

Project Experience

Kingston Road, New Malden – Financial Viability Assessment



Outline

AspinallVerdi were instructed by the Royal Borough of Kingston upon Thames to undertake a Financial Viability Assessment (FVA) for a 287no. unit flatted development proposed on a brownfield site formerly occupied by Homebase.

The proposals involved demolishing a large retail warehouse and vacant public house to make way for an entirely flatted scheme approximately 1mile west of New Malden town centre. The Applicant's original proposal included 35% affordable housing (by habitable rooms) based on the provision of shared ownership and discounted market sale tenures. At this level, the Applicant's assessment concluded the scheme to be commercially unviable, however was willing to proceed regardless.

The Applicant calculated an alternative use value for a portion of the site occupied by a vacant public house, despite not having an extant permission or a policy allocation. AspinallVerdi's revised approach to the Benchmark Land Value resulted in a significant reduction through the adoption of an EUV+ methodology; as promoted in national planning policy and guidance. This value was determined by justifying a lower landowner premium of 10% on the basis that the existing unit had since become vacant and therefore presented ongoing liabilities to the landowners. Further analysis of the Applicant's adopted costs and values revealed overstatements in CIL contributions, build costs, profit level and the inclusion of inappropriate miscellaneous costs. These adjustments, in conjunction with the reduced BLV, improved the overall viability of the scheme.

Services Provided

AspinallVerdi provided the following services:

- Property market research
- Planning policy review
- Benchmark land value analysis (EUV & AUV)
- Development/viability appraisals (including sensitivities)
- Delivery advice



Outcome



Following a second review and further consultation with the GLA, the Council agreed to the Applicant's offer of 26% affordable housing. Despite being a lower overall percentage, this offer included the Council's preferred affordable tenures (London Affordable Rent, Affordable Rent and Shared Ownership) and was deemed viable with the inclusion of a lower Benchmark Land Value.