

Economic Viability Assessment of Development in Thanet District

**Report for the consideration of
Thanet District Council:**

This document does not constitute Council Policy

Final Report

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The logo for Adams Integra, featuring the words "ADAMS" and "INTEGRA" stacked vertically in white, uppercase, sans-serif font, set against a dark blue square background.

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EXECUTIVE SUMMARY

This summary first seeks to briefly introduce and explain the study. It then provides a quick overview of the main study findings and goes on to outline the key recommendations.

For detailed information on the study methodology, results and conclusions it will be necessary to refer to the full text and appendices that follow this summary.

Background and Introduction

In the process of considering and developing its planning-led affordable housing policies Thanet District Council have commissioned Adams Integra to:

- a. Inform the Council's strategy for delivering sufficient new homes by reviewing the robustness of aspects of the Council's Strategic Housing Land Availability Assessment (SHLAA).
 - b. Recommend how calibration of policy for negotiating elements of affordable housing can be optimised, alongside the need to provide homes to sustainable and lifetime standards and to support mixed communities.
 - c. Provide illustrative options based CIL charges in the form of a draft charging schedule for housing and other types of development.
- 1 Government Policy at the time of publication of this work is as set out in the National Planning Policy Framework (NPPF) (published in March 2012).
 - 2 The Government's previous statement on planning for housing was Planning Policy Statement 3 (PPS3). This was still in force when the work was commissioned. While this work is consistent with the NPPF it retains where necessary contextual references to PPS3.
 - 3 PPS3 required local authorities to enable the bringing forward of a suitable, balanced housing mix including affordable housing. It confirmed the well-established route for the principles of seeking integrated affordable housing within private market housing developments. It encouraged local authorities to make best use of this approach bearing in mind their local markets and circumstances. As a part of this, PPS3 also required local authorities to consider development viability when setting policy targets for affordable housing.
 - 4 This study while considered fully compatible with the NPPF was therefore carried out recognising the initial backdrop of PPS3 in the context of building the evidence base for, and considering the affordable housing content of the Core Strategy. It is to be considered as part of, and alongside, the Council's

developing wider evidence base, including information on the local housing market and housing needs, and information on the range of site sizes and types which are likely to come forward.

- 5 The main objectives of this study are:
 - A district-wide affordable housing viability assessment for housing delivery over the lifetime of the Core Strategy DPD.
 - A viability assessment which supports the affordable housing requirements that will be set out as policy in the emerging Core Strategy DPD and other documents that will form part of the Local Plan.
 - An assessment of potential development scenarios of sites that reflect viability in the district overall, in terms of scope to deliver the affordable housing requirements.
 - An Economic Viability Assessment that will support and inform a Community Infrastructure Levy (CIL) charging schedule.
 - Consideration of specific factors that could impact significantly on the viability of schemes including residential values, Code for Sustainable Homes, Lifetime Homes, etc.
- 6 Maintaining the viability (in this sense meaning the financial health) of residential development schemes is crucial to ensuring the release of sites and thus a continued supply of housing of all types. The study addresses affordable housing that is required to be provided within market housing schemes and varying levels of CIL. This is through the existing established approach of setting site size thresholds (point(s) at which affordable housing policy is triggered) and proportions (percentages) of affordable housing to be sought at those points and also different levels of CIL.
- 7 The study is based on carrying out a large number of developer-type appraisals. These use well-established “residual land valuation” techniques to approximate the sums of money which will be left available for land purchase once all the development costs, including profit requirements, are met (hence “land residual”). The appraisals are based on a widely applied calculation structure, common also to tools such as the Homes and Communities Agency (HCA) Economic Appraisal Tool.
- 8 The basic study methodology is settled and tested, having been used in a wide range of local authority areas for this purpose. The assumptions, detail and particular application of calculations are varied to ensure local relevance. We make an appropriate strategic overview, as fits the Local Plan process, in a way that is both influenced by, and feeds back out to, the local characteristics and approach.

- 9 We vary the affordable housing assumptions across the range of appraisals. The outcomes inform our judgments on the likely suitability of various policy positions from a viability viewpoint. Having fixed development costs and profit requirements, we can see the impact on development viability caused by variations to the amount and type of affordable housing and differing levels of CIL. We can also consider the impact of variations to a wide range of other assumptions, as the study sets out.
- 10 Two of the key ingredients to ensuring viable development are sufficient land value created by a development (relative to existing or alternative use values, and/or perhaps to an owner's particular circumstances) and adequate developer's profit in terms of risk reward and the profile of a scheme from a funder's point of view. Throughout the appraisals we maintain developer's profit whilst reviewing the scope to create land value depending on the affordable housing and other assumptions considered, and as those vary.
- 11 Affordable housing impacts on development viability mainly because it usually provides a significantly reduced level of revenue to the developer compared with market level sales values. Along with CIL it is viewed as a scheme cost which is largely passed on to the landowner by way of reduced land value. It is these dynamics that we explore through this study, in considering the implications of a wide range of factors and costs on market residential development viability and its ability to provide affordable housing and CIL.
- 12 In considering all of this, we are looking for suitable policy targets, based on an appropriate balance between the opposing tensions of affordable housing need levels, the CIL charging schedule and scheme viability.

Property Market Characteristics and Viability Findings

- 13 Before commencing work on appraisals, Adams Integra researched the local residential property market to inform a range of appraisal assumptions, and to help set the context for considering the outcomes. This research is included within our Property Values Report, which is to be found at Appendix 9 to the full study document. That includes market commentary.
- 14 Through the run up to the study period, relatively poor property market conditions prevailed off the back of the economic recession triggered in late 2007. Whilst during the study period we have seen more mixed signs, and increased stability, there is still a significant degree of uncertainty around the market owing to the continued weak economic backdrop. This market uncertainty continues at the point of publishing this report.
- 15 In tune with the strategic overview needed through this study, we have considered a broad range of open market property sales value levels (house

prices) that could relate to and drive new build housing schemes in Thanet District – as may be seen with varying location and/or through time with varying market conditions.

- 16 This exercise led to the formation of 6 ascending Value Points (numbered 1 to 6) in all, to describe the overall range of assumptions on values; i.e. from £1,393/m² (about £129/ft²) to £5,410/ m² (about £503/ft²).
- 17 These Value Points covered the extremes of the range typically seen at the point of the study.
- 18 The study acknowledges that local variations in value levels are going to be key to site specifics, but this approach sets a background for that level of consideration and is appropriate for strategic policy development.
- 19 Reviewed alongside the wide range of factors considered and also treated as variables within the range of study assumptions (for example including wider planning obligations, affordable housing mix, grant funding, sustainability, developers profits and land values) overall the results create a mixed picture of development viability. This includes scenarios where typically strong local values often produce good viability outcomes, but also where lower values and/or increased overall burdens on schemes reduce what they are likely to support by way of planning obligations packages.
- 20 We consider that in the overall context of the district - with varying values - and assuming variable market conditions over the Local Plan period a **30%** headline would be a sufficiently challenging and appropriately pitched target generally. A range of other requirements needs to be considered alongside affordable housing. Beyond this level, any target would be potentially too ambitious in our view – given the range and direction of wider planning obligations and other development costs. Adding to this picture, affordable housing provision needs to be about quality and mix, and not just numbers.
- 21 Our resulting focus is around a headline of **30% affordable housing**, as a target level. To accompany this and act as a balancing factor, we consider there to be important scope to firm up on an approach which seeks affordable housing from a wider range of schemes through lowered thresholds universally.
- 22 We also give support to the potential for using carefully judged financial contributions for affordable housing as an additional enabling tool, particularly from the very smallest schemes but also from schemes in high value areas where the needs of the Council help enable the greater provision of affordable housing across the district as a whole.
- 23 In addition we start exploring the potential for schemes that fall in Value Points 5 and 6 to bear an increased proportion of affordable housing alongside

the maximum level of CIL. Alongside this we recognise that schemes that fall within Value Points 1 and 2 cannot support any affordable housing provision or CIL.

Overview of Main Recommendations

The SHLAA

24 It is our view that the methodology used in the SHLAA to assess the economic viability of sites is robust and provides a good overview of dwelling potential.

The actual number of units delivered though is dependent upon the market (and this is an area that is difficult to comment on) and may also be influenced by any policies that may serve to regulate the timing of release of sites.

25 We have analysed the 2010 SHLAA report and looked at the assessment process, the site survey process and the assessment of whether and when sites may be developed and find it to be a sound and robust document.

26 Set against the dwelling requirements of the 2009 South East Plan, the Assessment showed that more than sufficient potential is available from the pool of identified sites without the need to call on sites deferred to the reserve list in the SHLAA.

27 A significant surplus in potential supply exists across all 5 year time bands up to 2026.

28 Small sites (below the site identification threshold in the SHLAA) have historically contributed significantly to the number of new homes completed in the district. Windfall contributions over the last 5 years suggest (as assumed in the SHLAA) a contribution of 600 dwellings over future five year periods would be reasonable.

29 Assessed potential from all identified sites shows capacity for between 9,290 and 13,260 net additional homes over the period to 2026 (assessed potential excluding speculative sites is 7,737).

30 In our opinion the findings of the SHLAA are sound and robust and show that there is enough land available to more than deliver the required number of dwellings.

31 With regard to the capacity of the market to deliver these housing numbers there is evidence of a need for new housing to be built. There is a huge shortage of new houses nationally and this is more so the case in the South East.

- 32 It is our professional view that the market for flats is experiencing a downturn and the emphasis currently is on developing houses
- 33 The impact of the High Speed Rail Service HS1 has cut the journey time between London and Thanet significantly. This has undoubtedly had an effect on demand for housing in Thanet and has helped to make the location more desirable for commuting to London and for second homes. There is potential, subject to funding, to reduce rail journey times further still.
- 34 There has also been a positive impact from the development of Westwood and the continuing importance of Kent International Airport.

Affordable Housing

- 35 **A headline affordable housing target of 30% to be provided on-site applicable to schemes of 15 or more dwellings.**
- 36 **For schemes of between 1 and 14 inclusive units either on-site provision or a financial contribution be sought in lieu of providing affordable housing on-site, and that this be calculated using the methodology outlined below and will be broadly equivalent to on site provision (retaining 30% affordable housing).**

The suggested calculation seeks to equate the financial contribution to the land value of the relevant dwelling plots (those that would have been made available for on-site affordable housing).

It is beyond the remit of this study to comment on the planning policy scope or wider merits of an approach to seek financial contributions towards meeting affordable housing needs from the smallest sites, but to inform only on the development viability aspects. There are potential practical advantages of requesting financial contributions from the smallest sites rather than adhering to on-site provision. There can be issues with affordability, integration, management and the like in relation to providing affordable housing on small sites. This policy approach could have practical merits with those issues in mind. If those concerns are removed through the use of financial contributions in lieu of on-site provision, then dependent on the scale of the payment being appropriately judged there is unlikely to be a pure financial viability issue – subject as normal to any existing/alternative use barriers and the normal negotiation process where necessary.

In our view, the most appropriate route more generally is to look at land value. In essence this involves calculating how much it would cost to go elsewhere and replace the land on which the affordable housing would have been provided on-site. This is the basis we have assumed.

We work through our calculation methodology below, which is based on a formulaic approach to approximating the land value that needs to be replaced elsewhere, and then allowing also for the cost of acquiring and servicing that land. We start by taking the value of the land as if no affordable housing were required on site, calculated as a percentage of the market sale value of a property. This percentage would reflect the pre-affordable housing (0%) residual land value results, as taken from this study.

For this purpose we have applied a proportion of **22%** of the relevant property or properties Open Market Value (OMV) as the residual land figure. This was derived from all relevant 0% affordable housing appraisals from sites in range 2 to 100 units.

An allowance is added for acquisition and (potentially) for servicing costs that would need to be borne in the case of replacing the land elsewhere in the market.

In summary, the financial contribution is arrived at by the following steps:

- a) Open market value (OMV) of the housing units on site.
- b) Multiply by the residual land value percentage. We have used 22%.
- c) Add 15% of the result of a x b to reflect site acquisition and servicing costs. This gives the per unit sum.
- d) Apply to the relevant site number and proportion (in this case 30%).

Worked example to illustrate the above:

- A scheme of 3 No 3-bed houses selling at Value Point 3 = £230,000 each
- Total GDV = 3 x £230,000 = £690,000
- x by RLV (£690,000 x 22%) = £151,800
- x by 15% for fees (£151,800 x 115%) = £174,570
- x 30% affordable housing requirement (£174,570 x 30%)
- Financial contribution = **£52,371**

37 A headline affordable housing target of 30% to be provided on-site applicable to schemes in the higher value areas (Value Points 5 and 6) but where appropriate the Council will, in exceptional circumstances, accept a financial contribution in lieu of providing some or all the affordable units on-site which will be calculated as set out in the paragraph above.

38 In areas that may be typically lower value (such as Cliftonville and some areas of Margate, and Ramsgate) that are shown as Value

Points 1 and 2, in our opinion it would not be appropriate to set lower rates bearing in mind that those locations may also “host” some higher value schemes. It is our opinion that individual schemes that are in these lower value areas should be looked at on a scheme by scheme basis. Where it can be shown that a residential scheme has particular viability issues then a case should be put forward by the developer which should then be independently assessed.

- 39 The cost of any scheme-specific viability assessment should be funded by the applicant.
- 40 In practice, residential values patterns are not well defined. We consider that a clear, straightforward District-wide approach would be more appropriate than much more complicated alternatives.
- 41 **The financial contributions approach will be a useful additional enabling tool for the Council as part of its overall approach** – especially during periods (as at present), of uncertain grant funding (HCA or other investment).
- 42 **A target affordable housing tenure mix of 70% social (which includes affordable rent) rented: 30% suitable intermediate tenure;** not for rigid site-by-site application, but in terms of setting the overall expectations and guiding delivery. This is consistent with HCA guidance in recent years and concurs with the East Kent Strategic Housing Market Assessment (2009) (EKSHMA). It is a tenure split that has been used widely to help provide mixed communities and mixed tenure developments.
- 43 In all cases the **policy positions should be set out as clear targets**, to help inform land value expectations and form the basis for a continued practical, negotiated approach.
- 44 Policy wording will **need to acknowledge the relevance of considering development viability** on case specifics.
- 45 The Council will **need to consider the mathematical subtleties of its selected approach** – for example, how numbers rounding and net/gross (new dwellings numbers) application affects the working of the policy positions, particularly for smaller sites where such factors will tend to have a greater influence on outcomes.
- 46 The build costs used in the assessments assume that the flats and houses are built to Code for Sustainable Homes Level 3.
- 47 The Council have asked that we consider 4 further scenarios:

- i. Code Level 4
- ii. Code Level 5
- iii. Code Level 3 + Level 5 for water
- iv. Code Level 4 + Level 5 for water

Information relating to the cost of achieving the four scenarios above have been taken from the Communities and Local Government document – "*Code for Sustainable Homes - A Cost Review*" – Updated August 2011.

The findings of the report look at many different scenarios but taking average figures and using a base level costing of Code for Sustainable Homes Level 3 the following extra over build costs should be applied to a typical 3 bed terraced house at 85 m²:

- i. Code Level 4 - £88/m²
- ii. Code Level 5- £295/m²
- iii. Code Level 3 + Level 5 for water- £53/m²
- iv. Code Level 4 + Level 5 for water- £141/m²

The effect of the above costings on viability mean that the overall percentage can be maintained for Code Level 4 and Code Level 3 (+ Code Level 5 for water). However, the increased costs associated with Code Level 5 mean that the affordable housing requirement would need to be reduced to an overall provision of 10% and for Code Level 4 (+ Code Level 5 for water) mean that the affordable housing requirement would need to be reduced to an overall provision of 20%.

48 The Council have also asked that we consider the implications of constructing all affordable homes to Lifetime Homes plus scenarios of 0%, 20% and 40% of market housing built to Lifetime Homes.

There have been a number of studies into the costs and benefits of building to the Lifetime Homes standard. These have concluded that the costs range from £545 to £1,615 per dwelling, depending on: the experience of the home designer and builder; the size of the dwelling (it is easier to design larger dwellings that incorporate Lifetime Homes standards cost effectively than smaller ones); whether Lifetime Homes design criteria were designed into developments from the outset or whether a standard house type is modified (it is more cost effective to incorporate the standards at the design stage rather than modify standard designs); and any analysis of costs is a 'snapshot' in time. The net cost of implementing Lifetime Homes will diminish as the concept is more widely adopted and as design standards, and market expectations, rise. The most significant factor when considering costs was whether the home had been designed to incorporate Lifetime Homes criteria from the outset or whether a standard design had been modified. In 1997 Sangster[1] looked at costs when incorporating the Lifetime Homes standard

from design stage and found that extra costs could be as low as £90 for a three-bedroom, five-person social rented house, and £100 for the same size house in the private sector. The study found that most of the Lifetime Homes design criteria cost nothing when designed in at the beginning. The inclusion of a downstairs toilet, with the possibility to incorporate a shower later, incurred the highest cost. With the exception of the two-bedroom, four-person house, the extra cost associated with the toilet was £69.

Cyril Sweett, when considering the implications of moving from EcoHomes Very Good to the draft Code for Sustainable Homes (CfSH), concluded that Lifetime Homes did not have a significant impact on overall project costs because the requirements of the revised Part M of Building Regulations now require many of the same considerations to be addressed as a matter of course.

It is our recommendation that if the Council chose to have all new housing built to Lifetime Homes then it would not have a significant negative impact on scheme viability.

CIL Requirements

- 49 Rather than variation by area (locality), in carrying out the research for this study we developed the view that the key variable characteristics associated with different types of development require an approach that moves away from a single CIL rate. Development type rather than locality should be the key driver.
- 50 Value Points 1 and 2 produce residual land value (RLV) outcomes which show no scope for CIL payments. In fact in most cases the results are in significantly negative territory indicating scenarios that are not even marginal in terms of being potentially viable without major adjustment to assumptions

Residential Findings

- 51 Value Points 3 and above begin to produce some marginal results. This indicates primarily the level at which schemes start to become viable. The various different residential scenarios were tested at different levels of CIL (£5,000, £7,500 and £10,000 per unit) and at each level the schemes in Value Points 3 and above are shown to be viable at 30% affordable housing and £10,000 per property for CIL.
- 52 This equates to an average CIL of £120/m² for all residential house types.
- 53 The more positive outcomes shown in Value Points 3-6 could quickly be eroded by increased cost assumptions or abnormal site issues, etc. Increased costs or a fall in the residential values will also have an effect on viability.

- 54 In Value Point areas 1 and 2 developments are currently unviable whether or not CIL is levied. The imposition of CIL will therefore not affect the prospects of these sites being delivered. Where appropriate schemes can be looked at on a site-specific basis and re-tested with lower proportions of affordable housing allowing CIL contributions to be secured.
- 55 The Government Guidance confirms that the CIL scope should not be pushed to the limits of viability, but that a balance should be found and this approach was supported by the stakeholders at the presentation of the draft report on 27th April 2012
- 56 **We would, therefore, suggest a rate of 40 per m²** to allow an adequate buffer for site-specific factors and recommend that the Council does not go beyond this level in considering its draft charging schedule.
- 57 This relates reasonably well to the Council's existing largely formulaic basis for seeking and securing a range of planning obligations and contributions; most of which may be replaced by the wide-ranging scope of CIL in covering all but very site specific matters (affordable housing and perhaps particular site-specific issues such as dedicated highways improvements). A small residual allowance of £500 per dwelling has been made within our appraisals for any matters that will not be covered by the CIL and still need to go in to a S106 agreement along with affordable housing obligations (where applicable).
- 58 There will be lower value schemes and localities where developments struggle in viability terms, even without any significant CIL contribution. So far as we can see, no lower level set for CIL could ensure the deliverability of these schemes on a reliable basis, or make sure that some levels of CIL were always collectable.
- 59 In terms of methodology, we adopted standard residual valuation approaches to make appropriate comparisons and evaluations. However, due to the extent and range of financial variables involved in residual valuations, they can only ever serve as a guide. Individual site characteristics (which are unique), mean that blanket requirements and conclusions must always be tempered by a level of flexibility in application of policy requirements on a site by site basis. It is therefore essential that levels of CIL allow a sufficient margin to allow for these variations.

Sheltered Housing

- 60 The viability of sheltered housing is largely similar to that of general residential as sales values reflect local market levels. However, there are two factors which may adversely affect viability. Firstly, the rate of sale of sheltered housing schemes is generally slower than for mainstream residential, due to the more limited market catchments. Developers

consequently incur greater interest costs on land and build costs. Secondly, sheltered housing schemes include a significantly higher level of communal space to accommodate social areas and other facilities.

- 61 We would therefore recommend that the Council has regard to the CIL rates for general residential and applies a rate of **40 per m²** to sheltered housing but is aware that, while this, together with 30% affordable, housing may both be viable, there may be site specific viability issues in relation to the affordable housing element due to these special factors.

Non-Residential (Commercial) Findings

- 62 As would be expected, the commercial appraisal findings are also very wide-ranging. Whilst these are certainly sensitive to the annual rental value estimates used and these two factors cannot be separated, they also appear highly sensitive to variation in the yield assumed.
- 63 For this strategic overview rather than detailed valuation exercise we have essentially considered the interaction of rent and yield as presenting a view of sample ranges within which capitalised net rents could fall. In this way we have explored various combinations of assumptions which produce a range of results from negative outcomes (meaning very limited or nil CIL scope) to those which produce meaningful CIL scope.
- 64 We will now summarise the assessment findings for the commercial uses considered, bearing in mind that scheme types will be highly variable.

Retail scenarios (Use Classes A1 – A5)

- 65 In general, we saw very good viability indications for the retail scenarios we ran, based on the range of assumptions applied. What we can also see is that the results move towards a negative scenario (no or limited CIL scope) with given appraisal assumption combinations. The results also deteriorate quickly once the land has to be purchased at rates higher than applicable to commercial uses – as could be the case in respect of some retail proposals.
- 66 Given the capitalised rental levels (the potential annual rent and yield interactions) which appear to be needed to sustain viability and just how sensitive to change these results are, we believe they should be interpreted reasonably cautiously.
- 67 In this context, for the larger retail schemes – retail warehousing/supermarkets - the results indicate that the CIL level of £130-£300/m² should be generally achievable (unless lower values combine with high land value expectations). Whilst the range of very high looking results may be viewed as

positive (leading potentially to higher CIL aspirations) the following also need to be borne in mind alongside the above mentioned sensitivities.

- The need not to frustrate/over-burden appropriate proposals bearing in mind economic/wider planning objectives. In particular, the ongoing economic uncertainties need to be considered – whilst the review of yields, rentals levels and other factors creates a range of results for strategic review, we need to keep in mind the fact that commercial development is led by occupier demand which falls to low levels at times such as this.
- The appropriate range of conditions to incentivise development need to be in place and considering CIL levels beyond the needs based target level could again have an undesirable effect, significant though some of the scope appears at this level of review.
- The CIL regulations state that in setting a charge, local authorities must aim to strike "*an appropriate balance*" between revenue maximisation on the one hand and the potentially adverse impact upon the viability of development on the other. The regulations also state that local authorities should take account of other sources of available funding for infrastructure when setting CIL rates. This report deals with viability only and does not consider other sources of funding

68 Given the sensitivity of residual values to changes in rent levels, we recommend that the Council might wish to consider a CIL on larger retail development of around £45 per m².

69 Within our range of appraisals we also reviewed smaller retail development on the basis of a 300 m² scenario – for example, a new convenience store. The different tone of results seen for this compared with the significantly more positive outcomes for the larger retail scenarios suggest that the Council should consider a lower level of CIL applicable to these. It is not appropriate to be precise given the nature of this, but this could be considered at up to about half of the proposed CIL rate the larger retail store. However, consultation with stakeholders indicated that in order not to stifle development a cautious approach would be appropriate.

70 We, therefore, recommend that a zero (£0) CIL charging rate be considered for any A1, A2, A3, A4, A5 - small retail proposals.

Office/Industrial/Warehousing scenarios
(Use Classes B1, B1a, B2, B8)

71 In terms of likely scheme viability, these are simpler to discuss than retail. Whilst again proposals could be highly variable in nature, the results

convincingly show that there is no foreseeable scope for any meaningful level of CIL charge to be made applicable to such schemes in Thanet.

72 These results indicate that only with the most optimistic capitalised rental scenarios (yield and annual rent assumptions combinations) do we see marginally viable schemes. Those few most optimistic scenarios are also heavily reliant on a site coverage ratio assumption of 400% (applicable to “in town” offices) based on multi-storey schemes. Even at those most optimistic capitalised rental scenarios appraised, we see the “out of town” office scenario viability severely impacted again – to a more unworkable point in terms of the prospect of creating any significant CIL charging potential.

73 We consider that the collective assumptions need to be moved to points that are too optimistic in order to create meaningful CIL scope, even when the more strategic longer-term view is considered. As such, we have not considered it appropriate or necessary to further explore where the potentially workable scenarios may lie in terms of wider views of assumptions.

74 In summary, we recommend that a zero (£0) CIL charging rate be considered for these use types (use Classes B1, B1a, B2, B8).

Hotels (Use Class C1)

75 The hotel scenarios reviewed represent a range of outcomes that are again quite sensitive to the capitalised rental assumptions (varying combinations of annual rentals and yields) driving the appraisals.

76 As for the use type above the results convincingly show that there is no foreseeable scope for any meaningful level of CIL charge to be made applicable to such schemes in Thanet.

77 We recommend that a zero (£0) CIL charging rate be considered for these use types (Use Class C1).

Residential Institutions (Use Class C1)

78 Proposals falling under this Use Class are highly variable in nature, as well as in terms of the values and other assumptions potentially applicable to varying scheme specifics. The assessments have necessarily drawn on wider indications and we aimed to pitch these on the cautious side so as to explore potential viability at what could well be lower end values initially.

79 The results convincingly show that there is no foreseeable scope for any meaningful level of CIL charge to be made applicable to such schemes in Thanet.

80 We recommend that a zero (£0) CIL charging rate be considered for these use types (Use Class C1).

Institutional and Community: Leisure (D1 and D2) – such as cinemas, sports halls, swimming baths

81 We have looked here at cinemas, sports halls and swimming baths, which usually are non-profit making and require Council grants to become viable.

82 The results show that in some circumstance that cinemas could support some level of CIL but this will be highly sensitive to the rent levels.

83 Given the sensitivity of residual values to changes in rent levels, we recommend that that a zero (£0) CIL charging rate be considered for these use types.

84 Future proofing the findings of the report over the plan period to 2028

85 The Value Points system allows us to understand viability as prices move. For example in a rising market, the values in Value Point 3 might rise to Value Point 4, or fall to Value Point 2 in a falling market. The Value Points table can be kept as a reference tool for this purpose, so that in two year's time the Council could undertake a review of prices in the market place and see where they sit on the table.

86 This does not, of course, take into account any movement in build costs, but it is movements in sales values that will have the greatest bearing on viability, assuming no additional abnormals.

87 This report is a snapshot in time which based on research will inevitably become outdated. It is our opinion that a review should be carried out in 2016 of viability to ascertain whether the market has moved significantly (either up or down) and whether the affordable housing percentage should be adjusted. Further reviews should be carried out in 2021 and 2026.

Executive Summary ends

1 INTRODUCTION

1.1 Background

- 1.1.1 Thanet District Council is preparing a Core Strategy and other DPDs for the District as part of its Local Plan. The notional period of coverage for these documents is to 2028.
- 1.1.2 The Regional Spatial Strategy (the South East Plan (SEP)) indicates that 7,500 new homes should be provided in Thanet over the 20 year period to 2026. It sets a nominal target for East Kent that 30% of these should be for affordable homes. The draft Core Strategy (Preferred Options consultation document) published in October 2009 addresses this level of provision.
- 1.1.3 Government has since signalled its intention to abolish the SEP and the Council has commissioned this viability appraisal to inform the Council of its options regarding affordable housing and CIL.
- 1.1.4 The purpose of this study is therefore to contribute to a robust evidence base to support the preparation of the Council's Core Strategy, other Local Plan documents and any other planning policy documents relating to affordable housing and CIL. The study assesses the (financial) capacity of residential development schemes in the district to deliver affordable housing without their viability being unduly affected. This is in the context of developing suitable affordable housing policies which aim to strike an appropriate balance between affordable housing needs and scheme viability, bearing in mind the need to also maintain overall housing supply. Government Policy at the time of publication of this work is as set out in the National Planning Policy Framework (NPPF) (published in March 2012). The Government's previous statement on planning for housing was Planning Policy Statement 3 (PPS3). This was still in force when the work was commissioned. While this work is consistent with the NPPF it retains where necessary contextual references to PPS3.
- 1.1.5 Paragraphs 27-30 of the Government's previous statement on planning for housing (PPS3), in particular, deal with the Government's approach to, and key guidance to local authorities on, seeking affordable housing through Local Development Documents (LDDs). Paragraph 29 is the focus of this, within which local authorities are required to undertake an informed assessment of the economic viability of any proposed affordable housing thresholds and proportions.

1.1.6 The main objectives of this study are:

- A district-wide affordable housing viability assessment for housing delivery over the lifetime of the Core Strategy DPD.
- A viability assessment which supports the affordable housing requirements that will be set out as policy in the emerging Core Strategy DPD and other documents that will form part of the Local Plan.
- An assessment of potential development scenarios of sites that reflect viability in the district overall, in terms of scope to deliver the affordable housing requirements.
- A draft options-based CIL charging schedule for housing and other types of development.
- Consideration of specific factors that could impact significantly on the viability of schemes including residential values, Code for Sustainable Homes, other planning obligation costs, etc.

1.1.7 Thanet is a small coastal district at the North East tip of Kent and includes the towns of Margate, Broadstairs and Ramsgate together with a number of rural settlements.

1.1.8 In recent years housing completions have exceeded planned provision. A substantial component of this has been in the form of flats and through windfall sites. Any policy must balance delivery of affordable housing and planning obligations with maintaining sufficient incentive (reasonable land value levels) for landowners to release land – allowing developers to promote and bring forward schemes.

1.1.9 This study explores the viability impacts from a range of policy options relating to seeking various levels of affordable housing obligations from new development including those set out in the Council's 2009 Preferred Options consultation document. The study process takes into account property type, market value levels, tenure mix, wider planning obligations and associated characteristics of residential development.

1.1.10 Specifically, it investigates and assesses the likely impact on land values, and therefore on development viability, of a range of affordable housing policy options being considered for application to private (market sale) residential schemes across the district. These are considered alongside the introduction of CIL. The range of testing carried out for this study is shown at Appendix 1 – Table of Housing Mixes.

1.1.11 In addition to looking at the provision of on-site affordable housing above the current affordable housing threshold (i.e. provision integrated within

market housing sites), the study includes wider work to investigate the viability of alternative approaches to reduce the threshold. This includes the potential introduction of the collection of financial contributions in lieu of on-site affordable housing provision on smaller sites (those below any potential on-site threshold) or through a lower proportion of on-site affordable housing; or possibly a combination of the two. If implemented by the Council, the financial contributions route would be hinged around a strategy to direct the monies collected towards funding the provision of affordable housing on other sites, or perhaps for wider investment in affordable housing locally. A strategy would need to be developed.

- 1.1.12 We use the impact of varying affordable housing requirements on Residual Land Value (RLV) as our measure in putting forward our judgements and guidelines. This process involves comparing the likely impact of (changes to RLVs from) a range of potential policy options. So the study examines the variations in approximate RLVs indicated within the district on this basis, as we envisage policy changing, and the implications of these variations are included in the assessment of site viability and deliverability.
- 1.1.13 Where possible, the study provides parameters and options for the Council to consider for affordable housing policy development and implementation, from a viability perspective. The Council will need to consider these findings alongside wider policy considerations and overall priorities.
- 1.1.14 It must be recognised that this planning-based tool for securing affordable housing relies on market-led processes. Throughout the study, an emphasis is placed on the need for a practical approach to be taken by Council, bearing in mind development viability – with an emphasis on that particularly given the current and likely short-term market conditions. By this we mean the Council being adaptable also to market housing scheme needs, being prepared to negotiate and consider varying solutions and being responsive to varying scheme types and circumstances. The various components of a scheme will need to be considered in market, affordable and successful integration and tenure mix terms. This will involve considering local needs, scheme location, type, design, management, affordability, dwelling mix, tenure, funding, numbers rounding and the like in formulating the detail from the targets basis – so, taking a view on how these things come together to impact and benefit schemes, by looking at what works best to optimise provision in the given circumstances.
- 1.1.15 In carrying out this assessment from the necessary strategic viewpoint, it is assumed that there will be a variety of market conditions, including periods of more stable economic and property market climate. By this we mean where there is improved access to mortgage and development finance, on appropriate terms, that will promote demand and re-stimulate more normal levels of development activity than we have seen while

working in Thanet District at the present time. The same applies to all such studies which look at affordable housing supplied through market-led schemes.

1.1.16 The methodology and assumptions used are described in Chapter 2; the results are discussed in Chapter 3; the CIL findings are discussed in Chapter 4; the conclusions and recommendations are set out in Chapter 5. Chapter 6 includes wider discussion points in relation to affordable housing delivery. The tables, graphs and associated information referred to throughout this study are appended to the rear of the document.

2 METHODOLOGY AND ASSUMPTIONS

2.1 Background

2.1.1 A number of factors need to be taken into account when considering bringing schemes forward that include affordable housing. It is necessary to determine what effect changes to affordable housing proportions, variations to tenure mix and other development requirements or costs may have on the value of a potential development site – and therefore whether that site may continue to come forward given those requirements. It is important not to consider affordable housing as the sole source of declining development viability – as this study discusses, there are a range of interwoven factors.

2.1.2 This study investigates residential development scenarios across a range of scheme sizes (from 5 to 100 units in size). The scheme types are set out in Appendix 1 – Table of Housing Mixes and reasonably reflect a range of scheme types coming forward now and in the future, though it is acknowledged that a strategic overview cannot and does not need to cover the very wide range of potential scenarios that may be seen in practice.

2.1.3 The schemes modelled are notional ones chosen to reflect scenarios that best match the various policy options to be tested and reflect a range of scenarios relevant to ongoing housing supply in the district. At certain scheme sizes, a range of dwelling mixes has been tested. These were arrived at through discussion with the Council's officers based on the range of site types which have and are likely to come forward across Thanet District.

2.2 Viability in Thanet and Strategic Housing Land Availability Assessment

2.2.1 We have analysed the 2010 SHLAA report and our findings can be found in paragraphs 23-32 of the Executive Summary.

2.2.2 As a starting point, notional scheme information was based on a range of types taken from the Council's Strategic Housing Land Availability Assessment (SHLAA) and past completions records. We note that in assessing the achievability of sites for its SHLAA process the Council looked at the influence of market, cost and delivery factors within its review that was run using a wide-ranging pro-forma for the recording of achievability ratings. They are themes that we have also continued to consider through this strategic viability assessment, which we do as a matter of course.

2.3 Developing Notional Schemes

- 2.3.1 The scheme types were adapted and altered to enable development viability to be tested at a range of points with reference to potential affordable housing policy thresholds and varying dwelling mix, as part of this strategic overview work. This meant taking features of these schemes to inform our assumptions and the building of our notional scenarios – so that those were informed by actual site scenarios as well. The smaller scheme sizes enable us to test viability at potential lowered thresholds, whereas the larger notional schemes enable us to test the impact of varying the proportion of affordable housing on sites that already trigger the requirement for affordable housing (i.e. developments of 15 or more dwellings, as per the current approach).
- 2.3.2 The financial impact, and therefore viability, of collecting carefully judged financial contributions in lieu of on-site affordable housing provision has also been tested on sites of 1 to 14 dwellings. This enables us and the Council to consider a financial contributions approach for potential application to smaller sites within this size range, if appropriate.
- 2.3.3 An alternative approach to testing development viability on a strategic basis could be to investigate the development viability with reference to actual sites. We have chosen an approach where we have effectively “notionalised” the sites (created site typologies) for a number of reasons including:
- Our established approach to this viability work, including the use of notional sites/site typologies, has been tested successfully through the former Local Plan Inquiry and current Development Plan Examination processes.
 - Understandably, there can be difficulties in obtaining sensitive information from developers and landowners in relation to actual sites. This leads to appraisals of actual sites becoming heavily assumption based in any event.
 - The use of actual sites affects our ability to compare outcomes ‘like with like’ to assess the impact of varying affordable housing requirements – the key viability factor being studied. Affordable housing impacts can become blurred with, or by, other issues which vary from one site to another when specifics are examined in detail.
 - Sensitivities with reporting, information and potential effect on future negotiations.
 - Site sizes may not align to studying potential threshold points.

- Ultimately, unless extensively applied and still assumption-based, an actual sites approach does not fit well with taking a strategic overview of the impact of potential affordable housing policies, when in fact sites vary so much.

2.3.4 The outcomes of the appraisals based on the range of scenarios tested provides us with a scale of results (discussed in Chapter 3 and set out in full in the study Appendices) from which conclusions can be drawn as to the key factors and trends relevant to the district. This leads to discussion on how these might be considered in reviewing policy options, and then to policy recommendations.

2.4 Residual Land Value (RLV) Appraisal Methodology

2.4.1 In order to review the impact of proposed affordable housing policy on the range of sites appraised and across the scale of values considered for this strategic overview, it is necessary to determine a common indicator to ensure that comparisons are made on a like-for-like basis.

2.4.2 The key viability outcome and indicator for this study is the land value that can be generated where there is a predetermined and fixed level of developer profit assumed (alongside an allowance for all other assumptions that have been included and varied in this report). The study is not based on the notion of fixed land values with developer's profit varying as affordable housing or other requirements change. Land value expectations (and how those will inevitably need to be adjusted over time with changing markets in addition to changing planning and environmental requirements) are central to this work and to the ongoing negotiation and delivery processes. Local authorities and others involved in the process must recognise that developers need to make appropriate profits, and this work is not based on a premise that those should be eroded below reasonable levels. This area is discussed further below, including at 2.7 – Developer's Profit.

2.4.3 Assuming a developer reaches the conclusion in principle that a site is likely to be viable for development and worthy of consideration, an appraisal is usually carried as part of fine-tuning the feasibility review and checking what price can be justified for the site purchase.

2.4.4 In this study we have to assume that a negotiation has occurred or is under way based on knowledge of the current development climate and planning policy requirements as they will apply to the scheme. To inform the review of outcomes from a range of potential policy positions (e.g. increased/decreased affordable housing proportions and site size thresholds), this study compares the viability results from the current

policy requirements/approach with those likely to result from the potential variations under consideration.

- 2.4.5 Ultimately, the land values under review are a product of a series of calculations that provide a residual valuation based on both the specific form of development a site can accommodate, and its development costs. While the market uses a variety of approaches to appraise sites and schemes (including comparisons between sites – which is particularly difficult to do in a market of few transactions) in early stages of feasibility, a more detailed approach is necessary to understand how the value/cost relationship appears - as used in this study.
- 2.4.6 The simplest, most effective and widely understood way of checking site viability in most instances is via a residual land value (RLV) appraisal (see Appendix 11 – Glossary). We have developed our own spreadsheet tool for this purpose. In doing so we have made what we feel are reasonable assumptions but it must be noted that individual developers will have their own varying approaches, and a developer might also apply a different approach from one scheme to another. Consultation has been carried out with key stakeholders locally (see section 2.12).
- 2.4.7 A highly simplified example which groups various cost elements together and showing only the basic structure of the RLV calculation, is shown in Figure 1 below. This is an illustrative example only and is not to be relied upon for calculation purposes. It demonstrates, in outline only, the key relationship between development values and costs. This is a dynamic relationship and determines the amount left over (hence 'residual') for land purchase from the total sales value (the 'gross development value') of the site. It can be seen that as values increase but costs remain unchanged, there is more scope to sustain adequate developer's profit levels and crucially, land values sufficient to promote the release of land for residential development.

Figure 1: Simplified Example of Residual Land Valuation calculation – Basic structure (for illustration purposes only)

Starting point is total sales value ('Gross Development Value')		
Number of Units =		10
Sales Value =		£200,000
Gross Development Value ('GDV')		
= A	(say)	£2,000,000
Development Costs (build costs, fees, etc.)		
= B	(say)	£850,000
Development Profit (@20% of GDV) = C		
	(say)	£400,000
Land Purchase Costs and Planning Infrastructure (not including affordable housing element)		
= D	(say)	£100,000
"Residual Land Value" (Gross Development Value - Development Costs - Profit - Land Purchase and Planning Obligations) = E		
A - (B + C + D)		
= E	(Residual Land Value 'RLV')	£650,000

2.4.8 We have been able to verify our experience and thoughts on the structure of, and components within, the approach and indicative output land values through our contact with developers and their advisers, through our experience of site-specific appraisal work and comparison with inputs and outputs used in/by a range of similar tools.

2.4.9 The tool used for analysis in this instance runs a calculation that provides an approximate RLV, after taking into account assumed normal costs for site development. We do not allow for abnormal costs. Those can only be properly reflected with detailed site-specific knowledge. If such varying costs were to be considered within this study, it would affect our ability to accurately compare like with like, when assessing the impacts of affordable housing requirements. Any demonstrated abnormal costs will always need to be considered as part of scheme specifics on application of policy.

- 2.4.10 The inclusion of the affordable housing element of a scheme is accounted for within this RLV calculation. This assumes that the developer receives a payment from a Registered Provider ('RP') (or other affordable homes provider) for a number of completed affordable homes provided within a market housing development. This level of receipt is based on a predetermined calculation that is not normally at a level comparable with open market values. Essentially, this reduced level of revenue to the scheme, relative to market sales receipts (sales values), is where the key viability impact of the affordable housing comes from. The affordable housing revenue is based on a **70/30 tenure split of social rent/shared ownership** and assumes that there will be no HCA grant available.
- 2.4.11 The modelling also allows for the application of CIL at varying levels. This study looks at a range of fixed overall costs (per dwelling) to determine the additional impact that varying CIL costs may have on development. This fits with the necessary strategic overview approach. We have used CIL levels of £5,000, £7,500 and £10,000 per property.
- 2.4.12 Assuming that a developer will require a minimum fixed profit margin on any given site to balance risk and often to underpin funding arrangements, beyond a certain point it is therefore the land value that will be affected by the introduction of affordable housing or other infrastructure requirements and obligations. In this sense (and although there can be positive cash flow effects similar to those from "off-plan" sales) affordable housing is viewed as a significant cost element within the developer's appraisals, in much the same way as other planning infrastructure requirements (planning obligations). This cost impact is seen through reduced land value (RLV) – the usual mode through which, effectively, the cost is passed on to the landowner. This then potentially affects the point at which a landowner will be prepared to release a site for residential development in comparison with other options they may have.
- 2.4.13 The results of the appraisal calculations show the indicative residual land values (RLVs) generated (in monetary terms), the RLVs as a percentage of the gross development value (GDV) and the equivalent value per hectare (£ per ha). These give us indications of the strength of those RLVs after the various affordable housing and other assumptions are taken into account.
- 2.4.14 The results are compared against a potential existing/alternative land use values which is a key factor in determining viability outcomes. These comparisons provide an indicator of likely scheme viability given an overview of the RLV results from a range of appraisals and therefore help to inform our judgements and recommendations. This aspect can only be highly indicative at this strategic overview level. In practice every site will have specific characteristics and its value will be determined by its type,

location, use, economic lifespan of existing premises, marketability and development potential, etc; and the cost of creating/realising that potential use or maintaining an existing/alternative use. Linked to this there can also be a level of incentive or price paid in excess of a particular established value level whereby under some circumstances an owner may require an additional level of incentive in order to release a site. This scenario will be highly variable and need to be borne in mind at the site-specific stage which sits beneath this strategic level. The setting of clear policy by the Council will be a key part of the adjustment and appropriate guiding of land value expectations over time.

2.4.15 Whilst briefly discussing existing/alternative use values it is worth mentioning that the commercial property market has been suffering and seen a greater degree of downturn, even, than the residential market as a consequence of the financial markets crisis. Although a generalised statement, demand for commercial property has fallen very dramatically with severe consequences for values. This factor needs to be borne in mind where the comparisons that are relevant are likely to change over time and the relative positions, in viability terms, of alternative proposals for sites could alter.

2.5 Property Market and Values

2.5.1 In determining the range of modelling to be carried out, we use a scale of "Value Points" appropriate to the district as a whole, rather than concentrate on the specifics of neighbourhood areas or centres (across which values can vary greatly in any event). This fits the strategic approach needed. It allows a more meaningful review of trends – how viability varies with values. By taking a Value Points approach effectively we are considering what the viability of a particular scheme or site typology might look like if it were moved to a range of locations. The methodology also enables us to review the impact of changing market conditions as are likely to affect values over time. The resulting scope of outcomes therefore means we can see what happens as we move a particular scheme type around the district and/or expose it to varying market demand levels as could affect its values. This ensures that the study is appropriate to long-term policy formulation with the Value Points providing the flexibility required to determine how viability may be impacted by changes in residential market conditions.

2.5.2 We undertook research into property prices, across the district as a whole in January and February 2012, to determine a realistic range of development values (property sales values) for each of our appraisals. The research was kept open during the study period – so that we could also consider any further information that became available in interpreting the results.

- 2.5.3 We carried out a review of the pricing of all available and “sold subject to contract” properties (1 and 2-bed flats and 2, 3,4 and 5-bed houses) across the area. This was undertaken using internet searches (www.rightmove.co.uk being the key source). This part of the exercise helped us to understand and consider, very broadly, how values vary with location across the district in the context of the Value Points and whether (and if so what) particular values patterns are seen. It enables us to provide reasonable average values for the district, and localities within it, by dwelling type.
- 2.5.4 Adams Integra acknowledges that there is usually a gap between marketing and sale price. Under recent more difficult market conditions this gap has typically grown. It is not possible to make a statement about the usual gap between the two, as a particular owners’ aspiration and the saleability of particular properties clearly varies. The research has been reviewed in the context of this, and the range of value levels assumptions set accordingly.
- 2.5.5 The overall (re-sales dominated) market data was then considered alongside our “on the ground” research. That involved visiting the area, speaking to estate agents, visiting new build schemes, speaking to developers’ sales staff and gathering other leads to inform supplementary desktop research. Where little data was available at the time of the search, the data has been verified or supplemented by using Land Registry average sales figures and resale data. Appendix 9, the Property Values Report, summarises the research and also provides wider regional and national property market context.
- 2.5.6 The review of various sources of information on values ranges is preferred to any single desktop resource, which would be limited to historic data and tends to be limited in terms of information of property types and sizes. This process of considering a wide range of values data, overall, informs our judgements on the range of values that we apply as we conduct the large number of appraisals.
- 2.5.7 The results of the property values research, and in particular the new build values research, led to the formation of 6 Value Points (see Figure 2 below) within which new build housing values in most areas of Thanet District fall. As stated above, most areas see a variety of property values (even within the same postcode area or down to street level) therefore the results of this research can be used independently of location where approximate sales values can be estimated. The overall range covers values from £1,393/m² (about £129/ft²) to £5,410/ m² (about £503/ft²). with the core part of the range in the current climate being £2,000/m² (about £185/ft²) to £3,600 (about £335/ ft²) as so represented by our Value Points 2 to 5, as at Figure 2 below.

Figure 2: Summary of Value Points Adopted (example prices based on assumed floor areas, but also applicable to other dwelling types and sizes):

Type	Area sq m	VP1	VP2	VP3	VP4	VP5	VP6
1 bed flat	47	£75,000	£90,000	£125,000	£150,000	£185,000	£220,000
2 bed flat	61	£85,000	£120,000	£165,000	£210,000	£260,000	£330,000
2 bed house	70	£120,000	£140,000	£190,000	£240,000	£300,000	£340,000
3 bed house	85	£140,000	£160,000	£230,000	£280,000	£350,000	£380,000
4 bed house	100	£165,000	£215,000	£270,000	£330,000	£400,000	£450,000
5 bed house	158	£250,000	£320,000	£425,000	£500,000	£550,000	£600,000

2.5.8 It must be reiterated that any attempt to define value patterns can only be highly indicative. This is because values can change over very short distances dependent on a site's location and its surroundings, local amenities, etc. In practice, variations in values are often seen down to a street-by-street level – and sometimes even between ends or sides of streets, and within developments depending on the orientation of dwellings and their outlook, for example.

2.5.9 This study does not attempt to provide comprehensive property valuation data, but rather identifies the typical range of new build values of various dwelling types based on the assumed sizes set out. The values research is carried out to enable us to make judgements about the range of values of new build properties typically available. It is not a statistical exercise and inevitably judgements have to be made. The values used in the appraisals are averaged across properties of varying size and type, and any settlement could contain a range of property values covering a single property type. We believe, however, that the information used is reasonably representative. The key point is to consider the likely range of typical new build values which will underpin this planning-led delivery of affordable homes, rather than consider overall resale market Land Registry type data alone, which can often dilute or disguise the new build market picture.

2.5.10 Prior to, and during, the study period there has been continued reporting at all levels of a relatively weak and uncertain property market. As at January 2012 to March 2012 (the research period) these conditions could not be described as over. However the long-term trend in house prices is upwards in real terms with the "norm" for house prices to rise over time. In the past, schemes have been brought forward and have therefore been viable at similar or lower value levels. One of the principal concerns with the market recently has been the volume of sales being achieved rather than simply the value levels. Sales volume is difficult to reflect in financial viability terms. It may affect developers' views on risk levels, and it may affect development and sales periods, and thus finance periods. These will in any event be site-specific factors. To what extent the depressed levels

of market activity, if prolonged, will ultimately affect value levels with time remains to be seen.

2.5.11 This is also discussed later in the report and our market review information is included Appendix 9. There are still wide-ranging views as to what extent the market is stabilising overall. Examples of characteristic features of the recent downturn have included:

- Mortgage lending levels relatively low. High deposit requirements and difficulties in obtaining funding widely experienced by prospective purchasers.
- A marked slow-down in the rate of construction of new homes – in many cases a virtual stalling of new build progress.
- Increased reports of developers pulling out of schemes, with delayed starts or slowing scheme progress/“mothballing” sites.
- Some house builders and others involved in the development industry reducing staff numbers significantly, with some ceasing to trade. Many house builders have been reporting reduced returns and trading results.
- Incentives being offered fairly typically on new build sites - such as stamp duty/5% deposit paid/deferred purchase/shared equity/mortgage payments assistance, and perhaps others – dependent on a prospective purchaser’s position together with the developer’s marketing experience and sale potential of particular plots, etc.
- Some use of guide pricing alone, or even no advertised pricing.
- Some schemes still selling relatively well but usually with slower sales where this is so.
- Some developers considering offers from RPs for expanded affordable housing quotas on sites, or even entire schemes for affordable.
- Extended development periods in some cases, with a knock-on effect of impacted sales progress because there is less for purchasers to see. Purchasers far less likely to purchase off-plan given uncertainty over values movements. This creates a circular effect with regard to build progress on some schemes – i.e. some developers taking a view that build progress needs to be underpinned by firmer sales interest. Others are, however, proceeding based on prospective purchasers typically now wanting “to see what they will get”.

- Examples of estate agents combining, closing or mothballing offices, or operating restricted hours. Developers' sales operations operating reduced hours/being rationalised.
- Fewer investment buyers active.

2.5.12 Despite the recent signs of a more positive market picture, it would be premature to say that the above effects are now a thing of the past. Some key commentators consider there to be a strong possibility of a further dip in the market. This is because house prices have received some protection through a lack of supply, rather than through significantly increased confidence levels or significantly improved availability and terms of mortgage finance. In terms of study methodology, the continued uncertainties are very difficult to reflect in the detail, beyond considering varying house price levels as those drive scheme viability. The economic backdrop remains weak, with unemployment fears still apparent.

2.5.13 Clearly future values cannot be predicted, but our methodology does allow for potential future review of results in response to changes over time, perhaps including more established market trends or revised price levels - as well as sale price variations through site characteristics or location. It enables us to look more widely at the sensitivity of results to value levels.

2.5.14 In our view, it would be impractical for a local authority to move affordable housing and perhaps other viability related planning obligations targets through Core Strategy policy in response to relatively short-term market conditions and adjustments.

2.5.15 A key message for local authorities in this situation is the need to monitor the market, housing delivery outcomes and trends locally - and respond to those through consideration of contingency measures and possible policy review longer-term. It is also about adopting a practical and flexible approach to secure delivery of all housing types, especially in the short-term.

2.6 Gross Development Value (GDV)

2.6.1 In order to further explain the residual valuation principles, we will now provide further information on the various key inputs and the implications of those.

2.6.2 Gross Development Value ("GDV") is the amount the developer ultimately receives on completion or sale of the scheme, whether through open market sales alone or a combination of open market sales and the receipt from a RP for completing the affordable homes on the scheme. Thus the developer's profit in each case relates to that scheme-specific sum rather

than to a base level of GDV that assumes no affordable housing. It assumes that the developer has appraised the site and secured land in the knowledge of, and reflecting, policy that will apply; i.e. the developer is aware that a proportion of the receipts will be at a lower level than prior to any affordable housing policy taking effect. This can be regarded as a reasonable approach given established local and national policy guidance on the provision of affordable housing.

2.7 Developer's Profit

- 2.7.1 The requirement to place an increased proportion of affordable housing on a site will inevitably reduce the sales income that a developer can reasonably expect to receive. As this reduction will not be accompanied by lower construction costs, the offset must be taken up in a reduced development profit, a lower land price or a combination of the two.
- 2.7.2 Developer's profit and landowner's sale price are key considerations that must be taken into account if residential development is to be undertaken.
- 2.7.3 If profit levels fall below a certain point then developers will not take the risk of developing a site, nor in many cases will funding organisations provide the necessary support. Equally, if the price offered by a developer to a landowner for a site is too low, the landowner may not sell and might instead continue with, or pursue, an existing or higher value use. There are also intangibles, for instance some smaller sites may start out as homes, gardens or small business premises which will not be sold unless certain aspirations are met. Business and tax considerations, investment values and costs, and availability and cost of replacement facilities can all influence decisions to retain or sell sites. A mix of these factors may be relevant in some cases.
- 2.7.4 Continued ready access to development finance is likely to be a particular issue in the current market conditions which have flowed from the recent economic recession.
- 2.7.5 At the time of considering the study assumptions, Adams Integra's experience of working with a range of developers and of reviewing appraisals, lead us to suggest that they would need to seek a fixed profit (margin) of approximately 20% (gross) of GDV.
- 2.7.6 This study therefore uses a developer's profit-based assumption fixed at 20% of GDV. Lower and higher profit levels than those we have assumed may well be appropriate, depending on the nature of the project and risk/reward scenario – and in this sense also the market conditions. Some developers will look at alternative profit criteria, for example a higher percentage (perhaps up to 30%) of capital employed (not of GDV).

Different profit aspirations will also be held by different types of house building and development companies.

2.7.7 Our experience shows that particularly for smaller and lower risk schemes, and those often carried out by smaller more local developers (or contractor developers), a lower level of developer profit may well be an appropriate assumption. However, given our acknowledgement of varying profit levels, as above, we have carried out our base appraisals assuming 20% developer's profit. In this context, development profit can be regarded as a development cost. In reality, again there will be no substitute for site-specific consideration of the details – as with other assumptions that will be reviewed where viability is discussed on sites coming forward. The assumptions used here are suitable guides and starting points, but should not be regarded as fixed figures which will always suit.

2.8 Model Scenarios, Property Types, Size and Mix

2.8.1 The Council required a range of scenarios to be appraised to assess the viability of the potential approach to thresholds and proportions of affordable housing alongside other costs that may affect the viability of residential development (e.g. sustainable construction and design standards, other planning obligation costs, etc).

2.8.2 In considering on-site provision of affordable homes, the scheme types modelled range in size from 5 to 100 dwellings to allow the study to investigate a full range of potential policy options. Information that becomes available at a later stage will be highly variable and merit site-specific level review in due course, usually in conjunction with other DPDs/Area Action Plans/Development briefs or similar; as part of reviewing and proposals with the site promoters.

2.8.3 The scenarios modelled concentrate on smaller sites, as in our experience the most sensitive area can be around newly captured sites (which under adopted policy provide no affordable housing contribution and therefore which see a large "first time" viability impact if this form of policy were to be implemented). Variations to the dwelling mix help to consider the impact of various dwelling types on development viability, within and between these scenarios.

2.8.4 The schemes were tested using 0% and at 10%, 20%, 30% and 40% affordable housing. This range of testing allows us to investigate viability related to a range of potential options for policy development around both the proportion of affordable housing sought and the threshold position. These options include potential lower proportions of affordable housing sought from smaller sites below the current 15 unit threshold - as part of a

sliding scale type approach to affordable housing policy. The modelling on scheme typologies of 10 units or more allows us to test the currently proposed policies and variations around those. It is simply not practical or economic for this type of study to appraise and consider every conceivable policy option (combination of threshold and proportion). The volume of results can grow very rapidly without adding very usefully to how the study can assist policy development. Reviewing of trends is necessary, and a degree of interpolation of results is also possible.

2.8.5 The indicative dwelling sizes used in the modelling are 47m² for 1-bed and 61m² for 2-bed flats. For 2, 3 4 and 5-bed houses we have assumed 70m², 85m², 100 m² and 158 m² respectively. These are gross internal areas (GIAs). They are reasonably representative of the type of units coming forward for smaller and average family accommodation, within the scheme types likely to be seen most frequently providing on-site integrated affordable housing in both Thanet District and more generally. We are aware that the Council's aspirations may include delivering larger homes. We also note that new build flats for the private market may be below the unit sizes above. On the basis of our professional opinion, experience and wider/local research we consider our modelling would be valid for differently sized units including larger homes. Sizes will vary from scheme to scheme. It is always necessary to consider the size of new build accommodation while looking at its price – hence the range of prices expressed per square metre (or per square foot) is the key measure used in considering the research, working up the range of Value Points and reviewing the results and this, therefore covers all sizes of unit.

2.8.6 This study assumes that the affordable housing mix will broadly reflect that of the private housing and so would be transferred to an RP on a proportional basis to the market mix (or reflect that as closely as possible, to ensure a range of affordable dwellings coming forward as part of a wider sustainable approach). Clearly, in practice, the exact private and affordable housing mixes will vary from site to site, as may the consistency between them. The intention of this study assumption was to follow the principle that a mix of affordable housing dwelling types will be expected wherever that is achievable rather than an assumption of only smaller dwellings for affordable tenure. In addition, ensuring consistent unit sizes across the scheme typologies allows us to consider the policy impacts on viability rather than changes to unit sizes – “like for like” comparison.

2.8.7 For details of the dwelling mix for each on site scenario appraised see Appendix 1 – “Table of Housing Mixes”. It is acknowledged that dwelling mix will vary from site to site in practice. In practice, there would be a tendency towards developers needing to maintain the higher value units within a scheme for private sales whilst also thinking about the

relationship of the private units to the affordable units in terms of location. These are all factors which in reality (and dependent on the site location and characteristics) will affect the dwelling and tenure mix as part of the negotiated approach.

2.9 Affordable Housing Transfer (to RP) – Method of Payment Calculation and Type of Property Transferred

2.9.1 Officers at Thanet District Council indicated that the payments developers receive from RPs for the provision of completed affordable homes are currently based on a negotiated approach between those two parties. These are in turn driven by scheme costs and what the RP can afford to pay based on its business planning and financial assumptions when it considers the cashflow that will be produced by a scheme.

2.9.2 We have also considered the availability of funding in looking at viability (in the form of Social Housing Grant (SHG)). The grant funding climate is such that grant funding is not available for Section 106 schemes that require affordable housing as part of the planning obligations. Consultation with local Registered Providers has confirmed a general position that the Homes and Communities Agency are not likely to be funding the affordable housing (s.106) elements of developer-led schemes moving forward. All appraisals were therefore carried out without grant as standard.

2.9.3 The likely payment that an RP would make for a social rented or unit of intermediate tenure within this modelling was determined through making judgements on the range of input assumptions following liaison with a number of locally active RPs where possible. Effectively, the value that could be paid to a developer for completed affordable homes is usually related to the mortgage finance the RP could raise based on the rental income stream (social rent) or capital and rental income stream (in the case of shared ownership or similar) with management and other costs deducted.

2.9.4 In practice, the values generated could be dependent on property size and other factors including the RP's own development strategies and thus would vary from case to case when looking at site specifics. The RP may have access to other sources of funding, such as its own resources or recycled capital grant from stair-casing receipts, for example, but such additional funding cannot be regarded as the norm – it is highly scheme dependent and variable and thus has not been factored in here.

2.9.5 The figures used in the appraisals are shown in Figure 3 below for each property type, and reflect the sums received per completed affordable home (for both rent and shared ownership) by the developer in return for constructing them (usually for an RP to which they are transferred):

Figure 3: Summary of Indicative Sums Payable by RP to Developer for Completed Affordable Homes

Rent					
Value Point	1 Bed Flat	2 Bed Flat	2 Bed House	3 Bed House	4 Bed House
1	£37,600	£48,800	£56,000	£68,000	£80,000
2	£37,600	£48,800	£56,000	£68,000	£80,000
3	£37,600	£48,800	£56,000	£68,000	£80,000
4	£37,600	£48,800	£56,000	£68,000	£80,000
5	£37,600	£48,800	£56,000	£68,000	£80,000
6	£37,600	£48,800	£56,000	£68,000	£80,000
Shared Ownership					
Value Point	1 Bed Flat	2 Bed Flat	2 Bed House	3 Bed House	4 Bed House
1	£48,750	£55,250	78,000	91,000	107,250
2	£58,500	£78,000	91,000	104,000	139,750
3	£81,250	107,250	123,500	140,000	145,000
4	£97,500	136,500	136,000	140,000	145,000
5	£120,250	136,500	136,000	140,000	145,000
6	£120,250	136,500	136,000	140,000	145,000

2.9.6 The exact nature and range of tenure models within an affordable housing mix will often need to be bespoke to a particular location and site – particularly in market conditions where these details are currently so dependent on demand as influenced by mortgage product availability, changing price levels, the Government’s constantly evolving range of initiatives, developer’s reactions and own practical marketing initiatives and other factors.

2.9.7 Although tenure mix is a site-specific consideration and dependent on local housing needs evidence plus the type of factors mentioned at 2.9.6, this study tests the impact of varying the tenure mix on development viability – based on certain assumptions as have to be fixed to drive appraisals. Experience with scheme specifics is that in the current climate the RP type financial appraisals for shared ownership and intermediate rent are producing similar outcomes in respect of what RPs can afford to pay for dwellings. As with much of this, figures will, of course, vary with scheme specifics. The tenure mix tested was as follows and as agreed with the Council:

- 70% social rent/30% intermediate

2.9.8 **Affordable Rent** – is one of the three tenure types recognised by and described in the Government’s previous statement on planning for housing (PPS3) and subsequently the NPPF. 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% of the local market rent (including service charges, where applicable).

- 2.9.9 Affordable rented housing was introduced by the coalition Government to try to reduce down the overall grant level for affordable housing. The idea was that there should be a general presumption that there would be no grant on Section 106 schemes. The amount that an RP can pay a developer for a social rented unit should be the same as for an affordable rented unit. However the increased rent generates more income which is then used to supplement the overall grant requirement of the RP on their other "non- S106 schemes". This is then incorporated into the RPs overall framework agreement with the HCA.
- 2.9.10 Affordable rent was never intended to make schemes more viable for developers. We have therefore ignored affordable rent as a tenure in this study as its inclusion would have no effect on the overall viability of a scheme. For the purposes of this economic assessment report the term affordable rent is therefore embraced within the term social rented housing.
- 2.9.11 For **shared ownership** accommodation our calculations were based on a 50% initial capital sale with 2.5% rent paid by the purchaser on the retained equity.
- 2.9.12 Although generally it is expected that housing needs will dictate a bias towards social rent as a strategic starting point, it is acknowledged here that there may well be local circumstances where the Council will look to work with its partners on a different approach to tenure mix in some areas in order to create mixed and balanced communities.
- 2.9.13 It should be noted that where we refer to shared ownership in this study - and that may still be a part of specific site discussions between the Council on intermediate tenure content, developers and RPs - other tenure options or models may well now be relevant. The focus will increasingly be on "intermediate tenure" in an adaptable mix alongside the priority needed social rented accommodation. Other models, including renting at rates discounted from market rental costs ("intermediate rent") may well be relevant. Those could come into play depending on local specifics such as need, demand, funding, market factors (especially in the current climate) and affordability. In most cases, they will produce improved cash-flows and provide a better viability outcome, compared with social rent without grant, and be considered as more market friendly by developers as part of their overall view.

2.10 Indicative Site Area, Scheme Density and Resulting RLV

2.10.1 The results of all the appraisals provide us with data in both absolute value (£) terms and as a percentage (%) of GDV. To provide broad comparisons with published Valuation Office Agency (VOA) sourced land value data so as to provide an additional basis for interpretation of results, the approximate site area (land take) and density for each development scenario (site type and size) has been indicated.

2.10.2 Based on the unit sizes assumed in this study, this provides us with indicative densities of between 30 and 50 dwellings per hectare (dph) depending on the scheme type and potential location. We can then calculate the approximate value of each scenario and appraisal variation in indicative £ per hectare (ha) terms, to enable a comparison with other published land value data. Again, in practice, densities will be highly variable. Indicative site sizes are shown within the relevant tables of the appendices.

2.11 Other Assumptions

2.11.1 The appraisals include a range of other variables that are all taken into account when calculating an approximate RLV. This is an extensive list and includes items such as fees, land buying costs, finance, agency costs and varying levels of CIL.

2.11.2 In some instances these figures are factors of other elements of the appraisal and, therefore, vary by site size and type.

2.11.3 The percentages and values assumed for the purposes of this exercise are listed below and are the result of a Building Cost Information Service (BCIS) overview, Adams Integra's experience, work with and discussions with developers, valuers, agents and others:

- **Base Build Costs (House Schemes)** - £1,000/sq m
- **Base Build Costs (Flatted Schemes)** - £1,150/sq m

2.11.4 The above are applied to the Net Internal Area (NIA) of the accommodation. Base costs for flats are likely to be higher than for a scheme of houses particularly where sites are constrained and often difficult to work on (involving materials storage difficulties, craning, etc). Common areas have to be allowed for, as does the degree of repetition of costly elements. Cash-flow for flatted development can also be less favourable as rolling sales are more difficult to deliver. In this study the £1,150 per sq m figure assumes standard low-rise flats (typically no more than 3 storeys and allowing standard construction techniques).

2.11.5 Build cost figures have been taken as an indicative level, supported by our ongoing experience of scheme specifics, whilst also taking into account a range of information from BCIS data and feedback from developers.

2.11.6 There will always be a range of data and opinions on, and methods of describing, build costs. In our view, we have made reasonable assumptions which lie within the range of figures we generally see for typical new build schemes (rather than high specification or particularly complex schemes which might require particular construction techniques or materials). These build costs take account of the requirement for higher quality homes and reflect the requirements of the Code for Sustainable Homes level 3. As with many aspects there is no single appropriate figure in reality, so a judgement on some form of benchmark is necessary. There will be instances where other costs are relevant, including in overcoming abnormal site issues or characteristics.

2.11.7 We are aware that the developer's base build costs can be lower than our above base cost figures, and also that the BCIS tends to indicate lower figures. In contrast, however, there is also much said about costs being higher than this, often in the context of RPs procuring new housing through contractors and developers. Build costs are set out in a range of guises, including in BCIS, whereby items such as external works costs and fees, etc, are sometimes included, sometimes excluded. It can be difficult to carry out reliable analysis. So a view needs to be taken, and then monitored, tested and updated as informed by the experience of site specifics, negotiations and (from the affordable housing perspective) in light of funding availability and affordability for occupants.

2.11.8 Typical scheme-specific additions to these are:

- **Professional fees & contingencies:** *12 % of build costs.*
- **Marketing and Sales Fees:** *3% of Estimated Total Sales Value (GDV). There will be instances, dependent on the location and scheme type, where some of this expense or an additional sum will be directed to the setting up of a show home. This will, however, not be appropriate on all schemes hence we have not included for it as a standard assumption item. We would not expect it to alter the outcomes fundamentally.*
- **Legal Fees on Sale:** *£600 per unit.*
- **Finance:** *6.5% - on build costs, fees, etc. No finance arrangement or related fees have been included for the purposes of this exercise. They might in practice be applicable, but we would not expect them to alter the viability equation fundamentally. Scheme funding arrangements will vary greatly, dependent again on the type of developer and scheme. As with*

much of this exercise, this is a snapshot and there are varying views as to what future trends will hold, and so over time we would need to see how added costs balanced with changes in sales values.

During the course of the study, the Bank of England Base Rate has been maintained at 0.5%. On fixing our assumptions in the early study stages we decided to leave our finance rate assumptions unchanged. Due to the continued reduced availability of finance, we considered this approach to be further validated and therefore to remain appropriate. The impacts of the low Base Rate have still not been seen in any notable way, but with further time our interest rate assumption might begin to look high – it is not possible to tell. Nevertheless, this again fits with looking at viability reasonably cautiously rather than stripping out too many cost allowances from appraisals. It also fits with the strategic view – in terms of trying to settle on assumptions reflective of a range of potential market conditions. Our understanding is that house-buying and development finance remains relatively difficult to access – at least on favourable terms, related to the risks perceived by the markets and to the fact that lending between institutions is still not working on terms or to the extent that had underpinned the active market in preceding years. We have had a climate recently whereby rate reductions have tended not to be passed on, certainly not to a significant degree, to borrowers, and where other charges (arrangement fees, etc) have weighed against any cuts. So far as we can see, similar applies in a commercial sense. In summary, at the time of writing, we have no reason to believe that the commercial lending climate has eased significantly.

- **Legal Fees on Land Purchase:** *0.75% of land value (this will often produce a low figure when looking at very small or low value sites but only make a minimal difference to outcome).*
- **Stamp Duty Land Tax:** *Between 0% and 5% depending on RLV.*
- **CIL:** Appraisals carried out assuming £5,000, £7,500 and £10,000 per unit for CIL. They are notional levels. We varied this assumption so that we and the Council could review the sensitivity of results to this factor – using similar thinking to the Value Points methodology rather than looking only at a relatively narrow set of assumptions. This was done in the context of a range of other areas which could effectively add costs to schemes from a developer's and therefore landowner's perspective.

CIL is not intended to replace site-specific consideration of planning obligations levels.

- **Code for Sustainable Homes:** All base appraisals assume compliance with Level 3 of the Code for Sustainable Homes (for all dwellings – market and affordable). The Council also requested that the impact on

development viability of achieving CfSH Level 4 and then CfSH Level 5. The Council were interested in testing the impact on development viability of requiring development to meet CfSH Level 3, 4 and 5 and also CfSH Level 3 but with the Water requirement of the Code meeting Level 5 and also of meeting CfSH Level 4 but with the Water element of the Code meeting Level 5. The costs of achieving those levels of the Code were based on research for the Government's Department for Communities and Local Government (CLG)¹. Figure 4 below shows the costs assumed for the purposes of this study. These are only guides and again site-specific details will vary.

Figure 4: Costs Assumed for Meeting Code for Sustainable Homes

Code Level 4 Costs (per unit) - All
£88/m²
Code Level 5 Costs (per unit) - All
£295/m²
Code Level 3 Costs Plus Level 5 Water
£53/m²
Code Level 4 Costs Plus Level 5 Water
£141/m²

- **Lifetime Homes** - While this can affect scheme viability in a wider sense - from the point of view of increasing building footprints and therefore cost and, potentially, site capacity - it may not necessarily add significant cost but instead has design implications. Interpretations and opinions vary widely. Early design input minimises its impacts, and costs depend on to what degree standards are applied and what other standards are already to be met. There are overlaps, and even areas where it can compromise or not fit well with other requirements. It is an area that needs to be kept under review in terms of practicalities, costs and impacts - as part of the overall expectations from schemes. There have been a number of studies into the costs and benefits of building to the Lifetime Homes standard. These have concluded that the costs range from £545 to £1,615 per dwelling, depending on: the experience of the home designer and builder; the size of the dwelling (it is easier to design larger dwellings that incorporate Lifetime Homes standards cost effectively than smaller ones); whether Lifetime Homes design criteria were designed into developments from the outset or whether a standard house type is modified (it is more cost effective to incorporate the standards at the design stage rather than modify standard designs); and any analysis of costs is a 'snapshot' in time.

¹ DCLG – Code for Sustainable Homes: Cost Review

It is an area that needs to be kept under review in terms of practicalities, costs and impacts – as part of the overall expectations from schemes. The same applies to the Council’s likely approach to wheelchair adapted housing being incorporated wherever possible within schemes – specific needs, design implications and impacts will need to be considered as sites come forward and planning applicants will need to build this in to their thinking.

2.12 Stakeholders and Consultation

2.12.1 We invariably find that developers are, understandably, more often than not reluctant to share information on their assumptions. There are commercial sensitivities to be respected. However, as part of considering a range of information and informing our judgements for each of our studies we consult with a range of stakeholders including developers, landowners, RPs and agents as a matter of course. This is done through the “on the ground” and web-based/desktop research we have mentioned.

2.12.2 For this study details of the main assumptions were circulated to locally active developers and RPs. Participants were given the opportunity to submit their views individually (privately) on the proposed study assumptions. The purpose of this was for Adams Integra (and the Council) to engage with a range of organisations involved in the local market and to gain an understanding of key stakeholders’ perspectives on development issues in the district. It also enables us to ensure that the appraisal variables used within the modelling reflect the costs and values associated with development within Thanet. Very few responses were received to the pro forma so it was decided to hold a meeting with developers and RPs which was held on Thursday 1st March 2012 which proved to be very useful and enabled us to gather information from stakeholders.

2.12.3 A further meeting was held on 27th April at which the draft report was presented. Following this some minor amendments have been made to this final report.

2.12.4 Adams Integra undertook not to disclose the detail of any of the responses but these were collated and have helped to inform our progress from that point. A sample pro-forma issued to stakeholders is shown in Appendix 10.

2.13 General Notes and Caveats

2.13.1 This study requires judgements based on the development values and changes seen in land values as a result of varying potential policy positions. This is in the context of seeking to guide policy development and arrive at clear policy targets. The results cannot be a definitive guide to how specific sites will be appraised or how outcomes on a site-specific basis will look. As this is a relative exercise aimed at determining the likely effect of a range of policy options, the most important factor is consistency

between assumptions used for modelling scenarios. Specific assumptions and values applied for our schemes are unlikely to be appropriate for all developments. The same could be said of any set of study assumptions. We are confident, however, that our assumptions are reasonable in terms of making this viability overview and informing policy development.

- 2.13.2 This study is set in the context of setting clear and realistic targets as a basis for long-term policy but bearing in mind short-term flexibility required to deal with the current housing market. Development viability will vary from site to site, and there will be no substitute for the negotiated approach to provision where necessary (e.g. sites with abnormal costs, low sales values, etc).
- 2.13.3 There can be no definite viability cut-off point owing to individual landowner's circumstances. It is not appropriate to assume that because a development appears to produce some land value (or in some cases value equivalent to an existing/alternative use), the land will change hands and the development proceed. This principle will in some cases extend to landowners expecting or requiring the land price to reach a higher level, perhaps even significantly above that related to an existing or alternative land use. This might be referred to as a premium, "overbid" or sufficient level of incentive to sell. In some specific cases, whilst weighing up overall planning objectives to be achieved, therefore, the proposals may need to be viewed alongside the owner's enjoyment/use of the land, and a potential "overbid" relative to existing use value or perhaps to an alternative use that the site may be put to. In practice, whether and to what extent an active market exists for an existing or alternative use will be a key part of determining whether or how site discussions develop.
- 2.13.4 These factors will not always come into play or always have very significant influences on outcomes. For instance, the market for an existing or alternative use proposal, and therefore the value it produces, will vary with time, location and economic conditions. They are likely to be highly variable as to relevance for and impact on particular schemes. In reality, scheme-specific land values have to be considered alongside existing or alternative use values and the latter, being very location and planning use or business dependent, will vary significantly too.
- 2.13.5 To attempt to make detailed comparisons with existing or alternative uses in this type of overview work for policy context would, in our view, have limited meaning. We have, however, attempted to provide examples of, and comparisons with, an alternative use value. Commercial use values in particular are highly site-specific. Nonetheless this study acknowledges that the level of value created by a residential scheme after making allowance for affordable housing and other planning obligations

requirements will need to be weighed up against any existing or alternative use relevant to a particular site.

2.13.6 The use of notional sites/site typologies most effectively enables like-for-like comparisons to be made, i.e. the testing of impacts of the varying requirements on the same typical scheme in a range of value locations. The fact that individual schemes vary makes like-for-like comparison very difficult when studying those for this purpose of trying to measure policy impacts, with full reliable and readily comparable information being critical.

2.13.7 We have not definitively labelled specific locations or areas as higher/lower value, or similar. This is because in practice we found that values can vary from street to street and within very small areas. The Value Points approach used in this study means that viability outcomes can effectively be transported around the district and a feel for viability gained in relation to relevant value levels as those might vary by location as well as by scheme. As noted, this approach of reviewing outcomes from a range of values also enables the consideration of viability impacts and trends as values change with regard to market adjustments.

3 RESULTS AND RELATED COMMENTARY

3.1 Background

3.1.1 The residual land value (RLV) modelling carried out for this study looks at a range of scenarios investigating the impact on development viability in accordance with the methodology as set out in Chapter 2.

3.1.2 The number of appraisals required rises exponentially with the number of variables investigated. This is the case with all such studies and it is important to keep this exercise within practical limits. However, the modelling still creates a very extensive range of results, especially once all the variables are considered through additional layers of appraisals. These are presented by means of a large number of tables and graphs. The tables and graphs are all appended to the rear of this report should the reader wish to view them. They are set out in different ways depending on the particular impact we are seeking to investigate and visualise. The following results Chapter aims to lift from that large volume of information a few example results to explain the characteristics, impacts and trends of various potential policies on development viability. The purpose here is to help guide the reader in interpreting the results and to illustrate key points and trends which have led to our conclusions.

3.1.3 The data is shown in tabular and graphical form and shows the indicative RLV produced by each appraisal, those RLVs shown as a percentage of gross development value (GDV), and the approximate land value as a value per hectare.

3.1.4 The Appendices are set out as follows:

- **Appendix 1** – Table of Housing Mixes
- **Appendix 2** shows a Summary of Residual Land Value (£) Appraisals for All Value Points; 0%, 10%, 20%, 30% and 40% Affordable Housing; 70% Social Rent/30% Shared Ownership; **CIL Level £0** at Low Density, Medium Density and High Density. The tables show actual RLVs, RLV as a % of GDV and RLV per hectare.
- **Appendix 3** shows a Summary of Residual Land Value (£) Appraisals for All Value Points; 0%, 10%, 20%, 30% and 40% Affordable Housing; 70% Social Rent/30% Shared Ownership; **CIL Level £5,000 per property** at Low Density, Medium Density and High Density. The tables show actual RLVs, RLV as a % of GDV and RLV per hectare.
- **Appendix 4** shows a Summary of Residual Land Value (£) Appraisals for All Value Points; 0%, 10%, 20%, 30% and 40% Affordable Housing; 70% Social Rent/30% Shared Ownership; **CIL Level £7,500 per**

property at Low Density, Medium Density and High Density. The tables show actual RLVs, RLV as a % of GDV and RLV per hectare.

- **Appendix 5** shows a Summary of Residual Land Value (£) Appraisals for All Value Points; 0%, 10%, 20%, 30% and 40% Affordable Housing; 70% Social Rent/30% Shared Ownership; **CIL Level £10,000 per property** at Low Density, Medium Density and High Density. The tables show actual RLVs, RLV as a % of GDV and RLV per hectare.
- **Appendix 6** shows a Summary of Residual Land Value (£) Appraisals for All Value Points at 0% Affordable Housing at Low Density, Medium Density and High Density for a 2 unit scheme and a 5 unit scheme. The tables show actual RLVs, RLV as a % of GDV and RLV per hectare.
- **Appendix 7** shows a Summary of Residual Land Value (£) Appraisals for All Value Points; 0%, 10%, 20%, 30% and 40% Affordable Housing; 70% Social Rent/30% Shared Ownership; CIL Level £10,000 per property at Medium Density. They show different Code for Sustainable Homes levels of Code Level 4; Code Level 5; Code Level 3 + Level 5 water and Code Level 4 + Level 5 water. The tables show actual RLVs, RLV as a % of GDV and RLV per hectare.
- **Appendix 8** shows the Community Infrastructure Levy Economic Viability Appraisal Summaries
- **Appendix 9** contains a summary of our property values and market research.
- **Appendix 10** sample pro-forma for the stakeholders consultation process which complemented our wider and “on the ground” research.
- **Appendix 11** provides a Glossary of technical terms used throughout this study.

3.1.5 The results appendices also summarise the RLV results across all scenarios and site sizes showing the corresponding monetary value in pounds per hectare (£ per ha) based on assumed indicative site areas (“land take”) and density for each scenario. This type of data can become outdated quickly – especially in times of fast-changing markets as we have had recently. Such comparisons are used within this study only to help highlight how land value varies as assumptions change, and to show very generally the type or range of other information that the indicative RLV results might be compared with when it comes to considering how likely a scheme is to proceed given other valuation factors. The inclusion of this information here seeks to help with illustrating how the value (RLV) created by residential development proposals may look and vary relative to other example uses only. The key point through these indications is to

build on the emphasis that considering alternative/competing or existing use values (and potentially additional incentive levels, as has been discussed) will often be important in site-specific viability and thus delivery discussions. In practice, as the study notes elsewhere, the values likely to be attributed to various existing or potential uses of a particular site will be highly site-specific.

- 3.1.6 At this strategic level overview for policy development, we are able only to make broad comparisons. Unfortunately it is simply not possible to provide the Council with definitive “cut-off” points where a scheme definitely would proceed, or conversely where viability would be compromised to the degree that development would not take place. Site specifics will influence viability on individual sites. Adams Integra sought additional, more Thanet District specific, information on land values such as was available at the time of research. The information search was also kept open during the study period. This was done through enquiries of local agents who may be dealing with land sales – sites for commercial and residential developments. Desktop (web-based) searching for any information was also carried out. Our study process involves asking agents if they have dealt with, or are aware of, any specific land sale (or marketing) information – or, if not, whether through their experience they can offer any views on local land values. These are typically, but not always, different agents from those we talk to about residential property sales. Particularly in the current market, this extra research has typically resulted in little additional information; however any that was gathered as the study progressed is included at Appendix 9.
- 3.1.7 There may be considerable variance between individual site circumstances and those modelled when setting an affordable housing target. It is therefore important that local authorities retain the flexibility that will enable them to negotiate individual sites. There will need to be a second stage to the viability process often prior to, or at, the planning application stage whereby site-specific discussions are necessary – for example, in the event of landowners or developers needing to demonstrate that affordable housing targets, or perhaps other planning obligations, cannot be met. The same might apply where a developer or landowner wished to explore enhanced (in excess of target levels) or alternative provision of affordable housing with the Council.
- 3.1.8 Our comments on existing and alternative use values (for example, commercial), and how those vary greatly with site specifics, will apply when the Council considers the viability of mixed use schemes in terms of the affordable housing and other requirements.
- 3.1.9 The following results sections cover the main scheme type/development scenarios (5 to 100 units).

3.2 Property Values

- 3.2.1 One of the key inputs into the appraisal process is the completed value of residential properties that will make up a scheme (i.e. the estimate of the scheme's GDV by reviewing the likely values of the component properties). Typical value levels that reliably represent particular localities are hard to pin down given the highly variable nature of housing product and local influences on price.
- 3.2.2 The range of new build values used in this study to enable us to test both the variation in values as may be seen across a range of scheme types throughout Thanet District and with a changing market over time is shown in Figure 5 below. Given the still relatively weak economic backdrop and uncertain condition of the current property market, the direction the market next takes is particularly difficult to assess at the moment - both nationally and more locally. By looking at a range of values this methodology is able to be used in a way which enables a review of viability outcomes in response to value levels as those vary. This means that overall the range of values tested is likely to remain appropriate and still capture the typical value levels locally as they move within this scale. The general range of new build values seen (in £ per sq m) and used for carrying out appraisals are as follows:

Figure 5: New Build Range of Values

Value Point	From £/ft ²	To £/ft ²	General Indications
1	£129	£153	Market falling from current lower end
2	£175	£200	Lower end values
3	£247	£251	Mid-range values
4	£294	£320	Mid to upper-end values
5	£323	£396	Upper end values
6	£353	£503	Market rising from current upper end

- 3.2.3 Further analysis of the pricing information indicated that the average new build marketing price point for Thanet District as a whole area was about £250/ft² at the time of our research (i.e. around our Value Point 3). This does not take account of the number of properties for sale at each point that fed into this calculation and as such the average can be skewed. The new build averages suggest a fairly wide range of property values across the district with significant overlap in places. However, studying viability over this range of values enables the results to be viewed in the context of values changing as influenced by moving market conditions.
- 3.2.4 It appears that, generally, values in the range of our Value Points 3 to 5 were most common. Value Point 6 levels are at the top of the range regularly seen especially in new build flatted developments with sea views built at a very high specification. Given the condition of the current

property market, the direction the market next takes is particularly difficult to assess at the moment - both nationally and more locally. By looking at this range of values this methodology is able to be used in a way which enables a review of viability outcomes in response to value levels as those vary. As mentioned previously, Value Points 1 and 6 were modelled to allow us to look at the impact on viability should the property market deteriorate further or improve from the point at which this research was carried out. This means that overall the range of values utilised is likely to remain appropriate for, and will most likely still capture, the typical value levels locally as they move within this scale.

- 3.2.5 Adams Integra's recent research for viability studies suggests in general that there no longer appears to be a significant premium value attached to new build properties compared to re-sales of a comparable type (although care needs to be adopted in analysis because data is not always on a like-for like basis, i.e. housing types vary considerably). This is due to the recent and ongoing lack of confidence in the housing market triggered by the recession. There have been anecdotal reports of mortgage valuation surveyors down-valuing new builds, and perhaps especially flats. Many agents have indicated that new build property now has to compete directly with resale in pricing terms. This is not always the case, however - for example where a scheme creates what is considered to be a new or particularly attractive offer for a given location, something which developers will strive for.
- 3.2.6 An important feature of the housing market which was triggered in Autumn 2007, developed in 2008 and has run through to 2010 (and appears to be universal) has been the slow-down in the rate of sales (number of sales being agreed and proceeding). The impact of the vastly reduced level of market activity (volume of house sales) has been to significantly affect the level of development activity by increasing perceptions of uncertainty and risk. It remains to be seen how this will play out fully in terms of the financial appraisal of schemes and sites and, as mentioned in Chapter 2, we see a range of reactions to it in terms of profit levels sought, and other assumptions applied.
- 3.2.7 We feel there is no doubt that current conditions add up to a negative financial viability impact when compared with how schemes are viewed and pursued in a more stable, confident market. Developments in general will be taking longer to sell (with build progress possibly slowed and costs outstanding for longer as a result) and varying packages of incentives are typically being offered. These factors were identified at 2.5.11 and are recognised in Appendix 9 as well. A key point here, again, is that affordable housing is not solely responsible for any viability difficulties - and it should not be regarded in that way. There is often a complex interaction of influences.

3.3 Indicative Value Comparisons

- 3.3.1 As a basic premise, development is unlikely to proceed unless there is a positive residual land value which exceeds both any existing or alternative use value by a margin considered reasonable under prevailing market conditions. As mentioned previously, due to highly variable potential existing and alternative use values of sites, and in some cases particular “overbid” or incentive requirements, it is not possible to provide the Council with definitive “cut-off” points where viability will be compromised to the degree that development may not take place. However, it is possible to provide likely outcomes at varying levels. The results of this study are reviewed with reference not only to comparisons with existing and alternative use values but also through other indicators such as the ratio between the gross land value and gross revenue (GDV). By way of a basic example, a residual calculation that provides an output of zero value (i.e. RLV of 0% of GDV) after testing a particular policy requirement means that development on this site would not go ahead unless there was a special business case for pursuing it. Conversely, on a site where the RLV approaches 25% to 40% of GDV after the application of affordable housing policy it is likely (although not definitive) that land values are going to be high enough to absorb the impacts of the new policies. This is obviously not always the case and very high or very low values can skew the ratios.
- 3.3.2 Valuation Office statistics for industrial land in the South East² provided values between £425,000 and £800,000 per ha. The VOA provides no specific data for Thanet but more locally at Altira Park (which we consider provides a more relevant general comparison than the South East overall), industrial land values of around £600,000 per hectare are being achieved. The VOA data has now been updated as of January 2011 with a smaller dataset. However, it comments that industrial land values have remained relatively static since January 2009 across the country. We can therefore assume that those values are still valid and for the purposes of this report, we have used the figure as a level of comparison.
- 3.3.3 VOA data also suggests that agricultural land value is below £20,000 per ha (dependent on type). Although this is true for purely agricultural land, if the case arises in Thanet District that true Greenfield land comes forward for residential development (either through site allocations policy or other means) there is normally an associated uplift in value. While land value expectations and payments in those cases are likely to be very much lower than with many previously developed sites, there may well still be varying degrees of incentive required – taking comparative land value

² VOA Property Market Report July 2011

situations up to perhaps £100,000-£400,000 per hectare³. Again, this is necessarily purely indicative but adds a further layer or filter when comparing the RLVs of our notional site typologies with values created by alternative uses.

- 3.3.4 What this broadly indicates on a comparison basis with average data from the VOA, is that the value of our various housing schemes (at Value Point 3 with 30% affordable housing with £10,000 CIL per property) exceeds typical commercial land values. At 40% affordable housing, however, we start to see the RLV drop below the upper indicative value for industrial land. However, were this to be a Greenfield scheme then our comparison may alter and we may be looking to see whether the RLV generated could exceed a figure somewhere in the range £100,000 to £400,000 per ha. In this case, at Value Point 3 we would see those figures exceeded up to and including 40% affordable housing.
- 3.3.5 At Value Point 4 we would see the value of the land for all our housing schemes exceed the range of industrial and upper end commercial use values at all proportions of affordable housing compared to the values shown in the VOA data.
- 3.3.6 We have noted that comparisons with other information such as provided by the VOA on land values for various uses, is purely indicative. The purpose is to reinforce the relevance of considering the issue of other land use values, and that those might impact on what becomes of a site - or on what a site is able to provide. The values relating to sites (whether for existing or alternative/potential uses) will be highly specific. Where we have been able to gather any further information or indications from agents on land values locally, details have been added to Appendix 9 as the study has progressed. Looking across a wide range of similar studies, this has typically been very limited, because the feedback echoes our points about the site-specific nature of comparisons. Recent and current market conditions, for residential and commercial property and development, have meant very low activity and transactions levels and resulted in such information being hard to come by.
- 3.3.7 As stated previously, comparisons on this sort of basis are difficult to make with any real certainty or confidence. Again, there will be no substitute for consideration of site specifics where viability issues arise, but we consider it helpful to make some cross reference between our results and this sort of information on land values.

³ HCA Area Wide Viability Model Annex 1 "Transparent Viability Assumptions" (August 2010) Consultation Version suggests a benchmark of between 10 and 20 times agricultural value

3.4 Results Trends

3.4.1 The overall trend of results shows a decrease in RLV for all site sizes and types in all cases as:

- Market property values decrease.
- The proportion of affordable housing increases.
- Developer's profit is increased.
- Planning obligations/infrastructure requirements are increased, and
- Other costs are added to the scheme (for example through increased Code for Sustainable Homes attainment, but potentially through a wide range of matters).

3.4.2 A reduction in RLV would be seen if any of the costs within the appraisals are increased or the affordable housing revenue to the developer reduced, whilst maintaining the same private market sales values. These are all normal trends encountered in any such study (or indeed site-specific appraisal). They demonstrate the dynamic nature of the development process and the fluid nature of any appraisal modelling that endeavours to understand or demonstrate it.

3.4.3 The above will all have an impact on development viability because the sums of money remaining to purchase land after all costs are met (i.e. the RLVs) reduce as development costs increase (including increasing affordable housing requirements, in the context of this study). The importance of strong sales values to viability, particularly as development costs (again including affordable housing) increase, can clearly be seen.

3.4.4 A combination that includes multiple or all of the factors which decrease RLV (as per the examples listed above) will have the greatest impact on the viability of a scenario.

3.5 Schemes Above 15 Unit Affordable Housing Threshold

3.5.1 The impact of affordable housing proportion on development viability has been tested on all scheme sizes at 10%, 20%, 30% and 40%. This range of proportions has been tested to enable us to consider options around the Council's proposed policy scenarios.

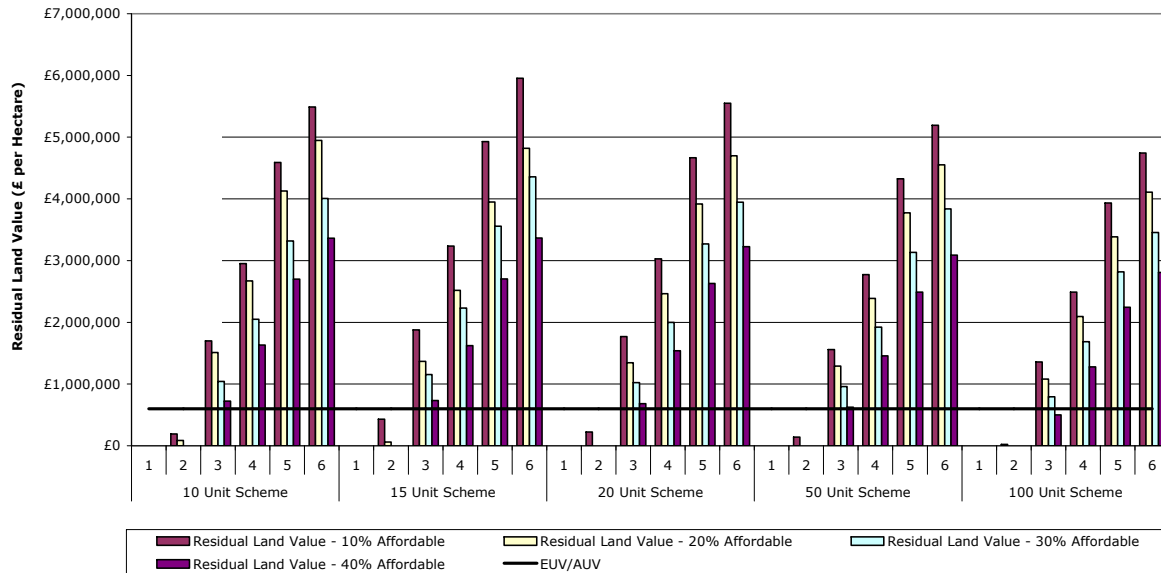
3.5.2 The lowest RLVs occur where the property values are lowest whilst the affordable housing proportion, and affordable rented tenure content of that, is highest. The following is based on our base appraisal assumptions. The impact of varying tenure, varying profit, higher infrastructure costs, higher sustainable design and construction standards are discussed later.

3.5.3 We have looked at sites of between 10 and 100 units including schemes with a mix of flats and houses. The density of these schemes has also been varied depending on the type. In the examples below we have shown the results at a medium density for the area.

3.5.4 Figure 6 below is taken from the results in Appendix 5 to show how the RLV reduces as the affordable housing proportion increases, and increases with value (Value Point). Also indicated in each case is a range of possible competing use values that may be relevant for comparison with the resulting RLV of the site dependent on its type location. In this case the range of potential commercial/industrial values are shown. The commercial/industrial land values are, as above, assumed at £600,000 per acre.

Figure 6:

Graph 11b: Summary of Residual Land Values (value per Hectare) at 10%, 20%, 30% & 40% Affordable Housing Across all Value Points 70% Social Rent/30% Shared Ownership Planning Infrastructure Level £10,000 Medium Density



3.5.5 Given the development cost levels and base assumptions as set out previously, at Value Point 1 and 2 there is little or no residual land value (RLV) generated on most of the schemes appraised except where we look at 0% affordable housing, and occasionally with low proportions of affordable housing (also see Appendix 2 for full results). This means essentially that, on this basis, there is insufficient value in schemes to overcome their costs whilst still creating sufficient development profit and a meaningful land value. As such, it would not be practical to expect such schemes to deliver affordable housing in any substantial proportions based on these assumptions, unless they were promoted on inherently low value sites – or where land did not have to be purchased (e.g. Council/public-owned land).

3.5.6 By Value Point 3, we start to see residual land values generated that could exceed industrial/commercial alternative use values and still provide an element of affordable housing.

3.5.7 By Value Points 3 and 4 much stronger RLVs are generated more often. In all cases we see that with 30% affordable housing, all alternative use values are exceeded, often significantly so. At 40% affordable housing this becomes more marginal in relation to alternative industrial/commercial values at Value Point 4.

3.5.8 By Value Point 5 and 6, at the upper end of the range of values most regularly seen locally, the indicative land values generated by our appraisals reach levels likely to be in excess of most potential

existing/alternative use values where there is a requirement for 40% affordable housing.

- 3.5.9 As with all study locations, there will be variations within, and exceptions to, these types of trends.

3.6 Schemes Below the 15 unit Affordable Housing Threshold

- 3.6.1 The overall impact of a range of potential affordable housing policies also needs to be judged with reference to the scheme size (principally number of dwellings) at which policy requirements could take effect. These scheme sizes, or trigger points for policy, are known as thresholds.

- 3.6.2 The wider evidence beyond this study points to lowered thresholds being necessary and justified to optimise progress towards meeting affordable housing needs. In the past, small sites have played a major part in housing supply in Thanet with a majority of housing delivery from sites that do not qualify to make affordable housing contributions (<15).

- 3.6.3 Following the Kent County Protocol on Strategic Housing Land Availability Assessments, Thanet District Council's SHLAA positively excludes sites of less than 5 dwellings and when looking at strategic sites for housing delivery is deliberately biased against smaller sites generally. As such, comparisons are not possible with past completions figures.

- 3.6.4 The study brief therefore extended to cover wider potential options including the review of a lowered or no threshold (i.e. where a wider range of smaller sites, or perhaps all sites, would contribute in some way towards meeting affordable housing needs).

- 3.6.5 Thanet District Council's currently applied affordable housing policies place a requirement for the provision of affordable housing on sites of 15 dwellings or more (or on sites over 0.5ha) across the district. To reflect schemes of fewer dwellings, i.e. falling outside the scope of the current approach, schemes of 2 units and 5 units were tested with 0% affordable housing on those smaller sites.

Figure 7:

Appendix 6

Valuations at 0% affordable/Code 3
Commuted Sums

Figures represent land value/% to GDV/land value per ha

Number of Units	Density	Value Point 1	Value Point 2	Value Point 3	Value Point 4	Value Point 5	Value Point 6
2	Low	£0	£21,107	£119,924	£188,602	£280,644	£321,724
		0.0%	6.6%	26.1%	33.7%	40.1%	42.3%
		£0	£316,608	£1,798,858	£2,829,032	£4,209,662	£4,825,855
	Medium	£0	£25,251	£95,834	£166,418	£243,584	£298,357
		0.0%	9.0%	25.2%	34.7%	40.6%	43.9%
		£0	£505,021	£1,916,687	£3,328,354	£4,871,683	£5,967,137
	High	£0	£0	£57,129	£120,654	£189,325	£281,352
		0.0%	0.0%	17.3%	28.7%	36.4%	42.6%
		£0	£0	£1,428,219	£3,016,344	£4,733,119	£7,033,804
5	Low	£0	£116,311	£316,707	£498,685	£730,240	£869,172
		0.0%	12.1%	24.9%	32.2%	38.4%	41.2%
		£0	£697,867	£1,900,241	£2,992,112	£4,381,438	£5,215,034
	Medium	£0	£54,933	£260,512	£427,631	£641,545	£754,014
		0.0%	7.2%	24.3%	32.4%	38.9%	41.4%
		£0	£439,462	£2,084,097	£3,421,048	£5,132,362	£6,032,116
	High	£0	£57,129	£249,273	£416,392	£623,806	£742,891
		0.0%	7.7%	24.2%	32.5%	39.0%	41.7%
		£0	£571,292	£2,492,732	£4,163,921	£6,238,063	£7,428,914

■ Agricultural value - £20k per hectare
■ Agricultural - Agricultural uplift £20k - £400k
■ Agricultural uplift - Lower industrial £400k - £600k
■ Industrial value - £600k plus

3.6.6 The table above show that at Value Point 3 the RLV per hectare easily exceed the industrial/commercial values.

3.6.7 It also shows that the range of RLVs as a % of GDV is between 20 and 25%

3.6.8 These results show that scheme size is not a determinant of viability in itself. This is a consistent finding common to all of our studies. There is nothing within the appraisal maths which suggests that smaller or larger sites tend to be any more or less viable than each other. It really does come down to site specifics – the nature of sites and the proposals for them relative to existing use, specific costs, etc, all as discussed.

3.6.9 On a scheme that would already be “captured” by the policy scope (i.e. 15 or more dwellings or 0.5ha) it must be assumed that there has been, and is already, a land value expectation adjustment in process. In other words, there is a growing acceptance more generally of the affordable housing requirements which affect those sites already within policy scope, and of the need for those to be factored in to early stages scheme discussions.

3.6.10 However, for sites falling beneath current policy scope, this is not the case (that expectation has not been in place). We do envisage, therefore, that there will be many cases initially where the developer/landowner will not have taken this into account and that there will be an increase in scheme-specific viability cases being submitted.

3.7 Approach to Seeking Affordable Housing Financial Contributions

- 3.7.1 The Council required the study to include consideration of the collection of financial contributions on smaller development sites. The thinking behind this is the need to optimise overall contributions towards meeting affordable housing needs by seeking some level of provision from the numerous smaller sites which typically make up a significant proportion of the authority's housing delivery pattern.
- 3.7.2 In all of our calculations for such studies we find no reason for stating that smaller sites are more or less financially viable than larger ones. Hence there is no viability reason why smaller sites should not make an appropriate, carefully judged, level of contribution towards meeting affordable housing needs.
- 3.7.3 The approach could reduce the inevitable abrupt step in requirements once the on-site affordable housing threshold takes effect. While specific thresholds are arbitrary, we consider that this type of approach could also have the potential to respect the practicalities that can sometimes be experienced in seeking to provide successful small developments that incorporate on-site affordable housing.
- 3.7.4 This approach, if implemented, would effectively mean an effective removal of thresholds but with financial payments being made (in lieu of on-site affordable housing requirements) from schemes within the size range of 1 to 14 units.
- 3.7.5 The range covered in this instance relates to the potential viability of requesting financial contribution payments for affordable housing from schemes of fewer than 15 dwellings.
- 3.7.6 Adams Integra's approach to financial contributions for affordable housing (regardless of scheme size) is set out in detail below. This is used to test the potential for the collection of carefully judged financial contributions from schemes below any on-site threshold. It does not preclude the use of any other methodology or calculation.
- 3.7.7 At the time of writing, Adams Integra is aware that many authorities are looking at, or pursuing, the idea of all sites making some form of contribution. Other local authorities, particularly in the South, are exploring the scope for, and issues with, lower thresholds and/or financial contributions linked to smaller sites in a similar way.
- 3.7.8 We are asked to review these areas, in terms of viability, in many of our studies.
- 3.7.9 Compared with previous national advice under Circular 6/98 and PPG3 (now rescinded), the Government's previous statement on planning for

housing (PPS3) gave more scope for the consideration of thresholds, related to local circumstances “where viable and practicable” and this is continued in the NPPF

3.7.10 Ours is by no means the definitive or only approach that could or should be taken in the collection of financial contributions. As far as establishing or indicating payment levels is concerned, local authorities adopt a number of calculation methods. In most cases it means considering a methodology which either:

- Relates to the build cost of the affordable homes, or
- Relates to the land cost element – allied to a nil-cost land approach to on site affordable housing, or
- Considers the difference between the open market sale revenue and the affordable housing revenue for the relevant homes which would have formed the on-site quota.

3.7.11 Our suggested route is purely a mechanism to allow us to calculate a reasonable contribution and test the impact on development viability of collecting those sums of money in lieu of on-site affordable housing provision. It is an approach that has been applied usefully and successfully in negotiations, outside of Thanet District. We have selected it because it relates to land value, and so shares thinking with the study basis. In our experience this also usually makes it better understood by landowners and developers compared with potentially complex and highly variable affordable housing funding related mechanisms. A commuted sums methodology based on land value links well to market reality and processes, and should be simpler to take account of in the early stages of site feasibility.

3.7.12 In essence, the methodology involves calculating how much it would cost, approximately, to go off-site and replace the land on which the affordable housing would have been provided on-site. This is the basis we have assumed, and we allow for indicative costs associated with land purchase and getting the site ready for development (aspects which would usually be provided or assumed within the arrangements and calculations for on-site affordable housing).

3.7.13 We are assuming here a straightforward payment being made by the landowner (who may be the developer) under the terms of a Section 106 agreement in much the same way as occurs with planning obligations for aspects such as highways/transport, open space, education, etc. The calculation should not (and this way it does not) look at the benefit to the developer of moving the affordable housing contribution off-site. The Government’s previous statement on planning for housing (PPS3) requires

the contribution secured to be “of broadly equivalent value” to that which would have been secured through on-site provision.

3.7.14 Adams Integra’s suggested route involves a formulaic approach to approximating the land value that needs to be replaced elsewhere, and then allowing also for the cost of acquiring and servicing that land – as above. In practice, the Council might not look to buy another site, but should have a strategy for monitoring, managing, allocating and committing these contributions. That strategy could include providing a variety of more creative affordable housing funding assistance to other local schemes, addressing priority needs and contributing to sustainable communities aims - again as envisaged by NPPF.

3.7.15 The methodology used to calculate the financial contributions involves taking a pre-affordable housing land (plot) value, calculated as a percentage of the market sale value of a property and taking account of other planning obligations and development cost assumptions. For this study this percentage reflects the pre-affordable housing RLV results, as taken from this study. We take the view that an allowance should be added to this base sum (bearing in mind that as well as land value there would be acquisition and (potentially) site preparation and servicing costs to bear). We are envisaging being able to replace the land elsewhere as the broadly equivalent benefit being secured.

3.7.16 The financial contribution is calculated via the following steps:

- a. Gross development value of each housetype.
- b. Multiply by the RLV percentage. In Thanet’s case, we have used 22%, derived as per 3.7.15 above (and see also Appendix 7).
- c. Add 15% of the result of [a x b] to reflect (as an estimate) site acquisition and preparation/servicing costs.
- d. Apply to the relevant dwelling numbers and types, and to the equivalent affordable housing policy proportion – 30%.

3.7.17 To further illustrate the principle, the following is a worked example:

Example – Scheme of 3 x 3 bed houses

1. OMV of 3 bed house at Value Point 3	£230,000
2. Multiply by the RLV percentage (22%)	£50,600
3. Add 15% on-costs	£58,190

4. Apply affordable housing equivalent proportion 30% = £17,457

5. Multiply by no. of units (3)

6. Financial contribution payable £52,371

3.7.18 The results suggest that seeking to collect financial contributions driven by these sums in areas or instances that fall within Value Point 1 to 2 will have a significant impact on viability – again reflective of the on-site affordable housing results. At Value Point 3 value levels and above, RLVs improve to the point where, with the normal caveats applying (with regard to scheme specifics, being allied to a target approach as with on-site provision, etc), viability should be workable subject to a negotiated approach. So we see a similar pattern, as would be expected, to the on-site affordable housing results.

3.7.19 Whilst, as with other results, there can be no single right answer or definitive cut-off point. The results suggest that a 30% affordable equivalent based financial contribution could be workable on this basis.

3.7.20 This also has to be viewed in the context of site specifics. In pure viability terms, similar considerations apply as with on-site situations. What one landowner finds acceptable as a payment for their land will be different from another. This is especially true on small sites where we could be considering garden plots, etc. In real monetary terms, the residual value of land may reduce to the point whereby landowners of small plots do not feel there is sufficient recompense to sell. Equally, where existing residential units are bought up and demolished to make way for a larger number of units, viability issues may occur. This is due to the high value of the existing residential properties that usually needs to be overcome before the new development can become viable. The approach needs to respect the market-driven basis that it would be reliant upon, not be too rigid, and be sensitive to these factors.

3.7.21 Having set out a formulaic approach for schemes below the on-site provision threshold, we suggest that the same basis could also be applied for larger sites or schemes in higher value areas where (exceptionally) it is agreed that the most appropriate solution for meeting balanced communities and wider planning objectives is through a financial contributions route. This would promote consistency within the overall approach. In all cases the relevant per unit (dwelling) sums would be apportioned depending on the scheme details and relevant affordable housing equivalent proportion. In any event, it could play a role as an additional tool for the Council – for example, in moving affordable housing subsidy to support higher priority schemes, or (if a mix of on-site homes and part contributions is applied) to cross-subsidise a reduced number of priority needs affordable rented homes within the same scheme.

3.7.22 Policy development should include this financial contributions aspect if it is to be pursued, so as to make clear to landowners and developers the essence of its approach and at least on what general basis calculations would be made. It is an area of the Council's potential approach that may need to be developed in further detail through a separate SPD or DPD.

3.8 Social Housing Grant and other Subsidy

3.8.1 Given the potential viability constraints discussed so far at Value Point 1 and Value Point 2 it is likely that social housing grant or other public subsidy will need to continue be brought in to the district to support delivery. On lower value schemes, it should be possible for the Council and its partners to readily demonstrate the "additionality" achieved through grant input where that is available, in accordance with the type of HCA principles that have been applied to date.

3.8.2 We have looked generically at the intermediate tenure, since what counts for financial viability is the level of revenue it produces for the developer. This reflects the increased likelihood that it will be seen in varied forms and combinations within schemes. This is purely for the purposes of fixing assumptions and reviewing financial viability, whereby we are looking at increased payments to the developer compared with affordable rented tenure (particularly with no grant). It does not prevent the Council and its range of partners from considering and perhaps trialling a range of tenure models, or from varying the assumptions we have applied. Indeed such an approach is to be encouraged – we expect that there will be a role for a wider menu of tenure options.

3.8.3 Whilst (in line with the HCA's "additionality" approach), the Council's starting point has to be to consider what affordable housing can be achieved without grant, our view is that grant or some other form of subsidy such as money raised from financial contributions is likely to have an important role to play in balanced housing delivery locally that would continue to include genuinely affordable housing options including affordable (social) rented tenure or some other equivalent package/housing offer. This may well be the case, particularly in supporting varied and appropriate tenure provision, and perhaps especially on lower value schemes or in other situations where viability may be more marginal. We understand that the Council's general approach will be to seek a tenure mix of 70%/30%, although as a guide and starting point – so that site specifics will prevail. The HCA have been contacted previously and Adams Integra were provided with the following information and default position which reflects our understanding:

"The Homes and Communities Agency works on a basis of additionality on s.106 sites whereby any social housing grant going into a scheme is to

purchase outcomes above and beyond those that can be delivered through the s.106 agreement itself. The starting position is to assume no grant goes into an s.106 site as the s.106 itself should be securing affordable housing outcomes. Grant input would then be required to improve the affordable housing outputs (e.g. secure a greater percentage of social rented homes)."

- 3.8.4 The levels of local needs still point towards a significant bias to affordable (social) rented tenure as a target position, or to an alternative offer/package of measures which continues to offer an equivalent level of affordability.
- 3.8.5 In our experience, an approximately balanced affordable tenure mix (e.g. approximately equal proportions of affordable (social/equivalent) rent and intermediate) can be achieved with little or no grant, providing the overall affordable housing proportions sought (and other planning obligations requirements) are not too high. However, as above, we consider that there is a role for grant or other subsidy which is as a result of financial contributions.

3.9 Sustainable Design and Construction Standards

- 3.9.1 Further sensitivity analysis has been carried out on the impact of applying likely additional development costs to schemes as the requirement to meet higher sustainable construction and design criteria increases over time. There are various interpretations of how the requirements will progress and be laid out at a national level, but it is likely that they will be achieved through increasing Building Regulations requirements, with the Code potentially used as a tool or mode for achieving carbon reduction measures and other criteria. For the purposes of this study we have used the attainment of varying levels of the Code for Sustainable Homes as our cost measure. All (base) appraisals have been carried out assuming that Code Level 3 is achieved. In addition, on a sample of site types we have also carried out appraisals that assume Code Level 4 and 5 attainment and then CfSH Level 3 but with the Water requirement of the Code meeting Level 5 (CfSH L3 plus Level 5 Water) and also of meeting CfSH Level 4 but with the Water element of the Code meeting Level 5 (CfSH Level 4 plus Level 5 Water).
- 3.9.2 The sensitivity analysis has been carried out on all the schemes for all Value Points at 10%, 20%, 30% and 40% Affordable Housing with a CIL of £10,000 per property. The tables in Appendix 7 show the impact a requirement to meet the various Code for Sustainable Homes Levels has on RLVs when taking into account the other base assumptions in this study.

- 3.9.3 The effect of the above on viability mean that the overall percentage can be maintained for Code Level 4 and Code Level 3 (+ Code Level 5 for water). However, the increased costs associated with Code Level 5 mean that the affordable housing requirement would need to be reduced to an overall provision of 10% and for Code Level 4 (+ Code Level 5 for water) mean that the affordable housing requirement would need to be reduced to an overall provision of 20%.
- 3.9.4 There are potentially cost savings to be made over time as the likelihood of meeting the CfSH requirements becomes cheaper (potentially as technologies and their supply improve and cost savings are made through future innovations in this area). We cannot assume those and so do not build in any such savings from developments in this area.
- 3.9.5 There will be a trade-off that may be required in some instances in order to meet these requirements and still provide profitable residential development.

3.10 Implications of the National Planning Policy Framework (NPPF)

- 3.10.1 This study was mainly carried out when the Government's previous statement on planning for housing (PPS3) was extant but following the recent introduction of the NPPF this work has been reviewed in light of it and remains relevant.
- 3.10.2 The extracts below from the NPPF outline the way in which policy and development management decisions should take account of viability issues. The critical phrases are outlined for emphasis.
- 3.10.3 Aims of NPPF - To deliver a wide choice of high quality homes, widen opportunities for home ownership and create sustainable, inclusive and mixed communities, local planning authorities should:
- Plan for a mix of housing based on current and future demographic trends, market trends and the needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes),
 - Identify the size, type, tenure and range of housing that is required in particular locations, reflecting local demand; and
 - Where they have identified that affordable housing is needed, set policies for meeting this need on site, unless off-site provision or a financial contribution of broadly equivalent value can be robustly justified (for example to improve or make more effective use of the

existing housing stock) and the agreed approach contributes to the objective of creating mixed and balanced communities. Such policies should be sufficiently flexible to take account of changing market conditions over time.

- 3.10.4 SHLAA - Authorities should prepare a Strategic Housing Land Availability Assessment to establish realistic assumptions about the availability, suitability and the likely economic viability of land to meet the identified need for housing over the plan period.
- 3.10.5 The NPPF goes on to indicate that pursuing sustainable development requires careful attention to viability and costs in plan-making and decision-taking. Plans should be deliverable. Therefore, the sites and the scale of development identified in the plan should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened. To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking account of the normal cost of development and mitigation, provide competitive returns to a willing landowner and willing developer to enable the development to be deliverable.
- 3.10.6 The NPPF goes on to indicate that Local planning authorities should set out their policy on local standards in the Local Plan, including requirements for affordable housing. They should assess the likely cumulative impacts on development in their area of all existing and proposed local standards, supplementary planning documents and policies that support the development plan, when added to nationally required standards. In order to be appropriate, the cumulative impact of these standards and policies should not put implementation of the plan at serious risk, and should facilitate development throughout the economic cycle. Evidence supporting the assessment should be proportionate, using only appropriate available evidence.
- 3.10.7 CIL - Where practical, Community Infrastructure Levy charges should be worked up and tested alongside the Local Plan. The Community Infrastructure Levy should support and incentivise new development, particularly by placing control over a meaningful proportion of the funds raised with the neighbourhoods where development takes place.
- 3.10.8 The NPPF goes on to indicate that where safeguards are necessary to make a particular development acceptable in planning terms (such as environmental mitigation or compensation), the development should not be approved if the measures required cannot be secured through appropriate conditions or agreements. The need for such safeguards should be clearly justified through discussions with the applicant, and the

options for keeping such costs to a minimum fully explored, so that development is not inhibited unnecessarily.

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

4 Community Infrastructure Levy (CIL)

- 4.1 Infrastructure is taken to mean any service or facility that supports the city and its population and includes but is not limited to transport, energy, water, drainage, waste, ITC, open space, affordable housing, education, health community services and culture and leisure. In the case of current Community Infrastructure Levy (CIL) scope, and therefore this assessment, affordable housing is assumed to be outside the scope of CIL and dealt with in the established way through site specific planning (s.106) agreements. Affordable housing has been allowed for separately, in addition to CIL.
- 4.2 The Community Infrastructure Levy came into force in April 2010 and allows local authorities in England and Wales to raise funds from developers undertaking new developments in their area. The levy is charged on most new developments that involve an increase in floor space. Most developments under 100 square metres in area will not pay the levy, for example, a small extension to a house. But development that involves the creation of a new residential unit (such as a house or a flat) will pay the charge, even if the unit is below 100 square metres in area. The charge will be expressed as a rate per sq m of development. The money raised can be spent on the infrastructure needed to support the development of the Council area and the government will require that charging authorities allocate a meaningful proportion of levy revenue raised in each neighbourhood back to that neighbourhood.
- 4.3 Any authority wishing to charge CIL must produce a charging schedule setting out the levy's rates in their area. The CIL rate or rates should be set at a level that ensures that development within their area is not put at serious risk.
- 4.4 Thanet District Council is now in the process of bringing forward a Community Infrastructure Levy draft charging schedule. Central to this process is the consideration of the balance between securing additional investment for infrastructure to support development and the economic effect of imposing CIL upon development of an area. For this reason, the Council commissioned Adams Integra to carry out a strategic level economic viability assessment of the level at which CIL could be set so that development remains likely to be viable in conjunction with the affordable housing viability assessment
- 4.5 This study investigates the potential for charging CIL by showing the likely impact on economic viability of residential and non-residential development scenarios.

- 4.6 It aims to provide the Council with advice as to the likely viability of seeking developer contributions towards infrastructure in the form of CIL.
- 4.7 The report will set out findings for the Council to consider in taking forward its further development work on the local implementation of the CIL and in particular the Council's Draft Charging Schedule.
- 4.8 This study investigates the potential for development to contribute to infrastructure provision funding across Thanet through the collection of money charged via the Community Infrastructure Levy.
- 4.9 As explained earlier in this report we have run development appraisals using the well-recognised principles of residual valuation on a number of notional residential scheme types. In this section we have run appraisals on non-residential schemes.
- 4.10 Commercial schemes were developed through utilising information supplied by, and through consultation with, the Council, as supplemented with/checked against wider information. The following sets out the various notional scheme types modelled for this study covering a range of planning use classes in order to test the impact on viability of requiring CIL contributions from commercial development:

Use Class	Example Scheme Type	GIA (m ²)	Site Coverage	Site Size (Ha)
A1 - Retail Warehouse	Out of Town Retail Warehouse	1000	35%	0.29
A1, A2, A3, A4, A5 - Small Retail	Convenience Store	300	80%	0.04
B1(a) Offices	Office – Town Centre	300	400%	0.01
	Office – Out of Town Business Park	2000	40%	0.50
B1 Light industrial, B2, B8 - Industrial	Industrial Warehouse	3000	40%	0.75
C1 - Hotel	Hotel	3000	60%	0.50
C2 - Residential Institution	Nursing Home	3000	60%	0.50
D1 and D2 – Institutional and Community: Leisure	Cinema	2000	50%	0.33

- 4.11 The site coverage indicated is based on information supplemented by examples and case studies from our research, which included articles sourced from a variety of construction and other development industry features within a range of publications, and in some cases available

property details. Collectively our research enabled us to apply a level of “sense check” to our proposed assumptions.

4.12 Gross Development Value (Scheme Value) – Commercial

4.12.1 The value generated by a non-residential (commercial) scheme varies enormously by type of development and location. In order to test the viability of commercial schemes some assumptions have had to be made with regard to rental values and yields of each commercial scheme tested. Data on yields and rental values has come from a range of sources including the VOA and a number of development industry publications and features. Along with residential values background data, land value data etc.

4.12.2 The table below shows the range of yields and rental values assumed for each scheme type in order to capitalise the annual rental value and provide a Gross Development Value for each scheme dependent on the combination of yield and rental value. The rental values were tested at an average rental value assessed as relevant for each commercial scheme type. All were tested at yields of 7% and 8%. It is important to note here the impact on the gross development value (and thus the viability of a scheme) that small variations in yield or rental value can have. This approach enabled us to consider the sensitivity of likely viability outcomes to changes in the capitalised rents and allowed us to then consider the most relevant areas of the results in coming to our overview.

Scheme Type	Value Level £/m²
A1 - Retail Warehouse	£130
A1, A2, A3, A4, A5 - Small Retail	£120
B1(a) Offices (Centre)	£160
B1(a) Offices (Out of Town)	£140
B1 Light industrial, B2, B8 - Industrial	£60
C1 - Hotel	£180
C2 - Residential Institution	£180
D1 and D2 – Institutional and Community: Leisure	£160

4.13 Development Costs – Build Costs

4.13.1 The build costs shown below are taken from the BCIS and the median figure, rebased to Q (i.e. latest available pre-forecast data at the time of the research) and a Thanet location index used. Costs shown are for each commercial development type:

Use Class	Property Type	BCIS Build Cost (£/m ²)
A1 – Shops	Retail Warehouse	£548
A1, A2, A3, A4, A5 – (Small Retail)	Convenience Store	£672
B1(a) Offices	Office Building – Centre Office Building – Out of town Business Park	£1,224 £1,155
B1 light industrial, B2, B8 – Industrial	Industrial Warehouse	£472
C1 – Hotel	Hotel	£1,255
C2 – Residential Institution	Nursing Home	£1,279
D1 and D2 – Institutional and Community: Leisure	Cinema	£1,200

4.13.2 The above build costs do not include contingencies or external works. An allowance for externals has been added to the above base build cost on a variable basis depending on the scheme type but typically a notional allowance of 20% of build cost has been added for all commercial schemes based on a range of information sources and cost models. There will always be a range of data and opinions on, and methods of describing, build costs. In our view, we have made reasonable assumptions which lie within the range of figures we generally see for typical new build schemes. As with many aspects there is no single appropriate figure in reality, so a judgement on some form of benchmark is necessary. As with any assumption of course this will be highly site specific and in many cases externals costs will be lower than assumed.

4.14 Development Costs – Fees, Finance & Profit

4.14.1 The following costs have been assumed for the purposes of this study

Development cost allowances for commercial development are as follows:

- **Professional and other fees:**
- Total of 12% of build cost (including planning, building regulations, insurances, etc)
- **Site Acquisition Fees:**
- 1.0% agent's fees
- 0.75% legal fees
- Standard rate for stamp duty
- Finance: 6.5% interest rate (assumes scheme is debt funded)
- 0.1% (of cost) arrangement fee
- **Marketing costs:**
- 1% advertising fees (% of annual income)
- 1.75% sales fees (of sales price where applicable)
- 10% letting fees (% of annual income)
- Developer Profit: 20% of GDV

On discussion with the Council it was considered that a majority of existing Planning Obligation requirements would be taken up with the CIL but that site-specific requirements (perhaps dedicated highways improvements/alterations or similar) could remain. For the commercial schemes it has therefore been assumed that this sum would now be covered by CIL and therefore has not been included within the appraisal assumptions

4.15 Competing Land Use Values (Existing/Alternative Use Values)

4.15.1 As discussed previously, in order to measure the likely viable level of CIL contribution from either a residential or commercial development scheme, a comparison needs to be made between the outturn results of the development appraisals (in terms of residual value) and some benchmark or known land value. The difference between these two values allows us to judge the potential scope for the maximum level of CIL that could be charged.

4.16 Non-Residential (Commercial) Findings

4.16.1 The appraisals were carried out using the RLV method and the resulting land value compared to the EUV. Any surplus is then considered as being available for CIL.

As would be expected, the commercial appraisal findings are very wide ranging.

Whilst these are certainly sensitive to the annual rental value estimates used and these two factors cannot be separated, they also appear highly sensitive to variation in the yield assumed - which in essence is reflected through significant changes to the rental multiplier ('Years Purchase' - 'YP') from a small change (say +/- 0.5%) to the yield assumption.

4.16.2 For this strategic overview rather than detailed valuation exercise we have essentially considered the interaction of rent and yield as presenting a view of sample ranges within which capitalised net rents could fall. In this way we have explored various combinations of assumptions (including capitalised rental levels) which produce a range of results from negative outcomes (meaning very limited or nil CIL scope) to those which produce meaningful CIL scope.

4.16.3 Another factor to which the commercial outcomes are greatly sensitive is the site coverage of a scheme, i.e. the amount of accommodation to be provided on a given site area; very much the equivalent of residential scheme density. This can dramatically affect results, combined with the EUV/AUV (plus any potential uplift) comparison that might need to be made.

4.16.4 We will now summarise the assessment findings for the commercial uses (development scenarios) considered, bearing in mind that scheme types will be highly variable:

Use Class	Example Scheme Type	GIA (m ²)	Site Coverage	Site Size (Ha)	Rents	LY/HR	Potential CIL/m ²	HY/LR	Potential CIL/m ²	BUILD COSTS
D1 and D2 – Institutional and Community: Leisure	Cinema	2000	80%	0.33	150	7	£71.51	8	-£116	£1,200
C2 - Residential Institution	Nursing Home	3000	60%	0.5	180	7	£0	8	-£237	£1,279
C1 - Hotel	Hotel	3000	60%	0.5	180	7	£32	8	-£205	£1,255
B1 Light industrial, B2, B8 - Industrial	Industrial Warehouse	3000	40%	0.75	60	7	-£122	8	-£201	£472
B1(a) Offices	Office – Town Centre	300	400%	0.01	160	7	£25	8	-£186	£1,224
	Office – Out of Town Business Park	2000	40%	0.5	140	7	-£134	8	-£319	£1,115
A1 - Retail Warehouse	Out of Town Retail Warehouse	1000	35%	0.29	130	7	£456	8	£294	£548
A1, A2, A3, A4, A5 - Small Retail	Convenience Store	300	80%	0.04	120	7	£281	8	£131	£672

Each Appendix contains appraisal input and output summaries. These are not the full appraisals but are intended to provide an overview of the main assumptions areas and the outcomes, to help an understanding of how the residual land valuation process has been used here.

The results are highly variable in line with the high level nature of this assessment, which is to be used as a viability health-check from a strategic perspective alongside the Council’s wider work on, and consideration of, a range of other factors – potentially including:

- Infrastructure needs, the funding gaps associated with those and the share of those to be borne by new development in the District.
- The frequency with which various types of development are likely to come forward – linked to the potential CIL “yield” from those, and;
- How the balance should be set in the District between the CIL charging levels (seeking to optimise contributions towards local infrastructure) and a range of wider planning and local economic objectives (seeking to continue to promote and encourage sustainable development; rather than unduly disincentivising it).

This links to avoiding “setting a charge right up to the margin of economic viability” in accordance with the tone of the Government (CLG) guidance as far as available to date.

4.16.5 A common theme running through all of the results (commercial and residential) is that they are highly sensitive to varied appraisal inputs and the EUV/AUV used as a benchmark. A relatively small adjustment, particularly in some assumption areas can have a significant effect on the result.

This assessment process explores the degree to which changes in key assumptions produce varying results. In this way it is not a specific valuation exercise (it cannot be) but it has enabled us to consider the level of CIL that could be charged for commercial properties.

In the early assessment stages in particular, we kept an open mind as to whether any sufficiently clear values patterns were evident for a reliable link with CIL charging rates for Thanet that might be varied in some way by geography – particular zones, key centres, localities / neighbourhoods, etc. In agreement with other viability work previously carried out for the Council. We have concluded on further review that is not possible to clearly define varying CIL charging zones for residential or commercial development given that in practice values are seen to vary between different sides or ends of the same street; and even between varying parts of larger schemes.

There are typically higher value areas (for example areas of Broadstairs and the Thanet villages). However, higher development costs and land values are likely to be relevant for such schemes. Given the requirement to set CIL charging rates in the context of the needs / funding gap assessment, rather than setting them too high based purely on any increased viability scope in certain instances, we consider it more appropriate in the Thanet context not to risk over-complicating policy and potentially deterring activity in those areas or similar cases, by setting differential rates. The reverse scenario also needs to be considered i.e. in the context of areas that may be typically lower value (such as Cliftonville and some areas of Margate, and Ramsgate). In our opinion it would not be appropriate to set lower rates of CIL bearing in mind that those locations may also “host” some higher value schemes. This can include developments that buck very local trends by benefiting from the regenerative and transformational effects seen in certain parts of the District.

5 CONCLUSIONS & RECOMMENDATIONS

5.1 Thanet District values and headlines for affordable housing proportions

5.1.1. Typical current new build value levels in Thanet (and to a degree, looking ahead at a potentially improving market) are best represented by our Value Points 2 to 5 (range £175 to £396/ft²) from within the wider range we studied given the strategic context of this work (as below - Figure 8).

Figure 8: New Build Range of Values

Value Point	From £/ft ²	To £/ft ²	General Indications
1	£129	£153	Market falling from current lower end.
2	£175	£200	Lower end values
3	£247	£251	Mid-range values
4	£294	£320	Mid to upper-end values
5	£323	£396	Upper end values
6	£353	£503	Market rising from current upper end

5.1.2 Within that part of our overall range of values assumptions, we consider that Value Points 3 and 4 are most relevant to the district and for the consideration of policy – not just now, but also looking ahead through scenario testing (with the acknowledgement that it is impossible to predict long-term market performance), but also allowing for a wide variety of scheme and location types. As appropriate to long-term policy formulation, the methodology employed in this study (whereby a range of value levels (Value Points) is reviewed and appraised) ensures that the results of the study cover not just short-term market conditions but also potential market fluctuations.

5.1.3 Whilst we noted variations in value levels within urban areas and, as would be expected, down to street-by-street or very localised levels, the main values patterns we observed were notably higher values generally applicable to the Broadstairs and the Thanet villages. This is a general overview and made from comparison with the typically lower and relatively consistent tone of values (when viewed overall) seen in Cliftonville, Eastcliffe and areas of Margate. This rather mixed pattern of values within the district means that, on viability grounds alone, it would be very difficult to promote policy options around varying affordable housing targets based on higher and lower value areas. Those would also need to be defined to underpin such an approach, whereas in fact we see a much more blurred overview of value levels here. As a result, in reality viability outcomes will vary within Margate, for example, just as they will when comparing any two individual scenarios district-wide. Given these points, our view is that consideration of thresholds levels (the general potential to lower those) is

likely to provide a better route to optimising affordable housing supply than looking to increase targets with respect to areas that may generally (rather than reliably) provide higher value schemes.

- 5.1.4 It follows that the results represent a wide range of scenarios and a mixed overall picture of scheme viability for the district, which we must be mindful of by not underpinning our thinking and recommendations based on new build value levels which may not be seen frequently enough in the areas most likely to deliver significant housing numbers in the Thanet context.
- 5.1.5 The following subsection will develop this finding from the key base appraisal results. We have explored the wider potential options for the pitching of the headline policy in terms of higher target proportions.
- 5.1.6 Through this review we have considered and discussed with the Council the potential scope to look beyond 30% in the higher value Broadstairs and Thanet Villages areas perhaps towards a 40% target. However, on balance we feel an appropriate headline affordable housing policy target applicable district-wide would be 30%. A headline target at this single level would be positive for clarity, would respect the variety of values and the fact that a key aim of the Council is to promote investment and development activity – in response to which taking a sensitive stance to viability so far as the levels of affordable housing need permit appears to be the right approach. A 30% target looks to strike the right balance between the opposing tensions of needs and viability, and be appropriately challenging in viability terms through going as far as possible given the local market scope to support much needed contributions towards meeting affordable housing need. This scope refers to most situations, where land value comparisons will need to be made with other potentially valuable uses, be they existing or alternative uses.

Recommendation 1:

An appropriate headline policy target applicable to Thanet District would be to seek 30% affordable housing on sites of 15 or more dwellings.

Aside from the positioning of the policies, we consider there to be a key role for the Council in monitoring its local property market through regular/ongoing information reviews, i.e. keeping familiar with local development activity, pricing and trends; regular capturing of agents' views, developers' and RPs' feedback and the like, Land Registry house price and other indicator trends and other locally relevant information.

- 5.1.7 This is the type of information we have gathered and reviewed and could very usefully be kept “live” and topical. We feel that this would be very beneficial in providing expanded and local context for, and links with, the wider monitoring the Council carries out (it could also be related to local incomes and other economic trends, housing supply data, etc). If this is kept up-to-date, it will lead to a good base level of familiarity with values levels and other aspects likely to be relevant for ongoing site-specific discussions.
- 5.1.8 The 30% target takes account of the collective impacts on schemes with regard to the general direction of increasing planning obligations, build enhancements through increasing Building Regulations/Code for Sustainable Homes, etc, as well as the particular local water supply and usage issue that the Council is likely to address through Local Plan policy development. This study has tested Code Level 3 standards (and above), all the positive recommendations put forward here show the achievability of reasonable sustainable construction standards alongside market delivery of affordable housing.
- 5.1.9 In coming to this recommendation we are also bearing in mind that affordable housing is not just about numbers, but also about dwelling types and mix, tenure, affordability, quality and choice.
- 5.1.10 The above policy scope relates primarily to scenarios of 15 or more dwellings, rather than any smaller site releases.
- 5.1.11 The study has also investigated the scope for the Council to consider lowering the threshold for affordable housing contributions given the high frequency of schemes of fewer than 15 dwellings, including the incidence of schemes of fewer than 5. We consider that a widened scope of affordable housing policy – including a greater range of, smaller, sites - could have the potential to be a more equitable approach overall. It is our opinion that the lowering of thresholds district-wide would be more likely to enhance the planning-led delivery of affordable housing than looking to increase target proportions (e.g. to 40%) in the two typically higher Value Point areas.
- 5.1.12 Given the level of affordable housing need as identified within the Council’s East Kent Strategic Housing Market Assessment (2009) (EKSHMA) and local site supply pattern (source of new housing) we consider that a more equitable overall approach could well result from a lowered threshold for seeking affordable housing from market-led housing developments.
- 5.1.13 We consider that there is a range of mainly practical (integration, design, affordability and management) and sustainability reasons pointing away from a requirement for on-site affordable housing on developments of

fewer than 15 dwellings. Following the consultation process with RPs they confirmed that they would not like to see less than 4 units on site.

Recommendation 2:

We consider it to be appropriate for the Council to lower the affordable housing policy thresholds (retaining 30% affordable housing) to all new housing. Unless compelling local factors and evidence point to the workability and sustainability of potentially highly dispersed singles or pairs of affordable homes, our view is that schemes of fewer than 15 dwellings should not be expected to provide on-site affordable housing as a general rule but should provide a financial contribution as per Recommendation 3 below at an amount equivalent to 30% affordable housing.

5.1.14 In addition to the first-time impact effect on smaller sites, we also acknowledge the need to bear in mind that the residual land value produced by a residential development may be increasingly marginal compared with an existing or alternative use value (in terms of monetary (£ sum) rather than in £/Ha value).

5.1.15 There may be various workable options open to the Council to consider for an approach to targets and providing clarity, allied to lowered thresholds – as per the principles/alternatives indicated in the following recommendations:

Recommendation 3:

On sites in the range of 1–14 an alternative to on-site affordable housing provision (for example, the use of a financial contributions strategy) would be appropriate. Financial contributions can be related to the exact affordable housing equivalent produced by a calculation – numbers rounding need not affect their use.

5.1.16 Given the profile of housing needs in the district, in common with many other areas, the Council will be obliged to seek to optimise the rented tenure provision in the particular circumstances relevant to specific schemes.

5.1.17 Intermediate forms of affordable tenure have the capacity to contribute to improving scheme viability.

Recommendation 4:

The starting point for negotiation will generally be to expect 70% social rent (which includes affordable rent) and 30% intermediate tenure in line with the recommendations of the Council's existing policy.

- 5.1.18 Affordable housing tenure mix should be related to evidenced needs and high level strategy rather than applied rigidly from site to site; much will depend on the specific circumstances.
- 5.1.19 All outcomes will be dependent on site specifics, notwithstanding the certainty of expectations that is required alongside an appropriate balance between affordable housing need and viability.
- 5.1.20 Some flexibility may well be needed on the application of affordable housing targets particularly in the short-term (noting the ongoing market uncertainties) and especially if the collective costs burden on schemes is to rise significantly (including higher Code for Sustainable Homes Levels, potential local water resources issues and increased wider planning obligations).
- 5.1.21 In the very high value areas (Value Points 5 and 6) it may be advantageous to the Council to negotiate an off-site financial contribution in lieu of the developer providing the affordable housing on-site (either partly or wholly) to enable the Council to spend the money in a lower value area and by so doing provide more affordable housing of the right type and tenure.

Recommendation 5:

In some high value areas, the Council may wish to consider exceptionally accepting financial contributions in lieu of providing all or some of the affordable units on site, where for example this would more effectively address meeting affordable housing needs in the local community.

- 5.1.22 In all cases the policy positions should be set out as clear targets, to help inform land value expectations and form the basis for a continued practical, negotiated approach. Precise wording of policy is an important aspect, particularly in relation to the terms associated with the targets. It needs to create clarity.

Recommendation 6:

Policy should be clearly worded so as to set out genuine targets (but not by reference to ranges, minimums or other variables) with the approach acknowledging the role of viability and application of flexibility where required.

5.1.23 Policy wording will need to acknowledge the relevance of considering development viability on case specifics.

5.1.24 The cost of assessing the validity of a financial viability argument should be borne by the developer making the application.

Recommendation 7:

Where a developer considers a site has particular viability issues then the developer should put forward a case which will then be subject to independent assessment to enable full consideration by the Council. (The cost of any scheme specific viability assessment should be funded by the applicant).

5.2 Thanet District headlines for CIL rates

5.2.1 Given CIL's nature as a fixed tariff, it is important that the Council selects rates that are not on the limit of viability. This is particularly important for commercial floorspace, where the Council does not have the ability to 'flex' other planning obligations to absorb site-specific viability issues. In contrast, the Council could in principle set higher rates for residential schemes as the level of affordable housing could be adjusted in the case of marginally viable schemes. However, this approach runs the risk of frustrating one of the Council's other key objectives of delivering affordable housing. Consequently, sensitive CIL rate setting for residential schemes is also vital

5.2.2 Our core recommendations on levels are CIL are therefore summarised as follows:

5.2.3 The ability of residential schemes to make CIL contributions varies significantly depending on size and type of scheme, area and the current use of the site.

Recommendation 8:

Having regard to these variations, our opinion is that the majority of residential schemes in the District should be able to absorb a CIL rate of £40 per m² leaving a margin for site-specific factors that might affect viability. We recommend the Council consider this rate.

- 5.2.4 We tested a wide range of non-residential schemes but found that only retail schemes could support any level of CIL. These can be divided into larger retail schemes and smaller retail schemes.

Recommendation 9:

Given the sensitivity of residual values to changes in rent levels, we recommend that the Council might wish to consider a CIL on larger retail development of around £45 per m².

- 5.2.5 Although the other schemes generate positive residual land values they are not sufficiently significant to warrant levying a CIL on this type of development. Given that there are no other significant planning obligations that could be 'flexed' to absorb viability issues on lower value schemes, we recommend that the Council sets a nil rate for all other schemes.

Recommendation 10:

For all other uses than residential and retail we recommend that the Council sets a nil rate for CIL.

6 WIDER DISCUSSION

- 6.1.1 The “National indicative minimum” (site size) threshold for affordable housing is regarded as 15 dwellings, as set out by the Government’s previous statement on planning for housing (PPS3). It goes on to say, however, that local authorities can set lower thresholds “where viable and practicable”. The results discussed in this study show that lower thresholds could be considered, provided that the affordable housing target proportion is not viewed in isolation and rigidly and this is continued in the NPPF
- 6.1.2 Where we have mentioned negotiation, that does not necessarily mean an overall reduction in affordable housing – it could mean changes to the tenure mix to provide an element of cross-subsidy into a scheme. Similarly, there may need to be a compromise position achievable rather than moving straight to an assumption that leaves a site contributing nothing to affordable housing needs, but that allows the affordable housing delivery on particular sites to react to changing viability and funding circumstances as more certainty is created with scheme progression.
- 6.1.3 If the policy targets cannot be met, then landowners and developers will need to clearly demonstrate why. In our view the final judgement on exactly where this element of the policy proposals will settle should be based on all the factors viewed together, i.e. alongside the viability outcomes. Included in these will be the key elements of forecasting of increased affordable housing units delivery based on the size and number of sites coming forward (site capture), local housing needs and practical thinking on the consequences of having small numbers of affordable homes distributed widely across a higher number of schemes.
- 6.1.4 Crucially, and regardless of detail, the policies should be worded in clear terms. They should not be expressed as a minimum level of provision or be capable of interpretation in an ambiguous way.
- 6.1.5 It is important that a flexible and negotiated approach to policy application is adopted to ensure the continued supply of residential development land, notwithstanding the very high priority that will be given to addressing affordable housing need. The policy or supporting text would need to make this flexible approach clear. The aim is to provide clear and robust targets for guidance to developers and landowners in appraising and bringing forward sites.
- 6.1.6 As part of providing clarity of expectations and to aid the smooth working of the approach, the Council will need to be clear about whether any new policy positions will be applied to the gross (total, irrespective of any

dwellings existing prior to the scheme) number or net (i.e. deducting for any such dwellings) number of dwellings being provided by a development scheme.

- 6.1.7 It may be particularly relevant to clarify this in respect of the very smallest schemes including single dwellings, replacement dwellings, conversions, etc. In our experience, Examination Inspectors have been nervous about gross policies universally applied – particularly to the smallest schemes, because there can be such a significant difference in implications compared with a net new dwellings application.
- 6.1.8 We expect that in site-specific viability discussions, where necessary, the use of a toolkit (including but not limited to the HCA’s “Economic Appraisal Tool” –or developer’s own workings) will be encouraged. Developers will be encouraged to work closely with their RP partners, who will increasingly be using that type of appraisal work to support their decisions and approaches for social housing grant in conjunction with the Council.
- 6.1.9 The key factors influencing policy should be kept under review - including housing affordability and needs, site supply, economic trends/housing market and viability. Our recommendations are considered to be sound for the current stage of policy development, which is set in a strategic context. Their impact and the delivery resulting from them will need to be monitored with a view to longer-term future direction.
- 6.1.10 Where the Council collects financial contributions in lieu of affordable housing these monies may be ring-fenced and used to meet the Council’s affordable housing objectives in partnership with RPs. The contributions should be used to provide affordable housing locally and within a predefined timescale (usually within 5 years). The Council will need to record the contributions collected and where those contributions have been allocated or spent.
- 6.1.11 The Council will expect developers and landowners to come to the table and be prepared to explain and justify why, in any relevant cases, the affordable housing targets and/or other planning obligations requirements cannot be met given other demands on a scheme. The onus will be on developers to clearly and fully demonstrate the issues, with evidence to back-up costs associated with abnormal site complexities and the like.
- 6.1.12 It is expected that a methodology similar to one we have used will be appropriate for this process, to explore the relationship between development costs and values. Again, however, we reiterate that whilst this methodology is generally accepted, and the assumptions we have used might guide the Council on starting/indicative parameters, there will

be no substitute for site-specific appraisal work of this type. Such work would take into account appropriate specific assumptions.

- 6.1.13 Issues may arise on those sites which have already changed hands or are committed through option or similar arrangements, where figures may simply not work when set against the proposed policy requirements. In the same way, there will be some previous planning consents capable of implementation (where previous policy positions would have determined requirements).
- 6.1.14 Similarly, a degree of difficulty with increasing planning-led affordable housing supply may be experienced during the adjustment process where there may be issues whilst developers/landowners get accustomed to the new policies and expectations are modified.
- 6.1.15 Good practice points to bringing to life through appropriate Supplementary Planning Documents and/or Development Plan Documents the type of negotiated approach envisaged and supported by Government guidance.
- 6.1.16 This study has considered planning-led affordable housing in the context of integrated provision within market-led schemes, secured through planning obligations usually embodied in a Section 106 agreement. The Council, along with its partners, should also continue to consider the wider routes to affordable housing provision.
- 6.1.17 Housing Association or contractor/developer-led schemes can be successful in significantly bolstering local provision – sometimes on lower value, more difficult sites, for example as a part of removing non-conforming uses from older residential areas, recycling unviable former commercial land or making better use of existing estates.
- 6.1.18 The various supply sources of affordable housing need to be considered and encouraged. The use and role of local authority or other publicly owned land might also be very valuable in this sense. Affordable housing proportions and provision details sought on any Council-owned land could well be different to the headlines proposed in this study – using the landowner’s right to control the bidding and disposal terms. There is also an emerging role for local authorities as key developers of housing again.
- 6.1.19 In addition, the role of exception to policy sites and specific allocations processes could be considered for rural affordable housing provision – as distinct extra tools.

6.1.20 RPs and others should be encouraged to be proactive in these areas, and supported by the Council where possible.

**End of main – Final Report Study Text
Appendices follow
May 2012**

Appendices

- Appendix 1** **Table of Housing Mixes**
- Appendix 2** **Summary of Residual Land Value (£) Appraisals for All Value Points; 0%, 10%, 20%, 30% and 40% Affordable Housing; 70% Social Rent/30% Shared Ownership; CIL Level £0 at Low Density, Medium Density and High Density**
- Appendix 3** **Summary of Residual Land Value (£) Appraisals for All Value Points; 0%, 10%, 20%, 30% and 40% Affordable Housing; 70% Social Rent/30% Shared Ownership; CIL Level £5,000 per property at Low Density, Medium Density and High Density**
- Appendix 4** **Summary of Residual Land Value (£) Appraisals for All Value Points; 0%, 10%, 20%, 30% and 40% Affordable Housing; 70% Social Rent/30% Shared Ownership; CIL Level £7,500 per property at Low Density, Medium Density and High Density**
- Appendix 5** **Summary of Residual Land Value (£) Appraisals for All Value Points; 0%, 10%, 20%, 30% and 40% Affordable Housing; 70% Social Rent/30% Shared Ownership; CIL Level £10,000 per property at Low Density, Medium Density and High Density**
- Appendix 6** **Summary of Residual Land Value (£) Appraisals for All Value Points at 0% Affordable Housing at Low Density, Medium Density and High Density for a 2 unit scheme and a 5 unit scheme**
- Appendix 7** **Summary of Residual Land Value (£) Appraisals for All Value Points; 0%, 10%, 20%, 30% and 40% Affordable Housing; 70% Social Rent/30% Shared Ownership; CIL Level £10,000 per property at Medium Density. They show different Code for Sustainable levels of Code Level 4; Code level 5; Code Level 3 + Level 5 water and Code Level 4 + Level 5 water**
- Appendix 8** **Community Infrastructure Levy Economic Viability Appraisal Summaries**

Appendix 9 **Thanet District Council – Property Values Report**

Appendix 10 **Details of Stakeholder Consultation**

Appendix 11 **Glossary**

Appendix 1

Table of Housing Mixes. All market housing

Densities:

Assume :	per ha	per acre
Low	30	12.15
Medium	40	16.19
High	50	20.24

No units	Density	Land area ha	land area ac	1 b flat		2 b flat		2 b hse		3 b hse		4 b hse		5 b hse		Total No.	Total Area	Area/ha sq m
				number	Area sqm	number	Area sqm	number	Area sqm	number	Area sqm	number	Area sqm	number	Area sqm			
2	Low	0.07	0.16		47		61		70	2	85		100		158	2	170	2550.00
	Medium	0.05	0.12		47		61	2	70		85		100		158	2	140	2800.00
	High	0.04	0.10		47		61	2	70		85		100		158	2	122	3050.00
5	Low	0.17	0.41		47		61		70	2	85	3	100		158	5	470	2820.00
	Medium	0.13	0.31		47		61	2	70	3	85		100		158	5	395	3160.00
	High	0.10	0.25		47		61	3	70	2	85		100		158	5	380	3800.00
10	Low	0.33	0.82		47		61		70	2	85	5	100	3	158	10	1144	3432.00
	Medium	0.25	0.62		47		61	2	70	5	85	3	100		158	10	865	3460.00
	High	0.20	0.49		47		61	8	70	2	85		100		158	10	730	3650.00
15	Low	0.50	1.24		47		61		70	2	85	8	100	5	158	15	1760	3520.00
	Medium	0.38	0.93		47		61	2	70	5	85	8	100		158	15	1365	3640.00
	High	0.30	0.74		47		61	4	70	3	85		100		158	15	1059	3530.00
20	Low	0.67	1.65		47		61		70	3	85	11	100	6	158	20	2303	3454.50
	Medium	0.50	1.24		47		61		70	13	85	7	100		158	20	1805	3610.00
	High	0.40	0.99		47		61	6	70	4	85		100		158	20	1406	3515.00
50	Low	1.67	4.12		47		61		70	10	85	25	100	15	158	50	5720	3432.00
	Medium	1.25	3.09		47		61	10	70	25	85	15	100		158	50	4325	3460.00
	High	1.00	2.47		47		61	10	70	15	85		100		158	50	3635	3635.00
100	Low	3.33	8.23		47		61		70	20	85	50	100	30	158	100	11440	3432.00
	Medium	2.50	6.18		47		61	20	70	50	85	30	100		158	100	8650	3460.00
	High	2.00	4.94		47		61	20	70	30	85		100		158	100	7270	3635.00

Table of Housing Mixes. 10% affordable

Densities:

Assume :	per ha	per acre
Low	30	12.15
Medium	40	16.19
High	50	20.24

No units	Density	Land area ha	land area ac	1 b flat			2 b flat			2 b hse			3 b hse			4 b hse			5 b hse			Total No.	Total Area	Area/ha sq m		
				Affordable Rent	1 b flat Shared Ownership	Market	Affordable Rent	2 b flat Ownershi p	Market	Affordable Rent	2 b hse Ownershi p	Market	Affordable Rent	3 b hse Ownershi p	Market	Affordable Rent	4 b hse Shared Ownership	Market	Affordable Rent	4 b hse Shared Ownership	Market				Affordable Rent	5 b hse
5	Low	0.17	0.41			47			61			70			2	85			3	100		158	5	470	2820.00	
	Medium	0.13	0.31			47			61			70			2	70			3	85		100	5	395	3160.00	
	High	0.10	0.25			47			61			70			2	70			3	85		100	5	395	3950.00	
10	Low	0.33	0.82			47			61			70	1		1	85			5	100	3	158	10	1144	3432.00	
	Medium	0.25	0.62			47			61	1		70		1	85			3	100		158	10	865	3460.00		
	High	0.20	0.49			47			61	1		70		7	70			2	85		100	10	730	3650.00		
15	Low	0.50	1.24			47			61			70	1		1	85			8	100	5	158	15	1760	3520.00	
	Medium	0.38	0.93			47			61	1		70		1	85			8	100		158	15	1365	3640.00		
	High	0.30	0.74			47	1		61		3	70		8	70			3	85		100	15	1059	3530.00		
20	Low	0.67	1.65			47			61			70			1	2	85	1		10	100	6	158	20	2303	3454.50
	Medium	0.50	1.24			47			61			70	1	1	11	85			7	100		158	20	1805	3610.00	
	High	0.40	0.99			47			61	1		70		9	70			4	85		100		158	20	1406	3515.00
50	Low	1.67	4.12			47			61			70	1	1	8	85		3		22	100	15	158	50	5720	3432.00
	Medium	1.25	3.09			47			61	2	1	7	70	2	23	85			15	100		158	50	4325	3460.00	
	High	1.00	2.47			47	1	1	8	61	2	23	70	1	14	85				100		158	50	3635	3635.00	
100	Low	3.33	8.23			47			61			70	3	2	15	85	4	1	45	100	30	158	100	11440	3432.00	
	Medium	2.50	6.18			47			61	2	1	17	70	3	2	45	85	2	28	100		158	100	8650	3460.00	
	High	2.00	4.94	1	1	47	2		61	2	1	47	70	2	1	27	85			100		158	100	7242	3621.00	

Table of Housing Mixes. 20% affordable

Densities:

Assume :	per ha	per acre
Low	30	12.15
Medium	40	16.19
High	50	20.24

No units	Density	Land area ha	land area ac	1 b flat			2 b flat			2 b hse			3 b hse			4 b hse			5 b hse			Total No.	Total Area	Area/ha sq m			
				Affordable Rent	1 b flat Shared Ownership	1 b flat Market	Affordable Rent	2 b flat Shared Ownership	2 b flat Market	Affordable Rent	2 b hse Ownership	2 b hse Market	Affordable Rent	3 b hse Shared Ownership	3 b hse Market	Affordable Rent	4 b hse Shared Ownership	4 b hse Market	Affordable Rent	4 b hse Shared Ownership	4 b hse Market				Affordable Rent	5 b hse Market	Affordable Rent
5	Low	0.17	0.41				47			61			70	1		1	85			3	100		158	5	470	2820.00	
	Medium	0.13	0.31				47			61	1		70			3	85				100		158	5	395	3160.00	
	High	0.10	0.25				47			61			70	1		2	85				100		158	5	395	3950.00	
10	Low	0.33	0.82				47			61			70		1	1	85	1		4	100	3	158	10	1144	3432.00	
	Medium	0.25	0.62				47			61		1	70	1		4	85			3	100		158	10	865	3460.00	
	High	0.20	0.49				47			61	1	1	70			2	85				100		158	10	730	3650.00	
15	Low	0.50	1.24				47			61			70		1	1	85	2		6	100		158	15	1760	3520.00	
	Medium	0.38	0.93				47			61			70		1	4	85	2		6	100		158	15	1365	3640.00	
	High	0.30	0.74				47		1	3	61	2				3	85				100		158	15	1059	3530.00	
20	Low	0.67	1.65				47			61			70	1	1	1	85	2		9	100	6	158	20	2303	3454.50	
	Medium	0.50	1.24				47			61			70	2	1	10	85	1		6	100		158	20	1805	3610.00	
	High	0.40	0.99				47	1	1	4	61	2				4	85				100		158	20	1406	3515.00	
50	Low	1.67	4.12				47			61			70	3	2	5	85	4		1	20	100	15	158	50	5720	3432.00
	Medium	1.25	3.09				47			61	3	2	70	4	1	20	85			15	100		158	50	4325	3460.00	
	High	1.00	2.47				47	3	1	6	61	3	1	21	70	1	13	85			100		158	50	3635	3635.00	
100	Low	3.33	8.23				47			61			70	7	3	10	85	7	3	40	100	30	158	100	11440	3432.00	
	Medium	2.50	6.18				47			61	5	2	70	7	3	40	85	2	1	27	100		158	100	8650	3460.00	
	High	2.00	4.94	3	2		47	2	1	12	61	4	1	45	70	5	2	23			100		158	100	7200	3600.00	

Table of Housing Mixes. 30% affordable

Densities:

Assume :	per ha	per acre
Low	30	12.15
Medium	40	16.19
High	50	20.24

No units	Density	Land area ha	land area ac	1 b flat		2 b flat		3 b hse		4 b hse		5 b hse		Total No.	Total Area	Area/ha sq m
				Affordable Rent	Shared Ownership	Affordable Rent	Shared Ownership	Affordable Rent	Shared Ownership	Affordable Rent	Shared Ownership	Affordable Rent	Shared Ownership			
5	Low	0.17	0.41													
	Medium	0.13	0.31													
	High	0.10	0.25													
10	Low	0.33	0.82													
	Medium	0.25	0.62													
	High	0.20	0.49													
15	Low	0.50	1.24													
	Medium	0.38	0.93													
	High	0.30	0.74													
20	Low	0.67	1.65													
	Medium	0.50	1.24													
	High	0.40	0.99													
50	Low	1.67	4.12													
	Medium	1.25	3.09													
	High	1.00	2.47													
100	Low	3.33	8.23													
	Medium	2.50	6.18													
	High	2.00	4.94	3	2											

Table of Housing Mixes. 40% affordable

Densities:

Assume :	per ha	per acre
Low	30	12.15
Medium	40	16.19
High	50	20.24

No units	Density	Land area ha	land area ac	1 b flat			2 b flat			2 b hse			3 b hse			4 b hse			5 b hse			Total No	Total Area	Area/ha sq m
				Affordable Rent	Shared Ownership	Market	Area sqm	Affordable Rent	Shared Ownership	Market	Area sqm	Affordable Rent	Shared Ownership	Market	Area sqm	Affordable Rent	Shared Ownership	Market	Area sqm	Affordable Rent	Shared Ownership			
5	Low	0.17	0.41																					
	Medium	0.13	0.31										1	1					3	100		158	5	470
	High	0.10	0.25										1	1	1							158	5	380
10	Low	0.33	0.82													1	1	0	2	3	3	158	10	1144
	Medium	0.25	0.62										1	1	1	3	2	2	3	100		158	10	865
	High	0.20	0.49										2	1	5	1	1	1		100		158	10	730
15	Low	0.50	1.24														2		4	4	4	158	15	1760
	Medium	0.38	0.93													1	1	3	3	5	5	158	15	1365
	High	0.30	0.74										3	2	5	1	2	2		100		158	15	1059
20	Low	0.67	1.65																					
	Medium	0.50	1.24										1	1		1	1	1	5	1	5	158	20	2288
	High	0.40	0.99										2	1	7	2	1	7	2	5	5	158	20	1760
50	Low	1.67	4.12																					
	Medium	1.25	3.09										3	2	5	8	4	13	3	12	10	158	50	4325
	High	1.00	2.47										3	2	5	7	3	15	4	10	10	158	50	3635
100	Low	3.33	8.23																					
	Medium	2.50	6.18										7	3	10	17	8	25	4	25	10	158	100	8650
	High	2.00	4.94										7	3	10	11	4	15	4	15	15	158	100	7270

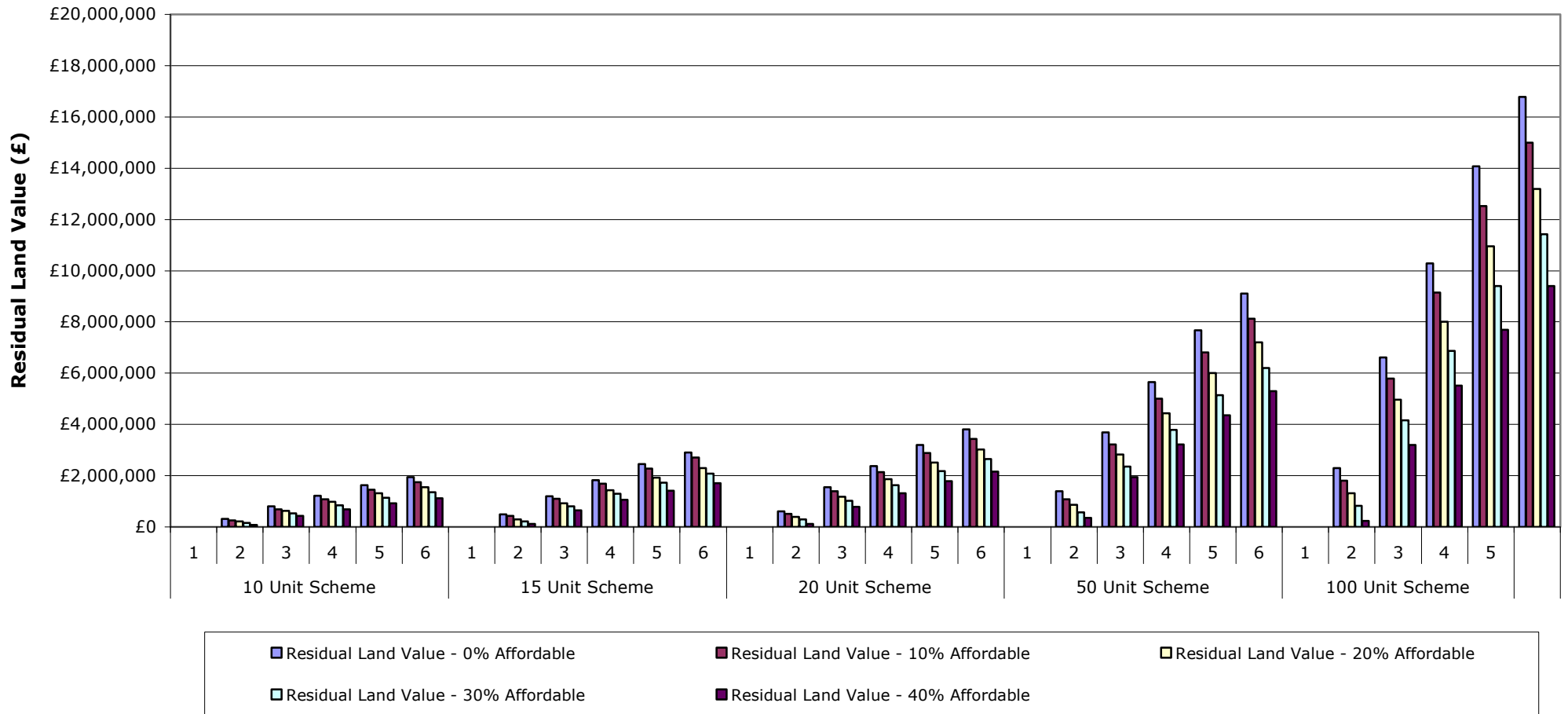
Appendix 2

**Table 1: Summary of Residual Land Value (£) Appraisals for
All Value Points
0%, 10%, 20%, 30% and 40% Affordable Housing
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £0
Low Density**

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 10% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
10 Unit Scheme	1	£0	£0	£0	£0	£0
	2	£315,661	£262,426	£214,683	£161,970	£78,959
	3	£795,363	£696,366	£636,583	£537,586	£425,899
	4	£1,208,853	£1,076,777	£977,299	£845,223	£689,450
	5	£1,632,267	£1,453,880	£1,308,091	£1,129,704	£927,620
	6	£1,936,596	£1,738,361	£1,559,493	£1,361,258	£1,126,095
15 Unit Scheme	1	£0	£0	£0	£0	£0
	2	£483,069	£430,479	£299,483	£224,471	£119,480
	3	£1,200,291	£1,102,492	£928,760	£814,087	£657,229
	4	£1,824,456	£1,693,978	£1,441,817	£1,287,929	£1,059,178
	5	£2,445,353	£2,269,125	£1,925,463	£1,725,825	£1,405,573
	6	£2,909,392	£2,713,557	£2,304,537	£2,072,221	£1,699,682
20 Unit Scheme	1	£0	£0	£0	£0	£0
	2	£613,310	£510,973	£384,968	£299,987	£124,059
	3	£1,551,941	£1,396,044	£1,184,874	£1,023,603	£781,409
	4	£2,370,402	£2,143,052	£1,860,429	£1,627,705	£1,310,663
	5	£3,201,854	£2,883,564	£2,510,001	£2,186,337	£1,778,355
	6	£3,812,452	£3,442,196	£3,016,667	£2,641,037	£2,155,107
50 Unit Scheme	1	£0	£0	£0	£0	£0
	2	£1,388,330	£1,087,347	£856,516	£573,203	£345,938
	3	£3,686,195	£3,219,983	£2,818,386	£2,346,966	£1,945,369
	4	£5,653,545	£5,011,058	£4,439,482	£3,791,788	£3,220,212
	5	£7,668,111	£6,805,281	£6,013,362	£5,145,324	£4,353,405
	6	£9,116,081	£8,121,045	£7,209,511	£6,209,267	£5,297,733
100 Unit Scheme	1	£0	£0	£0	£0	£0
	2	£2,302,119	£1,804,129	£1,322,685	£824,695	£237,847
	3	£6,605,557	£5,792,941	£4,975,449	£4,162,833	£3,193,835
	4	£10,290,007	£9,153,160	£8,011,436	£6,874,589	£5,507,670
	5	£14,062,884	£12,513,378	£10,958,996	£9,409,490	£7,688,864
	6	£16,774,639	£14,989,328	£13,199,141	£11,413,831	£9,398,449

Source: Adams Integra, February 2012

Graph 1: Summary of Residual Land Values at 0%, 10%, 20%, 30%, & 40% Affordable Housing Across All Value Points 70% Social Rent/30% Shared Ownership Planning Infrastructure Level £0 Low Density

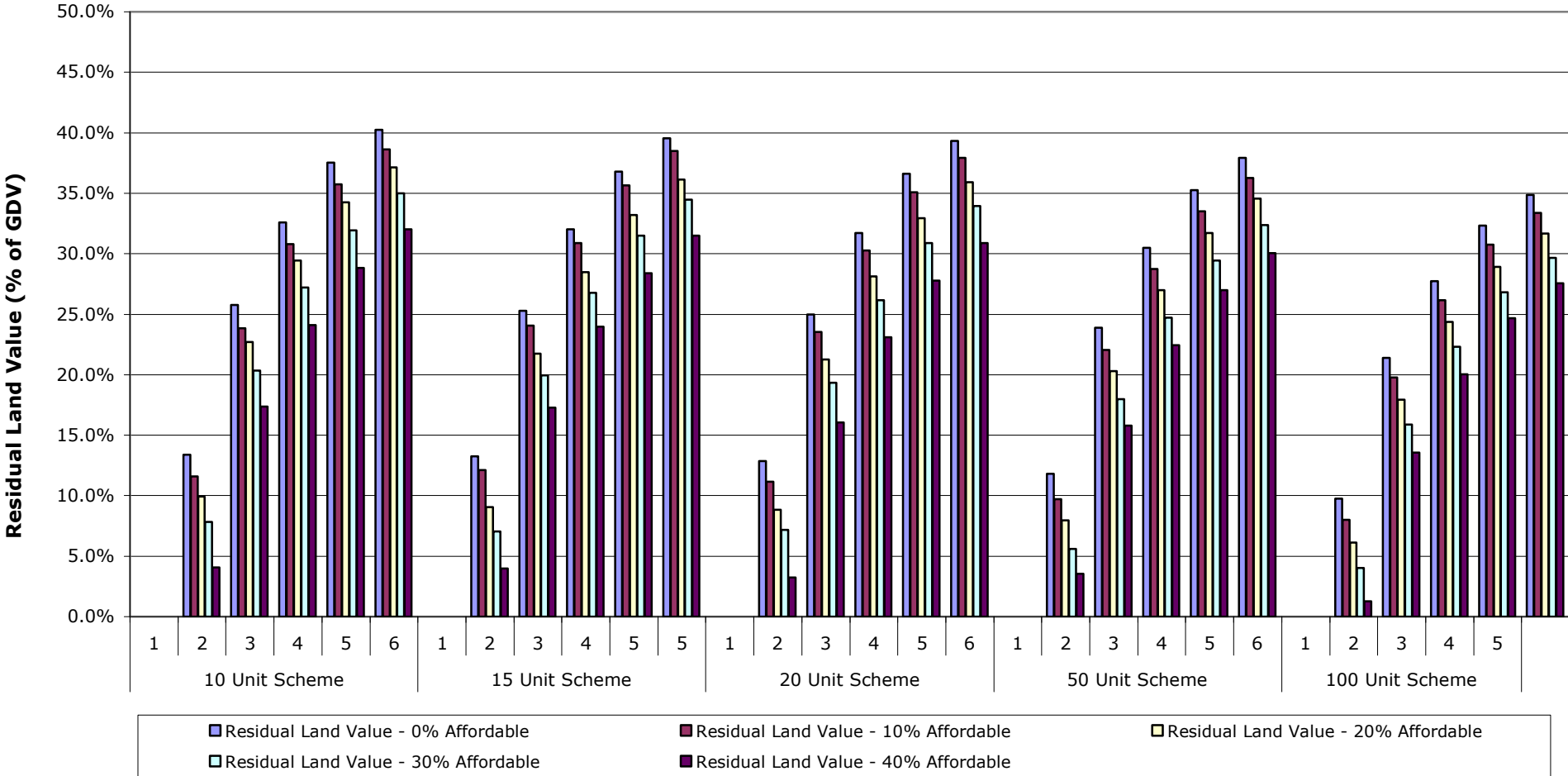


**Table 1a: Summary of Residual Land Value (as % of GDV) Appraisals for
All Value Points
0%, 10%, 20%, 30% and 40% Affordable Housing
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £0
Low Density**

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 10% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
10 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%	0.0%
	2	13.4%	11.6%	9.9%	7.8%	4.1%
	3	25.8%	23.8%	22.7%	20.3%	17.4%
	4	32.6%	30.8%	29.4%	27.2%	24.1%
	5	37.5%	35.7%	34.2%	31.9%	28.8%
	6	40.3%	38.6%	37.1%	35.0%	32.0%
15 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%	0.0%
	2	13.3%	12.1%	9.0%	7.1%	4.0%
	3	25.3%	24.1%	21.7%	19.9%	17.3%
	4	32.0%	30.9%	28.5%	26.8%	24.0%
	5	36.8%	35.6%	33.2%	31.5%	28.4%
	5	39.5%	38.5%	36.1%	34.5%	31.5%
20 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%	0.0%
	2	12.9%	11.2%	8.9%	7.2%	3.2%
	3	25.0%	23.5%	21.2%	19.3%	16.1%
	4	31.7%	30.3%	28.1%	26.2%	23.1%
	5	36.6%	35.1%	32.9%	30.9%	27.8%
	6	39.3%	37.9%	35.9%	33.9%	30.9%
50 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%	0.0%
	2	11.8%	9.7%	8.0%	5.6%	3.5%
	3	23.9%	22.1%	20.3%	18.0%	15.8%
	4	30.5%	28.7%	27.0%	24.7%	22.5%
	5	35.3%	33.5%	31.7%	29.4%	27.0%
	6	37.9%	36.3%	34.6%	32.4%	30.0%
100 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%	0.0%
	2	9.8%	8.0%	6.1%	4.0%	1.3%
	3	21.4%	19.8%	17.9%	15.9%	13.6%
	4	27.7%	26.2%	24.4%	22.3%	20.0%
	5	32.3%	30.7%	28.9%	26.8%	24.7%
	6	34.9%	33.4%	31.7%	29.7%	27.6%

Source: Adams Integra, February 2012

**Graph 1a: Summary of Residual Land Values (as % of GDV) at 0%, 10%, 20%, 30% & 40% Affordable Housing Across all Value Points
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £0
Low Density**

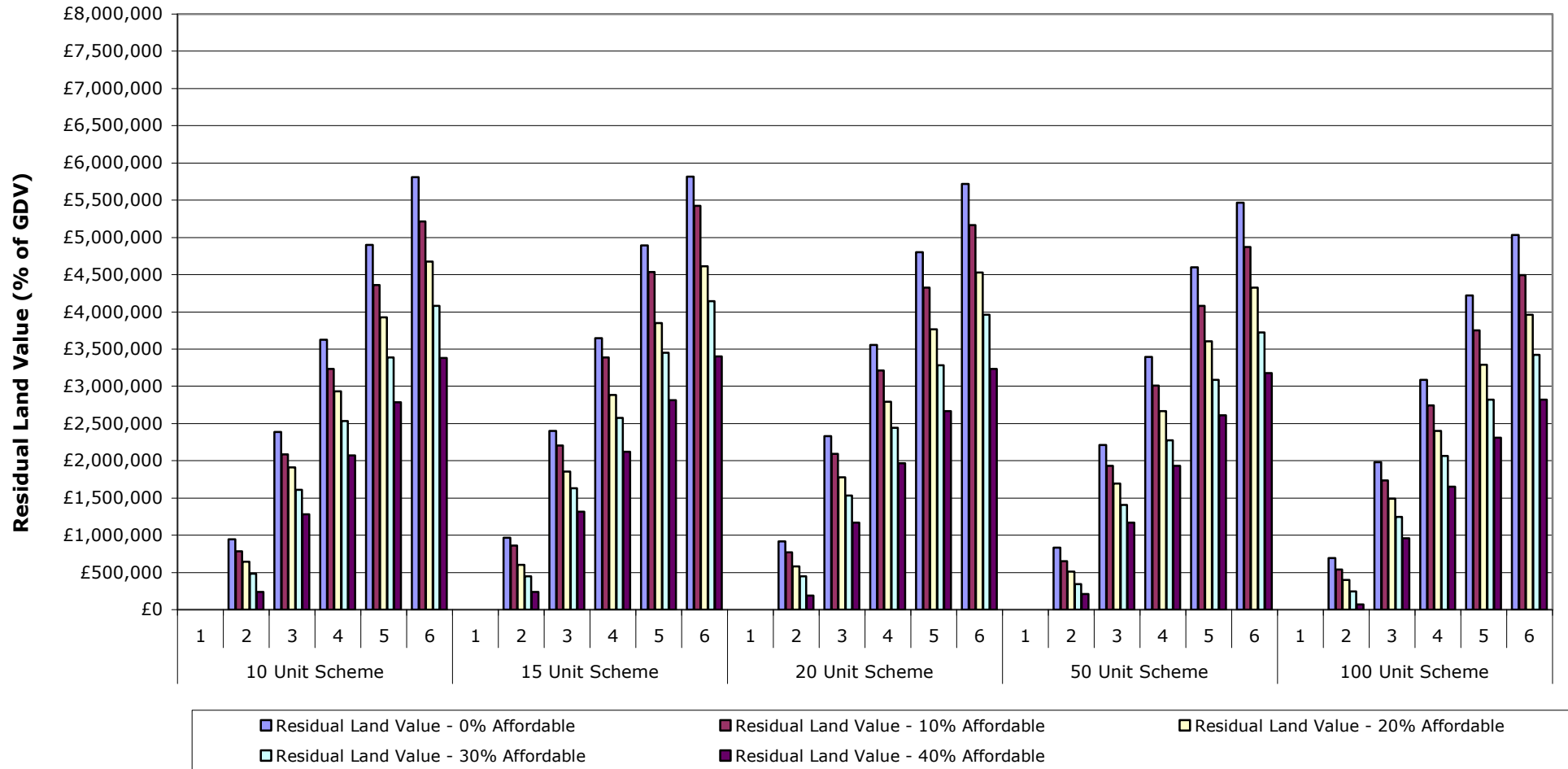


**Table 1b: Summary of Residual Land Value (value per Hectare) Appraisals for
All Value Points
0%, 10%, 20%, 30% and 40% Affordable Housing
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £0
Low Density**

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 10% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
10 Unit Scheme	1	£0	£0	£0	£0	£0
	2	£946,984	£787,279	£644,049	£485,911	£236,877
	3	£2,386,090	£2,089,099	£1,909,750	£1,612,759	£1,277,697
	4	£3,626,560	£3,230,332	£2,931,897	£2,535,669	£2,068,350
	5	£4,896,802	£4,361,640	£3,924,273	£3,389,112	£2,782,860
	6	£5,809,788	£5,215,084	£4,678,479	£4,083,775	£3,378,286
15 Unit Scheme	1	£0	£0	£0	£0	£0
	2	£966,139	£860,958	£598,965	£448,942	£238,961
	3	£2,400,582	£2,204,984	£1,857,519	£1,628,174	£1,314,457
	4	£3,648,912	£3,387,957	£2,883,634	£2,575,859	£2,118,356
	5	£4,890,706	£4,538,251	£3,850,926	£3,451,651	£2,811,146
	6	£5,818,784	£5,427,114	£4,609,074	£4,144,441	£3,399,365
20 Unit Scheme	1	£0	£0	£0	£0	£0
	2	£919,965	£766,459	£577,452	£449,981	£186,089
	3	£2,327,912	£2,094,066	£1,777,311	£1,535,405	£1,172,114
	4	£3,555,603	£3,214,578	£2,790,643	£2,441,558	£1,965,994
	5	£4,802,781	£4,325,346	£3,765,001	£3,279,505	£2,667,532
	6	£5,718,678	£5,163,294	£4,525,001	£3,961,556	£3,232,660
50 Unit Scheme	1	£0	£0	£0	£0	£0
	2	£832,998	£652,408	£513,909	£343,922	£207,563
	3	£2,211,717	£1,931,990	£1,691,031	£1,408,179	£1,167,221
	4	£3,392,127	£3,006,635	£2,663,689	£2,275,073	£1,932,127
	5	£4,600,867	£4,083,169	£3,608,017	£3,087,195	£2,612,043
	6	£5,469,648	£4,872,627	£4,325,707	£3,725,560	£3,178,640
100 Unit Scheme	1	£0	£0	£0	£0	£0
	2	£690,636	£541,239	£396,806	£247,408	£71,354
	3	£1,981,667	£1,737,882	£1,492,635	£1,248,850	£958,151
	4	£3,087,002	£2,745,948	£2,403,431	£2,062,377	£1,652,301
	5	£4,218,865	£3,754,013	£3,287,699	£2,822,847	£2,306,659
	6	£5,032,392	£4,496,799	£3,959,742	£3,424,149	£2,819,535

Source: Adams Integra, February 2012

**Graph 1a: Summary of Residual Land Values (value per Hectare) at 0%, 10%, 20%, 30% & 40% Affordable Housing Across all Value Points
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £0
Low Density**

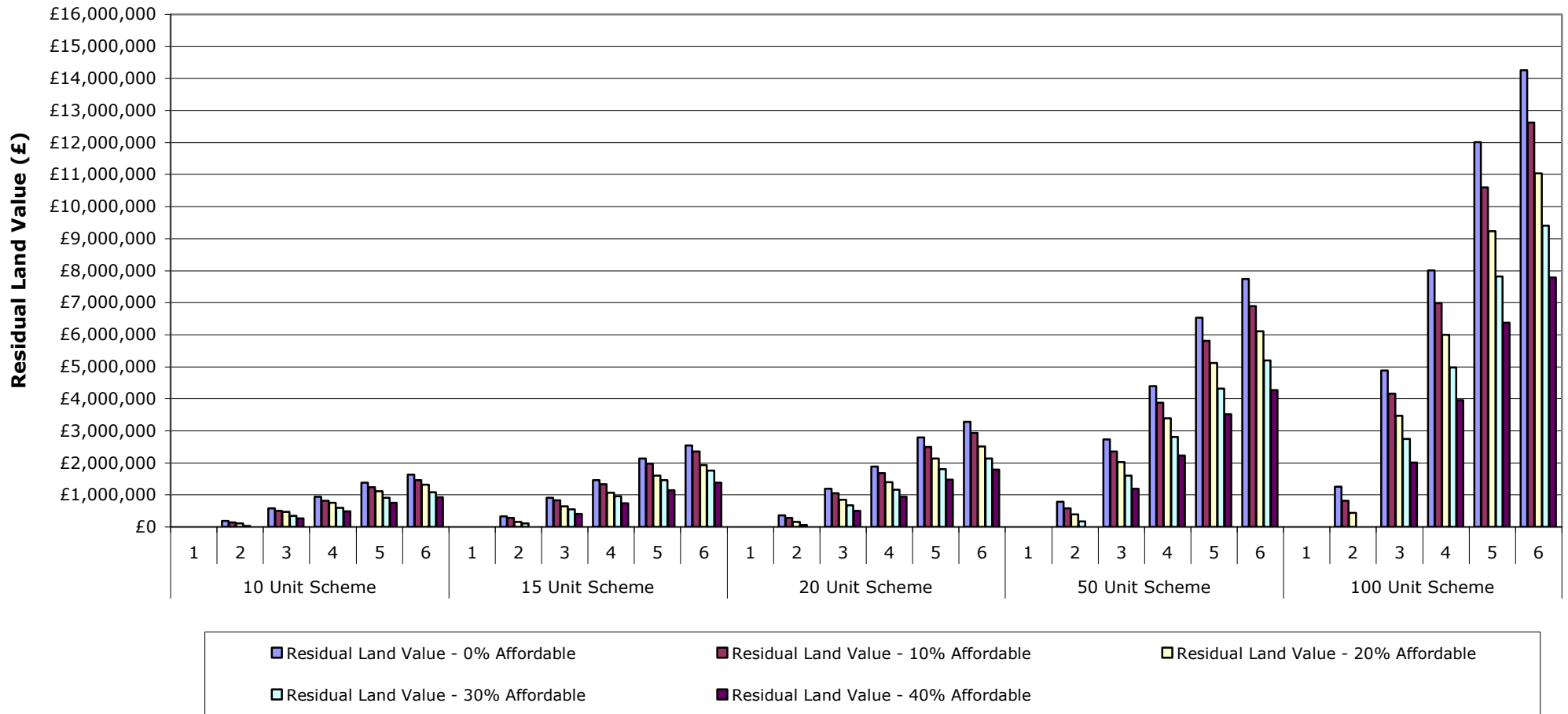


**Table 2: Summary of Residual Land Value (£) Appraisals for
All Value Points
0%, 10%, 20%, 30% and 40% Affordable Housing
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £0
Medium Density**

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 10% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
10 Unit Scheme	1	£0	£0	£0	£0	£0
	2	£186,593	£137,606	£111,230	£28,219	£1,468
	3	£587,813	£505,897	£464,464	£347,177	£264,408
	4	£938,452	£823,457	£753,931	£598,158	£489,778
	5	£1,388,330	£1,233,639	£1,117,802	£915,718	£761,028
	6	£1,639,731	£1,458,578	£1,322,893	£1,087,730	£926,424
15 Unit Scheme	1	£0	£0	£0	£0	£0
	2	£333,765	£285,016	£154,823	£103,762	£0
	3	£912,006	£831,082	£640,475	£556,075	£403,375
	4	£1,454,475	£1,340,871	£1,071,835	£964,411	£735,660
	5	£2,127,658	£1,974,840	£1,607,768	£1,461,129	£1,140,877
	6	£2,539,411	£2,360,450	£1,934,556	£1,761,774	£1,389,236
20 Unit Scheme	1	£0	£0	£0	£0	£0
	2	£354,594	£277,981	£151,190	£63,581	£0
	3	£1,192,134	£1,053,008	£841,838	£680,567	£506,004
	4	£1,887,176	£1,683,092	£1,400,470	£1,167,746	£937,821
	5	£2,796,577	£2,501,553	£2,127,990	£1,804,326	£1,483,462
	6	£3,277,260	£2,943,262	£2,517,733	£2,142,104	£1,782,265
50 Unit Scheme	1	£0	£0	£0	£0	£0
	2	£792,299	£578,652	£392,170	£171,853	£0
	3	£2,728,172	£2,356,135	£2,021,414	£1,607,312	£1,191,321
	4	£4,396,484	£3,876,360	£3,393,551	£2,812,761	£2,229,795
	5	£6,536,961	£5,815,380	£5,124,819	£4,323,685	£3,520,377
	6	£7,733,110	£6,898,210	£6,100,624	£5,205,058	£4,269,544
100 Unit Scheme	1	£0	£0	£0	£0	£0
	2	£1,254,899	£822,143	£437,942	£700	£0
	3	£4,880,398	£4,160,845	£3,466,855	£2,747,302	£2,015,664
	4	£8,004,811	£6,987,421	£6,001,489	£4,984,098	£3,957,704
	5	£12,013,493	£10,601,129	£9,226,119	£7,813,756	£6,374,703
	6	£14,253,638	£12,623,155	£11,035,921	£9,405,438	£7,789,532

Source: Adams Integra, February 2012

**Graph 2: Summary of Residual Land Values at 0%, 10%, 20%, 30%, & 40%
Affordable Housing Across All Value Points
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £0
Medium Density**

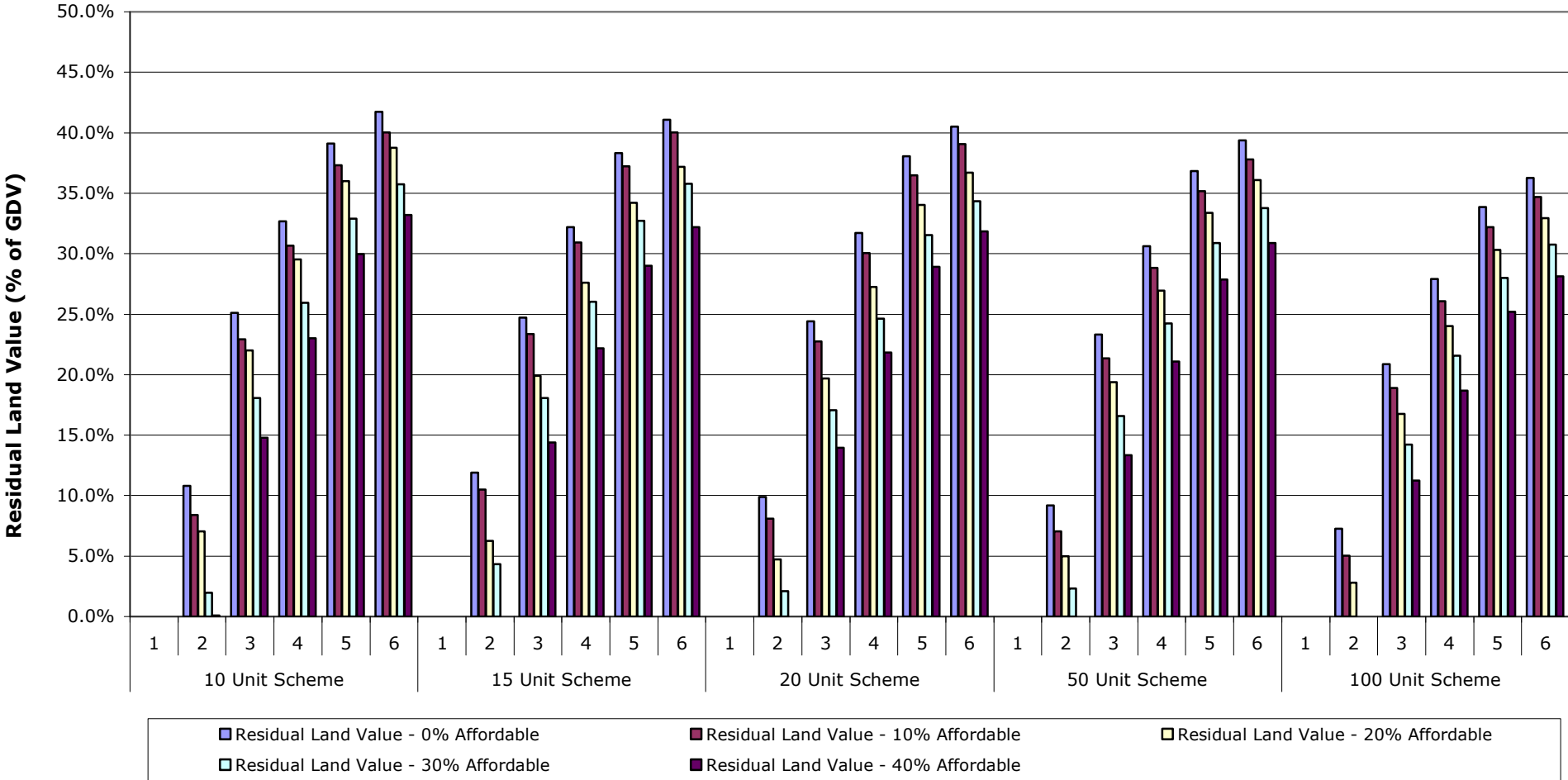


**Table 2a: Summary of Residual Land Value (as % of GDV) Appraisals for
All Value Points
0%, 10%, 20%, 30% and 40% Affordable Housing
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £0
Medium Density**

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 10% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
10 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%	0.0%
	2	10.8%	8.4%	7.0%	1.9%	0.1%
	3	25.1%	22.9%	22.0%	18.1%	14.8%
	4	32.7%	30.7%	29.5%	26.0%	23.0%
	5	39.1%	37.3%	36.0%	32.9%	30.0%
	6	41.7%	40.0%	38.7%	35.7%	33.2%
15 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%	0.0%
	2	11.9%	10.5%	6.3%	4.3%	0.0%
	3	24.7%	23.4%	19.9%	18.0%	14.4%
	4	32.2%	30.9%	27.6%	26.0%	22.2%
	5	38.3%	37.2%	34.2%	32.7%	29.0%
	6	41.1%	40.0%	37.2%	35.8%	32.2%
20 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%	0.0%
	2	9.9%	8.1%	4.7%	2.1%	0.0%
	3	24.4%	22.8%	19.7%	17.1%	13.9%
	4	31.7%	30.1%	27.3%	24.6%	21.8%
	5	38.0%	36.5%	34.0%	31.5%	28.9%
	6	40.5%	39.0%	36.7%	34.3%	31.9%
50 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%	0.0%
	2	9.2%	7.0%	5.0%	2.3%	0.0%
	3	23.3%	21.3%	19.4%	16.6%	13.3%
	4	30.6%	28.8%	26.9%	24.2%	21.1%
	5	36.8%	35.2%	33.4%	30.9%	27.9%
	6	39.4%	37.8%	36.1%	33.8%	30.9%
100 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%	0.0%
	2	7.3%	5.0%	2.8%	0.0%	0.0%
	3	20.9%	18.9%	16.8%	14.2%	11.3%
	4	27.9%	26.1%	24.0%	21.6%	18.7%
	5	33.8%	32.2%	30.3%	28.0%	25.2%
	6	36.3%	34.7%	32.9%	30.7%	28.1%

Source: Adams Integra, February 2012

**Graph 2a: Summary of Residual Land Values (as % of GDV) at 0%, 10%, 20%, 30% & 40% Affordable Housing Across all Value Points
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £0
Medium Density**

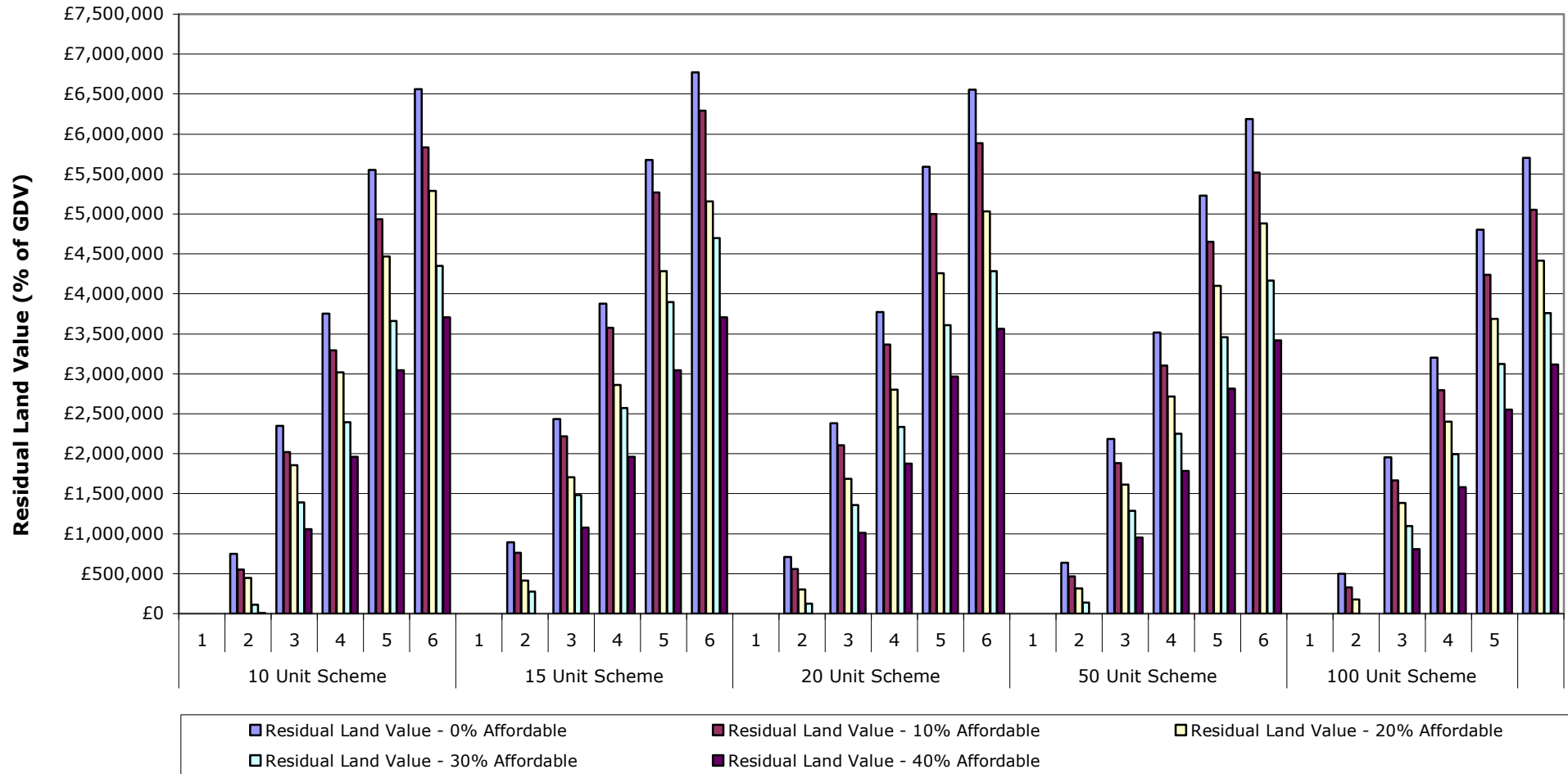


**Table 2b: Summary of Residual Land Value (value per Hectare) Appraisals for
All Value Points
0%, 10%, 20%, 30% and 40% Affordable Housing
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £0
Medium Density**

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 10% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
10 Unit Scheme	1	£0	£0	£0	£0	£0
	2	£746,372	£550,424	£444,922	£112,877	£5,870
	3	£2,351,252	£2,023,587	£1,857,858	£1,388,709	£1,057,632
	4	£3,753,810	£3,293,828	£3,015,722	£2,392,631	£1,959,113
	5	£5,553,318	£4,934,557	£4,471,207	£3,662,872	£3,044,110
	6	£6,558,926	£5,834,311	£5,291,571	£4,350,919	£3,705,694
15 Unit Scheme	1	£0	£0	£0	£0	£0
	2	£890,039	£760,044	£412,860	£276,699	£0
	3	£2,432,017	£2,216,218	£1,707,934	£1,482,866	£1,075,667
	4	£3,878,599	£3,575,656	£2,858,228	£2,571,764	£1,961,759
	5	£5,673,754	£5,266,240	£4,287,381	£3,896,344	£3,042,338
	6	£6,771,762	£6,294,533	£5,158,815	£4,698,064	£3,704,629
20 Unit Scheme	1	£0	£0	£0	£0	£0
	2	£709,188	£555,963	£302,379	£127,161	£0
	3	£2,384,268	£2,106,015	£1,683,675	£1,361,133	£1,012,007
	4	£3,774,352	£3,366,185	£2,800,939	£2,335,491	£1,875,643
	5	£5,593,154	£5,003,106	£4,255,980	£3,608,652	£2,966,924
	6	£6,554,520	£5,886,524	£5,035,467	£4,284,207	£3,564,530
50 Unit Scheme	1	£0	£0	£0	£0	£0
	2	£633,839	£462,922	£313,736	£137,483	£0
	3	£2,182,537	£1,884,908	£1,617,131	£1,285,849	£953,057
	4	£3,517,188	£3,101,088	£2,714,841	£2,250,208	£1,783,836
	5	£5,229,569	£4,652,304	£4,099,855	£3,458,948	£2,816,302
	6	£6,186,488	£5,518,568	£4,880,500	£4,164,047	£3,415,635
100 Unit Scheme	1	£0	£0	£0	£0	£0
	2	£501,959	£328,857	£175,177	£280	£0
	3	£1,952,159	£1,664,338	£1,386,742	£1,098,921	£806,266
	4	£3,201,924	£2,794,968	£2,400,595	£1,993,639	£1,583,082
	5	£4,805,397	£4,240,452	£3,690,448	£3,125,502	£2,549,881
	6	£5,701,455	£5,049,262	£4,414,368	£3,762,175	£3,115,813

Source: Adams Integra, February 2012

**Graph 2a: Summary of Residual Land Values (value per Hectare) at 0%, 10%, 20%, 30% & 40% Affordable Housing Across all Value Points
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £0
Medium Density**

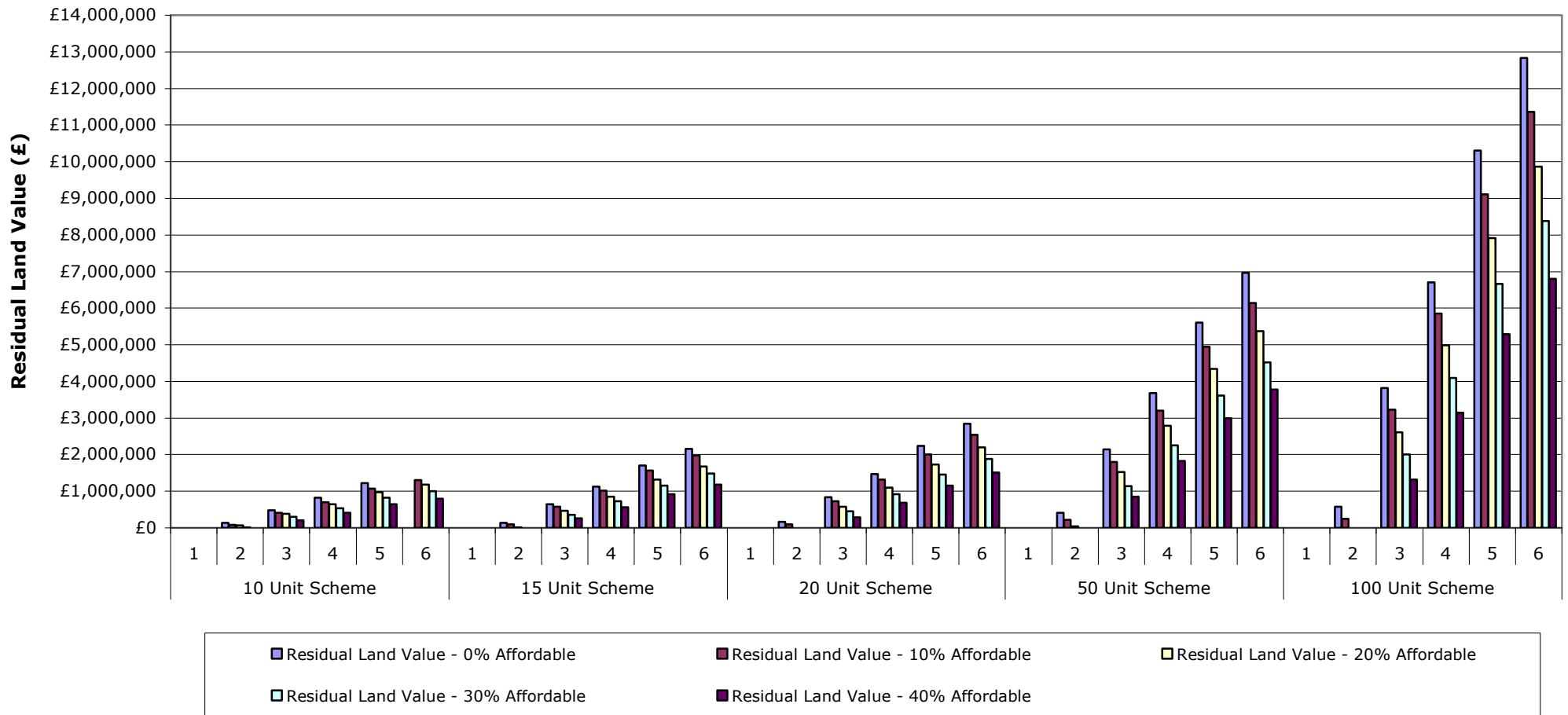


**Table 3: Summary of Residual Land Value (£) Appraisals for
All Value Points
0%, 10%, 20%, 30% and 40% Affordable Housing
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £0
High Density**

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 10% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
10 Unit Scheme	1	£0	£0	£0	£0	£0
	2	£135,885	£85,014	£62,647	£11,776	£0
	3	£487,705	£410,016	£380,573	£297,803	£201,853
	4	£818,497	£703,502	£651,056	£536,061	£408,193
	5	£1,228,679	£1,073,989	£981,848	£827,158	£648,771
	6	£0	£1,298,928	£1,180,324	£999,170	£800,935
15 Unit Scheme	1	£0	£0	£0	£0	£0
	2	£132,903	£90,470	£13,452	£0	£0
	3	£643,912	£573,765	£461,824	£363,007	£255,980
	4	£1,121,022	£1,021,465	£853,116	£722,638	£568,335
	5	£1,702,705	£1,570,469	£1,323,690	£1,147,462	£921,266
	6	£2,153,672	£1,975,686	£1,676,621	£1,480,786	£1,182,696
20 Unit Scheme	1	£0	£0	£0	£0	£0
	2	£161,122	£92,351	£230	£0	£0
	3	£836,728	£731,453	£581,307	£460,242	£291,587
	4	£1,466,813	£1,313,455	£1,101,600	£920,428	£691,802
	5	£2,233,308	£2,008,497	£1,725,189	£1,459,573	£1,152,998
	6	£2,843,905	£2,547,641	£2,192,881	£1,881,795	£1,510,263
50 Unit Scheme	1	£0	£0	£0	£0	£0
	2	£417,393	£219,923	£46,383	£0	£0
	3	£2,144,358	£1,802,606	£1,521,156	£1,136,514	£847,207
	4	£3,686,761	£3,207,122	£2,783,880	£2,258,204	£1,830,109
	5	£5,606,894	£4,944,686	£4,338,874	£3,611,741	£2,994,780
	6	£6,960,431	£6,140,835	£5,377,634	£4,524,591	£3,781,720
100 Unit Scheme	1	£0	£0	£0	£0	£0
	2	£573,622	£242,434	£0	£0	£0
	3	£3,815,938	£3,222,640	£2,615,717	£2,003,792	£1,323,109
	4	£6,704,547	£5,848,313	£4,982,112	£4,098,744	£3,142,812
	5	£10,300,570	£9,112,374	£7,908,315	£6,665,345	£5,294,531
	6	£12,835,472	£11,358,415	£9,871,390	£8,374,930	£6,797,787

Source: Adams Integra, February 2012

Graph 3: Summary of Residual Land Values at 0%, 10%, 20%, 30%, & 40% Affordable Housing Across All Value Points 70% Social Rent/30% Shared Ownership Planning Infrastructure Level £0 High Density

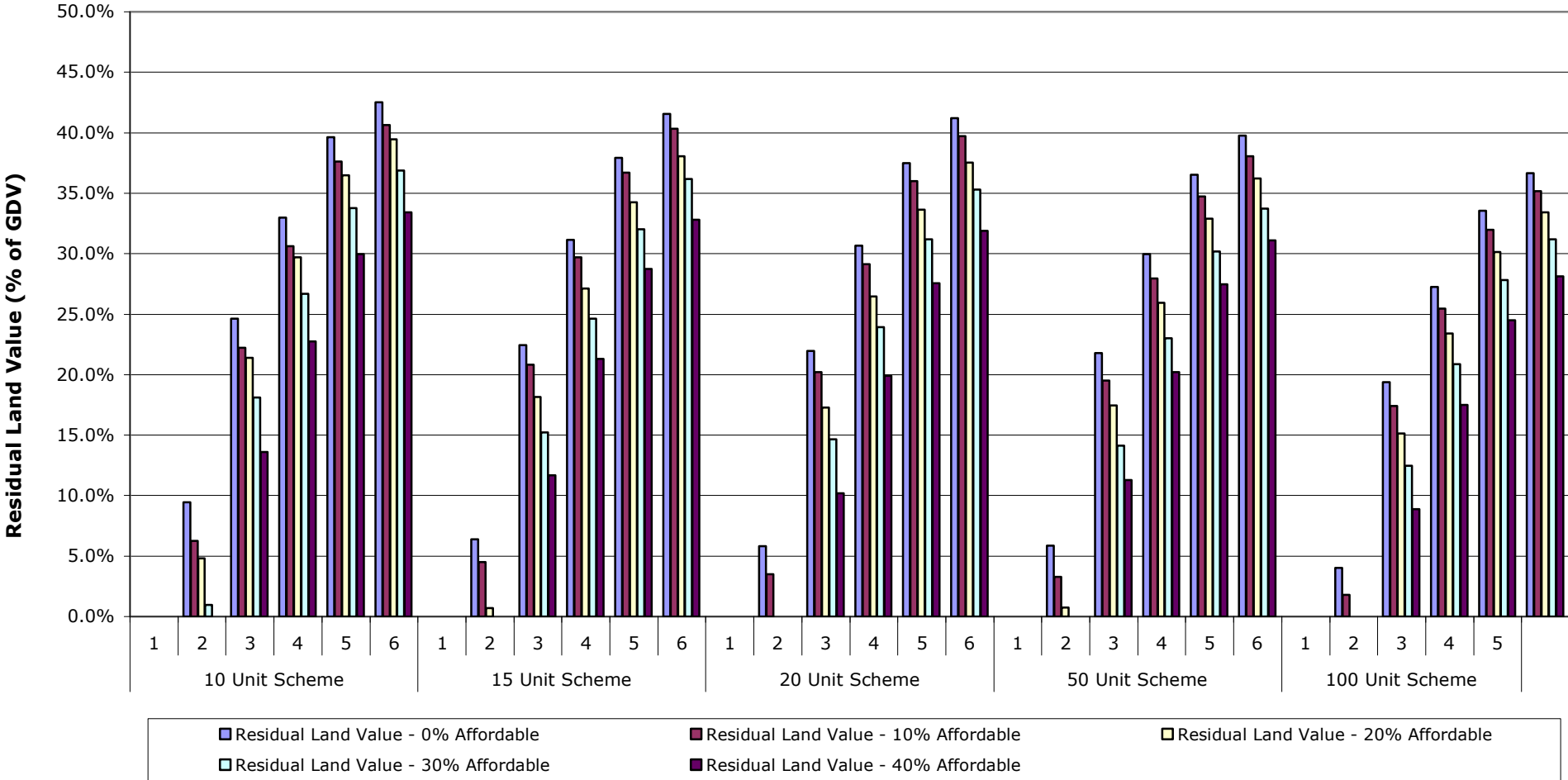


**Table 3a: Summary of Residual Land Value (as % of GDV) Appraisals for
All Value Points
0%, 10%, 20%, 30% and 40% Affordable Housing
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £0
High Density**

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 10% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
10 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%	0.0%
	2	9.4%	6.3%	4.8%	1.0%	0.0%
	3	24.6%	22.2%	21.4%	18.1%	13.6%
	4	33.0%	30.6%	29.7%	26.7%	22.7%
	5	39.6%	37.6%	36.5%	33.8%	30.0%
	6	42.5%	40.6%	39.4%	36.9%	33.4%
15 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%	0.0%
	2	6.4%	4.5%	0.7%	0.0%	0.0%
	3	22.4%	20.8%	18.2%	15.2%	11.7%
	4	31.1%	29.7%	27.1%	24.6%	21.3%
	5	37.9%	36.7%	34.2%	32.0%	28.7%
	6	41.6%	40.3%	38.0%	36.2%	32.8%
20 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%	0.0%
	2	5.8%	3.5%	0.0%	0.0%	0.0%
	3	22.0%	20.2%	17.3%	14.7%	10.2%
	4	30.7%	29.1%	26.4%	23.9%	19.9%
	5	37.5%	36.0%	33.7%	31.2%	27.5%
	6	41.2%	39.7%	37.5%	35.3%	31.9%
50 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%	0.0%
	2	5.9%	3.3%	0.7%	0.0%	0.0%
	3	21.8%	19.5%	17.4%	14.1%	11.3%
	4	30.0%	28.0%	26.0%	23.0%	20.2%
	5	36.5%	34.7%	32.9%	30.2%	27.5%
	6	39.8%	38.1%	36.2%	33.7%	31.1%
100 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%	0.0%
	2	4.0%	1.8%	0.0%	0.0%	0.0%
	3	19.4%	17.4%	15.1%	12.5%	8.9%
	4	27.3%	25.5%	23.4%	20.9%	17.5%
	5	33.6%	32.0%	30.2%	27.8%	24.5%
	6	36.7%	35.2%	33.4%	31.2%	28.1%

Source: Adams Integra, February 2012

Graph 3a: Summary of Residual Land Values (as % of GDV) at 0%, 10%, 20%, 30% & 40% Affordable Housing Across all Value Points 70% Soical Rent/30% Shared Ownership Planning Infrastructure Level £0 High Density

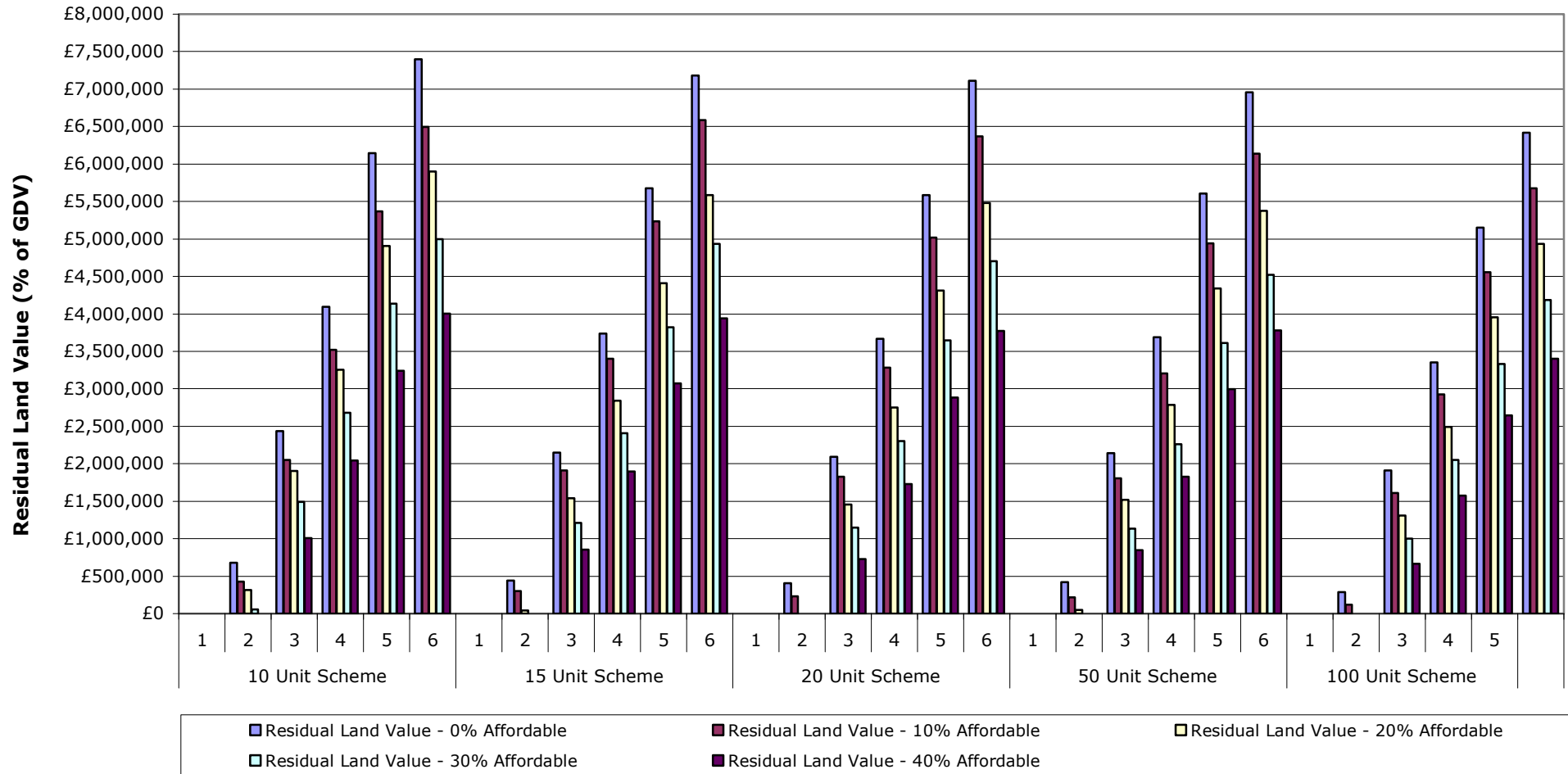


**Table 3b: Summary of Residual Land Value (value per Hectare) Appraisals for
All Value Points
0%, 10%, 20%, 30% and 40% Affordable Housing
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £0
High Density**

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 10% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
10 Unit Scheme	1	£0	£0	£0	£0	£0
	2	£679,427	£425,068	£313,237	£58,878	£0
	3	£2,438,526	£2,050,081	£1,902,864	£1,489,017	£1,009,265
	4	£4,092,486	£3,517,510	£3,255,282	£2,680,305	£2,040,965
	5	£6,143,397	£5,369,945	£4,909,242	£4,135,790	£3,243,855
	6	£7,400,406	£6,494,638	£5,901,618	£4,995,849	£4,004,676
15 Unit Scheme	1	£0	£0	£0	£0	£0
	2	£443,010	£301,567	£44,840	£0	£0
	3	£2,146,373	£1,912,551	£1,539,415	£1,210,023	£853,266
	4	£3,736,741	£3,404,883	£2,843,719	£2,408,793	£1,894,449
	5	£5,675,683	£5,234,896	£4,412,301	£3,824,875	£3,070,886
	6	£7,178,908	£6,585,619	£5,588,738	£4,935,954	£3,942,320
20 Unit Scheme	1	£0	£0	£0	£0	£0
	2	£402,805	£230,878	£575	£0	£0
	3	£2,091,819	£1,828,632	£1,453,268	£1,150,604	£728,966
	4	£3,667,031	£3,283,636	£2,753,999	£2,301,070	£1,729,506
	5	£5,583,269	£5,021,241	£4,312,972	£3,648,932	£2,882,496
	6	£7,109,763	£6,369,103	£5,482,201	£4,704,486	£3,775,658
50 Unit Scheme	1	£0	£0	£0	£0	£0
	2	£417,393	£219,923	£46,383	£0	£0
	3	£2,144,358	£1,802,606	£1,521,156	£1,136,514	£847,207
	4	£3,686,761	£3,207,122	£2,783,880	£2,258,204	£1,830,109
	5	£5,606,894	£4,944,686	£4,338,874	£3,611,741	£2,994,780
	6	£6,960,431	£6,140,835	£5,377,634	£4,524,591	£3,781,720
100 Unit Scheme	1	£0	£0	£0	£0	£0
	2	£286,811	£121,217	£0	£0	£0
	3	£1,907,969	£1,611,320	£1,307,858	£1,001,896	£661,555
	4	£3,352,274	£2,924,157	£2,491,056	£2,049,372	£1,571,406
	5	£5,150,285	£4,556,187	£3,954,158	£3,332,673	£2,647,265
	6	£6,417,736	£5,679,208	£4,935,695	£4,187,465	£3,398,893

Source: Adams Integra, February 2012

**Graph 3a: Summary of Residual Land Values (value per Hectare) at 0%, 10%, 20%, 30% & 40% Affordable Housing Across all Value Points
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £0
High Density**



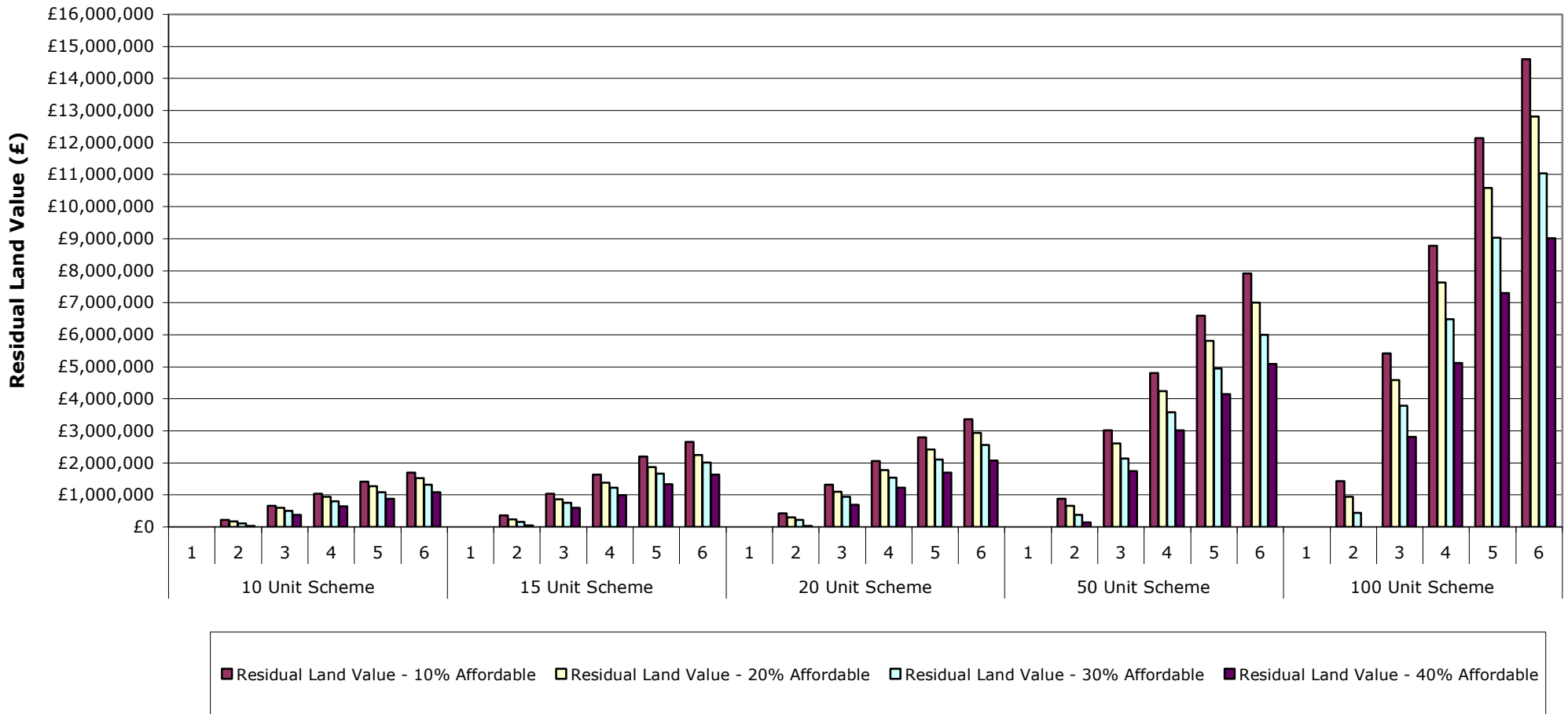
Appendix 3

**Table 4: Summary of Residual Land Value (£) Appraisals for
All Value Points
10%, 20%, 30% and 40% Affordable Housing
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £5,000
Low Density**

Development Scenario / Threshold	Value Point	Residual Land Value - 10% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
10 Unit Scheme	1	£0	£0	£0	£0
	2	£223,535	£172,102	£117,220	£34,209
	3	£653,406	£593,623	£494,626	£382,492
	4	£1,033,817	£934,339	£802,263	£646,490
	5	£1,410,920	£1,265,131	£1,086,744	£884,660
	6	£1,695,401	£1,516,533	£1,318,298	£1,083,135
15 Unit Scheme	1	£0	£0	£0	£0
	2	£366,156	£240,008	£160,426	£53,168
	3	£1,038,832	£865,100	£750,427	£593,569
	4	£1,630,318	£1,378,157	£1,224,269	£995,518
	5	£2,205,465	£1,861,803	£1,662,165	£1,341,913
	6	£2,649,897	£2,240,877	£2,008,561	£1,636,022
20 Unit Scheme	1	£0	£0	£0	£0
	2	£431,057	£299,729	£219,176	£36,184
	3	£1,311,684	£1,100,514	£939,243	£697,049
	4	£2,058,692	£1,776,069	£1,543,345	£1,226,303
	5	£2,799,204	£2,425,641	£2,101,977	£1,693,995
	6	£3,357,836	£2,932,307	£2,556,677	£2,070,747
50 Unit Scheme	1	£0	£0	£0	£0
	2	£882,947	£652,116	£372,645	£143,721
	3	£3,015,583	£2,613,986	£2,142,566	£1,740,969
	4	£4,806,658	£4,235,082	£3,587,388	£3,015,812
	5	£6,600,881	£5,808,962	£4,940,924	£4,149,005
	6	£7,916,645	£7,005,111	£6,004,867	£5,093,333
100 Unit Scheme	1	£0	£0	£0	£0
	2	£1,421,329	£939,885	£446,498	£0
	3	£5,410,141	£4,592,649	£3,780,033	£2,811,035
	4	£8,770,360	£7,628,636	£6,491,789	£5,124,870
	5	£12,130,578	£10,576,196	£9,026,690	£7,306,064
	6	£14,606,528	£12,816,341	£11,031,031	£9,015,649

Source: Adams Integra, February 2012

**Graph 4: Summary of Residual Land Values at 10%, 20%, 30%, & 40%
Affordable Housing Across All Value Points
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £5,000
Low Density**

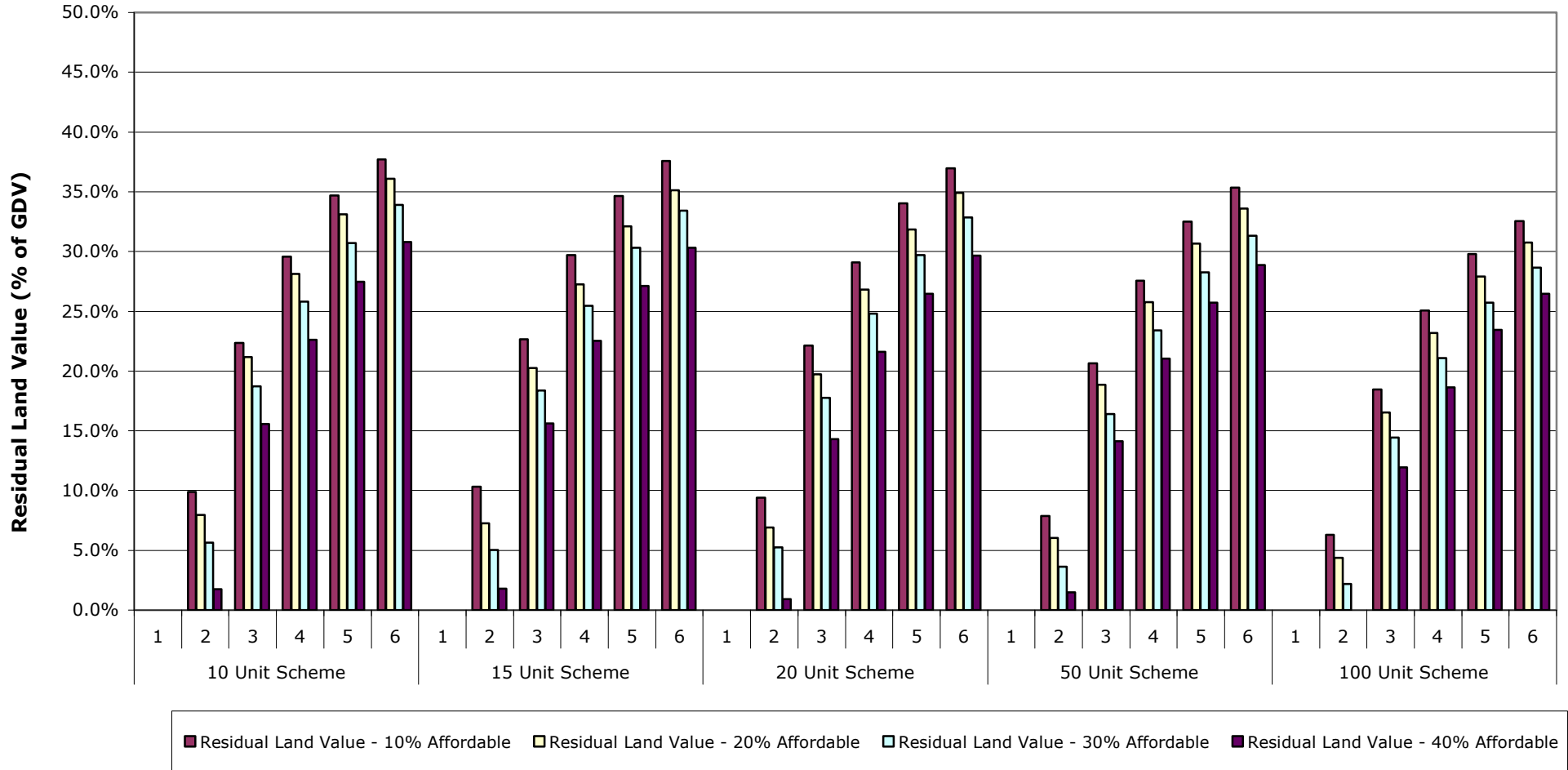


**Table 4a: Summary of Residual Land Value (as % of GDV)
Appraisals for All Value Points
10%, 20%, 30% and 40% Affordable Housing
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £5,000
Low Density**

Development Scenario / Threshold	Value Point	Residual Land Value - 10% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
10 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%
	2	9.9%	8.0%	5.7%	1.8%
	3	22.4%	21.2%	18.7%	15.6%
	4	29.6%	28.1%	25.8%	22.6%
	5	34.7%	33.1%	30.7%	27.5%
	6	37.7%	36.1%	33.9%	30.8%
15 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%
	2	10.3%	7.2%	5.0%	1.8%
	3	22.7%	20.2%	18.4%	15.6%
	4	29.7%	27.2%	25.5%	22.5%
	5	34.6%	32.1%	30.3%	27.1%
	6	37.6%	35.1%	33.4%	30.3%
20 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%
	2	9.4%	6.9%	5.2%	0.9%
	3	22.1%	19.7%	17.8%	14.3%
	4	29.1%	26.8%	24.8%	21.6%
	5	34.1%	31.8%	29.7%	26.5%
	6	37.0%	34.9%	32.9%	29.7%
50 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%
	2	7.9%	6.1%	3.6%	1.5%
	3	20.7%	18.8%	16.4%	14.1%
	4	27.5%	25.7%	23.4%	21.0%
	5	32.5%	30.7%	28.2%	25.7%
	6	35.4%	33.6%	31.3%	28.9%
100 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%
	2	6.3%	4.4%	2.2%	0.0%
	3	18.5%	16.6%	14.4%	11.9%
	4	25.1%	23.2%	21.1%	18.6%
	5	29.8%	27.9%	25.7%	23.4%
	6	32.5%	30.7%	28.7%	26.5%

Source: Adams Integra, February 2012

Graph 4a: Summary of Residual Land Values (as % of GDV) at 10%, 20%, 30% & 40% Affordable Housing Across all Value Points 70% Social Rent/30% Shared Ownership Planning Infrastructure Level £5,000 Low Density

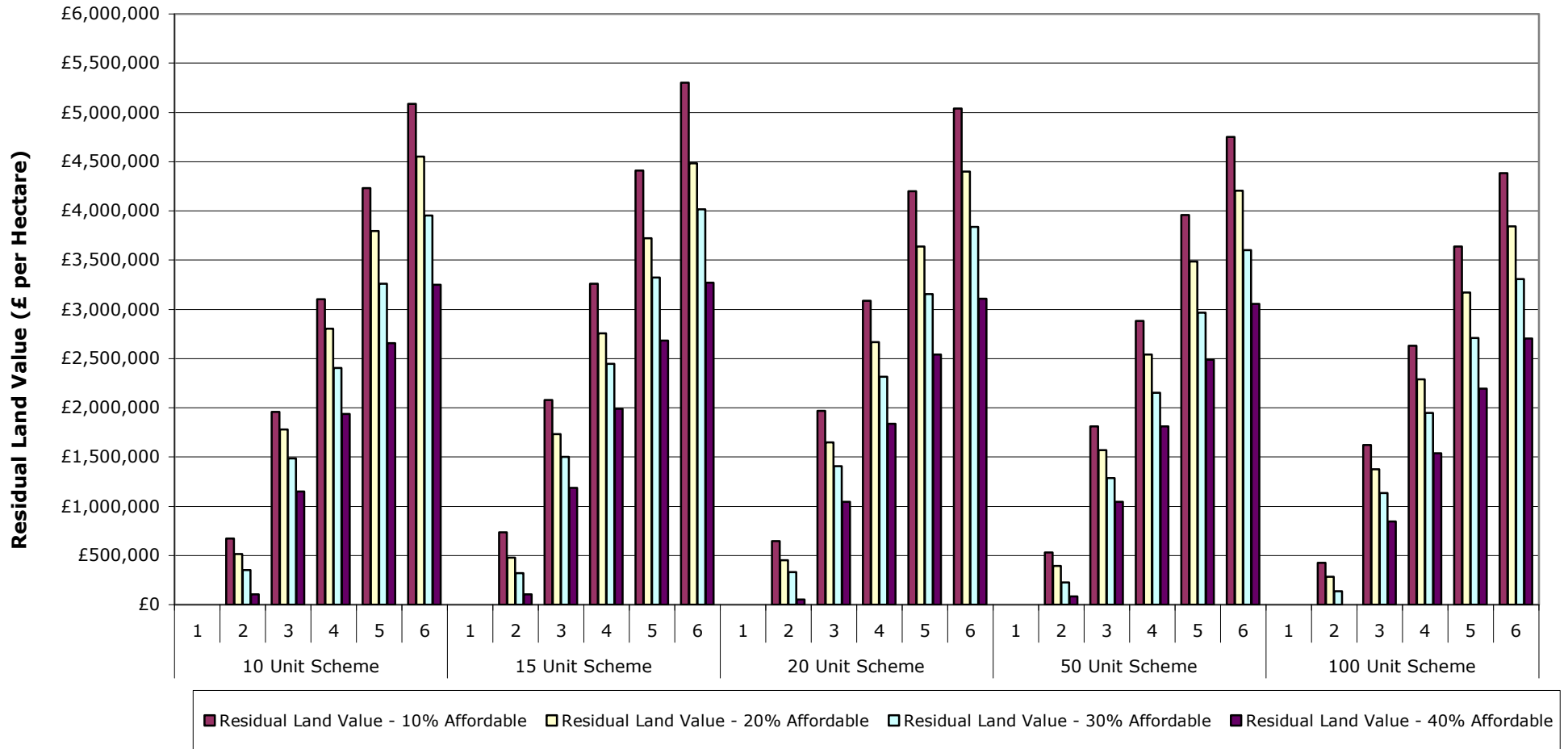


**Table 4b: Summary of Residual Land Value (value per Hectare)
Appraisals for All Value Points
10%, 20%, 30% and 40% Affordable Housing
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £5,000
Low Density**

Development Scenario / Threshold	Value Point	Residual Land Value - 10% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
10 Unit Scheme	1	£0	£0	£0	£0
	2	£670,604	£516,305	£351,661	£102,627
	3	£1,960,219	£1,780,870	£1,483,879	£1,147,475
	4	£3,101,452	£2,803,017	£2,406,789	£1,939,470
	5	£4,232,760	£3,795,393	£3,260,232	£2,653,980
	6	£5,086,204	£4,549,599	£3,954,895	£3,249,406
15 Unit Scheme	1	£0	£0	£0	£0
	2	£732,311	£480,016	£320,852	£106,336
	3	£2,077,664	£1,730,199	£1,500,854	£1,187,137
	4	£3,260,637	£2,756,314	£2,448,539	£1,991,036
	5	£4,410,931	£3,723,606	£3,324,331	£2,683,826
	6	£5,299,794	£4,481,754	£4,017,121	£3,272,045
20 Unit Scheme	1	£0	£0	£0	£0
	2	£646,585	£449,594	£328,764	£54,276
	3	£1,967,526	£1,650,771	£1,408,865	£1,045,574
	4	£3,088,038	£2,664,103	£2,315,018	£1,839,454
	5	£4,198,806	£3,638,461	£3,152,965	£2,540,992
	6	£5,036,754	£4,398,461	£3,835,016	£3,106,120
50 Unit Scheme	1	£0	£0	£0	£0
	2	£529,768	£391,269	£223,587	£86,233
	3	£1,809,350	£1,568,391	£1,285,539	£1,044,581
	4	£2,883,995	£2,541,049	£2,152,433	£1,809,487
	5	£3,960,529	£3,485,377	£2,964,555	£2,489,403
	6	£4,749,987	£4,203,067	£3,602,920	£3,056,000
100 Unit Scheme	1	£0	£0	£0	£0
	2	£426,399	£281,966	£133,949	£0
	3	£1,623,042	£1,377,795	£1,134,010	£843,311
	4	£2,631,108	£2,288,591	£1,947,537	£1,537,461
	5	£3,639,173	£3,172,859	£2,708,007	£2,191,819
	6	£4,381,959	£3,844,902	£3,309,309	£2,704,695

Source: Adams Integra, February 2012

**Graph 4b: Summary of Residual Land Values (value per Hectare) at 10%, 20%, 30% & 40% Affordable Housing Across all Value Points
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £5,000
Low Density**

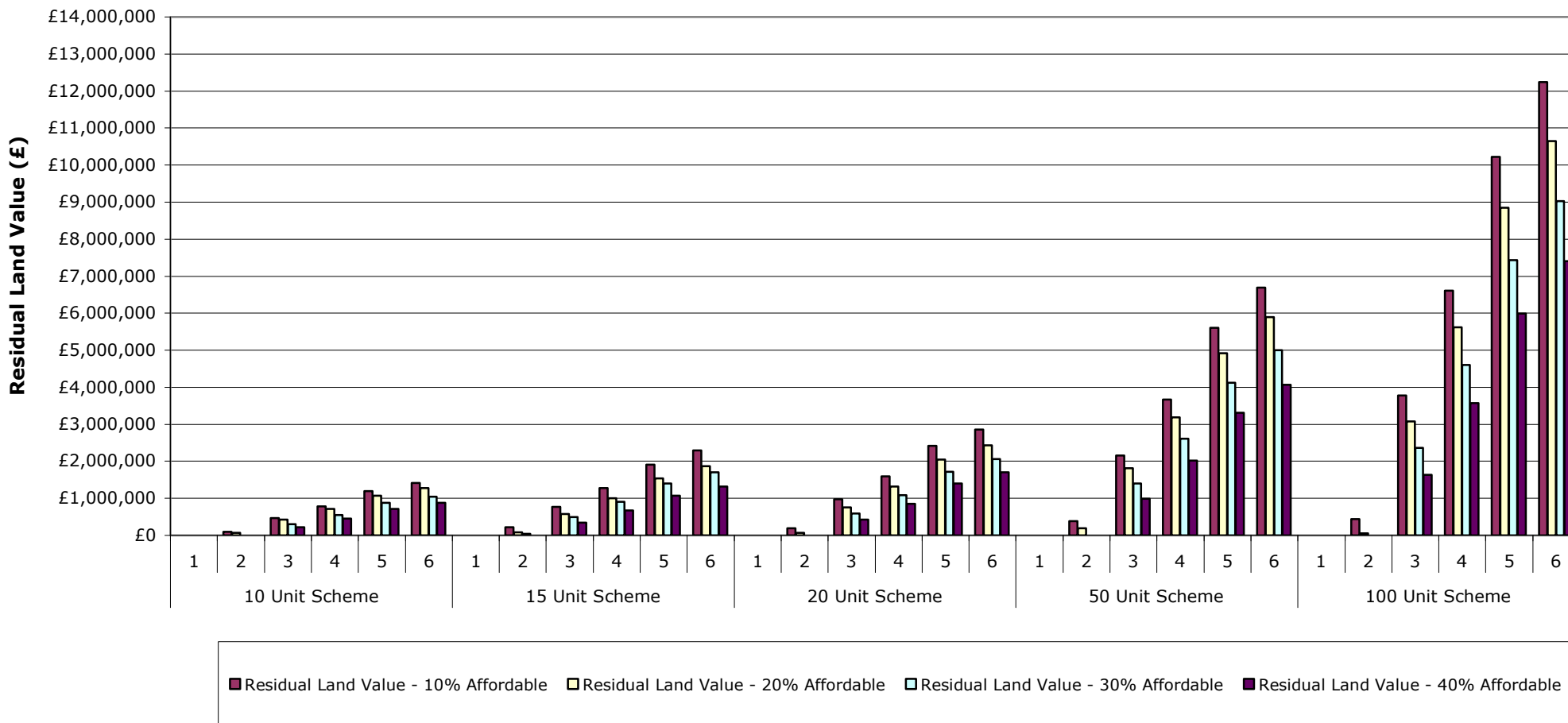


**Table 5: Summary of Residual Land Value (£) Appraisals for
All Value Points
10%, 20%, 30% and 40% Affordable Housing
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £5,000
Medium Density**

Development Scenario / Threshold	Value Point	Residual Land Value - 10% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
10 Unit Scheme	1	£0	£0	£0	£0
	2	£92,856	£66,480	£0	£0
	3	£467,759	£421,057	£303,770	£225,557
	4	£780,497	£710,971	£555,198	£451,473
	5	£1,190,679	£1,074,842	£872,758	£718,068
	6	£1,415,618	£1,279,933	£1,044,770	£883,464
15 Unit Scheme	1	£0	£0	£0	£0
	2	£225,244	£88,510	£37,449	£0
	3	£767,422	£576,815	£492,415	£339,052
	4	£1,277,211	£1,008,175	£900,751	£672,000
	5	£1,911,180	£1,544,108	£1,397,469	£1,077,217
	6	£2,296,790	£1,870,896	£1,698,114	£1,325,576
20 Unit Scheme	1	£0	£0	£0	£0
	2	£196,717	£63,315	£0	£0
	3	£968,648	£757,478	£596,207	£426,036
	4	£1,598,732	£1,316,110	£1,083,386	£853,461
	5	£2,417,193	£2,043,630	£1,719,966	£1,399,102
	6	£2,858,902	£2,433,373	£2,057,744	£1,697,905
50 Unit Scheme	1	£0	£0	£0	£0
	2	£378,151	£189,468	£0	£0
	3	£2,151,735	£1,817,014	£1,402,912	£986,921
	4	£3,671,960	£3,189,151	£2,608,361	£2,025,395
	5	£5,610,980	£4,920,419	£4,119,285	£3,315,977
	6	£6,693,810	£5,896,224	£5,000,658	£4,065,144
100 Unit Scheme	1	£0	£0	£0	£0
	2	£443,920	£52,737	£0	£0
	3	£3,778,045	£3,084,055	£2,364,502	£1,632,864
	4	£6,604,621	£5,618,689	£4,601,298	£3,574,904
	5	£10,218,329	£8,843,319	£7,430,956	£5,991,903
	6	£12,240,355	£10,653,121	£9,022,638	£7,406,732

Source: Adams Integra, February 2012

**Graph 5: Summary of Residual Land Values at 10%, 20%, 30%, & 40% Affordable Housing Across All Value Points
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £5,000
Medium Density**

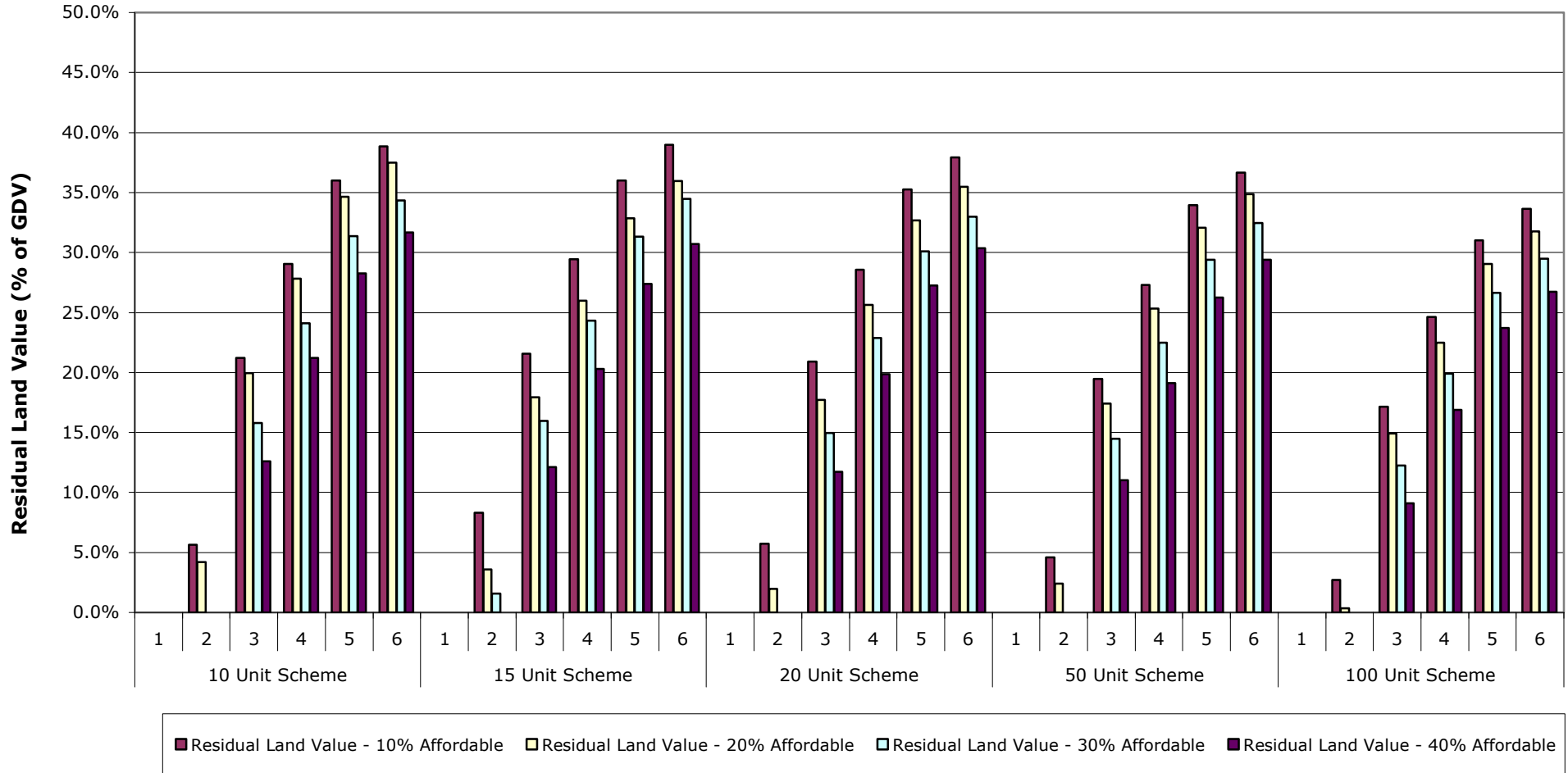


**Table 5a: Summary of Residual Land Value (as % of GDV)
Appraisals for All Value Points
10%, 20%, 30% and 40% Affordable Housing
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £5,000
Medium Density**

Development Scenario / Threshold	Value Point	Residual Land Value - 10% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
10 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%
	2	5.7%	4.2%	0.0%	0.0%
	3	21.2%	19.9%	15.8%	12.6%
	4	29.1%	27.8%	24.1%	21.2%
	5	36.0%	34.6%	31.3%	28.3%
	6	38.8%	37.5%	34.3%	31.7%
15 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%
	2	8.3%	3.6%	1.6%	0.0%
	3	21.6%	17.9%	16.0%	12.1%
	4	29.5%	26.0%	24.3%	20.3%
	5	36.0%	32.9%	31.3%	27.4%
	6	39.0%	36.0%	34.5%	30.7%
20 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%
	2	5.7%	2.0%	0.0%	0.0%
	3	20.9%	17.7%	14.9%	11.7%
	4	28.6%	25.6%	22.9%	19.9%
	5	35.2%	32.7%	30.1%	27.3%
	6	37.9%	35.5%	33.0%	30.4%
50 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%
	2	4.6%	2.4%	0.0%	0.0%
	3	19.5%	17.4%	14.5%	11.0%
	4	27.3%	25.3%	22.5%	19.1%
	5	33.9%	32.1%	29.4%	26.2%
	6	36.7%	34.9%	32.5%	29.4%
100 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%
	2	2.7%	0.3%	0.0%	0.0%
	3	17.2%	14.9%	12.2%	9.1%
	4	24.6%	22.5%	19.9%	16.9%
	5	31.0%	29.0%	26.6%	23.7%
	6	33.7%	31.8%	29.5%	26.7%

Source: Adams Integra, February 2012

**Graph 5a: Summary of Residual Land Values (as % of GDV) at 10%, 20%, 30% & 40% Affordable Housing Across all Value Points
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £5,000
Medium Density**

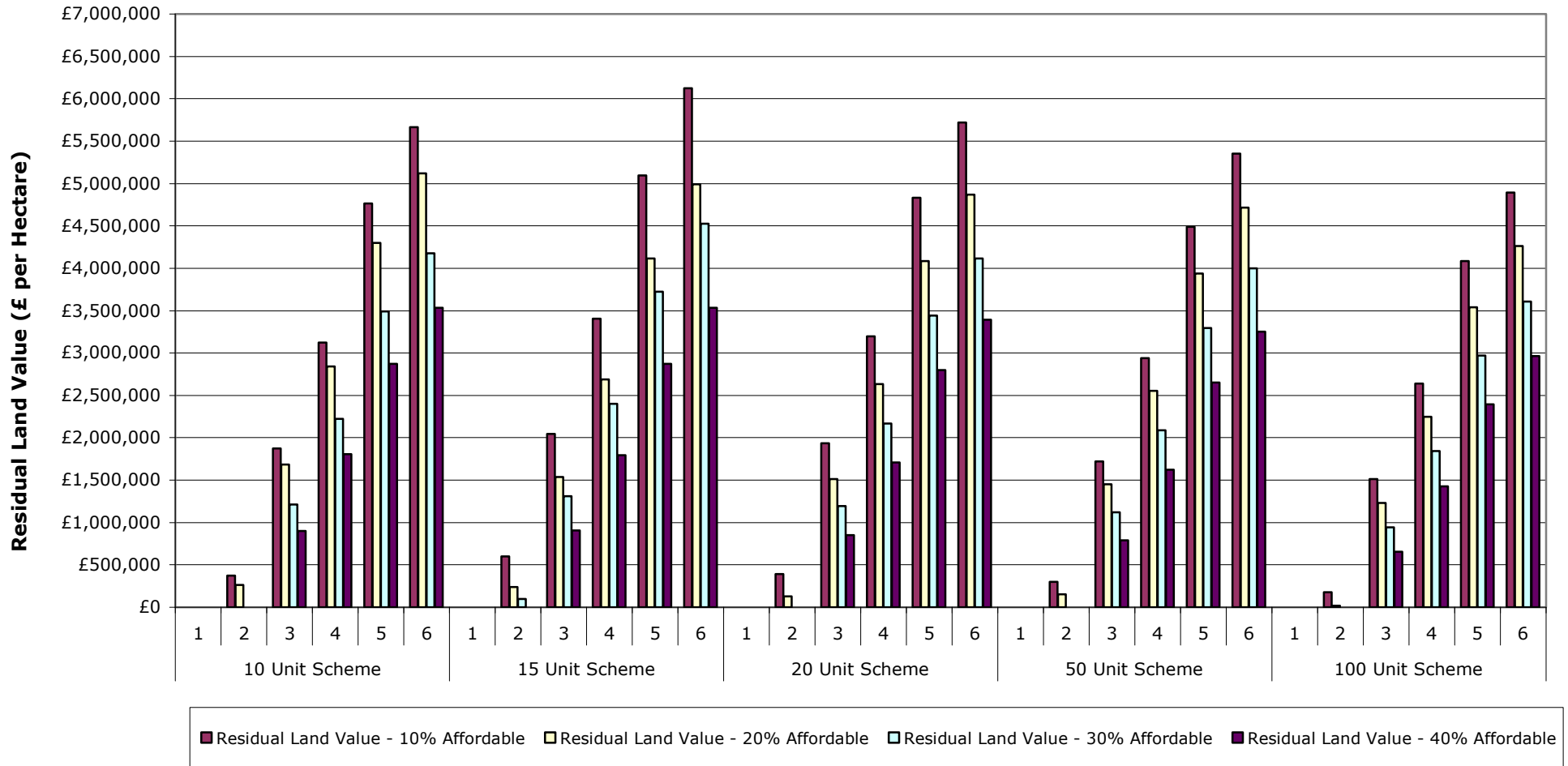


**Table 5b: Summary of Residual Land Value (value per Hectare)
Appraisals for All Value Points
10%, 20%, 30% and 40% Affordable Housing
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £5,000
Medium Density**

Development Scenario / Threshold	Value Point	Residual Land Value - 10% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
10 Unit Scheme	1	£0	£0	£0	£0
	2	£371,424	£265,922	£0	£0
	3	£1,871,036	£1,684,228	£1,215,079	£902,228
	4	£3,121,988	£2,843,882	£2,220,791	£1,805,890
	5	£4,762,717	£4,299,367	£3,491,032	£2,872,270
	6	£5,662,471	£5,119,731	£4,179,079	£3,533,854
15 Unit Scheme	1	£0	£0	£0	£0
	2	£600,650	£236,027	£99,865	£0
	3	£2,046,458	£1,538,174	£1,313,106	£904,139
	4	£3,405,896	£2,688,468	£2,402,004	£1,791,999
	5	£5,096,480	£4,117,621	£3,726,584	£2,872,578
	6	£6,124,773	£4,989,055	£4,528,304	£3,534,869
20 Unit Scheme	1	£0	£0	£0	£0
	2	£393,433	£126,629	£0	£0
	3	£1,937,295	£1,514,955	£1,192,413	£852,071
	4	£3,197,465	£2,632,219	£2,166,771	£1,706,923
	5	£4,834,386	£4,087,260	£3,439,932	£2,798,204
	6	£5,717,804	£4,866,747	£4,115,487	£3,395,810
50 Unit Scheme	1	£0	£0	£0	£0
	2	£302,521	£151,575	£0	£0
	3	£1,721,388	£1,453,611	£1,122,329	£789,537
	4	£2,937,568	£2,551,321	£2,086,688	£1,620,316
	5	£4,488,784	£3,936,335	£3,295,428	£2,652,782
	6	£5,355,048	£4,716,980	£4,000,527	£3,252,115
100 Unit Scheme	1	£0	£0	£0	£0
	2	£177,568	£21,095	£0	£0
	3	£1,511,218	£1,233,622	£945,801	£653,146
	4	£2,641,848	£2,247,475	£1,840,519	£1,429,962
	5	£4,087,332	£3,537,328	£2,972,382	£2,396,761
	6	£4,896,142	£4,261,248	£3,609,055	£2,962,693

Source: Adams Integra, February 2012

**Graph 5b: Summary of Residual Land Values (value per Hectare) at 10%, 20%, 30% & 40% Affordable Housing Across all Value Points
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £5,000
Medium Density**

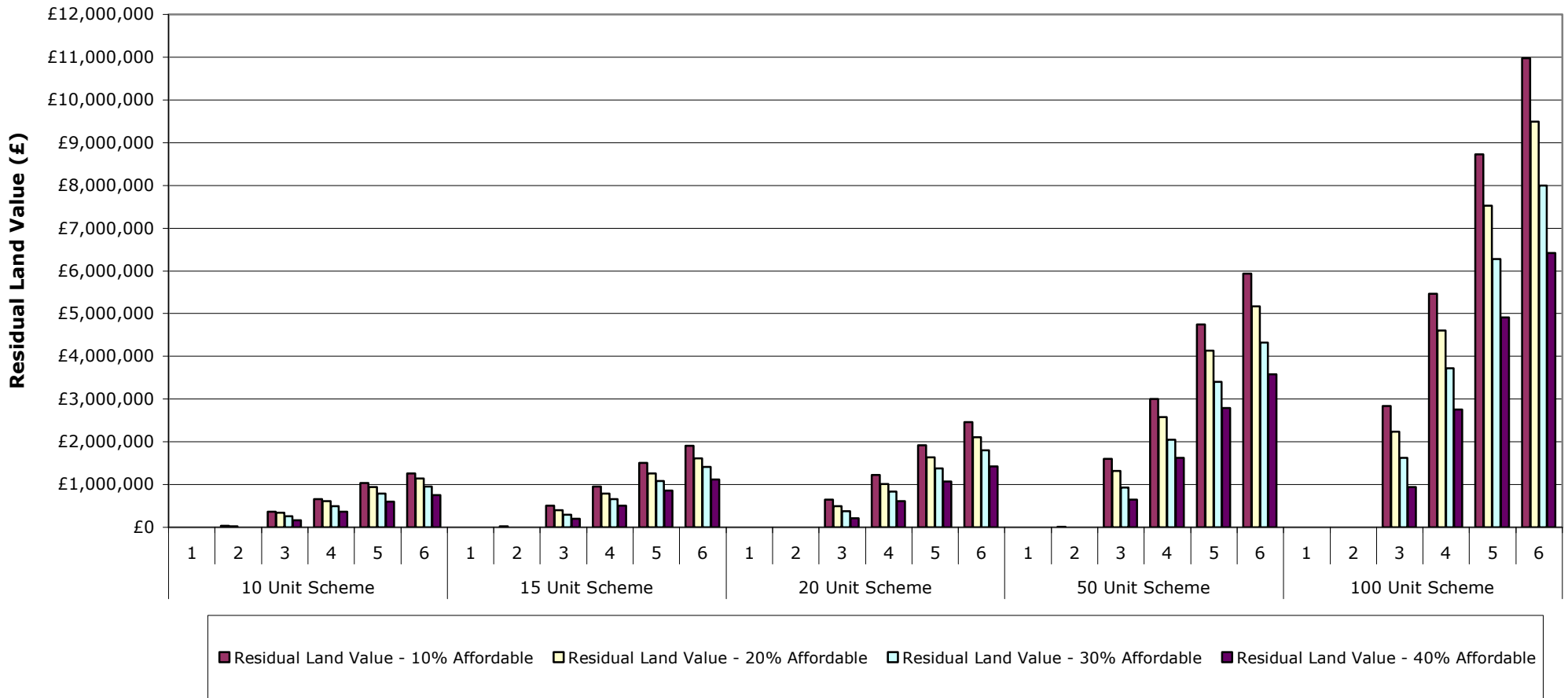


**Table 6: Summary of Residual Land Value (£) Appraisals for
All Value Points
10%, 20%, 30% and 40% Affordable Housing
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £5,000
High Density**

Development Scenario / Threshold	Value Point	Residual Land Value - 10% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
10 Unit Scheme	1	£0	£0	£0	£0
	2	£40,264	£17,897	£0	£0
	3	£366,609	£337,165	£254,396	£159,142
	4	£660,542	£608,096	£493,101	£364,786
	5	£1,031,029	£938,888	£784,198	£605,811
	6	£1,255,968	£1,137,364	£956,210	£757,975
15 Unit Scheme	1	£0	£0	£0	£0
	2	£24,157	£0	£0	£0
	3	£510,105	£397,501	£298,684	£195,608
	4	£957,805	£789,456	£658,978	£504,675
	5	£1,506,809	£1,260,030	£1,083,802	£857,606
	6	£1,912,026	£1,612,961	£1,417,126	£1,119,036
20 Unit Scheme	1	£0	£0	£0	£0
	2	£4,476	£0	£0	£0
	3	£647,093	£496,947	£375,003	£210,602
	4	£1,229,095	£1,017,240	£836,068	£607,442
	5	£1,924,137	£1,640,829	£1,375,213	£1,068,638
	6	£2,463,281	£2,108,521	£1,797,435	£1,425,903
50 Unit Scheme	1	£0	£0	£0	£0
	2	£9,228	£0	£0	£0
	3	£1,598,206	£1,316,756	£932,114	£642,807
	4	£3,002,722	£2,579,480	£2,053,804	£1,625,709
	5	£4,740,286	£4,134,474	£3,407,341	£2,790,380
	6	£5,936,435	£5,173,234	£4,320,191	£3,577,320
100 Unit Scheme	1	£0	£0	£0	£0
	2	£0	£0	£0	£0
	3	£2,839,840	£2,232,917	£1,620,992	£940,309
	4	£5,465,513	£4,599,312	£3,715,944	£2,760,012
	5	£8,729,574	£7,525,515	£6,282,545	£4,911,731
	6	£10,975,615	£9,488,590	£7,992,130	£6,414,987

Source: Adams Integra, February 2012

**Graph 6: Summary of Residual Land Values at 10%, 20%, 30%, & 40% Affordable Housing Across All Value Points
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £5,000
High Density**

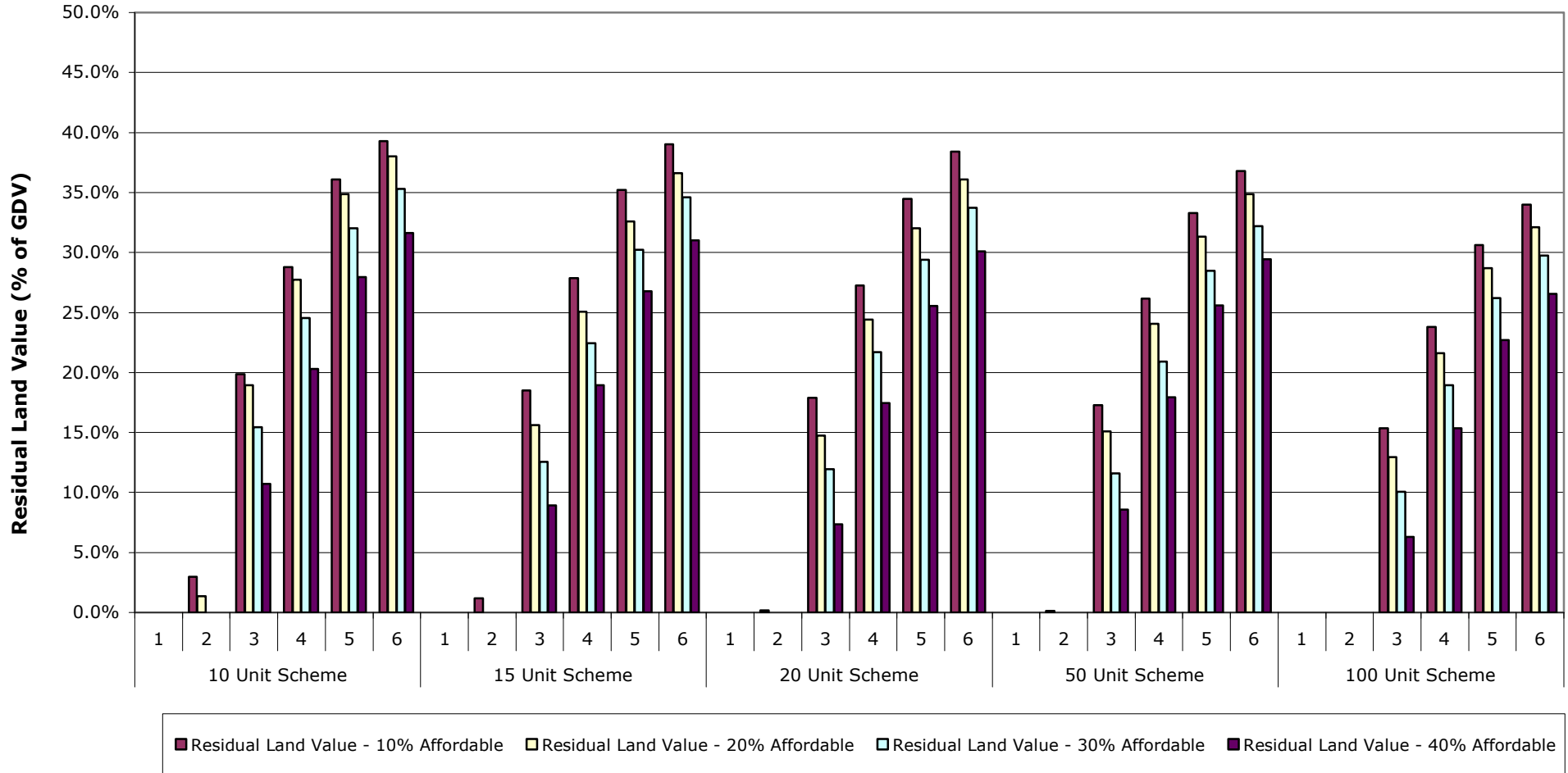


**Table 6a: Summary of Residual Land Value (as % of GDV)
Appraisals for All Value Points
10%, 20%, 30% and 40% Affordable Housing
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £5,000
High Density**

Development Scenario / Threshold	Value Point	Residual Land Value - 10% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
10 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%
	2	3.0%	1.4%	0.0%	0.0%
	3	19.9%	18.9%	15.5%	10.7%
	4	28.8%	27.7%	24.6%	20.3%
	5	36.1%	34.9%	32.0%	28.0%
	6	39.3%	38.0%	35.3%	31.6%
15 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%
	2	1.2%	0.0%	0.0%	0.0%
	3	18.5%	15.6%	12.5%	8.9%
	4	27.9%	25.1%	22.5%	18.9%
	5	35.2%	32.6%	30.2%	26.8%
	6	39.0%	36.6%	34.6%	31.0%
20 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%
	2	0.2%	0.0%	0.0%	0.0%
	3	17.9%	14.8%	11.9%	7.4%
	4	27.2%	24.4%	21.7%	17.5%
	5	34.5%	32.0%	29.4%	25.5%
	6	38.4%	36.1%	33.7%	30.1%
50 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%
	2	0.1%	0.0%	0.0%	0.0%
	3	17.3%	15.1%	11.6%	8.6%
	4	26.2%	24.1%	20.9%	17.9%
	5	33.3%	31.3%	28.5%	25.6%
	6	36.8%	34.9%	32.2%	29.4%
100 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%
	2	0.0%	0.0%	0.0%	0.0%
	3	15.3%	12.9%	10.1%	6.3%
	4	23.8%	21.6%	18.9%	15.4%
	5	30.6%	28.7%	26.2%	22.7%
	6	34.0%	32.1%	29.7%	26.5%

Source: Adams Integra, February 2012

Graph 6a: Summary of Residual Land Values (as % of GDV) at 10%, 20%, 30% & 40% Affordable Housing Across all Value Points 70% Social Rent/30% Shared Ownership Planning Infrastructure Level £5,000 High Density

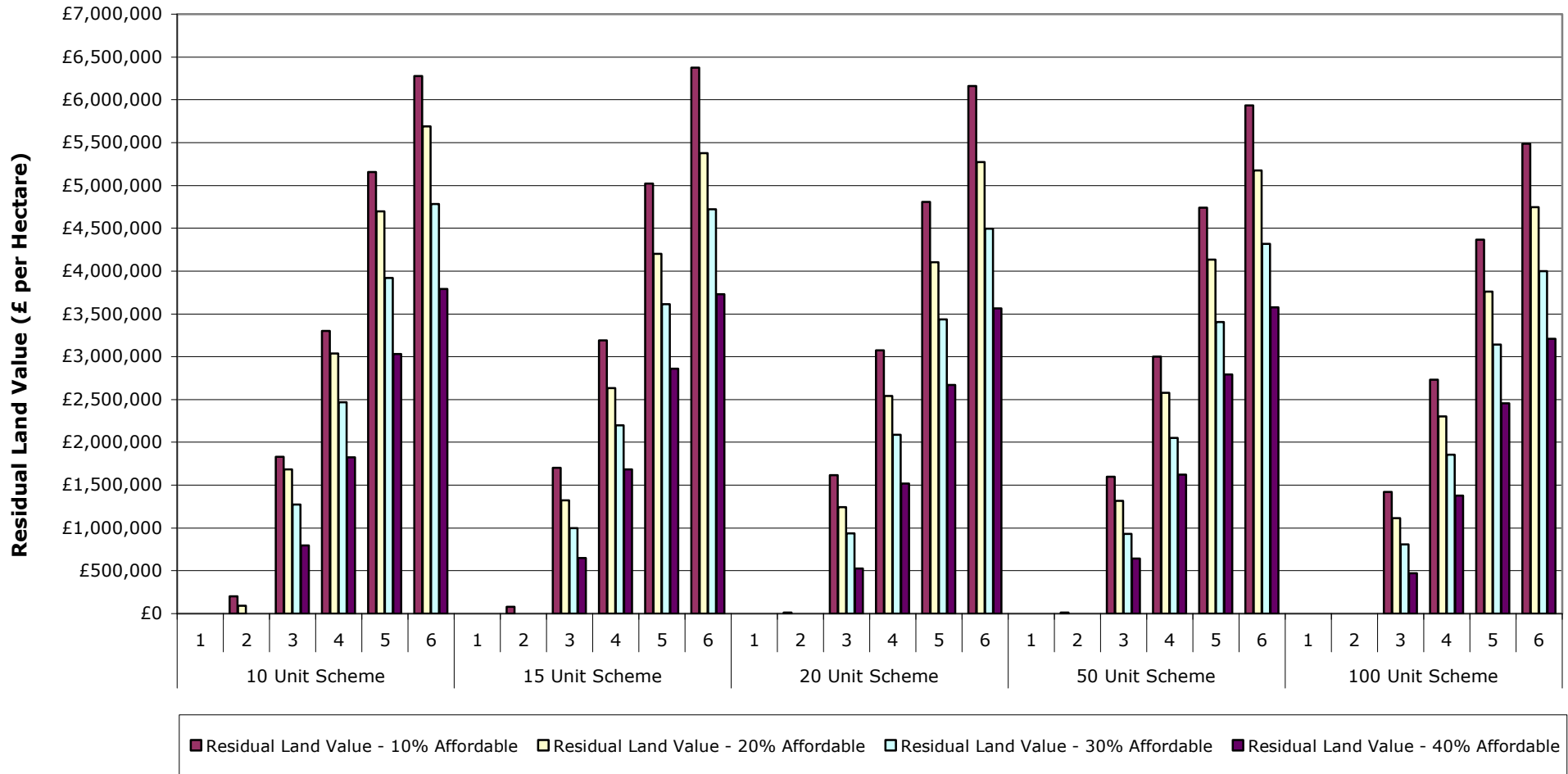


**Table 6b: Summary of Residual Land Value (value per Hectare)
Appraisals for All Value Points
10%, 20%, 30% and 40% Affordable Housing
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £5,000
High Density**

Development Scenario / Threshold	Value Point	Residual Land Value - 10% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
10 Unit Scheme	1	£0	£0	£0	£0
	2	£201,318	£89,487	£0	£0
	3	£1,833,043	£1,685,827	£1,271,980	£795,710
	4	£3,302,710	£3,040,482	£2,465,505	£1,823,928
	5	£5,155,145	£4,694,442	£3,920,990	£3,029,055
	6	£6,279,838	£5,686,818	£4,781,049	£3,789,876
15 Unit Scheme	1	£0	£0	£0	£0
	2	£80,525	£0	£0	£0
	3	£1,700,351	£1,325,004	£995,613	£652,028
	4	£3,192,683	£2,631,519	£2,196,593	£1,682,249
	5	£5,022,696	£4,200,101	£3,612,675	£2,858,686
	6	£6,373,419	£5,376,538	£4,723,754	£3,730,120
20 Unit Scheme	1	£0	£0	£0	£0
	2	£11,190	£0	£0	£0
	3	£1,617,732	£1,242,368	£937,507	£526,506
	4	£3,072,736	£2,543,099	£2,090,170	£1,518,606
	5	£4,810,341	£4,102,072	£3,438,032	£2,671,596
	6	£6,158,203	£5,271,301	£4,493,586	£3,564,758
50 Unit Scheme	1	£0	£0	£0	£0
	2	£9,228	£0	£0	£0
	3	£1,598,206	£1,316,756	£932,114	£642,807
	4	£3,002,722	£2,579,480	£2,053,804	£1,625,709
	5	£4,740,286	£4,134,474	£3,407,341	£2,790,380
	6	£5,936,435	£5,173,234	£4,320,191	£3,577,320
100 Unit Scheme	1	£0	£0	£0	£0
	2	£0	£0	£0	£0
	3	£1,419,920	£1,116,458	£810,496	£470,155
	4	£2,732,757	£2,299,656	£1,857,972	£1,380,006
	5	£4,364,787	£3,762,758	£3,141,273	£2,455,865
	6	£5,487,808	£4,744,295	£3,996,065	£3,207,493

Source: Adams Integra, February 2012

**Graph 6b: Summary of Residual Land Values (value per Hectare) at 10%, 20%, 30% & 40% Affordable Housing Across all Value Points
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £5,000
High Density**



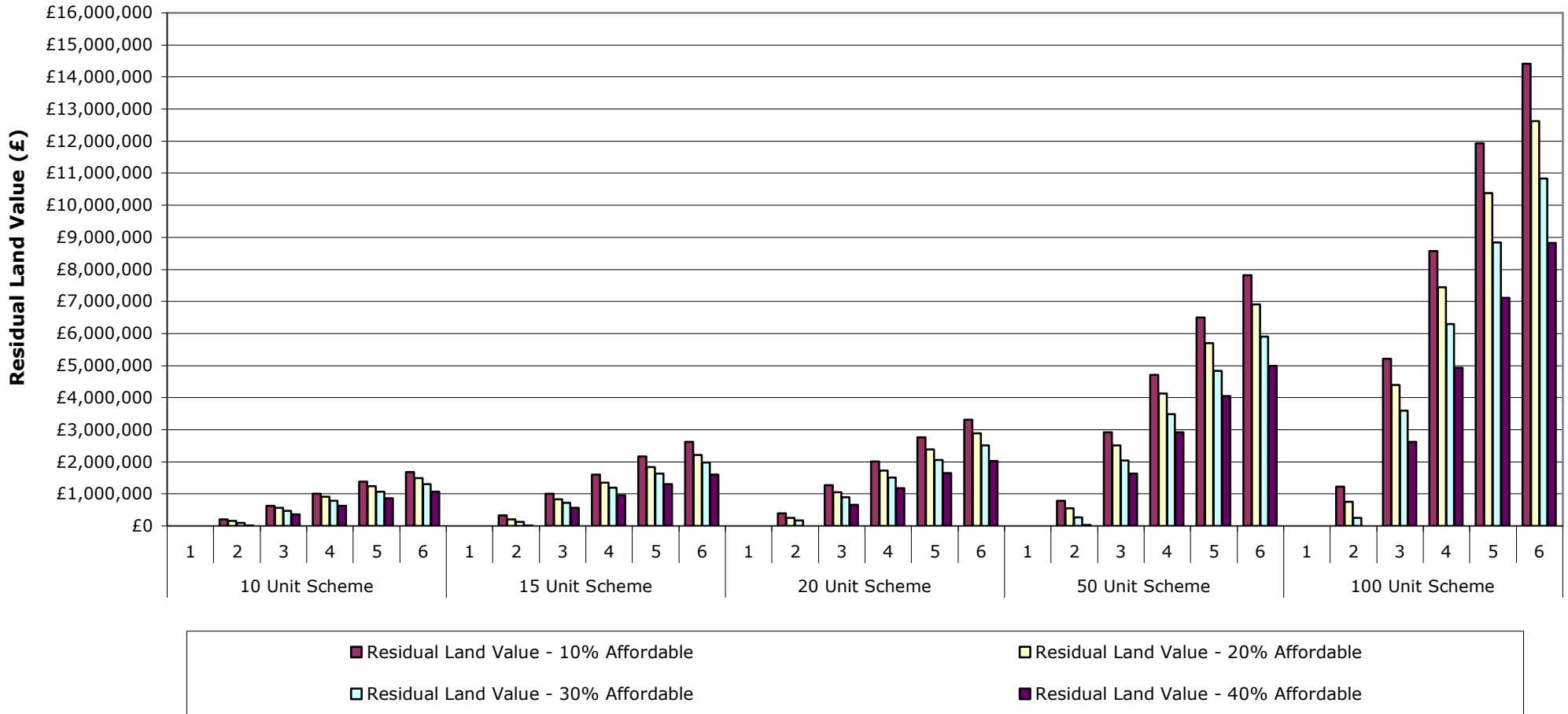
Appendix 4

**Table 7: Summary of Residual Land Value (£) Appraisals for
All Value Points
10%, 20%, 30% and 40% Affordable Housing
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £7,500
Low Density**

Development Scenario / Threshold	Value Point	Residual Land Value - 10% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
10 Unit Scheme	1	£0	£0	£0	£0
	2	£201,384	£149,727	£94,845	£11,834
	3	£631,926	£572,143	£478,075	£360,788
	4	£1,012,337	£912,859	£780,783	£625,010
	5	£1,389,440	£1,243,651	£1,065,264	£863,180
	6	£1,673,921	£1,495,053	£1,296,818	£1,061,655
15 Unit Scheme	1	£0	£0	£0	£0
	2	£333,994	£207,184	£127,270	£20,012
	3	£1,007,002	£833,270	£718,597	£561,739
	4	£1,598,488	£1,346,327	£1,192,439	£963,688
	5	£2,173,635	£1,829,973	£1,630,335	£1,310,083
	6	£2,618,067	£2,209,047	£1,976,731	£1,604,192
20 Unit Scheme	1	£0	£0	£0	£0
	2	£388,437	£257,110	£175,678	£0
	3	£1,269,504	£1,058,334	£897,063	£654,869
	4	£2,016,512	£1,733,889	£1,501,165	£1,184,123
	5	£2,757,024	£2,383,461	£2,059,797	£1,651,815
	6	£3,315,656	£2,890,127	£2,514,497	£2,028,567
50 Unit Scheme	1	£0	£0	£0	£0
	2	£780,747	£549,916	£269,380	£37,263
	3	£2,913,383	£2,511,786	£2,040,366	£1,638,769
	4	£4,704,458	£4,132,882	£3,485,188	£2,913,612
	5	£6,498,681	£5,706,762	£4,838,724	£4,046,805
	6	£7,814,445	£6,902,911	£5,902,667	£4,991,133
100 Unit Scheme	1	£0	£0	£0	£0
	2	£1,229,929	£748,485	£253,104	£0
	3	£5,218,741	£4,401,249	£3,588,633	£2,619,635
	4	£8,578,960	£7,437,236	£6,300,389	£4,933,470
	5	£11,939,178	£10,384,796	£8,835,290	£7,114,664
	6	£14,415,128	£12,624,941	£10,839,631	£8,824,249

Source: Adams Integra, February 2012

**Graph 7: Summary of Residual Land Values at 10%, 20%, 30%, & 40%
Affordable Housing Across All Value Points
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £7,500
Low Density**

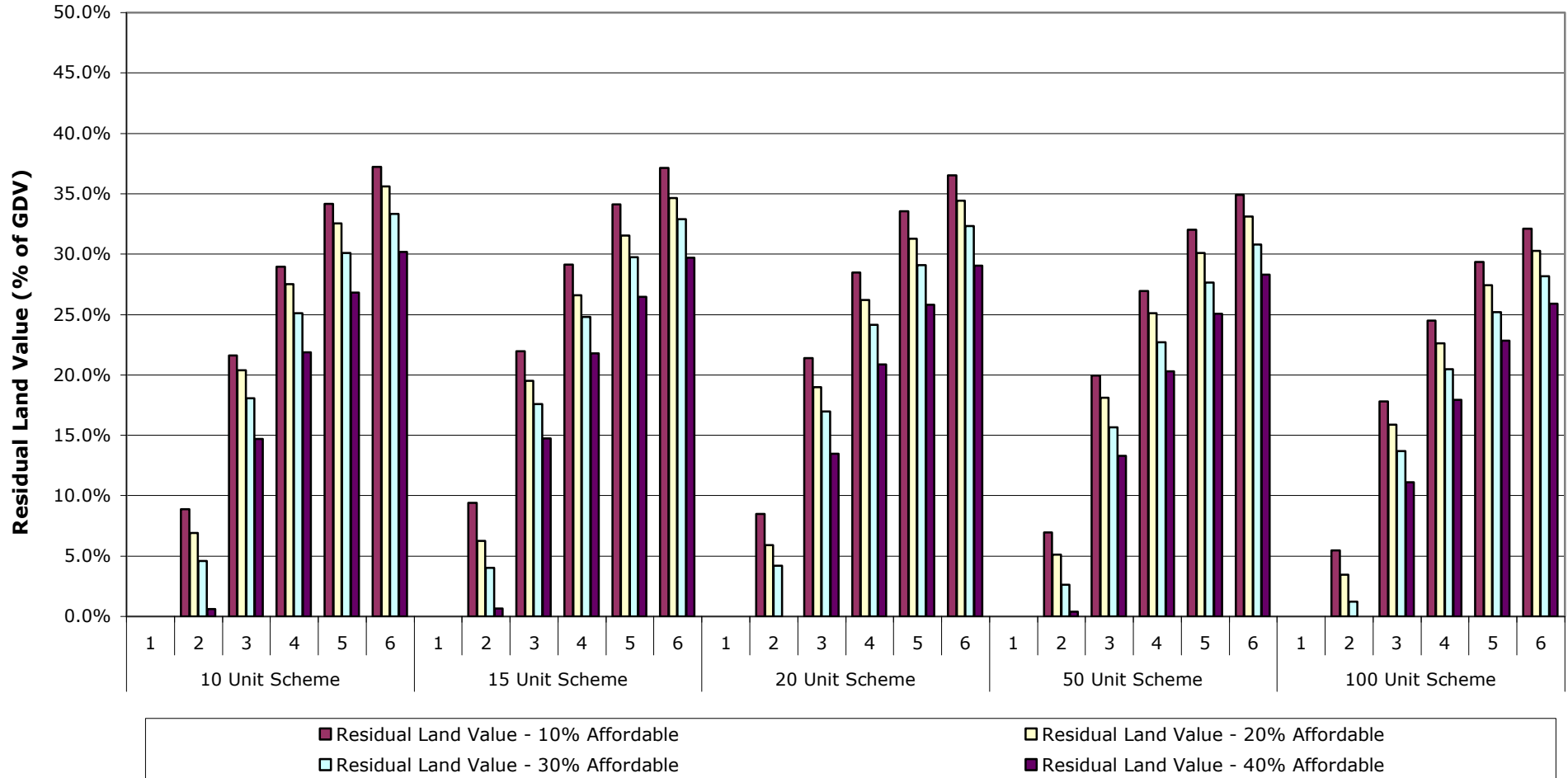


**Table 7a: Summary of Residual Land Value (as % of GDV)
Appraisals for All Value Points
10%, 20%, 30% and 40% Affordable Housing
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £7,500
Low Density**

Development Scenario / Threshold	Value Point	Residual Land Value - 10% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
10 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%
	2	8.9%	6.9%	4.6%	0.6%
	3	21.6%	20.4%	18.1%	14.7%
	4	28.9%	27.5%	25.1%	21.9%
	5	34.2%	32.6%	30.1%	26.8%
	6	37.2%	35.6%	33.4%	30.2%
15 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%
	2	9.4%	6.3%	4.0%	0.7%
	3	22.0%	19.5%	17.6%	14.8%
	4	29.1%	26.6%	24.8%	21.8%
	5	34.1%	31.6%	29.8%	26.5%
	6	37.1%	34.6%	32.9%	29.7%
20 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%
	2	8.5%	5.9%	4.2%	0.0%
	3	21.4%	19.0%	17.0%	13.5%
	4	28.5%	26.2%	24.1%	20.9%
	5	33.5%	31.3%	29.1%	25.8%
	6	36.5%	34.4%	32.3%	29.1%
50 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%
	2	7.0%	5.1%	2.6%	0.4%
	3	20.0%	18.1%	15.6%	13.3%
	4	27.0%	25.1%	22.7%	20.3%
	5	32.0%	30.1%	27.7%	25.1%
	6	34.9%	33.1%	30.8%	28.3%
100 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%
	2	5.5%	3.5%	1.2%	0.0%
	3	17.8%	15.9%	13.7%	11.1%
	4	24.5%	22.6%	20.5%	18.0%
	5	29.3%	27.4%	25.2%	22.8%
	6	32.1%	30.3%	28.2%	25.9%

Source: Adams Integra, February 2012

Graph 7a: Summary of Residual Land Values (as % of GDV) at 10%, 20%, 30% & 40% Affordable Housing Across all Value Points 70% Social Rent/30% Shared Ownership Planning Infrastructure Level £7,500 Low Density

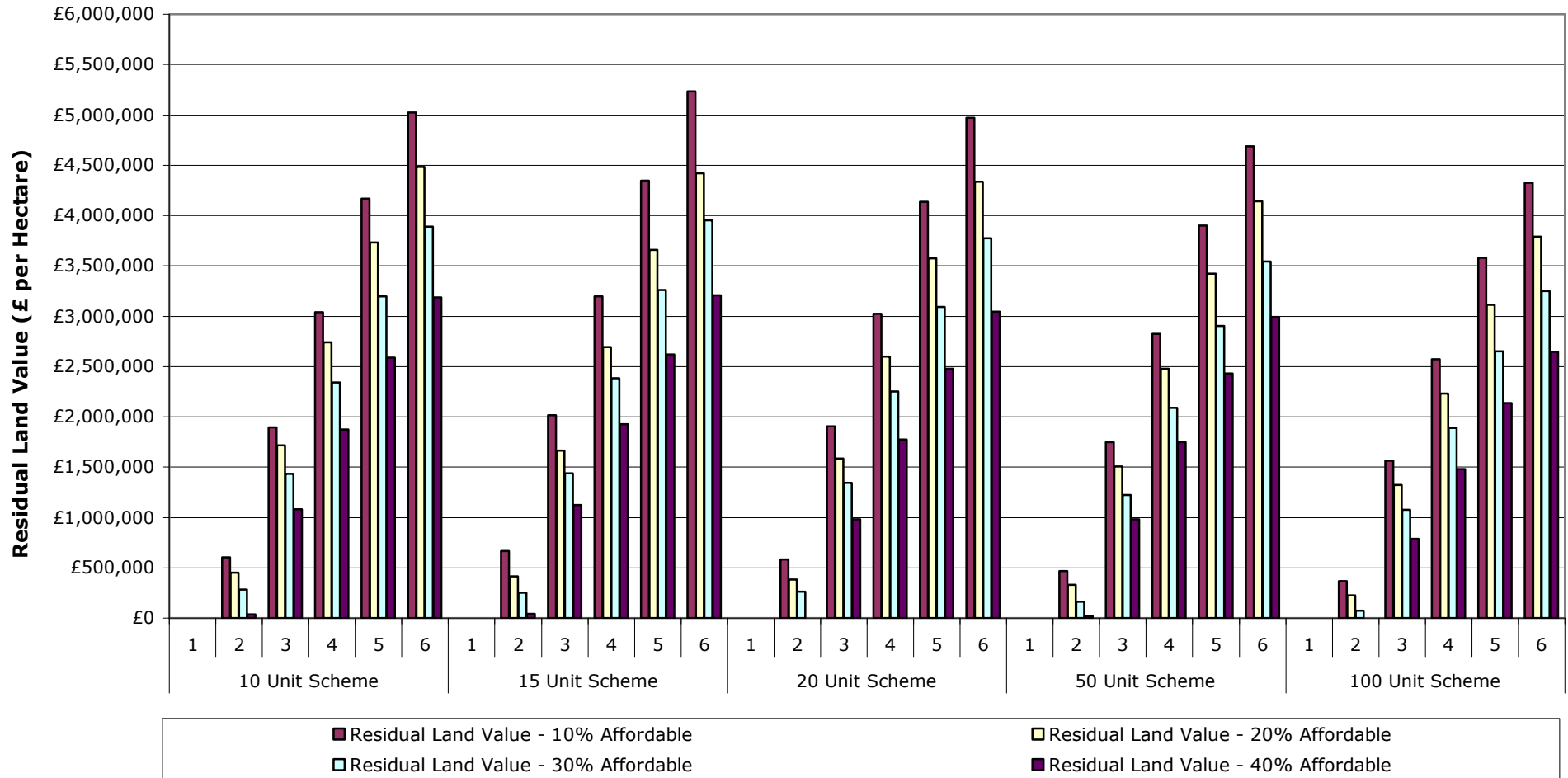


**Table 7b: Summary of Residual Land Value (value per Hectare)
Appraisals for All Value Points
10%, 20%, 30% and 40% Affordable Housing
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £7,500
Low Density**

Development Scenario / Threshold	Value Point	Residual Land Value - 10% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
10 Unit Scheme	1	£0	£0	£0	£0
	2	£604,151	£449,180	£284,536	£35,502
	3	£1,895,779	£1,716,430	£1,434,225	£1,082,364
	4	£3,037,012	£2,738,577	£2,342,349	£1,875,030
	5	£4,168,320	£3,730,953	£3,195,792	£2,589,540
	6	£5,021,764	£4,485,159	£3,890,455	£3,184,966
15 Unit Scheme	1	£0	£0	£0	£0
	2	£667,988	£414,367	£254,540	£40,023
	3	£2,014,004	£1,666,539	£1,437,194	£1,123,477
	4	£3,196,977	£2,692,654	£2,384,879	£1,927,376
	5	£4,347,271	£3,659,946	£3,260,671	£2,620,166
	6	£5,236,134	£4,418,094	£3,953,461	£3,208,385
20 Unit Scheme	1	£0	£0	£0	£0
	2	£582,656	£385,665	£263,517	£0
	3	£1,904,256	£1,587,501	£1,345,595	£982,304
	4	£3,024,768	£2,600,833	£2,251,748	£1,776,184
	5	£4,135,536	£3,575,191	£3,089,695	£2,477,722
	6	£4,973,484	£4,335,191	£3,771,746	£3,042,850
50 Unit Scheme	1	£0	£0	£0	£0
	2	£468,448	£329,949	£161,628	£22,358
	3	£1,748,030	£1,507,071	£1,224,219	£983,261
	4	£2,822,675	£2,479,729	£2,091,113	£1,748,167
	5	£3,899,209	£3,424,057	£2,903,235	£2,428,083
	6	£4,688,667	£4,141,747	£3,541,600	£2,994,680
100 Unit Scheme	1	£0	£0	£0	£0
	2	£368,979	£224,546	£75,931	£0
	3	£1,565,622	£1,320,375	£1,076,590	£785,891
	4	£2,573,688	£2,231,171	£1,890,117	£1,480,041
	5	£3,581,753	£3,115,439	£2,650,587	£2,134,399
	6	£4,324,539	£3,787,482	£3,251,889	£2,647,275

Source: Adams Integra, February 2012

**Graph 7b: Summary of Residual Land Values (value per Hectare) at 10%, 20%, 30% & 40% Affordable Housing Across all Value Points
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £7,500
Low Density**

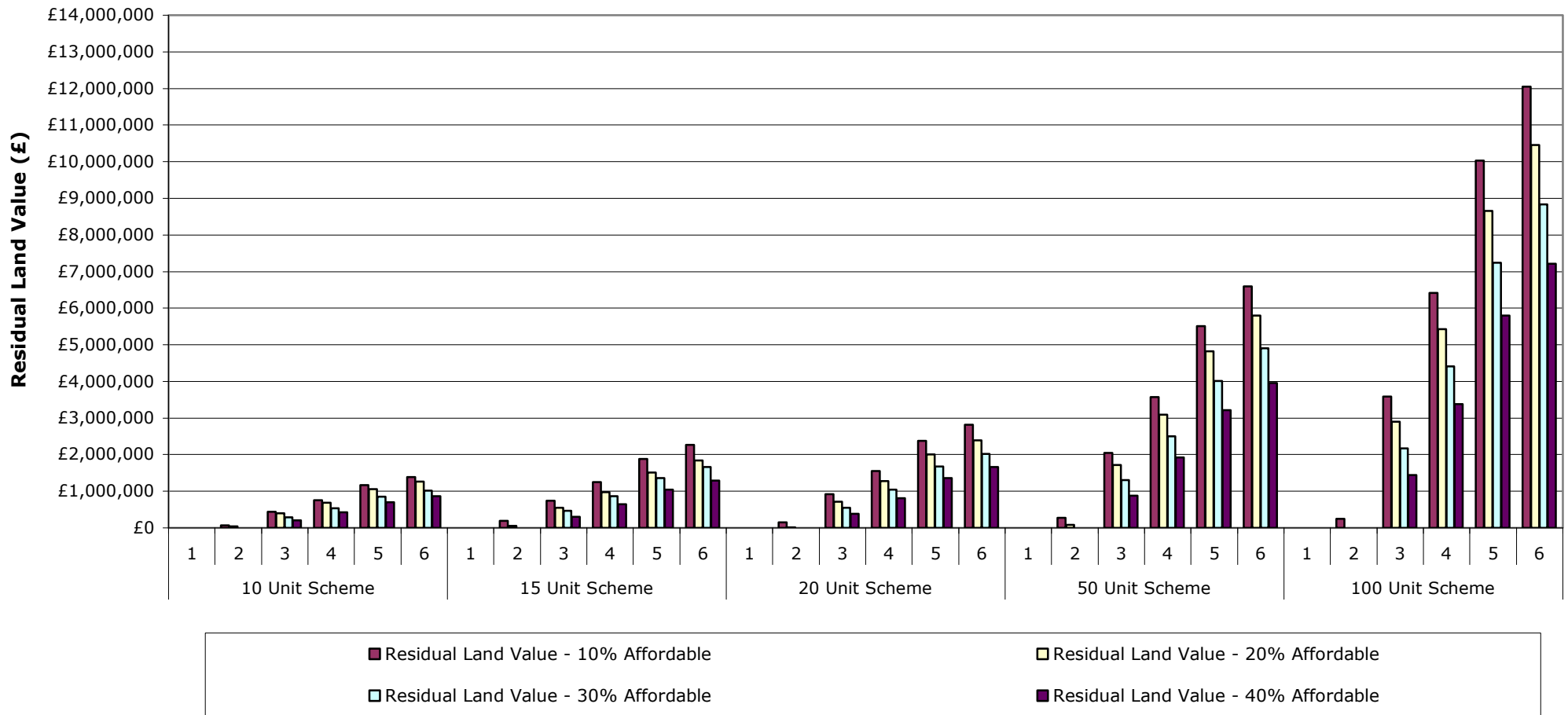


**Table 8: Summary of Residual Land Value (£) Appraisals for
All Value Points
10%, 20%, 30% and 40% Affordable Housing
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £7,500
Medium Density**

Development Scenario / Threshold	Value Point	Residual Land Value - 10% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
10 Unit Scheme	1	£0	£0	£0	£0
	2	£70,481	£44,105	£0	£0
	3	£446,055	£399,353	£282,066	£203,406
	4	£759,017	£689,491	£533,718	£429,769
	5	£1,169,199	£1,053,362	£851,278	£696,588
	6	£1,394,138	£1,258,453	£1,023,290	£861,984
15 Unit Scheme	1	£0	£0	£0	£0
	2	£192,419	£55,354	£4,293	£0
	3	£735,592	£544,985	£465,383	£306,890
	4	£1,245,381	£976,345	£868,921	£640,170
	5	£1,879,350	£1,512,278	£1,365,639	£1,045,387
	6	£2,264,960	£1,839,066	£1,666,284	£1,293,746
20 Unit Scheme	1	£0	£0	£0	£0
	2	£154,766	£19,377	£0	£0
	3	£926,468	£715,298	£554,027	£383,416
	4	£1,556,552	£1,273,930	£1,041,206	£811,281
	5	£2,375,013	£2,001,450	£1,677,786	£1,356,922
	6	£2,816,722	£2,391,193	£2,015,564	£1,655,725
50 Unit Scheme	1	£0	£0	£0	£0
	2	£274,886	£84,924	£0	£0
	3	£2,049,535	£1,714,814	£1,300,712	£884,721
	4	£3,569,760	£3,086,951	£2,506,161	£1,923,195
	5	£5,508,780	£4,818,219	£4,017,085	£3,213,777
	6	£6,591,610	£5,794,024	£4,898,458	£3,962,944
100 Unit Scheme	1	£0	£0	£0	£0
	2	£250,526	£0	£0	£0
	3	£3,586,645	£2,892,655	£2,173,102	£1,441,464
	4	£6,413,221	£5,427,289	£4,409,898	£3,383,504
	5	£10,026,929	£8,651,919	£7,239,556	£5,800,503
	6	£12,048,955	£10,461,721	£8,831,238	£7,215,332

Source: Adams Integra, February 2012

**Graph 8: Summary of Residual Land Values at 10%, 20%, 30%, & 40%
Affordable Housing Across All Value Points
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £7,500
Medium Density**

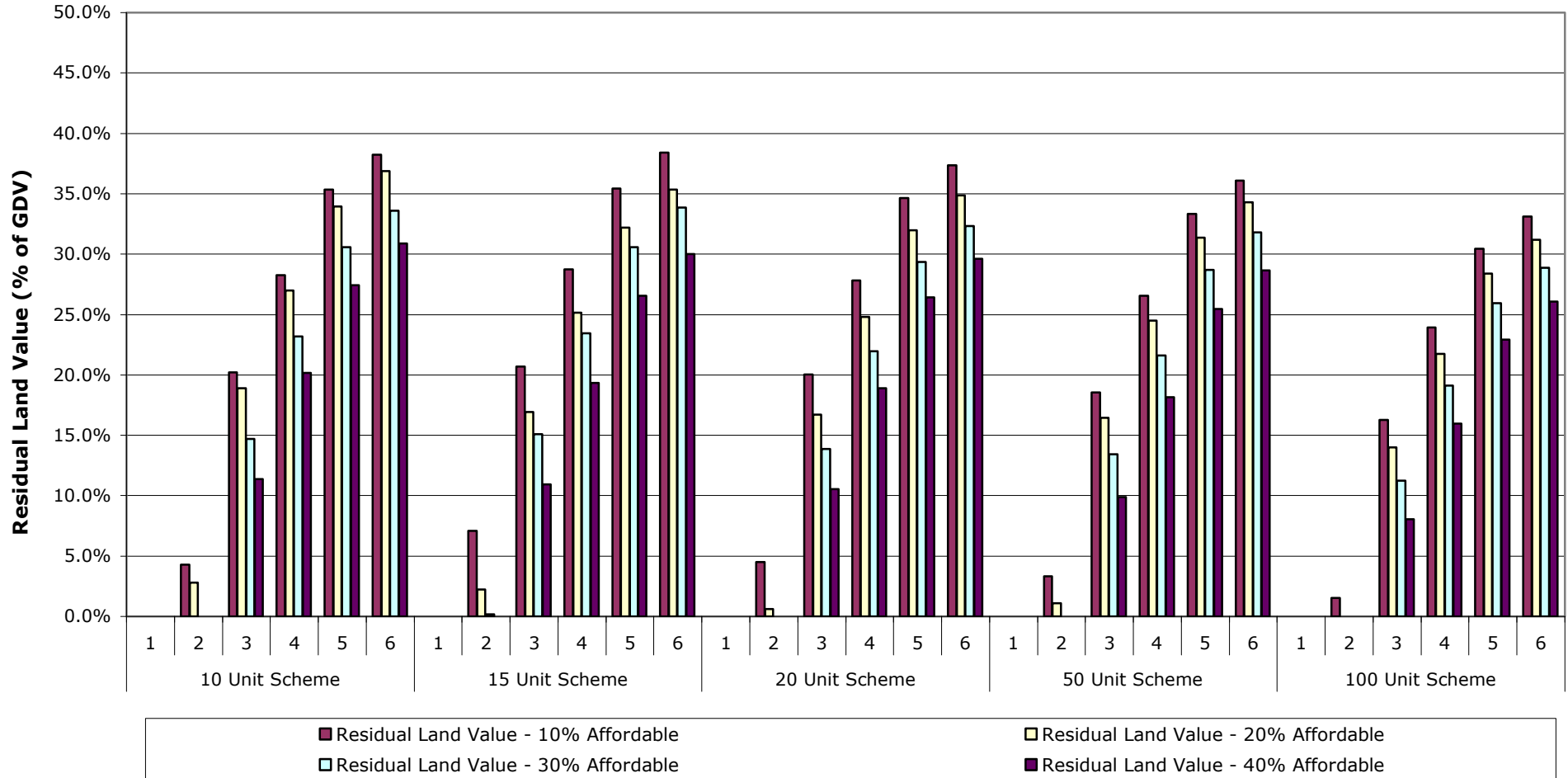


**Table 8a: Summary of Residual Land Value (as % of GDV)
Appraisals for All Value Points
10%, 20%, 30% and 40% Affordable Housing
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £7,500
Medium Density**

Development Scenario / Threshold	Value Point	Residual Land Value - 10% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
10 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%
	2	4.3%	2.8%	0.0%	0.0%
	3	20.2%	18.9%	14.7%	11.4%
	4	28.3%	27.0%	23.2%	20.2%
	5	35.4%	33.9%	30.6%	27.4%
	6	38.2%	36.9%	33.6%	30.9%
15 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%
	2	7.1%	2.2%	0.2%	0.0%
	3	20.7%	16.9%	15.1%	11.0%
	4	28.7%	25.2%	23.5%	19.3%
	5	35.4%	32.2%	30.6%	26.6%
	6	38.4%	35.4%	33.8%	30.0%
20 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%
	2	4.5%	0.6%	0.0%	0.0%
	3	20.0%	16.7%	13.9%	10.6%
	4	27.8%	24.8%	22.0%	18.9%
	5	34.6%	32.0%	29.3%	26.4%
	6	37.4%	34.9%	32.3%	29.6%
50 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%
	2	3.3%	1.1%	0.0%	0.0%
	3	18.6%	16.4%	13.4%	9.9%
	4	26.5%	24.5%	21.6%	18.2%
	5	33.3%	31.4%	28.7%	25.4%
	6	36.1%	34.3%	31.8%	28.7%
100 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%
	2	1.5%	0.0%	0.0%	0.0%
	3	16.3%	14.0%	11.3%	8.1%
	4	23.9%	21.7%	19.1%	16.0%
	5	30.4%	28.4%	26.0%	22.9%
	6	33.1%	31.2%	28.9%	26.1%

Source: Adams Integra, February 2012

Graph 8a: Summary of Residual Land Values (as % of GDV) at 10%, 20%, 30% & 40% Affordable Housing Across all Value Points 70% Social Rent/30% Shared Ownership Planning Infrastructure Level £7,500 Medium Density

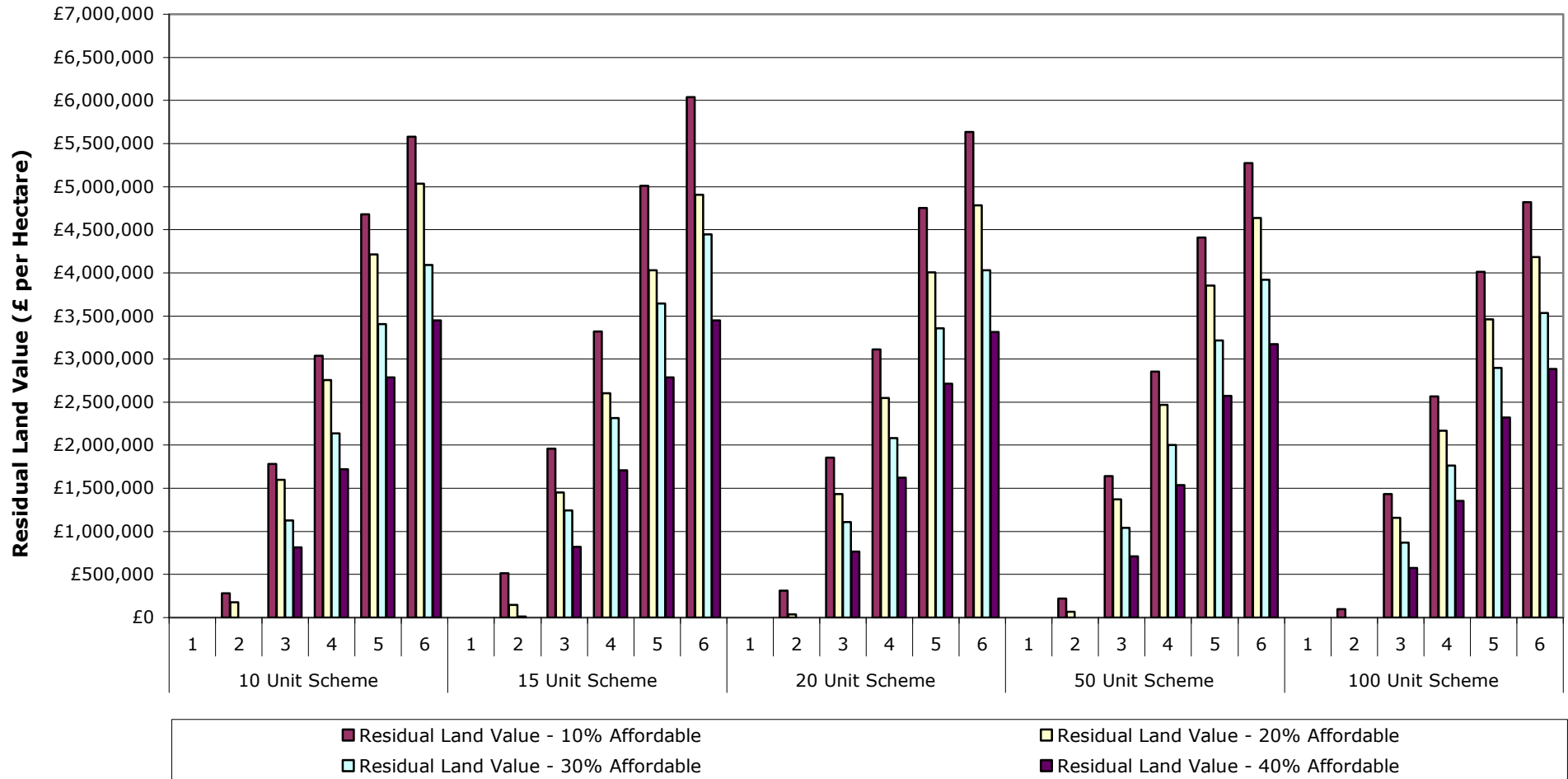


**Table 8b: Summary of Residual Land Value (value per Hectare)
Appraisals for All Value Points
10%, 20%, 30% and 40% Affordable Housing
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £7,500
Medium Density**

Development Scenario / Threshold	Value Point	Residual Land Value - 10% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
10 Unit Scheme	1	£0	£0	£0	£0
	2	£281,924	£176,422	£0	£0
	3	£1,784,221	£1,597,413	£1,128,264	£813,623
	4	£3,036,068	£2,757,962	£2,134,871	£1,719,075
	5	£4,676,797	£4,213,447	£3,405,112	£2,786,350
	6	£5,576,551	£5,033,811	£4,093,159	£3,447,934
15 Unit Scheme	1	£0	£0	£0	£0
	2	£513,117	£147,610	£11,449	£0
	3	£1,961,578	£1,453,294	£1,241,020	£818,375
	4	£3,321,016	£2,603,588	£2,317,124	£1,707,119
	5	£5,011,600	£4,032,741	£3,641,704	£2,787,698
	6	£6,039,893	£4,904,175	£4,443,424	£3,449,989
20 Unit Scheme	1	£0	£0	£0	£0
	2	£309,532	£38,754	£0	£0
	3	£1,852,935	£1,430,595	£1,108,053	£766,833
	4	£3,113,105	£2,547,859	£2,082,411	£1,622,563
	5	£4,750,026	£4,002,900	£3,355,572	£2,713,844
	6	£5,633,444	£4,782,387	£4,031,127	£3,311,450
50 Unit Scheme	1	£0	£0	£0	£0
	2	£219,909	£67,939	£0	£0
	3	£1,639,628	£1,371,851	£1,040,569	£707,777
	4	£2,855,808	£2,469,561	£2,004,928	£1,538,556
	5	£4,407,024	£3,854,575	£3,213,668	£2,571,022
	6	£5,273,288	£4,635,220	£3,918,767	£3,170,355
100 Unit Scheme	1	£0	£0	£0	£0
	2	£100,210	£0	£0	£0
	3	£1,434,658	£1,157,062	£869,241	£576,586
	4	£2,565,288	£2,170,915	£1,763,959	£1,353,402
	5	£4,010,772	£3,460,768	£2,895,822	£2,320,201
	6	£4,819,582	£4,184,688	£3,532,495	£2,886,133

Source: Adams Integra, February 2012

**Graph 8b: Summary of Residual Land Values (value per Hectare) at 10%, 20%, 30% & 40% Affordable Housing Across all Value Points
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £7,500
Medium Density**

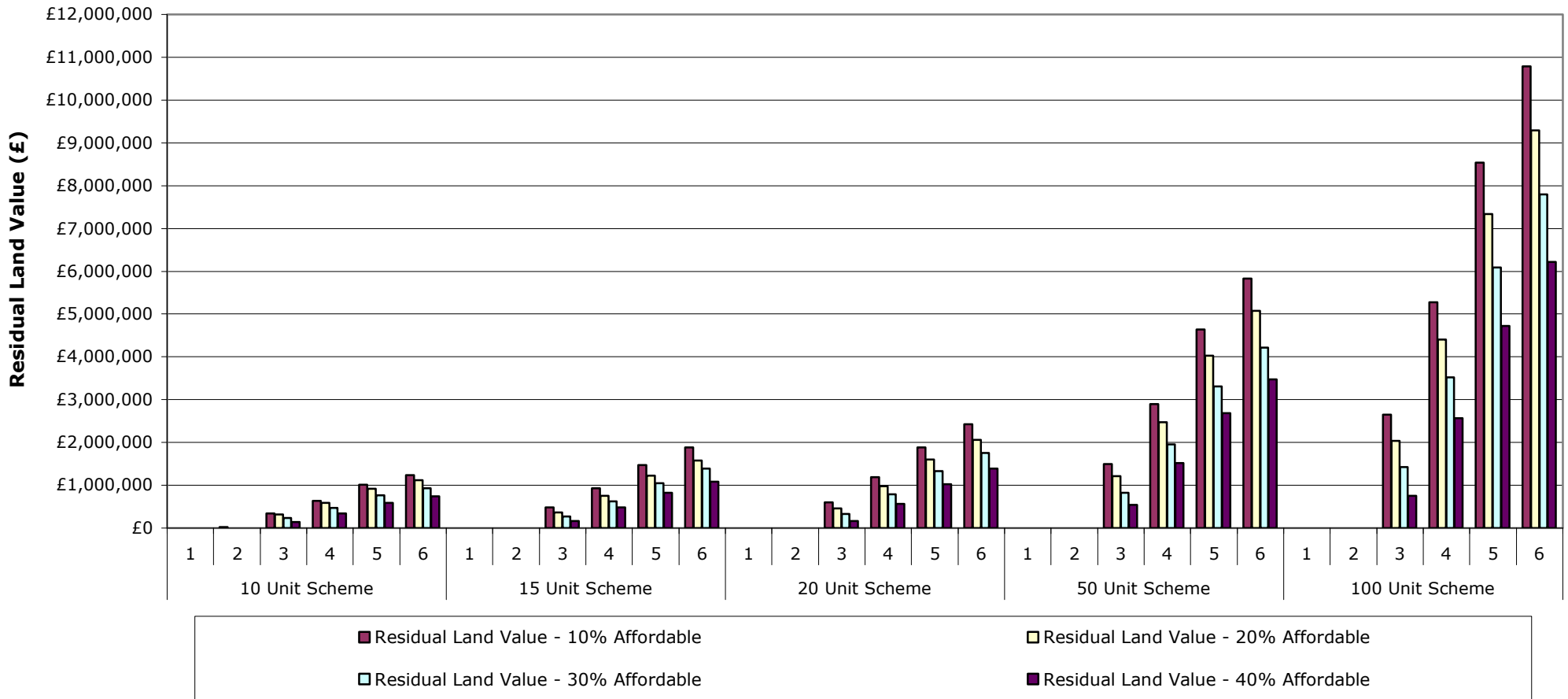


**Table 9: Summary of Residual Land Value (£) Appraisals for
All Value Points
10%, 20%, 30% and 40% Affordable Housing
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £7,500
High Density**

Development Scenario / Threshold	Value Point	Residual Land Value - 10% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
10 Unit Scheme	1	£0	£0	£0	£0
	2	£17,889	£0	£0	£0
	3	£344,905	£315,462	£237,490	£136,767
	4	£639,062	£586,616	£476,534	£343,082
	5	£1,009,549	£917,408	£762,718	£584,331
	6	£1,234,488	£1,115,884	£934,730	£736,495
15 Unit Scheme	1	£0	£0	£0	£0
	2	£0	£0	£0	£0
	3	£483,257	£365,340	£266,522	£164,428
	4	£925,975	£757,626	£627,148	£477,770
	5	£1,474,979	£1,228,200	£1,051,972	£825,776
	6	£1,880,196	£1,581,131	£1,385,296	£1,087,206
20 Unit Scheme	1	£0	£0	£0	£0
	2	£0	£0	£0	£0
	3	£604,913	£459,504	£332,383	£168,792
	4	£1,186,915	£975,060	£793,888	£565,262
	5	£1,881,957	£1,598,649	£1,333,033	£1,026,458
	6	£2,421,101	£2,066,341	£1,755,255	£1,383,723
50 Unit Scheme	1	£0	£0	£0	£0
	2	£0	£0	£0	£0
	3	£1,496,006	£1,214,556	£829,914	£540,607
	4	£2,900,522	£2,477,280	£1,951,604	£1,523,509
	5	£4,638,086	£4,032,274	£3,305,141	£2,688,180
	6	£5,834,235	£5,071,034	£4,217,991	£3,475,120
100 Unit Scheme	1	£0	£0	£0	£0
	2	£0	£0	£0	£0
	3	£2,648,440	£2,041,517	£1,429,592	£748,909
	4	£5,274,113	£4,407,912	£3,524,544	£2,568,612
	5	£8,538,174	£7,334,115	£6,091,145	£4,720,331
	6	£10,784,215	£9,297,190	£7,800,730	£6,223,587

Source: Adams Integra, February 2012

Graph 9: Summary of Residual Land Values at 10%, 20%, 30%, & 40% Affordable Housing Across All Value Points 70% Social Rent/30% Shared Ownership Planning Infrastructure Level £7,500 High Density

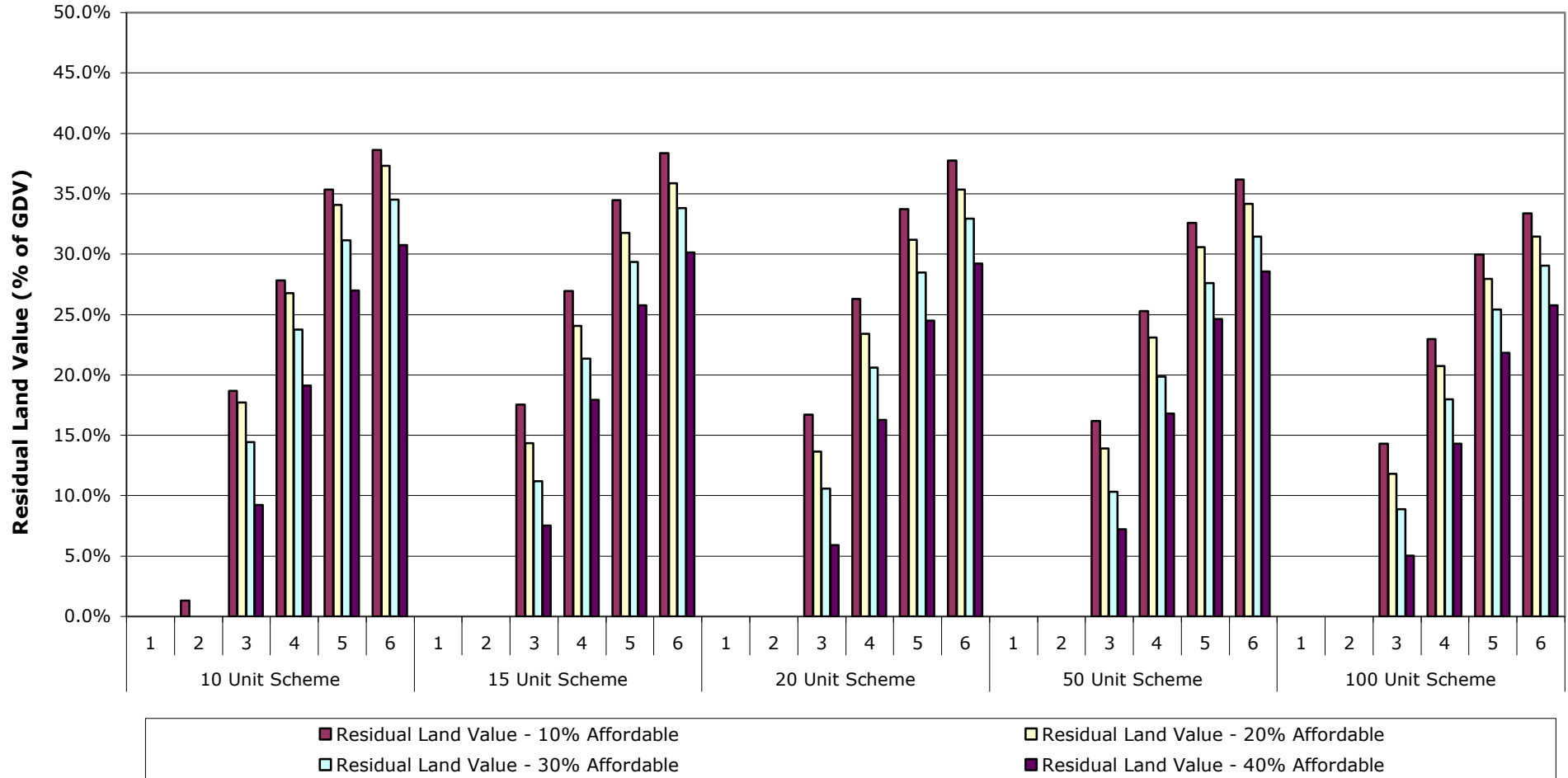


**Table 9a: Summary of Residual Land Value (as % of GDV)
Appraisals for All Value Points
10%, 20%, 30% and 40% Affordable Housing
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £7,500
High Density**

Development Scenario / Threshold	Value Point	Residual Land Value - 10% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
10 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%
	2	1.3%	0.0%	0.0%	0.0%
	3	18.7%	17.7%	14.4%	9.2%
	4	27.8%	26.8%	23.7%	19.1%
	5	35.3%	34.1%	31.2%	27.0%
	6	38.6%	37.3%	34.5%	30.7%
15 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%
	2	0.0%	0.0%	0.0%	0.0%
	3	17.5%	14.4%	11.2%	7.5%
	4	26.9%	24.1%	21.4%	17.9%
	5	34.5%	31.8%	29.3%	25.8%
	6	38.4%	35.9%	33.8%	30.1%
20 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%
	2	0.0%	0.0%	0.0%	0.0%
	3	16.7%	13.6%	10.6%	5.9%
	4	26.3%	23.4%	20.6%	16.3%
	5	33.7%	31.2%	28.5%	24.5%
	6	37.8%	35.3%	32.9%	29.2%
50 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%
	2	0.0%	0.0%	0.0%	0.0%
	3	16.2%	13.9%	10.3%	7.2%
	4	25.3%	23.1%	19.9%	16.8%
	5	32.6%	30.6%	27.6%	24.6%
	6	36.2%	34.2%	31.4%	28.6%
100 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%
	2	0.0%	0.0%	0.0%	0.0%
	3	14.3%	11.8%	8.9%	5.0%
	4	23.0%	20.7%	18.0%	14.3%
	5	30.0%	28.0%	25.4%	21.8%
	6	33.4%	31.5%	29.0%	25.8%

Source: Adams Integra, February 2012

Graph 9a: Summary of Residual Land Values (as % of GDV) at 10%, 20%, 30% & 40% Affordable Housing Across all Value Points 70% Social Rent/30% Shared Ownership Planning Infrastructure Level £7,500 High Density

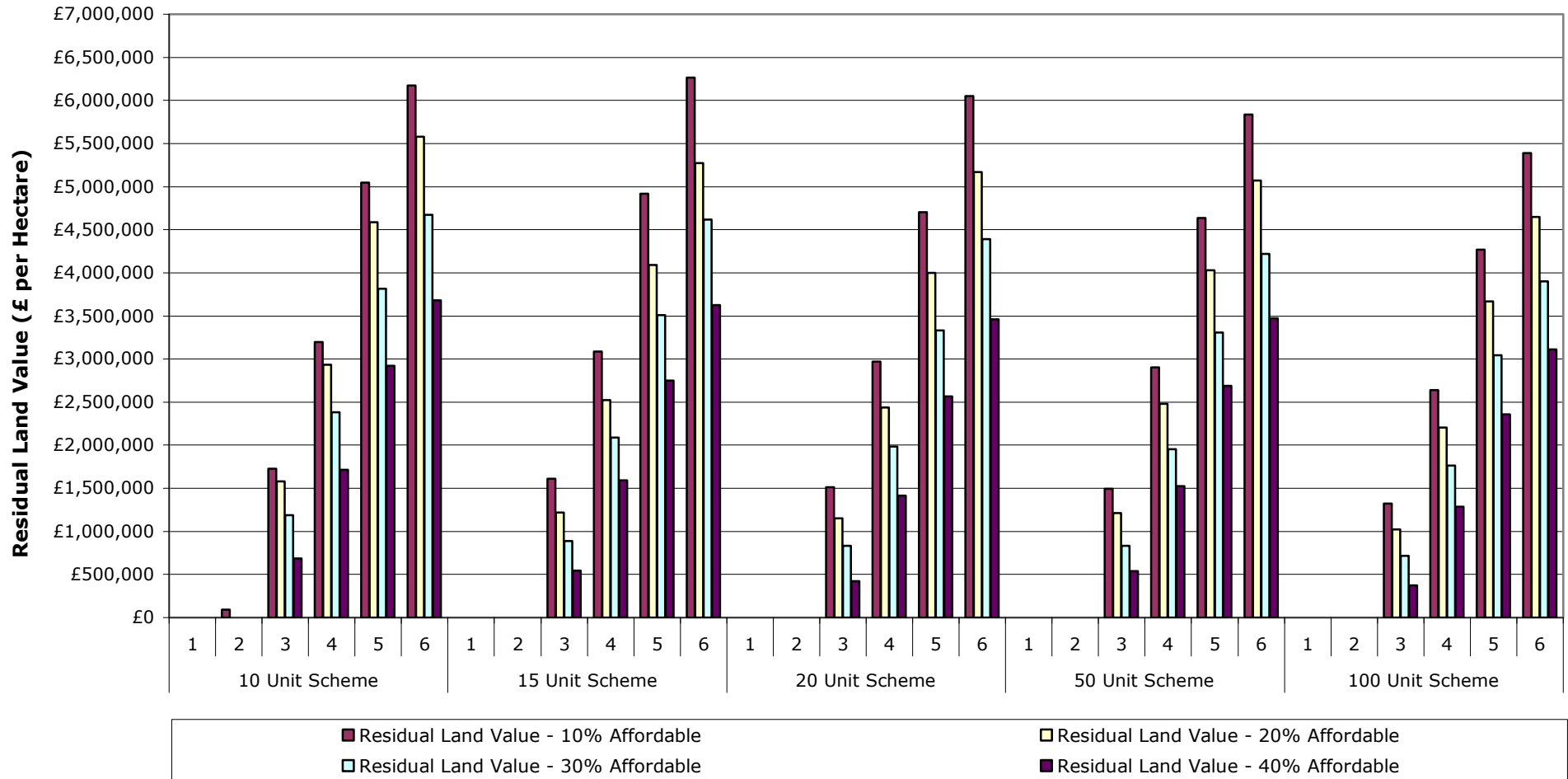


**Table 9b: Summary of Residual Land Value (value per Hectare)
Appraisals for All Value Points
10%, 20%, 30% and 40% Affordable Housing
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £7,500
High Density**

Development Scenario / Threshold	Value Point	Residual Land Value - 10% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
10 Unit Scheme	1	£0	£0	£0	£0
	2	£89,443	£0	£0	£0
	3	£1,724,524	£1,577,308	£1,187,450	£683,835
	4	£3,195,310	£2,933,082	£2,382,669	£1,715,409
	5	£5,047,745	£4,587,042	£3,813,590	£2,921,655
	6	£6,172,438	£5,579,418	£4,673,649	£3,682,476
15 Unit Scheme	1	£0	£0	£0	£0
	2	£0	£0	£0	£0
	3	£1,610,858	£1,217,799	£888,408	£548,093
	4	£3,086,583	£2,525,419	£2,090,493	£1,592,567
	5	£4,916,596	£4,094,001	£3,506,575	£2,752,586
	6	£6,267,319	£5,270,438	£4,617,654	£3,624,020
20 Unit Scheme	1	£0	£0	£0	£0
	2	£0	£0	£0	£0
	3	£1,512,282	£1,148,761	£830,959	£421,980
	4	£2,967,286	£2,437,649	£1,984,720	£1,413,156
	5	£4,704,891	£3,996,622	£3,332,582	£2,566,146
	6	£6,052,753	£5,165,851	£4,388,136	£3,459,308
50 Unit Scheme	1	£0	£0	£0	£0
	2	£0	£0	£0	£0
	3	£1,496,006	£1,214,556	£829,914	£540,607
	4	£2,900,522	£2,477,280	£1,951,604	£1,523,509
	5	£4,638,086	£4,032,274	£3,305,141	£2,688,180
	6	£5,834,235	£5,071,034	£4,217,991	£3,475,120
100 Unit Scheme	1	£0	£0	£0	£0
	2	£0	£0	£0	£0
	3	£1,324,220	£1,020,758	£714,796	£374,455
	4	£2,637,057	£2,203,956	£1,762,272	£1,284,306
	5	£4,269,087	£3,667,058	£3,045,573	£2,360,165
	6	£5,392,108	£4,648,595	£3,900,365	£3,111,793

Source: Adams Integra, February 2012

**Graph 9b: Summary of Residual Land Values (value per Hectare) at 10%, 20%, 30% & 40% Affordable Housing Across all Value Points
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £7,500
High Density**



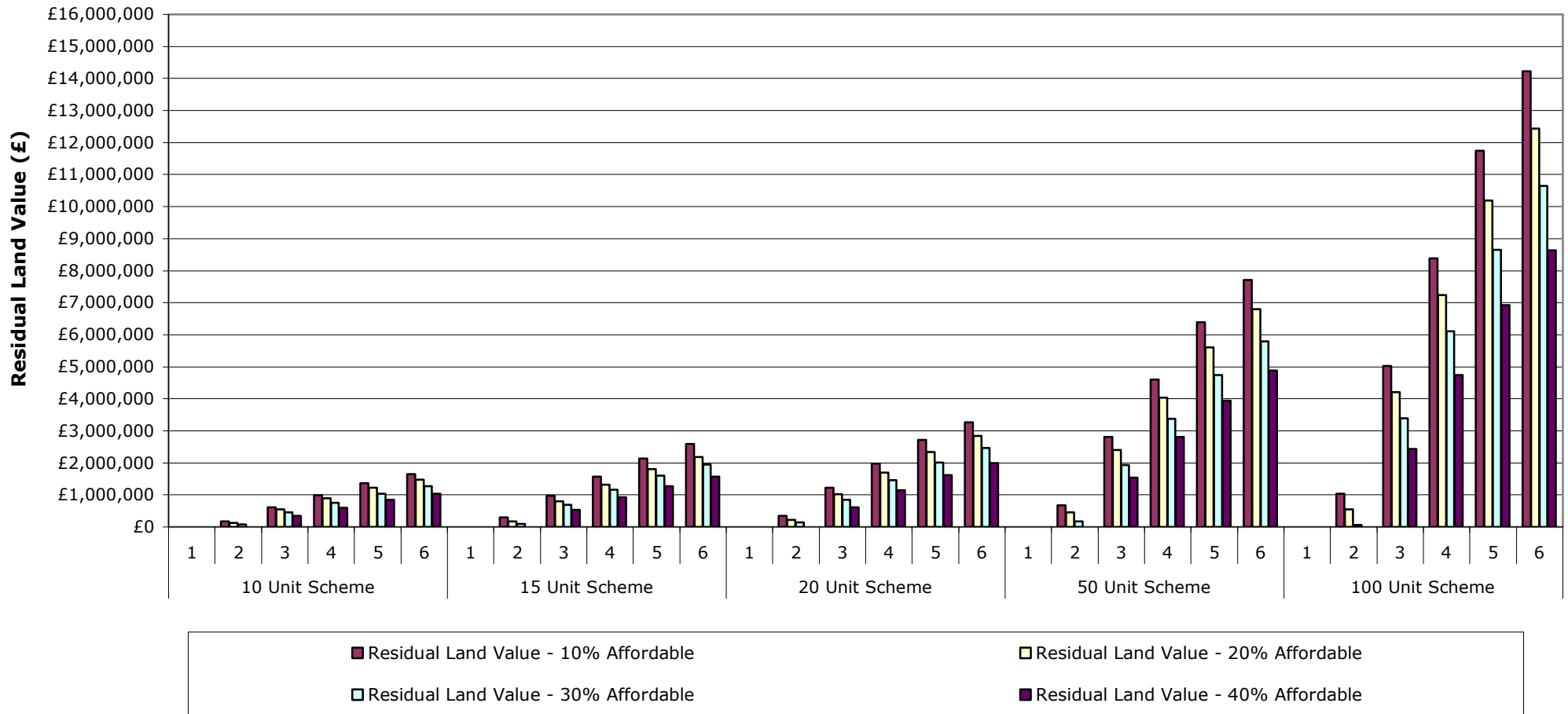
Appendix 5

**Table 10: Summary of Residual Land Value (£) Appraisals for
All Value Points
10%, 20%, 30% and 40% Affordable Housing
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £10,000
Low Density**

Development Scenario / Threshold	Value Point	Residual Land Value - 10% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
10 Unit Scheme	1	£0	£0	£0	£0
	2	£179,232	£127,352	£72,470	£0
	3	£610,446	£550,663	£456,371	£339,084
	4	£990,857	£891,379	£759,303	£603,530
	5	£1,367,960	£1,222,171	£1,043,784	£841,700
	6	£1,652,441	£1,473,573	£1,275,338	£1,040,175
15 Unit Scheme	1	£0	£0	£0	£0
	2	£301,833	£174,359	£94,114	£0
	3	£975,172	£801,440	£686,767	£529,909
	4	£1,566,658	£1,314,497	£1,160,609	£931,858
	5	£2,141,805	£1,798,143	£1,598,505	£1,278,253
	6	£2,586,237	£2,177,217	£1,944,901	£1,572,362
20 Unit Scheme	1	£0	£0	£0	£0
	2	£345,818	£218,913	£133,515	£0
	3	£1,227,324	£1,016,154	£854,883	£612,689
	4	£1,974,332	£1,691,709	£1,458,985	£1,141,943
	5	£2,714,844	£2,341,281	£2,017,617	£1,609,635
	6	£3,273,476	£2,847,947	£2,472,317	£1,986,387
50 Unit Scheme	1	£0	£0	£0	£0
	2	£678,547	£452,379	£171,253	£0
	3	£2,811,183	£2,409,586	£1,938,166	£1,536,569
	4	£4,602,258	£4,030,682	£3,382,988	£2,811,412
	5	£6,396,481	£5,604,562	£4,736,524	£3,944,605
	6	£7,712,245	£6,800,711	£5,800,467	£4,888,933
100 Unit Scheme	1	£0	£0	£0	£0
	2	£1,038,529	£557,085	£61,557	£0
	3	£5,027,341	£4,209,849	£3,397,233	£2,428,235
	4	£8,387,560	£7,245,836	£6,108,989	£4,742,070
	5	£11,747,778	£10,193,396	£8,643,890	£6,923,264
	6	£14,223,728	£12,433,541	£10,648,231	£8,632,849

Source: Adams Integra, February 2012

**Graph 10: Summary of Residual Land Values at 10%, 20%, 30%, & 40% Affordable Housing Across All Value Points
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £10,000
Low Density**

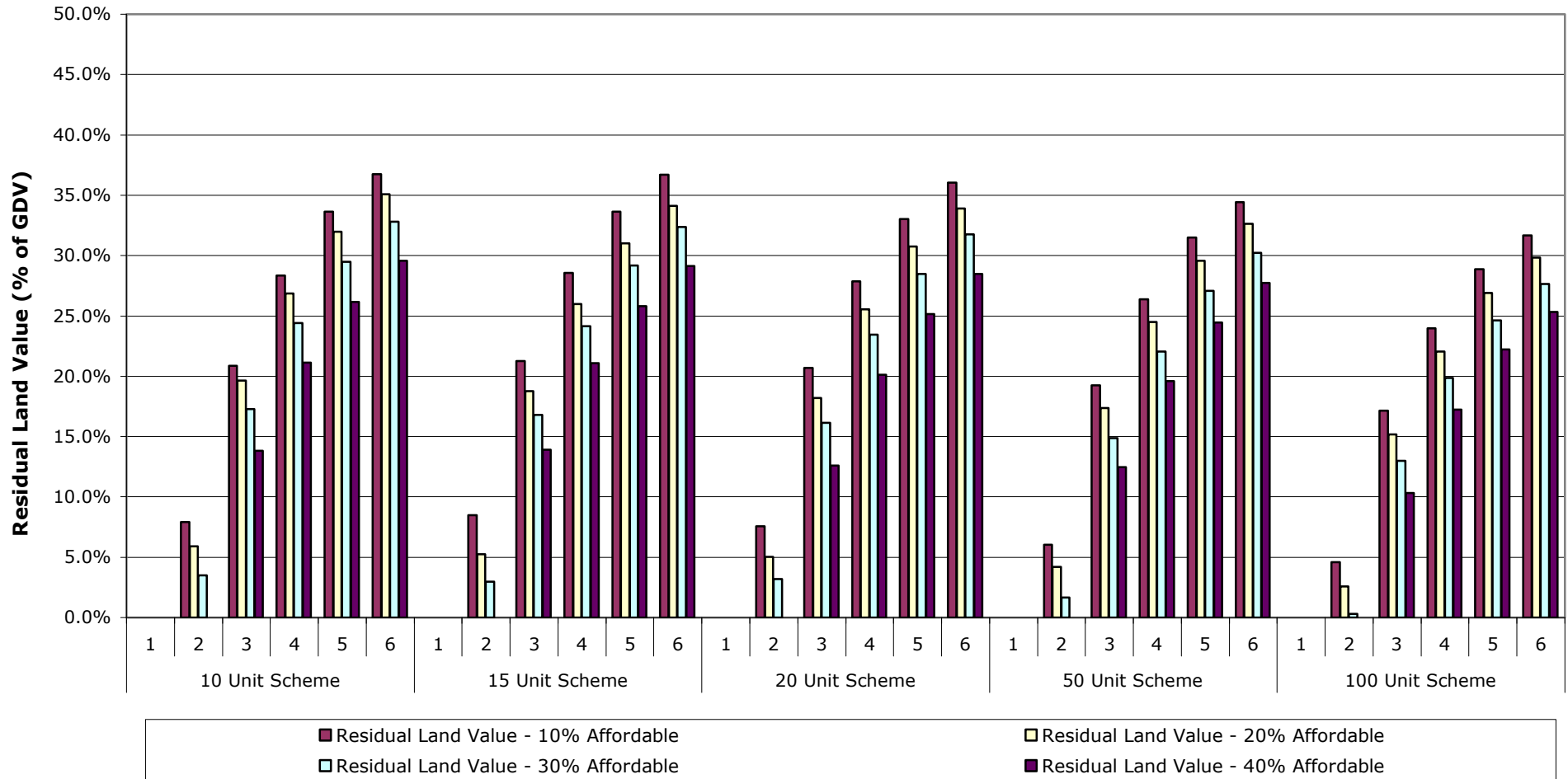


**Table 10a: Summary of Residual Land Value (as % of GDV)
Appraisals for All Value Points
10%, 20%, 30% and 40% Affordable Housing
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £10,000
Low Density**

Development Scenario / Threshold	Value Point	Residual Land Value - 10% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
10 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%
	2	7.9%	5.9%	3.5%	0.0%
	3	20.9%	19.6%	17.3%	13.8%
	4	28.3%	26.8%	24.4%	21.1%
	5	33.6%	32.0%	29.5%	26.2%
	6	36.7%	35.1%	32.8%	29.6%
15 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%
	2	8.5%	5.3%	3.0%	0.0%
	3	21.3%	18.7%	16.8%	13.9%
	4	28.5%	26.0%	24.1%	21.1%
	5	33.6%	31.0%	29.2%	25.8%
	6	36.7%	34.1%	32.4%	29.1%
20 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%
	2	7.6%	5.0%	3.2%	0.0%
	3	20.7%	18.2%	16.2%	12.6%
	4	27.9%	25.6%	23.5%	20.1%
	5	33.0%	30.7%	28.5%	25.2%
	6	36.1%	33.9%	31.8%	28.5%
50 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%
	2	6.0%	4.2%	1.7%	0.0%
	3	19.3%	17.4%	14.9%	12.5%
	4	26.4%	24.5%	22.1%	19.6%
	5	31.5%	29.6%	27.1%	24.4%
	6	34.4%	32.6%	30.2%	27.7%
100 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%
	2	4.6%	2.6%	0.3%	0.0%
	3	17.2%	15.2%	13.0%	10.3%
	4	24.0%	22.0%	19.8%	17.3%
	5	28.9%	26.9%	24.6%	22.2%
	6	31.7%	29.8%	27.7%	25.3%

Source: Adams Integra, February 2012

Graph 10a: Summary of Residual Land Values (as % of GDV) at 10%, 20%, 30% & 40% Affordable Housing Across all Value Points 70% Social Rent/30% Shared Ownership Planning Infrastructure Level £10,000 Low Density

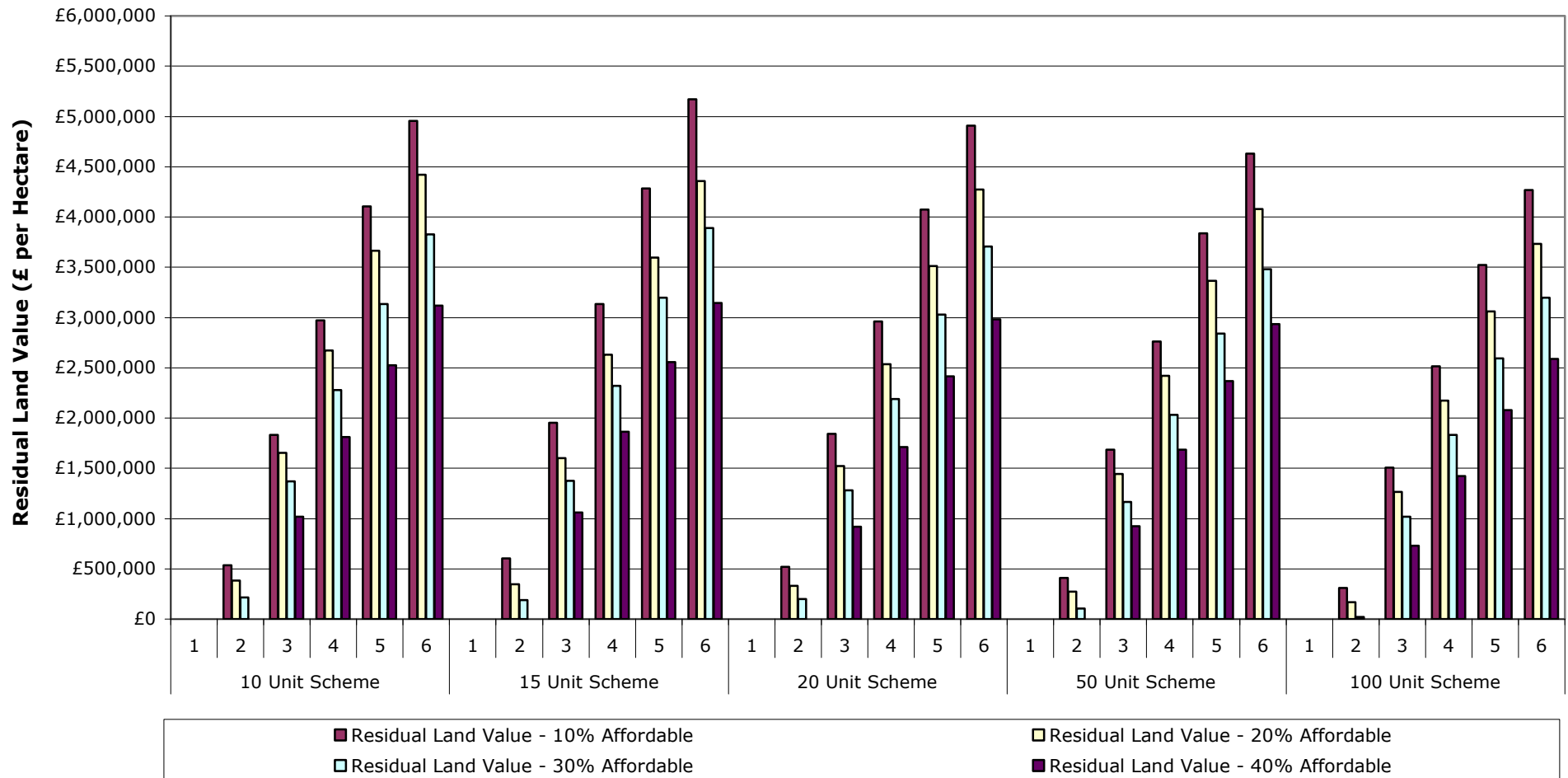


**Table 10b: Summary of Residual Land Value (value per Hectare)
Appraisals for All Value Points
10%, 20%, 30% and 40% Affordable Housing
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £10,000
Low Density**

Development Scenario / Threshold	Value Point	Residual Land Value - 10% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
10 Unit Scheme	1	£0	£0	£0	£0
	2	£537,697	£382,055	£217,411	£0
	3	£1,831,339	£1,651,990	£1,369,113	£1,017,252
	4	£2,972,572	£2,674,137	£2,277,909	£1,810,590
	5	£4,103,880	£3,666,513	£3,131,352	£2,525,100
	6	£4,957,324	£4,420,719	£3,826,015	£3,120,526
15 Unit Scheme	1	£0	£0	£0	£0
	2	£603,665	£348,718	£188,227	£0
	3	£1,950,344	£1,602,879	£1,373,534	£1,059,817
	4	£3,133,317	£2,628,994	£2,321,219	£1,863,716
	5	£4,283,611	£3,596,286	£3,197,011	£2,556,506
	6	£5,172,474	£4,354,434	£3,889,801	£3,144,725
20 Unit Scheme	1	£0	£0	£0	£0
	2	£518,727	£328,369	£200,273	£0
	3	£1,840,986	£1,524,231	£1,282,325	£919,034
	4	£2,961,498	£2,537,563	£2,188,478	£1,712,914
	5	£4,072,266	£3,511,921	£3,026,425	£2,414,452
	6	£4,910,214	£4,271,921	£3,708,476	£2,979,580
50 Unit Scheme	1	£0	£0	£0	£0
	2	£407,128	£271,428	£102,752	£0
	3	£1,686,710	£1,445,751	£1,162,899	£921,941
	4	£2,761,355	£2,418,409	£2,029,793	£1,686,847
	5	£3,837,889	£3,362,737	£2,841,915	£2,366,763
	6	£4,627,347	£4,080,427	£3,480,280	£2,933,360
100 Unit Scheme	1	£0	£0	£0	£0
	2	£311,559	£167,126	£18,467	£0
	3	£1,508,202	£1,262,955	£1,019,170	£728,471
	4	£2,516,268	£2,173,751	£1,832,697	£1,422,621
	5	£3,524,333	£3,058,019	£2,593,167	£2,076,979
	6	£4,267,119	£3,730,062	£3,194,469	£2,589,855

Source: Adams Integra, February 2012

**Graph 10b: Summary of Residual Land Values (value per Hectare) at 10%, 20%, 30% & 40% Affordable Housing Across all Value Points
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £10,000
Low Density**

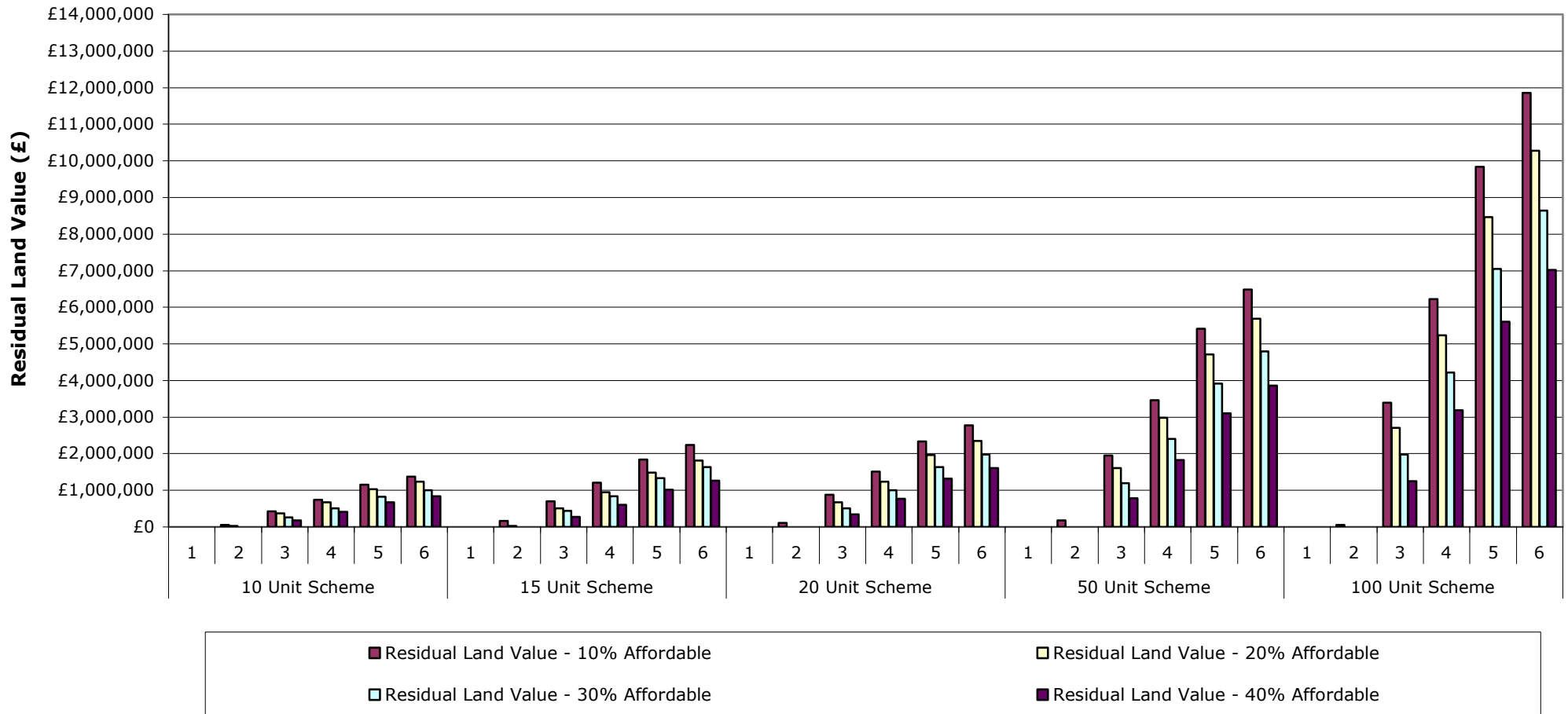


**Table 11: Summary of Residual Land Value (£) Appraisals for
All Value Points
10%, 20%, 30% and 40% Affordable Housing
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £10,000
Medium Density**

Development Scenario / Threshold	Value Point	Residual Land Value - 10% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
10 Unit Scheme	1	£0	£0	£0	£0
	2	£48,106	£21,730	£0	£0
	3	£424,352	£377,649	£260,362	£181,255
	4	£737,537	£668,011	£512,238	£408,065
	5	£1,147,719	£1,031,882	£829,798	£675,108
	6	£1,372,658	£1,236,973	£1,001,810	£840,504
15 Unit Scheme	1	£0	£0	£0	£0
	2	£161,206	£22,198	£0	£0
	3	£703,762	£513,155	£433,221	£274,729
	4	£1,213,551	£944,515	£837,091	£608,340
	5	£1,847,520	£1,480,448	£1,333,809	£1,013,557
	6	£2,233,130	£1,807,236	£1,634,454	£1,261,916
20 Unit Scheme	1	£0	£0	£0	£0
	2	£110,829	£0	£0	£0
	3	£884,288	£673,118	£511,847	£340,797
	4	£1,514,372	£1,231,750	£999,026	£769,101
	5	£2,332,833	£1,959,270	£1,635,606	£1,314,742
	6	£2,774,542	£2,349,013	£1,973,384	£1,613,545
50 Unit Scheme	1	£0	£0	£0	£0
	2	£175,160	£0	£0	£0
	3	£1,947,335	£1,612,614	£1,198,512	£782,521
	4	£3,467,560	£2,984,751	£2,403,961	£1,820,995
	5	£5,406,580	£4,716,019	£3,914,885	£3,111,577
	6	£6,489,410	£5,691,824	£4,796,258	£3,860,744
100 Unit Scheme	1	£0	£0	£0	£0
	2	£58,899	£0	£0	£0
	3	£3,395,245	£2,701,255	£1,981,702	£1,250,064
	4	£6,221,821	£5,235,889	£4,218,498	£3,192,104
	5	£9,835,529	£8,460,519	£7,048,156	£5,609,103
	6	£11,857,555	£10,270,321	£8,639,838	£7,023,932

Source: Adams Integra, February 2012

**Graph 11: Summary of Residual Land Values at 10%, 20%, 30%, & 40%
Affordable Housing Across All Value Points
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £10,000
Medium Density**

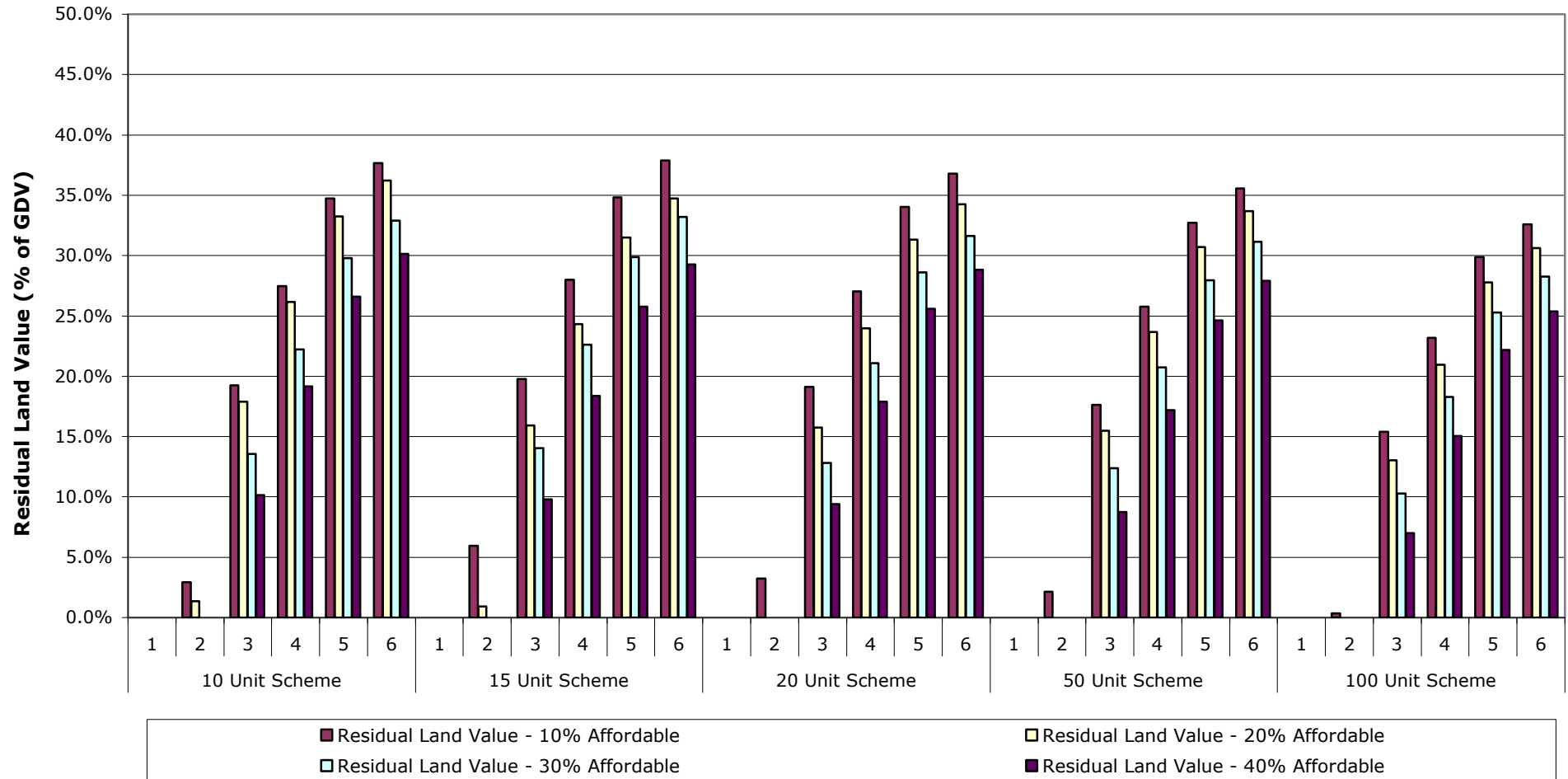


**Table 11a: Summary of Residual Land Value (as % of GDV)
Appraisals for All Value Points
10%, 20%, 30% and 40% Affordable Housing
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £10,000
Medium Density**

Development Scenario / Threshold	Value Point	Residual Land Value - 10% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
10 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%
	2	2.9%	1.4%	0.0%	0.0%
	3	19.2%	17.9%	13.5%	10.1%
	4	27.5%	26.2%	22.2%	19.2%
	5	34.7%	33.2%	29.8%	26.6%
	6	37.6%	36.2%	32.9%	30.1%
15 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%
	2	5.9%	0.9%	0.0%	0.0%
	3	19.8%	15.9%	14.1%	9.8%
	4	28.0%	24.3%	22.6%	18.4%
	5	34.8%	31.5%	29.9%	25.8%
	6	37.9%	34.8%	33.2%	29.3%
20 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%
	2	3.2%	0.0%	0.0%	0.0%
	3	19.1%	15.7%	12.8%	9.4%
	4	27.1%	24.0%	21.1%	17.9%
	5	34.0%	31.3%	28.6%	25.6%
	6	36.8%	34.3%	31.6%	28.8%
50 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%
	2	2.1%	0.0%	0.0%	0.0%
	3	17.6%	15.5%	12.4%	8.8%
	4	25.8%	23.7%	20.7%	17.2%
	5	32.7%	30.7%	28.0%	24.6%
	6	35.6%	33.7%	31.1%	27.9%
100 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%
	2	0.4%	0.0%	0.0%	0.0%
	3	15.4%	13.1%	10.3%	7.0%
	4	23.2%	21.0%	18.3%	15.1%
	5	29.9%	27.8%	25.3%	22.2%
	6	32.6%	30.6%	28.2%	25.4%

Source: Adams Integra, February 2012

Graph 11a: Summary of Residual Land Values (as % of GDV) at 10%, 20%, 30% & 40% Affordable Housing Across all Value Points 70% Social Rent/30% Shared Ownership Planning Infrastructure Level £10,000 Medium Density

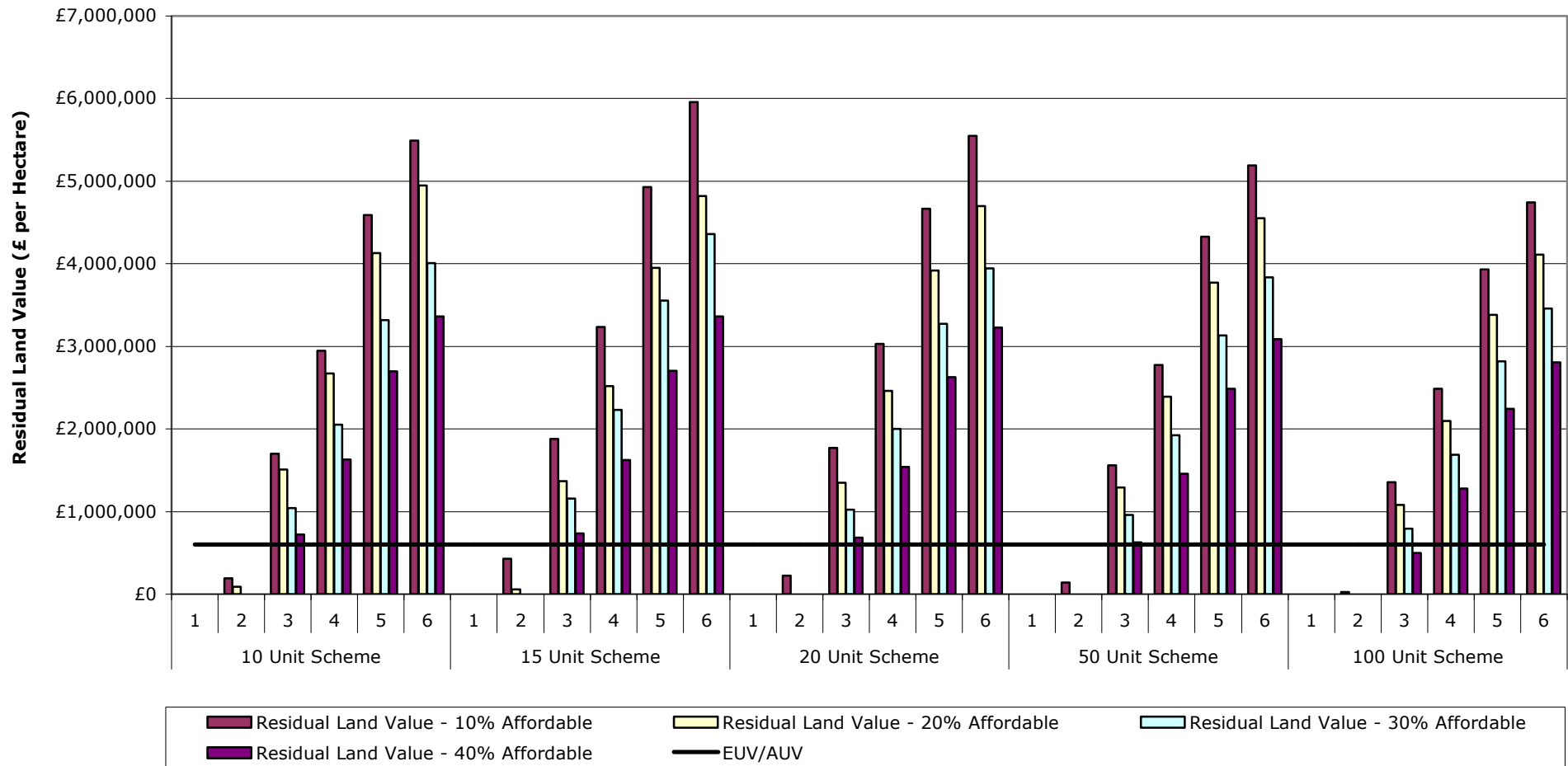


**Table 11b: Summary of Residual Land Value (value per Hectare)
Appraisals for All Value Points
10%, 20%, 30% and 40% Affordable Housing
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £10,000
Medium Density**

Development Scenario / Threshold	Value Point	Residual Land Value - 10% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
10 Unit Scheme	1	£0	£0	£0	£0
	2	£192,424	£86,922	£0	£0
	3	£1,697,406	£1,510,598	£1,041,449	£725,018
	4	£2,950,148	£2,672,042	£2,048,951	£1,632,260
	5	£4,590,877	£4,127,527	£3,319,192	£2,700,430
	6	£5,490,631	£4,947,891	£4,007,239	£3,362,014
15 Unit Scheme	1	£0	£0	£0	£0
	2	£429,883	£59,194	£0	£0
	3	£1,876,698	£1,368,414	£1,155,256	£732,610
	4	£3,236,136	£2,518,708	£2,232,244	£1,622,239
	5	£4,926,720	£3,947,861	£3,556,824	£2,702,818
	6	£5,955,013	£4,819,295	£4,358,544	£3,365,109
20 Unit Scheme	1	£0	£0	£0	£0
	2	£221,657	£0	£0	£0
	3	£1,768,575	£1,346,235	£1,023,693	£681,594
	4	£3,028,745	£2,463,499	£1,998,051	£1,538,203
	5	£4,665,666	£3,918,540	£3,271,212	£2,629,484
	6	£5,549,084	£4,698,027	£3,946,767	£3,227,090
50 Unit Scheme	1	£0	£0	£0	£0
	2	£140,128	£0	£0	£0
	3	£1,557,868	£1,290,091	£958,809	£626,017
	4	£2,774,048	£2,387,801	£1,923,168	£1,456,796
	5	£4,325,264	£3,772,815	£3,131,908	£2,489,262
	6	£5,191,528	£4,553,460	£3,837,007	£3,088,595
100 Unit Scheme	1	£0	£0	£0	£0
	2	£23,560	£0	£0	£0
	3	£1,358,098	£1,080,502	£792,681	£500,026
	4	£2,488,728	£2,094,355	£1,687,399	£1,276,842
	5	£3,934,212	£3,384,208	£2,819,262	£2,243,641
	6	£4,743,022	£4,108,128	£3,455,935	£2,809,573

Source: Adams Integra, February 2012

Graph 11b: Summary of Residual Land Values (value per Hectare) at 10%, 20%, 30% & 40% Affordable Housing Across all Value Points 70% Social Rent/30% Shared Ownership Planning Infrastructure Level £10,000 Medium Density

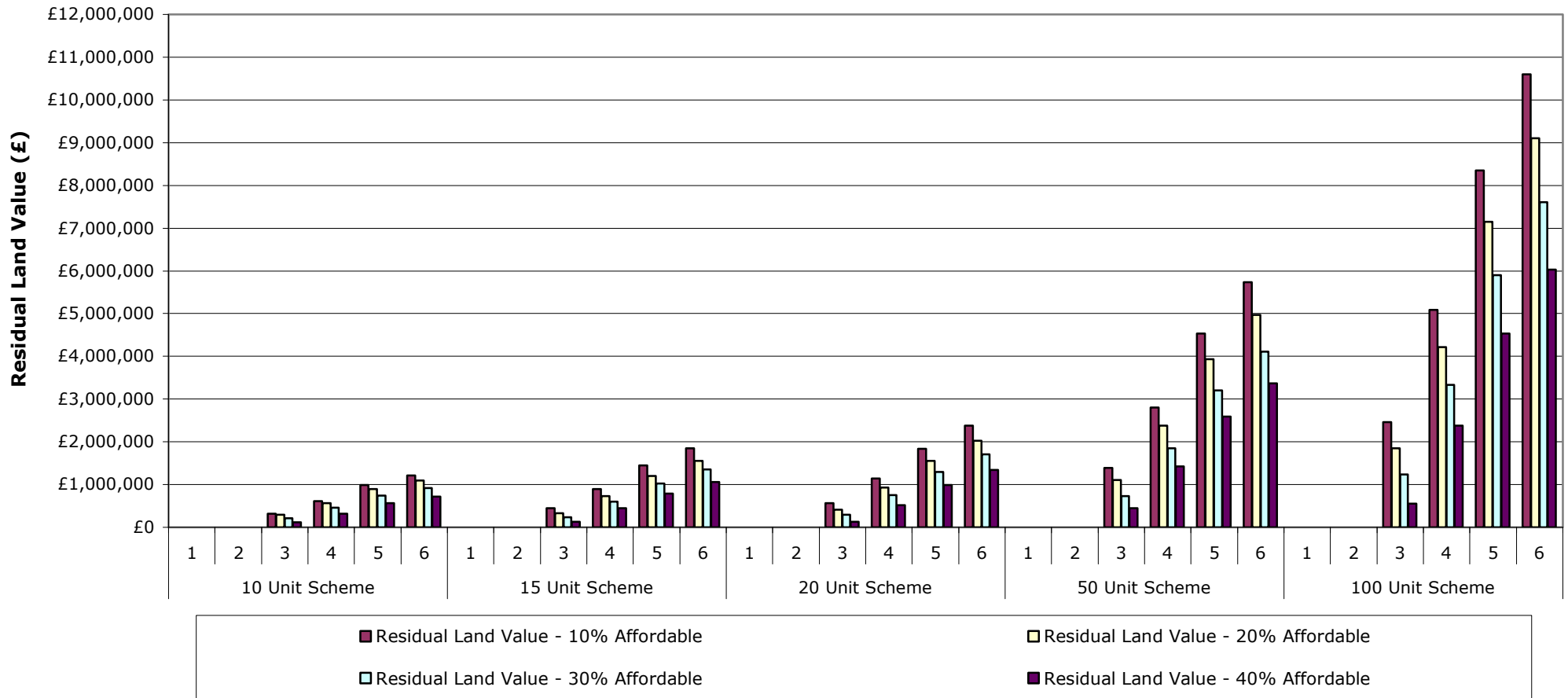


**Table 12: Summary of Residual Land Value (£) Appraisals for
All Value Points
10%, 20%, 30% and 40% Affordable Housing
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £10,000
High Density**

Development Scenario / Threshold	Value Point	Residual Land Value - 10% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
10 Unit Scheme	1	£0	£0	£0	£0
	2	£0	£0	£0	£0
	3	£323,201	£293,758	£215,339	£114,392
	4	£617,582	£565,136	£454,830	£321,378
	5	£988,069	£895,928	£741,238	£562,851
	6	£1,213,008	£1,094,404	£913,250	£715,015
15 Unit Scheme	1	£0	£0	£0	£0
	2	£0	£0	£0	£0
	3	£451,096	£333,178	£239,193	£131,272
	4	£894,145	£725,796	£595,318	£445,609
	5	£1,443,149	£1,196,370	£1,020,142	£793,946
	6	£1,848,366	£1,549,301	£1,353,466	£1,055,376
20 Unit Scheme	1	£0	£0	£0	£0
	2	£0	£0	£0	£0
	3	£562,733	£416,885	£289,764	£124,855
	4	£1,144,735	£932,880	£751,708	£523,082
	5	£1,839,777	£1,556,469	£1,290,853	£984,278
	6	£2,378,921	£2,024,161	£1,713,075	£1,341,543
50 Unit Scheme	1	£0	£0	£0	£0
	2	£0	£0	£0	£0
	3	£1,393,806	£1,112,356	£727,714	£442,973
	4	£2,798,322	£2,375,080	£1,849,404	£1,421,309
	5	£4,535,886	£3,930,074	£3,202,941	£2,585,980
	6	£5,732,035	£4,968,834	£4,115,791	£3,372,920
100 Unit Scheme	1	£0	£0	£0	£0
	2	£0	£0	£0	£0
	3	£2,457,040	£1,850,117	£1,238,192	£557,509
	4	£5,082,713	£4,216,512	£3,333,144	£2,377,212
	5	£8,346,774	£7,142,715	£5,899,745	£4,528,931
	6	£10,592,815	£9,105,790	£7,609,330	£6,032,187

Source: Adams Integra, February 2012

**Graph 12: Summary of Residual Land Values at 10%, 20%, 30%, & 40%
Affordable Housing Across All Value Points
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £10,000
High Density**

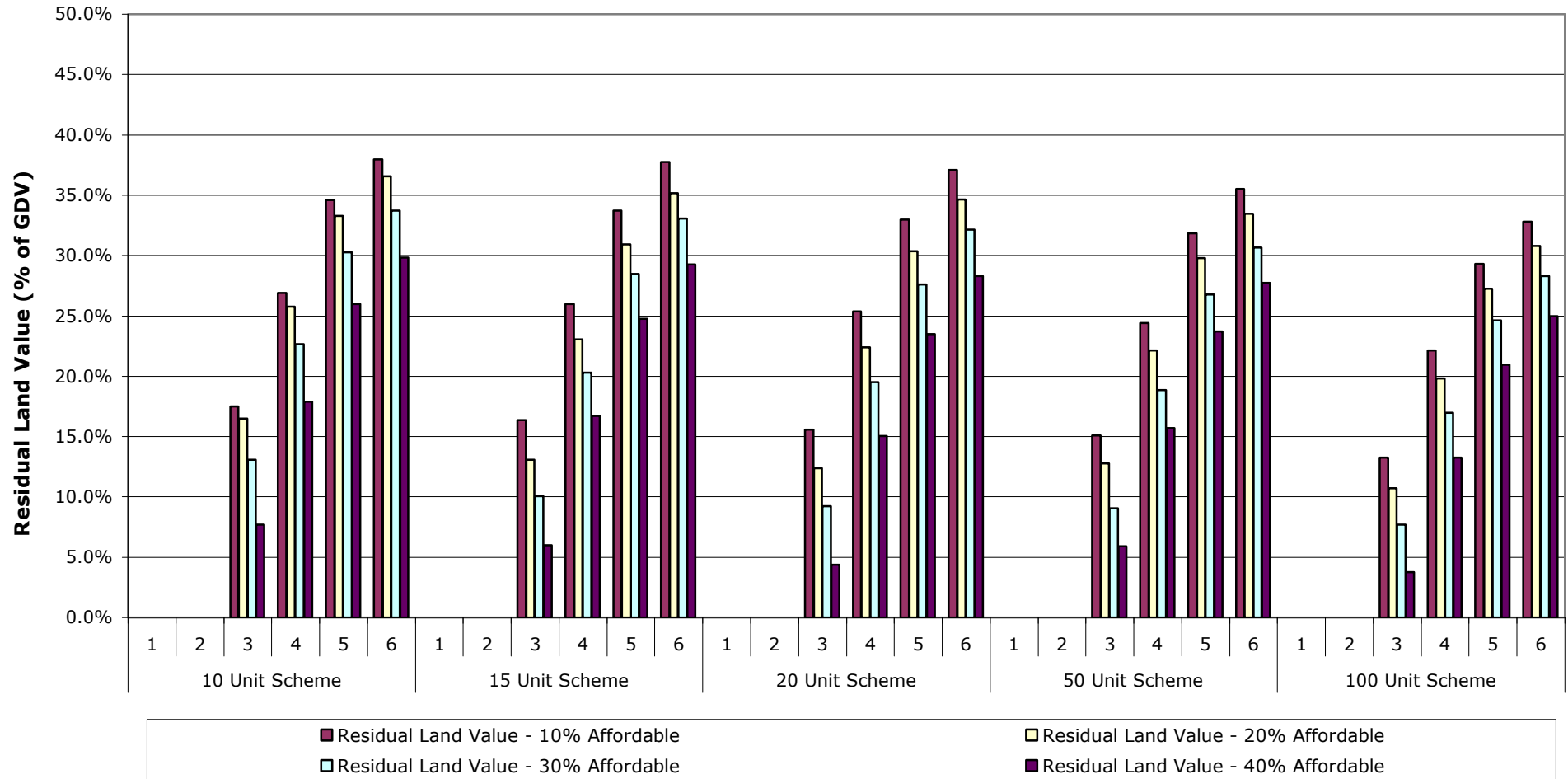


**Table 12a: Summary of Residual Land Value (as % of GDV)
Appraisals for All Value Points
10%, 20%, 30% and 40% Affordable Housing
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £10,000
High Density**

Development Scenario / Threshold	Value Point	Residual Land Value - 10% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
10 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%
	2	0.0%	0.0%	0.0%	0.0%
	3	17.5%	16.5%	13.1%	7.7%
	4	26.9%	25.8%	22.7%	17.9%
	5	34.6%	33.3%	30.3%	26.0%
	6	38.0%	36.6%	33.7%	29.8%
15 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%
	2	0.0%	0.0%	0.0%	0.0%
	3	16.4%	13.1%	10.0%	6.0%
	4	26.0%	23.1%	20.3%	16.7%
	5	33.7%	30.9%	28.5%	24.8%
	6	37.7%	35.2%	33.1%	29.3%
20 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%
	2	0.0%	0.0%	0.0%	0.0%
	3	15.6%	12.4%	9.2%	4.4%
	4	25.4%	22.4%	19.5%	15.0%
	5	33.0%	30.4%	27.6%	23.5%
	6	37.1%	34.6%	32.1%	28.3%
50 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%
	2	0.0%	0.0%	0.0%	0.0%
	3	15.1%	12.8%	9.0%	5.9%
	4	24.4%	22.1%	18.8%	15.7%
	5	31.9%	29.8%	26.8%	23.7%
	6	35.5%	33.5%	30.7%	27.7%
100 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%
	2	0.0%	0.0%	0.0%	0.0%
	3	13.3%	10.7%	7.7%	3.7%
	4	22.1%	19.8%	17.0%	13.2%
	5	29.3%	27.2%	24.6%	21.0%
	6	32.8%	30.8%	28.3%	25.0%

Source: Adams Integra, February 2012

Graph 12a: Summary of Residual Land Values (as % of GDV) at 10%, 20%, 30% & 40% Affordable Housing Across all Value Points 70% Social Rent/30% Shared Ownership Planning Infrastructure Level £10,000 High Density

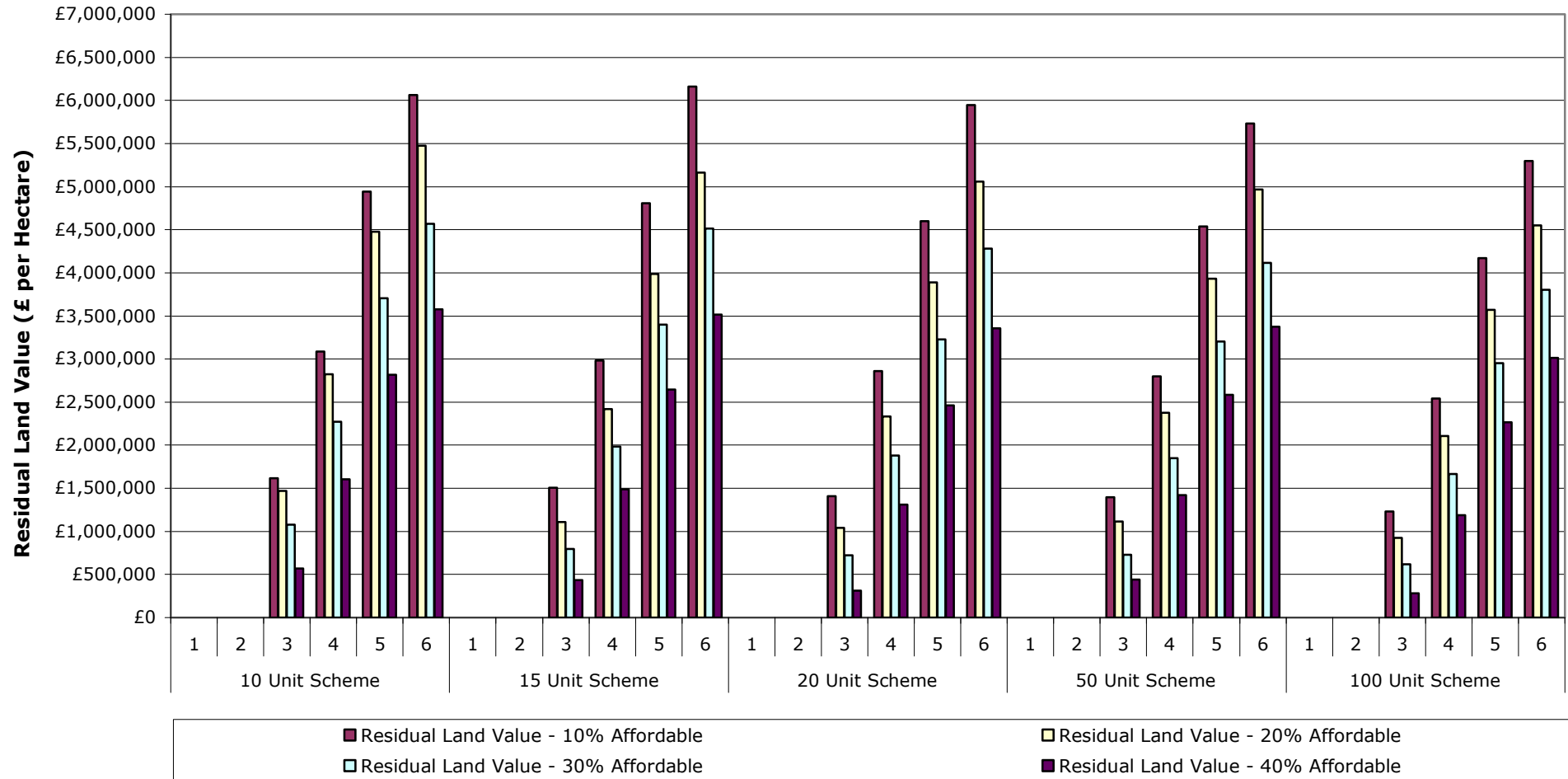


**Table 12b: Summary of Residual Land Value (value per Hectare)
Appraisals for All Value Points
10%, 20%, 30% and 40% Affordable Housing
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £10,000
High Density**

Development Scenario / Threshold	Value Point	Residual Land Value - 10% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
10 Unit Scheme	1	£0	£0	£0	£0
	2	£0	£0	£0	£0
	3	£1,616,006	£1,468,789	£1,076,693	£571,960
	4	£3,087,910	£2,825,682	£2,274,150	£1,606,890
	5	£4,940,345	£4,479,642	£3,706,190	£2,814,255
	6	£6,065,038	£5,472,018	£4,566,249	£3,575,076
15 Unit Scheme	1	£0	£0	£0	£0
	2	£0	£0	£0	£0
	3	£1,503,653	£1,110,594	£797,310	£437,572
	4	£2,980,483	£2,419,319	£1,984,393	£1,485,362
	5	£4,810,496	£3,987,901	£3,400,475	£2,646,486
	6	£6,161,219	£5,164,338	£4,511,554	£3,517,920
20 Unit Scheme	1	£0	£0	£0	£0
	2	£0	£0	£0	£0
	3	£1,406,832	£1,042,212	£724,410	£312,137
	4	£2,861,836	£2,332,199	£1,879,270	£1,307,706
	5	£4,599,441	£3,891,172	£3,227,132	£2,460,696
	6	£5,947,303	£5,060,401	£4,282,686	£3,353,858
50 Unit Scheme	1	£0	£0	£0	£0
	2	£0	£0	£0	£0
	3	£1,393,806	£1,112,356	£727,714	£442,973
	4	£2,798,322	£2,375,080	£1,849,404	£1,421,309
	5	£4,535,886	£3,930,074	£3,202,941	£2,585,980
	6	£5,732,035	£4,968,834	£4,115,791	£3,372,920
100 Unit Scheme	1	£0	£0	£0	£0
	2	£0	£0	£0	£0
	3	£1,228,520	£925,058	£619,096	£278,755
	4	£2,541,357	£2,108,256	£1,666,572	£1,188,606
	5	£4,173,387	£3,571,358	£2,949,873	£2,264,465
	6	£5,296,408	£4,552,895	£3,804,665	£3,016,093

Source: Adams Integra, February 2012

**Graph 12b: Summary of Residual Land Values (value per Hectare) at 10%, 20%, 30% & 40% Affordable Housing Across all Value Points
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £10,000
High Density**



Appendix 6

Appendix 6

Valuations at 0% affordable/Code 3 Commuted Sums

Figures represent land value/% to GDV/land value per ha

Number of Units	Density	Value Point 1	Value Point 2	Value Point 3	Value Point 4	Value Point 5	Value Point 6
2	Low	£0	£21,107	£119,924	£188,602	£280,644	£321,724
		0.0%	6.6%	26.1%	33.7%	40.1%	42.3%
		£0	£316,608	£1,798,858	£2,829,032	£4,209,662	£4,825,855
	Medium	£0	£25,251	£95,834	£166,418	£243,584	£298,357
		0.0%	9.0%	25.2%	34.7%	40.6%	43.9%
		£0	£505,021	£1,916,687	£3,328,354	£4,871,683	£5,967,137
	High	£0	£0	£57,129	£120,654	£189,325	£281,352
		0.0%	0.0%	17.3%	28.7%	36.4%	42.6%
		£0	£0	£1,428,219	£3,016,344	£4,733,119	£7,033,804
5	Low	£0	£116,311	£316,707	£498,685	£730,240	£869,172
		0.0%	12.1%	24.9%	32.2%	38.4%	41.2%
		£0	£697,867	£1,900,241	£2,992,112	£4,381,438	£5,215,034
	Medium	£0	£54,933	£260,512	£427,631	£641,545	£754,014
		0.0%	7.2%	24.3%	32.4%	38.9%	41.4%
		£0	£439,462	£2,084,097	£3,421,048	£5,132,362	£6,032,116
	High	£0	£57,129	£249,273	£416,392	£623,806	£742,891
		0.0%	7.7%	24.2%	32.5%	39.0%	41.7%
		£0	£571,292	£2,492,732	£4,163,921	£6,238,063	£7,428,914

	Agricultural value - £20k per hectare
	Agricultural - Agricultural uplift £20K - £400K
	Agricultural uplift - Lower industrial £400k - £600k
	Industrial value - £600K plus

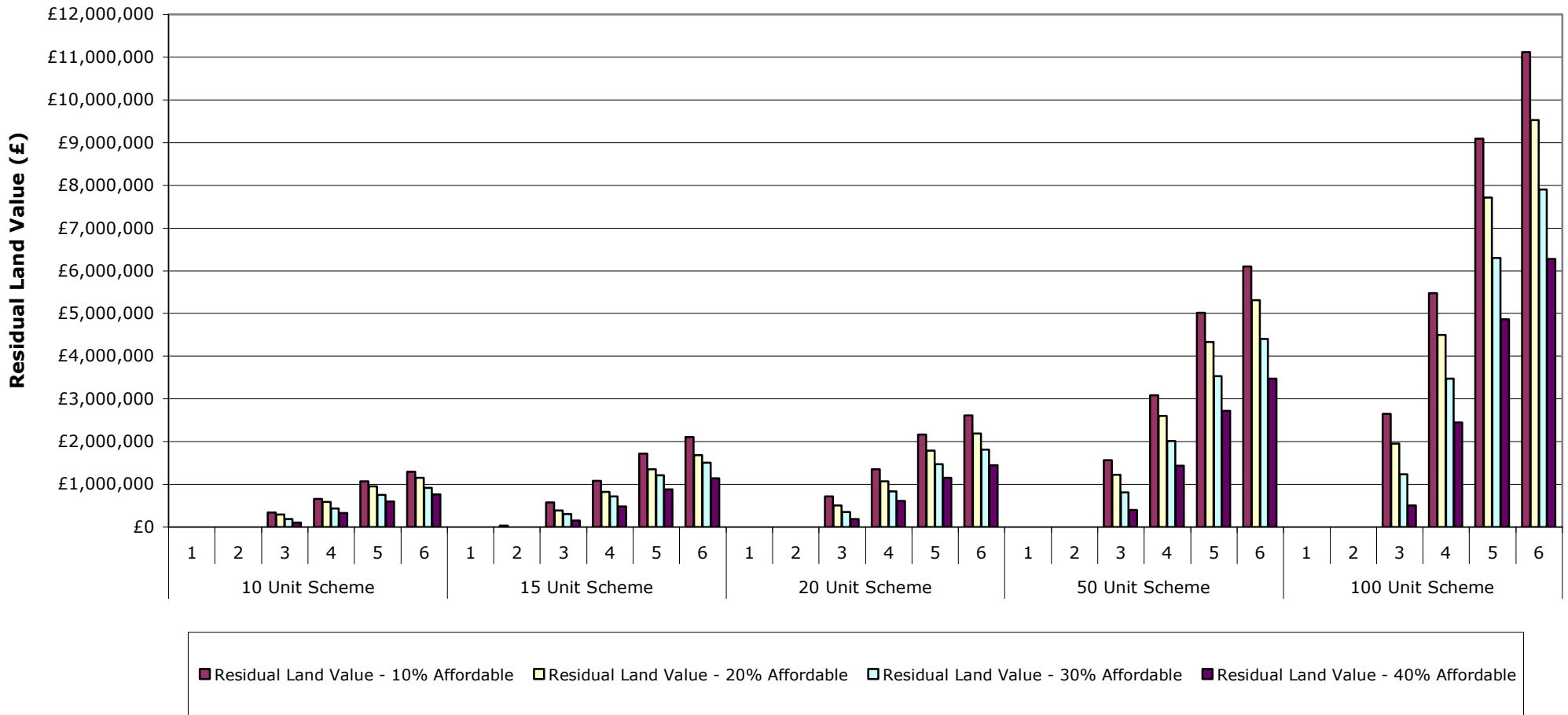
Appendix 7

**Table 13: Summary of Residual Land Value (£) Appraisals for
All Value Points
10%, 20%, 30% and 40% Affordable Housing
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £10,000
CfSH Level 4
Medium Density**

Development Scenario / Threshold	Value Point	Residual Land Value - 10% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
10 Unit Scheme	1	£0	£0	£0	£0
	2	£0	£0	£0	£0
	3	£344,088	£297,386	£183,813	£100,340
	4	£658,101	£588,575	£437,310	£327,802
	5	£1,068,284	£952,446	£750,362	£595,672
	6	£1,293,222	£1,157,537	£922,374	£761,068
15 Unit Scheme	1	£0	£0	£0	£0
	2	£31,511	£0	£0	£0
	3	£579,255	£392,697	£307,417	£153,531
	4	£1,089,044	£820,008	£712,584	£483,833
	5	£1,723,013	£1,355,941	£1,209,302	£889,050
	6	£2,108,622	£1,682,729	£1,509,947	£1,137,409
20 Unit Scheme	1	£0	£0	£0	£0
	2	£0	£0	£0	£0
	3	£720,213	£509,043	£351,395	£182,840
	4	£1,350,298	£1,067,675	£834,951	£609,117
	5	£2,168,759	£1,795,196	£1,471,532	£1,154,758
	6	£2,610,467	£2,184,939	£1,809,309	£1,453,561
50 Unit Scheme	1	£0	£0	£0	£0
	2	£0	£0	£0	£0
	3	£1,561,179	£1,226,457	£812,355	£400,493
	4	£3,081,404	£2,598,594	£2,017,804	£1,434,839
	5	£5,020,424	£4,329,862	£3,528,729	£2,725,421
	6	£6,103,253	£5,305,668	£4,410,102	£3,474,587
100 Unit Scheme	1	£0	£0	£0	£0
	2	£0	£0	£0	£0
	3	£2,652,835	£1,958,845	£1,239,292	£507,655
	4	£5,479,411	£4,493,479	£3,476,089	£2,449,695
	5	£9,093,120	£7,718,110	£6,305,746	£4,866,694
	6	£11,115,146	£9,527,912	£7,897,429	£6,281,523

Source: Adams Integra, February 2012

**Graph 13: Summary of Residual Land Values at 10%, 20%, 30%, & 40%
Affordable Housing Across All Value Points
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £10,000
CfSH Level 4
Medium Density**

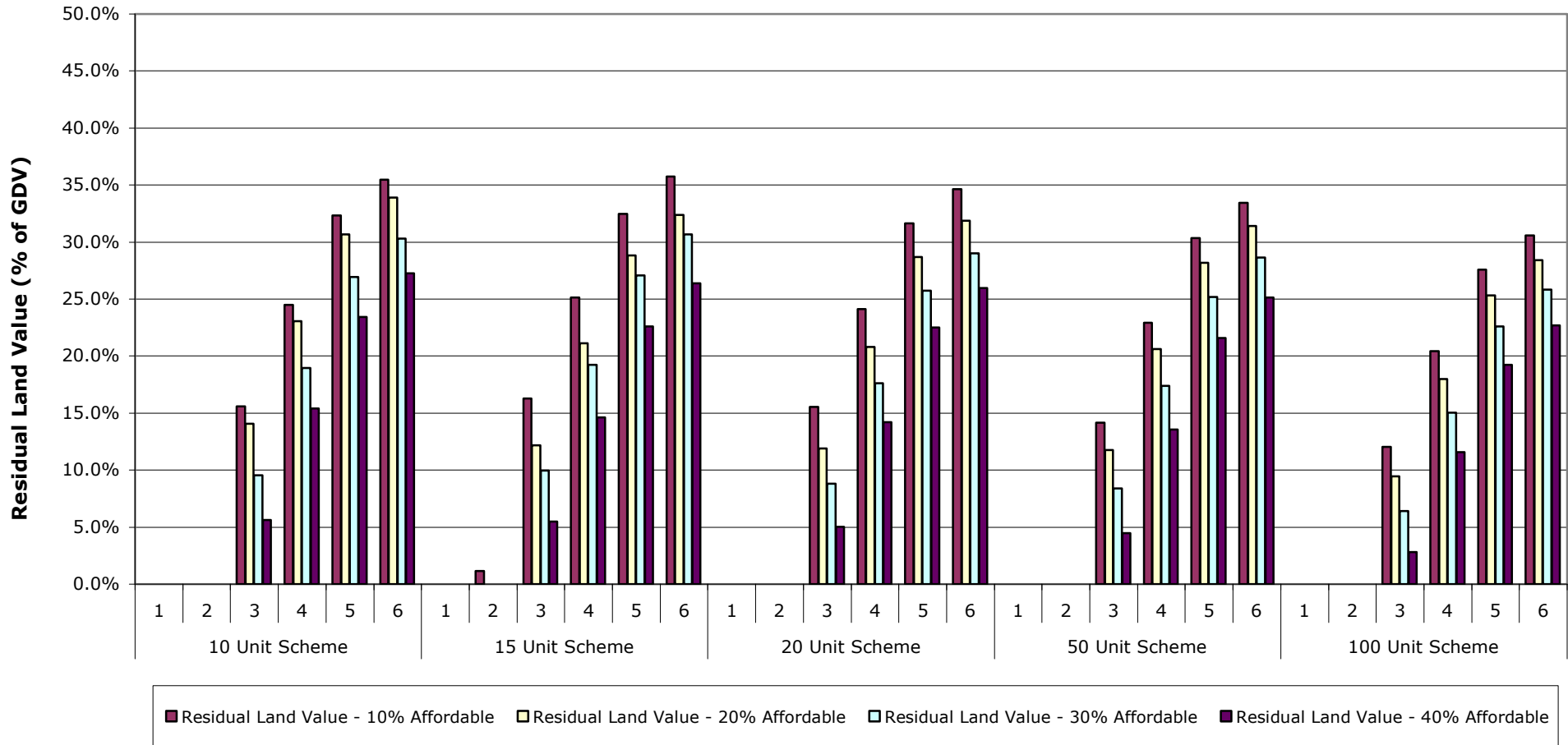


**Table 13a: Summary of Residual Land Value (as % of GDV)
Appraisals for All Value Points
10%, 20%, 30% and 40% Affordable Housing
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £10,000
CfSH Level 4
Medium Density**

Development Scenario / Threshold	Value Point	Residual Land Value - 10% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
10 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%
	2	0.0%	0.0%	0.0%	0.0%
	3	15.6%	14.1%	9.6%	5.6%
	4	24.5%	23.0%	19.0%	15.4%
	5	32.3%	30.7%	27.0%	23.5%
	6	35.5%	33.9%	30.3%	27.3%
15 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%
	2	1.2%	0.0%	0.0%	0.0%
	3	16.3%	12.2%	10.0%	5.5%
	4	25.1%	21.1%	19.2%	14.6%
	5	32.5%	28.8%	27.1%	22.6%
	6	35.8%	32.4%	30.7%	26.4%
20 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%
	2	0.0%	0.0%	0.0%	0.0%
	3	15.6%	11.9%	8.8%	5.0%
	4	24.1%	20.8%	17.6%	14.2%
	5	31.6%	28.7%	25.7%	22.5%
	6	34.6%	31.9%	29.0%	26.0%
50 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%
	2	0.0%	0.0%	0.0%	0.0%
	3	14.1%	11.8%	8.4%	4.5%
	4	22.9%	20.6%	17.4%	13.6%
	5	30.4%	28.2%	25.2%	21.6%
	6	33.4%	31.4%	28.6%	25.1%
100 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%
	2	0.0%	0.0%	0.0%	0.0%
	3	12.0%	9.5%	6.4%	2.8%
	4	20.4%	18.0%	15.1%	11.6%
	5	27.6%	25.3%	22.6%	19.2%
	6	30.6%	28.4%	25.8%	22.7%

Source: Adams Integra, February 2012

Graph 13a: Summary of Residual Land Values (as % of GDV) at 10%, 20%, 30% & 40% Affordable Housing Across all Value Points 70% Social Rent/30% Shared Ownership Planning Infrastructure Level £10,000 CfSH Level 4 Medium Density

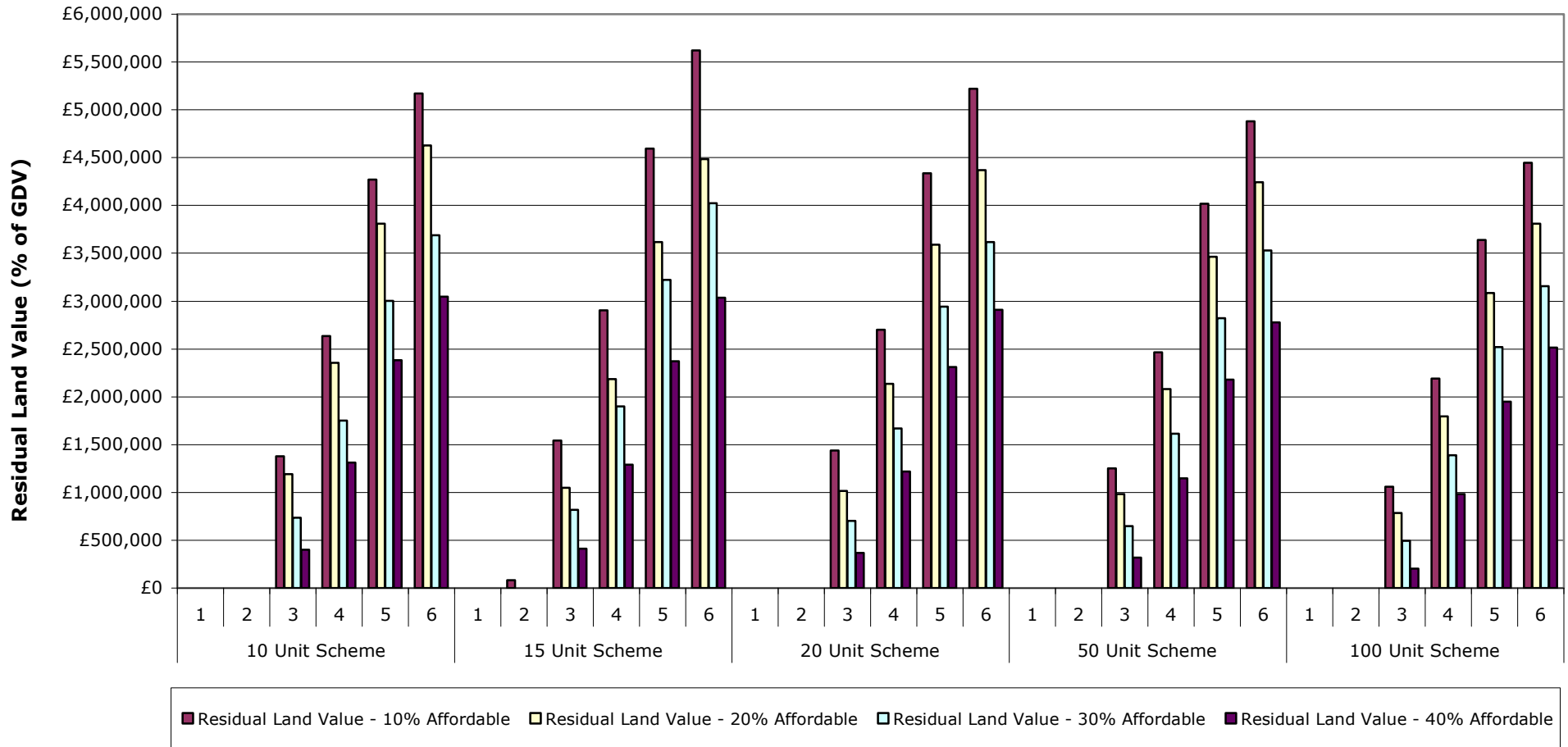


**Table 13b: Summary of Residual Land Value (value per Hectare)
Appraisals for All Value Points
10%, 20%, 30% and 40% Affordable Housing
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £10,000
CfSH Level 4
Medium Density**

Development Scenario / Threshold	Value Point	Residual Land Value - 10% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
10 Unit Scheme	1	£0	£0	£0	£0
	2	£0	£0	£0	£0
	3	£1,376,354	£1,189,545	£735,251	£401,360
	4	£2,632,406	£2,354,300	£1,749,242	£1,311,208
	5	£4,273,134	£3,809,785	£3,001,449	£2,382,688
	6	£5,172,888	£4,630,149	£3,689,497	£3,044,272
15 Unit Scheme	1	£0	£0	£0	£0
	2	£84,030	£0	£0	£0
	3	£1,544,679	£1,047,191	£819,778	£409,415
	4	£2,904,117	£2,186,689	£1,900,224	£1,290,220
	5	£4,594,700	£3,615,842	£3,224,805	£2,370,799
	6	£5,622,993	£4,487,276	£4,026,525	£3,033,089
20 Unit Scheme	1	£0	£0	£0	£0
	2	£0	£0	£0	£0
	3	£1,440,426	£1,018,086	£702,789	£365,680
	4	£2,700,596	£2,135,350	£1,669,902	£1,218,234
	5	£4,337,517	£3,590,391	£2,943,063	£2,309,515
	6	£5,220,935	£4,369,878	£3,618,618	£2,907,122
50 Unit Scheme	1	£0	£0	£0	£0
	2	£0	£0	£0	£0
	3	£1,248,943	£981,166	£649,884	£320,395
	4	£2,465,123	£2,078,876	£1,614,243	£1,147,871
	5	£4,016,339	£3,463,890	£2,822,983	£2,180,336
	6	£4,882,603	£4,244,534	£3,528,081	£2,779,670
100 Unit Scheme	1	£0	£0	£0	£0
	2	£0	£0	£0	£0
	3	£1,061,134	£783,538	£495,717	£203,062
	4	£2,191,764	£1,797,392	£1,390,435	£979,878
	5	£3,637,248	£3,087,244	£2,522,298	£1,946,678
	6	£4,446,058	£3,811,165	£3,158,971	£2,512,609

Source: Adams Integra, February 2012

Graph 13a: Summary of Residual Land Values (value per Hectare) at 10%, 20%, 30% & 40% Affordable Housing Across all Value Points
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £10,000
CfSH Level 4
Medium Density

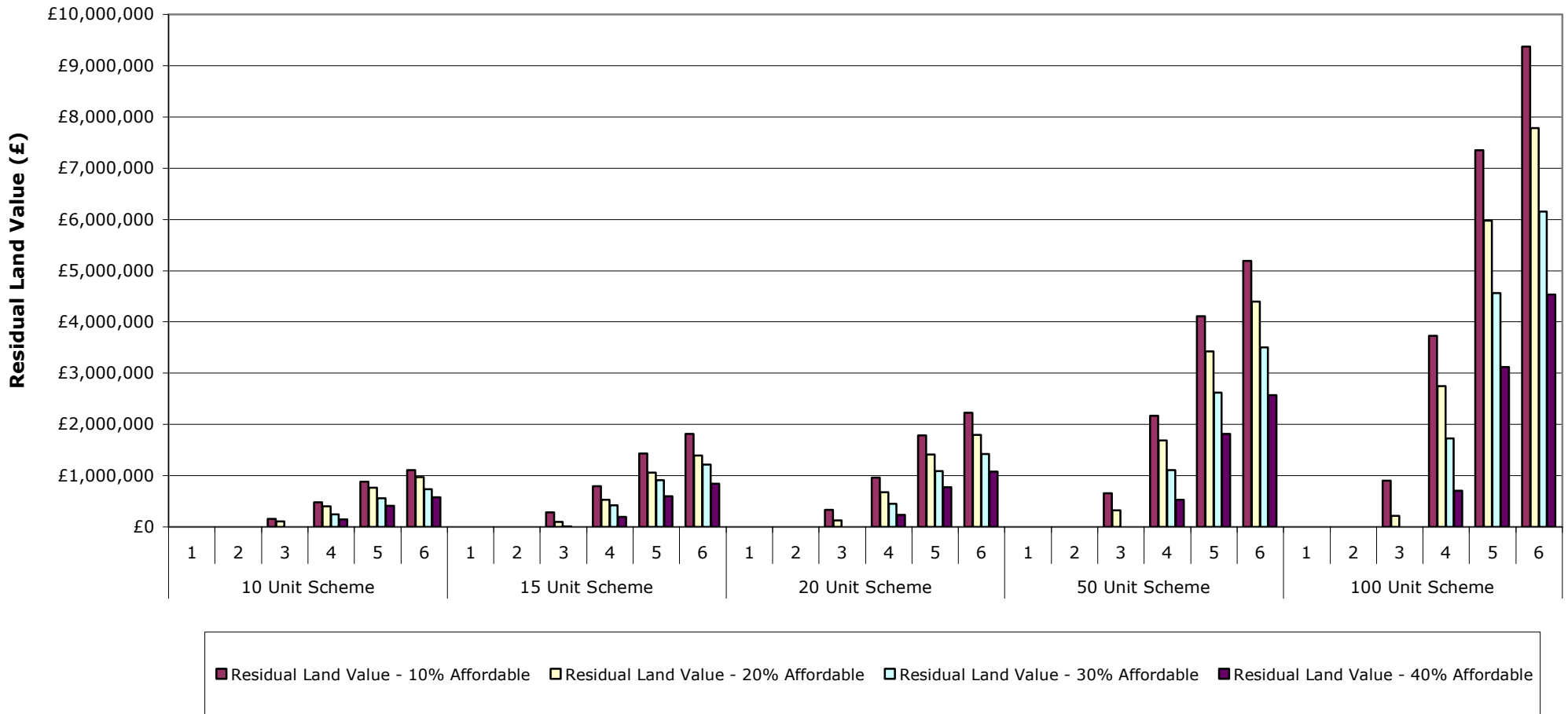


**Table 14: Summary of Residual Land Value (£) Appraisals for
All Value Points
10%, 20%, 30% and 40% Affordable Housing
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £10,000
CfSH Level 5
Medium Density**

Development Scenario / Threshold	Value Point	Residual Land Value - 10% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
10 Unit Scheme	1	£0	£0	£0	£0
	2	£0	£0	£0	£0
	3	£160,091	£111,944	£0	£0
	4	£476,156	£405,905	£248,510	£143,300
	5	£881,429	£765,592	£563,508	£413,076
	6	£1,106,368	£970,683	£735,520	£574,214
15 Unit Scheme	1	£0	£0	£0	£0
	2	£0	£0	£0	£0
	3	£289,363	£99,764	£11,847	£0
	4	£796,169	£527,133	£424,081	£196,925
	5	£1,430,138	£1,063,066	£916,427	£596,175
	6	£1,815,748	£1,389,854	£1,217,072	£844,534
20 Unit Scheme	1	£0	£0	£0	£0
	2	£0	£0	£0	£0
	3	£337,747	£128,224	£0	£0
	4	£964,350	£681,727	£453,680	£240,066
	5	£1,782,810	£1,409,247	£1,085,583	£778,431
	6	£2,224,519	£1,798,991	£1,423,361	£1,077,235
50 Unit Scheme	1	£0	£0	£0	£0
	2	£0	£0	£0	£0
	3	£652,834	£321,426	£0	£0
	4	£2,173,059	£1,690,249	£1,109,459	£526,494
	5	£4,112,079	£3,421,517	£2,620,384	£1,817,075
	6	£5,194,908	£4,397,323	£3,501,757	£2,566,242
100 Unit Scheme	1	£0	£0	£0	£0
	2	£0	£0	£0	£0
	3	£906,486	£219,136	£0	£0
	4	£3,733,062	£2,747,130	£1,729,739	£703,345
	5	£7,346,770	£5,971,760	£4,559,397	£3,120,344
	6	£9,368,796	£7,781,562	£6,151,079	£4,535,173

Source: Adams Integra, February 2012

**Graph 14: Summary of Residual Land Values at 10%, 20%, 30%, & 40%
Affordable Housing Across All Value Points
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £10,000
CfSH Level 5
Medium Density**

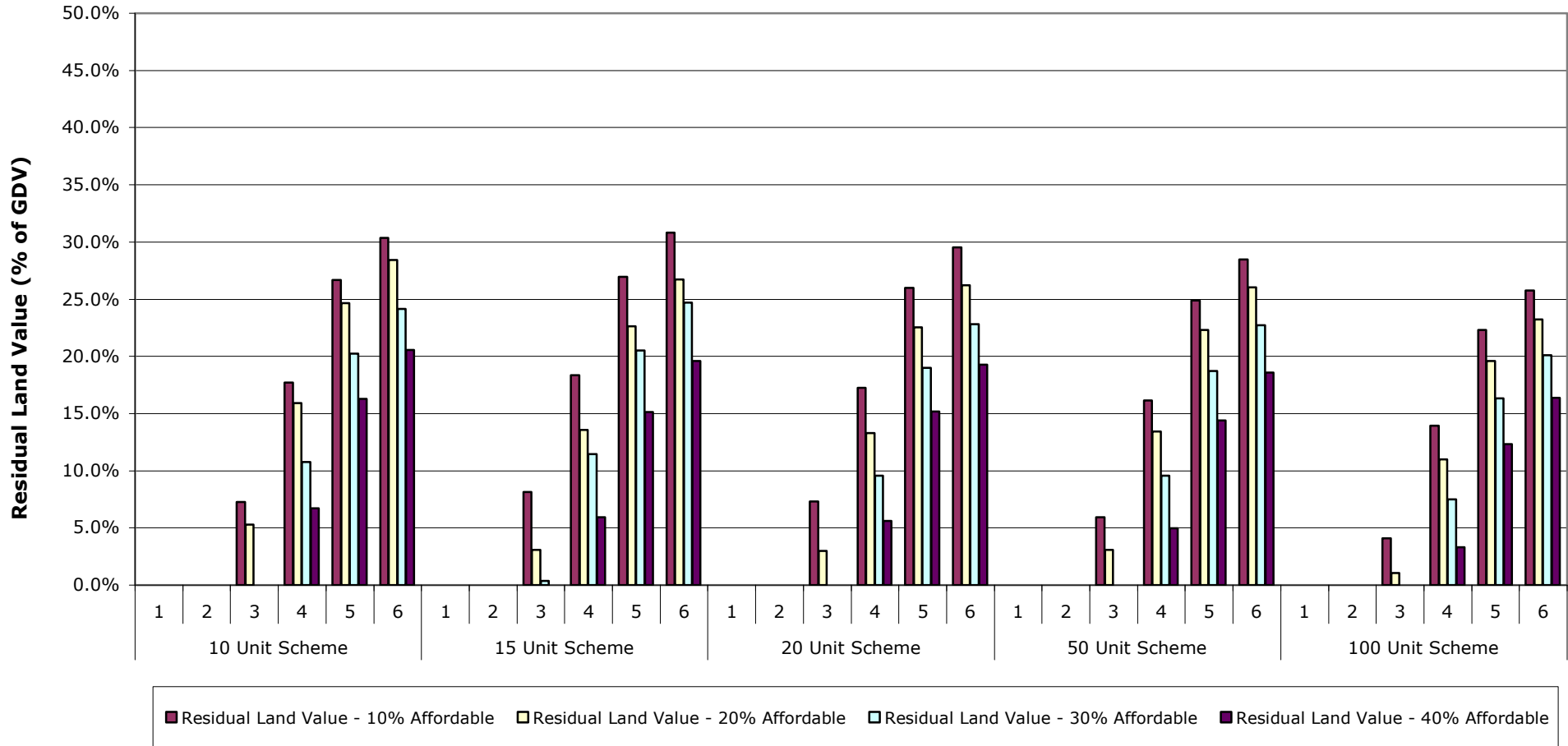


**Table 14a: Summary of Residual Land Value (as % of GDV)
Appraisals for All Value Points
10%, 20%, 30% and 40% Affordable Housing
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £10,000
CfSH Level 5
Medium Density**

Development Scenario / Threshold	Value Point	Residual Land Value - 10% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
10 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%
	2	0.0%	0.0%	0.0%	0.0%
	3	7.3%	5.3%	0.0%	0.0%
	4	17.7%	15.9%	10.8%	6.7%
	5	26.7%	24.7%	20.2%	16.3%
	6	30.3%	28.4%	24.2%	20.6%
15 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%
	2	0.0%	0.0%	0.0%	0.0%
	3	8.1%	3.1%	0.4%	0.0%
	4	18.4%	13.6%	11.4%	5.9%
	5	27.0%	22.6%	20.5%	15.2%
	6	30.8%	26.7%	24.7%	19.6%
20 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%
	2	0.0%	0.0%	0.0%	0.0%
	3	7.3%	3.0%	0.0%	0.0%
	4	17.2%	13.3%	9.6%	5.6%
	5	26.0%	22.5%	19.0%	15.2%
	6	29.5%	26.2%	22.8%	19.3%
50 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%
	2	0.0%	0.0%	0.0%	0.0%
	3	5.9%	3.1%	0.0%	0.0%
	4	16.2%	13.4%	9.6%	5.0%
	5	24.9%	22.3%	18.7%	14.4%
	6	28.5%	26.0%	22.7%	18.6%
100 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%
	2	0.0%	0.0%	0.0%	0.0%
	3	4.1%	1.1%	0.0%	0.0%
	4	13.9%	11.0%	7.5%	3.3%
	5	22.3%	19.6%	16.3%	12.3%
	6	25.8%	23.2%	20.1%	16.4%

Source: Adams Integra, February 2012

Graph 14a: Summary of Residual Land Values (as % of GDV) at 10%, 20%, 30% & 40% Affordable Housing Across all Value Points 70% Social Rent/30% Shared Ownership Planning Infrastructure Level £10,000 CfSH Level 5 Medium Density

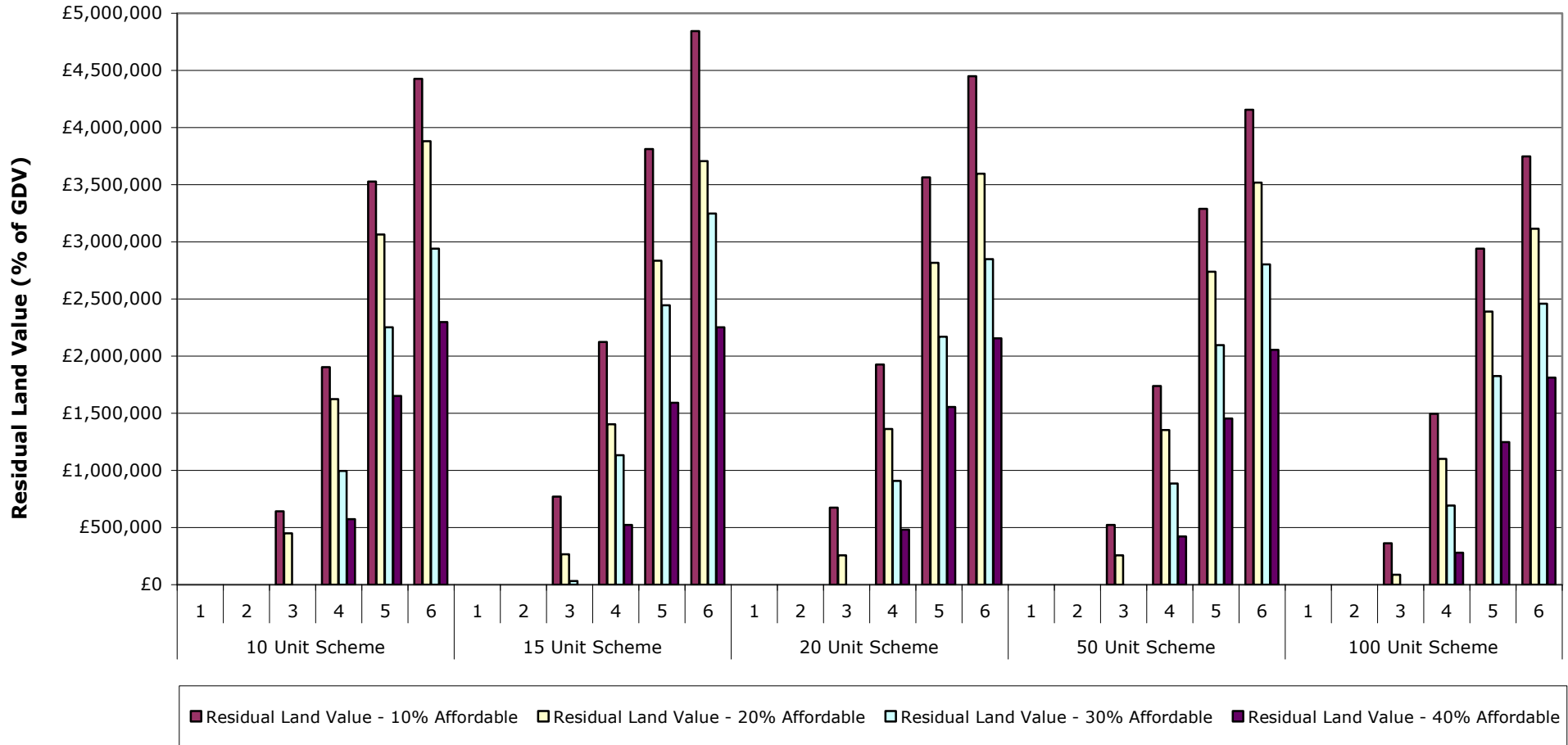


**Table 14b: Summary of Residual Land Value (value per Hectare)
Appraisals for All Value Points
10%, 20%, 30% and 40% Affordable Housing
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £10,000
CfSH Level 5
Medium Density**

Development Scenario / Threshold	Value Point	Residual Land Value - 10% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
10 Unit Scheme	1	£0	£0	£0	£0
	2	£0	£0	£0	£0
	3	£640,362	£447,776	£0	£0
	4	£1,904,624	£1,623,622	£994,039	£573,202
	5	£3,525,718	£3,062,368	£2,254,033	£1,652,305
	6	£4,425,472	£3,882,732	£2,942,080	£2,296,855
15 Unit Scheme	1	£0	£0	£0	£0
	2	£0	£0	£0	£0
	3	£771,634	£266,037	£31,591	£0
	4	£2,123,117	£1,405,689	£1,130,883	£525,133
	5	£3,813,701	£2,834,842	£2,443,805	£1,589,799
	6	£4,841,993	£3,706,276	£3,245,525	£2,252,090
20 Unit Scheme	1	£0	£0	£0	£0
	2	£0	£0	£0	£0
	3	£675,493	£256,447	£0	£0
	4	£1,928,699	£1,363,453	£907,360	£480,131
	5	£3,565,621	£2,818,495	£2,171,167	£1,556,863
	6	£4,449,038	£3,597,981	£2,846,721	£2,154,469
50 Unit Scheme	1	£0	£0	£0	£0
	2	£0	£0	£0	£0
	3	£522,267	£257,141	£0	£0
	4	£1,738,447	£1,352,199	£887,567	£421,195
	5	£3,289,663	£2,737,214	£2,096,307	£1,453,660
	6	£4,155,926	£3,517,858	£2,801,405	£2,052,994
100 Unit Scheme	1	£0	£0	£0	£0
	2	£0	£0	£0	£0
	3	£362,594	£87,655	£0	£0
	4	£1,493,225	£1,098,852	£691,896	£281,338
	5	£2,938,708	£2,388,704	£1,823,759	£1,248,138
	6	£3,747,519	£3,112,625	£2,460,432	£1,814,069

Source: Adams Integra, February 2012

Graph 14a: Summary of Residual Land Values (value per Hectare) at 10%, 20%, 30% & 40% Affordable Housing Across all Value Points
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £10,000
CfSH Level 5
Medium Density

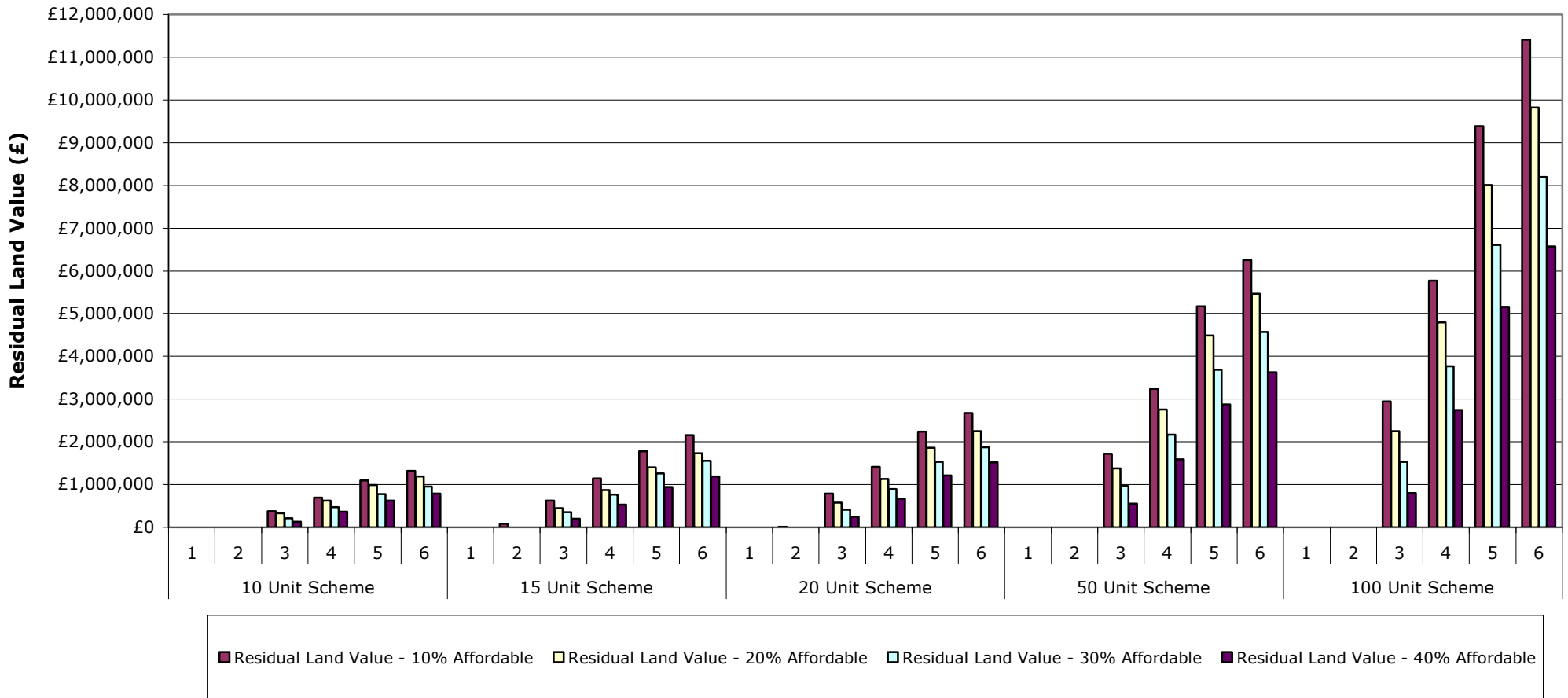


**Table 15: Summary of Residual Land Value (£) Appraisals for
All Value Points
10%, 20%, 30% and 40% Affordable Housing
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £10,000
CfSH Level 3 plus Water
Medium Density**

Development Scenario / Threshold	Value Point	Residual Land Value - 10% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
10 Unit Scheme	1	£0	£0	£0	£0
	2	£0	£0	£0	£0
	3	£376,011	£329,309	£216,394	£133,250
	4	£689,695	£620,169	£469,233	£359,725
	5	£1,099,877	£984,040	£781,956	£627,266
	6	£1,324,816	£1,189,131	£953,968	£792,662
15 Unit Scheme	1	£0	£0	£0	£0
	2	£83,094	£0	£0	£0
	3	£628,775	£442,732	£357,453	£203,063
	4	£1,138,564	£869,528	£762,104	£533,352
	5	£1,772,533	£1,405,461	£1,258,822	£938,570
	6	£2,158,142	£1,732,249	£1,559,467	£1,186,928
20 Unit Scheme	1	£0	£0	£0	£0
	2	£7,894	£0	£0	£0
	3	£785,470	£574,300	£417,331	£243,439
	4	£1,415,555	£1,132,932	£900,208	£672,747
	5	£2,234,015	£1,860,453	£1,536,788	£1,218,388
	6	£2,675,724	£2,250,196	£1,874,566	£1,517,191
50 Unit Scheme	1	£0	£0	£0	£0
	2	£0	£0	£0	£0
	3	£1,714,764	£1,380,042	£965,940	£549,949
	4	£3,234,989	£2,752,179	£2,171,389	£1,588,424
	5	£5,174,009	£4,483,447	£3,682,314	£2,879,006
	6	£6,256,838	£5,459,253	£4,563,687	£3,628,172
100 Unit Scheme	1	£0	£0	£0	£0
	2	£0	£0	£0	£0
	3	£2,948,112	£2,254,122	£1,534,569	£802,931
	4	£5,774,688	£4,788,756	£3,771,365	£2,744,971
	5	£9,388,396	£8,013,386	£6,601,023	£5,161,970
	6	£11,410,422	£9,823,188	£8,192,705	£6,576,799

Source: Adams Integra, February 2012

Graph 15: Summary of Residual Land Values at 10%, 20%, 30%, & 40% Affordable Housing Across All Value Points 70% Social Rent/30% Shared Ownership Planning Infrastructure Level £10,000 CfSH Level 3 plus Water Medium Density

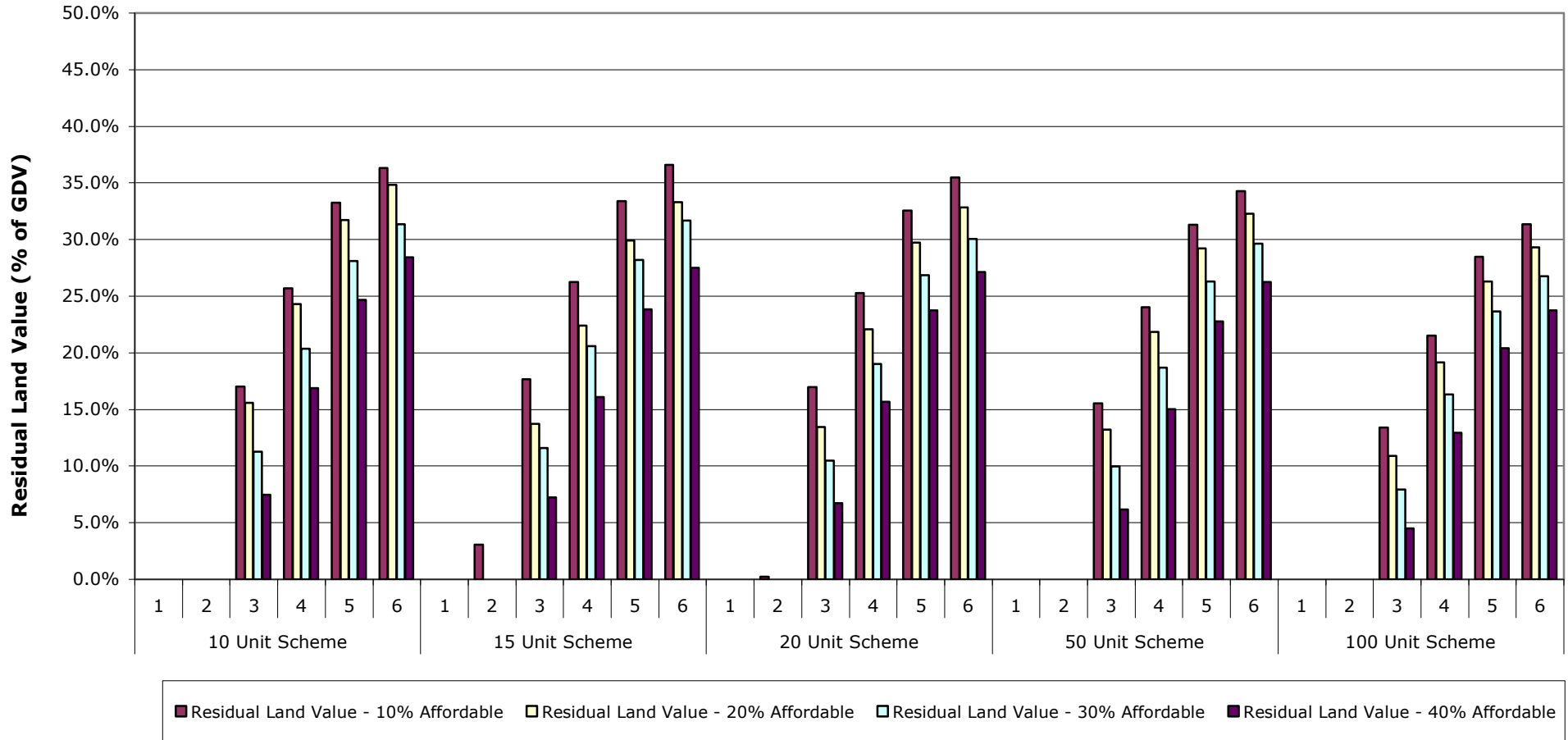


**Table 15a: Summary of Residual Land Value (as % of GDV)
Appraisals for All Value Points
10%, 20%, 30% and 40% Affordable Housing
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £10,000
CfSH Level 3 plus Water
Medium Density**

Development Scenario / Threshold	Value Point	Residual Land Value - 10% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
10 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%
	2	0.0%	0.0%	0.0%	0.0%
	3	17.0%	15.6%	11.3%	7.5%
	4	25.7%	24.3%	20.4%	16.9%
	5	33.3%	31.7%	28.1%	24.7%
	6	36.3%	34.8%	31.3%	28.4%
15 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%
	2	3.1%	0.0%	0.0%	0.0%
	3	17.7%	13.7%	11.6%	7.2%
	4	26.3%	22.4%	20.6%	16.1%
	5	33.4%	29.9%	28.2%	23.9%
	6	36.6%	33.3%	31.7%	27.5%
20 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%
	2	0.2%	0.0%	0.0%	0.0%
	3	17.0%	13.4%	10.5%	6.7%
	4	25.3%	22.1%	19.0%	15.7%
	5	32.6%	29.7%	26.9%	23.7%
	6	35.5%	32.8%	30.0%	27.1%
50 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%
	2	0.0%	0.0%	0.0%	0.0%
	3	15.5%	13.2%	10.0%	6.2%
	4	24.0%	21.8%	18.7%	15.0%
	5	31.3%	29.2%	26.3%	22.8%
	6	34.3%	32.3%	29.6%	26.2%
100 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%
	2	0.0%	0.0%	0.0%	0.0%
	3	13.4%	10.9%	7.9%	4.5%
	4	21.5%	19.2%	16.3%	13.0%
	5	28.5%	26.3%	23.7%	20.4%
	6	31.4%	29.3%	26.8%	23.8%

Source: Adams Integra, February 2012

Graph 15a: Summary of Residual Land Values (as % of GDV) at 10%, 20%, 30% & 40% Affordable Housing Across all Value Points 70% Social Rent/30% Shared Ownership Planning Infrastructure Level £10,000 CfSH Level 3 plus Water Medium Density

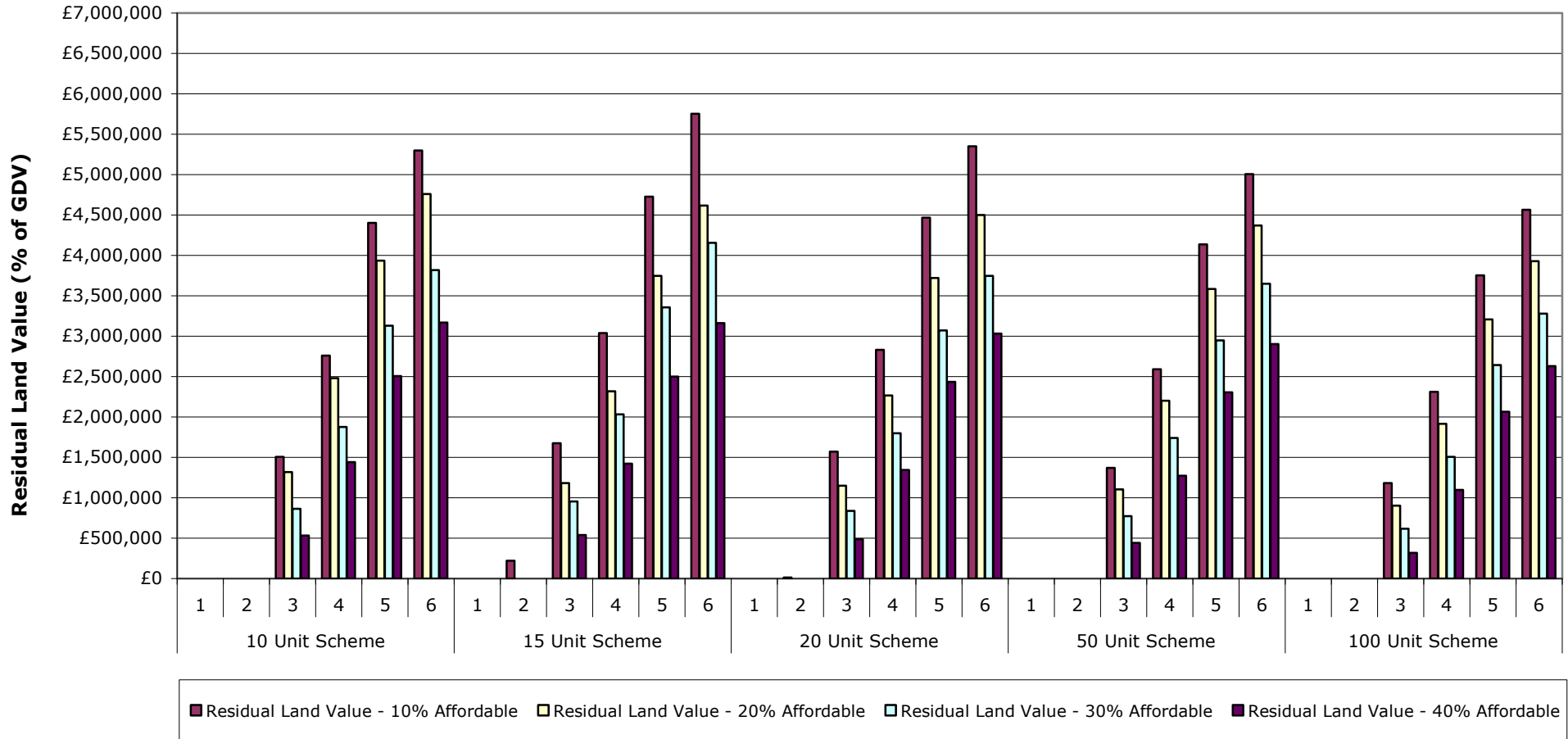


**Table 15b: Summary of Residual Land Value (value per Hectare)
Appraisals for All Value Points
10%, 20%, 30% and 40% Affordable Housing
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £10,000
CfSH Level 3 plus Water
Medium Density**

Development Scenario / Threshold	Value Point	Residual Land Value - 10% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
10 Unit Scheme	1	£0	£0	£0	£0
	2	£0	£0	£0	£0
	3	£1,504,045	£1,317,237	£865,575	£533,001
	4	£2,758,781	£2,480,675	£1,876,933	£1,438,899
	5	£4,399,509	£3,936,160	£3,127,824	£2,509,063
	6	£5,299,263	£4,756,524	£3,815,872	£3,170,647
15 Unit Scheme	1	£0	£0	£0	£0
	2	£221,585	£0	£0	£0
	3	£1,676,732	£1,180,619	£953,207	£541,501
	4	£3,036,170	£2,318,742	£2,032,277	£1,422,273
	5	£4,726,753	£3,747,895	£3,356,858	£2,502,852
	6	£5,755,046	£4,619,329	£4,158,578	£3,165,143
20 Unit Scheme	1	£0	£0	£0	£0
	2	£15,787	£0	£0	£0
	3	£1,570,940	£1,148,600	£834,663	£486,878
	4	£2,831,109	£2,265,864	£1,800,416	£1,345,495
	5	£4,468,031	£3,720,905	£3,073,577	£2,436,776
	6	£5,351,449	£4,500,391	£3,749,132	£3,034,382
50 Unit Scheme	1	£0	£0	£0	£0
	2	£0	£0	£0	£0
	3	£1,371,811	£1,104,034	£772,752	£439,959
	4	£2,587,991	£2,201,744	£1,737,111	£1,270,739
	5	£4,139,207	£3,586,758	£2,945,851	£2,303,204
	6	£5,005,471	£4,367,402	£3,650,949	£2,902,538
100 Unit Scheme	1	£0	£0	£0	£0
	2	£0	£0	£0	£0
	3	£1,179,245	£901,649	£613,828	£321,172
	4	£2,309,875	£1,915,502	£1,508,546	£1,097,988
	5	£3,755,358	£3,205,355	£2,640,409	£2,064,788
	6	£4,564,169	£3,929,275	£3,277,082	£2,630,720

Source: Adams Integra, February 2012

**Graph 15a: Summary of Residual Land Values (value per Hectare) at 10%, 20%, 30% & 40% Affordable Housing Across all Value Points
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £10,000
CfSH Level 3 plus Water
Medium Density**

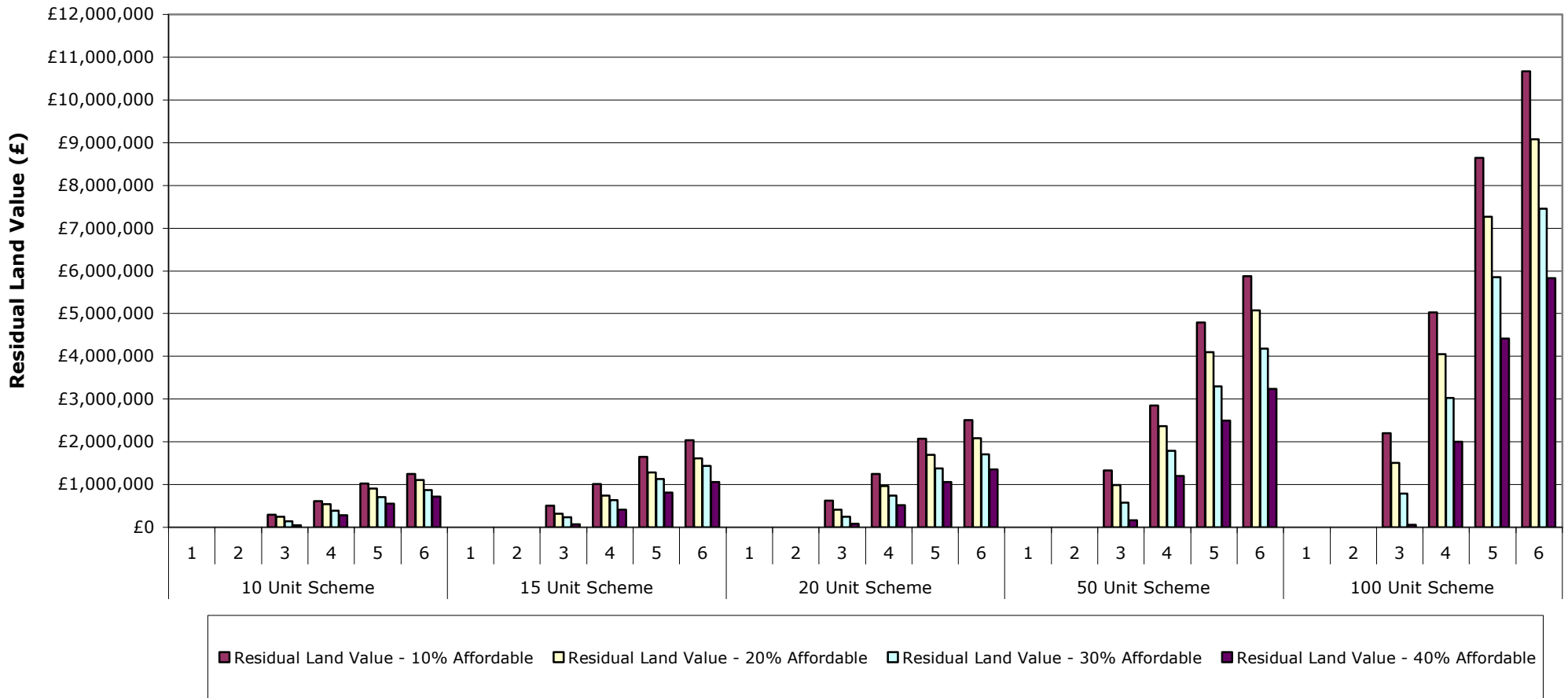


**Table 16: Summary of Residual Land Value (£) Appraisals for
All Value Points
10%, 20%, 30% and 40% Affordable Housing
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £10,000
CfSH Level 4 plus Water
Medium Density**

Development Scenario / Threshold	Value Point	Residual Land Value - 10% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
10 Unit Scheme	1	£0	£0	£0	£0
	2	£0	£0	£0	£0
	3	£295,748	£249,046	£135,834	£50,505
	4	£610,260	£540,733	£388,970	£279,462
	5	£1,020,442	£904,604	£702,520	£547,830
	6	£1,245,380	£1,109,695	£874,532	£713,226
15 Unit Scheme	1	£0	£0	£0	£0
	2	£0	£0	£0	£0
	3	£504,267	£316,928	£236,425	£75,419
	4	£1,014,057	£745,021	£637,597	£413,104
	5	£1,648,025	£1,280,953	£1,134,315	£814,062
	6	£2,033,635	£1,607,741	£1,434,960	£1,062,421
20 Unit Scheme	1	£0	£0	£0	£0
	2	£0	£0	£0	£0
	3	£621,395	£414,499	£251,548	£84,318
	4	£1,251,480	£968,857	£736,133	£512,763
	5	£2,069,941	£1,696,378	£1,372,714	£1,058,404
	6	£2,511,650	£2,086,121	£1,710,491	£1,357,207
50 Unit Scheme	1	£0	£0	£0	£0
	2	£0	£0	£0	£0
	3	£1,328,607	£993,886	£579,784	£170,618
	4	£2,848,832	£2,366,023	£1,785,233	£1,202,268
	5	£4,787,852	£4,097,291	£3,296,157	£2,492,849
	6	£5,870,682	£5,073,097	£4,177,530	£3,242,016
100 Unit Scheme	1	£0	£0	£0	£0
	2	£0	£0	£0	£0
	3	£2,205,702	£1,511,713	£792,160	£63,043
	4	£5,032,278	£4,046,346	£3,028,956	£2,002,562
	5	£8,645,987	£7,270,977	£5,858,613	£4,419,561
	6	£10,668,013	£9,080,779	£7,450,296	£5,834,390

Source: Adams Integra, February 2012

Graph 16: Summary of Residual Land Values at 10%, 20%, 30%, & 40% Affordable Housing Across All Value Points 70% Social Rent/30% Shared Ownership Planning Infrastructure Level £10,000 CfSH Level 4 plus Water Medium Density

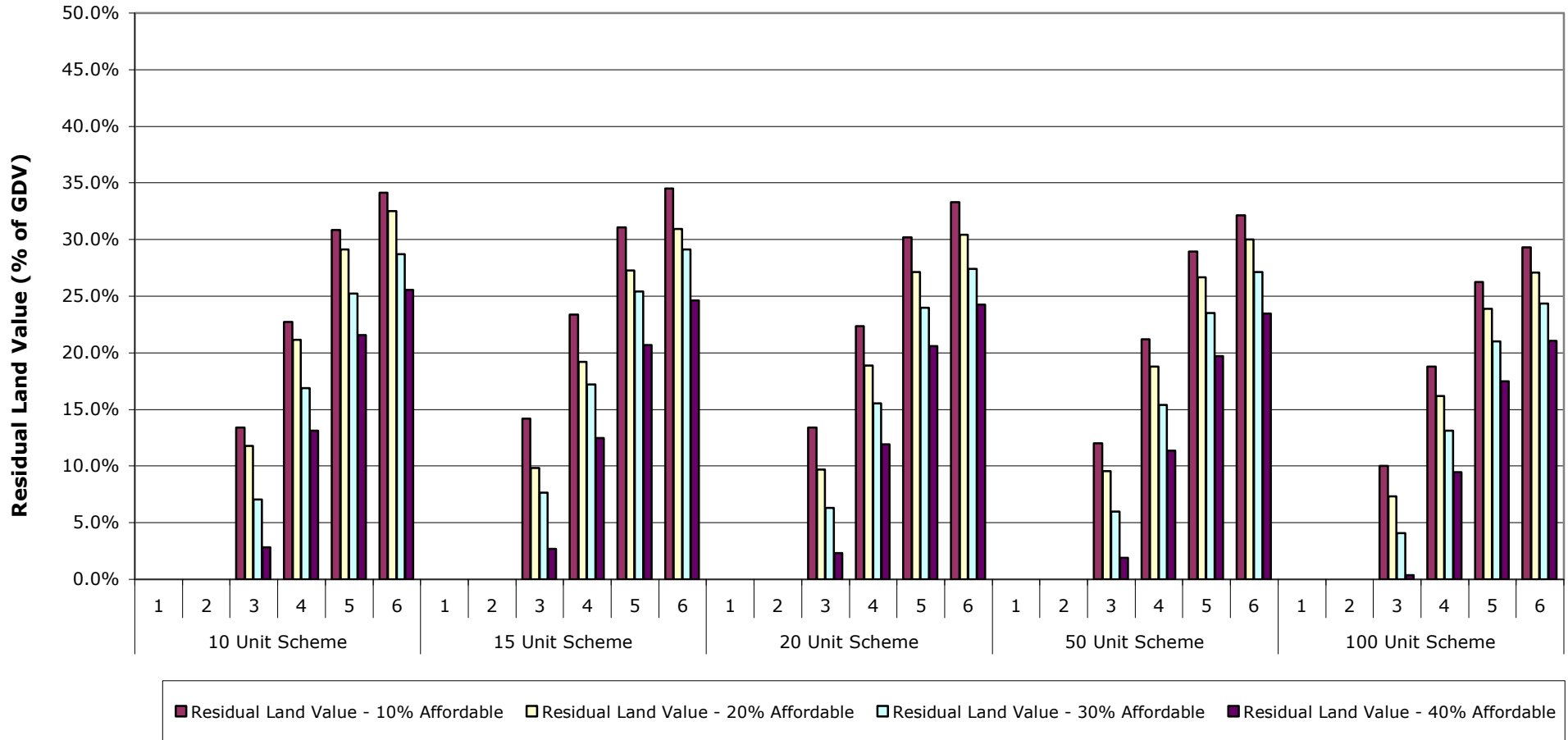


**Table 16a: Summary of Residual Land Value (as % of GDV)
Appraisals for All Value Points
10%, 20%, 30% and 40% Affordable Housing
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £10,000
CfSH Level 4 plus Water
Medium Density**

Development Scenario / Threshold	Value Point	Residual Land Value - 10% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
10 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%
	2	0.0%	0.0%	0.0%	0.0%
	3	13.4%	11.8%	7.1%	2.8%
	4	22.7%	21.2%	16.9%	13.1%
	5	30.9%	29.1%	25.2%	21.6%
	6	34.2%	32.5%	28.7%	25.6%
15 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%
	2	0.0%	0.0%	0.0%	0.0%
	3	14.2%	9.8%	7.7%	2.7%
	4	23.4%	19.2%	17.2%	12.5%
	5	31.1%	27.3%	25.4%	20.7%
	6	34.5%	30.9%	29.1%	24.6%
20 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%
	2	0.0%	0.0%	0.0%	0.0%
	3	13.4%	9.7%	6.3%	2.3%
	4	22.4%	18.9%	15.5%	11.9%
	5	30.2%	27.1%	24.0%	20.6%
	6	33.3%	30.4%	27.4%	24.3%
50 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%
	2	0.0%	0.0%	0.0%	0.0%
	3	12.0%	9.5%	6.0%	1.9%
	4	21.2%	18.8%	15.4%	11.4%
	5	29.0%	26.7%	23.5%	19.7%
	6	32.2%	30.0%	27.1%	23.5%
100 Unit Scheme	1	0.0%	0.0%	0.0%	0.0%
	2	0.0%	0.0%	0.0%	0.0%
	3	10.0%	7.3%	4.1%	0.4%
	4	18.8%	16.2%	13.1%	9.5%
	5	26.2%	23.9%	21.0%	17.5%
	6	29.3%	27.1%	24.4%	21.1%

Source: Adams Integra, February 2012

Graph 16a: Summary of Residual Land Values (as % of GDV) at 10%, 20%, 30% & 40% Affordable Housing Across all Value Points 70% Social Rent/30% Shared Ownership Planning Infrastructure Level £10,000 CfSH Level 4 plus Water Medium Density

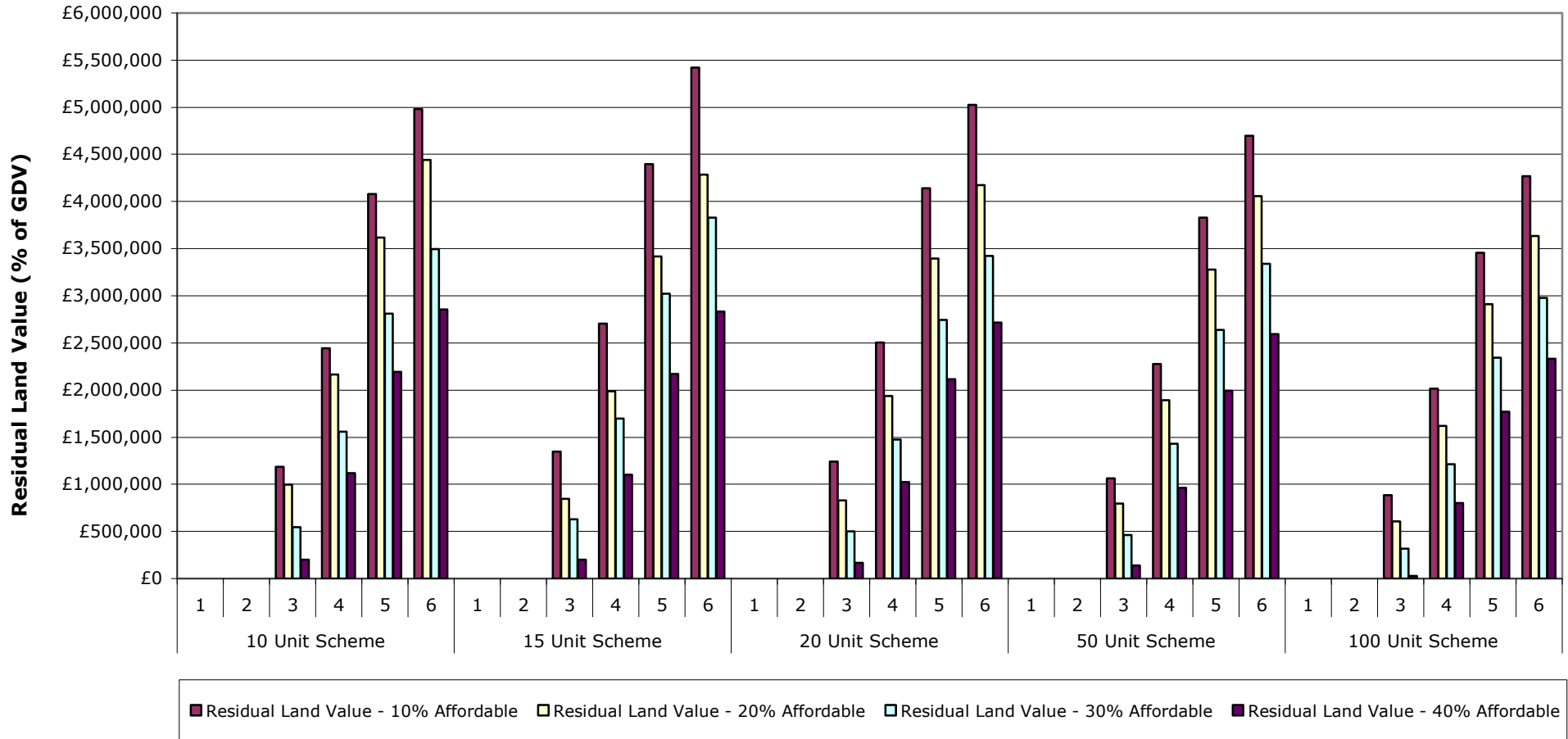


**Table 16b: Summary of Residual Land Value (value per Hectare)
Appraisals for All Value Points
10%, 20%, 30% and 40% Affordable Housing
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £10,000
CfSH Level 4 plus Water
Medium Density**

Development Scenario / Threshold	Value Point	Residual Land Value - 10% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable
10 Unit Scheme	1	£0	£0	£0	£0
	2	£0	£0	£0	£0
	3	£1,182,993	£996,184	£543,336	£202,019
	4	£2,441,038	£2,162,932	£1,555,881	£1,117,847
	5	£4,081,767	£3,618,417	£2,810,082	£2,191,320
	6	£4,981,521	£4,438,781	£3,498,129	£2,852,904
15 Unit Scheme	1	£0	£0	£0	£0
	2	£0	£0	£0	£0
	3	£1,344,713	£845,142	£630,466	£201,117
	4	£2,704,151	£1,986,723	£1,700,258	£1,101,611
	5	£4,394,734	£3,415,875	£3,024,839	£2,170,833
	6	£5,423,027	£4,287,310	£3,826,559	£2,833,123
20 Unit Scheme	1	£0	£0	£0	£0
	2	£0	£0	£0	£0
	3	£1,242,791	£828,997	£503,095	£168,636
	4	£2,502,960	£1,937,714	£1,472,267	£1,025,526
	5	£4,139,882	£3,392,756	£2,745,428	£2,116,807
	6	£5,023,300	£4,172,242	£3,420,983	£2,714,414
50 Unit Scheme	1	£0	£0	£0	£0
	2	£0	£0	£0	£0
	3	£1,062,886	£795,109	£463,827	£136,494
	4	£2,279,066	£1,892,818	£1,428,186	£961,814
	5	£3,830,282	£3,277,833	£2,636,926	£1,994,279
	6	£4,696,545	£4,058,477	£3,342,024	£2,593,613
100 Unit Scheme	1	£0	£0	£0	£0
	2	£0	£0	£0	£0
	3	£882,281	£604,685	£316,864	£25,217
	4	£2,012,911	£1,618,538	£1,211,582	£801,025
	5	£3,458,395	£2,908,391	£2,343,445	£1,767,824
	6	£4,267,205	£3,632,311	£2,980,118	£2,333,756

Source: Adams Integra, February 2012

**Graph 16a: Summary of Residual Land Values (value per Hectare) at 10%, 20%, 30% & 40% Affordable Housing Across all Value Points
70% Social Rent/30% Shared Ownership
Planning Infrastructure Level £10,000
CfSH Level 4 plus Water
Medium Density**



Appendix 8

**Community Infrastructure Levy Economic Viability
Appraisal Summary**

DEVELOPMENT TYPE	Commercial
DEVELOPMENT DESCRIPTION	A1 Out of Town Retail Warehouse
DEVELOPMENT SIZE (TOTAL m ²) - GIA	1,000
SITE SIZE (HA)	0.29
<u>REVENUE</u>	
Rental Value (£ per sq m)	£130
Yield (%)	8%
Total Value of Scheme	£1,536,643
<u>DEVELOPMENT COSTS</u>	
Build Costs	£604,170
Fees	£113,692
TOTAL DIRECT COSTS	£717,862
DEVELOPER'S RETURN FOR RISK AND PROFIT	£307,329
Finance	£43,076
NET RESIDUAL LAND VALUE	£468,376
RLV (£ per Ha)	£135,829
EUV / AUV (£ per Ha)	£600,000
EUV / AUV - £Total	£174,000
Potential for CIL Payment (RLV (£/Ha) minus EUV / AUV £/Ha)	<u>£294,376</u>
Potential for CIL Payment (£/m ²)	£294.38

**Community Infrastructure Levy Economic Viability
Appraisal Summary**

DEVELOPMENT TYPE	Commercial	
DEVELOPMENT DESCRIPTION	A1 Out of Town Retail Warehouse	
DEVELOPMENT SIZE (TOTAL m ²) - GIA	1,000	
SITE SIZE (HA)	0.29	
REVENUE		
Rental Value (£ per sq m)	£130	
Yield (%)	HY/LR	7%
Total Value of Scheme	£1,756,163	
DEVELOPMENT COSTS		
Build Costs	£604,170	
Fees	£117,533	
TOTAL DIRECT COSTS	£721,703	
DEVELOPER'S RETURN FOR RISK AND PROFIT	£351,233	
Finance	£52,503	
NET RESIDUAL LAND VALUE	£630,724	
RLV (£ per Ha)	£182,910	
EUV / AUV (£ per Ha)	£600,000	
EUV / AUV - £Total	£174,000	
Potential for CIL Payment (RLV (£/Ha) minus EUV / AUV £/Ha)	£456,724	
Potential for CIL Payment (£/m ²)	£456.72	

**Community Infrastructure Levy Economic Viability
Appraisal Summary**

DEVELOPMENT TYPE	Convenience Store	
DEVELOPMENT DESCRIPTION	A1, A2, A3, A4, A5 - Small Retail	
DEVELOPMENT SIZE (TOTAL m ²) - GIA	300	
SITE SIZE (HA)	0.04	
<u>REVENUE</u>		
Rental Value (£ per sq m)	£120	
Yield (%)	HY/LR	8%
Total Value of Scheme	£425,532	
<u>DEVELOPMENT COSTS</u>		
Build Costs	£227,909	
Fees	£38,756	
TOTAL DIRECT COSTS	£266,665	
DEVELOPER'S RETURN FOR RISK AND PROFIT	£85,106	
Finance	£10,400	
NET RESIDUAL LAND VALUE	£63,361	
RLV (£ per Ha)	£2,534	
EUV / AUV (£ per Ha)	£600,000	
EUV / AUV - £Total	£24,000	
Potential for CIL Payment (RLV (£/Ha) minus EUV / AUV £/Ha)	<u>£39,361</u>	
Potential for CIL Payment (£/m ²)	£131.20	

**Community Infrastructure Levy Economic Viability
Appraisal Summary**

DEVELOPMENT TYPE	Convenience Store	
DEVELOPMENT DESCRIPTION	A1, A2, A3, A4, A5 - Small Retail	
DEVELOPMENT SIZE (TOTAL m ²) - GIA	300	
SITE SIZE (HA)	0.04	
<u>REVENUE</u>		
Rental Value (£ per sq m)	£120	
Yield (%)	LY/HR	7%
Total Value of Scheme	£486,322	
<u>DEVELOPMENT COSTS</u>		
Build Costs	£227,909	
Fees	£39,820	
TOTAL DIRECT COSTS	£267,729	
DEVELOPER'S RETURN FOR RISK AND PROFIT	£97,264	
Finance	£12,832	
NET RESIDUAL LAND VALUE	£108,497	
RLV (£ per Ha)	£4,340	
EUV / AUV (£ per Ha)	£600,000	
EUV / AUV - £Total	£24,000	
Potential for CIL Payment (RLV (£/Ha) minus EUV / AUV £/Ha)	£84,497	
Potential for CIL Payment (£/m ²)	£281.66	

Community Infrastructure Levy Economic Viability Appraisal Summary

DEVELOPMENT TYPE	Industrial Warehouse
DEVELOPMENT DESCRIPTION	B1 Light industrial, B2, B8 - Industrial
DEVELOPMENT SIZE (TOTAL m ²) - GIA	3,000
SITE SIZE (HA)	0.75
<u>REVENUE</u>	
Rental Value (£ per sq m)	£60
Yield (%)	HY/LR 8%
Total Value of Scheme	£2,127,660
<u>DEVELOPMENT COSTS</u>	
Build Costs	£1,561,140
Fees	£244,371
TOTAL DIRECT COSTS	£1,805,511
DEVELOPER'S RETURN FOR RISK AND PROFIT	£425,532
Finance	£52,280
NET RESIDUAL LAND VALUE	-£155,663
RLV (£ per Ha)	-£116,747
EUV / AUV (£ per Ha)	£600,000
EUV / AUV - £Total	£450,000
Potential for CIL Payment (RLV (£/Ha) minus EUV / AUV £/Ha)	-£605,663
Potential for CIL Payment (£/m ²)	-£201.89

Community Infrastructure Levy Economic Viability Appraisal Summary

DEVELOPMENT TYPE	Industrial Warehouse
DEVELOPMENT DESCRIPTION	B1 Light industrial, B2, B8 - Industrial
DEVELOPMENT SIZE (TOTAL m ²) - GIA	3,000
SITE SIZE (HA)	0.75
<u>REVENUE</u>	
Rental Value (£ per sq m)	£60
Yield (%)	LY/HR 7%
Total Value of Scheme	£2,431,611
<u>DEVELOPMENT COSTS</u>	
Build Costs	£1,561,140
Fees	£249,690
TOTAL DIRECT COSTS	£1,810,830
DEVELOPER'S RETURN FOR RISK AND PROFIT	£486,322
Finance	£52,280
NET RESIDUAL LAND VALUE	£82,179
RLV (£ per Ha)	£61,634
EUV / AUV (£ per Ha)	£600,000
EUV / AUV - £Total	£450,000
Potential for CIL Payment (RLV (£/Ha) minus EUV / AUV £/Ha)	<u>-£367,821</u>
Potential for CIL Payment (£/m ²)	<u>-£122.61</u>

**Community Infrastructure Levy Economic Viability
Appraisal Summary**

DEVELOPMENT TYPE	Office	
DEVELOPMENT DESCRIPTION	B1(a) Offices (Centre)	
DEVELOPMENT SIZE (TOTAL m ²) - GIA	300	
SITE SIZE (HA)	0.01	
<u>REVENUE</u>		
Rental Value (£ per sq m)	£160	
Yield (%)	HY/LR	8%
Total Value of Scheme	£567,376	
<u>DEVELOPMENT COSTS</u>		
Build Costs	£424,116	
Fees	£66,103	
TOTAL DIRECT COSTS	£490,219	
DEVELOPER'S RETURN FOR RISK AND PROFIT	£113,475	
Finance	£13,721	
NET RESIDUAL LAND VALUE	-£50,039	
RLV (£ per Ha)	-£500	
EUV / AUV (£ per Ha)	£600,000	
EUV / AUV - £Total	£6,000	
Potential for CIL Payment (RLV (£/Ha) minus EUV / AUV £/Ha)	-£56,039	
Potential for CIL Payment (£/m ²)	-£186.80	

Community Infrastructure Levy Economic Viability Appraisal Summary

DEVELOPMENT TYPE	Office
DEVELOPMENT DESCRIPTION	B1(a) Offices (Centre)
DEVELOPMENT SIZE (TOTAL m ²) - GIA	300
SITE SIZE (HA)	0.01
<u>REVENUE</u>	
Rental Value (£ per sq m)	£160
Yield (%)	LY/HR 7%
Total Value of Scheme	£648,430
<u>DEVELOPMENT COSTS</u>	
Build Costs	£424,116
Fees	£67,521
TOTAL DIRECT COSTS	£491,637
DEVELOPER'S RETURN FOR RISK AND PROFIT	£129,686
Finance	£13,721
NET RESIDUAL LAND VALUE	£13,386
RLV (£ per Ha)	£134
EUV / AUV (£ per Ha)	£600,000
EUV / AUV - £Total	£6,000
Potential for CIL Payment (RLV (£/Ha) minus EUV / AUV £/Ha)	<u>£7,386</u>
Potential for CIL Payment (£/m ²)	£24.62

**Community Infrastructure Levy Economic Viability
Appraisal Summary**

DEVELOPMENT TYPE	Office	
DEVELOPMENT DESCRIPTION	B1(a) Offices (Out of Town)	
DEVELOPMENT SIZE (TOTAL m ²) - GIA	2,000	
SITE SIZE (HA)	0.5	
<u>REVENUE</u>		
Rental Value (£ per sq m)	£140	
Yield (%)	HY/LR	8%
Total Value of Scheme	£3,309,693	
<u>DEVELOPMENT COSTS</u>		
Build Costs	£2,517,113	
Fees	£390,773	
TOTAL DIRECT COSTS	£2,907,886	
DEVELOPER'S RETURN FOR RISK AND PROFIT	£661,939	
Finance	£78,826	
NET RESIDUAL LAND VALUE	-£338,958	
RLV (£ per Ha)	-£169,479	
EUV / AUV (£ per Ha)	£600,000	
EUV / AUV - £Total	£300,000	
Potential for CIL Payment (RLV (£/Ha) minus EUV / AUV £/Ha)	-£638,958	
Potential for CIL Payment (£/m ²)	-£319.48	

**Community Infrastructure Levy Economic Viability
Appraisal Summary**

DEVELOPMENT TYPE	Office
DEVELOPMENT DESCRIPTION	B1(a) Offices (Out of Town)
DEVELOPMENT SIZE (TOTAL m ²) - GIA	2,000
SITE SIZE (HA)	0.5
<u>REVENUE</u>	
Rental Value (£ per sq m)	£140
Yield (%)	LY/HR 7%
Total Value of Scheme	£3,782,506
<u>DEVELOPMENT COSTS</u>	
Build Costs	£2,517,113
Fees	£399,047
TOTAL DIRECT COSTS	£2,916,160
DEVELOPER'S RETURN FOR RISK AND PROFIT	£756,501
Finance	£78,826
NET RESIDUAL LAND VALUE	£31,019
RLV (£ per Ha)	£15,510
EUV / AUV (£ per Ha)	£600,000
EUV / AUV - £Total	£300,000
Potential for CIL Payment (RLV (£/Ha) minus EUV / AUV £/Ha)	<u>-£268,981</u>
Potential for CIL Payment (£/m ²)	-£134.49

**Community Infrastructure Levy Economic Viability
Appraisal Summary**

DEVELOPMENT TYPE	Hotel	
DEVELOPMENT DESCRIPTION	C1 - Hotel	
DEVELOPMENT SIZE (TOTAL m ²) - GIA	3,000	
SITE SIZE (HA)	0.5	
REVENUE		
Rental Value (£ per sq m)	£180	
Yield (%)	HY/LR	8%
Total Value of Scheme	£6,382,979	
DEVELOPMENT COSTS		
Build Costs	£4,546,238	
Fees	£716,651	
TOTAL DIRECT COSTS	£5,262,889	
DEVELOPER'S RETURN FOR RISK AND PROFIT	£1,276,596	
Finance	£160,706	
NET RESIDUAL LAND VALUE	-£317,212	
RLV (£ per Ha)	-£158,606	
EUV / AUV (£ per Ha)	£600,000	
EUV / AUV - £Total	£300,000	
Potential for CIL Payment (RLV (£/Ha) minus EUV / AUV £/Ha)	<u>-£617,212</u>	
Potential for CIL Payment (£/m ²)	-£205.74	

**Community Infrastructure Levy Economic Viability
Appraisal Summary**

DEVELOPMENT TYPE	Hotel
DEVELOPMENT DESCRIPTION	C1 - Hotel
DEVELOPMENT SIZE (TOTAL m ²) - GIA	3,000
SITE SIZE (HA)	0.5
<u>REVENUE</u>	
Rental Value (£ per sq m)	£180
Yield (%)	LY/HR 7%
Total Value of Scheme	£7,294,833
<u>DEVELOPMENT COSTS</u>	
Build Costs	£4,546,238
Fees	£732,608
TOTAL DIRECT COSTS	£5,278,846
DEVELOPER'S RETURN FOR RISK AND PROFIT	£1,458,967
Finance	£160,706
NET RESIDUAL LAND VALUE	£396,314
RLV (£ per Ha)	£198,157
EUV / AUV (£ per Ha)	£600,000
EUV / AUV - £Total	£300,000
Potential for CIL Payment (RLV (£/Ha) minus EUV / AUV £/Ha)	<u>£96,314</u>
Potential for CIL Payment (£/m ²)	£32.10

**Community Infrastructure Levy Economic Viability
Appraisal Summary**

DEVELOPMENT TYPE	Nursing Home	
DEVELOPMENT DESCRIPTION	C2 - Residential Institution	
DEVELOPMENT SIZE (TOTAL m ²) - GIA	3,000	
SITE SIZE (HA)	0.5	
<u>REVENUE</u>		
Rental Value (£ per sq m)	£180	
Yield (%)	HR/LY	8%
Total Value of Scheme	£6,382,979	
<u>DEVELOPMENT COSTS</u>		
Build Costs	£4,633,178	
Fees	£727,083	
TOTAL DIRECT COSTS	£5,360,261	
DEVELOPER'S RETURN FOR RISK AND PROFIT	£1,276,596	
Finance	£158,256	
NET RESIDUAL LAND VALUE	-£412,134	
RLV (£ per Ha)	-£206,067	
EUV / AUV (£ per Ha)	£600,000	
EUV / AUV - £Total	£300,000	
Potential for CIL Payment (RLV (£/Ha) minus EUV / AUV £/Ha)	-£712,134	
Potential for CIL Payment (£/m ²)	-£237.38	

**Community Infrastructure Levy Economic Viability
Appraisal Summary**

DEVELOPMENT TYPE	Nursing Home	
DEVELOPMENT DESCRIPTION	C2 - Residential Institution	
DEVELOPMENT SIZE (TOTAL m ²) - GIA	3,000	
SITE SIZE (HA)	0.5	
<u>REVENUE</u>		
Rental Value (£ per sq m)	£180	
Yield (%)	LY/HR	7%
Total Value of Scheme	£7,294,833	
<u>DEVELOPMENT COSTS</u>		
Build Costs	£4,633,178	
Fees	£743,041	
TOTAL DIRECT COSTS	£5,376,219	
DEVELOPER'S RETURN FOR RISK AND PROFIT	£1,458,967	
Finance	£158,256	
NET RESIDUAL LAND VALUE	£301,391	
RLV (£ per Ha)	£150,696	
EUV / AUV (£ per Ha)	£600,000	
EUV / AUV - £Total	£300,000	
Potential for CIL Payment (RLV (£/Ha) minus EUV / AUV £/Ha)	<u>£1,391</u>	
Potential for CIL Payment (£/m ²)	£0.46	

**Community Infrastructure Levy Economic Viability
Appraisal Summary**

DEVELOPMENT TYPE	Leisure	
DEVELOPMENT DESCRIPTION	D2	
DEVELOPMENT SIZE (TOTAL m ²) - GIA	2,000	
SITE SIZE (HA)	0.33	
REVENUE		
Rental Value (£ per sq m)	£150	
Yield (%)	HY/LR	8%
Total Value of Scheme	£3,546,099	
DEVELOPMENT COSTS		
Build Costs	£2,415,000	
Fees	£384,857	
TOTAL DIRECT COSTS	£2,799,857	
DEVELOPER'S RETURN FOR RISK AND PROFIT	£709,220	
Finance	£73,000	
NET RESIDUAL LAND VALUE	-£35,978	
RLV (£ per Ha)	-£11,873	
EUV / AUV (£ per Ha)	£600,000	
EUV / AUV - £Total	£198,000	
Potential for CIL Payment (RLV (£/Ha) minus EUV / AUV £/Ha)	-£233,978	
Potential for CIL Payment (£/m ²)	-£116.99	

**Community Infrastructure Levy Economic Viability
Appraisal Summary**

DEVELOPMENT TYPE	Leisure
DEVELOPMENT DESCRIPTION	D2
DEVELOPMENT SIZE (TOTAL m ²) - GIA	2,000
SITE SIZE (HA)	0.33
REVENUE	
Rental Value (£ per sq m)	£150
Yield (%) HY/LR	7%
Total Value of Scheme	£4,052,685
DEVELOPMENT COSTS	
Build Costs	£2,415,000
Fees	£393,722
TOTAL DIRECT COSTS	£2,808,722
DEVELOPER'S RETURN FOR RISK AND PROFIT	£810,537
Finance	£92,400
NET RESIDUAL LAND VALUE	£341,026
RLV (£ per Ha)	£112,539
EUV / AUV (£ per Ha)	£600,000
EUV / AUV - £Total	£198,000
Potential for CIL Payment (RLV (£/Ha) minus EUV / AUV £/Ha)	£143,026
Potential for CIL Payment (£/m ²)	£71.51

Appendix 9

Thanet District Council – Property Research

Introduction

Adams Integra was asked to prepare an updated housing sites and affordable housing viability assessment on behalf of Thanet District Council.

To inform the wide range of viability appraisals and as a key part of our methodology, research was required to determine the level of new build housing values within the District. As context for the viability study work, we needed to understand the level and range of values as seen at present, and that may be seen as we move ahead through varied market conditions. The range of information considered is outlined here, and informed our judgements as to the spread of value levels most appropriate to use in our appraisal modelling. We use our established Value Points methodology. This looks at how residual land values (RLVs) and therefore likely scheme viability alter as the key driver of the new build property value levels varies – by location (or scheme type) and/or with time (i.e. as potentially influenced by varying market conditions).

As part of the review, so that we could better understand the value patterns locally that might also be relevant to new builds, desktop research was also undertaken to enable us to consider the overall housing (resales dominated) market in the District - through considering house prices and their variation by area. Values trends are considered by reference to the Land Registry House Prices Index so that trends can be considered – in the context of the national and regional pictures as well.

The initial desktop research involved looking at an overview of values in different locations across the District using property search websites (for example Rightmove). Our interpretation of the data is shown below, indicating the variation in values across the area. This process enabled us to develop a wider understanding of the local market, to verify and supplement the new build property values research and consider alongside that. It is acknowledged that much of this information is marketing price based. The key here is that we have to make judgements on an appropriate range of values to consider at this strategic level of review – what particular schemes with specific characteristics have sold for at a given point in time is less useful for this purpose and could only form part of a wider information set. We seek to add to our research by contacting and visiting local agents and others active in the market. We make appropriate allowances in arriving at the range of values we apply and, our experience is that this process, overall, gives us a more up-to-date and dynamic picture than we get through relying on historic data which often does not clearly reflect property types and sizes, or latest knowledge and experience of market conditions. The objective is to select an appropriate range of values at which to study viability.

Stakeholder consultation was also carried out.

Wider market overview information has also been included, as drawn from market reports provided by the organisations such as the RICS and Land Registry.

The study process involved reviewing and fixing assumptions in the late Spring and early Summer of 2012, so those were necessarily supported by such information as was available up to that period. Market reporting is included as available at that time, which is set out first – see below. However, our consultants have maintained an awareness of market conditions throughout the study period.

As this part of the work was kept open while the study proceeded, this Appendix may contain some information gaps where details were incomplete, not available or not received following enquiries we made. This is not an exhaustive piece of property market research, but aimed to sweep up information as was readily available as a key part of the process of informing a suitable range of values assumptions and assessment judgements.

RICs Housing Market Surveys

January 2012

Expiry of stamp duty exemption boosts activity.

- *Rush to beat stamp duty holiday boosts activity*
- *Price balance least negative since July 2010*
- *Regional divergence persists*

The RICS Housing Market Survey January 2012 highlights a moderately negative price picture at the national level, although there remains significant divergence at the regional level. The better tone to the activity data remains more or less intact, although anecdotal evidence from surveyors suggests this is being driven largely by temporary factors i.e. the expiration of the first-time buyer stamp duty exemption in March, rather than improving fundamentals. While one-off factors are clearly having a visible effect on current activity and expectations three months ahead, surveyors have also become markedly less pessimistic about the price outlook 12 months ahead, possibly factoring in a less severe economic outlook than only a few months ago.

The net price balance remained unchanged in January at -16 i.e. 16% more surveyors still recorded price falls rather than rises. Whilst still negative overall, it is the best reading since July 2010. Moreover, of those surveyors reporting price falls, 82% of them are doing so within the 0 to -2% range.

At least part of the explanation to the slightly improved tone of the price and activity data is down to the expiry of the first-time buyer stamp duty exemption on 24 March 2012 (for homes costing less than £250,000). This has driven a stronger pick-up in demand than in availability as new households seek to beat the deadline.

This is starkly illustrated in our sales and stocks data; over the last three months, average sales per surveyor (branch) have increased by 1.8%, while average stock levels per surveyor (branch) have fallen by 5.5%. However, the recent pickup in sales needs to be put into context; average sales levels in January were still only 15.7 per surveyor (branch) compared to the long-run average of 26.

Given the remaining time left before expiry of the stamp duty holiday, it is not surprising that surveyors' outlook for prices three months ahead and sales is relatively upbeat; sales expectations are at their highest since May 2010 and price expectations (notwithstanding last July's reading) are at their least negative since June 2010.

Whilst the recent improvement in activity and confidence is likely to be unwound, at least partially, after the expiry of the stamp duty exemption, it is encouraging nonetheless that price expectations 12 months ahead are now only slightly negative and at their best level since May 2010. It is possible, given the generally better tone to the news flow, that surveyors are now factoring in a less severe economic outlook than recently.

London and the North were the only two regions in the survey where more surveyors reported price rises than falls. In Northern Ireland, the balance of surveyors reporting price falls was the lowest since June 2010. Scotland continued to see a deterioration in prices.

Source: RICs Economics – January 2012 RICs Housing Market Survey

February 2012

Tentative signs that confidence is returning to the market

- *The national price balance turns less negative*
- *Sales expectations remain positive*
- *London continues to outperform*

The RICS Housing Market Survey February 2012 provides further evidence that the price trend for residential property at the national level appears to be stabilising although from a regional perspective, the London market continues to stand out as being particularly buoyant. The better tone to the activity and confidence data remains intact, although anecdotal evidence from surveyors suggests this is being driven in part by temporary factors, i.e. the expiration of the first-time buyer stamp duty exemption in March. However, the fact that near term expectations have not receded and longer term price expectations are improving suggests other, more fundamental factors are also beginning to play a role in influencing the market, most notably a perception that the downside risk to the economy may have lessened.

Significantly, while the (seasonally adjusted) net price balance remained in negative territory in February at -13, i.e. 13% more surveyors recorded price falls

rather than rises, the data that underpins the price balance points to a generally flat picture. Some 68% of surveyors reported no change in prices (the highest proportion since March 2010) and of those surveyors reporting price falls, 84% of them are doing so within the 0 to -2% range.

At least part of the explanation to the improved tone in the price data can be put down to the expiry of the first-time buyer stamp duty exemption on 24 March (for homes costing less than £250,000). This has helped to support a pick-up in demand as new households seek to beat the deadline.

This is most starkly illustrated in the sales and stocks data; over the last three months, average sales per surveyor (branch) have increased by 3.8%, while average stock levels per surveyor (branch) have fallen by 3.7%. However, the recent pickup in sales needs to be put into context; average sales levels in February were still only 16 per surveyor (branch) compared to the long run average of 25.9.

Given the imminent expiry of the stamp duty holiday, it is not surprising that surveyors remain relatively upbeat about the prospects for sales and prices in the near term. Indeed, sales expectations for the next three months are at their highest since May 2010 and, more significantly, the price expectations series has ended 20 months of negative readings.

Following the expiry of the stamp duty exemption it would not be unreasonable to see some of the upbeat mood reverse, but the RICS survey is now providing the first signs the medium-term outlook could also be improving. Indeed, it is possible that surveyors, as with financial markets, are now beginning to factor in less economic downside risk going forward. This is consistent with the marked improvement in headline price expectations series 12 months ahead, which has now actually turned positive for the first time in almost two years.

Even with the general improvement in tone to the RICS survey, London still stands out as the only region in which more surveyors are currently reporting price rises rather than falls. It is also the region showing the sharpest spike in sales expectations. Meanwhile, Northern Ireland continues to produce the most negative reading for the net price balance series across the UK. Whilst in Scotland, the price balance remained negative.

Source: RICS Economics – February 2012 RICS Housing Market Survey

March 2012

Trend towards price stabilisation continues

- *Firmer tone to price and activity data*
- *Sales-to-stock ratio edges up*
- *London continues to outperform*

The RICS Housing Market Survey March 2012 shows the trend towards price stabilisation continues to be driven by the London market. The better tone to the activity and confidence data remains largely intact, supported by temporary (stamp duty exemption expiry and unseasonably warm weather in March) as well as more fundamental factors (less economic downside risk perceived).

The (seasonally adjusted) net price balance improved in March from -13 to -10 i.e. 10% more surveyors recorded price falls rather than rises. Whilst the price balance is still negative, March's reading is the least negative since June 2010. Moreover, the non-seasonally adjusted breakdown that underpins the headline price balance shows that 67% of surveyors reported no change in prices and of those surveyors reporting price falls, 79% of them are doing so within a range of 0 to -2%.

On the activity side, the RICS data highlights a further, albeit modest, improvement in newly agreed sales and new buyer enquiries, while new vendor instructions remained relatively unchanged on the month. While the survey's net balance data does not correlate exactly with the sales and stocks data, they are both providing a broadly consistent message i.e. a slightly firmer market. Indeed, the sales-to-stock ratio - a lead indicator of market slack - rose from 22.9% to 23.3%. This is the best reading since September 2010, but is still well below the long run average of 33%.

At least part of the explanation of the improved tone of the survey in recent months can be attributed to the 24 March expiry of the first-time buyer stamp duty exemption (for homes costing less than £250,000). Anecdotal evidence suggests this has helped to support a pick-up in demand as new households seek to beat the deadline.

Another factor that appears to have had a positive impact during March is the weather. Indeed, March was warmer than 'normal' so its impact on the survey data would not have been fully accounted for by the seasonal adjustment procedure (see notes to editors for more info). This procedure - which is applied to remove seasonal distortions from the data to give a clearer reading of the underlying trend - can only remove 'normal' levels of seasonality. As a result, the data may be giving a more robust impression of the underlying trend than is actually the case.

However, there is growing evidence in the RICS survey of a more fundamentally driven market improvement. Indeed, it is possible that surveyors, as with financial markets, are now beginning to factor in less economic downside risk going forward. This is consistent with the more solid trend in sales expectations at the 3-month horizon. Indeed, if the recent improved tone was boosted purely by the stamp duty changes and seasonal distortions, near term activity expectations would likely reflect this by receding but they remain elevated. It is also consistent with positive price expectations at the 12-month horizon for the second successive month.

London remains the only region in the survey where more respondents are currently reporting price rises rather than falls. In Northern Ireland, surveyors are the most negative in the UK, whilst in Scotland, the price balance remains negative.

Source: RICs Economics – March 2012 RICs Housing Market Survey

February 2012 Market Trend Data from Land Registry

February house prices up 0.1 per cent since January: average house price in England and Wales now £161,588.

South East tops the table of regional applications with 250,045 in February.

The February data from Land Registry's House Price Index shows an annual price decrease of 0.6 per cent which takes the average property value in England and Wales to £161,588. The monthly change from January to February is an increase of 0.1 per cent.

The region in England and Wales which experienced the highest increase in its average property value over the last 12 months is London with a movement of 4.2 per cent. Wales experienced the greatest monthly rise with a movement of 2.0 per cent. The North West experienced the greatest annual price fall with a decrease of 3.5 per cent. The North East saw the most significant monthly price fall with a decrease of 2.6 per cent.

The most up-to-date figures available show that, during December 2011, the number of completed house sales in England and Wales increased by 8 per cent to 61,470 compared to 56,875 in December 2010. The number of properties sold in England and Wales for over £1 million in December 2011 decreased by 13 per cent to 488 from 559 in December 2010.

Region	Monthly change (since January 2012)	Annual change (since February 2011)	Average price (February 2012)
Wales	2.0%	-1.9%	£117,927
London	1.4%	4.2%	£354,300
South East	1.2%	1.1%	£209,065
East Midlands	1.2%	-1.6%	£124,208
West Midlands	0.6%	-0.9%	£130,323
South West	0.1%	0.1%	£172,659
England & Wales	0.1%	-0.6%	£161,588
North West	-0.5%	-3.5%	£110,931
East	-0.7%	-1.8%	£171,852
Yorkshire & The Humber	-1.1%	-3.1%	£118,531
North East	-2.6%	-2.5%	£99,385

Average prices by property type (England and Wales)	February 2012	February 2011	Difference
Detached	£253,678	£257,861	-1.6%
Semi-detached	£152,720	£153,935	-0.8%
Terraced	£123,314	£123,927	-0.5%
Flat/maisonette	£151,942	£150,961	0.6%
All	£161,588	£162,541	-0.6%

Month	Sales 2011 (England and Wales)	Sales 2010 (England and Wales)	Difference
January	37,576	35,870	5%
February	39,666	42,565	-7%
March	46,709	51,449	-9%
April	50,674	52,314	-3%
May	48,896	52,213	-6%
June	57,571	62,758	-8%
July	62,146	67,511	-8%
August	64,160	61,502	4%
September	63,181	57,491	10%
October	57,462	58,647	-2%
November	59,456	56,322	6%
December	61,470	56,875	8%
Total	648,967	655,517	-1%

Source: Land Registry House Price Index, February 2012

January 2012 Market Trend Data from Land Registry

January house prices up 1.1 per cent since December: average house price in England and Wales now £161,545.

South East tops the table of regional applications with 247,768 in January.

The January data from Land Registry's House Price Index shows an annual price decrease of 1.0 per cent which takes the average property value in England and Wales to £161,545. The monthly change from December to January is 1.1 per cent.

The region in England and Wales which experienced the highest increase in its average property value over the last 12 months is London with a movement of 2.9 per cent. London also experienced the greatest monthly rise with a movement of 2.5 per cent. The North East experienced the greatest annual price fall with a decrease of 4.5 per cent. The North West saw the most significant monthly price fall with a decrease of 2.1 per cent.

The most up-to-date figures available show that, during November 2011, the number of completed house sales in England and Wales increased by 3 per cent to 57,967 compared to 56,312 in November 2010. The number of properties sold in England and Wales for over £1 million in November 2011 decreased by 4 per cent to 524 from 548 in November 2010.

Region	Monthly change (since December 2011)	Annual change (since January 2011)	Average price (January 2012)
London	2.5%	2.9%	£351,305
North East	2.2%	-4.5%	£102,066
South West	1.6%	-0.6%	£173,090
England & Wales	1.1%	-1.0%	£161,545
South East	1.0%	0.5%	£207,761
East	1.0%	-0.4%	£173,412
Wales	0.9%	-3.8%	£117,078
Yorkshire & The Humber	0.3%	-3.7%	£119,014
East Midlands	0.2%	-2.7%	£123,142
West Midlands	0.1%	-2.2%	£128,803
North West	-2.1%	-4.2%	£109,866

Average prices by property type (England and Wales)	January 2012	January 2011	Difference
Detached	£254,943	£258,046	-1.2%
Semi-detached	£153,729	£153,966	-0.2%
Terraced	£121,860	£124,646	-2.2%
Flat/maisonette	£152,013	£152,803	-0.5%
All	£161,545	£163,206	-1.0%

Month	Sales 2010 (England and Wales)	Sales 2009 (England and Wales)	Difference
January	35,868	26,303	36%
February	42,558	27,311	56%
March	51,444	35,567	45%
April	52,310	39,386	33%
May	52,206	45,899	14%
June	62,754	54,818	14%
July	67,504	63,721	6%
August	61,497	58,389	5%
September	57,489	58,568	-2%
October	58,640	65,857	-11%
November	56,312	61,182	-8%
December	56,861	78,590	-28%
Total	655,443	615,591	6%

Month	Sales 2011 (England and Wales)	Sales 2010 (England and Wales)	Difference
January	37,562	35,868	5%
February	39,651	42,558	-7%
March	46,686	51,444	-9%
April	50,640	52,310	-3%
May	48,863	52,206	-6%
June	57,506	62,754	-8%
July	62,052	67,504	-8%
August	64,012	61,497	4%
September	62,830	57,489	9%
October	56,877	58,640	-3%
November	57,967	56,312	3%

Source: Land Registry House Price Index, January 2012

Rightmove House Price Index

April 2012

London and South West help national asking prices to new record

Key points

- *Rise of 2.9% (£6,798) in April helps national new seller asking prices to reach an all-time high of £243,737, beating the previous record set nearly four years ago in May 2008 by 0.5% (£1,327).*
- *London prices have seen a 14.9% (£60,403) increase since the national peak in May 2008 – however new sellers' average asking prices in the rest of the country have fallen by 4.3% over the same period.*
- *Since the previous record high in May 2008, the four best performing regions in terms of price are in the south – both the 'fresh-stock starved' London and South West regions set new records this month while the South East and East Anglia are currently just 0.3% and 1.1% off new record highs.*
- *New national record should be considered against retail price inflation of 11.5% since May 2008, meaning that national average asking prices are still down in real terms by 9.9% over the period.*

Source: The Rightmove House Price Index – April 2012

December 2011

2012 forecast: a fragmented and uncertain market

Key points

- *2011 ends with national average asking prices little changed (+1.5%) on a year ago*
- *The key to buying and selling in 2012 will be being "micro-market savvy":*
 - *Sellers must analyse their local competitive edge in terms of location, accommodation and price*
 - *Buyers could find areas with a lack of choice and high prices, or a glut and bargains, all within a few miles of each other*

National asking prices forecast to rise by circa 2% in 2012:

- *Prices will be underpinned by a shortage of new sellers – we expect circa 1.2 million new sellers, down marginally on 2011 and still down by around a third on 2007 pre-credit crunch levels*
- *Mortgage availability to remain difficult and, with low interest rates continuing to limit reposessions to below 40,000, transaction numbers will stay muted at 2011 levels*
- *Uncertain outlook for the Eurozone weighs on potential home movers' decision making – will it be a minor bump or a Lehman Brothers-style derailing?*

Source: The Rightmove House Price Index – December 2011

CLG House Price Index

January 2012

Summary

The latest UK house price index statistics produced by the Department for Communities and Local Government were released on Tuesday 13 March 2012. The latest statistics release includes data based on mortgage completions during the month of January 2012.

The key points from the release are:

In January UK house prices increased by 0.2 per cent over the year and decreased by 0.7 per cent over the month (seasonally adjusted).

The average mix-adjusted UK house price was £206,523 (not seasonally adjusted).

Average house prices increased by 0.2 per cent over the quarter to January, compared to an increase of 0.6 per cent over the quarter to October (seasonally adjusted).

Average prices decreased during the year in three UK countries; Wales (-0.5 per cent), Scotland (-1.7 per cent) and Northern Ireland (-7.6 per cent). However, there was an increase of 0.4 per cent in average house prices in England.

Prices paid by first time buyers were 0.8 per cent higher on average than a year earlier whilst there was no change in the prices paid by former owner occupiers.

Prices for new properties were 8.8 per cent higher on average than a year earlier whilst prices for pre-owned dwellings decreased by 0.4 per cent.

Source: Communities and Local Government Statistical Release – House Price Index January 2012

New Build Research

Address	Description	Price	Size (m2)	Price per m2	Less 20%	Less 10%	Plus 10%	Developer/ Agent	Incentives
Margate									
Flats									
Alexandra Court, Canterbury Road, Margate	2 bed flat (Guide Price)	£194,500						The London Property Agent	
	2 bed flat (Guide Price)	£182,500							
	2 bed flat (Guide Price)	£173,750							
	2 bed flat (Guide Price)	£157,500							
	2 bed flat (Guide Price)	£138,400							
Victoria Court, Canterbury Road, Margate	2 bed flat (Guide Price)	£193,000						The London Property Agent	
	2 bed flat (Guide Price)	£189,250							
	2 bed flat (Guide Price)	£185,500							
	2 bed flat (Guide Price)	£170,750							
	2 bed flat (Guide Price)	£169,000							
	2 bed flat (Guide Price)	£149,250							
	2 bed flat (Guide Price)	£144,000							
	2 bed flat (Guide Price)	£132,400							
The Royal Seabathing, Canterbury Road, Margate, CT9	2 bed flat (Fixed Price)	£172,000						The London Property Agent	
Hoy Mansions, Mansion Street, Margate, Kent	2 bed flat	£250,000						Terence Painter Properties	
	2 bed flat	£250,000							
	2 bed flat	£240,000							
	1 bed flat	£175,000							
	1 bed flat	£175,000							
	1 bed flat	£175,000							
Average		£180,840							
Ramsgate									
Flats									
Marina Esplanade, Ramsgate, Kent	3 bed flat	£500,000	81.6	£6,127	£4,902	£5,515	£6,740	Holmes Pearman	
	2 bed flat	£475,000	85.3	£5,569	£4,455	£5,012	£6,125		
	2 bed flat	£435,000	85.3	£5,100	£4,080	£4,590	£5,610		
	3 bed flat	£375,000	91.6	£4,094	£3,275	£3,684	£4,503		
	3 bed flat	£375,000	91.6	£4,094	£3,275	£3,684	£4,503		
	3 bed flat	£355,000	91.6	£3,876	£3,100	£3,488	£4,263		
	3 bed flat	£355,000	91.6	£3,876	£3,100	£3,488	£4,263		
	2 bed flat	£350,000	77.9	£4,493	£3,594	£4,044	£4,942		
	2 bed flat	£350,000	77.9	£4,493	£3,594	£4,044	£4,942		
	3 bed flat	£337,500	87.1	£3,875	£3,100	£3,487	£4,262		
	3 bed flat	£337,500	87.1	£3,875	£3,100	£3,487	£4,262		
	3 bed flat	£335,000	86.2	£3,886	£3,109	£3,498	£4,275		
	3 bed flat	£335,000	86.2	£3,886	£3,109	£3,498	£4,275		
	3 bed flat	£335,000	87.1	£3,846	£3,077	£3,462	£4,231		
	2 bed flat	£310,000	79.6	£3,894	£3,116	£3,505	£4,284		
	2 bed flat	£310,000	79.3	£3,909	£3,127	£3,518	£4,300		
	2 bed flat	£310,000	79.6	£3,894	£3,116	£3,505	£4,284		
	2 bed flat	£310,000	79.3	£3,909	£3,127	£3,518	£4,300		
	2 bed flat	£310,000	79.6	£3,894	£3,116	£3,505	£4,284		
	2 bed flat	£310,000	79.3	£3,909	£3,127	£3,518	£4,300		

	2 bed flat	£310,000	79.5	£3,899	£3,119	£3,509	£4,289		
	2 bed flat	£277,500	71.5	£3,881	£3,105	£3,493	£4,269		
	2 bed flat	£277,500	71.5	£3,881	£3,105	£3,493	£4,269		
	2 bed flat	£277,500	71.5	£3,881	£3,105	£3,493	£4,269		
	2 bed flat	£277,500	71.5	£3,881	£3,105	£3,493	£4,269		
	2 bed flat	£277,500	71.5	£3,881	£3,105	£3,493	£4,269		
	2 bed flat	£275,000	71.4	£3,852	£3,081	£3,466	£4,237		
	2 bed flat	£250,000	65.1	£3,840	£3,072	£3,456	£4,224		
	2 bed flat	£250,000	65.1	£3,840	£3,072	£3,456	£4,224		
	2 bed flat	£250,000	65.1	£3,840	£3,072	£3,456	£4,224		
	1 bed flat	£185,000	44.5	£4,157	£3,326	£3,742	£4,573		
1 bed flat	£185,000	45.4	£4,075	£3,260	£3,667	£4,482	50% deposit and discount off sale price equivalent to interest rate of 6% p/a.		
New Meridian Village, Manston Road, Ramsgate, CT12	2 bed flat (from)	£139,995	75.4	£5,766	£4,613	£5,189	£6,342	Explore Living	15% interest free for up to 10 years. Own 100% pay 85%.
	2 bed flat (from)	£136,995	60.1	£6,243	£4,994	£5,618	£6,867		
	2 bed flat (from)	£135,995	60.1	£6,240	£4,992	£5,616	£6,864		
	2 bed flat (from)	£133,995	60.1	£5,907	£4,725	£5,316	£6,498		
	1 bed flat (from)	£119,995							
Warwick Mews, Royal Road, Ramsgate, CT11	1 bed flat (from)	£75,000						Arun Land and New Homes	
	1 bed flat (from)	£75,000							
Average		£282,551	75.9	£4,321	£3,457	£3,889	£4,753		
Houses									
New Meridian Village, Manston Road, Ramsgate, CT12	4 bed terrace	£269,995						Explore Living	Own 100% pay 85%
	3 bed end terrace	£204,995	117.4	£1,746	£1,397	£1,571	£1,920		
	2 bed town house	£199,995	117.4	£1,704	£1,363	£1,533	£1,874		
West Cliff Road, Ramsgate, CT11	3 bed terrace	£174,950						Pearson Gore	
Priory Courtyard, Ramsgate	2 bed semi detached	£164,995						Cooke & Co	
Average		£202,986	117.4	£1,725	£1,380	£1,552	£1,897		
Broadstairs									
Houses									
Lanthorne Road, Broadstairs, Kent	5 bed detached	£695,000	258.2	£2,692	£2,153	£2,423	£2,961	Oakwood Homes/Strutt & Parker	
	5 bed detached	£695,000	272.2	£2,553	£2,043	£2,298	£2,809		
	5 bed detached	£694,995						TMS Estate Agents	
	5 bed detached	£694,995							
Average		£694,998	265.2	£2,622	£2,098	£2,360	£2,885		
Cliftonville									
Flats									
Palm Bay Avenue, Cliftonville, Margate, Kent	3 bed flat	£275,000						Terence Painter Properties	
Eastern Esplanade, Cliftonville, Margate	2 bed flat	£189,995						Cooke & Co	
	2 bed flat	£185,000							
1-3 Cliftonville Avenue, Margate, Kent	2 bedroom maisonette	£79,995						Miles & Barr	
Northumberland Avenue, Cliftonville, Kent	2 bed flat	£70,000						Cooke & Co	
Average		£159,998							

Garlinge									
Houses									
Kingfisher Close, Garlinge, Kent	3 bed semi detached	£165,000						Miles & Barr	
Westgate-on-Sea									
Flats									
Sea Road, Westgate on Sea	2 bed penthouse	£595,000						Clarke & Crittenden Residential	
	2 bed flat	£475,000							
	2 bed flat	£470,000							
	2 bed flat	£450,000							
	2 bed flat	£450,000							
	2 bed flat	£420,000							
	2 bed flat	£395,000							
	2 bed flat	£295,000	69.8	£4,226	£3,381	£3,803	£4,649		
Westgate, Kent	2 bed flat	£202,000						Regal Estates	
	2 bed flat	£210,000							
Average		£387,000	69.8	£4,226	£3,381	£3,803	£4,649		
Houses									
Tidewell Mews, Harold Avenue	4 bed detached	£285,000	127.9	£2,228	£1,782	£2,005	£2,451	Haart/Regal Estates	
	4 bed terrace	£239,950	125.1	£1,918	£1,534	£1,726	£2,110	Regal Estates	
Average		£262,475	126.5	£2,073	£1,658	£1,866	£2,280		
Minster									
Flats									
Heronbrook, Monkton Road, Minster, CT12	2 bed flat (from)	£122,500	66.7	£1,837	£1,470	£1,653	£2,021	Persimmon	
Razzell House, 9 Cheney Road, Minster, Nr Ramsgate, Kent	2 x 2 bed flats (from)	£36,000							Shared Ownership Scheme
Houses									
Cheney Road, Minster, Ramsgate	5 bed semi detached	£274,995	135.5	£2,030	£1,624	£1,827	£2,233	Persimmon	
	4 bed end terrace	£215,000	105.7	£2,034	£1,627	£1,830	£2,237		
Heronbrook, Monkton Road, Minster, CT12	3 bed semi detached (from)	£208,500	85.6	£2,435	£1,948	£2,191	£2,678	Persimmon	
	3 bed semi detached (from)	£194,995	80.4	£2,426	£1,941	£2,184	£2,669		
	3 bed semi detached (from)	£189,995	80.4	£2,363	£1,890	£2,127	£2,599		
Minster, Ramsgate, Kent	£179,995							Bairstow Eves	
Average		£216,697	97.5	£2,258	£1,806	£2,032	£2,483		

Source: www.rightmove.co.uk, January 2012

Resale Research

Margate

	1 Bed	2 Bed	3 Bed	4 Bed	5 Bed
Detached		-	-	-	-
Semi-Detached		-	-	£155,000	-
Terraced		£100,000	£169,000	-	-
Flats	£74,333	£69,998			

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flat	£74,333	£63,000	£69,000	£75,000	£80,000	£85,000
2-Bed Flats	£69,998	£54,995	£64,998	£75,000	£77,500	£80,000
2-Bed Houses	£100,000	£100,000	£100,000	£100,000	£100,000	£100,000
3-Bed Houses	£169,000	£169,000	£169,000	£169,000	£169,000	£169,000
4-Bed Houses	£155,000	£155,000	£155,000	£155,000	£155,000	£155,000
5-Bed Houses	-	-	-	-	-	-

Ramsgate

	1 Bed	2 Bed	3 Bed	4 Bed	5 Bed
Detached		£154,995	£360,000	£264,998	-
Semi-Detached		-	£159,000	£205,000	-
Terraced		-	£170,589	£189,986	-
Flats	£89,000	£124,209			

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flat	£89,000	£88,000	£88,500	£89,000	£89,500	£90,000
2-Bed Flats	£124,209	£99,995	£113,250	£124,950	£132,475	£150,000
2-Bed Houses	£154,995	£154,995	£154,995	£154,995	£154,995	£154,995
3-Bed Houses	£195,992	£139,995	£159,000	£159,000	£197,475	£360,000
4-Bed Houses	£219,993	£150,000	£197,484	£212,500	£248,750	£279,995
5-Bed Houses	-	-	-	-	-	-

Broadstairs

	1 Bed	2 Bed	3 Bed	4 Bed	5 Bed
Detached		-	£252,475	£342,498	£399,995
Semi-Detached		-	£200,000	-	-
Terraced		-	£262,500	£215,000	-
Flats	-	£160,778			

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flat	-	-	-	-	-	-
2-Bed Flats	£160,778	£119,950	£131,488	£147,475	£179,375	£285,000
2-Bed Houses	-	-	-	-	-	-
3-Bed Houses	£245,990	£200,000	£215,000	£224,950	£280,000	£310,000
4-Bed Houses	£316,998	£215,000	£299,995	£335,000	£349,995	£385,000
5-Bed Houses	£399,995	£399,995	£399,995	£399,995	£399,995	£399,995

Cliftonville

	1 Bed	2 Bed	3 Bed	4 Bed	5 Bed
Detached		-	-	-	-
Semi-Detached		£99,950	-	-	-
Terraced		£159,998	-	-	-
Flats	£79,995	£103,697			

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flat	£79,995	£74,995	£77,495	£79,995	£82,495	£84,995
2-Bed Flats	£103,697	£58,000	£67,995	£117,500	£134,995	£139,995
2-Bed Houses	£139,982	£99,950	£122,475	£145,000	£159,998	£174,995
3-Bed Houses	-	-	-	-	-	-
4-Bed Houses	-	-	-	-	-	-
5-Bed Houses	-	-	-	-	-	-

Westwood

	1 Bed	2 Bed	3 Bed	4 Bed	5 Bed
Detached		-	-	-	-
Semi-Detached		-	-	-	-
Terraced		-	-	-	-
Flats	-	£97,475			

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flat	-	-	-	-	-	-
2-Bed Flats	£97,475	£95,000	£96,238	£97,475	£98,713	£99,950
2-Bed Houses	-	-	-	-	-	-
3-Bed Houses	-	-	-	-	-	-
4-Bed Houses	-	-	-	-	-	-
5-Bed Houses	-	-	-	-	-	-

Westbrook and Garlinge

	1 Bed	2 Bed	3 Bed	4 Bed	5 Bed
Detached		-	-	-	-
Semi-Detached		-	-	-	-
Terraced		-	-	-	-
Flats	-	£131,500			

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flat	-	-	-	-	-	-
2-Bed Flats	£131,500	£119,000	£125,250	£131,500	£137,750	£144,000
2-Bed Houses	-	-	-	-	-	-
3-Bed Houses	-	-	-	-	-	-
4-Bed Houses	-	-	-	-	-	-
5-Bed Houses	-	-	-	-	-	-

Westgate on Sea

	1 Bed	2 Bed	3 Bed	4 Bed	5 Bed
Detached		-	-	-	-
Semi-Detached		-	-	-	-
Terraced		-	£158,298	£222,500	-
Flats	£92,498	£135,205			

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flat	£92,498	£89,995	£91,246	£92,498	£93,749	£95,000
2-Bed Flats	£135,205	£99,950	£109,950	£129,995	£145,000	£210,000
2-Bed Houses	-	-	-	-	-	-
3-Bed Houses	£158,298	£139,950	£139,973	£139,995	£167,473	£194,950
4-Bed Houses	£222,500	£220,000	£221,250	£222,500	£223,750	£225,000
5-Bed Houses	-	-	-	-	-	-

Minster

	1 Bed	2 Bed	3 Bed	4 Bed	5 Bed
Detached		-	-	-	-
Semi-Detached		-	-	£279,950	£279,950
Terraced		-	-	-	-
Flats	-	-			

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flat	-	-	-	-	-	-
2-Bed Flats	-	-	-	-	-	-
2-Bed Houses	-	-	-	-	-	-
3-Bed Houses	-	-	-	-	-	-
4-Bed Houses	£279,950	£279,950	£279,950	£279,950	£279,950	£279,950
5-Bed Houses	£279,950	£279,950	£279,950	£279,950	£279,950	£279,950

Manston

	1 Bed	2 Bed	3 Bed	4 Bed	5 Bed
Detached		-	-	£425,000	-
Semi-Detached		-	-	-	-
Terraced		-	-	-	-
Flats	-	-			

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flat	-	-	-	-	-	-
2-Bed Flats	-	-	-	-	-	-
2-Bed Houses	-	-	-	-	-	-
3-Bed Houses	-	-	-	-	-	-
4-Bed Houses	£425,000	£425,000	£425,000	£425,000	£425,000	£425,000
5-Bed Houses	-	-	-	-	-	-

Average Asking Prices Analysis

Rank	Settlement	1 Bed Flats	2 Bed Flats	2 Bed House	3 Bed House	4 Bed House	5 Bed House	All Properties
1	Manston	-	-	-	-	£425,000	-	£425,000
2	Minster	-	-	-	-	£279,950	£279,950	£279,950
3	Broadstairs	-	£160,778	-	£245,990	£316,998	£399,995	£223,664
4	Ramsgate	£89,000	£124,209	£154,995	£195,992	£219,993	-	£166,592
5	Westgate on Sea	£92,498	£135,205	-	£158,298	£222,500	-	£145,108
6	Westbrook & Garlinge	-	£131,500	-	-	-	-	£131,500
7	Cliftonville	£79,995	£103,697	£139,982	-	-	-	£109,842
8	Westwood	-	£97,475	-	-	-	-	£97,475
9	Margate	£74,333	£69,998	£100,000	£169,000	£155,000	-	£95,222
-	Overall	£82,887	£129,521	£134,988	£202,862	£258,327	£339,973	£166,973

Average Asking Price Analysis		
1 Bed Flat	-	£82,887
2 Bed Flat	-	£129,521
2 Bed House	Terraced	£139,998
	Semi-Detached	£99,950
	Detached	£154,995
3 Bed House	Terraced	£183,804
	Semi-Detached	£179,500
	Detached	£288,317
4 Bed House	Terraced	£202,849
	Semi-Detached	£213,317
	Detached	£323,748
5 Bed House	Terraced	-
	Semi-Detached	£279,950
	Detached	£399,995

Source: www.rightmove.co.uk January 2012

Appendix 10

Thanet District Council

Feedback from developers

Questions

Is it possible to identify distinct sales market locations within the Thanet area? If so, where would these be?

We would normally establish one or more viability thresholds, expressed as land value per hectare, based on existing uses or possible alternative uses. In your experience, are most new developments in the Thanet on previous employment land or residential land?

We will need to assume different mixes and densities. What number of units per acre would you assume for:

- Greenfield sites
- Urban sites

What floor area per acre (gross internal, excluding garages) would you assume for:

- Greenfield sites
- Urban sites

We would assume different profit levels (% of sales) for market housing and affordable housing. If we assume 6% for affordable housing, what would you say is the market's current profit requirement on GDV for private housing, to include overheads, but excluding finance?

What build cost per sq ft (including prelims and assuming code 3) would you adopt for spec housing, excluding abnormals, for:

- Houses

- Flats

- Mixed residential development

What percentage of build cost would you assume for professional fees (architect, engineer, ecology etc), excluding marketing costs?

What percentage of GDV (market houses only) would you assume for sales costs, including agency and brochure costs?

What finance rate should we apply today?

What build period would you assume for:

- 5 units

- 20 units

- 50 units

- 100 units

Please add any further information that we ought to consider as part of this exercise.

Appendix 11

Appendix 11

THANET DISTRICT COUNCIL

ECONOMIC VIABILITY ASSESSMENT OF DEVELOPMENT

GLOSSARY OF TERMS

(The scope of this glossary is restricted to terms used in the study)

A

Abnormal Development Costs - Costs that are not allowed for specifically within normal development costs. These can include costs associated with unusual ground conditions, contamination, etc.

Affordable Housing - 'The National Planning Policy Framework (NPPF) March 2012 defines affordable housing as Social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices. Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision.

Affordable Rented Housing – (as defined by the NPPF) 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% of the local market rent (including service charges, where applicable).

B

Base Build Costs - for construction only (excluding fees, contingencies and extras) as explained in the study.

BH/BF - preceded by a number – abbreviations used to indicate how many bedrooms a dwelling has.

C

Cascade Mechanism/Principle - A Cascade is a mechanism which enables the form and/or quantum of affordable housing provision to be varied according to the availability of grant funding, thus ensuring that at least a base level of need-related accommodation is provided without compromising overall scheme viability. The approach aids delivery of both the market and affordable tenures by providing adaptability where needed, thus avoiding the need to renegotiate Section 106 agreements with the time delays and cost issues that process brings.

Code for Sustainable Homes ('CfSH', 'CSH' or 'Code') - CLG is proposing to gradually tighten building regulations to increase the energy efficiency of new homes and thus reduce their carbon impact. In parallel with these changes to the building regulations, the CfSH has been introduced as a tool to encourage house builders to create more sustainable dwellings, and to inform buyers/occupiers about the green credentials of new housing. CfSH compliance, to levels over those generally operated in the market, is also compulsory for all public (HCA) funded affordable housing development. The Code is intended to provide a route map, signalling the direction of change towards low carbon sustainable homes that will become mandatory under the building regulations. The Code, again in parallel with building regulations and other initiatives, also covers a wider range of sustainability requirements – beyond lower carbon.

Commuted Sum - See "Payment in lieu" below.

Core Strategy - The key *Development Plan Document* ('DPD') through which a local authority sets out its strategic planning approach for its area. Accompanied by other DPDs, usually dealing with aspects such as site allocations or regeneration areas, and in some cases covering particular topics such as affordable housing (see below for other definitions).

D

Density ('Indicative Density') - Represents the intensity of use of a site by way of how many dwellings (or in some cases other measures such as habitable rooms) are provided on it. Usually described by reference to 'dwellings per hectare' (DPH).

Developer Appraisal - An appraisal carried out by a developer to determine the approximate value of land in order that an offer can be made to a landowner. The appraisal(s) would normally look to determine an approximate *Residual Land Value* (RLV). Assuming a developer has already reached the initial conclusion that, in principle, a site is likely to be suitable and viable for development, an appraisal is then carried out to fine tune scheme feasibility and discover what sum they can afford to pay for the site. This would normally be subject to a range of caveats and clauses based on circumstances unknown to the developer at the time of making an offer. As an example, an offer could be subject to the granting of planning permission or subject to no abnormal conditions existing, etc.

Development Plan Document (DPD) - Spatial planning documents that are subject to independent examination, and together with the relevant Regional Spatial Strategy (RSS), will inform the planning policies for a local authority. They include a Core Strategy and also often cover site-specific allocations of land, area action plans and generic development control policies.

Developer Payment (Type) - The sums applied to the appraisals in terms of payment to the developer in return for completed affordable units. The form modelled is based on the Mortgage Funded by Rental Stream. The Mortgage

Funded by Rental Stream subsidy only pays the developer a sum per unit that is equivalent to the RP's ability to fund the units through capitalisation of the (affordable) net rental stream from those units. The rental flows for this are based on Homes and Communities Agency Target Rents, after e.g. management, maintenance costs and voids allowances. In this regard see also *Payment Table*. The study refers also to this payment as the "affordable housing unit transfer".

Developer's Profit - The developer's reward for risk taken in pursuing and running the project, required to secure project funding. This is the gross profit, before tax. It will usually cover an element of overheads, but varies. The profit element used in these appraisals is profit expressed as a percentage of Gross Development Value (the most commonly expressed way) although developers will sometimes use other methods, for example a certain return on capital employed (ROCE).

Development Cost - This is the cost associated with the development of a scheme and includes professional fees (engineering, design, project management), contingencies, sale agency fees, legal fees on unit sales and of course build costs (materials, labour, etc).

Development Plan ('Plan') - The statutory plan through which a local authority determines planning policy for its area over the life of the plan (*plan period*).

Development Viability (or 'Viability') - The viability of the development (in this case a market-led housing scheme) – meaning its health in financial terms. A viable development would normally be one which proceeds (or at least there is no financial reason for it not to proceed) – it would show the correct relationship between GDV (see below) and Development Cost. There would be a sufficient gap between the GDV and Development Cost to support a sufficient return (developer's profit) for the risk taken by the developer in pursuing the scheme (and possibly in this connection to support funding requirements), and a sufficiently attractive land value for the landowner. An un-viable scheme is one where a poor relationship exists between GDV and Development Cost, so that insufficient profit rewards and/or land value can be generated.

Dwellings per Hectare ('DPH') – see *Density*.

E

F

Finance - Costs associated with financing the development cost. Varying views are taken on the length of the relevant construction projects as to how long these costs need to be carried for on each occasion.

Financial Contribution - see "Payment in lieu".

G

Gross Internal Area (GIA) - Broadly speaking GIA is the whole enclosed area of a building within the external walls taking each floor into account and excluding the thickness of the external walls. GIA will include: Areas occupied by internal walls (whether structural or not) and partitions; service accommodation such as WCs, showers, changing rooms and the like; columns, piers, whether free standing or projecting inwards from an external wall, chimney breasts, lift wells, stairwells etc; lift rooms, plant rooms, tank rooms, fuel stores, whether or not above roof level; open-sided covered areas.

Gross Development Value (GDV) - The amount the developer ultimately receives on completion or sale of the scheme whether through open market sales alone or a combination of those and the receipt from a RP for completed affordable housing units - before all costs are subtracted.

H

Homes and Communities Agency (HCA) - The Government's Agency charged with delivering the national affordable housing (investment) programme ('NAHP') and the vehicle through which public funds in the form of Social Housing Grant ('SHG') are allocated, where available and where the HCA's investment criteria are met, for affordable housing development. The HCA is relatively new – was formed from a merger of English Partnerships and relevant function areas of The Housing Corporation.

I

Intermediate Housing – (As defined by NPPF) 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.

J

K

L

Land Costs - Costs associated with securing the land and bringing it forward – activities which precede the construction phase, and, therefore, costs which are usually borne for a longer period than the construction phase (a lead in period). They include financing the land acquisition and associated costs such as land surveys, planning application and sometimes infrastructure costs, land acquisition expenses and stamp duty land tax.

Land Residual as a percentage (%) of GDV - The amount left for land purchase expressed as a percentage of the Gross Development Value. A common guideline

used in the development industry. Readers may be familiar with the rule of thumb that upwards of approximately one third of development value is comprised of land value. In practice this has always varied, but with increasing burdens on land value from a range of planning infrastructure requirements (including affordable housing) traditional views on where land values lie are having to be revised.

Local Plan - The plan for the future development of the local area, drawn up by the local planning authority in consultation with the community. In law this is described as the development plan documents adopted under the Planning and Compulsory Purchase Act 2004. Current core strategies or other planning policies, which under the regulations would be considered to be development plan documents, form part of the Local Plan. The term includes old policies which have been saved under the 2004 Act.

M

N

NPPF - National Planning Policy Framework – published 27 March 2012. The National Planning Policy Framework sets out the Government’s planning policies for England and how these are expected to be applied.

O

Open Market Value ('OMV') – the value of a property on the basis that it is offered for sale on the open market – the usual measure of value in this study context. Used here to build up the development scheme’s *GDV* and also to distinguish between this level of value and the lower level of receipt usually associated with the affordable dwellings (see *Developer Payment*).

P

Payment in lieu - A financial payment made by a developer or landowners instead of providing the planning-led affordable housing requirement on the site of the market (private sale) housing scheme (see also "*Commuted Sum/Financial Contribution*").

Payment Table - This is normally referred to where a local authority prescribes or guides as to the levels of receipt the developer will get for selling completed affordable housing units of set types and sizes to a Housing Association. In this context it normally relates to an approach which assumes nil grant and is based on what the Housing Association can afford to pay through finance raised (mortgage funded) against the rental or shared ownership income flow. See also *Developer Payment*. It is sometimes used in a looser context, for example in the setting out of financial contribution levels for payments in lieu of on-site affordable housing provision.

Percentage (%) Reduction in Residual Land Value (RLV) - The percentage by which the residual land value falls as a result of the impacts from the range of affordable housing policy options. This is expressed as the fall in residual land

value compared to a site that previously required zero affordable housing or a site that was required to provide affordable housing previously, but at a lower percentage.

Planning Infrastructure - We refer to this because affordable housing is one of a set of requirements which usually need to be met by new housing developments, and are secured through obligations set out within *Section 106* agreements. The terms "planning obligations", "planning gain", "infrastructure" tend to be used to describe the same. Also covers a wide range of community requirements needed to support development – highways, education, open space, public art, and the like.

Planning-led Affordable Housing - Affordable housing required on new market (private sale) housing developments of certain types (which are set locally – see "Threshold" and "Proportion" below) as set out by "PPS3".

Planning Policy Statement 3: Housing ('PPS3') - National statement of the Government's planning policy on housing (now superseded by the NPPF) – including the planning-led affordable housing we consider here.

Proportion (or percentage/%) of Affordable Housing - The percentage or proportion of affordable housing sought on site. The appraisals model a range of scenarios across the Value Points investigating the impact of a range of proportions of affordable housing on scheme viability, for example from 10% to 50%, depending on local circumstances. Each scenario usually also investigates the "no affordable housing" (0%) position as a benchmark.

Q

R

Recycled Capital Grant ('RCG') - An internal fund within the accounts of an RP used to recycle SHG in accordance with Homes and Communities Agency policies and procedures.

Renewable Energy/Renewal Energy Measures - Measures which are required for developments to ensure that a proportion (often expressed as a % target) of total energy needs of the scheme are supplied through renewable sources (for example solar, wind, ground heat, biomass, etc) rather than through conventional energy supply means. Usually in the context of this study we are referring to small scale *on-site* measures or equipment that will supply a proportion of the development's needs. Increasingly, there are also moves to investigate the potential for larger developments or groups of developments to benefit from similar principles but through group/combined/communal schemes usually involving significant plant installations.

Residual Valuation - The process by which *Residual Land Value ('RLV')* is estimated. So called because it starts with the *GDV* at the top of the calculation

and deducts all *Development Costs* and *Developer's Profit* so as to indicate the amount left remaining (hence "residual") for land purchase – including land value.

Residual Land Value (RLV) - The amount left for land purchase once all development, finance and land costs have been deducted from the *GDV*, normally expressed in monetary terms (£). This acknowledges the sum subtracted for affordable housing and other infrastructure payments/requirements where applicable. It is relevant to calculate land value in this way as land value is a direct result of what *scheme type* specifically can be created on a site, the issues that have to be dealt with to create it and costs associated with those.

Registered Provider (RP) - A housing association or a not-for-profit company registered by the Homes and Communities Agency ('HCA') to provide social housing.

Regional Spatial Plan ('RSS') - The spatial plan for a region, promoted and managed by the relevant regional assembly, and in the case of London – the Mayor's 'London Plan'. It comprises higher level guidance which sub-regional and local authority level planning needs to take account of as a part of delivering strategic objectives for an area.

S

Saved Policies - former *development plan* (e.g. *Local Plan*) policies whose life has been extended pending the replacement plan being in place. A formal direction is required in order for policies to be saved.

Scheme Type - The scheme (development project) types modelled in the appraisals consist of either entirely flatted or housing schemes or schemes with a mix of houses and flats. They are notional, rather than actual, scheme types consistent with the strategic overview the study needs to make.

Section 106 ('S106') - (of the Town and Country Planning Act 1990). The legally binding planning agreement which runs with the interest in the land and requires the landowner (noting that ultimately the developer usually becomes the landowner) through covenants to agree to meet the various planning obligations once they implement the planning permission to which the *S106 agreement* relates. It usually sets out the principal affordable housing obligations, and is the usual tool by which planning-led affordable housing is secured by the Local Planning Authority. Section 106 of this Act refers to "agreements regulating development or use of land". These agreements often cover a range of planning obligations as well as affordable housing (see '*planning infrastructure*'). There is a related type of agreement borne out of the same requirements and legislation – whereby a developer unilaterally offers a similar set of obligations, often in appeal or similar set of circumstances where a quick route to confirming a commitment to a set of obligations may be needed (a *Unilateral Undertaking* – a term not used in this study).

Shared Ownership - Shared ownership is a way of buying a stake in a property where the purchaser cannot afford to buy it outright. They have sole occupancy rights.

Shared ownership properties are usually offered for sale by housing associations or RPs (not-for-profit organisation). The purchaser buys a share of a property and pays rent to the housing association for the remainder. The monthly outgoings will include repayments on any mortgage taken out, plus rent on the part of the property retained by the housing association. Later, as the purchaser's financial circumstances change, they may be able to increase their share until they own the whole property (see '*stair-casing*' below).

Sliding Scale - Refers in this context to a set of affordable housing policies which require a lower *proportion* on the smallest sites, increased with site size – to graduate the requirements and, therefore, the viability impacts, particularly as such sites often fall within the thresholds for the first time.

Social Rented Housing – (As defined by NPPF) 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.

Stair-casing Receipt - Payment a RP receives when a shared ownership leaseholder (shared owner) acquires additional equity (a further share of the freehold) in a dwelling.

Supplementary Planning Document (SPD) - Provides supplementary information in respect of the policies in Development Plan Documents, and their more detailed application. These do not form part of the development plan and are not subject to independent examination.

I

Tenure/Tenure Type – the mode of occupation of a property – normally used in the context of varying *affordable housing* tenure types – in essence includes buying part or whole, and renting; although there are now many tenure models and variations which also include elements of buying and renting.

Tenure Mix - The tenure types of affordable housing provided on a site – refers to the balance between, for example, affordable rented accommodation and shared ownership or other *Intermediate* tenure.

Threshold - Affordable housing threshold i.e. the point (development scheme and/or site size) at which the local authority determines that affordable housing provision should be sought, or in this study context the potential points at which the local authority wishes to test viability with a view to considering and selecting future policy or policy options.

U

V

Valuation Office Agency (VOA) - The Valuation Office Agency (VOA) is an executive agency of HM Revenue & Customs (HMRC). Their main functions are to compile and maintain the business rating and council tax valuation lists for England and Wales; value property in England, Wales and Scotland for the purposes of taxes administered by the HM Revenue & Customs; provide statutory and non-statutory property valuation services in England, Wales and Scotland; give policy advice to Ministers on property valuation matters. The VOA publishes twice-yearly Property Market Reports that include data on residential and commercial property, and land values.

Value Point(s) (VPs) - Adams Integra's usual viability study methodology is to make judgements on a range of new build property values which represent typically found prices for ordinary new developments in the District at the time of the study research.

Viability - See *Development Viability*.

X

Y

Z



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