



Viability Appraisal

Proposed Redevelopment of

Grovelands Chapel

553 Oxford Road

Reading

January 2019

Proposed Redevelopment of Grovelands Chapel Viability Appraisal

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Section 1

Executive Summary

The purpose of this document is to examine the development economics of a proposal to redevelop Grovelands Chapel, 553 Oxford Road, Reading.

The proposal is for the provision of a ground floor community space and 10 flats on the upper floors together with external works and associated drainage.

Option 1 is the submitted planning application (ref 181555) which comprises the complete demolition of the existing chapel and construction of new build accommodation. Option 2 comprises retention of some of the chapel façades, full retention and refurbishment of the chapel tower, porch and vestibule and construction of new accommodation.

Reading Borough Council's Principal Planner Ms Alison Amoah confirmed by email to CPL Architects on 17 December 2018 that;

'With regard to the viability work ...this should be the comparison between 1) the proposed scheme, i.e. with demolition and rebuild, and 2) reusing some/ all of the existing building (e.g. front façade) to create the same scheme with respect to overall total quantum of community and residential floorspace.'

The construction cost for Option 2 is greater than Option 1 as retaining the facades has abnormal costs associated with the temporary support and associated design, repairs and strengthening of the facades and alterations of openings to align with the new floor levels, plus an extended construction period for these works. There would also be additional costs associated to professional fees and contingency. We have reviewed HMRC's rules regarding retained facades and VAT. It is very likely that in these circumstances VAT at 20% would apply to the works if Option 2 is pursued. We would advise that a specialist be consulted on the VAT issue should a condition of the development be that the facades are retained.

For the purposes of this exercise we have used costs generated from historical tender information as opposed to BCIS figures (Building Cost Information Service (published by the RICS)), although, in our experience, the two are closely aligned. We have also used construction rates for the adjacent Wilson Road site as a basis, this site being previously presented to Reading Council which they considered reasonable.

This report demonstrates that Our Client will make a considerable loss if Option 2 is implemented, whereas the completely new build Option 1 enables the community element to be funded by the residential sales.



Section 2

The Proposed Development

The current proposal is for community space to ground floor and 2nr 1 bedroom flats, 6nr 2 bedroom flats and 2nr 3 bedroom flat. The total gross internal floor area (GIFA) of the flats represents 712m² (7664 ft²). These areas being the total sales areas excluding community space and common areas.

The accommodation is as follows:-

Flat	Type	Bedrooms	Persons	Area (m2)
Flat 1	Affordable rent	2	3	61
Flat 2	Affordable rent	1	2	50
Flat 3	Private sale	2	4	70
Flat 4	Private sale	2	4	75
Flat 5	Shared ownership	3	6	100
Flat 6	Private sale	2	3	61
Flat 7	Private sale	1	2	50
Flat 8	Private sale	2	4	70
Flat 9	Private sale	2	4	75
Flat 10	Private sale	3	6	100
			Total	712 m2

**Table 1 – Sales/rental
Areas**

Additionally the building contains common areas as follows. These areas have been measured electronically from drawings RCC.17 sk002, sk003 using Adobe Acrobat 7.0 Standard.

Floor	Location	Area m2
Ground Floor	Circulation area	27
First Floor	Lobbies, hallways, corridors and stairs	58
Second Floor	Lobbies, hallways, corridors and stairs	58
	Total	143 m2

Table 2 – Common Areas

Finally, the proposed community space on the ground floor is as follows.

Floor	Location	Area m2
Ground Floor	Community space	370
	Total	370 m2

Table 3 – Community space



Section 3

Methodology

This document uses a simple approach to appraise economic viability. We have used a previously accepted rate with Reading Borough Council for the adjacent site in Wilson Road for sales value. This rate of £337.00/ft² has been reduced for the shared ownership properties and reduced further for the affordable rent units.

The Residual Method of Valuation has been used. Firstly, the value of the completed development is assessed, and secondly the costs of the development for both options are calculated.

The difference between the total development value and the costs equate to the profit or loss. The Client's main aim is to provide a community space at Oxford Road that they and others in the community can use which is funded by the sale of the flats on the upper floors. In the event that any additional profit is made, this will be reinvested into the work of the charity across the various sites in Reading in which the Client operates. In order to compare which scheme will satisfy these requirements both options are assessed.

The proposed options will produce the same number and size of flats and community space, and therefore the sales values for each option are the same. The construction and project costs differ as set out in the following tables.

Section 4 - Cost Plan

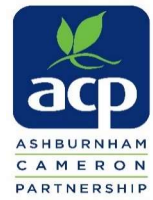


553 Oxford Road Reading Feasibility Cost Analysis Option 1 10 Units plus Community Space	Comments
DETAILS OMITTED FOR CONFIDENTIALITY	



553 Oxford Road Reading Feasibility Cost Analysis Option 2 10 Units plus Community Space Façade Retention DETAILS OMITTED FOR CONFIDENTIALITY	Comments

Section 5 - ECONOMIC VIABILITY APPRAISAL



DETAILS OMITTED FOR CONFIDENTIALITY



Section 6

Commentary on Appraisal

Build Costs

We have prepared costs from real data gathered from both preparing and receiving tenders. ACP prepare tenders on behalf of main contractors but we also act as traditional Quantity Surveyors. The data received is adjusted for anomalies or abnormals and a range of figures are used to predict m2/ ft2 costs for the construction.

Exceptional Costs

- Professional Costs at 8% for Option 1 and 10% for Option 2, increase due to greater design requirements working with the retained façade.
- Contingencies have been added at 5% increasing to 8% for Option 2.
- We have assumed a structural warranty of £2,000 per unit.
- Contractors preliminaries have been added at £5,000 per week assuming a 52 week build period for Option 1 and 65 weeks for Option 2 due to increased complexity of demolition and construction as a result of partial demolition and façade retention.
- Contractors overheads and profit are added at 10%.



Section 7

Conclusion

It is evident in table 4 that the retained façade proposal produces a loss to the Client and is therefore not viable.

<u>Scenario</u>	<u>Profit on Cost</u>	<u>Profit on GDV</u>
New build complete	6.8%	6.36%
Retained facades	-18.54%	-22.77%

Table 4 Summary



CPL Chartered Architects

Viability Assessment Addendum

Architecture and Design Considerations

Proposed Redevelopment at
Grovelands Chapel
553 Oxford Road
Reading

Planning Application reference: 181555



Introduction

Following the Planning Committee meeting on 5 December 2018, the councillors decided to defer the decision until:

1. A Heritage Impact Assessment had been produced by a heritage consultant
2. A Financial Viability Assessment has been produced by a qualified cost consultant

Reading Borough Council's Principal Planner Ms Alison Amoah confirmed by email on 17 December 2018 that;

'the viability and the heritage work should be undertaken by an independent person/company. With regard to the viability work ...this should be the comparison between 1) the proposed scheme, i.e. with demolition and rebuild, and 2) reusing some/ all of the existing building (e.g. front façade) to create the same scheme with respect to overall total quantum of community and residential floorspace.'

1. A Heritage Impact Assessment has been procured by the applicant. It has been produced by Heritage Planning Services Ltd, a professional heritage consultancy run by Sam Driscoll BA (Hons), MA, MCIfA. The Chartered Institute of Archaeologists states that MCIfA is;

'our highest level of accredited membership, open to those with the greatest level of responsibility and competence within the historic environment sector with sole responsibility to initiate, negotiate, carry out and/or delegate, and bring to conclusion pieces of work. Members are in charge of organising and running large, complex projects from beginning to end, or in highly skilled, specialist work'

2. A financial viability assessment has been produced by Ashburnham Cameron Partnership, Chartered Surveyors and Construction Consultants under the direction of Executive Director David Norwood BSC (Hons) MRICS. The Royal Institution of Chartered Surveyors (RICS) states that;

'MRICS demonstrates to colleagues, clients and peers that you have a chartered qualification and work to the highest industry standards'

Summary:

The reports requested by Reading Borough Council have been produced by suitably qualified and independent professionals.

This addendum to the Financial Viability Assessment includes the drawings* on which the viability assessment has been based. It also sets out viability considerations regarding Architectural Design.

CPL Chartered Architects is an RIBA registered practice and as such has a duty to offer professional and impartial advice to all its clients.

**Note that Option 1 drawings are the submitted planning application designs, available online, and have therefore not been included in this document.*



Option 1

Option 1 comprises the submitted planning design. The drawings and associated documents are available to view online using the application reference number 181555.

The key aspects of the design, accommodation and benefits of the scheme are set out in full in the planning application documentation and in the planning officer's committee report.

In summary, this option provides a sustainable and high quality new building providing a ground floor flexible community space and ten new flats to replace the existing chapel buildings, which are proposed to be demolished. Great care has been taken to ensure that the design of the new building:

- responds positively to its context and contributes positively to the character of the area
- re-uses key features of the existing chapel and references important architectural features of the chapel
- complies with planning policy
- avoids overlooking, unacceptable mass and overbearing relationship to surrounding properties



Option 1 - proposed 3d view



Option 2

By request from Reading Borough Council, Option 2 comprises of;

'...reusing some/ all of the existing building (e.g. front façade) to create the same scheme with respect to overall total quantum of community and residential floorspace.'

Concept Drawings with accurate floor areas and floor levels have been produced and these have informed the financial viability assessment by the cost consultant. The drawings are included in this addendum.

Design Summary:

- In order to provide the same quantum of accommodation as Option 1, the existing chapel roof has to be removed and the rear of the building has to be substantially extended, including along Wilson Road.
- The existing tower, vestibule and porch are to be retained and refurbished. These contain the date stone, cupola and stained glass.
- The existing hall has to be demolished to enable the provision of outdoor play space for the nursery and sufficient car parking
- A new structural steel frame is proposed to support the retained north and west façades of the chapel along Oxford Road and Wilson Road
- The new structure also supports a new first and second floors which rises above the existing facade. In order to provide the floor area required, this is proposed as a mansard roof structure with dormer windows and roof lights. It is considered that such a form would likely have a detrimental impact on the appearance of the retained chapel façades.
- The existing chapel windows are not at the right levels to suit the new first floor accommodation. In practise, many of the window openings would have to be modified in size, and new windows punched into the existing retained façades, in order to provide adequate light, views and ventilation for the new residential accommodation. This would again have a detrimental impact on the retained façades.
- As the existing façades to be retained are set back from the street, compared to Option 1 (new build) which more closely follows the building line of the Oxford Road terrace, more bulk is required to the rear of the site. This creates a mass and proximity to neighbouring properties along Wilson Road which was previously considered by Reading Borough Council to be unacceptable and was one reason for refusal of the previous planning application submitted in 2017.
- Windows in the new external walls would not line through with the existing chapel windows
- This option would not (easily) provide private outdoor amenity space for the flats, contrary to planning policy
- It is considered that Option 2 would not address several of the concerns raised by local neighbours and the Design Review Panel in terms of mass, appearance, scale and form.



OXFORD ROAD

RED WALL HATCH DENOTES WALL RETENTION

RED WALL HATCH DENOTES FACADE RETENTION

ENTRANCE TO NURSERY

NEW HARD LANDSCAPE

ENTRANCE TO COMMUNITY SPACES

PORCH

LOBBY

OFFICE/RECEPTION

RED WALL HATCH DENOTES FACADE RETENTION

NEW SOFT LANDSCAPE

SECONDARY COMMUNITY ACCESS

WILSON ROAD

EXISTING VEHICULAR CROSSOVER, FOOTPATH AND KERB TO BE REINSTATED.

NEW VEHICULAR ACCESS AND CROSSOVER

CARPARK

NEW COVERED BRICK BIN AND BIKE STORE

NEW TARMAC CARPARK

NEW EXTERNAL WALLS

DASHED BLUE LINES DENOTE EXISTING WALLS AND FIXTURES TO BE DEMOLISHED

CIRCULATION CORE FOR FLATS AND CYCLE STORE FOR COMMUNITY USE

ENTRANCE TO FLATS

DASHED LINE DENOTES EXTENT OF OVERHANGING UPPER FLOOR

BLANK GABLE (NO WINDOWS) ON PLANNING APPROVAL

APPROX LINE OF NEW DWELLINGS PROPOSED AS PART OF CONSENTED PLANNING APPLICATION BY OTHERS REF: 160180

EXISTING HALL TO BE DEMOLISHED TO PROVIDE SPACE FOR REQUIRED NURSERY PLAY AREA AND CAR PARKING

OUTLINE OF FORMER INDUSTRIAL UNIT NOW DEMOLISHED (DASHED BLUE)

OUTLINE OF FORMER INDUSTRIAL UNIT NOW DEMOLISHED (DASHED BLUE)

SECONDARY ENTRANCE TO NURSERY

NURSERY GARDEN (SOFT PLAY)

KITCHEN/STORES/WCs

STAFF/STORES

KITCHEN/WCs/STORES

LOBBY

FOYER/HALL

NURSERY/HALL

MODIFY WINDOW TO PROVIDE DOORS

SLIDING FOLDING WALL

YELLOW HATCH DENOTES NEW COMMUNITY SPACE

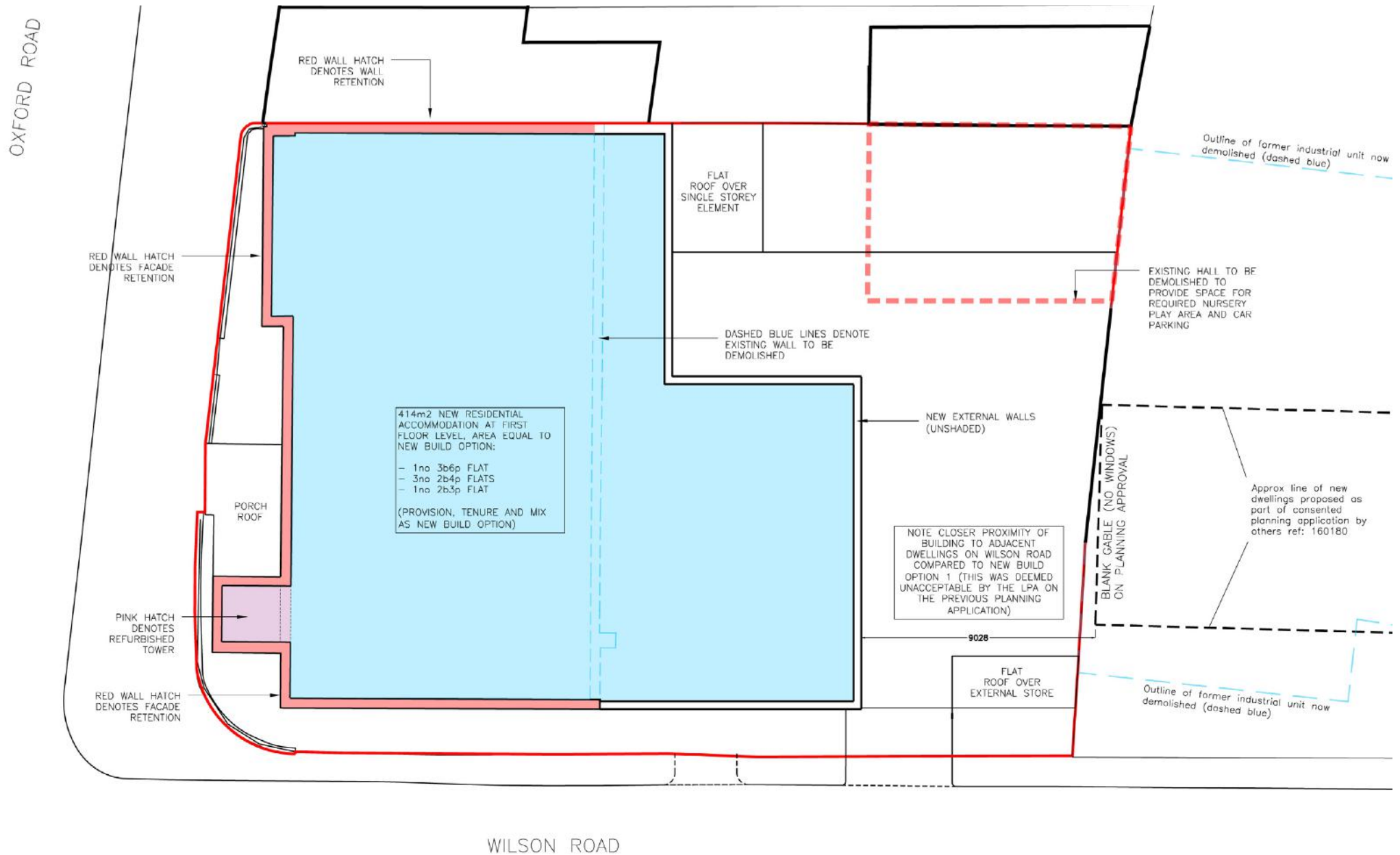
DASHED BLUE LINE IS MAIN EXTERNAL WALL OF SOUTH FACADE TO BE DEMOLISHED

WILSON ROAD



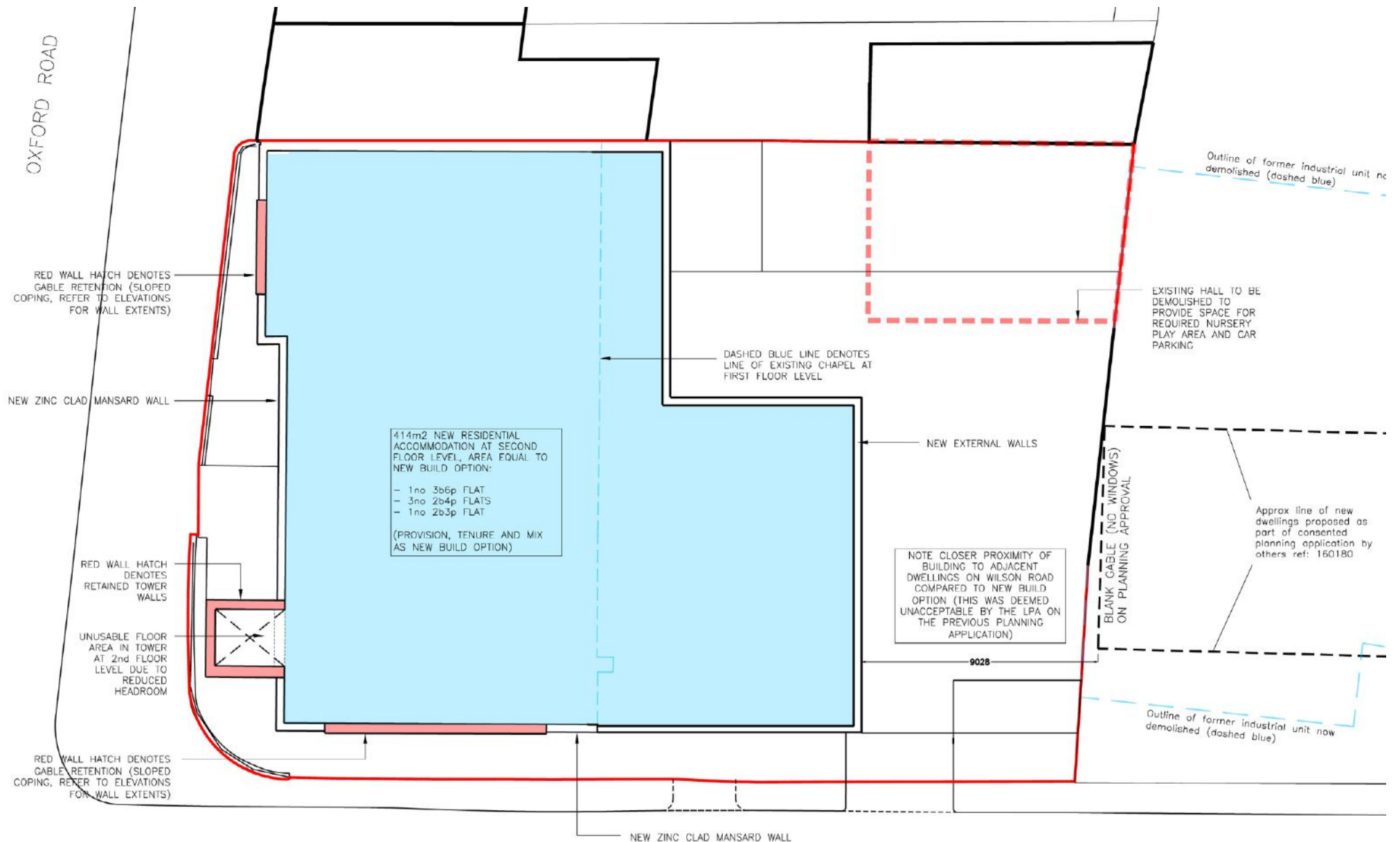
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Option 2 First Floor Plan





Option 2 Second Floor Plan





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Option 2 North Elevation (Oxford Rd) showing facade retention and mass of extension





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Option 2 West Elevation (Wilson Rd) showing facade retention and mass of extension

