

Financial Appendices 1-3 Herbert Avenue Development

Appendix 2 - Herbert Avenue Development

Long-Term Cashflow	Year	1	2	3	4	5	6	7	8	9	10	11
Gross Residential Rent		(195,536)	(200,424)	(205,435)	(210,571)	(215,835)	(221,231)	(226,762)	(232,431)	(238,242)	(244,198)	(250,303)
Service Charges		(1,027)	(1,053)	(1,079)	(1,106)	(1,134)	(1,162)	(1,191)	(1,221)	(1,251)	(1,282)	(1,315)
Void Loss & Write Offs		3,921	4,019	4,119	4,222	4,328	4,436	4,547	4,661	4,777	4,897	5,019
Gross Rent after allowance for Void Loss & Write Offs		(192,642)	(197,458)	(202,394)	(207,454)	(212,641)	(217,957)	(223,406)	(228,991)	(234,715)	(240,583)	(246,598)
Management & Maintenance Costs		23,953	24,552	25,166	25,795	26,440	27,101	27,778	28,473	29,185	29,914	30,662
Major Repairs		23,985	24,465	24,954	25,453	25,962	26,482	27,011	27,551	28,102	28,664	29,238
Annual operational spend		47,938	49,017	50,120	51,248	52,402	53,582	54,789	56,024	57,287	58,579	59,900
Net Income before debt repayment		(144,704)	(148,441)	(152,274)	(156,206)	(160,239)	(164,374)	(168,616)	(172,967)	(177,428)	(182,005)	(186,698)
Repayment of Borrowing (principal + interest)		92,878	92,878	92,878	92,878	92,878	92,878	92,878	92,878	92,878	92,878	92,878
Cash outflow / (inflow)		(51,826)	(55,563)	(59,397)	(63,328)	(67,361)	(71,497)	(75,738)	(80,089)	(84,551)	(89,127)	(93,820)
Cumulative cash outflow / (inflow)		(51,826)	(107,389)	(166,786)	(230,115)	(297,476)	(368,972)	(444,711)	(524,800)	(609,350)	(698,477)	(792,298)
Long-Term Cashflow	Year	13	14	15	16	17	18	19	20	21	22	23
Gross Residential Rent		(262,974)	(269,548)	(276,287)	(283,194)	(290,274)	(297,531)	(304,969)	(312,594)	(320,408)	(328,419)	(336,629)
Service Charges		(1,381)	(1,416)	(1,451)	(1,487)	(1,524)	(1,563)	(1,602)	(1,642)	(1,683)	(1,725)	(1,768)
Void Loss & Write Offs		5,273	5,405	5,540	5,679	5,821	5,966	6,115	6,268	6,425	6,586	6,750
Gross Rent after allowance for Void Loss & Write Offs		(259,082)	(265,559)	(272,198)	(279,003)	(285,978)	(293,127)	(300,456)	(307,967)	(315,666)	(323,558)	(331,647)
Management & Maintenance Costs		32,214	33,020	33,845	34,691	35,559	36,448	37,359	38,293	39,250	40,231	41,237
Major Repairs		30,419	31,027	31,648	32,281	32,926	33,585	34,257	34,942	35,641	36,353	37,081
Annual operational spend		62,633	64,047	65,493	66,972	68,485	70,033	71,615	73,235	74,891	76,585	78,318
Net Income before debt repayment		(196,449)	(201,512)	(206,705)	(212,031)	(217,493)	(223,095)	(228,840)	(234,732)	(240,775)	(246,973)	(253,329)
Repayment of Borrowing (principal + interest)		92,878	92,878	92,878	92,878	92,878	92,878	92,878	92,878	92,878	92,878	92,878
Cash outflow / (inflow)		(103,571)	(108,634)	(113,827)	(119,153)	(124,615)	(130,217)	(135,963)	(141,855)	(147,898)	(154,095)	(160,452)
Cumulative cash outflow / (inflow)		(994,503)	(1,103,137)	(1,216,965)	(1,336,118)	(1,460,733)	(1,590,950)	(1,726,913)	(1,868,768)	(2,016,666)	(2,170,761)	(2,331,212)

Financial Appendices 1-3 Herbert Avenue Development

Long-Term Cashflow	Year	25	26	27	28	29	30	31	32	33	34	35
Gross Residential Rent		(353,671)	(362,513)	(371,576)	(380,865)	(390,387)	(400,146)	(410,150)	(420,404)	(430,914)	(441,687)	(452,729)
Service Charges		(1,857)	(1,904)	(1,951)	(2,000)	(2,050)	(2,102)	(2,154)	(2,208)	(2,263)	(2,320)	(2,378)
Void Loss & Write Offs		7,092	7,269	7,451	7,637	7,828	8,024	8,225	8,430	8,641	8,857	9,078
Gross Rent after allowance for Void Loss & Write Offs		(348,436)	(357,147)	(366,076)	(375,228)	(384,609)	(394,224)	(404,079)	(414,181)	(424,536)	(435,149)	(446,028)
Management & Maintenance Costs		43,325	44,408	45,518	46,656	47,822	49,018	50,243	51,499	52,787	54,107	55,459
Major Repairs		38,579	39,350	40,137	40,940	41,759	42,594	43,446	44,315	45,201	46,105	47,027
Annual operational spend		81,903	83,758	85,655	87,596	89,581	91,612	93,689	95,814	97,988	100,212	102,486
Net Income before debt repayment		(266,533)	(273,389)	(280,421)	(287,632)	(295,028)	(302,612)	(310,390)	(318,367)	(326,548)	(334,938)	(343,542)
Repayment of Borrowing (principal + interest)		92,878	92,878	92,878	92,878	92,878	92,878	92,878	92,878	92,878	92,878	92,878
Cash outflow / (inflow)		(173,655)	(180,512)	(187,543)	(194,754)	(202,150)	(209,734)	(217,513)	(225,490)	(233,670)	(242,060)	(250,664)
Cumulative cash outflow / (inflow)		(2,671,838)	(2,852,350)	(3,039,893)	(3,234,647)	(3,436,797)	(3,646,532)	(3,864,044)	(4,089,534)	(4,323,204)	(4,565,264)	(4,815,928)
Long-Term Cashflow	Year	37	38	39	39	40	41	42	43	44	45	46
Gross Residential Rent		(475,648)	(487,539)	(499,728)	(499,728)	(512,221)	(525,026)	(538,152)	(551,606)	(565,396)	(579,531)	(594,019)
Service Charges		(2,498)	(2,560)	(2,625)	(2,625)	(2,690)	(2,757)	(2,826)	(2,897)	(2,969)	(3,044)	(3,120)
Void Loss & Write Offs		9,538	9,776	10,021	10,021	10,271	10,528	10,791	11,061	11,338	11,621	11,912
Gross Rent after allowance for Void Loss & Write Offs		(468,608)	(480,323)	(492,331)	(492,331)	(504,640)	(517,256)	(530,187)	(543,442)	(557,028)	(570,954)	(585,227)
Management & Maintenance Costs		58,267	59,724	61,217	61,217	62,747	64,316	65,924	67,572	69,261	70,993	72,767
Major Repairs		48,927	49,905	50,904	50,904	51,922	52,960	54,019	55,100	56,202	57,326	58,472
Annual operational spend		107,194	109,629	112,120	112,120	114,669	117,276	119,943	122,671	125,463	128,318	131,240
Net Income before debt repayment		(361,414)	(370,694)	(380,211)	(380,211)	(389,971)	(399,980)	(410,244)	(420,770)	(431,565)	(442,635)	(453,988)
Repayment of Borrowing (principal + interest)		92,878	92,878	92,878	92,878	92,878	92,878	92,878	92,878	92,878	92,878	92,878
Cash outflow / (inflow)		(268,537)	(277,817)	(287,334)	(287,334)	(297,093)	(307,102)	(317,367)	(327,893)	(338,688)	(349,758)	(361,110)
Cumulative cash outflow / (inflow)		(5,343,953)	(5,621,770)	(5,909,103)	(5,909,103)	(6,206,196)	(6,513,299)	(6,830,665)	(7,158,558)	(7,497,246)	(7,847,003)	(8,208,113)

Financial Appendices 1-3 Herbert Avenue Development

Long-Term Cashflow	Year	48	49	50
Gross Residential Rent		(624,091)	(639,694)	(655,686)
Service Charges		(3,278)	(3,360)	(3,444)
Void Loss & Write Offs		12,515	12,827	13,148
Gross Rent after allowance for Void Loss & Write Offs		(614,855)	(630,226)	(645,982)
Management & Maintenance Costs		76,451	78,362	80,322
Major Repairs		60,835	62,051	63,292
Annual operational spend		137,286	140,414	143,614
Net Income before debt repayment		(477,569)	(489,812)	(502,368)
Repayment of Borrowing (principal + interest)		92,878	92,878	92,878
Cash outflow / (inflow)		(384,691)	(396,935)	(409,490)
Cumulative cash outflow / (inflow)		(8,965,557)	(9,362,491)	(9,771,981)

Appendix 3 - Herbert Avenue Development Appraisal Assumptions

Accommodation Schedule

	Number of units	Unit size m2	Unit type	Rent per week
Accessible				
Flat	1	46	1b2p	137.74
Flat	1	60	2b3p	172.03
Flat	1	73	3b5p	215.68
Standard				
Flat	2	29	1b2p	102.42
Flat	12	52	2b3p	149.10
Flat	7	60	3b5p	177.25
	24			

Rent Levels

This scheme will be charged at Affordable Rent level at level as per above

For comparison the LHA levels are shown below, the above rent levels have been adjusted to take account of the smaller internal floor area of the units when compared to national minimum space standards

	LHA level for info	Social Rent for information
1-bed	£137.74pw	£75.57pw
2-bed	£174.90pw	£88.26pw
3-bed	£218.63pw	£96.21pw

Financial Appendices 1-3 Herbert Avenue Development

Market rent equivalent including service charge and parking spaces

1-bed	£128.03pw, £172.18pw
2-bed	£186.73pw, £215.04pw
3-bed	£221.56pw, £269.60pw

Affordable Rent

Service Charges	£7pw additional to Social rent, included in Affordable rent
Build costs	£2,169 m2
Contingency	5% build contingency
Void and bad debts	1% each
Management & Maintenance	12.5% of rental income
Major Repairs	Value determined using componentised depreciation based on unit construction
Loan interest rate %	3.0%
Loan term and type	50 year annuity

Financial Appendices 1-3 Herbert Avenue Development

On costs/Fees element	Amount
Architects fee (up to planning)	£38,000
Carbon reduction statement	£2,000
Development Team	£85,000
Ecological survey and associated works	£8,000
Employers Agent fee	£20,000
Ground investigation	£13,000
Legal fees	£2,500
Planning application fee & Heathland Mitigation	£8,400
Contingency - 10%	£17,690
Total	£194,590