

FINANCIAL VIABILITY ASSESSMENT

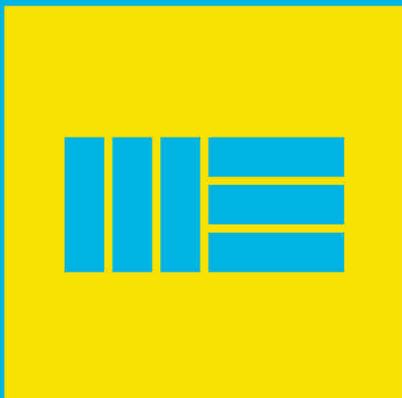
PHASE 2, SIDDINGTON PARK

CIRENCESTER ROAD

CIRENCESTER

GL7 6GU

22 AUGUST 2024



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01

**EXECUTIVE
SUMMARY**

EXECUTIVE SUMMARY

1. This report constitutes a Financial Viability Assessment (FVA) in accordance with planning policy and has been prepared by Montagu Evans LLP on behalf of Rangeford Holdings Ltd (hereafter the Applicant) to support an application for planning permission on the site known as Phase 2, Siddington Park, Cirencester Road, Cirencester, GL7 6GU (the Site).
2. The planning application seeks permission for:

“Development to expand an existing Integrated Retirement Community (Use Class C2) comprising 56 one, two and three bed apartments and two cottages along with external parking and landscape amenity at Siddington Park, Cirencester Rd, Cirencester, GL7 6GU.”
3. Montagu Evans LLP has been instructed by the Applicant to assess the maximum reasonable amount of affordable housing that the proposed development is able to provide by undertaking an FVA in accordance with planning policy.
4. This FVA has been prepared by Sarah Gibbs, BSc (Hons) MRICS, RICS Registered Valuer and Cameron Brown, BSc (Hons) MRICS, RICS Registered Valuer
5. The FVA provides an overview of the proposed scheme and presents evidence for the assumptions adopted within a residual appraisal and then compares the residual land value to an appropriate Benchmark Land Value.
6. The FVA concludes that the proposed scheme is unable to support any affordable housing. This is because the residual land value generated by a 100% private scheme is below the Benchmark Land Value. The main reason for the viability conclusion is the high construction costs relative to the achievable sales values in this location.
7. Despite our viability conclusion, the proposed scheme as assessed would be profitable and deliverable, albeit at margins that we consider to be sub-market.

02

INTRODUCTION

INTRODUCTION

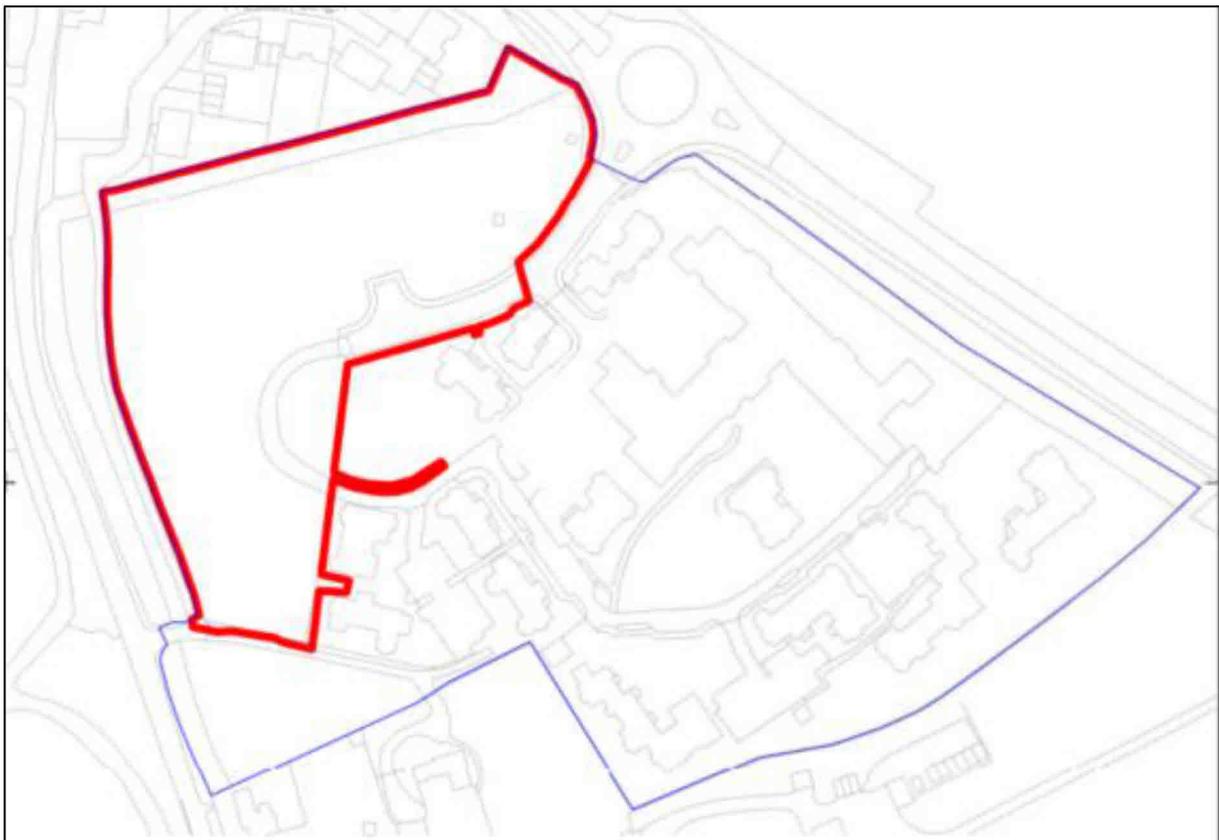
1. We set out below our Financial Viability Assessment (FVA) which has been prepared on behalf of the Applicant in support of the planning application.
2. The report has been prepared in accordance with RICS valuation guidance and with regard to relevant guidance on preparing FVAs for planning purposes. However, it is not a 'Red Book' valuation and should not be relied upon as such.
3. In accordance with the RICS Professional Statement *Financial Viability in Planning: Conduct and Reporting* (May 2019), we confirm that when undertaking this FVA we have acted:
 - With objectivity;
 - Impartially;
 - Without interference; and
 - With reference to all appropriate available sources of information.
4. We further confirm that we are not aware of any conflicts of interest that arise from our instruction to carry out this FVA, and that no performance related or contingent fees have been agreed.
5. For planning purposes, viability is assessed by comparing the residual land value (RLV) generated by the proposed development with an appropriate benchmark land value (BLV). If the RLV is lower than the BLV then the scheme is not technically viable with the level for affordable housing and other planning benefits required or being proposed.
6. The RLV of the proposed development has been modelled using the industry recognised Argus Developer software. The BLV has been estimated based on the existing use value (EUV) of the Site.
7. This report will provide a summary of development proposals, set out the assumptions and evidence used to undertake the residual appraisal, and will provide the assumptions and evidence used to arrive at a suitable BLV. The report will then summarise the results of the residual appraisal, compare the RLV with the BLV and then provide conclusions.

03

**EXISTING
PROPERTY**

EXISTING PROPERTY

1. The existing Site is located to the south of Cirencester Road (A419) in Cirencester, Gloucestershire, approximately 1 mile to the north of Siddington, 1.5 miles to the southeast of Cirencester town centre and 16 miles to the south east of Cheltenham.
2. Edged red in the site plan below, the Site is irregular in shape and measures approximately 3.20 acres (1.29 hectares) with primary vehicular access from Cirencester Road.



3. Located approximately 5 miles to the southwest of Cirencester, Kemble train station is the nearest train station to the Site, which provides Great Western Railway services between Cheltenham Spa and London Paddington.
4. The Site currently comprises area of hardstanding and car parking, which has been recently occupied as a construction site compound and associated car parking to facilitate the construction works of Phase 1. Prior to this, we understand the Site comprised agricultural land.
5. The Site forms part of the wider Siddington Park retirement village with Phase 1, edged blue in the above site plan, situated immediately to the southwest of the Site and extending to approximately 8.4 acres. Phase 1 comprises a total of 123 x senior living units along with a central pavilion building, which provides a range of communal and supporting facilities including a reception and concierge services, coffee lounge, residents lounge and cinema, bistro/restaurant and bar, wellbeing spa with a swimming pool, gym and guest suite. We understand Phase 1 is nearing Practical Completion and the marketing of the homes remains ongoing.
6. Outline planning permission was originally obtained in November 2012 for the development of the wider Siddington Park site to provide a care-home facility and linked Assisted Living accommodation scheme. We understand a

number of further planning applications and non-material amendments to the relevant authorising permissions have been approved and subsequently implemented for the delivery of Phase 1.

7. In relation to the planning history relevant for the existing Site (Phase 2), we understand outline planning permission was obtained in February 2016 (ref: 15/02532/OUT) for the delivery of a 46-bed dementia care unit and a total of 32 x assisted living units. Further information in relation to the planning history of the Site can be obtained in the submitted Planning Statement.

04

**DEVELOPMENT
PROPOSALS**

DEVELOPMENT PROPOSALS

1. Detailed planning permission is being sought for the redevelopment of the Site to provide a 56-unit senior living scheme (Class C2) along with associated landscaping and car parking.
2. As shown in the Site plan below, the proposed senior living accommodation is to be built across a total of six blocks (referred to as Blocks 1-6), ranging up to three storeys and set amongst landscaped communal gardens.



3. The scheme will provide a total of 15 x one-bedroom apartments, 30 x two-bedroom apartments, 9 x three-bedroom apartments and 2 x two-bedroom bungalows. The table below provides a summary of the proposed senior living accommodation:

Unit Type	Number of Units	Average Unit Size (NSA Sq Ft)
1-Bedroom apartment	15	771
2-Bedroom apartment	30	1,097
3-Bedroom apartment	9	1,318

2-Bedroom bungalow	2	1,325
TOTAL	56	1,059

4. The proposals have been designed to follow the characteristics of Phase 1, which includes using appropriate building materials in keeping with its setting with the Cotswold Area of Outstanding Natural Beauty (AONB).
5. We understand residents will have access to the communal and supporting facilities within the central pavilion building that has been delivered as part of Phase 1. Residents will also have access to care and support packages with 24/7 on-site care available.
6. A total of 75 x car parking spaces will be provided at street level, of which 51 x car parking spaces will be allocated to residents.
7. Floorplans and a schedule of accommodation of the proposed scheme are attached at **Appendix 1**.

05

PLANNING

CONTEXT

PLANNING CONTEXT

NATIONAL PLANNING POLICY

1. Paragraph 34 of the National Planning Policy Framework (NPPF) confirms that the contributions expected from development, including the levels and types of affordable housing provision, should not undermine the deliverability of the relevant plan.
2. Paragraph 57 confirms that planning obligations should only be sought where they are:
 - necessary to make the development acceptable in planning terms;
 - directly related to the development; and
 - fairly and reasonably related in scale and kind to the development.
3. Paragraph 58 goes on to state:

“Where up-to-date policies have set out the contributions expected from development, planning applications that comply with them should be assumed to be viable. It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage. The weight to be given to a viability assessment is a matter for the decision maker, having regard to all the circumstances in the case, including whether the plan and the viability evidence underpinning it is up to date, and any change in site circumstances since the plan was brought into force. All viability assessments, including any undertaken at the plan-making stage, should reflect the recommended approach in national planning guidance, including standardised inputs, and should be made publicly available.”

4. Paragraph 128 underlines how planning policies and decisions should support development that makes efficient use of land, *“taking into account local market conditions and viability”*.

LOCAL PLANNING POLICY

5. The Site falls within the administrative boundary of Cotswold District Council and planning policy is contained within Cotswold District Council Local Plan 2018 and Guidance Note on Interpretation of Policies H1 and H2 Affordable Housing (2011).
6. Policy H2 of the Local Plan states that where developments deliver more than 11 dwellings or where residential development delivers a combined gross floorspace of over 1,000 sqm or more, an on-site affordable housing contribution must be made. The policy sets the requirement at 30% affordable housing on brownfield sites and 40% affordable housing on greenfield sites. It further states that an open book assessment will be required where viability is questioned.
7. We note that Policy H4 of the Local Plan states that where specialist accommodation is delivered for older people and falls within Use Class C2 or C3, and the development includes self-contained units, it will be required to adhere to the Affordable Housing Policy H2 of the Local Plan.
8. The Guidance Note on Interpretation of Policies H1 and H2 Affordable Housing (2011) states that the Council will seek to achieve a tenure split of 70% rented accommodation and 30% affordable home ownership accommodation.
9. In summary, the Site is subject to a minimum target of 40% affordable housing, subject to viability testing.

06

VIABILITY

METHODOLOGY

VIABILITY METHODOLOGY

VIABILITY CONTEXT

1. In simple terms, the viability of a scheme is assessed by comparing the Residual Land Value (RLV) of the proposed development with an appropriate Benchmark Land Value (BLV). The BLV can be considered as the value below which a reasonable landowner is unlikely to release a site for development. If the residual land value is lower than the BLV then the scheme is not technically viable.
2. The residual land value of the proposed development is arrived at by summing the revenues derived from the development and deducting from these the costs of development (including an appropriate profit allowance).
3. This is illustrated by the diagram below.



4. There are a number of different approaches adopted in order to reach an acceptable BLV depending on site specific factors.
5. In arriving at our opinion of the appropriate BLV we have had regard to:
 - The Planning Practice Guidance (PPG) for viability in support of the National Planning Policy Framework (NPPF).
 - The RICS Professional Statement – *Financial viability in planning: conduct and reporting* (1st edition, May 2019).
 - The RICS Guidance Note - *Assessing viability in planning under the National Planning Policy Framework 2019 for England* (1st Edition March 2021).
6. We detail the approach to arriving at a suitable BLV for the Site in Section 7 of this report.

07

**BENCHMARK
LAND VALUE**

BENCHMARK LAND VALUE

1. The Viability Planning Practice Guidance (PPG) in support of the National Planning Policy Framework (NPPF) states: *“To define land value for any viability assessment, a benchmark land value should be established on the basis of the existing use value (EUV) of the land, plus a premium for the landowner. The premium for the landowner should reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land. The premium should provide a reasonable incentive, in comparison with other options available, for the landowner to sell land for development while allowing a sufficient contribution to comply with policy requirements.”*
2. The RICS Guidance Note *Assessing viability in planning under the National Planning Policy Framework 2019 for England (updated in March 2021)* also supports the PPG’s preferred Existing Use Value Plus (EUV+) methodology for assessing Benchmark Land Values (BLVs).
3. We have therefore assessed the BLV by adopting the EUV+ approach only in accordance with the NPPF and current RICS Guidance. To do so, we have first assessed the EUV of the Site and have then considered an appropriate landowner’s premium.

EXISTING USE VALUE

8. As set out in Section 3, the existing Site is irregular in shape and measures 3.2 acres (1.29 hectares). It currently comprises area of hardstanding and car parking, which has been recently occupied as a construction site compound and associated car parking to facilitate the construction works of Phase 1. Prior to this, we understand the Site comprises agricultural land.
9. In order to assess the Existing Use Value of the Site, we have referred to the Council’s Local Plan Viability Assessment Study, prepared by HDH and dated April 2016. This viability study assesses the deliverability of a number of potential development sites within the district’s boundary and tests the ability for development to support affordable housing and Community Infrastructure Levy (CIL).
10. The viability study provides Existing Use Values of various land uses that have been accepted by the Council at plan making stage when assessing viability of development within the district.
11. The table below provides a summary of the adopted Existing Use Values for residential, industrial, agricultural and paddock uses, as set out in Section 6 of the Council’s Viability Assessment Study:

Land Use	Local Plan Viability Assessment Study (2016) Existing Use Value (£ per ha)
Residential	£750,000
Industrial	£450,000
Agricultural	£25,000
Paddock (village and edge of town)	£50,000

12. Para 6.8 of the Council’s Local Plan Viability Assessment Study states that agricultural land represents Existing Use Value of sites extending to 0.5 hectares or more as well as those previously in agricultural use.
13. On the above basis and owing to the Site’s previous use as agricultural land, we consider agricultural use to be the most appropriate land use for the purpose of our EUV assessment. As shown in the table above, the adopted Existing Use Value for agricultural use is £25,000 per hectare.

14. On the above basis, we have arrived at an EUV of £32,250 by applying a land value reflecting £25,000 per hectare to the existing Site's area of 1.29 hectares. We consider our assessment is appropriate, if not fairly conservative, given that the EUV figures set out above were assessed in 2016.

LANDOWNER'S PREMIUM

4. In accordance with the Viability PPG, it is normal viability practice to add a premium to the EUV to reflect the incentive required for the landowner to release the asset for redevelopment.
5. The landowner would be aware of the Site's redevelopment potential, as outlined by its previous planning consents, and the premium would need to compensate them for their perception of the value that will be released by a development.
6. We have also referred to the Council's Local Plan Viability Assessment Study (April 2016) which states that a premium of 20% applied to all residential sites is appropriate along with a further premium reflecting £475,000 per hectare applied to greenfield sites. We consider this broadly equates to a 20x multiplier, which we consider to be appropriate multiplier to apply to greenfield sites that do not benefit with planning permission for redevelopment.
7. We would note that this figure is also outlined in the guidance issued by the Homes and Communities Agency in Guidance for the Areas Wide Viability Model, which states that *'for greenfield land, benchmarks tend to be in a range of 10 to 20 times agricultural value'*.
8. Based upon the above, we have applied a 20x multiplier to the Existing Use Value of £32,250 to arrive at a Benchmark Land Value of £645,000.
9. We consider this to be appropriate, if not fairly conservative, given the Site's previous planning consents and therefore we reserve the right to revisit our assessment.

BENCHMARK LAND VALUE

10. On the above basis, the BLV for the purposes of this FVA is **£645,000**. This has been arrived at on an EUV+ approach and having regard to the viability testing carried out in support of the Council's own planning policy evidence base.
11. Paragraph 017 of the Viability Planning Practice Guidance (PPG) in support of the National Planning Policy Framework (NPPF) states that *"for the purpose of viability assessment, alternative use value (AUV) refers to the value of land for uses other than its existing use"* and provides that *"the AUV of the land may be informative in establishing benchmark land value"*.
12. Given the existing Site's planning history which benefits with a number of extant planning permissions for a care home and assisted living scheme which forms part of a consented wider site, we also consider it is appropriate to adopt the AUV approach in order to arrive at the Benchmark Land Value.
13. At this stage, we have not yet undertaken an assessment of BLV using the AUV approach, but we reserve the right to revisit this.

08

**VIABILITY
APPRAISAL
ASSUMPTIONS**

VIABILITY APPRAISAL ASSUMPTIONS

1. We have prepared a viability appraisal using Argus Developer software and attach a summary at **Appendix 2**. We set out below a summary of the key appraisal assumptions.

DEVELOPMENT PHASING & TIMESCALES

2. We have adopted the following development timescales based upon our experience of similar sized projects:

DEVELOPMENT PHASE	START DATE	DURATION
Pre-construction	August 2024	6 months
Construction	February 2025	18 months
Sales	August 2026	22 months

3. Our viability appraisal assumes a sales period of 22 months, reflects a sales absorption rate of 2.5 units sold per month. We consider this assumption to be optimistic when compared to the comparable evidence and we cite that senior living accommodation typically has a far lower absorption rate than traditional residential accommodation owing to its nascent market as well as the smaller pool of potential buyers.

DEVELOPMENT REVENUES

SENIOR LIVING VALUES

4. Cirencester is a scenic market town located in the Cotswolds, benefitting from a rural setting. Rightmove data suggests property prices within Cirencester stand at £412,084, which is similar to the previous year and up 15% from the 2020 peak.
5. The proposals comprise a senior living residential scheme to meet the needs of local elderly people. Older persons' accommodation is somewhat of a specialist sector, albeit a growing one to meet the needs of our aging population. There is a dearth of new build senior living schemes which means that comparable evidence is scarce.
6. The Applicant specialises in delivering senior living accommodation in the for-sale market. In order to determine the sales values to adopt in our viability appraisal, we have reviewed comparable evidence of similar senior living schemes within the local and surrounding areas.

Beechwood Park, Stow-on-the-Wold, GL54 1FP

7. Beechwood Park comprises a 106-unit bungalow and flatted senior living scheme located 18 miles to the south west of the subject Site in Stow-on-the-Wold. The development was delivered in 2021 by Brio and the scheme provides a range of resident amenities including a fitness studio, wellness suite and spa, residents lounge, exercise trail and a shuttle bus service.
8. From our research into this scheme, we understand that only 23 units of the 106 have sold since the scheme has launched in 2021, representing a slow absorption rate of approximately 0.6 units per



month. We have summarised below the sales evidence we have gathered which completed between Q3 2022 and Q3 2023.

Beechwood Park, Stow-on-the-Wold – Brio (Achieved Pricing)					
Unit	Unit Type	NSA sq ft	Sold Price	£ psf	Date Sold
Apartment 3, 1 Wintergreen Court	2-bed flat	818	£420,000	£513	Aug-23
Apartment 3, 1 Wintergreen Court	2-bed flat	818	£420,000	£513	Aug-23
Apartment 7, Juniper Court	2-bed flat	857	£455,000	£531	May-23
Apartment 1, 6 Juniper Court	2-bed flat	861	£440,000	£511	Jan-23
Apartment 6, 7 Bluebell Court	2-bed flat	872	£460,000	£528	Jul-22
Apartment 1, 5 Cowslip Court	2-bed flat	883	£455,000	£515	Feb-22
2-Bed Flat Average		852	£441,667	£519	
2 Cowslip Court	2-bed bungalow	893	£480,900	£539	Sep-22
5 Bluebell Court	2-bed bungalow	850	£493,820	£581	Jun-22
2-Bed Bungalow Average		872	£487,360	£560	
2, Juniper Court	3-bed flat	990	£530,000	£535	Nov-22
3 Juniper Court	3-bed flat	990	£530,000	£535	Jul-22
Apartment 3, Bluebell Court	3-bed flat	1,023	£503,316	£492	Jun-22
3-Bed Flat Average		1,001	£521,105	£521	
4 Cowslip Court	3-bed bungalow	1,023	£540,000	£528	Sep-22
4 Bluebell Court	3-bed bungalow	1,012	£480,900	£475	Sep-22
3-Bed Bungalow Average		1,018	£510,450	£502	

9. As shown in the table above, two- and three-bedroom flats have achieved £519 per sq ft and £521 per sq ft respectively. Additionally, two- and three-bedroom bungalows have achieved £560 per sq ft and £502 per sq ft respectively.
10. Stow-on-the-Wold is an attractive and affluent market town located in the heart of the Cotswolds and we would regard this location as slightly superior to Cirencester which has a positive impact on sales values. Beechwood Park itself is also a high-quality senior living development with a range of resident amenities offered.
11. The units at Beechwood Park are slightly smaller across all of the unit types when compared to the subject proposals. We therefore consider the achieved evidence, as set out above, reflects a slightly higher value than achievable at the subject Site when analysed on a price per sq ft basis.
12. Furthermore, we make reference to the slow absorption rate at Beechwood Park concluding, in our opinion, that the units have been priced at the upper end of what is achievable in the market. We have adopted an absorption rate four times higher than what was achieved at Beechwood and therefore in order to make this assumption, it is our view that the units at the subject proposals would have to be priced at a comparable discount.
13. In pricing the proposed scheme, we have adopted overall values that are higher than the achieved evidence obtained at Beechwood Park to reflect the larger size of these units. We would anticipate sales values on a per sq ft basis to be at a discount to Beechwood Park to reflect to reflect a small quantum discount as well as its higher absorption rate.

Steepleton, Cirencester Road, Tetbury GL8 8FQ

14. Steepleton is a development delivered by Pegasus Life and located in the centre of Tetbury, approximately 10 miles to the south west of the Site. The scheme was built in 2020 and comprises a mixture of one and two-bedroom apartments along with on-site communal facilities including a spa, swimming pool, gym and resident's communal lounge.



15. We understand the accommodation is available on a for sale basis. We have summarised the current asking prices as well as the achieved values for the scheme in the tables below:

Achieved Pricing

Steepleton, Tetbury – Pegasus (Achieved Pricing)					
Unit	Unit Type	NSA sq ft	Sold Price	£ psf	Date Sold
Apt 24	1 bed	630	£295,000	£468	Sep-23
Apt 27	1 bed	-	£264,000	-	Jun-23
Apt 28	1 bed	-	£279,000	-	
Apt 21	1 bed	-	£264,000	-	Jun-23
Average			£273,200		
Apt 76	2 bed	1125	£430,000	£382	Mar-23
Apt 86	2 bed	1125	£387,000	£344	Sep-22
Apt 105	2 bed	-	£450,000	-	Jun-22
Apt 72	2 bed	-	£328,500	-	Sep-22
Apt 13	2 bed	-	£328,500	-	Jun-22
Apt 12	2 bed	-	£328,500	-	Jun-22
Apt 67	2 bed	-	£328,500	-	Jun-22
Apt 66	2 bed	-	£343,632	-	Sep-22
Apt 80	2 bed	-	£347,619	-	Sep-22
Apt 87	2 bed	-	£387,000	-	Sep-22
Average			£365,925		-

Asking Prices

Steepleton, Tetbury – Pegasus (Asking Pricing)				
Unit	Unit Type	NSA sq ft	Asking Price	£ psf
Apt 37	2 bed	807	£375,000	£465
Apt 29	2 bed	807	£375,000	£465
Apt 18	2 bed	782	£350,000	£448
Apt 68	2 bed	1125	£400,000	£356
Apt 108	2 bed	987	£435,000	£441
Apt 13	2 bed	807	£375,000	£465
Apt 106	2 bed	981	£435,000	£443
Apt 107	2 bed	982	£435,000	£443
Apt 87	2 bed	1,125	£450,000	£400
Average		934	£403,333	£436

16. As shown in the tables above, one-bedroom flats have achieved between £264,000 and £295,000. Two-bedroom flats have achieved between £328,500 and £450,000. We would also note that the current asking prices of two-bedroom flats is broadly in line with the achieved evidence, ranging between £350,000 and £450,000, reflecting an average asking price of £436 per sq ft.
17. With reference to the prevailing evidence, we comment that we have been unable to obtain the sizes of all of the units. However, we have been able to obtain the sizes for the units that are currently available on the market and therefore from this, we can establish a likely range of unit sizes for the achieved two-bed units. We would comment that the units at Steepleton are comparably smaller than the subject proposals which we have factored into our pricing.
18. We consider the units at Steepleton are finished to a high specification and benefits with an attractive amenity provision. We also note its attractive location in close proximity to the centre of Tetbury. However, owing to the fact the scheme was completed approximately 4 years ago, we consider that the subject proposals will be able to command a new build premium.

Richmond Villages Painswick, GL6 8UL

19. Richmond Villages is a senior living development located approximately 12 miles to the north west of the subject Site in the village of Painswick. The scheme is slightly historic now, having completed construction in 2010 but from our analysis, we consider it comprises a premium senior living scheme that offers a wealth of on-site resident amenity including a resident's roof terrace and lounge, wellness spa and swimming pool, a gym, a library, an auditorium as well as access to landscaped gardens.



20. The tables below provide a summary of pertinent re-sale evidence as well as currently asking prices for units that are currently available.

Achieved Pricing

Richmond Villages, Painswick - Richmond (Achieved Pricing)					
Unit	Unit Type	NSA sq ft	Sold Price	£ psf	Date Sold
Apt 2	2 bed	1,227	£615,000	£501	Mar-24
Apt 5	2 bed	990	£512,000	£517	Jul-23
Apt 12	2 bed	1,033	£530,000	£513	Aug-22
Apt 6	2 bed	1,259	£675,000	£536	Aug-22
Apt 2	2 bed	1,227	£615,000	£501	Mar-24
Average		1,127	£583,000	£517	

Asking Prices

Richmond Villages, Painswick - Richmond (Asking Prices)				
Unit	Unit Type	Size (sq ft)	Price	Price psf
3/3	1 bed	1001	£385,000	£385
3/1	1 bed	742	£350,000	£472
1/10	1 bed	496	£340,000	£685
2/4	1 bed	466	£260,000	£558
2/1	1-bed	592	£320,000	£541
2/3	1-bed	441	£275,000	£624

1/1	1-bed	441	£275,000	£624
1/9	1-bed	430	£270,000	£628
0/6	1-bed	463	£270,000	£583
2/6	1-bed	463	£265,000	£572
1/8	1-bed	463	£260,000	£562
2/4	1-bed	495	£260,000	£525
Average		£541	£294,000	£563
11	2 bed	1,119	£500,000	£447
Average		1,119	£500,000	£447

21.As shown in the tables above, two-bedroom flats have achieved between £512,000 and £675,000, reflecting an average price of £517 per sq ft. This lies above the current asking price of a Flat 11, a two-bedroom flat extending to 1,119 sq ft, which is currently available for re-sale at £500,000, reflecting £447 per sq ft.

22.When considering the quality of Richmond Villages Painswick, we acknowledge that the scheme comprises a high quality and award-winning senior living scheme that has an impressive range of resident facilities and amenities.

23.We consider Painswick to be in a slightly more attractive location when compared to the subject Site, located in an attractive market village in the Cotswolds and within reach of larger settlements like Stroud and Gloucester, located 2.5 miles and 5 miles from the scheme respectively.

24.The prevailing evidence set out above displays asking prices for one-bedroom apartments and achieved pricing for two-bedroom apartments. We would note that the current asking pricing for the one-bedroom apartments appear to be aspirational when compared to the achieved prices. As a result, we have applied less weight to this evidence due to the fact they do not comprise completed evidence.

25.We also note that the units at Painswick are significantly smaller than the subject proposals. On balance, we would anticipate a quantum discount to be applied to our subject proposals and therefore the average price per sq ft from the asking prices at Painswick will be higher.

26.We have applied more weight to the achieved two-bed pricing at Painswick which we note achieved an average price of £583,000, equating to £517 per sq ft. Some of the two-bedroom apartments at Painswick are larger than the subject proposals and therefore on balance, we acknowledge that these units will achieve a higher overall value in comparison to the subject proposals. We have priced the proposed two beds slightly below that achieved at Painswick to reflect the market leading quality of the Painswick development.

PROPOSED SCHEME PRICING

27.Following our review of comparable evidence of similar senior living accommodation within the local and surrounding area, we have priced each unit type within the proposed scheme, to arrive at a blended sales value of £516 per sq ft, as set out below:

Unit Type	No. of Units	Average Size (Sq Ft)	Proposed Price (£)	Proposed Price (£ psf)
1-Bed Flat	15	771	£390,000	£506
2-Bed Flat	30	1,097	£570,000	£520
2-Bed Cottage	2	1,325	£675,000	£510
3-Bed Flat	9	1,353	£700,000	£517
TOTAL / AVERAGE	56	1,064	£546,429	£516

28. Based on the pricing set out above, we are of the opinion that the proposed scheme will achieve a Gross Development Value (GDV) of £30,600,000. This reflects £516 per sq ft when applied to a total residential NSA of 59,302 sq ft.
29. We would note that these are optimistic pricing levels when considered against our research of comparable evidence.

DEVELOPMENT COSTS

CONSTRUCTION COSTS & PROFESSIONAL FEES

30. We have been provided with a Construction Cost Estimate prepared by the Applicant's appointed Quantity Surveyor, Virtus and dated 20 August 2024, which we have relied upon for our appraisal.
31. The Cost Estimate provides a total build cost estimate of £21,245,196 which is exclusive of a construction contingency allowance.
32. The Cost Estimate includes an allowance of £956,991 (reflecting 5.00%) for design development risk and £400,000 for design fees. Disregarding these allowances, we consider the true base build cost as at today for viability purposes to be £19,888,206. This reflects £283 per sq ft when applied to the proposed GIA of 70,385 sq ft.
33. We have then applied our own 5.00% allowance for construction contingency and 10.00% professional fee budget which we consider to be reasonable for an extra care scheme of this type and size. For clarity, Virtus's own allowance for design development risk has been removed to avoid a double count.

MARKETING, LETTING & DISPOSAL FEES

34. We have allowed for the following costs for marketing and disposal of the proposed senior living accommodation:
- Marketing costs of 2.00% of GDV (reflecting the assumed 22-month sales period);
 - Sales agency fees of 1.00% of GDV; and
 - Sales legal fees of 0.50% of GDV.
35. We consider the above costs are reasonable for the scale of the proposed scheme and are in line with market practice.

PLANNING CONTRIBUTIONS

36. Community Infrastructure Levy (CIL) is payable within Cotswold District Council for C2 schemes which we have estimated to £645,000.
37. We have also been provided with a total estimate of £100,000 for S106 contributions applicable for the proposed scheme.
38. We reserve the right to amend the viability appraisal should further information regarding planning contributions become available.

DEVELOPER'S RETURN

39. At this stage, we have adopted a fixed profit margin of 20.00% on GDV which reflects the nascent market, the optimistic sales values being targeted, and the optimistic absorption rates assumed.

FINANCE

40. Costs have been financed over the development period at a combined finance rate of 8.00% which we consider bullish given current market conditions.

09

**VIABILITY
RESULTS &
CONCLUSIONS**

VIABILITY RESULTS & CONCLUSIONS

1. We attach the viability appraisal at **Appendix 2** and summarise our viability conclusions below:

PROPOSED SCHEME - APPRAISAL INPUTS & OUTPUTS		
Revenue		
Senior Living Units	£516 per sq. ft. applied to 59,302 sq ft	£30,600,000
Total Revenue		£30,600,000
Costs		
Construction Costs	Cost Estimate £283 per sq ft	£19,888,206
Construction Contingency	5.00% of construction costs	£994,410
Professional Fees	10% of construction costs	£1,988,821
CIL Estimate	Cotswold District Council CIL Estimate	£645,000
S.106 Contributions		£100,000
Marketing	2.00% of private residential GDV	£615,000
Sale agent fees	1.00% of private residential and commercial GDV	£306,000
Sale legal fees	0.50% of total GDV	£153,000
Developer's Return	20.00% of GDV	£6,120,000
Finance	8.00%	£2,863,857
Total Costs		£33,671,294
Residual Land Value		-£3,071,294
Benchmark Land Value		£645,000
Viability Deficit		-£3,716,294

2. The results summarised in the table above show that the viability appraisal of the proposed scheme, as 100% private housing, results in a negative land value of **-£3,071,294**, representing a viability deficit of **-£3,716,294** when compared to the BLV of **£645,000**.
3. In accordance with the RICS Professional Statement on viability, we have run a sensitivity analysis and can confirm that an increase in sales values of 5.00% (to £542 psf) with a concurrent decrease in construction costs of 5.00% (to £268 psf) would still presents a viability deficit when compared to a Benchmark Land Value of £645,000.
4. The FVA therefore robustly demonstrates that the proposed development is unable to viably support the provision of affordable housing when measured against market-normal aspirations. The main reason for the viability conclusion is the high construction costs relative to the achievable sales values in this location.
5. However, the scheme as assessed would be profitable and deliverable, albeit at margins that we consider to be sub-market.



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APPENDIX 01

PROPOSED SCHEME PLANS & AREA SCHEDULE

Gross Internal Area	
Block	GIA(sq.m)
Block 1 (Cottages)	246.52
Block 2	1455.83
Block 3	1459.89
Block 4	1401.82
Block 5	988.49
Block 6	986.67
TOTAL	6539.22

Mix by Block				
Block	1Bed (2P)	2Bed (4P)	3Bed (5P)	TOTAL
Block 1 (Cottages)		2		2
Block 2	3	6	3	12
Block 3	3	6	3	12
Block 4	3	6	3	12
Block 5	3	6		9
Block 6	3	6		9
TOTAL	15	32	9	56
TOTAL % MIX	27%	57%	16%	100%

Schedule of Accommodation - All plots			
Block	Plot	Type	Internal Area (sq.m)
1	1	2Bed	123.07
	2	2Bed	123.07
2	3	3Bed	127.31
	4	1Bed	71.62
	5	2Bed	101.92
	6	2Bed	101.92
	7	3Bed	127.31
	8	1Bed	71.62
	9	2Bed	101.92
	10	2Bed	101.92
	11	3Bed	127.31
	12	1Bed	71.62
3	13	2Bed	101.92
	14	2Bed	101.92
	15	1Bed	71.62
	16	2Bed	101.92
	17	2Bed	101.92
	18	3Bed	127.31
	19	1Bed	71.62
	20	2Bed	101.92
	21	2Bed	101.92
	22	3Bed	127.31
	23	1Bed	71.62
	24	2Bed	101.92
	25	2Bed	101.92
	26	3Bed	127.31
4	27	1Bed	71.62
	28	2Bed	101.92
	29	2Bed	101.92
	30	3Bed	122.4
	31	1Bed	71.62
	32	2Bed	101.92
	33	2Bed	101.92
	34	3Bed	122.4
	35	1Bed	71.62
	36	2Bed	101.92
5	37	2Bed	101.92
	38	3Bed	122.4
	39	2Bed	101.92
	40	1Bed	71.62
	41	2Bed	101.92
	42	2Bed	101.92
	43	1Bed	71.62
	44	2Bed	101.92
	45	2Bed	101.92
	46	1Bed	71.62
6	47	2Bed	101.92
	48	2Bed	101.92
	49	2Bed	101.92
	50	1Bed	71.62
	51	2Bed	101.92
	52	2Bed	101.92
	53	1Bed	71.62
	54	2Bed	101.92
	55	2Bed	101.92
	56	1Bed	71.62

Average Internal Apartment Areas	
Type	Average Internal Area (sq.m)
1Bed (2P)	71.62
2Bed (4P)	103.84
3Bed (5P)	125.67

Net Internal Areas - All Blocks	
Area Type	NIA(sq.m)
Accommodation	5509.5
Ancillary (Stores)	75.36
Communal/Circ'n	610.43
	6195.29

Net Internal Area (Apartments) by Block				
Block				TOTAL (sq.m)
Block 1 (Cottages)				246.52
Block 2				1208.31
Block 3				1208.31
Block 4				1193.6
Block 5				826.38
Block 6				826.38
TOTAL				5509.5

Gross External Area	
Block	GIA(sq.m)
Block 1 +Store	397.07
Block 2 + Store	1642.89
Block 3 + Store+Tank	1798
Block 4+ Store	1583.12
Block 5+ Store	1147.41
Block 6+Greenhouse+ Store	1212.79
Gardners' Shed	30.54
Combined Refuse Areas	74.61
TOTAL	7886.43



Disclaimer: Site boundaries have been based on Topographic information provided by the client. Stride Treglown will not take responsibility for any inaccuracy.



PL	P15	16/08/24	PLANNING ISSUE	REVISION
STATUS	REV	DATE	DESCRIPTION	BY
CLIENT				Author
				CHECKED BY
				Checker
				ORIGINATOR NO
				155388

CONSULTANT
STRIDE TREGLOWN
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PROJECT
Siddington Park Phase 2
Cirencester

DRAWING TITLE
Proposed Site Plan

STATUS CODE	SCALE
PL : Authorized and accepted	1 : 250@A0
DRAWING USAGE:	
PROJECT - ORIGINATOR - VOLUME - LEVEL - TYPE - ROLE - CLASS - NUMBER	STATUS_REVISION
155388-STL-XX-00-DR-A-ZZ-10008	PL_P15



APPENDIX 02

VIABILITY APPRAISAL

SUMMARY

Phse 2 Siddington Park, Cirencester
100% private

Development Pro Forma
Montagu Evans LLP
August 22, 2024

**Phse 2 Siddington Park, Cirencester
100% private****Project Pro Forma for Phase 1****Currency in £****REVENUE**

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Private Residential	56	59,303	515.99	546,429	30,600,000

TOTAL PROJECT REVENUE **30,600,000**

DEVELOPMENT COSTS**ACQUISITION COSTS**

Residualized Price (Negative land)	(3,071,293)	(3,071,293)
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CONSTRUCTION COSTS**Construction**

	ft²	Build Rate ft²	Cost	
Private Residential	70,387	282.56	19,888,206	19,888,206
Contingency		5.00%	994,410	994,410
Section 106 Costs				
Section 106 Costs			100,000	
CIL Estimate			645,000	745,000

PROFESSIONAL FEES

Professional Fees	10.00%	1,988,821	1,988,821
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MARKETING & LEASING

Marketing	2.00%	612,000	612,000
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DISPOSAL FEES

Sales Agent Fee	1.00%	306,000	
Sales Legal Fee	0.50%	153,000	459,000

TOTAL COSTS BEFORE FINANCE **21,616,143**

FINANCE

Debit Rate 8.000%, Credit Rate 0.000% (Nominal)			
Construction		1,299,741	
Other		1,564,115	
Total Finance Cost			2,863,857

**Phse 2 Siddington Park, Cirencester
100% private**

TOTAL COSTS **24,480,000**

PROFIT **6,120,000**

Performance Measures

Profit on Cost% 25.00%

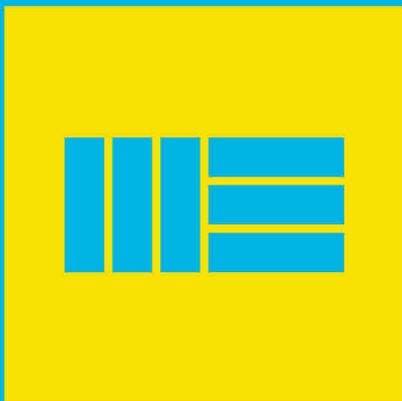
Profit on GDV% 20.00%

Profit on NDV% 20.00%

IRR% (without Interest) 29.91%

Profit Erosion (finance rate 8.000) 2 yrs 10 mths

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