

From: Archie Mackay-James

Sent: 04 November 2022 12:14

To: Caroline Ford <>; Alex Chrusciak <>; Nigel Simkin <

Cc: Rob Bolton <>; Paul Martin <>; Eleanor Musgrove <>; Hannah Leary <>; Nick Fell <; Jamie Miller

Subject: Land at North West Bicester - WITHOUT PREJUDICE AFFORDABLE HOUSING OFFER

Dear Caroline and Nigel,

I have been instructed to prepare a without prejudice formal offer in order to reach an agreed position on viability.

In arriving at this offer, we have adopted the “mid-point” position on build costs for both the scheme delivered as True Zero Carbon (TZC) assuming the sustainability specifications set out in the submission position and the alternative scheme delivered as Value Engineered (VE) TZC, which strips out Fruit Trees in the Gardens, Passive Venting, Lifts to apartments and Rain/greywater harvesting. The excel attached provides a breakdown of the calculations that have informed this and the table below summarises the mid-point position that we have adopted for the TZC position, which is exclusive of contingency.

Cost Item	G & T Position	RLF Position	Mid-Point position
House Building*	£83,365,455	£81,307,600	£82,336,563
Infrastructure / Abnormals	£19,939,356	£15,964,471	£17,951,922
Total	£103,304,811	£97,272,071	£100,288,485

* we have assumed triple glazing costs of £1.6 million for RLF’s cost position.

The table below summarises the mid-point position that we have adopted for the VE TZC position, which is also exclusive of contingency.

Cost Item	G & T Costs	RLF Costs	Mid Point Cost position
House Building*	£77,833,660	£74,587,018	£76,210,372
Infrastructure / Abnormals	£19,939,356	£15,964,471	£17,951,922
Total	£97,773,017	£90,551,489	£94,162,294

* we have assumed triple glazing costs of £1.6 million for RLF’s cost position.

We have also adopted the mid position on Gross Development Value (GDV), with the exception of the 2 bedroom semi detached houses measuring 590 sq ft where we have adopted the mid point position based on your original position. The excel attached provides a breakdown of the calculations that have informed this and in summary the scheme generates a GDV of £188.8 million assuming 100% private housing which equates to £410 per sq ft.

We have adopted a benchmark land value of £10.2 million, assuming £172,000 per acre in line with the local plan viability evidence base. All of the assumptions that have formed the basis of the offer are detailed in the word document attached.

On this basis, we conclude that the scheme is unable to deliver a component of affordable housing when delivered as TZC and £18.75 million of S106 contributions. This is because we calculate that the scheme generates a residual land value of £7.8 million, which is below the benchmark land value of £10.2 million. Hence the scheme is financially deliverable but is unable to deliver a component of affordable housing when delivering TZC and S106 contributions at this level.

However, based on the VE TZC mid-point position, we conclude that the scheme is able to viably deliver 10% affordable housing and £18.75 million of S106 costs. This is because we calculate that the scheme delivering 10% affordable housing generates a residual land value of £9.77 million (Appraisal attached), which is marginally below the benchmark land value of £10.14 million.

Therefore we are able to make a without prejudice offer of 10% affordable housing comprising of 55 affordable units including 16 no. shared ownership houses, 23 no. affordable rent houses and 16 no. affordable rent flats.

This without prejudice offer is made on the basis of the Q1 2022 costs and values. We envisage that build cost inflation over the course of this year will have a negative impact on the overall viability position. Notwithstanding this, the applicant is prepared to maintain a 10% affordable housing offer as outlined above regardless of the position when applying indexation to build costs and sales values to the present day.

Please note that the following limitations and caveats of the without prejudice offer in the context of the outstanding information and responses:

- This without prejudice offer is made on the basis that the sustainability assumptions underpinning the TZC and VE TZC positions are agreed. We are awaiting clarification from Bioregional on the sustainability assumptions and in the event that feedback is received from Bioregional meaning that the sustainability assumptions underpinning the TZC and VE TZC positions need to be amended, we reserve the right to amend our conclusions and offer.
- This without prejudice offer does not account for HIF grant funding as we are awaiting clarification from Cherwell District Council and Oxfordshire City Council on the HIF grant funding position. In the event that it is confirmed that HIF grant funding should be accounted for, we reserve the right to amend our conclusions and offer.
- This without prejudice offer is made on the basis that the total S106 contributions total £18.75 million, We are awaiting clarification and feedback from Cherwell District Council regarding the assumed S106 contributions and in the event that it is confirmed that the S106 contributions should be amended, we reserve the right to amend our conclusions and offer.
- This without prejudice offer is made on the basis of trying to reach an agreed position on viability in advance of receiving the FVA report from HLD. We reserve the right to revert to our original position on benchmark land value and would adopt present day build costs and GDV assumptions in the event that the application is not approved at planning committee.

Once you have had the opportunity to review, we would be happy to discuss further and look forward to hearing from you.

Kind Regards

Archie

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