

Financial Viability Report

Fletcher Fold Road, Bury

Planning Application Reference: 70805

Introduction

This report has been produced by Bolton at Home to support its planning application for the proposed residential development at the land off Fletcher Fold Road, Bury, BL9 9RX.

The site is currently owned by Bury Council and has been brought forward to Bolton at Home for the development of affordable housing.

The site is located on the site of the former Millwood School in Bury which was demolished by Bury Council in 2021 and the site is identified as brownfield land with areas of hard standing and overgrown vegetation. The site is situated at the end of Fletcher Fold Road with a public footpath running through the site leading to Meadway. Existing residential properties are located to the north, west, east and south of the site. The location is close to the A56 Manchester Road leading into Bury town centre and is well served by public transport.

Bolton at Home has worked closely with Bury Council colleagues to provide affordable housing for rent and shared ownership for older people that will meet the needs of Bury residents. The social rented apartments will be allocated to applicants via the Bury Council housing register from who will retain nomination rights in perpetuity. Following completion of the construction and handover of the scheme, Bolton at Home will own and manage the scheme and will be responsible for the maintenance of the homes.

Development Proposals

The proposed scheme consists of 43no. residential homes as detailed below.

No of Plots	Housetype	Beds	Tenure
33	1 bed apartment	1	Social Rent
6	2 bed apartment	2	Social Rent
4	Semi detached bungalow	2	Older Persons Shared Ownership

The 39 apartments will be let at social rents calculated in accordance with government formula. The 4 bungalows will be advertised under the Older Persons Shared Ownership scheme. Bury Council will have 100% nomination rights for the 39 apartments in perpetuity.

Development Costs

A budget estimate for the build cost has been prepared by Bolton at Home's appointed contractor, Tyson Construction Limited who were procured via the ICN Framework. The build costs have been compiled assuming Bolton at Home's standard affordable specification with an upgraded specification for the Older Persons Shared Ownership bungalows. A summary of Tyson's build cost estimate can be found below.

APPROXIMATE AREAS		
Gross internal floor area	2,775m ²	
Gross site area	9,100m ²	
Budget Cost Analysis		
Preliminaries		£743,389
Substructures		£642,501
Superstructures		£3,924,031
Estimated cost of Structures		£5,309,921
External works and drainage and services		£1,151,820
Abnormals:		
Groundworker attendance on piling	£22,385	
Groundworker cropping piles	£15,840	
Piling CFA	£162,297	
Lifts	£33,995	
Building Fabric Specific – Level access floors	£53,750	
Soil stabilization – retaining walls	£16,000	
Ground gas venting – membrane	£19,386	
Isolated metal members – balconies	£87,500	
Raised access floors – works to 1 st and 2 nd floor sound transfer	£92,700	
Landscape maintenance – tree felling and stump grinding	£15,000	
Piped supply systems – dry risers	£11,400	
Sprinkler system	£78,177	
Smoke extract control – AOV's	£20,750	
Supported living upgrades	£150,000	
Landscaping Furniture	£25,875	
Metal support system – brick slip metal support system	£1,860	
Ancon metalwork – brickwork support system	£34,329	
Bungalow white goods upgrade	£5,000	
Sub Total		£846,244
Estimated cost of construction works		£7,307,985
Post contract design fees, overheads and profit		£810,010
Estimated Design & Build Contract Cost		£8,117,995

In addition to these works costs, Bolton at Home have accounted for a figure of £673,270 for land value, fees and interest giving a total scheme cost of £8,791,265.

Gross Development Value

We have sought an independent RICS valuation to establish a gross development value for the scheme which has advised the following open market values:

Housetype	Unit type	Beds	Units	SQM	Total SQM	Market Value	Total Revenue
Social Rent Apartment	1 bed flat	1	33	50	1650	£142,500.00	£4,702,500.00
Social Rent Apartment	2 bed flat	2	6	62	372	£170,000.00	£1,020,000.00
Older Person Shared Ownership Bungalow	2 bed bungalow	2	4	62	248	£220,000.00	£880,000.00
			43		2270		£6,602,500.00

Land Value

Bury Council obtained Cabinet approval to dispose of the land to Bolton at Home at a nominal value of £201,000.00 on the basis it would receive nomination rights in perpetuity. Bolton at Home and the Council are to enter into contracts for the sale and purchase of the land subject to the outcome of the planning application.

Scheme Viability

This is a 100% affordable development for homes for social rent and older persons shared ownership and Bolton at Home assesses these projects based on a 40 year asset retaining NPV model. However, project viability should be assessed at a fixed point in time and the 40 year NPV by its nature is not fixed and is subject to variables over a long period of time. A more appropriate test of fixing viability at a point in time is to consider the gross development value (GDV) against gross development cost (GDC) as if Bolton at Home were to dispose of the properties on the open market at completion.

The gross development value amounts to £6,602,500 and based on the total scheme costs of £8,791,265 detailed above, without any uplift for current market conditions, the costs outweigh the GDV and the scheme shows a deficit of **£2,188,765**.

Conclusion

When considering the viability on a GDV vs GDC basis the project makes a significant negative surplus if all of the properties were to be sold on the open market with no affordable housing being delivered on site; any additional financial planning contributions would generate a further negative surplus for the project rendering it unviable. On this basis, the scheme cannot support s106 financial contributions.

Bolton at Home

August 2024