



## Appeal under Section 78 of the Town and Country Planning Act 1990

De Paul House, 628-634 Commercial Road, London E14 7HS

Statement by Anthony Lee PhD MRTPI MRICS

PINS Ref App/E5900/W/20/3250665

LPA Ref: PA/19/00804

27 July 2020

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# 1 Qualifications and experience

- 1.1 I, Anthony David Lee BSc (Hons) MSc (Econ) MA (TP) PhD MRTPI MRICS confirm that:
- 1.2 I am a Senior Director and Head of UK Development Consultancy at BNP Paribas Real Estate, one of the UK's leading real estate consultancies with fifty regional offices in addition to its London offices.
- 1.3 I am also the Director in charge of the Development Viability Team in the London office with responsibility for the viability service across London, the South and the East of England. I have advised London boroughs, the Greater London Authority, landowners and developers on the viability of numerous major mixed-use developments in London and elsewhere across the country, including major developments at Battersea Power Station, Embassy Gardens, New Covent Garden Market, New Wembley, Bishopsgate Goods Yard, Wood Wharf, Shell Centre, Woodberry Down, Chelsea Barracks, Aylesbury Estate and Ruskin Square. I was previously appointed by the London Borough of Tower Hamlets in 2016 and subsequently in 2017 to review viability submissions by the Appellant in connection with the Appeal Site.
- 1.4 I have degrees in social policy and town planning and a doctorate in social policy and administration.
- 1.5 I am a professional member of the Royal Institution of Chartered Surveyors and a professional member of the Royal Town Planning Institute. I am a RICS Registered Valuer. I specialise in the provision of appraisal and valuation advice in respect of residential and commercial development, with a particular focus on planning and viability.
- 1.6 I and my team are responsible for the delivery of appraisal and viability advice to local authorities, developers and landowners in connection with secured lending and viability assessments relating to section 106 Agreements. I have advised over seventy local authorities on Community Infrastructure Levy charging schedules and approaches to planning obligations.
- 1.7 I have provided expert valuation evidence at numerous planning inquiries, examinations in public and informal hearings. I was recently appointed as a single joint expert by Historic England, Tendring District Council and City & Country to

advise on valuation matters relating to enabling development at St Osyth's Priory and appeared as expert witness on viability at the Westferry Printworks Inquiry in August 2019. I have also provided expert reports on secured lending valuations undertaken by other valuers, as well as expert determinations relating to valuation matters.

- 1.8 I was a member of the advisory panel drafting the Local Housing Delivery Group 'Viability Testing Local Plans: Advice for practitioners' (June 2012). I am a member of the 'Developer Contributions Technical Expert Panel' established by the Department for Communities and Local Government to advise on the use of viability assessments in local plans and development management.

### **Declaration and Statement of Truth**

- 1.9 I confirm that I have made clear which facts and matters referred to in this report are within my knowledge and which are not. Those that are within my knowledge I confirm to be true. The opinions I have expressed represent my true and complete professional opinions on the matters to which they refer.
- 1.10 I confirm that I am not instructed under any conditional or success-based fee arrangement.
- 1.11 I confirm that my report complies with the requirements of RICS – Royal Institution of Chartered Surveyors, as set down in the RICS practice statement 'Surveyors acting as expert witnesses'.

## 2 Scope of evidence

- 2.1 On 11 April 2019, Wayview Limited<sup>1</sup> ('the Appellant') submitted an application to London Borough of Tower Hamlets ('the Council') for: "Demolition of existing building and erection of a building of seven storeys, inclusive of two set back floors, plus a lower ground floor to provide 109 rooms for short-term hostel and HMO accommodation" ('the Appeal Scheme').
- 2.2 On 3 December 2019, the Applicant submitted a Financial Viability Assessment ('FVA') prepared by Rapleys on the Appellant's behalf. The FVA reported that the Appeal Scheme would generate a residual land value of £1.12 million if 35% of units were provided as affordable. If the affordable housing were reduced to 0%, the FVA reported that the residual land value would increase marginally to £1.71 million. However, the FVA reported that the Site's benchmark land value was £8 million, so the Appeal Scheme would generate a deficit of £6.29 million to £6.88 million, depending on the level of affordable housing provided.
- 2.3 The Committee report notes that modest difference in deficit and also notes that officers considered information in the FVA to be inaccurate. Officers also raised questions as to the deliverability of the scheme in the context of the deficit identified in the FVA.
- 2.4 On 18 March 2020, the Council refused planning permission on seven grounds. Reason for refusal 1 notes that "the proposal fails to provide [an] affordable housing contribution" and that the proposed development would be contrary to policies S.H1 (meeting housing needs), D.H2 (affordable housing and housing mix), D.H7 (housing with shared facilities) of the Tower Hamlets Local Plan 2031 (2020).
- 2.5 My evidence considers the financial viability of the Appeal Scheme and its ability to comply with the requirements of Local Plan policies S.H1 and D.H2.

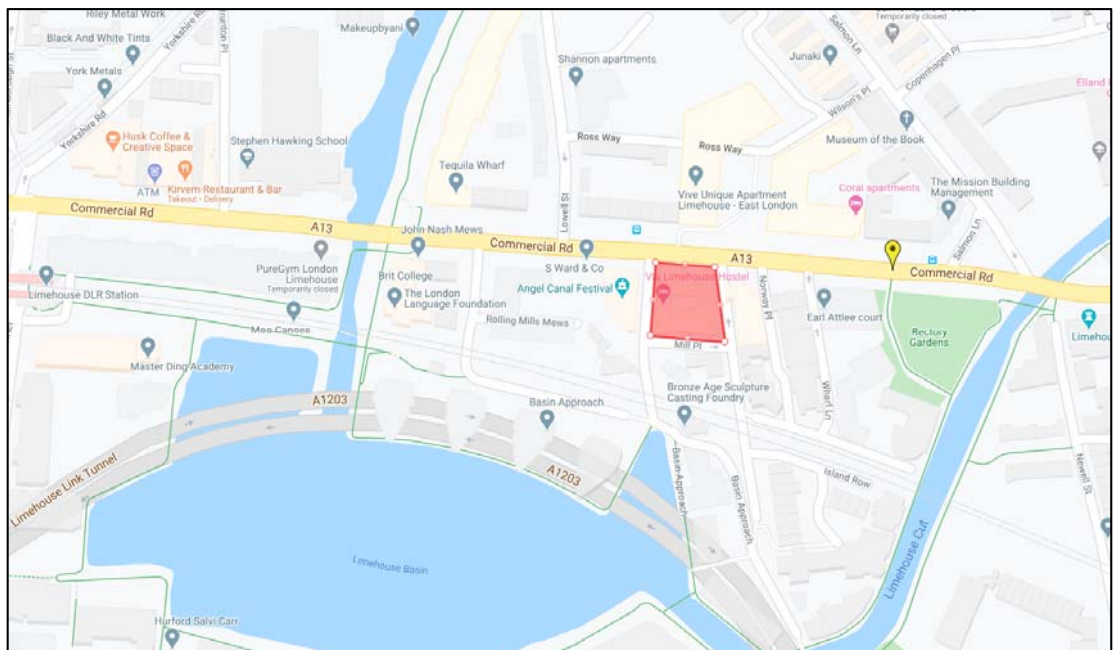
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<sup>1</sup> A wholly owned subsidiary of Interland Group Limited. The Appeal Scheme is submitted in the name of 'Rooms and Studios Management Limited' which is another subsidiary of Interland Group. Interland Group's Director's report for the year ending 31 March 2020 notes that "*it is our aim to expand our portfolio organically with 2-4 purchases annually, as well as intensification of existing assets through density maximisation*".

## 3 The Appeal Site and the Appeal Scheme

- 3.1 The Appeal Site extends to 0.09 hectares and is located on the south side of Commercial Road. It is bound by Mill Place to the west and south and Island Row to the east. The Site is located close to Limehouse Basin and 0.2 miles to Limehouse Station (Docklands Light Railway and C2C services, with typical journey times of 5 minutes of Fenchurch Street Station and 6 minutes to Bank Station).

**Figure 3.1: Location plan**



- 3.2 The existing building has three storeys on Commercial Road and Mill Place, falling to a single storey at the rear and two storeys on Island Row. The existing hostel has 52 bedrooms which is configured to provide accommodation for 263 people in a range of dormitory-style rooms.
- 3.3 The Appeal Scheme seeks an increase from 52 to 109 rooms which would be used to accommodate 181 people, 49 in hostel rooms and 132 in HMO rooms. The replacement building would be seven storeys in height with the top two storeys stepped back.
- 3.4 A summary of the accommodation schedule is provided in Table 3.4.1 and a full accommodation schedule is attached as Appendix 1. It is my understanding that all the proposed hostel and HMO rooms will have ensuite bathrooms.

**Table 3.4.1: Accommodation schedule summary**

Hostel	Rooms	NIA (square metres)	Occupants
Single rooms	13	206.80	13
Double rooms	14	279.70	28
Accessible rooms	4	116.00	8
<b>Totals</b>	<b>31</b>	<b>602.50</b>	<b>49</b>

HMO	Rooms	NIA (square metres)	Occupants
Single rooms	24	386.60	24
Double rooms	46	917.90	92
Accessible rooms	8	244.00	16
<b>Totals</b>	<b>78</b>	<b>1,548.50</b>	<b>132</b>

- 3.5 In addition to the hostel and HMO rooms, the Appeal Scheme provides a gym, a cinema room and a café on the ground and lower ground floors, as well as common kitchens and living areas on each floor. The common areas extend to 1,681.30 square metres, as summarised in Table 3.5.1.

**Table 3.5.1: Common areas**

Floor	Square metres GIA
Lower Ground	315.8
Ground	236.3
First	159.1
Second	159.1
Third	249.9
Fourth	249.9
Fifth	155.6
Sixth	155.6
<b>Total</b>	<b>1,681.30</b>

- 3.6 There is an error in the Architect's schedule (attached to the Appellant's FVA at Appendix 2). The schedule double counts the ancillary space on the ground floor by including it both in their "total ancillary" area for the hostel and the HMO. Their schedule indicates that the total ancillary floorspace extends to 1,917.6 square metres, whereas the total should be 1,681.30 square metres.
- 3.7 In addition, and perhaps more significant than the error above, is the disparity between the gross floor area show by the Architect's schedule (3,832 square metres when corrected for the issue discussed in the previous paragraph) and the gross area assumed in the Cost Plan (4,551.40 square metres). RLF have reviewed the

cost plan on the Council's behalf and as part of this review, they have measured the buildings. They have confirmed that the gross floor area is 4,556 square metres. It is therefore unclear how this additional floorspace is used.



## 4 Planning policy requirements

- 4.1 Local Plan Policy S.H1 sets an overall target for 50% of all new homes (from all sources) to be affordable, and requires the provision of a minimum of 35% affordable housing on all applications providing 10 or more new residential units (subject to viability). Local Plan Policy D.H2 seeks a tenure split of 70% rented housing and 30% intermediate housing. In paragraph 9.30 of the explanatory text, the Local Plan notes that the 50% of the rented element should be provided as London Affordable Rent and the remaining 50% as Tower Hamlets Living Rent. It goes on to note that the 30% intermediate element can include London Living Rent, Shared Ownership and other intermediate products.
- 4.2 Local Plan Policy D.H7 (Housing with shared facilities (houses in multiple occupation)) requires that new HMOs will be supported where they can be secured as a long term addition to the supply of low cost affordable housing, or otherwise provides an appropriate amount of affordable housing.
- 4.3 It is my understanding that policies S.H1 and D.H7 apply to the HMO element of the Appeal Scheme only and not to the hostel rooms, as these are treated as sui generis use. The Council's policies therefore require that 27 of the 78 HMO units are provided as affordable. Policy D.H7 would normally require a split of 70% affordable rented and 30% intermediate. However, the Council's policies are applied on a 'subject to viability' basis and this can sometimes result in flexible application of the tenure split in place of reducing the overall quantum of affordable housing.
- 4.4 I note at paragraph 10.8 of their FVA, Rapleys indicate that their proposed rents for the HMO units (£1,000 and £1,083 per calendar month for single and double rooms respectively) are lower than London Living Rents (which they suggest are £1,076 per calendar month for 2019/20. It is unclear where this figure of £1,076 originates, as the 'London Living Rent ward benchmark data 2019/20' on the Mayor of London's website shows a monthly rent of £1,090 per calendar month for Limehouse Ward. The London Living Rent for 2020/21 has increased to £1,118 per calendar month.
- 4.5 As the Applicant's rents are lower than London Living Rents, 100% of the HMO units could qualify as intermediate affordable housing, subject to be secured as such by a Section 106 obligation. In the absence of such a commitment by the Appellant, the

Council cannot have any confidence that the rents the Appellant actually intends to charge will be “supplying a significant quantum of low cost housing” as the FVA suggests at paragraph 10.9.

- 4.6 Provision of 35% of the units at London Living Rents secured by a Section 106 agreement would comply with policy, which is applied on a ‘subject to viability’ basis provided that evidence is provided that a policy compliant tenure mix is unviable.

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## 5 My approach to testing the viability of the Appeal Scheme

- 5.1 I have appraised the Appeal Scheme using Argus Developer ('Argus'). Argus is a development appraisal software package which is widely used by surveying practices, developers, landowners and others involved in development appraisal. It has been used widely by both our firm and the Council's other viability framework advisors to assess the viability of development proposals in Tower Hamlets.
- 5.2 Argus Developer can be set up in two main ways. The first is to set up an appraisal to generate a residual land value, where the costs of development are entered (including a target level of profit) and deducted from the end value of the scheme to arrive at a 'residual' amount that can be used to acquire the land. The second approach is to enter a notional land cost to determine the profit generated by a scheme as an output. Rapleys adopted the former approach in their FVA and I have adopted the same approach.
- 5.3 The residual land value generated by Argus needs to be compared to a benchmark land value ('BLV') reflecting the existing use value of the Appeal Site, in accordance with paragraph 014 of the Planning Practice Guidance. The Appellant has provided a valuation of the existing hostel which I consider later. Their approach to establishing the Site's Benchmark Land Value complies with the requirements of the Planning Practice Guidance.

## 6 Appeal Scheme appraisal inputs

6.1 In this section, I review and comment on the appraisal assumptions applied by Rapley in their FVA and (where different) inputs adopted by James Brown.

### Gross Development Value

6.2 Rapley's FVA indicates that they have applied rents for the hostel and HMO rooms as follows (all rents are shown per calendar month):

- Single room: £1,000;
- Double room: £1,083;
- Accessible room: £1,100.

6.3 Based on these assumed rentals, Rapleys calculate a gross rental income of £1,382,150 per annum, which appears to be correct based on the accommodation schedule attached at Appendix 1.

6.4 Rapley's rents are reportedly based on "*advice from Interland Group regarding the Gross Rental Income to apply to the proposed scheme*" and there is no independent evidence provided in their report to support the assumptions.

6.5 Rapleys deduct 25% from the gross income to cover operating costs and then apply an investment yield of 4.25% to the net income, generating a capital value of £24,391,059. They then deduct purchaser's costs of £1,219,553, leaving a net capital value of £23,171,506.

6.6 James Brown's subsequent report also adopts the same income assumptions; deductions from gross rent for operating costs; and applies the same investment yield.

6.7 Both Rapleys and James Brown have adopted income for the hostel units which is significantly lower than income currently generated by the existing hostel. The Via Limehouse Hostel website shows the following minimum rates for bedspaces (see Appendix 2):

**Table 6.7.1: Via Limehouse Hostel existing rates**

Type of bedspace	Floor area square metres	Average nightly rate per person in shared rooms, or per room with exclusive use	Average monthly rate per room (lowest)	Total annual income per room
Bed in 12 person room	20	£14.00	£4,176	£50,112
Bed in 9 person room	18	£14.85	£3,627	£43,528
Bed in 6 person room	18	£21.60	£2,773	£33,281
Bed in 4 person room	11	£24.00	£2,333	£28,000
Twin room (exclusive use)	11	£79.20	£2,108	£25,295
Double room (exclusive use)	11	£84.60	£2,256	£26,766

- 6.8 The existing hostel accommodates a significantly higher number of people per room as can be seen in Table 6.7.1. In the existing hostel, some 18 square metre rooms provide 12 bedspaces, yet in the proposed scheme, a room with the same floorspace will accommodate only 1 or 2 bedspaces. In the absence of any controls the number of people that can be accommodated in one room, the Appellant would be able to intensify the occupation of the hostel rooms and generate significantly higher income than shown in their appraisal. I have not seen the Appellant's proposed Section 106 obligations but assume such a restriction is in place for the purposes of my assessment. If the Appellant is not proposing any controls on the number of bedspaces per hostel room, my findings will be subject to change.
- 6.9 It is also counterintuitive that the same room rate would apply to hostel and HMO units, the latter intended for longer term occupation and the former for short term stays (single nights up to one to two weeks). Rapley's rate applied to the Hostel accommodation equates to £2.73 per night for a bed in a single room and £2.96 per night for a double room. In contrast, the Appellant is currently charging between £14.00 to £24.00 per night for beds in shared rooms of up to 12 beds, or £79.20 for a twin room and £84.60 per night for a double room. This is a clear error by both Rapleys and James Brown.
- 6.10 In my appraisal, I have assumed that the hostel rooms are charged at £2,108 per single room and £2,256 per double room in line with rates currently charged (see detailed schedule at Appendix 3). This increases total revenue from Rapley's £1,382,150 per annum to £1,797,048 per annum.

- 6.11 Applying the same deduction for operating costs and investment yield as both Rapleys and James Brown, my GDV is £28,998,212, which is £4,607,153 higher.

### Food and beverage revenue

- 6.12 Neither Rapleys nor James Brown reflect any value of the food and beverage offering in the development. Savills's valuation indicates that this currently generates revenue of £8,800 per month. I have assumed that the new food and beverage offering will generate a conservative £6,000 of income per month, which I have assumed will generate a 35% EBITDA. I have applied a 4.25% investment yield to the EBITDA resulting in a capital value of £593,000.
- 6.13 It is unclear from the planning submission how the cinema room and gym are to be operated and whether these will generate any revenue. I have assumed that they will not at this stage but reserve my position pending further investigation.

### Build costs

- 6.14 As noted earlier, the Appellant's cost plan is based on a gross area which is significantly larger than the gross area identified by the Architect. It is therefore unclear how this Appellant intends to use the additional space which is not identified in the Architect's schedule
- 6.15 RLF have advised that the Appellant's costs are overstated by £1,250,140, or 8.62%, and should be reduced to a total of £13,254,960 (£2,909.34 per square metre, based on RLF measured GIA). RLF's report is attached as Appendix 4. RLF's total cost is inclusive of demolition and contingency and I have not shown these separately in my appraisal.

### Other appraisal inputs

- 6.16 Table 6.16.1 summarises the other inputs applied by Rapleys and James Brown. I do not dispute these inputs but comment further below.

**Table 6.16.1: Other appraisal inputs**

	Rapleys	James Brown	BNPPRE	Com
Professional fees	8%	8%	8%	Agreed
Contingency (% of Applicant's costs)	3%	3%	3%	Agreed
Contingency (% of BCIS costs)	n/a	n/a	5%	-
Letting agent's fees (% of first year's rent)	10%	10%	n/a	Discussed in para 6.17

	Rapleys	James Brown	BNPPRE	Com
Letting legal fees (% of first year's rent)	5%	8%	n/a	Discussed in para 6.17
Sales agent fee (% of GDV)	1%	1%	1%	Agreed
Sales legal fee (% of GDV)	0.5%	0.5%	0.5%	Agreed
Finance rate	7%	7%	6.0%	Discussed in para 6.18
Finance (amount)	£937,314	£2,099,930	£1,951,464	Discussed in para 6.19
Target profit (% of GDV)	15.53%	Not stated	15%	Discussed in para 6.20
Benchmark Land Value	£8,000,000	£5,890,000	£5,890,000	Discussed in para 6.21

- 6.17 **Lettings agent's fees and letting legal fees:** Both Rapleys and James Brown have included lettings agent and lettings legal fees in their appraisals, equating to 10% and 5% of first year's rent respectively. I assume these costs are included in error, as the cost of letting HMO and Hostel rooms is allowed for in the 25% deduction from gross rents for operating costs. Letting agents and letting legal fees are typically included when a developer is constructing commercial floorspace which they will let prior to onward sale to an investor.
- 6.18 **Finance rate:** Both Rapleys and James Brown incorporate finance at 7% which is higher than rates I have recently seen in viability appraisals for student housing and similar rented housing developments. I have applied a finance rate of 6% in my appraisals.
- 6.19 **Finance (amount):** James Brown's appraisal incorporates a total finance cost of £2,099,930 compared to £937,314 in Rapley's appraisal. The difference is accounted for by the approach they have adopted. The Rapley appraisal is configured to generate a residual land value by inputting a target profit level, whereas James Brown has inputted a land cost (based on the benchmark land value) with profit generated as an output. As the land cost is an upfront cost, James Brown's higher upfront land cost (£5.89 million compared to Rapley's lower £1,709,334 residual value) generates a higher interest cost.
- 6.20 **Target profit percentage:** Rapley's FVA (paragraph 7.3) indicates that they have relied upon advice from Savills on profit: "*in light of these discussions [with Savills] and the speculative nature of the proposed development, an appropriate return is 20% return on costs / 15.53% return on GDV*". It is unclear why Rapleys regard the

development as “speculative” as it is my understanding that the current owner is bringing the development forward and they will retain the completed building. There is no speculation in the normal sense of a developer needing to sell the housing being constructed. Clearly there will be risk of letting the units once available for occupation, but this risk is implicit in the investment yield applied to the rental income. However, we are guided by the PPG to use standardised inputs and treat viability appraisals in an ‘applicant neutral’ manner. If the applicant were a developer seeking to dispose of the completed HMO/Hostel building, a return of 15% on GDV would not be unreasonable.

- 6.21 **Benchmark land value:** Rapleys have relied upon a valuation of the existing hostel undertaken by Savills which advises a value of £8 million. James Brown has critiqued this valuation and indicates that he considers some over-optimistic assumptions on improving operational efficiency have been made. Consequently, he arrives at a value of £5.89 million and I do not disagree with this.

#### **Purchaser’s costs and sales agent fees**

- 6.22 I note that both Rapleys and James Brown have incorporated deductions in their appraisals for purchaser’s costs (£1,341,574) and sales agent’s / sales legal fees (£369,899). Although these rates are in line with normal metrics, I note that the Appellant is developing the Scheme itself and will not, in reality, incur these costs as it will be holding the development within its portfolio. Although viability assessments are carried out on an ‘applicant neutral’ basis with standardised inputs, the reality of the situation is that the Appellant will not incur these costs and they could arguably, be removed from the calculation. I consider the impact this has when discussing my appraisals in the next section.



## 7 Development appraisals

- 7.1 I have undertaken my own development appraisals based on the inputs discussed in the preceding section. In order to test the capacity of the Appeal Scheme to meet the requirements of Local Plan policies S.H1 and D.H7, I have tested a number of rent levels which would satisfy the requirements in terms of overall level of provision and tenure. Table 7.1 summarises the scenarios I have tested. As noted in paragraph 4.4, the Applicant's proposed rents are lower than London Living Rent, and can themselves be regarded as 'affordable' but only if they are secured as affordable by a planning obligation. My understanding is that the Appellant is resisting entering into such a planning obligation, which leaves the rents completely unconstrained.
- 7.2 For the purposes of my appraisals, I have applied varying rent levels, all of which are considered affordable for the purposes of satisfying Local Plan policies S.H1 and D.H7.

**Table 7.2.1: Rents applied in the appraisals**

Type of rent	Rent per calendar month	Rent per annum
Appellant's rents	Single room: £1,000 Double room: £1,083	£12,000 £12,996
London Living Rent	£1,118	£13,416
Tower Hamlets Living Rent	£857	£10,289
Tower Hamlets Affordable Rent	£693	£8,313

- 7.3 Scenario A replicates that Appellant's proposed rental structure for the HMO units.
- 7.4 Scenario B applies London Living Rents to all HMO units (these rents are marginally higher than the Appellant's proposed rents), but 35% of the units are only allowed to increase annually by no more than CPI plus 1%. These units would then be considered to be affordable for the purposes of Policy S.H1. In all the scenarios, the GDV in Table 7.4.1 incorporates the value of the hostel, which remains at a constant value throughout.
- 7.5 Scenarios C and D replace the 35% London Living Rent units with rents equivalent to Tower Hamlets Living Rent (Scenario C) and London Affordable Rent (Scenario D).

**Table 7.4.1: Rental scenarios tested**

Scenario	Overall tenure split	Rent per annum (incorporating hostel)	Rent per Hostel unit	Rent per HMO unit
A	Applicant's rents, none secured as affordable through Section 106 agreement	£1,347,786	£26,041	£12,690
B	100% London Living Rent, 35% secured as such in Section 106 agreement	£1,390,284	£26,041	£13,416
C	65% London Living Rent, 35% Tower Hamlets Living Rent	£1,326,959	£26,401	£12,334
D	65% London Living Rent, 35% Tower Hamlets Affordable Rent	£1,286,955	£26,401	£11,650

7.6 The results from the various appraisals are summarised in Table 7.6.1. The table shows the residual land values for each combination of rental income assumptions and build costs. In all cases, these residual land values should be compared to the Appellant's Benchmark Land Value of £5,890,000 to determine whether the scheme (with a given level of affordable housing provision) is viable.

**Table 7.6.1: Appraisal results (residual land values - £ millions)**

	Residual land value	Appellant's benchmark land value	Surplus
Rental Scenario A	£7,674,009	£5,890,000	£1,784,009
Rental Scenario B	£8,300,164		£2,410,164
Rental Scenario C	£7,367,159		£1,477,159
Rental Scenario D	£6,777,758		£887,758

## 8 Conclusions

- 8.1 The assessments undertaken by Rapley and James Brown result in significant deficits against the value of the existing Hostel. James Brown seeks to explain this by suggesting that “*an applicant has a right to take a view (without prejudice) as to whether they are willing and able to progress a development based upon a certain lower than normal level of profit*”. On the base appraisal that he is presenting, that profit is actually a loss of £1.3 million.
- 8.2 There is one significant flaw in the appraisals undertaken by both Rapleys and James Brown which relates to how the hostel is valued. They have valued the hostel rooms on the same basis as the HMO rooms, resulting in room rates which represent a small fraction of the room rates currently charged for what is presumably inferior accommodation in comparison to a new build scheme. This is perhaps the primary reason for their appraisals showing such significant deficits.
- 8.3 Furthermore, the existing hostel is far more intensively occupied than the proposed new hostel and – in the absence of an obligation limiting occupation to one or two people per room – the Appellant could increase income in the future by adding more beds.
- 8.4 RLF have reviewed the Appellant’s build costs and have advised that these are overstated by 8.62%. My appraisals are based on RLF’s revised build costs.
- 8.5 The Appellant’s proposed rents are lower than London Living Rent, which is an affordable housing tenure that is acceptable under the Council’s Local Plan Policy S.H1. However, in the absence of a planning obligation securing those rents in perpetuity for 35% of units, they cannot be considered to be affordable for the purposes of meeting the requirements of Policy S.H1.
- 8.6 My appraisals indicate that the Appeal Scheme can viably provide a range of affordable options. All of the potential levels of rental income I have tested generate residual land values that exceed the £5.89 million benchmark land value, including 35% London Affordable Rent (Scenario D).
- 8.7 Furthermore, I have also drawn attention to costs that will not – in reality – be borne by the Appellant relating to the disposal of the completed development to a third party. Owning an operating rented housing is one of the Appellant’s core businesses and there is unlikely to be a disposal (especially as the development

generates a residual value that is lower than the value of the existing building, as suggested by James Brown). The theoretical costs of disposals incorporated in the appraisal amount to £1.7 million, which if removed would increase the residual land values generated by the appraisals.

- 8.8 In light of my assessment, I conclude that there are no reasonable grounds for the Appeal Scheme failing to provide 35% affordable housing with a tenure mix that complies with the requirements of Policy D.H2.

## Appendix 1 - Accommodation schedule

Floor	Plot ref	Type	NIA (square metres)	Occupants	Hostel or HMO	Ancillary space (square metres)
LG	-1.01	Single room	18.0	1	Hostel	
LG	-1.02	Double room	18.4	2	Hostel	
LG	-1.03	Single room	16.4	1	Hostel	
LG	-1.04	Single room	16.4	1	Hostel	
LG	-1.05	Double room	18.4	2	Hostel	
LG	-1.06	Single room	18.0	1	Hostel	
LG	-1.07	Accessible room	24.5	2	Hostel	
LG	-1.08	Double room	24.7	2	Hostel	
LG	-1.09	Double room	17.8	2	Hostel	
LG	-1.1	Double room	17.8	2	Hostel	
LG	-1.11	Double room	18.0	2	Hostel	
LG	-1.12	Double room	24.7	2	Hostel	
LG	-1.13	Accessible room	30.5	2	Hostel	
LG		Ancillary				315.8
G	0.01	Single room	14.5	1	Hostel	
G	0.02	Double room	18.4	2	Hostel	
G	0.03	Single room	16.4	1	Hostel	
G	0.04	Not used			Hostel	
G	0.05	Double room	18.4	2	Hostel	
G	0.06	Single room	14.5	1	Hostel	
G	0.07	Single room	15.7	1	Hostel	
G	0.08	Single room	15.3	1	Hostel	
G	0.09	Single room	15.3	1	Hostel	
G	0.10	Accessible room	30.5	2	Hostel	
G	0.11	Double room	24.7	2	Hostel	
G	0.12	Double room	17.8	2	Hostel	
G	0.13	Double room	17.9	2	Hostel	
G	0.14	Double room	18.0	2	Hostel	
G	0.15	Double room	24.7	2	Hostel	
G	0.16	Accessible room	30.5	2	Hostel	
G	0.17	Single room	15.3	1	Hostel	
G	0.18	Single room	15.3	1	Hostel	
G	0.19	Single room	15.7	1	Hostel	
G		Ancillary				236.3
1	1.01	Single room	18.0	1	HMO	
1	1.02	Double room	18.4	2	HMO	
1	1.03	Single room	16.4	1	HMO	
1	1.04	Single room	16.4	1	HMO	
1	1.05	Double room	18.4	2	HMO	
1	1.06	Single room	18.0	1	HMO	
1	1.07	Double room	18.6	2	HMO	

Floor	Plot ref	Type	NIA (square metres)	Occupants	Hostel or HMO	Ancillary space (square metres)
1	1.08	Double room	18.3	2	HMO	
1	1.09	Double room	17.6	2	HMO	
1	1.10	Accessible room	30.5	2	HMO	
1	1.11	Double room	24.7	2	HMO	
1	1.12	Double room	24.7	2	HMO	
1	1.13	Accessible room	30.5	2	HMO	
1	1.14	Double room	17.6	2	HMO	
1	1.15	Double room	18.3	2	HMO	
1	1.16	Double room	18.6	2	HMO	
1		Ancillary				159.1
2	2.01	Single room	18.0	1	HMO	
2	2.02	Double room	18.4	2	HMO	
2	2.03	Single room	16.4	1	HMO	
2	2.04	Single room	16.4	1	HMO	
2	2.05	Double room	18.4	2	HMO	
2	2.06	Single room	18.0	1	HMO	
2	2.07	Double room	18.6	2	HMO	
2	2.08	Double room	18.3	2	HMO	
2	2.09	Double room	17.6	2	HMO	
2	2.10	Accessible room	30.5	2	HMO	
2	2.11	Double room	24.7	2	HMO	
2	2.12	Double room	24.7	2	HMO	
2	2.13	Accessible room	30.5	2	HMO	
2	2.14	Double room	17.6	2	HMO	
2	2.15	Double room	18.3	2	HMO	
2	2.16	Double room	18.6	2	HMO	
2		Ancillary				159.1
3	3.01	Single room	18.0	1	HMO	
3	3.02	Double room	18.4	2	HMO	
3	3.03	Single room	16.4	1	HMO	
3	3.04	Single room	16.4	1	HMO	
3	3.05	Double room	18.4	2	HMO	
3	3.06	Single room	18.0	1	HMO	
3	3.07	Double room	18.6	2	HMO	
3	3.08	Double room	18.3	2	HMO	
3	3.09	Double room	17.6	2	HMO	
3	3.1	Accessible room	30.5	2	HMO	
3	3.11	Double room	24.7	2	HMO	
3	3.12	Double room	24.7	2	HMO	
3	3.13	Accessible room	30.5	2	HMO	
3	3.14	Double room	17.6	2	HMO	

Floor	Plot ref	Type	NIA (square metres)	Occupants	Hostel or HMO	Ancillary space (square metres)
3	3.15	Double room	18.3	2	HMO	
3	3.16	Double room	18.6	2	HMO	
3		Ancillary				249.9
4	4.01	Single room	18.0	1	HMO	
4	4.02	Double room	18.4	2	HMO	
4	4.03	Single room	16.4	1	HMO	
4	4.04	Single room	16.4	1	HMO	
4	4.05	Double room	18.4	2	HMO	
4	4.06	Single room	18.0	1	HMO	
4	4.07	Double room	18.6	2	HMO	
4	4.08	Double room	18.3	2	HMO	
4	4.09	Double room	17.6	2	HMO	
4	4.10	Accessible room	30.5	2	HMO	
4	4.11	Double room	24.7	2	HMO	
4	4.12	Double room	24.7	2	HMO	
4	4.13	Accessible room	30.5	2	HMO	
4	4.14	Double room	17.6	2	HMO	
4	4.15	Double room	18.3	2	HMO	
4	4.16	Double room	18.3	2	HMO	
4		Ancillary				249.9
5	5.01	Single room	15.5	1	HMO	
5	5.02	Single room	12.6	1	HMO	
5	5.03	Double room	23.4	2	HMO	
5	5.04	Single room	14.7	1	HMO	
5	5.05	Double room	25.3	2	HMO	
5	5.06	Double room	23.4	2	HMO	
5	5.07	Single room	12.6	1	HMO	
5	5.08	Single room	15.5	1	HMO	
5		Ancillary				155.6
6	6.01	Double room	20.0	2	HMO	
6	6.02	Single room	12.9	1	HMO	
6	6.03	Single room	14.7	1	HMO	
6	6.04	Double room	25.3	2	HMO	
6	6.05	Single room	12.9	1	HMO	
6	6.06	Double room	20.0	2	HMO	
		Ancillary				155.6



## Appendix 2 - Via Limehouse hostel current rates

[GBP | English - EN](#)

## Via Limehouse

Check In

Check Out

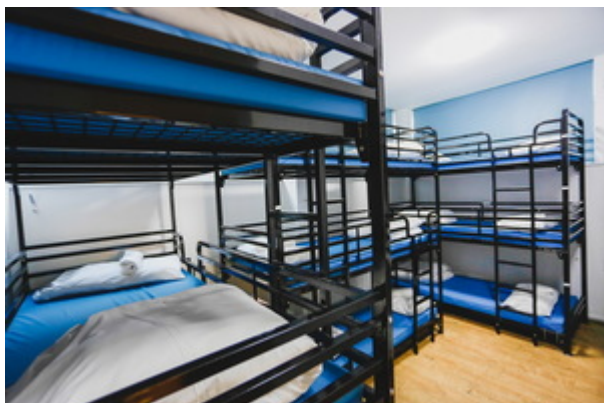
Adults  ▼[Promo Code](#)

Check In

Check Out

Adults  ▼[Promo Code](#)

## Bed in 12 Bed Mixed Dorm

[from GBP 481.60](#)[Cost for 30 nights](#)[Previous](#) [Next](#)

## **Bed in 12 Bed Mixed Dorm**

Bed in 12-bed Dormitory

Number 12 is the number of time and space so staying in this room will make you...

[More Information](#)

from

GBP 481.60

Cost for 30 nights

- 20m<sup>2</sup>
- 1 Bunk bed
- 1 Bathroom

[Privacy](#) - [Terms](#)

- City view
- Non-smoking

## Bed in 9 Dorm Shared Facilities



[from GBP 517.60](#)  
[Cost for 30 nights](#)

[Previous](#) [Next](#)

## Bed in 9 Dorm Shared Facilities

The number 9 is considered long lasting, so maybe you want to book and stay longer with us as you...

[More Information](#)

from  
GBP 517.60  
Cost for 30 nights

Show Rates

- 18m<sup>2</sup>
- 1 Bunk bed
- Shared Bathrooms
- Shared Bathrooms
- City view
- Non-smoking

## Bed in 9 Bed Dorm En-Suite



[from GBP 541.60](#)

[Cost for 30 nights](#)

[Previous](#) [Next](#)

## Bed in 9 Bed Dorm En-Suite

The number 9 is considered long lasting, so maybe you want to book and stay longer with us as you...

[More Information](#)

from

GBP 541.60

Cost for 30 nights

Show Rates

- 18m<sup>2</sup>
- 1 Bunk bed
- 1 Bathroom
- City view
- Non-smoking

## Bed in 6 Bed Dorm Shared Facilities



[from GBP 565.60](#)

[Cost for 30 nights](#)

[Previous](#) [Next](#)

## Bed in 6 Bed Dorm Shared Facilities

6 Bed Dorm with Shared Bathroom facilities.

[More Information](#)

from

GBP 565.60

Cost for 30 nights

Show Rates

- 18m<sup>2</sup>
- 1 Bunk bed
- Shared Bathrooms
- Shared Bathrooms
- City view
- Non-smoking

## Bed in 6 Bed Dorm En-Suite



[from GBP 601.60](#)

[Cost for 30 nights](#)

[Previous](#) [Next](#)

## Bed in 6 Bed Dorm En-Suite

2 bunkbeds of 3 and a handful of friends or fancy sharing this is the room type for you!

The focus...

[More Information](#)

from

GBP 601.60

Cost for 30 nights

[Privacy](#) - [Terms](#)

[Show Rates](#)

- 18m<sup>2</sup>
- 1 Bunk bed
- 1 Bathroom
- City view
- Non-smoking

## [Bed in 6 Bed Female only Dorm](#)



[from GBP 625.60](#)

[Cost for 30 nights](#)

[Previous](#) [Next](#)

## **Bed in 6 Bed Female only Dorm**

6 Bedded Female Dorm Room with En-Suite Bathroom

[More Information](#)

from

GBP 625.60

Cost for 30 nights

[Show Rates](#)

- 18m<sup>2</sup>
- 1 Bunk bed
- 1 Bathroom
- City view
- Non-smoking

[Privacy](#) - [Terms](#)

## Bed in a 4 Bed Dorm Shared Facilities



[from GBP 673.60](#)

[Cost for 30 nights](#)

[Previous](#) [Next](#)

## **Bed in a 4 Bed Dorm Shared Facilities**

Bed in a 4 Bed Mix Dorm with Shared Bathroom Facilities

[More Information](#)

from

GBP 673.60

Cost for 30 nights

Show Rates

- 11m<sup>2</sup>
- 1 Bunk bed
- Shared Bathrooms
- Shared Bathrooms
- City view
- Non-smoking

## Bed in 4 Bed Dorm En-Suite



[from GBP 721.60](#)

[Cost for 30 nights](#)

[Previous](#) [Next](#)

## Bed in 4 Bed Dorm En-Suite

4 Bed Mix Dorm with En-Suite Shower

[More Information](#)

from

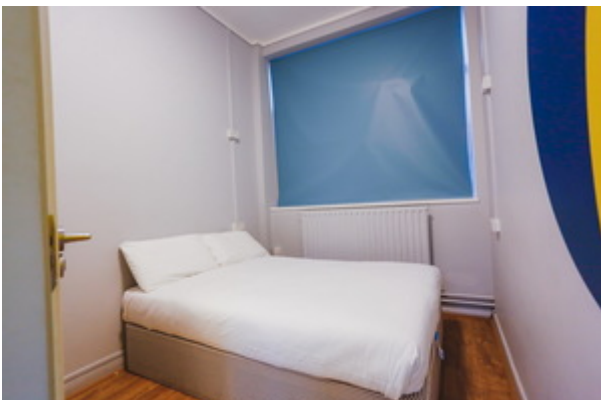
GBP 721.60

Cost for 30 nights

Show Rates

- 11m<sup>2</sup>
- 1 Bunk bed
- 1 Bathroom
- City view
- Non-smoking

## Double Room



[Privacy](#) - [Terms](#)



[from GBP 2,401.60](#)

[Cost for 30 nights](#)

[Previous](#) [Next](#)

## Double Room

Double Room with En-Suite Bathroom

[More Information](#)

from

GBP 2,401.60

Cost for 30 nights

Show Rates

- 11m<sup>2</sup>
- 1 Double bed
- 1 Bathroom
- City view
- Non-smoking

## Twin Room with Bunk Beds



[from GBP 2,403.20](#)

[Cost for 30 nights](#)

[Previous](#) [Next](#)

## Twin Room with Bunk Beds

Private Room with Twin Bunk Beds if you prefer a room with more privacy

[More Information](#)

from

GBP 2,403.20

Cost for 30 nights

Show Rates

- 11m<sup>2</sup>

[Privacy](#) - [Terms](#)

- 2
  - 2 Bunk beds
- City view
- Non-smoking

## Twin Room



[from GBP 2,403.20](#)  
[Cost for 30 nights](#)  
[Previous](#) [Next](#)

## Twin Room

Twin Room with Ensuite Room

[More Information](#)

from  
GBP 2,403.20  
Cost for 30 nights

Show Rates

- 11m<sup>2</sup>
- 2
  - 2 Single beds
- 1 Bathroom
- City view
- Non-smoking

## Triple Room



[from GBP 2,740.80](#)

[Cost for 30 nights](#)

[Previous](#) [Next](#)

## Triple Room

3 is the magic number!

The focus is on the comfy mattresses along with the crisp linen and fluffy pillows. The...

[More Information](#)

from

GBP 2,740.80

Cost for 30 nights

Show Rates

- 11m<sup>2</sup>
- 3
  - 3 Bunk beds
- 1 Bathroom
- City view
- Non-smoking

## Contact & Location

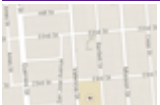
Via Limehouse

628 – 634 Commercial Road, London, ., E14 7HS, United Kingdom

[02035883232](tel:02035883232) 02035883232

[limehouse@viahostels.com](mailto:limehouse@viahostels.com)

[Visit Website](#)



[View in Google Maps](#)

Contact Us

Enjoy all that East London has to offer from our hotel in Limehouse. Here at Via Limehouse we like you feel welcome with a sociable lounge, free WiFi and friendly multi-lingual staff to help you make the most of your stay.

[Privacy](#) - [Terms](#)

Our location in Zone 2 just a short stroll from Limehouse DLR station makes it easy for our guests to get around London. It's just a few minutes from here to Bank Station, which is your gateway to The City, and Tower Gateway right by the Tower of London. You can walk to Canary Wharf from our hostel, to marvel at the skyscrapers and this bustling business district. It's easy to get to the O2 Arena for a show too.

Leave your bag in the free luggage storage or take advantage of our cheap lockers to stash your stuff while you head out and enjoy London. You'll love exploring East London's most interesting areas, from Columbia Road Market to Brick Lane and Shoreditch. The rest of the capital is easy to get around too.

At the end of a busy day, chill out and watch TV in the communal lounge with like-minded travellers. You'll find most of our rooms have private bathrooms, and you can choose anything from a twin or double just for the two of you to a bunk in 12-bedded dorm, perfect for making friends.



## Features

- 24 hour Reception
- Dining Room
- Guest Laundry (charges apply)
- Library
- Non-Smoking Property
  
- TV Room
- Terrace
- Vending Machine (Snacks)
- WiFi Internet
  
- [Terms and Conditions](#)
- [Cancellation Policies](#)



## Appendix 3 - Revised revenues

Floor	Plot ref	Type	NIA	Occupants	Hostel or HMO	Rental £s per calendar month	Rental £s per annum
LG	-1.01	Single room	18.0	1	Hostel	2,256	27,072
LG	-1.02	Double room	18.4	2	Hostel	2,108	25,296
LG	-1.03	Single room	16.4	1	Hostel	2,256	27,072
LG	-1.04	Single room	16.4	1	Hostel	2,256	27,072
LG	-1.05	Double room	18.4	2	Hostel	2,108	25,296
LG	-1.06	Single room	18.0	1	Hostel	2,256	27,072
LG	-1.07	Accessible room	24.5	2	Hostel	2,108	25,296
LG	-1.08	Double room	24.7	2	Hostel	2,108	25,296
LG	-1.09	Double room	17.8	2	Hostel	2,108	25,296
LG	-1.1	Double room	17.8	2	Hostel	2,108	25,296
LG	-1.11	Double room	18.0	2	Hostel	2,108	25,296
LG	-1.12	Double room	24.7	2	Hostel	2,108	25,296
LG	-1.13	Accessible room	30.5	2	Hostel	2,108	25,296
G	0.01	Single room	14.5	1	Hostel	2,256	27,072
G	0.02	Double room	18.4	2	Hostel	2,108	25,296
G	0.03	Single room	16.4	1	Hostel	2,256	27,072
G	0.04	Not used			Hostel		
G	0.05	Double room	18.4	2	Hostel	2,108	25,296
G	0.06	Single room	14.5	1	Hostel	2,256	27,072
G	0.07	Single room	15.7	1	Hostel	2,256	27,072
G	0.08	Single room	15.3	1	Hostel	2,256	27,072
G	0.09	Single room	15.3	1	Hostel	2,256	27,072
G	0.10	Accessible room	30.5	2	Hostel	2,108	25,296
G	0.11	Double room	24.7	2	Hostel	2,108	25,296
G	0.12	Double room	17.8	2	Hostel	2,108	25,296
G	0.13	Double room	17.9	2	Hostel	2,108	25,296
G	0.14	Double room	18.0	2	Hostel	2,108	25,296
G	0.15	Double room	24.7	2	Hostel	2,108	25,296
G	0.16	Accessible room	30.5	2	Hostel	2,108	25,296
G	0.17	Single room	15.3	1	Hostel	2,256	27,072
G	0.18	Single room	15.3	1	Hostel	2,256	27,072
G	0.19	Single room	15.7	1	Hostel	2,256	27,072
1	1.01	Single room	18.0	1	HMO	1,000	12,000
1	1.02	Double room	18.4	2	HMO	1,083	12,996
1	1.03	Single room	16.4	1	HMO	1,000	12,000
1	1.04	Single room	16.4	1	HMO	1,000	12,000
1	1.05	Double room	18.4	2	HMO	1,083	12,996
1	1.06	Single room	18.0	1	HMO	1,000	12,000
1	1.07	Double room	18.6	2	HMO	1,083	12,996
1	1.08	Double room	18.3	2	HMO	1,083	12,996
1	1.09	Double room	17.6	2	HMO	1,083	12,996

Floor	Plot ref	Type	NIA	Occupants	Hostel or HMO	Rental £s per calendar month	Rental £s per annum
1	1.10	Accessible room	30.5	2	HMO	1,083	12,996
1	1.11	Double room	24.7	2	HMO	1,083	12,996
1	1.12	Double room	24.7	2	HMO	1,083	12,996
1	1.13	Accessible room	30.5	2	HMO	1,083	12,996
1	1.14	Double room	17.6	2	HMO	1,083	12,996
1	1.15	Double room	18.3	2	HMO	1,083	12,996
1	1.16	Double room	18.6	2	HMO	1,083	12,996
2	2.01	Single room	18.0	1	HMO	1,000	12,000
2	2.02	Double room	18.4	2	HMO	1,083	12,996
2	2.03	Single room	16.4	1	HMO	1,000	12,000
2	2.04	Single room	16.4	1	HMO	1,000	12,000
2	2.05	Double room	18.4	2	HMO	1,083	12,996
2	2.06	Single room	18.0	1	HMO	1,000	12,000
2	2.07	Double room	18.6	2	HMO	1,083	12,996
2	2.08	Double room	18.3	2	HMO	1,083	12,996
2	2.09	Double room	17.6	2	HMO	1,083	12,996
2	2.10	Accessible room	30.5	2	HMO	1,083	12,996
2	2.11	Double room	24.7	2	HMO	1,083	12,996
2	2.12	Double room	24.7	2	HMO	1,083	12,996
2	2.13	Accessible room	30.5	2	HMO	1,083	12,996
2	2.14	Double room	17.6	2	HMO	1,083	12,996
2	2.15	Double room	18.3	2	HMO	1,083	12,996
2	2.16	Double room	18.6	2	HMO	1,083	12,996
3	3.01	Single room	18.0	1	HMO	1,000	12,000
3	3.02	Double room	18.4	2	HMO	1,083	12,996
3	3.03	Single room	16.4	1	HMO	1,000	12,000
3	3.04	Single room	16.4	1	HMO	1,000	12,000
3	3.05	Double room	18.4	2	HMO	1,083	12,996
3	3.06	Single room	18.0	1	HMO	1,000	12,000
3	3.07	Double room	18.6	2	HMO	1,083	12,996
3	3.08	Double room	18.3	2	HMO	1,083	12,996
3	3.09	Double room	17.6	2	HMO	1,083	12,996
3	3.1	Accessible room	30.5	2	HMO	1,083	12,996
3	3.11	Double room	24.7	2	HMO	1,083	12,996
3	3.12	Double room	24.7	2	HMO	1,083	12,996
3	3.13	Accessible room	30.5	2	HMO	1,083	12,996
3	3.14	Double room	17.6	2	HMO	1,083	12,996
3	3.15	Double room	18.3	2	HMO	1,083	12,996
3	3.16	Double room	18.6	2	HMO	1,083	12,996
4	4.01	Single room	18.0	1	HMO	1,000	12,000
4	4.02	Double room	18.4	2	HMO	1,083	12,996

Floor	Plot ref	Type	NIA	Occupants	Hostel or HMO	Rental £s per calendar month	Rental £s per annum
4	4.03	Single room	16.4	1	HMO	1,000	12,000
4	4.04	Single room	16.4	1	HMO	1,000	12,000
4	4.05	Double room	18.4	2	HMO	1,083	12,996
4	4.06	Single room	18.0	1	HMO	1,000	12,000
4	4.07	Double room	18.6	2	HMO	1,083	12,996
4	4.08	Double room	18.3	2	HMO	1,083	12,996
4	4.09	Double room	17.6	2	HMO	1,083	12,996
4	4.10	Accessible room	30.5	2	HMO	1,083	12,996
4	4.11	Double room	24.7	2	HMO	1,083	12,996
4	4.12	Double room	24.7	2	HMO	1,083	12,996
4	4.13	Accessible room	30.5	2	HMO	1,083	12,996
4	4.14	Double room	17.6	2	HMO	1,083	12,996
4	4.15	Double room	18.3	2	HMO	1,083	12,996
4	4.16	Double room	18.3	2	HMO	1,083	12,996
5	5.01	Single room	15.5	1	HMO	1,000	12,000
5	5.02	Single room	12.6	1	HMO	1,000	12,000
5	5.03	Double room	23.4	2	HMO	1,083	12,996
5	5.04	Single room	14.7	1	HMO	1,000	12,000
5	5.05	Double room	25.3	2	HMO	1,083	12,996
5	5.06	Double room	23.4	2	HMO	1,083	12,996
5	5.07	Single room	12.6	1	HMO	1,000	12,000
5	5.08	Single room	15.5	1	HMO	1,000	12,000
6	6.01	Double room	20.0	2	HMO	1,083	12,996
6	6.02	Single room	12.9	1	HMO	1,000	12,000
6	6.03	Single room	14.7	1	HMO	1,000	12,000
6	6.04	Double room	25.3	2	HMO	1,083	12,996
6	6.05	Single room	12.9	1	HMO	1,000	12,000
6	6.06	Double room	20.0	2	HMO	1,083	12,996



## Appendix 4 - RLF cost plan review

# VIABILITY COST REVIEW

In connection with **Hostel Development at Panda House, 628 - 634 Commercial Road, London E14**  
for  
**London Borough of Tower Hamlets**

27 July 2020

## Contents

- 1. Introduction**
- 2. Cost Review**
- 3. Benchmarking**
- 4. Conclusion**

## Appendices

- A Cost Assessment**
- B BCIS Average Rates**

## 1. Introduction

- 1.1 Further to instruction from Anthony Lee of BNP Paribas Real Estate on behalf of the London Borough of Tower Hamlets, RLF has undertaken a review of the Cost Plan version 1 produced by 3-Sphere for the proposed redevelopment of Panda House at 628-634 Commercial Road, London SE16 2AE submitted on behalf of Interland Group.

## 2. Cost Review

### 2.1 **Basis of Cost**

#### **Base Date**

- 2.1.1 The estimate is dated November 2019 and the base date is stated as 4Q2019. Inflation is excluded albeit the start date for construction is stated as 4Q20. We therefore assume the price is firm for the duration of the construction works programme.

#### **Floor Areas**

- 2.1.2 The aggregate Gross Internal Floor Area (GIA) of the buildings is stated as 4,550m<sup>2</sup>. We have undertaken our own measurement of the area which amounts to 4,556m<sup>2</sup>; the difference being 0.13%. We have used the applicants' area for checking purposes.

#### **Procurement**

- 2.1.3 The procurement route is stated as 'traditional single stage lump sum'. In that Contractors' design fees are included in the cost plan we concur that a design and build procurement is envisaged.

#### **Exclusions & Clarifications**

- 2.1.4 There is a list of exclusions and clarifications. Notable exclusions are: inflation (referred to in 2.1.1 above), asbestos removal prior to demolition and a generator. We believe it is likely that a generator will be required to support life safety systems and have accounted for this in our assessment. A sum of £200,000 has been included for electrical and water mains connections on the assumption that existing service capacities are adequate for the new building. The list of exclusions include many which are commonly set out at planning stage.

#### **Quantification**

- 2.1.5 The cost plan is generally quantified and priced in detail.

## 2.2 **Pricing and Rate Review**

- 2.2.1 The applicants Cost Plan is set at a total of £14,919,000 at £3,279/m<sup>2</sup> over 4,550m<sup>2</sup>.
- 2.2.2. Within the total sum is an allowance for Contractors' Design Fees of £413,900 and £940,000 for contingencies; both of these items are addressed below.
- 2.2.3 We have reviewed the cost plan and made adjustments where we consider it appropriate and details of this are set out in Appendix A.

### **On-Costs (Preliminaries, Overhead & Profit)**

- 2.2.4 Preliminaries are included at 18% of the works cost amounting to £1,933,884. Paragraph 11.13 of the Viability Report states the construction period of 15 months which differs from the programme provided in Appendix 5 which sets out a programme of 84 weeks (19.38 months). On the basis of the latter the allowance equates to an average weekly cost of around £23,022. In our opinion this is a reasonable allowance.
- 2.2.5 Overhead and profit has been included at 7% which we consider at the upper end of the range from benchmarked projects and we have applied 6% in our assessment.

### **Fees**

- 2.2.6 Contractors design fees are included in the cost plan at 3%. We have excluded fees from our assessment and the allowance should be considered with the percentage fee allocation in the appraisal by BNP Paribas. In paragraph 11.1 of the Viability Report it states that fees are allowed at 8% which is covered by the above 3% and a separate 5% allowance in the appraisal.

### **Risk (Contingencies)**

- 2.2.7 Two items of design risk and contingencies are included at 2% on the construction estimate and a further 5% on the project costs amounting to £940,000 in total. We consider an overall allowance of 5% should be applied at this stage to cover design development and construction risk.

## 3. **Benchmarking**

- 3.1 The BCIS benchmark rate for schemes of a similar nature over 15 years are set out below (see Appendix B):

	<u>Mean £/m<sup>2</sup></u>	<u>Upper Quartile £/m<sup>2</sup></u>
Student residences	2360	2572
Youth hostels	2752	2969
Short stay hostels	2510	2925
Blended Mean	2541	2822

The applicants' equivalent rate is £2,776/m<sup>2</sup> (excluding demolition, external works and contingencies) which sits 9% above blended mean and 1.6% below upper quartile. Our assessment equates to £2,599/m<sup>2</sup> which sits 2.3% above blended mean and 8.0% below upper quartile.

3.2 The reliability of the BCIS average costs is dependent on the amount of project data received and should be treated with caution where the sample size is small. In the figures above only one short stay hostel and one youth hostel has been submitted over the last 5 years.

## 4. Conclusion

4.1 Our assessment of the cost plan, excluding contractors design fees, indicates a proposed reduction to the applicants estimated cost of £1,250,140 (8.62%). This reduction includes £481,671 for overhead and profit and contingencies resulting from adjusted percentages.

Our assessment is £13,254,960 at £2,913/m<sup>2</sup> which we are of the opinion represents a fair and reasonable assessment of the likely tender level procured in competition at a 4Q19 base date.

**Appendix A**  
Cost Assessment



	Item	Total Cost £	£/m <sup>2</sup>	£/ft <sup>2</sup>	%	RLF Total Cost £	£/m <sup>2</sup>	£/ft <sup>2</sup>	%	Variance	RLF Comments
<b>01</b>	<b>FACILITATING WORKS</b>										
1	Toxic/Hazardous Material Removal	-	-	-	0%	-	-	-	0%	-	
2	Major Demolition Works	413,000	91	8	3%	413,000	91	8	3%	-	
	<i>Sub-Total</i>	<i>413,000</i>	<i>91</i>	<i>8</i>	<i>3%</i>	<i>413,000</i>	<i>91</i>	<i>8</i>	<i>3%</i>	<i>-</i>	
<b>02</b>	<b>SUBSTRUCTURE</b>										
1	Substructure	1,988,500	437	41	14%	1,630,900	358	33	12%	- (357,600)	
	<i>Sub-Total</i>	<i>1,988,500</i>	<i>437</i>	<i>41</i>	<i>14%</i>	<i>1,630,900</i>	<i>358</i>	<i>33</i>	<i>12%</i>	<i>- (357,600)</i>	
<b>03</b>	<b>SUPERSTRUCTURE</b>										
3A	Frame	422,510	93	9	3%	422,510	93	9	3%	-	
3B	Upper Floors	614,560	135	13	4%	614,560	135	13	5%	-	
3C	Roof	407,700	90	8	3%	352,395	77	7	3%	- (55,305)	
3D	Stairs and Ramps	140,000	31	3	1%	140,000	31	3	1%	-	
3E	External Walls	869,400	191	18	6%	754,650	166	15	6%	- (114,750)	
3F	Windows and External Doors	487,550	107	10	3%	487,550	107	10	4%	-	
3G	Internal Walls and Partitions	465,780	102	10	3%	465,780	102	10	4%	-	
3H	Internal Doors	335,950	74	7	2%	297,800	65	6	2%	- (38,150)	
	<i>Sub-Total</i>	<i>3,743,450</i>	<i>823</i>	<i>76</i>	<i>26%</i>	<i>3,535,245</i>	<i>777</i>	<i>72</i>	<i>27%</i>	<i>- (208,205)</i>	
<b>04</b>	<b>INTERNAL FINISHES</b>										
4A	Wall Finishes	338,939	74	7	2%	338,939	74	7	3%	-	
4B	Floor Finishes	353,754	78	7	2%	353,754	78	7	3%	-	
4C	Ceiling Finishes	248,515	55	5	2%	248,515	55	5	2%	-	
	<i>Sub-Total</i>	<i>941,208</i>	<i>207</i>	<i>19</i>	<i>6%</i>	<i>941,208</i>	<i>207</i>	<i>19</i>	<i>7%</i>	<i>-</i>	
<b>05</b>	<b>FITTINGS, FURNISHINGS AND EQUIPMENT</b>										
1	Fittings, Furnishings and Equipment	549,500	121	11	4%	522,250	115	11	4%	- (27,250)	
	<i>Sub-Total</i>	<i>549,500</i>	<i>121</i>	<i>11</i>	<i>4%</i>	<i>522,250</i>	<i>115</i>	<i>11</i>	<i>4%</i>	<i>- (27,250)</i>	
<b>06</b>	<b>SERVICES</b>										
6A	Sanitary Fittings	228,600	50	5	2%	229,050	50	5	2%	450	
6B	Disposal Installations	128,538	28	3	1%	128,538	28	3	1%	-	
6C	Water Installations	179,953	40	4	1%	179,953	40	4	1%	-	
6D	Space Heating & Cooling	405,421	89	8	3%	233,944	51	5	2%	- (171,478)	
6E	Ventilation	310,750	68	6	2%	492,680	108	10	4%	181,930	
6F	Electrical Installations	474,035	104	10	3%	785,350	173	16	6%	311,315	
6G	Lift and Conveyor Installations	310,000	68	6	2%	280,000	62	6	2%	- (30,000)	
6H	Fire & Lightning Installations	522,930	115	11	4%	162,296	36	3	1%	- (360,634)	
6I	Communication Installations	221,706	49	5	2%	221,706	49	5	2%	-	
	<i>Sub-Total</i>	<i>2,781,933</i>	<i>611</i>	<i>57</i>	<i>19%</i>	<i>2,713,516</i>	<i>596</i>	<i>55</i>	<i>20%</i>	<i>- (68,416)</i>	
<b>07</b>	<b>EXTERNAL WORKS</b>										
7A	Siteworks	92,500	20	2	1%	134,900	30	3	1%	42,400	
7B	Drainage	33,712	7	1	0%	29,315	6	1	0%	- (4,397)	
7C	Services	200,000	44	4	1%	55,000	12	1	0%	- (145,000)	
	<i>Sub-Total</i>	<i>326,212</i>	<i>72</i>	<i>7</i>	<i>2%</i>	<i>219,215</i>	<i>48</i>	<i>4</i>	<i>2%</i>	<i>- (106,997)</i>	
	<b>Measured Works Sub-Total (rounded)</b>	<b>10,743,803</b>	<b>2,361</b>	<b>219</b>	<b>74%</b>	<b>9,975,334</b>	<b>2,192</b>	<b>204</b>	<b>75%</b>	<b>- (768,469)</b>	
<b>08</b>	<b>Preliminaries</b>	1,933,884	425	39	13%	1,933,884	425	39	15%	-	
	<i>Sub-Total</i>	<i>1,933,884</i>	<i>425</i>	<i>39</i>	<i>13%</i>	<i>1,933,884</i>	<i>425</i>	<i>39</i>	<i>15%</i>	<i>-</i>	
<b>09</b>	<b>Overhead and Profit (rounded)</b>	887,438	195	18	6%	714,553	157	15	5%	- (172,885)	Reduced to 6%
	<i>Sub-Total</i>	<i>887,438</i>	<i>195</i>	<i>18</i>	<i>6%</i>	<i>714,553</i>	<i>157</i>	<i>15</i>	<i>5%</i>	<i>- (172,885)</i>	
<b>10</b>	<b>Design Risk &amp; Contingencies (rounded)</b>	939,975	207	19	6%	631,189	139	13	5%	- (308,786)	Allowed at 5%
	<i>Sub-Total</i>	<i>939,975</i>	<i>207</i>	<i>19</i>	<i>6%</i>	<i>631,189</i>	<i>139</i>	<i>13</i>	<i>5%</i>	<i>- (308,786)</i>	
	<b>TOTAL CONSTRUCTION COST (EXC FEES)</b>	<b>14,505,100</b>	<b>3,188</b>	<b>296</b>	<b>100%</b>	<b>13,254,960</b>	<b>2,913</b>	<b>271</b>	<b>100%</b>	<b>- (1,250,140)</b>	





Item	Description	Quant	Unit	Rate	Total Cost £	+ / - Rate	Variance	RLF TOTAL	RLF Comments
<b>SUPERSTRUCTURE</b>									
.3.0A	<b>Frame</b>								
A	Insitu concrete frame	3,841	m <sup>2</sup>	110.00	422,510	-	-	422,510	
	Subtotal				422,510			422,510	Acceptable at £25/ft2 frame & upper floors combined
.3.0B	<b>Upper Floors</b>								
A	Allowance for concrete upper floors	3,841	m <sup>2</sup>	160.00	614,560	-	-	614,560	
	Subtotal				614,560			614,560	Acceptable at £25/ft2 frame & upper floors combined
.3.0C	<b>Roof</b>								
A	insitu concrete roof slab	709	m <sup>2</sup>	180.00	127,620	- (20)	- (14,180)	113,440	Rate as upper floors
B	roof coverings including insulation etc	709	m <sup>2</sup>	100.00	70,900			70,900	
C	extra for extensive green roof finishes	410	m <sup>2</sup>	250.00	102,500		- (64,125)	38,375	6th floor roof 307m2 assumed all green @ £125/m2
D	extra over for paving to roof	299	m <sup>2</sup>	70.00	20,930			20,930	terrace paving 5th & 6th floors gross over planters
E	allowance for balustrade to terraces	135	m	325.00	43,875		- (35,100)	8,775	6th floor only 27m
F	allowance for coping to parapets	135	m	125.00	16,875		21,000	21,000	Allow for planters 105m
G	lift overruns	2	Nr	10,000.00	20,000		9,500	9,500	add roof parapet 76m @ £125
H	provisional Sum for rainwater guttering and downpipes	1	PS	5,000.00	5,000		- (10,000)	10,000	1 nr only
								5,000	
								22,100	Add privacy screens 26m x 1.7m high
								2,000	Add rooflights 2nr
								12,000	Add AOV 3nr
								1,500	Add access ladder
	Subtotal				407,700		- (55,305)	352,395	
.3.0D	<b>Staircases</b>								
A	Staircase 1: precast concrete	7	flight	10,000.00	70,000			70,000	
B	Staircase 2: precast concrete	7	flight	10,000.00	70,000			70,000	
	Subtotal				140,000			140,000	
.3.0E	<b>External Walls</b>								
<b>North Elevation</b>									
A	Allowance for brick and block cavity wall	634	m <sup>2</sup>	350.00	221,900			221,900	Façade gross approx 2240m2 + parapets approx 60m2
B	Extra Over; Rockpanel Cladding	119	m <sup>2</sup>	100.00	11,900	- (50)	- (5,950)	5,950	Cost plan façade approx 2930m2 gross
C	Allowance for bolt on balcony structure, insulation, waterproofing, decking, drainage and balustrading	3	Nr	12,500.00	37,500			37,500	Extra over rate reduced
<b>East Elevation</b>									
D	Allowance for brick and block cavity wall	494	m <sup>2</sup>	350.00	172,900			172,900	
E	Extra over, Rockpanel Cladding	103	m <sup>2</sup>	100.00	10,300	- (50)	- (5,150)	5,150	
<b>South Elevation</b>									

Item	Description	Quant	Unit	Rate	Total Cost £	+ / - Rate	Variance	RLF TOTAL	RLF Comments
F	Allowance for brick and block cavity wall	630	m <sup>2</sup>	350.00	220,500				
G	Extra over, Rockpanel Cladding	118	m <sup>2</sup>	100.00	11,800	- (50)	- (5,900)	5,900	
<b>West Elevation</b>									
H	Allowance for brick and block cavity wall	492	m <sup>2</sup>	350.00	172,200				
I	Extra over, Rockpanel Cladding	104	m <sup>2</sup>	100.00	10,400	- (50)	- (5,200)	5,200	
						-	- (92,550)	- (92,550)	Reduction for gross measure allowance for forming openings say windows only 617m2
	Subtotal				869,400		- (114,750)	754,650	
.3.0F	<b>Windows and External Doors</b>								
<b>North Elevation</b>									
A	Allowance for windows	244	m <sup>2</sup>	650.00	158,600				Windows 617m2 Lower rate appropriate but left as adjusted above
<b>East Elevation</b>									
B	Allowance for windows	77	m <sup>2</sup>	650.00	50,050				
<b>South Elevation</b>									
C	Allowance for windows	219	m <sup>2</sup>	650.00	142,350				
<b>West Elevation</b>									
D	Allowance for windows	77	m <sup>2</sup>	650.00	50,050				
	External Doors								
<b>North Elevation</b>									
E	Main Entrance	1	Nr	5,000.00	5,000				
F	Allowance for sliding door to balcony	6	Nr	3,500.00	21,000				
G	Allowance for double doors	1	Nr	2,000.00	2,000				
H	Allowance for single doors	2	Nr	1,500.00	3,000				
<b>East Elevation</b>									
I	Allowance for sliding doors to balcony	4	Nr	3,500.00	14,000				
J	Allowance for single doors	4	Nr	1,500.00	6,000				
<b>South Elevation</b>									
K	Allowance for sliding door to balcony	4	Nr	3,500.00	14,000				
<b>West Elevation</b>									
L	Allowance for sliding door to balcony	4	Nr	3,500.00	14,000				
M	Allowance for single doors	5	Nr	1,500.00	7,500				
	Subtotal				487,550			487,550	239.95

Item	Description	Quant	Unit	Rate	Total Cost £	+ / - Rate	Variance	RLF TOTAL	RLF Comments
.3.0G	<b>Internal Walls and Partitions</b>								
	<b>Lower Ground Floor</b>								
A	Internal stud partitions; including accoustic insulation and plasterboard	1,144	m <sup>2</sup>	60.00	68,640		-	68,640	
B	Allowance for glazed partitions	24	m <sup>2</sup>	450.00	10,800		-	10,800	
	<b>Ground Floor</b>								
C	Internal stud partitions; including accoustic insulation and plasterboard	883	m <sup>2</sup>	60.00	52,980		-	52,980	
D	Allowance for glazed partitions	88	m <sup>2</sup>	450.00	39,600		-	39,600	
	<b>First Floor</b>								
E	Internal stud partitions; including accoustic insulation and plasterboard	1,015	m <sup>2</sup>	60.00	60,900		-	60,900	
	<b>Second Floor</b>								
F	Internal stud partitions; including accoustic insulation and plasterboard	1,050	m <sup>2</sup>	60.00	63,000		-	63,000	
	<b>Third Floor</b>								
G	Internal stud partitions; including accoustic insulation and plasterboard	906	m <sup>2</sup>	60.00	54,360		-	54,360	
	<b>Fourth Floor</b>								
H	Internal stud partitions; including accoustic insulation and plasterboard	906	m <sup>2</sup>	60.00	54,360		-	54,360	
	<b>Fifth Floor</b>								
I	Internal stud partitions; including accoustic insulation and plasterboard	527	m <sup>2</sup>	60.00	31,620		-	31,620	
	<b>Sixth Floor</b>								
J	Internal stud partitions; including accoustic insulation and plasterboard	492	m <sup>2</sup>	60.00	29,520		-	29,520	
	Subtotal				465,780		-	465,780	
.3.0H	<b>Internal Doors</b>								
	<b>Lower Ground Floor</b>								
A	Entrance door to rooms; leaf timber door; including ironmongery	12	nr	1,100.00	13,200		-	13,200	
B	Toilet Door; single leaf timber door; including ironmongery	12	nr	950.00	11,400	- (350)	- (4,200)	7,200	Rate overstated for ensuite doors
C	Internal door; single leaf timber door; including ironmongery	15	nr	850.00	12,750		-	12,750	
D	Internal door; double leaf timber door; including ironmongery	2	nr	1,800.00	3,600		-	3,600	
	<b>Ground Floor</b>								
E	Entrance door to rooms; leaf timber door; including ironmongery	13	nr	1,100.00	14,300		-	14,300	

Item	Description	Quant	Unit	Rate	Total Cost £	+ / - Rate	Variance	RLF TOTAL	RLF Comments
F	Toilet Door; single leaf timber door; including ironmongery	13	nr	950.00	12,350	- (350)	- (4,550)	7,800	Rate overstated for ensuite doors
G	Internal door; leaf timber door; including ironmongery	13	nr	850.00	11,050	-	-	11,050	
H	Internal door; double leaf timber door; including ironmongery	4	nr	1,800.00	7,200	-	-	7,200	
<u>First Floor</u>									
I	Entrance door to rooms; leaf timber door; including ironmongery	19	nr	1,100.00	20,900	-	-	20,900	
J	Toilet Door; single leaf timber door; including ironmongery	19	nr	950.00	18,050	- (350)	- (6,650)	11,400	Rate overstated for ensuite doors
K	Internal door; leaf timber door; including ironmongery	11	nr	850.00	9,350	-	-	9,350	
L	Internal door; double leaf timber door; including ironmongery	2	nr	1,800.00	3,600	-	-	3,600	
<u>Second Floor</u>									
M	Entrance door to rooms; leaf timber door; including ironmongery	19	nr	1,100.00	20,900	-	-	20,900	
N	Toilet Door; single leaf timber door; including ironmongery	19	nr	950.00	18,050	- (350)	- (6,650)	11,400	Rate overstated for ensuite doors
O	Internal door; leaf timber door; including ironmongery	11	nr	850.00	9,350	-	-	9,350	
P	Internal door; double leaf timber door; including ironmongery	2	nr	1,800.00	3,600	-	-	3,600	
<u>Third Floor</u>									
Q	Entrance door to rooms; leaf timber door; including ironmongery	16	nr	1,100.00	17,600	-	-	17,600	
R	Toilet Door; single leaf timber door; including ironmongery	16	nr	950.00	15,200	- (350)	- (5,600)	9,600	Rate overstated for ensuite doors
S	Internal door; leaf timber door; including ironmongery	11	nr	850.00	9,350	-	-	9,350	
T	Internal door; double leaf timber door; including ironmongery	3	nr	1,800.00	5,400	-	-	5,400	
<u>Fourth Floor</u>									
U	Entrance door to rooms; leaf timber door; including ironmongery	16	nr	1,100.00	17,600	-	-	17,600	
V	Toilet Door; single leaf timber door; including ironmongery	16	nr	950.00	15,200	- (350)	- (5,600)	9,600	Rate overstated for ensuite doors
W	Internal door; leaf timber door; including ironmongery	11	nr	850.00	9,350	-	-	9,350	
X	Internal door; double leaf timber door; including ironmongery	3	nr	1,800.00	5,400	-	-	5,400	
<u>Fifth Floor</u>									
Y	Entrance door to rooms; leaf timber door; including ironmongery	8	nr	1,100.00	8,800	-	-	8,800	
Z	Toilet Door; single leaf timber door; including ironmongery	8	nr	950.00	7,600	- (350)	- (2,800)	4,800	Rate overstated for ensuite doors
AA	Internal door; leaf timber door; including ironmongery	9	nr	850.00	7,650	-	-	7,650	
AB	Internal door; double leaf timber door; including ironmongery	2	nr	1,800.00	3,600	-	-	3,600	

Item	Description	Quant	Unit	Rate	Total Cost £	+ / - Rate	Variance	RLF TOTAL	RLF Comments
	Sixth Floor								
AC	Entrance door to rooms; leaf timber door; including ironmongery	6	nr	1,100.00	6,600				
AD	Toilet Door; single leaf timber door; including ironmongery	6	nr	950.00	5,700	- (350)	- (2,100)	3,600	Rate overstated for ensuite doors
AE	Internal door; leaf timber door; including ironmongery	9	nr	850.00	7,650				
AF	Internal door; double leaf timber door; including ironmongery	2	nr	1,800.00	3,600				
	Subtotal				335,950				
	<b>SUPERSTRUCTURE TOTAL</b>				<b>3,743,450</b>				
	<b>WALL FINISHES</b>								
.4.0A	<b>Wall Finishes</b>								
	<b>Lower Ground Floor</b>								
A	Skim to plasterboard and general paint finish; mist and 3 coats	1,954	m <sup>2</sup>	22.00	42,988				
B	Wall Tiling to bathroom; PC supply rate £30/m2	98	m <sup>2</sup>	80.00	7,841				
C	Wall tiling to kitchen; PC supply rate £30/m2	1	Nr	1,500.00	1,500				
D	Extra Over; acoustics to cinema room	1	PS	5,000.00	5,000				69m2 max
	<b>Ground Floor</b>								
E	Skim to plasterboard and general paint finish; mist and 3 coats	1,493	m <sup>2</sup>	22.00	32,842				
F	Wall Tiling to bathroom; PC supply rate £30/m2	106	m <sup>2</sup>	80.00	8,494				
G	Wall tiling to kitchen; PC supply rate £30/m2	2	Nr	1,500.00	3,000				
	<b>First Floor</b>								
H	Skim to plasterboard and general paint finish; mist and 3 coats	1,498	m <sup>2</sup>	22.00	32,952				
I	Wall Tiling to bathroom; PC supply rate £30/m2	155	m <sup>2</sup>	80.00	12,415				
J	Wall tiling to kitchen; PC supply rate £30/m2	1	Nr	1,500.00	1,500				
	<b>Second Floor</b>								
K	Skim to plasterboard and general paint finish; mist and 3 coats	1,554	m <sup>2</sup>	22.00	34,184				
L	Wall Tiling to bathroom; PC supply rate £30/m2	155	m <sup>2</sup>	80.00	12,415				
M	Wall tiling to kitchen; PC supply rate £30/m2	1	Nr	1,500.00	1,500				
	<b>Third Floor</b>								
N	Skim to plasterboard and general paint finish; mist and 3 coats	1,469	m <sup>2</sup>	22.00	32,325				
O	Wall Tiling to bathroom; PC supply rate £30/m2	131	m <sup>2</sup>	80.00	10,454				
P	Wall tiling to kitchen; PC supply rate £30/m2	2	Nr	1,500.00	3,000				
	<b>Fourth Floor</b>								
Q	Skim to plasterboard and general paint finish; mist and 3 coats	1,469	m <sup>2</sup>	22.00	32,325				

Item	Description	Quant	Unit	Rate	Total Cost £	+ / - Rate	Variance	RLF TOTAL	RLF Comments
R	Wall Tiling to bathroom; PC supply rate £30/m2	131	m <sup>2</sup>	80.00	10,454		-	-	
S	Wall tiling to kitchen; PC supply rate £30/m2	2	Nr	1,500.00	3,000		-	10,454	
<b>Fifth Floor</b>							-	-	
T	Skim to plasterboard and general paint finish; mist and 3 coats	887	m <sup>2</sup>	22.00	19,507		-	3,000	
U	Wall Tiling to bathroom; PC supply rate £30/m2	65	m <sup>2</sup>	80.00	5,227		-	-	
V	Wall tiling to kitchen; PC supply rate £30/m2	1	Nr	1,500.00	1,500		-	-	
<b>Sixth Floor</b>							-	-	
W	Skim to plasterboard and general paint finish; mist and 3 coats	868	m <sup>2</sup>	22.00	19,096		-	19,507	
X	Wall Tiling to bathroom; PC supply rate £30/m2	49	m <sup>2</sup>	80.00	3,920		-	5,227	
Y	Wall tiling to kitchen; PC supply rate £30/m2	1	Nr	1,500.00	1,500		-	1,500	
Subtotal					338,939		-	-	
<b>.4.0B Floor Finishes</b>							-	-	
<b>Lower Ground Floor</b>							-	-	
A	Levelling screed	628	m <sup>2</sup>	13.00	7,850		-	7,850	
B	Floor finishes; say Parador vinyl flooring or porcelain tiling throughout ALL rooms and communal	597	m <sup>2</sup>	60.00	35,820		-	-	
C	Flush timber skirtings	631	m	15.00	9,465		-	35,820	
D	Plant space; mezzanine; paint	31	m <sup>2</sup>	15.00	465		-	-	
<b>Ground Floor</b>							-	-	
E	Levelling screed	550	m <sup>2</sup>	13.00	7,150		-	9,465	
F	Floor finishes; say Parador vinyl flooring or porcelain tiling throughout ALL rooms and communal	572	m <sup>2</sup>	60.00	34,320		-	465	
G	Flush timber skirtings	592	m	15.00	8,880		-	-	
<b>First Floor</b>							-	-	
H	Levelling screed	559	m <sup>2</sup>	13.00	6,988		-	7,150	
I	Floor finishes; say Parador vinyl flooring or porcelain tiling throughout ALL rooms and communal	559	m <sup>2</sup>	60.00	33,540		-	34,320	
J	Flush timber skirtings	601	m	15.00	9,015		-	-	
<b>Second Floor</b>							-	-	
K	Levelling screed	559	m <sup>2</sup>	13.00	6,988		-	9,015	
L	Floor finishes; say Parador vinyl flooring or porcelain tiling throughout ALL rooms and communal	599	m <sup>2</sup>	60.00	33,540		-	6,988	
							-	33,540	
							-	-	

Item	Description	Quant	Unit	Rate	Total Cost £	+ / - Rate	Variance	RLF TOTAL	RLF Comments
M	Flush timber skirtings	621	m	15.00	9,315	-	-	9,315	
	<b>Third Floor</b>					-	-	-	
N	Levelling screed	566	m <sup>2</sup>	13.00	7,075	-	-	7,075	
O	Floor finishes; say Parador vinyl flooring or porcelain tiling throughout ALL rooms and communal	566	m <sup>2</sup>	60.00	33,960	-	-	33,960	
P	Flush timber skirtings	582	m	15.00	8,730	-	-	8,730	
	<b>Fourth Floor</b>					-	-	-	
Q	Levelling screed	566	m <sup>2</sup>	13.00	7,075	-	-	7,075	
R	Floor finishes; say Parador vinyl flooring or porcelain tiling throughout ALL rooms and communal	566	m <sup>2</sup>	60.00	33,960	-	-	33,960	
S	Flush timber skirtings	582	m	15.00	8,730	-	-	8,730	
	<b>Fifth Floor</b>					-	-	-	
T	Levelling screed	302	m <sup>2</sup>	13.00	3,788	-	-	3,788	
U	Floor finishes; say Parador vinyl flooring or porcelain tiling throughout ALL rooms and communal	303	m <sup>2</sup>	60.00	18,180	-	-	18,180	
V	Flush timber skirtings	346	m	15.00	5,190	-	-	5,190	
	<b>Sixth Floor</b>					-	-	-	
W	Levelling screed	264	m <sup>2</sup>	13.00	3,300	-	-	3,300	
X	Floor finishes; say Parador vinyl flooring or porcelain tiling throughout ALL rooms and communal	264	m <sup>2</sup>	60.00	15,840	-	-	15,840	
Y	Flush timber skirtings	306	m	15.00	4,590	-	-	4,590	
	Subtotal				353,754			353,754	
.4.0C	<b>Ceiling Finishes</b>								
	<b>Lower Ground Floor</b>								
A	New suspended MF plasterboard and skim	628	m <sup>2</sup>	40.00	25,120	-	-	25,120	
B	General Paint Finish; mist and 2 coats	628	m <sup>2</sup>	15.00	9,420	-	-	9,420	
C	Extra Over; acoustic to cinema room	1	PS	5,000.00	5,000	-	-	5,000	41.7m2
	<b>Ground Floor</b>								
D	New suspended MF plasterboard and skim	572	m <sup>2</sup>	40.00	22,880	-	-	22,880	
E	General Paint Finish; mist and 2 coats	572	m <sup>2</sup>	15.00	8,580	-	-	8,580	
	<b>First Floor</b>								
F	New suspended MF plasterboard and skim	559	m <sup>2</sup>	40.00	22,360	-	-	22,360	
G	General Paint Finish; mist and 2 coats	559	m <sup>2</sup>	15.00	8,385	-	-	8,385	



Item	Description	Quant	Unit	Rate	Total Cost £	+ / - Rate	Variance	RLF TOTAL	RLF Comments
<b>Second Floor</b>									
H	New suspended MF plasterboard and skim	559	m <sup>2</sup>	50.00	27,950			27,950	
I	General Paint Finish; mist and 2 coats	559	m <sup>2</sup>	15.00	8,385			8,385	
<b>Third Floor</b>									
J	New suspended MF plasterboard and skim	566	m <sup>2</sup>	50.00	28,300			28,300	
K	General Paint Finish; mist and 2 coats	566	m <sup>2</sup>	15.00	8,490			8,490	
<b>Fourth Floor</b>									
L	New suspended MF plasterboard and skim	566	m <sup>2</sup>	50.00	28,300			28,300	
M	General Paint Finish; mist and 2 coats	566	m <sup>2</sup>	15.00	8,490			8,490	
<b>Fifth Floor</b>									
N	New suspended MF plasterboard and skim	303	m <sup>2</sup>	50.00	15,150			15,150	
O	General Paint Finish; mist and 2 coats	303	m <sup>2</sup>	15.00	4,545			4,545	
<b>Sixth Floor</b>									
P	New suspended MF plasterboard and skim	264	m <sup>2</sup>	50.00	13,200			13,200	
Q	General Paint Finish; mist and 2 coats	264	m <sup>2</sup>	15.00	3,960			3,960	
	Subtotal				248,515			248,515	
<b>INTERNAL FINISHES TOTAL</b>					<b>941,208</b>			<b>941,208</b>	
.5.0A	<b>FITTINGS, FURNISHINGS AND EQUIPMENT</b>								
A	Communal Kitchens; all with Composite (Compact Laminate) worktops	11	Nr	22,500.00	247,500			247,500	
B	Joinery to rooms; wardrobes and vanity units	109	Nr	2,000.00	218,000	- (250)	- (27,250)	190,750	Basic wardrobe and bathroom furniture
C	Provisional Sum for FF&E to cinema room	1	PS	20,000.00	20,000			20,000	
D	Provisional Sum to FF&E to back of house areas	1	PS	50,000.00	50,000			50,000	
E	Gym Equipment	1	Excluded	Excluded	Excluded				
F	Wayfinding Signage	1	PS	14,000.00	14,000			14,000	
	Subtotal				549,500		- (27,250)	522,250	
<b>FITTINGS, FURNISHINGS AND EQUIPMENT TOTAL</b>					<b>549,500</b>		- (27,250)	<b>522,250</b>	
.6.0A	<b>SANITARY APPLIANCE</b>								
A	Shower; including screen	116	Nr	750.00	87,000			87,000	
B	WC	116	Nr	400.00	46,400			46,400	
C	Basin	116	Nr	500.00	58,000			58,000	
D	Extra Over; Accessible WC; Doc M Pack	20	Nr	450.00	9,000			9,000	

Item	Description	Quant	Unit	Rate	Total Cost £	+ / - Rate	Variance	RLF TOTAL	RLF Comments
E	Cleaners Sink	7	Nr	400.00	2,800			-	
							400	3,200	8nr cleaners rooms
F	Builders work in connection with services@ 2.5%	2.50%	%	203,200.00	5,080		10	5,090	
G	Sub-Contractor Prelims @ 10%	10.00%	%	203,200.00	20,320		40	20,360	
	Subtotal				228,600		450	229,050	
<b>.6.0B DISPOSAL INSTALLATIONS</b>									
A	Disposal installations	4,550	m <sup>2</sup>	25.00	113,750			-	
								113,750	
B	Builderwork in connection with services @ 2.5%	2.50%	%	113,750.00	2,844			-	
								2,844	
C	Testing & commissioning @ 2.5%	2.50%	%	113,750.00	2,844			-	
								2,844	
D	Sub-Contractor Prelims and testing @ 10 %	8.00%	%	113,750.00	9,100			-	
								9,100	
	Subtotal				128,538			-	128,538
<b>.6.0C WATER INSTALLATIONS</b>									
A	Hot and cold water services	4,550	m <sup>2</sup>	35.00	159,250			-	
								159,250	
B	Builderwork in connection with services @ 2.5%	2.50%	%	159,250.00	3,981			-	
								3,981	
C	Testing & commissioning @ 2.5%	2.50%	%	159,250.00	3,981			-	
								3,981	
D	Sub-Contractor Prelims @ 8 %	8.00%	%	159,250.00	12,740			-	
								12,740	
	Subtotal				179,953			-	179,953
<b>.6.0D SPACE HEATING &amp; AIR CONDITIONING</b>									
A	Heating installation; electric	3,450	m <sup>2</sup>	75.00	258,780	- (15)	(51,750)	207,030	Underfloor to 109 units + panels to common areas
B	Extra Over; ASHP/GSHP	1	PS	100,000.00	100,000		(100,000)	-	
C	Builderwork in connection with services @ 2.5%	2.50%	%	358,780.00	8,970		(3,794)	5,176	2.5%
D	Testing & commissioning @ 2.5%	2.50%	%	358,780.00	8,970		(3,794)	5,176	2.5%
E	Sub-Contractor Prelims @ 8 %	8.00%	%	358,780.00	28,702		(12,140)	16,562	8.0%
	Subtotal				405,421		(171,478)	233,944	51.42
<b>.6.0E VENTILATION</b>									
A	Extra Over for mechanical ventilation to rooms with fixed windows due to traffic pollution; say 50% rooms	55	m <sup>2</sup>	5,000.00	275,000		161,000	436,000	All rooms with MHVR
B	Testing & commissioning @ 2.5%	2.50%	%	275,000.00	6,875		4,025	10,900	2.5%
C	Builderwork in connection with services @ 2.5%	2.50%	%	275,000.00	6,875		4,025	10,900	2.5%
D	Sub-Contractor Prelims @ 8 %	8.00%	%	275,000.00	22,000		12,880	34,880	8.0%
	Subtotal				310,750		181,930	492,680	
<b>.6.0F ELECTRICAL SERVICES</b>									

Item	Description	Quant	Unit	Rate	Total Cost £
A	Electrical installations	4,550	m <sup>2</sup>	90.00	409,500
B	Extra Over; PV cells	1	PS	10,000.00	10,000
C	Builderwork in connection with services @ 2.5%	2.50%	%	419,500.00	10,488
D	Testing & commissioning @ 2.5%	2.50%	%	419,500.00	10,488
E	Sub-Contractor Prelims @ 8 %	8.00%	%	419,500.00	33,560
	Subtotal				474,035
<b>.6.0G LIFT INSTALLATIONS</b>					
A	Lift Installation; Lower Ground to Sixth Floor	2	Nr	140,000.00	280,000
B	Cycle Lift	1	Nr	30,000.00	30,000
	Subtotal				310,000
<b>.6.0H FIRE &amp; LIGHTNING INSTALLATIONS</b>					
A	Fire Alarm	109	Nr	280.00	30,520
B	Lightning installations	4,550	m <sup>2</sup>	95.00	432,250
C	Builderwork in connection with services @ 2.5%	2.50%	%	462,770.00	11,569
D	Testing & commissioning @ 2.5%	2.50%	%	462,770.00	11,569
E	Sub-Contractor Prelims @ 10 %	8.00%	%	462,770.00	37,022
	Subtotal				522,930
<b>.6.0I COMMUNICATION INSTALLATIONS</b>					
A	Data Installation	109	Nr	650.00	70,850
B	Sprinklers	109	Nr	1,150.00	125,350
C	Builderwork in connection with services @ 2.5%	2.50%	%	196,200.00	4,905
D	Testing & commissioning @ 2.5%	2.50%	%	196,200.00	4,905
E	Sub-Contractor Prelims @ 10 %	8.00%	%	196,200.00	15,696
	Subtotal				221,706
<b>SERVICES</b>					<b>2,781,933</b>
<b>BUILDING</b>					<b>8,016,091</b>

+ / - Rate	Variance	RLF TOTAL	RLF Comments
	227,500	637,000	£140/m2
	-	-	
-	(2,000)	8,000	20m2 on roof
	50,000	50,000	Add standby generator
	6,888	17,375	2.5%
	-	-	
	6,888	17,375	2.5%
	-	-	
	22,040	55,600	8.0%
	-	-	
	<b>311,315</b>	785,350	
	-	-	
-	(60,000)	220,000	£17500/floor excessive One lift at lower rate say £10,000 per floor
	-	-	
	-	30,000	
	<b>30,000</b>	30,000	Refuse lift
-	(30,000)	280,000	
	-	-	
	-	-	
	<b>37,730</b>	68,250	4550m2 @ £15
	<b>64,000</b>	64,000	Add smoke extract
	-	-	
-	(420,875)	11,375	4550m2 @ £2.50 - lightning protection
	-	-	
-	(7,979)	3,591	2.5%
	-	-	
-	(7,979)	3,591	2.5%
	-	-	
-	(25,532)	11,490	8.0%
	-	-	
-	(360,634)	162,296	
	-	-	
	-	70,850	
	-	125,350	
	-	4,905	
	-	4,905	
	-	15,696	
	-	-	
	-	221,706	Agreed
-	(68,416)	<b>2,713,516</b>	
-	(303,871)	<b>7,712,219</b>	

Item	Description	Quant	Unit	Rate	Total Cost £
1.00	<b>DEMOLITIONS &amp; ALTERATIONS</b>				
A	Demolition excluding removal of asebestos	5,900	m <sup>3</sup>	70.00	413,000
	<b>Subtotal</b>				<b>413,000</b>
.7.0A	<b>EXTERNAL SITE WORKS</b>				
A	General site clearance	1	PS	5,000.00	5,000.00
	<b>Hard Landscaping</b>				
B	Lightwell; Courtyard Lower Ground	90	m2	250.00	22,500.00
	<b>Soft landscaping</b>				
C	Allowance for planting	1	PS	10,000.00	10,000.00
	<b>Entrance Bridge</b>				
D	Allowance for transculcent glass bridge	1	PS	25,000.00	25,000.00
	<b>External lighting</b>				
E	Allowance for external lighting	1	PS	10,000.00	10,000.00
	<b>Other</b>				
F	Platfom Lift	1	PS	10,000.00	10,000.00
G	Cycle Storage	1	PS	5,000.00	5,000.00
H	Benches	1	PS	5,000.00	5,000.00
	<b>Subtotal</b>				<b>92,500.00</b>
.7.0B	<b>EXTERNAL DRAINAGE</b>				
A	Underground drainage	709	m2	35.00	24,815.00
B	Drainage to hard landscaping	90	m2	50.00	4,500.00
C	Builders work in connection with services @ 2.5%	2.50%	%	29,315.00	732.88
D	Testing & commissioning @ 2.5%	2.50%	%	29,315.00	732.88
E	Sub-Contractor Prelims @ 10%	10.00%	%	29,315.00	2,931.50
	<b>Subtotal</b>				<b>33,712.25</b>
.7.0C	<b>EXTERNAL SERVICES</b>				
A	Provisional sum for a new mains water connection	1	PS	100,000.00	100,000.00
B	Provisional sum for a new mains electric connection; inc BWIC	1	PS	100,000.00	100,000.00
C	Provisional sum for a new telephone/data connection	1	Excluded	Excluded	Excluded
	<b>Subtotal</b>				<b>200,000.00</b>
			<b>SITWORKS TOTAL</b>		<b>739,212</b>

RLF Rate	Variance	RLF Total	RLF Comments
	-	413,000	
		<b>413,000</b>	
			Site boundary area = 918m2
	-	-	Footprint = 806m2
-	(5,000)	-	Covered by demolition of total building
	-	-	
	-	-	
	-	-	
	-	22,500	
	22,400	22,400	Balance for paving and landscaping =112m2
	-	-	
	-	10,000	
	-	-	
	-	-	
	-	25,000	
	25,000	25,000	Add railings 50m
	-	-	
	-	10,000	
	-	-	
	-	-	
	-	10,000	
	-	-	
	-	5,000	
	-	5,000	
	-	-	
	42,400	134,900	
			Additional to basement
		24,815	
		4,500	Additional to basement
		-	
	-	(733)	Not applicable to drainage
		-	
	-	(733)	Not applicable to drainage
		-	
	-	(2,932)	Not applicable to drainage
		-	
	-	(4,397)	
		29,315	
			Provisional allowances
	-	25,000	services adjacent to site
		-	
	-	25,000	No substation
		-	
		-	
	5,000	5,000	Builders work allowance
	(145,000)	55,000	
	-	<b>632,215</b>	
	-	<b>(106,997)</b>	

**Appendix B**  
BCIS Average Rates

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RLF LLP ( U6025 )

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Average prices

## Results

[▶ Rebased to 4Q 2019 \(331; sample 50\) and London Borough of Tower Hamlets \( 124; sample 33 \)](#) [Edit](#)

### £/m2 study

**Description:** Rate per m2 gross internal floor area for the building Cost including prelims.**Last updated:** 18-Jul-2020 00:48**Maximum age of results:**  ▼

Building function (Maximum age of projects)	£/m <sup>2</sup> gross internal floor area						Sample
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest	
<b>New build</b>							
843.1 Supported housing with shops, restaurants or the like (15)	1,910	1,235	1,615	1,828	2,007	3,228	31
856.2 Students' residences, halls of residence, etc (15)	2,360	1,366	2,081	2,349	2,572	3,888	58
856.7 Youth hostels (20)	2,752	1,771	2,142	2,926	2,969	4,025	6
856.8 Short stay hostels for homeless etc (15)	2,510	1,444	2,000	2,418	2,925	3,639	16

PREVIOUS

[Define - 1. Basic parameters](#)

NEXT

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## Appendix 5 - Development appraisal (35% LAR)



**Panda House**  
**65% private (unconstrained); 35% London Affordable Rent**

Summary Appraisal for Phase 1

Currency in £

**REVENUE**

**Rental Area Summary**

	Units	m <sup>2</sup>	Rate m <sup>2</sup>	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
Hostel rooms	31	602.50	1,339.86	26,041	605,448	807,264	605,448
HMO rooms	78	1,548.50	586.81	11,650	681,507	908,676	681,507
F&B	<u>1</u>			72,000	<u>25,200</u>	<u>72,000</u>	<u>25,200</u>
<b>Totals</b>	<b>110</b>	<b>2,151.00</b>			<b>1,312,155</b>	<b>1,787,940</b>	<b>1,312,155</b>

**Investment Valuation**

<b>Hostel rooms</b>							
Current Rent	605,448	YP @	4.2500%	23.5294	14,245,835		
<b>HMO rooms</b>							
Current Rent	681,507	YP @	4.2500%	23.5294	16,035,459		
<b>F&amp;B</b>							
Current Rent	25,200	YP @	4.2500%	23.5294	592,941		
					<b>30,874,235</b>		

**GROSS DEVELOPMENT VALUE**

**30,874,235**

Purchaser's Costs	6.80%	(2,099,448)			(2,099,448)		
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**NET DEVELOPMENT VALUE**

**28,774,787**

**NET REALISATION**

**28,774,787**

**OUTLAY**

**ACQUISITION COSTS**

Residualised Price				6,777,758			
Stamp Duty		5.00%		338,888			
Agent Fee		1.00%		67,778			
Legal Fee		0.80%		54,222			
							7,238,646

**CONSTRUCTION COSTS**

Construction	m <sup>2</sup>	Rate m <sup>2</sup>	Cost	
Hostel rooms	1,344.10 m <sup>2</sup>	2,909.35 pm <sup>2</sup>	3,910,457	
HMO rooms	<u>3,211.90 m<sup>2</sup></u>	<u>2,909.34 pm<sup>2</sup></u>	<u>9,344,509</u>	
<b>Totals</b>	<b>4,556.00 m<sup>2</sup></b>		<b>13,254,966</b>	<b>13,254,966</b>

**Municipal Costs**

MCIL			275,000		275,000		
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**PROFESSIONAL FEES**

Professional fees		8.00%	1,060,397		1,060,397		
-------------------	--	-------	-----------	--	-----------	--	--

**DISPOSAL FEES**

Sales Agent Fee		1.00%	287,748				
Sales Legal Fee		0.45%	129,487				
							417,234

**FINANCE**

Debit Rate 6.000% Credit Rate 0.000% (Nominal)							
Land				1,079,536			
Construction				817,872			
Total Finance Cost							1,897,408

**TOTAL COSTS**

**24,143,652**

**PROFIT**

**4,631,135**

**Performance Measures**

Profit on Cost%	19.18%
Profit on GDV%	15.00%
Profit on NDV%	16.09%

**Panda House****65% private (unconstrained); 35% London Affordable Rent**

Development Yield% (on Rent)	5.43%
Equivalent Yield% (Nominal)	4.25%
Equivalent Yield% (True)	4.37%

IRR 18.84%

Rent Cover 3 yrs 6 mths  
Profit Erosion (finance rate 6.000%) 2 yrs 11 mths