

Gail White

From: Matthew Phillips
Sent: 02 July 2012 09:14
To: planning_admin
Subject: FW: Former Gatewen Colliery, Wrexham - Affordable Housing Viability
Attachments: Scenario 1.pdf; Scenario 2.pdf; Wrexham.xls

please add email and attached as discharge of conditions - affordable housing to P/2008/0790

From: James Harland [mailto:James.Harland@conwy.gov.uk]
Sent: 19 June 2012 11:29
To: Luke Brafield; David Morris
Cc: Matthew Phillips; David Dodge
Subject: RE: Former Gatewen Colliery, Wrexham - Affordable Housing Viability

Dear all

Many thanks for sending through the relevant detail. I have some concerns that there may be some double counting between what was paid for the land and the 'known' abnormals/obligations/build costs that requires further investigation and supporting evidence. However, I also appreciate that the costs provided do not include finance costs, which would again impact on the appraisal. I also appreciate that the assessment appraisal undertaken by Conwy is somewhat different to the approach taken to date for the site in terms of viability and AH levels

Conwy work on the basis that that land has been purchased at the right price and not at an inflated price based on known obligations and constraints at the time. The majority of developer negotiation over viability at planning applications stage focuses on the land cost and potential associated double counting between the purchase cost, abnormals, finance and build costs. There are still a number of unknowns to undertake a full appraisal, so 2 scenarios are attached and detailed below for discussion. A copy of the full appraisal is also attached.

Overall, based on the DAT assessment, there seems some evidence to suggest a re-negotiated percentage downwards.

Scenario 1: Based on all costs provided being correct and no double counting.

A negative value is concluded against the land value when run at 100% market i.e. revenue is 43m and costs 46m. This assumes an inflated land value if abnormals and obligations were known at purchase.

Scenario 2: Reduced land value to take account of known abnormals and obligations

It would seem that based on the land value given (6.1m), and assuming that the majority of the abnormals (4.6m) and planning obligations (1m) were potentially known at purchase, the land cost to date is inflated in principle. That is, based on a DV land value of approx 8m (8 hectares at 1m per hectare) the land should have been negotiated at a lower price i.e. approximately 2.3m (£8m minus £4.6m & £1m). Assuming the reduced land value, the affordable calculation concludes a positive affordable housing requirement of 10% with a small commuted sum against the reduced land value

The scheme could also be run against what the affordable policy was at the time of purchase i.e. was the land value negotiated on the basis of the known affordable policy. However, based on past correspondence, there was no AH requirement.

Further Investigation

There are number of questions and related evidence base that requires further discussion based on the above, which is likely to alter the findings:

1. Sales Values. The sales values are based on schemes in Conwy. Higher or lower values will again impact and require discussion if different.
2. Of the abnormal costs of 4.6m of what costs were known at purchase and negotiated in the price? I have assumed that all were known at purchase.
3. Of the abnormals, how many are included within the build costs such as landscaping, code level 3, highways and utility connection. The build costs within the DAT take on board an element of off/on-site works.

4. Land Finance
5. Developer Profit levels.

Overall, there seems to be evidence to suggest an inflated land cost assuming known abnormals and obligations. There could also be some double counting between the abnormal costs and the given build costs in the assessment e.g. code level 3, utility connection, etc, which may require re-assessment of the attached. However, the assessment points to evidence to reduce the percentage from 20%.

I would also advise involving Dr Andrew Golland from 3 Dragons in drawing up final assessments for Committee in terms of convincing Members of any reduced percentage.

Regards

James

From: Luke Brafield [mailto:LBrafield@morstonassets.com]
Sent: 18 June 2012 17:16
To: James Harland; David Morris
Cc: Matthew Phillips; David Dodge
Subject: RE: Former Gatewen Colliery, Wrexham - Affordable Housing Viability

James

The below information is provided on a strictly private and confidential basis and without prejudice.

The land cost to date is £6,186,835, and the abnormal costs associated with development are £4,618,289.

Should you have any queries, please do not hesitate to contact me. Has Matthew authorised you to release the appraisal to us for review when completed? I understand this will be tomorrow morning. Thank you in advance.

Regards

Luke

From: James Harland [mailto:James.Harland@conwy.gov.uk]
Sent: 18 June 2012 08:53
To: Luke Brafield; David Morris
Cc: Val Ryder; Matthew Phillips; David Dodge
Subject: RE: Former Gatewen Colliery, Wrexham - Affordable Housing Viability

Yes, I had to take unexpected leave on Friday.

I will not be attendance at the meeting but will finalise the DAT as soon as the requested data below is provided.

Just what you paid for the land and abnormals will complete the assessment.

James

From: Luke Brafield [mailto:LBrafield@morstonassets.com]
Sent: 15 June 2012 12:41
To: James Harland; David Morris

Cc: Val Ryder; Matthew Phillips; David Dodge
Subject: RE: Former Gatewen Colliery, Wrexham - Affordable Housing Viability

James

I have just telephoned your office to discuss the below, however I was notified that you are away on annual leave today. Based on the below exchange of emails, I understood that you would be completing the DAT exercise today.

We are very keen for this to be completed and supplied back to Wrexham Council today. We are meeting at 10.00 on 21st June at Wrexham's office to discuss the exercise, will you be in attendance?

I would be much obliged if you telephone me on 07554 458346 to discuss the information you require. Thank you in advance.

Regards

Luke Brafield

From: James Harland [mailto:James.Harland@conwy.gov.uk]
Sent: 14 June 2012 15:28
To: David Morris
Cc: Val Ryder; Matthew Phillips; David Dodge; Luke Brafield
Subject: RE: Former Gatewen Colliery, Wrexham - Affordable Housing Viability

Yes, shouldn't be a problem.

Just what you paid for the land and abnormals will complete the assessment.

Thanks

From: David Morris [mailto:DMorris@morstonassets.com]
Sent: 14 June 2012 15:13
To: James Harland
Cc: Val Ryder; Matthew Phillips; David Dodge; Luke Brafield
Subject: RE: Former Gatewen Colliery, Wrexham - Affordable Housing Viability

James,

Unfortunately I can't assist you with this query at the present, as my development colleague Luke Brafield is on annual leave today and I don't have that info at hand in my office. My colleague David Dodge may be able to supply you with that information today; however he is in meetings all afternoon in Scotland, so that may be a bit tight, depending on what time the meetings finish.

If the information is supplied to you in the morning, will you still be able to run the DAT tomorrow and supply the information to Matthew?

Regards

David

From: James Harland [mailto:James.Harland@conwy.gov.uk]
Sent: 14 June 2012 14:41
To: David Morris
Cc: Val Ryder; Matthew Phillips; David Dodge; Luke Brafield
Subject: RE: Former Gatewen Colliery, Wrexham - Affordable Housing Viability

David

I'm just running this through.

I require two bits of info to finalise:

1. Abnormal Costs:
2. Acquisition Cost:

Could please provide and I'll finalise the DAT.

Thanks

James

From: David Morris [<mailto:DMorris@morstonassets.com>]
Sent: 14 June 2012 10:06
To: James Harland
Cc: Val Ryder; Matthew Phillips; David Dodge; Luke Brafield
Subject: Former Gatewen Colliery, Wrexham - Affordable Housing Viability



James,

Many thanks for the discussion this morning, following on from the previous emails. I am conscious of the time/workload pressures you have been under recently with regard to the UDP and I am pleased you are now in a position to respond.

As discussed, we have a meeting with Wrexham next Tuesday 19th to discuss your feedback/assessment of the information submitted to you by Matthew. As such, I am pleased that you have agreed to review this information this afternoon and provide Matthew with a response today/tomorrow.

This will enable our meeting to still go ahead and assess what feedback/further information discussions may be required to bring this matter to a conclusion.

I have attached our covering letter to the submission, which hopefully provides a bit more background information. As discussed, when we purchased the site the adopted planning policy at the time did not propose any affordable housing on the site.

I am on annual leave next week but if you need anything further, please do not hesitate to contact my colleagues David Dodge or Luke Brafield; both of whom are copied into this email.

Regards
David

Regards
David Morris
Head of Town Planning
T +44 (0)7717 866138

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