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Stratford-on-Avon CIL
Community Infrastructure Levy Economic Viability Study

On behalf of **Stratford-on-Avon District Council**

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Executive summary

This report has been prepared to provide evidence on the viability of development in Stratford-on-Avon District to inform the Community Infrastructure Levy. It has been informed by policy within the National Planning Policy Framework, guidance on viability, including the Harman and RICs reports as well as the legislative context, set out in particular in the CIL regulations.

Policy and infrastructure review

The draft policies set out in consultation documents and the work undertaken to identify a strategic site for a new settlement have been assessed to determine whether they have a cost implication and the impacts these costs could have on delivery.

Policies that have a cost implication include those on sustainability standards, affordable housing and infrastructure. These have all been considered within the viability testing.

Work undertaken on the potential strategic sites for a new settlement has identified general development costs and requirements, but also a number of significant infrastructure items which are specific to each potential location. These would be secured through S106 agreements. The costs of opening up and infrastructure is taken into account in the viability assessments of these potential locations and is reflected in the CIL rates proposed for the strategic sites.

Residential assessment

In addition to the work on the strategic sites for a new settlement, assessments were undertaken on 10 different types of residential site, varying in size, location and existing use – it was considered that these provide a representative sample of notional development sites that could come forward over the plan period.

Development costs and values were derived from research and consultation with the local development industry. The assessment concluded that all the residential typologies could realise a S106 and CIL contribution, including affordable housing at the policy target requirement of 35%. The recommended CIL rates are set out below.

Development type	CIL charge per sqm
Residential development	
Strategic site at Lighthorne Heath	£100
Strategic sites at South East Stratford and Long Marston	£60
Residential development elsewhere	£150

The various settlements and development types across the District all have different levels of viability which could suggest a different CIL rate for each settlement. However, we do not consider this to be a practical approach for Stratford-on-Avon District. Nor do we consider that the District can be zoned to reflect broad areas of similar value as this would not be able to draw on any meaningful boundaries. We have therefore recommended a rate that does not put the majority of planned development at risk of delivery. We consider that £150 per sqm across the District strikes the appropriate balance. However, the council could potentially vary this based on its own strategic considerations.

Other forms of development

The non residential assessments followed a similar format to the residential assumptions. As there are a wide range of potential non residential uses a pragmatic approach was taken in terms of testing whereby typologies were identified on the basis of what was likely to come forward in Stratford-on-Avon District and what could potentially generate chargeable floorspace – this resulted in the testing of 16 types of development.

As the development of most of these uses is sensitive to the general state of the wider economy it is not surprising that the results of the assessment showed little scope to levy a charge, as the majority were seeing limited or negative residual land values. That’s not to say that no development will come forward, as there is always potential for unforeseen bespoke sites coming forward, but in general on speculative terms the market is subdued and any further cost to development, such as the levy, would not assist with growth. The exception to this subdued market is in retail uses outside of Stratford-upon-Avon town centre, which have continued to perform and generate positive returns. The following rates are recommended:

Development type	CIL charge per sqm
Other development	
Employment uses (B1,B2, B8)	£0
All retail A1-A5 across the District except Stratford-upon-Avon town centre	£120
Retail A1-A5 uses in Stratford-upon-Avon town centre	£0
Hotels	£0
Extra care living	£0
Mixed leisure	£0
Public service and community facilities	£0
Other uses	£0

It is recommended that the CIL rates are reviewed on a regular basis, especially when there are changes to the economy, such as substantial increases or decreases in house prices.

1 Introduction

- 1.1.1 Peter Brett Associates were commissioned to undertake an Economic Viability Assessment to provide evidence and advice to support the introduction of a Community Infrastructure Levy in Stratford-on-Avon District.
- 1.1.2 Our objective in this study is to help inform the decisions by locally elected members about the risk and balance between the policy aspirations of achieving sustainable development and the realities of economic viability. In making their decision on the balance, members are seeking guidance on:
- The maximum level of CIL, and the recommended level of CIL
 - The viability of strategic site options.
- 1.1.3 These factors need to be taken into account in order to ensure that development in Stratford-on-Avon District remains deliverable and viable.
- 1.1.4 These are complex questions, and the only way to make the decision properly is to explicitly understand the trade-offs being made between those choices. We proceed by understanding total available development contributions, and then ‘sharing out’ the resulting viability pot between competing priorities.
- 1.1.5 This report is prepared within the context of the council’s position and consultation in 2012/2013 and the information available at this time. This report wholly replaces an earlier report and provides the latest position for the council. This report now considers cashflow and potential strategic sites which have emerged since the first report. It also has the benefit of taking into account experience gained in terms of evidence expectation and updates key assumptions where appropriate.
- 1.1.6 This report and the accompanying appraisals have been prepared in line with RICS valuation guidance. However, it is first and foremost a supporting document to inform the drafting of the CIL evidence base and planning policy, in particular policy concerned with the planning, funding and delivery of infrastructure needed to support delivery of the plan.
- 1.1.7 As per Valuation Standards 1 of the RICS Valuation Standards – Global and UK Edition, the advice expressly given in the preparation for, or during the course of, negotiations or possible litigation does not form part of a formal “Red Book” valuation and should not be relied upon as such. No responsibility whatsoever is accepted to any third party who may seek to rely on the content of the report for such purposes.
- 1.1.8 The objectives of this report are to use the available evidence to assess what level of CIL is appropriate within the Stratford-on-Avon District and that is broadly viable in terms of delivering the plans and policies set out in its strategy. The stages of the study are to:
- Review the policy and legislative context;
 - Review the types of development likely to come forward during the plan period;
 - Consider the evidence relating to the costs and values of different residential and non-residential development in Stratford-on-Avon District and establish assumptions to inform both residential and non-residential viability appraisals;
 - Provide evidence for the council in developing their Community Infrastructure Levy (CIL) Charging Schedule;

- In providing this evidence undertake a series of viability tests on the hypothetical development typologies and consider whether there is sufficient value to support policies including those on affordable housing and CIL; and
- Test the strategic site options and consider whether there is sufficient viability to fund the identified infrastructure package and affordable housing.

2 Study context and viability

- 2.1.1 The basis of viability testing in this Report is through a series of generic site appraisals, using the residual value (RV) approach. This needs to take account of a wide variety of inter-related factors which are explored below, which include various items of planning obligations and community gain expected to be delivered through the operation of the planning system.
- 2.1.2 The key question is whether a suggested level of Community Infrastructure Levy (CIL), combined with other planning obligations, including affordable housing and other policy requirements will inhibit development generally, and conversely, what level of CIL, and continuing contributions through S.106 Agreements, can be delivered whilst maintaining economic viability?
- 2.1.3 It is important that policy relating to planning obligations is realistic and credible, taking into account the local housing and commercial market, the economics of development, including price, supply, demand, need and profit issues. Whilst this report is set within the known planning and economic context at the time of production, it will be important to update its assumptions and findings when there are significant changes to the market and economy or changes to the type of growth sought in the district.
- 2.1.4 It is also of note that the importance of maintaining plan viability is a central theme of national planning policy and guidance in recent years. We explore this context in the following section.

2.2 Defining viability: the Harman Report

- 2.2.1 The cross industry and CLG supported 'Viability Testing Local Plans' (June 2012) provides detailed guidance regarding viability testing and in particular provides practical advice for planning practitioners on developing viable Local Plans which limits delivery risk. This guidance forms the basis to our approach in this report.
- 2.2.2 The Harman Report usefully defines viability. 'Viability Testing Local Plans' (Local housing Delivery Group, June 2012), states that:

"An individual development can be said to be viable if, after taking account of all costs, including central and local government policy and regulatory costs, and the cost and availability of development finance, the scheme provides a competitive return to the developer to ensure that development takes place, and generates a land value sufficient to persuade the land owner to sell the land for the development proposed."

2.3 National Planning Policy Framework

- 2.3.1 The NPPF reflects the Harman report, both in its approach to the concept of viability, and its concern to ensure that cumulative effects of policy do not combine to render plans unviable (para. 173):

"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."

2.4 Community Infrastructure Levy requirements

Finding the balance

2.4.1 Regulation 14 requires that a charging authority “aim to strike what appears to the charging authority to be an appropriate balance” between:

- The desirability of funding from CIL (in whole or in part) the... cost of infrastructure required to support the development of its area...; and
- The potential effects (taken as a whole) of the imposition of CIL on the economic viability of development across its area.

2.4.2 By itself, this statement is not easy to interpret. The statutory guidance explains its meaning. This explanation is important and worth quoting at length:

“By providing additional infrastructure to support development of an area, the levy is expected to have a positive economic effect on development across an area. In deciding the rate(s) of the levy for inclusion in its draft charging schedule, a key consideration is the balance between securing additional investment for infrastructure to support development and the potential economic effect of imposing the levy upon development across their area. The Community Infrastructure Levy regulations place this balance of considerations at the centre of the charge-setting process. In meeting the requirements of regulation 14(1), charging authorities should show and explain how their proposed levy rate (or rates) will contribute towards the implementation of their relevant Plan and support the development of their area. As set out in the National Planning Policy Framework in England, the ability to develop viably the sites and the scale of development identified in the Local Plan should not be threatened.”

2.4.3 In other words, the ‘appropriate balance’ is the level of CIL which the authority judges will maximise the quantum of development in the area. If the CIL charging rate is above this appropriate level, there will be less development than there could be, because CIL will make too many potential developments unviable. Conversely, if the charging rates are below the appropriate level, development will also be less than it could be, because it will be constrained by insufficient infrastructure.

2.4.4 The above quote from the statutory Guidance sets the development of the area firmly in the context of delivering the Local Plan. This is linked to the plan viability requirements of the NPPF, particularly paragraphs 173 and 174. This point is given emphasis throughout the Guidance. For example, in guiding examiners, the Guidance makes it clear that the independent examiner should establish that:

“...evidence has been provided that shows the proposed rate (or rates) would not threaten delivery of the relevant Plan as a whole.”

2.4.5 Common sense suggests that an appropriate balance is not easy to find, and must be a matter of judgment as much as rigorous calculation. It is not surprising, therefore, that charging authorities are allowed discretion in this matter. This is set out in the legislation and guidance. For example, Regulation 14 requires that in setting levy rates, the Charging Authority (our underlinings highlight the discretion):

“must aim to strike what appears to the charging authority to be an appropriate balance...”

2.4.6 The statutory guidance says

“The legislation... requires a charging authority to use appropriate available evidence to ‘inform the draft charging schedule’. A charging authority’s proposed levy rate (or rates)

should be reasonable given the available evidence, but there is no requirement for a proposed rate to exactly mirror the evidence... there is room for some pragmatism.”¹

2.4.7 Regulation 14 effectively recognises that the introduction of CIL may put some potential development sites at risk. The focus is on seeking to ensure development envisaged by the Local Plan can be delivered. Accordingly, when considering evidence the guidance requires that charging authorities should “use an area based approach, which involves a broad test of viability across their area”, supplemented by sampling “...an appropriate range of sites across its area...” with the focus “...in particular on strategic sites on which the relevant Plan relies...”²

2.4.8 This reinforces the message that charging rates do not need to be so low that CIL does not make any individual development schemes unviable. The levy may put some schemes at risk in this way, so long as, in aiming strike an appropriate balance overall it avoids threatening the ability to develop viably the sites and scale of development identified in the Local Plan.

Keeping clear of the ceiling

2.4.9 The guidance advises that CIL rates should not be set at the very margin of viability, partly in order that they may remain robust over time as circumstances change:

“Charging authorities should avoid setting a charge right up to the margin of economic viability across the vast majority of sites in their area. Charging authorities should show, using appropriate available evidence, including existing published data, that their proposed charging rates will contribute positively towards and not threaten delivery of the relevant Plan as a whole at the time of charge setting and throughout the economic cycle.”³

2.4.10 We would add two further reasons for a cautious approach to rate-setting, which stops short of the margin of viability:

- Values and costs vary widely between individual sites and over time, in ways that cannot be fully captured by the viability calculations in the CIL evidence base.
- A charge that aims to extract the absolute maximum would be strenuously opposed by landowners and developers, which would make CIL difficult to implement and put the overall development of the area at serious risk.

Varying the charge

2.4.11 CIL Regulations (Regulation 13) allows the charging authority to introduce charge variations by geographical zone in its area, by use of buildings, or both. It is worth noting that the phrase ‘use of buildings’ indicates something distinct from ‘land use’.⁴ As part of this, some rates may be set at zero. But variations must reflect differences in viability; they cannot be based on policy boundaries. Nor should differential rates be set by reference to the costs of infrastructure.

¹ DCLG (December 2012) *Community Infrastructure Levy Guidance* (para 28)

² DCLG (December 2012) *Community Infrastructure Levy Guidance* (Paras 23 and 27)

³ DCLG (December 2012) *Community Infrastructure Levy Guidance* (Para 30)

⁴ The Regulations allow differentiation by “uses of development”. ‘Development’ is specially defined for CIL to include only ‘buildings’, it does not have the wider ‘land use’ meaning from TCPA 1990, except where the reference is to development of the area, in which case it does have the wider definition. See S 209(1) of PA 2008, Reg 2(2), and Reg 6.

- 2.4.12 The guidance also points out that there are benefits in keeping a single rate, because that is simpler, and charging authorities should avoid “*undue complexity*”.⁵
- 2.4.13 Moreover, generally speaking, it would not be appropriate to seek to differentiate in ways that impact disproportionately on particular sectors, or specialist forms of development,⁶ otherwise the CIL may fall foul of State Aid rules.
- 2.4.14 It is worth noting, however, that the guidance is clear that “*In some cases, charging authorities could treat a major strategic site as a separate geographical zone where it is supported by robust evidence on economic viability.*”⁷

Supporting evidence

- 2.4.15 The legislation requires a charging authority to use “*appropriate available evidence*”⁸ to inform their charging schedules. The statutory guidance expands on this, explaining that the available data “*is unlikely to be fully comprehensive or exhaustive.*”⁹
- 2.4.16 These statements are important, because they indicate that the evidence supporting CIL charging rates should be proportionate, avoiding excessive detail. One implication of this is that we should not waste time and effort analysing types of development that will not have significant impacts, either on total CIL receipts or on the overall development of the area as set out in the Local Plan. This suggests that the viability calculations may leave aside geographical areas and types of development which are expected to see little or no development over the plan period.

Chargeable floorspace

- 2.4.17 CIL will be payable on “*most buildings that people normally use.*”¹⁰ It will be levied on the net additional floorspace created by any given development scheme¹¹. Any new build that replaces existing floorspace that has been in recent use on the same site will be exempt from CIL, even if the new floorspace belongs to a higher-value use than the old.

What the examiner will be seeking

- 2.4.18 According to statutory guidance, “*the independent examiner should check that:*
- *The charging authority has complied with the requirements set out in legislation*
 - *The charging authority’s draft charging schedule is supported by background documents containing appropriate available evidence*
 - *The proposed rate or rates are informed by and consistent with, the evidence on economic viability across the charging authority’s area; and*
 - *Evidence has been provided that shows the proposed rate would not threaten delivery of the relevant Plan as a whole.*”¹²

⁵ DCLG (December 2012) *Community Infrastructure Levy Guidance* (Para 37)

⁶ DCLG (December 2012) *Community Infrastructure Levy Guidance* (Para 37)

⁷ DCLG (December 2012) *Community Infrastructure Levy Guidance* (Para 34)

⁸ Section 211 (7A) of the Planning Act 2008

⁹ Section (December 2012) *Community Infrastructure Levy Guidance* (Para25)

¹⁰ DCLG (Nov 2010) *Community Infrastructure Levy – An Overview* (paragraph 37)

¹¹ DCLG (Nov 2010) *Community Infrastructure Levy – An Overview* (paragraph 38)

¹² DCLG (December 2012) *Community Infrastructure Levy Guidance* (Para 9)

Policy requirements

- 2.4.19 Above, we have dealt with legal and statutory guidance requirements which are specific to CIL. More broadly, the CIL Guidance says that charging authorities “*should consider relevant national planning policy (including the NPPF in England) when drawing up their charging schedules.*” In addition, where consideration of development viability is concerned, the CIL Guidance draws specific attention to paragraphs 173 to 177 of the NPPF.
- 2.4.20 The only policy requirements which relate directly to CIL are set out at paragraph 175 of the NPPF, covering, firstly, working up CIL alongside the plan making where practical; and secondly placing control over a meaningful proportion of funds raised with neighbourhoods where development takes place).

CIL Summary

- 2.4.21 To meet legal requirements and satisfy the independent examiner, a CIL charging schedule should:

“Aim to strike what appears to the charging authority to be an appropriate balance’ between the need to fund infrastructure and the impact of CIL”; and

“Not threaten delivery of the relevant plan as a whole.”

- 2.4.22 As explained in statutory guidance, this means that the net effect of the levy on total development across the area should be positive. CIL may reduce development by making certain schemes which are not plan priorities unviable. Conversely, it may increase development by funding infrastructure that would not otherwise be provided, which in turn supports development that otherwise would not happen. The law requires that, in the judgment of the local authority, the net outcome of these two impacts should be positive. This judgment is at the core of the charge-setting process.

- 2.4.23 Legislation and guidance also set out that:

- Authorities should avoid setting charges up to the margin of viability for the bulk of sites;
- CIL charging rates may vary across geographical zones and building uses (and only across these two factors). But there are restrictions on this differential charging. It must be justified by differences in development viability, not by policy or by varying infrastructure costs; it should not introduce undue complexity; and it should have regard to State Aid rules;
- Charging rates should be informed by “*appropriate available evidence*”, which need not be “*fully comprehensive or exhaustive*”;
- While charging rates should be consistent with the evidence, they are not required to ‘mirror’ the evidence. In this and other ways, charging authorities have discretion in setting charging rates.

- 2.4.24 In our analysis and recommendations below, we aim both to meet these legal and statutory guidance requirements and to maximise achievement of the council’s own priorities, using the discretion that the legislation and guidance allow.

3 Planning and development context

3.1 Introduction

3.1.1 This chapter considers the type and likely locations for growth which are expected to come forward in the future, in order to inform the CIL viability work and any recommended charging schedule. The purpose here is two-fold. Firstly, it is to ensure that any recommended CIL charge applies to those developments most likely to come forward in the future. Secondly, it is to understand the main elements of Local Plan delivery, so that any recommended CIL charge avoids putting the delivery of the Plan at risk.

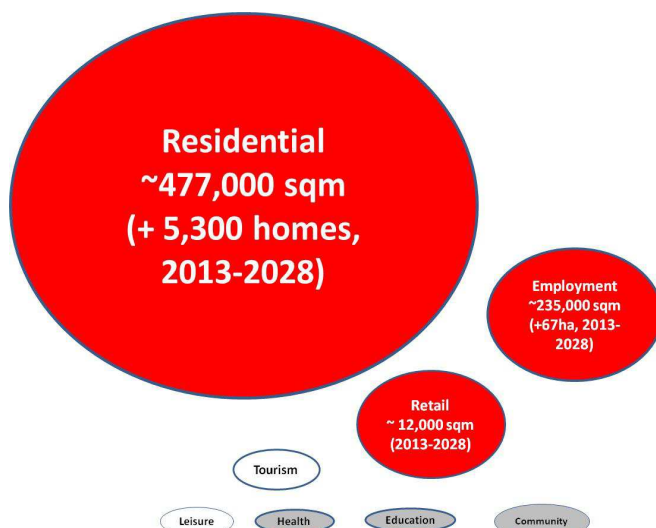
3.1.2 One way of understanding what types of development are going to be important in delivering against the statutory CIL Regulations' requirement to deliver the main elements of the Local Plan is by seeking to get some sense of scale of the floorspace expected to be produced over the plan period. In identifying future plans for development in the District we have referred to the:

- Draft Core Strategy (February 2012);
- Cabinet Report (29th April 2013); and
- Assessment of Potential New Settlements and Sustainable Urban Extensions (June 2013).

3.2 Future development type

3.2.1 Very roughly to scale, **Figure 3.1** below looks at growth over the 2013-28 period. This shows that the main thrust of Stratford's strategy is very much around residential and employment growth, with retail space also being important. This is a broad estimate of the scale based on the remaining new dwellings required to meet the target of 9,500 homes in the Core Strategy and an assumption for a typical average sized dwelling. The employment floorspace is an estimate based on an identified future requirement in the Draft Core Strategy and a standard assumption for the amount of floorspace per hectare. The retail floorspace is referred to in the Draft Core Strategy. The other land uses such as leisure facilities are present; and whilst important, they nonetheless represent a very much smaller part of the Local Plan delivery.

Figure 3.1: Potential liable floorspace



3.3 Future development areas

3.3.1 The Core Strategy will identify a strategic site for development. The decision on which strategic sites is not a matter for this report. The aim of this report is to present the viability evidence as to whether the identified options can deliver the necessary infrastructure and affordable housing package sought by the council. Following an assessment, it is understood that three sites are being considered at:

- Long Marston;
- South-East Stratford; and
- Lighthorne Heath.

3.3.2 As these sites are likely to make up a significant proportion of planned residential development it is important that their broad viability is tested, including their ability to contribute through the Levy.

3.4 Summary

3.4.1 The land uses which are likely to account for the largest quantum of development, and hence are critical to the delivery of the Core Strategy, comprise:

- Residential;
- Light industrial and warehousing space;
- Offices;
- Retail;
- Leisure and recreation; and
- Public services and community facilities.

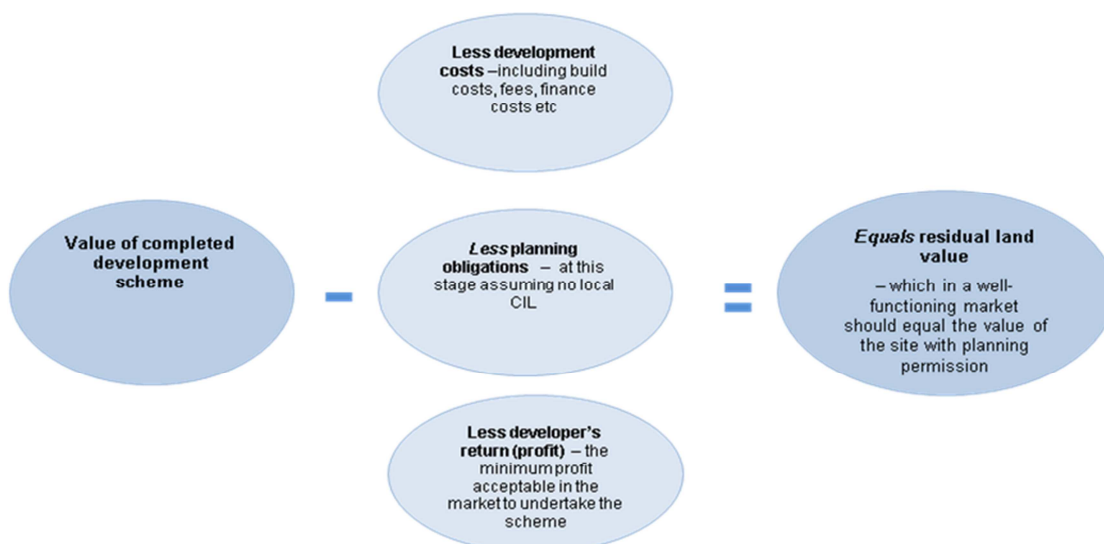
3.4.2 In our viability assessments and the resulting recommendations, we have focussed on these types of development, aiming to ensure that they remain broadly viable after the CIL charge is levied.

4 Viability assessment method

4.1 Development appraisal

- 4.1.1 Viability assessment is at the core of the charge-setting process. The purpose of the assessment is to identify charging rates at which the bulk of the development proposed in the development plan is financially viable, in order to ensure that the CIL does not put at risk the overall development planned for the area.
- 4.1.2 Our viability assessments are based on development appraisals of hypothetical schemes, using the residual valuation method. This approach is in line with accepted practice and as recommended by RICS guidance¹³ and the Harman report.¹⁴ Residual valuation is applied to different land uses and where relevant to different parts of the district, aiming to show typical values for each. It is based on the formula presented in **Figure 4.1**.

Figure 4.1: Method diagram – value of completed development scheme



- 4.1.3 For each of the hypothetical schemes tested, we use this formula to estimate typical residual land values, which is what the site should be worth once it has full planning permission. The residual value calculation requires a wide range of inputs, or assumptions, including the costs of development and the required developer's return.
- 4.1.4 The arithmetic of residual appraisal is straightforward (we use a bespoke spreadsheet models for the appraisals). However, the inputs to the calculation are hard to determine for a specific site (as demonstrated by the complexity of many S106 negotiations). The difficulties grow when making calculations that represent a typical or average site – which is what we need to do for estimating appropriate CIL charges. Therefore our viability assessments are necessarily broad approximations, subject to a margin of uncertainty.
- 4.1.5 Examples of the detailed individual appraisals are provided in **Appendix B**.

¹³ RICS (2012), *Financial Viability in Planning, RICS First Edition Guidance Note*

¹⁴ Local Housing Delivery Group Chaired by Sir John Harman (2012) *Viability Testing Local Plans*

4.2 The summary tables

- 4.2.1 Having estimated the residual value, we compare this residual value with the 'benchmark land value' or 'land cost', which is the minimum land value the landowner will accept to release their land for the development specified.
- 4.2.2 This process of comparison takes place in what we call the 'viability summary' table. These summary tables can be found in the relevant sections.
- 4.2.3 Benchmark values will vary to reflect the landowner's judgements, which might include the contextual nature of development, the site density achievable, the approach to the delivery of affordable housing (in the context of residential development) and so on. There are a wide range of permutations here. In order to make progress, we have to assume a central value, even though there could be a margin of error in practice. These values are discussed further in subsequent sections.
- If the residual land value shown by the appraisals is below the benchmark value, the development is not financially viable, even without CIL. That means it will not happen unless the circumstances change.
 - If the residual value and the benchmark values are equal, the development is just viable but there is no surplus value available for CIL.
 - If the residual land value shown by the appraisals is above the benchmark value, the development is viable. The excess of residual over benchmark value measures the maximum amount that may be potentially captured by CIL. The summary table then converts this amount available for CIL into a per square metre charge in the column at the far right.
- 4.2.4 Our objective in these summary tables is to show, for each notional development scenario, how much money might be theoretically available for a CIL charge. Reading the (residential) summary table from left to right, successive columns are as follows:
- a. Type of use
 - b. Number of units
 - c. Net site area
 - d. Density - the number of residential units per hectare (for residential uses only).
 - e. Total floorspace – the total floorspace created by the development (for residential uses this includes both market and affordable housing).
 - f. Floorspace gross chargeable – the accommodation within the scheme liable to CIL. For residential uses this is equal to the floorspace of open market housing (affordable housing is not liable).
 - g. Residual value – £ per hectare and £ per sqm. The method and assumptions used in this appraisal to arrive at this number are described in the report.
 - h. Benchmark land value per ha and per sqm: the estimated minimum a developer would typically need to pay to secure a site of this kind, expressed in £ per ha or divided by its chargeable floorspace.
 - i. CIL surplus per sqm: this column identifies the amount of money which is, in theory, available for CIL, after policy costs (if applicable) have been paid. It is expressed per sqm

of chargeable development. Note that this sum is derived from the difference between the benchmark land value and the residual land value once S106 (including affordable housing costs) have been taken into account. As noted earlier, this overage is an estimate of the CIL 'ceiling' – the maximum CIL that could be charged consistent with the development being financially viable, expressed per ha. Given the uncertainties surrounding viability appraisal, it is of course an approximate indicator, which should be used cautiously.

- 4.2.5 It is important to bear in mind that these calculations are no more than approximations, surrounded by margins of uncertainty but are based on best available evidence and judgement at the time of writing. This uncertainty is taken account of in drawing the implications for CIL by using professional judgment to interpret the figures. This is explained below.

4.3 Recommending a CIL charge

- 4.3.1 The summary table discussed above indicates that CIL charges of a given amount may be capable of being sustained in the area. However, we are likely to recommend that the charge is set well under this point. The principal reasons for this are that:

- Markets fluctuate over time. There must be sufficient latitude for fluctuations to happen without rendering the CIL Charge unviable; and
- Individual site costs and values vary. Developments should remain viable after the CIL Charge is paid in the bulk of cases.

- 4.3.2 It is conceivable that a simple, arithmetical approach could be used to take us from the 'overage' that the summary table suggests is available for CIL, to a recommended CIL Charge. For example, it would be possible to set a CIL at 50% of the overage indicated in the viability testing and to mechanically apply this deflator.

- 4.3.3 However, we have intentionally avoided this approach, because the viability tests necessarily cannot take account of developers' market understanding of risk or of institutional investors' willingness to invest. These are important components of the judgement on a sensible level of CIL charge, but they cannot emerge arithmetically from the viability model. Instead, we use our market judgement in arriving at a sensible charge.

5 Residential assumptions

5.1 Typologies

5.1.1 We have identified a set of development typologies for Stratford. These are standard generic models, which have been informed by real situations, but are not intended to represent any actual future developments. The selected typologies are purely for modelling viability and will not necessarily be included within future versions of the Plan.

5.1.2 The notional residential sites tested are set out in **Table 5.1**.

Table 5.1: Residential notional sites for viability testing

		Typology	Dwellings
1	West	Greenfield	5
2	East	Greenfield	5
3	Central	Brownfield	7
4	East	Greenfield	10
5	Central	Greenfield	20
6	East	Brownfield	30
7	East	Greenfield	75
8	Central	Brownfield	200
9	East	Urban extension	200
10	Central	Urban extension	500

5.1.3 These models have been completed using local values and costs to test what level of contributions can be achieved without risking viability, as well as testing variable affordable housing requirements. These different applications have also been used to assess different density and location factors.

5.1.4 We have allowed for a set of residential viability tests to cover notional developments of different sizes, locations, densities and mixes, greenfield / brownfield as well affordable housing. In order to provide a robust evidence base it was important that we modelled this broad cross section of development types. Further information on the selection of these development types is provided in **Section 6**.

5.2 Assumptions

Reviewing the existing viability evidence (value and costs)

5.2.1 A number of assumptions need to be made as part of the viability appraisal process in order to illustrate site value and its ability to meet community gain, and remain viable. This includes the

site area, the total number of dwellings, with details of mix and tenure, in order to arrive at floorspace assumptions. Sales values and build costs are also summarised. A merged mix of affordable and open market housing, based on a range of affordable housing proportions of residential floorspace has been used, with input from locally active RPs and the council. The principal variable factors are explored below.

5.2.2 Obtaining the data – we use a range of information sources in setting benchmark land values and getting intelligent inputs to our residual value modelling. The regulations require Charging Authorities to use “*appropriate available evidence*” in setting their CIL Charge. The sources we used are as follows.

- Internet sources. In order to keep costs down, we take advantage of free sources such as Estates Gazette, or Davis Langdon cost levels – which have the great advantage of showing the typical buildings used for the calculation. We also use management consultants’ studies, quality press reports (FT.com is an excellent source) and industry sector specialist studies.
- We use existing information available to the council, such as housing land evidence and previous viability reports. There are good reasons to use this already existing information. It has great advantages of ensuring that there is no contradiction between different studies that could be used against the CIL charge at examination.
- BCIS and Spons cost sources are available to us.

5.2.3 We source residential revenues and other viability variables from a range of sources, including generic websites, such as the Right Move, and Zoopla, in addition to the Land Registry, together with direct research with developers, (including Registered Providers of affordable housing), and agents operating in the area.

5.2.4 Information on land and property values has been taken from industry standard sources including the EGi, CoStar (Focus) and Property Week databases.

5.2.5 To estimate construction costs, as well as standard sources such as BCIS, we use data from cost consultants Davis Langdon. These figures allow for increasingly stringent Building Regulations, which add to construction costs. For costs such as external works, fees, finance and developers’ margins, we used high-level approximations. These represent the average over a range of scheme types. Where relevant, we also distinguish between different parts of the district, to ensure that we have the right evidence to inform any proposal for geographic differentials in the levy rate or other policy costs.

5.2.6 Our view on this issue is that a simple Charging Schedule with few variations is preferable for examination and implementation. We need to distinguish circumstances where particular types of site are prone to different economic circumstances that affect viability. This includes, for instance, the additional costs associated with large greenfield urban extensions, where the site specific infrastructure costs required to open up the site for development are significantly greater than for smaller, brownfield sites. On the other hand, brownfield sites tend to have a much higher existing use value, based on commercial values as opposed to agricultural value. This can mean that large greenfield urban extensions, and in some circumstances, brownfield sites, may be unable to support the same affordable housing and/or CIL rate as other locations.

Benchmark values

5.2.7 It is important to appreciate that assumptions on benchmark land values can only be broad approximations, subject to a wide margin of uncertainty. We take account of this uncertainty in drawing conclusions and recommendations from our analysis. We have examined a cross section of residential land comparables. These comparable transactions generally relate to

both clean greenfield sites and urban, brownfield sites, which were fully serviced with roads and major utilities to the site boundary.

5.2.8 It is important to take into account future policy considerations such as affordable housing when setting an appropriate benchmark. This approach is in line with the Harman report which advises authorities to work on the basis of future policy and its effects on land values. For the purposes of this report we have used the following:

- Brownfield £1,050,000 per ha;
- Small greenfield £924,000 per ha; and
- Bulk sites¹⁵ £840,000 per ha.

Floorspace

5.2.9 Residential floorspace is based upon industry standards of new build schemes. Two floor areas are displayed for flatted schemes: The Gross Internal Area (GIA) is used to calculate build costs and Net Internal Area (NIA) is applied to calculate the sales revenue. For the small housing sites (up to 5 units) larger dwellings are delivered in the district, with medium and larger sites delivering more 'standard' unit sizes, we have therefore applied two unit sizes within our viability analysis.

5.2.10 Affordable unit sizes for houses are at the same standards as market housing, although it should be noted that large detached dwellings have not been tested within the mix as advice from Registered Providers suggests that this type of affordable housing unit is not common.

Table 5.2: Floorspace

Dwelling type	Size (in sqm)
Flats (NIA)	55
Flats (GIA)	65
Terraced	70
Semi-detached	80
Detached	120

Sales value for open market housing

5.2.11 In order to arrive at a total sales turnover, assumptions need to be made about sales values. These have been sourced from an assessment of the housing market based on discussions with local developers and agents about their current experience, and generic websites such as the Right Move and Zoopla. We have also analysed the Land Registry data on new sales values. We use revenues for new properties because it is from these figures that current and future land values are derived.

5.2.12 Following this assessment the following sales values have been adopted for the this study:

¹⁵ Sites over 2 hectares

- West £2,600 sqm
- East £2,800 sqm
- Central £3,200 sqm

A more detailed analysis of house values is set out in **Section 6 and Appendix A**.

Sales value for affordable housing

- 5.2.13 Registered Providers of Social Housing (RPs) – housing associations and other qualified providers – have historically had access to funds from the Government to purchase land, and develop or purchase affordable housing, including units from developers through the operation of S.106 agreements. The most common delivery of affordable housing is that properties are built by the developer and transferred to the RP at a price below the full market value through the operation of S.106 agreements. Whilst limited grant funding is still available from Government the extent of this funding in terms of the amount and the length of time it will be available is uncertain. For this reason we take a conservative approach to our assessments and assume that grant will not be available on developer-led sites that deliver affordable housing through S.106. The gap between the full cost and the price paid to a developer represents the level of private subsidy (e.g. developer or landowner subsidy).
- 5.2.14 The value of affordable housing dwellings is normally derived by assessing the value of the net rental income over a 25-35 year timeframe. Allowances for key management and maintenance costs are deducted from the gross rental income and this net rental income can then either be capitalised using an appropriate yield taking into account the strength of the income or its value can be calculated over a 25-35 year timeframe using a discounted cashflow / net present value methodology.
- 5.2.15 While individual RP will have individual assumptions depending on their relative business plans, there is often reasonable consistency when the capitalised value of the affordable housing is compared to the full open market value of an equivalent property. The current percentage requirement for affordable housing is 35% on all sites. The impact of residential tenure can affect the impact of this policy, and in consultation with the Stratford’s housing officers and the registered providers we have we have assumed a blended average for intermediate and affordable rented accommodation as follows:

Table 5.3: Affordable housing values as a proportion of market values

Tenure	Location	Transfer value (£ per sqm)
Affordable rent	West	£1,170
Affordable rent	East	£1,260
Affordable rent	Central	£1,440
Shared ownership	West	£1,690
Shared ownership	East	£1,820
Shared ownership	Central	£2,080

Dwelling mix

- 5.2.16 Our discussions with developers and agents sought views on the dwelling mix, targeted by developers on different sites. We also consulted with the council and their experience with past planning applications. These discussions reveal the following market and affordable market housing mix that is generally sought on new sites:

Table 5.4: Dwelling mix

Typology		Market				Affordable Housing		
		Flats	Terraced	Semi-detached	Detached	Flats	Terraced	Semi-detached
1	Greenfield			40%	60%		50%	50%
2	Greenfield			50%	50%		50%	50%
3	Brownfield			50%	50%		50%	50%
4	Greenfield			50%	50%		50%	50%
5	Small greenfield			50%	50%		50%	50%
6	Brownfield		30%	40%	30%		50%	50%
7	Greenfield			50%	50%		50%	50%
8	Large brownfield	10%	20%	40%	30%	20%	50%	30%
9	Urban extension 200			50%	50%		50%	50%
10	Urban extension 500			50%	50%		50%	50%

- 5.2.17 It should be noted that the proposed Welfare Reforms, effective from April 2013, will also influenced property mix as tenants may not be eligible for Housing Benefit where they live in a property which is technically bigger than they require.
- 5.2.18 From April 2013, if a resident of council accommodation or other social housing is assessed as having at least 1 extra bedroom in their house, their Housing Benefit could be reduced by 14% if they have 1 extra bedroom or 25% if they have 2 or more extra bedrooms.
- 5.2.19 While many Registered Providers have preferred to develop properties with a minimum of 2 bedrooms prior to the Welfare Reforms, as they offer greater flexibility of use (singles, couples, small families), they are now having to rethink their development strategies so as not to potentially create difficulties for customers and are thus looking to provide more 1 bedroom property types for singles / couples. The need for smaller one bedroom units is therefore likely to increase in the future, and yet, RP are already struggling to provide these units due to the higher costs and lower rental values. Consideration may be needed about proactive measures to encourage the delivery of smaller one bedroom units in suitable locations.

Build costs

- 5.2.20 Residential build costs are based upon industry data from the Build Cost Information Service (BCIS) which is published by the Royal Institution of Chartered Surveyors (RICS). The data is published by RICS on a quarterly basis. BCIS offers a range of prices dependent on the final specification.
- 5.2.21 The following build costs used are derived from recent data of actual prices in the marketplace. As early as 2009, the market across the UK was building at around Code for Sustainable Homes Level 3 to 4 for private and Level 4 for affordable housing.

5.2.22 Costs may alter in future. In particular, there may be national policy change regarding Code for Sustainable Homes building standards. The final effect of these changes on viability is difficult to foresee. While we have reviewed current Government research on cost impacts of CSH we note that past forecasts of price changes (such as that predicted in the original Cyril Sweett work) have never affected costs to the extent forecast. When these future requirements come into force, they will impact on both development costs and land values. We have not incorporated these possible impacts into our calculations, because this appraisal is based on current market conditions, not forecasts of potential future change. Our approach to incorporating these (and other) potential but unknown costs is to set a wide margin for error that will cover variations in factors such as build costs, site conditions, and timing.

■ Flats	£990 per sqm	Mean cost
■ Flats 6 story plus	£1,295 per sqm	Mean cost
■ Houses	£884 per sqm	Mean cost

5.2.23 Similar to the Code these build costs also allow for a life times homes approach as envisaged in the policy in the Plan. Volume and regional housebuilders are able to operate within this figure comfortably, especially given that they are likely to achieve significant economies of scale in the purchase of materials and the use of labour. Many smaller developers are unable to attain these economies, so their construction costs may be higher; however, this can be compensated for by lower overheads, and this often enables smaller developers to acquire sites in competition. We have opted on the side of caution in our assumptions, with the addition of a 5% contingency.

5.2.24 In addition to the build cost, which relates just the building cost of the dwelling we also make an allowance for externals. Plot externals relate to costs for internal access roads, hard and soft landscaping. This will vary from site to site, but we have allowed for this at the following rate:

- 10% – Build Cost

Other finance costs

5.2.25 **Profit** – All developers have a slightly different approach to levels of profit and overhead. Profits are derived from turnover across a number of sites, some of which may have been held long-term in land banks, and others acquired as a result of option agreements where price is established at a discount to Open Market Value (OMV). The most appropriate profit level is that which most developers currently assume when appraising sites for purchase for immediate development.

5.2.26 A developer's return is based upon their attitude to risk. A developer's attitude to risk will depend on many factors that include but not exclusive to, development type (e.g. Greenfield, Brownfield, refurbishment, new build etc.), development proposal (uses, mix and quantum), credit worthiness of developer, and current market conditions.

5.2.27 The Harman Report states that "*residential developer margin expressed as a percentage of GDV – should be the default methodology*" and E.2.3.8.1 of the RICS Financial viability in planning report states "*The residential sector seeks a return on the GDV.*"

5.2.28 We have applied a rate that is acceptable to both developers and financial institutions in the current market. The developer return is a Gross Margin and therefore includes overheads. The developer return is calculated as a percentage of Gross Development Value at the following rate:

- Developers return on market housing – 20% GDV

- Developers return on affordable housing – 6% GDV

5.2.29 **Professional fees** – These relate to the costs incurred to bring the development forward and cover items such as; surveys, architects, quantity surveyors, etc. Professional fees are based on accepted industry standards and are calculated as a percentage of build costs at:

- Professional fees – 12% build costs

In addition, allowances have been made for financing costs of construction, as well as land purchase, allowing for annual interest costs to be included for large schemes, reflecting phased purchase, completion rates, and sales revenues.

5.2.30 **Sale costs** – Sale costs relate to the costs incurred for disposing the completed residential units, including legal, agents and marketing fees. These are based on industry accepted scales at the following rates:

- Sale costs – 3% GDV

5.2.31 **Finance costs** – When testing for development viability it is common practice to assume development is 100% debt financed (Viability Testing Local Plans – Advice for planning practitioners and RICS Financial viability in planning guidance note GN94/2012). Within our cashflow (each site will have a different timeframe depending on the number of dwellings) we used a finance rate based upon market rates of interest as follows:

- Finance costs – 7% Development Costs

5.2.32 **Stamp duty** – Stamp Duty Land Tax (SDLT) is generally payable on the purchase or transfer of property or land in the UK where the amount paid is above a certain threshold. The SDLT rates are by Treasury, the following rates current rates have been applied:

- Up to £125,000 – 0.00%
- £125,000 to £250,000 – 1.00%
- £250,000 to £500,000 – 3.00%
- £500,000 to £1,000,000 – 4.00%
- £1,000,000 to £2,000,000 – 5.00%
- Over £2,000,000 – 7.00%

5.2.33 **Fees on land purchase** – In addition to SDLT the purchaser of land will incur professional fees relating to the purchase. Fees associated with the land purchase are based upon the following industry standards:

- Surveyor – 1.00%
- Legals – 0.75%

Other development costs

5.2.34 The next stage in the consideration of land value and variables is an examination of development costs, beyond those accounted for in the overall build costs. These could include Community Infrastructure Levy, S106 requirements and site opening up costs. We have modelled varying levels for all these potential additional costs.

5.2.35 It is widely accepted, including within 'Viability Testing Local Plan' that larger scale schemes have additional costs that do not apply to smaller developments. We have already included 10% uplift on build costs (identified by BCIS) for external works (local roads, pavements etc).

5.2.36 We make a further allowance for opening up /abnormal costs works such as remediation or demolition. There will be different levels of development costs according to the type and characteristics of each site. As these are generic appraisals we have taken an average figure based on size and broad location.

- Opening up costs / site specific s106 small sites £5,000 per unit
- Opening up costs / site specific s106 medium sites £10,000 per unit
- Opening up costs / site specific s106 large sites £20,000 per unit

5.2.37 New development has a cumulative impact on infrastructure such as highways and often creates a need for additional or improved community services and facilities without which the development could have an adverse effect upon amenity, safety, or the environment. Planning contributions are an important way of providing the physical, economic and social infrastructure required to facilitate development and support the creation of sustainable communities. It is anticipated the cost of providing this infrastructure will be from the Community Infrastructure Levy. Therefore a zero rating for these costs within the appraisal allows for a CIL headroom figure to be identified.

5.2.38 One of the most significant items of community gain sought from residential development sites is affordable housing. This has been tested at 35% on all sites with a tenure mix of 70% affordable rents and 30% shared ownership.

5.3 Strategic site testing assumptions

5.3.1 The district council will identify a large strategic site to contribute to the future housing supply in the district. Whilst it is not the role of this report to recommend the location or extent of the strategic site, it is important to test the viability of the strategic site options and their ability to contribute to the levy without putting at risk development.

5.3.2 The council have commissioned a report looking into the options for delivery of a strategic site in terms of location and infrastructure requirements in particular. This report 'Assessment of Potential New Settlements and Sustainable Urban Extensions' puts forward three potential sites that meet the criteria set by the council. The sites are as follows:

- Long Marston (NS) – 2,000 dwellings;
- Lighthorne Heath (NS) – 5,000 dwellings; and
- South East Stratford (SUE) – 3,000 dwellings.

5.3.3 To reflect the more detailed work undertaken on infrastructure requirements, each appraisal will include the specific strategic infrastructure costs identified in the Assessment of Potential New Settlements and Sustainable Urban Extensions report. As these costs relate directly to the delivery of the strategic site the council considers that they are best delivered through a S106 agreement rather than through CIL. These costs do not include the general costs associated with 'opening' up a large site, such as utilities and open space. Therefore an allowance for these costs based on past experience of schemes elsewhere for large strategic sites has been included within the appraisals – the total site specific infrastructure and open up cost package for each of the sites is as follows:

- Long Marston (NS) – £34,275 per dwelling;

- Lighthorne Heath (NS) – £31,841 per dwelling; and
- South East Stratford (SUE) – £22,470 per dwelling.

5.3.4 As with the generic appraisals a cashflow analysis is included within the appraisals – this takes into account the flow of finance throughout the lifetime of the scheme, it is considered that the three options will build out over:

- Long Marston (NS) – 96 months;
- Lighthorne Heath (NS) – 182 months; and
- South East Stratford (SUE) – 133 months.

5.3.5 It should be noted that whilst the three strategic sites are located in different areas they have all been attributed the same per square metre development value (Central) as it is considered that they would all be attractive to market and would share the same characteristics of a new settlement. However, in order to be consistent with the generic viability testing, the appraisals for the strategic sites will use all the other baseline assumptions on density, housing mix, affordable housing, and general costs as the generic appraisals.

5.4 Consultation with the development industry

5.4.1 In our experience, local agents and developers are always happy to explain where the market is at, what is going on, and why.

5.4.2 The consultation with the development industry has helped to make our assumptions more robust, and these discussions also help us see where potential objections to the CIL might come from, so that the council can be better prepared to address objections at examination.

5.4.3 We have also carried out discussions with local registered affordable housing providers based on their current experience of rent and sale revenues in order to provide a suitable set of affordable housing values to include in the viability calculations.

5.4.4 The key data includes:

- Estimated market values of completed development (per sqm);
- Existing use and open market land values;
- Basic build cost (per sqm);
- External works (% of build cost);
- Contingencies;
- Professional fees (% of build cost);
- Marketing & sales costs (% of development value);
- Typical S106 costs;
- Finance costs (typical prevailing rates);
- Developer's margin (% of revenue);

- The net developable area (site area less land needed for open space or major site infrastructure); large urban extensions normally have a gross to net ratio of between 50% and 70%, depending on size and physical circumstances, including drainage and flood constraints; and
- The density and mix of development.

5.4.5 We worked with the council to set up a Stakeholder meeting for agents, developers and affordable housing providers active in the District. All members of the Strategic Housing Land Availability Assessment (SHLAA) Panel were invited. The meeting took place on 13th July 2012, and in addition to the consultants and council officers, it was attended by the following parties:

- Stansgate Planning;
- Peter Clarke & Co;
- Greenall Construction;
- Bromford Housing Association;
- Bloors;
- Turleys;
- Taylor Wimpey; and
- Bigwoods.

5.4.6 There was a useful discussion on market factors that have fed into the viability assessments. A number of interviews have taken place subsequently with developers and agents to inform and corroborate the cost and value information.

5.4.7 At the meeting it was explained that we had agreed with the council that we would run over 20 viability assessment models to cover both residential and non-residential typologies. These were tested to cover different locations across the district to reflect geographical differences in revenues and costs.

6 Residential viability – structuring the CIL charge

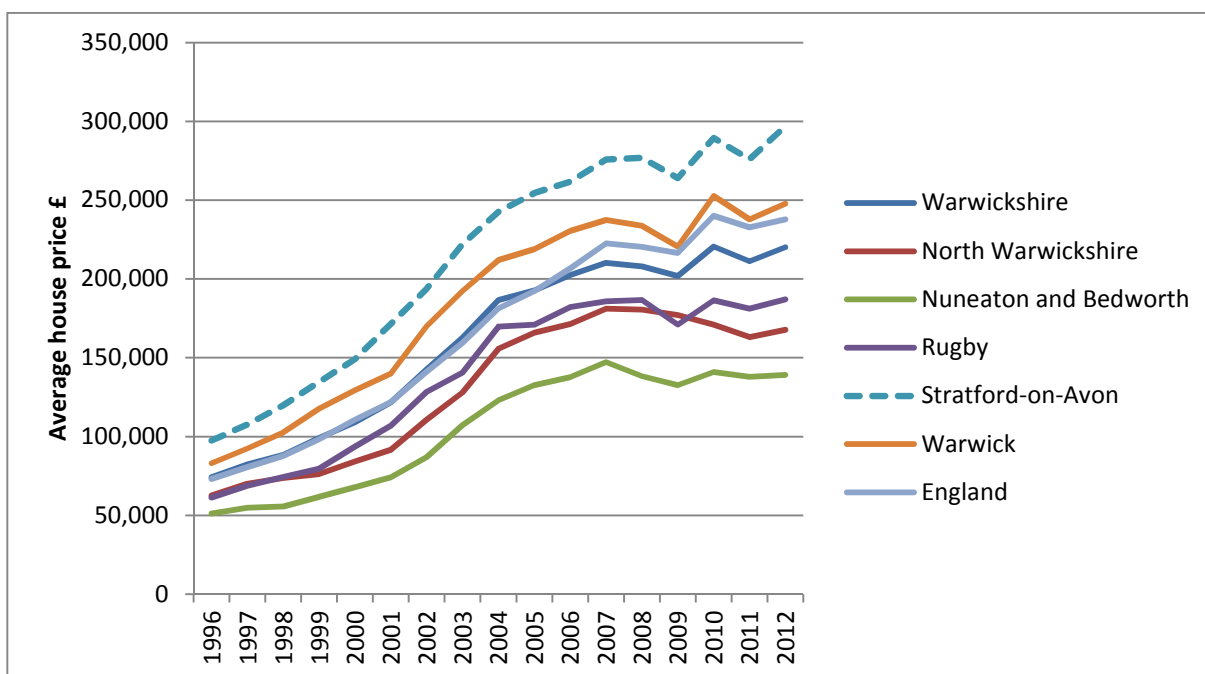
6.1 Introduction

- 6.1.1 Local authorities have considerable discretion about how a CIL charge might be structured. Geographical charging zones can be broken out on the basis of viability evidence.
- 6.1.2 In this section, the potential need for and any necessary structuring of zones is considered. This gives a ‘working hypothesis’ on a CIL charge structure to then test in the appraisals.

6.2 Market overview

- 6.2.1 **Figure 6.1** shows average house prices in Stratford-on-Avon District relative to the UK average between 1996 and 2012. It is clear from **Figure 6.1** that average house prices in this area are consistently above the national average, with the gap having widened in recent years. This is likely to reflect the typical larger properties associated with this area and its affluent location.
- 6.2.2 The peak of the last market cycle was in December 2007, when the average residential property price in Stratford-on-Avon was £276,000 and £222,000 across England. The impact of the financial crisis and resultant recession is also clear in **Figure 6.1**, with average values in Stratford-on-Avon falling to £264,000 by April 2009. Since that time, prices have been on a steady (if somewhat erratic) upwards trajectory, peaking in August 2010 before falling back and then up again. The most recent record suggests that average price in Stratford-on-Avon was £297,000 compared with £238,000 in England.

Figure 6.1: Average house prices



- 6.2.3 Looking forward, the latest projections of house prices prepared by Savills in their Residential Property Focus (Q1 2013), shown in **Figure 6.2** below, suggests that values will steadily increase over the next four years across the Midlands region as a whole, before flattening at 3% in 2016 and 2017. This is a similar projection to the UK, but based on the characteristics of

the local market, there may be some reason to suggest that Stratford-on-Avon will over-perform the regional average.

Figure 6.2: Savills forecast values

MAINSTREAM MARKETS							
Five-year forecast values							
	Actual	Forecast					
	2012	2013	2014	2015	2016	2017	5yrs to end 2017
UK	-1.1%	0.5%	1.5%	2.0%	3.5%	3.5%	11.5%
London	0.7%	1.5%	4.0%	4.5%	5.0%	4.5%	21.0%
South East	-0.2%	1.5%	3.5%	4.0%	4.5%	4.5%	19.5%
South West	0.2%	1.0%	2.5%	3.0%	4.0%	4.0%	15.5%
East	-1.9%	1.0%	3.0%	3.5%	4.5%	4.0%	17.0%
East Midlands	-0.8%	0.5%	2.0%	2.5%	4.0%	3.5%	13.0%
West Midlands	-0.8%	0.0%	0.5%	1.0%	3.0%	3.0%	7.5%
North East	-1.3%	-0.5%	-0.5%	0.0%	2.5%	3.0%	4.5%
North West	-1.6%	0.0%	0.0%	0.5%	2.5%	3.0%	6.0%
Yorks & Humber	-2.5%	0.0%	-0.5%	0.5%	2.5%	3.0%	5.5%
Wales	-2.7%	0.5%	1.5%	2.0%	3.5%	3.5%	11.5%
Scotland	-3.3%	0.0%	0.0%	0.5%	2.5%	3.0%	6.0%

Source: Savills Research forecasts based on Nationwide actuals

6.3 Viability zones

6.3.1 As previously stated CIL Regulations (Regulation 13) allow the charging authority to introduce charge variations by geographical zone within its area, by land use, or both. All differences in rates need to be justified by reference to the economic viability of development. Setting up a CIL which levies different amounts on development in different places increases the complexity of evidence required, and may be contested at examination. However, it will be worthwhile if the additional complexity generates significant additional revenues for the delivery of infrastructure and therefore growth.

6.4 Principles

6.4.1 Identifying different charging zones for CIL has inherent difficulties. One reason for this is that house prices are an imperfect indicator; we are not necessarily comparing like with like. Even within a given type of dwelling, such as terraced houses, there will be variations in, say, quality or size which will impact on price.

6.4.2 Another problem is that even a split that is correct 'on average' may produce anomalies when applied to individual houses – especially around the zone boundaries. Even between areas with very different average prices, the prices of similar houses in different areas may considerably overlap.

6.4.3 A further problem with setting charging area boundaries is that they depend on how the boundaries are defined, as well as the reality of actual house prices. Boundaries drawn in a different place might alter the average price of an area within the boundary, even with no change in individual house prices.

- 6.4.4 To avoid these statistical and boundary problems, it is considered that a robust set of differential charging zones should ideally meet two conditions:
- i. The zones should be separated by substantial and clear-cut price differences; and
 - ii. They should also be separated by substantial and clear-cut geographical boundaries – for example with zones defined as individual settlements or groups of settlements, as urban or rural parts of the authority. We certainly should avoid any charging boundaries which might bisect a strategic site or development area.
- 6.4.5 These guiding principles are used in devising zone boundaries in Stratford-on-Avon District.

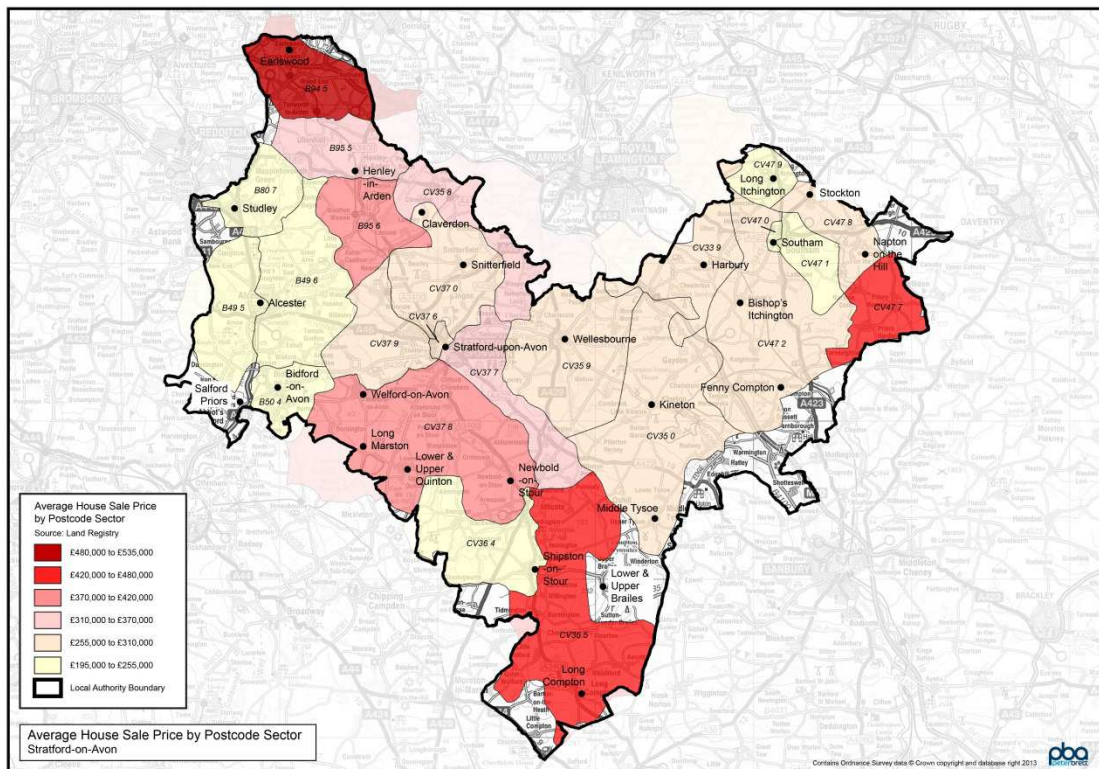
6.5 Method

- 6.5.1 Setting zones requires the marshalling of an ‘appropriate available evidence’ available from a range of sources in order to advise on the best way forward. The following steps were taken:
- First step was to look at home prices. Sales prices of homes are a good proxy for viability. Land Registry data has been used to do this. This is only a first step and generates a range of options or hypotheses.
 - Secondly, consultation with agents, developers and members of the District Council. Together with Land Registry data.
 - Thirdly, testing of this through formal development appraisals.

House prices

- 6.5.2 In advising on charging zones, the first step was to look at residential sales prices. In **Figure 6.3** below, we looked at the average sales prices of all homes over a two year period. Average prices are shown for each postcode sub sector. Aside from the highest and lowest bands (which are tailored to actual values), average prices are broken in six near equal bands of £55,000 - £60,000 each.
- 6.5.3 We have presented this data on a map because it allows us to understand the broad contours of residential prices in the Stratford-on-Avon area. Sales prices are a reasonable, though imperfect, proxy for development viability, so the map provides us with a broad idea of which areas would tend to have more viable housing developments, other things being equal.
- 6.5.4 It is worth noting that new homes are typically more expensive than second hand homes, but the prices mapped include both second hand and new homes. We used data on both new and second hand homes because, firstly, datasets on sales values for new homes only would be very much smaller (and so more unstable), and secondly, because at this stage it is the differentials between areas that we are seeking to identify, not the absolute price levels. There were therefore good reasons to look at both new and second hand data, and no compelling reasons to avoid it.
- 6.5.5 The map shows that prices do vary across the District, especially between the various settlements. In broad terms it can be seen that there are three broad areas:
- The highest values achieved in the central area which includes the settlements of Stratford upon Avon, Henley-in Arden and Shipston-on-Stour;
 - The lowest values to the west, which includes Alcester and Studley; and
 - The east area is in the middle in terms of values in comparison the rest of the district and includes the settlements of Kineton and Bishops Itchington.

Figure 6.3: Average sale prices in Stratford-on-Avon District (January 2011- December 2012)¹⁶



- 6.5.6 **Figure 6.3** also shows that the average price range in the highest value post code area (£480,000 - £535,000) is around a maximum of 2.7 times more expensive than the lowest price band (£195,000-£255,000). This is a wider spread than in some other areas where we have looked at CIL Charges. However, Stratford-on-Avon District's geographical price differentials are narrower than in some other areas we have tested. Amongst the most polarised was the London Borough of Merton, where average semi-detached house prices near Wimbledon Common were around seven times higher than those in the least wealthy areas of the borough.
- 6.5.7 On balance, this spread of prices from west to east suggests that it might be worthwhile to create more than one charging band. However, it is also important to analyse how development is distributed before coming to a decision. If all development was going in a single price area, making geographical distinctions in the charging schedule would not be necessary.
- 6.5.8 Understanding the patterns of development is therefore the next stage in our analysis. If the broad future housing supply is considered in relation to the average price bands the scope for separate charging bands for residential development can be better understood. This is shown in **Table 6.1**.
- 6.5.9 As can be seen Stratford-on-Avon's housing supply is dispersed across the district in a range of settlements from villages to the larger towns such as Stratford-upon-Avon. However more detailed analysis shows that of the 5,300 dwellings being planned for (i.e. those without planning permission) the majority are located in towns and villages in the central area of the District.

¹⁶ The data is based on average prices within each of the postcode areas within the District. It is for comparative use and whilst there are some small gap areas where the postcode area was substantially within the neighbouring authority, this does not affect the analysis. These gap areas do not have any substantial development identified in the Plan.

- Central – 35% future supply by number of dwellings;
- East – 21% future supply by number of dwellings;
- West – 10% future supply by number of dwellings; and
- Strategic site – 34% future supply by number of dwellings (the strategic site is likely to be located within either the central or east areas).

6.5.10 **Figure 6.3** suggests that the highest values in the District are also achieved in this area (central), which is also borne out by the analysis of new build schemes recently advertised and shown in **Appendix A**.

Table 6.1: Future supply

Settlement	Future growth (dwellings)	Average price band
Stratford-upon-Avon	700	C – £255,000-£370,000
Alcester	300	W – £195,000-£255,000
Southam	350	E – £195,000-£255,000
Bishops Itchington	76 - 100	E – £255,000-£310,000
Harbury	76 - 100	E – £255,000-£310,000
Long Itchington	76 - 100	E – £195,000-£255,000
Quinton	76 - 100	C – £370,000-£420,000
Tiddington	76 - 100	C – £310,000-£370,000
Brailes	51 - 75	C – £420,000-£480,000
Ettington	51 - 75	C – £310,000-£370,000
Fenny Compton	51 - 75	E – £255,000-£310,000
Salford Priors	51 - 75	W – £195,000-£255,000
Snitterfield	51 - 75	C – £255,000-£310,000
Stockton	51 - 75	E – £255,000-£310,000
Tysoe	51 - 75	E – £255,000-£310,000
Welford-on-Avon	51 - 75	C – £370,000-£420,000
Wilmcote	51 - 75	C – £255,000-£310,000
Wootton Wawen	51 - 75	C – £370,000-£420,000
Other rural areas – Central	c575	C – £195,000-£535,000

Other rural areas – West	c375	E – £255,000-£480,000
Other rural areas – East	c125	W – £195,000-£255,000

6.5.11 From this analysis of both values and future site supply it is clear that a range of different sites scenarios should be tested. These should focus in those areas where development is most likely in terms of the overall number of dwellings and also a range of different sized schemes to reflect the likely supply through the Plan period. In terms of values it is clear that there is some broad distinction between areas in the West, East and in between in the central core. It is therefore appropriate to test the scenarios using these different value areas to help determine whether residuals values are sufficiently different to warrant varied charge for residential development. It is also important to consider the role of the large strategic site and whether its viability differs from that of the other generic appraisals and consequently whether a different approach to charge setting is required.

6.5.12 The following section outlines these scenarios and the results of the viability testing on residential schemes.

6.6 Residential scenarios tested

6.6.1 To assess the capacity of different types of development to pay CIL in Stratford-on-Avon, we have produced indicative development appraisals of hypothetical schemes which reflect what has been achieved in the past, but also what the Core Strategy is likely to support in the future. The scenarios are:

Table 6.2: Scenarios tested

	Broad location	Typology	Housing units	Flats	Total
1	West – village / town	Greenfield infill	5		5
2	East – village / town	Greenfield infill	5		5
3	Central – village / town	Small brownfield	7		7
4	East – village / town	Greenfield infill	10		10
5	Central – village / town	Small greenfield	20		20
6	East – village / town	Brownfield	18	12	30
7	East – village / town	Greenfield	75		75
8	Central – Stratford	Large brownfield	70	50	120
9	East – village / town	Urban extension	200		200
10	Central – Stratford	Urban extension	500		500

6.6.2 This mix of schemes covers a wide range of site sizes and development types. These reflect discussion with the client group, making use of the preceding analysis and their local knowledge, to create a representative but focused profile of residential sites likely to come forward in the area in the Plan period.

- 6.6.3 The smallest schemes that have been modelled are housing developments of 5 and 7 units. These schemes are assumed to develop within infill and backfill sites across the district. A mix of medium sites have also been selected, both green and brownfield and in different areas in the District, again these reflect what the council understand to be making up their future supply. Finally a number of larger sites have been tested which reflect the potential for the council to identify urban extensions in the future.
- 6.6.4 As described in the previous section on assumptions, further work has also been undertaken on the potential for a large strategic site. Three options have been considered within the appraisals, which for clarity are:

Table 6.3: Strategic site options tested

Broad location	Typology	Housing units	Flats	Total
Central	Long Marston (NS)	1865	135	2,000 dwellings
Central	South East Stratford (SUE)	2797	203	3,000 dwellings
East	Lighthorne Heath (NS)	4662	338	5,000 dwellings

6.7 Findings

- 6.7.1 **Table 6.4** summarises the generic residential development appraisals. A description of the table columns is provided at **Section 4**. The individual detailed appraisals are shown at **Appendix B**.
- 6.7.2 The theoretical maximum CIL charge per square metre for each development is therefore shown in the far right column of the following summary table. As we explain below, though, we do not recommend that this theoretical maximum be directly translated into a CIL Charge.
- 6.7.3 All the hypothetical sites assessed were shown to be viable. This viability allows for the principal policy requirements for 35% affordable housing on-site. A weighted (according to the number of dwellings) average CIL headroom of £203 is achieved across the notional sites.

Table 6.4: Summary of viability appraisal

		Dwellings	Net site area	Density	Total floorspace	CIL liable chargeable floorspace	Residual land value		Benchmark		Financial headroom	
		No.	Ha	Per Ha	Sqm	Sqm	Per Ha	Per sqm	Per Ha	Per sqm	Per Ha	Per sqm
1	Greenfield (W)	5	0.17	30	461	338	£1,462,719	£529	£924,000	£334	£538,719	£195
2	Greenfield (E)	7	0.23	30	639	455	£1,692,738	£618	£924,000	£338	£768,738	£281
3	Brownfield (C)	7	0.18	40	639	455	£2,988,414	£819	£1,050,000	£288	£1,938,414	£531
4	Greenfield (E)	10	0.29	35	913	650	£2,680,404	£839	£924,000	£289	£1,756,404	£550
5	Greenfield (C)	20	0.57	35	1,825	1,300	£2,525,718	£791	£924,000	£289	£1,601,718	£502
6	Brownfield (E)	30	0.75	40	2,523	1,736	£1,857,282	£552	£1,050,000	£312	£807,282	£240
7	Greenfield (E)	75	2.14	35	6,844	4,875	£1,339,748	£419	£840,000	£263	£499,748	£156
8	Brownfield (C)	120	3.00	40	10,683	6,903	£1,833,711	£515	£1,050,000	£295	£783,711	£220
9	Urban extension (E)	200	5.71	35	18,250	13,000	£1,219,240	£382	£840,000	£263	£379,240	£119
10	Urban extension (C)	500	14.29	35	45,625	32,500	£1,848,846	£579	£840,000	£263	£1,008,846	£316

- 6.7.4 Across the District developments in the Central and East areas area generate the greatest headroom. However it does vary within these areas according to the type and size of the development. The highest values can be found in sites of 7-30 dwellings. The greenfield sites within this range perform better than the brownfield sites. The smaller sites under 7 dwellings and the sites of 75 and over do not perform as well, however they still show significant scope to levy CIL on these sites.
- 6.7.5 If the strategic site is omitted from the housing figures then 82% of the remaining dwellings will be in the central and east areas of the district. In discussion with the council and in looking at likely future sites these will be split by around 25% on small sites under 10 dwellings and around 75% on medium to large sites in the main towns and villages. Therefore our response to the key tests (as set out in Section 2) is:
- the majority of sites are over 10 dwellings and situated in towns and villages in the central and east areas of the district
 - whilst there are some differences in the values and the subsequent appraisal results between areas, there is insufficient evidence to be able to robustly define separate charging areas – with the exception of the strategic sites – without being unduly complex (e.g. separate charge zone for each village and town)
 - the strategic sites do have a significantly different ability to pay a CIL charge as they have higher development costs including essential infrastructure which will be sought through S106 and therefore warrant a separate charge zone
- 6.7.6 With this in mind the CIL charge should be set on the basis that when analysing the scenarios we need to set a charge where the majority of development i.e. that which is located in the East and Central areas and over 10 dwellings is not put at risk. The majority of sites over 10 dwellings in the East and Central areas have a headroom in excess of £220 per sqm. On the basis of not setting a CIL at the ceiling of what is viable it is recommended that a charge of £150 is set for all development outside of the strategic site.
- 6.7.7 In terms of the strategic site options the results are as follows in Table 6.5:

Table 6.5: Summary of strategic site options viability appraisal

	Dwellin gs	Net site area	Density	Residual land value		Benchmark		Financial headroom	
	No.	Ha	Per ha	Per ha	Per sqm	Per ha	Per sqm	Per Ha	Per sqm
Long Marston	2,000	57.14	35	£862,711	£299	£840,000	£291	£22,711	£8
South East Stratford	3,000	85.71	35	£848,150	£328	£840,000	£325	£8,150	£3
Lighthorne Heath	5,000	142.86	35	£962,088	£410	£840,000	£358	£122,088	£52

- 6.7.8 The results in **Table 6.5** show that all the sites are viable and can deliver a development with the necessary strategic infrastructure and affordable housing, even when the benchmark land values used elsewhere in the district are applied. However, both Long Marston and South East Stratford, whilst viable are marginal – and thus the council, on the basis of these figures would not impose a levy if either of these sites were to go forward through the Plan process. In

terms of Lighthorne Heath there is clearly potential to collect a Levy and not put development at risk.

Sensitivity test for the strategic sites

6.7.9 We understand that the release of the strategic site is an exception to what has previously been planned for in the district. For this reason it is considered appropriate to apply a specific sensitivity test that reduces the land values from the standard approach adopted in the other scenarios. The benchmark applied in the assessment set out above in Table 6.5 is considered as more appropriate to sites on the edge of settlements where there has been hope value and long term potential in bringing them forward for development. As stated the three potential strategic sites have been identified as an exception and therefore it is appropriate to reflect that in the benchmark land value.

6.7.10 We understand that large scale speculative potential development land in the Stratford area has been agreed at amounts lower than the standard level of £840,000 used in the generic appraisals. Whilst we are not able to identify the specific deals because of commercial confidentiality we are assured that a benchmark of £600,000 for this type of development is more appropriate. This figure is in excess of agricultural land value (over 15 times) and therefore still realises a substantial return for the landowner. Therefore we have adjusted the benchmark to reflect this and present the results below:

Table 6.6: Summary of sensitivity test for strategic site options viability appraisal

	Dwellings	Net site area	Density	Residual land value		Benchmark		Financial headroom	
	No.	Ha	Per ha	Per ha	Per sqm	Per ha	Per sqm	Per Ha	Per sqm
Long Marston	2,000	57.14	35	£862,711	£299	£600,000	£208	£262,711	£91
South East Stratford	3,000	85.71	35	£848,150	£328	£600,000	£232	£248,150	£96
Lighthorne Heath	5,000	142.86	35	£962,088	£410	£600,000	£256	£362,088	£154

6.7.11 The lower benchmark allows for improved viability and the potential to realise a higher levy. It provides the following financial headroom:

- Long Marston – £91 per sqm;
- South East Stratford – £96 per sqm; and
- Lighthorne Heath – £154 per sqm.

6.7.12 It is recommended that the council applies the lower benchmark land value and the resultant appraisal should be used as the basis for the levy. Dependant on the preferred location for the strategic site, and mindful of the ceiling and the higher development and infrastructure costs, the ability to charge a levy would vary from £65 per sqm at Long Marston and South East Stratford and £100 at Lighthorne Heath.

6.8 The recommended residential CIL Charge

6.8.1 Although the analysis suggests that in some development scenarios a high theoretical CIL charge might be levied, we strongly recommend that the charge be set well under this viability ceiling. The principal reasons for this are that:

- Development is unavoidably uncertain and generic assessments of viability, as undertaken here, have a significant margin of error;
- Costs and values are likely to fluctuate over time and vary between different sites, which could make the charge unsustainable without a contingency margin; and
- Site-specific issues will adversely affect costs or values in some cases. In particular, some sites developments may involve significant abnormal costs.

6.8.2 Therefore we suggest the following charges be adopted based on complying with the Core Strategy policy for 35% affordable housing.

Table 6.7: Stratford -on-Avon proposed residential CIL charging rates

Development Type	CIL charge per sqm
Residential development in all other areas	£150
Strategic site at Lighthorne Heath	£100
Strategic sites at South East Stratford and Long Marston	£60

7 Non-residential assessments

7.1 Non-residential approach and assumptions

7.1.1 The testing has been conducted on a hypothetical typical or notional hectare site basis. Viability testing on a typical / notional hectare basis has been adopted since it is impossible for this study to consider viability on a site-specific basis at this stage, given that there is currently insufficient data on site-specific costs and values, as site details have yet to be established. Such detail will evolve over the plan period. Site-specific testing would be considering detail on purely speculative / assumed scenarios, producing results that would be of little use for a study for strategic consideration.

Establishing gross development value (GDV)

7.1.2 In establishing the GDV for non-residential uses, a similar approach has been taken to residential, so we do not repeat the process here. However, given the significant variety in development types, this report has also considered historic comparable evidence for new values on both a local, regional and national level.

7.1.3 The following table illustrates the values established for a variety of non-residential uses, expressed in square metres (sqm) of net rentable floorspace.

Table 7.1: Non-residential uses – rent and yields

Use	Rent	Yield
Superstore / supermarket	£200	5.5%
Retail warehousing	£150	6.7%
Town centre retail	£260	7.5%
Local convenience	£150	6.0%
B1 office town centre	£120	8.7%
B1 office out of centre	£120	7.3%
B2 industrial 1,500 sqm	£55	9.0%
B2 Industrial 5,000 sqm	£55	9.0%
B8 warehouse 5,000 sqm	£55	8.7%
Hotels	£103	6.6%
Assembly / leisure	£149	6.6%
Care homes	£128	6.1%
Extra care (not based on rental and yield model)	GDV = £3000 per sqm	

Health & fitness	£105	7.0%
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Source: PBA research

Costs

7.1.4 Once a GDV has been established, the cost of development (including developer profit) is then deducted. For the purposes of viability testing, the following costs and variables are some of the key inputs used within the assessment:

- Developer profit;
- Build costs;
- Professional fees and overheads;
- Finance;
- Marketing fees;
- Legal fees;
- Land stamp duty tax; and
- Site coverage.

7.1.5 As the viability testing in some circumstances is being undertaken on a 'per hectare' basis, it is important to consider the density of development proposed. The following table sets out the assumed site coverage ratios for each development type.

Table 7.2: Non-residential uses – site coverage ratios

Use	Coverage	Floors
Superstore / supermarket	40%	1
Retail warehousing	40%	1
Town centre retail	80%	1
Local convenience	80%	1
B1 office town centre	80%	3
B1 office out of centre	80%	2
B2 industrial 1,500 sqm	40%	1
B2 Industrial 5,000 sqm	40%	1
B8 warehouse 5,000 sqm	40%	1
Hotels	50%	3
Assembly / leisure	50%	2

Care homes / extra care	50%	2
Health & fitness	50%	2

Developer profit

- 7.1.6 The developer's profit is the expected and reasonable level of return a private developer can expect to achieve from a development scheme. This figure is based a 20% profit margin of the total Gross Development Value (GDV) of the development.

Build costs

- 7.1.7 Build cost inputs have been established from the RICS Build Cost Information Service (BCIS) at values set at the time of this study (current build cost values). The build costs are entered at a pound per square metre rate at the following values shown in the following table. The build costs adopted are based on the BCIS mean values, indexed separately to Stratford-on-Avon prices; and then amended following the development industry feedback at the meeting on 13th July 2012 and subsequent discussion. Also included is an allowance for external works.

Table 7.3: Non-residential uses – build costs

Use	Coverage
Superstore / supermarket	£1,100
Retail warehousing	£625
Town centre retail	£1,200
Local convenience	£1,000
B1 office town centre	£1,200
B1 office out of centre	£1,200
B2 industrial 1,500 sqm	£740
B2 Industrial 5,000 sqm	£560
B8 warehouse 5,000 sqm	£580
Hotels	£1,080
Assembly / leisure	£1,400
Care homes	£1,100
Extra care	£1,000
Health & fitness	£1,150

Sources: Spons Architects' and Builders' Price Book and BCIS

Professional fees, overheads

- 7.1.8 This input incorporates all professional fees associated with the build, including: architect fees, planner fees, surveyor fees, project manager fees. The professional fees variable is set at a rate of 12% of build cost.
- 7.1.9 This variable has been applied to the valuation appraisal as a percentage of the total construction cost. This figure is established from discussions with both regional and national developers as well as in house knowledge and experience of industry standards.

Development contributions other than CIL

- 7.1.10 We have assumed for the purposes of testing that most development will still be expected to make s106 etc contributions to mitigate direct impacts of the development. These will often centre on highways improvements but could also relate to design and access. We have used a combination of looking at past agreements made with the council and utilising our knowledge of undertaking similar studies elsewhere. Clearly as these types of agreement are specific to individual developments we have had to take a pragmatic approach in our generic appraisals. We have basically assumed that higher impact and trip generating uses such as supermarkets will generally be expected to contribute the highest amounts, which is borne out when analysing past agreements. Smaller amounts have been attributed to the other uses as impact is often less significant and ability to pay i.e. viability often limits the level sought.

Finance

- 7.1.11 A finance rate has been incorporated into the viability testing to reflect the value of money and the cost of reasonable developer borrowing for the delivery of development. This is applied to the valuation appraisal as a percentage of the build cost at the rate of 7.5% of total development costs (inc build costs, external works, professional fees, sales and marketing)

Marketing fees

- 7.1.12 This variable is based on the average cost of marketing for a major new build development site, incorporating agent fees, 'on site' sales costs and general marketing/advertising costs. The rate of 4% of GDV is applied to the valuation appraisal as a percentage of the GDV and is established from discussions with developers and agents.

Acquisition fees and land tax

- 7.1.13 This input represents the legal costs to a developer in the acquisition of land and the development process itself. The input is incorporated into the residual valuation as a percentage of the residual land value at the rate of 10% of RLV.
- 7.1.14 A Stamp Duty Land Tax is payable by a developer when acquiring development land. This factor has been recognised and applied to the residual valuation as percentage cost against the residual land value at a rate of 4% (highest rate applicable is used for testing purposes).

Land for non-residential uses

- 7.1.15 After systematically removing the various costs and variables detailed above, the result is the residual land value. In order to ascertain the level of likelihood towards delivery and the level of risk associated with development viability, the resulting residual land values are measured against a benchmark value which reflects a value range that a landowner would reasonably be expected to sell/release their land for development.

- 7.1.16 Establishing the existing use value (EUV) of land and in setting a benchmark at which a landowner is prepared to sell to enable a consideration of viability can be a complex process. There are a wide range of site specific variables which effect land sales (e.g. position of the landowner – are they requiring a quick sale or is it a long term land investment). However, for a strategic study, where the land values on future individual sites are unknown, a pragmatic approach is required.
- 7.1.17 From discussions with agents active in the commercial sector, we have concluded that there have been very few sales of commercial or employment land in the district over the past 5 years, largely arising from the moribund state of the commercial market caused by the recession. Land values established before 2007 provide evidence of a range of land values for employment uses between £400k and £750k/ha. There is planning policy resistance to changes of use to residential from employment uses where there is a demonstrable employment demand, and a solid resistance from landowners to sell for lower than the established pre-2007 value. There is no evidence to suggest therefore that a lower value should be attributed to brownfield sites as an EUV in the viability appraisals.
- 7.1.18 We have therefore concluded that a benchmark figure towards the lower end of the range of £500,000/ha is appropriate as a starting point. The benchmark is then adjusted on the basis of location and different uplifts applied according to use. So for example a town site will be at the upper end of the existing use value as it will already have a comparatively high value and if the potential use is retail then it will also have a higher uplift value as expectation on return will be higher.

7.2 Non-residential development analysis

- 7.2.1 This section sets out the assessment of non-residential development viability and also summarises the impact on viability of changes in values and costs, and how this might have an impact on the level of developer contribution. The tables below summarise the detailed assessments, and represent the net value per sqm, the net costs per square metre (including an allowance for land cost and S106 to deal with site specific issues to make development acceptable) and the balance between the two.
- 7.2.2 It is important to note that the analysis considers development that might be built for subsequent sale or rent to a commercial tenant. However there will also be development that is undertaken for specific commercial operators either as owners or pre-lets.

B-class uses

- 7.2.3 In line with other areas of the country our analysis suggests that for commercial B-class development it is not currently viable to charge a CIL. Whilst there is variance for different types of B-space, essentially none of them generate sufficient value to justify a CIL charge.
- 7.2.4 As the economy recovers this situation may improve but for the purposes of setting a CIL we need to consider the current market. Importantly this viability assessment relates to speculative build for rent – we do expect that there will be development to accommodate specific users, and this will be based on the profitability of the occupier's core business activities rather than the market values of the development.

Table 7.4: B-class development

Use	Town centre office	Out of town office	Industrial 1,500 sqm	Industrial 5,000 sqm	B8 warehouse
Values per sqm	£1,235	£1,472	£547	£547	£566

Development costs per sqm (inc. EUV + uplift)	£1,975	£2,073	£1,296	£1,062	£1,093
Residual value per sqm (inc. allowance for EUV + uplift)	-£740	-£602	-£749	-£515	-£527

Retail uses

- 7.2.5 A range of retail scenarios have been tested. These centred on development types in the settlement of Stratford-upon-Avon. At the time of undertaking the work it was considered by the Council that retail development for the district was to be focused in Stratford-on-Avon. Therefore, no testing was done in other villages or towns in the District. It was considered that further testing was not required as no new development was planned in other areas and even if development did occur it was likely that it would be either redevelopment (with no floorspace gain)/under the 100 sq m threshold and therefore not liable or a convenience led scheme which would not have significantly different values to those tested in Stratford-upon-Avon.
- 7.2.6 Superstores, supermarkets and local convenience – large scale and small scale convenience retail continues to be one of the best performing sectors in the UK, although we are aware that even this sector is seeing reduced profits at the time of writing. Leases to the main supermarket operators (often with fixed uplifts) command a premium with investment institutions. Although there are some small regional variations on yields, they remain generally strong with investors focussing primarily on the strength of the operator covenant and security of income. We would therefore suggest the evidence base for large out of town retail can be approached on a wider region or even national basis when justifying CIL charging. Following our appraisal on this basis in Stratford-on-Avon District we believe there is scope for a significant CIL charge for out of Stratford-upon-Avon town centre development without affecting viability.
- 7.2.7 Retail warehouse – although this market has been relatively flat in recent times, especially in terms of new build, there may potentially be more activity in the future. Whilst values have dropped the relatively low build costs mean that there is still value in these types of developments when there is occupier demand.
- 7.2.8 The appraisal summary shown in **Table 7.5** is for all out of Stratford-upon-Avon town centre development. Whilst it can be seen that these different types of out of town centre provision have different levels of viability it is not possible to set a size threshold for different types of shopping, therefore it is considered that all types of retail development outside the town centre in Stratford-on-Avon should attract a charge that will be viable for all identified types of retail development. As the provision of small scale local convenience retailing is likely to either be under the 100 sqm CIL threshold or not critical to delivery of the plans objectives it is considered that setting CIL for all out of Stratford-upon-Avon centre retail development around that level would not significantly impact on the delivery of the Plan.
- 7.2.9 Although we have not specifically tested A2-A5 uses it is considered that most of these developments will either be under 100 sqm or utilise existing floorspace and therefore would not be liable in most circumstances. If larger proposals do come forward which are liable for an out of Stratford-upon-Avon town centre charge then they will be competing with other out of centre development and will attract similar values. Whilst there may be a limited number of larger proposals over the plan period, these have not been identified in the plan and therefore if they are not viable with a CIL charge deliverability of the Plan is not put at risk.

Table 7.5: Out of Stratford-upon-Avon town centre retail uses

Use	Superstore	Supermarket	Small / local convenience retail	Retail warehouse
Values per sqm	£3,256	£2,984	£2,238	£2,004
Development costs per sqm (inc. EUV + uplift)	£3,000	£2,791	£2,071	£1,804
Residual value per sqm (inc. allowance for EUV + uplift)	£255	£193	£167	£200

- 7.2.10 Town centre - we have tested town centre retail in the main centre of Stratford-upon-Avon as this is the focus for future growth. In terms of what constitutes 'town centre', the Third Draft Core Strategy (February 2012) identifies a town centre area for Stratford-upon-Avon with useful boundaries in functional terms. We also consider that on a strategic level in Stratford-upon-Avon there is little difference between A1-A5 units. It has been suggested elsewhere that development of convenience, supermarket development may attract higher values whether in or out of town centres – however in the case of Stratford it is considered that this type of development is not currently planned for in the town centre and even if it did come forward there would be significantly higher development costs and land values involved in an in centre development, due to the historic nature and constraints of the centre, as opposed to a cleaner site outside of the town centre and therefore a single retail charge for in centre is appropriate in this circumstance. The residual analysis shows that Stratford-upon-Avon town centre retail is not currently able to support a CIL charge.
- 7.2.11 It is understood that the town centre boundary is proposed to be altered post our assessment work. Therefore we recommend that further consideration is given to the Stratford-upon-Avon town centre charge to test its appropriateness given its larger area.

Table 7.6: Stratford-upon-Avon town centre residual analysis

Use	Town centre
Values per sqm	£3,104
Development costs per sqm (inc. EUV + uplift)	£3,129
Residual value per sqm (inc. allowance for EUV + uplift)	-£25

Leisure development

- 7.2.12 We have tested budget hotels, mixed leisure schemes and health clubs. Our high level appraisal of both these types of development shows that in the current market values are not sufficient to justify a CIL charge.
- 7.2.13 Hotels – The rapid expansion in the sector at the end of the last decade was in part fuelled by a preference for management contracts or franchise operations over traditional lease contracts. Outside London (which has shown remarkable resilience to the recession) hotel development is being strongly driven by the budget operators delivering new projects through traditional leasehold arrangements with institutional investors.

- 7.2.14 Our viability model is based on an out of city centre budget hotel scheme and in terms of Stratford-on-Avon it can be seen that there is not sufficient value realised to contribute to a levy.

Table 7.7: Hotel viability levy

Use	Hotels
Values per sqm	£1,397
Development costs per sqm (inc. EUV + uplift)	£1,858
Residual value per sqm (inc. allowance for EUV + uplift)	-£461

- 7.2.15 Mixed leisure and fitness – a mixed leisure scheme to include facilities such as cinema, bowling, health and leisure complex, gambling and associated eating and drinking establishments. Our analysis shows that this sort of scheme is currently unlikely to be viable enough in Stratford-upon-Avon to support a CIL charge. We have also tested a stand-alone commercial health and fitness facility and that too is currently unlikely to be viable enough in Stratford-upon-Avon to support a CIL charge.

Table 7.8: Mixed leisure CIL charge

Use	Assembly / leisure	Health & fitness
Values per sqm	£1,667	£1,343
Development costs per sqm (inc. EUV + uplift)	£1,944	£1,878
Residual value per sqm (inc. allowance for EUV + uplift)	-£277	-£535

Care homes and extra care

- 7.2.16 We have tested the viability of the care sector. There has been significant private sector investment in care homes in the recent past, fuelled by investment funds seeking new returns. However, there have been concerns about the occupancy rates and the ability to sustain prices. The high level analysis suggests that care homes are unlikely to be viable enough in Stratford-on-Avon.
- 7.2.17 In terms of extra care housing (or extra care or assisted living as it is sometimes referred to), like care homes, there has been considerable investment in the past and the market seems to be picking up again.
- 7.2.18 For the avoidance of doubt it is understood that Stratford District Council will expect all extra care housing to conform to the guidance currently being prepared by Warwickshire County Council, including its definition. It is understood that general retirement housing is not included within this definition and that the standard residential rates will apply to these types of developments.
- 7.2.19 Whilst there is potential to charge a small levy, it is marginal and it will not match that of residential development. It should also be noted that the levy is only viable with nil affordable

housing. The council policy is 35% affordable extra care and therefore as viability is already marginal it is considered that if the Council pursue the affordable housing requirement policy on extra care housing then it will not be able to levy a positive charge. We have also tested the viability on greenfield sites as it is understood that there is potential for these to come forward in the future. The appraisal for greenfield sites assumes that there will be access to utilities and roads either through a small urban extension or as part of a wider larger urban extension and therefore there are no major site opening up costs and again it assumes no affordable housing. The results show that there is more scope to charge CIL in these circumstances, although it will impact on the ability to collect on affordable housing.

Table 7.9: Care homes viability

Use	Care homes	Extra care – in town	Extra care – greenfield
Values per sqm	£1,885	£1,979	£1,979
Development costs per sqm (inc. EUV + uplift)	£2,048	£1,938	£1,907
Residual value per sqm (inc. allowance for EUV + uplift)	-£163	£41	£72

Other non-residential development

7.2.20 In addition to the development considered above there are other non-residential uses that we have considered. PAS guidance suggests that there needs to be evidence that community uses are not able to support CIL charges. Our view is that it would not be helpful to set a CIL for the type of facilities that will be paid for by CIL (amongst other sources).

7.2.21 Our approach to this issue is that the commercial values for community uses are £0 but there are build costs of around £1,800 per sqm plus the range of other development costs; with a net negative residual value. Therefore we recommend a £0 CIL for these uses.

7.3 Summary and sensitivity testing on non-residential development

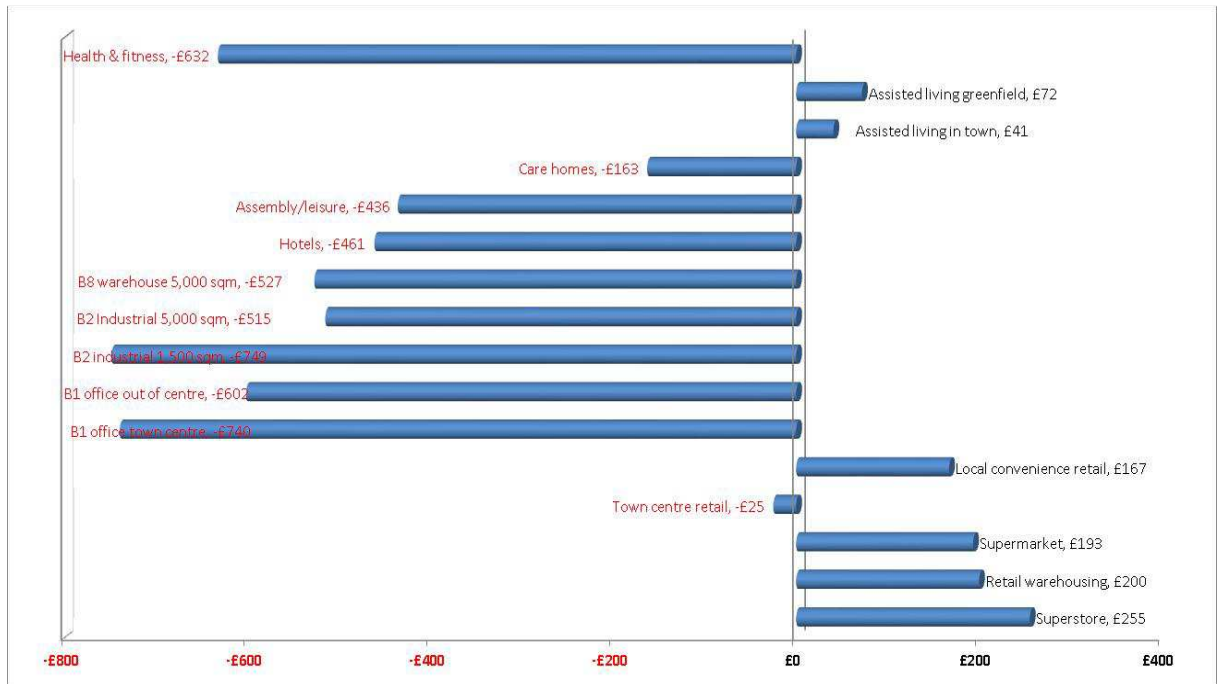
7.3.1 The following figure illustrates the levels of value in our tested schemes when all costs have been subtracted from the values. As can be seen positive values exist for all out of town centre retail development and for assisted living housing.

7.3.2 This suggests that if the council were minded to set a CIL charge on out of Stratford-upon-Avon town centre retail development a figure up to £167 per sqm would be possible.

7.3.3 As the viability of setting a charge on assisted living / extra care housing is more marginal the council will need to decide as to whether to set a zero or low level of say up to £25 per sqm or if less risk adverse and if not considered impacting on the plan delivery including that of affordable housing potential then a higher charge could be set at the top of the scale of around £50-70 per sqm.

7.3.4 It is suggested that a zero charge applies to all the other forms of non residential development. All other tested uses show negative values, although, it is important to note that this does not mean that these uses will never come forward in Stratford-on-Avon. Bespoke schemes with identified end users and land owners willing to sell at lower prices will enable development to come forward in the future.

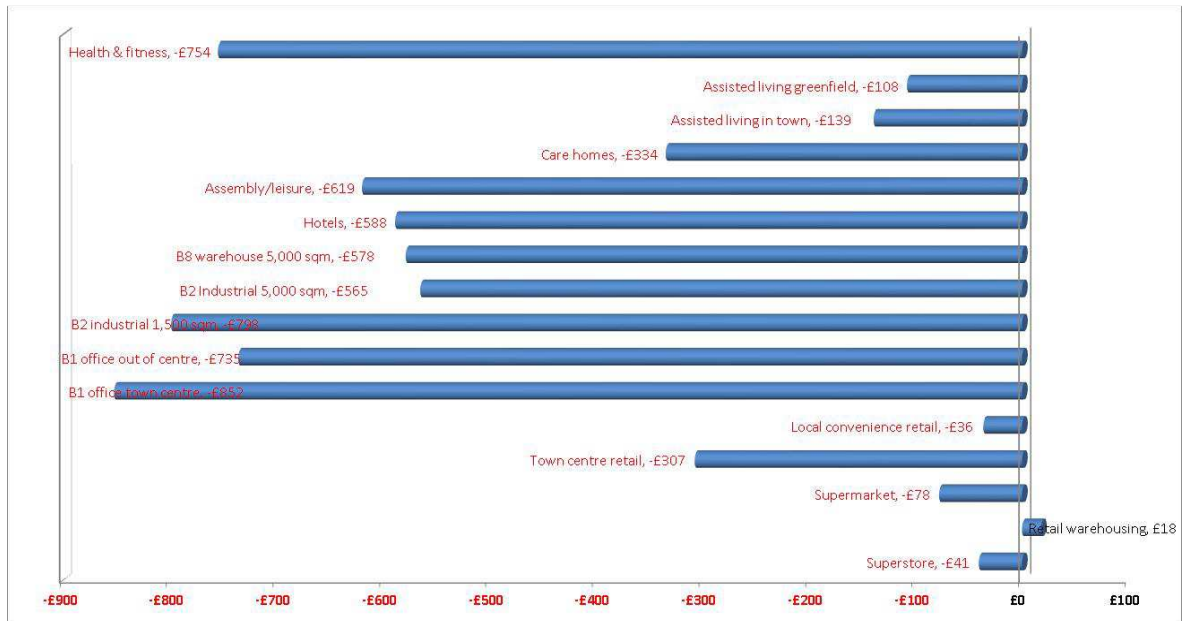
Figure 7.1: Scope for CIL



7.3.5 To help the council decide as to where they may wish to set their CIL rates we have also undertaken some sensitivity testing in terms of values rising and falling. This will assist the council by illustrating how sensitive particular uses are to shifts in the market. The council will need to decide in setting the rate how much they want to put at risk that particular development type and what effect non delivery would have on the plan delivery strategy. The sensitivity analysis will also help the council in thinking about suitable trigger points whereby a review of the CIL is required – for example if the economy worsens and retail values drop by 10% then it may be appropriate to lower or drop the charge. Or alternatively if the economy recovers there may be scope to charge CIL on more uses.

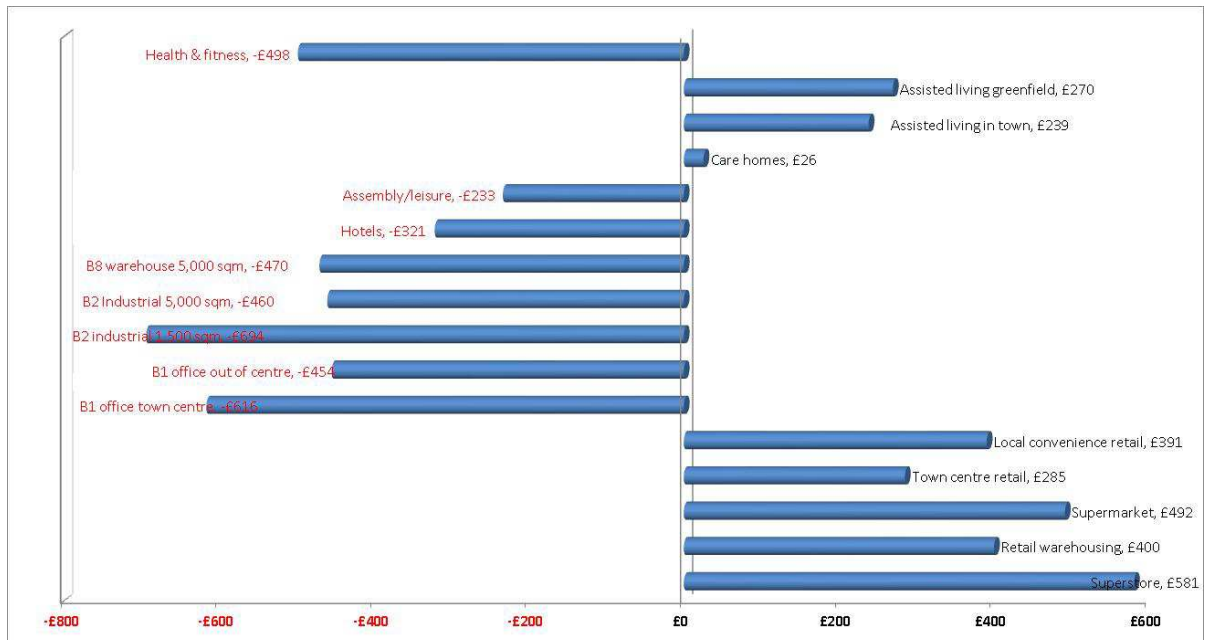
7.3.6 **Figure 7.2** shows what will happen if there is depreciation in the values of minus 10%. As can be seen all but retail warehousing is shown as negative. Therefore if extra care housing or out of Stratford-upon-Avon town centre retailing is an important part of the plan's delivery strategy and the council is risk adverse, this sensitivity test would suggest that in the current climate whereby there is potential for values to drop further, setting a lower charge may be appropriate.

Figure 7.2: Sensitivity analysis – minus 10% on values



7.3.7 However if the council has a more optimistic view of the market and believes that values will rise, **Figure 7.3** indicates that in addition to out of Stratford-upon-Avon town centre retail, in Stratford-upon-Avon town centre retail becomes viable to charge a levy. Also assisted living becomes less marginal in terms of a charge and there is potential for a small levy on care homes. Employment and leisure uses continue to be negative.

Figure 7.3: Sensitivity analysis – plus 10% on values



8 Recommendations

- 8.1.1 In this section, we make recommendations on the content of a Preliminary Draft charging schedule. The residential CIL charges and boundaries recommended below are draft at this stage.
- 8.1.2 The following CIL charging rates, in **Table 8.1**, are recommended for a draft CIL charging schedule. As recommended by guidance, these rates reflect viability at the present time. If viability changes, a new CIL charge could be set.

Table 8.1: Stratford-on-Avon proposed CIL charging rates

Development type	CIL charge per sqm
Residential development	
Strategic site at Lighthorne Heath*	£100
Strategic sites at South East Stratford and Long Marston*	£60
Residential development elsewhere	£150
Other development	
Employment uses (B1,B2, B8)	£0
Retail A1-A5 uses out of Stratford-upon Avon town centre**	£120
Retail A1-A5 uses in Stratford-upon-Avon town centre**	£0
Hotels	£0
Care homes and extra care living	£0
Mixed leisure	£0
Public service and community facilities	£0
Other uses	£0

*The strategic site will need to be identified and delineated in the Plan – this boundary should then be taken forward to the Charging Schedule.

**The town centre boundary is identified in the Third Draft Core Strategy (February 2012) – this boundary should be then taken forward to the Charging Schedule.

- 8.1.3 Assuming that our recommended CIL rates are approved and based on an approximate calculation of potential floorspace the anticipated amount that could be potentially collected over the Plan period could be around £35,000,000.

Appendix A Sales values

Market housing

In order to arrive at a total sales turnover, assumptions need to be made about sales values. These have been sourced from an assessment of the housing market based on discussions with local developers and agents about their current experience, and generic websites such as Rightmove and Zoopla. We use revenues for new properties because it is from these figures that current and future land values are derived.

As a guide, open market sales prices per sqm for new homes, allowing for a reduction between asking price and achieved selling prices, vary from the lowest at around £2,300 in Studley, to £2,600-£2,800 in the eastern settlements of Southam, Kineton and Wellesbourne, to £3,000 in Stratford-upon-Avon, with the highest prices being achieved in some of the Henley-in-Arden (£3,300) and Welford (£3,800). This represents an increase of about 10% on selling prices in 2009 when the range was about £2,100-£2,800, which is a commentary on the strength and resilience of Stratford-on-Avon District's housing market.

Sales values are also affected by the specification of the development. A high specification scheme, usually in a high demand location, can lead to premium sale prices. Open market sales values are also affected by the proportion of affordable housing on a site, as well as the juxtaposition of open market housing with affordable housing, particularly social rented units.

Values are also affected by the size of the site, reflecting return on capital employed across a period of time, the cost of financing a purchase compared with the time taken to receive all site sales value.

The helpful discussions with the development industry at the meeting on 13th July 2012 provided invaluable information about the various elements of the housing market, particularly about likely sales revenues.

Sales rates also have a major effect on the overall financing, and most volume housebuilder projects seek to achieve around 35-40 open market sales per year (down some 20% from 2007) in order to justify the land economics upon which the land purchase is based. On larger sites (of, say, 4+ developers), and allowing for affordable housing, this would result in some 200+ dwellings per annum being completed.

In **Table A.1** set out below is a selection of schemes currently, or soon to be, on the market. These were sourced from the surveys, from discussions with developers, from local newspapers, developer's websites, and generic websites such as Rightmove.

Table A.1: Current market schemes

Development	House Type	Asking Price	Achieved Price (asking price -5%)	Achievable £ per sqm
The Old Bakery, Shipston-on-Stour	2-bed flat	£155,000	£147,250	£2,629
The Old Bakery, Shipston-on-Stour	2-bed flat	£180,000	£171,000	£2,948
The Pastures, Kinwarton/Alcester	3-bed semi	£235,000	£223,250	£2,537
The Pastures, Kinwarton/Alcester	3-bed detached	£290,000	£275,500	£2,675
The Pastures, Kinwarton/Alcester	4-bed detached	£280,000	£266,000	£2,608

The Pastures, Kinwarton/Alcester	4-bed detached	£320,000	£304,000	£2,598
The Pastures, Kinwarton/Alcester	4-bed detached	£335,000	£318,250	£2,546
Mill Road, Southem	3-bed detached	£245,000	£232,750	£2,645
Station Road, Southam	2-bed terrace	£179,000	£170,050	£2,501
Market Close, Henley-in-Arden	4-bed detached	£370,000	£351,500	£3,083
Farriers Cross, Warwick Road, Henley-in-Arden	2-bed flat	£200,000	£190,000	£3,455
Farriers Cross, Warwick Road, Henley-in-Arden	3-bed terrace	£260,000	£247,000	£3,431
Farriers Cross, Warwick Road, Henley-in-Arden	4-bed detached	£365,000	£346,750	£2,890
Farriers Cross, Warwick Road, Henley-in-Arden	5-bed detached	£435,000	£413,250	£2,505
Barton Road, Welford-on-Avon, Peter Clarke	4-bed detached	£700,000	£665,000	£4,750
Portia Road, Stratford-upon-Avon, Wigwam	2-bed flat	£160,000	£152,000	£2,621
Minstrel Park, Cordelia Close, Stratford-upon-Avon	2-bed flat	£165,000	£156,750	£2,799
Minstrel Park, Cordelia Close, Stratford-upon-Avon	3-bed townhouse	£259,000	£246,050	£2,366
Poppy Meadow, Kipling Road, Stratford-upon-Avon	2-bed semi	£205,000	£194,750	£3,606
Poppy Meadow, Kipling Road, Stratford-upon-Avon	3-bed terrace	£242,995	£230,845	£3,498
Poppy Meadow, Kipling Road, Stratford-upon-Avon	3-bed semi	£237,000	£225,150	£3,127
Poppy Meadow, Kipling Road, Stratford-upon-Avon	4-bed detached	£374,000	£355,300	£3,663
The Hathaways, Bishopton Lane, Bishopton, Stratford-upon-Avon	2-bed semi	£218,000	£207,100	£3,452
The Hathaways, Bishopton Lane, Bishopton, Stratford-upon-Avon	3-bed terrace	£250,000	£237,500	£3,167
The Hathaways, Bishopton Lane, Bishopton, Stratford-upon-Avon	3-bed semi	£245,000	£232,750	£2,586

The Hathaways, Bishopton Lane, Bishopton, Stratford-upon-Avon	4-bed detached	£310,000	£294,500	£2,677
The Hathaways, Bishopton Lane, Bishopton, Stratford-upon-Avon	4-bed detached	£370,000	£351,500	£3,587
The Hathaways, Bishopton Lane, Bishopton, Stratford-upon-Avon	3-bed detached	£320,000	£304,000	£2,895
The Residence, Banbury Road, Stratford-upon-Avon	4-bed detached	£420,000	£399,000	£3,470
The Residence, Banbury Road, Stratford-upon-Avon	4-bed detached	£475,000	£451,250	£3,134
The Residence, Banbury Road, Stratford-upon-Avon	4-bed detached	£500,000	£475,000	£2,932
Clompton Road, Stratford-upon-Avon	3-bed semi	£250,000	£237,500	£3,393
Clompton Road, Stratford-upon-Avon	3-bed semi	£270,000	£256,500	£3,420
Clompton Road, Stratford-upon-Avon	4-bed detached	£315,000	£299,250	£3,605

We have also analysed land registry data. As with many areas transaction on new properties have been more limited in recent years. However, in the district there has been some activity and it provides an indication of the prices currently being achieved. We have looked at data from January 2012 to January 2013. For ease we have presented the data on average £ per sqm achieved for the main towns and villages where there have been transactions, these are shown in **Table A.2** below:

Table A.2: Land Registry data

Location	£ per sqm (Land Registry January 2012 – January 2013)
Studley/Alcester	£2,489
Southam Kineton and Wellesbourne	£2,863
Stratford-upon-Avon,	£3,415
Henley-in-Arden	£3,507
Welford	£6,170
Shipton	£2,755

All these figures have been used to provide a set of values as described in paragraph 5.2.12 in the report.

Affordable housing

Registered Providers of Social Housing (RPs) – housing associations and other qualified providers – have historically had access to funds from the Homes and Communities Agency in the form of subsidy from public funds, such as Social Housing Grant (SHG) to purchase land, and develop or purchase affordable housing, including units from developers through the operation of S.106 agreements. The most common delivery of affordable housing is that properties are built by the developer and transferred to the RP at a price below the full market value through the operation of S.106 agreements. The formal expectation since 2008 has been that grant will not be available on developer-led sites that deliver affordable housing through S.106. The gap between the full cost and the price paid to a developer represents the level of private subsidy (e.g. developer or landowner subsidy).

In the current economic climate, it is increasingly important to ensure that the most effective use is made of public funds. The HCA guideline has recently changed, and now RPs should only pay the capitalised net rental stream on S.106 sites. In addition, the new affordable rent tenure may have an impact upon revenues. Under this new system brought in by the HCA, RPs be able to charge up to 80% of gross market rents (inclusive of service charges).

The council finalised a Strategic Housing Market Assessment Review (SHMA) in January 2013, which considers housing market mix for both affordable and open market dwellings. Consultant GL Hearn has carried out an assessment of typical housing mix of dwelling types to reflect the needs of the population over the plan period. It considers the following issues:

- An overview of housing market conditions – before 2008 and after 2008;
- A market appraisal – analysing house price & sale trends – housing stock and understanding affordability;
- Profiles of spatial variations and trends in house prices, market turnover and new build sales in Stratford-upon-Avon, main rural centres and rural areas;
- Housing market dynamics includes consulting estate agents and letting agents including buy to let / investment market, checking supply and demand trends; and
- Assessing entry level housing costs between tenures and assessment of income, to assess social rent, affordable rent, private rent and owner occupation.

Following discussions with RPs, the generic viability appraisals use revenues that equate to the level of capitalised rental and revenues for all affordable housing tenures, based on the tenure split in the SHMA. Local RPs have estimated this to be about 48% to 52% of the open market sales values, representing a rate that RPs can purchase from developers without the use of grant subsidy. They also commented that our estimate of open market sales was on the high side, and that there was no difference in blended affordable revenues resulting from an alteration from the 75%-25% social rent-shared ownership, to the 60%-20%-20% proposed tenure split in the SHMA to include the new affordable rent product. This is because the reduction in revenue from shared ownership and social rent is compensated by an increased from affordable rent.

We have erred on the side of caution, and have assumed a 45% blended revenue from affordable rent floorspace and 65% for shared ownership. It may be that the overall revenue from affordable housing will consistently return above 45% of open market revenue, as a result of the new affordable rent tenure, and this should be the subject of future monitoring by the council in discussion with RPs.

Each site viability appraisal assumes that affordable housing will be provided on site at 35% of the total residential floor area, and within this policy a tenure profile applies, with a minimum requirement of 70% Affordable rent and a maximum of 30% Shared Ownership. Any alternative tenure profiles will require consultation and adoption as council policy, as suggested in the SHMA.

There are a number of ways to provide affordable accommodation, with or without grant. We have assumed, in line with the latest HCA Guidance, that no social housing grant be available to support the transfer and acquisition of affordable housing through their delivery by S.106 agreements from the private housing developers to housing associations.

Appendix B Residential viability appraisals

Greenfield infill Ki 5.0		Units				
ITEM						
Net Site Area	0.17	£1,462,719				
Yield	5.00	Private	Affordable	Affordable rent	Shared ownership	
		3.25	1.75	1.23	0.53	
1.0 Development Value						
1.1	Private Units	No. of units	Size sq.m	Total sq.m	£psm	Total Value
	Flats (NIA)	-	55	-	£2,600	£0
	Terraced	-	70	-	£2,600	£0
	Semi-detached	1.3	80	104.0	£2,600	£270,400
	Detached	2.0	120	234.0	£2,600	£606,400
		3.3		338.0		
1.2	Affordable rent	No. of units	Size sq.m	Total sq.m	£psm	Total Value
	Flats (NIA)	-	55	-	£1,170	£0
	Terraced	0.6	70	42.9	£1,170	£50,164
	Semi-detached	0.6	80	48.0	£1,170	£57,330
		1.2		91.9		
1.3	Shared ownership	No. of units	Size sq.m	Total sq.m	£psm	Total Value
	Flats (NIA)	-	55	-	£1,690	£0
	Terraced	0.3	70	18.4	£1,690	£31,054
	Semi-detached	0.3	80	21.0	£1,690	£35,490
		0.5		39.4		
Gross Development value						£1,052,838
2.0 Development Cost						
2.1 Site Acquisition						
2.1.1	Site value (residual land value)					£255,944
Less Purchaser Costs						4.75%
						243,786
2.3 Build Costs						
2.3.1	Private units	No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs
	Flats (GIA)	0.00	65	0	£990	£0.00
	Terraced	0.00	70	0	£884	£0.00
	Semi-detached	1.30	80	104	£884	£91,936.00
	Detached	1.95	120	234	£884	£206,856.00
		3.25		338		
2.3.2	Affordable units	No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs
	Flats (GIA)	0.00	65	0	£990	£0.00
	Terraced	0.88	70	61	£884	£54,145.00
	Semi-detached	0.88	70	61	£884	£54,145.00
		1.75		123		
						£407,082
2.4 Construction Costs						
2.4.1	External works as a percentage of build costs	10%				£40,708.20
2.4.2	Site abnormalities	£0	per ha			£0
						£40,708
2.5 Professional Fees						
2.5.1	as percentage of build costs and construction costs	12%				£53,735
						£53,735
2.6 Contingency						
2.6.1	as percentage of build costs and construction costs	5%				£22,389.51
						£22,390
2.7 Developer contributions						
2.7.1	Opening up costs/strategic s106 (L)	£0 per unit				£0
2.7.2	Opening up costs/strategic s106 (M)	£0 per unit				£0
2.7.3	Opening up costs/strategic s106 (S)	£5,000 per unit				£25,000
2.7.4		£0 per flat				
2.7.5		£0 per unit				£0
						£25,000
2.8 Sale cost						
2.8.1	as percentage of GDV	3.00%				£31,585
						£31,585
TOTAL DEVELOPMENT COSTS (including land)						£824,286
3.0 Developers' Profit						
3.1	Private units	Rate	Gross development value		£175,760	
		20%				
3.2	Affordable units	Rate	Gross development value		£10,442	
		6%				
						£186,202
TOTAL PROJECT COSTS [EXCLUDING INTEREST]						£1,010,488
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£42,349
4.00 Finance Costs						
		APR	PCM		-	
		7.00%	0.565%		-£42,349	
TOTAL PROJECT COSTS [INCLUDING INTEREST]						£1,052,838



This appraisal has been prepared by Peter Brett Associates on behalf of Stratford-on-Avon District Council. The appraisal has been prepared in line with the RICS valuation guidance. The purpose of the appraisal is to inform Bournemouth Borough Council as to the impact of planning policy has on viability at a strategic borough level. This appraisal is not a formal 'Red Book' (RICS Valuation – Professional Standards March 2012) valuation and should not be relied upon as such.

Greenfield infill Ki 7.0 Units



ITEM

Net Site Area	0.23	£1,692,738
Yield	7.00	Private 4.55, Affordable 2.45, Affordable rent 1.72, Shared ownership 0.74

1.0 Development Value

		No. of units	Size sq.m	Total sq.m	Epsm	Total Value
1.1 Private Units	Flats (NIA)	-	55	-	£2,800	£0
	Terraced	-	70	-	£2,800	£0
	Semi-detached	2.3	80	182.0	£2,800	£509,600
	Detached	2.3	120	273.0	£2,800	£764,400
			4.6		455.0	
1.2 Affordable rent	Flats (NIA)	-	55	-	£1,260	£0
	Terraced	0.9	70	60.0	£1,260	£75,632
	Semi-detached	0.9	80	68.6	£1,260	£86,436
		1.7		128.6		
1.3 Shared ownership	Flats (NIA)	-	55	-	£1,820	£0
	Terraced	0.4	70	25.7	£1,820	£46,820
	Semi-detached	0.4	80	29.4	£1,820	£53,508
		0.7		55.1		

Gross Development value

£1,536,395

2.0 Development Cost

2.1 Site Acquisition

2.1.1 Site value (residual land value)	£414,669
Less Purchaser Costs	4.75%

394,972

2.3 Build Costs

		No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs
2.3.1 Private units	Flats (GIA)	0.00	65	0	£990	£0.00
	Terraced	0.00	70	0	£884	£0.00
	Semi-detached	2.28	80	182	£884	£160,888.00
	Detached	2.28	120	273	£884	£241,332.00
		4.55		455		
2.3.2 Affordable units	Flats (GIA)	0.00	65	0	£990	£0.00
	Terraced	1.23	70	86	£884	£75,803.00
	Semi-detached	1.23	80	98	£884	£86,632.00
		2.45		184		

7.00

£564,655

2.4 Construction Costs

2.4.1 External works as a percentage of build costs	10%	£56,465.50
2.4.2 Site abnormalities	£0 per ha	£0

£56,466

2.5 Professional Fees

2.5.1 as percentage of build costs and construction costs	12%	£74,534
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£74,534

2.6 Contingency

2.6.1 as percentage of build costs and construction costs	5%	£31,056.03
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£31,056

2.7 Developer contributions

2.7.1 Opening up costs/strategic s106 (L)	£0 per unit	£0
2.7.2 Opening up costs/strategic s106 (M)	£0 per unit	£0
2.7.3 Opening up costs/strategic s106 (S)	£5,000 per unit	£35,000
2.7.4	£0 per flat	
2.7.5	£0 per unit	£0

£35,000

2.8 Sale cost

2.8.1 as percentage of GDV	3.00%	£46,092
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£46,092

TOTAL DEVELOPMENT COSTS (including land)

£1,202,775

3.0 Developers' Profit

3.1 Private units	Rate 20%	Gross development value	£254,800
3.2 Affordable units	Rate 6%	Gross development value	£15,744

£270,544

TOTAL PROJECT COSTS [EXCLUDING INTEREST]

£1,473,319

TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]

£63,076


4.0 Finance Costs

APR 7.00%	PCM 0.565%	-£63,076
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TOTAL PROJECT COSTS [INCLUDING INTEREST]

£1,536,395

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Small Brownfield 7.0		Units				
ITEM						
Net Site Area	0.18	£2,988,414				
Yield	7.00	Private 4.55	Affordable 2.45	Affordable rent 1.72	Shared ownership 0.74	
						
1.0 Development Value						
1.1	Private Units	No. of units	Size sq.m	Total sq.m	£psm	Total Value
	Flats (NIA)	-	55	-	£3,200	£0
	Terraced	-	70	-	£3,200	£0
	Semi-detached	2.3	80	182.0	£3,200	£582,400
	Detached	2.3	120	273.0	£3,200	£873,600
		4.6		455.0		
1.2	Affordable rent	No. of units	Size sq.m	Total sq.m	£psm	Total Value
	Flats (NIA)	-	55	-	£1,440	£0
	Terraced	0.9	70	60.0	£1,440	£86,436
	Semi-detached	0.9	80	68.6	£1,440	£98,784
		1.7		128.6		
1.3	Shared ownership	No. of units	Size sq.m	Total sq.m	£psm	Total Value
	Flats (NIA)	-	55	-	£2,080	£0
	Terraced	0.4	70	25.7	£2,080	£53,508
	Semi-detached	0.4	80	29.4	£2,080	£61,152
		0.7		55.1		
Gross Development value						£1,755,880
2.0 Development Cost						
2.1 Site Acquisition						
2.1.1	Site value (residual land value)					£554,878
	Less Purchaser Costs					5.75%
						522,972
2.3 Build Costs						
2.3.1	Private units	No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs
	Flats (GIA)	0.00	65	0	£990	£0.00
	Terraced	0.00	70	0	£884	£0.00
	Semi-detached	2.28	80	182	£884	£160,888.00
	Detached	2.28	120	273	£884	£241,332.00
		4.55		455		
2.3.2	Affordable units	No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs
	Flats (GIA)	0.00	65	0	£990	£0.00
	Terraced	1.23	70	86	£884	£75,803.00
	Semi-detached	1.23	80	98	£884	£86,632.00
		2.45		184		
						7.00
						£564,655
2.4 Construction Costs						
2.4.1	External works as a percentage of build costs	10%				£56,465.50
2.4.2	Site abnormalities	£0	per ha			£0
						£56,466
2.5 Professional Fees						
2.5.1	as percentage of build costs and construction costs	12%				£74,534
						£74,534
2.6 Contingency						
2.6.1	as percentage of build costs and construction costs	5%				£31,056.03
						£31,056
2.7 Developer contributions						
2.7.1	Opening up costs/strategic s106 (L)	£0 per unit				£0
2.7.2	Opening up costs/strategic s106 (M)	£10,000 per unit				£70,000
2.7.3	Opening up costs/strategic s106 (S)					£0
2.7.4		£0 per flat				
2.7.5		£0 per unit				£0
						£70,000
2.8 Sale cost						
2.8.1	as percentage of GDV	3.00%				£52,676
						£52,676
TOTAL DEVELOPMENT COSTS (including land)						£1,372,360
3.0 Developers' Profit						
3.1	Private units	Rate	Gross development value			£291,200
		20%				
3.2	Affordable units	Rate	Gross development value			£17,993
		6%				
						£309,193
TOTAL PROJECT COSTS [EXCLUDING INTEREST]						£1,681,553
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£74,327
4.00 Finance Costs						
		APR	PCM			
		7.00%	0.565%			-£74,327
TOTAL PROJECT COSTS [INCLUDING INTEREST]						£1,755,880

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Small Greenfield 210.0		Units						
ITEM								
Net Site Area	0.29	£2,680,404						
Yield	10.00	Private 6.50	Affordable 3.50	Affordable rent 2.45	Shared ownership 1.05			
1.0 Development Value								
1.1	Private Units		No. of units	Size sq.m	Total sq.m	£psm	Total Value	
	Flats (NIA)		-	55	-	£2,800	£0	
	Terraced		-	70	-	£2,800	£0	
	Semi-detached		3.3	80	260.0	£2,800	£728,000	
	Detached		3.3	120	390.0	£2,800	£1,032,000	
			6.5		650.0			
1.2	Affordable rent		No. of units	Size sq.m	Total sq.m	£psm	Total Value	
	Flats (NIA)		-	55	-	£2,800	£0	
	Terraced		1.2	70	85.8	£2,800	£240,100	
	Semi-detached		1.2	80	98.0	£2,800	£274,400	
			2.5		183.8			
1.3	Shared ownership		No. of units	Size sq.m	Total sq.m	£psm	Total Value	
	Flats (NIA)		-	55	-	£1,820	£0	
	Terraced		0.5	70	36.8	£1,820	£66,885	
	Semi-detached		0.5	80	42.0	£1,820	£76,440	
			1.1		78.8			
Gross Development value							£2,477,825	
2.0 Development Cost								
2.1 Site Acquisition								
2.1.1	Site value (residual land value)						£812,551	
		Less Purchaser Costs					5.75%	
							765,830	
2.3 Build Costs								
2.3.1	Private units		No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs	
	Flats (GIA)		0.00	65	0	£990	£0.00	
	Terraced		0.00	70	0	£884	£0.00	
	Semi-detached		3.25	80	260	£884	£229,840.00	
	Detached		3.25	120	390	£884	£344,760.00	
			6.50		650			
2.3.2	Affordable units		No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs	
	Flats (GIA)		0.00	65	0	£990	£0.00	
	Terraced		1.75	70	123	£884	£108,290.00	
	Semi-detached		1.75	80	140	£884	£123,760.00	
			3.50		263			
							10.00	
							£806,650	
2.4 Construction Costs								
2.4.1	External works as a percentage of build costs				10%			£80,665.00
2.4.2	Site abnormalities				£0	per ha	£0	
							£80,665	
2.5 Professional Fees								
2.5.1	as percentage of build costs and construction costs				12%			£106,478
							£106,478	
2.6 Contingency								
2.6.1	as percentage of build costs and construction costs				5%			£44,365.75
							£44,366	
2.7 Developer contributions								
2.7.1	Opening up costs/strategic s106 (L)				£0	per unit	£0	
2.7.2	Opening up costs/strategic s106 (M)					per unit	£0	
2.7.3	Opening up costs/strategic s106 (S)				£5,000	per unit	£50,000	
2.7.4					£0	per flat		
2.7.5					£0	per unit	£0	
							£50,000	
2.8 Sale cost								
2.8.1	as percentage of GDV				3.00%			£74,335
							£74,335	
TOTAL DEVELOPMENT COSTS (including land)							£1,928,323	
3.0 Developers' Profit								
3.1	Private units				Rate 20%	Gross development value	£364,000	
3.2	Affordable units				6%	Gross development value	£39,470	
							£403,470	
TOTAL PROJECT COSTS [EXCLUDING INTEREST]							£2,331,793	
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]							£146,032	
4.00	Finance Costs				APR 7.00%	PCM 0.565%	-£146,032	
TOTAL PROJECT COSTS [INCLUDING INTEREST]							£2,477,825	



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Small Greenfield 120.0		Units					
ITEM							
Net Site Area	0.57	£2,525,718					
Yield	20.00	Private	Affordable	Affordable rent	Shared ownership		
		13.00	7.00	4.90	2.10		
1.0 Development Value							
1.1	Private Units	No. of units	Size sq.m	Total sq.m	Epsm	Total Value	
	Flats (NIA)	-	55	-	£3,200	£0	
	Terraced	-	70	-	£3,200	£0	
	Semi-detached	6.5	80	520.0	£3,200	£1,664,000	
	Detached	6.5	120	780.0	£3,200	£2,496,000	
		13.0		1,300.0			
1.2	Affordable rent	No. of units	Size sq.m	Total sq.m	Epsm	Total Value	
	Flats (NIA)	-	55	-	£1,440	£0	
	Terraced	2.5	70	171.5	£1,440	£246,960	
	Semi-detached	2.5	80	198.0	£1,440	£282,240	
		4.9		367.5			
1.3	Shared ownership	No. of units	Size sq.m	Total sq.m	Epsm	Total Value	
	Flats (NIA)	-	55	-	£2,080	£0	
	Terraced	1.1	70	73.5	£2,080	£152,880	
	Semi-detached	1.1	80	84.0	£2,080	£174,720	
		2.1		157.5			
Gross Development value						£5,016,800	
2.0 Development Cost							
2.1 Site Acquisition							
2.1.1	Site value (residual land value)					£1,547,740	
		Less Purchaser Costs				6.75%	
						1,443,267	
2.3 Build Costs							
2.3.1	Private units	No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs	
	Flats (GIA)	0.00	65	0	£990	£0.00	
	Terraced	0.00	70	0	£884	£0.00	
	Semi-detached	6.50	80	520	£884	£459,680.00	
	Detached	6.50	120	780	£884	£689,520.00	
		13.00		1300			
2.3.2	Affordable units	No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs	
	Flats (GIA)	0.00	65	0	£990	£0.00	
	Terraced	3.50	70	245	£884	£216,580.00	
	Semi-detached	3.50	80	280	£884	£247,520.00	
		7.00		525			
						20.00	
						£1,613,300	
2.4 Construction Costs							
2.4.1	External works as a percentage of build costs	10%				£161,330.00	
2.4.2	Site abnormalities	£0	per ha			£0	
						£161,330	
2.5 Professional Fees							
2.5.1	as percentage of build costs and construction costs	12%				£212,956	
						£212,956	
2.6 Contingency							
2.6.1	as percentage of build costs and construction costs	5%				£88,731.50	
						£88,732	
2.7 Developer contributions							
2.7.1	Opening up costs/strategic s106 (L)	£0 per unit				£0	
2.7.2	Opening up costs/strategic s106 (M)					£0	
2.7.3	Opening up costs/strategic s106 (S)	£5,000 per unit				£100,000	
2.7.4		£0 per flat					
2.7.5		£0 per unit				£0	
						£100,000	
2.8 Sale cost							
2.8.1	as percentage of GDV	3.00%				£150,504	
						£150,504	
TOTAL DEVELOPMENT COSTS (including land)						£3,770,088	
3.0 Developers' Profit							
3.1	Private units	Rate	Gross development value		£832,000		
		20%					
3.2	Affordable units	Rate	Gross development value		£51,408		
		6%					
						£883,408	
TOTAL PROJECT COSTS [EXCLUDING INTEREST]						£4,653,496	
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£363,304	
4.00	Finance Costs	APR	PCM		-		
		7.00%	0.565%		-£363,304		
TOTAL PROJECT COSTS [INCLUDING INTEREST]						£5,016,800	



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Brownfield 30		30.0	Units				
ITEM							
Net Site Area	0.75	£1,857,282					
Yield	30.00	Private	Affordable	Affordable rent	Shared ownership		
		19.50	10.50	7.35	3.15		
1.0 Development Value							
1.1	Private Units		No. of units	Size sq.m	Total sq.m	£psm	Total Value
	Flats (NIA)	-	-	55	-	£2,800	£0
	Terraced	5.9	70	70	409.5	£2,800	£1,146,600
	Semi-detached	7.8	80	80	624.0	£2,800	£1,747,200
	Detached	5.9	120	120	702.0	£2,800	£1,965,600
		19.5			1,735.5		
1.2	Affordable rent		No. of units	Size sq.m	Total sq.m	£psm	Total Value
	Flats (NIA)	-	-	55	-	£1,260	£0
	Terraced	3.7	70	70	257.3	£1,260	£324,135
	Semi-detached	3.7	80	80	294.0	£1,260	£370,440
		7.4			551.3		
1.3	Shared ownership		No. of units	Size sq.m	Total sq.m	£psm	Total Value
	Flats (NIA)	-	-	55	-	£1,820	£0
	Terraced	1.6	70	70	110.3	£1,820	£200,655
	Semi-detached	1.6	80	80	126.0	£1,820	£229,320
		3.2			236.3		
Gross Development value							£5,983,950
2.0 Development Cost							
2.1 Site Acquisition							
2.1.1	Site value (residual land value)						£1,493,793
	Less Purchaser Costs						6.75%
							1,392,962
2.3 Build Costs							
2.3.1	Private units		No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs
	Flats (GIA)	0.00	65	65	0	£990	£0.00
	Terraced	5.85	70	70	410	£884	£361,998.00
	Semi-detached	7.80	80	80	624	£884	£551,616.00
	Detached	5.85	120	120	702	£884	£620,568.00
		19.50			1,736		
2.3.2	Affordable units		No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs
	Flats (GIA)	0.00	65	65	0	£990	£0.00
	Terraced	5.25	70	70	368	£884	£324,870.00
	Semi-detached	5.25	80	80	420	£884	£371,280.00
		10.50			788		
							£2,230,332
2.4 Construction Costs							
2.4.1	External works as a percentage of build costs			10%			£223,033.20
2.4.2	Site abnormalities			£0	per ha	£0	
							£223,033
2.5 Professional Fees							
2.5.1	as percentage of build costs and construction costs			12%			£294,404
							£294,404
2.6 Contingency							
2.6.1	as percentage of build costs and construction costs			5%			£122,668.26
							£122,668
2.7 Developer contributions							
2.7.1	Opening up costs/strategic s106 (L)			£0	per unit	£0	
2.7.2	Opening up costs/strategic s106 (M)				per unit	£0	
2.7.3	Opening up costs/strategic s106 (S)			£5,000	per unit	£150,000	
2.7.4				£0	per flat		
2.7.5				£0	per unit	£0	
							£150,000
2.8 Sale cost							
2.8.1	as percentage of GDV			3.00%			£179,519
							£179,519
TOTAL DEVELOPMENT COSTS (including land)							£4,592,918
3.0 Developers' Profit							
3.1	Private units			Rate			
				20%	Gross development value	£742,560	
3.2	Affordable units			6%	Gross development value	£67,473	
							£810,033
TOTAL PROJECT COSTS [EXCLUDING INTEREST]							£5,402,951
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]							£580,999
4.00 Finance Costs							
				APR			
				7.00%	PCM	0.565%	
							-£580,999
TOTAL PROJECT COSTS [INCLUDING INTEREST]							£5,983,950



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Greenfield 75		75.0	Units				
ITEM							
Net Site Area		2.14					£1,339,748
Yield		75.00	Private	Affordable	Affordable rent	Shared ownership	
			48.75	26.25	18.38	7.88	
1.0 Development Value							
1.1	Private Units		No. of units	Size sq.m	Total sq.m	Epsm	Total Value
	Flats (NIA)		-	55	-	£2,800	£0
	Terraced		-	70	-	£2,800	£0
	Semi-detached		24.4	80	1,950.0	£2,800	£5,460,000
	Detached		24.4	120	2,925.0	£2,800	£8,190,000
			48.8		4,875.0		
1.2	Affordable rent		No. of units	Size sq.m	Total sq.m	Epsm	Total Value
	Flats (NIA)		-	55	-	£1,260	£0
	Terraced		9.2	70	643.1	£1,260	£810,338
	Semi-detached		9.2	80	735.0	£1,260	£926,100
			18.4		1,378.1		
1.3	Shared ownership		No. of units	Size sq.m	Total sq.m	Epsm	Total Value
	Flats (NIA)		-	55	-	£1,820	£0
	Terraced		3.9	70	275.6	£1,820	£501,638
	Semi-detached		3.9	80	315.0	£1,820	£573,300
			7.9		590.6		
Gross Development value							£16,461,375
2.0 Development Cost							
2.1 Site Acquisition							
2.1.1	Site value (residual land value)						£3,146,180
							Less Purchaser Costs
							8.75%
							2,870,889
2.3 Build Costs							
2.3.1	Private units		No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs
	Flats (GIA)		0.00	65	0	£990	£0.00
	Terraced		0.00	70	0	£884	£0.00
	Semi-detached		24.38	80	1,950	£884	£1,723,800.00
	Detached		24.38	120	2,925	£884	£2,585,700.00
			48.75		4875		
2.3.2	Affordable units		No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs
	Flats (GIA)		0.00	65	0	£990	£0.00
	Terraced		13.13	70	919	£884	£812,175.00
	Semi-detached		13.13	80	1,050	£884	£928,200.00
			26.25		1969		
							75.00
							£6,049,875
2.4 Construction Costs							
2.4.1	External works as a percentage of build costs			10%			£604,987.50
2.4.2	Site abnormalities		£0	per ha			£0
							£604,988
2.5 Professional Fees							
2.5.1	as percentage of build costs and construction costs		12%				£798,584
							£798,584
2.6 Contingency							
2.6.1	as percentage of build costs and construction costs		5%				£332,743.13
							£332,743
2.7 Developer contributions							
2.7.1	Opening up costs/strategic s106 (L)		£0	per unit			£0
2.7.2	Opening up costs/strategic s106 (M)		£10,000	per unit			£750,000
2.7.3	Opening up costs/strategic s106 (S)		£0	per unit			£0
2.7.4			£0	per flat			
2.7.5			£0	per unit			£0
							£750,000
2.8 Sale cost							
2.8.1	as percentage of GDV		3.00%				£493,841
							£493,841
TOTAL DEVELOPMENT COSTS (including land)							£11,900,920
3.0 Developers' Profit							
3.1	Private units		Rate		Gross development value		£2,730,000
			20%				
3.2	Affordable units		Rate		Gross development value		£168,683
			6%				
							£2,898,683
TOTAL PROJECT COSTS [EXCLUDING INTEREST]							£14,799,602
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]							£1,661,773
4.00 Finance Costs							
			APR		PCM		
			7.00%		0.565%		£-1,661,773
TOTAL PROJECT COSTS [INCLUDING INTEREST]							£16,461,375



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Large Brownfield 120.0		Units					
ITEM							
Net Site Area	3.00	£1,833,711					
Yield	120.00	Private	Affordable	Affordable rent	Shared ownership		
		78.00	42.00	29.40	12.60		
1.0 Development Value							
1.1	Private Units	No. of units	Size sq.m	Total sq.m	£psm	Total Value	
	Flats (NIA)	7.8	55	431.0	£3,200	£1,379,040	
	Terraced	15.6	70	1,092.0	£3,200	£3,494,400	
	Semi-detached	31.2	80	2,496.0	£3,200	£7,987,200	
	Detached	23.4	120	2,808.0	£3,200	£9,085,600	
		78.0		6,827.0			
1.2	Affordable rent	No. of units	Size sq.m	Total sq.m	£psm	Total Value	
	Flats (NIA)	5.9	55	324.9	£1,440	£467,813	
	Terraced	14.7	70	1,029.0	£1,440	£1,481,760	
	Semi-detached	8.8	80	705.6	£1,440	£1,016,064	
		29.4		2,059.5			
1.3	Shared ownership	No. of units	Size sq.m	Total sq.m	£psm	Total Value	
	Flats (NIA)	2.5	55	139.2	£2,080	£289,598	
	Terraced	6.3	70	441.0	£2,080	£917,280	
	Semi-detached	3.8	80	302.4	£2,080	£628,992	
		12.6		882.6			
Gross Development value						£26,647,747	
2.0 Development Cost							
2.1 Site Acquisition							
2.1.1	Site value (residual land value)					£6,028,638	
		Less Purchaser Costs				8.75%	
						5,501,132	
2.3 Build Costs							
2.3.1	Private units	No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs	
	Flats (GIA)	7.80	65	507	£990	£501,930.00	
	Terraced	15.60	70	1,092	£884	£955,328.00	
	Semi-detached	31.20	80	2,496	£884	£2,208,464.00	
	Detached	23.40	120	2,808	£884	£2,482,272.00	
		78.00		6903			
2.3.2	Affordable units	No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs	
	Flats (GIA)	8.40	70	588	£990	£582,120.00	
	Terraced	21.00	80	1,680	£884	£1,485,120.00	
	Semi-detached	12.60	120	1,512	£884	£1,336,608.00	
		42.00		3780			
						120.00	
						£9,559,842	
2.4 Construction Costs							
2.4.1	External works as a percentage of build costs	10%				£955,984.20	
2.4.2	Site abnormalities	£0	per ha			£0	
						£955,984	
2.5 Professional Fees							
2.5.1	as percentage of build costs and construction costs	12%				£1,261,899	
						£1,261,899	
2.6 Contingency							
2.6.1	as percentage of build costs and construction costs	5%				£525,791.31	
						£525,791	
2.7 Developer contributions							
2.7.1	Opening up costs/strategic s106 (L)	£0 per unit				£0	
2.7.2	Opening up costs/strategic s106 (M)	£10,000 per unit				£1,200,000	
2.7.3	Opening up costs/strategic s106 (S)	£0 per unit				£0	
2.7.4		£0 per flat					
2.7.5		£0 per unit				£0	
						£1,200,000	
2.8 Sale cost							
2.8.1	as percentage of GDV	3.00%				£799,432	
						£799,432	
TOTAL DEVELOPMENT COSTS (including land)						£19,804,081	
3.0 Developers' Profit							
3.1	Private units	Rate	Gross development value		£3,394,560		
		20%					
3.2	Affordable units	Rate	Gross development value		£260,022		
		6%					
						£3,654,582	
TOTAL PROJECT COSTS [EXCLUDING INTEREST]						£23,458,663	
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£3,189,084	
4.00 Finance Costs							
		APR	PCM		-		
		7.00%	0.565%		£3,189,084		
TOTAL PROJECT COSTS [INCLUDING INTEREST]						£26,647,747	




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Urban extension 2200.0		Units					
ITEM							
Net Site Area	5.71	£1,219,240					
Yield	200.00	Private	Affordable	Affordable rent	Shared ownership		
		130.00	70.00	49.00	21.00		
1.0 Development Value							
1.1	Private Units	No. of units	Size sq.m	Total sq.m	Epsm	Total Value	
	Flats (NIA)	-	55	-	£2,800	£0	
	Terraced	-	70	-	£2,800	£0	
	Semi-detached	65.0	80	5,200.0	£2,800	£14,560,000	
	Detached	65.0	120	7,800.0	£2,800	£21,840,000	
		130.0		13,000.0			
1.2	Affordable rent	No. of units	Size sq.m	Total sq.m	Epsm	Total Value	
	Flats (NIA)	-	55	-	£1,260	£0	
	Terraced	24.5	70	1,715.0	£1,260	£2,160,900	
	Semi-detached	24.5	80	1,960.0	£1,260	£2,469,600	
		49.0		3,675.0			
1.3	Shared ownership	No. of units	Size sq.m	Total sq.m	Epsm	Total Value	
	Flats (NIA)	-	55	-	£1,820	£0	
	Terraced	10.5	70	735.0	£1,820	£1,337,700	
	Semi-detached	10.5	80	840.0	£1,820	£1,528,800	
		21.0		1,575.0			
Gross Development value						£43,897,000	
2.0 Development Cost							
2.1 Site Acquisition							
2.1.1	Site value (residual land value)					£7,635,163	
		Less Purchaser Costs				8.75%	
						6,967,087	
2.3 Build Costs							
2.3.1	Private units	No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs	
	Flats (GIA)	0.00	65	0	£990	£0.00	
	Terraced	0.00	70	0	£884	£0.00	
	Semi-detached	65.00	80	5,200	£884	£4,596,800.00	
	Detached	65.00	120	7,800	£884	£6,895,200.00	
		130.00		13000			
2.3.2	Affordable units	No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs	
	Flats (GIA)	0.00	65	0	£990	£0.00	
	Terraced	35.00	70	2,450	£884	£2,165,800.00	
	Semi-detached	35.00	80	2,800	£884	£2,475,200.00	
		70.00		5250			
200.00						£16,133,000	
2.4 Construction Costs							
2.4.1	External works as a percentage of build costs	10%				£1,613,300.00	
2.4.2	Site abnormalities	£0	per ha			£0	
						£1,613,300	
2.5 Professional Fees							
2.5.1	as percentage of build costs and construction costs	12%				£2,129,556	
						£2,129,556	
2.6 Contingency							
2.6.1	as percentage of build costs and construction costs	5%				£887,315.00	
						£887,315	
2.7 Developer contributions							
2.7.1	Opening up costs/strategic s106 (L)	£0 per unit				£0	
2.7.2	Opening up costs/strategic s106 (M)	£10,000 per unit				£2,000,000	
2.7.3	Opening up costs/strategic s106 (S)	£0 per unit				£0	
2.7.4		£0 per flat					
2.7.5		£0 per unit				£0	
						£2,000,000	
2.8 Sale cost							
2.8.1	as percentage of GDV	3.00%				£1,316,910	
						£1,316,910	
TOTAL DEVELOPMENT COSTS (including land)						£31,047,168	
3.0 Developers' Profit							
3.1	Private units	Rate	Gross development value		£7,280,000		
		20%					
3.2	Affordable units	Rate	Gross development value		£449,820		
		6%					
						£7,729,820	
TOTAL PROJECT COSTS [EXCLUDING INTEREST]						£38,776,988	
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£5,120,012	
4.00 Finance Costs							
		APR	PCM		-		
		7.00%	0.565%		£-5,120,012		
TOTAL PROJECT COSTS [INCLUDING INTEREST]						£43,897,000	



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Urban extension 2500.0		Units				
ITEM						
Net Site Area	14.29	£1,848,846				
Yield	500.00	Private 325.00	Affordable 175.00	Affordable rent 122.50	Shared ownership 52.50	
						
1.0 Development Value						
1.1	Private Units	No. of units	Size sq.m	Total sq.m	£psm	Total Value
	Flats (NIA)	-	55	-	£3,200	£0
	Terraced	-	70	-	£3,200	£0
	Semi-detached	162.5	80	13,000.0	£3,200	£41,600,000
	Detached	162.5	120	19,500.0	£3,200	£62,400,000
		325.0		32,500.0		
1.2	Affordable rent	No. of units	Size sq.m	Total sq.m	£psm	Total Value
	Flats (NIA)	-	55	-	£1,440	£0
	Terraced	61.3	70	4,287.5	£1,440	£6,174,000
	Semi-detached	61.3	80	4,900.0	£1,440	£7,056,000
		122.5		9,187.5		
1.3	Shared ownership	No. of units	Size sq.m	Total sq.m	£psm	Total Value
	Flats (NIA)	-	55	-	£2,080	£0
	Terraced	26.3	70	1,837.5	£2,080	£3,822,000
	Semi-detached	26.3	80	2,100.0	£2,080	£4,368,000
		52.5		3,937.5		
Gross Development value						£125,420,000
2.0 Development Cost						
2.1 Site Acquisition						
2.1.1	Site value (residual land value)					£28,944,758
		Less Purchaser Costs				8.75%
						26,412,092
2.3 Build Costs						
2.3.1	Private units	No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs
	Flats (GIA)	0.00	65	0	£990	£0.00
	Terraced	0.00	70	0	£884	£0.00
	Semi-detached	162.50	80	13,000	£884	£11,492,000.00
	Detached	162.50	120	19,500	£884	£17,238,000.00
		325.00		32500		
2.3.2	Affordable units	No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs
	Flats (GIA)	0.00	65	0	£990	£0.00
	Terraced	87.50	70	6,125	£884	£5,414,500.00
	Semi-detached	87.50	80	7,000	£884	£6,188,000.00
		175.00		13125		
						500.00
2.4 Construction Costs						
2.4.1	External works as a percentage of build costs	10%				£4,033,250.00
2.4.2	Site abnormalities	£0	per ha			£0
						£4,033,250
2.5 Professional Fees						
2.5.1	as percentage of build costs and construction costs	12%				£5,323,890
						£5,323,890
2.6 Contingency						
2.6.1	as percentage of build costs and construction costs	5%				£2,218,287.50
						£2,218,288
2.7 Developer contributions						
2.7.1	Opening up costs/strategic s106 (L)	£0 per unit				£0
2.7.2	Opening up costs/strategic s106 (M)	£10,000 per unit				£5,000,000
2.7.3	Opening up costs/strategic s106 (S)	£0 per unit				£0
2.7.4		£0 per flat				
2.7.5		£0 per unit				£0
						£5,000,000
2.8 Sale cost						
2.8.1	as percentage of GDV	3.00%				£3,762,600
						£3,762,600
TOTAL DEVELOPMENT COSTS (including land)						£87,082,619
3.0 Developers' Profit						
3.1	Private units	Rate	20%		Gross development value	£20,800,000
3.2	Affordable units	Rate	6%		Gross development value	£1,285,200.00
						£22,085,200
TOTAL PROJECT COSTS [EXCLUDING INTEREST]						£109,167,819
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£16,252,181
4.00	Finance Costs	APR	7.00%	PCM	0.565%	-£16,252,181
TOTAL PROJECT COSTS [INCLUDING INTEREST]						£125,420,000

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Urban extension 22000.0		Units					
ITEM							
Net Site Area	57.14	£1,249,618					
Yield	2000.00	Private	Affordable	Affordable rent	Shared ownership		
		1300.00	700.00	490.00	210.00		
1.0 Development Value							
1.1	Private Units	No. of units	Size sq.m	Total sq.m	£psm	Total Value	
	Flats (NIA)	65.0	55	3,591.3	£3,200	£11,492,000	
	Terraced	260.0	70	18,200.0	£3,200	£58,240,000	
	Semi-detached	650.0	80	52,000.0	£3,200	£166,400,000	
	Detached	325.0	120	39,000.0	£3,200	£124,800,000	
		1,300.0		112,791.3			
1.2	Affordable rent	No. of units	Size sq.m	Total sq.m	£psm	Total Value	
	Flats (NIA)	49.0	55	2,707.3	£1,440	£3,898,440	
	Terraced	245.0	70	17,150.0	£1,440	£24,696,000	
	Semi-detached	196.0	80	15,680.0	£1,440	£22,579,200	
		490.0		35,537.3			
1.3	Shared ownership	No. of units	Size sq.m	Total sq.m	£psm	Total Value	
	Flats (NIA)	21.0	55	1,160.3	£2,080	£2,413,320	
	Terraced	105.0	70	7,350.0	£2,080	£15,288,000	
	Semi-detached	84.0	80	6,720.0	£2,080	£13,977,600	
		210.0		15,230.3			
Gross Development value						£443,784,560	
2.0 Development Cost							
2.1 Site Acquisition							
2.1.1	Site value (residual land value)					£78,253,963	
		Less Purchaser Costs				8.75%	
						71,406,741	
2.3 Build Costs							
2.3.1	Private units	No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs	
	Flats (GIA)	65.00	65	4,225	£990	£4,182,750.00	
	Terraced	260.00	70	18,200	£884	£16,068,800.00	
	Semi-detached	650.00	80	52,000	£884	£45,968,000.00	
	Detached	325.00	120	39,000	£884	£34,476,000.00	
		1300.00		113425			
2.3.2	Affordable units	No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs	
	Flats (GIA)	70.00	65	4,550	£990	£4,504,500.00	
	Terraced	350.00	70	24,500	£884	£21,658,000.00	
	Semi-detached	280.00	80	22,400	£884	£19,801,600.00	
		700.00		51450			
						2000.00	
						£146,679,650	
2.4 Construction Costs							
2.4.1	External works as a percentage of build costs	10%				£14,667,965.00	
2.4.2	Site abnormalities	£0	per ha			£0	
						£14,667,965	
2.5 Professional Fees							
2.5.1	as percentage of build costs and construction costs	12%				£19,361,714	
						£19,361,714	
2.6 Contingency							
2.6.1	as percentage of build costs and construction costs	5%				£8,067,380.75	
						£8,067,381	
2.7 Developer contributions							
2.7.1	Opening up costs/strategic s106 (L)	£20,000 per unit				£40,000,000	
2.7.2	Opening up costs/strategic s106 (M)	£0 per unit				£0	
2.7.3	Opening up costs/strategic s106 (S)	£0 per unit				£0	
2.7.4		£0 per flat					
2.7.5		£0 per unit				£0	
						£40,000,000	
2.8 Sale cost							
2.8.1	as percentage of GDV	3.00%				£13,313,537	
						£13,313,537	
TOTAL DEVELOPMENT COSTS (including land)						£313,496,987	
3.0 Developers' Profit							
3.1	Private units	Rate	Gross development value		£58,240,000		
		20%					
3.2	Affordable units	Rate	Gross development value		£4,737,247		
		6%					
						£62,977,247	
TOTAL PROJECT COSTS [EXCLUDING INTEREST]						£376,474,234	
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£67,310,326	
4.00 Finance Costs							
		APR	PCM				
		7.00%	0.565%	-£67,310,326			
TOTAL PROJECT COSTS [INCLUDING INTEREST]						£443,784,560	



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Urban extension 22000		Units					
ITEM							
Net Site Area	57.14	£862,711					
Yield	2000	Private	Affordable	Affordable rent	Shared ownership		
		1300.00	700.00	490.00	210.00		
1.0 Development Value							
1.1	Private Units	No. of units	Size sq.m	Total sq.m	£psm	Total Value	
	Flats (NIA)	65.0	55	3,591.3	£3,200	£11,492,000	
	Terraced	260.0	70	18,200.0	£3,200	£58,240,000	
	Semi-detached	650.0	80	52,000.0	£3,200	£166,400,000	
	Detached	325.0	120	39,000.0	£3,200	£124,800,000	
		1,300.0		112,791.3			
1.2	Affordable rent	No. of units	Size sq.m	Total sq.m	£psm	Total Value	
	Flats (NIA)	49.0	55	2,707.3	£1,440	£3,898,440	
	Terraced	245.0	70	17,150.0	£1,440	£24,696,000	
	Semi-detached	196.0	80	15,680.0	£1,440	£22,579,200	
		490.0		35,537.3			
1.3	Shared ownership	No. of units	Size sq.m	Total sq.m	£psm	Total Value	
	Flats (NIA)	21.0	55	1,160.3	£2,080	£2,413,320	
	Terraced	105.0	70	7,350.0	£2,080	£15,288,000	
	Semi-detached	84.0	80	6,720.0	£2,080	£13,977,600	
		210.0		15,230.3			
Gross Development value						£443,784,560	
2.0 Development Cost							
2.1 Site Acquisition							
2.1.1	Site value (residual land value)					£54,024,953	
		Less Purchaser Costs				8.75%	
						49,297,770	
2.3 Build Costs							
2.3.1	Private units	No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs	
	Flats (GIA)	65.00	65	4,225	£990	£4,182,750.00	
	Terraced	260.00	70	18,200	£884	£16,068,800.00	
	Semi-detached	650.00	80	52,000	£884	£45,968,000.00	
	Detached	325.00	120	39,000	£884	£34,476,000.00	
		1300.00		113425			
2.3.2	Affordable units	No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs	
	Flats (GIA)	70.00	65	4,550	£990	£4,504,500.00	
	Terraced	350.00	70	24,500	£884	£21,658,000.00	
	Semi-detached	280.00	80	22,400	£884	£19,801,600.00	
		700.00		51450			
2000.00						£146,679,650	
2.4 Construction Costs							
2.4.1	External works as a percentage of build costs	10%				£14,667,965.00	
2.4.2	Site abnormalities	£0	per ha			£0	
						£14,667,965	
2.5 Professional Fees							
2.5.1	as percentage of build costs and construction costs	12%				£19,361,714	
						£19,361,714	
2.6 Contingency							
2.6.1	as percentage of build costs and construction costs	5%				£8,067,380.75	
						£8,067,381	
2.7 Developer contributions							
2.7.1	Opening up costs/strategic s106 (L)	£34,275 per unit				£68,549,024	
2.7.2	Opening up costs/strategic s106 (M)	£0 per unit				£0	
2.7.3	Opening up costs/strategic s106 (S)	£0 per unit				£0	
2.7.4		£0 per flat				£0	
2.7.5		£0 per unit				£0	
						£68,549,024	
2.8 Sale cost							
2.8.1	as percentage of GDV	3.00%				£13,313,537	
						£13,313,537	
TOTAL DEVELOPMENT COSTS (including land)						£319,937,040	
3.0 Developers' Profit							
3.1	Private units	Rate	Gross development value		£58,240,000		
		20%					
3.2	Affordable units	Rate	Gross development value		£4,737,247		
		6%					
						£62,977,247	
TOTAL PROJECT COSTS [EXCLUDING INTEREST]						£382,914,287	
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£60,870,273	
4.00 Finance Costs							
		APR	PCM		-£60,870,273		
		7.00%	0.565%				
TOTAL PROJECT COSTS [INCLUDING INTEREST]						£443,784,560	



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Urban extension 2 3,000 Units



ITEM

Net Site Area	85.71	£848,150			
Yield	3000	Private 1950.00	Affordable 1050.00	Affordable rent 735.00	Shared ownership 315.00

1.0 Development Value

		No. of units	Size sq.m	Total sq.m	£psm	Total Value
1.1 Private Units	Flats (NIA)	97.5	55	5,386.9	£3,200	£17,238,000
	Terraced	390.0	70	27,300.0	£3,200	£87,360,000
	Semi-detached	975.0	80	78,000.0	£3,200	£249,600,000
	Detached	487.5	120	58,500.0	£3,200	£187,200,000
			1,950.0		169,186.9	
1.2 Affordable rent	Flats (NIA)	73.5	55	4,060.9	£1,440	£5,847,660
	Terraced	367.5	70	25,725.0	£1,440	£37,044,000
	Semi-detached	294.0	80	23,520.0	£1,440	£33,868,800
		735.0		53,305.9		
1.3 Shared ownership	Flats (NIA)	31.5	55	1,740.4	£2,080	£3,619,980
	Terraced	157.5	70	11,025.0	£2,080	£22,932,000
	Semi-detached	129.0	80	10,080.0	£2,080	£20,966,400
		315.0		22,845.4		

Gross Development value

£665,676,840

2.0 Development Cost

2.1 Site Acquisition

2.1.1 Site value (residual land value)		£79,669,634
	Less Purchaser Costs	8.75%

72,698,541

2.3 Build Costs

		No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs
2.3.1 Private units	Flats (GIA)	97.50	65	6,338	£990	£6,274,125.00
	Terraced	390.00	70	27,300	£884	£24,133,200.00
	Semi-detached	975.00	80	78,000	£884	£68,952,000.00
	Detached	487.50	120	58,500	£884	£51,714,000.00
			1950.00		170138	
2.3.2 Affordable units	Flats (GIA)	105.00	65	6,825	£990	£6,756,750.00
	Terraced	525.00	70	36,750	£884	£32,487,000.00
	Semi-detached	420.00	80	33,600	£884	£29,702,400.00
		1050.00		77175		

3000.00

£220,019,475

2.4 Construction Costs

2.4.1 External works as a percentage of build costs	10%	£22,001,947.50
2.4.2 Site abnormalities	£0 per ha	£0

£22,001,948

2.5 Professional Fees

2.5.1 as percentage of build costs and construction costs	12%	£29,042,571
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£29,042,571

2.6 Contingency

2.6.1 as percentage of build costs and construction costs	5%	£12,101,071.13
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£12,101,071

2.7 Developer contributions

2.7.1 Opening up costs/strategic s106 (L)	£31,841 per unit	£95,523,536
2.7.2 Opening up costs/strategic s106 (M)	£0 per unit	£0
2.7.3 Opening up costs/strategic s106 (S)	£0 per unit	£0
2.7.4	£0 per flat	
2.7.5	£0 per unit	£0

£95,523,536

2.8 Sale cost

2.8.1 as percentage of GDV	3.00%	£19,970,305
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£19,970,305

TOTAL DEVELOPMENT COSTS (including land)

£471,357,447

3.0 Developers' Profit

3.1 Private units	Rate 20%	Gross development value	£87,360,000
3.2 Affordable units	Rate 6%	Gross development value	£7,105,871

£94,465,871

TOTAL PROJECT COSTS [EXCLUDING INTEREST]

£565,823,318

TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]

£99,853,522

4.00 Finance Costs

APR 7.00%	PCM 0.565%	-£99,853,522
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TOTAL PROJECT COSTS [INCLUDING INTEREST]

£665,676,840

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Urban extension 2 5,000 Units



ITEM

Net Site Area	142.86	£962,088			
Yield	5000	Private	Affordable	Affordable rent	Shared ownership
		3250.00	1750.00	1225.00	525.00

1.0 Development Value						
		No. of units	Size sq.m	Total sq.m	£psm	Total Value
1.1 Private Units	Flats (NIA)	162.5	55	8,978.1	£3,200	£28,730,000
	Terraced	650.0	70	45,500.0	£3,200	£145,600,000
	Semi-detached	1,625.0	80	130,000.0	£3,200	£416,000,000
	Detached	812.5	120	97,500.0	£3,200	£312,000,000
			3,250.0		281,978.1	
1.2 Affordable rent	Flats (NIA)	122.5	55	6,768.1	£1,440	£9,746,100
	Terraced	612.5	70	42,875.0	£1,440	£61,740,000
	Semi-detached	490.0	80	39,200.0	£1,440	£56,448,000
		1,225.0		88,843.1		
1.3 Shared ownership	Flats (NIA)	52.5	55	2,900.6	£2,080	£6,033,300
	Terraced	262.5	70	18,375.0	£2,080	£38,220,000
	Semi-detached	210.0	80	16,800.0	£2,080	£34,944,000
		525.0		38,075.6		

Gross Development value £1,109,461,400

2.0 Development Cost

2.1 Site Acquisition	
2.1.1 Site value (residual land value)	£150,620,404
Less Purchaser Costs	8.75%

137,441,118

2.3 Build Costs

	No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs	
2.3.1 Private units	Flats (GIA)	162.50	65	10,563	£990	£10,456,875.00
	Terraced	650.00	70	45,500	£884	£40,222,000.00
	Semi-detached	1,625.00	80	130,000	£884	£114,520,000.00
	Detached	812.50	120	97,500	£884	£86,190,000
		3,250.00		283,563		
2.3.2 Affordable units	Flats (GIA)	175.00	65	11,375	£990	£11,261,250.00
	Terraced	875.00	70	61,250	£884	£54,145,000.00
	Semi-detached	700.00	80	56,000	£884	£49,504,000
		1,750.00		128,625		

5000.00 £366,699,125

2.4 Construction Costs

2.4.1 External works as a percentage of build costs	10%	£36,669,912.50
2.4.2 Site abnormalities	£0 per ha	£0

£36,669,913

2.5 Professional Fees

2.5.1 as percentage of build costs and construction costs	12%	£48,404,285
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£48,404,285

2.6 Contingency

2.6.1 as percentage of build costs and construction costs	5%	£20,168,451.88
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£20,168,452

2.7 Developer contributions

2.7.1 Opening up costs/strategic s106 (L)	£22,470 per unit	£112,348,720
2.7.2 Opening up costs/strategic s106 (M)	£0 per unit	£0
2.7.3 Opening up costs/strategic s106 (S)	£0 per unit	£0
2.7.4	£0 per flat	
2.7.5	£0 per unit	£0

£112,348,720

2.8 Sale cost

2.8.1 as percentage of GDV	3.00%	£33,283,842
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£33,283,842

TOTAL DEVELOPMENT COSTS (including land) £755,015,454

3.0 Developers' Profit

3.1 Private units	Rate 20%	Gross development value	£145,600,000
3.2 Affordable units	Rate 6%	Gross development value	£11,843,118

£157,443,118

TOTAL PROJECT COSTS [EXCLUDING INTEREST] £912,458,572

TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST] £197,002,828

4.00 Finance Costs	APR 7.00%	PCM 0.565%	£-197,002,828
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TOTAL PROJECT COSTS [INCLUDING INTEREST] £1,109,461,400

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Appendix C Non-residential viability appraisals

Stratford on Avon - Residual Land Valuation
Retail - 3,500 sq. m Superstore

	Quantum/Value	Unit	Rate	Unit	Total
1. Development Value					
Floorspace	3,500	GFA sqm	@ 95.0%		
Rental value	3,325	GIFA sqm	@ £200	per sqm	
Investment yield	£665,000	p.a.	@ 5.5%		
Gross Development Value					£12,090,909
Expressed as GDV/sqm					£3,455
Less buyers' costs	£12,090,909		@ -5.8%		-£696,436
Net Receipts					£11,394,473
Expressed as net receipts/sqm					£3,256
2. Development Costs					
Building costs estimate (including contractors' prelims, OHs & profit)	3,500	sqm	@ £1,100	per sqm	£3,850,000
External works (% of build cost)	£3,850,000		@ 10.0%		£385,000
Project/design team fees (% of all construction)	£4,235,000		@ 12.0%		£508,200
BREEAM costs	£3,850,000		@ 2.0%		£77,000
Developer contributions (non-CIL)	3,500	sqm	@ £250	per sqm	£875,000
CIL contributions	3,500	sqm	@ £0		£0
Marketing & sales (% of GDV)	£12,090,909		@ 4.0%		£483,636
Development costs finance (on half build costs)	1.00	years	@ 7.5%		£231,706
Void finance (on total development costs)	0.00	years	@ 8.5%		£0
Developers' profit (% of GDV)	£12,090,909		@ 20.0%		£2,418,182
Development Costs					£8,828,725
Land value realised at sale	£2,565,748				
Less acquisition fees			@ 10.0%		£256,575
Less land tax	£2,565,748		@ 4.0%		£102,630
Total Costs					£9,187,929
Expressed as total cost/sqm					£2,625
Residual Land Value for Site					£2,206,543
Number of floors	1				
Building footprint	3,500				
Development site coverage	40%				
Balance of site without direct development value	60%				
Expressed as site area without direct development value	5,250	sqm			
Total site land take	8,750	sqm	0.88	ha	
Residual Land Value per Hectare					£2,521,764
Assumed existing use value plus uplift per hectare	£1,500,000				
Site cost	0.88	ha			£1,312,500
Total development cost and site costs					£10,500,429
Expressed as total cost and site costs/sqm					£3,000
Net residual value of development					£894,043
Net residual value per sqm of development					£255

**Stratford on Avon - Residual Land Valuation
Supermarket 1,100 sqm**

	Quantum	Unit	Rate	Unit	Total
1. Development Value					
Floorspace	1,100	GFA sqm	@ 95.0%		
Rental value	1,045	GIFA sqm	@ £190	per sqm	
Investment yield	£198,550	p.a.	@ 5.7%		
Gross Development Value					£3,483,333
Expressed as GDV/sqm					£3,167
<i>Less buyers' costs</i>	£3,483,333		@ -5.8%		-£200,640
Net Receipts					£3,282,693
Expressed as net receipts/sqm					£2,984
2. Development Costs					
Building costs estimate (including contractors' prelims, OHs & profit)	1,100	sqm	@ £1,100	per sqm	£1,210,000
External works (% of build cost)	£1,210,000		@ 10.0%		£121,000
Project/design team fees (% of all construction)	£1,331,000		@ 12.0%		£159,720
BREEAM costs	£1,210,000		@ 2.0%		£24,200
Developer contributions (non-CIL)	1,100	sqm	@ £125	per sqm	£137,500
CIL contributions	1,100	sqm	@ £0		£0
Marketing & sales (% of GDV)	£3,483,333		@ 4.0%		£139,333
Development costs finance (on half build costs)	1.00	years	@ 7.5%		£67,191
Void finance (on total development costs)	0.00	years	@ 8.5%		£0
Developers' profit (% of GDV)	£3,483,333		@ 20.0%		£696,667
Development Costs					£2,555,611
Land value realised at sale	£727,083				
<i>Less acquisition fees</i>			@ 10.0%		£72,708
<i>Less land tax</i>	£727,083		@ 4.0%		£29,083
Total Costs					£2,657,402
Expressed as total cost/sqm					£2,416
Residual Land Value for Site					£625,291
Number of floors	1				
Building footprint	1,100				
Development site coverage	40%				
Balance of site without direct development value	60%				
Expressed as site area without direct development value	1,650	sqm			
Total site land take	2,750	sqm	0.28	ha	
Residual Land Value per Hectare					£2,273,786
Assumed existing use value plus uplift per hectare	£1,500,000				
Site cost	0.28	ha			£412,500
Total development cost and site costs					£3,069,902
Expressed as total cost and site costs/sqm					£2,791
Net residual value of development					£212,791
Net residual value per sqm of development					£193

Stratford on Avon - Residual Land Valuation
Local Convenience Retail - 280 sq. m

	Quantum	Unit	Rate	Unit	Total
1. Development Value					
Floorspace	280	GFA sqm	@ 95.0%		
Rental value	266	GIFA sqm	@ £150	per sqm	
Investment yield	£39,900	p.a.	@ 6.0%		
Gross Development Value					£665,000
Expressed as GDV/sqm					£2,375
<i>Less buyers' costs</i>	£665,000		@ -5.8%		-£38,304
Net Receipts					£626,696
Expressed as net receipts/sqm					£2,238
2. Development Costs					
Building costs estimate (including contractors' prelims, OHs & profit)	280	sqm	@ £1,000	per sqm	£280,000
External works (% of build cost)	£280,000		@ 10.0%		£28,000
Project/design team fees (% of all construction)	£308,000		@ 12.0%		£36,960
BREEAM costs	£280,000		@ 2.0%		£5,600
Developer contributions (non-CIL)	280	sqm	@ £25	per sqm	£7,000
CIL contributions	280	sqm	@ £0		£0
Marketing & sales (% of GDV)	£665,000		@ 4.0%		£26,600
Development costs finance (on half build costs)	1.00	years	@ 7.5%		£14,406
Void finance (on total development costs)	0.00	years	@ 8.5%		£0
Developers' profit (% of GDV)	£665,000		@ 20.0%		£133,000
Development Costs					£531,566
Land value realised at sale	£95,130				
<i>Less acquisition fees</i>			@ 10.0%		£9,513
<i>Less land tax</i>	£95,130		@ 4.0%		£3,805
Total Costs					£544,884
Expressed as total cost/sqm					£1,946
Residual Land Value for Site					£81,812
Number of floors	1				
Building footprint	280				
Development site coverage	80%				
Balance of site without direct development value	20%				
Expressed as site area without direct development value	70	sqm			
Total site land take	350	sqm	0.04	ha	
Residual Land Value per Hectare					£2,337,480
Assumed existing use value plus uplift per hectare	£1,000,000				
Site cost	0.04	ha			£35,000
Total development cost and site costs					£579,884
Expressed as total cost and site costs/sqm					£2,071
Net residual value of development					£46,812
Net residual value per sqm of development					£167

Stratford on Avon - Residual Land Valuation
Retail - 10,000 sq. m Retail Warehouses - Scheme of 6 Units

	Quantum	Unit	Rate	Unit	Total
1. Development Value					
Floorspace	10,000	GFA sqm	@ 95.0%		
Rental value	9,500	GIFA sqm	@ £150	per sqm	
Investment yield	£1,425,000	p.a.	@ 6.7%		
Gross Development Value					£21,268,657
Expressed as GDV/sqm					£2,127
<i>Less buyers' costs</i>	£21,268,657		@ -5.8%		-£1,225,075
Net Receipts					£20,043,582
Expressed as net receipts/sqm					£2,004
2. Development Costs					
Building costs estimate (including contractors' prelims, OHs & profit)	10,000	sqm	@ £625	per sqm	£6,250,000
External works (% of build cost)	£6,250,000		@ 10.0%		£625,000
Project/design team fees (% of all construction)	£6,875,000		@ 12.0%		£825,000
BREEAM costs	£6,250,000		@ 2.0%		£125,000
Developer contributions (non-CIL)	10,000	sqm	@ £150	per sqm	£1,500,000
CIL contributions	10,000	sqm	@ £0		£0
Marketing & sales (% of GDV)	£21,268,657		@ 4.0%		£850,746
Development costs finance (on half build costs)	1.00	years	@ 7.5%		£381,590
Void finance (on total development costs)	0.00	years	@ 8.5%		£0
Developers' profit (% of GDV)	£21,268,657		@ 20.0%		£4,253,731
Development Costs					£14,811,068
Land value realised at sale	£5,232,514				
<i>Less acquisition fees</i>			@ 10.0%		£523,251
<i>Less land tax</i>	£5,232,514		@ 4.0%		£209,301
Total Costs					£15,543,620
Expressed as total cost/sqm					£1,554
Residual Land Value for Site					£4,499,962
Number of floors	1				
Building footprint	10,000				
Development site coverage	40%				
Balance of site without direct development value	60%				
Expressed as site area without direct development value	15,000	sqm			
Total site land take	25,000	sqm	2.50	ha	
Residual Land Value per Hectare					£1,799,985
Assumed existing use value plus uplift per hectare	£1,000,000				
Site cost	2.50	ha			£2,500,000
Total development cost and site costs					£18,043,620
Expressed as total cost and site costs/sqm					£1,804
Net residual value of development					£1,999,962
Net residual value per sqm of development					£200

Stratford on Avon - Residual Land Valuation
Retail - 1000 sq. m Stratford Town Centre

	Quantum	Unit	Rate	Unit	Total
1. Development Value					
Floorspace	1,000	GFA sqm	@ 95.0%		
Rental value	950	GIFA sqm	@ £260	per sqm	
Investment yield	£247,000	p.a.	@ 7.5%		
Gross Development Value					£3,293,333
Expressed as GDV/sqm					£3,293
<i>Less buyers' costs</i>	£3,293,333		@ -5.8%		-£189,696
Net Receipts					£3,103,637
Expressed as net receipts/sqm					£3,104
2. Development Costs					
Building costs estimate (including contractors' prelims, OHs & profit)	1,000	sqm	@ £1,200	per sqm	£1,200,000
External works (% of build cost)	£1,200,000		@ 10.0%		£120,000
Project/design team fees (% of all construction)	£1,320,000		@ 12.0%		£158,400
BREEAM costs	£1,200,000		@ 2.0%		£24,000
Developer contributions (non-CIL)	1,000	sqm	@ £50	per sqm	£50,000
CIL contributions	1,000	sqm	@ £0		£0
Marketing & sales (% of GDV)	£3,293,333		@ 4.0%		£131,733
Development costs finance (on half build costs)	1.00	years	@ 7.5%		£63,155
Void finance (on total development costs)	0.00	years	@ 8.5%		£0
Developers' profit (% of GDV)	£3,293,333		@ 20.0%		£658,667
Development Costs					£2,405,955
Land value realised at sale	£697,682				
<i>Less acquisition fees</i>			@ 10.0%		£69,768
<i>Less land tax</i>	£697,682		@ 4.0%		£27,907
Total Costs					£2,503,631
Expressed as total cost/sqm					£2,504
Residual Land Value for Site					£600,007
Number of floors	1				
Building footprint	1,000				
Development site coverage	80%				
Balance of site without direct development value	20%				
Expressed as site area without direct development value	250	sqm			
Total site land take	1,250	sqm	0.13	ha	
Residual Land Value per Hectare					£4,800,054
Assumed existing use value plus uplift per hectare	£5,000,000				
Site cost	0.13	ha			£625,000
Total development cost and site costs					£3,128,631
Expressed as total cost and site costs/sqm					£3,129
Net residual value of development					-£24,993
Net residual value per sqm of development					-£25

**Stratford on Avon - Residual Land Valuation
Office - 800 sqm Town Centre B1**

	Quantum	Unit	Rate	Unit	Total
1. Development Value					
Floorspace	800	GFA sqm	@ 95.0%		
Rental value	760	GIFA sqm	@ £120	per sqm	
Investment yield	£91,200	p.a.	@ 8.7%		
Gross Development Value					£1,048,276
Expressed as GDV/sqm					£1,310
<i>Less buyers' costs</i>	£1,048,276		@ -5.8%		-£60,381
Net Receipts					£987,895
Expressed as net receipts/sqm					£1,235
2. Development Costs					
Building costs estimate (including contractors' prelims, OHs & profit)	800	sqm	@ £1,200	per sqm	£960,000
External works (% of build cost)	£960,000		@ 10.0%		£96,000
Project/design team fees (% of all construction)	£1,056,000		@ 12.0%		£126,720
BREEAM costs	£960,000		@ 2.0%		£19,200
Developer contributions (non-CIL)	800	sqm	@ £50	per sqm	£40,000
CIL contributions	800	sqm	@ £0		£0
Marketing & sales (% of GDV)	£1,048,276		@ 4.0%		£41,931
Development costs finance (on half build costs)	1.00	years	@ 7.5%		£48,144
Void finance (on total development costs)	0.00	years	@ 7.5%		£0
Developers' profit (% of GDV)	£1,048,276		@ 20.0%		£209,655
Development Costs					£1,541,651
Land value realised at sale	-£553,755				
<i>Less acquisition fees</i>			@ 10.0%		£3,333
<i>Less land tax</i>	-£553,755		@ 4.0%		£1,333
Total Costs					£1,546,317
Expressed as total cost/sqm					£1,933
Residual Land Value for Site					-£558,422
Number of floors	3				
Building footprint	267				
Development site coverage	80%				
Balance of site without direct development value	20%				
Expressed as site area without direct development value	67	sqm			
Total site land take	333	sqm	0.03	ha	
Residual Land Value per Hectare					-£16,752,663
Assumed existing use value plus uplift per hectare	£1,000,000				
Site cost	0.03	ha			£33,333
Total development cost and site costs					£1,579,651
Expressed as total cost and site costs/sqm					£1,975
Net residual value of development					-£591,755
Net residual value per sqm of development					-£740

**Stratford on Avon - Residual Land Valuation
Office - 2000 sq. m Business Park B1**

	Quantum	Unit	Rate	Unit	Total
1. Development Value					
Floorspace	2,000	GFA sqm	@ 95.0%		
Rental value	1,900	GIFA sqm	@ £120	per sqm	
Investment yield	£228,000	p.a.	@ 7.3%		
Gross Development Value					£3,123,288
Expressed as GDV/sqm					£1,562
<i>Less buyers' costs</i>	£3,123,288		@ -5.8%		-£179,901
Net Receipts					£2,943,386
Expressed as net receipts/sqm					£1,472
2. Development Costs					
Building costs estimate (including contractors' prelims, OHs & profit)	2,000	sqm	@ £1,200	per sqm	£2,400,000
External works (% of build cost)	£2,400,000		@ 10.0%		£240,000
Project/design team fees (% of all construction)	£2,640,000		@ 12.0%		£316,800
BREEAM costs	£2,400,000		@ 2.0%		£48,000
Developer contributions (non-CIL)	2,000	sqm	@ £50	per sqm	£100,000
CIL contributions	2,000	sqm	@ £0		£0
Marketing & sales (% of GDV)	£3,123,288		@ 4.0%		£124,932
Development costs finance (on half build costs)	1.00	years	@ 7.5%		£121,115
Void finance (on total development costs)	0.00	years	@ 7.5%		£0
Developers' profit (% of GDV)	£3,123,288		@ 20.0%		£624,658
Development Costs					£3,975,504
Land value realised at sale	-£1,032,118				
<i>Less acquisition fees</i>			@ 10.0%		£15,000
<i>Less land tax</i>	-£1,032,118		@ 4.0%		£6,000
Total Costs					£3,996,504
Expressed as total cost/sqm					£1,998
Residual Land Value for Site					-£1,053,118
Number of floors	2				
Building footprint	1,000				
Development site coverage	40%				
Balance of site without direct development value	60%				
Expressed as site area without direct development value	1,500	sqm			
Total site land take	2,500	sqm	0.25	ha	
Residual Land Value per Hectare					-£4,212,471
Assumed existing use value plus uplift per hectare	£600,000				
Site cost	0.25	ha			£150,000
Total development cost and site costs					£4,146,504
Expressed as total cost and site costs/sqm					£2,073
Net residual value of development					-£1,203,118
Net residual value per sqm of development					-£602

Stratford on Avon - Residual Land Valuation
Industrial - 1500 sq. m B2 - Edge of Town

	Quantum	Unit	Rate	Unit	Total
1. Development Value					
Floorspace	1,500	GFA sqm	@ 95.0%		
Rental value	1,425	GIFA sqm	@ £55	per sqm	
Investment yield	£78,375	p.a.	@ 9.0%		
Gross Development Value					£870,833
Expressed as GDV/sqm					£581
<i>Less buyers' costs</i>	£870,833		@ -5.8%		-£50,160
Net Receipts					£820,673
Expressed as net receipts/sqm					£547
2. Development Costs					
Building costs estimate (including contractors' prelims, OHs & profit)	1,500	sqm	@ £740	per sqm	£1,110,000
External works (% of build cost)	£1,110,000		@ 10.0%		£111,000
Project/design team fees (% of all construction)	£1,221,000		@ 12.0%		£146,520
BREEAM costs	£1,110,000		@ 2.0%		£22,200
Developer contributions (non-CIL)	1,500	sqm	@ £50	per sqm	£75,000
CIL contributions	1,500	sqm	@ £0		£0
Marketing & sales (% of GDV)	£870,833		@ 4.0%		£34,833
Development costs finance (on half build costs)	1.00	years	@ 7.5%		£56,233
Void finance (on total development costs)	0.00	years	@ 7.5%		£0
Developers' profit (% of GDV)	£870,833		@ 20.0%		£174,167
Development Costs					£1,729,953
Land value realised at sale	-£909,280				
<i>Less acquisition fees</i>			@ 10.0%		£18,750
<i>Less land tax</i>	-£909,280		@ 4.0%		£7,500
Total Costs					£1,756,203
Expressed as total cost/sqm					£1,171
Residual Land Value for Site					-£935,530
Number of floors	1				
Building footprint	1,500				
Development site coverage	40%				
Balance of site without direct development value	60%				
Expressed as site area without direct development value	2,250	sqm			
Total site land take	3,750	sqm	0.38	ha	
Residual Land Value per Hectare					-£2,494,746
Assumed existing use value plus uplift per hectare	£500,000				
Site cost	0.38	ha			£187,500
Total development cost and site costs					£1,943,703
Expressed as total cost and site costs/sqm					£1,296
Net residual value of development					-£1,123,030
Net residual value per sqm of development					-£749

Stratford on Avon - Residual Land Valuation
Industrial - 5,000 sq. m B2 - Edge of Town

	Quantum	Unit	Rate	Unit	Total
1. Development Value					
Floorspace	5,000	GFA sqm	@	95.0%	
Rental value	4,750	GIFA sqm	@	£55	per sqm
Investment yield	£261,250	p.a.	@	9.0%	
Gross Development Value					£2,902,778
Expressed as GDV/sqm					£581
Less buyers' costs	£2,902,778		@	-5.8%	-£167,200
Net Receipts					£2,735,578
Expressed as net receipts/sqm					£547
2. Development Costs					
Building costs estimate (including contractors' prelims, OHs & profit)	5,000	sqm	@	£560	per sqm
External works (% of build cost)	£2,800,000		@	10.0%	£280,000
Project/design team fees (% of all construction)	£3,080,000		@	12.0%	£369,600
BREEAM costs	£2,800,000		@	2.0%	£56,000
Developer contributions (non-CIL)	5,000	sqm	@	£50	per sqm
CIL contributions	5,000	sqm	@	£0	£0
Marketing & sales (% of GDV)	£2,902,778		@	4.0%	£116,111
Development costs finance (on half build costs)	1.00	years	@	7.5%	£145,189
Void finance (on total development costs)	0.00	years	@	7.5%	£0
Developers' profit (% of GDV)	£2,902,778		@	20.0%	£580,556
Development Costs					£4,597,456
Land value realised at sale	-£1,861,878				
Less acquisition fees			@	10.0%	£62,500
Less land tax	-£1,861,878		@	4.0%	£25,000
Total Costs					£4,684,956
Expressed as total cost/sqm					£937
Residual Land Value for Site					-£1,949,378
Number of floors	1				
Building footprint	5,000				
Development site coverage	40%				
Balance of site without direct development value	60%				
Expressed as site area without direct development value	7,500	sqm			
Total site land take	12,500	sqm		1.25	ha
Residual Land Value per Hectare					-£1,559,502
Assumed existing use value plus uplift per hectare	£500,000				
Site cost	1.25	ha			£625,000
Total development cost and site costs					£5,309,956
Expressed as total cost and site costs/sqm					£1,062
Net residual value of development					-£2,574,378
Net residual value per sqm of development					-£515

Stratford on Avon - Residual Land Valuation
Industrial - 5,000 sq. m B8 Storage/Distribution - Edge of Town

	Quantum	Unit	Rate	Unit	Total
1. Development Value					
Floorspace	5,000	GFA sqm	@ 95.0%		
Rental value	4,750	GIFA sqm	@ £55	per sqm	
Investment yield	£261,250	p.a.	@ 8.7%		
Gross Development Value					£3,002,874
Expressed as GDV/sqm					£601
Less buyers' costs	£3,002,874		@ -5.8%		-£172,966
Net Receipts					£2,829,908
Expressed as net receipts/sqm					£566
2. Development Costs					
Building costs estimate (including contractors' prelims, OHs & profit)	5,000	sqm	@ £580	per sqm	£2,900,000
External works (% of build cost)	£2,900,000		@ 10.0%		£290,000
Project/design team fees (% of all construction)	£3,190,000		@ 12.0%		£382,800
BREEAM costs	£2,900,000		@ 2.0%		£58,000
Developer contributions (non-CIL)	5,000	sqm	@ £50	per sqm	£250,000
CIL contributions	5,000	sqm	@ £0		£0
Marketing & sales (% of GDV)	£3,002,874		@ 4.0%		£120,115
Development costs finance (on half build costs)	1.00	years	@ 7.5%		£150,034
Void finance (on total development costs)	0.00	years	@ 7.5%		£0
Developers' profit (% of GDV)	£3,002,874		@ 20.0%		£600,575
Development Costs					£4,751,524
Land value realised at sale	-£1,921,616				
Less acquisition fees			@ 10.0%		£62,500
Less land tax	-£1,921,616		@ 4.0%		£25,000
Total Costs					£4,839,024
Expressed as total cost/sqm					£968
Residual Land Value for Site					-£2,009,116
Number of floors	1				
Building footprint	5,000				
Development site coverage	40%				
Balance of site without direct development value	60%				
Expressed as site area without direct development value	7,500	sqm			
Total site land take	12,500	sqm	1.25	ha	
Residual Land Value per Hectare					-£1,607,293
Assumed existing use value plus uplift per hectare	£500,000				
Site cost	1.25	ha			£625,000
Total development cost and site costs					£5,464,024
Expressed as total cost and site costs/sqm					£1,093
Net residual value of development					-£2,634,116
Net residual value per sqm of development					-£527

Stratford on Avon - Residual Land Valuation
Budget Hotel - 2000 sqm (60 bedrooms) - Edge of town

	Quantum	Unit	Rate	Unit	Total
1. Development Value					
Floorspace	2,000	GFA sqm	@ 95.0%		
Rental value	1,900	GIFA sqm	@ £103	per sqm	
Investment yield	£195,700	p.a.	@ 6.6%		
Gross Development Value					£2,965,152
Expressed as GDV/sqm					£1,483
<i>Less buyers' costs</i>	£2,965,152		@ -5.8%		-£170,793
Net Receipts					£2,794,359
Expressed as net receipts/sqm					£1,397
2. Development Costs					
Building costs estimate (including contractors' prelims, OHs & profit)	2,000	sqm	@ £1,080	per sqm	£2,160,000
External works (% of build cost)	£2,160,000		@ 10.0%		£216,000
Project/design team fees (% of all construction)	£2,376,000		@ 12.0%		£285,120
BREEAM costs	£2,160,000		@ 2.0%		£43,200
Developer contributions (non-CIL)	2,000	sqm	@ £50	per sqm	£100,000
CIL contributions	2,000	sqm	@ £0		£0
Marketing & sales (% of GDV)	£2,965,152		@ 4.0%		£118,606
Development costs finance (on half build costs)	1.00	years	@ 7.5%		£109,610
Void finance (on total development costs)	0.00	years	@ 7.5%		£0
Developers' profit (% of GDV)	£2,965,152		@ 20.0%		£593,030
Development Costs					£3,625,566
Land value realised at sale	-£831,207				
<i>Less acquisition fees</i>			@ 10.0%		£8,000
<i>Less land tax</i>	-£831,207		@ 4.0%		£3,200
Total Costs					£3,636,766
Expressed as total cost/sqm					£1,818
Residual Land Value for Site					-£842,407
Number of floors	3				
Building footprint	667				
Development site coverage	50%				
Balance of site without direct development value	50%				
Expressed as site area without direct development value	667	sqm			
Total site land take	1,333	sqm	0.13	ha	
Residual Land Value per Hectare					-£6,318,055
Assumed existing use value plus uplift per hectare	£600,000				
Site cost	0.13	ha			£80,000
Total development cost and site costs					£3,716,766
Expressed as total cost and site costs/sqm					£1,858
Net residual value of development					-£922,407
Net residual value per sqm of development					-£461

**Stratford on Avon - Residual Land Valuation
Mixed Leisure Scheme 8,000 sqm - cinema/bowling**

	Quantum	Unit	Rate	Unit	Total
1. Development Value					
Floorspace	8,000	GFA sqm	@ 95.0%		
Rental value	7,600	GIFA sqm	@ £149	per sqm	
Investment yield	£1,132,400	p.a.	@ 6.6%		
Gross Development Value					£17,157,576
Expressed as GDV/sqm					£2,145
Less buyers' costs	£17,157,576		@ -5.8%		-£988,276
Net Receipts					£16,169,299
Expressed as net receipts/sqm					£2,021
2. Development Costs					
Building costs estimate (including contractors' prelims, OHs & profit)	8,000	sqm	@ £1,400	per sqm	£11,200,000
External works (% of build cost)	£11,200,000		@ 10.0%		£1,120,000
Project/design team fees (% of all construction)	£12,320,000		@ 12.0%		£1,478,400
BREEAM costs	£11,200,000		@ 2.0%		£224,000
Developer contributions (non-CIL)	8,000	sqm	@ £50	per sqm	£400,000
CIL contributions	8,000	sqm	@ £0		£0
Marketing & sales (% of GDV)	£17,157,576		@ 4.0%		£686,303
Development costs finance (on half build costs)	1.00	years	@ 7.5%		£566,576
Void finance (on total development costs)	0.00	years	@ 7.5%		£0
Developers' profit (% of GDV)	£17,157,576		@ 20.0%		£3,431,515
Development Costs					£19,106,795
Land value realised at sale	-£2,937,495				
Less acquisition fees			@ 10.0%		£48,000
Less land tax	-£2,937,495		@ 4.0%		£19,200
Total Costs					£19,173,995
Expressed as total cost/sqm					£2,397
Residual Land Value for Site					-£3,004,695
Number of floors	2				
Building footprint	4,000				
Development site coverage	50%				
Balance of site without direct development value	50%				
Expressed as site area without direct development value	4,000	sqm			
Total site land take	8,000	sqm	0.80	ha	
Residual Land Value per Hectare					-£3,755,869
Assumed existing use value plus uplift per hectare	£600,000				
Site cost	0.80	ha			£480,000
Total development cost and site costs					£19,653,995
Expressed as total cost and site costs/sqm					£2,457
Net residual value of development					-£3,484,695
Net residual value per sqm of development					-£436

Stratford on Avon - Residual Land Valuation						
Residential Care Homes - 1,900 sqm (40 bedrooms) - Edge of town						
	Quantum	Unit	Rate	Unit	Total	
1. Development Value						
Floorspace	1,900	GFA sqm	@	80.0%		
Rental value	1,520	GIFA sqm	@	£128	per sqm	
Investment yield	£194,074	p.a.	@	6.1%		
Gross Development Value						£3,800,000
Expressed as GDV/sqm						£2,000
Less buyers' costs	£3,800,000		@	-5.8%		-£218,880
Net Receipts						£3,581,120
Expressed as net receipts/sqm						£1,884.80
2. Development Costs						
Building costs estimate (including contractors' prelims, OHs & profit)	1,900	sqm	@	£1,100	per sqm	£2,090,000
External works (% of build cost)	£2,090,000		@	10.0%		£209,000
Project/design team fees (% of all construction)	£2,299,000		@	12.0%		£275,880
BREEAM costs	£2,090,000		@	0.0%		£0
Developer contributions (non-CIL)	1,900	sqm	@	£50	per sqm	£95,000
CIL contributions	1,900	sqm	@	£0		£0
Marketing & sales (% of GDV)	£3,800,000		@	4.0%		£152,000
Development costs finance (on half build costs)	1.00	years	@	7.5%		£105,821
Void finance (on total development costs)	0.00	years	@	7.5%		£0
Developers' profit (% of GDV)	£3,800,000		@	20.0%		£760,000
Development Costs						£3,687,701
Land value realised at sale	-£106,581					
Less acquisition fees			@	10.0%		£17,813
Less land tax	-£106,581		@	4.0%		£7,125
Total Costs						£3,712,638
Expressed as total cost/sqm						£1,954
Residual Land Value for Site						-£131,518
Number of floors	2					
Building footprint	950					
Development site coverage	80%					
Balance of site without direct development value	20%					
Expressed as site area without direct development value	238	sqm				
Total site land take	1,188	sqm		0.12	ha	
Residual Land Value per Hectare						-£1,107,520
Assumed existing use value plus uplift per hectare	£1,500,000					
Site cost	0.12	ha				£178,125
Total development cost and site costs						£3,890,763
Expressed as total cost and site costs/sqm						£2,048
Net residual value of development						-£309,643
Net residual value per sqm of development						-£163

Stratford on Avon - Residual Land Valuation						
Assisted Living with no affordable housing - 4500 sqm (50 units) - Edge of town centre						
	Quantum	Unit	Rate	Unit	Total	
1. Development Value						
Floorspace	4,500	GFA sqm	@	70.0%		
GDV	3,150	GIFA sqm	@	£3,000	per sqm	
Gross Development Value						£9,450,000
Expressed as GDV/sqm						£2,100
Less buyers' costs	£9,450,000		@	-5.8%		-£544,320
Net Receipts						£8,905,680
Expressed as net receipts/sqm						£1,979.04
2. Development Costs						
Building costs estimate (including contractors' prelims, OHs & profit)	4,500	sqm	@	£1,000	per sqm	£4,500,000
External works (% of build cost)	£4,500,000		@	10.0%		£450,000
Project/design team fees (% of all construction)	£4,950,000		@	12.0%		£594,000
BREEAM costs	£4,500,000		@	0.0%		£0
Developer contributions (non-CIL)	4,500	sqm	@	£50	per sqm	£225,000
CIL contributions	4,500	sqm	@	£0		£0
Marketing & sales (% of GDV)	£9,450,000		@	5.0%		£472,500
Development costs finance (on half build costs)	1.00	years	@	7.5%		£234,056
Void finance (on total development costs)	0.00	years	@	7.5%		£0
Developers' profit (% of GDV)	£9,450,000		@	20.0%		£1,890,000
Development Costs						£8,365,556
Land value realised at sale	£540,124					
Less acquisition fees			@	10.0%		£54,012
Less land tax	£540,124		@	4.0%		£21,605
Total Costs						£8,441,174
Expressed as total cost/sqm						£1,876
Residual Land Value for Site						£464,506
Number of floors	2					
Building footprint	2,250					
Development site coverage	80%					
Balance of site without direct development value	20%					
Expressed as site area without direct development value	563	sqm				
Total site land take	2,813	sqm		0.28	ha	
Residual Land Value per Hectare						£1,651,578
Assumed existing use value plus uplift per hectare	£1,000,000					
Site cost	0.28	ha				£281,250
Total development cost and site costs						£8,722,424
Expressed as total cost and site costs/sqm						£1,938
Net residual value of development						£183,256
Net residual value per sqm of development						£41

Stratford on Avon - Residual Land Valuation						
Assisted Living with no affordable housing - 4500 sqm (50 units) - Greenfield						
	Quantum	Unit	Rate	Unit	Total	
1. Development Value						
Floorspace	4,500	GFA sqm	@	70.0%		
GDV	3,150	GIFA sqm	@	£3,000	per sqm	
Gross Development Value						£9,450,000
Expressed as GDV/sqm						£2,100
Less buyers' costs	£9,450,000		@	-5.8%		-£544,320
Net Receipts						£8,905,680
Expressed as net receipts/sqm						£1,979.04
2. Development Costs						
Building costs estimate (including contractors' prelims, OHs & profit)	4,500	sqm	@	£1,000	per sqm	£4,500,000
External works (% of build cost)	£4,500,000		@	10.0%		£450,000
Project/design team fees (% of all construction)	£4,950,000		@	12.0%		£594,000
BREEAM costs			@	0.0%		£0
Developer contributions (non-CIL)	4,500	sqm	@	£50	per sqm	£225,000
CIL contributions	4,500	sqm	@	£0		£0
Marketing & sales (% of GDV)	£9,450,000		@	5.0%		£472,500
Development costs finance (on half build costs)	1.00	years	@	7.5%		£234,056
Void finance (on total development costs)	0.00	years	@	7.5%		£0
Developers' profit (% of GDV)	£9,450,000		@	20.0%		£1,890,000
Development Costs						£8,365,556
Land value realised at sale	£540,124					
Less acquisition fees			@	10.0%		£54,012
Less land tax	£540,124		@	4.0%		£21,605
Total Costs						£8,441,174
Expressed as total cost/sqm						£1,876
Residual Land Value for Site						£464,506
Number of floors	2					
Building footprint	2,250					
Development site coverage	80%					
Balance of site without direct development value	20%					
Expressed as site area without direct development value	563	sqm				
Total site land take	2,813	sqm		0.28	ha	
Residual Land Value per Hectare						£1,651,578
Assumed existing use value plus uplift per hectare	£500,000					
Site cost	0.28	ha				£140,625
Total development cost and site costs						£8,581,799
Expressed as total cost and site costs/sqm						£1,907
Net residual value of development						£323,881
Net residual value per sqm of development						£72

Stratford on Avon - Residual Land Valuation						
Assisted Living with affordable housing - 4500 sqm (50 units) - Greenfield						
	Quantum	Unit	Rate	Unit	Total	
1. Development Value						
Floorspace	4,500	GFA sqm	@	70.0%		
GDV	3,150	GIFA sqm			per sqm	
Open Market	65%	100%OMV	@	£3,000		£6,142,500
Affordable Housing	35%	45% OMV	@	£1,350		£1,488,375
Gross Development Value						£7,630,875
Expressed as GDV/sqm						£1,696
Less buyers' costs	£7,630,875		@	-5.8%		-£439,538
Net Receipts						£7,191,337
Expressed as net receipts/sqm						£1,598.07
2. Development Costs						
Building costs estimate (including contractors' prelims, OHs & profit)	4,500	sqm	@	£1,000	per sqm	£4,500,000
External works (% of build cost)	£4,500,000		@	10.0%		£450,000
Project/design team fees (% of all construction)	£4,950,000		@	12.0%		£594,000
BREEAM costs			@	0.0%		£0
Developer contributions (non-CIL)	4,500	sqm	@	£50	per sqm	£225,000
CIL contributions	4,500	sqm	@	£0		£0
Marketing & sales (% of GDV)	£7,630,875		@	5.0%		£381,544
Development costs finance (on half build costs)	1.00	years	@	7.5%		£230,645
Void finance (on total development costs)	0.00	years	@	7.5%		£0
Developers' profit (% of GDV)	£7,630,875		@	20.0%		£1,526,175
Development Costs						£7,907,364
Land value realised at sale	-£716,028					
Less acquisition fees			@	10.0%		£14,063
Less land tax	-£716,028		@	4.0%		£5,625
Total Costs						£7,927,052
Expressed as total cost/sqm						£1,762
Residual Land Value for Site						-£735,715
Number of floors	2					
Building footprint	2,250					
Development site coverage	80%					
Balance of site without direct development value	20%					
Expressed as site area without direct development value	563	sqm				
Total site land take	2,813	sqm		0.28	ha	
Residual Land Value per Hectare						-£2,615,876
Assumed existing use value plus uplift per hectare	£500,000					
Site cost	0.28	ha				£140,625
Total development cost and site costs						£8,067,677
Expressed as total cost and site costs/sqm						£1,793
Net residual value of development						-£876,340
Net residual value per sqm of development						-£195

Stratford on Avon - Residual Land Valuation
Health & Fitness - 4,000 sqm edge of town

	Quantum	Unit	Rate	Unit	Total
1. Development Value					
Floorspace	4,000	GFA sqm	@ 95.0%		
Rental value	3,800	GIFA sqm	@ £105	per sqm	
Investment yield	£399,000	p.a.	@ 7.0%		
Gross Development Value					£5,700,000
Expressed as GDV/sqm					£1,425
Less buyers' costs	£5,700,000		@ -5.8%		-£328,320
Net Receipts					£5,371,680
Expressed as net receipts/sqm					£1,343
2. Development Costs					
Building costs estimate (including contractors' prelims, OHs & profit)	4,000	sqm	@ £1,150	per sqm	£4,600,000
External works (% of build cost)	£4,600,000		@ 10.0%		£460,000
Project/design team fees (% of all construction)	£5,060,000		@ 12.0%		£607,200
BREEAM costs	£4,600,000		@ 2.0%		£92,000
Developer contributions (non-CIL)	4,000	sqm	@ £50	per sqm	£200,000
CIL contributions	4,000	sqm	@ £0		£0
Marketing & sales (% of GDV)	£5,700,000		@ 4.0%		£228,000
Development costs finance (on half build costs)	1.00	years	@ 7.5%		£232,020
Void finance (on total development costs)	0.00	years	@ 7.5%		£0
Developers' profit (% of GDV)	£5,700,000		@ 20.0%		£1,140,000
Development Costs					£7,559,220
Land value realised at sale	-£2,187,540				
Less acquisition fees			@ 10.0%		£30,000
Less land tax	-£2,187,540		@ 4.0%		£12,000
Total Costs					£7,601,220
Expressed as total cost/sqm					£1,900
Residual Land Value for Site					-£2,229,540
Number of floors	1				
Building footprint	4,000				
Development site coverage	80%				
Balance of site without direct development value	20%				
Expressed as site area without direct development value	1,000	sqm			
Total site land take	5,000	sqm	0.50	ha	
Residual Land Value per Hectare					-£4,459,080
Assumed existing use value plus uplift per hectare	£600,000				
Site cost	0.50	ha			£300,000
Total development cost and site costs					£7,901,220
Expressed as total cost and site costs/sqm					£1,975
Net residual value of development					-£2,529,540
Net residual value per sqm of development					-£632

Appendix D Glossary

Affordable Housing

Housing provided for sale, rent or shared equity at prices in perpetuity below the current market rate, which people in housing need are able to afford

Affordable Rent

Affordable rented housing is let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80 per cent of the local market rent (including service charges, where applicable).

Allocated

Land which has been identified for a specific use in the current Development Plan

Asset Management Plans

The means by which Service Providers such as water, energy and health authorities plan for future investment

Brownfield Land, Brownfield Site

Land or site that has been subject to previous development

Charging Authority

The charging authority is the local planning authority, although it may distribute the received levy to other infrastructure providers such as the county council in two tier authorities

Charging Schedule

The Charging Schedule sets out the charges the Charging Authority proposes to adopt for new development

Code for Sustainable Homes

The Code for Sustainable Homes is an environmental assessment method for rating and certifying the performance of new homes. It is a national standard for use in the design and construction of new homes with a view to encouraging continuous improvement in sustainable home building

Convenience Goods

Widely distributed and relatively inexpensive goods which are purchased frequently and with minimum of effort, such as newspapers and food items.

Comparison Goods

Household or personal items which are more expensive and are usually purchased after comparing alternative models/types/styles and price of the item (e.g. clothes, furniture, electrical appliances). Such goods generally are used for some time

Development

Defined in planning law as 'the carrying out of building, engineering, mining or other operations in, on, over, or under land, or the making of a material change of use of any building or land'

Development Brief

A document describing and leading the form and layout of development in a prescribed area

Green Infrastructure

Green spaces and interconnecting green corridors in urban areas, the countryside in and around towns and rural settlements, and in the wider countryside. It includes natural green spaces colonised by plants and animals and dominated by natural processes and man-made managed green spaces such as areas used for outdoor sport and recreation including public and private open space, allotments, urban parks and designed historic landscapes as well as their many interconnections like footpaths, cycleways, green corridors and waterways

Infrastructure

The network of services to which it is usual for most buildings or activities to be connected. It includes physical services serving the particular development (e.g. gas, electricity and water supply; telephones, sewerage) and also includes networks of roads, public transport routes, footpaths etc. as well as community facilities and green infrastructure

Intermediate Housing

Intermediate housing is homes for sale and rent provided at a cost above social rent, but below market levels subject to the criteria in the Affordable Housing definition above. These can include shared equity (shared ownership and equity loans), other low cost homes for sale and intermediate rent, but not affordable rented housing. Homes that do not meet the above definition of affordable housing, such as "low cost market" housing, may not be considered as affordable housing for planning purposes.

Local Transport Plan (LTP)

A five-year integrated transport strategy, prepared by local authorities in partnership with the community, seeking funding to help provide local transport projects. The plan sets out the resources predicted for delivery of the targets identified in the strategy

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Low Carbon

To minimise carbon dioxide emissions from a human activity

New Homes Bonus

The New Homes Bonus is a government funding scheme to ensure that the economic benefits of growth are returned to the local area. It commenced in April 2011, and will match fund the additional council tax raised for new homes and properties brought back into use, with an additional amount for affordable homes, for the following six years

Planning Obligations

Legal agreements between a planning authority and a developer, or undertakings offered unilaterally by a developer to ensure that specific works are carried out, payments made or other actions undertaken which would otherwise be outside the scope of the planning permission. Often called Section 106 (S106) obligations or contributions. The term legal agreements may embrace S106.

Regional Growth Fund

The Regional Growth Fund (RGF) is a £1.4bn fund operating across England from 2011 to 2014. It supports projects and programmes that lever private sector investment creating economic growth and sustainable employment

Renewable Energy

Energy generated from sources which are non-finite or can be replenished. Includes solar power, wind energy, power generated from waste, biomass etc.

Section 106 (S106) Contributions

See Planning Obligations

Social Rent

Social rented housing is owned by local authorities and private registered providers (as defined in section 80 of the Housing and Regeneration Act 2008), for which guideline target rents are determined through the national rent regime. It may also be owned by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Homes and Communities Agency.

Use Classes and 'Use'

The Town and Country Planning (Use Classes) Order, 1987, a statutory order made under planning legislation, which groups land uses into different categories (called use classes). Change of within a use class and some changes between classes do not require planning permission. Please note that the definition of 'use' within the CIL regulations is meant in its wider sense and not in terms of the use classes e.g. whilst a supermarket and a shop selling clothes are the same use in terms of the use

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class system i.e. A1 – they are clearly a different use in terms of the CIL regulations as a store selling only clothes is different from a store selling predominantly food.