

London Borough of Barnet Community Infrastructure Levy Examination

By

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Turner Morum Viability Report

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1. BACKGROUND & EXECUTIVE SUMMARY

- 1.1. The London Borough of Barnet ("LB Barnet") has undertaken a review of the current Community Infrastructure Levy ("CIL") Charging Schedule – adopted in May 2013 – and instructed BNP to publish a CIL Viability Review which seeks to assess the suitability of the current CIL Charging Schedule, and inform LB Barnet's review of existing CIL rates.
- 1.2. BNP provided their original comprehensive review in December 2019 but have since provided an update in January 2021 to take into account the implications of the COVID-19 pandemic.
- 1.3. Turner Morum ("TM") was subsequently instructed by Taylor Wimpey in March 2021 to provide an analysis of the BNP CIL Viability Review. As part of their analysis, BNP have tested the viability of a number of scheme typologies, ranging from 1 to 5,000 units.
- 1.4. A detailed analysis of BNP's key input assumptions is included further below in this report, but BNP's overarching conclusions as to the viability of CIL charges in LB Barnet are as follows:

6.9. "The results of this analysis indicate that increases from the adopted CIL rates would not – in the main – have a significant impact on the residual land values generated. This is illustrated in figures 6.9.1 to 6.9.3, which set the percentage changes in residual land values resulting from the application of the three alternative CIL rates. Other than in a small number of cases, the charts show very modest movements in percentage changes in residual land values, indicating that increases to the Council's currently adopted CIL rates are unlikely to prevent development coming forward"

- 1.5. The above BNP analysis suggests that in the vast majority of the scenarios they have tested, development schemes would be able to accommodate an increase in the CIL rate up to £300 or £350 /m² (location depending) and this

increase would not negatively impact the deliverability of said development schemes.

- 1.6. The BNP analysis references guidance documents such as the publication **Viability Testing Local Plans** (2012) by the Local Housing Delivery Group known as the 'Harman Report' (**Appendix 1**). In this guidance an overarching theme is that Local Plan requirements (such as CIL) should not be set at a level which can be considered as **'on the margins'** of viability. A key extract from the Harman Report (page 16) is shown below:

A viability assessment can test the impact of the costs of different policy requirements on delivery across the plan area, informing the local judgement about risk. Given the clear emphasis on deliverability within the NPPF, Local Plan policies should not be predicated on the assumption that the development upon which the plan relies will come forward at the 'margins of viability'.

In making this local judgement, the planning authority will need to strike a balance between the policy requirements that it deems necessary in order to provide for sustainable development and the realities of economic viability.

- 1.7. Having undertaken a detailed review of the available evidence provided by BNP, I am of the view that there are various key assumptions within the BNP analysis which do not accurately reflect the realities delivering these types of development schemes in LB Barnet, and that simply adjusting these assumptions to more realistic levels significantly worsen the viability. This worsening of the viability, where a deficit is shown, then brings into question the proposal to increase the CIL rates.
- 1.8. Looking at this in the context that CIL should not jeopardise the viability or deliverability of developments within the broader context of a charging authorities' planning policies, I am of the view that certain element of BNP's analysis can be considered as unrealistic and therefore with some minor

amendments does not support the recommendation that a higher CIL rate can be supported by these schemes.

2. MECHANICS OF THE ASSESSMENT

- 2.1. In order to assess the appropriateness of the assumptions adopted by BNP, I have firstly attempted to rebuild their analysis to establish the impact of BNP's stated input assumptions. BNP have undertaken their assessment through residual appraisal analysis which produces a Residual Land Value ("RLV") for each typology; this is then compared with the benchmark land values ("BLV") tested in this assessment.
- 2.2. If a surplus is produced, the scheme can be considered as 'technically' viable, and conversely if a deficit is produced, the scheme should be considered 'non-viable'. If a scheme is shown to be non-viable, this would suggest that the proposed CIL rate is not appropriate and would jeopardise the viability and deliverability of the scheme.
- 2.3. BNP have modelled a total of 22 residential schemes but unfortunately have only included within Appendix 6 of their December 2019 report a single sample appraisal model. This appraisal model shows the assumptions and analysis undertaken for **Site 10** (a 50 flatted unit scheme).
- 2.4. In terms of my appraisal analysis, I have followed the same residual appraisal methodology as per BNP and modelled the following scenarios;
 - **Site 10** 50-Unit Flatted Typology
 - **Site 11** 100-Unit Mixed Typology
 - **Site 15** 250-Unit Mixed Typology
- 2.5. In this analysis I have sought to maintain BNP's assumptions where I consider them reasonable, but making changes to inputs where there is evidence to show that they are inappropriate and lead to misleading conclusions on the viability.
- 2.6. Further analysis of the key disputed appraisal inputs is discussed in detail below.

3. ANALYSIS OF KEY INPUT ASSUMPTIONS

3.1. It should be noted in the first instance that there are several BNP viability inputs which have not been adjusted in this analysis. This does not necessarily mean they should be considered as agreed by myself, but that the purpose of this assessment is not to scrutinise these inputs and have they therefore not been amended. These can be summarised as follows:

- Affordable Revenues
- Fees, marketing, and sales legal costs
- Standard Builds Costs
- External works cost allowance
- Professional fees

3.2. I will now run through the input assumptions which are the subject of this analysis, and where it is felt adjustments should be made:

MARKET REVENUES

3.3. At Figure 2.15.1 of their December 2019 report BNP have included a map showing the different value areas they have assumed in the Borough ranging from £6,500 psm to £11,500 psm (£604 psf – £1,068 psf). To support this pricing BNP have included as per Appendix 2 of their report a schedule of residential sales values from a range of projects across the Borough. In their January 2021 update, BNP advise a 0.68% increase is justified to their previous pricing recommendations thus marginally increasing the range of values. It is not clear where this data is sourced from but I would assume an online database such as Molior or Land Registry.

3.4. I have been directly involved in a number of planning application viability submissions and negotiations in the London Borough of Barnet over recent years. Most recently, earlier this year, I have submitted evidence on a Late-Stage Review calculation for Taylor Wimpey for their development site at Sweets Way, Whetstone, N20 ('Oakleigh Grove').

- 3.5. This is a development of 288 residential dwellings with 229 market housing units. The affordable housing provision, agreed back in 2015, included 20% affordable housing (plus CIL and S106). As per the submission I have made to the Council in March 2021 on the Late Stage Review the 'real world' actual net sales values achieved by Taylor Wimpey in this development equate to an average of **£547 psf (£5,888 psm)** – see full sales schedule included as **Appendix 2**.
- 3.6. If I compare this to the 'average' value estimated by BNP in their assessment as per Figure 2.15.1, the above site falls directly within the **£8,000 psm/£743 psf** price bracket. Therefore, compared to the achieved sales values that have been evidenced to the Council as part of a late-stage review calculation, BNP have based their assessment of the CIL on a c. 35% uplift in achievable values. I would argue, that on this basis, clearly the conclusions of their analysis are going to show a much more optimistic viability outturn than is realistically the case (certainly when taking the 'real world' Sweets Way revenues as an example).
- 3.7. I have also been involved in another viability assessment in Barnet which was considered by BNP in a June 2016 report. This was for a development scheme at 60 – 68 The Broadway, Hendon. In their assessment BNP (**Appendix 3**) advise of achievable values for this proposed flatted development of 48 dwellings at an average of **£585 psf / £6,297 psm**. I do acknowledge that this report is now somewhat outdated however if I refer to Land Registry, the same methodology BNP adopted in their January 2021 update, one can observe the downward movement in the index for flats/maisonettes in Barnet (**Appendix 4**) as follows;
- June 2016 – 117.5
 - December 2020 – 112.0
- 3.8. This fall of c. 5% in the value of flats in Barnet from when the viability was considered by BNP would mean that based on current day values the average would be c. **£557 psf / £6,000 psm**.
- 3.9. Based on the BNP map of values this site would fall closest to the area they have allocated/assumed as achieving values of c. **£7,300 psm / £678 psf**. Once again

this would tend to suggest that their assumptions on values have been overly optimistic and thus potentially skewing the conclusions of the viability analysis. I have amended the BNP map to highlight the two specific cases referenced above – this is included as **Appendix 5**.

- 3.10. Finally on the market values I have considered the BNP Appendix 2 schedule of comparable evidence. It would seem as though from this schedule that BNP have somewhat overlooked a significant portion of the comparable evidence which falls below the lowest market revenue value they have tested (£604 psf / £6,500 psm). If you view the amended schedule in **Appendix 6** of this report you will see highlighted in blue there are a total of 10 comparable sites with achieved market values which fall below the lowest benchmark revenue tested by BNP in this assessment. This amounts to c. 27% of the total evidence they have relied on to support the value levels tested.
- 3.11. It would seem to me as though it would be reasonable for this type of assessment to undertake viability testing which covers the range of values achieved in the Borough (considering both the viability of both the high and the lower value locations). Even by their own comparable evidence, this would mean running viability testing at c. £465 psf / £5,000 psm up to c. £1,180 psf / £12,700 psm.
- 3.12. Although from their modelling analysis BNP have gone up as high as £12,000 psm they have not viability tested the evidence at the lower end of the comparable scale to assess the impact of the CIL increase on these development schemes. It is highly likely, I would suggest, that the increase is going to be a significant burden to those lower value schemes which quite simply have not yet even been considered by BNP.
- 3.13. The consequence of this oversight is that the increase in CIL may well restrict development in these lower value locations thus constraining the regeneration objectives of the Local Authority. Through only considering the viability for the top c. 70% of values; the BNP analysis will direct development into those higher value locations and thus restrict development in areas that arguably need it the most.

In this regard I would suggest that the BNP assessment is somewhat incomplete as it fails to account for the impact on development within the lower value areas in the Borough.

- 3.14. In my updated appraisal analysis, I have specifically focused the modelling to test the impact on the viability of assuming achievable values of £475 psf, £500 psf and £550 psf.

STANDARD CONSTRUCTION COSTS

- 3.15. Although I have not amended the approach adopted by BNP in their application of the BCIS build costs, I would highlight that no allowance is included in their assessment for the impact of the incoming changes to Building Regulations (Part L & Part F). The BCIS sample data, made up of historic projects, would not include these Building Regulations and therefore an additional £ per dwelling is required on top of BCIS.
- 3.16. I have included at **Appendix 7** the Future Homes Standard Consultation which shows that Part L costs of the Build Regulation changes can be assumed to vary from; Option 1 'Future Homes Fabric', which shows an estimated additional cost of **£2,560** per dwelling and Option 2 'Fabric plus technology', which shows an estimated additional cost of **£4,850** per dwelling.
- 3.17. In addition to the above one should also be conscious of future changes to the Building Regulations such as the Future Homes (Part F) which is estimated to cost an additional **£8,500** per unit and due to come into force for dwellings completed after 2025. Although a number of the scenarios tested would be assumed to come forward before this date, many will not and will be subject to the same CIL charges included in this assessment without an allowance or reflection of these incoming Building Regulation change.
- 3.18. This therefore shows the potential for incoming building regulations to equate to an additional combined cost of c. £13,000 per dwelling over the coming years. Although I acknowledge BNP have allowed for 1.4% of construction costs for 'zero

carbon' this equates to under £3,000 per dwelling in many of the scenarios considered which would be towards the lower end of the Part L estimates.

- 3.19. For the time being I have not made any adjustment in my appraisal for the incoming costs of Part L and F building regulation changes but would simply highlight that I consider the 1.4% 'zero carbon' allowance in the BNP appraisal to be insufficient.

DEVELOPER PROFIT

- 3.20. It is noted that BNP have adopted a profit margin benchmark of 18% on market GDV. In their December 2019 report at paragraphs 4.26 and 4.27 they comment about the importance of banks in the determination of suitable profit margins with the lenders needing to be satisfied by the risk profile of development schemes within the context of the prevailing economic climate. In the justification for a margin at 20% on GDV BNP comment as follows;

However, perceived risk in the in the UK housing market is receding, albeit there is a degree of caution in prime central London markets as a consequence of the outcome of the referendum on the UK's membership of the EU. We have therefore adopted a profit margin of 18% of private GDV for testing purposes, although individual schemes may require lower or higher profits, depending on site specific circumstances.

- 3.21. Earlier in this report I made reference to a number of planning application viabilities I have been involved in within the Borough. Firstly, the Taylor Wimpey Sweets Way example was agreed on the basis of a 20% margin on GDV. This was agreed with the Council's consultants as part of the original viability exercise and then enshrined within the S106 for the purpose of the viability review.
- 3.22. The other example, 60 – 68 The Broadway, Hendon, was also agreed on the basis of a 20% profit margin on market housing (see **Appendix 3**). It should be noted that this agreement was reached with BNP.

- 3.23. I do appreciate that both of these agreements are now somewhat historic but they show what I would consider as a trend as to acceptable developer margins on market housing in the Borough. These are margins which have not only been agreed with other viability consultants at 20% on GDV, but also with the Local Authority who included these benchmarks within their review mechanism calculation in the S106.
- 3.24. I would also highlight that at the time of writing this statement, there is significant uncertainty within the London property market; something acknowledged by BNP at paragraph 4.27 which they described as '**a degree of caution**'.
- 3.25. I am aware of some of the larger surveying practices confidently asserting of house price growth as we move out of COVID-19 restrictions but I would urge caution on these assessments as I consider that much of the true financial impact of the COVID-19 pandemic has yet to truly be felt.
- 3.26. This is highlighted through data from the Bank of England showing borrowers took on an extra £5.2bn of debt for home purchases in January (see **Appendix 8**). Howard Archer, chief economic advisor to the EY Item Club, has warned that support to the housing market from the rise in the stamp duty threshold "**has recently started to wane**". With recent reports that the Chancellor could extend the stamp duty holiday until June, Mr Archer says this "**would likely provide near-term support to housing market activity and prices**" but adds that the housing market is "**likely to come under mounting pressure over the coming months**", saying the recent strengthening in the market "**has been disproportionate given the economy's contraction over 2020 and rising unemployment.**"
- 3.27. Further to this it is acknowledged that the effects of the pandemic have hit demand, specifically for flats in London which is likely to make up the majority of new development within the Borough.
- 3.28. In January, asking prices for inner and outer London flats were down 16.2% and 6.7% respectively compared with May 2020, according to data company

TwentyCi (see **Appendix 8**). The proportion of flats sold has fallen too; in the last three months of 2020, flats accounted for 60% of all sales in central London, according to **Hamptons International** – a fall of nine percentage points from the same period in 2019.

- 3.29. In addition to the above, it was recently announced that the UK government borrowed £19.1 billion in February 2021 which is the highest figure for that month since records began in 1993. Borrowing for the financial year to date (at the time of writing this report) stands at £278.8 billion (**Appendix 8**) which in itself is a record.
- 3.30. Total public sector debt has risen to £2.13 trillion, according to the ONS. The figure almost exceeds the size of the UK's economy, with debt having reached 97.5% of annual economic output. Debt levels have not been this high since the early 1960s.
- 3.31. It is clear therefore, that as a result of COVID-19 we are in somewhat unprecedented economic times. As a consequence of this and based on the analysis from the Bank of England above I would assert that it is reasonable to assume that a developer (and a bank funding the development) would require a profit margin at 20% of GDV to sufficiently compensate for the risks in delivering a development scheme in the current economic climate.
- 3.32. This is especially apparent considering the changing buyer trends highlighted above and as per **Appendix 8** with buyers leaving the urban environment and flatted schemes for a more spacious rural environment with a reduced need to be close to transport links for a daily commute.

SITE WORKS/SECTION 106

- 3.33. In addition to the standard construction costs allowed for within BCIS one has to also account for any 'abnormal/exceptional' development costs and costs relating to site infrastructure and servicing. These costs are unlikely to be covered within the standard BCIS sample data which typically relies on smaller development schemes on relatively 'simple' sites (i.e., low abnormal,

infrastructure and servicing requirements). As such it is necessary to make an additional allowance for these costs within the development appraisal analysis.

- 3.34. I do note at paragraph 4.29 of their December 2019 report BNP acknowledge these costs by stating as follows;

Exceptional costs can be an issue for development viability on previously developed land. These costs relate to works that are 'atypical', such as remediation of sites in former industrial use and that are over and above standard build costs. However, in the absence of details site investigations, it is not possible to provide a reliable estimate of what exceptional costs might be. Our analysis therefore excludes exceptional costs, as to apply a blanket allowance would generate misleading results. An 'average' level of costs for abnormal ground conditions and some other 'abnormal' costs is already reflected in BCIS data, as such costs are frequently encountered on sites that form the basis of the BCIS data sample.

- 3.35. Whilst the above may be partially accurate I would reiterate that the majority of the BCIS database is made up of small and relatively uncomplicated projects which would not incur the extent of abnormal/infrastructure works on the types of projects tested in the BNP appraisal modelling.
- 3.36. To put this another way, you cannot expect a greenfield/infill development scheme of say 20 dwellings within the BCIS database to have similar or comparable abnormal/infrastructure costings to a brownfield scheme of 100 units or above; which make up the majority of the residential scenarios tested by BNP. To evidence this I have included at **Appendix 9** a sample project from the BCIS database actually based in the London Borough of Barnet. This is a new build scheme of just 7 dwellings from 2020 on Hendon Lane and you can see from **Appendix 9** had negligible 'abnormal' costs (£39k for demolition) and no infrastructure works. It is also worth noting that the BCIS schedule shows this project, was costed at £2,375 psm which compares to the allowance BNP have included in their modelling for a comparable project at just £2,165 psm.

- 3.37. I would argue that it is misleading in terms of viability conclusions to fail to account for any amount of abnormal/infrastructure costs, especially on the larger development projects where these types of costs are a) inevitable and b) significant.
- 3.38. For example, I refer back to the Taylor Wimpey Sweets Way viability submission which has been agreed by the Council and is the subject of a recent viability review submission. Within this appraisal model – one can observe at **Appendix 10** that abnormal costs total some **£7.983m (£27.7k per dwelling)**.
- 3.39. I have also been provided with a schedule of abnormal costs by Taylor Wimpey for their (recently refused) planning application at 679 High Road, London N12 0DA (20/3823/FUL). The description of this application is as follows;
- Demolition of the existing building and redevelopment of the site to provide 307 residential units (Use Class C3) within 6 buildings ranging from 4 to 9 storeys. Provision of new pedestrian route and access link, private amenity space, communal amenity and podium gardens, refuse storage, 120 car parking spaces and 563 cycle parking spaces, energy centre, substation building and other associated facilities***
- 3.40. The total of the abnormal costs included as per **Appendix 11** on this project is estimated at **£4.599m**; equating to **£14,981 per dwelling**. These case studies highlight the fact that in undertaking brownfield regeneration (where a significant portion of development is likely to be in Barnet) there will inevitably be significant costs outside of the 'standard' BCIS allowance. To exclude any exceptional costs in their entirety is to falsely underplay the costs involved in delivering these projects
- 3.41. Therefore, based on the above examples, I have included an additional cost of **£19,000** per dwelling for abnormal/infrastructure costs in my appraisal analysis.

- 3.42. In terms of the S106 costs BNP have simply included a rate of £1,500 per dwelling. Based on my experience of negotiation viabilities in the Borough I consider this allowance to be significantly light.
- 3.43. Taking the examples already referenced in this report the Taylor Wimpey Sweets Way site had a total S106 liability £933,375, as confirmed to me by Taylor Wimpey; this equates to £3,241 per dwelling.
- 3.44. On the High Road, Finchley site Taylor Wimpey have provided me with the Committee Report for this application which includes S106 contributions (**Appendix 12**). Not all of these have been costed by the Council but I have had them confirmed as follows;
- Carbon Offset Contribution £308,892
 - Skills and Employment £539,401
 - Loss of employment floorspace contribution £1,495,200
 - CPZ Contribution (estimated at £50,000)
 - Restriction of Parking Permits £1,033
 - Travel Plan and Monitoring contribution £15,000.
 - Highways Improvement Works (estimated at £250,000)
 - Loss of Street Trees £122,992.00.
 - Play Space £30,699.15
 - **Total £2,799,717 (£9,119 per dwelling)**
- 3.45. This is a further 'real world' example of a S106 'request' by the Council which is well in excess of the £1,500 per dwelling included by BNP in their appraisal analysis. To provide some context, in contrast, BNP have allowed just £375,000 S106 costs for a scheme of 250 units.
- 3.46. I also worked on the re-development proposal of Whetstone Delivery Office, and I have again located the Committee Report for this application (**Appendix 13**), which lists the S106 contributions as follows:
- Highways £45,000
 - Local Employment £165,916

- Carbon off-setting £51,192
- Trees planted £6,000
- Council monitoring - £21,962
- **Total £290,070 (£7,075 per dwelling)**

3.47. I would suggest that in assessing a suitable £ per dwelling for S106 costs it would be reasonable to consider actual evidence from within the Borough. On the basis of the above, therefore, I have adjusted the S106 allowance in my appraisal to £6,400 per dwelling.

3.48. The impact of falsely reducing the assumed S106 liability in the BNP schedule is that it inflates the CIL viability conclusions. This is likely to lead to more viability submissions being required and with CIL being a non-negotiable item the Council will need to then accept reductions to S106 and affordable housing.

BENCHMARK LAND VALUE

3.49. As required in viability BNP use the Benchmark Land Value (BLV) to assess whether a proposed development scenario Residual Land Value (RLV) exceeds this level and is therefore 'viable'. As far as I can infer BNP have consider BLV's ranging from £1m per ha to £10.250m per ha to reflect the low and high value locations in which development may occur in the Borough.

3.50. Whilst this is an acceptable approach it can sometimes lead to misleading conclusions about the overall adopted EUV as this is directly linked to the assumed hectares of the development site. I have included as **Appendix 14** a schedule which shows the resulting gross BLV figures based on the £ per ha and the assumed size of the development land parcel.

3.51. Again, if I reference the Sweets Way, Whetstone viability this was agreed with the Council with a BLV of **£53.644m**. The 60 – 69 The Broadway, Hendon viability was agreed with BNP at a BLV of c. **£3.550m**. These are development sites which would fall within the BNP analysis of c. 50 – 250 dwellings and thus the BLV range

tested by BNP ranges from £100k (the lowest value on the smallest site) - £4.407m (the highest value on the largest site).

3.52. Although I have not sought to adjust the BLV approach adopted by BNP I reference the above to highlight that in a number cases/scenarios the BNP analysis does not sufficiently account for potentially high land values within the London Borough of Barnet. The result of assuming lower BLV's is that the viability of various scenarios improves.

4. SUMMARY CONCLUSIONS

4.1. In summary, therefore I consider that BNP have not accurately reflected the following elements of the viability which I have sought to amend;

- Revenues
- Profit
- Abnormals
- S106

4.2. Making the amends to these appraisal assumptions significantly varies the outturn of my appraisal models and can be summarised below;

£475 psf – BLV @ £10.25m/ha – Appendix 15

| Scenario | Market Revs £ psm | Barnet CIL £ psm | RLV | BLV @ £10.25m/Ha | Surplus/ Deficit | Viable/Non- Viable? |
|---------------|----------------------|---------------------|--------------|---------------------|---------------------|------------------------|
| TM – 50 Unit | £5,113 | £300 | -£1,470,236 | £1,178,750 | -£2,648,986 | NON-VIABLE |
| TM - 100 Unit | £5,113 | £300 | -£7,114,420 | £1,793,697 | -£8,908,117 | NON-VIABLE |
| TM - 250 Unit | £5,113 | £300 | -£19,360,177 | £4,457,601 | -£23,817,778 | NON-VIABLE |

£500 psf – BLV @ £10.25m/ha – Appendix 16

| Scenario | Market Revs £ psm | Barnet CIL £ psm | RLV | BLV @ £10.25m/Ha | Surplus/ Deficit | Viable/Non- Viable? |
|---------------|----------------------|---------------------|-------------|---------------------|---------------------|------------------------|
| TM – 50 Unit | £5,382 | £300 | -£946,193 | £1,178,750 | -£2,124,943 | NON-VIABLE |
| TM - 100 Unit | £5,382 | £300 | -£5,757,078 | £1,793,697 | -£7,550,775 | NON-VIABLE |

| | | | | | | |
|----------------------|--------|------|---------------------|------------|---------------------|-------------------|
| TM - 250 Unit | £5,382 | £300 | -£16,102,275 | £4,457,601 | -£20,559,876 | NON-VIABLE |
|----------------------|--------|------|---------------------|------------|---------------------|-------------------|

£550 psf – BLV @ £10.25m/ha – Appendix 17

| Scenario | Market Revs £ psm | Barnet CIL £ psm | RLV | BLV @ £10.25m/Ha | Surplus/ Deficit | Viable/Non- Viable? |
|----------------------|----------------------|---------------------|--------------------|---------------------|---------------------|------------------------|
| TM – 50 Unit | £5,920 | £300 | £97,601 | £1,178,750 | -£1,085,442 | NON-VIABLE |
| TM - 100 Unit | £5,920 | £300 | -£3,325,223 | £1,793,697 | -£5,118,920 | NON-VIABLE |
| TM - 250 Unit | £5,920 | £300 | -£9,833,316 | £4,457,601 | -£14,290,917 | NON-VIABLE |

£475 psf – BLV @ £4.55m/ha – Appendix 18

| Scenario | Market Revs £ psm | Barnet CIL £ psm | RLV | BLV @ £4.55m/Ha | Surplus/ Deficit | Viable/Non- Viable? |
|----------------------|----------------------|---------------------|---------------------|--------------------|---------------------|------------------------|
| TM – 50 Unit | £5,113 | £300 | -£1,376,244 | £523,250 | -£1,899,494 | NON-VIABLE |
| TM - 100 Unit | £5,113 | £300 | -£6,686,003 | £796,226 | -£7,482,230 | NON-VIABLE |
| TM - 250 Unit | £5,113 | £300 | -£18,295,499 | £1,978,740 | -£20,274,239 | NON-VIABLE |

£500 psf – BLV @ £4.55m/ha – Appendix 19

| Scenario | Market Revs £ psm | Barnet CIL £ psm | RLV | BLV @ £4.55m/Ha | Surplus/ Deficit | Viable/Non- Viable? |
|----------------------|----------------------|---------------------|---------------------|--------------------|---------------------|------------------------|
| TM – 50 Unit | £5,382 | £300 | -£852,201 | £523,250 | -£1,375,451 | NON-VIABLE |
| TM - 100 Unit | £5,382 | £300 | -£5,328,662 | £796,226 | -£6,124,888 | NON-VIABLE |
| TM - 250 Unit | £5,382 | £300 | -£15,037,597 | £1,978,740 | -£17,016,337 | NON-VIABLE |

£550 psf – BLV @ £4.55m/ha – Appendix 20

| Scenario | Market Revs £ psm | Barnet CIL £ psm | RLV | BLV @ £4.55m/Ha | Surplus/ Deficit | Viable/Non- Viable? |
|----------------------|----------------------|---------------------|--------------------|--------------------|---------------------|------------------------|
| TM – 50 Unit | £5,920 | £300 | £189,578 | £523,250 | -£340,180 | NON-VIABLE |
| TM - 100 Unit | £5,920 | £300 | -£3,147,724 | £796,226 | -£3,943,951 | NON-VIABLE |
| TM - 250 Unit | £5,920 | £300 | -£9,213,026 | £1,978,740 | -£11,191,765 | NON-VIABLE |

£475 psf – BLV @ £1m/ha – Appendix 21

| Scenario | Market Revs £ psm | Barnet CIL £ psm | RLV | BLV @ £1m/Ha | Surplus/ Deficit | Viable/Non- Viable? |
|----------|----------------------|---------------------|-----|-----------------|---------------------|------------------------|
|----------|----------------------|---------------------|-----|-----------------|---------------------|------------------------|

| | | | | | | |
|----------------------|--------|------|--------------|----------|---------------------|-------------------|
| TM – 50 Unit | £5,113 | £300 | -£1,317,705 | £115,000 | -£1,432,705 | NON-VIABLE |
| TM - 100 Unit | £5,113 | £300 | -£6,419,183 | £174,995 | -£6,594,177 | NON-VIABLE |
| TM - 250 Unit | £5,113 | £300 | -£17,632,410 | £434,888 | -£18,067,298 | NON-VIABLE |

£500 psf – BLV @ £1m/ha – Appendix 22

| Scenario | Market Revs £ psm | Barnet CIL £ psm | RLV | BLV @ £1m/Ha | Surplus/ Deficit | Viable/Non- Viable? |
|----------------------|----------------------|---------------------|--------------|-----------------|---------------------|------------------------|
| TM – 50 Unit | £5,382 | £300 | -£793,662 | £115,000 | -£908,662 | NON-VIABLE |
| TM - 100 Unit | £5,382 | £300 | -£5,178,683 | £174,995 | -£5,353,678 | NON-VIABLE |
| TM - 250 Unit | £5,382 | £300 | -£14,374,508 | £434,888 | -£14,809,396 | NON-VIABLE |

£550 psf – BLV @ £1m/ha – Appendix 23

| Scenario | Market Revs £ psm | Barnet CIL £ psm | RLV | BLV @ £1m/Ha | Surplus/ Deficit | Viable/Non- Viable? |
|----------------------|----------------------|---------------------|-------------|-----------------|---------------------|------------------------|
| TM – 50 Unit | £5,920 | £300 | £246,478 | £115,000 | £123,533 | VIABLE |
| TM - 100 Unit | £5,920 | £300 | -£3,037,177 | £174,995 | -£3,212,171 | NON-VIABLE |
| TM - 250 Unit | £5,920 | £300 | -£8,826,704 | £434,888 | -£9,261,592 | NON-VIABLE |

4.3. The above analysis highlights that when using the proposed base CIL rate of £300 psm, all schemes are non-viable excluding my 50-unit sensitivity adopting my highest tested revenues of £550 psf and BNP's lowest tested BLV at £1m per gross ha.

4.4. Obviously, a big impact on this analysis is the changing of the market values to reflect the lower value areas in the Borough which BNP have mistakenly excluded. However, the changes to S106/infrastructure also provide a more realistic cost impact especially on the larger development schemes.

5. CONCLUSIONS

5.1. My main overriding concerns with BNP's assessment is that they have seemingly disregarded almost a third of the lower value comparable evidence they have provided, as visible in the table of **Appendix 6**. If they were to consider these excluded lower values, their conclusions would be significantly impacted and

would show serious viability issues for a number of development sites in the Borough.

- 5.2. If one also re-considers the minimal allowances for S106 and abnormals/site works, which have been included at low margins or not reflected altogether, this also has a negative impact on the viability conclusions - even in the higher value locations. In addition to the above, I have not explicitly accounted for the proposed Building Regulations Part L and F costs, which if applied would further impact the deliverability of these schemes.
- 5.3. In light of the conclusions above and as shown in **Appendix 15 to 23**, in my view it is clear that such changes produce non-viable outcomes.
- 5.4. As such I feel that BNP's recommendations and the proposed charging schedule would be inappropriate and would only further negatively impact the deliverability of these schemes. Large sections of the Borough would not be able to afford the increased CIL and thus development would be significantly constrained in these locations which is arguably where regeneration projects would be focused.
- 5.5. On this basis, the current CIL rate should be maintained as there is no justification for any uplift.

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