

Mrs E Fibbens

Senior Planning Officer
Thanet District Council
Cecil Street,
Margate,
Kent.
CT10 1XZ

18th April 2018

Dear Mrs Fibbens,

REF: OL/TH/16/0376 Land R/O Kingston Avenue Margate, Viability Study

Further to our extensive discussions regarding the viability assessment associated with the development of the site for 43 residential units.

I have attached for your consideration revision H of the Viability Study, which incorporates revised affordable numbers as agreed between Ted Riddick of Landspeed and Ashley Stacey of TDC via email communications and revised BCIS figures – updated 3rd March 2018.

The delay associated with presenting revised viability proposals was due to TDC establishing the market need for small volume affordable housing allocations within medium sized sites. Our own enquiries established that potential partnering Housing Associations were not interested in small volume allocations – 20% of total development units, resulting in a S106 Agreement prescribing 8 units as unachievable.

To demonstrate the affordable allocation barriers we encountered, TDC Housing (Ashley Stacey) held a forum with HA managers; resulting in agreement that no Housing Associations would partner with, or purchase affordable allocations of low volume from medium sized sites.

Landspeed are a company that purchase small volume affordable housing; and are willing to purchase four units from the developer at 60% of open market value – 20% less than originally calculated.

Since the issue of Viability Study rev G build costs have significantly risen from £1,165 per square meter in October 2016 - £1,322 in March 2018; this equates to a rise of 12.8% in 18 months. Figures are published by the RICS Building Cost Information Service which is a national recognised standard.

Additional CIL contributions were requested by the Local Authority for five units in the sum of £8,058.00, equating to a further gross CIL payment of £40,290.00. Given the rise in construction costs of 12.8%.

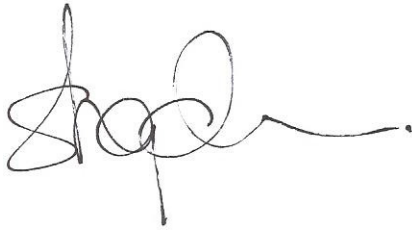
As a comparison the GDV based upon 4nr affordable units at 60% OMV each gives a rise of 9.1% - (Feb 2017 GDV £9,327,000 v April 2017 GDV £10,260,000). The result is construction costs are increasing 3.7% above property inflation having a negative effect on residual land values and affordable housing provision.

In conclusion Viability Study rev H proposes a scenario of 4nr affordable flat units to be purchased by Landspeed at 60% OMV with no further CIL contributions.

All other CIL contribution shall remain as stated with the rev G document.

Should you require any further information please contact my office.

Yours Sincerely,



Scott Rigden *MRICS*
For and on behalf of
Urban Surveying and Design Ltd

Cc:
File