

## APPENDIX 1: HOUSING ASSESSMENT OF THE CANDLESS ESTATE

The following tables present an analysis of the housing stock within the Chandless Estate. This information has been provided by the Gateshead housing Company and provides an important input to the assessment of future options for the area.

The information is presented as follows:

- Table 1 – The total number of voids and current lettable voids in Abbot Court and Monk Court;
- Table 2 – The total number of terminations and current terminations in Abbot Court and Monk Court;
- Table 3 – The number of tenancies less than 3 years old and in arrears;
- Table 4 – The number of tenancies more than 3 years old and in arrears;
- Table 5 – The number of tenancies currently in arrears and average arrear balance;
- Table 6 - The total number of voids and current lettable voids in the maisonettes and bungalows;
- Table 7 – The number of terminations in the maisonettes and tower blocks;
- Table 8 - The number of tenancies less than 3 years old and in arrears;
- Table 9 – The number of tenancies more than 3 years old and in arrears;
- Table 10 - The number of tenancies currently in arrears and average arrear balance

Table 1 – The total number of voids and current lettable voids in Abbot Court and Monk Court.

Tower	Property Stock	Number of Tenancies	Total No. of Voids in period Apr 06 - Apr 07	Total Turnover as a % of Stock	Lettable Voids as at 12-Oct-2007	Lettable Voids as a % of Stock
Abbot Court	128	119	22	17.19 %	6	4.69 %
Monk Court	128	122	43	33.59 %	7	5.47 %
<b>Total</b>	<b>256</b>	<b>241</b>	<b>65</b>	<b>25.39 %</b>	<b>13</b>	<b>5.08 %</b>

Table 2 – The total number of terminations and current terminations in Abbot Court and Monk Court.

Tower	Property Stock	Total No. of Terminations in Period Apr 06 - Apr 07	No. of Terminations as at 13-Dec-2007	Terminations as a % of Property Stock
Abbot Court	128	22	21	16.41 %
Monk Court	128	41	20	15.63 %
<b>Total</b>	<b>256</b>	<b>63</b>	<b>41</b>	<b>16.02 %</b>

Table 3 – The number of tenancies less than 3 years old and in arrears.

Tower	Total No. of Tenancies	No. of Tenancies Less Than 3 Years Old	As a % of Total No. of Tenancies	Average Length of Tenancies (years)	No. Of Tenancies in Arrears	As a % of Tenancies by Age
Abbot Court	119	47	39.50 %	1.6	34	72.3 %
Monk Court	122	60	49.18 %	1.4	41	68.3 %
<b>Totals</b>	<b>241</b>	<b>107</b>	<b>44.40 %</b>	<b>-</b>	<b>75</b>	<b>70.1 %</b>

Table 4 – The number of tenancies more than 3 years old and in arrears.

Tower	Total No. of Tenancies	No. of Tenancies More Than 3 Years Old	As a % of Total No. of Tenancies	Average Length of Tenancies (years)	No. Of Tenancies in Arrears	As a % of Tenancies by Age
Abbot Court	119	72	60.50 %	7.5	35	48.6 %
Monk Court	122	62	50.82 %	9.4	29	46.8 %
<b>Totals</b>	<b>241</b>	<b>134</b>	<b>55.60 %</b>	<b>-</b>	<b>64</b>	<b>47.8 %</b>

Table 5 – The number of tenancies currently in arrears and average arrear balance.

Tower	Total No. of Tenancies	No. in Arrears as at 13/12/2007	As a % of Total No. of Tenancies	Arrears Balance	Average Arrears Balance per Tenancy
Abbot Court	119	64	53.8 %	£28,550.19	£446.09
Monk Court	122	58	47.5 %	£23,797.92	£410.30
<b>Total</b>	<b>241</b>	<b>122</b>	<b>50.6 %</b>	<b>£52,348.11</b>	<b>£428.20</b>

Table 6 - The total number of voids and current lettable voids in the maisonettes and bungalows.

Street	Property Type	Property Stock	Number of Tenancies	Total No. of Voids in period Apr 06 - Apr 07	Total Voids as a % of Stock	Lettable Voids as at 12-Oct-2007	Lettable Voids as a % of Stock
Cathedral Court	Maisonette	48	42	6	12.50%	2	4.17 %
Cloister Court	Maisonette	32	32	3	9.38%		0.00 %
Lychgate Court	Maisonette	16	9	1	6.25%		0.00 %
Minster Court	Maisonette	24	23	1	4.17%	1	4.17 %
Lancet Court	Maisonette	36	32	2	5.56%		0.00 %
Lancet Court	Bungalow	4	4	2	50.00%		0.00 %
	<b>Total maisonettes and bungalows</b>	<b>160</b>	<b>142</b>	<b>15</b>	<b>9.38%</b>	<b>3</b>	<b>1.88 %</b>

Table 7 – The number of terminations in the maisonettes and tower blocks.

Street	Property Type	Property Stock	Total No. of Terminations in Period Apr 06 - Apr 07	No. of Terminations as at 13-Dec-2007	Terminations as a % of Property Stock
Cathedral Court	Maisonette	48	7	3	6.25 %
Cloister Court	Maisonette	32	3	2	6.25 %
Lychgate Court	Maisonette	16	1	0	0.00 %
Minster Court	Maisonette	24	1	2	8.33 %
Lancet Court	Maisonette	36	4	1	2.78 %
Lancet Court	Bungalow	4	2	0	0.00 %
	<b>Total maisonettes and bungalows</b>	<b>160</b>	<b>18</b>	<b>8</b>	<b>5.00 %</b>

Table 8 - The number of tenancies less than 3 years old and in arrears.

Street	Property Type	Total No. of Tenancies	No. of Tenancies Less Than 3 Years Old	As a % of Total No. of Tenancies	Average Length of Tenancies (years)	No. Of Tenancies in Arrears	As a % of Tenancies by Age
Cathedral Court	Maisonette	42	10	23.81 %	1.5	6	60.0 %
Cloister Court	Maisonette	32	7	21.88 %	2.0	5	71.4 %
Lychgate Court	Maisonette	9	3	33.33 %	1.7	1	33.3 %
Minster Court	Maisonette	23	3	13.04 %	1.8	3	100.0 %
Lancet Court	Maisonette	32	5	15.63 %	1.5	5	100.0 %
Lancet Court	Bungalow	4	2	50.00 %	1.2	0	0.0 %
	<b>Total maisonette and bungalows</b>	<b>142</b>	<b>30</b>	<b>21.13 %</b>	-	<b>20</b>	<b>66.7 %</b>

Table 9 – The number of tenancies more than 3 years old and in arrears.

Street	Property Type	Total No. of Tenancies	No. of Tenancies More Than 3 Years Old	As a % of Total No. of Tenancies	Average Length of Tenancies (years)	No. Of Tenancies in Arrears	As a % of Tenancies by Age
Cathedral Court	Maisonette	42	32	76.19 %	13.6	15	46.9 %
Cloister Court	Maisonette	32	25	78.13 %	12.5	16	64.0 %
Lychgate Court	Maisonette	9	6	66.67 %	8.9	3	50.0 %
Minster Court	Maisonette	23	20	86.96 %	17.4	9	45.0 %
Lancet Court	Maisonette	32	27	84.38 %	10.6	17	63.0 %
Lancet Court	Bungalow	4	2	50.00 %	9.8	1	50.0 %
	<b>Total maisonette and bungalows</b>	<b>142</b>	<b>112</b>	<b>78.87 %</b>	-	<b>61</b>	<b>54.5 %</b>

Table 10 - The number of tenancies currently in arrears and average arrear balance

Street	Property Type	Total No. of Tenancies	No. in Arrears as at 13/12/2007	As a % of Total No. of Tenancies	Arrears Balance	Average Arrears Balance per Tenancy
Cathedral Court	Maisonette	42	25	59.5 %	£8,972.98	£358.91
Cloister Court	Maisonette	32	19	59.4 %	£3,047.17	£160.37

Lychgate Court	Maisonette	9	4	44.4 %	£743.51	£185.87
Minster Court	Maisonette	23	13	56.5 %	£2,725.74	£209.67
Trinity Court	Maisonette	9	7	77.8 %	£3,212.68	£458.95
Lancet Court	Maisonette	32	26	81.3 %	£11,209.31	£431.12
Lancet Court	Bungalow	4	0	0.0 %	£0.00	£0.00
	<b>Total maisonette and bungalows</b>	<b>151</b>	<b>94</b>	<b>62.3 %</b>	<b>£29,911.39</b>	<b>£257.84</b>

## APPENDIX 2: INITIAL OPTIONS

One of the key advantages of the study area is the availability of land for immediate development and the opportunity to link this to the regeneration opportunities for the existing housing stock in the Chandless Estate.

This appendix outlines some of the initial analysis on alternative options for development. It considers what could reasonably be achieved in the study area to take advantage of the cleared sites that are currently available for development.

One of the key considerations for this early work was to ascertain the implications of demolishing one or both of the towers, and in particular, the levels of rehousing that would be required in the area. We have looked at different assumptions in terms of the number of residents that would need to be rehoused as a result of selective clearance (i.e. the land area required varies depending if 100%, 80% or a lower percentage figure is assumed).

## The Towers

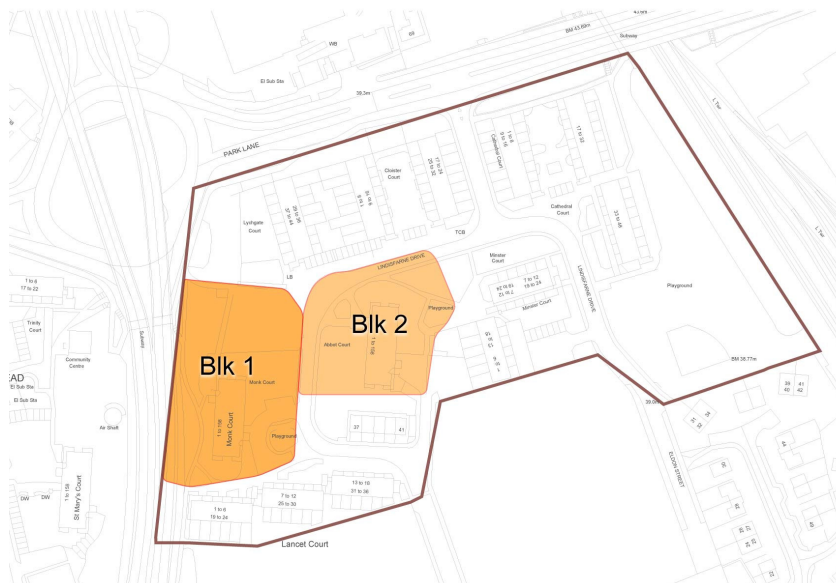
Table 1 shows the area of land required if one or both towers were demolished building back at 40dph and 55dph. A range of rehousing levels has also been explored, ranging from 100% of the residents affected by the selective clearance to 80% and then 50%. Build back rates of 40dph and 55dph were explored.

Table 1 – Area of land required to rehouse residents at various densities and levels of retainment,

Options	No of units	Area in hectares needed to rehouse @100%		Area in hectares needed to rehouse @80%		Area in hectares needed to rehouse @50%	
		at 40dph	at 55dph	at 40dph	at 55dph	at 40dph	at 55dph
Demolish Block 1	128	3.20	2.33	2.56	1.86	1.60	1.16
Demolish Block 1 and 2	256	6.40	4.65	5.12	3.72	3.20	2.33

For example, if one tower was cleared and, taking into account current voids within the tower, 80% of residents were rehoused at 40dph, 2.56ha of land will be required. This would mean that all of opportunity Site 2 would be required to accommodate 80% of residents from one tower block at 40dph.

Potential phasing options for selective clearance of towers.



Clearing both towers and rehousing at the same density and 80% of residents would require a total of 5.12ha of land. This would mean that site 2, site 3A and site 3B currently containing the Tynegate Office precinct will be required to accommodate the residents. As this takes up the vast majority of the opportunity sites and potential solution space adjacent to the existing residential units, clearing both towers at this level is not seen to be a realistic option unless additional land is found on a separate site and the density increased.

If the level of retainment was reduced to rehousing 50% of residents and the density is increased to 55dph, the amount of land required is 2.33ha, which would be the majority of site 2. However, consultations with GHC would suggest rehousing just 50% of residents would be unrealistic and very difficult to achieve due to the shortage of council stock available to rehouse them.

## Maisonettes and bungalows

A similar exercise has been carried out for selective clearance of the maisonettes and bungalows. The areas taken up in site 1 have been subdivided into phases as shown in the plan below in order to best cater for the selective clearance option. The amount of land taken up by the maisonettes is 3ha of the 3.8ha in site 1.



Phasing options for the selective clearance of the maisonettes and bungalows

Table 2 shows the results for the amount of land required for clearing one or more phases building back at 40dph and 55dph with variant retainment levels.

Table 2 - Area of land required to rehouse residents at various densities and levels of retainment

Options	No of units	Area in hectares needed to rehouse @100%		Area in hectares needed to rehouse @80%		Area in hectares needed to rehouse @50%	
		at 40dph	at 55dph	at 40dph	at 55dph	at 40dph	at 55dph
Demolish Phase 1	48	1.20	0.87	0.96	0.70	0.60	0.44
Demolish Phase 1 and 2	112	2.80	2.04	2.24	1.63	1.40	1.02
Demolish Phase 1,2 and 3	160	4.00	2.91	3.20	2.33	2.00	1.45

For example, clearing the 48 units in phase 1 at Cathedral Court, 100% of residents can potentially be rehoused at 40dph using the adjacent vacant land and open space including the land taken up by the original housing.

If phases 1 and 2 were cleared, 2.8ha would be required to rehouse 100% of residents which equates to an additional 0.5ha needed to the land taken up by the original housing. This is built at 40dph.

Clearing all phases (160 units); a total of 4ha of land is needed to rehouse 100% of residents at 40dph. Therefore an additional 1ha is needed on top of the area taken up by the original housing to cater for this scenario. If the build back rate was increased to 55dph, 100% of the maisonettes can be rehoused within the site, needing no extra land.

The comparison between the selective clearance of the towers and the selective clearance of the maisonettes with the amount of land required for various scenarios highlights that the clearance of the maisonettes are far more manageable in terms of land use than clearing the towers. Similarly, by phasing the clearance of the maisonettes in such a way, the demand for decant and solution space is far less during redevelopment.

Consultations with the GHC have outlined the popularity of the maisonettes amongst residents. Therefore, it is assumed that a minimum of 80% will have to be rehoused in the area but the fact that 100% can potentially be rehoused at 55dph in site 1 with no additional requirements of land highlights the clearance of maisonettes to be far more manageable.

However, all of the above assume a development of 100% affordable housing. Depending on the percentage of affordable housing, larger areas or additional sites will be required to achieve mixed tenure development.

## **Wholesale Clearance**

Wholesale clearance of all 416 residential units would require the entire site i.e. all opportunity sites (1-4). This is based on clearing the Tyngate Office Precinct, Go Ahead Bus Company depot and other industrial units, which presents difficulties in themselves. Similarly, complete high density residential across the entire site, which would predominantly be affordable housing and council stock for the existing tenants, would not be sustainable nor in keeping with the wider town centre regeneration.

The Chandless estate site is a key gateway plot to the town centre and needs to be developed as such i.e. integrated with the town and surrounding suburbs.

## **Public Realm, Access and Movement**

Whatever option is brought forward, whether it be refurbishment, remodelling, selective clearance or wholesale clearance, public realm improvements will be critical to any option. Improvements to Sunderland Road are currently being planned, but better access to the estate from the north is required along with better pedestrian linkages to the town centre. Pedestrian and car movement around the estate needs to be improved and enhanced, as well as catering for private residential car

parking. Further analysis in public realm and access costs will need to be completed after a better understanding of what is needed is achieved.

## Range of alternative options

A matrix has been developed in order to test a range of alternative options which is included within the appendix. It tests selective and total clearance of maisonettes along with clearing one and both towers. The matrix tests the same options but at rehousing 80% and 70% of residents, building out at 25% and 30% affordability ratio.

The matrix takes the total *developable* land available in each option (i.e. the amount of land that can be built on after clearance of particular units) and examines how much affordable housing will be provided back at the different affordability ratios from a private developer. It is from testing these options and seeing how many affordable units are put back replacing the units that were cleared, that preferred options can be carried forward.

A number of scenarios have been highlighted in each matrix that best suits that option. For example, in matrix 1, scenario 1 examines clearing phases 1 and 2 of the maisonettes and building back at 25% affordable. If sites 1 and 2 were taken, this would give 4.99ha of developable land, delivering 275 units, 69 of which would be affordable. In this option, the number of affordable units required at 80% retainment is 77 units.

There are several variants of options of what units to retain and clear in different set ups but the ones tested give a broad outlook on the sort of outputs that can be expected. Another example would be total clearance of all maisonettes (option 2). In matrix 2, where 70% of residents rehoused is tested, 112 affordable units are required. In this scenario, by taking sites 1, 2 and 3a, a total developable land would equate to 7.91ha delivering 435 units with 108 units affordable.

Similarly, looking at clearing one or both towers as well as the maisonettes i.e. options 3 and 4 in matrix 2, there is not enough affordable units replaced to cater for 70% of the residents displaced. Option 3 requires 201 affordable units, but by taking all developable land other than the Tynegate Office Precinct, only 131 affordable units will be put back. Likewise, option 4 requires 291 affordable units, and despite taking the entire site, only 148 affordable units are rebuilt.

This emphasises the point raised earlier that by clearing the towers, more land is required to cater for the heavy loss of units, particularly building back affordable units for the residents affected. This is an issue that will be considered as work on the alternative options progresses.

---

## **APPENDIX 3: CHANDLESS DEVELOPMENT APPRAISALS**

## Cost Assumptions

This appendix outlines the broad cost assumptions used for the initial draft development appraisals produced for the Chandless estate in Gateshead.

The development appraisals are for feasibility purposes and as such are for indicative purposes only. This appraisal does not constitute a formal valuation and has not been prepared in accordance with the current RICS Appraisal and Valuation standards (Red Book). It will be necessary to undertake a more detailed appraisal including accurate acquisition costs, floor areas, construction costs and phasing of development to name but a few variables.

## On Site Preparation Costs

Demolition and other construction costs have been factored in and are taken as a fixed cost. These include

Item	Cost per item	Total Cost
Demolition of tower blocks (2)	£730,000	£1,460,000
Demolition of maisonette blocks (11)	£120,000	£1,320,000
Demolition of bungalows	-	£36,000
Demolition of garages 3 blocks	-	£17,000
Demolition of children's play area	-	£15,000
Demolition Tynegate office blocks	£450,000	£1,350,000
Demolition of Bus Depot/Workshops	£150,000	£300,000
<b>Total</b>	-	<b>£4,498,000</b>

This list is not exhaustive and are broad costs associated to the proposed development. These will have to be detailed with QS input once a chosen development strategy has been approved.

## On-site development costs

Further development costs include public realm works taken at 2% of costs expected to be provided by a developer. They will differ depending on the level of intervention in each option.

Option	Cost
1	£555,000
2	£1,100,000
3	£1,250,000
4	£1,315,000

### Construction Cost Assumptions

All construction costs are indicative and based on BCIS and in house discussions with our Residential Agents. These costs allow for enabling works, substructures, superstructures, finishes and fixtures, M & E services, external works, incoming services (electricity, gas, telecommunication) and preliminaries. Costs are based on the assumption that each plot is developed by a single developer.

Build costs are taken as

- Apartments - £110/m<sup>2</sup>
- Terraced - £92/m<sup>2</sup>
- Semi detached – £95/m<sup>2</sup>
- Detached - £97/m<sup>2</sup>

We have assumed a developer's profit of 15% on total development cost due to the high risk nature of the development and current market conditions with a 5% contingency.

Construction cost inflation has been put at 4.20% for the first 12 months, 3.70% for the next 12 and 3.50% thereafter, which has been taken from guidance from the BCIS General Building Cost inflation rate.

We have assumed a construction period for each option of development to be 5 dwellings a month on a cleared site.

## Interest, Growth and Sale Assumptions

An interest rate of 7.0% has been applied to the scheme, equating to 2% above the Bank of England Base Rate of 5% (July 2008). It is of course possible that further base rate increases will occur, adding to the cost of borrowing finance and therefore adding to the cost of development. This will inevitably decrease land values or increase the requirement for gap funding (and vice-versa).

A conservative residential growth factor has been applied at 4% which is 4% below the 20 year DCLG Home Index national average growth rate of over 8%. We have assumed that the demand for housing remains at similar levels as at today.

## Further Assumptions

Affordable housing in the form of Social Rented units is assumed to be sold at 70% of open market value.

Any additional design and/or environmental standards will have a potential impact upon costs and values, and the consequent land value/required gap funding generated

No shared ownership has been provided due to discussions with Gateshead Council and GHC who recommended that such units would be inappropriate for this site.

Marketing is allowed for at 0.5% on costs, sales fees at 1% of costs and legal fees at 0.5% of costs. All professional fees including architects, surveyors and engineers are taken at 12.0% of costs.

It is assumed that the developer will foot the bill for any discount in sale values through affordability provision.

## Market Value Assumptions

The appraisals are dated June 2008 and therefore incorporate values and costs attributable to market conditions at this time.

Our opinion of market value for new build properties has been established through comparable evidence gained through market research and incorporates 1, 2, 3 and 4 bed properties. The nature and character of the area are understood. GVA Grimley's considered opinion that realistic sales values are:

- Apartments - £105,000
- Terraced Houses - £115,000

- Semi-Detached Houses - £135,000
- Detached Houses - £155,000

Generic unit sizes have been used for all dwellings in the appraisals taken from similar GVA development work on similar scale projects. These equate to Gross Internal Floor Areas (GIFAs), which match or are above EP design standards Dec 2007:

- Apartments – 66 m<sup>2</sup> (710sq ft) (56.1 m<sup>2</sup>/604 sq ft net saleable)
- Terraced Houses – 77 m<sup>2</sup> (829sq ft) (65.5 m<sup>2</sup>/705 sq ft net saleable)
- Semi-Detached Houses – 93 m<sup>2</sup> (1,001sq ft) (79 m<sup>2</sup>/851 sq ft net saleable)
- Detached Houses – 106 m<sup>2</sup> (1,141sq ft) (90 m<sup>2</sup>/970 sq ft net saleable)

A 15% allowance for gross to net conversion is applied.

No bungalows have been included in any of the developments. If bungalows are required, these will have to be factored into the appraisals and will therefore change the residual value of that site.

House types are assumed and are standard across all sites and are broken down as follows:

- 12.5% Apartments
- 37.5% Terraced
- 37.5% Semi-Detached
- 12.5% Detached

### Costs excluded from the appraisals

Site	Existing units	Number in council ownership	Number in private ownership	Acquisition Costs	Home Loss Payment 10% per unit	Acquisition Contingency @ 20%	Total
Lychgate Court	16	9	7	£560,000	£56,000	£112,000	£728,000

Cloister Court	32	32	0	£0	£0	£0	£0
Cathedral Court	48	46	2	£160,000	£16,000	£32,000	£208,000
Minster Court	24	23	1	£80,000	£8,000	£16,000	£104,000
Lancet Court	40	38	2	£160,000	£16,000	£32,000	£208,000
Abbot Court	128	127	1	£80,000	£8,000	£16,000	£104,000
Monk Court	128	128	0	£0	£0	£0	£0
<b>Total</b>	<b>416</b>	<b>403</b>	<b>13</b>	<b>£1,040,000</b>	<b>£104,000</b>	<b>£208,000</b>	<b>£1,352,000</b>

The acquisition costs are based on CPO with each unit valued at £80,000, incorporating a 10% Home Loss payment per unit and a 20% contingency.

### On site development schedule

The number of units delivered is highlighted below having taken a density of 55dph across the site. It should be noted that the development is envisaged to have a gradient of density dependent on the option.

**Option 1** – Selective clearance of 48 maisonettes, refurbishment and remodelling on remaining maisonettes and tower block building on sites 1 and 2 (6.51ha).

House Type	Number of units
Open Market Apartments	24
Open Market Terraced	72
Open Market Semi Detached	72
Open Market Detached	24
<b>Sub-Total</b>	<b>192</b>
Social Rented Apartments	10
Social Rented Terraced	31
Social Rented Semi Detached	31

Social Rented Detached	10
<b>Sub-Total</b>	<b>82</b>
<b>Total</b>	<b>274</b>

**Option 2** – Total clearance of 156 maisonettes, garages, four bungalows with refurbishment and remodelling of the tower blocks building on sites 1, 2, 3a and 4, essentially leaving Tynegate office precinct (9.18ha)

House Type	Number of units
Open Market Apartments	44
Open Market Terraced	133
Open Market Semi Detached	133
Open Market Detached	44
<b>Sub-Total</b>	<b>354</b>
Social Rented Apartments	19
Social Rented Terraced	57
Social Rented Semi Detached	57
Social Rented Detached	19
<b>Sub-Total</b>	<b>152</b>
<b>Total</b>	<b>506</b>

**Option 3** – Total clearance of all maisonettes, garages, bungalows, office and industrial uses, leaving one residential tower block building on the remainder of the site (10.41 ha)

House Type	Number of units
------------	-----------------

Open Market Apartments	50
Open Market Terraced	150
Open Market Semi Detached	150
Open Market Detached	50
<b>Sub-Total</b>	<b>400</b>
Social Rented Apartments	21
Social Rented Terraced	64
Social Rented Semi Detached	64
Social Rented Detached	21
<b>Sub-Total</b>	<b>170</b>
<b>Total</b>	<b>570</b>

**Option 4** – Total clearance of all maisonettes, garages, bungalows, towers, office and industrial uses building back on the entire site (10.77ha)

House Type	Number of units
Open Market Apartments	52
Open Market Terraced	155
Open Market Semi Detached	155
Open Market Detached	52
<b>Sub-Total</b>	<b>414</b>
Social Rented Apartments	22
Social Rented Terraced	67

Social Rented Semi Detached	67
Social Rented Detached	22
<b>Sub-Total</b>	<b>178</b>
<b>Total</b>	<b>592</b>

## Key Outputs

An affordable ratio of 30% has been applied along with a density of 55dph across the site in each option. Although the preferred option will provide a range of density across the site, a generic density has been used to highlight the gap funding required to deliver the scheme.

## Comparison of Revenue Streams and Costs

The table below highlights the revenue streams and costs arriving at a residual land value. These costs and revenues have taken into account the growth and inflation factors outlined in the construction cost assumptions and the interest, growth and sale assumptions.

It should be noted that this development schedule of costs is as if one developer alone was to clear and prepare the site and develop the new housing. Taking the total costs including developer's profit away from the total revenue produces a residual land value of what a developer can afford to pay for the site, or in this case gap funding required.

### Option 1

	Input	Cost/Value (£)
<b>Revenue</b>	House Sales	£39.7m
	Construction	£27.7m
<b>Costs</b>	Public Realm	£555,000

	Demolition	£737,000
	Professional Fees	£3.3m
	Legal and Agent Fees	£738,000
	Finance Costs	£800,000
	Contingency (5%)	£1.4m
	Developer's Profit	£5.3m
	<b>Residual Land Value</b>	<b>£-830,000</b>

**Option 2**

	<b>Input</b>	<b>Cost/Value (£)</b>
<b>Revenue</b>	House Sales	£78.1m
<b>Costs</b>	Construction	£54.5m
	Public Realm	£1.1m
	Demolition	£1.7m
	Professional Fees	£6.5m
	Legal and Agent Fees	£1.45m
	Finance costs	£1.6m
	Contingency (5%)	£2.7m
	Developer's Profit	£10.5m

	<b>Residual Land Value</b>	<b>£-1.8m</b>
--	----------------------------	---------------

**Option 3**

	<b>Input</b>	<b>Cost/Value (£)</b>
<b>Revenue</b>	House Sales	£90.5m
<b>Costs</b>	Construction	£63m
	Public Realm	£1.25m
	Demolition	£3.77m
	Professional Fees	£7.5m
	Legal and Agent Fees	£1.65m
	Finance costs	£1.8m
	Contingency (5%)	£3.15m
	Developer's Profit	£12.3m
	<b>Residual Land Value</b>	<b>£-3.92m</b>

**Option 4**

	<b>Input</b>	<b>Cost/Value (£)</b>
<b>Revenue</b>	House Sales	£94.5m
<b>Costs</b>	Construction	£65.7m

	Public Realm	£1.31m
	Demolition	£4.5m
	Professional Fees	£7.9m
	Legal and Agent Fees	£1.75m
	Finance costs	£1.9m
	Contingency (5%)	£3.3m
	Developer's Profit	£13m
	<b>Residual Land Value</b>	<b>£-4.86m</b>

The analysis shows the following:

- A negative residual value of -£830,000 for Option 1;
- A negative residual value of -£1.8m for Option 2;
- A negative residual value of -£3.92 for Option 3;
- A negative residual value of -£4.86m for Option 4;

The analysis shows that the costs are significantly higher for Options 3 and 4 which include the demolition of one and two tower blocks respectively.