

Appendix 2 – Hillier Way Viability and Risks

Financial Appraisal Summary

| Scheme description and costs | | | | | Tests of Financial Viability | | | |
|------------------------------|--|-----------------------------|-------------------|---|---|----------------------------|---------------------|---|
| Appraisal name | Unit types | Estimated Total Scheme Cost | Open Market Value | Weekly Rents assumed in appraisal | Total scheme cost as % of open market value | Net present value per unit | Loan repayment year | Total internal subsidy to repay loan by year 30 |
| Hillier Way, Abbotts Barton | 4 x 1 bed rented flats 3 x 2 bed rented houses 3 x 2 bed rented bungalows 3 x 3 bed rented houses | £2,292,869 | £4,045,000 | 1 bed £132.55 2 bed house £166.15 2 bed bungalow £175.38 3 bed house £211.87 | 56.7% | £52,108 | 30 | 0 |

- Scheme costs are based on an indicative assessment
- The rent level shown above also includes service charges for the 1 bed flats
- Rents plus service charges are estimated to be 80% of open market rents at today’s values, except the 3 bed house which is limited to local housing allowance levels and is 73%; these will be 78%/71% by April 2020

Risk Management Issues

- Scheme viability
- Homes and Communities Agency approval for rent levels not granted
- Local Growth Fund requirements governing additional borrowing approvals
- Escalating costs with an early estimate in respect of required highways works