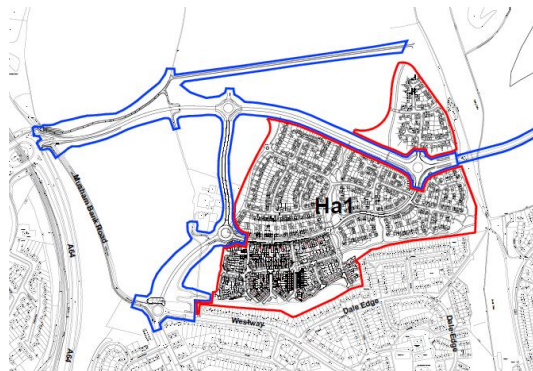


Project Experience

Middle Deepdale – Scarborough Borough Council



www.keepmoat.com

Background

Scarborough Borough Council has been promoting Middle Deepdale as a major strategic housing site for a number of years – working closely with K2 Regeneration LLP (a JV between Keepmoat and Kebbell Developments).

AspinallVerdi was appointed by SBC to 'sense-check' the land acquisition price for the Keepmoat part of the scheme comprising 649 units on 54.1 acres.

Scope

The scope of our review was to -

- review the scheme information and Keepmoat's development appraisal;
- prepare our own cashflow residual appraisal of the scheme in order to check the developer's appraisal and inform the land draw-down purchase price; and to
- make recommendations setting out the appraisal assumptions used and the residual land value.

This process was conducted over a number of months as the developers' costs and values assumptions were interrogated. This involved particular analysis of 'normal' build costs, external works costs, 'abnormals', primary infrastructure, S106 contributions (schools and affordable housing), and timing/phasing.

Recommendation

We provided SBC with detailed recommendations about the residual land value (NPV) and developers profit (IRR) as well as the risks within the appraisals.

We advised the Council on various mechanisms to ensure that they capture future value, including inter alia: land draw-down, overage, affordable housing economic viability re-appraisal (prior to commencement of each phase), indexation of land receipt, and retained ransom strips to ensure delivery.