Whole Plan Viability Testing - Redcar & Cleveland Local Plan (2013)

On behalf of **Redcar and Cleveland Borough Council**

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1 Introduction

1.1.1 This study aims to assess how far the development proposed in the emerging Local Plan is viably 'deliverable' in the first five years of the plan, and viably 'developable' over the rest of the plan period. Its main objective is to inform planning policy, helping the Council strike the balance between the policy aspiration of sustainable development and the reality of financial viability.

1.1.2 This report and the accompanying appraisals have been prepared in line with RICS valuation guidance. No part of these documents is a formal 'Red Book' valuation (RICS Valuation - Professional Standards, March 2012) or should be relied upon as such.

2 PLANNING CONTEXT

2.1 Introduction

2.1.1 In this chapter we set out the relevant national and local planning policy that this study must help deliver.

2.2 National policy

National Planning Policy Framework

2.2.1 The National Planning Policy Framework (NPPF) advises that cumulative effects of policy should not combine to render plans unviable (our emphasis):

'Plans should be deliverable. Therefore, the ***sites and the scale of development identified in the plan should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened.*** *To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking account of the normal cost of development and mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable'.* [1]

2.2.2 With regard to non-residential development, the NPPF states that local planning authorities 'should have a clear understanding of business needs within the economic markets operating in and across their area. To achieve this, they should… understand their changing needs and identify and address barriers to investment, including a lack of housing, infrastructure or viability.' [2]

2.2.3 The NPPF aims to encourage the efficient use of land. This requires a level of responsiveness to market signals. The NPPF states that

- Employment land reviews should be 'undertaken at the same time as, or combined with, Strategic Housing Land Availability Assessments and should include a reappraisal of the suitability of previously allocated land'; [3] and
- That LPAs should ensure the optimal use of land in the area, and then 'meet the housing, business and other development needs of an area, and respond positively to wider opportunities for growth. Plans should take account of market signals, such as land prices and housing affordability, and set out a clear strategy for allocating sufficient land which is suitable for development in their area'. [4]

2.2.4 However, the NPPF never states that sites must be viable now in order to appear in the plan. The NPPF is most concerned to ensure that development is not rendered unviable by unrealistic policy costs. There is no indication that planners are held responsible for economic and market conditions. In a free market system, where development is undertaken for the most part by the private sector, the best a planning authority can perhaps do is to provide enough land to meet the needs of sustainable development (sustainable development as defined in the NPPF). Whether or not landowners, developers and occupiers choose to use this land is out of a planning authority's control.

Infrastructure in the NPPF

[1] DCLG (2012) National Planning Policy Framework (41, para 173)
[2] DCLG (2012) National Planning Policy Framework, para 160
[3] DCLG (2012) National Planning Policy Framework, para 161
[4] DCLG (2012) National Planning Policy Framework, para 17, bullet 3

2.2.5 The NPPF also requires authorities to demonstrate that infrastructure will be available to support development:

[…]'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.' [5]

2.2.6 It is not necessary to prove that all funding for infrastructure has been identified. The NPPF states that standards and policies in Local Plans should 'facilitate development across the economic cycle,' [6] suggesting that in some circumstances, it may be reasonable for a Local Authority to argue that viability is likely to improve over time, that policy costs may be revised, that some infrastructure is not required immediately, and that mainstream funding levels may recover.

Deliverability and developability in the NPPF

2.2.7 The NPPF creates the two concepts of 'deliverability' (which applies to sites which are expected in Years 0-5 of the plan) and 'developability' (which applies to year 6 onwards of the plan).

2.2.8 It is important to define these terms.

- To be deliverable, "sites should be available now, offer a suitable location for development now, and be achievable, with a realistic prospect that housing will be delivered on the site within five years and in particular that development of the site is viable." [7]

- To be developable, sites expected in Year 6 onwards should be able to demonstrate a "reasonable prospect that the site is available and could be viably developed at the point envisaged". [8]

2.2.9 The NPPF therefore advises that a more flexible approach may be taken to the sites coming forward in the period after the first five years. Sites coming forward after Year 6 might not be viable now – and might instead be only viable at that point in time. This recognises the impact of economic cycles and policy changes over time.

Summarising the key points

2.2.10 Standing back, then, it seems clear that the NPPF wishes Councils to ensure that they do not load policy costs onto land if it would hinder the land being developed, or withhold land for uses (say, employment) that may not come forward in the plan period where market signals might suggest that other uses (say, residential) could be considered.

2.2.11 The key point is that policy costs are kept sensible, the overall amount of infrastructure needed to support the plan over time will be affordable, that plans are backed by a thought-through set of priorities and delivery sequencing that allows a clear narrative to be set up around how the plan will actually be paid for and delivered.

2.2.12 This study confines itself to the question of development viability. It is for other elements of the evidence base to investigate the other ingredients in the definition of developability (i.e., location and prospects for development). We do not directly consider infrastructure requirements, although draw on this information to look at the impact of infrastructure requirements on site viability where relevant.

[5] DCLG (2012) National Planning Policy Framework (42, para 177)
[6] DCLG (2012) National Planning Policy Framework (42, para 174)
[7] DCLG (2012) *National Planning Policy Framework,* para 47, footnote 11
[8] DCLG (2012) *National Planning Policy Framework,* para 47, footnote 12

The Local Housing Delivery Group Viability Testing in Local Plans ('the Harman Report')

2.2.13 The Local Housing Delivery Group's report Viability Testing in Local Plans (better known as 'the Harman Report') followed the publication of the NPPF, and set out to flesh out how the NPPF's concept of plan viability might work in practice. It usefully defines viability:

'An individual development can be said to be viable if, after taking account of all costs, including central and local government policy and regulatory costs, and the cost and availability of development finance, the scheme provides a competitive return to the developer to ensure that development takes place, and generates a land value sufficient to persuade the land owner to sell the land for the development proposed.' [9]

2.2.14 Harman says that a site typologies approach to understanding plan viability is sensible. Whole plan viability:

'does not require a detailed viability appraisal of every site anticipated to come forward over the plan period… [we suggest] a more proportionate and practical approach in which local authorities create and test a range of appropriate site typologies reflecting the mix of sites upon which the plan relies'. [10]

2.2.15 Harman states that the role of the typologies testing is not required to provide a precise answer as to the viability of every development likely to take place during the plan period.

'No assessment could realistically provide this level of detail…rather, [the role of the typologies testing] is to provide high level assurance that the policies within the plan are set in a way that is compatible with the likely economic viability of development needed to deliver the plan.' [11]

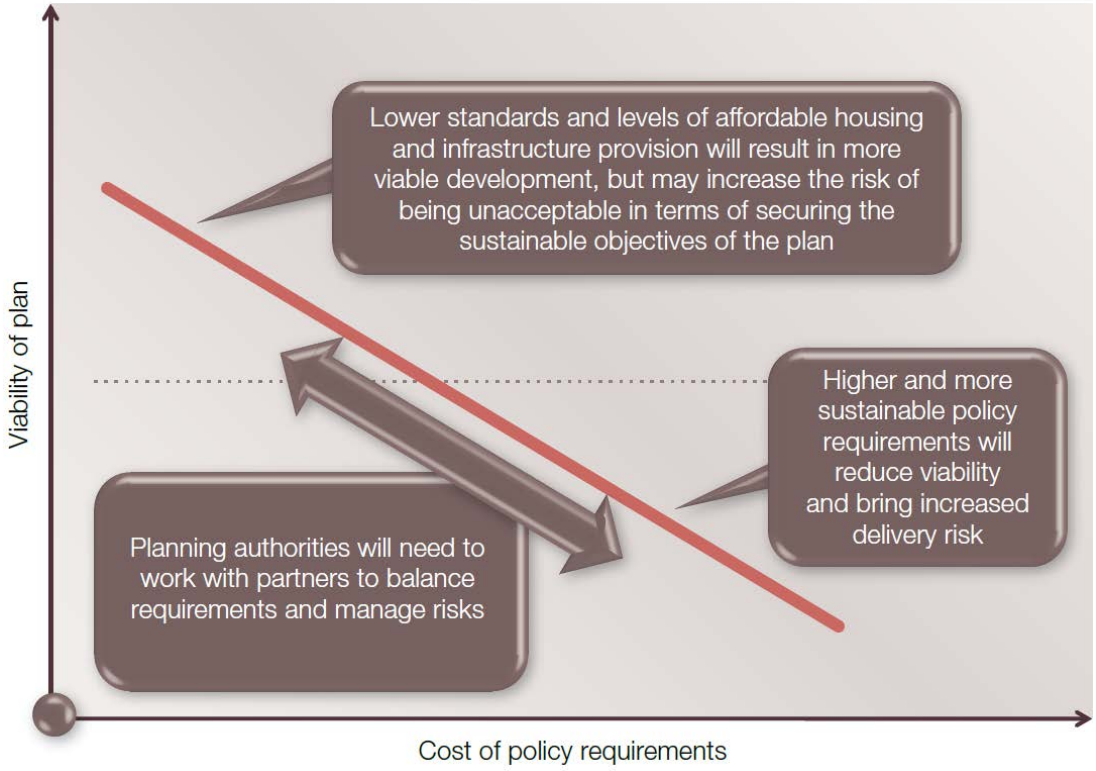
2.2.16 The report later suggests that once the typologies testing has been done,

'it may also help to include some tests of case study sites, based on more detailed examples of actual sites likely to come forward for development if this information is available' . [12]

2.2.17 Harman points out the importance of minimising risk to the delivery of the plan. Risks can come from policy requirements that are either too high or too low. So, planning authorities must have regard to the risks of damaging plan delivery through loading on excessive policy costs – but equally, they need to be aware of lowering standards to the point where the sustainable delivery of the plan is not possible. Good planning in this respect is about 'striking a balance'[13] between the competing demands for policy and plan viability.

[9] Local Housing Delivery Group (June 2012) *Viability Testing in Local Plans* (14)
[10] Local Housing Delivery Group (June 2012) *Viability Testing in Local Plans* (15)
[11] Local Housing Delivery Group (June 2012) *Viability Testing in Local Plans* (15)
[12] Local Housing Delivery Group (June 2012) *Viability Testing in Local Plans* (38)
[13] Local Housing Delivery Group (June 2012) *Viability Testing in Local Plans* (16)

Figure 2.1 Delivery risks from policy costs that are too high or too low



Source: Local Housing Delivery Group (June 2012) Viability Testing in Local Plans (16)

2.2.18 The production of the Harman report was subject to considerable discussion and argument regarding how threshold land values should be arrived at. (Threshold land values represent the price at which land will be sold for development).

2.2.19 The Harman report placed emphasis on the 'existing use value (EUV) plus uplift' method (although did mention the importance of building in market values, particularly on greenfield sites where the EUV-plus method might underestimate the increase in land values conferred by the gain of planning permission). [14]

2.2.20 We set out our approach (which uses both the RICS and Harman methods) in Appendix A.

RICS Guidance Note 'Financial Viability in Planning'

2.2.21 The RICS guidance note Financial Viability in Planning sets out a framework and methodology on how to deal with the issues of plan viability raised in the NPPF. It therefore is something of a competitor to the Harman report, and we expect that over time, the different perspectives that these reports contain will have to be brought together.

[14] Local Housing Delivery Group (June 2012) *Viability Testing in Local Plans* (29) states that 'reference to market values can still provide a useful "sense check" on the threshold values that are being used'. With regard to greenfield sites, Harman states 'it will be necessary to make greater use of benchmarks, taking account of local partner views on market data and information on typical minimum price provisions used within developer/site promoter agreements for sites of this nature. If such benchmarks are disregarded, there is an increasing risk that land will not be released and the assumptions upon which a plan is based may not be found sound.'

2.2.22 As set out above, RICS believe that threshold land values should be set with reference to market values, and then adjust downwards for

'development plan policies and all other material planning considerations, and disregard that which is contrary to the development plan. When undertaking Local Plan or CIL (area-wide) viability testing, a second assumption needs to be applied to the Site Value definition: the site value (as defined above) may need to be further adjusted to reflect the emerging policy/CIL charging level. The level of the adjustment assumes that site delivery would not be prejudiced. Where an adjustment is made, the practitioner should set out their professional opinion underlying the assumptions adopted. These include, as a minimum, comments on the state of the market and delivery targets as at the date of assessment'. [15]

2.2.23 We think that both Harman and RICS views have their merits. They are not mutually exclusive. We use both existing/alternative use and market values to inform our choice of threshold land value. We set our approach (which uses both the RICS and Harman methods) in Appendix A.

2.3 Local planning policy

The emerging local plan

2.3.1 Redcar and Cleveland was one of the earliest Councils to get a Core Strategy adopted in 2007. This work is now being refreshed. Following a Local Plan scoping report in December 2012, the objective is to submit the Local Plan to Government in late 2013/ early 2014 for examination in Spring 2014, with adoption by the end of 2014.

2.3.2 The reviewed documentation sees a shift in emphasis in response to new policy directives, including the NPPF, and a change in economic conditions. The previous Core Strategy saw a focus on the regeneration areas. The new emerging Local Plan sees fewer of these sites, and more greenfield land allocated for development.

2.3.3 As part of this process, site allocations and affordable housing targets and policies are being reviewed.

2.3.4 The forthcoming Employment Land Review will further inform the process, but at the moment the Regeneration Masterplan sees opportunities in:

- Chemicals and ports industries – which will require B2 (general industrial) and B8 (storage and distribution) space. Additionally, the emerging City Deal may be quite significant for the local economy over the long term. This seeks to bolster strengths in chemicals processing and energy.

- Creative industries/digital sector – which will require B1a office uses

2.3.5 The retail sector in town centres is expected to consolidate. There is likely to be limited demand for out-of-centre convenience and comparison shopping.

[15] RICS (2012) *Financial Viability in Planning* (4,5)

2.3.6 Although the plan is still emerging, the land uses which are likely to account for the largest quantum of development, and hence are important to the delivery of the Local Plan, comprise:

- Residential uses
- Employment space

2.3.7 In our viability assessments and the resulting recommendations, we have focussed on these types of development, aiming to ensure that policy costs do not render this development unviable.

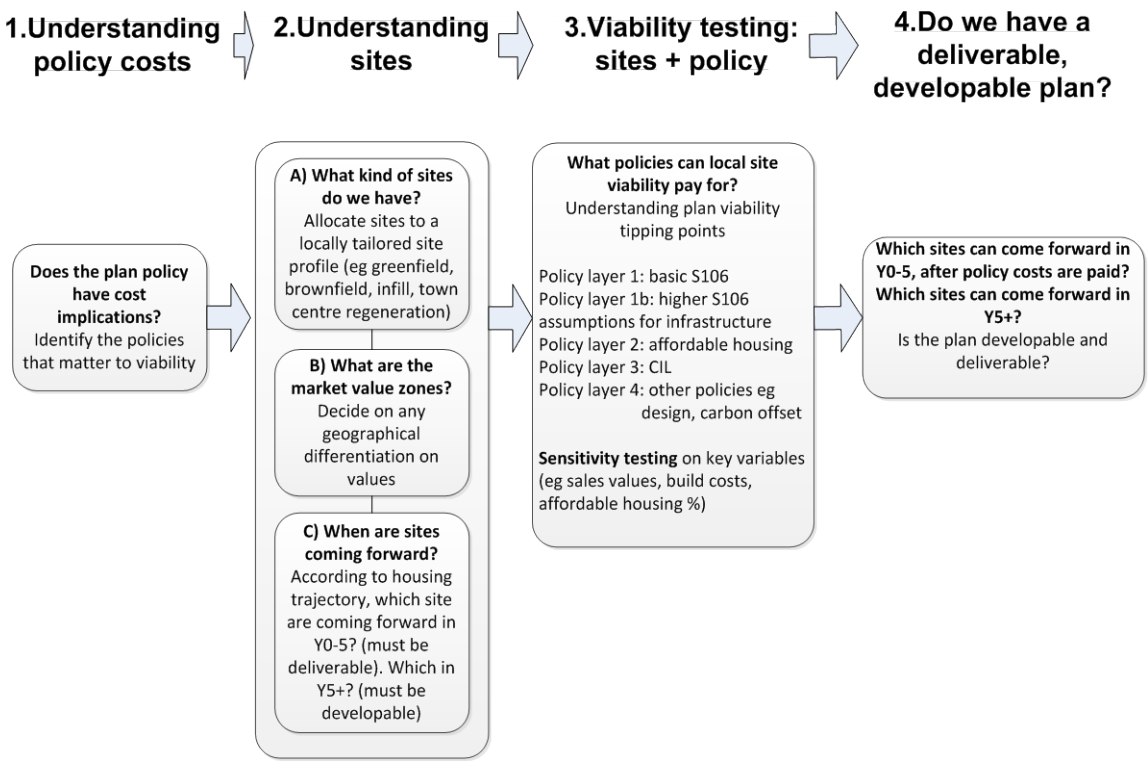
3 Method

3.1 Introduction

3.1.1 This chapter explains the overall method adopted in this study.

3.1.2 In designing this process, we have taken into account Government and industry guidance.

Figure 3.1 Whole plan viability testing process flow



Source: PBA

3.1.3 Very simply put, we have created a sites typology, and then tested the typologies at gradually escalating levels of policy cost, in order to judge the point at which policy costs make development unviable.

3.1.4 We explain each stage of the process in more detail below.

3.2 Understanding policy costs

3.2.1 We seek to understand the policy costs which are envisaged in the emerging Plan.

3.2.2 This provides us with a starting point for our analysis.

3.3 Understanding sites

3.3.1 The next stage is to understand the sites which are emerging through the planning process.

3.3.2 In order to understand sites, we ask three further questions.

- What are the market value zones for the area? An otherwise identical development may have a very different value, depending on its location. We seek to understand how this economic geography might affect site viability in the area. We allocate planned sites to these market value zones.
- What kind of sites are emerging through the plan? Different sites might have different viabilities depending on the existing use or condition of the site. We take this into account. We allocate planned sites to different categories tailored to local conditions.
- When are sites coming forward? We take the emerging housing trajectory to understand the time period that different developments are expected, and explore whether the NPPF would require a site to be 'deliverable' in Years 0-5 of the plan, or 'developable' in Years 6 onwards.

3.3.3 By this stage, then, we have a good understanding of how location and policy costs might combine to affect viability. In effect, we have a typology of sites. The next stage is to look at the issue of viability itself.

3.4 Viability testing the sites

3.4.1 We undertake viability testing of the site typologies. Our approach is to add gradually escalating levels of policy costs in order to judge the point at which policy costs make development unviable. These policies are taken from the list developed in Stage 1.

3.4.2 We start with understanding the basic viability of sites, including very minimal policy costs (eg, a simple £500 S106 contribution), and then add factors such as affordable housing, CIL, and any other policy requirements.

3.4.3 These policy costs risk negatively affecting viability, but may deliver valuable benefits.

3.4.4 We seek to understand the trade-offs involved with these policy choices, in order that elected members and their officers may arrive at a reasoned and prioritised set of policy choices.

3.4.5 The viability testing has involved a number of iterations in order to arrive at the combination of policies that most accurately serve local aspiration. We do not describe these iterations in the report.

3.5 Do we have a developable, deliverable plan?

3.5.1 This output forms the answer to the central question of the study. As set out in 2.2.8, with regards to housing supply, the National Planning Policy Framework states that evidence must show the Inspector that the plan is 'deliverable' for the first five year period following adoption. The approach required for land for years 6-10 and beyond is different to that adopted for the sites expected in Years 0-5 of the plan. These residential sites need to be 'developable'.

3.5.2 Finally, we briefly investigate whether the overall amount of infrastructure needed to support the plan over time will be affordable, that plans are backed by a thought-through set of priorities and delivery sequencing that allows a clear narrative to be set up around how the plan will actually be paid for and delivered. More work is likely to be needed on this subject before examination.

3.6 Stakeholder engagement method

3.6.1 Considerable stakeholder engagement has taken place as part of this study, as follows.

- Semi-structured interviews. We undertook a range of semi-structured interviews with local housebuilders and developers.
- Developer workshops. We ran a developer workshop with local housebuilders and developers where we outlined our assumptions and method, and sought comments.

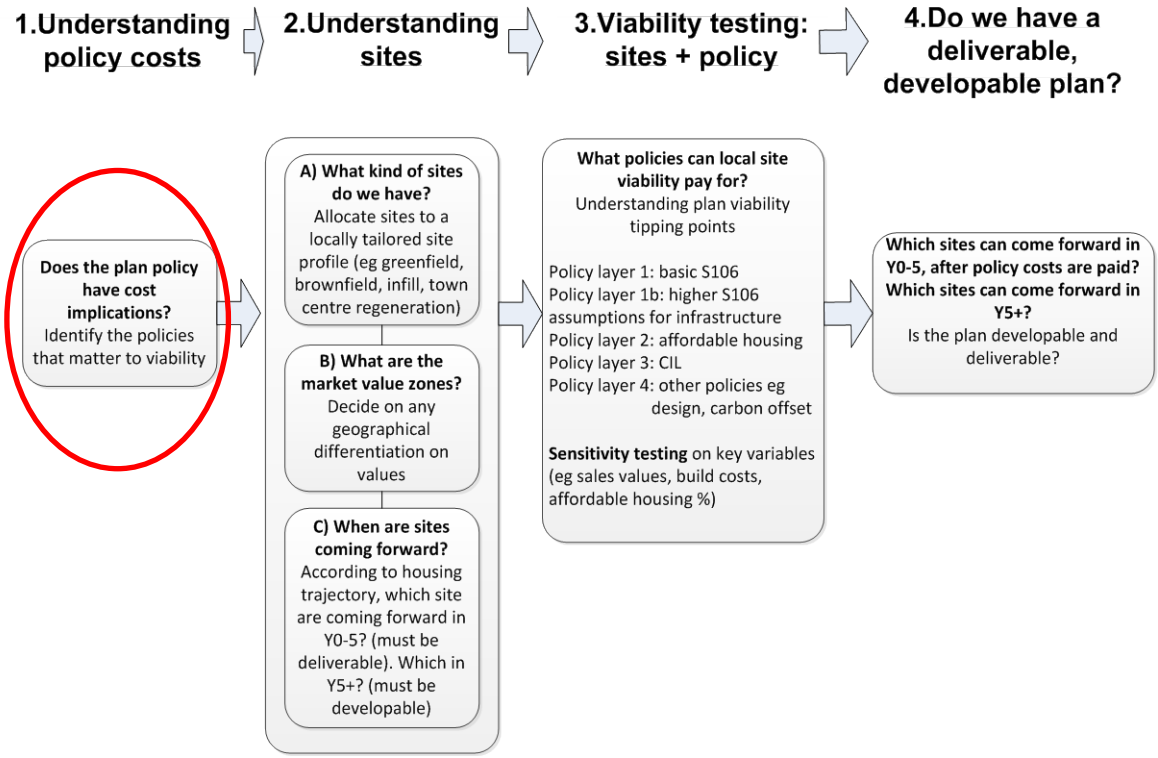
4 Which plan policies add to the costs of development?

4.1 Introduction

4.1.1 In this chapter, we identify the policies that may add to the cost of development described in the emerging Plan, and so affect viability. We have discussed the content of the emerging plan with officers in order to identify these elements.

4.1.2 To avoid duplication, we explain the content of those policies, and the impact they have on viability, at a later stage.

Figure 4.1 Process flow stage 1



Source: PBA

4.2 Plan policies with cost implications for development

4.2.1 The plan is being written in full knowledge of poor local development conditions. There is therefore an effort to ensure that policy costs are kept modest.

Affordable housing policy

4.2.2 Affordable housing policy will form part of the Core Strategy, and will affect viability.

4.2.3 Affordable housing policy aims to strike a balance between the need for affordable housing and the viability of market housing.

Residential density standards

4.2.4 Emerging policy is likely to contain a requirement to provide housing at an appropriate density. This has been incorporated into our viability testing assumptions.

S106 developer contributions

4.2.5 The Council will levy Section106 contributions in the now tightly controlled circumstances set out in CIL legislation. These controls apply equally to residential and non-residential development. Two of these requirements exist whether or not a Council adopts a CIL. First, the CIL Regulations 2010 (as amended) Regulation 122(2) tests state that any S106 charge must meet three tests of being:

- Necessary to make the development acceptable in planning terms. For the LPA to take account of S106 in granting planning permission it needs to be convinced that, without the obligation, permission should be refused. [16]
- Directly related to the development. If the LPA fails to show a real connection to the development in question, then it will be unlawful for the LPA to take account of S106 in granting permission.
- Fairly and reasonably related in scale to the development proposed.

4.2.6 If a planning obligation does not meet all of these tests it cannot legally be taken into account in granting planning permission. In other words, the benefit offered is not a material consideration unless it passes these tests.

4.2.7 Also, any benefits offered are not enforceable if they do not pass these tests.

4.2.8 In addition, CIL Regulation 123 (3) ensures that, from April 2014, or when CIL is introduced in an area if that is sooner, no more than five planning obligations may be pooled towards a single project, or type of infrastructure. These regulations apply whether or not an authority adopts a CIL charge. If an obligation exceeds this limit it cannot legally be taken into account in granting planning permission. In other words, the benefit offered is not a material consideration, Also, any benefits offered are not enforceable. This restriction does not apply to affordable housing secured via S106 planning obligations.

4.2.9 The government has recently consulted on the possibility of extending the implementation of this restriction to April 2015.

4.2.10 Regarding non-residential development, the emerging plan is unlikely to subject non-residential development to systematically applied policy costs. The Council is well aware of the dangers of rendering valuable employment development unviable. There is therefore no substantial risk that the emerging plan itself will impose 'obligations and policy burdens that their ability to be developed viably is threatened'. [17]

4.2.11 However, in individual cases, some S106 costs may be levied to make development acceptable in planning terms. These will be subject to the statutory restrictions introduced by the CIL Regulations 2010 (as amended).

[16] Planning Officers Society (2011) *Section 106 Obligations and the Community Infrastructure Levy* accessed 7 June http://www.planningofficers.org.uk/downloads/pdf/POS_Advice_Note_S106_and_CIL_final_version_Apr2011.pdf
[17] DCLG (2012) NPPF para 173

Community Infrastructure Levy (CIL)

4.2.12 No final decision has been made about whether Redcar and Cleveland will pursue a CIL charge. Note that we do not assume that CIL will be put in place.

4.3 Policy on Community Infrastructure Levy

4.3.1 Community Infrastructure Levy (CIL) is most desirable and effective when all of the following conditions are fulfilled.

i. There is a strategic area wide infrastructure requirement;

ii. There are very many small sites, making S106 contributions difficult and expensive to negotiate and collect;

iii. There are enough receipts in prospect to make setting up the CIL worthwhile;

iv. That costs of infrastructure are so large that pooling contributions from more than five S106 agreements are required in order to pay for infrastructure;

v. There are relatively homogenous value zones, where values within and between the zones are relatively predictable.

4.3.2 In this section, we clarify the pros and cons of the main choices which face the authority.

Using CIL to collect funding for strategic infrastructure

4.3.3 CIL pays for strategic infrastructure, alongside other funding streams; and S106 for the most part pays for affordable housing.

4.3.4 The local authority will need to decide whether, given its local circumstances, it wishes to set a CIL charge.

4.3.5 CIL is intended to collect money for strategic infrastructure. The CIL sets an area-wide charge that is necessarily not closely tailored to the viability of individual sites. It works particularly well where there are relatively large areas of similar sales values and land values. It works less well in areas where land values rise and fall in a relatively small geographical area.

4.3.6 The key advantages of CIL are as follows.

Because the charge is pre-set, the CIL does not rely on the strengths of individual negotiators. It can translate into land values relatively easily. It saves planning officers' time because it allows the amount of negotiation to be reduced.

CIL is a powerful tool for funding strategic infrastructure. CIL can be used very flexibly by local authorities to fund infrastructure in the way that they see fit. However, this might not be an important advantage, if a package of strategic infrastructure required to support the plan is relatively modest, or might be funded from elsewhere.

4.3.7 The disadvantages of CIL are as follows.

The CIL has to be set in such a way that it allows the majority of development in the Local Plan to come forward. In practice, that means that the CIL has to be set quite cautiously, in such a way that the least viable sites retain some viability. In areas of the country where viability is relatively low, this is particularly problematical, because it means that very low or even negligible charges might be set. Therefore the more viable sites in an area might escape making a higher level of development contribution, even though they may be able to contribute more.

Using Section 106 to collect funding for strategic infrastructure

4.3.8 S106 is no longer a particularly effective mechanism for capturing funding for strategic infrastructure.

4.3.9 Contributions from up to five S106 agreements can be pooled in order to pay for a piece of strategic infrastructure. However, the individual S106 agreements are subject to tight conditions. Under CIL Regulations (which also cover Section 106), Section 106 is now expected to be targeted at mitigating the impacts of individual developments. The CIL Regulations say that the use of S106 contributions – whether subsequently pooled or not - must be a) directly related to proposed development, b) reasonable in scale and kind and c) necessary to make the development acceptable in planning terms. Any other approach is unlawful. From recent research we have undertaken elsewhere on S106 case law, we found that inspectors are now looking at:

- How the authority has taken account of infrastructure requirements (taking account of capacity evidence);
- How the authority has arrived at a formula for the infrastructure requirement;
- What account has been taken for exactly where the infrastructure will be delivered.

4.3.10 A recent case that we are aware of in Chelmsford reinforces this view. At the appeal hearing, planning contributions were not at issue, but the inspector took issue at the way that contributions for open space (undertaken on a formula basis) had been applied. The Council was unable to demonstrate which project the open space funding contribution was going to be spent on, how it related to the development, and when it was going to be delivered. The inspector ruled that the tests for S106 contributions had been failed, and these contributions could not be sought.

4.3.11 The Council believes that the conditions set out above do not generally speaking apply in Redcar and Cleveland. A decision has therefore been made not to pursue CIL further.

5 Types of sites in the plan

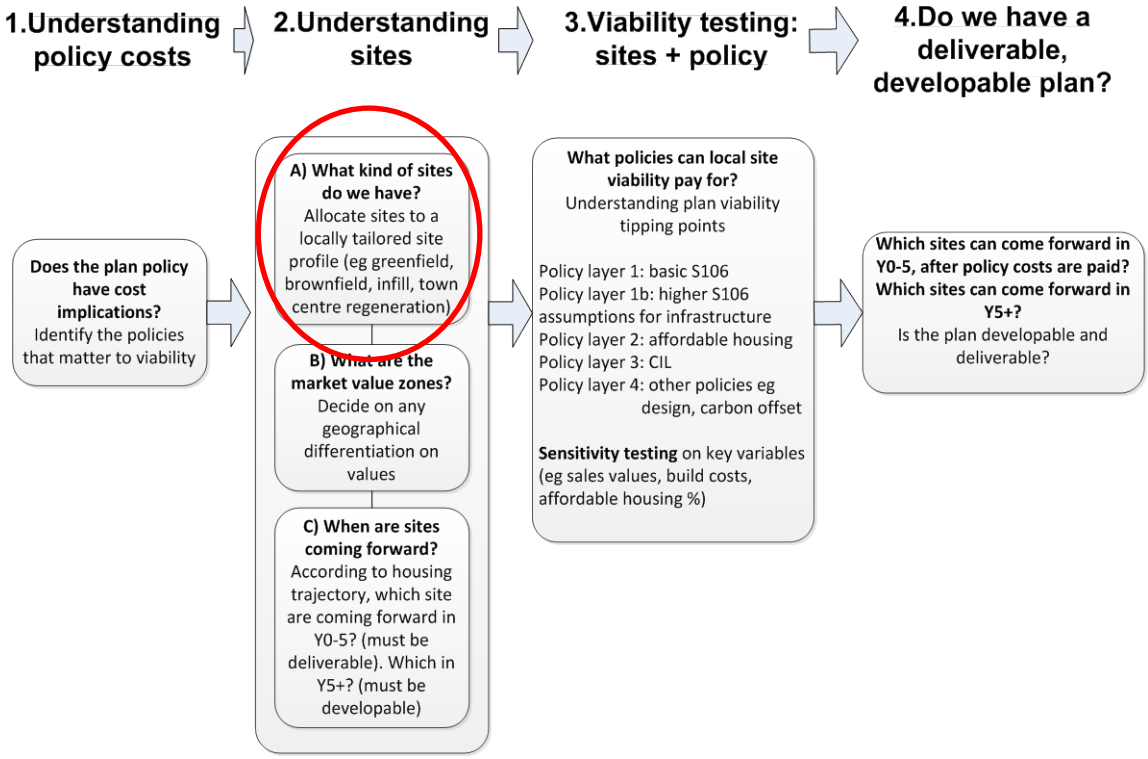
5.1 Introduction

5.1.1 Our objective here is to allocate development sites to an appropriate development category.

5.1.2 This allows the study to deal efficiently with the very high level of detail that would otherwise be generated by an attempt to viability test each site. This approach is suggested by the Harman Report, which suggests 'a more proportionate and practical approach in which local authorities create and test a range of appropriate site typologies reflecting the mix of sites upon which the plan relies'. [18]

5.1.3 We have also looked in detail at specific sites in chapter 7.

Figure 5.1 Process flow stage 2B



Source: PBA

[18] Local Housing Delivery Group Chaired by Sir John Harman (2012) *Viability Testing Local Plans* (9)

5.2 Developing site profile categories

5.2.1 We reviewed the area's development trajectory and worked with the local authority to develop locally relevant site categories. The resulting categories are as follows:

- Greenfield / brownfield / mixed. This category affected the level of abnormal costs each site was deemed to have. Brownfield sites were assumed to have the highest abnormals costs, greenfield sites the lowest, with mixed brownfield and greenfield sites having a central value between these two bookends.

- Large / small. Sites were allocated to 'large' (51 units and above) or 'small' (1-50 units) categories. Small sites were modelled at 0.5 hectares (delivering 18 units). Large sites were modelled at 3 hectares (delivering 105 units).

5.3 Allocating local development sites to site profile categories

5.3.1 We were provided with a list of forthcoming development sites by the local authority.

5.3.2 By reviewing the list, visiting the bulk of sites, and working with local authority officers, we have allocated development sites in the plan to the site profiles.

5.3.3 Given the range of real-world sites in the area, it is not always possible to get a perfect fit between a site and the site profile category. We have attempted a best fit in the spirit of the Harman Report.

5.3.4 The results of this analysis are tabulated in Appendix F.

5.4 Using site profile categories to inform viability testing scenario assumptions

5.4.1 Based upon the scenarios developed above, we believe the following scenario assumptions are appropriate.

Table 5.1 Locally relevant site categories

Assumption	Source	Notes			
Development scenarios	Consultations	We have analysed current SHLAA sites likely to come forward over the period 0-5 years and 6+ years. Based upon this information we believe the following scenarios are indicative of development coming forward and therefore appropriate to test:			
		Greenfield - Large		3	hectares
		Greenfield - Small		0.5	hectares
		Brownfield - Large		3	hectares
		Brownfield - Small		0.5	hectares
		Brownfield/greenfield - Large		3	hectares
		Brownfield/greenfield - Small		0.5	hectares
		The sizes above are net developable areas.			
No of units	Consultations	Greenfield - Large		105	units
		Greenfield - Small		18	units
		Brownfield - Large		105	units
		Brownfield - Small		18	units
		Brownfield/greenfield - Large		105	units
		Brownfield/greenfield - Small		18	units
			Private	Affordable	Check

Assumption	Source	Notes					
Affordable Tenure Mix	Planning policy		No.	%	No.	%	
		Greenfield - Large	89	85.00%	16	15.00%	100.00%
		Greenfield - Small	15	85.00%	3	15.00%	100.00%
		Brownfield - Large	89	85.00%	16	15.00%	100.00%
		Brownfield - Small	15	85.00%	3	15.00%	100.00%
		Brownfield/greenfield - Large	89	85.00%	16	15.00%	100.00%
		Brownfield/greenfield - Small	15	85.00%	3	15.00%	100.00%
Affordable housing tenure split				Affordable rent	Intermediate		
		All bands		70%	30%		
Housing Mix			Flats –	10%			
			Houses -	90%			

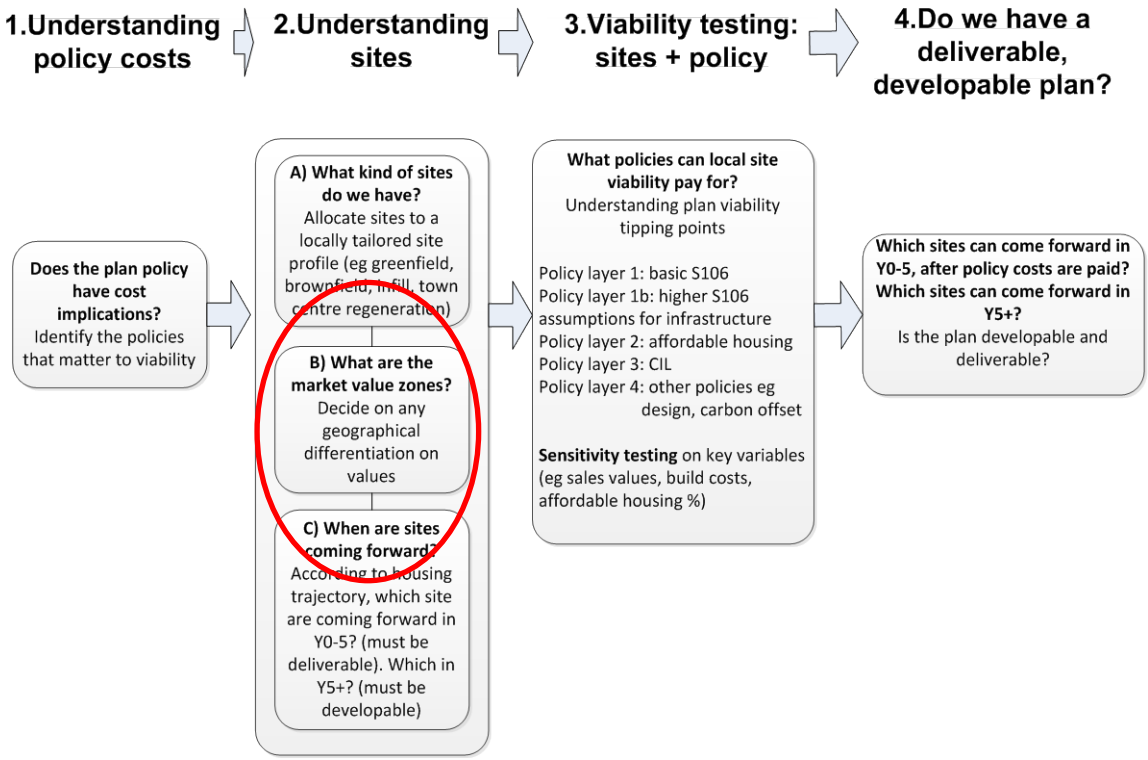
6 What are the market value zones?

6.1 Introduction

6.1.1 Site locations affect viability through the interaction of supply of, and demand for, land in a particular location. This feeds through into housing sales price and land values, and thus site viability, assuming that other things are equal.

6.1.2 In this chapter, we look at the make-up of these market value zones for residential development only. We concentrate on residential development because its viability is especially sensitive to precise location. By contrast, the viability of supermarkets, for example, is driven by occupier covenant rather than store location.

Figure 6.1 Process flow stage 2A



Source: PBA

6.2 Setting viability zones for residential development

6.2.1 Although we are not creating a CIL charge in this study, CIL Regulations (Regulation 13) are helpful in helping structure a robust way forward on this issue, particularly given that this evidence may be used to structure a geographically varied affordable housing policy.

6.2.2 CIL Regulations state that all geographical differences in need to be justified by reference to the underlying viability evidence. There should be no other influences brought to bear – so, for example, the zones should not be set on policy preferences which wish to see development in a certain area encouraged or discouraged. Setting up a CIL which levies different amounts on development in different places increases the complexity of evidence required, and may be contested at examination; this logic also applies to the creation of a geographically varied affordable housing charge.

6.3 Principles

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

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

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

6.3.4 To avoid these statistical and boundary problems, it is our view that a robust set of differential charging zones should ideally meet two conditions:

- The zones should be separated by substantial and clear-cut price differences.
- They should also be separated by substantial and clear-cut geographical boundaries – for example with zones defined as individual settlements or groups of settlements, as urban or rural parts of the authority. We should avoid any charging boundaries which might bisect a strategic site or development area.

6.3.5 We have held to these principles in devising value zone boundaries.

6.4 Method

6.4.1 Setting value zones requires us to marshal the 'appropriate available evidence' available from a range of sources in order to advise on the best way forward. We took the following steps.

- Our first step was to look at home prices. Sales prices of homes are a good proxy for viability. We downloaded Land Registry data to do this. This generated a range of options or hypotheses.
- Our second step was to look at likely patterns of future development to investigate whether it was worthwhile to set up additional zones.
- Step 3 saw us talking to developers and local authority officers.

6.4.2 We explain this process below.

6.5 Using house prices to understand value zones

6.5.1 In advising on value zones, our first step was to look at residential sales prices. In Figure 6.2 below, we looked at the average sales prices of all homes over a two year period. Average prices are shown for each Census Standard Table (ST) ward[19]. Aside from the highest and lowest bands (which are tailored to actual values), average prices are broken in equal bands of £27,000 each.

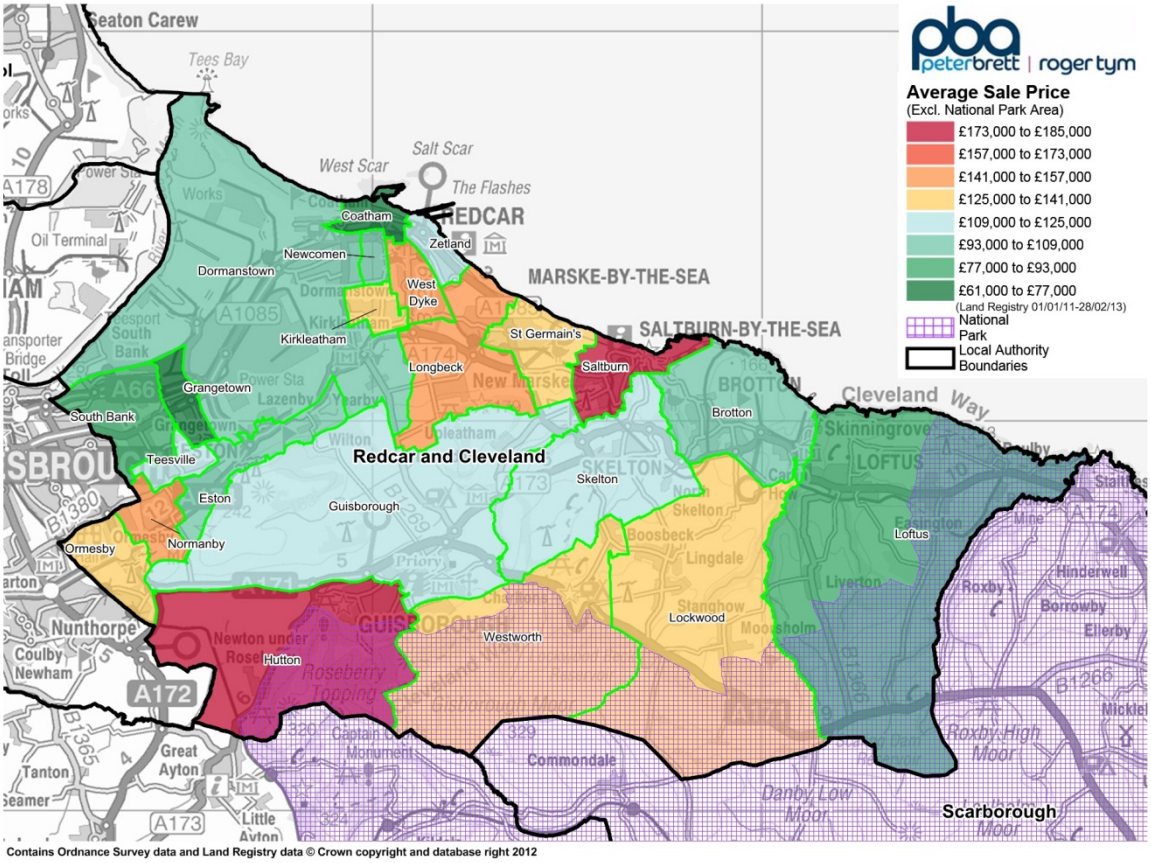
6.5.2 We have presented this data on a map because it allows us to understand the broad contours of residential prices in the area. Sales prices are a reasonable, though imperfect, proxy for

[19] ST wards are used because very precise boundary mapping exists which shows ward boundaries, and is not subject to the degree of change that electoral wards or postcode boundaries are subject to.

development viability, so the map provides us with a broad idea of which areas would tend to have more viable housing developments, other things being equal.

6.5.3 It is worth noting that new homes are typically more expensive than second hand homes, but the prices we have mapped include both second hand and new homes. We used data on both new and second hand homes because, firstly, datasets on sales values for new homes only would be very much smaller (and so more unstable), and secondly, because at this stage it is the differentials between areas that we are seeking to identify, not the absolute price levels.

Figure 6.2 Average sales price of homes (May 2010- May 2012)



Source: Land Registry, PBA

6.5.4 Table 6.1 is based on the same data as the map but shows actual averages by ward, rather than fitting the data into bands. This data is particularly helpful in allowing us to explore the breadth of the differences in price levels by area. The very highest average prices are found in Hutton ward (£185,000), while the lowest average prices are in Grangetown ward (£62,000).

6.5.5 The price differentials in the area are narrower than some other areas around the country. Table 6.1 shows that the average price in the highest value ward (£185,000) is around 3 times more expensive than the lowest (£62,000). This compares with differentials in areas such as Merton in London, where house prices in the most expensive area were eight times more than those in the cheapest. Although differentials are comparatively narrow, the spread of prices suggested that it might be worthwhile to create more than one charging band.

Table 6.1 Average house price and number of sales by ST ward (Aug 2010- Aug 2012)

ST Ward Name	Ward Avg Price excluding national park £	No sales excl Nat Park
Hutton	184,943	152
Saltburn	175,393	160
Normanby	153,730	151
Longbeck	146,250	160
West Dyke	144,402	188
Westworth	140,556	87
Lockwood	129,475	20
Kirkleatham	127,696	178
St Germain's	126,945	153
Ormesby	126,779	152
Skelton	119,662	149
Guisborough	119,216	151
Zetland	119,148	124
Teesville	111,046	127
Dormanstown	108,412	136
Brotton	102,066	172
Newcomen	97,967	108
Loftus	90,392	100
Eston	94,510	121
South Bank	79,747	100
Coatham	76,217	116
Grangetown	61,689	65

Source: Land Registry, PBA

6.5.6 However, we must also look to the future profile of development to inform our decision about charging boundaries. Before coming to a decision on charging boundaries, it is important to analyse:

- The location of future development. If all development was going in a single price area, making geographical distinctions in the charging schedule would not be necessary.
- The likely viability profile of future development. If future development is likely to bring a new type of housing product to the market with a very different viability profile, then this should be taken into account.

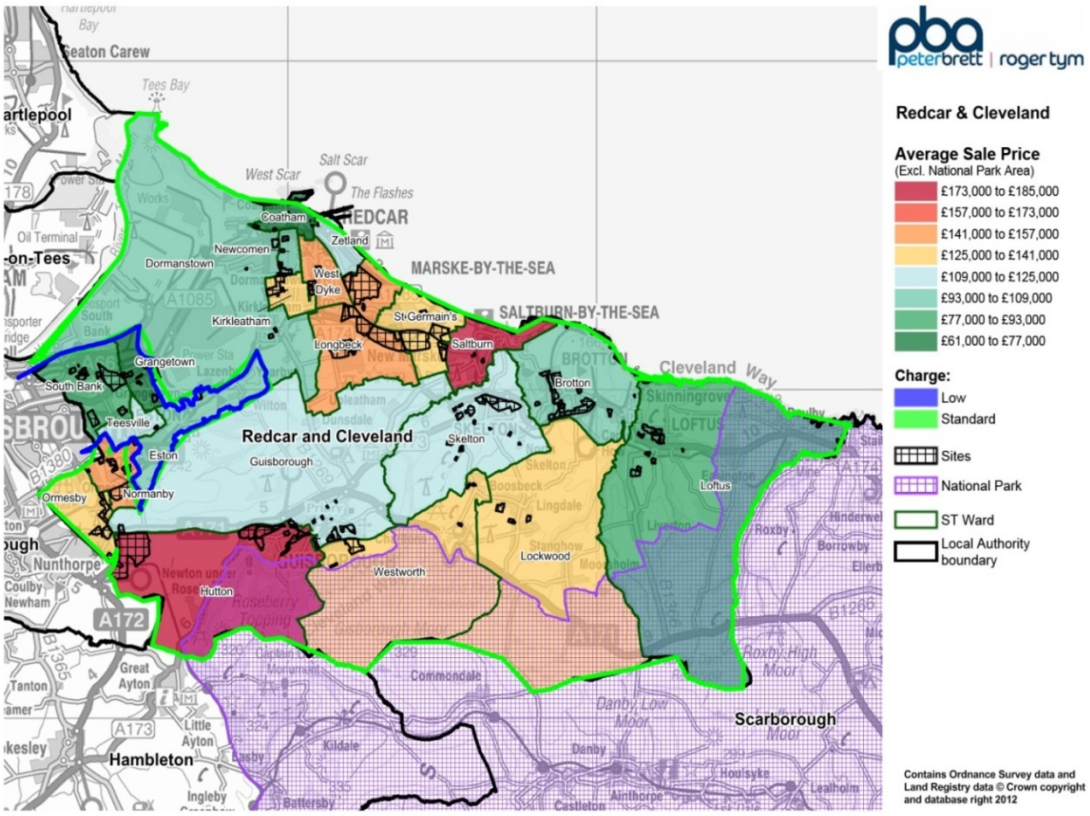
6.5.7 Understanding the patterns of future development is therefore the next stage in our analysis. If we overlay a rough approximation of the likely housing development areas (see Figure 6.2) we can better understand how we might structure charging bands for residential development.

6.6 The location of future development

6.6.1 We mapped the housing sites coming forward through the SHLAA. This provides a view on the emerging housing supply (although it is important to understand that not all the SHLAA sites will appear in the Local Plan).

6.6.2 The map generally shows that sites are being put forward in most areas across the Borough.

Figure 6.3 Emerging SHLAA sites (not all will be carried into the Local Plan) showing average house prices



Source: Land Registry, PBA

6.7 Testing market value zones with consultation evidence

Consultation with developers

6.7.1 Discussions with local developers and agents highlighted that the Redcar and Cleveland residential market was diverse. As well as differences between areas, there were often very significant differences within the same area, frequently on a street-by-street basis.

6.7.2 In line with the above analysis, the highest values were seen as being

- Parts of Redcar itself – although values could vary quite widely across a relatively narrow area.
- Guisborough and other areas on the border with the National Park.
- Saltburn by Sea. One developer mentioned a small site of 24 houses, which was expected to sell in a year.

6.7.3 Weaker areas were seen as:

- The area around South Bank (sometimes known as Greater Eston North) was seen as particularly problematical.
- Parts of East Cleveland were weaker due to few local economic opportunities, low pay, and relatively poor links to sub-regional job markets.

6.7.4 There are a number of recent and current residential developments.

Consultation with officers

6.7.5 Officers wished to keep the viability zones straightforward and efficient to administer. The zones may be used to run future affordable housing policy, so a straightforward policy was seen as being the best.

6.7.6 The major difference that officers highlighted was between the area identified as Greater Eston North, where market conditions were particularly difficult, and other areas.

6.8 Deciding on the value zone boundaries

6.8.1 As explained above, for this exercise we need to resolve the complexities of market values in the area into a relatively simple summary.

6.8.2 The summary we arrived at needs to incorporate a view not only on market values, but on the location of future growth in the area, and the likely impact of prices on site viability.

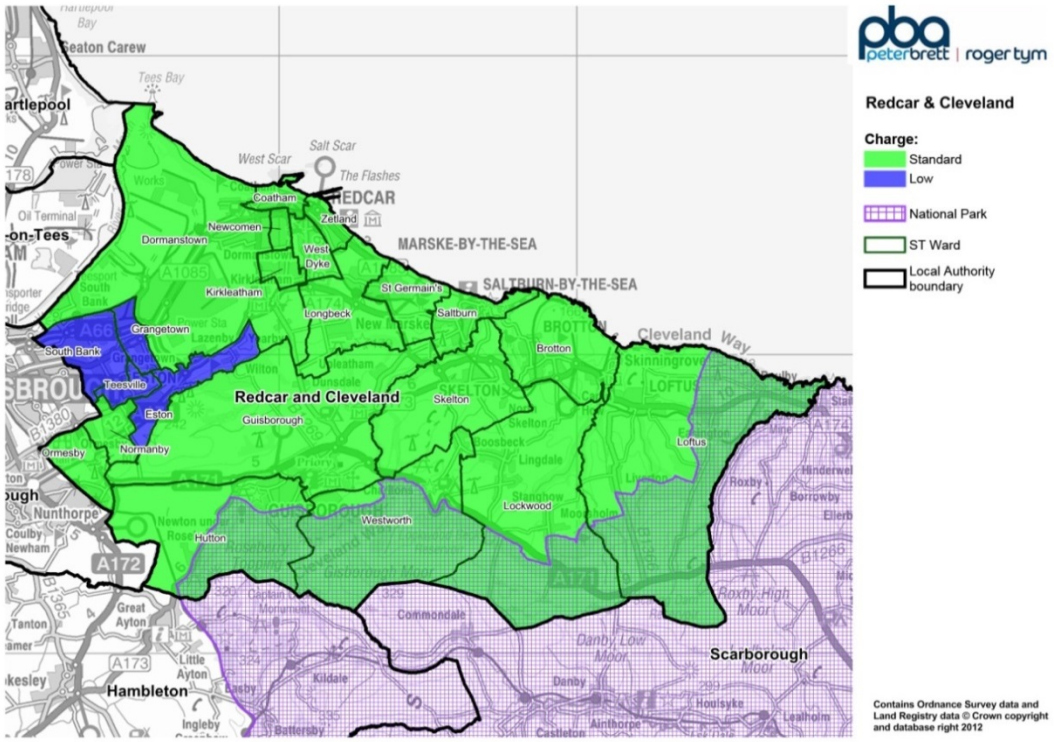
6.8.3 Given these considerations, there appeared to be arguments in favour of seeing the Redcar and Cleveland market as being in two very broad halves – one of very marginal viability where values are very low, and one of some viability.

- Firstly, there is a particularly low viability area around South Bank and Grangetown. Previous work in the SHMA has called a broadly similar area Greater Eston North. Sales values here are particularly low, and are at a point where underlying site viability might be threatened, irrespective of policy costs.

- Secondly, there is everywhere else. Other areas have values at a level that may be able to sustain some kind of affordable housing (or CIL) charge.

6.8.4 Using market, developer and officer input, we arrived at the following value zones.

Figure 6.4 Standard and high value zones in Redcar and Cleveland



Source: Land Registry, PBA

6.8.5 Using the market values zone boundaries set out above, we allocated sites to the zones.

6.8.6 The results are tabulated in Appendix F.

6.9 Using this analysis to understand threshold land values

6.9.1 The above analysis looks at sales prices for residential properties. Other things being equal, it can provide some insight into the price of residential land. This is important, because we need to derive a 'threshold' land value (ie, the amount of money a landowner will need in order to sell his or her land) in order to calculate what level of policy costs might be afforded by development in the area.

6.9.2 We have set our method in estimating threshold land values in detail in Appendix A. In the Appendix, we explain that we use information on both a) existing use values and b) market transactions as starting points in order to estimate this threshold value.

Existing and alternative use values

6.9.3 Regarding existing use values, sites coming forward for development in Redcar and Cleveland typically comprise agricultural or cleared brownfield land. There is only a limited existing use value attached to these types of sites: the VOA reported agricultural land values in North Yorkshire of £20,995 per ha and industrial land values in Newcastle of £235,000 per ha[20] (no information was produced by the VOA specifically for Redcar and Cleveland).

6.9.4 As well as the existing use of the site, credible alternative uses should also be taken into account. Should an alternative use derive a higher land value it is logical that a landowner would seek this higher value.

6.9.5 The alternative use depends on planning policy to a good degree. If a landowner knows that his site appears (or is likely to appear) in the development plan for residential land, he or she would only sell for this value (if greater than the existing use). The alternative use value sought will be particularly high in areas where the landowner is aware that high sales values for residential properties make land particularly valuable.

6.9.6 If sites in Redcar and Cleveland have a realistic alternative use value for residential development (having been identified in the SHLAA or allocated in emerging plan policy) then landowners will anticipate this in the value sought for the site. We do not foresee other use types coming forward on the sites. In Redcar and Cleveland land values for residential development are higher than the existing use values: it is therefore prudent to also understand market values, as described in greater detail below.

Market values minus policy costs

6.9.7 The second approach we use in estimating a sensible threshold land value is to look at market comparables of residential land traded. This market performance will inform landowners' 'hope values' for sites. After adjustment for various factors (such as time and various flavours of risk, such as whether the land had planning permission) we can start to make judgements about how comparable sites might trade.

6.9.8 We have been able to obtain a number of comparables from developers and local authorities in the area. Some developers have been particularly helpful in this effort. We have also researched actual site prices paid using the Land Registry. Our findings are summarised as follows:

- Land values vary greatly across the area. Generally greenfield sites have sold for a premium over brownfield sites.

[20] Valuation Office Agency (2011) *Property Market Report 2011*

- There is little transactional evidence in low value areas. Viability is a major issue with little development coming forward.

- Land values in low value areas are typically between £500,000 and £700,000 per ha.

- Land values in standard value areas range greatly between £800,000 and £2,000,000 per ha. It is important to point out, though, that the greatest values achieved are for very prominent sites in highly desirable areas, allocated for high value, executive housing.

Setting a threshold land value

6.9.9 Having observed market transactions, the RICS guidance paper notes that we need to deduct an amount in order to take account of policy requirements. [21] Where an adjustment is made, RICS guidance requires us to set out our 'professional opinion underlying the assumptions adopted. These include, as a minimum, comments on the state of the market and delivery targets as at the date of assessment'. [22]

6.9.10 The question, therefore, is how much we should adjust the land value downwards, in order to take account of policy costs such as the continuing imposition of affordable housing charges. As set out above, RICS guidance requires us to comment on the state of the market and delivery targets as at the date of assessment'. [23]

- If we look at the state of the market, our discussions with developers showed that effective demand for homes (ie, demand from people willing and able to pay) is relatively weak in the area, suggesting that landowners holdings will not be as sought after as they might be in, say, the south-east of England. We also note that, compared to VOA data from similar places such as Stoke or Hull, the prices paid in the area seem high. If we over-value land, RICS points out that we will reduce the amount available for planning contributions: [24] this comparable data might suggest that a relatively significant reduction might bring threshold land values into line with those in similar places elsewhere, perhaps without grave risk of damaging housing delivery rates.

- The highest values achieved are for small, prestige developments, where a residual valuation showed that developers could afford to pay high land values. However, given that this is a higher level, area wide study, we are testing a more standard estate-style housing product, which will not command the same sales values - and thus the same site values for landowners.

- We deal with delivery targets at the date of assessment in Chapter 5.

[21] Work on CIL is helpful in illustrating this point, even when CIL is not being levied. The Inspector in the report on the examination of the London Mayoral CIL (January 2012) commented: 'Finally the price paid for development land may be reduced. As with profit levels there may be cries that this is unrealistic, but a reduction in development land value is an inherent part of the CIL concept. It may be argued that such a reduction may be all very well in the medium to long term but it is impossible in the short term because of the price already paid/agreed for development land. The difficulty with that argument is that if accepted the prospect of raising funds for infrastructure would be forever receding into the future. In any event in some instances it may be possible for contracts and options to be re-negotiated in the light of the changed circumstances arising from the imposition of CIL charges.' (paragraph 32)

[22] RICS (2012) *Financial Viability in Planning* (4,5)

[23] RICS (2012) *Financial Viability in Planning* (4,5)

[24] RICS (2012) *Financial Viability in Planning* (13)

Threshold residential land values used

6.9.11 We have used the analysis in this chapter to arrive at an understanding of the economic geography of the area. We have used this to inform our views on how sales values and threshold land values of residential properties vary spatially within the area. This will represent an important input to our viability testing in later chapters of this report.

6.9.12 In suggesting a threshold residential land value, we have reviewed the evidence above, and triangulated between existing use value, alternative use value and market value. Using our professional judgement, we believe that a sensible threshold residential land value assumption for the area is as follows:

- Standard value area: £525,000 to £750,000 per ha (large brownfield to small greenfield).
- Lower value area: £375,000 to £575,000 per ha.

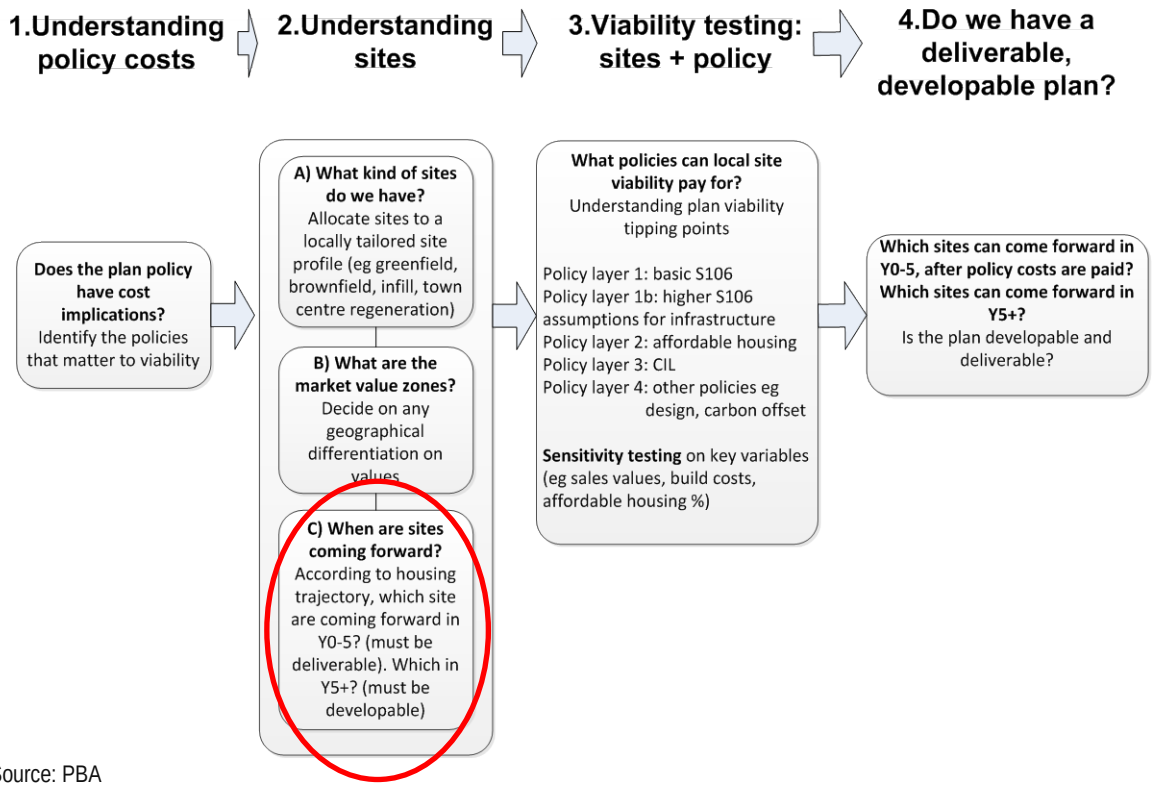
7 When are planned residential sites coming forward?

7.1 Introduction

7.1.1 Our objective in this chapter is to understand when the emerging plan expects that each site is coming forward.

7.1.2 We take the emerging housing trajectory to understand the time period that different developments are expected, and explore whether the NPPF would require a site to be 'deliverable' in Years 0-5 of the plan, or 'developable' in Years 6 onwards.

Figure 7.1 Process flow stage 2C



Source: PBA

7.2 Findings

7.2.1 Appendix F shows when the existing housing trajectory believes that the different sites are expected to be delivered. The analysis shows that the majority of sites are expected to start in the early period. Around 3500 units are on sites which start in the first five years of the plan period. The remaining units – approximately 1200 units – are on sites which are expected to start in Year 6 + of the plan.

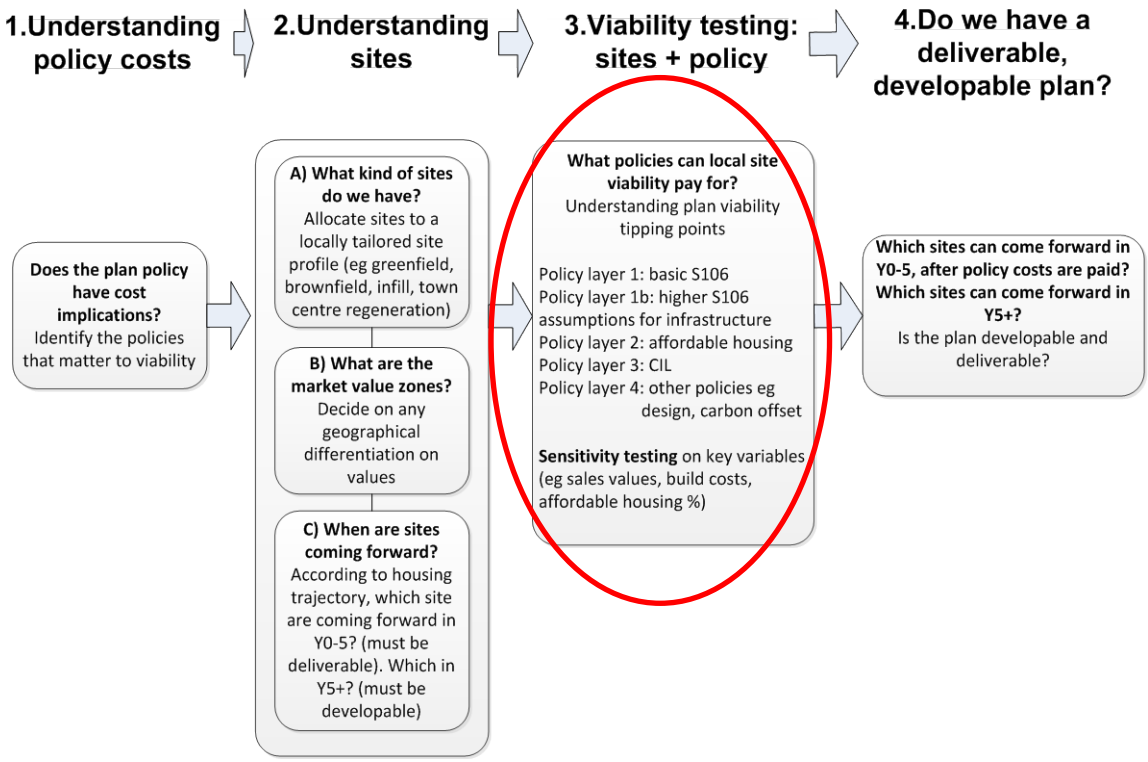
8 Viability testing residential sites

8.1 Introduction

8.1.1 By this stage, we have a good understanding of how location and policy costs, site types and location might combine to affect viability. In effect, we have sites allocated to site profile typologies, incorporating policy costs, existing use values and local market sales values with planned delivery period.

8.1.2 We are now at the stage that we can viability test the site profile typologies.

Figure 8.1 Process flow stage 3



Source: PBA

8.2 The need for viability testing the site profile categories

8.2.1 At this stage, we need to introduce more information into the process, because we need to test the viability of development within the value zones.

8.2.2 To test viability, we need to undertake development appraisals. This is for the following reasons:

- Firstly, development appraisals use recent sales prices, and relate to new dwellings specifically. To arrive at these prices we consulted with developers and agents who have been selling new housing. (By contrast, Land Registry prices presented earlier cover the last two years and second-hand as well as new houses).

- Secondly, the results of the development appraisal (which shows the price that a developer can afford to pay for land) can be compared with prevailing threshold land values (in effect, what the landowner will accept in order to sell the land). Threshold values have an important bearing on the amount of developer contributions assumed to be available.

8.2.3 This process identifies an amount of developer contributions available. This sum of money can be targeted at either paying for affordable housing (via Section 106 affordable housing payments), CIL (where desired - which funds infrastructure to support growth), or for a mixture of the two.

8.2.4 Detailed individual appraisals are at Appendix C. Viability tests can only look at the viability of speculative development for investment purposes. Bespoke development may be viable in places where speculative development is not if an occupier business may have particular reasons for wanting to locate a specific place. To account for such individual circumstances is beyond the scope of our analysis.

8.3 Viability testing method

8.3.1 The purpose of the assessment is to ensure that the policy costs do not render the bulk of development proposed in the plan financially unviable.

8.3.2 To do this, we need to be able to estimate two things.

- The threshold land value. This is the estimated value at which the landowner will sell the site. We have explained our chosen threshold land values in paragraph 6.9.12.

- The residual land value. This is the value of the land to the developer, assuming that affordable housing and other policy costs are paid, and the developer makes a target profit.

8.3.3 If the residual land value exceeds the threshold land value, the site is viable. If the residual land value does not exceed the threshold land value, then the site is not viable. and the scheme will not take place.

8.3.4 Theoretically, if residual land values exceed the threshold by a large amount, the scheme will be very viable, and developers will be keen to take the scheme forward. They will make a profit in excess of their target figure.

8.3.5 Fundamentally, this study is attempting to judge the ability of local developments to pay for policy costs (which will force down residual land values), whilst simultaneously making it worthwhile for a landowner to sell his or her land. This will allow development to happen, and wider benefits to society to be delivered.

8.4 How we use the site profile typologies and site sampling

8.4.1 Our approach to understanding site viability is two-fold. In both cases, we use current costs and values.

8.4.2 We undertake work in two phases.

- Phase 1: Work in the previous stages allows us to understand the types of sites in the area, and how location might affect their viability. When added to a set of locally based assumptions on new-build sales values, land values and developer profits, we are able to run area-wide development viability tests of these typologies. This allows us to take a general view of the viability of sites in an area, which is particularly important where we cannot anticipate the detail of a forthcoming application. Harman says this site typologies approach is sensible. [25]

- Phase 2: Sampling larger sites in detail. Both Harman and CIL Guidance (April 2013) state that the viability of particular development sites should be sampled.[26] [27] Whether or not a CIL policy is being pursued, this sampling process is desirable as it allows us to reality-test the assumptions we have made in the typologies approach above.

8.4.3 Both area-wide and site specific testing are intended to be high level. [28]

8.5 Viability testing assumptions

8.5.1 Viability testing requires us to make a series of assumptions about the developments in question.

8.5.2 We have explained the assumptions we have used in Appendix B.

8.6 Testing viability with policy 'layers'

8.6.1 Taking the site typologies as a basis, we add policies in 'layers' in order judge the cumulative impact of policies.

- The first policy 'layer' is to test the viability of development assuming a basic £500 per unit of S106/278 is paid for requirements such as connections to existing roads. We do not add on any affordable housing or other requirements at this stage. We have also added a variant of this layer, where we add higher S106 costs to cover some sites' requirements for the provision of particular infrastructure that will affect site viability.

- The next policy layer is the addition of affordable housing at policy rates. This requirement can have a significant effect on values.

- The third policy layer is the CIL, if any.

- The fourth policy layer is any other policies such as design requirements, carbon offset payments and so on which may have cost implications, if any.

25 Local Housing Delivery Group Chaired by Sir John Harman (2012) *Viability Testing Local Plans* (11)
26 DCLG (December 2012) *Community Infrastructure Levy Guidance* (page 9)
27 Although PPS12 is no longer current, it has a useful definition of strategic sites. It states that 'strategic sites[are] those sites considered central to achievement of the strategy.' DCLG Planning Policy Statement 12 (para 4.6)
28 Local Housing Delivery Group Chaired by Sir John Harman (2012) *Viability Testing Local Plans* (15)

8.6.2 We display the results in a table. A green colour means that the development is viable. A red colour means it is unviable.

8.6.3 In Redcar and Cleveland, the current emerging plan does not anticipate charging CIL or making any further policy requirements. We have retained these as part of the process in case additional viability was revealed that could be captured through these policy mechanisms.

8.6.4 We have set our analysis using a 'traffic light' system. Red indicates that developments in a given category are not viable. Green indicates that they are viable.

8.7 Policy layer 1: basic S106 costs

8.7.1 Table 8.1 shows that, with these very basic policy costs, the site profile categories in both value areas are viable.

8.7.2 In the lower value area, these site profile categories are viable at this level of policy cost.

8.7.3 It is important to point out that there may be individual sites within these site profile categories which may struggle to be viable immediately. This is a high level view only.

Table 8.1 Policy layer 1: no policy (but including basic £500 S106 costs)

Value areas	Policy Layer 1 S106
	£500 per unit
Lower Value	
Greenfield - Large	
Greenfield - Small	
Brownfield - Large	
Brownfield - Small	
Brownfield/greenfield - Large	
Brownfield/greenfield - Small	
Standard Value	
Greenfield - Large	
Greenfield - Small	
Brownfield - Large	
Brownfield - Small	
Brownfield/greenfield - Large	
Brownfield/greenfield - Small	

Source: PBA

8.7.4 In summary, then, we have good reasons to think that at this level of policy costs, the plan is both deliverable and developable.

8.8 Policy layer 1b: higher S106 site specific assumptions

8.8.1 The next stage was to investigate the viability of applying additional S106 policies to cover infrastructure costs. These S106 costs are greater than the basic £500 costs assumed at Stage 1 above.

8.8.2 Redcar and Cleveland officers have analysed their infrastructure requirements to arrive at a high level estimate of how much S106 costs would need to be charged in order to make development acceptable in planning terms.

8.8.3 This analysis found that most sites could be delivered without very significant infrastructure costs. Many sites in Redcar and Cleveland are able to take advantage of existing capacity in the area.

8.8.4 For the great majority of sites, then, few additional S106 site-specific charges need to be made. The viability picture in these instances is therefore unchanged, as shown in Table 8.1 above.

8.8.5 However, the analysis carried out by Redcar and Cleveland officers shows that some developments may need additional infrastructure payments to be raised. These costs affect only a small number of sites in the standard value zone. Below, we have set out the main sites affected, and projected S106 costs.

8.8.6 Note that this analysis is at a very high level, and at an early stage. It is undertaken only to inform the strategic planning process. The analysis says nothing about the actual S106/278 negotiations that will take place during the permissions process and binds neither the Council nor the developer in those negotiations. In line with legislation, this analysis was undertaken with an understanding that the S106 costs assumed must be for infrastructure which was directly related to development, and fair in scale and kind.

Table 8.2 Sites likely to require additional S106 contributions

Site	Value zone	Site size	Total S106 contributions per site	Earliest period infrastructure required	Earliest period housing starts	No. resi units	S106 per dwelling
Marske Inn Farm	Standard	Large greenfield	£2,900,000	2019/20 to 23/24	2014/15 to 18/19	1000 (700 in plan period)	£2,900
Galley Hill	Standard	Large greenfield	£990,400	2014/15 to 18/19	2014/15 to 18/19	350	£2,830
West of Pine Hills	Standard	Large greenfield	£284,400	2019/20 to 23/24	2019/20 to 23/24	100	£2,800

Source: Redcar & Cleveland Borough Council Table 2 Housing Allocations Draft Local Plan; Pine Hills delivery using data draft infrastructure plan provided 1/10/13

8.8.7 Very high level calculations by the Council suggested that these additional payments might amount to around £2,800 pounds per unit at these sites. We assumed that this sum would incorporate any small site specific connections covered in the first scenario above.

8.8.8 We plugged these charges into the viability test, in order to understand whether the developments remained viable. Table 8.3 demonstrates the impact of these new assumptions. It shows that these S106 demands would render all but one site categories in the lower value areas unviable.

8.8.9 However, the sites which are expected to pay this additional S106 charge are in the standard value area. Table 8.3 demonstrates that these types of sites remain viable whilst paying this additional S106 charge. There is therefore a finding which indicates that plans are developable in Years 0-5 assuming these policy costs.

Table 8.3 Policy layer 1: no policy (but including £2,800 S106 costs)

Value areas	Policy Layer 1b S106
	£2,800 per unit
Lower Value	
Greenfield - Large	
Greenfield - Small	
Brownfield - Large	
Brownfield - Small	
Brownfield/greenfield - Large	
Brownfield/greenfield - Small	
Standard Value	
Greenfield - Large	
Greenfield - Small	
Brownfield - Large	
Brownfield - Small	
Brownfield/greenfield - Large	
Brownfield/greenfield - Small	

Source: PBA

8.9 Policy layer 2: affordable housing

8.9.1 The next policy cost layer to test is that of affordable housing. We added this policy layer to the previous S106 testing, so we can judge the cumulative impact of policy.

8.9.2 We needed a starting point for our analysis of affordable housing. The Tees Valley Strategic Housing Market Assessment (SHMA) identified a need for high levels of affordable dwellings per annum within Redcar and Cleveland. The Council's emerging policy papers state that 'this would represent the entire annual housing requirement in the borough, which is unrealistic and undeliverable'. The paper continues that 'the SHMA provides a further breakdown of affordable housing requirements at a sub-area level for the borough. This spatial distribution demonstrates that there are identified affordable needs in all sub-areas of the borough, with the exception of Greater Eston North.' [29] Greater Eston North is roughly coterminous with the low value area identified in this study.

8.9.3 Using this analysis, officers informed us that the emerging policy is as follows:

- 15% affordable housing across Redcar and Cleveland outside the low value area shown on Figure 6.4.
- In the Greater Eston North area - which is roughly coterminous with the low value area identified in this study - no affordable housing will be required.

8.9.4 We have used these assumptions in our typologies viability testing.

8.9.5 The results of this exercise are shown in Table 8.4 below. The table shows that development in the lower value area is unable to pay for affordable housing.

8.9.6 However, development in the Standard Value area does remain viable whilst paying for affordable housing. Again, this is policy compliant.

[29] Affordable Housing emerging policy paper, email 16 May 2013

Table 8.4 Policy layer 2: affordable housing policy costs

Value areas	Policy Layer 1 S106	Policy Layer 2 Affordable Housing
	£500 per unit	15%
Lower Value		
Greenfield - Large		
Greenfield - Small		
Brownfield - Large		
Brownfield - Small		
Brownfield/greenfield - Large		
Brownfield/greenfield - Small		
Standard Value		
Greenfield - Large		
Greenfield - Small		
Brownfield - Large		
Brownfield - Small		
Brownfield/greenfield - Large		
Brownfield/greenfield - Small		

Source: PBA

Policy layer 1b: S106 site specific assumptions

8.9.7 We now test a combination of higher S106 costs (£2,800) modelled in scenario 1b above, with 15% affordable housing. Recall that this requirement for higher S106 costs applies only to Galley Hill, Marske and West of Pine Hills sites see (Table 8.2).

8.9.8 Each of these sites falls into the 'large' category. The testing would indicate that these sites may be unviable, if required to pay both higher S106 costs and affordable housing at 15%.

8.9.9 It may be that finer-grained negotiation may be required on these sites regarding the correct balance between affordable housing requirements and infrastructure delivery.

Table 8.5 Policy Layer 2 affordable housing policy costs (after Policy Layer 1b)

Value areas	Policy Layer 1b S106	Policy Layer 2 Affordable Housing
	£2,800 per unit	15%
Lower Value		
Greenfield - Large		
Greenfield - Small		
Brownfield - Large		
Brownfield - Small		
Brownfield/greenfield - Large		
Brownfield/greenfield - Small		
Standard Value		
Greenfield - Large		
Greenfield - Small		
Brownfield - Large		
Brownfield - Small		
Brownfield/greenfield - Large		
Brownfield/greenfield - Small		

Source: PBA

8.10 Sensitivity testing to understand developability in Year 6 onwards

8.10.1 Some sites are expected to start onsite after Year 6 of the plan. The Harman report suggests that these longer term plans should be subject to viability testing in order to be assured of plan viability over the plan period. For sites expected in the later period, it is sufficient for there to be a "reasonable prospect that the site is available and could be viably developed at the point envisaged." [30]

8.10.2 However, less reliance should be placed on these projections of future site viability. Future economic circumstances are opaque, and Harman points out that 'it should be recognised that the forecasts for the latter part of the plan period are unlikely to be proved accurate and will need review'. [31]

[30] NPPF, para 47, footnote 12

[31] Local Housing Delivery Group Chaired by Sir John Harman (2012), *Viability Testing Local Plans* (27)

8.10.3 Given these difficulties, there appears to be little point in undertaking hugely detailed analysis of future economic conditions. We cannot and are not attempting to predict future market conditions. All we can do is set out a sensible possible scenario, and explore what would happen to viability if these conditions came to pass. Harman points out that it is important that variations against baseline costs, as well as values, be tested and based, where appropriate, on construction cost and other indices.

8.10.4 As a result, we have chosen to test two key variables: house prices and build costs.

8.10.5 The effects of inflation over the time period are hard to predict. The numbers quoted below are expressed in nominal terms (at current prices). In other words, they are estimates of values and costs as they will be in the future – without any adjustment to remove the growth that is merely due to inflation.

House price projections

8.10.6 Research has been undertaken on future house price trends. Savills' work is highly respected, but remains a best guess: for example, the effects of the Help to Buy scheme were greatly underestimated by the Savills team[32]. Savills research suggests that house prices in the North East's mainstream markets will grow by 4.5% in the five years from 2012 to 2017[33] whilst Knight Frank is of the opinion that average prices will reach their 2007 peak in 2019[34].

Build cost projections

8.10.7 There is less research on the future changes of build costs; however, with a greater emphasis on sustainability, including the Code of Sustainable Homes[35], it is likely that build costs will significantly increase in the future.

8.10.8 BCIS forecasts build costs to Q2 2018. Rebased for the North East, builds costs are forecasted at £877 per sq m for houses and £998 per sq m for flats. The BCIS build cost index suggests that year on year growth in 2018 will be 3.7%. Assuming a constant year on year growth to 2020 this equates to build costs of £943 per sq m for houses and £1,073 per sq m for flats, a 31% increase on today's costs.

Assumptions used

8.10.9 Our testing assumes the following.

- Residential sales values return to 2007 levels (based on land registry data and Knight Frank research). This represents a 25% increase, equating to a sales value of £2,000 sq m and £2,250 sq m in the lower and standard value areas respectively.
- Build costs rise to £943 per sq m for houses and £1,073 per sq m for flats (based on BCIS data).

8.10.10 Profit, abnormals, sales fees etc are expressed as a % of the overall development cost, and so will not alter as a proportion of the whole.

[32] http://www.standard.co.uk/news/london/london-house-prices-set-to-soar-by-six-per-cent-8716958.html?origin=internalSearch

[33] Savills (2012) *Residential Property Focus Q4 2012* (11)

[34] Knight Frank (2012) *UK Housing Market Forecast Q4 2012*

[35] DCLG (2006) *Code for Sustainable Homes - A step change in sustainable home building practice*

8.10.11 The results of this exercise are shown in Table 8.6 below. They suggest that viability will improve in future as a gap between sales values and building costs opens up. Even so, in the lower-viability areas the available developer contributions will remain either nil or minimal. We cannot expect big improvements in the ability of sites in the lower viability area to pay for elements such as affordable housing.

Table 8.6 Sensitivity testing for Year 6 + of the plan

Value areas	Policy Layer 1b S106	Policy Layer 2 Affordable Housing
	£500 per unit	15%
Lower Value		
Greenfield - Large		
Greenfield - Small		
Brownfield - Large		
Brownfield - Small		
Brownfield/greenfield - Large		
Brownfield/greenfield - Small		
Standard Value		
Greenfield - Large		
Greenfield - Small		
Brownfield - Large		
Brownfield - Small		
Brownfield/greenfield - Large		
Brownfield/greenfield - Small		

Source: PBA

9 Residential site viability case studies

9.1 Introduction

9.1.1 In this chapter, we comply with the Harman Report's suggestion that we provide an additional level of detailed testing on specific sites. [36]

9.1.2 It is not our objective in this chapter to make a definitive statement of the viability of those sites. This is because there is currently a lack of information about a) how sites will be developed, and b) the economic conditions that will prevail at the time of development.

9.1.3 **This document does not substitute for detailed viability assessment for S106, affordable housing negotiation or other purposes. More detailed assessment may be undertaken separately when individual sites come forward.**

9.1.4 **No part of these documents is a formal 'Red Book' valuation (*RICS Valuation - Professional Standards*, March 2012) or should be relied upon as such.**

9.2 Selecting sites to test

9.2.1 We worked through the list of sites in order to decide which sites might be usefully tested. In doing this, we have been mindful to ensure that we have had regard to NPPF's requirement to focus the greatest amount of attention on sites which are coming forward in the first five years (which must be viably 'deliverable'). We have also followed the spirit of the CIL guidance, which states that the 'focus should be in particular on strategic sites on which the relevant Plan relies and those sites (such as brownfield sites) where the impact of the levy on economic viability is likely to be most significant.'[37]

9.2.2 We have tested the following strategic sites, ensuring we have covered the typologies used in the study. We decided to use sites where we had particularly detailed information that would add to our existing viability testing assumptions. (If we did not have such additional information, the case studies would simply repeat the earlier appraisals.)

Table 9.1 Site Specific Information

Site	Typology	Value Area	No of dwellings	Net site area (ha)	Density (dwph)
Swan's Corner, Nunthorpe	Greenfield	Standard	115	5.75	20
Town Hall Complex, Eston Grange	Greenfield/brownfield	Standard	151	3.78	40
Adult Education Centre, Redcar	Brownfield	Standard	89	2.23	40

Source: PBA, Redcar and Cleveland Borough Council

[36] Local Housing Delivery Group (June 2012) *Viability Testing in Local Plans* (38): '*it may also help to include some tests of case study sites, based on more detailed examples of actual sites likely to come forward for development if this information is available'.*

[37] DCLG (2013) *CIL Guidance* April 2013

9.3 Method

9.3.1 Our viability testing assumptions generally follow those used elsewhere in this study. In a limited number of instances, we have derogated from these assumptions; in particular we have used housing numbers, development mix and broad densities as provided by the Council.

9.3.2 We would stress that the figures assume the land is fully serviced site and free of abnormal costs (over and above remediation costs allowed for brownfield and brownfield/greenfield typologies). In practice however all these sites to a greater or lesser degree will have some abnormal development costs. We would expect a prudent purchaser of these sites to reflect these costs in the acquisition value from the current owner once detailed site investigations have been completed; and to take fully into account planning policy.

9.4 Findings

9.4.1 The table below details our findings. This is in line with our findings elsewhere in this study sites are viable assuming current policy.

9.4.2 In each case, the 'policy on' residual land value of the site clears the threshold land value adopted for this study. This indicates that each site is viable. In particular Eston Town Hall and Redcar Adult Education Centre produce a residual land value far above the threshold land value. In the main this because of density. Both schemes assume densities of 40 dwellings per ha and above; this is higher than our density assumed in the main body of the study.

Table 9.2 Site Specific Findings

Site	Residual Value Policy On (per ha)	Threshold (per ha)	Overage (per ha)
Swan's Corner, Nunthorpe	£676,423	£675,000	£1,423
Town Hall Complex, Eston Grange	£1,188,722	£575,000	£613,722
Adult Education Centre, Redcar	£830,873	£525,000	£305,873

Source: PBA

9.4.3 Detailed appraisals are attached as Appendix C.

10 Are non-residential sites viable?

10.1 Introduction

10.1.1 In this chapter we discuss the main non-residential uses likely to emerge through the Local Plan.

10.1.2 We showed in paragraph 2.3 onwards that the main non-residential uses in the plan were likely to be a) office space and b) general industrial and warehousing space. Retail is not thought likely to be a major element of the plan.

10.2 Enterprise zones and viability

10.2.1 The Government recently assigned parts of Redcar and Cleveland to the Enterprise Zone. The Enterprise zone is not one single area, but a number of individual sites. In Redcar and Cleveland, there following sites are included in the Enterprise Zone.

- Kirkleatham Business Park has been designated as a business rate relief site.
- South Bank Wharf and PD Ports and Wilton International have been included for enhanced capital allowances.

10.2.2 One of the central motivating factors for assigning the area to Employment Zone status was that deficient demand for industrial land in the area, combined with relatively fixed build costs, rendered development unviable.

10.3 Office viability

10.3.1 The market within Redcar and Cleveland is focused on demand from small businesses reflecting the wider the structure of the local economy. Given the muted levels of demand and difficulties in securing bank finance, there is no market appetite for such speculative development.

10.3.2 Based on this information it is not necessary to run a detailed appraisal for office development; in the current climate development is generally not viable. We do not expect that this situation will alter for the foreseeable future.

10.4 Industrial and warehousing viability

10.4.1 We understand that the industrial market in Redcar and Cleveland is currently very quiet. Comparables are scarce, and there is little evidence of new build accommodation being brought forward in the current market.

10.4.2 Following consultation with the HCA, we understand that at Kirkleatham Business Park, banks will not lend for speculative development even with significant public sector support. Furthermore, the perceived higher risk of such developments and the relatively low returns will limit the potential for new development.

10.4.3 It is not necessary to run an appraisal for industrial/warehouse development; typically such spec development is not viable in Redcar & Cleveland.

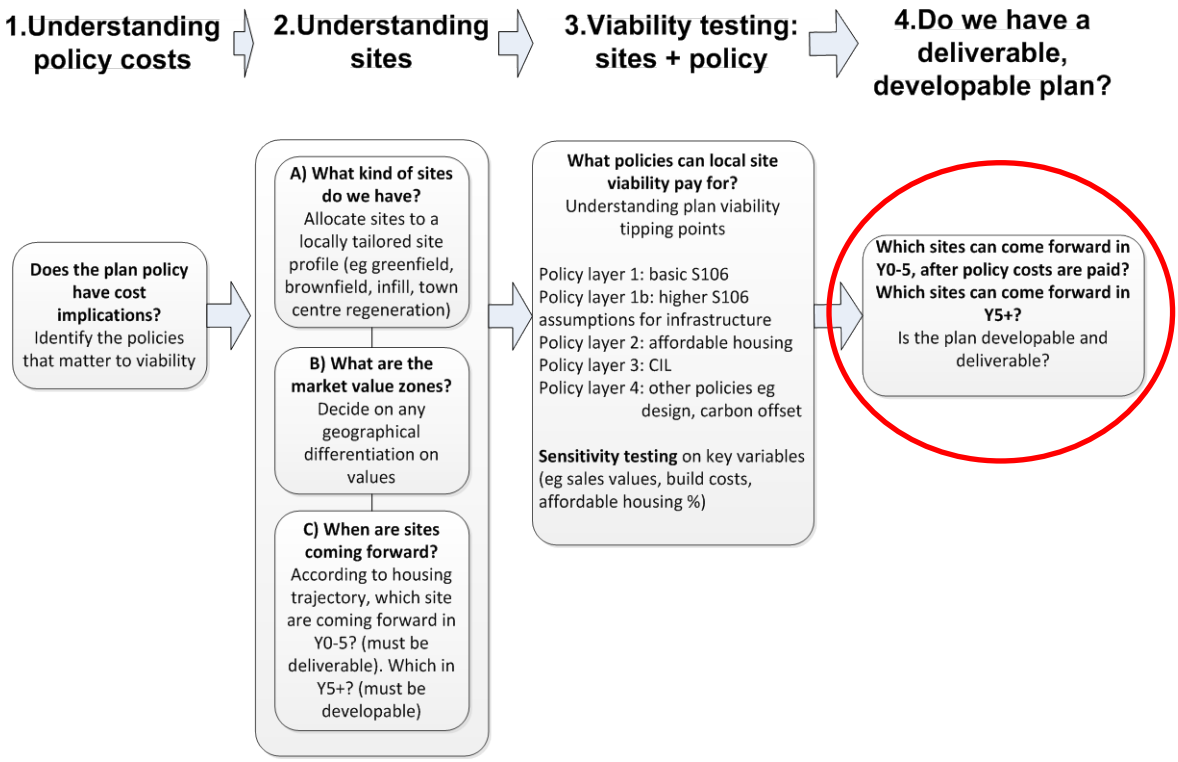
11 Conclusions and recommendations

11.1 Introduction

11.1.1 At this stage, we sort the findings of the previous stage's viability testing of typologies to provide an answer to the central question that this study must answer – whether the emerging plan is 'deliverable' and 'developable'.

11.1.2 We then look very briefly at the timeliness of infrastructure delivery, and make a recommendation on affordable housing policy.

Figure 11.1 Process flow stage 4



Source: PBA

11.2 The viability of residential sites starting in Years 0-5 of the plan

11.2.1 Our analysis suggests that sites which the current housing trajectory sees as starting in Years 0-5 of the plan are generally viably deliverable using current costs, values and policy charges. Sites in the low value area are generally viable without affordable housing charges, and sites in the standard values area can pay 15% affordable housing.

11.2.2 Table 11.1 summarises our analysis.

Table 11.1 Viability of site typologies showing S106 and affordable housing

Value areas	Policy Layer 1 S106	Policy Layer 2 Affordable Housing
	£500 per unit	15%
Lower Value		
Greenfield - Large		
Greenfield - Small		
Brownfield - Large		
Brownfield - Small		
Brownfield/greenfield - Large		
Brownfield/greenfield - Small		
Standard Value		
Greenfield - Large		
Greenfield - Small		
Brownfield - Large		
Brownfield - Small		
Brownfield/greenfield - Large		
Brownfield/greenfield - Small		

Source PBA

11.2.3 Note that there may be individual exceptions to this general picture. At sites with infrastructure requirements (possibly including sites at Marske and West of Pine Hills) there may need to be negotiation on the appropriate balance between S106 costs for infrastructure and affordable housing on sites. This is because infrastructure requirements may translate into larger S106 requirements, which may affect site viability.

11.2.4 Table 11.2 summarises our analysis.

Table 11.2 Viability of site typologies showing higher level S106 and affordable housing

Value areas	Policy Layer 1b S106	Policy Layer 2 Affordable Housing
	£2,800 per unit	15%
Lower Value		
Greenfield - Large		
Greenfield - Small		
Brownfield - Large		
Brownfield - Small		
Brownfield/greenfield - Large		
Brownfield/greenfield - Small		
Standard Value		
Greenfield - Large		
Greenfield - Small		
Brownfield - Large		
Brownfield - Small		
Brownfield/greenfield - Large		
Brownfield/greenfield - Small		

Source: PBA

11.3 The viability of residential sites starting in Years 6+ of the plan

11.3.1 We tested the site typologies using sensitivity tests to explore the viability of development in future.

11.3.2 If these sensitivity tests represent an accurate approximation of future market conditions, our analysis suggests that sites which the current housing trajectory sees as starting in Year 6+ of the plan are viably deliverable. On the assumptions we have used, viability will improve in future as a gap between sales values and building costs opens up. Even so, in the lower-viability areas development the available developer contributions will remain small or nil.

11.3.3 Again, it is important to note that

- there may be individual exceptions to this general picture; and
- Harman reminds us that 'it should be recognised that the forecasts for the latter part of the plan period are unlikely to be proved accurate and will need review'. [38]

11.3.4 Table 11.3 summarises our analysis.

Table 11.3 Viability of site typologies using sensitivity tested assumptions

Value areas	Policy Layer 1 S106	Policy Layer 2 Affordable Housing
	£500 per unit	15%
Lower Value		
Greenfield - Large		
Greenfield - Small		
Brownfield - Large		
Brownfield - Small		
Brownfield/greenfield - Large		
Brownfield/greenfield - Small		
Standard Value		
Greenfield - Large		
Greenfield - Small		
Brownfield - Large		
Brownfield - Small		
Brownfield/greenfield - Large		
Brownfield/greenfield - Small		

Source: PBA

11.4 The viability of non-residential sites

11.4.1 Our findings suggest that, with the exception of convenience retail, non-residential speculative development is not currently viable in the Borough. However, in some instances, site owners or developers may choose to proceed with development. For example, developers may have a pre-let or forward-sale in place, or a business may wish to extend existing premises. Alternatively, a business may wish to construct new premises in order to deliver a broader business objective. In these circumstances, development may proceed.

[38] Local Housing Delivery Group Chaired by Sir John Harman (2012) Viability Testing Local Plans (27)

11.5 Is the plan supported with the necessary infrastructure?

11.5.1 In this section, we begin to draw broader conclusions about the delivery of the plan. This is intended to form the foundation of further work in future.

11.5.2 Here, we are responding to two points in NPPF and CIL Guidance.

- The NPPF reminds us that infrastructure must be 'deliverable in a timely fashion.' [39]
- The new CIL guidance places new emphasis on the requirement to 'show and explain how their proposed levy rate (or rates) will contribute towards the implementation of their relevant plan and support the development of their area'. [40] Whilst Redcar and Cleveland are not developing a CIL, this requirement to 'show and explain' how plan policy does not affect plan implementation will be a useful discipline for the examination.

11.5.3 Other sources of evidence will deal with this point in more detail, but the Infrastructure Study (provided by Redcar and Cleveland using various sources) identifies a range of infrastructure costs and looks at the timeliness of infrastructure delivery. Redcar and Cleveland is in the generally fortunate position of being able to use existing infrastructure capacity to cope with growth in the area. However, a funding gap does remain. This reflects the fact that, at this stage in the plan process, not all infrastructure funding can be identified for the whole of the plan period.

Total infrastructure costs against funding

11.5.4 Assuming affordable housing delivery at the stated rate, the headline figures on costs, funding and developer contributions are estimated at present as follows[41].

Costs: known strategic infrastructure costs of	-	£61.3m
Funding: Mainstream funding and funding from delivery partners	+	£41.3m
Funding: Estimated S106 revenue of	+	£7.4m
Funding gap: Leaves a funding gap of	-	£12.6m

11.6 Recommendations

Dealing with the funding gap

11.6.1 Whilst there is a funding gap, it should be borne in mind that this plan runs until 2029. Per annum funding appears much more tractable. It remains the case, though, that there are likely to be some difficulties in cashflowing infrastructure provision.

11.6.2 However, this funding gap and cashflow problem could be narrowed, and cashflow problems addressed, by the following means.

- Focusing on the delivery of essential infrastructure items;
- Re-prioritising the essential items. The Council may need to prioritise both within theme areas (say, prioritising the most important transport projects) and also between theme areas (say, deciding to invest in open space, rather than transport, or vice versa).

[39] DCLG (2012) National Planning Policy Framework (42, para 177)
[40] DCLG (April 2013) *CIL Guidance* (para 8)
[41] Source: Redcar and Cleveland Borough Council

Properly, these decisions rest with elected representatives and their officers on the basis of good quality information about what is realistically possible.

- Delaying the dates by which infrastructure items are required.

11.6.3 There might be a role for a Delivery Framework. If this route was taken, the Delivery Framework would need to be a very practically orientated project plan document. The Delivery Framework could do the following:

- Identify tasks on the critical path, set dates for those issues to be resolved, and clarify delivery roles and responsibilities for different organisations and individuals;
- Focus on how any problems will be resolved - in a very head-on way;
- Define issues in time sequence. This would allow the focusing of resources on short term issues and a process of active planning for medium term issues. Longer-term problems (where it is clear that fundamental changes in funding regimes or market conditions are required) could be left for future work;
- Help the political process by clarifying decisions that need to be taken, when they need to be taken, and what the ramifications of choices are.

Consider an adjusted offsite affordable housing contributions policy

11.6.4 Affordable housing policy is still being shaped as part of the emerging Local Plan. We can make recommendations for the design of that policy. These may be considered by the Council.

11.6.5 One concept that may be investigated is the idea of making an offsite affordable housing policy adopted at a flat rate across developments of all sizes. Where onsite provision is not made, the offsite financial contribution would be levied at a rate which would place an equivalent burden on development as that made by an onsite contribution.

11.6.6 We believe that an adjusted offsite financial contribution approach has a number of advantages. It will:

- Reduce the market distortion of land values which can result from a policy “cliff edge”. This can arise when certain developments (say, of 14 units and under) pay no affordable housing contribution, whilst fractionally larger developments (of 15 units) have a greater burden.
- Remove the financial incentive to developers to provide fewer units on site. This can arise when developers try to keep the number of units on a site underneath an affordable housing policy threshold.
- Ensure that the Council is able to obtain contributions towards affordable housing on all, rather than some, of their sites wherever viable, and so general a useful fund for affordable housing.
- Consider how the phasing of payments may be staged in order to minimise impacts of viability. Experience shows that up-front payments in advance of sales are very expensive for developers to make.

11.6.7 However, the offsite contributions may

- ‘shock’ the market, by creating costs that were not previously paid, and have not been reflected in viability calculations. This may particularly affect self-builders.

- Slow the planning process, and so put the delivery of statutory planning targets at some risk.

11.6.8 The Council should consider the idea carefully, taking both costs and benefits into account.

11.6.9 We have provided a view of a possible charge which could be levied in the 'standard' value zone under separate cover.

Pulling together the overarching narrative of the plan

11.6.10 The Council may wish to develop further the analysis of short-term deliverability and longer-term developability together will supporting infrastructure delivery. This could be used to create an overall plan 'storyboard' that will clearly explain to an examiner how the key parts of the plan hang together.

Appendix A Approach to determining the threshold and residential land values

Determining the threshold land value

What is the 'threshold land value'?

In order to test viability in planning an appropriate threshold land value (also referred to as threshold land value) is needed.

As stated in the Harman report a threshold land value is 'the value at which a typically willing landowner is likely to release land for development.'

The threshold land value is important in our calculations of developer contribution. The difference between the threshold land value and the residual land value represents the amount of money available for CIL or S106 contributions (including affordable housing).

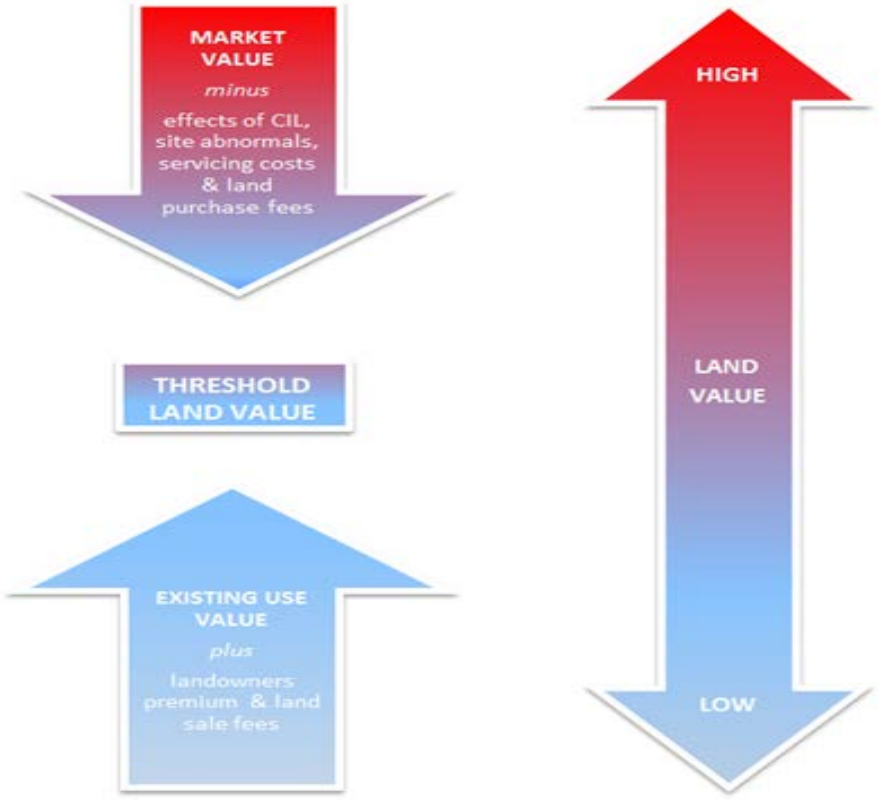
Ways of estimating a threshold land value

How is threshold land value calculated?

Broadly speaking there are two different approaches to arrive at an appropriate threshold land value:

1. Assessing the uplift from an existing or known alternative use value.
2. Assessing the discount from the market value of a site, adjusted to allow for the costs of planning policy.

Estimating a threshold land value



The two approaches start from different bases, but should theoretically produce a similar figure.

Existing and alternative use value uplift

To derive an appropriate threshold land value from the existing use value it is necessary to work upwards in value. Harman and the RICS acknowledge that in order for development to come forward over the existing use a 'competitive return' (also referred to as a premium) is necessary.

There is no set rule as to how much of a premium should be applied on top of the existing use value. We can sensibly expect that a minimum uplift in value would be required in order to allow the seller to pay stamp duty, sales fees, legal costs and disruption. But that bare minimum is usually not an incentive to persuade a landowner to sell.

Beyond that bare minimum, an incentive (referred to as a 'premium') is required to encourage the landowner to sell. It is difficult to say what premium a seller would require in order to sell the land. This is because there are inevitable differences in each deal. For example, the motivations of the parties involved in the transaction may vary, as might perceptions of future market prospects. Some landowners (say family trusts, or Oxbridge Colleges) take a very long-term view of land holdings, and can only be persuaded to sell at a high price. We cannot know these individual circumstances, so Harman stipulates that an appropriate premium should be determined by local precedent (another way of saying market value).

In some instances an alternative use may be considered over residential development, i.e. employment, retail etc. Assuming that the alternative use is realistic, then it may be prudent to consider land values for this alternative use, in addition to its existing use. This may give a more accurate view of the threshold land value, because a rational landowner will always seek to maximise site value.

Market value discount

To derive an appropriate threshold land value from the market value it is necessary to work downwards in value. Market value is based on transactional evidence. It is the value at which sites are being bought and sold at, and represents the value at which land can be delivered with the knowledge of current planning policy. It benefits from being based on comparable market evidence.

However, the threshold land value cannot be straightforwardly derived from current market values. The market value should be adjusted to allow for any future changes in planning policy. Furthermore, it may also be necessary to reduce the market value to allow for risk in obtaining planning permission, dependent upon comparable evidence. There is no set rule for the amount of discount that should be applied to the market value of a site.

Which method of estimating the threshold land value does this study use?

We rely on both approaches. We examine a wide range of comparables, looking at residential development site values whilst taking into consideration existing uses. This is to ensure that the threshold land value used in whole plan viability and CIL studies is as accurate as possible. Given the complexities of development across a whole plan area, and limited nature of publically available transactional data, we have based this assessment on appropriate available evidence for a strategic assessment of this nature.

From our recent work we would highlight several key issues in assessing the threshold land value, as follows.

- It is important to stress that there is no single threshold land value at which land will come forward for development. Much depends on the land owner and their need to sell or wait in the hope that land values might improve and on the condition and location of the site.

- All sites vary in terms of the degree to which they are serviced or free of abnormal development conditions. Such associated costs vary considerably from site to site and it is difficult to adopt a generic figure with any degree of accuracy. Our starting point is to assume

that the value of sites (when calculating the threshold level) relates to a full serviced development plot. In real terms, abnormal development costs or site servicing costs will be met by developers when the land is purchased. Careful analysis of transactions is required to assess the split between abnormal development and servicing costs (as a discount from the market value) from the premium sought by the land owner above the existing use value.

- The land transaction market is not transparent. Very little data is in the public domain and the subjective influences behind the deal are usually not available. We therefore place a strong emphasis on consultation with both landowners and developers to get an accurate picture as possible as to what the threshold value might be.

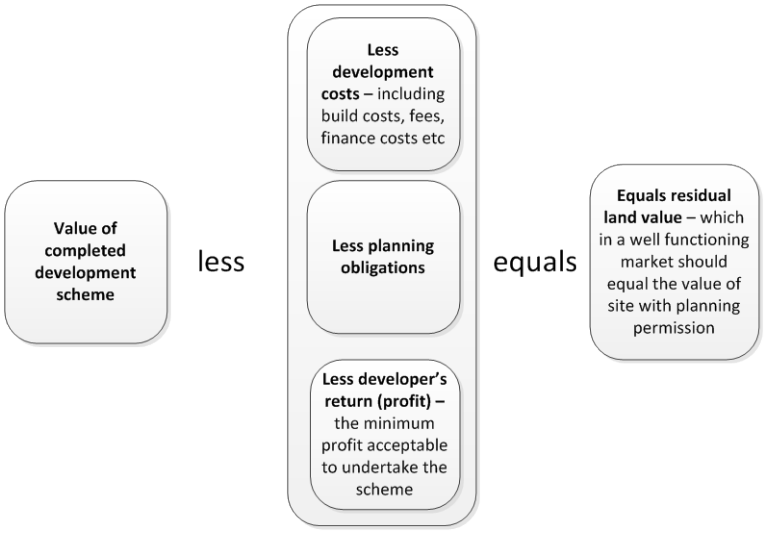
Ways of estimating the residual land value

Our viability assessments are based on development appraisals of hypothetical schemes, using the residual valuation method. This approach is in line with accepted practice and as recommended by RICS guidance42 and the Harman report43. Residual valuation is applied to different land uses and where relevant to different parts of the area, aiming to show typical values for each. It is based on the following formula:

Value of completed development scheme
***Less* development costs** - including build costs, fees, finance costs etc
***Less* developer's return (profit)** – the minimum profit acceptable in the market to undertake the scheme
***Less* policy costs** – building in (for example) Section 106 costs and other policy requirements

***Equals* residual land value**
– which in a well-functioning market should equal the value of the site with planning permission

Figure 11.2 Residential value calculation



For each of the development categories tested, we use this formula to estimate typical residual land values, which is what the site should be worth once it has full planning permission. The residual value calculation requires a wide range of inputs, or assumptions, including the costs of development, the required developer's return.

[42] RICS (2012), *Financial Viability in Planning, RICS First Edition Guidance Note*
[43] Local Housing Delivery Group Chaired by Sir John Harman (2012) *Viability Testing Local Plans*

The arithmetic of residual appraisal is straightforward. However, the inputs to the calculation are hard to determine for a specific site (as demonstrated by the complexity of many S106 negotiations). Therefore our viability assessments are necessarily broad approximations, subject to a margin of uncertainty.

Bringing together the threshold land value and the residual land value to estimate developer contributions

Having estimated the residual value, we compare this residual value with the 'benchmark land value' or 'land cost', which is the minimum land value the landowner will accept to release his or her land for the development specified.

If the residual land value shown by the appraisals is below the benchmark value, the development is not financially viable, even without CIL or S106. That means that unless the circumstances change it will not happen.

If the residual value and the benchmark values are equal, the development is just viable, but there is surplus value available for CIL or S106.

If the residual land value shown by the appraisals is above the benchmark value, the development is viable. The excess of residual over benchmark value measures the maximum amount that may be potentially captured by CIL or S106.

Appendix B Viability appraisal assumptions

Introduction

1. This chapter explains the assumptions we have made regarding the revenue and costs of development in the viability model.

Viability testing scenarios

2. Our viability testing scenarios are explained below.

Residential

Table 13.1 Residential testing scenarios

Assumption	Source	Notes		
Development scenarios	Consultations	We have analysed current SHLAA sites likely to come forward over the period 0-5 years and 6+ years. Based upon this information we believe the following scenarios are indicative of development coming forward and therefore appropriate to test:		
		Greenfield - Large	3	hectares
		Greenfield - Small	0.5	hectares
		Brownfield - Large	3	hectares
		Brownfield - Small	0.5	hectares
		Brownfield/greenfield - Large	3	hectares
		Brownfield/greenfield - Small	0.5	hectares
		The sizes above are net developable areas.		
No of units	Consultations	Greenfield - Large	105	units
		Greenfield - Small	18	units
		Brownfield - Large	105	units
		Brownfield - Small	18	units
		Brownfield/greenfield - Large	105	units
		Brownfield/greenfield - Small	18	units

Residential revenue assumptions

3. The assumptions we made about the revenues that developers could expect from their developments are as follows.

<table>
<tr><th>Assumption</th><th>Source</th><th>Notes</th></tr>
<tr><td>Average sales value residential</td><td>PBA, developer interviews, market comparables, Land Registry</td><td>Property values are derived from different sources, depending on land use. For housing, Land Registry data forms a basis for analysis. This provides a full record of all individual transactions. This data is then supplemented following conversations with agents and house builders' sales representatives, which allows us to form a view on new build sales values. Values used are as follows.

<table>
<tr><th></th><th></th><th>Value per sq.m</th></tr>
<tr><td>Lower Value</td><td>Houses -</td><td>£1,600</td></tr>
<tr><td>Mid Value</td><td>Houses -</td><td>£1,800</td></tr>
<tr><td>Higher Value</td><td>Houses -</td><td>£2,000</td></tr>
<tr><td>Lower Value</td><td>Flats -</td><td>£1,500</td></tr>
<tr><td>Mid Value</td><td>Flats -</td><td>£1,700</td></tr>
<tr><td>Higher Value</td><td>Flats -</td><td>£1,900</td></tr>
</table></td></tr>
<tr><td>Affordable housing transfer values</td><td>HCA policy and consultation with RSL's</td><td>We have assumed the following price paid per unit as a percentage of market value as follows:
• Affordable rent = 55% of open market value
• Intermediate housing = 55% of open market value.

Affordable Rent

<table>
<tr><th></th><th>Type</th><th>Value per sq.m</th><th></th></tr>
<tr><td>Lower Value</td><td>Houses –</td><td>£880</td><td>sq m</td></tr>
<tr><td>Mid Value</td><td>Houses -</td><td>£990</td><td>sq m</td></tr>
<tr><td>Higher Value</td><td>Houses –</td><td>£1,100</td><td>sq m</td></tr>
<tr><td>Lower Value</td><td>Flats -</td><td>£825</td><td>sq m</td></tr>
<tr><td>Mid Value</td><td>Flats -</td><td>£935</td><td>sq m</td></tr>
<tr><td>Higher Value</td><td>Flats -</td><td>£1,045</td><td>sq m</td></tr>
</table>
Intermediate

<table>
<tr><th></th><th>Type</th><th>Value per sq.m</th><th></th></tr>
<tr><td>Lower Value</td><td>Houses -</td><td>£880</td><td>sq m</td></tr>
<tr><td>Mid Value</td><td>Houses -</td><td>£990</td><td>sq m</td></tr>
<tr><td>Higher Value</td><td>Houses -</td><td>£1,100</td><td>sq m</td></tr>
<tr><td>Lower Value</td><td>Flats -</td><td>£825</td><td>sq m</td></tr>
<tr><td>Mid Value</td><td>Flats -</td><td>£935</td><td></td></tr>
<tr><td>Higher Value</td><td>Flats -</td><td>£1,045</td><td>sq m</td></tr>
</table></td></tr>
</table>

Residential development cost assumptions

4. The assumptions we made about the costs that developers could expect from their developments are as follows.

Assumption	Source	Notes
Densities and average unit size	Client & developer workshop	We have assumed the following density: Houses & Flatted development **35** dph In making these assumptions, we have erred on the side of assuming lower densities. Because developments at higher densities than those assumed above will tend to be more viable, it is prudent to assume a relatively low density. This helps us comply with the spirit of the guidance which requires us to show that the CIL Charges set do not 'set a charge right up to the margin of economic viability.' Also an average unit size, assuming a 3 bed semi-detached has been used as follows: Houses - **85** sq.m Flats - **60** sq m
Build Costs	BCIS online	Build costs are based on median rates adjusted for location derived from BCIS Review of Building Prices data of actual prices in the marketplace. This is based on part L of Building Regulations which equates to at least level 3 of the CSH and some Lifetime Homes standards. This excludes any allowance for externals which is treated separately. Build costs for market houses **£722** sq m Build costs for affordable rent houses **£722** sq m Build costs for intermediate houses **£722** sq m Build costs of market flats **£832** sq m Build costs for affordable rent flats **£832** sq m Build costs for intermediate flats **£832** sq m

Assumption	Source	Notes
Plot external	Industry standards	These cover external build costs for site preparation and includes items such as internal access roads, landscaping, open space, drainage, utilities and services within the site. We have allowed the following percentage of build costs for these items: Greenfield **15%** Brownfield **10%** Brownfield/Greenfield **12.5%** These exclude abnormal site development costs and exceptional offsite infrastructure.
Remediation/ Demolition	Industry standards	We have assumed the following remediation costs: Greenfield **£0** per ha Brownfield **£200,000** per ha Brownfield/greenfield **£100,000** per ha
Developer Contributions (S106/S278)	Planning policy	The cost assumed for S106 is shown below. Note that S106 may also be collected for infrastructure on large-scale major development sites. Developers may prefer the use of S106 agreements in these instances, because they provide comfort that key infrastructure (which is frequently essential to sales) will be delivered. However, we have assumed that CIL, not S106, will be used to fund these types of infrastructure. S106 will also be used to pay for affordable housing. These costs are dealt with explicitly elsewhere in the model. **Cost** S.106 **£500** per unit
Professional Fees	Industry standards	Professional fees are based upon accepted industry standards and has been calculated as a percentage of build costs at

Assumption	Source	Notes
		8%
Contingency	Industry standard & developer workshop	Contingency is based upon the risk associated with each site and has been calculated as a percentage of build costs at **3%**
Sale costs	Industry standards	These rates are based on industry accepted scales at the following rates: Legals - **£500** per unit Sales & Marketing cost - **3.50%** private sale value
Finance costs	Industry standards	Based upon the likely cost of development finance we have used current market rates of interest. **7%**
Stamp Duty on Land Purchase	HMRC	These are the current rates set by Treasury at the following rates: Up to £125,000 **0.00%** Over £125,000 to £250,000 **1.00%** Over £250,000 to £500,000 **3.00%** Over £500,000 **4.00%**
Professional fees on Land Purchase	Industry standards	Fees associated with the land purchase are based upon the following industry standards: Surveyor - **1.00%** Legals - **0.75%**
Profit	Industry standards	We have assumed the following levels of profit: Private - Housing **22%** of sales Affordable **6%** of sales
Time-scales - build rate	Consultations	We have assumed the following build out period:

Assumption	Source	Notes		
units/per annum		Lower value	**24**	per annum
		Mid value	**32**	per annum
		Higher value	**32**	per annum
Residential threshold land value per net developable ha				
		We have examined a cross section of residential land comparables. We aim to arrive at the price that a landowner will accept for a fully serviced site, with roads and major utilities to the site boundary. Note that, in order to be pay for the servicing and remediation of sites, landowners may have to accept less than this value for their sites. For example, brownfield sites may need remediation, and greenfield sites may need to pay for utilities connections and upgrades. The residual valuations undertaken by developers that account for these costs, and will tend to drive down the price that developers pay for the land where these costs occur.		
		Greenfield - Large - Lower value	£500,000	per ha
		Greenfield - Small - Lower value	£575,000	per ha
		Greenfield - Large - Mid value	£675,000	per ha
		Greenfield - Small - Mid value	£750,000	per ha
		Greenfield -Large -Higher value	£800,000	per ha
		Greenfield - Small - Higher value	£900,000	per ha
		Brownfield - Large - Lower value	£375,000	per ha
		Brownfield - Small - Lower value	£425,000	per ha
		Brownfield - Large - Mid value	£525,000	per ha
		Brownfield - Small - Mid Value	£600,000	per ha
		Brownfield - Large - Higher value	£650,000	per ha
		Brownfield - Small - Higher value	£750,000	per ha
		Brownfield/Greenfield - Large - Lower value	£425,000	per ha
		Brownfield/Greenfield - Small - Lower value	£475,000	per ha
		Brownfield/Greenfield - Large - Mid value	£575,000	per ha
		Brownfield/Greenfield - Small - Mid value	£650,000	per ha
		Brownfield/Greenfield - Large - High value	£700,000	per ha
		Brownfield/Greenfield - Small - High value	£800,000	per ha

New build values

5. Consultees suggested that new build properties commanded a 10-15% price advantage in the market compared to second hand home values, although one consultee stated that this advantage of new build properties had was now eroded.

6. There are a number of recent and current residential developments. The following comparable evidence exists:

- Gleeson are running Allendale Road in Ormsby. Prices for a 3 bed semi start at £107,000.
- Persimmon are developing a site of three and four bedroom houses in South West Redcar off Kirkleatham Lane. Prices start at £104,000. Four bedroom detached homes are £147,000.
- At High Farm near Teesville, two bedroom semis start at £100,000 and four bedroom detached homes start at £200,000.

Appendix C Viability appraisals (residential)

Lower Value	**Greenfield - Large**					
All Policy						
Net Site Area	3.00	**Residual Land Value**	**£389,029**	**per ha**		
Yield	105	**Private**	**89**	**Affordable**	**16**	
Development Value						
Private Units		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
	Flats	8.93	60	536	£1,500	£803,250
	Houses	80.33	85	6,828	£1,600	£10,924,200
		89.25		7,363		
Intermediate		**No. of units**	**Size sq.m**		**£psm**	**Total Value**
	Flats	0.47	60	28	£825	£23,389
	Houses	4.25	85	361	£880	£318,087
		4.73		390		
Affordable rent		**No. of units**	**Size sq.m**		**£psm**	**Total Value**
	Flats	1.10	60	66	£825	£54,574
	Houses	9.92	85	843	£880	£742,203
		11.03		910		
Gross Development Value		**105**		**8,663**		**£12,865,703**
Development Cost						
Site Acquisition						
Site Value						£1,238,288
	Phase 1					£412,763
	Phase 2					£412,763
	Phase 3					£412,763
			Less Purchaser Costs			5.75%
Net Residual Land Value						**£1,167,086**
Build Costs						
Private units		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	8.93	71	£832		£524,160
	Houses	80.33	85	£722		£4,929,545
		89.25				
Intermediate		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	0.47	71	£832		£27,750
	Houses	4.25	85	£722		£260,976
		4.73				
Affordable rent		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	1.10	71	£832		£64,749
	Houses	9.92	85	£722		£608,944
		11.03				
		105				**£6,416,124**
Externals						
	Plot external	15%				£962,419
	Remediation/Demoltion	£0	per ha			£0
						£962,419
Professional Fees						
as percentage of build costs			8%			£590,283
						£590,283
Contingency						
Based upon percentage of construction costs			3%			£192,484
						£192,484
Developer contributions						
S.106			£500	per unit		£52,500
						£52,500
Sale cost						
Legals -			£500			£52,500
Sales & Marketing cost -			3.50%			£450,300
						£502,800
TOTAL DEVELOPMENT COSTS						**£9,883,695**
Developers' Pofit						
			Rate			
Private Housing			22.0%	of sales		£2,580,039
Affordable Housing			6%	of sales		£68,295
						£2,648,334
TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£12,532,030**
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£333,673
Finance Costs			APR		PCM	
			7.00%		0.565%	-£333,673
TOTAL PROJECT COSTS [INCLUDING INTEREST]						

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Lower Value	**Greenfield - Small**					
All Policy						
Net Site Area	0.50	**Residual Land Value**	**£418,150**	**per ha**		
Yield	18	**Private**	**15**	**Affordable**	**3**	
Development Value						
Private Units		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
	Flats	1.49	60	89	£1,500	£133,875
	Houses	13.39	85	1,138	£1,600	£1,820,700
		14.88		1,227		
Intermediate		**No. of units**	**Size sq.m**		**£psm**	**Total Value**
	Flats	0.08	60	5	£825	£3,898
	Houses	0.71	85	60	£880	£53,015
		0.79		65		
Affordable rent		**No. of units**	**Size sq.m**		**£psm**	**Total Value**
	Flats	0.18	60	11	£825	£9,096
	Houses	1.65	85	141	£880	£123,701
		1.84		152		
Gross Development Value		**18**		**1,444**		**£2,144,284**
Development Cost						
Site Acquisition						
Site Value						£214,987
			Less Purchaser Costs			2.75%
Net Residual Land Value						**209,075**
Build Costs						
Private units		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	1.49	71	£832		£87,360
	Houses	13.39	85	£722		£821,591
		14.88				
Intermediate		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	0.08	71	£832		£4,625
	Houses	0.71	85	£722		£43,496
		0.79				
Affordable rent		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	0.18	71	£832		£10,792
	Houses	1.65	85	£722		£101,491
		1.84				
		18				**£1,069,354**
Externals						
	Plot external	15%				£160,403
	Remediation/Demoltion	£0	per ha			£0
						£160,403
Professional Fees						
as percentage of build costs			8%			£98,381
						£98,381
Contingency						
Based upon percentage of construction costs			3%			£32,081
						£32,081
Developer contributions						
S.106			£500	per unit		£8,750
						£8,750
Sale cost						
Legals -			£500			£8,750
Sales & Marketing cost -			3.50%			£75,050
						£83,800
TOTAL DEVELOPMENT COSTS						**£1,661,843**
Developers' Pofit						
			Rate			
Private Housing			22.0%	of sales		£430,007
Affordable Housing			6%	of sales		£11,383
						£441,389
TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£2,103,232**
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£41,051
Finance Costs			APR		PCM	
			7.00%		0.565%	-£41,051
TOTAL PROJECT COSTS [INCLUDING INTEREST]						

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Lower Value	**Brownfield - Large**					
All Policy						
Net Site Area	3.00	**Residual Land Value**	**£250,324**	**per ha**		
Yield	105	**Private**	**89**	**Affordable**	**16**	
Development Value						
Private Units		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
	Flats	8.93	60	536	£1,500	£803,250
	Houses	80.33	85	6,828	£1,600	£10,924,200
		89.25		7,363		
Intermediate		**No. of units**	**Size sq.m**		**£psm**	**Total Value**
	Flats	0.47	60	28	£825	£23,389
	Houses	4.25	85	361	£880	£318,087
		4.73		390		
Affordable rent		**No. of units**	**Size sq.m**		**£psm**	**Total Value**
	Flats	1.10	60	66	£825	£54,574
	Houses	9.92	85	843	£880	£742,203
		11.03		910		
Gross Development Value		**105**		**8,663**		**£12,865,703**
Development Cost						
Site Acquisition						
Site Value						£796,787
	Phase 1					£265,596
	Phase 2					£265,596
	Phase 3					£265,596
			Less Purchaser Costs			5.75%
Net Residual Land Value						**£750,972**
Build Costs						
Private units		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	8.93	71	£832		£524,160
	Houses	80.33	85	£722		£4,929,545
		89.25				
Intermediate		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	0.47	71	£832		£27,750
	Houses	4.25	85	£722		£260,976
		4.73				
Affordable rent		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	1.10	71	£832		£64,749
	Houses	9.92	85	£722		£608,944
		11.03				
		105				**£6,416,124**
Externals						
	Plot external	10%				£641,612
	Remediation/Demoltion	£200,000	per ha			£600,000
						£1,241,612
Professional Fees						
as percentage of build costs			8%			£564,619
						£564,619
Contingency						
Based upon percentage of construction costs			3%			£192,484
						£192,484
Developer contributions						
S.106			£500	per unit		£52,500
						£52,500
Sale cost						
Legals -			£500			£52,500
Sales & Marketing cost -			3.50%			£450,300
						£502,800
TOTAL DEVELOPMENT COSTS						**£9,721,111**
Developers' Pofit						
			Rate			
Private Housing			22.0%	of sales		£2,580,039
Affordable Housing			6%	of sales		£68,295
						£2,648,334
TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£12,369,445**
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£496,258
Finance Costs			APR		PCM	
			7.00%		0.565%	-£448,258
TOTAL PROJECT COSTS [INCLUDING INTEREST]						

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Lower Value	**Brownfield - Small**					
All Policy						
Net Site Area	0.50	**Residual Land Value**	**£310,138**	**per ha**		
Yield	18	**Private**	**15**	**Affordable**	**3**	
Development Value						
Private Units		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
	Flats	1.49	60	89	£1,500	£133,875
	Houses	13.39	85	1,138	£1,600	£1,820,700
		14.88		1,227		
Intermediate		**No. of units**	**Size sq.m**		**£psm**	**Total Value**
	Flats	0.08	60	5	£825	£3,898
	Houses	0.71	85	60	£880	£53,015
		0.79		65		
Affordable rent		**No. of units**	**Size sq.m**		**£psm**	**Total Value**
	Flats	0.18	60	11	£825	£9,096
	Houses	1.65	85	141	£880	£123,701
		1.84		152		
Gross Development Value		**18**		**1,444**		**£2,144,284**
Development Cost						
Site Acquisition						
Site Value						£159,454
			Less Purchaser Costs			2.75%
Net Residual Land Value						**155,069**
Build Costs						
Private units		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	1.49	71	£832		£87,360
	Houses	13.39	85	£722		£821,591
		14.88				
Intermediate		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	0.08	71	£832		£4,625
	Houses	0.71	85	£722		£43,496
		0.79				
Affordable rent		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	0.18	71	£832		£10,792
	Houses	1.65	85	£722		£101,491
		1.84				
		18				**£1,069,354**
Externals						
	Plot external	10%				£106,935
	Remediation/Demoltion	£200,000	per ha			£100,000
						£206,935
Professional Fees						
as percentage of build costs			8%			£94,103
						£94,103
Contingency						
Based upon percentage of construction costs			3%			£32,081
						£32,081
Developer contributions						
S.106			£500	per unit		£8,750
						£8,750
Sale cost						
Legals -			£500			£8,750
Sales & Marketing cost -			3.50%			£75,050
						£83,800
TOTAL DEVELOPMENT COSTS						**£1,650,092**
Developers' Pofit						
			Rate			
Private Housing			22.0%	of sales		£430,007
Affordable Housing			6%	of sales		£11,383
						£441,389
TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£2,091,481**
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£52,803
Finance Costs			APR		PCM	
			7.00%		0.565%	-£44,803
TOTAL PROJECT COSTS [INCLUDING INTEREST]						

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Lower Value	**Brownfield/greenfield - Large**					
All Policy						
Net Site Area	3.00	**Residual Land Value**	**£314,002**	**per ha**		
Yield	105	**Private**	**89**	**Affordable**	**16**	
Development Value						
Private Units		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
	Flats	8.93	60	536	£1,500	£803,250
	Houses	80.33	85	6,828	£1,600	£10,924,200
		89.25		7,363		
Intermediate		**No. of units**	**Size sq.m**		**£psm**	**Total Value**
	Flats	0.47	60	28	£825	£23,389
	Houses	4.25	85	361	£880	£318,087
		4.73		390		
Affordable rent		**No. of units**	**Size sq.m**		**£psm**	**Total Value**
	Flats	1.10	60	66	£825	£54,574
	Houses	9.92	85	843	£880	£742,203
		11.03		910		
Gross Development Value		**105**		**8,663**		**£12,865,703**
Development Cost						
Site Acquisition						
Site Value						£999,475
	Phase 1					£333,158
	Phase 2					£333,158
	Phase 3					£333,158
			Less Purchaser Costs			5.75%
Net Residual Land Value						**£942,005**
Build Costs						
Private units		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	8.93	71	£832		£524,160
	Houses	80.33	85	£722		£4,929,545
		89.25				
Intermediate		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	0.47	71	£832		£27,750
	Houses	4.25	85	£722		£260,976
		4.73				
Affordable rent		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	1.10	71	£832		£64,749
	Houses	9.92	85	£722		£608,944
		11.03				
		105				**£6,416,124**
Externals						
	Plot external	13%				£802,015
	Remediation/Demoltion	£100,000	per ha			£300,000
						£1,102,015
Professional Fees						
as percentage of build costs		8%				£577,451
						£577,451
Contingency						
Based upon percentage of construction costs		3%				£192,484
						£192,484
Developer contributions						
S.106		£500	per unit			£52,500
						£52,500
Sale cost						
Legals -		£500				£52,500
Sales & Marketing cost -		3.50%				£450,300
						£502,800
TOTAL DEVELOPMENT COSTS						**£9,785,378**
Developers' Pofit						
		Rate				
Private Housing		22.0%	of sales			£2,580,039
Affordable Housing		6%	of sales			£68,295
						£2,648,334
TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£12,433,713**
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£431,990
Finance Costs		APR		PCM		
		7.00%		0.565%		-£407,990
TOTAL PROJECT COSTS [INCLUDING INTEREST]						

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Lower Value	**Brownfield/greenfield - Small**					
All Policy						
Net Site Area	0.50	**Residual Land Value**	**£361,702**	**per ha**		
Yield	18	**Private**	**15**	**Affordable**	**3**	
Development Value						
Private Units		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
	Flats	1.49	60	89	£1,500	£133,875
	Houses	13.39	85	1,138	£1,600	£1,820,700
		14.88		1,227		
Intermediate		**No. of units**	**Size sq.m**		**£psm**	**Total Value**
	Flats	0.08	60	5	£825	£3,898
	Houses	0.71	85	60	£880	£53,015
		0.79		65		
Affordable rent		**No. of units**	**Size sq.m**		**£psm**	**Total Value**
	Flats	0.18	60	11	£825	£9,096
	Houses	1.65	85	141	£880	£123,701
		1.84		152		
Gross Development Value		**18**		**1,444**		**£2,144,284**
Development Cost						
Site Acquisition						
Site Value						£185,965
			Less Purchaser Costs			2.75%
Net Residual Land Value						**180,851**
Build Costs						
Private units		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	1.49	71	£832		£87,360
	Houses	13.39	85	£722		£821,591
		14.88				
Intermediate		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	0.08	71	£832		£4,625
	Houses	0.71	85	£722		£43,496
		0.79				
Affordable rent		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	0.18	71	£832		£10,792
	Houses	1.65	85	£722		£101,491
		1.84				
		18				**£1,069,354**
Externals						
	Plot external	13%				£133,669
	Remediation/Demoltion	£100,000	per ha			£50,000
						£183,669
Professional Fees						
as percentage of build costs			8%			£96,242
						£96,242
Contingency						
Based upon percentage of construction costs			3%			£32,081
						£32,081
Developer contributions						
S.106			£500	per unit		£8,750
						£8,750
Sale cost						
Legals -			£500			£8,750
Sales & Marketing cost -			3.50%			£75,050
						£83,800
TOTAL DEVELOPMENT COSTS						**£1,654,746**
Developers' Pofit						
			Rate			
Private Housing			22.0%	of sales		£430,007
Affordable Housing			6%	of sales		£11,383
						£441,389
TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£2,096,135**
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£48,148
Finance Costs			APR		PCM	
			7.00%		0.565%	-£44,148
TOTAL PROJECT COSTS [INCLUDING INTEREST]						

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Mid Value	Greenfield - Large					
All Policy						
Net Site Area	3.00	**Residual Land Value**	**£690,332**	**per ha**		
Yield	105	**Private**	**89**	**Affordable**	**16**	
Development Value						
Private Units		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
	Flats	8.93	60	536	£1,700	£910,350
	Houses	80.33	85	6,828	£1,800	£12,289,725
		89.25		7,363		
Intermediate		**No. of units**	**Size sq.m**		**£psm**	**Total Value**
	Flats	0.47	60	28	£935	£26,507
	Houses	4.25	85	361	£990	£357,848
		4.73		390		
Affordable rent		**No. of units**	**Size sq.m**		**£psm**	**Total Value**
	Flats	1.10	60	66	£935	£61,850
	Houses	9.92	85	843	£990	£834,978
		11.03		910		
Gross Development Value		**105**		**8,663**		**£14,481,259**
Development Cost						
Site Acquisition						
Site Value						£2,197,342
	Phase 1					£732,447
	Phase 2					£732,447
	Phase 3					£732,447
			Less Purchaser Costs			5.75%
Net Residual Land Value						**£2,070,995**
Build Costs						
Private units		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	8.93	71	£832		£524,160
	Houses	80.33	85	£722		£4,929,545
		89.25				
Intermediate		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	0.47	71	£832		£27,750
	Houses	4.25	85	£722		£260,976
		4.73				
Affordable rent		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	1.10	71	£832		£64,749
	Houses	9.92	85	£722		£608,944
		11.03				
		105				**£6,416,124**
Externals						
	Plot external	15%				£962,419
	Remediation/Demoltion	£0	per ha			£0
						£962,419
Professional Fees						
as percentage of build costs			8%			£590,283
						£590,283
Contingency						
Based upon percentage of construction costs			3%			£192,484
						£192,484
Developer contributions						
S.106			£500	per unit		£52,500
						£52,500
Sale cost						
Legals -			£500			£52,500
Sales & Marketing cost -			3.50%			£506,844
						£559,344
TOTAL DEVELOPMENT COSTS						**£10,844,149**
Developers' Pofit						
			Rate			
Private Housing			22.0%	of sales		£2,904,017
Affordable Housing			6%	of sales		£76,871
						£2,980,888
TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£13,825,036**
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£656,223
Finance Costs			APR		PCM	
			7.00%		0.565%	-£656,223
TOTAL PROJECT COSTS [INCLUDING INTEREST]						

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Mid Value	Greenfield - Small					
All Policy						
Net Site Area	0.50	**Residual Land Value**	**£833,443**	**per ha**		
Yield	18	**Private**	**15**	**Affordable**	**3**	
Development Value						
Private Units		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
	Flats	1.49	60	89	£1,700	£151,725
	Houses	13.39	85	1,138	£1,800	£2,048,288
		14.88		1,227		
Intermediate		**No. of units**	**Size sq.m**		**£psm**	**Total Value**
	Flats	0.08	60	5	£935	£4,418
	Houses	0.71	85	60	£990	£59,641
		0.79		65		
Affordable rent		**No. of units**	**Size sq.m**		**£psm**	**Total Value**
	Flats	0.18	60	11	£935	£10,308
	Houses	1.65	85	141	£990	£139,163
		1.84		152		
Gross Development Value		**18**		**1,444**		**£2,413,543**
Development Cost						
Site Acquisition						
Site Value						£437,503
			Less Purchaser Costs			4.75%
Net Residual Land Value						**416,721**
Build Costs						
Private units		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	1.49	71	£832		£87,360
	Houses	13.39	85	£722		£821,591
		14.88				
Intermediate		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	0.08	71	£832		£4,625
	Houses	0.71	85	£722		£43,496
		0.79				
Affordable rent		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	0.18	71	£832		£10,792
	Houses	1.65	85	£722		£101,491
		1.84				
		18				**£1,069,354**
Externals						
	Plot external	15%				£160,403
	Remediation/Demoltion	£0	per ha			£0
						£160,403
Professional Fees						
as percentage of build costs			8%			£98,381
						£98,381
Contingency						
Based upon percentage of construction costs			3%			£32,081
						£32,081
Developer contributions						
S.106			£500	per unit		£8,750
						£8,750
Sale cost						
Legals -			£500			£8,750
Sales & Marketing cost -			3.50%			£84,474
						£93,224
TOTAL DEVELOPMENT COSTS						**£1,878,914**
Developers' Pofit						
			Rate			
Private Housing			22.0%	of sales		£484,003
Affordable Housing			6%	of sales		£12,812
						£496,815
TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£2,375,728**
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£37,815
Finance Costs			APR		PCM	
			7.00%		0.565%	-£37,815
TOTAL PROJECT COSTS [INCLUDING INTEREST]						

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Mid Value	Brownfield - Large					
All Policy						
Net Site Area	3.00	**Residual Land Value**	**£546,474**	**per ha**		
Yield	105	**Private**	**89**	**Affordable**	**16**	
Development Value						
Private Units		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
	Flats	8.93	60	536	£1,700	£910,350
	Houses	80.33	85	6,828	£1,800	£12,289,725
		89.25		7,363		
Intermediate		**No. of units**	**Size sq.m**		**£psm**	**Total Value**
	Flats	0.47	60	28	£935	£26,507
	Houses	4.25	85	361	£990	£357,848
		4.73		390		
Affordable rent		**No. of units**	**Size sq.m**		**£psm**	**Total Value**
	Flats	1.10	60	66	£935	£61,850
	Houses	9.92	85	843	£990	£834,978
		11.03		910		
Gross Development Value		**105**		**8,663**		**£14,481,259**
Development Cost						
Site Acquisition						
Site Value						£1,739,441
	Phase 1					£579,814
	Phase 2					£579,814
	Phase 3					£579,814
			Less Purchaser Costs			5.75%
Net Residual Land Value						**£1,639,423**
Build Costs						
Private units		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	8.93	71	£832		£524,160
	Houses	80.33	85	£722		£4,929,545
		89.25				
Intermediate		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	0.47	71	£832		£27,750
	Houses	4.25	85	£722		£260,976
		4.73				
Affordable rent		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	1.10	71	£832		£64,749
	Houses	9.92	85	£722		£608,944
		11.03				
		105				**£6,416,124**
Externals						
	Plot external	10%				£641,612
	Remediation/Demoltion	£200,000	per ha			£600,000
						£1,241,612
Professional Fees						
as percentage of build costs		8%				£564,619
						£564,619
Contingency						
Based upon percentage of construction costs		3%				£192,484
						£192,484
Developer contributions						
S.106		£500	per unit			£52,500
						£52,500
Sale cost						
Legals -		£500				£52,500
Sales & Marketing cost -		3.50%				£506,844
						£559,344
TOTAL DEVELOPMENT COSTS						**£10,666,106**
Developers' Pofit						
		Rate				
Private Housing		22.0%	of sales			£2,904,017
Affordable Housing		6%	of sales			£76,871
						£2,980,888
TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£13,646,994**
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£834,265
Finance Costs		APR		PCM		
		7.00%		0.565%		-£786,265
TOTAL PROJECT COSTS [INCLUDING INTEREST]						

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Mid Value	Brownfield - Small					
All Policy						
Net Site Area	0.50	**Residual Land Value**	**£721,400**	**per ha**		
Yield	18	**Private**	**15**	**Affordable**	**3**	
Development Value						
Private Units		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
	Flats	1.49	60	89	£1,700	£151,725
	Houses	13.39	85	1,138	£1,800	£2,048,288
		14.88		1,227		
Intermediate		**No. of units**	**Size sq.m**		**£psm**	**Total Value**
	Flats	0.08	60	5	£935	£4,418
	Houses	0.71	85	60	£990	£59,641
		0.79		65		
Affordable rent		**No. of units**	**Size sq.m**		**£psm**	**Total Value**
	Flats	0.18	60	11	£935	£10,308
	Houses	1.65	85	141	£990	£139,163
		1.84		152		
Gross Development Value		**18**		**1,444**		**£2,413,543**
Development Cost						
Site Acquisition						
Site Value						£378,688
			Less Purchaser Costs			4.75%
Net Residual Land Value						**360,700**
Build Costs						
Private units		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	1.49	71	£832		£87,360
	Houses	13.39	85	£722		£821,591
		14.88				
Intermediate		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	0.08	71	£832		£4,625
	Houses	0.71	85	£722		£43,496
		0.79				
Affordable rent		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	0.18	71	£832		£10,792
	Houses	1.65	85	£722		£101,491
		1.84				
		18				**£1,069,354**
Externals						
	Plot external	10%				£106,935
	Remediation/Demoltion	£200,000	per ha			£100,000
						£206,935
Professional Fees						
as percentage of build costs			8%			£94,103
						£94,103
Contingency						
Based upon percentage of construction costs			3%			£32,081
						£32,081
Developer contributions						
S.106			£500	per unit		£8,750
						£8,750
Sale cost						
Legals -			£500			£8,750
Sales & Marketing cost -			3.50%			£84,474
						£93,224
TOTAL DEVELOPMENT COSTS						**£1,865,147**
Developers' Pofit						
			Rate			
Private Housing			22.0%	of sales		£484,003
Affordable Housing			6%	of sales		£12,812
						£496,815
TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£2,361,962**
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£51,581
Finance Costs			APR		PCM	
			7.00%		0.565%	-£43,581
TOTAL PROJECT COSTS [INCLUDING INTEREST]						

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Mid Value	**Brownfield/greenfield - Large**					
All Policy						
Net Site Area	3.00	**Residual Land Value**	**£608,541**	**per ha**		
Yield	105	**Private**	**89**	**Affordable**	**16**	
Development Value						
Private Units		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
	Flats	8.93	60	536	£1,700	£910,350
	Houses	80.33	85	6,828	£1,800	£12,289,725
		89.25		7,363		
Intermediate		**No. of units**	**Size sq.m**		**£psm**	**Total Value**
	Flats	0.47	60	28	£935	£26,507
	Houses	4.25	85	361	£990	£357,848
		4.73		390		
Affordable rent		**No. of units**	**Size sq.m**		**£psm**	**Total Value**
	Flats	1.10	60	66	£935	£61,850
	Houses	9.92	85	843	£990	£834,978
		11.03		910		
Gross Development Value		**105**		**8,663**		**£14,481,259**
Development Cost						
Site Acquisition						
Site Value						£1,936,999
	Phase 1					£645,666
	Phase 2					£645,666
	Phase 3					£645,666
			Less Purchaser Costs			5.75%
Net Residual Land Value						**£1,825,622**
Build Costs						
Private units		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	8.93	71	£832		£524,160
	Houses	80.33	85	£722		£4,929,545
		89.25				
Intermediate		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	0.47	71	£832		£27,750
	Houses	4.25	85	£722		£260,976
		4.73				
Affordable rent		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	1.10	71	£832		£64,749
	Houses	9.92	85	£722		£608,944
		11.03				
		105				**£6,416,124**
Externals						
	Plot external	13%				£802,015
	Remediation/Demoltion	£100,000	per ha			£300,000
						£1,102,015
Professional Fees						
as percentage of build costs			8%			£577,451
						£577,451
Contingency						
Based upon percentage of construction costs			3%			£192,484
						£192,484
Developer contributions						
S.106			£500	per unit		£52,500
						£52,500
Sale cost						
Legals -			£500			£52,500
Sales & Marketing cost -			3.50%			£506,844
						£559,344
TOTAL DEVELOPMENT COSTS						**£10,725,540**
Developers' Pofit						
			Rate			
Private Housing			22.0%	of sales		£2,904,017
Affordable Housing			6%	of sales		£76,871
						£2,980,888
TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£13,706,427**
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£774,831
Finance Costs			APR	PCM		
			7.00%	0.565%		-£750,831
TOTAL PROJECT COSTS [INCLUDING INTEREST]						

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Mid Value	**Brownfield/greenfield - Small**					
All Policy						
Net Site Area	0.50	**Residual Land Value**	**£772,651**	**per ha**		
Yield	18	**Private**	**15**	**Affordable**	**3**	
Development Value						
Private Units		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
	Flats	1.49	60	89	£1,700	£151,725
	Houses	13.39	85	1,138	£1,800	£2,048,288
		14.88		1,227		
Intermediate		**No. of units**	**Size sq.m**		**£psm**	**Total Value**
	Flats	0.08	60	5	£935	£4,418
	Houses	0.71	85	60	£990	£59,641
		0.79		65		
Affordable rent		**No. of units**	**Size sq.m**		**£psm**	**Total Value**
	Flats	0.18	60	11	£935	£10,308
	Houses	1.65	85	141	£990	£139,163
		1.84		152		
Gross Development Value		**18**		**1,444**		**£2,413,543**
Development Cost						
Site Acquisition						
Site Value						£405,591
			Less Purchaser Costs			4.75%
Net Residual Land Value						**386,325**
Build Costs						
Private units		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	1.49	71	£832		£87,360
	Houses	13.39	85	£722		£821,591
		14.88				
Intermediate		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	0.08	71	£832		£4,625
	Houses	0.71	85	£722		£43,496
		0.79				
Affordable rent		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	0.18	71	£832		£10,792
	Houses	1.65	85	£722		£101,491
		1.84				
		18				**£1,069,354**
Externals						
	Plot external	13%				£133,669
	Remediation/Demoltion	£100,000	per ha			£50,000
						£183,669
Professional Fees						
as percentage of build costs			8%			£96,242
						£96,242
Contingency						
Based upon percentage of construction costs			3%			£32,081
						£32,081
Developer contributions						
S.106			£500	per unit		£8,750
						£8,750
Sale cost						
Legals -			£500			£8,750
Sales & Marketing cost -			3.50%			£84,474
						£93,224
TOTAL DEVELOPMENT COSTS						**£1,869,645**
Developers' Pofit						
			Rate			
Private Housing			22.0%	of sales		£484,003
Affordable Housing			6%	of sales		£12,812
						£496,815
TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£2,366,460**
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£47,084
Finance Costs			APR		PCM	
			7.00%		0.565%	-£43,084
TOTAL PROJECT COSTS [INCLUDING INTEREST]						

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Lower Value	**Greenfield - Large**					
All Policy						
Year 6+						
Net Site Area	3.00	**Residual Land Value**	**£353,599**	**per ha**		
Yield	105	**Private**	**89**	**Affordable**	**16**	
Development Value						
Private Units		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
	Flats	8.93	60	536	£1,875	£1,004,063
	Houses	80.33	85	6,828	£2,000	£13,655,250
		89.25		7,363		
Intermediate		**No. of units**	**Size sq.m**		**£psm**	**Total Value**
	Flats	0.47	60	28	£1,031	£29,236
	Houses	4.25	85	361	£1,100	£397,609
		4.73		390		
Affordable rent		**No. of units**	**Size sq.m**		**£psm**	**Total Value**
	Flats	1.10	60	66	£1,031	£68,217
	Houses	9.92	85	843	£1,100	£927,754
		11.03		910		
Gross Development Value		**105**		**8,663**		**£16,082,128**
Development Cost						
Site Acquisition						
Site Value						£1,125,515
	Phase 1					£375,172
	Phase 2					£375,172
	Phase 3					£375,172
			Less Purchaser Costs			5.75%
Net Residual Land Value						**£1,060,798**
Build Costs						
Private units		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	8.93	71	£1,073		£675,990
	Houses	80.33	85	£943		£6,438,450
		89.25				
Intermediate		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	0.47	71	£1,073		£35,788
	Houses	4.25	85	£943		£340,859
		4.73				
Affordable rent		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	1.10	71	£1,073		£83,505
	Houses	9.92	85	£943		£795,338
		11.03				
		105				**£8,369,930**
Externals						
	Plot external	15%				£1,255,489
	Remediation/Demoltion	£0	per ha			£0
						£1,255,489
Professional Fees						
as percentage of build costs			8%			£770,034
						£770,034
Contingency						
Based upon percentage of construction costs			3%			£251,098
						£251,098
Developer contributions						
S.106			£500	per unit		£52,500
						£52,500
Sale cost						
Legals -			£500			£52,500
Sales & Marketing cost -			3.50%			£562,874
						£615,374
TOTAL DEVELOPMENT COSTS						**£12,375,223**
Developers' Pofit						
			Rate			
Private Housing			22.0%	of sales		£3,225,049
Affordable Housing			6%	of sales		£85,369
						£3,310,418
TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£15,685,641**
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£396,487
Finance Costs			APR		PCM	
			7.00%		0.565%	-£396,487
TOTAL PROJECT COSTS [INCLUDING INTEREST]						

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Lower Value	**Greenfield - Small**					
All Policy						
Year 6+						
Net Site Area	0.50	**Residual Land Value**	**£386,233**	**per ha**		
Yield	18	**Private**	**15**	**Affordable**	**3**	
Development Value						
Private Units		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
	Flats	1.49	60	89	£1,875	£167,344
	Houses	13.39	85	1,138	£2,000	£2,275,875
		14.88		1,227		
Intermediate		**No. of units**	**Size sq.m**		**£psm**	**Total Value**
	Flats	0.08	60	5	£1,031	£4,873
	Houses	0.71	85	60	£1,100	£66,268
		0.79		65		
Affordable rent		**No. of units**	**Size sq.m**		**£psm**	**Total Value**
	Flats	0.18	60	11	£1,031	£11,370
	Houses	1.65	85	141	£1,100	£154,626
		1.84		152		
Gross Development Value		**18**		**1,444**		**£2,680,355**
Development Cost						
Site Acquisition						
Site Value						£198,577
			Less Purchaser Costs			2.75%
Net Residual Land Value						**193,116**
Build Costs						
Private units		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	1.49	71	£1,073		£112,665
	Houses	13.39	85	£943		£1,073,075
		14.88				
Intermediate		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	0.08	71	£1,073		£5,965
	Houses	0.71	85	£943		£56,810
		0.79				
Affordable rent		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	0.18	71	£1,073		£13,917
	Houses	1.65	85	£943		£132,556
		1.84				
		18				**£1,394,988**
Externals						
	Plot external	15%				£209,248
	Remediation/Demoltion	£0	per ha			£0
						£209,248
Professional Fees						
as percentage of build costs			8%			£128,339
						£128,339
Contingency						
Based upon percentage of construction costs			3%			£41,850
						£41,850
Developer contributions						
S.106			£500	per unit		£8,750
						£8,750
Sale cost						
Legals -			£500			£8,750
Sales & Marketing cost -			3.50%			£93,812
						£102,562
TOTAL DEVELOPMENT COSTS						**£2,078,854**
Developers' Pofit						
			Rate			
Private Housing			22.0%	of sales		£537,508
Affordable Housing			6%	of sales		£14,228
						£551,736
TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£2,630,590**
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£49,765
Finance Costs			APR		PCM	
			7.00%		0.565%	-£49,765
TOTAL PROJECT COSTS [INCLUDING INTEREST]						

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Lower Value	**Brownfield - Large**					
All Policy						
Year 6+						
Net Site Area	3.00	**Residual Land Value**	**£248,516**	**per ha**		
Yield	105	**Private**	**89**	**Affordable**	**16**	
Development Value						
Private Units		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
	Flats	8.93	60	536	£1,875	£1,004,063
	Houses	80.33	85	6,828	£2,000	£13,655,250
		89.25		7,363		
Intermediate		**No. of units**	**Size sq.m**		**£psm**	**Total Value**
	Flats	0.47	60	28	£1,031	£29,236
	Houses	4.25	85	361	£1,100	£397,609
		4.73		390		
Affordable rent		**No. of units**	**Size sq.m**		**£psm**	**Total Value**
	Flats	1.10	60	66	£1,031	£68,217
	Houses	9.92	85	843	£1,100	£927,754
		11.03		910		
Gross Development Value		**105**		**8,663**		**£16,082,128**
Development Cost						
Site Acquisition						
Site Value						£791,034
	Phase 1					£263,678
	Phase 2					£263,678
	Phase 3					£263,678
			Less Purchaser Costs			5.75%
Net Residual Land Value						**£745,549**
Build Costs						
Private units		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	8.93	71	£1,073		£675,990
	Houses	80.33	85	£943		£6,438,450
		89.25				
Intermediate		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	0.47	71	£1,073		£35,788
	Houses	4.25	85	£943		£340,859
		4.73				
Affordable rent		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	1.10	71	£1,073		£83,505
	Houses	9.92	85	£943		£795,338
		11.03				
		105				**£8,369,930**
Externals						
	Plot external	10%				£836,993
	Remediation/Demoltion	£200,000	per ha			£600,000
						£1,436,993
Professional Fees						
as percentage of build costs			8%			£736,554
						£736,554
Contingency						
Based upon percentage of construction costs			3%			£251,098
						£251,098
Developer contributions						
S.106			£500	per unit		£52,500
						£52,500
Sale cost						
Legals -			£500			£52,500
Sales & Marketing cost -			3.50%			£562,874
						£615,374
TOTAL DEVELOPMENT COSTS						**£12,207,998**
Developers' Pofit						
			Rate			
Private Housing			22.0%	of sales		£3,225,049
Affordable Housing			6%	of sales		£85,369
						£3,310,418
TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£15,518,416**
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£563,712
Finance Costs			APR		PCM	
			7.00%		0.565%	-£515,712
TOTAL PROJECT COSTS [INCLUDING INTEREST]						

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Lower Value	**Brownfield - Small**					
All Policy						
Year 6+						
Net Site Area	0.50	**Residual Land Value**	**£312,580**	**per ha**		
Yield	18	**Private**	**15**	**Affordable**	**3**	
Development Value						
Private Units		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
	Flats	1.49	60	89	£1,875	£167,344
	Houses	13.39	85	1,138	£2,000	£2,275,875
		14.88		1,227		
Intermediate		**No. of units**	**Size sq.m**		**£psm**	**Total Value**
	Flats	0.08	60	5	£1,031	£4,873
	Houses	0.71	85	60	£1,100	£66,268
		0.79		65		
Affordable rent		**No. of units**	**Size sq.m**		**£psm**	**Total Value**
	Flats	0.18	60	11	£1,031	£11,370
	Houses	1.65	85	141	£1,100	£154,626
		1.84		152		
Gross Development Value		**18**		**1,444**		**£2,680,355**
Development Cost						
Site Acquisition						
Site Value						£160,710
			Less Purchaser Costs			2.75%
Net Residual Land Value						**156,290**
Build Costs						
Private units		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	1.49	71	£1,073		£112,665
	Houses	13.39	85	£943		£1,073,075
		14.88				
Intermediate		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	0.08	71	£1,073		£5,965
	Houses	0.71	85	£943		£56,810
		0.79				
Affordable rent		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	0.18	71	£1,073		£13,917
	Houses	1.65	85	£943		£132,556
		1.84				
		18				**£1,394,988**
Externals						
	Plot external	10%				£139,499
	Remediation/Demoltion	£200,000	per ha			£100,000
						£239,499
Professional Fees						
as percentage of build costs			8%			£122,759
						£122,759
Contingency						
Based upon percentage of construction costs			3%			£41,850
						£41,850
Developer contributions						
S.106			£500	per unit		£8,750
						£8,750
Sale cost						
Legals -			£500			£8,750
Sales & Marketing cost -			3.50%			£93,812
						£102,562
TOTAL DEVELOPMENT COSTS						**£2,066,698**
Developers' Pofit						
			Rate			
Private Housing			22.0%	of sales		£537,508
Affordable Housing			6%	of sales		£14,228
						£551,736
TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£2,618,435**
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£61,920
Finance Costs			APR	PCM		
			7.00%	0.565%		-£53,920
TOTAL PROJECT COSTS [INCLUDING INTEREST]						

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Lower Value	**Brownfield/greenfield - Large**					
All Policy						
Year 6+						
Net Site Area	3.00	**Residual Land Value**	**£295,876**	**per ha**		
Yield	105	**Private**	**89**	**Affordable**	**16**	
Development Value						
Private Units		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
	Flats	8.93	60	536	£1,875	£1,004,063
	Houses	80.33	85	6,828	£2,000	£13,655,250
		89.25		7,363		
Intermediate		**No. of units**	**Size sq.m**		**£psm**	**Total Value**
	Flats	0.47	60	28	£1,031	£29,236
	Houses	4.25	85	361	£1,100	£397,609
		4.73		390		
Affordable rent		**No. of units**	**Size sq.m**		**£psm**	**Total Value**
	Flats	1.10	60	66	£1,031	£68,217
	Houses	9.92	85	843	£1,100	£927,754
		11.03		910		
Gross Development Value		**105**		**8,663**		**£16,082,128**
Development Cost						
Site Acquisition						
Site Value						£941,779
	Phase 1					£313,926
	Phase 2					£313,926
	Phase 3					£313,926
			Less Purchaser Costs			5.75%
Net Residual Land Value						**£887,627**
Build Costs						
Private units		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	8.93	71	£1,073		£675,990
	Houses	80.33	85	£943		£6,438,450
		89.25				
Intermediate		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	0.47	71	£1,073		£35,788
	Houses	4.25	85	£943		£340,859
		4.73				
Affordable rent		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	1.10	71	£1,073		£83,505
	Houses	9.92	85	£943		£795,338
		11.03				
		105				**£8,369,930**
Externals						
	Plot external	13%				£1,046,241
	Remediation/Demoltion	£100,000	per ha			£300,000
						£1,346,241
Professional Fees						
as percentage of build costs			8%			£753,294
						£753,294
Contingency						
Based upon percentage of construction costs			3%			£251,098
						£251,098
Developer contributions						
S.106			£500	per unit		£52,500
						£52,500
Sale cost						
Legals -			£500			£52,500
Sales & Marketing cost -			3.50%			£562,874
						£615,374
TOTAL DEVELOPMENT COSTS						**£12,276,064**
Developers' Pofit						
			Rate			
Private Housing			22.0%	of sales		£3,225,049
Affordable Housing			6%	of sales		£85,369
						£3,310,418
TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£15,586,481**
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£495,647
Finance Costs			APR		PCM	
			7.00%		0.565%	-£471,647
TOTAL PROJECT COSTS [INCLUDING INTEREST]						

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Lower Value	**Brownfield/greenfield - Small**					
All Policy						
Year 6+						
Net Site Area	0.50	**Residual Land Value**	**£347,143**	**per ha**		
Yield	18	**Private**	**15**	**Affordable**	**3**	
Development Value						
Private Units		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
	Flats	1.49	60	89	£1,875	£167,344
	Houses	13.39	85	1,138	£2,000	£2,275,875
		14.88		1,227		
Intermediate		**No. of units**	**Size sq.m**		**£psm**	**Total Value**
	Flats	0.08	60	5	£1,031	£4,873
	Houses	0.71	85	60	£1,100	£66,268
		0.79		65		
Affordable rent		**No. of units**	**Size sq.m**		**£psm**	**Total Value**
	Flats	0.18	60	11	£1,031	£11,370
	Houses	1.65	85	141	£1,100	£154,626
		1.84		152		
Gross Development Value		**18**		**1,444**		**£2,680,355**
Development Cost						
Site Acquisition						
Site Value						£178,480
			Less Purchaser Costs			2.75%
Net Residual Land Value						**173,572**
Build Costs						
Private units		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	1.49	71	£1,073		£112,665
	Houses	13.39	85	£943		£1,073,075
		14.88				
Intermediate		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	0.08	71	£1,073		£5,965
	Houses	0.71	85	£943		£56,810
		0.79				
Affordable rent		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	0.18	71	£1,073		£13,917
	Houses	1.65	85	£943		£132,556
		1.84				
		18				**£1,394,988**
Externals						
	Plot external	13%				£174,374
	Remediation/Demoltion	£100,000	per ha			£50,000
						£224,374
Professional Fees						
as percentage of build costs			8%			£125,549
						£125,549
Contingency						
Based upon percentage of construction costs			3%			£41,850
						£41,850
Developer contributions						
S.106			£500	per unit		£8,750
						£8,750
Sale cost						
Legals -			£500			£8,750
Sales & Marketing cost -			3.50%			£93,812
						£102,562
TOTAL DEVELOPMENT COSTS						**£2,071,644**
Developers' Pofit						
			Rate			
Private Housing			22.0%	of sales		£537,508
Affordable Housing			6%	of sales		£14,228
						£551,736
TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£2,623,381**
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£56,974
Finance Costs			APR		PCM	
			7.00%		0.565%	-£52,974
TOTAL PROJECT COSTS [INCLUDING INTEREST]						

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Mid Value	Greenfield - Large					
All Policy						
Net Site Area	3.00	**Residual Land Value**	**£725,971**	**per ha**		
Yield	105	**Private**	**89**	**Affordable**	**16**	
Development Value						
Private Units		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
	Flats	8.93	60	536	£2,125	£1,137,938
	Houses	80.33	85	6,828	£2,250	£15,362,156
		89.25		7,363		
Intermediate		**No. of units**	**Size sq.m**		**£psm**	**Total Value**
	Flats	0.47	60	28	£1,169	£33,134
	Houses	4.25	85	361	£1,238	£447,310
		4.73		390		
Affordable rent		**No. of units**	**Size sq.m**		**£psm**	**Total Value**
	Flats	1.10	60	66	£1,169	£77,313
	Houses	9.92	85	843	£1,238	£1,043,723
		11.03		910		
Gross Development Value		**105**		**8,663**		**£18,101,573**
Development Cost						
Site Acquisition						
Site Value						£2,310,783
	Phase 1					£770,261
	Phase 2					£770,261
	Phase 3					£770,261
			Less Purchaser Costs			5.75%
Net Residual Land Value						**£2,177,913**
Build Costs						
Private units		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	8.93	71	£1,073		£675,990
	Houses	80.33	85	£943		£6,438,450
		89.25				
Intermediate		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	0.47	71	£1,073		£35,788
	Houses	4.25	85	£943		£340,859
		4.73				
Affordable rent		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	1.10	71	£1,073		£83,505
	Houses	9.92	85	£943		£795,338
		11.03				
		105				**£8,369,930**
Externals						
	Plot external	15%				£1,255,489
	Remediation/Demoltion	£0	per ha			£0
						£1,255,489
Professional Fees						
as percentage of build costs		8%				£770,034
						£770,034
Contingency						
Based upon percentage of construction costs		3%				£251,098
						£251,098
Developer contributions						
S.106		£500	per unit			£52,500
						£52,500
Sale cost						
Legals -		£500				£52,500
Sales & Marketing cost -		3.50%				£633,555
						£686,055
TOTAL DEVELOPMENT COSTS						**£13,563,019**
Developers' Pofit						
		Rate				
Private Housing		22.0%	of sales			£3,630,021
Affordable Housing		6%	of sales			£96,089
						£3,726,109
TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£17,289,128**
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£812,445
Finance Costs		APR		PCM		
		7.00%		0.565%		-£812,445
TOTAL PROJECT COSTS [INCLUDING INTEREST]						

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Mid Value	Greenfield - Small					
All Policy						
Net Site Area	0.50	**Residual Land Value**	**£904,582**	**per ha**		
Yield	18	**Private**	**15**	**Affordable**	**3**	
Development Value						
Private Units		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
	Flats	1.49	60	89	£2,125	£189,656
	Houses	13.39	85	1,138	£2,250	£2,560,359
		14.88		1,227		
Intermediate		**No. of units**	**Size sq.m**		**£psm**	**Total Value**
	Flats	0.08	60	5	£1,169	£5,522
	Houses	0.71	85	60	£1,238	£74,552
		0.79		65		
Affordable rent		**No. of units**	**Size sq.m**		**£psm**	**Total Value**
	Flats	0.18	60	11	£1,169	£12,885
	Houses	1.65	85	141	£1,238	£173,954
		1.84		152		
Gross Development Value		**18**		**1,444**		**£3,016,929**
Development Cost						
Site Acquisition						
Site Value						£474,846
			Less Purchaser Costs			4.75%
Net Residual Land Value						**452,291**
Build Costs						
Private units		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	1.49	71	£1,073		£112,665
	Houses	13.39	85	£943		£1,073,075
		14.88				
Intermediate		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	0.08	71	£1,073		£5,965
	Houses	0.71	85	£943		£56,810
		0.79				
Affordable rent		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	0.18	71	£1,073		£13,917
	Houses	1.65	85	£943		£132,556
		1.84				
		18				**£1,394,988**
Externals						
	Plot external	15%				£209,248
	Remediation/Demoltion	£0	per ha			£0
						£209,248
Professional Fees						
as percentage of build costs			8%			£128,339
						£128,339
Contingency						
Based upon percentage of construction costs			3%			£41,850
						£41,850
Developer contributions						
S.106			£500	per unit		£8,750
						£8,750
Sale cost						
Legals -			£500			£8,750
Sales & Marketing cost -			3.50%			£105,593
						£114,343
TOTAL DEVELOPMENT COSTS						**£2,349,808**
Developers' Pofit						
			Rate			
Private Housing			22.0%	of sales		£605,003
Affordable Housing			6%	of sales		£16,015
						£621,018
TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£2,970,827**
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£46,102
Finance Costs			APR		PCM	
			7.00%		0.565%	-£46,102
TOTAL PROJECT COSTS [INCLUDING INTEREST]						

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Mid Value	**Brownfield - Large**					
All Policy						
Net Site Area	3.00	**Residual Land Value**	**£614,742**	**per ha**		
Yield	105	**Private**	**89**	**Affordable**	**16**	
Development Value						
Private Units		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
	Flats	8.93	60	536	£2,125	£1,137,938
	Houses	80.33	85	6,828	£2,250	£15,362,156
		89.25		7,363		
Intermediate		**No. of units**	**Size sq.m**		**£psm**	**Total Value**
	Flats	0.47	60	28	£1,169	£33,134
	Houses	4.25	85	361	£1,238	£447,310
		4.73		390		
Affordable rent		**No. of units**	**Size sq.m**		**£psm**	**Total Value**
	Flats	1.10	60	66	£1,169	£77,313
	Houses	9.92	85	843	£1,238	£1,043,723
		11.03		910		
Gross Development Value		**105**		**8,663**		**£18,101,573**
Development Cost						
Site Acquisition						
Site Value						£1,956,737
	Phase 1					£652,246
	Phase 2					£652,246
	Phase 3					£652,246
			Less Purchaser Costs			5.75%
Net Residual Land Value						**£1,844,225**
Build Costs						
Private units		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	8.93	71	£1,073		£675,990
	Houses	80.33	85	£943		£6,438,450
		89.25				
Intermediate		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	0.47	71	£1,073		£35,788
	Houses	4.25	85	£943		£340,859
		4.73				
Affordable rent		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	1.10	71	£1,073		£83,505
	Houses	9.92	85	£943		£795,338
		11.03				
		105				**£8,369,930**
Externals						
	Plot external	10%				£836,993
	Remediation/Demoltion	£200,000	per ha			£600,000
						£1,436,993
Professional Fees						
as percentage of build costs			8%			£736,554
						£736,554
Contingency						
Based upon percentage of construction costs			3%			£251,098
						£251,098
Developer contributions						
S.106			£500	per unit		£52,500
						£52,500
Sale cost						
Legals -			£500			£52,500
Sales & Marketing cost -			3.50%			£633,555
						£686,055
TOTAL DEVELOPMENT COSTS						**£13,377,354**
Developers' Pofit						
			Rate			
Private Housing			22.0%	of sales		£3,630,021
Affordable Housing			6%	of sales		£96,089
						£3,726,109
TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£17,103,464**
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£998,110
Finance Costs			APR		PCM	
			7.00%		0.565%	-£950,110
TOTAL PROJECT COSTS [INCLUDING INTEREST]						

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Mid Value	Brownfield - Small					
All Policy						
Net Site Area	0.50	**Residual Land Value**	**£825,934**	**per ha**		
Yield	18	**Private**	**15**	**Affordable**	**3**	
Development Value						
Private Units		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
	Flats	1.49	60	89	£2,125	£189,656
	Houses	13.39	85	1,138	£2,250	£2,560,359
		14.88		1,227		
Intermediate		**No. of units**	**Size sq.m**		**£psm**	**Total Value**
	Flats	0.08	60	5	£1,169	£5,522
	Houses	0.71	85	60	£1,238	£74,552
		0.79		65		
Affordable rent		**No. of units**	**Size sq.m**		**£psm**	**Total Value**
	Flats	0.18	60	11	£1,169	£12,885
	Houses	1.65	85	141	£1,238	£173,954
		1.84		152		
Gross Development Value		**18**		**1,444**		**£3,016,929**
Development Cost						
Site Acquisition						
Site Value						£433,561
			Less Purchaser Costs			4.75%
Net Residual Land Value						**412,967**
Build Costs						
Private units		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	1.49	71	£1,073		£112,665
	Houses	13.39	85	£943		£1,073,075
		14.88				
Intermediate		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	0.08	71	£1,073		£5,965
	Houses	0.71	85	£943		£56,810
		0.79				
Affordable rent		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	0.18	71	£1,073		£13,917
	Houses	1.65	85	£943		£132,556
		1.84				
		18				**£1,394,988**
Externals						
	Plot external	10%				£139,499
	Remediation/Demoltion	£200,000	per ha			£100,000
						£239,499
Professional Fees						
as percentage of build costs			8%			£122,759
						£122,759
Contingency						
Based upon percentage of construction costs			3%			£41,850
						£41,850
Developer contributions						
S.106			£500	per unit		£8,750
						£8,750
Sale cost						
Legals -			£500			£8,750
Sales & Marketing cost -			3.50%			£105,593
						£114,343
TOTAL DEVELOPMENT COSTS						**£2,335,155**
Developers' Pofit						
			Rate			
Private Housing			22.0%	of sales		£605,003
Affordable Housing			6%	of sales		£16,015
						£621,018
TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£2,956,174**
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£60,755
Finance Costs			APR		PCM	
			7.00%		0.565%	-£52,755
TOTAL PROJECT COSTS [INCLUDING INTEREST]						

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Mid Value	**Brownfield/greenfield - Large**					
All Policy						
Net Site Area	3.00	**Residual Land Value**	**£659,998**	**per ha**		
Yield	105	**Private**	**89**	**Affordable**	**16**	
Development Value						
Private Units		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
	Flats	8.93	60	536	£2,125	£1,137,938
	Houses	80.33	85	6,828	£2,250	£15,362,156
		89.25		7,363		
Intermediate		**No. of units**	**Size sq.m**		**£psm**	**Total Value**
	Flats	0.47	60	28	£1,169	£33,134
	Houses	4.25	85	361	£1,238	£447,310
		4.73		390		
Affordable rent		**No. of units**	**Size sq.m**		**£psm**	**Total Value**
	Flats	1.10	60	66	£1,169	£77,313
	Houses	9.92	85	843	£1,238	£1,043,723
		11.03		910		
Gross Development Value		**105**		**8,663**		**£18,101,573**
Development Cost						
Site Acquisition						
Site Value						£2,100,791
	Phase 1					£700,264
	Phase 2					£700,264
	Phase 3					£700,264
			Less Purchaser Costs			5.75%
Net Residual Land Value						**£1,979,995**
Build Costs						
Private units		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	8.93	71	£1,073		£675,990
	Houses	80.33	85	£943		£6,438,450
		89.25				
Intermediate		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	0.47	71	£1,073		£35,788
	Houses	4.25	85	£943		£340,859
		4.73				
Affordable rent		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	1.10	71	£1,073		£83,505
	Houses	9.92	85	£943		£795,338
		11.03				
		105				**£8,369,930**
Externals						
	Plot external	13%				£1,046,241
	Remediation/Demoltion	£100,000	per ha			£300,000
						£1,346,241
Professional Fees						
as percentage of build costs			8%			£753,294
						£753,294
Contingency						
Based upon percentage of construction costs			3%			£251,098
						£251,098
Developer contributions						
S.106			£500	per unit		£52,500
						£52,500
Sale cost						
Legals -			£500			£52,500
Sales & Marketing cost -			3.50%			£633,555
						£686,055
TOTAL DEVELOPMENT COSTS						**£13,439,113**
Developers' Pofit						
			Rate			
Private Housing			22.0%	of sales		£3,630,021
Affordable Housing			6%	of sales		£96,089
						£3,726,109
TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£17,165,222**
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£936,351
Finance Costs			APR		PCM	
			7.00%		0.565%	-£912,351
TOTAL PROJECT COSTS [INCLUDING INTEREST]						

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Mid Value	**Brownfield/greenfield - Small**					
All Policy						
Net Site Area	0.50	**Residual Land Value**	**£860,088**	**per ha**		
Yield	18	**Private**	**15**	**Affordable**	**3**	
Development Value						
Private Units		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
	Flats	1.49	60	89	£2,125	£189,656
	Houses	13.39	85	1,138	£2,250	£2,560,359
		14.88		1,227		
Intermediate		**No. of units**	**Size sq.m**		**£psm**	**Total Value**
	Flats	0.08	60	5	£1,169	£5,522
	Houses	0.71	85	60	£1,238	£74,552
		0.79		65		
Affordable rent		**No. of units**	**Size sq.m**		**£psm**	**Total Value**
	Flats	0.18	60	11	£1,169	£12,885
	Houses	1.65	85	141	£1,238	£173,954
		1.84		152		
Gross Development Value		**18**		**1,444**		**£3,016,929**
Development Cost						
Site Acquisition						
Site Value						£451,490
			Less Purchaser Costs			4.75%
Net Residual Land Value						**430,044**
Build Costs						
Private units		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	1.49	71	£1,073		£112,665
	Houses	13.39	85	£943		£1,073,075
		14.88				
Intermediate		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	0.08	71	£1,073		£5,965
	Houses	0.71	85	£943		£56,810
		0.79				
Affordable rent		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	Flats	0.18	71	£1,073		£13,917
	Houses	1.65	85	£943		£132,556
		1.84				
		18				**£1,394,988**
Externals						
	Plot external	13%				£174,374
	Remediation/Demoltion	£100,000	per ha			£50,000
						£224,374
Professional Fees						
as percentage of build costs			8%			£125,549
						£125,549
Contingency						
Based upon percentage of construction costs			3%			£41,850
						£41,850
Developer contributions						
S.106			£500	per unit		£8,750
						£8,750
Sale cost						
Legals -			£500			£8,750
Sales & Marketing cost -			3.50%			£105,593
						£114,343
TOTAL DEVELOPMENT COSTS						**£2,339,897**
Developers' Pofit						
			Rate			
Private Housing			22.0%	of sales		£605,003
Affordable Housing			6%	of sales		£16,015
						£621,018
TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£2,960,915**
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£56,014
Finance Costs			APR		PCM	
			7.00%		0.565%	-£52,014
TOTAL PROJECT COSTS [INCLUDING INTEREST]						

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Mid Value	Greenfield - Large					
Swan's Corner						
Gross Site Area	7.65					
Net Site Area	5.75	**Residual Land Value**	**£676,423**	**per ha**		
Yield	115	**Private**	**98**	**Affordable**	**17**	
Development Value						
Private Units		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
	4 Beds	58.65	110	6,452	£1,800	£11,612,700
	5 Beds	39.10	120	4,692	£1,800	£8,445,600
		97.75		11,144		
Intermediate		**No. of units**	**Size sq.m**		**£psm**	**Total Value**
	4 Beds	0.52	110	57	£990	£56,356
	5 Beds	4.66	120	559	£990	£553,311
		5.18		616		
Affordable rent		**No. of units**	**Size sq.m**		**£psm**	**Total Value**
	4 Beds	1.21	110	133	£990	£131,497
	5 Beds	10.87	120	1,304	£990	£1,291,059
		12.08		1437		
Gross Development Value		**115**		**13,196**		**£22,090,523**
Development Cost						
Site Acquisition						
Site Value						£4,126,719
	Phase 1					£1,375,573
	Phase 2					£1,375,573
	Phase 3					£1,375,573
			Less Purchaser Costs			5.75%
Net Residual Land Value						**£3,889,433**
Build Costs						
Private units		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	4 Beds	58.65	110	£722		£4,657,983
	5 Beds	39.10	120	£722		£3,387,624
		97.75				
Intermediate		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	4 Beds	0.52	110	£722		£41,100
	5 Beds	4.66	120	£722		£403,526
		5.18				
Affordable rent		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
	4 Beds	1.21	110	£722		£95,900
	5 Beds	10.87	120	£722		£941,560
		12.08				
		115				**£9,527,693**
Externals						
	Plot external	15%				£1,429,154
	Remediation/Demoltion	£0	per ha			£0
						£1,429,154
Professional Fees						
as percentage of build costs			8%			£876,548
						£876,548
Contingency						
Based upon percentage of construction costs			3%			£285,831
						£285,831
Developer contributions						
S106			£500	per unit		£57,500
						£57,500
Sale cost						
Legals -			£500			£57,500
Sales & Marketing cost -			3.50%			£773,168
						£830,668
TOTAL DEVELOPMENT COSTS						**£16,896,826**
Developers' Pofit						
			Rate			
Private Housing			22.0%	of sales		£4,412,826
Affordable Housing			6%	of sales		£121,933
						£4,534,759
TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£21,431,586**
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£658,937
Finance Costs			APR		PCM	
			7.00%		0.565%	-£658,937
TOTAL PROJECT COSTS [INCLUDING INTEREST]						

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Mid Value	Brownfield/greenfield - Large					
Eston Town Hall						
Gross Site Area	3.50					
Net Site Area	3.50	**Residual Land Value**	**£1,188,722**	**per ha**		
Yield	151	**Private**	**128**	**Affordable**	**23**	
Development Value						
Private Units		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
2 Beds		8.50	70	595	£1,800	£1,071,000
3 Beds		87.55	85	7,442	£1,800	£13,395,150
4 Beds		32.30	100	3,230	£1,800	£5,814,000
		128.35		11,267		
Intermediate		**No. of units**	**Size sq.m**		**£psm**	**Total Value**
2 Beds		0.45	70	32	£935	£29,453
3 Beds		4.64	85	394	£880	£346,698
4 Beds		1.71	100	171	£990	£169,290
		6.80		596		
Affordable rent		**No. of units**	**Size sq.m**		**£psm**	**Total Value**
2 Beds		1.05	70	74	£935	£68,723
3 Beds		10.82	85	919	£880	£808,962
4 Beds		3.99	100	399	£990	£395,010
		15.86		1392		
Gross Development Value		**151**		**13,255**		**£22,098,285**
Development Cost						
Site Acquisition						
Site Value						£4,414,352
Phase 1						£1,471,451
Phase 2						£1,471,451
Phase 3						£1,471,451
			Less Purchaser Costs			5.75%
Net Residual Land Value						**£4,160,527**
Build Costs						
Private units		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
2 Beds		8.50	70	£722		£429,590
3 Beds		87.55	85	£722		£5,372,944
4 Beds		32.30	100	£722		£2,332,060
		128.35				
Intermediate		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
2 Beds		0.45	70	£722		£22,743
3 Beds		4.64	85	£722		£284,450
4 Beds		1.71	100	£722		£123,462
		6.80				
Affordable rent		**No. of units**	**Size sq.m**	**Cost per sq.m**		**Total Costs**
2 Beds		1.05	70	£722		£22,743
3 Beds		10.82	85	£722		£284,450
4 Beds		3.99	100	£722		£123,462
		15.86				
		151				**£8,995,903**
Externals						
	Plot external	13%				£1,124,488
	Remediation/Demoltion	£100,000	per ha			£350,000
						£1,474,488
Professional Fees						
as percentage of build costs			8%			£837,631
						£837,631
Contingency						
Based upon percentage of construction costs			3%			£269,877
						£269,877
Developer contributions						
S.106			£500	per unit		£75,500
						£75,500
Sale cost						
Legals -			£500			£75,500
Sales & Marketing cost -			3.50%			£773,440
						£848,940
TOTAL DEVELOPMENT COSTS						**£16,662,866**
Developers' Pofit						
			Rate			
Private Housing			22.0%	of sales		£4,461,633
Affordable Housing			6%	of sales		£109,088
						£4,570,721
TOTAL PROJECT COSTS [EXCLUDING INTEREST]						**£21,233,588**
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£864,697
Finance Costs			APR	PCM		
			7.00%	0.565%		-£864,697
TOTAL PROJECT COSTS [INCLUDING INTEREST]						

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Mid Value **Brownfield - Large**

Redcar Adult Education Centre

Gross Site Area	2.41				
Net Site Area	2.41	**Residual Land Value**	**£830,873**	**per ha**	
Yield	89	**Private**	**76**	**Affordable**	**13**

Development Value

Private Units		**No. of units**	**Size sq.m**	**Total sq.m**	**£psm**	**Total Value**
	2 Beds	6.80	70	476	£1,800	£856,800
	3 Beds	46.75	85	3,974	£1,800	£7,152,750
	4 Beds	22.10	100	2,210	£1,800	£3,978,000
		75.65		6,660		
Intermediate		**No. of units**	**Size sq.m**		**£psm**	**Total Value**
	2 Beds	0.36	70	25	£990	£24,948
	3 Beds	2.48	85	210	£990	£208,271
	4 Beds	1.17	100	117	£990	£115,830
		4.01		353		
Affordable rent		**No. of units**	**Size sq.m**		**£psm**	**Total Value**
	2 Beds	0.84	70	59	£990	£58,212
		5.78	85	491	£990	£485,966
	4 Beds	2.73	100	273	£990	£270,270
		9.35		823		
Gross Development Value		**89**		**7,835**		**£13,151,048**

Development Cost

Site Acquisition

Site Value				£2,124,566
	Phase 1			£708,189
	Phase 2			£708,189
	Phase 3			£708,189
		Less Purchaser Costs		5.75%
Net Residual Land Value				**£2,002,404**

Build Costs

Private units		**No. of units**	**Size sq.m**	**Cost per sq.m**	**Total Costs**
	2 Beds	6.80	70	£722	£343,672
	3 Beds	46.75	85	£722	£2,869,048
	4 Beds	22.10	100	£722	£1,595,620
		75.65			
Intermediate		**No. of units**	**Size sq.m**	**Cost per sq.m**	**Total Costs**
	2 Beds	0.36	70	£722	£18,194
	3 Beds	2.48	85	£722	£151,891
	4 Beds	1.17	100	£722	£84,474
		4.01			
Affordable rent		**No. of units**	**Size sq.m**	**Cost per sq.m**	**Total Costs**
	2 Beds	0.84	70	£722	£42,454
	3 Beds	5.78	85	£722	£354,412
	4 Beds	2.73	100	£722	£197,106
		9.35			
		89			**£5,656,870**

Externals

	Plot external	10%		£565,687
	Remediation/Demoltion	£200,000	per ha	£482,000
				£1,047,687

Professional Fees

as percentage of build costs	8%		£497,805
			£497,805

Contingency

Based upon percentage of construction costs	3%		£169,706
			£169,706

Developer contributions

S.106	£500	per unit	£44,500
			£44,500

Sale cost

Legals -	£500		£44,500
Sales & Marketing cost -	3.50%		£460,287
			£504,787
TOTAL DEVELOPMENT COSTS			**£9,923,758**

Developers' Pofit

	Rate		
Private Housing	22.0%	of sales	£2,637,261
Affordable Housing	6%	of sales	£69,810
			£2,707,071
TOTAL PROJECT COSTS [EXCLUDING INTEREST]			**£12,630,829**
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]			£520,218

Finance Costs	APR	PCM	
	7.00%	0.565%	-£576,079
TOTAL PROJECT COSTS [INCLUDING INTEREST]			

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Appendix D Consultees

Semi-structured interviews were undertaken with the following organisations. Interviews were undertaken on the basis that findings would remain confidential.

1. HCA (interviewee on residential and affordable housing)
2. HCA (interviewee on commercial)
3. Miller Homes (developer)
4. Persimmon (developer)
5. Bellway (planner)
6. Bellway (surveyor)
7. Taylor Wimpey (developer)
8. Fabrick (Registered Social Landlord)
9. Coast and Country (Registered Social Landlord)

A developer workshop was held in June 2013 in Middlesbrough.

Appendix E Housing market performance

Redcar and Cleveland Market overview

1. We have presented on longer-term changes in house prices over the last year. We have used data from the TS10 and TS11 postcode sectors, as shown in the maps below. These postcodes cover Redcar and Cleveland, although they do spill over into neighbouring areas and are contiguous with local authority boundaries. Grouping together a large area in this way does however give a larger sample size, and thus more stable data. The data thus provides a reasonable picture of price change in the sub-region, but is always subject to the limitations of the sample size.

Figure **13.2 TS10** boundary

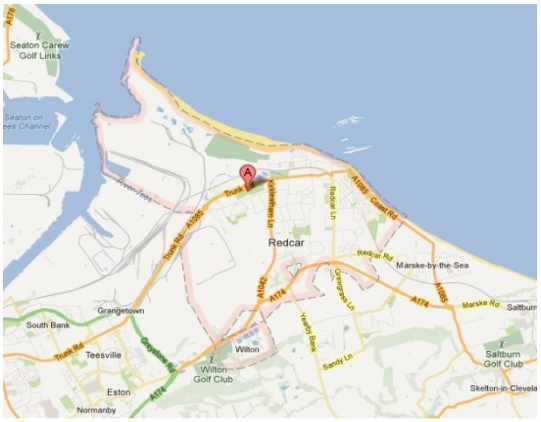
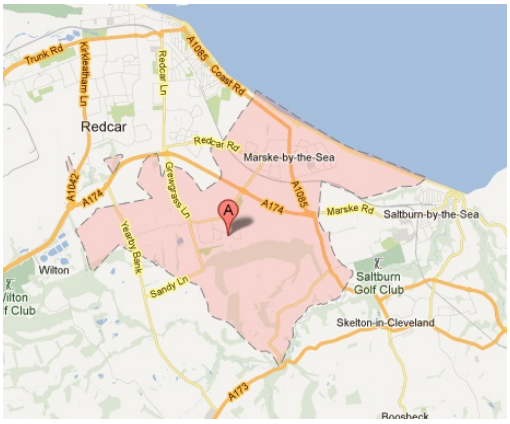


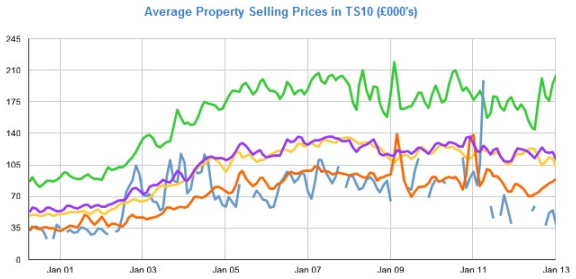
Figure **13.3 TS11** boundary



Source: Google maps

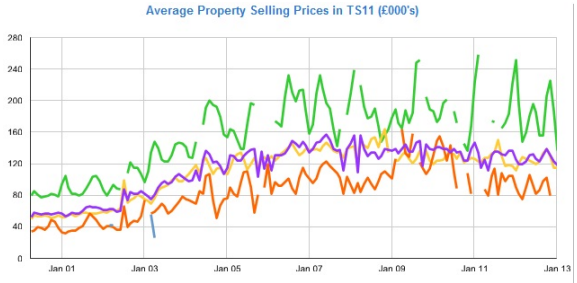
2. Over the longer term, prices have performed well. Since April 2000, average prices for all property types have risen by 101% in the TS10 area, and 131% in the TS11 area.
3. Looking at individual property categories, in both areas all represented categories have seen an increase in price over the 12 year period. In the TS10 area terraced houses saw the biggest price rise (171%) and flats saw the smallest price rise (17%). Due to sample size limitations, comparable data is only available for detached and semi-detached houses in the TS11 area, with semi-detached houses seeing the biggest rise of 131%.

Figure **13.5** Postcode average property selling price change over 12 years (April 2000 to April 2012) – (£000s)



3-month moving averages by property type in TS10
Due to the small amount of data available for this graph it may appear to be erratic. To gain a better picture of the Selling Prices in this area please see House Prices Report in Postal Area TS

	Apr 2000	Jan 2013	Change
Detached	£87,077	£206,333	+137%
Semi	£48,605	£102,444	+111%
Terraced	£33,316	£90,317	+171%
Flat	£32,250	£38,000	+18%
All	£53,042	£111,056	+109%



3-month moving averages by property type in TS11
Due to the small amount of data available for this graph it may appear to be erratic. To gain a better picture of the Selling Prices in this area please see House Prices Report in Postal Area TS

	Apr 2000	Jan 2013	Change
Detached	£79,875	£137,100	+72%
Semi	£51,241	£119,500	+133%
Terraced	£34,520	-	-
Flat	-	£105,000	-
All	£52,788	£122,088	+131%

Source: Land Registry, via Home.co.uk

Appendix F Trajectory and analysis

SHLAA Ref No	Site Name	Location	Value Area	Size	Site type	Develop. area (%)	Plan trajectory -earliest development envisaged	Years 0 to 5 No of Units (net - 2012 to 2018/19)	Years 6+ to end plan period No of Units (net)
18	Spencerbeck Farm	Ormesby	standard	small	brownfield	unknown	0-5	20	
24	Swan's Corner	Nunthorpe	standard	large	greenfield	75%	0-5	45	70
29	Galley Hill Farm	Guisboro'	standard	large	greenfield	unknown	0-5	85	265
43/92	Kilton Lane	Brotton	standard	large	greenfield	50%	6+		180
44	Cragg Hall Farm	Carlin How			greenfield	unknown	0-5	46	
54	Marske Inn Farm	Marske	standard	large	greenfield	50%	0-5	50	650
106	Connexions Campus (S)	Redcar	standard	large	greenfield	75%	6+		87
111	Former Saltburn Junior Sch.	Saltburn	standard	small	greenfield	unknown	0-5	12	
112	Former Saltburn Infants Sch.	Saltburn	standard	small	brownfield	unknown	0-5	22	
118	Former Jackson's Field Allotments	Guisboro'	standard	large	greenfield	unknown	0-5	73	
123	Mallinson Park	Normanby	low	large	greenfield	unknown	0-5	61	
130	Town Hall Complex & Surplus School Site	Eston Grange	standard	large	brown/greenf	75%	0-5	50	100
135	Low Grange Farm	South Bank	low	large	brown/greenf	unknown	0-5	50	260
136	Former GEDC	Guisboro'	standard	small	brownfield	90%	0-5	15	
206	Adult Education Centre	Redcar	standard	large	brownfield	75%	0-5	89	
211	Land at Newcomen School	Redcar	standard	small	brownfield	unknown	0-5	27	
213	St. Hilda's	Redcar	standard	small	brown/greenf	75%	6+		30
256	High Farm	Teesville	large	large	greenfield	unknown	0-5	140	76
284	Whitby Av. Field	Guisboro'	standard	large	greenfield	50%	6+		32
294	Longbank Farm	Ormesby	standard	large	greenfield	50%	6+		225
316	Normanby Hall	Normanby	standard	large	greenfield	25%	6+		25
342	Connexions Campus (N)	Redcar	standard	large	brown/greenf	unknown	0-5	158	
352	Church Hill	Skelton	standard	large	brownfield	unknown	0-5	90	172
353	Castle View	Skelton	standard	large	brown/greenf	unknown	0-5	90	
360	Rosecroft School	Loftus	standard	small	greenfield	unknown	0-5	51	
370	Chaloner	Guisboro'	standard	small	brownfield	unknown	0-5	22	
376	Luke Senior House	Guisboro'	standard	small	brownfield	unknown	6+		40
378	Bylands Close	Redcar	standard	small	brownfield	unknown	6+		40
384	Spring Lodge	Guisboro'	standard	small	greenfield	unknown	0-5	41	
387	Adj. Ryehills Sch.	Redcar	standard	small	brownfield	75%	6+		32
391	Havelock Park	Redcar	standard	large	brownfield	unknown	0-5	111	51
392	Hummersea Hills II	Loftus	standard	large	brownfield	unknown	0-5	40	91

SHLAA Ref No	Site Name	Location	Value Area	Size	Site type	Develop. area (%)	Plan trajectory -earliest development envisaged	Years 0 to 5 No of Units (net - 2012 to 2018/19)	Years 6+ to end plan period No of Units (net)
393	Gypsy Lane	Nunthorpe	standard	small	greenfield	unknown	0-5	10	
395	Home Farm	Skelton	standard	small	brownfield	90%	0-5	30	
401	Pasture Rise	Lazenby	low	small	brownfield	unknown	0-5	30	
405	Stanghow Road	Skelton	standard	small	brownfield	unknown	0-5		10
407	Morton Carr Lane	Nunthorpe	standard	small	greenfield	unknown	6+		32
410	Enfield Chase	Guisboro'			greenfield	unknown	0-5	30	
145b	Hunley Manor Phase II	Brotton	standard	small	greenfield	unknown	0-5	32	
30/66	W. of Pine Hills	Guisboro'	standard	large	greenfield	unknown	6+		100
47b	Middlesbrough Rd (S)	Guisboro'	standard	small	greenfield	90%	0-5	22	
51a	Long Acre Sidings (West)	Skelton	standard	large	greenfield	unknown	6+		105

Source: Redcar and Cleveland Borough Council Draft Local Plan