BESPOKE PROPERTY CONSULTANTS

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Review of the Viability Report on the Development of Newtown Railway Works, Newtown Road, Ashford, TN24 0PN

2.0 Non-Technical Executive Summary

2.1 We have reviewed the reports by Strutt and Parker dated February 2020 and concluded that the main issues relating to the viability of the scheme are:

- The sales values attributable to each element of the scheme
- The costs attributable to each element
- The updated Benchmark Land Value

2.2 **Local Plan FVA Assumptions**

In line with the requirements of para 8 of the NPPG the table below gives a comparison of the scheme appraisal assumptions and the Local plan viability assessment assumptions for same scheme typology

Item	Local Plan Allowance	Applicant's Allowance	Comments
Sales values / m^2	£250 - £340 per sqft	Please see section 4.3-4.4 for details of applicant's allowances for each item.	Please see section 4.3-4.4 for details of BPC allowances for each item.
Base build / m^2	£1,755 including contingency and external works	Please see section 4.7 for details of applicant's allowances for each item.	Please see section 4.7 for details of BPC allowances for each item.
Professional fees	10%	7%	We have adopted 8%
Contingency	Included in above	5%	5%
Sales & Marketing costs	3%	2% plus 0.25% legals	We have allowed for 2.5% plus £750 legals

Finance interest rate	6%	6.75%	We have allowed 6.75%
Finance fees	Inc above	Inc above	Inc above
Profit margin: Open market Affordable Commercial Parking	 20% 6% 15% Not listed	 20% Not listed 15% 10%	 20% Not listed 15% 10%

2.3 We have carried out our own appraisal based on median build cost rates from BCIS and pricing that reflects market research and the results of this appraisal are shown at Appendix A which we consider to be in draft at present.

2.4 This appraisal shows a residual land value of £3,139,430 after allowing for s106 costs of £2,267,269. This land value is below the benchmark land value (adopted at £1) and therefore the appraisal would indicate that the proposed scheme is unviable. It is for the LPA to determine whether the planning obligations are necessary to make the development acceptable in accordance with CIL Regulation 122 and para 56 of the NPPF.

2.5 There are many inputs into this appraisal and one of the main issues is the timing of the income receivable for certain elements such as the hotel land, film studios, production offices and workshops and media village. All have an effect on the cashflow and therefore receipt of any of this as income earlier in the programme will improve viability. The reverse is true for construction costs. Therefore, in arriving at our view we have adopted what we consider to be a reasonable position based on the evidence provided by the applicant.

2.6 The scheme as currently proposed and presented is significantly unviable. We would have anticipated that the applicant would have provided a detailed cost plan for such a complex scheme. Based on the information provided all we can conclude is that the scheme being unviable may be undeliverable as funding a scheme with such a demonstrably poor financial outlook is going to be very difficult. As noted in para 8 of the NPPG it is for the decision-maker to determine if the applicant’s viability assessment is suitably transparent in order to be relied upon.

2.7 As it is the Council’s intention to ensure that the scheme is started in a timely manner then we would suggest that the Council considers a phased review of any ‘Deferred Contributions’ as set out in the Ashford Local Plan 2030 (Policy IMP2) to ensure flexibility, viability and deliverability of the scheme proposed.

2.8 In order to be compliant with CIL Regulation 122 and para 56 of the NPPF, any contributions generated by the review procedure must be capped at the value of the contributions foregone plus indexation from the date of the planning consent, thus meeting the tests set out in those documents.