

26th February 2019

Meridian Water

Scheme wide affordable housing content

LSH have been asked to consider the impact of increasing the overall rate of Affordable Housing from the current assumption of 35% (by unit) to 40% (by unit) This adjustment to be considered with the exception of Meridian One which remains as consented at 25% (by unit)

1a. Base model financial outputs on the assumption of 35% (confirmed on the 20 December 2018);

- Total of all phase Residual Land Values of £1.308 BN
- Scheme wide IRR of 6.69%

1b. Base model update following Finance re-assessment of forecasted costs (extended until end of the model period) on the assumption of 35%

- LBE forecasted costs increased to £283m (from £187m) this reduced IRR to 6.12%

2. Changes to the Model to reflect 40% Affordable Housing and other agreed updates since 20th December.

The updated model with 40% Affordable Housing assumes that Affordable Housing Grant will be available at current GLA quoted levels throughout the life cycle of development. In accordance with current policy this will require the affordable rented tenure to reflect London Affordable Rents. The full list of adjustments made to the model and to be adopted as the updated base case are as follows;

- For Phase 1 Leaside to Phase 8d - Changed Private/Affordable ratio to 60/40
- For Phase 1 Leaside to Phase 8d - added Affordable Housing Grant of £28k for Intermediate and £60k for Affordable Rent, paid in two equal tranches at construction start and PC.
- Adopted LAR rent levels (2018/19)

Revised Base model financial outputs

- RLV of £1.28bn
- IRR of 6.05%

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