



Viability Appraisal - Rev.02
13Nr. Serviced Plots
Housing Site E3 - Ennor Farm
For
Council of The Isles of Scilly

November 2020



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1.0	09.03.2020	First Issue		
2.0	13.11.2020	Update for 13Nr. Serviced Plots only		



Section 2

Introduction



INTRODUCTION

1 Introduction

- 1.1 MWJV have been commissioned to prepare an updated Viability Assessment in respect of a proposed residential development at the Ennor Farm (H3) site at Old Town, Isles of Scilly.
- 1.2 The residential development includes for 13Nr. two bed, four person units serviced plots including substructures on an existing greenfield site.
- 1.3 A Viability Appraisal has been provided for the provision of the 13Nr. serviced plots including substructures. This includes for the provision of the on-site roads and paths, fencing between units, drainage, communal landscaped areas, provision of services to plots and the plot substructures.
- 1.4 The construction cost breakdown is provided at Section 2.
- 1.5 The Viability Appraisal is provided at Section 3.
- 1.6 The general commentary is provided within this Section.

2 Basis of Estimates & Appraisals

- 2.1 This estimate has been based upon the following information:-
 - i) Information as listed in the "Information Used" section of this document.
 - ii) Information provided by the Isles of Scilly Council by e-mail and phone conversations.



INTRODUCTION

3 Cost Commentary

3.1 A standard residual development appraisal approach has been adopted, the result of this appraisal is the price that a developer could afford to pay for the site based on the development proposals.

3.2 The construction estimates are based on a traditional procurement route and single stage competitive tendering. No allowance has been made for phasing the works or alternative methods of procurement.

3.3 Key items of note:

1 Generally:

- Includes for connecting to existing foul drainage systems in adjacent roads.
- Includes for the diversion of the overhead lines traversing the site.
- Includes for connecting to existing services installations in adjacent roads.
- Construction costs have been based on 4Q21 commencement.

4 Assumptions & Exclusions

4.1 Please refer to the notes included within the summaries to the "Construction Cost Breakdown" and "Viability Appraisal" sections.

4.2 Please refer to the "Assumptions and Exclusions" section of this document.



Section 2

Construction Cost Breakdown



GENERAL SUMMARY

	GIFA		RATE/M2 (rounded)	TOTAL	Comments
13Nr. Serviced Plots	1147	m2	1,121	1,285,000	

Notes:

- 1 The above costs exclude, Professional Fees; Survey Costs; Planning and Building Regulation Fees and Direct Costs.
- 2 The above costs exclude abnormal/contaminated site and ground conditions and associated remediation works.
- 3 The above costs allow for strip footings as indicated in the GI Report, no allowance has been made for piling or vibro-compaction.
- 4 The above costs exclude Land Purchase and Finance Costs.
- 5 The above costs exclude VAT.
- 6 A Risk/Contingency allowance has been included in the above figures.
- 7 Inflation has been included in the above figures.
- 8 See also Notes within the Viability Appraisal and Assumptions and Exclusions.



Construction Costs

13Nr. Serviced Plots

		Area (m2)	£/m2	Total	Comments
A	Base House Costs (Substructures)	1,147	105	120,000	All figures rounded to nearest £1,000 (2Nr. Pairs, 9Nr. Singles)
B	Specification Uplifts	1,147	-	-	Not Applicable
C	External Works				
	Site Works			225,000	
	Drainage			175,000	
	External Services			45,000	Final meters and connections excluded
D	Isles of Scilly Uplift	50%		283,000	
E	Preliminaries	14%		119,000	
F	Overheads & Profit	7.5%		73,000	
G	Contingencies/Risk	20%		208,000	
H	Inflation to construction mid-point (4Q2021)	3.0%		37,000	Based on 6 month build period.
		TOTAL		1,285,000	



Section 3

Viability Appraisal



GENERAL SUMMARY

	Gross Development Value	Total Development Costs	Land Value Adjustments	Residual Land Value	Comments
13Nr. Serviced Plots	607,000	1,509,000	-5,000	-907,000	Plot sales values provided by Client.

Figures rounded to nearest £1,000

Notes:

- 1 The above costs include, Professional Fees; Survey Costs; Planning Fees and Building Regulation Fees.
- 2 No allowance has been included for the provision of a building warranty as not required for serviced plots only.
- 3 No allowance has been included in respect of CIL or Section 106 costs which we have been advised are not applicable.
- 4 An allowance of 3% has been included in respect of the councils direct costs.
- 5 Finance costs and associated fees have been included in respect of all costs.
- 6 Sales values in respect of the serviced plots have been provided by the Client.
- 7 Legal fees have been deducted from the residual value. Where residual values are positive Stamp Duty and Interest on the purchase cost have also been included.
- 8 The above costs exclude VAT.
- 9 See also Notes within the Construction Cost Breakdown and Assumptions and Exclusions.



Viability Appraisal - Residual

13Nr. Serviced Plots

DEVELOPMENT COSTS

Comments

All figures rounded to nearest £1,000

Construction Costs

House Costs		180,000		
External Works		668,000		
Preliminaries		119,000		
Overheads & Profit		73,000		
Contingency / Risk		208,000		
Inflation (4Q21 Commencement)		37,000	1,285,000	

From Construction Costs.

Professional & Statutory Fees

Professional Fees	6%	77,000		
Allowance for Travelling		3,000		
Planning Costs		6,000		
Building Regulations		-		
Building Warranty		-		
Contingency / Risk on Fees	20%	17,000	103,000	

Other Costs

Surveys		5,000		
CIL / Section 106 Costs		-		
Marketing		5,000	10,000	

Advised not applicable.

Advised by Client.

Overheads & Profit

Developers Internal Costs (on costs)	3%	42,000	42,000	
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Assumed. Increased % over shorter duration.



Finance Costs

Loan Arrangement Fee			25,000	
Interest Charges (2.5%)			34,000	
Monitoring Fees			10,000	69,000

TOTAL DEVELOPMENT COSTS **1,509,000**

GROSS DEVELOPMENT VALUE

Serviced Plots	13	Nr	50,000	650,000
2 Bed 4 Person Units (Sales Costs)				
<u>Less</u>				
Agents Fees			1.50%	10,000
Legal Fees	13	Nr	2,500	33,000

Figure provided by Client.

GROSS DEVELOPMENT VALUE **607,000**



RESIDUAL LAND VALUE

Gross Development Value	607,000		
Total Development Costs	1,509,000		
Residual Value		-	902,000
Stamp Duty		-	Under Threshold
Legal Fees		-	5,000
Interest on Purchase Price (2.5%)		-	Negative Purchase Price
RESIDUAL LAND VALUE		-	907,000

Viability Appraisal - Sensitivity Analysis

The table below indicates the Residual Land Value resulting from differing Sales Values:

Sales Value (Per Plot)	Residual Land Value
£50,000	-£907,000
£75,000	-£580,000
£100,000	-£255,000
£125,000	£52,000
£150,000	£345,000

The above table demonstrates that for Plot Sales Values of under £125,000 the Residual Land Value is negative indicating that the project will not be profitable.



Section 4

Assumptions & Exclusions

Assumptions

- 1 Refer to the Construction Cost Breakdown and Viability Appraisal Summaries.
- 2 In the absence of any information provided by the Isles of Scilly Council assumptions have been made and these should be checked for their accuracy.
- 3 It has been assumed that 25% of the dwellings/plots will be sold on completion of construction with other units being sold over at the rate of circa one a month.
- 4 An interest rate of 2.5% has been assumed on all costs incurred.
- 5 Inflation of 3.0%, in line with BCIS forecasts, has been allowed on construction costs.
- 6 Sales costs in respect of the serviced plots have been set at £50,000 as advised by the Isles of Scilly Council, a sensitivity analysis has been undertaken on different plot values.

Exclusions

- 1 Refer to the Construction Cost Breakdown and Viability Appraisal Summaries.
- 2 Any effects resulting from Brexit.
- 3 Any effects resulting from implementation of enhanced "Lockdown" measures as a result of the COVID-19 pandemic.
- 4 Any costs to date, in respect of which we understand the Isles of Scilly Council have received separate funding.

Also refer to the specific assumptions/exclusions within the Cost and Viability Appraisal Summaries.



Section 5

Information Utilised

INFORMATION USED IN COMPILING THIS FEASIBILITY REPORT

KTA Architects Drawings

<i>SC-KT-XX-XX_DR-A-2002-S0-SK100-P1</i>	<i>Proposed Site Layout - Option 1</i>
<i>SC-KT-XX-XX-DR-A-2002-SK200-S0-P1</i>	<i>Housetype A - Typical Plans</i>
<i>SC-KT-XX-XX-DR-A-2002-SK210-S0-P1</i>	<i>Housetype A - Typical Elevations</i>
<i>SC-KT-XX-XX-DR-A-2002-SK220-S0-P1</i>	<i>Housetype B - Typical Plans</i>
<i>SC-KT-XX-XX-DR-A-2002-SK230-S0-P1</i>	<i>Housetype B - Typical Elevations</i>
<i>SC-KT-XX-XX-DR-A-2002-SK231-S0-P1</i>	<i>Housetype A - Typical Elevations (Coloured)</i>
<i>SC-KT-XX-XX-DR-A-2002-SK240-S0-P1</i>	<i>Housetype C - Typical Plans</i>
<i>SC-KT-XX-XX-DR-A-2002-SK250-S0-P1</i>	<i>Housetype C - Typical Elevations</i>
<i>SC-KT-XX-XX-DR-A-2002-SK260-S0-P1</i>	<i>Housetype D - Typical Plans</i>
<i>SC-KT-XX-XX-DR-A-2002-SK270-S0-P1</i>	<i>Housetype D - Typical Elevations</i>
<i>SC-KT-XX-XX-DR-A-2002-SK271-S0-P1</i>	<i>Housetype D - Typical Elevations (Coloured)</i>
<i>SC-KT-XX-XX-DR-A-2002-SK280-S0-P1</i>	<i>Housetype D - Typical Plans</i>
<i>SC-KT-XX-XX-DR-A-2002-SK290-S0-P1</i>	<i>Housetype D - Typical Elevations</i>

Strategic Housing Land Availability Assessment - Old Town 2 (A13)

Atlantic Arc Planning - Housing Development Study

PA/19/018 - Pre-application enquiry response

H3 Ennor Farm, Old Town - Briefing Note

Nationwide Surveys - Old Town 2 Topographical Survey

Geophysical Survey Statement - Cornwall Archaeological Unit - Report No. 2019R040

Heritage Impact Assessment - Cornwall Archaeological Unit - Report No. 2018R046

Awcock Ward Partnership - Combined Existing Utilities Plan

Old Town 2 (A13) - Infrastructure Map



*Western Power Distribution - Charge Statement 3473364 - Undergrounding of HV.
Western Power Distribution - Charge Statement 3463599 - New Connections.*

*Campbell Reith - Phase 1 Geoenvironmental and Geotechnical Desk Study
Campbell Reith - Land Quality Statement
Wheal Jane Consultancy - Ground Investigation Factual Report*



MWJV Limited