

A Bilfinger Real Estate  
company



## Final Report

GVA  
10 Stratton Street  
London  
W1J 8RJ

# London Borough of Haringey Site Allocation Viability Assessment

February 2015

# Contents

- 1. INTRODUCTION.....3
- 2. METHODOLOGY .....5
- 3. SITE LIST.....6
- 4. ASSUMPTIONS.....8
- 5. RESULTS.....18

## 1. Introduction

- 1.1 Haringey Council adopted its 'Local Plan: Strategic Policies' document in 2013, which sets out a vision and key policies for the future development of the borough up to 2026. To support this key document, the Council is now in the process of preparing three Development Plan Documents to sit alongside the Local Plan.
- 1.2 These three documents (a Development Management DPD, a Site Allocations DPD and the Tottenham Area Action Plan) will provide more detail on specific policies and area strategies within the Local Plan.
- 1.3 The Site Allocations DPD will set out the location, scale, and time-frame for the most strategic sites in the borough including the majority of new development over the next 20 years. When complete this document will strengthen the Council's control over development on these sites, and will be a key tool in enabling it to bring forward development where necessary.
- 1.4 As part of this process, the Council therefore wants to understand in more detail the potential deliverability of a series of 12 sites across the borough in order to better understand the relationship between location, site type, development types and mixes and headline viability. This is in line with national policy (Paragraph 173 of the NPPF) which requires that local planning authorities give consideration "to viability and costs in plan-making and decision-taking". The NPPF requires that "the sites and the scale of development identified in the plan should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened". After taking account of policy requirements, land values should be sufficient to "provide competitive returns to a willing landowner and willing developer".
- 1.5 This report investigates delivery issues via a high-level assessment of 12 sites, to provide guidance on whether the proposed quantum and mix of floor-space indicates a viable scheme based on the current understanding of development capacity and site constraints.
- 1.6 Assessments have been carried out based on notional development schemes outlined and prepared by Haringey Council officers. These identified broad physical arrangements, derived expected floor areas and indicated the mix of uses.
- 1.7 Residential, employment and retail space values have been determined based on a review of prevailing values in local market areas within the Borough. Differences in values between the east and west of the Borough and the north east and south east are meaningful. A zonal approach to values has been established. Standard

- construction and development costs have been applied. Scheme evolution would be based on independent architectural and cost consultancy advice.
- 1.8 Any site remediation or atypical preparation costs would be confirmed through site specific investigation and costings. This assessment has been carried out by GVA to inform planning policy development and does not represent a formal valuation of any of the sites addressed. The advice within this report is exempt from the current RICS Appraisal and Valuation Standards and as such cannot be regarded as, or relied upon as, a formal valuation.
- 1.9 We note at the outset that viability has been tested using a 50% affordable housing requirement, with a mix of social rent and intermediate tenure within this in line with client guidance, stated policy position and the CIL viability assessment. This has impacted the results of this assessment significantly. We have also tested variances away from this 'policy compliant' position to understand the options the Council may have in bringing development forward.
- 1.10 Broad experience across London is that such levels are frequently achieved in the absence of direct public subsidy. We also note that Haringey has both inner and outer London market characteristics, alongside value differentials between the east and the west of the Borough.
- 1.11 At the same time, Haringey is also extremely dynamic. While the east of the Borough has had historically lower values than the west, Tottenham now has rapidly appreciating values and it is closing the gap to values in the east in Walthamstow and the south in Hackney and Islington to join Crouch End to the west. Market shifts from other areas, significant upgrade of the Victoria Line, growth of employment at Kings Cross and focused regeneration strategies for Tottenham Hale and Tottenham more generally mean that existing values in the east of the Borough can be expected to rise faster than historic rates.
- 1.12 Given the dynamic nature of the market, a frequent review of the results set out here is recommended. This is supported by National Planning Policy Guidance which emphasises that development of plan policies should be iterative, 'with draft policies tested against evidence of the likely ability of the market to deliver the plan's policies, and revised as part of a dynamic process' (Para 005).

## 2. Methodology

2.1 The principal objective of this assessment is to determine at a high level whether the proposed hypothetical schemes on each of the sites are viable.

### Appraisal Model

2.2 To determine development viability, a Residual Development Appraisal Model has been used (Figure 1). The Model assumes that the viability gap is the difference between Gross Development Value and the Total Costs, once an element of developer profit has been taken into account.

2.3 Through the use of the Model, the balance between gross costs and gross values i.e. the viability gap, can be established.

Figure 1: Outline of Residual Development Model

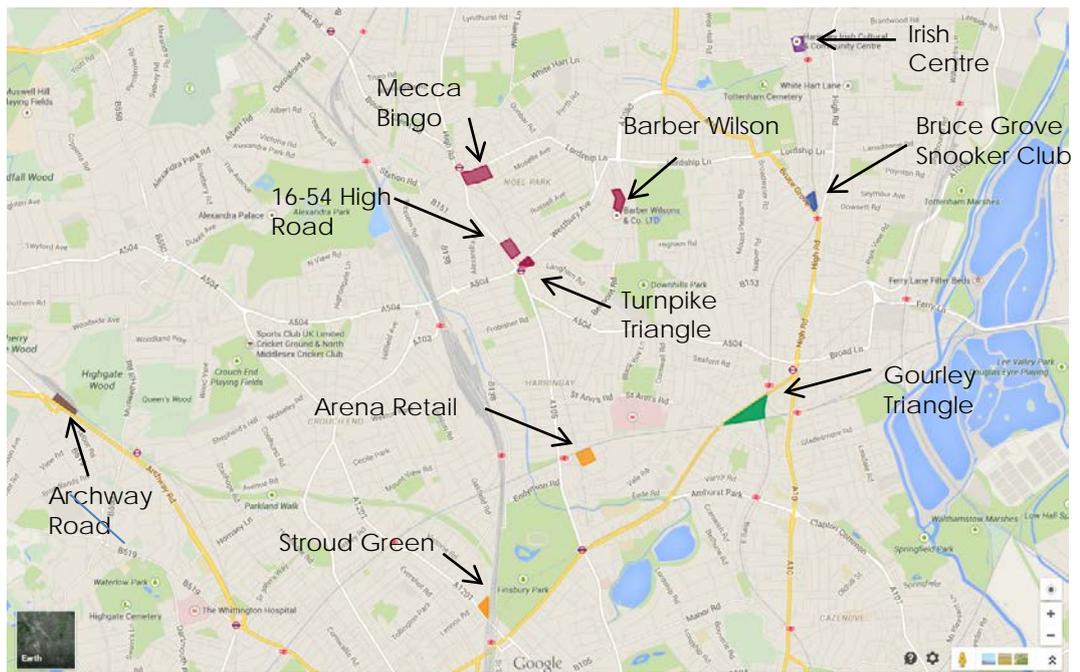
$$\begin{array}{c} \text{GROSS DEVELOPMENT VALUE} \\ \text{(minus)} \\ \text{TOTAL COSTS} \\ \text{(minus)} \\ \text{DEVELOPER'S PROFIT} \\ = \\ \text{RESIDUAL LAND VALUE} \end{array}$$

- Gross Development Value - includes all income generated by the development
- Total Costs – include construction costs, fees, finance charges, marketing costs, and also payments under Mayoral CIL, Borough CIL and residual S106/S273 costs;
- Developer's Profit – is expressed by reference to the Gross Development Value, to the Total Costs, to the Cost of Capital Employed or to an Internal Rate of Return. In this case a blended profit on costs approach is taken.

### 3. Site List

- 3.1 This report provides a high level assessment of the following 12 schemes, which are proposed for allocation in the Site Allocations DPD. All information regarding the mix of uses on the site, the gross area and number of residential units has been provided by Haringey Council based on their understanding of a 'policy compliant' form of development.
- 3.2 For each of the sites, LB Haringey produced a high-level CAD analysis to assess the potential quantum of floorspace that can be provided on the site, as well as the proposed split among use classes. For the residential uses, the Council also provided the total number of residential units that could be delivered on the site, on the basis of an average unit size across the scheme of 70sqm (GIA). Site information is set out below.

Resi-led sites	Area	No of Residential Units	Business Space (sqm)	Town Centre Use (sqm)
Arena Retail	Finsbury Park	693	0	5,390
Stroud Green Rd	Finsbury Park	63	0	490
Archway Rd	Highgate	90	0	0
N of Hornsey Rail Depot	Wood Green	70	0	0
Turnpike Lane Triangle	Wood Green	48	0	371
16-54 Wood Green High Rd	Wood Green	334	0	2,597
L/a Coronation Sidings	Wood Green	87	3,015	0
Mecca Bingo	Wood Green	191	0	1,484
Barber Wilson & Co	Wood Green	66	0	0
Irish Centre	North Tottenham	114	0	2,000 (school)
Bruce Grove snooker	Bruce Grove	61	0	0
Gourley Triangle	Seven Sisters	213	4,976	0



Source: Google maps

## 4. Assumptions

4.1 Within this section we set out the assumptions that have been used to undertake the viability assessment. These are based on advice from the Council, our own and third party market data and 'industry standard' assumptions.

### Proposed Mix of Uses

4.2 Haringey Council has provided a schedule with a proposed mix of uses. The following assumptions have been made.

	Comments
Business	Business space refers to B1/B2 business and 'workspace' type uses. Due to the location of the sites, the costs and values are aligned with town centre office spaces (evidenced through Egi and GVA Agency consultation)
Town Centre Uses	Main 'town centre uses' are defined in the NPPF as retail development (including warehouse clubs and factory outlet centres); leisure, entertainment facilities the more intensive sport and recreation uses (including cinemas, restaurants, drive-through restaurants, bars and pubs, night-clubs, casinos, health and fitness centres, indoor bowling centres, and bingo halls); offices; and arts, culture and tourism development (including theatres, museums, galleries and concert halls, hotels and conference facilities). It is assumed the majority of the space will come forward as town centre retail. Values and costs have been applied accordingly
Residential	It is assumed schemes will be relatively high density, flatted developments of up to 6 storeys, comprising of a mix of 1,2 and 3 bed apartments. Values and costs have been applied accordingly.
Other	We have assumed all other uses e.g. school are cost neutral at this stage in the process

### Development Areas

4.3 The schedule provided by the Council sets out the gross area for each scheme. While gross areas inform costs, we have used the following industry standard assumptions to establish net internal areas, which are used as a basis for receipts calculations.

Use	GEA > GIA	GIA > NIA
Residential	90%	80%
B1 Business/	95%	80%
Retail	95%	70% (lettable area)

4.4 The assumed areas by broad use on each site are as follows.

Site Development Area Assumptions

Scenario	Site Area	Areas (sqm)												Total	
		Employment			Town Centre/Retail			Residential			Number of units	GEA			
		GEA	GIA	NIA	GEA	GIA	Leitable Area	GEA	GIA	NIA					
			95%	80%		95%	70%		95%	80%					
Arena Retail	5.74	0	0	0	5,390	5,121	3,584	51,063	48,510	38,808	693	56,453			
Stroud Green	0.39	0	0	0	490	465.5	326	4,642	4,410	3,528	63	5,132			
Archway Road	1.12	0	0	0	0	0	0	6,632	6,300	5,040	90	6,632			
N of Hornsey Rail	0.7	0	0	0	0	0	0	5,158	4,900	3,920	70	5,158			
Turnpike Lane	0.24	0	0	0	371	352.45	247	3,537	3,360	2,688	48	3,908			
16-54 WGR	1.58	0	0	0	2,597	2,467	1,727	24,611	23,380	18,704	334	27,208			
Coronation Sidings	0.71	3,015	2,864	2,291	0	0	0	6,411	6,090	4,872	87	9,426			
Mecca Bingo	0.7	0	0	0	1,484	1,410	987	14,074	13,370	10,696	191	15,558			
Barber Wilson	1	0	0	0	0	0	0	4,863	4,620	3,696	66	4,863			
Irish Centre	1	0	0	0	0	0	0	8,400	7,980	6,384	114	8,400			
Bruce Grove Snooker	0.5	0	0	0	0	0	0	4,495	4,270	3,416	61	4,495			
Gourney Triangle	2.49	4,976	4,727	3,782	0	0	0	15,695	14,910	11,928	213	20,671			

### Residential Unit Breakdown

- 4.5 The total number of units to be provided on each site has been provided by the Council. We have tested the proposed schemes on the basis of a policy compliant tenure mix (50% private), as well as 60% private and 70% private tenure mix.

Input	Rate	Basis
Private / Market	Scenario 1: 50% Scenario 2: 60% Scenario 3: 70%	Based on guidance from LB Haringey
Social Rent	60% of Affordable Units	Based on guidance from LB Haringey
Intermediate	40% of Affordable Units	Based on guidance from LB Haringey

### Residential Values

#### Private Market Sale

- 4.6 To provide a high level assessment of viability of the sites, GVA has carried out a review of desktop data and contacted local agents in order to arrive at a view on likely private sale prices. This exercise has been conducted at a local market area level.

#### Adopted Private Residential Sales Values (per sqm)

Area 1: Finsbury Park	Area 2: Highgate	Area 3: Wood Green	Area 4: Tottenham North	Area 5: Bruce Grove	Area 6: Seven Sisters
£5,340	£7,500	£5,033	£3,193	£4,011	£4,568

- 4.7 Parking is assumed to be cost neutral and therefore is not included in the appraisal. We have assumed sales rates of 16 residential units per month.

#### Ground Rents

- 4.8 We have adopted a ground rent of £200 per apartment which has been capitalised at 6.00% for all private sale units, in line with the industry standard.

Item	Rate	Comment
Residential Ground Rent (Annual)	£200	Based on comparable evidence and applied to number of Units
Residential Ground Rent - Capitalisation Yield	6%	Based on comparable evidence and applied to Residential Ground Rent (Annual)

### Affordable Housing Values

- 4.9 As set out above, we have assumed a policy compliant affordable housing provision of 50% as a starting point with subsequent scenario tests assessing lower levels of affordable housing provision. Within the affordable component 60% are social rented and 40% are intermediate tenure (shared ownership). We have adopted the following affordable sale calculation assumptions to establish a £psm value.

### Adopted Affordable Sale Calculation Assumptions

Affordable Housing Tenure	Calculation
Intermediate	Assumed that the initial equity tranche to be sold will equate to 35% of the open market value and that a rent of 2.50% rent will be charged on unsold equity. We have deducted 7.00% from the rent to account for management fees, maintenance and bad debts. The rent is capitalised using a yield of 5.50%.
Capped Rent	50% of market rent. We have deducted 40% from the adjusted gross rent to account for management fees, maintenance and bad debts. The net rent is capitalised using a yield of 5.50%.

- 4.10 Using this approach we have adopted the following value assumptions for the purposes of our appraisals. The market sales values are based on land registry sales data, and market rental values are sourced from rightmove/Zoopla.

### Adopted Affordable Sale Values (per sqm)

	Finsbury Park	Highgate	Wood Green	North Tottenham	Bruce Grove	Seven Sisters
Shared Ownership	£3,630	£4,600	£2,805	£1,815	£2,970	£2,158
Social Rented	£1,469	£1,800	£1,364	£1,049	£1,154	£1,561

- 4.11 These £psm values represent a weighted average, calculated on the basis of the following unit mix.

	1 bed Flat	2 bed Flat	3 bed Flat	Comments
% Mix	30%	40%	30%	Based on CIL Viability Study Mix and comparable evidence

### Commercial Values

- 4.12 We have conducted research into local commercial values using egi and focus databases, together with discussions with in-house agency teams, and adopted the following values:-

#### Adopted Commercial Value Assumptions (per sqm)

	Finsbury Park	Wood Green	Seven Sisters	Yield
Commercial (B1/Workspace)	£182	£141	£161	8%
Town Centre Retail	£269	£323	£269	7%

- 4.13 Note no commercial uses are proposed in Highgate, North Tottenham or Bruce Grove value areas.

### Development Costs

- 4.14 We outline below the assumed development costs for the site assessments. These assumptions are based on BCIS, alongside evidence from comparable schemes and in-house expertise.

#### Base Build Costs (per sqm)

Item	Rate	Basis
Residential	£1,800	Based on BCIS/in-house expertise, and applied to GIA
Employment	£1,500	
Retail/Town Centre	£1,300	

- 4.15 No assumption has been made for acquisition costs at this stage.

### Other Development Costs

Item	Rate	Basis
Demolition	£50 psm	Applied to 50% of proposed floorspace
On-site Infrastructure	10%	Applied to all Build Costs
Landscaping	1.5%	Applied to all Build Costs
Development Contingency	10%	Industry standard assumption. Applied to demolition, Build, Infrastructure and Landscaping Costs
Professional Fees (% of build cost)	12%	Industry standard assumption. Applied to Demolition, Build, Infrastructure and Landscaping Costs. Conservative assumption to reflect mixed-use.
Commercial Letting Agency	10%	Industry standard assumption. Applied to Total Business Annual Rent, Total Town Centre / Retail Annual Rent
Commercial agent and Legal Fees (Disposal)	1.75%	Industry Standard Assumption. Applied to Commercial Capital Value
Residential Marketing, Agency and Legal	4%	Industry standard assumption. Applied to Total Residential Revenue
Developer's profit	Private Residential 20.00% on Sale  Affordable Residential 6% on cost  Commercial 20.00% on cost	Industry standard assumption. Blended to give overall rate of 20% on cost (16.7% on sale)

- 4.16 We have not allowed for planning costs. Haringey's CIL Charging Schedule came into force in November 2014. There are three borough charging zones as set out below. A Mayoral CIL charge of £35psm (Zone 2) is also payable on most new development.

Item	Rate	Basis
Mayoral CIL	£35	Payable on most new development. Charge based on net additional floorspace. Applied to 50% of proposed floorspace to account for existing use. Only applied to private residential units.
Borough CIL - Supermarkets	£95	Supermarkets defined as 'shopping destinations in their own right where weekly food shopping needs are met and which can also include non-food floorspace as part of the overall mix of the unit'. No supermarkets proposed on sites.
Borough CIL - Retail Warehouses	£25	Applied to entire borough. No retail warehouses proposed on sites
Borough CIL Office, industrial, warehousing, small scale retail (use class A1-5)	Nil Rate	Not liable to borough CIL charge.
Borough CIL Residential Eastern Zone	£15	Applied to Barber Wilson, Irish Centre, Bruce Grove Snooker Club and Gourley Triangle. Charge based on net additional floorspace. Applied to 50% of proposed floorspace to account for existing use. Only applied to private residential.
Borough CIL Residential Western Zone	£265	Applied to Stroud Green Road and Archway Road Site. Charge based on net additional floorspace. Applied to 50% of proposed floorspace to account for existing use. Only applied to private residential
Borough CIL Residential Central Zone	£165	Applied to N of Hornsey Depot, Turnpike Lane, 16-64 WGHR, Coronation Sidings & Mecca Bingo. Charge based on net additional floorspace. Applied to 50% of proposed floorspace to account for existing use. Only applied to private residential.
S106 Costs	£1,000 per unit	Applied to all residential units. Assumption informed by approach taken in Haringey CIL viability study, and based on in-house experience

### Timings

- 4.17 GVA have made the following assumptions regarding development timings. Note that due to the nature of the schemes proposed, which are likely to come forward in one single phase, we have not made any detailed assumptions regarding build periods or phasing. This also reflects the high level approach to the assessments at this stage in the process.

Input	Rate	Basis
Residential Unit Annual Build Rate	200	Units per annum. Based on comparable evidence
Commercial Rent Free Period (Months)	12	Based on comparable evidence

### Benchmark Land Value

4.18 Establishing the Benchmark against which to compare viability appraisal results is one of the most significant challenges in viability assessments. The Benchmark represents a judgement on the level of value required in order to incentivise a landowner to sell land for development. There is little practical guidance to support this judgement, however a number of factors are relevant in guiding the Benchmark including:

- Landowners expectations including the level of premium necessary to incentivise sale;
- Developer competition driving values upwards in securing land through option or purchase;
- The effect of grant availability (if any) for residential development schemes;
- Planning appeal case decisions concerning the viability of a development scheme;
- The guidance suggested by the Local Housing Delivery Group;
- Guidance issued by the RICS in respect of viability for planning applications;
- The usual practice within London when assessing the viability of planning applications using the GLA Toolkit and guidance from the GLA and the Council.

4.19 For this study we have drawn on benchmark land value evidence provided as part of the Haringey CIL Viability Study, which was approved at Examination in 2014. The Examiner noted that 'in general, the benchmark land values used are sufficiently realistic for comparison purposes in a generic study of this type'. The Haringey CIL Viability Study adopted the following four benchmark values for the residential analysis:

Threshold	Land Value (£per ha)
Higher residential land benchmark	£4.0 million
Medium residential land benchmark	£2.75 million

Lower residential land benchmark	£2.05 million
Employment land benchmark	£0.75 million

- 4.20 Given the sites tested as part of this viability assessment are employment sites including a mix of retail, storage, and depot sites or former community sites we have adopted the employment land benchmark as our first benchmark land value for this study. This will enable an understanding of the 'value uplift' that may be achieved, it is important that the redevelopment value exceeds this benchmark in order to incentivise development.
- 4.21 However, land values can vary significantly across the borough and there is limited recent market data on industrial land transactions in LB Haringey available to act as a wider comparator. To sense check our adopted benchmark we reviewed the industrial land value benchmarks adopted in CIL viability studies in neighbouring boroughs including Barnet, Waltham Forest and Enfield. These are set out in the table below.

**Table 1 Neighbouring Adopted CIL Benchmark Land Values**

Area	Land Value £ per ha	Assumption	Date of CIL Study
Haringey	£750,000	Based on sale in November 2011 of 8.01 hectares of employment land in Tottenham for £5 million, plus allowance of uplift for development of alternative uses.	2013
Waltham Forest	£3,100,000	Based on capital value calculation assuming £5psf industrial rent, 8.5% yield 60% site coverage 2 year deferment plus 20% uplift.	2013
Barnet	£4,500,000	Based on findings from 2010 study	2011
Enfield	£2,200,000	VOA values (2009)	2013

- 4.22 We note that the Haringey industrial benchmark appears low compared to the values adopted in neighbouring boroughs. It is also low in comparison to the latest available VOA land values (2009) for outer London boroughs as set out below.

**Table 2 VOA Industrial Land Values per Ha 2009**

	From £s per ha	To £s per ha	Typical £s per ha
Stratford E15	1,500,000	2,500,000	2,000,000
Islington/Hackney	1,400,000	2,200,000	1,900,000
Barking and Dagenham	760,000	2,725,000	2,000,000
Walthamstow	650,000	2,500,000	1,500,000
North/East Enfield and Haringey	1,700,000	2,434,000	2,192,000

Source: VOA (2009)

- 4.23 To understand the potential impacts of higher land values on site deliverability we therefore have adopted a second, higher benchmark land value. This is based on the average VOA land value for the outer London boroughs in Table 3 , with an uplift applied to reflect the premium that landowners would expect to be realised above the Existing Use Value of a site on selling the site for residential or mixed use development.
- 4.24 We have, taking into account the findings of recent Examination hearings such as the London Lord Mayor's, a recent report by the Local Housing Delivery Group (Viability Testing Local Plans, June 2012) and discussions with our Residential Land Team, assumed that this incentive is 20% above Existing Use Value (EUUV), and that this represents a premium which would be enough to incentivise a landowner to dispose of their landholdings.
- 4.25 On this basis we have adopted the following benchmark land values:

Lower Benchmark	Higher Benchmark
<i>LB Haringey CIL Industrial Benchmark Value (£per ha)</i>	<i>Average VOA land value (2009) plus 20% Uplift (£per ha)</i>

- 4.26 We emphasise, however that these benchmark land values are indicative and only to be used as a guide for testing purposes. No account is taken of individual site or landowner requirements or objectives.

## 5. Results

- 5.1 The summary tables below set out the gross development costs (including profit, but excluding any land costs), the gross revenue, and the overall balance. The balance is also assessed as a percentage of total costs.
- 5.2 The section sets out, in turn, the outputs of three scenario tests that calculate the delivery of:
- 50% private and 50% affordable
  - 60% private and 40% affordable
  - 70% private and 30% affordable

## 50% Private: 50% Affordable

Site	Use	Total costs	Total Value	Residual	Balance as % of Total Costs
<b>Finsbury Park - MIXED TC</b>					
Arena Retail	Mixed (entire scheme)	£173,200,000	£165,200,000	£-7,900,000	-5%
	Residential Element	£160,800,000	£152,400,000	£-8,400,000	-5%
	Commercial Element (TC)	£12,400,000	£12,800,000	£500,000	4%
Stroud Green Rd	Mixed (entire scheme)	£15,100,000	£15,000,000	£-40,000	0%
	Residential Element	£14,000,000	£13,900,000	£-200,000	-1%
	Commercial Element (TC)	£1,000,000	£1,200,000	£100,000	13%
<b>Highgate - RESIDENTIAL ONLY</b>					
Archway Rd	Residential	£20,400,000	£26,400,000	£6,000,000	29%
<b>Wood Green - MIXED TC</b>					
Turnpike Lane Triangle	Mixed (entire scheme)	£11,200,000	£11,000,000	£-200,000	-2%
	Residential Element	£10,400,000	£9,900,000	£-500,000	-5%
	Commercial Element (TC)	£800,000	£1,100,000	£300,000	35%
16-54 Wood Green High Rd	Mixed (entire scheme)	£81,500,000	£76,500,000	£-5,000,000	-6%
	Residential Element	£75,800,000	£69,000,000	£-6,700,000	-9%
	Commercial Element (TC)	£5,700,000	£7,400,000	£1,700,000	30%
Mecca Bingo	Mixed (entire scheme)	£49,400,000	£43,700,000	£-5,700,000	-12%
	Residential Element	£42,500,000	£39,500,000	£-3,000,000	-7%
	Commercial Element (TC)	£3,200,000	£4,200,000	£1,000,000	33%
<b>Wood Green - MIXED B1/B2</b>					
L/a Coronation Sidings	Mixed (entire scheme)	£26,200,000	£21,700,000	£-4,500,000	-17%
	Residential Element	£19,000,000	£18,000,000	£-1,100,000	-6%
	Commercial Element (B1)	£7,200,000	£3,700,000	£-3,400,000	-48%
<b>Wood Green - RESIDENTIAL ONLY</b>					
N of Hornsey Rail Depot Barber Wilson & Co	Residential	£15,300,000	£14,500,000	£-800,000	-5%
	Residential	£14,000,000	£13,600,000	£-300,000	-2%

Site	Use	Total costs	Total Value	Residual	Balance as % of Total Costs
<b>North Tottenham - RESIDENTIAL ONLY</b>					
Irish Centre	Residential	£24,000,000	£15,500,000	£-8,500,000	-36%
<b>Bruce Grove - RESIDENTIAL ONLY</b>					
Bruce Grove Snooker Club	Residential	£13,200,000	£10,100,000	£-3,100,000	-23%
<b>Seven Sisters - MIXED B1/B2</b>					
Gourley Triangle	Mixed (entire scheme)	£58,000,000	£45,300,000	£-12,700,000	-22%
	Residential Element	£93,300,000	£77,600,000	£-15,600,000	-17%
	Commercial Element (B1)	£12,100,000	£7,000,000	£-5,000,000	-42%

### Residual Land Value against Benchmark Land Value

	Low Benchmark Land Value	Residual against industrial benchmark	High benchmark land value	Residual against low residential benchmark
Arena Retail	£4,305,000	£-12,230,000	£13,776,000	£-21,701,000
Stroud Green Rd	£293,000	£-333,000	£936,000	£-977,000
Archway Rd	£840,000	£5,174,000	£2,688,000	£3,326,000
Turnpike Lane Triangle	£180,000	£-427,000	£576,000	£-823,000
16-54 Wood Green High Rd	£1,185,000	£-6,218,000	£3,792,000	£-8,825,000
Mecca Bingo	£525,000	£-6,241,000	£1,680,000	£-7,396,000
L/a Coronation Sidings	£533,000	£-5,042,000	£1,704,000	£-6,214,000
N of Hornsey Rail Depot	£525,000	£-1,338,000	£1,680,000	£-2,493,000
Barber Wilson & Co	£750,000	£-1,088,000	£2,400,000	£-2,738,000
Irish Centre	£750,000	£-9,289,000	£2,400,000	£-10,939,000
Bruce Grove Snooker Club	£375,000	£-3,468,000	£1,200,000	£-4,293,000
Gourley Triangle	£1,868,000	£-14,556,000	£5,976,000	£-18,664,000

## 60% Private: 40% Affordable

	Use	Total costs	Total Value	Residual	Balance as % of Total Costs
<b>Finsbury Park - MIXED TC</b>					
Arena Retail	Mixed (entire scheme)	£174,600,000	£176,700,000	£2,100,000	1%
	Residential Element	£162,200,000	£163,800,000	£1,600,000	1%
	Commercial Element (TC)	£12,400,000	£12,800,000	£500,000	4%
Stroud Green Rd	Mixed (entire scheme)	£15,300,000	£16,100,000	£700,000	5%
	Residential Element	£14,300,000	£14,900,000	£600,000	4%
	Commercial Element (TC)	£1,000,000	£1,200,000	£100,000	13%
<b>Highgate</b>					
Archway Rd	Residential	£20,800,000	£28,700,000	£7,900,000	38%
<b>Wood Green - MIXED TC</b>					
Turnpike Lane Triangle	Mixed (entire scheme)	£11,400,000	£11,700,000	£400,000	3%
	Residential Element	£10,600,000	£10,700,000	£100,000	1%
	Commercial Element (TC)	£800,000	£1,100,000	£300,000	35%
16-54 Wood Green High Rd	Mixed (entire scheme)	£82,600,000	£81,700,000	£-900,000	-1%
	Residential Element	£76,800,000	£74,300,000	£-2,600,000	-3%
	Commercial Element (TC)	£5,700,000	£7,400,000	£1,700,000	30%
Mecca Bingo	Mixed (entire scheme)	£46,200,000	£46,700,000	£500,000	1%
	Residential Element	£43,000,000	£42,500,000	£-600,000	-1%
	Commercial Element (TC)	£3,200,000	£4,200,000	£1,000,000	33%
<b>Wood Green - MIXED B1/B2</b>					
L/a Coronation Sidings	Mixed (entire scheme)	£26,500,000	£23,100,000	£-3,400,000	-13%
	Residential Element	£19,300,000	£19,400,000	£40,000	0%
	Commercial Element (B1)	£7,200,000	£3,700,000	£-3,400,000	-48%
<b>Wood Green - RESIDENTIAL ONLY</b>					
N of Hornsey Rail Depot	Residential	£15,500,000	£15,600,000	£100,000	0%
Barber Wilson & Co	Residential	£14,100,000	£14,700,000	£600,000	4%
<b>North Tottenham - RESIDENTIAL ONLY</b>					

	Use	Total costs	Total Value	Residual	Balance as % of Total Costs
Irish Centre	Residential	£24,200,000	£16,500,000	-£7,600,000	-32%
<b>Bruce Grove - RESIDENTIAL ONLY</b>					
Bruce Grove Snooker Club	Residential	£12,900,000	£10,800,000	-£2,100,000	-16%
<b>Seven Sisters - MIXED B1/B2</b>					
Gourley Triangle	Mixed (entire scheme)	£58,400,000	£48,700,000	-£9,700,000	-17%
	Residential Element	£46,300,000	£41,700,000	-£4,600,000	-10%
	Commercial Element (B1)	£12,100,000	£7,000,000	-£5,000,000	-42%

### Residual Land Value against Benchmark Land Value

	Industrial Benchmark Land Value	Residual against industrial benchmark	Low residential benchmark land value	Residual against low residential benchmark
Arena Retail	£4,305,000	-£2,224,000	£13,776,000	-£11,695,000
Stroud Green Rd	£293,000	£454,000	£936,000	-£190,000
Archway Rd	£840,000	£7,099,000	£2,688,000	£5,251,000
Turnpike Lane Triangle	£180,000	£180,000	£576,000	-£216,000
16-54 Wood Green High Rd	£1,185,000	-£2,040,000	£3,792,000	-£4,647,000
Mecca Bingo	£525,000	-£51,000	£1,680,000	-£1,206,000
L/a Coronation Sidings	£533,000	-£3,944,000	£1,704,000	-£5,116,000
N of Hornsey Rail Depot	£525,000	-£454,000	£1,680,000	-£1,609,000
Barber Wilson & Co	£750,000	-£170,000	£2,400,000	-£1,820,000
Irish Centre	£750,000	-£8,384,000	£2,400,000	-£10,034,000
Bruce Grove Snooker Club	£375,000	-£2,449,000	£1,200,000	-£3,274,000
Gourley Triangle	£1,868,000	-£11,545,000	£5,976,000	-£15,654,000

## 70% Private: 30% Affordable

	Use	Total costs	Total Value	Residual	Balance as % of Total Costs
<b>Finsbury Park - MIXED TC</b>					
Arena Retail	Mixed (entire scheme)	£176,000,000	£188,100,000	£12,100,000	7%
	Residential Element	£163,600,000	£175,300,000	£11,600,000	7%
	Commercial Element (TC)	£12,400,000	£12,800,000	£500,000	4%
Stroud Green Rd	Mixed (entire scheme)	£15,600,000	£17,100,000	£1,500,000	10%
	Residential Element	£14,500,000	£15,900,000	£1,400,000	10%
	Commercial Element (TC)	£1,000,000	£1,200,000	£100,000	13%
<b>Highgate</b>					
Archway Rd	Residential	£21,200,000	£31,100,000	£9,900,000	46%
<b>Wood Green - MIXED TC</b>					
Turnpike Lane Triangle	Mixed (entire scheme)	£11,500,000	£12,500,000	£1,000,000	8%
	Residential Element	£10,700,000	£11,400,000	£700,000	6%
	Commercial Element (TC)	£800,000	£1,100,000	£300,000	35%
16-54 Wood Green High Rd	Mixed (entire scheme)	£83,600,000	£86,900,000	£3,300,000	4%
	Residential Element	£77,900,000	£79,500,000	£1,600,000	2%
	Commercial Element (TC)	£5,700,000	£7,400,000	£1,700,000	30%
Mecca Bingo	Mixed (entire scheme)	£46,800,000	£49,700,000	£2,900,000	6%
	Residential Element	£43,600,000	£45,500,000	£1,800,000	4%
	Commercial Element (TC)	£3,200,000	£4,200,000	£1,000,000	33%
<b>Wood Green - MIXED B1/B2</b>					
L/a Coronation Sidings	Mixed (entire scheme)	£26,700,000	£24,400,000	£-2,300,000	-9%
	Residential Element	£19,600,000	£20,700,000	£1,100,000	6%
	Commercial Element (B1)	£7,200,000	£3,700,000	£-3,400,000	-48%
<b>Wood Green - RESIDENTIAL ONLY</b>					
N of Hornsey Rail Depot	Residential	£15,700,000	£16,700,000	£1,000,000	6%

	Use	Total costs	Total Value	Residual	Balance as % of Total Costs
Barber Wilson & Co	Residential	£14,200,000	£15,700,000	£1,500,000	11%
<b>North Tottenham - RESIDENTIAL ONLY</b>					
Irish Centre	Residential	£24,300,000	£17,600,000	£-6,700,000	-28%
<b>Bruce Grove - RESIDENTIAL ONLY</b>					
Bruce Grove Snooker Club	Residential	£13,000,000	£11,600,000	£-1,400,000	-11%
<b>Seven Sisters - MIXED B1/B2</b>					
Gourley Triangle	Mixed (entire scheme)	£58,800,000	£52,100,000	£-6,700,000	-11%
	Residential Element	£46,700,000	£45,100,000	£-1,600,000	-3%
	Commercial Element (B1)	£12,100,000	£7,000,000	£-5,000,000	-42%

### Residual Land Value against Benchmark Land Value

	Industrial Benchmark Land Value	Residual against industrial benchmark	Low residential benchmark land value	Residual against low residential benchmark
Arena Retail	£4,305,000	£7,781,000	£13,776,000	£-1,690,000
Stroud Green Rd	£293,000	£1,241,000	£936,000	£598,000
Archway Rd	£840,000	£9,023,000	£2,688,000	£7,175,000
Turnpike Lane Triangle	£180,000	£787,000	£576,000	£391,000
16-54 Wood Green High Rd	£1,185,000	£2,138,000	£3,792,000	£-469,000
Mecca Bingo	£525,000	£2,351,000	£1,680,000	£1,196,000
L/a Coronation Sidings	£533,000	£-2,846,000	£1,704,000	£-4,018,000
N of Hornsey Rail Depot	£525,000	£430,000	£1,680,000	£-725,000
Barber Wilson & Co	£750,000	£747,000	£2,400,000	£-903,000
Irish Centre	£750,000	£-7,480,000	£2,400,000	£-9,130,000
Bruce Grove Snooker Club	£375,000	£-1,776,000	£1,200,000	£-2,601,000
Gourley Triangle	£1,868,000	£-8,535,000	£5,976,000	£-12,643,000

---

## Commentary

- 5.3 Generally, across the majority of the 'policy compliant' notional schemes identified by Haringey Council, development does not generate a positive residual land value. As such they would be considered to be unviable when compared to the indicative benchmark land values required to incentivise landowners to bring forward development.
- 5.4 There are a series of factors which underlie the findings that the notional development schemes for a number of the identified sites are unviable at a policy compliant levels of affordable housing provision:
- In some locations, particularly in the east of the Borough, private market residential values are currently lower than nearby areas;
  - A requirement of 50% affordable housing limits receipt potential;
  - Employment space values remain relatively moderate, in and of themselves and also when compared to residential values..
- 5.5 A small number of schemes in Finsbury Park and Stroud Green approach a positive residual land value for the notional development schemes with 50% affordable housing provision. Whilst the schemes remain unviable when compared to benchmark values, the results suggest that an adjustment to the affordable housing provision requirement would deliver a more viable scheme in, at least, these locations.
- 5.6 Our site specific assessment suggests that a reduction of the affordable housing requirement to the 40% range could result in a number of sites becoming more viable within the locations that have stronger existing value profiles. Our assessment would suggest that developments within the Finsbury Park, Highgate and Wood Green areas are likely to become more viable at if requirements were in the 40% range. It is worth noting that even at this rate some of the notional developments remain below the identified benchmark land value.
- 5.7 Whilst these areas become more viable, those in the north east and south east remain unviable even with a reduced contribution. A combination of modest value increases and tactical approaches to affordable housing requirements and mix of use may advance these sites towards viability.
- 5.8 Haringey sits within London's dynamic residential value context. It can also be anticipated that private market values will increase in coming years in response to: market shifts from other areas resulting from value increases in those areas, significant upgrade of the Victoria Line, growth of employment at Kings Cross and focused regeneration strategies for Tottenham Hale and Tottenham more generally.

Negotiation or moderation of affordable housing requirements can provide a further boost to viability.

- 5.9 The retail market in Haringey is strong, particularly in the Wood Green and Finsbury Park sub-markets. This is reflected in the results of the high level testing which suggests that residential and retail mixed use developments are viable, if the affordable housing contribution is reduced. Retail values are, however very sensitive to localised, frontage conditions, therefore we recommend that further, detailed testing is carried out, particularly on sites where viability is marginal or there is a large retail component within the scheme.
- 5.10 In contrast, mixed use schemes with a B1/workspace element are not currently viable. However, it can be expected that current employment space values will improve following transport infrastructure upgrades, a growth in the number of central city employees in the local residential mix and delivery of significant place-making and strategic projects at locations such as Tottenham Hale and White Hart Lane.