08 May 2026

Phil Rose

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Dear Nick,

Hanover Court & Princess Court, Coronation Street, Cambridge CB2 1HJ

We write with reference to your latest written response dated 05 May 26 following the meeting that we held with the case officer, the applicant and their advisors on 15 April 2026.

Your response concludes that following the inclusion of legitimate decant costs and leaseholder buyback costs in the development appraisal 'the proposed Development with 1.2% affordable housing (2 social rent units) generates a deficit of **- £12,633,302** against the viability benchmark'.

Given the size of the deficit, our position now is that **the scheme cannot support the delivery of any affordable housing and remain commercially viable**.

To demonstrate this we have updated our appraisal to delete the 2 affordable units and illustrate a wholly private residential scheme. This still shows a deficit of **- £11,624,713** against (your) viability benchmark. A copy of our updated Argus Developer appraisal is attached and commentary on the inputs is set out below.

Private residential sales values

We have now agreed a rate of **£633 per sq ft** for private residential sales in our development appraisals.

Affordable housing values

We continue to have a difference of opinion on the affordable housing values, but the quantum of the difference would not have any material impact on the outcome of the appraisal.

Construction costs

We have an agreed position on construction costs of **£41,437,072** in our development appraisals.

Building Safety Levy

We have both adopted an agreed Building Safety Levy rate of **£2.36 per sq ft** for the chargeable floorspace in the private residential units within our appraisal models.

Finance Rate

We have an agreed position of **7.0%** per annum for finance rates in our appraisals.

Disposal costs

We have agreed to the use of **£1,000** per unit for private sales legal fees and have adopted it in our latest appraisal.

Developer profit

We continue to have a difference of opinion on the appropriate level of developer profit margin for the private sales units but note that that even if your lower value of 17.5% of GDV is applied to your appraisal, the scheme generates a deficit against the viability benchmark. For ease of comparison, we have used the lower rate of 17.5% of private GDV in the attached development appraisal for the 100% private scheme.

Development programme

Our development programme assumptions are now agreed, taking into account your adjustment of off-plan sales level to 30%.

Viability benchmark

We continue to have a difference of opinion on the Existing Use Value and benchmark land value, however the argument is immaterial given the size of the viability deficit. Even if your benchmark land value of £1 is accepted, our modelling for the 100% private residential scheme still shows a deficit of **- £11,624,713** against the benchmark.

Decant costs

Now that you have been able to review the Council's breakdown of the decant costs associated with the scheme (including acquisition costs; home loss payments; and disturbance costs) and include these as legitimate development costs (totalling **£15,300,000**) in your appraisal it has led to the significant deficit against the benchmark land value.

For the 100% private scheme, we have included the same figure leading to a deficit of **- £11,624,713** against the benchmark.

Updated Appraisal results

We have conclusively demonstrated through viability testing that the scheme at Hanover & Princess Court cannot support the delivery of any affordable housing and remain commercially viable.

Although you do not explicitly state your agreement to this position in your latest response, we believe that it is implied from your latest financial modelling and our own. However, I am sure that it would be helpful if you could confirm to the case officer whether you do agree with our conclusion, as I am conscious that this matter needs to be definitively settled now.

Many thanks

Yours sincerely

[redacted]

Phil Rose MRICS,
Associate Director

Hanover Court & Princess Court
Coronation Street, Cambridge, CB2 1HJ
100% market sale - Residual Land Value - Review

Development Pro Forma
Savills
May 8, 2026

PROJECT PRO FORMA	SAVILLS

Hanover Court & Princess Court
Coronation Street, Cambridge, CB2 1HJ
100% market sale - Residual Land Value - Review

Project Pro Forma for Phase 1 Sales Valuation

Currency in £

REVENUE					
Sales Valuation	**Units**	**ft²**	**Sales Rate ft²**	**Unit Price**	**Gross Sales**
Market Sale Units	165	108,359	633.00	415,705	68,591,247
TOTAL PROJECT REVENUE				**68,591,247**	
DEVELOPMENT COSTS					
ACQUISITION COSTS					
Residualized Price (Negative land)			(11,624,713)		
				(11,624,713)	
CONSTRUCTION COSTS					
Construction					
	ft²	**Build Rate ft²**	**Cost**		
Market Sale Units	146,069	283.68	41,437,072	**41,437,072**	
Building Safety Levy	146,069 ft²	2.36	344,723		
BNG Units			100,000		
Section 106 payment			600,000		
Section 106 indexation			30,000		
Decant costs			15,300,000		
				16,374,723	
PROFESSIONAL FEES					
Professional Fees			1,939,902		
				1,939,902	
MARKETING & LEASING					
Marketing		1.50%	1,028,869		
				1,028,869	
DISPOSAL FEES					
Sales Legal Fee	165 un	1,000.00 /un	165,000		
				165,000	
Additional Costs					
Profit on market sales GDV		17.50%	12,003,468		
				12,003,468	
TOTAL COSTS BEFORE FINANCE				**61,324,320**	
FINANCE					

Hanover Court & Princess Court
Coronation Street, Cambridge, CB2 1HJ
100% market sale - Residual Land Value - Review

Debit Rate 7.0000%, Credit Rate 0.0000% (Nominal)		
Total Finance Cost		7,266,928
TOTAL COSTS		**68,591,249**
PROFIT		
		(2)
Performance Measures		
Profit on Cost%	0.00%	
Profit on GDV%	0.00%	
Profit on NDV%	0.00%	