

53-55 Vastern Road, Reading



**An updated Report of the Financial Viability of the proposed
application for residential development including retail floorspace
at Vastern Road, Reading**

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An updated Executive Summary of the Financial Viability of the proposed application for residential development including retail floorspace at Vastern Road, Reading.

A detailed Financial Viability Assessment (FVA) was submitted in February 2020 to accompany the submission of a detailed planning application for the redevelopment of former SSE site on 53-55 Vastern Road, Reading, RG1 8BU.

The submitted detailed planning application seeks permission for;

'the demolition of existing structures and erection of a series of buildings ranging in height from 1 to 11 storeys, including residential dwellings (C3 use class) and retail floorspace (A3 use class), together with a new north-south pedestrian link connecting Christchurch Bridge to Vastern Road'

The development proposals are for 209 new residential properties together with a new café and pedestrian/cycleway through the site providing a key connection from Reading Station to Caversham.

As part of the previously submitted FVA, the existing use value of the site, market values and build costs are supported by independent consultant reports. In summary, the FVA sets out the development appraisal inputs for the proposed redevelopment of the site in order to demonstrate why the site is not able to deliver any affordable housing. The report submitted in February 2020, demonstrated that the proposed scheme, prior to any market growth assumptions, fails to produce an acceptable return and is therefore unable to provide any affordable housing.

Discussions have been held between the applicant and Local Authority over the past year in relation to the submitted planning application. This has resulted in additional costs attributed to the proposed redevelopment of the site. These include;

- An increase of £1.367m to cover the switch from an all-electric energy strategy to air source heat pumps and gas boilers
- An increased carbon off-set payment of £228,420 so cover the increased carbon reduction required.
- A £200,000 contribution to the Local Authority to cover the full cost of the new Vastern Road Crossing, linking Caversham directly to the Reading station and town centre
- Amendments to the constructions costs to reflect amendments to the design of the scheme in discussions with the Local Authority.
- Amendments to the CiL and third party costs following discussion with the Local Authority

This updated FVA concludes that subject to the increased costs associated with the proposed redevelopment of the site, prior to any market growth assumptions, the proposed scheme still fails to produce an acceptable return and therefore is unable to provide any affordable housing.

The following is a summary of the main inputs into the financial appraisal:

	Proposed Scheme
Revenues	
Private Sale Properties	£78,574,580
Total Revenue	£78,574,580
Costs	
Build Costs	£51,517,409
Revised Energy Cost and Vastern Road Crossing	£1,795,937
Professional Fees	£ 4,121,580
Sales, Letting & Marketing	£3,661,256
Finance Cost	£6,708,785
S106 / CiL / 3 rd Party Costs	£2,441,704
Land Cost	£9,600,000
Land Costs (SDLT & Fees)	£768,000
Total Costs	£80,614,670
Overheads and Profit (OH&P)	-£2,040,090
Benchmark OH&P	£15,714,916
Deficit	-£ 17,755,006

The report demonstrates that the proposed scheme remains in deficit to an acceptable benchmark margin of £17.755m; an increased deficit of £2.45m compared to the original FVA submission in February 2020.