

## Confidential Appendix B – FINANCIAL EVALUATION

*Please note that the following appendices are not for publication by virtue of Paragraph 3 - Information relating to the financial or business affairs of any particular person including the authority holding that information*

	Note	HRA
		16.25% discount on marketing value
<b>Number of units</b>		7
<b>Total open market value</b>	1	£1,273,000
<b>Agreed offer price</b>	2	£1,066,138
<b>Clerk of Works</b>	3	£10,661
<b>Legal</b>	4	£10,500
<b>Surveys/Valuation</b>	5	£2,100
<b>Stamp Duty</b>	6	£35,806
<b>Capitalised project management costs / officer time</b>	7	£21,323
<b>Contingency</b>	8	£10,700
<b>Total on-costs</b>		£91,090
<b>Total Capital cost</b>	9	£1,157,228
<b>Av capital cost per unit</b>	10	£165,318
<b>Rent per unit per month</b>	11	£577.85
<b>Investment after RTB receipt (where applicable) per unit</b>	12	£115,722
<b>30 year return on net capital investment</b>	13	6.5%

### **Notes to table:**

1. *This is based on developer's marketing value as at 28.08.19*
2. *Purchase price agreed for 7 houses. 16.25% below marketing value. A formal valuation to ratify these figures as good value for money will be commissioned if purchase progresses.*
3. *Additional resource for Clerk of Works/ Buyer's Representative role 1% of purchase price. This role will be responsible for some, limited quality inspections with enhanced oversight at completion, acting as a Buyer's Representative in terms of snagging and handover.*
4. *Legal Costs – Estimate of £1,500 per property.*
5. *Allowance of £300 per property for formal valuation.*
6. *Stamp duty is as per the HMRC website and is adjusted for multiple dwelling relief.*

7. *Project management cost internally of 2% of Purchase Price. This represents a reduction on the 4% charged on full development schemes given the lessened level of workload involved in an acquisition project compared with a development project.*
8. *Contingency assumes 1% of the purchase price for potential upgrades to the specification for an affordable rent product.*
9. *Total capital cost is the total of the purchase price plus on-costs.*
10. *Average capital cost per unit is the total capital cost divided by the number of units.*
11. *Rent figures for the HRA are based on Local Housing Allowance.*
12. *This figure shows the average investment required to deliver these units after the right-to-buy receipts, where applicable.*
13. *For the HRA this figure shows a net return on the council's own capital investment. It excludes the right-to-buy receipts.*