
GLA Viability Team

Review of financial viability information

Thameside West

Applicant	Silvertown Homes Ltd (SHL) and Greater London Authority Land and Property Ltd (GLAP),
GLA Reference	Case number 4039c
Local Planning Authority	London Borough of Newham
LPA Reference	18/03557/OUT
Date	7 July 2020

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1. Introduction

- 1.1. This document represents the position of the Greater London Authority's Viability Team in respect of the viability position of the Thameside West scheme at the date of this report.
- 1.2. It considers the following documents:

Original scheme

Applicant

FVA and addendums prepared by Gerald Eve

FVA	December 2018
Viability Addendum Note	May 2019
Second Viability Addendum Note	June 2019
Third Viability Addendum Note	September 2019
Fourth Viability Addendum Note	October 2019
Note on target rate of return	October 2019
Note on comfort cooling	October 2019

London Borough of Newham (LBN)

Review and additional responses prepared by BNPP

Viability review	April 2019
Further review	July 2019
Further review	August 2019
Further response	October 2019
Further response	November 2019

Amended scheme

Updated FVA and addendums prepared by Gerald Eve

Position Note – Revised scheme	March 2020
Note in response to the GLA	26 March 2020
Addendum FVA	15 May 2020
Further Addendum	30 June 2020

- 1.3. This document considers in detail the viability information prepared by Gerald Eve in respect of the Amended Scheme. It also refers to the FVAs and addendums prepared by Gerald Eve and the viability reviews carried out by BNPP as part of the application process when the Original Scheme was considered.

- 1.4. Where agreement was reached on viability inputs between Gerald Eve and BNPP these assumptions have been adopted. Where agreement was not reached or where the revised scheme requires new assumptions, it provides comments on the inputs adopted in Gerald Eve's assessment and sets out the GLA's position where this differs.
- 1.5. This review assesses whether the Applicant's revised scheme provides the maximum reasonable amount of affordable housing. It also provides comments on the review provisions required to ensure that this scheme provides additional affordable housing if viability improves in order to meet policy requirements.
- 1.6. This document also considers the extent to which the viability assessments submitted comply with the Mayor's Affordable Housing and Viability Supplementary Planning Guidance ("AH&VSPG") and National Planning Practice Guidance ("PPG").

Viability testing in a Covid 19 affected development market

- 1.7. PPG states that "Viability assessment is a process of assessing whether a site is financially viable, by looking at whether the value generated by a development is more than the cost of developing it.... Any viability assessment should be supported by appropriate available evidence informed by engagement with developers, landowners, and infrastructure and affordable housing providers...." (PPG para 010).
- 1.8. During the Covid 19 pandemic, available evidence is limited and potentially open to a range of interpretations. Market evidence of both current values and costs as well as outturn assumptions are important factors. The weight to be applied to any evidence is a matter of judgement and is made taking in to account the requirements of sustainable development that is deliverable. Assessment of risk takes in to account the potential for market conditions to vary over the period of the development. This is particularly relevant in the current circumstances.

2. Background

- 2.1. This scheme was originally submitted to the London Borough of Newham (LBN) at the end of 2018 and was referred to the Mayor on 25 January 2019 (GLA Stage 1 Report 29 April 2019). A number of changes were made to the scheme following that referral.
- 2.2. It was considered by LBN's Planning Committee on 12 November 2019 but the committee resolved to refuse planning permission. A number of reasons were given for refusal and these are set out in full in the Council's Committee Report.
- 2.3. Reason 10 related to the provision of affordable housing and stated
The Applicant has failed to demonstrate that 32.5% (based on units), on-site affordable housing represents the maximum reasonable amount of affordable housing that can be delivered on the site on a viable basis. The proposed

development would therefore not accord with the Council's overriding objectives to build mixed and balanced communities that work and ensure that growth contributes to achieving convergence. This is contrary to: the National Planning Policy Framework (MHCLG, February 2019); Policies 3.9, 3.11 and 3.12 of The London Plan - The Spatial Development Strategy for London (GLA, consolidated with alterations since 2011 and published March 2016); Policies GG4, H5, and H6 of the Draft London Plan: The Spatial Development Strategy for Greater London (Draft for public consultation December 2017 with minor suggested changes July 2018); Policies H1 and H2 of the Newham Local Plan (December 2018).

- 2.4. It was noted that the Council's advisers BNP Paribas, and the applicants' advisers, Gerald Eve, were not able to come to agreement on the financial viability assessment of the scheme. The Committee Report identified a surplus of £48,156,436; however, a further report dated 6 November 2019 by BNP Paribas was attached as part of an Update Report to Committee, identifying a surplus of £90,494,650. The Update Report identified that this could deliver 47% affordable housing by unit, with a 60%:40% split.
- 2.5. On 2 December 2019, the Deputy Mayor for Planning, Regeneration and Skills (acting under delegated authority) issued a Direction pursuant to Article 7 of the 2008 Order that he would act as the Local Planning Authority for the purpose of determining the application.
- 2.6. The GLA Stage 2 report identified that there were matters requiring further consideration and resolution in light of the Council's resolution, including timing of delivery of the school and temporary provision; affordable housing; housing mix; housing density; residential quality; separation distances between habitable rooms; scale and massing; daylight and sunlight to neighbouring properties; accessible housing; carbon offset contributions; and a number of other transport issues.
- 2.7. Following discussions with GLA and LBN officers the scheme has been amended post committee as follows:
 - A reduction in the height/mass of Building A (maximum height remaining 21 storeys) by the removal of six storeys from the core 1 wing;
 - A reduction in the height/mass of Building B (maximum height remaining 21 storeys) by the removal of four storeys from the core 4 wing, one storey from the linking wing, and two storeys added to the core 3 wing.
 - Internal and external amendments to Buildings A and B;
 - Amendments to the landscape proposals and a reduction in amount of car and cycle parking proposed for Buildings A & B;
 - A reduction in the maximum height/mass of Building C of 3.2 metres;
 - A reduction in the maximum height/mass of Building D (maximum height remaining 71.2 metres) by reduction of 27.9 metres to rear wings;
 - An increase to the maximum height/mass of some elements of Buildings E, F, H, K, L, N, M, J, Q, S, T and U of 0.4-9.6 metres (maximum height remaining 97.9 metres);

- An Increase in separation distances to ensure all buildings achieve a minimum of 18 metres between single aspect habitable rooms;
- An increase in the separation distance between Buildings Q and U, and a reduction in the height of their lower wings.
- A reduction in car parking and an increase in cycle parking
- Changes to the proposed phasing.

2.8. The diagram below (source Gerald Eve updated FVA March 2020) shows the key changes.



2.9. The phasing of the scheme has also been revised Building U (with school) coming forward from Phase 11 to Phase 9. (see plans in Appendix 1)

2.10. The overall affordable housing provision has also been increased as explained below.

2.11. These changes have all impacted on the overall viability of the scheme and the applicant has submitted revised viability information to support the amended application as described above in paragraph 1.2.

3. Planning policy

3.1. There are a number of planning policies that are relevant to the provision of affordable housing and the assessment of where appropriate.

National Policy and Guidance

- 3.2. The National Planning Policy Framework (NPPF) was published in February 2019 and sets out the Government's planning policies for England and how these are expected to be applied.
- 3.3. Paragraph 62 requires that where a need for affordable housing is identified, planning policies should specify the type of affordable housing required and expect it to be met on-site unless off-site provision or an appropriate financial contribution in lieu can be robustly justified.
- 3.4. Paragraph 57 states that "the weight to be given to a viability assessment is a matter for the decision maker, having regard to all the circumstances in the case, including whether the plan and the viability evidence underpinning it is up to date, and any change in site circumstances since the plan was brought into force".

London Plan

- 3.5. The London Plan (2016) is the Spatial Development Strategy for London and forms part of the Development Plan for the site. London Plan Policy 3.12 requires the maximum reasonable amount of affordable housing to be sought on individual private residential and mixed use schemes having regard to various factors including: current and future affordable housing requirements at levels identified in line with Policies 3.8, 3.10 and 3.11; London Borough affordable housing targets; the need to encourage rather than restrain residential development; the specific circumstances of individual developments; resources available to fund affordable housing, development viability; the implications of phased development including provisions for re-appraising viability prior to implementation and other scheme requirements, and that affordable housing should normally be provided onsite.
- 3.6. Paragraph 3.71 of the plan states that developers should provide development appraisals to demonstrate that each scheme provides the maximum reasonable amount of affordable housing.
- 3.7. On 1 December 2017, the Mayor published his draft London Plan for public consultation. Consultation on the Plan closed on 2 March 2018. On 13 August 2018, the Mayor published a version of the draft Plan that includes his minor suggested changes. The draft London Plan was subject to an Examination in Public (EiP), which was undertaken between 15 January and 22 May 2019. On 16 July 2019, the Mayor published the Draft London Plan – Consolidated Suggested Changes Version (July 2019), which incorporates the suggested changes put forward by the Mayor before, during, and after the EiP sessions. The Panel of Inspectors appointed by the Secretary of State issued their report and recommendations to the Mayor and this was published on the GLA website on 21 October 2019. On 9 December 2019, the Mayor issued to the Secretary of State his intend to publish London Plan, together

with a statement of reasons for any of the Inspectors' recommendations that the Mayor did not wish to accept. On 13 March 2020, the Secretary of State wrote to the Mayor setting out his consideration of the Mayor's intend to publish London Plan, and issued Directions under Section 337 of the Greater London Authority Act 1999 (as amended). The Mayor considers that amendments are needed to the Secretary of State's proposed modifications in order to remove policy ambiguities and achieve the necessary outcomes. Discussions are underway to resolve these matters in order to publish the London Plan as soon as possible.

- 3.8. The emerging policies of the intend to publish London Plan are considered to be consistent with the NPPF and can be given significant weight, other than those subject to Directions from the Secretary of State. No Directions related to affordable housing (other than in relation to proposals for less than 10 units), and the affordable housing policies can therefore be given significant weight.
- 3.9. The following affordable housing policies are considered to be relevant
- Policy H4 of the intend to publish Plan states sets a strategic target of 50 per cent of all new homes being genuinely affordable.
 - Under Policy H5 and the Affordable Housing and Viability Supplementary Planning Guidance (AH&V SPG), schemes providing 35% affordable housing on private land and 50% on public and industrial land (where there is a net loss of industrial capacity) are able to progress through a Fast Track Route.
 - Policy H6 also requires that schemes meet the relevant tenure mix.
- 3.10. Where schemes do not provide the relevant affordable housing threshold, they must follow the Viability Tested Route which requires detailed supporting viability evidence to be submitted in a standardised and accessible format as part of the application. The borough, and where relevant the Mayor, should scrutinise the viability information to ascertain the maximum level of affordable housing using the methodology and assumptions set out in the Plan and the AH&V SPG

London Borough of Newham Local Plan (2018)

- 3.11. The Local Plan was adopted in December 2018 and sets out a number of key special policies and core thematic policies that set the framework for the development in the borough over the next 15 years.
- 3.12. Policy H2 sets out the aim that 50% of new homes should be affordable with a tenure split of 60% social rented housing and 40% intermediate homes. If less than 50% of the homes are not affordable and/or do not meet the tenure split than a viability assessment will be required.

Guidance on viability

- 3.13. National guidance on viability is set out in Planning Practice Guidance (PPG) which was last updated in September 2019. Paragraph 9 states that plans should clearly set out circumstances where review mechanisms may be appropriate, as well as a clear process and terms of engagement regarding how and when viability will be reassessed over the lifetime of the development to ensure policy compliance and optimal public benefits through economic cycles.
- 3.14. The Mayor's Affordable Housing & Viability SPG (AH&V SPG) also provided detailed guidance on the assessment of viability and these are also set out in Appendix 3.
- 3.15. The Local Plan also sets out that the Benchmark Land Value used in viability assessments should be based on Existing Use Value plus.

Transparency of information***National Guidance***

- 3.16. Paragraph 10 of PPG states that the government's approach to viability supports accountability for communities by enabling them to understand inputs to and outcomes of viability assessment.
- 3.17. Improving transparency of data associated with viability assessment will, over time, ... provide more accountability regarding how viability informs decision making (PPG paragraph 10).
- 3.18. PPG (paragraph 21) sets out that the LPA should be satisfied that any information to be excluded is commercially sensitive. 'This might include ... compensation that may be due to individuals, such as right to light compensation. The aggregated information should be clearly set out to the satisfaction of the decision maker.'

Mayoral Guidance

- 3.19. Paragraph 1.18 of the Affordable Housing and Viability SPG states 'The Mayor wants to lead the way in openness and transparency in the planning system. In particular, he considers that information relevant to planning determinations should be publicly available alongside other application documents in order to foster a greater understanding of and trust in the planning system.'

Viability Reviews

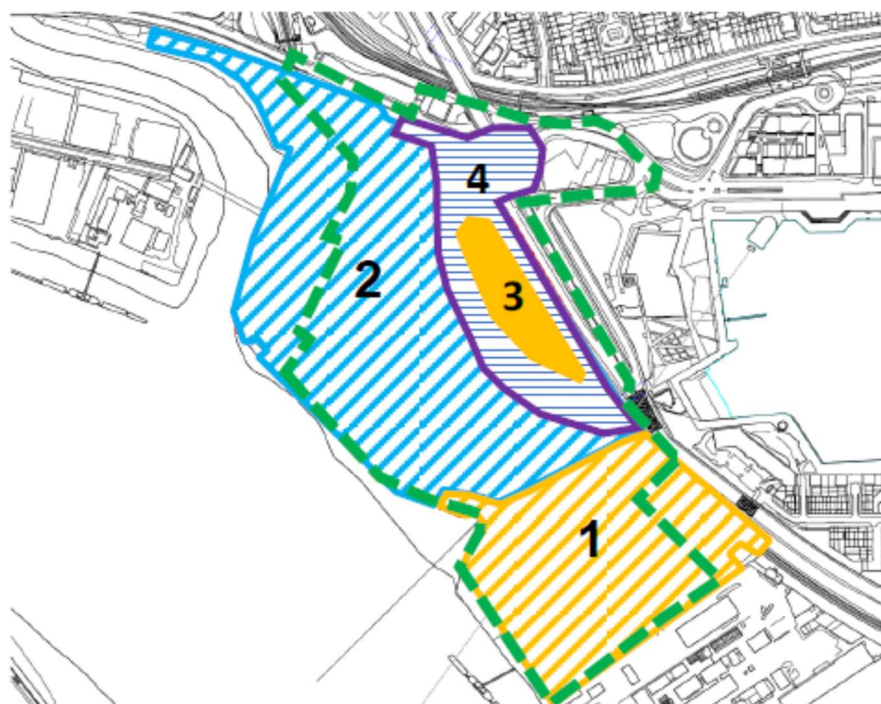
- 3.20. Review mechanisms are also supported by the latest national Planning Practice Guidance (PPG) to ensure policy compliance and optimal public benefits. Paragraph 9 states that Plans should set out circumstances where review mechanisms may be appropriate, as well as clear process and terms of engagement regarding how and when viability will be reassessed over the lifetime of the development to ensure

- policy compliance and optimal public benefits through economic cycles. Policy compliant means development which fully complies with up to date plan policies. A decision maker can give appropriate weight to emerging policies.
- 3.21. Where contributions are reduced below the requirements set out in policies to provide flexibility in the early stages of a development, there should be a clear agreement of how policy compliance can be achieved over time. As the potential risk to developers is already accounted for in the assumptions for developer return in viability assessment, realisation of risk does not in itself necessitate further viability assessment or trigger a review mechanism. Review mechanisms are not a tool to protect a return to the developer, but to strengthen local authorities' ability to seek compliance with relevant policies over the lifetime of the project.
- 3.22. The intend to publish London Plan (paragraph 4.5.14) sets out that 'Viability Review mechanisms should be applied to all viability tested applications at early and late stages in the development process (and midterm reviews in the case of longer phased schemes) to ensure that affordable housing delivery is maximised as a result of any future improvement in viability', in line with policy H5.
- 3.23. The AHV SPG and the intend to publish London Plan state that an early stage review is triggered if an agreed level of progress on implementation is not made within two years of the permission being granted or as agreed with the LPA. This will result in additional onsite affordable housing in the event that viability has improved since the application stage.
- 3.24. Under intend to publish London Plan Policy H5, a Late Stage Review is also required on developments which follow the Viability Tested Route at the point at which 75 per cent of units are sold or let. This will result in a financial contribution for additional affordable housing provision in the event that viability has improved since the application stage. Mid Term Reviews are also required prior to implementation of phases for larger phased schemes.
- 3.25. The approach to viability reviews in the intend to publish London Plan is not subject to Secretary of State Directions.

4. Site and Context

- 4.1. The site extends to 18.79 hectares and is located in Silvertown in the London Borough of Newham, and in the Royal Docks and Beckton Riverside Opportunity Area.
- 4.2. The site is bounded by the A1020 Silvertown Way/Lower Lea Crossing to the north-east; the River Thames to the south-west; Bow Creek/River Lea estuary to the north-west; and Bell Lane to the south-east.
- 4.3. The Applicants describe the site as four land parcels, as identified in the diagram below:

1. The Carlsberg Tetley parcel (also known as Silvertown Landing), to the south of the site, including the 4 storey Silver Building (in meanwhile use as affordable workspace);
2. The Thames Wharf parcel, to the centre/north of the site, including the low-rise industrial ASD Building (steel products distribution), and part of a Site of Importance for Nature Conservation (SINC) in the northern extremity of the site and along the Docklands Light Railway (DLR);
3. The Island parcel, in between Dock Road and the DLR, previously in use for construction related purposes, although now largely vacant;
4. The land owned by TfL, in between the Silvertown Flyover and the Docklands Light Railway, on the east side of the site (excluding the Island site).



- 4.4. The majority of the site is the subject of TfL's Development Consent Order (DCO) for the Silvertown Tunnel, which was approved by the Secretary of State for Transport (SOS) in May 2018. The DCO provides for the demolition of existing buildings and structures within the Order Limits (indicated by the green dashed line in the drawing above). The tunnel portal will be positioned on the eastern side of the site, in between the DLR and Silvertown Way, with the tunnel itself underneath the southern part of the site, extending beneath the west beneath the river.
- 4.5. This part of the borough historically industrial in character but has been the subject of significant regeneration and change in recent years, with the introduction of new mixed use areas, including large residential developments to the north and east of the site.

- 4.6. To the south-east there remain commercial and industrial land uses, including the Allnex paint factory (formally known as Nuplex), within a Strategic Industrial Location. Beyond these industrial uses further to the south-east, the area becomes predominantly residential in character including Britannia Village and Royal Wharf.
- 4.7. The boundary of Canning Town district centre is approximately 200 metres to the north of the site, with residential development up to 26 storeys coming forward.
- 4.8. To the north west, on the other side of Bow Creek is Trinity Buoy Wharf (London Borough of Tower Hamlets) which is currently being redeveloped to provide high-density (up to 30 storeys) commercial and residential development.
- 4.9. On the opposite site of the River Thames is Greenwich Peninsula (Royal Borough of Greenwich) which includes the O2 entertainment venue and high-density (up to 31 storeys) residential-led development.
- 4.10. The site benefits from good transport links that will be further enhanced by the creation of a new DLR station within the site. The nearest existing stations are Royal Victoria DLR (c.350m to the north-east); West Silvertown DLR, (c.350m to the south-east); Canning Town Underground and DLR (c700m to the north) and Custom House Station (c 900 metres to the north-east) which will be served by Elizabeth line services.
- 4.11. The Emirates Air Line Cable Car runs north-east to south-west over the southern part of the site, with two pylons located within the site. The site is also subject to height limitations due to the proximity of City Airport approximately 1.8 kilometres to the east. Electricity pylons and overhead power lines cross the northern part of the site.
- 4.12. Developable parts of the site are restricted by the planned Silver Town Tunnel which is planned to run under part of the site, the presence of the Silvertown Flyover/Road Network and the proposed DLR station and associated roads and servicing.

5. Proposed Development and Affordable Housing

- 5.1. This is a hybrid application and the proposed scheme is described as follows:

- Detailed planning application Phase 1 (Blocks A and B)

Demolition of existing buildings and structures and the erection of two linked buildings of 13-21 storeys, containing 401 residential units; 3,608 sq.m flexible employment floorspace (Use Classes B1b, B1c, B2 (restricted) and B8) at ground floor level; and 230 sq.m. of flexible retail floorspace (Use Classes A1-A4). A new/altered access road from Dock Road/North Woolwich Road, together with landscape and public realm improvements.

- Outline planning application (with all matters reserved) for Phases 2-11

This covers the remainder of the site, including the demolition of existing buildings and structures and the erection of buildings of up to 97.9 metres (c. 26 storeys); a new local centre, including flexible retail floorspace, a four form-entry primary school, a nursery, and other community and leisure space; c.4,599 residential units; c.833 sq.m. of flexible employment floorspace (Use Classes B1b, B1c, B2 (restricted) and B8); and c.15,000 sq.m. of flexible employment floorspace (Use Classes B1c, B2 and B8) in a standalone building. A new flood defence wall, ecological habitat and associated infrastructure is proposed adjacent to the Thames and the Bow Creek; a network of streets, open spaces, landscaping and public realm, including a new park and improvements to the Site of Importance for Nature Conservation.

- 5.2. The proposed land uses with the scheme are shown in the table below along with the minimum GIA and maximum GEA that can be bought forward within each land use.

Land Use	Maximum GEA (sq.m.)	Minimum GIA (sq.m.)
Detailed (Phase 1)		
Residential floorspace (Class C3)	37,951	35,158
Flexible employment floorspace (Classes B1b, B1c, B2 (restricted) and B8)	3,608	3,350
Flexible retail floorspace (Classes A1 to A4)	230	198
Outline (Phases 2-11)		
Residential Floorspace (Class C3)	403,190	383,031
Flexible employment floorspace (Classes B1c, B2 and B8)	15,000	14,250
Flexible employment floorspace (Classes B1b, B1c, B2 (restricted) and B8);	833	791
Flexible retail floorspace (Classes A1 to A4);	7,138	6,781
Primary School (Class D2)	4,272	4,058
Nursery (Class D2)	993	943
Other Community and leisure floorspace (Classes D1 and D2)	1,790	1,721

5.3. The diagram below shows the illustrative masterplan.



5.4. It is proposed that within these parameters, the scheme will provide the following:

- Approximately 5,000 new homes;
- 15,000 sq.m. of flexible employment floorspace (Classes B1c, B2 and B8);
- 4,441 sq.m. of flexible employment floorspace (Classes B1b, B1c, B2 (restricted) and B8);
- 7,368 sq.m. of flexible retail floorspace (Classes A1 to A4);
- 4,272 sq.m. of primary school floorspace (Class D2);
- 2,783 sq.m. of community and leisure floorspace (Classes D1 and D2);
- 64,445 sq.m. of public realm (riverside walk, park, station square, pocket gardens, pedestrianised areas); and
- 22,065 sq.m. of enhanced habitat, SINC and intertidal habitat.

5.5. The detailed element of Phase 1 includes the demolition of existing buildings and structures and the erection of two linked brick-clad buildings of 13-21 storeys, containing 401 residential units on floors 2-21, with ancillary uses and external shared amenity space at first floor level. Flexible employment floorspace (Use Classes B1b, B1c, B2 (restricted) and B8) of 3,608 sq.m. is proposed at ground floor level, and 230 sq.m. of flexible retail floorspace (Use Classes A1-A4).

5.6. The table below sets out the details of the illustrative scheme and includes the detailed element of Phase 1. It also shows the proposed phasing of construction and the breakdown of residential tenures in each phase.

Phase (all areas are GEA)	Blocks	Maximum Height	Delivery (Gerald Eve programme)	Market	Afford- able
Phase 1 401 homes 3,608 m2 employment 230 m2 retail	A and B	c.21 storeys	2020-23	206	195
Phase 2 473 homes 833 m2 employment	D and E	c.20 storeys	2022-24	126	347
Phase 3 471 residential units 15,000 m2 employment	C, F and V	c.23 storeys	2022-25	471	0
Phase 4 320 homes 1,247 m2 retail	G	c.24 storeys	2023-25	320	0
Phase 5 361 homes 414 m2 retail	J and H	c.21 storeys	2024-26	218	143
Phase 6 412 homes	M and K	c.20 storeys	2025-27	309	103
Phase 7 524 homes 457 m2 retail	N and L	c.20 storeys	2026-28	419	105
Phase 8 542 residential units 1,084 m2 retail	R	c.26 storeys	2027-29	542	0
Phase 9 498 homes 1,272 m2 retail 4,272 m2 Primary School 1,790 m2 community / leisure uses	U, Q and P	c.23 storeys	2028-30	255	243
Phase 10 575 homes 2,165 m2 retail	S	c.26 storeys	2029-31	434	141
Phase 11 423 residential units 499 m2 retail 993 m2 nursery	T	c.23 storeys	2030-31	0	423

- 5.7. The original 2018 scheme provided 37% affordable housing by habitable room, split 60% LAR, 40% (32.5% by unit, split 60% LAR, 40% LSO)
- 5.8. The amended 2020 scheme provides 39% affordable housing by habitable room, split 60% LAR, 40% (34% by unit, split 59% LAR, 41% LSO).
- 5.9. An additional 29 LAR units and 46 additional LSO units are secured compared to the scheme considered by LBN's Planning Committee. This is secure by unit and habitable room as shown below. The LAR units are also secured by a minimum NSA of 790,142ft²
- 5.10. The revised indicative tenure and unit size mix is shown in the table below. Nearly half of the LAR units are 3 bed plus with the majority of the LSO units being 2 beds. Overall 23% of the units are secured as family housing.

Unit size	Total Affordable	LAR units	LSO units	Market	Total units
Studio	0	0	0	362	362 (7%)
1 bed	241	169 (17%)	72 (11%)	858	1,099 (22%)
2 bed	755	351 (35%)	404 (58%)	1,594	2,349 (47%)
3 bed	666	463 (46%)	203 (29%)	482	1,148 (23%)
4 bed	38	21 (2%)	17 (2%)	4	42 (1%)
Total	1,700 (34% by unit)	1,004 (59% by unit)	696 (41% of AH by unit)	3,300	5,000
Split by habitable room Affordable housing 39% (60:40 split in favour of LAR)					

- 5.11. One of main changes to the illustrative scheme that has impacted on viability is the change to assumed overall residential NSA and the tenure split within this to support the delivery of additional affordable housing described above.
- 5.12. As shown in the table below, the overall residential NSA has increased slightly by 25,328 ft² (0.7%) but the overall amount of affordable housing has increased by 81,601 ft² (6.4%)

Tenure	2018 Application NSA ft2	Updated position NSA ft2	Change
LAR	756,613	790,142	33,529
LSO	514,336	562,408	48,072
AH	1,270,949	1,352,550	81,601
Market	2,257,295	2,201,023	-56,272
Total	3,528,244	3,553,573	25,329

5.13. In addition to the changes to floor areas and tenure mix there are also a number of other factors that impact on the viability. These include

- The commercial space (industrial and retail) has reduced slightly from 245,709 to 244,369 ft2 NIA.
- The overall maximum parameter heights have remained similar.
- Build costs have increased to reflect the slightly larger scheme

6. Form and Methodology of the FVA and Review

- 6.1. Gerald Eve have used a fixed land cost to arrive at a residual profit which is considered against a target rate of return. BNPP also adopted a similar approach and so the GLA have carried out their assessment of the viability of this scheme in the same way.
- 6.2. A target return is most commonly expressed as a percentage return on GDV but can also be a measure of return on costs. On longer terms schemes it can also be appropriate assess to viability against a target Internal Rate of Return (IRR). This is usually expressed net of finance costs.
- 6.3. In this case Gerald Eve have assumed 14% as their target IRR.
- 6.4. The GLA have looked at the developer's return on this scheme on the basis of both IRR and return on GDV. The reason for this is that it provides a cross check of the assumed IRR as this can be very sensitive to the timing of income and expenditure. This is in line with Mayor Guidance on viability.

7. Viability Inputs

7.1. The table below sets out the inputs used in the assessment of viability. Where these were agreed between Gerald Eve and BNPP and are now adopted by the GLA the cells are shaded grey.

7.2.

Input	Gerald Eve/Applicant	BNPP	GLA
Revenue			
Private residential sales value £psf average	£806 psf Based on advice from JLL	£804 psf (original scheme – excludes comfort cooling)	£806 psf adopted
Affordable sales values	Shared ownership £500 London Affordable Rent £200	Shared ownership £455 London Affordable Rent £260	Shared ownership £500 London Affordable Rent £200
Residential ground rents	Excluded	£10 pa per unit capitalised at 3.5%	£500 pa per unit capitalised at 5%
Industrial Values	Rents £15.00-16.50 psf Rent free 3-6 months Yield 4.25% Void period 12 months	Agreed	Agreed Voids of 12 months and rent free of 6 months assumed
Retail values	Rents £20 psf Rent free 12 months Yield 6% Void period 3-6 months	Agreed	Agreed Voids of 12 months and rent free of 6 months assumed
Costs			
Total Construction costs including preliminaries, OHP and contingency	Based on advice from G&T Residential/commercial blocks and landscaping £1,351,268,416 Plus industrial site £12,269,849	N/A BNPP have not carried out a cost review of the amended scheme	Based on advice from CDM Residential/commercial blocks and landscaping £1,324,499,484 Plus industrial site £12,269,849
Additional abnormal costs	Demolition £7,200,000	N/A	Agreed by CDM subject to clarification on risk item.

	Energy Centre £21,950,000 Reprofiling/ Decontamination £11,500,000 Risk Allowance Silvertown Tunnel £3,000,000		
Fit out of school and community buildings	£9.83m	N/A	£14m
Professional fees	9%	N/A	Agreed
Residential – marketing, sales and legal	Marketing 1% Sales 2% Legal 0.5%	Marketing and sales fees agreed. Legal fees £800 per unit	Gerald Eve's assumptions agreed.
Commercial – letting agent and legal	Letting/Legal 15%	Agreed	Agreed
Commercial – sales agents and legal	Sales/Legal 1.5%	Agreed	Agreed
Planning obligations	Mayoral CIL £8,043,659 Borough CIL £30,808,172 S106 £40,000,000	N/A	Adopted
Finance	6.5%	Agreed	Agreed
Programme			
Construction programme	November 2020- February 2031	N/A	Agreed
Sales velocity	40% off plan sales 5 units per month	Agreed	Agreed
Benchmark Land Value			
EUV plus premium	£110m/£103m	£104.688	£96m £103m used as compromise position

Gross Development Value

Residential: Market Tenure

- 7.3. Gerald Eve have relied on advice from JLL who have provided a market commentary and evidence from other schemes including London City Island, Goodluck Hope, Aberfeldy Village Phase 3 and the Bagel Factory in Hackney Wick. These schemes show a range of values from £665psf to £950 psf
- 7.4. Based on these comparables they have provided average sales value for each block

Plot	2020	2018
Phase 1		
Plot B	£718	£716
Phases 2-11		
Plot C - Private	£ 797	793
Plot E - Private	£803	764
Plot F - Private	£793	793
Plot G - Private	£833	833
Plot J - Private	£833	833
Plot M - Private	£836	832
Plot N - Private	£833	836
Plot Q - Private	£756	754
Plot R - Private	£838	838
Plot S - Private	£813	812
Plot U - Private	£772	780
Plot K - Private	£781	792
Plot L - Private	£782	782
Average	£806	£804

- 7.5. The GLA has also looked at sales evidence from a number of schemes in Royal Wharf, Royal Docks and London City Island.

Location	Block/Scheme	Details	Average achieved sales values 2019
Royal Docks	12 Western Gateway	Near DLR and Victoria Dock Gym, concierge	£806 psf
Royal Wharf	Fairwater House	Gym, Concierge, Swimming Pool,	£639 psf
	Carrick House	Communal/Roof	£672 psf

	Liner House	Garden, Clubhouse	£696psf
	Pendant Court		£696 psf
London City Island	Echo House	Gym, Concierge, Swimming Pool, Communal/Roof Garden, Clubhouse	£839psf
	Corson House		£893psf
	Bridgwater House		£875psf

- 7.6. The application site benefits from an extensive Thames river frontage in a similar way to Royal Wharf. London City Island also fronts the River Lea and has some views over the Thames.
- 7.7. In terms of location, the application site is better than Royal Wharf being closer to Canary Wharf and the City but is further out than London City Island and does not have such good transport links. It would therefore be expected for residential values to fall between those achieved in these two areas assuming a similar product.
- 7.8. The specification is also a key value driver and residents of both Royal Wharf and London City Island benefit from access to communal facilities such as residents' gym, pools, spas and communal gardens. Most of the schemes in London City Island include comfort cooling.
- 7.9. The application scheme includes the costs of comfort cooling and one of the main points of issue between Gerald Eve and BNPP was whether these costs were adequately reflected in the values. It should be noted that the need for comfort cooling would be considered against planning policy for each Reserved Matters application, and it is not proposed in Phase 1.
- 7.10. The comparable schemes include a range of features and facilities designed to attract buyers and there is no clear pattern of additional value generated through for example comfort cooling or access to a pool/spa.
- 7.11. JLL have advised that their pricing is dependent on comfort cooling being included and it would appear that the costs provided by G&T do not include excessive allowance for other facilities such as pools/spa and so overall it is considered that the average sales values proposed are reasonable and are reflected in the assumed costs.

Ground rents

- 7.12. No value has been attributed to potential ground rent income by Gerald Eve. Although the Government have indicated that they intend to restrict the ground

rents payable under residential leases, at the current time a developer can still sell leases with unrestricted ground rents.

7.13. Ground rents are still widely included in residential leases evidenced as follows with further details shown in Appendix 2.

- Good Luck Hope (to the northwest of the application site) - ground rents are 0.1% pa of the purchase price
- Carrick House - Royal Wharf - £600 pa

7.14. In addition to this, London City Island Developments are marketing units through James & Co (the sales team) who have confirmed that ground rents are charged as follows:

Studio – £400 per annum
1 bed – £500 per annum
2 bed – £750 per annum
3 bed – £1,000 per annum
4 bed – £1,000 per annum

7.15. It would be reasonable to assume that if a purchaser had the choice of buying a unit where the ground rent was nominal or where it was say £500 pa they would pay more for the unit with the nominal ground rent. It is therefore considered to include appropriate for ground rents in this scheme to reflect the additional value that could be realised by the developer.

7.16. It is not possible to say definitively at this point in time whether values would increase if ground rents are abolished but seems likely if buyers have this additional spending power available.

7.17. A cautious view has therefore been taken with ground rents assumed at £500 pa capitalised at 5% to give a capital value per flat of £10,000. This income is weighted towards the end of the programme.

Residential: Affordable

7.18. The GLA have assumed average values for the LAR units of £200 psf and average values of £500 psf for the LSO units.

7.19. This is based on a range of evidence including:

- Assumptions made in other FVAs with particular weight given where a RP is the applicant
- Evidence of sales of these units (where they are provided as part of s106 agreement) to RPs.

7.20. Gerald Eve have adopted these values for the purpose of this assessment.

- 7.21. BNPP considered that the LAR values should be higher based on a confidential offer that they had seen for LAR units within the borough and proposed a figure of £260 psf. As this cannot be put into the public domain and based on other evidence that is publicly available it is possible to give this only very limited weight. Values at this level would be significantly higher than those seen elsewhere, particularly taking into account the high number of 3 bed plus units in the mix.
- 7.22. The value of £200 psf assumed is very close to Gerald Eve's in house assessment of £198 psf
- 7.23. The value of £500 psf is evidenced by land registry information obtained from schemes in Battersea, Croydon, Kidbrooke and Echo House in London City Island.

Commercial Values

- 7.24. These were agreed between Gerald Eve and BNPP and so have been adopted.
- 7.25. No income has been assumed from the school, nursery and community space.

Development Costs

Construction costs

- 7.26. Gerald Eve have relied on a Cost Plan prepared by Gardiner and Theobald which has been updated a number of times due to the need to correct floor areas. The latest version provided on 30 June 2020 indicates a total build cost of £1,417,000,000.
- 7.27. The Cost Plan has been reviewed by CDM Project Services on behalf of the GLA. CDM reviewed the scheme on behalf of the borough in 2018 and so have extensive knowledge of the scheme.
- 7.28. CDM consider the costs should be reduced by £22,580,668 to £1,394,419,332. Their initial report is attached to this report at Appendix 5 together with revision 1 which takes account of the latest updated report from Gardiner and Theobald.
- 7.29. The table below summarises the difference which are spread across elements of both the new buildings and the landscaping works.

Summary with comfort cooling					
Area	GT	WT	Difference		
Landings and Parkside	409,890,300	403,036,209	6,854,091	1.67%	
The Quays	266,103,485	260,300,993	5,802,492	2.18%	
Riverside Quarter	475,892,041	465,902,262	9,989,779	2.10%	
Central Spine	199,382,594	195,260,020	4,122,574	2.07%	
Industrial	12,269,848	12,269,848	0		
Abnormal items	53,480,000	57,650,000	-4,170,000	-7.80%	
Rounding	-18,268				
Total	1,417,000,000	1,394,419,332	22,580,668	1.59%	

- 7.30. These costs include a contingency of 3.75%. There are large allowances for risk items such as contamination, UXO, asbestos, knotweed, construction methodology adjacent to Silvertown tunnel etc. so the overall allowance is considered reasonable.
- 7.31. The key area of difference between G&T and CDM are comfort cooling to the private apartments, piling costs, frames, internal partitions, shell and core MEP allowances and wardrobe allowances.
- 7.32. CDM have however increased the budget for the cost of fitting out of the school, nursery and community space to £14m. This is considered a reasonable allowance and should be secured alongside a detailed specification in the s106 agreement.
- 7.33. The key point of difference on the landscaping works is the cost of the trees which CDM consider to be too high.
- 7.34. The CDM review also included costs for River Wall works but the applicant has now excluded these from the costs as they will not be delivering these works.
- 7.35. CDM have also separately set out their opinion of the build costs excluding comfort cooling as concerns were raised that these costs were not reflected in the sales values. As set out above, it is accepted that the sales values will require a range of incentives that may include comfort cooling so it is the GLA's view that it is appropriate to include them at this stage.

Profit

- 7.36. Gerald Eve in their first FVA for the original scheme (December 2018) assessed the scheme against a target profit based on GDV and maintained this position on the first addendum. However, they have since moved to a position where they are assessing viability against a target IRR.

- 7.37. There is very little evidence to support assumptions on IRR thresholds. The level at which most developers would consider a scheme viable will vary significantly but at the current time the broadly accepted range is from 12-14%.
- 7.38. In this case Gerald Eve have assumed a target IRR of 14% which the GLA considers to be at the top end of the acceptable range.
- 7.39. It is important that IRRs are cross checked against other measures such as profit on GDV. This is required by the Mayor's Affordable Housing and Viability SPG which as paragraph 3.36 sets out

The Mayor will normally consider profit as a factor of gross development cost (GDC) or gross development value (GDV). An 'internal rate of return' (IRR) approach of measuring profit, which is associated with a long term development programme and assumed growth in values and build costs, is sensitive to the timing of costs and income. If IRR is relied on a full justification must be provided for the assumed development programme, the timing of cost and value inputs and the target IRR. Where this is the case profit should also be considered as a factor of GDC and/ or GDV

- 7.40. The GLA's view is that a blended profit on GDV based on the following should also be used to assess whether the scheme can provide additional affordable housing based on the following assumptions for each element of the scheme.

Market Housing	18.75%
Affordable Housing	6%
Commercial	15%

This equates to a blended threshold of c16.2% based on the values agreed between the GLA and Gerald Eve and includes the GLA's assumptions on profit on the additional residential income.

- 7.41. The assumption on market housing is at the higher end of what would usually be acceptable on residential schemes in London. This reflects the sales risk from the heights of the new blocks which mean that a relatively large number of units will need to be bought to the market at the same time. It would however not be appropriate to apply a profit at the very top end of 20% as there is the potential to phase delivery on this scheme to address risk.
- 7.42. Gerald Eve have not considered profit as a factor of GDV or GDC in their latest reviews.

Benchmark Land Value

- 7.43. Gerald Eve summarised their approach to BLV in their note of 26 March 2020.
- 7.44. Their initial BLV of £110m was based on an AUV approach for the majority of the site, which assumed a redevelopment of that section for industrial uses with an

additional allowance of £13.7m for the ASD and Silver Buildings. A premium was added to this based on market evidence, despite the fact that PPG does not provide for a premium to be added to AUVs. It was not clear that the AUV met the policy tests as being a form of development that the LPA would support.

- 7.45. Although the approach has now been updated to reflect the correct approach of EUV plus premium and the more appropriate EUV of £57.9m, their BLV remains at £110m with the premium element now increased to £52m or a 47% uplift. PPG does provide for market evidence to be used in assessing BLV, but only as a cross check and it needs to be fully adjusted for policy compliance and other differences in the development costs and values between the site that has provided the evidence and the application site. The analysis set out in Gerald Eve's FVA of December 2018 is very high level and many of the sites are significantly smaller than the subject site and/or have much lower levels of affordable housing.
- 7.46. A more appropriate approach would be to consider BLVs used to assess other applications. Although there is limited evidence of benchmarks from cleared industrial sites, there are a number that have been agreed in the FVA's on other schemes that the GLA has reviewed. Examples include a site in Store Road in Newham which was previously used for storage by Crossrail. The benchmark land value agreed was £2.3m acre. Another example is the former Parcelforce Depot on Stephenson Street, West Ham where an BLV of £2.8m acre was agreed. In addition, in the Westferry Appeal the GLA's assessment of BLV, which equated to £2.4m acre, was accepted by the Inspector. These sites consisted largely of good quality hardstanding and were smaller than the application site.
- 7.47. The GLA have adopted Gerald Eve's EUV assessment for the Silver Building and the ASD Building. The vacant/cleared parts of the application site were assessed by the GLA at £2.4m acre but in order to reach a compromise position, this has been tested at £2.6m acre. If this is added to Gerald Eve's assessment of EUV for the other elements (plus a 20% premium on those buildings), this would equate to a BLV of £103m, which has been used for the purpose of this assessment.
- 7.48. Gerald Eve have also used this figure in their assessment.

8. Appraisal Results and Analysis

- 8.1. Gerald Eve's most recent appraisal (30 June 2020) shows an IRR of 11.73% and a return on GDV of 14.09%. They therefore conclude that the affordable housing offer is the maximum reasonable.
- 8.2. Their previous assessments of the amended scheme were based on incorrect floor areas which impacted both on the GDV and the build costs and should be disregarded. The basis of comments in their 15th May addendum that they tested higher sales values at the request of the GLA Viability Team are unclear and no supporting evidence has been provided to back up those figures.

- 8.3. The GLA have tested the scheme based on the following alternative assumptions from those used by Gerald Eve in their assessment of 30 June.
- Inclusion of additional residential income from ground rents or enhanced sales values
 - Lower construction costs for the blocks and landscaping in line with CDM's advice
 - Higher allowance for the fit out of the school and community buildings, again in line with CDM's advice.
- 8.4. This shows a more viable position with an IRR of 12.55% and a return on GDV of 16.56%. The appraisal is attached as Appendix 6.
- 8.5. Although the IRR is within an acceptable range, the return on GDV is above a reasonable return which shows that the scheme may be able to provide a small amount of additional affordable housing.
- 8.6. As a large element of the difference in profit arises from the differences in construction costs, it is recommended that Gardiner & Theobald and CDM meet to run through the differences with the aim of reaching agreement on build costs. These figures can then be used by both the GLA and Gerald Eve to re-run their appraisals and update the assessment of return generated by the scheme.
- 8.7. At that point it will be possible for the GLA to confirm whether the scheme is offering the maximum reasonable quantum of affordable housing or whether additional affordable housing will be required.
- 8.8. Sensitivity analysis has also been carried out looking at the impact of changes in construction costs and market sales values. The results below show the impact on both the return on GDV and IRR. The current position based on the GLA's assumptions on costs and values is shown in the orange square.

Impact on IRR

Sales: Gross Sales					
Construction: Gross Cost	-5.000%	-2.500%	0.000%	2.500%	5.000%
-5.000%	12.67%	13.43%	14.18%	14.92%	15.65%
-2.500%	11.86%	12.61%	13.36%	14.09%	14.82%
0.000%	11.06%	11.81%	12.55%	13.29%	14.01%
2.500%	10.28%	11.03%	11.76%	12.50%	13.22%
5.000%	9.52%	10.26%	10.99%	11.72%	12.44%

Impact on GDV

Sales: Gross Sales						
Construction: Gross Cost	-5.000%	-2.500%	0.000%	2.500%	5.000%	
	-5.000%	16.89%	18.54%	20.06%	21.51%	22.86%
	-2.500%	15.05%	16.72%	18.35%	19.85%	21.27%
	0.000%	13.20%	14.91%	16.56%	18.16%	19.64%
	2.500%	11.32%	13.09%	14.77%	16.40%	17.98%
	5.000%	9.38%	11.23%	12.98%	14.63%	16.24%

9. Viability reviews

- 9.1. It is important that the s106 provides robust viability review provisions that will enable additional affordable housing to be provided if viability improves.
- 9.2. These provisions have been discussed at length with the applicant and the following provisions are now considered appropriate by GLA officers

Lack of progress reviews

- An early stage review on the detailed phase if substantial implementation (construction up to first floor slab of Building A) is not achieved within 2 years of the grant of planning permission (allowance for date to be extended by 1 year should there be additional unforeseen delays to the delivery programme by a third party as reasonably justified and evidenced)
- A further 'lack of progress review' if 2,500 units are not completed by April 2027 (allowance for date to be extended should there be additional unforeseen delays to the delivery programme by a third party as reasonably justified and evidenced).

Mid and Late Stage Reviews

- Mid stage review 1 at 75% occupation of Phase 4, or occupation of between 1,400 and 1,600 units, whichever comes first
- Mid stage review 2 at 75% occupation of Phase 6, or occupation of 2,400 - 2,600 units, whichever comes first
- Mid stage review 3 at 75% occupation of Phase 8, or occupation of 3,400 – 3,600 units, whichever comes first
- A late stage review when 4,500 units occupied

- 9.3. The review will be based on a whole scheme review with the following provisions
- BLV to be baselined at £103m adjusted for changes in Land Registry House Price Index (HPI) and the BCIS All-in Tender Price Index (TPI).
 - Community and educational uses to be secured with nominal value
 - All other costs and values to be based on fully evidenced actual income and expenditure and estimated amounts for remainder of scheme at each review.
 - Assumed percentages for items such as professional and sales fees to be based on Gerald Eve's assumptions at application stage, with actuals replacing these percentages as the scheme progresses.
 - On the lack of progress reviews 100% of the surplus to be used to provide additional affordable housing
 - All of any grant income from Phase 1 should be used to provide additional affordable housing.
 - On the mid and late stage reviews, surplus to be split 60:40 in favour of LPA and used to provide additional on site affordable housing apart from the late stage review which can be paid as a contribution.
 - The viability threshold to be based on developer's return on GDV – a blended rate of 18.75% on market housing, 6% on affordable housing and 15% on commercial OR alternatively an IRR of 13% but overall programme length to remain as agreed at this stage ie 15 year from start on site to sale of final units. This is so that the developer is not incentivised to delay development (and so reduce potentially reduce the IRR which would impact on the delivery of affordable housing)
 - The reviews should be capped at 50% by habitable room and units.

10. Overall conclusions

- 10.1. It is not possible to confirm at this stage that the scheme provides the maximum reasonable level of affordable housing and this will be subject to further discussions on the build costs as there may be a small surplus.
- 10.2. The quantum of affordable housing tested in Gerald Eve's FVA should be secured by NSA as well as units and habitable rooms.
- 10.3. The S106 to include robust reviews to ensure that the scheme can provide additional affordable housing if viability improves.

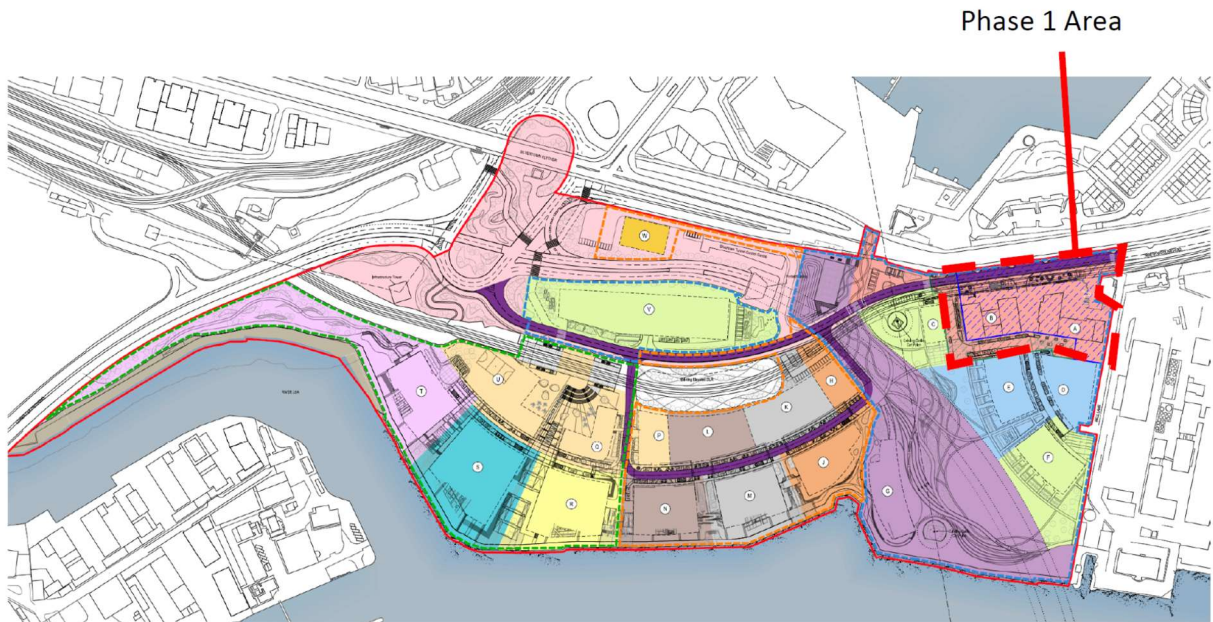
Appendix	
1	Plans of the site including phasing
2	Residential Sales evidence
3	Planning policy
4	Schedule of accommodation
5	Review of applicants cost plan by CDM
6	Appraisal of updated scheme

Appendix 1 Maps and Plans

Red line plan showing proposed masterplan



Location of Phase I



Phasing



DEVELOPMENT STAGES

Stage 1 — — Stage 2 — — Stage 3 — —

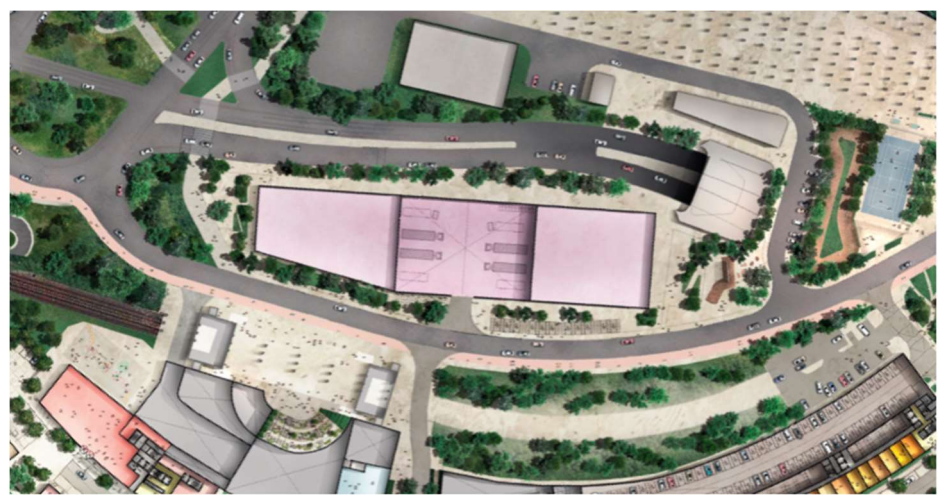
DEVELOPMENT PHASES

Phase 1	■	Phase 7	■
Phase 2	■	Phase 8	■
Phase 3	■	Phase 9	■
Phase 4	■	Phase 10	■
Phase 5	■	Phase 11	■
Phase 6	■	Delivered as Part of Silver Town Tunnel Works	■
Dock Road and Thameside Crescent Installed by Riverlinx prior to Phase 4	■	Energy Centre Phase	■

Neighbourhoods within the masterplan



Industrial Site Plot V



Appendix 2

Thameside West, Comparable Residential Sales Evidence

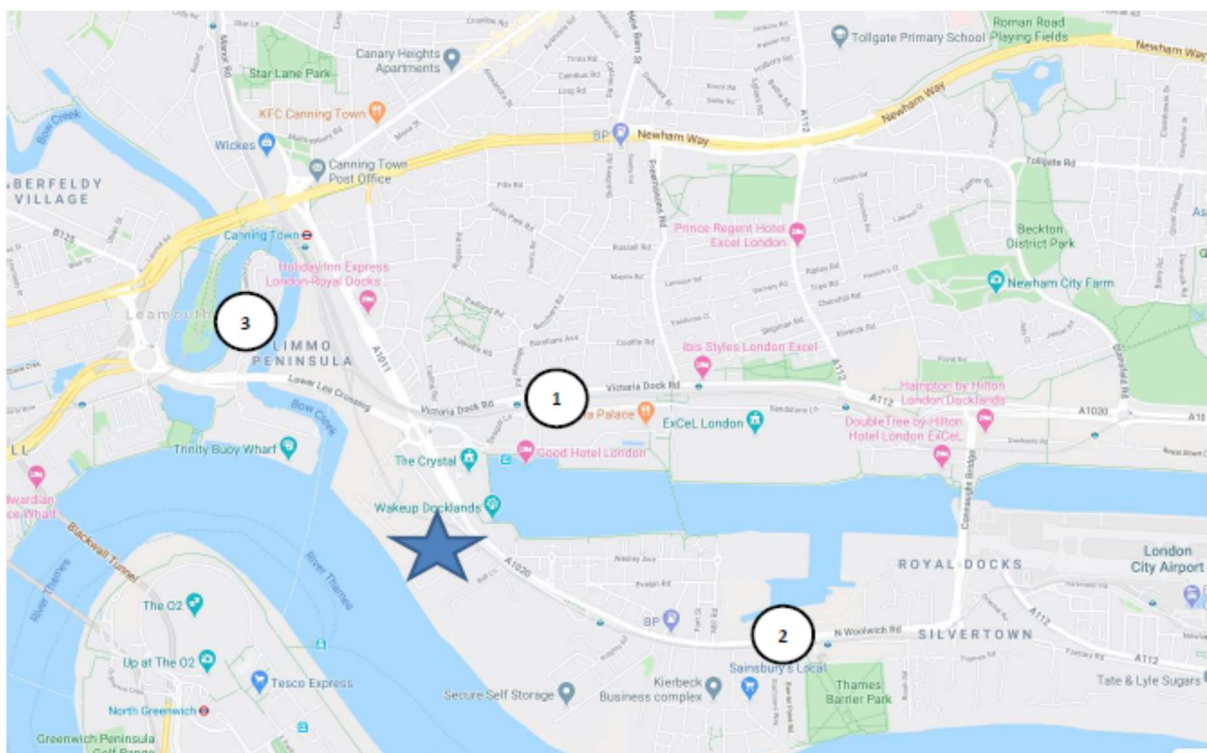
The following schemes and their respective block(s) have been considered as part of this exercise:

- 1. Royal Docks West:**
 - 12 Western Gateway

- 2. Royal Wharf:**
 - Fairwater House
 - Carrick House
 - Liner House

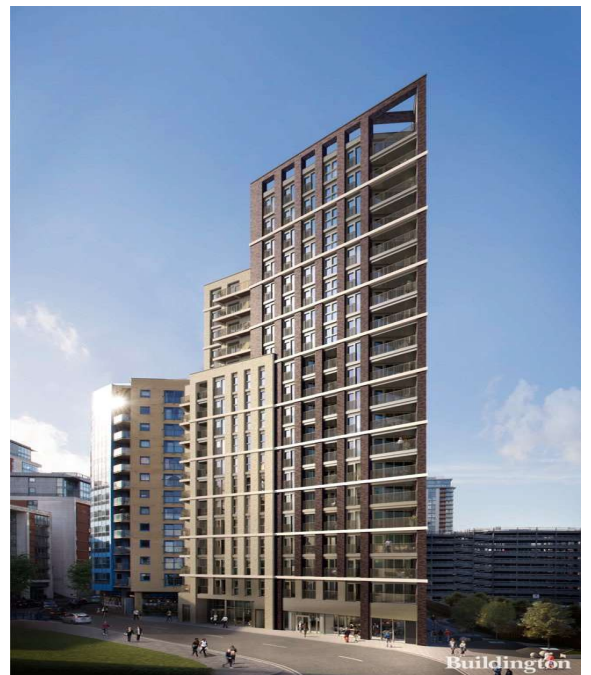
- 3. London City Island:**
 - Echo House
 - Bridgewater House
 - Corson House

These are shown on the map below including the proposed site (indicated by the blue 'star' sign).



Royal Docks West, 12 Western Gateway

Developer	Mount Anvil
Overall Average (Achieved Sales from 2019) £/sq ft	£806
Total Units	79
Completion Date	December 2018
Transport Links	4 Min to Royal Victoria DLR
Local Authority	Newham
Amenity Provision	Gym, Concierge, Swimming Pool,



Royal Wharf, Fairwater House

Developer	Ballymore
Overall Average (Achieved Sales from 2019/19) £/sq ft	£639
Total Units	127
Completion Date	TBC
Transport Links	3 Min to Pontoon Dock DLR
Local Authority	Newham
Amenity Provision	Gym, Concierge, Swimming Pool, Communal/Roof Garden, Clubhouse



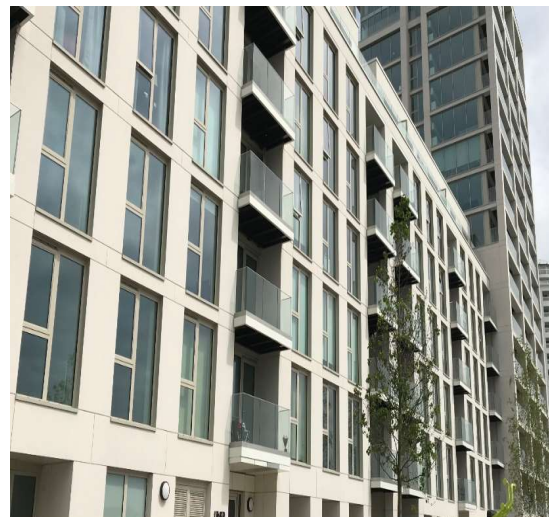
Royal Wharf, Carrick House

Developer	Ballymore
Overall Average (Achieved Sales from 2019/ 2020) £/sq ft	£672
Total Units	120
Completion Date	TBC
Transport Links	3 Min to Pontoon Dock DLR
Local Authority	Newham
Amenity Provision	Gym, Concierge, Swimming Pool, Communal/Roof Garden, Clubhouse



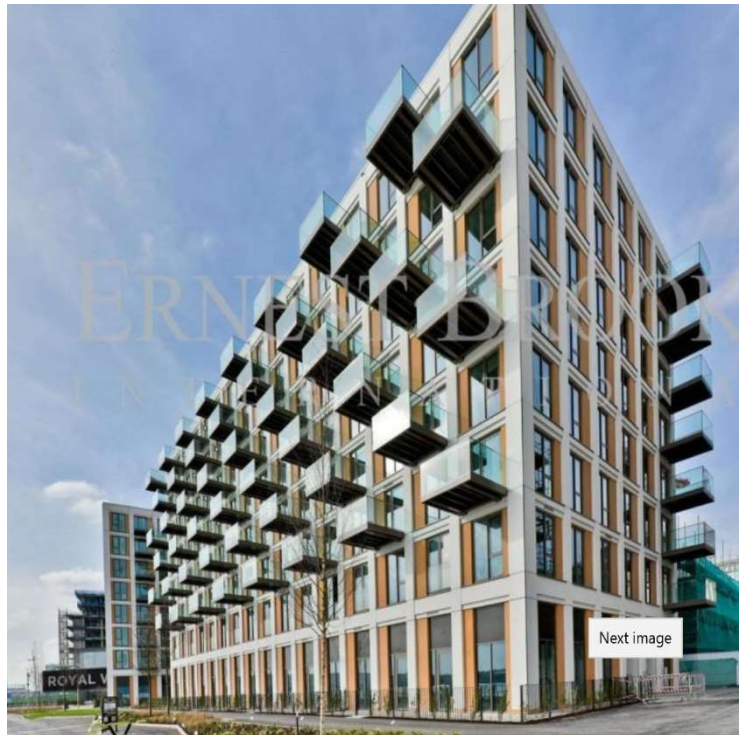
Royal Wharf, Liner House

Developer	Ballymore
Overall Average (Achieved Sales from 2018/19) £/sq ft	£696
Total Units	191
Completion Date	TBC
Transport Links	3 Min to Pontoon Dock DLR
Local Authority	Newham
Amenity Provision	Gym, Concierge, Swimming Pool, Communal/Roof Garden, Clubhouse



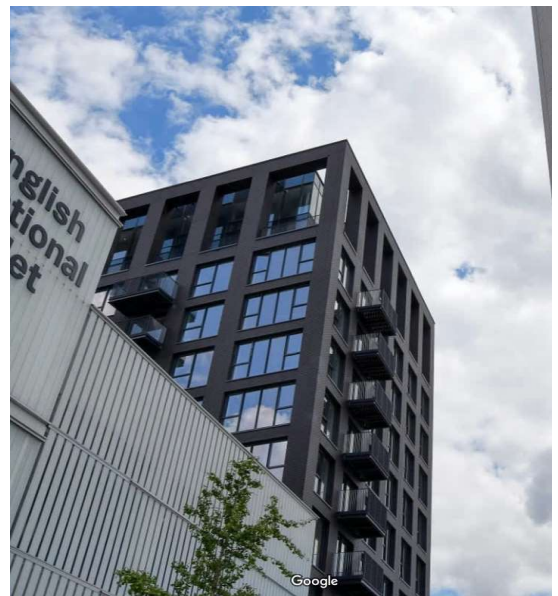
Royal Wharf, Pendant Court

Developer	Ballymore
Overall Average (Achieved Sales from 2019) £/sq ft	£696
Total Units	92
Completion Date	TBC
Transport Links	3 Min to Pontoon Dock DLR
Local Authority	Newham
Amenity Provision	Gym, Concierge, Swimming Pool, Communal/Roof Garden, Clubhouse



London City Island, Echo House

Developer	Ballymore/NHHT
Overall Average (Achieved Sales from 2019) £/sq ft	£839
Total Units	TBC
Completion Date	Completed in 2018
Transport Links	1 Min to Canning Town Underground 7 Min to City Airport DLR
Local Authority	Newham
Amenity Provision	Gym, Concierge, Swimming Pool, Communal/Roof Garden, Clubhouse



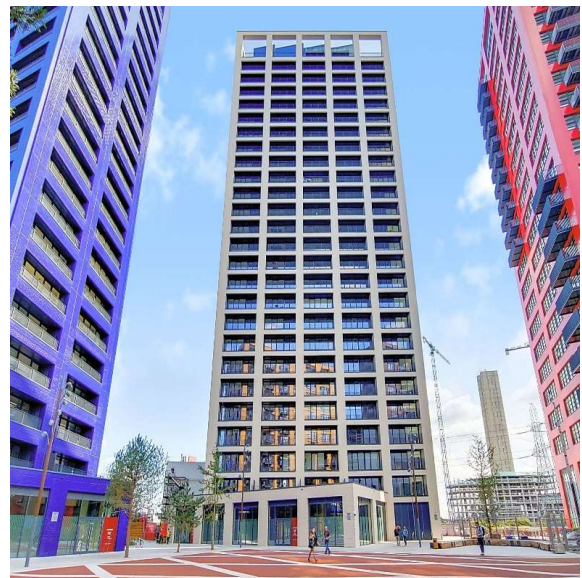
London City Island, Bridge Water House

Developer	Ballymore
Overall Average (Achieved Sales from 2019/20) £/sq ft	£875
Total Units	128
Completion Date	TBC
Transport Links	1 Min to Canning Town Underground 7 Min to City Airport DLR
Local Authority	Newham
Amenity Provision	Gym, Concierge, Swimming Pool, Communal/Roof Garden, Clubhouse



London City Island, Corson House

Developer	Ballymore
Overall Average (Achieved Sales from 2019) £/sq ft	£893
Total Units	TBC – No information online
Completion Date	TBC
Transport Links	1 Min to Canning Town Underground 7 Min to City Airport DLR
Local Authority	Newham
Amenity Provision	Gym, Concierge, Swimming Pool, Communal/Roof Garden, Clubhouse



Summary

Location	Block/Scheme	Details	Average achieved sales values 2019
Royal Docks	12 Western Gateway	Near DLR and Victoria Dock Gym, concierge	£806 psf
Royal Wharf	Fairwater House	Gym, Concierge, Swimming Pool, Communal/Roof Garden, Clubhouse	£639 psf
	Carrick House		£672 psf
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	Pendant Court		£696 psf
London City Island	Echo House	Gym, Concierge, Swimming Pool, Communal/Roof Garden, Clubhouse	£839psf
	Corson House		£893psf
	Bridgwater House		£875psf



Carrick House

27 Royal Crest Avenue, Royal Wharf, E16



£610,000



2 bedrooms



2 bathrooms

→ Leasehold

KEY FEATURES

Property Ref: EAS200022

- Spacious – 809sq.ft. of Living Space
- South East Private Balcony
- River Thames Views
- Just Completed, Beautifully Presented
- Concierge, Swimming Pool, Gym
- 0.3mi from Pontoon Dock
- 0.1mi from Thames Clipper Pier



LEASEHOLD INFORMATION

Leasehold 995 years

Service Charge: £3,000

Ground Rent: £600

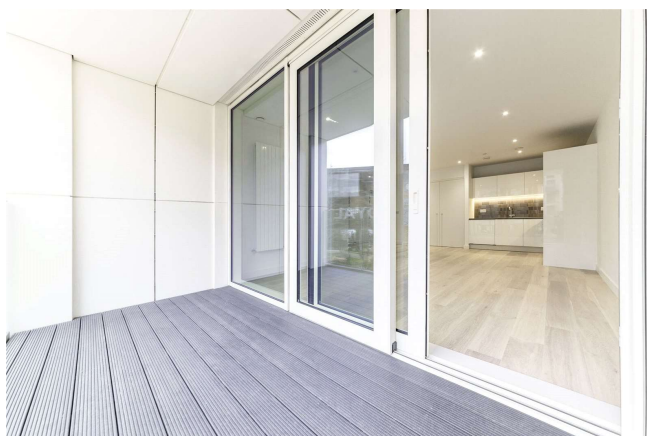


DESCRIPTION

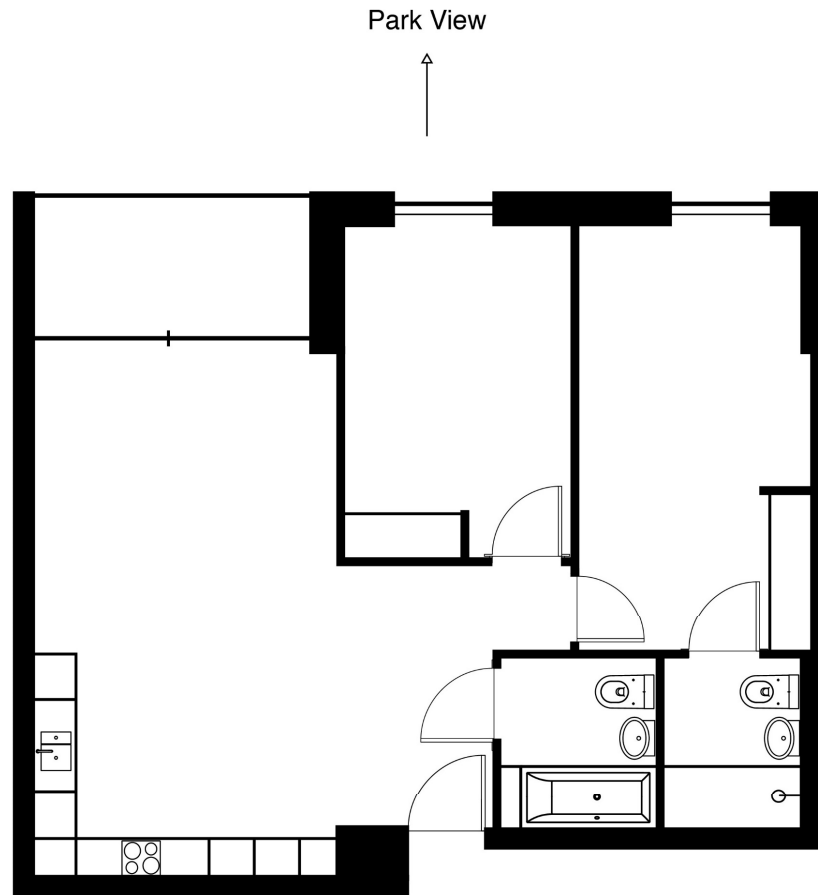
This stunning two bedroom two bathroom apartment with River Thames view (marketing suite soon to be demolished) located within the popular Royal Wharf Development.

The property comprises an open plan spacious living/dining area and an expansive kitchen space with high end integrated appliances, fantastic private balcony with views over the park and river Thames, airy master bedroom featuring ample built in storage with an en-suite bathroom, generous second bedroom with fitted wardrobes, luxury family bathroom, an additional storage to the hallway with contemporary finish throughout.

Royal Wharf itself is an exciting new riverside development where you can live and relax in beautiful landscaped surroundings with access to Clubhouse with gym, spa and swimming pool. Residents of Royal Wharf benefit from the 24 hour concierge and onsite security teams and the Thames Clipper River bus service. With shops, restaurants, riverside walkway this development offers new convenient community living.



FLOOR PLAN



Living Area:	6910 x 5995 mm
Bedroom 1:	5490 x 2895 mm
Bedroom 2:	4300 x 2910 mm
Balcony:	6.7 sq m (72 sq ft)

Total internal floor area: 75.2 sq m (809 sq ft)

Whilst every attempt has been made to ensure the accuracy of the floor plan contained here, measurements of doors, windows, rooms and any other items are approximate and no responsibility is taken for any error, omission, or mis-statement. This plan is for illustrative purposes only and should be used as such by any prospective purchaser. The services, systems and appliances shown have not been tested and no guarantee as to their operability or efficiency can be given

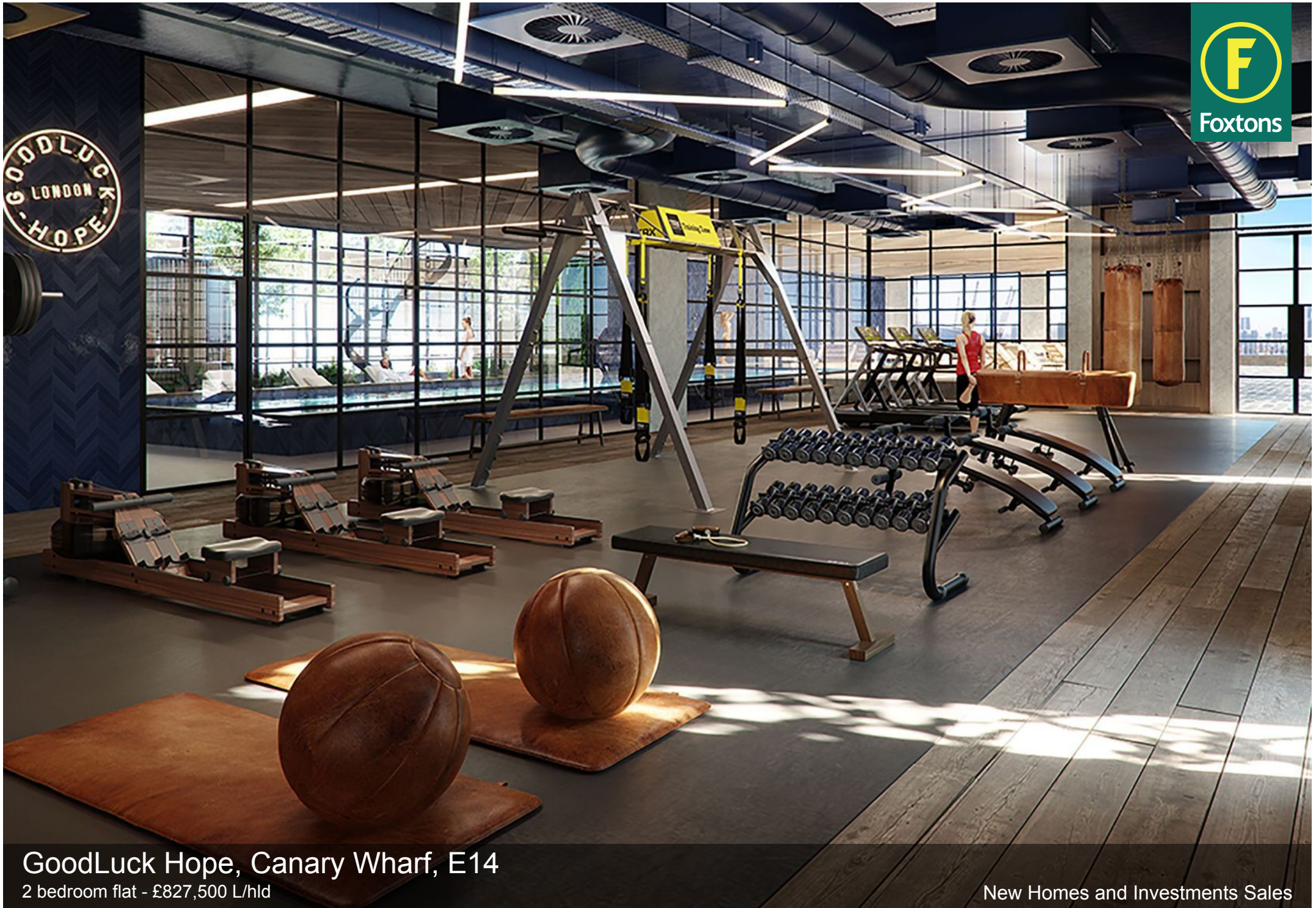
For clarification, the particulars are compiled with care to give a fair and accurate description but they do not constitute as an offer or contract. LiFE Residential reserve the right to alter any property descriptions and floor plans without prior notice. Appliances shown have not been tested and no guarantee as to their operability or efficiency can be given. These particulars are only a general outline for the guidance of intending purchasers or lessees and do not constitute in whole or in part an offer or a Contract. Reasonable endeavours have been made to ensure that the information given in these particulars is materially correct but any intending purchaser or lessee should satisfy themselves by inspection, searches, enquiries and survey as to the correctness of each statement. All statements in these particulars are made without responsibility on the part of LiFE Residential or the vendor or lessor. No statement in these particulars is to be relied upon as a statement or representation of fact. Nothing in these particulars shall be deemed to be a statement that the property is in good repair or condition or otherwise nor that any services or facilities are in good working order.

Find your local branch:

Head Office Unit 3, Portal West Business Centre 6 Portal Way London W3 6RU 020 8896 9990	North London Unit 4 71b Drayton Park London N5 1BF 020 7359 4488	Whitehouse Downstream Building 9 Belvedere Road London SE1 8XZ 020 7928 7007	County Hall 252 Westminster Bridge Road London SE1 7PD 020 7620 1600	Westminster 23 Monck Street London SW1P 2AE 020 7222 2005	Nine Elms Riverside Unit 11 Flagstaff House St George Wharf London SW8 2LZ 020 7582 7989	Tower Bridge - City Spice Quay 34 Shad Thames London SE1 2YG 020 7234 0666
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Canary Wharf 36 Millharbour London E14 9JS 020 3668 1030	Crossharbour 6 Baltimore Wharf London E14 9AQ 020 3846 3330	Greenwich 6 Victoria Parade Greenwich London SE10 9FR 020 8418 3609	Deptford Block A Hudson Building Deals Gateway London SE10 8EA 020 8692 2244	East London Unit B Westgate Apartments 14 Western Gateway London E16 1FD 020 7476 0125	Royal Wharf 7 Rope Terrace Royal Wharf London E16 2PQ 020 3846 3311
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Hong Kong 1508, 15/F 100 QRC Queen's Road Central Hong Kong +852 2644 0268	Singapore 1 Raffles Place 19-61 One Raffles Place Tower 2 Singapore 048616 +65 6808 5802	South Africa Mandela Rhodes Place 1 Wale Street Cape Town South Africa 8000 +27 21 424 3969
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GoodLuck Hope, Canary Wharf, E14

2 bedroom flat - £827,500 L/hld

New Homes and Investments Sales

GoodLuck Hope, Canary Wharf, E14

£827,500 L/hld 2 bedroom flat

Foxtons.co.uk/14664051

Embracing the industrial warehouse design influence of the surroundings this contemporary 2 bedroom apartment offers an en-suite, winter garden and stunning interiors throughout.

The Goodluck Hope development is set to become a bustling riverside neighbourhood which encourages both industry and enterprise. Drawing inspiration from the Orchard Dry Docks and its industrial history these three buildings; Argo, Saxon and Orion are each located within this exclusive Island hub on the bank of the Thames and River Lea. Within these contemporary warehouses, with striking facades created from the brick and steel, are exquisite suites, one, two and three bedroom apartments. Each resident of Goodluck Hope will enjoy exclusive access to the Islands private club, 1595. Here there are fabulous facilities ranging from a gymnasium, cinema and swimming pool. The development also embraces the outdoors with beautiful gardens and terraces overlooking the London skyline and O2.

KEY FEATURES

- Stunning 2 bedroom apartment with winter garden
- Superb community with a host of amenities on the doorstep
- Views across London skyline
- Modern open-plan kitchen with integrated appliances
- Sleek bathroom with white tiling and heated towel rail
- Offers comfort cooling system to living areas and bedroom
- Provides entry phone system for secure access
- Boasts a desirable location in the heart of E14

LOCAL AREA

This sublime new development boasts a stunning riverside location in the heart of bustling E14, ideally located for a superb range of transport links from trains to planes with cosmopolitan Canary Wharf in close proximity.

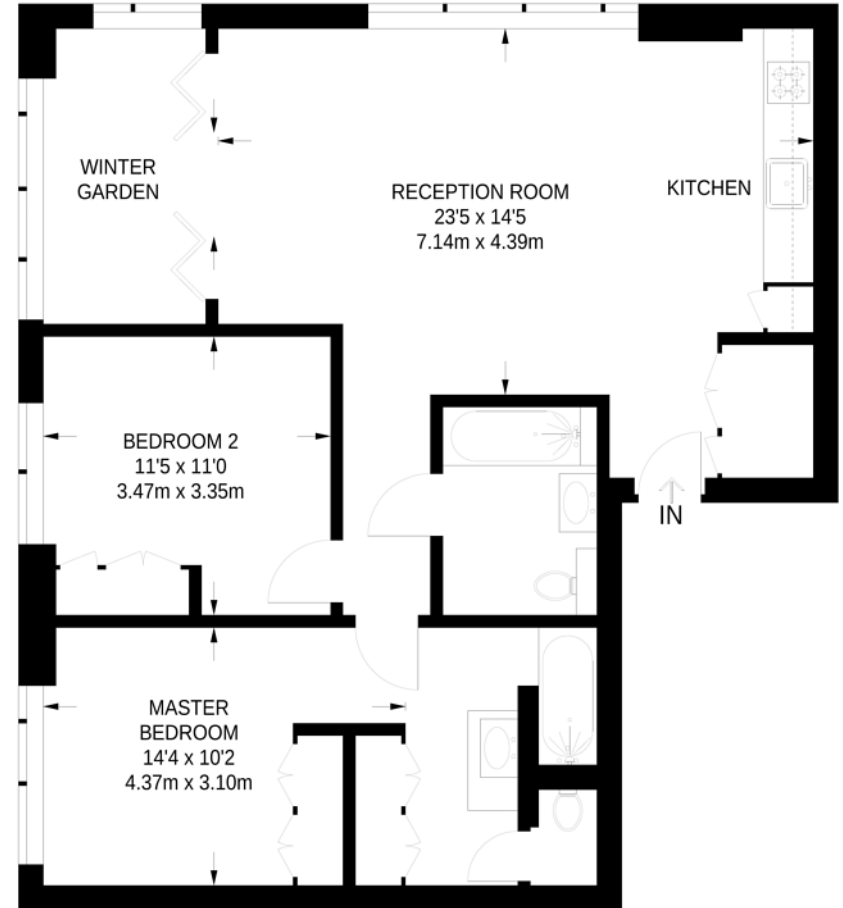
Foxtons New Homes East

Unit 2, 20 Canada Square
London E14 5NN

NewHomes-East@foxtons.co.uk
020 7133 7744



Approximately 800 Sq Ft (74.32 Sq M)



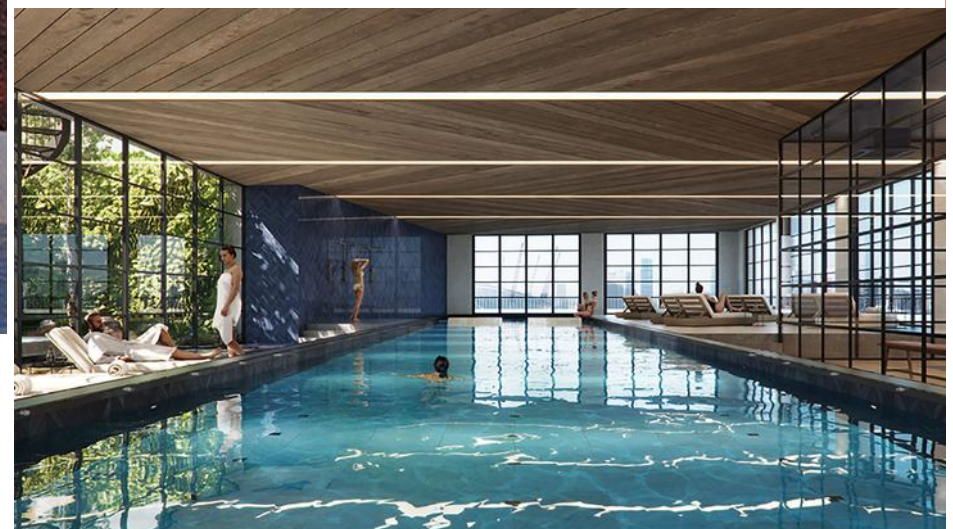
 = REDUCED HEADROOM BELOW 1.5 m / 5'0

APPROXIMATE GROSS INTERNAL AREA
800 SQ FT / 74.3 SQ M
WINTER GARDEN 78 SQ FT / 7.2 SQ M

This plan has been drawn for illustrative
and identification purposes only.



Foxtons



GoodLuck Hope, Canary Wharf, E14

£827,500 L/hld 2 bedroom flat

Foxtons.co.uk/14664051

Foxtons.co.uk



Energy Performance Certificate

Awaiting EPC, or not applicable

Tenure	Leasehold
Lease Expires	Jan 3017
Ground Rent	0.1% of purchase price
Service Charge	Est £5.04/psqft
Local Authority	Tower Hamlets
Council Tax	To be confirmed

Example images only

We have prepared these property particulars as a general guide to a broad description of the property. They are not intended to constitute part of an offer or contract. We have not carried out a structural survey and the services, appliances and specific fittings have not been tested. All photographs, measurements, floorplans and distances referred to are given as a guide only and should not be relied upon for the purchase of carpets or any other fixtures or fittings. Lease details, service charges and ground rent (where applicable) and council tax are given as a guide only and should be checked and confirmed by your Solicitor prior to exchange of contracts. The copyright of all details, photographs and floorplans remain exclusive to Foxtons. (1.44.100333)



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Appendix 3

Planning Policy – details of relevant viability guidance

National Planning Practice Guidance (PPG)

PPG includes guidance for the assessment of Benchmark Land Value (BLV) and addresses how costs and values should be approached in viability assessments. Paragraph 13 states that BLV should be established on the basis of the existing use value (EUV) of the land, plus a premium for the landowner. This approach is known as ‘existing use value plus’ (EUV+). Paragraph 15 states that existing use value excludes ‘hope value’.

Paragraph 13 states that the premium for the landowner should reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land. The premium should provide a reasonable incentive, in comparison with other options available, for the landowner to sell land for development while allowing a sufficient contribution to fully comply with policy requirements. Paragraph 13 also states that land owners and site purchasers should consider policy requirements when agreeing land transactions.

Paragraph 12 provides that certain development costs should be taken into account when defining BLV including:

- Abnormal costs including those associated with treatment of among other things, listed buildings and also costs associated with phased or complex sites.
- Site specific infrastructure costs.

Paragraph 14 states that ‘where viability assessment is used to inform decision making, under no circumstances will the price paid for land be a relevant justification for failing to accord with relevant policies in the plan’. Paragraph 15 also clarifies that ‘existing use value is not the price paid’. Paragraph 2 confirms that the price paid for land is not a relevant justification for failing to accord with relevant policies in the plan and that landowner and site purchasers should consider this when agreeing land transactions.

If transactions are used to inform BLVs they must fully reflect the cost of policy compliance including for affordable housing at the levels set out in the plan or be adjusted to fully reflect plan policies and should only be used as a cross check to other evidence (Paragraphs 14 and 16). This is so that historic benchmark land values of non-policy compliant developments are not used to inflate values over time. PPG also recognises that there may be a divergence between benchmark land values and market evidence which could be due to different assumptions and methodologies used by individual developers, land promoters and landowners.

Mayor’s Affordable Housing & Viability SPG (AH&V SPG)

The relevant extracts from this guidance are set out below as follows:

Para 3.6 The applicant should provide detailed evidence to support inputs and assumptions.

Para 3.10 Applicants should demonstrate that their proposal is deliverable and that their approach to viability is realistic. As such appraisals would normally be expected to indicate that the scheme does not generate a deficit, and that the target profit and benchmark land value can be achieved with the level of planning obligations provided. If an appraisal shows a deficit position the applicant should demonstrate how the scheme is deliverable.

Para 3.11 Where an applicant is seeking to rely on assumptions of growth in values these should be provided. For shorter-term non-phased schemes which are based on current day current day values and costs, growth assumptions should be included as a scenario test.

Para 3.12 For phased or longer-term schemes, it may be appropriate to include growth assumptions within the appraisal to ensure that this is realistic and that affordable housing is maximised. These should be informed by recognised market sources for the relevant area.

Para 3.13 Gross development value is derived from: the sales values of any units, car parking spaces, and any other buildings to be sold; the rental value of any units be rented out which are capitalised using a yield, ground rents, and any rents generated by commercial floorspace; or any other use to give an overall capital value.

Para 3.22 Build costs should be clearly apportioned to different elements of the development.

Para 3.23 There should be a clear alignment between a development's specification, assumed build costs, and development values, and there should be consistency with comparable sites. Applicants should submit elemental cost plans that are consistent with the level of detail provided in the drawings in support of planning applications (i.e. RIBA Plan of Works Stage C). Wherever possible such assessments should be benchmarked against other similar projects.

Para 3.24 LPAs are strongly encouraged to use cost consultants to rigorously assess scheme proposals and verify whether costs are appropriate taking into account pricing, quantities, specification, and assumed development values. Consideration should also be given to scheme design and whether development costs could be reduced as part of a cost/ value assessment.

Para 3.25 Any site-specific abnormal costs should be disaggregated and supported by robust evidence (including contractor costs). The presence of abnormal costs would normally be expected to influence land value. The applicant should have been aware of abnormal costs prior to purchasing the site, therefore the presence of abnormal costs (alongside relevant requirements of the development plan) are assumed to have influenced the level of premium above the existing use value a land owner would expect. Thus, it should not be assumed that abnormal costs will be offset at the expense of compliance with the Development Plan.

Para 3.36 The Mayor will normally consider profit as a factor of gross development cost (GDC) or gross development value (GDV). An 'internal rate of return' (IRR) approach of measuring profit, which is associated with a long term development programme and assumed growth in values and build costs, is sensitive to the timing of costs and income. If IRR is relied on a full justification must be provided for the assumed development programme, the timing of cost and value inputs

and the target IRR. Where this is the case profit should also be considered as a factor of GDC and/ or GDV

Para 3.43 The 'Existing Use Value plus' (EUV+) approach to determining the benchmark land value is based on the current use value of a site plus an appropriate site premium. The principle of this approach is that a landowner should receive at least the value of the land in its 'pre-permission' use, which would normally be lost when bringing forward land for development. A premium is usually added to provide the landowner with an additional incentive to release the site, having regard to site circumstances.

Para 3.46 The existing use value (EUV) is independent of the proposed scheme. The EUV should be fully justified based on the income generating capacity of the existing use with reference to comparable evidence on rents, which excludes any hope value associated with development on the site or alternative uses. This evidence should relate to sites and buildings of a similar condition and quality or otherwise be appropriately adjusted.

Premiums above EUV should be justified, reflecting the circumstances of the site. For a site which does not meet the requirements of the landowner or creates ongoing liabilities/costs, a lower or no premium would be expected compared with a site occupied by profit-making businesses that require relocation.

The level of premium can be informed by benchmark land values that have been accepted for planning purposes on other comparable sites where determined on a basis that is consistent with this guidance.

Para 3.51 If an applicant seeks to use an 'alternative use value' (AUV) approach it must fully reflect policy requirements. Generally, the Mayor will only accept the use of AUV where there is an existing implementable permission for that use. Where there is no existing implementable permission, the approach should only be used if the alternative use would fully comply with development plan policies, and if it can be demonstrated that the alternative use could be implemented on the site in question and there is market demand for that use.

Para 3.52 In order to demonstrate the value of a policy compliant alternative, that does not benefit from an implementable permission but does have a realistic prospect of achieving planning permission, the applicant should provide a detailed alternative proposal, incorporating current day costs and values. The applicant should also explain why the alternative use has not been pursued. Where all these conditions are met and the AUV is being used, there is no requirement for an additional 'plus' element.

Thameside West

June 2020 Submission - Consolidated Accomodation Schedule

Block	Residential (GIA m ²)	Commercial (GIA m ²)	BOH (GIA m ²)	Total (GIA m ²)
A	17,214	1,789	3,370	22,373
B	17,944	1,759	2,350	22,053
C	10,944	-	155	11,099
D	20,907	791	4,358	26,056
E	20,805	-	3,872	24,677
F	25,286	-	4,194	29,480
G	24,496	1,185	3,964	29,645
J	16,781	393	1,102	18,276
M	15,890	-	2,263	18,153
N	24,281	434	1,999	26,714
Q	21,065	2,200	2,807	26,072
R	40,812	1,030	3,982	45,824
S	47,842	2,057	4,266	54,165
T	32,792	1,417	3,936	38,145
U	18,515	4,767	2,759	26,041
H	12,676	-	2,261	14,937
K	21,311	-	2,261	23,572
L	21,311	-	2,261	23,572
P	7,317	-	2,261	9,578
V	-	14,250	-	14,250
TOTAL	418,189	32,072	54,421	504,682

Total (GIA ft²)
240,823
237,378
119,470
280,467
265,623
317,323
319,099
196,723
195,399
287,549
280,639
493,250
583,032
410,593
280,305
160,782
253,729
253,729
103,098
153,387
5,432,397

Accommodation Schedule - Non Residential Uses

Plot	NON RESIDENTIAL DATA											
	TOTALS		Level	RETAIL (A1 - A4)		GENERAL INDUSTRIAL (B1c, B2, B8)		INDUSTRIAL (B1c, B2, B8) RESTRICTED		COMMUNITY BENEFIT (D1, D2)		
	GEA	GIA		GEA	GIA	GEA	GIA	GEA	GIA	GEA	GIA	
The Landings												
A	1919	1789	Level 00					1337	1262			
			Level 01					468	432			
			Level 02						114	95		
B	1919	1759	Level 00					1283	1220			
			Level 01	230	198				406	341		
			Level 02									
Parkside												
C	0	0	Level 01									
			Level 02									
D	833	791	Level 01					719	683			
			Level 02						114	108		
E	0	0	Level 01									
			Level 02									
F	0	0	Level 01									
			Level 02									
The Quays												
G	1247	1185	Level 01	679	645							
			Level 02	568	540							
J	414	393	Level 01	414	393							
			Level 02									
M	0	0	Level 01									
			Level 02									
N	457	434	Level 01	457	434							
			Level 02									
Riverside Quarter												
Q	2316	2200	Ground							328	312	
			Level 01	263	250					731	694	
			Level 02	263	250						731	694
R	1084	1029.8	Level 01	1084	1030							
			Level 02									
S	2165	2057	Level 01	1808	1718							
			Level 02	357	339							
T	499	474	Level 01	431	409							
			Level 02	68	65							
U	746	708.7	Ground	196	186							
			Level 01	275	261							
			Level 02	275	261							
Thameside Crescent												
H	0	0	Level 01									
			Level 02									
K	0	0	Level 01									
			Level 02									
L	0	0	Level 01									
			Level 02									
P	0	0	Level 01									
			Level 02									
Other Uses												
Industrial Site	15000	14250	Ground			5000	4750					
			Level 01			5000	4750					
			Level 02			5000	4750					
Nursery	993	943	Level 01							473	449	
			Level 02								520	494
4 FE School	4272	4058	Level 00							882	838	
			Level 01							1473	1399	
			Level 02							639	607	
			Level 03							639	607	
			Level 04							639	607	
Summary Totals												
Phase 2-11 only	30026	28525		7,138	6,781	15,000	14,250	833	791	7,055	6,702	
MP TOTALS	33864	32078		7,368	6,979	15,000	14,250	4,441	4,141	7,055	6,702	

Notes:

- * The areas in this document are approximate and are indicative only.
- * They are not to be relied upon. If the Client or any other party require precise measurement, it is advised to engage specialist advice for that purpose.
- * As advised by the client the unit mix sizes have been derived by LHDG essential GIA. Private open space should be fully considered in detail phasing and allocated within Masterplan plot parameters
- * Landownership and plot sizes in Abeyance
- * Please refer to detail application schedule for plots A and B for non residential uses schedule

2693 - Thameside West

Basement Ancillary Areas & back of house areas (including plant rooms)

30-Jun-20

Revisions	Date	Revision Description	Check
00	22/11/18	Design Freeze	F+P
01	18/02/20	Draft Design Freeze	F+P
02	19/02/20	Draft Design Freeze	F+P
03	26/02/20	Draft Design Freeze	F+P
04	14/05/20	For Information	F+P
05	29/06/20	For Information	F+P
06	30/06/20	For Information	F+P

FOR INFORMATION ONLY - AREAS NOT CONFIRMED

Plot Areas	Plot	GEA (including BOH, plant room & dual use)			Total GEA	Total estimated GIA (95% of GEA)
		Lower Ground (00)	Ground (01)	Upper Ground (02)		
The Landings	A	3957			6579	5720
	B	2622				
	TOTAL	6579	0	0		
Parkside	C		0	163	13241	12578.95
	D	10282	763	397		
	E		649	0		
	F		594	393		
	TOTAL	10282	2006	953		
The Quays	G	3601	0	872	9819	9328.05
	J	0	563	597		
	M	0	852	1530		
	N	0	1032	1072		
	TOTAL	3601	2447	3771		
Thameside Crescent	H				9521	9044.95
	K	5720	36	3765		
	L					
	P					
	TOTAL	5720	36	3765		
Riverside Quarter	Q		35	35	18685	17750.75
	R		787	520		
	S	14425	961	644		
	T		803	455		
	U		20	0		
TOTAL	14425	2606	1654			
GRAND TOTAL		40607	7095	10143	57845	54423

Key

Areas to be provided by detail phase architects

Areas updated in Revision

Notes:

The areas in this document are approximate and are indicative only.

They are not to be relied upon. If the Client or any other party require precise measurement, it is advised to engage specialist advice for that purpose.

All areas are indicative and to be read in conjunction with A-SK-0089, A-SK-0092 and A-SK-0093 GIA's figures provided are estimates based on 95% of measured GEA area.

Areas representative of Phase 02 to 11 only - Phase 01 areas to be provided by detail phase architect.



Development

**Thameside West and Carlsberg Tetley Dock Road
Silvertown
London E16**

Draft

Report Number 2 on Target Cost Model

June 2020

Thameside West Nr 2 Cost Report

1.0 INTRODUCTION, METHODOLOGY AND COMMENTS ON ESTIMATE AND CONCLUSION

Introduction and methodology

CDM Project Services was formed 24 years ago and carries out cost management, project management and other related services both in the UK and overseas. The principal Stephen Brown is a Chartered Quantity Surveyor (M.R.I.C.S) and a Project manager (M.A.P.M) with over 40 years' experience, a majority as a Director and Partner of cost consultancy practices and for the past 12 years has been a Director of WT Partnership for which he still acts as a consultant and with whom he shares data. Stephen is also a Non-Executive Director of Savile Brown Associates. Stephen has carried out projects and has carried a large number cost estimate reviews including reviewing actual costs within The London Borough of Newham. One of the projects Stephen has delivered is the £200m+ phase 1 of the £1.3bn Royal Albert Dock development.

In February 2019 we were requested to carry out an independent review of The Thameside West Masterplan Target Cost Model- Rev D (final) dated 13th December 2018 prepared by Gardiner and Theobald (GT) in the sum of £1,388,500,00 equivalent to £280 /ft² or £3.011/m² GIA based on 461,095 m² GIA.

Our assessment was £1,327,830,443 equivalent to 267/ft² or £2,879/m² being a difference of £60,669,557 or 4.73% from GT's cost estimate

The largest part of the difference related to comfort cooling to the block. As one would expect there were some clarifications required for some of GT's allowances

GT provided a response and amended their cost plan and provided some of the clarifications

GT's amended cost model was £1,380,475,325 In taking into account GT's comments CDM's assessment is now £1,328,243,201 equivalent to £268/ft² or £2,880/m² being a difference of £52,232,124 or 3.78% however if we were to include comfort cooling it would increase our assessment to £1,355,624,817 equivalent to £273/ft² or £2,940/m² being a difference of £24,850,508 which is 1.8%. This was based on 4th Quarter 2018

We have now received an updated cost model Thameside West Masterplan Target Cost Model- Rev I (draft) dated 23rd June 2020 prepared by Gardiner and Theobald (GT) in the sum of £1,432,800,000 equivalent to £264 /ft² or £2,841/m² GIA based on 504,400 m² GIA.

The gross internal area has increased by 43,305m² or 9.39% so we would expect the overall cost to increase and the cost per m² to reduce

Thameside West Nr 2 Cost Report

The gross internal floor area used for the cost plan needs to be reconciled with the updated CIL calculation dated May 2020 and updated schedule dated 15th May 2020

The development comprises the demolition of existing buildings and structures, the erection of buildings, including tall buildings, comprising: 460 residential Units (Use Class C3), 3,493 sqm (GEA) of flexible employment floor space (Use Classes B1b, B1c, B2 (restricted) and B8); 162 sqm (GEA) of flexible retail floor space (Use Classes A1-A4); a new/altered access road from Dock Road/ North Woolwich Road; new streets, open spaces, landscaping and public realm; car, motorcycle and bicycle parking spaces and servicing spaces; and other works incidental to the proposed development and the phased delivery of the balance of the site for the proposed demolition of existing buildings and structures; the erection of buildings, including tall buildings, comprising: a new local centre; a primary school (Use Class D1); residential and older person units (Use Class C3); flexible employment floorspace (Use Classes B1b, B1c, B2 and B8); flexible retail floorspace (Use Classes A1-A4); community and leisure floor space (Use Classes D1 and D2); the construction of a new flood defence wall and delivery of ecological habitat adjacent to the River Thames and associated infrastructure; streets, open spaces, landscaping and public realm (including new park and SINC improvements); car, motorcycle and bicycle parking spaces and servicing spaces; utilities including energy centre and electricity substations; and other works incidental to the proposed development.

The cost rates appear to assume 5,000 units – 1,700 affordable and 3,300 private

The commercial areas appear to be finished to shell and core

There is a contingency of 1.75% plus 2 % indicated but the amounts in the cost estimate amount to 3.75% amounting to £49,615,618 which in our opinion is reasonable. In addition there a large number of risk related lump sums .e.g. for contamination, UXO asbestos, knotweed, construction methodology adjacent to Silvertown tunnel etc. included within the cost estimate which we have reviewed and either believe they are reasonable or have asked for further clarification.

We understand that no further contingency has been added in the appraisal but have not seen the appraisal so this should be checked to ensure there is no further contingency added

There is a note of notes and assumptions which generally appear reasonable

The costs exclude professional fees

The costs are stated as being based on 4th Quarter 2018 and 2nd Quarter 2019 this needs to be clarified as the document is dated June 2020 and would expect it to be at 2nd Quarter 2020. BCIS Tender Price Index shows and index

Thameside West Nr 2 Cost Report

of 331 at 4th Quarter 2018 and 332 at 2nd Quarter 2020 which is a negligible difference. A copy of the BCIS is attached to this report

The procurement route is stated as being assumed to be a limited competitive tender on a single or two stage traditional or design and build route with all works tendered under one main contract (for each plot)

There is a note of information used

There is a list of exclusion section which generally appears reasonable.

There is an area schedule

We have carried out a review of the cost estimate prepared based on benchmarking against known costs on similar projects. When bench marking the cost against other projects etc. we have taken care to ensure that any rates used are adjusted to take into account the base date of estimate, location, and this particular development.

We provide 22 benchmarks below as at 2nd Quarter 2020

Overall including external works

E6- 5 Storey-£2,471/m²

E6- £2,926/m²

E3- 29 storey- £2,983/m²

E16-12 storey - £2,752/m²

E6- 6 storey-£2,818/m²

E6-£2,575/m²

E13- tender- £2,641/m²

E6- tender- £2,465/m²

E16- £3,250/m²

E15- £2,380/m²

E15- £2,860/m²

E16- £2,825/m²

E16- 22- storey £2,954/m²

E15- £2,548/m²

E16- £2,837/m²

E16 -£2,626/m²

E16- £2,812/m²

E16- £2,634/m²

E6-£2,874/m²

E12- £2,607/m²

E6 - £2,498/m²

E16- £2,973/m²

The highest is £3,250/m² and lowest £2,380 with an average of £2,741/m²

GT are at £2,841/m² which is in the higher half of the benchmarks

We are also obligated to review the cost estimate using BCIS as it is referenced in the planning guide lines. For a residential building of 6 storeys

Thameside West Nr 2 Cost Report

plus the average cost in this Borough are £2,152 /m2 GIA and to this needs to be added external works and site abnormal items. The general nature of the data used to compile the BCIS costs and the lack of high rise data means in our opinion BCIS is not appropriate for a project of this type. A copy of the BCIS average price information is attached

Where no comments are provided then we consider the allowances in the estimate to be reasonable

We have looked at planning application 18/03557/ OUT

Construction Costs

The costs have been split into five separate sections. There is also a list of abnormal items

The preliminaries have been included at 14% and have been benchmarked and in our opinion appear reasonable for a project of this size

Overheads and profit have been included at 4% and have been benchmarked and in our opinion appear reasonable for a project of this size

Contingency – see previous comments

Landings and Parkside

Blocks A and B

The cost estimate refers to detailed cost plans for Block A and B but we do not appear to have received these. Subject to receipt of these we have made adjustments similar to the other blocks. We have based this on 44,533m2 and 206 private units and 195 affordable units. We have assumed there is 4 penthouses within the 206 private units

Block A

Internal partitions- high by £10/m2 being a difference of £224,800, Shell and core is high by £5/m2 being a difference of M+E 112,400

Fit out of residential-no comment

M+E to apartments- £129,354

Block B

Internal partitions- high by £10/m2 being a difference of £220,530 Shell and core is high by £5/m2 being a difference of M+E 110,265

Fit out of residential- £231.500

Thameside West Nr 2 Cost Report

M+E to apartments- £1,709,474

Block C

Internal partitions based on GIA in our opinion should be £110/m² being a difference of £135,400

Fit out private residential – see adjustment on spread sheet- £151,900

Shell and core M+E- The costs include for grey water recovery which we would not expect to see, Having benchmarked against other projects would not expect to see a rate over £320/m² being a difference of £5/m² or £67,700

Lifts costs appear reasonable

M+E apartments-. See detailed M+E comments below- see adjustment on spreadsheet-£ 941,222

Block D

Piling in our opinion is high by £200/m² being a difference of £399,400

Internal partitions rate in our opinion is high by £10/m² being a difference of £251,730

Shell and core M+E- The costs include for grey water recovery which we would not expect to see, Having benchmarked against other projects would not expect to see a rate over £320/m² being a difference of £5/m² or £ 125,865

Lifts costs appear reasonable. Clarification required on why cycle lifts are required

M+E affordable apartments- Duplication on towel rails See comments below and adjustment sheet £186,654

Block E

Substructure – extent of basement clarified

Frame in our opinion is high by £15/m² being a difference of £357,960

Internal walls in our opinion is high by £10/m² being a difference of £238,640

Shell and core M+E- The costs include for grey water recovery which we would not expect to see, Having benchmarked against other projects would not expect to see a rate over £320/m² being a difference of £5/m² or £ 119,320

Thameside West Nr 2 Cost Report

Lifts costs appear reasonable. Clarification required on why cycle lifts are required

Fit out apartments- adjustment see spreadsheet £112,500

M+E apartments- adjustments see spreadsheet £907,699

Block F

Substructure- extent of basement clarified

Frame in our opinion is high by £15/m² being a difference of £429,990

Internal walls in our opinion is high by £10/m² being a difference of £286,660

Shell and core M+E- The costs include for grey water recovery which we would not expect to see, Having benchmarked against other projects would not expect to see a rate over £320/m² being a difference of £5/m² or £ 143,330

Lifts costs appear reasonable. Clarification required on why cycle lifts are required

Fit out apartments- adjustment see spreadsheet £344,400

M+E apartments- adjustments see spreadsheet £2,136,604

The Quays

We have looked at all blocks as one and adjusted overall

Block J, M and N we are of the opinion substructures are high by £200/m² being a difference of £1,257,400

In our opinion the block J and M frame is high by 15/m² being a difference of £546,435

Internal partitions in our opinion are high on all blocks by £10/m² being a difference of £922,850

Mechanical and electrical services to shell and core in our opinion are high by £5/m² being a difference of £461,425

Lifts costs appear reasonable. Clarification required on why cycle lifts are required

Fit out apartments- adjustment see spreadsheet £1,117,800

M+E apartments- adjustments see spreadsheet £6,801,332

Riverside Quarter

We have looked at all blocks as one and adjusted overall

Block T we are of the opinion substructures are high by £200/m² being a difference of £460,600

In our opinion the block R and T frame is high by £15/m² being a difference of £1,259,535

Thameside West Nr 2 Cost Report

Internal partitions in our opinion are high on all blocks by £10/m2 being a difference of £1,902,470

Mechanical and electrical services to shell and core in our opinion are high by £5/m2 being a difference of £951,235

Lifts costs appear reasonable. Clarification required on why cycle lifts are required

Block T- there appears to be 1 more one bed and 1 more 2 bed allowed for over the accommodation schedule. This needs to be clarified. We have adjusted and the difference is £85,706

Fit out apartments- adjustment see spreadsheet £1,455,950

M+E apartments- adjustments see spreadsheet £8,415,386

Central Spine

We have looked at all blocks as one and adjusted overall

Frames to blocks H, K, L in our opinion is high by £15/m2 being a difference of £931,215

Internal partitions in our opinion are high on all blocks by £10/m2 being a difference of £715,590

Mechanical and electrical services to shell and core in our opinion are high by £5/m2 being a difference of £358,295

Clarification required on why cycle lifts are required

Fit out apartments- adjustment see spreadsheet £340,130

M+E apartments- adjustments see spreadsheet £1,720,021

Fit out models

Private

Studio –. Wardrobe in our opinion is high by £500 and should be £1,000. Overall difference £500 per studio

One bed –. Wardrobe in our opinion is high by £500 and should be £1,000. Overall difference £500 per apartment

Two bed –. Wardrobe in our opinion is high by £500 and should be £1,000 being a difference of £1,000. Kitchen in our opinion is high by £400. Overall difference £1,400 per apartment

Three bed –. Wardrobe in our opinion is high by £500 and should be £1,000 being a difference of £1,500. Overall difference £1,500 per apartment

Affordable

Four bed –. MF ceiling rate high by £35/m2 being a difference of £4,515. Overall difference £4,514 per apartment

M+E models private

Thameside West Nr 2 Cost Report

Studio – Towel rails have been omitted here and in fittings so need to add back £400 here. Comfort cooling included which in our opinion should be omitted , difference £3,500. You need to adjust the mark ups for the above. Overall difference £3,353

One bed– same, overall difference £7,139

Two bed- same, overall difference £6,707

Three bed-same, overall difference £6,999

Four bed – only adjustment is addition of towel rails, assumed penthouse will have comfort cooling. Overall difference plus £1,298

M+E models affordable

Studio – Towel rails included in fittings so should be omitted here, difference £350. You need to adjust the mark ups for the above. Overall difference £379

One bed – similar overall difference £508

Two bed –similar overall difference £757

Three bed similar overall difference £1136

Landscaping

Tree costs for 1.01, 1.02 and 1.04 in our opinion are high by £2,500 being a difference of £1,117,500. All other costs appear reasonable. We have pro rata the adjustment across the sections Landings and Parkside £348,970, The Quays £208,870, Riverside Quarter £398,680, Central Spine £160,980

Industrial

There is an allowance of £9,975,000. This is based on 14,250 x £700/m² which in our opinion is reasonable

Abnormal items

Demolitions-We have benchmarked this and cost appears reasonable
There is an allowance for knotweed removal of £750,000 which requires clarification and substantiation

Energy plant- we have benchmarked and overall costs appear reasonable.

Decontamination- there is evidence in the various reports that contaminated materials will be found. Obstructions are covered elsewhere. GT have made an assessment which in our opinion is high as we would normally not expect an allowance of 30%, however we referenced the March 2015 Home and Counties

Thameside West Nr 2 Cost Report

Agency remediation cost report and benchmarking against this report and using the average updating to the date of the cost plan gives a cost of circa £10 million which is in line with GT's allowance so in our opinion appears reasonable

Community building including school- There is an allowance of £15,000,000, We have benchmarked against other projects and allowance does not seem unreasonable

Risk item – construction methodology adjacent to Silvertown tunnel- allowance £3,000,000 requires clarification and substantiation

Overall there is a difference of £50,398,585 or circa 3.52% on GT's cost estimate making our assessment £1,382,401,405 or equivalent to £255/ft² or £2,741/m² GIA. A schedule of the adjustments is attached.

The key area of difference are comfort cooling to the private apartments, piping, frames, internal partitions, shell and core MEP allowances, wardrobe allowances.

River Wall

We have been provided with a breakdown of cost relating to the river wall. We have read the river wall condition report and have looked at Buro Happold Engineering drawing

Enabling works – removing coping stone rate appears high by circa £20/m being a difference of £6,860

Wall 1 -contamination allowance at 35% appears high, what is basis it could be 20% and rate based on recent tenders is high as this is an extra over rate and would not expect more than £80/m³ extra over being so based on 20% and £80/m³ gives £99,408 being a difference of £161,521

Wall 2 – backfilling rate appears high by £15/m³ being a difference of £41,160. Contamination same as wall 1 205 and £80/m³ gives a difference of £71,344

Abnormal costs- what is the basis of the 10% especially as there is a contingency and design development allowance included elsewhere. This could be 5% and have adjusted by £165,111 subject to clarification

Preliminaries in our opinion appear high at 20%, what is the basis of this as it appear high

Overheads and profit at 9.5% appear high and would not expect more than 7.5% for this type of work being a difference of 2%

Why is there a line item for TfL management costs at 7%. This needs to be clarified

Thameside West Nr 2 Cost Report

Inflation – costs should be at present day and so should be omitted being a difference of £253,754

Insurance – this should be part of the preliminaries and should be omitted being a difference of £36,302

There is a design development allowance of 3.5% which we have not adjusted

There is a contingency of 18% which in our opinion is high. We would normally for affordable homes appraisals accept anything more than 5% but in this case we will allow 10% and when you take into account the 3.5% for design development gives 6.5%

New permanent piling works- no comment. On costs same comments as the new river wall

There is a note of exclusions and assumptions which appear reasonable

Overall, there is a difference of £1,459,415 or 22.26% making our assessment £5,097,354

Conclusion

In our opinion the construction costs for use in the appraisal should be **£1,382,401,405** equivalent to **255/ft²** or **£2,741m²** being a difference of **£50,398,585** or **3.52%** from GT's cost estimate

A summary of the differences based on comfort cooling to penthouses only split into areas is indicated below

Summary without comfort cooling					
Area		GT		WT	Difference
Landings and Parkside		420,620,650		407,798,348	12,822,302
The Quays		265,871,744		251,952,246	13,919,498
Riverside Quarter		475,906,430		457,542,185	18,364,245
Central Spine		199,387,748		194,188,788	5,198,960
Industrial		12,269,848		12,269,848	0
Abnormal items		58,650,000		58,650,000	0
Rounding		93,580			
		1,432,800,000		1,382,401,405	50,398,585
					3.52%

The above costs includes a contingency of 3.75%. In addition within the cost estimate there are large allowances for risk items such as contamination, UXO, asbestos, knotweed, construction methodology adjacent to Silvertown tunnel etc.

**Thameside West Nr 2
Cost Report**

The costs exclude professional fees

The key area of difference are comfort cooling to the private apartments, piping, frames, internal partitions, shell and core MEP allowances, wardrobe allowances

Our assessment is subject to clarification on the following

- 1 Receipt of Block A and B detailed cost plan**
- 2 Block T number of apartments 423 in schedule 425 measured**
- 2 Requirement and location of cycle lifts**
- 3 Knotweed removal allowance**
- 4 Silvertown Tunnel risk allowance**
- 5 GIA used for cost plan, CIL and area schedule dated 15th May 2020**

The costs assumes 3,300 private units and 1,700 affordable units

The costs assume all retail; commercial space etc. is to shell and core

Based on comfort cooling to all private apartments in our opinion the construction costs for use in the appraisal should be £1,411,890,285 equivalent to 260/ft² or £2,799/m² being a difference of £20,909,715 or 1.46% from GT's cost estimate

A summary of the differences based on comfort cooling to penthouses and all private apartments split into areas is indicated below

Summary with comfort cooling					
Area	GT	WT	Difference		
Landings and Parkside	420,620,650	415,370,822	5,249,828	1.25%	
The Quays	265,871,744	261,219,911	4,651,833	1.75%	
Riverside Quarter	475,906,430	468,234,928	7,671,502	1.61%	
Central Spine	199,387,748	196,144,777	3,242,971	1.63%	
Industrial	12,269,848	12,269,848	0		
Abnormal items	58,650,000	58,650,000	0		
Rounding	93,580				
	1,432,800,000	1,411,890,285	20,909,715	1.46%	

The River Wall works allowance for use in the appraisal should in our opinion be £5,097,354 being a difference of £1,459,415 or 22.26 %

The main differences are contamination, abnormal item, overheads and profit, inflation and contingency allowances

**Thameside West Nr 2
Cost Report**

Our assessment of the River Wall works is subject to clarification on TfL fees and level of preliminaries percentage

General

It should be noted that there is potential for variance due to the early information the cost estimate is based compared to the cost when the works are undertaken.

It should be understood that the developer may choose to undertake value engineering exercises after the gaining of planning permission in order to reduce their cost.

The developer may also use different construction methodologies to reduce programme and therefore costs.

The information contained in this report is confidential to the parties involved in the application and may not be relied upon by any third party or used for any other purpose than to assess the quantum of affordable housing or other payments due to the Local Authority for this development

RICS Required Statements

We confirm we have acted with objectivity, impartially, without interference and believe we have sourced appropriate available information

We have acted in accordance with our instruction from the Greater London Authority and that no performance or contingent fees have been agreed

We confirm we have no conflict or that risk of conflict exists

**Steve Brown
CDM Project Services
June 2020**



Development

**Thameside West and Carlsberg Tetley Dock Road
Silvertown
London E16**

Draft

Report Number 2 on Target Cost Model Rev1

July 2020

Thameside West Nr 2 Cost Report

1.0 INTRODUCTION, METHODOLOGY AND COMMENTS ON ESTIMATE AND CONCLUSION

Introduction and methodology

CDM Project Services was formed 24 years ago and carries out cost management, project management and other related services both in the UK and overseas. The principal Stephen Brown is a Chartered Quantity Surveyor (M.R.I.C.S) and a Project manager (M.A.P.M) with over 40 years' experience, a majority as a Director and Partner of cost consultancy practices and for the past 12 years has been a Director of WT Partnership for which he still acts as a consultant and with whom he shares data. Stephen is also a Non-Executive Director of Savile Brown Associates. Stephen has carried out projects and has carried a large number cost estimate reviews including reviewing actual costs within The London Borough of Newham. One of the projects Stephen has delivered is the £200m+ phase 1 of the £1.3bn Royal Albert Dock development.

In February 2019 we were requested to carry out an independent review of The Thameside West Masterplan Target Cost Model- Rev D (final) dated 13th December 2018 prepared by Gardiner and Theobald (GT) in the sum of £1,388,500,00 equivalent to £280 /ft² or £3.011/m² GIA based on 461,095 m² GIA.

Our assessment was £1,327,830,443 equivalent to 267/ft² or £2,879/m² being a difference of £60,669,557 or 4.73% from GT's cost estimate

The largest part of the difference related to comfort cooling to the block. As one would expect there were some clarifications required for some of GT's allowances

GT provided a response and amended their cost plan and provided some of the clarifications

GT's amended cost model was £1,380,475,325 In taking into account GT's comments CDM's assessment is now £1,328,243,201 equivalent to £268/ft² or £2,880/m² being a difference of £52,232,124 or 3.78% however if we were to include comfort cooling it would increase our assessment to £1,355,624,817 equivalent to £273/ft² or £2,940/m² being a difference of £24,850,508 which is 1.8%. This was based on 4th Quarter 2018

We received an updated cost model Rev H (draft) dated 3rd March 2020 and then Rev I (draft) dated 22nd June 2020

We have now received a further updated cost model Thameside West Masterplan Target Cost Model- Rev M (draft) dated 30th June 2020 prepared by Gardiner and Theobald (GT) in the sum of £1,417,000 equivalent to £261 /ft² or £2,808 /m² GIA based on 504,685 m² GIA.

Thameside West Nr 2 Cost Report

The gross internal area has increased by 43,590m² or 9.45% since 2018 so we would expect the overall cost to increase and the cost per m² to reduce

We raised a clarification on the gross internal floor area used for the cost plan the updated CIL calculation dated May 2020 and updated schedule dated 15th May 2020 and have received a revised GIA area schedule which is one difference between the Rev I and Rev M cost plans

The development comprises the demolition of existing buildings and structures, the erection of buildings, including tall buildings, comprising: 460 residential Units (Use Class C3), 3,493 sqm (GEA) of flexible employment floor space (Use Classes B1b, B1c, B2 (restricted) and B8); 162 sqm (GEA) of flexible retail floor space (Use Classes A1-A4); a new/altered access road from Dock Road/ North Woolwich Road; new streets, open spaces, landscaping and public realm; car, motorcycle and bicycle parking spaces and servicing spaces; and other works incidental to the proposed development and the phased delivery of the balance of the site for the proposed demolition of existing buildings and structures; the erection of buildings, including tall buildings, comprising: a new local centre; a primary school (Use Class D1); residential and older person units (Use Class C3); flexible employment floorspace (Use Classes B1b, B1c, B2 and B8); flexible retail floorspace (Use Classes A1-A4); community and leisure floor space (Use Classes D1 and D2); the construction of a new flood defence wall and delivery of ecological habitat adjacent to the River Thames and associated infrastructure; streets, open spaces, landscaping and public realm (including new park and SINC improvements); car, motorcycle and bicycle parking spaces and servicing spaces; utilities including energy centre and electricity substations; and other works incidental to the proposed development.

The cost rates appear to assume 5,000 units – 1,700 affordable and 3,300 private

The commercial areas appear to be finished to shell and core

There is a contingency of 1.75% plus 2 % indicated but the amounts in the cost estimate amount to 3.75% amounting to £49,284,516 which in our opinion is reasonable. In addition there a large number of risk related lump sums .e.g. for contamination, UXO asbestos, knotweed, construction methodology adjacent to Silvertown tunnel etc. included within the cost estimate which we have reviewed and either believe they are reasonable or have asked for further clarification.

We understand that no further contingency has been added in the appraisal but have not seen the appraisal so this should be checked to ensure there is no further contingency added

There is a note of notes and assumptions which generally appear reasonable

The costs exclude professional fees

Thameside West Nr 2 Cost Report

The costs are stated as being based on 4th Quarter 2018 and 2nd Quarter 2019 this needs to be clarified as the document is dated June 2020 and would expect it to be at 2nd Quarter 2020. BCIS Tender Price Index shows an index of 331 at 4th Quarter 2018 and 332 at 2nd Quarter 2020 which is a negligible difference. A copy of the BCIS is attached to this report

The procurement route is stated as being assumed to be a limited competitive tender on a single or two stage traditional or design and build route with all works tendered under one main contract (for each plot)

There is a note of information used

There is a list of exclusion section which generally appears reasonable.

There is an area schedule

We have carried out a review of the cost estimate prepared based on benchmarking against known costs on similar projects. When benchmarking the cost against other projects etc. we have taken care to ensure that any rates used are adjusted to take into account the base date of estimate, location, and this particular development.

We provide 22 benchmarks below as at 2nd Quarter 2020

Overall including external works

E6- 5 Storey-£2,471/m²

E6- £2,926/m²

E3- 29 storey- £2,983/m²

E16-12 storey - £2,752/m²

E6- 6 storey-£2,818/m²

E6-£2,575/m²

E13- tender- £2,641/m²

E6- tender- £2,465/m²

E16- £3,250/m²

E15- £2,380/m²

E15- £2,860/m²

E16- £2,825/m²

E16- 22- storey £2,954/m²

E15- £2,548/m²

E16- £2,837/m²

E16 -£2,626/m²

E16- £2,812/m²

E16- £2,634/m²

E6-£2,874/m²

E12- £2,607/m²

E6 - £2,498/m²

E16- £2,973/m²

The highest is £3,250/m² and lowest £2,380 with an average of £2,741/m²

Thameside West Nr 2 Cost Report

GT are at £2,808/m² which is in the higher half of the benchmarks

We are also obligated to review the cost estimate using BCIS as it is referenced in the planning guide lines. For a residential building of 6 storeys plus the average cost in this Borough are £2,152 /m² GIA and to this needs to be added external works and site abnormal items. The general nature of the data used to compile the BCIS costs and the lack of high rise data means in our opinion BCIS is not appropriate for a project of this type. A copy of the BCIS average price information is attached

Where no comments are provided then we consider the allowances in the estimate to be reasonable

We have looked at planning application 18/03557/ OUT

Construction Costs

The costs have been split into five separate sections. There is also a list of abnormal items

The preliminaries have been included at 14% and have been benchmarked and in our opinion appear reasonable for a project of this size

Overheads and profit have been included at 4% and have been benchmarked and in our opinion appear reasonable for a project of this size

Contingency – see previous comments

Landings and Parkside

Blocks A and B

The cost estimate refers to detailed cost plans for Block A and B but we do not appear to have received these. Subject to receipt of these we have made adjustments similar to the other blocks. We have based this on 44,426m² and 206 private units and 195 affordable units. We have assumed there is 4 penthouses within the 206 private units

Block A

Internal partitions- high by £10/m² being a difference of £223,730

Shell and core services is high by £15/m² being a difference of M+E £335,595

Why is there grey water recovery in our opinion this could be omitted being a difference of £8/m². CHP Boilers are allowed for elsewhere so only need a transfer unit and no flue so cost high by £2/m². Substation is within external services why is there an allowance here being a difference of £2/m² and no

Thameside West Nr 2 Cost Report

gas to boilers required as in central plant covered elsewhere being a difference of £3/m²

Comfort cooling in our opinion should be omitted which is a difference of £16/m² amounting to £357,968.

Fit out of residential-no comment

M+E to apartments- In our opinion is high by £115,854 due to duplication on towel rails in affordable units

Block B

Internal partitions- high by £10/m² being a difference of £220,530

Shell and core is high by £15/m² being a difference of M+E £330,795

Comfort cooling- is high by £16/m² being £352,848

Fit out of residential- £231,560

M+E to apartments- £1,709,474

Block C

Internal partitions based on GIA in our opinion should be £10/m² being a difference of £110,990

Fit out private residential – see adjustment on spread sheet- £151,900

Shell and core M+E- The costs include for grey water recovery which we would not expect to see, cost high by £15/m² being £166,485

Comfort cooling- is high by £16/m² being £177,584

Lifts costs appear reasonable

M+E apartments-. See detailed M+E comments below- see adjustment on spreadsheet-£ 941,222

Block D

Piling in our opinion is high by £200/m² being a difference of £399,400

Internal partitions rate in our opinion is high by £10/m² being a difference of £260,560

Shell and core M+E- difference £390,840

Thameside West Nr 2 Cost Report

Shell and core comfort cooling – difference £416,896

Lifts costs appear reasonable. Clarification required on why cycle lifts are required

M+E affordable apartments- Duplication on towel rails See comments below and adjustment sheet £186,654

Block E

Substructure – extent of basement clarified

Frame in our opinion is high by £15/m² being a difference of £370,155

Internal walls in our opinion is high by £10/m² being a difference of £246,770

Shell and core M+E- £370,155

Comfort cooling- £394,832

Lifts costs appear reasonable. Clarification required on why cycle lifts are required

Fit out apartments- adjustment see spreadsheet £112,500

M+E apartments- adjustments see spreadsheet £894.329

Block F

Substructure- extent of basement clarified

Frame in our opinion is high by £15/m² being a difference of £442,200

Internal walls in our opinion is high by £10/m² being a difference of £294,800

Shell and core M+E- £442,200

Comfort cooling- £471,680

Lifts costs appear reasonable. Clarification required on why cycle lifts are required

Fit out apartments- adjustment see spreadsheet £344,400

M+E apartments- adjustments see spreadsheet £2,136,274

The Quays

We have looked at all blocks as one and adjusted overall

Thameside West Nr 2 Cost Report

Block J, M and N we are of the opinion substructures are high by £200/m² being a difference of £1,257,400

In our opinion the block J and M frame is high by 15/m² being a difference of £546,435

Internal partitions in our opinion are high on all blocks by £10/m² being a difference of £927,890

Mechanical and electrical services to shell and core in our opinion are high by £1,391,835

Comfort cooling is high by £1,484,624

Lifts costs appear reasonable. Clarification required on why cycle lifts are required

Fit out apartments- adjustment see spreadsheet £1,117,800

M+E apartments- adjustments see spreadsheet £6,801,332

Riverside Quarter

We have looked at all blocks as one and adjusted overall

Block T we are of the opinion substructures are high by £200/m² being a difference of £460,600

In our opinion the block R and T frame is high by £15/m² being a difference of £1,259,535

Internal partitions in our opinion are high on all blocks by £10/m² being a difference of £1,902,470

Mechanical and electrical services to shell and core in our opinion are high by £15/m² being a difference of £2,853,705

Shell and core comfort cooling- £3,043,952

Lifts costs appear reasonable. Clarification required on why cycle lifts are required

Block T- there appears to be 1 more one bed and 1 more 2 bed affordable units allowed for over the accommodation schedule. This needs to be clarified. We have adjusted and the difference is £85,706

Fit out apartments- adjustment see spreadsheet £1,455,950

M+E apartments- adjustments see spreadsheet £8,397,602

Central Spine

We have looked at all blocks as one and adjusted overall

Frames to blocks H, K, L in our opinion is high by £15/m² being a difference of £931,215

Internal partitions in our opinion are high on all blocks by £10/m² being a difference of £715,590

Mechanical and electrical services to shell and core in our opinion are high by £15/m² being a difference of £1,073,385

Mechanical and electrical comfort cooling shell and core-difference £1,144,944

Clarification required on why cycle lifts are required.

Fit out apartments- adjustment see spreadsheet £340,130

M+E apartments- adjustments see spreadsheet £1,720,021

Fit out models

Thameside West Nr 2 Cost Report

Private

Studio –. Wardrobe in our opinion is high by £500 and should be £1,000.
Overall difference £500 per studio

One bed –. Wardrobe in our opinion is high by £500 and should be £1,000.
Overall difference £500 per apartment

Two bed –. Wardrobe in our opinion is high by £500 and should be £1,000
being a difference of £1,000. Kitchen in our opinion is high by £400. Overall
difference £1,400 per apartment

Three bed –. Wardrobe in our opinion is high by £500 and should be £1,000
being a difference of £1,500. Overall difference £1,500 per apartment

Affordable

Four bed –. MF ceiling rate high by £35/m2 being a difference of £4,515.
Overall difference £4,514 per apartment

M+E models private

Studio – Towel rails have been omitted here and in fittings so need to add back
£400 here. Comfort cooling included which in our opinion should be omitted ,
difference £3,500. You need to adjust the mark ups for the above. Overall
difference £3,353

One bed– same, overall difference £7,139

Two bed- same, overall difference £6,707

Three bed-same, overall difference £6,999

Four bed – only adjustment is addition of towel rails, assumed penthouse will
have comfort cooling. Overall difference plus £1,298

-

M+E models affordable

Studio – Towel rails included in fittings so should be omitted here, difference
£350. You need to adjust the mark ups for the above. Overall difference £379

One bed – similar overall difference £508

Two bed –similar overall difference £757

Three bed similar overall difference £1136

Landscaping

Thameside West Nr 2 Cost Report

Tree costs for 1.01, 1.02 and 1.04 in our opinion are high by £2,500 being a difference of £1,117,500. All other costs appear reasonable. We have pro rata the adjustment across the sections Landings and Parkside £348,970, The Quays £208,870, Riverside Quarter £398,680, Central Spine £160,980

Industrial

There is an allowance of £9,975,000. This is based on 14,250 x £700/m² which in our opinion is reasonable

Abnormal items

Demolitions-We have benchmarked this and cost appears reasonable
There is an allowance for knotweed removal of £750,000 which requires clarification and substantiation

Energy plant- we have benchmarked and overall costs appear reasonable.

Decontamination- there is evidence in the various reports that contaminated materials will be found. Obstructions are covered elsewhere. GT have made an assessment which in our opinion is high as we would normally not expect an allowance of 30%, however we referenced the March 2015 Home and Counties Agency remediation cost report and benchmarking against this report and using the average updating to the date of the cost plan gives a cost of circa £10 million which is in line with GT's allowance so in our opinion appears reasonable

Community building including school- There is an allowance of £9,830,000. We have benchmarked against other projects and allowance does not seem unreasonable Based on Royal Wharf we would expect the nursery school fit out to be circa £1,800,000 being a difference of circa £606,955. Based on Royal Wharf we would expect a cost for the community centre at £3,700,000.being a difference of £1,433,521. For the primary school fit out based on Royal Wharf and Britannia, Hackney we would expect a cost around £8,500,000 being a difference of circa £2,126,103. Our cost for the roof top play area does not include for any increase of cost of structure. Our assessment is £14,000,000 hence what we stated in our previous report cost was reasonable

Risk item – construction methodology adjacent to Silvertown tunnel- allowance £3,000,000 requires clarification and substantiation

Overall

Overall there is a difference of £61,719,763 or circa 4.36% on GT's cost estimate making our assessment £1,355,280,237 or equivalent to £249/ft² or £2,685 /m² GIA. A schedule of the adjustments is attached.

Thameside West Nr 2 Cost Report

The key area of difference are comfort cooling to the private apartments, piling frames ,internal partitions, shell and core MEP allowances, wardrobe allowances and fit out of schools and community space

River Wall

We have been provided with a breakdown of cost relating to the river wall. We have read the river wall condition report and have looked at Buro Happold Engineering drawing

Enabling works – removing coping stone rate appears high by circa £20/m being a difference of £6,860

Wall 1 -contamination allowance at 35% appears high , what is basis it could be 20% and rate based on recent tenders is high as this is an extra over rate and would not expect more than £80/m³ extra over being so based on 20% and £80/m³ gives £99,408 being a difference of £161,521

Wall 2 – backfilling rate appears high by £15/m³ being a difference of £41,160. Contamination same as wall 1 205 and £80/m³ gives a difference of £71,344

Abnormal costs- what is the basis of the 10% especially as there is a contingency and design development allowance included elsewhere. This could be 5% and have adjusted by £165,111 subject to clarification

Preliminaries in our opinion appear high at 20%, what is the basis of this as it appear high

Overheads and profit at 9.5% appear high and would not expect more than 7.5% for this type of work being a difference of 2%

Why is there a line item for TfL management costs at 7%. This needs to be clarified

Inflation – costs should be at present day and so should be omitted being a difference of £253,754

Insurance – this should be part of the preliminaries and should be omitted being a difference of £36,302

There is a design development allowance of 3.5% which we have not adjusted

There is a contingency of 18% which in our opinion is high. We would normally for affordable homes appraisals accept anything more than 5% but in this case we will allow 10% and when you take into account the 3.5% for design development gives 6.5%

New permanent piling works- no comment. On costs same comments as the new river wall

Thameside West Nr 2 Cost Report

There is a note of exclusions and assumptions which appear reasonable

Overall, there is a difference of £1,459,415 or 22.26% making our assessment £5,097,354

Conclusion

In our opinion the construction costs for use in the appraisal should be £1,355,280,237 equivalent to 249/ft² or £2,685m² being a difference of £61,719,763 or 4.36% from GT's cost estimate

A summary of the differences based on comfort cooling to penthouses only split into areas is indicated below

Summary without comfort cooling					
Area		GT		WT	Difference
Landings and Parkside		409,890,300		392,792,281	17,098,019
The Quays		266,103,485		249,207,152	16,896,333
Riverside Quarter		475,892,041		451,465,276	24,426,765
Central Spine		199,382,594		191,895,680	7,486,914
Industrial		12,269,848		12,269,848	0
Abnormal items		53,480,000		57,650,000	-4,170,000
Rounding		-18,268			
Total		1,417,000,000		1,355,280,237	61,719,763
					4.36%

The above costs includes a contingency of 3.75%. In addition within the cost estimate there are large allowances for risk items such as contamination, UXO, asbestos, knotweed, construction methodology adjacent to Silvertown tunnel etc.

The costs exclude professional fees

The key area of difference are comfort cooling to the private apartments, piling, frames, internal partitions, shell and core MEP allowances, wardrobe allowances, fitting out of schools and community centre

Our assessment is subject to clarification on the following

- 1 Receipt of Block A and B detailed cost plan
- 2 Block T number of apartments 423 in schedule 425 measured
- 2 Requirement and location of cycle lifts
- 3 Knotweed removal allowance
- 4 Silvertown Tunnel risk allowance
- 5 Grey water recycling allowance

**Thameside West Nr 2
Cost Report**

The costs assumes 3,300 private units and 1,700 affordable units

The costs assume all retail; commercial space etc. is to shell and core

Based on comfort cooling to all private apartments in our opinion the construction costs for use in the appraisal should be £1,394,419,332 equivalent to 257/ft² or £2,763/m² being a difference of £22,580,668 or 1.59% from GT's cost estimate

A summary of the differences based on comfort cooling to penthouses and all private apartments split into areas is indicated below

Summary with comfort cooling					
Area		GT		WT	Difference
Landings and Parkside		409,890,300		403,036,209	6,854,091
The Quays		266,103,485		260,300,993	5,802,492
Riverside Quarter		475,892,041		465,902,262	9,989,779
Central Spine		199,382,594		195,260,020	4,122,574
Industrial		12,269,848		12,269,848	0
Abnormal items		53,480,000		57,650,000	-4,170,000
Rounding		-18,268			
Total		1,417,000,000		1,394,419,332	22,580,668
					1.59%

The River Wall works allowance for use in the appraisal should in our opinion be £5,097,354 being a difference of £1,459,415 or 22.26 %

The main differences are contamination, abnormal item, overheads and profit, inflation and contingency allowances

Our assessment of the River Wall works is subject to clarification on TfL fees and level of preliminaries percentage

General

It should be noted that there is potential for variance due to the early information the cost estimate is based compared to the cost when the works are undertaken.

It should be understood that the developer may choose to undertake value engineering exercises after the gaining of planning permission in order to reduce their cost.

The developer may also use different construction methodologies to reduce programme and therefore costs.

**Thameside West Nr 2
Cost Report**

The information contained in this report is confidential to the parties involved in the application and may not be relied upon by any third party or used for any other purpose than to assess the quantum of affordable housing or other payments due to the Local Authority for this development

RICS Required Statements

We confirm we have acted with objectivity, impartially, without interference and believe we have sourced appropriate available information

We have acted in accordance with our instruction from the Greater London Authority and that no performance or contingent fees have been agreed

We confirm we have no conflict or that risk of conflict exists

**Steve Brown
CDM Project Services
July 2020 Rev1**

Thameside West 39% affordable housing
GLA updated 070720 CDM costs and ground rents as one phase

Appraisal Summary for Merged Phases 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22

Currency in £

REVENUE

Sales Valuation	Units	ft ²	Sales Rate ft ²	Unit Price	Gross Sales
Plot A - LAR	71	46,813	200.00	131,868	9,362,600
Plot A - LSO	124	101,451	500.00	409,077	50,725,500
Plot B - Private	206	158,608	716.70	551,817	113,674,354
Plot D - LAR	114	100,816	200.00	176,870	20,163,200
Plot D - LSO	92	65,445	500.00	355,679	32,722,500
Plot C - Private	145	94,120	797.42	517,607	75,052,977
Plot E - Private	126	70,687	803.16	450,579	56,772,971
Plot E - LSO	141	106,101	500.00	376,245	53,050,500
Plot F - Private	326	215,194	792.59	523,194	170,561,393
Plot G - Private	320	210,565	833.35	548,357	175,474,343
Plot J - Private	218	143,646	832.88	548,809	119,640,455
Plot M - Private	205	133,689	836.39	545,448	111,816,790
Plot N - Private	313	205,980	832.95	548,151	171,571,126
Plot Q - Private	185	136,574	755.75	557,924	103,215,996
Plot Q - LSO	33	32,636	500.00	494,485	16,318,000
Plot S - Private	434	285,547	812.62	534,657	232,041,203
Plot S - LSO	141	126,499	500.00	448,578	63,249,500
Plot R - Private	542	351,423	838.24	543,498	294,575,963
Plot T - LAR	423	282,243	200.00	133,448	56,448,600
Plot U - Private	70	40,903	772.08	451,148	31,580,388
Plot U - LSO	82	67,512	500.00	411,659	33,756,000
Plot U - LAR	45	41,657	200.00	185,142	8,331,400
Plot H - LAR	143	110,309	200.00	154,278	22,061,800
Plot K - Private	104	81,322	780.51	610,314	63,472,634
Plot K - LAR	103	102,032	200.00	198,120	20,406,400
Plot L - Private	106	72,765	782.43	537,109	56,933,519
Plot L - LAR	105	106,273	200.00	202,425	21,254,600
Plot P - LSO	83	62,765	500.00	378,102	31,382,500
Totals	5,000	3,553,575			2,215,617,212

Rental Area Summary

	Units	ft ²	Rent Rate ft ²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Plot A - Industrial	1	19,257	16.50	317,741	317,741	317,741
Plot B - Retail	1	2,131	20.00	42,620	42,620	42,620
Plot B - Industrial	1	16,803	16.50	277,250	277,250	277,250
Plot D - Industrial	1	8,514	15.00	127,710	127,710	127,710
Plot G - Retail	1	12,755	20.00	255,100	255,100	255,100
Plot J - Retail	1	4,230	20.00	84,600	84,600	84,600
Plot N - Retail	1	4,672	20.00	93,440	93,440	93,440
Plot Q - Retail	1	5,382	20.00	107,640	107,640	107,640
Whole scheme - additional residential income	3,300	3,300	500.00	500	1,650,000	1,650,000
Plot S - Retail	1	22,142	20.00	442,840	442,840	442,840
Plot R - Retail	1	11,087	20.00	221,740	221,740	221,740
Plot T - Retail	1	5,113	20.00	102,260	102,260	102,260
Plot U - Retail	1	7,513	20.00	150,260	150,260	150,260
Industrial Site - Ground Floor	1	37,590	20.00	751,800	751,800	751,800
Industrial Site - 1st Floor	1	43,590	15.00	653,850	653,850	653,850
Industrial Site - 2nd Floor	1	43,590	15.00	653,850	653,850	653,850
Totals	3,315	247,669			5,932,700	5,932,700

Investment Valuation

Plot A - Industrial						
Market Rent	317,741	YP @	4.2500%	23.5294		
(6mths Rent Free)		PV 6mths @	4.2500%	0.9794	7,322,268	
Plot B - Retail						
Market Rent	42,620	YP @	6.0000%	16.6667		
(6mths Rent Free)		PV 6mths @	6.0000%	0.9713	689,937	
Plot B - Industrial						
Market Rent	277,250	YP @	4.2500%	23.5294		
(6mths Rent Free)		PV 6mths @	4.2500%	0.9794	6,389,161	
Plot D - Industrial						
Market Rent	127,710	YP @	4.2500%	23.5294		
(6mths Rent Free)		PV 6mths @	4.2500%	0.9794	2,943,052	
Plot G - Retail						
Market Rent	255,100	YP @	6.0000%	16.6667		
(6mths Rent Free)		PV 6mths @	6.0000%	0.9713	4,129,584	
Plot J - Retail						
Market Rent	84,600	YP @	6.0000%	16.6667		
(6mths Rent Free)		PV 6mths @	6.0000%	0.9713	1,369,513	
Plot N - Retail						
Market Rent	93,440	YP @	6.0000%	16.6667		
(6mths Rent Free)		PV 6mths @	6.0000%	0.9713	1,512,616	

Thameside West 39% affordable housing
 GLA updated 070720 CDM costs and ground rents as one phase

Plot Q - Retail					
Market Rent	107,640	YP @	6.0000%	16.6667	
(6mths Rent Free)		PV 6mths @	6.0000%	0.9713	1,742,487
Whole scheme - additional residential income					
Current Rent	1,650,000	YP @	5.0000%	20.0000	33,000,000
Plot S - Retail					
Market Rent	442,840	YP @	6.0000%	16.6667	
(6mths Rent Free)		PV 6mths @	6.0000%	0.9713	7,168,737
Plot R - Retail					
Market Rent	221,740	YP @	6.0000%	16.6667	
(6mths Rent Free)		PV 6mths @	6.0000%	0.9713	3,589,549
Plot T - Retail					
Market Rent	102,260	YP @	6.0000%	16.6667	
(6mths Rent Free)		PV 6mths @	6.0000%	0.9713	1,655,395
Plot U - Retail					
Market Rent	150,260	YP @	6.0000%	16.6667	
(6mths Rent Free)		PV 6mths @	6.0000%	0.9713	2,432,424
Industrial Site - Ground Floor					
Market Rent	751,800	YP @	4.2500%	23.5294	
(6mths Rent Free)		PV 6mths @	4.2500%	0.9794	17,325,084
Industrial Site - 1st Floor					
Market Rent	653,850	YP @	4.2500%	23.5294	
(6mths Rent Free)		PV 6mths @	4.2500%	0.9794	15,067,846
Industrial Site - 2nd Floor					
Market Rent	653,850	YP @	4.2500%	23.5294	
(6mths Rent Free)		PV 6mths @	4.2500%	0.9794	15,067,846
Total Investment Valuation					121,405,497

GROSS DEVELOPMENT VALUE **2,337,022,709**

Purchaser's Costs		(7,729,938)	
Effective Purchaser's Costs Rate	6.80%		(7,729,938)

NET DEVELOPMENT VALUE **2,329,292,771**

NET REALISATION **2,329,292,771**

OUTLAY

ACQUISITION COSTS

Fixed Price	103,000,000		
Fixed Price		103,000,000	103,000,000

Other Acquisition

Acquisition Costs	6.8000%	7,004,000	7,004,000
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CONSTRUCTION COSTS

Construction	ft ²	Build Rate ft ²	Cost
Plot A	240,823	337.47	81,271,421
Plot B	237,378	319.61	75,867,463
Plot D	280,467	209.36	58,717,523
Plot C	119,470	261.64	31,257,594
Plot E	265,623	231.61	61,520,233
Plot F	317,323	242.12	76,831,367
Plot G	319,099	237.65	75,834,105
Plot J	196,723	267.17	52,558,976
Plot M	195,399	252.01	49,241,539
Plot N	287,549	245.61	70,625,692
Plot Q	280,639	201.67	56,596,021
Plot S	583,032	215.43	125,601,937
Plot R	493,250	244.67	120,684,848
Plot T	410,593	209.95	86,202,923
Plot U	280,305	185.87	52,099,527
Plot H	160,782	221.33	35,586,241
Plot K	253,729	229.90	58,331,894
Plot L	253,729	234.44	59,484,897
Plot P	103,098	315.79	32,557,735
Plot V - Industrial	<u>153,386</u>	79.99	<u>12,269,848</u>
Totals	5,432,397 ft²		1,273,141,784
S106			40,000,000
Mayoral CIL			7,955,967
Borough CIL			30,800,994
			1,351,898,745

**Thameside West 39% affordable housing
GLA updated 070720 CDM costs and ground rents as one phase**

Other Construction

Landscaping - Landings & Parkside		17,570,618	
Landscaping - The Quays		12,040,680	
Landscaping - Riverside Quarter		24,717,006	
Landscaping - Central Spine		9,299,253	
Demolition		7,200,000	
Energy Centre		21,950,000	
Reprofiling/Decontamination		11,500,000	
Community Buildings inc School		14,000,000	
Risk allowance - Silvertown Tunnel		3,000,000	
			121,277,557

PROFESSIONAL FEES

Professional fees	9.00%	123,745,454	
Professional fees	9.00%	1,104,286	
			124,849,741

DISPOSAL FEES

Commercial Letting Agent & Legal	15.00%	600,818	
Commercial Sales Agent & Legal	1.50%	1,148,986	
Resi Sales Agent - Exchange	1.00%	17,763,841	
Resi Sales Agent - Completion	1.00%	17,763,841	
Resi Sales Legal - Exchange	0.25%	4,440,960	
Resi Sales Legal - Completion	0.25%	4,440,960	
Residential Marketing	1.00%	17,763,841	
Sales Agent Fee	1.00%	308,989	
Sales Legal Fee	0.50%	154,494	
			64,386,730

FINANCE

Debit Rate 6.500%, Credit Rate 0.000% (Effective)			
Total Finance Cost			169,929,901

TOTAL COSTS

1,942,346,674

PROFIT

386,946,097

Performance Measures

Profit on Cost%	19.92%
Profit on GDV%	16.56%
Profit on NDV%	16.61%
IRR% (without Interest)	12.55%