

## Concorde Close: Feasibility and financial viability study



Prepared for  
Home Group

January 2020

## Contents

1	Background and terms of reference	3
2	The site and the existing accommodation	5
3	Options tested	7
4	Appraisal methodology	9
5	Option 1 appraisal	11
6	Option 2 appraisal	12
7	Option 3 appraisal Inputs	15
8	Option 4 appraisal Inputs	18
9	Conclusions	21

## Appendices

Appendix 1 - Option 1 accommodation schedule
Appendix 2 - Option 2 accommodation schedule
Appendix 3 - Option 3 accommodation schedule
Appendix 4 - Option 4 accommodation schedule
Appendix 5 - Layout plans for Option 4
Appendix 6 - Maintenance note
Appendix 7 - Option 1 cashflow
Appendix 8 - Option 2 cost plan
Appendix 9 - Option 2 appraisal
Appendix 10 - Option 3 cost plan
Appendix 11 - Option 3 appraisal
Appendix 12 - Option 4 cost plan
Appendix 13 - Option 4 appraisal

# 1 Background and terms of reference

Home Group has appointed BNP Paribas Real Estate to undertake a feasibility study of four options for addressing the stock condition issues at Concorde Close, an estate of rented housing comprising 43 existing units. Built in approximately 1977, Concorde Close comprises three blocks which accommodate three bedsits, twenty-six flats and fourteen maisonettes as well as two blocks of garages. The blocks are three storeys high and - with the exception of the bedsits - are all two bedroom properties.

The quality and condition of the flats on the estate has decreased significantly in recent years and the estate currently requires major investment to tackle its poor thermal performance and achieve a housing mix and quality that meets the needs of customers. There are also issues with alleyways between the properties and lack of overlooking, resulting in fly-tipping, anti-social behaviour and rough sleeping.

Home Group and their professional advisors have identified four options which we have tested, as follows:

- Retain the status quo;
- Refurbishment of existing units;
- Part refurbishment/part redevelopment scheme;
- Demolition of all existing housing and redevelopment.

This study considers the feasibility of each option in terms of their financial viability. Home Group's development policies require that where there is more than one potential route for addressing issues within its housing stock, the selected option should be the one that achieves the best financial position.

## 1.1 BNP Paribas Real Estate

BNP Paribas Real Estate is a leading firm of chartered surveyors, town planning and international property consultants. The practice offers an integrated service from nine offices in eight cities within the United Kingdom and over 180 offices, across 34 countries in Europe, Middle East, India and the United States of America, including 18 wholly owned and 16 alliances.

BNP Paribas Real Estate has a wide ranging client base, acting for international companies and individuals, banks and financial institutions, private companies, public sector corporations, government departments, local authorities and registered providers ('RPs').

The full range of property services includes:

- Planning and development consultancy;
- Affordable housing consultancy;
- Valuation and real estate appraisal;
- Property investment;
- Agency and Brokerage;
- Property management;
- Building and project consultancy; and
- Corporate real estate consultancy.

This report has been prepared by Anthony Lee MRTPI, MRICS, RICS Registered Valuer.

## **1.2 Report structure**

This report is structured as follows:

- Section 2 provides a brief overview of the Site location, planning and title;
- Section 3 sets out the details of the four options;
- Section 4 outlines the methodology for assessing the options;
- Sections 5, 6, 7 and 8 set out the inputs to and the results of our appraisals;
- Section 9 outlines our conclusions.

## **1.3 The Status of our advice**

This report is not a valuation and should not be relied upon as such. In accordance with PS1 (5.2) of the RICS Valuation – Professional Standards – Global Standards 2017 (the ‘Red Book’), the provision of VPS1 to VPS5 are not of mandatory application and accordingly this report should not be relied upon as a Red Book valuation.

In carrying out this assessment, we have acted with objectivity, impartiality, without interference and with reference to all appropriate available sources of information.

We are not aware of any conflicts of interest in relation to this assessment.

In preparing this report, no ‘performance-related’ or ‘contingent’ fees have been agreed. This report is addressed to Home Group only and should not be reproduced without our prior consent.

## 2 The site and the existing accommodation

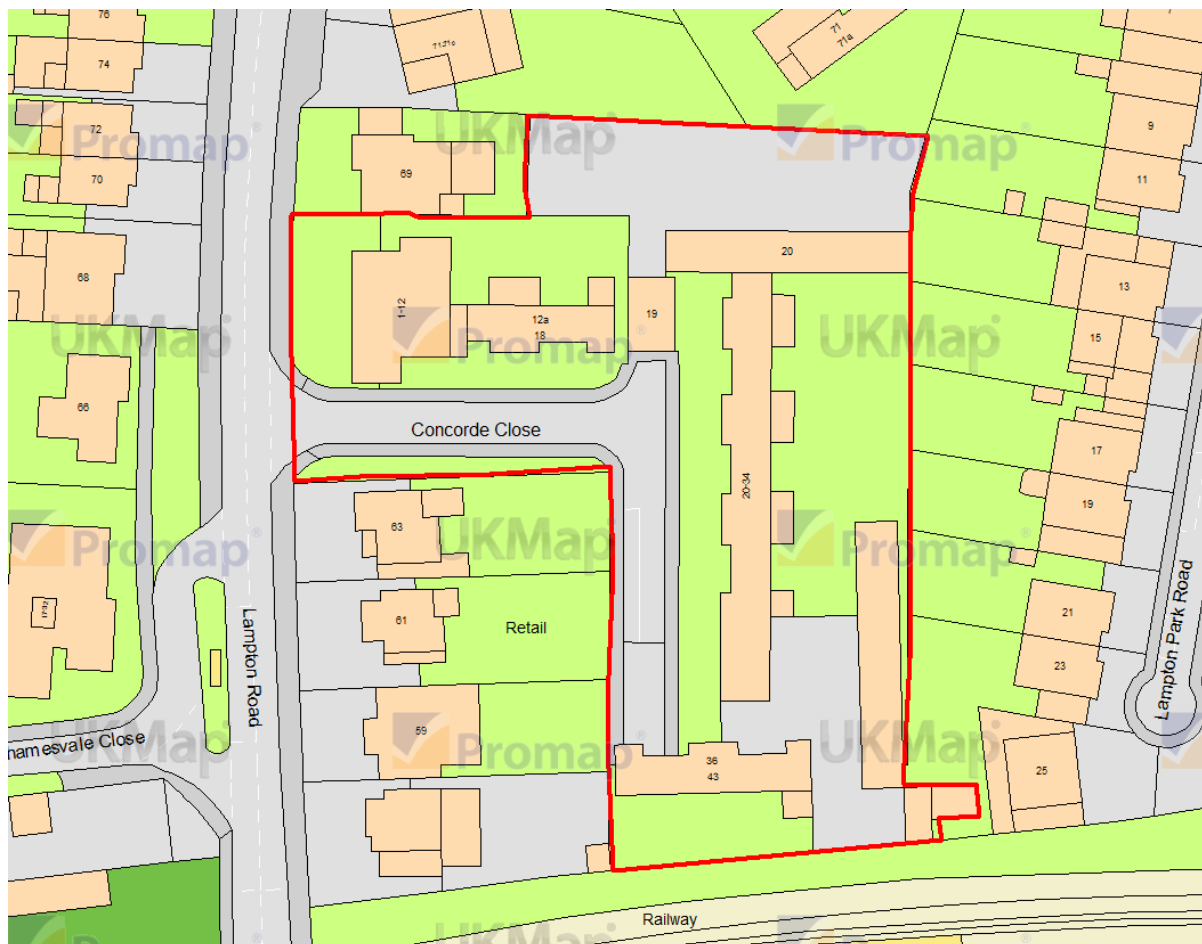
### 2.1 Site description

The 0.53 ha Site is located in the London Borough of Hounslow. The site is bordered to the east and the north by the rear gardens of houses in Lampton Park Road; to the west by Lampton Road; and to the south by the London Underground Piccadilly Line.

The existing estate comprises 43 social/affordable rented flats (3 studio flats and 40 two bed flats/maisonettes) which were originally constructed by the Council in the late 1970s, but subsequently transferred to Home Group. The existing flats are laid out in three storey blocks around Concorde Close. The London Underground line running immediately adjacent to the site places constraints in terms of rail protection requirements during any works and proximity of buildings and landscaping.

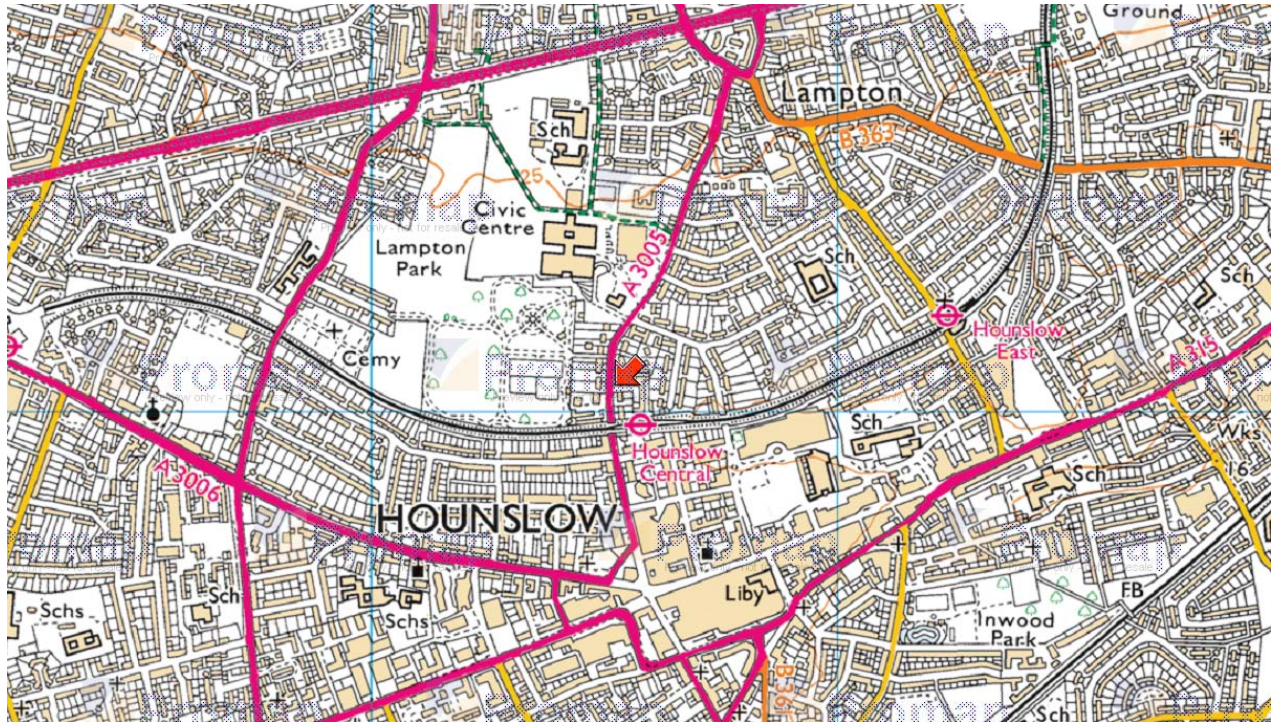
The nearest public transport is at Hounslow Central Underground Station (2 minutes' walk) providing access to the Piccadilly Line (journey times of 37 minutes to Piccadilly Circus and 11 minutes to Heathrow). The site has a Public Transport Accessibility Level ('PTAL') of 3.

**Figure 2.1.1: Site plan**



Source: Land Registry

**Figure 2.1.2: Location plan**



Source: Land Registry/Promap

## 2.2 Planning

We have run searches on the Council's planning application database and there do not appear to be any recent permissions of relevance to the consideration of the viability of the development proposals.

## 2.3 Title

We have not run any Title searches and Home Group should therefore satisfy itself that it has good and marketable freehold title to the land. For the purposes of this report we have assumed that there are no restrictions on title or any other issues which might fetter the refurbishment of the site and development of additional units. We have assumed that the Property is in all respects good and marketable.

## 3 Options tested

Home Group have appointed Farrells to identify potential options for addressing the issues associated with the condition of the existing estate. The four options are as follows:

- Option 1: Maintain the status quo;
- Option 2: Refurbishment;
- Option 3: Part refurbishment, part redevelopment; and
- Option 4: Comprehensive redevelopment.

### 3.1 Option 1: Maintain the status quo

Option 1 retains the status quo and assumes that Home Group retains the estate in its existing configuration<sup>1</sup>. All of the existing 43 units will be retained, 31 of which will continue to be let at social rents, while the remaining 12 will continue to be let at affordable rents. Table 3.1.1 summarises the gross and net floor areas of the existing accommodation. A detailed unit schedule is attached at Appendix 1.

**Table 3.1.1: Option 1 area schedule**

Tenure	No of units	Gross External Area (square metres)	Gross Internal Area (square metres)	Net Internal Area (square metres)
Social rent	31	2,319	2,055	1,875
Affordable rent	12	994	881	705
<b>Totals</b>	<b>43</b>	<b>3,313</b>	<b>2,935</b>	<b>2,580</b>

### 3.2 Option 2: Refurbishment

Option 2 retains the accommodation in its existing configuration but a programme of refurbishment is undertaken. This effectively comprises façade retention and demolition of the majority of the remaining building fabric to facilitate the delivery of identified housing need in terms of mix, housing quality standards and thermal performance. Table 3.2.1 summarises the gross and net floor areas of the accommodation following completion of the refurbishment scheme. A detailed unit schedule is attached at Appendix 2.

**Table 3.2.1: Option 2 area schedule**

Tenure	No of units	Gross External Area (square metres)	Gross Internal Area (square metres)	Net Internal Area (square metres)
Social rent	24	2,541	2,251	1,966
Affordable rent	7	772	684	597
<b>Totals</b>	<b>31</b>	<b>3,313</b>	<b>2,935</b>	<b>2,563</b>

### 3.3 Option 3: Part refurbishment/part redevelopment

Option 3 retains and refurbishes part of the existing accommodation as per Option 2 above, but provides additional floorspace and additional units through extensions to the existing buildings and infill development. The refurbished and new accommodation changes the balance of the units (beyond the affordable housing need identified in the Housing Brief to incorporate an element of private housing for sale to cross-subsidise the refurbishment works. Table 3.2.1 summarises the gross and net floor areas following completion of the works. A detailed unit schedule is attached at Appendix 3.

<sup>1</sup> Under this option, none of the units are reconfigured so that they are capable of meeting identified housing needs. The mismatch between current form and size of units would not be addressed. The units would be maintained in accordance with Home Group's normal standards. In addition, the works identified in the Arcus Building Condition Survey would be addressed.

**Table 3.3.1: Option 3 area schedule**

Tenure	No of units	Gross External Area (square metres)	Gross Internal Area (square metres)	Net Internal Area (square metres)
Social rent	33	2,988	2,643	2,333
Affordable rent	10	1,032	913	806
Private for sale	10	947	837	739
<b>Totals</b>	<b>53</b>	<b>4,967</b>	<b>4,393</b>	<b>3,878</b>

### 3.4 Option 4: Comprehensive redevelopment

Option 4 would involve the demolition of all the existing accommodation and redevelopment at an increased density to provide a total of 108 units (65 private units for sale; 33 social rented units; and 10 affordable rent units). Table 3.4.1 summarises the net and gross floor areas following completion of the redevelopment. A detailed unit schedule is attached at Appendix 4 and layout plans are attached as Appendix 5.

**Table 3.4.1: Option 4 area schedule**

Tenure	No of units	Gross External Area (square metres)	Gross Internal Area (square metres)	Net Internal Area (square metres)
Social rent	33	4,067	3,759	2,339
Affordable rent	10			807
Private for sale	65	5,308	5,025	3,845
<b>Totals</b>	<b>108</b>	<b>9,375</b>	<b>8,784</b>	<b>6,991</b>



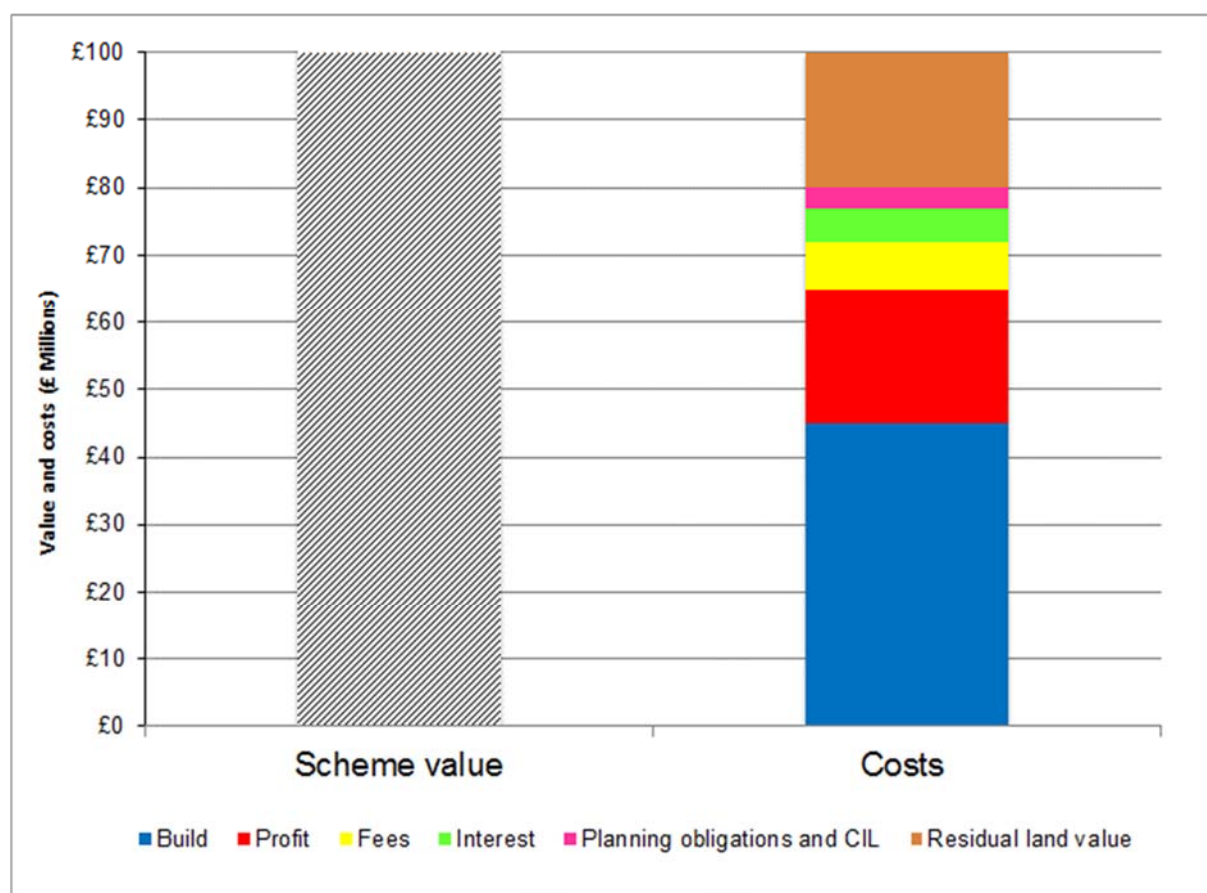
## 4 Appraisal methodology

We have undertaken development appraisals of the four options to assess their feasibility relative to each other. Each of the appraisals assumes that planning permission and all other relevant statutory requirements are in place for the relevant scheme of works.

### 4.1 Approach to testing development viability

Appraisal models can be summarised via the following diagram. The total scheme value is calculated, as represented by the left hand bar. For Concorde Close, this equates to the net present value of the future rental income for the retained and/or refurbished units, which will be let at a mix of Affordable Rent and Social Rent, the latter reflecting the preserved tenancy terms of existing tenants. The model then deducts the refurbishment costs, fees, interest and developer's profit. A 'residual' amount is left after all these costs are deducted – this is the land value that a national Developer would pay to acquire the Estate. The residual land value is represented by the brown portion of the right hand bar in Figure 4.1.1.

**Figure 4.1.1: Residual valuation methodology**



The Residual Land Value is normally a key variable in determining whether a scheme will proceed. If a proposal generates sufficient positive land value, it will be implemented. If not, the proposal will not go ahead, unless there are alternative funding sources to bridge the 'gap'. For estate regeneration schemes, it is not uncommon for the residual land value to be negative, as the total costs of redevelopment and refurbishment exceed the present value of the net rental income. In these circumstances, the owner will need to cross-subsidise a scheme from its own resources.

Ultimately, the landowner will make a decision on implementing a project on the basis of return and whether alternative options might yield a higher value. The landowner's 'bottom line' will be achieving a residual land value that sufficiently exceeds 'existing use value' or another appropriate benchmark to

make development worthwhile. The margin above current use value may be considerably different on individual sites, where there might be particular reasons why the premium to the landowner should be lower or higher than other sites.

Clearly, in the case of Concorde Close, Home Group might proceed with a scheme to achieve its objectives of securing enhanced living conditions for its residents on the basis of a zero or even negative residual land value, as the existing estate is in poor condition and in urgent need of reconfiguration to address issues arising from its construction method. However, where there is more than one potential route to achieving the objectives of improving residents' living conditions, Home Group's development policies require it to select the option which results in the most positive residual land value. In the event that all potential options generate negative residual land values, Home Group's development policies require that the option generating the *least* negative residual land value is taken forward.

## 5 Option 1 appraisal

As noted in Section 3, this option retains the existing units in their current configuration with basic on-going maintenance only. Home Group have provided a note on the cyclical maintenance works that would be carried out under this option (attached as Appendix 6) which would respond to the challenges of maintaining the accommodation in its current form. This note informs the appraisal of this option. We have run an appraisal of this option to determine the net present value generated.

### 5.1 Rental income

To calculate the net present value of the future rental income, we have applied the gross rents shown in Table 5.1.1 in our model. The Affordable Rents are based on the relevant Local Housing Allowance, as summarised in Table 5.1.2. The Social Rents are calculated by reference to MHCLG formulae.

**Table 5.1.1: Gross rents per week (2022/23)**

Rental basis	One bed	Two bed	Three bed	Four bed
Affordable Rent (net of service charges)	£197.61	£221.85 (2B3P) £233.19 (2B4P)	£328.91	£342.18
Social Rent	£138.48	£161.90	£170.90	£179.89

### 5.2 Operating costs

The appraisal model deducts the following costs from the gross rental income<sup>2</sup>:

- 14% voids, reflecting current level of occupancy which would not change in the absence of expenditure to bring vacant units back into a habitable condition;
- 2% allowance for bad debts;
- £940 per unit per annum for management;
- £776 per unit per annum for reactive maintenance; and
- Major repairs budget of £1,237 per unit over a 30 year period.

We have applied a discount rate of 6% over a 30 cashflow, reflecting a standard RP assumption on the estimated economic life of a development.

### 5.3 Net present value

After addressing maintenance works of circa £2 million as identified in the Arcus Report, the financial model generates a negative NPV of -£1.66 million. The cashflow is attached as Appendix 7.

<sup>2</sup> These assumptions are based on estimates supplied by Home Group based on historic costs incurred on the existing units and their wider housing portfolio.

## 6 Option 2 appraisal

As outlined in Section 3, this option would result in significant reconfiguration and refurbishment of the existing units. However, as a result of reconfiguration of layouts of the accommodation to meet space standards and unit mix requirements to meet identified needs, the total number of units would decrease from 43 to 31.

### 6.1 Rental income for affordable rented and social rented units

To calculate the net present value of the future rental income, we have applied the gross rents shown in Table 6.1.1 in our appraisal model. The Affordable Rents are based on the relevant Local Housing Allowance, as summarised in Table 6.1.1. Home Group have calculated the Social Rents by reference to MHCLG formulae.

**Table 6.1.1: Gross rents per week (2022/23)**

Rental basis	One bed	Two bed	Three bed	Four bed
Affordable Rent (net of service charges)	£197.61	£221.85 (2B3P) £233.19 (2B4P)	£328.91	£342.18
Social Rent	£138.48	£161.90	£170.90	£179.89

Our model deducts the following costs from the gross rental income. These assumptions are based on benchmarking data from London-based RPs for new and refurbished housing:

- 3% for voids and bad debts;
- Management: £940 per unit per annum;
- Reactive maintenance £600 per unit per annum; and
- Major repairs budget of £600 per unit.

We have applied a discount rate of 6% over a 30 cashflow, reflecting a standard RP assumption on the estimated economic life of a development. The capital value of the accommodation following completion of the refurbishment and reconfiguration programme is £6,147,972. This equates to blended value across both tenures of £2,398 per square metre (£223 per square foot).

### 6.2 Build costs

Home Group have appointed Robinson Low Francis ('RLF') to advise on the costs of Option 2. Their report is attached as Appendix 8, indicating a total cost of £5,403,240, equating to £1,840.97 per square metre, or £171.03 per square foot. A summary of the costs is provided at Table 6.2.1.

**Table 6.2.1: Summary of Option 2 cost plan**

Option 2	Base cost	Prelims (20%)	OH&P (8%)	Total
Demolition	£484,000	96,800	46,464	627,264
Substructures	£67,000	13,400	6,432	86,832
Superstructures	£3,118,000	623,600	299,328	4,040,928
Drainage and external works	£500,000	100,000	48,000	648,000
<b>Totals</b>	<b>£4,169,000</b>	<b>£834,000</b>	<b>£400,240</b>	<b>£5,403,240</b>

The units are known to contain asbestos which will need to be removed by specialist contractors prior to refurbishment works being undertaken. At the time of drafting this report, survey work to establish the extent of contamination and the costs of removal are ongoing. The cost plan incorporates a provisional allowance of £100,000 plus OHP and preliminaries to address these costs.

### **6.2.1 Professional Fees**

Given the nature of the Site and proposed development we consider professional fees of 10% to be appropriate for Option 2. This will include the extensive requirement for tenant consultation and liaison before, during and after the refurbishment and reconfiguration works.

### **6.2.2 Interest**

We have assumed a finance rate of 6% applied to land and other development costs. In the current lending market, we consider this to be reasonable.

### **6.2.3 Car Parking**

The Estate incorporates a number of car parking spaces which residents are entitled to use free of charge. For the purposes of appraising Option 2, we have assumed that this arrangement will continue following the refurbishment programme. Consequently, there will be no additional income associated with car parking.

### **6.2.4 Ground Rents**

Home Group will retain the freehold of the Estate and residents will occupy on Assured Tenancies or Assured Shorthold Tenancies. No leases will be granted and consequently there will be no ground rent income.

### **6.2.5 Refurbishment programme**

We have assumed the following timings within our appraisals:

- 3 month pre-construction period;
- 22 month rolling refurbishment period;
- Rental income commences from Practical Completion of the refurbishment works.

### **6.2.6 Homeloss and disturbance payments and temporary accommodation**

There are 37 current tenants who will all be entitled to receive £6,400 statutory Homeloss compensation when they move out and a further £6,400 payment if they do not return to their home within 12 months (which Home Group are expecting and budgeting for). This will equate to £473,600.

All residents, including those who have chosen to move away permanently, are entitled to claim £2,500 disturbance payments. Disturbance payments will be paid to 37 current tenants and 4 former tenants, which equates to £102,500.

In addition, Home Group will be providing temporary accommodation for all existing residents. This is forecast to be an additional £494,565 per annum, representing the market rent less the rent currently payable by tenants. The total over the 22-month refurbishment programme is therefore £947,916.

In addition, Home Group will be meeting the residents' moving costs, which are estimated to amount to £107,500.

### **6.2.7 Developer's Profit**

Due to the reduced risk associated with the affordable housing to be provided, it is reasonable to assume a return of 6% on cost should be adopted.

### **6.3 Appraisal results**

Our appraisal of Option 2 is attached as Appendix 9. After the cost of works and other related costs are deducted from the net present value of the accommodation, the scheme generates a loss of - £1,953,721.

## 7 Option 3 appraisal Inputs

As outlined in Section 3, this option would result in significant reconfiguration and refurbishment of retained units and demolition/reprovision of the balance of units. This option will include a total of 53 units, 33 of which will be let at social rents; 10 units of affordable rent; and 10 units for private sale.

### 7.1 Private residential sales values

For the purposes of appraising the value generated by the private for sale units in Option 3, we have reviewed the marketing prices on developments in the local area, as summarised in Table 7.1.1.

There has been limited new build activity in the immediate vicinity of the Site which would provide an indication of values that could be achieved for the private units in Option 3. We have considered marketing prices on a range of schemes and have modelled Option 3 with values at the middle of the range (£6,500 per square metre), having regard to the limited scope of redevelopment envisaged.

**Table 7.1.1: Average pricing at nearby developments**

Development	Average sales value (per square metre)	Average unit size (square metres)	Date	Distance from subject site (kilometres)
Noma, 71 St John's Road, Hounslow TW7 6XQ	£7,663	55	Mar 2019	2.25
Lion Wharf, 5 Swan Street, TW7 6RJ	£7,890	84	Mar 2019	3.04
The Assembly (Hounslow Town Primary School TW3 1SR	£5,920	67	Sep 2019	0.83
Central House/The Balfour Building, 3 Lampton Road TW3 1HY	£6,318	58	Jun 2016	0.29
Banks Place, 579 Hounslow Road TW7 4EJ	£6,189	68	Sep 2017	1.64
London Square Isleworth, 396-418 London Road TW7 5AD	£6,157	72	Jun 2017	2.26
Dominion Works, 763-767 London Road TW3 1RS	£6,243	63	Mar 2019	0.96

### 7.2 Rental income for affordable rented and social rented units

To calculate the net present value of the future rental income, we have applied the gross rents shown in Table 7.2.1 in our appraisal model. The Affordable Rents are based on the relevant Local Housing Allowance, as summarised in Table 7.2.1. Home Group have calculated the Social Rents by reference to MHCLG formulae.

**Table 7.2.1: Gross rents per week (2022/23)**

Rental basis	One bed	Two bed	Three bed	Four bed
Affordable Rent (net of service charges)	£197.61	£221.85 (2B3P) £233.19 (2B4P)	£328.91	£342.18
Social Rent	£138.48	£161.90	£170.90	£179.89

Our model deducts the following costs from the gross rental income. These assumptions are based on benchmarking data from London-based RPs for new and refurbished housing:

- 3% for voids and bad debts;

- Management: £940 per unit per annum;
- Reactive maintenance £600 per unit per annum; and
- Major repairs budget of £600 per unit.

We have applied a discount rent of 6% over a 30 cashflow, reflecting a standard RP assumption on the estimated economic life of a development. The capital value of the accommodation following completion of the refurbishment and reconfiguration programme is £7,866,055. This equates to blended value across both tenures of £2,537 per square metre (£236 per square foot).

For the 33 Social Rented units, our model generates a capital value of £4,946,341 which equates to £2,157 per square metre, or £200 per square foot.

The remaining 10 Affordable Rent units generate a capital value of £2,919,714 which equates to £3,618 per square metre, or £336 per square foot.

Home Group have advised that they can secure grant funding of £70,000 per unit for the 5 new social rented units, amounting to £350,000. We have incorporated this grant into our appraisal.

### 7.2.1 Build costs

Home Group have appointed Robinson Low Francis ('RLF') to advise on the construction costs of Option 3. Their report is attached as Appendix 10, indicating a total works cost of £10,684,440, equating to £2,432.15 per square metre, or £225.95 per square foot. A summary of the costs is provided at Table 7.2.1.1.

**Table 7.2.1.1: Summary of RLF cost plan for Option 3**

Element	Base	Prelims	OH&P	Totals
Demolition	619,000	123,800	59,424	802,224
Substructures	323,000	64,600	31,008	418,608
Superstructures	6,127,000	1,225,400	588,192	7,940,592
Drainage and external works	1,175,000	235,000	112,800	1,522,800
<b>Totals</b>	<b>8,244,000</b>	<b>1,649,000</b>	<b>791,440</b>	<b>10,684,440</b>

As noted in the previous section, the buildings are known to contain asbestos which will need to be removed by specialist contractors prior to refurbishment works being undertaken. At the time of drafting this report, survey work to establish the extent of contamination and the costs of removal are ongoing. The cost plan incorporates a provisional allowance of £100,000 plus OHP and preliminaries to address these costs.

Similarly, work to establish energy costs is also ongoing at the time of drafting this report and our appraisal makes no allowances for these costs.

### 7.2.2 Professional Fees

Given the nature of the Site and proposed development we consider professional fees of 10% to be appropriate for the refurbishment scheme. This will include the extensive requirement for tenant consultation and liaison before, during and after the refurbishment and reconfiguration works.

### 7.2.3 Interest

We have assumed a finance rate of 6% applied to land and other development costs. In the current lending market, we consider this to be reasonable.

### 7.2.4 Developer's Profit

When considering the changing economic climate, financial institutions have tightened their requirement for profit returns on schemes. Banks have raised their expectations in terms of risk and



required returns that new developments offer. A profit of 20% on GDV would be expected for any private housing provided.

However, due to the reduced risk associated with the affordable housing to be provided, it is reasonable to assume a reduced return of 6% on cost should be adopted.

#### **7.2.5 Car Parking revenue**

The Estate incorporates a number of car parking spaces which residents are entitled to use free of charge. This arrangement will continue following the refurbishment programme and consequently there will be no additional income associated with car parking.

#### **7.2.6 Ground Rents**

Home Group will retain the freehold of the Estate and its residents will occupy on Assured Tenancies or Assured Shorthold Tenancies.

For the private leases, no ground rents will be paid as a consequence of the impending legislation to be brought forward by the government to limit ground rents to a peppercorn.

#### **7.2.7 Community Infrastructure Levy**

Home Group have advised that the private housing in Option 3 will attract a CIL liability totalling £56,191.47 (£39,523.87 for Borough CIL and £16,667.60 for Mayoral CIL).

#### **7.2.8 Development programme**

We have assumed the following timings within our appraisals:

- 3 month pre-construction period;
- 22 month rolling refurbishment period;
- Rental income commences from Practical Completion of the refurbishment works.

#### **7.2.9 Homeloss and disturbance payments and temporary accommodation**

There are 37 current tenants who will all be entitled to receive £6,400 statutory Homeloss compensation when they move out and a further £6,400 payment if they do not return to their home within 12 months (which Home Group are expecting and budgeting for). This will equate to £473,600.

All residents, including those who have chosen to move away permanently, are entitled to claim £2,500 disturbance payments. Disturbance payments will be paid to 37 current tenants and 4 former tenants, which equates to £102,500.

In addition, Home Group will be providing temporary accommodation for all existing residents. This is forecast to be an additional £494,565 per annum, representing the market rent less the rent currently payable by tenants. The total over the 22-month refurbishment programme is therefore £947,916.

In addition, Home Group will be meeting the residents' moving costs, which are estimated to amount to £107,500.

### **7.3 Appraisal results**

Our appraisal of Option 3 is attached as Appendix 11. After the cost of works and other related costs are deducted from the net present value of the accommodation, the scheme generates a loss of - £2,125,534.

## 8 Option 4 appraisal Inputs

As outlined in Section 3, this option would result in comprehensive redevelopment of the estate. This option will include a total of 108 units, 33 of which will be let at social rents; 10 units of affordable rent; and 65 units for private sale.

### 8.1 Private residential sales values

For the purposes of appraising the value generated by the private for sale units in Option 4, we have reviewed the marketing prices on developments in the local area, as summarised in Table 8.1.1.

There has been limited new build activity in the immediate vicinity of the Site which would provide an indication of values that could be achieved for the private units in Option 3. We have considered marketing prices on a range of schemes and have modelled Option 4 with values towards the upper end of the range (£7,000 per square metre), given that the estate will be comprehensively redeveloped.

**Table 8.1.1: Average pricing at nearby developments**

Development	Average sales value (per square metre)	Average unit size (square metres)	Date	Distance from subject site (kilometres)
Noma, 71 St John's Road, Hounslow TW7 6XQ	£7,663	55	Mar 2019	2.25
Lion Wharf, 5 Swan Street, TW7 6RJ	£7,890	84	Mar 2019	3.04
The Assembly (Hounslow Town Primary School TW3 1SR)	£5,920	67	Sep 2019	0.83
Central House/The Balfour Building, 3 Lampton Road TW3 1HY	£6,318	58	Jun 2016	0.29
Banks Place, 579 Hounslow Road TW7 4EJ	£6,189	68	Sep 2017	1.64
London Square Isleworth, 396-418 London Road TW7 5AD	£6,157	72	Jun 2017	2.26
Dominion Works, 763-767 London Road TW3 1RS	£6,243	63	Mar 2019	0.96

### 8.2 Rental income for affordable rented and social rented units

To calculate the net present value of the future rental income, we have applied the gross rents shown in Table 8.2.1 in our appraisal model. The Affordable Rents are based on the relevant Local Housing Allowance, as summarised in Table 8.2.1. Home Group have calculated the Social Rents by reference to MHCLG formulae.

**Table 8.2.1: Gross rents per week (2022/23)**

Rental basis	One bed	Two bed	Three bed	Four bed
Affordable Rent (net of service charges)	£197.61	£221.85 (2B3P) £233.19 (2B4P)	£328.91	£342.18
Social Rent	£138.48	£161.90	£170.90	£179.89

Our model deducts the following costs from the gross rental income. These assumptions are based on benchmarking data from London-based RPs for new housing:

- 3% for voids and bad debts;
- Management: £940 per unit per annum;
- Reactive maintenance £600 per unit per annum; and
- Major repairs budget of £600 per unit.

We have applied a discount rent of 6% over a 30 cashflow, reflecting a standard RP assumption on the estimated economic life of a development. The capital value of the accommodation following completion of the refurbishment and reconfiguration programme is £7,866,055. This equates to blended value across both tenures of £2,537 per square metre (£236 per square foot).

For the 33 Social Rented units, our model generates a capital value of £4,946,341 which equates to £2,157 per square metre, or £200 per square foot.

The remaining 10 Affordable Rent units generate a capital value of £2,919,714 which equates to £3,618 per square metre, or £336 per square foot.

Home Group have advised that they can secure grant funding of £70,000 per unit for the 33 social rented units, amounting to £2,310,000. We have incorporated this grant into our appraisal.

### **8.2.1 Build costs**

Home Group have appointed Galliford Try ('GT') to advise on the costs of Option 4. Their report is attached as Appendix 12 and indicates a total cost of £23,573,239 (excluding fees), equating to £2,683.66 per square metre, or £249.32 per square foot.

As noted in the previous section, the buildings are known to contain asbestos which will need to be removed by specialist contractors prior to refurbishment works being undertaken. At the time of drafting this report, survey work to establish the extent of contamination and the costs of removal are ongoing. The cost plan incorporates a provisional allowance of £100,000 plus OHP and preliminaries to address these costs.

Similarly, work to establish energy costs is also ongoing at the time of drafting this report and our appraisal makes no allowances for these costs.

### **8.2.2 Professional Fees**

Given the nature of the Site and proposed development we consider professional fees of 10% to be appropriate for the redevelopment scheme. This will include the extensive requirement for tenant consultation and liaison before, during and after the redevelopment works.

### **8.2.3 Interest**

We have assumed a finance rate of 6% applied to land and other development costs. In the current lending market, we consider this to be reasonable.

### **8.2.4 Developer's Profit**

When considering the changing economic climate, financial institutions have tightened their requirement for profit returns on schemes. Banks have raised their expectations in terms of risk and required returns that new developments offer. A profit of 20% on GDV would be expected for any private housing provided.

However, due to the reduced risk associated with the affordable housing to be provided, it is reasonable to assume a reduced return of 6% on cost should be adopted.

These two profit levels equate to 16.83% on a blended basis.

### **8.2.5 Car Parking revenue**

The Estate incorporates a number of car parking spaces which residents are entitled to use free of charge. This arrangement will continue following the refurbishment programme and consequently there will be no additional income associated with car parking.

### **8.2.6 Ground Rents**

Home Group will retain the freehold of the Estate and its residents will occupy on Assured Tenancies or Assured Shorthold Tenancies.

For the private leases, no ground rents will be paid as a consequence of the impending legislation to be brought forward by the government to limit ground rents to a peppercorn.

### **8.2.7 Community Infrastructure Levy**

Home Group have advised that the private housing in Option 4 will attract a CIL liability totalling £676,821.26 (£476,061.53 for Borough CIL and £200,759.73 for Mayoral CIL).

### **8.2.8 Development programme**

We have assumed the following timings within our appraisals:

- 3 month pre-construction period;
- 22 month redevelopment period;
- Rental income commences from Practical Completion of the redevelopment works.

### **8.2.9 Homeloss and disturbance payments and temporary accommodation**

There are 37 current tenants who will all be entitled to receive £6,400 statutory Homeloss compensation when they move out and a further £6,400 payment if they do not return to their home within 12 months (which Home Group are expecting and budgeting for). This will equate to £473,600.

All residents, including those who have chosen to move away permanently, are entitled to claim £2,500 disturbance payments. Disturbance payments will be paid to 37 current tenants and 4 former tenants, which equates to £102,500.

In addition, Home Group will be providing temporary accommodation for all existing residents. This is forecast to be an additional £494,565 per annum, representing the market rent less the rent currently payable by tenants. The total over the 22-month redevelopment programme is therefore £947,916.

In addition, Home Group will be meeting the residents' moving costs, which are estimated to amount to £107,500.

## **8.3 Appraisal results**

Our appraisal of Option 4 is attached as Appendix 13. After the cost of works and other related costs are deducted from the capital value of the accommodation, the scheme generates a net present value of £4,774,909, which equates to 13.73% of GDV. This is lower than the blended target profit of 16.83% as noted in Section 8.2.4.

## 9 Conclusions

This report tests the viability of four options for Home Group's Concorde Estate, namely (1) retaining the status quo; (2) refurbishment of the existing units to provide a total of 31 units (down from the existing 43 units); (3) part retention/refurbishment and part-new build providing a total of 53 units; and (4) comprehensive redevelopment to provide a total of 108 units. None of options 1, 2 and 3 provide a comprehensive solution to address both stock condition issues and housing needs; neither are they prudent given the financial implications.

The results of our appraisals are summarised in Table 9.1. Our appraisals indicate that options 1, 2 and 3 generate significant deficits, ranging from 22.15% to 61.35% of gross development value or capital value. The only option to generate a surplus is Option 4, due to the greater quantum of private housing which generates value to cross-subsidise the reprovision of the affordable units.

It should be noted that Home Group will only receive grant funding to assist in addressing the problems associated with the estate for Option 3 (grant funding will support the construction of 5 new social rented units) and Option 4 (grant funding will support construction of 33 new rented units). No grant is available to support refurbishment. Home Group have identified Concorde Close in its 2016-21 Investment Programme which has been agreed with the GLA. The grant funding allocation will need to be drawn down no later than April 2021.

**Table 9.1: Summary of appraisal results**

Option	(Deficit) / Surplus	(Deficit) / Surplus as percentage of Gross Development Value
Option 1	(£1,663,948)	(61.35%)
Option 2	(£1,953,721)	(31.78%)
Option 3 (with grant)	(£2,125,534)	(16.78%)
Option 3 (no grant)	(£2,497,029)	(19.71%)
Option 4 (with grant)	£4,774,909	13.73%
Option 4 (no grant)	£2,354,113	6.77%

Although the surplus is lower than the target profit level of 16.83% of GDV (blended across tenures), Home Group's investment criteria require that the option generating the best financial position is taken forward. In planning terms, the Planning Practice Guidance indicates that appraisals should reflect a target profit level of between 15% and 20% on private housing. Given that Option 4 does not generate a level of profit which exceeds the target profit, the proposal cannot deliver additional affordable housing beyond the level proposed.

## Appendix 1 - Option 1 accommodation schedule

Flat Number	Type	Tenure	Level	Area m <sup>2</sup>	Area ft <sup>2</sup>
1	Bedsit	Social rent	Ground Floor	34	361
2	2Bed	Social rent	Ground Floor	59	635
3	2Bed	Affordable rent	Ground Floor	57	611
4	2Bed	Social rent	Ground Floor	59	635
5	Bedsit	Social rent	Level 01	33	352
6	2Bed	Social rent	Level 01	59	636
7	2Bed	Social rent	Level 01	57	609
8	2Bed	Social rent	Level 01	59	633
9	Bedsit	Affordable rent	Level 02	33	356
10	2Bed	Social rent	Level 02	59	637
11	2Bed	Affordable rent	Level 02	57	610
12	2Bed	Social rent	Level 02	60	641
12A	2Bed	Affordable rent	Ground Floor	57	611
14	2Bed	Affordable rent	Ground Floor	57	613
15	2Bed	Social rent	Ground Floor	56	607
16	2Bed Maisonette	Social rent	Level 01	73	791
17	2Bed Maisonette	Affordable rent	Level 01	74	799
18	2Bed Maisonette	Social rent	Level 01	73	787
19	2Bed	Affordable rent	Level 01	59	640
20	2Bed	Social rent	Ground Floor	57	611
21	2Bed	Social rent	Ground Floor	57	612
22	2Bed	Social rent	Ground Floor	57	612
23	2Bed	Social rent	Ground Floor	57	612
24	2Bed	Social rent	Ground Floor	57	613
25	2Bed	Affordable rent	Ground Floor	57	613
26	2Bed	Social rent	Ground Floor	57	613
27	2Bed	Social rent	Level 01	58	619
28	2Bed Maisonette	Affordable rent	Level 01	70	753
29	2Bed Maisonette	Social rent	Level 01	70	752
30	2Bed Maisonette	Social rent	Level 01	59	635
31	2Bed Maisonette	Affordable rent	Level 01	70	748
32	2Bed Maisonette	Social rent	Level 01	69	743
33	2Bed Maisonette	Social rent	Level 01	70	749
34	2Bed Maisonette	Social rent	Level 01	69	748
35	2Bed	Social rent	Level 02	67	718
36	2Bed	Affordable rent	Ground Floor	56	607
37	2Bed	Affordable rent	Ground Floor	58	625
38	2Bed	Social rent	Ground Floor	56	607
39	2Bed	Social rent	Ground Floor	57	609
40	2Bed Maisonette	Social rent	Level 02	73	790
41	2Bed Maisonette	Social rent	Level 01	69	742
42	2Bed Maisonette	Social rent	Level 01	69	741
43	2Bed Maisonette	Social rent	Level 01	69	742

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Flat Number	Type	Tenure	Level	Area m <sup>2</sup>	Area ft <sup>2</sup>
TOTAL				2581	27778



## Appendix 2 - Option 2 accommodation schedule

Flat Number	Type	Tenure	Level	Area m <sup>2</sup>	Area ft <sup>2</sup>
1	2B3P	Social Rent	Ground Floor	71	770
2	2B4P	Social Rent	Ground Floor	77	830
3	1B2P	Social Rent	Ground Floor	58	624
4	2B3P	Social Rent	Level 01	71	767
5	2B4P	Affordable Rent	Level 01	77	825
6	1B2P	Social Rent	Level 01	58	624
7	2B3P	Affordable Rent	Level 02	71	770
8	2B4P	Affordable Rent	Level 02	77	832
9	1B2P	Social Rent	Level 02	58	621
10	3B5P	Social Rent	Ground Floor	86	923
11	3B5P	Social Rent	Ground Floor	86	921
12	4B6P	Social Rent	Level 01 - Level 02	121	1,307
13	2B4P	Social Rent	Level 01 - Level 02	87	932
14	1B2P	Social Rent	Level 01	59	638
15	3B5P	Social Rent	Ground Floor	86	930
16	1B2P	Social Rent	Ground Floor	53	574
17	3B5P	Social Rent	Ground Floor	87	935
18	3B5P	Affordable Rent	Ground Floor	87	934
19	3B5P	Affordable Rent	Ground Floor	86	922
20	4B6P	Social Rent	Level 01 - Level 02	124	1,334
21	2B4P	Social Rent	Level 01 - Level 02	89	956
22	2B4P	Social Rent	Level 01 - Level 02	88	945
23	3B5P	Social Rent	Level 01 - Level 02	105	1,127
24	2B4P	Social Rent	Level 01 - Level 02	88	950
25	1B2P	Social Rent	Level 01	56	606
26	1B2P	Social Rent	Level 02	56	606
27	4B6P	Social Rent	Ground Floor	114	1,225
28	4B6P	Affordable Rent	Ground Floor	113	1,221
29	2B4P	Social Rent	Level 01 - Level 02	87	931
30	3B5P	Social Rent	Level 01 - Level 02	103	1,113
31	2B4P	Affordable Rent	Level 01 - Level 02	86	930
<b>TOTAL</b>				<b>2565</b>	<b>27,623</b>

## Appendix 3 - Option 3 accommodation schedule

Flat Number	Type	Tenure	Level	Area m <sup>2</sup>	Area ft <sup>2</sup>
1	4B6P	Social Rent	Ground Floor	103	1,112
2	4B6P	Social Rent	Ground Floor	103	1,105
3	2B3P WCH	Social Rent	Level 01	71	765
4	2B4P	Affordable Rent	Level 01	77	824
5	1B2P	Social Rent	Level 01	57	618
6	2B3P WCH	Affordable Rent	Level 02	71	766
7	2B4P	Affordable Rent	Level 02	76	823
8	1B2P	Social Rent	Level 02	57	618
9	2B3P WCH	Affordable Rent	Level 03	72	770
10	2B4P	Affordable Rent	Level 03	77	827
11	1B2P	Social Rent	Level 03	57	617
12	3B5P	Affordable Rent	Ground Floor	86	921
13	3B5P	Social Rent	Ground Floor	86	921
14	3B5P	Social Rent	Level 01-02	112	1,207
15	3B5P	Social Rent	Level 01-02	102	1,100
16	1B2P WCH	Social Rent	Level 01	59	631
17	1B2P	Social Rent	Level 02	58	620
18	1B2P	Market	Ground Floor	53	572
19	3B5P	Social Rent	Ground Floor	87	933
20	1B2P	Social Rent	Ground Floor	54	582
21	3B5P	Social Rent	Ground Floor	86	929
22	3B5P	Affordable Rent	Ground Floor	87	936
23	3B5P	Affordable Rent	Ground Floor	86	924
24	1B2P	Social Rent	Level 01	55	587
25	2B4P	Social Rent	Level 01	72	771
26	2B3P	Affordable Rent	Level 01	61	660
27	1B2P	Social Rent	Level 01	54	581
28	1B2P	Social Rent	Level 01	53	570
29	2B4P	Social Rent	Level 01	70	751
30	1B2P	Social Rent	Level 02	53	572
31	2B4P	Social Rent	Level 02	72	770
32	2B3P	Social Rent	Level 02	61	654
33	1B2P	Social Rent	Level 02	55	588
34	1B2P	Social Rent	Level 02	53	568
35	2B4P	Social Rent	Level 02	70	750
36	1B2P	Social Rent	Level 03	53	572
37	2B4P	Social Rent	Level 03	72	770
38	2B3P	Social Rent	Level 03	61	654
39	1B2P	Social Rent	Level 03	55	588
40	2B3P	Social Rent	Level 03	61	657
41	2B3P	Social Rent	Level 03	61	653
42	3B5P	Social Rent	Ground Floor - Level 01	101	1,084
43	2B4P WCH	Market	Ground Floor	78	837

Flat Number	Type	Tenure	Level	Area m <sup>2</sup>	Area ft <sup>2</sup>
44	4B6P	Affordable Rent	Ground Floor	114	1,229
45	4B6P	Social Rent	Ground Floor	113	1,218
46	3B5P	Market	Ground Floor - Level 01	100	1,081
47	2B4P	Market	Level 01	70	757
48	2B4P	Market	Level 01	73	783
49	2B4P	Market	Level 01	73	785
50	2B4P	Market	Level 02	72	779
51	2B4P	Market	Level 02	73	791
52	2B4P	Market	Level 03	72	779
53	2B4P	Market	Level 03	73	791
<b>TOTAL</b>				<b>3881</b>	<b>41,751</b>

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## Appendix 4 - Option 4 accommodation schedule

Number	Tenure Category	Name	Area m <sup>2</sup>	Area ft <sup>2</sup>
Block A Ground Floor				
A.00.01	Social Rent	1B2P	50	538
A.00.02	Social Rent	1B2P	51	549
A.00.03	Social Rent - WCH	1B2P	61	652
A.00.04	Market	2B4P	78	834
A.00.05	Market	2B3P	67	721
A.00.06	Social Rent - WCH	1B2P	71	764
A.00.07	Affordable Rent	3B5P	89	958
Block A Level 01				
A.00.08	Market	1B2P	50	538
A.00.09	Market	1B2P	51	549
A.00.10	Market	2B3P	61	652
A.00.11	Market	2B4P	71	765
A.00.12	Market	1B2P	50	538
A.00.13	Market	2B3P	64	689
A.00.14	Market	2B3P	62	667
A.00.15	Market	1B2P	51	549
A.00.16	Market	1B2P	51	549
Block A Level 02				
A.00.17	Market	1B2P	50	538
A.00.18	Market	1B2P	51	549
A.00.19	Market	2B3P	61	652
A.00.20	Market	2B4P	71	765
A.00.21	Market	1B2P	50	538
A.00.22	Market	2B3P	64	689
A.00.23	Market	2B3P	62	667
A.00.24	Market	1B2P	51	549
A.00.25	Market	1B2P	51	549
Block A Level 03				
A.00.26	Market	1B2P	50	538
A.00.27	Market	1B2P	51	549
A.00.28	Market	2B3P	61	652
A.00.29	Market	2B4P	71	765
A.00.30	Market	1B2P	50	538
A.00.31	Market	2B3P	64	689
A.00.32	Market	2B3P	62	667
A.00.33	Market	1B2P	51	549
A.00.34	Market	1B2P	51	549
Blocks B FFL Ground Floor				
B.00.01	Social Rent - WCH	2B3P	77	829
B.00.02	Social Rent	1B2P	51	549
B.00.03	Market - WCH	2B3P	73	786
B.00.04	Market - WCH	2B3P	73	786

Number	Tenure Category	Name	Area m <sup>2</sup>	Area ft <sup>2</sup>
B.00.05	Market	1B2P	56	603
B.00.06	Market	1B2P	51	549
B.00.07	Market - WCH	1B2P	63	678
B.00.08	Market - WCH	2B3P	78	840
Blocks B FFL Level 01				
B.00.09	Market	1B2P	51	549
B.00.10	Market	1B2P	51	549
B.00.11	Market	2B4P	73	786
B.00.12	Market	2B4P	73	786
B.00.13	Market	1B2P	50	538
B.00.14	Market	1B2P	51	549
B.00.15	Market	1B2P	51	549
B.00.16	Market - WCH	1B2P	63	678
B.00.17	Market	1B2P	52	560
B.00.18	Market	2B4P	76	818
Blocks B FFL Level 02				
B.00.19	Market	1B2P	51	549
B.00.20	Market	1B2P	51	549
B.00.21	Market	2B4P	73	786
B.00.22	Market	2B4P	73	786
B.00.23	Market	1B2P	50	538
B.00.24	Market	1B2P	51	549
B.00.25	Market	1B2P	51	549
B.00.26	Market - WCH	1B2P	63	678
B.00.27	Market	1B2P	52	560
B.00.28	Market	2B4P	76	818
Blocks B FFL Level 03				
B.00.29	Market	1B2P	51	549
B.00.30	Market	1B2P	51	549
B.00.31	Market	2B4P	73	786
B.00.32	Market	2B4P	73	786
B.00.33	Market	1B2P	50	538
B.00.34	Market	1B2P	51	549
B.00.35	Market	1B2P	51	549
B.00.36	Market - WCH	1B2P	63	678
B.00.37	Market	1B2P	52	560
B.00.38	Market	2B4P	76	818
Blocks C FFL Ground Floor				
C.00.01	Social Rent	1B2P	51	549
C.00.02	Social Rent	1B2P	52	560
C.00.03	Affordable Rent - WCH	3B5P	97	1044
C.00.04	Affordable Rent	2B4P	75	807
C.00.05	Affordable Rent	2B4P	75	807



Number	Tenure Category	Name	Area m <sup>2</sup>	Area ft <sup>2</sup>
C.00.06	Affordable Rent	4B6P	102	1098
C.00.07	Affordable Rent	3B5P	93	1001
C.00.08	Social Rent	2B3P	66	710
C.00.09	Social Rent	1B2P	51	549
Blocks C FFL Level 01				
C.00.10	Social Rent	1B2P	51	549
C.00.11	Social Rent	1B2P	52	560
C.00.12	Social Rent	3B5P	97	1044
C.00.13	Social Rent	2B4P	75	807
C.00.14	Social Rent	2B4P	75	807
C.00.15	Social Rent	4B6P	102	1098
C.00.16	Social Rent	3B5P	93	1001
C.00.17	Social Rent	2B3P	66	710
C.00.19	Affordable Rent	2B3P	67	721
Blocks C FFL Level 02				
C.00.20	Social Rent	1B2P	51	549
C.00.21	Social Rent	1B2P	52	560
C.00.22	Social Rent	3B5P	97	1044
C.00.23	Social Rent	2B4P	75	807
C.00.24	Social Rent	2B4P	75	807
C.00.25	Social Rent	4B6P	102	1098
C.00.26	Social Rent	3B5P	93	1001
C.00.27	Social Rent	2B3P	66	710
C.00.28	Affordable Rent	2B3P	67	721
Blocks C FFL Level 03				
C.00.30	Social Rent	1B2P	51	549
C.00.31	Social Rent	1B2P	52	560
C.00.32	Social Rent	3B5P	97	1044
C.00.33	Social Rent	2B4P	75	807
C.00.34	Affordable Rent	2B4P	75	807
C.00.35	Social Rent	4B6P	102	1098
C.00.36	Social Rent	3B5P	93	1001
C.00.37	Social Rent	2B3P	66	710
C.00.38	Affordable Rent	2B3P	67	721
TOTAL			6991	75226

## Appendix 5 - Layout plans for Option 4

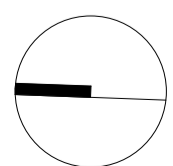


- 1B2P
- 2B3P
- 2B4P
- 3B5P
- 4B6P

1 For detailed ground floor landscape arrangement information please refer to Landscape Drawing no: HGCC\_LDA\_SW\_DR\_L\_1001

PRINT SCALE CHECK 50MM SEGMENTS

① For detailed ground floor landscape arrangement information please refer to Landscape Drawing no: HGCC\_LDA\_SW\_DR\_L\_1001

Home Group  0 2m 8m 1:200 @ A1

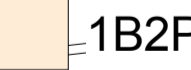

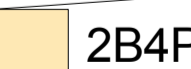


Concorde Close  
Proposed Sitewide - First Floor Plan  
10.01.2020

**WIP 10.01.2020**

HGCC-FAR-SW-DR-PA-03122 **FARRELLS**

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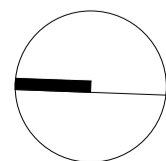


-  1B2P
-  2B3P
-  2B4P
-  3B5P
-  4B6P

PRINT SCALE CHECK 50MM SEGMENTS

① For detailed ground floor landscape arrangement information please refer to Landscape Drawing no: HGCC\_LDA\_SW\_DR\_L\_1001

Home Group



0 2m 8m  
1:200

1:200 @ A1

Concorde Close  
Proposed Sitewide - Second Floor Plan  
10.01.2020

**WIP 10.01.2020**

HGCC-FAR-SW-DR-PA-03123 **FARRELLS**

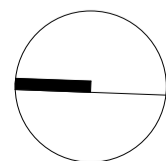
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- 2B3P
- 2B4P
- 3B5P
- 4B6P

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PRINT SCALE CHECK 50MM SEGMENTS

① For detailed ground floor landscape arrangement information please refer to Landscape Drawing no: HGCC\_LDA\_SW\_DR\_L\_1001

Home Group



0 2m 8m  
1:200

1: 200 @ A1

Concorde Close  
Proposed Sitewide - Third Floor Plan  
10.01.2020

**WIP 10.01.2020**

HGCC-FAR-SW-DR-PA-03124 **FARRELLS**

- 1B2P
- 2B3P
- 2B4P
- 3B5P
- 4B6P

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① For detailed fourth floor landscape arrangement information please refer to Landscape Drawing no: HGCC\_LDA\_SW\_DR\_L\_1041

## Appendix 6 - Maintenance note





07-02-2020

## Concorde Close, Hounslow

### Home Group Maintenance Programme

#### Introduction

This report has been prepared to support Home Group's Concorde Close options testing; specifically the 'Maintenance' option. This option assumes no changes to housing mix - rather a continuation of Home Group's usual maintenance investment - no different to any other Home Group estate. It has been prepared to explain Home Group's approach to maintenance - how it is funded, implemented and managed.

The report also sets out the intended interventions for Concorde Close having regard to the Arcus Building Condition Survey. Moreover, it highlights what can and cannot be achieved in the context of maintenance and the funding regimes available.

#### Home Group's Approach to Maintenance

Home Group's central Asset team appoint Hunter, a specialist contract surveyor, to undertake stock condition surveys on all of its schemes, with a target of inspecting 100% of its properties, as well as all communal areas. The surveys identify the age and assess the condition of all components and the information is added to a central asset database. This database is used to create 30 year business plans and budgets. The resulting programme of works is then passed to local maintenance and compliance teams to implement the required works.

The process is two-way, in that the locally based maintenance teams can then feedback to Asset with updates 'from the ground'. Home Group also has a target to re-visit each scheme every 5 years to update the programme with any changes to condition.

Budgets for each scheme are set 'bottom up' from the initial stock condition survey, and the resulting component replacement programme. Budgets for each scheme are not, therefore, set based on any arbitrary percentage of rents, but are informed by the identified lifecycle needs. Service charges do not contribute to the maintenance programme - they are to support the separate delivery of estate services; such as landscaping and cleaning contracts.

The survey and asset programme is focussed on ensuring compliance to the Decent Homes Standard. The asset database does not keep information on any structural defects or damp for example - these type of defects or maintenance requirements are picked up by Maintenance as part of its ongoing work and liaison with customers. Where it becomes apparent that there is significant planned work required to an estate, outside of the existing programme of works and budget, an Exceptional Case for Planned Maintenance business case is submitted to the Asset Management Steering Group.

## Current Planned 30 Year Programme of Works

The following tables set out Home Group's existing maintenance programme of works, required to maintain the current quality and amount of accommodation at Concorde Close, Hounslow over the next 30 years. This includes planned cyclical interventions, largely relating to individual units' components. It excludes any additional reactive or responsive repairs that may be required

### Due within 12 months

Description	Cost (Net)
Floor Covering	1231.46
Floor Covering to stair	1224
Garage Gutter	313.4
Hot water	0
Kitchen Extractor Fan	400
Smoke Detectors	531.82
	3700.68
<b>Total (Gross)</b>	<b>4,440.82</b>

### 12 months - 5 years

Description	Cost (Net)
Consumer Unit	1739.16
Electrical installation	12387.31
External handrail	9559.97
External Lighting	1310.24
Flat direct entrance door	481.14
Garages-Wall Finish-Pointed	4266
Hardstanding/flooring	11104.5
Kitchen	38935.95
Kitchen Extractor Fan	127.32
Paths 1	2409
Paths 2	7068
Power & Lighting	2455.1
Roads	11400
Shower in level access shower	772.41
Shower over bath	772.41
Smoke Detectors	536.87
	105325.38
<b>Total (Gross)</b>	<b>126,390.46</b>

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5 – 30 Years

Balconies Platform Communal Asph/Felt	20062.48
Balconies Railings Communal Glazed	27132.33
Balcony	1000
Balcony finish	500
Balcony Platform Private Concrete	396.24
Balcony railings Private Metal	3807.2
Bathroom	68080
Bathroom Extract Fan	12728.88
Bathrooms-Bathroom-No Bath WC WHB only	2926.6
Boiler	2474.56
Boundary Material 1	2762.5
Boundary Material 2	2160
Boundary Material 3	704
Canopies	7844.06
Ceiling	0
Comm - Roof finish main - Asphalt	118278.8
Comm - Windows - DG PVCu Windows	509.98
Communal Internal Doors	2017.86
Communal Roof Construction	660
Communal Store Door - Softwood Unglazed	4212
Communal Wall Finish External Main	88697.25
Communal Windows - Glazed screen	240
Communal-Dwelling Window-DG PVCu windows	36765
Consumer Unit Type	5603.96
Doors	1632
Doors Front	17826.12
Doors Rear	6399.12
Driveways	19000
Electrical installation	69826.25
External Lighting	1310.24
External Stairs	189.37
Fences 1	326.84
Flat direct entrance door	481.14
Floor Covering	1231.46
Garage door	6000
Garage roof	24954
Guttering	1000
Heating Dist -Night Storage&Panel	208416.88
Kitchen	120651.88
Kitchen Extractor Fan	18183.52

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Lintels	3648
Other heating	5493.36
Patio doors	1051
Plumbing	0
Power & Lighting	4910.2
Retaining wall	12285
Roads	15200
Roof (canopy)	25
Roof (extension)	102.47
Roof finish main	1380.99
Roof structure (main)	2
Shower in level access shower	2867.16
Shower over bath	11857.98
Shower Over Bath-Mixer Tap-Thermostatic	201.85
Smoke Detectors	17374.89
Wall finish (internal)	0
Water main	1500
Windows	7051.09
	991,943.51
<b>Total (Gross inc. inflation)</b>	<b>1,371,588</b>

### Responsive Repairs

Responsive repairs are outside of the 30 year programme budget. Data from 2017/18 from Home Group's internal Sustainability Model shows average responsive repair costs of £776 per unit per year at Concorde Close – this is higher than the average across the Home Group portfolio of £665. The Sustainability Model is an internal tool which is refreshed annually to determine the sustainability of our current stock. Responsive repair costs is one of several inputs – others include voids loss, arrears, ASB etc.

### Building Survey

In addition to the 30 year programme and noting that the estate has above average responsive repairs costs, Home Group instructed Arcus (an independent RICS accredited building specialist) to carry out a full buildings condition survey to assist with its options analysis. This exercise, and their subsequent report, identified significant external structural work, not included in the current 30 year programme, at an additional cost of over £2million over 30 years. This represents a potential additional cost of approximately £1550 per unit per year.

This additional work and significant additional financial outlay would still not address the underlying issues of:

- Floor to ceiling heights
- Mix

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- Housing need
- A lack of both private and communal amenity space

Home Group has cross-referenced the stock condition survey with its existing asset data and, through the Asset Management Steering Group, has agreed to the following *additional* remedial works, in years 2020/21, 2021/22 and 2022/23, in light of the building survey's findings.

Element	Description
Flat roofs	Unblocking gullies, channels, removing vegetation, patch repairs to felt, etc
Rainwater goods	Clean and repair all rainwater goods
Stairs	Replace floor tiles and nosings with new vinyl. Repair and redecorate stair soffits and ceilings.
Walkway Soffits	Repairs and redecorations to undersides of walkways where water damaged.
Walkways	Reinstall rainwater gullies. Overlay worn areas with liquid applied system. Renew mortar fillets and threshold detail to stairwell door. Inspect and seal metal capping.
Walls	Repairs to brickwork, parapets and copings, inc, brickwork cleaning, Block 1 parapet rebuilding and air brick removal. Clean and seal uPVC cladding.
Walls, partitions, ceilings	Plastered surfaces - responsive repairs to tenanted properties only.
Doors	Replace 12x fire doors in Block 1 with FD30S self-closing

## Conclusion

The 30 year planned programme of works amounts to a significant intervention, at a cost of £1.3 million to 2050. Routine Maintenance continues, as well as an ongoing commitment to repairs no different to any other estate owned or managed by Home Group. Concorde Close has above average reactive repairs costs (assuming current levels of £776 per unit per year, this would be an additional cost of over £1 million)

Notwithstanding the additional works from the Arcus survey, the projected costs of maintenance for Concorde Close to 2050 is £2.3 million. The additional £2million pound of work identified in the Arcus building survey would take the investment required to approximately £4.3 million.

Despite this significant investment, the estate will increasingly become more difficult to maintain to a decent standard. There are some issues which simply cannot be addressed – in spite of interventions - given the age, structure and nature of the building. Home Group has a duty to ensure that any additional funding to an estate, where regeneration represents a more viable long-term alternative represents, good value for money.

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## Appendix 7 - Option 1 cashflow

PROJECT CASHFLOW: CONCORDE CLOSE SCENARIO 1 CASHFLOW

10-Jan-20

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Project Year			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	
Calendar Year			2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	
Revenue Income	Cash	PV																															
Rental income, net of voids	9,267,214	4,058,143	211,085	216,362	221,771	227,316	232,999	238,824	244,794	250,914	257,187	263,617	270,207	276,962	283,886	290,983	298,258	305,714	313,357	321,191	329,221	337,452	345,888	354,535	363,398	372,483	381,795	391,340	401,124	411,152	421,431	431,966	
<b>Revenue expenditure</b>																																	
Management	2,086,589	876,285	40,420	41,835	43,299	44,814	46,383	48,006	49,687	51,426	53,225	55,088	57,016	59,012	61,077	63,215	65,428	67,718	70,088	72,541	75,080	77,708	80,427	83,242	86,156	89,171	92,292	95,522	98,866	102,326	105,907	109,614	
Day to day maintenance	1,722,545	723,401	33,368	34,536	35,745	36,996	38,291	39,631	41,018	42,453	43,939	45,477	47,069	48,716	50,421	52,186	54,013	55,903	57,860	59,885	61,981	64,150	66,395	68,719	71,124	73,614	76,190	78,857	81,617	84,473	87,430	90,490	
Planned maintenance	2,746,259	1,153,320	53,199	55,061	56,988	58,982	61,047	63,183	65,395	67,684	70,053	72,504	75,042	77,668	80,387	83,200	86,112	89,126	92,246	95,474	98,816	102,275	105,854	109,559	113,394	117,362	121,470	125,722	130,122	134,676	139,390	144,268	
<b>Total revenue expenditure</b>	<b>6,555,393</b>	<b>2,753,007</b>	<b>126,987</b>	<b>131,431</b>	<b>136,031</b>	<b>140,792</b>	<b>145,720</b>	<b>150,820</b>	<b>156,099</b>	<b>161,563</b>	<b>167,217</b>	<b>173,070</b>	<b>179,127</b>	<b>185,397</b>	<b>191,886</b>	<b>198,602</b>	<b>205,553</b>	<b>212,747</b>	<b>220,193</b>	<b>227,900</b>	<b>235,876</b>	<b>244,132</b>	<b>252,677</b>	<b>261,520</b>	<b>270,674</b>	<b>280,147</b>	<b>289,952</b>	<b>300,101</b>	<b>310,604</b>	<b>321,475</b>	<b>332,727</b>	<b>344,372</b>	
<b>Net income</b>	<b>2,711,822</b>	<b>1,305,136</b>	<b>84,099</b>	<b>84,931</b>	<b>85,740</b>	<b>86,523</b>	<b>87,279</b>	<b>88,003</b>	<b>88,695</b>	<b>89,352</b>	<b>89,970</b>	<b>90,547</b>	<b>91,080</b>	<b>91,565</b>	<b>92,001</b>	<b>92,382</b>	<b>92,705</b>	<b>92,967</b>	<b>93,164</b>	<b>93,291</b>	<b>93,345</b>	<b>93,319</b>	<b>93,211</b>	<b>93,015</b>	<b>92,725</b>	<b>92,336</b>	<b>91,843</b>	<b>91,240</b>	<b>90,520</b>	<b>89,677</b>	<b>88,704</b>	<b>87,594</b>	
<b>Capital costs</b>																																	
Capital expenditure - premium	1,663,948	1,663,948	-1,663,948	0	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Capital expenditure - works	2,690,000	2,690,000	2,690,000	0	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total capital</b>	<b>936,052</b>	<b>936,052</b>	<b>936,052</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		
RSL return		369,084	10.0%																														
PV factor			1.00	0.94	0.89	0.84	0.79	0.75	0.70	0.67	0.63	0.59	0.56	0.53	0.50	0.47	0.44	0.42	0.39	0.37	0.35	0.33	0.31	0.29	0.28	0.26	0.25	0.23	0.22	0.21	0.20	0.18	

Funding	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
Debt at start of year	0	-900,584	-862,082	-820,387	-775,338	-726,763	-674,483	-618,313	-558,058	-493,514	-424,468	-350,699	-271,975	-188,053	-98,680	-3,593	97,486	204,843	318,780	439,612	567,666	703,285	846,828	998,667	1,159,193	1,328,814	1,507,954	1,697,058	1,896,590	2,107,033
Movement in year	-851,963	84,931	85,740	86,523	87,279	88,003	88,695	89,352	89,970	90,547	91,080	91,565	92,001	92,382	92,705	92,967	93,164	93,291	93,345	93,319	93,211	93,015	92,725	92,336	91,843	91,240	90,520	89,677	88,704	87,594
Interest	-48,631	-46,428	-44,046	-41,474	-38,703	-35,724	-32,525	-29,096	-25,426	-21,501	-17,311	-12,841	-8,079	-3,009	2,382	8,111	14,193	20,646	27,487	34,735	42,408	50,528	59,114	68,190	77,777	87,901	98,584	109,855	121,740	134,267
Debt at end of year	-900,584	-862,082	-820,387	-775,338	-726,763	-674,483	-618,313	-558,058	-493,514	-424,468	-350,699	-271,975	-188,053	-98,680	-3,593	97,486	204,843	318,780	439,612	567,666	703,285	846,828	998,667	1,159,193	1,328,814	1,507,954	1,697,058	1,896,590	2,107,033	2,328,895

## Appendix 8 - Option 2 cost plan



**COST ESTIMATE - Issue 4B (Final)**

**CONCORDE CLOSE, HOUNSLOW**

**SCENARIO 2: REFURBISHMENT OPTION**

Refurbishment to provide 31 Flats

**TOTAL (£)**

**DEMOLITION & ALTERATION WORKS**

Demolish internal walls, form openings etc including temporary works	295,000
Strip out internally existing building	89,000
Provisional allowance for asbestos removal	100,000

**SUBSTRUCTURES**

Allowance for localised foundations	67,000
Rebuild ground floor structure	excluded floor retained

**SUPERSTRUCTURES**

Rebuild upper floors structure	floor retained
Remodel flats internal layouts	325,000
Flats internal fitout (new M&E, kitchens, bathrooms, doors and finishes)	1,616,000
Air heat source pump and MVHR system	465,000
Refurbish communal areas	102,000
Full height window replacement to provide access to new gardens	15,000
Convert existing flat roofs to private amenity terraces	50,000
Provisional sum for fabric works specified in Fairhurst Structural Feasibility	250,000
Allowance for thermal upgrade	295,000

Sub Total Buildings £ 3,669,000

**DRAINAGE AND EXTERNAL WORKS**

Provisional sum for external works (access road, paths, pavings, private amenity, play space)	500,000
Soft landscaping, planting	inc above
Drainage alterations	excluded
Balcony repairs, metal work and walling repairs	excluded
Binstores and cycle storage	excluded
Service Connections	excluded

Sub Total Drainage & External Works £ 500,000

Building Works Estimate £ 4,169,000

<b>Preliminaries</b>	20 %	834,000
<b>Profit &amp; Overheads</b>	8 %	400,240

**WORKS COST ESTIMATE (exc Fees and Contingency) £ 5,403,240**

<b>Design Fees</b>	8 %	433,000
<b>Contingency</b>	10 %	541,000

**TOTAL REFURB ESTIMATE (inc Fees and Contingency) (Exc VAT) £ 6,377,240**

**ANALYSIS**

	Exc Fees & Contingency	Inc Fees & Contingency
<b>GIA</b>	<b>£/m<sup>2</sup></b>	<b>£/m<sup>2</sup></b>
2935 m2	1,841	2,173
<b>No Units</b>	<b>£/unit</b>	<b>£/unit</b>
31	174,298	205,717

## **COST ESTIMATE - Issue 4B (Final)**

### **CONCORDE CLOSE, HOUNSLOW**

#### **SCENARIO 2: REFURBISHMENT OPTION**

##### **Drawings and Information Used**

- Farrells refurbishment scheme 01 drawings:

dated 24.11.2019:

SK-06001 Proposed Ground Floor Plan  
SK-06002 Proposed First Floor Plan  
SK-06003 Proposed Second Floor Plan

dated 24.05.2019

SK-06101 Demolition and New walls - Ground Floor Plan  
SK-06102 Demolition and New walls - First Floor Plan  
SK-06103 Demolition and New walls - Second Floor Plan  
SK-06201 Elevation showing new wall openings

- Fairhurst proposed refurbishment / redevelopment scheme drawings dated 15.11.2019

SK015 Rev A Ground Floor Plan

SK016 Rev A First Floor Plan

SK017 Rev A Second Floor Plan

Structural Feasibility Study and Condition Report Revision 2 dated Nov 2019

- Whitecode Design Assoc Regeneration Proposal Energy Analysis Rev 3 dated 22.11.2019

- Frankham RMS Asbestos Management Review dated 07/08/2019

##### **Inclusions & Assumptions**

Unit mixes and areas as Farrells schedule on proposed floor plans

Overall proposed Net Internal Area: 2,566 m<sup>2</sup>

Overall existing Gross Internal Area: 2,935 m<sup>2</sup>

Assumed all services and drainage connections available immediately adjacent with sufficient capacity

All internal floor structure to be retained as per Fairhurst latest sketches

##### **Specific percentages included for the following**

Preliminaries: 20%

Profit & Overhead 8%

Design Fees 8%

Contingencies: 10%

##### **Specific provisional sums included for the following**

Asbestos removal £100,000

Temporary Works £100,000

Fabric works specified in Fairhurst report £250,000

External Works £500,000

##### **Exclusions**

Drainage & Services upgrades

Surveys including but not limited to site investigation, asbestos, structural, existing foundations, drainage

Planning Fees

Sprinkler installations

Decontamination of site

Decant arrangements or temporary accommodation

Boundary/perimeter security upgrades

Elevation treatments - external cladding, external insulation, replacing existing windows, etc.

Extraordinary planning conditions

Works to existing highways roads

Commuted Sums

Party Wall/Boundary Wall/Right of Way works

VAT

## Appendix 9 - Option 2 appraisal

**Concorde Close - Home Group  
Scenario 2**
**Summary Appraisal for Phase 1 Phase 1**
**Currency in £**
**REVENUE**

Sales Valuation	Units	m <sup>2</sup>	Rate m <sup>2</sup>	Unit Price	Gross Sales
Social rent	24	1,966.00	2,037.00	166,864	4,004,742
Affordable rent	<u>7</u>	<u>597.00</u>	3,590.00	306,176	<u>2,143,230</u>
<b>Totals</b>	<b>31</b>	<b>2,563.00</b>			<b>6,147,972</b>

**NET REALISATION**
**6,147,972**
**OUTLAY**
**CONSTRUCTION COSTS**

Construction	m <sup>2</sup>	Rate m <sup>2</sup>	Cost	
Social rent	2,251.00 m <sup>2</sup>	1,840.97 pm <sup>2</sup>	4,144,023	
Affordable rent	<u>684.00 m<sup>2</sup></u>	1,840.97 pm <sup>2</sup>	<u>1,259,223</u>	
<b>Totals</b>	<b>2,935.00 m<sup>2</sup></b>		<b>5,403,247</b>	<b>5,403,247</b>

Developers Contingency	5.00%	270,162		270,162
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**Municipal Costs**

CIL			1	
S106			1	
Tenant homeless and disturbance			576,100	
Temporary accommodation			947,916	
Carbon contribution			1	
Moving costs			107,500	
				1,631,519

**PROFESSIONAL FEES**

Professional fees	10.00%	540,325		540,325
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**DISPOSAL FEES**

Sales Agent Fee	1.00%	61,480		
Sales Legal Fee	0.50%	30,740		
				92,220

**FINANCE**

Debit Rate 6.000% Credit Rate 0.000% (Nominal)				
Construction			164,221	
Total Finance Cost				164,221

**TOTAL COSTS**
**8,101,693**
**PROFIT**
**(1,953,721)**
**Performance Measures**

Profit on Cost%	(24.12)%
Profit on GDV%	(31.78)%
Profit on NDV%	(31.78)%

IRR N/A

Profit Erosion (finance rate 6.000%) N/A

## Appendix 10 - Option 3 cost plan

**COST ESTIMATE - Issue 3B (Final)**

**CONCORDE CLOSE, HOUNSLOW**

**SCENARIO 3: PART REFURBISHMENT, PART REDEVELOPMENT OPTION**

Refurbishment & Extension to provide 53 Flats

**TOTAL (£)**

**DEMOLITION & ALTERATION WORKS**

Demolish internal walls, garages, form openings etc including temporary works	430,000
Strip out internally existing building	89,000
Provisional allowance for asbestos removal	100,000

**SUBSTRUCTURES**

Refurbish:

Allowance for localised foundations	67,000
Rebuild ground floor structure	excluded floor retained

New build / Extension:

2 storey extension (traditional masonry)	74,000
4 storey extension (steel frame)	37,000
Provisional allowance for foundation strengthening	100,000
New Lift core Block A/B	14,000
Extend and reconfigure core Block C	31,000

**SUPERSTRUCTURES**

Refurbish:

Rebuild upper floors structure	floor retained
Remodel flats internal layouts	325,000
Flats internal fitout (new M&E, kitchens, bathrooms, doors and finishes)	1,637,000
Air heat source pump and MVHR system	795,000
Tenure uplift (market)	20,000
Refurbish communal areas	92,000
Full height window replacement to provide access to new gardens	15,000
New balconies fixed to existing masonry	210,000
Convert existing flat roofs to private amenity terraces	50,000
Provisional sum for fabric works specified in Fairhurst Structural Feasibility	250,000
Allowance for thermal upgrade	295,000

New build / Extension:

Single storey extension (light weight steel frame)	899,000
2 storey extension (traditional masonry)	436,000
4 storey extension (steel frame)	321,000
Tenure uplift (market)	30,000
Lift core Block A/B	31,000
Extend and reconfigure core block C	54,000
New staircase GF to 3F	80,000
Deck access with metal railings	237,000
New balconies to new elements	150,000
Lifts (GF to 3F)	200,000

Sub Total Buildings £ 7,069,000

**COST ESTIMATE - Issue 3B (Final)**

**CONCORDE CLOSE, HOUNSLOW**

**SCENARIO 3: PART REFURBISHMENT, PART REDEVELOPMENT OPTION**

Refurbishment & Extension to provide 53 Flats

**DRAINAGE AND EXTERNAL WORKS**

Provisional Sum for external works (access road, paths, pavings, private amenity, play space)	800,000
Soft landscaping, planting	inc above
Drainage alterations	150,000
Service connections upgrades	75,000
Adapting and make good external surfaces to accommodate new buildings	150,000
Balcony repairs, metal work and walling repairs	excluded
Binstores and cycle storage	excluded
Sub Total Drainage & External Works	£ 1,175,000

Building Works Estimate £ 8,244,000

<b>Preliminaries</b>	20 %	1,649,000
<b>Profit &amp; Overheads</b>	8 %	791,440
<b>WORKS COST ESTIMATE (exc Fees and Contingency)</b>		<b>£ 10,684,440</b>

<b>Design Fees</b>	8 %	855,000
<b>Contingency</b>	10 %	1,069,000

**TOTAL REFURB & EXTENSION ESTIMATE (inc Fees and Contingency) £ 12,608,440**

**ANALYSIS**

	Exc Fees & Contingency	Inc Fees & Contingency
<b>GIA</b>	<b>£/m<sup>2</sup></b>	<b>£/m<sup>2</sup></b>
4393 m2	2,432	2,870
<b>No Units</b>	<b>£/unit</b>	<b>£/unit</b>
53	201,593	237,895

**COST ESTIMATE - Issue 3B (Final)**

**CONCORDE CLOSE, HOUNSLOW**

**SCENARIO 3: PART REFURBISHMENT, PART REDEVELOPMENT OPTION**

**Drawings and Information Used**

- Farrells proposed refurbishment / redevelopment drawings  
dated 21.11.2019

SK-09001	Proposed Ground Floor Plan
SK-09002	Proposed First Floor Plan
SK-09003	Proposed Second Floor Plan
SK-09004	Proposed Third Floor Floor Plan

dated 24.05.2019

SK-09101	Demolition and New walls - Ground Floor Plan
SK-09102	Demolition and New walls - First Floor Plan
SK-09103	Demolition and New walls - Second Floor Plan
SK-09104	Demolition and New walls - Second Floor Plan
SK-09201	Elevation showing new wall openings

- Fairhurst proposed refurbishment / redevelopment scheme drawings dated 15.11.2019

SK018 Rev A	Ground Floor Plan
SK019 Rev A	First Floor Plan
SK020 Rev A	Second Floor Plan
SK021 Rev A	Third Floor - Fairhurst comments

Structural Feasibility Study and Condition Report Revision 2 dated Nov 2019

- Whitecode Design Assoc Regeneration Proposal Energy Analysis Rev 3 dated 22.11.2019

- Frankham RMS Asbestos Management Review dated 07/08/2019

**Inclusions & Assumptions**

Unit mixes and areas as Farrells schedule on proposed floor plans

Overall proposed Net Internal Area: 3,878 m<sup>2</sup>

Assumed communal areas at 13 %

Assumed all services and drainage connections available immediately adjacent with sufficient capacity

All internal floor structure to be retained as per Fairhurst latest sketches

**Specific percentages and included for the following**

Preliminaries:	20%
Profit & Overhead	8%
Design Fees	8%
Contingencies:	10%

**Specific provisional sums included for the following**

Asbestos removal	£100,000
Temporary Works	£100,000
Foundation strengthening	£100,000
Fabric works specified in Fairhurst report	£250,000
External Works	£800,000

**Exclusions**

Surveys including but not limited to site investigation, asbestos, structural, existing foundations, drainage

Planning Fees

Sprinkler installations

CCTV

Decontamination of site

Decant arrangements or temporary accommodation

Boundary/perimeter security upgrades

Elevation treatments - external cladding, external insulation, replacing existing windows etc.

Extraordinary planning conditions

Works to existing highways and access roads

Commuted Sums

Party Wall/Boundary Wall/Right of Way works

VAT



## Appendix 11 - Option 3 appraisal

**Concorde Close - Home Group  
Scenario 3**
**Summary Appraisal for Phase 1 Phase 1**
**Currency in £**
**REVENUE**

Sales Valuation	Units	m <sup>2</sup>	Rate m <sup>2</sup>	Unit Price	Gross Sales
Private	10	739.00	6,500.00	480,350	4,803,500
Social rent	33	2,333.00	2,120.16	149,889	4,946,341
Affordable rent	10	806.00	3,622.47	291,971	2,919,714
<b>Totals</b>	<b>53</b>	<b>3,878.00</b>			<b>12,669,555</b>

**Additional Revenue**

GLA Grant	350,000	350,000
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**NET REALISATION**
**13,019,555**
**OUTLAY**
**CONSTRUCTION COSTS**

Construction	m <sup>2</sup>	Rate m <sup>2</sup>	Cost	
Private	837.00 m <sup>2</sup>	2,432.15 pm <sup>2</sup>	2,035,710	
Social rent	2,643.00 m <sup>2</sup>	2,432.15 pm <sup>2</sup>	6,428,172	
Affordable rent	913.00 m <sup>2</sup>	2,432.15 pm <sup>2</sup>	2,220,553	
<b>Totals</b>	<b>4,393.00 m<sup>2</sup></b>		<b>10,684,435</b>	<b>10,684,435</b>

Developers Contingency	5.00%	534,222	534,222
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**Municipal Costs**

CIL	56,191
S106	111,000
Tenant homelessness and disturbance	576,100
Temporary accommodation	947,916
Carbon contribution	147,102
Moving costs	107,500
	1,945,809

**PROFESSIONAL FEES**

Professional fees	10.00%	1,068,443	1,068,443
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**MARKETING & LETTING**

Marketing	2.00%	96,070	96,070
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**DISPOSAL FEES**

Sales Agent Fee	1.00%	126,696	
Sales Legal Fee	0.50%	63,348	
			190,043

**FINANCE**

Debit Rate 6.000% Credit Rate 0.000% (Nominal)			
Construction		446,400	
Other		179,666	
Total Finance Cost			626,066

**TOTAL COSTS**
**15,145,089**
**PROFIT**
**(2,125,534)**
**Performance Measures**

Profit on Cost%	(14.03)%
Profit on GDV%	(16.78)%
Profit on NDV%	(16.78)%

IRR	(16.07)%
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Profit Erosion (finance rate 6.000%)	N/A
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## Appendix 12 - Option 4 cost plan

**Concorde Close Revised Cost Plan - 2nd December 2019**

**Design Update 22/11/19**

<b>Measured Work</b>	<b>£16,972,216</b>
<b>Statutory Authorities Costs</b>	<b>£374,000</b>
<b>Preliminaries</b>	<b>£4,134,247</b>
<b>Fees</b>	<b>£1,015,572</b>
<b>Contingency</b>	<b>£834,611</b>
<b>Insurance</b>	<b>£303,466</b>
<b>Maintenance</b>	<b>£252,517</b>
<b>Bond</b>	<b>£41,298</b>
<b>OH&amp;P (Framework rate 6.25%)</b>	<b>£1,495,495</b>
<b>Total</b>	<b><u>£25,423,422</u></b>
Analysis	
GIA	8,784
Cost / m2	£2,894.29
Cost / unit	£235,402

## Appendix 13 - Option 4 appraisal

**Concorde Close - Home Group  
Scenario 4 (65 private; 10 Aff Rent; 33 social rent)**
**Summary Appraisal for Phase 1 Phase 1**
**Currency in £**
**REVENUE**

Sales Valuation	Units	m <sup>2</sup>	Rate m <sup>2</sup>	Unit Price	Gross Sales
Private	65	3,845.00	7,000.00	414,077	26,915,000
Social rent	33	2,338.91	2,114.72	149,883	4,946,150
Affordable rent	10	807.00	3,617.99	291,971	2,919,714
<b>Totals</b>	<b>108</b>	<b>6,990.91</b>			<b>34,780,864</b>

**Additional Revenue**

Grant funding	2,310,000			2,310,000
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**NET REALISATION**
**37,090,864**
**OUTLAY**
**CONSTRUCTION COSTS**

Construction	m <sup>2</sup>	Rate m <sup>2</sup>	Cost	
Private	5,025.00 m <sup>2</sup>	2,683.66 pm <sup>2</sup>	13,485,391	
Social rent	2,794.73 m <sup>2</sup>	2,683.66 pm <sup>2</sup>	7,500,105	
Affordable rent	964.27 m <sup>2</sup>	2,683.66 pm <sup>2</sup>	2,587,781	
<b>Totals</b>	<b>8,784.00 m<sup>2</sup></b>		<b>23,573,277</b>	<b>23,573,277</b>

Developers Contingency	5.00%	1,178,664		1,178,664
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**Municipal Costs**

CIL			676,821	
S106			111,000	
Tenant homelessness and disturbance			576,100	
Temporary accommodation			947,916	
Carbon contribution			147,102	
Moving costs			107,500	
				2,566,439

**PROFESSIONAL FEES**

Professional fees	10.00%	2,357,328		2,357,328
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**MARKETING & LETTING**

Marketing	2.00%	538,300		538,300
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**DISPOSAL FEES**

Sales Agent Fee	1.00%	347,809		
Sales Legal Fee	0.50%	173,904		
				521,713

**FINANCE**

Debit Rate 6.000% Credit Rate 0.000% (Nominal)				
Construction			1,424,560	
Other			155,674	
Total Finance Cost				1,580,234

**TOTAL COSTS**
**32,315,955**
**PROFIT**
**4,774,909**
**Performance Measures**

Profit on Cost%	14.78%
Profit on GDV%	13.73%
Profit on NDV%	13.73%

IRR	19.79%
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Profit Erosion (finance rate 6.000%)	2 yrs 4 mths
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