



South Derbyshire
District Council

Plan Wide Viability Review

June 2015

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RS Drummond-Hay MRICS ACIH
HDH Planning and Development Ltd
Clapham Woods Farm
Keasden,
Clapham,
Lancaster. LA2 8ET
simon@drummond-hay.co.uk
015242 51831 / 07989 975 977

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1. Introduction

Scope

- 1.1 South Derbyshire District Council are in the process of putting a new Local Plan in place. The new Local Plan Part 1 is undergoing a process of a public examination. In relation to affordable housing the inspector has said:

In addition, I must request South Derbyshire District Council to look again at its affordable housing policy, Policy H20, having regard for viability. This was raised as a matter of concern in my Preliminary Note before the hearings opened (see Question 7) and in my Matter 2: The Spatial Strategy and Housing Policy, question 25. The Derby HMA Strategic Viability Assessment, pba/roger tym [C.27], the CIL Viability Assessment, Nationwide CIL Service [E.79], and the CIL Land and Property Value Appraisal Study, heb [E.80], all consider questions of the viability of housing development in South Derbyshire. However, none of these studies addressed directly what should be the target for affordable housing in the Local Plan, having regard for need and viability. The court of appeal judgment, Blyth Valley Borough Council v Persimmon Homes (North East) Limited and others [2007], emphasised the importance of ensuring that affordable housing targets in Development Plans are justified by robust viability evidence.

Policy H20 seeks to secure up to 30% of new housing development as affordable on sites of over 15 dwellings or 0.5 hectares. However, the supporting text indicates “In order that schemes are not rendered unviable the percentage that would be required in order to achieve the required amount of affordable housing over at least the next five years is not being sought as in most cases it would not be achievable”. It goes on to suggest that, across the HMA in the plan period, on average 25% will be achievable. Thus, the supporting text provides limited support for the policy aim of 30% affordable housing, and there is no mention of a viability study focussed on the establishment of a robust target for delivery of affordable housing.

In response to my preliminary questions, the Council stated that it expects between 10% and 40% affordable housing on 10 of the strategic sites in the Local Plan, with 100% in one case. It suggests that, if 30% affordable housing is sought, this would not remove the ability to charge a Community Infrastructure Levy in low, medium or high value areas of the District. This information offers some reassurance, but does not substitute for a robust viability appraisal to establish what should be the optimum target for the provision of affordable housing in the District overall and, if necessary, for the different value areas within it. I recognise the need for flexibility in affordable housing policy to enable negotiations where specific site circumstances would necessitate a departure from the 30% target, and to allow for application over the plan period. However, the policy should be based on robust evidence providing credibility and a level of certainty for developers so that site-by-site negotiations occur occasionally rather than routinely. I need to see additional viability evidence to justify and clarify Policy H20.

When looking again at the viability of affordable housing policy, the Council should be aware of very recent changes (28-11-2014) to the national Planning Practice Guidance (paragraph 23b Planning Obligations).

In addition, when the viability appraisal has been completed, it would be helpful to learn the Council's views on the Preliminary Conclusions of the Inspector examining the Eastleigh Borough Local Plan regarding affordable housing and total housing figures.

- 1.2 Initially, the core question which this review sought to address is whether the existing viability evidence base is sufficient to be used to make an informed and robust judgement as to whether the Plan is likely to be deliverable. Early on it was recognised that whilst the existing evidence was of a high quality and, in terms of the methodology and the main assumptions used, it could be relied on it does not adequately consider the cumulative impact of all the

Council's policies and it was therefore necessary to undertake some further work to allow a judgement into the soundness of the Plan be able to be made.

- 1.3 To date, the Council has put weight on the existing evidence and has taken a pragmatic approach, using existing evidence where possible. This is consistent with current Government guidance – the NPPF puts much emphasis on the use of existing available evidence saying:

Evidence supporting the assessment should be proportionate, using only appropriate available evidence. (NPPF 174).

- 1.4 This is developed in the PPG that says:

Evidence should be proportionate to ensure plans are underpinned by a broad understanding of viability. Greater detail may be necessary in areas of known marginal viability or where the evidence suggests that viability might be an issue – for example in relation to policies for strategic sites which require high infrastructure investment.

PPG ID: 10-005-20140306

Appropriate and proportionate evidence is essential for producing a sound Local Plan, and paragraph 158 onwards of the National Planning Policy Framework sets out the types of evidence that may be required.

PPG ID: 12-014-20140306

- 1.5 HDH Planning and Development Ltd has now been appointed to advise the Council in connection with setting CIL in several regards:
- a. Firstly, to consider the Council's existing viability evidence. This is in several parts, including that prepared to inform the Plan and Community Infrastructure Levy (CIL).
 - b. Secondly, to update the existing evidence, where required, and then to ensure that the viability testing is in the full context of the Council's full policy requirements.
 - c. Thirdly, to consider the deliverability of the Plan.
- 1.6 It is important to note that whilst this Viability Review contains fresh work, on the whole it builds on that evidence used to develop the Plan which was developed through a process of consultation with the development industry.
- 1.7 It is not the purpose of this report to consider CIL in detail, or to make recommendations as to at what level (if at all) CIL should be set. Having said this, CIL is one of the mechanisms available to the Council to fund the infrastructure to support new development¹. As part of the

¹ CIL is set having regard to a range of factors, one of which is viability. This report only considers viability. Outside this report the Council will consider the need for infrastructure and other sources of funding

consideration of the deliverability of the Plan we have considered, in general terms, whether of CIL may have a useful role to play.

- 1.8 It is important to note at the start of a study of this type, that not all sites will be viable, even without any policy requirements imposed or sought by the Council. It is inevitable that the Council's requirements will render some sites unviable. The question for this report is not whether some development site or other would be rendered unviable, it is whether the delivery of the overall Plan is threatened.

Report Structure

- 1.9 This reports is broken down as follows:

- Chapter 2** The reasons for, and approach to, viability testing, including a short review of the requirements of the NPPF (the CIL Regulations) and PPG.
- Chapter 3** The methodology used.
- Chapter 4** An assessment of the housing market, including market and affordable housing with the purpose of establishing the worth of different types of housing (size and tenure) in different areas.
- Chapter 5** An assessment of the non-residential markets with the purpose of establishing the worth of different types of commercial uses.
- Chapter 6** An assessment of the costs of land to be used when assessing viability.
- Chapter 7** The cost and general development assumptions to be used in the development appraisals.
- Chapter 8** A summary of the various policy requirements and constraints that influence the type of development that comes forward.
- Chapter 9** The setting out of the range of modelled sites used for the financial development appraisals.
- Chapter 10** The results of the appraisals and consideration of residential development.
- Chapter 11** The appraisals and consideration of non-residential development.
- Chapter 12** An assessment of whether or not the '*cumulative impact of the Council's policies puts the development plan at serious risk*' – this is the test in the NPPF.

HDH Planning and Development

- 1.10 HDH is a specialist planning consultancy providing evidence to support planning and housing authorities. The firm was founded in the summer of 2011 by Simon Drummond-Hay who is a Chartered Surveyor and associate of the Chartered Institute of Housing.
- 1.11 The firm's main areas of expertise are:
- a. District wide and site specific viability analysis

- b. Community Infrastructure Levy testing
- c. Local and Strategic Housing Market Assessments and Housing Needs Assessments
- d. Future Housing Numbers Analysis (post RSS target setting)
- e. Viability and Planning Assessments and Inquiries

1.12 The findings contained in this report are based upon information provided by the Council and upon the assumption that all relevant information has been provided. This information has not been independently verified by HDH. The conclusions and recommendations contained in this report are concerned with policy requirement, guidance and regulations which may be subject to change. They reflect a Chartered Surveyor's perspective and do not reflect or constitute legal advice. No part of this report constitutes a valuation and the report should not be relied on in that regard.

Metric or imperial

1.13 The property industry uses both imperial and metric data – often working out costings in metric (£/m²) and values in imperial (£/acre and £/sqft). This is confusing so we have used metric measurements throughout this report. The following conversion rates may assist readers.

1ha	=	2.471acres	1acre	=	0.4147ha
1m	=	3.28ft (3' and 3.37")	1ft	=	0.30m
1m ²	=	10.76sqft (10 sqft and 110sqin)	1sqft	=	0.0929m ²

2. Viability Testing

- 2.1 Viability testing is an important part of the plan-making process. The requirement to assess viability forms part of the National Planning Policy Framework² (NPPF), The Planning Practice Guidance³ (PPG), and is a requirement of the CIL Regulations. In each case the requirement is slightly different but all have much in common.
- 2.2 The NPPF sets out the Government's planning policies for England and how these are expected to be applied. The NPPF's content is finalised and has not been changed by the PPG. The PPG provides detail and clarity as to the meaning, application and implementation of the NPPF. In June 2014 the CIL Regulations were assimilated into the PPG.

NPPF Viability Testing

- 2.3 The NPPF introduced a requirement to assess the viability of the delivery of Local Plan and the impact on development of policies contained within it. The NPPF includes the following requirements (with our emphasis):

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.*

- 2.4 The duty to test in the NPPF is a 'broad brush' one saying 'plans should be deliverable'. It is not a requirement that every site should be able to bear all of the local authority's requirements – indeed there will be some sites that are unviable even with no requirements imposed on them by the local authority. The typical site in the local authority area should be able to bear

² The NPPF was published and came into effect on 27th March 2012.

³ <http://planningguidance.planningportal.gov.uk/>

whatever target or requirement is set and the Council should be able to show, with a reasonable degree of confidence, that the Development Plan is deliverable.

2.5 The enabling and delivery of development is a priority of the NPPF. In this regard it says:

47. To boost significantly the supply of housing, local planning authorities should:

- use their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area, as far as is consistent with the policies set out in this Framework, including identifying key sites which are critical to the delivery of the housing strategy over the plan period;*
- identify and update annually a supply of specific deliverable¹¹ sites sufficient to provide five years' worth of housing against their housing requirements with an additional buffer of 5% (moved forward from later in the plan period) to ensure choice and competition in the market for land. Where there has been a record of persistent under delivery of housing, local planning authorities should increase the buffer to 20% (moved forward from later in the plan period) to provide a realistic prospect of achieving the planned supply and to ensure choice and competition in the market for land;*
- identify a supply of specific, developable¹² sites or broad locations for growth, for years 6-10 and, where possible, for years 11-15;*
- for market and affordable housing, illustrate the expected rate of housing delivery through a housing trajectory for the plan period and set out a housing implementation strategy for the full range of housing describing how they will maintain delivery of a five-year supply of housing land to meet their housing target; and*
- set out their own approach to housing density to reflect local circumstances.*

2.6 Footnotes 11 and 12 of the NPPF are important in providing detail saying:

¹¹ *To be considered deliverable, sites should be available now, offer a suitable location for development now, and be achievable with a realistic prospect that housing will be delivered on the site within five years and in particular that development of the site is viable. Sites with planning permission should be considered deliverable until permission expires, unless there is clear evidence that schemes will not be implemented within five years, for example they will not be viable, there is no longer a demand for the type of units or sites have long term phasing plans.*

¹² *To be considered developable, sites should be in a suitable location for housing development and there should be a reasonable prospect that the site is available and could be viably developed at the point envisaged.*

2.7 Some sites within the area will not be viable. In these cases developers have scope to make specific submissions at the planning applications stage; similarly some sites will be able to bear considerably more than the policy requirements.

2.8 This review will consider the development viability of the site types that are most likely to come forward over the Plan period building on the Council's existing viability evidence base.

CIL Economic Viability Assessment

- 2.9 The CIL Regulations came into effect in April 2010 and have been subject to several (5) subsequent amendments⁴. CIL Regulation 14 (as amended) sets out the core principle for setting CIL:

Setting rates

(1) *In setting rates (including differential rates) in a charging schedule, a charging authority must strike an appropriate balance between—*

- (a) *the desirability of funding from CIL (in whole or in part) the actual and expected estimated total cost of infrastructure required to support the development of its area, taking into account other actual and expected sources of funding; and*
- (b) *the potential effects (taken as a whole) of the imposition of CIL on the economic viability of development across its area.*

(2) *In setting rates ...*

- 2.10 Viability testing in the context of CIL is to assess the 'effects' on development viability of the imposition of CIL. CIL is not calculated through a predetermined formula, but the financial impact of introducing CIL is an important factor, as is the provision of infrastructure (or lack of it) will also have an impact on the ability of the Council to meet its objectives through development and deliver its Development Plan. The Plan may not be deliverable in the absence of CIL.

- 2.11 The test that will be applied to the proposed rates of CIL are set out in the updated CIL Guidance contained in the PPG, putting greater emphasis on demonstrating how CIL will be used to deliver the infrastructure required to support the Plan.

The levy is expected to have a positive economic effect on development across a local plan area. When deciding the levy rates, an appropriate balance must be struck between additional investment to support development and the potential effect on the viability of developments.

This balance is at the centre of the charge-setting process. In meeting the regulatory requirements (see Regulation 14(1)), charging authorities should be able to show and explain how their proposed levy rate (or rates) will contribute towards the implementation of their relevant plan and support development across their area.

⁴ **SI 2010 No. 948.** The Community Infrastructure Levy Regulations 2010 *Made 23rd March 2010, Coming into force 6th April 2010.* **SI 2011 No. 987.** The Community Infrastructure Levy (Amendment) Regulations 2011 *Made 28th March 2011, Coming into force 6th April 2011.* **SI 2011 No. 2918.** The Local Authorities (Contracting Out of Community Infrastructure Levy Functions) Order 2011. *Made 6th December 2011, Coming into force 7th December 2011.* **SI 2012 No. 2975.** The Community Infrastructure Levy (Amendment) Regulations 2012. *Made 28th November 2012, Coming into force 29th November 2012.* **SI 2013 No. 982.** The Community Infrastructure Levy (Amendment) Regulations 2013. *Made 24th April 2013, Coming into force 25th April 2013.* **SI 2014 No. 385.** The Community Infrastructure Levy (Amendment) Regulations 2013. *Made 24th February 2014, Coming into force 24th February 2014.* **SI 2015 No. 836.** COMMUNITY INFRASTRUCTURE LEVY, ENGLAND AND WALES, The Community Infrastructure Levy (Amendment) Regulations 2015. *Made 20th March 2015.*

As set out in the National Planning Policy Framework in England (paragraphs 173 – 177), 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. The same principle applies in Wales.

PPG ID: 25-009-20140612

2.12 The test is whether the sites and the scale of development identified in the Plan are subject to such a scale of obligations and policy burdens (when considered together) that their ability to be developed viably is threatened by CIL. This is somewhat more cautious than the approach set out in earlier guidance. In the March 2010 CIL Guidance, the test was whether the Plan was put at 'serious risk', and in the December 2012 / April 2013 CIL Guidance, the test was whether CIL 'threatened the development plan as a whole' – although it is important to note that the CIL Regulation 14 is clear that the purpose of the viability testing is to establish 'the potential effects (taken as a whole) of the imposition of CIL on the economic viability of development across its area' rather than specific sites.

2.13 On preparing the evidence base on economic viability, the Guidance says:

A charging authority must use 'appropriate available evidence' (as defined in the Planning Act 2008 section 211(7A)) to inform their draft charging schedule. The Government recognises that the available data is unlikely to be fully comprehensive. Charging authorities need to demonstrate that their proposed levy rate or rates are informed by 'appropriate available' evidence and consistent with that evidence across their area as a whole.

In addition, a charging authority should directly sample an appropriate range of types of sites across its area, in order to supplement existing data. This will require support from local developers. The exercise should focus on strategic sites on which the relevant Plan (the Local Plan in England, Local Development Plan in Wales, and the London Plan in London)] relies, and those sites where the impact of the levy on economic viability is likely to be most significant (such as brownfield sites).

The sampling should reflect a selection of the different types of sites included in the relevant Plan, and should be consistent with viability assessment undertaken as part of plan-making.

PPG ID: 25-019-20140612

2.14 This review has drawn on the existing available evidence where it is available. The Council will also consider other 'existing available evidence', the comments of stakeholders and wider priorities. The NPPF, PPG and the Harman Guidance, as referred to below, recommend that the development and consideration of a CIL rate should be undertaken as part of the same exercise, which is what the Council is doing.

2.15 From April 2015, councils have been restricted in relation to pooling S106 contributions from more than five developments⁵ (where the obligation in the s106 agreement is a reason for granting consent). This restriction will encourage councils to adopt CIL – particularly where

⁵ CIL Regulations 123(3)

there are large items of infrastructure to be delivered that relate to multiple sites. This restriction on pooling may have the effect of bringing s106 tariff policies to an end.

2.16 Following the implementation of CIL a Council will still be able to raise additional s106 funds for infrastructure, provided this infrastructure can be directly linked to the site-specific needs associated with the scheme in question, and that it is not for infrastructure specifically identified to be funded by CIL, through the Regulation 123 List⁶. Payments requested under the s106 regime must be (as set out in CIL Regulation 122):

- a. necessary to make the development acceptable in planning terms;
- b. directly related to the development; and
- c. fairly and reasonably related in scale and kind to the development.

2.17 As mentioned above, under CIL Regulation 123, from April 2015, there are restrictions on pooling contributions from five or more sites where the obligation is a reason for granting planning permission. It is important to note that the counting of the 'five or more sites' relates to the '*provision of that project, or type of infrastructure*' and is from the date of the CIL Regulations, being April 2010. The Council will need to consider whether the threshold has already been exceeded for some items of infrastructure.

Differential Rates

2.18 CIL Regulation 13 (as amended) provides scope for CIL to be set at different levels by different area (zones) and type and size of developments.

Differential rates

(1) A charging authority may set differential rates—

- (a) for different zones in which development would be situated;
- (b) by reference to different intended uses of development,
- (c) by reference to the intended gross internal area of development;
- (d) by reference to the intended number of dwellings or units to be constructed or provided under a planning permission.

(2) In setting differential rates, a charging authority may set supplementary charges, nil rates, increased rates or reductions.

2.19 The PPG expands on this saying:

Charging authorities that decide to set differential rates may need to undertake more fine-grained sampling, on a higher proportion of total sites, to help them to estimate the boundaries for their

⁶ This is the list of the items that the Council will spend CIL payments on.

differential rates. Fine-grained sampling is also likely to be necessary where they wish to differentiate between categories or scales of intended use.

The focus should be in particular on strategic sites on which the relevant Plan relies and those sites (such as brownfield sites) where the impact of the levy is likely to be most significant.

The outcome of the sampling exercise should be to provide a robust evidence base about the potential effects of the rates proposed, balanced against the need to avoid excessive detail.

A charging authority's proposed rate or rates should be reasonable, given the available evidence, but there is no requirement for a proposed rate to exactly mirror the evidence. For example, this might not be appropriate if the evidence pointed to setting a charge right at the margins of viability. There is room for some pragmatism. It would be appropriate to ensure that a 'buffer' or margin is included, so that the levy rate is able to support development when economic circumstances adjust. In all cases, the charging authority should be able to explain its approach clearly.

PPG ID: 25-019-20140612

The regulations allow charging authorities to apply differential rates in a flexible way, to help ensure the viability of development is not put at risk. Differences in rates need to be justified by reference to the economic viability of development. Differential rates should not be used as a means to deliver policy objectives.

Differential rates may be appropriate in relation to

- geographical zones within the charging authority's boundary*
- types of development; and/or*
- scales of development.*

A charging authority that plans to set differential rates should seek to avoid undue complexity. Charging schedules with differential rates should not have a disproportionate impact on particular sectors or specialist forms of development. Charging authorities should consider the views of developers at an early stage.

If the evidence shows that the area includes a zone, which could be a strategic site, which has low, very low or zero viability, the charging authority should consider setting a low or zero levy rate in that area. The same principle should apply where the evidence shows similarly low viability for particular types and/or scales of development.

In all cases, differential rates must not be set in such a way that they constitute a notifiable state aid under European Commission regulations (see 'State aid' section for further information). One element of state aid is the conferring of a selective advantage to any 'undertaking'. A charging authority which chooses to differentiate between classes of development, or by reference to different areas, should do so only where there is consistent economic viability evidence to justify this approach. It is the responsibility of each charging authority to ensure that their charging schedules are state aid compliant.

PPG ID: 25-021-20140612

- 2.20 Any differential rates must only be set with regard to viability. It would be contrary to the guidance, for example, to set a high rate to deter a particular type of development, or to set a low rate to encourage it – a consistent approach must be taken across all development types.
- 2.21 CIL, once introduced, is mandatory on all developments (with a very few exceptions) that fall within the categories and areas where the levy applies, unlike other policy requirements to provide affordable housing or to build to a particular environmental standard over which there can be negotiations. This means that CIL must not prejudice the viability of most sites.
- 2.22 When setting CIL it will be necessary for the Council to clearly demonstrate how CIL will fund infrastructure that will enable development to be delivered.

- 2.23 The test is whether the sites and the scale of development identified in the Plan are subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened by CIL. This is somewhat more cautious than the approach set out in earlier guidance. In the March 2010 CIL Guidance, the test was whether the Plan was put at ‘*serious risk*’, and in the April 2013 CIL Guidance, the test was whether the Development Plan is ‘*threatened*’ by CIL.

Payments in kind

- 2.24 Under changes to CIL Regulation 73, a local authority (at its discretion and subject to strict rules) can accept CIL ‘in kind’. The changes to this Regulation have extended this provision from the payment of CIL through the transfer of land, to the payment through the transfer of infrastructure as well as land. These changes give the increased flexibility to both the Charging Authority and the developer allowing CIL to be ‘paid’ through the provision of infrastructure.

Planning Practice Guidance (PPG)

- 2.25 Viability is a recurring theme through the PPG, and it includes specific sections on viability in both the plan making and the development management processes. As set out above, the NPPF says that plans should be deliverable and that 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. The PPG says:

Understanding Local Plan viability is critical to the overall assessment of deliverability. Local Plans should present visions for an area in the context of an understanding of local economic conditions and market realities. This should not undermine ambition for high quality design and wider social and environmental benefit but such ambition should be tested against the realistic likelihood of delivery.

.... viability can be important where planning obligations or other costs are being introduced. In these cases decisions must be underpinned by an understanding of viability, ensuring realistic decisions are made to support development and promote economic growth. Where the viability of a development is in question, local planning authorities should look to be flexible in applying policy requirements wherever possible.

PPG ID: 10-001-20140306

- 2.26 These requirements are not new and are simply stating best practice and are wholly consistent with the approach taken through the preparation of the Plan. An example is the inclusion of viability testing in relation to the Council’s affordable housing policy.

- 2.27 In the section on considering land availability, the PPG says:

A site is considered achievable for development where there is a reasonable prospect that the particular type of development will be developed on the site at a particular point in time. This is essentially a judgement about the economic viability of a site, and the capacity of the developer to complete and sell the development over a certain period.

PPG ID: 3-021-20140306

- 2.28 The PPG does not prescribe a single approach for assessing viability. The NPPF and the PPG both set out the policy principles relating to viability assessments. The PPG rightly

acknowledges that a 'range of sector led guidance on viability methodologies in plan making and decision taking is widely available'.

There is no standard answer to questions of viability, nor is there a single approach for assessing viability. The National Planning Policy Framework, informed by this Guidance, sets out the policy principles relating to viability assessment. A range of sector led guidance on viability methodologies in plan making and decision taking is widely available.

PPG 10-002-20140306.

- 2.29 As set out later in this chapter, this review is carried out in the context of the Harman Guidance and in broadly in accordance with the RICS Guidance, it also draws on the Planning Advisory Service resources and was informed by appeal decisions and CIL Examiner's reports.

- 2.30 The PPG does not require every site to be tested:

Assessing the viability of plans does not require individual testing of every site or assurance that individual sites are viable; site typologies may be used to determine viability at policy level. Assessment of samples of sites may be helpful to support evidence and more detailed assessment may be necessary for particular areas or key sites on which the delivery of the plan relies.

PPG ID: 10-006-20140306

- 2.31 This supports the approach where the analysis is based on a set of typologies that represent the expected development to come forward over the plan-period.

- 2.32 Viability Thresholds are a controversial matter and it is clear that different landowners will take different approaches depending on their personal and corporate priorities. The assessment is based on an informed assumption being made about the 'uplift' being the margin above the 'Existing Use Value' which would be sufficient to incentivise the landowner to sell. Both the RICS Guidance and the PPG make it clear that when considering land value that this must be done in the context of current and emerging policies:

Site Value definition Site Value either as an input into a scheme specific appraisal or as a benchmark is defined in the guidance note as follows: 'Site Value should equate to the market value subject to the following assumption: that the value has regard to development plan policies and all other material planning considerations and disregards that which is contrary to the development plan.'

Box 7, Page 12, RICS Guidance

In all cases, estimated land or site value should: ...reflect emerging policy requirements and planning obligations and, where applicable, any Community Infrastructure Levy charge;...

PPG ID 10-014-20140306

- 2.33 The PPG stresses the importance of working from evidence and in collaboration with the development industry:

Evidence based judgement: assessing viability requires judgements which are informed by the relevant available facts. It requires a realistic understanding of the costs and the value of development in the local area and an understanding of the operation of the market.

Understanding past performance, such as in relation to build rates and the scale of historic planning obligations can be a useful start. Direct engagement with the development sector may be helpful in accessing evidence.

Collaboration: a collaborative approach involving the local planning authority, business community, developers, landowners and other interested parties will improve understanding of deliverability and viability. Transparency of evidence is encouraged wherever possible. Where communities are preparing a neighbourhood plan (or Neighbourhood Development Order), local planning authorities are encouraged to share evidence to ensure that local viability assumptions are clearly understood.

- 2.34 The meaning of competitive returns is discussed later in this report and is at the core of a viability assessment. The RICS Guidance (see below) includes the following definition:

Competitive returns - A term used in paragraph 173 of the NPPF and applied to 'a willing land owner and willing developer to enable development to be deliverable'. A 'Competitive Return' in the context of land and/or premises equates to the Site Value as defined by this guidance, i.e. the Market Value subject to the following assumption: that the value has regard to development plan policies and all other material planning considerations and disregards that which is contrary to the development plan. A 'Competitive Return' in the context of a developer bringing forward development should be in accordance with a 'market risk adjusted return' to the developer, as defined in this guidance, in viably delivering a project.

- 2.35 The PPG adds to this saying:

The National Planning Policy Framework states that viability should consider "competitive returns to a willing landowner and willing developer to enable the development to be deliverable." This return will vary significantly between projects to reflect the size and risk profile of the development and the risks to the project. A rigid approach to assumed profit levels should be avoided and comparable schemes or data sources reflected wherever possible.

A competitive return for the land owner is the price at which a reasonable land owner would be willing to sell their land for the development. The price will need to provide an incentive for the land owner to sell in comparison with the other options available. Those options may include the current use value of the land or its value for a realistic alternative use that complies with planning policy.

PPG ID: 10-015-20140306.

Viability Guidance

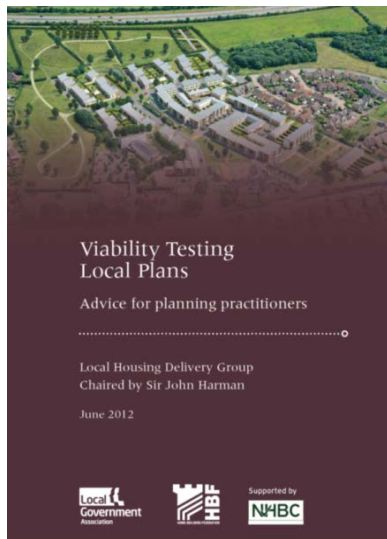
- 2.36 There is no specific technical guidance on how to test the viability in the NPPF, the PPG or the CIL Regulations or Guidance. Paragraph 173 of the NPPF says: '..... To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, 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.....' This seems quite straightforward – although 'competitive returns' is not defined.
- 2.37 There are several sources of guidance and appeal decisions⁷ that support the methodology we have developed. In this study we have followed the *Viability Testing in Local Plans* –

⁷ Barnet: APP/Q5300/ A/07/2043798/NWF, Bristol: APP/P0119/ A/08/2069226, Beckenham: APP/G5180/ A/08/2084559, Bishops Cleeve: APP/G1630/A/11/2146206 Burgess Farm: APP/U4230/A/11/2157433, CLAY FARM: APP/Q0505/A/09/2103599/NWF, Woodstock: APP/D3125/ A/09/2104658, Shinfield APP/X0360/

Advice for planning practitioners (LGA/HBF – Sir John Harman) June 2012⁸ (known as the Harman Guidance). This contains the following definition:

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.

- 2.38 The planning appeal decisions, and the HCA good practice publication suggest that the most appropriate test of viability for planning policy purposes is to consider the Residual Value of schemes compared with the Existing Use Value (EUV), plus a premium. The premium over and above the EUV being set at a level to provide the landowner with a competitive return and the inducement to sell. The Harman Guidance and *Financial viability in planning, RICS guidance note, 1st edition* (GN 94/2012) which was published during August 2012 (known as the RICS Guidance) set out the principles of viability testing. Additionally, the Planning Advisory Service (PAS)⁹ provide viability guidance and manuals for local authorities.



A/12/2179141, Oxenholme Road, APP/M0933/A/13/2193338 Vannes: Court of Appeal 22 April 2010, [2010] EWHC 1092 (Admin) 2010 WL 1608437

⁸ Viability Testing in Local Plans has been endorsed by the Local Government Association and forms the basis of advice given by the, CLG funded, Planning Advisory Service (PAS).

⁹ PAS is funded directly by DCLG to provide consultancy and peer support, learning events and online resources to help local authorities understand and respond to planning reform. (Note: Much of the most recent advice has been co-authored by HDH).

- 2.39 There is considerable common ground between the RICS and the Harman Guidance but they are not consistent. The RICS Guidance recommends against the ‘current/alternative use value plus a margin’ – which is the methodology recommended in the Harman Guidance.

One approach has been to exclusively adopt current use value (CUV) plus a margin or a variant of this, i.e. existing use value (EUV) plus a premium. The problem with this singular approach is that it does not reflect the workings of the market as land is not released at CUV or CUV plus a margin (EUV plus).....

Financial viability in planning, RICS guidance note, 1st edition (GN 94/2012)

- 2.40 The Harman Guidance advocates an approach based on Threshold Land Value. Viability Testing in Local Plans says:

*Consideration of an appropriate **Threshold Land Value** needs to take account of the fact that future plan policy requirements will have an impact on land values and landowner expectations. Therefore, using a market value approach as the starting point carries the risk of building-in assumptions of current policy costs rather than helping to inform the potential for future policy. Reference to market values can still provide a useful ‘sense check’ on the threshold values that are being used in the model (making use of cost-effective sources of local information), but it is not recommended that these are used as the basis for the input to a model.*

We recommend that the Threshold Land Value is based on a premium over current use values and credible alternative use values (noting the exceptions below).

Viability Testing in Local Plans – Advice for planning practitioners. (June 2012)

- 2.41 The RICS dismisses a Threshold Land Value approach as follows.

Threshold land value. A term developed by the Homes and Communities Agency (HCA) being essentially a land value at or above that which it is assumed a landowner would be prepared to sell. It is not a recognised valuation definition or approach.

- 2.42 On face value these statements are contradictory, so it is necessary to bring these two sources of guidance together. The methodology adopted is to compare the Residual Value generated by the viability appraisals, with the Existing Use Value (EUV) or an Alternative Use Value (AUV) plus an appropriate uplift to incentivise a landowner to sell. The amount of the uplift over and above the existing use value is central to the assessment of viability. It must be set at a level to provide ‘competitive returns’¹⁰ to the landowner. To inform the judgement as to whether the uplift is set at the appropriate level we make reference to the market value of the land both with and without the benefit of planning.

- 2.43 The Harman Guidance (as endorsed by LGA, PAS) – and also broadly in line with the main thrust of the RICS Guidance of having reference to market value. It is relevant to note that the Harman methodology was endorsed by the Planning Inspector who approved the London

¹⁰ As required by 173 of the NPPF

Mayoral CIL Charging Schedule in January 2012¹¹. In his report, the Inspector dismissed the theory that using historical market value (i.e. as proposed by the RICS) to assess the value of land was a more appropriate methodology than using EUV plus a margin.

¹¹ Paragraphs 7 to 9 of REPORT ON THE EXAMINATION OF THE DRAFT MAYORAL COMMUNITY INFRASTRUCTURE LEVY CHARGING SCHEDULE by Keith Holland BA (Hons) DipTP MRTPI ARICS an Examiner appointed by the Mayor Date: 27th January 2012

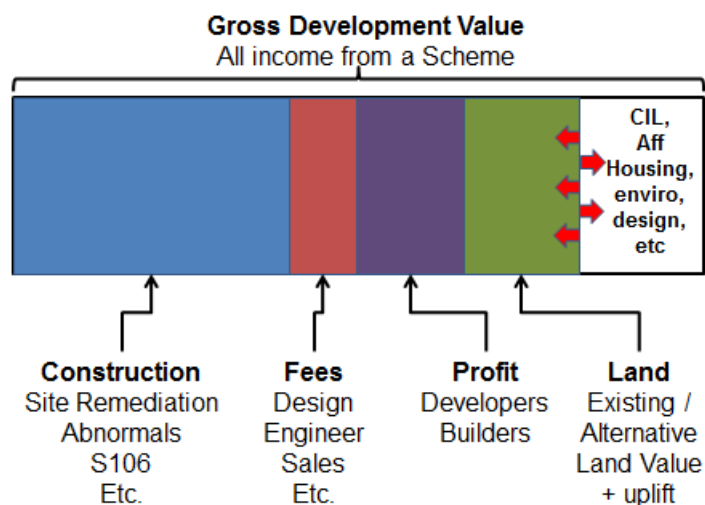
3. Methodology

Viability Testing – Outline Methodology

- 3.1 There is no statutory technical guidance on how to go about viability testing. We have therefore followed the Harman Guidance. The availability and cost of land are matters at the core of viability for any property development. The format of the typical valuation, which has been standard for as long as land has been traded for development is:

$$\begin{array}{r} \textbf{Gross Development Value} \\ \text{(The combined value of the complete development)} \\ \\ \text{LESS} \\ \\ \textbf{Cost of creating the asset, including a profit margin} \\ \text{(Construction + fees + finance charges)} \\ \\ = \\ \\ \textbf{RESIDUAL VALUE} \end{array}$$

- 3.2 The result of the calculation indicates a land value, the Residual Value. The Residual Value is the top limit of what a developer could offer for a site and still make a satisfactory profit margin.
- 3.3 In the following graphic, the bar illustrates all the income from a scheme. This is set by the market (rather than by the developer or local authority) so is, to a large extent, fixed. The developer has relatively little control over the costs of development (construction and fees) and whilst there is scope to build to different standards and with different levels of efficiency the costs are largely out of the developer's direct control – they are what they are depending on the development.



- 3.4 It is well recognised in viability testing that the developer should be rewarded for taking the risks of development. The NPPF terms this the 'competitive return'. The essential balance in viability testing is around the land value and whether or not land will come forward for development. The more policy requirements and developer contributions the planning authority asks for the less the developer can afford to pay for the land. The purpose of this study is to assess the effect and to quantify the costs of the Council's various policies on development and then make a judgement as to whether or not land prices are squeezed to such an extent that, in the NPPF context, that the Development Plan is put at 'serious risk' or, in the context of the CIL Guidance, whether development is 'threatened' to such an extent that the Plan is not delivered.
- 3.5 The 'likely land value' is a difficult topic since a landowner is unlikely to be entirely frank about the price that would be acceptable, always seeking a higher one. This is one of the areas where an informed assumption has to be made about the 'uplift': the margin above the 'existing use value' which would make the landowner sell. Both the RICS Guidance and the PPG make it clear that when considering land value that this must be done in the context of current and emerging policies.
- 3.6 It is important to note that this study is not trying to exactly mirror any particular developer's business model – rather it is making a broad assessment of viability in the context of plan-making and the requirements of the NPPF and CIL Regulations.

Limitations of viability testing in the context of the NPPF

- 3.7 The high level and broad brush viability testing that is appropriate to be used to assess the cumulative impact of the Council's policies on the Plan (and the effect of CIL) does have limitations. The assessment of viability is a largely quantitative process based on financial appraisals – there are however types of development where viability is not at the forefront of the developer's mind and they will proceed even if a 'loss' is shown in a conventional appraisal. By way of example, an individual may want to fulfil a dream of building a house and may spend more than the finished home is actually worth, a community may extend a village hall even though the value of the facility in financial terms is not significantly enhanced or the end user of an industrial or logistics building may build a new factory or depot that will improve its operational efficiency even if, as a property development, the resulting building may not seem to be viable.
- 3.8 This sets the Council a challenge when considering its proposals. It needs to determine whether or not the policies in the Plan that impact on a development type that may appear only to be marginally viable, will have any material impact on the rates of development, or will the developments proceed anyway. It is clear that some development in the area is coming forward for operational reasons, rather than property development purposes.

The meaning of 'competitive return'

- 3.9 The meaning of 'competitive return' is at the core of a viability assessment. The RICS Guidance includes the following definition:

Competitive returns - A term used in paragraph 173 of the NPPF and applied to 'a willing land owner and willing developer to enable development to be deliverable'. A 'Competitive Return' in the context of land and/or premises equates to the Site Value as defined by this guidance, i.e. the Market Value subject to the following assumption: that the value has regard to development plan policies and all other material planning considerations and disregards that which is contrary to the development plan. A 'Competitive Return' in the context of a developer bringing forward development should be in accordance with a 'market risk adjusted return' to the developer, as defined in this guidance, in viably delivering a project.

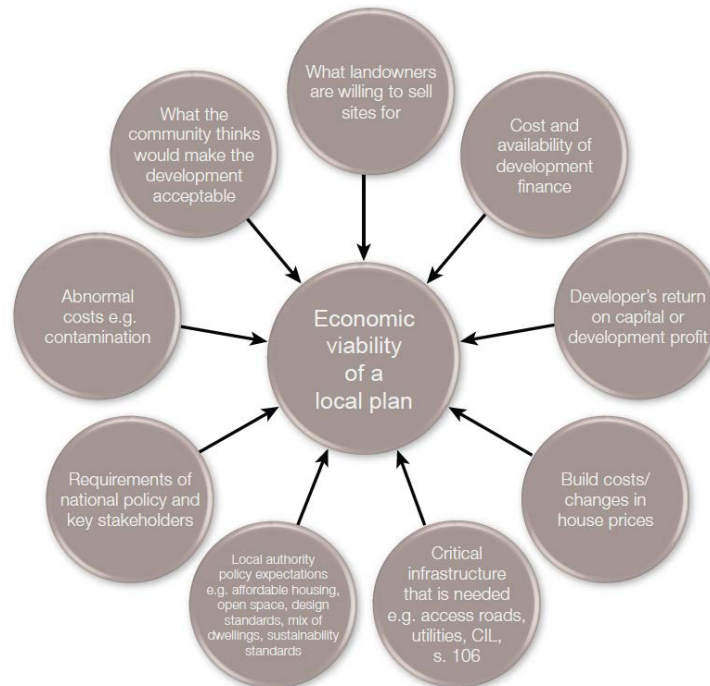
- 3.10 Whilst this is useful it does not provide guidance as to the size of that return. To date there has been much discussion within the industry as to what may and may not be a competitive return, as yet the term has not been given a firm definition through the appeal, planning examination or legal processes.
- 3.11 Competitive return was considered at the Shinfield Appeal¹². We have discussed this further in Chapter 6 below. More recently, further clarification has been added in the Oxenholme Road Appeal¹³ where the inspector confirmed that the principle set out in Shinfield is very site specific and should only be given limited weight.
- 3.12 It should be noted that this study is about the economics of development. Viability brings in a wider range than just financial factors. The PPG says:

Understanding Local Plan viability is critical to the overall assessment of deliverability. Local Plans should present visions for an area in the context of an understanding of local economic conditions and market realities. This should not undermine ambition for high quality design and wider social and environmental benefit but such ambition should be tested against the realistic likelihood of delivery.

- 3.13 The following graphic is taken from the Harman Guidance and illustrates some of the non-financial as well as financial factors that contribute to the assessment process.

¹² APP/X0360/A/12/2179141 (Land at The Manor, Shinfield, Reading RG2 9BX) January 2013.

¹³ APP/M0933/ A/13/ 2193338 (Land to the west of Oxenholme Road, Kendal, Cumbria) October 2013.



- 3.14 It is important to note that the PPG does make it clear that viability is just one of a range of factors that will be considered when determining a planning application:

Assessing viability should lead to an understanding of the scale of planning obligations which are appropriate. However, the National Planning Policy Framework is clear that where safeguards are necessary to make a particular development acceptable in planning terms, and these safeguards cannot be secured, planning permission should not be granted for unacceptable development.

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Existing Available Evidence

- 3.15 The NPPF and PPG are clear that the assessment of viability should, wherever possible, be based on existing available evidence rather than new evidence. We have reviewed the existing evidence that is available from the Council. This falls into two broad types:
- 3.16 The first is that which has been prepared for the Council to inform the Local Plan process, being *The Derby HMA Strategic Viability Assessment (PBA)* March 2013. The second is that prepared in connection to CIL being *Derby Housing Market Area CIL Viability Assessment (NCS)* July 2014. Both of these studies cover the three councils of Derby City, Amber Valley and South Derbyshire.
- 3.17 The initial question was whether the existing viability evidence base is sufficient to be used to make an informed and robust judgement as to whether the development identified in the Local Plan Part 1, is likely to be deliverable. In order to be able to make this judgement, we have considered a number of simple questions:
- Is the existing evidence sound and robust?
 - Is the existing evidence consistent with the NPPF and PPG?

- ii. Does the passage of time mean that the existing work needs updating?
- b. Can the viability work that has been done be related to the development set out in the Local Plan Part 1?

- 3.18 The Strategic Viability Assessment was published in March 2013 and the CIL Viability Assessment in July 2014. The NPPF was published on 27th March 2012 and the PPG on 6th March 2014, although the PPG has been subsequently updated.
- 3.19 As set out above, the requirements of the NPPF and PPG are clear. Together these policy documents set out the core principles of plan-making and viability testing (although not technical guidance). They use some quite specific new language such as a 'competitive return', 'serious risk' and 'cumulative impact'. Ideally any viability work would be carried out and the test of viability would be in the context of this language.
- 3.20 Having reviewed these studies we concluded that, on the whole the methodology and assumptions used is appropriate, however the work did not recognise the full cumulative impact of the Council's policies. It is as a result of this initial assessment that the updating in this report has been undertaken.
- 3.21 Secondly, the Council also holds evidence of what is being collected from developers under the s106 regime. This is being collated outside this study but will be drawn on when considering the rates of CIL. We have considered the Council's policies for developer contributions (including affordable housing) and the amounts that have actually been collected from developers.

Viability Process

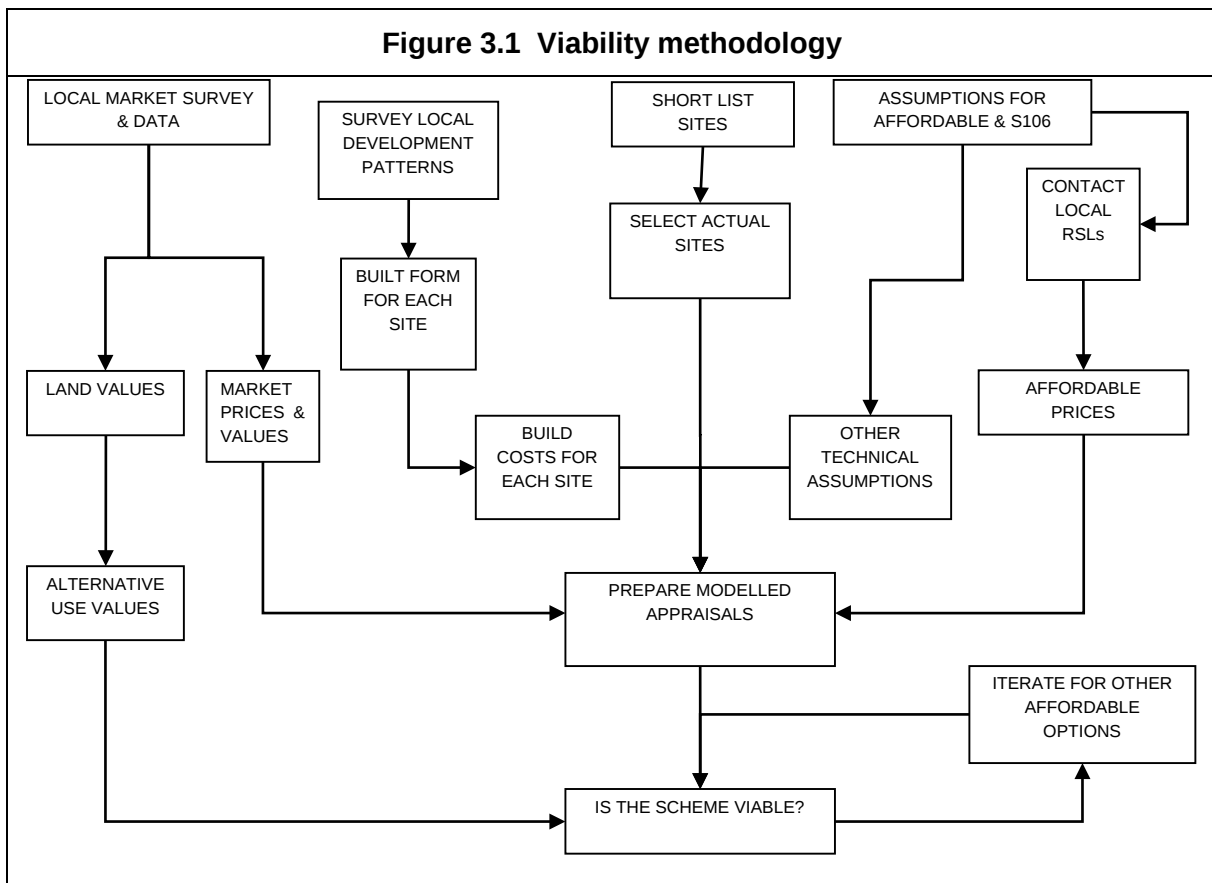
- 3.22 The assessment of viability as required under the NPPF and the CIL Regulations is a quantitative and qualitative assessment based on professional judgment, CIL is not calculated by some pre-determined formula. The NPPF requires that '*the sites and the scale of development identified in the plan should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened*¹⁴' and whether '*the cumulative impact of these standards and policies should not put implementation of the plan at serious risk*¹⁵'. The CIL Regulations require that '*councils must strike an appropriate balance between (a) the desirability of funding from CIL (in whole or in part) the actual and expected estimated total cost of infrastructure required to support the development of its area,*

¹⁴ NPPF Paragraph 173

¹⁵ NPPF Paragraph 174

taking into account other actual and expected sources of funding; and (b) the potential effects (taken as a whole) of the imposition of CIL on the economic viability¹⁶.

- 3.23 The basic viability methodology is summarised in Figure 3.1 below. It involves preparing financial development appraisals for a representative range of sites and actual sites and using these to assess the effect that CIL may have on development viability. Details of the site modelling are set out in Chapter 9.
- 3.24 The sites were modelled based on discussions with Council officers, the existing available evidence supplied to us by the Council, and on our own experience of development. In particular we drew on the sites in the SHLAA, and the strategic sites and broad locations for development that the Council has identified and / or is considering as part of the plan-making process. This process ensures that the appraisals are representative of typical development.



Source: HDH 2015

¹⁶ CIL Regulation 14

- 3.25 The appraisals are based on the policies set out in the South Derbyshire Local Plan, Part 1 (March 2014). For appropriate sensitivity testing we have assessed a range of scenarios.
- 3.26 We surveyed the local housing and commercial markets, in order to obtain a picture of sales values. We also assessed land values to calibrate the appraisals and to assess alternative use values. Alongside this we considered local development patterns, in order to arrive at appropriate built form assumptions for those sites where information from a current planning permission or application was not available. These in turn informed the appropriate build cost figures. A number of other technical assumptions were required before appraisals could be produced. The appraisal results were in the form of £/ha 'residual' land values, showing the maximum value a developer could pay for the site and still return a target profit level.
- 3.27 The Residual Value was compared to the Existing Use Value (EUV) for each site. Only if the Residual Value exceeded the EUV, and by a satisfactory margin, could the scheme be judged to be viable.
- 3.28 We have used a bespoke viability testing model designed and developed by us specifically for area wide viability testing as required by the NPPF and CIL Regulations¹⁷. The purpose of the viability model and testing is not to exactly mirror any particular business model used by those companies, organisations and people involved in property development. The purpose is to capture the generality and to provide high level advice to assist the Council in assessing the deliverability of the Detailed Policies and Sites Plan, and to set CIL.

Development Types

- 3.29 The modelling in this study was based on the types of development most likely to come forward on the sites within the Plan. The work in this study is proportionate to allowing a judgement be made as to whether the cumulative impact of the policies put the Plan at serious risk and whether CIL will threaten the development and delivery of the Plan. Inevitably some of the development will be on land that was not included in the Plan.

¹⁷ This Viability Model has is used as the basis for the Planning Advisory Service (PAS) Viability Workshops. It is made available to Local Authorities, free of charge, by PAS.

4. Residential Property Market

- 4.1 This chapter sets out an assessment of the housing market (including sheltered and extracare housing), providing the basis for the assumptions on house prices to be used in the financial appraisals for the sites tested in the study. We are concerned not just with the prices but the differences across different areas.
- 4.2 Although development schemes do have similarities, every scheme is unique, even schemes on neighbouring sites. Market conditions will broadly reflect a combination of national economic circumstances, and local supply and demand factors, however, even within a town there will be particular localities, and ultimately site specific factors, that generate different values and costs.
- 4.3 For practical purposes we have based our research on the settlements referred to in the Plan policy H1 Settlement Hierarchy. This sets out the following Sustainable Settlement Hierarchy:
- i) *Urban Areas - within and adjoining Swadlincote including Woodville and as extensions to the urban areas of the City of Derby and Burton upon Trent.*
 - ii) *Key Service Villages -*

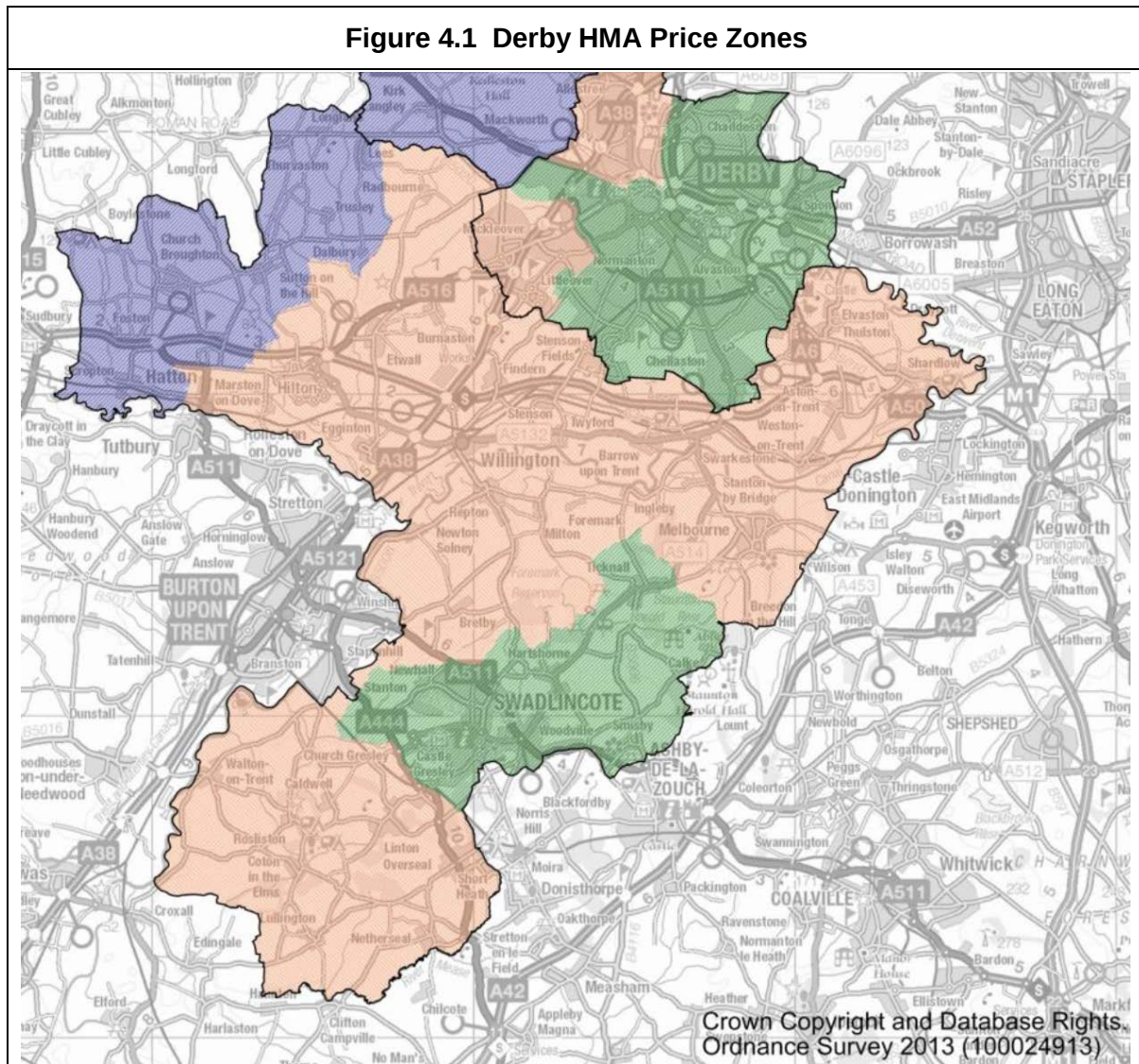
<i>Aston on Trent</i>	<i>Linton</i>	<i>Shardlow</i>
<i>Etwall</i>	<i>Melbourne</i>	<i>Willington</i>
<i>Hatton</i>	<i>Overseal</i>	
<i>Hilton</i>	<i>Repton</i>	
 - iii) *Local Service Villages*

<i>Findern</i>	<i>Ticknall</i>	<i>Stanton</i>
<i>Hartshorne</i>	<i>Netherseal</i>	<i>Weston on Trent</i>
	<i>Newton Solney</i>	
	<i>Rosliston</i>	
 - iv) *Rural Settlements:*

<i>Ambaston</i>	<i>Egginton</i>	<i>Radbourne</i>
<i>Barrow Upon Trent</i>	<i>Elvaston</i>	<i>Scropton</i>
<i>Foremark</i>	<i>Stanton by Bridge</i>	<i>Bretby</i>
<i>Foston</i>	<i>Smisby</i>	<i>Burnaston</i>
<i>Ingleby</i>	<i>Sutton on the Hill</i>	<i>Cauldwell</i>
<i>Kings Newton</i>	<i>Swarkestone</i>	<i>Thulston</i>
<i>Church Broughton</i>	<i>Lees</i>	<i>Trusley</i>
<i>Coton in the Elms</i>	<i>Long Lane</i>	<i>Twyford</i>
<i>Coton Park</i>	<i>Lullington</i>	<i>Milton</i>
<i>Dalbury</i>	<i>Marston on Dove</i>	
<i>Walton on Trent</i>	<i>Drakelow Village</i>	
 - v) *Rural Areas*
- 4.4 It is important to note that most future development will be in the top two layers (i and ii) of the hierarchy so these form the basis of our analysis.
- 4.5 The earlier viability studies both contain detailed assessments of the South Derbyshire residential property markets. The analysis in the CIL Viability is based on evidence set out in the CIL Land and Property Value Appraisal Study by heb Chartered Surveyors dated 5th December 2013. This drew on the March 2013 PBA report. The following values were used:
- a. Low Zone £1,600/m²

- b. Medium Zone £1,900/m²
- c. High Zone £2,500/m²

4.6 These relate to the flowing areas:

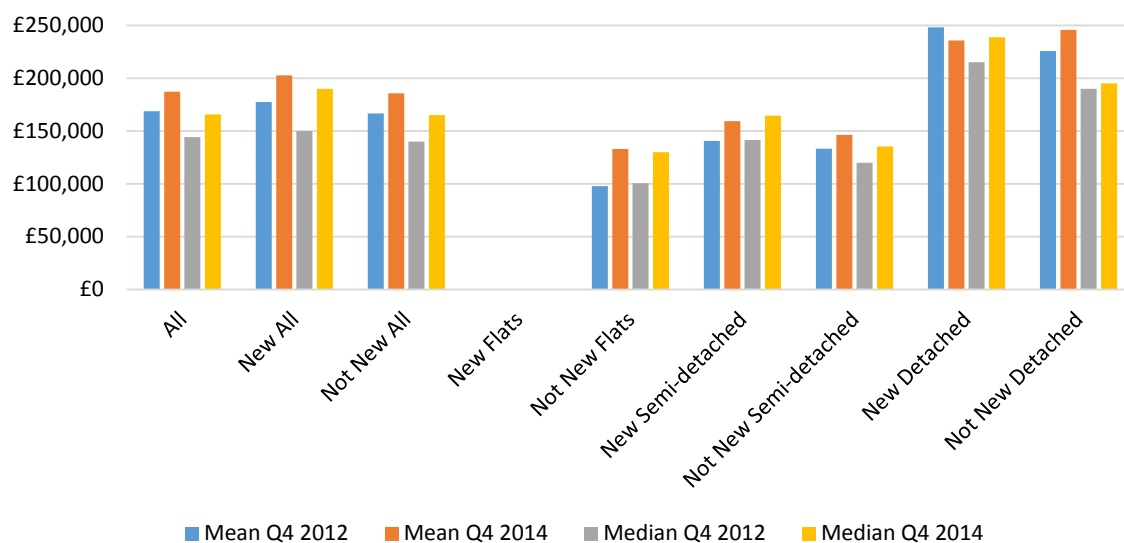


Source: Page 18 Derby HMA CIL Viability Assessment July 2014 (NCS)

4.7 We understand that much of the research behind these assumptions was carried out late in 2012. Since then there has been a marked improvement in the housing market with a notable increase in confidence. In the following figure we have set out the mean and median sale prices, taken from Land Registry data for 2012 Q4 and 2014 Q4 (being the most recent data).

Table 4.1 Change in House Prices

	Q4 2012		Q4 2014		Change	
	Mean	Median	Mean	Median	Mean	Median
All	£168,788	£144,000	£187,284	£165,748	10.96%	15.10%
New All	£177,373	£150,000	£202,490	£189,995	14.16%	26.66%
Not New All	£166,642	£140,000	£185,604	£164,950	11.38%	17.82%
New Flats	No Sales	No Sales	No Sales	No Sales	No Sales	No Sales
Not New Flats	£97,833	£100,500	£133,000	£130,000	35.95%	29.35%
New Semi-detached	£140,531	£141,498	£159,184	£164,498	13.27%	16.25%
Not New Semi-detached	£133,158	£120,000	£146,300	£135,200	9.87%	12.67%
New Detached	£248,019	£214,995	£235,470	£238,500	-5.06%	10.93%
Not New Detached	£225,502	£190,000	£245,481	£195,000	8.86%	2.63%



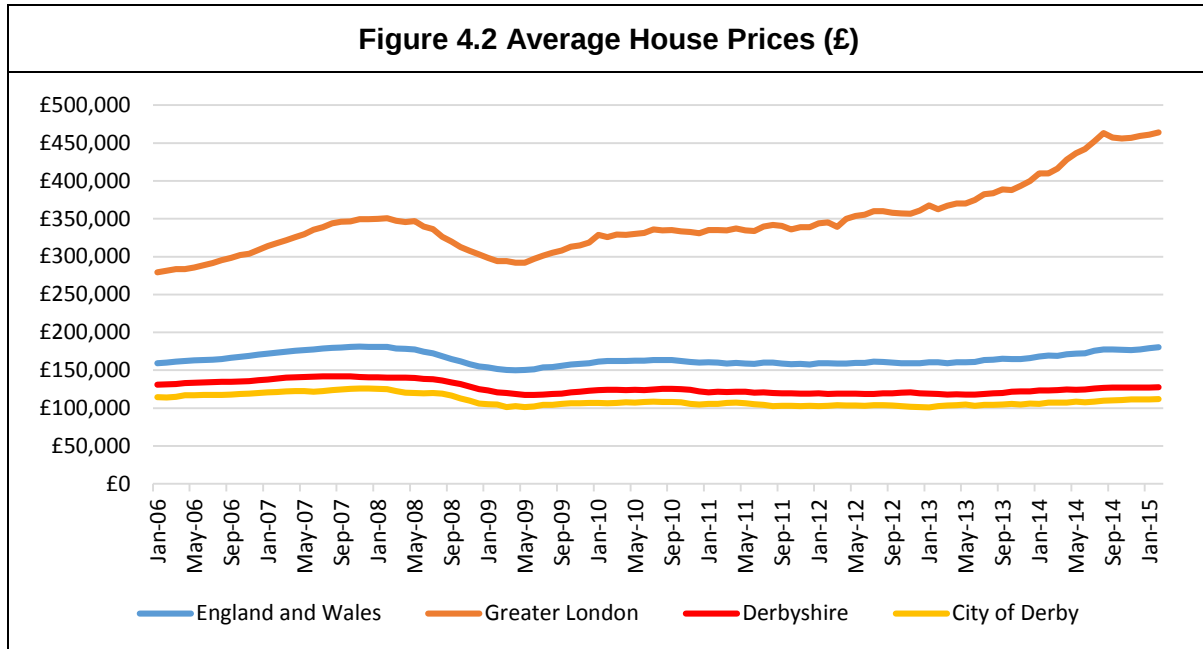
Source: Land Registry Price Paid Data

- 4.8 Median house prices have increased by about 15% in the District over the last two years. The change in newbuild homes is even greater at over 25%. Based on this information we have revisited the value assumptions.

The Residential Market

- 4.9 The current direction and state of the housing market has improved markedly since the earlier viability evidence was prepared. The housing market peaked late in 2007 (see the following graph) and then fell considerably in the 2007/2008 recession during what became known as the 'Credit Crunch'.

- 4.10 Average house prices across England and Wales have recovered to their pre-recession peak, however this is strongly influenced by London. Prices in London are now well in excess of the 2007/2008 peak but as can be seen in the figure below, away from the South East, in areas such as Derbyshire there has been a general recovery, albeit that prices are still marginally below the previous peak.



Source: Land Registry

- 4.11 Up to the pre-recession peak of the market, the long term rise in house prices had, at least in part, been enabled by the ready availability of credit to home buyers. Prior to the increase in prices, mortgages were largely funded by the banks and building societies through deposits taken from savers. During a process that became common in the 1990s, but took off in the early part of the 21st century, many financial institutions changed their business model whereby, rather than lending money to mortgagees that they had collected through deposits, they entered into complex financial instruments and engineering through which, amongst other things, they borrowed money in the international markets, to then lend on at a margin or profit. They also 'sold' portfolios of mortgages that they had granted. These portfolios also became the basis of complex financial instruments (mortgage backed securities and derivatives etc).
- 4.12 During 2007 and 2008, it became clear that some financial institutions were unsustainable, as the flow of money for them to borrow was not certain. As a result, several failed and had to be rescued. This was an international problem that affected countries across the world – but most particularly in North America and Europe. In the UK the high profile institutions that were rescued included Royal Bank of Scotland, HBOS, Northern Rock, and Bradford and Bingley. The ramifications of the recession were an immediate and significant fall in house prices, and a complete reassessment of mortgage lending with financial organisations becoming averse to taking risks, lending only to borrowers who had the least risk of default and those with large deposits.

4.13 It is important to note that, at the time of this report (early 2015), the housing market is actively supported by the current government with about one third of mortgages being provided through a state backed entity or scheme (a publically controlled financial institution or assisted purchase scheme such as shared ownership).

4.14 There are various commentators talking about a recovery in house prices. As shown in the figure above, average prices in Derbyshire have more or less recovered to the late 2007 peak. There has been considerable coverage in the national press. The BBC News reported on the 5th January 2015:

House prices "bounced back" in January, with the Halifax reporting a quarterly rise of 1.9% across the UK.

The measure compares prices in the three months to the end of January with the previous quarter.

According to the Halifax prices in January alone increased by 2%, compared with December - the largest January rise for six years.

And when measured on an annual basis, house price inflation increased to 8.5% - up from 7.8% in December.

For the last few months, house prices had been on a moderating trend.

"This bounce-back in house price growth in January coincides with reports of the first rise in mortgage approvals for six months in December," said Martin Ellis, the Halifax's chief housing economist.

Last week the Bank of England reported that mortgage approvals rose slightly between November and December.

<http://www.bbc.co.uk/news/business-31144935>

4.15 More recently there has been something of a slowdown, but not a fall in prices. :

The October 2014 RICS UK Residential Market Survey continues to underscore, at the national level, a modest dip in activity alongside an ongoing deceleration in house price growth. For the time being, surveyors expect the current weakening trend to be temporary; near term expectations indicate a flatter picture but medium term expectations remain fairly positive. The 'temporary slowdown' story also squares with the broader macro backdrop and the flat trend in new instructions, which suggest that for the time being homeowners are not, in aggregate, under any significant pressure to sell.

Buyer enquiries and agreed sales continued to decline and at a faster pace than in the previous month. Falling activity is no longer just a London phenomenon; within England and Wales, buyer enquiries fell to varying degrees across all regions included in the survey with the exception of the North, while agreed sales fell in all regions except the South West and Yorkshire and Humberside.

The RICS reported in the RICS UK Residential Market Survey (October 2014)

4.16 This improved sentiment can also be seen in the non-residential sectors:

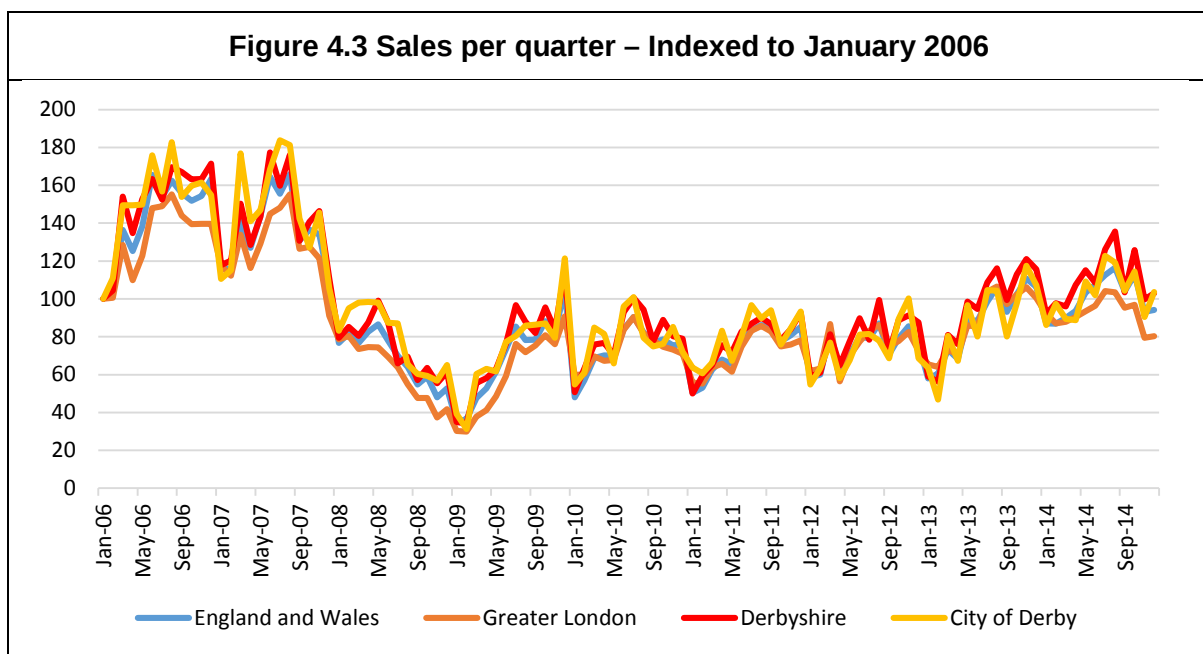
The Q3 2014 RICS UK Commercial Property Market Survey results show the recovery, in both the occupier and investment sides, retains plenty of momentum. Furthermore, progress continues to be widespread across all sectors and throughout most parts of the country.

In the occupier market, growth in tenant demand accelerated across the board, with the industrial sector again demonstrating the strongest results. In keeping with the trend reported over the past twelve months or so, this rise in demand was accompanied by a significant reduction in available space to let. What's more, the gap between fresh demand and supply has widened over the quarter, with the

disparity most pronounced in the office and industrial sectors. Indeed, although leasable office space is falling right across the UK, it is becoming a particular issue in London

RICS Commercial Market Survey UK Q3 2014

- 4.17 South Derbyshire has a mixed residential market. When ranked across England, the average house price for the District is 241st at just over £163,000¹⁸. To set this in context, the Council at the middle of the rank (174), Lichfield has an average price of just over £202,000. It is relevant to note that median price in South Derbyshire is lower than the mean at £144,000¹⁹.
- 4.18 The above figure shows that prices in Derbyshire have seen a recovery since the bottom of the market in mid-2009 and are on an upward trajectory. The rate of sales (i.e. sales per month) in the County has fallen substantially and is still running below that seen at the previous peak of the market – although it is a little better than the wider market and is seeing a firm recovery.



Source: Land Registry April 2015

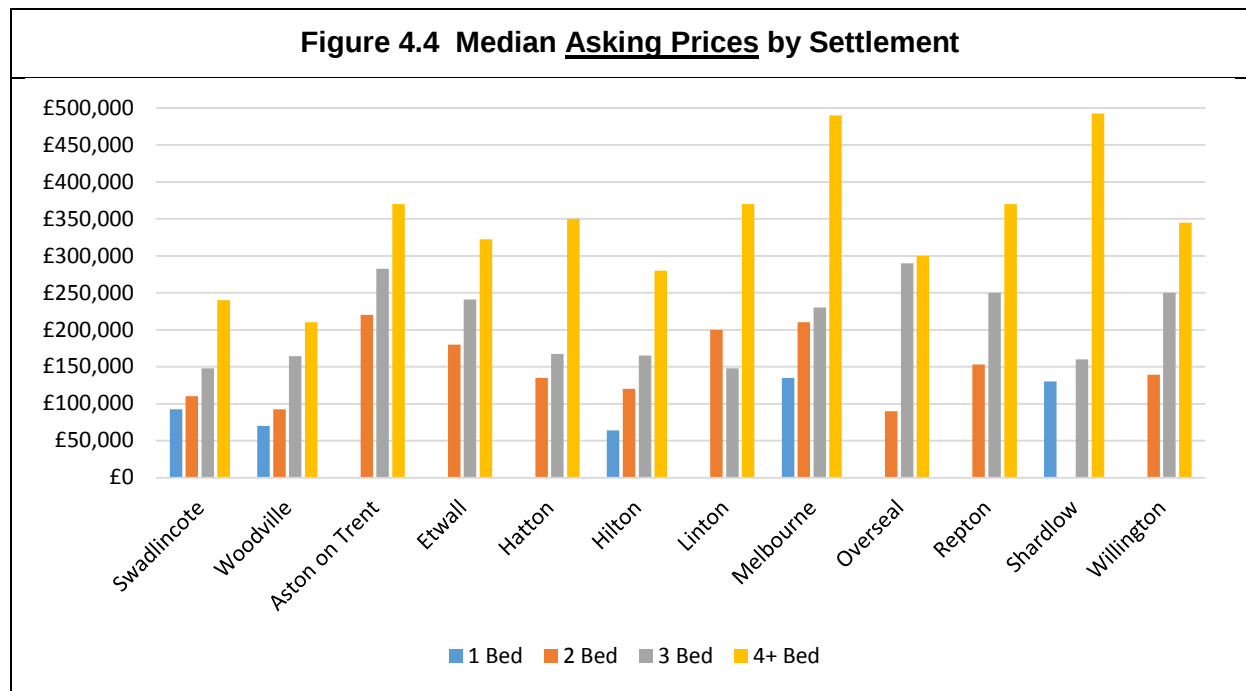
- 4.19 There is clearly uncertainty in the market, and it is not for this study to try to predict how the market may change in the coming years, and whether or not there will be a further increase in house prices. Having said this, it notable that property agents Savills are predicting a 6.5% increase in 2015, and an 18.2% increase over the next 5 years in the mainstream residential

¹⁸ CLG Live Table 581 (Last Update April 2014)

¹⁹ CLG Live Table 582 (Last updated April 2014)

markets²⁰. To assist the Council, we have run further sets of appraisals to show the effects of 5% and 10% increases, and of 5% and 10% decreases in house prices.

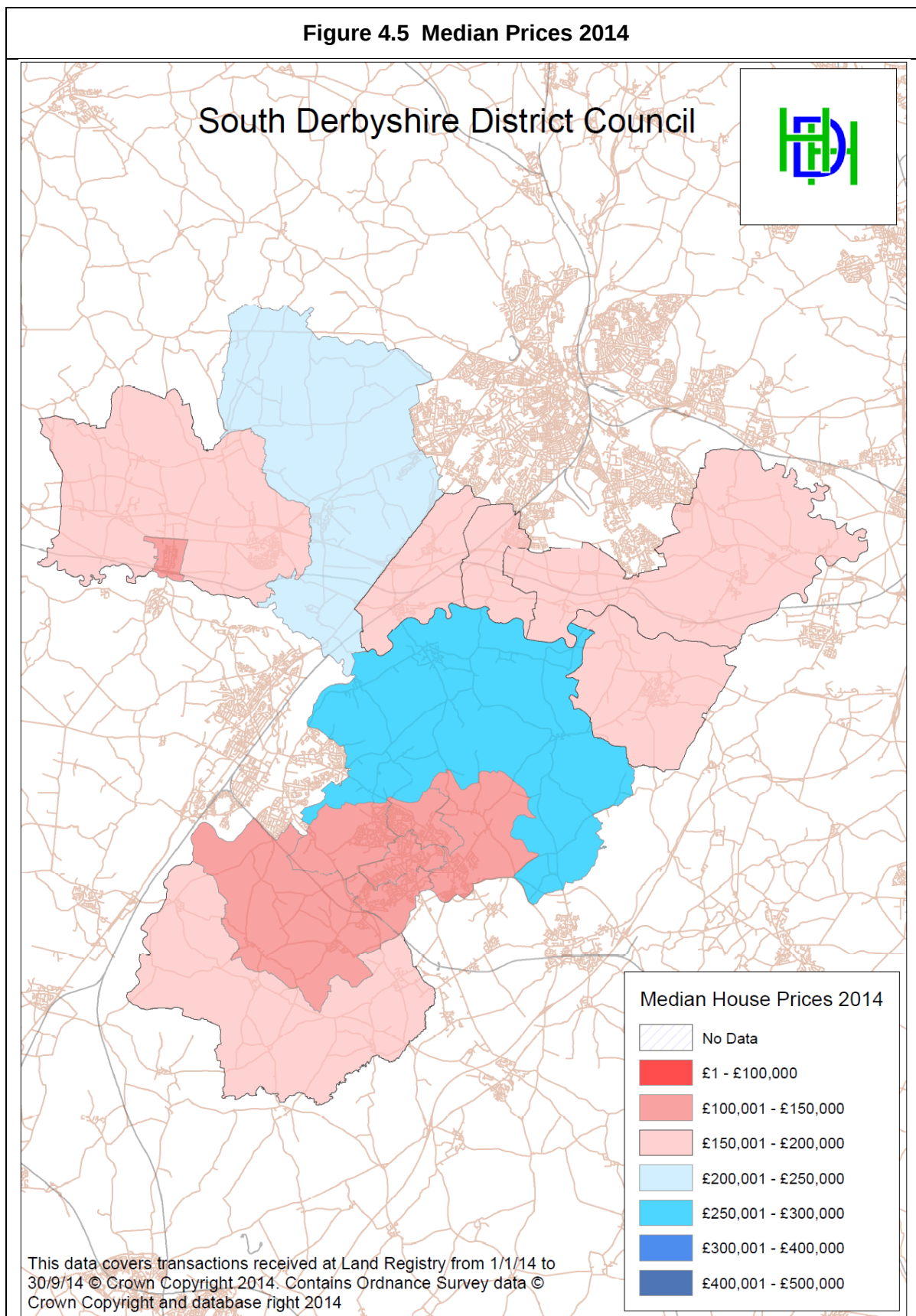
- 4.20 We carried out a survey of asking prices by house size by settlement. Through using online tools such as rightmove.com, zoopla.co.uk and other resources we estimated the median asking prices for the main settlements.



- 4.21 When considering the above, in relation to this study it is important to note that the Council is proposing new housing schemes on the edge of both the Derby City and Burton upon Trent urban areas.
- 4.22 The geographical difference in prices are illustrated in the following map showing median house prices.

²⁰ Residential Property Focus. Savills. Issue 1 2015 - <http://pdf.euro.savills.co.uk/residential-property-focus-uk/residential-property-focus-issue-1-2015.pdf>.

Figure 4.5 Median Prices 2014



Newbuild Sales Prices

- 4.23 This study is concerned with the viability of newbuild residential property so the key input for the appraisals are the prices of units on new developments.
- 4.24 The Land Registry publishes data of all homes sold. In South Derbyshire there were 183 new homes sold in 2014/15. These transactions are summarised as follows and detailed in **Appendix 1**.

Table 4.2. Newbuild Sales 1/4/2014 to 31/3/15 (£)					
	Detached	Semi-detached	Terrace	Flat	All
Count	106	46	27	4	183
Max	600,000	195,000	189,995	130,000	600,000
Min	114,995	100,000	112,000	60,000	60,000
Mean	235,109	158,583	142,930	87,488	199,046
Median	229,995	165,498	139,950	79,975	185,000

Source: Land Registry (April 2015)

- 4.25 On a £/m² basis these approximate as follows. In calculating these we have used the average unit sizes from zoopla.com:

Table 4.3 Newbuild Sales 1/4/2014 to 31/3/15 (£/m²)			
	m ²	Mean	£/m ²
Detached	121.32	£235,109	£1,937.98
Semi-detached	81.03	£158,583	£1,957.06
Terraced	69.30	£142,930	£2,062.46
Flats	64.54	£87,488	£1,355.64

Source: Land Registry (April 2015) and Zoopla.com

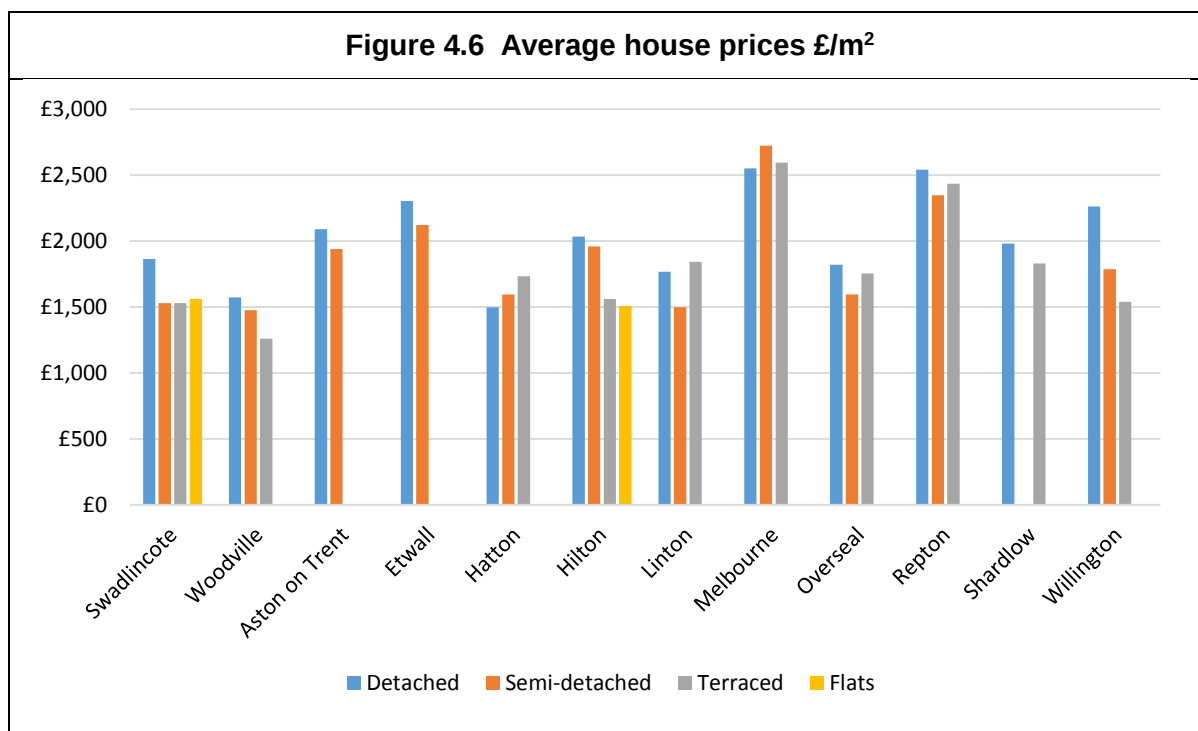
- 4.26 We conducted survey of new homes for sale during February 2015. A summary of new developments in the area is provided below. We identified about 50 new homes for sale on about 12 different sites. The prices range from about £100,000 to about £365,000 with an average price of £215,000. For the purpose of this study the information is needed in a £/m² basis. This is shown below, however the information collected was not comprehensive as some developers and agents do not make this information available. The analysis of these shows that asking prices for newbuild homes vary, across the area, ranging between about £1,500/m² to over £2,500/m². These are summarised in the table below and set out in full in **Appendix 2** – note this table only shows values where £/m² were available.

Table 4.4 Newbuild Asking Prices (£/m²)

		Minimum	Norm	Maximum
Castle Heights, Church Gresley	Swadlincote	1,707	2,018	2,417
Ivanhoe Fields	Ashby-de-la-Zouch	2,209	2,381	2,560
Newton Village, Stenson Fields	Derby	2,121	2,317	2,596
Highgrove, Church Gresley	Swadlincote	1,885	2,257	2,507
Saxon Gate	Derby	1,662	1,960	2,231
Treetops, Woodville	Swadlincote	1,440	2,055	2,444
Keepers Grange, Newton Village	Derby	1,962	2,052	2,127
Castle Green	Hatton	1,518		2,366
Oak Close	Swadlincote	1,680		1,718
Ryecroft Rise	Woodville	1,747		1,785
Expression, Chestnut Ave	Swadlincote	1,523	1,834	2,066
Alexandra Rd	Swadlincote	1,552	1,812	1,967

Source: HDH Market Survey (February 2014)

- 4.27 During the course of the research, we contacted several of the sales offices and agents to enquire about the availability of discounts, relative to asking prices, available to buyers. In most cases the feedback was that the units were 'realistically priced', and that as the market was improving large discounts are no longer offered. When pressed, it appeared that the discounts and incentives offered equated to 2% to 3%. It would be prudent to assume that prices achieved, net of incentives offered to buyers, are 3% less than the above asking prices.
- 4.28 It was notable that, in relation to the houses being offered under the Help to Buy scheme that the asking price tends to be the price, with discounts being unavailable to buyers (although in some cases limited incentives in the form of upgraded fitting may be available).
- 4.29 There are various other sources of price information. Zoopla.com produces price reports, including £/m² information that is not generally available elsewhere. It is important to note that these prices relate to all sales and not just newbuild sales.



Source: Zoopla.com (April 2015)

Price Assumptions for Financial Appraisals

- 4.30 It is necessary to form a view about the appropriate prices for the schemes to be appraised in the study. The preceding analysis does not reveal simple clear patterns with sharp boundaries. On the whole we believe that the variance in prices and values of new units is more strongly influenced by their situation than their general location. The variance in newbuild prices across the District is less than for existing homes. The principle driver of newbuild prices is the specific situation of the site and the quality of the scheme, rather than where it is.
- 4.31 This is particularly important on larger sites and urban extensions. Whilst these may be adjacent to a relatively low value built up area, the units developed are likely to be quite different to those existing adjacent units, as a result the prices of units on the scheme are only loosely related to those nearby by units. The developer on a new urban extension or larger scheme will be able to create a new high quality scheme through the use of open space etc and to deliver schemes with the highest market appeal.
- 4.32 Based on the asking prices from active developments, and informed by the general pattern of all house prices across the study area, we set the prices in the appraisals at the following levels. It is important to note at this stage that this is a broad brush, high level study to inform the plan making process. The values between new developments and within new developments will vary considerably.

Table 4.5 Price Assumptions £/m²		
	Small Schemes	Estate Housing
Low Zone	£2,050	£2,000
Medium Zone	£2,500	£2,300
High Zone	£2,650	£2,650

Source: HDH April 2015

- 4.33 These prices are somewhat different to those used in the earlier work. Whilst it is clear that prices are lower in Swadlincote when all homes are considered, this is not carried into the new homes market. Whilst it is not possible to be precise about the reason for this, it is likely that the relatively high proportion of housing built in post war to 1970s period is perceived to be less attractive to home buyers. The new homes being built by developers are more tailored to the current demands of buyers so command a higher price.

Affordable Housing

- 4.34 The Council has a policy for the provision of affordable housing (the requirements are summarised in Chapter 8). In this study we have assumed that such housing is constructed by the site developer and then sold to a Registered Provider (RP). This is a simplification of reality as there are many ways in which affordable housing is delivered, including the transfer of free land to RPs for them to build on, or the retention of the units by the scheme's overall developer. There are three main types of affordable housing: Social Rent, Affordable Rent and Intermediate Housing Products for Sale.
- 4.35 The value assumptions for affordable housing used in the Derby HMA CIL Viability Assessment (NCS, July 2014) it was assumed that Social Rent has a value of 40% of market value, Affordable Rent housing has a value of 50% of market housing and Intermediate Housing has a value of 60% of market housing.
- 4.36 In the Derby HMA Economic Viability Assessment (PBA, March 2013) it was assumed that Affordable Rent housing has a value of 55% of market housing and Intermediate Housing has a value of 65% of market housing:

Table 4.6 Affordable Housing Price Assumptions used in 2013 (£/m²)		
	Affordable Rent	Intermediate Rent
Low Zone	880	1,040
Medium Zone	1,045	1,235
High Zone	1,403	1,658

Source: Table 2.3 Derby HMA Economic Viability Assessment (PBA, March 2013)

- 4.37 These are broadly in line with our expectations so we have carried these forward into this review.

Older People's Housing

- 4.38 Housing for older people is generally a growing sector due to the demographic changes and aging population. The sector brings forward two main types of product.
- 4.39 Sheltered or retirement housing is self-contained housing, normally developed as flats and other relatively small units. Where these schemes are brought forward by the private sector there are normally warden services and occasionally non-care support services (laundry, cleaning etc) but not care services.
- 4.40 Extracare housing is sometimes referred to as very sheltered housing or housing with care. It is self-contained housing that has been specifically designed to suit people with long-term conditions or disabilities that make living in their own home difficult, but who do not want to move into a residential care home. Schemes can be brought forward in the open market or in the social sector (normally with the help of subsidy). Most residents are older people, but this type of housing is becoming popular with people with disabilities regardless of their age. Usually, it is seen as a long-term housing solution. Extracare housing residents still have access to means-tested local authority services.
- 4.41 The Council's SHMA has identified the need for both market and affordable older people's housing. The Council therefore asked that this study should test the viability of providing affordable housing within this sector.
- 4.42 We have considered the representations of the Retirement Housing Group (RHG) being a trade group representing private sector developers and operators of retirement, care and extracare homes. These were prepared by Three Dragons, in relation to CIL and on a national basis. They set out a case that sheltered housing and extracare housing should be tested separately. In line with the representations, we have assumed the price of a 1 bed sheltered property is about 75% of the price of existing 3 bed semi-detached house, and a 2 bed sheltered property is about equal to the price of an existing 3 bed semi-detached house. In addition we have assumed extracare housing is 25% more expensive than sheltered.
- 4.43 We have assumed a typical price of a 3 bed semi-detached home of £140,000 in Swadincote, and £165,000 in the remainder. On this basis we have assumed sheltered and extracare housing have the following worth:

Table 4.7 Worth of Sheltered and Extracare			
Swadlincote	Area (m ²)	£	£/m ²
3 bed semi-detached		140,000	
1 bed Sheltered	50	105,000	2,100
2 bed Sheltered	75	140,000	1,867
1 bed Extracare	65	131,250	2,019
2 bed Extracare	80	175,000	2,188
Elsewhere			
3 bed semi-detached		165,000	
1 bed Sheltered	50	123,750	2,475
2 bed Sheltered	75	165,000	2,200
1 bed Extracare	65	154,688	2,380
2 bed Extracare	80	206,250	2,578

Source: HDH 2015

- 4.44 We have been unable to cross check these with units currently being offered for sale in the area as no such units are being marketed.
- 4.45 We have considered the value of the units where provided as affordable housing. We have not been able to find any direct comparables where housing associations have purchased social units in a market led extracare scheme. We have consulted private sector developers of extracare housing. They have indicated that whilst they have never disposed of any units in this way, they would expect the value to be in line with other affordable housing – however they stressed that the buyer (be that the local authority or housing association) would need to undertake to meet the full service and care charges.
- 4.46 In practice we believe that it is unlikely that a private sector developer would develop extracare housing where some of it is affordable housing. It is more likely that a scheme will be developed by or for a Registered Provider. We have assumed that in such a case the affordable extracare housing would be valued, as for affordable rent, at 55% of the market value.

5. Non-Residential Property Market

- 5.1 This chapter considers the markets for non-residential property, providing a basis for the assumptions of prices to be used in financial appraisals for the sites tested in the study.
- 5.2 This study is concerned with the delivery of the Plan, which is different to the purpose of work carried out in relation to CIL. We have only considered the main employment uses.
- 5.3 The NPPF, PPG and CIL Regulations require the use of existing available evidence and for the viability testing to be proportionate. There is no need to consider all types of development in all situations – and certainly no point in testing the types of scheme that are unlikely to come forward – or which are unlikely to be viable.
- 5.4 Although development schemes do have similarities, every scheme is unique, even schemes on neighbouring sites. Market conditions will broadly reflect a combination of national economic circumstances and local supply and demand factors, however even within a town there will be particular localities, and ultimately site specific factors, that generate different values and costs.
- 5.5 Both the Derby HMA CIL Viability Assessment (NCS, July 2014) and the Derby HMA Economic Viability Assessment (PBA, March 2013) include an assessment of the non-residential markets. These are summarised below:

Table 5.1 Non-Residential Values used CIL Viability Assessment	
Industrial	700
Office	1,292
Food Retail	2,500
Other Retail	1,700
Residential Institution	1,200
Hotels	2,500
Community	1,077
Leisure	1,350
Agricultural	400
Sui Generis – Car Sales	1,500
Sui Generis – Vehicle Repairs	700

Source: Page 41 CIL Land and Property Value Appraisal Study (Feb December 2013)

- 5.6 It is not necessary to review these in detail at this stage of the plan-making process however should the Council wish to take CIL forward we would recommend that these are revisited.

6. Land Prices

- 6.1 In Chapters 2 and 3 we set out the methodology used in this study to assess viability. An important element of the assessment, under both sets of guidance, is the value of the land. Under the method recommended in the Harman Guidance, the worth of the land before consideration of any increase in value, from a use that may be permitted through a planning consent, is the Existing Land Value (ELV) or Alternative Land Value (ALV). We use this as the starting point for the assessment as this is one of the key variables in the financial development appraisals.
- 6.2 In this chapter we have considered the values of different types of land. The value of land relates closely to the use to which it can be put and will range considerably from site to site. However, as this is a high level study, we have looked at the three main uses, being agricultural, residential and industrial. We have then considered the amount of uplift that may be required to ensure that land will come forward and be released for development.

Existing and Alternative Use Values

- 6.3 In order to assess development viability, it is necessary to analyse existing and alternative use values. Current or Existing Use Values (EUV) refer to the value of the land in its current use before planning consent is granted, for example, as agricultural land. Alternative Use Values (AUV) refer to any other potential use for the site. For example, a brownfield site may have an alternative use as industrial land.
- 6.4 The PPG includes a definition of land value as follows:

Land Value

Central to the consideration of viability is the assessment of land or site value. The most appropriate way to assess land or site value will vary but there are common principles which should be reflected.

In all cases, estimated land or site value should:

- reflect emerging policy requirements and planning obligations and, where applicable, any Community Infrastructure Levy charge;*
- provide a competitive return to willing developers and land owners (including equity resulting from those building their own homes); and*
- be informed by comparable, market-based evidence wherever possible. Where transacted bids are significantly above the market norm, they should not be used as part of this exercise.*

PPG ID: 10-014-20140306

- 6.5 It is important to fully appreciate that land value should reflect emerging policy requirements and planning obligations. When considering comparable sites, the value will need to be adjusted to reflect this requirement.
- 6.6 To assess viability, the value of the land for the particular scheme needs to be compared with the AUV, to determine if there is another use which would derive more revenue for the landowner. If the Residual Value does not exceed the AUV, then the development is not

viable; if there is a surplus (i.e. profit) over and above the 'normal' developer's profit having paid for the land, then there is scope to pay CIL.

6.7 For the purpose of the present study, it is necessary to take a comparatively simplistic approach to determining the Alternative Use Value. In practice, a wide range of considerations could influence the precise value that should apply in each case, and at the end of extensive analysis the outcome might still be contentious.

6.8 Our 'model' approach is outlined below:

- i. For sites previously in agricultural use, then agricultural land represents the Existing Use Value. We have assumed that the sites of 0.5ha or more fall into this category.
- ii. For paddock and garden land on the edge of or in a smaller settlement we have adopted a 'paddock' value. We have assumed the sites of less than 0.5ha fall in this category.
- iii. Where the development is on brownfield land we have assumed an industrial value.

Residential Land

6.9 We have considered general figures from the Valuation Office Agency (VOA) relating to residential land values. Land values vary dramatically depending upon the development characteristics (size and nature of the site, density permitted etc.) and any affordable or other development contribution.

6.10 Historically, the VOA published figures for residential land in the Property Market Report. These covered areas which generate sufficient activity to discern a market pattern. That means locally we had figures for Leicester to the south, and Stoke to the west, Nottingham to the east and Sheffield to the north. These values can only provide broad guidance, they can therefore be only indicative, and it is likely that values for 'oven ready' land (i.e. land with planning consent and ready for immediate building) with no affordable provision or other contribution, or servicing requirement, are in fact higher.

Table 6.1 Residential Land Values at January 2011 Bulk Land £/ha (£/acre)	
Leicester	1,235,000 (500,000)
Stoke	775,000 (315,000)
Nottingham	1,200,000 (485,000)
Sheffield	1,330,000 (540,000)

Source: VOA Property Market Report 2011

- 6.11 The values in the Property Market Report are based on the assumption that land is situated in a typically average greenfield edge of centre/suburban location for the area and it has been assumed that services are available to the edge of the site and that it is ripe for development with planning permission being available. The values provided assume a maximum of a two storey construction with density, S106 provision and affordable housing ratios to be based on market expectations for the locality. The report cautions that the values should be regarded as illustrative rather than definitive and represent typical levels of value for sites with no abnormal site constraints and with a residential planning permission of a type generally found in the area. It is important to note that these values are net – that is to say they relate to the net developable area and do not take into account open space that may form part of the scheme.
- 6.12 It should be noted that the above values will assume that grant was available to assist the delivery of affordable housing. This grant is now very restricted so these figures should be given limited weight. Further due to the date of the VOA report, these values are before the introduction of CIL, so do not reflect this new charge on development. As acknowledged by the RICS Guidance, a new charge such as CIL will inevitably have an impact (a negative one) on land values.
- 6.13 More recently (February 2014) DCLG published *Land value estimates for policy appraisal*²¹. This sets out land values as at January 2014 and was prepared by the VOA. The South Derbyshire figure is £485,000/ha. It is important to note this figure assumes nil affordable housing. As stressed in the paper this is hypothetical situation and *‘the figures on this basis, therefore, may be significantly higher than could be reasonably obtained in the actual market’*²².
- 6.14 The Valuation Office Agency assumed that each site is 1 hectare in area, of regular shape, with services provided up to the boundary, without contamination or abnormal development costs, not in an underground mining area, with road frontage, without risk of flooding, with planning permission granted and that no grant funding is available; the site will have a net developable area equal to 80% of the gross area. For those local authorities outside London, the hypothetical scheme is for a development of 35 two storey, 2/3/4 bed dwellings with a total floor area of 3,150 square metres.
- 6.15 Derby HMA CIL Viability Assessment (NCS, July 2014) and the Derby HMA Economic Viability Assessment (PBA, March 2013) use the same assumptions with regard to land values:
- a. Low Zone £470,000 to £980,000 /ha
-

²¹ Land value estimates for policy appraisal. Department for Communities and Local Government, February 2015

²² Point 2, Page 14, Land value estimates for policy appraisal. DCLG, February 2015

- b. Medium Zone £1.23m to £1.48m /ha
- c. High Zone £1.72m to £1.975m /ha

6.16 We also sought information about values from residential land currently on sale in the District. Little is being publicly marketed at the moment – and that that there is, is in relation to smaller sites. It is necessary to make an assumption about the value of residential land. We assumed a value of £500,000/ha (net) for residential land. This amount is on a net basis so does not include the areas of open space. It is inevitable that CIL will depress land prices somewhat (as recognised by the Greater Norwich CIL Inspector).

Industrial Land

6.17 The VOA's typical industrial land values for the nearby locations are set out in the table below.

Table 6.2 Industrial land values £/ha (/acre)	
Leicester	400,000 (160,000)
Stoke	300,000 (120,000)
Nottingham	500,000 (200,000)
Sheffield	495,000 (200,000)

Source: VOA Property Market Report 2011

- 6.18 The figures in the above table reflect the downturn in values from 2008.
- 6.19 We have undertaken a market survey and there is a considerable variation in prices. Based on this, we have assumed figures of £400,000/ha (£160,000/acre) for the study area.

Agricultural and Paddocks

- 6.20 Agricultural values rose for a time several years ago after a long historic period of stability. Values are around £15,000-£25,000/ha depending upon the specific use. A benchmark of £20,000/ha is assumed to apply here.
- 6.21 Sites on the edge of a town or village may be used for an agricultural or grazing use, but have a value over and above that of agricultural land due to their amenity use. They are attractive to neighbouring households for pony paddocks or simply to own to provide some protection and privacy. We have assumed a higher value of £50,000/ha for village and town edge paddocks.

Use of alternative use benchmarks

6.22 The results from appraisals are compared with the Alternative Use Values set out above in order to form a view about each of the sites' viability. This is a controversial part of the viability process and the area of conflicting guidance (the Harman Guidance verses the RICS Guidance). In the context of this report, it is important to note that it does not automatically follow that, if the Residual Value produces a surplus over the Existing Use Value (EUV) or Alternative Use Value (AUV) benchmark, the site is viable. The land market is more complex than this and as recognised by paragraph 173 of the NPPF, the landowner and developer must receive a 'competitive return'. The phrase *competitive return* is not defined in the NPPF, nor in the Guidance.

6.23 Competitive return has not been fully defined through planning appeals and the court system²³. The RICS Guidance includes the following definition:

Competitive returns - A term used in paragraph 173 of the NPPF and applied to 'a willing land owner and willing developer to enable development to be deliverable'. A 'Competitive Return' in the context of land and/or premises equates to the Site Value as defined by this guidance, i.e. the Market Value subject to the following assumption: that the value has regard to development plan policies and all other material planning considerations and disregards that which is contrary to the development plan. A 'Competitive Return' in the context of a developer bringing forward development should be in accordance with a 'market risk adjusted return' to the developer, as defined in this guidance, in viably delivering a project.

6.24 The PPG includes the following section:

Competitive return to developers and land owners

The National Planning Policy Framework states that viability should consider "competitive returns to a willing landowner and willing developer to enable the development to be deliverable." This return will vary significantly between projects to reflect the size and risk profile of the development and the risks to the project. A rigid approach to assumed profit levels should be avoided and comparable schemes or data sources reflected wherever possible.

A competitive return for the land owner is the price at which a reasonable land owner would be willing to sell their land for the development. The price will need to provide an incentive for the land owner to sell in comparison with the other options available. Those options may include the current use value of the land or its value for a realistic alternative use that complies with planning policy.

PPG ID: 10-015-20140306.

6.25 Whilst this is useful it does not provide any guidance as to the size of that return. To date there has been much discussion within the industry and amongst planners as to what may and may not be a competitive return, as yet the term has not been given a firm definition

²³ In this context the following CIL Examination are relevant. Mid Devon District Council by David Hogger BA MSc MRTPI MCiHT, Date: 20 February 2013 and Greater Norwich Development Partnership – for Broadland District Council, Norwich City Council and South Norfolk Council. by Keith Holland BA (Hons) Dip TP, MRTPI ARICS Date: 4 December 2012

through the appeal, planning examination or legal processes. The Shinfield Appeal (January 2013) does shed some light in this. We have copied a number of key paragraphs below as, whilst these do not provide a strict definition of competitive return, the inspector does set out his analysis clearly. The following paragraphs are necessarily rather long, however as they are the only current steer in this regard we have included all that are relevant.

38. Paragraph 173 of the Framework advises that 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. The Framework provides no advice as to what constitutes a competitive return; the interpretation of that term lies at the heart of a fundamental difference between the parties in this case. The glossary of terms appended to the very recent RICS guidance note Financial viability in planning (RICS GN) says that a competitive return in the context of land and/ or premises equates to the Site Value (SV), that is to say the Market Value subject to the assumption that the value has regard to development plan policies and all other material considerations and disregards that which is contrary to the development plan. It is also the case that despite much negotiated agreement, in respect of calculating the viability of the development, other significant areas of disagreement remain.

Viability amount of Affordable Housing

66. The RICS GN says that any planning obligations imposed on a development will need to be paid out of the uplift in the value of the land but it cannot use up the whole of the difference, other than in exceptional circumstances, as that would remove the likelihood of land being released for development. That is exactly what is at issue here in that the Council's valuation witness, in cross examination, stated that a landowner should be content to receive what the land is worth, that is to say the SV. In his opinion this stands at £1.865m. I accept that, if this figure was agreed (and it is not), it would mean that the development would be viable. However, it would not result in the land being released for development. Not only is this SV well below that calculated by the appellants, there is no incentive to sell. In short, the appellants would not be willing landowners. If a site is not willingly delivered, development will not take place. The appellants, rightly in my opinion, say that this would not represent a competitive return. They argue that the uplift in value should be split 50:50 between the landowner and the Council. This would, in this instance, represent the identified s106 requirements being paid as well as a contribution of 2% of the dwellings as affordable housing.

70. I conclude on this issue that, allowing the landowner a competitive return of 50% of the uplift in value, the calculations in the development appraisal allowing for 2% affordable housing are reasonable and demonstrate that at this level of affordable housing the development would be viable (Document 26). The only alterations to these calculations are the relatively minor change to the s106 contribution to allow for a contribution to country parks and additions to the contributions to support sustainable modes of travel. These changes would have only a limited impact on the return to the landowner. The development would remain viable and I am satisfied that the return would remain sufficiently competitive to enable the land to come forward for development. Overall, therefore I conclude that the proposed amount of affordable housing (2%) would be appropriate in the context of the viability of the development, the Framework, development plan policy and all other material planning considerations.

- 6.26 More recently, further clarification has been added in the Oxenholme Road Appeal (October 2013). The inspector confirmed that the principle set out in Shinfield is very site specific and should only be given limited weight. At Oxenholme Road the inspector said:

47. The parties refer to an appeal decision for land at Shinfield, Berkshire, which is quoted in the LADPD Viability Study. However, little weight can be given to that decision in the present case, as the nature of the site was quite different, being partly previously developed, and the positions taken by the parties on the proportion of uplift in site value that should be directed to the provision of affordable

housing were at odds with those now proposed. There is no reason in the present case to assume that either 100% or 50% of the uplift in site value is the correct proportion to fund community benefits.

48. Both the RICS Guidance Note and the Harman report comment on the danger of reliance on historic market land values, which do not take adequate account of future policy demands.....

- 6.27 It is clear that for land to be released for development, the uplift over the Existing Use Value needs to be sufficiently large to provide an incentive to the landowner to release the site and cover any other appropriate costs required to bring the site forward for development. It is therefore appropriate, and an important part of this assessment to have regard to the market value of land as it stands. However the Shinfield Appeal was determined on the specific circumstances that were put forward to the inspector. Whilst it sets out an approach it does not form a binding precedent, appeals will continue to be determined on the facts that relate to the particular site in question. At Shinfield the inspector only considered the two approaches put to him and did not consider the landowners' competitive return in any other way. The appellant's method and approach was preferred to the Council's – but it should not be considered to be the only acceptable approach.
- 6.28 The RICS Guidance recognises that the value of land will be influenced by the requirements imposed by planning authorities. It recognises that the cost to the developer of providing affordable housing, building to increased environmental standards, and paying CIL, all have a cumulative effect on viability and are reflected in the ultimate price of the land. A central question for this study is at what point do the requirements imposed by the planning authorities make the price payable for land so unattractive that it does not provide a competitive return to the land owner, and so does not induce the owner to make the land available for development?
- 6.29 The reality of the market is that each and every land owner has different requirements and different needs and will judge whether or not to sell by their own criteria. We therefore have to consider how large such an 'uplift' or 'cushion' should be for each type of site to broadly provide a competitive return. The assumptions must be a generalisation as, in practice, the size of the uplift will vary from case to case depending on how many landowners are involved, each landowner's attitude and their degree of involvement in the current property market, the location of the site and so on. An 'uplift' of, say, 5% or £25,000/ha might be sufficient in some cases, whilst in a particular case it might need to be five times that figure, or even more.
- 6.30 We have assumed, that the Viability Threshold (being the amount that the Residual Value must exceed for a site to be viable) be the EUV / AUV plus a 20% uplift on all sites. This is supported both by work we have done elsewhere and by appeal decisions (see Chapter 2). Based on our knowledge of rural development, and from working with farmers, landowners and their agents, we made a further assumption for those sites coming forward on greenfield land. We added a further £300,000/ha (£120,000/acre) to reflect this premium. We also added this amount to sites that were modelled on land that was previously paddock. We fully accept that this is a simplification of the market, however in a high level study of this type that is based on modelled sites, simplifications and general assumptions need to be made.

- 6.31 This methodology does reflect a very considerable uplift for a landowner selling a greenfield site with consent for development²⁴. In the event of the grant of planning consent they would receive over ten times the value compared with before consent was granted. This approach is the one suggested in the Harman Guidance (see Chapter 2 above) and by the Planning Advisory Service (PAS). The approach was endorsed by the Planning Inspector who approved the London Mayoral CIL Charging Schedule in January 2012²⁵.
- 6.32 We have considered how these amounts relate to prices for land in the market (see above), with a view to providing competitive returns to the landowner. Whilst there are certainly land transactions at higher values than these, we do believe that these are appropriate for a study of this type.
- 6.33 It is useful to consider the assumptions used in other studies in other parts of England. We have reviewed viability thresholds used by other councils in England in development plans approved during the first half of 2014. These are set out in the table below.

Table 6.3 Viability thresholds used elsewhere	
Local Authority	Threshold Land Value
Babergh	£370,000/ha
Cannock Chase	£100,000-£400,000/ha
Christchurch & East Dorset	£308,000/ha (un-serviced)
	£1,235,000/ha (serviced)
East Hampshire	£450,000/ha
Erewash	£300,000/ha
Fenland	£1-2m/ha (serviced)
GNDP	£370,000-£430,000/ha
Reigate & Banstead	£500,000/ha
Staffordshire Moorlands	£1.26-£1.41m/ha (serviced)
Warrington	£100,000-£300,000/ha

Source: Planning Advisory Service (collated by URS) July 2014

²⁴ See Chapter 2 for further details and debate around EUV plus v Market Value methodologies.

²⁵ Paragraphs 7 to 9 of REPORT ON THE EXAMINATION OF THE DRAFT MAYORAL COMMUNITY INFRASTRUCTURE LEVY CHARGING SCHEDULE by Keith Holland BA (Hons) DipTP MRTPI ARICS an Examiner appointed by the Mayor Date: 27th January 2012

- 6.34 Care has to be taken drawing on such general figures without understanding the wider context and other assumptions in the studies, but generally the assumption used in this work are within the range.
- 6.35 There is no doubt that CIL will be an additional cost on some development sites, and that some sites may not be able to bear the costs of all the requirements a planning authority makes – such as delivering affordable homes and higher environmental standards. This is noted in the RICS Guidance which recognises that there may well be a period of adjustment in the price of land following the introduction of CIL.
- 6.36 In this study, we have assumed alternative land prices of:
- | | | |
|------|-------------------|-------------------|
| i. | Agricultural Land | £20,000/ha |
| ii. | Paddock Land | £50,000/ha |
| iii. | Industrial Land | £400,000/ha |
| iv. | Residential Land | £500,000 /net ha. |
- 6.37 In the case of non-residential uses, we have taken a similar approach to that taken with residential land except in cases where there is no change of use. Where industrial land is being developed for industrial purposes we have assumed a viability threshold of the value of industrial land.
- 6.38 The approach taken in this review is different to that taken in the CIL Viability Assessment where the 'Shinfield approach' was adopted.

7. Appraisal Assumptions – Development Costs

- 7.1 This chapter considers the costs and other assumptions required to produce financial appraisals for the development sites and typologies.

Development Costs

Construction costs: baseline costs

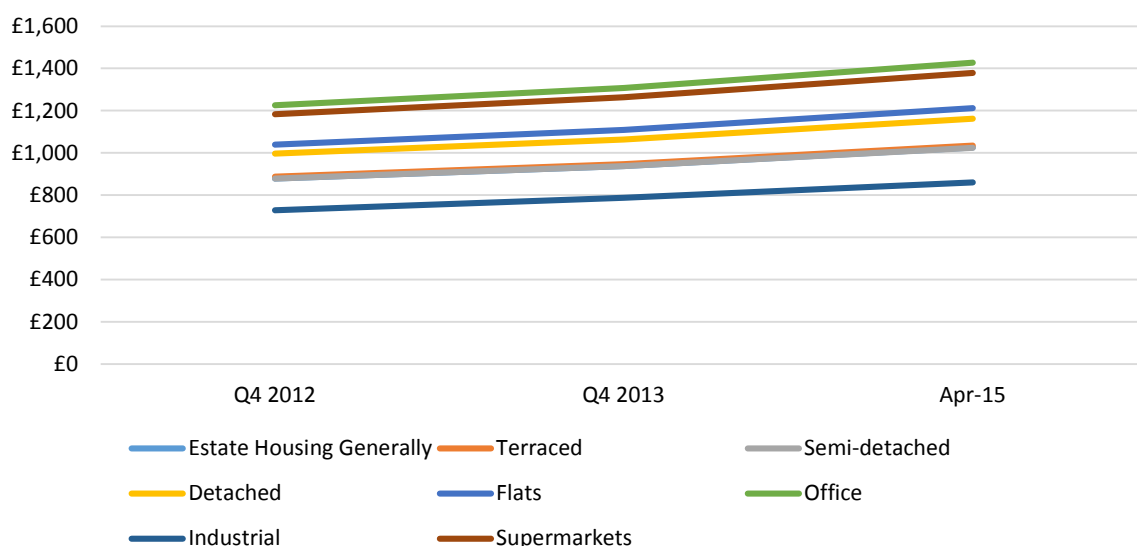
- 7.2 We have based the cost assumptions on the Building Cost Information Service (BCIS) data – using the figures re-based for South Derbyshire. There has been an increase in construction costs since the earlier viability work and this is an important area of change.
- 7.3 The cost figure for 'Estate Housing – Generally' is £1,025/m² at the time of this study²⁶. It is necessary to take a relatively simplistic approach in a high level study of this type. On sites of 100 units or fewer we have used the £1025/m² general BCIS figure for all house types.
- 7.4 On larger sites – being those most likely to be developed by national and regional housebuilders we have used the lower quartile BCIS cost for estate housing of £902/m². Volume builders build at less than BCIS²⁷.
- 7.5 This is a notable increase since the earlier studies were undertaken.

²⁶ 4th April 2015

7.1 ²⁷ Whilst it has not been published we understand that when the national housebuilders submitted to the Homes and Communities (HCA) competitively to obtain a place on the HCA Delivery Partner Panel (DPP) that the average build cost per sq. m submitted by regional and national housebuilders to the HCA was £754.00/m² for the Midlands. The DPP was undertaken in October 2013 and therefore it is necessary to take into account build costs inflation. This therefore equates to £796.00/m² base construction costs.

Table 7.1 Change in BCIS based Construction Costs (median £/m²)

	Q4 2012	Q4 2013		Apr-15	
	£/m ²	£/m ²	% increase	£/m ²	% increase
Estate Housing Generally	£879	£938	6.71%	£1,025	16.61%
Terraced	£888	£947	6.64%	£1,034	16.44%
Semi-detached	£878	£937	6.72%	£1,024	16.63%
Detached	£997	£1,064	6.72%	£1,162	16.55%
Flats	£1,040	£1,109	6.63%	£1,212	16.54%
Office	£1,225	£1,307	6.69%	£1,427	16.49%
Industrial	£728	£788	8.24%	£860	18.13%
Supermarkets	£1,183	£1,263	6.76%	£1,379	16.57%



Source: BCIS

- 7.6 The Council has not developed policies relating to the construction standards and environmental performance of new buildings. The current policy requirement is that homes are built to the basic Building Regulation Part L 2010 Standards. The national policies in relation to climate change and overall national minimum building standards have been clarified and not all the requirements of CfSH Level 4 will become mandatory (and are not a requirement of the Local Plan). Having said this environmental standards are increasing.
- 7.7 Based on the best currently available information, the costs of building to the now clarified, enhanced building standards is estimated to be between 1% and 2% of the BCIS costs. In this viability assessment, we have used the median BCIS costs. For residential property this has been increased by 1.5% to reflect the increases in environmental standards contained in the Building Regulations. No adjustment has been made for non-residential property.

Construction costs: site specific adjustments

- 7.8 It is necessary to consider whether any site specific factors would suggest adjustments to these baseline cost figures. During the mid-1990s, planning guidance on affordable housing was based on the view that construction costs were appreciably higher for smaller sites with the consequence that, as site size declined, an unchanging affordable percentage requirement would eventually render the development uneconomic. Hence the need for a 'site size threshold', below which the requirement would not be sought.
- 7.9 It is not clear to us that this view is completely justified. Whilst, other things being held equal, build costs would increase for smaller sites, other things are not normally equal and there are other factors which may offset the increase. The nature of the development will change. The nature of the developer will also change as small local firms with lower central overheads replace the regional and national house builders. Furthermore, very small sites may be able to secure a 'non-estate' price premium.

Construction costs: affordable housing

- 7.10 The procurement route for affordable housing is assumed to be through construction by the developer and then disposal to a housing association on completion. In the past, when considering the build cost of affordable housing provided through this route, we took the view that it should be possible to make a saving on the market housing cost figure, on the basis that one might expect the affordable housing to be built to a slightly different specification than market housing. However, the pressures of increasingly demanding standards for housing association properties have meant that, for conventional schemes of houses at least, it is no longer appropriate to use a reduced build cost; the assumption is of parity.

Other normal development costs

- 7.11 In addition to the BCIS £/m² build cost figures described above, allowance needs to be made for a range of site costs (roads, drainage and services within the site, parking, footpaths, landscaping and other external costs). Many of these items will depend on individual site circumstances and can only properly be estimated following a detailed assessment of each site. This is not practical within this broad brush study and the approach taken is in line with the PPG and the Harman Guidance.
- 7.12 Nevertheless, it is possible to generalise. Drawing on experience it is possible to determine an allowance related to total build costs. This is normally lower for higher density than for lower density schemes since there is a smaller area of external works, and services can be used more efficiently. Large greenfield sites would also be more likely to require substantial expenditure on bringing mains services to the site.
- 7.13 In the light of these considerations we have developed a scale of allowances for the residential sites, ranging from 10% of build costs for the smallest sites, to 20% for the larger greenfield schemes. This is a more nuanced approach than that taken in the Derby HMA Economic Viability Assessment (PBA, March 2013) Strategic Viability Assessment (PBA 2013) where a standard 15% uplift was used.

Abnormal development costs

7.14 In this regard the PPG says:

For an area wide viability assessment, a broad assessment of costs is required. This should be based on robust evidence which is reflective of local market conditions. All development costs should be taken into account including:

- *build costs based on appropriate data, for example that of the Building Cost Information Service;*
- *known abnormal costs, including those associated with treatment for contaminated sites or listed buildings, or historic costs associated with brownfield, phased or complex sites;*

PPG ID: 10-013-20140306

7.15 Abnormal development costs might include demolition of substantial existing structures, flood prevention measures at waterside locations, remediation of any land contamination, remodelling of land levels, and so on.

7.16 In the case of brownfield sites we have made an additional allowance of 5% of the BCIS costs.

7.17 For the non-residential property, we have run a scenario where the site is on previously developed land. With this variable we have increased the costs by an additional 5% cost.

Fees

7.18 For residential development we have assumed professional fees amount to 8% of build costs in each case. This is in line with the assumption used in both the Derby HMA CIL Viability Assessment (NCS, July 2014) and the Derby HMA Economic Viability Assessment (PBA, March 2013).

7.19 This amount is exclusive of acquisition, sales and finance fees that are treated separately.

7.20 For non-residential development we have also assumed 8%.

Contingencies

7.21 For previously undeveloped and otherwise straightforward sites, we would normally allow a contingency of 2.5%, with a higher figure of 5% on more risky types of development, previously developed land, and on central locations. So the 5% figure was used on the brownfield sites and the 2.5% figure on the remainder.

7.22 In the Derby HMA CIL Viability Assessment (NCS, July 2014) a 5% allowance was made in relation to all sites, and in the Derby HMA Economic Viability Assessment (PBA, March 2013) a 3% allowance was made in relation to all sites .

S106 Contributions and the costs of infrastructure

7.23 For many years SDDC has sought payments from developers to mitigate the impact of the development through improvements to the local infrastructure. The Council has a number of 'calculators' to work out the contributions per development. The Council is likely to introduce

CIL, and it is inevitable that this will alter the current practice – although not necessarily the total quantum of contribution sought by the Council.

- 7.24 In the Derby HMA CIL Viability Assessment (NCS, July 2014), a £1,000/unit s106 allowance was made in relation to all residential sites, and £20/m² s106 allowance on non-residential sites. No s106 allowance was made in the Derby HMA Economic Viability Assessment (PBA, March 2013).
- 7.25 We have assumed that all the modelled sites will contribute £2,000 per unit towards infrastructure – either site specific or more general. The introduction of CIL would result in changes to this area of policy. We understand that historically much of the contributions from smaller sites either relate to very local matters (such as improvements to the highway close to or adjacent to the site) or more usually to more general contributions to off-site education and highways that will in future be limited though the restrictions on pooling s106 payments from five or more sites that come into effect from April 2015 (see Chapter 2 above).
- 7.26 The Plan includes a number of specific allocations. These are very significant sites, and are important to the delivery of the Plan. Rather than make broad assumptions as to their costs, the most up to date information has been consolidated and used. Details of these are set out in Chapter 8 below. We have tested a range of costs.
- 7.27 In this study we have incorporated the site specific s106 costs into the appraisals. These are the costs that would meet the post April 2015 restrictions on pooling s106 contributions. These sites do put significant further pressure on the infrastructure, and improvements will be required that will not be sufficiently site specific to pass the tests for payments to be required through s106. These items will be funded through a range of other sources including CIL.

Financial and Other Appraisal Assumptions

VAT

- 7.28 For simplicity it has been assumed throughout, that either VAT does not arise, or that it can be recovered in full.

Interest rate

- 7.29 In our appraisals we assumed a 7% pa for total debit balances, we have made no allowance for any equity provided by the developer. This does not reflect the current working of the market nor the actual business models used by developers. In most cases the smaller (non-plc) developers are required to provide between 30% and 40% of the funds themselves, from their own resources, so as to reduce the risk to which the lender is exposed. The larger plc developers tend to be funded through longer term rolling arrangements across multiple sites.
- 7.30 The 7% assumption may seem high given the very low base rate figure (0.5% April 2015). Developers that have a strong balance sheet, and good track record, can undoubtedly borrow less expensively than this, but this reflects the banks' view of risk for housing developers in the present situation. In the residential appraisals we have prepared a simple cashflow to

calculate interest. This includes allowance for appropriate arrangement fees (about 1% of the peak borrowing requirement).

- 7.31 For the non-residential appraisals, and in line with the 'high level' nature of this study, we have used the developer's rule of thumb to calculate the interest – being the amount due over one year on half the total cost. We accept that is a simplification, however, due to the high level and broad brush nature of this analysis, we believe that it is proportionate bearing in mind the requirements of the NPPF and CIL Regulations.
- 7.32 The relatively high assumption of the 7% interest rate, and the assumption that interest is chargeable on all the funds employed, has the effect of overstating the total cost of interest as most developers are required to put some equity into most projects. In this study a cautious approach is being taken, so we believe this is a sound assumption.

Developer's profit

- 7.33 An allowance needs to be made for developer's profit / return and to reflect the risk of development. Neither the NPPF, nor the CIL Regulations, nor the CIL Guidance provide useful guidance in this regard so, in reaching this decision, we have considered the RICS's '*Financial Viability in Planning*' (August 2012), the Harman Guidance *Viability Testing Local Plans, Advice for planning practitioners* (June 2012), and referred to the HCA's Economic Appraisal Tool. None of these documents are prescriptive, but they do set out some different approaches.
- 7.34 RICS's '*Financial Viability in Planning*' (August 2012) says:

3.3.2 The benchmark return, which is reflected in a developer's profit allowance, should be at a level reflective of the market at the time of the assessment being undertaken. It will include the risks attached to the specific scheme. This will include both property-specific risk, i.e. the direct development risks within the scheme being considered, and also broader market risk issues, such as the strength of the economy and occupational demand, the level of rents and capital values, the level of interest rates and availability of finance. The level of profit required will vary from scheme to scheme, given different risk profiles as well as the stage in the economic cycle. For example, a small scheme constructed over a shorter timeframe may be considered relatively less risky and therefore attract a lower profit margin, given the exit position is more certain, than a large redevelopment spanning a number of years where the outturn is considerably more uncertain.

- 7.35 The Harman Guidance says:

Return on development and overhead

The viability assessment will require assumptions to be made about the average level of developer overhead and profit (before interest and tax).

The level of overhead will differ according to the size of developer and the nature and scale of the development. A 'normal' level of developer's profit margin, adjusted for development risk, can be determined from market evidence and having regard to the profit requirements of the providers of development finance. The return on capital employed (ROCE) is a measure of the level of profit relative to level of capital required to deliver a project, including build costs, land purchase, infrastructure, etc.

As with other elements of the assessment, the figures used for developer return should also be considered in light of the type of sites likely to come forward within the plan period. This is because the

required developer return varies with the risk associated with a given development and the level of capital employed.

Smaller scale, urban infill sites will generally be regarded as lower risk investments when compared with complex urban regeneration schemes or large scale urban extensions.

Appraisal methodologies frequently apply a standard assumed developer margin based upon either a percentage of Gross Development Value (GDV) or a percentage of development cost. The great majority of housing developers base their business models on a return expressed as a percentage of anticipated gross development value, together with an assessment of anticipated return on capital employed. Schemes with high upfront capital costs generally require a higher gross margin in order to improve the return on capital employed. Conversely, small scale schemes with low infrastructure and servicing costs provide a better return on capital employed and are generally lower risk investments. Accordingly, lower gross margins may be acceptable.

This sort of modelling – with residential developer margin expressed as a percentage of GDV – should be the default methodology, with alternative modelling techniques used as the exception. Such an exception might be, for example, a complex mixed use development with only small scale specialist housing such as affordable rent, sheltered housing or student accommodation.

- 7.36 The HCA's Economic Appraisal Tool – the accompanying guidance for the tool kit says:

Developer's Return for Risk and Profit (including developer's overheads)

Open Market Housing

The developer 'profit' (before taxation) on the open market housing as a percentage of the value of the open market housing. A typical figure currently may be in the region of 17.5-20% and overheads being deducted, but this is only a guide as it will depend on the state of the market and the size and complexity of the scheme. Flatted schemes may carry a higher risk due to the high capital employed before income is received.

Affordable Housing

The developer 'profit' (before taxation) on the affordable housing as a percentage of the value of the affordable housing (excluding SHG). A typical figure may be in the region of 6% (the profit is less than that for the open market element of the scheme, as risks are reduced), but this is only a guide.

- 7.37 It is unfortunate that the above are not consistent, but it is clear that the purpose of including a developers' profit figure is not to mirror a particular business model, but to reflect the risk a developer is taking in buying a piece of land, and then expending the costs of construction before selling the property. The use of developers' profit in the context of area wide viability testing of the type required by the NPPF and CIL Regulation 14, is to reflect that level of risk.

- 7.38 At the Shinfield Appeal²⁸ (January 2013) the inspector considered this specifically saying:

Developer's profit

43. The parties were agreed that costs²⁹ should be assessed at 25% of costs or 20% of gross development value (GDV). The parties disagreed in respect of the profit required in respect of the

²⁸ APP/X0360/A/12/2179141 (Land at The Manor, Shinfield, Reading RG2 9BX)

²⁹ i.e. the developers profit / competitive return.

affordable housing element of the development with the Council suggesting that the figure for this should be reduced to 6%. This does not greatly affect the appellants' costs, as the affordable housing element is 2%, but it does impact rather more upon the Council's calculations.

44. The appellants supported their calculations by providing letters and emails from six national housebuilders who set out their net profit margin targets for residential developments. The figures ranged from a minimum of 17% to 28%, with the usual target being in the range 20-25%. Those that differentiated between market and affordable housing in their correspondence did not set different profit margins. Due to the level and nature of the supporting evidence, I give great weight [to] it. I conclude that the national housebuilders' figures are to be preferred and that a figure of 20% of GDV, which is at the lower end of the range, is reasonable.

7.39 Generally we do not agree that linking the developer's profit to GDV is reflective of risk, as the risk relates to the cost of a scheme – the cost being the money put at risk as the scheme is developed. As an example (albeit an extreme one to illustrate the point) we can take two schemes, A and B, each with a GDV £1,000,000, but scheme A has a development cost of £750,000 and scheme B a lesser cost of £500,000. All other things being equal, in A the developer stands to lose £750,000 (and make a profit of £250,000), but in B 'only' £500,000 (and make a profit of £500,000). Scheme A is therefore more risky, and it therefore follows that the developer will wish (and need) a higher return. By calculating profit on costs, the developer's return in scheme A would be £150,000 and in scheme B would be £100,000 and so reflect the risk – whereas if calculated on GDV the profits would be £200,000 in both.

7.40 Broadly there are four different approaches that could be taken:

- a) To set a different rate of return on each site to reflect the risk associated with the development of that site. This would result in a lower rate on the smaller and simpler sites – such as the greenfield sites, and a higher rate on the brownfield sites.
- b) To set a rate for the different types of unit produced – say 20% for market housing and 6% for affordable housing, as suggested by the HCA.
- c) To set the rate relative to costs – and thus reflect the risks of development.
- d) To set the rate relative to the gross development value.

7.41 In deciding which option to adopt, it is important to note that we are not trying to re-create any particular developer's business model. Different developers will always adopt different models and have different approaches to risk.

7.42 The argument is sometimes made that financial institutions require a 20% return on development value and if that is not shown they will not provide development funding. In the pre-Credit Crunch era there were some lenders who did take a relatively simplistic view to risk analysis but that is no longer the case. Most financial institutions now base their decisions behind providing development finance on sophisticated financial modelling that it is not possible to replicate in a study of this type. They require the developer to demonstrate a sufficient margin, to protect them in the case of changes in prices or development costs, but they will also consider a wide range of other factors, including the amount of equity the developer is contributing – both on a loan to value and loan to cost basis, the nature of development and the development risks that may arise due to demolition works or similar, the

warranties offered by the professional team, whether or not the directors will provide personal guarantees, and the number of pre-sold units.

- 7.43 This is a high level study where it is necessary and proportionate to take a relatively simplistic approach, so, rather than apply a differential return (either site by site or split between market and affordable housing) it is appropriate to make some broad assumptions.
- 7.44 We have calculated the profit to reflect risk from development as 20% of Gross Development Cost. This assumption should be considered with the assumption about interest rates in the previous section, where a cautious approach was taken with a relatively high interest rate, and the assumption that interest is charged on the whole of the development cost. Further consideration should also be given to the contingency sum in the appraisals which is also reflective of the risks.
- 7.45 It is useful to consider the assumptions used in other studies in other parts of England. We have reviewed viability thresholds used by other councils in England in development plans approved during the first half of 2014. These are set out in the table below.

Table 7.2 Developers Return assumptions used elsewhere	
Local Authority	Developer's Profit
Babergh	17%
Cannock Chase	20% on GDV
Christchurch & East Dorset	20% on GDC
East Hampshire	20% market/6% Affordable
Erewash	17%
Fenland	15-20%
GNDP	20% market/17.5% large sites/6% Affordable
Reigate & Banstead	17.5% market/6% Affordable
Staffordshire Moorlands	17.5% market/6% Affordable
Warrington	17.5%

Source: Planning Advisory Service (collated by URS) July 2014

- 7.46 In the Derby HMA CIL Viability Assessment (NCS, July 2014) assumptions 20% of GDV of Market Housing, 6% of the value of affordable housing and 17.5% of GDV of non-residential development were used. In the Derby HMA Economic Viability Assessment (PBA, March 2013) an assumption of 20% of total development costs was made in relation to all sites.

Voids

- 7.47 On a scheme comprising mainly individual houses, one would normally assume only a nominal void period as the housing would not be progressed if there was no demand. In the case of apartments in blocks this flexibility is reduced. Whilst these may provide scope for early marketing, the ability to tailor construction pace to market demand is more limited.

- 7.48 For the purpose of the present study, a three month void period is assumed for all residential and non-residential developments. We have given careful consideration to this assumption in connection to the commercial developments. There is very little speculative commercial development taking place so we believe that this is the appropriate assumption to make.

Phasing and timetable

- 7.49 A pre-construction period of six months is assumed for all of the sites. Each dwelling is assumed to be built over a nine month period. The phasing programme for an individual site will reflect market take-up and would, in practice, be carefully estimated taking into account the site characteristics and, in particular, the size and the expected level of market demand. We have developed a suite of modelled assumptions to reflect site size and development type.
- 7.50 The rate of delivery will be an important factor when the Council is considering the release of sites so as to manage the delivery of housing and infrastructure. We have considered two aspects, the first is the number of outlets that a development site may have, and secondly the number of units that an outlet can deliver.
- 7.51 Generally we have assumed a maximum completion rate of 40 units per year comprised of both market and affordable housing. On a policy compliant site this would equate to 2 market units per month on sites with 40% affordable housing, and 2.3 units per month on the sites with 30% affordable housing. On the smaller sites we have assumed much slower rates to reflect the nature of the developer that is likely to be bringing smaller sites forward.
- 7.52 We believe that these are conservative and do, properly, reflect current practice. This is the appropriate assumption to make to be in line with the PPG and Harman Guidance.
- 7.53 There is little research in this field, but in 2008 research was published by CLG & University of Glasgow³⁰. This study, based on research undertaken in the immediate pre-recessionary period, presented the results of a literature review, survey work amongst 18 national housebuilders and an examination of one large site developed by ten separate companies. The study considered build-out rates setting out optimal build out rates for both greenfield and brownfield sites:

³⁰ DCLG & University of Glasgow, *Factors Affecting Housing Build Out Rates*, February 2008

Table 7.3 Optimal Average Sales Rate: Greenfield				
Typical 200 unit Greenfield Development comprising mainly 2, 3 & 4 Bedroom Houses				
Sales rate	All respondents	Volume developers	Medium-sized developers	Smaller developers
1 per 2/3 days	2	0	0	2
1 per week	8	2	5	1
1 per 10 days	5	1	2	2
1 per fortnight	0	0	0	0
Note: Not all respondents answered this question but all who did not offered a written response to an open-ended question element. Table.4 considers all 18 responses.				

Table 2 DCLG & University of Glasgow, Factors Affecting Housing Build Out Rates, February 2008

Table 7.4 Optimal Average Sales Rate: Brownfield				
Typical 200 unit Brownfield Development comprising mainly 2, 3 & 4 Bedroom Apartments				
Sales rate	All respondents	Volume developers	Medium-sized developers	Smaller developers
1 per 2/3 days	1	0	0	1
1 per week	7	2	3	2
1 per 10 days	3	0	2	1
1 per fortnight	0	0	0	0
Note: Not all respondents answered this question but all who did not offered a written response to an open-ended question element. Table 4 considers all 18 responses.				

Table 3 DCLG & University of Glasgow, Factors Affecting Housing Build Out Rates, February 2008

Table 7.5 Imputed Annual Optimal Sales Rates				
Optimal annual rate	All respondents	Volume developers	Medium-sized developers	Smaller developers
Greenfield housing	58.61	55.83	45.71	80.00
Brownfield apartments	67.18	81.33	54.14	68.75

Table 4 DCLG & University of Glasgow, Factors Affecting Housing Build Out Rates, February 2008

7.54 Whilst it is important to recognise that the date of this research, it is still relevant to note that³¹:

Most builders generally appear to set a target of between 40 and 80 units built and sold from each outlet annually.

³¹ p.8.

Site Acquisition and Disposal Costs

Site holding costs and receipts

- 7.55 Each site is assumed to proceed immediately (following a 6 month mobilisation period) and so, other than interest on the site cost during construction, there is no allowance for holding costs, or indeed income, arising from ownership of the site.

Acquisition costs

- 7.56 We have taken a simplistic approach and assumed an allowance 1.5% for acquisition agents' and legal fees. Stamp duty is calculated at the prevailing rates.

Disposal costs

- 7.57 For the market and the affordable housing, sales and promotion costs are assumed to amount to some 3.0% of receipts, with additional legal fees of 0.5%. For disposals of affordable housing, these figures can be reduced significantly depending on the category, so in fact the marketing and disposal of the affordable element is probably less expensive than this.

8. Policy Requirements

- 8.1 The purpose of this review is to assess the deliverability of development as set out in the Local Plan Part 1. In this chapter we have reviewed the policies in **South Derbyshire Local Plan, Part 1** (March 2014) to consider those policies that may have an impact on development viability.
- 8.2 In this assessment we considered each of the development management policies. In each case we have considered whether or not they add to the costs of development over and above the normal costs.
- 8.3 In the following sections we have made selective quotations from the Council's policies to highlight those parts of the policy that are costly to the developer and for the purpose of assessing the cumulative impact of the policies. The policies are often wider than the selected quotations.

Policy H19 Housing Balance

- A. *The Council will seek to provide a balance of housing that includes a mix of dwelling type, tenure, size and density. The overall mix of housing will take account of the Strategic Housing Market Assessment (SHMA) and Local Housing Needs Study.*
- B. *The density of any site will be considered individually as there is no evidence to support a set density across all sites.*
- C. *Any housing development would be expected to make the most efficient use of the land whilst taking into account what is appropriate for the surrounding local built and natural environment.*
- D. *The viability of a development will be considered through determining a schemes housing mix.*
- E. *The Council will also promote a mix of housing that is suitable and adaptable for different groups of people such as single occupiers, people with disabilities, people wanting to build their own homes and the ageing population of the District. Further detailed information on this will be in the Design SPD.*
- 8.4 The Council's most recent Strategic Housing Market Assessment is the Derby HMA Strategic Housing Market Assessment Update Final Report, GL Hearn Limited, July 2013. The proportion of affordable housing required is set out in Policy H20. The SHMA identifies the mix of housing, by size, required to balance the housing market.

Table 8.1 Estimated dwelling requirement by Bed Size (2012 to 2028)						
Number of bedrooms	Market			Affordable		
	Households	Dwellings	% of dwellings	Households	Dwellings	% of dwellings
1 bedroom	193	198	3.1%	450	463	21.6%
2 bedrooms	1,442	1,485	23.1%	779	802	37.4%
3 bedrooms	3,265	3,363	52.3%	765	788	36.8%
4+ bedrooms	1,339	1,379	21.5%	86	88	4.1%
Total	6,238	6,425	100.0%	2,079	2,142	100.0%

Source: Figure 134 Derby HMA Strategic Housing Market Assessment Update Final Report, GL Hearn Limited, July 2013

- 8.5 The wording of this policy is quite loose, using the words 'seek' and 'take account of' however the presumptions is that new development should reflect this mix.
- 8.6 The mix modelled in the CIL Viability Assessment was the same across all tenures:

Table 8.2 Mix of housing used in CIL Viability Study	
Apartment's	10%
2 Bed House	20%
3 Bed House	40%
4 Bed House	20%
5 Bed House	10%

Source: Page 19 CIL Viability Assessment (NCS, July 2014)

- 8.7 The modelling in the PBA Derby HMA Economic Viability Assessment (March 2013) is somewhat different where a simple assumption of an average unit size of 100m² was used³².
- 8.8 The Council is seeking to balance the market over the plan-period and over the housing market area but does not seek these proportions on a site by site basis. We understand, and it is important to note, that the above proportions are based on the space standards used in the SHMA process. This is derived from the Housing, Health and Safety Rating System (HHSRS) that was introduced by the Housing Act 2004 and is based on absolute minimum standards about same sex and different sex people sharing bedrooms depending on their age. It does not make allowance for households to have any spare bedrooms and assumes households will always reside in the smallest house that meets their requirements under the space standards. No allowance is made for changes in family circumstances or for aspirations for children to have their own bedrooms.
- 8.9 We have not followed the mix set out in the SHMA when modelling the sites. The Council is seeking to balance the whole housing market and whilst the predominance of smaller units as identified in the need would be appropriate on a dense urban site developed with flats it would not be appropriate on a larger greenfield site where larger family units will predominate.
- 8.10 On the urban schemes, it is assumed that the size of affordable housing follows the mix of market housing. This is unusual and in most areas the demand is generally for smaller affordable units when considered against the size of market units. On the large greenfield site we have assumed that affordable units are smaller than the market units.

³² Paragraph 2.56, Derby HMA Economic Viability Assessment. Peter Brett Associates (March 2013)

Policy H20 Affordable Housing

- A *The Council will seek to secure up to 30% of new housing development as affordable housing as defined in the NPPF on sites of over 15 dwellings or 0.5 hectares.*
- B. *Consideration will also be given to the:*
- i) The local housing market;*
 - ii) The viability of any proposed scheme which will be assessed through independent viability assessments;*
 - iii) The tenure mix and dwelling type on the site will be agreed by the Council in consultation with the Council's Strategic Housing team having regard to the SHMA;*
 - iv) The phases of development that are being proposed.*

- 8.11 In the CIL Viability study the base analysis was based on 30% Intermediate Housing, 65% Social Rent and 5% Affordable Rent, and sensitivity testing was carried out at 30% Intermediate Housing, 35% Social Rent and 35% Affordable Rent.
- 8.12 The Council's SHMA sets out a breakdown of affordable housing (in Figure 3) of 30% Intermediate Housing, 5% Affordable Rent, 65% Social Rent. This has formed the base mix in this review. Affordable housing is the principle costs to the developer. In this review we have modelled a range of levels of affordable housing.
- 8.13 We understand that through the development management process that generally the affordable housing for rent is delivered as affordable rent rather than social rent. We have tested this scenario.

Policy SD2 Flood Risk & Policy SD3 Sustainable Water Supply, Drainage and Sewerage Infrastructure

Policy SD2 Flood Risk

- A *When considering development proposals in South Derbyshire, the Council will follow a sequential approach to flood risk management, giving priority to the development of sites with the lowest risk of flooding. The development of sites with a higher risk of flooding will only be considered where essential for regeneration or where development provides wider sustainability benefits to the community that outweigh flood risk.*
- B *Development in areas that are identified as being at risk of flooding will be expected to:*
- i) Be resilient to flooding through design and layout;*
 - ii) Incorporate appropriate mitigation measures, such as on-site flood defence works and/or a contribution towards or a commitment to undertake and/or maintain off-site measures;*
 - iii) Not increase flood risk to other properties or surrounding areas; and*
 - iv) Not affect the integrity or continuity of existing flood defences*
- C *Suitable measures to deal with surface water will be required on all sites in order to minimise the likelihood of new development increasing flood risk locally. Any developments that could lead to changes in surface water flows or increase flood risk should be managed through the incorporation of Sustainable Drainage Systems (SUDS), which mimic natural drainage patterns, unless this is not technically feasible, or where it can be demonstrated that ground conditions are unsuitable for such measures.*

- D The Council may require developers to restore culverted watercourses within regeneration or development sites to a natural state (i.e. break the channel out of culvert, remove redundant structures, replace/ improve existing structures to a restored watercourse profile) in order to reduce flood risk and provide local amenity and/or ecological benefits.*
- E To contribute to the enhancement of watercourses in accordance with the objectives of the Water Framework Directive, developers will be expected to work with the regulating authorities to develop watercourse restoration schemes.*
- F Proposals for flood management or other infrastructure offering improvements that lower the risk of flooding will be supported, subject to the proposal having no other adverse effects on local amenity and/or flood risk elsewhere. Where new flood related infrastructure is proposed opportunities for delivering environmental improvements including biodiversity gain and green infrastructure delivery should be fully considered by those delivering the project.*

Policy SD3 Sustainable Water Supply, Drainage and Sewerage Infrastructure

- A The Council will work with Derbyshire County Council, Water Companies, Developers, and other Authorities and relevant stakeholders to ensure that South Derbyshire's future water resource needs, wastewater treatment and drainage infrastructure are managed effectively in a coordinated manner by:*
 - i) Ensuring that adequate water supply, sewerage and drainage infrastructure needed to service new development is delivered in tandem with identified growth;*
 - ii) Supporting activities by the Water Companies to reduce demand for water and in turn suppress sewerage and discharge effluent volumes by ensuring that water consumption is no more than 110 litres per person per day (including external water use) as estimated using the Water Calculator methodology¹ or all water fittings do not exceed the performance set out in table XX below;*
 - iii) Working with the County Council (as lead Local Flood Authority and SUDS Approval Body) to ensure new developments incorporate sustainable drainage schemes that reduce the demand for potable water supplies and mimic natural drainage, wherever practicable. In bringing forward SUDS, as a means of managing surface water run-off, developers will be expected to design schemes to improve river water quality and reducing pressure on local drainage infrastructure and deliver biodiversity gain on sites;*
 - iv) Ensuring that all relevant developments within the catchment of the River Mease, 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.*
- B Foul flows generated by new development will be expected to connect to the mains sewer. Only where a connection to the mains sewer is not technically feasible (given the nature and scale of proposals) will discharges to package treatment works, septic tanks or cess pits be permitted. Developments that utilise non-mains drainage will only be permitted where proposals do not give rise to unacceptable environmental impacts.*
- C Surface water from new development will be expected to be managed using SUDS; discharge to watercourse; or connection to surface water mains sewer. Only where these options are not technically feasible and in consultation with Water Companies, will surface water discharges to a combined sewer be permitted.*

8.14 The requirements of these policies are in line with the normal requirements of development. All other things being equal, to a large extent a site that is subject to flooding will have a lower value than one that is not. It is however necessary to ensure that the costs of SUDS are fully reflected in the viability assessment.

8.15 The requirements for Sustainable Urban Drainage Systems (SUDS) and the like can add to the costs of a scheme – although in larger projects and those with open space these can be incorporated into public open space. The requirement for SUDS is not modelled in the CIL

Viability Study. In the Strategic Viability Assessment allowance had been made in the modelling but it is not clear whether allowance has been made in terms of cost.

- 8.16 Generally we would assume that the costs of SUDS add to the costs of construction on brownfield sites, however on the larger greenfield sites we would assume that SUDS will be incorporated into the green spaces and be delivered through soft landscaping within the wider site costs. In this review we have assumed an addition costs of 5% on brownfield sites to reflect the costs of SUDS.

Policy BNE1 Design Excellence & Policy BNL4 Landscape Character and Local Distinctiveness

Policy BNE1 Design Excellence

A *All new development will be expected to be well designed, embrace the principles of sustainable development, encourage healthy lifestyles and enhance people's quality of life by adhering to the Design Principles below.*

i) Design Principles

a) Community safety:

New development should be designed to ensure that people feel comfortable and safe by minimising opportunities for crime and anti-social behaviour, providing good natural surveillance and appropriate demarcations between public and private areas;

b) Street design, movement and legibility:

Streets should be designed to relate to their context, with a balance being struck between place-making needs and vehicle movement needs. Streets should be attractive, pedestrian and cycle friendly and meet the needs of all users. New development should be easy to find your way around, have a clear hierarchy of streets and take advantage of available opportunities for connections to local services, including public transport;

c) Diversity and community cohesion:

New development should be designed to be diverse, vibrant, possess a sense of place and encourage social interaction.

d) Ease of use:

New development should be accessible to all user groups, well managed and should be able to adapt to changing social, environmental, technological and economic conditions, including the needs of an ageing society;

e) Local character and pride:

New development should create places with a locally inspired character that respond to their context and have regard to valued landscape, townscape and heritage characteristics;

f) National Forest:

Within The National Forest, new development should be encouraged to follow National Forest Design Charter¹ and Planting Guidance² and fully reflect the forest context;

g) Visual attractiveness:

New development should be visually attractive, appropriate, respect important landscape/townscape views and vistas, contribute to achieving continuity and enclosure within the street scene and possess a high standard of architectural quality;

h) Neighbouring uses and amenity:

New development should not have an undue adverse affect on the privacy and amenity of existing nearby occupiers. Similarly, the occupiers of new development should not be unduly affected by neighbouring land uses;

i) Cross boundary collaboration:

New areas of growth that span administrative, land ownership, developer parcel or phase boundaries shall be considered and designed as a whole through a collaborative working approach;

j) Healthy Lifestyles:

New development should address social sustainability issues, by supporting healthy lifestyles, including through the promotion of active travel, the provision of public open space, sports and other leisure facilities.

k) Resource Use:

New development shall be designed to facilitate the efficient use of resources and support the reuse and recycling of waste throughout the lifecycle of all developments from design, construction, use and after use. New development shall provide adequate space for the storage of waste and where appropriate the treatment or collection of waste.

ii) All proposals for major development should perform highly when assessed against the Council's Design SPD;

iii) The council will decide which development proposals should be

Policy BNL4 Landscape Character and Local Distinctiveness

- A. The character, local distinctiveness, and quality of South Derbyshire's landscape and soilscape will be protected and enhanced through the careful design and sensitive implementation of new development.*
- B. Developers will be expected to retain key valued landscape components such as mature trees, established hedgerows and topographical features within development sites unless it can be demonstrated that the loss of features will not give rise to unacceptable effects on local landscape character. Development that will have an unacceptable impact on landscape character (including historic character), visual amenity and sensitivity and can not be satisfactorily mitigated will not be permitted.*
- C. In bringing forward proposals developers will be expected to demonstrate that close regard has been paid to the landscape types and landscape character areas identified in The Landscape Character of Derbyshire. Proposals should have regard to the woodland and tree planting, landscape management and habitat guidance set out in this document and demonstrates that mitigation proposals are appropriate to the character of the landscape.*
- D. Within the National Forest Area developers will be expected to demonstrate that close regard has been paid to the landscape types and landscape character areas identified in the National Forest Landscape Character Assessment both within the design of the scheme and in the incorporation of woodland planting and landscaping.*
- E. The Council will seek to protect soils that are 'Best and Most Versatile', (Grades 1, 2 and 3a in the Agricultural Land Classification) and wherever possible direct development to areas with lower quality soils.*

8.17 The requirements of these policy are broad but do not go beyond the norm. They are reflected in the general modelling and the requirements can be met through good design (of the buildings and layout) rather than through additional and expensive features. On the whole the

provisions of this policy do not add to the overall cost of the project over and above those modelled elsewhere.

Policy INF1 Infrastructure and Developer Contributions & Policy INF2 Sustainable Transport

Policy INF1 Infrastructure and Developer Contributions

- A New development that is otherwise in conformity with the Local Plan but generates a requirement for infrastructure will normally be permitted if the necessary on and off-site infrastructure required to support and mitigate the impact of that development is either:
 - i) Already in place, or*
 - ii) 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.**
- B The Council will prepare a new Planning Obligations SPD to cover infrastructure and service requirements, including site-specific infrastructure, to be delivered through S106 Planning Obligations.*
- C Furthermore, should a Community Infrastructure Levy be adopted, the Council will also operate a Community Infrastructure Levy Charging Schedule, to secure funding from new development towards infrastructure provision, including strategic projects.*
- D Where appropriate, the Council will permit developers to provide the necessary infrastructure themselves as part of their development proposals, rather than making financial contributions.*
- E Whilst it is expected that development is appropriately supported and its effects mitigated, in the interests of sustainability, the viability of developments will also be considered when determining the extent and priority of development*

Policy INF2 Sustainable Transport

- A. Planning permission will be granted for development where:
 - i. travel generated by development, including goods vehicle movement, should have no undue detrimental impact upon local amenity, the environment, highway safety, the efficiency of transport infrastructure and the efficiency and availability of public transport services; and*
 - ii. appropriate provision is made for safe and convenient access to and within the development for pedestrians, cyclists, public transport users and the private car; and*
 - iii. car travel generated by the development is minimised relative to the needs of the development.**
- B. In order to achieve this, the Council will secure, through negotiation, the provision by developers of contributions towards off-site works where needed.*
- C. In implementing this policy account will be taken of the fact that in more remote rural areas there is often less scope to minimise journey lengths and for the use of non-car modes.*
- D. Planning applications for development with significant transport implications should be accompanied by a Transport Assessment and Travel Plan identifying the transport impacts of the proposal and measures needed to meet the criteria set out in Part 1 of this policy. Travel Plan measures should be funded by developer contributions appropriate to the impacts on the transport network caused by the development. For development that is expected to have less significant transport implications, planning applications shall be accompanied by a Transport Statement.*

Walking and Cycling

- A. The Council will work in partnership with County Councils, neighbouring local authorities, the National Forest Company, charitable organisations, landowners and developers to secure the expansion, improvement and protection of walking and cycling networks, including public rights*

of way, cycle routes, greenways and supporting infrastructure. Routes should be coherent, direct, continuous, safe, secure and attractive and should contribute to the wider green infrastructure network wherever possible.

- B. Where a need is identified in Part 1 of this policy, the Council will seek to negotiate the provision by developers of contributions toward new, or the enhancement of existing, walking and cycling routes and supporting infrastructure.*
- C. Development that is likely to prejudice the use of disused railway lines or canals for walking, cycling or horse riding will only be permitted, where it can be demonstrated that there would be no practical prospect of implementation in the future.*
- D. Cycling and greenway network proposals will be identified in Supplementary Planning Documents.*

Public Transport

- A. The Council will work in partnership with County Councils, neighbouring local authorities, public transport operators and community transport operators to improve public transport services, infrastructure and information provision in the district.*
- B. Development should be designed and laid out in such a way as to ensure that, wherever possible, public transport services are within convenient walking distance of all site residents, staff and visitors.*
- C. Where a need is identified under Part 1 of this policy, the Council will seek to negotiate the provision by developers of measures to encourage the use of public transport. These may include:
 - i. bus shelters and laybys*
 - ii. railway stations and public transport interchanges*
 - iii. initial financial contributions toward the cost of running public transport services**
- D. Land is protected for a potential new park and ride facility at the junction of the A6 and London Road, Boulton Moor.*
- E. Land is protected for against development that would prejudice the establishment of a new passenger railway stations at Castle Gresley, Drakelow and Stenson Fields. Development likely to impair the continuity of the Burton to Leicester railway line or otherwise compromise the potential establishment of a passenger rail service on this route will not be permitted.*

Road & Rail Freight

- A. Where appropriate development should make adequate provision for service vehicle access, manoeuvring and off-street parking.*
- B. In order to ensure that nearby occupiers are not unduly adversely affected by the transfer of goods generated by development, the Council will give consideration to the need for the control of hours of delivery and collection.*
- C. Land at Tetron Point and the associated rail siding connecting to the Burton to Leicester railway line, is protected from development that would compromise its capacity to be used for rail freight purposes.*
- D. Land at the junction of the A50 and A511, Foston is protected for the development of a roadside lorry park including lorry parking, refuelling and driver facilities.*

Parking

- A. Development should include appropriate car parking provision having regard to:
 - i) parking standards, to be published as a Supplementary Planning Document;*
 - ii) the need to ensure that development would not have an undue detrimental impact on pedestrian and cyclist movement and highway safety;*
 - iii) the need to encourage travel on foot, by cycle and by public transport in preference to the private car by minimising parking provision;**

- iv) the need to provide sufficient conveniently located spaces to meet the needs of people with impaired mobility;*
- v) the conclusions of any Transport Assessment undertaken in accordance with Part 2 of this policy;*
- vi) the need to encourage the use of low emission vehicles.*

8.18 These are comprehensive policies that seeks to ensure that the impact of development is fully mitigated as well as incorporating various design standards.

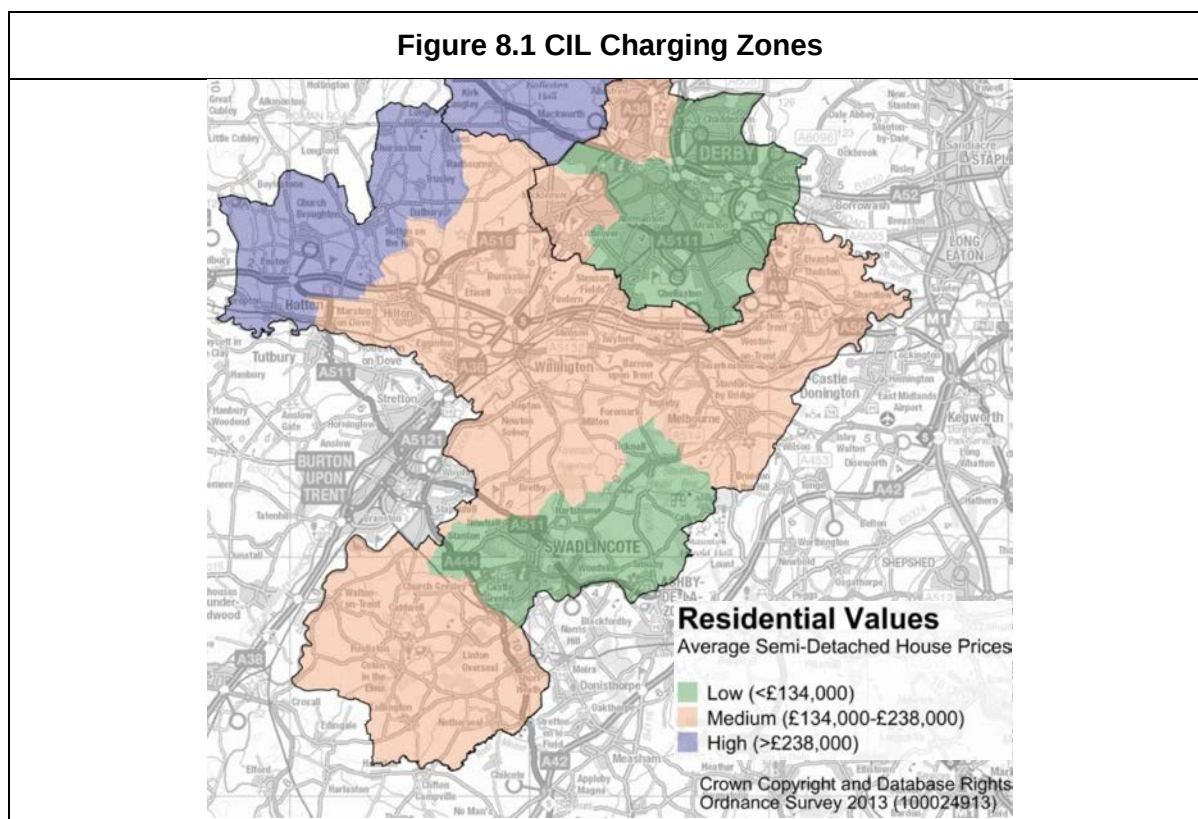
8.19 The Local Plan Part 1 includes 17 allocations. It is timely to note that about half these have been approved and of the remainder, about half of those are subject to planning applications. The Council has identified the costs of mitigation associated with these sites:

Table 8.3 Known Site Infrastructure Costs

Site Name	Existing Use	Area (ha)		Units	Infrastructure	£/Unit
		Gross	Net			
Land north of William Nadin Way	Swadlincote	29.51	15.08	600	£4,273,337	£7,122
Land at Church Street/Bridge Street/Football Club Site	Swadlincote	16.19	10.87	350	£2,816,393	£8,047
Land at Broomy Farm	Swadlincote	33.7	17.18	400	£5,575,891	£13,940
Council Depot	Swadlincote	6.81	4.9	158	£230,535	£1,459
Drakelow	Village	100.18	45.25	2,239	£20,340,419	£9,085
Land at Hilton Depot, Hilton	Village	37.16	14.02	485	£5,270,753	£10,868
Former Aston Hall Hospital, Aston on Trent	Village	12.4	5.3	150	£394,461	£2,630
Land at Longlands, Repton	Village	4.44	2.09	80	£333,400	£4,168
Land south of Willington Road, Etwell	Village	9.6	5.11	114	£705,260	£6,186
Land north east of Hatton	Village	16.02	6.39	400	£3,675,891	£9,190
Highfields Farm	Edge of Derby	54.14	29.7	1,200	£18,704,852	£15,587
Boulton Moor	Edge of Derby	86.12	49.73	1,948	£20,848,430	£10,702
Chellaston Fields	Edge of Derby	22	13.72	450	£4,642,996	£10,318
Wragley Way	Edge of Derby	82.03	36.09	1,950	£14,098,430	£7,230
Primula Way	Edge of Derby	27.84	11.8	500	£4,444,114	£8,888
Holmleigh Way	Edge of Derby	6.4	3.71	119	£4,133,689	£34,737
Hackwood Farm	Edge of Derby	16.12	7.43	290	£3,372,448	£11,629
				11,433	£113,861,298	£9,959

Source: SDDC March 2015

- 8.20 No allowance has been made for these costs in the Economic Viability Assessment³³. In the CIL Viability Study (paragraphs 4.22 and 4.23) an allowance of £1,000 per unit was made in respect of housing and £20/m² in respect of non-residential development.
- 8.21 At this stage it not necessary to consider considered whether developer contributions are best paid as CIL or under the s106 regime, but it is necessary to take developer contributions into account. There are several policies requiring contributions of this type. It is inevitable that the policy will change in this regard, with the introduction of CIL and as a consequence of CIL Regulations 122 and 123. In this study we have assumed a s106 payment of £2,000 per unit (market and affordable) in the base appraisals, and tested a range of other contributions.
- 8.22 The CIL Viability Study recommends rates of CIL in South Derbyshire of £0/m², £35/m² and £150/m² in the Low, Medium and High Zones respectively. These areas are shown on the Map on page 18 of the CIL Viability Assessment:



³³ Table 2.7 of the Economic Viability Assessment says: *For this assessment we have been asked not to factor any S106 or developer contribution into the appraisals. Decision on this will be determined later. Contributions to infrastructure costs such as education, open space and transportation etc. will need to be factored into this and decisions on strategic infrastructure cost contributions that may be via a CIL will need to be factored in.*

- 8.23 Very approximately CIL at these levels would equate to about £3,500 per market house in the medium value area and £15,000 per market house in the higher value area.
- 8.24 At the time of this review CIL is not in place. We have modelled a range of developer contributions.

Policy INF6 Community Facilities

A South Derbyshire District Council will:

- i) Require that development that increases the demand for community facilities and services either:
 - a) provides the required community facilities as part of the development, or:*
 - b) makes appropriate contributions towards providing new facilities or improving existing facilities.**
- ii) Facilitate the efficient use of community facilities and the provision and upkeep of multi-purpose community facilities that can provide a range of services to the community at a single, accessible location.*

B Existing community facilities will be protected, unless it is clear that there is no longer a need to retain the use or where a suitable alternative is made.

C Community facilities should be accessible to all members of the community and be located where there is a choice of travel options.

- 8.25 As set out above, there are several policies requiring contributions of this type. It is inevitable that the policy will change in this regard, with the introduction of CIL and as a consequence of CIL Regulations 122 and 123. It is therefore necessary for a range of developer contributions to be tested.

Policy INF7 Green Infrastructure

C All proposals for development within the catchment for the River Mease will need to demonstrate that they will have no adverse effects on the integrity of the Special Area of Conservation (SAC) either alone or in combination with other proposals and will contribute to long-term objectives to improve the condition of the site.

- 8.26 The scope of this policy is limited, only applying to Overseal, Netherseal, Smisby and Lullington, and only to developments that connect to the existing sewage network and discharge foul and surface water to Severn Trent's Network.⁵
- 8.27 The cost of discharging waste water flows vary by property size and whether they are water efficient, and are currently set as follows

Table 8.4 SAC Contributions				
Size of dwelling	Average Occupancy	DSC Contribution (£)		
		Level 1/2 (120 l/h/d)	Level 3/4 (105 l/h/d)	Level 5/6 (80 l/h/d)
1 Bed	1.17	127	112	86
2 Bed	1.72	187	165	126
3 Bed	2.32	253	222	169
4 Bed	3.24	354	309	236

Source: SDDC

- 8.28 These costs are not reflected in either of the existing viability studies, however in this review we have tested a range of developer contributions.

Policy INF8 The National Forest

- B Within the National Forest all residential schemes over 0.5ha and industrial commercial and leisure developments over 1ha will be expected to incorporate tree planting and landscaping in accordance with National Forest Planting Guidelines. Landscaping will generally involve woodland planting, but can also include the creation and management of other appropriate habitats, open space provision associated with woodland and the provision of new recreational facilities with a woodland character. The appropriate mix of landscaping features will depend upon the setting characteristics, opportunities and constraints that individual sites present.*

- 8.29 This is abnormal part of landscaping on a well-designed scheme and will not add to the overall costs of development.

Policy INF9 Open Space, Sport and Recreation

- A. Current provision of open space and sports and recreation facilities in South Derbyshire is not sufficient to meet local need.*
- B. To address this, the Council will work with partners to provide sufficient high quality green space and recreation facilities including sports pitches and built facilities, allotments, woodland creation, cemeteries and publicly accessible natural green space to meet the needs of new residential development and, where possible, to meet the needs of the existing population.*
- C. Opportunities for creating new or enhanced facilities will be sought particularly where there are quantitative or qualitative deficiencies identified in the Council's most up to date Open Space, Sport and Recreation Assessment.*
- D. The loss of open space, sport and recreational facilities will only be permitted in exceptional circumstances where an assessment shows that existing open space and facilities exceed the required level of provision, the loss would be compensated for through equivalent or better provision or the development would involve the provision of alternative sport or recreation facilities for which there is a greater need.*
- E. Wherever possible the Council will expect new open spaces to connect to existing Green Infrastructure in order to improve accessibility across and between sites and enhance the biodiversity.*

- 8.30 It is not a requirement for new development to contribute towards open space under this policy on all sites, however the Council have confirmed that this is often a requirement.

9. Modelling

- 9.1 In the previous chapters we have set out the general assumptions to be inputted into the development appraisals. In this chapter we have set out the modelling. We stress that this is a high level study that is seeking to capture the generality rather than the specific. The purpose is to establish the cumulative impact of the Council's policies on development viability. This information will be used with the other information gathered by the Council to assess whether or not the sites are actually deliverable.
- 9.2 In considering the most appropriate modelling, we have had particular regard to the Local Plan Inspector's letter to the Council dated 12th May 2014 in which he raised some concerns about the Council's 5 year Land Supply, in part these concerns were around the viability and deliverability of some sites.
- 9.3 Our approach is to model 16 residential development sites that are broadly representative of the type of development that is likely to come forward in the District. In addition, we have modelled the key non-residential development types that are important to the delivery of the Plan.
- 9.4 The Plan includes 17 residential allocations as summarised in the following table. It is beyond the scope of this review to model these individually, however we have included sites that representative of these in the modelling.

Table 9.1 Strategic Sites

Site Name	Existing Use	Units	Area (ha)		Net/Gross	Density (units/ha)	
			Gross	Net		Gross	Net
Land north of William Nadin Way	Swadincote	600	29.51	15.08	51%	20	40
Land at Church Street/Bridge Street/Football Club Site	Swadincote	350	16.19	10.87	67%	22	32
Land at Broomy Farm	Swadincote	400	33.7	17.18	51%	12	23
Council Depot	Swadincote	158	6.81	4.9	72%	23	32
Drakelow	Village	2,239	100.18	45.25	45%	22	49
Land at Hilton Depot, Hilton	Village	485	37.16	14.02	38%	13	35
Former Aston Hall Hospital, Aston on Trent	Village	150	12.4	5.3	43%	12	28
Land at Longlands, Repton	Village	80	4.44	2.09	47%	18	38
Land south of Willington Road, Etwell	Village	114	9.6	5.11	53%	12	22
Land north east of Hatton	Village	400	16.02	6.39	40%	25	63
Highfields Farm	Edge of Derby	1,200	54.14	29.7	55%	22	40
Boulton Moor	Edge of Derby	1,948	86.12	49.73	58%	23	39
Chellaston Fields	Edge of Derby	450	22	13.72	62%	20	33
Wragley Way	Edge of Derby	1,950	82.03	36.09	44%	24	54
Primula Way	Edge of Derby	500	27.84	11.8	42%	18	42
Holmleigh Way	Edge of Derby	119	6.4	3.71	58%	19	32
Hackwood Farm	Edge of Derby	290	16.12	7.43	46%	18	39
		11,433	561	278		20	41

Source: SDDC (March 2015)

Residential Development Sites

- 9.5 In discussion with the Council it was decided that a total of 16 representative sites would be modelled across the District, 7 being representative of the strategic allocations and the remainder being representative of the smaller sites likely to come forward.
- 9.6 We acknowledge that modelling cannot be totally representative, however the aim of this work is to test the deliverability of the Plan and to make an assessment as to whether sites are likely to come forward over the plan-period. The work is high level, so there are likely to be sites that will not be able to deliver the affordable housing target and CIL, indeed as set out at the start of this report, there are some sites that will be unviable even without any policy requirements (for example brownfield sites with high remediation costs), but there will also be sites that can afford more. If CIL is adopted, there is little scope for exemptions to be granted, however, where the affordable housing target and other policy requirements cannot be met, the developer will continue to be able to negotiate with the planning authority. The planning authority will have to weigh up the factors for and against a scheme, and the ability to deliver affordable housing will be an important factor. The modelled sites are reflective of development sites in the study area that are likely to come forward during the plan-period.

Development assumptions

- 9.7 In arriving at appropriate assumptions for residential development on each site we have ensured that the built form used in our appraisals is appropriate to the current development practices. We have developed a typology which responds to the variety of development situations and densities typical in South Derbyshire, and this is used to inform development assumptions for sites. The typology enables us to form a view about floorspace density, based on the amount of development, measured in net floorspace per hectare, to be accommodated upon the site. This is a key variable because the amount of floorspace which can be accommodated on a site relates directly to the Residual Value, and is an amount which developers will normally seek to maximise (within the constraints set by the market).
- 9.8 The typology uses as a base or benchmark a typical post- PPS3 built form which would provide development at between 3,000m²/ha to 3,550m²/ha on a substantial site, or sensibly shaped smaller site. A representative housing density might be around 35/net ha. This has become a common development format. It provides for a majority of houses but with a small element of flats, in a mixture of two storey and two and a half to three storey form, with some rectangular emphasis to the layout.
- 9.9 There could be some schemes of appreciably higher density development providing largely or wholly apartments, in blocks of three storeys or higher, with development densities of 6,900 m²/ha and dwelling densities of 100 units/ha upwards; and schemes of lower density, in the rural edge situations.
- 9.10 The density, in terms of units and floorspace, has been used to ensure appropriate development assumptions for a majority of the sites.

- 9.11 We have based the densities used in the site modelling on the expected density that is likely to come forward in current market conditions. The analysis in the Council's SHLAA is based on a density of 20 units/gross ha³⁴. This is at the lower end of our expectations, but is in line with the densities included in the table above for the Strategic Sites.
- 9.12 The Local Plan does not include a specific density policy. Policy H19, Housing Balance simply asks the *'Council will seek to provide a balance of housing that includes a mix of dwelling type, tenure, size and density. The overall mix of housing will take account of the Strategic Housing Market Assessment (SHMA) and Local Housing Needs Study. used in the SHLAA, including the open space assumptions'*.
- 9.13 Similarly the Plan is not prescriptive with regard to open space provision. Policy INF9, Open Space, Sport and Recreation acknowledges there is a shortfall of provision and at paragraph 9.62 sets out overall requirements. We understand that these are applied site by site, having regard to the local levels of provision.
- 9.14 It is necessary to make some broad assumptions in this regard. We have therefore assumed the following net / gross development areas:

Table 9.2 Net / Gross assumptions	
Site Size (ha)	Development Ratio (Net Developable Area)
< 0.4 ha	100%
0.4 – 4 ha	70%
>4 ha	60%

Source: HDH 2015

- 9.15 We have set out the main characteristics of the modelled sites in the tables below. It is important to note that these are modelled sites and not actual sites. These modelled typologies have been informed by the sites included in the Plan and SHLAA, both in terms of scale and location. A proportion of the housing to come forward over the plan-period will be on smaller sites, therefore several smaller sites have been included. Single plots have not been included as these will, predominantly, be brought forward by 'self-builders' so would be exempt of CIL.
- 9.16 It is important to note that the majority of sites included in the 5 year land supply are greenfield sites so these predominate in the modelling.

³⁴ Paragraph 5.31, Derby HMA SHLAA Refresh, Revised Methodology. January 2012

Table 9.3a Summary of modelled sites			
UE Greenfield Edge of Derby 1	Units	1,500	Larger urban edge, greenfield site. 50% open space, 37 net developable ha. Mix of family housing.
	Area (Gross ha)	74	
	Density /ha	42	
V Large Greenfield Edge of Derby 2	Units	500	Greenfield site. 40% open space, 15 net developable ha. Mix of family housing.
	Area (Gross ha)	25	
	Density /ha	33	
Large Greenfield Edge of Derby 3	Units	200	Medium greenfield site. 40% open space, 6 net developable ha. Mix of family housing.
	Area (Gross ha)	10	
	Density /ha	33	
V Large Greenfield Swadlincote 4	Units	500	Greenfield site. 50% open space, 12.5 net developable ha. Mix of family housing.
	Area (Gross ha)	25	
	Density /ha	40	
Large Greenfield Swadlincote 5	Units	200	Medium greenfield site. 50% open space, 5 net developable ha. Mix of family housing.
	Area (Gross ha)	10	
	Density /ha	40	
UE Brownfield Edge of Burton 6	Units	2,200	Very large site, 60% brownfield / 40% greenfield site. 50% open space, 45 net developable ha. Mix of family housing.
	Area (Gross ha)	100	
	Density /ha	50	
V Large Brownfield Villages 7	Units	300	Large brownfield site. 40% open space, 9 net developable ha. Mix of family housing.
	Area (Gross ha)	15	
	Density /ha	33	
Medium Greenfield Medium Zone 8	Units	100	Larger urban edge, greenfield site. 40% open space, 2.86 net developable ha. Mix of family housing.
	Area (Gross ha)	4.76	
	Density /ha	35	
Medium Greenfield Higher Zone 9	Units	100	Larger urban edge, greenfield site. 40% open space, 2.86 net developable ha. Mix of family housing.
	Area (Gross ha)	4.76	
	Density /ha	35	
Smaller Greenfield Medium Zone 10	Units	30	Greenfield site. 30% open space, 0.95 ha net developable ha.
	Area (Gross ha)	1.34	
	Density /ha	32	
Medium Urban Medium Zone 11	Units	30	Brownfield site. 30% open space, 0.85 ha net developable ha.
	Area (Gross ha)	1.25	
	Density /ha	32	
Medium Urban Higher Zone 12	Units	30	Brownfield site. 30% open space, 0.85 ha net developable ha.
	Area (Gross ha)	1.25	
	Density /ha	35	

Table 9.3b Summary of modelled sites			
Sub-threshold, Green 13	Units	9	Greenfield site. No open space. Mix of semi-detached and detached.
	Area (Gross ha)	0.45	
	Density /ha	20	
Sub-threshold, Green 14	Units	3	Small greenfield site. No open space. Three detached.
	Area (Gross ha)	0.2	
	Density /ha	15	
Sub-threshold, Brown 15	Units	9	Brownfield site. No open space. Mix of semi-detached and terraced.
	Area (Gross ha)	0.3	
	Density /ha	30	
Sub-threshold, Brown 16	Units	3	Small brownfield site. No open space. Three terraced.
	Area (Gross ha)	0.08	
	Density /ha	38	

Source: HDH 2015

9.17 The gross and net areas and the site densities are summarised below.

Table 9.4 Modelled Site development assumptions

		Green/ Brown	Current Use	Units	Area Ha		Density Units/ha		Average Unit Size	Density
					Gross	Net	Gross	Net	m2	m2/ha
1	UE Greenfield	Green	Agricultural	1,500	74.00	37.00	20.27	40.54	89.10	3,612
2	V Large Greenfield	Green	Agricultural	500	25.00	15.00	20.00	33.33	89.16	2,972
3	Large Greenfield	Green	Agricultural	200	10.00	6.00	20.00	33.33	89.29	2,976
4	V Large Greenfield	Green	Agricultural	500	25.00	12.50	20.00	40.00	89.16	3,566
5	Large Greenfield	Green	Agricultural	200	10.00	5.00	20.00	40.00	89.29	3,571
6	UE Brownfield	60% Brown	Industrial	2,200	100.00	45.00	22.00	48.89	89.21	4,361
7	V Large Brownfield	Brown	Industrial	300	15.00	9.00	20.00	33.33	89.26	2,975
8	Medium Greenfield	Green	Agricultural	100	4.75	2.86	21.05	34.97	88.90	3,108
9	Larger Housing	Green	Agricultural	100	4.76	2.86	21.01	34.97	88.90	3,108
10	Smaller Greenfield	Green	Agricultural	30	1.34	0.95	22.39	31.58	89.93	2,840
11	Medium Urban	Brown	Industrial	30	1.25	0.85	24.00	35.29	89.93	3,174
12	Medium Urban	Brown	Industrial	30	1.25	0.85	24.00	35.29	89.93	3,174
13	Sub Threshold, Green	Green	Paddock	9	0.45	0.45	20.00	20.00	116.00	2,320
14	Sub Threshold, Green	Green	Paddock	3	0.20	0.20	15.00	15.00	133.33	2,000
15	Sub Threshold, Brown	Brown	PDL	9	0.30	0.30	30.00	30.00	116.00	3,480
16	Sub Threshold, Brown	Brown	PDL	3	0.08	0.08	37.50	37.50	133.33	5,000
				5,714	273.38	138.90	20.90	41.14		3,674

Source: HDH 2015. Note: Floorspace density figures are rounded

- 9.18 The modelling does not exactly follow the density assumptions used in the SHLAA or the policy as the modelling has been informed by the actual characteristics of the sites on the ground. In order to tailor the appraisals to the local circumstances we have applied the geographical appropriate prices.
- 9.19 The price of units is one of the most significant inputs into the appraisals. This applies not just to the market homes but also the affordable uses (intermediate, social rented and affordable rented). Informed by the findings set out in Chapter 4, we have used the prices set out towards the end of that chapter.

Older People's Housing

- 9.20 We have modelled a private sheltered/retirement and an extracare scheme, each on a 0.5ha site as follows.
- 9.21 A private sheltered/retirement scheme of 20 x 1 bed units of 50m² and 25 2 bed units of 75m² to give a net saleable area (GIA) of 2,875m². We have assumed a further 20% non-saleable service and common areas to give a scheme GIA of 3,450m².
- 9.22 An extracare scheme of 24 x 1 bed units of 65m² and 16 x 2 bed units of 80m² to give a net saleable area (GIA) of 2,840m². We have assumed a further 35% non-saleable service and common areas to give a scheme GIA of 3,834m².

Non-Residential Sites

- 9.23 For the purpose of this study we have assessed a number of development types. We have based our modelling on the following development types:
- i. **Large offices.** These are more than 250 m², will be of steel frame construction, be over several floors and will be located on larger business parks. Typical units in the District are around 500 m² – we will use this as the basis of our modelling.
 - ii. **Large industrial.** Modern industrial units of over 500 m². There is little new space being constructed. Typical units in the District are around 1,000 m² – we will use this as the basis of our modelling.
- 9.24 In developing these typologies, we have made assumptions about the site coverage and density of development on the sites. We have assumed 66% coverage on the industrial sites, 60% coverage on the offices.

10. Residential Appraisal Results

- 10.1 At the start of this chapter it is important to stress that the results of the appraisals do not, in themselves, determine the deliverability of the Plan. The results of this study are one of a number of factors that the Council will consider, including the need for infrastructure, other available evidence, such as the Council's track record in delivering affordable housing and collecting payments under s106. The purpose of the appraisals is to provide an indication of the viability in different areas under different scenarios.
- 10.2 The appraisals use the residual valuation approach – that is, they are designed to assess the value of the site after taking into account the costs of development, the likely income from sales and/or rents and an appropriate amount of developer's profit. The Residual Value represents the maximum bid for the site where the payment is made in a single tranche on the acquisition of a site. In order for the proposed development to be described as viable, it is necessary for this value to exceed the Existing Use Value (EUV) by a satisfactory margin. We have discussed this in Chapter 6.
- 10.3 The appraisals are based on the assumptions provided in the previous chapters of this report, including the affordable housing requirement.
- 10.4 Development appraisals are sensitive to changes in price so appraisals have been run with various changes in the cost of construction and an increase and decrease in prices. We have then considered a number of different price levels informed by our discussion with the Council.
- 10.5 As set out above, for each development type we have calculated the Residual Value. In the tables in this chapter we have colour coded the results using a simple traffic light system:
- a. **Green Viable** – where the Residual Value per hectare exceeds the indicative Viability Threshold Value per hectare (being the Existing Use Value plus the appropriate uplift to provide a competitive return for the landowner).
 - b. **Amber Marginal** – where the Residual Value per hectare exceeds the Existing Use Value or Alternative Use Value, but not the Viability Threshold Value per hectare. These sites should not be considered as viable when measured against the test set out – however, depending on the nature of the site and the owner, they may come forward.
 - c. **Red Non-viable** – where the Residual Value does not exceed the Existing Use Value or Alternative Use Value.
- 10.6 The results are set out and presented for each site and per gross hectare to allow comparison between sites.
- 10.7 It is important to note that a report of this type applies relatively simple assumptions that are broadly reflective of an area to make an assessment of viability. The fact that a site is shown as viable does not necessarily mean that it will come forward and vice versa. An important

part of any final consideration of viability will be relating the results of this study to what is actually happening on the ground in terms of development and what planning applications are being determined – and on what basis.

Financial appraisal approach and assumptions

- 10.8 On the basis of the assumptions set out in the earlier chapters, we prepared financial appraisals for each of the modelled residential sites, and the two unconsented strategic sites, using a bespoke spreadsheet-based financial analysis package. We produced financial appraisals based on the build costs, and infrastructure costs and financial assumptions for the different options.

Base Appraisals – full current policy requirements

- 10.9 The financial appraisals for each of the modelled typologies uses a bespoke spreadsheet-based financial analysis package. These appraisals are based on the full policy requirements of the Local Plan, but with a range of affordable housing and developer contribution assumptions base options:

- a) Affordable Housing 30% – on sites of 15 or more, as 30% Intermediate Housing, 5% Affordable Rent, 65% Social Rent
- b) Environmental Standards Enhanced Building Regulations (Part L) (BCIS +1.5%).
- c) CIL and s106 £2,000 per unit (market and affordable).

- 10.10 The full appraisal are set out for this base option in **Appendix 3**.

Table 10.1 Residual Values
Development Plan Policy Requirements

							Area (ha)		Units	Residual Value (£)		
							Gross	Net		Gross ha	Net ha	Site
1	UE Greenfield		Edge of Derby	Green			74.00	37.00	1,500	411,532	823,064	30,453,382
2	V Large Greenfield		Edge of Derby	Green			25.00	15.00	500	482,053	803,421	12,051,319
3	Large Greenfield		Edge of Derby	Green			10.00	6.00	200	483,805	806,341	4,838,047
4	V Large Greenfield		Swadincote	Green			25.00	12.50	500	482,053	964,106	12,051,319
5	Large Greenfield		Swadincote	Green			10.00	5.00	200	485,692	971,383	4,856,915
6	UE Brownfield		Edge of Burton	60% Brown			100.00	45.00	2,200	297,027	660,060	29,702,699
7	V Large Brownfield		Villages	Brown			15.00	9.00	300	302,467	504,112	4,537,009
8	Medium Greenfield		Medium Zone	Green			4.75	2.86	100	301,795	501,233	1,433,527
9	Larger Housing		Higher Zone	Green			4.76	2.86	100	655,316	1,090,666	3,119,305
10	Smaller Greenfield		Medium Zone	Green			1.34	0.95	30	646,631	912,090	866,485
11	Medium Urban		Medium Zone	Brown			1.25	0.85	30	405,615	596,493	507,019
12	Medium Urban		Higher Zone	Brown			1.25	0.85	30	606,392	891,753	757,990
13	Sub Threshold, Green		Sub-Threshold	Green			0.45	0.45	9	1,292,397	1,292,397	581,579
14	Sub Threshold, Green		Sub-Threshold	Green			0.20	0.20	3	1,122,891	1,122,891	224,578
15	Sub Threshold, Brown		Sub-Threshold	Brown			0.30	0.30	9	1,360,583	1,360,583	408,175
16	Sub Threshold, Brown		Sub-Threshold	Brown			0.08	0.08	3	1,628,594	1,628,594	130,288

Source: SDDC Plan-wide Viability Review, HDH May 2015

- 10.11 The results vary across the modelled sites. Within the price areas this is largely due to the different assumptions around density. The additional costs associated with brownfield sites also results in significantly lower values.
- 10.12 The Residual Value is not a good indication of viability by itself, being the maximum price a developer may bid for a parcel of land and still make an adequate return (competitive return).
- 10.13 In the following tables we have compared the Residual Value with the Viability Threshold. The Viability Threshold being an amount by which the amount over and above the existing use value that is sufficient to provide the willing landowner with a competitive return and induce them to sell the land for development as set out in Chapter 6 above.

Table 10.2 Residual Value compared to Viability Threshold Development Plan Policy Requirements						
				Alternative Use Value	Viability Threshold	Residual Value
				£/ha	£/ha	£/ha
1	UE Greenfield	Edge of Derby	Green	20,000	324,000	411,532
2	V Large Greenfield	Edge of Derby	Green	20,000	324,000	482,053
3	Large Greenfield	Edge of Derby	Green	20,000	324,000	483,805
4	V Large Greenfield	Swadlincote	Green	20,000	324,000	482,053
5	Large Greenfield	Swadlincote	Green	20,000	324,000	485,692
6	UE Brownfield	Edge of Burton	60% Brown	248,000	297,600	297,027
7	V Large Brownfield	Villages	Brown	400,000	480,000	302,467
8	Medium Greenfield	Medium Zone	Green	20,000	324,000	301,795
9	Larger Housing	Higher Zone	Green	20,000	324,000	655,316
10	Smaller Greenfield	Medium Zone	Green	20,000	324,000	646,631
11	Medium Urban	Medium Zone	Brown	20,000	324,000	405,615
12	Medium Urban	Higher Zone	Brown	20,000	324,000	606,392
13	Sub Threshold, Green	Sub-Threshold	Green	50,000	360,000	1,292,397
14	Sub Threshold, Green	Sub-Threshold	Green	50,000	360,000	1,122,891
15	Sub Threshold, Brown	Sub-Threshold	Brown	400,000	480,000	1,360,583
16	Sub Threshold, Brown	Sub-Threshold	Brown	400,000	480,000	1,628,594

Source: SDDC Plan-wide Viability Review, HDH May 2015

- 10.14 Overall the results are broadly consistent with those in the earlier viability work, confirming that the vast majority of development can bear the Council's policy requirements, although some sites, particularly the larger brownfield sites cannot.
- 10.15 The Council has two principle policy requirements. The first is affordable housing and the second is in relation to developer contributions / impact mitigation. To inform the policy

refinement process, and in line with the requirements of the NPPF, we have considered the impact of the Council's discretionary policy requirements separately before considering the cumulative impact.

10.16 First we have considered development viability with no contributions at all.

Table 10.3 Residual Value compared to Viability Threshold						
No Policy Requirements						
				Alternative Use Value	Viability Threshold	Residual Value
				£/ha	£/ha	£/ha
1	UE Greenfield	Edge of Derby	Green	20,000	324,000	767,437
2	V Large Greenfield	Edge of Derby	Green	20,000	324,000	897,122
3	Large Greenfield	Edge of Derby	Green	20,000	324,000	918,937
4	V Large Greenfield	Swadlincote	Green	20,000	324,000	897,122
5	Large Greenfield	Swadlincote	Green	20,000	324,000	920,824
6	UE Brownfield	Edge of Burton	Brown	248,000	297,600	637,234
7	V Large Brownfield	Villages	Brown	400,000	480,000	717,568
8	Medium Greenfield	Medium Zone	Green	20,000	324,000	739,452
9	Larger Housing	Higher Zone	Green	20,000	324,000	1,174,487
10	Smaller Greenfield	Medium Zone	Green	20,000	324,000	1,196,548
11	Medium Urban	Medium Zone	Brown	20,000	324,000	976,202
12	Medium Urban	Higher Zone	Brown	20,000	324,000	1,218,884
13	Sub Threshold, Green	Sub-Threshold	Green	50,000	360,000	1,329,931
14	Sub Threshold, Green	Sub-Threshold	Green	50,000	360,000	1,151,961
15	Sub Threshold, Brown	Sub-Threshold	Brown	400,000	480,000	1,417,425
16	Sub Threshold, Brown	Sub-Threshold	Brown	400,000	480,000	1,701,270

Source: SDDC Plan-wide Viability Review, HDH May 2015

10.17 Without the policy requirements, all sites are shown as viable, which to a large extent is to be expected.

Impact of affordable housing

10.18 In the following table we have compared the Residual Values without any developer contributions, but with affordable housing from zero to 40%.

Impact of developer contributions



[illegible]

Generally both affordable housing and developer contributions will be required. In the following section we have considered how these relate.

Combined impact of developer contributions and affordable housing.

10.21 In the following tables we have set out the results of appraisals with affordable housing from 15% to 30% and from £0 per unit to £20,000 per unit. All other policy requirements are assumed to apply.

10.22 When considering these results, it is necessary to do so in the context of the known site infrastructure and mitigation costs for the large allocations, copied below from Table 8.3 above:

Table 10.6 Known Site Infrastructure Costs							
Site Name		Existing Use	Area (ha)		Units	Infrastructure	£/Unit
			Gross	Net			
Land north of William Nadin Way	Swadlincote	Farmland	29.51	15.08	600	£4,273,337	£7,122
Land at Church Street/Bridge Street/Football Club Site	Swadlincote	Farmland	16.19	10.87	350	£2,816,393	£8,047
Land at Broomy Farm	Swadlincote	Farmland	33.7	17.18	400	£5,575,891	£13,940
Council Depot	Swadlincote		6.81	4.9	158	£230,535	£1,459
Drakelow	Village	Employment / former power station	100.18	45.25	2,239	£20,340,419	£9,085
Land at Hilton Depot, Hilton	Village	Former MOD land / employment	37.16	14.02	485	£5,270,753	£10,868
Former Aston Hall Hospital, Aston on Trent	Village	Former Hospital / GF	12.4	5.3	150	£394,461	£2,630
Land at Longlands, Repton	Village	Farmland	4.44	2.09	80	£333,400	£4,168
Land south of Willington Road, Etwell	Village	Farmland	9.6	5.11	114	£705,260	£6,186
Land north east of Hatton	Village	Farmland	16.02	6.39	400	£3,675,891	£9,190
Highfields Farm	Edge of Derby	Farmland	54.14	29.7	1,200	£18,704,852	£15,587
Boulton Moor	Edge of Derby	Farmland	86.12	49.73	1,948	£20,848,430	£10,702
Chellaston Fields	Edge of Derby	Farmland	22	13.72	450	£4,642,996	£10,318
Wragley Way	Edge of Derby	Farmland	82.03	36.09	1,950	£14,098,430	£7,230
Primula Way	Edge of Derby	Farmland	27.84	11.8	500	£4,444,114	£8,888
Holmleigh Way	Edge of Derby	Farmland	6.4	3.71	119	£4,133,689	£34,737
Hackwood Farm	Edge of Derby	Farmland	16.12	7.43	290	£3,372,448	£11,629
					11,433	£113,861,298	£9,959

Source: SDDC March 2015

10.23 The costs vary very considerably from as low as £1,460 per unit on the Council Depot site at Swadlincote, to over £34,000 at the Holmleigh Way site near Derby.

**Table 10.7 Residual Values,
varied Developer Contributions and Affordable Housing**

15% Affordable Housing			Alternative Use Value	Viability Threshold	Residual Value									
					£0	£2,500	£5,000	£7,500	£10,000	£12,500	£15,000	£17,500	£20,000	
1	UE Greenfield	Edge of Derby	Green	20,000	324,000	604,204	569,741	534,884	500,026	465,169	430,311	395,454	360,280	324,592
2	V Large Greenfield	Edge of Derby	Green	20,000	324,000	705,725	665,382	625,038	584,695	544,352	504,008	463,665	423,322	382,978
3	Large Greenfield	Edge of Derby	Green	20,000	324,000	718,820	675,198	631,576	587,955	544,333	500,712	457,090	413,469	369,847
4	V Large Greenfield	Swadlincote	Green	20,000	324,000	705,725	665,382	625,038	584,695	544,352	504,008	463,665	423,322	382,978
5	Large Greenfield	Swadlincote	Green	20,000	324,000	720,706	677,085	633,463	589,842	546,220	502,598	458,977	415,355	371,734
6	UE Brownfield	Edge of Burton	60% Brown	248,000	297,600	481,874	448,093	414,312	380,531	346,383	311,839	277,295	242,306	206,859
7	V Large Brownfield	Villages	Brown	400,000	480,000	527,837	486,828	445,212	403,206	361,201	319,195	277,190	235,184	193,179
8	Medium Greenfield	Medium Zone	Green	20,000	324,000	538,850	493,285	447,720	402,156	356,591	311,026	265,461	219,897	175,992
9	Larger Housing	Higher Zone	Green	20,000	324,000	933,089	887,620	842,151	796,682	751,213	705,744	660,275	614,806	569,337
10	Smaller Greenfield	Medium Zone	Green	20,000	324,000	939,268	887,446	835,624	783,801	738,951	686,635	634,319	582,003	529,688
11	Medium Urban	Medium Zone	Brown	20,000	324,000	717,990	661,908	605,825	549,743	493,660	437,578	385,164	328,542	271,920
12	Medium Urban	Higher Zone	Brown	20,000	324,000	931,999	876,446	820,892	772,628	716,546	660,463	604,381	548,298	492,216
13	Sub Threshold, Green	Sub-Threshold	Green	50,000	360,000	1,329,931	1,283,014	1,236,097	1,189,180	1,142,263	1,105,878	1,058,510	1,011,141	963,773
14	Sub Threshold, Green	Sub-Threshold	Green	50,000	360,000	1,151,961	1,115,623	1,079,285	1,042,947	1,006,609	970,271	933,934	897,596	861,258
15	Sub Threshold, Brown	Sub-Threshold	Brown	400,000	480,000	1,417,425	1,346,373	1,275,320	1,204,268	1,133,216	1,062,164	991,111	920,059	849,007
16	Sub Threshold, Brown	Sub-Threshold	Brown	400,000	480,000	1,701,270	1,610,425	1,534,626	1,442,882	1,351,138	1,259,393	1,167,649	1,075,905	984,161

20% Affordable Housing			Alternative Use Value	Viability Threshold	Residual Value									
					£0	£2,500	£5,000	£7,500	£10,000	£12,500	£15,000	£17,500	£20,000	
1	UE Greenfield	Edge of Derby	Green	20,000	324,000	549,538	514,681	479,824	444,966	410,109	375,251	339,907	304,219	268,531
2	V Large Greenfield	Edge of Derby	Green	20,000	324,000	641,926	601,582	561,239	520,896	480,552	440,209	399,866	359,522	318,932
3	Large Greenfield	Edge of Derby	Green	20,000	324,000	652,114	608,492	564,871	521,249	477,627	434,006	390,384	346,763	303,141
4	V Large Greenfield	Swadlincote	Green	20,000	324,000	641,926	601,582	561,239	520,896	480,552	440,209	399,866	359,522	318,932
5	Large Greenfield	Swadlincote	Green	20,000	324,000	654,001	610,379	566,757	523,136	479,514	435,893	392,271	348,649	305,028
6	UE Brownfield	Edge of Burton	60% Brown	248,000	297,600	429,473	395,692	361,911	327,628	293,084	258,540	223,300	187,853	151,955
7	V Large Brownfield	Villages	Brown	400,000	480,000	464,593	422,833	380,828	338,822	296,817	254,812	212,806	170,461	127,083
8	Medium Greenfield	Medium Zone	Green	20,000	324,000	471,982	426,417	380,853	335,288	289,723	244,158	200,485	154,486	108,488
9	Larger Housing	Higher Zone	Green	20,000	324,000	852,623	807,154	761,685	716,216	670,747	625,278	579,809	534,340	488,871
10	Smaller Greenfield	Medium Zone	Green	20,000	324,000	853,508	801,686	749,864	704,690	652,374	600,058	547,742	495,427	443,111
11	Medium Urban	Medium Zone	Brown	20,000	324,000	628,820	572,738	516,656	460,573	404,491	351,758	295,137	238,515	185,406
12	Medium Urban	Higher Zone	Brown	20,000	324,000	836,371	788,254	732,171	676,089	620,006	563,924	507,842	451,759	399,481
13	Sub Threshold, Green	Sub-Threshold	Green	50,000	360,000	1,329,931	1,283,014	1,236,097	1,189,180	1,142,263	1,105,878	1,058,510	1,011,141	963,773
14	Sub Threshold, Green	Sub-Threshold	Green	50,000	360,000	1,151,961	1,115,623	1,079,285	1,042,947	1,006,609	970,271	933,934	897,596	861,258
15	Sub Threshold, Brown	Sub-Threshold	Brown	400,000	480,000	1,417,425	1,346,373	1,275,320	1,204,268	1,133,216	1,062,164	991,111	920,059	849,007
16	Sub Threshold, Brown	Sub-Threshold	Brown	400,000	480,000	1,701,270	1,610,425	1,534,626	1,442,882	1,351,138	1,259,393	1,167,649	1,075,905	984,161

25% Affordable Housing			Alternative Use Value	Viability Threshold	Residual Value									
					£0	£2,500	£5,000	£7,500	£10,000	£12,500	£15,000	£17,500	£20,000	
1	UE Greenfield	Edge of Derby	Green	20,000	324,000	494,478	459,621	424,763	389,906	355,049	319,534	283,846	248,158	212,470
2	V Large Greenfield	Edge of Derby	Green	20,000	324,000	578,127	537,783	497,440	457,097	416,753	376,410	336,067	295,160	253,712
3	Large Greenfield	Edge of Derby	Green	20,000	324,000	585,408	541,786	498,165	454,543	410,922	367,300	323,678	280,057	236,435
4	V Large Greenfield	Swadlincote	Green	20,000	324,000	578,127	537,783	497,440	457,097	416,753	376,410	336,067	295,160	253,712
5	Large Greenfield	Swadlincote	Green	20,000	324,000	587,295	543,673	500,051	456,430	412,808	369,187	325,565	281,944	238,322
6	UE Brownfield	Edge of Burton	60% Brown	248,000	297,600	377,072	343,291	308,873	274,329	239,742	204,294	168,847	132,570	96,066
7	V Large Brownfield	Villages	Brown	400,000	480,000	400,455	358,450	316,444	274,439	232,433	190,428	147,574	104,195	61,397
8	Medium Greenfield	Medium Zone	Green	20,000	324,000	405,115	359,550	313,985	268,420	222,856	178,979	132,981	87,818	42,189
9	Larger Housing	Higher Zone	Green	20,000	324,000	772,157	726,688	681,219	636,750	590,281	544,812	499,343	453,874	408,405
10	Smaller Greenfield	Medium Zone	Green	20,000	324,000	767,748	722,744	670,429	618,113	565,797	513,481	461,166	408,850	359,963
11	Medium Urban	Medium Zone	Brown	20,000	324,000	539,651	483,568	427,486	374,975	318,353	261,731	205,109	151,399	94,595
12	Medium Urban	Higher Zone	Brown	20,000	324,000	747,797	691,715	635,632	579,550	523,467	467,385	411,302	358,636	302,014
13	Sub Threshold, Green	Sub-Threshold	Green	50,000	360,000	1,329,931	1,283,014	1,236,097	1,189,180	1,142,263	1,105,878	1,058,510	1,011,141	963,773
14	Sub Threshold, Green	Sub-Threshold	Green	50,000	360,000	1,151,961	1,115,623	1,079,285	1,042,947	1,006,609	970,271	933,934	897,596	861,258
15	Sub Threshold, Brown	Sub-Threshold	Brown	400,000	480,000	1,417,425	1,346,373	1,275,320	1,204,268	1,133,216	1,062,164	991,111	920,059	849,007
16	Sub Threshold, Brown	Sub-Threshold	Brown	400,000	480,000	1,701,270	1,610,425	1,534,626	1,442,882	1,351,138	1,259,393	1,167,649	1,075,905	984,161

30% Affordable Housing			Alternative Use Value	Viability Threshold	Residual Value									
					£0	£2,500	£5,000	£7,500	£10,000	£12,500	£15,000	£17,500	£20,000	
1	UE Greenfield	Edge of Derby	Green	20,000	324,000	439,418	404,561	369,703	334,846	299,161	263,473	227,785	191,896	155,176
2	V Large Greenfield	Edge of Derby	Green	20,000	324,000	514,327	473,984	433,641	393,297	352,954	312,611	271,389	229,940	188,492
3	Large Greenfield	Edge of Derby	Green	20,000	324,000	518,702	475,080	431,459	387,837	344,216	300,594	256,973	213,351	169,729
4	V Large Greenfield	Swadlincote	Green	20,000	324,000	514,327	473,984	433,641	393,297	352,954	312,611	271,389	229,940	188,492
5	Large Greenfield	Swadlincote	Green	20,000	324,000	520,589	476,967	433,346	389,724	346,102	302,481	258,859	215,238	171,616
6	UE Brownfield	Edge of Burton	60% Brown	248,000	297,600	324,662	290,118	255,574	220,736	185,288	149,688	113,184	76,267	38,539
7	V Large Brownfield	Villages	Brown	400,000	480,000	336,072	294,066	252,061	210,055	168,050	124,686	81,308	38,291	-6,144
8	Medium Greenfield	Medium Zone	Green	20,000	324,000	338,247	292,682	247,118	203,472	157,474	111,475	66,106	20,249	-27,571
9	Larger Housing	Higher Zone	Green	20,000	324,000	691,691	646,222	600,753	555,284	509,815	464,346	418,877	373,408	327,939
10	Smaller Greenfield	Medium Zone	Green	20,000	324,000	688,483	636,168	583,852	531,536	479,220	426,905	374,589	325,372	272,553
11	Medium Urban	Medium Zone	Brown	20,000	324,000	450,481	398,191	341,569	284,947	228,326	175,071	117,339	60,197	1,894
12	Medium Urban	Higher Zone	Brown	20,000	324,000	651,258	595,175	539,093	483,011	426,928	374,412	317,790	261,168	204,547
13	Sub Threshold, Green	Sub-Threshold	Green	50,000	360,000	1,329,931	1,283,014	1,236,097	1,189,180	1,142,263	1,105,878	1,058,510	1,011,141	963,773
14	Sub Threshold, Green	Sub-Threshold	Green	50,000	360,000	1,151,961	1,115,623	1,079,285	1,042,947	1,006,609	970,271	933,934	897,596	861,258
15	Sub Threshold, Brown	Sub-Threshold	Brown	400,000	480,000	1,417,425	1,346,373	1,275,320	1,204,268	1,133,216	1,062,164	991,111	920,059	849,007
16	Sub Threshold, Brown	Sub-Threshold	Brown	400,000	480,000	1,701,270	1,610,425	1,534,626	1,442,882	1,351,138	1,259,393	1,167,649	1,075,905	984,161

Source: SDDC Plan-wide Viability Review, HDH May 2015

- 10.24 In all the above analysis the Affordable Housing is assumed to be delivered as 30% Intermediate Housing, 5% Affordable Rent, 65% Social Rent. We understand from the Council that they take a more nuanced approach, tailoring the mix of housing to the more local needs. In addition we understand that there is a general preference amongst Registered Providers for affordable housing under the Affordable rent tenure.
- 10.25 In the following table we have set out the results of the appraisals where the affordable housing is provided as 30% Intermediate Housing, 70% Affordable Rent but no Social Rent.
- 10.26 The results in with the 30% Intermediate Housing, 5% Affordable Rent, 65% Social Rent mix are as for the last group of results in the table above, but are compared to allow easy comparison.

Table 10.8 Residual Values
with 30% Affordable Housing as alternative mixes

30% Affordable Housing (30% Intermediate Housing, 5% Affordable Rent, 65% Social Rent)		Alternative Use Value	Viability Threshold	Residual Value	£2,500	£5,000	£7,500	£10,000	£12,500	£15,000	£17,500	£20,000
1	UE Greenfield	Edge of Derby	Green	324,000	439,418	369,703	334,846	299,161	263,161	227,785	191,896	155,176
2	V Large Greenfield	Edge of Derby	Green	324,000	514,327	433,641	393,297	352,954	312,611	271,389	229,940	188,492
3	Large Greenfield	Edge of Derby	Green	324,000	518,702	431,459	387,837	344,216	300,594	256,973	213,351	169,729
4	V Large Greenfield	Swadlincote	Green	324,000	514,327	433,641	393,297	352,954	312,611	271,389	229,940	188,492
5	Large Greenfield	Swadlincote	Green	324,000	520,589	433,346	389,724	346,102	302,481	258,859	215,238	171,616
6	UE Brownfield	Edge of Burton	60% Brown	297,600	324,662	290,118	255,574	220,736	185,288	149,688	113,184	76,267
7	V Large Brownfield	Villages	Brown	480,000	336,072	294,066	252,061	210,055	168,050	124,686	81,308	-6,144
8	Medium Greenfield	Medium Zone	Green	324,000	338,247	292,682	247,118	203,472	157,474	111,475	66,106	20,249
9	Larger Housing	Higher Zone	Green	324,000	691,691	646,222	600,753	555,284	509,815	464,346	418,877	373,408
10	Smaller Greenfield	Medium Zone	Green	324,000	688,483	636,168	583,852	531,536	479,220	426,905	374,589	325,372
11	Medium Urban	Medium Zone	Brown	324,000	450,481	398,191	341,569	284,947	228,326	175,071	117,339	60,197
12	Medium Urban	Higher Zone	Brown	324,000	651,258	595,175	539,093	483,011	426,928	374,412	317,790	261,168
13	Sub Threshold, Green	Sub-Threshold	Green	360,000	1,329,931	1,283,014	1,236,097	1,189,180	1,142,263	1,105,878	1,058,510	1,011,141
14	Sub Threshold, Green	Sub-Threshold	Green	360,000	1,151,961	1,115,623	1,079,285	1,042,947	1,006,609	970,271	933,934	897,596
15	Sub Threshold, Brown	Sub-Threshold	Brown	480,000	1,417,425	1,346,373	1,275,320	1,204,268	1,133,216	1,062,164	991,111	920,059
16	Sub Threshold, Brown	Sub-Threshold	Brown	480,000	1,701,270	1,610,425	1,534,626	1,442,882	1,351,138	1,259,393	1,167,649	1,075,905
30% Affordable Housing (30% Intermediate Housing, 70% Affordable Rent, 0% Social Rent)		Alternative Use Value	Viability Threshold	Residual Value	£2,500	£5,000	£7,500	£10,000	£12,500	£15,000	£17,500	£20,000
1	UE Greenfield	Edge of Derby	Green	324,000	492,838	423,123	388,266	353,409	317,929	282,241	246,553	210,865
2	V Large Greenfield	Edge of Derby	Green	324,000	575,984	495,297	454,954	414,610	374,267	333,924	293,038	251,590
3	Large Greenfield	Edge of Derby	Green	324,000	583,593	496,350	452,729	409,107	365,486	321,864	278,242	234,621
4	V Large Greenfield	Swadlincote	Green	324,000	575,984	495,297	454,954	414,610	374,267	333,924	293,038	251,590
5	Large Greenfield	Swadlincote	Green	324,000	585,480	498,237	454,615	410,994	367,372	323,751	280,129	236,508
6	UE Brownfield	Edge of Burton	60% Brown	297,600	376,719	342,938	308,579	274,034	239,490	204,047	168,600	132,358
7	V Large Brownfield	Villages	Brown	480,000	400,456	358,451	316,445	274,440	232,434	190,429	147,628	104,250
8	Medium Greenfield	Medium Zone	Green	324,000	404,426	358,862	313,297	267,732	222,167	178,285	132,286	87,117
9	Larger Housing	Higher Zone	Green	324,000	767,781	722,312	676,843	631,374	585,905	540,436	494,967	449,498
10	Smaller Greenfield	Medium Zone	Green	324,000	762,443	717,389	665,073	612,757	560,442	508,126	455,810	403,495
11	Medium Urban	Medium Zone	Brown	324,000	537,550	481,468	425,385	372,854	316,232	259,611	202,989	149,237
12	Medium Urban	Higher Zone	Brown	324,000	743,551	687,469	631,386	575,304	519,222	463,139	407,057	354,349
13	Sub Threshold, Green	Sub-Threshold	Green	360,000	1,329,931	1,283,014	1,236,097	1,189,180	1,142,263	1,105,878	1,058,510	1,011,141
14	Sub Threshold, Green	Sub-Threshold	Green	360,000	1,151,961	1,115,623	1,079,285	1,042,947	1,006,609	970,271	933,934	897,596
15	Sub Threshold, Brown	Sub-Threshold	Brown	480,000	1,417,425	1,346,373	1,275,320	1,204,268	1,133,216	1,062,164	991,111	920,059
16	Sub Threshold, Brown	Sub-Threshold	Brown	480,000	1,701,270	1,610,425	1,534,626	1,442,882	1,351,138	1,259,393	1,167,649	1,075,905

Source: SDDC Plan-wide Viability Review, HDH May 2015

10.27 The results are notably better with the affordable housing provided as the higher value Affordable Rent rather than the lower value Social Rent. This indicates that where viability is tight on a site, there is likely to be scope to alter the mix of affordable housing rather than to simply reduce the requirements to achieve delivery.

Impact of Price and Cost Change

- 10.28 It is important that, whatever policies are adopted, the Plan is not unduly sensitive to future changes in prices and costs. We have therefore tested various variables in this regard. We have followed the time horizons set out in the NPPF and in the methodology in the Harman Guidance.
- 10.29 In this report we have used the build costs produced by BCIS. As well as producing estimates of build costs, BCIS also produce various indices and forecasts to track and predict how build costs may change over time. The BCIS forecasts an increase of just over 15% in prices over the next 5 years³⁵. We have tested a scenario with this increase in build costs.
- 10.30 As set out in Chapter 4, we are in a current period of uncertainty in the property market. It is not the purpose of this report to predict the future of the market. We have therefore tested four price change scenarios, minus 10% and 5%, and plus 10% and 5%. In this analysis we have assumed all other matters in the base appraisals remain unchanged.
- 10.31 It is important to note that in the following table only the costs of construction and the value of the market housing are altered.
- 10.32 In this analysis it is necessary to make an assumption about developer contributions. Elsewhere in this report we have set out that, in addition to a 30% affordable housing requirement, that there is scope for developer contributions. At the time of this report no decision has been made by the Council, as to the level of CIL that may be introduced or whether differential rates would be used. In the following tables, we have assumed a payment of £2,500 per unit (market and affordable) is applied to housing. In due course the Council will weigh up the viability evidence and other factors before settling on rates of CIL.

³⁵ See Table 1.1 (Page 6) of in *Quarterly Review of Building Prices* (Issue No 136 – February 2015)

- 10.33 The analysis demonstrates that a relatively small fall in prices will adversely impact on the deliverability of the smaller brownfield sites. The vast majority of land allocated for housing is greenfield land so the impact on the delivery of the overall Plan would be minimal.
- 10.34 It is clear, across all sites, that the relatively small changes in price and costs can have a significant impact on the Residual Value and that there is sensitivity to changes in prices and costs. This is particularly important when it comes to considering larger sites that will be delivered over many years through multiple phases. In situations on larger sites, where developers make a case for a lower affordable housing requirement on the grounds of viability, we would recommend that a review mechanism is incorporated to allow the affordable housing requirements be adjusted over the life of the project.

Older People's Housing

- 10.35 As well as mainstream housing, we have considered the sheltered and extracare sectors separately. Appraisals were run for a range of affordable housing requirements. The results of these are summarised as follows. In each case allowance has been made for a s106 developer contribution of £50,000. The full appraisals are set out in **Appendix 4** below.

Table 10.10 Older People's Housing, Appraisal Results

Swadlincote												
Greenfield		Sheltered	10%	20%	30%	40%	Extra Care	0%	10%	20%	30%	40%
	AFFORDABLE %											
	Residual Land Worth	Site	-1,880,281	-2,121,176	-2,362,071	-2,602,966	-2,652,622	-2,904,371	-3,156,120	-3,407,869	-3,659,617	
	Existing Use Value	E/ha	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	
	Viability Threshold	E/ha	324,000	324,000	324,000	324,000	324,000	324,000	324,000	324,000	324,000	
	Residual Value	E/ha	-3,760,561	-4,242,351	-4,724,142	-5,205,932	-5,305,245	-5,808,742	-6,312,240	-6,815,737	-7,319,235	
		Sheltered					Extra Care					
	AFFORDABLE %		10%	20%	30%	40%		0%	10%	20%	30%	40%
	Residual Land Worth	Site	-1,997,056	-2,237,951	-2,478,846	-2,719,741	-2,793,513	-3,045,261	-3,297,010	-3,548,759	-3,800,508	
	Existing Use Value	E/ha	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	
	Viability Threshold	E/ha	480,000	480,000	480,000	480,000	480,000	480,000	480,000	480,000	480,000	
	Residual Value	E/ha	-3,994,112	-4,475,902	-4,957,692	-5,439,483	-5,587,025	-6,090,523	-6,594,020	-7,097,518	-7,601,015	
		Sheltered					40 Unit Extra Care					
	AFFORDABLE %		10%	20%	30%	40%		0%	10%	20%	30%	40%
	Residual Land Worth	Site	-532,859	-816,837	-1,100,814	-1,384,791	-1,565,726	-1,863,030	-2,160,333	-2,457,636	-2,754,940	
	Existing Use Value	E/ha	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	
	Viability Threshold	E/ha	324,000	324,000	324,000	324,000	324,000	324,000	324,000	324,000	324,000	
	Residual Value	E/ha	-1,065,719	-1,633,673	-2,201,628	-2,769,582	-3,131,453	-3,726,060	-4,320,666	-4,915,273	-5,509,880	
		Sheltered					Extra Care					
	AFFORDABLE %		10%	20%	30%	40%		0%	10%	20%	30%	40%
	Residual Land Worth	Site	-629,814	-913,791	-1,197,768	-1,481,745	-1,691,447	-1,988,751	-2,286,054	-2,583,357	-2,880,661	
	Existing Use Value	E/ha	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	
	Viability Threshold	E/ha	480,000	480,000	480,000	480,000	480,000	480,000	480,000	480,000	480,000	
	Residual Value	E/ha	-1,259,627	-1,827,582	-2,395,536	-2,963,491	-3,382,894	-3,977,501	-4,572,108	-5,166,714	-5,761,321	

Source: SDDC Plan-wide Viability Review, HDH May 2015

- 10.36 Neither sheltered housing nor extracare housing is shown as viable on greenfield or brownfield sites and also when subject to the affordable housing requirement.

11. Non-Residential Appraisal Results

- 11.1 In the preceding chapters we set out the assumptions for the non-residential development appraisals and concluded – at least initially – that the main cost and income assumptions apply across the Borough. Based on the assumptions set out previously, we have run a set of development financial appraisals for the non-residential development types. The detailed appraisal results are set out in **Appendix 5** and summarised in the tables below.
- 11.2 As with the residential appraisals, we have used the residual valuation approach – that is, they are designed to assess the site value after taking into account the costs of development, the likely income from sales and/or rents and an appropriate amount of developer's profit. The payment would represent the sum paid in a single tranche on the acquisition of a site. In order for the proposed development to be described as viable, it is necessary for this value to exceed the value from an alternative use. To assess viability we have used exactly the same methodology with regard to the Viability Thresholds (EUVplus uplift).

Table 11.1 Appraisal Results showing Approximate Residual Value					
Greenfield					
		Industrial	Offices	Distribution	
Residual Land Worth	£/ha	-711,382	-550,771	264,156	
Existing Use Value	£/ha	20,000	20,000	20,000	
Viability Threshold	£/ha	324,000	324,000	324,000	
Residual Value	£/site	-4,695,124	-6,609,255	264,156	
Brownfield					
		Industrial	Offices	Distribution	
Residual Land Worth	£/ha	-624,000	-586,576	669,250	
Existing Use Value	£/ha	400,000	400,000	400,000	
Viability Threshold	£/ha	400,000	400,000	400,000	
Residual Value	£/site	-4,118,403	-7,038,908	669,250	

Source: SDDC Plan-wide Viability Review, HDH April 2015

- 11.3 Little redevelopment of employment sites (industrial and office) is occurring and when one looks across the wider area, the employment development that is happening tends to be on the larger out of town 'parks'. Neither have the capacity to bear CIL.
- 11.4 As we would expect, hotel development is not shown as viable.

Conclusions

- 11.5 It is clear that non-residential development is challenging in the current market, but it is improving. We would urge caution in relation to setting policy requirements for employment uses that would unduly impact on viability.

12. Conclusions

- 12.2 This document sets out the methodology used, the key assumptions adopted, and the results, and has been prepared to assist the Council with the assessment of the viability of the emerging **South Derbyshire Local Plan, Part 1** (March 2014). The NPPF, the PPG, the CIL Guidance and the Harman Viability Guidance all require stakeholder engagement – particularly with members of the development industry.

Cumulative Impact of Policies

- 12.3 In Chapter 10 we set out the results of a range of appraisals considering the impact on viability of individual policies and the different levels of developer contributions that residential development can bear. The purpose of this analysis is to inform the plan-making process. As set out in Chapter 2 above, the NPPF introduced a requirement to assess the viability of the delivery of Local Plan and the impact on development of policies contained within it saying:

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.

- 12.4 This needs to be considered in the fourth bullet point of paragraph 182 of the NPPF that requires that the Plan is *effective*.

- 12.5 The other purpose is in the context of CIL to assess the 'effects' on development viability of the imposition of CIL – Regulation 14 of the CIL Regulations says:

'councils must strike an appropriate balance between (a) the desirability of funding from CIL (in whole or in part) the actual and expected estimated total cost of infrastructure required to support the development of its area, taking into account other actual and expected sources of funding; and (b) the potential effects (taken as a whole) of the imposition of CIL on the economic viability'.

Residential Development

- 12.6 In the appraisals set out in Chapter 10 above, the typologies were modelled and appraised relative to their ability to bear the Council's affordable housing and requirements and to pay developer contributions. It is clear from Table 10.7, that as the level of developer contribution and the level of affordable housing increases, the Residual Value decreases.

**Table 12.1 Residual Values,
varied Developer Contributions and Affordable Housing**

15% Affordable Housing			Alternative Use Value	Viability Threshold	Residual Value									
					£0	£2,500	£5,000	£7,500	£10,000	£12,500	£15,000	£17,500	£20,000	
1	UE Greenfield	Edge of Derby	Green	20,000	324,000	604,204	569,741	534,884	500,026	465,169	430,311	395,454	360,280	324,592
2	V Large Greenfield	Edge of Derby	Green	20,000	324,000	705,725	665,382	625,038	584,695	544,352	504,008	463,665	423,322	382,978
3	Large Greenfield	Edge of Derby	Green	20,000	324,000	718,820	675,198	631,576	587,955	544,333	500,712	457,090	413,469	369,847
4	V Large Greenfield	Swadlincote	Green	20,000	324,000	705,725	665,382	625,038	584,695	544,352	504,008	463,665	423,322	382,978
5	Large Greenfield	Swadlincote	Green	20,000	324,000	720,706	677,085	633,463	589,842	546,220	502,598	458,977	415,355	371,734
6	UE Brownfield	Edge of Burton	60% Brown	248,000	297,600	481,874	448,093	414,312	380,531	346,383	311,839	277,295	242,306	206,859
7	V Large Brownfield	Villages	Brown	400,000	480,000	527,837	486,828	445,212	403,206	361,201	319,195	277,190	235,184	193,179
8	Medium Greenfield	Medium Zone	Green	20,000	324,000	538,850	493,285	447,720	402,156	356,591	311,026	265,461	219,897	175,992
9	Larger Housing	Higher Zone	Green	20,000	324,000	933,089	887,620	842,151	796,682	751,213	705,744	660,275	614,806	569,337
10	Smaller Greenfield	Medium Zone	Green	20,000	324,000	939,268	887,446	835,624	783,801	738,951	686,635	634,319	582,003	529,688
11	Medium Urban	Medium Zone	Brown	20,000	324,000	717,990	661,908	605,825	549,743	493,660	437,578	385,164	328,542	271,920
12	Medium Urban	Higher Zone	Brown	20,000	324,000	931,999	876,446	820,892	772,628	716,546	660,463	604,381	548,298	492,216
13	Sub Threshold, Green	Sub-Threshold	Green	50,000	360,000	1,329,931	1,283,014	1,236,097	1,189,180	1,142,263	1,105,878	1,058,510	1,011,141	963,773
14	Sub Threshold, Green	Sub-Threshold	Green	50,000	360,000	1,151,961	1,115,623	1,079,285	1,042,947	1,006,609	970,271	933,934	897,596	861,258
15	Sub Threshold, Brown	Sub-Threshold	Brown	400,000	480,000	1,417,425	1,346,373	1,275,320	1,204,268	1,133,216	1,062,164	991,111	920,059	849,007
16	Sub Threshold, Brown	Sub-Threshold	Brown	400,000	480,000	1,701,270	1,610,425	1,534,626	1,442,882	1,351,138	1,259,393	1,167,649	1,075,905	984,161

20% Affordable Housing			Alternative Use Value	Viability Threshold	Residual Value									
					£0	£2,500	£5,000	£7,500	£10,000	£12,500	£15,000	£17,500	£20,000	
1	UE Greenfield	Edge of Derby	Green	20,000	324,000	549,538	514,681	479,824	444,966	410,109	375,251	339,907	304,219	268,531
2	V Large Greenfield	Edge of Derby	Green	20,000	324,000	641,926	601,582	561,239	520,896	480,552	440,209	399,866	359,522	318,932
3	Large Greenfield	Edge of Derby	Green	20,000	324,000	652,114	608,492	564,871	521,249	477,627	434,006	390,384	346,763	303,141
4	V Large Greenfield	Swadlincote	Green	20,000	324,000	641,926	601,582	561,239	520,896	480,552	440,209	399,866	359,522	318,932
5	Large Greenfield	Swadlincote	Green	20,000	324,000	654,001	610,379	566,757	523,136	479,514	435,893	392,271	348,649	305,028
6	UE Brownfield	Edge of Burton	60% Brown	248,000	297,600	429,473	395,692	361,911	327,628	293,084	258,540	223,300	187,853	151,955
7	V Large Brownfield	Villages	Brown	400,000	480,000	464,593	422,833	380,828	338,822	296,817	254,812	212,806	170,461	127,083
8	Medium Greenfield	Medium Zone	Green	20,000	324,000	471,982	426,417	380,853	335,288	289,723	244,158	200,485	154,486	108,488
9	Larger Housing	Higher Zone	Green	20,000	324,000	852,623	807,154	761,685	716,216	670,747	625,278	579,809	534,340	488,871
10	Smaller Greenfield	Medium Zone	Green	20,000	324,000	853,508	801,686	749,864	704,690	652,374	600,058	547,742	495,427	443,111
11	Medium Urban	Medium Zone	Brown	20,000	324,000	628,820	572,738	516,656	460,573	404,491	351,758	295,137	238,515	185,406
12	Medium Urban	Higher Zone	Brown	20,000	324,000	836,371	788,254	732,171	676,089	620,006	563,924	507,842	451,759	399,481
13	Sub Threshold, Green	Sub-Threshold	Green	50,000	360,000	1,329,931	1,283,014	1,236,097	1,189,180	1,142,263	1,105,878	1,058,510	1,011,141	963,773
14	Sub Threshold, Green	Sub-Threshold	Green	50,000	360,000	1,151,961	1,115,623	1,079,285	1,042,947	1,006,609	970,271	933,934	897,596	861,258
15	Sub Threshold, Brown	Sub-Threshold	Brown	400,000	480,000	1,417,425	1,346,373	1,275,320	1,204,268	1,133,216	1,062,164	991,111	920,059	849,007
16	Sub Threshold, Brown	Sub-Threshold	Brown	400,000	480,000	1,701,270	1,610,425	1,534,626	1,442,882	1,351,138	1,259,393	1,167,649	1,075,905	984,161

25% Affordable Housing			Alternative Use Value	Viability Threshold	Residual Value									
					£0	£2,500	£5,000	£7,500	£10,000	£12,500	£15,000	£17,500	£20,000	
1	UE Greenfield	Edge of Derby	Green	20,000	324,000	494,478	459,621	424,763	389,906	355,049	319,534	283,846	248,158	212,470
2	V Large Greenfield	Edge of Derby	Green	20,000	324,000	578,127	537,783	497,440	457,097	416,753	376,410	336,067	295,160	253,712
3	Large Greenfield	Edge of Derby	Green	20,000	324,000	585,408	541,786	498,165	454,543	410,922	367,300	323,678	280,057	236,435
4	V Large Greenfield	Swadlincote	Green	20,000	324,000	578,127	537,783	497,440	457,097	416,753	376,410	336,067	295,160	253,712
5	Large Greenfield	Swadlincote	Green	20,000	324,000	587,295	543,673	500,051	456,430	412,808	369,187	325,565	281,944	238,322
6	UE Brownfield	Edge of Burton	60% Brown	248,000	297,600	377,072	343,291	308,873	274,329	239,742	204,294	168,847	132,570	96,066
7	V Large Brownfield	Villages	Brown	400,000	480,000	400,455	358,450	316,444	274,439	232,433	190,428	147,574	104,195	61,397
8	Medium Greenfield	Medium Zone	Green	20,000	324,000	405,115	359,550	313,985	268,420	222,856	178,979	132,981	87,818	42,189
9	Larger Housing	Higher Zone	Green	20,000	324,000	772,157	726,688	681,219	635,750	590,281	544,812	499,343	453,874	408,405
10	Smaller Greenfield	Medium Zone	Green	20,000	324,000	767,748	722,744	670,429	618,113	565,797	513,481	461,166	408,850	359,963
11	Medium Urban	Medium Zone	Brown	20,000	324,000	539,651	483,568	427,486	374,975	318,353	261,731	205,109	151,399	94,595
12	Medium Urban	Higher Zone	Brown	20,000	324,000	747,797	691,715	635,632	579,550	523,467	467,385	411,302	358,636	302,014
13	Sub Threshold, Green	Sub-Threshold	Green	50,000	360,000	1,329,931	1,283,014	1,236,097	1,189,180	1,142,263	1,105,878	1,058,510	1,011,141	963,773
14	Sub Threshold, Green	Sub-Threshold	Green	50,000	360,000	1,151,961	1,115,623	1,079,285	1,042,947	1,006,609	970,271	933,934	897,596	861,258
15	Sub Threshold, Brown	Sub-Threshold	Brown	400,000	480,000	1,417,425	1,346,373	1,275,320	1,204,268	1,133,216	1,062,164	991,111	920,059	849,007
16	Sub Threshold, Brown	Sub-Threshold	Brown	400,000	480,000	1,701,270	1,610,425	1,534,626	1,442,882	1,351,138	1,259,393	1,167,649	1,075,905	984,161

30% Affordable Housing			Alternative Use Value	Viability Threshold	Residual Value									
					£0	£2,500	£5,000	£7,500	£10,000	£12,500	£15,000	£17,500	£20,000	
1	UE Greenfield	Edge of Derby	Green	20,000	324,000	439,418	404,561	369,703	334,846	299,161	263,473	227,785	191,896	155,176
2	V Large Greenfield	Edge of Derby	Green	20,000	324,000	514,327	473,984	433,641	393,297	352,954	312,611	271,389	229,940	188,492
3	Large Greenfield	Edge of Derby	Green	20,000	324,000	518,702	475,080	431,459	387,837	344,216	300,594	256,973	213,351	169,729
4	V Large Greenfield	Swadlincote	Green	20,000	324,000	514,327	473,984	433,641	393,297	352,954	312,611	271,389	229,940	188,492
5	Large Greenfield	Swadlincote	Green	20,000	324,000	520,589	476,967	433,346	389,724	346,102	302,481	258,859	215,238	171,616
6	UE Brownfield	Edge of Burton	60% Brown	248,000	297,600	324,662	290,118	255,574	220,736	185,288	149,688	113,184	76,267	38,539
7	V Large Brownfield	Villages	Brown	400,000	480,000	336,072	294,066	252,061	210,055	168,050	124,686	81,308	38,291	-6,144
8	Medium Greenfield	Medium Zone	Green	20,000	324,000	338,247	292,682	247,118	203,472	157,474	111,475	66,106	20,249	-27,571
9	Larger Housing	Higher Zone	Green	20,000	324,000	691,691	646,222	600,753	555,284	509,815	464,346	418,877	373,408	327,939
10	Smaller Greenfield	Medium Zone	Green	20,000	324,000	688,483	636,168	583,852	531,536	479,220	426,905	374,589	325,372	272,553
11	Medium Urban	Medium Zone	Brown	20,000	324,000	450,481	398,191	341,569	284,947	228,326	175,071	117,339	60,197	1,894
12	Medium Urban	Higher Zone	Brown	20,000	324,000	651,258	595,175	539,093	483,011	426,928	374,412	317,790	261,168	204,547
13	Sub Threshold, Green	Sub-Threshold	Green	50,000	360,000	1,329,931	1,283,014	1,236,097	1,189,180	1,				

Source: Table 10.7 SDDC Plan-wide Viability Review, HDH May 2015

- 12.7 At 30% affordable housing and with £2,500 per unit developer contributions, most typologies generate a residual value in excess of £470,000 per gross ha. This is the value over the whole site including areas of open space. Those sites that cannot are the brownfield sites in the lower value areas – in practice these will be those in the Swadlincote urban areas.
- 12.8 It is important that the development in the Plan is able to meet the costs of infrastructure to support that development, and to mitigate the impact of that development on the locality, through developer contributions (including work in kind). Both the provision of affordable housing and developer contributions are a direct cost on development, and the impact they have on viability is therefore related. If the scale of one contribution was to increase, the scheme's ability to bear the other would fall, and vice versa.
- 12.9 The test set out in the NPPF is whether the cumulative impact of the policies in the Plan puts the Development Plan at serious risk. It is not a requirement that each and every policy can be delivered in full on all sites. Most sites must be able to bear the Council's policy burden so that site by site viability testing at the development management stage is the exception rather than the rule.
- 12.10 Based on the analysis in the table above we confirm that the cumulative impact of the policies, including the 30% affordable housing and the site specific s106 costs, but excluding further infrastructure contributions, does not put the strategic sites at *serious risk*. It is however a concern that as the level of financial contribution increases over and above £7,500 or so, the Residual Value falls significantly reducing the cushion or margin by which the Residual Value exceeds the Viability Threshold.
- 12.11 To a large extent this reflects the Council's experience on the ground where it has a good record of achieving affordable housing on sites in the rural areas, however on brownfield sites in Swadlincote this has been more difficult. Although, in the context of the South Derbyshire Local Plan Part 1, very little development is anticipated on brownfield sites in the town.
- 12.12 As shown in the table above, and as would be expected, as the amount of affordable housing is reduced, the Residual Value increases. Similarly as the amount of developer contribution increases, the Residual Value is reduced. This is very much the experience of the Council when considering the larger development sites. About half of the strategic sites are approved and of the remaining about half are in the development management process. It is the Council's experience, that where there are significant infrastructure and mitigation costs, that it is necessary to be flexible over the amount of affordable housing in a particular scheme – and the affordable housing policy allows for this. It is clear that these sites are coming forward.
- 12.13 Based on the above **we confirm that the cumulative impact of the policies, including the 30% affordable housing, and developer contributions, does not put the residential development at *serious risk***. In this analysis we have not tested the rates of CIL recommended in the CIL Viability Study (£0/m², £35/m², £150/m²). We take this opportunity to highlight our concerns about the higher rate when considered with the 30% affordable requirement and recommend that this is revisited before the Council proceed with the Preliminary Draft Charging Schedule (PDCS).

Non-Residential Development

- 12.14 To a large extent the results as set out in Chapter 11 are reflective of the current market. Employment development is shown as being on the margins of viability and industrial development is shown as unviable, however this is not just a South Derbyshire issue – a finding supported by the fact that such development is only being brought forward to a limited extent on a speculative basis by the development industry. Where development is coming forward it tends to be from existing businesses for operational reasons – rather than to make a return through property development.
- 12.15 The analysis in this report is carried out in line with the Harman Guidance and in the context of the NPPF and PPG. To a large extent it assumes that development takes place for its own sake and is a goal in its own right. It assumes that a developer buys land, develops it and then disposes of it, in a series of steps with the sole aim of making a profit from the development. As set out in Chapters 2 and 3 above, the Guidance does not reflect the broad range of business models under which developers and landowners operate. Some developers have owned land for many years and are building a broad income stream over multiple properties over the long term. Such developers are able to release land for development at less than the arms-length value at which it may be released to third parties and take a long term view as to the direction of the market based on the prospects of an area and wider economic factors.
- 12.16 The lack of viability is not as a result of the cumulative impact of the Council's policies rendering development unviable through imposing layers of additional costs. The Council has few policies adding to the costs of development in this area. **We conclude that the cumulative impact of the Council's policies does not put employment uses at serious risk, however we also note that employment development has little capacity to bear developer contributions.**
- 12.17 The test of soundness of the Plan goes beyond simply demonstrating that the cumulative impact of the Council's policies does not put employment uses at serious risk. As set out in paragraph 174 of the NPPF it should also 'facilitate development throughout the economic cycle'. The Council is doing much in this regard already, including:
- a. Working closely with the LEP to secure infrastructure funding to support employment uses (amongst other things).
 - b. Working with Derbyshire County Council to ensure that the infrastructure to support employment uses is given appropriate priority – for example through co-operation through the CIL Regulation 123 infrastructure list.
- 12.18 Town centre retailing is unlikely to be viable. This is also reflective of the current market and again not as a result of the cumulative impact of the Council's policies. The Council have several policies seeking to further enhance the town centres.
- 12.19 The South Derbyshire area is a mixed area with some strong house prices but also some weaker ones, but on the whole it is able to support the Council's policy requirements.

- 12.20 Whilst some non-residential uses are not viable, they are not rendered unviable by the cumulative impact of the Council's policies, rather by the general market conditions. The employment uses (office and industrial), town centre retail and hotel uses are unlikely to be able to bear additional developer contributions, however supermarket and retail warehouse development is able to make significant contributions.

CIL and Developer Contributions

- 12.21 It necessary to reconsider CIL rates. This is largely due to increases in values in the non-residential sectors and increases in costs in the residential sector.

Review

- 12.22 It is clear from the direction of the market as set out in Chapter 4 above, and the improved sentiment, that the economy and property markets are improving. There is however some level of uncertainty. Bearing in mind the Council's wish to develop housing, and the requirements to fund infrastructure, it is our firm recommendation that the Council keeps viability under review and should the economics of development change significantly it should not hesitate to undertake a limited review of the Plan to adjust the affordable housing requirements or levels of developer contribution.
- 12.23 We recommend a review is undertaken three yearly or in the event of a 10% change house prices.

Appendix 1 – Land Registry Price Paid 1st April 2014 to 31st March 2015

price_paid	deed_date	postcode	property_type	saon	paon	street	locality	town
£100,000	12/12/2014	DE11 0SL	S		82	OVERSETTS ROAD	NEWHALL	SWADLINCOTE
£169,995	22/08/2014	DE11 7BG	D		5	SPODE DRIVE	WOODVILLE	SWADLINCOTE
£199,496	26/06/2014	DE11 7BH	D		35	DAVENPORT WAY	WOODVILLE	SWADLINCOTE
£205,000	25/07/2014	DE11 7BH	D		37	DAVENPORT WAY	WOODVILLE	SWADLINCOTE
£215,000	27/06/2014	DE11 7BH	D		39	DAVENPORT WAY	WOODVILLE	SWADLINCOTE
£205,995	27/06/2014	DE11 7BH	D		41	DAVENPORT WAY	WOODVILLE	SWADLINCOTE
£405,000	12/06/2014	DE11 7ET	D		39	WOODVILLE ROAD	HARTSHORNE	SWADLINCOTE
£120,000	14/11/2014	DE11 7JH	T		93	GRANVILLE STREET	WOODVILLE	SWADLINCOTE
£125,000	30/09/2014	DE11 7JH	T		97	GRANVILLE STREET	WOODVILLE	SWADLINCOTE
£99,950	19/09/2014	DE11 8BX	F		9	FREDERICK STREET	WOODVILLE	SWADLINCOTE
£144,950	26/06/2014	DE11 8DR	T		1	CALWICH CLOSE	WOODVILLE	SWADLINCOTE
£144,950	11/07/2014	DE11 8DR	T		3	CALWICH CLOSE	WOODVILLE	SWADLINCOTE
£125,000	17/10/2014	DE11 8DR	T		5	CALWICH CLOSE	WOODVILLE	SWADLINCOTE
£125,000	14/10/2014	DE11 8DR	S		9	CALWICH CLOSE	WOODVILLE	SWADLINCOTE
£130,000	11/07/2014	DE11 8ND	F	FLAT 6		HALL FARM ROAD		SWADLINCOTE
£127,500	30/05/2014	DE11 9AT	S		47	WESTON STREET		SWADLINCOTE
£199,995	27/06/2014	DE11 9BL	D		76	HOPE WAY	CHURCH GRESLEY	SWADLINCOTE
£142,500	25/04/2014	DE11 9BL	T		82	HOPE WAY	CHURCH GRESLEY	SWADLINCOTE
£140,995	16/05/2014	DE11 9BL	T		84	HOPE WAY	CHURCH GRESLEY	SWADLINCOTE
£169,995	25/04/2014	DE11 9BL	T		86	HOPE WAY	CHURCH GRESLEY	SWADLINCOTE
£146,995	30/05/2014	DE11 9BL	S		88	HOPE WAY	CHURCH GRESLEY	SWADLINCOTE
£169,995	16/05/2014	DE11 9BL	S		90	HOPE WAY	CHURCH GRESLEY	SWADLINCOTE
£171,495	30/05/2014	DE11 9BL	S		92	HOPE WAY	CHURCH GRESLEY	SWADLINCOTE
£169,995	23/05/2014	DE11 9BL	S		94	HOPE WAY	CHURCH GRESLEY	SWADLINCOTE
£326,495	17/04/2014	DE11 9FF	D		11	PAISLEY WALK	CHURCH GRESLEY	SWADLINCOTE
£317,995	04/04/2014	DE11 9FF	D		15	PAISLEY WALK	CHURCH GRESLEY	SWADLINCOTE
£249,995	19/12/2014	DE11 9FS	D		9	BEXLEY DRIVE	CHURCH GRESLEY	SWADLINCOTE
£189,995	19/12/2014	DE11 9FU	T		1	ABERDEEN CLOSE	CHURCH GRESLEY	SWADLINCOTE
£179,995	26/09/2014	DE11 9GD	S		33	EDINBURGH ROAD	CHURCH GRESLEY	SWADLINCOTE

£174,995	26/09/2014	DE11 9GD	S			35	EDINBURGH ROAD	CHURCH GRESLEY	SWADLINCOTE
£174,995	26/09/2014	DE11 9GD	S			37	EDINBURGH ROAD	CHURCH GRESLEY	SWADLINCOTE
£179,995	23/05/2014	DE11 9GD	D			50	EDINBURGH ROAD	CHURCH GRESLEY	SWADLINCOTE
£184,995	30/05/2014	DE11 9GL	D			56	SUFFOLK WAY	CHURCH GRESLEY	SWADLINCOTE
£244,995	27/06/2014	DE11 9GL	D			58	SUFFOLK WAY	CHURCH GRESLEY	SWADLINCOTE
£224,495	27/06/2014	DE11 9GL	D			60	SUFFOLK WAY	CHURCH GRESLEY	SWADLINCOTE
£226,995	27/06/2014	DE11 9GL	D			62	SUFFOLK WAY	CHURCH GRESLEY	SWADLINCOTE
£300,000	27/06/2014	DE11 9GL	D			64	SUFFOLK WAY	CHURCH GRESLEY	SWADLINCOTE
£234,995	27/06/2014	DE11 9GL	D			66	SUFFOLK WAY	CHURCH GRESLEY	SWADLINCOTE
£224,995	27/06/2014	DE11 9GL	D			68	SUFFOLK WAY	CHURCH GRESLEY	SWADLINCOTE
£184,995	29/08/2014	DE11 9GL	D			70	SUFFOLK WAY	CHURCH GRESLEY	SWADLINCOTE
£124,995	27/06/2014	DE11 9GL	S			74	SUFFOLK WAY	CHURCH GRESLEY	SWADLINCOTE
£129,995	27/06/2014	DE11 9GL	S			76	SUFFOLK WAY	CHURCH GRESLEY	SWADLINCOTE
£186,995	29/08/2014	DE11 9GL	D			84	SUFFOLK WAY	CHURCH GRESLEY	SWADLINCOTE
£229,995	22/08/2014	DE11 9GL	D			86	SUFFOLK WAY	CHURCH GRESLEY	SWADLINCOTE
£170,000	27/08/2014	DE11 9GN	S			21	LEWISHAM DRIVE	CHURCH GRESLEY	SWADLINCOTE
£155,000	03/07/2014	DE11 9GN	S			24	LEWISHAM DRIVE	CHURCH GRESLEY	SWADLINCOTE
£152,000	11/04/2014	DE11 9GN	S			26	LEWISHAM DRIVE	CHURCH GRESLEY	SWADLINCOTE
£182,000	25/07/2014	DE11 9GN	S			27	LEWISHAM DRIVE	CHURCH GRESLEY	SWADLINCOTE
£175,000	25/07/2014	DE11 9GN	S			29	LEWISHAM DRIVE	CHURCH GRESLEY	SWADLINCOTE
£209,995	25/07/2014	DE11 9GN	D			3	LEWISHAM DRIVE	CHURCH GRESLEY	SWADLINCOTE
£176,495	25/07/2014	DE11 9GN	S			31	LEWISHAM DRIVE	CHURCH GRESLEY	SWADLINCOTE
£210,000	16/07/2014	DE11 9GN	D			39	LEWISHAM DRIVE	CHURCH GRESLEY	SWADLINCOTE
£203,409	25/07/2014	DE11 9GN	D			5	LEWISHAM DRIVE	CHURCH GRESLEY	SWADLINCOTE
£245,495	25/07/2014	DE11 9GN	D			7	LEWISHAM DRIVE	CHURCH GRESLEY	SWADLINCOTE
£157,995	14/05/2014	DE11 9GP	S			83	SUFFOLK WAY	CHURCH GRESLEY	SWADLINCOTE
£307,000	24/04/2014	DE11 9GS	D			15	CROYDON CLOSE	CHURCH GRESLEY	SWADLINCOTE
£175,995	09/05/2014	DE11 9GS	S			3	CROYDON CLOSE	CHURCH GRESLEY	SWADLINCOTE
£186,995	31/10/2014	DE11 9GT	D			1	GLASGOW CLOSE	CHURCH GRESLEY	SWADLINCOTE
£112,000	31/10/2014	DE11 9GT	T			2	GLASGOW CLOSE	CHURCH GRESLEY	SWADLINCOTE
£239,995	13/06/2014	DE11 9GU	D			1	PLYMOUTH WALK	CHURCH GRESLEY	SWADLINCOTE
£225,500	04/06/2014	DE11 9GU	D			2	PLYMOUTH WALK	CHURCH GRESLEY	SWADLINCOTE
£229,995	25/07/2014	DE11 9GU	D			3	PLYMOUTH WALK	CHURCH GRESLEY	SWADLINCOTE
£241,995	02/06/2014	DE11 9GU	D			4	PLYMOUTH WALK	CHURCH GRESLEY	SWADLINCOTE
£236,995	27/06/2014	DE11 9GU	D			5	PLYMOUTH WALK	CHURCH GRESLEY	SWADLINCOTE
£247,000	25/04/2014	DE11 9GU	D			6	PLYMOUTH WALK	CHURCH GRESLEY	SWADLINCOTE
£264,995	27/06/2014	DE11 9GU	D			7	PLYMOUTH WALK	CHURCH GRESLEY	SWADLINCOTE
£354,995	20/06/2014	DE11 9GU	D			8	PLYMOUTH WALK	CHURCH GRESLEY	SWADLINCOTE
£114,995	27/06/2014	DE11 9GU	D			9	PLYMOUTH WALK	CHURCH GRESLEY	SWADLINCOTE

£219,995	31/10/2014	DE11 9GW	D			1	SUNDERLAND CLOSE	CHURCH GRESLEY	SWADLINCOTE
£244,995	05/12/2014	DE11 9JT	D			29	GLAMORGAN WAY	CHURCH GRESLEY	SWADLINCOTE
£194,995	29/08/2014	DE11 9JT	D			31	GLAMORGAN WAY	CHURCH GRESLEY	SWADLINCOTE
£185,000	19/12/2014	DE11 9JT	D			33	GLAMORGAN WAY	CHURCH GRESLEY	SWADLINCOTE
£299,995	07/11/2014	DE11 9JT	D			37	GLAMORGAN WAY	CHURCH GRESLEY	SWADLINCOTE
£292,995	28/11/2014	DE11 9JT	D			39	GLAMORGAN WAY	CHURCH GRESLEY	SWADLINCOTE
£196,995	28/11/2014	DE11 9JT	D			41	GLAMORGAN WAY	CHURCH GRESLEY	SWADLINCOTE
£290,000	19/12/2014	DE11 9JT	D			45	GLAMORGAN WAY	CHURCH GRESLEY	SWADLINCOTE
£284,995	29/08/2014	DE11 9JT	D			50	GLAMORGAN WAY	CHURCH GRESLEY	SWADLINCOTE
£194,995	29/08/2014	DE11 9JT	D			52	GLAMORGAN WAY	CHURCH GRESLEY	SWADLINCOTE
£196,995	26/09/2014	DE11 9JT	D			56	GLAMORGAN WAY	CHURCH GRESLEY	SWADLINCOTE
£60,000	15/07/2014	DE11 9PD	F	FLAT 15	RECENT COURT		RECENT STREET	CHURCH GRESLEY	SWADLINCOTE
£60,000	15/08/2014	DE11 9PD	F	FLAT 18	RECENT COURT		RECENT STREET	CHURCH GRESLEY	SWADLINCOTE
£301,000	29/04/2014	DE11 9TT	D			14	READING AVENUE	CHURCH GRESLEY	SWADLINCOTE
£154,950	08/08/2014	DE12 8HD	S			2	ELMS ROAD	COTON IN THE ELMS	SWADLINCOTE
£138,750	15/08/2014	DE12 8HD	S			2A	ELMS ROAD	COTON IN THE ELMS	SWADLINCOTE
£235,000	24/10/2014	DE24 3BR	D			24	MEREVALE WAY	STENSON FIELDS	DERBY
£183,000	19/09/2014	DE24 3BR	D			28	MEREVALE WAY	STENSON FIELDS	DERBY
£178,000	16/10/2014	DE24 3BR	D			30	MEREVALE WAY	STENSON FIELDS	DERBY
£184,950	21/11/2014	DE24 3BT	D			10	CHARTLEY ROAD	STENSON FIELDS	DERBY
£184,950	14/11/2014	DE24 3BT	D			12	CHARTLEY ROAD	STENSON FIELDS	DERBY
£186,950	24/10/2014	DE24 3BT	D			14	CHARTLEY ROAD	STENSON FIELDS	DERBY
£249,999	24/10/2014	DE24 3BT	D			16	CHARTLEY ROAD	STENSON FIELDS	DERBY
£229,995	23/04/2014	DE24 3BT	D			17	CHARTLEY ROAD	STENSON FIELDS	DERBY
£194,950	26/09/2014	DE24 3BT	D			18	CHARTLEY ROAD	STENSON FIELDS	DERBY
£249,995	06/06/2014	DE24 3BT	D			19	CHARTLEY ROAD	STENSON FIELDS	DERBY
£234,950	26/09/2014	DE24 3BT	D			20	CHARTLEY ROAD	STENSON FIELDS	DERBY
£180,000	30/05/2014	DE24 3BT	D			21	CHARTLEY ROAD	STENSON FIELDS	DERBY
£139,995	19/12/2014	DE24 3BT	T			27	CHARTLEY ROAD	STENSON FIELDS	DERBY
£249,950	24/06/2014	DE24 3BT	D			34	CHARTLEY ROAD	STENSON FIELDS	DERBY
£192,950	27/06/2014	DE24 3BT	D			36	CHARTLEY ROAD	STENSON FIELDS	DERBY
£192,950	23/05/2014	DE24 3BT	D			38	CHARTLEY ROAD	STENSON FIELDS	DERBY
£159,950	19/12/2014	DE24 3BT	S			4	CHARTLEY ROAD	STENSON FIELDS	DERBY
£192,950	27/06/2014	DE24 3BT	D			40	CHARTLEY ROAD	STENSON FIELDS	DERBY
£139,950	11/12/2014	DE24 3BT	S			6	CHARTLEY ROAD	STENSON FIELDS	DERBY
£230,000	12/12/2014	DE24 3BT	D			8	CHARTLEY ROAD	STENSON FIELDS	DERBY

£189,995	19/12/2014	DE24 3EG	S			110	MEREVALE WAY	STENSON FIELDS	DERBY
£190,000	27/06/2014	DE24 3EG	D			112	MEREVALE WAY	STENSON FIELDS	DERBY
£259,995	26/09/2014	DE24 3EG	D			114	MEREVALE WAY	STENSON FIELDS	DERBY
£186,950	19/12/2014	DE24 3EG	S			90	MEREVALE WAY	STENSON FIELDS	DERBY
£278,995	08/08/2014	DE24 3EJ	D			1	MALLOW CLOSE	STENSON FIELDS	DERBY
£239,995	26/09/2014	DE24 3EJ	D			15	MALLOW CLOSE	STENSON FIELDS	DERBY
£185,000	26/09/2014	DE24 3EJ	D			17	MALLOW CLOSE	STENSON FIELDS	DERBY
£236,995	29/08/2014	DE24 3EJ	D			2	MALLOW CLOSE	STENSON FIELDS	DERBY
£250,000	21/11/2014	DE24 3EJ	D			3	MALLOW CLOSE	STENSON FIELDS	DERBY
£238,995	29/08/2014	DE24 3EJ	D			4	MALLOW CLOSE	STENSON FIELDS	DERBY
£279,995	24/10/2014	DE24 3EJ	D			5	MALLOW CLOSE	STENSON FIELDS	DERBY
£284,995	19/11/2014	DE24 3EJ	D			7	MALLOW CLOSE	STENSON FIELDS	DERBY
£185,000	26/09/2014	DE24 3EJ	D			9	MALLOW CLOSE	STENSON FIELDS	DERBY
£187,500	20/06/2014	DE24 3EU	D			1	LEVETTS CLOSE	STENSON FIELDS	DERBY
£155,000	12/06/2014	DE24 3EU	T			11	LEVETTS CLOSE	STENSON FIELDS	DERBY
£132,950	23/05/2014	DE24 3EU	T			15	LEVETTS CLOSE	STENSON FIELDS	DERBY
£147,500	23/05/2014	DE24 3EU	T			17	LEVETTS CLOSE	STENSON FIELDS	DERBY
£144,995	25/04/2014	DE24 3EU	S			19	LEVETTS CLOSE	STENSON FIELDS	DERBY
£135,000	25/04/2014	DE24 3EU	S			21	LEVETTS CLOSE	STENSON FIELDS	DERBY
£135,500	16/05/2014	DE24 3EU	S			23	LEVETTS CLOSE	STENSON FIELDS	DERBY
£147,500	23/05/2014	DE24 3EU	S			25	LEVETTS CLOSE	STENSON FIELDS	DERBY
£179,950	20/06/2014	DE24 3EU	D			3	LEVETTS CLOSE	STENSON FIELDS	DERBY
£185,000	25/06/2014	DE24 3EU	D			5	LEVETTS CLOSE	STENSON FIELDS	DERBY
£167,500	12/06/2014	DE24 3EU	S			7	LEVETTS CLOSE	STENSON FIELDS	DERBY
£152,000	08/04/2014	DE24 3EU	S			8	LEVETTS CLOSE	STENSON FIELDS	DERBY
£167,500	13/06/2014	DE24 3EU	S			9	LEVETTS CLOSE	STENSON FIELDS	DERBY
£249,995	25/04/2014	DE24 3EX	D			11	BUTTERBUR CLOSE	STENSON FIELDS	DERBY
£277,495	27/06/2014	DE24 3EX	D			6	BUTTERBUR CLOSE	STENSON FIELDS	DERBY
£243,000	25/04/2014	DE24 3EY	D			10	LUPIN CLOSE	STENSON FIELDS	DERBY
£225,000	25/04/2014	DE24 3EY	D			12	LUPIN CLOSE	STENSON FIELDS	DERBY
£225,000	29/04/2014	DE24 3EY	D			14	LUPIN CLOSE	STENSON FIELDS	DERBY
£240,000	23/05/2014	DE24 3EY	D			16	LUPIN CLOSE	STENSON FIELDS	DERBY
£299,950	23/04/2014	DE24 3EY	D			18	LUPIN CLOSE	STENSON FIELDS	DERBY
£139,950	27/06/2014	DE24 3EZ	T			1	DEWBERRY COURT	STENSON FIELDS	DERBY
£138,950	27/06/2014	DE24 3EZ	S			11	DEWBERRY COURT	STENSON FIELDS	DERBY

£124,995	22/08/2014	DE24 3EZ	T			12	DEWBERRY COURT	STENSON FIELDS	DERBY
£124,950	22/08/2014	DE24 3EZ	T			14	DEWBERRY COURT	STENSON FIELDS	DERBY
£139,950	22/08/2014	DE24 3EZ	T			15	DEWBERRY COURT	STENSON FIELDS	DERBY
£249,950	23/01/2015	DE24 3EZ	D			16	DEWBERRY COURT	STENSON FIELDS	DERBY
£124,950	26/06/2014	DE24 3EZ	T			2	DEWBERRY COURT	STENSON FIELDS	DERBY
£138,551	27/06/2014	DE24 3EZ	T			3	DEWBERRY COURT	STENSON FIELDS	DERBY
£124,950	27/06/2014	DE24 3EZ	S			4	DEWBERRY COURT	STENSON FIELDS	DERBY
£139,950	26/06/2014	DE24 3EZ	S			5	DEWBERRY COURT	STENSON FIELDS	DERBY
£181,995	25/04/2014	DE24 3FB	D			1	PURSLANE COURT	STENSON FIELDS	DERBY
£229,995	30/05/2014	DE24 3FB	D			2	PURSLANE COURT	STENSON FIELDS	DERBY
£227,500	28/05/2014	DE24 3FB	D			3	PURSLANE COURT	STENSON FIELDS	DERBY
£175,995	30/05/2014	DE24 3FB	D			4	PURSLANE COURT	STENSON FIELDS	DERBY
£232,995	30/05/2014	DE24 3FB	D			5	PURSLANE COURT	STENSON FIELDS	DERBY
£180,000	23/05/2014	DE24 3FB	D			6	PURSLANE COURT	STENSON FIELDS	DERBY
£235,500	17/10/2014	DE24 3FE	D			6	EARLS DRIVE	STENSON FIELDS	DERBY
£189,500	25/07/2014	DE24 3FE	D			8	EARLS DRIVE	STENSON FIELDS	DERBY
£187,500	27/06/2014	DE24 3FF	D			2	CHERVIL ROAD	STENSON FIELDS	DERBY
£230,000	27/06/2014	DE24 3FG	D			77	MEREVALE WAY	STENSON FIELDS	DERBY
£185,000	27/06/2014	DE24 3FG	D			79	MEREVALE WAY	STENSON FIELDS	DERBY
£229,995	27/06/2014	DE24 3FG	D			81	MEREVALE WAY	STENSON FIELDS	DERBY
£250,000	19/12/2014	DE24 3FH	D			5	BETONY CLOSE	STENSON FIELDS	DERBY
£238,500	19/12/2014	DE24 3FH	D			6	BETONY CLOSE	STENSON FIELDS	DERBY
£259,995	31/10/2014	DE24 3FH	D			8	BETONY CLOSE	STENSON FIELDS	DERBY
£175,000	26/09/2014	DE24 3FJ	T			1	EARLS DRIVE	STENSON FIELDS	DERBY
£175,000	26/09/2014	DE24 3FJ	T			3	EARLS DRIVE	STENSON FIELDS	DERBY
£179,950	26/09/2014	DE24 3FJ	T			5	EARLS DRIVE	STENSON FIELDS	DERBY
£174,995	31/07/2014	DE65 5DS	S			47	SCROPTON ROAD	HATTON	DERBY
£174,995	26/09/2014	DE65 5DS	S			51	SCROPTON ROAD	HATTON	DERBY
£165,000	29/08/2014	DE65 5DS	S			53	SCROPTON ROAD	HATTON	DERBY
£174,995	19/08/2014	DE65 5DS	S			55	SCROPTON ROAD	HATTON	DERBY
£174,995	28/08/2014	DE65 5DS	S			57	SCROPTON ROAD	HATTON	DERBY

£137,500	19/09/2014	DE65 5EB	T		2	CLAYTON GARDENS	HATTON	DERBY
£195,000	07/11/2014	DE65 5EB	S		23	CLAYTON GARDENS	HATTON	DERBY
£165,995	10/11/2014	DE65 5EB	S		27	CLAYTON GARDENS	HATTON	DERBY
£209,995	18/09/2014	DE65 5EB	D		28	CLAYTON GARDENS	HATTON	DERBY
£174,995	30/09/2014	DE65 5EB	S		29	CLAYTON GARDENS	HATTON	DERBY
£134,995	12/09/2014	DE65 5EB	T		3	CLAYTON GARDENS	HATTON	DERBY
£163,000	23/10/2014	DE65 5EB	S		31	CLAYTON GARDENS	HATTON	DERBY
£165,995	16/10/2014	DE65 5EB	S		32	CLAYTON GARDENS	HATTON	DERBY
£134,995	19/09/2014	DE65 5EB	T		5	CLAYTON GARDENS	HATTON	DERBY
£137,500	25/09/2014	DE65 5EB	T		6	CLAYTON GARDENS	HATTON	DERBY
£422,000	06/05/2014	DE72 2GR	D		THE GABLES, 37B	LONDON ROAD	SHARDLOW	DERBY
£600,000	30/07/2014	DE73 7GR	D		BIRCH RISE	BARROW LANE	SWARKESTONE	DERBY
£370,000	30/04/2014	DE73 8LE	D		7	SWEET LEYS WAY	MELBOURNE	DERBY

Appendix 2 – Newbuild asking prices

	address			name of house	Beds	m2 Flat	House	Asking Price	£/m2 Flat	House
David Wilson	Castle Heights, Church Gresley	Swadlincote	DE11 9TG	Moorecroft x2	5		205	£349,995		£1,707
	45 houses	sold 14 further 6 not yet listed for sale		Layton x2	4		120	£289,995		£2,417
	2 phases - one complete.			Buckinghamx2	5		203	£363,995		£1,793
				Holden	4		150	£322,995		£2,153
	Ivanhoe Fields	Ahby-de-la-Zouch	LE65 2UF	Kirkwood	3		89	£196,995		£2,209
	122 houses			Kerseyx2	3		92	£203,995		£2,213
	85 sold all now built			Hadleyx2	3		92	£223,995		£2,445
				Irving	4		107	£264,995		£2,478
				Bayswater	4		116	£296,995		£2,560
Barratt Homes	Newton Village, Stenson Fields	Derby	DE24 3AT	Barwickx2	3		75	£169,995		£2,267
	160 houses of which 52 sold			Kingston	4		99	£236,995		£2,394
				Lincolnx3	4		104	£269,995		£2,596
				Tomersonx2	4		132	£279,995		£2,121
				Harborough	4		136	£299,995		£2,206
	Highgrove, Church Gresley	Swadlincote	DE11 9BL	Finchleyx2	3		75	£179,995		£2,400
	5 phases			Morpeth	3		75	£187,995		£2,507
	phase 1 all 151 sold			Rochesterx3	4		100	£188,500		£1,885
	phase 2 40 out of 58 sold			Faringdon	3		76	£189,995		£2,500
	phase 3 28 out of 64 sold			Kingtonx2	4		96	£204,995		£2,135
				Lincoln	4		105	£244,995		£2,333
				Alnwickx2	4		135	£274,995		£2,037
Taylor Wimpey	Saxon Gate	Derby	DE24 3BR	Haddenham	4		157	£260,995		£1,662
	166 houses about half completed and sold			Kentdalex2	4		114	£239,995		£2,105

					Downhamx2	4			130	£239,500		£1,842
					Draycottx4	4			106	£236,500		£2,231
	Treetops, Woodville		Swadlincote	DE11 8FQ	Clifford	4			120	£238,500		£1,988
	190 houses about half completed and sold				Lydfordx2	4			95	£193,000		£2,032
					Kempfordx2	4			96	£184,950		£1,927
					Ingletonx2	3			118	£169,950		£1,440
					Flatfordx2	3			73	£165,000		£2,260
					Dadfordx2	3			68	£155,995		£2,294
					Beckford	2			54	£131,995		£2,444
Miller Homes	Keepers Grange, Newton Village about 37 houses	Derby		DE23 1LG	Aldrichx2	4			115	£235,000		£2,045
					Pushkinx2	3			89	£188,500		£2,127
					Adams	3			92	£196,000		£2,122
					Wells	4			125	£245,000		£1,962
					Glenmuir	4			118	£239,950		£2,040
					Mitford	4			127	£250,000		£1,967
					Coniston	4			114	£239,950		£2,103
Radleigh Homes	Castle Green 41 houses	Hatton		DE65 5DS	Baslow	3			93	£219,995		£2,366
					Castle Lodge	2	84			£127,500	£1,518	#DIV/0!
Amstev Property	Oak Close	Swadlincote		DE11		4			128	£219,950		£1,718
						4			128	£215,000		£1,680
Walton Homes	Ryecroft Rise 18 houses	Woodville all but 5 sold		DE11 7JJ	Harcourt3	2	56			£99,950	£1,785	
					Rosedale2	3			103	£179,950		£1,747
					Brockdale	5				£249,950		#DIV/0!
Strata Development	Expression, Chestnut Ave	Swadlincote		DE11 0EN	Sasari	3			75	£154,950		£2,066
					Geneva	3			105	£159,950		£1,523
					Zurich	4			102	£184,950		£1,813
					Pareti	3			75	£144,950		£1,933

Maplevale Homes	Alexandra Rd	Swadlincote		x2		2		60	£118,000		£1,967
	51 - 10 full price/41 affordable	only 2 sold		x5		2		60	£115,000		£1,917
						3		87	£135,000		£1,552

Appendix 3 – Residential Appraisals

Note – the pages in this appendix are not numbered

Base Cover



Final - Base

10/05/2015
17:19



Base
Site make up

Number 1 Units 1500 NET Area 37.00 Density erage Unit Size 40.54 Units/ha Developed m2 89 m2 Density m2/ha 3,612 Total Cost 121,821,053 Rate £/m2 911.50 Locality een/Brown native Use Edge of Der Green Agricultural

	Market	Flat	Terrace	Semi	Det	Flat 1 High*	Flat 2 High*	Flat 3 High*	Affordable	Flat	Terrace	Semi	Det	Flat 1 High*	Flat 2 High*	Flat 3 High*
Units	1	1	2	3	3	1	2	3	1	2	2	3	3	1	2	3
Area	No	32	32	158	210	53	315	179	74	68	113	90	72	14	0	0
Density erage Unit Size	m2	58.0	70.0	70.0	84.0	79.0	93.0	125.0	150.0	70.0	70.0	84.0	79.0	150.0	58.0	84.0
Developed	Total	1,856.00	2,240.00	11,060.00	17,640.00	4,187.00	29,295.00	22,375.00	11,100.00	4,760.00	7,910.00	7,560.00	6,696.00	1,750.00	0.00	0.00
Density	m2/ha	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Total Cost	0	1,841,523	2,222,528	9,976,120	15,911,280	3,776,674	26,428,090	20,182,250	10,012,200	4,722,872	7,134,820	6,819,120	6,039,792	1,578,500	0	0
Rate	0	911.50	911.50	911.50	911.50	911.50	911.50	911.50	911.50	911.50	911.50	911.50	911.50	911.50	911.50	911.50

Number 2 Units 500 NET Area 15.00 Density erage Unit Size 33.33 Units/ha Developed m2 89 m2 Density m2/ha 2,972 Total Cost 40,630,770 Rate £/m2 911.39 Locality een/Brown native Use Edge of Der Green Agricultural

	Market	Flat	Terrace	Semi	Det	Flat 1 High*	Flat 2 High*	Flat 3 High*	Affordable	Flat	Terrace	Semi	Det	Flat 1 High*	Flat 2 High*	Flat 3 High*
Units	1	1	2	3	3	1	2	3	1	2	2	3	3	1	2	3
Area	No	9	11	53	70	18	105	60	25	23	38	30	24	4	0	0
Density erage Unit Size	m2	58.00	70.00	70.00	84.00	79.00	93.00	125.00	150.00	70.00	70.00	84.00	79.00	150.00	58.00	84.00
Developed	Total	522.00	770.00	3,710.00	5,880.00	1,422.00	9,765.00	7,500.00	3,750.00	1,610.00	2,660.00	2,520.00	2,232.00	500.00	0.00	0.00
Density	m2/ha	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Total Cost	0	517,928	763,994	3,346,420	5,303,760	1,282,644	8,808,030	6,765,000	3,382,500	1,597,442	2,398,320	2,273,040	2,013,264	451,000	0	0
Rate	0	911.39	911.39	911.39	911.39	911.39	911.39	911.39	911.39	911.39	911.39	911.39	911.39	911.39	911.39	911.39



Base
Site make up

Number 3 Units Area ha Density Units/ha Density erage Unit Size m2 Developed m2 Density m2/ha Total Cost
Large Greenfield 200 6.00 33.33 89 17,857 2,976 16,272,802

	Market	Flat	Terrace	Semi	Det	Flat 1 High*	Flat 2 High*	Flat 3 High*	Affordable	Flat	Terrace	Semi	Det	Flat 1 High*	Flat 2 High*	Flat 3 High*
Units	1	2	2	2	3	1	2	3	1	2	2	2	3	1	2	3
Area	4	4	21	28	7	42	24	10	12	9	15	12	0	0	0	0
Density	25.00	50.00	23.81	35.71	42.86	100.00	166.67	100.00	83.33	60.00	100.00	83.33	0.00	0.00	0.00	0.00
Unit Size	58.00	70.00	70.00	84.00	93.00	102.00	125.00	150.00	58.00	70.00	84.00	93.00	102.00	150.00	58.00	70.00
Developed	232.00	280.00	1,470.00	2,352.00	3,906.00	0.00	0.00	0.00	696.00	630.00	1,050.00	930.00	0.00	0.00	0.00	0.00
Density	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Total Cost	0	230,190	277,816	1,325,940	2,121,504	498,806	3,523,212	2,706,000	690,571	625,086	947,100	838,860	0	0	0	0

Rate
£/m2
91.128

Locality een/Brown native Use
Edge of Der Green Agricultural

Number 4 Units Area ha Density Units/ha Density erage Unit Size m2 Developed m2 Density m2/ha Total Cost
V Large Greenfield 500 12.50 40.00 89 44,581 3,566 40,630,770

	Market	Flat	Terrace	Semi	Det	Flat 1 High*	Flat 2 High*	Flat 3 High*	Affordable	Flat	Terrace	Semi	Det	Flat 1 High*	Flat 2 High*	Flat 3 High*
Units	1	2	2	2	3	1	2	3	1	2	2	2	3	1	2	3
Area	9	11	53	70	18	105	30	23	38	30	24	4	4	0	0	0
Density	11.11	18.18	37.74	28.57	16.67	100.00	166.67	100.00	83.33	60.00	100.00	83.33	0.00	0.00	0.00	0.00
Unit Size	58.00	70.00	70.00	84.00	93.00	102.00	125.00	150.00	58.00	70.00	84.00	93.00	102.00	150.00	58.00	70.00
Developed	522.00	770.00	3,710.00	5,880.00	1,422.00	9,765.00	7,500.00	3,750.00	1,740.00	1,610.00	2,660.00	2,520.00	0.00	0.00	0.00	0.00
Density	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Total Cost	0	517,928	763,994	3,346,420	5,303,760	1,282,644	8,808,030	6,765,000	1,726,428	1,597,442	2,398,320	2,273,040	0	0	0	0

Rate
£/m2
91.139

Locality een/Brown native Use
Swadlincote Green Agricultural



Base
Site make up

Number 5 Units Area ha Density erage Unit Size m2 Developed m2 Density m2/ha Total Cost £/m2 Locality een/Brown native Use Swadlincote Green Agricultural 91.128

Large Greenfield

200

5.00

89

17,857

3,571

16,272,802

	Market	Flat	Terrace	Semi	Det	Flat 1 High*	Flat 2 High*	Flat 3 High*	Affordable	Flat	Terrace	Semi	Det	Flat 1 High*	Flat 2 High*	Flat 3 High*
Units	1	2	2	2	3	1	2	3	1	2	2	2	3	1	2	3
Area	4	4	21	28	7	42	24	10	0	9	15	12	0	0	0	0
Density	58.00	70.00	70.00	84.00	79.00	93.00	125.00	150.00	58.00	70.00	84.00	79.00	93.00	125.00	150.00	58.00
Unit Size	232.00	280.00	1,470.00	2,352.00	3,906.00	696.00	1,500.00	0.00	696.00	1,050.00	1,008.00	930.00	42,966.00	3,250.00	0.00	0.00
Density	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Developed	232.00	280.00	1,470.00	2,352.00	3,906.00	696.00	1,500.00	0.00	696.00	1,050.00	1,008.00	930.00	42,966.00	3,250.00	0.00	0.00
Total	232.00	280.00	1,470.00	2,352.00	3,906.00	696.00	1,500.00	0.00	696.00	1,050.00	1,008.00	930.00	42,966.00	3,250.00	0.00	0.00
BCIS	902	902	902	902	902	902	902	902	902	902	902	902	902	902	902	902
COST	0	230,190	277,816	1,325,940	2,121,504	498,806	3,523,212	2,706,000	1,353,000	625,086	947,100	909,216	838,860	225,500	0	0

Number 6 Units Area ha Density erage Unit Size m2 Developed m2 Density m2/ha Total Cost £/m2 Locality een/Brown native Use Edge of Bur 60% Brown Industrial 91.141

UE Brownfield

2200

45.00

89

196,261

4,361

178,874,177

	Market	Flat	Terrace	Semi	Det	Flat 1 High*	Flat 2 High*	Flat 3 High*	Affordable	Flat	Terrace	Semi	Det	Flat 1 High*	Flat 2 High*	Flat 3 High*
Units	1	2	2	2	3	1	2	3	1	2	2	2	3	1	2	3
Area	46	46	231	308	77	462	262	108	0	99	165	132	0	0	0	0
Density	58.00	70.00	70.00	84.00	79.00	93.00	125.00	150.00	58.00	70.00	84.00	79.00	93.00	125.00	150.00	58.00
Unit Size	2,668.00	3,220.00	16,170.00	25,872.00	6,083.00	42,966.00	32,750.00	16,200.00	7,656.00	11,550.00	11,086.00	9,858.00	3,250.00	0.00	0.00	0.00
Density	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Developed	2,668.00	3,220.00	16,170.00	25,872.00	6,083.00	42,966.00	32,750.00	16,200.00	7,656.00	11,550.00	11,086.00	9,858.00	3,250.00	0.00	0.00	0.00
Total	2,668.00	3,220.00	16,170.00	25,872.00	6,083.00	42,966.00	32,750.00	16,200.00	7,656.00	11,550.00	11,086.00	9,858.00	3,250.00	0.00	0.00	0.00
BCIS	902	902	902	902	902	902	902	902	902	902	902	902	902	902	902	902
COST	0	2,647,190	3,194,884	14,585,340	23,346,544	5,486,866	38,755,332	29,540,500	7,596,283	6,875,946	10,418,100	10,001,376	8,891,916	2,931,500	0	0



Base
Site make up

Number 7 Units Area ha Density Units/ha Density erage Unit Size m2 Developed m2 Density m2/ha Total Cost
V Large Brownfield 300 9.00 33.33 89 26.779 2.975 24,401,265

	Market	Flat	Terrace	Semi	Det	Flat 1 High*	Flat 2 High*	Flat 3 High*	Affordable	Flat	Terrace	Semi	Det	Flat 1 High*	Flat 2 High*	Flat 3 High*
	1	2	3	2	3	1	2	3		1	2	3	2	1	2	3
Units	1	2	3	2	3	1	2	3		1	2	3	2	1	2	3
Area	5	6	32	42	11	63	3	0		18	23	18	2	14	0	0
Density	20	33	77	90	27	48	13	0		18	23	18	2	14	0	0
Unit Size	58.00	70.00	70.00	84.00	79.00	93.00	102.00	0.00		58.00	70.00	84.00	79.00	93.00	102.00	0.00
Developed	290.00	420.00	2,240.00	3,528.00	869.00	5,859.00	0.00	0.00		980.00	1,610.00	1,512.00	0.00	1,302.00	0.00	0.00
Density	10%	10%	10%	10%	10%	10%	10%	10%		10%	10%	10%	10%	10%	10%	10%
Total Cost	287,738	416,724	2,020,480	3,182,256	785,858	5,284,818	0	0		972,356	1,452,220	1,363,824	0	1,174,404	0	0
BCIS	902	902	902	902	902	902	902	902		902	902	902	902	902	902	902
COST	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0

Rate
£/m2
911.21

Locality een/Brown native Use
Villages Brown Industrial

Rate
£/m2
1,035.33

Locality een/Brown native Use
Medium Zo Green Agricultural

Number 8 Units Area ha Density Units/ha Density erage Unit Size m2 Developed m2 Density m2/ha Total Cost
Medium Greenfield 100 2.86 34.97 89 8.890 3.108 9,204,090

	Market	Flat	Terrace	Semi	Det	Flat 1 High*	Flat 2 High*	Flat 3 High*	Affordable	Flat	Terrace	Semi	Det	Flat 1 High*	Flat 2 High*	Flat 3 High*
	1	2	3	2	3	1	2	3		1	2	3	2	1	2	3
Units	1	2	3	2	3	1	2	3		1	2	3	2	1	2	3
Area	1	2	11	14	21	0	0	0		6	8	6	0	0	0	0
Density	10	20	27	33	48	0	0	0		17	25	17	0	0	0	0
Unit Size	58.00	70.00	70.00	84.00	79.00	93.00	102.00	0.00		58.00	70.00	84.00	79.00	93.00	102.00	0.00
Developed	58.00	140.00	770.00	1,176.00	316.00	1,953.00	0.00	0.00		348.00	560.00	504.00	0.00	0.00	0.00	0.00
Density	10%	10%	10%	10%	10%	10%	10%	10%		10%	10%	10%	10%	10%	10%	10%
Total Cost	65,395	157,850	789,250	1,205,400	323,900	2,001,825	0	0		392,370	574,000	516,600	0	0	0	0
BCIS	1,025	1,025	1,025	1,025	1,025	1,025	1,025	1,025		1,025	1,025	1,025	1,025	1,025	1,025	1,025
COST	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0



Locality	Tree/Brown	Native Use
Her Zone Green	Agricultural	

	Beds	No	m2	Total	BCIS	COST
Market Flat	1	1	58.00	58.00	10%	65,395.00
	2	2	70.00	140.00	10%	157,850.00
	2	11	70.00	770.00		789,250.00
Terrace	3	14	84.00	1,176.00	1.025	1,205,400.00
	2	4	79.00	316.00	1.025	323,900.00
Semi	3	21	93.00	1,953.00	1.025	2,001,825.00
Det	3	0	102.00	0.00	1.025	0.00
	4	12	125.00	1,500.00	1.025	1,537,500.00
	5	5	150.00	750.00	1.025	768,750.00
Flat 1 High*	1	0	58.00	0.00	1.025	0.00
Flat 2 High*	2	0	70.00	0.00	10%	10%
Flat 3 High*	3	0	84.00	0.00	10%	10%
Affordable						
Flat	1	6	58.00	348.00	10%	392,370.00
	2	5	70.00	350.00	10%	394,625.00
	2	8	70.00	560.00		574,000.00
Terrace	3	6	84.00	504.00	1.025	516,600.00
	2	0	79.00	0.00	1.025	0.00
Semi	3	5	93.00	465.00	1.025	476,625.00
Det	3	0	102.00	0.00	1.025	0.00
	4	0	125.00	0.00	1.025	0.00
	5	0	150.00	0.00	1.025	0.00
Flat 1 High*	1	0	58.00	0.00	10%	10%
Flat 2 High*	2	0	70.00	0.00	10%	10%
Flat 3 High*	3	0	84.00	0.00	10%	10%

Locality: Green/Brown native Use
Medium: Zo Green Agricultural

		Beds	No	m2	Total	BCIS	COST
Market		1	1	58.00	58.00	10%	0
	Flat	2	1	70.00	70.00	10%	65,395
		2	3	70.00	210.00		78,925
	Terrace	3	4	84.00	336.00	1.025	215,250
		2	1	79.00	79.00	1.025	344,400
	Semi	3	6	93.00	558.00	1.025	80,975
		3	0	102.00	0.00	1.025	571,950
	Det	4	4	125.00	500.00	1.025	0
		5	2	150.00	300.00	1.025	512,500
	Flat 1 High*	1	0	58.00	0.00	1.025	0
	Flat 2 High*	2	0	70.00	0.00	1.025	0
	Flat 3 High*	3	0	84.00	0.00	1.025	0
Affordable							
Flat		1	2	58.00	116.00	10%	130,790
		2	1	70.00	70.00	10%	78,925
		2	2	70.00	140.00	1.025	143,500
	Terrace	3	2	84.00	168.00	1.025	172,200
		2	0	79.00	0.00	1.025	0
	Semi	3	1	93.00	93.00	1.025	95,325
		3	0	102.00	0.00	1.025	0
	Det	4	0	125.00	0.00	1.025	0
		5	0	150.00	0.00	1.025	0
	Flat 1 High*	1	0	58.00	0.00	1.025	0
	Flat 2 High*	2	0	70.00	0.00	1.025	0
	Flat 3 High*	3	0	84.00	0.00	1.025	0



Base
Site make up

Number 11 Units Area ha Density erage Unit Size m2 Developed m2 Density m2/ha Total Cost £/m2 Locality een/Brown native Use Medium Zo Brown Industrial Rate £/m2 1,036.93

Medium Urban

	Market	Flat	Terrace	Semi	Det	Flat 1 High*	Flat 2 High*	Flat 3 High*	Affordable	Flat	Terrace	Semi	Det	Flat 1 High*	Flat 2 High*	Flat 3 High*
Units	30	1	2	3	3	1	2	3		2	2	3	3	1	2	3
Area	0.85	1	2	3	3	1	2	3		2	2	3	3	1	2	3
Density	35.29	58.00	70.00	84.00	93.00	58.00	70.00	84.00		58.00	70.00	84.00	93.00	58.00	70.00	84.00
Unit Size	90	58.00	70.00	84.00	93.00	58.00	70.00	84.00		58.00	70.00	84.00	93.00	58.00	70.00	84.00
Developed	2,698	58.00	70.00	84.00	93.00	58.00	70.00	84.00		58.00	70.00	84.00	93.00	58.00	70.00	84.00
Density	3,174	10%	10%	10%	10%	10%	10%	10%		10%	10%	10%	10%	10%	10%	10%
Total Cost	2,797,695	65,395	78,925	215,250	344,400	80,975	571,950	512,500		307,500	143,500	172,200	95,325	0	0	0
BCIS		1,025	1,025	1,025	1,025	1,025	1,025	1,025		1,025	1,025	1,025	1,025	1,025	1,025	1,025
COST	0	65,395	78,925	215,250	344,400	80,975	571,950	512,500		307,500	143,500	172,200	95,325	0	0	0

Number 12 Units Area ha Density erage Unit Size m2 Developed m2 Density m2/ha Total Cost £/m2 Locality een/Brown native Use Higher Zone Brown Industrial Rate £/m2 1,036.93

Medium Urban

	Market	Flat	Terrace	Semi	Det	Flat 1 High*	Flat 2 High*	Flat 3 High*	Affordable	Flat	Terrace	Semi	Det	Flat 1 High*	Flat 2 High*	Flat 3 High*
Units	30	1	2	3	3	1	2	3		2	2	3	3	1	2	3
Area	0.85	1	2	3	3	1	2	3		2	2	3	3	1	2	3
Density	35.29	58.00	70.00	84.00	93.00	58.00	70.00	84.00		58.00	70.00	84.00	93.00	58.00	70.00	84.00
Unit Size	90	58.00	70.00	84.00	93.00	58.00	70.00	84.00		58.00	70.00	84.00	93.00	58.00	70.00	84.00
Developed	2,698	58.00	70.00	84.00	93.00	58.00	70.00	84.00		58.00	70.00	84.00	93.00	58.00	70.00	84.00
Density	3,174	10%	10%	10%	10%	10%	10%	10%		10%	10%	10%	10%	10%	10%	10%
Total Cost	2,797,635	65,395	78,925	215,250	344,400	80,975	571,950	512,500		307,500	143,500	172,200	95,325	0	0	0
BCIS		1,025	1,025	1,025	1,025	1,025	1,025	1,025		1,025	1,025	1,025	1,025	1,025	1,025	1,025
COST	0	65,395	78,925	215,250	344,400	80,975	571,950	512,500		307,500	143,500	172,200	95,325	0	0	0



Base
Site make up

Number 13 Sub Threshold, Green Units Area ha 0.45 Density erage Unit Size m2 116 Developed m2 1,044 Density m2/ha 2,320 Locality een/Brown native Use Sub-Threshold Green Paddock Rate £/m2 1,025.00 Total Cost 1,070,100

	Market	Flat	Terrace	Semi	Det	Flat 1 High*	Flat 2 High*	Flat 3 High*	Affordable	Flat	Terrace	Semi	Det	Flat 1 High*	Flat 2 High*	Flat 3 High*
Units	1	2	2	3	3	1	2	3	1	2	2	2	3	1	2	3
Area	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Density	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Unit Size	58.00	70.00	70.00	84.00	79.00	93.00	102.00	125.00	150.00	58.00	70.00	84.00	79.00	93.00	102.00	125.00
Developed	0.00	0.00	0.00	0.00	158.00	186.00	0.00	250.00	450.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Density	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Total Cost	0	0	0	0	161,950	190,650	0	256,250	461,250	0	0	0	0	0	0	0

Number 14 Sub Threshold, Green Units Area ha 0.20 Density erage Unit Size m2 133 Developed m2 400 Density m2/ha 2,000 Locality een/Brown native Use Sub-Threshold Green Paddock Rate £/m2 1,025.00 Total Cost 410,000

	Market	Flat	Terrace	Semi	Det	Flat 1 High*	Flat 2 High*	Flat 3 High*	Affordable	Flat	Terrace	Semi	Det	Flat 1 High*	Flat 2 High*	Flat 3 High*
Units	1	2	3	3	3	5	2	3	1	2	2	2	3	5	2	3
Area	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Density	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Unit Size	58.00	70.00	70.00	84.00	79.00	93.00	102.00	125.00	150.00	58.00	70.00	84.00	79.00	93.00	102.00	125.00
Developed	0.00	0.00	0.00	0.00	0.00	250.00	0.00	0.00	150.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Density	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Total Cost	0	0	0	0	0	256,250	0	0	153,750	0	0	0	0	0	0	0



Locality: een/Brown native Use

Sub-Thresh: Brown PDL

		Beds	No	m2	Total	BCIS	Cost
Market Flat	1	0	58.00	0.00	10%	1,025	0
	2	0	70.00	0.00	10%	1,025	0
	3	0	70.00	0.00	10%	1,025	0
Terrace	1	0	84.00	0.00	10%	1,025	0
	2	2	79.00	158.00	10%	1,025	161,950
	3	2	93.00	186.00	10%	1,025	190,650
Det	1	0	102.00	0.00	10%	1,025	0
	2	4	125.00	250.00	10%	1,025	256,250
	3	5	150.00	450.00	10%	1,025	461,250
Flat 1 High*	1	0	58.00	0.00	10%	1,025	0
	2	0	70.00	0.00	10%	1,025	0
	3	0	84.00	0.00	10%	1,025	0
Flat 2 High*	1	0	70.00	0.00	10%	1,025	0
	2	0	84.00	0.00	10%	1,025	0
	3	0	79.00	0.00	10%	1,025	0
Flat 3 High*	1	0	58.00	0.00	10%	1,025	0
	2	0	70.00	0.00	10%	1,025	0
	3	0	84.00	0.00	10%	1,025	0
Affordable Flat	1	0	58.00	0.00	10%	1,025	0
	2	0	70.00	0.00	10%	1,025	0
	3	0	84.00	0.00	10%	1,025	0
Terrace	1	0	70.00	0.00	10%	1,025	0
	2	0	84.00	0.00	10%	1,025	0
	3	0	79.00	0.00	10%	1,025	0
Semi	1	0	93.00	0.00	10%	1,025	0
	2	0	102.00	0.00	10%	1,025	0
	3	0	125.00	0.00	10%	1,025	0
Det	1	0	125.00	0.00	10%	1,025	0
	2	0	150.00	0.00	10%	1,025	0
	3	0	150.00	0.00	10%	1,025	0
Flat 1 High*	1	0	58.00	0.00	10%	1,025	0
	2	0	70.00	0.00	10%	1,025	0
	3	0	84.00	0.00	10%	1,025	0
Flat 2 High*	1	0	70.00	0.00	10%	1,025	0
	2	0	84.00	0.00	10%	1,025	0
	3	0	79.00	0.00	10%	1,025	0
Flat 3 High*	1	0	58.00	0.00	10%	1,025	0
	2	0	70.00	0.00	10%	1,025	0
	3	0	84.00	0.00	10%	1,025	0

Locality	Year	Tree/Brown	Native Use
Sub-Thresh	1	Brown	PDL

	Beds	No	m2	Total	BCIS	COST
Market	1	0	58.00	0.00	10%	0
	2	0	70.00	0.00	10%	0
	3	0	84.00	0.00	10%	0
Terrace	2	0	70.00	0.00	10%	0
	3	0	84.00	0.00	10%	0
	4	0	102.00	0.00	10%	0
Semi	2	0	79.00	0.00	10%	0
	3	0	93.00	0.00	10%	0
	4	0	102.00	0.00	10%	0
Det	3	0	102.00	0.00	10%	0
	4	2	125.00	250.00	10%	256,250
	5	1	150.00	150.00	10%	153,750
Flat 1 High*	1	0	58.00	0.00	10%	0
Flat 2 High*	2	0	70.00	0.00	10%	0
Flat 3 High*	3	0	84.00	0.00	10%	0
Affordable						
Flat	1	0	58.00	0.00	10%	0
	2	0	70.00	0.00	10%	0
	3	0	84.00	0.00	10%	0
Terrace	2	0	70.00	0.00	10%	0
	3	0	84.00	0.00	10%	0
	4	0	102.00	0.00	10%	0
Semi	2	0	79.00	0.00	10%	0
	3	0	93.00	0.00	10%	0
	4	0	102.00	0.00	10%	0
Det	3	0	102.00	0.00	10%	0
	4	0	125.00	0.00	10%	0
	5	0	150.00	0.00	10%	0
Flat 1 High*	1	0	58.00	0.00	10%	0
Flat 2 High*	2	0	70.00	0.00	10%	0
Flat 3 High*	3	0	84.00	0.00	10%	0

Base
For Apps



			Site 1	Site 2	Site 3	Site 4	Site 5	Site 6	Site 7	Site 8	Site 9	Site 10	Site 11	Site 12	Site 13	Site 14	Site 15	Site 16
			UE Greenfield	V Large Greenfield	Large Greenfield	V Large Greenfield	Large Greenfield	UE Brownfield	V Large Brownfield	Medium Greenfield	Larger Housing Green	Smaller Greenfield	Medium Urban Brown	Medium Urban Brown	Sub Threshold, Green	Sub Threshold, Green	Sub Threshold, Brown	Sub Threshold, Brown
Green/brown field Use			Green Agricultural	Green Agricultural	Green Agricultural	Green Agricultural	Green Agricultural	60% Brown Industrial	Brown Industrial	Green Agricultural	Green Agricultural	Green Agricultural	Green Industrial	Green Industrial	Paddock	Paddock	PDL	PDL
Site Area	Gross Net	ha	74.00	25.00	10.00	25.00	10.00	100.00	15.00	4.75	4.76	1.34	1.25	1.25	0.45	0.20	0.30	0.08
Units		ha	37.00 1,500	15.00 500	6.00 200	12.50 500	5.00 200	45.00 2,200	9.00 300	2.86 100	2.86 100	0.95 30	0.85 30	0.85 30	0.45 9	0.20 3	0.30 9	0.08 3
Average Unit Size		m2	89.10	89.16	89.29	89.16	89.29	89.21	89.26	88.90	88.90	89.93	89.93	89.93	116.00	133.33	116.00	133.33
Mix	Intermediate to Buy Affordable Rent Social Rent		9.00% 1.50% 19.50%	9.00% 1.50% 19.50%	9.00% 1.50% 19.50%	9.00% 1.50% 19.50%	9.00% 1.50% 19.50%	9.00% 1.50% 19.50%	9.00% 1.50% 19.50%	9.00% 1.50% 19.50%	9.00% 1.50% 19.50%	9.00% 1.50% 19.50%	9.00% 1.50% 19.50%	9.00% 1.50% 19.50%				
Price	Market	£/m2	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,650	2,500	2,500	2,500	2,500	2,500	2,500	2,500
	Intermediate to Buy	£/m2	1,495	1,495	1,495	1,495	1,495	1,495	1,495	1,495	1,723	1,625	1,625	1,723	1,625	1,625	1,625	1,625
	Affordable Rent	£/m2	1,265	1,265	1,265	1,265	1,265	1,265	1,265	1,265	1,458	1,375	1,375	1,458	1,375	1,375	1,375	1,375
	Social Rent	£/m2	920	920	920	920	920	920	920	920	1,060	1,000	1,000	1,060	1,000	1,000	1,000	1,000
Grant and Subsidy	Intermediate to Buy Affordable Rent Social Rent	£/unit £/unit £/unit																
Sales per Quarter	Unit Build Time		11 3	11 3	11 3	11 3	11 3	11 3	11 3	11 3	11 3	11 3	11 3	11 3	11 3	11 3	11 3	11 3
Alternative Use Value		£/ha	20,000	20,000	20,000	20,000	20,000	248,000	400,000	20,000	20,000	20,000	20,000	20,000	20,000	50,000	50,000	400,000
Up Lift %		%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
Additional Uplift		£/ha	300,000	300,000	300,000	300,000	300,000			300,000	300,000	300,000	300,000	300,000	300,000	300,000		
Easements etc		£	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Legals Acquisition		% land	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Planning Fee	<50	£/unit	385	385	385	385	385	385	385	385	385	385	385	385	385	385	385	385
	>50	£/unit	115	115	115	115	115	115	115	115	115	115	115	115	115	115	115	115
Architects		%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
QS / PM		%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Planning Consultants		%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Other Professional		%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Build Cost - BCIS Based		£/m2	911	911	911	911	911	911	911	1,035	1,035	1,037	1,037	1,037	1,037	1,025	1,025	1,025
CISH		%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Energy		£/m2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Design		£/m2																
Lifetime		£/m2		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Over-extra 3		£/m2																
SUDS		%							5%				5%	5%			5%	5%
Site Costs		%	20.0%	20.0%	17.0%	20.0%	17.0%	20.0%	20.0%	15.0%	15.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Pre CIL s106		£/Unit	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Post CIL s106		£/Unit	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Contingency		%	2.50%	2.50%	2.50%	2.50%	2.50%	5.00%	5.00%	2.50%	2.50%	2.50%	5.00%	5.00%	2.50%	2.50%	5.00%	5.00%
Abnormals		%						5.00%	5.00%				5.00%	5.00%			5.00%	5.00%
		£/site																
FINANCE	Fees	£	150,000	50,000	70,000	50,000	50,000	200,000	40,000	30,000	50,000	20,000	20,000	25,000	10,000	5,000	10,000	5,000
	Interest	%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
	Legal and Valuation	£	100,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	10,000	10,000	10,000	50,000	50,000
SALES	Agents	%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	Legals	%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
	Misc.	£		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Developers Profit	% of costs (before interest)		20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
	% of GDV			0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

RECURRING CASH FLOW IN THE YEAR																																
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30		
INCOME																																
25	3,859,251	6,603,547	10,900,042	10,900,042	10,900,042	10,900,042	10,900,042	10,900,042	10,900,042	10,900,042	10,900,042	10,900,042	10,900,042	10,900,042	10,900,042	10,900,042	10,900,042	10,900,042	10,900,042	10,900,042	10,900,042	10,900,042	10,900,042	10,900,042	10,900,042	10,900,042	10,900,042	10,900,042	10,900,042	10,900,042	10,900,042	
26	28,073	469,532	916,033	916,033	916,033	916,033	916,033	916,033	916,033	916,033	916,033	916,033	916,033	916,033	916,033	916,033	916,033	916,033	916,033	916,033	916,033	916,033	916,033	916,033	916,033	916,033	916,033	916,033	916,033	916,033	916,033	
27	34,097	612,735	1,225,461	1,225,461	1,225,461	1,225,461	1,225,461	1,225,461	1,225,461	1,225,461	1,225,461	1,225,461	1,225,461	1,225,461	1,225,461	1,225,461	1,225,461	1,225,461	1,225,461	1,225,461	1,225,461	1,225,461	1,225,461	1,225,461	1,225,461	1,225,461	1,225,461	1,225,461	1,225,461	1,225,461	1,225,461	
28	4,446,133	7,295,604	12,660,661	12,660,661	12,660,661	12,660,661	12,660,661	12,660,661	12,660,661	12,660,661	12,660,661	12,660,661	12,660,661	12,660,661	12,660,661	12,660,661	12,660,661	12,660,661	12,660,661	12,660,661	12,660,661	12,660,661	12,660,661	12,660,661	12,660,661	12,660,661	12,660,661	12,660,661	12,660,661	12,660,661	12,660,661	
INCOME																																
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29	1,522,869																															
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31	1,522,869																															
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INCOME

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		UE Greenfield	Green Agricultural	V Large Greenfield	Green Agricultural	Large Greenfield	Green Agricultural	V Large Greenfield	Green Agricultural	Large Greenfield	Green Agricultural	60% Brown Industrial	Brown Industrial	Brown Industrial	Green Agricultural	Green Agricultural	Green Agricultural	Greenfield	Greenfield	Smaller Greenfield	Medium Urban	Medium Urban	Medium Urban	Medium Urban	Green Paddock	Green Paddock	Green Paddock	Green Paddock	Green Paddock	Green Paddock	Green Paddock	
Site Gross	ha	74	25	10	25	10	25	10	25	10	100	100	15	4.75	4.76	4.76	4.76	4.76	4.76	1.34	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	0.08
Net	ha	37	15	6	12.5	5	12.5	6	12.5	5	45	45	9	2.86	2.86	2.86	2.86	2.86	2.86	0.95	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.08
Units		1500	500	200	500	200	500	200	500	200	2200	2200	300	100	100	100	100	100	100	30	30	30	30	30	30	30	30	30	30	30	30	3
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Market		70.00%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%	100.00%
Intermediate to Buy		9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	0.00%
Affordable Rent		1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	0.00%
Social Rent		19.50%	19.50%	19.50%	19.50%	19.50%	19.50%	19.50%	19.50%	19.50%	19.50%	19.50%	19.50%	19.50%	19.50%	19.50%	19.50%	19.50%	19.50%	19.50%	19.50%	19.50%	19.50%	19.50%	19.50%	19.50%	19.50%	19.50%	19.50%	19.50%	19.50%	0.00%
Alternative Land Value	£/ha	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	248,000	248,000	400,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	400,000	400,000
	£ site	1,480,000	500,000	200,000	500,000	200,000	500,000	200,000	500,000	200,000	24,800,000	24,800,000	6,000,000	95,000	95,200	95,200	95,200	95,200	95,200	26,800	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	120,000	32,000
Uplift	£/ha	304,000	304,000	304,000	304,000	304,000	304,000	304,000	304,000	304,000	49,600	49,600	80,000	304,000	304,000	304,000	304,000	304,000	304,000	304,000	304,000	304,000	304,000	304,000	304,000	304,000	304,000	304,000	304,000	304,000	80,000	80,000
	£ site	22,496,000	7,600,000	3,040,000	7,600,000	3,040,000	7,600,000	3,040,000	7,600,000	3,040,000	4,960,000	4,960,000	1,200,000	1,444,000	1,447,040	1,447,040	1,444,000	1,444,000	1,447,040	407,360	380,000	380,000	380,000	380,000	380,000	380,000	380,000	380,000	380,000	24,000	6,400	
Viability Threshold	£/ha	324,000	324,000	324,000	324,000	324,000	324,000	324,000	324,000	324,000	297,600	297,600	480,000	324,000	324,000	324,000	324,000	324,000	324,000	324,000	324,000	324,000	324,000	324,000	324,000	324,000	324,000	324,000	324,000	324,000	480,000	480,000
	£ site	23,976,000	8,100,000	3,240,000	8,100,000	3,240,000	8,100,000	3,240,000	8,100,000	3,240,000	29,760,000	29,760,000	7,200,000	1,539,000	1,542,240	1,542,240	1,539,000	1,539,000	1,542,240	434,160	405,000	405,000	405,000	405,000	405,000	405,000	405,000	405,000	405,000	405,000	144,000	38,400
Resit Gross	£/ha	411,532	482,053	483,805	482,053	483,805	482,053	483,805	482,053	485,692	297,027	297,027	302,467	301,795	301,795	301,795	301,795	301,795	301,795	646,631	405,615	405,615	405,615	405,615	405,615	405,615	405,615	405,615	405,615	405,615	1,360,583	1,628,594
Net	£/ha	803,421	803,421	806,341	803,421	806,341	803,421	806,341	803,421	971,383	660,060	660,060	504,112	501,233	501,233	501,233	501,233	501,233	501,233	912,090	596,493	596,493	596,493	596,493	596,493	596,493	596,493	596,493	596,493	596,493	1,360,583	1,628,594
	£ site	30,453,382	12,051,319	4,838,047	12,051,319	4,838,047	12,051,319	4,838,047	12,051,319	4,856,915	29,702,699	29,702,699	4,537,009	1,433,527	1,433,527	1,433,527	1,433,527	1,433,527	1,433,527	866,485	507,019	507,019	507,019	507,019	507,019	507,019	507,019	507,019	507,019	507,019	408,175	130,288
Additional Profit	£ site	678,881	624,193	158,164	624,193	158,164	624,193	158,164	624,193	160,026	-4,880	-4,880	-466,042	-9,460	-9,460	-9,460	-9,460	-9,460	-9,460	119,723	28,415	28,415	28,415	28,415	28,415	28,415	28,415	28,415	28,415	28,415	95,814	96,628
	£/m2	7	19	12	19	12	19	12	19	12	0	0	-23	-1	-1	-1	-1	-1	-1	59	14	14	14	14	14	14	14	14	14	92	242	

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Elevations	AFFORDABLE %	income	m2	F/m2	Market	45%	Affordable	Greenfield				40 Unit Extra				Brownfield				Extra Core			
								0%	10%	20%	30%	40%	0%	10%	20%	30%	40%	0%	10%	20%	30%	40%	0%
Costs	Land Used	ha						0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	
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			200000	200000	200000	200000	200000	200000	200000	200000	200000	200000	200000										

Appendix 5 – Non-Residential Appraisals

[illegible]

			Brownfield	Industrial	Offices	Distribution	Larger Supermarkets	Smaller Supermarket	Retail Warehouse	Shops	Hotels
Income	m2			1,000	500	3,000	4,000	1,200	4,000	150	1,620
	£/m2			700	1,292	1,292	2,500	2,500	1,700	1,700	2,500
	Capital Value			700,000	646,000	3,876,000	10,000,000	3,000,000	6,800,000	255,000	4,050,000
Costs	Land Used	Coverage ha		66%	60%	30%	25%	30%	30%	80%	40%
		£/ha		0.152	0.083	1.000	1.600	0.400	1.333	0.019	0.405
		Uplift £/ha		400,000	400,000	400,000	400,000	400,000	400,000	4,000,000	400,000
		20.00%			0	0	0	0	0	0	0
		Cost		60,606	33,333	400,000	768,000	192,000	640,000	90,000	194,400
	Strategic Promotion Planning			10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
				10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
	Construction	/m2		759	1,341	585	1,379	1,212	680	890	1,643
	BREEAM	0.0%		0	67	29	69	61	34	45	82
		£		759,000	704,025	1,842,750	5,791,800	1,527,120	2,856,000	140,175	2,794,743
	Infrastructure	10.00%		75,900	70,403	184,275	579,180	152,712	285,600	14,018	279,474
	Abnormals	5.00%		37,950	35,201	92,138	289,590	76,356	142,800	7,009	139,737
	Fees	8.00%		60,720	56,322	147,420	463,344	122,170	228,480	11,214	223,579
	Contingency	5.00%		37,950	35,201	92,138	289,590	76,356	142,800	7,009	139,737
	Finance Costs			20,000	20,000	20,000	40,000	10,000	10,000	10,000	10,000
	Sales	3.00%		21,000	19,380	116,280	300,000	90,000	204,000	7,650	121,500
	Misc. Financial			10,000	10,000	10,000	50,000	10,000	10,000	10,000	10,000
	Subtotal			1,042,520	970,532	2,525,000	7,823,504	2,084,714	3,899,680	227,074	3,738,771
	Interest	7.00%		72,976	67,937	176,750	547,645	145,930	272,978	15,895	261,714
	Profit % GDC	20.00%		208,504	194,106	505,000	1,564,701	416,943	779,936	45,415	747,754
	COSTS			1,324,000	1,232,576	3,206,750	9,935,850	2,647,586	4,952,594	288,384	4,748,239
	Residual Land Worth			-624,000	-586,576	669,250	64,150	352,414	1,847,406	-33,384	-698,239
	Additional P Profit			-684,606	-619,909	269,250	-703,850	160,414	1,207,406	-123,384	-892,639
				-685	-1,240	90	-176	134	302	-823	-551
	Existing Use Value			400,000	400,000	400,000	400,000	400,000	400,000	4,000,000	400,000
	Viability Threshold			400,000	400,000	400,000	480,000	480,000	480,000	4,800,000	480,000
	Residual Value			-4,118,403	-7,038,908	669,250	40,094	881,034	1,385,555	-1,780,479	-1,724,047



HDH Planning and Development Ltd is a specialist planning consultancy providing evidence to support planning authorities, land owners and developers.

The firm is led by Simon Drummond-Hay who is a Chartered Surveyor, Associate of Chartered Institute of Housing and senior development professional with a wide experience of both development and professional practice. The firm is regulated by the RICS.

The main areas of expertise are:

- Community Infrastructure Levy (CIL)
- District wide and site specific Viability Analysis
- Local and Strategic Housing Market Assessments and Housing Needs Assessments
- Future Housing Numbers Analysis (post RSS target setting)

HDH Planning and Development have clients throughout England and Wales.

HDH Planning and Development Ltd
Registered in England Company Number 08555548
Clapham Woods Farm, Keasden, Nr Clapham, Lancaster. LA2 8ET
simon@drummond-hay.co.uk 015242 51831 / 07989 975 977

