

Economic Viability Appraisal (EVA)

Capability



AspinallVerdi has extensive knowledge and experience in EVA, financial modelling and S106 negotiations for both the public and private sectors. We bring together a broad range of planning and development services into one fully integrated property regeneration practice. We are RICS Registered Valuers and Chartered Town Planners.



We act for residential and commercial developers and for the Local Planning Authority. We are regular speakers at RTPI conferences on development economics and viability.

Value Added Advice\

- We have direct experience of advising clients on site specific viability assessments, CIL charging schedules, bespoke financial modelling and advising on the delivery of infrastructure. As Chartered Surveyors and Town Planners helping developer clients deliver development we have in intimate hands-on expertise in real estate development.
- We have worked on EVA's for numerous strategic sites and urban extensions including: 2,500 units at Ashton Green Sustainable Urban Extension (Leicester City Council); 1,950 units at Handforth East Strategic Development Site (Cheshire East Engine of the North); 1,350 units at Claro Barracks, Ripon (Harrogate BC); 2,100 units on four Strategic Development Areas in West Oxfordshire; 650 units at Middle Deepdale (Scarborough BC).
- We are retained EVA advisors for Harborough District Council and Sandwell MBC. We are also continuously working on a portfolio of site specific S106 viability appraisals for developers.
- We are used to negotiating S106 agreements through to completion and working side-by-side with solicitors. Projects include negotiating a £350 million development agreement between Ballymore and London Borough of Hounslow.
- We have recently completed Plan-wide economic viability studies for West Oxfordshire, Sandwell, Pendle and Hambleton Councils. In Sandwell the CIL Charging Schedule was adopted without an Examination in Public as we successfully resolved all representations from developers prior to the hearing. We have recently completed an updated EVA for West Oxfordshire having regard to the PDCS representations received from developers and landowners.
- Our Directors have given conference papers on CIL and development economics to RTPI national conferences and we are on the PAS (Planning Advisory Service) Panel for economic viability modelling.

Site Specific EVAs acting for the Local Planning Authority\



EVA negotiations where we have acted for the Local Planning Authority include -

- *Ashton Green Sustainable Urban Extension (Leicester City Council)* - Working with ekosgen, Taylor Young (IBI) and WYG we advised Leicester City Council on a masterplan for the Ashton Green Sustainable Urban Extension. Our input related specifically to development viability and delivery. AspinalVerdi were responsible for identifying the viability of development and balancing significant abnormal costs associated with physical, social and green infrastructure with development phasing.
- *North Northallerton Development Area Masterplan (Hambleton District Council)*- AspinalVerdi prepared the development appraisals to assess the impact of physical and social infrastructure on development viability and preparation of a delivery plan to identify the critical path and development phasing necessary to maintain development viability.
- *Queensway, Redhill (Reigate & Banstead Borough Council)* – We were appointed by Reigate & Banstead Borough Council to undertake a detailed analysis of the viability appraisal submitted by Hollybrook Developments. Hollybrook proposed a redevelopment of a former office block for 126 apartments and 14,000 sqft of retail floorspace. Planning permission for the development was granted, however, because of difficult economic and housing market conditions work was stopped halfway through the construction process. We appraised an application to vary the developer's contributions and the affordable housing requirement.
- *Eldon Way Industrial Estate, Biggleswade (Central Bedfordshire Council)* – Viability analysis for the Council of various development options of Zurich Assurance's interest in the Eldon Way Estate. The Eldon Way industrial estate is located adjacent to the A1 and comprises 24 units on 2.85 hectares. Zurich Assurance wanted to redevelop the estate for residential use and AspinalVerdi were required to test whether the proposition of acquiring and investing in the estate was going to be viable including the analysis of the historic acquisition price paid; the existing use value based on current occupancy rates; the value based on full occupancy; and also the viability of the refurbishment of the estate.
- *Field View, Brinsworth, Rotherham (Rotherham MBC)* – Financial appraisal analysis and Economic Viability study to test a revised planning application by Barratts for 129 units. The scheme had an extant consent, but due to market conditions Barratts submitted an application for a revised housing mix. The commission involved a detailed review of the scheme including the mix and phasing to optimise the scheme. The developers had appointed their own surveyors whom had prepared an Economic Viability report with appraisals. This was critiqued and we successfully challenged many aspects of their evidence. Through this process we maximised the amount of affordable housing from the 10% level that had been originally offered to 15%. We negotiated with the developer and their agents and provided a clear recommendations report to the Council.



- *Milford Lodge Hotel, South Milford and Parsonage Hotel, Escrick, York (Selby District Council)* – AspinallVerdi reviewed the case for ‘Very Special Circumstances’ in terms of the economic viability of development proposals by both of these hotels to extend in the Green Belt. The evidence base for VSC’s, included: the operational needs of the hotel; an assessment as to whether the extension would contribute to the viability of the existing hotels; that the proposed developments were viable and therefore sustainable. An economic viability assessment of the schemes included a bespoke monthly cashflow in order to calculate the net present value (NPV) and Internal Rate of Return (IRR).



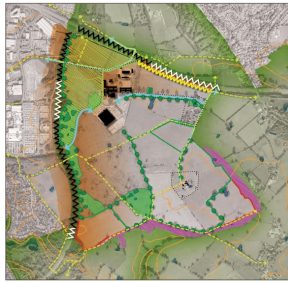
- *ISISs’ Granary Wharf (Leeds City Council)* – Acting for Leeds City Council, we appraised the viability of the scheme at the pre-application stage for different development densities in order to advise upon the S106 contribution. The key issues were the land acquisition price and the cost of construction on the ‘tight’ canal basin site. ISIS required a particular height and massing in order to ensure the scheme’s viability and the planning department were concerned about the impact of the scheme on the canal basin, railway station and conservation area vis-à-vis the quantum of S106 affordable housing.



- *Claro Barracks, Ripon (Harrogate BC)* - AspinallVerdi were commissioned alongside Genecon economists to assess the impact of the closure and future use options for the MoD Barracks site. We provided: a baseline assessment of the Ripon local economy against which the impact of the closure and future use options can be considered; identified potential direct and indirect economic impacts of the closure; assessed the development potential of the surplus Barracks; and identified a range of strategic responses to the economic baseline findings and opportunities presented by the Barracks site. We carried out a comprehensive assessment of residential, retail and employment premises and sites. This research involved both desk and field based research to establish supply, demand and values.



- *Bracken Developments/Yoo, Manor Mills (Leeds City Council)* – We advised Leeds City Council upon the quantum of S106 contributions for public realm works under the Holbeck Urban Village SPD. This required a detailed analysis of the development appraisal – but ultimately a value judgment about the urban design merit. The site had an extant full planning consent for a new 4 storey office building granted prior to the adoption of the HUV SPD. The developer subsequently submitted a planning application for a 9 storey residential development which would trigger a S106 contribution for off-site public realm under the new SPD. The Council perceived the residential scheme to be a ‘better’ scheme in urban design terms as it delivered a substantial piazza. However, a ‘baseline’ profit margin from the extant office scheme was already established and this had to be reflected in the final S106 negotiation. We negotiated a satisfactory S106 affordable housing and public realm contribution from the residential scheme.



- *Handforth East Strategic Development Site (Cheshire East Engine of the North)* - As part of a multi-disciplinary team, AspinallVerdi prepared a masterplan and delivery strategy for the Handforth East Strategic Development Site. The area is greenbelt land and is allocated for a sustainable mixed-use extension comprising 1,950 new homes, employment space, education, community and recreation facilities. We were responsible for land ownership referencing and engaging with third party landowners; property market review; demonstrating the need for employment and residential development; soft market testing of emerging options; financial modelling to test viability and inform phasing; and production of a delivery framework.

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