

Financial Viability Assessment Timeline
Northaw House

Report	Date	Notes	CD
Savills FVA - pre-app	Apr 18	<ul style="list-style-type: none"> • Savills identify a conservation deficit following the repair and conversion of the heritage asset. • This is based on an assumed current market value of the heritage asset of £4.25m along with an assessment of sales income, and repair and conversion costs estimated by Madlins. • Savills consider that an enabling development of 31 units (including 16 new build) is justified. 	CD 2.21
BNP Report pre-app	May 18	<ul style="list-style-type: none"> • Whilst it appears that BNP's approach is to apply a market value of £1 to the heritage asset, their residual land valuation relating to the conversion of the heritage asset to residential use shows a current market value of £2.5m • This outcome, along with increased sales income and reduced repair and conversion costs (estimated by WT Partnership) from Savills, implies that there is no conservation deficit associated with the heritage asset and that, therefore, no enabling development is justified. 	CD 2.17
Grimshaw Consulting Ltd FVA Review - pre-app	Aug 18	<ul style="list-style-type: none"> • Grimshaw undertake a market valuation of each element of the heritage asset to arrive at a current market value of £4.218m • Reassessing sales income, and using Madlins revised repair and conversion costs following WT Partnership's comments, Grimshaw identify a conservation deficit for the repair and conversion of the heritage asset. • Grimshaw consider that an enabling development of 31 units (including 16 new build) is justified. 	CD 2.23

BNP Viability Review -pre-app	Oct 18	<ul style="list-style-type: none"> • Considering Grimshaw’s FVA, BNP reconsiders the current market value of the heritage asset, and this time adopts a benchmark land value of £1.6m • Based on the assumptions in Grimshaw’s FVA, BNP now identify a conservation deficit following the repair and conversion of the heritage asset. The deficit is less than that identified by Grimshaw due to the lower market value for the heritage asset adopted by BNP. • BNP undertake an enabling development appraisal, again adopting the same inputs and assumptions as Grimshaw. • BNP consider that an enabling development of 27 units (including 12 new build) is justified. As a result, BNP remove the 4 new build units on the East Drive 	CD 2.24
Grimshaw Consulting Ltd – FVA Executive Summary – app submission	Dec 18	<ul style="list-style-type: none"> • Grimshaw provides an executive summary of the FVA position established between the two parties following pre-app discussions. • Considering BNP’s final pre-app FVA advice, the same inputs and assumptions have been adopted by both parties in establishing the conservation deficit and the minimum amount of enabling development. • By adopting the same current market value of the heritage asset as BNP (£1.6m), Grimshaw acknowledges the conservation deficit identified by BNP and agrees that 27 dwellings (including 12 new build) is the minimum quantum of enabling development required to secure the restoration and future of the heritage asset. 	CD 2.25
LW Developments Addendum to the FVA	Apr 19	<ul style="list-style-type: none"> • At the request of the Council, LW Developments provides a brief commentary on movements in house prices and build costs since the FVA position between Grimshaw and BNP was established. • It is shown that there has been a marginal fall in house prices (Land Registry UK House Price Index) and a marginal increase in build costs (BCIS). • It is therefore considered that the submitted FVA is robust, and that the minimum quantum of enabling development established by both Grimshaw and BNP (27 units) remains the same. 	CD 2.26

BNP Review of FVA	May 19	<ul style="list-style-type: none"> • BNP provide an assessment of Grimshaw's submitted FVA. • BNP confirm that the inputs into the appraisals are now agreed between the parties. This includes agreement on the market value of the heritage asset of £1.6m, sales values, construction costs (WT Partnership agree that the revised costs are not unreasonable following clarification of issues by Madlins), contingency, professional fees, developer profit, finance costs, marketing and disposal costs, and timescales. • As a result, BNP identify a conservation deficit of £1.854m, and conclude that the amount of enabling development required is 27 dwellings (including 12 new build). • BNP acknowledge that this position is accepted by the applicant. 	CD 2.27
BNP 2 nd FVA Review	Jul 19	<ul style="list-style-type: none"> • BNP provide a second review of the submitted FVA. • This time BNP suggest there is not an agreed position on build costs, contrary to their previous report which stated 'the revised (build) costs are not unreasonable' as agreed by their cost consultant WT Partnership. • BNP index link the higher build costs advised by WT Partnership in their earlier May 18 pre-app FVA. • As a result, BNP reduce the amount of enabling development, from the previously agreed 27 dwellings, to 25 dwellings (including 10 new build). This removes the two gate lodges. 	CD 2.18
Thrings Advice Note	Aug 19	<ul style="list-style-type: none"> • Thrings write to the Council and set out the unexplained discrepancies in BNP's latest FVA. • These include the construction costs not reflecting the previously agreed position; the indexation of build costs but not of sales values; and the failure to include the expected s106 costs requested by the Council. • Thrings point out that the Council's continued reliance on this flawed FVA will inevitably have an impact on the viability of the proposed development 	CD 2.21

		<ul style="list-style-type: none"> • The note concludes that without further movement in the Council's position the Applicants are faced with either agreeing to amendments and obligations which would serve to damage the viability of the proposed development, to withdraw the application, or to receive a refusal which will inevitably lead to an appeal. • Whilst there is strong support for the Applicant to challenge the Council's position, Thrings acknowledge that (after three years of pre-application advice and costs to date), there may be commercial considerations which outweigh doing so to secure a planning consent. 	
James R Brown FVA – application submission	Oct 20	<ul style="list-style-type: none"> • Given the issues with BNP's previous reports, James R Brown reviews the viability of the 25-, 27- and 31-unit schemes as part of the applicant's resubmission • James R Brown acknowledges BNP's assessment of market value of £1.6m for the heritage asset but identifies inaccuracies in the assumptions which suppress the value. • Keeping all other inputs the same, James R Brown arrives at a benchmark value for the heritage asset of £2.64m • James R Brown index link the build costs that were previously agreed between the parties (BNP's May 19 FVA), increase the developer's profit to reflect market uncertainty around Covid, and extrapolate the s106 costs requested by the council for the 25-unit scheme. • In doing so, James R Brown considers that none of the appraised schemes cover the conservation deficit, albeit the 31-unit scheme drives the lowest viability shortfall and is needed to satisfy the enabling goal. 	CD 1.22
AspinallVerdi FVA Assessment	Apr 21	<ul style="list-style-type: none"> • AspinallVerdi undertake a residual land value of the approved 25-unit scheme. Using the same inputs as James R Brown, but with lower build and refurbishment costs (as advised by Concert), lower s106 costs and lower developer's profit, AspinallVerdi arrive at a land value of £578,000. • On this basis, AspinallVerdi state that there is no case for enabling development. 	CD 2.19

James R Brown Letter on FVA	May 21	<ul style="list-style-type: none"> • James R Brown suggests that the residual land value driven by AspinalVerdi's appraisal is overstated given the low build and conversion costs, developer's profit and incorrect s106 costs. These inputs are not agreed. • Regardless, James R Brown reiterates that the use of Northaw House as offices is an economically viable use, the value of which needs to be taken into consideration as a benchmark when assessing the conservation deficit • As such, James R Brown suggests that there is no incentive for a conversion to residential when there is another option that drives a higher value, which defeats the heritage objective. • James R Brown repeats that there is a need for the 31-unit scheme to achieve an optimum viable use. 	CD 2.20
Meeting between the Council and Applicant	May 21	<ul style="list-style-type: none"> • The Council, Applicant and their viability consultants met to narrow the points of disagreement with regards to the viability of the site. • The Council offered the Applicant the opportunity of a Red Book exercise to assess the current market value of the asset. However, the Council made it clear that even if it could be proved that the level of development was the minimum necessary it was the view of officers that this application would be refused in any event because of the level of harm that would result from the development. 	