

Turner Morumtm

CHARTERED SURVEYORS

Mr. Russell Pryce
Herefordshire Council
Planning Services
Blueschool House
Blueschool Street
Hereford
HR1 2ZB

19th July 2011

Dear Mr. Pryce,

RE: REVISED HEREFORD RUGBY CLUB VIABILITY APPRAISAL

Turner Morum submitted an Enabling Development Report for Hereford Rugby Club in December 2010. This report looked to establish the 'optimum level' of Affordable housing required to enable the development of Hereford Rugby Club to take place. Our recommendations at the time were that 190 Residential Units would be needed to meet all of the associated costs and to ensure that the site comes forward for development. I have recently been advised that an alternative housing mix has been requested. I have therefore been required to review our original submission taking this into account.

I enclose a copy of my revised Enabling Development Appraisal. This is once again based upon 190 Residential Units, but adopts a different mix of house types. The major alterations are with regards to the Market Housing Mix. The table below highlights the key changes. The overall provision and mix of affordable housing has not changed significantly. The minor alterations to the affordable mix do not have a significant impact upon the Affordable Housing GDV.

The total amount of 123 Market Units has not altered from my original submission. However you will note that there are no longer any 5 bedroom houses, the proportion of 4 Bed Houses has been reduced and there is an increase in the amount of 3 Bed Houses. Importantly there has been an overall reduction of 27,122 square feet of Market Housing (as illustrated in the table below).

Housing Type	Beds	Original Submission No dwellings	% of Total	Unit Size	Total Sq Ft
House	2	12	9.80%	660	7,920
House	3	14	11.40%	982	13,748
House	4	85	69.10%	1,524	129,540
House	5	12	9.80%	1,750	21,000
Market Total		123	100%		172,208

Housing Type	Beds	Revised Submission No dwellings	% of Total	Unit Size	Total Sq Ft
House	2	12	9.80%	800	9,600
House	3	39	31.70%	1,074	41,886
House	4	72	58.50%	1,300	93,600
House	5	0	0.00%	1,400	0
Market Total		123	100%		145,086

Overall Reduction in Market Housing Sq Feet	27,122
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In addition I have now omitted Code for Sustainable Homes Costs to Level 3 as an abnormal cost item. I am advised that Bloor are able to absorb these costs into their standard build cost rates.

As a result of the varied mix of housing, the s106 costs have also been required to be re-calculated. The table below highlights the key variance with an increase of £160,670 from the original submission.

Item	Original Submission	Revised Submission
	190 Units	190 Units
POS Maintenance 15yrs	£ 122,941	£ 184,412
Education	£ 827,136	£ 894,660
Highways	£ 352,921	£ 368,940
Library	£ 25,962	£ 26,826
Waste/Recycle	£ 14,760	£ 14,760
Enforcement and monitoring	£ 15,000	£ 29,792
Total	£ 1,358,720	£ 1,519,390

The conclusion of the above alterations are that the development is now worse-off from a viability perspective. The original viability assessment illustrated a surplus of £86,872. The subsequent alterations to the development have produced a DEFICIT of £580,229.

This has an impact on the actual developer profit amount. You will see that this is illustrated toward the bottom of my revised appraisal analysis. If you take into account the above DEFICIT - the actual recoverable developer return has reduced to 14.45% on GDV (from 16.1% in the original submission).

I would point out that this is well below what I would usually expect from a housebuilder – especially in the current economic climate. However I have been advised that Bloor Homes are willing to accept this level of return in order to secure a satisfactory planning permission on the basis illustrated within my revised analysis.

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If you have any further questions in relation to the updated appraisal please do not hesitate to get in contact.

Yours sincerely,



THOMAS HEGAN MRICS
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Stack 1- Residual Valuation – 190 Units

Affordable Type	Tenure	Beds	No dwellings	% Of Total	Sqm (Dwelling)	Sq ft (Dwelling)	Tot sqm	Total sqft	£/sq ft	Unit Value (average)	GDV	Market	Affordable	
House	Affordable Rent	2	17	9%	67.0	721	1,139.0	12,260	£ 77	£ 55,531	£ 944,035		£2,221,937	
House	Affordable Rent	3	13	7%	83.0	893	1,079.0	11,614	£ 80	£ 71,473	£ 929,148			
House	Affordable Rent	4	4	2%	100.0	1076	400.0	4,305	£ 81	£ 87,188	£ 348,754			
Shared Ownership		18%	34	18%			2,618.0	28,180	£ 78.85	£ 65,361	£ 2,221,937			
House	Social Rent	2	19	10%	67.0	721	1,273.0	13,703	£ 114	£ 82,215	£ 1,562,093			
House	Social Rent	3	14	7%	83.0	893	1,162.0	12,508	£ 124	£ 110,783	£ 1,550,963			
Social Rent		17%	33	17%			2,435.0	26,210	£ 119	£ 94,335	£ 3,113,056			
Affordable Total		35%	67	35%	78.4	812	5,053.0	54,390	£ 98.09	£ 79,627	£ 5,334,994			
Market Type	Description	Beds	No dwellings		Sqm	Sqft	Tot sqm	Total sqft	£/sq ft	Unit Value (average)	GDV	£30,305,490		
House	Market	2	12	6%	74.3	800	891.9	9,600	£ 220	£ 176,000	£ 2,112,000			
House	Market	3	39	21%	99.8	1074	3,891.3	41,886	£ 215	£ 230,910	£ 9,005,490			
House	Market	4	72	38%	120.8	1300	8,695.7	93,600	£ 205	£ 268,500	£ 19,188,000			
House	Market	5	0	0%	130.1	1400	0.0	0	£ 200	£ 280,000	£ -			
Market Total		65%	123	65%	109.6	1,180	13,479	145,085	£ 208.88	£ 246,386.10	£ 30,305,490			
TOTAL (All)			190	100%	97.5	1,050	18,532	199,476	£ 178.67	£ 187,581.49	£ 35,640,484			
Gross ha/ acres							8.39	20.7						
Net Resl (ha/ acres)							4.86	12.0						
Dwelling density net per acre (all tenures)								15.85						
Sq ft per net acre (all tenures)								16,637						
Average market units sales values psf								£208.88						
Less fees and marketing costs (market housing only) @										3.50%	(£1,060,692)	(£1,060,692)	(£26,675)	
Less Transaction Cost for Affordable Disposal to RSL (affordable housing only) @										0.50%	(£26,675)			
Standard build cost Market Housing (incl external works, drainage, utilities, prelims & contingencies,) £ per sq ft @										102			(£13,492,998)	(£5,003,925)
Standard build cost Affordable Housing (incl external works, drainage, utilities, prelims & contingencies,) £ per sq ft @										145,086	£93	(£13,492,998)		
										54,390	£82	(£5,003,925)		
Less Gross Margin on market housing @							17.5%		(£5,303,461)	(£5,303,461)				
Less Gross Margin on Affordable Housing @							8.0%		(£426,799)	(£426,799)				
Average Gross Margin (Market, Affordable, Comm etc)							16.1%							
Average standard build cost per square foot										(£92.73)				
Overall Build cost incl fees and externals										(£18,496,923)				
Gross Surplus Before Deduction for Abnormals and Land											£10,325,933	£15,751,800	£304,393	
Professional Fees														
Architects								2%	(£369,938)					
Quantity Surveyor								1%	(£184,969)					
Engineers								1%	(£184,969)					
Proj Management & CDM								1%	(£184,969)					
									(£924,846)					
Abnormal Costs									(£1,286,685)					
Rugby Club Construction Costs									(£3,633,592)					
Rugby Club Infrastructure Costs									(£947,687)					
Housing Infrastructure Costs									(£1,434,372)					
									(£7,302,315)					
S106 Costs														
S106 Contributions									(£1,519,390)					
Associated s106 legal fees								1.0%	(£15,000)					
									(£1,534,390)					
Finance costs					Rate	Period	Months							
Construction, fees etc (Based on 25% of total construction costs out at any time)					35.0%	6.5%	18	(£1,144,611)		(£1,144,611)				
										(£10,906,162)				
											(£10,906,162)			
Surplus/ Deficit (Development Value)											(£680,229)			
Actual Return on GDV											14.45%			
Actual Return on Cost											14.22%			

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Private	Beds	No. of units	Unit		Total		Value		Total Value
			ft2	m2	ft2	m2	per ft		
	2	24	800	74	19,200	1,784	220	176,000	£ 4,224,000
	3	26	998	93	25,948	2,411	215	214,570	£ 5,578,820
	3	26	1,150	107	29,900	2,778	215	247,250	£ 6,428,500
	4	28	1,300	121	36,400	3,382	205	266,500	£ 7,462,000
	4	19	1,400	130	26,600	2,471	200	280,000	£ 5,320,000
		123			138,048	12,825			£ 29,013,320
Rented	Beds	No. of units	Unit		Total		Value	Unit	Total Value
			ft2	m2	ft2	m2	per ft		
	2	17	721	67	12,260	1,139	77	55,531	£ 944,035
	3	13	893	83	11,614	1,079	80	71,473	£ 929,148
	4	4	1,076	100	4,306	400	81	87,188	£ 348,754
		34			28,180	2,618			£ 2,221,937
Shared Ownership	Beds	No. of units	Unit		Total		Value	Unit	Total Value
			ft2	m2	ft2	m2	per ft		
	2	19	721	67	13,703	1,273	114	82,215	£ 1,562,093
	3	14	893	83	12,508	1,162	124	110,783	£ 1,550,963
		33			26,210	2,435			£ 3,113,056
Affordable	0	67			54,390	5,053			£ 5,334,994
Total		190			192,438	17,878			£ 34,348,314

Development Area: 4.86 hectares Coverage 39596 per hectre
12.01 acres 16024 per acre

Units 39.1 per hectre
15.8 per acre

Holywell Gutter Lane, Hereford
External Infrastructure Cost Estimate for Club Masterplan K

Rugby Club Infrastructure

Item	Description	Unit	Quantity	Rate	Amount
200	Site Clearance				
	Remove existing road construction to access and site road	cub m	450	9.3	4,185.00
	Topsoil excavation	cub m	10175	5.1	51,892.50
300	Fencing and Barriers				
	Allowance				5,000.00
500	Drainage and Service ducts				
	Foul sewer 150mm dia. pipe in depth not exceeding 2 metres	lin m	260	140	36,400.00
	SW sewer 300mm dia. pipe in depth not exceeding 2 metres	lin m	180	250	45,000.00
	SW Gullies and connections	no.	4	425	1,700.00
	Chambers and manholes	no.	4	1350	5,400.00
600	Earthworks				
	Excavation of suitable material	cub m	56390	3.5	197,365.00
	Deposition of Suitable material	cub m	55110	3.2	176,352.00
	Stockpile of surplus material	cub m	1280	2.8	3,584.00
	Compaction of fill	cub m	55110	4.4	242,484.00
	Topsoiling	sq m	36900	1.2	44,280.00
700	Pavements and Surfacing				
	Carriageway construction	sq m	1180	85	100,300.00
1100	Kerbs, Footways and Paved Areas				
	2 metre footway to access road	sq m	360	26.3	9,468.00
	Kerbing to roads	lin m	360	22.1	7,956.00
	Cycleway/ Footway	lin m	300	35	10,500.00
1200	Traffic Signs, Markings				
	Allowance				800.00
1300	Road Lighting and Electrical				
	Allowance				5,000.00
Total Estimated cost of Works					£947,667

Note

1 50% of access onto Hampton Park Road and main spine road allowed in costs

Holywell Gutter Lane, Hereford
External Infrastructure Cost Estimate for Residential Roads and Housing Layout in Indicative Housing Masterplan

Housing Infrastructure

Item	Description	Unit	Quantity	Rate	Amount
200	Site Clearance				
	Topsoil excavation	cub m	51770.5	5.1	£ 264,030
500	Drainage and Service ducts				
	Foul sewer 150mm dia. pipe in depth not exceeding 2 metres	lin m	743	140	£ 104,020
	SW sewer 300mm dia. pipe in depth not exceeding 2 metres	lin m	793	250	£ 198,250
	SW Gullies and connections	no.	14	425	£ 5,950
	Chambers and manholes	no.	15	1350	£ 20,250
	Infiltration basin drainage structure	no.	1	10000	£ 10,000
600	Earthworks				
	Excavation of suitable material	cub m	35912.4	3.5	£ 125,693
	Deposition of Suitable material	cub m	35912.4	3.2	£ 114,920
	Compaction of fill	cub m	35912.4	4.4	£ 158,015
	Topsoiling	sq m	25037.5	1.2	£ 30,045
700	Pavements and Surfacing				
	Carriageway construction	sq m	3453.5	85	£ 293,548
1100	Kerbs, Footways and Paved Areas				
	2 metre footway to access road	sq m	1486	26.3	£ 39,082
	Kerbing to roads	lin m	1286	22.1	£ 28,421
	Cycleway/ Footway	lin m	770	35	£ 26,950
1200	Traffic Signs, Markings				
	Allowance				£ 200
1300	Road Lighting and Electrical				
	Allowance				£ 15,000
Total Estimated cost of Works					£ 1,434,372

Note

1 50% of access onto Hampton Park Road and main spine road allowed in costs

AREA / Main Point	Main Requirement	Revised Costs £	Comments on costs
EXTERNAL			
3G artificial pitch	Full size pitch for all weather training and matches	£431,406.00	Costs provided by KESTREL
Grass Rugby Pitches	4 x adult size, 2 x u12 size, grass training zone, full RFU approved size. Space between pitches for spectator standing + technical areas etc + spectator barriers	£389,150.42	Includes surface leveling (not cut and fill), grassing and full drainage. Costs provided by KESTREL
Site Perimeter Security	Security fence around perimeter of the site with lockable 2m high steel entrance gates	£60,000.00	Cost Plan Rate (1000m @ £60 per linear metre)
Rugby Pitch Floodlighting	Floodlighting to three senior pitches	£73,000.00	Figures provided by Musco
Training Building	Steel Frame Portal indoor training facility 60m x 40m	£407,722.00	Quote from Scorpion
Exterior lighting	Safe night time pathway lighting from car park to and around the clubhouse. External PIR operated security lighting around clubhouse.	£20,000.00	Cost Plan Rate
Car parking	Hardcore finish with low level timber parking dividers rate £75.00 / m². For 250 cars and 6 coaches including full storm drainage, kerbing, floodlighting etc.	£396,000.00	Cost Plan Rate (5280m² @ £75m²)
	Sub Total	£1,777,278.42	
CLUBHOUSE EXTERNAL			
Storage rooms	4 separate brick build buildings adjacent to pitches for scrummaging machine, post protectors etc	£12,000.00	Cost Plan Rate £3000.00 per building)
Pitch maintenance	Grey water tank and buried sprinkler system around perimeter of all grass areas. High quality, hard wearing grass.	£80,000.00	KESTREL equipment plus budget for underground storage tank
Ground source heat pump system	For underfloor heating and sustainability aspect of scheme	£85,000.00	Budget provided by Geothermal International
Spectator stand	At front of clubhouse, full seating and lighting + disabled persons area	Inc in clubhouse figure	
Security Systems	CCTV, Intruder alarm, Access control	£10,000.00	Cost from Vitech Security
	Sub Total	£187,000.00	
CLUBHOUSE INTERNAL			
8 changing rooms	Full RFU size with shower cubicles per room + all benching, hooks etc	£1,280,000.00	Cost Plan Rate (1600m² @ £800)
2 x officials changing rooms	large enough for 3 officials each + shower + WC	Inc above	
1 set of male and female toilets	6 x WC in each + 6 urinals in male	Inc above	
Store room for equipment		Inc above	
Plantroom for boilers etc		Inc above	
Large changing/coaching room	For 40-50 kids to change in (no toilets or showers)	Inc above	
Gym/indoor training room	Suitable for a proper gym with full ventilation and heating	Inc above	
Physio / 1st aid room	With wash basin + cupboards etc	Inc above	
Bar area with standing and seating for 300 (overlooking 1st team pitch)	Hard wearing, non scuff floor covering + Underfloor heating + air-conditioning (Full spec to follow)	Inc above	
Folding partition to dinner/function room for a further 150 people seated with own bar	Hard wearing, non scuff floor covering + Underfloor heating + air-conditioning	Inc above	
Large commercial kitchen with serving hatch and store/freezer area		Inc above	
2 x Large male toilet blocks		Inc above	
2 x Large female toilet block		Inc above	
Disabled toilet with baby changing		Inc above	
Large reception area		Inc above	
Club shop		Inc above	
Separate sponsors lounge / committee room / conference room	Hard wearing, non scuff floor covering + Underfloor heating + air-conditioning	Inc above	
Store room for tables and chairs		Inc above	
Viewing from clubhouse to 1st team pitch	Full height glazing along front wall with several double doors on to the spectator terrace	Inc above	
Stand roof	All seated spectators to be covered	Inc above	
Beer cellar		Inc above	
Club Office	Large enough for 2 people at desks + filing + view of entrance lobby	Inc above	
	Sub Total	£1,280,000.00	
GENERAL			
Fixtures & Fittings	All tables and chairs, fixtures and fittings, white goods etc for the main club house + all	£100,000.00	Budget provided by Warner Associates
Utility suppliers	Water, Gas, Electric	50,000	Budget Figure and assumes works are part of housing development
TOTAL CONSTRUCTION COST		£3,244,278.42	
PROFESSIONAL FEES			
	Architect, 5% of gross build value	£162,213.92	Cost Plan Rate
	Structural engineer, 3% of gross build value	£97,328.35	Cost Plan Rate
	Building Services, 4% of gross build value	£129,771.14	Cost Plan Rate
	PROJECT TOTAL COST	£3,633,591.83	

Notes;

Cost plan rates are the norms used by major contractors such as Laing O'Rourke and PQS's when setting initial cost plans prior to design development.
Costs Exclude VAT

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Residential Abnormal Costs

Cost Item	Amount
Building Regulation Fees - Off Plan for Housing	£ 1,600
Planning App Fee (Housing)	£ 14,285
Consultancy Fees - to end of Outline App Process (Club and Housing)	£ 350,000
Foul Water of site improvements	£ 247,500
On Site pumping station	£ 75,000
Gas	£ 140,300
Electricity	£ 315,000
Potable Water	£ 143,000
Total	£ 1,286,685

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s106 Costs

Item	190 Units
POS Maintainance 15yrs	£ 184,412
Education	£ 894,660
Highways	£ 368,940
Library	£ 26,826
Waste/Recycle	£ 14,760
Total	£ 1,489,598
Enforcement and monitoring	£ 29,792
Total	£ 1,519,390