



# Derby Housing Market Area CIL Viability Assessment

July 2014



Nationwide CIL Service

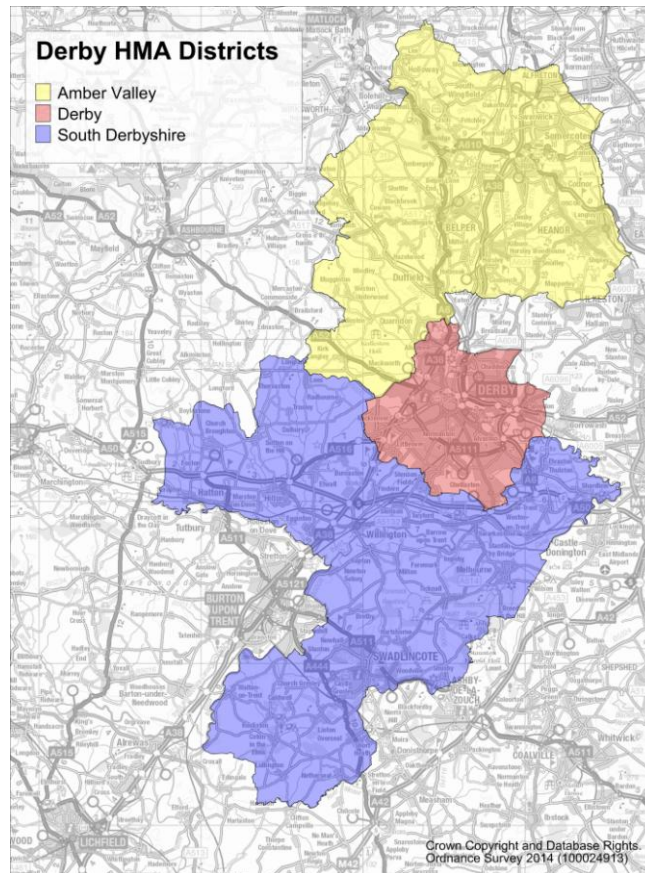
# Contents

|                                     |         |
|-------------------------------------|---------|
| 1. Executive Summary                | Page 2  |
| 2. Introduction                     | Page 6  |
| 3. Methodology                      | Page 8  |
| 4. Viability Appraisal Assumptions  | Page 19 |
| 5. CIL Viability Appraisal Results  | Page 30 |
| 6. Conclusions                      | Page 40 |
| Appendix 1 – Valuation Study        |         |
| Appendix 2- Construction Cost Study |         |

# Executive Summary

1.1 The report will provide an assessment of the viability of the principal categories of development in the Derby Housing Market Area and the ability of those developments to make contributions to new infrastructure through a Community Infrastructure Levy. The study will consider the impacts on of the relevant Local Plan and its policies on the economic viability of development proposed to be delivered by the Plan CIL (eg Affordable Housing Design and Construction Standards) and the remaining potential for development to yield

## Study Area



1.2 “The Derby Housing Market Area (HMA) is made up of Amber Valley, Derby and South Derbyshire (see above map). The three local authorities, along with Derbyshire County Council, have been working together to produce ‘aligned’ Local Plans. The aim is to produce a coherent and consistent strategy for dealing with the HMA’s housing, employment and infrastructure needs from now until 2028. At the time of publication, Amber Valley Borough Council have already Submitted their plan to the Secretary of State, while Derby and South Derbyshire are working towards ‘Regulation 19’ consultation stages – expected to take place in the spring and summer of 2014. The assessment first considers the existence of economic sub-market areas for residential and commercial development within the study area which may form the basis for the Authorities CIL Charging Zones.

# Executive Summary

## Methodology

1.3 The study seeks to assess the viability of residential development and commercial sites taking account of all relevant factors.

1.4 The study involves an assessment of market values for residential and commercial development in the Derby HMA based on valuation advice from Heb Surveyors. The study uses the base construction costs and rates based on advice from Gleeds cost consultants.

1.5 The Study firstly tests mixed residential and commercial development scenarios considered relevant and likely to emerge in the study area to assess the potential to adopt a Community Infrastructure Levy.

1.6 The viability appraisal considers two principal land value benchmarks from which development is likely to emerge – Greenfield and Brownfield.

1.7 The residential valuation assessment study factors in the Authority's affordable housing targets. Affordable Housing is exempt from CIL charges and this is also factored into the appraisal.

1.8 The CIL viability assessment produces maximum rates of CIL that can be applied whilst maintaining the economic viability of development

## CIL Viability Appraisals

1.9 The viability study firstly concluded that the variations in the values of residential development were significant enough to warrant differential assumptions being applied to different geographical locations in the study area and that three distinct sub-market areas existed. Similarly the results of the viability testing indicated that a differential rate approach to CIL would be appropriate in the event any of the Authorities wished to progress the adoption of a charging schedule.

1.10 In Derby City the viability results illustrate that in the low value zone no residential development is viable at any of the Affordable Housing targets tested based on the preferred tenure mix of the Council (small scale infill shows positive viability because no affordable housing is imposed). In the medium value zone greenfield development demonstrates viability up to 30% Affordable Housing delivery (based on the alternative tenure mix) but brownfield development can only withstand about 15% Affordable Housing to maintain economic viability.



# Executive Summary

1.11 In Amber Valley the viability results illustrate that in the low value zone no residential development is viable at any of the Affordable Housing targets tested based on the preferred tenure mix of the Council (edge of town and edge of village scenarios of 10 units show positive viability because no affordable housing is imposed). In the medium value zone greenfield development demonstrates viability up to 30% Affordable Housing delivery (based on the alternative tenure mix) but brownfield development cannot withstand even the lowest target of 15% Affordable Housing and maintain significant viability. Residential development in the high value zone demonstrates significant levels of viability for greenfield and brownfield scenarios based on up to 40% Affordable Housing Delivery.

1.12 In South Derbyshire the viability results illustrate that in the low value zone greenfield residential development is marginally viable at 15% Affordable Housing delivery but brownfield development is not viable based on the preferred tenure mix of the Council. In the medium value zone greenfield development demonstrates viability up to 40% Affordable Housing delivery but brownfield development can only withstand about 25% Affordable Housing and maintain significant viability (both based on the alternative tenure mix). Residential development in the high value zone demonstrates significant levels of viability for greenfield and brownfield scenarios up to 40% Affordable Housing Delivery.

1.13 It is clear that the relatively high proportion of Social Rent Affordable Housing at 32-35% of the open market value in all the Authorities' policies is having a significant negative impact on viability and may need to be reconsidered in the lower value areas if significant housing delivery is proposed. Assuming the Authorities in the Derby HMA will seek a general target of 30% Affordable Housing, if the tenure mixes are maintained at the current test proportions, then only greenfield development in South Derbyshire Derbyshire (and all development in the high value zones of Amber Valley and South Derbyshire) are capable of generating significant levels of CIL.

## CIL Study Conclusions - Commercial

1.14 The valuation study concluded that any variations in the value of commercial locations in The Derby HMA are not significant enough to warrant a differential charging zone approach to commercial CIL rates. The viability appraisals also illustrated that most categories of developer led commercial development are not viable based on current market circumstances. The viability results do not mean that commercial and employment development cannot be delivered. Many forms of commercial development may be undertaken direct by occupiers and where the development return can be reduced from a developers profit to a margin that reflects occupiers operational or opportunity costs then development could then be viable.

1.15 Food supermarket retail and general retail were assessed to be viable and capable of accommodating CIL in both greenfield and brownfield development scenarios. Food supermarket retail indicated potential rates of £462-£522 per sqm and General Retail £176-£205 per sqm for greenfield and brownfield scenarios.

# Executive Summary

## CIL Rate Recommendations

1.16 It is important that the Development Strategy of the Authority is considered in setting CIL rates based on an economic viability assessment. Development is only proposed in the low and medium value sub-market areas and within these only greenfield development in South Derbyshire is considered capable of accommodating CIL charges based on an assumed 30% Affordable Housing target.

1.17 Whilst no specific residential delivery is proposed in the high value zone, there will inevitably be some development in these areas and it is therefore considered appropriate to recommend a separate CIL rate for the high zone, where there is very significant viability in both Amber Valley and South Derbyshire

1.18 It is recommended that the variations in residential viability are sufficiently significant to justify a differential charging zone approach to setting residential CIL rates. Based on an Affordable Housing target of 30% in each Authority, and taking account of the generic nature of the tests, a reasonable buffer to allow for additional site specific abnormal costs, we would recommend the following CIL rates based on the viability evidence :-

| Derby City CIL |         |
|----------------|---------|
| Retail         | £100sqm |
| All other Uses | £0sqm   |

| Amber Valley CIL                    |         |
|-------------------------------------|---------|
| Residential - Low Zone, Medium Zone | £0sqm   |
| Residential - High Zone             | £100sqm |
| Retail                              | £100sqm |
| All other Uses                      | £0sqm   |

| South Derbyshire CIL      |         |
|---------------------------|---------|
| Residential - Low Zone    | £0sqm   |
| Residential - Medium Zone | £35sqm  |
| Residential - High Zone   | £150sqm |
| Retail                    | £100sqm |
| All other Uses            | £0sqm   |

# 2 Introduction

2.1 The purpose of the study is to assess the overall viability of development in The Derby HMA by assessing the specific viability of site typologies reflecting the type of development likely to emerge over the plan period.

2.2 In order to provide a robust assessment, the study first uses generic development typologies to consider the cost and value impacts of Local Plan policies and determine whether any additional viability margin exists to accommodate a Community Infrastructure Levy. The report will help each authority to ascertain the implications its policies have on viability and deliverability. The report includes various sensitivity tests to help consider these implications. In addition, the local authorities have been provided with the financial model used to generate the results of this study. This will permit further testing of scenarios as and when the need arises.

## The NPPF and Relevant Guidance

2.3 The National Planning Policy Framework 2012 introduces a new focus on viability assessment in considering appropriate Development Plan policy. Paras 173-177 provide guidance on 'Ensuring Viability and Deliverability' in plan making. They state :-

*"173. Pursuing sustainable development requires careful attention to viability and costs in plan-making and decision-taking. Plans should be deliverable. Therefore, the sites and the scale of development identified in the plan should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened. To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking account of the normal cost of development and mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable.*

*174. Local planning authorities should set out their policy on local standards in the Local Plan, including requirements for affordable housing. They should assess the likely cumulative impacts on development in their area of all existing and proposed local standards, supplementary planning documents and policies that support the development plan, when added to nationally required standards. In order to be appropriate, the cumulative impact of these standards and policies should not put implementation of the plan at serious risk, and should facilitate development throughout the economic cycle. Evidence supporting the assessment should be proportionate, using only appropriate available evidence.....*

*177. It is equally important to ensure that there is a reasonable prospect that planned infrastructure is deliverable in a timely fashion. To facilitate this, it is important that local planning authorities understand -wide development costs at the time Local Plans are drawn up. For this reason, infrastructure and development policies should be planned at the same time, in the Local Plan. Any affordable housing or local standards requirements that may be applied to development should be assessed at the plan-making stage, where possible, and kept under review."*

# 2 Introduction

2.4 In response to the NPPF, the Local Housing Delivery Group, a cross industry group of residential property stakeholders including the House Builders Federation, Homes and Communities Agency and Local Government Association, has published more specific guidance entitled 'Viability Testing Local Plans' in June 2012.

2.5 The guidance states as an underlying principle, that :-

*"An individual development can be said to be viable if, after taking account of all costs, including central and local government policy and regulatory costs and the cost and availability of development finance, the scheme provides a competitive return to the developer to ensure that development takes place and generates a land value sufficient to persuade the land owner to sell the land for the development proposed. If these conditions are not met, a scheme will not be delivered."*

2.6 The guidance recommends the following stages be completed in testing Local Plan viability:-

- 1) Review Evidence Base and align existing assessment evidence
- 2) Establish Appraisal Methodology and Assumptions (including threshold land values, site and development typologies, costs of policy requirements and allowance for changes over time)
- 3) Evidence Collation and Viability Modelling (including development costs and revenues, land values, developers profit allowance)
- 4) Viability Testing and Appraisal
- 5) Review of Outputs

2.7 The guidance is not prescriptive about the use of particular financial assessment models but advises that a residual appraisal approach which tests the ability of development to yield a margin beyond all the test factors to determine viability or otherwise is widely used and accepted. The guidance sets out the key elements of viability appraisal and the factors that need to be considered to ensure robust assessment.

2.8 The current study adheres to the principles of the NPPF and 'Viability Testing Local Plans' and sets out its methodology and assumptions in the following sections.



# 3 Methodology

## **The Process**

3.1 There are a number of key stages to Viability Assessment which may be set out as follows.

### **1) Evidence Base – Land & Property Valuation Study**

3.2 Establish an area wide evidence base of land and property values for development in each sub-market area. The evidence base relies on the area wide valuation study undertaken by Heb Surveyors in 2013.

### **2) Evidence Base – Construction Cost Study**

3.3 Establish an area wide evidence base of construction costs for each category of development relevant to the local area. The study will also indicate construction rates for professional fees, warranties, statutory fees and construction contingencies. The evidence base relies on the Construction Cost Study by Gleeds undertaken in 2013. In addition specific advice on reasonable allowances for abnormal site constraints was obtained from Gleeds and is outlined in the report.

### **3) Identification of Sub Market Areas**

3.4 The Heb Valuation Evidence considered the existence of potential sub-markets within the study area which might form differential Charging Zones adopted as part of the Community Infrastructure Levy and which warrant the application of varied assumptions to the individual site viability assessments.

### **4) Viability Appraisal**

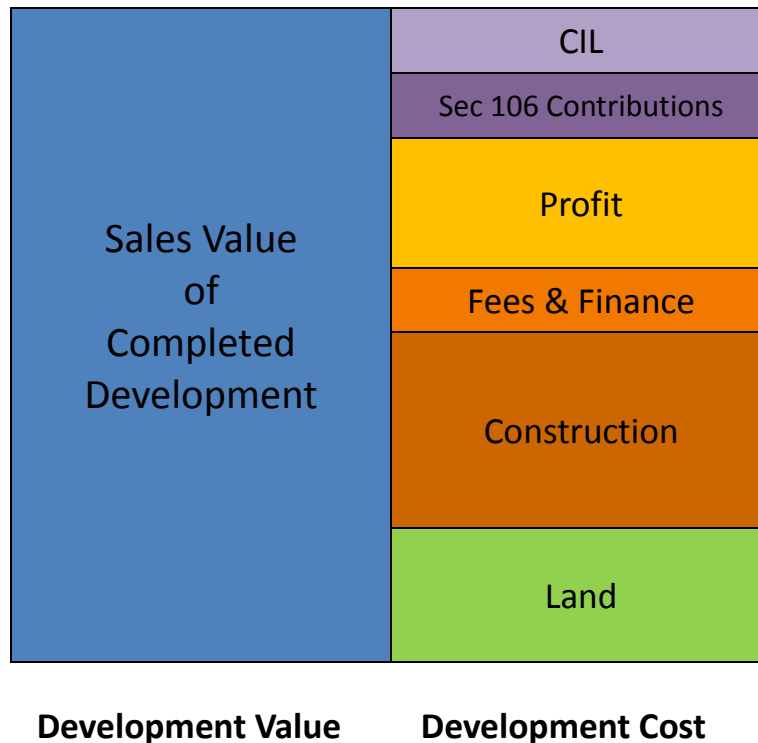
3.5 Appraisal of every category of development in the identified charging zones using a Residual Appraisal Model to determine the margin available for CIL contributions.

### **5) Maximum CIL Rates**

3.6 Tabulation of the Viability Appraisal results to illustrate the maximum rates of CIL that may be levied without threatening the economic viability of development

# 4 Viability Appraisal Assumptions

## The Development Equation



3.7 The appraisal model is illustrated by the above diagram and summarises the 'Development Equation'. On one side of the equation is the development value ie the sales value which will be determined by the market at any particular time. The variable element of the value in residential development appraisal will be determined by the proportion and mix of affordable housing applied to the scheme. Appropriate discounts for the relevant type of affordable housing will need to be factored into this part of the appraisal.

3.8 On the other side of the equation, the development cost includes the 'fixed elements' ie construction, fees, finance and developers profit. Developers profit is usually fixed as a minimum % return on gross development value generally set by the lending institution at the time. The flexible elements are the cost of land and the amount of developer contribution (CIL and Planning Obligations) sought by the Local Authority.

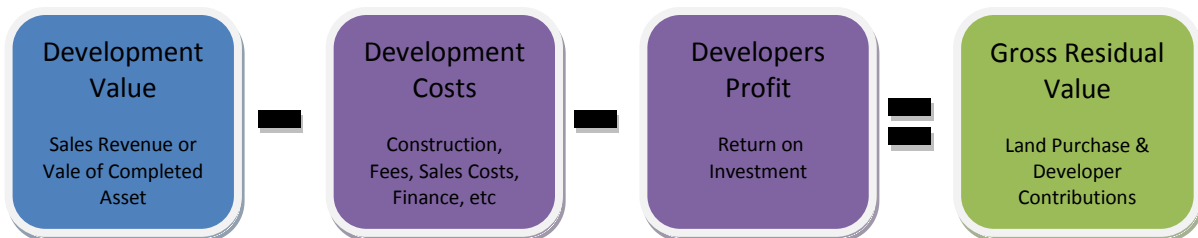
3.9 We assess economic viability using an industry standard Residual Model approach. The model firstly calculates development value and then subtracts the Land Value and the Fixed Development Costs to determine the margin available for Policy Based Contributions (S106, CIL etc). Importantly the methodology attempts to establish a realistic land value – one that reflects the reasonable contributions expectations of Authorities but which also provides sufficient return to persuade landowners to release sites (see Land Value Assumptions).

# 4 Viability Appraisal Assumptions

## Land Value Assumptions

3.10 It is generally accepted that planning policy based developer contributions, will be extracted from the gross residual land value (ie the margin between development value and development cost including a reasonable allowance for developers profit). For the purpose of Local Plan Viability Assessment a Benchmark or Threshold Land Value must be established to ascertain the remaining margin for CIL contributions.

### Stage 1 – Residual Valuation



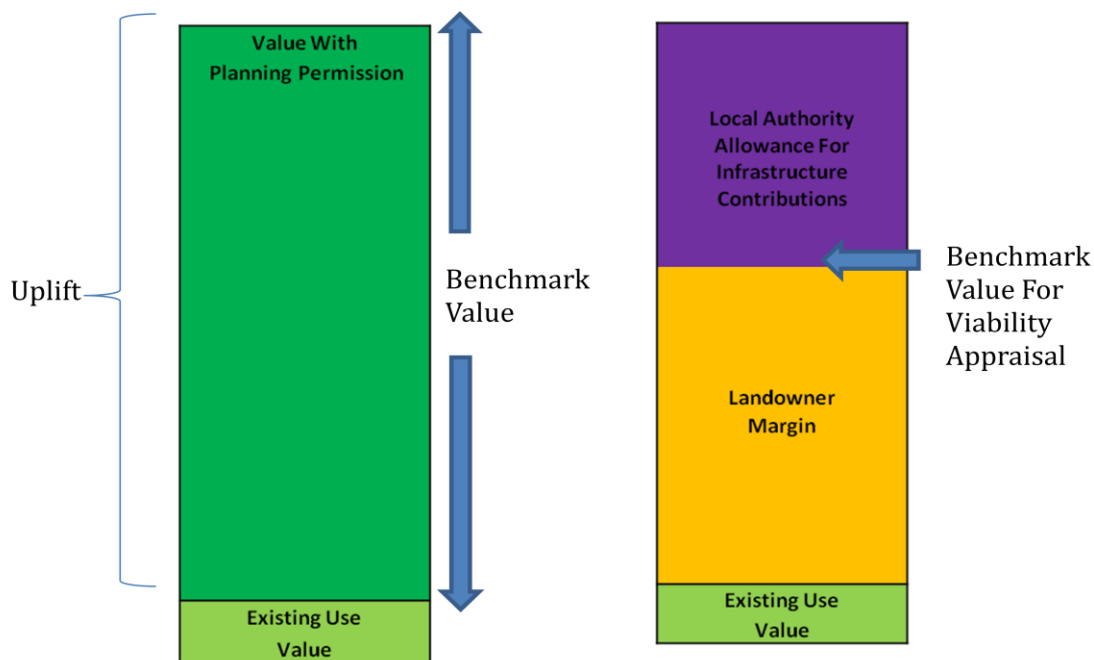
3.11 The approach to assessing the land element of the gross residual value is therefore the key to the robustness of any viability appraisal. There is no single method of establishing threshold land values for the purpose of viability assessment for CIL but the NPPF and emerging best practice guidance does provide a clear steer on the appropriate approach as discussed in the previous section.

### Stage 2 – Establishing Threshold Land Value



# 4 Viability Appraisal Assumptions

## Land Value Benchmarking (Threshold Land Values)



3.11 The above diagram illustrates the principles involved in establishing a robust benchmark for land value. Land will have an existing use value (EUV) based on its market value. This is generally established by comparable evidence of the type of land being assessed (eg agricultural value for greenfield sites or perhaps industrial value for brownfield sites may be regarded as reasonable existing use value starting points and may be easily established from comparable market evidence)

3.12 The Alternative Use Value is established by assessing the gross residual value between development value and development cost after a reasonable allowance for development profit, assuming planning permission has been granted. The gross residual value does not make allowance for the impact of development plan policies on development cost and therefore represents the maximum potential value of land that landowners may aspire to.

3.13 In order to establish a benchmark land value for the purpose of CIL viability appraisal, it must be recognised that Local Authorities will have a reasonable expectation that, in granting planning permission, the resultant development will yield contributions towards infrastructure and affordable housing. The cost of these contributions will increase the development cost and therefore reduce the residual value available to pay for the land.

3.14 The appropriate benchmark value will therefore lie somewhere between existing use value and gross residual value based on alternative planning permission. This will of course vary significantly dependent on the category of development being assessed

# 4 Viability Appraisal Assumptions

3.15 The key part of this process is establishing the point on this scale that balances a reasonable return to the landowner beyond existing use value and a reasonable margin to allow for infrastructure and affordable housing contributions to the Local Authority.

## **Benchmarking and Threshold Land Value Guidance**

3.16 Benchmarking is an approach which the Homes and Communities Agency refer to in 'Investment and Planning Obligations: Responding to the Downturn'. This guide states: *"a viable development will support a residual land value at a level sufficiently above the site's existing use value (EUV) or alternative use value (AUV) to support a land acquisition price acceptable to the landowner"*.

3.17 The NPPF has introduced a more stringent focus on viability in planning considerations. In particular para 173 states:-

*"To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking account of the normal cost of development and mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable"*

3.18 The NPPF recognises that, in assessing viability, unless a realistic return is allowed to a landowner to incentivise release of land, development sites are not going to be released and growth will be stifled. The Local Housing Delivery Group guidance 'Viability Testing Local Plans' states :-

*"Another key feature of a model and its assumptions that requires early discussion will be the Threshold Land Value that is used to determine the viability of a type of site. This Threshold Land Value should represent the value at which a typical willing landowner is likely to release land for development, before payment of taxes (such as capital gains tax)".*

*Different approaches to Threshold Land Value are currently used within models, including consideration of:*

- *Current use value with or without a premium.*
- *Apportioned percentages of uplift from current use value to residual value.*
- *Proportion of the development value.*
- *Comparison with other similar sites (market value).*

*We recommend that the Threshold Land Value is based on a premium over current use values and credible alternative use values. The precise figure that should be used as an appropriate premium above current use value should be determined locally. But it is important that there is evidence that it represents a sufficient premium to persuade landowners to sell".*



# 4 Viability Appraisal Assumptions

## NCS Approach to Land Value Benchmarking (Threshold Land Values)

3.19 NCS has given careful consideration to how the Threshold Land Value (ie the premium over existing use value) should be established.

3.20 We have concluded that adopting a fixed % over existing value is inappropriate because the premium is tied solely to existing value – which will often be very low - rather than balancing the reasonable return aspirations of the landowner to pursue a return based on alternative use as required by the NPPF. Landowners are generally aware of what their land is worth with the benefit of planning permission. Therefore a fixed % uplift over existing use value will not generally be reflective of market conditions and may not be a realistic method of establishing threshold land value.

3.21 We believe that the uplift in value resulting from planning permission should effectively be shared between the landowner (as a reasonable return to incentivise the release of land) and the Local Authority (as a margin to enable infrastructure and affordable housing contributions). The % share of the uplift will vary dependent on the particular approach of each Authority but based on our experience the landowner will expect a minimum of 50% of the uplift in order for sites to be released. Generally, if a landowner believes the Local Authority is gaining greater benefit than he is, he is unlikely to release the site and will wait for a change in planning policy. We therefore consider that a 50:50 split is a reasonable benchmark and will generate base land values that are fair to both landowners and the Local Authority.

***The Shinfield Appeal Decision (APP/X0360/A/12/2179141) in January 2013 has provided clear support for this approach to establishing a 'reasonable return the landowner' under the requirements of the NPPF. The case revolved around the level of affordable housing and developer contributions that could be reasonably required and in turn the decision hinged on the land value allowed to the applicant as a 'reasonable return' to incentivise release of the site. The Inspector held that the appropriate approach to establishing the benchmark or threshold land value would be to split the uplift in value resulting from planning permission for the Alternative Use - 50:50 between landowner and the community.***

The Threshold Land Value is established as follows :-

Existing Use Value + % Share Of Uplift from Planning Permission = Threshold Land Value

3.22 The resultant threshold values are then checked against market comparable evidence of land transactions in the Authority's area by our valuation team to ensure they are realistic. We believe this is a robust approach which is demonstrably fair to landowners and more importantly an approach which has been accepted at CIL and Local Plan Examinations we have undertaken.

# 4 Viability Appraisal Assumptions

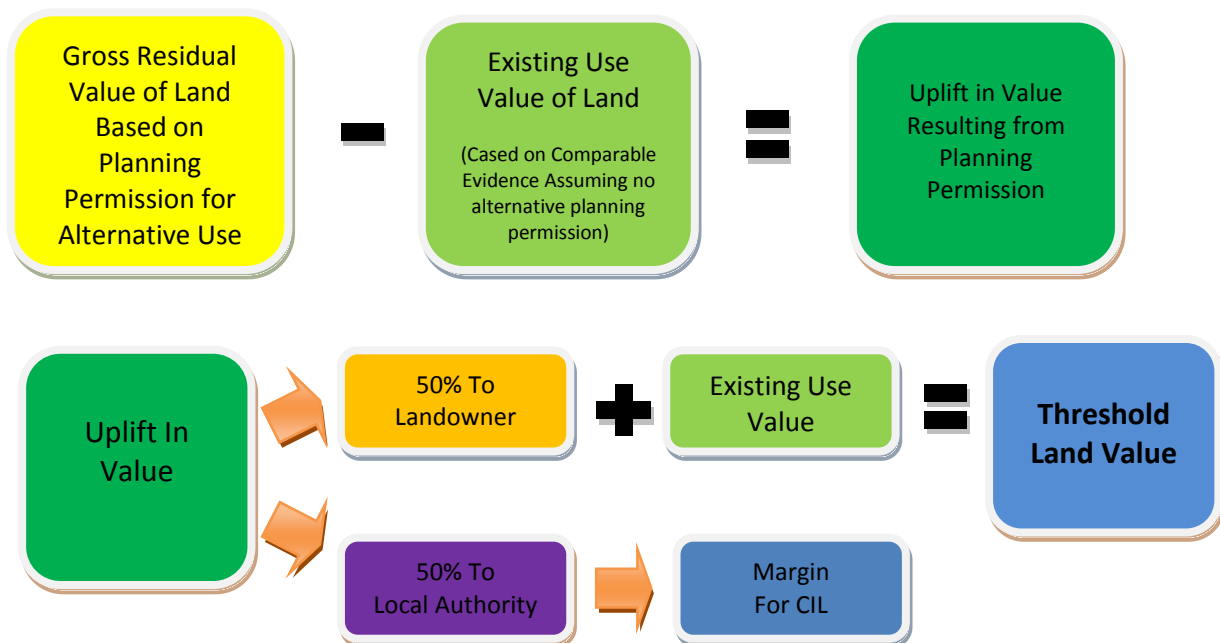
## Worked Example Illustrating % over Existing Use vs % Share of Uplift

3.23 A landowner owns a 1 Hectare field at the edge of a settlement. The land is proposed to be allocated for residential development. Agricultural value is £20,000 per Ha. Residential land is being sold in this area for £1,000,000 per Ha. For the purposes of CIL viability assessment what should this Greenfield site be valued at?

Using Fixed % over EUV the land would be valued at £24,000 (£20,000 + 20%)

Using % Share of Uplift in Value the land would be valued at £510,000 (£20,000 + 50% of the uplift between £20,000 and £1,000,000) – realising a market return for the landowner but reserving a substantial proportion of the uplift for infrastructure contribution.

### Benchmarking Based on % Share of Uplift in Land Value



# 4 Viability Appraisal Assumptions

## Brownfield and Greenfield Land Value Benchmarks

3.24 In order to represent the likely range of benchmark scenarios that might emerge in the plan period for the appraisal it will be necessary to test alternative threshold land value scenarios. A greenfield scenario will represent the best case for developer contributions as it represents the highest uplift in value resulting from planning permission. The greenfield existing use is based on agricultural value.

3.25 The median brownfield position recognises that existing commercial sites will have an established value. The existing use value is based on a low value brownfield use (industrial). The viability testing firstly assesses the gross residual value (the maximum potential value of land based on total development value less development cost with no allowance for affordable housing, CIL, sec 106 contributions or planning policy cost impacts). This is then used to apportion the share of the potential uplift in value to the greenfield and brownfield benchmarks. This is considered to represent a reasonable scope of land value scenarios in that change from a high value use (eg retail) to a low value use (eg industrial) is unlikely.

3.26 In CIL appraisal work, as a sense check, the viability appraisals are also undertaken based on market comparable evidence of actual land transactions in the relevant use category. Actual market evidence will not always be available for all categories of development, the valuation team make reasoned assumptions. It is not recommended that these results are used as the basis for setting CIL rates or Affordable Housing targets since the market transaction land values may not necessarily reflect proper allowance for planning policy impacts – particularly where a policy that has a direct ‘land taxation’ impact (like CIL) has not previously been in existence.

### Residential

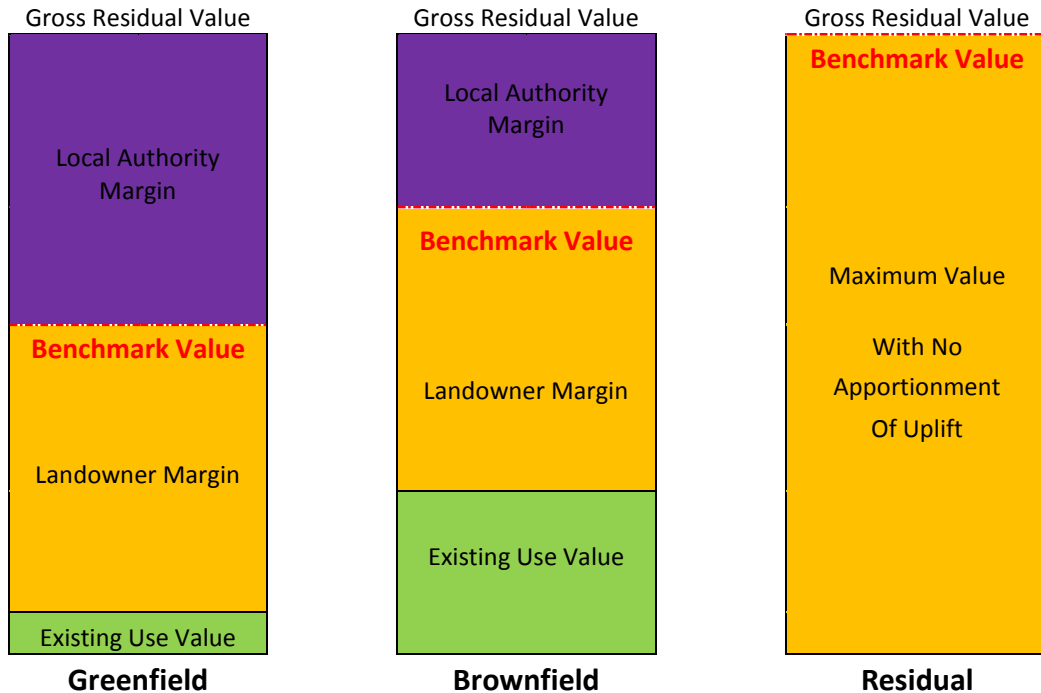
|             |                   |   |
|-------------|-------------------|---|
| Benchmark 1 | Greenfield        | Agricultural – Residential  |
| Benchmark 2 | Brownfield        | Industrial – Residential  |
| Benchmark 3 | Market Comparable | Based on transactional evidence where available<br>(CIL Appraisal only) |

### Commercial

|             |                   |   |
|-------------|-------------------|---|
| Benchmark 1 | Greenfield        | Agricultural – Proposed Use (Maximum CIL Potential)                     |
| Benchmark 2 | Brownfield        | Industrial – Proposed Use   |
| Benchmark 3 | Market Comparable | Based on transactional evidence where available<br>(CIL Appraisal only) |

3.27 The viability study normally assumes that affordable housing land has no value because development costs generally exceed affordable housing sales value. In very high value areas adjustments are made to this assumption to reflect affordable housing land value as appropriate.

# 4 Viability Appraisal Assumptions



3.28 The above diagram illustrates the concept of Benchmark Land Value. The level of existing use value for the three benchmarks is illustrated by the green shading. The uplift in value from existing use value to proposed use value is illustrated by the purple and gold shading. The gold shading represents the proportion of the uplift allowed to the landowner for profit. The blue shading represents the allowance of the uplift for developer contributions to the Local Authority. The Residual Value assumes maximum value with planning permission with no allowance for planning policy cost impacts. This benchmark is used solely to generate the brownfield and greenfield threshold values.

3.29 Whilst brownfield land evaluation with a higher benchmark land value will necessarily indicate that less margin exists for policy cost impacts.

3.30 The 'Market Comparable' land values will normally represent the highest land value assumptions of the three assessed benchmarks. These values are not actually 'benchmarked' at all. They rely on transactional evidence that does not necessarily reflect policy costs, may be out of date and which they cannot make allowance for the introduction of the new policy that is being assessed (and which will have subsequent impact on value, once adopted).

## Residual Valuation & Development Appraisal

3.31 NCS do not rely solely on residual value appraisal to assess viability. Alternative methodologies rely on subtracting development costs and profit from development value and inputting assumed developer contributions and policy impact costs to give a residual value for land. This residual value is then compared to a benchmark value. If it is equal to or higher to the benchmark the development is deemed to be viable.

# 4 Viability Appraisal Assumptions

3.32 The problem with the residual value approach is that it doesn't factor in the finance cost of land – which will be the element of development cost that is incurred up front and carry finance costs through the entire development process. The omission of this finance cost could potentially give a false picture of development viability.

3.33 NCS therefore adopt a development appraisal approach rather than a residual land value approach. NCS has developed a bespoke model specifically to assess the economic viability of development. This model factors in land value (threshold land value as discussed in the previous section) as a key element of development cost. In this way the finance charges for of all elements of development cost are properly assessed including land.

## Residual Valuation & Development Appraisal

3.34 The NCS model is based on standard development appraisal methodology, comparing development value to development cost. The model factors in a reasonable return for the landowner with the established threshold value, a reasonable profit return to the developer and the assessed cost impacts of proposed planning policies to determine if there is a positive or negative residual output. Provided the margin is positive (ie Zero or above) then the development being assessed is deemed viable. The principles of the model are illustrated below.

|   |                   |
|---|-------------------|
| <b>Development Value (Based on Floor Area)</b><br>Eg 2000sqm Unit x £1,100per sqm | <b>£2,200,000</b> |
|   |                   |
| <b>Development Costs</b>  |                   |
| Land Value  | £400,000          |
| Construction Costs  | £870,000          |
| Abnormal Construction Costs (Optional)  | £100,000          |
| Professional Fees (% Costs)   | £90,000           |
| Legal Fees (% Value)  | £30,000           |
| Statutory Fees (% Costs)  | £30,000           |
| Sales & Marketing Fees (% Value)  | £40,000           |
| Contingencies (% Costs)   | £50,000           |
| Section 106 Contributions/Policy Impact<br>Cost Assumptions                       | £90,000           |
| Finance Costs (% Costs)   | £100,000          |
| Developers Profit (% Return on GDV)   | £350,000          |
| <b>Total Costs</b>  | <b>£2,175,000</b> |
|   |                   |
| <b>Output</b>   |                   |
|   |                   |
| <b>Viability Margin</b>   | <b>£50,000</b>    |
| <b>Potential CIL Rate (CIL Appraisal only)</b>                                    | <b>£25 sqm</b>    |

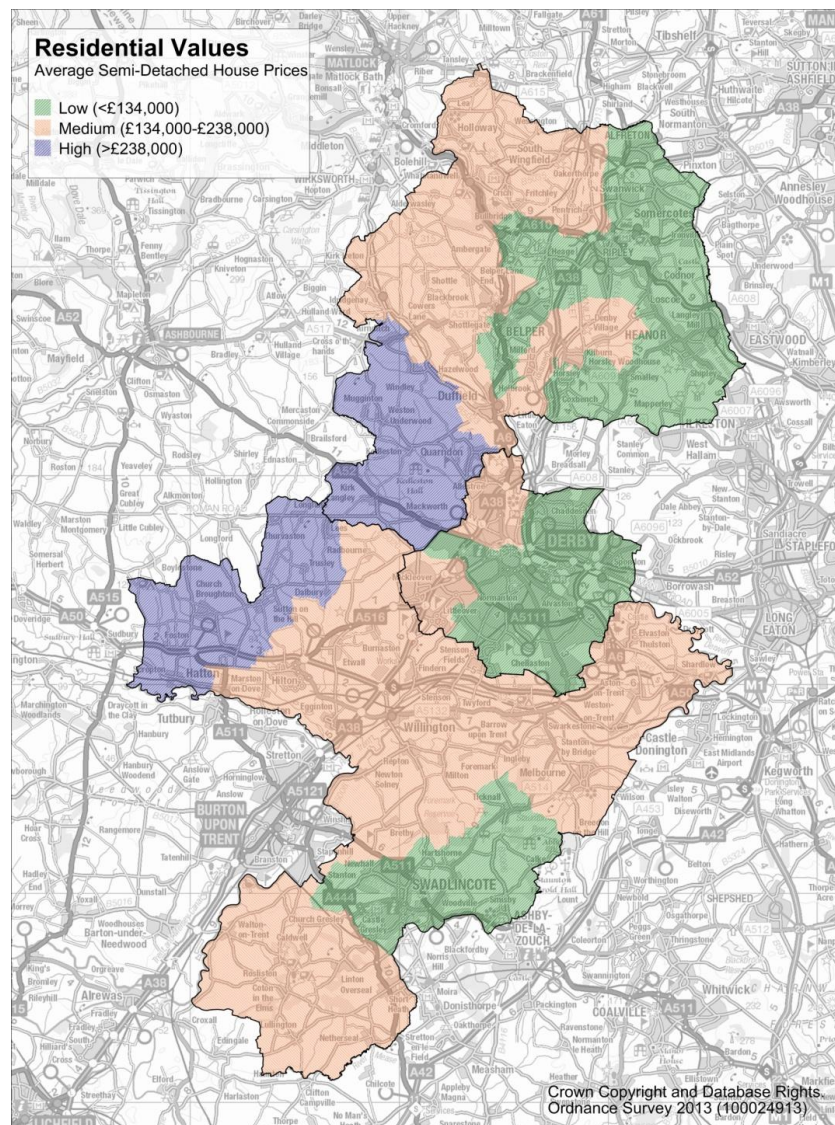


# 4 Viability Appraisal Assumptions

## Sub Market Areas

4.1 The Heb valuation study concluded that variations in land and property values were significant enough to justify delineation of 3 sub-market areas and application of differential value assumptions. Both Amber Valley and South Derbyshire contained all three sub-markets but Derby City only demonstrated medium and low value areas.

The sub-market areas suggest the potential for differential CIL Charging Zones though are not absolutely prescriptive as they are based on political ward boundaries. They do not necessarily reflect strategic developments that may cross boundaries and drive their own sub-market values. This would be something for the LPAs to determine from the results of this study and the final allocations within each Local Plan



# 4 Viability Appraisal Assumptions

## Affordable Housing

4.2 The residential viability tests factor in affordable housing in accordance with the three Councils' relevant approach to tenure mix and test affordable housing delivery targets from 15-40%. The following extract from a generic residential viability appraisal model illustrates how affordable housing is factored into the residential valuation assessment. The relevant variables (eg unit numbers, types, sizes, affordable proportion, tenure mix etc) are inputted into the highlighted cells. The model will then calculate the overall value of the development taking account of the relevant affordable unit discounts.

|                          |              |                               |                    |             |              |                        |
|--------------------------|--------------|-------------------------------|--------------------|-------------|--------------|------------------------|
| DEVELOPMENT SCENARIO     |              | Mixed Residential Development |                    |             | Apartments   | 10                     |
| BASE LAND VALUE SCENARIO |              | Greenfield to Residential     |                    |             | 2 bed houses | 20                     |
| DEVELOPMENT LOCATION     |              | Urban Zone 1                  |                    |             | 3 Bed houses | 40                     |
| DEVELOPMENT DETAILS      |              | 100                           | Total Units        |             | 4 bed houses | 20                     |
| Affordable Proportion    | 30%          | 30                            | Affordable Units   |             | 5 bed house  | 10                     |
| Affordable Mix           | 30%          | Intermediate                  | 40%                | Social Rent | 30%          | Affordable Rent        |
| Development Floorspace   |              | 6489                          | Sqm Market Housing |             | 2,163        | Sqm Affordable Housing |
| Development Value        |              |                               |                    |             |              |                        |
| Market Houses            |              |                               |                    |             |              |                        |
| 7                        | Apartments   | 65                            | sqm                | 2000        | £ per sqm    | £910,000               |
| 14                       | 2 bed houses | 70                            | sqm                | 2200        | £ per sqm    | £2,156,000             |
| 28                       | 3 Bed houses | 88                            | sqm                | 2200        | £ per sqm    | £5,420,800             |
| 14                       | 4 bed houses | 115                           | sqm                | 2200        | £ per sqm    | £3,542,000             |
| 7                        | 5 bed house  | 140                           | sqm                | 2200        | £ per sqm    | £2,156,000             |
|                          |              |                               |                    |             |              |                        |
| Intermediate Houses      |              | 60%                           | Market Value       |             |              |                        |
| 3                        | Apartments   | 65                            | sqm                | 1200        | £ per sqm    | £210,600               |
| 5                        | 2 Bed house  | 70                            | sqm                | 1320        | £ per sqm    | £415,800               |
| 2                        | 3 Bed House  | 88                            | sqm                | 1320        | £ per sqm    | £209,088               |
|                          |              |                               |                    |             |              |                        |
| Social Rent Houses       |              | 40%                           | Market Value       |             |              |                        |
| 4                        | Apartments   | 65                            | sqm                | 800         | £ per sqm    | £187,200               |
| 6                        | 2 Bed house  | 70                            | sqm                | 880         | £ per sqm    | £369,600               |
| 2                        | 3 Bed House  | 88                            | sqm                | 880         | £ per sqm    | £185,856               |
|                          |              |                               |                    |             |              |                        |
| Affordable Rent Houses   |              | 50%                           | Market Value       |             |              |                        |
| 3                        | Apartments   | 65                            | sqm                | 1000        | £ per sqm    | £175,500               |
| 5                        | 2 Bed house  | 70                            | sqm                | 1100        | £ per sqm    | £346,500               |
| 2                        | 3 Bed House  | 88                            | sqm                | 1100        | £ per sqm    | £174,240               |
| 100 Total Units          |              |                               |                    |             |              |                        |
| Development Value        |              |                               |                    |             |              | £16,459,184            |

# 4 Viability Appraisal Assumptions

4.3 The following Affordable Housing assumptions were employed in the viability testing to reflect the proposed policies of the Local Plan. The assumption relate to the tenure mix between Intermediate, Social Rent and Affordable Rent housing types. Finally the transfer values in terms of % of open market value are set out for each tenure type.

| Affordable Housing      |              |              |             |                 |
|-------------------------|--------------|--------------|-------------|-----------------|
|                         | Proportion % | Tenure Mix % |             |                 |
|                         |              | Intermediate | Social Rent | Affordable Rent |
| <b>Derby City</b>       | 15-40%       | 20%          | 80%         |                 |
| <b>Amber Valley</b>     | 15-40%       | 10%          | 90%         |                 |
| <b>South Derbyshire</b> | 15-40%       | 30%          | 65%         | 5%              |
| <b>Transfer Values</b>  |              | 65%          | 40%         | 55%             |

The HMA authorities requested sensitivity testing on the affordable housing targets in order to be able to assess the impact of their draft policies and to assist in the development of a robust evidence base based on the following alternative assumptions.

| Affordable Housing      |              |              |             |                 |
|-------------------------|--------------|--------------|-------------|-----------------|
|                         | Proportion % | Tenure Mix % |             |                 |
|                         |              | Intermediate | Social Rent | Affordable Rent |
| <b>Derby City</b>       | 15-40%       | 35%          | 32%         | 33%             |
| <b>Amber Valley</b>     | 15-40%       | 35%          | 32%         | 33%             |
| <b>South Derbyshire</b> | 15-40%       | 30%          | 35%         | 35%             |
| <b>Transfer Values</b>  |              | 65%          | 40%         | 55%             |

## Property Sales Values

4.4 The sale value of the development category will be determined by the market at any particular time and will be influenced by a variety of locational, supply and demand factors as well as the availability of finance. The study uses appropriate available evidence to give an accurate representation of the market circumstances on which Development Plan policy will be based. Sales value evidence is based on the Valuation assessment undertaken by Peter Brett Associates in 2013 and updated by Heb Surveyors.

# 4 Viability Appraisal Assumptions

| Residential Sales Values |                  |       |       |       |       |
|--------------------------|------------------|-------|-------|-------|-------|
| Charging Zone            | Sales Value £sqm |       |       |       |       |
|                          | Apartment        | 2 Bed | 3 Bed | 4 Bed | 5 Bed |
| 1 Low                    | 1600             | 1600  | 1600  | 1600  | 1600  |
| 2 Medium                 | 1900             | 1900  | 1900  | 1900  | 1900  |
| 3 High                   | 2550             | 2550  | 2550  | 2550  | 2550  |

## Development Density

4.5 Density is an important factor in determining gross development value and land value. Residential densities vary significantly dependent on house type mix and location. Mixed housing developments may vary from 10-50 dwellings per Hectare. Town Centre apartment schemes may reach densities of over 150 units per Hectare. We generate plot values for residential viability assessment related to specific house types. The plot values allow for standard open space requirements per Hectare.

4.6 The residential density assumptions for house types related to plot values are as follows :-

|             |                  |
|-------------|------------------|
| Apartment   | 120 units per Ha |
| 2 Bed House | 40 units per Ha  |
| 3 Bed House | 35 units per Ha  |
| 4 Bed House | 25 units per Ha  |
| 5 Bed House | 20 units per Ha  |

## House Types and Mix

4.7 The study uses the following standard house types as the basis for valuation and viability testing as unit types that are generally reflective of market circumstances in The Derby HMA.

|                 |         |
|-----------------|---------|
| 2 Bed Apartment | 65 sqm  |
| 2 Bed House     | 75 sqm  |
| 3 Bed House     | 88 sqm  |
| 4 Bed House     | 120 sqm |
| 5 Bed House     | 150 sqm |

4.8 Housing values and costs are based on the same gross internal area. However apartments will contain circulation space (stairwells, lifts, access corridors) which will incur construction cost but which is not directly valued. We make an additional construction cost allowance of 15% to reflect the difference between gross and net floorspace.

# 4 Viability Appraisal Assumptions

## Residential Development Scenarios For CIL Testing

4.9 The CIL appraisal considered 5 generic housing mixes to generate potential CIL rates for each Authority area as follows :-

### Derby City

|                                |                             |           |
|--------------------------------|-----------------------------|-----------|
| 1. Mixed Residential           | Apts, 2, 3, 4, 5 Bed Houses | 500 Units |
| 2. Small Scale Infill (no AH)  | 2, 3 Bed Houses             | 14 Units  |
| 3. Urban Fringe (Medium Scale) | 2, 3,4 Bed Houses           | 50 Units  |
| 4. Urban Regeneration          | Apts, 2, 3 Bed Houses       | 100 Units |
| 5. Urban Fringe (Large Scale)  | 2, 3,4 Bed Houses           | 150 Units |

### Amber Valley

|                                   |                             |            |
|-----------------------------------|-----------------------------|------------|
| 1. Mixed Residential              | Apts, 2, 3, 4, 5 Bed Houses | 2000 Units |
| 2. Edge of Town outside DUA       | Apts, 2, 3, 4,5 Bed Houses  | 10 Units   |
| 3. Large Edge of Town outside DUA | Apts, 2, 3, 4,5 Bed Houses  | 500 Units  |
| 4. Edge of Derby Urban Area       | Apts, 2, 3, 4,5 Bed Houses  | 300 Units  |
| 5. Edge of Village                | 2,3,4,5 Bed Houses          | 10 Units   |

### South Derbyshire

|                               |                             |            |
|-------------------------------|-----------------------------|------------|
| 1. Mixed Residential          | Apts, 2, 3, 4, 5 Bed Houses | 500 Units  |
| 2. Small Scale Infill (no AH) | 2, 3 Bed Houses             | 10 Units   |
| 3. Edge of Village            | 2, 3, 4, 5 Bed Houses       | 100 Units  |
| 4. Derby Urban Edge           | Apts, 2, 3, 4, 5 Bed Houses | 100 Units  |
| 5. Derby Urban Edge - SUE     | Apts, 2, 3, 4 Bed Houses    | 1500 Units |

The scenarios selected broadly reflect the anticipated type and location of development expected to come forward in each area. They also provide a sufficient range of schemes that will allow the robust extrapolation of results to other scenarios if need be. The scenarios are not intended to cover every eventuality but it is considered that these scenarios provide a representative sample over the plan period.

## Commercial Development Scenarios

4.10 The CIL appraisal tests all forms of commercial development broken down into use class order categories. For completeness the appraisal includes a sample of sui generis uses. A typical form of development, that might emerge during the plan period, is tested within each use class.



# 4 Viability Appraisal Assumptions

4.11 The density assumptions for commercial development will be specific to the development category. For instance the extent of the building footprint for industrial development is generally around 50% of the site area to take account of external servicing, storage and parking, offices will vary significantly dependent on location, town centre offices may take up 100% of the site area whereas out of town locations where car parking is a primary consideration, the building footprint may be only 25% of the site area. Food retailing generally has high car parking requirements and large site areas compared to building footprints.

4.12 The viability model also makes allowance for net:gross floorspace. In many forms of commercial development such as industrial and retail, generally the entire internal floorspace is deemed lettable and therefore values per sqm and construction costs per sqm apply to the same area. However in some commercial categories (eg offices) some spaces are not considered lettable (corridors, stairwells, lifts etc) and therefore the values and costs must be applied differentially. The net:gross floorspace ratio enables this adjustment to be taken into account.

4.13 The table below illustrates the commercial category and development sample testing as well as the density assumptions and net:gross floorspace ratio for each category.

| Commercial Development Sample Typology<br>Unit Size & Land Plot Ratio |                    |                     |                 |           |                      |
|---|--------------------|---------------------|-----------------|-----------|----------------------|
|   |                    | Unit<br>Size<br>Sqm | Plot Ratio<br>% | Gross:Net | Sample               |
| Industrial  | B1b B1c B2<br>B8   | 1000                | 200%            | 1.0       | Factory Unit         |
| Office  | B1a                | 2000                | 200%            | 1.2       | Office Building      |
| Food Retail   | A1                 | 3000                | 300%            | 1.0       | Supermarket          |
| General Retail  | A1-A5              | 300                 | 150%            | 1.0       | Roadside Retail Unit |
| Residential Inst  | C2                 | 4000                | 150%            | 1.2       | Care Facility        |
| Hotels  | C3                 | 3000                | 200%            | 1.2       | Mid Range Hotel      |
| Community   | D1                 | 200                 | 150%            | 1.0       | Community Centre     |
| Leisure   | D2                 | 2500                | 300%            | 1.0       | Bowling Alley        |
| Agricultural  |                    | 500                 | 200%            | 1.0       | Farm Store           |
| Sui Generis   | Car Sales          | 1000                | 200%            | 1.0       | Car Showroom         |
| Sui Generis   | Vehicle<br>Repairs | 300                 | 200%            | 1.0       | Repair Garage        |

## Construction Costs

4.14 The base construction cost reflects Code level for Sustainable Homes Code 4. The construction rates will reflect allowances for external works, drainage, servicing preliminaries and contractor's overhead and profit. The viability assessment will include a 5% allowance for construction contingencies. The commercial construction rates represent BREEAM 'very good' standards. The standards reflect proposed Local Plan policies and the applicable rates are set out in the Gleeds Report at Appendix 2.

# 4 Viability Appraisal Assumptions

## Abnormal Construction Costs

4.15 Most development will involve some degree of exceptional or 'abnormal' construction cost. Brownfield development may have a range of issues to deal with to bring a site into a 'developable' state such as demolition, contamination, utilities diversion etc. Viability assessment is a generic test and it would be unrealistic to make assumptions over average abnormal costs to cover such a wide range of scenarios. It is considered better to bear the unknown costs of development in mind when setting CIL rates and not fix rates at the absolute margin of viability.

## Planning Policy Cost Impacts

4.16 The study has considered the impacts of policies proposed in each authority's draft Local Plan on the economic viability of development. The following list summarises policies which may have a direct cost impact on development. The Derby HMA does not consider that there are any proposed policies (that are not already factored into the study) that would add specific additional development costs that would have a direct impact on the viability of development.

### Derby Policy Impacts

|     |                              |  |
|-----|------------------------------|--|
| CP2 | Responding to Climate Change | Residential = Code Level 4 by 2016   |
| CP2 | Responding to Climate Change | Commercial = BREEAM Good 2016, Very Good 2019  |
| CP2 | Responding to Climate Change | General requirements for energy reduction, renewable energy, water and flood resilience (e.g. SUDs). Not a standard charge but general expectations (may be site specific) |
| CP2 | Responding to Climate Change | Requirement for decentralised forms of energy generation where it is practicable, feasible and viable  |
| CP3 | Placemaking Principles       | Public art & design review (non-standard costs?)   |
| CP7 | Affordable housing           | 30% subject to viability on sites over 15 dwellings (80% social rent, 20% intermediate housing)  |
| CP7 | Lifetime homes               | 20% subject to viability on sites over 15 dwellings  |

# 4 Viability Appraisal Assumptions

|      |   |  |
|------|---|--|
| CP7  | Wheelchair                                | Where identified local need, require developers to provide a proportion of homes to meet full wheel chair access (as part of lifetime homes requirement)   |
| CP9  | Delivering a Sustainable Economy          | General requirements for energy efficiency, digital connectivity etc. No standards   |
| CP17 | Public Green Space                        | POS provision and maintenance (see standards)  |
| CP21 | Learning, Health and Community Facilities | Requirement for contributions to new education (note site specific policies set out where a new school is needed, or a contribution to an existing school required). General requirement for new secondary school in either SDDC or DCC. Also requires new community facilities as appropriate |
| CP23 | Transport Requirements                    | On-site, off-site improvements; public transport contributions.  |

4.17 The study applies Code 4 CoSH build cost rates which take account of the impact of Policies CP2-CP9. With respect to Policy CP7, the study tests a range of Affordable Housing Delivery targets at the Authority's preferred tenure mix to enable the Authority to consider the balance between Affordable Housing Delivery and CIL. Policies CP17–23 relate to infrastructure contributions. The study makes allowance for ongoing planning obligation contributions and is intended to support the adoption of CIL which will ultimately fund a significant proportion of these policy impacts.

## **Amber Valley Policy Impacts**

Policy H3: Affordable Housing. This requires all development on any sites of 0.5 hectares or more (or 15 dwellings or greater) being expected to provide 30% of the gross number of dwellings as affordable housing. It also states that normally, 90% of the affordable homes should be for 'social rent' (or equivalent) , with the balance being 'intermediate' affordable housing.

Policy R1: Reducing the Use of Non Renewable Energy Resources.

This states that it will be expected that all residential dwellings to meet code level 4 of the Code for Sustainable Homes by 2016 and all commercial properties being expected to meet as a minimum BREEAM Good Standard by 2016 and Very Good Standard by 2019.

It also states that any homes built after 2016 should achieve the 'water efficiency' component of level 5/6 of the Code for Sustainable Homes, providing this does not compromise achieving zero carbon.

# 4 Viability Appraisal Assumptions

## Policy E2: Quality and Design of Development

This states that new development proposals should facilitate the on-site provision of high speed broadband connectivity

4.18 The study tests a range of Affordable Housing Delivery targets at the Authority's preferred tenure mix to enable the Authority to consider the balance between Affordable Housing Delivery and CIL. The study applies Code 4 CoSH build cost rates which take account of the impact of Policies R1 and E2.

## South Derbyshire Plan Policy Impacts

### Policy H2

- Developer contributions for additional land and to enable an extension to St Georges Primary School

### Policy H3

- The provision of a road link from the A514 to the A511 through the site, to help mitigate the developments impact on the surrounding road network.
- Contributions towards the extension of a local primary school.

### Policy H4

- Contribution towards the local greenway

### Policy H6

- Provision of a primary school on site
- Contributions to secondary school provision
- Refurbishment of the listed buildings on the site.

### Policy H7

- Provision of a new primary school on site
- Contributions to secondary school provision

### Policy H8

- Contributions to secondary school provision

### Policy H9

- Contributions to secondary school provision

### Policy H10

- Provision of a cricket pitch and pavilion within Etwall
- Land provided for the extension of Etwall cemetery
- Contributions to secondary school provision

# 4 Viability Appraisal Assumptions

## Policy H11

- Contributions to maintain the flood alleviation works at the lower River Dove Catchment Area
- Contributions towards an extension to Heathfields Primary School, Hatton
- Contributions to secondary school provision

## Policy H12

- Provision of a new primary school on site
- Contributions to secondary school provision
- Provision of a community centre

## Policy H13

- Provision of sustainable transport measures, including contributions to the delivery of a new park and ride and bus service
- Highway works, including improvements to Snelsmoor Lane to mitigate the impact on its junctions with the A6 and High Street
- Cross boundary flood mitigation measures, to address fluvial; and surface water issues relating to the Thulston Brook watercourse and ground water levels
- Contributions to secondary school provision
- Provision of two form entry primary school to cover phases 1 and 2 with separate primary provision to serve the site in Derby

## Policy H14

- Contributions to primary & secondary school provision

## Policy H15

- New highway infrastructure to mitigate the transport impact on the local and strategic road networks of the whole site. This will include the provision of and/or contributions to the construction of the South Derby Integrated Transport link
- Sufficient new primary school provision on site for the development as a whole
- Contributions to secondary school provision

## Policy H16

- Contributions to primary & secondary school provision

## Policy H17

- Contributions to primary & secondary school provision

## Policy H19

- Contributions to primary & secondary school provision



# 4 Viability Appraisal Assumptions

## Policy H20

- A new primary school that is likely to be within the Derby City part of the site
- Contributions to secondary school provision
- Improvements to the junction of the Station Road and Radbourne Lane

## Policy H23

- Up to 40% of new housing development as affordable housing on sites of over 15 dwellings or 0.5 hectares
- The viability of any proposed scheme which will be assessed through independent viability assessments

## Policy SD5

- All relevant developments within the catchment of the River Mease, must support the delivery of the River Mease Water Quality (Phosphate) Management Plan, by means of financial contribution, in order that the unmitigated addition of phosphorous does not lead to deterioration of the Mease Special Area of Conservation

## Policy I1

- New development that generates a requirement for infrastructure will only be permitted if the necessary on and off-site infrastructure required to support and mitigate the impact of that development is either:
  - already in place, or
  - there is a reliable mechanism in place to ensure that it will be delivered in the right place, at the right time and to the standard required by the Council and its partners

4.19 All of the above policies relate to infrastructure contributions. The study makes allowance for ongoing planning obligation contributions and is intended to support the adoption of CIL which will ultimately fund a significant proportion of these policy impacts.

## Policy SD1

- In order to meet targets for zero carbon development the Council will expect developers to maximise carbon reductions on site. It is for developers to outline the appropriate measures to deliver reductions but these could include building fabric (energy efficiency) improvements, passive design, and the installation of on-site low and zero carbon energy and heat generation technologies
- Where it is not cost-effective, affordable or technically feasible to fully meet the zero carbon homes standard through measures on site, developers will be expected to achieve the zero carbon standard by mitigating the remaining emissions 'off-site', through carbon offsetting ("Allowable Solutions")

# 4 Viability Appraisal Assumptions

## Policy SD2

- All residential dwellings will be expected to meet as a minimum Code Level 4 of the Code for Sustainable Homes by 2016
- All commercial properties will be expected to meet as a minimum BREEAM Good Standard by 2016 and Very Good Standard by 2019
- The above requirements will be applicable in all cases, unless it can be demonstrated by the applicant that meeting these requirements is technically or financially unviable.

4.20 The study applies Code 4 CoSH and BREEAM 'Very Good' build cost rates which take account of the impact of Policies SD1 and SD2.

## Planning Obligation Contributions

4.21 CIL is likely to replace some if not all planning obligation contributions. Nevertheless it is anticipated that planning obligations will continue to be used to fund site specific mitigation and infrastructure, particularly in connection with residential development.

4.22 An allowance of £1000 per dwelling has been adopted in the residential viability appraisals to reflect the impact of the future use of planning obligation contributions.

4.23 An allowance of £20sqm has been made for all of the commercial development scenarios to reflect ongoing S106 and site specific mitigation requirements.

## Developers Profit

4.24 Developers profit is generally fixed as a % return on gross development value or return on the cost of development to reflect the developer's risk. In current market conditions, and based on the minimum lending conditions of the financial institutions. A 20% return on GDV is used in the residential CIL viability appraisals to reflect speculative risk on the market housing development. An industry standard return of 6% is applied to the Affordable Housing element reflecting a contractors profit only. A reduced level of 17.5% return is used in the commercial appraisals to reflect the likelihood that commercial development will be pre-let or pre-sold with a reduced level of risk.

4.25 The HMA authorities also requested a set of scenarios which considered a reduced return of 17.5% on GDV for developers. It is to be expected that as the economy recovers, risks to the developer will be reduced and thus a lower level of profit may be acceptable at some point in the future. The local authorities wished to understand what effect this would have on viability/deliverability.

# 5 CIL Viability Appraisal Results

5.1 The results of the Residential CIL Viability Testing are set out in the above table. The residential results are illustrated for the Sub Market Areas/CIL Charging Zones based on 15-40% Affordable Housing delivery for the five residential development scenarios in each Authority area.

5.2 The residential tables illustrate the maximum potential CIL rates in £ per sqm that could be applied for each rate of affordable housing delivery, without threatening the overall viability of that development. Negative rates illustrate that the relevant combination of CIL and affordable Housing is not currently viable.

5.3 Each category of development produces a greenfield and brownfield result reflecting the benchmark land value scenario. The first result assumes greenfield development which generally represents the highest uplift in value from current use and therefore will produce the highest potential CIL Rate. The second result assumes that development will emerge from low value brownfield land. The Market Comparable rate should be regarded as a sensitivity test only as it is based on non benchmarked land values which reflect historic land transactions that could not factor in, and therefore make appropriate allowance for, CIL. The greenfield and brownfield results should guide the actual rates of CIL adopted, dependent on the prevailing development strategy of the Development Plan.

5.4 The following viability appraisal results are based on assumptions which reflect the draft policies of the three Authorities. Alternative appraisals based on different Affordable Housing Assumptions in Derby and Amber Valley and different development profit allowances are set out in the next section (5a).

# 5 CIL Viability Appraisal Results

## Amber Valley Residential Viability Appraisals

| Maximum Residential CIL Rates per sqm 15% Affordable Housing |                                  |                             |                             |                             |                 |
|--|----------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------|
| Charging Zone/<br>Base Land Value                            | Mixed Residential<br>Development | Edge of Town<br>outside DUA | Edge of Town<br>outside DUA | Edge of Derby<br>Urban Area | Edge of Village |
| <b>1 Low</b>   |                                  |                             |                             |                             |                 |
| Greenfield   | -£22                             | £31                         | -£63                        | -£66                        | £75             |
| Brownfield   | -£87                             | -£29                        | -£126                       | -£129                       | £11             |
| Market Comparable  | -£226                            | -£159                       | -£259                       | -£261                       | -£129           |
| <b>2 Medium</b>  |                                  |                             |                             |                             |                 |
| Greenfield   | £73                              | £120                        | £40                         | £38                         | £154            |
| Brownfield   | £5                               | £57                         | -£24                        | -£26                        | £81             |
| Market Comparable  | -£214                            | -£154                       | -£233                       | -£235                       | -£141           |
| <b>3 High</b>  |                                  |                             |                             |                             |                 |
| Greenfield   | £273                             | £300                        | £261                        | £261                        | £305            |
| Brownfield   | £205                             | £237                        | £197                        | £197                        | £235            |
| Market Comparable  | £141                             | £170                        | £136                        | £136                        | £170            |

| Maximum Residential CIL Rates per sqm 20% Affordable Housing |                                  |                             |                             |                             |                 |
|--|----------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------|
| Charging Zone/<br>Base Land Value                            | Mixed Residential<br>Development | Edge of Town<br>outside DUA | Edge of Town<br>outside DUA | Edge of Derby<br>Urban Area | Edge of Village |
| <b>1 Low</b>   |                                  |                             |                             |                             |                 |
| Greenfield   | -£52                             | £31                         | -£100                       | -£103                       | £75             |
| Brownfield   | -£118                            | -£29                        | -£162                       | -£166                       | £11             |
| Market Comparable  | -£257                            | -£159                       | -£295                       | -£298                       | -£129           |
| <b>2 Medium</b>  |                                  |                             |                             |                             |                 |
| Greenfield   | £49                              | £120                        | £12                         | £9                          | £154            |
| Brownfield   | -£19                             | £57                         | -£52                        | -£55                        | £81             |
| Market Comparable  | -£238                            | -£154                       | -£262                       | -£264                       | -£141           |
| <b>3 High</b>  |                                  |                             |                             |                             |                 |
| Greenfield   | £263                             | £300                        | £250                        | £249                        | £305            |
| Brownfield   | £195                             | £237                        | £185                        | £185                        | £235            |
| Market Comparable  | £132                             | £170                        | £125                        | £125                        | £170            |

# 5 CIL Viability Appraisal Results

## Amber Valley Residential Viability Appraisals

| Maximum Residential CIL Rates per sqm 25% Affordable Housing |                                  |                             |                             |                             |                 |
|--|----------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------|
| Charging Zone/<br>Base Land Value                            | Mixed Residential<br>Development | Edge of Town<br>outside DUA | Edge of Town<br>outside DUA | Edge of Derby<br>Urban Area | Edge of Village |
| <b>1 Low</b>   |                                  |                             |                             |                             |                 |
| Greenfield   | -£87                             | £31                         | -£141                       | -£144                       | £75             |
| Brownfield   | -£153                            | -£29                        | -£203                       | -£207                       | £11             |
| Market Comparable  | -£292                            | -£159                       | -£336                       | -£340                       | -£129           |
| <b>2 Medium</b>  |                                  |                             |                             |                             |                 |
| Greenfield   | £22                              | £120                        | -£21                        | -£24                        | £154            |
| Brownfield   | -£46                             | £57                         | -£85                        | -£88                        | £81             |
| Market Comparable  | -£265                            | -£154                       | -£294                       | -£297                       | -£141           |
| <b>3 High</b>  |                                  |                             |                             |                             |                 |
| Greenfield   | £252                             | £300                        | £237                        | £236                        | £305            |
| Brownfield   | £184                             | £237                        | £172                        | £172                        | £235            |
| Market Comparable  | £121                             | £170                        | £112                        | £111                        | £170            |

| Maximum Residential CIL Rates per sqm 30% Affordable Housing |                                  |                             |                             |                             |                 |
|--|----------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------|
| Charging Zone/<br>Base Land Value                            | Mixed Residential<br>Development | Edge of Town<br>outside DUA | Edge of Town<br>outside DUA | Edge of Derby<br>Urban Area | Edge of Village |
| <b>1 Low</b>   |                                  |                             |                             |                             |                 |
| Greenfield   | -£127                            | £31                         | -£188                       | -£192                       | £75             |
| Brownfield   | -£192                            | -£29                        | -£250                       | -£255                       | £11             |
| Market Comparable  | -£331                            | -£159                       | -£383                       | -£388                       | -£129           |
| <b>2 Medium</b>  |                                  |                             |                             |                             |                 |
| Greenfield   | -£9                              | £120                        | -£57                        | -£61                        | £154            |
| Brownfield   | -£77                             | £57                         | -£122                       | -£125                       | £81             |
| Market Comparable  | -£297                            | -£154                       | -£331                       | -£334                       | -£141           |
| <b>3 High</b>  |                                  |                             |                             |                             |                 |
| Greenfield   | £239                             | £300                        | £222                        | £221                        | £305            |
| Brownfield   | £171                             | £237                        | £157                        | £157                        | £235            |
| Market Comparable  | £108                             | £170                        | £97                         | £96                         | £170            |

# 5 CIL Viability Appraisal Results

## Amber Valley Residential Viability Appraisals

| Maximum Residential CIL Rates per sqm 35% Affordable Housing |                                  |                             |                             |                             |                 |
|--|----------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------|
| Charging Zone/<br>Base Land Value                            | Mixed Residential<br>Development | Edge of Town<br>outside DUA | Edge of Town<br>outside DUA | Edge of Derby<br>Urban Area | Edge of Village |
| <b>1 Low</b>   |                                  |                             |                             |                             |                 |
| Greenfield   | -£173                            | £31                         | -£242                       | -£248                       | £75             |
| Brownfield   | -£238                            | -£29                        | -£305                       | -£311                       | £11             |
| Market Comparable  | -£377                            | -£159                       | -£438                       | -£443                       | -£129           |
| <b>2 Medium</b>  |                                  |                             |                             |                             |                 |
| Greenfield   | -£45                             | £120                        | -£100                       | -£105                       | £154            |
| Brownfield   | -£113                            | £57                         | -£164                       | -£169                       | £81             |
| Market Comparable  | -£333                            | -£154                       | -£373                       | -£377                       | -£141           |
| <b>3 High</b>  |                                  |                             |                             |                             |                 |
| Greenfield   | £225                             | £300                        | £204                        | £203                        | £305            |
| Brownfield   | £157                             | £237                        | £140                        | £139                        | £235            |
| Market Comparable  | £93                              | £170                        | £80                         | £79                         | £170            |

| Maximum Residential CIL Rates per sqm 40% Affordable Housing |                                  |                             |                             |                             |                 |
|--|----------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------|
| Charging Zone/<br>Base Land Value                            | Mixed Residential<br>Development | Edge of Town<br>outside DUA | Edge of Town<br>outside DUA | Edge of Derby<br>Urban Area | Edge of Village |
| <b>1 Low</b>   |                                  |                             |                             |                             |                 |
| Greenfield   | -£226                            | £31                         | -£305                       | -£312                       | £75             |
| Brownfield   | -£292                            | -£29                        | -£368                       | -£375                       | £11             |
| Market Comparable  | -£431                            | -£159                       | -£501                       | -£508                       | -£129           |
| <b>2 Medium</b>  |                                  |                             |                             |                             |                 |
| Greenfield   | -£87                             | £120                        | -£150                       | -£155                       | £154            |
| Brownfield   | -£155                            | £57                         | -£214                       | -£219                       | £81             |
| Market Comparable  | -£375                            | -£154                       | -£423                       | -£428                       | -£141           |
| <b>3 High</b>  |                                  |                             |                             |                             |                 |
| Greenfield   | £208                             | £300                        | £184                        | £183                        | £305            |
| Brownfield   | £140                             | £237                        | £120                        | £119                        | £235            |
| Market Comparable  | £76                              | £170                        | £60                         | £58                         | £170            |



# 5 CIL Viability Appraisal Results

## Derby City Residential Viability Appraisals

| Maximum Residential CIL Rates per sqm 15% Affordable Housing |                                  |                                       |                                |                       |  |
|--|----------------------------------|---------------------------------------|--------------------------------|-----------------------|--|
| Charging Zone/<br>Base Land Value                            | Mixed Residential<br>Development | Small Scale Infill<br>(No Affordable) | Urban Fringe -<br>Medium scale | Urban<br>Regeneration | Urban Fringe<br>Housing - Large<br>scale |
| <b>1 Low</b>   |                                  |                                       |                                |                       |  |
| Greenfield   | -£17                             | £73                                   | -£1                            | -£158                 | -£2                                      |
| Brownfield   | -£82                             | £8                                    | -£68                           | -£211                 | -£70                                     |
| Market Comparable  | -£221                            | -£134                                 | -£211                          | -£325                 | -£213                                    |
| <b>2 Medium</b>  |                                  |                                       |                                |                       |  |
| Greenfield   | £79                              | £154                                  | £92                            | -£27                  | £90                                      |
| Brownfield   | £11                              | £82                                   | £23                            | -£83                  | £21                                      |
| Market Comparable  | -£208                            | -£143                                 | -£205                          | -£261                 | -£204                                    |

| Maximum Residential CIL Rates per sqm 20% Affordable Housing |                                  |                                       |                                |                       |  |
|--|----------------------------------|---------------------------------------|--------------------------------|-----------------------|--|
| Charging Zone/<br>Base Land Value                            | Mixed Residential<br>Development | Small Scale Infill<br>(No Affordable) | Urban Fringe -<br>Medium scale | Urban<br>Regeneration | Urban Fringe<br>Housing - Large<br>scale |
| <b>1 Low</b>   |                                  |                                       |                                |                       |  |
| Greenfield   | -£45                             | £73                                   | -£32                           | -£197                 | -£33                                     |
| Brownfield   | -£111                            | £8                                    | -£99                           | -£250                 | -£100                                    |
| Market Comparable  | -£250                            | -£134                                 | -£242                          | -£364                 | -£243                                    |
| <b>2 Medium</b>  |                                  |                                       |                                |                       |  |
| Greenfield   | £57                              | £154                                  | £68                            | -£57                  | £67                                      |
| Brownfield   | -£11                             | £82                                   | -£1                            | -£113                 | -£3                                      |
| Market Comparable  | -£230                            | -£143                                 | -£228                          | -£291                 | -£227                                    |

| Maximum Residential CIL Rates per sqm 25% Affordable Housing |                                  |                                       |                                |                       |  |
|--|----------------------------------|---------------------------------------|--------------------------------|-----------------------|--|
| Charging Zone/<br>Base Land Value                            | Mixed Residential<br>Development | Small Scale Infill<br>(No Affordable) | Urban Fringe -<br>Medium scale | Urban<br>Regeneration | Urban Fringe<br>Housing - Large<br>scale |
| <b>1 Low</b>   |                                  |                                       |                                |                       |  |
| Greenfield   | -£78                             | £73                                   | -£68                           | -£240                 | -£67                                     |
| Brownfield   | -£143                            | £8                                    | -£135                          | -£293                 | -£135                                    |
| Market Comparable  | -£282                            | -£134                                 | -£277                          | -£408                 | -£278                                    |
| <b>2 Medium</b>  |                                  |                                       |                                |                       |  |
| Greenfield   | £33                              | £154                                  | £42                            | -£90                  | £41                                      |
| Brownfield   | -£35                             | £82                                   | -£27                           | -£146                 | -£29                                     |
| Market Comparable  | -£254                            | -£143                                 | -£255                          | -£324                 | -£254                                    |

# 5 CIL Viability Appraisal Results

## Derby City Residential Viability Appraisals

| Maximum Residential CIL Rates per sqm 30% Affordable Housing |                                  |                                       |                                |                       |  |
|--|----------------------------------|---------------------------------------|--------------------------------|-----------------------|--|
| Charging Zone/<br>Base Land Value                            | Mixed Residential<br>Development | Small Scale Infill<br>(No Affordable) | Urban Fringe -<br>Medium scale | Urban<br>Regeneration | Urban Fringe<br>Housing - Large<br>scale |
| <b>1 Low</b>   |                                  |                                       |                                |                       |  |
| Greenfield   | -£115                            | £73                                   | -£108                          | -£291                 | -£107                                    |
| Brownfield   | -£180                            | £8                                    | -£175                          | -£344                 | -£175                                    |
| Market Comparable  | -£319                            | -£134                                 | -£317                          | -£457                 | -£318                                    |
| <b>2 Medium</b>  |                                  |                                       |                                |                       |  |
| Greenfield   | £5                               | £154                                  | £11                            | -£129                 | £11                                      |
| Brownfield   | -£63                             | £82                                   | -£58                           | -£182                 | -£59                                     |
| Market Comparable  | -£282                            | -£143                                 | -£285                          | -£362                 | -£284                                    |

| Maximum Residential CIL Rates per sqm 35% Affordable Housing |                                  |                                       |                                |                       |  |
|--|----------------------------------|---------------------------------------|--------------------------------|-----------------------|--|
| Charging Zone/<br>Base Land Value                            | Mixed Residential<br>Development | Small Scale Infill<br>(No Affordable) | Urban Fringe -<br>Medium scale | Urban<br>Regeneration | Urban Fringe<br>Housing - Large<br>scale |
| <b>1 Low</b>   |                                  |                                       |                                |                       |  |
| Greenfield   | -£158                            | £73                                   | -£154                          | -£350                 | -£153                                    |
| Brownfield   | -£223                            | £8                                    | -£221                          | -£403                 | -£221                                    |
| Market Comparable  | -£362                            | -£134                                 | -£364                          | -£515                 | -£363                                    |
| <b>2 Medium</b>  |                                  |                                       |                                |                       |  |
| Greenfield   | -£27                             | £154                                  | -£24                           | -£173                 | -£24                                     |
| Brownfield   | -£95                             | £82                                   | -£93                           | -£227                 | -£93                                     |
| Market Comparable  | -£314                            | -£143                                 | -£320                          | -£407                 | -£318                                    |

| Maximum Residential CIL Rates per sqm 40% Affordable Housing |                                  |                                       |                                |                       |  |
|--|----------------------------------|---------------------------------------|--------------------------------|-----------------------|--|
| Charging Zone/<br>Base Land Value                            | Mixed Residential<br>Development | Small Scale Infill<br>(No Affordable) | Urban Fringe -<br>Medium scale | Urban<br>Regeneration | Urban Fringe<br>Housing - Large<br>scale |
| <b>1 Low</b>   |                                  |                                       |                                |                       |  |
| Greenfield   | -£208                            | £73                                   | -£209                          | -£418                 | -£206                                    |
| Brownfield   | -£273                            | £8                                    | -£276                          | -£471                 | -£274                                    |
| Market Comparable  | -£412                            | -£134                                 | -£418                          | -£584                 | -£417                                    |
| <b>2 Medium</b>  |                                  |                                       |                                |                       |  |
| Greenfield   | -£65                             | £154                                  | -£65                           | -£225                 | -£64                                     |
| Brownfield   | -£133                            | £82                                   | -£134                          | -£278                 | -£134                                    |
| Market Comparable  | -£352                            | -£143                                 | -£361                          | -£458                 | -£359                                    |

# 5 CIL Viability Appraisal Results

## South Derbyshire Residential Viability Appraisals

| Maximum Residential CIL Rates per sqm 15% Affordable Housing |                                  |  |                 |                             |                             |
|--|----------------------------------|--|-----------------|-----------------------------|-----------------------------|
| Charging Zone/<br>Base Land Value                            | Mixed Residential<br>Development | Infill Village/Town<br>(No Affordable) | Edge of Village | Edge of Derby<br>Urban area | Edge of Derby<br>Urban Area |
| <b>1 Low</b>   |                                  |  |                 |                             |                             |
| Greenfield   | -£10                             | £73                                    | £15             | £7                          | -£11                        |
| Brownfield   | -£76                             | £9                                     | -£53            | -£60                        | -£76                        |
| Market Comparable  | -£215                            | -£129                                  | -£197           | -£203                       | -£216                       |
| <b>2 Medium</b>  |                                  |  |                 |                             |                             |
| Greenfield   | £87                              | £153                                   | £105            | £99                         | £87                         |
| Brownfield   | £19                              | £87                                    | £35             | £29                         | £19                         |
| Market Comparable  | -£200                            | -£139                                  | -£192           | -£195                       | -£201                       |
| <b>3 High</b>  |                                  |  |                 |                             |                             |
| Greenfield   | £291                             | £313                                   | £296            | £292                        | £293                        |
| Brownfield   | £223                             | £245                                   | £225            | £223                        | £225                        |
| Market Comparable  | £160                             | £175                                   | £160            | £158                        | £161                        |

| Maximum Residential CIL Rates per sqm 20% Affordable Housing |                                  |  |                 |                             |                             |
|--|----------------------------------|--|-----------------|-----------------------------|-----------------------------|
| Charging Zone/<br>Base Land Value                            | Mixed Residential<br>Development | Infill Village/Town<br>(No Affordable) | Edge of Village | Edge of Derby<br>Urban area | Edge of Derby<br>Urban Area |
| <b>1 Low</b>   |                                  |  |                 |                             |                             |
| Greenfield   | -£36                             | £73                                    | -£9             | -£16                        | -£39                        |
| Brownfield   | -£102                            | £9                                     | -£76            | -£83                        | -£104                       |
| Market Comparable  | -£241                            | -£129                                  | -£221           | -£226                       | -£244                       |
| <b>2 Medium</b>  |                                  |  |                 |                             |                             |
| Greenfield   | £68                              | £153                                   | £88             | £82                         | £67                         |
| Brownfield   | £0                               | £87                                    | £18             | £12                         | -£1                         |
| Market Comparable  | -£219                            | -£139                                  | -£209           | -£212                       | -£221                       |
| <b>3 High</b>  |                                  |  |                 |                             |                             |
| Greenfield   | £289                             | £313                                   | £294            | £290                        | £291                        |
| Brownfield   | £221                             | £245                                   | £223            | £221                        | £223                        |
| Market Comparable  | -£36                             | £73                                    | -£9             | -£16                        | -£39                        |

# 5 CIL Viability Appraisal Results

## South Derbyshire Residential Viability Appraisals

| Maximum Residential CIL Rates per sqm 25% Affordable Housing |                                  |  |                 |                             |                             |
|--|----------------------------------|--|-----------------|-----------------------------|-----------------------------|
| Charging Zone/<br>Base Land Value                            | Mixed Residential<br>Development | Infill Village/Town<br>(No Affordable) | Edge of Village | Edge of Derby<br>Urban area | Edge of Derby<br>Urban Area |
| <b>1 Low</b>   |                                  |  |                 |                             |                             |
| Greenfield   | -£66                             | £73                                    | -£36            | -£43                        | -£70                        |
| Brownfield   | -£131                            | £9                                     | -£103           | -£110                       | -£136                       |
| Market Comparable  | -£270                            | -£129                                  | -£248           | -£253                       | -£276                       |
| <b>2 Medium</b>  |                                  |  |                 |                             |                             |
| Greenfield   | £47                              | £153                                   | £69             | £63                         | £45                         |
| Brownfield   | -£21                             | £87                                    | -£2             | -£7                         | -£24                        |
| Market Comparable  | -£240                            | -£139                                  | -£228           | -£231                       | -£244                       |
| <b>3 High</b>  |                                  |  |                 |                             |                             |
| Greenfield   | £287                             | £313                                   | £291            | £288                        | £288                        |
| Brownfield   | £219                             | £245                                   | £221            | £218                        | £220                        |
| Market Comparable  | £155                             | £175                                   | £155            | £154                        | £156                        |

| Maximum Residential CIL Rates per sqm 30% Affordable Housing |                                  |  |                 |                             |                             |
|--|----------------------------------|--|-----------------|-----------------------------|-----------------------------|
| Charging Zone/<br>Base Land Value                            | Mixed Residential<br>Development | Infill Village/Town<br>(No Affordable) | Edge of Village | Edge of Derby<br>Urban area | Edge of Derby<br>Urban Area |
| <b>1 Low</b>   |                                  |  |                 |                             |                             |
| Greenfield   | -£99                             | £73                                    | -£67            | -£73                        | -£107                       |
| Brownfield   | -£165                            | £9                                     | -£135           | -£140                       | -£172                       |
| Market Comparable  | -£304                            | -£129                                  | -£279           | -£284                       | -£312                       |
| <b>2 Medium</b>  |                                  |  |                 |                             |                             |
| Greenfield   | £24                              | £153                                   | £46             | £41                         | £19                         |
| Brownfield   | -£44                             | £87                                    | -£24            | -£29                        | -£49                        |
| Market Comparable  | -£264                            | -£139                                  | -£250           | -£252                       | -£269                       |
| <b>3 High</b>  |                                  |  |                 |                             |                             |
| Greenfield   | £284                             | £313                                   | £289            | £286                        | £285                        |
| Brownfield   | £216                             | £245                                   | £218            | £216                        | £217                        |
| Market Comparable  | £152                             | £175                                   | £153            | £151                        | £153                        |

# 5 CIL Viability Appraisal Results


## South Derbyshire Residential Viability Appraisals

| Maximum Residential CIL Rates per sqm 35% Affordable Housing |                                  |  |                 |                             |                             |
|--|----------------------------------|--|-----------------|-----------------------------|-----------------------------|
| Charging Zone/<br>Base Land Value                            | Mixed Residential<br>Development | Infill Village/Town<br>(No Affordable) | Edge of Village | Edge of Derby<br>Urban area | Edge of Derby<br>Urban Area |
| <b>1 Low</b>   |                                  |  |                 |                             |                             |
| Greenfield   | -£138                            | £73                                    | -£103           | -£109                       | -£149                       |
| Brownfield   | -£203                            | £9                                     | -£170           | -£176                       | -£214                       |
| Market Comparable  | -£342                            | -£129                                  | -£315           | -£319                       | -£354                       |
| <b>2 Medium</b>  |                                  |  |                 |                             |                             |
| Greenfield   | -£4                              | £153                                   | £21             | £16                         | -£11                        |
| Brownfield   | -£72                             | £87                                    | -£49            | -£54                        | -£79                        |
| Market Comparable  | -£291                            | -£139                                  | -£276           | -£278                       | -£299                       |
| <b>3 High</b>  |                                  |  |                 |                             |                             |
| Greenfield   | £281                             | £313                                   | £286            | £283                        | £282                        |
| Brownfield   | £213                             | £245                                   | £215            | £213                        | £214                        |
| Market Comparable  | £149                             | £175                                   | £150            | £148                        | £150                        |

| Maximum Residential CIL Rates per sqm 40% Affordable Housing |                                  |  |                 |                             |                             |
|--|----------------------------------|--|-----------------|-----------------------------|-----------------------------|
| Charging Zone/<br>Base Land Value                            | Mixed Residential<br>Development | Infill Village/Town<br>(No Affordable) | Edge of Village | Edge of Derby<br>Urban area | Edge of Derby<br>Urban Area |
| <b>1 Low</b>   |                                  |  |                 |                             |                             |
| Greenfield   | -£183                            | £73                                    | -£145           | -£150                       | -£197                       |
| Brownfield   | -£248                            | £9                                     | -£212           | -£217                       | -£263                       |
| Market Comparable  | -£388                            | -£129                                  | -£357           | -£360                       | -£403                       |
| <b>2 Medium</b>  |                                  |  |                 |                             |                             |
| Greenfield   | -£36                             | £153                                   | -£9             | -£13                        | -£46                        |
| Brownfield   | -£104                            | £87                                    | -£79            | -£83                        | -£114                       |
| Market Comparable  | -£323                            | -£139                                  | -£306           | -£307                       | -£334                       |
| <b>3 High</b>  |                                  |  |                 |                             |                             |
| Greenfield   | £277                             | £313                                   | £282            | £279                        | £278                        |
| Brownfield   | £209                             | £245                                   | £212            | £210                        | £210                        |
| Market Comparable  | £145                             | £175                                   | £146            | £145                        | £146                        |

# 5 CIL Viability Appraisal Results

5.4 The results of the Commercial CIL Viability Testing are set out in the above table. The commercial results are illustrated for all the categories of development tested and represent the maximum rates that could be applied without threatening the economic viability of development.

|  <b>Maximum Commercial CIL Rates per sqm</b> |                               |                 |                             |                           |               |
|--|-------------------------------|-----------------|-----------------------------|---------------------------|---------------|
| Charging Zone/Base Land Value  | Industrial<br>(B1b B1c B2 B8) | Office<br>(B1a) | Food<br>Supermarket<br>(A1) | General Retail<br>(A1-A5) | Hotel<br>(C1) |
| <b>General Zone</b>  |                               |                 |                             |                           |               |
| Greenfield   | -£69                          | -£502           | £522                        | £205                      | -£410         |
| Brownfield   | -£108                         | -£534           | £462                        | £176                      | -£443         |
| Market Comparable  | -£108                         | -£534           | £13                         | £237                      | -£490         |

| Charging Zone/Base Land Value | Residential<br>Institution (C2) | Community<br>(D1) | Leisure<br>(D2) | Agricultural<br>(A1-A5) | Sui Generis            |
|-------------------------------|---------------------------------|-------------------|-----------------|-------------------------|------------------------|
| <b>General Zone</b>           |                                 |                   |                 |                         |                        |
| Greenfield                    | -£582                           | -£1471            | -£98            | -£233                   | Car Sales<br>-£346     |
| Brownfield                    | -£607                           | -£1500            | -£159           | na                      | Car Repairs –<br>-£565 |
| Market Comparable             | -£607                           | -£1500            | -£198           | na                      |                        |



# 5a Alternative Viability Appraisals

5a.1 The HMA Authorities recognise that the viability assessments based on the draft policy assumptions in their respective Local plans demonstrate some areas of marginal viability. In order to take an informed view of the impact of alternative policy assumptions and the impact of alternative developer profit allowances, the residential appraisals were re-run as follows.

5a.2 An alternative tenure mix for Affordable Housing Delivery was tested in all of the Authorities as set out in the following table.

| Affordable Housing      |              |              |             |                 |
|-------------------------|--------------|--------------|-------------|-----------------|
|                         | Proportion % | Tenure Mix % |             |                 |
|                         |              | Intermediate | Social Rent | Affordable Rent |
| <b>Derby City</b>       | 15-40%       | 35%          | 32%         | 33%             |
| <b>Amber Valley</b>     | 15-40%       | 35%          | 32%         | 33%             |
| <b>South Derbyshire</b> | 15-40%       | 30%          | 35%         | 35%             |
| <b>Transfer Values</b>  |              | 65%          | 40%         | 55%             |

# 5a Alternative Viability Appraisals

## Amber Valley Residential Viability Appraisals – Alternative Tenure Mix

| Maximum Residential CIL Rates per sqm 15% Affordable Housing |                                  |                             |                             |                             |                 |
|--|----------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------|
| Charging Zone/<br>Base Land Value                            | Mixed Residential<br>Development | Edge of Town<br>outside DUA | Edge of Town<br>outside DUA | Edge of Derby<br>Urban Area | Edge of Village |
| <b>1 Low</b>   |                                  |                             |                             |                             |                 |
| Greenfield   | £0                               | £31                         | -£37                        | -£40                        | £75             |
| Brownfield   | -£65                             | -£29                        | -£100                       | -£102                       | £11             |
| Market Comparable  | -£204                            | -£159                       | -£233                       | -£235                       | -£129           |
| <b>2 Medium</b>  |                                  |                             |                             |                             |                 |
| Greenfield   | £99                              | £120                        | £71                         | £70                         | £154            |
| Brownfield   | £31                              | £57                         | £7                          | £6                          | £81             |
| Market Comparable  | -£188                            | -£154                       | -£203                       | -£203                       | -£141           |
| <b>3 High</b>  |                                  |                             |                             |                             |                 |
| Greenfield   | £305                             | £300                        | £299                        | £299                        | £305            |
| Brownfield   | £237                             | £237                        | £234                        | £235                        | £235            |
| Market Comparable  | £141                             | £170                        | £136                        | £136                        | £170            |

| Maximum Residential CIL Rates per sqm 20% Affordable Housing |                                  |                             |                             |                             |                 |
|--|----------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------|
| Charging Zone/<br>Base Land Value                            | Mixed Residential<br>Development | Edge of Town<br>outside DUA | Edge of Town<br>outside DUA | Edge of Derby<br>Urban Area | Edge of Village |
| <b>1 Low</b>   |                                  |                             |                             |                             |                 |
| Greenfield   | -£21                             | £31                         | -£62                        | -£65                        | £75             |
| Brownfield   | -£86                             | -£29                        | -£125                       | -£127                       | £11             |
| Market Comparable  | -£225                            | -£159                       | -£258                       | -£260                       | -£129           |
| <b>2 Medium</b>  |                                  |                             |                             |                             |                 |
| Greenfield   | £87                              | £120                        | £56                         | £54                         | £154            |
| Brownfield   | £19                              | £57                         | -£8                         | -£10                        | £81             |
| Market Comparable  | -£201                            | -£154                       | -£217                       | -£218                       | -£141           |
| <b>3 High</b>  |                                  |                             |                             |                             |                 |
| Greenfield   | £314                             | £300                        | £309                        | £310                        | £305            |
| Brownfield   | £245                             | £237                        | £245                        | £246                        | £235            |
| Market Comparable  | £182                             | £170                        | £184                        | £185                        | £170            |

# 5a Alternative Viability Appraisals

## Amber Valley Residential Viability Appraisals – Alternative Tenure Mix

| Maximum Residential CIL Rates per sqm 25% Affordable Housing |                                  |                             |                             |                             |                 |
|--|----------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------|
| Charging Zone/<br>Base Land Value                            | Mixed Residential<br>Development | Edge of Town<br>outside DUA | Edge of Town<br>outside DUA | Edge of Derby<br>Urban Area | Edge of Village |
| <b>1 Low</b>   |                                  |                             |                             |                             |                 |
| Greenfield   | -£45                             | £31                         | -£91                        | -£94                        | £75             |
| Brownfield   | -£110                            | -£29                        | -£154                       | -£157                       | £11             |
| Market Comparable  | -£250                            | -£159                       | -£286                       | -£289                       | -£129           |
| <b>2 Medium</b>  |                                  |                             |                             |                             |                 |
| Greenfield   | £72                              | £120                        | £39                         | £37                         | £154            |
| Brownfield   | £4                               | £57                         | -£26                        | -£27                        | £81             |
| Market Comparable  | -£215                            | -£154                       | -£235                       | -£236                       | -£141           |
| <b>3 High</b>  |                                  |                             |                             |                             |                 |
| Greenfield   | £319                             | £300                        | £316                        | £317                        | £305            |
| Brownfield   | £251                             | £237                        | £252                        | £253                        | £235            |
| Market Comparable  | £188                             | £170                        | £191                        | £192                        | £170            |

| Maximum Residential CIL Rates per sqm 30% Affordable Housing |                                  |                             |                             |                             |                 |
|--|----------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------|
| Charging Zone/<br>Base Land Value                            | Mixed Residential<br>Development | Edge of Town<br>outside DUA | Edge of Town<br>outside DUA | Edge of Derby<br>Urban Area | Edge of Village |
| <b>1 Low</b>   |                                  |                             |                             |                             |                 |
| Greenfield   | -£73                             | £31                         | -£124                       | -£127                       | £75             |
| Brownfield   | -£138                            | -£29                        | -£186                       | -£190                       | £11             |
| Market Comparable  | -£277                            | -£159                       | -£319                       | -£323                       | -£129           |
| <b>2 Medium</b>  |                                  |                             |                             |                             |                 |
| Greenfield   | £55                              | £120                        | £19                         | £16                         | £154            |
| Brownfield   | -£13                             | £57                         | -£45                        | -£48                        | £81             |
| Market Comparable  | -£232                            | -£154                       | -£255                       | -£257                       | -£141           |
| <b>3 High</b>  |                                  |                             |                             |                             |                 |
| Greenfield   | £326                             | £300                        | £324                        | £325                        | £305            |
| Brownfield   | £258                             | £237                        | £260                        | £261                        | £235            |
| Market Comparable  | £194                             | £170                        | £199                        | £200                        | £170            |

# 5a Alternative Viability Appraisals

## Amber Valley Residential Viability Appraisals – Alternative Tenure Mix

| Maximum Residential CIL Rates per sqm 35% Affordable Housing |                                  |                             |                             |                             |                 |
|--|----------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------|
| Charging Zone/<br>Base Land Value                            | Mixed Residential<br>Development | Edge of Town<br>outside DUA | Edge of Town<br>outside DUA | Edge of Derby<br>Urban Area | Edge of Village |
| <b>1 Low</b>   |                                  |                             |                             |                             |                 |
| Greenfield   | -£105                            | £31                         | -£162                       | -£166                       | £75             |
| Brownfield   | -£170                            | -£29                        | -£224                       | -£229                       | £11             |
| Market Comparable  | -£309                            | -£159                       | -£357                       | -£361                       | -£129           |
| <b>2 Medium</b>  |                                  |                             |                             |                             |                 |
| Greenfield   | £35                              | £120                        | -£4                         | -£7                         | £154            |
| Brownfield   | -£33                             | £57                         | -£68                        | -£71                        | £81             |
| Market Comparable  | -£252                            | -£154                       | -£278                       | -£280                       | -£141           |
| <b>3 High</b>  |                                  |                             |                             |                             |                 |
| Greenfield   | £333                             | £300                        | £333                        | £334                        | £305            |
| Brownfield   | £265                             | £237                        | £269                        | £270                        | £235            |
| Market Comparable  | £202                             | £170                        | £208                        | £209                        | £170            |

| Maximum Residential CIL Rates per sqm 40% Affordable Housing |                                  |                             |                             |                             |                 |
|--|----------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------|
| Charging Zone/<br>Base Land Value                            | Mixed Residential<br>Development | Edge of Town<br>outside DUA | Edge of Town<br>outside DUA | Edge of Derby<br>Urban Area | Edge of Village |
| <b>1 Low</b>   |                                  |                             |                             |                             |                 |
| Greenfield   | -£142                            | £31                         | -£206                       | -£211                       | £75             |
| Brownfield   | -£207                            | -£29                        | -£268                       | -£273                       | £11             |
| Market Comparable  | -£347                            | -£159                       | -£401                       | -£406                       | -£129           |
| <b>2 Medium</b>  |                                  |                             |                             |                             |                 |
| Greenfield   | £13                              | £120                        | -£31                        | -£35                        | £154            |
| Brownfield   | -£55                             | £57                         | -£95                        | -£99                        | £81             |
| Market Comparable  | -£274                            | -£154                       | -£305                       | -£307                       | -£141           |
| <b>3 High</b>  |                                  |                             |                             |                             |                 |
| Greenfield   | £342                             | £300                        | £343                        | £344                        | £305            |
| Brownfield   | £274                             | £237                        | £279                        | £281                        | £235            |
| Market Comparable  | £211                             | £170                        | £218                        | £220                        | £170            |

# 5a Alternative Viability Appraisals

## Derby City Residential Viability Appraisals – Alternative Tenure Mix

| Maximum Residential CIL Rates per sqm |                                  |                                       | 15% Affordable Housing         |                       |  |
|---------------------------------------|----------------------------------|---------------------------------------|--------------------------------|-----------------------|--|
| Charging Zone/<br>Base Land Value     | Mixed Residential<br>Development | Small Scale Infill<br>(No Affordable) | Urban Fringe -<br>Medium scale | Urban<br>Regeneration | Urban Fringe<br>Housing - Large<br>scale |
| <b>1 Low</b>                          |                                  |                                       |                                |                       |  |
| Greenfield                            | -£17                             | £73                                   | -£1                            | -£158                 | -£2                                      |
| Brownfield                            | -£82                             | £8                                    | -£68                           | -£211                 | -£70                                     |
| Market Comparable                     | -£221                            | -£134                                 | -£211                          | -£325                 | -£213                                    |
| <b>2 Medium</b>                       |                                  |                                       |                                |                       |  |
| Greenfield                            | £79                              | £154                                  | £92                            | -£27                  | £90                                      |
| Brownfield                            | £11                              | £82                                   | £23                            | -£83                  | £21                                      |
| Market Comparable                     | -£208                            | -£143                                 | -£205                          | -£261                 | -£204                                    |

| Maximum Residential CIL Rates per sqm |                                  |                                       | 20% Affordable Housing         |                       |  |
|---------------------------------------|----------------------------------|---------------------------------------|--------------------------------|-----------------------|--|
| Charging Zone/<br>Base Land Value     | Mixed Residential<br>Development | Small Scale Infill<br>(No Affordable) | Urban Fringe -<br>Medium scale | Urban<br>Regeneration | Urban Fringe<br>Housing - Large<br>scale |
| <b>1 Low</b>                          |                                  |                                       |                                |                       |  |
| Greenfield                            | -£45                             | £73                                   | -£32                           | -£197                 | -£33                                     |
| Brownfield                            | -£111                            | £8                                    | -£99                           | -£250                 | -£100                                    |
| Market Comparable                     | -£250                            | -£134                                 | -£242                          | -£364                 | -£243                                    |
| <b>2 Medium</b>                       |                                  |                                       |                                |                       |  |
| Greenfield                            | £57                              | £154                                  | £68                            | -£57                  | £67                                      |
| Brownfield                            | -£11                             | £82                                   | -£1                            | -£113                 | -£3                                      |
| Market Comparable                     | -£230                            | -£143                                 | -£228                          | -£291                 | -£227                                    |

| Maximum Residential CIL Rates per sqm |                                  |                                       | 25% Affordable Housing         |                       |  |
|---------------------------------------|----------------------------------|---------------------------------------|--------------------------------|-----------------------|--|
| Charging Zone/<br>Base Land Value     | Mixed Residential<br>Development | Small Scale Infill<br>(No Affordable) | Urban Fringe -<br>Medium scale | Urban<br>Regeneration | Urban Fringe<br>Housing - Large<br>scale |
| <b>1 Low</b>                          |                                  |                                       |                                |                       |  |
| Greenfield                            | -£78                             | £73                                   | -£68                           | -£240                 | -£67                                     |
| Brownfield                            | -£143                            | £8                                    | -£135                          | -£293                 | -£135                                    |
| Market Comparable                     | -£282                            | -£134                                 | -£277                          | -£408                 | -£278                                    |
| <b>2 Medium</b>                       |                                  |                                       |                                |                       |  |
| Greenfield                            | £33                              | £154                                  | £42                            | -£90                  | £41                                      |
| Brownfield                            | -£35                             | £82                                   | -£27                           | -£146                 | -£29                                     |
| Market Comparable                     | -£254                            | -£143                                 | -£255                          | -£324                 | -£254                                    |

# 5a Alternative Viability Appraisals

## Derby City Residential Viability Appraisals – Alternative Tenure Mix

| Maximum Residential CIL Rates per sqm |                                  |                                       | 30% Affordable Housing         |                       |  |
|---------------------------------------|----------------------------------|---------------------------------------|--------------------------------|-----------------------|--|
| Charging Zone/<br>Base Land Value     | Mixed Residential<br>Development | Small Scale Infill<br>(No Affordable) | Urban Fringe -<br>Medium scale | Urban<br>Regeneration | Urban Fringe<br>Housing - Large<br>scale |
| <b>1 Low</b>                          |                                  |                                       |                                |                       |  |
| Greenfield                            | -£115                            | £73                                   | -£108                          | -£291                 | -£107                                    |
| Brownfield                            | -£180                            | £8                                    | -£175                          | -£344                 | -£175                                    |
| Market Comparable                     | -£319                            | -£134                                 | -£317                          | -£457                 | -£318                                    |
| <b>2 Medium</b>                       |                                  |                                       |                                |                       |  |
| Greenfield                            | £5                               | £154                                  | £11                            | -£129                 | £11                                      |
| Brownfield                            | -£63                             | £82                                   | -£58                           | -£182                 | -£59                                     |
| Market Comparable                     | -£282                            | -£143                                 | -£285                          | -£362                 | -£284                                    |

| Maximum Residential CIL Rates per sqm |                                  |                                       | 35% Affordable Housing         |                       |  |
|---------------------------------------|----------------------------------|---------------------------------------|--------------------------------|-----------------------|--|
| Charging Zone/<br>Base Land Value     | Mixed Residential<br>Development | Small Scale Infill<br>(No Affordable) | Urban Fringe -<br>Medium scale | Urban<br>Regeneration | Urban Fringe<br>Housing - Large<br>scale |
| <b>1 Low</b>                          |                                  |                                       |                                |                       |  |
| Greenfield                            | -£158                            | £73                                   | -£154                          | -£350                 | -£153                                    |
| Brownfield                            | -£223                            | £8                                    | -£221                          | -£403                 | -£221                                    |
| Market Comparable                     | -£362                            | -£134                                 | -£364                          | -£515                 | -£363                                    |
| <b>2 Medium</b>                       |                                  |                                       |                                |                       |  |
| Greenfield                            | -£27                             | £154                                  | -£24                           | -£173                 | -£24                                     |
| Brownfield                            | -£95                             | £82                                   | -£93                           | -£227                 | -£93                                     |
| Market Comparable                     | -£314                            | -£143                                 | -£320                          | -£407                 | -£318                                    |

| Maximum Residential CIL Rates per sqm |                                  |                                       | 40% Affordable Housing         |                       |  |
|---------------------------------------|----------------------------------|---------------------------------------|--------------------------------|-----------------------|--|
| Charging Zone/<br>Base Land Value     | Mixed Residential<br>Development | Small Scale Infill<br>(No Affordable) | Urban Fringe -<br>Medium scale | Urban<br>Regeneration | Urban Fringe<br>Housing - Large<br>scale |
| <b>1 Low</b>                          |                                  |                                       |                                |                       |  |
| Greenfield                            | -£208                            | £73                                   | -£209                          | -£418                 | -£206                                    |
| Brownfield                            | -£273                            | £8                                    | -£276                          | -£471                 | -£274                                    |
| Market Comparable                     | -£412                            | -£134                                 | -£418                          | -£584                 | -£417                                    |
| <b>2 Medium</b>                       |                                  |                                       |                                |                       |  |
| Greenfield                            | -£65                             | £154                                  | -£65                           | -£225                 | -£64                                     |
| Brownfield                            | -£133                            | £82                                   | -£134                          | -£278                 | -£134                                    |
| Market Comparable                     | -£352                            | -£143                                 | -£361                          | -£458                 | -£359                                    |

# 5a Alternative Viability Appraisals

## South Derbyshire Residential Viability Appraisals – Alternative Tenure Mix

| Maximum Residential CIL Rates per sqm 15% Affordable Housing |                                  |  |                 |                             |                             |
|--|----------------------------------|--|-----------------|-----------------------------|-----------------------------|
| Charging Zone/<br>Base Land Value                            | Mixed Residential<br>Development | Infill Village/Town<br>(No Affordable) | Edge of Village | Edge of Derby<br>Urban area | Edge of Derby<br>Urban Area |
| <b>1 Low</b>   |                                  |  |                 |                             |                             |
| Greenfield   | -£1                              | £73                                    | £23             | £15                         | -£1                         |
| Brownfield   | -£67                             | £9                                     | -£45            | -£52                        | -£67                        |
| Market Comparable  | -£206                            | -£129                                  | -£189           | -£194                       | -£206                       |
| <b>2 Medium</b>  |                                  |  |                 |                             |                             |
| Greenfield   | £97                              | £153                                   | £115            | £108                        | £99                         |
| Brownfield   | £29                              | £87                                    | £44             | £39                         | £30                         |
| Market Comparable  | -£190                            | -£139                                  | -£182           | -£185                       | -£190                       |
| <b>3 High</b>  |                                  |  |                 |                             |                             |
| Greenfield   | £305                             | £313                                   | £309            | £305                        | £309                        |
| Brownfield   | £237                             | £245                                   | £238            | £236                        | £241                        |
| Market Comparable  | £174                             | £175                                   | £173            | £171                        | £177                        |

| Maximum Residential CIL Rates per sqm 20% Affordable Housing |                                  |  |                 |                             |                             |
|--|----------------------------------|--|-----------------|-----------------------------|-----------------------------|
| Charging Zone/<br>Base Land Value                            | Mixed Residential<br>Development | Infill Village/Town<br>(No Affordable) | Edge of Village | Edge of Derby<br>Urban area | Edge of Derby<br>Urban Area |
| <b>1 Low</b>   |                                  |  |                 |                             |                             |
| Greenfield   | -£23                             | £73                                    | £3              | -£4                         | -£25                        |
| Brownfield   | -£89                             | £9                                     | -£64            | -£71                        | -£91                        |
| Market Comparable  | -£228                            | -£129                                  | -£209           | -£215                       | -£230                       |
| <b>2 Medium</b>  |                                  |  |                 |                             |                             |
| Greenfield   | £83                              | £153                                   | £102            | £96                         | £84                         |
| Brownfield   | £15                              | £87                                    | £32             | £26                         | £15                         |
| Market Comparable  | -£204                            | -£139                                  | -£195           | -£198                       | -£205                       |
| <b>3 High</b>  |                                  |  |                 |                             |                             |
| Greenfield   | £309                             | £313                                   | £312            | £309                        | £313                        |
| Brownfield   | £241                             | £245                                   | £242            | £239                        | £245                        |
| Market Comparable  | £178                             | £175                                   | £176            | £174                        | £181                        |



# 5a Alternative Viability Appraisals

## South Derbyshire Residential Viability Appraisals – Alternative Tenure Mix

| Maximum Residential CIL Rates per sqm 25% Affordable Housing |                                  |  |                 |                             |                             |
|--|----------------------------------|--|-----------------|-----------------------------|-----------------------------|
| Charging Zone/<br>Base Land Value                            | Mixed Residential<br>Development | Infill Village/Town<br>(No Affordable) | Edge of Village | Edge of Derby<br>Urban area | Edge of Derby<br>Urban Area |
| <b>1 Low</b>   |                                  |  |                 |                             |                             |
| Greenfield   | -£49                             | £73                                    | -£20            | -£27                        | -£52                        |
| Brownfield   | -£114                            | £9                                     | -£88            | -£94                        | -£118                       |
| Market Comparable  | -£253                            | -£129                                  | -£233           | -£238                       | -£257                       |
| <b>2 Medium</b>  |                                  |  |                 |                             |                             |
| Greenfield   | £68                              | £153                                   | £87             | £81                         | £66                         |
| Brownfield   | £0                               | £87                                    | £17             | £11                         | -£2                         |
| Market Comparable  | -£220                            | -£139                                  | -£209           | -£212                       | -£222                       |
| <b>3 High</b>  |                                  |  |                 |                             |                             |
| Greenfield   | £314                             | £313                                   | £316            | £313                        | £318                        |
| Brownfield   | £246                             | £245                                   | £246            | £243                        | £249                        |
| Market Comparable  | £182                             | £175                                   | £180            | £178                        | £186                        |

| Maximum Residential CIL Rates per sqm 30% Affordable Housing |                                  |  |                 |                             |                             |
|--|----------------------------------|--|-----------------|-----------------------------|-----------------------------|
| Charging Zone/<br>Base Land Value                            | Mixed Residential<br>Development | Infill Village/Town<br>(No Affordable) | Edge of Village | Edge of Derby<br>Urban area | Edge of Derby<br>Urban Area |
| <b>1 Low</b>   |                                  |  |                 |                             |                             |
| Greenfield   | -£77                             | £73                                    | -£47            | -£54                        | -£83                        |
| Brownfield   | -£143                            | £9                                     | -£114           | -£120                       | -£149                       |
| Market Comparable  | -£282                            | -£129                                  | -£259           | -£264                       | -£289                       |
| <b>2 Medium</b>  |                                  |  |                 |                             |                             |
| Greenfield   | £49                              | £153                                   | £70             | £65                         | £47                         |
| Brownfield   | -£19                             | £87                                    | £0              | -£5                         | -£21                        |
| Market Comparable  | -£238                            | -£139                                  | -£226           | -£229                       | -£241                       |
| <b>3 High</b>  |                                  |  |                 |                             |                             |
| Greenfield   | £319                             | £313                                   | £321            | £317                        | £323                        |
| Brownfield   | £250                             | £245                                   | £251            | £248                        | £255                        |
| Market Comparable  | £187                             | £175                                   | £185            | £183                        | £191                        |

# 5a Alternative Viability Appraisals

## South Derbyshire Residential Viability Appraisals – Alternative Tenure Mix

### Maximum Residential CIL Rates per sqm 35% Affordable Housing

| Charging Zone/<br>Base Land Value | Mixed Residential<br>Development | Infill Village/Town<br>(No Affordable) | Edge of Village | Edge of Derby<br>Urban area | Edge of Derby<br>Urban Area |
|-----------------------------------|----------------------------------|--|-----------------|-----------------------------|-----------------------------|
| <b>1 Low</b>                      |                                  |  |                 |                             |                             |
| Greenfield                        | -£110                            | £73                                    | -£78            | -£84                        | -£119                       |
| Brownfield                        | -£176                            | £9                                     | -£145           | -£151                       | -£185                       |
| Market Comparable                 | -£315                            | -£129                                  | -£290           | -£294                       | -£324                       |
| <b>2 Medium</b>                   |                                  |  |                 |                             |                             |
| Greenfield                        | £29                              | £153                                   | £51             | £46                         | £24                         |
| Brownfield                        | -£39                             | £87                                    | -£19            | -£24                        | -£44                        |
| Market Comparable                 | -£259                            | -£139                                  | -£246           | -£248                       | -£264                       |
| <b>3 High</b>                     |                                  |  |                 |                             |                             |
| Greenfield                        | £324                             | £313                                   | £326            | £322                        | £329                        |
| Brownfield                        | £256                             | £245                                   | £256            | £253                        | £261                        |
| Market Comparable                 | £193                             | £175                                   | £190            | £188                        | £197                        |

### Maximum Residential CIL Rates per sqm 40% Affordable Housing

| Charging Zone/<br>Base Land Value | Mixed Residential<br>Development | Infill Village/Town<br>(No Affordable) | Edge of Village | Edge of Derby<br>Urban area | Edge of Derby<br>Urban Area |
|-----------------------------------|----------------------------------|--|-----------------|-----------------------------|-----------------------------|
| <b>1 Low</b>                      |                                  |  |                 |                             |                             |
| Greenfield                        | -£149                            | £73                                    | -£113           | -£119                       | -£161                       |
| Brownfield                        | -£215                            | £9                                     | -£181           | -£186                       | -£226                       |
| Market Comparable                 | -£354                            | -£129                                  | -£326           | -£329                       | -£366                       |
| <b>2 Medium</b>                   |                                  |  |                 |                             |                             |
| Greenfield                        | £4                               | £153                                   | £29             | £23                         | -£2                         |
| Brownfield                        | -£64                             | £87                                    | -£42            | -£46                        | -£70                        |
| Market Comparable                 | -£283                            | -£139                                  | -£268           | -£270                       | -£290                       |
| <b>3 High</b>                     |                                  |  |                 |                             |                             |
| Greenfield                        | £331                             | £313                                   | £333            | £329                        | £336                        |
| Brownfield                        | £263                             | £245                                   | £262            | £259                        | £268                        |
| Market Comparable                 | £199                             | £175                                   | £196            | £194                        | £204                        |

# 6 Conclusions

## CIL Study Conclusions - Residential

6.1 The viability study firstly concluded that the variations in the values of residential development were significant enough to warrant differential assumptions being applied to different geographical locations in the study area and that three distinct sub-market areas existed within the Derby HMA. Similarly the results of the viability testing indicated that a differential rate approach to CIL would be appropriate in the event that any of the Authorities wish to progress a Charging schedule. All three sub-market areas are evident in Amber Valley and South Derbyshire but only the low and medium zones are evident in Derby City.

6.2 In Derby City the viability results illustrate that in the low value zone no residential development is viable at any of the Affordable Housing targets tested based on the preferred tenure mix of the Council (small scale infill shows positive viability because no affordable housing is imposed). In the medium value zone greenfield development demonstrates viability up to 30% Affordable Housing delivery but brownfield development can only withstand about 15% Affordable Housing to maintain economic viability.

6.3 In Amber Valley the viability results illustrate that in the low value zone no residential development is viable at any of the Affordable Housing targets tested based on the preferred tenure mix of the Council (edge of town and edge of village scenarios of 10 units show positive viability because no affordable housing is imposed).. In the medium value zone greenfield development demonstrates viability up to 30% Affordable Housing delivery but brownfield development cannot withstand even the lowest target of 15% Affordable Housing and maintain significant viability. Residential development in the high value zone demonstrates significant levels of viability for greenfield and brownfield scenarios up to 40% Affordable Housing Delivery.

6.4 In South Derbyshire the viability results illustrate that in the low value zone greenfield residential development is marginally viable at 15% Affordable Housing delivery but brownfield development is not viable based on the preferred tenure mix of the Council. In the medium value zone greenfield development demonstrates viability up to 40% Affordable Housing delivery but brownfield development can only withstand about 25% Affordable Housing and maintain significant viability. Residential development in the high value zone demonstrates significant levels of viability for greenfield and brownfield scenarios up to 40% Affordable Housing Delivery.

6.5 It is clear that the relatively high proportion of Social Rent Affordable Housing at 32-40% of the open market value in all the Authorities' policies is having a significant negative impact on viability and may need to be reconsidered in the lower value areas if significant housing delivery is proposed. Assuming the Authorities in the Derby HMA will seek a general target of 30% Affordable Housing, if the tenure mixes are maintained at the current test proportions, then only greenfield development in South Derbyshire (and all development in the high value zones of Amber Valley and South Derbyshire) are capable of generating significant levels of CIL.

# 6 Conclusions

## CIL Study Conclusions - Commercial

6.6 The valuation study concluded that any variations in the value of commercial locations in The Derby HMA are not significant enough to warrant a differential charging zone approach to commercial CIL rates. The viability appraisals also illustrated that most categories of developer led commercial development are not viable based on current market circumstances. The viability results do not mean that commercial and employment development cannot be delivered. Many forms of commercial development may be undertaken directly by occupiers. In these circumstances the development return can be reduced from a developers profit to a margin that reflects occupiers operational or opportunity costs and the development could then be deemed viable.

6.7 Food supermarket retail and general retail were assessed to be viable and capable of accommodating CIL in both greenfield and brownfield development scenarios. Food supermarket retail indicated potential rates of £462-£522 per sqm and General Retail £176-£205 per sqm for greenfield and brownfield scenarios.

## CIL Rate Recommendations

6.8 It is important that the Development Strategy of the Authority is considered in setting CIL rates based on an economic viability assessment. The table on the following page illustrates the projected greenfield and brownfield residential delivery over the plan period of each Authority in the low and medium value sub market areas that is likely to subject to CIL (ie excluding development with current planning permission). No residential delivery is proposed in the high value sub-market areas of Amber Valley or South Derbyshire.

6.9 The earlier conclusions recognise that, based on 30% Affordable Housing delivery with the alternative tenure mix of 30% Intermediate 35% Social Rent 35% Affordable Rent, only greenfield residential development in South Derbyshire is capable of yielding CIL whilst maintaining economic viability. As such the projected delivery in South Derbyshire must be considered to determine if CIL is justified.

6.10 The table projects approximately 93% of greenfield residential delivery in South Derbyshire and as such the greenfield CIL viability results should be used to guide rate setting. These illustrate a range of £49-£70 sqm (discounting the small scale scenario with no affordable housing). As such, allowing for a reasonable viability buffer, a rate of £35sqm is recommended.

6.11 Whilst no specific residential delivery is proposed in the high value zone, there will inevitably be some development in these areas and it is therefore considered appropriate to recommend a separate CIL rate for the high zone, where there is very significant viability in both Amber Valley and South Derbyshire

# 6 Conclusions

| CIL Chargeable Residential Units    |            |            |       |                    |                |             |
|-------------------------------------|------------|------------|-------|--------------------|----------------|-------------|
| Amber Valley 30% Affordable Housing |            |            |       |                    |                |             |
| Low Zone                            | Greenfield | Brownfield | Total | Av Size Unit (sqm) | CIL Rate (sqm) | CIL Revenue |
| Total                               | 1351       | 1383       | 2734  |                    |                |             |
| Market                              | 946        | 968        | 1914  | 90                 | £0             | £0          |
| Affordable                          | 405        | 415        | 820   |                    |                |             |
| Medium Zone                         | Greenfield | Brownfield | Total | Av Size Unit (sqm) | CIL Rate (sqm) | CIL Revenue |
| Total                               | 1911       | 2082       | 3993  |                    |                |             |
| Market                              | 1338       | 1457       | 2795  | 90                 | £0             | £0          |
| Affordable                          | 573        | 625        | 1198  |                    |                |             |
| Derby City 30% Affordable Housing   |            |            |       |                    |                |             |
| Low Zone                            | Greenfield | Brownfield | Total | Av Size Unit (sqm) | CIL Rate (sqm) | CIL Revenue |
| Total                               | 1760       | 1200       | 2960  |                    |                |             |
| Market                              | 1232       | 840        | 2072  | 90                 | £0             | £0          |
| Affordable                          | 528        | 360        | 888   |                    |                |             |
| Medium Zone                         | Greenfield | Brownfield | Total | Av Size Unit (sqm) | CIL Rate (sqm) | CIL Revenue |
| Total                               | 400        | 200        | 600   |                    |                |             |
| Market                              | 280        | 140        | 420   | 90                 | £0             | £0          |
| Affordable                          | 120        | 60         | 180   |                    |                |             |
| S Derbyshire 30% Affordable Housing |            |            |       |                    |                |             |
| Low Zone                            | Greenfield | Brownfield | Total | Av Size Unit (sqm) | CIL Rate (sqm) | CIL Revenue |
| Total                               | 1290       | 150        | 1440  |                    |                |             |
| Market                              | 903        | 105        | 1008  | 90                 | £0             | £0          |
| Affordable                          | 387        | 45         | 432   |                    |                |             |
| Medium Zone                         | Greenfield | Brownfield | Total | Av Size Unit (sqm) | CIL Rate (sqm) | CIL Revenue |
| Total                               | 3914       | 400        | 4314  |                    |                |             |
| Market                              | 2740       | 280        | 3020  | 90                 | £35            | £9,513,000  |
| Affordable                          | 1174       | 120        | 1294  |                    |                |             |

6.12 Based on the commercial viability results, whilst food retail rates demonstrate very significant viability margins for brownfield and greenfield sites, there are difficulties in justifying differential treatment within a use class. The general retail results range from £176 - £205 and allowing for a reasonable buffer a rate of £100sqm is recommended.

# 6 Conclusions

6.13 It is recommended that the variations in residential viability are sufficiently significant to justify a differential charging zone approach to setting residential CIL rates. Based on an Affordable Housing target of 30% in each Authority, and taking account of the generic nature of the tests, a reasonable buffer to allow for additional site specific abnormal costs, we would recommend the following CIL rates based on the viability evidence :-

| Derby City CIL |         |
|----------------|---------|
| Retail         | £100sqm |
| All other Uses | £0sqm   |

| Amber Valley CIL                    |         |
|-------------------------------------|---------|
| Residential - Low Zone, Medium Zone | £0sqm   |
| Residential - High Zone             | £100sqm |
| Retail                              | £100sqm |
| All other Uses                      | £0sqm   |

| South Derbyshire CIL      |         |
|---------------------------|---------|
| Residential - Low Zone    | £0sqm   |
| Residential - Medium Zone | £35sqm  |
| Residential - High Zone   | £150sqm |
| Retail                    | £100sqm |
| All other Uses            | £0sqm   |

6.14 In order to estimate residential CIL over the plan period, the recommended CIL rate is applied to an average dwelling size of 90 sq metres for eligible dwellings. In The Derby HMA only the medium value sub-market area is CIL chargeable. It is estimated that approximately 4314 dwellings could be potentially liable for CIL over the plan period. Assuming 30% of these are exempt as Affordable Housing, the projected CIL liable floorspace is  $3020 \times 90\text{sqm} = 271800\text{sqm}$ . This is multiplied by the CIL rate of £35sqm to give projected CIL revenue in South Derbyshire of £9.5 Million.

6.15 At this stage the retail floorspace over the plan period is uncertain but additional CIL projections can be undertaken as this information becomes available and prior to any Authority progressing an individual Charging Schedule

# 6 Conclusions

6.16 The recommendations in this report are based on current market circumstances and the current policy proposals of the respective Local Plans of the three Authorities in the Derby HMA. In order to achieve more positive viability and a greater margin for potential CIL charges, the Councils would have to consider the following policy changes:

- Reducing affordable housing targets
- Changing affordable housing tenure splits
- Reducing the requirements for CoSH/BREEAM
- Reduced profit return allowances to developers and landowners (provided these are reasonable in context with the NPPF)



## **Valuation Report (Separate Document)**

## **Construction Cost Study (Separate Document)**