

Paul Robinson

From: [REDACTED]
Sent: 31 January 2018 11:57
To: [REDACTED]
Subject: RE: Oval

I've looked at this additional information which covers the two main areas where insufficient information has been provided- Commercial values & benchmark.

- 1.The commercial supporting information is sufficient to justify this value input.
- 2.The benchmark assessment has been provided by Gerald Eve. They considered this looking at:

- a.AUV redevelopment as industrial use. The RLV of this was [REDACTED]
- b.Comparable evidence of industrial land values. This was of limited value as it did not reflect the site specific issues of this and comparable sites. Some of the comparables reflected hope for residential development. The assessment was analysed to show a site value of [REDACTED]
- c.Concluded that the net site value was [REDACTED] after adjusting for remediation costs of [REDACTED]n.

Berkeley have adopted the AUV. The value inputs are inconsistent with the assessed commercial values for the new development, so this is overstated. The significance of this may be relatively unimportant once we have a revised Argus assessment to review. I discussed this with James this morning and hopefully it will be with us shortly. This should then allow us to look at the AH additionality being proposed.

[REDACTED]

From: [REDACTED]
Sent: 31 January 2018 08:56
To: [REDACTED]@london.gov.uk>
Subject: Oval

Following information just sent through from Berkeley

- *Gerald Eve land value report and appendices.
- *Commercial valuations.

Saved in the folder:

S:\Planning Decisions\Cases\Cases\4067\Stage 1 Docs\viability\Issued to GLA 29.01.2018



Senior Manager - Development & Projects

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Paul Robinson

From: [REDACTED]
Sent: 02 February 2018 17:15
To: [REDACTED]
Subject: RE: Oval

[REDACTED], I've reviewed the FVA prepared by Berkeley Homes for the redevelopment of the Oval Gasworks with a mixed use development of 4 buildings between 4-18 storeys. This will include 738 dwellings of which 35% will be AH by hab rms split 60% AR: 40% SO.

As this is compliant with LB Lambeth policy requirements they have not reviewed the FVA. However, being formerly industrial use, the GLA policy is to seek 50% AH to be Fast Track compliant.

The FVA is prepared in accordance with PPG and the AH&V SPG. Values and costs are current day assessments. Benchmark is assessed on an alternative use of an industrial estate retaining the main gas holder. The residual land value for this alternative use is [REDACTED]. This is [REDACTED] of GDV and is appropriate for this site. The FVA shows that a 35% AH scheme has a profit of [REDACTED] against a market standard of 15%. As a sense check, this represents [REDACTED]. This is substantially below a viable level, based on current day assessment. A viable scheme can offer 17.5% AH, showing an IRR of [REDACTED] and as a % of GDV, [REDACTED].

I have looked at the inputs used in the FVA. Residential values are well evidenced and support the market sales. Affordable housing levels are typical. Commercial market rent evidence is limited but the levels applied are typical for the area and investment yields are consistent with market reports. Following discussion on a number of costs (Vacancy management costs.) which are not typically included in FVAs an agreed costs assessment has been submitted. This includes S106 Allowance (£[REDACTED]); Mayoral CIL [REDACTED]; LB Lambeth CIL [REDACTED] and Carbon Levy [REDACTED]. I have not checked that these are correct, but for the review have included as input. Build costs average [REDACTED] for the buildings which is typical for a development of this specification. [REDACTED]

Following detailed review of the inputs, and adjustments where appropriate, I agree with these. I agree with the assessment that 17.5% AH split 60:40 is the viable maximum level. The offer at 35% AH split 60:40 is substantially in excess of what is viable and shows an uplift of 17.5% AH.

Please let me know if you require additional information.

[REDACTED]

Development Viability (Expert) Advisor

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From: [REDACTED]
Sent: 02 February 2018 06:07
To: [REDACTED]@london.gov.uk>
Cc: [REDACTED]@london.gov.uk>
Subject: Oval

Updated viability from Berkeley. In the case folder:

S:\Planning Decisions\Cases\Cases\4067\Stage 1 Docs\viability\Final Information for issue 01022018

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