

AGREED VIABILITY POSITION

EDWINA MOUNTBATTEN HOUSE, ROMSEY, HAMPSHIRE SO51 8GH

PLANNING INSPECTORATE REFERENCE: APP/C1760/W/23/3342514

LOCAL PLANNING AUTHORITY REFERENCE: 23/01700/FULLS

JULY 2024

1.0 Background

- 1.1 This statement provides a summary of the agreed viability position relating to the proposal to provide 47 retirement living apartments with associated communal facilities, parking and landscaping at the site at Edwina Mountbatten House, Romsey, SO51 8GH.
- 1.2 The application was submitted on 26th June 2023 and validated on 7th July 2023. A report on Affordable Housing and Viability was submitted as part of the planning submission which was reviewed on behalf of the council by the Dixon Searle Partnership (DSP) in late 2023 and in early 2024. Agreement was reached between the parties on a commuted sum payment towards affordable housing and other S106 obligations.
- 1.3 The application was recommended for approval by officers but was refused at the Southern Area Planning Committee meeting of 12th March 2024 for reasons relating to scale, bulk and design related issues. The reasons for refusal also included the lack of a legal agreement to secure the affordable housing contribution as well as other S106 obligations sought by the council (reasons iii to vii):
- 1.4 The purpose of this document is to summarise the agreed position in respect of viability discussions. The following section provides a summary of the agreed position.

2.0 Summary of Agreed Viability Inputs

- 2.1 The site is circa 0.3 hectares and comprises of vacant former care home which ceased operation in July 2023. The buildings have been vacant since this time.
- 2.4 The scheme the subject of this appeal is for the demolition of existing buildings on site and redevelopment to form 47 no. Retirement Living apartments for older persons including communal facilities and associated car parking and landscaping.
- 2.5 The proposal includes a mix of 31 × 1-bed units and 16 × 2-bed units with 2,973 m² (rounded) of saleable area and 3,938 m² (rounded) of gross internal area equating to a gross to net building efficiency of 75.5%.
- 2.6 It has been agreed between the parties that the site benchmark land value is £1,800,000 considering both the existing use value (EUV+) and potential policy compliant alternative uses.
- 2.6 The following table sets out a summary of the agreed viability position (with the full final Argus appraisal attached to this statement).

Input	Agreed Position	Comment
Gross Development Value	£18,050,000	Agreed.
Construction Costs (including contingency, extra over costs and external costs)	£8,779,605	Agreed.
Nitrates Mitigation	£131,000	Agreed.
Contingency	5% of base build cost	Agreed.
Professional Fees	10%	Agreed.
Sales and Marketing Fees	5%	Agreed.
Sales Legals	£750 per unit	Agreed.
Unsold Unit Fees	£253,916	Agreed.
Finance	7.0% debit and 1.0% credit	Agreed.
Profit	20% return on GDV	Agreed.
Acquisition Costs	£130,258 Stamp Duty and Fees	Agreed.
Residual Land Value	£2,114,934	Agreed.
Benchmark Land Value	£1,800,000	Agreed.
Viability Headroom	£314,934	Agreed

- 2.7 The appellant will provide a Section 106 agreement to secure the necessary S106 sums to be disaggregated as deemed appropriate by the Council, in accordance with the regulations.

AGREED VIABILITY POSITION

Appeal Ref: APP/C1760/W/23/3342514
Site: EDWINA MOUNTBATTEN HOUSE

AGREED APPRAISAL

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Edwina Mountbatten House

Edwina Mountbatten House

Appraisal Summary for Phase 1

Currency in £

REVENUE					
Sales Valuation	Units	m²	Sales Rate m²	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			2,114,934		
Stamp Duty			93,247	2,114,934	
Effective Stamp Duty Rate		4.41%			
Agent Fee		1.00%	21,149		
Legal Fee		0.75%	15,862		
				130,258	

CONSTRUCTION COSTS

Construction	m²	Build Rate m²	Cost		
1 Bed Flats	2,305.60	1,847.00	4,258,443		
2 Bed Flats	<u>1,632.84</u>	1,847.00	<u>3,015,855</u>		
Totals	3,938.44 m²		7,274,299		
Contingency		5.00%	411,362		
Extra Overs			371,000		
Nitrates			131,000		
				8,187,661	
Other Construction					
Externals		8.00%	581,944		
FHS	47.00 un	3,000.00 /un	141,000		
				722,944	

PROFESSIONAL FEES

Architect		10.00%	836,824		836,824
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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	

MISCELLANEOUS FEES

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

FINANCE

Debit Rate 7.000%, Credit Rate 1.000% (Nominal)					
Total Finance Cost				1,255,713	

TOTAL COSTS **14,440,000**

PROFIT **3,610,000**

Performance Measures

Profit on Cost%	25.00%
Profit on GDV%	20.00%
IRR% (without Interest)	19.39%