PRIVATE & CONFIDENTIAL

FINANCIAL VIABILITY ASSESSMENT REVIEW

as at July 2022

PREPARED ON BEHALF OF

City of York Council

Rougier Street, Roman Quarter, York

PRIVATE & CONFIDENTIAL

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EXECUTIVE SUMMARY

City of York Council has commissioned Stannybrook Property Consultants Ltd to review a Financial Viability Assessment submitted on behalf of Rougier Street Developments Ltd in respect of the proposed redevelopment of 1 – 9 Rougier Street, Roman Quarter, York.

This executive summary sets out the findings of the Financial Viability Assessment Review (FVAR) in a simple form to aid understanding of the assessment, the executive summary should be considered alongside the full FVAR.

The application site is located in York on Rougier Street between Station Road (A1036) to the northern and Tanner Row to the south. Situated within the York Central Historic Core Conservation Area and within the City Centre Area of Archaeological Importance, the site consists of four buildings fronting onto Rougier Street and extends to a gross site area of approximately 0.34 Hectares (0.84 Acres).

The proposal under review consists of the demolition of Northern House, Rougier House and Society Bar and Lounge to form a new-build mixed-use development across two basement levels and nine upper floors. The proposed scheme consists of 153 apartments, office space extending to a NIA of 25,564 ft², visitor attraction and exhibition space providing a GIA of 29,740 ft² and an 88 room aparthotel.

We have prepared the FVAR in accordance with NPPF and RICS viability guidance. The main appraisal inputs and results are summarised below:

Item	Amount
Gross Development Value	£65,784,699
Developer's Return on GDV	Blended
Build and Abnormal Development Costs	£72,305,000
Contingency	£3,615,250
Professional Fees	£4,338,300
Marketing and Disposal Fees	£1,827,910
Finance	£11,843,297
Applicant Benchmark Land Value	£19,040,000
Residual Land Value	Negative
Surplus/Deficit against Benchmark Return	**SIGNIFICANT**

The FVAR demonstrates that viability is a material consideration in this instance. It is clear that the proposed development, even without any S106 contributions, is financially unviable to deliver.

1. INTRODUCTION

Purpose of Report

1.1 City of York Council (CYC) has commissioned Stannybrook Property Consultants Ltd to review a Financial Viability Assessment submitted on behalf of Rougier Street Developments Ltd (the Applicant) in respect of the proposed redevelopment of 1 – 9 Rougier Street, Roman Quarter, York.

1.2 The applicant has submitted a Viability Appraisal prepared by Cushman & Wakefield (C&W) to demonstrate that the scheme is unable to contribute the full Section 106 contributions being sought by CYC. The purpose of this report is to consider the submitted Viability Appraisal in order to establish whether the scheme can deliver the required S106 Planning Contributions and Affordable Housing required by CYC whilst remaining financially viable.

1.3 The application being considered is 22/00098/FULM which seeks permission for the '*Demolition of 1 - 9 Rougier Street and erection of mixed use development including 153 apartments (Use Class C3), offices (Use Class E), visitor attraction (Use Class F1), aparthotel with 88 rooms (Use Class C1) with associated landscaping and public realm improvements*'.

Summary of Applicant's Financial Viability Assessment

1.4 C&W prepared and submitted a Financial Viability Assessment dated 21st December 2021 as part of the planning application which assesses the financial viability of the proposed development in the current market. The report concludes that the site is unable to deliver any level of planning gain and the scheme is unable to viably delivery CYC's requirement of 20% affordable housing and an off-site s106 contribution of £150,000.

1.5 In line with both the NPPF and RICS Guidance Note, a residual appraisal of the development has been produced by C&W to assess the viability of the scheme and the extent of planning obligations which could be supported. The costs of undertaking the development have been deducted from the Gross Development Value (GDV) with the Residual Land Value (RLV) then benchmarked against a Benchmark Land Value (BLV) in accordance with the guidance.

1.6 The residual appraisals have been prepared using Argus, a commonly used appraisal software.

2. FINANCIAL VIABILITY IN PLANNING AND METHODOLOGY

2.1 Financial Viability is a material planning consideration. The National Planning Policy Framework (NPPF) and Planning Practice Guidance for Viability (PPG) set the framework and principles for undertaking and assessing a Financial Viability Assessment (FVA) for plan making and decision taking. Paragraph 10 of the PPG states:

> *'Viability assessment is a process of assessing whether a site is financially viable, by looking at whether the value generated by a development is more than the cost of developing it. This includes looking at the key elements of gross development value, costs, land value, landowner premium, and developer return'.*

2.2 The NPPF and PPG set out a preference for the financial viability of developments to be assessed at the plan making stage and sets out a standardised inputs approach to the assessment of viability. Paragraph 2 of the PPG explains:

> '*The role for viability assessment is primarily at the plan making stage. Viability assessment should not compromise sustainable development but should be used to ensure that policies are realistic, and that the total cumulative cost of all relevant policies will not undermine deliverability of the plan.*
>
> *It is the responsibility of plan makers in collaboration with the local community, developers and other stakeholders, to create realistic, deliverable policies. Drafting of plan policies should be iterative and informed by engagement with developers, landowners, and infrastructure and affordable housing providers'.*

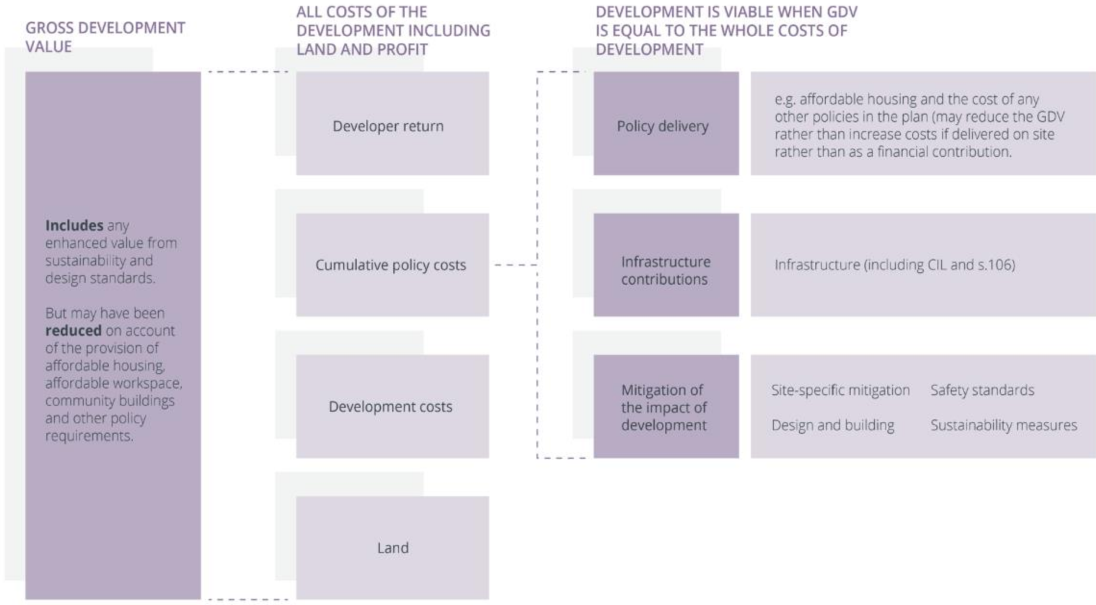
2.3 However, in terms of the assessment of viability at the decision taking stage, Paragraph 7 of the PPG sets out that:

> '*It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage. Such circumstances could include, for example where development is proposed on unallocated sites of a wholly different type to those used in viability assessment that informed the plan; where further information on infrastructure or site costs is required; where particular types of development are proposed which may significantly vary from standard models of development for sale (for example build to rent or housing for older people); or where a recession or similar significant economic changes have occurred since the plan was brought into force'.*

2.4 The Royal Institution of Chartered Surveyors (RICS) published Guidance Note 'Assessing viability in planning under the National Planning Policy Framework 2019 for England' dated March 2021 in order to provide 'guidance for carrying out and interpreting the results of viability assessments under the NPPF and the updated PPG'. Paragraph 2.4.2 of the Guidance Note explains the viability framework as follows:

> *'…a residual valuation framework, as set out in Figure 1 and detailed in Valuation of development property, RICS guidance note. In many instances, an FVA will have regard to not just a single policy's impacts, but a cumulative impact of policy requirements and developer contributions. None of the costs are fixed, and movements in one will impact on the amount available for the others'.*

2.5 Figure 1 of the RICS Guidance Note illustrating the residual valuation framework is set out below:



2.6 In addition to discussing the residual valuation framework, the RICS Guidance note provides further clarification regarding the detailed methodology to be adopted in the preparation and assessment of the FVA including further detail on standardised inputs and evidence.

2.7 In line with both the NPPF and RICS Guidance Note, a residual appraisal of the development has been produced in this instance to determine the viability of the scheme and the extent of planning obligations which could be supported. The costs of undertaking the development have been deducted from the gross development value (GDV) with the residual return then benchmarked against an appropriate market return in accordance with the guidance.

2.8 The residual appraisals have been prepared using ProDev, a commonly used appraisal software. In assessing the scheme, Stannybrook Property Consultants have carried out a detailed review of the local and regional residential property market and have liaised with the applicant to determine the appropriate revenues to adopt. Cost information has been provided by the applicant and has been referenced against the Building Cost Information Service (BCIS).

3. SITE AND DEVELOPMENT PROPOSALS

Description and Location

3.1 The application site is located in York on Rougier Street between Station Road (A1036) to the northern and Tanner Row to the south. Situated within the York Central Historic Core Conservation Area and within the City Centre Area of Archaeological Importance, the site consists of four buildings fronting onto Rougier Street and extends to a gross site area of approximately 0.34 Hectares (0.84 Acres).

3.2 The site is within a short walk of York Railway Station to the west and the River Ouse to the east. The A1036 (Station Road) provides access to the A64 located 2.5 miles south west of the site which connects York to Leeds and provides direct access to (Junction 44) to the A1(M) Motorway, located approximately 12.4 miles south west of the site.

3.3 The subject site, which is rectangular in shape, comprises a terrace of buildings including:

3.3.1 Northern House, a 1960s seven storey office block with part single storey and part three storey extensions to the front, all under flat roofs. The facades are mainly face-brickwork, with glazed shopfronts along the ground floor front elevation and 'hole in the wall' metal framed windows above, the main building having vertical concrete definitions. To the rear of the building sits a first floor car park accessed from Tanner's Moat which abuts the 'modern' Aviva building to the north east.

3.3.2 Rougier House abuts the southern end of Northern House and is an 'L' shaped three storey office building under a hipped roof. The façade is face-brickwork with glazed shopfronts on the ground floor and 'hole in the wall' timber framed windows above. There is car parking to the rear of the building accessed from Tanner Row.

3.3.3 Society Bar and Lounge is an end-terrace two storey building under a part hipped and part flat roof. This building adjoins Rougier House to the north and runs along Tanners Row, incorporating two further terraced buildings, The building shares a rear car park and service yard.

3.3.4 The proposal also includes redevelopment of Lendal Arches, a mid-terraced 2-storey property fronting Tanner's Moat currently occupied by Arup.

3.4 The plan contained within Appendix 1 highlights the site in red.

Planning Background

3.5 The site sits within both the York Central Historic Core Conservation Area and within the City Centre Area of Archaeological Importance. The City Walls which are Grade I listed are located to the northwest and the Grade I listed All Saints Church on North Street lies to the northeast. It is understood that none of the buildings due for demolition are listed.

3.6 The Planning Statement accompanying the application explains that *'This application is a resubmission of a similar scheme that was considered by CYC Planning Committee on the 24th February 2021. The officers report to Committee recommended the application for approval. However following a lengthy debate, Members resolved to refuse the application on the grounds that the development introduced a scale of structure which did not respond positively to its context, causing harm to the character of York's Central Historic Core Conservation Area and the setting of listed buildings at 15, 16 and 17 Rougier Street as well as All Saints' Church'*.

3.7 The original scheme referred to above sought permission for the *'Demolition of 1 - 9 Rougier Street and erection of 10 storey building, with roof terraces, consisting of mixed use development including 211 apartments (Use Class C3), offices (Use Class B1), visitor attraction (Use Class D1), with associated landscaping and public realm improvements'* – Planning Ref: 19/02672/FULM.

The proposed scheme

3.8 The detailed scheme that we have been instructed to appraise is for the demolition of Northern House, Rougier House and Society Bar and Lounge to form a new-build mixed-use development across two basement levels and nine upper floors as illustrated on the plans contained within Appendix 2. It proposes:

3.8.1 153 apartments consisting of the following units:

Residential

Unit Type	Average Size (ft²)	No. of Units	Total Sales Area (ft²)
Studio	331	90	29,790
1 Bed	464	39	18,096
2 Bed	706	22	15,532
3 Bed	937	2	1,874
	Total	**153**	**65,292**

3.8.2 Office space extending to a NIA of 25,564 ft².

3.8.3 Visitor attraction and exhibition space providing a GIA of 29,740 ft².

3.8.4 An 88 room aparthotel providing the following accommodation:

Aparthotel

Unit Type	Average Size (ft²)	No. of Units	Total NIA (ft²)
Suite	215 - 269	53	-
XL Suite	280 - 366	26	-
Balcony Suite	377+	9	-
	Total	**88**	**46,027**

3.9 Please note that there are negligible minor inconsistencies between the total floor areas set out above and those contained within the C&W report. We assume these are due to the fact that the C&W quoted ft² areas are approximate due to rounding up/down of m² measurements.

4. APPLICANT'S APPRAISAL ASSUMPTIONS AND SPC ASSESSESSMENT

Development Revenues

Residential Apartments

4.1 The applicant's viability assessment adopts the following residential revenues:

Residential

Unit Type	Average Size (ft²)	No. of Units	Average Net Sales Price	Average Net Sales Price (ft²)	Total Value
Studio	331	90	£175,430	£530.00	£15,788,700
1 Bed	464	39	£243,600	£525.00	£9,500,400
2 Bed	706	22	£367,120	£520.00	£8,076,640
3 Bed	937	2	£482,555	£515.00	£965,110
	Total	**153**			**£34,330,850**

4.2 C&W have based their assessment of the Gross Development Value (GDV) on an analysis of the wider residential market in the local area and have also provided details of comparable local apartment schemes within section 7.1.1 of their report. The C&W market analysis has made reference to the following apartment schemes:

Scheme	Studio	Average Price (ft²)	1 Bed Apartment	Average Price (ft²)	2 Bed Apartment	Average Price (ft²)
Hudson Quarter	£192,125	£543	£270,500	£545	£489,143	£544
Bootham House	-	-	£318,750	£490	£410,625	£502
Chocolate Works	-	-	£219,563	£405	£304,212	£371

4.3 In considering the information set out above we note that the Chocolate Works scheme is located approx. 1.5 miles from the application site, in a location that in comparison to the subject site lacks the direct accessibility of the city centre, and therefore we would expect lower revenues to be achieved – we are of the opinion that the Bootham House and Hudson Quarter developments provide the strongest evidence in relation to the subject site.

4.4 SPC have reviewed the market evidence provided by C&W. In addition, we have carried out our own review of the local market. Appendix 3 includes our detailed review of some of the current market evidence available.

4.5 The Hudson Quarter is a new build residential led development delivered by Palace Capital Plc located almost immediately to south west of the subject site providing a mixture of commercial space and apartments and provides the strongest evidence available. The table contained within Appendix 3 of our report sets out the average current net asking prices which are approx. £523/ft².

4.6 Whilst we would expect variation in the actual sale prices for individual units to be delivered across the scheme (apartment types and floors), the average open market revenues projected by applicant are broadly in keeping with the Hudson Quarter scheme and as such we have adopted the same for the purposes of our assessment.

Office Accommodation

4.7 C&W have adopted a GDV of £9,232,214 for the proposed office space equating to a capital value of £361.14/ft² based on a NIA of 25,564 ft². The GDV is based on a market rent of £25/ft² capitalised at a yield of 6.5%. In explaining their opinion of value, C&W set out the following reasoning and evidence:

We have assumed the office space will be delivered to a Grade A specification and have had regard to comparable data to inform our assessment of achievable values...

To steer an ERV for the proposed office stock we have focussed on prime office lettings within the city centre. The most direct comparable is Hudson Quarter, which represents the city's most prime residential and office offering, with circa 35,000 sq ft of Grade A accommodation now completed. We are aware of a letting to Knights in Q1 2020 on a pre-let agreement across 4,500 sq ft, which achieved a headline rent of £25 per sq ft on a 10-year commitment.

We are also aware of two top floors which are under offer for between £25 and £27.50 per sq ft, which we consider represents prime rental levels at this time.

The Old Fire Station occupies a comparable city centre location, delivering Grade A office space alongside prime residential units. A 1,140 sq ft suite was let to Reed Partnership in June 2021 on a 7-year term, with a tenant break in years 5 and 6 at a rent of £26.32 per sq ft.

We recognise these deals are representative of much smaller space and therefore a quantum adjustment can be anticipated for the scale of space proposed. In the main, the majority of existing office stock is dated and inferior to most occupier requirements. The proposed scheme will provide an attractive offering, with large floor plates capable of single occupation of subdivision.

On the basis of the evidence available, we consider a rate of £25 per sq ft to be reasonable, reflecting a headline rent of £639,100 per annum. We have assumed a 12-month rent-free deferment and have capitalised our opinion of ERV at a 6.5% yield.

4.8 Having reviewed the evidence that is available, specifically the current and relevant transactional evidence referred to Hudson Quarter, SPC are in agreement with the values and reasoning set out above and have adopted the same assumptions for the office space within our assessment.

Visitor Attraction

4.9 C&W have adopted a GDV of £4,676,101 equating to a capital value of £157.23/ft² based on a GIA of 29,740 ft² for the visitor attraction and exhibition space. In justifying their opinion of value, C&W set out the following:

A significant element of the proposed scheme comprises a public visitor attraction, which will occupy two lower and ground floor levels. We are informed an agreement with the proposed end-user is formed in principle but there is no formal legal arrangement in place.

In accordance with the Town and Country Planning (Use Classes) Order 1987 (as amended), the proposed tourist attraction use falls within Class F1 (at the time of our previous assessment, the proposed use fell within Use Class D1).

In the absence of a legally binding agreement, we consider it reasonable to attribute a value based on generic F1 use, noting if F1 use is approved then any number of the above uses could be deemed acceptable in planning terms.

Transactional evidence of F1 use is limited and not readily available in the public domain for analysis and interrogation and therefore drawing direct comparisons is challenging. To support our assessment, we have had regard to the Valuation Office Agency's listings for other similar uses within the city centre.

In the absence of directly comparable transactions we have had regard to evidence of nurseries within the York vicinity. Whilst many day nurseries are owner-occupied, we have been provided with lease details of day nurseries to the outskirts of York where rents are in the order of £10.00 - £15.00 per sq ft, though typically this accommodation does not extend beyond 5,000 sq ft.

This is significantly smaller space than that proposed, but the scheme could readily attract a premium on account of the city centre location. However, it is also reasonable to suggest rents could be reduced for the basement space, which is less desirable, with limited natural light.

As commented on at the time of our previous assessment, a tourist attraction use is difficult to evidence given its bespoke nature and the fact lease agreements for such uses are not widely in the public domain. This issue was highlighted as part of our previous report and was acknowledged by the DVS in its role as reviewer on behalf of CYC.

Our previous assessment adopted a rate of £10 per sq ft, which was accepted as being reasonable by the DVS in its September 2020 report. We are not aware of any evidence to justify an adjustment to our previous rental assessment.

On this basis we have applied a rent of £10 per sq ft, which we consider to be appropriate in this location and based on a shell fit-out. Whilst it may not be feasible to achieve this level of rent for the two lower ground floors, we have applied £10 per sq ft as a blended average to reflect a robust approach, reflecting a headline rent of £297,400 per annum. We have capitalised at 6%, allowing for a 12-month void/rent-free inducement.

4.10 SPC have reviewed the evidence submitted, including the DVS report referred to by C&W above. Given the lack of market evidence for the proposed use, C&W have made reference to evidence from day nursery lettings in the area which in our opinion does not represent reliable comparable data. However, we have also been unable to locate any direct recent comparable transactions given the very specialist nature of the proposed use. In general, we are of the opinion that the assumptions adopted by the applicant are reasonable and have adopted the same for the purposes of our appraisal however note that the figures could vary significantly depending on the actual deal that will be agreed with the end user.

4.11 The C&W report states that '*an agreement with the proposed end-user is formed in principle but there is no formal legal arrangement in place*'. Despite our acceptance of the C&W revenues for the purposes of this assessment, we would strongly recommend that the Authority review the final agreement with the end user when available in order to accurately understand its impact on the viability of the development.

Aparthotel

4.12 The C&W viability assessment states that:

There has been an increased supply of city centre hotels over recent years, the nearest of which is Malmaison York immediately opposite. We do, however, not have the expertise to value the hotel use and are therefore wholly reliant on information provided to us by our client.

We understand an offer has been received reflecting a rent of £10,000 per annum per suite, reflecting an ERV of £880,000 per annum. We have capitalised our opinion of ERV at a 5% yield on advice from our client. The specific details of this proposal are confidential to my client, but we can provide further details to support our assumptions if required.

Our opinion of GDV for the proposed hotel is £17,600,000, representing £200,000 per suite.

4.13 SPC have considered market evidence that is available relating to similar opportunities throught the UK and have liasied with specialist agents in the field including the likes of Knight Frank. Based on our investigations we consider the revenues adopted by the applicant to be reasonable and as such have adopted the same for the purposes of this appraisal. However, in doing so it should be noted that, as with the visitor attraction, the developer has not yet entered into a formal agreement with an end operator despite an offer being received. Again, we would strongly recommend that the Authority review the final agreement with the end user when available in order to accurately understand its impact on the viability of the development.

4.14 We also note that the revenues adopted by the applicant equate to an average value of £382.38/ft² based on a NIA of 46,027/ft². This is significantly below the residential apartment values that have been projected by the applicant and raise the question as to why a lower value use (in comparison to apartments) is being pursued by the applicant given the suggested challenging viability of the scheme.

Current Income

4.15 C&W advise that '*Northern House is fully let to 5 no. tenants… Network Rail is the anchor tenant and we are informed discussions are ongoing in respect of the tenant vacating on expiry in September 2022. We have therefore modelled our cashflow on this assumption following advice from our client on the phasing of the proposed exit strategy.*

We have thus assumed Network Rail vacates its part ground-floor demise in September 2022 at lease expiry. We have assumed that any leases extending beyond this time will not run beyond this date. We have assumed that leases that expire before September 2019 will vacate at its respective lease expiry and will not renew/hold over.

In addition, we are informed Rougier House is let at a passing rent of £96,000 per annum. We have assumed this income will expire 12-months from the date of acquisition to allow implementation of the development programme.

On this basis our appraisal assumes an additional revenue of £1,910,228.

4.16 Whilst SPC agree in principle that the income is to be received we have not interrogated the figures in detail as we have disregarded the income for the purposes of our appraisal. In order to separate the functions of the landowner and developer and therefore understand the true return to each, we have assumed that the site is transferred by the landowner to the developer ready for development, in such circumstances the vendor i.e. landowner would provide the site to developer free of any encumbrances and the developer would not have the benefit of the income.

Affordable Housing and S106 Commuted Sums

Affordable Housing

4.17 C&W have assumed an on-site Affordable Housing provision of 20% and set out further detail at section 5.2 of their report:

Policy H10 sets out the Council's affordable housing requirements within the Local Plan Publication Draft Regulation 19 Consultation paper (February 2018). It sets out affordable housing requirements based on specific thresholds and location and states that for brownfield sites in excess of 15 no. Dwellings, the target is 20% on-site affordable housing.

Policy states the Council's SHMA and Addendum (2016) recommends a tenure split of 80% social/affordable rented housing and 20% intermediate.

Based on the proposed development of 153 no. units, we understand CYC policy would require 30 no. affordable units, including 25 no. social-rented (80%) and 5 no. intermediate units (20%).

4.18 In terms of Affordable Housing unit mix and values, Para 7.1.1.6 of the C&W report provides the following details:

We are advised CYC policy seeks delivery of 20% affordable housing based on a mix of 80% social rented and 20% intermediate product. We have been provided with the following anticipated transfer values for intermediate product by Andrew Bebbington, Housing Development Officer at CYC:

- *1 bed flat - £55,000*
- *2 bed flat - £65,000*
- *3 bed flat - £75,000*
- *3 bed house - £90,000*
- *4 bed house - £100,000*

We are advised that social rent values are not fixed as they are obtained through a competitive tender exercise between Registered Providers. However, the e-mail from Andrew Bebbington confirms that social rent values are likely to be similar or a little lower than the above discount sale prices. In the absence of further information, we have therefore assumed the 20% affordable housing mix will be based on a blend of the above discount for sale prices.

4.19 Based on the CYC feedback set out above, the applicant has assumed the following unit mix and values for the purposes of their appraisal:

Residential - Affordable Housing Units (20%)

Unit Type	Average Size (ft²)	No. of Units	Sales Price	Average Net Sales Price (ft²)	Total Value
Studio*	331	18	£55,000	£166.16	£990,000
1 Bed*	464	8	£55,000	£118.53	£440,000
2 Bed*	706	4	£65,000	£92.07	£260,000
	Total	**30**			**£1,690,000**

* Note: The C&W report refers to 1, 2 and 3 Bed units rather than the mix above however this is a drafting error.

Commuted Sum Contributions

4.20 Para 5.3 of the C&W report sets out the following regarding S106 Commuted Sum contributions:

We are informed CYC policy could require the following off-site planning gain contributions:

- *Open space commuted sum – unable to provide clarification at present as this will be dependent on the assessment of existing provision*
- *Education contribution – usually required for 3-bedroom apartments but this is unable to be calculated at this stage as it is dependent on existing provision*
- *Car club contribution – a contribution of £200 per unit, equating to £30,600 across all tenures*
- *Sustainable transport – a contribution of £400 per unit, equating to £61,200 across all tenures*

Based on the proposed development, our current understanding is that CYC policy could require an off-site payment of £91,800 towards a car club contribution and sustainable transport (and potential consultation for education and open space).

4.21 No further planning contributions have been allowed for within the C&W assessment.

Construction Costs

4.22 C&W have set out the following Construction Costs within their appraisal:

- Standard build cost - £33,105,000
- External works - £2,180,000
- Abnormal costs - £26,810,000
  - demo & dig (Northern House) - £3,810,000
  - demo & dig (Rougier House/Society) - £6,400,000

4.23 At para 7.2.1 of their report, C&W confirm that '*Aspect 4 Limited has undertaken a detailed and robust cost plan exercise to inform the viability of the proposed scheme… which we have relied on for the purposes of our assessment… Our appraisal includes these items in accordance with the assumed phasing timescales*'.

4.24 In order to robustly interrogate the applicant's viability assessment, a detailed breakdown of the anticipated costs and supporting information was requested from and provided by the applicant. The submitted costs were independently reviewed by cost consultants Rider Levett Bucknall (RLB) with a copy of their report provided to the Authority under separate cover.

4.25 Generally, RLB found the costs adopted to be reasonable however, given the early stage of design there were a number of key area where the supporting information submitted was insufficient to be able to determine the actual cost likely to be incurred in a robust and reliable manner as illustrated in further detail with the examples below:

4.25.1 The costs plan included a provision of £14M for a visitor attraction fit-out. Following a request for further detailed supporting information, RLB have concluded their assessment of this particular item as follows '*We have been provided with a spreadsheet totalling the £14m. Whilst we do not have any design information, the line item allowance do not seem unreasonable as a very early budget. Within this £14m we do note though that £8.8m is for the visitor experience which is hard to comment on as we do not know what is going in the area. The applicant has provided a cost build up for an attraction at Jorvik which totals £4.4m and was purportedly 1/3 the size of that proposed at Rougier Street. On this basis the cost does not seem unreasonable but it is difficult to say with certainty'*.

4.25.2 An abnormal cost of £2.8M for piling works. Again, following a request for further evidence and review of the same, RLB could only conclude '*This was flagged as red within our report as higher cost than we would have expected. We have not been provided with a design / sketch to assess quantities however aspect 4 have provided a comprehensive build up to the £2.8m figure which covers the items we would expect to see in a piling package. Ideally we would have a pile layout to assess the quantity of ring beams, piles and pile caps however the build up does seem reasonable*'.

4.25.3 A Building Regulation uplift of £1.7M has been allowed for by the applicant. RLB state that '*Aspect 4 have advised that this cost is included "to cover likely enhancements required to meet future changes to Building Regulations and further sustainability or energy saving measures that may be introduced into the scheme by our Client as part of the detailed design process." We do acknowledge that there are additional costs to be borne due to such building upgrades, but due to the provisional and unknown nature of what this item is to cover we cannot confirm that it is a reasonable allowance*'.

4.26 Given that the costs have generally been found to be reasonable, SPC have adopted the costs set out above for the purposes of this assessment however, as with other appraisal inputs, given the lack of information currently available and in order to accurately understand their impact on the viability of the development we strongly recommend that the construction costs are subsequently reviewed before commencement on site given that they are highly likely to vary significantly to those currently submitted.

Professional Fees

4.27 The applicant has adopted a fee allowance of 6% as a percentage of the total construction costs. SPC would usually consider an allowance of 6 - 8% to be reasonable for a scheme of this nature and in the absence of a specific breakdown of fees for the project, have adopted an allowance of 6% on construction costs for the purposes of this appraisal.

Contingency

4.28 C&W have adopted a contingency of 5% of the total construction costs. Whilst no reasoned justification has been provided, SPC would anticipate a contingency allowance of 5% for the site based on current market conditions to be reasonable and as such we have also included a contingency allowance of 5% within our appraisals.

Sales and Marketing Costs

4.29 C&W explain at para 7.2.5 of their report that '*We have allowed 2% marketing and 1% agent fees to the private residential revenue, plus 0.5% legal fees across all tenures… In respect of the commercial elements (excluding the hotel) we have assumed a 10% agent letting fee and 5% legal letting fee, plus a 1% agent selling fee and 0.5% selling legal fee'*. The fee allowances are considered reasonable and we have adopted the same for the purposes of our appraisal however in adopting the costs we note that the purchaser's costs allowed by the applicant relating to the commercial investments are lower than what would conventionally be adopted.

Statutory Compensation for Vacant Possession

4.30 C&W have included a compensation cost of £1,021,750 payable to existing tenants for the securing of vacant possession of the property. Para 7.2.8 of their report set out the following:

In accordance with our instructions, we have assumed all tenants will vacate the property by a longstop of September 2022 to align with expiry of Network Rail's lease.

We understand all leases are within the Landlord and Tenant Act 1954 and therefore it is appropriate to assume a cost on account of the Landlord ending the leases under Section 30 (1) of the Act on ground of redevelopment. On this basis, the Act states the tenant is entitled to compensation based on a multiple of the Rateable Value of the premises occupied.

Where the tenant has been in occupation for more than 14 years by the date the tenant must vacate, the level of compensation is calculated as 2 x Rateable Value. In circumstances where the tenant has been in occupation for less time, it is entitled to receive 1 x Rateable Value.

In accordance with our assumed timescales for vacation of the property, we are informed by our client's advisor that Network Rail, Jacobs and Atkins will have been in occupation at the date of expiry for more than 14 years whilst remaining tenants will have been in occupation for less.

On this basis we are informed the level of compensation payable to the tenants in order to secure vacant possession by no later than September 2022 will equate to £1,021,750.

In the absence of further information, we have assumed this cost will be paid on a bi-annual basis from month one until the assumed longstop date of September 2022.

4.31 As with the current rental income being generated on the site, whilst SPC agree in principle that the compensation will need to be paid, we have not interrogated the figures in detail as we have disregarded the statutory compensation requirement for the purposes of our appraisal. In order to separate the functions of the landowner and developer and therefore understand the true return to each, we have assumed that the site is transferred by the landowner to the developer ready for development, in such circumstances the vendor i.e. landowner would provide the site to developer free of any encumbrances and the developer would not incur any costs in obtaining vacant possession.

Interest

4.32 An interest rate of 6% has been adopted by the applicant which is assumed to be inclusive of all arrangement, monitoring and exit fees. SPC consider the costs adopted are reasonable.

Developer's Return

4.33 The C&W assessment adopts a blended Developer's Return consisting of 20% on GDV for the private sale apartments, 8% on GDV for the affordable housing units and 17.5% on GDV for the commercial elements of the scheme. Further detailed analysis and justification of the Developer Return is set out in section 7.2.9 of their report.

4.34 The Viability PPG 2019 discusses how a return to developers be defined for the purpose of a viability assessment. Paragraph 018 states:

'For the purpose of plan making an assumption of 15-20% of gross development value (GDV) may be considered a suitable return to developers in order to establish the viability of plan policies. Plan makers may choose to apply alternative figures where there is evidence to support this according to the type, scale and risk profile of planned development. A lower figure may be more appropriate in consideration of delivery of affordable housing in circumstances where this guarantees an end sale at a known value and reduces risk. Alternative figures may also be appropriate for different development types.

4.35 In this instance, the subject property comprises of existing buildings to be demolished with some significant technical challenges as evidenced by the abnormal costs to be incurred. The fact that the scheme is a flatted development does also add risk given that sales will only start to complete once the scheme has practically completed i.e. the development requires significant outlay of capital before any revenues are generated. From a sales point of view, further risk is added given that there are other competing developments in the wider area. Whilst revenues remain strong in the current climate, there is some uncertainty in the market regarding cost inflation and supply due to political and economic instability associated with global market conditions and Brexit.

4.36 In general terms, for a scheme of this nature we would consider a Developer's Return of 20% on GDV for the open market sale units and 8% on GDV for the affordable housing units to be appropriate. However, in terms of the commercial element of the scheme we would normally assume a significantly lower return for the visitor attraction centre and aparthotel taking into account that they are likely to be pre-let whilst a higher return for the office space may be appropriate assuming it will be delivered speculatively. Furthermore, it is standard practice to adopt a Developer's Return based on Cost rather than GDV for commercial developments. Nevertheless, an appropriate Developer's Return seems to be arbitrary in this instance given the viability position as illustrated in the following section of this report.

5. VIABILITY ANALYSIS

Benchmark Land Value

5.1 The subject site, which is rectangular in shape, comprises a terrace of buildings including:

5.1.1 Northern House, a 1960s seven storey office block with part single storey and part three storey extensions to the front, all under flat roofs. The facades are mainly face-brickwork, with glazed shopfronts along the ground floor front elevation and 'hole in the wall' metal framed windows above, the main building having vertical concrete definitions. To the rear of the building sits a first floor car park accessed from Tanner's Moat which abuts the 'modern' Aviva building to the north east.

5.1.2 Rougier House abuts the southern end of Northern House and is an 'L' shaped three storey office building under a hipped roof. The façade is face-brickwork with glazed shopfronts on the ground floor and 'hole in the wall' timber framed windows above. There is car parking to the rear of the building accessed from Tanner Row.

5.1.3 Society Bar and Lounge is an end-terrace two storey building under a part hipped and part flat roof. This building adjoins Rougier House to the north and runs along Tanners Row, incorporating two further terraced buildings, The building shares a rear car park and service yard.

5.1.4 The proposal also includes redevelopment of Lendal Arches, a mid-terraced 2-storey property fronting Tanner's Moat currently occupied by Arup.

5.2 The site sits within both the York Central Historic Core Conservation Area and within the City Centre Area of Archaeological Importance. The City Walls which are Grade I listed are located to the northwest and the Grade I listed All Saints Church on North Street lies to the northeast.

5.3 The Planning Statement accompanying the application explains that *'This application is a resubmission of a similar scheme that was considered by CYC Planning Committee on the 24th February 2021. The officers report to Committee recommended the application for approval. However following a lengthy debate, Members resolved to refuse the application on the grounds that the development introduced a scale of structure which did not respond positively to its context, causing harm to the character of York's Central Historic Core Conservation Area and the setting of listed buildings at 15, 16 and 17 Rougier Street as well as All Saints' Church'*.

5.4 The original scheme referred to above sought permission for the *'Demolition of 1 - 9 Rougier Street and erection of 10 storey building, with roof terraces, consisting of mixed use development including 211 apartments (Use Class C3), offices (Use Class B1), visitor attraction (Use Class D1), with associated landscaping and public realm improvements'* – Planning Ref: 19/02672/FULM.

5.5 The detailed scheme currently proposed is for the demolition of Northern House, Rougier House and Society Bar and Lounge to form a new-build mixed-use development across two basement levels and nine upper floors.

5.6 The applicant has adopted an Existing Use Value Plus Uplift approach in assessing the Benchmark Land Value (BLV) in keeping with NPPF guidance.

5.7 Paragraph 13 of the Viability PPG sets out that:

To define land value for any viability assessment, a benchmark land value should be established on the basis of the existing use value (EUV) of the land, plus a premium for the landowner. The premium for the landowner should reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land. The premium should provide a reasonable incentive, in comparison with other options available, for the landowner to sell land for development while allowing a sufficient contribution to fully comply with policy requirements. Landowners and site purchasers should consider policy requirements when agreeing land transactions. This approach is often called 'existing use value plus' (EUV+).

5.8 Paragraph 15 clarifies the approach to assessing EUV as follows:

Existing use value (EUV) is the first component of calculating benchmark land value. EUV is the value of the land in its existing use. Existing use value is not the price paid and should disregard hope value. Existing use values will vary depending on the type of site and development types.

5.9 C&W have adopted an EUV of £15,870,000. In explaining their assessment of EUV, C&W state that '*We have assessed the CUV of the site based on existing office and leisure uses. In the event the proposed plans did not come to fruition it is reasonable to assume the buildings would continue to operate under office and leisure uses and therefore our approach is robust and supported by NPPF viability guidance. We have established a CUV of £13.37m for Northern House and £1.2m for Rougier House and £1.3m for Society, reflecting an aggregate CUV of £15.87m*'.

5.10 Para 16 of the Viability PPG explains regarding the premium that:

…it is the amount above existing use value (EUV) that goes to the landowner. The premium should provide a reasonable incentive for a land owner to bring forward land for development while allowing a sufficient contribution to fully comply with policy requirements.

5.11 C&W set out under para 8.3.1 of their report that '*NPPF guidance states that BLV should be based on the CUV of the site, plus a premium that is sufficient to incentivise the landowner to release the site for development. However, the guidance is silent on how to establish an appropriate premium which creates challenges when trying to establish a market tone.*

Guidance does however state that it is reasonable to use transactional evidence to act as a crosscheck, which we have included above.

There has been a good recent supply of residential new build/conversion led-development but our analysis indicates there is a lack of consistency in values and no established tone due to the unique nature of the scheme.

In the absence of robust and directly comparable transactional evidence we consider it appropriate to apply a percentage premium to our opinion of CUV to reflect the level of incentive the hypothetical landowner would require in order to release the site for redevelopment, having regard to the risks from a cost and planning perspective.

We appreciate establishing BLV is not an exact science, made more challenging in the absence of full development costs and no established market tone. However, we consider it is reasonable to assume the landowner would require an incentive over and above the investment value to offset the risk in taking the site forward for redevelopment.

Based on our knowledge and experience of the market we consider an uplift of 20% above our opinion of CUV to be appropriate incentive to the landowner to release the site for redevelopment. A 20% 'return' is consistent with the anticipated level of developer profit for a scheme of this type.

We have established a CUV of £15.87m and following a 20% uplift, <u>our opinion of BLV equates to £19.04m. We consider this represents a premium sufficient enough to incentivise the landowner to implement a comprehensive redevelopment.</u>

5.12 SPC consider that the EUV adopted of £15,870,000 is not fully justified given the evidence submitted and that the uplift on EUV of 20% is unsubstantiated. We consider the BLV of the site to be significantly lower than £19,040,000 and are able to provide further justification at a subsequent stage if required. However, as with the Developer's Return, an appropriate Benchmark Land Value seems to be arbitrary in this instance given the viability position as evidence in the Appraisal Outputs section below.

Appraisal Outputs

5.13 Under para 9.1 of their report, C&W comment that *'In Stage One we established a policy-compliant position incorporating 30 no. affordable units (20%) and £91,800 in S.106 costs is -£32.300m (negative). In Stage Two we established a BLV of £19.04m.*

On this basis the scheme is unable to deliver 20% affordable housing and meet the BLV threshold'.

5.14 The C&W appraisal of a fully policy compliant scheme produces a negative land value of minus £32,300,000. However, in considering the C&W appraisal it is important to note that the actual true residual land value will be significantly lower still due to the functioning of the Argus software in its treatment of negative residual land value and impact upon particularly interest costs.

5.15 Adopting the assumptions set out as part of this report, SPC have prepared an appraisal contained within Appendix 4 of our report that assesses the viability of the current proposed scheme but does not allow for any on-site affordable housing or commuted sum S106 payments. For the purposes of our assessment we have reflected a similar development program and sales rates assumed by the applicant.

5.16 <u>The Developer's Return produced by the scheme without any on-site affordable housing or commuted sum S106 payments is minus 42.78% on GDV i.e. a loss of £28,145,059 without the inclusion of any land value.</u> The inclusion of any land value (suggested at £19,040,000 by C&W) would only exacerbate the viability of the scheme.

5.17 The analysis set out above clearly illustrates that the scheme even without any S106 contributions is undeliverable.

Sensitivity Analysis

5.18 In accordance with the RICS Guidance Note 'Assessing viability in planning under the National Planning Policy Framework 2019 for England' to test the viability of the scheme further sensitivity analysis should be undertaken with the various scenarios assuming a positive and negative variation to the Gross Development Value. Given the significant loss that the scheme generates we feel it irrelevant to carry out any sensitivity testing as no surplus will be generated based on reasonable sensitivity testing assumptions.

6. CONCLUSIONS

6.1 City of York Council commissioned Stannybrook Property Consultants Ltd to review a Financial Viability Assessment submitted on behalf of Rougier Street Developments Ltd in respect of the proposed redevelopment of 1 – 9 Rougier Street, Roman Quarter, York.

6.2 The applicant has submitted a Viability Appraisal prepared by Cushman & Wakefield (C&W) to demonstrate that the scheme is unable to contribute the full Section 106 contributions being sought by CYC. The report concludes that *'In Stage One we established a policy-compliant position incorporating 30 no. affordable units (20%) and £91,800 in S.106 costs is -£32.300m (negative). In Stage Two we established a BLV of £19.04m… On this basis the scheme is unable to deliver 20% affordable housing and meet the BLV threshold'.*

,

6.3 In line with both the NPPF and RICS Guidance Note, a residual appraisal of the development has been produced in this instance to determine the viability of the scheme and the extent of planning obligations which could be supported.

6.4 Whilst we have adopted the appraisal inputs assumed by the applicant for the purposes of this assessment, we do not agree with the approach adopted by the applicant to the assessment of the Developer's Return and BLV of the site.

6.5 For the purposes of our appraisal we have assessed the viability of the current proposed scheme without allowing for any on-site affordable housing or commuted sum S106 payments. The Developer's Return produced by the scheme without any on-site affordable housing or commuted sum S106 payments is minus 42.78% on GDV i.e. a loss of £28,145,059 without the inclusion of any land value. The inclusion of any land value (suggested at £19,040,000 by C&W) would only exacerbate the viability of the scheme.

6.6 The analysis set out clearly illustrates that the scheme even without any S106 contributions is undeliverable. We therefore conclude that **the scheme is not viable even with the removal of all planning obligations.**

6.7 Should the scheme be granted planning approval, we strongly advice that the Authority carry out a further review of viability at the delivery stage in order to accurately understand the viability of the scheme which will need to change significantly in order for the development to proceed. In the unlikely event that it does, it is important that the Authority retain the opportunity to recover any planning gain and S106 contributions that may potentially become available.

7. DISCLAIMER

7.1 This report does not constitute a valuation, in accordance with the appropriate sections of the Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards (incorporating the International Valuation Standards) 2020 (the "Red Book").

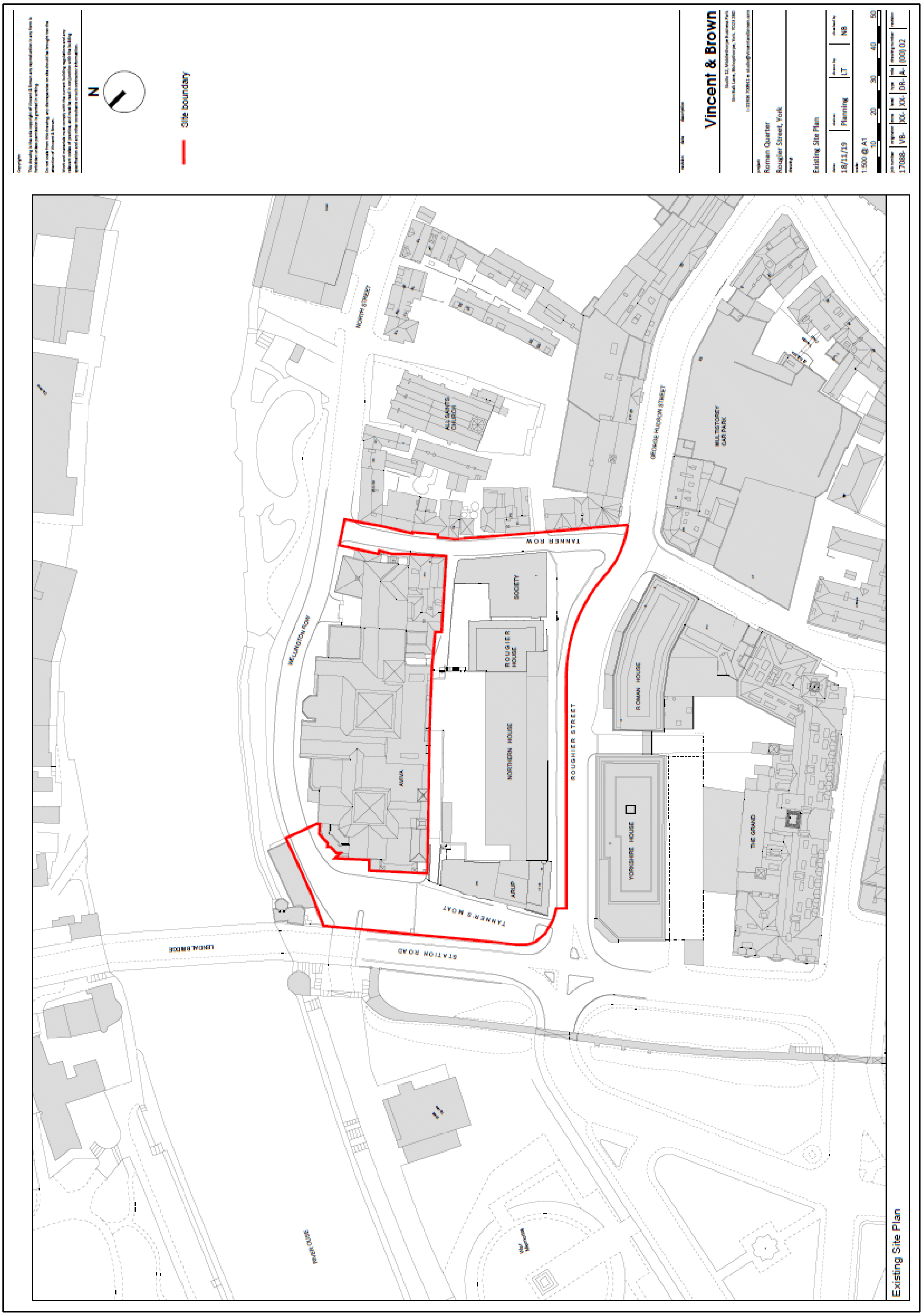
7.2 This report is addressed to City of York Council only and should not be reproduced without the prior consent of Stannybrook Property Consultants Ltd.

7.3 This report is provided to City of York Council on a confidential basis. The report should not be disclosed to any third parties under the Freedom of Information Act (Sections 41 and 43 (2)) and Environmental Information Regulations 2004 Regulation 12(5).

7.4 We confirm that no conflict of interest exists that would preclude Stannybrook Property Consultants Ltd from undertaking this instruction. In carrying out the viability review, Stannybrook Property Consultants Ltd have acted objectivity, impartially, without interference and with reference to all appropriate available sources of information. Stannybrook Property Consultants Ltd can also confirm that no performance related or contingent fees have been agreed with the Client.

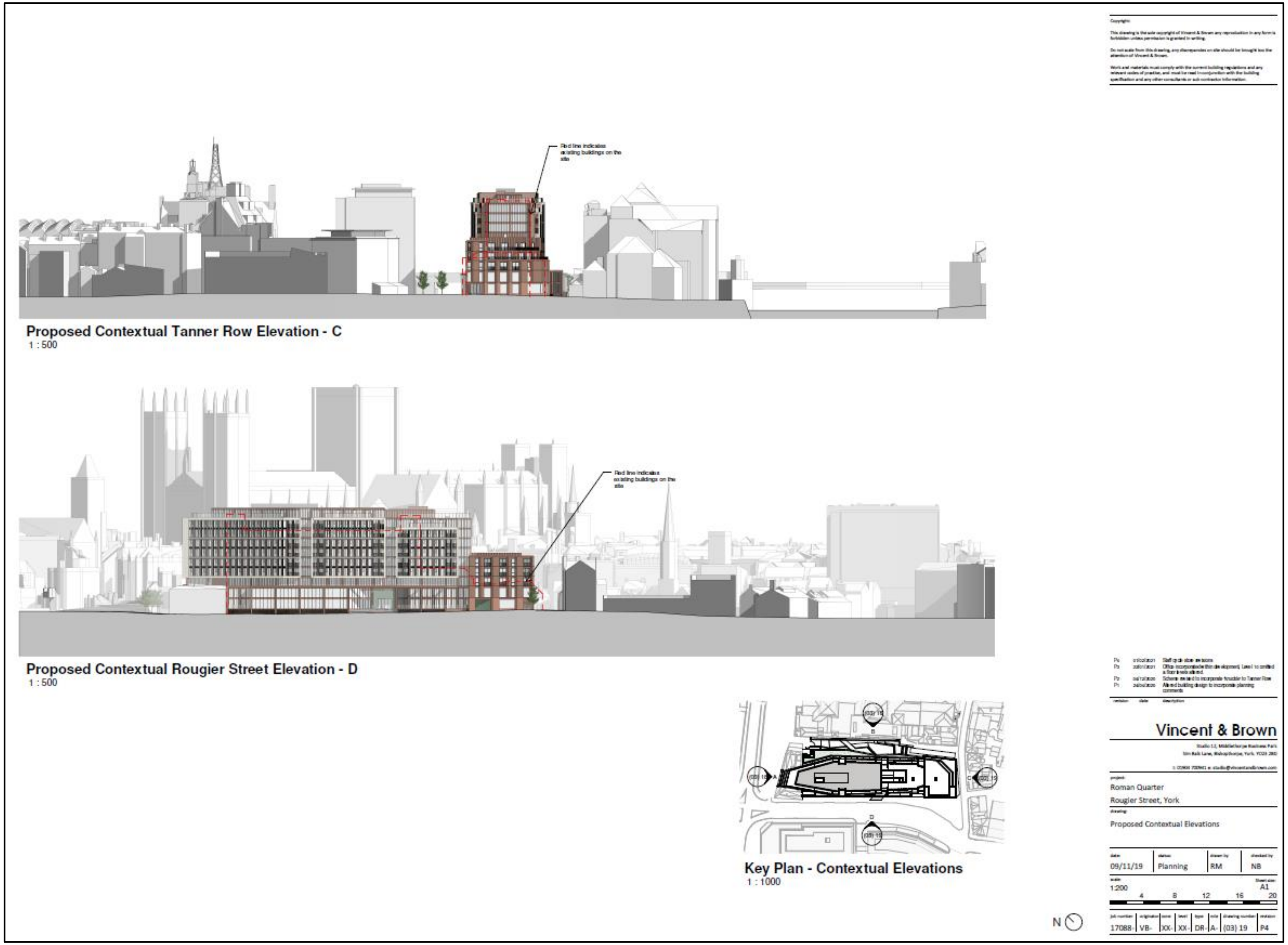
7.5 Should the case progress to a planning Appeal Hearing or Inquiry, Stannybrook Property Consultants Ltd reserve the right to review, amend or vary the assessment.

APPENDIX 1
Location Plan



Site boundary
N
Vincent & Brown
Roman Quarter
Rougier Street, York
Existing Site Plan
18/11/19
Planning
LT
NB
1:500 @ A1
17088- VB- XX- XX- DR- A- (00) 02
TANNER ROW
TANNER'S MOAT
STATION ROAD
ROUGIER STREET
WELLINGTON ROW
NORTH STREET
GEORGE HUDSON STREET
ALL SAINTS CHURCH
MULTISTOREY CAR PARK
SOCIETY
ROUGIER HOUSE
NORTHERN HOUSE
AVIVA
ARUP
ROMAN HOUSE
YORKSHIRE HOUSE
THE GRAND
LENDAL BRIDGE
RIVER OUSE
War Memorial
Existing Site Plan

APPENDIX 2
Scheme Plan


Red line indicates existing buildings on the site
Proposed Contextual Tanner Row Elevation - C
1 : 500
Red line indicates existing buildings on the site
Proposed Contextual Rougier Street Elevation - D
1 : 500
Key Plan - Contextual Elevations
1 : 1000
N
Vincent & Brown
Roman Quarter
Rougier Street, York
Proposed Contextual Elevations
09/11/19
Planning
RM
NB
1:200
A1
17088- VB- XX- XX- DR- A- (03) 19 P4

Rougier Street Elevation
1 : 200
Key Plan
1 : 1000
Materials Key
1 Terracotta Cladding
2 Anodised Bronze Decorative Panel
3 Anodised Bronze Vertical Balustrading
4 Anodised Bronze Curtain Walling - Deep Reveals
5 Anodised Bronze Clad Column
6 Anodised Bronzed Windows
7 Glass Spandrel
8 Red Brick
9 Living Wall
10 Anodised Bronze Louvres
11 Brick Detailing
Vincent & Brown
Roman Quarter
Rougier Street, York
Proposed Rougier Street Elevation
06/09/19
Planning
RM
NB
1:200
A1
17088- VB- XX- DR- A- (03) 24
P4

APPENDIX 3

Market Research

LAND REGISTRY DATA

2021

	Detached		**Semi-detached**		**Terraced**		**Flat / maisonette**		**Total**	
Postcode Sector	Average Price	Sales	Average Price	Sales	Average Price	Sales	Average Price	Sales	Overall Average	Overall Sales
YO1 6	£0	0	£0	0	£325,563	15	£303,683	30	£310,976	45

2020

	Detached		**Semi-detached**		**Terraced**		**Flat / maisonette**		**Total**	
Postcode Sector	Average Price	Sales	Average Price	Sales	Average Price	Sales	Average Price	Sales	Overall Average	Overall Sales
YO1 6	£370,000	1	£377,000	2	£356,740	5	£224,694	18	£267,392	26

2019

	Detached		**Semi-detached**		**Terraced**		**Flat / maisonette**		**Total**	
Postcode Sector	Average Price	Sales	Average Price	Sales	Average Price	Sales	Average Price	Sales	Overall Average	Overall Sales
YO1 6	£440,000	1	£300,000	1	£328,028	16	£244,471	35	£274,433	53

2018

	Detached		**Semi-detached**		**Terraced**		**Flat / maisonette**		**Total**	
Postcode Sector	Average Price	Sales	Average Price	Sales	Average Price	Sales	Average Price	Sales	Overall Average	Overall Sales
YO1 6	£0	0	£517,475	2	£355,816	16	£327,902	46	£340,804	64

2017

	Detached		**Semi-detached**		**Terraced**		**Flat / maisonette**		**Total**	
Postcode Sector	Average Price	Sales	Average Price	Sales	Average Price	Sales	Average Price	Sales	Overall Average	Overall Sales
YO1 6	£0	0	£350,000	1	£326,684	17	£219,259	23	£266,990	41

NEW BUILD AVAILABLE

Latimer - Cocoa Work, Haxby Road, York, YO31 8TA

Plot No.	Name	Asking Price	Size (ft²)	Gross Asking Price (ft²)	Net Asking Price (ft²)	Beds	Type	Storeys
A.4.10	A.4.10	£188,500	468	£402.78	£394.72	0	Apartment	1
B.1.04	B.1.04	£211,500	564	£375.00	£367.50	1	Apartment	1
B.0.08	B.0.08	£213,500	557	£383.30	£375.64	1	Apartment	1
B.2.09	B.2.09	£216,000	543	£397.79	£389.83	1	Apartment	1
B.3.08	B.3.08	£218,000	532	£409.77	£401.58	1	Apartment	1
B.1.10	B.1.10	£218,500	543	£402.39	£394.35	1	Apartment	1
B.3.09	B.3.09	£219,000	543	£403.31	£395.25	1	Apartment	1
B.2.10	B.2.10	£222,000	843	£263.35	£258.08	1	Apartment	1
B.4.08	B.4.08	£223,500	532	£420.11	£411.71	1	Apartment	1
B.2.04	B.2.04	£224,500	559	£401.61	£393.58	1	Apartment	1
A.1.14	A.1.14	£245,000	656	£373.48	£366.01	1	Apartment	1
B.6.04	B.6.04	£443,000	771	£574.58	£563.09	2	Apartment	1
B.6.05	B.6.05	£443,000	779	£568.68	£557.30	2	Apartment	1
B.6.06	B.6.06	£443,000	773	£573.09	£561.63	2	Apartment	1
A.6.06	A.6.06	£453,000	825	£549.09	£538.11	2	Apartment	1
A.6.04	A.6.04	£464,000	852	£544.60	£533.71	2	Apartment	1
B.6.02	B.6.02	£464,000	856	£542.06	£531.21	2	Apartment	1
A.6.12	A.6.12	£469,000	869	£539.70	£528.91	2	Apartment	1
B.6.15	B.6.15	£480,000	880	£545.45	£534.55	2	Apartment	1
A.6.02	A.6.02	£559,500	1089	£513.77	£503.50	3	Apartment	1
			Average Net Asking Value (ft²)		**£450.01**			

Palace PLC - Hudson Quarter, York

Plot No.	Name	Asking Price	Size (ft²)	Gross Asking Price (ft²)	Net Asking Price (ft²)	Beds	Type	Storeys
25V	Type 16	£995,000	1262	£788.43	£772.66	3	Penthouse	1
28V	Type 6	£750,000	1058	£708.88	£694.71	2	Penthouse	1
1W	Type 18	£525,000	1194	£439.70	£430.90	2	Apartment	1
32K	Type 3B	£460,000	807	£570.01	£558.61	2	Apartment	1
13K	Type 13	£425,000	926	£458.96	£449.78	2	Duplex	2
11K	Type 13	£425,000	926	£458.96	£449.78	2	Duplex	2
5V	Type 4	£395,000	797	£495.61	£485.70	2	Apartment	1
13V	Type 4	£395,000	797	£495.61	£485.70	2	Apartment	1
2W	Type 19	£395,000	1004	£393.43	£385.56	2	Apartment	1
			Average Net Asking Value (ft²)		**£523.71**			

Newby - Ryedale House, 58-60 Piccadilly, York

Plot No.	Name	Asking Price	Size (ft²)	Gross Asking Price (ft²)	Net Asking Price (ft²)	Beds	Type	Storeys
7.7	Type 7.7	£1,100,000	1662	£661.85	£648.62	3	Penthouse	1
7.5	Type 7.5	£850,000	1319	£644.43	£631.54	3	Apartment	1
2.8	Type 2.8	£595,000	1045	£569.38	£557.99	2	Apartment	1
1.7	Type 1.7	£485,000	899	£539.49	£528.70	2	Apartment	1
3.7	Type 3.7	£460,000	850	£541.18	£530.35	2	Apartment	1
			Average Net Asking Value (ft²)		**£579.44**			

PJ Livesey Group - The Clock Tower, York

Plot No.	Name	Asking Price	Size (ft^2)	Gross Asking Price (ft^2)	Net Asking Price (ft^2)	Beds	Type	Storeys
2	2	£494,950	881	£561.80	£550.57	2	Apartment	1
101	101	£494,950	1053	£470.04	£460.64	2	Duplex	1
104	104	£264,950	733	£361.46	£354.23	1	Apartment	1
201	201	£264,950	733	£361.46	£354.23	1	Apartment	1
				Average Net Asking Value (ft^2)	**£429.92**			

Savills -Riverside Apartments, Piccadilly, York

Plot No.	Name	Asking Price	Size (ft^2)	Gross Asking Price (ft^2)	Net Asking Price (ft^2)	Beds	Type	Storeys
1	Type A	£530,000	862	£614.85	£602.55	2	Apartment	1
				Average Net Asking Value (ft^2)	**£602.55**			

NEW BUILD SOLDS

Latimer - Medallion House, Joseph Terry Grove, YO23 1FL

Address	House Type	Sale Price	Size (ft²)	Gross Sale Price (ft²)	Net Sale Price (ft²)	Beds	Type	Sale Date
5, Medallion House, Joseph Terry Grove YO23 1FL	Apt	£290,000	786	£369.07	£359.84	2	Flat	Apr-21
39, Medallion House, Joseph Terry Grove YO23 1FL	Apt	£324,995	786	£413.61	£403.27	2	Flat	Oct-20
55, Medallion House, Joseph Terry Grove YO23 1FL	Apt	£324,995	797	£408.01	£397.81	2	Flat	Oct-20
19, Medallion House, Joseph Terry Grove YO23 1FL	Apt	£312,995	797	£392.95	£383.12	2	Flat	Oct-20
				Average Net Sale Price (ft²)	**£386.01**			

Latimer - Cocoa Works, Haxby Road, York YO31 8TA

Address	House Type	Sale Price	Size (ft²)	Gross Sale Price (ft²)	Net Sale Price (ft²)	Beds	Type	Sale Date
12a, Cocoa Suites, Navigation Road YO1 9AE	Apt	£145,000	344	£420.97	£410.45	0	Flat	Jan-20
17, Cocoa Suites, Navigation Road YO1 9AE	Apt	£185,000	344	£537.10	£523.68	0	Flat	Jan-20
2, Cocoa House, Clock Tower Way YO23 1FQ	Apt	£315,000	1,076	£292.64	£285.33	3	Flat	Dec-20
15, Cocoa House, Clock Tower Way YO23 1FQ	Apt	£329,995	786	£419.97	£409.47	2	Flat	Aug-20
4, Cocoa House, Clock Tower Way YO23 1FQ	Apt	£299,995	786	£381.79	£372.24	2	Flat	Nov-20
8, Cocoa House, Clock Tower Way YO23 1FQ	Apt	£241,995	549	£440.82	£429.80	1	Flat	Oct-20
11, Cocoa House, Clock Tower Way YO23 1FQ	Apt	£366,995	861	£426.19	£415.53	2	Flat	Oct-20
10, Cocoa House, Clock Tower Way YO23 1FQ	Apt	£366,995	840	£437.12	£426.19	2	Flat	Sep-20
9, Cocoa House, Clock Tower Way YO23 1FQ	Apt	£344,995	786	£439.06	£428.08	2	Flat	Oct-20
19, Cocoa House, Clock Tower Way YO23 1FQ	Apt	£249,995	549	£455.40	£444.01	1	Flat	Jul-20
17, Cocoa House, Clock Tower Way YO23 1FQ	Apt	£359,995	861	£418.06	£407.61	2	Flat	Jul-20
7, Cocoa House, Clock Tower Way YO23 1FQ	Apt	£309,995	764	£405.63	£395.48	2	Flat	Sep-20
12, Cocoa House, Clock Tower Way YO23 1FQ	Apt	£331,995	764	£434.41	£423.55	2	Flat	Oct-20
18, Cocoa House, Clock Tower Way YO23 1FQ	Apt	£334,995	764	£438.34	£427.38	2	Flat	Oct-20
1, Cocoa House, Clock Tower Way YO23 1FQ	Apt	£299,995	980	£306.27	£298.61	3	Flat	Dec-20
				Average Net Sale Price (ft²)	**£406.50**			

PJ Livesey - The Residence, Bishopthorpe Road, York

Address	House Type	Sale Price	Size (ft²)	Gross Sale Price (ft²)	Net Sale Price (ft²)	Beds	Type	Sale Date
Apartment 404 York YO23 1FF	Apt	£550,000	1,109	£496.09	£483.68	3	Flat	Jan-20
Apartment 223 York YO23 1DQ	Apt	£420,000	1,012	£415.10	£404.72	3	Flat	Jan-20
Apartment 1 York YO23 1DQ	Apt	£345,000	1,012	£340.97	£332.45	3	Flat	Feb-20
Apartment 127 York YO23 1DQ	Apt	£390,000	883	£441.86	£430.81	2	Flat	Jul-20
Apartment 515 York YO23 1FF	Apt	£1,220,000	2,928	£416.70	£406.28	4	Flat	Mar-21
Apartment 212 York YO23 1DQ	Apt	£425,000	1,001	£424.56	£413.94	3	Flat	Mar-21
				Average Net Sale Price (ft²)	**£411.98**			

Stonehouse Projects -Rowntree House, 10 YO1 9UT

Address	House Type	Sale Price	Size (ft²)	Gross Sale Price (ft²)	Net Sale Price (ft²)	Beds	Type	Sale Date
Apartment 6, Rowntree House, 10 YO1 9UT	Apt	£215,000	484	£443.87	£432.77	1	Flat	Feb-20
Apartment 4, Rowntree House, 10 YO1 9UP	Apt	£165,000	323	£510.96	£498.19	0	Flat	Mar-20
Apartment 1, Rowntree House, 10 YO1 9UT	Apt	£235,000	538	£436.65	£425.73	1	Flat	Mar-20
				Average Net Sale Price (ft²)	**£432.77**			

Evora Construction - Kirk House, Mill Mount YO24 1AG

Address	House Type	Sale Price	Size (ft²)	Gross Sale Price (ft²)	Net Sale Price (ft²)	Beds	Type	Sale Date
Apartment 14, Kirk House, Mill Mount YO24 1AG	Apt	£445,000	1,281	£347.41	£338.73	3	Flat	Oct-20
Apartment 18, Kirk House, Mill Mount YO24 1AG	Apt	£450,000	1,033	£435.49	£424.60	3	Flat	Oct-20
Apartment 15, Kirk House, Mill Mount YO24 1AG	Apt	£485,000	1,367	£354.79	£345.92	3	Flat	Nov-20
Apartment 12, Kirk House, Mill Mount YO24 1AG	Apt	£405,000	1,055	£383.94	£374.34	3	Flat	Oct-20
Apartment 17, Kirk House, Mill Mount YO24 1AG	Apt	£375,000	947	£395.90	£386.00	3	Flat	Oct-20
Apartment 11, Kirk House, Mill Mount YO24 1AG	Apt	£525,000	1,345	£390.19	£380.44	3	Flat	Dec-20
				Average Net Sale Price (ft²)	**£375.00**			

SECOND HAND SALES

Last 12 months within 1 mile of YO1 6HZ

Address	Last sale price	Last sale date	Property type	Beds
Flat 5, Popes Head Court, Peter Lane, York YO1 8SU	£240,000	26/03/2021	Flat	2
14, Jacob Court, Trinity Lane, York YO1 6LL	£210,000	22/10/2021	Flat	1
14, The Courtyard, York YO1 6LR	£161,500	23/04/2021	Flat	1
205, Westgate Apartments, Leeman Road, York YO26 4ZF	£461,000	23/07/2021	Flat	2
Flat 4, Popes Head Court, Peter Lane, York YO1 8SU	£212,000	29/03/2021	Flat	2
40, Woodsmill Quay, Skeldergate, York YO1 6DX	£249,000	16/07/2021	Flat	2
9, Queens Court, Fetter Lane, York YO1 6EH	£240,000	28/09/2021	Flat	2
10, Centurion Square, York YO1 6DP	£261,000	24/11/2021	Flat	2
209, Westgate Apartments, Leeman Road, York YO26 4ZF	£380,000	30/06/2021	Flat	2
208, Westgate Apartments, Leeman Road, York YO26 4ZF	£313,000	30/06/2021	Flat	2
93, Centurion Square, Skeldergate, York YO1 6DE	£99,500	19/11/2021	Flat	1
Apartment 11, Cardinal Court, Bishophill Junior, York YO1 6ES	£285,000	30/11/2021	Flat	
Apartment 28, Cardinal Court, Bishophill Junior, York YO1 6ES	£390,000	29/06/2021	Flat	
Flat 8, Popes Head Court, Peter Lane, York YO1 8SU	£190,000	29/10/2021	Flat	1
406, Westgate Apartments, Leeman Road, York YO26 4ZP	£260,000	28/05/2021	Flat	1
7, Crambeck Court, Fetter Lane, York YO1 6BZ	£287,000	30/09/2021	Flat	2
27, Woodsmill Quay, Skeldergate, York YO1 6DX	£285,000	29/04/2021	Flat	2
312, Westgate Apartments, Leeman Road, York YO26 4ZF	£315,000	07/05/2021	Flat	2
Flat 5, Bishophill House, Bishophill Senior, York YO1 6BD	£180,000	14/05/2021	Flat	2
9, Stonegate Court, Blake Street, York YO1 8QF	£370,000	29/04/2021	Flat	2
2, The Courtyard, York YO1 6LR	£215,000	05/03/2021	Flat	2
16, Woodsmill Quay, Skeldergate, York YO1 6DX	£170,000	12/03/2021	Flat	2
304, Westgate Apartments, Leeman Road, York YO26 4ZF	£475,000	28/06/2021	Flat	2
138, Centurion Square, Skeldergate, York YO1 6DE	£210,000	29/09/2021	Flat	1
Apartment 34, Cardinal Court, Bishophill Junior, York YO1 6ES	£293,000	11/06/2021	Flat	

SECOND HAND AVAILABLE

Properties within 3miles of YO1 6HZ

Address	Type	Beds	Price
Trinity Lane, Bishophill	Flat	2	£250,000
St. Leonards Place	Flat	3	£850,000
Toft Green	Flat	2	£762,500
St. Leonards Place	Flat	3	£710,000
Toft Green	Flat	2	£610,000
Merchant Exchange	Flat	4	£595,000
59 Kings, Hudson Quarter	Flat	2	£547,500
13 Waverley, Hudson Quarter	Flat	2	£525,000
Westgate Apartments	Flat	2	£525,000
45 Kings, Hudson Quarter	Flat	2	£520,000
Toft Green	Flat	2	£502,500
14 Waverley, Hudson Quarter	Flat	2	£500,000
Westgate, Leeman Road	Flat	2	£499,500
15 Kings, Hudson Quarter	Flat	2	£495,000
Toft Green	Flat	2	£490,000
Toft Green	Flat	2	£480,000
25 Waverley, Hudson Quarter	Flat	2	£475,000
Toft Green	Flat	2	£465,000
Toft Green	Flat	2	£435,000
Toft Green	Flat	2	£425,000
Westgate Apartments	Flat	2	£395,000
Westgate Apartments	Flat	2	£390,000
Westgate Apartments	Flat	2	£300,000
Westgate Apartments	Flat	2	£250,000
Trinity Lane, Bishophill	Flat	2	£250,000
Leeman Road	Flat	1	£245,000
Westgate Apartments	Flat	1	£230,000
Skeldergate	Flat	1	£200,000
Centurion Square	Flat	1	£177,500
61 Rathmell Hall	Flat	0	£79,950
Rathmell Hall	Flat	0	£68,000
2-14 George Hudson St	Flat	0	£66,000
Tanner Row	Flat	0	£60,000

APPENDIX 4

Residual Appraisal

REVENUE File: App 4 - No Ah No S106

Visitor Attraction	29,740.00 sq-ft at 10.00 psf/pa	297,400	
Inv.Value-A	Net annual income	297,400	
	Capitalised at 6% Yield	4,956,667	
	Less Unpaid Rent: 12 Months Income	297,400	4,659,267
Office	25,564.00 sq-ft at 25.00 psf/pa	639,100	
Inv.Value-B	Net annual income	639,100	
	Capitalised at 6.5% Yield	9,832,308	
	Less Unpaid Rent: 12 Months Income	639,100	9,193,208
Aparthotel	25,188.00 sq-ft at 34.94 psf/pa -E	880,069	
Inv.Value-C	Net annual income	880,069	
	Capitalised at 5% Yield	17,601,374	17,601,374
Studio	90 units at 175,430.00 ea.		15,788,700
1 Bed	39 units at 243,600.00 ea.		9,500,400
2 Bed	22 units at 367,120.00 ea.		8,076,640
3 Bed	2 units at 482,555.00 ea.		965,110
(Net Income: 1,816,569)	(Inv.Sales: 31,453,849) (Dir.Sales: 34,330,850)	**REVENUE**	65,784,699
	(Revenue Totals labelled -E do not attract Fees)		

COSTS

Visitor Attraction		4,502,000	
Office		4,136,000	
Hotel		8,975,000	
Residential		15,492,000	
External Works		2,180,000	
Construction Abnormals		26,810,000	
Demo & Dig (nortern Hse)		3,810,000	
Demo & Dig (rougier Hse/ Society)		6,400,000	
Contingency	at 5.00%	3,615,250	
Professional Fees	at 6.00%	4,338,300	
		Build Costs	80,258,550
Letting Agents Fee	at 10.00%	93,650	
Letting Legal Fees	at 5.00%	46,825	
Invest.sale Agents Fee	at 1.00%	323,903	
Invest.sale Legal Fees	at 0.50%	161,952	

Direct Sale Agents Fee	at 3.00%	1,029,926	
Direct Sale Legal Fees	at 0.50%	171,654	
		Disposal Fees	1,827,910
INTEREST	**(See CASHFLOW)**		11,843,297
6.00% pa	on Debt charged Quarterly and compounded Quarterly		
Visitor Attraction (bld.)	Month 22 to 57 (Apr 24 - Mar 27)		
Office (bld.)	Month 22 to 57 (Apr 24 - Mar 27)		
Hotel (bld.)	Month 22 to 57 (Apr 24 - Mar 27)		
Residential (bld.)	Month 22 to 57 (Apr 24 - Mar 27)		
External Works (bld.)	Month 22 to 57 (Apr 24 - Mar 27)		
Construction Abnormals (bld.)	Month 22 to 57 (Apr 24 - Mar 27)		
Demo & Dig (nortern Hse) (bld.)	Month 22 to 57 (Apr 24 - Mar 27)		
Demo & Dig (rougier Hse/ Society) (bld.)	Month 1 to 22 (Jul 22 - Apr 24)		
Inv.Value-A 6%	Month 58 (Apr 27)		
Inv.Value-B 6.5%	Month 58 (Apr 27)		
Inv.Value-C 5%	Month 58 (Apr 27)		
Studio (sale)	Month 57 to 71 (Mar 27 - May 28)		
1 Bed (sale)	Month 57 to 71 (Mar 27 - May 28)		
2 Bed (sale)	Month 57 to 71 (Mar 27 - May 28)		
3 Bed (sale)	Month 57 to 71 (Mar 27 - May 28)		
PROFIT	-28,145,059	**COSTS**	93,929,757
PROFIT/SALE	-42.78%	**PROFIT/COST**	-29.96%