

RE: Applicant's Revised Affordable Housing Offer (10th November 2022)

- 1.1 We have received the Applicant's revised viability position, set out in a letter prepared by DS2, dated 10th November 2022. We understand that the proposed scheme has been revised as follows:

Removal of 50 x 1 bed shared ownership homes, to be replaced with 32 x 1 bed market homes and 18 x 1 bed social rent homes. The overall provision remains at 914 homes.

- 1.2 The majority of DS2's appraisal inputs have remained as per their last viability submission. Their latest appraisal now includes the revised unit mix. The new social rent values have been amended to £328 psf. CIL charges have also been revised to £2,999,527 (Mayoral) and £12,590,405 (Borough). We have adopted these revised CIL figures pending further confirmation from the Council.
- 1.3 We have run the appraisal using our inputs, as per our last report to the Council. We have therefore included our Benchmark Land Value of c. £40m, a finance rate of 6% and excluding Old Barnsbury.

- 1.4 We have summarised the respective viability positions below:

Input	DS2 Before	BPS Before	DS2 Now	BPS Now
Residual Profit Output	£3.36m	£52.6m	£6.11m	£55.76m
Profit Target	£74.57m	£74.5m	£77.90m	£77.90m
Deficit	-£71.20m	-£21.9m	-£71.79m	-£22.13m
Net Actual Profit (£)	£3.36m	£52.6m	£6.11m	£55.76m
Net Actual Profit (% on GDV)	0.7%	11.10%	1.27%	11.54%

- 1.5 Both appraisals show that the deficit figure itself has increased due to the revised offer. This is because the increase in private units has led to an increased profit target. Despite this, the net actual profit return has increased. This means that the Applicant will make a greater profit return from the revised scheme.

Appendix 1 - BPS Appraisal

Barnsbury Estate Transformation
Addendum Application
914 unit scheme (2 tenure scenario)

Residual Profit approach
WITHOUT PREJUDICE

DRAFT

**Barnsbury Estate Transformation
Addendum Application
914 unit scheme (2 tenure scenario)**

Appraisal Summary for All Merged Phases

Currency in £

REVENUE

Sales Valuation	Units	ft ²	Sales Rate ft ²	Unit Price	Gross Sales
Phase 1a - Block B2 SR Replacement Units	38	30,061	120.00	94,929	3,607,320
Phase 1a - Block B4 SR Replacement Units	5	6,939	120.00	166,536	832,680
Phase 1a - Block B1 SR Replacement Units	31	25,756	120.00	99,701	3,090,720
Phase 1a - Block A3 SR Replacement Units	30	25,942	120.00	103,768	3,113,040
Phase 1b - Block C6 Private Units	52	34,577	1,115.00	741,411	38,553,355
Phase 1b - Block C7 Private Units	8	5,909	1,115.00	823,567	6,588,535
Phase 1b - Block C7 Leasehold Replacement Units	25	19,891	1,115.00	887,139	22,178,465
Phase 1b - Block C8 SR Replacement Units	34	25,917	120.00	91,472	3,110,040
Phase 1b - Block C9 SR Replacement Units	38	26,405	120.00	83,384	3,168,600
Phase 2a - Block A4 SR Replacement Units	25	23,023	120.00	110,510	2,762,760
Phase 1b - Block B3 SR Replacement Units	21	16,252	120.00	92,869	1,950,240
Phase 3b - Block C2 Social Rent Units	32	28,567	172.00	153,548	4,913,524
Phase 1c - Block B5 Private Units	30	23,395	1,143.00	891,349	26,740,485
Phase 1c - Block B6 Leasehold Replacement Units	11	10,181	1,143.00	1,057,898	11,636,883
Phase 1c - Block B7 Private Units	15	11,728	1,143.00	893,674	13,405,104
Phase 1c - Block B7 Leasehold Replacement Units	10	9,929	1,143.00	1,134,885	11,348,847
Phase 1c - Block B8 Leasehold Replacement Units	17	15,307	1,143.00	1,029,171	17,495,901
Phase 2a - Block A1 SR Replacement Units	30	27,725	120.00	110,900	3,327,000
Phase 2a - Block A1 Social Rent Units	2	2,218	172.00	190,748	381,496
Phase 2a - Block A2 SR Replacement Units	33	29,939	120.00	108,869	3,592,680
Phase 2a - Block A5 SR Replacement Units	6	5,658	120.00	113,160	678,960
Phase 2b - Block A6 Private Units	32	24,428	1,171.00	893,912	28,605,188
Phase 2b - Block A6 Social Rent	8	4,681	172.00	100,642	805,132
Phase 2b - Block A7 Private Units	30	23,190	1,171.00	905,183	27,155,490
Phase 2b - Block A7 Social Rent	10	5,797	172.00	99,708	997,084
Phase 2b - Block A8 Social Rent Units	8	7,279	172.00	156,499	1,251,988
Phase 2b - Block A9 Private Units	30	23,798	1,171.00	928,915	27,867,458
Phase 2b - Block A10 Private Units	30	23,007	1,171.00	898,040	26,941,197
Phase 3a - Block D1 Social Rent Units	30	22,432	172.00	128,610	3,858,304
Phase 3a - Block D2 Private Units	49	34,146	1,201.00	836,925	41,009,346
Phase 3a - Block D3 Private Units	40	27,577	1,201.00	827,999	33,119,977
Phase 3b - Block C4 Private Units	33	25,739	1,201.00	936,744	30,912,539
Phase 3b - Block C4 Private Units	19	10,839	1,201.00	685,139	13,017,639
Phase 3b - Block C5 Social Rent Units	39	34,536	172.00	152,313	5,940,192
Phase 3b - Block C1 Private Units	29	22,488	1,201.00	931,313	27,008,088
Phase 1c - Block B9 Leasehold Replacement Units	17	15,307	1,201.00	1,081,395	18,383,707
Phase 3b - Block C3 Social Rent Units	6	5,511	172.00	157,982	947,892
Phase 3b - Block C3 Private Units	11	6,275	1,201.00	685,116	7,536,275
Totals	914	722,349			477,834,131

Rental Area Summary

	Units	ft ²	Rent Rate ft ²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Phase 1c - Block B8 Commercial Unit (Residents Facilities)	1	1,836		0	0	
Phase 2a - Block A1 Commercial Unit	1	1,838	30.00	55,140	55,140	55,140
Phase 2a - Block A2 Commercial Unit	1	2,602	30.00	78,060	78,060	78,060
Phase 2b - Block A6 Commercial Units	1	2,325	30.00	69,750	69,750	69,750
Phase 2b - Block A7 Commercial Unit	1	1,840	30.00	55,200	55,200	55,200
Phase 2b - Block A10 Commercial Unit (Residents Gym)	1	6,395		0	0	
Phase 3b - Block C1 Commercial Units	1	832	30.00	24,960	24,960	24,960
Phase 1c - Block B9 Commercial Unit (Community Centre)	1	4,238		0	0	
Phase 1c - Block B9 Commercial Unit (Replacement Nursery)	1	1,615	30.00	48,450	48,450	48,450
Phase 1c - Block B9 Commercial Unit (Residents Facilities)	1	318		0	0	
Totals	10	23,839			331,560	331,560

Investment Valuation

**Barnsbury Estate Transformation
Addendum Application
914 unit scheme (2 tenure scenario)**

Phase 2a - Block A1 Commercial Unit					
Market Rent	55,140	YP @	6.0000%	16.6667	
(6mths Rent Free)		PV 6mths @	6.0000%	0.9713	892,612
Phase 2a - Block A2 Commercial Unit					
Market Rent	78,060	YP @	6.0000%	16.6667	
(6mths Rent Free)		PV 6mths @	6.0000%	0.9713	1,263,643
Phase 2b - Block A6 Commercial Units					
Market Rent	69,750	YP @	6.0000%	16.6667	
(6mths Rent Free)		PV 6mths @	6.0000%	0.9713	1,129,120
Phase 2b - Block A7 Commercial Unit					
Market Rent	55,200	YP @	6.0000%	16.6667	
(6mths Rent Free)		PV 6mths @	6.0000%	0.9713	893,583
Phase 3b - Block C1 Commercial Units					
Market Rent	24,960	YP @	6.0000%	16.6667	
(6mths Rent Free)		PV 6mths @	6.0000%	0.9713	404,055
Phase 1c - Block B9 Commercial Unit (Replacement Nursery)					
Market Rent	48,450	YP @	6.0000%	16.6667	
(6mths Rent Free)		PV 6mths @	6.0000%	0.9713	784,313
Total Investment Valuation					5,367,326

GROSS DEVELOPMENT VALUE

483,201,457

Purchaser's Costs
Effective Purchaser's Costs Rate

6.80% (364,978)

(364,978)

NET DEVELOPMENT VALUE

482,836,479

Additional Revenue

Phase 1a Grant Funding (SR)	38 un	100,000.00 /un	3,800,000	
Phase 1a Grant Funding (SR)	5 un	100,000.00 /un	500,000	
Phase 1a Grant Funding (SR)	31 un	100,000.00 /un	3,100,000	
Phase 1a Grant Funding (SR)	30 un	100,000.00 /un	3,000,000	
Phase 1b Grant Funding (SR)	34 un	100,000.00 /un	3,400,000	
Phase 1b Grant Funding (SR)	38 un	100,000.00 /un	3,800,000	
Phase 2a Grant Funding (SR)	25 un	100,000.00 /un	2,500,000	
Phase 1b Grant Funding (SR)	21 un	100,000.00 /un	2,100,000	
Phase 3b Grant Funding (SR)	32 un	100,000.00 /un	3,200,000	
Phase 2a Grant Funding (SR)	32 un	100,000.00 /un	3,200,000	
Phase 2a Grant Funding (SR)	33 un	100,000.00 /un	3,300,000	
Phase 2a Grant Funding (SR)	6 un	100,000.00 /un	600,000	
Phase 2b Grant Funding (SO)	8 un	100,000.00 /un	800,000	
Phase 2b Grant Funding (SO)	10 un	100,000.00 /un	1,000,000	
Phase 2b Grant Funding (SR)	8 un	100,000.00 /un	800,000	
Phase 3 Grant Funding (SR)	30 un	100,000.00 /un	3,000,000	
Phase 3b Grant Funding (SR)	39 un	100,000.00 /un	3,900,000	
Phase 3b Grant Funding (SR)	6 un	100,000.00 /un	600,000	
				42,600,000

NET REALISATION

525,436,479

OUTLAY

ACQUISITION COSTS

Phase 1a - Leasehold 3,556,000

**Barnsbury Estate Transformation
Addendum Application
914 unit scheme (2 tenure scenario)**

Phase 1b - Leasehold	8,001,000		
Phase 1c - Leasehold	6,223,000		
Phase 1c (Nursery)	462,259		
Phase 2a - Leasehold	2,222,500		
Phase 2a - Commercial	1,500,000		
Phase 2b - Leasehold	5,334,000		
Phase 2b - Commercial	1,500,000		
Phase 3a - Leasehold	4,445,000		
Phase 3b - Leasehold	5,778,500		
Phase 3b - Commercial	1,000,000		
Total Acquisition		40,022,259	40,022,259
Stamp Duty	5.00%	223,113	
Agent Fee	1.00%	44,623	
Legal Fee	0.80%	35,698	
			303,434

CONSTRUCTION COSTS

Construction	ft ²	Build Rate ft ²	Cost
Phase 1a - Block B2 Construction Costs	44,031	291.18	12,821,160
Phase 1a - Block B4 Construction Costs	7,210	291.17	2,099,353
Phase 1a - Block B1 Construction Costs	33,480	291.19	9,748,921
Phase 1a - Block A3 Construction Costs	35,410	291.19	10,310,900
Phase 1b - Block C6 Construction Costs	49,003	291.18	14,268,892
Phase 1b - Block C7 Construction Costs	35,062	291.19	10,209,663
Phase 1b - Block C8&C9 Construction Costs	76,426	291.19	22,254,143
Phase 2a - Block A4 Construction Costs	33,852	291.19	9,857,368
Phase 1b - Block B3 Construction Costs	24,862	291.19	7,239,602
Phase 3b - Block C2 Construction Costs	36,853	291.19	10,731,210
Phase 1c - Block B5 Construction Costs	30,523	291.19	8,887,929
Phase 1c - Block B6 Construction Costs	10,606	291.18	3,088,224
Phase 1c - Block B7 Construction Costs	33,574	291.18	9,776,189
Phase 1c - Block B8 Construction Costs	26,005	291.18	7,572,151
Phase 2a - Block A1&A2 Construction Costs	90,522	291.19	26,358,820
Phase 2a - Block A5 Construction Costs	5,813	291.16	1,692,521
Phase 2b - Block A6&A7 Construction Costs	87,603	291.19	25,508,799
Phase 2b - Block A8 Construction Costs	7,494	291.18	2,182,098
Phase 2b - Block A9 Construction Costs	36,804	291.19	10,716,792
Phase 2b - Block A10 Construction Costs	41,380	291.18	12,049,182
Phase 3a - Block D1 Construction Costs	35,892	291.19	10,451,317
Phase 3a - Block D2 Construction Costs	46,473	291.19	13,532,332
Phase 3a - Block D3 Construction Costs	37,716	291.18	10,982,267
Phase 3b - Phase C4&C5 Construction Costs	98,462	291.19	28,670,678
Phase 3b - Block C1 Construction Costs	32,812	291.18	9,554,281
Phase 1c - Block B9 Construction Costs	30,445	291.18	8,865,049
Phase 3b - Block C3 Construction Costs	12,983	291.20	3,780,590
Phase 1a - Podium Parking	14,046	291.18	4,089,946
Phase 2b - Podium Parking	<u>16,632</u>	291.19	<u>4,843,117</u>
Totals	1,071,974 ft²		312,143,494
Contingency		5.00%	15,607,175
Phase 1b - Mayoral CIL			522,067
Phase 1b - Borough CIL			2,191,357
Phase 2 - Mayoral CIL			750,688
Phase 2 - Borough CIL			3,150,984
Phase 1c - Mayoral CIL			615,077
Phase 1c - Borough CIL			2,581,763
Phase 3 - Mayoral CIL			1,111,695
Phase 3 - Borough CIL			4,666,301
			343,340,601
Section 106 Costs			
Carbon offset	38 un	1,470.00 /un	55,860
S106			250,000

**Barnsbury Estate Transformation
Addendum Application
914 unit scheme (2 tenure scenario)**

Carbon offset	5 un	1,470.00 /un	7,350
Carbon offset	31 un	1,470.00 /un	45,570
Carbon offset	30 un	1,470.00 /un	44,100
Carbon offset	52 un	1,470.00 /un	76,440
Carbon offset	33 un	1,470.00 /un	48,510
Carbon offset	34 un	1,470.00 /un	49,980
Carbon offset	38 un	1,470.00 /un	55,860
Carbon offset	25 un	1,470.00 /un	36,750
Carbon offset	21 un	1,470.00 /un	30,870
Carbon offset	32 un	1,470.00 /un	47,040
Carbon offset	30 un	1,470.00 /un	44,100
Carbon offset	11 un	1,470.00 /un	16,170
Carbon offset	25 un	1,470.00 /un	36,750
Carbon offset	17 un	1,470.00 /un	24,990
Carbon offset	32 un	1,470.00 /un	47,040
Carbon offset	33 un	1,470.00 /un	48,510
Carbon offset	6 un	1,470.00 /un	8,820
Carbon offset	40 un	1,470.00 /un	58,800
Carbon offset	40 un	1,470.00 /un	58,800
Carbon offset	8 un	1,470.00 /un	11,760
Carbon offset	30 un	1,470.00 /un	44,100
Carbon offset	30 un	1,470.00 /un	44,100
Carbon offset	30 un	1,470.00 /un	44,100
Carbon offset	49 un	1,470.00 /un	72,030
Carbon offset	40 un	1,470.00 /un	58,800
Carbon offset	52 un	1,470.00 /un	76,440
Carbon offset	39 un	1,470.00 /un	57,330
Carbon offset	29 un	1,470.00 /un	42,630
Carbon offset	17 un	1,470.00 /un	24,990
Carbon offset	17 un	1,470.00 /un	24,990

1,593,580

PROFESSIONAL FEES

Professional Fees		10.00%	31,214,349	
				31,214,349

MARKETING & LETTING

Marketing		1.50%	6,442,567	
Commercial Marketing	11,052 ft²	2.00	22,104	
Letting Agent Fee		10.00%	33,156	
Letting Legal Fee		5.00%	16,578	
				6,514,405

DISPOSAL FEES

Sales Agent Fee		1.50%	6,442,567	
Commercial Agent Fee		1.00%	50,023	
Sales Legal Fee	488 un	1,000.00 /un	488,000	
Commercial Legal Fee		0.50%	25,012	
				7,005,602

Additional Costs

Phase 1a - LH purchaser & disturbance co			1,955,859	
Phase 1b - LH purchaser & disturbance co			2,707,342	
Phase 2a - LH purchaser & disturbance co			1,587,519	
				6,250,720

MISCELLANEOUS FEES

Phase 1a Home loss & removal costs	38 un	10,600.00 /un	402,800	
Phase 1a Home loss & removal costs	5 un	10,600.00 /un	53,000	
Phase 1a Home loss & removal costs	31 un	10,600.00 /un	328,600	
Phase 1a Home loss & removal costs	30 un	10,600.00 /un	318,000	
Phase 1b Home loss & removal costs	34 un	10,600.00 /un	360,400	
Phase 1b Home loss & removal costs	38 un	10,600.00 /un	402,800	
Phase 2a Home loss & removal costs	25 un	10,600.00 /un	265,000	

**Barnsbury Estate Transformation
Addendum Application
914 unit scheme (2 tenure scenario)**

Phase 1b Home loss & removal costs	21 un	10,600.00 /un	222,600	
Phase 2a Home loss & removal costs	30 un	10,600.00 /un	318,000	
Phase 2a Home loss & removal costs	33 un	10,600.00 /un	349,800	
Phase 21 Home loss & removal costs	6 un	10,600.00 /un	63,600	
				3,084,600

FINANCE

Debit Rate 6.000%, Credit Rate 0.000% (Nominal)				
Total Finance Cost				30,340,740

TOTAL COSTS

469,670,291

PROFIT

55,766,188

Performance Measures

Profit on Cost%	11.87%
Profit on GDV%	11.54%
Profit on NDV%	11.55%
Development Yield% (on Rent)	0.07%
Equivalent Yield% (Nominal)	6.00%
Equivalent Yield% (True)	6.23%
IRR% (without Interest)	12.42%
Rent Cover	168 yrs 2 mths
Profit Erosion (finance rate 6.000)	1 yr 11 mths

DRAFT