

26 August 2026



Mr B Tollon
Development Viability Officer
Greater London Authority
City Hall
Kamal Chunchie Way
E16 1ZE

33 Margaret Street
London W1G 0JD
savills.com

Mark Breen
E: Mbreen@savills.com
M: +44 (0) 7807 999 226

Dear Bradley,

Re. Former Archway Campus, 2-10 Highgate Hill, N19 5LW – Financial Viability Update

Introduction

Savills prepared a Financial Viability Assessment in April 2026 (April 2026 FVA) in support of revisions to the planning application for the redevelopment of an allocated site known as Former Archway Campus, 2-10 Highgate Hill, N19 5LW (the Site) on behalf of Seven Capital (Highgate Hill) Ltd (the Applicant).

The revised proposals include 242 Purpose Built Student Accommodation (PBSA) beds, 128 market homes and 39 Social Rent homes, along with 947 sq. ft. of Class E commercial space. The scheme proposes to deliver 20% affordable housing by habitable room (across both the total C3 residential homes and PBSA). Considering the C3 housing alone the provision is equivalent to 28% affordable housing by habitable room.

As per the *Support for Housebuilding* London Plan Guidance (LPG), private sector land can follow the Fast Track Route with the provision of 20% affordable housing (and therefore not be subject to viability testing). It can also benefit from grant funding above 10% affordable housing and 50% local CIL relief to the residential components only. Despite the proposals delivering a 20% provision across the entirety of the development, thus in our opinion being able to follow the Fast Track Route, we understand that GLA officers consider there to be a need to provide 35% Affordable Student Accommodation (ASA) in addition to a 20% provision of C3 housing in order to benefit from FTR. We were therefore instructed to test the financial viability of the proposals to demonstrate that, with the benefit of grant funding and CIL relief, 20% affordable housing is the maximum viable level of affordable housing that the proposals can support.

The April 2026 FVA concluded that the proposed scheme generated a deficit when compared to the Site Value Benchmark (SVB). The scheme is not considered viable in planning terms and therefore is delivering more than the maximum reasonable level of affordable housing.

The GLA Viability Team have since provided two responses:

1. *Assessment of Financial Viability*, dated July 2026; and
2. *GLA Follow Up Comments*, dated August 2026.

Savills have since revised their position (without prejudice) in the letter dated 12 August 2026 in order to come to an agreement, but maintain that the proposed scheme generates a negative land value of **-£1.25M** and therefore a viability deficit when compared to the SVB.

In the GLA's latest response (August 2026) they maintain that the proposed scheme generates a residual land value of £7.2M which is greater than their opinion of SVB (£3M), therefore indicating that the scheme can viably deliver additional ASA space as part of the application.

Revised Viability Appraisal

We do not agree with the GLA position but have been asked to model the proposed scheme on the basis that it delivers wholly policy compliant result. In reality, this means reducing the provision of C3 affordable for the benefit of 35% ASA.

In doing so, we have adopted assumptions consistent with the Savills response dated 12 August 2026, alongside the following amendments:

- A reduced C3 affordable housing provision, reflecting the 25 homes within Block A. This represents 109 habitable rooms or 20% affordable housing when measured against the total proposed C3 habitable rooms of 551.
- An affordable housing tenure split of 60% Social Rent (16 homes), 40% Shared Ownership (9 homes).
- GLA grant funding secured against half of the proposed affordable homes: £220,000 X 8 Social Rent + £70,000 X 5 Shared Ownership = £2,110,000. This aligns with the Support for housebuilding LPG (2026) approach and fixed grant rates.
- An increased Building Safety Levy contribution, reflecting the reduced C3 affordable housing relief.

At this stage, we have not amended the CIL contribution to reflect the reduced C3 affordable housing CIL relief, but we consider the change will be minimal. Nonetheless we reserve the right to revisit this assumption.

The revised Savills appraisal generates a negative residual land value of **-£13.4M** and therefore generates a viability deficit when compared to the SVB. We have attached the appraisal summary at **Appendix 1**.

Whilst we do not agree with the GLA's latest position, we have also modelled their appraisal inputs on the basis of 20% affordable housing (measured against the total C3 accommodation only) along with 35% ASA. The amendments from the Savills viability appraisal include:

- A higher market residential GDV;
- Higher market residential off plan sales of 50%;
- Higher average PBSA direct let rents; and
- Reduced PBSA purchaser's costs of 3%.

The revised GLA appraisal generates a negative residual land value of **-£5.5M** and therefore generates a viability deficit when compared to the SVB. We have attached the appraisal summary at **Appendix 2**.

We would note that we have not been provided with the GLA PBSA GDV calculations but have adopted their inputs in calculating the 35% ASA GDV. We therefore reserve the right to revisit this.

Conclusion

In our letter dated 12 August 2026 we adopted, without prejudice, many of the amendments which the GLA made to the April 2026 FVA. Nonetheless, following the advice of specialist agents, the GLA's PBSA and market residential GDV assumptions remain overly optimistic.

Without prejudice to this, we have modelled a revised position as requested by the GLA (20% affordable housing, measured against the total C3 accommodation only, along with 35% ASA) which demonstrates that a policy compliant position would not be viable, thus threatening the delivery of the scheme. This modelling also assumes that grant funding and CIL relief is achievable, and if neither were achievable the viability deficit would increase further.

The proposed scheme, as modelled in the April 2026 FVA, includes 20% Social Rent accommodation (39 homes) which we understand to be the tenure in most pressing need. This approach has been pursued by the Applicant over the GLA's suggested revised approach for the following reasons:

- This represents the most viable route for the Applicant, as demonstrated by both Savills' and the GLA's appraisals. Moving away from this route would threaten the delivery of the proposals.
- This route would deliver 39 much needed Social Rent homes in the borough, as opposed to intermediate affordable tenures or ASA. This includes the delivery of 12x 3- and 4-bedroom family size Social Rent homes.
- The revised approach would reduce the number of affordable homes to 25. It is less likely a RP could be secured for 25 homes, particularly as the affordable package would include a mix of Social Rent and Shared Ownership homes within a single block. 25 homes falls below most RPs minimum requirements, as does a mix of affordable tenures being co-located within one block.
- As you are aware, on a **strictly private & confidential basis**, following submission of the April 2026 FVA, the Applicant has carried out a comprehensive marketing process for the proposed 39 Social Rent homes and is now in discussions with the preferred Registered Provider, Islington and Shoreditch Housing Association, to acquire the proposed 39 Social Rent homes. The marketing process encompassed approaching 40 RPs and following feedback from the RPs we would consider it highly unlikely that an offer for 25 mixed tenure affordable homes would be achievable.

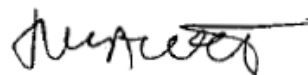
There are further material planning considerations in support of our proposed approach as set out by Bidwells.

We hope that the above is clear and look forward to discussing further.

Yours sincerely

A handwritten signature in black ink, appearing to read "Mark Breen", written in a cursive style.

Mark Breen
Senior Director

A handwritten signature in black ink, appearing to read "Harry Wackett", written in a cursive style.

Harry Wackett
Associate Director

For and on behalf of Savills (UK) Limited

For and on behalf of Savills (UK) Limited

Appendix 1

Archway Campus Viability Appraisal

Appraisal Summary for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Private Residential Conversions	87	97,021	958.19	1,068,563	92,965,000
Affordable Homes	25	25,838	308.00	318,324	7,958,104
Private Residential New Build	55	42,072	1,005.42	769,091	42,300,000
PBSA	242	52,514	1,343.77	291,599	70,566,968
Totals	409	217,445			213,790,072

Rental Area Summary

	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Block C Commercial Space	1	947	40.00	37,880	37,880	37,880

Investment Valuation

Block C Commercial Space

Market Rent	37,880	YP @	6.0000%	16.6667	
(1yr Rent Free)		PV 1yr @	6.0000%	0.9434	595,597

GROSS DEVELOPMENT VALUE

214,385,670

Commercial Purchaser's Costs	6.80%	(40,501)	
Effective Purchaser's Costs Rate	6.80%		(40,501)

NET DEVELOPMENT VALUE

214,345,169

Additional Revenue

Grant Funding	2,110,000	
		2,110,000

NET REALISATION

216,455,169

OUTLAY

ACQUISITION COSTS

Residualised Price (Negative land)	(13,420,314)	
		(13,420,314)

CONSTRUCTION COSTS

Construction

	ft²	Build Rate ft²	Cost	
Construction Costs	337,071	412.16	138,928,471	138,928,471
Contingency		5.00%	6,946,424	6,946,424

Section 106 Costs

Section 106 Contributions			200,000	
MCIL 2			2,500,000	
Building Safety Levy			1,050,442	
Islington CIL			11,000,000	
				14,750,442

PROFESSIONAL FEES

Professional Fees	10.00%	13,892,847	
			13,892,847

MARKETING & LETTING

Marketing	1.00%	1,358,606	
Letting Agent Fee	10.00%	3,788	
Letting Legal Fee	5.00%	1,894	
			1,364,288

DISPOSAL FEES

Archway Campus**Viability Appraisal**

Residential Sales Agent Fee		1.50%	2,028,975	
Affordable Sales Agent Fee			75,000	
Commercial Sales Agent Fee		1.00%	5,956	
Residential Sales Legal Fee	142 un	1,000.00 /un	142,000	
Affordable Sales Legal Fee		0.25%	19,895	
Commercial Sales Legal Fee		0.50%	2,978	
				2,274,804

MISCELLANEOUS FEES

Private Residential Profit		17.50%	23,671,375	
Commercial Profit		15.00%	10,668,310	
Affordable Profit		6.00%	477,486	
				34,817,171

TOTAL COSTS BEFORE FINANCE**199,554,133****FINANCE**

Debit Rate 7.0000%, Credit Rate 3.7500% (Nominal)				
Construction			14,096,964	
Other			2,804,072	
Total Finance Cost				16,901,036

TOTAL COSTS**216,455,169****PROFIT****0****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
IRR% (without Interest)	9.52%

Appendix 2

Archway Campus Viability Appraisal

Appraisal Summary for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Private Residential Conversions	87	97,021	973.66	1,085,805	94,465,013
Affordable Homes	25	25,838	308.00	318,324	7,958,104
Private Residential New Build	55	42,072	1,005.42	769,091	42,300,000
PBSA	<u>242</u>	<u>52,514</u>	<u>1,451.93</u>	<u>315,069</u>	<u>76,246,741</u>
Totals	409	217,445			220,969,858

Rental Area Summary

	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Block C Commercial Space	1	947	40.00	37,880	37,880	37,880

Investment Valuation

Block C Commercial Space

Market Rent	37,880	YP @	6.0000%	16.6667	
(1yr Rent Free)		PV 1yr @	6.0000%	0.9434	595,597

GROSS DEVELOPMENT VALUE

221,565,455

Commercial Purchaser's Costs	6.80%	(40,501)	
Effective Purchaser's Costs Rate	6.80%		(40,501)

NET DEVELOPMENT VALUE

221,524,955

Additional Revenue

Grant Funding	2,110,000	
		2,110,000

NET REALISATION

223,634,955

OUTLAY

ACQUISITION COSTS

Residualised Price (Negative land)	(5,426,169)	
		(5,426,169)

CONSTRUCTION COSTS

Construction

	ft²	Build Rate ft²	Cost	
Construction Costs	337,071	412.16	138,928,471	138,928,471
Contingency		5.00%	6,946,424	6,946,424

Section 106 Costs

Section 106 Contributions	200,000	
MCIL 2	2,500,000	
Building Safety Levy	1,050,442	
Islington CIL	11,000,000	
		14,750,442

PROFESSIONAL FEES

Professional Fees	10.00%	13,892,847	
			13,892,847

MARKETING & LETTING

Marketing	1.00%	1,373,606	
Letting Agent Fee	10.00%	3,788	
Letting Legal Fee	5.00%	1,894	
			1,379,288

DISPOSAL FEES

Archway Campus**Viability Appraisal**

Residential Sales Agent Fee		1.50%	2,051,475	
Affordable Sales Agent Fee			75,000	
Commercial Sales Agent Fee		1.00%	5,956	
Residential Sales Legal Fee	142 un	1,000.00 /un	142,000	
Affordable Sales Legal Fee		0.25%	19,895	
Commercial Sales Legal Fee		0.50%	2,978	
				2,297,304

MISCELLANEOUS FEES

Private Residential Profit		17.50%	23,933,877	
Commercial Profit		15.00%	11,520,276	
Affordable Profit		6.00%	477,486	
				35,931,639

TOTAL COSTS BEFORE FINANCE**208,700,247****FINANCE**

Debit Rate 7.0000%, Credit Rate 3.7500% (Nominal)				
Construction			14,096,964	
Other			837,744	
Total Finance Cost				14,934,708

TOTAL COSTS**223,634,955****PROFIT****0****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
IRR% (without Interest)	7.77%