

From: Jim Martin [REDACTED]
Sent: 16 July 2018 10:27
To: Allan, Robert <Robert.Allan@folkestone-hythe.gov.uk>
Subject: Princes Parade Planning Application - Viability Cost Appraisal

Dear Mr Allen

As further information has become available, I wish to update my earlier Planning Objection regarding Prince's Parade with particular reference to B&M's Appendix 3 - Viability Cost Appraisal.

The figures are very confusing as well as being heavily redacted but there are some simple headlines:

Princes Parade has extensive abnormal costs: piled foundations for the Leisure Centre building and the external areas (car parking etc), the raised ground levels, the surface water drainage system and for any glass on the façade to be of an impact resistant quality (flying pebbles etc), whereas the Nicholls Quarry option, which has none of these location related on-cost issues has a far higher project cost estimate. This cannot be correct.

Both schemes envisage a Gross Internal Area of 3,013 sq m.

	Construction Cost	Contract Cost	Project Cost
Princes Parade	£16.65m	£13.76m	£19.29m
/sq m	£ 4,570		£6,400/
Nickoll's Quarry	£16.30m	£20.80m	£24.00m
/sq m	£ 5,400		£7,980

The figures suggest that building the Leisure Centre at Nickoll's Quarry has been estimated at 124% against the same facility at Princes Parade, for no apparent on-cost issue related reason.

The Nickoll's Quarry building is a standard industrial style of building where the developer prepares the ground as part of their S106 obligations, so a build cost of £5,400 seems very, very high.

I will limit my further comments to the Princes Parade option, to try and keep things simple. To my eyes, the applicant has failed to disclose most of the figures, including the contributions to the budget from the various funding sources, there is no commercial reason for this. The extent of the heavy redactions is totally unjustified and those of us with some experience in these matters, know it is actually possible to determine many of the actual figures that have been used, it just takes time and effort. I think this is an attempt by the applicant to conceal details from the public.

For example, the redacted funding source "income" that B&M have assumed for South Road can readily be determined as being exactly £5.0m.

Similarly the redacted figure for the Princes Parade Land Value is £14.3m. This figure is said to have been advised by Savills for the 'residential parcels'; an inspection of their assumptions makes it clear that the residual land value is derived from BICS rates data with some uplift for ground conditions and piling but makes no allowance for the abnormal requirements specific to this project, many of which are known to be very costly.

The redacted Total Income Source figure is £26,676,877.50.

My primary concern is and always has been the protection of the Scheduled Monument and I feel very strongly that the development and the new road will destroy the peace and tranquillity of the setting of the Royal Military Canal. I am concerned in this latest update that the applicants intention, previously rejected as unacceptable by the applicant, the EA, HE and public objectors, is to permit surface water to drain into the RMC. The rainwater, does not, as claimed by the applicate currently drain into the RMC. The rainwater falls on the surface of the site at Princes Parade and percolates down through 8M of waste materials (below the level of the Canal) and into the gravel below. Draining surface water into the Canal is a significant risk to the water, wildlife and environment. The risk of contaminates rising up through the Porous Paving and being washed into the surface water lagoon is significant. To my mind, however, there is a greater risk: during high tides, with high on shore winds, wave over topping occurs regularly during the winter months. Saltwater will be washed into the Lagoon and then drain into the RMC with a significant risk of pollution.

Associated with the protection of the Scheduled Monument and protecting the peace and tranquillity of its setting, I feel very strongly that the repositioning of the road to be even closer to the canal than the original 25 metres minimum specified by the EA for ecology reasons is completely unacceptable. The Scheduled Monument is a historic national asset and should not be compromised but a poorly informed applicant trying to get a contaminated piece of land off of its asset register. If the planning system is meant to do anything, it is surly meant to protect our historic national assets?

The two example changes I have listed above are not the only changes that completely change the nature and impact of the planning application. I would suggest that the Planning Committee members, will have very little chance to understand what is actually being proposed. I think what this attitude by the applicant really does is signpost us towards what the true intention of the applicant is: to reapply, change, adjust and manipulate the planning permission applied for. The currently application makes a significant loss, not even FHDC, as poorly advised as they are, will attempt to build it. They will see this application as one of many that will improved the viability by increasing density and reduce quality.

The B&M viability cost appraisal is a set heavily caveated unconnected estimates, there is no clear procurement process indicated, so it is impossible to try and convert these estimated figures into a contract sum forecast, the responsibilities are not identified. A Design and Build form of procurement is more expensive than a traditional form, the Council may be considering a Construction Management form of procurement, all of this is unknown, there are different costs and risks to each. A number of the cost items have not been identified, claiming that they will be the "responsibility of the developer", this suggests that these cost items will be picked up in the general build cost. One such example is the responsibility for reconstructing the promenade after the road has been removed, the

cost of rebuilding the promenade has not been included in the build cost. There is no such thing a “free work” someone has to pay! If it is not included in the cost, then it will reduce the estimated residual land value.

No programme has been proposed for providing the leisure centre and there are some significant gaps in the logic, for example the new foul water drainage system for the Leisure Centre, that will, by necessity, feed for the western end of the whole development and run under a new road that appears to be scheduled for completion at a later date. I think generally there has been a lack of appreciation of the extensive infrastructure works required and this makes the timescales suggested as unfeasible.

Because the road is a Reserved Matters item the question arises as to who will be responsible for its delivery to a defined budget. The figures hidden in the B&M text for the road’s construction, I would suggest, have been dramatically underestimated.

Savills have not include such items in their residual land value calculation (£14.3m) – the scheme is unviable based on the simplest of calculations. It is worth mentioning that since the cost estimated and residual valuation work has been completed, build costs have increase while values have fallen, particularly in the second home beachfront apartment type developments, as per the application, so a current calculation would demonstrate that the scheme is even more un-viable.

It is clear therefore that the project will require a substantially higher level of funding than currently estimated.

On a personal note, I realise that you are a planning expert and not an engineer or QS and I have great sympathy when planners are asked to consider such complex overlapping issues but the devil is definitely in the detail of this application.



Jim Martin BSc Dip Proj Man FRICS



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