



**LANCASTER
CITY COUNCIL**

Promoting City, Coast & Countryside

INDIVIDUAL CABINET MEMBER AND OFFICER DELEGATED DECISIONS

THURSDAY, 11 APRIL 2019

Please find enclosed a Decision Notice in connection with the following:

ICMD6 Bold Street Housing Regeneration (Pages 1 - 25)

Please note that this is subject to call-in.

Queries regarding these documents

Please contact Tessa Mott, Democratic Services - telephone 01524 582074, or e-mail tmott@lancaster.gov.uk.

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Town Hall,
Dalton Square,
Lancaster,
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Published on THURSDAY, 11 APRIL 2019

LANCASTER CITY COUNCIL

Promoting City, Coast & Countryside

EXECUTIVE DECISIONS TAKEN BY CABINET PORTFOLIO HOLDER NOTICE OF DECISION

THIS SECTION TO BE COMPLETED BY THE PORTFOLIO HOLDER AND CONTACT OFFICER

TITLE OF DECISION: BOLD STREET HOUSING REGENERATION			
NAME OF DECISION TAKER:	COUNCILLOR EILEEN BLAMIRE		
POSITION AND RESPONSIBILITY HELD:	LEADER OF THE COUNCIL		
CONTACT OFFICER:	TOM BROWN, ECONOMIC DEVELOPMENT OFFICER		
TELEPHONE:	01524 582326		
E-MAIL:	tbrown@lancaster.gov.uk		
Details of Decision:			
<p>(1) Reaffirm PlaceFirst as the council's preferred developer for the Bold Street scheme.</p> <p>(2) Officers negotiate and secure an option agreement contract with PlaceFirst to develop Bold Street for housing for private market rent.</p> <p>(3) To dispose of site to PlaceFirst for £1, at best consideration as supported by the March 2019 independent valuation report.</p>			
Reasons for the decision:			
<p>To affirm Cabinet's September 2016 decision to dispose of site to PlaceFirst, but to recognise that this is no longer at an undervalue due to an updated valuation report that indicates the site has costly ground conditions to overcome.</p> <p>Changes in the Cabinet meeting timetable and upcoming elections could delay the decision until late June. It is advantageous to secure an earlier decision and for the council to contract as soon as possible with PlaceFirst to end site liabilities and see the construction of new homes progress.</p>			
IS THE DECISION URGENT			
NO			
PLEASE DELETE AS APPROPRIATE AND GIVE REASONS FOR URGENCY BELOW:			
I CONFIRM THAT I HAVE BEEN CONSULTED ON THE ABOVE DECISION AND THAT IT IS URGENT AND REASONABLE IN ALL THE CIRCUMSTANCES. (IN ACCORDANCE WITH SECTION 17 OF THE OVERVIEW & SCRUTINY PROCEDURE RULES)			
SIGNATURE OF THE OVERVIEW & SCRUTINY CHAIRMAN: N/A			
I confirm that I have taken account of the options proposed by officers, the various implications set out in the report and the comments of the Monitoring and Section 151 Officers and am authorising the decision as set out above.			
SIGNATURE OF DECISION TAKER:	Councillor Eileen Blamire		
DATE:	11.04.19		
<i>THIS SECTION TO BE COMPLETED BY DEMOCRATIC SERVICES</i>			REF NO.
			ICMD6
DATE DECISION TAKEN:	11.04.19	DATE RECEIVED BY DEMOCRATIC SERVICES:	11.04.19
DATE DECISION PUBLISHED:	11.04.19	IMPLEMENTATION DATE (publication day + 5 working days):	23.04.19



Bold Street Housing Regeneration

11 April 2019

Report of Director for Economic Growth and Regeneration

PURPOSE OF REPORT			
To update Cabinet Member on progress with the Bold Street housing regeneration scheme and to confirm PlaceFirst as the council's developer and to dispose of the site for best consideration to enable new housing development to proceed.			
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input checked="" type="checkbox"/> Referral from Cabinet Member
Date of notice of forthcoming key decision	27 February 2019		
<p>This report is partially exempt from publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972. Exempt section – Appendix 2 – PlaceFirst Summary Development Appraisal and officer comments</p>			

RECOMMENDATIONS OF COUNCILLOR EILEEN BLAMIRE

- (1) Reaffirm PlaceFirst as the council's preferred developer for the Bold Street scheme.
- (2) Officers negotiate and secure an option agreement contract with PlaceFirst to develop Bold Street for housing for private market rent.
- (3) To dispose of site to PlaceFirst for £1, at best consideration as supported by the March 2019 independent valuation report.

1.0 Introduction

1.1 The Bold Street Regeneration Scheme consists of a previously cleared housing site in Morecambe's West End. The original aims of the scheme were to attract a private developer to deliver quality housing stock, reverse the negative perception of the West End as a place to live and act as a demonstration to the market (refer to Relationship to Policy Framework).

At its meeting in 6 September 2016 Cabinet resolved (Item no. 17):

To approve PlaceFirst as the council's preferred to developer for the site, subject to:

- *The satisfactory completion of due diligence and any appropriate negotiations, to help ensure deliverability, suitability and financial viability of the proposed scheme;*
- *No further site assembly/clearance costs falling on the Council.*

To dispose of the site to PlaceFirst at less than best consideration, up to a maximum undervalue of £60,000, recognising that this action is in support of improving the economic, social and environmental wellbeing of the area given the scheme benefits.

1.2 Informing the 2016 Cabinet decision was an independent valuation that noted the site's marginal nature, due to low house prices and potential ground condition issues. The valuer stated that any increases in development cost would result in a significant decrease in the viability of the development. As part of their detailed development work PlaceFirst commissioned a ground investigation survey and the results indicate the load bearing of the ground is poor, requiring abnormal costly groundworks to stabilise house construction.

1.3 Members should also note that the option to develop council housing on this site has previously been discounted due to Members' desire to secure an improved tenure mix in the West End and to provide something other than a low / social rent type tenure, of which the West End has an abundance. From a management perspective, 37 properties in the West End separate from any estate would not operationally practical

2.0 Proposal Details

2.1 PlaceFirst's most current proposal is a new build mix of houses and apartments with gardens, car parking and landscaping for private market rent (Appendix 1 – PlaceFirst Development Proposal). The development will consist of:

- 15 x 4 bed terraced houses,
- 16 x 2 bed apartments
- 6 x 1 bed apartments.

2.2 The housing mix is based on PlaceFirst's award-winning refurbishments and this new build scheme aims to set a similar high standard. Given the success of West End One, and the high level of interest in the second phase, the new build houses and apartment on Bold Street will add to tenure choice in the West End. Planning approval is required, however, there are no issues reported in the ability to secure approval for this development proposal. Members will recall that PlaceFirst's West End One development won the 2017 Sunday Times Homes Award for best refurbishment. In 2018 they also won three further Sunday Times awards for their Welsh Streets project in Liverpool – a development proposal that was supported by Liverpool councillors' visit to the West End to review PlaceFirst's work.

2.3 PlaceFirst's business model depends on attaining a minimum yield on their development costs. The challenges of the local market limit the rental income and, when set against the high cost of development, Bold Street is a marginal proposition. From their projections, the forecast yield is lower than PlaceFirst would normally work to, but they are still keen to continue to invest in Morecambe (Exempt Appendix 2 – PlaceFirst Summary Development Appraisal and officer comments).

2.4 The council intends to use the same form of contract, an option agreement, as used previously for the second phase of Chatsworth Gardens. The form of contract has already been agreed and will save both time and cost. The contract provides PlaceFirst with the option to acquire the Bold Street site and to only build the agreed development. If a start is not made in 12 months then the council can exercise a reverse option to buy the site back. The consideration given for both the option and the reverse option is £1 (Refer to Legal Implications).

2.5 The principal challenges to developing a viable scheme are:

- House prices in Heysham North at £109K are £76K lower than the Northwest average (Office for National Statistics Dec 2018).
- Poor ground conditions require specialist costly works far in excess of a regular site.
- Construction costs are equal to or greater than development value.
- The triangular plot and surrounding buildings limits the number of units on site.

2.5 The 2019 valuation report states that the site has nil value. This confirms that in disposing of the Bold Street site for £1 to PlaceFirst the council is still achieving best value (Appendix 3 – Independent site valuation).

3.0 Details of Consultation

3.1 Officers briefed the Housing Regeneration Cabinet Liaison Group meeting on 11 February 2019 on Bold Street’s updated design proposals and financial challenges. Members asked questions of officers and there was an open discussion. The development proposal was received favourably

4.0 Options and Options Analysis [including risk assessment]

	Option 1: Re-market the site by holding a new developer procurement process.	Option 2: Continue with PlaceFirst as preferred developer and enter into option agreement to dispose of site
Advantages	None as it is unlikely any other developer (either in the sale or RSL market) would be interested in the site and/or able to develop a viable proposition.	Award winning developer is a known quality and keen to invest further in Morecambe. Current proposal represents two years’ design and development work to overcome site viability challenges. Advanced stage of development planning with significant costs incurred, demonstrates commitment to achieving an early start if approved
Disadvantages	Time and resources to undertake procurement Previous open procurement resulted in no interest from the market, except PlaceFirst. It highly unlikely any new developer interest will materialise Further delay and cost to bring forward new scheme, including increased holding and maintenance costs. Damage to an excellent working relationship with an award winning developer that wants to invest more in Morecambe and the district.	None
Risks	Loss of existing opportunity with PlaceFirst. Fail to secure new interest, or interest of a quality that meets the council’s regeneration objectives.	None

5.0 Officer Preferred Option (and comments)

5.1 There are no advantages to **Option 1: Re-market the site by holding a new developer procurement process**. The combination of continuing low property values in the West End and costly ground condition issues to rectify are likely to preclude any interest from developers or Housing Associations based on development viability. The relationship with PlaceFirst is good and they are the only private developers to have shown: commitment to the area; an ability to deliver in difficult circumstances over the last decade; and who have the resources to invest.

5.2 The preferred option is **Option 2: Continue with PlaceFirst as preferred developer and enter into option agreement to dispose of site** as this will provide a known quality of housing and meets the council's regeneration objectives.

6.0 Conclusion

6.1 In order to secure a positive development result for this long-standing regeneration project the best way forward is for Cabinet to confirm their 2016 decision to appoint PlaceFirst as preferred developer and to enter into the option agreement contract to dispose of the site to PlaceFirst. The developer has invested significant resources into both this scheme and the wider West End regeneration and have worked to secure and bring forward a viable scheme. They are of a known and proven quantity who provide award-winning homes for people and this should continue with the progression of the Bold Street proposal.

Appendices

Appendix 1 - PlaceFirst Development Proposal for Bold Street

Appendix 2 - PlaceFirst Summary Development Appraisal and officer comments (Exempt)

Appendix 3 – Independent site valuation

RELATIONSHIP TO POLICY FRAMEWORK

The Council's 2016-20 Corporate Plan notes that the Council's Vision for Morecambe and Heysham is: a confident community with a regenerated living, working and leisure environment, acting as a focal point on Morecambe Bay to enjoy and interact with the wider landscape

Regenerating the West End of Morecambe is a long-standing corporate priority, and contributes to the Council's Health and Well-being and economic growth aspirations as set out in the Corporate Plan and Local Plan.

Bold Street is identified in the Masterplan as an area for high intervention. The progressed schemes for Marlborough Road and the odd numbered side of Bold Street are a partial solution for this area. The remainder of Bold Street (even numbered side) exhibited some of the poorest property conditions in the district. The Masterplan recommends a housing remodelling and improvement project to acquire and demolish the even numbered side of Bold Street and back Winterdyne Terrace to develop, as an initial aspiration, new private housing.

CONCLUSION OF IMPACT ASSESSMENT

(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, Human Resources, Sustainability and Rural Proofing)

The West End Masterplan has carefully considered issues of sustainability and is based on sustainable principles. Human rights and diversity issues are given special consideration as

owner interests are acquired. The proposal would have local community safety benefits by removing derelict properties which are susceptible to illegal and anti-social activities.

LEGAL IMPLICATIONS

Legal Services have been consulted and comments inserted within the body of the report where appropriate. The legal implications members are being asked to re-confirm are essentially the same as considered in 2016. However, specifically in relation to the Options would make the following further observations:

The legal implications of progressing with Option 2 are as follows:

General Disposal considerations

The proposal between the developer and the council will effectively amount to a disposal of land.

Members can be assured that the city council has openly and transparently issued a developer tender brief twice, once in March 2014 and again in April 2016 and this has resulted in the offer from PlaceFirst. The offer reflects the current market value of the site and has been tendered in accordance with the council's property disposal procedures and legislative requirements.

The most recent independent RICS surveyor report advised that the site has a negative or nil value. The proposal in Option 2 is to dispose of the council's holdings for £1 represents best consideration and market value.

Legal Framework/Agreement

The form legal framework between the council and PlaceFirst is the same as previously negotiated and agreed for the second phase of Chatsworth Gardens. The council's legal services team will be involved in necessary revision and finalisation of the agreement concerning the disposal of the site.

Other matters

Planning approval will be required for the implementation of the scheme.

FINANCIAL IMPLICATIONS

The original site, with dilapidated properties was purchased through a combination of the Homes and Community Agency (HCA), Regional Housing Board (RHB) and city council funding. Approximately £1.3M capital and revenue expenditure has been spent to date. Informed by the 2019 valuation report the current net book value is set at nil.

There is no requirement for RHB funding to be repaid upon disposal of the site, however, under the HCA funding agreement the council is required to repay funding on disposal of a HCA property. For Option 2 the proposal is for disposal at 'nil' (or low) value it is not expected that clawback will apply. The table below provides a high level comparison of the budgetary impact between the options currently available to the Council as follows:

	Option 1	Option 2 (Proposed)
	Current site £000's	As Recommended £000's
Revenue Costs: Annual	5	0
Income: Capital Receipt	0	0
Net Cost / - Net Income	5	0

Under **Option 1**, the annual site holding costs would continue until a successful developer procurement had concluded and the site could be disposed of and/or developed in some way. One risk with this option is that if emergency repairs are required or the properties deteriorate to the point they become unsafe then the council could incur greater costs up to £20K.

In terms of the Financial Implications of confirming Cabinet's 2016 decision to progress with the PlaceFirst's proposal as outlined in **Option 2**, these should be read in conjunction with the implications, figures and assumptions which are detailed in Appendix 1 and Appendix 3. It should be noted that development appraisals depend on the accuracy of the underlying variables and the experience of current ongoing schemes elsewhere. It is considered that the Developer has employed reasonable and prudent cost benchmarks and market value assessment informed by the views of a leading construction consultant, published statistics on private rent, bespoke market research and local agents. Officers within Financial Services and Economic Development Have reviewed the assumptions contained within the financial model in detail and are comfortable with the competency of the underlying data.

As it did with Chatsworth Gardens, the Developer intends to form a specific Special Purpose Vehicle company (SPV) for this proposal to meet funder's requirements and provide transparency. This will also enable the council to monitor scheme costs, cash flow and ongoing viability. The council's experience with the developer on Chatsworth Gardens has shown they are able to control costs and treat with the council on an open and transparent basis. The main risk therefore arises through the future management of the property portfolio and its ongoing viability, which will be shaped in the main by levels of rent that can be achieved and overall levels of voids.

PlaceFirst's offer reflects this position and the nil site value. Their proposal would however, reduce ongoing liabilities of holding the site, noting that the bulk of projected annual holding costs are not currently budgeted for.

The council's Capital Programme does not currently include a budgeted capital receipt for this scheme and so there would be no associated capital financing impact upon transfer, regardless of whether or not the Developer led scheme is approved.

The progression of a site development scheme would positively impact to some degree on the future council tax yield and New Homes Bonus funding, although it is not possible to forecast this at present.

OTHER RESOURCE IMPLICATIONS, such as Human Resources, Information Services, Property, Open Spaces:
Human Resources:

The human resources these are principally from Economic Growth and Regeneration, although other services support is required, including Financial, Property and Legal. Progressing with the Place First proposal in Option 2 will require input from Legal, Financial and Property Services officers' time in negotiating and drafting the detailed terms of the underlying legal documentation. Ongoing input will be required to monitor the progression of the proposal in implementation from Economic Growth and Regeneration although other services support will be required including Financial, Property and Legal.

Option 1 would require human resources from Economic Growth and Regeneration to undertake a further procurement exercise. This will require further support from Property, Finance and Legal Services that will be greater than for Option 2, as it will be a new developer, new contract, proposals and financial model.

Information Services:

No Information Service implications.

Property:

The major implications for the involvement of Property Services are discussed in the body of the report and Legal Implications section. The proposal involves the disposal and future monitoring of the implementation of a new build residential development to the terms of the council's Corporate Property and Disposal Strategies. The progression of the project requires input from the council's property services staff in conjunction with Economic Growth and Regeneration staff leading the project.

Open Spaces:

No Open Space implications

SECTION 151 OFFICER'S COMMENTS

The Section 151 Officer has been consulted and has no comments.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no comments.

BACKGROUND PAPERS

Winning Back Morecambe's West End Masterplan - available on Lancaster City Council Website:

<https://www.lancaster.gov.uk/business/regeneration/west-end-masterplan>

Bold Street Regeneration Cabinet Report - January 2014

<https://committeeadmin.lancaster.gov.uk/ieListDocuments.aspx?CId=297&MID=6177>

Bold Street Housing Regeneration, preferred Development Partner Cabinet Report September 2016

<https://committeeadmin.lancaster.gov.uk/ieListDocuments.aspx?CId=297&MId=6738&Ver=4>

Contact Officer: Tom Brown, Economic Development Officer

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Ref: Bold Street

Bold Street, Morecambe Stage 02

January 2019



placefirst

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Total = 35 Units

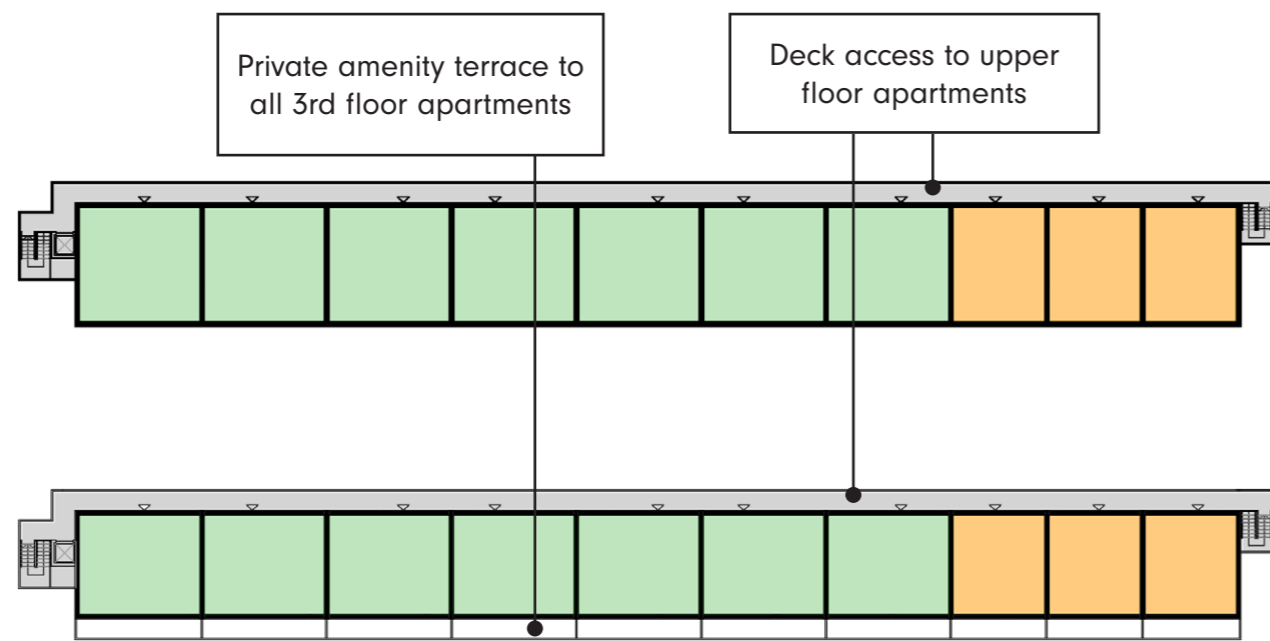
4 Bed House = 15

2 Bed Apt = 14

1 Bed Apt = 6

Parking = 24 Spaces

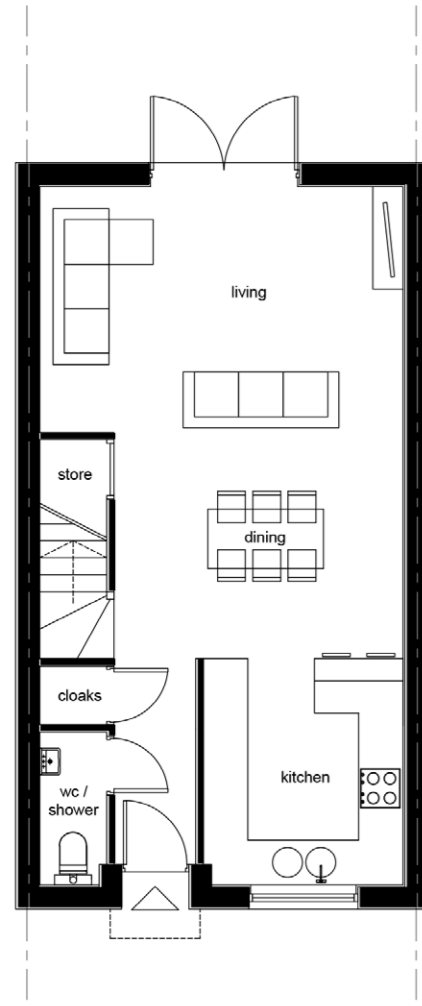
Proposed Site Plan (Ground Floor)



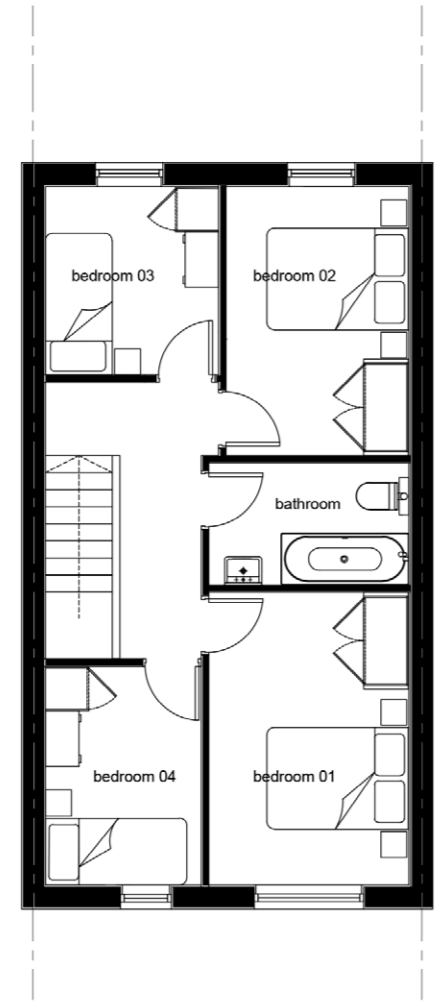
Proposed 2nd Floor Plan
(larger unit sizes)

Proposed 3rd Floor Plan

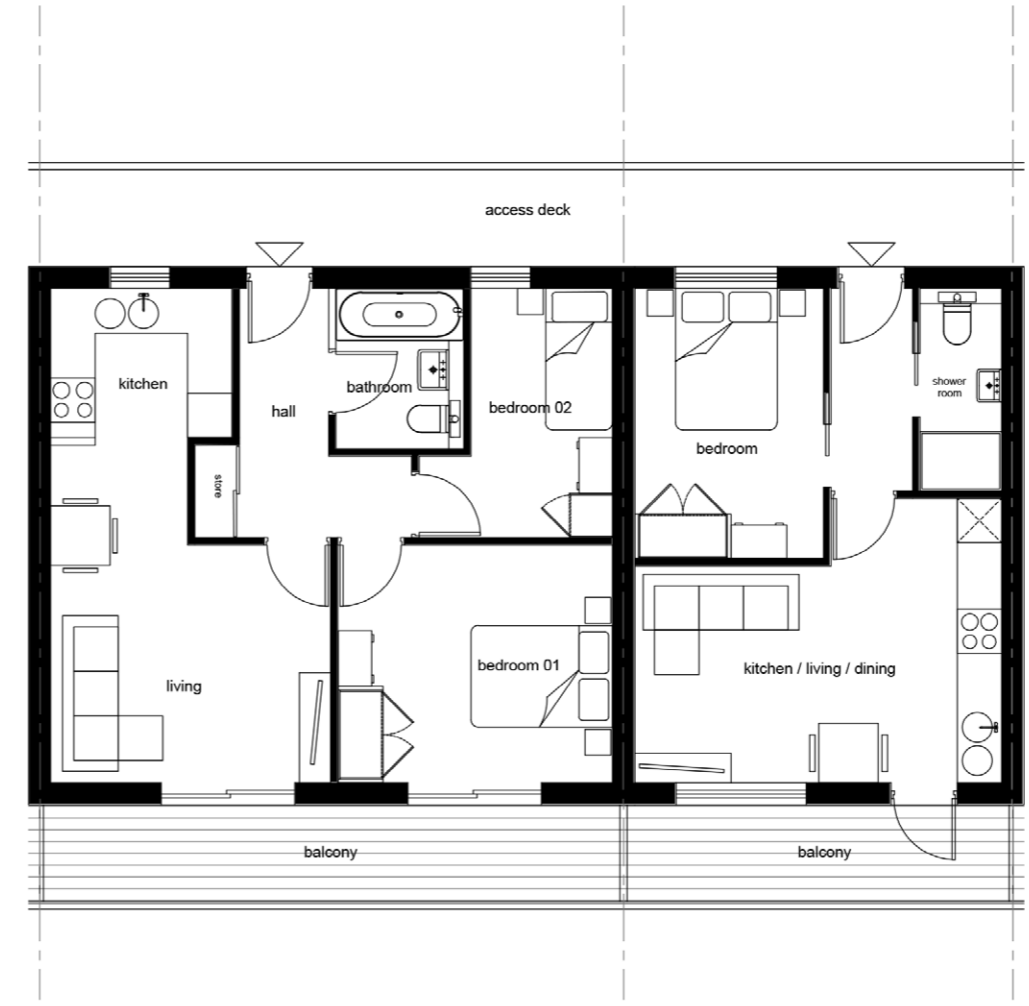
Rev	Description	By	Date
P01	Initial Issue	MC	11/01/19



Ground Floor



First Floor



Upper Floor (Balconies to 3rd Floor Apts Only)

4 Bed 6 Person House
92 sq.m / 990 sq.ft (Ground - First Floor)

2 Bed 3 Person Apt
54 sq.m / 581 sq.ft (3rd Floor)
65.4 sq.m / 704 sq.ft (2nd Floor)

1 Bed 2 Person Apt
41 sq.m / 441 sq.ft (3rd Floor)
49.7 sq.m / 535 sq.ft (2nd Floor)

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Client
PlaceFirst
Project
Bold Street, Morecambe
Description
Proposed Unit Types

Status
Preliminary

Scale	Drawn	Date
1:100 @ A3	MM	March 18

Job number	Drawing number	Revision
1077	03-001	P01

Accommodation Schedule

Project: **Bold Street, Morecambe**
 Client: **PlaceFirst**
 Job Number: **1077-1807-002**
 Revision: **P4**

Floor Level	1 Bed Apt (m2) *	2 Bed Apt (m2) *	4 Bed House (m2)	Balconies (m2)		NIA (m2) / Sales**	GIA (m2)***	Circulation
				1 Bed	2 Bed			GIA (m2)
	41.4	54	92	7	11			
Ground	0	0	15	0	0	690.0	740	25
First	0	0		0	0	690.0	740	25
Second*	3	7	0	0	0	607.0	630	130
Third	3	7	0	3	7	502.0	520	130
Total	6	14	15	3	7	2,489.0	2,630.0	310
Total No. Units	35							

* (Second Floor Apartments Only) = 1 Bed - 49.7m2 / 2 Bed - 65.4m2

NOTE:
 **Excludes balcony areas.
 *** Excludes external circulation, balconies and stair cores.

Option 03



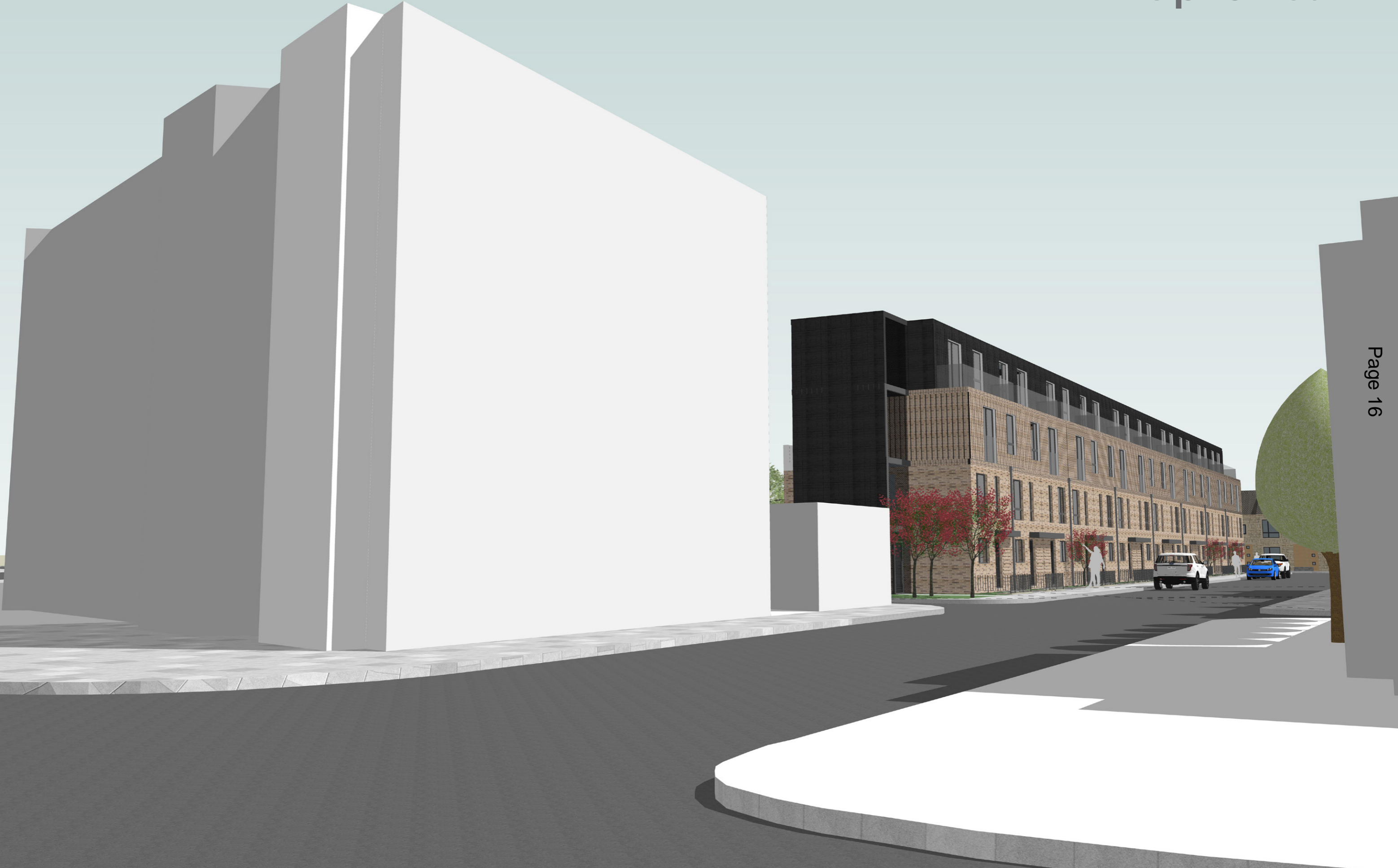
Option 03





Option 03

Option 03



Materiality

Materiality is critical to the overall quality of the scheme and to reinforce the exciting contemporary design we are proposing a high quality palette of materials that respond well and compliment the local vernacular.



1. Regular rhythm of doors and windows. Expressed window surrounds
2. Recessed entrances and planting buffer to front elevations
3. Set back roof & contrasting materials helps break down the mass
4. Contemporary canopies add articulation, hit and miss detailing

MC
AU

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted



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7th March 2019

Our Ref: GP/CC22502
YourRef:PO008086

Mr T Brown
Regeneration Officer
Regeneration & Planning (Policy & Delivery)
Lancaster City Council
Morecambe Town Hall
Marine Road
MORECAMBE
LA4 5AF

Dear Sirs

Re: Bold Street Site Valuation

Further to your email instructions dated 28th February 2019 we have inspected the site at Bold Street in order to advise on the market value of the premises for disposal purposes.

Our inspection of the property does not constitute a building survey, and we have not examined woodwork or other parts of the property which are covered, unexposed or inaccessible and, therefore, cannot report that such parts of the structure are free of rot, beetle or other defect. We have not tested the electrical installations, drains or other services. We have not arranged or carried out any investigations to determine whether any High Alumina cement concrete or other deleterious materials have been used in the construction.

We would confirm that we have no conflict of interest in this matter and the valuation has been carried out in accordance with the Practice Statements in the RICS Valuation Standards (9th Edition). This report is confidential to the client and the client's immediate Professional Advisors and excludes responsibility and liability to third parties, unless otherwise stated.

This advice is subject to the attached definitions.

In accordance with your instructions, we do not propose to provide a full and detailed report, although we would confirm that we have sufficient notes on file to provide such a report if this is required.

Suffice to say we find the site to comprise an area of 0.25 hectares or thereabouts situated in the West End of Morecambe and formerly comprising an area of terraced houses with some industrial units.

As you are aware we have previously valued the site in July 2016 and now understand that the proposed re-development scheme has been altered and that our valuation below is for the revised scheme of 37 units which comprises 15 four bedroom town houses with two storeys of flats above comprising 16 two bedroomed flats and 6 one bedroomed flats.

This valuation assumes that planning consent will be forthcoming for the draft scheme and would not include any onerous restrictions with regard to affordable units, social rented or part ownership units or off site contribution.

The valuation has been made on a residual calculation basis with the gross development value assessed on a capital value basis. In arriving at the gross development value we have adopted a value of £120,000 per unit for the houses, £85,000 per unit for the two bedroom flats and £75,000 per unit for the one bedroom flats. These figures have been arrived at having regard to sales of similar modern properties within the immediate vicinity.

As before we have adopted a developer's profit of 15% and our earlier comments would remain that developers would normally seek a return in the region of 20% for a site such as this. We have again adopted a construction cost from BCIS data with the most recent data indicating a build cost per square meter of £1,189 and this figure does not reflect any addition for site abnormalities.

You have provided us with investigation reports with regard to the site which indicates a cost for site abnormalities in the region of £330,000. Without making any allowance for these abnormalities our residual valuation would give a site value of £55,000 which, as before, would make the development project marginal and obviously making any allowance for site abnormalities would make the project unviable with the site having a nil value.

We do not consider that there would be any alternative use which might be permitted by the local planning authority which could generate a gross development value which would alter this outcome.

The appropriate definition of the basis of valuation adopted is as follows:

Market Value

The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.



In providing this valuation advice we have had regard to the interpretative commentary for the relevant basis of the valuation as defined in the R.I.C.S. Valuation Standards 9th Edition.

After due consideration we are of the opinion that the market value of the freehold interest, in the site at Bold Street, Morecambe for the scheme as proposed, with the benefit of vacant possession, ignoring any VAT liability is:-

£0
(Nil pounds)

This figure is for the site alone in its current condition.

We trust the above contains the information you require but if we may be of further assistance please do not hesitate to contact us.

Yours faithfully

A handwritten signature in black ink, appearing to be 'G Peil', written in a cursive style.

Geoff Peil M.R.I.C.S.
Director
HWM Surveyors

DEFINITIONS

INFORMATION

All information supplied by the client, members of staff, their Professional Advisors, Local Authorities or other statutory bodies, and other stated sources are assumed to be accurate and correct, unless otherwise specified.

TERMS OF ENGAGEMENT

The valuation has been carried out by an Independent Valuer as defined by, and in accordance with, the Practice Statements in the RICS Valuation Standards 9th Edition and unless otherwise stated in our confirmation letter of instructions has had no previous involvement with either the property or any parties to the transaction.

TENURE

Title Deeds and Leases are not inspected (unless specifically stated) and, it is assumed that the subject property is free of any onerous covenants, easements or other restrictions which may affect value. We have not investigated the status of any tenants on site.

SITE AREAS

Any information supplied in respect of site areas have been provided having regard to information supplied to us by the clients or their advisors, or computed from plans etc. We would confirm that we have not carried out a physical site survey, and any measurements must be considered as being approximate.

FLOOR AREAS AND DIMENSIONS

Floor areas and dimensions are taken from inspection unless otherwise specified, but are nevertheless approximate. All measurements quoted are calculated in accordance with the relevant RICS property measurement professional standards and guidance.

GROUND CONDITION

Soil stability, mining and geological reports are not undertaken by us or normally inspected. In providing our valuation report we have assumed that the ground and any adjoining or nearby areas are not contaminated, that there are no dangerous materials either on site or within the vicinity, and that the ground is capable of development without the need for abnormal costs on foundations or services.

CONDITION OF BUILDINGS, PLANT ETC.

For the purposes of our valuation we assume that the property is in a condition commensurate with its age and purpose, and will remain so for the foreseeable future.

DEFECTIVE PREMISES ACT 1972

Any obligations, liabilities or rights thereunder, whether prescriptive or accrued, are not reflected in valuations unless otherwise specified.

ENVIRONMENTAL ISSUES

Within our report we may as appropriate, pass general comments on the impact of the existing or proposed use of the subject on its immediate environment and other related aspects such as the environmental efficiency of buildings on site etc. Our report does not however constitute an environmental survey or audit, nor does it imply that the property or any process carried on there complies with existing or proposed legislation on environmental matters.

In providing our valuation advice we have made the strict assumption that no Radon gas is present at the property.

If however the property is situated in an area identified by the National Radiological Protection Board as one in which the level of Radon gas entering the property is in excess of more than 1% of dwellings, then remedial action is recommended.

It is not possible in the course of inspection/survey to determine whether Radon gas is present in any given building, as the gas is colourless and odourless. Tests can be carried out to assess the level of Radon in a building. At a small charge test instruments and results are available by post from the National Radiological Protection Board and other approved laboratories. The minimum testing period is three months. The National Radiological Protection Board strongly advises against using shorter term testing instruments as they can give misleading results. If the property is one in which, in more than 1% of dwellings, the levels of Radon gas entering the property are such that remedial action is recommended, if tests have not been carried out then they are recommended. It has been the experience of the National Radiological Protection Board that it is not expensive, in proportion to the value of the property, to effect the recommended remedial measures.

ENQUIRIES

Enquiries of Local Authorities and Statutory Undertakers are made verbally in respect of contingent liabilities such as road widening, road charges, re-development proposals, and the effect of any Town Planning restrictions etc, where appropriate. No responsibility is accepted for any inaccurate information provided.

In providing our valuation advice it is assumed that the buildings have been constructed and used in accordance with valid Town Planning Consents, permits, Licences and Building Regulation Approval and that there are no restrictions which would adversely affect the use of the property and there are no outstanding statutory or other notices in connection with a property or its present or intended use. It is also assumed that any permits will be transferable to a new occupier as appropriate.

PLANT MACHINERY, FIXTURES AND FITTINGS

Unless otherwise specified all items normally associated with the valuation of land and buildings are included in our valuations and re-instatement cost assessments. No allowance is made for the cost of repairing any damage caused by the removal from the premises of items of plant, machinery, fixtures and fittings.

In the case of hotels, petrol filling stations and other properties normally sold and valued as operational entities, all those items of equipment normally associated with

such a property are assumed to be owned and are included within the valuation unless otherwise specified.

TAXATION AND GRANTS

Value Added Tax, Taxation, Grants and allowances are not included in Capital and Rental values and all figures reported are exclusive of any V.A.T. liability unless otherwise stated. V.A.T. will however be payable in certain cases.

Unless otherwise stated no account is taken of any existing or potential liabilities arising from Capital Gains or other Taxation as a result of Grants or Capital Allowances.

INSURANCE

Insurance is usually arranged by clients (or their brokers) based on re-instatement cost assessments, and other methods of valuation are not appropriate.

Any re-instatement cost assessment provided includes the following items-

Site Clearance and demolition works, cost of construction of a replacement building, cost of replacement of sewerage works drainage etc., Local Authority fees, professional fees and V.A.T. on any costings.

Our re-instatement cost assessment is based on the gross external floor area, and allows for provision of contingency sums as appropriate.

Specifically excluded from any re-instatement value are any figures for special foundations, plant machinery and equipment, loss of rent or income during the period, and any allowance for inflation during the re-building period.

N.B. A re-instatement cost assessment is not a valuation.

LEGAL ISSUES

Any interpretation of Leases or other legal documents, and any legal assumptions stated are given in our capacity as Property Consultants, and must be verified by a suitable Qualified Lawyer if it is to be relied upon. No responsibility or liability is accepted for the true interpretation of the legal position of the client or other parties.

JURISDICTION

In the event of a dispute arising in connection with a valuation, unless otherwise specifically agreed in writing, the client and any third party using this valuation will be subject to the Jurisdiction of the British Courts only.

VALIDITY OF VALUATIONS

Valuation reports are provided solely for the party to whom it is addressed and no liability is accepted to any third party without our prior written consent. Reports should be considered in their entirety and no part to be published without prior written consent from HWM Surveyors.

The valuation reports are for the stated purpose and as at the date specified. In normal market conditions the value may change materially in a short term and if any reliance is to be placed on the valuation figure following any changes which could affect business confidence, then further consultation is strongly recommended. In any event, the valuation should not be considered valid after a period of three months.

INSPECTION

We confirm that we have not undertaken a building survey and, of course, we have not examined woodwork or other parts of the property which are covered, unexposed or inaccessible and are, therefore, unable to confirm that such parts of the structure are free of rot, beetle or other defect. We have not tested the electrical installations, drains or other services. Where possible appropriate enquiries have been made in respect of matters that commonly impact on value including those relating to the Disability Discrimination Act 1995, Fire Precautions Act 1971, High Voltage Electrical Supply Apparatus Radon Gas Contamination etc.

PUBLICATION

Neither the whole nor part of this Valuation Report or any reference hereto may be included in any published document, circular or statement, or published in any way, without the Valuer's written approval of the form and context in which it may appear.

LIMITS ON EXCLUSION OF LIABILITY

This Report is confidential to the client and the client's immediate professional advisers and excludes responsibility and liability to third parties unless otherwise stated.

KNOWLEDGE AND SKILLS

The report will be prepared by a person with the appropriate knowledge, skills and understanding to undertake the valuation competently.

MONITORING

The Valuation may be subject to monitoring under the Institution's Conduct and Disciplinary Regulations.

COMPLAINTS PROCEDURE

HWM Surveyors operate a complaints handling procedure which complies with the RICS Rules of Conduct and this is available on request.

HWM/DEF/1/10