or present contaminative land uses or other environmental features were noted during the inspection. Our inspection was only of a limited visual nature and we cannot give any assurances that previous uses on the site or in the surrounding areas have not contaminated subsoils or groundwaters. Our valuation has been made on the basis there is no latent contamination that could adversely affect the Property.</p> <p>In the event of contamination being discovered or if it transpires there are other environmental features specifically affecting the Property, further specialist advice should be obtained and our valuation may be adversely affected. You are advised to ensure your legal adviser takes up the usual enquiries on your behalf, in respect of possible contamination or environmental issues, prior to entering into any commitments.</p> <p>If we state contamination is present, indications of potential contamination [and/or environmental features] were noted during our inspection and we recommend further investigations be undertaken by a suitably insured and qualified chartered environmental surveyor to determine the extent and nature of the contaminants and the likely costs of remediation. In the event of contamination being discovered or if it transpires there are other environmental features specifically affecting the Property our valuation may be adversely affected.</p> <p>If you have not accepted our recommendations to appoint specialist chartered environmental surveyors we are instructed to make a Special Assumption that no contamination or other environmental feature exists.</p>

Where we have been supplied with information [such as a specialist environmental report], which has identified contamination, our valuation has had specific regard to the estimated cost of the likely liability for treatment and our opinion of the market's likely perception of the issues involved. Should it, however, be established subsequently that other contaminants exist at the Property or on any neighbouring land, or that the Property has been or is being put to any other contaminative uses, this may reduce the value(s) now reported.

Flooding

Unless provided with a professional Flood Risk report we have visited the online flood risk maps on the Environment Agency website and reported the level of flood risk stated. The online flood risk maps are indicative and the matter can only be properly clarified by obtaining a professional flood risk report.

Radon

If a radon affected area, we have reported the percentage of buildings where the levels of Radon Gas entering a building are such remedial action is recommended as identified online on the Public Health England (PHE) website. PHE also publishes advice about levels of Radon Gas in the workplace and responsibility to employees in this respect.

It is not possible in the course of our inspection/survey to determine whether Radon Gas is present in any building, as the gas is colourless and odourless. Tests can be carried out to assess the level of Radon in a building and the minimum testing period is three months. Where Radon Gas is discovered, it has been the experience of Public Health England (PHE) that it is not expensive, in proportion to the value of the Property, to affect the recommended remedial measures. PHE also publishes advice about levels of Radon Gas in the workplace and responsibilities for employers in this respect.

Invasive Species

If we suspect the presence of Japanese Knotweed or other invasive species on site we have indicated this within the report. Japanese Knotweed is a highly invasive weed controlled under the Environment Protection Act 1990 and the Wildlife and Countryside Act 1981. Advice should be sought from specialists in respect of its management or removal. We advise costs of remedial treatment are established prior to the lending being finalised. If we have been provided with a remediation figure, we have stated this within the report.

Energy Performance Certificates

Where we have had sight of an Energy Performance Certificate(s) (EPC) for the Property we have summarised the details within the report.

In England and Wales the Government has implemented the European Energy Performance of Buildings Directive requiring an EPC to be made available for all properties, residential and commercial when bought, sold or rented.

An EPC must be made available by the 'relevant person' whenever a non-domestic building is constructed, sold or rented out subject to certain exemptions. EPCs are valid for 10 years.

The Energy Act 2011 provides from April 2018 it will be unlawful to let a commercial or residential Property with an Energy Assessment Rating of F or G. It will be unlawful to continue to let a domestic property from April 2020 or a commercial property from April 2023 with an Energy Assessment Rating of F or G.

It is possible in some cases changes can be made in respect of heating appliances and windows that incur a relatively modest level of cost to address in relation to the value of the Property.

There are a number of exemptions, for example Listed Buildings where it can be shown compliance would require unacceptable alterations, industrial buildings with low energy consumption and buildings due for demolition. For residential property there is grant assistance in some circumstances.

If the rating is F or G we advise you take advice from a suitably qualified professional advisor/EPC Assessor in this respect to include obtaining a MEES report to understand the issues and works involved for the Property to comply. If remedial works are required the value and marketability of the Property could be affected

Where we understand the Property does not have an EPC, an EPC is required prior to the lending being finalised. The valuations provided assume the EPC, when produced, will show an Energy Assessment Rating within Bands A – E (in the event of an EPC within Bands F or G remedial works are likely to be required and the valuations and marketability of the Property may be affected).

Asbestos

The use of asbestos in building materials has not been allowed in the UK since 1999. If the building was constructed after 1999 it should contain no asbestos.

It may therefore be present in older buildings. In most cases asbestos containing materials (ACMs) may be left in place if they are in good condition, managed and monitored. The Control of Asbestos Regulations 2012 requires an owner or tenant of non-domestic Property to have management plans in place. These plans will indicate whether asbestos containing materials (ACM) are present, or suspected to be present, as well as arrangements for their management to prevent risk to health. The confirmation as to whether ACMs are present in a pre1999 building and the appropriate management steps to be taken can only be made by specialist consultants.

Where appropriate we will enquire whether such a plan exists. Where one does, we have commented on this in the report. In the absence of a management plan, we assume the Property is not affected by the presence of ACMs and if present they are in a safe condition and no immediate works are required to either remove or contain them by an appropriately licenced contractor.

8	<h2>Valuation Considerations and Valuations</h2> <p>All of the valuation figures provided herein are exclusive of VAT.</p>
	<h2>Estimated Reinstatement Cost (when provided in Executive Summary)</h2> <p>The estimated reinstatement cost as set out within the report is given solely as a guide and without liability. It is the estimated cost of replacing the buildings in their present form and includes demolition/clearance costs and professional fees but excludes VAT (except on fees). A formal estimate for insurance purposes can be given only by a Quantity Surveyor or other person with sufficient current experience of replacement costs.</p> <p>This figure makes no allowance for increases in building costs either during the insurance period or for any period of rebuilding, that it would be advisable to add.</p> <p>The insured should take advice of an insurance broker as to whether the sum insured should include VAT on building and demolition costs and whether the policy gives sufficient cover for loss of rent or the cost of alternative accommodation for the reinstatement period which could amount to 3 years.</p>

Appendix 3 - Additional Photographs

APPENDIX 3

Additional Photos



Road Frontage – Broadwater Road



Road Frontage – Palmerston Street



Rear Elevation – A46 Frontage



Internal Courtyard



Internal Courtyard



Broadwater Road / Palmerston Street Frontage

Appendix 4 – ARGUS Summary Appraisal (Alternative Residential Scheme)

ROMSEY - AUV
11 x Residential Units
Alder King LLP

Appraisal Summary for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	m	Sales Rate	m ²	Unit Price	Gross Sales
Semi-Detached 3 Bed	10	930.00	6,182.80	575,000	5,750,000	
Detached - 3 Bed	<u>1</u>	<u>93.00</u>	6,236.56	580,000	<u>580,000</u>	
Totals	11	1,023.00				6,330,000

NET REALISATION **6,330,000**

OUTLAY

ACQUISITION COSTS

Residualised Price		2,368,297				
						2,368,297
Stamp Duty					107,915	
Effective Stamp Duty Rate		4.56%				
Agent Fee		1.00%			23,683	
Legal Fee		0.80%			18,946	
Town Planning					50,000	
						200,544

CONSTRUCTION COSTS

Construction	m	Build Rate	m ²	Cost
Semi-Detached 3 Bed	930.00	1,447.00	1,345,710	
Detached - 3 Bed	<u>93.00</u>	<u>1,447.00</u>	<u>134,571</u>	
Totals	1,023.00 m²		1,480,281	
Contingency		3.00%	48,951	
Demolition			183,200	
Sec.106			50,000	
				1,762,432
Other Construction Costs				
External Works		8.00%	118,422	

APPRAISAL SUMMARY**ALDER KING LLP****ROMSEY - AUV****11 x Residential Units****Alder King LLP**

Part L Uplift	11.00 un	3,000.00 /un	33,000	
				151,422

PROFESSIONAL FEES

Other Professional Fees		8.00%	133,078	
				133,078

DISPOSAL FEES

Sales Agent Fee		2.00%	126,600	
Sales Legal Fee	11.00 un	1,000.00 /un	11,000	
				137,600

TOTAL COSTS BEFORE FINANCE**4,753,374****FINANCE**

Timescale	Duration Commences	
Pre-Construction	12	Jan 2023
Construction	12	Jan 2024
Sale	6	Oct 2024
Total Duration	27	

Debit Rate 7.000%, Credit Rate 1.000% (Nominal)

Land	352,460
Construction	48,173
Other	4,943
Total Finance Cost	405,576

TOTAL COSTS**5,158,950****PROFIT****1,171,050****Performance Measures**

Profit on Cost%	22.70%
Profit on GDV%	18.50%
Profit on NDV%	18.50%

ROMSEY - AUV**11 x Residential Units****Alder King LLP**

IRR% (without Interest) 23.73%

Floor Area Ratio 0.00%

REVISIONS

Rev. Date By



CHURCHILL RETIREMENT LIVING

planning *issues*
TOWN PLANNING AND ARCHITECTURAL DESIGN

Rob Jackson RIBA

Churchill House * Parkside
Ringwood * Hampshire BH24 3SG
Telephone: (01425) 462109
Fax : (01425) 462101
E-mail: design@planningissues.co.uk

Client

Churchill
Retirement Living

Project Title
Retirement Living Apartments
Edwina Mountbatten House - Broadwater Road
Romsey
S051 8GH

Drawing Title
PROPOSED ALTERNATIVE USE PLAN
GREY FILE

Scale 1:200 @ A1 Date OCT. 2022
Drawn KLS Checked RJ
Drawing No. Rev.

22/SW061/GF10

Appendix 6 – FVA 28.8% Affordable Housing

Edwina MB House (47) 28.8% AH June 23

Development Appraisal
CRL
June 19, 2023

Edwina MB House (47) 28.8% AH June 23

Appraisal Summary for Merged Phases 1 2

Currency in £

REVENUE

Sales Valuation	Units	m ²	Sales Rate m ²	Unit Price	Gross Sales
1 Bed Flats MKT	22	1,235.52	6,232.19	350,000	7,700,000
2 Bed Flats MKT	11	847.66	5,839.61	450,000	4,950,000
1 Bed Flats AH 55% OMV	9	505.44	3,427.71	192,500	1,732,500
2 Bed Flats AH 55% OMV	5	385.30	3,211.78	247,500	1,237,500
Totals	47	2,973.92			15,620,000

NET REALISATION **15,620,000**

OUTLAY

ACQUISITION COSTS

Residualised Price		1,585,820	
Residualised Price (Negative land)		(47,877)	
			1,537,943
Stamp Duty		68,791	
Effective Stamp Duty Rate	4.34%		
Agent Fee	1.00%	15,858	
Legal Fee	0.75%	11,894	
			96,543

CONSTRUCTION COSTS

Construction	m ²	Build Rate m ²	Cost
1 Bed Flats MKT	1,636.23	1,833.00	2,999,216
2 Bed Flats MKT	1,122.58	1,833.00	2,057,689
1 Bed Flats AH 55% OMV	669.37	1,833.00	1,226,952
2 Bed Flats AH 55% OMV	510.26	1,833.00	935,313
Totals	3,938.45 m²		7,219,170
Developers Contingency		5.00%	408,385
Extra Overs			371,000
Nitrates			131,000
			8,129,555

Other Construction Costs

Externals		8.00%	404,552
FHS Open Market Units	33.00 un	3,000.00 /un	99,000
Externals		8.00%	172,981
FHS AH units	14.00 un	3,000.00 /un	42,000
			718,534

PROFESSIONAL FEES

Architect		10.00%	830,870
			830,870

MARKETING & LETTING

Marketing		3.00%	379,500
			379,500

DISPOSAL FEES

Sales Agent Fee		2.00%	253,000
Sales Legal Fee	47.00 un	750.00 /un	35,250
			288,250

Unsold Unit Fees

1 Bed Flats MKT			84,000
2 Bed Flats MKT			28,594
			112,594

TOTAL COSTS BEFORE FINANCE **12,093,789**

FINANCE

Debit Rate 7.00%, Credit Rate 1.00% (Nominal)			
Total Finance Cost			802,902

TOTAL COSTS **12,896,691**

PROFIT

2,723,309

Performance Measures

Edwina MB House (47) 28.8% AH June 23

Profit on Cost%	21.12%
Profit on GDV%	17.43%
IRR% (without Interest)	22.16%