



DEVELOPMENT VIABILITY REVIEW – 157-159 HORNSEY PARK ROAD, WOOD GREEN, LONDON N8 0JY

In April 2024, London Borough of Haringey (“the Council”) commissioned BNP Paribas Real Estate to advise on a viability assessment of the redevelopment (“the Development”) of 157-159 Hornsey Park Road, Wood Green, London N8 0JY (“the Site”) submitted by Turner Morum LLP (“TM”) on behalf of the Applicant.

Our report provided an independent assessment of TM’s Viability Assessment Report to determine whether the affordable housing offer and Section 106 contributions as proposed have been optimised.

TM concluded that the proposed Development with 6% affordable housing (2 shared ownership units) generated a deficit of -£2,605,455 against the viability benchmark. However, in their correspondence dated 12 August 2024, the Applicant made a proposal of 4 shared ownership units.

In our response dated 18 September 2024, we concluded that the proposed Development with 21.88% affordable housing (7 shared ownership units) generated a RLV of £1,262,977 providing a marginal surplus of £65,977 against the viability benchmark.

TM further correspondence

TM have provided a response dated 21 October 2024 within which they have provided further information in relation to the assumptions that are currently not agreed between the parties. We have reviewed the TM response and have responded in the same structure for ease of reference:

Programme timetable: In our April 2024 report, we adopted a construction period of 15 months, as proposed by TM. In their most recent correspondence, TM have stated that after further consideration by their cost consultant (MGAC), they have increased the construction period to 24 months.

TM have provided an updated programme timetable that sets out the updated timeframes. We have reviewed the evidence provided and have concerns in relation to a number of the timeframes provided. As an example (non-exhaustive), we do not consider the demolition of the existing buildings on-site to require a 10 week period. In addition, noting that there are 32 units, we consider the allocation of 35 weeks for ‘apartment fit-out’ to be excessive.

After due consideration, whilst we have not adopted the 24 month proposal as submitted by the Applicant, we have increased the construction period from 15 months to 18 months in our appraisal.

Updated Appraisal Results and Conclusion

We have undertaken an appraisal of the proposed Development assuming the mid-point assumptions, as per the sensitivity analysis set out in our response dated 4 September 2024 on a ‘without prejudice’ basis.

The proposed Development with 18.75% affordable housing (6 shared ownership units) generates a RLV of £1,315,131 providing a marginal surplus of £118,131 against the viability benchmark. This surplus could be used as a payment in lieu, or further Section 106 payments (should this be justifiable in planning terms).

We have maintained our recommendation that the Council include both an early and late stage review mechanism in the Section 106 Agreement.

22 October 2024



Appendix 1 – Argus Appraisal 18.75% affordable housing (6 shared ownership units)

APPRAISAL SUMMARY**LICENSED COPY**

Hornsey Park Road
Proposed Development - 18.75% affordable housing

Summary Appraisal for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	ft²	Rate ft²	Unit Price	Gross Sales
Private residential units	26	17,766	734.00	501,548	13,040,250
Shared ownership units	<u>6</u>	<u>4,327</u>	466.00	336,064	<u>2,016,382</u>
Totals	32	22,093			15,056,632

Rental Area Summary

	Units	ft²	Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Commercial space	1	1,041	22.00	22,902	22,902	22,902

Investment Valuation**Commercial space**

Market Rent	22,902	YP @	6.0000%	16.6667		
(0yrs 6mths Rent Free)		PV 0yrs 6mths @	6.0000%	0.9713	370,740	

GROSS DEVELOPMENT VALUE**15,427,372**

Purchaser's Costs	6.80%	(25,210)	(25,210)
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NET DEVELOPMENT VALUE**15,402,162****NET REALISATION****15,402,162****OUTLAY****ACQUISITION COSTS**

Residualised Price		1,315,131	
Stamp Duty	5.00%	65,757	
Agent Fee	1.00%	13,151	
Legal Fee	0.50%	6,576	
			1,400,614

CONSTRUCTION COSTS

Construction	Units	Unit Amount	Cost
Build costs	1 un	9,289,782	9,289,782
			9,289,782

Combined Mayoral and Borough CIL	301,453
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APPRAISAL SUMMARY**LICENSED COPY****Hornsey Park Road****Proposed Development - 18.75% affordable housing**

Section 106 payment		64,000	
			365,453

PROFESSIONAL FEES

Professional fees	10.00%	928,978	
			928,978

MARKETING & LETTING

Private residential marketing	1.50%	195,604	
			195,604

DISPOSAL FEES

Private resi sales agency fee	1.25%	163,003	
Commercial sales agency fee	1.00%	3,707	
Private resi sales legal fee	26 un 800.00 /un	20,800	
Commercial sales legal fee	0.50%	1,728	
Affordable housing disposal costs		20,000	
			209,238

Additional Costs

Profit on private	17.50%	2,282,044	
Profit on commercial	15.00%	55,611	
Profit on affordable	6.00%	120,983	
			2,458,638

FINANCE

Debit Rate 7.000% Credit Rate 0.000% (Nominal)			
Land		167,684	
Construction		322,255	
Other		63,916	
Total Finance Cost			553,854

TOTAL COSTS**15,402,162****PROFIT****0****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	0.15%
Equivalent Yield% (Nominal)	6.00%
Equivalent Yield% (True)	6.23%

Hornsey Park Road
Proposed Development - 18.75% affordable housing

IRR	6.39%
Profit Erosion (finance rate 7.000%)	N/A