



MOUNT PLEASANT  
ASSOCIATION  
COMMUNITY RIGHT TO  
BUILD ORDER

Viability  
Statement update

October 2016

CREATE Streets

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## 1. Introduction

- 1.1. Camden Policy DP3 applies a target of 50% affordable housing for developments for developments with capacity for 50 dwellings. However it also recognises that 'whether an affordable housing contribution should be sought, whether it can practically be made on site, and the scale and the nature of the contribution that would be appropriate' needs to 'take into account' a range of issues including 'constraints on including a mix of market and affordable tenures' and 'the economics and financial viability of the development including any particular costs associated with it.'
- 1.2. It is the stated desire of the Mount Pleasant Neighbourhood Forum to meet as far as possible Camden's Policy DP3. However the existence of planning application for the whole Mount Pleasant site (reference 2013/3807/p) which was subsequently called in and approved by the GLA with an affordable housing quotation of 24% clearly has an impact on the likely price for the land and places a material constrain on the possible mix of market and affordable tenures and the economic and financial deliverability of a development at 50% target levels of affordable housing
- 1.3. As set out in the Basic Conditions Statement the proposed mix of units in this Community Right to Build Order (CRtBO) is summarised in Table i.

*Table i – schedule of accommodation*

<i>1 bed</i>	<i>2 bed</i>	<i>3 bed</i>	<i>Residential</i>	<i>Commercial / Community floorspace</i>
19 units	69 units	37 units	125 units	1,200 sq m

- 1.4. This Viability Assessment sets out the financial inputs and outputs of the application scheme, concluding with the Section 106 contributions including affordable housing that the scheme is able to provide viably.

## 2. Scheme Viability

- 2.1 **Sales Values.** Valuation advice was provided by Carter Jonas in August 2015 and January 2016 updated on our behalf by John Moss MRICS using the Knight Frank Prime Central London Sales Index. This produced an average residential value of £17,500 psf. The valuation advice is set out in Appendix iii of the report from John Moss Regeneration.

- 2.2. **Development Cost.** A base construction cost of £30.2m including contingency is included based on the cost plans produced by calford seaden. This is assumed to be split about 95% for the residential and 5% for the commercial and community space. A further £9m of cost is incurred in design fees, stamp duty, sales and marketing costs. An interest rate of 7% is included for the financing costs over 4 years. This is set out in more detail in Appendix ii of the report from John Moss Regeneration.
- 2.3. **Scheme profit** is set to 17.5% which is slightly below the London standard of 20% reflecting (we believe) the nature of likely commercial backers of Mount Pleasant Neighbourhood Forum.
- 2.3 **Planning obligations** under section 106 have been modelled by John Moss MRICS to cost around £1m. This is set out in Appendix v of the report from John Moss Regeneration.
- 2.4 **Contributions from Commercial Elements.** The 1,200 sq m of commercial and communal space is split between one unit of A1 Retail, one A3 Restaurant and one D1 non-residential. Net Present Value of commercial yields are set at £3.9m as shown in Appendix iv.
- 2.5 **Benchmark Value.** Due to the unique nature of the Mount Pleasant site and as the site has not yet been put on the market it has been hard to set a confident benchmark value. Two possible prices are;

*Table ii – Possible reference land deal prices*

<i>Indicated price</i>	<i>Benchmark</i>
£59,073,578	Nine Elms 2015 sale adjusted for size & consented affordable housing level
£53,896,900	2 Millharbour 2014 sale adjusted for size

### 3. Conclusions

- 3.1 The key output from the Development Tool Appraisal of the proposed Community Right to Build Order is that the proposed scheme achieves a return of 17.5% with an Affordable Housing Proportion of 30%. This equates to 38 homes or 8 more on this specific site than under the current planning permission.
- 3.2 The outputs from the Development Tool Appraisal are set out in Tables iii and iv.

*Table iii – Viability Analysis*

		<i>Note and Source</i>
Land Price, £m	£59.1	<i>Nine Elms 2015 sale adjusted for size &amp; consented affordable housing level</i>
CIL & Section 106, £m	£1.0	<i>John Moss Regeneration</i>
Build and development cost, £m	£40.8	<i>calford seaden and John Moss Regeneration</i>
Finance, £m	£13.1	<i>John Moss Regeneration</i>
Total Development Cost, £m	£114.0	
Private Sale Realisation, £m	£121.7	<i>Carter Jonas and John Moss Regeneration</i>
Affordable Housing Realisation, £m	£12.3	<i>John Moss Regeneration</i>
Gross Profit, £m	£19.9	
Gross Profit, %	17.5%	

*Table iv – Affordable Housing*

<i>Type</i>	<i>Affordable Homes</i>
1 bed	8
2 bed	16
3 bed	14
Total	38