D|S|P Housing & Development Consultants

Folkestone
Hythe & Romney Marsh
Shepway District Council
www.shepway.gov.uk

Shepway District Council
Proposed Community Infrastructure Levy

Supplementary Report – Viability
January 2015

Dixon Searle LLP
The Old Hayloft
28C Headley Road
Grayshott
Hindhead
GU26 6LD

www.dixonsearle.co.uk

CIL Viability Assessment – Supplementary Report

1 Introduction – context, purpose and notes

1.1 This report provides supplementary information to the Council's 'CIL & Whole Plan Viability Assessment' - July 2014. The viability assessment informed the development of the Council's CIL Preliminary Draft Charging Schedule (PDCS) – August 2014, which was published for consultation between 18th August and 13th October 2014.

1.2 The purpose of this short Supplementary Report is purely to further inform and support the Council's approach to the local implementation of CIL as it takes stock following the first formal consultation stage and moves from the PDCS to develop its Draft Charging Schedule (DCS). The DCS will also be subject to consultation, prior to formal submission to the public Examination stage.

1.3 In undertaking further review and carrying out additional appraisals, principally on a sensitivity basis, Dixon Searle partnership (DSP) has used the same principles, methodology and appraisal tools (Argus Developer and HCA Development Appraisal Toolkit (DAT) as those used in preparing the main body of the viability assessment.

1.4 Therefore this brief report should not be read in isolation – the methodological explanations and their context will not be repeated here. Only the points which have been added or adjusted in comparison with those set out in the main assessment report (July 2014) will be noted here.

1.5 The emphasis here is to provide additional appraisal outcomes to further inform the Council's consideration of potential options for its proposed CIL charging approach to retail development and also to add to the proportionate, available information on the viability of retirement / sheltered housing development – again building on the assessment. This is because as charging authorities' approaches to CIL develop across the Country, the Council wishes to consider as closely as possible how to apply principles and the viability findings most appropriately to its local context. The purpose is to provide additional information as part of the Council's consideration of the representations made in respect of these areas (retail and retirement/sheltered housing), enabling and supporting appropriate responses and next stage charging schedule developments from a viability point of view.

1.6 In terms of retail development, this context refers to the various types of that, to their planned or expected occurrence in the District (i.e. their local relevance) and to the ways in which they might be best described; including by the use of any further floor-area based thresholds aimed to add clarity to the operation of the Charging Schedule once that is adopted in its final form in due course. Alongside the consideration of any particular relationship between particular use type and floor area, this includes the Council looking at further defining the extent of Folkestone town centre for the purposes of the CIL; a point that was in our view appropriately identified by some respondents to the PDCS proposals. We understand that the Council agrees and intends to implement this suggestion in publishing its DCS.

1.7 The other area considered in this report for the Council's information, and again in our wide experience of CIL matters a commonly occurring theme, is the treatment of sheltered (retirement) housing developments under the CIL regime. In our experience, as is appropriate, typically these are being treated as the development of self-contained residential dwellings that fall within Use Class C3 ('dwelling houses') rather than aligned to 'residential institutions' under Use Class C2 (for example care or nursing homes – where the provision of on-site care also creates a distinction). There is no guidance on this area specifically, however, and we acknowledge that in some instances approaches have varied.

General notes and reminders – principles

1.8 In order to carry out this type of assessment a large quantity of data is reviewed and a range of assumptions are required alongside that, which rarely fits all eventualities - small changes in assumptions can have a significant individual or cumulative effect on the residual land value generated and / or the value of any CIL funding potential.

1.9 As expressed in the viability assessment, it should be noted that in practice every scheme is different and no study of this nature can reflect all of the variances seen across a wide range of site-specific viability scenarios. This does not affect the appropriateness of this type of review, however. The CIL Regulations and Guidance recognise this.

1.10 Specific assumptions and values applied for our schemes are unlikely to be appropriate for all developments and a degree of professional judgment is required. As previously, we are satisfied that our assumptions are reasonable in terms of further building on the appropriate viability overview provided by the assessment; and therefore with the nature of the further exercise now completed to support the Council's on-going consideration of these areas.

2 Outline of additional appraisals and outcomes

Retail

2.1 Firstly, on points of clarity, relating to town centre retail development of all types in the Shepway and in particular Folkestone context, we confirm that from a viability perspective a proposal to nil-rate (i.e. set a CIL at £0/sq. m) all forms of town centre retail would be within the scope of our findings and recommendations, and may well be relevant given the Local Plan encouragement to boosting the town centre retail offer, based on comparison retail but also in a wider sense. This means that these forms of retail development are considered relevant to the delivery of the Local Plan, as opposed to other types and locations that may not be.

2.2 We can see that from the assessment results previously in place, the town centre retail scenarios provided poor results overall – with the first positive outcomes coming from a combination of the higher rent sensitivity test combined with a 6.5% yield (see 2014 study Appendix IIb, Table 4).

2.3 We agree with the respondents that greater clarity, including through the use of mapping, should be used to expand on the proposed CIL charging basis for the purposes of the DCS and the submission for examination in due course. Through current stage discussions with the Council officers, this proposal is to be carried into the DCS stage.

2.4 Also on matters of clarity, DSP is able to confirm that the application of principles to CIL charging for 'retail' is intended from our viability perspective to encompass all forms of retail - i.e. planning Use Classes A1 – A5. This is because new development or extensions relevant to CIL charging may be mixed or non-specific in nature, and be dependent on how the site-specific details and marketing etc. pan out. We consider that any attempt to differentiate within the various 'A' uses may simply over-complicate matters without any clear viability rationale. Again we consider that the scope of appraisals and results in place through the 2014 assessment supports this; as was reported.

2.5 Furthermore, for clarity again, DSP's intention in suggesting the potential for differentiation between the development of smaller retail units (as further defined – as a secondary measure - by reference to a 3,000 sq. ft. / 280 sq. m threshold) is that this should apply to the individual unit sizes. So for example in the case of the development of a new neighbourhood parade or group of town / service centre shops, the characteristic identified is the nature of the smaller shops development (with reference to the individual unit sizes, rather than their collective size based on developments of multiple units).

2.6 In our view and experience, with our clients having now seen through examination / to adoption charging schedules across a range of local circumstances, the same principles arise from the consideration of particular floor area / threshold impacts and outcomes beyond the use of the clear Sunday Trading based criteria as have informed the Shepway CIL proposals to date; these are consistent with DSP's clients' approaches and experience of CIL preparation and the examination process to date. Our view, based on the undertaking of a large number of sensitivity appraisals across a range of study areas has been that, for the purposes of CIL charging, a relatively simple set-up is most appropriate and best reflects the necessary and appropriate viability overview of a potentially large variety of scenarios.

2.7 Nevertheless, as a part of considering the representations received, and particularly the key points noted in common between representations, the Council has formed the view that in response it would be beneficial to add to the overall review scope further information arising from additional appraisals looking at the effect of changing the floor area of what DSP has considered as 'larger format retail'.

2.8 This is with a view to further considering the principles tested and established to date through DSP's, and in many cases others', CIL viability assessment work; to see whether in this case there is any clear driver from a viability perspective for looking at introducing further floor area thresholds beyond the suggested use of the 3,000 sq. ft. / approx. 280 sq. m net sales area associated with the Sunday trading provisions. As previously noted, in our view and experience that still provides a key and clear point of differentiation, whilst other floor area thresholds are essentially arbitrary at least to some degree unless there is a clear local policy link to / driver of viability differentiation. On this latter point, we find there to be no local policy here that would contribute to a particular need for recognising a viability differential related to a second or higher floor area threshold, or other / similar scale of development trigger.

2.9 Therefore, for the current supplementary reporting purposes we have taken our 2014 assessment 'M' rent level £100/sq. m CIL trials (as we do not consider that particular floor areas are themselves drivers of specific assumptions on yields and rents) and run test alterations to the floor areas originally assumed within the appraisals.

2.10 With other assumptions unchanged the resultant outcomes by floor area variation are as follows (see summary tables 1 and 2 on the following page):

Table 1 - Supermarket (larger format convenience based retail) - exploring the effect of floor area variation - additional sensitivity appraisal results @ 5.5% yield (*compared with original appraisal in italics**):

Floor area test (sq. m)	Indicative site size - rounded (assumptions as previous) (Ha)	Land value (RLV) indication (£) & £/Ha
1,000	0.25	(£883,728) / £3,534,914/Ha
1,500	0.38	(£1,324,615) / £3,485,828/Ha
2,000	0.5	(£1,767,457) / £3,534,914/Ha
*2,500**	*0.63*	*(£2,208,343) / £3,505,306/Ha*
3,000	0.75	(£2,651,185 / £3,534,914

Table 2 - Retail warehousing - exploring the effect of floor area variation - additional sensitivity appraisal results @ 6.0% yield (*compared with original appraisal in italics**):

Floor area test (sq. m)	Indicative site size - rounded (assumptions as previous) (Ha)	Land value (RLV) indication (£) & £/Ha
1,000	0.4	(£600,387) / £1,500,969
*1,500**	*0.60*	*(£900,581) / £1,500,969/Ha*
2,000	0.8	(£1,200,75) / £1,500,969/Ha
2,500	1.0	(£1,500,969) / £1,500,969/Ha
3,000	1.2	(£1,801,162) / £1,500,969/Ha

- Other assumptions as set out in the Viability Assessment (BCIS build costs; external works at 20%; contingency at 5%; BREEAM at 8%; professional and other fees at 12%; development profit at 20% GDV; site prep. / s. 106 or other costs at £200,000/Ha; other fees – legal, marketing/letting/purchasers costs, etc.

– as per Assessment (see chapter 2 and Appendix I of 2014 report). These are considered more than adequate to represent costs when viewed collectively, particularly as in DSP's experience some of these appraisal inputs would usually be seen at lower / more positive viability assumption levels.

2.11 The additional outcomes show, as expected, that specific floor area is not a driver of viability except from the distinction that we consider gives rise to clearly different retailing characteristics above and beneath the Sunday Trading provisions based threshold (that has been suggested as having the potential to provide additional clarity in respect of what is meant by smaller as opposed to larger format retail).

2.12 Further thresholds, as may be behind any additional CIL charging schedule differentiation and complexity, would require clear viability drivers rather than arbitrary positioning; as we consider would be the case in the absence of local policies or other factors that clearly point to viability differentials at particular and clear floor area points (as noted at 2.8 above). We can see that site and scheme specifics, as may be driven by individual development and investment circumstances underpinning particular levels of rents, yields etc., together with physical characteristics (individual site opportunities and constraints), are likely to have a much more significant bearing on viability outcomes than specific floor area - once a particular development use type is under consideration.

2.13 To further high-light the uncertainties associated with any further differentiation, a lack of direct link with viability and, ultimately, the potential inequity that may be associated with the introduction of unsupported thresholds (cut-offs), there can be no viability difference for certain between a unit of say 995 sq. m and 1,005 sq. m in the context of say a 1,000 sq. m threshold for example; with the same applying at 1,500, 2,000, 2,500 sq. m or indeed any other particular point, so far as we can see.

2.14 Beyond the clear reasoning and figures supporting differential rates as were set out in the Shepway PDCS, we consider that there is a risk of over-complicating the Charging Schedule unnecessarily. If based on insufficient justification, further differentiation could lead to a potentially targeted or over-engineered set of charging rates that would in our view move the Council's approach away from the basic principles of a CIL and potentially create inequities. CIL is intended to respond to a range of circumstances and support the Plan as a whole, rather than be responsive to particular business plans or individual site level specifics.

2.15 Particularly given that the Shepway local planning approach contains no specific proposals on which the plan relies overall, we remain of the opinion, as supported by the appropriate evidence prepared, that a simple single charging approach to any larger retail units development that may occur beyond the main town centre is the most suitable. The proposals mean that only proposals for larger scale retail units away from Folkestone town centre, if any, would incur CIL charging under the first charging schedule now being considered. To reiterate, all town centre retail developments (of all forms) would be within the scope of the proposed nil (£0/sq. m) charging rate.

2.16 In accordance with the viability assessment and earlier background trials, the floor area variance does not itself create different outcomes, as can be seen with the land value level (RLV) indications noted in the tables above. The RLVs remained constant (allowing for rounding based variations associated for example with the site area) based on all other assumptions remaining unchanged, as we consider is appropriate at this level of review given that the nature of the use and offer would not alter sufficiently significantly to drive other key assumptions changes within that floor-area bracket. Once again, there are no strict limits to this.

2.17 The sizes within each range for further exploration were simply selected at overall unit size (gross area) steps – it would be possible to carry out a great many more appraisals aimed at exploring other notional unit sizes around this. We would not expect such an exercise to change the overview, however.

2.18 Explanatory text is included in the Viability Assessment. To reiterate, however, in DSP's experience it is the use type and the nature of the retail offer (together with the location and site type associated with those) which reflects in varying lease covenant, terms and other investment characteristics that creates the differentiation. In practice these are highly site and scheme specific considerations, and they will also vary with timing and economic / market trends. It follows that each type may will fall within a bracket of sizes but is not likely to be driven by specific floor area criteria or limits (such as would be associated with particular thresholds) except for the implications of the Sunday Trading provisions, which do tend to influence and provide a clear distinguishing feature for the smaller convenience store development for example. Such development would be nil rated for CIL under the current proposals.

2.19 Our view is that the primary descriptors for any differential should continue to be the nature of the uses and retail offers; and that words used to describe those should provide the most appropriate way of ensuring clarity within the Charging Schedule. Consistent with this, the Council intends to use footnotes with brief descriptions of the lager format retailing types referred to – i.e. supermarkets, superstores and retail warehousing. The proposed Sunday Trading provisions linked floor area threshold (switch point between the proposed nil rate and £100/sq. m rate), should then be used as a further layer to add clarity to the Charging Schedule, as reflects the only necessary and properly justified threshold clearly driving a differential for CIL purposes in our view.

Sheltered (Retirement / Later Living) Housing

2.20 In DSP's experience of dealing with a range of site-specific viability scenarios, while there are differences between these and general market (i.e. non retirement specific) apartment developments these tend to balance-out to a large degree and we find that overall the viability outcomes are broadly similar; they are capable of supporting similar levels of land value after allowance for all relevant development costs. The appraisals undertaken to date bear out these experiences generally in terms of the strength of the relationship between the development values and costs in these cases.

2.21 Whilst a tailored appraisal assumptions set (representative of retirement housing apartments) was used to inform the 2014 assessment, as acknowledged by the PDCS respondents, this recognition of the relevance of particular assumptions has been further adjusted through this Supplementary review work. DSP acknowledges that the flat (apartment) sizes were not adjusted from typical market (i.e. non-retirement) unit sizes.

2.22 Therefore, for this purpose an additional appraisal has been undertaken using unit sizes of 50 sq. m (1-bed) and 75 sq. m (2-bed). Whilst from experience the unit sizes vary from one scheme to another, as would be expected with any development, the general point about typically larger unit sizes as put forward in the Planning Bureau Limited representation on behalf of McCarthy & Stone Retirement Lifestyles Limited is noted and the unit sizes put forward have been used. These compare with the 45 sq. m (1-bed) and 60 sq. m (2-bed) market unit sizes assumptions used previously by DSP in this case (note: 50 sq. m 1 beds and 67 sq. m 2-beds were assumed for the affordable element).

2.23 Using the previous appraisal to view the effect of this adjustment, as after reviewing the representations, the previous assumptions were considered to remain appropriate, the outcome based (as before – see for example the 30 flats appraisal summary included within Appendix IIa of the 2014 study) on VL 11 including affordable housing and £100/sq. m CIL moved from the original level of £547,392 or £2,280,800/Ha to:

- £724,913 (£3,020,471/Ha) with all units (including affordable) altered so as inputted to match the representation assumptions levels on size (50 & 75 sq. m), or;
- £751,869 (£3,132,788/Ha) with only the private sale units assumed to have increased in size.

2.24 The use of the increased unit size assumptions, as proposed, serves to increase the viability outcome measurably due to the positive relationship that exists between the development values and costs. If anything this demonstrates the scenario's capacity to bear increased cost, or remain at least similarly viable with a reduction in sales values and / or an increase in the assumed site area (effective density) relative to the DSP assumptions for example.

2.25 For clarity, in response to the representation, DSP has used a net to gross building area adjustment of 25% to reflect the non-saleable areas assumed to be constructed in this type of scenario; reflective overall of DSP's experience of site-specific and previously supported CIL Examination assumptions. Whilst, like other assumptions in respect of all forms of development, this adjustment figure varies in practice, this appraisal input acknowledges the nature of such schemes and is considered to be appropriately reflective for the nature of the study; as in previous cases.

2.26 Overall, this outcome, which fits with our wider experience, supports the overview finding of viable development where no clear justification is seen for differentiating in the selection of suitable CIL charging rates for it. Our view remains that, as one of the many forms of market housing development, this type should be treated the same as others for the purposes of a CIL in Shepway. Positive viability factors like the premium levels of values and often reduced scope of external works frequently seen for such schemes, compared with others, do tend balance against the increased development costs that can be seen on review in certain respects.

2.27 Our findings confirm that for CIL purposes there should be no differentiation for this form of development; it cannot be sufficiently distinguished from other housing forms in viability terms, especially bearing in mind that a range of viability scenarios will be seen across the housing development spectrum in any event.

CIL Viability Supplementary Report text ends (v3 Final)

January 2015

D|S|P Housing & Development Consultants

Appendix –

Additional appraisal summaries
- sheltered (retirement) housing apartments

1. All units assumed with adjusted floor areas;

2. Private sale (market) units only assumed with adjusted floor areas.

Shepway DC
CIL & Whole Plan Economic Viability Assessment

Supplementary Report - January 2015

SCHEME

Site Address	
Site Reference	
File Source	DSP copy 30 ret apts V11 with £100 CIL - enlarged private & affordable units (60 & 75 sq m from 45 & 60 sq m)
Scheme Description	
Date of appraisal	24/06/2014
Net Residential Site Area (hectares)	0.24
Author & Organisation	DSP
HCA Investment Partner (where applicable)	0

Housing Mix (Affordable + Open Market)

Total Number of Units	30	*units*
Total Number of Open Market Units	21	*units*
Total Number of Affordable Units	9	*units*
Total Net Internal Area (sq m)	1,700	*sq m*
Total Habitable Rooms	0	*habitable rooms*
% Affordable by Unit	30.0%	
% Affordable by Area	29.4%	
% Affordable by Habitable Rooms	-	
% Social Rented within the Affordable Hous	-	*by number of units*
% Social Rented within the Affordable Hous	-	*by NIA of Units (sq m)*
% Social Rented within the Affordable Hous	-	*by habitable rooms*
Density	125	*units/ hectare*
Total Number of A/H Persons	0	*Persons*
Number of Social and Affordable Rent	0	*Persons*
Number of Intermediate	0	*Persons*
Total Number of Open Market Persons	0	*Persons*
Total Number of Persons	0	*Persons*
Gross site Area	0.24	*hectares*
Net Site Area	0.24	*hectares*
Net Internal Housing Area / Hectare	7,083	*sq m / hectare*

AH Residential Values

AH & RENTAL VALUES BASED ON NET RENTS

Type of Unit	Social Rented	Shared Ownership phase 1	Affordable Rent phase 1	Shared Ownership phase 2	Affordable Rent phase 2
1 Bed Flat Low rise		£253,464		£385,125	
2 Bed Flat Low rise		£83,760		£192,563	
3 Bed Flat Low rise					
4 Bed + Flat Low rise					
1 Bed Flat High rise					
2 Bed Flat High rise					
3 Bed Flat High rise					
4 Bed + Flat High rise					
2 Bed House					
3 Bed House					
4 Bed + House					
	£0	**£337,224**	**£0**	**£577,688**	**£0**
£ psqm of CV	-	1,130.47	-	2,366.92	-

TOTAL CAPITAL VALUE OF ALL AFFORDABLE HOUSING (EXCLUDING OTHER FUNDING)	**£914,912**
RP Cross Subsidy (use of own assets)	£0
LA s106 commuted in lieu	£0
RP Re-cycled SHG	£0
Other source of funding 2	£0
Land Remediation Tax Relief	£0
OTHER SOURCES OF AFFORDABLE HOUSING FUNDING	**£0**
TOTAL CAPITAL VALUE OF ALL AFFORDABLE HOUSING (INCLUDING OTHER FUNDING)	**£914,912**

Open Market Housing

Type of Open Market Housing	Net Area (sq m)	Revenue (£ / sq m)	Total Revenue (£)
Open Market Phase 1:	1,200	£3,950	£4,740,000
Open Market Phase 2:	-	-	£0
Open Market Phase 3:	-	-	£0
Open Market Phase 4:	-	-	£0
Open Market Phase 5:	-	-	£0
Total	**1,200**	3,950	**£4,740,000**

Monthly Sales rate
0.84

	Average value (£ per unit)
Open Market Phase 1:	£225,714
Open Market Phase 2:	£0
Open Market Phase 3:	£0
Open Market Phase 4:	£0
Open Market Phase 5:	£0

Capital Value of Private Rental	£0
TOTAL CAPITAL VALUE OF OPEN MARKET HOUSING	**£4,740,000**

Car Parking

No. of Spaces	Price per Space (£)	Value
-	-	-

TOTAL VALUE OF CAR PARKING **£0**

Ground rent

	Capitalised annual ground rent
Social Rented	£0
Shared Ownership	£0
Affordable Rent	£0
Open market (all phases)	£157,500
TOTAL CAPITALISED ANNUAL GROUND RENT	**£157,500**

TOTAL CAPITAL VALUE OF RESIDENTIAL SCHEME **£5,812,412**

Non-Residential Values

Office	£0	
Retail	£0	
Industrial	£0	
Leisure	£0	
Community Use	£0	**£0**

TOTAL CAPITAL VALUE OF NON-RESIDENTIAL SCHEME **£0**

TOTAL VALUE OF SCHEME **£5,812,412**

Residential Building, Marketing & Section 106 Costs

				Per sq meter
Affordable Housing Build Costs	£796,000		-	896
Open Market Housing Build Costs	£1,910,400		-	896
		£2,706,400		
Residential Car Parking Build Costs		**£0**		
External Works & Infrastructure Costs (£)				Per unit
Site Preparation/Demolition		£135,000		4,500
Roads and Sewers		£0		
Services (Power, Water, Gas, Telco and IT)		£0		
Strategic Landscaping		£0		
Off Site Works		£0		
Public Open Space		£0		
Site Specific Sustainability Initiatives		£0		
Plot specific external works		£0		
CfSH		£57,960		1,932
Voids / Empty Property Costs		£60,000		2,000
Other site costs				
Building Contingencies	5.0%	£135,320		4,511
Fees and certification		£284,172		9,472
Other Acquisition Costs (£)		£0		
Site Abnormals (£)				
De-canting tenants		£0		
Decontamination		£0		
Other		£0		
Other 2		£0		
Total Building Costs inc Fees		**£3,378,852**		112,628
Statutory 106 Costs (£)				
Education		£0		
Sport & Recreation		£0		
Social Infrastructure		£0		
Public Realm		£0		
Affordable Housing		£0		
Transport		£0		
Highway		£0		
Health		£0		
Public Art		£0		
Flood work		£0		
Community Infrastructure Levy		£160,000		

Other Tariff			£0			
S106 & Renewables			£90,000	3,000		
Lifetime Homes			£11,850	395		
Statutory 106 costs			**£261,850**			
Marketing (Open Market Housing ONLY)				per OM unit		
Sales/letting Fees	3.0%		£142,200	6,771		
Legal Fees (per Open Market unit):	£750		£15,750	750		
Marketing (Affordable Housing)				per affordable unit		
Developer cost of sale to RP (£)			£0			
RP purchase costs (£)			£0			
Intermediate Housing Sales and Marketing (£)			£0			
Total Marketing Costs			**£157,950**			

Non-Residential Building & Marketing Costs

Building Costs			
Office	£0		
Retail	£0		
Industrial	£0		
Leisure	£0		
Community-use	£0		**£0**
Professional Fees (Building, Letting & Sales)			
Office	£0		
Retail	£0		
Industrial	£0		
Leisure	£0		
Community-use	£0		**£0**
Total Non-Residential Costs			**£0**
TOTAL DIRECT COSTS:			**£3,798,652**

Finance and acquisition costs

		3,020,472	per Gross ha	3,020,472
Land Payment	£724,913	34,520	per OM home	24,164
Arrangement Fee	£16,000	7.0%	of interest	
Misc Fees (Surveyors etc)	£0	0.00%	of scheme value	
Agents Fees	£10,874			
Legal Fees	£5,437			
Stamp Duty	£28,997			
Total Interest Paid	£229,391			
Total Finance and Acquisition Costs	**£1,015,611**			

Developer's return for risk and profit

Residential					
Market Housing Return (inc OH) on Value		20.0%	£948,000	45,143	per OM unit
Affordable Housing Return on Cost		6.0%	£50,148	5,572	per affordable unit
Return on sale of Private Rent		0.0%	£0	#DIV/0!	per PR unit
Non-residential					
Office	£0				
Retail	£0				
Industrial	£0				
Leisure	£0				
Community-use	£0		**£0**		
Total Operating Profit			**£998,148**		

(i.e. profit after deducting sales and site specific finance costs but before deducting developer overheads and taxation)

Surplus/(Deficit) at completion 24/6/2017	**£0**		
Present Value of Surplus (Deficit) at 24/6/2014	**£0**	£0	per unit

Scheme Investment IRR **26.6%** (before Developer's returns and interest to avoid double counting

Measures

Site Value as a Percentage of Total Scheme Value	12.5%
Site Value per hectare	£1

SCHEME

Site Address	
Site Reference	
File Source	DSP copy 30 ret apts V11 with £100 CIL - enlarged private units
Scheme Description	
Date of appraisal	24/06/2014
Net Residential Site Area (hectares)	0.24
Author & Organisation	DSP
HCA Investment Partner (where applicable)	0

Housing Mix (Affordable + Open Market)

Total Number of Units	30	*units*
Total Number of Open Market Units	21	*units*
Total Number of Affordable Units	9	*units*
Total Net Internal Area (sq m)	1,684	*sq m*
Total Habitable Rooms	0	*habitable rooms*
% Affordable by Unit	30.0%	
% Affordable by Area	28.7%	
% Affordable by Habitable Rooms	-	
% Social Rented within the Affordable Hous	-	*by number of units*
% Social Rented within the Affordable Hous	-	*by NIA of Units (sq m)*
% Social Rented within the Affordable Hous	-	*by habitable rooms*
Density	125	*units/ hectare*
Total Number of A/H Persons	0	*Persons*
Number of Social and Affordable Rent	0	*Persons*
Number of Intermediate	0	*Persons*
Total Number of Open Market Persons	0	*Persons*
Total Number of Persons	0	*Persons*
Gross site Area	0.24	*hectares*
Net Site Area	0.24	*hectares*
Net Internal Housing Area / Hectare	7,017	*sq m / hectare*

AH Residential Values

AH & RENTAL VALUES BASED ON NET RENTS

Type of Unit	**Social Rented**	**Shared Ownership phase 1**	**Affordable Rent phase 1**	**Shared Ownership phase 2**	**Affordable Rent phase 2**
1 Bed Flat Low rise		£253,464		£385,125	
2 Bed Flat Low rise		£83,760		£192,563	
3 Bed Flat Low rise					
4 Bed + Flat Low rise					
1 Bed Flat High rise					
2 Bed Flat High rise					
3 Bed Flat High rise					
4 Bed + Flat High rise					
2 Bed House					
3 Bed House					
4 Bed + House					
	£0	**£337,224**	**£0**	**£577,688**	**£0**
£ psqm of CV	-	1,164.34	-	2,454.18	-

TOTAL CAPITAL VALUE OF ALL AFFORDABLE HOUSING (EXCLUDING OTHER FUNDING)	**£914,912**
RP Cross Subsidy (use of own assets)	£0
LA s106 commuted in lieu	£0
RP Re-cycled SHG	£0
Other source of funding 2	£0
Land Remediation Tax Relief	£0
OTHER SOURCES OF AFFORDABLE HOUSING FUNDING	**£0**
TOTAL CAPITAL VALUE OF ALL AFFORDABLE HOUSING (INCLUDING OTHER FUNDING)	**£914,912**

Open Market Housing

Type of Open Market Housing	**Net Area (sq m)**	**Revenue (£ / sq m)**	**Total Revenue (£)**
Open Market Phase 1:	1,200	£3,950	£4,740,000
Open Market Phase 2:	-	-	£0
Open Market Phase 3:	-	-	£0
Open Market Phase 4:	-	-	£0
Open Market Phase 5:	-	-	£0
Total	**1,200**	3,950	**£4,740,000**

Monthly Sales rate
0.84

	Average value (£ per unit)
Open Market Phase 1:	£225,714
Open Market Phase 2:	£0
Open Market Phase 3:	£0
Open Market Phase 4:	£0
Open Market Phase 5:	£0

Capital Value of Private Rental	£0
TOTAL CAPITAL VALUE OF OPEN MARKET HOUSING	**£4,740,000**

Car Parking

No. of Spaces	Price per Space (£)	Value
-	-	-

TOTAL VALUE OF CAR PARKING **£0**

Ground rent

	Capitalised annual ground rent
Social Rented	£0
Shared Ownership	£0
Affordable Rent	£0
Open market (all phases)	£157,500
TOTAL CAPITALISED ANNUAL GROUND RENT	**£157,500**

TOTAL CAPITAL VALUE OF RESIDENTIAL SCHEME **£5,812,412**

Non-Residential Values

Office	£0	
Retail	£0	
Industrial	£0	
Leisure	£0	
Community Use	£0	**£0**

TOTAL CAPITAL VALUE OF NON-RESIDENTIAL SCHEME **£0**

TOTAL VALUE OF SCHEME **£5,812,412**

Residential Building, Marketing & Section 106 Costs

				Per sq meter
Affordable Housing Build Costs	£770,528		-	896
Open Market Housing Build Costs	£1,910,400		-	896
		£2,680,928		
Residential Car Parking Build Costs		**£0**		
External Works & Infrastructure Costs (£)				Per unit
Site Preparation/Demolition		£135,000		4,500
Roads and Sewers		£0		
Services (Power, Water, Gas, Telco and IT)		£0		
Strategic Landscaping		£0		
Off Site Works		£0		
Public Open Space		£0		
Site Specific Sustainability Initiatives		£0		
Plot specific external works		£0		
CfSH		£57,960		1,932
Voids / Empty Property Costs		£60,000		2,000
Other site costs				
Building Contingencies	5.0%	£134,046		4,468
Fees and certification		£281,497		9,383
Other Acquisition Costs (£)		£0		
Site Abnormals (£)				
De-canting tenants		£0		
Decontamination		£0		
Other		£0		
Other 2		£0		
Total Building Costs inc Fees		**£3,349,432**		111,648
Statutory 106 Costs (£)				
Education		£0		
Sport & Recreation		£0		
Social Infrastructure		£0		
Public Realm		£0		
Affordable Housing		£0		
Transport		£0		
Highway		£0		
Health		£0		
Public Art		£0		
Flood work		£0		
Community Infrastructure Levy		£160,000		

Other Tariff		£0		
S106 & Renewables		£90,000	3,000	
Lifetime Homes		£11,850	395	
Statutory 106 costs		**£261,850**		
Marketing (Open Market Housing ONLY)			per OM unit	
Sales/letting Fees	3.0%	£142,200	6,771	
Legal Fees (per Open Market unit):	£750	£15,750	750	
Marketing (Affordable Housing)			per affordable unit	
Developer cost of sale to RP (£)		£0		
RP purchase costs (£)		£0		
Intermediate Housing Sales and Marketing (£)		£0		
Total Marketing Costs		**£157,950**		

Non-Residential Building & Marketing Costs

Building Costs		
Office	£0	
Retail	£0	
Industrial	£0	
Leisure	£0	
Community-use	£0	**£0**
Professional Fees (Building, Letting & Sales)		
Office	£0	
Retail	£0	
Industrial	£0	
Leisure	£0	
Community-use	£0	**£0**
Total Non-Residential Costs		**£0**

TOTAL DIRECT COSTS: **£3,769,232**

Finance and acquisition costs

		3,132,788	per Gross ha	3,132,788
Land Payment	£751,869	35,803	per OM home	25,062
Arrangement Fee	£16,000	6.9%	of interest	
Misc Fees (Surveyors etc)	£0	0.00%	of scheme value	
Agents Fees	£11,278			
Legal Fees	£5,639			
Stamp Duty	£30,075			
Total Interest Paid	£231,776			
Total Finance and Acquisition Costs	**£1,046,637**			

Developer's return for risk and profit

Residential					
Market Housing Return (inc OH) on Value		20.0%	£948,000	45,143	per OM unit
Affordable Housing Return on Cost		6.0%	£48,543	5,394	per affordable unit
Return on sale of Private Rent		0.0%	£0	#DIV/0!	per PR unit
Non-residential					
Office	£0				
Retail	£0				
Industrial	£0				
Leisure	£0				
Community-use	£0		**£0**		

Total Operating Profit **£996,543**
(i.e. profit after deducting sales and site specific finance costs but before deducting developer overheads and taxation)

Surplus/(Deficit) at completion 24/6/2017	**(£)**	
Present Value of Surplus (Deficit) at 24/6/2014	**(£)**	(£) per unit

Scheme Investment IRR **26.4%** (before Developer's returns and interest to avoid double counting

Measures

Site Value as a Percentage of Total Scheme Value 12.9%

Site Value per hectare -£1