



Land North and South of Baldock Hertfordshire

WYG Appraisal Report dated 11th November 2014 on the Viability of the Land North and South of Baldock based on the emerging WYG Framework Plan Option 4.



Document Control

Document: WYG Appraisal Report

Project: Land North and South of Baldock - Option 4

Client: Hertfordshire County Council

Job Number: A086401

File Origin: Document1

Revision: - **Draft - Rev C - Amended text Re: Utilities**

Date: 10th December 2014

Prepared by:	Checked by:	Approved By:
Brinly Owen	Jon Tylee	Jon Tylee



Contents

1 Introduction	
2 Executive Summary.....	
3 Detailed Assessment of the Framework Plan Option 4	
4 Conclusions	

Appendix

1 WYG Appraisal Model	
Appraisal Summary	
Appraisal Summary - Sensitivity Analysis	
Schedule of Accommodation - Build Costs and Sales Values.....	
Land Use Schedule and Residential Housing Mix	
Primary Infrastructure Summary	
Primary Infrastructure Detailed Estimate	
Sales Value Analysis	
2 Framework Plan - Option 4	



1. Introduction

- 1.1. WYG has been appointed by Hertfordshire County Council to undertake a high level Development Appraisal to assist in the assessment of the viability of the emerging Framework Plan, Option 4 only, for the Land North and South of Baldock. This option includes the requirement to construct the New Railway Bridge Crossing, North Link Road and South Link Road to serve the developments North and South of Baldock.
- 1.2. The Development Appraisal is based on the information contained within the WYG Feasibility Report dated November 2014, the Transport Assessment dated September 2014 (Up-Dated November 2014) and the AECOM Services Assessment dated September 2009.
- 1.3. The approach to the Development Appraisal is to build a model which produces a Residual Land Value (RLV) to assess the viability of the site compared to Benchmark Land Value (BLV)
- 1.4. An assessment of the likely Development Costs has been undertaken to establish the; primary infrastructure costs; parcel build and associated development costs; Utilities costs; Abnormal costs associated with Archaeology, Ecology, Earthworks, etc.; and a Provisional Sum for S106 costs, contributions and commuted sums that may be applicable.
The estimated development costs will be derived using benchmark data from schemes of similar size and nature to this proposed development.
- 1.5. We have been advised that the appraisal should assume an Affordable Housing requirement of 30%.
- 1.6. Private sales revenues have been established by undertaking a limited desk top research of the sales values of the private residential market for this area and applying a percentage adjustment to this value to assess the Affordable values that could be achieved.



2. Executive Summary

- 2.1. The Summary Appraisal model included in Appendix 1 shows that Option 4 delivers an estimated Residual Land Value (RLV) of £ 114.971M (£ 302,313 / gross acre).
Using a Benchmark Land Value (BLV) of say £ 200,000 / gross acre demonstrates that, based on the assumptions included within the Appraisal, the development proposals for Option 4 are Viable.
- 2.2. It should be stressed that from this land value there would be a deduction for the costs in gaining the rights to cross the railway line which are not included in this appraisal and these are likely to be very significant. The appraisal shows that there is a reasonable level of land value being generated from the development, which would form the basis to negotiate a reasonable settlement with regards to this matter.
- 2.3. The AECOM Services Assessment for land at Baldock identifies that there will be a need for substantial reinforcement of the Utilities to provide the required capacity for the proposed development expansion of Baldock. Specifically there will be a need to provide a new Primary Electricity Sub-Station early in the proposed expansion of Baldock for which funding would be required. What is not clear from the report is how much of this expenditure will be allocated against the development of the Land North & South of Baldock. Indeed the area of development for the Land North of Baldock (option 4) is considerably more than the development area assessed in the AECOM report and we recommend that a further study is undertaken should this option be progressed.
- 2.4. To move forward with this development proposal it is recommended that further assessments and studies will be required to establish more accurately the specific development costs and revenues. The appraisal model will need to be up-dated as the detailed assessments become available.
- 2.5. The following section provide further information on the assumptions made with regards to; unit numbers; mix of housetypes and tenures; development costs; fees; revenues and finance charges etc.



3. Detailed Assessment of the Framework Plan - Option 4

3.1. Development Area, Unit Numbers and Housetype Mix

3.1.1. The Framework Plan Option 4, included within the WYG Feasibility Report dated November 2014, provides data on the likely net development areas. The report states that on an assumed density of 35 dwelling per hectare up to 3466 residential units could be provided on the development areas being considered. Using benchmark data from similar schemes we have assessed the likely Housetype size and mix that would apply and this is shown in table 1 within the appraisal in Appendix 1

3.1.2. The percentage applied to the affordable/private residential units and percentage mix of housetypes can be adjusted to test various scenarios if required.

3.2. Infrastructure Costs

3.2.1. Using benchmark data from similar schemes, for which we have undertaken detailed estimate of costs of infrastructure for developers and consortiums, we have considered the likely Primary Infrastructure Costs that would apply to a development of this size and nature.

The detailed assessment of these costs is shown in the Primary Infrastructure schedule included within the appraisal in appendix 1.

The costs included are for items under the following headings;

- Site Clearance, Archaeological and Bulk Earthworks
- Northern Relief Link Road
- Southern Link Road
- Primary Infrastructure Roads
- Strategic Footpaths and Cycleways
- Primary Storm and Foul Drainage including attenuation features
- Strategic Landscaping
- On-Site Strategic Play Areas

3.2.2. The Northern Link Road and associated Roundabouts, to the existing highways to provide access to the site, is shown separately and is in accordance with the recommendations included within the WYG transport planners assessment dated September 2014.



3.2.3. There is the possibility of Archaeology on the site and we have included a provisional sum of £1.980M for this item. This represents a significant risk, not only in terms of costs, but for the potential loss in development area. It is recommended that further investigation is undertaken to establish the Archaeology on this site.

3.2.4. The proposals for Option 4 include the provision of a New Road Bridge to cross over the railway line. The cost for this Bridge has been included in accordance with the WYG Transport Planners assessment report dated September 2014.

It should be stressed that there is no allowance included within this assessment for the associated Railway possession costs. This cost will be deductible from the residual land value shown within the appraisal model and could be very significant. It is recommended that further specialist advice is obtained by HCC regarding this matter.

3.2.5. The AECOM Services Assessment for land at Baldock identifies that there will be a need for substantial reinforcement of the Utilities to provide the required capacity for the proposed development expansion of Baldock. Specifically there will be a need to provide a new Primary Electricity Sub-Station early in the proposed expansion of Baldock for which funding would be required. What is not clear from the report is how much of this expenditure will be allocated against the development of the Land North & South of Baldock. Indeed the area of development for the Land North of Baldock option 4 is considerably more than the development area assessed in the AECOM report and we recommend that a further study is undertaken should this option be progressed. We have therefore included a provisional sum of £6.5M for the purposes of this appraisal

3.3. Developers Build and Parcel Development Costs

3.3.1. This development opportunity is ideally suited for a National House Builder or Developer. Using our benchmark data of such schemes we have included, within the appraisal, an All-In build cost for the construction of the development parcels to include all other infrastructure works, build costs and plot related costs, beyond that covered by the Infrastructure budget.



3.4. Section 106 Costs

3.4.1. For the purposes of undertaking the Appraisal of this site we have used a value of £25,000 per plot for the S106 costs relating to the associated contributions, on-site/off-site works and commuted sums that would apply. This level of cost will be subject to further negotiation and may be superseded by a CIL charge but we consider this level of cost to be reasonable at this stage for the purposes of undertaking a high level viability assessment.

3.5. Development Fees

3.5.1. We have included a provisional sum of £2.5M for the Strategic Planning Costs associated with bringing this site forward through to Outline Planning Approval stage.

3.5.2. Using benchmark data a 10% allowance has been applied to the Infrastructure Works Costs for the Detailed Design, Contract Administration, legal fees etc.

3.5.3. Using benchmark data a 10% allowance has been applied to the Infrastructure Works Costs for the S278, S38 & S104 Local Authority Supervision Fees, legal fees etc.

3.5.4. Financing the delivery of a project of this nature is very dependant on the programming of the works and delivering the units to realise the revenues. Grant funding, such as the Governments Infrastructure Grant Funding, can also significantly improve the Financing Costs. We have included an allowance of 4.5% on the costs, which at this stage of the process, we would consider a reasonable assumption for the purposes of undertaking the site appraisal.

3.6. Sales Values and Marketing Costs

3.6.1. Private sales revenues have been established by undertaking a limited desk top research of the sales values of the private residential market for this area and applying a percentage adjustment to this value to assess the Affordable values that could be achieved.

3.6.2. There are no new major developments in Baldock to assess accurately the Sales Values that could be achieved. We have undertaken an analysis of the New Build Sales Values in the surrounding areas and the second hand sales market in Baldock to



establish, what we believe, is a reasonable assumption of the sales values for inclusion in the viability appraisal. Baldock is a market town and as can be seen from the second hand market sales values, would suggest that a well planned new development in this location, could achieve sales values higher than that included within the appraisal. Should the development proposals proceed we would recommend that a Sales Market Analysis and Report is commissioned to establish the Sales values for the Land North of Baldock.

3.6.3. The Sales and Marketing Costs included within the appraisal are applied to the Private Units only at 3% which we consider would be the minimum allowance for the purposes of undertaking the viability assessment.

3.7. Developer Overheads & Profit

3.7.1. We have allowed 20% developer returns against the Private dwellings and 12.5 % developer returns against the affordable units. We consider this to be the minimum level that should be included for the purposes of undertaking a viability appraisal.



3.8. Conclusions

- 3.8.1. The Summary Appraisal model included in Appendix 1 shows that Option 4 delivers an estimated Residual Land Value (RLV) of £ 114.971M (£ 302,313 / gross acre). Using a Bench Land Value (BLV) of say £ 200,000 / gross acre demonstrates that, based on the assumptions included within the Appraisal, the development proposals for Option 4 are Viable.
- 3.8.2. The gross residential area used for the appraisal is based on the Framework plan option 4 of 99.04ha. This is high and any reduction in this area would have a significant impact on the appraisal. Should the development proposals proceed this Framework Plan should be developed further to consider in further detail all likely land uses.
- 3.8.3. The appraisal is based on a number of high level assumptions in terms of both costs and revenues. Should the development proposals proceed these assumptions will need to be considered with further studies, investigations and analysis as required.
- 3.8.4. It should be stressed that from the land value there would be a deduction for the costs in gaining the rights to cross the railway line which are not included in this appraisal and these are likely to be very significant. The appraisal shows that there is a reasonable level of land value being generated from the development, which would form the basis to negotiate a reasonable settlement with regards to this matter.



APPENDIX 1



APPENDIX 2