Bailey Venning Associates

Revised Viability Assessment

Development of 17 Homes and Associated Community Facilities

By George Venning (Director)

Bailey Venning Associates Limited on behalf of

Clifton Hampden Parish Council

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Content

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1.0 Introduction and Instruction

1.1 Bailey Venning Associates were commissioned by Locality on behalf of Clifton Hampden Parish Council, to undertake a viability review of a proposed development on the edge of the village.

1.2 The development comprises 17 homes along with associated community facilities, the last of which is a new GP's surgery and healthcare centre.

1.3 The intention of the Parish Council is to obtain a Neighbourhood Development Order for the scheme – which has been under consideration for as long as a decade.

1.4 The site itself extends both to the north and south of Abingdon Road/High Street. The land is owned by a family trust, - the DCL Gibbs Childrens' Settlement which is willing to dispose of the site for development and to provide a number of amenities sought by the village. Together, the two sites are approximately 4.4ha.

1.5 It is important to note that the site lies within the greenbelt. The test for the release of the site for development is therefore a high one.

1.6 The role of a viability assessment in this context is unusual.

1.7 Conventionally, viability is a consideration for the planning system in two contexts:

1.8 The first of these is the formation of policy. When sites are allocated in plans, an assessment is made of the economic fundamentals in the area and the cost of the constraints imposed by the operation of the proposed policies. The goal of such assessments is to determine whether the objectives set out in the plan are realistic – is it plausible that the plan will be delivered and that it will generate the benefits to which the plan makers aspire? This type of viability testing is necessarily broad-brush because many of the details and constraints which may affect development, even on specified sits, may not be known. Published national guidance explicitly cautions plan makers against setting policy up to the threshold of viability. If they do then even small changes in circumstances may render the plan undeliverable.

1.9 The second context in which viability testing may occur is at the development control stage where the promoters of a site believe that the constraints placed on development would, cumulatively, render development uneconomic. In such circumstances, the promoters of the site are seeking a derogation from an adopted policy. Typically, the benefit to be reduced is affordable housing since that is normally the only planning policy which provides a benefit as opposed to infrastructure that is necessary to support the development or offset its impact. In this context, the presumption is against the promoter and decision takers are exhorted to preserve as many of the benefits sought by policy as possible. There is, consequently, less scope for allowing a margin of error as there would be in the plan making context.

1.10 It is worth noting that the present study combines element of both these conventional contexts. On the one hand, the site is not allocated in the South Oxfordshire Plan. In that sense then, this report fulfils the role of a plan making study.

1.11 On the other hand, the intention of the parish Council is to submit a Neighbourhood Development Order as soon as next month (December 2022) for it to be made, following referendum, in mid 2023. Once that order is made, the land will have *de facto* consent for development that is in line with the order as drafted. Because of this, the Local Planning Authority would have no further opportunity to challenge any deficiency in the level of affordable housing proposed – for example.

1.12 The result of this is that our assessment needs to perform two functions – first, it needs to determine first that there is enough value in the proposed development to be confident that it can proceed and, second, whether it the proposed reduction in the level of affordable (relative to the LPA's published policies) is justified and necessary.

1.13 The significance of this dual function will become relevant in my discussion of the final and all-important element of the viability appraisal: land value.

1.14 Our first assessment, dated August of this year concluded that the scheme was, broadly speaking viable, that the land value sought by the trust was reasonable relative to conventional benchmarks and that the level of affordable housing proposed (4 units or 24%) was likely to be the maximum plausible quantum.

1.15 In response, the Council has commissioned David Coate of Adams Integra to undertake a review of our work and consider our working assumptions.

1.16 Mr Coate has done so and concluded that, in fact, the scheme could afford to bear not only the cost of the contributions and benefits sought by the Parish Council over and above the requirements of Local Plan Policy but also the full cost of the Council's affordable housing policy (40% of the total number of units or 7 units).

1.17 The purpose of this report is for me to respond to the points raised by Mr Coate.

1.18 Mr Coates' arrives at his different conclusion because he takes a slightly different view to us on a number of assumptions. I will summarise these here and then discuss them in more detail in the body of this report.

- Residential Values – I provided two sets of values in my report reflecting the upper and lower end of a range of expectations from local agents. I set these against the upper and lower end of my range of expectations on constructions costs and found that the results came out roughly the same in both instances. Mr Coate has taken the upper end of the value range and set it against the lower estimate of costs. Naturally, he arrives at a more favourable conclusion. In my view, Mr Coates' own research does not support the view he has taken.
- Affordable Housing Values – Mr Coate has suggested that my assessment of affordable housing values is too high. I concede at least some of his point. My values were deliberately on the high side and reflected the possibility of grant funding. On reflection, I should not have included that allowance since it is not secured. Moreover, even on that basis, part of my high valuation reflected a typographical error. I have therefore reduced the affordable housing value in my appraisal to a level which I believe better reflects grant free values – my valuation remains above that of Mr Coates but not be nearly as much.
- Provision of Surgery – The critical public benefit secured by this development is the provision of a new surgery for the village and surrounding area. My understanding was that the building is to be provided at cost. My approach had therefore been to apply a rent at a level typical for facilities of this type and then to see what level of yield would be required to arrive at a capital value equivalent to cost. That yield was higher than I considered necessary to attract an investor and I therefore concluded that the scheme was plausible. Mr Coate has retained my view of the rent but cut the yield. In doing so, he loses site of the principle of cost neutrality. In deference to Mr Coate, I have therefore cut the yield to what he considers an appropriate yield and cut the rent instead in order to restore neutrality.
- Professional Fees – Guidance on the subject of fees suggest a range of 8-12% depending on the scheme. I have used the middle of the range – 10% to reflect the fact that this is a smallish scheme involving one-off designs. I would expect architect's fees alone to come to at least 5% with other services making up the balance. Mr Coate has adopted a rate of 7%. That is too low for a scheme of this type and I have rejected it.
- Finance – When I first assessed the site, I assumed a cost of finance of 6.5% which Mr Coate accepted. However, even in the period since that report, the world has changed with the BoE base rate rising from 1.25% to 3% in three months. I have

therefore made a modest adjustment to the cost of finance – to 7%. I have also made an adjustment to the duration of the cashflow.

- Land Value – My approach to BLV is based on two elements – a market value for the village shop, which is to be included in the transaction although it is not part of the development and an allowance of 10 times agricultural land for the remainder. Mr Coate has sought clarification of the inclusion of the shop and objected to the use of the 10 times agricultural value approach on this site on the basis that it is a greenbelt release. I respect Mr Coate's point but I disagree with it. This is not a windfall, it is, in effect, an allocation – albeit through the mechanism of an NDO rather than local plan. As an allocation, it is appropriate to reflect the low end of the range of development land values, rather than assume that there can be no uplift at all.

1.19 On the basis of the foregoing, I have revised my initial appraisal, which may be found attached. It remains my view, however, that the proposals represent an appropriate balance between the desirability of securing all the benefits this site can deliver and the need to ensure that adopted policy is delivered as completely as possible.

2.0 Open Market Values

2.1 In my report, I presented two sets of market values for the proposed units a lower one and a higher one.

2.2 The origin of these values was a series of inquiries to local agents with experience in the area. For each unit, the highest value suggested by any agent was attributed in the higher column and the lowest in the lower column. No one agent attributed a cumulative value as high as the sum of the higher column nor did any agent suggest a cumulative valuation as low as the lower end of the scale.

2.3 Those values were compiled by the Parish Council's development partner, Thomas Homes and it was therefore incumbent upon me and upon Mr Coate, to check them against comparable evidence in the area.

2.4 I noted that, the new build market locally was dominated in sales from Didcot as well as two developments by Cala. Of the 65 new build house sales I identified within 6km of the subject site, the average value/m2 was £3,890 and there were only four sales achieving in excess of £5,000/m2. Of the 45 apartment sales we found, the average was slightly lower at just under £3,700/m2.

2.5 I noted that there would be a premium for an attractive village development such as the subject site but acknowledged that it would be hard to quantify and, in any case dependent upon the quality of the development. That is why I conducted two appraisals, one with the ambitious pricing at the top of the value spectrum and with costs set at the upper quartile level identified by BCIS and one with the slightly more conservative pricing in the schedule and the mean BCIS cost allowance.

2.6 My reasoning was that the final price would depend, to some extent upon specification, perhaps especially in the case of large homes valued at over £1m. the results of both those appraisals was substantially the same, and my conclusion was that wherever costs and values fell on the identified spectrums, the outcome would be roughly the same – since high value would be correlated with high specification and, hence, cost.

2.7 Mr Coate has reviewed the market and looked at a diverse selection of property transactions, which I too have reviewed. In each category of transactions, the average value he identified is lower than the lower end of the value range cited in the report. There are only two exceptions, to this rule, which relate to the flats/maisonettes in this scheme, all of which are unusually large. Despite this, the spot values for the units are very much in line with what we would expect for apartments.

2.8 I am therefore somewhat surprised to see that Mr Coate has based his appraisal on the upper end of the value spectrum and mean cost.

2.9 With a view to resolving the matter, I have therefore re-run my appraisal with values in the middle of the identified spectrum and mean costs. This adds approximately £260,000 in value relative to my previous low value/mean cost appraisal.

3.0 Affordable Housing Values

3.1 In my assessment, I had assumed that, where there is to be any discount in the level of affordable housing, the Council would expect to see as many homes as possible delivered in the form of Affordable Rent, typically the priority tenure. I also made the assumption that a receiving RP might pay as much as £160,000 for a one bedroom home and £180,000 for a home with two bedrooms. What I did not say explicitly, was that both valuations would entail an element of grant.

3.2 Mr Coate's appraisal is on the basis of a compliant quantum of affordable homes and, consequently, he applies a mix of tenures both Affordable Rent and Intermediate.

3.3 Mr Coate values the 1 bed Affordable Rented properties at between £89,000 and £114,000 while he estimates the value of the 2 bed affordable rented homes at £129,000.

3.4 I agree with Mr Coate that it would be more appropriate in this context to value the affordable units without recourse to grant funding, which cannot be guaranteed and will not be available unless it is "necessary".

3.5 Nonetheless, I consider his valuations of the affordable homes somewhat ungenerous. This is an expensive area and the LHA which forms the effective ceiling for Affordable rents is high (although, as I pointed out, an RP might well seek to undershoot the LHA in order to make the units more affordable to the occupants. On that basis, I started with the LHA and cut it by a modest amount to derive a rent. I then annualised the rent, deducted 25% of the total to account form management maintenance and voids and capitalised the net rent at a rate of 4.75%.

LHA (Weekly)	Assumed Rent (Weekly)	Annual Gross Rent	Annual Net Rent	Capital Value (Yield @ 4.75%)
£155	£147.50	£7,692	£5,769	£121,455
£184	£170	£8,865	£6,649	£139,982

3.6 In round terms, £120,000 for one bedroom units and £140,000 for units with two bedrooms.

4.0 Provision of Surgery

4.1 Mr Coate and I do not disagree significantly about the cost of providing the new surgery. Such as it is, the difference between us is simply the difference in the rates published by BCIS at the time of our respective reports.

4.2 The funding of the surgery, and, hence the value attributable to it is another matter.

4.3 I start from my own understanding of the deal proposed here, which will need to be enshrined in the NDO and any legal agreements entered into in the course of the planning permission itself – the price the GPs practice will pay for the surgery will reflect the cost of its provision – no allowance will be made for a land value or a developer profit.

4.4 In one sense, that principle of cost neutrality removes consideration of the surgery from the viability question – whatever deal is done, it will not affect the viability of the development overall because it will be cost neutral.

4.5 On the other hand, our brief was to check whether the plan itself was credible – in that sense of viability, it was necessary for us to determine whether there was a plausible set of assumptions which could lead to the cost neutral outcome.

4.6 Since we know the cost, all that remained was to identify a credible set of assumptions that would cover that cost.

4.7 By way of further explanation, I started with the construction cost of the surgery itself, £986,650 and added on 5% to account for contingency and 10% to account for fees. That gave me £1,140,000 in direct costs and, to that, I added approximately one quarter of the finance costs arising form the construction element (not land). That gave me a total of £1,212,000.

4.8 On the value side, I am aware that healthcare rents vary considerably – from a low of around £200/m^2 to around £400/m^2 in tight markets. I therefore adopted a rent towards the bottom of that range - £240/m^2 assuming that, since this was a typical rent, it would be one that the practice would be able to afford.

4.9 Mr Coate agrees with that assessment.

4.10 What I then did was to determine what yield would be required in order to achieve a capital value equivalent to the development cost and the answer was 7%.

4.11 In reality, that yield is somewhat higher than I would expect a commercial landlord to require in respect of a healthcare facility since a GP practice offers reasonably good covenant. I therefore concluded that this aspect of the proposal was sound – that there was a deal to be done which would reflect the cost neutral nature of the proposal.

4.12 Mr Coate, I think accepts all of that, however, he then gores on to say that he would expect a commercial landlord to accept a yield of 6%. I do not disagree except insofar as, the consequence of including that yield in the appraisal is to increase the apparent capital value of the practice to £1,4m. On Mr Coate's assessment, the surgery is actually generating a surplus of around £200,000. That is not the basis upon which the scheme is proceeding.

4.13 The reality is that the NHS would be as aware of this as we are and, if the surgery is to be handed over at a price reflecting development cost, then I would expect the rent to be reduced.

4.14 In my revised appraisal, I have adopted Mr Coate's yield assumption and then reduced the rent assumption until the capital value reflects the development cost of £1.2m. the result is a rent of £208/m^2. Again, I am satisfied that this lies within the range of realistic expectations.

4.15 A rent of £208/m^2 over 350m^2 amounts to a little under £73,000.

4.16 As I understand it, this is a little more than the current enrolment of the practice would be able to sustain. However, my understanding is that the NHS wishes to encourage the practice to grow its enrolment and also that the new facility will provide space for other healthcare services such as ante-natal classes, physiotherapy etc – all of which would enhance the practice's ultimate ability to pay rent.

4.17 In support of that goal, the Integrated Care Board (formerly the Clinical Commissioning Group) has offered around £25,000 per annum in support over 18 years to allow the practice to grow the range of services and their enrolment.

4.18 That will not, of course, cover the full rent – it is an estimate of what will be required to plug the gap between the rent that the practice can pay based upon their current offer and the offer that they would like to be able to sustain in future. It is a sign of how credible the Integrated Care Board considers this proposal and the extent of the benefit that they expect it to offer that they are willing to offer this substantial support.

5.0 Professional Fees

5.1 As I noted in my summary, national guidance on the undertaking of viability assessments suggests that an allowance of 8-12% of the contract sum is made in respect of professional fees – architects, engineers, planners, project management, surveys etc. The point within that range will depend on a number of factors – not least the scale and complexity of the project.

5.2 I had applied a rate of 10%. In adopting that rate, I noted that this was a small development featuring one-off designs and two different uses.

5.3 Mr Coates' assessment is predicated on a rate slightly outside that range – 7%.

5.4 I accept that such a rate could be appropriate in certain circumstances – a development of around 200 homes by a major housebuilder using established house types for example. I do not accept that this is appropriate here.

5.5 For a scheme of this type I would expect the architects' fees alone to amount to around 5% of the contract sum and, unlike housing, healthcare facilities are subject to technical criteria which I would not expect to be an everyday matter for a local, primarily residential developer.

5.6 I am therefore unable to accept that 7% of the contract sum is an appropriate allowance in respect of fees.

6.0 Finance

6.1 In my initial report I made an allowance of 6.5% in respect of interest. That allowance had been a common one for some time and was generally taken to be a rolled-up rate including the cost of any arrangement and/or inception fees as well as any other costs.

6.2 However, at the time I wrote my report, the landscape was changing fast. In early August, the base rate was 1.25%. Since then, it has been increased three times, on the 4th August, to 1.75%, on 22nd September to 2.25% and, on 3rd November, to 3%. The latter of these was the largest single increase since the 1980s.

6.3 The Governor has now indicated to banks that increases beyond this point are likely to be limited and that they (the banks) may be too aggressive in their approach to pricing future rates but, even so, it is clear that the long era of very cheap money is drawing to a close.

6.4 In recognition of this, we have assumed a slight increase in the cost of finance, from 6.5% to 7.0%. It is important to recognise that this remains a rolled-up assumption accounting for all fees and charges.

6.5 The other amendment we have made is to cashflow.

6.6 Previously, we had allowed a pre-construction period of 12 months and 12 months of construction. On reflection, the former was too long and the latter too short. We have emended to allow 6 months for pre-construction and 18 for construction.

7.0 Land Value

7.1 The foregoing reflect a series of normal disagreements between professionals as to the appropriate allowances for each of the respective items.

7.2 Our disagreement as to the appropriate approach to land value may be more fundamental.

7.3 For the benefit of clarity, our assessment was that it was reasonable to assume that the scheme would go ahead if the land value exceeded £1.3m. This was based on two assumptions – the transfer of the village shop and associated accommodation to the Burcot and Clifton Hampden Community Land Trust "CLT" in exchange for £400,000 and the transfer of the greenfield element for £900,000.

7.4 Mr Coate has challenged both elements.

Principles

7.5 Land value is always a critical concept in any assessment of development viability. This is because the definition of viability that is used in planning is, in essence a measure of the land-owner's opportunity cost. A site is considered viable if the land-owner may reasonably be understood to be likely to bring the site for development.

7.6 In respect of most classes of land, we would say that this point had been reached when the Residual Land Value arising from the proposed development exceeds both the existing use value and any other potential alternative uses.

7.7 For a site to be considered viable, it is recognised that it is often necessary for the Residual Land Value arising from development to exceed the Existing Use Value by some margin – otherwise, why would the developer bother with the change of use.

7.8 That is straightforward for sites which are currently in use, - an office block or an industrial estate for example. A premium of 10-20% is applied in compensation for the change of use and it is understood that this will amount to a significant sum of money because the underlying value is substantial.

7.9 This approach does not work for greenfield land precisely because the existing use value of greenfield land is so low – often £20-25k/ha. A premium of even 20% would amount to no more than £5k/hectare and is unlikely to motivate a vendor to release the site.

7.10 For that reason, it has long been common practice to assume that the owner of a greenfield site would need to see a significant uplift in the value of the land in order to encourage them to bring it forward – generally between 10 and 20 times the agricultural value.

7.11 This approach reflects two things. First, it reflects the fact that, whilst such a premium is obviously very large in relative terms, it remains quite modest in absolute terms.

7.12 Second, it makes allowance for the nature of agricultural land holdings. Such land is often in the hands of families, who may have owned it for generations. The sale may be the only significant land transaction of their lives. This is in stark contrast to other types of brownfield Iand, which are often held by commercial landlords with many assets, in which they transact regularly.

Brownfield Element

7.13 The Benchmark Land Value associated with this development comes form two elements – the greenfield land and the village shop.

7.14 We will address the latter first.

7.15 In our initial report, we stated that, as part of the land deal, the existing village shop was to be transferred from the Trust to the CLT and that the value of the shop was around £400k.

7.16 Mr Coate, entirely reasonably asked why the shop was to be included since it did not appear to altogether relevant to the development. Moreover, he pointed out that, if the shop was worth £400k then this must be because it produced revenue to that value. If so, he pointed out that revenue was not included I our assessment.

7.17 It appears that my framing was not quite correct.

7.18 As I understand it, the shop is located on the High Street at some distance from the subject site. It is currently owned by the Trust, which will transfer it to the control of the CLT as part and parcel of the land transaction associated with the development.

7.19 However, the market value associated with the shop arises not from the shop itself but from the attached accommodation. As I understand it, the operation of the shop is viable only because of the attached bungalow.

7.20 If the bungalow were sold, as a house with no obligations, it would realise a value of around £400,000. However, the shop would close and the village would be the poorer. The intention is therefore that both shop and accommodation would be transferred to the PC, who will then continue to lease both shop and accommodation to the operator of the shop.

7.21 The revenue arising from the present lease does not exist in our appraisal because, as I understand it, the gross value of the lease is largely consumed by maintenance costs. We attach an indication of value provided by Savills in respect of the property.

7.22 The inclusion of the village shop cost as part of the Benchmark Land Value therefore arises because the Trust will hand over an asset which is potentially worth £400k to the CLT and, if that is not reflected in the land value associated with the main site, they will receive no compensation for doing so. That being the case, the risk exists that they will not do so, and a valuable resource will be lost to the village.

7.23 We acknowledge that it will be essential to ensure that the NDO contains robust measures to ensure that the Village Store is handed over and that there are agreements in place to ensure that it remains in that use for the long term.

Greenfield Element

7.24 The site itself is greenfield land. Moreover, we recognise that it is in the greenbelt. That being the case, our allowance for the price at which the landowner might be expected to release it was at the lower end of expectations – an underlying value of £20,000/hectare and an uplift of 10 times underlying value.

7.25 Based on 4.5ha of land, that gave an allowance for the development site of £900k.

7.26 As I understand it, Mr Coate's objection to this approach is that the application site is outside the settlement boundary and is therefore within the greenbelt. As such, development of the site is acceptable only in "very special circumstances".

7.27 In his view, the presumption against development is so strong that the landowner cannot expect to achieve the same sort of uplift in land value that he might in the case of a conventional greenfield allocation.

7.28 In his view, all of the benefits sought by the parish Council should be provided in addition to the infrastructure and affordable housing sought by Local Plan Policy and any test of viability can only be considered against the existing use value of the land – i.e around £100k.

7.29 In my view, this approach is wrong.

7.30 The first thing to say is that this site is being brought forward via, the Neighbourhood Development Order which occasioned this report.

7.31 Once adopted, the Neighbourhood Development Order will, in effect, allocate this site for development along the lines set out in the NDO.

7.32 In that sense, the development of this site is not an exception to policy – as, for example a rural exception site in the greenbelt would be – it is an allocated site and there is no presumption against it.

7.33 It is true that, in order to release the site from the greenbelt and allocate it, very special circumstances would need to exist. But that test has been met.

7.34 The entire rationale for the allocation of the site is the set of benefits it will provide to the local community for the avoidance of doubt, these are:

- A new medical facility, including relocation and expansion of GP surgery as well as provision of additional healthcare services.
- £125,000 towards Public Open Space:
- £200,000 towards the village school (£150,000) and improvement of amenities on the Recreation Ground
- £150,000 towards the relocation of the car park and additional car parking.
- £100,000 for improvements to the allotments and provision of a new cemetery and associated parking.
- £75,000 for an extension to the village hall.
- The transferred village shop (value £400,000)
- £10,000 seed funding for the new Community Land Trust
- Retained rights to use the Barley Mow Car Park as a car park for visitors (The car park is in the process of being sold to Greene King with retained rights, which are conditional on the NDO scheme)
- All undeveloped land on both sites transferred into community ownership via the CLT.

7.35 These contributions are in addition to the £60,000 that we assume the Council will look to secure through S106/S278 and over £308,000 in Community Infrastructure Levy.

7.36 In the absence of those benefits – benefits which can be secured only from this site, there would be no NDO.

7.37 Once it has been established that these benefits are exceptional and that there is no other obvious way to secure them, then it is reasonable that some consideration is given to the the landowner's interests.

7.38 To see how the Council addresses the question of Benchmark Land Value in respect of greenfield sites it wishes to allocate, we reviewed the recent CIL viability Study undertaken by Aspinall Verdi June 2022.

7.39 Table 7.1 of that document cites their approach to greenfield BLV in the middle value "Rest of District" zone. It is, in effect, £741,000/ha.

7.40 Thus, for the purposes of local plan policy, the Council has assumed that landowners will need to retain at least £741,000/ha and that the level of affordable housing may be reduced where that is not possible.

7.41 It has also set it's CIL and affordable housing policies at levels which are explicitly not at the very threshold of viability. As such the owners of actual greenfield allocation sites may actually receive considerably more than that.

7.42 The allocation of this greenbelt site is predicated upon a Benchmark Land Value of just £288,000/ha including the cost of the village stores. Moreover, as we understand it, that is the actual price under negotiation.

7.43 The difference between those two positions is flowing back to the community through the Parish Council.

7.44 We recognise that the loss of two affordable homes relative to the requirement set out in policy represents a reduction in that element of the benefit arising from the scheme, but the benefits that are secured are significantly more valuable – both in terms of their absolute financial value and the value attributed to them by the community

7.45 One final point to make is that the benchmark land value we have attributed to the site is similar to the actual transaction value under discussion between the development partner and the Trust.

7.46 I recognise that the market value (or, indeed, the price under discussion between the parties) is not a formal consideration in viability discussions. There is, however, a degree of consideration to the price that a landowner mat be willing to accept in the case of a site which will deliver a large number of benefits, but which comes forward through these community-led processes. As we have seen, the value proposed is above the existing use value but well below a market value. There is a risk that, at some point, the landowner withdraws, and all the benefits of development are lost.

8.0 Conclusions

8.1 We welcome Mr Coate's comments on our report. Many of them are useful and clarifying.

8.2 In response, we have provided a single, amended appraisal. In that appraisal we have:

- Set our view of residential value in the middle of the range and compared that value to mean build costs.
- Reduced our assessment of affordable housing values to reflect the zero grant presumption in policy.
- Clarified our view of the value arising form the surgery in order to ensure that it's provision reflects the principle of cost neutrality
- Maintained our view of a reasonable allowance for professional fees.
- Slightly increased our allowance for interest to reflect the 1.75% increase in the BoE base rate since the date of our initial report
- Made a minor adjustment to cashflow
- Clarified our position on Benchmark Land Value

Our revised appraisal generates a Residual Land Value of almost exactly £1.3m, which is the same as the Benchmark Land Value we assess in respect of this site.

This suggests that the scheme is viable – in the sense that it is likely to go ahead – but that it could not reasonably be expected to deliver all of the benefits currently sought in addition to the full quota of affordable housing sought by policy.