

Chris Gomm
Bath & North East Somerset Council
Planning Services
Lewis House
Manvers Street
Bath
BA1 1JG

03 February 2020

Dear Chris

VIABILITY: HARTWELL GARAGE SITE, NEWBRIDGE ROAD, BATH, BA1 2PP.

As you are aware we have been engaged in viability discussions with Cushman & Wakefield in respect of the planning application 19/01854/OUT for the proposed redevelopment of the former Hartwell Garage Site at Newbridge Road, since August 2019.

Our initial advice to our client was that the scheme could only support a 10% affordable housing contribution, at a 20% discount to open market rental values, based on our analysis of the available rental evidence, at the time we reported on the viability of the proposed scheme in April 2019. Our report was submitted in support of the planning application.

Cushman & Wakefield undertook a review of the viability assessment and reported their findings in a draft report dated 10th October 2019; their conclusion being that the proposed scheme is viable to deliver 20 affordable units, representing a 19% contribution, at a 40% discount to open market rental values.

Cushman & Wakefield agree with much of our Assessment but there is disagreement on rental levels which leads to a major difference on the capital value of the completed scheme. We entered into subsequent discussions with Cushman & Wakefield and conducted a review of quoting rents across central Bath, along with comparable evidence set by other schemes within the city, as such we have adjusted our opinion of the quantum of affordable housing that can be provided by the proposed development, advising Cushman & Wakefield that we could support a contribution of 16 affordable units (a 15% affordable housing contribution) at a 20% discount to open market rental value. This was communicated to Cushman & Wakefield in correspondence dated 19th December 2019 following a meeting that took place on 10th December to discuss the available rental evidence and how this should be applied to the proposed scheme, when assessing the quantum of affordable housing and level of discount applied to the assessment of viability.

We understand that Cushman & Wakefield have now issued their final report and that their opinion remains unchanged, regardless of the overwhelming evidence provided to support our opinion of the underlying rental value that the proposed scheme will generate. The lack of regard to the evidence provided and their assessment of the rental value of the 1B1P units has artificially enhanced the value

of the scheme, creating the illusion that the scheme is capable of delivering a higher quantum of affordable housing, such that for the rents be considered 'affordable' requires a significantly higher (40%) discount to market value to be applied.

We provided a range of additional comparables in correspondence dated 16th December 2019 and a revised assessment of the level of affordable housing contribution proposed in correspondence dated 19th December 2019. Whilst the level of affordable housing is less than other schemes in Bath, where a discount market rent approach has been adopted, such as Spring Wharf, the proposed discount to market rent is the same at 20%. The above scheme has been used as the main comparable upon which Cushman & Wakefield have assessed the viability of the proposed scheme and no regard has been given to evidence to the contrary.

We understand the Council will be bound to follow the advice provided by Cushman & Wakefield's report, but we are of the opinion that its basis is unsound, the rationale for the higher quantum and discount is as a direct result of the unsustainable rent placed on the 1B1P apartments at £940 per calendar month. Cushman & Wakefield's opinion that the size of the proposed units has no bearing on the rental value when analysed against comparable evidence fails to take account of wider comparables, with an artificial rent being used to support their opinion of value that would not be achievable in the open market.

The 1B1P apartments within the proposed scheme are 334 sq ft in size. When compared to other available units offered for rent in Bath, such as at Fredrick House (Bath Western Riverside), where units are 380 sq ft, 494 sq ft and 598 sq ft, available at quoting rents of £790, £925 & £950 per calendar month respectively, the proposed rent appraised by Cushman & Wakefield are above the rental values quoted and achievable on larger apartments in a better location than the subject property.

As such we request that you provide Cushman & Wakefield with instructions to review the evidence provided and reconsider their assessment or, failing that, at least provide very clear reasoning why this evidence has not been taken into account in their final report.

Yours sincerely



GUY MANSFIELD
DIRECTOR