

email: will.seamer@montagu-evans.co.ukPlanning Department
Lambeth Council

21 October 2022

BY EMAIL ONLY

Dear Sir / Madam,

**ANTHOLOGY KENNINGTON STAGE, DURGARD WAY, SE11 4TH
FINANCIAL VIABILITY ASSESSMENT ADDENDUM****Introduction**

On 27 October 2021 we submitted a Financial Viability Assessment (FVA) in support of planning application (Ref: 21/04356/FUL) for a redevelopment of the above site to provide 155 residential apartments.

At that time, the Applicant intended to deliver the proposals including 40% affordable housing by habitable room (53 units), comprising 29 London Affordable Rent (LAR) and 24 Shared Ownership units, reflecting an affordable tenure split of 60%:40% by habitable room in favour of London Affordable Rent. This offer was reliant on grant funding. We carried out our FVA by appraising the scheme including 40% affordable housing and grant funding, comparing the resultant residual land value with a suitable Benchmark Land Value. We concluded that the 40% affordable housing being offered at the time (on the assumption of grant), was the maximum reasonable. The Council's viability advisors, Avison Young, made two minor changes to our appraisal but overall agreed with our conclusion.

Since that time the application scheme has been amended, leading to a reduction in unit numbers from 155 to 126. Grant funding is no longer available. Owing to these two changes, the Applicant has had to revise their affordable housing offer downwards to 20% by habitable room: 11 units (75%) for London Affordable Rent and 6 units (25%) for Intermediate.

We have been asked to update our FVA to assess the ability of the revised 126-unit application to support the applicant's proposed 20% affordable housing offer. We set out below the updates we have made to our appraisal, and our revised conclusion.

Updates to 27 October 2021 FVA

- 1) We have revised the unit numbers and net and gross areas in our appraisal so that they align with the current 126-unit scheme. We attach as **Appendix 1** an area schedule.
- 2) We have revised the affordable housing provision in our appraisal so that it aligns with the Applicant's revised offer: 11 units for London Affordable Rent and 6 units for Intermediate.

- 3) We have revisited private sales values upwards from the REDACTED we adopted in our October 2021 FVA. Following discussions with Avison Young in November 2021, we agreed without prejudice to increase private sales values to REDACTED. Since November 2021 Land Registry data shows that flats in Lambeth have increased in value by just over 0.50%, i.e. negligible growth. We fully expect house price indices to soon show decreases once they catch up with recent interest rate rises and economic uncertainty. We have therefore maintained the previously agreed private sales values of REDACTED in this update.
- 4) We have removed grant funding from our appraisal since we have been advised that it will not be receivable.
- 5) We have relied on a new Order of Cost Estimated provided by Equals for the revised scheme, dated 5 October 2022 (**Appendix 2; REDACTED**). Exclusive of the 5% contingency, the revised costings equate to REDACTED. In November 2021 the equivalent Equals costings were REDACTED, which were agreed with Avison Young at that time. Equals' current costings are circa 4.5% higher than those agreed in November 2021. We note however that BCIS construction price inflation over that period has run at 7.8%. We therefore consider the current day Equals costings to be appropriate and potentially conservative.
- 6) We have been provided with updated CIL and S106 allowances as below:
 - Lambeth CIL £1,637,551
 - Mayoral CIL: £548,801
 - S106: £238,700

All other appraisal inputs are unchanged from those agreed with Avison Young in November 2021.

Conclusions

The revised scheme including the Applicant's proposed 20% affordable housing offer, without grant, generates a residual land value of £3,960,196 (**Appendix 3; REDACTED**).

This is marginally below the agreed Benchmark Land Value of £4,025,000. This shows that the Applicant's offer of 20% affordable by habitable room (75% London Affordable Rent; 25% Intermediate) is the maximum reasonable.



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APPENDIX 01

AREA

SCHEDULE

Apartment Type Schedule

30-Jun-22
REV L

	Private
	Intermediate
	Affordable Rent

Level	Apartment Number	Bedrooms	Block	Hab Room	Apartment Type	Tenure	Area (Sqm)	Area (Sqft)
Level 00	A-00-01	1	A	2	1B2P	Private	50.63	545
Level 00	A-00-02	Studio	A	1	Studio	Private	44.88	483
Level 00	A-00-03	Studio	A	1	Studio	Private	38.98	420
Level 00	A-00-04	1	A	2	1B2P	Private	55.76	600
Level 00	B-00-01	1	B	2	1B2P	Private	53.01	571
Level 00	B-00-02	2	B	3	2B3P	Private	65.75	708
Level 00	B-00-03	2	B	3	2B3P	Private	78.05	840
Level 00	C-00-01	2	C	3	2B4P	Private	79.32	854
Level 00	C-00-02	1	C	2	1B2P	Private	52.54	566
Level 00	C-00-03	2	C	3	2B3P	Private	73.79	794
Level 00	D-00-01	1	D	2	1B2P	Intermediate	58.14	626
Level 00	D-00-02	1	D	2	1B2P	Intermediate	58.14	626
Level 00	D-00-03	3	D	5	3B4P	Intermediate	85.09	916
Level 00	E-00-01	2	E	3	2B4P	Private	71.36	768
Level 00	E-00-02	1	E	2	1B2P	Private	51.67	556
Level 00	E-00-03	2	E	3	2B4P	Private	80.39	865
Level 00	F-00-01	2	F	5	3B4P	LAR	80.39	865
Level 00	F-00-02	1	F	2	1B2P	LAR	51.67	556
Level 00	F-00-03	3	F	5	3B4P	LAR	79.76	859
Level 01	A-01-01	1	A	2	1B2P	Private	50.63	545
Level 01	A-01-02	2	A	3	2B4P	Private	82	883
Level 01	A-01-03	1	A	2	1B2P	Private	57.78	622
Level 01	A-01-04	Studio	A	1	Studio	Private	44.88	483
Level 01	A-01-05	Studio	A	1	Studio	Private	38.98	420
Level 01	A-01-06	1	A	2	1B2P	Private	55.76	600
Level 01	A-01-07	3	A	4	3B5P	Private	84.36	908
Level 01	B-01-01	2	B	3	2B4P	Private	71.63	771
Level 01	B-01-02	2	B	3	2B4P	Private	93.97	1,012

Level 01	B-01-03	1	B	2	1B2P	Private	53.46	576
Level 01	C-01-01	2	C	3	2B3P	Private	68.1	733
Level 01	C-01-02	1	C	2	1B2P	Private	52.54	566
Level 01	C-01-03	1	C	2	1B2P	Private	52.54	566
Level 01	C-01-04	2	C	3	2B3P	Private	69.46	748
Level 01	D-01-01	1	D	2	1B2P	Private	53.1	572
Level 01	D-01-02	1	D	2	1B2P	Intermediate	53.1	572
Level 01	D-01-03	1	D	2	1B2P	Intermediate	53.1	572
Level 01	D-01-04	2	D	3	2B4P	Intermediate	78.02	840
Level 01	E-01-01	2	E	3	2B3P	Private	65	700
Level 01	E-01-02	1	E	2	1B2P	Private	52.44	565
Level 01	E-01-03	1	E	2	1B2P	Private	52.44	565
Level 01	E-01-04	2	E	3	2B4P	Private	72.99	786
Level 01	F-01-01	2	F	4	2B4P	LAR	72.99	786
Level 01	F-01-02	2	F	3	2B3P	LAR	65.26	703
Level 01	F-01-03	4	F	6	4B5P	LAR	121.87	1,312
Level 02	A-02-01	1	A	2	1B2P	Private	50.63	545
Level 02	A-02-02	2	A	3	2B4P	Private	82	883
Level 02	A-02-03	1	A	2	1B2P	Private	57.78	622
Level 02	A-02-04	Studio	A	1	Studio	Private	44.88	483
Level 02	A-02-05	Studio	A	1	Studio	Private	38.98	420
Level 02	A-02-06	Studio	A	1	Studio	Private	43.9	473
Level 02	A-02-07	1	A	2	1B2P	Private	52.08	561
Level 02	A-02-08	1	A	2	1B2P	Private	52.08	561
Level 02	B-02-01	1	B	2	1B2P	Private	60.66	653
Level 02	B-02-02	1	B	2	1B2P	Private	57.84	623
Level 02	C-02-01	2	C	3	2B4P	Private	94.66	1,019
Level 02	C-02-02	1	C	2	1B2P	Private	52.54	566
Level 02	C-02-03	2	C	3	2B3P	Private	62.15	669
Level 02	D-02-01	1	D	2	1B2P	Private	51.02	549
Level 02	D-02-02	1	D	2	1B2P	Private	53.1	572
Level 02	D-02-03	1	D	2	1B2P	Private	53.1	572
Level 02	D-02-04	2	D	3	2B4P	Private	78.02	840
Level 02	E-02-01	2	E	3	2B3P	Private	62.8	676
Level 02	E-02-02	1	E	2	1B2P	Private	52.44	565
Level 02	E-02-03	1	E	2	1B2P	Private	52.44	565
Level 02	E-02-04	2	E	3	2B4P	Private	70.96	764
Level 02	F-02-01	2	F	4	2B4P	LAR	70.96	764
Level 02	F-02-02	2	F	3	2B3P	LAR	65.26	703

Level 02	F-02-03	4	F	6	4B5P	LAR	121.87	1,312
Level 03	A-03-01	2	A	3	2B4P	Private	72.41	779
Level 03	A-03-02	2	A	3	2B3P	Private	61.52	662
Level 03	A-03-03	Studio	A	1	Studio	Private	44.88	483
Level 03	A-03-04	Studio	A	1	Studio	Private	38.98	420
Level 03	A-03-05	Studio	A	1	Studio	Private	43.9	473
Level 03	A-03-06	1	A	2	1B2P	Private	52.08	561
Level 03	A-03-07	1	A	2	1B2P	Private	52.08	561
Level 03	C-03-01	2	C	3	2B4P	Private	80.93	871
Level 03	C-03-02	2	C	3	2B4P	Private	80.93	871
Level 03	D-03-01	2	D	3	2B3P	Private	93.06	1,002
Level 03	D-03-02	2	D	3	2B3P	Private	61.32	660
Level 03	D-03-03	Studio	D	1	Studio	Private	45.66	492
Level 03	E-03-02	3	E	4	3B4P	Private	93.44	1,006
Level 03	E-03-03	3	E	4	3B4P	Private	93.4	1,006
Level 03	F-03-01	3	F	5	3B4P	LAR	93.44	1,006
Level 03	F-03-02	3	F	5	3B4P	LAR	93.44	1,006
Level 04	A-04-01	2	A	3	2B3P	Private	67.22	724
Level 04	A-04-02	Studio	A	1	Studio	Private	44.9	483
Level 04	A-04-03	Studio	A	1	Studio	Private	39.0	420
Level 04	A-04-04	Studio	A	1	Studio	Private	43.9	473
Level 04	A-04-05	1	A	2	1B2P	Private	52.08	561
Level 04	A-04-06	1	A	2	1B2P	Private	52.08	561
Level 05	A-05-01	2	A	3	2B3P	Private	67.2	724
Level 05	A-05-02	2	A	3	2B4P	Private	70.46	758
Level 05	A-05-03	1	A	2	1B2P	Private	52.08	561
Level 05	A-05-04	1	A	2	1B2P	Private	52.08	561
Level 06	A-06-01	2	A	3	2B3P	Private	67.2	724
Level 06	A-06-02	2	A	3	2B4P	Private	70.46	758
Level 06	A-06-03	1	A	2	1B2P	Private	52.08	561
Level 06	A-06-04	1	A	2	1B2P	Private	52.08	561
Level 07	A-07-01	2	A	3	2B3P	Private	67.2	724
Level 07	A-07-02	2	A	3	2B4P	Private	70.46	758
Level 07	A-07-03	1	A	2	1B2P	Private	52.08	561
Level 07	A-07-04	1	A	2	1B2P	Private	52.08	561
Level 08	A-08-01	2	A	3	2B3P	Private	67.2	724
Level 08	A-08-02	2	A	3	2B4P	Private	70.46	758
Level 08	A-08-03	1	A	2	1B2P	Private	52.08	561
Level 08	A-08-04	1	A	2	1B2P	Private	52.08	561

Level 09	A-09-01	2	A	3	2B3P	Private	67.2	724
Level 09	A-09-02	2	A	3	2B4P	Private	70.46	758
Level 09	A-09-03	1	A	2	1B2P	Private	52.08	561
Level 09	A-09-04	1	A	2	1B2P	Private	52.08	561
Level 10	A-10-01	2	A	3	2B3P	Private	67.2	724
Level 10	A-10-02	2	A	3	2B4P	Private	70.46	758
Level 10	A-10-03	1	A	2	1B2P	Private	52.08	561
Level 10	A-10-04	1	A	2	1B2P	Private	52.08	561
Level 11	A-11-01	2	A	3	2B3P	Private	67.22	724
Level 11	A-11-02	2	A	3	2B4P	Private	70.5	758
Level 11	A-11-03	1	A	2	1B2P	Private	52.08	561
Level 11	A-11-04	1	A	2	1B2P	Private	52.08	561
Level 12	A-12-01	2	A	3	2B3P	Private	67.22	724
Level 12	A-12-02	2	A	3	2B4P	Private	70.46	758
Level 12	A-12-03	1	A	2	1B2P	Private	52.1	561
Level 12	A-12-04	1	A	2	1B2P	Private	52.08	561
Level 13	A-13-01	2	A	3	2B3P	Private	67.22	724
Level 13	A-13-02	2	A	3	2B4P	Private	70.46	758
Level 13	A-13-03	1	A	2	1B2P	Private	52.08	561
Level 13	A-13-04	1	A	2	1B2P	Private	52.1	561
TOTAL							7,885	84,876

	Type	Nr	Mix	Hab Rooms	Sqft	Av Sqft
Private	Studio	14	12.8%	14	6,423	459
	1B2P	48	44.0%	96	27,295	569
	2B3P	21	19.3%	63	15,427	735
	2B4P	23	21.1%	69	18,791	817
	3B4P	2	1.8%	8	2,012	1,006
	3B5P	1	0.9%	4	908	908
	TOTAL	109		254	70,855	650

LAR	Studio	0	0.0%	0	0	0
	1B2P	1	9.1%	2	556	556
	2B3P	2	18.2%	6	1,405	703
	2B4P	2	18.2%	8	1,550	775
	3B4P	4	36.4%	20	3,735	934
	4B5P	2	18.2%	12	2,624	1,312
TOTAL	11		48	9,870	897	

65%

75%

Intermediate	Studio	0	0.0%	0	0	0
	1B2P	4	66.7%	8	2,395	599
	2B3P	0	0.0%	0	0	0
	2B4P	1	16.7%	3	840	840
	3B4P	1	16.7%	5	916	916
	TOTAL	6		16	4,151	692

35% 25%

Total Affordable	Studio	0	0.0%	0	0	0
	1	5	29.4%	10	2,951	590
	2B3P	2	11.8%	6	1,405	703
	2B4P	3	17.6%	11	2,389	796
	3B4P	5	29.4%	25	4,651	930
	4B5P	2	11.8%	12	2,624	1,312
	TOTAL	17		64	14,020	825

13% 20%

Total	Studio	14	11.1%	14	6,423	459
	1	53	42.1%	106	30,246	571
	2B3P	23	18.3%	69	16,832	732
	2B4P	26	20.6%	80	21,180	815
	3B4P	7	5.6%	33	6,663	952
	3B5P	1	0.8%	4	908	908
	4B5P	2	1.6%	12	2,624	1,312
	TOTAL	126		318	84,876	674

	Hab Rooms	Mix			
Intermediate	16	25.0%	Total HR	318	
LAR	48	75.0%	Private HR	254	
Affordable Total	64	20.1%	Affordable HR	64	
Private	254	79.9%	LAR	48	15%
TOTAL	318		Intermediate	16	5%