

# Appraisal Calcs!

The new appraisal calculation



Your challenges  
expertly solved  
in partnership

# **The new Appraisal Calculation**

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- 1. Supports phasing, whether in a tenure or across multi tenures**
- 2. Is at “unit” level**
- 3. Has a new layout for Revenues**
- 4. Introduces new NPV measures**
- 5. Is even easier to audit**
- 6. Has more flexible rent to buy**

# Phasing – in a single tenure

## **Prior models**

- Rolled early revenue into a lump sum on last day of PC year
- xNPV revenues used same constraints
- Mortgage at completion
- NPV to completion

## **Appraisal Calc 7**

- Brings in revenues in the year a unit first lets or sells
- xNPV revenues monthly for 15 years
- Mortgage brought in for each year of first lets, discounted to year of earliest first let/sale
- NPV to earliest 1<sup>st</sup> let/sale

# Phasing – in a tenure cont.

## **Prior models**

- Ended X years from PC (eg 30 years)
- One year overhang allowed for apportioning in year of PC

## **Appraisal Calc 7**

- 30 years from first let of each unit
  - 15 years of phasing = 45 year appraisal
- All revenues inc. staircasing phase in and out, creating a tail

# Phasing – in a project

## **Prior models**

- Applied 1<sup>st</sup> year rolled up revenues to each tenure with early handovers
- xNPV revenues used same constraints
- Mortgage could be discounted back, but only one mortgage at PC for each tenure

## **Appraisal Calc 7**

- Brings in revenues in the year a unit first lets or sells
- xNPV revenues monthly for 15 years
- Mortgage brought in for each year of first lets, discounted to earliest year of any first let/sale

# 2 Unit Level

## **Prior models**

- Treated MRP or staircasing from PC for all units
- Stopped revenues all at once , with one year overhang
- Staircasing/RCGF aggregated across all units

## **Appraisal Calc 7**

- MRP or staircasing staggered from each first let or sale
- Phases revenues out according to first let/sale
- Staircasing/RCGF for each unit

# 3 New Revenue layout

## **Prior models**

- Started with expenditure
- Had lots of old fields
- Showed net rent in S, net rent and sales in AP

## **Appraisal Calc 7**

- Starts with income
- Removes hb/non hb service charges and costs
- Shows net income in S, inc sales receipts
  - (also shows in AP for old time's sake)

# **4 NPV to year of first let / sale**

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- 1. Compromise between NPV at completion and NPV at project start**
  1. (most reluctant to move to NPV at start because it looks worse)
- 2. Discounts the mortgage/finance required back as well**
  1. (based on existing principles used rarely in project)
- 3. Can be additive – each tenure uses own rate – or project using one rate**
- 4. Additive can also discount further back to earliest first let**
- 5. Solves the phasing issue (as does NPV to start)**



# **5 – Easier to audit**

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- 1. Big strip out of Params**
- 2. Each bit of calculation gets a Calc sheet**
- 3. Separate session**

# **6 – Rent to buy flexibility**

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- 1. Previous question mark over whether 50% in year 10 meant:**
  - 1. 50% of all units sell 100%, rest remain on previous tenure, or**
  - 2. 100% of all units sell 50% ,all convert to shared ownership**
- 2. Now resolved by a parameter**
- 3. What is the assumed conversion in a rent to buy situation?**
- 4. Can be static, or made to change by template or custom field lookup**

**Comprehensive release  
notes available**