

East Thames Group

Appraisal for Rent & Sale

SDS ProVal Version 9.13 Nov-2012

Saved file path: Q:\Development\Applications\Proval\Working Provals\Epping Forest House Building

Scheme Name Burton Road, Debden Option 2

Date 31 Mar 2014

Address

Funding Year 2013/2014

Another Description

Local Authority Epping Forest

Project/File Ref.

LA Number 361

County Essex

Appraisal by georg.herrmann

Scheme Description

Sketch Drw'g No.

Site Area (acs)

0.00 ha

Units 42

Seller

Appraisal Version 1

Comments

See also Commentary in Rent Summary

A Unit Details

Unit Description	A	B	C	D	E	F	G	H	TOTALS
Net Area m ²	50.00	70.00		83.00	102.00				2,912.00
Bedrooms	1-bed	2-bed		2-bed	3-bed				m ²
Persons	2	4		4	5				149
Units	12	21		4	5				42
Commercial - y?	n	n		n	n				
Flat (not house) -y?	y	y		n	n				
Shared Accom. - y?	n	n							
Habitable Rooms	2	3		3	4				119
Storeys	3	3		2	3				
Value at Jan' 1999									
Market Sales Value									0
Product Type	Affordable Rent	Affordable Rent	Affordable Rent	Affordable Rent	Affordable Rent				
Catalyst Dev. Type	New Build	New Build	New Build	New Build	New Build				
Other Description									
Sales % at Outset									
Res' Sold Equity	0	0	0	0	0	0	0	0	0
Res' Unsold Equity	0	0	0	0	0	0	0	0	0
Initial Commercial Sales	0	0	0	0	0	0	0	0	0

Confirm Gross Floor Area

	Net m ²	Adjust by % and/or by m ²	Gross m ²	Gross ft ²
Residential Floor Area	2,912.00	414.00	3,326.00	35,801.06
Commercial Floor Area	0.00		0.00	0.00
Total Floor Area	2,912.00		3,326.00	35,801.06

Habitable Rooms Summary

Residential Rent	119
Residential Sale	0
Other	0
Total	119

B Acquisition & Works Cost

ACQUISITION	Input Type	Input	Total	VAT %	Average per Unit	Average per Person	Memorandum Information
							1532.71028 535
Use Value from Land Appraisal, y/n?							
		VAT Total	0		0	0	
Acquisition Total			0		0	0	

WORKS	Input Type	Input	Total	VAT %	Average per Unit	Average per Person	Memorandum Information
works	Per Gross m ²	1,269	4,220,694		100,493	28,327	
Enabling	Lump Sum	163,600	163,600		3,895	1,098	
Abnormals/ externals	Lump Sum	466,000	466,000		11,095	3,128	5.34% Year 30
cont, o/h, profit, design	Lump Sum	1,449,706	1,449,706		34,517	9,730	
Use Total from Land Appraisal, y/n?							
		VAT Total	0		0	0	
Works Total	2,163 /m ² nfa	1,894 /m ² gfa	6,300,000		150,000	42,282	

Acquisition & Works Summary	Total	Average per Unit	Average per Person
Total	2,163 /m ² nfa 1,894 /m ² gfa	6,300,000	150,000 42,282

A&W as % of Market Sales Value

Optimisation

Target % for A&W/Market Sales Value

Acquisition
Works
Dev. Interest
Net Loan

Account Codes

Acquisition Total Entered 0
Market Value, if Different
Land Discount 0

For optimisation of Total Scheme Costs see Section F

C Development Subsidy

Received during development period	Total	Av'ge per Res' Unit	Average per Person	Grant Input by Product Type	Grant Per Unit	Affordable Rent		
				% TSC as Section F	39,000			
As Defined by Product Type Table	1,638,000	39,000	10,993					
Input by %	0							
Input by Sum	0							
Other Sum								
Total	1,638,000	39,000	10,993	23.03%				

Per Unit	
Description	

Sources of Subsidy			
HCA			1,638,000
LA			
RCGF			
Other			
Total Other			0
TOTAL			1,638,000

Confirm Grant to Set Aside When Staircasing
Expected SHG to be Set Aside 0

Enter SHG to Set Aside (if applicable)

D Development Fees

Use Fees in Land Appraisal, y/n?

Or User Defined Fees & Interest %

Or Analyse Fees below, y/n?

n
n
y

VAT Rate 20.00%

Description	Input Type for Sums	Input Sum	Input Type for %	Input %	VAT - y?	Account Codes	Gross Total
East Thames fees							0
Feasibility	Lump Sum	1,375			n		1,375
ETG fees up to PP			% Aq & Wks	2.20%	n		138,348
ETG fees construction phase			% Aq & Wks	6.30%	n		396,900
Site Surveys			% Wks Cost	1.25%	n		78,750
Planning survey			% Wks Cost	0.25%	n		15,750
Party Wall Surveyors	Lump Sum	10,000			n		10,000
S 106	Lump Sum	50,000			n		50,000
							0
							0
							0
							0
							0
							0
							0
							0
							0
							0
							0
							0
							0
							0
							0
							0
							0
							0
							0
Development Fees Total (excl. interest)							691,123

E Scheme Timing

Include Interest, y/n? y

Cashflow Start (mmm-yyyy) Apr-2014

Interest %, Negative Bal's 3.50%

Interest %, Positive Bal's 3.50%

Month No. 1

Note

The following timings define a default interest calculation.

To enter user-defined sums, enter Cashflow Start date then manually

adjust Development Cashflow and set cell at end of this section accordingly

Development Subsidy	Receipts Spread Method	By equal amounts	Receipt Start Month No.	to	Receipt End Month No.
100% of Total	1,638,000	1,638,000	14	May-2015	14
Second Sum		0			
Balance	0	0			
Total		1,638,000			

Development Subsidy Summary	
As Prod. Type	1,638,000
All Other (Total)	0
Total Dev. Subsidy	1,638,000

Acquisition Costs	Payment Month No.
No payment details req'd.	0
Balance	0
Total	0

Acquisition Summary	
Acquisition Total	0

Works Costs	Cost Spread Method	By S-curve	Expdt. Start Month No.	to	Expdt. End Month No.
100% of Total	6,300,000	6,300,000	14	May-2015	32
Second Sum		0			
Balance	0	0			
Total		6,300,000			

Works Summary	
Works Total	6,300,000

Development Fees	Cost Spread Method	By equal amounts	Expdt. Start Month No.	to	Expdt. End Month No.
100% of Total	691,123	691,123	1	Apr-2014	32
Second Sum		0			
Balance	0	0			
Total		691,123			

Dev. Fees Summary	
Fees Total	691,123

Initial Sales	Spread Method	By equal amounts	First Sale Month No.	to	Last Sale Month No.
Overall Sales Period - Residential					
Overall Sales Period - Commercial					

Sales Summary	
Residential	0
Commercial	0

Substitute User-defined Interest - y/n?

Default interest not Selected

User-defined Interest Cost

y
0
119,818

Development Period

32 months

As defined on the Scheme

First Event

Apr-2014

Cashflow

Last Event

Nov-2016

F Total Scheme Cost

		% TSC
Acquisition & Works as Section B	6,300,000	88.6%
Development Fees as Section D	691,123	9.7%
User-defined Interest Cost	119,818	1.7%
Other Costs or Savings(-)		
Other Costs or Savings(-)		
Total Scheme Cost (TSC)	7,110,941	100.0%

TSC as % of Market Sales Value

Optimisation

Target % for TSC/Market Sales Value 90.0%

Alternative Solutions:

Total saving in TSC required	0	0 per unit
or Affordable Acq. Total	0	0 per unit, or per hab. room
or Affordable Wks. Total	0	per unit, or per gross m ²

Optimisation results for Acq. and Wks. assume that development fees & interest remain at 11.4% of TSC

Analysis of RSL Funding

	Per Unit	Per Person	% of TSC
Receipts from Initial Sales	0		
Advance Rent Income	0		
Loan Adjustment	0		
RSL Capital Contribution	0		
Net Loan	5,472,941	130,308	36,731
Total RSL Funding	5,472,941	130,308	36,731
			77.0%

Analysis of Subsidy & Other Funding

As Prod. Type	1,638,000	39,000	10,993	23.0%
Other	0			
Other Sum	0			
Total Other Funding	1,638,000	39,000	10,993	23.0%

G Private Finance

Private Finance Requirement at Year 1

		% of TSC	% of MSV
Total Scheme Cost - as Section F	7,110,941	100.0%	0.0%
Development Subsidy - as Section C	1,638,000	23.0%	0.0%
Receipts from Initial Sales	0		
Advance Rent Income	0		
Loan Adjustment			
Capital Contribution at Year 1			
Net Loan, before Sales (Section J)	5,472,941	77.0%	0.0%

Loan Repayment Method

Annuity y/n? n Interest Only Method Chosen
Leave blank

Value: Loan Ratios & Affordable Loan Values

Current Market Sales Value	0
NPV of Net Rent Only	7,669,100
User Specified Value	
Current Market Sales Value:Net Loan %	0.0%
NPV of Net Rent:Net Loan %	140.1%
User Specified Value:Net Loan %	0.0%

Value: Net Loan, Target %

Affordable Loan on NPV Value
Affordable Loan on User Spec. Value

Apportionment of Net Loan & Long Term Interest Rates

		Loan A	Loan B		
Loan A: % Apportionment		100.00%	0.00%		
Loan Amounts		5,472,941	0		
		Interest Rate	Interest Rate	Effective Rate %	
		%	%		
Year 1 to	45	3.50%		3.50%	

H Inflation

Base Inflation Rate 2.50%

Inflation is applied from Year 2 onwards. Set all periods to Year 45.

Inflation Margins & Periods for Income

		Margin on Base Rate	Effective Inflation Rates
Residential Tenant Rent			
Period 1	Year 1 to 45	0.50%	3.00%
			0.00%

Commercial Rent - n/a

Year 1 to	45		
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Ground Rent

Period 1	Year 1 to 45		2.50%
			0.00%

Services (Charges & Costs)

Period 1	Year 1 to 45	0.00%	2.50%
			0.00%

Market Sales Values (Residential) - n/a

Year 1 to	45	0.00%	0.00%
			0.00%

Market Sales Values (Commercial) - n/a

Year 1 to	45		0.00%
			0.00%

Inflation Margins & Periods for Allowances

		Margin on Base Rate	Effective Inflation Rates
Management			
Period 1	Year 1 to 45	1.00%	3.50%
			0.00%

Maintenance

Period 1	Year 1 to 45	1.00%	3.50%
			0.00%

Reinstatement

Period 1	Year 1 to 45		2.50%
			0.00%

Another Allowance

Period 1	Year 1 to 45	0.00%	2.50%
			0.00%

Major Repairs

Period 1	Year 1 to 45	1.50%	4.00%
			0.00%

I Rent Allowances & Periods

Set allowances as at Year 1 of Long Term Cashflow and all periods to Year 45, ignoring future sales

	A	B	C	D	E	F	G	H	Weighted Averages at Year 1
Product Type	Affordable Rent	Affordable Rent	Affordable Rent	Affordable Rent	Affordable Rent				
Commercial									
Number of Units	12	21		4	5				Units Available
Res' Shared Equity?	n	n		n	n				42
Prop. Ava'ble for Rent?	y	y		y	y				
Managing Agent	% of Gross Rent (excl. Ground Rent & Service Charges) less voids								
Year 1 to 45									0.00%
Add VAT to M. Ag.									
RSL Management	Per Unit Per Annum								Default value for information, Shared Equity 0
Year 1 to 45	1,327	1,327		1,327	1,327				1,327
Maintenance	Per Unit Per Annum								Default value for information, Rent 691
Year 1 to 45	910	910		910	910				910
Product Type	A	B	C	D	E	F	G	H	
Res' Shared Equity?	n	n		n	n				
Prop. Ava'ble for Rent?	y	y		y	y				
Services Cost	Per Unit Per Annum								
Year 1 to 45	110	110	110	79	79				103
Reinstatement Cost	Per Unit Per Annum								
Year 1 to 45									0
Another Allowance	Per Unit Per Annum								
Year 1 to 45									0
Voids & Bad Debts	% of Gross Rents & Service Charges								Default value for information, Shared Equity 0.00%
Year 1 to 45	2.00%	2.00%		2.00%	2.00%				2.00%
									4.25%

Major Repair Sinking Fund Options

Option 1

% Selection	% User Input	Year 1 to 45	0.80%	on 3,459,040
	User Input	3,459,040		

Option 2

Per Unit, Per Annum, Com. Rented Units Only

Year 1 to 45	
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Option 3

Per Unit, Per Annum, Res. Rented Units Only

Year 1 to 45	
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Sinking Fund at Year 7 35,014

Defer the Start of the Sinking Fund to Year

7

Memorandum Information

Options 2 & 3 can be used together. With these options shared equity units and units fully sold at the outset are excluded.

J Sales & Other Capital Receipts

1. Other Capital Receipts in Long Term Cashflow

All capital income is deemed to be received at the end of the year entered.

Lump Sum Description

Infla'd Sum Description

2. Unit & Ground Rent Sales

All sales are deemed to be received at the end of the year entered. For Sales & Equity Shares at the outset, enter in Section A

For staircasing shared equity units, use the Shared Equity Report

	A	B	C	D	E	F	G	H	Total for all Units
Product Type	Affordable Rent	Affordable Rent	Affordable Rent	Affordable Rent	Affordable Rent				
Units	12	21	0	4	5	0	0	0	
Commercial									
Market Sales Value Available for Sale	0	0	0	0	0	0	0	0	
Sell units at end of Year									
Value for Sale at Yr. 1	0	0	0	0	0	0	0	0	
Rec'd at Year of Sale	0	0	0	0	0	0	0	0	0
Total Received	0	0	0	0	0	0	0	0	0
Sell Gr'd Rents at Year									
Capital'd %	0	0	0	0	0	0	0	0	0

Set Ground Rents in Section L. Inflation is applied to Year 2 onwards.

K Cost Rent at Year 1

No. of Weekly Rent Periods p.a.

Loan Interest is on the full Net Loan. The long term cashflow uses an averaged interest after receiving rent.

	Year 1	Total Cost at Year 1, Per Unit Type - rents are pro rata net floor area				
		Type	Commercial	Rent p.w. excl. S.C.	S.C. p.w.	Total p.w.
Loan Interest	191,553					
Managing Agent	0	n		95.87	2.11	97.98
RSL Management	55,734	n		134.22	2.11	136.32
Maintenance	38,220			0.00	2.11	2.11
Services Cost (S.C.)	4,341	n		159.14	1.51	160.66
Reinstatement Cost	0	n		195.57	1.51	197.09
Another Allowance	0			0.00	0.00	0.00
Major Repairs	0			0.00	0.00	0.00
Voids etc. 2.0%	5,915			0.00	0.00	0.00
Total Cost at Year 1	295,763					
Averages		132.94 per week (ex. S.C.)		578.04 per month (ex. S.C.)		
		134.96 per unit per week		586.83 per unit per month		
		100.05 per net m ² (ex. S.C.)		101.57 per net m ² (incl. S.C.)		

Loan interest is on the Opening Loan. The long term cashflow uses an averaged interest after receiving rent. Therefore Cost Rent is overstated.

NB For calculating the Total Cost at Year 1, Voids and Managing Agent costs use a unit average. These costs will vary with the actual rent and with the Managing Agent and Voids percentages for each dwelling type.

L Set Rents & Service Charges for Long Term Cashflow

Cost Rent & S.C., p.w.	A	B	C	D	E	F	G	H	Total at Year 1
Product Type	Affordable Rent	Affordable Rent	Affordable Rent	Affordable Rent	Affordable Rent				
Commercial									
Target - April 2014	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Rent Cap	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Service Cost p.w.	2.11	2.11	2.11	1.51	1.51	0.00	0.00	0.00	4,430
Cost Rent p.w. excl. S.C.	95.87	134.22	0.00	159.14	195.57	0.00	0.00	0.00	291,334
Total Cost Rent p.w.	97.98	136.32	2.11	160.66	197.09	0.00	0.00	0.00	295,763

Commercial Rents n/a

Year 1 to										0
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These Options n/a

Set Initial Rent Free Period (months) months
 Rent Review Period, i.e. rent fixed for years

Preferred Yield % on Unsold Equity, n/a

Residential Shared Equity units only

Unsold Equity Share %
 Cost Rent % of u/s Eq'ty
 Rent p.w at 2.75% Yield

Local Housing Allowance

Residential Rents n/a

Year 1 to 45	119.58	165.58	165.58	180.00					337,828
	based on £650 and £900 market rents								

Set all service charges received per week

Year 1 to 45										0
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Set Ground Rents received per annum

Year 1 to 45										0
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Rent Yields as at end of Year	1	Gross	Net
Total All Revenue Income, ex. voids at Year 1		331,072	232,777
Compared with Market Value at Year 1	0		
Compared with Total Scheme Cost of	7,110,941	4.66%	3.27%
Compared with Acquisition Cost of	0		

Residential at Start of Year 1

Gross Rent 337,828
 Market Value 0
 Yield

Commercial at Start of Year 1

Gross Rent 0
 Market Value 0
 Yield

Rent Yields as at end of Year		Gross	Net

NPV of Gross Rent & S.C. ex. Voids, divided by Open'g Loan, p.a.

NPV of Net Rent less loan interest, divided by Open'g Loan, p.a.

NPV Period & Discount Rate: 45 years at 3.50%, as defined in Section M

Calculation of Affordable Loan Based on Net Income at Year 1

Total Set Rent	337,828			
Service Charges	0			
Ground Rents	0			
Managing Agent	0			
RSL M'ngm't & Maint.	93,954			
Services Cost	4,341			
Reinstatement Cost	0			
Another Allowance	0			
Major Repairs	0			
Voids & Bad Debts	6,757			
Net income at Year 1	232,777			
		Per Unit p.a.	Per Unit p.w.	Per Unit p.m.
		8,044	154.15	670.29
		0		
		Actual Loan	5,472,941	
		Affordable Loan	6,756,778	
		Difference	1,283,837	

Set Residential Rent
 Set Commercial Rent

Assuming net income meets Year 1 loan costs

Equivalent to the capitalised Year 1 net revenue surplus.

M Long Term Cashflow

Loan Repayment Method Interest Only

Peak Loan Occurs in Year 1 5,472,941
 Revenue First Exceeds Costs Year 1
 Loan Repaid by Year 30

NPV Calculation Options Net Rent + Cap. Val. - Loan
 NPV Discount Rate 3.50%
 Summarise Cashflow Results to Year 45

Capital Value of Scheme - Year 1

Capital Growth Rate p.a.
 Discounted Cap. Value

Max. Annual Deficit: Year
 Capitalised Yr. 1 Net Revenue Surplus
 Cum. Surplus at Year 45
 NPV Net Rent + Cap. Val. - Loan
 IRR
 NPV of Net Rent Only
 NPV of All Capital Receipts

	Per Unit	Per Person
n/a		
1,283,837	30,568	8,616
7,996,207	190,386	53,666
2,196,159	52,289	14,739

Interest Total 3,769,668
 Min. Interest Cover: Year 1 123.92%
 Target Interest Cover % 115.00%
 First met after Year 1 in Year 2

Last Works payment in Scheme Cashflow Nov-2016

Year	1	2	3	4	5	6	7	8	9
Opening Loan	5,472,941	5,428,007	5,374,860	5,313,031	5,242,027	5,161,335	5,070,417	5,004,284	4,929,446
Average Interest	187,842	186,165	184,198	181,924	179,326	176,385	173,642	171,227	168,505
Other Capital Receipts	0	0	0	0	0	0	0	0	0
Sales Receipts	0	0	0	0	0	0	0	0	0
Staircasing Receipts	0	0	0	0	0	0	0	0	0
Gr'd Rent Sales Rec'pts	0	0	0	0	0	0	0	0	0
Loan Repayment, Total	232,777	239,312	246,027	252,928	260,018	267,303	239,775	246,065	252,511
Closing Loan	5,428,007	5,374,860	5,313,031	5,242,027	5,161,335	5,070,417	5,004,284	4,929,446	4,845,440
Gross Resid'l Rent	337,828	347,963	358,402	369,154	380,228	391,635	403,384	415,486	427,950
Gross Comm'l Rent	0	0	0	0	0	0	0	0	0
Service Charges	0	0	0	0	0	0	0	0	0
Ground Rents	0	0	0	0	0	0	0	0	0
Voids	6,757	6,959	7,168	7,383	7,605	7,833	8,068	8,310	8,559
s/t	331,072	341,004	351,234	361,771	372,624	383,803	395,317	407,176	419,391
Managing Agent	0	0	0	0	0	0	0	0	0
RSL Management	55,734	57,685	59,704	61,793	63,956	66,195	68,511	70,909	73,391
Maintenance	38,220	39,558	40,942	42,375	43,858	45,393	46,982	48,627	50,328
Services Cost	4,341	4,450	4,561	4,675	4,792	4,911	5,034	5,160	5,289
Reinstatement Cost	0	0	0	0	0	0	0	0	0
Another Allowance	0	0	0	0	0	0	0	0	0
Major Repairs	0	0	0	0	0	0	35,014	36,415	37,871
Net Rent	232,777	239,312	246,027	252,928	260,018	267,303	239,775	246,065	252,511
<i>Net Rent + Rec'ts - Inter't</i>	<i>44,934</i>	<i>53,147</i>	<i>61,829</i>	<i>71,004</i>	<i>80,692</i>	<i>90,918</i>	<i>66,133</i>	<i>74,838</i>	<i>84,006</i>
Cashflow	0	0	0	0	0	0	0	0	0
Cum. Balance	0	0	0	0	0	0	0	0	0
Year	10	11	12	13	14	15	16	17	18
Opening Loan	4,845,440	4,751,784	4,647,975	4,533,491	4,407,785	4,270,290	4,120,414	3,957,540	3,781,027
Average Interest	165,460	162,074	158,330	154,210	149,694	144,763	139,396	133,571	127,265
Other Capital Receipts	0	0	0	0	0	0	0	0	0
Sales Receipts	0	0	0	0	0	0	0	0	0
Staircasing Receipts	0	0	0	0	0	0	0	0	0
Gr'd Rent Sales Rec'pts	0	0	0	0	0	0	0	0	0
Loan Repayment, Total	259,116	265,882	272,814	279,915	287,189	294,639	302,270	310,084	318,086
Closing Loan	4,751,784	4,647,975	4,533,491	4,407,785	4,270,290	4,120,414	3,957,540	3,781,027	3,590,206
Gross Resid'l Rent	440,789	454,013	467,633	481,662	496,112	510,995	526,325	542,115	558,378
Gross Comm'l Rent	0	0	0	0	0	0	0	0	0
Service Charges	0	0	0	0	0	0	0	0	0
Ground Rents	0	0	0	0	0	0	0	0	0
Voids	8,816	9,080	9,353	9,633	9,922	10,220	10,527	10,842	11,168
s/t	431,973	444,932	458,280	472,029	486,190	500,775	515,799	531,273	547,211
Managing Agent	0	0	0	0	0	0	0	0	0
RSL Management	75,960	78,618	81,370	84,218	87,166	90,216	93,374	96,642	100,024
Maintenance	52,090	53,913	55,800	57,753	59,774	61,867	64,032	66,273	68,592
Services Cost	5,421	5,557	5,696	5,838	5,984	6,134	6,287	6,444	6,605
Reinstatement Cost	0	0	0	0	0	0	0	0	0
Another Allowance	0	0	0	0	0	0	0	0	0
Major Repairs	39,386	40,962	42,600	44,304	46,076	47,920	49,836	51,830	53,903
Net Rent	259,116	265,882	272,814	279,915	287,189	294,639	302,270	310,084	318,086
<i>Net Rent + Rec'ts - Inter't</i>	<i>93,656</i>	<i>103,809</i>	<i>114,484</i>	<i>125,706</i>	<i>137,495</i>	<i>149,876</i>	<i>162,874</i>	<i>176,513</i>	<i>190,821</i>
Cashflow	0	0	0	0	0	0	0	0	0
Cum. Balance	0	0	0	0	0	0	0	0	0

