



GERALDEVE

Evidence to support deliverability and viability of:

Core Strategy Examination of Additional Sites

On behalf of: Folkestone & Hythe District Council (LPA)



Contact: James Brierley MRICS
Fiona Kilminster MRICS

October 2020

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This assessment has been produced having regard to and abiding to the requirements of **RICS Professional Statement Financial Viability in Planning: conduct and reporting (1st edition 2019). Appendix 1**, where applicable provides a guide to where in the report the requirements have been adhered to.

- 2.1 In preparing this viability assessment, we confirm that we have acted with reasonableness, impartiality and without interference. We have also complied with the requirements of PS2 Ethics, competency, objectivity and disclosures in the RICS Valuation – Global Standards 2017 in connection with valuation reports;
- 2.2 This document sets out our terms of engagement for undertaking this viability assessment (Section Terms of engagement and report procedures). We declare that to the best of our knowledge there is no conflict of interest (paragraph 1.1 of the Conflict of Interest Professional Statement of January 2018), Other than, if necessary, where stated in the report circumstances which fall under Informed Consent (as per the Conflict of Interest Professional Statement).
- 2.3 We confirm that our fee basis for undertaking this viability assessment is neither performance related nor involves contingent fees.
- 2.4 We confirm that this viability assessment has been prepared in the full knowledge that it may be made publicly at some point in the future. Where we believe there to be information, which is commercially sensitive, that we have relied upon in arriving at our opinion we have stated so in our report. We request that permission is sought by the instructing/Applicant prior to being made public to ensure commercially sensitive or personal information does not infringe other statutory regulatory requirements.
- 2.5 We confirm that we are in the process of reviewing a viability assessment which supports existing and future policies. We have confirmed with the instructing party that no conflict exists in undertaking the viability assessment, we have also highlighted to the Council where we have previously provided advice relating the site in question. Should this position change we will immediately notify the parties involved. We understand that if any of the parties identified in this report consider there to be a conflict that we would immediately stand down from the instruction.
- 2.6 In this viability assessment we have set out a full justification of the evidence and have also supported our opinions where they differ from the supporting evidence and review with a reasoned justification. We note in due course the emphasis within the RICS Professional Statement on conduct and reporting in Financial Viability in Planning the need to see to resolve differences of opinion wherever possible.
- 2.7 In determining Benchmark Land Value (if required) we have followed NPG (Viability) (2019) setting out this in detail within the Benchmark Land Value section.
- 2.8 We make a clear distinction in our report between preparation/review of a viability assessment and subsequent negotiations. Such negotiations may be identified as part of an addendum documents and may relate to S106 agreements.
- 2.9 Sensitivity analysis and accompanying explanation and interpretation of the results is undertaken for the purposes of a viability assessment. This enables the reader to consider the impact on the result of changes to key variables in the appraisal having regard to the risk and return of the proposed scheme.
- 2.10 We confirm we have advocated transparent and appropriate engagement between the Applicant and Council's viability advisors.
- 2.11 This report includes a non-technical summary at the commencement of the report which includes all key figures and issues relating to the assessment.
- 2.12 We confirm this report has been formally reviewed and signed off by the individuals who have carried out the assessment and confirm that this review has been prepared in accordance with the need for objectivity, impartiality and without interference. Subject to the completion of any discussion and resolution or note of differences, we will be retained to then subsequently advise upon and negotiate the Section 106 Agreement.
- 2.13 All contributors to this report have been considered competent and are aware of the RICS requirements and understand they must comply with the mandatory requirements.
- 2.14 We were provided an adequate time to produce this report, proportionate to the scale of the project and degree of complexity of the project.

Fiona Kilminster	James Brierley
	
Date 21.10.20	Date: 21.10.20

NOTE: Elements of this report may be confidential to the Council and it together with any further information supplied shall not be copied, reproduced or distributed to any third parties without the prior express written consent of Gerald Eve LLP. Furthermore, the information is being supplied to Folkestone and Hythe District Council ("The Council") on the express understanding that it shall be used only to assist in the financial assessment

in relation to the Additional Sites being considered as part of the Core Strategy Review. The information contained within this report is believed to be correct as at June 2020, but Gerald Eve LLP gives notice that:

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- V. any estimates of values or similar, other than specifically referred to otherwise, are subject to and for the purposes of discussion and are therefore only draft and excluded from the provisions of the RICS Valuation, Global Standards, July 2017; and
- VI. request that the report should not be disclosed to any third parties (other than consultants instructed by the Council to review this report) under the Freedom of Information Act (Sections 41 and 43 (2)) or under the Environmental Information Regulations.

EXECUTIVE SUMMARY (NON-TECHNICAL)

1. Gerald Eve LLP ('GE') has been instructed by Folkestone and Hythe District Council, the Local Planning Authority ('LPA') to undertake a review of the financial viability of development at various sites allocated within the emerging Local Plan. This work has been undertaken in response to various questions raised by the Inspector with regards to the deliverability of specific sites, during the Core Strategy Examination Process.
2. This work is based upon applied typologies and assumptions and does not represent financial assessments of specific application schemes. It is more akin to area wide principles of viability assessment and it is recognised that viability of specific planning applications associated with the review site allocations may vary.

Inspectors Questions

3. The key questions raised by the Inspectors in May 2020 relate to individual site allocations and broad locations; but also how strategic wide policy requirements will impact on the delivery of individual allocation sites. A total of nine allocation sites have been considered as part of this assessment.
4. The Inspectors have raised key questions in respect of the following strategic policies, proposed as part of the emerging Core Strategy:

Policy SS1 – District Spatial Strategy and Policy SS3 Place-Shaping and Sustainable Settlements Strategy

7) Approach to previously developed land in Policies SS1 and SS3 – How would it impact on deliverability and viability?

Policy CSD1 – Balanced Neighbourhoods

3) What effect would the policy have on the viability of development proposals and what evidence is there in this respect?

Policy CSD2 – District Residential Needs

10) *Is the policy sufficiently flexible in relation to viability and being able to respond to changing evidence on the mix of housing over the plan period?*

Policy CSD5 - Water and Coastal Management

10) Is the policy sufficiently flexible in relation to viability and being able to respond to changing evidence on the mix of housing over the plan period?

5. The Inspector has also raised questions in relation to the following Site-Specific Policies:

- CSD8 – New Romney Sites
- CSD9 – Sellindge Sites
- SS10 – Folkestone Seafront
- SS11 – Shorncliffe Garrison

Taking each of the requirements in the policy, what is the evidence to support them, including in respect of the need for the requirement and the effect on viability? Are the requirements justified?

What are the expectations in terms of timing and rates of housing delivery and are these realistic? What progress has been made to date?

6. GE have principally used the information contained in the Emerging Core Strategy documentation to test the high-level viability of the different schemes. Each scheme has been tested individually, on the basis of the policies identified by the Inspectors.
7. All of the revenue and cost appraisal inputs have been prepared as of current day to provide an up to date assessment.
8. GE confirms that the evidence supplied is high level and based on a series of assumptions. This assessment is principally to support the LPA in their justification that the proposed policies in terms of the various site allocations are reasonable and deemed deliverable.

9. The schemes have been assessed on the basis of a residual and value, which has been compared to the benchmark land value (BLV) for the site.

Responses to the Inspectors' Questions

10. In terms of the Strategic Policies (SS1, SS3, CSD1, CSD2 and CSD5) set out above, each of these policy requirements have been considered in relation to the site specific assessments undertaken and factor into the conclusions set out below.

CSD8 – New Romney Sites

11. The viability analysis has demonstrated that the four New Romney sites, comprising a total of c. 305 residential units overall, are all considered to be financially viable. The appraisal for each site produces a positive residual land value with a surplus created above the BLV.

CSD9 – Sellindge Sites

12. The viability analysis has demonstrated that the three Sellindge sites, comprising a total of c. 700 residential units overall, are all considered to be financially viable. The appraisal for each site produces a positive residual land value with a surplus created above the BLV.

SS10 – Folkestone Seafront

13. The viability analysis has demonstrated that the applied scheme may not considered to be financially viable. The appraisal produces a positive residual land value. However, based on applied base assumption this remained in deficit against the assumed BLV.

14. However, sensitivity analysis demonstrated that the applied scheme was extremely sensitive to any changes related to costs and values. For example, a 5-10% increase in sales values, along with a 0% change in the construction costs, would be required in order to remove the deficit. In addition, a minor change in construction costs of up to 5% would improve the financial viability of the scheme, enabling it to be potentially viable. Therefore, the proposed allocation is potentially capable of being viable. It should be noted this site is currently being developed.

SS11 – Shorncliffe Garrison

15. The viability analysis has demonstrated that the scheme is considered to be financially viable. The appraisal produces a positive residual land value with a surplus of £1.9m created above the BLV.

General conclusions

16. Overall, applying the assumptions set out in our viability assessment and through sensitivity analysis, indicates it would appear all of the additional sites are potentially capable of being financially viable and deliverable.

17. This conclusion has been further supported by the fact that a number of the sites have already been fully built out, are subject to an outline planning application or awaiting a decision. Only one of the sites remains an allocation and has not been progressed through the planning process (Sellindge site).

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1 Introduction

- 1.1 Gerald Eve LLP ('GE') has been instructed by Folkestone and Hythe District Council, the Local Planning Authority (LPA') to review the financial viability of development at various sites allocated within the emerging Local Plan. This work has been undertaken in response to various questions raised by the Inspector with regards to the deliverability of specific sites, during the Core Strategy Examination Process.
- 1.2 They key questions raised by the Inspector in May 2020 relate to individual site allocations and broad locations but also how strategic wide policies will relate to the financial viability and delivery of development at these sites. The key questions and related policies are set out in Section 2 – FVA Requirement.
- 1.3 The financial viability assessment has been carried out based on assumed typologies and inputs for the various sites that have been raised by the Inspector. The work is like that applied on an area wide basis, and not reflective of individual specific planning applications. It is therefore recognised that viability of specific planning applications associated with the reviewed sites may vary, but general conclusions relating to the viability and deliverability of the sites can be reached. The policy references for the sites are listed below. The location of all of the sites is shown in Figure 1 in Section 3.

Table 1: Summary of Sites and Policies

Policy	Sites
CSD8	New Romney
	Marsh Potato Site
	Land opposite Dorland Cockreed Lane
	Land Adjoining Hope All Saints Garden Centre (Gladman Scheme)
	Former All Saints Garden Centre, Ashford Road
CSD9	Sellindge Sites
	Land Adjacent to the Surgery
	Site A
	Site B: Rhodes House
SS10/ SS11	Other Sites
	Folkestone Seafront
	Shorncliffe Garrison

- 1.4 GE have principally used the information contained in the emerging Core Strategy documentation to test the high-level viability of development at the allocation sites based on assumed assumptions. Development at Site has been tested individually, on the basis of the policies identified by the Inspector through generating an appropriate typology/scheme.
- 1.5 All of the revenue and cost appraisal inputs have been prepared as of current day to provide an up to date assessment.
- 1.6 This assessment is principally to support the LPA in their consideration of proposed policies relating to the various site allocations that they are generally reasonable and allow the schemes to remain deliverable.
- 1.7 In order to demonstrate the robustness of the planning policies, where possible, planning application development proposals have been used as the basis of delivery along with supplementary information provided to assess the viability of the project in the context of the Core Strategy Local Plan policies.

Confirmation of Terms of Engagement

- 1.8 Our instruction is to undertake an objective, impartial assessment of financial viability to support the allocation of development at the above listed sites.
- 1.9 This updated review has been prepared having regard to the NPPF (revised 2018 and 2019); National Planning Guidance (“**NPG**”); The Folkestone and Hythe District Council Core Strategy Review (2020); the RICS Guidance Note: Financial Viability in Planning 2012 (“the **RICS GN**”) and conduct and reporting Practice Statement 2019 (“the **RICS PS**”); and generally accepted principles of undertaking site specific viability reviews.
- 1.10 We declare that to the best of our knowledge there is no conflict of interest (paragraph 1.1 of the Conflict of Interest Professional Statement of January 2018); and that our fee basis for undertaking this viability assessment is neither performance related nor involves contingent fees.

1.11 GE has had enough time to complete this instruction.

Supporting Information

1.12 As noted above, we have been provided with high level scheme specific information for each site by the LPA. We have also relied upon information available on the F&H Planning Portal system to inform judgment of scheme design and typology

1.13 We have not undertaken a measurement of the individual Sites and have relied on the submitted information and associated planning documentation as accurate in this regard.

1.14 Whilst we have relied on the information that has been provided, we have also had regard to our own market knowledge and research and experience. Furthermore, in completing this exercise GE has engaged with the LPA sought clarification where necessary.

1.15 Our report is accompanied by appendices which are introduced in the text – which crucially will include the Argus Developer summaries of our appraisals.

1.16 We have included in **Appendix 2** an overview of key relevant planning policies associated at national, regional and local level. In **Appendix 3** we have included an explanation of the applied methodology and approach in assessing viability having regard to viability guidance for planning purposes.

1.17 As outlined in the RICS GN, in undertaking this exercise, GE is formulating an appropriate judgement based upon information provided by the LPA as to the financial viability and long-term deliverability of the various Sites

1.18 A risk analysis has been provided in order to test the sensitivity and robustness of the residual land value having regard to changes in the inputs. This is in accordance with RICS GN and normal practice when undertaking financial viability assessments in respect of schemes of this nature with regard to scale and programme.

1.19 This report has been prepared as at August 2020, however, in the context of the prevailing economic climate and COVID-19 we have relied upon the best available evidence at the time. Should circumstances change it may be necessary to revise and update the inputs to the financial appraisal, and therefore resulting outturns.

Material valuation uncertainty due to Novel Coronavirus (COVID – 19)

1.20 The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on the 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. In the UK, market activity is being impacted in all sectors. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a viability judgement.

1.21 Our assessment, whilst reported in accordance with the RICS Professional Statement on “Financial Viability in Planning: report and conduct” is provided on the basis of material uncertainty. Consequently, less certainty – and a higher degree of caution – should be attached to our financial viability assessment than would normally be the case.

2 Requirement for the FVA

In accordance with NPPF, this section provides the reasons for the FVA requirement.

- 2.1 The information used in this assessment relies upon that provided by the LPA in relation to the different sites, in order to support the Local Plan, emerging Core Strategy review process and the various questions that have been raised by the Inspector with regards to the robustness and deliverability of various site-specific policies.
- 2.2 All of the typology/scheme assessments reflect the emerging Local Plan policies, principally the requirement to provide a minimum of 22% affordable housing on site affordable housing.
- 2.3 We have also been asked to consider how some of the wider strategic policies impact on the viability of the different sites. We have ensured that these policies have been reflected in the financial appraisal inputs.
- 2.4 The evidence submitted has been prepared in conjunction with the allocation of the site and therefore does not seek to deviate from what the LPA intends to achieve through the Core Strategy.
- 2.5 We have produced this assessment of the various sites whilst having regard to the RICS Professional Statement Financial Viability in Planning: conduct and reporting (1st edition 2019). It is mandatory practice for RICS members and firms to comply with these requirements and is regulated by RICS.
- 2.6 The Inspectors questions are set out in the following section.

Examination in Public – Inspectors Questions

- 2.7 In this section, we have set out the questions that were raised by the Inspector in the 'Inspectors Guidance Notes' dated the 21st May 2020. The questions will be addressed as part of this assessment. They include the impact that wider strategic policies will have on each of the sites but also individual site-specific questions. We have briefly set out the policy questions and how we intend to assess the viability of each of these in relation to the identified sites.

Strategic Policies

Policy SS1 – District Spatial Strategy and Policy SS3 Place-Shaping and Sustainable Settlements Strategy

2.8 SS1 sets out how housing will be delivered through a new sustainable, landscaped settlement, with supporting town centre and community uses, based on garden town principles. It also refers to elsewhere in the district where priority will continue to be given to previously developed land in the Urban Area in Folkestone, for main town centre uses and housing, for example, at the Seafront and Shorncliffe Garrison (SS11) and the delivery of strategic mixed-used development at Hythe (CSD7). Finally, reference is also given to the Romney Marsh Area.

- *7) Approach to previously developed land in Policies SS1 and SS3 – How would it impact on deliverability and viability?*

Policy CSD1 – Balanced Neighbourhoods

2.9 The key policy requirement here appears to be the requirement to provide 22% affordable housing on site, on development proposing 15 or more dwellings (net gain) at any location. Within this a 70% affordable rent/ social rent and 30% Shared equity split should be provided.

2.10 The Inspector has raised various queries in relation to this policy, however those dealt with as part of this assessment are set out as follows:

- *3) What effect would the policy have on the viability of development proposals and what evidence is there in this respect?*

2.11 We have assumed a minimum of 22% affordable housing across all of the sites regardless of any planning consents that may have already been achieved on the sites for a lower level. On some sites, there is a 30% affordable housing requirement, set out in policy for the specific site. this has therefore been assumed

and the relevant scheme tested against it. The above affordable split of 70/30 has been applied across all sites.

Policy CSD2 – District Residential Needs

2.12 This policy requires a range of housing tenures (in accordance with Policy CSD1) and unit sizes to be provided, reflecting the mix identified in the SHMA.

2.13 The Inspector has raised various queries in relation to this policy, however those dealt with as part of this assessment are set out as follows:

- *10) Is the policy sufficiently flexible in relation to viability and being able to respond to changing evidence on the mix of housing over the plan period?*

2.14 A blended unit type has therefore been assumed across both the private and affordable tenures, in line with policy requirements. This has been applied across of the developments apart from those where the policy specifies the delivery of houses.

2.15 We have not commented on the potentially changing evidence on the mix of housing over the housing period, although we consider that this assessment sufficiently reflects the current requirements in the financial analysis.

Policy CSD5 – Water and Coastal Management

2.16 The key policy requirement here is that the development should contribute to sustainable water resource management which maintains or improves the quality or quantity of surface and ground water bodies, and where applicable, the quality of the coastal environment and bathing waters.

2.17 All developments should incorporate water efficiency measures appropriate to the scale and nature of the use proposed. Planning applications for the construction of new dwellings should include specific design features and demonstrate a maximum level of usage to meet the higher water efficiency standard under Regulation 36(3) of the Building Regulations to achieve a maximum use of 110 litres per person per day (including external water use).

2.18 The Inspector has raised various queries in relation to this policy, however those dealt with as part of this assessment are set out as follows:

- *10) Is the policy sufficiently flexible in relation to viability and being able to respond to changing evidence on the mix of housing over the plan period?*

2.19 As this assessment comprises of a high-level viability assessment of each of the identified sites, it would be difficult to produce a cost estimate for each of the sites for this specific item. Due to the specific nature of these costs, we have consulted with a Cost Consultant, G&T, who advised that broadly a rate of between £2/m² to £5/m² plus a 10% OHP allowance would be appropriate. This has therefore been applied across all of the financial appraisals.

Site Specific Policies

2.20 We have produced an appraisal to assess the viability and therefore deliverability of the key specific sites outlined in the above policies. Whilst regard has been given to the Reviewers previous approach, key assumptions have been made for all of the inputs based on market evidence and norms. In order to accurately reflect the viability position, it has been assumed that the developments will be delivered as of current day.

2.21 As part of this assessment, we have also made reasonable assumptions on housing delivery. In Section 13, we have provided an update on the current status of the sites in terms of deliverability.

Policy CSD8 – New Romney Sites

2.22 The Inspector has raised various queries in relation to this policy, however those dealt with as part of this assessment are set out as follows:

- *8) Taking each of the requirements in the policy, what is the evidence to support them, including in respect of the need for the requirement and the effect on viability? Are the requirements justified?*
- *14) What are the expectations in terms of timing and rates of housing delivery and are these realistic? What progress has been made to date?*

Policy CSD9 – Sellindge Sites

2.23 The Inspector has raised various queries in relation to this policy, however those dealt with as part of this assessment are set out as follows:

- 34) *Taking each of the requirements in the policy - what is the effect on viability? Are the requirements justified?*
- 38) *What are the expectations in terms of timing and rates of housing delivery and are these realistic? What progress has been made to date?*

Policy SS10 - Folkestone Sea Front

2.24 The Inspector has raised various queries in relation to this policy, however those dealt with as part of this assessment are set out as follows:

- 5) *Taking each of the requirements in the policy – what is the effect on viability? Are the requirements justified?*
- 9) *What are the expectations in terms of timing and rates of housing delivery and are these realistic? What progress has been made to date?*

Policy SS11 – Shorncliffe Garrison

2.25 Again, the Inspector has raised various queries in relation to this policy, however those dealt with as part of this review are set out as follows:

- 14) *Taking each of the requirements in the policy – What is the effect on viability? Are the requirements justified?*
- 18) *What are the expectations in terms of timing and rates of housing delivery and are these realistic? What progress has been made to date?*

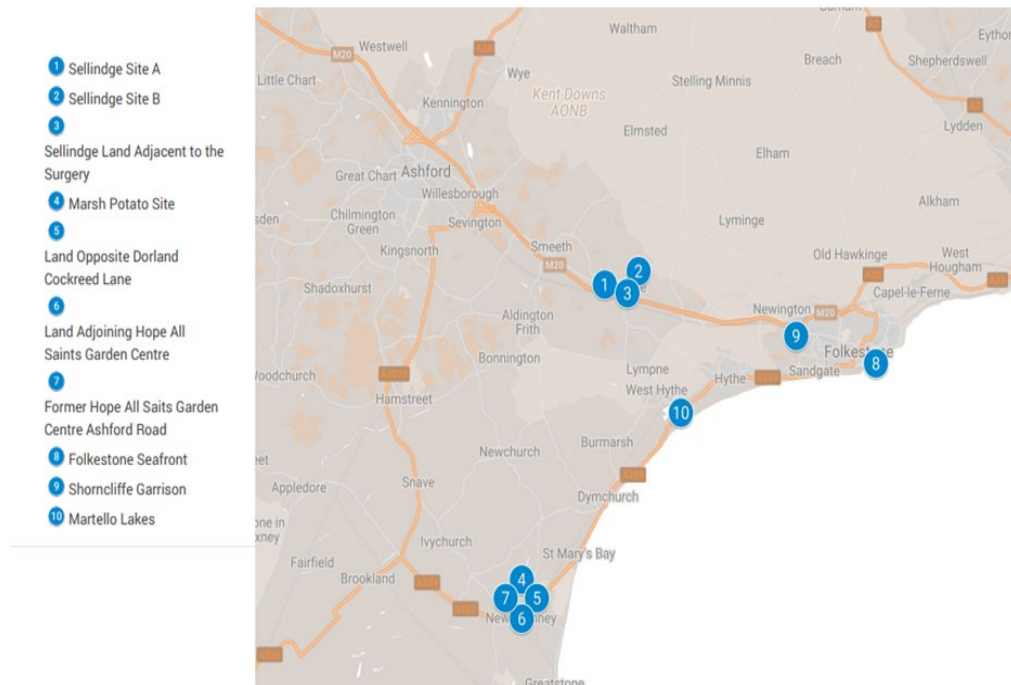
3 Site Background and Location

This section provides information on the different Site locations and characteristics.

Location Overview

- 3.1 The Sites are distributed throughout the Folkestone and Hythe district of Kent, formerly known as the Shepway district. The Folkestone and Hythe district is bounded by Ashford to the north-west, City of Canterbury to the north and Dover to the east.
- 3.2 We understand that Folkestone comprises the main economic hub within the district. The M20 provides good access into Folkestone from towns and villages to the north-west, such as Sellindge.
- 3.3 Access to Folkestone from New Romney is limited however we note that the A2070 provides immediate access to Ashford, the regional economic hub within the wider Kent region.
- 3.4 Rail access within the region is predominantly provided through the South Eastern Main Line, which provides access to Ashford, Sevenoaks, London and Ramsgate, as well as local intermediary stations.
- 3.5 Of the sites assessed, only the Sellindge and Folkestone sites benefit from immediate access the South Eastern Main Line. We understand the New Romney sites provide comparatively poor public transport access.
- 3.6 The location of the different Sites is set out for identification purposes below.

Figure 1: Location of Reviewed Sites



Source: TBC

Site Descriptions

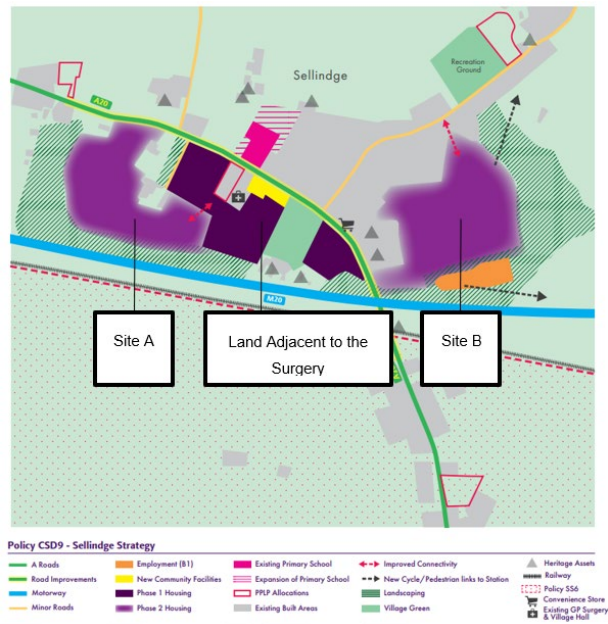
Sellindge Sites

3.7 The Sellindge Sites consist of 2 phases. The first phase, currently being delivered by Taylor Wimpey, comprises solely the Land Adjacent to the Surgery site. The second phase comprises Site A and Site B, situated to the West and to the East of Phase 1 respectively.

3.8 We understand the Sellindge sites comprise the following gross areas:

- Sellindge Site A – Land to the West – circa 5.6 hectares (c. 13.8 acres);
- Sellindge Site B – Rhodes House – circa 18.9 hectares (c.46.7 acres);
- Land Adjacent to The Surgery – circa 10.8 hectares (c. 26.6 acres).

3.9 The following diagram sets out the locations of each of the Sellindge sites.



Source: Folkestone and Hythe Core Strategy Review 2019

3.10 We understand all three Sellindge comprise, or formerly comprised, predominantly undeveloped greenfield land, with some residential and light commercial uses throughout.

3.11 Westenhanger Railway station is located in the north-eastern corner of the Site and is part of the line linking Ashford and Dover operated by South-eastern. It is a small, unstaffed station and its expansion and redevelopment is sought in conjunction with the wider masterplan – including an aspiration for the provision of more direct train services to London. Consequently, all of the sites benefit from strong access to public transportation links.

New Romney Sites

3.12 We understand the New Romney sites comprise the following gross areas:

- Marsh Potato Site – circa 4.1 hectares (c. 10.2 acres);
- Land opposite Dorland Cockreed Lane - circa 1.7 hectares (c. 4.3 acres);
- Land Adjoining Hope All Saints Garden Centre (Gladman Scheme) - circa 3.2 hectares (c. 7.9 acres); and

- Former Hope All Saints Garden Centre Ashford Road - circa 0.6 hectares (c. 1.5 acres)

3.13 We understand the Land Adjoining Hope All Saints Garden Centre and Land Opposite Dorland Cockreed Lane comprise predominantly undeveloped greenfield agricultural land.

3.14 We are aware that the Marsh Potato Site formerly comprised light industrial, storage and other commercial uses. The former Hope All Saints Garden Centre Ashford Road formerly comprised a low-density garden centre.

Folkestone Seafront

3.15 The Folkestone Seafront development is located along the main seafront and harbour area of the Folkestone coastline. The site has a total area of 35 acres, although we understand the total developable area is approximately 23 acres.

3.16 The Site is shown in the plan below.

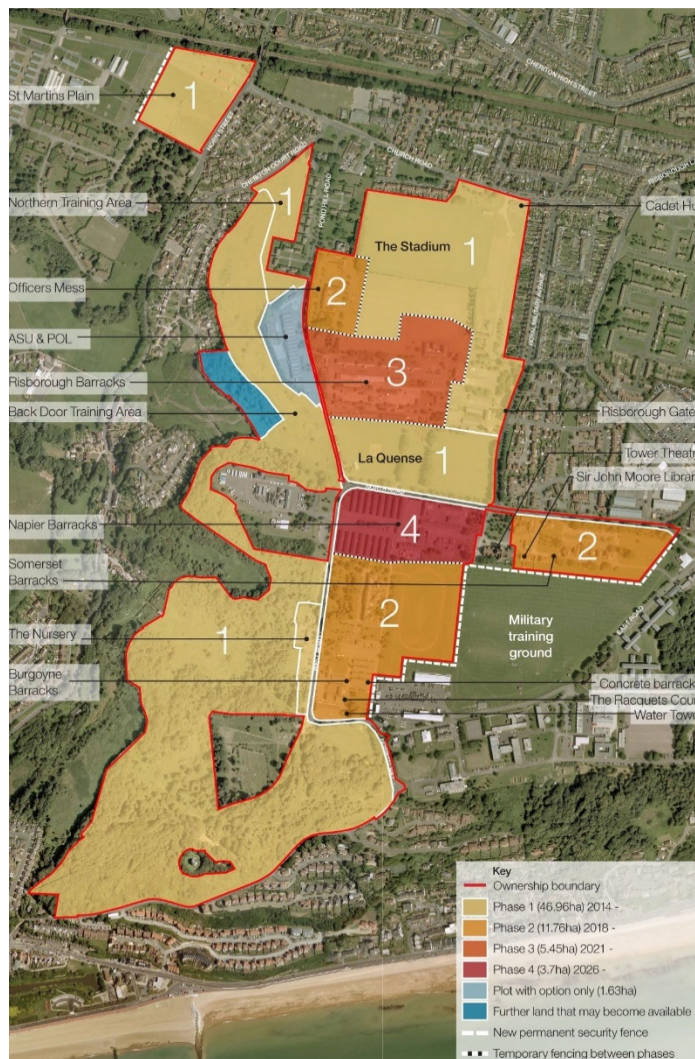


Source: Folkestone Harbour and Seafront Development Company

3.17 We understand that since the above aerial photograph was taken in 2012, the majority of Site has been cleared and currently comprises an open single beach, and a car park to the eastern side of the Site.

Shorncliffe Garrison

- 3.18 The Shorncliffe Garrison site covers an area of approximately 77 hectares (190 acres), largely located to the south of Church Road, Folkestone.
- 3.19 The Site was formerly a Military Base occupied by the Ministry of Defence. It comprises a mix of military uses, playing fields, and open green space.
- 3.20 The Site is identified in the plan below.



Source: Taylor Wimpey

4 Viability Guidance and Planning Policy Summary

This section briefly identifies those national, regional and local policies that are considered relevant to this planning application. It also highlights the approach to the viability methodology undertaken for this application.

Viability Guidance

- 4.1 Viability in planning has its locus in the National Planning Policy Framework (NPPF) originally published in March 2012 and revised in February 2019 which sets out the Government's planning policies for England and how these are expected to be applied. The NPPF recognises the place of viability testing, in both plan-making and decision-making.
- 4.2 This assessment has been undertaken with regard to both NPPF2 (2019) and NPG (2019) and the RICS (2019).
- 4.3 Further guidance relating to interpreting the NPPF is set out in National Planning Guidance (NPG) which refers to viability both planning obligations (PPG 2016) and viability (NPG 2019) and indicates that planning viability assessments are recommended to reflect national planning guidance (NPG 2019), in determined appropriate planning obligations.
- 4.4 The NPG 2019 indicates that viability assessments are to be undertaken by suitably qualified Surveyors. The Royal Institute of Chartered Surveyors (RICS) published guidance in 2012 in regard to viability assessments in planning to support members of the RICS in viability assessments. The RICS produced a Professional Statement (Sept 2019) which is informed by the NPPF, NPG as well as practitioner experience. For further details see **Appendix 1**.

Planning Policy and related matters

- 4.5 Planning Matters in the District are guided by the Folkestone & Hythe District Council Core Strategy Review (2020) and the Places and Policies Local Plan (2018).

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- 4.6 In the Core Strategy Review, Policy SS6 sets out a requirement to provide a minimum of 5,925 new homes within the plan period of 2019/20 to 2036/7 and the potential for future growth to provide a total of 8,000-10,000 homes (subject to detailed planning permission).
- 4.7 An overview of key relevant planning policies associated at national, regional and local level is provided in **Appendix 2**.

5 Assessed Schemes

This section sets out the high-level details of each of the Schemes including their current status in the planning and delivery process.

- 5.1 The Proposed Scheme details for each of the Sites are set out below. Scheme typologies and assumptions have been determined in relation to both the policy allocations included in the emerging Core Strategy and the current status and delivery of schemes onsite. A summary for each scheme test at the various sites is set out below.

Sellindge Sites

- 5.2 Land to the south west of Ashford road and south of Swan Lane is the principle focus for development within Sellindge, as identified by policy CSD9. The combined Sellindge sites will deliver approximately 600 dwellings, commercial uses (1,000 sqm of B1 space, achieving BREEAM outstanding and retail), a village green, pedestrian and cycle improvement works. The Sellindge sites will also provide other community improvements, including new or upgraded sports grounds, open and play space or upgraded facilities in the village, new nursery facilities, a replacement village hall.
- 5.3 A summary of the residential component of the Sellindge sites is provided below:
- Sellindge Site A – 188 residential dwellings.
 - Sellindge Site B – Rhodes House – 162 residential dwellings.
 - Land Adjacent to The Surgery – 250 residential dwellings.
- 5.4 As at the date of this report, the status of the Sellindge sites are as follows:
- Sellindge Site A – Allocated but no planning application to date.
 - Sellindge Site B – Rhodes House – Outline planning permission granted January 2019.
 - Land Adjacent to The Surgery – Outline planning permission granted January 2016. Phase 1 is understood to be complete with residential unit sales completing from February 2019 to present day.

New Romney Sites

5.5 Land to the north of New Romney town centre has been identified within Policy CSD8 as the stimulus for regeneration of the town. The combined the New Romney sites will deliver approximately 300 dwellings, upgrades to local infrastructure and amenities. A summary of the sites is provided below:

- Marsh Potato Site – 55 residential dwellings.
- Land opposite Dorland Cockreed Lane -109 residential dwellings.
- Land Adjoining Hope All Saints Garden Centre (Gladman Scheme) – 117 residential dwellings.
- Former Hope All Saints Garden Centre Ashford Road – 25 residential dwellings.

5.6 As at the date of this report, the status of the New Romney sites are as follows:

- Marsh Potato Site – Fully built out following a planning permission in July 2010.
- Land opposite Dorland Cockreed Lane – Built out and units currently available following outline planning permission in February 2017.
- Land Adjoining Hope All Saints Garden Centre (Gladman Scheme) – Outline planning permission in August 2019.
- Former Hope All Saints Garden Centre Ashford Road – Awaiting decision.

Folkestone Seafront

5.7 The Seafront site was allocated in the Shepway Local Plan 2013. It was granted outline permission in January 2015 for a mixed use comprising up to 1000 residential homes, up to 10,000 square metres of commercial floorspace including A1, A3, A4, A5, B1, D1 and D2 uses. In addition, the scheme also incorporates improvements to the beaches, pedestrian and cycle routes and parking. The original application (decided in 2015) included a Sea Sports Centre but a subsequent planning application (decided in 2018) has removed this provision from the development.

5.8 We understand that the development will be delivered in phases, and that the first phase (Plot B) was granted consent in January 2019 for the first 84 homes. We have been informed that construction began in early 2020.

Shornccliffe Garrison

- 5.9 The development of the Shornccliffe Garrison Site is being undertaken by Taylor Wimpey. The Site was originally allocated in the Shepway Local Plan 2013 (Policy SS7). Since then, outline planning permission for a residential development of up to 1,200 homes, improved recreation facilities and a new primary school on this site was granted in December 2015.
- 5.10 The development is underway and is taking place over approximately 14 phases over the course of 20 years, with separate reserved matters applications for each phase. We understand that thus far, detailed planning consent has been granted for approximately 870 homes, as well the pavilion, sports pitches, play areas and a doctor's surgery and commercial (retail/café/office) space. We understand that Taylor Wimpey is currently in the consultation stage for the remaining phase which comprise circa 220 homes.
- 5.11 We understand that Phases A and B (St Martin's Plain and The Stadium) gained detailed planning in 2015 along with the wider outline application, and have since completed, totalling circa 300 units. We understand that Taylor Wimpey, the developers, have an agreement with the Ministry of Defence, the landowners, to deliver all the homes within 20 years. However, press releases report that all phases will complete sooner than this, by 2030.

Affordable Housing Policy Requirements

- 5.12 In order to robustly assess the policy requirements of Policies CSD1, we have ensured that the financial viability of each of the sites is tested on the assumption of a minimum 22% affordable housing with a 70% social affordable and 30% shared equity tenure split. In line with site specific policies of SS10, SS11, CSD8 and the first phase of sites under CSD9, a 30% affordable housing provision has been assumed.

Unit Mix Approach

- 5.13 In line with policy CSD2, regard has been given to unit mix requirements across all tenures, assuming a blended of both flats and houses. Where the information is available, we have adopted the unit mix as consented under the planning application.

5.14 The sites where it has been possible to obtain the unit mix through the consented planning application are as follows:

- Sellindge - Site B – Rhodes House;
- New Romney - Marsh Potato Site;
- New Romney - Land opposite Dorland Cockreed Lane;
- New Romney - Former Hope All Saints Garden Centre Ashford Road
- Shorncliffe Garrison
- Folkestone Seafront

5.15 For sites where unit mix and Gross Internal Areas are not publicly available, we have adopted a hypothetical unit size for each unit type (one-bed, two-bed, three-bed, four-bed+). The sites where we have adopted this approach are as follows:

- Sellindge - Site A – Land to the West
- Sellindge - Land Adjacent to the Surgery; New Romney - Land Adjoining Hope All Saints Garden Centre Ashford Road (Gladman Scheme)

5.16 The hypothetical unit sizes were produced by analysing average unit sizes found within comparable schemes in the wider Folkestone and Hythe area. The hypothetical unit sizes adopted are as follows:

Table 2: GE Applied Unit Sizes

Bedrooms	Unit size GIA (sq ft)
One bed	500
Two bed	705
Three bed	910
Four bed +	1,340

5.17 In order to determine the unit mix for the hypothetical unit sizes, we have adopted the objective mix as outlined within Table 5.1 of Policy CSD2 within the Folkestone and Hythe Core Strategy Review 2018. For reference, this mix is as follows:

Table 3: GE Applied Unit Mix

Tenure	Bedrooms			
	One bed	Two bed	Three bed	Four bed +
Owner-occupied	5%	28.50%	39%	27.50%
Private rented	20%	32%	31%	17%
Shared ownership	22%	29%	28%	21%
Social rent/affordable rent	24%	16%	36%	24%

5.18 We have assumed a NIA: GIA efficiency of 85% for flats. For houses, an NIA: GIA efficiency of 100% was used as is common practice.

6 Scheme Revenue

This section of the report sets out the Revenue assumptions that have been applied to the different sites, along with the justification for these assumptions.

Summary of Revenue assumptions

6.1 The revenue assumptions for the different schemes have been set out in the following table. Further analysis of the comparable information that has been used to determine the values for each site is set out below and in Appendix 4. We have looked to adopted generic assumptions across the individual schemes which reflect the level of detail available for this assessment. The total gross development value (GDV) reflects an estimate of total residential revenue based on sale value assumptions. It is recognised individual planning applications may vary.

Table 4: Summary of Site GDV Assumptions

Site	Adopted Sales Values (Rates Psf)	Residential GDV
Sellindge Site A – Land to the West	Houses: £300 psf	£49.2m
Sellindge Site B – Rhodes House	Houses: £300 psf	£41.8m
Land Adjacent to The Surgery	Houses: £300 psf Flats: £315 psf	£66.8m
Marsh Potato Site	Houses: £290 psf	£24.3m
Land opposite Dorland Cockreed Lane	Houses: £290 psf	£28.4m
Land Adjoining Hope All Saints Garden Centre (Gladman Scheme)	Houses: £290 psf	£30.3m
Former Hope All Saints Garden Centre Ashford Road	Houses: £290 psf	£6.5m
Folkestone Seafront	Houses: £350 psf Flats: £380 psf	£355m
Shorncliffe Garrison	Houses: £300 psf Flats: £320 psf	£305m

Specific Site revenue review

- 6.3 Due to the high-level nature of this exercise for each site, it can be noted that in this instance blended sales rates, based on a rate psf have been applied having regard to the impact of different unit bed types and unit size has on a blended rate.
- 6.4 GE has undertaken extensive analysis of the local market in order to ascertain the appropriate residential sales values that should be applied to the different sites. We have investigated the local markets of Ashford and Sellindge and reviewed a number of comparable transactions on the basis of unit types and sizes.
- 6.5 Where available, we have used evidence from the earlier phases of specific schemes to demonstrate the achievable sales values.
- 6.6 Overall, we have adopted sales values within a range of between £290 psf and £300 psf, in the relatively less valuation locations such as Sellindge and New Romney and between c. £315psf and £380psf in the higher value areas such as Shorncliffe Garrison, with an assumed premium for the Folkestone Sea Front location.
- 6.7 A brief justification of sales values is provided in the following section.

Sellindge Sites

In regard to the Sellindge sites, we have adopted a blended sales rate of £300psf. This was primarily derived from achieved sales values at the existing Taylor Wimpey scheme – ‘The Lees’. Sales values at The Lees ranged from £231psf to £334psf. The average achieved sales value when analysed on a per sq. ft basis was £286. We consider that the amenity offering will improve as more community infrastructure items are delivered and have therefore applied a small premium of approximately 5% in order to arrive at our blended sales rate.

New Romney Sites

- 6.8 We have also applied a blended sales rate of £300 psf to the New Romney sites. Access to New Romney by road and rail is inferior to Sellindge. However, we consider that New Romney provides a more established residential destination, with a higher quality of existing amenity offering. We have had regard to the

achieved sales values at the Pentland Homes scheme, 'Cockreed Lane'. Sales values at Cockreed Lane range from £239psf to £443psf. The average achieved sales value at Cockreed Lane is £301, which we consider reflects a reasonable level for each of the New Romney sites.

Shornccliffe Garrison

- 6.9 We have applied the same rate of £300 psf to the houses within the Shornccliffe Garrison development, and a rate of £320 psf for the flats. This is based on sales evidence from the first phase of the scheme itself, 'Shornccliffe Heights', which ranged from £225 to £412 psf, with a median value of £290 psf. We consider that the green space and improved community sports facilities will improve the locality as more phases are delivered and have therefore applied a small premium of approximately in order to arrive at our blended sales rate. There was limited evidence of flats from within Shornccliffe Heights, so we have considered evidence from other comparable schemes to arrive at a rate of £320 psf.

Folkestone Seafront

- 6.10 We have applied a higher rate to the Folkestone Seafront development as we consider it to be a more established location. The Scheme will be attractive to prospective purchasers as it will provide a high level of amenity space as well as sea views for the majority of the units. We have therefore adopted a rate of £385 psf for the apartments and £360 psf for the houses. This is based on evidence from comparable schemes in Folkestone town centre (ranging from £285 to £320 psf); and the Sandgate seafront development which we consider to be a premium product with values in the region of approximately £475 to £525 psf.
- 6.11 Further evidence on our review of comparable market evidence for each scheme is provided in **Appendix 4**.

Affordable Residential Sales Values

The Social and Affordable Rented average values have been calculated on the basis of the rental revenue stream, whereby appropriate management and maintenance deductions have been made to the gross rent, with the annual net rent capitalised on the basis of an appropriate yield. The key, high level assumptions that have been made are set out as follows:

- Weekly Social Rents derived from Pamwin, the industry standard tool;
- Weekly Affordable Rents set in line with Local Housing Allowance with a 5-10% service charge deduction made from the gross rent;

6.12 Management and maintenance deduction of 20-22% applied and the net rent capitalised by a 4.5% yield.

6.13 The Shared Ownership average values have also been calculated using the sum of the market value of the initial sale (tranche), plus the value of the net rent charged on the unsold equity, assessed on the basis of yield. The key, high level assumptions are set out as follows:

- 50% initial equity stakes purchased on the private sales values according to site;
- 2.75% rent charged on the unsold equity;
- Expenditure on household costs does not exceed 40% of net income, including mortgage, rent and service charges;
- All units affordable to households on incomes below £80,000 per annum;
- Annual rent capitalised at 4.5% yield.

6.14 A standard affordable housing value for both tenures has been applied across all of the sites reflecting a blended social-affordable rental level and an average income level assumption for the intermediate housing.

Sales Rates

6.15 Due to the range and sizes of the various sites, with some being delivered over multiple phases, we have adopted different sales rates in line with the specific development. These sales rates are set out in the following table.

Table 5: Summary of Site Sales Rates

Site	Sales Rates (Private Units Per Annum)
Sellindge Site A – Land to the West	60
Sellindge Site B – Rhodes House	60
Land Adjacent to The Surgery	60
Marsh Potato Site	60
Land opposite Dorland Cockreed Lane	60
Land Adjoining Hope All Saints Garden Centre (Gladman Scheme)	60
Former Hope All Saints Garden Centre Ashford Road	23
Folkestone Seafront	75
Shorncliffe Garrison	75

Commercial Values – Business and Industrial

6.16 The level of commercial space varies across each of the sites.

Summary of Commercial revenue

6.17 The following table sets out sites with commercial space and the values that have been applied.

Table 6: Summary of Site Commercial Space and Values

Site	Summary of Commercial Space	Adopted Commercial Values	GDV commercial space
Sellindge Site A – Land to the West	c. 9,150 sq ft B1a	£12psf	£1.2m
Sellindge Site B – Rhodes House	c. 4,250 sq ft B1a	£12psf	£559k
Land Adjacent to The Surgery	c. 1,800 sq ft A1	£10psf	£215k
Marsh Potato Site	None		-
Land opposite Dorland Cockreed Lane	None		-
Land Adjoining Hope All Saints Garden Centre (Gladman Scheme)	None		-

Former Hope All Saints Garden Centre Ashford Road	None		-
Folkestone Seafront	c. 107,640 sq ft of A1-3, B1a, D2	£16-£18 psf	£22.5m
Shorncliffe Garrison	c. 21,506 sq ft A1/ A3/ B1a	£20 psf	£3.1m

Source: GE

Assessment of Scheme commercial revenue

Sellindge Sites

- 6.18 For the Sellindge sites with office accommodation (Site A and Site B), we have adopted a rent of £12 per sq ft. In arriving at this figure, we have primarily had regard to recent office lettings in Ashford. Ashford can be considered a relatively well-established office location, in comparison Sellindge has limited stock of existing office space, with no notable office development within the past 5 years. We have therefore made downwards adjustments to the Ashford rental evidence in arriving at £12 psf.
- 6.19 We would anticipate the high specification of the office space to attract a range of tenants.
- 6.20 A key comparable includes Main Road Sellindge, let in April 2017 for £5,000 per annum, representing £10.90 psf.
- 6.21 We have adopted a figure of £10 per sq ft for the retail space at the Land Adjacent to the Surgery site. We have considered a range of recent ancillary and tertiary retail transactions in the locality in arriving at this figure. We consider that the proposed retail space would primarily attract interest from convenience store retailers and believe interest from other retailers would be limited.

Shorncliffe Garrison

- 6.22 The Shorncliffe Garrison development includes a 7642 sqft Stadium and 21,506 sqft of commercial space. We do not have a breakdown of uses for the commercial space but understand from the planning application documents that it could include a combination of A1, A3, B1a, D1 and D2 uses. We understand that the stadium is

a planning obligation and will not generate any income. We have applied a high-level rate of £15 psf for the commercial space.

Folkestone Seafront

- 6.23 The Seafront Scheme includes a variety of commercial uses totalling 108,000 sqft, including a mix of Cafes, Retail, Offices, Leisure and School.
- 6.24 For the retail and cafe use we have considered local comparable evidence including a café on West Terrace in Folkestone which let in £15 psf in October 2019; and a retail unit on Sandgate High St which let in June 2020 for £21 psf. We expect that the Folkstone Seafront site to command a higher rental rate given the beach side location which we expect to generate interest from both tourists and locals. We have adopted £27.50 psf for the Café and £25.00 psf for the Retail.
- 6.25 We have adopted £17.50 psf for the leisure space and £15.00 psf for the Schools/Education space. There is limited evidence for these uses and we have taken advice from our internal agency and valuation teams for these uses.
- 6.26 For the office space we have considered the Ashford comparable above at £22 psf. We do not consider the Seafront to be a prominent office location and instead expect any office uses to be used for small businesses, start-ups, and creative industries. We have adopted a slightly lower rate to account for this at £20.00 psf for the offices.
- 6.27 Further information on the comparable commercial evidence that has been used in available in **Appendix 5**.

Ground Rents

- 6.28 Upon review of a recent consultation published by the Ministry of Housing, Communities and Local Government, we note the Governments proposals to restrict Ground Rent income on new build leasehold properties.
- 6.29 The consultation response published in June 2019 states that the Government will pledge to restrict ground rents on all future leasehold properties to £0 (and not the £10 cap proposed by the consultation) and will not allow for an implementation period. These changes will, therefore, come into immediate effect as soon as the legislation is passed. The intention from Government is clear that there will be no

delay in enforcing the legislation to restrict ground rents once it has been passed by government.

Based on the timescales for delivery it is prudent to conclude that a developer would not be able to gain funding based upon ground rent secured income and as such, they should not be included in a viability review; or if they are – this should be reflected in the developer’s anticipated risk/return. We have therefore not applied Ground Rents in the financial appraisals for any of the sites.

Summary

We have assessed all the GDV assumptions and applied appropriate values to each scheme. In order to ensure the sites are being assessed appropriately. We have clearly set out the evidence with supporting and reasonable justification.

7 Costs and Programme

This section of the report sets out the cost assumptions applied to the delivery of the various schemes.

- 7.1 This section considers the different construction costs applied. Costs associate with Site value and development return are addressed in later sections.

Residential and Commercial Construction Costs

- 7.2 Due to the general nature of assessing applied schemes for testing rather than actual applications, GE has undertaken a high-level analysis of the costs having regard to published BCIS data for (June 2020).
- 7.3 The BCIS housing construction costs have been rebased to Kent. The rate for housing has been taken from the mean average of 'Estate Housing – Generally', and the rate for flats has been taken from the mean average of 'Flats (Apartments) – Generally'.
- 7.4 The Commercial construction costs have also been rebased to Kent and considered on the basis of the different uses. A Median point has been adopted.
- 7.5 BCIS does not include costs for externals, so we have included these at 15% and 8% for houses and flats respectively.
- 7.6 A further allowance has been included for water efficiency measures, to ensure the scheme development proposals and aligned with policy CSD5 - water and Coastal Management. Due to the specific nature of these costs, we have consulted with a Cost Consultant, G&T, who advised that broadly a rate of between £2/m² to £5/m² plus a 10% OHP allowance would be appropriate. This has therefore been applied across all of the financial appraisals.
- 7.7 Finally, an allowance of 10% has been made for construction contingency for all uses. This is a standard allowance and represents an amount held in reserve for the unknown risks associated with the different projects.
- 7.8 The following table sets out the cost assumptions that have been applied.

Table 7: Summary of Base Residential Construction Costs Applied

Site	Adopted Construction Costs BCIS	Base Construction Costs ¹
Sellindge Site A – Land to the West	£125 psf – Houses £145 psf – Flats	£24.0m
Sellindge Site B – Rhodes House		£19.2m
Land Adjacent to The Surgery		£30.0m
Marsh Potato Site		£12.6m
Land opposite Dorland Cockreed Lane		£15.5m
Land Adjoining Hope All Saints Garden Centre (Gladman Scheme)		£16.6m
Former Hope All Saints Garden Centre Ashford Road		£3.6m
Folkestone Seafront		£158.1m
Shorncliffe Garrison		£144.6m

Source: BCIS

Table 8: Summary of Base Commercial Construction Costs Applied

Site	Adopted Construction Costs BCIS	Base Construction Costs ¹
Sellindge Site A – Land to the West	Offices B1 - £222 psf Care Home C2 - £152 psf Retail A1/2/3 - £160 psf	£0.2m
Sellindge Site B – Rhodes House		£1.0m
Land Adjacent to The Surgery		£0.2m
Marsh Potato Site		-
Land opposite Dorland Cockreed Lane		-
Land Adjoining Hope All Saints Garden Centre (Gladman Scheme)		-
Former Hope All Saints Garden Centre Ashford Road		-
Folkestone Seafront		£16.90m
Shorncliffe Garrison		£4.7m

Source: BCIS

¹ When applied to the typology floor area.

Strategic Infrastructure Costs

- 7.9 Due to the large-scale nature of some of the schemes, we recognised that an allowance needs to be made for required strategic infrastructure as part of the development. For some of the Schemes, high level information on the strategic infrastructure costs has been provided and is discussed below. For others, high level assumptions have been made and applied to the appraisals.

Folkestone Seafront

- 7.10 We understand that the existing site is a beach and that there is considerable cost required to prepare the site for development. We have had sight of a letter available on the planning portal from Savills to the Council in relation to the viability assessment for the site. The assessment sets out a requirement for “abnormal costs - including harbour and sea walls and ground raising, dunes and beach replenishment”, equating to £13.3m. We have not included the ‘Placemaking’ abnormals addressed in the letter as the Sea Aquatic Centre is no longer included in the application and we consider the remaining placemaking costs to be covered by the S106 allowances. We have indexed the £13.3m for abnormals to present day using the BCIS All Tender Price Index and included the indexed figure of £19.0m in our appraisal.

Shornccliffe Garrison

- 7.11 The majority of the Site is cleared open land or part of the existing Military Base at Shornccliffe Garrison. Given its current use we do not expect there to be any major infrastructure projects required before starting construction on site. However we understand that some highway works are required as part of the scheme, such as improvements to Horn Bridge, additional parking for public use at the Stadium, new pedestrian and cycle links, and improvement to bus stops and bus routes in the vicinity of the development. As we have not been provided with the high level cost for these works, we have reviewed the average infrastructure costs per unit for other, similar large scale schemes that we have worked on, as well as those included in this the other sites and made a high level assumption. Generally, infrastructure costs per unit range from c. £10-£20k. we have therefore assumed the lower end of the range at c.£10k per unit. This equates to a total of £10m - 6% of the construction costs of the scheme, which

allows for site preparation and demolition works as well as the highway infrastructure costs.

Table 9: Summary of Strategic Infrastructure Costs Applied

Site	Estimated Strategic Infrastructure Costs	Average Rate Per Unit	Source
Shorncliffe Garrison	£10m	£10k	GE Assumption
Folkestone Seafront	£19m	£19k	Savills (2012 Report) and BCIS

Programme

Sellindge Sites

- 7.12 For Sellindge Site A, we have assumed a 6-month pre-construction period followed by a 24-month construction period, this assumes an overall construction rate of approximately 94 units per annum. We have assumed a private sales rate of 5 units per month, resulting in an overall sales period of 55 months. We have assumed sales will be at a constant monthly rate commencing 6-months after the start of construction.
- 7.13 For Sellindge Site B, we have assumed a 6-month pre-construction period followed by a 24-month construction period, this assumes an overall construction rate of approximately 80 units per annum. This is a marginally slower rate than Sellindge Site A, we consider this to be reasonable when considering the overall number of units. We have assumed a private sales rate of 5 units per month, resulting in an overall sales period of 23 months. We have assumed sales will be at a constant monthly rate commencing 6-months after the start of construction
- 7.14 For the Land Adjacent to the Surgery Site, we have assumed a 6-month pre-construction period followed by a 24-month construction period, this assumes an overall construction rate of approximately 95 units per annum. We have assumed a private sales rate of 5 units per month, resulting in an overall sales period of 29

months. We have assumed sales will be at a constant monthly rate commencing 6-months after the start of construction.

New Romney Sites

- 7.15 For the Marsh Potato Site, we have assumed a 6-month pre-construction period followed by an 18-month construction period, this assumes an overall construction rate of approximately 37 units per annum. This is a slow construction rate when compared with larger sites, but we consider this is reasonable when considering 18-months as a standalone timeframe for delivering 55 units. We have assumed a private sales rate of 5 units per month, resulting in an overall sales period of 8 months. We have assumed sales will be at a constant monthly rate commencing 12-months after the start of construction.
- 7.16 For the Land Opposite Dorland Cockreed Lane, we have assumed a 6-month pre-construction period followed by a 24-month construction period, this assumes an overall construction rate of approximately 55 units per annum. We have assumed a private sales rate of 5 units per month, resulting in an overall sales period of 15 months. We have assumed sales will be at a constant monthly rate commencing 12-months after the start of construction to reflect the length of the construction period.
- 7.17 For the Land Adjoining Hope All Saints Garden Centre, we have assumed a 6-month pre-construction period followed by an 18-month construction period, this assumes an overall construction rate of approximately 59 units per annum. We have assumed a private sales rate of 5 units per month, resulting in an overall sales period of 18 months. We have assumed sales will be at a constant monthly rate commencing 6-months after the start of construction.
- 7.18 For the Former Hope All Saints Garden Centre, we have assumed a 6-month pre-construction period followed by a 12-month construction period, this assumes an overall construction rate of approximately 25 units per annum. We have assumed a private sales rate of 2 units per month, resulting in an overall sales period of 9 months. We have assumed sales will be at a constant monthly rate commencing 3-months after the start of construction to reflect the short build programme for the site.

Shornccliffe Garrison

- 7.19 We have adopted a phased approach based on the available information within planning documents. Where detailed information was not available for a particular phase, we made assumptions on unit mix and build rate based on the other phases.
- 7.20 For Shornccliffe Garrison, we understand that Phases A and B (St Martin's Plain and The Stadium) gained detailed planning in 2015 along with the wider outline application, and have since completed, totalling circa 300 units. We understand that Taylor Wimpey, the developers, have an agreement with the Ministry of Defence, the landowners, to deliver all the homes within 20 years. However, press releases report that all phases will complete sooner than this, by 2030.
- 7.21 Taking this into consideration we adopted an overall construction rate of 75 homes per annum, equating to a total construction period of 15 years. Sales follow at the same rate with a 6-month delay behind the start on site for each individual phase.

Folkestone Seafront

- 7.22 For the Folkestone Seafront we have adopted a phased approach based on the available information within planning documents. We understand that the first phase (Plot B) was granted consent in January 2019 for the first 84 homes, and that construction began in early 2020. We have adopted an overall construction rate of 75 homes per annum. Sales follow at the same rate with a 6-month delay behind the start on site for each individual phase.

Professional, Marketing, Letting and Disposal Fees

7.23 The following table also sets out GEs other cost assumptions for the sales and marketing process, based upon the Council' Area Wide assessment, other assessed viability reviews and GE experience in relation to industry norms for general viability assessments. It is recognised this may vary when compared to a specific planning application assessment.

Table 10: Summary of Sales and Marketing Costs Applied

Category	% on Cost Applied
Professional Fees	10%
Marketing & Sales	1%
Letting Agent Fee	10%
Letting Legal Fee	5%
Sales Legal Fees	2%
Land Acquisition	1.25%

Planning Obligations

7.24 Please see the separate chapter on planning obligations.

Finance Costs

7.25 Finance costs of 7% have been applied to the individual site appraisals. This reflects the current market; and also the potential risks associated with the delivery of these individual sites being delivered in the usual manner by commercial developers.

Summary

7.26 We have assessed all the cost assumptions and applied these appropriately to each scheme. In order to ensure the sites are being assessed appropriately. We have clearly set out the evidence with supporting and reasonable justification.

8 Benchmark Land Value (BLV)

This section sets out the underlying basis of the adopted Benchmark Land Value (BLV). Our views are formed having regard to the NPPF, the NPG, RICS Guidance Note 'Financial Viability in Planning' published August 2012 (RICS GN) and the RICS Professional Statement 'Financial Viability in Planning: conduct and reporting' published NPG in May 2019 (effective September 2019).

- 8.1 NPG indicates that viability is to determine a Benchmark Land Value (BLV) which reflects the aggregate of the Site's EUV (Component 1) and a premium for the landowner to release the land for development (Component 2), or an assessment of an Alternative Use Value (AUV) which has regard to planning policy. Therefore, in accordance with NPG (2019) this section looks to establish the BLV for the Site.

BLV Assessment Method

Existing Use Value + Premium

EUV (Component 1)

- 8.2 EUV is the first component of calculating BLV. EUV can be established in collaboration between plan makers, developers and landowners by assessing the value of the specific site or type of site using published sources of information, such as appropriate capitalised rental levels at an appropriate yield. The NPG (2019) sets out sources of data that can be used and at paragraph 015 indicates that EUV can reflect the land in its existing use
- 8.3 NPG (2019) indicates that EUV should reflect the land and property in its existing-use, un-refurbished and excluding any hope value for redevelopment.

Premium (Component 2)

- 8.4 NPG (2019) indicates that the ‘Premium’ is the second component of BLV and is the amount above the EUV that should provide a reasonable incentive for a landowner to bring forward the land for development, while allowing a sufficient contribution to comply with policy requirements.
- 8.5 NPG (2019) at paragraph 016 indicates that establishing a reasonable premium to the landowner is an iterative process informed by professional judgement and must be based upon the best available adjusted market evidence or from other FVAs.
- 8.6 Furthermore, the RICS GN outlines that it is essential to have regard to sales prices of comparable development sites, para 3.16 states:

“The importance...of comparable evidence cannot be over-emphasised, even if the supporting evidence is very limited, as evidenced in Court and Land Tribunal decisions.”

- 8.7 NPG (2019) at paragraph 017 provides guidance for undertaking an alternative use value (AUV) on the basis that there is a planning permission or reasonable prospect of planning permission being granted, and a demand for such a scheme can be demonstrated.

GE Analysis

EUV (Component 1)

- 8.8 In a similar process to an area-wide assessment, all of the sites considered as part of this review have different land uses, including agricultural, industrial and mixed use. In this section, we have reviewed the evidence on these EUV’s and considered an appropriate value.

Existing Use - Agricultural

- 8.9 Based on policy evidence and our experience of reviewing EUV in the context of agricultural uses, we have had regard to the Ministry of Housing, Communities & Local Government, Land Value Estimates for Policy Appraisal (2017). The

guidance suggests that circa. £24k per hectare would be considered an appropriate as a base point for EUV.

Existing Use - Industrial

8.10 Based on policy evidence and our experience of reviewing EUV in the context of industrial uses, we have had regard to the Ministry of Housing, Communities & Local Government, Land Value Estimates for Policy Appraisal (2017). The guidance is however unclear on the average value that should be applied for the sites located in FHDC. We have therefore considered the value range provided for comparable areas.

8.11 The values for the South East range from £1.8-£3m per hectare. Whilst FHDC is within the South East, we consider it relatively remote in comparison to other locations being considered. It is also useful to review other coastal locations to offer a comparison. For example, Brighton has been allocated a value of £1.8m, whereas, Bournemouth and Poole are both at £1m per hectare, equating to c.£400k per acre. In our view these locations are all superior to Folkestone Seafront in terms of the land values and a deduction should be applied to the baseline figure.

8.12 We therefore consider the EUV for industrial land in this area to be in the region of £300-£400k per acre. We have considered appropriate Premiums for both agricultural and industrial land in the following section.

Existing Use -Mixed Use

8.13 One of the sites (The land at Shorncliffe Garrison) comprises a mix of different land uses, including open land, army barracks, and playing fields.

8.14 For the Greenfield Land, we have researched comparable evidence and calculated an existing use value on a per acre basis, on the basis of agricultural land.

8.15 For the army barracks and playing fields there is limited transactional evidence for the existing use and therefore we have researched transactions that have completed for sites to be developed for residential use.

Premium (Component 2)

- 8.16 As set above, in line with the NPG (2019), in order to ascertain the BLV, we also need to consider the 'Premium' as the second component of BLV, ensuring that a reasonable incentive is provided to the landowner to bring forward the land for development, whilst allowing a sufficient contribution to comply with policy requirements.

Premium Evidence – Other Assessments

- 8.17 We have considered the potential premium over EUV having regard to resultant BLVs considered as part of the land value assessments supporting local policy. Premium can then be determined to be the difference between applied BLV and EUV.

Shepway District Places and Policies Local Plan – Preferred Options Viability Assessment (September 2017)

- 8.18 In the Shepway District Places and Policies Local Plan, a Market Value approach was considered, although it is concluded that where relevant, sites should be tested against their existing use values, where the site can continue to be used for beneficial economic purpose without the requirement for alternative development.
- 8.19 They comment that values of between £500k and £750k+/ gross hectare are sought for development sites which equates to a private sale plot value of between £25k and £35k before concluding that the study adopts a BLV of £500k per gross hectare with planning.

Shepway District Council CIL and Whole Plan Economic Viability Assessment (July 2014)

- 8.20 In the Shepway study consideration was given to the development land market values to inform BLV on the basis of the EUV plus a premium methodology.
- 8.21 A range of £500k to £1.2m per gross hectare was considered, concluding that the minimum land value to incentivise release for development (BLV) would be £500k per hectare. However, they acknowledge that values of between £150k and £400k per gross hectare maybe relevant for less attractive locations or land for

improvement, supported by the principle of adopting an uplift factor of 10 to 20 times base agricultural land value of between £15k to £20k per gross acre.

Ashford Borough Council Local Plan Viability Report Update (2017)

- 8.22 Whilst this study relates specifically to Ashford, its close proximity to F&H makes it useful comparable information.
- 8.23 The study considers an EUV plus landowner premium in respect of BLV. A premium of 45% was adopted over industrial land uses values, generating a BLV of £700k per gross hectare for urban/ edge of urban sites.
- 8.24 When considering agricultural uses, 15 x the agricultural use value was adopted to establish a BLV of £300k per gross hectare for greenfield strategic sites.

Analysis – Agricultural Land Premium

- 8.25 In our assessment, we have considered the above policy guidance as well as our own market knowledge of assessing the BLV of large-scale agricultural sites. Both the Shepway District Council CIL and Whole Plan Economic Viability Assessment (2014) and the Ashford Local Plan Viability Report Update (2017) clearly suggest that development land in this region generally transacts at c. £250-£500k per gross hectare, at the higher end of the range.
- 8.26 In addition, they also support the principle of adopting an uplift factor of between 10 to 20 times base agricultural land value, 15 times for the latter.
- 8.27 We have also had regard to the Homes and Communities Agency (HCA) guidance: “Transparent Assumptions: Guidance for the Area Wide Viability Model” which states that for greenfield land, benchmarks tend to be in a range of 10 to 20 times agricultural value. Based on the £24k per hectare set out in the EUV section, applying a premium of c. 10 x this value, would equate to £240k per hectare, representing the lower end of the range.
- 8.28 Taking the above guidance into account, it would be reasonable to suggest that in this instance, the Premium would equate to this uplift in agricultural value. Given the potential level of infrastructure requirements associated with the greenfield sites, we consider that applying the lower rate of x10 would be more realistic, equating to EUV plus a premium reflecting £240k per Hectare, or c.£100kper acre.

8.29 A EUV plus a premium (BLV) of c.£100k per gross acre does appear to be consistent with other land values applied for predominantly agricultural land which we have assessed nationally. We have worked on numerous projects including Braintree, Alconbury, Oxford, West Winch and Waterbeach Barracks, where this value per acre was considered acceptable and in line with the market.

Analysis – Industrial Land Premium

8.30 We have analysed comparable evidence from industrial land transactions in order to determine a relevant Premium for sites that have an existing industrial use.

8.31 We have considered potential Premium against local comparable evidence.

Table 11: Summary of Industrial Land Transactions for redevelopment

Address	Date	Price	Gross Size (acres)	£ per acre	Planning position at sale
Canterbury Rd, Ashford	Jan-20	£600k	2.04	£294k	None
Axiom, Hall Av, Ashford	Feb-20	£1.49m	2.79	£534k	Full Planning Permission
Waterbrook Ave, Ashford	Apr-20	£8.4m	13.3	£631k	Unknown
Crossways Business Park Land, Dartford	Dec-18	£1.6m	5	£320k	Full Planning Permission

Source: Land Insight

8.33 The comparable evidence indicates industrial land values sold for redevelopment ranges of £300k to £600k per acre in Kent. This appears to indicate a premium of circa 20% uplift on the EUV reflects the minimum return incentivise the landowner to sell their land for development.

Analysis – Mixed Use Land

8.34 On the mixed-use site, we have disaggregated the different land uses between green and brownfield.

8.35 As a base position we have assumed EUV agricultural land value for the greenfield land. We have then applied a premium of 20%.

8.36 For the army barracks and playing fields, we have not applied a premium to these uses as they are based on transactional evidence available in the market.

Summary of Existing Use, Premium and Benchmark Land Value

8.37 The above section demonstrates the different methodologies that have been applied to calculate the BLV of the various sites based upon EUV+. The level of premium applied is dependent on the use, whether it was agricultural or industrial or a mixture of the two.

8.38 In line with RICS guidance for financial viability, the BLV will be compared to the Residual Land Value of the scheme to demonstrate whether a surplus or profit can be achieved from delivery. This is discussed further in Section 11.

Table 12: Agricultural Uses

Site	Site Area (Acres)	Site Area (Hectares)	EUV	Premium	BLV
Land adjacent to The Surgery, Main Road, Sellindge	26.60	10.52	£266k	£2.6m	£2.6m
Site A - Land to the West	13.84	5.60	£134k	£1.3m	£1.3m
Site B - Rhodes House	46.72	18.91	£450k	£4.5m	£4.5m
Land opposite Dorland Cockreed Lane	4.32	1.75	£40k	£420k	£420k
Land Adjoining Hope All Saints Garden Centre Ashford Road	7.85	3.18	£76k	£800k	£800k

Former Hope All Saints Garden Centre Ashford Road	1.46	0.59	£14k	£140k	£140k
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Source: Land Insight, HCA "Transparent Assumptions: Guidance for the Area Wide Viability Model, and Officers Report 14/10/19 Y18/1306/FH.

Table 13: Industrial Uses

ite	Site Area (Acres)	Site Area (Hectares)	EUV	Premium	BLV
Marsh Potato Site	10.2	4.1	£3.5m	£700k	£4.2m
Folkestone Seafront	35	14.2	£12.25m	£2.45m	£14.7m

Source: Land Insight

Table 14: Mixed Uses

Shorncliffe Garrison					
Land Use Type	Site Area (acres)	Site Area (Hectares)	EUV	Premium	BLV
Greenfield Land*	13.2	5.3	£1.3m	£264k	£1.6m
Army Barracks**	55.5	22.5		£3.6m	£3.6m
Playing Fields**	26.7	10.8		£13.35m	£13.35m
Total	95.4	38.6	£1.3m	£17.2m	£18.55m

Source: Land Insight

*20% Premium on EUV/ ** Based on transactional market evidence

9 Return to the Developer

This section of the report sets out the proposed return and the basis upon which a reasonable competitive return to a willing Developer has been considered and anticipated funding arrangements.

- 9.1 A significant factor in undertaking viability assessments for development purposes is the level of return which a developer might reasonably require from undertaking the development and in turn on what basis the Scheme could be funded and financed.
- 9.2 This will depend on a number of factors including the size of the development, the perceived risks involved, the degree of competition between funding and finance institutions for the Scheme, the state of the market in terms of demand for and lot size of the completed development and the anticipated timescales for development and for receiving a return.
- 9.3 The NPG (2019) paragraph 018 (Ref 10-018-20120724) indicates that for the purpose of plan making an assumption of 15-20% of Gross Development Value (GDV) may be considered a suitable return to developers in order to establish the viability of plan policies. This is not a direct guidance for scheme specific applications and specific development returns need to account for type, scale and risk profile of the planned development. Furthermore, it is recognised that lower returns are considered more appropriate for affordable housing where risk to receipt of income are lower. Please see the following paragraph as set out in the NPG (2019).

“For the purpose of plan making an assumption of 15-20% of gross development value (GDV) may be considered a suitable return to developers in order to establish the viability of plan policies. Plan makers may choose to apply alternative figures where there is evidence to support this according to the type, scale and risk profile of planned development. A lower figure may be more appropriate in consideration of delivery of affordable housing in circumstances where this guarantees an end sale at a known value and reduces risk. Alternative figures may also be appropriate for different development types”.

Paragraph: 018 Reference ID: 10-018-20190509

- 9.4 Whilst we are aware that a number of the sites have achieved planning consent and are in the process of being delivered by developers, for the purposes of this viability assessment, it has been assumed that they will all be brought forward by Developers in the current day.
- 9.5 It is further recognised that for large scale – long term delivery it may be better to further analysis the return on an Internal Rate of return basis to better reflect the value of money over time.
- 9.6 However, given the nature of the sites and the risks associated with each, we consider a profit test based upon GDV is the most suitable for the tested schemes, and given the high level nature of the testing this has been done on a return of 20% profit on private residential GDV to be reasonable and have applied these to the appraisals. As set out in 9.3, this adopted profit level is in lien with the NPG guidance, albeit at the upper end of the range.
- 9.7 Similarly, we would expect a developer to require a profit level on the affordable and intermediate units being delivered, albeit it at a lower rate. We have therefore adopted the industry standard level of 6% profit on GDV for affordable and intermediate housing.
- 9.8 A 15% profit on GDV has also been applied to all commercial uses.
- 9.9 The following table sets out GEs assumptions on an acceptable level of return for the different elements on GDV within the Site appraisals.

Table 15: Plot Developer Return

Description	Allowance
Private Residential	20% Profit on GDV
Affordable and Intermediate	6% Profit on GDV
Commercial	15% Profit on GDV

Source: Gerald Eve

- 9.10 Based on the above assumptions, GE has calculated a blended profit rate across each of the sites and applied this to the appraisal.

9.11 We acknowledge the use of several metrics within the industry to assess financial viability, these include GDV, Cost and IRR. In the case of Developer led schemes we consider that return on GDV is an appropriate metric. We have therefore had regard to this when considering reasonable returns across the sites.

9.12 The following table sets out the blended rates that have been applied for each of the sites.

Table 16: Blended Profit on GDV

Site	Blended Profit on GDV
Sellindge Site A – Land to the West	17.98%
Sellindge Site B – Rhodes House	17.32%
Land Adjacent to The Surgery	18.88%
Marsh Potato Site	18.32%
Land opposite Dorland Cockreed Lane	14.67%
Land Adjoining Hope All Saints Garden Centre (Gladman Scheme)	16.91%
Former Hope All Saints Garden Centre Ashford Road	13.76%
Folkestone Seafront	17.35%
Shorncliffe Garrison	16.90%

10 Planning Obligations

In this section we consider the financial contribution of the planning obligations.

Section 106 Contributions

- 10.1 Note that the S106 figures were provided by the Council and have not been indexed. The total s106 figures for each site are as follows:

Site	Total s106 costs
Sellindge Site A – Land to the West	£900k
Sellindge Site B – Rhodes House	£800k
Land Adjacent to The Surgery	£1.8m
Marsh Potato Site	£200k
Land opposite Dorland Cockreed Lane	£700k
Land Adjoining Hope All Saints Garden Centre (Gladman Scheme)	-
Former Hope All Saints Garden Centre Ashford Road	-
Folkestone Seafront	£7.6m
Shorncliffe Garrison	£5.3m

Source: FHDC Scheme Financial Contributions

Community Infrastructure Levy

- 10.2 Sellindge falls within Zone D of the Folkestone and Hythe CIL Charging Schedule dated June 2016. As at January 2020, this reflected a CIL rate of £144.64 psm.
- 10.3 We have been provided with the following CIL liability for the Sellindge sites, which is in line with the January 2020 indexed CIL rate.
- Site A – Land to the West: £1,740,737
 - Site B – Rhodes House: £1,500,000

- 10.4 The above rates have therefore been applied in the financial appraisal for the relevant scheme.

CIL Exempt Sites

- 10.5 Sellindge Land Adjacent to The Surgery, Main Road is exempt from CIL contributions under Policy CSD9.

10.6 The New Romney sites are also exempt from CIL contributions.

10.7 Folkestone Seafront and Shorncliffe Garrison are both designated as Strategic & Key Development Sites and have a CIL rate of £0 per square metre according to the CIL Charging Schedule.

Affordable Housing

10.8 As previously discussed, a number of the sites have already obtained planning consent for the delivery of an outline scheme. In some instances, a policy compliant level of affordable housing was not secured. However, for the purposes of this assessment, the affordable housing has been assumed in line with policy.

10.9 A policy compliant affordable housing provision of a minimum of 22% has been assumed across each scheme. This relates to the following sites:

- Sellindge: Site A
- Sellindge: Site B

10.10 On the remaining sites, a higher percentage of 30% affordable housing has been assumed.

10.11 A policy compliant split of 70% Affordable/ Social Rent and 30% Intermediate has been applied within this, in line with policy CSD1.

Summary

10.12 Section 106 contributions provided by F&H have been included in all of the scheme appraisals. As a number of the sites have or are already in the process of being delivered, these S106 obligations have not been indexed.

10.13 CIL obligations for specific sites have been identified and applied in the appraisals.

10.14 A minimum level of affordable housing has been assumed at 22% with the majority of sites, being modelled in line with a 30% affordable housing requirement, as stipulated in policy.

11 Financial Appraisal Reviews

Below Gerald Eve (GE) sets out the various Scheme appraisals. In the next section GE considers the sensitivity (in accordance with RICS GN) of this and the commensurate impact upon the viability and deliverability of the Scheme.

Financial Appraisals

- 11.1 In this section we consider the potential viability of each of the schemes.
- 11.2 An Argus appraisal was undertaken for each scheme using the high-level information available. Copies of all the scheme appraisals are included at **Appendix 6**.
- 11.3 The following table provides a summary of the scheme's financial viability, comparing the residual land value to the BLV.

Table 17: Site Appraisal Summary

Site	Profit Return (on GDV)	Residual Land Value (RLV)	Benchmark Land Value (BLV)	Surplus/ Deficit
Land Adjacent to The Surgery	18.68%	£10.1m	£2.6m	£7.5m
Sellindge Site A – Land to the West	17.98%	£4.1m	£1.3m	£2.8m
Sellindge Site B – Rhodes House	17.32%	£5.0m	£4.5m	£500k
Marsh Potato Site	18.32%	£4.2m	£4.2m	£50k
Land opposite Dorland Cockreed Lane	14.67%	£4.8m	£420k	£4.4m
Land Adjoining Hope All Saints Garden Centre (Gladman Scheme)	16.91%	£5.3m	£800k	£4.5m
Former Hope All Saints Garden Centre Ashford Road	18.12%	£1.3m	£140k	£1.16m
Folkestone Seafront	16.60%	£9.2m	£14.7m	£-5.5m
Shorncliffe Garrison	16.87%	£20.5m	£18.6m	£1.9m

Source: GE

Summary of Results

- 11.4 Overall, the high-level financial appraisals and applied assumptions demonstrate that the schemes generally appear to be deliverable and capable of being potentially viable with positive residual land values.
- 11.5 Our approach, undertaken in line with RICS guidance, compares the residual land value to the benchmark land value for the site, supports this conclusion and demonstrates that the various Schemes can be considered viable and deliverable.
- 11.6 Given the generic nature of applied assumptions the viability and deliverability of the schemes, has been assessed further through sensitivity analysis. This has been considered in the following section and focused on the base construction costs and sales values.

12 Sensitivity Analysis

The purpose of this section is to test the robustness of the different Schemes from a quantitative perspective via a sensitivity analysis.

- 12.1 In order to assess the robustness of the viability and deliverability of the various Schemes, it is necessary to consider variance in the pricing and cost inputs to the financial model.

Sensitivity Analysis

- 12.2 A sensitivity analysis is a widely used approach for testing viability and the robustness of the Scheme. Uncertainties can be identified in respect of the inputs and their effects can then be looked at in terms of the development return and viability.
- 12.3 For the purposes of this assessment, we have considered sensitivity on the sales values and the construction costs, whilst keeping the BLV the same. i.e. the impact that changes in sales and costs could have on the viability of the different developments.
- 12.4 We have considered a variation of $\pm 5\%$ to $\pm 10\%$ to both the sales values and construction costs while keeping the BLV the same. The impact on the residual land values are presented in the following tables.
- 12.5 Further analysis of each table is set out in appendix 7 and also considered in Section 13 as part of the wider response to the Inspectors questions.

13 Response to the Inspectors Questions

In this section we provide a response to the Inspectors questions based on the high-level viability and deliverability reviews that have been undertaken for each site.

CSD8 – New Romney Sites

13.1 Inspectors Question:

- *8) Taking each of the requirements in the policy, what is the evidence to support them, including in respect of the need for the requirement and the effect on viability? Are the requirements justified?*

14) What are the expectations in terms of timing and rates of housing delivery and are these realistic? What progress has been made to date?

GE Overall Response:

- 13.2 The viability analysis has demonstrated that the four New Romney sites, comprising a total of c. 305 residential units overall, are all considered to be financially viable. The appraisal for each site produces a positive residual land value with a surplus created above the BLV.
- 13.3 All of the appraisals have been undertaken, having regard for the strategic policies set out above.

Marsh Potato Site

GE Response:

- 13.4 On the Marsh Potato site, the appraisal demonstrates a marginal surplus of £50k, when compared to the BLV demonstrating the allocation within the Core Strategy is considered to justified and deliverable.
- 13.5 The sensitivity analysis demonstrates that whilst the scheme is potentially capable of being viable, small changes in both the construction costs and/ or sales values could have a significant impact on the scheme's viability and deliverability, reducing the residual land value to below the BLV.

- 13.6 The appraisal assumes that the units would be built out in 2-3 years (c. 60 units per annum) which was considered realistic and in line with the delivery levels already achieved across the New Romney Sites.
- 13.7 We understand that to date, the whole scheme has already been fully built out and delivered with 30% level of affordable housing, further demonstrating that the scheme, in line with policy, is viable and deliverable.

Land opposite Dorland Cockreed Lane

GE Response:

- 13.8 The appraisal for this site demonstrates a marginal surplus of £4.4m, when compared to the BLV demonstrating the allocation within the Core Strategy is considered to justified and deliverable.
- 13.9 The sensitivity analysis further supports this conclusion as even with a reduction in sales values of c. 10% and increased construction costs of 10%, the scheme will remain in surplus when compared to the BLV.
- 13.10 The appraisal assumes that the units would be built out in 2-3 years (c. 60 units per annum) which was considered realistic and in line with the delivery levels already achieved across the New Romney Sites.
- 13.11 We understand that to date, following the 2017 planning permission, the whole scheme has already been fully built out and delivered with 30% level of affordable housing, further demonstrating that the scheme, in line with policy, is viable and deliverable.

Land Adjoining Hope All Saints Garden Centre (Gladman Scheme)

GE Response:

- 13.12 The appraisal for this site demonstrates a significant surplus of £4.5m, when compared to the BLV demonstrating the allocation within the Core Strategy is considered to justified and deliverable.
- 13.13 The sensitivity analysis further supports this conclusion as even with a reduction in sales values of c. 10% and increased construction costs of 10%, the scheme will remain in surplus when compared to the BLV.

13.14 The appraisal assumes that the units would be built out in 2-3 years (c. 60 units per annum) which was considered realistic and in line with the delivery levels already achieved across the New Romney Sites.

13.15 We understand that outline planning permission was obtained for the scheme in August 2019 and the developer has started to bring the site forward for delivery, demonstrating that the policy allocation is considered justifiable and deliverable.

Former Hope All Saints Garden Centre Ashford Road

GE Response:

13.16 The appraisal for this site demonstrates a significant surplus of £1.16m, when compared to the BLV demonstrating the allocation within the Core Strategy is considered to justified and deliverable.

13.17 The sensitivity analysis further supports this conclusion as even with a reduction in sales values of c. 10% and increased construction costs of 10%, the scheme will remain in surplus when compared to the BLV.

13.18 The appraisal assumes that the units would be built out in 2-3 years (c. 60 units per annum) which was considered realistic and in line with the delivery levels already achieved across the New Romney Sites.

13.19 We understand that the scheme has been submitted for planning and is currently awaiting a decision from F&H LPA. This demonstrates that developer is progressing the site, suggesting that the policy requirements under which it will be delivered could be considered acceptable.

Policy CSD9 – Sellindge Sites

13.20 The Inspector has raised various queries in relation to this policy, however those dealt with as part of this assessment are set out as follows:

- *34) Taking each of the requirements in the policy - what is the effect on viability?
Are the requirements justified?*

38) What are the expectations in terms of timing and rates of housing delivery and are these realistic? What progress has been made to date?

GE Overall Response:

- 13.21 The viability analysis has demonstrated that the three Sellindge sites, comprising a total of c. 700 residential units overall, are all considered to be financially viable. The appraisal for each site produces a positive residual land value with a surplus created above the BLV.
- 13.22 All of the appraisals have been undertaken, having regard for the strategic policies set out above.

Land Adjacent to the Surgery

GE Response:

- 13.23 On the Land adjacent to the Surgery site, the appraisal demonstrates a significant surplus of £7.5m, when compared to the BLV demonstrating the allocation within the Core Strategy is considered to justified and deliverable.
- 13.24 The sensitivity analysis further supports this conclusion as even with a reduction in sales values of c. 10% and increased construction costs of 5-10%, the scheme will remain in surplus when compared to the BLV.
- 13.25 The appraisal assumes that the units would be built out in 2-3 years (c. 60 units per annum) which was considered realistic and in line with the delivery levels already achieved on site.
- 13.26 We understand that to date, the whole scheme has already been fully built out and delivered with 30% level of affordable housing, further demonstrating that the scheme, in line with policy, is viable and deliverable.

Sellindge – Site A

GE Response:

- 13.27 On Site A, the appraisal demonstrates a significant surplus of £2.8m, when compared to the BLV demonstrating the allocation within the Core Strategy is considered to justified and deliverable.
- 13.28 The sensitivity analysis further supports this conclusion as even with a reduction in sales values of c. 10% and increased construction costs of up to 5%, the scheme will remain in surplus or equal to the BLV.

13.29 The appraisal assumes that the units would be built out in 2-3 years (c. 60 units per annum) which is considered realistic and in line with the delivery levels already achieved across the other Sellindge sites.

13.30 We understand that to date that a planning application has not been submitted for the scheme.

Sellindge – Site B, Rhodes House

GE Response:

13.31 On Site B, the appraisal demonstrates a minimal surplus of £500k, when compared to the BLV demonstrating the allocation within the Core Strategy is considered to justified and deliverable.

13.32 The sensitivity analysis demonstrates that whilst the scheme is potentially capable of being viable, small changes in both the construction costs and/ or sales values could have a significant impact on the scheme's viability and deliverability, reducing the residual land value to below the BLV.

13.33 The appraisal assumes that the units would be built out in 2-3 years (c. 60 units per annum) which is considered realistic and in line with the delivery levels already achieved across the other Sellindge sites.

13.34 We understand that an outline planning consent was achieved in 2019 and the developer has started to bring the site forward for delivery, demonstrating that the policy allocation is considered

Policy SS10 - Folkestone Sea Front

13.35 The Inspector has raised various queries in relation to this policy, however those dealt with as part of this assessment are set out as follows:

- *5) Taking each of the requirements in the policy – what is the effect on viability? Are the requirements justified?*

9) What are the expectations in terms of timing and rates of housing delivery and are these realistic? What progress has been made to date?

GE Response:

- 13.36 The viability analysis has demonstrated that the scheme is not considered to be financially viable. The appraisal produces a positive residual land value with a deficit of c.£5.5m created below the BLV.
- 13.37 All of the appraisals have been undertaken, having regard for the strategic policies set out above, including 30% affordable housing in comparison to the 8% that was actually approved as part of the outline consent.
- 13.38 However, the sensitivity analysis demonstrates that the scheme is extremely sensitive to any changes related to costs and values. For example, a 5-10% increase in sales values, along with a 0% change in the construction costs, would be required in order to remove the deficit. In addition, a minor change in construction costs of up to 5% would improve the financial viability of the scheme, enabling it to be potentially capable of being viable.
- 13.39 We have assumed that circa 75 units will be delivered per annum, equating to a total programme of circa 13.3 years. This is considered reasonable given the construction rate to date.
- 13.40 We understand that to date, the reserved matter for Phase 1 which comprises of 84 homes was approved in January 2019. It is currently onsite.

Policy SS11 – Shorncliffe Garrison

GE Response:

- 13.41 The questions dealt with as part of this review are set out as follows:
- *14) Taking each of the requirements in the policy – What is the effect on viability? Are the requirements justified?*
 - *18) What are the expectations in terms of timing and rates of housing delivery and are these realistic? What progress has been made to date?*

- 13.42 The viability analysis has demonstrated that the scheme is considered to be financially viable. The appraisal produces a positive residual land value with a surplus of £1.9m created above the BLV.
- 13.43 The appraisal been undertaken, having regard for the strategic policies set out above, including a 30% requirement for affordable housing.

- 13.44 The sensitivity analysis demonstrates that whilst the scheme is potentially capable of being viable, small changes in both the construction costs and/ or sales values could have a significant impact on the scheme's viability and deliverability, reducing the residual land value to below the BLV. However, given the sales rates and values achieved to date we do not consider this to be a risk.
- 13.45 We have assumed that circa 75 units will be delivered per annum, equating to a total programme of 15 years. This is considered reasonable given the construction rate to date.
- 13.46 In terms of the expectations for housing delivery, we understand that Phases A and B have already completed, equating to 300 units. Taylor Wimpey, the main developer is also on course to develop out the further phases within a twenty-year period in line with its land agreement with the MoD.




Appendix 1

Appendix 1

Reporting Sign Off

The table below sets out confirmation of compliance for each of the requirements of RICS Professional Statement Financial Viability in Planning: conduct and reporting (1st edition 2019). This is a practice requirement for RICS members and firms and is regulated by RICS. This becomes effective from 1st September 2019.

Report and process requirements (reference paragraph from Professional Statement)	FVA Reference	Lead Partner (Reviewer)
2.1 Objectivity, impartiality and reasonableness statement	Para 1.8	[REDACTED]
2.2 Confirmation of instructions and absence of conflicts of interest	Para 1.10	[REDACTED]
2.3 A no-contingent fee statement	Para 1.10	[REDACTED]
2.4 Transparency of information	2.10 RICS Professional Statement	[REDACTED]
2.5 Confirmation where the practitioner is acting on area-wide and scheme-specific viability assessments	Para 1.2, 1.3, 2.1-2.3	[REDACTED]
2.6 Justification of evidence and differences of opinion	N/a	[REDACTED]
2.7 Site Value and supporting evidence	Section 8	[REDACTED]
2.8 FVA origination, reviews and negotiations	Exec Summary / Section 1	[REDACTED]
2.9 Sensitivity analysis	Section 12	[REDACTED]
2.10 Engagement	Introduction	[REDACTED]
2.11 Non-technical summaries	Executive Summary	[REDACTED]

2.12 Author(s) sign off	Page 2	
2.13 Inputs to reports supplied by other contributors	Para 1.12	
2.14 Timeframes for carrying out assessments	Para 1.11	

Appendix 2

Planning Policy and related matters

Introduction

- 1.1 This Appendix contains a brief overview of relevant planning background to the Additional Sites report.
- 1.2 Whilst this Appendix provides some of the policy context, it focuses on particular policies which set the background and need for viability assessments in order to justify the level of planning obligation contributions including affordable housing.
- 1.3 In plan making and decision-making viability helps to strike a balance between the aspirations of developers and landowners, in terms of returns against risk, and the aims of the planning system to secure maximum benefits in the public interest through the granting of planning permission.

National Planning Policy Framework ('NPPF')

- 1.4 The National Planning Policy Framework ("NPPF") was first published in March 2012, and subsequently revised in July 2018 and February 2019. The NPPF sets out the Government's economic, environmental and social planning policies for England. It summarises in a single document all previous national planning policy advice. Taken together, these policies articulate the Government's latest vision of sustainable development, which should be interpreted and applied locally to meet local aspirations.
- 1.5 The objective of the NPPF is to support the Government's objective of significantly boosting the supply of homes, recognising it is important that a sufficient amount and variety of land can come forward where it is needed, that the needs' of groups with specific housing requirements are addressed and that land with permission is developed without unnecessary delay.
- 1.6 In respect of affordable housing, paragraph 34 of the NPPF aims to ensure Local Plans ("LP") set out the contributions expected from a development. This should include setting out the levels and types of affordable housing provision required, along with other infrastructure. The NPPF makes it clear that policies should not undermine the deliverability of the plan.

- 1.7 The NPPF also recognises that development should not be subject to such a scale of obligation and policy burdens that its viability is threatened. This reinforces the need for viability testing in order to allow willing landowners and developers to receive competitive returns which in turn enable the delivery of development.
- 1.8 Paragraph 41 of the NPPF looks to guide Authorities to address and resolve planning issues at the pre-application stage, including the need to deliver improvements in infrastructure and affordable housing.
- 1.9 The NPPF indicates that where a need for affordable housing is identified, planning policies should specify the type of affordable housing required, and expect it to be met on-site unless:
- a) off-site provision or an appropriate financial contribution in lieu can be robustly justified; and
 - b) the agreed approach contributes to the objective of creating mixed and balanced communities.
- 1.10 The NPPF indicated that provision of affordable housing should not be sought for residential developments that are not ‘major developments’, other than in designated rural areas (where policies may set out a lower threshold of 5 units or fewer). Paragraph 63 also highlights that to support the re-use of brownfield land, where vacant buildings are being reused or redeveloped, any affordable housing contribution due should be reduced by a proportionate amount – our emphasis.
- 1.11 Paragraph 64 indicates that where major development involving the provision of housing is proposed, planning policies and decisions should expect at least 10% of the homes to be available for affordable home ownership, unless this would exceed the level of affordable housing required in the area, or significantly prejudice the ability to meet the identified affordable housing needs of specific groups.
- 1.12 Paragraph 57 of the NPPF states:
- ‘Where up-to-date policies have set out the contributions expected from development, planning applications that comply with them should be assumed to be viable. It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage.’* – our emphasis.

1.13 Paragraph 57 goes on to indicate that:

‘the weight to be given to a viability assessment is a matter for the decision maker, having regard to all the circumstances in the case, including whether the plan and the viability evidence underpinning it is up to date, and any change in site circumstances since the plan was brought into force.’ – our emphasis.

1.14 Finally, Paragraph 57 states:

‘All viability assessments, including any undertaken at the plan-making stage, should reflect the recommended approach in national planning guidance, including standardised inputs, and should be made publicly available.’ – our emphasis.

National Planning Guidance (NPG)

1.15 The NPG is an online resource which provides guidance to support the NPPF and to make it more accessible. It was first launched in March 2014 and most recently updated in October 2019. In July 2018 new viability guidance was provided and the viability section was most recently updated in September 2019.

1.16 The viability section of the NPG comprises four sections: a) Viability and plan making; b) Viability and decision making; c) Standardised inputs to viability assessment; and d) Accountability. The statements below are from the NPG Viability Guidance found on the Governments online planning portal: <https://www.gov.uk/guidance/viability> .

1.17 The NPG addresses the question of when and how viability should be assessed by the Council in respect of planning applications. The NPG indicates that viability should be tested at the plan stage and therefore it is not anticipated viability assessments will generally be necessary and it is up to the applicant to justify as to why viability is necessary in a particular instance.

Such circumstances could include:

- where development is proposed on unallocated sites of a wholly different type to those used in viability assessment that informed the plan;
- where further information on infrastructure or site costs is required;
- where particular types of development are proposed which may significantly vary from standard models of development for sale (for example build to rent or housing for older people);
- where a recession or similar significant economic changes have occurred since the plan was brought into force.

Paragraph: 007 Reference ID: 10-007-20180724

- 1.18 Where a viability assessment is submitted to accompany a planning application the FVA should be based upon and refer back to the viability assessment that informed the plan; and the applicant should provide evidence of what has changed since then.
- 1.19 Any viability assessment should reflect the government's recommended approach to defining key inputs as set out in National Planning Guidance.
- 1.20 It is understood that the weight to be given to a viability assessment will be a matter for the decision maker, having regard to all the circumstances in the case, including:
- whether the plan and viability evidence underpinning the plan is up to date,
 - any change in site circumstances since the plan was brought into force; and
 - the transparency of assumptions behind evidence submitted as part of the viability assessment.
- 1.21 NPG considers a viability assessment is a process of assessing whether a site is financially viable, by looking at whether the value generated by a development is more than the cost of developing it. This includes looking at the key elements defined as the gross development value, costs, land value, landowner premium, and developer return.

- 1.22 NPG indicates that any viability assessment should:
- be supported by appropriate available evidence informed by engagement with developers, landowners, and infrastructure and affordable housing providers.
 - follow the government’s recommended approach to assessing viability as set out in this National Planning Guidance; and
 - be proportionate, simple, transparent.

- 1.23 The requirements of the key elements are defined in the body of the financial viability report.

Local Planning Policy

- 1.24 The Folkestone & Hythe (Shepway) Core Strategy was adopted on the 18 September 2013. The Core Strategy set out the vision, broad principles and spatial approach for development across the district to 2031. The Core Strategy (2013) is currently under review to reflect progress on its delivery and recent changes to national policy and guidance. It will guide the scale, location and type of development in the District until 2037.
- 1.25 The Places and Policies Local Plan (PPLP) follows on from the existing Core Strategy, adopted in 2013. The role of the Plan is to set out how the strategic over-arching policies of the Core Strategy will be implemented in practice. The PPLP was adopted on the 16 September 2020.
- 1.26 Affordable housing should be provided in accordance with Core Strategy Policy CSD1: Balanced Neighbourhoods. The key aim of this policy is the “creation of balanced and popular neighbourhoods” through high-quality design proposals which address identified affordable housing needs. The policy goes on to state “Development proposing (or land of 0.5ha or more in size) 15 or more dwellings (net gain) should provide 30% affordable dwellings on-site, subject to viability”.
- 1.27 Of this, 40% of affordable housing provision to be in intermediate forms (including shared equity) and 60% affordable rented.

Summary

- 1.28 The NPPF has a clear presumption in favour of sustainable development and local planning authorities should take account of this when determining planning applications.
- 1.29 The NPPF recognises that development should not be subject to such a scale of obligation and policy burdens that its viability is threatened; and in addition, obligations should be flexible to market changes in order to ensure planned development are not stalled. This reinforces the need for viability testing in order to allow willing landowners and developers to receive competitive returns which in turn enable the delivery of development.
- 1.30 Where local planning authorities have identified that affordable housing is needed, they should set policies for meeting this need on site, unless off-site provision or a financial contribution of broadly equivalent value can be robustly justified.
- 1.31 NPG recognises that the individual circumstances of any scheme should be taken into consideration when assessing viability. Councils are therefore encouraged to be flexible with regards to planning obligations if the applicant is able to demonstrate that such obligations would make a scheme unviable.
- 1.32 In assessing the level of planning obligations, including affordable housing provision, in accordance with the LP, regard must be had to the economics of development and financial viability considerations associated with the scheme proposals and other planning objectives and requirements.
- 1.33 EFDC Local Policy H2 expects a contribution to affordable housing from all developments that provide 11 or more homes and involve a total residential floor space of more than 1,000 sqm.
- 1.34 It is important that the approach taken to affordable housing and scheme viability does not compromise the ability to deliver residential development on the Site.

Appendix 3

Professional Guidance (RICS)

Introduction

- 1.1 This section summarises the extracts of the RICS Guidance Note: Financial Viability in Planning (“the RICS GN”) and the RICS Professional Statement: Financial Viability in Planning – Conduct and Reporting (“the RICS PS”) relevant to undertaking a viability assessment.

The RICS Guidance Note: Financial Viability in Planning

- 1.2 The RICS GN was published in August 2012. The purpose of the guidance note is to enable all participants in the planning process to have a more objective and transparent basis for understanding and evaluating financial viability in a planning context. It provides practitioners with advice in undertaking and assessing viability appraisals for planning purposes.
- 1.3 The RICS GN defines financial viability for planning purposes; separates the key functions of development, being land delivery and viable development (in accordance, and consistent, with the NPPF); highlights the residual appraisal methodology; defines site value for both scheme specific and area-wide testing in a market rather than hypothetical context; what to include in viability assessments; terminology and suggested protocols; and the uses of financial viability assessments in planning.
- 1.4 The guidance note provides all those involved in financial viability in planning and related matters with an objective methodology framework and set of principles that can be applied for both plan making and development management.
- 1.5 The guidance note is grounded in the statutory and regulatory planning regime that currently operates in the UK. It is consistent with the Localism Act 2011, the NPPF, and the CIL Regulations 2010.
- 1.6 Financial viability for planning purposes is defined as follows: -

“An objective financial viability test of the ability of a development project to meet its costs including the cost of planning obligations, whilst ensuring an appropriate site value for

the landowner and a market risk adjusted return to the developer in delivering that project.”

- 1.7 This FVA and accompanying analysis have been prepared fully in accordance with the provisions of the RICS GN.
- 1.8 We understand that a second edition of the RICS GN is in the course of preparation in response to recent case law and following the publication of the revised NPPF and NPG. We believe the principles set out in the 2012 RICS GN are still relevant to current viability assessments notwithstanding the revisions to the NPPF and NPG. In applying these principles, we do however take into account these revisions in undertaking our assessment.

The RICS Professional Statement: Financial Viability in Planning – Conduct and Reporting

- 1.9 In July 2018 a revised NPPF and National Planning Practice Guidance (NPG) were issued. The NPPF was further updated in February 2019 and the NPG updated in May 2019. This followed the earlier decision in *Parkhurst Road Ltd v Secretary of State for Communities and Local Government & Anor* [2018] EWHC 991. The RICS Professional Statement (May 2019) has therefore been informed by the NPPF, NPG and the High Court decision, as well as practitioner experience.
- 1.10 The Professional Statement sets out mandatory requirements that inform the practitioner on what must be included within financial viability assessments and how the process must be conducted. The rationale for the practice statement reflects that planning applications involve a statutory process that is subject to public scrutiny where often viability assessments are important and need to provide public confidence in a process that is inevitably complex, but nevertheless must inform the planning decision-maker.
- 1.11 The Professional Statement is effective from 1 September 2019 and applies to all Chartered Surveyors and regulated firms of Chartered Surveyors. It applies to both area wide (policy making) and scheme specific assessments (decision making). The Practice Statement is mandatory to originators of viability assessments as well as reviewers and in area with viability assessments.

- 1.12 The purpose of the Practice Statement is to demonstrate how a reasonable, objective and impartial outcome, without interference, should be arrived at, and so support the statutory planning decision process. It also aims to support and complement the government's reforms to the planning process announced in July 2018 and subsequent updates, which include an overhaul of the NPPF and NPG on viability and related matters. The new policy and practice advice prioritise the assessment of viability at the plan-making stage and identifies existing use value as the starting point for assessing the uplift in value required to incentivise the release of land.
- 1.13 It should be noted that the practice statement was in effect approved by both the MHCLG and GLA (it was also reviewed by the Law Society, RTPI, Planning Officers Society and other sector representatives).
- 1.14 The practice statement sets out 14 mandatory requirements for all RICS practitioners when undertaking viability assessments:
- 2.1 Objectivity, impartiality and reasonableness statement
 - 2.2 Confirmation of instructions and absence of conflicts of interest
 - 2.3 A no contingent fee statement
 - 2.4 Transparency of information
 - 2.5 Confirmation where the RICS member is acting on area-wide and scheme-specific FVAs
 - 2.6 Justification of evidence and differences of opinion
 - 2.7 Benchmark land value and supporting evidence
 - 2.8 FVA origination, reviews and negotiation
 - 2.9 Sensitivity analysis (all reports)
 - 2.10 Engagement
 - 2.11 Non-technical summaries (all reports)
 - 2.12 Author(s) sign-off (all reports)
 - 2.13 Inputs to reports supplied by other contributors
 - 2.14 Timeframes for carrying out assessments

Appendix 4

Residential Sales Values Commentary and Analysis

The Lees, Sellindge

- 1.1 The Lees is situated in Sellindge, a small village immediately north of the M20.
- 1.2 Phase 1 of the scheme, delivered by Taylor Wimpey, launched in January 2019. The phase comprises 50 dwellings. We understand that as of June 2020, only 1 unit remains available.
- 1.3 The residential units have been finished to a moderate standard. A limited amount of placemaking has been incorporated into the scheme with the creation of 'The Village Green' and the surrounding pond and woodland.
- 1.4 The Lees does not benefit from direct access to a train station. We note that Westenhanger Station is approximately 4km by road from The Lees.

Values

- 1.5 Our investigations show that as of June 2020, a total of 33 units have been sold and registered on the Land Registry. The distribution of sales volumes, broken down by number of bedrooms, is as follows:

Number of Bedrooms	Number of units sold
2	3
3	19
4	9
Total	31

- 1.6 The minimum and maximum house price broken down by number of bedrooms is as follows:

Bedrooms					
2		3		4	
Min	Max	Min	Max	Min	Max
£224,995	£229,995	£264,995	£309,995	£314,995	£319,000

- 1.7 Land registry data suggests that significant premiums were achieved on smaller units, with 2-bedroom houses achieving an average price per sq ft in excess of £330. The average price per sq ft, broken down by number of bedrooms, is as follows:

Bedrooms	2	3	4
Average Price Per Sq ft	£331	£313	£258

Shornccliffe Heights, Folkestone

- 1.8 Shornccliffe Heights is situated in the western city fringe of Folkestone, in close proximity to the Eurotunnel terminal.
- 1.9 Shornccliffe Heights, delivered by Taylor Wimpey, is located on the site of a former military base, Shornccliffe Garrison. The Site gained outline planning permission for up to 1,200 new homes in December 2015. We understand that the development will be delivered in 4 key phases.
- 1.10 The units have been finished to a reasonable standard, comparable to The Lees, which was also delivered by Taylor Wimpey. Shornccliffe Heights benefits from an enhanced level of placemaking, with plans for a primary school and nursery included within the master consent.

Values

- 1.11 Our investigations show that between January 2018 and June 2020, a total of 96 units had been sold and registered on the Land Registry. The distribution of sales volumes, broken down by number of bedrooms, is as follows:

Number of Bedrooms	Number of units sold
2	23
3	53
4	18
5	2
Total	96

- 1.12
- 1.13 The minimum and maximum house price broken down by number of bedrooms is as follows:

Bedrooms							
2		3		4		5	
Min	Max	Min	Max	Min	Max	Min	Max
£168,500	£219,995	£208,500	£349,995	£298,500	£332,500	£385,000	£395,000

- 1.14 Land registry data suggests that significant discounts were achieved on larger units, with 4 and 5-bedroom houses achieving an average price per sq ft below £240. The average price per sq ft, broken down by number of bedrooms, is as follows:

Bedrooms	2	3	4	5
Average Price Per Sq ft	£296	£302	£232	£240

Martello Lakes, West Hythe

- 1.15 Martello Lakes is situated immediately south of West Hythe, a small hamlet between Hythe, to the east and Dymchurch, to the west.
- 1.16 Martello Lakes is located on the site of the former Nickolls Quarry. We understand that the Site gained outline planning permission for up to 1,050 new homes in May 2010. We have identified residential sales from phases 1 and 2, which have been delivered by Barratt Homes.
- 1.17 We understand that commercial space, including retail, will be delivered through future phases. As such, phases 1 and 2 suffer from a general lack of amenity offering within the immediate vicinity.
- 1.18 Martello Lakes does not benefit from strong transport links. The closest railway station is Westenhanger, 4.5 miles by road to the north, which provides access to the South eastern railway network.

Values

- 1.19 Our investigations show that between January 2018 and June 2020, a total of 68 units had been sold and registered on the Land Registry. The distribution of sales volumes, broken down by number of bedrooms, is as follows:

Number of Bedrooms	Number of units sold
2	23
3	25
4	20
Total	68

- 1.20 The minimum and maximum house price broken down by number of bedrooms is as follows:

Bedrooms					
2		3		4	
Min	Max	Min	Max	Min	Max
£195,000	£314,995	£254,995	£304,995	£279,995	£409,995

1.21

- 1.22 The average price per sq ft, broken down by number of bedrooms, is as follows

Bedrooms	2	3	4
Average Price Per Sq ft	£325	£316	£291

Taylor Wimpey	The Lees	2	Rothbart Place	Sellindge	Kent	TN25 6BY	18/04/2019	E270 500	Y	Semi-detached	3	861	E314	Freehold
Taylor Wimpey	The Lees	3	Rothbart Place	Sellindge	Kent	TN25 6BY	12/04/2019	E270 500	Y	Semi-detached	3	861	E314	Freehold
Taylor Wimpey	The Lees	2	Odile Place	Sellindge	Kent	TN25 6BT	22/03/2019	E269 995	Y	Semi-detached	3	861	E314	Freehold
Taylor Wimpey	The Lees	3	Odile Place	Sellindge	Kent	TN25 6BT	11/03/2019	E269 995	Y	Semi-detached	3	861	E314	Freehold
Taylor Wimpey	The Lees	6	The Cygnets	Sellindge	Kent	TN25 6JX	22/02/2019	E276 500	Y	Semi-detached	3	861	E321	Freehold
Taylor Wimpey	The Lees	5	The Cygnets	Sellindge	Kent	TN25 6JX	22/02/2019	E272 500	Y	Semi-detached	3	861	E316	Freehold
Taylor Wimpey	The Lees	2	Odette Close	Sellindge	Kent	TN25 6BF	27/06/2019	E304 995	Y	Detached	3	936	E326	Freehold
Taylor Wimpey	The Lees	1	Siegfried Close	Sellindge	Kent	TN25 6BX	28/06/2019	E285 000	Y	Detached	3	936	E304	Freehold
Taylor Wimpey	The Lees	7	Siegfried Close	Sellindge	Kent	TN25 6BX	27/06/2019	E304 995	Y	Detached	3	936	E326	Freehold
Taylor Wimpey	The Lees	2	Siegfried Close	Sellindge	Kent	TN25 6BX	24/05/2019	E279 995	Y	Semi-detached	3	936	E299	Freehold
Taylor Wimpey	The Lees	1	Rothbart Place	Sellindge	Kent	TN25 6BY	26/04/2019	E309 995	Y	Detached	3	936	E331	Freehold
Taylor Wimpey	The Lees	3	Siegfried Close	Sellindge	Kent	TN25 6BX	21/06/2019	E279 500	Y	Semi-detached	3	1023	E273	Freehold
Taylor Wimpey	The Lees	22	Siegfried Close	Sellindge	Kent	TN25 6BX	18/07/2019	E314 995	Y	Semi-detached	4	1173	E268	Freehold
Taylor Wimpey	The Lees	20	Siegfried Close	Sellindge	Kent	TN25 6BX	18/07/2019	E314 995	Y	Semi-detached	4	1173	E268	Freehold
Taylor Wimpey	The Lees	1	Odile Place	Sellindge	Kent	TN25 6BT	12/04/2019	E314 995	Y	Semi-detached	4	1173	E268	Freehold
Taylor Wimpey	The Lees	4	Rothbart Place	Sellindge	Kent	TN25 6BY	29/03/2019	E314 995	Y	Semi-detached	4	1173	E268	Freehold
Taylor Wimpey	The Lees	4	The Cygnets	Sellindge	Kent	TN25 6JX	27/03/2019	E319 000	Y	Detached	4	1173	E272	Freehold
Taylor Wimpey	The Lees	3	The Cygnets	Sellindge	Kent	TN25 6JX	27/03/2019	E274 000	Y	Terraced	4	1184	E231	Freehold
Taylor Wimpey	The Lees	1	The Cygnets	Sellindge	Kent	TN25 6JX	27/03/2019	E295 000	Y	Terraced	4	1249	E236	Freehold
Taylor Wimpey	The Lees	7	The Cygnets	Sellindge	Kent	TN25 6JX	07/06/2019	E404 995	Y	Detached	4	1593	E254	Freehold
Taylor Wimpey	The Lees	8	Main Road	Sellindge	Kent	TN25 6JX	01/03/2019	E402 500	Y	Detached	4	1593	E253	Freehold
Pentland Homes	Cockreed Lane	4	Crispin Close	New Romney	Kent	TN28 8FT	31/07/2018	E269 995	Y	Semi-detached	3	829	E326	Freehold
Pentland Homes	Cockreed Lane	105	Rolfe Lane	New Romney	Kent	TN28 8JL	26/10/2018	E264 995	Y	Semi-detached	3	829	E320	Freehold
Pentland Homes	Cockreed Lane	107	Rolfe Lane	New Romney	Kent	TN28 8JL	31/08/2018	E258 995	Y	Semi-detached	3	829	E312	Freehold
Pentland Homes	Cockreed Lane	Applemead	Cockreed Lane	New Romney	Kent	TN28 8TW	31/01/2019	E409 995	Y	Detached	3	926	E443	Freehold
Pentland Homes	Cockreed Lane	Bramblings	Cockreed Lane	New Romney	Kent	TN28 8TW	04/10/2018	E397 995	Y	Detached	3	926	E430	Freehold
Pentland Homes	Cockreed Lane	15	Crispin Close	New Romney	Kent	TN28 8FT	18/01/2019	E405 995	Y	Detached	3	926	E439	Freehold
Pentland Homes	Cockreed Lane	Pippin Close	Cockreed Lane	New Romney	Kent	TN28 8TW	26/10/2018	E409 995	Y	Detached	3	926	E443	Freehold
Pentland Homes	Cockreed Lane	18	Crispin Close	New Romney	Kent	TN28 8FT	31/01/2020	E399 995	Y	Detached	4	1345	E297	Freehold
Pentland Homes	Cockreed Lane	109	Rolfe Lane	New Romney	Kent	TN28 8JL	31/08/2018	E409 995	Y	Detached	4	1345	E305	Freehold
Pentland Homes	Cockreed Lane	7	Crispin Close	New Romney	Kent	TN28 8FT	17/12/2018	E412 995	Y	Detached	4	1345	E307	Freehold
Pentland Homes	Cockreed Lane	14	Cockreed Lane	New Romney	Kent	TN28 8TW	31/07/2019	E399 995	Y	Detached	4	1345	E297	Freehold
Pentland Homes	Cockreed Lane	11	Crispin Close	New Romney	Kent	TN28 8FT	18/07/2019	E399 995	Y	Detached	4	1345	E297	Freehold
Pentland Homes	Cockreed Lane	10	Crispin Close	New Romney	Kent	TN28 8FT	31/08/2018	E409 995	Y	Detached	4	1345	E305	Freehold
Pentland Homes	Cockreed Lane	5	Crispin Close	New Romney	Kent	TN28 8FT	28/08/2019	E423 995	Y	Detached	4	1367	E310	Freehold
Pentland Homes	Cockreed Lane	6	Crispin Close	New Romney	Kent	TN28 8FT	07/06/2019	E439 995	Y	Detached	4	1389	E317	Freehold
Pentland Homes	Cockreed Lane	1	Crispin Close	New Romney	Kent	TN28 8FT	27/09/2019	E399 000	Y	Detached	4	1442	E277	Freehold
Pentland Homes	Cockreed Lane	8	Crispin Close	New Romney	Kent	TN28 8FT	26/10/2018	E424 995	Y	Detached	4	1442	E295	Freehold
Pentland Homes	Cockreed Lane	111	Rolfe Lane	New Romney	Kent	TN28 8JL	28/08/2018	E424 995	Y	Detached	4	1442	E295	Freehold
Pentland Homes	Cockreed Lane	17	Crispin Close	New Romney	Kent	TN28 8FT	22/11/2018	E449 995	Y	Detached	4	1496	E301	Freehold
Pentland Homes	Cockreed Lane	25	Pippin Close	New Romney	Kent	TN28 8FH	22/08/2018	E445 995	Y	Semi-detached	5	1819	E245	Freehold
Pentland Homes	Cockreed Lane	29	Pippin Close	New Romney	Kent	TN28 8FH	19/10/2018	E449 995	Y	Semi-detached	5	1819	E247	Freehold
Pentland Homes	Cockreed Lane	31	Pippin Close	New Romney	Kent	TN28 8FH	21/03/2019	E456 995	Y	Semi-detached	5	1851	E247	Freehold
Pentland Homes	Cockreed Lane	15	Pippin Close	New Romney	Kent	TN28 8FH	09/05/2018	E579 995	Y	Detached	5	1851	E313	Freehold
Pentland Homes	Cockreed Lane	1	Bramley Way	New Romney	Kent	TN28 8FE	18/01/2018	E565 000	Y	Detached	5	1981	E285	Freehold
Pentland Homes	Cockreed Lane	3	Crispin Close	New Romney	Kent	TN28 8FT	21/06/2019	E579 995	Y	Detached	5	1991	E291	Freehold
Pentland Homes	Cockreed Lane	16	Cockreed Lane	New Romney	Kent	TN28 8TW	01/11/2019	E575 000	Y	Detached	5	2110	E273	Freehold
Pentland Homes	Cockreed Lane	2	Russett Way	New Romney	Kent	TN28 8FJ	22/07/2019	E590 000	Y	Detached	5	2217	E266	Freehold
Pentland Homes	Cockreed Lane	12	Russett Way	New Romney	Kent	TN28 8FJ	29/03/2018	E599 995	Y	Detached	5	2217	E271	Freehold
Pentland Homes	Cockreed Lane	19	Crispin Close	New Romney	Kent	TN28 8FT	27/09/2019	E600 000	Y	Detached	5	2260	E265	Freehold
Pentland Homes	Cockreed Lane	19	Pippin Close	New Romney	Kent	TN28 8FH	11/01/2019	E600 000	Y	Detached	5	2303	E260	Freehold
Pentland Homes	Cockreed Lane	21	Pippin Close	New Romney	Kent	TN28 8FH	20/07/2018	E589 995	Y	Detached	5	2303	E256	Freehold
Pentland Homes	Cockreed Lane	27	Pippin Close	New Romney	Kent	TN28 8FH	27/09/2018	E564 995	Y	Detached	5	2368	E239	Freehold
Pentland Homes	Cockreed Lane	9	Pippin Close	New Romney	Kent	TN28 8FH	26/07/2018	E589 995	Y	Detached	5	2368	E249	Freehold
Pentland Homes	Cockreed Lane	3	Pippin Close	New Romney	Kent	TN28 8FH	11/04/2018	E659 995	Y	Detached	5	2616	E252	Freehold
Pentland Homes	Cockreed Lane	17	Pippin Close	New Romney	Kent	TN28 8FH	31/01/2018	E674 995	Y	Detached	5	2616	E258	Freehold

Appendix 5

Commercial Comparable Research

Retail (A1/A3)

- 1.1 We have drawn retail rental and transactional evidence towns such as Hythe and Ashford.
- 1.2 We have identified retail rental transactions ranging from £10 per sq ft to £26 per sq ft on a headline basis. We would anticipate rents to be within the upper quartile of this range.

Rental transactions:

- 1.3 **95 County Square Shopping Centre, Ashford TN23 1YB** – this comprises ground and first floor retail accommodation extending 5,755 sq ft. It was let to Metrobank on a new 25-year lease in June 2018 at £150,000 per annum plus 12 months' rent free. The rent equates to £26.00 per sq ft on a headline basis and £24 per sq ft on a net-effective basis. The unit is in a prime shopping centre.
- 1.4 **33 County Square Shopping Centre, Ashford TN23 1YB** – this comprises ground and first floor retail accommodation extending 5,916 sq ft. It was let to Deichmann on a new 10-year lease in June 2018 at £80,000 per annum plus 24 months' rent free. The rent equates to £13.50 per sq ft on a headline basis and £10.15 per sq ft on a net-effective basis. The unit is located in a prime shopping centre.
- 1.5 **38 County Square Shopping Centre, Ashford TN23 1AE** – this comprises ground and first floor retail accommodation extending 4,450 sq ft. It was let to A Simmonds on a new 10-year lease in June 2018 at £50,000 per annum plus 3 months' rent free. The rent equates to £11.20 per sq ft on a headline basis and £10.80 per sq ft on a net-effective basis. The unit is located in a prime shopping centre.
- 1.6 **Main Road, Sellindge TN25 6EQ** – this comprises ground floor retail plus basement and mezzanine ancillary accommodation extending 459 sq ft. It was let to an independent tenant on a new 10-year lease in April 2017 at £5,000 per annum. The rent equates to £10.90 per sq ft on a headline basis. The unit is located on a tertiary retail pitch.
- 1.7 **53 High Street, Hythe CT21 5AD** – this comprises ground floor retail accommodation extending 471 sq ft. It was let to an independent tenant on a new 9-year lease in April 2017 at £7,000 per annum. The rent equates to £14.80 per sq ft on a headline basis. The unit is located on a primary retail pitch.
- 1.8 **112 High Street, Hythe CT21 5LE** – this comprises ground and first floor retail accommodation extending 1,150 sq ft. It was let to an independent tenant on a new 10-year

lease in June 2018 at £11,500 per annum. The rent equates to £10.00 per sq ft on a headline basis. The unit is located on a primary retail pitch.

- 1.9 **141 High Street, Hythe CT21 5JL** – this comprises ground floor retail accommodation extending 738 sq ft. It was let to an independent tenant on a new 15-year lease in January 2018 at £8,500 per annum. The rent equates to £11.50 per sq ft on a headline basis. The unit is located on a primary retail pitch.
- 1.10 **61 High Street, Hythe CT21 5AD** – this comprises ground floor retail accommodation extending 2,228 sq ft. It was let to an independent tenant on a new 5-year lease in April 2017 with a tenant break option in year 3 at a rent of £25,000 per annum. The rent equates to £11.20 per sq ft on a headline basis. The unit is located on a primary retail pitch.

Yields:

- 1.11 Yields achieved during the last year in the locality vary depending on various factors including tenant covenant strength and length of lease. We are aware of the following transactions:
- 1.12 **58 High Street, Ashford TN25 4AZ** – this comprises 3,788 sq ft retail accommodation arranged across a ground, first and second floors let to Specsavers from January 2019 for a term of 5 years at a passing rent of £30,000 (£7.90 per sq ft on an overall basis) per annum. The freehold interest in the property was sold in August 2019 for £370,000. The purchase price reflected a capital value of approximately £98 per sq ft and a net initial yield of 7.55%.
- 1.13 **5 – 7 Castle Street, Ashford TN23 1JQ** – this comprises 1,666 sq ft retail accommodation arranged across a ground, first and second floors let to Coral from November 2013 for a term of 10 years at a passing rent of £25,000 (£15.00 per sq ft on an overall basis) per annum. The freehold interest in the property was sold in November 2018 for £495,000. The purchase price reflected a capital value of approximately £297 per sq ft and a net initial yield of 5.00%.

Office

- 1.14 Our investigations showed a dearth of office transactions in both Hythe and Folkestone.
- 1.15 Consequently, we have collated and analysed office transactions in Ashford. Ashford benefits from the existing HS1 railway access.
- 1.16 We have identified office rental transactions ranging from £12 per sq ft, for poor quality accommodation to £22 per sq ft for high-quality accommodation. We would anticipate rents to be within the upper quartile of this range.

Rental transactions:

- 1.17 **One Connect, Station Road, Ashford TN23 1PJ** – this comprises office accommodation extending 2,953 sq ft. It was let to Towergate Insurance Limited on a new 10-year lease with a tenant break option at year 5 in February 2019 at £64,966 per annum. The rent equates to £22.00 per sq ft on a headline basis. The Category-A office is located in central Ashford.
- 1.18 **Unit 3, Highpoint Business Village, Ashford TN24 8DH** – this comprises first floor office accommodation extending 1,626 sq ft. It was let to Hilton Nursing Partners on a new 5-year lease in June 2018 at £21,600 per annum. The rent equates to £13.30 per sq ft on a headline basis. The unit is located in outer Ashford.
- 1.19 **Unit 5, Highpoint Business Village, Ashford TN24 8DH** – this comprises first floor office accommodation extending 1,506 sq ft. It was let to Voyage Care on a new 6-year lease in May 2018 at £18,000 per annum. The rent equates to £12.00 per sq ft on a headline basis. The unit is located in outer Ashford.
- 1.20 **Kent House, 81 Station Road, Ashford TN23 1PP** – this comprises second and third floor office accommodation extending 17,632 sq ft. It was let to Eurostar on a new 15-year lease in October 2017 at £ 274,700 per annum. The rent equates to £15.60 per sq ft on a headline basis. The unit is located in central Ashford.
- 1.21 **International House, Dover Place, Ashford TN23 1HU** – this comprises second floor office accommodation extending 748 sq ft. It was let to H&B Medical on a new 3-year lease in September 2017 at £12,000 per annum. The rent equates to £16.00 per sq ft on a headline basis. The unit is located adjacent to Ashford International station.

Yields:

- 1.22 Yields achieved during the last year in the locality vary depending on various factors including tenant covenant strength and length of lease. We are aware of the following transactions:
- 1.23 **1,500 Lower Pemberton, Eureka Park, Trinity Road, Ashford TN25 4BF** – this comprises 35,700 sq ft office accommodation arranged across a ground, first and second floors let to Smith's Medical Group Limited from March 2009 for a term of 15 years at a passing rent of £471,354 (£19.50 per sq ft) per annum. The freehold interest in the property was sold in February 2019 for £9,310,000. The purchase price reflected a capital value of approximately £260 per sq ft and a net initial yield of 4.75%. We note that at the date of sale, the ground floor (30% of total floor-space) of the Property was vacant, which has acted to compress the net-initial yield. The property is located in Eureka Park, an out of town business park immediately north of Junction 9 of the M20.
- 1.24 **200 Eureka Park, Trinity Road, Ashford TN25 4AZ** – this comprises 10,300 sq ft office accommodation arranged across a ground and first floors let to RIFT International from

November 2012 for a term of 15 years at a passing rent of £192,000 (£18.60 per sq ft) per annum. The freehold interest in the property was sold in August 2019 for £2,300,000. The purchase price reflected a capital value of approximately £223 per sq ft and a net initial yield of 7.80%.

- 1.25 **Unit J Concept Court, Sheraway Business Park, Folkestone CT19 4RH** – this comprises 4,010 sq ft office accommodation arranged across a ground and first floors let to The Kent Community Health NHS Foundation Trust from July 2016 2009 for a term of 10 years at a passing rent of £32,000 (£7.90 per sq ft) per annum. The freehold interest in the property was sold at auction in March 2018 for £440,000. The purchase price reflected a capital value of approximately £36.60 per sq ft and a net initial yield of 7.25%. Sheraway Business Park is located in close proximity to the Eurotunnel terminus. The specification of the office is poor. We have therefore attributed limited weight to this comparable transaction.

Appendix 6

Site A - Land to the West

Site A - Land to the West

Appraisal Summary for Merged Phases 1 2

Currency in £

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Private - Houses	147	138,580	300.00	282,816	41,574,000
Intermediate - Houses	12	11,185	236.00	219,972	2,639,660
Social - Houses	<u>29</u>	<u>26,870</u>	187.00	173,265	<u>5,024,690</u>
Totals	188	176,635			49,238,350

Rental Area Summary

	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Offices	1	9,149	12.00	109,793	109,793	109,793

Investment Valuation

Offices						
Market Rent	109,793	YP @	7.0000%	14.2857		
		PV 1mth @	7.0000%	0.9944	1,559,650	

GROSS DEVELOPMENT VALUE 50,798,000

NET REALISATION 50,798,000

OUTLAY

ACQUISITION COSTS

Residualised Price			4,095,579			
				4,095,579		
Stamp Duty			141,911			
Effective Stamp Duty Rate		3.46%				
Agent Fee		1.00%	40,956			
Legal Fee		0.25%	10,239			
				193,106		

CONSTRUCTION COSTS

Construction	ft²	Build Rate ft²	Cost
Offices	10,764	193.00	2,077,452
Private - Houses	138,580	125.00	17,322,500
Intermediate - Houses	11,185	125.00	1,398,125
Social - Houses	<u>26,870</u>	125.00	<u>3,358,750</u>
Totals	187,399 ft²		24,156,827
Contingency		10.00%	2,415,683
			26,572,510

Other Construction

Private Externals		8.00%	1,385,800		
Private Water Efficiency	149,344 ft²	0.51	76,165		
Affordable Externals		8.00%	380,550		
Affordable Water Efficiency	38,055 ft²	0.51	19,408		
				1,861,923	

Section 106 Costs

Section 106 and CIL			907,806		
Nursery			1,260,000		
CIL			1,740,737		
				3,908,543	

PROFESSIONAL FEES

Professional Fees		10.00%	2,592,318		
				2,592,318	

MARKETING & LETTING

Marketing		1.00%	415,740		
				415,740	

DISPOSAL FEES

Sales Agent Fee		1.50%	647,005		
Sales Legal Fee		0.50%	215,668		
				862,673	

FINANCE

Debit Rate 7.000%, Credit Rate 0.000% (Nominal)					
Total Finance Cost				1,161,043	

Site A - Land to the West**TOTAL COSTS** 41,663,434**PROFIT** 9,134,566**Performance Measures**

Profit on Cost%	21.92%
Profit on GDV%	17.98%
Profit on NDV%	17.98%
Development Yield% (on Rent)	0.26%
Equivalent Yield% (Nominal)	7.00%
Equivalent Yield% (True)	7.32%
Yield on Cost%	0.26%
Gross Margin%	20.27%

IRR% (without Interest)	37.76%
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Rent Cover	83 yrs 2 mths
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Profit Erosion (finance rate 7.000)	2 yrs 10 mths
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Site B - Rhodes House

Development Appraisal
Licensed Copy
22 October 2020

Site B - Rhodes House

Appraisal Summary for Merged Phases 1 2

Currency in £

REVENUE

Sales Valuation	Units	ft ²	Sales Rate ft ²	Unit Price	Gross Sales
Private - Houses	116	110,095	300.00	284,728	33,028,500
Intermediate - Houses	14	13,320	236.00	224,537	3,143,520
Social - Houses	<u>32</u>	<u>30,325</u>	187.00	177,212	<u>5,670,775</u>
Totals	162	153,740			41,842,795

Rental Area Summary

	Units	ft ²	Rent Rate ft ²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Offices	1	4,250	12.00	51,000	51,000	51,000

Investment Valuation

Offices						
Market Rent	51,000	YP @	7.0000%	14.2857		
		PV 7mths @	7.0000%	0.9613	700,377	

GROSS DEVELOPMENT VALUE **42,543,172**

NET REALISATION **42,543,172**

OUTLAY

ACQUISITION COSTS

Residualised Price			4,953,749			
				4,953,749		
Stamp Duty			178,422			
Effective Stamp Duty Rate		3.60%				
Agent Fee		1.00%	49,537			
Legal Fee		0.25%	12,384			
				240,344		

CONSTRUCTION COSTS

Construction	ft ²	Build Rate ft ²	Cost
Offices	5,000	193.00	965,000
Private - Houses	110,095	125.00	13,761,875
Intermediate - Houses	13,320	125.00	1,665,000
Social - Houses	<u>30,325</u>	125.00	<u>3,790,625</u>
Totals	158,740 ft²		20,182,500
Contingency		10.00%	2,018,250
			22,200,750

Other Construction

Private Externals		8.00%	1,100,950		
Private Water Efficiency	115,095 ft ²	0.51	58,698		
Affordable Externals		8.00%	436,450		
Affordable Water Efficiency	43,645 ft ²	0.51	22,259		
				1,618,357	

Section 106 Costs

Section 106 and CIL			184,537		
Section 106 and CIL			280,464		
Section 106 and CIL			280,463		
Section 106 and CIL			34,536		
CIL			1,500,000		
				2,280,000	

PROFESSIONAL FEES

Professional Fees		10.00%	2,171,990		
				2,171,990	

MARKETING & LETTING

Marketing		1.00%	330,285		
				330,285	

DISPOSAL FEES

Sales Agent Fee		1.50%	505,933		
Sales Legal Fee		0.50%	168,644		
				674,578	

FINANCE

Debit Rate 7.000%, Credit Rate 0.000% (Nominal)

Site B - Rhodes House

Total Finance Cost	705,826
TOTAL COSTS	35,175,878
PROFIT	7,367,293

Performance Measures

Profit on Cost%	20.94%
Profit on GDV%	17.32%
Profit on NDV%	17.32%
Development Yield% (on Rent)	0.14%
Equivalent Yield% (Nominal)	7.00%
Equivalent Yield% (True)	7.32%
Yield on Cost%	0.14%
Gross Margin%	18.98%
IRR% (without Interest)	44.25%
Rent Cover	144 yrs 5 mths
Profit Erosion (finance rate 7.000)	2 yrs 9 mths

Land adjacent to The Surgery, Main Road, Sellindge

Development Appraisal
Licensed Copy
22 October 2020

Land adjacent to The Surgery, Main Road, Sellindge

Appraisal Summary for Merged Phases 1 2

Currency in £

REVENUE

Sales Valuation	Units	ft ²	Sales Rate ft ²	Unit Price	Gross Sales
Private - Houses	195	186,000	300.00	286,154	55,800,000
Intermediate - Houses	17	17,095	236.00	237,319	4,034,420
Social - Houses	<u>38</u>	<u>37,145</u>	187.00	182,793	<u>6,946,115</u>
Totals	250	240,240			66,780,535

Rental Area Summary

	Units	ft ²	Rent Rate ft ²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
A1/A2/A3	2	1,771	10.00	8,857	17,714	17,714

Investment Valuation

A1/A2/A3					
Market Rent	17,714	YP @	7.0000%	14.2857	
		PV 1mth @	7.0000%	0.9944	251,634

GROSS DEVELOPMENT VALUE **67,032,169**

NET REALISATION **67,032,169**

OUTLAY

ACQUISITION COSTS

Residualised Price			10,151,079		
Stamp Duty			420,372		10,151,079
Effective Stamp Duty Rate		4.14%			
Agent Fee		1.00%	101,511		
Legal Fee		0.25%	25,378		
					547,260

CONSTRUCTION COSTS

Construction	ft ²	Build Rate ft ²	Cost	
A1/A2/A3	2,084	104.00	216,736	
Private - Houses	186,000	125.00	23,250,000	
Intermediate - Houses	17,095	125.00	2,136,875	
Social - Houses	<u>37,145</u>	125.00	<u>4,643,125</u>	
Totals	242,324 ft²		30,246,736	
Contingency		10.00%	3,024,674	
				33,271,410

Other Construction

Private House Externals		8.00%	1,860,000	
Water Efficiency Private	188,084 ft ²	0.51	95,923	
Affordable House Externals		8.00%	542,400	
Water Efficiency Affordable	54,240 ft ²	0.51	27,662	
				2,525,985

Section 106 Costs

Section 106 Costs			56,260	
Section 106 Costs			200,000	
Section 106 Costs			600,000	
Section 106 Costs			13,663	
Section 106 Costs			213,664	
Section 106 Costs			150,000	
Section 106 Costs			82,000	
Section 106 Costs			456,320	
				1,771,907

PROFESSIONAL FEES

Professional Fees		10.00%	3,264,914	
				3,264,914

MARKETING & LETTING

Marketing		1.00%	558,000	
				558,000

DISPOSAL FEES

Sales Agent Fee		1.50%	840,775	
Sales Legal Fee		0.50%	280,258	

Land adjacent to The Surgery, Main Road, Sellindge

	1,121,033
FINANCE	
Debit Rate 7.000%, Credit Rate 0.000% (Nominal)	
Total Finance Cost	1,835,106
TOTAL COSTS	55,046,693
PROFIT	
	11,985,476

Performance Measures

Profit on Cost%	21.77%
Profit on GDV%	17.88%
Profit on NDV%	17.88%
Development Yield% (on Rent)	0.03%
Equivalent Yield% (Nominal)	7.00%
Equivalent Yield% (True)	7.32%
Yield on Cost%	0.03%
Gross Margin%	20.62%
IRR% (without Interest)	33.28%
Rent Cover	676 yrs 7 mths
Profit Erosion (finance rate 7.000)	2 yrs 10 mths

Marsh Potato Site

Development Appraisal
Licensed Copy
14 August 2020

APPRAISAL SUMMARY**LICENSED COPY**

Marsh Potato

Appraisal Summary for Merged Phases 1 2

Currency in £

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Private - Houses	39	70,820	300.00	544,768	21,245,968
Intermediate - Houses	8	7,279	236.00	214,731	1,717,844
Social - Houses	<u>8</u>	<u>7,279</u>	187.00	170,147	<u>1,361,173</u>
Totals	55	85,378			24,324,985

NET REALISATION**24,324,985****OUTLAY****ACQUISITION COSTS**

Residualised Price			4,210,125		
				4,210,125	
Stamp Duty			185,506		
Effective Stamp Duty Rate		4.41%			
Agent Fee			42,101		
Legal Fee		0.25%	10,525		
					238,133

CONSTRUCTION COSTS

Construction	ft²	Build Rate ft²	Cost		
Private - Houses	70,820	125.00	8,852,487		
Intermediate - Houses	7,279	125.00	909,875		
Social - Houses	<u>7,279</u>	125.00	<u>909,875</u>		
Totals	85,378 ft²		10,672,237		
Contingency		10.00%	1,067,224		11,739,461
Other Construction					
Private Externals		8.00%	708,199		
Private Water Efficiency	70,820 ft ²	0.51	36,118		
Affordable Externals		8.00%	145,580		
Affordable Water Efficiency	14,558 ft ²	0.51	7,425		
					897,322

Section 106 Costs

Section 106 Costs			62,461		
Section 106 Costs			70,000		
Section 106 Costs			38,538		
					170,999

PROFESSIONAL FEES

Professional Fees		10.00%	1,152,602		
				1,152,602	

MARKETING & LETTING

Marketing		1.00%	212,460		
				212,460	

DISPOSAL FEES

Sales Agent Fee		1.50%	318,690		
Sales Legal Fee		0.50%	106,230		
				424,919	

FINANCE

Debit Rate 7.000%, Credit Rate 0.000% (Nominal)					
Total Finance Cost					823,753

APPRAISAL SUMMARY**LICENSED COPY****Marsh Potato****TOTAL COSTS** 19,869,773**PROFIT** 4,455,213**Performance Measures**

Profit on Cost%	22.42%
Profit on GDV%	18.32%
Profit on NDV%	18.32%
Gross Margin%	21.70%

IRR% (without Interest)	35.56%
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Profit Erosion (finance rate 7.000)	2 yrs 11 mths
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Land Opposite Dorland Cockreed Lane

Land Opposite Dorland Cockreed Lane

Appraisal Summary for Merged Phases 1 2

Currency in £

REVENUE

Sales Valuation	Units	ft ²	Sales Rate ft ²	Unit Price	Gross Sales
Private - Houses	76	72,950	300.00	287,961	21,885,000
Intermediate - Houses	11	10,275	236.00	220,445	2,424,900
Social - Houses	<u>22</u>	<u>21,665</u>	187.00	184,152	<u>4,051,355</u>
Totals	109	104,890			28,361,255

NET REALISATION

28,361,255

OUTLAY

ACQUISITION COSTS

Residualised Price			4,800,870		
Stamp Duty			183,011		4,800,870
Effective Stamp Duty Rate		3.81%			
Agent Fee			48,009		
Legal Fee		0.25%	12,002		
					243,022

CONSTRUCTION COSTS

Construction	ft ²	Build Rate ft ²	Cost	
Private - Houses	72,950	125.00	9,118,750	
Intermediate - Houses	10,275	125.00	1,284,375	
Social - Houses	<u>21,665</u>	125.00	<u>2,708,125</u>	
Totals	104,890 ft²		13,111,250	
Contingency		10.00%	1,311,125	
				14,422,375

Other Construction

Private Externals		8.00%	729,500	
Private Water Efficiency	72,950 ft ²	0.51	37,204	
Affordable Externals		8.00%	319,400	
Affordable Water Efficiency	31,940 ft ²	0.51	16,289	
				1,102,394

Section 106 Costs

Section 106 Costs			125,911	
Section 106 Costs			136,960	
Section 106 Costs			190,776	
Section 106 Costs			262,576	
				716,223

PROFESSIONAL FEES

Professional Fees		10.00%	1,416,015	
				1,416,015

MARKETING & LETTING

Marketing		1.00%	218,850	
				218,850

DISPOSAL FEES

Sales Agent Fee		1.50%	328,275	
Sales Legal Fee		0.50%	109,425	
				437,700

FINANCE

Debit Rate 6.500%, Credit Rate 0.000% (Nominal)				
Total Finance Cost				843,033

TOTAL COSTS

24,200,482

PROFIT

4,160,773

Performance Measures

Profit on Cost%	17.19%
Profit on GDV%	14.67%
Profit on NDV%	14.67%
Gross Margin%	17.64%
IRR% (without Interest)	28.45%

Land Opposite Dorland Cockreed Lane

Profit Erosion (finance rate 6.500)

2 yrs 6 mths

Land Adjoining Hope All Saints Garden Centre

Development Appraisal
Licensed Copy
14 August 2020

Land Adjoining Hope All Saints Garden Centre Ashford Road (G

Appraisal Summary for Merged Phases 1 2

Currency in £

REVENUE

Sales Valuation	Units	ft ²	Sales Rate ft ²	Unit Price	Gross Sales
Private - Houses	82	78,155	300.00	285,933	23,446,500
Intermediate - Houses	11	10,275	236.00	220,445	2,424,900
Social - Houses	<u>24</u>	<u>23,915</u>	187.00	186,338	<u>4,472,105</u>
Totals	117	112,345			30,343,505

NET REALISATION

30,343,505

OUTLAY

ACQUISITION COSTS

Residualised Price			5,345,378		
Stamp Duty			242,269		5,345,378
Effective Stamp Duty Rate		4.53%			
Agent Fee			53,454		
Legal Fee		0.25%	13,363		
					309,086

CONSTRUCTION COSTS

Construction	ft ²	Build Rate ft ²	Cost	
Private - Houses	78,155	125.00	9,769,375	
Intermediate - Houses	10,275	125.00	1,284,375	
Social - Houses	<u>23,915</u>	125.00	<u>2,989,375</u>	
Totals	112,345 ft²		14,043,125	
Contingency		10.00%	1,404,312	
				15,447,437
Other Construction				
Private Externals		8.00%	781,550	
Private Water Efficiency	78,155 ft ²	0.51	39,859	
Affordable Externals		8.00%	341,900	
Affordable Water Efficiency	34,190 ft ²	0.51	17,437	
				1,180,746

PROFESSIONAL FEES

Professional Fees		10.00%	1,516,657	
				1,516,657

MARKETING & LETTING

Marketing		1.00%	234,465	
				234,465

DISPOSAL FEES

Sales Agent Fee		1.50%	351,697	
Sales Legal Fee		0.50%	117,233	
				468,930

FINANCE

Debit Rate 7.000%, Credit Rate 0.000% (Nominal)				
Total Finance Cost				708,479

TOTAL COSTS

25,211,180

PROFIT

5,132,325

Performance Measures

Profit on Cost%	20.36%
Profit on GDV%	16.91%
Profit on NDV%	16.91%
Gross Margin%	19.25%
IRR% (without Interest)	38.64%
Profit Erosion (finance rate 7.000)	2 yrs 8 mths

Former Hope All Saints Garden Centre Ashford Road

Development Appraisal
Licensed Copy
14 August 2020

APPRAISAL SUMMARY**LICENSED COPY**

Former Hope All Saints Garden Centre Ashford Road

Appraisal Summary for Merged Phases 1 2

Currency in £

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Private - Houses	17	15,470	300.00	273,000	4,641,000
Intermediate - Houses	2	2,955	236.00	348,690	697,380
Social - Houses	<u>6</u>	<u>5,910</u>	187.00	184,195	<u>1,105,170</u>
Totals	25	24,335			6,443,550

NET REALISATION**6,443,550****OUTLAY****ACQUISITION COSTS**

Residualised Price			1,323,302		
				1,323,302	
Stamp Duty			42,502		
Effective Stamp Duty Rate		3.21%			
Agent Fee			13,233		
Legal Fee		0.25%	3,308		
					59,044

CONSTRUCTION COSTS

Construction	ft²	Build Rate ft²	Cost		
Private - Houses	15,470	125.00	1,933,750		
Intermediate - Houses	2,955	125.00	369,375		
Social - Houses	<u>5,910</u>	125.00	<u>738,750</u>		
Totals	24,335 ft²		3,041,875		
Contingency		10.00%	304,187		
					3,346,062
Other Construction					
Private Externals		8.00%	154,700		
Private Water Efficiency	15,470 ft ²	0.51	7,890		
Affordable Externals		8.00%	88,650		
Affordable Water Efficiency	8,865 ft ²	0.51	4,521		
					255,761

PROFESSIONAL FEES

Professional Fees		10.00%	328,523		
				328,523	

MARKETING & LETTING

Marketing		1.00%	46,410		
				46,410	

DISPOSAL FEES

Sales Agent Fee		1.50%	96,653		
Sales Legal Fee		0.50%	32,218		
					128,871

FINANCE

Debit Rate 7.000%, Credit Rate 0.000% (Nominal)					
Total Finance Cost					68,748

TOTAL COSTS**5,556,720****PROFIT****886,830**

Former Hope All Saints Garden Centre Ashford Road**Performance Measures**

Profit on Cost%	15.96%
Profit on GDV%	13.76%
Profit on NDV%	13.76%
Gross Margin%	14.83%
IRR% (without Interest)	62.89%
Profit Erosion (finance rate 7.000)	2 yrs 2 mths

Folkestone Seafront

**Folkestone Seafrost
Y12/0897/SH**

Appraisal Summary for Merged Phases 1 2 3

Currency in £

REVENUE

Sales Valuation	Units	ft ²	Sales Rate ft ²	Unit Price	Gross Sales
Phase 1 Private Flats	42	37,674	380.00	340,860	14,316,120
Phase 1 Rented Flats	11	9,867	187.00	167,739	1,845,129
Phase 1 Private Houses	17	34,310	350.00	706,382	12,008,500
Phase 1 Rented Houses	4	8,073	187.00	377,419	1,509,678
Phase 1 Intermediate Flats	7	6,279	265.00	237,705	1,663,935
Phase 1 Intermediate Houses	3	6,055	265.00	534,846	1,604,537
Remaining Priv Flats	468	421,326	380.00	342,102	160,103,880
Remaining Rented Flats	121	108,933	187.00	168,350	20,370,379
Remaining Priv Houses	173	224,684	350.00	454,563	78,639,400
Remaining Rented Houses	44	57,145	187.00	242,865	10,686,059
Remaining Int. Flats	80	72,021	265.00	238,571	19,085,696
Remaining Int. Houses	30	38,962	265.00	344,167	10,325,009
Totals	1,000	1,025,329			332,158,321

Rental Area Summary

	Units	ft ²	Rent Rate ft ²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Café/Restaurant	20	32,292	27.50	44,402	888,030	888,030
Leisure	4	32,292	17.50	141,278	565,110	565,110
Shops	20	32,292	25.00	40,365	807,300	807,300
Schools	1	5,382	15.00	80,729	80,729	80,729
Offices	1	5,382	20.00	107,639	107,639	107,639
Totals	46	107,640			2,448,808	2,448,808

Investment Valuation

Café/Restaurant						
Market Rent	888,030	YP @	6.0000%	16.6667		
		PV 11yrs 1mth @	6.0000%	0.5242	7,758,952	
Leisure						
Market Rent	565,110	YP @	6.0000%	16.6667		
		PV 11yrs 1mth @	6.0000%	0.5242	4,937,515	
Shops						
Market Rent	807,300	YP @	5.5000%	18.1818		
		PV 11yrs 1mth @	5.5000%	0.5524	8,108,817	
Schools						
Market Rent	80,729	YP @	5.5000%	18.1818		
		PV 11yrs 1mth @	5.5000%	0.5524	810,874	
Offices						
Market Rent	107,639	YP @	6.0000%	16.6667		
		PV 11yrs 1mth @	6.0000%	0.5242	940,470	
Total Investment Valuation					22,556,628	

GROSS DEVELOPMENT VALUE 354,714,949

Purchaser's Costs	(1,533,851)
Effective Purchaser's Costs Rate	6.80%
	(1,533,851)

NET DEVELOPMENT VALUE 353,181,099

NET REALISATION 353,181,099

OUTLAY

ACQUISITION COSTS

Residualised Price		9,220,232		9,220,232
Stamp Duty	5.00%	461,012		
Agent Fee	1.00%	92,202		

**Folkestone Seafront
Y12/0897/SH**

Legal Fee	0.25%	23,051	576,264
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CONSTRUCTION COSTS

Construction	ft²	Build Rate ft²	Cost	
Café/Restaurant	40,365	109.00	4,399,785	
Leisure	40,365	172.00	6,942,780	
Shops	40,365	109.00	4,399,785	
Schools	6,727	227.00	1,527,128	
Offices	6,727	182.00	1,224,394	
Phase 1 Private Flats	44,322	145.00	6,426,741	
Phase 1 Rented Flats	11,608	145.00	1,683,194	
Phase 1 Private Houses	34,310	125.00	4,288,750	
Phase 1 Rented Houses	8,073	125.00	1,009,143	
Phase 1 Intermediate Flats	7,387	145.00	1,071,124	
Phase 1 Intermediate Houses	6,055	125.00	756,857	
Remaining Priv Flats	495,678	145.00	71,873,259	
Remaining Rented Flats	128,156	145.00	18,582,604	
Remaining Priv Houses	224,684	125.00	28,085,500	
Remaining Rented Houses	57,145	125.00	7,143,088	
Remaining Int. Flats	84,731	145.00	12,286,019	
Remaining Int. Houses	<u>38,962</u>	125.00	<u>4,870,287</u>	
Totals	1,275,661 ft²		176,570,438	
Contingency		10.00%	17,657,044	
Externals Houses		8.00%	3,692,290	
Externals Flats		15.00%	16,788,441	
Water Efficiency (inc 10% OHP)	1,275,661 ft²	0.51	650,587	215,358,800

Other Construction

Abnormals (Harbour and Seafront)			19,710,559	19,710,559
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Section 106 Costs

Libraries	84 un	67.03 /un	5,631	
Access Management Contribution			200,000	
Adult learning contribution	84 un	21.34 /un	1,793	
Footpath contribution			100,000	
Facilities and social care	84 un	106.74 /un	8,966	
Playspace contribution	84 un	302.00 /un	25,368	
Primary Education	84 un	2,987.50 /un	250,950	
Tontine street			150,000	
Youth and community	84 un	70.60 /un	5,930	
VMS contribution			30,000	
Travel plan monitoring			10,000	
Junction 5 contribution			50,000	
Monitoring fee			7,000	
Community Facilities Contribution			3,500,000	
Libraries	916 un	67.03 /un	61,399	
Adult learning contribution	916 un	21.34 /un	19,547	
Facilities and social care	916 un	106.74 /un	97,774	
Playspace contribution	916 un	302.00 /un	276,632	
Primary Education	916 un	2,987.50 /un	2,736,550	
Youth and community	916 un	70.60 /un	64,670	7,602,210

PROFESSIONAL FEES

Prof Fees	10.00%	19,628,100	19,628,100
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MARKETING & LETTING

Marketing	1.00%	143,161	143,161
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DISPOSAL FEES

Sales Agent Fee	1.50%	5,297,716	
Sales Legal Fee	0.50%	1,765,905	7,063,622

FINANCE

Debit Rate 7.000%, Credit Rate 0.000% (Nominal)			
Total Finance Cost			12,335,009

TOTAL COSTS

291,637,958

PROFIT

**Folkestone Seafront
Y12/0897/SH****61,543,141****Performance Measures**

Profit on Cost%	21.10%
Profit on GDV%	17.35%
Profit on NDV%	17.43%
Development Yield% (on Rent)	0.84%
Equivalent Yield% (Nominal)	5.81%
Equivalent Yield% (True)	6.03%
Gross Margin%	20.83%
IRR% (without Interest)	16.92%
Rent Cover	25 yrs 2 mths
Profit Erosion (finance rate 7.000)	2 yrs 9 mths

Shorncliffe Garrison

Development Appraisal
Licensed Copy
07 October 2020

**Shorncliffe Garrison Site
Rate 75 homes per year**

Appraisal Summary for Merged Phases 1 2 3 4 5 6 7 8 9

Currency in £

REVENUE

Sales Valuation	Units	ft ²	Sales Rate ft ²	Unit Price	Gross Sales
1A Priv Flats	7	4,900	320.00	224,000	1,568,000
1A Int Flats	1	700	247.00	172,900	172,900
1A Rented Flats	2	1,400	187.00	130,900	261,800
1A Priv Houses	55	60,500	300.00	330,000	18,150,000
1A Int Houses	9	9,900	247.00	271,700	2,445,300
1A Rented Houses	14	15,400	187.00	205,700	2,879,800
1B Priv Flats	28	19,600	320.00	224,000	6,272,000
1B Int Flats	5	3,360	247.00	165,984	829,920
1B Rented Flats	7	5,040	187.00	134,640	942,480
1B Priv Houses	116	127,600	300.00	330,000	38,280,000
1B Int Houses	20	22,000	247.00	271,700	5,434,000
1B Rented Houses	30	33,000	187.00	205,700	6,171,000
2B Priv Houses	89	74,048	300.00	249,600	22,214,400
2B Int Houses	15	12,480	247.00	205,504	3,082,560
2B Rented Houses	23	19,136	187.00	155,584	3,578,432
1D Priv Houses	28	34,972	300.00	374,700	10,491,600
1D Int Houses	5	6,245	247.00	308,503	1,542,515
1D Rented Houses	7	8,743	187.00	233,563	1,634,941
2D Priv Houses	8	13,328	300.00	499,800	3,998,400
2C&4 Priv Flats	38	26,600	320.00	224,000	8,512,000
2C&4 Int Flats	7	4,900	247.00	172,900	1,210,300
2C&4 Rented Flats	10	7,000	187.00	130,900	1,309,000
2C&4 Priv Houses	210	231,000	300.00	330,000	69,300,000
2C&4 Int Houses	36	39,600	247.00	271,700	9,781,200
2C&4 Rented Houses	54	59,400	187.00	205,700	11,107,800
2A Priv Flats	11	6,991	320.00	203,375	2,237,120
2A Int Flats	2	1,271	247.00	156,969	313,937
2A Rented Flats	3	1,907	187.00	118,870	356,609
2A Priv Houses	20	20,271	300.00	304,065	6,081,300
2A Int Houses	3	3,041	247.00	250,376	751,127
2A Rented Houses	5	5,068	187.00	189,543	947,716
H Priv Flats	44	30,800	320.00	224,000	9,856,000
H Int Flats	8	5,600	247.00	172,900	1,383,200
H Rented Flats	11	7,700	187.00	130,900	1,439,900
H Priv Houses	110	121,000	300.00	330,000	36,300,000
H Int Houses	19	20,900	247.00	271,700	5,162,300
H Rented Houses	<u>28</u>	<u>30,800</u>	187.00	205,700	<u>5,759,600</u>
Totals	1,088	1,096,201			301,759,157

Rental Area Summary

	Units	ft ²	Rent Rate ft ²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
A1/A3/B1a Commercial	1	21,506	20.00	430,120	430,120	430,120
D1 School	2	37,674		0	0	
1B Pavillion	1	7,642		0	0	
Totals	4	66,822			430,120	430,120

Investment Valuation

A1/A3/B1a Commercial						
Market Rent	430,120	YP @	6.0000%	16.6667		
		PV 14yrs 6mths @	6.0000%	0.4296	3,079,664	
Total Investment Valuation					3,079,664	

GROSS DEVELOPMENT VALUE

304,838,821

NET REALISATION

304,838,821

OUTLAY

ACQUISITION COSTS

Residualised Price		20,472,359		
Stamp Duty	5.00%	1,023,618		20,472,359

**Shorncliffe Garrison Site
Rate 75 homes per year**

Agent Fee	1.00%	204,724	
Legal Fee	0.25%	51,181	
			1,279,522

CONSTRUCTION COSTS

Construction	ft ²	Build Rate ft ²	Cost	
A1/A3/B1a Commercial	25,301	185.00	4,680,718	
D1 School	44,322	185.00	8,199,635	
1B Pavillion	8,991	188.50	1,694,726	
1A Priv Flats	5,765	145.00	835,882	
1A Int Flats	824	145.00	119,412	
1A Rented Flats	1,647	145.00	238,824	
1A Priv Houses	60,500	125.00	7,562,500	
1A Int Houses	9,900	125.00	1,237,500	
1A Rented Houses	15,400	125.00	1,925,000	
1B Priv Flats	23,059	145.00	3,343,529	
1B Int Flats	3,953	145.00	573,176	
1B Rented Flats	5,929	145.00	859,765	
1B Priv Houses	127,600	125.00	15,950,000	
1B Int Houses	22,000	125.00	2,750,000	
1B Rented Houses	33,000	125.00	4,125,000	
2B Priv Houses	74,048	125.00	9,256,000	
2B Int Houses	12,480	125.00	1,560,000	
2B Rented Houses	19,136	125.00	2,392,000	
1D Priv Houses	34,972	125.00	4,371,500	
1D Int Houses	6,245	125.00	780,625	
1D Rented Houses	8,743	125.00	1,092,875	
2D Priv Houses	13,328	125.00	1,666,000	
2C&4 Priv Flats	31,294	145.00	4,537,647	
2C&4 Int Flats	5,765	145.00	835,882	
2C&4 Rented Flats	8,235	145.00	1,194,118	
2C&4 Priv Houses	231,000	125.00	28,875,000	
2C&4 Int Houses	39,600	125.00	4,950,000	
2C&4 Rented Houses	59,400	125.00	7,425,000	
2A Priv Flats	8,225	145.00	1,192,582	
2A Int Flats	1,495	145.00	216,818	
2A Rented Flats	2,244	145.00	325,312	
2A Priv Houses	20,271	125.00	2,533,875	
2A Int Houses	3,041	125.00	380,125	
2A Rented Houses	5,068	125.00	633,500	
H Priv Flats	36,235	145.00	5,254,118	
H Int Flats	6,588	145.00	955,294	
H Rented Flats	9,059	145.00	1,313,529	
H Priv Houses	121,000	125.00	15,125,000	
H Int Houses	20,900	125.00	2,612,500	
H Rented Houses	30,800	125.00	3,850,000	
Totals	1,197,363 ft²		157,424,967	
Contingency		10.00%	15,742,497	
Water Efficiency (inc 10% OHPs)	1,197,363 ft ²	0.51	610,655	
Site Prep / Demolition			10,000,000	
Externals Flats		15.00%	3,269,383	
Externals Houses		8.00%	9,684,320	
				196,731,822

Section 106 Costs

Public Transport Voucher			180,000	
Cycle Voucher			120,000	
Travel Plan Monitoring			9,000	
Bus Service Pump Priming			880,000	
Signal Works			1,750	
Signals & Minor Junction improvemen			25,000	
Cycle Routes			25,000	
Footpath (Church Road & Cheriton Hi			25,000	
PROWs (HF38 & HBX11)			55,000	
Libraries			167,008	
Formal Open Space			445,297	
Management & Maintenance of Toilet			17,544	
Management & Maintenance of Pavilio			228,600	
Education			3,143,222	
Monitoring			9,240	
				5,331,661

**Shorncliffe Garrison Site
Rate 75 homes per year**

PROFESSIONAL FEES

Prof Fees	10.00%	15,742,497	15,742,497
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MARKETING & LETTING

Marketing	1.00%	2,332,608	2,332,608
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DISPOSAL FEES

Sales Agent Fee	1.50%	4,572,582	6,096,776
Sales Legal Fee	0.50%	1,524,194	

FINANCE

Debit Rate 7.000%, Credit Rate 0.000% (Nominal)			
Total Finance Cost			5,333,909

TOTAL COSTS

253,321,155

PROFIT

51,517,666

Performance Measures

Profit on Cost%	20.34%
Profit on GDV%	16.90%
Profit on NDV%	16.90%
Development Yield% (on Rent)	0.17%
Equivalent Yield% (Nominal)	6.00%
Equivalent Yield% (True)	6.23%
Yield on Cost%	0.17%
Gross Margin%	18.65%
IRR% (without Interest)	27.41%
Rent Cover	119 yrs 9 mths
Profit Erosion (finance rate 7.000)	2 yrs 8 mths

Appendix 7

Appendix 7 – Sensitivity Analysis Tables

Sellindge Sites

Table 15: Sensitivity Analysis - Land Adjacent to the Surgery, Main Road

Sales Rate/ sq. ft					
Construction Cost Rate/ sq. ft.	-10.0%	-5.0%	0.0%	5.0%	10.0%
-10.0%	£6.2m	£8.0m	£9.6m	£11.3m	£13.0m
-5.0%	£5.0m	£6.7m	£8.4m	£10.1m	£11.8m
0.0%	£3.7m	£5.4m	£7.1m	£8.8m	£10.5m
5.0%	£2.4m	£4.1m	£5.8m	£7.5m	£9.2m
10.0%	£1.1m	£2.8m	£4.5m	£6.2m	£7.9m

Source: GE

Table 15: Sensitivity Analysis – Site A

Sales Rate/ sq. ft					
Construction Cost Rate/ sq. ft.	-10.0%	-5.0%	0.0%	5.0%	10.0%
-10.0%	£3.4m	£5.1m	£6.8m	£8.4m	£10.1m
-5.0%	£2.1m	£3.8m	£5.4m	£7.0m	£8.7m
0.0%	£0.8m	£2.4m	£4.1m	£5.8m	£7.4m
5.0%	-£0.7m	£1.1m	£2.8m	£4.4m	£6.1m
10.0%	-£2.2m	-£0.3m	£1.4m	£3.1m	£4.7m

Source: GE

Table 15: Sensitivity Analysis – Site B

Sales Rate/ sq. ft					
Construction Cost Rate/ sq. ft.	-10.0%	-5.0%	0.0%	5.0%	10.0%
-10.0%	£4.3m	£5.8m	£7.2m	£8.6m	£10.1m
-5.0%	£3.2m	£4.6m	£6.1m	£7.5m	£9.0m
0.0%	£2.0m	£3.5m	£5.0m	£6.4m	£7.9m
5.0%	£0.9m	£2.4m	£3.8m	£5.3m	£6.7m
10.0%	-£0.3m	£1.2m	£2.7m	£4.1m	£5.6m

Source: Source: GE

New Romney Sites

Table x: Sensitivity Analysis – Marsh Potato Site

Sales Rate/ sq. ft					
Construction Cost Rate/ sq. ft.	-10.0%	-5.0%	0.0%	5.0%	10.0%
-10.0%	£3.8m	£4.6m	£5.4m	£6.2m	£7.0m
-5.0%	£3.2m	£4.0m	£4.8m	£5.6m	£6.4m
0.0%	£2.6m	£3.4m	£4.2m	£5.0m	£5.8m
5.0%	£2.0m	£2.8m	£3.6m	£4.4m	£5.2m
10.0%	£1.4m	£2.2m	£3.0m	£3.8m	£4.6m

Source: GE

Table x: Sensitivity Analysis – Land Opposite Dorland Corkreed Lane

Sales Rate/ sq. ft					
Construction Cost Rate/ sq. ft.	-10.0%	-5.0%	0.0%	5.0%	10.0%
-10.0%	£4.3m	£5.3m	£6.3m	£7.3m	£8.3m
-5.0%	£3.5m	£4.5m	£5.5m	£6.6m	£7.6m
0.0%	£2.8m	£3.8m	£4.8m	£5.8m	£6.8m
5.0%	£2.0m	£3.0m	£4.1m	£5.1m	£6.1m
10.0%	£1.3m	£2.3m	£3.3m	£4.3m	£5.3m

Source: GE

Table x: Sensitivity Analysis – Land adjoining Hope All Saints Garden Centre, Ashford Road (Gladman Scheme)

Sales Rate/ sq. ft					
Construction Cost Rate/ sq. ft.	-10.0%	-5.0%	0.0%	5.0%	10.0%
-10.0%	£4.8m	£5.9m	£6.9m	£8.0m	£9.0m
-5.0%	£4.0m	£5.1m	£6.1m	£7.2m	£8.2m
0.0%	£3.2m	£4.3m	£5.3m	£6.4m	£7.4m
5.0%	£2.4m	£3.5m	£4.6m	£5.6m	£6.7m
10.0%	£1.6m	£2.7m	£3.8m	£4.8m	£5.9m

Source: GE

Table x: Sensitivity Analysis – Former Hope All Saints Garden Centre, Ashford

Sales Rate/ sq. ft					
Construction Cost Rate/ sq. ft.	-10.0%	-5.0%	0.0%	5.0%	10.0%
-10.0%	£1.2m	£1.4m	£1.6m	£1.9m	£2.2m
-5.0%	£1.0m	£1.3m	£1.5m	£1.7m	£2.0m
0.0%	£0.8m	£1.0m	£1.3m	£1.6m	£1.8m
5.0%	£0.6m	£0.9m	£1.1m	£1.4m	£1.6m

10.0%	£0.5m	£0.7m	£1.0m	£1.2m	£1.5m
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Source: GE

Folkestone Seafont

Table x: Sensitivity Analysis – Folkestone Seafont

		Sales Rate/ sq. ft				
Construction Cost Rate/ sq. ft.		-10.0%	-5.0%	0.0%	5.0%	10.0%
-10.0%		£13.4m	£17.6m	£21.7m	£25.9m	£30.0m
-5.0%		£7.1m	£11.3m	£15.5m	£19.7m	£23.8m
0.0%		£.7m	£4.9m	£9.2m	£13.4m	£17.6m
5.0%		-£6.6m	-£1.7m	£2.8m	£7.1m	£11.4m
10.0%		-£14.3m	-£9.1m	-£4.1m	£.7m	£4.9m

Source: GE

Shorncliffe Garrison

Table x: Sensitivity Analysis – Shorncliffe Garrison

		Sales Rate/ sq. ft				
Construction Cost Rate/ sq. ft.		-10.0%	-5.0%	0.0%	5.0%	10.0%
-10.0%		£20.0m	£26.3m	£32.5m	£38.7m	£44.8m
-5.0%		£13.8m	£20.3m	£26.6m	£32.8m	£38.9m
0.0%		£6.7m	£13.9m	£20.5m	£26.8m	£33.0m
5.0%		-£1.1m	£6.8m	£14.0m	£20.7m	£27.0m
10.0%		-£10.2m	-£1.0m	£6.8m	£14.1m	£20.9m

Source: GE