

East Cambs Trading Company Ltd t/a Palace Green
Homes

Business Case MOD Land ELY – Existing Housing

Phil Rose MRICS – Head of Property and Development
10-23-2018

1. PURPOSE

1.1 The purpose of this report is to set out the business case for a refurbishment opportunity in Ely, Cambridgeshire.

2. OPPORTUNITY

2.1 An opportunity has arisen for East Cambridgeshire District Council to acquire 8.776 hectares (21.6 acres) of land that is immediately adjacent to the Princess of Wales Hospital. The land includes 88 existing houses and provides opportunities for further infill development. The extent of the site is outlined on the plan attached as Appendix 1 – *MOD Boundary Plan*.

3. SITE

3.1 The site is currently owned by MOD but is surplus to operational requirements. The Council is able to acquire the site direct from the MOD as a public sector land transfer.

3.2 The site comprises an estate of 88 houses, originally built for US Air Force personnel, including terraced, semi-detached and detached houses. The detached houses have garages whilst the remainder have marked car parking spaces on street or on nearby parking courts. The estate is fairly low density with generous areas of open space and mature protected trees giving it a very attractive 'garden village' feel. There is also a surfaced play area (with no equipment), a tennis court and a large rectangular shaped village green at its heart. The estate is not fenced and is contiguous with adjoining private housing and the hospital site.

3.3 The roads and services within the estate are currently un-adopted and the roads will remain so after any sale is complete.

3.4 The 88 houses are unusually large, particularly for the number of bedrooms, having been designed to American Services Accommodation higher standards.

3.5 Each house has an open plan style on the ground floor and is well served by living space, utility room and storage space. The bedrooms and bathrooms on the first floor are large with some 'dead' space.

3.6 Each house has open unfenced garden to the front with a small to medium size private garden to the rear, some with external storage. The houses are in a good state of repair and condition externally and internally, having undergone some refurbishment in 2004.

3.7 All of the houses are currently vacant, but are immediately habitable in their current condition. However, some houses would accommodate an additional bedroom and would benefit from new bathrooms, kitchen and floor coverings in part to meet current demands of style. Also, improvements to the streetscape and some additional provision of off-road parking could be made. There are no white goods in situ and no EPC ratings. The wiring is dual UK/US, which will need testing prior to occupation. The houses are heated by gas-fired central heating but gas safety certificates will need to be obtained prior to occupation.

4. PROJECT SUMMARY

4.1 An opportunity now exists for ECDC to ensure that the 88 houses are returned into general residential use and by carrying out the improvements identified above via its trading company East Cambs Trading Co Ltd (ECTC), the value of the houses could be enhanced.

4.2 An accommodation schedule of the existing 88 houses is attached as Appendix 2 – *Pricing Schedule Rev E*, which includes additional information such as internal floor areas, dwelling types and pricing. The accommodation schedule is summarised in the table below:

Dwelling Type		Gross Sq.Ft	Quantity
3bed		1280	7
2bed		1186	4
3bed		1290	8
3bed		1691	3
3bed		1592	4
3bed		1190	4
3bed		1298	6
3bed		1298	8
3bed		1591	6
3bed		1296	1
3bed		1220	6
3bed		1290	4
4bed		1706	5
4bed		1500	2
4bed		1650	2
3bed		1591	4
3bed		1681	2
3bed		1176	7
3bed		1591	4
5bed		2137	1
			88

4.3 The 88 existing houses have been valued by an independent valuer at £23,500,000 (twenty three million five hundred thousand pounds). The valuation report is attached as Appendix 3 – *Red Book Valuation*. Negotiations with the MOD are ongoing, but it is expected that the Council would need to pay this figure to the MOD to secure the site and prevent it from being offered on the open market.

4.4 Additionally, there are areas of unused and undeveloped space around the site, that have development potential and this potential value needs to be reflected in the final legal agreement with the MOD.

4.5 At this stage, it is anticipated that a simple clawback arrangement within the land transfer documents will be registered on the title to ensure that the MOD will receive additional

financial benefit, if planning permission is forthcoming in the future on any land that is currently undeveloped. MOD are expecting 100% of any land value uplift to be paid to the MOD following grant of a new planning permission.

5. ACQUISITION STRATEGY

5.1 In order for ECDC to successfully acquire the site, loan finance will be required from the Cambridgeshire and Peterborough Combined Authority (CPCA). This will provide 95% of the capital required for the project. The total CPCA loan is projected to be £24.4 million. Interest would be charged on the loan at 2.61% per annum.

5.2 In addition to receiving interest on the loan facility, the CPCA would receive 50% of the first £1.5 million of net profit generated by the project. If the net profit on the project exceeds £1.5 million, any additional profit above this amount would be shared with CPCA on a 70/30 basis (with ECDC retaining the larger share).

5.3 In the event that the site is successfully acquired, it would be immediately transferred directly into the ownership of ECTC through a 'back-to-back' transfer arrangement. Such an arrangement would:

5.3.1 Allow the MOD meet its legal obligations relating to public sector land transfers, thereby avoiding the need for the site to be offered to the open market;

5.3.2 Ensure that there was no need for the Council to directly fund the transaction; instead funding would be provided by ECTC via the loan facility from CPCA

5.4 Stamp Duty Land Tax (SDLT) would be due on the first transaction from MOD to ECDC but not on the sub-sale from ECDC to ECTC as this transfer would attract group relief. ECTC would refund the Council's transaction costs (including SDLT payments) as part of its project costs.

5.5 The transaction is expected to complete in the first week of financial year 2019/20.

6. DISPOSAL OPTIONS

6.1 Based on an acquisition of the site for £23.5 million (the red-book valuation of the existing houses), the alternative options available for the site are for:

6.1.1 Option 1 - ECTC to conduct a planned disposal of the 88 un-improved properties to individual purchasers on the open market over an 18 – 24 month period.

6.1.2 Option 2 - ECTC to carry out refurbishment, alteration and improvement works to the houses. In doing so, it is possible to convert 4 houses into 8 maisonettes to deliver 92 homes in total. These would be disposed of over a period of 24 months with 77 sold to individual purchasers on the open market and 15 offered as shared ownership affordable units.

6.2 With both of the above options, an estate management regime will need to be effected, with residents contributing toward the upkeep of the roads, sewers and open spaces while they remain un-adopted.

6.3 Option 1 – Strategy and Financials

6.3.1 Although the first disposal option for the houses does bring 88 houses back into general use, and secure land for future housing and healthcare development, it is only worth considering as an immediate exit strategy.

6.3.2 ECTC has taken its own local market advice and carried out an assessment of the value existing housing stock in their un-improved (current) condition, assuming a planned disposal over an 18 – 24 month period. This total re-sale value of around £25.4 million is approximately **£1.9 million** higher than the red-book valuation. The assessment and valuation report for the existing housing is attached as Appendix 6 – *Ely Market Report – Cheffins*.

6.3.3 However, this notional ‘profit’ would be eroded by the costs of stamp duty on the acquisition, disposal costs (agents, legals etc.) and finance interest charges to the extent that the whole transaction would only just break even. For this reason, Option 1 has been discounted.

6.4 Option 2 (Preferred) – Strategy and Financials

6.4.1 The second disposal option for the houses is more attractive as it not only generates a modest scheme profit of around £1,500,000, but it also creates 15 affordable ‘shared ownership’ homes (17% of the total). The retained equity in these homes can be transferred to a CLT or Registered Provider once the initial purchaser has acquired their part-share in the property.

6.4.2 The remaining 77 homes would be sold individually on the open market to owner occupiers, following improvements and refurbishment to bring these properties up to the standard this current market demands. Improvements to the properties will result in higher sales prices, as set out in the Market Report produced by Cheffins and attached as Appendix 4.

6.4.3 A complete financial appraisal and associated cashflow is attached as Appendix 5.1 – *Appraisal* and Appendix 5.2 *Cashflow*. The summary and main headline figures are:

Total Gross Development Value (Revenue)	£30,420,000
Total Project Costs	£28,902,000
Net Profit Return on Costs	5.25%
Total Loan Interest paid to CPCA	£806,000
CPCA Profit Share	£764,000

6.4.4 Total project costs above include the costs of site acquisition, improvement works and subsequent disposal of the existing housing. As it would be possible to sell some of the improved properties while work was still underway on others, it is expected that the peak working capital employed would be £25,623,000 in August 2019.

7. CPCA Loan

7.1 With Disposal Option 2, CPCA lending would peak at £24,342,000 (95% of peak capital employed). Within 12 months of the initial loan, by the end March 2020, the CPCA outstanding loan balance is expected to have fallen to £18,140,000. The CPCA loan is expected to have been fully repaid within 21 months (Dec 2020).

7.2 The loan from CPCA would be secured by a first legal charge against the title for the whole site that was valued including the 88 houses.

7.3 With a 95% loan from the CPCA, ECTC would need to commit around £1,300,000 of its own finance to the project. The Council will make additional funds available to ECTC to meet this requirement.

8. TIMESCALES

8.1 ECTC would seek to secure the land opportunity within this financial year, but legal completion is not expected until April 2019. This means that there is an opportunity to carry out preparatory design and procurement work in advance so that improvements and refurbishment can commence in May 2019.

8.2 A full programme and summary of key dates and actions is attached as Appendix 6 – *Development Programme*.

9. RISKS

9.1 The identifiable risks to this project are set out in a risk matrix attached as Appendix 7 – *Risk Analysis*.

10. RECOMMENDATION

10.1 Approval of application for loan facility from CPCA to allow ECDC/ECTC to:

10.1.1 Progress legal negotiations and Heads of Terms with MOD, and enter into appropriate legal documentation (i.e. contract to purchase)

10.1.2 Progress additional surveys and reports on site and appoint architects, cost consultants, project management team etc. to prepare detailed designs for the improvement work.

Date of report 30/10/18

Author Phil Rose – Head of Property and Development, ECTC

Appendices

1. *MOD Boundary Plan.*
2. *Pricing Schedule Rev E.*
3. *Red Book Valuation.*
4. *Ely Market Report – Cheffins*
5. *5.1 Appraisal*
5.2 Cashflow
6. *Development Programme*
7. *Risk Analysis*

MOD Land - Plot by Plot (Improved) Schedule & Pricing - Oct 18 Rev E

Plot No.	Beds	Address	Type	Gross Sq.Ft	Does Property have downstairs WC, en-suite, utility Room, garage	Unimproved Valuation		Council Tax		Add extra bedroom?	Final Beds	Rent or Sell?	Value after improvements		Market Rents		
						£ per gross sq.ft	Unit Price	Band	Annual Charge				£ per gross sq.ft	Unit Price	£PCM	£PW	£PA
1	2	35 Gunning Road	A	1,280	WC, U	£195	£250,000	A	£1,156	Y	3	Sell	£266	£340,000	£1,050	£242	£12,600
2	2	36 Gunning Road	A	1,280	WC, U	£195	£250,000	A	£1,156	Y	3	Sell	£266	£340,000	£1,050	£242	£12,600
3	2	37 Gunning Road	A	1,280	WC, U	£195	£250,000	A	£1,156	Y	3	Sell	£266	£340,000	£1,050	£242	£12,600
4	2	38 Gunning Road	B	1,186	WC, U	£211	£250,000	A	£1,156	N	2	Sell	£249	£295,000	£900	£208	£10,800
5	2	39 Gunning Road	B	1,186	WC, U	£211	£250,000	A	£1,156	N	2	Sell	£249	£295,000	£900	£208	£10,800
6	2	40 Gunning Road	B	1,186	WC, U	£211	£250,000	A	£1,156	N	2	Sell	£249	£295,000	£900	£208	£10,800
7	2	41 Gunning Road	B	1,186	WC, U	£211	£250,000	A	£1,156	N	2	Sell	£249	£295,000	£900	£208	£10,800
8	2	42 Gunning Road	A	1,280	WC, U	£195	£250,000	A	£1,156	Y	3	Sell	£266	£340,000	£1,050	£242	£12,600
9	2	43 Gunning Road	A	1,280	WC, U	£195	£250,000	A	£1,156	Y	3	Sell	£266	£340,000	£1,050	£242	£12,600
10	2	44 Gunning Road	A	1,280	WC, U	£195	£250,000	A	£1,156	Y	3	Sell	£266	£340,000	£1,050	£242	£12,600
11	2	45 Gunning Road	A	1,280	WC, U	£195	£250,000	A	£1,156	Y	3	Sell	£266	£340,000	£1,050	£242	£12,600
12	2	46 Gunning Road	C	1,290	WC, U	£194	£250,000	A	£1,156	Y	3	Sell	£264	£340,000	£900	£208	£10,800
13	2	47 Gunning Road	C	1,290	WC, U	£194	£250,000	A	£1,156	Y	3	Sell	£264	£340,000	£900	£208	£10,800
14	2	48 Gunning Road	C	1,290	WC, U	£194	£250,000	A	£1,156	Y	3	Sell	£264	£340,000	£900	£208	£10,800
15	2	49 Gunning Road	C	1,290	WC, U	£194	£250,000	A	£1,156	Y	3	Sell	£264	£340,000	£900	£208	£10,800
16	2	50 Gunning Road	C	1,290	WC, U	£194	£250,000	A	£1,156	Y	3	Sell	£264	£340,000	£900	£208	£10,800
17	2	51 Gunning Road	C	1,290	WC, U	£194	£250,000	A	£1,156	Y	3	Sell	£264	£340,000	£900	£208	£10,800
18	2	52 Gunning Road	C	1,290	WC, U	£194	£250,000	A	£1,156	Y	3	Sell	£264	£340,000	£900	£208	£10,800
19	2	53 Gunning Road	C	1,290	WC, U	£194	£250,000	A	£1,156	Y	3	Sell	£264	£340,000	£900	£208	£10,800
20	3	1 Heaton Close	D	1,691	WC, E, U, G	£219	£370,000	C	£1,541	N	3	Sell	£237	£400,000	£1,200	£277	£14,400
21	3	2 Heaton Close	D	1,691	WC, E, U, G	£219	£370,000	C	£1,541	N	3	Sell	£237	£400,000	£1,200	£277	£14,400
22	3	3 Heaton Close	D	1,691	WC, E, U, G	£219	£370,000	C	£1,541	N	3	Sell	£237	£400,000	£1,200	£277	£14,400
23	3	19 Heaton Drive	E	1,592	WC, E, U	£210	£335,000	A	£1,156	N	3	Sell	£236	£375,000	£1,150	£265	£13,800
24	3	20 Heaton Drive	E	1,592	WC, E, U	£210	£335,000	A	£1,156	N	3	Sell	£236	£375,000	£1,150	£265	£13,800
25	3	21 Heaton Drive	E	1,592	WC, E, U	£210	£335,000	A	£1,156	N	3	Sell	£236	£375,000	£1,150	£265	£13,800
26	3	22 Heaton Drive	E	1,592	WC, E, U	£210	£335,000	A	£1,156	N	3	Sell	£236	£375,000	£1,150	£265	£13,800
27	2	23 Heaton Drive	F	1,190	WC, U	£210	£250,000	A	£1,156	Y	3	Sell	£277	£330,000	£1,000	£231	£12,000
28	2	24 Heaton Drive	F	1,190	WC, U	£210	£250,000	A	£1,156	Y	3	Sell	£277	£330,000	£1,000	£231	£12,000
29	2	25 Heaton Drive	G	1,298	WC, U	£193	£250,000	A	£1,156	Y	3	Sell	£262	£340,000	£1,025	£237	£12,300
30	2	26 Heaton Drive	G	1,298	WC, U	£193	£250,000	A	£1,156	Y	3	Sell	£262	£340,000	£1,025	£237	£12,300
31	2	27 Heaton Drive	G	1,298	WC, U	£193	£250,000	A	£1,156	Y	3	Sell	£262	£340,000	£1,025	£237	£12,300
32	2	28 Heaton Drive	G	1,298	WC, U	£193	£250,000	A	£1,156	Y	3	Sell	£262	£340,000	£1,025	£237	£12,300
33	2	29 Heaton Drive	H	1,298	WC, U	£193	£250,000	A	£1,156	Y	3	Sell	£262	£340,000	£1,025	£237	£12,300
34	2	30 Heaton Drive	H	1,298	WC, U	£193	£250,000	A	£1,156	Y	3	Sell	£262	£340,000	£1,025	£237	£12,300
35	2	31 Heaton Drive	H	1,298	WC, U	£193	£250,000	A	£1,156	Y	3	Sell	£262	£340,000	£1,025	£237	£12,300
36	2	32 Heaton Drive	H	1,298	WC, U	£193	£250,000	A	£1,156	Y	3	Sell	£262	£340,000	£1,025	£237	£12,300
37	2	33 Heaton Drive	H	1,298	WC, U	£193	£250,000	A	£1,156	Y	3	Sell	£262	£340,000	£1,025	£237	£12,300
38	2	34 Heaton Drive	H	1,298	WC, U	£193	£250,000	A	£1,156	Y	3	Sell	£262	£340,000	£1,025	£237	£12,300
39	2	54 Heaton Drive	H	1,298	WC, U	£193	£250,000	A	£1,156	Y	3	Sell	£262	£340,000	£1,025	£237	£12,300
40	2	55 Heaton Drive	H	1,298	WC, U	£193	£250,000	A	£1,156	Y	3	Sell	£262	£340,000	£1,025	£237	£12,300
41	3	56 Kilkenny Avenue	I	1,591	WC, E	£211	£335,000	A	£1,156	Y	4	Sell	£236	£375,000	£1,250	£288	£15,000
42	3	57 Kilkenny Avenue	I	1,591	WC, E	£211	£335,000	A	£1,156	Y	4	Sell	£236	£375,000	£1,250	£288	£15,000
43	2	58 Kilkenny Avenue	J	1,296	WC, U	£220	£285,000	B		Y	3	Sell	£262	£340,000	£1,050	£242	£12,600
44	2	59 Kilkenny Avenue	K	1,220	WC, U	£205	£250,000	A	£1,156	Y	3	Sell	£275	£335,000	£950	£219	£11,400

45	2	60 Kilkenny Avenue	K	1,220	WC, U	£205	£250,000	A	£1,156	Y	3	Sell	£275	£335,000	£950	£219	£11,400
46	2	61 Kilkenny Avenue	K	1,220	WC, U	£205	£250,000	A	£1,156	Y	3	Sell	£275	£335,000	£950	£219	£11,400
47	2	62 Kilkenny Avenue	K	1,220	WC, U	£205	£250,000	A	£1,156	Y	3	Sell	£275	£335,000	£950	£219	£11,400
48	2	63 Kilkenny Avenue	K	1,220	WC, U	£205	£250,000	A	£1,156	Y	3	Sell	£275	£335,000	£950	£219	£11,400
49	2	64 Kilkenny Avenue	K	1,220	WC, U	£205	£250,000	A	£1,156	Y	3	Sell	£275	£335,000	£950	£219	£11,400
50	2	65 Nigel Road	F	1,190	WC, U	£210	£250,000	A	£1,156	Y	3	Sell	£277	£330,000	£975	£225	£11,700
51	2	66 Nigel Road	F	1,190	WC, U	£210	£250,000	A	£1,156	Y	3	Sell	£277	£330,000	£975	£225	£11,700
52	2	67 Nigel Road	G	1,298	WC,U	£193	£250,000	A	£1,156	Y	3	Sell	£262	£340,000	£975	£225	£11,700
53	2	68 Nigel Road	G	1,298	WC, U	£193	£250,000	A	£1,156	Y	3	Sell	£262	£340,000	£975	£225	£11,700
54	2	69 Nigel Road	L	1,290	WC,U	£194	£250,000	A	£1,156	Y	3	Sell	£264	£340,000	£975	£225	£11,700
55	2	70 Nigel Road	L	1,290	WC,U	£194	£250,000	A	£1,156	Y	3	Sell	£264	£340,000	£975	£225	£11,700
56	2	71 Nigel Road	L	1,290	WC, U	£194	£250,000	A	£1,156	Y	3	Sell	£264	£340,000	£975	£225	£11,700
57	2	72 Nigel Road	L	1,290	WC,U	£194	£250,000	A	£1,156	Y	3	Sell	£264	£340,000	£975	£225	£11,700
58	3	73 Nigel Road	I	1,591	WC, E	£211	£335,000	A	£1,156	Y	4	Sell	£236	£375,000	£1,250	£288	£15,000
59	3	74 Nigel Road	I	1,591	WC, E	£211	£335,000	A	£1,156	Y	4	Sell	£236	£375,000	£1,250	£288	£15,000
60	3	75 Nigel Road	I	1,591	WC, E	£211	£335,000	A	£1,156	Y	4	Sell	£236	£375,000	£1,250	£288	£15,000
61	3	76 Nigel Road	I	1,591	WC, E	£211	£335,000	A	£1,156	Y	4	Sell	£236	£375,000	£1,250	£288	£15,000
62	3	3 Redman Close	M	1,706	WC, E, U, G	£217	£370,000	C	£1,541	Y	4	Sell	£264	£450,000	£1,300	£300	£15,600
63	3	4 Redman Close	M	1,706	WC,E,U,G	£217	£370,000	C	£1,541	Y	4	Sell	£264	£450,000	£1,300	£300	£15,600
64	3	5 Redman Close	M	1,706	WC, E, U, G	£217	£370,000	C	£1,541	Y	4	Sell	£264	£450,000	£1,300	£300	£15,600
65	3	6 Redman Close	M	1,706	WC,E,U,G	£217	£370,000	B	£1,349	Y	4	Sell	£264	£450,000	£1,300	£300	£15,600
66	4	7 Redman Close	M	1,706	WC,E,U,G	£217	£370,000	B	£1,349	Y	4	Sell	£264	£450,000	£1,300	£300	£15,600
67	3	8 Redman Close	N	1,500	WC, E, U, G	£247	£370,000	C	£1,541	Y	4	Sell	£317	£475,000	£1,100	£254	£13,200
68	3	9 Redman Close	N	1,500	WC,E,U,G	£247	£370,000	C	£1,541	Y	4	Sell	£317	£475,000	£1,100	£254	£13,200
69	4	10 Redman Close	T	2,137	WC, E, U, G	£234	£500,000	D	£1,736	Y	5	Sell	£257	£550,000	£1,450	£335	£17,400
70	3	11 Redman Close	O	1,650	WC, E, U, G	£224	£370,000	B	£1,349	Y	4	Sell	£267	£440,000	£1,250	£288	£15,000
71	3	12 Redman Close	O	1,650	WC, E, U, G	£224	£370,000	B	£1,349	Y	4	Sell	£267	£440,000	£1,250	£288	£15,000
72	3	13 Redman Close	P	1,591	WC, U, G	£220	£350,000	B	£1,349	N	3	Sell	£236	£375,000	£950	£219	£11,400
73	3	14 Redman Close	P	1,591	WC, U, G	£220	£350,000	B	£1,349	N	3	Sell	£236	£375,000	£950	£219	£11,400
74	3	15 Redman Close	P	1,591	WC, U, G	£220	£350,000	B	£1,349	N	3	Sell	£236	£375,000	£950	£219	£11,400
75	3	16 Redman Close	P	1,591	WC, U, G	£220	£350,000	B	£1,349	N	3	Sell	£236	£375,000	£950	£219	£11,400
76	2	17 Redman Close	Q	1,681	WC, U, G	£155	£260,000	C	£1,541	Y	3	Sell	£238	£400,000	£1,100	£254	£13,200
77	2	18 Redman Close	Q	1,681	WC, U, G	£155	£260,000	C	£1,541	Y	3	Sell	£238	£400,000	£1,100	£254	£13,200
78	2	1 Simeon Close	R	1,176	WC	£221	£260,000	A	£1,156	N	2	Shared Ownership	£234	£275,000	£950	£219	£11,400
79	2	2 Simeon Close	R	1,176	WC	£221	£260,000	A	£1,156	N	2	Shared Ownership	£234	£275,000	£950	£219	£11,400
80	2	3 Simeon Close	R	1,176	WC	£221	£260,000	A	£1,156	N	2	Shared Ownership	£234	£275,000	£950	£219	£11,400
81	2	4 Simeon Close	R	1,176	WC	£221	£260,000	A	£1,156	N	2	Shared Ownership	£234	£275,000	£950	£219	£11,400
82	3	5 Simeon Close	S	700						Maisonette	1	Shared Ownership	£229	£160,000	£650	£150	£7,800
83		5a Simeon Close		900						Maisonette	2	Shared Ownership	£239	£215,000	£900	£208	£10,800
84	3	6 Simeon Close	S	700						Maisonette	1	Shared Ownership	£229	£160,000	£650	£150	£7,800
85		6a Simeon Close		900						Maisonette	2	Shared Ownership	£239	£215,000	£900	£208	£10,800
86	3	7 Simeon Close	S	700						Maisonette	1	Shared Ownership	£229	£160,000	£650	£150	£7,800
87		7a Simeon Close		900						Maisonette	2	Shared Ownership	£239	£215,000	£900	£208	£10,800
88	3	8 Simeon Close	S	700						Maisonette	1	Shared Ownership	£229	£160,000	£650	£150	£7,800
89		8a Simeon Close		900						Maisonette	2	Shared Ownership	£239	£215,000	£900	£208	£10,800
90	2	9 Simeon Close	R	1,176	WC	£221	£260,000	A	£1,156	N	2	Shared Ownership	£234	£275,000	£950	£219	£11,400
91	2	10 Simeon Close	R	1,176	WC	£221	£260,000	A	£1,156	N	2	Shared Ownership	£234	£275,000	£950	£219	£11,400
92	2	11 Simeon Close	R	1,176	WC	£221	£260,000	A	£1,156	N	2	Shared Ownership	£234	£275,000	£950	£219	£11,400
	209			123,044		£196	£24,065,000		£52,215				£255	£31,375,000			£1,130,400

Services Families Accommodation and Land, Ely, Cambridgeshire, CB7 4RX



Report: Valuation Advice

Date: 06 August 2018

Contents

1. Identification and Status of Valuer	1
2. Client	1
3. Purpose of the Valuation	1
4. Identification of the Subject Site to be Valued.	1
5. Basis of Value Adopted	1
6. Valuation Date	1
7. Extent of Investigation	1
8. Nature and Sources of the Information Relied Upon	2
9. Assumptions and Specific Assumptions	2
10. Restrictions on Use, Distribution and Publication of the Report	2
11. Confirmation the Valuation Undertaken in Accordance with IVS	2
12. Valuation Approach and Reasoning	2
13. Valuation Advice and commentary.....	2
14. Date of the Valuation Report	3
15. Commentary on Any Material Uncertainty in Relation To the Valuation .	3
16. Agreed Limitations on Liability Agreed	3
Appendices	4
Appendix A1: Subject site	4
Appendix B: General Assumptions and Caveats.....	5
Appendix C: Gross Internal Areas (GIAs) of 88 houses	11
Appendix D: Specific Assumptions Adopted for the Valuation Advice	13
Appendix E: Planning Appraisal on Development Potential.....	19

Report: Valuation Appraisal

Property: Services Families Accommodation, Ely, Cambridgeshire

1. Identification and Status of Valuer

This valuation appraisal has been carried out by Gillian Knox, MRICS Registered Valuer, an external valuer as defined in the RICS Valuation Global Standards 2017.

NPS Property Consultants Ltd. confirm that the Valuer is in a position to provide an objective and unbiased valuation appraisal and is competent to undertake the valuation appraisal.

2. Client

This report has been prepared for Defence Infrastructure Organisation and East Cambridgeshire District Council as set out in our confirmation of instructions dated 27 July 2018.

3. Purpose of the Valuation

The purpose of this valuation is to provide advice in respect of the subject site in connection with the transfer of land between two public bodies.

The report must not be used other than for its stated purpose and must not be used for lending or borrowing purposes.

4. Identification of the Subject Site to be Valued.

The interest to be valued is that of an unencumbered freehold with vacant possession of the site shown approximately outlined in red on the attached plan, Appendix A.

5. Basis of Value Adopted

The site has been valued on the basis of Market Value. This is defined in the RICS Valuation Global Standards 2017 (the Red Book) as:

Market Value

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

6. Valuation Date

The date of the valuation of the site is the date of the valuation report.

7. Extent of Investigation

The site was inspected externally on 23 July 2018. The extent of the investigations are found in Appendix B.

8. Nature and Sources of the Information Relied Upon

It has been assumed that any information which has been supplied by the client, and upon which the valuation is based, is reliable.

Site plan, house Gross Internal Areas (GIA) and floor plans have been provided by the client and relied upon.

9. Assumptions and Specific Assumptions

All assumptions and caveats included in Appendices B and D are assumed to apply.

10. Restrictions on Use, Distribution and Publication of the Report

Restrictions on distribution and publication of the report are stated in Appendix B5.

11. Confirmation the Valuation Undertaken in Accordance with IVS

The valuation has been undertaken in accordance with the International Valuation Standards (IVS) and all significant inputs have been assessed by the Valuer and found to be appropriate for the valuation provided.

12. Valuation Approach and Reasoning

For the purpose of this report the valuation approach adopted was:

A high level residual valuation approach for the subject site with the specific assumptions listed in Appendix D.

We also considered the market approach based on comparing the subject asset with similar assets for which price information is available, in an appropriate time frame. However, due to the bespoke nature of development sites there are often no directly comparable transactions.

13. Valuation Advice and commentary

13.1 On the basis of the assumptions set out in this report we have considered the value of the subject site in the region of as follows:

- J 88 houses listed in Appendix C - £23,500,000 (twenty three million and five hundred thousand pounds)
- J Site H (30 dwellings) identified in Appendix A - £2,000,000 (two million pounds)
- J Site D (9 dwellings) identified in Appendix A - £700,000 (seven hundred thousand pounds)
- J Site I (9 dwellings) identified in Appendix A - £900,000 (nine hundred thousand pounds)
- J Site J (2 dwellings) identified in Appendix A - £200,000 (two hundred thousand pounds)
- J Sites A, B, C, E, F, G, and K – assumed to be subject to clawback.

14. Date of the Valuation Report

This report was issued on 06 August 2018.

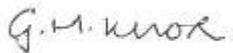
15. Commentary on Any Material Uncertainty in Relation To the Valuation

There is potential for material uncertainty due to the high level residual valuation approach we have adopted, the limited information available and the inherent uncertainties in the estimated elements of a residual valuation. The unusual nature of the site and the scale of the proposed disposal also adds to uncertainty.

16. Agreed Limitations on Liability Agreed

This valuation advice is provided for strategic decision-making purposes only and must not be used for other purposes including loan/lending purposes.

Signed



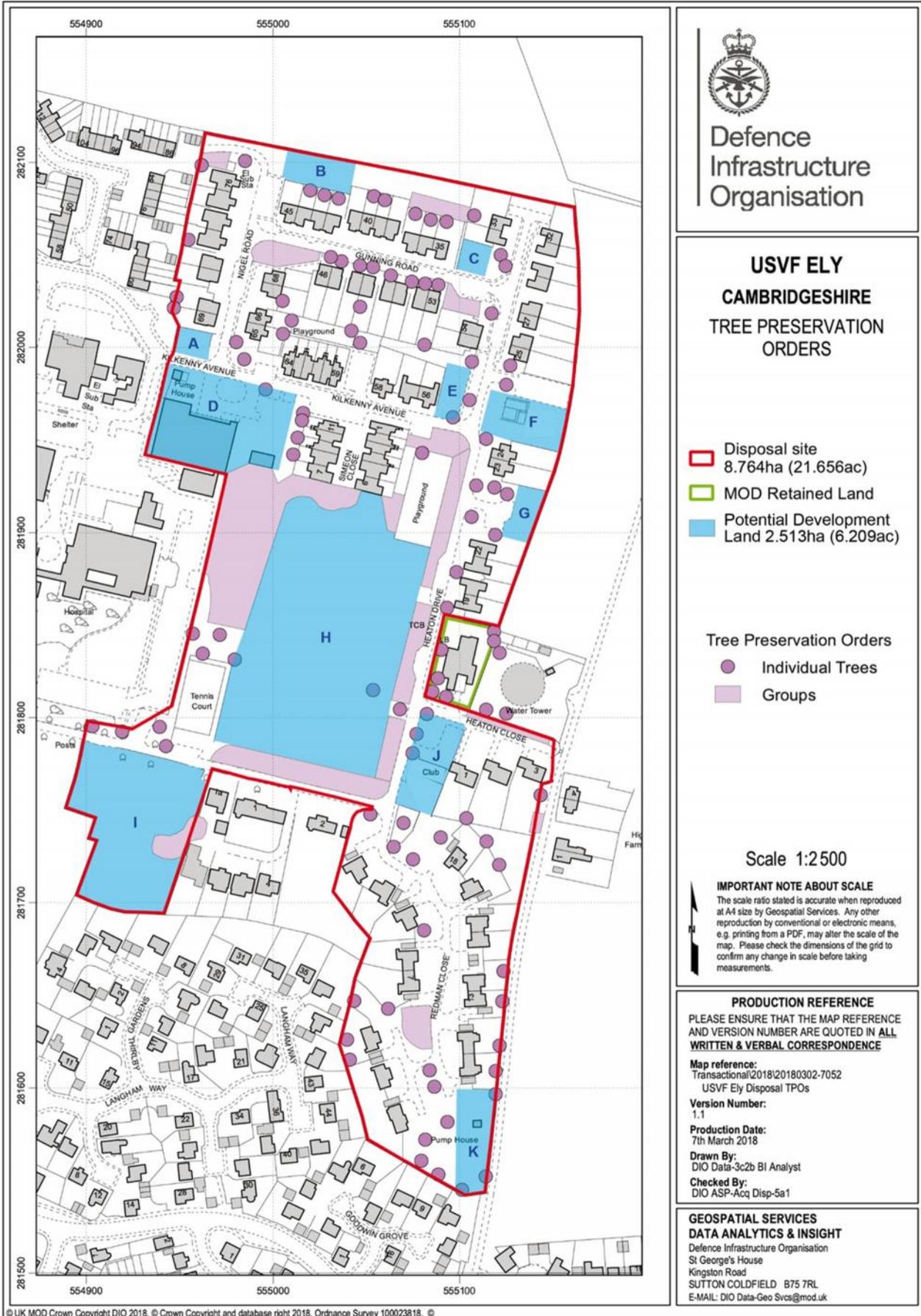
Gillian Knox MRICS Registered Valuer

NPS Property Consultants Limited

Date 6.08.2018

Appendices

Appendix A1: Subject site



Appendix B: General Assumptions and Caveats

B.1	VALUATIONS ASSUMPTIONS
B.1.1	The appraisal undertaken is subject to a number of specific assumptions which are identified in Appendix D.
B.2	BASIS OF VALUATION AND ITS DEFINITION
	The site has been valued on the basis of Market Value. This is defined in the RICS Valuation Global Standards 2017 (the Red Book) as: Market Value “The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.
B.3	DATE OF VALUATION
	The date of the advice is the date of this report unless otherwise stated.
B.4	INSPECTIONS AND INVESTIGATIONS
B.4.1	Extent of Enquiries, Investigations and Information
	No additional specific enquiries have been made of the Public Utility Service providers, the Highway Authority or Statutory Bodies.
	The Valuer has not independently verified the information provided by the client, it is assumed to be correct.
B.4.2	The Inspection and Subsequent Enquiries
	An external inspection of the site was carried out by an RICS Registered Valuer having regard to the purpose of the valuation. We also inspected internally, a selection of five properties as suggested by the clients namely: 10 Redman Close 69 Nigel Close 2 Simeon Close 20 Heaton Close 46 Gunning Road
	The exteriors were inspected from ground level only, i.e. without the benefit of access equipment. We cannot express an opinion about or advise upon the condition of uninspected parts and the report should not be taken as making any implied representation or statement about such parts. Furthermore, the various services have

	not been tested. We are therefore unable to report that any such parts of the property are free from defect or that the services are in full working order.
B.4.3	Condition, Repair and Pollution Hazards
	Unless specifically instructed to carry out a structural survey, test of service installations, site investigation or to facilitate an environmental survey, our valuation advice assumes:
	1. That except for any defects specifically noted in our report, the property is in good condition
	2. That no materials have been used in the construction of the buildings which are deleterious, hazardous or likely to give rise to structural defects. Including inter alia high alumina cement or calcium chloride additive, asbestos or any other hazardous or deleterious material or wood wool shuttering
	3. That no hazardous materials are present on site
	4. That all relevant statutory requirements relating to use or construction have been complied with.
	5. That the site is physically capable of development or redevelopment, where appropriate, and that no special or unusual costs will be incurred in site clearance or providing foundations and infrastructure. We have however provided an estimated budget cost for demolition of buildings on site as requested.
	6. That the property is not adversely affected by any forms of pollution, current or historic, either on or off site
	7. That there are no archaeological remains on or under the land which could adversely impact on value
	8. That there is no abnormal risk of flooding
B.5	RESTRICTIONS ON USE, DISTRIBUTION AND PUBLICATION OF THE REPORT
B.5.1.	The advice provided is for the stated purpose and for the use of the client only. No liability will be accepted to any other party without our specific prior written approval.
B.5.2	Publication of our report, or any reference thereto, in whole or part, in any document, circular or statement, in either hard copy or electronically (including any web site) will be permitted only with our prior approval, this to include the form and context in which it will appear.
B.5.3.	Our valuation is confidential to the party to whom it is addressed for the stated purpose and no liability is accepted to any third party for the whole or part of its contents. Liability will not subsequently be extended to any other party except on the basis of written and agreed instructions; this will include an additional fee.

B.6	VALIDITY OF THE VALUATION REPORT
B.6.1	Validity
	This valuation should not be considered valid for a period in excess of 3 months from the date of this report, nor if there are any changes in the circumstances or assumptions/conditions upon which this has been based in which case the valuation will require amendment as necessary.
B.7	STATUTORY REQUIREMENTS
B.7.1	Equality Act 2010
	Under the Equality Act 2010 all service providers to the general public are obliged to ensure that all disabled customers are treated, as far as it is reasonable to do so, the same as non-disabled customers. The legislation was operative from 1 October 2010 as amended.
	It should be noted that our inspection of the property did not constitute an accessibility audit for Equality Act purposes.
B.7.2	The Regulatory Reform (Fire Safety) Order 2005
	6.2.1 The Regulatory Reform (Fire Safety) Order affecting all non-domestic premises in England and Wales came into force on 1 October 2006. This legislation has removed the requirement of Fire Certificates for non-domestic property. Now the person responsible for the premises will be required to carry out their own risk assessment to identify the fire precautions which are required to be in place. To accompany the legislation the Government has developed specific information guides for each type of premises which sets out the guidance on the requirements and carrying out a Fire Risk Assessment.
	Our inspection of the property did not constitute a Fire Risk Assessment.
B.7.3	Control of Asbestos Regulations 2012
	Under the Control of Asbestos Regulations 2012 all commercial property owners/occupiers are obliged by law to have completed a Register of all materials containing asbestos within their premises and either remove them or have a programme for managing them so that they do not become a danger to health.
	Our inspection of the property did not constitute a survey in compliance with Government Directives and as such we will not comment in detail on any potential asbestos containing materials believed to be present in the property.

B.7.4	Invasive Plant Species
	The 3 main non-native invasive plant species in the UK are Japanese knotweed, Himalayan (Indian) or purple stinky balsam and New Zealand pygmy weed. Other notifiable plants and weeds include inter alia giant hogweed, ragwort and azollia.
	Japanese knotweed is a rampant non-native invasive species which can cause physical damage to buildings and hard surfaces. Under s. 14(2) of the Countryside and Wildlife Act 1981 it is an offence to cause this plant to grow in the wild. Failure to dispose of any material containing Japanese knotweed may also result in prosecution under this Act and under the Environmental Protection Act 1990.
	The likely costs of eradication and removal of plants such as these can be high and time consuming and impact on the ability to enjoy/develop/redevelop the site and consequently diminish the values reported.
	We did not carry out a survey of invasive plant species.
B.7.5	The Energy Performance of Buildings Directive (England and Wales) Regulations 2007
	The Energy Performance of Buildings Directive (England and Wales) Regulations 2007 affecting all non-domestic properties in England and Wales came into force on 8 April 2008. This legislation introduced new statutory requirements for commercial buildings offered for sale or to let to have an Energy Performance Certificate (EPC) and for certain buildings to have Display Energy Certificates (DEC).
	Our inspection of the property did not constitute an Energy Assessment of the property.
B.7.6	Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 – (Minimum Energy Efficiency Standards (MEES)
	The MEES Regulations 2015 affecting all non-domestic properties in England and Wales come into force on 1 st April 2018. This legislation introduces new statutory requirements for commercial buildings where landlords of non-domestic private rented properties (including public sector landlords) may not grant a tenancy to new or existing tenants if their property has an EPC rating of band F or G (shown on a valid Energy Performance Certificate for the property).
	Our inspection of the property did not constitute an Energy Assessment of the property.

B.7.7	Flooding
	We have looked at the Environment Agency's website. The property is not located in an area subject to flooding from rivers or reservoirs.
	No formal enquiries have been made of the Environment Agency in relation to the risk and impact on the grant of planning permissions for the property.
B.8	NATURE AND SOURCES OF INFORMATION RELIED UPON
B.8.1	Tenure and Tenancies
	Where relevant we have relied upon information supplied as to the property, tenure, tenancies, permitted uses and related matters. We assumed such information to be accurate, up-to-date and complete. We assumed that your solicitors are able to confirm the accuracy of these details and that the interest being valued is in all respects good and marketable. We would welcome the opportunity to consider your solicitor's report on title and to advise whether or not this affects our valuation.
	We did not examine title documents and, therefore, assume that apart from any matters mentioned in our report, the interest is not subject to any onerous restrictions, to the payment of any unusual outgoing or to any charges, easements or rights of way. We will assume that any outstanding requirements of repairing covenants will be met.
B.9	OTHER ENQUIRIES
B.9.1	Planning, Highway and Other Enquiries
	We have made no formal enquiries of the local planning, highway and other relevant authorities. No formal searches were instigated. Except where stated to the contrary, we have assumed that there are no local authority planning or highway proposals that might involve the use of compulsory purchase powers or otherwise directly affect the property. However, NPS' in-house Planning Consultants have provided some planning guidance to inform our valuations attached as Appendix E.
B.10	FLOOR, SITE AREAS AND PLANS
	We have relied wholly on the schedule of gross internal areas (GIAs) provided by the client for the houses (Appendix C). We have estimated the other site areas by scaling off our GIA mapping systems.
	Where plans are included in our report, these are for identification purposes only.

B.11	PLANT, MACHINERY AND SERVICES
B.11.1	Plant and Machinery
	Where relevant we have included in our valuations only those items of plant and machinery normally considered to be part of the building service installations and which would pass with the property. We excluded all items of process plant and machinery and equipment, together with their special foundations and supports, furniture and furnishings, vehicles, stock and loose tools and tenant's fixtures and fittings.
	Only those items of plant and machinery which form part of the building services installations have been included in the valuation.
	No technical condition of survey of such plant and machinery has been undertaken or commissioned nor have the heating and other services been tested.
B.11.2	Main Services
	It is assumed that all main services including foul drainage are connected/available and of sufficient capacities to adequately serve the property. No enquiries have been made of Service Providers.
B.12	DEVELOPMENT PROPERTIES
	For properties in course of development, we reflect, unless otherwise stated, the stage reached in construction and the costs already incurred and those remaining to be spent at the date of valuation. We will have regard to the contractual liabilities of the parties involved in the development and any cost estimates which have been prepared by the professional advisers to the project.
	For recently completed developments we take no account of any retention, nor do we make allowance for any outstanding development costs, fees, or other expenditure for which there may be a liability.
B.13	COMPLAINTS
	As a member firm of RICS and in accordance with our own quality procedures (we are registered to ISO 9001); we have a complaints procedure, details of which can be supplied on request.

Appendix C: Gross Internal Areas (GIAs) of 88 houses

Revised Schedule provided to NPS and copied to East Cambs. on 27/7/2018

Plot No	Beds	Convert to	Address	Gross Sq. ft.
1	2	3	35 Gunning Road	1280
2	2	3	36 Gunning Road	1280
3	2	3	37 Gunning Road	1280
4	2	3	38 Gunning Road	1186
5	2	3	39 Gunning Road	1186
6	2	3	40 Gunning Road	1186
7	2	3	41 Gunning Road	1186
8	2	3	42 Gunning Road	1280
9	2	3	43 Gunning Road	1280
10	2	3	44 Gunning Road	1280
11	2	3	45 Gunning Road	1280
12	2	3	46 Gunning Road	1290
13	2	3	47 Gunning Road	1290
14	2	3	48 Gunning Road	1290
15	2	3	49 Gunning Road	1290
16	2	3	50 Gunning Road	1290
17	2	3	51 Gunning Road	1290
18	2	3	52 Gunning Road	1290
19	2	3	53 Gunning Road	1290
20	3	4	1 Heaton Close	1691
21	3	4	2 Heaton Close	1691
22	3	4	3 Heaton Close	1691
23	3	4	19 Heaton Drive	1592
24	3	4	20 Heaton Drive	1592
25	3	4	21 Heaton Drive	1592
26	3	4	22 Heaton Drive	1592
27	2	3	23 Heaton Drive	1190
28	2	3	24 Heaton Drive	1190
29	2	3	25 Heaton Drive	1298
30	2	3	26 Heaton Drive	1298
31	2	3	27 Heaton Drive	1298
32	2	3	28 Heaton Drive	1298
33	2	3	29 Heaton Drive	1298
34	2	3	30 Heaton Drive	1298
35	2	3	31 Heaton Drive	1298
36	2	3	32 Heaton Drive	1298
37	2	3	33 Heaton Drive	1298
38	2	3	34 Heaton Drive	1298
39	2	3	54 Heaton Drive	1298
40	2	3	55 Heaton Drive	1298
41	3	4	56 Kilkenny Avenue	1591
42	3	4	57 Kilkenny Avenue	1591
43	2	3	58 Kilkenny Avenue	1296

Plot No	Beds	Convert to	Address	Gross Sq. ft.
44	2	3	59 Kilkenny Avenue	1220
45	2	3	60 Kilkenny Avenue	1220
46	2	3	61 Kilkenny Avenue	1220
47	2	3	62 Kilkenny Avenue	1220
48	2	3	63 Kilkenny Avenue	1220
49	2	3	64 Kilkenny Avenue	1220
50	2	3	65 Nigel Road	1190
51	2	3	66 Nigel Road	1190
52	2	3	67 Nigel Road	1298
53	2	3	68 Nigel Road	1298
54	2	3	69 Nigel Road	1290
55	2	3	70 Nigel Road	1290
56	2	3	71 Nigel Road	1290
57	2	3	72 Nigel Road	1290
58	3	4	73 Nigel Road	1591
59	3	4	74 Nigel Road	1591
60	3	4	75 Nigel Road	1591
61	3	4	76 Nigel Road	1591
62	3	4	3 Redman Close	1706
63	3	4	4 Redman Close	1706
64	3	4	5 Redman Close	1706
65	3	4	6 Redman Close	1706
66	3	4	7 Redman Close	1706
67	3	4	8 Redman Close	1137
68	3	4	9 Redman Close	1137
69	4	5	10 Redman Close	2137
70	3	4	11 Redman Close	1650
71	3	4	12 Redman Close	1650
72	2	4	13 Redman Close	1591
73	2	4	14 Redman Close	1591
74	2	4	15 Redman Close	1591
75	2	4	16 Redman Close	1591
76	2	4	17 Redman Close	1681
77	2	4	18 Redman Close	1681
78	2	3	1 Simeon Close	1176
79	2	3	2 Simeon Close	1176
80	2	3	3 Simeon Close	1176
81	2	3	4 Simeon Close	1176
82	3	4	5 Simeon Close	1591
83	3	4	6 Simeon Close	1591
84	3	4	7 Simeon Close	1591
85	3	4	8 Simeon Close	1591
86	2	3	9 Simeon Close	1176
87	2	3	10 Simeon Close	1176
88	2	3	11 Simeon Close	1176

Appendix D: Specific Assumptions Adopted for the Valuation Advice

D.1	Purpose																																					
	The purpose of the valuation is for the transfer of property between two public bodies.																																					
D.2	Town Planning																																					
	<p>We have consulted our in-house planning consultants who have provided the Planning Appraisal as attached at Appendix E.</p> <p>We have assumed the existing uses and proposed uses are lawful with no associated onerous conditions.</p> <p>In respect of some of the open spaces within the site, we have assumed planning consent will be forthcoming for residential development in accordance with the Development Plan.</p> <p>There are several areas we have identified as having possible potential for development as follows: See attached plan at Appendix A.</p>																																					
	<table border="1" data-bbox="379 909 1385 1514"> <thead> <tr> <th data-bbox="379 909 517 987">Site Ref</th> <th data-bbox="517 909 983 987">Indicative number of dwellings</th> <th data-bbox="983 909 1385 987">Comments</th> </tr> </thead> <tbody> <tr> <td data-bbox="379 987 517 1025">A</td> <td data-bbox="517 987 983 1025">1</td> <td data-bbox="983 987 1385 1025">Clawback</td> </tr> <tr> <td data-bbox="379 1025 517 1064">B</td> <td data-bbox="517 1025 983 1064">1</td> <td data-bbox="983 1025 1385 1064">Clawback</td> </tr> <tr> <td data-bbox="379 1064 517 1102">C</td> <td data-bbox="517 1064 983 1102">1</td> <td data-bbox="983 1064 1385 1102">Clawback</td> </tr> <tr> <td data-bbox="379 1102 517 1140">D</td> <td data-bbox="517 1102 983 1140">10-15</td> <td data-bbox="983 1102 1385 1140">9 used in appraisal</td> </tr> <tr> <td data-bbox="379 1140 517 1178">E</td> <td data-bbox="517 1140 983 1178">1</td> <td data-bbox="983 1140 1385 1178">Clawback</td> </tr> <tr> <td data-bbox="379 1178 517 1272">F</td> <td data-bbox="517 1178 983 1272">2 – assuming sub-station relocated</td> <td data-bbox="983 1178 1385 1272">Clawback</td> </tr> <tr> <td data-bbox="379 1272 517 1310">G</td> <td data-bbox="517 1272 983 1310">1</td> <td data-bbox="983 1272 1385 1310">Clawback</td> </tr> <tr> <td data-bbox="379 1310 517 1348">H</td> <td data-bbox="517 1310 983 1348">25-30 (low density)</td> <td data-bbox="983 1310 1385 1348">30 used in appraisal</td> </tr> <tr> <td data-bbox="379 1348 517 1386">I</td> <td data-bbox="517 1348 983 1386">9-12 (low density)</td> <td data-bbox="983 1348 1385 1386">9 used in appraisal</td> </tr> <tr> <td data-bbox="379 1386 517 1424">J</td> <td data-bbox="517 1386 983 1424">2</td> <td data-bbox="983 1386 1385 1424">2 used in appraisal</td> </tr> <tr> <td data-bbox="379 1424 517 1514">K</td> <td data-bbox="517 1424 983 1514">1 – assuming no pump house required</td> <td data-bbox="983 1424 1385 1514">Clawback</td> </tr> </tbody> </table>		Site Ref	Indicative number of dwellings	Comments	A	1	Clawback	B	1	Clawback	C	1	Clawback	D	10-15	9 used in appraisal	E	1	Clawback	F	2 – assuming sub-station relocated	Clawback	G	1	Clawback	H	25-30 (low density)	30 used in appraisal	I	9-12 (low density)	9 used in appraisal	J	2	2 used in appraisal	K	1 – assuming no pump house required	Clawback
Site Ref	Indicative number of dwellings	Comments																																				
A	1	Clawback																																				
B	1	Clawback																																				
C	1	Clawback																																				
D	10-15	9 used in appraisal																																				
E	1	Clawback																																				
F	2 – assuming sub-station relocated	Clawback																																				
G	1	Clawback																																				
H	25-30 (low density)	30 used in appraisal																																				
I	9-12 (low density)	9 used in appraisal																																				
J	2	2 used in appraisal																																				
K	1 – assuming no pump house required	Clawback																																				
	<p>However, for the purpose of this report we have only valued sites D, H, I, and J as these sites appear to have reasonable to good prospects for residential planning consent.</p>																																					
	<p>In respect of other areas of open space we would recommend a clawback mechanism be used by the vendor to achieve additional capital value for the sites should they ever obtain planning consent for residential or alternative development.</p>																																					
	<p>In respect of site H, we recognise that whilst this is a potential significant residential development site, it may face challenges to achieve planning consent. It may be subject to local challenge or an application for a Village Green for example. In view of this we suggest</p>																																					

	<p>this area is subject to a separate clawback agreement in the event planning permission is not forthcoming or the numbers of dwellings not achieved.</p> <p>We have assumed the existing play area and tennis court will remain.</p>
D.3	Site Area
	<p>We have relied on site plans provided by the client, which we have scaled up show the subject site extends to c. 21.66 acres in total.</p>
D.4	Tenure
	<p>We have not seen an extract of the registered title of the subject site and assumed there are no rights of way over the site and no other legal encumbrances affecting development or value.</p>
D.5	Description
	<p>The subject site of circa. 21.66 acres is located on the western edge of Ely, adjacent to Ely Hospital and private housing. It is approximately 2 miles from the town centre and 2.4 miles from the railway station with direct services to Cambridge and London in particular.</p> <p>The subject site comprises an estate of 88 former US services accommodation including terraced, semi-detached or detached houses. The detached properties have single garages whilst the remainder have marked car parking spaces on street or on nearby car parking courts.</p> <p>The estate development is fairly low density with generous areas of open space and mature trees giving it a 'garden village' feel. There is also a surfaced play area (with no equipment), a tennis court and a large area of village green type open space at its heart (site H).</p> <p>The estate is not fenced and is contiguous with private housing.</p> <p>It is our understanding the roads and services are currently un-adopted and the roads will remain so after any sale is completed.</p> <p><u>The Houses</u></p> <p>The houses are unusually large, particularly for the number of bedrooms, which we assume met the American Services Accommodation higher standards. See Appendix C for floor areas.</p> <p>Each house has an open plan style on the ground floor and is well served by living space, utility room and storage space. The bedrooms and bathrooms on the first floor are large with some 'dead' space.</p> <p>The detached houses have a single garage, the remainder have on street parking or court parking.</p>

Each house has open unfenced garden to the front with a small to medium size private garden to the rear, some with external storage. The houses appear to be in a good state of repair and condition externally and internally. The properties appear habitable but would benefit from new bathrooms, kitchen and floor coverings in part to meet current demands of style. Also improvements to the streetscape and some additional provision of off road parking.

There are no white goods in situ and we have no knowledge of the EPC ratings.

The wiring appears to be dual UK/US, which will need testing and possible rewiring prior to occupation.

Our assumption for the valuation is that each house could relatively easily be increased by at least one bedroom on the first floor.

The Land (see Appendix A)

Site D extends to approximately 0.85 acres in size with a derelict former single storey operational building on site. We assume this building could be demolished and separated from the adjoining NHS building and redeveloped with 9-15 houses. For our valuation we have assumed a low density residential development to match the grain of the adjoining housing.

Site I extends to approximately 1.17 acres in size, the site of a former operational building now demolished and very overgrown with vegetation. We have assumed a low density residential development to match the adjoining private development at Merrifield Gardens.

Site J extends to approximately 0.29 acres in size, the site of a former, now demolished, operational building, laid to grass. We have assumed this site may be suitable for 2 residential dwellings.

Site H extends to approximately 2.86 acres in size, comprising a large open grassed space with mature trees. We believe it could prove challenging to secure residential development on this established area of open space. However we have assumed this site may be suitable for 30 dwellings.

Sites A, B, C, D, E, G & K. These are other sundry areas of landscaping and open space laid to grass interspersed within the houses, which may have potential to be developed as individual dwellings, subject to planning consent.

We have taken no account of contamination or hazardous materials, which may be present in any of the buildings or at the various sites.

D.6	Market Commentary
	<p>Ely is an attractive large cathedral town, which benefits from its proximity to Cambridge and its rail links to Cambridge (10 minutes by train) and London (66 minutes by train).</p> <p>House prices have increased as buyers are outpriced from the Cambridge housing market and turn to Ely and its environs. North Ely is a growth area and there is significant new housing development occurring near the subject site.</p> <p>There are obvious economic uncertainties with Brexit looming which could affect the property market, but the demand from Cambridge should help protect Ely in the future.</p> <p>We believe the sales of the 88 houses would be phased over approximately 2-3 years from acquisition so as not to flood the market.</p>
D.7	Site Restrictions
	<p>We have assumed there no onerous physical or legal restrictions, but we note the presence of Tree Protection Orders on site.</p>
D.8	Valuation Approach and Assumptions
	<p>We have adopted the residual valuation approach for both the houses and land, which broadly assesses/estimates the proposed development's gross development value and then deducts from that sum gross development costs to arrive at a residual land value. We use proprietary Pro Dev and PDS software in this regard.</p> <p>The residual method is the accepted method used to value property and land with development potential. The calculation comprises many variables most of which are based on estimates of cost or value. A residual valuation is therefore significantly affected by small changes in its elements such as house values, construction costs, finance cost or the percentage deducted for developer's profit. For example, a relatively small adjustment to one of these inputs can have a disproportionate impact on the value of the site. The residual method of valuation should therefore be viewed with caution although it is the generally accepted in the market place.</p>
D8.1	Gross Development Value
	<p>In respect of the 88 houses we have arrived at a gross development value by the comparative method of valuation by reference to other market transactions.</p> <p>We have adjusted those comparables to reflect the size of the houses, parking arrangements, location and facilities. We have generally assumed that each house could increase by at least one bedroom on the first floor.</p>

	In respect of the areas of land with a reasonable prospect of development we have adopted sales values by reference to comparable transactions.
	We have included marketing costs and sale fees. We have not allowed for any sales incentives for the houses.
D8.2	Affordable Housing Assumptions
	Our valuation assumes where applicable in the valuation of land, any affordable housing is sold to a Housing Association at discount. It is unknown at this stage what type of tenure mix will be required or what Housing Associations will pay, so gross assumptions have been made.
D8.3	Planning Fees and Planning Contribution
	In respect of the areas of land we have assumed standard planning fees are payable and that accompanying reports are required as part of the planning submission. We have assumed a CIL fee of £96.53 per sq.m. We have made an additional/notional open space allowance.
D8.4	Gross Development Costs (GDC)
	<p>In respect of the 88 houses we have made deductions from the gross development values to reflect the cost of creating an additional bedroom, new kitchen and bathroom, rewiring and new flooring. There are no Building Cost Information Service (BCIS) indices for such but gross estimates were made.</p> <p>Whilst we are aware there is asbestos present in some of the houses, we have assumed this may remain in situ. Should there be a requirement to remove this, the value of the site would be affected.</p> <p>In respect of the areas of land we have used BCIS average cost indices adjusted for location to arrive at construction costs with an added 10% contingency, allowances for site works and infrastructure etc. We have also estimated demolition costs where applicable as there are no BCIS indices for such.</p> <p>We have not included any contamination remediation costs in our valuation and if these were required the value of the areas of land would also be affected.</p> <p>We have not included any costs regarding any requirements to upgrade services, utilities or roads. If these were required the value of the site would also be affected.</p>

D8.5	Professional Fees
	<p>In respect of the 88 houses we adopted an initial design fee and a low % figure of building costs for ongoing architectural fees as this will be a repetitive commission, and 6% for project management.</p> <p>In respect of the areas of land we adopted an all-in figure of 12% for professional fees.</p>
D8.6	Profit and Finance
	<p>In respect of the 88 houses we have assumed:</p> <ul style="list-style-type: none">) a profit figure of 12% of GDC to reflect the lower risk compared to a new development. However if this is increased to 15% for example, a lower value would result) a finance/cost of money rate of 6.5% to reflect the funding risk and scale of development <p>In respect of the areas of land we have adopted:</p> <ul style="list-style-type: none">) an industry standard profit of 20% of GDC, however if this is reduced to 15% a higher land value would result;) a finance/cost of money rate of 6% to reflect the funding risk.
D.9	Other Comments
	<p>We have assumed that the houses and land are acquired, developed and sold on as soon as reasonably possible. We have not factored in the possibility of the site being held for a longer period and/or the houses being let for a short period.</p> <p>Based on our assumptions we feel letting a proportion of the houses will not add significant value and lead to managerial and practical costs etc.</p> <p>We have assumed any interim site security costs are included in our Gross Development Costs.</p>

Appendix E: Planning Appraisal on Development Potential

Land at Ely (USVF Housing)

Planning Appraisal on Development Potential

Prepared by Jonathon Green BA (Hons) Dip TP MRTPI
August 2018 (v1)

1.0 Background

- 1.1 A planning appraisal has been requested on the land at Ely (USVF housing site) to help inform a valuation exercise.
- 1.2 This desk based planning appraisal will include an assessment against current Development Plan policy and other Government policy/legislative advice to understand whether parts of the site (specifically those areas currently undeveloped) have any planning potential. The site is predominantly residential in nature, with some large central areas of open space. There are a number of existing trees within the site, which are covered by Tree Preservation Orders (TPO's).
- 1.3 No information has been provided as to whether the large areas of open space within the centre of the site or any other parts of the site are designated as formal village greens or assets of community value, and consequently the planning appraisal has been written on the basis that no such designation applies. Additionally, no information other than a map showing the location of the existing TPO trees within this site has been provided, and therefore in the absence of a site specific tree/arboricultural impact assessment report, an assumption has been made that any trees close to undeveloped parts of the site do not pose any development constraint.

2.0 Development Plan Policy

- 2.1 The Planning and Compulsory Purchase Act 2004 carried forward the provisions of the Town and Country Planning Act 1990, giving statutory force to a planning led system of development control. Under Section 38 of the 2004 Act, the determination of planning applications must be in accordance with the approved Development Plan for the area, unless material considerations indicate otherwise. This has been reinforced by paragraph 2 of the revised National Planning Policy Framework (NPPF), published on 24 July 2018.
- 2.2 The Development Plan for the area is provided by the adopted East Cambridgeshire Local Plan 2015 (adopted April 2015) which sets out the vision, objectives and spatial strategy for policies for the future development within the District up to 2031. The District Council has also adopted a number of supplementary planning documents which sit alongside the Development Plan. Those of particular relevance to Ely include the North Ely SPD (2014) which sets out the planning requirements for the development of a new community to the north of Ely.
- 2.3 The District Council is currently preparing a new Local Plan which will replace the existing 2015 when adopted. The proposed submission local plan was published for consultation in November/December 2017, and submitted to the Secretary of State in February 2018 for independent examination. This new local plan has not been formally adopted and therefore carries little weight in the determination of planning applications. This planning appraisal has therefore been based on the existing 2015 adopted Local Plan.

- 2.4 The District Council has also adopted a Community Infrastructure Levy (CIL) for its area, which was adopted in December 2012. Ely has its own specific residential rate, this being 'Zone B'. The charging schedule indicates a charge of £96.53 per square metre (2018 rates) will be applied for all new open market residential development regardless of size.
- 2.5 In terms of the Local Plan, the Proposals Map that accompanies this plan identifies Ely as an area for significant housing and employment growth over the next 20 years. The land to be assessed as part of this planning appraisal however falls within the existing developed area, and is not a proposed allocation. The site falls within the defined 'development envelope' where the principle of new development is acceptable provided there are no significant adverse effects on the character and appearance of the area and that all other material planning considerations are satisfied. The site has no specific site designation, see figure 1 below.

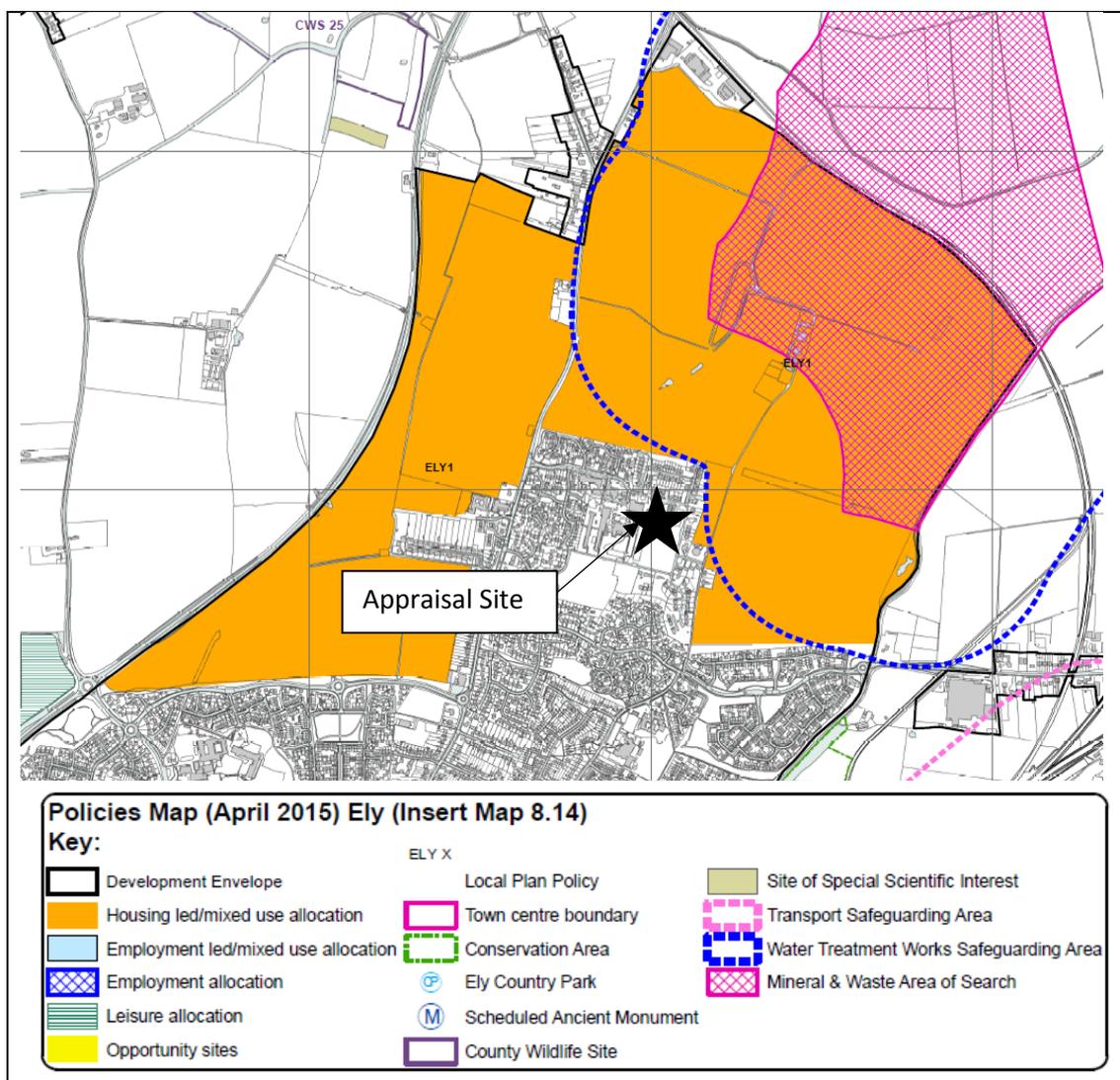


Figure 1 – Extract from Proposals Map for Ely (Map 8.14).

- 2.6 The site falls outside of any flood risk area as defined by the Government, and therefore falls within flood zone 1. Small areas within the site (mainly along the existing unadopted roads) are shown as being susceptible to surface water flooding, see figures 2 and 3 below.

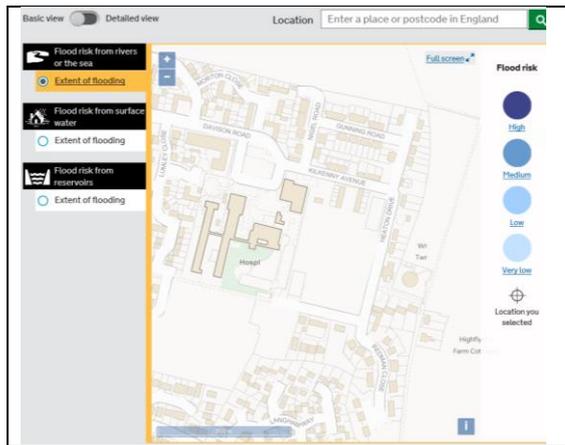


Figure 2 – Extract from Government map showing areas susceptible to flooding from rivers/sea

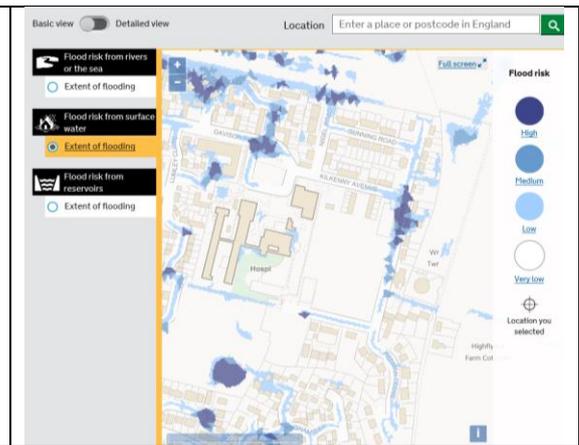


Figure 3 – Extract from Government map showing areas susceptible to surface water flooding

- 2.7 According to the Historic England and District Council's web media, there are no conservation or heritage designations applicable to the site/land being assessed as part of this appraisal.
- 2.8 In light of the above, the following Local Plan policies have been considered in relation to assessing whether the site, and specifically any undeveloped parcels of land have any development potential:-

- Policy Growth 2 – Locational strategy;
- Policy Growth 3 – Infrastructure requirements;
- Policy Growth 5 – Presumption in favour of sustainable development;
- Policy HOU1 – Housing mix;
- Policy HOU2 – Housing density;
- Policy HOU3 – Affordable housing provision;
- Policy EMP1 – Retention of existing employment sites and allocations;
- Policy ENV1 – Landscape and settlement character;
- Policy ENV2 – Design;
- Policy ENV4 – Energy & water efficiency & renewable energy;
- Policy ENV7 – Biodiversity and geology;
- Policy ENV8 – Flood risk;
- Policy ENV14 – Sites of archaeological interest;
- Policy COM3 – Retaining community facilities;
- Policy COM7 – Transport impact;
- Policy COM8 – Parking provision.

- 2.9 The advice as contained within the revised NPPF and National Planning Practice Guidance have also been considered.

3.0 Assessment of Development Potential

- 3.1 The site falls within the defined development envelope for the area. Policies of the adopted Local Plan state that the principle of new development within development envelopes will be acceptable, subject to their being no significant adverse effect on the wider character and appearance of the area, and subject to all other material planning considerations being satisfied.

- 3.2 The predominant land-use/character within the immediate area is residential, and therefore this is seen as being the best use of any areas identified as having development potential, subject to consideration against any other development plan policy.
- 3.3 There are a number of landscape features within the site, which includes a significant number of individual and wider groups of trees. These can be a physical constraint to any development potential, but as stated in paragraph 1.3, in the absence of a site specific tree/arboricultural impact assessment report, an assumption has been made that any trees close to undeveloped parts of the site do not pose any development constraint.
- 3.4 Policy COM3 of the Local Plan concerns itself with the retention of community facilities, which includes open spaces, sport and recreational facilities. This states that proposals that would lead to the loss of non-commercial community facilities (which includes land last used for this purpose) will only be permitted if:-
- It can be demonstrated that there is a lack of community need for the facility, and that the building or site is not needed to any alternative community use – and in the case of open space, that the site does not make an important contribution in amenity, visual or nature conservation terms; or
 - Development would involve the provision of an equivalent or better replacement community facility (either on-site or in an appropriately accessible alternative location); or
 - Development would involve the provision of an alternative community facility which brings demonstrable greater benefits to the settlement or neighbourhood – except in the case of open space, sports and recreational facilities which should be retained where possible in accordance with paragraph 74 of the National Planning Policy Framework.
- 3.5 Furthermore, the supporting justification to this policy states:-
- “...In the case of open space and recreational facilities (including parks, village greens, other amenity areas, allotments, play areas, playing fields), the Council will also require applicants to demonstrate that the land affected does not make an important contribution to biodiversity, the landscape and visual qualities of the area. Where proposals result in the loss of open space provision, the relevant community and statutory stakeholders (including Sport England) will need to be consulted.”*
- 3.6 There is a large central area of open space within the site which is devoid of any site specific planning designation, in addition to a children's playground and tennis courts. All of these features would appear to be covered by policy COM3 of the Local Plan. The redevelopment of these areas would only appear to be acceptable if the requirements of policy COM3 were fully satisfied.

- 3.7 Working on the basis that there would be no conflict with COM3 of the Local Plan or any other local plan policy, a desk-based planning appraisal would appear to indicate that the site has development potential in many areas for new residential development.
- 3.8 Working on the assumption that housing density is based on the nearby prevailing grain of development (which is predominantly low density) and that a mix of house types are proposed under development plan policy, it is considered that there is potential to provide between 54 – 67 new dwellings within the site. For ease of reference these have been listed below, and the respective areas are shown the plan attached as Appendix 1.

Site reference	Indicative number of dwellings	Trigger affordable housing	Provision of open space on site
A	1	No	No
B	1	No	No
C	1	No	No
D	10 – 15 (assuming no pump house constraint)	Yes (30%)	No
E	1	No	No
F	2 (assuming tanks and electricity sub-station are removed)	No	No
G	1	No	No
H	25 – 30 (low density)	Yes (30%)	Yes
I	9 – 12 (low density)	Yes (30%)	No
J	2	No	No
K	1 (assuming no pump house constraints).	No	No

- 3.9 For any individual planning application submitted for new open market housing in excess of 10 dwellings would be required to provide a minimum of 30% of the total number of dwellings as affordable housing, in accordance with policy HOU3 of the Local Plan.
- 3.10 Policy ENV4 of the Local Plan requires proposals of 5 or more dwellings to achieve a higher standard of energy efficiency (referring to Code for Sustainable Homes) Level 4, which has now been withdrawn (replaced by new national technical standards which comprise new additional optional Building Regulations regarding water and access as well as a new national space standards).
- 3.11 Small parts of the overall site are subject to surface water flooding, but this appears to be localised to the main highways/areas of hardstanding. There may however be a requirement under Policy ENV8 of the Local Plan for any development to be accompanied by a surface water drainage strategy to demonstrate how surface water drainage can be achieved without increasing risk elsewhere.

- 3.12 No information on archaeology has been provided and therefore an assumption has been made in the preparation of this planning appraisal that the overall site has no archaeological/heritage importance. Moreover, it has been assumed that the redevelopment of any site can be achieved without any highway safety implications and that adequate car parking provision can be provided, as required under policies COM7 and COM8 of the Local Plan.
- 3.13 In respect of open space and play facilities, Policy Growth 3 of the Local Plan only requires these to be provided in respect of developments of 20 or more dwellings. An allowance has been made within the larger central area of open space for this to be provided on site should the principle of its redevelopment with a residential use be acceptable, see paragraphs 3.4 – 3.7 of this report.

APPENDIX 1



Defence
Infrastructure
Organisation

**USVF ELY
CAMBRIDGESHIRE
TREE PRESERVATION
ORDERS**

- Disposal site
8.764ha (21.656ac)
- MOD Retained Land
- Potential Development
Land 2.513ha (6.209ac)

Tree Preservation Orders

- Individual Trees
- Groups

Scale 1:2500

IMPORTANT NOTE ABOUT SCALE

The scale ratio stated is accurate when reproduced at A4 size by Geospatial Services. Any other reproduction by conventional or electronic means, e.g. printing from a PDF, may alter the scale of the map. Please check the dimensions of the grid to confirm any change in scale before taking measurements.

PRODUCTION REFERENCE

PLEASE ENSURE THAT THE MAP REFERENCE AND VERSION NUMBER ARE QUOTED IN **ALL WRITTEN & VERBAL CORRESPONDENCE**

Map reference:
Transactional\2018\20180302-7052
USVF Ely Disposal TPOs

Version Number:
1.1

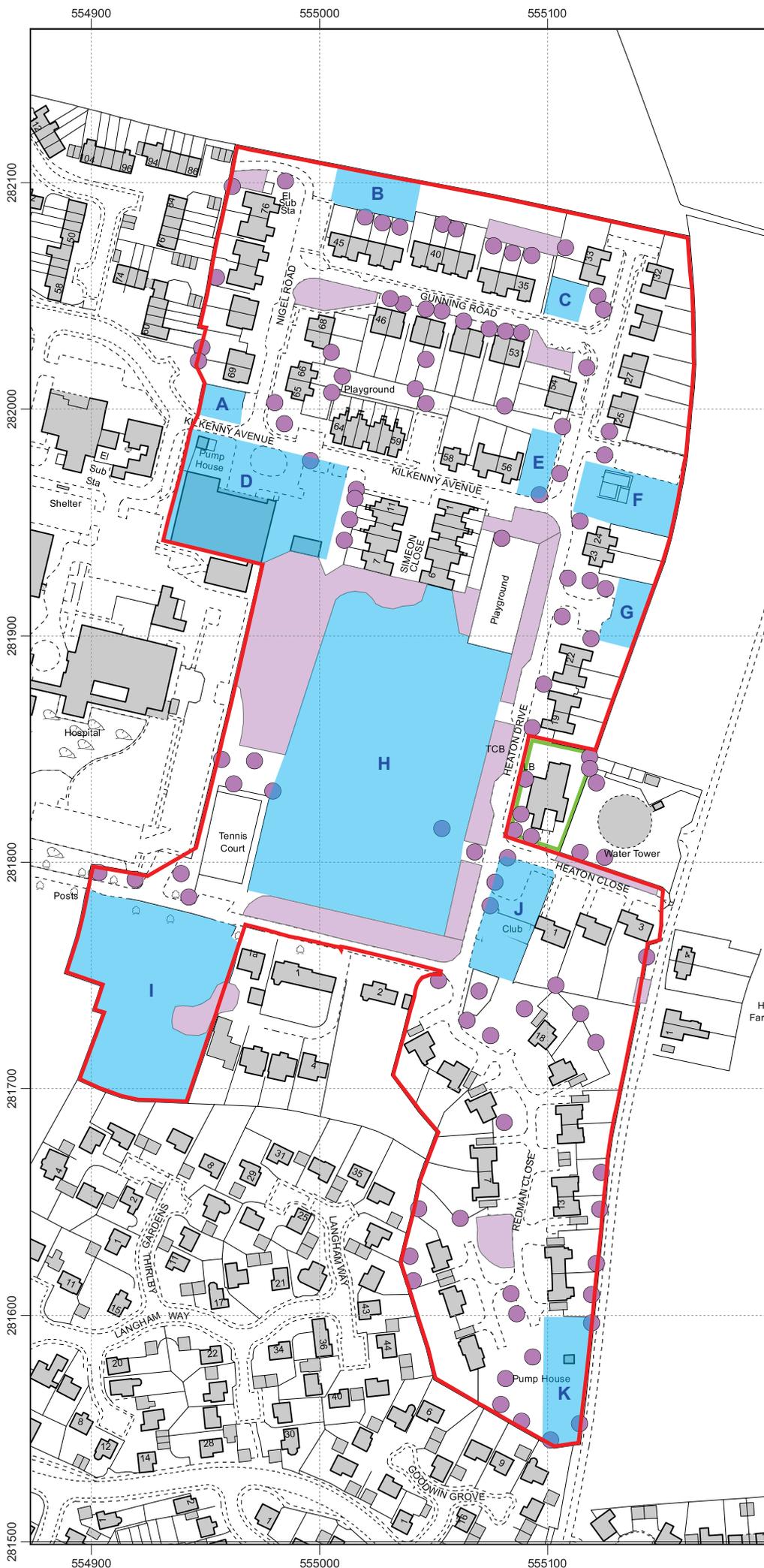
Production Date:
7th March 2018

Drawn By:
DIO Data-3c2b BI Analyst

Checked By:
DIO ASP-Acq Disp-5a1

**GEOSPATIAL SERVICES
DATA ANALYTICS & INSIGHT**

Defence Infrastructure Organisation
St George's House
Kingston Road
SUTTON COLDFIELD B75 7RL
E-MAIL: DIO Data-Geo Svcs@mod.uk





ELY MARKET REPORT

PREPARED BY CHEFFINS

ON BEHALF OF PALACE GREEN HOMES

OCTOBER 2018

In September 2018 Cheffins undertook a market review to determine the appropriate asking prices for a scheme of residential units on MOD land on the north side of Ely. The prices given were based on the properties in their current condition without any changes to layout or specification.

The scheme comprised of 2, 3 and 1 x 4 bedroom house.

This report aims to justify the figures that were given in the report and also includes recommended figures for the proposed new in-fill plots, which were not reported on in our initial report.

Methodology

This report will show the current achieved re-sale values in Ely for 2-storey homes. It will also analyse new homes prices being achieved in Ely.

Re-Sale Market

Address – Ely	Description	Sq. Ft.	Achieved Price	£ / Sq. Ft.	Date
6 Elysian Court	2B EOT	663	£242,500	365	Sept 2018
9 Wrens Close	2B MIDT	947	£310,000	327	Sept 2018
20 Althorpe Court	3B SEMI	748	£275,000	367	Sept 2018
39 Chief Street	3B EOT	1124	£320,000	285	Sept 2018
76 Morley Drive	3B MIDT	915	£272,500	297	Aug 2018
61 Brooke Grove	4B SD	1139	£400,000	351	Aug 2018
7 Sycamore Lane	4B DET	1121	£350,000	312	Aug 2018
19 Tennyson Place	3B SD	936	£265,000	283	Aug 2018
107 Beresford Road	3B SD	1043	£295,000	283	July 2018
16 Goodwin Grove	3B DET	990	£345,000	348	Aug 2018
5 Norfolk Road	4B DET	1251	£435,000	347	Aug 2018
28 Morton Close	2B MIDT	577	£185,000	321	June 2018
The Gardens, Lynn Road	4B SD	1339	£347,500	259	June 2018
22 Bedford Close	4B DET	1164	£412,000	354	June 2018
124 Lynn Road	3B EOT	962	£250,000	260	June 2018
16 Herons Close	3B DET	1002	£335,000	334	June 2018
27 Mulberry Way	3B DET	811	£320,000	395	May 2018
42 Merlin Drive	4B DET	1939	£475,000	245	May 2018
1 Merrifield Gardens	4B DET	2437	£620,000	254	May 2018
59 Beresford Road	3B DET	1076	£335,000	311	May 2018
30 Witchford Road	4B DET	1468	£480,000	327	May 2018
6 Springhead Lane	4B DET	2352	£510,000	217	July 2018
11 Cambridge Road	4B DET	2454	£780,000	317	July 2018
5 Cambridge Road	4B DET	2345	£735,000	313	Sept 2018
60 Barton Road	2B MIDT	724	£310,000	428	Sept 2018
11 Wissey Way	2B MIDT	774	£246,500	318	Sept 2018
18 Aspen Close	2B MIDT	595	£225,000	378	Oct 2018

Re-Sale Average £318.00

New Homes Market

Currently in Ely there are two major developments, Hopkins Home and Redrow, as well as your own development at King's Row.

We have no information on Redrow currently and do not feel your development at King's Row is comparable in any way but summarise Hopkins below.

Hopkins Homes

Plot No / Style	Description	Sq. Ft.	Achieved Price	£ / Sq. Ft.	Date
107 Alexuis	3B EOT	1145	£364,995	£318.77	May 2018
108 Alexuis	3B MT	1145	£359,995	£314.41	June 2018
109 Alexuis	3B EOT	1145	£359,995	£314.41	April 2018
110 Augustine	3B LINK DET	1050	£359,995	£342.85	April 2018
112 Cassian	3B SD	905	£312,995	£345.85	February 2018
113 Cassian	3B SD	905	£312,995	£345.85	February 2018
114 Raphael	3B EOT	790	£287,995	£364.55	February 2018
117 Marcellin	4B DET	2061	£604,995	£293.00	July 2018
128 Augustine	3B LINK DET	1050	£359,995	£342.85	July 2018
130 Florian	4B DET	1300	£469,995	£361.53	April 2018
131 Apollonia	4B DET	1567	£519,995	£331.84	March 2018
132 Florian	4B DET	1300	£479,995	£369.23	May 2018
144 Yves	2B GF APART	654	£222,995	£340.97	March 2018

Average £338.00

Infill Plots Recommended Prices

House Type	Bedrooms	Sq. Ft.	Recommended Price	£ / Sq. Ft. Max
Flat Type 1	1	538	£170,000 - £175,000	325.28
Flat Type 2	2	807	£225,000 - £235,000	291.20
Type E1/Semi	3	1055	£335,000 - £345,000	327.01
Semi (Redrow)	4	1210	£375,000 - £385,000	318.18

Average £315.42

Conclusion

The average price (£ per sq ft) we believe would be achievable on the development in our report of August 2018 was £207.00 per sq. ft. (in current condition as they are).

We are of the opinion that, with some re-configuration of the living accommodation on the smaller units on the first floor making some of the 2 bedroom properties 3 bedroom properties, an increase in value could be achieved.

We also believe that based on the average price achieved for re-sale units in Ely which is £318.00 per sq. ft. with new kitchens, bathrooms, decoration and floor coverings, as well as an improvement of the outside space the units would considerably increase in value. The achievable £ per sq. ft. would be nearer the average re-sale figure of £318.00 sq. ft. However as we have only seen a limited number of units at this stage we feel confident in the figures suggested in our report of August 2018, which shows an average of £254.00 per sq.ft.

The average new homes price achieved by Hopkins has been £338.00 per sq. ft. The average price for the infill plots that we recommend is £315.42. If we do not include the large 2 bedroom flat, the average price for the infill units would be £323.49

It is important to understand that £'s per sq. ft. prices do vary considerably in Ely. The average figures are just that and are a guide only.

Current Sales Market in Ely

The residential property market in Ely is very active, however, we have seen at best prices remain static with reducing values in some circumstances.

We have seen decreases in value at the lower end of the market. 1 and 2 bedroom properties were historically attractive to a large number of buy to let investors. However, because of Government changes to Stamp Duty and Tax the number of buy to let purchasers has been greatly reduced. We are still seeing a small number of these and we have also seen a number of first time buyers now being able to purchase and not having to compete with buy to let investors. They have not overall replaced the number of the buy to let purchasers though.

The market for larger properties (3, 4 and 5 bedrooms) in Ely is buoyant. However, we have seen a reduction in values over the last 12 months. The reduction in value varies greatly depending on the type and location of the property and ranges between no change, value being static and reductions up to approximately 5%.

Despite the property market becoming much more price sensitive we have agreed a similar number of sales in 2018 to those in 2017.

Our expectations for the market over the next few months in Ely is one of price sensitivity but with still a healthy demand for good quality City homes.

Current Rental Market in Ely

As is often the case in Ely the busiest part of the market continues to be the two-bedroom properties and in particular those located closer to the centre of town. Availability currently across the board is quite high and this has been the case over the last two or three months. Demand for property is still strong, but this level of availability has resulted in properties taking longer to rent than we have seen for the last few years.

The general standard of each property, the condition of décor and cleanliness have therefore become of particular importance as many viewers now have options to pick from during their search.

Our figures have been arrived on by having considered recent rentals of properties of a similar size and the type of accommodation offered. Our closest comparison would be one of the MOD houses on Beresford Road which recently rented at £1100 pcm. Accommodation included a utility, cloakroom, en suite and garage although the kitchen and bathroom are original fittings so perhaps a little dated.

With properties refurbished to a good standard, using neutral fittings, the higher figures listed should be achievable. A good quality property located in an area like this, close to schools and the town centre would be attractive not only to local families but those new to the area.

REVENUE		File: ELY MOD (Existing) Rev E	
Type A 3bd	7 units at 340,000.00 ea.		2,380,000
Type B 2bd	4 units at 295,000.00 ea.		1,180,000
Type C 3bd	8 units at 340,000.00 ea.		2,720,000
Type D 3bd	3 units at 400,000.00 ea.		1,200,000
Type E 3bd	4 units at 375,000.00 ea.		1,500,000
Type F 3bd	4 units at 330,000.00 ea.		1,320,000
Type G 3bd	6 units at 340,000.00 ea.		2,040,000
Type H 3bd	8 units at 340,000.00 ea.		2,720,000
Type I 3bd	6 units at 375,000.00 ea.		2,250,000
Type J 3bd			340,000
Type K 4bd	6 units at 335,000.00 ea.		2,010,000
Type L 3bd	4 units at 340,000.00 ea.		1,360,000
Type M 4bd	5 units at 450,000.00 ea.		2,250,000
Type N 4bd	2 units at 475,000.00 ea.		950,000
Type O 4bd	2 units at 440,000.00 ea.		880,000
Type P 3bd	4 units at 375,000.00 ea.		1,500,000
Type Q 3bd	2 units at 400,000.00 ea.		800,000
Type R 3bd Shared Ownership	7 units at 130,000.00 ea.		910,000
Type S1 1bd Shared Ownership	4 units at 170,000.00 ea.		680,000
Type S2 2bd Shared Ownership	4 units at 220,000.00 ea.		880,000
Type T 5bd			550,000
			REVENUE
			30,420,000

COSTS

Site Value		23,500,000	
Site Stamp Duty		1,164,500	
Site Legal Fees		25,000	
		Site Costs	24,689,500
Architect		60,000	
Surveys		35,000	
Council tax		80,004	
		Initial Payments	175,004
Private sale dwellings		1,363,890	-N1
Shared ownership dwellings		580,800	-N1
Certification	92 units at 300.00 ea.	33,120	-N1
Prelims	at 18.00%	356,006	-N1
Contractor OHP	at 12.00%	237,337	-N1
Contingency	at 13.00%	214,263	
Project Manager		35,000	
		Build Costs	2,820,416
Direct Sale Agents Fee	at 1.00%	304,200	
Direct Sale Legal Fees	at 0.35%	106,470	
		Disposal Fees	410,670

(Costs Totals labelled-N1 include Non-Rec. Vat at 20.00%)

LOAN INTEREST	(See CASHFLOW)		806,449
PROFIT	1,517,961	COSTS	28,902,039
PROFIT/SALE	4.99%	PROFIT/COST	5.25%

PROFIT DISTRIBUTION

First distribution (Profits achieved up to £1.5m)			
	50%	758,981	CPCA
	50%	758,981	ECTC
	100%	1,517,961	
Second distribution (Profits achieved in excess of £1.5m)			
	30%	5,388	CPCA
	70%	12,573	ECTC
	100%	17,961	

Development Programme – MOD Project (Existing Housing)

April 2019:-



Site purchase completion
Instruction of consultants (i.e. architects, engineer etc.)
Commence improvement/refurbishment works
Commission surveys, gas safety certification, EPC and electrical testing
Planning submission (new build and conversion units)

September 2019:-



First housing occupations

December 2020:-

Final sales completions

INITIAL BUSINESS CASE APPENDIX - RISK MATRIX		
PROJECT	MOD - Existing Housing Land	
DATE	30.10.18	
Risk	Level	Mitigation Strategy
Increase in costs for improvement works	Low	Current cost plan reflects scope of works that will be regularly monitored. Fixed price construction tender will be sought. A contingency allowance will be made to cover any unexpected costs
Risk of existing housing condition deteriorating before site purchase completion and vacant possession	Med	Negotiation with MOD to allow for interim estate management arrangement
Risk to projected profit margin due to sales deflation	Med	Monitor the housing market and ensure pricing reflects the existing market conditions, and sensitivity

Sensitivity Analysis:

Analysis of the appraisal demonstrates that the projected sales values could reduce by up to 7.5% of the current projection before the project would make a loss. Given that projected sales values are already competitively priced (20% below current re-sale average in Ely), the risk of a further fall of 7.5% during the project is low.